



The Dow Chemical Company  
Midland, Michigan 48674

2030 DOW CENTER  
June 18, 2003

Thomas Frederichs  
U.S. Nuclear Regulatory Commission  
Office Director – Nuclear Material Safety and Safeguards  
11545 Rockville Pike  
Rockville, MD 20852

**SURETY BONDS AND STANDBY TRUST AGREEMENT  
THE DOW CHEMICAL COMPANY**

Dear Mr. Frederichs:

Attached are three fully-executed Surety Bonds and a Standby Trust Agreement on behalf of The Dow Chemical Company in compliance with the Nuclear Regulatory Commission financial assurance guidelines.

Please sign, date, and return the attached postage-paid postcard as receipt of the bonds and agreement.

We look forward to receiving confirmation from you that the bonds and agreement meet all NRC financial assurance guidelines.

Should you have any questions, please feel free to contact me.

Regards,

A handwritten signature in cursive script that reads "Michele Osmun".

Michele Osmun  
Senior Paralegal  
EH&S Legal  
Phone: 989-636-5581

Attachments

SURETY BOND

Date bond executed: June 17, 2003

Effective date: April 30, 2003

Principal: The Dow Chemical Company, 2030 Dow Center, Midland, Michigan 48674

Type of organization: Corporation

State of incorporation: Delaware

NRC license numbers, name and address of facilities, and amounts for decommissioning activities guaranteed by this bond:

NRC License R-108	The Dow Chemical Company	\$1,128,356
	TRIGA Research Reactor Facility	
	1602 Building	
	Midland, MI 48640	

Surety: Safeco Insurance Company of America

Type of organization: Corporation

State of incorporation: Washington (if applicable)

Surety's qualification in jurisdiction where licensed facility is located Listed in US Department of Treasury's Circular 570; Approved Limit Exceeds Bond Requirement

Surety's bond number: ~~6210559~~

Total penal sum of bond: \$1,128,356

**NON-NEGOTIABLE**

Know all persons by these presents, that we, the Principal and Surety hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC) in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the U.S. Nuclear Regulatory Commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of

1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Parts 30, 40, and 50 , applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that funds will be available when needed for facility decommissioning;

NOW THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amounts identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount after an order to begin facility decommissioning is issued by NRC or a U.S. District Court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance, and obtain NRC's written approval of such assurance, within 30 days after the date a notice of cancellation from the Surety is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall place funds in the amount guaranteed for the facility into the standby trust fund.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to NRC and to the Surety 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from NRC.

The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year and no decrease in the penal sum takes place without the written permission of NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions that will remain valid and enforceable.

In Witness Whereof, the Principal and Surety have executed this financial guarantee bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

Principal: THE DOW CHEMICAL COMPANY *mcm*

By: *J. P. Reinhard*

Name J. P. Reinhard

Title Executive Vice President and  
Chief Financial Officer

(Corporate Seal)

**NON-NEGOTIABLE**

Corporate Surety: Safeco Insurance Company of America

Address: 4634 154th Place, N.E., Adams Bldg.,

Redmond, WA 98052

State of Incorporation: Washington

Liability Limit: \$1,128,356

By: *K. Lide*

Name K. Lide

Title: Attorney-In-Fact

(Corporate Seal)

Bond Premium \$6,353.00

## ACKNOWLEDGMENT OF SURETY

STATE OF MICHIGAN     )  
COUNTY OF WAYNE     )

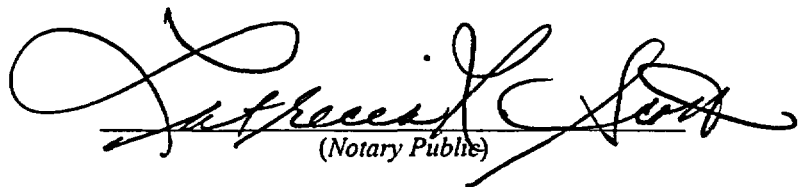
On this 17th day of June, 2003, before me personally came K. Lide who, being by me duly sworn, did depose and say that she is an Attorney-in-Fact of Safeco Insurance Company of America, and knows the corporate seal thereof; that the seal affixed to said annexed instrument is such corporate seal, and was thereto affixed by authority of the Power of Attorney of said Company, of which a Certified Copy is hereto attached, and that she signed said instrument as an Attorney-in-Fact of said Company by like authority.

