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June 25, 1997

**BY FACSIMILE AND FEDERAL EXPRESS**

U.S. Nuclear Regulatory Commission  
Region III  
Material Licensing Section  
801 Warrenville Road  
Lisle, IL 60532-4351

10 C.F.R. § 30.34(b)

Re: Materials License No. 24-02261-03, Docket No. 030-05081

Dear Sir:

McDonnell Douglas Corporation ("MDC"), through its unincorporated division McDonnell Douglas Aerospace ("MDA"), is the holder of the above-referenced license. MDC is contemplating a merger with a wholly owned subsidiary of The Boeing Company ("Boeing"), as a result of which MDC would become a wholly owned subsidiary of Boeing. I am writing to assure that any necessary NRC approvals for the merger are received in a timely manner.

No transfer of the NRC license is contemplated. MDC will remain the licensee after the merger. (It is currently expected that MDC will remain the licensee through MDA. As discussed below, the name of MDA may change, but the scope of its operations in St. Louis is not expected to change in any material respect.) The merger will not affect the St. Louis nuclear operations that are covered by the license. The use and handling of the radioactive materials will continue as before the merger. Although the titles of some managers may change, no nuclear management positions, including those responsible for oversight, control, and radiological safety of licensed materials, are expected to be fundamentally altered by the merger. The licensee will continue to make its own decisions with regard to nuclear operations, nuclear safety, and financial requirements. As a result, the public health and safety will in no way be affected by this transaction.

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In light of the nature of this transaction and its inconsequential relationship to licensed activities, the licensee believes that approval under 10 C.F.R. § 30.34(b) may not be required. However, if the Commission is of the view that NRC approval is necessary, the licensee hereby requests such approval. As shown below, the proposed merger will not affect the licensee's qualifications as a licensee or its ability to comply with all present and future obligations under its license and is fully consistent with all applicable provisions of law, NRC regulations, and Commission orders.

In order to assist the Commission in its review of this request, I shall describe the proposed merger and then provide the information requested in NRC Information Notice 89-25, Rev. 1 (Dec. 7, 1994) ("Information Notice"). Finally, I will demonstrate that after the merger: (1) radioactive materials will be possessed, used, owned, or controlled only by persons who have valid NRC licenses; (2) materials will be properly handled and secured; (3) persons using such materials will be capable, competent, and committed to implement appropriate radiological controls; (4) the licensee will provide adequate financial assurance for compliance with NRC requirements; and (5) public health and safety will not be compromised by the use of such materials.

#### I. The Merger and the Parties

MDC is a major participant in both the defense and commercial aerospace industries. MDC has a wide range of programs in production and development, and is the world's leading producer of military aircraft. MDC is one of the largest U.S. defense contractors and NASA prime contractors and is also a manufacturer of large commercial transport aircraft. Programs and products constituting most of MDC's business volume are of a highly technical nature, comparatively few in number, high in unit cost, and have traditionally had relatively long production lives.

Boeing, together with its subsidiaries, is one of the world's major aerospace firms. Boeing operates in two principal industries: commercial aircraft, and defense and space. Commercial aircraft operations -- conducted through Boeing Commercial Airplane Group -- involve development, production and marketing of commercial jet aircraft and providing related support services to the commercial airline industry worldwide. Defense and space operations -- conducted through Boeing Defense & Space Group -- involve research, development, production, modification and support of military aircraft and helicopters and related systems, space and missile systems, rocket engines, and information services, primarily through U.S. Government contracts.

The MDC Board believes the merger offers MDC and its shareholders an opportunity to participate in the creation of a leading aerospace and defense company.

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which can provide the critical mass and economies of scale necessary to compete effectively in the current global business environment. The MDC Board believes that the combined revenues of MDC and Boeing, the potential for significant cost savings, the complementary nature of their respective businesses, and the increased geographic presence and expanded contribution to the U.S. industrial base and exports that would result from the merger are compelling reasons for the combination of MDC and Boeing. This is particularly important in the current environment of lower defense spending and increased competitiveness. In addition, the defense industry has for several years been going through a period of great consolidation. As the number of companies in the defense industry has decreased, the size of the remaining entities has grown significantly; in particular, within the past two years, two of MDC's competitors have consummated or entered into agreements to consummate transactions significantly increasing their size.

To facilitate the merger, a wholly owned subsidiary of Boeing was incorporated in December 1996 ("Sub"). Sub has minimal assets and no business. On the effective date of the merger, Sub will be merged with and into MDC, with MDC surviving as a wholly owned subsidiary of Boeing. As part of the merger, MDC's shareholders will receive Boeing stock on a defined ratio.

Complete details about the transaction are provided in the enclosed joint proxy statement/prospectus.

