



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

October 16, 1990

MEMORANDUM FOR: Don Lanham, Service Manager  
Document Control Branch, IRM

FROM: Jerry J. Swift, Section Leader  
Advanced Fuel and Special  
Facilities Section  
Fuel Cycle Safety Branch  
Division of Industrial and  
Medical Nuclear Safety, NMSS

SUBJECT: DOCKETING AND PROCESSING OF LETTER FROM  
JAY R. KRAMER OF FRIED, FRANK, HARRIS,  
SHRIVER & JACOBSON DATED OCTOBER 2, 1990

Please have the enclosed document processed with PDR availability, except for Enclosure 3, the September 28, 1990 letter which is stamped confidential. As is stated in the cover letter, the only portion that should be withheld from the PDR is "Letter from the Treasurer of Sunbeam/Oster Company, Inc. ("SOC"), Chemetron Corporation's indirect 100% parent company. (Note: We hereby renew our request, under 10 C.F.R. § 9.17(a), for confidential treatment of the Murray, Devine & Co. opinions letter, which contains confidential and privileged commercial and financial information.)"

Thank you for your assistance.

A handwritten signature in cursive script, appearing to read "Jerry J. Swift".

Jerry J. Swift, Section Leader  
Advanced Fuel and Special  
Facilities Section  
Fuel Cycle Safety Branch  
Division of Industrial and  
Medical Nuclear Safety, NMSS

Enclosure:  
October 2, 1990 letter  
from Jay R. Kraemer of  
Fried, Frank, Harris,  
Shriver & Jacobson

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CHEMETRON CORPORATION  
c/o Sunbeam/Oster Company, Inc.  
Two Oliver Plaza  
Pittsburgh, Pennsylvania 15222

September 28, 1990

Mr. Robert M. Bernero  
Director  
Office of Nuclear Material  
Safety & Safeguards  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Re: License No. SUB-1357, Amendment 1; Financial  
Assurance for Decommissioning


Dear Mr. Bernero:

I am the chief executive officer of Chemetron Corporation, Two Oliver Plaza, Pittsburgh, Pennsylvania 15222, a Delaware corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 40.

I hereby certify that Chemetron Corporation is currently a going concern, in that it is expected to continue operating in the same general manner and scope as it operated in 1988 and 1989 at least long enough for current expectations and plans to be carried out.

This firm is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on October 1.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

  
\_\_\_\_\_  
Michael G. Lederman  
Chairman of the Board & President

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SUNBEAM/OSTER COMPANY, INC.  
Two Oliver Plaza  
Pittsburgh, Pennsylvania 15222

September 26, 1990

Mr. Robert M. Bernero  
Director  
Office of Nuclear Material  
Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Re: License No. SUB-1357, Amendment No. 1  
Financial Assurance for Decommissioning

Dear Mr. Bernero:

I am the Treasurer of Sunbeam/Oster Company, Inc., Two Oliver Plaza, Pittsburgh, Pennsylvania 15222, a Delaware corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 40.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 40, the decommissioning of the following facility for which a subsidiary of this firm is obligated to the Commission. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility:

<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Certified Amount</u>
Harvard & Bert Avenue Sites	Newburgh Heights Ohio	\$750,000

This firm is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

This fiscal year of this firm ends on October 1. The figures for the following items marked with an asterisk are derived from this firm's consolidated projected pro forma financial statements for the latest completed fiscal quarter ended July 1, 1990, as if the Modified Joint Stock Plan of Reorganization for Allegheny International, Inc. and certain of its subsidiaries had become effective as of that date. The reasonableness of the assumptions and conclusion embodied in those financial statements is discussed in the procedures letter from the accounting firm of Arthur Andersen & Co., a copy of which is attached hereto. Also attached are copies of

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(30pp)

the opinions as to the solvency of this firm and its subsidiary, NMGM, Inc. (the direct parent company of Chemetron Corporation) recently given to certain lenders by the financial advisory and consulting firm, Murray, Devine & Co., selected by those lenders. No material changes have occurred since July 1, 1990 which would lead us to conclude that the attached financial statements are not substantially accurately descriptive of this firm's financial condition as of this date. We expect to have our first audited year-end financial statements available late in December 1990.

