

GREEN LANTERN ACQUISITION I, LLC

190 Highland Drive Medina, Ohio 44256 • 216-650-5991 • greenlanternpremiumdrivers.com

5/15/2012

United States Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852 U.S.A.

Attn: Bruce A. Watson, Chief
Reactor Decommissioning Branch
Decommissioning and Uranium Recovery Licensing Directorate
Division of Waste Management and Environmental Protection
Office of Federal and State Materials and Environmental Management Programs
United States Nuclear Regulatory Commission

James Shepherd, Project Manager
Reactor Decommissioning Branch
Decommissioning and Uranium Recovery Licensing Directorate
Division of Waste Management and Environmental Protection
Office of Federal and State Materials and Environmental Management Programs
United States Nuclear Regulatory Commission

Re: Clarification of Responses to RAI's submitted March 23, 2012

Gentlemen,

On March 23, 2012 FMRI, Fansteel, and GLA1 jointly submitted responses to the Request for Additional Information issued by the NRC on February 14, 2012. On April 10, 2012 a follow discussion meeting was held at the NRC Headquarters in Rockville, Maryland. As a result of that meeting and subsequent discussions we wish to submit the following documents to clarify our responses.

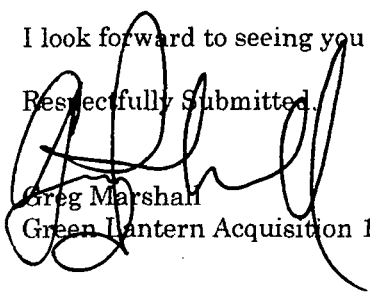
1. Spreadsheet showing projected nonpromissory note revenues and projected operating expenses for FMRI
2. A copy of the Navigator Insurance Policy
3. A copy of the Ace Insurance Policy
4. A copy of the loss payee endorsement for the Ace Policy naming the Decommissioning trust as payee of any claims
5. A document answering the question "how will the public good be served by approving this request"
6. Proposed Amendments to the Decommissioning Trust

The additional information to support the request to extend the Primary Promissory Note will be submitted under a cover of confidentiality separately by Fansteel.

The originals of these documents will be hand delivered when you arrive in Muskogee tomorrow.

I look forward to seeing you then.

Respectfully Submitted,


Greg Marshall
Green Lantern Acquisition I

	FMRI non promissory note revenues 2011 forward				
	2011	2012	2013	2014	2015
Item					
rent	109,000	140,000	140,000	140,000	140,000
billboards		30,000	30,000	30,000	30,000
cell tower		60,000	60,000	60,000	60,000
scrap sales	17,349	25,000	25,000	25,000	25,000
equip sales	118,000	200,000	200,000	200,000	200,000
services					
(crushing)	2,100	10,000	10,000	10,000	10,000

* future projections beyond 2015 seem impracticable given the volatility and fluctuation of various markets; however, the contracts for the billboards and cell tower will be 30 year agreements and rent income is projected to be static or increasing with the cpi. Equipment sales should max out at approximately \$1,000,000.00 total and scrap revenues should remain consistent for the next 5 to 7 years until the majority of the general clean up has been completed.

FMRI Business Expenses Projected

expense item	2012	2013	2014	2015	2016
salary & benefits	500,000	500,000	500,000	500,000	500,000
utilities	60,000	40,000	30,000	30,000	30,000
taxes	15,000	15,000	15,000	15,000	15,000
insurance	15,000	15,000	15,000	15,000	15,000
legal	50,000	50,000	50,000	50,000	50,000
subcontractors	200,000	200,000	200,000	200,000	200,000
maint & fuel	40,000	40,000	40,000	40,000	40,000
license & permit	20,000	20,000	20,000	20,000	20,000
office	10,000	10,000	10,000	10,000	10,000

* FMRI will internalize all functions with the exception of RSO (IEM), analysis (outreach labs), and 3rd party sample collection. Additionally the legal expenses are an estimate; however, FMRI will agree to limit legal expenses to less than 5% of the promissory note payments on an annual basis.

Mark Dougherty
 Senior Vice President
 Wells Fargo Insurance Services USA, Inc
 4300 Market Pointe Drive, Suite 600
 Bloomington, MN 55435
 952-830-3000
 : Mark.Dougherty@wellsfargo.com

From: Greg Heidemann
 Title: Asst Vice President
 Tel: 312-506-8150
 Email: gheidemann@navg.com

December 30, 2010

PROPERTY OWNER'S / OPERATOR'S ENVIRONMENTAL RISK MANAGEMENT TOOLKITSM

Quote Number:

Version 7

Renewal of:

Named Insured: Fansteel Inc.
Address: 1746 Commerce Rd
 Creston, IA 50801
Company: Navigators Specialty Insurance Company
 1 Penn Plaza
 New York, NY 10119

Navigators Specialty Insurance Company Rated 'A' (Excellent) by A.M. Best

Policy Coverage: Property Owner's / Operator's Environmental Risk Management ToolkitSM
 NAV ESP TLKT (01/09)

Policy Period: TBD To TBD

THE FOLLOWING COVERAGE SECTIONS ARE AVAILABLE IN THIS POLICY FORM

		Retroactive Date(s)
coverage A: Claims-Made	Pollution Liability For Your Insured Sites	Cov. A: Policy Inception (Reverse Retroactive Date - Pre-existing conditions only)
coverage B: Claims-Made	Pollution Liability For Your Off-Site Activities	Cov. B: 5 yrs after policy inception date

Waste Disposal Facility Retroactive Date: None

Schedule of Insured Sites: *

The property commonly identified as 10 Tantalum Place, Muskogee, Oklahoma 74403 includes Parcel ID Numbers: 0012001930 (approx. 11 acres); 0012002043 (approx. 38 acres); 0012001922 (approx. 43 acres and including the portion with a Parcel ID Number 001200200009 that was assigned to the portion of land subdivided following the sale of the parcel to the Port of Muskogee); and R07476. Note: for illustrative purposes only the acreage is approximate as well as the attached Figure 1 aerial photo with approximate property boundary outline provided to us.

***Note: Insured Sites are not scheduled in the policy unless otherwise noted by endorsement below.**

n	Coverage	Each Incident	Aggregate	Aggregate*	Deductible		(Years)	Premium
	A	\$10,000,000	\$10,000,000	\$10,000,000	A	\$250,000	Cov A = 10 yrs	\$329,341 (Cov B charge is approx 5%)
	B	\$10,000,000	\$10,000,000		B	\$250,000	Cov B = 5 yrs	
	Opt 1 Comments:		Cov A - Pre-Existing Coverage for Third Party Claims & Cov B protection for Waste Disposal & Transportation w/ a Reverse Retroactive Date of 5 yrs after policy inception					
	A	\$10,000,000	\$10,000,000	\$10,000,000	A	\$250,000	Cov A = 10 yrs	\$377,245 (Cov B charge is approx 5%)
	B	\$10,000,000	\$10,000,000		B	\$250,000	Cov B = 5 yrs	
	Opt 2 Comments:		Cov A - Pre-Existing Coverage for Third Party Claims and Cov B protection for Waste Disposal and Transportation with a Reverse Retroactive Date of 5 yrs after policy inception. <u>Includes \$5M sublimit for Defense Costs Outside the Limits.</u>					
	A	\$15,000,000	\$15,000,000	\$15,000,000	A	\$250,000	Cov A = 10 yrs	\$395,000 (Cov B charge is approx 5%)
	B	\$15,000,000	\$15,000,000		B	\$250,000	Cov B = 5 yrs	
	Opt 3 Comments:		Cov A - Pre-Existing Coverage for Third Party Claims & Cov B protection for Waste Disposal & Transportation w/ a Reverse Retroactive Date of 5 yrs after policy inception					

all coverages, limits, sub-limits and endorsements referenced herein are subject to (and not in addition to) the Policy Aggregate shown above. The limits on multi-year policies do not reinstate annually.

Minimum Earned Premium:	0%	Policy premium will be billed with a payment plan of 4 equal installments of 25% of the total premium on 12/31/10, 4/1/11, 7/1/11, 10/1/11.
Broker Commission:	16.50%	

Forms and Endorsement Schedule List*:

The coverage descriptions provided herein are only a brief synopsis of the coverage being afforded; please refer to the actual policy and endorsements for coverage specifics.

Form Title	Form Number
Declarations Page	NAV ESP TLKT DC01 (01/09)
Property Owner's / Operator's Environmental Risk Management Toolkit Policy	NAV ESP TLKT (01/09)
Full Terrorism (Including Certified Acts of Terrorism) Exclusion Endorsement	NENV 3052 (01/09)
<i>- Applicable solely if Insured rejects Terrorism Coverage.</i>	
Schedule of Insured Site Endorsement	NENV 3005 (01/09)
<i>- As described above in the quote and provided in the endorsement.</i>	
Self-Insured Retention Endorsement	NENV 3054 (01/09)
<i>- Moving Deductible to Self-Insured Retention</i>	
Cov A & B Pre-Existing Only; Cov B - Amendment to Site Specific Endorsement	NENV MNSCPT
<i>- Cov A - Third Party Claims only for pre-existing conditions & Cov B - Transportation & Waste Disposal coverage arising out of the insured site with a Reverse Retroactive Date 5 yrs after policy inception. Cov B will need to be renewed in 5 yrs if this opt is purchased.</i>	
Disclosed Documents Endorsements	NENV 3056 (01/09)
<i>- See Endt for list of documents disclosed in the underwriting process (Updated with most recent information submitted and will amend accordingly for any additional information received prior to binding)</i>	
Removal of Extended Reporting Period Endorsement	NENV MNSCPT
<i>- Removal of Section VIII Extended Reporting Period</i>	
Exclusions and Conditions Amendatory Endorsement	NENV MNSCPT
<i>- See Endt for details (Updated to remove the reference to Bankruptcy Reorganization plan in paragraphs 1 and 3)</i>	
Minimum Earned Premium and Cov A Transaction Closing Endorsement	NENV MNSCPT
<i>- 0% at policy inception & 100% at end of Yr 1 or at time of receipt of claim which ever is earlier and a 5% short rate penalty. Cov A Exclusion for claims prior to completing the transaction between Green Lantern Acquisition 1, LLC and FMRI, Inc.</i>	

Additional Endorsements (Additional Premium to Apply as Noted):

Certified Acts of Terrorism Coverage Endorsement	NENV 3051 (01/09)
<i>- Applicable solely if Insured elects to purchase TRIA-Terrorism Coverage (5.0% AP applies).</i>	
Defense Costs Outside the Limits (Sublimit) Endorsement	NENV MNSCPT

n presented in this quote does not include this coverage. The insured may elect to decline this coverage by signing the attached form and returning it to us with the bind request. If the form is not received then we will assume terrorism coverage is requested.

sm Charge: If you elect to purchase TRIA Certified Acts Terrorism Coverage in conjunction with any of the options ed in this quote, the additional premium will be calculated by applying the percent listed below to the desired option.