*Acknowledged and Sworn to before me  
on the date above written*

### My Commission Expires

Latrecia R. Scott  
Notary Public, Wayne County, Michigan  
My Commission Expires: March 17, 2005

---

  
(Notary Public)

## **IMPORTANT NOTICE TO SURETY BOND CUSTOMERS REGARDING THE TERRORISM RISK INSURANCE ACT OF 2002**

As a surety bond customer of one of the SAFECO insurance companies (SAFECO Insurance Company of America, General Insurance Company of Americas, First National Insurance Company, American States Insurance Company or American Economy Insurance Company), it is our duty to notify you that the Terrorism Risk Insurance Act of 2002 extends to "surety insurance". This means that under certain circumstances, we may be eligible for reimbursement of certain surety bond losses by the United States government under a formula established by this Act.

Under this formula, the United States government pays 90% of losses caused by certified acts of terrorism that exceed a statutorily established deductible to be paid by the insurance company providing the bond. The Act also establishes a \$100 billion cap for the total of all losses to be paid by all insurers for certified acts of terrorism. Losses on some or all of your bonds may be subject to this cap.

This notice does not modify any of the existing terms and conditions of this bond, the underlying agreement guaranteed by this bond, any statutes governing the terms of this bond, or any generally applicable rules of law.

At this time, there is no premium charge resulting from this Act.



SAFECO

POWER  
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

No. 7083

KNOW ALL BY THESE PRESENTS:

That SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA, each a Washington corporation, does each hereby appoint

\*\*\*\*\*K LIDE; L. SCOTT; B. HALTHON; Detroit, Michigan\*\*\*\*\*

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 11th day of June, 2002

*CB Mead*

CHRISTINE MEAD, SECRETARY

*Mike McGavick*

MIKE MCGAVICK, PRESIDENT

CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA  
and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of SAFECO INSURANCE COMPANY OF AMERICA  
and of GENERAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Christine Mead, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 17th day of June, 2003



*CB Mead*

CHRISTINE MEAD, SECRETARY

## SURETY BOND

Date bond executed: June 17, 2003

Effective date: April 30, 2003

Principal: The Dow Chemical Company, 2030 Dow Center, Midland, Michigan 48674

Type of organization: Corporation

State of incorporation: Delaware

NRC license numbers, name and address of facilities, and amounts for decommissioning activities guaranteed by this bond:

NRC License STB-527	The Dow Chemical Company	\$21,246,927
	Source Material Storage Facilities	
	Michigan Division	
	4848 Wilder Road	
	Bay City, MI 48706 and	
	Michigan Division	
	Midland, MI 48640	

Surety: Safeco Insurance Company of America

Type of organization: Corporation

State of incorporation: Washington (if applicable)

Surety's qualification in jurisdiction where licensed facility is located Listed in US Department  
of Treasury's Circular 570; Approved Limit Exceeds Bond Requirement

Surety's bond number: ~~610170~~

Total penal sum of bond: \$21,246,927

**NON-NEGOTIABLE**

Know all persons by these presents, that we, the Principal and Surety hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC) in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.



WHEREAS, the U.S. Nuclear Regulatory Commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Parts 30, 40, and 50 , applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that funds will be available when needed for facility decommissioning;

NOW THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amounts identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount after an order to begin facility decommissioning is issued by NRC or a U.S. District Court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance, and obtain NRC's written approval of such assurance, within 30 days after the date a notice of cancellation from the Surety is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall place funds in the amount guaranteed for the facility into the standby trust fund.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to NRC and to the Surety 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from NRC.

The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year and no decrease in the penal sum takes place without the written permission of NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions that will remain valid and enforceable.

In Witness Whereof, the Principal and Surety have executed this financial guarantee bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

Principal: THE DOW CHEMICAL COMPANY

By: J. P. Reinhard

Name J. P. Reinhard

Executive Vice President and

Title Chief Financial Officer

(Corporate Seal)

**NON-NEGOTIABLE**

Corporate Surety: Safeco Insurance Company of America

Address: 4634 154th Place, N.E., Adams Bldg.,

Redmond, WA 98052

State of Incorporation: Washington

Liability Limit: \$21,246,927

By: K. Lide

Name K. Lide

Title: Attorney-In-Fact

(Corporate Seal)

Bond Premium \$119,620.00

## ACKNOWLEDGMENT OF SURETY

STATE OF MICHIGAN     )  
COUNTY OF WAYNE     )

