EEIG

17 February 2016

CEFC Beijing International Holdings Co., Ltd
F32 Office Tower A
Fortune Plaza No. 7 East 3rd
Ring Road Middle
Chaoyang District
Beijing 10020
China

Dear Mr Kang,

As per my recent discussions with my U.S. partners and Mr. Duka, I outline a potential market positioning that I think would be highly interesting both for CEFC and for China's internationalisation. I will collect my thoughts and some of the benefits in the next pages.

Due to Toshiba's market weakness and the current indecision of the Japanese Nuclear industry producers and operators, reducing the domestic appetite for the Nuclear sector, it may be possible if well structured, to acquire Westinghouse at a knock down price. Exiting may be also attractive for Toshiba, as Westinghouse will have to account for some U.S. liabilities.

Currently China is the most active nuclear new build market in the world, and as nuclear power is the only sustainable proven non-fossil fuel based resource currently on the market, accordingly it is only a matter of time until the market resurfaces on a global level. This may be accelerated with the development of new products such as SMR's (small modular reactors), which may have market potential up to 300MW for Africa and South America (China also).

Domestically, China still relies heavily on international programme support for the New builds, and utilises companies with Westinghouse-based technological capabilities such as CB&I (formally Shaw, now sold to Westinghouse) to oversee and validate the technologies and systems. The primary position for profit in the sector today is as the owner's engineer. This could account for up to 15% of the programme value, but without assuming any of the programme risks if well-structured contractually. Who better to advise utilities, investors and governing bodies than the product developer and licensee, Westinghouse?

In the international markets, China still has restrictions on technologies it cannot export. The original license agreement with Westinghouse was only domestic. This may be challenged, but if CEFC owned Westinghouse, it would mean that every export of product in the future from Chinese EPC companies or manufacturers would have to go through CEFC. Secondly, the international Nuclear markets are still massively influenced by the U.S. administration through licensing, oversight and operational prospective, they have nearly total dominance. By owning Westinghouse and retaining its U.S. status, CEFC would be the commanding influence on all international programmes and would align the U.S., Chinese and target country interests. Baraka, the KEPCO programme in UAE, for example where Westinghouse received USD 2 billion as a sweetener, even though they had no real programme involvement, not to obstruct the bid. (Korea also uses Westinghouse based technologies).

Strategically speaking, if CEFC owned Westinghouse today, China could politically organise using partners as BCP and EEIG, working alongside U.S. interests, define opportunities globally. The UK for example (12 programmes) has power purchase agreements (PPA's) in place, with reasonable commercial terms, but the current nuclear producers flounder in technical and financial issues.

The nuclear sector is a perfect way to utilise Chinese currency reserves to heavily in-debt western countries, who will supply PPAs for up to 60 years, and become working programmes that are highly technical in build outs that last for 20 years, increasing the global awareness of Chinese engineering excellence, increasing the experience of the working population for next generation international engineering programmes, and learning to integrate with international communities, predominately western. By default, giving China a market advantage over all other Asian nations.

Thirdly, market opportunities are available today in decommissioning. The required skills sets all almost exclusively exist within Westinghouse. For example, in Germany alone, the market is valued at around USD 70 billion.

Westinghouse is uniquely placed to supply additional business benefits from all of the support, upgrades, technologies and life extension works, that will be delivered during a programme life-cycle, all of which have values on each plant development of billions of dollars.

In summary, utilising the U.S. face of Westinghouse, combined with the economic power of CEFC (China) is the perfect solution to control this global sector. You build the plants. You maintain and upgrade them. Then you decommission them, all possibly agreed in one contract.

It would be highly unlikely that Toshiba would sell Westinghouse to Chinese or Korean interests, certainly not for an attractive price. We propose to use BCP and EEIG to implement the acquisition structure, to create the correct support in Washington that guarantees CEFC to receive the right support and U.S promotes for its operations in the sector.

CEFC's profile would also be elevated enormously overnight in the international energy markets.

Kindest Regards

James A. Gilliar Digitally signed by James A. Gilliar
Date: 2016.02.22 20:52:07 +01'00'

James Gilliar