Financial Test: Alternative I

1.	Decommissioning cost estimates or certified amounts for facility (total of <u>all</u> cost estimates or certified amounts shown in paragraphs above)	<u>\$750,000</u>
*2.	Total liabilities (if any portion of the cost estimates for decommissioning is included in total liabilities on your firm's financial statement, deduct the amount of that portion from this line and add that amount to lines 3 and 4)	<u>\$395,238,000</u>
*3.	Tangible net worth**	<u>\$211,702,000</u>
*4.	Net worth	<u>\$242,300,000</u>
*5.	Current assets	<u>\$319,675,000</u>
*6.	Current liabilities	<u>\$154,671,000</u>
*7.	Net working capital (line 5 minus line 6)	<u>\$165,004,000</u>
8.	The sum of net income plus depreciation, depletion, and amortization***	<u>\$ 65,000,000</u>
*9.	Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)	<u>\$573,141,000</u>

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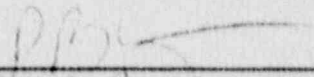
\* Denotes figures derived from financial statements.

\*\* Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

\*\*\* Estimated based on projections.

	<u>Yes</u>	<u>No</u>
10. Is line 3 at least \$10 million	<u>X</u>	—
11. Is line 3 at least 6 times line 1?	<u>X</u>	—
12. Is line 7 at least 6 times line 1?	<u>X</u>	—
13. Are at least 90 percent of firm's assets located in the United States? If not, complete line 14.	<u>X</u>	—
14. Is line 9 at least 6 times line 1?  (Guarantor must meet two of the following three ratios)	<u>X</u>	—
15. Is line 2 divided by line 4 less than 2.0?	<u>X</u>	—
16. Is line 8 divided by line 2 greater than 0.1?	<u>X</u>	—
17. Is line 5 divided by line 6 greater than 1.5?	<u>X</u>	—

I hereby certify that the content of this letter is true  
and correct to the best of my knowledge.

  
\_\_\_\_\_  
[Name]  
Treasurer  
September 4, 1990

## SUNBEAM/OSTER COMPANY, INC.

### Sunbeam/Oster Company, Inc. and Consolidated Subsidiaries Projected Pro Forma Balance Sheet (Unaudited)

July 1, 1990

(Dollars in Thousands)

#### Assets

Receivables, Net	\$164,846
Inventory	\$145,288
Other Current Assets	\$9,541
Total Current Assets (a)	\$319,675
Property, Plant & Equipment	\$159,049
Other Assets and Non-Core Assets	\$128,216
Goodwill	\$30,598
Total Assets	\$637,538

#### Liabilities & Net Worth

Short Term Debt	\$2,448
Accounts Payable	\$69,372
Other Current Liabilities	\$82,851
Current Liabilities	\$154,671
Senior Term Loan	\$114,600
Tax Notes	\$13,600
Capital Leases & IRB's	\$8,500
Sunbeam 5 1/2's of 92	\$11,400
Total Debt	\$148,100
Other Long term Liabilities, Reserves and NOE's	\$92,467
Total Liabilities	\$395,238
Common Equity	\$242,300
Total Liabilities & Net Worth	\$637,538

a) \$10.0 to \$20.0 million in cash contained in Swingline Facility.

SUNBEAM/OSTER COMPANY, INC.