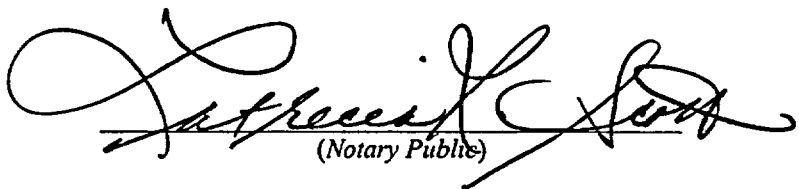
On this 17th day of June, 2003, before me personally came K. Lide who, being by me duly sworn, did depose and say that she is an Attorney-in-Fact of Safeco Insurance Company of America, and knows the corporate seal thereof; that the seal affixed to said annexed instrument is such corporate seal, and was thereto affixed by authority of the Power of Attorney of said Company, of which a Certified Copy is hereto attached, and that she signed said instrument as an Attorney-in-Fact of said Company by like authority.

*Acknowledged and Sworn to before me  
on the date above written*

### My Commission Expires

Latrecia R. Scott  
Notary Public, Wayne County, Michigan  
My Commission Expires: March 17, 2005

---

  
(Notary Public)

## **IMPORTANT NOTICE TO SURETY BOND CUSTOMERS REGARDING THE TERRORISM RISK INSURANCE ACT OF 2002**

As a surety bond customer of one of the SAFECO insurance companies (SAFECO Insurance Company of America, General Insurance Company of Americas, First National Insurance Company, American States Insurance Company or American Economy Insurance Company), it is our duty to notify you that the Terrorism Risk Insurance Act of 2002 extends to "surety insurance". This means that under certain circumstances, we may be eligible for reimbursement of certain surety bond losses by the United States government under a formula established by this Act.

Under this formula, the United States government pays 90% of losses caused by certified acts of terrorism that exceed a statutorily established deductible to be paid by the insurance company providing the bond. The Act also establishes a \$100 billion cap for the total of all losses to be paid by all insurers for certified acts of terrorism. Losses on some or all of your bonds may be subject to this cap.

This notice does not modify any of the existing terms and conditions of this bond, the underlying agreement guaranteed by this bond, any statutes governing the terms of this bond, or any generally applicable rules of law.

At this time, there is no premium charge resulting from this Act.



SAFECO

POWER  
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

No. 7083

KNOW ALL BY THESE PRESENTS:

That SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA, each a Washington corporation, does each hereby appoint

\*\*\*\*\*K. LIDE; L. SCOTT; B. HALTHON; Detroit, Michigan\*\*\*\*\*

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 11th day of June, 2002

*CB Mead*

CHRISTINE MEAD, SECRETARY

*Mike McGavick*

MIKE MCGAVICK, PRESIDENT

CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA  
and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of SAFECO INSURANCE COMPANY OF AMERICA  
and of GENERAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Christine Mead, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 17th day of June, 2003



*CB Mead*

CHRISTINE MEAD, SECRETARY

## SURETY BOND

Date bond executed: June 17, 2003

Effective date: April 30, 2003

Principal: The Dow Chemical Company, 2030 Dow Center, Midland, Michigan 48674

Type of organization: Corporation

State of incorporation: Delaware

NRC license numbers, name and address of facilities, and amounts for decommissioning activities guaranteed by this bond:

NRC License 21-00265-06	The Dow Chemical Company	Unsealed = \$846,267
	H&ES Industrial Hygiene	Sealed = \$84,628
	1803 Building	
	Midland, MI 48640	

Surety: Safeco Insurance Company of America

Type of organization: Corporation

State of incorporation: Washington (if applicable)

Surety's qualification in jurisdiction where licensed facility is located Listed in US Department of Treasury's Circular 570; Approved Limit Exceeds Bond Requirement

Surety's bond number: ~~8218858~~

Total penal sum of bond: \$930,895

Know all persons by these presents, that we, the Principal and Surety hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC) in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

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Principal: THE DOW CHEMICAL COMPANY *MEM*

By: *J. P. Reinhard*

Name J. P. Reinhard  
Executive Vice President and  
Title Chief Financial Officer

(Corporate Seal)

**NON-NEGOTIABLE**

Corporate Surety: Safeco Insurance Company of America

Address: 4634 154th Place, N.E., Adams Bldg.,  
Redmond, WA 98052

State of Incorporation: Washington

Liability Limit: \$930,895

By: *K. Lide*

Name K. Lide

Title: Attorney-In-Fact

(Corporate Seal)

Bond Premium \$5,241.00



## ACKNOWLEDGMENT OF SURETY

STATE OF MICHIGAN     )  
COUNTY OF WAYNE     )

