

In the Matter of:

:	Mines and Permit Nos.
:	Old Broadwater Mine: SMP 3371BSM42
:	New Broadwater Mine: SMP 26713049
:	Collins Young Mine: SMP 26810123 &
:	3371BSM27
:	Lamison Mine: 3373SM10
:	Alternative Financial Mechanism

POST-MINING DISCHARGE TREATMENT TRUST AGREEMENT

This Trust Agreement (“Trust” or “Agreement”) entered into this 25th day of January, 200~~7~~⁸, by and among Shenango Incorporated, with a business address at 200 Neville Road, Neville Island, Pennsylvania, (“Settlor”), and Somerset Trust Company, a Pennsylvania chartered bank, with a place of business at 131 North Centre Avenue, P.O. Box 1330, Somerset, Pennsylvania, and incorporated under the laws of the Commonwealth of Pennsylvania (“Trustee”).

WHEREAS, the Settlor has entered into a Consent Order and Agreement dated January 4, 200~~7~~⁸, (such Consent Order and Agreement, as amended hereafter referred to as the “CO&A”), with the Commonwealth of Pennsylvania, Department of Environmental Protection (hereinafter referred to as “Department” or “Beneficiary”) which is incorporated by reference and which contains, among other things, a requirement that the Settlor provide for the Settlor’s legal obligation to establish a \$541,121 trust to finance the long-term operation and maintenance of certain acid mine drainage (“AMD”) treatment systems to treat certain discharges of mine drainage emanating from or hydrologically connected to the following four mines which are owned by Settlor and were mined and permitted by Luzerne Coal Company, Settlor’s corporate affiliate (“Mines”):

Old Broadwater Mine: SMP 3371BSM42

New Broadwater Mine: SMP 26713049

Collins Young Mine: SMP 26810123 and 3371BSM27

Lamison Mine: 3373SM10

WHEREAS, the AMD treatment systems consist of certain passive treatment ponds and associated equipment in Luzerne Township, Fayette County, which were previously approved by the Department and are described in the Passive Treatment System Report attached to the CO&A as Exhibit B (hereinafter referred to as the "Treatment Systems";

WHEREAS, the Surface Mining Conservation and Reclamation Act ("SMCRA"), requires a permittee to post with the Department a bond for each operation conditioned upon the permittee performing all of the requirements of SMCRA, the Clean Streams Law and the Coal Refuse Disposal Control Act, and SMCRA further provides for the bond to be released where all reclamation standards have been satisfied with the exception of consistently meeting mine drainage effluent standards provided the operator has made provisions with the Department for the sound future treatment of the pollutional discharges, 52 P.S. §1396.4(d) and (g);

WHEREAS, the use of a trust fund is authorized as an alternative financial assurance mechanism under provisions of SMCRA which contemplate such a trust is for the public purpose of protecting the environment and the health and welfare of the public, without limitation on duration and is a means which provides for the sound future treatment of pollutional discharges. 52 P.S. §1396.4(d) and (d.2), 25 Pa. Code §86.158(f);

WHEREAS, the Settlor has elected to establish this Trust pursuant to the CO&A to assure funds are available to provide for Settlor's legal obligation to provide funds for the long-term operation and maintenance of the Treatment Systems;

WHEREAS, the Settlor, acting through its duly authorized officers or representatives and with the approval of the Department, has selected the Trustee under this Agreement;

WHEREAS, the Trustee has been induced, and has agreed and is willing to perform the duties as are required to be performed pursuant to this Agreement;

WHEREAS, the Trustee is a Pennsylvania chartered or national bank or financial institution with trust powers or a trust company, with offices in Pennsylvania and whose trust activities are examined or regulated by a state or federal agency;

WHEREAS, the Department has joined in this Agreement to indicate its acceptance of the terms and conditions set forth in, as well as the powers and authorities granted by, this Agreement;

WHEREAS, the Department has stated that, to the best of its knowledge and belief, the Mines currently have and are in compliance with all required federal and state permits and no additional approvals are necessary or required for the operation and maintenance of the Treatment Systems; and

WHEREAS, except as set forth in the CO&A, Settlor represents that, to the best of its knowledge, there are no violations of any environmental law regulating the Mines, and that the Treatment Systems were constructed and are operating in compliance with all applicable permits and approvals.