July 1, 1990 Comparative Summary Balance Sheet Analysis  
(Dollars in Thousands)

	Allegheny International <u>Actual</u>	Sunbeam/Oster Company, Inc. <u>Pro Forma</u>
<u>Assets</u>		
Current Assets	\$639,938	\$319,675
Non-Current Assets	<u>\$252,175</u>	<u>\$317,863</u>
Total Assets	<u><u>\$892,113</u></u>	<u><u>\$637,538</u></u>
<u>Liabilities &amp; Net Worth</u>		
Current Liabilities	\$200,141	\$154,671
Long Term Liabilities	<u>\$837,253</u>	<u>\$240,567</u>
Total Liabilities	\$1,037,394	\$395,238
Shareholder's Equity	<u>(\$145,281)</u>	<u>\$242,300</u>
Total Liabilities & Net Worth	<u><u>\$892,113</u></u>	<u><u>\$637,538</u></u>

ARTHUR ANDERSEN & Co.

2100 ONE PPG PLACE  
PITTSBURGH, PENNSYLVANIA 15222  
(412) 232-0000

August 27, 1990

Japonica Partners  
505 Park Avenue  
New York, New York 10022

One Hospital Trust Plaza, Suite 1201  
Providence, Rhode Island 02903

Gentlemen:

We have applied the procedures enumerated below to the projected pro forma unaudited condensed balance sheet of Sunbeam/Oster Company, Inc. and Consolidated Subsidiaries (Sunbeam/Oster) as of July 1, 1990.

The objective of this pro forma unaudited condensed financial information is to show the significant effects on the historical financial information assuming the reorganization of Allegheny International, Inc. and Subsidiaries (AI) by Japonica Partners (Japonica) had occurred on July 1, 1990. However, the pro forma unaudited condensed financial statements are not necessarily indicative of the effects on the financial position of AI that would have occurred had the above-mentioned reorganization actually occurred on July 1, 1990.

The following procedures, which were agreed to by Japonica, were performed solely to assist you in your consideration of the reorganization of AI by Japonica. The scope of our work was limited to the following agreed-upon procedures specified by Japonica who determined the appropriateness of such agreed-upon procedures:

Sunbeam/Oster Company, Inc. and Consolidated Subsidiaries  
Projected Pro Forma Balance Sheet (Unaudited)  
July 1, 1990

The basis of the projected pro forma unaudited condensed balance sheet of Sunbeam/Oster at July 1, 1990 was the historical financial statements of AI at July 1, 1990. We traced the historical amounts per Japonica's supporting worksheets for the unaudited condensed AI balance sheet at July 1, 1990 to the AI Form 10-Q for the quarterly period ended July 1, 1990 filed with the Securities and Exchange Commission noting agreement.



ARTHUR ANDERSEN & CO.

Japonica Partners

- 2 -

August 27, 1990

We reviewed the pro forma adjustments made to the historical AI balance sheet at July 1, 1990 by Japonica noting them to be based upon assumptions which include an equity investment of \$242.3 million in Sunbeam/Oster and the fair market value of AI property, plant, equipment and intangible assets as determined by an independent appraisal report dated August 31, 1989. The pro forma condensed balance sheet of Oster/Sunbeam was prepared in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations," and No. 17, "Intangible Assets," which provide for allocation of the purchase price based upon the relative fair market value of the assets purchased. It should be noted, however, that these pro forma adjustments do not reflect certain adjustments that may have been required had an audit been performed at July 1, 1990 and that it will be necessary to update the final pro forma balance sheet for Sunbeam/Oster for any changes in the fair market value of the assets and liabilities acquired in the reorganization.

These procedures are substantially less in scope than an examination of projected pro forma financial information, the objective of which is an opinion on Japonica's assumptions, the pro forma adjustments and the application of those adjustments to the AI historical financial information. Accordingly, we do not express such an opinion.

Based on the results of the procedures referred to above, nothing came to our attention that caused us to believe that Japonica's assumptions do not provide a reasonable basis for presenting the significant effects directly attributable to the above-mentioned reorganization, that the related pro forma adjustments do not give appropriate effect to those assumptions, or that the pro forma unaudited condensed balance sheet does not reflect the proper application of those adjustments to the AI historical financial statement amounts at July 1, 1990. However, had we performed additional procedures or had we made an audit of the pro forma condensed financial information, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of Japonica Partners and the Nuclear Regulatory Commission to be used in the consideration of the reorganization referred to above and should not be used for any other purpose.