TRIA Terrorism Rate: 5.0%

ACTIVITIES:

r for this Quote letter to be valid and bindable, the following information must be received and reviewed by the following date:

As identified in the list of remaining subjectivities

Signed Terrorism selection form prior to binding. Failure to do so may result in the premium charge remaining on the policy. (Within 5 days of Policy Inception)
Documentation confirming the transaction has been effectuated and NRC approved the indirect change & control of the license to Green Lantern Acquisition from FMRI, Inc. (Within 10 days of receiving/completing executed documentation)

IONAL CONDITIONS:

ote is valid until 12/31/10 or the effective date, whichever comes first.

fice is responsible for collection and payment of Surplus Lines taxes and filings.

ns and conditions of this quote may differ from specifications originally requested. Please call if you have any questions.

mium quotation, and any policy that may be issued as a result of this quote, shall not apply to the extent that any offer to provide insurance, or al providing of insurance, would be in violation of the laws of the United States including, but not limited to, U.S. economic or trade sanction laws t control laws administered by the U.S. Treasury, State, and Commerce Department. In the event that any such laws or prohibitions would apply, ation is void ab initio.

ors Specialty does not accept, review, reject or approve certificates of insurance. Any requests for amendments to coverage must be , writing to Navigators Specialty. We will not amend policy conditions prior to the date of written request.

Sincerely,

Greg Heidemann
Asst Vice President
Navigators Environmental

**NOTICE OF TERRORISM
INSURANCE COVERAGE**

are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is prohibited by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage to the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States citizen; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A PROGRAM ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT LIMIT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT IS NOT COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP ON U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE LIMITED.

Named Insured: Fansteel Inc.
Address: 1746 Commerce Rd
Creston, IA 50801

Acceptance or Rejection of Terrorism Insurance Coverage

I hereby elect to purchase terrorism coverage for a prospective premium of \$ _____, (additional premium to the desired option quoted).

I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder/Applicant's
Signature

Insurance Company

Print Name

Policy Number

Date

**OFFICE OF FOREIGN
ASSETS CONTROL ("OFAC")
ADVISORY NOTICE TO POLICYHOLDERS**

erage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read licy and review your Declarations page for complete information on the coverages you are provided.

tice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this carefully.**

ice of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national ncy". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

pecially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – www.treas.gov/ofac.

rdance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this ce has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this ce will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an ce policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without ation from OFAC. Other limitations on the premiums and payments also apply.

Named Insured:	Fansteel Inc.
Address:	1746 Commerce Rd Creston, IA 50801

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FULL TERRORISM EXCLUSION (INCLUDING CERTIFIED ACT OF TERRORISM)

It is hereby agreed as follows:

1. Section I. **COVERAGES AND COVERAGE EXCLUSIONS**, subsection D. **Common Policy Exclusions Applicable to All Coverages**, is amended by the addition of the following exclusion:

TERRORISM

based upon or arising, be it directly or indirectly, out of any acts of terrorism, including, but not limited to, a **Certified Act of Terrorism** or non-certified act of Terrorism, regardless of any other cause or event that contributes concurrently or in any sequence to the **claim or loss**.

2. The following definition is added to Section V. **POLICY DEFINITIONS**:

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002, as amended. The criteria contained in the Terrorism Risk Insurance Act for a **Certified Act of Terrorism** include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
2. The act resulted in damage within the United States or outside the United States in the case of an air carrier or vessel or at the premises of a United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF INSURED SITE(S) ENDORSEMENT

It is hereby agreed that Section **V. POLICY DEFINITIONS**, Paragraph **M. Insured site** is deleted in its entirety and replaced with the following:

M. Insured site means the real property that is scheduled below:

Schedule of Insured site(s)

The property commonly identified as 10 Tantalum Place, Muskogee, Oklahoma 74403 includes Parcel ID Numbers: 0012001930 (approx. 11 acres); 0012002043 (approx. 38 acres); 0012001922 (approx. 43 acres and including the portion with a Parcel ID Number 001200200009 that was assigned to the portion of land subdivided following the sale of the parcel to the Port of Muskogee); and R07476. Note: for illustrative purposes only the acreage is approximate as well as the attached Figure 1 aerial photo with approximate property boundary outline provided to us.

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SELF-INSURED RETENTION ENDORSEMENT

It is hereby agreed as follows:

1. The term "deductible" used throughout this Policy, including in Item 3. of the Declarations, is replaced with the term "**self-insured retention**".
2. Paragraph E. **Deductible** in **SECTION III. LIMITS OF LIABILITY; DEDUCTIBLE** is hereby deleted in its entirety and replaced with the following:

E. Self-insured Retention

The **self-insured retention** shown in Item 3 of the Declarations applies to all **loss** arising out of one **pollution incident**, or out of the same, related or continuous **pollution incident(s)**. This policy applies to **loss** only in excess of the **self-insured retention** and **our** obligation to pay any **loss** covered hereunder shall attach only after the **first named insured** has paid in full the **self-insured retention** amount. Under no circumstances will **we** be liable to pay any amount or **loss** within the **self-insured retention**. The **self-insured retention** is to be borne by the **first named insured** and is not to be insured unless and until **our** written consent to such insuring of the **self-insured retention** is given to the **first named insured**.

3. Section **V. POLICY DEFINITIONS** is hereby amended by the addition of the following:

Self-insured retention means the dollar amount stated in Item 3. of the Declarations, or as otherwise modified by endorsement to this Policy, if any.

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COV A & B PRE-EXISTING ONLY; COV B – AMENDMENT TO SITE SPECIFIC ENDORSEMENT

Solely with respect to those coverage parts scheduled with limits in the Declarations and specifically denoted with an "x" inside the box in Item 3 at the end of this endorsement, it is hereby agreed as follows:

1. Section I., Coverage A. **Pollution Liability from Your Insured Site(s)** and Coverage B. **Pollution Liability for Your Off-site Activities** are deleted in their entirety and replaced with the following:

A. Pollution Liability for Your Insured Site(s)

1. Third Party Claims for Bodily Injury, Property Damage or Cleanup Costs

We will pay on behalf of the insured those sums that the insured becomes legally obligated to pay as **loss** resulting from any **claim(s)** for **bodily injury, property damage or cleanup costs** caused by a **pollution incident** located at, on or under an **insured site**, or located beyond the boundaries of an **insured site** if the **pollution incident** migrated from an **insured site**, provided the **pollution incident** commences before the Coverage A Reverse-Retroactive Date stated in Item 3 at the end of this endorsement, and provided such **claims** are first made against the insured and reported to us during the **policy period**, or, if applicable, during the **extended reporting period**.

B. Pollution Liability for Your Transportation and Waste Disposal Activities

1. Third Party Claims for Bodily Injury, Property Damage or Cleanup Costs

We will pay on behalf of the insured those sums that the insured becomes legally obligated to pay as **loss** resulting from any **claim(s)** for **bodily injury, property damage or cleanup costs** caused by a **pollution incident**:

- a. resulting from **transportation activities** originated at the **insured site** as part of effectuating the Decommission Plan prepared by Earth Science Consultants, Inc and dated January 15, 2003; or
- b. located at, on or under a **waste disposal facility**, or located beyond the boundaries of a **waste disposal facility**, but only if:
 - (1) the **pollution incident** migrated from the **waste disposal facility**; and
 - (2) the waste or materials giving rise to the **pollution incident** were generated at the **insured site** as part of effectuating the Decommission Plan prepared by Earth Science Consultants, Inc and dated January 15, 2003.

This coverage part applies only to those **pollution incident(s)** that commence before the Coverage B Reverse-Retroactive Date stated in Item 3 at the end of this endorsement, and only if **claims** are first made against the insured and reported to us on or before the Coverage B Reverse-Retroactive Date stated in Item 3 at the end of this endorsement

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

2. The following paragraphs are hereby added to Section V. **POLICY DEFINITIONS:**

Cargo means wastes or materials generated for disposal the **insured site** as part of effectuating the Decommission Plan prepared by Earth Science Consultants, Inc and dated January 15, 2003.

Covered auto means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.

Transportation activities means the movement of **cargo** by by a third-party properly licensed to carry **cargo**, using a **covered auto**, rolling stock or water craft:

1. while in due course of transit beyond the legal boundaries of an **insured site** or **your property(ies)**;
2. travelling to or from an **insured site**, including the loading and unloading of **your cargo** when the point of origin or final destination is any location other than an **insured site** or **your property(ies)**; and
3. excepting there from, any **cargo** at rest for a period longer than seven (7) calendar days.

3. This endorsement applies only to the following coverage parts which are subject to the Retroactive Date(s) as referenced above in this endorsement and hereby scheduled below:

☒ **A. Pollution Liability from Your Insured Site(s)**

Coverage A Reverse-Retroactive Date: Policy Inception

☒ **B. Pollution Liability for Your Off-site Activities**

Coverage B Reverse-Retroactive Date: TBD – 5 yrs after Policy Inception

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.**Effective 12:01 AM Std Time:****Issued to:****Policy Number:****Company:****THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****DISCLOSED DOCUMENTS ENDORSEMENT**

It is hereby agreed that for purposes of Section I. **COVERAGE AND COVERAGE EXCLUSIONS**, Subsection D. **Common Policy Exclusions Applicable to All Coverages**, Paragraph 10. **Undisclosed Pollution Incidents**, we acknowledge receipt of the documents scheduled below. Any **pollution incident(s)** in the scheduled documents are hereby deemed disclosed to us.

Notwithstanding the foregoing, all other exclusions or conditions contained in this Policy form, including any that have been added to this Policy by endorsement, that are applicable to any **pollution incident(s)** noted in the scheduled documents, still apply and are not amended, modified or limited in any way by this endorsement.

Schedule of Disclosed Documents

<u>Document Title</u>	<u>Author</u>	<u>Date</u>
Decommissioning Plan	Earth Sciences Consultants, Inc.	1/15/03
Proposal for WIP and Groundwater – Contract 1	The Environmental Quality Company	6/25/10
Time and Materials Proposal - Contract 2	The Environmental Quality Company	6/25/10
Fansteel, Inc - Bankruptcy Proceeding	US Bankruptcy Court District of Delaware	11/17/03
US NRC Indemnification Letter	US Nuclear Regulatory Commission	1/23/04
Processing Agreement - IUC White Mesa LLC and FMRI	IUC and FMRI	2/1/06
CaF Sediment Testing - (Moisture Density)	Hall's Testing, Inc.	8/22/10
Waste Management Non-Haz Disposal Proposal	Waste Management	8/18/10
Acceleration Agreement	Fansteel Inc & Green Lantern Acquisition	3/10
Springing Security Agreement	FMRI & Green Lantern Acquisition	TBD
Promissory Note (Mirror Note to Secondary & Contingent Fansteel Note's)	FMRI & Green Lantern Acquisition	3/10
Promissory Note (Primary FMRI Note)	Fansteel Inc	1/23/04
Promissory Note (Contingent FMRI Note)	Fansteel Inc	TBD
Stock Sale and Purchase Agreement	Fansteel Inc & Green Lantern Acquisition	8/10
Navigators Environmental Owners & Operators Risk Management Toolkit Application	Fansteel Inc	11/30/10
Fansteel Inc Financial Statements - Yrs 2009 & 2008	Kiesling	4/5/10

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REMOVAL OF EXTENDED REPORTING PERIOD ENDORSEMENT

It is hereby agreed that Section **VIII. EXTENDED REPORTING PERIOD** is deleted in its entirety.

