

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA

CONCERNING COOPERATION IN THE AREA OF ADVANCED
PRESSURISED WATER REACTOR NUCLEAR POWER PROJECTS IN
CHINA AND RELATED TECHNOLOGY TRANSFER

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA (TOGETHER HEREINAFTER REFERRED TO AS THE SIGNATORIES):

RECOGNIZING THAT THE UNITED STATES OF AMERICA AND THE PEOPLE'S REPUBLIC OF CHINA ARE NATIONS POSSESSING NUCLEAR WEAPONS AND ARE SIGNATORIES TO THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS AND MEMBERS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY;

NOTING THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA CONCERNING PEACEFUL USES OF NUCLEAR ENERGY, SIGNED JULY 23, 1985 (HEREINAFTER REFERRED TO AS THE 1985 AGREEMENT);

NOTING THE AGREEMENT BETWEEN THE DEPARTMENT OF ENERGY OF THE UNITED STATES OF AMERICA (HEREINAFTER REFERRED TO AS THE DEPARTMENT OF ENERGY) AND THE STATE DEVELOPMENT AND PLANNING COMMISSION OF THE PEOPLE'S REPUBLIC OF CHINA ON COOPERATION CONCERNING PEACEFUL USES OF NUCLEAR TECHNOLOGIES, SIGNED JUNE 29, 1998;

NOTING THE STATEMENT OF INTENT ON EXCHANGE OF GOVERNMENT ASSURANCES REQUIRED FOR TRANSFER AND MUTUAL EXCHANGES OF NUCLEAR TECHNOLOGY BETWEEN THE DEPARTMENT OF ENERGY OF THE UNITED STATES OF AMERICA AND CHINA ATOMIC ENERGY AUTHORITY , SIGNED SEPTEMBER 16, 2003;

NOTING THAT THE PEACEFUL USE OF NUCLEAR ENERGY IS AN IMPORTANT FACTOR FOR BOTH COUNTRIES;

HAVE REACHED THE FOLLOWING UNDERSTANDING:

ARTICLE 1

RECOGNIZING THAT THE UNITED STATES GOVERNMENT HAS AUTHORIZED THE EXPORT TO THE PEOPLE'S REPUBLIC OF CHINA OF WESTINGHOUSE AP1000 TECHNOLOGY FOR USE IN THE SANMEN AND YANGJIANG AND OTHER AP1000 CIVILIAN NUCLEAR POWER PLANTS IN CHINA, HAS ISSUED LICENSES FOR THE EXPORT TO THE PEOPLE'S REPUBLIC OF CHINA OF RELATED EQUIPMENT, FUEL AND SERVICES NECESSARY FOR THE USE OF AP1000 TECHNOLOGY IN THE CONSTRUCTION OF THE SANMEN AND YANGJIANG CIVILIAN NUCLEAR POWER PLANTS, AND HAS PROVIDED LETTERS EXPRESSING THE SUPPORT OF THE UNITED STATES GOVERNMENT FOR THE EXPORT OF AP1000 TECHNOLOGY AND EQUIPMENT TO CHINA BY WESTINGHOUSE FOR USE IN THOSE TWO PROPOSED PLANTS, THE GOVERNMENT OF THE UNITED STATES REAFFIRMS THAT IT SEES NO OBSTACLES TO THE APPROVAL OF NUCLEAR ENERGY PLANT EXPORTS FROM THE UNITED STATES TO THE PEOPLE'S REPUBLIC OF CHINA, CONSISTENT WITH THE 1985 AGREEMENT, FOR THE PROPOSED SANMEN AND YANGJIANG CIVILIAN NUCLEAR PLANT PROJECTS. THE GOVERNMENT OF THE UNITED STATES IS PREPARED TO TAKE ALL APPROPRIATE STEPS, SUBJECT TO UNITED STATES LAWS AND REGULATIONS, TO FACILITATE SUCH TRANSACTIONS IF THE CHINESE ENTERPRISES DECIDE TO PURCHASE THE WESTINGHOUSE AP1000 TECHNOLOGY AND RELATED EQUIPMENT. THE GOVERNMENT OF THE UNITED STATES HAS AUTHORITY TO LICENSE THE EXPORT OF WESTINGHOUSE NUCLEAR EQUIPMENT AND TECHNOLOGY FROM THE UNITED STATES. THE GOVERNMENT OF THE UNITED STATES OF AMERICA REITERATES ITS SUPPORT FOR THESE EXPORTS TO CHINA, AND AFFIRMS THAT FUTURE EXPORTS OF EQUIPMENT, FUEL, AND SERVICES RELATED TO CONSTRUCTION OF OTHER AP1000 TECHNOLOGY PROJECTS WILL BE TREATED IN ACCORDANCE WITH THIS MOU, AS

LONG AS SUCH EXPORTS ARE CONSISTENT WITH UNITED STATES LAWS AND REGULATIONS.

