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Date: 11/3/2011 2:01 PM
Subject: Executed U.S. Bank/WCS/TCEQ Trust Agreement - 11/3/2011
Attachments: WCS Trust Agreement.PDF

I am pleased to transmit a fully executed copy of the Trust Agreement dated November 3, 2011, among Waste Control Specialists, Valhi Holding Company and U.S. Bank. I will transmit counterpart originals to the parties in due course early next week.

This Trust Agreement is being transmitted, and WCS is undertaking to fund the Trust, this afternoon based on its understanding that the TCEQ will transmit the executed side-letter to WCS upon confirmation from U.S. Bank that the Trust has been funded. We would appreciate the TCEQ's email confirmation of the same.

Please let me know if you have any questions. Congratulations to all parties on the consummation of this arrangement.

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TRUST AGREEMENT

This TRUST AGREEMENT, the "Agreement," is entered into as of November 3, 2011, by and between Waste Control Specialists LLC, a Delaware Limited Liability Company, (the "Grantor"), and U.S. Bank National Association, a nationally chartered banking association (the "Trustee").

WHEREAS, the Texas Commission on Environmental Quality ("TCEQ" and "Beneficiary") an agency of the State of Texas, has established certain regulations applicable to the Grantor, requiring that the Grantor, as an owner or operator of a facility, shall provide assurance that funds will be available when needed for closure, post closure, or corrective action of the facility;

WHEREAS, the Grantor has elected to establish a trust pursuant to this Agreement (the "Trust") to provide all or part of such financial assurance for the facility identified in the TCEQ Radioactive Material License Number RO4100("License");

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

WHEREAS, subject to the provisions of Section 22 hereof, Valhi Holding Company ("VHC"), a Delaware corporation that is an affiliate and an indirect parent entity of the Grantor, is providing for the benefit of the Grantor the stock investments included in the Stock Component of the Fund (as hereinafter defined) to assist the Grantor in meeting its required obligations under the License and this Agreement and, as a result thereof, VHC shall be deemed a co-settlor of the Trust and is affixing its signature to this Agreement to evidence its status as such;

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

Section 1. Definitions. In addition to the other terms defined throughout this Agreement, as used in this Agreement:

(a) The term "Beneficiary" means the Texas Commission on Environmental Quality.

(b) The term "Business Day" means any day, other than a Saturday or Sunday, on which both the Trustee and the New York Stock Exchange are open for the transaction of business.

(c) The term "Capped Market Value of the Stock Component of the Fund" means the dollar amount equal to 115% of the Required Market Value of the Stock Component of the Fund.

(d) The term "Cash Component of the Fund" means all assets of the Trust together with all earnings, except the Stock Component of the Fund.

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(e) The term "Grantor" means the owner or operator of the facility who enters into this Agreement.

(f) The term "Market Value of the Fund" means the market value of all the amount of the Cash Component of the Fund and all the value of the Stock Component of the Fund.

(g) The term "Minimum Margin Amount" means the dollar amount equal to the product of (1) 6% and (2) the dollar amount determined by subtracting the amount of the Cash Component of the Fund from the Required Financial Assurance for Trust.

(h) The term "Minimum Required Trust Amount" means the dollar amount equal to the Required Financial Assurance for Trust plus the Minimum Margin Amount.

(i) The term "Other Financial Assurance" means either a payment surety bond or a letter of credit approved by the TCEQ maintained by the Grantor pursuant to the License and applicable law that is necessary to meet the Required Financial Assurance Amount, but is held outside of the Trust.

(j) The term "Parties" means the Grantor, the Trustee, and the Beneficiary.

(k) The term "Required Financial Assurance Amount" means the dollar amount of financial assurance required to be maintained by the Grantor pursuant to the License and applicable law with respect to the facility identified in the License. The Required Financial Assurance Amount is set out in Schedule A. In addition, this term includes any other financial assurance required under the License (e.g., required annual minimum increase for corrective action) but does not include third party liability coverage set forth in the License at License Condition 192.D.

