

TRUST AGREEMENT, the Agreement entered into as of December 1, 2017, by and between BWXT GOVERNMENT GROUP, INC., a Delaware corporation, herein referred to as the "Grantor", and BRANCH BANKING AND TRUST COMPANY, a state banking corporation organized and existing under the laws of the State of North Carolina, the "Trustee".

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 70. These regulations, applicable to the Grantor, require that a holder of, or an applicant for a Part 70 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a letter of credit to provide financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a letter of credit, this standby trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions.

As used in this Agreement:

- (A) The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
  
- (B) The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

Section 2. Costs of Decommissioning.

This Agreement pertains to the cost of decommissioning the materials and activities identified in License Number SNM-2001 issued pursuant to 10 CFR Part 70 as shown in Schedule A.

Section 3. Establishment of Fund.

The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of the NRC. The Grantor and the Trustee intend that no third party have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund.

Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan.

The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- a. A certificate duly executed by an authorized representative of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate of Events, and
- b. A certificate duly executed by an authorized representative of the Grantor attesting to the following conditions:
  1. that decommissioning is proceeding pursuant to an NRC approved plan,
  2. that the funds withdrawn will be expended for activities undertaken pursuant to that plan; and,
  3. that the NRC has been given 30 days prior notice of Grantor's intent to withdraw funds from the Fund.

No withdrawal from the fund can exceed 10 percent of the outstanding balance of the Fund unless NRC approval is attached.

In the event of the Grantor's default or inability to direct decommissioning activities, as determined by the NRC, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC from the Fund for expenditures for required activities in such amounts as the NRC shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management.

The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims, except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government.
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government, and in obligations of the Federal government and certificates or State and Municipal bonds rated BBB or higher by Standard & Poor's or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without the liability for the payment of interest thereon.

Section 7. Express Powers of Trustee.

Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- a. to sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the request of the Grantor and NRC or to reinvest in securities at the direction of the Grantor;
- b. to make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- c. to register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund; and
- d. to compromise or otherwise adjust all claims in favor of or against the Fund.

Section 8. Taxes and Expenses.

All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other reasonable out-of-pocket expenses incurred by the Trustee in connection with the administration of this Trust, including reasonable fees for legal services rendered to the Trustee, and the compensation of the Trustee, to the extent not paid directly by the Grantor, shall be paid from the Fund.

Section 9. Annual Valuation.

After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC shall constitute a

conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 10. Advice of Counsel.

The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 11. Trustee Compensation.

The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor (See Schedule C).

Section 12. Successor Trustee.

Upon 90 days notice to the NRC and the Grantor, the Trustee may resign. Upon 90 days notice to the NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed (and the NRC has approved in writing) a successor trustee and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust, in a writing sent to the Grantor, the NRC and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 8.

Section 13. Instructions to the Trustee.

All orders, request and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this Agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's written orders, requests, and instructions. If the NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC or its designees, and the Trustee shall act and shall be fully protected in acting in accordance with such written orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written

notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or the NRC hereunder has occurred. The Trustee shall have no duty to act in the absence of such written orders, requests, and instructions from the Grantor and/or the NRC, except as provided for herein.

Section 14. Amendment of Agreement.

This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee and the NRC, or by the Trustee and the NRC if the Grantor ceases to exist. All amendments shall meet relevant regulatory requirements of the NRC.

Section 15. Irrevocability and Termination.

Subject to the right of the parties to amend this Agreement as provided in Section 14, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee and the NRC, or by the Trustee and the NRC if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, to the extent not paid directly to the Trustee, shall be delivered to the Grantor or its successor.

Section 16. Immunity and Indemnification.

The Trustee shall not incur personal liability of any nature in connection with any act or omission, that is made in good faith and does not constitute negligence or willful misconduct by the Trustee or its directors, officers, employees or agents, in the administration of this trust, or in carrying out any directions by the Grantor or the NRC issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor from the trust fund, or both, from and against any personal liability to which the Trustee may be subject by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense, except for any such personal liability that is due to the negligence or willful misconduct of the Trustee or its directors, officers, employees or agents.

Section 17.

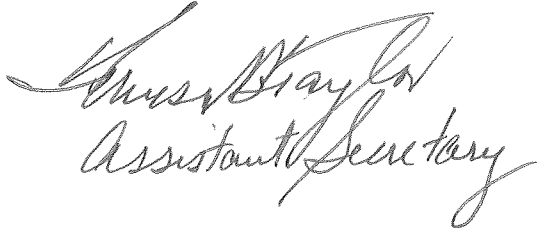
This Agreement shall be administered, construed, and enforced according to the laws of the State of New York.

Section 18. Interpretation and Severability.


