

PREPARED REMARKS

for

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to

**BROOKINGS INSTITUTE
U.S. – CHINA SUMMIT**

WASHINGTON, D.C.

THANK YOU AND GOOD MORNING.

THERE'S AN ANCIENT CHINESE PROVERB THAT GOES, "MAY YOU LIVE IN INTERESTING TIMES." I THINK AS WE WITNESS THE REMARKABLE TRANSFORMATION TAKING PLACE IN CHINA AND CONSIDER WHAT OPPORTUNITIES THAT REPRESENTS FOR THE UNITED STATES, THAT THIS TRULY IS A MOST INTERESTING TIME IN HISTORY.

I'M OF AN AGE AND A GENERATION THAT HAS LIVED THROUGH A MOST EXTRAORDINARY BREAKTHROUGH IN U.S.-CHINA RELATIONS. WHERE THESE TWO COUNTRIES WERE ONCE SO DISTANT THAT WE STOOD FACE-TO-FACE AT GUNPOINT ACROSS JUNGLE BORDERS, WE NOW HAVE BECOME PARTNERS IN A MOVEMENT THAT WILL BRING ABOUT ECONOMIC OPPORTUNITY OF HISTORIC PROPORTIONS TO BILLIONS OF PEOPLE.

JUST THINK ABOUT THAT FOR A MOMENT. IN LESS THAN HALF A CENTURY, THE WORLD'S TWO LARGEST ECONOMIC SUPERPOWERS HAVE TURNED TOWARD EACH OTHER TO LAY THE FOUNDATION FOR GROWTH AND PROSPERITY THE LIKES OF WHICH THE WORLD HAS SELDOM SEEN BEFORE.

THE CHINA CENTER FOR ECONOMIC RESEARCH AT PEKING UNIVERSITY IN BEIJING SAYS CHINA'S ECONOMY COULD GROW AT 9 PERCENT PER YEAR FOR THE NEXT 20 YEARS. FUELING NINE PERCENT ECONOMIC GROWTH FOR A COUNTRY OF 1.3 BILLION PEOPLE AND A GDP OF \$5 TRILLION OVER TWO DECADES IS GOING TO REQUIRE AN ALMOST IMMEDIATE ENERGY SUPPLY 150 PERCENT GREATER THAN ITS EXISTING CAPACITY.

JUST 12 YEARS AGO THIS MONTH, WHEN WESTINGHOUSE RECEIVED THE FIRST U.S. EXPORT LICENSE FOR NUCLEAR TECHNOLOGY, NUCLEAR TECHNOLOGY WAS NOT A LEGAL U.S. EXPORT TO CHINA AND THERE WERE ONLY THREE NUCLEAR PLANTS IN THE ENTIRE COUNTRY. TODAY, CHINA PLANS TO INCREASE THE WORLD'S TOTAL GENERATING CAPACITY OF NUCLEAR POWER FROM TWO PERCENT TO FOUR PERCENT IN JUST TEN YEARS...WHICH TRANSLATES INTO 25 NEW NUCLEAR PLANTS IN THE NEXT DECADE.

INTERESTING TIMES, INDEED.

EARLIER THIS MONTH, THE BROOKINGS INSTITUTE ISSUED A REPORT HIGHLIGHTING THE OPPORTUNITIES FOR COOPERATION BETWEEN CHINA AND THE UNITED STATES ON GLOBAL CLIMATE CHANGE. THE REPORT IDENTIFIES SEVERAL STRATEGIES WHERE THE TWO COUNTRIES CAN WORK TOGETHER, EVEN WHERE THERE MAY BE DIFFERENCES OF OPINION.