(l) The term "Required Financial Assurance for Trust" means the dollar amount of financial assurance determined by subtracting the current face value held in Other Financial Assurance from the Required Financial Assurance Amount.

(m) The term "Required Margin Amount" means the dollar amount equal to the product of (1) 25% and (2) the dollar amount determined by subtracting the amount of the Cash Component of the Fund from the Required Financial Assurance for Trust.

(n) The term "Required Market Value of the Stock Component of the Fund" means the amount determined by subtracting the dollar amount of the Cash Component of the Fund from the Required Trust Amount.

(o) The term "Required Trust Amount" means the dollar amount equal to the Required Financial Assurance for Trust plus the Required Margin Amount.

(p) The term "Stock Component of the Fund" means the stocks and any other equity ownership investment meeting the requirements set forth in Section 3 and Section 6, together with all earnings on the Stock Component of the Fund.

(q) The term "TCEQ Executive Director" means the Offices of the Executive Director of the Texas Commission on Environmental Quality, including the individual serving as the Executive Director, the staff in the offices of the individual Executive Director, and the staff in offices of the TCEQ that fall under the supervision of the Executive Director.

(r) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

Section 2. Identification of Facility and Required Financial Assurance Amount. This Agreement pertains to the land disposal facility identified in the License and to the Required Financial Assurance Amount identified on Schedule A, attached hereto and incorporated herein by reference. Schedule A will be changed from time to time by the TCEQ Executive Director in accordance with the License and applicable law. The TCEQ Executive Director will provide at least five (5) business days advance notice to the Trustee and the Grantor in writing by overnight mail with proof of receipt of any changes to Schedule A and the Required Financial Assurance Amount. Any such changes so noticed to the Grantor and Trustee will not require an amendment of this Agreement.

Section 3. The Fund. The Grantor and the Trustee hereby establish a trust fund, the "Fund", for the sole use and benefit of TCEQ in order to secure a portion of the Grantor's obligations with respect to the Required Financial Assurance Amount to be maintained by the Grantor pursuant to the License and applicable law with respect to the facility. The Trustee will receive assets ("Assets") comprising the Fund from the Grantor and deposit the Assets into the Trust and hold the Assets in the Trust, subject to this Agreement. The Trustee shall hold all Assets in physical or customary book entry form (unless required otherwise by this Agreement) at the Trustee's offices in the United States.

The Fund will consist of both cash ("Cash Component of the Fund") and stock ("Stock Component of the Fund"), together with all earnings and profits thereon, less any authorized payments or distributions made by the Trustee pursuant to this Agreement. The Stock Component of the Fund must be marketable, unrestricted common stock of entities traded on the New York Stock Exchange with an initial market value of at least 125% of \$119,486,600 (2010 dollars) (i.e., \$149,358,250). The Required Financial Assurance for Trust may not include the market value of the Stock Component of the Fund in excess of \$149,358,250 in the first year of the Trust. Moreover, as additional financial assurance is obtained by the Grantor and approved by the TCEQ either as part of the Cash Component of the Trust or Other Financial Assurance, the Required Financial Assurance for Trust may not include the market value of the Stock Component of the Fund in excess of \$149,358,250 minus such additional financial assurance amounts.

Subject to the specific ownership arrangement outlined in the next paragraph regarding Timet stock, the stocks included in the Fund may not include any entity with an ownership interest in or debt issuance to Grantor. Additionally, the stocks included

in the Fund may not include any entity whose business or activities are or may be regulated by TCEQ. Any stock deposited in the Fund shall be re-titled in the name of the Trust and conveyed to the Trust in an electronic format registered with the Depository Trust & Clearing Corporation to allow for the Trustee's immediate sale thereof for cash in accordance with this Agreement.