NOW THEREFORE, in consideration of the foregoing and of the mutual promises and undertakings of the parties as set forth herein, and with the intention of being legally bound hereby, the parties agree as follows:

ARTICLE ONE

Establishment of Trust

§1.1 The Settlor and the Trustee hereby establish this Trust for the benefit of the Department, or its successor, to be utilized for the primary purpose of addressing environmental obligations related to Luzerne Coal Company's mining activities permitted under SMCRRA and under the Clean Streams Law which includes providing for the continued operation and maintenance of the Treatment Systems. For purposes of this Agreement, operation includes, but is not limited to, the operation, maintenance and replacement of the currently existing and functioning Treatment Systems approved by the Department and any other facilities which may be required in the future. This shall include financing the long-term operation and maintenance of the Treatment Systems pursuant to the CO&A, until such time that the Trust is terminated pursuant to ARTICLE TWELVE.

§1.2 The Settlor and the Trustee intend for the Department to be legal beneficiary of this Trust and to have all rights of a beneficiary under the law, as well as all rights granted under this Trust Agreement. The Department, as beneficiary, shall have access to the Trust as provided herein.

§1.3 The Trust principal shall consist of:

- (a) The initial payment or transfer to the Trustee of One Hundred Thousand and 00/100 Dollars (\$100,000) by Settlor.
- (b) Ongoing monthly payments to be made by Settlor in the amount of Twenty Thousand and 00/100 Dollars (\$20,000) per month for twenty-two (22) consecutive months plus a final payment to be determined after the 22nd payment.

(c) All investments, reinvestments, assets or proceeds attributable to or derived from the items listed in this Section 1.3.

§1.4 All of the preceding payments, proceeds and assets referred to in Section 1.3 hereof shall constitute the Trust principal, together with all earnings, accretions and profits therefrom, less any payments or distributions made by the Trustee pursuant to the terms of this Trust Agreement, shall constitute the Trust Fund (the "Trust Fund").

§1.5 The Trustee shall establish within the Trust Fund two subaccounts: a subaccount designated as the Primary Trust Account and a subaccount designated as the Capital Improvement Account. The Trustee shall deposit the Trust principal identified in Sections 1.3 and 1.4 into the Primary Trust Account. The Trustee shall transfer funds between and among the Capital Improvement Account and the Primary Trust Account as directed by the Department or as provided pursuant to the CO&A. The Capital Improvement Account principal may be commingled with the principal of the Primary Trust Account for purposes of investment, but must be accounted for and reported separately as if they are assets of separate and distinct funds. The Trustee shall manage and make disbursements from the two subaccounts in accordance with the provisions of ARTICLE TWO, Distribution Payments, and ARTICLE THREE, Trust Management, as set forth in this Trust Agreement.

§1.6 The Trust Fund held by the Trustee pursuant to this Trust Agreement shall not be subject to assignment, alienation, pledge, attachment, garnishment, sequestration, levy or other legal process, either voluntary, involuntary or by operation of law, by, on behalf of, or in respect of the Settlor and shall not be subject or applied to the debts, obligations or liabilities of the Settlor, including, without limitation, any direct action or seizure by any creditor or claimant under any writ or proceeding at law or in equity. Furthermore, the Settlor shall have no legal

title to any part of the Trust Fund, and it is the intention of the parties to this Trust Agreement that Settlor's entry into the Trust shall extinguish and remove all of Settlor's interest in the Trust from Settlor's estate under the Bankruptcy Code or similar laws.

§1.7 All payments made to the Trust or deposits into the Trust by the Settlor shall be irrevocable once made, and upon delivery thereof, by or on behalf of the Settlor, all interest of the Settlor therein shall cease and terminate, and no part thereof, nor any income therefrom, shall be used for or devoted to purposes other than for the exclusive benefit of the Department and the Trust as provided herein.

§1.8 The Trust Fund shall be held, administered, invested and reinvested by the Trustee, IN TRUST, as hereinafter provided, and all distributions therefrom shall be made in accordance with the provisions of this Trust Agreement.

