

UNION CARBIDE CORPORATION 39 OLD RIDGEBURY ROAD, DANBURY, CT 06817-0001

October 29, 1990

JOHN A. CLERICO
VICE PRESIDENT, TREASURER AND
CHIEF FINANCIAL OFFICER

U.S. Nuclear Regulatory Commission
Region I
King Of Prussia, Pennsylvania 19406

Gentlemen:

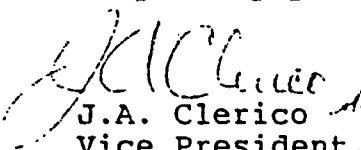
I am the Chief Financial Officer of Union Carbide Corporation ("UCC"), a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 30.

I hereby certify that Union Carbide Corporation is currently going concern, and that it possesses positive tangible net worth in the amount of \$2,926 million as of December 31, 1989

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on December 31.

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

Very truly yours,


J.A. Clerico
Vice President,
Treasurer and
Chief Financial
Officer

6513c

cc: U.S. Nuclear Regulatory Commission
Region II
101 Marietta Street, N.W.
Atlanta, Georgia 30323

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UNION CARBIDE CORPORATION 39 OLD RIDGEBURY ROAD, DANBURY, CT 06817-0001

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VICE PRESIDENT, TREASURER AND
CHIEF FINANCIAL OFFICER

October 29, 1990

U.S. Nuclear Regulatory Commission
Region I
King of Prussia, Pennsylvania 19406

Gentlemen:

I am the Chief Financial Officer of Union Carbide Corporation ("UCC"), a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 30.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 30, the decommissioning of the following facilities owned and operated by a subsidiary of this firm. The current cost estimates for decommissioning, so guaranteed, are shown for each facility:

Name of
Facility

Location of
Facility

Current Cost
Estimates

Union Carbide
Chemicals and
Plastics
Company Inc.

Bushy Run
Research Center
6702 Mellon Road
Export, PA 15632

\$150,000
\$150,000

exempt

Union Carbide
Chemicals and
Plastics
Company Inc.

South Charleston,
West Virginia

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year.

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, 1989.

Financial Test: Alternative I

	(\$MM)
1. Decommissioning cost estimates for facilities- License Nos. 37-19533-01 and 47-00260-02 (total of all cost estimates shown in paragraphs above)	\$ 0.300
*2. Total liabilities	5,557
*3. Tangible net worth (Total UCC Stockholder's Equity, plus Minority Stockholder's equity in consolidated subsidiaries, less intangibles - patents, trademarks and goodwill-in Footnote 7)	2,926
*4. Net worth	2,989
*5. Current assets	2,787
*6. Current liabilities	2,328
*7. Net working capital (line 5 minus line 6)	459
*8. The sum of net income plus depreciation, depletion and amortization	1,071
*9. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States) -- excludes assets of UCC's Puerto Rico and international subsidiaries which are included in total reported worldwide consolidated assets.	5,771

Exempt
4

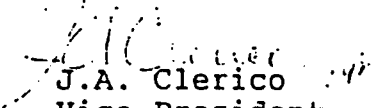
	Yes	No
10. Is line 3 at least \$10 million?	<u>X</u>	<u> </u>
11. Is line 3 at least 6 times line 1?	<u>X</u>	<u> </u>
12. Is line 7 at least 6 times line 1?	<u>X</u>	<u> </u>
13. Are at least 90 percent of firm's assets located in the United States? If not, complete line 14.	<u> </u>	<u>X</u>
14. Is line 9 at least 6 times line 1?	<u>X</u>	<u> </u>
(Guarantor must meet two of the following 3 ratios)		
15. Is line 2 divided by line 4 less than 2.0?	<u>X</u>	<u> </u>
16. Is line 8 divided by line 2 greater than 0.1?	<u>X</u>	<u> </u>
17. Is line 5 divided by line 6 greater than 1.5?	<u> </u>	<u>X</u>

Exempt
4

* Denotes figures derived from financial statements at 12/31/89.

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

Very truly yours,


J.A. Clerico
Vice President,
Treasurer and
Chief Financial
Officer

cc: U.S. Nuclear Regulatory Commission
Region II
101 Marietta Street, N.W.
Atlanta, Georgia 30323

6513c



Peat Marwick

Certified Public Accountants

Lee Farm Corporate Park
83 Wooster Heights
Danbury, CT 06810

The Board of Directors
Union Carbide Corporation:

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Union Carbide Corporation and subsidiaries (the "Company") as of December 31, 1989 and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended, and have issued our report thereon dated February 26, 1990.