The Stock Component of the Fund is established initially with 12,000,000 shares of common stock of Titanium Metals Corporation ("Timet"), a Delaware corporation listed for trading on the New York Stock Exchange (NYSE: TIE), conveyed by VHC to the Trustee (the "Timet Stock", which term will include any increases or decreases in such number of shares of Timet Stock permitted or required under this Agreement). Timet Stock, as of the date of this Agreement, has a market value at least equal to the Required Margin Amount. The ownership arrangement is subject to a limited exception, specifically it is permissible under this Agreement for Timet (or a subsidiary thereof) to own less than a 8% share of Valhi, Inc. At the TCEQ Executive Director's request, Grantor shall submit an attestation to the TCEQ regarding the exact percentage ownership, if any, of TIMET or its subsidiaries in Valhi, Inc. Should the TIMET ownership in Valhi, Inc. increase to 8% or more, TIMET stock will no longer be acceptable under this Agreement.

The Stock Component of the Fund may include any other substitute securities meeting the requirements of this Agreement that are conveyed to the Trustee subsequent to the date of this Agreement, subject to the prior written approval of the TCEQ Executive Director, and in exchange for the Timet Stock pursuant to the terms of this Agreement.

The Grantor represents and warrants to the Beneficiary and the Trustee that the Timet Stock, as well as any substitute securities provided under this Agreement, in the form in which such stock is held in trust hereunder, (i) does not and will not include any restrictions as to sale of the stock, (ii) may be sold by the Trustee in a brokerage transaction from time to time in compliance with Rule 144 promulgated under the Securities Act of 1933, as amended, without regard to any volume or time period limitations thereunder, and (iii) has not been pledged by VHC to any third party other than pursuant to this Agreement.

Furthermore, the Trustee represents and warrants to the Beneficiary that the Stock Component of the Fund: (i) is conveyed to the Trust and will be maintained in a form that is available for immediate sale; and (ii) is not subject to the limitations of Rule 144 promulgated under the Securities Act of 1933, as amended, or any other securities laws that would affect the volume or timing of any stock sale by the Trustee. The Trustee shall ensure that any future additions or substitutions to the Stock Component of the Fund also meet such requirements.

The Cash Component of the Fund will consist of any cash that the Grantor deposits in the Fund. Upon the first anniversary of the initial funding of the Trust and then annually thereafter for four years, the Grantor shall deposit at least \$9,000,000 in cash to the Cash Component of the Fund.

At any time, the Stock Component of the Fund may be replaced with cash but the Cash Component of the Fund may not be replaced with any stock or other investments. No portion of the Cash Component of the Fund may be decreased until the Stock Component of the Fund has been replaced with cash or Other Financial Assurance. Furthermore, any additional financial assurance amounts required of the Grantor in the future must be paid into the Cash Component of the Fund or, with the exception of the annual \$9,000,000 referenced above, established through Other Financial Assurance. Future required financial assurance amounts may never be satisfied by the Stock Component of the Fund.

Upon the fifth anniversary of the initial funding of the Trust, the Grantor shall fully replace the Stock Component of the Fund with either cash deposited in the Cash Component of the Fund or Other Financial Assurance. If the Grantor does not do so, the Trustee shall provide written notice to the Grantor and the Beneficiary within two (2) Business Days after the fifth anniversary of the initial funding of the Trust. Should the Grantor not replace the Stock Component of the Fund as described above within seven (7) Business Days of the fifth anniversary of the initial funding of the Trust, the Trustee shall liquidate the Stock Component of the Fund and provide subsequent notice to the Grantor and Beneficiary. Grantor shall remedy any shortfall in the Required Financial Assurance Amount resulting from this stock liquidation with cash deposits to the Cash Component of the Fund or Other Financial Assurance within five (5) business days of the liquidation.

Schedule B, attached hereto and incorporated herein by reference, sets forth the exact dollar figures contemplated by this Agreement in year 1 as well as examples of how increases in financial assurance will affect the Stock Component of the Fund in year 2.

The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund shall be held by the Trustee, IN TRUST, as provided in this Agreement.

Section 4. Payment from the Fund. The Trustee shall make payments from the Fund as the TCEQ Executive Director shall direct, in writing, to provide for the payment of one or a combination of decommissioning, closure, institutional control, post operational surveillance, or corrective action of the facility.

Section 5. Payments Comprising the Fund. Deposits and conveyances made to the Trustee for the Fund shall consist of cash or securities as described in this Agreement.