§1.9 Payments made by the Settlor into the Trust shall be in the form of cash, bank checks, bank wire transfers or other negotiable instruments acceptable to the Trustee. The Trustee shall have no responsibility for the amount or adequacy of such payment or collection thereof, but the Trustee shall notify the Department of any deficiencies in the payments required to be made by the Settlor or on its behalf whenever the Trustee has knowledge of such deficiencies.

ARTICLE TWO

Distribution Payments

§2.1 The Trustee shall make distribution payments from the Trust upon the written order of the Department and the Department shall designate the subaccount from which such disbursement payment shall be made. The Department shall have the authority to designate, in

writing, any person or entity to receive distribution payments from the Trust. The Trustee shall, upon receipt of written order for distribution payment from the Department, make distribution payments from the Trust as directed in the Department's written order. The Trustee shall be fully protected and entitled to rely upon the written orders of the Department and shall not be liable to any party for acting in accordance with those directions.

§2.2 The Trustee is authorized and shall, upon the written order of the Department, enter into contracts, and take title to real and personal property and interests therein, as necessary to carry out the purposes of the Trust. The Trustee is authorized, upon the written order of the Department, to contract with or otherwise engage the services of, and pay reasonable compensation to, such persons or entities as the Trustee may require to carry out this provision. This authorization is in addition to the other powers granted to the Trustee by this Trust Agreement with regard to the retention and compensation of agents. Any property acquired or services provided under this provision shall not be deemed to be acquired or provided to the Trustee or the Department, but shall be deemed to be acquired or provided on behalf of the Trust, and the Trustee shall not incur any liability under the Trust when acting in accordance with the provisions of this paragraph.

§2.3 Except as provided by this Trust Agreement, no other disposition of monies shall be made unless directed, in writing, by the Department.

ARTICLE THREE

Trust Management

§3.1 The Trustee shall invest and reinvest the principal and income of the Trust and keep the Trust invested as a single fund, without distinction between principal and income. The

Trustee shall add to principal any income not distributed pursuant to the provisions of this Agreement.

§3.2 The Trustee shall discharge its investment duty solely in the interest of the Department as beneficiary of this Trust and, subject to section 3.3(i), the Trustee shall seek to manage the Trust with that degree of judgment, skill and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, who are familiar with such matters, exercise in the management of their own affairs.

§3.3 In order to accomplish the purpose of the Trust as stated in Article § 1.1, the Trustee shall manage and invest the assets of the Trust in a manner designed to generate an annual effective rate of return of at least 8.43 % after subtraction of all fees, taxes and expenses. For purposes of investing or reinvesting the assets in the Trust, the Trustee shall have investment discretion subject to the following guidelines:

- (a) The Trustee may purchase mutual funds or “money market funds” which have their assets invested in equity shares or fixed income securities, including any mutual fund for which the Trustee or any affiliate may be an advisor, subadvisor, manager, custodian or Trustee.
- (b) The Trustee may purchase any equity shares, listed on a national or regional stock exchange or that are capable of being valued in accordance with any other daily-recognized valuation methodology.
- (c) The Trustee may purchase any bonds listed on a national exchange or that are capable of being valued in accordance with any other daily recognized valuation methodology, including, but not limited to, bonds or obligations of any state or municipality, or that are obligations of or are guaranteed by the United States of America.

- (d) The Trustee may invest in any interest bearing bank account or “money market” account.
- (e) The Trustee may sell at public or private sale any shares acquired under this article.
- (f) In regard to any shares or other equity interests the Trustee may hold, the Trustee may join in any merger, reorganization, voting-trust plan or any other concerted action of owners or shareholders.
- (g) The Trustee, in the exercise of its investment powers, may utilize puts and calls, short sales, options and warrants or other investment strategies generally recognized as prudent when utilized to enhance returns, reduce risk or mitigate loss.
- (h) The Trustee may hold cash awaiting investment or distribution for a reasonable period of time, provided however, where possible and consistent with sound investment practices, shall invest such cash in overnight investments.
- (i) The Trustee shall not be responsible for any losses incurred hereunder whether it is due to market fluctuations or otherwise, except in the case of its gross negligence or willful misconduct or that of its agents.