ONE AREA IS IN CLEAN ENERGY, WHICH HAS BENEFITS IN ECONOMIC GROWTH AND RECOVERY, LOCAL AIR POLLUTION REDUCTION AND NATIONAL SECURITY FOR BOTH SIDES. A SECOND AREA IS THE CO-DEVELOPMENT OF TECHNOLOGY, BECAUSE NOT ONLY ARE THE UNITED STATES AND CHINA ECONOMIC SUPERPOWERS, SO TOO ARE WE BOTH TECHNOLOGY GIANTS WITH A CAPACITY TO ACHIEVE GREAT THINGS IF WE SHARE OUR COLLECTIVE STRENGTHS IN TECHNOLOGY TRANSFER AND DEVELOPMENT.

AND YET A THIRD AREA THE REPORT CITES IS WHAT IT CALLS “LOCAL-TO-LOCAL COOPERATION,” WHICH IS THE CORNERSTONE OF OUR TECHNOLOGY TRANSFER AGREEMENT WITH CHINA, AND THE APPROACH WE TAKE WITH ALL OF OUR CUSTOMERS AROUND THE WORLD.

I’D LIKE TO SHARE WITH YOU JUST A FEW HIGHLIGHTS OF THE GROWING RELATIONSHIP BETWEEN WESTINGHOUSE AND CHINA THAT I BELIEVE ILLUSTRATES THESE VERY SAME POINTS AND WHICH OFFERS A BLUEPRINT FOR FUTURE COOPERATION BETWEEN THE TWO COUNTRIES.

WESTINGHOUSE IS KNOWN AROUND THE WORLD AS THE LEADER IN NUCLEAR TECHNOLOGY DEVELOPMENT. WE ARE A 125-YEAR OLD COMPANY THAT FIRST INTRODUCED THE WORLD TO ELECTRIC POWER USING ALTERNATING CURRENT, BUILT THE WORLD’S FIRST COMMERCIAL NUCLEAR POWER PLANT, AND HAS BEEN AT THE FOREFRONT OF ELECTRIC POWER GENERATION IN EVERY CORNER OF THE GLOBE EVER SINCE.

IN FACT, WESTINGHOUSE WAS ONE OF THE FIRST COMPANIES TO CONDUCT BUSINESS ON A TRULY WORLDWIDE SCALE...THAT INCLUDED CHINA AS A MAJOR MARKET IN GLOBAL EXPORT. THE U.S.-CHINA BUSINESS COUNCIL, CREATED JUST ONE YEAR AFTER PRESIDENT NIXON VISITED CHINA IN 1972, HAS WORKED TO EXPAND THE COMMERCIAL RELATIONSHIP BETWEEN THESE TWO COUNTRIES. ITS VERY FIRST PRESIDENT WAS DON BURNHAM, MY THEN-PREDECESSOR AT WESTINGHOUSE AT THE TIME.

FOR MORE THAN HALF A CENTURY, WESTINGHOUSE HAS BEEN COMMITTED TO LEADERSHIP AND DEVELOPMENT OF NUCLEAR ENERGY AND TECHNOLOGY. NOT ONLY DO WE HAVE A FLEET OF WESTINGHOUSE PLANTS OPERATING AROUND THE WORLD, BUT MORE THAN HALF OF THE WORLD’S 440 NUCLEAR POWER PLANTS ARE BASED ON WESTINGHOUSE DESIGN AND TECHNOLOGY.

IN ADDITION TO THE DESIGN AND CONSTRUCTION OF NEW NUCLEAR PLANTS, WESTINGHOUSE PROVIDES A FULL COMPLEMENT OF MAINTENANCE SERVICES TO THE EXISTING FLEET, THE WORLD'S BEST NUCLEAR FUEL PRODUCTS, AND PLANT AUTOMATION AND INSTRUMENTATION TECHNOLOGY.

THE FLAGSHIP OF OUR NEW NUCLEAR POWER PLANT DESIGN IS THE AP1000, WHICH I WOULD RESPECTFULLY SUBMIT IS THE NEW INDUSTRY STANDARD IN NUCLEAR POWER PLANT DESIGN AROUND THE WORLD. THE AP1000 IS THE SAFEST AND MOST ECONOMICAL NUCLEAR POWER PLANT AVAILABLE IN THE WORLDWIDE COMMERCIAL MARKETPLACE, AND IS THE ONLY GENERATION III+ REACTOR TO RECEIVE DESIGN CERTIFICATION FROM THE U.S. NUCLEAR REGULATORY COMMISSION.