Section 6. Trustee Duties. The Trustee shall discharge his 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.

The Parties acknowledge that the duties of the Trustee hereunder do not include

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authority or responsibility to render investment advice with respect to any asset, with the exception of the warranty provided by the Trustee in Section 3 of this Agreement. The Trustee shall invest the Cash Component of the Fund and cash balances in the Stock Component of the Fund in First American Government Obligations Fund Class Z (Symbol: FGZXX) or similar conservative investment vehicles as directed by the Grantor or by the Beneficiary if the Grantor is no longer operating as an ongoing business entity. If the Grantor directs the Trustee to invest the Cash Component of the Fund and cash balances in the Stock Component of the Fund in any other investment vehicle besides the First American Government Obligations Fund Class Z (Symbol: FGZXX), the Trustee shall give the Beneficiary five (5) Business Days advance notice in writing by overnight mail with proof of receipt prior to purchase.

The Cash Component of the Fund and the Stock Component of the Fund must remain separate and cannot be commingled. All investments relating to the Stock Component of the Fund are additionally governed by Section 3 of this Agreement. The Trustee shall give a proxy to VHC to permit it to vote the shares in the Stock Component of the Fund.

The TCEQ Executive Director reserves the right to disapprove any investment of the Fund other than the initial stock conveyance as described and subject to the limitations in Section 3 of this Agreement.

The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without 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. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

(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) Other than specific provisions relating to the Stock Component of the Fund, 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, 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 of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit

of any securities issued by the United States 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 or State government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 8. Taxes, Fees, 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 not 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 and compensation of the Trustee shall not be paid from the Fund.

Section 9. Valuations. The Trustee shall furnish to the Grantor and to the TCEQ Executive Director a monthly (on and as of the last business day of each calendar month) statement confirming the Market Value of the Fund, as of the applicable statement date, and a detailed account summary, the format of which shall be subject to the approval of the TCEQ Executive Director. Any securities in the Fund shall be valued at market value on the last Business Day of the month based on the closing prices thereof as reported on the New York Stock Exchange and such valuations shall be provided to the Grantor and TCEQ Executive Director within five (5) Business Days of such monthly valuation. The failure of the Grantor to object in writing to the Trustee within ninety (90) days after the statement has been furnished to the Grantor and the TCEQ Executive Director shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

In addition, the Market Value of the Fund and the amount of the Cash Component of the Fund shall be reviewed on each Business Day by the Trustee (based on closing prices as reported in the New York Stock Exchange on each such day) to ensure that such balance adheres to the balance requirements set out in Section 10.

Section 10. Fund Balance Adjustments.

(a) If the monthly valuations described in Section 9 indicate that the Market Value of the Fund drops below the Required Trust Amount, the Trustee shall notify both the TCEQ Executive Director and the Grantor in writing by overnight mail with proof of receipt within two (2) Business Days of the valuation. Subject to other provisions in this Agreement, Grantor then must make additional cash deposits to the Cash Component of the Fund, or cause VHC to convey additional shares of Timet Stock to the Stock Component of the Fund, sufficient to increase the Market Value of the Fund to at least the Required Trust Amount within five (5) Business Days of the notification of an

insufficient Required Trust Amount provided, however, that no such additional deposit or conveyance must be made by the Grantor if the Market Value of the Fund has risen to an amount at least equal to the Required Trust Amount as of the next Business Day following the date of the applicable monthly statement. The Trustee shall then notify the TCEQ Executive Director and the Grantor (i) whether or not the Grantor made any such additional deposit or conveyance within the required time frame set forth in the immediately preceding sentence or (ii) that no such deposit or conveyance was ultimately required due to a subsequent increase in the Market Value of the Fund as provided above. This notification shall be in writing by overnight mail with proof of receipt and be provided within two (2) Business Days following the required action date of the Grantor. If the Grantor fails to cover the deficiency in the prescribed time, the Trustee shall immediately liquidate all stock investments by converting it to cash or cash equivalents and provide written notice by overnight mail with proof of receipt to the Grantor and the TCEQ Executive Director within five (5) Business Days.