ARTICLE FOUR

Express Powers of Trustee

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

(a) 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 power herein granted.

(b) To register any securities held in the Trust in its own name or in the name of a nominee and to hold any security in bearer form or 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 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 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 Trust and that such securities are not co-mingled with or made a part of any other account of another customer of the Trustee or the Trustee itself.

(c) To deposit any cash in the Trust in interest-bearing accounts maintained by the Trustee, to the extent such are insured by an agency of the Federal or State Government or otherwise secured as provided under the laws of the Commonwealth of Pennsylvania.

(d) To hold title to real and personal property and to generally exercise all rights and privileges appurtenant to any property held by the Trustee as may be necessary to preserve, protect, maintain, operate, transfer convey or sell such property, and to execute and deliver any and all instruments which may be necessary or expedient in any powers granted under this Trust Agreement.

(e) To purchase public liability insurance and fire insurance, when directed to do so by the Department, to cover the operation, maintenance, improvement and all other activities associated with the real and personal property held by the Trust.

ARTICLE FIVE

Advice of Counsel

§5.1 The Trustee may, from time to time, consult with counsel of its own choosing with respect to any question arising as to the construction or interpretation of this Agreement or any action to be taken hereunder. The Trustee shall be protected, to the extent permitted by law, in acting in good faith on the advice of counsel.

§5.2 The Trustee shall not be required to furnish any bond or security in any jurisdiction.

§5.3 No person dealing with the Trust or the Trustee shall be obligated to inquire as to the authority of the Trustee in connection with the acquisitions, investment, management or disposition of the Trust assets or in connection with the exercise of any other power granted under this Agreement.

ARTICLE SIX

Claims

§6.1 The Trustee shall not initiate, terminate, settle, compromise or otherwise adjust claims in favor of or against the Trust without the written consent of the Department.

§6.2 The Trustee shall give prompt written notice to the Department of each claim in favor of or against the Trust, specifying the amount and nature of such claim. The Trustee shall

also give prompt written notice to the Department of any controversies, demands, actions, losses, damages, costs or expenses or any other matter which the Trustee believes is likely to give rise to a claim.

§6.3 The Department shall have the right, but not the duty to: (1) direct the Trustee to initiate, terminate, settle, compromise or otherwise adjust claims in favor of or against the Trust, and (2) participate in the prosecution of or defense against, any claim in favor of or against the Trust. To the extent the Department directs the Trustee to assume prosecution or defense, the Trustee shall retain counsel of the Department's choosing or counsel selected by the Trustee and approved by the Department. If the Department directs the Trustee to assume prosecution or defense of any claim, the Trustee shall prosecute or defend the claim at the expense of the Trust, and the Trustee shall be entitled to assess against the Trust Fund all costs associated with the prosecution or defense. Upon notice to the Trustee that the Department will assume prosecution or defense, the Trustee will not be responsible for the subsequent prosecution or defense nor for any loss ensuing therefrom. If the Department fails to instruct the Trustee with respect to the prosecution or defense of any claim, the Trustee may prosecute or defend any claim at the expense of the Trust, but shall be under no duty to do so, and shall have no liability for its failure or refusal to prosecute or defend the claim if deems such action to be in the best interest of the Trust.

ARTICLE SEVEN

Evaluation and Reports

§7.1 The Trustee shall at least quarterly furnish to the Department and to the Settlor a statement providing an accounting of all transactions involving the Trust and confirming the

value of the Trust. Such statement shall value Trust investments at market value, which shall be that market value, determined not more than thirty (30) days prior to the date of statement.

§7.2 The Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursement of all monies and assets under this Trust Agreement. In addition, whenever called upon to do so, the Trustee shall exhibit to the Settlor and the Department all documents, instruments or reports relating to the Trust or the Trust Fund. The Trustee shall also cause to be prepared all income tax returns required to be filed with respect to the Trust and shall execute and file such returns. The Department, upon request, shall furnish the Trustee with such information as may be reasonably required in connection with the preparation of such income tax returns.

