

TRUST AGREEMENT

TRUST AGREEMENT entered into as of May 24, 1994, by and between SMH (US) Inc., a Delaware corporation, herein referred to as the "Grantor", and The First National Bank of Maryland, 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 30. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a Part 30 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a trust fund to provide all of such financial assurance for the facilities identified herein;

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:

1 DEFINITIONS. As used in this Agreement:

1.1 The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.

1.2 The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

2 COSTS OF DECOMMISSIONING. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number 37-03572-06 issued pursuant to 10 CFR Part 30 as shown in Schedule A.

3 ESTABLISHMENT OF FUND. The Grantor and the Trustee hereby establish a 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.

4 PAYMENTS CONSTITUTING THE FUND. Payments made to the Trustee for the Fund shall consist of cash or Government Securities. 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

NONNEGOTIABLE

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.

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:

- 5.1 A certificate duly executed by the Secretary or Assistant Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate; and
- 5.2 A certificate attesting to the following conditions:
 - 5.2.1 that decommissioning is proceeding pursuant to an NRC-approved plan (the Plan);
 - 5.2.2 that the funds withdrawn will be expended for activities undertaken pursuant to the Plan; and
 - 5.2.3 that the NRC has been given 30 days' prior notice of SMH (US) Inc.'s intent to withdraw funds from the Fund.

No withdrawal from the Fund can exceed 10% (ten percent) of the outstanding balance of the Fund, or Five Thousand 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.

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:

- 6.1 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 FHLB 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 whether the funds are directly invested in such instruments by the Trustee or are invested through any proprietary fund for which the Trustee or an affiliate is an investment advisor; and
- 6.2 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.

7 COMMINGLING AND INVESTMENT. The Trustee is expressly authorized:

- 7.1 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
- 7.2 To invest the Fund in U.S. Government obligations, in money market funds of or available to the Trust Department of the Trustee, including any proprietary fund for which the Trustee or an affiliate is investment advisor or provides other services to such fund and receives reasonable compensation for such services, or otherwise directed by the Grantor in writing. Interest earned from such temporary investments will be disbursed to the Grantor upon termination of this Agreement.

8 EXPRESS POWERS OF TRUSTEE. The Trustee is expressly authorized and empowered:

- 8.1 To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary for management of the Fund;
 - 8.2 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;
 - 8.3 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 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;
 - 8.4 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.
- 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.
- 10 ANNUAL VALUATION. After payment has been made into this trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the trust fund, furnish to the Grantor and to the NRC a statement confirming

the value of the Fund. 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 NRC shall constitute a conclusively binding assent from the Grantor, barring the Grantor from asserting any claim or liabilities against the Trustee with respect to the matters disclosed in the statement.

- 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.
- 12 TRUSTEE COMPENSATION. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor.
- 13 SUCCESSOR TRUSTEE. Upon 90 days' notice to the NRC, 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 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.
- 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.

- 15 AMENDMENT OF AGREEMENT. This Agreement may be amended by an instrument in writing executed by the Grantor and the Trustee. All amendments shall meet the relevant regulatory requirements of the NRC.
- 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.
- 17 IMMUNITY AND INDEMNIFICATION. The NRC and the Grantor hereby jointly and severally release the Trustee from any claim, demand, loss or liability, becoming due, arising under, out of, as a result of, in connection with or related to, this Agreement or the Trustee's performance hereunder, provided such claim, demand, loss, liability, or expense has not directly resulted from the Trustee's gross negligence or willful misconduct. The NRC and the Grantor jointly and severally agree to indemnify the Trustee against, and hold it harmless from any and all claims, demands, losses, liabilities, or expenses (including attorneys' fees and expenses) of any person becoming due, arising under, out of, as a result of, in connection with or related to, this Agreement or the Trustee's performance hereunder, provided such claim, demand, loss, liability, or expense has not directly resulted from the Trustee's gross negligence or willful misconduct. In no event shall the Trustee be liable for any consequential, special, punitive or indirect loss or damage which any party to this Agreement may incur or suffer in connection with this Agreement.

- 18 This Agreement shall be administered, construed, and enforced according to the laws of the State of Pennsylvania.
- 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.
- 20 NOTICES. For purposes of notices, correspondence and mailing checks, the parties' addresses shall be:

NRC:

Chief of Research and Development Section
Division of Radiation Safety and Safeguards
U.S. Nuclear Regulatory Commission, Region 1
475 Allendale Road
King of Prussia, PA 19406-1415
Phone: (610) 337-5000
Fax: (610) 337-5393

Grantor:

Corporate Legal Counsel
SMH (US) Inc., 35 East 21st Street
New York, NY 10010
Phone: 212-505-6150
Fax: 212-505-6159

Trustee:

The First National Bank of Maryland
Corporate Trust Dept., Banc 101-591
25 S. Charles Street
Baltimore, MD 21201
Phone: 410-244-4874
Fax: 410-244-4236

All notices required or permitted hereunder, except as noted below, shall be hand delivered or shall be sent (i) by overnight delivery service, or (ii) by registered certified or express mail, postage prepaid, or (iii) by facsimile transmission followed by a "hard copy" sent by either method (i) or (ii), addressed in each case to the other party at its address and/or fax number stated above (or at such other address and/or fax number designated hereinafter by the receiving party in writing). All regular Bank advices of

SMH/ ~~JUS~~ INC.

PRESIDENT

Attest: *Roger D. Smith*

Name Mell

VICE PRESIDENT.
Title

Attest: *Reggie V. [Signature]*

~~TRUSTEE~~

Name

Title

Attest: *David H. Williams*

NRC

Name _____

Title

Specimen Certificate of Events

[Name and Address of Trustee]

Attention: Trust Division

TO WHOM IT MAY CONCERN:

In accordance with the terms of the Agreement with you dated _____, 19__, I, _____, Assistant Secretary of SMH (US) Inc., hereby certify that:

A. The following events have occurred:

1. SMH (US) Inc. is required to commence the decommissioning of its facility located at _____, (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning (the Plan) have been approved by the United States Nuclear Regulatory Commission, or its successor, on _____, 19__ (copy of approval attached).
3. The President of SMH (US) Inc. has authorized the commencement of the decommissioning.

B. The funds withdrawn from the Fund will be expended for activities undertaken pursuant to the Plan.

C. The NRC has been given thirty (30) days' prior notice of SMH (US) Inc.'s interest to withdraw funds from the Fund.

Assistant Secretary of SMH (US) Inc.

Date

TRUST AGREEMENT SCHEDULE

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>COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT</u> |
|--|--|--|--|
| 37-03572-06 | SMH (US) Inc. 941 Wheatland Avenue Lancaster, PA 17604 | 1817 William Penn Way Lancaster, PA 17604 | \$50,000 |
| | | 941 Wheatland Avenue Lancaster, PA 17604 | |

The cost estimates listed here were last adjusted and approved by the NRC on _____, 19__.

SCHEDULE B

AMOUNT \$50,000 (Fifty Thousand Dollars)

AS EVIDENCED BY CHECK

ACKNOWLEDGEMENT

STATE OF Maryland
To Wit: _____
CITY OF Baltimore

ON this 25th day of May, before me, a notary public in and for the city and State aforesaid personally appeared David L. Williams, and ~~she~~/he did depose and say that ~~she~~/he is the Vice President of The First National Bank of Maryland, 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.

Carol J. Blackwell
Notary Public

My Commission Expires: July 22, 1997
Date