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSIONS AND CONDITIONS AMENDATORY ENDORSEMENT

It is hereby agreed as follows:

1. The following exclusion is added to Section I.D. **Common Policy Exclusions Applicable to All Coverages**:

Failure to Fulfill NRC / Decommissioning Obligations

based upon or arising out of the insured's failure to fulfill or satisfy any legal obligation to the United States Nuclear Regulatory Commission (hereinafter the "NRC"), the State of Oklahoma, or any owner of the **insured site**, including any parent, subsidiary, affiliate, successor or assign of the aforesaid entities, pertaining or related to:

- a. delivery and performance under any promissory note(s) or obligation to fund the Decommissioning Plan (Decommission Plan prepared by Earth Science Consultants, Inc and dated January 15, 2003, and any amendments thereto, hereinafter the "Decommissioning Plan").

Purchaser Initiated Claims

based upon or arising out of any **claims** initiated by the acquiring parties of the **insured site**, including but not limited to, FMRI, Inc, Green Lantern Acquisition 1, LLC, Premium Environmental Services, LLC, or any parent, subsidiary, affiliate, successor or assign of the aforesaid entities.

2. Paragraph **C. Bankruptcy** in Section IV. **CONDITIONS OF INSURANCE**, is deleted in its entirety and replaced with the following:

C. Bankruptcy

Bankruptcy or insolvency of the insured will relieve **us** of **our** obligations under this policy except:

1. with respect to the sole interests of an insured that has entered formal legal bankruptcy proceedings for the purpose of reorganization under Title 11 of the United State Bankruptcy Code (11 U.S.C. Sections 1101-1174); and
2. the bankruptcy or insolvency does not result in the insured's inability fulfill or satisfy any legal obligation(s) outlined in the exclusions and conditions in this endorsement, and the policy to which this endorsement is attached.

3. The following Paragraph is added to Section IV. **CONDITIONS OF INSURANCE**:

NRC / Decommissioning Obligations

It is a condition precedent to any coverage afforded in this policy that the insured is in full compliance with any legal obligation to the NRC, the State of Oklahoma, or any owner of the **insured site**, including any parent, subsidiary, affiliate, successor or assign of the aforesaid entities, pertaining or related to:

- a. delivery and performance under any promissory note(s) or obligation to fund the Decommissioning Plan.

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM AND COVERAGE A TRANSACTION CLOSING ENDORSEMENT

It is hereby agreed as follows that:

1. Section **IV. CONDITIONS OF INSURANCE**, paragraph **D. Cancellation** is hereby deleted in its entirety and replaced with the following:

D. Cancellation

This policy may be cancelled by the **first named insured** by surrender of the policy to **us**, or by mailing to **us** a written notice stating when thereafter the cancellation is effective.

If the **first named insured** cancels and there are no **claims** or **loss(es)** reported under this policy, then the earned premium will be computed with a 5% short rate penalty after applying the applicable minimum earned premium as set out in the Schedule of Minimum Earned Premium(s) at the end of this endorsement. However, as of the date any **claim** or **loss** is reported to **us**, the minimum earned premium shall be 100% and there will be no return premium for cancellation of this policy by **you**.

This insurance may be cancelled by **us**, but only for the following reasons:

1. failure to pay a premium when due; or
2. fraud or material misrepresentation on the part of an insured, such as can be proven in a court of law; or
3. a change in **your contracting operations**, or operations at an **insured site**, that materially increases **our** risk under this policy.

Cancellation by **us** will be effectuated by mailing a written notice of cancellation to the **first named insured** at the address shown in the Declarations stating when cancellation will be effective, in accordance with the following schedule: the effective date of such cancellation notice will not be less than 10 days after mailing in the case of failure to pay a premium when due; or not less than 90 days after mailing in the case of cancellation for the reason(s) outlined above in paragraph 2. or 3. of this **Part E. Cancellation**. The mailing of notice as noted shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice will become the end of the **policy period**. Delivery (where permitted by law) of such written notice either by **you** or by **us** shall be equivalent to mailing.

If **we** cancel this insurance, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

SCHDULE OF MINIMUM EARNED PREMIUM(S)

Policy Inception Date: 0%
1st Anniversary of Policy Inception Date: 100%

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

2. The following exclusion is added to Section **I.C.1 Coverage A Exclusions**:

Failure to Complete Equity Acquisition

based upon or arising out of any **claims** against any insured prior to the legal acquisition of the equity securities of FMRI, Inc. by Green Lantern Acquisition 1, LLC, pursuant to the Stock Sale and Purchase Agreement between Fansteel Inc and Green Lantern Acquisition 1, LLC, dated [REDACTED] and on file with the company.

All other terms, conditions, and exclusions shall remain the same.

ENDORSEMENT NO.

Effective 12:01 AM Std Time:

Issued to:

Policy Number:

Company:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM EXCLUSION WITH CERTIFIED ACT OF TERRORISM COVERAGE EXCEPTION

It is hereby agreed as follows:

1. Section **I. COVERAGES AND COVERAGE EXCLUSIONS**, subsection **D. Common Policy Exclusions Applicable to All Coverages**, is amended by the addition of the following exclusion:

TERRORISM

based upon or arising, be it directly or indirectly, out of any acts of terrorism regardless of any other cause or event that contributes concurrently or in any sequence to the **claim** or **loss**. However, this exclusion does not apply to a **Certified Act of Terrorism**.

2. The following definition is added to Section **V. POLICY DEFINITIONS**:

Certified Act of Terrorism means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002, as amended. The criteria contained in the Terrorism Risk Insurance Act for a **Certified Act of Terrorism** include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
2. The act resulted in damage within the United States or outside the United States in the case of an air carrier or vessel or at the premises of a United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

All other terms, conditions, and exclusions shall remain the same.

POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM
INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

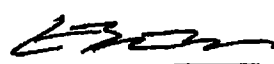
YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Named Insured: Fansteel Inc.
Address: 1746 Commerce Rd
Creston, IA 50801

Acceptance or Rejection of Terrorism Insurance Coverage

<input type="checkbox"/>	I hereby elect to purchase terrorism coverage for a prospective premium of \$ _____, (additional premium to the desired option quoted).
<input checked="" type="checkbox"/>	I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.


Policyholder/Applicant's
Signature

Insurance Company

CURTIS J. ZAMEC, II
Print Name

Policy Number

12-31-2010
Date

Option #3, v7 quoted
dated 12-30-2010. SEE

NAV ESP TLKT (03/09)

EJZ email for prep dex.





ACE Casualty Risk
1660 W. 2nd Street, Suite 780
Cleveland, OH 44113

216.706.3026 tel
julie.eisenberg@acegroup.com
www.ace-ina.com

Julie Eisenberg
Senior Underwriter

September 09, 2010

Fedeli Group
Attn: Rob Snyder
5005 Rockside Road, Suite 500
Independence, OH 44131

Rob,

Please find enclosed a copy of the below described policy. We trust that you will find everything to be in order, but please contact us with any questions or concerns.

Named Insured:	FMRI, Inc.
Symbol and Number:	PPL G2489289A 001
Policy Term:	August 15, 2010 to August 15, 2015
Carrier:	Illinois Union Insurance Company

Ace Environmental appreciates the opportunity to write this account. We are committed to giving the best service possible to our clients. Please contact myself at **216-706-3026** if you have any questions regarding this policy.

Sincerely,

Julie Eisenberg
Senior Underwriter



Illinois Union Insurance Company

Premises Pollution Liability III Insurance Policy

Declarations

This Policy is issued by the stock insurance company listed above (herein called *the Insurer*).

THIS IS A CLAIMS-MADE AND REPORTED POLICY, WHICH COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER, IN WRITING, DURING THE POLICY PERIOD. PLEASE READ THIS POLICY CAREFULLY. SOME OF THE PROVISIONS CONTAINED IN THIS POLICY RESTRICT COVERAGE, SPECIFY WHAT IS AND IS NOT COVERED AND DESIGNATE YOUR RIGHTS AND DUTIES. LEGAL DEFENSE EXPENSES ARE SUBJECT TO AND SHALL ERODE THE LIMITS OF LIABILITY AND ANY APPLICABLE SELF-INSURED RETENTION.

THE DECLARATIONS, TOGETHER WITH THE COMPLETED AND SIGNED APPLICATION, THIS POLICY, AND ANY ENDORSEMENTS OR SCHEDULES ATTACHED HERETO, CONSTITUTE THE INSURANCE POLICY.

Policy No.: PPL G2489289A 001		Renewal of: New
Item 1.	First Named Insured: Address:	FMRI, Inc. 10 Tantalum Drive Muskogee, OK 74403

Item 2.	COVERAGE A – New Pollution Conditions Coverage	
a. Policy Period local time of the address shown in Item. 1	Policy Inception Date: 08/15/2010 12:01 A.M.	Policy Expiration Date: 08/15/2015 12:01 A.M.
b. Limits of Liability per "pollution condition"	\$10,000,000	
c. Limits of Liability aggregate all "pollution conditions"	\$10,000,000	
d. Self-Insured Retention per "pollution condition"	\$100,00	
<input type="checkbox"/> Coverage A not provided under this Policy (all fields in Item 2. are left blank)		

Item 3.	COVERAGE B – Pre-Existing Pollution Conditions Coverage	
a. Policy Period local time of the address shown in Item. 1	Policy Inception Date: 08/15/2010 12:01 A.M.	Policy Expiration Date: 08/15/2020 12:01 A.M.
b. Limits of Liability per "pollution condition"	\$10,000,000	
c. Limits of Liability aggregate all "pollution conditions"	\$10,000,000	
d. Self-Insured Retention per "pollution condition"	\$100,00	
<input type="checkbox"/> Coverage B not provided under this Policy (all fields in Item 3. are left blank)		

Item 4.	Limits of Liability: Total Policy Aggregate	\$10,000,000
Item 5.	Premium:	\$250,826 (This premium amount shall be deemed 25% minimum-earned at inception and 100% earned by end of year one.
Item 6.	Producer: Name & Address	Fedeli Group 5005 Rockside Road Suite 500 Independence, OH 44131

*All dollar amounts identified above are in *United States dollars*.