ARTICLE EIGHT

Expenses, Taxes and Trustee Compensation

§8.1 Compensation of the Trustee and all other reasonable and customary expenses incurred by the Trustee, including fees for legal services rendered to the Trustee, shall be taken and paid from the Trust Fund at the time that the Trustee shall deem appropriate. Trustee shall be paid a fee, quarterly in arrears, based on the schedule of fees attached hereto as Schedule A. The Trustee must provide the Department written notice of any proposed future changes of the Trustee's schedule of fees. The Department has thirty (30) days after receipt of the proposed changes to approve or disapprove the proposed changes to the Trustee's schedule of fees. All future changes to the Trustee's schedule of fees that are approved by the Department shall be reflected in an amended Schedule hereto.

§8.2 (a) The Trust is intended to be categorized, for federal income tax purposes, as a grantor trust in accordance with and under the provisions of United States Treasury Regulation Section 301.7701-4(e)(1), (2), (3) and (4) and any implementing regulations cited therein or any corresponding successor provision. All federal taxes of any kind that may be assessed or levied against or in respect of the Trust shall be paid by the Settlor and shall not be taken from the Trust. The Trustee shall enter into such Agreements with the Settlor as are necessary to carry out this provision.

(b) Should it be determined this Trust is taxable for federal income tax purposes and the Settlor fails, refuses or is unable to pay these taxes, the Settlor and Trustee agree the Department shall have the right to appeal the decision to the appropriate authority. Should the Department not prevail on appeal or should federal law change such that the Trust becomes taxable for federal income tax purposes, then the Department shall have the right, but not the duty, to petition the appropriate judicial forum to reform the Trust to be a federal charitable trust or to take other measures to meet the requirements of federal law such that the Trust would not be taxable for federal income tax purposes. If the Department elects not to exercise its right to petition to reform the Trust or to take measures to meet the requirements of federal law for the Trust to become tax exempt, then the Trustee is empowered with the right to petition the appropriate judicial forum to reform the Trust to be a federal charitable trust for federal income tax purposes. Notwithstanding any provision of this subsection (b) to the contrary, the Trust may not be reformed such that the purposes and objectives of the Trust cannot be met or that would alter any of the rights, obligations and duties of the Settlor as are provided in this Trust Agreement and in the CO&A.

§8.3 (a) The Trust is intended to be categorized, for state income tax purposes, as a Pennsylvania charitable trust.

(b) Should it be determined this Trust is not a charitable trust or Pennsylvania law changes so this Trust becomes taxable for Pennsylvania income tax purposes, then Settlor agrees that Settlor will contribute to the Trustee the amount of the Pennsylvania income tax assessed or levied against or in respect of the Trust. The Trustee shall use the money contributed by the Settlor to pay the income tax assessed or levied against or in respect of the Trust. The money to pay the tax assessed or levied against the Trust shall not be taken from the Trust. The Trustee shall enter into such agreements with the Settlor as are necessary to carry out this provision.

(c) If, at any time, it is determined by a taxing authority with jurisdiction in the matter that this Trust is not a Pennsylvania charitable trust, the Settlor and the Trustee agree the Department shall have the right to appeal the decision to the appropriate authority. Should the Department not prevail on appeal or should Pennsylvania law change such that the Trust becomes taxable for Pennsylvania income tax purposes, then the Department shall have the right, but not the duty, to petition the appropriate judicial forum to reform the Trust to be a Pennsylvania charitable trust or to meet the requirements of Pennsylvania law such that the Trust would not be taxable for Pennsylvania income tax purposes. If the Department elects not to exercise its right to petition to reform the Trust, then the Trustee is empowered with the right to petition the appropriate judicial forum to reform the Trust to be a Pennsylvania charitable trust for Pennsylvania income tax purposes. Notwithstanding any provision of this subsection (c) to the contrary, the Trust may not be reformed such that the purpose and objectives of the Trust

cannot be met or that would alter any of the rights, obligations and duties of the Settlor as are provided in this Trust Agreement and in the CO&A.