(b) Notwithstanding Section 10(a), if the Market Value of the Fund, based on the aggregate closing prices of all shares of stock included in the Fund as reported on the New York Stock Exchange at the end of any Business Day, drops below the Minimum Required Trust Amount, the Trustee shall notify both the TCEQ Executive Director and the Grantor in writing by email not later than 6:00 p.m. Central Time on such day. Thereafter, the Grantor shall have until 5:00 p.m. Central Time on the next following Business Day to cure the applicable deficiency. If, within that time period, the Grantor does not cure the deficiency or the Market Value of the Fund has not risen back up to an amount at least equal to the Required Trust Amount, then the Trustee shall immediately liquidate all stock investments by converting it to cash or cash equivalents. The Trustee shall provide subsequent written notice of such liquidation by overnight mail with proof of receipt to the Grantor and the TCEQ Executive Director within five (5) Business Days.

(c) If the monthly valuation described in Section 9 indicates that the market value of the Stock Component of the Fund exceeds both (i) the Capped Market Value of the Stock Component of the Fund, and (ii) the Market Value of the Fund exceeds the Required Trust Amount, then the Grantor may request that the Trustee return and release the number of shares of Timet Stock such that following the release, the market value of the Stock Component of the Fund shall at least be equal to the Required Market Value of the Stock Component of the Fund. Also, the Trustee will convey to VHC any dividends and distributions that may be paid on the stock held in the Stock Component of the Fund, provided that, on the date on which any such conveyance is made, the Market Value of the Fund shall not be less than the Required Trust Amount. These adjustments or conveyances shall be done no more frequently than every thirty (30) calendar days.

(d) If the Grantor fails to make the full annual cash deposits of \$9,000,000, the Trustee must notify both the TCEQ Executive Director and the Grantor in writing by overnight mail with proof of receipt within two (2) Business Days of the Grantor's failure to make such deposits due on or before the first anniversary of the initial funding of the trust and annually thereafter. The Grantor must make the required cash deposits within five (5) Business Days of the Trustee's notification. In the event the Grantor fails

to make such cash deposits by the fifth (5th) Business Day after the Trustee's notification, the Trustee must liquidate all securities comprising the Stock Component of the Fund by converting it to cash or cash equivalents on the following Business Day (the 6th (sixth) Business Day). The Trustee must also send written notification by overnight mail with proof of receipt to both the TCEQ Executive Director and Grantor within two (2) Business Days after the Grantor's additional five (5) day deadline to confirm the occurrence of the \$9,000,000 cash deposit at the full amount or liquidation of stock.

(e) Grantor shall remedy any shortfall in the Required Financial Assurance Amount resulting from liquidation of stock within five (5) Business Days of the liquidation.

(f) The Grantor must make other deposits or conveyances as required or not otherwise prohibited by the License.

(g) The Grantor, in advance of any requirement to do so pursuant to the other provisions of this Section 10, may make deposits or conveyances to the Fund from time to time in the form otherwise permitted under this Agreement.

Section 11. Other Financial Assurance. If any Other Financial Assurance is used by the Grantor to meet the Required Financial Assurance Amount, the Grantor shall provide the Trustee a copy of the Other Financial Assurance within three (3) Business Days of receiving written approval from the TCEQ Executive Director. The copy to the Trustee must also be accompanied by the written TCEQ approval of the Other Financial Assurance. Furthermore, Grantor shall provide the Trustee with any amendment or rider to such Other Financial Assurance with the signed approval of the TCEQ Executive Director on the amendment or rider within three (3) Business Days of the approval.

Section 12. 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; provided, however, that such Trustee compensation and/or bank fees will not be assessed against the Fund.