Very truly yours,

*Arthur Andersen & Co.*

Re: NRC License No. SUB-1357

PARENT COMPANY GUARANTEE

Guarantee made this September 28, 1990 by Sunbeam/Oster Company, Inc., a corporation organized under the laws of the State of Delaware, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission ("NRC" or "the beneficiary"), obligee, on behalf of our subsidiary, Chemetron Corporation, of Two Oliver Plaza, Pittsburgh, Pennsylvania 15222.

Recitals

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of Delaware, its State of incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee.
2. This guarantee is being issued to comply with regulations issued by the 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. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40 which require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part 40 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for the Harvard and Bert Avenue sites in Newburgh Heights, Ohio as required by 10 CFR Part 40, the decommissioning costs or certification amount for which are as follows: \$750,000 -- certification amount.
4. The guarantor meets or exceeds the following financial test criteria -- §II.A.1 of Appendix A to 10 CFR Part 30, test (b) below -- and agrees to comply with all notification requirements as specified in 10 CFR Part 40.

The guarantor shall meet one of the following two financial tests:

- (a) (i) A current rating of its most recent bond issuance of AAA, AA, A or BBB as issued by Standard and Poor's, or Aaa, Aa, A or Baa as rated by Moody's; and
- (ii) Tangible net worth is at least \$10 million and at least six times the current decommissioning cost estimate (or prescribed amount if a certification is used); and
- (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the current decommissioning cost (or prescribed amount if certification is used).

or

- (b) (i) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates (or prescribed amount if certification is used); and
  - (ii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the amount of current decommissioning cost estimates (or prescribed amount if certification is used); and
  - (iii) Meets two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities that is greater than 0.1; and a ratio of current assets to current liabilities that is greater than 1.5; and
  - (iv) Tangible net worth of at least \$10 million.
5. The guarantor has majority control of the voting stock of the 100% parent company of the following licensee covered by this guarantee: Chemetron Corporation, Two Oliver Plaza, Pittsburgh, Pennsylvania 15222, which is responsible to the Commission for the Harvard and Bert Avenue sites in Newburgh Heights, Ohio under NRC License No. SUB-1357.
6. Decommissioning activities as used below refers to the activities required by 10 CFR Part 40 for decommissioning of the facility identified above.

7. For value received from Chemetron Corporation, and pursuant to the authority conferred upon the guarantor by the unanimous resolution of its directors, a certified copy of which is attached, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. SUB-1357, the guarantor shall
  - (a) carry out the required activities, or
  - (b) set up a trust fund in favor of the above identified beneficiary in the amount of these current cost estimates for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 40. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if Chemetron Corporation has not done so.
10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that within 30 days after it determines that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor for the facility under License No. SUB-1357, it shall establish an alternative financial assurance as specified in 10 CFR Part 30, 40, 70, or 72, as applicable, in the name of Chemetron Corporation unless Chemetron Corporation has done so.

12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 40.
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce this parent company guarantee against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as Chemetron Corporation must comply with the applicable financial assurance requirements of 10 CFR Part 40, for the previously listed facility, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to Chemetron Corporation, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and Chemetron Corporation as evidenced by the return receipts.
15. The guarantor agrees that if Chemetron Corporation fails to provide alternative financial assurance as specified in 10 CFR Part 40, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by both the NRC and Chemetron Corporation from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Chemetron Corporation or make full payment under the guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by Chemetron Corporation. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall

promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: September 25, 1990

Sunbeam/Oster Company, Incorporated

Michael G. Lederman  
Michael G. Lederman  
Vice President

Signature of witness or notary: Jayce Bill

JAYCE BILL  
NOTARY PUBLIC, State of New York  
No. 01614388396  
Qualified in Putnam County, NY  
Expires March 16, 1991