§8.4 If at any time that the Trust itself shall become liable for any taxes, and if the Settlor shall fail, refuse or be unable to pay these taxes from its own funds, then the Trustee shall pay from the Trust Fund all such taxes then due and owing. As soon as possible after the happening of the Settlor failing, refusing or becoming unable to pay such taxes, except to the extent that the Settlor disputes the payment of such taxes in good faith, the Trustee and the Department shall negotiate and enter into an Agreement in respect of Trustee's payment of the taxes during the continuance of this Agreement. Further, unless the Department and the Trustee otherwise agree to the contrary, immediately upon the happening of the Settlor's failure, refusal or inability to pay any such taxes, the Trustee is directed and empowered (notwithstanding any provision of this Agreement to the contrary) to change the investment objective of the Trust to an objective which minimizes the tax liability of the Trust, giving due consideration to market conditions so as to avoid, to the extent possible, losses on the conversion of existing instruments. In carrying out this investment objective, the Trustee shall invest in the following:

- (i) Any bonds or obligations of any state or municipality that are exempt from federal income tax.
- (ii) Shares of any mutual fund or "money market fund" which has one hundred percent (100%) of its assets invested in the investments of the type described in the preceding subsection (i).
- (iii) Such other investments as may be approved by the Department.

ARTICLE NINE

Successor Trustee

§9.1 The Trustee may resign or the Settlor may replace the Trustee at Settlor's discretion, which discretion is limited to replacement with a Pennsylvania chartered or national bank or corporate financial institution with trust powers or a trust company with offices in Pennsylvania and whose trust activities are examined or regulated by a state or federal agency. Any such action, however, shall only be effective by the Settlor after giving sixty (60) days notice to the Department. The Trustee's resignation or replacement shall not be effective until a successor trustee has been appointed and such appointment confirmed, in writing, by the Department, which confirmation will not be unreasonably withheld. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder and shall be subject to the same reservations, limitations, terms and conditions. The successor trustee shall specify the date on which it will assume administration of the Trust, in writing, sent to the Trustee and Department, by certified mail, return receipt requested, not less than ten (10) days before such assumption takes effect. Upon the successor trustee's acceptance of the appointment, the Trustee hereunder shall assign, transfer, convey and pay-over to the successor trustee the funds and properties then constituting the Trust Fund and shall provide the Department and successor trustee a full accounting of all transactions involving the Trust which occurred after the last quarterly statement provided in accordance with ARTICLE SEVEN and shall be discharged from any further liability or responsibility with regard to the administration of the Trust.

§9.2 The Department may replace the Trustee at the Department's discretion with a Pennsylvania chartered or national bank or corporate financial institution with trust powers or a

trust company with offices in Pennsylvania and whose trust activities are examined or regulated by a state or federal agency. The trustee's replacement shall not be effective until a successor trustee has been appointed and such appointment confirmed, in writing, by the Department. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder and shall be subject to the same reservations, limitations, terms and conditions. The successor trustee shall specify the date on which it will assume administration of the Trust, in writing, sent to the Trustee and Department, by certified mail, return receipt request, not less than ten (10) days before such assumption takes effect. Upon the successor trustee's acceptance of the appointment, the Trustee hereunder shall assign, transfer, convey and pay over to the successor trustee the funds and assets constituting the Trust Fund and shall provide the Department and successor trustee a full accounting of all transactions involving the Trust which occurred after the last quarterly statement provided in accordance with ARTICLE SEVEN and shall be discharged from any further liability or responsibility with regard to the administration of the Trust.

ARTICLE TEN

Instructions to the Trustee

§10.1 All orders, requests and instructions by the Department to the Trustee shall be in writing, signed by such persons as are designated in the attached Schedule B, or such other persons as the Department may designate by amendment, in writing, to Schedule B. The Trustee shall be fully protected and shall not be liable to any party in acting in accordance with the Department's orders, requests and instructions when authorized by the Agreement, and, to the extent necessary, shall be held harmless from the Trust fund. The Trustee shall not have the

right to assume, in the absence of written notice to the contrary, that an event constituting a change or termination of the authority of any person to act on behalf of the Department hereunder has occurred. The Trustee, upon receipt of orders, requests or instructions by the Department which are signed by a person purporting to be designated by the Department, but not listed on the attached Schedule B or any amendment thereto, shall with due diligence ascertain if such persons are designated by the Department and have authority to act on behalf of the Department hereunder.

