



U.S. Department of Justice
Environment and Natural Resources Division
Environmental Enforcement Section

90-10-07797

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April 17, 2015

Jeffrey S. Sabin
Venable LLP
1270 Avenue of the Americas, 24th floor
New York, New York 10020

Brian Cassady
Chief Executive Officer
Fansteel, Inc.
1746 Commerce Road
Creston, Iowa 50801

Re: In re Fansteel, Inc. et al, Case No. 02-10109 (Bankr. Del.)

Dear Jeffrey:

Thank you for sending us written confirmation that Fansteel is no longer planning to sell its interests in Wellman Dynamics Corporation and/or assets related to its business by May 29, 2015, as described in your letter dated March 23, 2015.

You have asked the Nuclear Regulatory Commission (“NRC”) and the Oklahoma Department of Environmental Quality (“ODEQ”) to enter into a longer term Forbearance Agreement with Fansteel and FMRI for the period of one-year. We have agreed to consider such an extension if certain additional mutually agreeable terms and conditions are added to the Forbearance Agreement. In the interim, we have agreed to extend the existing Forbearance Agreement that is currently set to expire on April 21, for one month from April 21 to May 21, 2015, *provided* that:

- If Fansteel sends the NRC and ODEQ another notice of proposed sale within the next month, Fansteel and FMRI agree that notwithstanding the Forbearance Agreement, the governments will be entitled to seek to enjoin the consummation of the proposed sale on the grounds that such sale is inconsistent with the terms and conditions of Fansteel’s Plan of Reorganization or the documents (e.g. the Primary, Secondary or Contingent Notes and Indemnification Letter) issued pursuant to that Plan.
- FMRI agrees to continue to ship a minimum economic order quantity (“EOQ”) of at least eight intermodals for an average of two intermodals every two weeks and comply with Section 5.B. of the Forbearance Agreement.
- Specifically, with respect to Section 5.B, on or before the last business day of the month for the duration of the Forbearance Period, Fansteel must continue to transfer \$80,000.00 (the “Transferred Funds”) into a bank account held by FMRI and *contemporaneously* therewith

must provide DOJ, NRC, and ODEQ with a certificate from an officer of Fansteel confirming same. None of the \$80,000 that is transferred to the FMRI bank account should be used to pay expenses incurred prior to the month in which the transfer is made;

- FMRI must continue to use the Transferred Funds *solely* to cover the cost of the obligations set forth in Section 5A and to cover other operational costs, including, without limitation, costs relating to health and safety, groundwater treatment, operation of the on-site wastewater treatment plant, payment of NRC oversight costs, utilities, and site security; and
- On or before the third business day of the month for the duration of the Forbearance Period, FMRI must continue to provide DOJ, NRC, and ODEQ with monthly reports that (i) provide an accounting of the Transferred Funds expended during the prior calendar month and (ii) describe the decommissioning work performed during the prior calendar month.

Please confirm in writing that Fansteel and FMRI agree to all of the above conditions.

Sincerely,

/s/ Richard Gladstein
Richard M. Gladstein
Senior Counsel
Environmental Enforcement Section
Environment and Natural Resources
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cc: via electronic mail

Christina England, NRC Office of General Counsel
Pam Dizikes, ODEQ