Item 7.	a. Notice of Claim or Pollution Condition	b. All other Notices
Notices	Environmental Risk Claims Manager ACE USA Claims P.O. Box 5103 Scranton, PA 18505-0510 Fax: (866) 635-5687 First Notice Fax: (800) 951-4119 First Notice Email: CasualtyRiskEnvironmentalFirstNotice@ace-ina.com	Environmental Risk Underwriting Officer ACE Environmental Risk P.O. Box 1000 436 Walnut Street – WA 07A Philadelphia, PA 19106
	24 Hour Emergency Response Hotline	1-888-310-9553

Item 8.	Covered Locations: <input type="checkbox"/> if checked here, schedule of Covered Locations is designated via endorsement.	Former Fansteel plant located at 10 Tantalum Place in Muskogee, Oklahoma
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Policy Form No. PF-27556b (08/09) Premises Pollution Liability III Insurance Policy

Endorsements and Notices Attached at Policy Issuance:

Endorsement Number:	Form Number:	Form Name:
	PF-27556b (08/09)	Premises Pollution Liability III Insurance Policy
001	PF-26146 (01/09)	Schedule Of Additional Insureds Endorsement
002	PF-26203 (01/09)	Schedule Of Known Conditions (Documents) Endorsement
003	PF-27577 (06/09)	Contingent Transportation Coverage Endorsement
004	PF-27587 (06/09)	Coverage Limitation And Reopener Endorsement
005	PF-27621b (08/09)	Fungi And Legionella Exclusionary Endorsement
006	MANU (08/10)	Conditional Renewal Endorsement
007	ALL-21101 (11/06)	Trade Or Economic Sanctions Endorsement
008	XS-3U96f (02/06)	Service Of Suit Endorsement
009	LD-5S23g (02/05)	Signature Endorsement
	SL-24694 (03/08)	Oklahoma Surplus Lines Notification
	TRIA15c (01/08)	Policyholder Disclosure Notice Of Terrorism Insurance Coverage
	ALL-2U78b (2/06)	Notice To All Oklahoma Policyholders
	ALL-20887 (10/06)	ACE Producer Compensation Practices & Policies
	IL P 001 01 04	U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders

IN WITNESS WHEREOF, the Insurer has caused this Policy to be countersigned by a duly authorized representative of the Insurer.

DATE: August 15, 2010
MO/DAY/YR

William P. Hyatt

AUTHORIZED REPRESENTATIVE



This Policy is issued by the stock insurance company identified above (herein called *the Insurer*).

THIS IS A CLAIMS-MADE AND REPORTED POLICY, WHICH COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER, IN WRITING, DURING THE POLICY PERIOD. PLEASE READ THIS POLICY CAREFULLY. SOME OF THE PROVISIONS CONTAINED IN THIS POLICY RESTRICT COVERAGE, SPECIFY WHAT IS AND IS NOT COVERED AND DESIGNATE YOUR RIGHTS AND DUTIES. LEGAL DEFENSE EXPENSES ARE SUBJECT TO AND SHALL ERODE THE LIMITS OF LIABILITY AND ANY APPLICABLE SELF-INSURED RETENTION.

Throughout this Policy the words *the Insurer* shall refer to the company providing this insurance. Other words and phrases that appear in quotation marks have special meanings and are defined in Section V., **DEFINITIONS**.

In consideration of the payment of the premium and in reliance upon all statements made in the Application to this Policy, including the information furnished in connection therewith, and subject to all terms, definitions, conditions, exclusions and limitations of this Policy, the Insurer agrees to provide insurance coverage to the "insured" as described herein.

I. INSURING AGREEMENTS

The Insurer agrees to pay on behalf of the "insured", as further identified on the Declarations to this Policy, for:

A. NEW POLLUTION CONDITIONS (Coverage A.)

"Claims", "remediation costs", and associated "legal defense expenses", in excess of the "self-insured retention", arising out of a "pollution condition" on, at, under, or migrating from a "covered location", provided the "claim" is first made, or the "insured" first discovers such "pollution condition", during the "policy period". Any such discovery of a "pollution condition" must be reported to the Insurer, in writing, during the "policy period". Any such "claim" must be reported to the Insurer, in writing, during the "policy period" or any applicable "extended reporting period".

The coverage afforded pursuant to this Coverage A. only applies to "pollution conditions" that first commence, in their entirety, on or after the inception date identified in Item 2.a. of the Declarations to this Policy.

B. PRE-EXISTING POLLUTION CONDITIONS (Coverage B.)

"Claims", "remediation costs", and associated "legal defense expenses", in excess of the "self-insured retention", arising out of a "pollution condition" on, at, under, or migrating from a "covered location", provided the "claim" is first made, or the "insured" first discovers such "pollution condition", during the "policy period". Any such discovery of a "pollution condition" must be reported to the Insurer, in writing, during the "policy period". Any such "claim" must be reported to the Insurer, in writing, during the "policy period" or any applicable "extended reporting period".

The coverage afforded pursuant to this Coverage B. only applies to "pollution conditions" that first commenced, in whole or part, prior to the inception date identified in Item 3.a. of the Declarations to this Policy.

II. LIMITS OF LIABILITY AND SELF-INSURED RETENTION

- A. It is expressly agreed that the Insurer's obligation to pay for any covered "claims", "remediation costs" or "legal defense expense" pursuant to this Policy shall attach to the Insurer only after a "named insured" has paid the full amount of the "self-insured retention" with respect to any covered "pollution condition". Under no circumstances shall the Insurer be liable to pay any amount within the "self-insured retention". In the event that the "first named insured" cannot provide satisfactory evidence that it has itself paid, or any other "named insured" has paid, the full amount of the "self-insured retention" with respect to any covered "pollution condition", the "first named insured" shall remain responsible to pay the "self-insured retention" before the Insurer's payment obligations pursuant to this Policy shall attach with respect to coverage sought by any "insured".
- B. One "self-insured retention" shall apply to all "claims", "remediation cost" and "legal defense expense" arising from the same, continuous, repeated, or related "pollution condition".
- C. With respect to Coverage A., and subject to Subsections D. and G., below, the most the Insurer shall pay for all "claims", "remediation costs", and associated "legal defense expenses" arising from the same, continuous, repeated, or related "pollution condition" is the Limit of Liability identified in Item 2.b. of the Declarations to this Policy.

- D. With respect to Coverage A., and subject to Subsection G., below, the Limit of Liability identified in Item 2.c. of the Declarations to this Policy shall be the maximum liability of the Insurer pursuant to this Policy with respect to all "claims", "remediation costs", and "legal defense expenses" for all "pollution conditions".
- E. With respect to Coverage B., and subject to Paragraphs F. and G., below, the most the Insurer shall pay for all "claims", "remediation costs", and "legal defense expenses" arising from the same, continuous, repeated, or related "pollution condition" is the Limit of Liability identified in Item 3.b. of the Declarations to this Policy.
- F. With respect to Coverage B., and subject to Paragraph G., below, the Limit of Liability identified in Item 3.c. of the Declarations to this Policy shall be the maximum liability of the Insurer pursuant to this Policy with respect to all "claims", "remediation costs" and "legal defense expenses" for all "pollution conditions".
- G. The Limit of Liability identified in Item 4. of the Declarations to this Policy shall be the maximum liability of the Insurer pursuant to this Policy with respect to all "claims", "remediation costs", and associated "legal defense expense" for all "pollution conditions" covered pursuant to Coverages A. and B.
- H. If the Insurer or an affiliate has issued claims-made Premises Pollution Liability coverage for a "covered location" in one or more policy periods, and a "pollution condition" is first discovered and reported to the Insurer in accordance with the terms and conditions of this Policy, then:
 - 1. All such continuous, repeated, or related "pollution conditions" that are subsequently reported to the Insurer during later Premises Pollution Liability policy periods shall be deemed to be one "pollution condition" discovered during this "policy period"; and
 - 2. All "claims" seeking "bodily injury", "property damage", "remediation costs" arising out of a "pollution condition" that was discovered during this "policy period", including any continuous, repeated, or related "pollution conditions", shall be deemed to have been first made and reported during this "policy period",and no other policy shall respond.

III. DEFENSE AND SETTLEMENT

- A. The Insurer shall have the right and, subject to the "self-insured retention" obligation, the duty to defend the "insured" against a "claim" to which this insurance applies. The Insurer shall have no duty to defend the "insured" against any "claim" to which this insurance does not apply. The Insurer's duty to defend ends once the Limits of Liability are exhausted or are tendered into a court of applicable jurisdiction, or once the "insured" refuses a settlement offer as provided in Subsection E., below.
- B. The Insurer shall have the right to select legal counsel to represent the "insured" for the investigation, adjustment, and defense of any "claims" covered pursuant to this Policy. Selection of legal counsel by the Insurer shall not be done without the consent of the "insured"; such consent shall not be unreasonably withheld. "Legal defense expenses" incurred prior to the selection of legal counsel by the Insurer shall not be covered pursuant to this Policy, or credited against the "self-insured retention".

In the event the "insured" is entitled by law to select independent counsel to defend itself at the Insurer's expense, the attorney fees and all other litigation expenses the Insurer must pay to that counsel are limited to the rates the Insurer actually pays to counsel that the Insurer normally retains in the ordinary course of business when defending "claims" or lawsuits of similar complexity in the jurisdiction where the "claim" arose or is being defended. In addition, the "insured" and the Insurer agree that the Insurer may exercise the right to require that such counsel: 1) have certain minimum qualifications with respect to their competency, including experience in defending "claims" similar to those being asserted against the "insured"; 2) maintain suitable errors and omissions insurance coverage; 3) be located within a reasonable proximity to the jurisdiction of the "claim"; 4) charge standard and customary rates for complexity and the jurisdiction of the "claim"; and 5) agree in writing to respond in a timely manner to the Insurer's requests for information regarding the "claim". The "insured" may at anytime, by its signed consent, freely and fully waive its right to select independent counsel.

- C. The "insured" shall have the right and the duty to retain a qualified environmental consultant to perform any investigation and/or remediation of any "pollution condition" covered pursuant to this Policy. The "insured" must receive the written consent of the Insurer prior to the selection and retention of such consultant, except in the event of an "emergency response". Any costs incurred prior to such consent shall not be covered pursuant to this Policy, or credited against the "self-insured retention", except in the event of an "emergency response".

- D. "Legal defense expenses" reduce the Limits of Liability identified in Items 2., 3. and 4. of the Declarations to this Policy and shall be applied to the "self-insured retention".
- E. The Insurer shall present all settlement offers to the "insured". If the Insurer recommends a settlement which is acceptable to a claimant, exceeds any applicable "self-insured retention", is within the Limits of Liability, and does not impose any additional unreasonable burdens on the "insured", and the "insured" refuses to consent to such settlement offer, then the Insurer's duty to defend shall end. The "insured" shall defend such "claim" independently. The Insurer's liability shall not exceed the amount for which the "claim" could have been settled if the Insurer's recommendation had been accepted, exclusive of the "self-insured retention".

IV. COVERAGE TERRITORY

The coverage afforded pursuant to this Policy shall only apply to "pollution conditions" located, and "claims" made, within the United States of America.

V. DEFINITIONS

- A. **"Additional insured"** means any person or entity specifically endorsed onto this Policy as an "additional insured", if any. Such "additional insured" shall maintain only those rights pursuant to this Policy as are specified by endorsement.
- B. **"Bodily injury"** means physical injury, illness, disease, mental anguish, emotional distress, or shock, sustained by any person, including death resulting therefrom, and any prospective medical monitoring costs that are intended to confirm any such physical injury, illness or disease.
- C. **"Certified industrial hygienist"** means a licensed professional, as established by the American Board of Industrial Hygiene, that is:
 - 1. Mutually agreed upon by the Insurer and the "insured"; and
 - 2. Qualified by knowledge, skill, education and training to perform an assessment of the fungal ecology of a property, building systems and/or contents, prepare an investigation protocol, interpret the results and prepare a scope of work to remediate the site to an ordinary ambient indoor air ecology for similar indoor environments.

