

BANK OF BOSTON
 THE FIRST NATIONAL BANK OF BOSTON
 POST OFFICE BOX 1763
 BOSTON, MASSACHUSETTS 02105 U.S.A.

40-6940
 PDR

DATE: July 16, 1990

BENEFICIARY

U.S. NUCLEAR REGULATORY COMMISSION
 REGION 1
 475 ALLENDALE RD.
 KING OF PRUSSIA, PA 19406

IRREVOCABLE STANDBY LETTER OF CREDIT NO. I-031-LACO-50054319

THIS CREDIT EXPIRES JULY 31, 1991

Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit No. 031-LACO-50054319 in your favor, at the request and for the account of Cabot Corporation, County Line Road, Bowntown, PA 19512 up to the aggregate amount of (Seven Hundred Fifty Thousand and No/100 U.S. Dollars) U.S. Dollars 750,000.00 available upon presentation of:

- (1) Your sight draft, bearing reference to this Letter of Credit No. I-031-LACO-50054319, and
- (2) Your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of U.S. Nuclear Regulatory Commission."

This letter of credit is issued in accordance with regulations issued under the authority of 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. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40, which require that a holder of, or an applicant for a license issued under 10 CFR Part 40 provide assurance that funds will be available when needed for decommissioning.

This letter of credit is effective as of July 16, 1990 and shall expire on July 31, 1991, but such expiration date shall be automatically extended for a period of one year on July 31, 1991 and on each successive expiration date, unless, at least 90 days before the current expiration date, we notify both you and Cabot Corporation, as shown on a signed returned receipt. If Cabot Corporation is unable to secure alternative financial assurance to replace this letter of credit within

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Page 1

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30 days of notification of cancellation (the NRC may draw upon the full value of this letter of credit prior to cancellation). The bank shall give immediate notice to the applicant and the 'NRC' of any notice received or action filed alleging (1) the insolvency or bankruptcy of the financial institution or (2) any violations of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The financial institution also shall give immediate notice if the bank for any reason becomes unable to fulfill its obligation under the letter of credit.

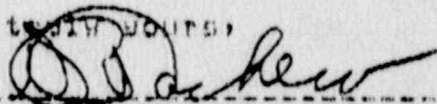
Whenever this letter of credit is drawn on under and in compliance with the terms of this letter of credit, we shall duly honor such draft upon its presentation to us within 30 days, and we shall deposit the amount of the draft directly into the standby trust fund of Cabot Corporation in accordance with your instructions.

Each draft must bear upon its face the clause 'Drawn under Letter of Credit No. I-031-LACO-50054319 dated July 16, 1990 of The First National Bank of Boston, Boston, MA' and the total of this draft and all other drafts previously drawn under this letter of credit does not exceed \$50,000.00.

Except so far as otherwise expressly stated herein, this letter of credit is subject to the 'Uniform Customs and Practices for Documentary Credits (1983 Revision), International Chamber of Commerce Publication No. 400' and to the extent not inconsistent therewith, the Uniform Commercial Code of the State of Pennsylvania.

Kindly address all correspondence regarding this letter of credit to the attention of our Letter of Credit Operations, P.O. BOX 1763, BOSTON, MA 02105, attention ROBERT MARSHALL, mentioning our reference number as it appears above. Telephone inquiries can be made to ROBERT MARSHALL at (617) 434-3186.

Very truly yours,



D.F. Pacheco, Trade Services Representative

Page 2