§10.2 In the event that the Trustee is unsure of the application of any provision of this Agreement or any action contemplated hereunder, the Trustee may request and rely upon the written instruction of the Department. The Trustee shall not be liable to any party for any affirmative action taken or omission made by the Trustee pursuant to written instruction given to the Trustee by the Department in accordance with this Agreement.

ARTICLE ELEVEN

Trustee Exculpation

§11.1 The Trustee shall not be responsible for the enforcement or policing of any environmental action nor be required to defend any claims relating thereto. The Trustee shall be a mere title holder and “fiduciary” as defined in the Pennsylvania Act entitled: “The Economic Development Agency, Fiduciary and Lender Environmental Liability Protection Act,” Act No. 3 of 1995, P.L. 33, 35 P.S. §§6027.1 through 6027.14, and its liability shall be limited as provided under Section 6 of the Act, 35 P.S. §6027.6.

§11.2 As to all actions taken by the Trustee with respect to the administration of the Trust Fund, the Trustee shall not be answerable or liable for the exercise or nonexercise of any

discretion or power under this Agreement nor for anything whatever in connection with the Trust hereunder, except for its own gross negligence or willful misconduct or that of its agents. Except in the case of the Trustee's own gross negligence or willful misconduct, the Trustee shall be entitled to be exonerated and indemnified from the Trust Fund against any and all losses, claims, costs, expenses and liabilities arising out of in connection with the administration or distribution of the Trust Fund or the affairs of the Trust. In addition to the foregoing, as specified previously, the Trustee shall not be liable to any party for actions taken in accordance with the directions of the Department. The provisions of this section shall also extend to the employees and agents of the Trustee.

ARTICLE TWELVE

Irrevocability and Termination

§12.1 The Trust shall be irrevocable and, except as provided in §16.5 of ARTICLE SIXTEEN hereof, shall continue from the date of inception and shall be terminated by the first occurrence of any one of the following:

- (a) The Department determines that the Trust is no longer required because the Treatment Systems are no longer required and no longer in operation.
- (b) The Trustee determines that the size of the Trust Fund does not warrant the continuation of the Trust.
- (c) The Trustee determines administration of the Trust renders it impractical to continue the Trust and the Department agrees.

Upon termination of the Trust pursuant to paragraphs 12.1(b) or (c), the Trustee shall distribute any residuum, less final trust administration expenses of the Trustee, to the

Department, unless directed otherwise, in writing, by the Department. Upon termination of the Trust pursuant to paragraph 12.1(a), the Trustee shall distribute any residuum, less final trust administration expenses of the Trustee, to the Settlor.

ARTICLE THIRTEEN

Amendments

§13.1 This Trust Agreement may be amended by an instrument in writing, executed by the Settlor, Trustee and the Department, but any amendment of this Trust Agreement cannot in any manner affect the irrevocable nature of the Trust, subject to the provisions of ARTICLE TWELVE hereof.

ARTICLE FOURTEEN

Notices

§14.1 All notices, inquiries, directions or other written communications made or given pursuant to the Trust shall be given to the Department and the Trustee by certified mail, return receipt requested, addressed to the following addresses, and shall be deemed to be received upon the earlier of the date of signed receipt of the certified mailing or seven (7) days following the date of mailing:

Department:	District Mining Manager
	Department of Environmental Protection
	Greensburg District Mining Office
	Armbrust Professional Center
	8205 Route 819
	Greensburg, PA 15601-8739

Trustee: Somerset Trust Company
131 North Center Avenue
P.O. Box 1330
Somerset, PA 15501
Attn: Trust Department

§14.2 Any change in the above addresses shall be made by giving notice to all parties to the Trust.

ARTICLE FIFTEEN

Interpretation

§15.1 As used in this Agreement, words in the singular include the plural, and words in the plural include the singular. Words used in this Agreement shall be given their plain and ordinary meaning, except that, words used in a financial or investment context that are terms of art shall be given their commonly accepted meaning when used in the context of financial services and investment practices. The headings of each section of this Agreement are for descriptive purposes only and shall not affect the interpretation or legal efficacy of this Agreement.