The Insurer may also exercise the right to require that such "certified industrial hygienist" have certain minimum qualifications with respect to their competency, including experience with similar "fungi" remediation projects.

- D. **"Claim"** means the written assertion of a legal right received by the "insured" from a third-party, including, but not limited to, a "government action", suits or other actions alleging responsibility or liability on the part of the "insured" for "bodily injury", "property damage" or "remediation costs" arising out of "pollution conditions" to which this insurance applies.
- E. **"Contingent transportation"** means the movement of the "insured's" waste or products by automobile, aircraft, watercraft, or other conveyance beyond the boundaries of a "covered location" by a person or entity, other than an "insured", engaged in the business of transporting property for hire, until such time as the waste or product is unloaded from the automobile, aircraft, watercraft, or other conveyance.
- F. **"Covered location"** means any location specifically identified in Item 8. of the Declarations to this Policy, or any other location specifically endorsed onto this Policy as a "covered location".
- G. **"Emergency response"** means actions taken and reasonable "remediation costs" incurred within seventy-two (72) hours following the discovery of a "pollution condition" by an "insured" in order to abate or respond to an imminent and substantial threat to human health or the environment arising from such "pollution condition".
- H. **"Environmental indemnity obligations"** means an "insured's" obligations to defend or indemnify a third-party with respect to a "pollution condition" to which this insurance otherwise applies, provided that such defense or indemnity obligation is explicitly included within a contract identified on the Schedule of Insured Contracts Endorsement attached to this Policy, if any.
- I. **"Environmental laws"** means any federal, state, provincial, municipal or other local laws, statutes, ordinances, rules, guidance documents, regulations, and all amendments thereto, including state voluntary cleanup or risk-based corrective action guidance, governing the liability or responsibilities of the "insured" with respect to a "pollution condition".
- J. **"Extended reporting period"** means the additional period of time in which to report a "claim" first made against the "insured" during or subsequent to the end of the "policy period".

- K. **"First named insured"** means the person or entity as identified in Item 1. of the Declarations to this Policy. The "first named insured" is the party responsible for the payment of any premiums and the payment of, or evidencing payment of, any applicable "self-insured retention" amounts. The "first named insured" shall also serve as the sole agent on behalf of all "insureds" with respect to the provision and receipt of notices, including notice of cancellation or non-renewal, receipt and acceptance of any endorsements or any other changes to this Policy, return of any premium, assignment of any interest pursuant to this Policy, as well as the exercise of any applicable "extended reporting period", unless any such responsibilities are otherwise designated by endorsement.
- L. **"Fungi"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or byproducts produced or released by "fungi".
- M. **"Government action"** means action taken or liability imposed by any federal, state, provincial, municipal or other local government agency or body acting pursuant to the authority of "environmental laws".
- N. **"Illicit abandonment"** means the intentional placement, abandonment or disposal of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, including "low-level radioactive waste", "mixed waste" and medical, infectious and pathological wastes, on, at or into a "covered location" by a person or entity that:
1. Is not an "insured";
 2. Is not affiliated by common ownership with an "insured"; and
 3. Does not maintain, or has not maintained, an ownership or operational interest in the "covered location".
- O. **"Insured"** means the "first named insured", any "named insured", any "additional insured", and any past or present director or officer of, partner in, or employee of, any "insured" while acting within the scope of his or her duties as such.
- P. **"Legal defense expense"** means reasonable legal costs, charges, and expenses, including expert charges, incurred by the "insured" in the investigation, adjustment, or defense of "claims" or suits.
- Q. **"Low-level radioactive waste"** means waste that is radioactive but not classified as the following: high-level waste (spent nuclear fuel or the highly radioactive waste produced if spent fuel is reprocessed), uranium milling residues, and waste with greater than specified quantities of elements heavier than uranium.
- R. **"Mixed waste"** means waste containing both radioactive and hazardous components as defined pursuant to United States law within the Atomic Energy Act and the Resource Conservation and Recovery Act as either may be amended.
- S. **"Named insured"** means any person or entity specifically endorsed onto this Policy as a "named insured", if any. Such "named insured" shall maintain the same rights pursuant to this Policy as the "first named insured" unless otherwise specified by endorsement.
- T. **"Natural resource damage"** means injury to, destruction of, or loss of, including the resulting loss of value of, fish, wildlife, biota, land, air, water, groundwater, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. § 1801 et. seq.)), any state or local government, any foreign government, or any Native American Tribe, or, if such resources are subject to a trust restriction on alienation, any members of any Native American Tribe, including the reasonable costs of assessing such injury, destruction or loss resulting therefrom.
- U. **"Non-owned disposal site"** means a site not owned or operated by the "insured", which receives, or has historically received, the "insured's" waste.
- V. **"Policy period"** means the period of time specifically identified in Item 2.a. of the Declarations to this Policy for Coverage A., and/or Item 3.a. of the Declarations to this Policy for Coverage B., or any shorter period resulting from the cancellation of this Policy.
- W. **"Pollution condition"** means:
1. The presence of "fungi" or *legionella pneumophila*; or
 2. The discharge, dispersal, release, escape, migration, seepage, or "illicit abandonment" of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including smoke, soot, vapors, fumes, acids, alkalis,

chemicals, hazardous substances, hazardous materials, or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater. For the purpose of this definition, waste materials include, but are not limited to, "low-level radioactive waste" and "mixed waste".

X. "Property damage" means:

1. Physical injury to, or destruction of, tangible property of a third-party, including all resulting loss of use of that property;
2. Loss of use of tangible property of a third-party, that is not physically injured or destroyed;
3. Diminished value of tangible property owned by a third-party; or
4. "Natural resource damages".

Y. "Remediation costs" means reasonable expenses incurred to investigate, quantify, monitor, mitigate, abate, remove, dispose, treat, neutralize, or immobilize "pollution conditions" to the extent required by "environmental law". If no applicable laws exist that govern the remediation of "fungi" or *legionella pneumophila* in the jurisdiction of the "covered location", necessary "remediation costs" may be established by securing the written professional recommendations of a "certified industrial hygienist" retained with the prior approval of the Insurer.

"Remediation costs" shall also include:

1. Reasonable legal cost, where such cost has been incurred by an "insured" with the written consent of the Insurer; and
2. Reasonable expenses required to restore, repair or replace real or personal property, to substantially the same condition it was in prior to being damaged during the course of responding to a "pollution condition".

Z. "Responsible person" means any employee of an "insured" responsible for environmental affairs, control, or compliance at a "covered location", and any officer or director of, or partner in, an "insured".

AA. "Self-insured retention" means the dollar amount identified in Item 2.d. of the Declarations to this Policy for Coverage A., and/or Item 3.d. of the Declarations to this Policy for Coverage B., or as otherwise designated by endorsement, if any.

BB. "Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

CC. "Underground storage tank" means any tank and associated piping and appurtenances connected thereto which tank has more than ten percent (10%) of its volume below ground. "Underground storage tank" does not mean a septic tank or oil/water separator.

DD. "War" means war, whether or not declared, civil war, martial law, insurrection, revolution, invasion, bombardment or any use of military force, usurped power or confiscation, nationalization or damage of property by any government, military or other authority.

VI. EXCLUSIONS

This insurance shall not apply to:

A. Asbestos

"Claims", "remediation costs" or "legal defense expenses", arising out of or related to asbestos or asbestos-containing materials.

This exclusion shall not apply to "remediation costs" arising out of or related to asbestos or asbestos-containing materials discovered in soil or groundwater.

B. Contractual Liability

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to liability of others assumed by any "insured" through contract or agreement, except if the liability would have attached to the "insured" in the absence of such contract or agreement.

This exclusion shall not apply to "environmental indemnity obligations".

C. Divested Property

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to a "pollution condition" at a "covered location" where such "pollution condition" first commenced after the "covered location" had been sold, abandoned, or given away by any "insured", or was condemned.

This exclusion shall not apply to Coverage B.

D. Employers Liability

"Claims" or "legal defense expenses" arising out of or related to "bodily injury" to:

1. Any "insured" or any employee of its parent corporation, subsidiary or affiliate:
 - a. Arising out of, or in the course of, employment by any "insured", its parent, subsidiary or affiliate; or
 - b. Performing duties related to the conduct of the business of any "insured", its parent corporation, subsidiary, or affiliate.
2. The spouse, child, parent, brother or sister of any "insured" or employee of its parent, subsidiary or affiliate as a consequence of Paragraph 1., above.

This exclusion applies:

1. Whether an "insured" may be liable as an employer or in any other capacity; and
2. To any obligation to share damages with or repay someone else who must pay damages because of such "bodily injury".

E. Fines and Penalties

Payment of criminal fines, criminal penalties, punitive, exemplary or multiplied damages, or any associated "claims" seeking exclusively injunctive relief in addition to such fines, penalties or damages.

This exclusion shall apply to any "legal defense expense" associated with such fines, penalties or damages.

This exclusion shall not apply to punitive damages where such coverage is insurable by law.

F. First-Party Property Damage

"Claims" or "legal defense expenses" arising out of or related to damage to real or personal property owned by, leased to, loaned to, or rented by any "insured", or otherwise in the care, custody, or control of any "insured".

This exclusion shall not apply to "remediation costs".

G. Fraud or Misrepresentation

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to fraudulent acts or material misrepresentations on the part of any "insured" which would have affected the Insurer's decision to issue this Policy pursuant to the financial terms identified in the Declarations of this Policy.

H. Insured's Internal Expenses

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to expenses incurred by any "insured" for services performed by its salaried staff and any employees.

This exclusion shall not apply to "emergency response" or any costs, charges or expense incurred with the prior written approval of the Insurer at its sole discretion.

I. Insured vs. Insured

"Claims" made by any "insured" against any other "insured".

J. Intentional Non-Compliance

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to the intentional disregard of, or knowing, willful, or deliberate non-compliance with, any law, statute, regulation, administrative complaint, notice of violation, notice letter, instruction of any governmental agency or body, or executive, judicial or administrative order by any "responsible person".

K. Known Conditions

"Pollution conditions" in existence and reported to a "responsible person":

1. Prior to the "policy period"; or
2. With respect to "covered locations" acquired or leased by a "named insured" and added to the Policy during the "policy period" pursuant to an Automatic Acquisition Endorsement attached to this Policy, if any, prior to the effective date of the acquisition or lease of such "covered locations",

but not expressly reported in writing to the Insurer prior to the inception date identified in Item 2.a. or Item 3.a. of the Declarations to this Policy (as applicable), or the effective date of such acquisition or lease, respectively.

This exclusion shall not apply to:

1. "Pollution conditions" specifically referenced in, or identified in documents listed on, the Schedule of Known Conditions Endorsement attached to this Policy; or
2. "Pollution conditions" that have been reported to the "responsible person" as not being actionable pursuant to "environmental laws" in any Phase I or Phase II Environmental Site Assessment report (or its functional equivalent) specifically prepared for a "named insured" by a qualified environmental consultant. To the extent that the qualified consultant's actionability determination is premised, in whole or in part, on the use of, or engineering controls in effect at, a "covered location", any coverage afforded pursuant to this paragraph shall be contingent upon:
 - a. The "insured's" maintenance of said engineering controls; and
 - b. The continued use of the property in a manner consistent with the consultant's reported assumptions, during the "policy period".