ARTICLE 2

IN ORDER TO FACILITATE THE SUCCESSFUL CONSTRUCTION AND COMPLETION OF THE SANMEN AND YANGJIANG NUCLEAR POWER PROJECTS WITH WESTINGHOUSE; AND THE TRANSFER OF TECHNOLOGY AND EXPORT OF EQUIPMENT BY WESTINGHOUSE TO CHINA; AND TO PROMOTE THE DEVELOPMENT OF ECONOMIC AND TRADE RELATIONS AND STRENGTHEN COOPERATION IN THE FIELD OF ENERGY BETWEEN THE SIGNATORIES, AND IN VIEW OF THE FACT THAT THE AP1000 REACTOR MODEL FALLS WITHIN THE SCOPE OF COOPERATION SET FORTH IN THE 1985 AGREEMENT, IT IS THE INTENTION OF THE SIGNATORIES THAT THIS MEMORANDUM OF UNDERSTANDING SUPPORT THE EXPORT TO CHINA AND UTILIZATION THERE OF WESTINGHOUSE AP1000 NUCLEAR ENERGY TECHNOLOGY IN CIVILIAN NUCLEAR POWER PROJECTS WITHIN THE SCOPE OF COOPERATION OF THE 1985 AGREEMENT.

ARTICLE 3

THE SIGNATORIES AFFIRM THAT INSTALLATION OF THE AP1000 NUCLEAR GENERATING UNITS AT THE SANMEN and YANGJIANG CIVILIAN NUCLEAR POWER PLANTS AND RELATED TECHNOLOGY TRANSFER ARE KEY PROJECTS FOR ENERGY COOPERATION BETWEEN THE GOVERNMENTS OF CHINA AND THE UNITED STATES. THE SIGNATORIES INTEND TO INCLUDE THIS TOPIC IN THE ANNUAL DIALOGUE BETWEEN THE TWO GOVERNMENTS IN THE FIELD OF ENERGY AND TO ATTEMPT TO ADDRESS IN A TIMELY MANNER ANY PROBLEMS THAT MAY ARISE IN THE IMPLEMENTATION OF THESE PROJECTS.

ARTICLE 4

THE SIGNATORIES AFFIRM THAT THE CONSTRUCTION AND IMPLEMENTATION OF THE SANMEN AND YANGJIANG CIVILIAN NUCLEAR

POWER PROJECTS, USING WESTINGHOUSE AP1000 TECHNOLOGY CONSTITUTE COMMERCIAL TRANSACTIONS, UNDER THE LAWS AND REGULATIONS OF EACH SIGNATORY. THE SIGNATORIES CONFIRM THAT THE MUTUAL ASSURANCES CONTAINED IN THIS MEMORANDUM OF UNDERSTANDING ARE TO BE APPLIED TO ENSURE THE EXECUTION OF THE PROJECTS WITHOUT ANY HINDRANCE, TO THE EXTENT THAT IS POSSIBLE WITHIN LAWS AND REGULATIONS, AND IN ACCORDANCE WITH THE ABOVE MENTIONED AGREEMENTS.

ARTICLE 5

THIS MEMORANDUM OF UNDERSTANDING BECOMES EFFECTIVE UPON SIGNATURE BY BOTH SIGNATORIES.

SIGNED IN BEIJING, CHINA ON DECEMBER 16, 2006, IN DUPLICATE IN THE ENGLISH AND CHINESE LANGUAGES.

FOR THE GOVERNMENT
OF THE UNITED STATES OF
AMERICA

A handwritten signature in black ink, appearing to read "Samuel W. Bodman".

FOR THE GOVERNMENT OF
THE PEOPLE'S REPUBLIC OF
CHINA

A handwritten signature in black ink, consisting of two Chinese characters: "马凯" (Ma Kai).