ARTICLE SIXTEEN

Construction

§16.1 This Agreement shall be constructed and governed in all respects in accordance with the laws of the Commonwealth of Pennsylvania.

§16.2 In case of the merger or consolidation of any corporate Trustee serving hereunder, the resultant company shall become such Trustee's successor without notice to any party.

§16.3 Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

§16.4 All covenants and agreements contained herein shall be binding upon and inure to benefit the Department and the Trustee, as well as their successors and assigns. Similarly, any request, notice, direction, consent, waiver or other writing or action, taken by the Department or the Trustee shall bind their successors and assigns.

§16.5 It is the intention of the parties hereto that this Trust remain in existence until terminated in accordance with the provisions of ARTICLE TWELVE hereof and that the Trust be exempt from the application of any rule against perpetuities by reason of the Department's beneficial interest herein because the Trust is authorized by SMCRA and because the Trust is for the public purpose of assuring funds will be available in the future to operate and maintain the Treatment Systems in order to protect the environment and the health and welfare of the public. However, in the event that it is ever finally determined by a court with jurisdiction in the matter, that the Trust is subject to any such rule, then the Trust shall terminate twenty-one (21) years less one (1) day, after the death of the last descendent of Ambassador Joseph P. Kennedy living on the date of this Trust Agreement, and the Trust Fund shall be distributed to the Department, less final trust administration expenses of the Trustee.

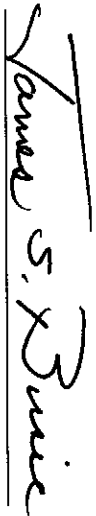
ARTICLE SEVENTEEN

Situs

§17.1 The Trust created by this Agreement shall have a legal situs in Dauphin County, Pennsylvania.

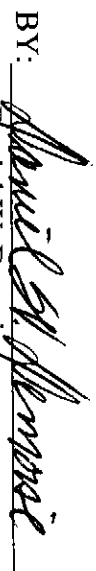
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives duly authorized and their corporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST:


James S. Birsic
Secretary

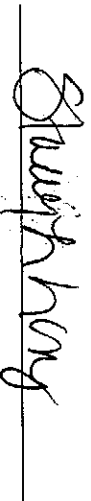
James S. Birsic
Secretary

SETTLOR:
SHENANGO INCORPORATED


BY: 
Daniel W. Demoisé
President

Daniel W. Demoisé
President

ATTEST:




TRUSTEE:
SOMERSET TRUST COMPANY


BY: 
Name: Ann B. Boggs
Title: Sr. VP

Ann B. Boggs
Sr. VP

ATTEST:


Barbara Girabowski
Assistant Counsel

DEPARTMENT:
COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION

BY: 
Name: Joe Q. Portonero
Title: DISTRICT MANAGER

Joe Q. Portonero
DISTRICT MANAGER

SCHEDULE A

TRUSTEE'S FEE SCHEDULE

PERSONAL AND TESTAMENTARY TRUSTS, MANAGING AGENCY, GUARDIANSHIPS

- ANNUAL CHARGE
.0065 of first \$500,000 of market value
.004 of market value over \$500,000

- MINIMUM ANNUAL CHARGE
\$500.00

Unless otherwise expressed in the instrument, all fees for services shall be first charged against income and if income is insufficient, then against principal.

The above fees are based upon market value of the trust on a quarterly basis. When the bank serves with a co-fiduciary, the bank shall be entitled to above fee and the co-fiduciary fee shall be determined at the time the account is opened and shall be in addition to the bank's fee.

- CHECKWRITING CHARGE
A fee of \$2.00 per check written is charged after the 5th check written in any month.

SCHEDULE B

PERSONS DESIGNATED BY THE DEPARTMENT

Director, District Mining Operations
Armbrust Professional Center
8205 Route 819
Greensburg, PA 15601-5982

And

Director, Greensburg District Mining Office
Armbrust Professional Center
8205 Route 819
Greensburg, PA 15601-5982