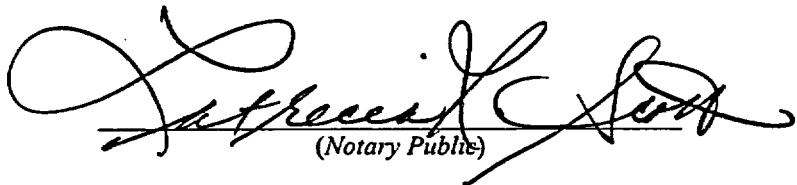
On this 17<sup>th</sup> day of June, 2003, before me personally came K. Lide who, being by me duly sworn, did depose and say that she is an Attorney-in-Fact of Safeco Insurance Company of America, and knows the corporate seal thereof; that the seal affixed to said annexed instrument is such corporate seal, and was thereto affixed by authority of the Power of Attorney of said Company, of which a Certified Copy is hereto attached, and that she signed said instrument as an Attorney-in-Fact of said Company by like authority.

*Acknowledged and Sworn to before me  
on the date above written*

### My Commission Expires

Latrecia R. Scott  
Notary Public, Wayne County, Michigan  
My Commission Expires: March 17, 2005

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(Notary Public)

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This notice does not modify any of the existing terms and conditions of this bond, the underlying agreement guaranteed by this bond, any statutes governing the terms of this bond, or any generally applicable rules of law.

At this time, there is no premium charge resulting from this Act.



**SAFECO**

**POWER  
OF ATTORNEY**

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

No. 7083

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.....K. LIDE; L. SCOTT; B. HALTHON; Detroit, Michigan.....

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IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 11th day of June, 2002

*Christine Mead*

CHRISTINE MEAD, SECRETARY

*Mike McGavick*

MIKE MCGAVICK, PRESIDENT

**CERTIFICATE**

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and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

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- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Christine Mead, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 17th day of June, 2003



*Christine Mead*

CHRISTINE MEAD, SECRETARY

**NON-NEGOTIABLE**

STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of <sup>June 2, 2003</sup> [insert date] by and between The Dow Chemical Company, a Delaware corporation, herein referred to as the "Grantor," and The Bank of New York, Insurance Trust & Escrow Dept., 101 Barclay Street – 8W Floor, New York, New York 10286, the "Trustee."

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I, of the Code of Federal Regulations, Parts 30, 40, and 50. These regulations, applicable to the Grantor, 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.

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

WHEREAS, when payment is made under a surety bond, this standby trust shall be used for the receipt of such payment; and

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

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

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the NRC licensee who enters into the Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the trustee who enters into this Agreement and any successor trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Numbers 21-00265-06; R-108; and STB-527 issued pursuant to 10 CFR Parts 30, 40, and 50, as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of NRC. The Grantor and the Trustee intend that no third party shall have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to

the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- (a) A certificate duly executed by the Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Certificate of Events, and
- (b) A certificate to the following conditions:
  - (1) that decommissioning is proceeding pursuant to an NRC-approved plan;
  - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that plan; and
  - (3) that NRC has been given 30 days prior notice of The Dow Chemical Company's intent to withdraw funds from the trust fund.

No withdrawal from the Fund for a particular license can exceed 10 percent of the remaining funds available for that license unless NRC written approval is attached.

In addition, the Trustee shall make payments from the Fund as NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by NRC from the Fund for expenditures for required activities in such amounts as NRC shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims, except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as

amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;

- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government, and in obligations of the Federal government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard & Poor's or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

**Section 7. Commingling and Investment.** The Trustee is expressly authorized in its discretion:

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

**Section 8. Express Powers of Trustee.** Without any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and NRC or to reinvest in securities at the direction of the Grantor;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or

arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all 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 any agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

**Section 9. Taxes Expenses.** All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

**Section 10. Annual Valuation.** After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been finished to the Grantor and NRC shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

**Section 11. Advice of Counsel.** The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

**Section 12. Trustee Compensation.** The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (see Schedule C.)

**Section 13. Successor Trustee.** Upon 90 days notice to NRC and the Grantor, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, the successor accepts the appointment, the successor is ready to assume its duties as trustee, and NRC has agreed, in writing, that the successor is an appropriate Federal or State government agency or an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. When the resignation or replacement is effective, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the

Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust, in a writing sent to the Grantor, NRC, and the present Trustee, by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

**Section 14. Instructions to the Trustee.** All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this Agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. If NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by NRC or its designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or NRC 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 NRC, except as provided for herein.

