

**STATUS OF THE CHAPTER 11 BANKRUPTCY CASE OF  
WESTINGHOUSE ELECTRIC COMPANY, LLC, *ET AL.***

This memorandum summarizes the status of 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 United States Bankruptcy Court for the Southern District of New York. The focus of this summary is on matters affecting, or potentially affecting, the Virgil C. Summer Nuclear Generating Station (the “V.C. Summer Plant”) in Fairfield County, South Carolina, the owners of that plant, South Carolina Electric & Gas Company (“SCE&G”) and South Carolina Public Service Authority (“Santee Cooper” and, together with SCE&G, the “SC Owners”), contractors and other creditors of the V.C. Summer Plant, and rate payers served by SCE&G. This memorandum covers the period through March 15, 2018.

The current status of the Westinghouse case and matters in it may be summarized as follows:

1. A proposed plan of reorganization is pending in the case, and is scheduled for a hearing on confirmation (court approval) on **March 27, 2018 at 11:00 a.m. in the Bankruptcy Court** in New York City. The deadline for filing and serving objections to the proposed plan of reorganization is March 15, 2018, and it is expected that the plan proponents will obtain the required acceptances for confirmation of the plan on March 27, 2018.

2. The plan of reorganization now before the Court is the Modified First Amended Joint Chapter 11 Plan of Reorganization filed on February 22, 2018 (the “Plan”) [Doc 2622]. Westinghouse, the Statutory Unsecured Claimholders Committee (the “Creditors Committee”), the holder of the largest claims asserted against Westinghouse (Nucleus Acquisition LLC, defined in the Plan as the “Consenting Claimholder”), Brookfield WEC Holdings, LLC (the purchaser of the reorganized companies under the Plan, defined as the “Plan Investor”), and Toshiba Corporation (“Toshiba”), entered into a Plan Support Agreement (the “PSA”) dated January 17, 2018, and they are the Plan proponents pursuant to the PSA.

3. The Plan provides for a transaction valued at approximately \$4.6 billion by which Brookfield WEC Holdings LLC, the Plan Investor, will acquire the reorganized Westinghouse companies that are in the bankruptcy, and the ownership of foreign non-bankruptcy affiliates of Westinghouse. The transaction is to provide approximately \$3.802 billion (subject to certain adjustments and holdbacks, the “Plan Investment Proceeds”) in cash and cash consideration. The sale does not include all assets of the acquired companies, and the excluded assets (the “Excluded Assets”) will be transferred to a newly formed company, “Wind Down Co.” which will administer the Excluded Assets for creditors who are not to be paid from the Segregated Funds (defined below) or as an assumed liability of the reorganized Westinghouse companies.

4. On or before the Effective Date of the Plan, the Plan Investor will transfer the Excluded Assets to Wind Down Co and Wind Down Co will then deposit cash or cash equivalents equal to \$1.15 billion (the “Segregated Funds”) into a segregated account to be used for payment of Class 3A General Unsecured Claims. The Creditors Committee will direct and oversee

payments of the Segregated Funds. Class 3A General Unsecured Claims will include most unsecured creditors, the exceptions being specifically identified large claimants (*e.g.*, the claims of the Consenting Claimholder, which include the former claims of the owners of the AP1000 nuclear plant in Georgia known as the Alvin W. Vogtle Electric Generating Plant (the “Vogtle Plant”). Although the total filed claims that would be within the class of Class 3A General Unsecured Claims is substantially higher in amount, Westinghouse estimates that the claims allowed for payment as Class 3A General Unsecured Claims will be approximately \$774.5 billion to \$1.162 billion (not including “Cash Pool Claims” which are specifically identified and arise in connection with that certain Cash Pooling Agreement dated as of June 17, 2010). Westinghouse projects that the Class 3A General Unsecured Claims will be paid 98.9 – 100% of their allowed amounts.