In accordance with Title 10 CFR Part 30 of the Code of Federal Regulations, we compared the data in Items 2 through 9 under the heading "Financial Test: Alternative I" of the letter from the Vice President, Treasurer and Chief Financial Officer dated October 29, 1990 in support of the Company's use of the financial test to demonstrate financial assurance, as specified in such regulations, with the audited financial statements.

In connection with the procedure referred to in the paragraph above, no matters came to our attention that caused us to believe that the specified data should be adjusted.

We understand that this report is intended solely to assist you in evaluating the Company's adherence to the requirements of Title 10 CFR Part 30 of the Code of Federal Regulations and should not be used for any other purpose.

KPMG Peat Marwick

October 29, 1990



Member Firm of
Klynveld Peat Marwick Goerdeler

UNION CARBIDE CORPORATION 39 OLD RIDGEBURY ROAD, DANBURY, CT 06817-0001

JOHN A. CLERICO
VICE PRESIDENT, TREASURER AND
CHIEF FINANCIAL OFFICER

PARENT COMPANY GUARANTEE

Guarantee made this October 29, 1990 by Union Carbide Corporation ("UCC"), a corporation organized under the laws of the State of New York, herein referred to as "guarantor", to the U.S. Nuclear Regulatory Commission ("NRC") and found acceptable to the NRC, obligee, on behalf of our subsidiary Union Carbide Chemicals and Plastics Company Inc. ("UCC&P"), 39 Old Ridgebury Road, Danbury, Connecticut 06817-0001.

Recitals

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of New York, its State of Incorporation.
2. This 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, Part 30, which require that a holder of or an applicant for, a materials license issued pursuant to 10 CFR Part 30 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for the facilities referenced in License No. 37-19533-01 6702 Mellon Road, Export, PA 15632, and License No. 47-00260-02, South Charleston, West Virginia, as required by 10 CFR Part 30. The decommissioning costs for which are \$150,000 for each facility (total of \$300,000). X-ent 4
4. The guarantor meets or exceeds the following financial test criteria of Alternative I as detailed in the attached letter and agrees to comply with all notification requirements as specified in 10 CFR Part 30. X-ent 4
 - (i) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates; and
 - (ii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the amount of the current decommissioning cost estimates; and

- (iii) Meets two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities that is greater than 0.1; and a ratio of current assets to current liabilities that is greater than 1.5; and
- (iv) Tangible net worth of at least \$10 million.
5. The guarantor has majority control of the voting stock for the following licensee covered by this guarantee: UCC&P, 6702 Mellon Road, Export, PA 15632, License No. 37-19533-01; South Charleston, West Virginia, License No. 47-00260-02.
6. Decommissioning activities as used below refers to the activities required by 10 CFR Part 30 for decommissioning of the facilities identified above.
7. For value received from UCC&P, the guarantor, guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License Nos. 37-19533-01 and 47-00260-02, the guarantor shall
- (a) carry out the required activities, or
- (b) set up a trust fund in favor of the above identified beneficiary in the amount of these current cost estimates for these activities.
8. The guarantor agrees to submit financial statements, financial test data, and a special auditor's report annually 90 days after the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 30. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if UCC&P has not done so.
10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.
- *
EXEMP
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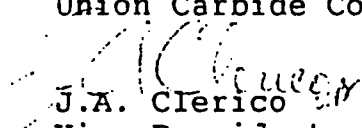
11. The guarantor agrees that within 30 days after it is disallowed from continuing as a guarantor for the facilities, under License No. 37-19533-01 and/or License No. 47-00260-02, it shall establish an alternative financial assurance as specified in 10 CFR Part 30 in the name of UCC&P unless UCC&P has done so.
12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of 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 Part 30.
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as UCC&P must comply with the applicable financial assurance requirements to 10 CFR Part 30 for the previously listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to UCC&P, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and UCC&P as evidenced by the return receipts.
15. The guarantor agrees that if UCC&P fails to provide alternative financial assurance as specified in 10 CFR Part 30, 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 both the NRC and UCC&P from the guarantor, the guarantor shall provide such alternative financial assurance in the name of UCC&P or make full payment under this guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by UCC&P. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and amendments or modification of the license.

17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

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

Effective Date: October 29, 1990

Union Carbide Corporation


J.A. Clerico

Vice President, Treasurer
and Chief Financial Officer

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