**Section 15. Amendment of Agreement.** This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and NRC, or by the Trustee and NRC if the Grantor ceases to exist. All amendments shall meet the relevant regulatory requirements of NRC.

**Section 16. Irrevocability and Termination.** Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and NRC, or by the Trustee and NRC if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

**Section 17. Immunity and Indemnification.** The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor or NRC issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

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

**Section 19. Interpretation and Severability.** As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation of legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.



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

THE DOW CHEMICAL COMPANY

By: [Signature]  
Fernando Ruiz  
Title: Vice President and Treasurer

BB n  
JFAL

ATTEST: [Signature]  
Michele Osmun  
Title: Senior Paralegal

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

**NON-NEGOTIABLE**

THE BANK OF NEW YORK

By: [Signature]  
THOMAS HACKER  
Title: ASSISTANT VICE PRESIDENT

ATTEST: [Signature]  
MATTHEW G. LOUIS  
Title: Assistant Vice President

[Seal]

## Schedule A

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

<b>U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER(S)</b>	<b><u>NAME AND ADDRESS OF LICENSEE</u></b>	<b><u>ADDRESS OF LICENSED ACTIVITY</u></b>	<b><u>COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT</u></b>
NRC License 21-00265-06	The Dow Chemical Company 2030 Dow Center Midland, MI 48674	The Dow Chemical Company H&ES Industrial Hygiene 1803 Building Midland, MI 48640	Unsealed = \$846,267 Sealed = \$84,628
NRC License R-108	The Dow Chemical Company 2030 Dow Center Midland, MI 48674	The Dow Chemical Company TRIGA Research Reactor Facility 1602 Building Midland, MI 48640	\$1,128,356
NRC License STB-527	The Dow Chemical Company 2030 Dow Center Midland, MI 48674	The Dow Chemical Company Source Material Storage Facilities Michigan Division 4848 Wilder Road Bay City, MI 48706 and Michigan Division Midland, MI 48640	\$21,246,927

The cost estimates listed here were last adjusted and report to the NRC on March 24, 2003.

**Schedule B**

1. DOLLAR AMOUNT: \$930,895

AS EVIDENCED BY: Surety Bond #~~018132~~

2. DOLLAR AMOUNT: \$1,128,356

AS EVIDENCED BY: Surety Bond #~~018132~~

3. DOLLAR AMOUNT: \$21,246,927

AS EVIDENCED BY: Surety Bond #~~018132~~

**NON-NEGOTIABLE**

## **Schedule C**

The Bank of New York  
Insurance Trust & Escrow Dept.  
101 Barclay Street – 8W Floor  
New York, New York 10286

Trustee's fee shall be \$3,000.00 per year.

## Specimen Certificate of Events

*[Insert name and address of trustee]*

Attention: Trust Division

Gentlemen:

In accordance with the terms of the Agreement with you dated \_\_\_\_\_, I, \_\_\_\_\_, Secretary of *[insert name of licensee]*, hereby certify that the following events have occurred:

1. The Dow Chemical Company is required to commence the decommissioning of its facility located at *[insert location of facility]* (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on \_\_\_\_\_ (copy of approval attached).
3. The Board of Directors of *[insert name of licensee]* has adopted the attached resolution authorizing the commencement of the decommissioning.

\_\_\_\_\_  
Secretary of *[insert name of licensee]*

\_\_\_\_\_  
Date

### Specimen Certificate of Resolution

I, \_\_\_\_\_, do hereby certify that I am Secretary of [*insert name of licensee*], a [*insert State of incorporation*] corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on \_\_\_\_\_, 20 \_\_\_\_.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Secretary

RESOLVED, that this Board of Directors hereby authorizes the President, or such other employee of the Company as he may designate, to commence decommissioning activities at [*insert name of facility*] in accordance with the terms and conditions described to this Board of Directors at this meeting and with such other terms and conditions as the President shall approve with and upon the advice of Counsel.

**Letter of Acknowledgment**

STATE OF NEW YORK

To Wit: \_\_\_\_\_

CITY OF NEW YORK

On this 2nd day of June, 2003, before me, a notary public in and for the city and State aforesaid, personally appeared Thomas Hacker, and she/he did depose and say that she/he is an Assistant Vice President of The Bank of New York, a New York banking corporation, Trustee, which executed the above instrument; that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

Carlos R. Luciano  
[Signature of notary public]

My Commission Expires: \_\_\_\_\_  
[Date]

CARLOS R. LUCIANO  
Notary Public, State of New York  
No. 41-4765337  
Qualified in Queens County  
Commission Expires .....

4/30/2006