Section 13. Successor Trustee. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee acceptable to the TCEQ Executive Director and this successor accepts the appointment. Such resignation notice of the Trustee must be in writing by overnight mail with proof of receipt and sent to both the Grantor and the TCEQ Executive Director. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the TCEQ Executive Director's written approval and 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. The successor trustee shall specify the date on which it assumes administration of the trust in writing by overnight mail with proof of receipt sent to the Grantor, the TCEQ Executive Director, and the present Trustee ten

(10) calendar days before such change becomes effective. If for any reason the Grantor cannot or does not obtain a written commitment from a prospective successor trustee which is acceptable to the TCEQ Executive Director in the event of the resignation of the Trustee, within ninety (90) calendar days of the TCEQ Executive Director receiving written notification by overnight mail with proof of receipt of such resignation, the Fund shall be liquidated by the Trustee converting it to cash and all funds must be paid to the State of Texas for deposit to the Perpetual Care Account. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section must not be paid from this Fund.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing by overnight mail with proof of receipt, signed by such persons as are designated in Section 16 or such other designees as the Grantor may designate in writing to the Trustee. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the TCEQ Executive Director to the Trustee shall be in writing to the Trustee (with a copy to the Grantor) by overnight mail with proof of receipt, signed by the TCEQ Executive Director, 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 TCEQ hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or TCEQ, except as provided for herein. In the event of a conflict in such orders, requests and instructions from the Grantor and the TCEQ Executive Director, the Trustee shall rely upon the TCEQ Executive Director's written directions which shall control.

Section 15. Notice. Unless otherwise specified in this Agreement, notice, specifically but not limited to written notice, to all Parties must be by overnight mail with proof of receipt.

Section 16. Contacts. The Parties to this Agreement designate the following representatives for receipt of notices and other documents required by this Agreement:

Grantor:

U.S. Mail and Courier:

- (1) Waste Control Specialists LLC
5330 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2620
Attention: Rodney A. Baltzer
Phone: 972/233-1700
Email: rbaltzer@valhi.net
- 2) Waste Control Specialists LLC
5330 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2620
Attention: J. Mark Hollingsworth

Phone: 972/233-1700
Email: markh@valhi.net

Trustee:

U.S. Mail and Courier:

U.S. Bank National Association
Attention: M. Christine Poppe
425 Walnut Street, CN-OH-W5IT
Cincinnati, OH, 45202
Phone: 513/632-4272
Email: chris.poppe@usbank.com

Beneficiary:

- U.S. Mail:
- 1) Sage Chandrasoma
Radioactive Materials Division
Texas Comm. on Environmental Quality
Mail Code 233
P.O. Box 13087
Austin, Texas 78711
Phone: 512/239-6069
Email: s.chandrasoma@tceq.texas.gov
 - 2) Mark Stoebner
Financial Administration Division
Texas Comm. on Environmental Quality
Mail Code 184
P.O. Box 13087
Austin, Texas 78711
Phone: 512/239-6150
Email: mark.stoebner@tceq.texas.gov
- Courier:
- 1) Sage Chandrasoma
Radioactive Materials Division
Texas Comm. on Environmental Quality
Building F, Suite 1306
12100 Park 35 Circle
Austin, Texas 78753
 - 2) Mark Stoebner
Financial Administration Division
Texas Comm. on Environmental Quality
Building A, 3rd Floor
12100 Park 35 Circle
Austin, Texas 78753

Any of the Parties may change its designated representatives or related information by notice to the other above-referenced Parties.

Section 17. Amendment to the Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the TCEQ Executive Director, or by the Trustee and the TCEQ Executive Director should the Grantor no longer be operating as an ongoing business entity.

Section 18. Irrevocability and Termination. Subject to the right of the Parties to amend this Agreement as provided in Section 17, this Trust shall be irrevocable and shall continue until terminated by the written agreement of the Grantor, the Trustee, and the TCEQ Executive Director, or by the Trustee and the TCEQ Executive Director should the Grantor no longer be operating as an ongoing business entity. Upon termination of the Trust, all remaining trust property shall be delivered to the State of Texas Perpetual Care Account unless the TCEQ Executive Director provides written notice by overnight mail with proof of receipt to the Trustee that the Grantor has provided an alternate financial assurance mechanism acceptable to the TCEQ Executive Director prior to termination in which case the TCEQ Executive Director shall direct the Trustee to transfer the cash and/or other property remaining in the Fund to the Grantor or its designee following confirmation that such alternative financial assurance mechanism is approved by the TCEQ Executive Director and in place.

