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International Trade Services

IRREVOCABLE STANDBY LETTER OF CREDIT NO. A30271T

Issued To:
U.S. NUCLEAR REGULATORY COMMISSION
11545 ROCKVILLE PIKE
ROCKVILLE, MD 20852-2738

ISSUE DATE: FEBRUARY 6, 2009

L/C NO: A30271T

DEAR SIR OR MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. A30271T IN YOUR FAVOR, AT THE REQUEST AND FOR THE ACCOUNT OF OUR CLIENT, NUCLEAR FUEL SERVICES, INC. ("NFS"), 1205 BANNER HILL ROAD, ERWIN, TENNESSEE 37650, NRC LICENSE NO. SNM-124, DOCKET NO. 70-143, UP TO THE AGGREGATE AMOUNT OF USD 7,225,637.00 (UNITED STATES DOLLARS SEVEN MILLION, TWO HUNDRED TWENTY FIVE THOUSAND, SIX HUNDRED THIRTY SEVEN AND 00/100 ONLY), AVAILABLE UPON PRESENTATION OF:

1. YOUR SIGHT DRAFT, BEARING REFERENCE TO THIS LETTER OF CREDIT NO. A30271T, AND
2. YOUR SIGNED STATEMENT READING AS FOLLOWS: " I CERTIFY THAT THE AMOUNT OF THE DRAFT IS PAYABLE PURSUANT TO REGULATIONS ISSUED UNDER AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION RELATING TO LICENSE NO. SNM-124 DOCKET NO. 70-143."

THIS LETTER OF CREDIT IS ISSUED IN ACCORDANCE WITH REGULATIONS ISSUED UNDER THE AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION ("NRC"), AN AGENCY OF THE U.S. GOVERNMENT, PURSUANT TO THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, AND THE ENERGY REORGANIZATION ACT OF 1974. THE NRC HAS PROMULGATED REGULATIONS IN TITLE 10, CHAPTER I OF THE CODE OF FEDERAL REGULATIONS, PART 70, WHICH REQUIRE THAT A HOLDER OF, OR AN APPLICANT FOR, A MATERIALS LICENSE ISSUED UNDER 10 CFR PART 70 PROVIDE ASSURANCE THAT FUNDS WILL BE AVAILABLE WHEN NEEDED FOR DECOMMISSIONING.

THIS LETTER OF CREDIT IS EFFECTIVE AS OF DATE OF ISSUE , AND SHALL EXPIRE ON **FEBRUARY 3, 2010**, BUT SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE (1) YEAR ON **FEBRUARY 3, 2010** AND ON EACH SUCCESSIVE EXPIRATION DATE, UNLESS, AT LEAST **90** DAYS BEFORE THE THEN CURRENT EXPIRATION DATE, WE NOTIFY BOTH YOU AND NFS, BY CERTIFIED MAIL, OR COURIER, AS SHOWN ON THE SIGNED RETURN RECEIPTS, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

CONTINUED ON PAGE TWO WHICH FORMS AN INTEGRAL PART OF THIS LETTER OF CREDIT.

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IF NFS IS UNABLE TO SECURE ALTERNATIVE FINANCIAL ASSURANCE TO REPLACE THIS LETTER OF CREDIT WITHIN 30 DAYS OF THE NOTICE OF CANCELLATION, THE NRC MAY DRAW UPON THE FULL VALUE OF THIS LETTER OF CREDIT PRIOR TO CANCELLATION. THE BANK SHALL GIVE IMMEDIATE NOTICE TO THE APPLICANT AND THE NRC OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING (1) THE INSOLVENCY OR BANKRUPTCY OF THE FINANCIAL INSTITUTION OR 2) ANY VIOLATIONS OF REGULATORY REQUIREMENTS THAT COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS. THE FINANCIAL INSTITUTION ALSO SHALL GIVE IMMEDIATE NOTICE IF THE BANK, FOR ANY REASON, BECOMES UNABLE TO FULFILL ITS OBLIGATION UNDER THE LETTER OF CREDIT.

WHENEVER THIS LETTER OF CREDIT IS DRAWN ON, UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, WE SHALL DULY HONOR SUCH DRAFT UPON ITS PRESENTATION TO US ON A DAY WHEN THE INTERNATIONAL TRADE SERVICES OFFICE IS OPEN FOR BUSINESS AT 24 GREENWAY PLAZA, SUITE 1601, HOUSTON, TEXAS 77046, WITHIN 30 DAYS, AND WE SHALL DEPOSIT THE AMOUNT OF THE DRAFT DIRECTLY INTO THE STANDBY TRUST FUND OF NFS IN ACCORDANCE WITH YOUR INSTRUCTIONS.

EACH DRAFT MUST BEAR ON ITS FACE THE CLAUSE: "DRAWN UNDER LETTER OF CREDIT NO. A30271T DATED FEBRUARY 6, 2009" AND THE TOTAL OF THIS DRAFT AND ALL OTHER DRAFTS PREVIOUSLY DRAWN UNDER THIS LETTER OF CREDIT DOES NOT EXCEED U.S. DOLLARS 7,225,637.00 (UNITED STATES DOLLARS SEVEN MILLION, TWO HUNDRED TWENTY FIVE THOUSAND, SIX HUNDRED THIRTY SEVEN AND 00/100 ONLY).

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS 2007 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600.

VERY TRULY YOURS,
COMPASS BANK

Geraldine M Gurley

NAME: GERALDINE M. GURLEY
TITLE: VICE PRESIDENT, MANAGER
PHONE NUMBER: (713) 499-8640