L. Lead-Based Paint

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to lead-based paint.

This exclusion shall not apply to "remediation costs" arising out of lead-based paint discovered in soil or groundwater.

M. Material Change in Risk

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to a change in the use or operations at a "covered location" that materially increases the likelihood or severity of a "pollution condition" or "claim" from the intended uses or operations identified by an "insured" for the Insurer prior to the inception date of this Policy. This exclusion shall only apply to the "covered location" associated with the change in use or operations and shall not limit coverage for other "covered locations" pursuant to this Policy.

N. Naturally Occurring Materials

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to the presence or removal of naturally occurring materials.

This exclusion shall not apply in those circumstances where naturally occurring substances are present at a "covered location" as a result of human activities or human processes.

O. Non-Owned Disposal Sites

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to "pollution conditions" on, at, under, or migrating from a "non-owned disposal site".

This exclusion shall not apply to any "non-owned disposal site" specifically identified on any Schedule of Non-Owned Disposal Sites Endorsement attached to this Policy.

P. Underground Storage Tanks

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to "pollution conditions" emanating from an "underground storage tank" located at a "covered location", when the existence of such "underground storage tank" was known to a "responsible person" prior to the "policy period"; and

1. Which "underground storage tank" is not identified in the Schedule of Insured Underground Storage Tanks, if applicable; or
2. If an "underground storage tank" has been closed or removed, and is not identified on the Schedule of Known Conditions Endorsement, if applicable.

Q. Vehicles

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to "pollution conditions" resulting from the use, maintenance or operation, including loading or unloading, of an automobile, aircraft, watercraft, or other conveyance beyond the boundaries of a "covered location".

This exclusion shall not apply to "contingent transportation", if such coverage is added to this Policy by endorsement.

R. War or Terrorism

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to "pollution conditions" attributable, whether directly or indirectly, to any acts that involve, or that involve preparation for, "war" or "terrorism" regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

VII. REPORTING AND COOPERATION

- A.** The "insured" must see to it that the Insurer receives written notice of any "claim" or "pollution condition", as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the "insured", including contact information for an appropriate person to contact regarding the handling of the "claim" or "pollution condition";
2. The identity of "covered location";
3. The nature of the "claim" or "pollution condition"; and
4. Any steps undertaken by the "insured" to respond to the "claim" or "pollution condition".

In the event of a "pollution condition", the "insured" must also take all reasonable measures to provide immediate verbal notice to the Insurer.

- B.** The "insured" must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any "claim";
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the "claim";
4. Assist the Insurer, upon the Insurer's request, in the enforcement of any right against any person or organization which may be liable to the "insured" because of "bodily injury", "property damage", "remediation costs" or "legal defense expense" to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

- C.** No "insured" shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any "claim" without the written consent of the Insurer. Nor shall any "insured" retain any consultants or incur any "remediation costs" without the prior express written consent of the Insurer, except in the event of an "emergency response".

- D.** Upon the discovery of a "pollution condition", the "insured" shall make every attempt to mitigate any loss and comply with applicable "environmental laws". The Insurer shall have the right, but not the duty, to mitigate such "pollution conditions" if, in the sole judgment of the Insurer, the "insured" fails to take reasonable steps to do so. In that event,

any "remediation costs" incurred by the Insurer shall be deemed incurred by the "insured", and shall be subject to the "self-insured retention" and Limits of Liability identified in the Declarations of this Policy.

VIII. EXTENDED REPORTING PERIOD

- A. The "first named insured" shall be entitled to a basic "extended reporting period", and may purchase an optional supplemental "extended reporting period", following Cancellation, as described in Subsection A., Paragraph 1. of Section IX., **GENERAL CONDITIONS**, or nonrenewal.
- B. "Extended reporting periods" shall not reinstate or increase any of the Limits of Liability. "Extended reporting periods" shall not extend the "policy period" or change the scope of coverage provided. A "claim" first made against an "insured" and reported to the Insurer within the basic "extended reporting period" or supplemental "extended reporting period", whichever is applicable, shall be deemed to have been made on the last day of the "policy period".
- C. Provided the "first named insured" has not purchased any other insurance to replace this Policy, the "first named insured" shall have a sixty (60) day basic "extended reporting period" without additional charge.
- D. Provided the "first named insured" has not purchased any other insurance to replace this Policy, the "first named insured" shall also be entitled to purchase a supplemental "extended reporting period" of up to thirty-four (34) months for not more than two hundred percent (200%) of the full premium identified in Item 5. of the Declarations to this Policy. Such supplemental "extended reporting period" starts when the basic "extended reporting period" ends. The Insurer shall issue an endorsement providing a supplemental "extended reporting period" provided that the "first named insured":
 - 1. Makes a written request, to the address identified in Item 7.b. of the Declarations to this Policy, for such endorsement which the Insurer receives prior to the expiration of the "policy period"; and
 - 2. Pays the additional premium when due. If that additional premium is paid when due, the supplemental "extended reporting period" may not be cancelled, provided that all other terms and conditions of the Policy are met.

IX. GENERAL CONDITIONS

A. Cancellation

- 1. This Policy may be cancelled only by the "first named insured", or through the "first named insured's" agent, by mailing to the Insurer at the address identified in Item 7.b. of the Declarations to this Policy, written notice stating when such cancellation shall be effective.
- 2. This Policy may be cancelled by the Insurer for the following reasons:
 - a. Non-payment of premium; or
 - b. Fraud or material misrepresentation on the part of any "insured,by mailing to the "first named insured" at the "first named insured's" last known address, written notice stating when, not less than sixty (60) days thereafter, fifteen (15) days if cancellation is for non-payment of any unpaid portion of the premium, such cancellation shall be effective. The mailing of notice shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall be the end of the "policy period".

Subparagraph 2.b., herein, shall apply only to that "insured" that engages in the fraud or misrepresentation. This exception shall not apply to any "insured" who is a parent corporation, subsidiary, employer of, or otherwise affiliated by ownership with, such "insured".
- 3. In the event of cancellation, the premium percentage identified in Item 5. of the Declarations to this Policy shall be the minimum-earned premium upon the inception date of this Policy. Thereafter, the remaining unearned premium, if any, shall be deemed earned by the Insurer on a *pro rata* basis over the remainder of the "policy period". Any unearned premium amounts due the "first named insured" upon cancellation of this Policy shall be calculated on a *pro rata* basis and refunded within thirty (30) days of the effective date of cancellation.

B. Inspection and Audit

To the extent of the "insured's" ability to provide such access, and with reasonable notice to the "insured", the Insurer shall be permitted, but not obligated, to inspect and sample the "covered locations". The "insured" shall have the concurrent right to collect split samples. Neither the Insurer's right to make inspections, the making of

said inspections, nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the "insured" or others, to determine or warrant that such property or operations are safe or in compliance with "environmental law", or any other law.

The Insurer may examine and audit the "insured's" books and records during this "policy period" and extensions thereof and within three (3) years after the final termination of this Policy.

C. Legal Action Against the Insurer

No person or organization other than an "insured" has a right pursuant to this Policy:

1. To join the Insurer as a party or otherwise bring the Insurer into a suit against any "insured"; or
2. To sue the Insurer in connection with this insurance unless all of the Policy terms have been fully complied with.

D. Bankruptcy

The insolvency or bankruptcy of any "insured" or any "insured's" estate shall not relieve the Insurer of its obligations pursuant to this Policy. However, any such insolvency or bankruptcy of the "insured" or the "insured's" estate shall not relieve the "insured" of its "self-insured retention" obligations pursuant to this Policy. This insurance shall not replace any other insurance to which this Policy is excess, nor shall this Policy drop down to be primary, in the event of the insolvency or bankruptcy of any underlying insurer.

E. Subrogation

In the event of any payment pursuant to this Policy by the Insurer, the Insurer shall be subrogated to all of the rights of recovery against any person or organization, and the "insured" shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The "insureds" shall do nothing to prejudice such rights. Any recovery as a result of subrogation proceedings arising pursuant to this Policy shall accrue first to the "insureds" to the extent of any payments in excess of the limit of coverage; then to the Insurer to the extent of its payment pursuant to the Policy; and then to the "insured" to the extent of the "self-insured retention". Expenses incurred in such subrogation proceedings shall be apportioned among the interested parties in the recovery in the proportion that each interested party's share in the recovery bears to the total recovery.

F. Representations

By accepting this Policy, the "first named insured" agrees that:

1. The statements in the Declarations, schedules, and application for this Policy are accurate and complete;
2. Those statements are based upon representations the "first named insured" made to the Insurer; and
3. This Policy has been issued in reliance upon the "first named insured's" representations.

G. Separation of Insureds

Except with respect to the Limits of Liability, Cancellation condition 2.a., above, the Fraud or Misrepresentation Exclusion, the Insured vs. Insured Exclusion, the Intentional Non-Compliance Exclusion, the Known Conditions Exclusion, the Material Change in Risk Exclusion, the Underground Storage Tank Exclusion, and any obligations specifically assigned to the "first named insured", this Policy applies:

1. As if each "named insured" were the only "insured"; and
2. Separately to each "named insured" against whom a "claim" is made.

H. Other Insurance

If other valid and collectible insurance is available to any "insured" covering a loss also covered by this Policy, other than a policy that is specifically written to apply in excess of this Policy, the insurance afforded by this Policy shall apply in excess of and shall not contribute with such other insurance.

I. Jurisdiction and Venue

It is agreed that in the event of the failure of the Insurer to pay any amount claimed to be due hereunder, the Insurer and the "insured" shall submit to the exclusive jurisdiction of the State of New York and shall comply with all requirements necessary to give such court jurisdiction. Nothing in this clause constitutes or should be understood to constitute a waiver of the Insurer's right to remove an action to a United States District Court.

J. Choice of Law

All matters arising hereunder including questions relating to the validity, interpretation, performance, and enforcement of this Policy, including the rights, duties and obligations thereunder, shall be determined in accordance with the law and practices of the State of New York.

K. Changes and Assignment

Notice to or knowledge possessed by any person shall not effect waiver or change in any part of this Policy or estop the Insurer from asserting any right pursuant to the terms of this Policy. The terms, definitions, conditions, exclusions and limitations of this Policy shall not be waived or changed, and no assignment of any interest in this Policy shall bind the Insurer, except as provided by endorsement and attached to this Policy.

L. Headings

The descriptions in the headings and sub-headings of this Policy are inserted solely for convenience and do not constitute any part of the terms or conditions hereof.

M. Consent

Where the consent of the Insurer, or an "insured", is required pursuant to this Policy, such consent shall not be unreasonably withheld, delayed, conditioned, or denied.

SCHEDULE OF ADDITIONAL INSURED'S ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 001
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree to the following changes to this Policy:

The entities identified below shall be considered an "additional insured" under this Policy, but only with respect to their vicarious liability arising out of the "first named insured's" or any "named insured's" ownership, operation, maintenance or use of a "covered location".

Schedule of Additional Insureds

1. Fansteel, Inc.

All other terms and conditions of this Policy remain unchanged.

