



The Dow Chemical Company
Midland, Michigan 48674

2030 DOW CENTER
August 12, 2002

*****REVISED LETTER*****

Director
Office of Nuclear Material Safety and Safeguards
US Nuclear Regulatory Commission
Washington, DC 20555

CANCELLED

FINANCIAL ASSURANCE FOR DECOMMISSIONING COSTS

Dear Sir/Madam:

I am the Chief Financial Officer of The Dow Chemical Company, 2030 Dow Center, Midland, Michigan, 48674, a Delaware corporation. This letter is in support of this firm's use of the self-guarantee financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30, 40, and 50. This firm has no parent company holding majority control of its voting stock.

This firm guarantees, through the self-guarantee submitted to demonstrate compliance under 10 CFR Parts 30, 40, and 50, the decommissioning of the following facilities owned or operated by this firm. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility:

| <u>ID NUMBER</u> | <u>FACILITY AND LOCATION</u> | <u>COST ESTIMATE</u> |
|-------------------------|---|---|
| NRC License 21-00265-06 | The Dow Chemical Company H&ES Industrial Hygiene 1803 Building Midland, MI 48640 | Unsealed = \$836,894 Sealed = \$83,691 |
| NRC License R-108 | The Dow Chemical Company TRIGA Research Reactor Facility 1602 Building Midland, MI 48640 | \$1,115,858 |
| NRC License STB-527 | The Dow Chemical Company Source Material Storage Facilities Michigan Division 4848 Wilder Road Bay City, MI 48706 and Michigan Division Midland, MI 48640 | \$21,011,597 |

I hereby certify that The Dow Chemical Company is currently a going concern, and that it possesses positive tangible net worth in the amount of \$6,256,000,000.

This fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 31, 2001. A copy of this firm's most recent financial statements is enclosed.

This firm is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This firm has at least one class of equity securities registered under the Securities Exchange Act of 1934.

This firm satisfies the following self-guarantee test:

**SELF-GUARANTEE FINANCIAL TEST
FOR COMMERCIAL COMPANIES THAT ISSUE BONDS**

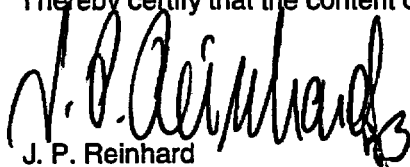
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- | | | | |
|-----|---|----------------------|-----------|
| 1. | Current decommissioning cost estimates or certified amounts | | |
| | a. Decommissioning amounts covered by this self-guarantee license numbers 21-00265-06; R-108; STB-527; | \$23,048,040 | |
| | b. All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees | \$16,399,510 | |
| | c. All amounts covered by parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA) | \$348,060,700 | |
| | TOTAL | \$387,508,250 | |
| 2. | Current bond rating of most recent unsecured issuance of this firm rating. | A | |
| | Name of rating service | S&P | |
| 3. | Date of issuance of bond. | December 13, 2001 | |
| 4. | Date of maturity of bond. | December 15, 2008 | |
| 5.* | Tangible net worth** (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) | \$6,256,000,000 | |
| 6.* | Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States) | \$15,648,000,000 | |
| | | <u>Yes</u> | <u>No</u> |
| 7. | Is line 5 at least 10 times line 1? | X | |
| 8. | Are at least 90 percent of firm's assets located in the United States? If not, complete line 9. | | X |
| 9. | Is line 6 at least 10 times line 1? | X | |
| 10. | Is the rating specified on line 2 "A" or better? | X | |
| 11. | Does the licensee have at least one class of equity securities registered under the Securities Exchange Act of 1934? | X | |

* Denotes figures derived from financial statements.

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

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



J. P. Reinhard
Executive Vice President
And Chief Financial Officer
The Dow Chemical Company

Attachments

cc: Michele Osmun, The Dow Chemical Company, 2030 Dow Center, Midland, MI

NOTE: Please direct all correspondence related to this letter to Michele Osmun, 2030 Dow Center, Midland, MI 48674. Phone (989) 636-5581 or Fax (989) 638-9636.

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3320 Ridgecrest Drive
Midland, Michigan 48642-5859

Tel: (989) 631-2370
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**Deloitte
& Touche**

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Dow Chemical Company
Midland, Michigan

CANCELLED

We have performed the procedures included in the Code of Federal Regulations (CFR), Title 10, Part 30, which were agreed to by the U.S. Nuclear Regulatory Commission – Office of Nuclear Material Safety and Safeguards, and The Dow Chemical Company (“Dow” or the “Company”), solely to assist the specified parties in evaluating Dow’s compliance with the financial test option as of December 31, 2001, included in the accompanying letter dated August 12, 2002 from Mr. J. P. Reinhard of Dow. Management of Dow is responsible for the Company’s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and related findings are as follows:

We recomputed from, or reconciled to, the audited consolidated financial statements of Dow as of and for the year ended December 31, 2001, on which we have issued our report dated February 13, 2002 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to a change in method of accounting for derivative instruments and hedging activities to conform to Statement of Financial Accounting Standards No. 133), the information included in items 5, 6, and 8 under the caption Self-Guarantee Financial Test For Commercial Companies That Issue Bonds in the letter referred to above and noted no differences.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying letter dated August 12, 2002. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the board of directors and management of Dow and the specified parties listed in the first paragraph, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

August 12, 2002

Deloitte
Touche
Tohmatsu

**SELF-GUARANTEE FOR
THE DOW CHEMICAL COMPANY
FOR DECOMMISSIONING COSTS**

Guarantee made this August 12, 2002, by The Dow Chemical Company, a corporation organized under the laws of the State of Delaware, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC), beneficiary, on behalf of ourselves as licensee.