Section 19. 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 TCEQ Executive Director issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor for any action taken by the Trustee in accordance with the provisions of this Agreement.

Section 20. Choice of Law and Venue. This Agreement must be administered, construed, and enforced according to the laws of the State of Texas, and venue will be set in Travis County, Texas.

Section 21. Interpretation. 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.

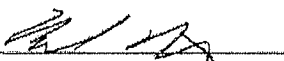
Section 22. Special Provisions. Until such time as the stock investments in the Stock Component of the Fund are liquidated pursuant to this Agreement: (i) VHC shall be entitled to exercise any and all voting and/or consensual rights and powers relating or pertaining to such stock; (ii) VHC shall be entitled to receive and retain any and all dividends or distributions (including any and all cash, stock, and property dividends or distributions) payable on such stock, provided that the Market Value of the Fund is not less than the Required Trust Amount; (iii) the Trustee shall execute and deliver to VHC such proxies, powers of attorney, dividend orders and other instruments as VHC may request for the limited purpose of enabling it to exercise the voting and/or consensual rights and powers that it is entitled to exercise pursuant to this Agreement and/or to receive the dividends or other distributions that it is authorized to receive and retain pursuant to this Agreement.

The Grantor and Trustee acknowledge and agree that: (i) the Trustee is the registered owner of such shares through the book-entry system maintained by Depository Trust Company; and (ii) any such delivery of shares by VHC to the Trustee under this Agreement is not intended to and does not constitute a sale of such shares by VHC from a tax perspective.

VHC is affixing its signature to this Agreement for the purpose of evidencing its transfer to the Trustee for the benefit of the Grantor hereunder of the stock investments included in the Stock Component of the Fund. Such actions by VHC shall not deem VHC to be a guarantor of the Grantor's obligations with respect to its general operations or liabilities nor a guarantor of the Grantor's obligations under this Agreement, the License or applicable law. Likewise, any lack of performance on the part of VHC does not excuse Grantor's obligations with respect to its general operations or liabilities as well as Grantor's obligations under this Agreement, the License, or applicable law. As a limited signatory to this Agreement, VHC shall be entitled to enforce only this Section 22 of the Agreement in its name and on its behalf and is not entitled to any other rights or benefits under the Agreement.

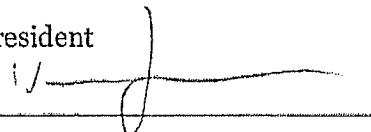
In Witness Whereof, the Grantor and Trustee have caused this Agreement to be executed by their respective officers duly authorized and attested as of the date first above written.

Signature of Grantor
Waste Control Specialists LLC

By: 

Printed Name: Rodney A. Baltzer

Title: President

Attest: 

Printed Name: William J. Lindquist

Title: Chief Executive Officer

Grantor's Address: 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2620

Grantor's Phone No.: 972/233-1700

Signature of Co-Settlor (for the limited purposes set forth in Section 22)
Valhi Holding Company

By: W. J. Lindquist

Printed Name: William J. Lindquist

Title: Senior Vice President

Attest: A. R. Louis

Printed Name: Andrew R. Louis

Title: Vice President and Secretary

Grantor's Address: 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2620

Grantor's Phone No.: 972/233-1700

Signature of Trustee
U.S. Bank National Association

By: _____

Printed Name: M. Christine Poppe

Title: Vice President

Attest: _____

Printed Name: Terry Schwartz

Title: Vice President

Grantor's Address: 425 Walnut Street, CN-OH-W5IT, Cincinnati, Ohio 45202

Grantor's Phone No.: 513/632-4272

Signature of Co-Settlor (for the limited purposes set forth in Section 22)
Valhi Holding Company