SECRETARY'S CERTIFICATE

I, Michael G. Lederman, am the Secretary of Sunbeam/Oster Company, Inc., a Delaware corporation (the "Corporation"), and hereby certify that:

1. Set forth below is a true and complete copy of the resolutions adopted by the Board of Directors of the Corporation as of the date hereof authorizing and directing the execution and delivery of the NRC Guarantee (as defined in the resolutions) and the NRC Amendment (as defined in the resolutions), which resolutions are in full force and effect as of the date hereof and has not been amended, rescinded, or modified. As used in the following resolutions the term "Sale" means the purchase of the assets and the assumption of the undischarged liabilities of Allegheny International, Inc., a Pennsylvania corporation and of its subsidiaries by the Corporation:

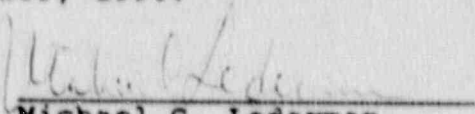
RESOLVED, that Michael G. Lederman, the Vice President, General Counsel and Secretary of the Corporation be, and he hereby is, authorized and directed to execute and deliver that certain guarantee, dated on or about the date hereof (the "NRC Guarantee"), to the U.S. Nuclear Regulatory Commission (the "NRC"), as obligee on behalf of Chemetron Corporation, a Delaware corporation which, pursuant to the Sale, is an indirect wholly-owned subsidiary of the Corporation ("Chemetron"), such NRC Guarantee to be issued to comply with regulations issued by the NRC and to provide, on behalf of Chemetron, financial assurance for decommissioning activities for the Harvard and Bert Avenue sites in Newburgh Heights, Ohio as required by 10 CRF 40, and to be in a certification in an initial amount of \$750,000, and to execute and deliver such modifications thereto as such officer shall, in his sole discretion, determine to be necessary, appropriate or desirable (provided that

such modifications are acceptable to the NRC), any such determination to be conclusively evidenced by the execution and delivery of the NRC Guarantee;

RESOLVED, that the proper officers of the Corporation be, and each of them hereby is, authorized and directed in the name of the Corporation and on its behalf, to execute and deliver a successor guarantee to the NRC Guarantee (the "NRC Amendment"), such NRC Amendment to be dated as of October 1, 1990 and to provide that the amount of the NRC Guarantee shall be increased to \$7,465,000, and to be in such form as such officers shall determine to be necessary, appropriate or desirable, any such determination to be conclusively evidenced by the execution and delivery of the NRC Amendment;

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed to execute such other documents and take such other action as he or they shall deem necessary, appropriate or desirable in order to carry out the intent and purposes of the foregoing resolutions and any actions taken by such officer or officers in furtherance of these objectives are hereby ratified and approved.

IN WITNESS WHEREOF, the undersigned has executed this certificate this   9   day of September, 1990.

  
\_\_\_\_\_  
Michael G. Lederman



ACCT. NUMBER:

E11088

STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of September 27, 1990 by and between Chemetron Corporation, a Delaware corporation, herein referred to as the "Grantor," and The Chase Manhattan Bank, N.A., One Chase Plaza, New York, New York 10081, 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 40. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a Part 40 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a parent guarantee to provide all of such financial assurance for the facility identified herein; and

WHEREAS, when payment is made under a parent guarantee, 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 costs of decommissioning the materials and activities identified in License Number SUB-1357 issued pursuant to 10 CFR Part 40, 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 the Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate, and
- (b) A certificate 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 Chemetron Corporation's intent to withdraw funds from the escrow Fund.

No withdrawal from the Fund can exceed 50 percent of the outstanding balance of the Fund or \$500,000 dollars, whichever is greater, unless NRC approval is attached.

In the event of the Grantor's default or inability to direct decommissioning activities, 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 owner or operator of the facility, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-20(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 such as GNMA, FNMA, and FHLM bonds and

certificates or State and Municipal bonds rated BBB or higher by Standard and Poors 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 liability for the payment of interest thereon.