SCHEDULE OF KNOWN CONDITIONS (Documents) ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 002
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree that the "pollution conditions" identified within the documents listed in the Schedule of Known Conditions (Documents), below, have been disclosed to the Insurer prior to the inception of this Policy:

SCHEDULE OF KNOWN CONDITIONS (Documents)

1. FMRI (Fansteel), Inc., U.S. NRC. Available at: <http://www.nrc.gov/info-finder/decommissioning/complex/fmri-fansteel-inc.html>. (Accessed: May 14, 2010).
2. Meeting Minutes and Notes, Curtis J. Zamec II, April 11, 2010
3. Correspondence: NOV No. I-51000040-10-1, FMRI, Inc., March 22, 2010.
4. Correspondence: Permit Compliance Schedule Violations, Oklahoma Department of Environmental Quality, March 2, 2010.
5. License Conditions 43, 44, and 45 Annual Update, FMRI, March 25, 2009.
6. NRC Staff Answer to Intervention Petitions, Nuclear Regulatory Commission, February 9, 2009.
7. Request to Discontinue Reporting of Groundwater Sample Results, Nuclear Regulatory Commission, August 7, 2007.
8. Request for Proprietary Information From FMRI, Division of Waste Management and Environmental Protection, June 1, 2007.
9. Groundwater Impact at the FMRI, Inc. Facility, Muskogee, OK, A&M Engineering & Environmental Services, Inc., December 18, 2006.
10. Report of Concentrations of Radioactive Material Exceeding a License Limit, FMRI, July 18, 2006.
11. Correspondence, Office of Attorney General State of Oklahoma, April 1, 2004.
12. FMRI, Inc. (Muskogee, Oklahoma Facility), Winston & Strawn, LLP, March 4, 2004
13. Memorandum and Order, United States of America Nuclear Regulatory Commission, (<http://www.nrc.gov/reading-rm/doc-collections/commission/orders/2003/2003-13cli.pdf>) October 23, 2003.
14. Supplemental Information in Support of Request for Consent to License Transfer and Request for Licensing Actions in Connection with the Decommissioning Plan for the Muskogee, Oklahoma Site, Fansteel, Inc., September 17, 2003.
15. Morning Report for June 2, 1999, U.S. NRC, (<http://www.nrc.gov/reading-rm/doc-collections/event-status/morning/1999/19990602mr.html>), June 2, 1999.
16. Remediation Assessment, Earth Sciences Consultants, Inc., December 1993.

Authorized Representative

All other terms and conditions of this Policy remain unchanged.

CONTINGENT TRANSPORTATION COVERAGE ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 003
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree to the following changes to this Policy:

- I. Section I., **INSURING AGREEMENTS**, Subsection A., NEW POLLUTION CONDITIONS, of this Policy is deleted in its entirety and replaced with the following:

A. NEW POLLUTION CONDITIONS (Coverage A.)

"Claims", "remediation costs", and associated "legal defense expenses", in excess of the "self-insured retention", arising out of a "pollution condition": 1) on, at, under, or migrating from a "covered location"; or 2) resulting from "contingent transportation", provided the "claim" is first made, or the "insured" first discovers such "pollution condition" during the "policy period". Any such "claim" must be reported to the Insurer, in writing, during the "policy period" or any applicable "extended reporting period". Any such discovery of a "pollution condition" must be reported to the Insurer in writing during the "policy period".

The coverage afforded pursuant to this Coverage A. only applies to "pollution conditions" that first commence, in their entirety, on or after the inception date identified in Item 2.a. of the Declarations to this Policy.

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

COVERAGE LIMITATION AND REOPENER ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 004
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree to the following changes to this Policy:

I. COVERAGE LIMITATION:

- ☒ "remediation costs"
☐ "bodily injury"
☐ "property damage"

The coverages identified with a check in the applicable box, above, including any associated "legal defense expenses", are not afforded pursuant to this Policy with respect to those specific "pollution conditions" identified in the Schedule of Limited Coverage, below.

II. RE-OPENER OF COVERAGE:

In the event that "closure" is achieved with respect any of the "pollution conditions" identified in Schedule of Limited Coverage, below, then coverage limitations set forth in Section I., above, may be deleted with respect to those "pollution conditions" that achieve such "closure". The coverage limitations identified in Section I., above, can only be deleted by endorsement to this Policy issued by the Insurer.

III. For the purposes of this Endorsement, "closure" shall mean that the "insured" obtains a written No Further Action determination, or otherwise achieves closure in accordance with the regulatory requirements applicable to the subject "pollution conditions", which has been confirmed in writing by the regulatory agency or authority with jurisdiction over the "pollution conditions".

If such "closure" is contingent upon: 1) certain additional actions with respect to the subject "pollution conditions" in order to be effective; or 2) on the use of institutional or engineering controls in effect at a "covered location", then any such additional actions must be completed in order for coverage to be effective pursuant to this Endorsement, and such coverage shall be contingent upon the "insured's" continued maintenance of said engineering controls and the use of the "covered location" in a manner consistent with said institutional control, as applicable, during the "policy period" or any "extended reporting period".

SCHEDULE OF LIMITED COVERAGE

All "pollution conditions" on, at, under, or migrating from the "covered location" that are: included within or the subject of remediation activities at the "covered location", to address any contamination or suspected contamination identified in the (to be developed) Amended Decommissioning Plan (ADP), including the implementation of any revised (or amended) ADP, or any other remediation performed pursuant to the ADP or revised (or amended) ADP. This exclusion is inclusive of all investigation activities associated with the foregoing.

All other terms and conditions of this Policy remain unchanged.

PF-27587

Page 1 of 1

Authorized Representative

FUNGI AND LEGIONELLA EXCLUSIONARY ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 005
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree to the following changes to this Policy:

I. Section VI., **EXCLUSIONS**, of this Policy is hereby modified by addition of the following:

Fungi and Legionella

"Claims", "remediation costs" or "legal defense expenses" arising out of or related to, in whole or part, the actual, alleged, or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or *legionella pneumophila*, regardless of whether any other cause, event, material, or product contributed concurrently or in any sequence to such injury or damage.

This exclusion shall also apply to any costs or expense arising out of or related to the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, or disposing of, or in any way responding to or assessing the effects of, "fungi" or *legionella pneumophila*, by any "insured" or by any other person or entity.

II. Section V., **DEFINITIONS**, Subsection W., of this Policy is deleted in its entirety and replaced with the following:

W. "Pollution condition" means the discharge, dispersal, release, escape, migration, seepage or "illicit abandonment" of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater. For the purpose of this definition, waste materials includes, but is not limited to "low-level radioactive waste" and "mixed waste".

All other terms and conditions of this Policy remain unchanged.

Authorized Representative

CONDITIONAL RENEWAL ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 006
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer agree that Section VII. General Conditions, of this Policy is hereby amended by the addition of the following:

The Insurer shall renew this policy upon its expiration date, provided that the Insurer continues to offer insurance substantially similar to the coverage provided herein, and the "insured" has fully complied, at the time of expiration of this Policy, with all of the following conditions:

1. All terms and conditions of this Policy have been completely satisfied, including, but not limited to, payment of premium and satisfaction of self-insured retention obligations; and
2. The "Named Insured" provides the Insurer with a properly completed and fully executed renewal application not more than 30 (thirty) days and not less than 10 (ten) days prior to the expiration date of this policy; and
3. Use of the insured site, in the Insurer's sole discretion, has not materially changed from the use(s) described in the original application; and
4. At the time of Policy expiration, incurred loss shall not exceed 30% (thirty percent) of the policy premium set forth in the Declarations. Incurred loss shall include losses paid and outstanding loss reserves for all remediation costs, claims, and legal defense expense covered under this policy.

Notwithstanding the foregoing, the Insurer reserves the right to modify the terms and conditions of any subsequently issued policy. The renewal premium shall be determined in accordance with the rates in effect at the time of renewal. The "insured" agrees that in taking such action(s), the Insurer shall not be considered in violation of the agreement to renew this policy pursuant to the conditions set forth above.

All other terms and conditions of the policy remain unchanged.

Authorized Agent

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 007
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims. All other terms and conditions of the policy remain unchanged.

Authorized Agent

SERVICE OF SUIT ENDORSEMENT

Named Insured FMRI, Inc.			Endorsement Number 008
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Information about service of suits upon the company is given below. Service of process of suits against the company may be made upon the following person, or another person the company may designate:

Saverio Rocca, Assistant General Counsel
ACE USA Companies
436 Walnut Street
Philadelphia, PA 19106-3703

The person named above is authorized and directed to accept service of process on the company's behalf in any action, suit or proceeding instituted against the company. If the insured requests, the company will give the insured a written promise that a general appearance will be entered on the company's behalf if a suit is brought.

If the insured requests, the company will submit to the jurisdiction of any court of competent jurisdiction. The company will accept the final decision of that court or any Appellate Court in the event of an appeal.

The law of some jurisdictions of the United States of America require that the Superintendent, Commissioner or Director of Insurance (or their successor in office) be designated as the company's agent for service of process. In these jurisdictions, the company designates the Director of Insurance as the company's true and lawful attorney upon whom service of process on the company's behalf may be made. The company also authorizes the Director of Insurance to mail process received on the company's behalf to the company person named above.

If the insured is a resident of Canada, the insured may also serve suit upon the company by serving the government official designated by the law of the insured's province.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS, OR LIMITATIONS OF THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED OTHER THAN AS ABOVE STATED.

Authorized Representative

SIGNATURE ENDORSEMENT

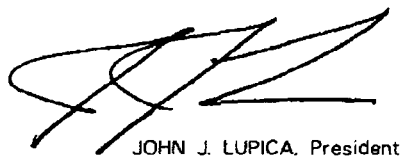
Named Insured FMRI, Inc.			Endorsement Number 009
Policy Symbol PPL	Policy Number G2489289A 001	Policy Period 08/15/2010 to 08/15/2020	Effective Date of Endorsement 08/15/2010
Issued By (Name of Insurance Company) Illinois Union Insurance Company			

THE ONLY SIGNATURES APPLICABLE TO THIS POLICY ARE THOSE REPRESENTING THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

By signing and delivering the policy to you, we state that it is a valid contract when countersigned by our authorized representative.

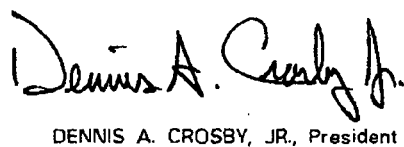
ILLINOIS UNION INSURANCE COMPANY
525 W. Monroe Street, Suite 400, Chicago, Illinois 60661


GEORGE D. MULLIGAN, Secretary


JOHN J. LUPICA, President

WESTCHESTER SURPLUS LINES INSURANCE COMPANY
500 Colonial Center Parkway, Suite 200, Roswell, GA 30076


GEORGE D. MULLIGAN, Secretary


DENNIS A. CROSBY, JR., President

Authorized Agent



ACE USA

- ☒ Illinois Union Insurance Company
☐ Westchester Surplus Lines Insurance Company
☐ _____

Insured:
FMRI, Inc.
10 Tantalum Drive
Muskogee, OK 74403

Attached To Policy No.: **PPL G2489289A 001**

Effective Date: **08/15/2010**

OKLAHOMA SURPLUS LINES NOTIFICATION

This surplus lines policy is not subject to the protection of any guaranty association in the event of liquidation or receivership of the insurer.