By: _____

Printed Name: William J. Lindquist

Title: Senior Vice President

Attest: _____

Printed Name: Andrew R. Louis

Title: Vice President and Secretary

Grantor's Address: 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2620

Grantor's Phone No.: 972/233-1700

Signature of Trustee

U.S. Bank National Association

By: McPoppe

Printed Name: M. Christine Poppe

Title: Vice President

Attest: Terry Schwartz

Printed Name: Terry Schwartz

Title: Vice President

Trustee's Address: 425 Walnut Street, CN-OH-W5IT, Cincinnati, Ohio 45202

Trustee's Phone No.: 513/632-4272

Schedule A

Dated November 3, 2011

This Schedule A pertains to Trust Agreement dated November 3, 2011, by and between Waste Control Specialists LLC (Grantor) and U.S. Bank National Association (Trustee), Account Numbers 001050980791 (Cash Component) and 001050980792 (Stock Component).

Land Disposal Facility as authorized by TCEQ Radioactive Material License No. R04100

Name of Owner/Operator Under License: Waste Control Specialists LLC

Physical and Mailing Address:

Physical Address: Texas Low-Level Radioactive Waste Disposal Facility
9998 West Highway 176
Andrews, TX 79714

Mailing Address: Waste Control Specialists LLC
5430 LBJ Freeway, Suite 1700
Dallas, TX 75240-2620

Current Projected Year 1 Cost Estimates Pursuant to TCEQ License No. R04100:

Decommissioning, Closure and Post-Operations:	\$92,162,500 1
Institutional Control:	\$21,464,500 2
Corrective Action:	\$25,859,600 3
Required Year 1 Financial Assurance Amount:	\$139,486,600 (2010 dollars)

- 1 Decommissioning, Closure and Post-Operations estimate comprised of items in License Condition No. 192 that includes Decommissioning, Closure as well as Post-Operational Surveillance (Post-Operational Surveillance has the same meaning as Post-Closure Observation and Maintenance and is captured under the definition of "Closure" as set out in 30 TAC, §37.9035 (2).)
- 2 Institutional Control estimate comprised of items in License Condition No. 192 that includes Institutional Control (Institutional Control has the same meaning as passive maintenance and monitoring in Post-Closure as set out in 30 TAC, §37.9035 (5).)
- 3 Initial Year 1 Corrective Action payment as set forth in License Condition No. 192, which amount shall be increased by not less than \$3,350,000 each year in addition to annual inflation adjustments. The total Corrective Action for the term of the 15-year License is no less than \$72,200,000.

Schedule B

Dated November 3, 2011

This Schedule B pertains to Trust Agreement dated November 3, 2011, by and between Waste Control Specialists, LLC (Grantor) and U.S. Bank National Association (Trustee), Account Numbers 001050980791 (Cash Component) and 001050980792 (Stock Component). The purpose of this Schedule B is to set forth the exact dollar figures contemplated by this Agreement in year 1 as well as examples of how increases in financial assurance will affect the Stock Component of the Fund in year 2 and beyond.

Initial Year 1

Required Financial Assurance Amount:	\$139,486,600
Less Other Financial Assurance (Bond):	<u>(\$20,000,000)</u>
Required Financial Assurance for Trust:	\$119,486,600
Add Required Margin Amount (25%):	<u>\$29,871,650</u>
Required Trust Amount:	\$149,358,250

Year 2 Example (The figures below are by way of example only.)

Required Financial Assurance Amount (Year 1):	\$139,486,600
Add Inflation Amount (estimated 1.0%):	\$1,394,866
Add Annual Corrective Action Increase:	<u>\$3,350,000</u>
Required Financial Assurance Amount (Year 2):	\$144,231,466
Less Cash and Other Financial Assurance: *	<u>(\$33,744,866)</u>
Required amount that can be held in stock (without margin):	\$110,486,600
Add Required Margin Amount (25%):	<u>\$27,621,650</u>
Total market value of stock required:	\$138,108,250

* Year 2 Cash and Other Financial Assurance

Initial Bond:	\$20,000,000
Add Annual Cash Deposit:	\$9,000,000
Add Cash or Other Financial Assurance	
Increase in Cost Estimate from Prior Year:	<u>\$4,744,866</u>
Total all Cash and Other Financial Assurance	\$33,744,866