SECTION 7. COMMINGLING AND INVESTMENT. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

SECTION 8. 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 joint request of the Grantor and the NRC or to reinvest in securities at the discretion 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 representing such securities with 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 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;

- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

SECTION 9. 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 expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

SECTION 10. 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 values 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 11. ADVICE OF COUNSEL. The Trustee may from time to time consult with counsel 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 12. TRUSTEE COMPENSATION. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

SECTION 13. SUCCESSOR TRUSTEE. Upon 90 days notice to the NRC, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed 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 9.

SECTION 14. INSTRUCTIONS TO THE TRUSTEE. All orders, requests, 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 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 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 orders, requests, and instruction from the Grantor and/or the NRC, except as provided for herein.

SECTION 15. 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.

SECTION 16. IRREVOCABILITY AND TERMINATION. Subject to the right of the parties to amend this Agreement as provided in Section 15, 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, shall be delivered to the Grantor or its successor.

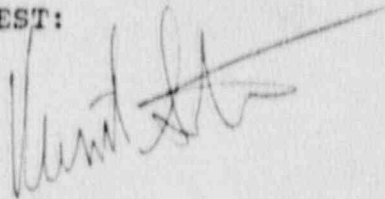
SECTION 17. IMMUNITY AND INDEMNIFICATION. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor or the NRC issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected 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, but excluding liability arising out of the willful misconduct, bad faith or gross negligence of the Trustee.

SECTION 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of New York.

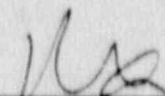
SECTION 19. INTERPRETATION AND SEVERABILITY. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any 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 corporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST:

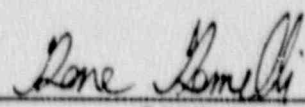




CHEMETRON CORPORATION (Grantor)

By:   
Name: Michael G. Lederman  
Title: Chairman of the Board & President

[Seal]

THE CHASE MANHATTAN BANK, N.A.  
(Trustee)

By:   
Name: GENE GEMELLI  
Title: SECOND VICE PRESIDENT

ATTEST:   
[Title]   
[Seal]



TRUST AGREEMENT SCHEDULES

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates for the following licensed activities:

<u>U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER</u>	<u>NAME AND ADDRESS OF LICENSEE</u>	<u>ADDRESS OF LICENSED ACTIVITY</u>	<u>CERTIFICATION AMOUNT FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT</u>
SUB-1357	Chemetron Corporation, c/o Sunbeam/ Oster Company, Inc., Two Oliver Plaza, Pittsburgh, Pa. 15222	Harvard & Bert Ave. sites, Newburgh Heights, Ohio	\$750,000

SCHEDULE B

No property initially transferred.

SCHEDULE C

Trustee's fees shall be \$500 as a start-up fee, plus \$2,000 per annum.

SPECIMEN CERTIFICATE OF EVENTS

The Chase Manhattan Bank, N.A.  
One Chase Plaza  
New York, New York 10081

Attention: Institutional Custody and Escrow  
Department

Gentlemen:

In accordance with the terms of the Agreement with you dated September , 1990, I, \_\_\_\_\_, Secretary of Chemetron Corporation, hereby certify that the following events have occurred:

1. Chemetron Corporation is required to commence the decommissioning of a facility located at the Harvard and/or Bert Avenue sites in Newburgh Heights, Ohio (hereinafter called the decommissioning).
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 \_\_\_\_\_ (copy of approval attached).
3. The Board of Directors of Chemetron Corporation has adopted the attached resolution authorizing the commencement of the decommissioning.

\_\_\_\_\_  
Secretary of Chemetron  
Corporation

\_\_\_\_\_  
Date

CERTIFICATE OF RESOLUTION

I, \_\_\_\_\_, do hereby certify that I am Secretary of Chemetron Corporation, a Delaware corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on \_\_\_\_\_, 19\_\_.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
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 the Harvard and/or Bert Avenue sites in Newburgh Heights, Ohio 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.

