

Bayer MaterialScience



Certified Mail 70042510000240339466
Return Receipt Requested

July 1, 2005

K-2

Mr. David Everhart
Nuclear Materials Safety Branch #2
U.S. Nuclear Regulatory Commission, Region I
475 Allendale Road
King of Prussia, PA 19406-1415

03030292

RE: Radioactive Materials License 06-13053-04
Bayer Pharmaceuticals Corporation - West Haven, CT Facility

Bayer MaterialScience LLC
100 Bayer Road
Pittsburgh, PA 15205-9741

Phone: 412 777-2000

Dear Mr. Everhart:

Pursuant to our discussion on June 30, 2005, enclosed is a new guarantee from Bayer Corporation for coverage of Bayer Pharmaceuticals Corporation's decommissioning activities.

The new guarantee replaces the original guarantee that is dated April 28, 2004. As we agreed, the third recital of the new guarantee does not include the dollar value of the current decommissioning cost estimate, but rather a reference to the latest annual CFO letter (which includes the current cost estimate).

If you have any questions or need additional information, please contact me at 412-777-7474.

Sincerely,

Terrence Sullivan
Safety and Environmental Center
Bayer MaterialScience LLC
FIN05023

Enclosure

RECEIVED
REGION I
2005 JUL - 5 PM 2:03

136708

NMSS/RGNI MATERIALS-002

PARENT COMPANY GUARANTEE

Guarantee made this July 1, 2005 by Bayer Corporation, a corporation organized under the laws of the State of Indiana, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC), beneficiary, on behalf of our subsidiary Bayer Pharmaceuticals Corporation, of 400 Morgan Lane, West Haven, CT 06516.

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 Indiana, 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 following facilities as required by 10 CFR Part 30. The decommissioning costs for these activities are as defined in the following table:

Name of Facility	License Number	Location of Facility	Certified Amounts or Current Cost Estimates
Bayer Pharmaceuticals Corporation	06-13053-04	400 Morgan Lane West Haven, CT 06516	As noted in latest annual CFO letter

4. The guarantor meets or exceeds the financial test criteria of (b)(i) through (b)(iv), as described below, and agrees to comply with all notification requirements as specified in 10 CFR Part 30 and Appendix A to 10 CFR Part 30.

The guarantor meets one of the following two financial tests:

- (a)(i) 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 greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and
- (a)(ii) Net working capital and tangible net worth each at least six times the costs covered by financial tests; and
- (a)(iii) Tangible net worth of at least \$10 million; and
- (a)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.

OR

NONNEGOTIABLE

- (b)(i) A current rating for its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard & Poor's, or Aaa, Aa, A or Baa as issued by Moody's; and
 - (b)(ii) Tangible net worth at least six times the costs covered by financial tests; and
 - (b)(iii) Tangible net worth of at least \$10 million; and
 - (b)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.
5. The guarantor has majority control of the voting stock for the following licensees covered by this guarantee:

Name of Facility	License Number	Location of Facility
Bayer Pharmaceuticals Corporation	06-13053-04	400 Morgan Lane West Haven, CT 06516

6. Decommissioning activities as used below refer to the activities required by 10 CFR Part 30, for decommissioning of the facilities identified above.
7. For value received from Bayer Pharmaceuticals Corporation, and pursuant to the guarantor's authority to enter into this guarantee, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. 06-13053-04, 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 the current cost estimates for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of 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 Bayer Pharmaceuticals Corporation 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.
11. The guarantor agrees that if it determines, at any time other than as described in Recital 9, that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 30, 40, 70, or 72, as applicable, within 30 days, in the name of Bayer Pharmaceuticals Corporation unless Bayer Pharmaceuticals Corporation 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, NRC, 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 Bayer Pharmaceuticals Corporation must comply with the applicable financial assurance requirements of 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 Bayer Pharmaceuticals Corporation, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and Bayer Pharmaceuticals Corporation as evidenced by the return receipts.
15. The guarantor agrees that if Bayer Pharmaceuticals Corporation 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 Bayer Pharmaceuticals Corporation from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Bayer Pharmaceuticals Corporation or make full payment under the guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by Bayer Pharmaceuticals Corporation. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of 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.

BAYER CORPORATION



Willy Scherf
Chief Financial Officer
Bayer Corporation
FIN05022

Signature of witness or notary

