



October 9, 2006

Mr. David Smith, Environmental Manager  
Shieldalloy Metallurgical Corporation  
14 West Boulevard  
P.O. Box 768  
Newfield, New Jersey 08344-0768

Re: Proposal for Site Cleanup and Off-Site Disposal

Dear Mr. Smith:

EnergySolutions has reviewed Shieldalloy Metallurgical Corporation's Decommissioning Plan (Revision 1a, dated June 30, 2006). Additionally, based on the inquiries of public agencies and the media, we wanted to renew our offer for the cleanup, transportation and offsite disposal services for Shieldalloy's radioactive slag, ash and soil material through turnkey cleanup.

Based on Shieldalloy's Decommissioning Plan, there are 81,000 tons of radioactive material requiring disposal. A total project cost can be calculated from EnergySolutions' proposal as follows:

Startup including refurbishing existing railway, installing additional Railway and adjacent loading scales, and other startup, mobilization activities.....	\$ 2,600,000
Material cleanup and disposal: 81,000 tons @ \$37,600 per railcar (ie. 810 railcars @ \$37,600 ea.).....	\$30,456,000
included: project management, excavation, loading, transportation offsite disposal and an environmental protection barrier	
Total cost.....	\$33,056,000

These are fixed costs for a turnkey, all-inclusive site cleanup with off-site disposal of material. If the actual volumes differ, the cost would be more or less, based on the actual amounts loaded. EnergySolutions remains willing to take responsibility for the site cleanup and would agree to offer Shieldalloy a financial plan to spread payments over several fiscal years based on an adequate financial guarantee.

Our proposal for offsite disposal would be prudent compared to cost underestimates in Shieldalloy's Decommissioning Plan for license continuation or long-term control for costs such as construction, monitoring and security. In the plan, these alternatives also lack provision for adequate financial surety for items such as remediation of contaminated groundwater, repairs from intruder damage, etc.



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Similar to our October 2005 letter and in light of inflated numbers being cited in publications to the public and the interest shown by residents and officials, this letter may be provided to interested parties requesting a clear understanding of cost.

*EnergySolutions* is anxious to assist Shieldalloy in completing this project. Should you have additional questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Al Rafati". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Al Rafati  
President Business Development

FGC/mab  
Enclosure

cc: Eric Jackson, Shieldalloy Metallurgical Corporation

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