ACKNOWLEDGEMENT

STATE OF New York

CITY OF New York

On this 27<sup>th</sup> day of September, 1990, before me, a notary public in and for the city and State aforesaid, personally appeared Suzanne G. Bennett, and she/he did depose and say that she/he is the 2<sup>nd</sup> Vice President of The Chase Manhattan Bank, N.A., national banking association, Trustee, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

  
[Signature of Notary Public]

My Commission Expires:

THOMAS V. ONORATO  
Notary Public, State of New York  
No. 62-4836503  
Qualified in Suffolk County  
Commission Expires 10/31/91

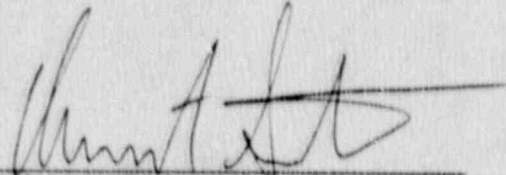
SECRETARY'S CERTIFICATE

I, Robert Setrakian, the Secretary of Chemetron Corporation, a Delaware corporation (the "Corporation") do hereby certify as follows:

1. Michael G. Lederman is the duly elected President of the Corporation.

2. The President of the Corporation has been duly authorized and empowered to enter into the Standby Trust Agreement contemplated by the resolutions attached hereto as Exhibit A.

In witness whereof, I have hereunto set my name as of this 28th day of September, 1990.

  
Robert Setrakian

SECRETARY'S CERTIFICATE

I, Robert Setrakian, am the Secretary of Chemetron Corporation, a Delaware corporation (the "Corporation"), and hereby certify that:

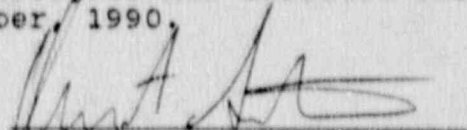
1. Set forth below is a true and complete copy of the resolutions adopted by the Board of Directors of the Corporation as of the date hereof authorizing and directing the execution and delivery of the Standby Trust Agreement (as defined in the resolutions), which resolutions are in full force and effect as of the date hereof and has not been amended, rescinded, or modified. As used in the following resolutions the term "Sale" means the purchase of the assets and the assumption of the undischarged liabilities of Allegheny International, Inc., a Pennsylvania corporation and of its subsidiaries by Sunbeam/Oster Company, Inc.:

RESOLVED, that this Board of Directors hereby authorizes the President, or such other employee of the Corporation as the President may designate, to commence decommissioning activities at the Harvard and/or Bert Avenue sites in Newburgh Heights, Ohio in accordance with the terms and conditions described to this Board of Directors and with such other terms and conditions as the President shall approve with and upon the advice of counsel;

RESOLVED, that, in connection with the Sale, the proper officers of the Corporation, be and each of them hereby is, authorized and directed to execute and deliver the Standby Trust Agreement, dated on or about the date hereof, by and between the Corporation and The Chase Manhattan Bank, as Trustee (the "Standby Trust Agreement"), and to execute and deliver such modifications thereto as such officer shall, in his sole discretion, determine to be necessary, appropriate or desirable, any such determination to be conclusively evidenced by the execution and delivery of the Standby Trust Agreement;

RESOLVED, that the proper officers of the Corporation be, and each of them hereby is, authorized and directed to execute such other documents and take such other action as such officer or officers shall deem necessary, appropriate or advisable to carry out the intent and purposes of the foregoing resolutions and any actions taken by such officer or officers in furtherance of such objectives are hereby ratified and approved.

IN WITNESS WHEREOF, the undersigned has executed this certificate this 20th day of September, 1990.

  
Robert Setrakian

ENCLOSURE 3

WITHHELD COMPANY CONFIDENTIAL