**DEVELOPMENTS IN THE CHAPTER 11 BANKRUPTCY CASE OF**

**WESTINGHOUSE ELECTRIC COMPANY, LLC, ET AL.**

**DURING THE PERIOD OF MAY 30, 2017 – JUNE 7, 2017**

This memorandum summarizes developments in the Chapter 11 bankruptcy case of Westinghouse Electric Company, LLC and 29 of its affiliated companies (collectively, “Westinghouse”), all of which are in joint administration under Case No. 17-10751(MEW) in the U.S. Bankruptcy Court for the Southern District of New York. This memorandum supplements the memorandum previously posted on this website covering the period from the filing of the Westinghouse bankruptcy case on March 29, 2017 through May 29, 2017.

As previously reported, work on the V.C. Summer Plant in South Carolina continues pursuant to an Interim Assessment Agreement entered into by and between South Carolina Electric and Gas Company (“SCE&G”) and South Carolina Public Service Authority (“Santee Cooper”), as owners of the V.C. Summer Plant, and Westinghouse, and work on the Vogtle Plant in Georgia continues pursuant to an Interim Assessment Agreement entered into by and between Georgia Power Company (“GPC”), acting for itself and as agent for Oglethorpe Power Corporation, Municipal Electric Authority of Georgia and the City of Dalton Georgia (collectively, the “Southern Companies”), as the owners of the Vogtle Plant, and Westinghouse. Under the Interim Assessment Agreements, the owners of the two plants agreed to pay all costs of the work and supplies incurred after the bankruptcy filing date (“post-petition”). The agreements have been extended. The Interim Assessment Agreement for the V.C. Summer Plant extends through June 26, 2017, and the Interim Assessment Agreement for the Vogtle Plant extends through June 9, 2017 (by virtue of amendments made on June 3, 2017 and on June 5, 2017), if not terminated sooner. It is possible that the agreements may be further extended.

On May 30, 2017, the U.S. Nuclear Regulatory Commission (“NRC”) filed in the bankruptcy case its Notice of U.S. Nuclear Regulatory Commission Requirements Applicable to Debtor Westinghouse Electric Company LLC (the “NRC Requirements Notice”). The NRC Requirements Notice states that Westinghouse is prohibited from transferring its NRC licenses without prior written approval from NRC; that Westinghouse is subject to obligations as the holder of nuclear materials licenses, export licenses, certificates of compliance for nuclear materials packages, and other regulatory requirements; that Westinghouse is subject to obligations as the applicant for the AP1000 reactor design certification and pursuant to federal regulations, as an entity that provides designs, components, and services to the nuclear industry; and that, notwithstanding the bankruptcy, Westinghouse remains responsible for complying with all applicable statutory and regulatory requirements, including the prohibition on transfer of its licenses without NRC’s prior written approval and the requirement to provide and maintain adequate decommissioning financial assurance. The NRC Requirements Notice further states that it is the responsibility of Westinghouse and any purchaser or transferee of the companies or the assets to ascertain and comply with all terms of the licenses, applicable statutory requirements, and NRC rules and regulations, including those limiting license transfer.

On June 5, 2017, the Committee on Foreign Investment in the United States (“CFIUS”) filed in the bankruptcy case its Notice of the United States of America Concerning the Review of Certain Transactions by the Committee on Foreign Investment in the United States (the “CFIUS Notice”) for the stated purpose of addressing the potential that certain transactions involving the sale of one or more of the Westinghouse companies or their assets “could be subject to CFIUS review, which could affect the transactions’ timing, terms, and ability to be completed.” The CFIUS Notice provides a description of the CFIUS review process.

As stated in the CFIUS Notice, CFIUS is an inter-agency committee authorized to review certain transactions that could result in control of a U.S. business by a foreign person, in order to determine the effect of such actions on the national security of the United States. The members of CFIUS include the Secretaries of the Treasury (chair of the Committee), State, Defense, Commerce, Energy and Homeland Security; the Attorney General; the U.S. Trade Representative; the Director of the White House Office of Science and Technology Policy; and the heads of any other executive department, agency or office, as determined appropriate on a case-by-case basis. The Director of National Intelligence and the Secretary of Labor are nonvoting, *ex officio* members of CFIUS, and officials of five White House offices are observers.

The CFIUS Notice states that, “CFIUS has the authority to review any acquisition by a foreign person that could result in foreign control of Westinghouse or of their components or assets that constitute a U.S. business. Moreover, if CFIUS identifies any national security concerns with such acquisition, CFIUS or the President could take action that affects the ability of the parties to complete the transaction, the timing of completion, and/or the terms of the transaction.” This authority can be invoked even after the transaction has been closed.

Neither the NRC Requirements Notice nor the CFIUS Notice specify any proposed transactions they were filed to address. The two notices are intended to cover any and all proposed transactions in the case.

In regard to other matters in the Westinghouse case, contractors and vendors continue to file notices of their asserted mechanic’s liens in the bankruptcy case under Section 546(b) of the Bankruptcy Code (11 U.S.C. § 546(b)). This section allows lien claimants to file notice of the asserted lien claim such that the notice will be deemed timely under state law, though the automatic stay of the bankruptcy (11 U.S.C. § 362(a)) applies to stay action in state court against Westinghouse. The lien claimants are not stayed by the bankruptcy from asserting claims against the owners of the V.C. Summer Plant or the Vogtle Plant; however, due to issues relating to determination of the claim amounts and certain possible defenses the owners may assert, it is expected that some coordination of the bankruptcy matters and state court claim assertion will occur.