Recitals

1. The guarantor has full authority and capacity to enter into this self-guarantee under its bylaws, articles of incorporation, and the laws of the State of Delaware, its State of incorporation. Guarantor has approval from its Board of Directors to enter into this self-guarantee.
2. This self-guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Parts 30, 40, and 50, which require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Parts 30, 40, and 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. The self-guarantee is issued to provide financial assurance for decommissioning activities for The Dow Chemical Company, 1803 Building, Midland, Michigan 48640, NRC License No. 21-00265-06; The Dow Chemical Company, 1602 Building, Midland, Michigan 48640, NRC License No. R-108; and The Dow Chemical Company, 4848 Wilder Road, Bay City, Michigan 48706 and Michigan Division, Midland, Michigan 48640, NRC License No. STB-527 as required by 10 CFR Parts 30, 40, and 50. The decommissioning costs for these activities are as follows:

| <u>LICENSE NUMBER</u> | <u>FACILITY AND LOCATION</u> | <u>CURRENT COST ESTIMATE</u> |
|-------------------------|---|---|
| NRC License 21-00265-06 | The Dow Chemical Company H&ES, Industrial Hygiene 1803 Building Midland, MI 48674 | \$836,894 (Unsealed) \$83,691 (Sealed) |
| NRC License R-108 | The Dow Chemical Company TRIGA Research Reactor Facility Michigan Operations 1602 Building Midland, MI 48674 | \$1,115,858 |
| NRC License STB-527 | The Dow Chemical Company Source Material Storage Facilities Michigan Operations 4848 Wilder Road Bay City, MI 48706 | \$21,011,597 |

4. The guarantor meets or exceeds the following financial test criteria and agrees to comply with all notification requirements as specified in 10 CFR Parts 30, 40, and 50 and Appendix C to 10 CFR Part 30.

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The guarantor meets the following self-guarantee test:

- (a) Tangible net worth at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and
 - (b) Assets located in the United States amounting to at least 90 percent of total assets or at least 10 times the current decommissioning cost estimates (or prescribed amount if a certification is used) for all decommissioning activities for which the company is responsible as a self-guaranteeing licensee and as a parent-guarantor; and
 - (c) At least one class of equity securities registered under the Securities Exchange Act of 1934; and
 - (d) A current rating for its most recent bond issuance of AAA, AA, or A as issued by Standard & Poor's, or Aaa, Aa, or A as issued by Moody's.
5. The guarantor does not have a parent company holding majority control of its voting stock.
6. Decommissioning activities as used below refer to the activities required by 10 CFR Parts 30, 40, and 50 for decommissioning of the facilities identified above.
7. Pursuant to the guarantor's authority to enter into this guarantee, the guarantor guarantees to the NRC that the guarantor shall
 - (a) carry out the required decommissioning activities, as required by each of License Nos. 21-00265-06; R-108; STB-527, or
 - (b) set up a trust fund in favor of the above identified beneficiary in the amount of the current cost estimates for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and an auditor's special report and reconciling schedule annually within 90 days of the close of its fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this self-guarantee, it fails to meet the self-guarantee financial test criteria, it shall send, by certified mail, immediate notice to the NRC that it intends to provide alternative financial assurance as specified in 10 CFR Parts 30, 40, and 50. Within 120 days of such notice, the guarantor shall establish such financial assurance.
10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensed activity is transferred, and to maintain this guarantee until the new licensee provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that if it determines, at any time other than as described in Recital 9, that it no longer meets the self-guarantee financial test criteria or it is disallowed from continuing as a self-guarantor, it shall establish alternative financial assurance as specified in 10 CFR Parts 30, 40, and 50, as applicable, within 30 days.
12. The guarantor, as well as its successors and assigns, agrees to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of the license or NRC-approved decommissioning funding plan for that

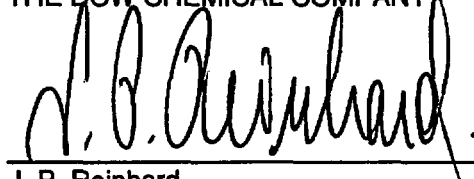
facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Parts 30, 40, and 50.

13. The guarantor agrees that it shall be liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this self-guarantee for as long as it, as licensee, must comply with the applicable financial assurance requirements of 10 CFR Parts 30, 40, and 50, for the previously listed facilities, except that the guarantor may cancel this self-guarantee by sending notice by certified mail to the NRC, such cancellation to become effective no earlier than 120 days after receipt of such notice by the NRC, as evidenced by the return receipt.
15. The guarantor agrees that if it, as licensee, fails to provide alternative financial assurance as specified in 10 CFR Parts 30, 40, and 50, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by the NRC from the guarantor, the guarantor shall make full payment under the self-guarantee.
16. The guarantor expressly waives notice of acceptance of this self-guarantee by the NRC. The guarantor also expressly waives notice of amendments or modifications of the decommissioning requirements.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to its independent auditor and to the NRC during each year in which this self-guarantee is in effect.
18. The guarantor agrees that if, at any time before termination of this self-guarantee, its most recent bond issuance ceases to be rated in the category of "A" or above by either Standard & Poor's or Moody's, it shall provide notice in writing of such fact to the NRC within 20 days after publication of the change by the rating service.

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

Effective Date: August 12, 2002

THE DOW CHEMICAL COMPANY




J. P. Reinhard
Executive Vice President,
and Chief Financial Officer

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CANCELLED

Signature of witness or notary:



Michele R. Osmun
Notary Public, Midland County, Michigan
My Commission Expires July 3, 2005