NOTHING HEREIN CONTAINED SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS, OR LIMITATIONS OF THE POLICY TO WHICH THIS NOTICE IS ATTACHED OTHER THAN AS STATED ABOVE.



Illinois Union Insurance Company
Insurance Company

FMRI, Inc.
Policyholder

PPL G2489289A 001
Policy Number

Fedeli Group
Broker/Producer

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

You were notified that under the Terrorism Risk Insurance Act, as amended, that you have the right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act. The term "act of terrorism" means any act that is certified by the Secretary of the Treasury---in concurrence with the Secretary of State, and the Attorney General of the United States---to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, SUCH POLICIES MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, COVERAGE MAY BE REDUCED.

You elected **NOT** to purchase terrorism coverage under the Act at the price indicated. ACCORDINGLY, WE WILL **NOT** PROVIDE THIS COVERAGE AND YOU DO NOT OWE THE ADDITIONAL PREMIUM FOR THAT COVERAGE INDICATED BELOW.

Terrorism coverage described by the Act under your policy was made available to you for additional premium in the amount of **\$12,541**, however you elected to decline such coverage.

NOTICE TO ALL OKLAHOMA POLICYHOLDERS

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

You are insured by the Company listed on the Signature page which is named on the first page of the Declarations of this policy. It is an ACE USA company and has its principal office at 436 Walnut Street, PO Box 1000, Philadelphia, PA 19106-3703.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



ACE Casualty Risk
1660 W. 2nd Street, Suite 780
Cleveland, OH 44113

216.706.3026 tel
julie.eisenberg@acegroup.com
www.ace-ina.com

Julie Eisenberg
Senior Underwriter

September 09, 2010

Fedeli Group
Attn: Rob Snyder
5005 Rockside Road, Suite 500
Independence, OH 44131

Rob,

Please find enclosed a copy of the below described policy. We trust that you will find everything to be in order, but please contact us with any questions or concerns.

Named Insured:	FMRI, Inc.
Symbol and Number:	PPL G2489289A 001
Policy Term:	August 15, 2010 to August 15, 2015
Carrier:	Illinois Union Insurance Company

Ace Environmental appreciates the opportunity to write this account. We are committed to giving the best service possible to our clients. Please contact myself at **216-706-3026** if you have any questions regarding this policy.

Sincerely,

Julie Eisenberg
Senior Underwriter

LOSS PAYEE ENDORSEMENT

Named Insured			Endorsement Number
Policy Symbol	Policy Number	Policy Period To	Effective Date of Endorsement
Issued By (Name of Insurance Company)			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The "insured" and the Insurer hereby agree to the following changes to this Policy:

I. Section **IX., GENERAL CONDITIONS**, of this Policy is hereby amended by the addition of the following:

- **Loss Payee**

In the event covered "remediation costs" shall be payable to the "first named insured", the loss payee identified in the Schedule below shall be the entity or organization to receive such payment from Insurer, but only as their interests may appear pursuant to the Agreement referenced in the Schedule below, which is on file with Insurer. To the extent the Agreement referenced in the Schedule below is amended, altered, terminated, cancelled or modified, Insurer shall be provided with notice of such termination or cancellation and/or a copy of such amended or modified Agreement as soon as practicable. Insurer shall have no liability arising from any failure to provide Insurer with any required notice or a copy of the most current version of said Agreement.

Nothing herein shall amend, modify, change or alter Insurer's ability to cancel, non-renew, or terminate coverage pursuant to the terms and conditions of this Policy. Nothing herein shall amend, modify, change or alter Insurer's ability to subrogate pursuant to the terms and conditions of this Policy.

SCHEDULE

NAME OF LOSS PAYEE (Trustee)	AGREEMENT TO WHICH THIS ENDORSEMENT APPLIES
Bank of Waukegan, as trustee under Trust No. 2740 1601 N. Lewis Avenue Waukegan, Illinois 60085	DECOMMISSIONING TRUST AGREEMENT, Executed on November 13, 2001.

All other terms and conditions remain unchanged.

Authorized Representative

How will the public good be served by the approval of this request for indirect change of control of a licensee?

Fansteel's Response

The current ownership group of Fansteel acquired ownership and management control of the company mid-2008. They recognized that the company faced a number of challenges, in particular with the lack of profitability in its ongoing businesses and in respect to FMRI's Muskogee site.

With regard to FMRI, it was clear that:

- i. FMRI didn't possess the requisite remediation experience to effect such a complex project;
- ii. Decision making in respect to the remediation and Decommissioning Plan (DP) were insufficient;
- iii. Remediation progress was slow, at best, and insufficient compared to the approved DP;
- iv. The longer the approach remained the same, i.e. as historically executed, the likelihood that financial assurance would be insufficient to complete the approved DP;
- v. FMRI's various regulatory relationships were damaged.

With regard to Fansteel, it was clear that:

- i. Fansteel, since it didn't then and wouldn't likely in the future participate in the remediation business, also didn't have and wouldn't likely have the requisite experience or capabilities to affect such a complex project;
- ii. Progress was slow at FMRI's Muskogee site, at best, and Fansteel's focus was solely on funding financial assurance;
- iii. The longer the approach remained the same, i.e. as historically executed, the likelihood that financial assurance would be insufficient to complete the approved DP;
- iv. Fansteel's various regulatory relationships were damaged.

v. That, given the revenue's of the Company, the nature of FMRI's Muskogee site and the correspondingly large balance sheet liability in relation to the historical and likely future profitability of the Company, that the balloon payment, as required under the Primary Note in calendar 2013, was not achievable through any commercial means.

Overall, it was also observed that since operations ceased at FMRI's Muskogee site thirteen different decommissioning plans and expenditures in excess of \$30 million were made, all without completing the first phase of the approved DP. FMRI was then more than four years behind schedule, and is now some six years behind schedule, and little progress is being made towards termination of the license.

Given the above, and through meetings with constituents of FMRI's Muskogee site, it was very clear that alternatives had to be defined and evaluated. Alternatives needed to continue to provide for the ongoing protection of public health and site security, but alternatives also needed to bring focus and the experience of specialized personnel to bear such that the plan would be executed in accordance with the DP and its timeline, and in a manner that most effectively used remaining financial assurance and, where possible, would improve upon existing financial assurance.

After significant due diligence and research, Fansteel decided to pursue a third party transaction, with Green Lantern Acquisition 1 (GLA 1). GLA 1 is an entirely independent company with no other ties to Fansteel, other than the proposed transaction, and there is no common ownership between GLA 1, Fansteel or any of their related parties. The result of the proposed transaction will be to transfer decision making for the decommissioning and the ownership of FMRI to GLA 1. Fansteel will retain its obligations to fund the decommissioning via the notes, and also be able focus on its core business to allow it to timely fund the notes. The only source of funding under the notes, the primary financial assurance, is Fansteel's cash flows. Fansteel, by being able to focus its activities and time on its core business, directly improves its ability to continue to perform under the notes.

The public good, through approval of the Request for Indirect Change of Control, is served and enhanced in many important ways, including, but not limited to:

i. Putting decision making in the hands of a professional decommissioning company focused on the timely and cost effective remediation of FMRI's Muskogee site;

- ii. The involvement of a qualified third party with no ties to the past, who only wants to succeed by performing the decommissioning and cleanup with a more cooperative and consensual approach with the FMRI sites' constituents, and the accomplishment of a more timely and economical result than otherwise likely or possible;
- iii. Enhancing existing financial assurance by Fansteel, the notes, by allowing it to focus on its businesses (and the profit and cash flow improvement of the same) and the addition of two policies of insurance and a performance bond totaling some \$35 million.

Green Lantern Acquisition's Response

This transaction once approved and completed, will strip Fansteel of the right to participate in any decision making regarding the decommissioning yet obligate them to continue funding the work via the existing promissory notes. Additionally, the collateral is enhanced by the posting of two policies of insurance.

Amendment to Decommissioning Trust Agreement

WHEREAS FMRI Inc., a Delaware corporation ("Grantor") and Bank of Waukegan as trustee under Trust No. 2740 and not individually, of Waukegan, Illinois ("Trustee") entered into a certain Decommissioning Trust Agreement dated as of November, 2003 (the "Decommissioning Trust Agreement");

WHEREAS, the Grantor has, pursuant to the FMRI License and Decommissioning Plan as approved by the NRC, elected to use proceeds of the Decommissioning Trust Agreement to provide a portion of the amount of financial assurance for the facilities identified therein; and

WHEREAS, Grantor and Trustee desire to amend certain terms of the Decommissioning Trust Agreement and to appoint a successor trustee;

NOW THEREFORE, the parties agree as follows:

1. Section 5(a)(2) of the Decommissioning Trust Agreement is hereby amended as follows:

(2) that the funds withdrawn will be expended for activities undertaken pursuant to the Decommissioning Plan, including FMRI's management of the site and normal operations of FMRI related to the Site including:

- Payroll
 - o Including wages, benefits, payment of withheld taxes
 - o Workers comp, FUTA, state unemployment taxes
 - o Healthcare and medical insurance
- Contractors engaged in
 - o Monitoring
 - o Preparation and submittal of reports to NRC and ODEQ
- Equipment rental
- Equipment maintenance and replacement
- License and permit fees
- Taxes
 - o Real estate taxes
 - o Payroll taxes (e.g. - Medicare, Social Security)
 - o Income taxes
 - o Local taxes (if any)
- Professional services

- Legal (at no time shall trust payments for legal fees exceed 5% of annual trust deposits in a given year)
 - Accounting
 - RSO (if not employee)
 - Financial management fees
- General costs
 - Site security
 - Site utilities
 - Including electricity, water, sewer, telephone, natural gas, internet)
 - Site maintenance
 - Including buildings, equipment, grounds
 - Insurance (CGL)
 - Office expenses

2. Pursuant to Section 13 of the Decommissioning Trust Agreement, FMRI will name a regulated and approved Successor Trustee following the approval of the indirect change of control request, effective 8:00 am EST, on the date 30 days from the date hereof, or if that date is a weekend or holiday, the first business day thereafter. The Successor Trustee shall have all the powers and duties of the Trustee as set forth in the Decommissioning Trust Agreement, and entitled to compensation.
3. Upon effectiveness of the Successor Trustee, Trust Agreement Schedule B to the Decommissioning Trust Agreement is replaced with the revised Schedule B, attached hereto.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date written below.

AGREED this ____ day of _____, 2012.

FMRI, Inc.

Chief Executive Officer
10 Tantalum Place
Muskogee, OK 74403

ATTEST:

[Title]

[Seal]

Bank of Waukegan
Trust and Investment Services
1601 N. Lewis Avenue
Waukegan, IL 60085

[Title]

ATTEST:

[Title]

[Seal]

Successor Trustee:

[Title]

ATTEST:

[Title]

[Seal]

Trust Agreement Schedule B (Revised)

[To be provided by successor trustee]

Rev. 5/2012