As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

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 first written above.

ATTEST

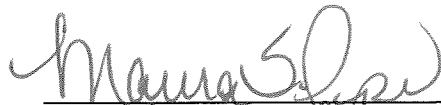
  
Assistant Secretary

**BWXT GOVERNMENT GROUP, INC.**

  
By: KIRT J. KUBBS  
Title: VICE PRESIDENT, TREASURER  
Seal:

ATTEST

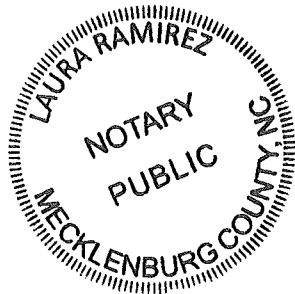
**BRANCH BANKING AND TRUST COMPANY**

  
By: Maura S. Pope  
Title: Vice President  
Seal:

Letter of Acknowledgement

STATE OF North Carolina  
COUNTY OF Mecklenburg

On this 8 day of December 2017, before me, a notary public in and for the State and County aforesaid, personally appeared Kirt J. Kubos, and (s)he did depose and say that (s)he is a(n) Vice President, Treasurer of BWXT Government Group, Inc., a Delaware corporation, the Grantor, which executed the above instrument; that (s)he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was affixed by order of the corporation; and that (s)he signed (her)his name thereto by like order.



A handwritten signature in black ink, appearing to read "Laura Ramirez", written over a horizontal line.

Signature of Notary Public  
Laura Ramirez  
No: 200805100033

My Commission Expires:

06/21/2020  
Date



Letter of Acknowledgement

STATE OF North Carolina  
COUNTY OF Wilson

On this 1<sup>st</sup> day of December 2017, before me, a notary public in and for the State and County aforesaid, personally appeared Maura S. Pope, and (s)he did depose and say that (s)he is a(n) Vice President of Branch Banking and Trust Company, a state banking corporation organized and existing under the laws of the State of North Carolina, the Trustee, which executed the above instrument; that (s)he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was affixed by order of the corporation; and that (s)he signed (her)his name thereto by like order.

  
\_\_\_\_\_  
Signature of Notary Public

My Commission Expires: 8/31/2019  
Date

Specimen Certificate of Events

Branch Banking and Trust Company  
223 West Nash Street  
Wilson, NC 27893  
Attn: Greg Yanok

Gentlemen:

In accordance with the terms of the Agreement with you dated December 1, 2017, I \_\_\_\_\_ of BWXT Government Group, Inc., hereby certify that the following events have occurred:

1. BWXT Government Group, Inc. is required to commence the decommissioning of the licensed activity relating to license SNM-2001.
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on \_\_\_\_\_. A copy of the approval is attached.
3. The Board of Directors of BWXT Government Group, Inc., has adopted the attached resolution authorizing the commencement of the decommissioning

BWXT Government Group, Inc.

\_\_\_\_\_  
By:

Title:

Date:

Specimen Certificate of Resolution

BWXT Government Group, Inc.  
2016 Mount Athos Road  
Lynchburg, Virginia 24504-5447

Gentlemen:

I, \_\_\_\_\_, do hereby certify that I am Secretary of BWXT Government Group, Inc., a Delaware corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on \_\_\_\_\_, 20\_\_.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Secretary

RESOLVED, that this Board of Directors hereby authorizes the President, or such other employee of the company as he may designate, to commence decommissioning activities at BWXT Government Group, Inc., in accordance with the terms and conditions described to this Board of Directors at this meeting and with such other terms and conditions as the President shall approve with and upon the advice of Counsel.

## SCHEDULE A

**This Agreement demonstrates financial assurance for the following cost estimates or prescribed amounts for the following licensed activities:**

U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER

SNM-2001

NAME AND ADDRESS OF LICENSEE

BWXT Government Group, Inc.  
2016 Mount Athos Road  
Lynchburg, Virginia 24504

ADDRESS OF LICENSED ACTIVITY

Shallow Land Disposal Area (SLDA). Situated off Pennsylvania State Route 66 along the Kiskimere Road approximately three miles southeast of Leechburg, Pennsylvania.

COST ESTIMATE FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT

Ten Million Dollars (\$10,000,000)

## **SCHEDULE B**

As of the execution date, December 1, 2017, this Standby Trust Agreement does not require the deposit of any funds.

**SCHEDULE C**  
**TRUST ADMINISTRATION**

Trustee: Branch Banking and Trust Company  
223 West Nash Street  
Wilson, NC 27893  
Attn: Greg Yanok  
Tel: (252) 246-4679  
Fax: (252) 246-4303

Acceptance Fee: Waived

Annual Administration Fee: \$3,000.00