II. Information Notice 89-25, Rev. 1

The following are detailed responses to the requests identified in the Information Notice. The numbers refer to the specific items listed in that notice:

(1) There will be no change in the licensee, although it is possible that, after the merger, MDA will be given a different name. Any change in MDA's name will in no way affect the St. Louis area nuclear operations.

(2) There will be no change in the licensee contact or telephone numbers.

(3) The merger is not expected to cause any change in personnel having direct control over licensed activities. No nuclear management positions will change as a result of the merger and the management structure for oversight of nuclear operations and safety will continue as it is today.

With one exception, noted below, there will be no changes in the personnel named in the license, including authorized users and other persons identified in



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the latest license renewal application as responsible for radiation safety or the use of licensed material.

As the licensee stated in its letter of June 23, 1997, the Radiation Safety Officer ("RSO"), Eric Dennison, has ceased to perform his duties. The Associate RSO, Michael Bien, is now the Acting RSO.

(4) The licensee will continue to be the licensee and will remain in the licensed business.

(5) The description of the merger is provided in Section I.

(6) There are no planned changes in organization, location, facility, equipment, or procedures, other than such improvements in procedures, in the ordinary course of business, as may result from Total Quality Management initiatives.

(7) No change is contemplated in the use, possession, location, or storage of the licensed materials.

(8) No changes are contemplated in organization, location, facilities, equipment, procedures, or personnel that would require a license amendment, with the exception of replacing the RSO as described in Item 3.

(9) All surveillance items and records (e.g., calibrations, leak tests, surveys, inventories, and accountability requirements) are current now and will be current at the time of the merger closes.

(10) All records concerning the safe and effective decommissioning of the facility, public dose, and waste disposal will remain with the licensee, which will continue as the licensee after the merger.

(11) Normal operations, involving manufacturing and laboratory work, are ongoing at the St. Louis area facilities. The licensee is not aware of the presence of any measurable radioactive contamination at any of its facilities.

(12) There are no decontamination plans, as none are required. To provide financial assurance, MDC has posted a Surety Bond of \$225,000. This bond will remain in place after the merger. The licensee will continue to be the licensee after the merger and therefore will remain responsible for any necessary cleanup.

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(13) The licensee will continue to abide by all commitments and representations it previously has made to the NRC. It continues to accept full liability for the site, and, as demonstrated by its Surety Bond, has adequate resources to fund decommissioning, if any is needed. MDC has assets of over \$11 billion, providing added assurance that there are adequate assets to pay for any necessary decommissioning. The licensee will remain responsible for all open inspection items and/or any resulting enforcement actions.

(14) The licensee certifies that the merger will not change the control of the licensed material and activity.

(15) The licensee will abide by all constraints, conditions, requirements, representations, and commitments identified in the existing license.

III. Demonstration that Requirements in Information Notice 89-25 Are Met

The Information Notice says that the NRC reviews transfers to assure the following:

(1) Radioactive materials are possessed, used, owned, or controlled only by persons who have valid NRC licenses.

This condition is satisfied because the licensee will not change. The licensee has held the above-referenced byproducts materials license since 1984 and has a proven track record as a responsible licensee. The radioactive materials will continue to be possessed, used, owned and controlled only by the licensee.

(2) Materials are properly handled and secured.

No changes in facilities or procedures for the handling or securing of licensed materials will occur as a result of the merger. The materials will be handled and secured in ways previously described to the NRC and approved by the NRC.

(3) Persons using radioactive materials are capable, competent, and committed to implement appropriate radiological controls.

The persons who will use the licensed materials after the merger are the same ones who are safely using it today. (From time to time, there is normal turnover of personnel in the ordinary course of business.) As a result, all persons using such materials are capable, competent, and committed to implement appropriate radiological controls.

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(4) Licensees provide adequate financial assurance for compliance with NRC requirements.

The bond currently maintained by the licensee to provide financial assurance will remain in place after the merger. The licensee has ample financial strength to assure compliance with all NRC requirements.

(5) Public health and safety are not compromised by the use of such materials.

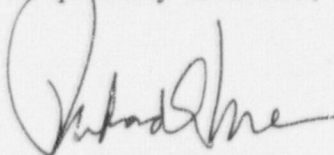
In granting and renewing the license at issue, the NRC has approved the current use of the nuclear materials, indicating that it does not compromise the public health and safety. The licensee's use and handling of nuclear materials will not be affected by the merger.

#### CONCLUSION

As shown above, the proposed merger will not in any way adversely affect the licensee's qualifications as holder of its byproduct materials license. The proposed merger is consistent with all applicable provisions of law and the Commission's regulations. Accordingly, if the Commission concludes that its approval is necessary, we respectfully request that the Commission consent to the proposed merger.

We hope that it will be feasible for the NRC to rule on this matter by August 1, 1997. If additional information is needed or if you have any questions, please feel free to contact me.

Respectfully submitted,



Richard A. Meserve

Counsel for McDonnell Douglas  
Corporation

Enclosure