5. Class 3B General Unsecured Claims consist of claims of claimholders who have affirmatively agreed to accept less favorable treatment than Class 3A General Unsecured Claims will receive under the Plan. The Class 3B General Unsecured Claims total approximately \$7.6 billion. These claims include the claims now held by Nucleus Acquisition LLC, the Consenting Claimholder, that were formerly the claims of the Vogtle Plant owners, Toshiba, and, to the extent not withdrawn, the SC Owners. The holders of the Class 3B General Unsecured Claims will receive ownership of Wind Down Co.

6. Citigroup Financial Products, Inc. (“CFPI”) purchased the claims filed by the SC Owners (SCE&G and Santee Cooper) in the Westinghouse case pursuant to Notice of Transfer of Claim Pursuant to Rule 3001(e) filings made on September 28, 2017 [Doc 1411, 1412, 1413 and 1414]. CFPI amended the claims with respect to the Engineering, Procurement and Construction Agreement (the “EPC Agreement”) dated May 23, 2008 between the SC Owners and Westinghouse for the V.C. Summer Plant, asserting breach of contract and other damages of approximately \$7.5 billion. Westinghouse objected to the claims, and ultimately a settlement was reached by which the claims are to be withdrawn pursuant to the Plan, or, to the extent not withdrawn, classified as Class 3B General Unsecured Claims. Pursuant to the PSA, Nucleus Acquisition LLC, the Consenting Claimholder, is to purchase these claims from CFPI, and it will withdraw the claims. The Consenting Claimholder also purchased the Toshiba claims against Westinghouse and the claims of the owners of the Vogtle Plant.

7. Pursuant to their sale of their claims to CFPI, SCE&G and Santee Cooper will not receive payment under the Plan for the claims they asserted as the SC Owners. As described in paragraph 6 above, those claims are to be withdrawn by the new holder of them, or, to the extent allowed, to participate as Class 3B General Unsecured Claims.

8. Contractors and suppliers who provided their services and products to the V.C. Summer Plant may be paid by different means. First, for those whose claims arose after the filing of the bankruptcy, for work done, services provided or goods provided under contracts with Westinghouse after the commencement of the bankruptcy on March 29, 2017, they may have administrative priority claims against Westinghouse, if the services and goods were provided prior to Westinghouse’s rejection of those contracts. Those administrative priority claims will be paid in full by Westinghouse prior to the Effective Date of the Plan, or by Wind Down Co. Depending on the applicability of the Interim Assessment Agreement (the “IAA”) entered by the SC Owners with Westinghouse immediately upon the filing of the bankruptcy case, Westinghouse may assert

claims against the SC Owners for repayment of administrative priority claims which it maintains the SC Owners are responsible for paying under the IAA.

9. For contractors and suppliers who provided their services and products to the V.C. Summer Plant, if those services and products were prior to the bankruptcy filing on March 29, 2017, they will have claims against Westinghouse and, possibly, lien claims against the V.C. Summer Plant. The claims against Westinghouse will be unsecured claims. They should be Class 3A General Unsecured Claims and share in the payments from the Segregated Funds. As noted above, Westinghouse projects full or nearly full payment of such claims.

10. Many contractors and suppliers who provided their services and products to the V.C. Summer Plant have asserted mechanic's liens against the V.C. Summer Plant. It is uncertain whether such lien claims will result in payment.

11. The date on which the Plan, if confirmed by the Bankruptcy Court, will become effective, the "Effective Date of the Plan," is defined in the Plan as being the date upon which certain conditions have been met, including confirmation of the Plan.

12. The Plan documents provide that, if the Plan provisions for a reorganization by which the Plan Investor is to acquire ownership of the reorganized Westinghouse companies (less the Excluded Assets) are not approved, the transaction will be recast into a purchase of assets by Brookfield WEC Holdings, LLC under sections 363(b) and (f) of the U.S. Bankruptcy Code (11 U.S.C. §§ 363(b) and (f)).