

MALACAÑANG
MANILA

ADMINISTRATIVE ORDER 4

DESIGNATING A NEGOTIATING PANEL ON THE BATAAN NUCLEAR POWER PLANT, AUTHORIZING IT TO NEGOTIATE THE TERMS OF CERTAIN AGREEMENTS WITH WESTINGHOUSE ELECTRIC CORPORATION UNDER DIRECTION AND SUPERVISION OF THE CHAIRMAN, PRESIDENTIAL COMMITTEE ON THE BATAAN NUCLEAR POWER PLANT, AND FOR OTHER PURPOSES

WHEREAS, the question of whether or not to operate the Bataan Nuclear Power Plant (hereinafter "BNPP") as a nuclear facility is a long standing national issue on which a final and definite decision should be made as early as possible;

WHEREAS, the decision should be based on a national consensus arrived at through national debate on major aspects of the issue;

WHEREAS, the Republic of the Philippines and National Power Corporation are plaintiffs, and Westinghouse Electric Corporation, with its affiliates (hereinafter "Westinghouse"), and Burns & Roe are defendants in Civil Action No. 88-5150 (DRD) before the United States District Court for New Jersey in the United States of America (hereinafter "Lawsuit");

WHEREAS, the Republic of the Philippines, National Power Corporation, Westinghouse and Burns & Roe are also parties to an arbitration proceeding docketed as Case No. 6401/BGD before the International Court of Arbitration of the International Chamber of Commerce (ICC) in Switzerland (hereinafter "Arbitration");

WHEREAS, in connection with the Lawsuit and Arbitration, the Republic of the Philippines, Westinghouse and Burns & Roe entered into a Conditional Settlement Agreement on March 4, 1992, and later on submitted it before the aforesaid U.S. District Court with a manifestation of their intention to proceed to implement the same;

WHEREAS, the Republic of the Philippines, Westinghouse and Burns & Roe further manifested their intention to negotiate in good faith a Pre-Operation and Upgrade Contract, Operation and Maintenance Contract and a final and definitive Settlement Agreement, within 180 days, ending on September 4, 1992; and should the terms and conditions thereof be satisfactory and acceptable, the Republic shall agree to release and settle all claims against Westinghouse and Burns & Roe, and join in moving to dismiss, with prejudice, the Lawsuit and Arbitration;



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WHEREAS, the parties have been negotiating in good faith since March 4, 1992 on the safety issues and commercial terms associated with the Conditional Settlement Agreement;

WHEREAS, in order to continue these negotiations under the new administration, the Government deems it advisable to formally establish a Negotiating Panel;

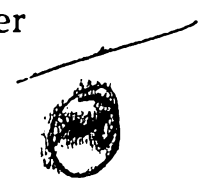
NOW, THEREFORE, I FIDEL V. RAMOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Designation of Negotiating Panel - A Negotiating Panel (hereinafter "Panel") on the Bataan Nuclear Power Plant is hereby designated to negotiate with Westinghouse, the terms and conditions of three agreements, namely, a Settlement Agreement, the Upgrade and Pre-Operations Work Contract, and the Operation and Maintenance Contract (hereinafter "Agreements"), within the framework of the Conditional Settlement Agreement, under whose terms:

- a) Westinghouse shall make certain payments and provide certain discounts and credits to the Government in amounts at least equal to those stipulated in the Conditional Settlement Agreement of March 4, 1992;
- b) Westinghouse will repair and upgrade the BNPP to bring up the plant to current standards of the U.S. Nuclear Regulatory Commission, and at the same time establish the operations organization and provide for training and certification of plant operators;
- c) Westinghouse will operate and maintain the BNPP for a period not exceeding thirty years; during which period, Westinghouse shall train Filipinos to take over BNPP operation, management and engineering;
- d) The parties will release, settle, and discharge all claims, disputes and causes of action asserted against each other.

SEC. 2. Composition - The Chairman and Members of the Panel shall be composed of the following:

- | | | |
|------------------------|---|----------|
| Vicente T. Paterno | - | Chairman |
| Ceferino L. Follosco | - | Member |
| Sedfrey A. Ordonez | - | Member |
| Meneleo J. Carlos, Jr. | - | Member |
| Jaime L. Guerrero | - | Member |



SEC. 3. Negotiating Mandate - The Panel shall, from among the proposals of Westinghouse for the aforesaid three agreements, negotiate for the terms and conditions which would best meet the country's requirements. In the event the terms and conditions offered for one or more of the agreements cited in Section 1 hereof are deemed inadequate, the Panel may negotiate for other alternative forms of commercial settlement with Westinghouse.

Upon completion of the negotiation, the Panel shall submit its recommendation to the Office of the President, through the Chairman of the Presidential Committee on the Bataan Nuclear Power Plant, whether, in their judgement, the BNPP, when repaired and upgraded according to the Agreements, would be adequately safe and reliable, and the economic terms and conditions as negotiated pose sufficiently substantial net benefits to the country to warrant their final approval and execution by the Government in conformity with existing Philippine laws.

The proposed Agreements as negotiated by the Panel may be referred by the Office of the President to Congress for consultation. Subject to the direction and guidance of the President, through the Chairman of the Presidential Committee on the Bataan Nuclear Power Plant, and within the constraints of confidentiality imposed by the sub judice nature of the negotiations, the Panel shall keep duly designated members of Congress apprised of the nature and progress of its negotiations.

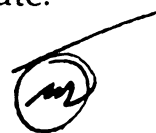
SEC. 4. Supervision - The Panel shall report to and be subject to the direction and supervision of the Chairman of the Presidential Committee on the Bataan Nuclear Power Plant.

SEC. 5. Compensation - The Members of the Panel shall not receive any compensation for their services other than reimbursement for expenses incurred in exercising its mandate.

SEC. 6. Secretariat, Technical and Legal Assistance - The Panel shall receive Secretariat, technical and legal assistance from the Presidential Committee on the Bataan Nuclear Power Plant, supplemented by resource persons from the Department of Finance, National Power Corporation and Philippine National Oil Company and other appropriate government agencies as the negotiating panel may need.

SEC. 7. Funding - The Negotiating Panel shall receive funding from the Presidential Committee on the Bataan Nuclear Power Plant, supplemented as required by the National Power Corporation and Philippine National Oil Company.

SEC. 8. Termination - The designation of the Panel shall automatically terminate upon the conclusion of its mandate.



SEC. 9. Effectivity - This Administrative Order shall take effect immediately.

DONE in the City of Manila, this 19th day of August, in the year of Our Lord, nineteen hundred and ninety-two.

A handwritten signature in black ink, appearing to be 'D. La Serna', written in a cursive style.

By the President:

A handwritten signature in black ink, appearing to be 'D. La Serna', written in a cursive style.

DIONISIO C. DE LA SERNA
Senior Deputy Executive Secretary