THE AP1000 BUILDS AND IMPROVES UPON THE ESTABLISHED TECHNOLOGY OF MAJOR COMPONENTS USED IN CURRENT WESTINGHOUSE-DESIGNED PLANTS WITH PROVEN, RELIABLE OPERATING EXPERIENCE OVER THE PAST 50 YEARS. IT SAVES MONEY AND TIME WITH AN ACCELERATED CONSTRUCTION TIME PERIOD OF APPROXIMATELY 36 MONTHS FROM START TO FINISH AND DRAMATICALLY REDUCES THE REQUIREMENT FOR MECHANICAL FEATURES SUCH AS VALVES, PUMPS, PIPING, CABLING AND OTHER COMPONENTS.

AT WESTINGHOUSE, "WE BUY WHERE WE BUILD." THAT IS TO SAY, WE BRING AN APPROACH OF MUTUAL BENEFITS TO OUR CUSTOMERS. THE BEST LONG-TERM RELATIONSHIPS ARE ALWAYS "WIN-WIN" FOR BOTH PARTIES. AND WESTINGHOUSE HAS A TRACK RECORD OF TECHNOLOGY TRANSFER AND LOCAL BENEFITS THAT IS UNSURPASSED AROUND THE WORLD, EVIDENCED BY THE LONG-TERM RELATIONSHIPS WE HAVE BUILT IN PLACES LIKE FRANCE, KOREA AND OTHER COUNTRIES THAT HAVE EMBRACED NUCLEAR POWER AS PART OF THEIR ENERGY PORTFOLIO.

SINCE 1920, MORE THAN 1000 CHINESE SCIENTISTS AND ENGINEERS HAVE BEEN TRAINED BY WESTINGHOUSE – AN EFFORT THAT HAS UNDOUBTEDLY

ENHANCED OUR SHARED CULTURAL UNDERSTANDING OF ONE ANOTHER AND LAID THE GROUNDWORK FOR THE HIGH LEVEL OF COOPERATION WE NOW ENJOY.

ALL OF THIS WORK HAS BROUGHT US TO THIS TIME OF UNPRECEDENTED GROWTH AND OPPORTUNITY BETWEEN CHINA AND THE UNITED STATES. SINCE PRESIDENT NIXON'S HISTORIC VISIT IN 1972, THESE TWO SUPERPOWERS HAVE GRADUALLY AND DELIBERATELY INCHED CLOSER AND CLOSER, LEADING TO THE 1985 TREATY ON NUCLEAR COOPERATION.

WE THEN TOOK ANOTHER MAJOR STEP FORWARD IN 1999 WHEN THE CLINTON ADMINISTRATION – INCLUDING THE STATE DEPARTMENT, ENERGY DEPARTMENT, COMMERCE DEPARTMENT AND NUCLEAR REGULATORY COMMISSION...WITH STRONG BI-PARTISAN SUPPORT FROM THE U.S. CONGRESS – FIRST OPENED THE DOORS FOR U.S. COMPANIES TO PARTICIPATE IN THE GROWTH OF THE CHINESE NUCLEAR MARKET. IT WAS THEN THAT WESTINGHOUSE WAS AWARDED THE VERY FIRST U.S. NUCLEAR EXPORT LICENSE...AND WE HAVE PLAYED A MAJOR PART IN THAT NEW ERA OF NUCLEAR COOPERATION EVER SINCE.

FOR EXAMPLE, WESTINGHOUSE WAS SELECTED FOR A NUMBER OF NUCLEAR SERVICE PROJECTS AT THE QINSHAN NUCLEAR POWER CORPORATION PLANT IN ZHEJIANG PROVINCE. WE PROVIDED OUTAGE MANAGEMENT SERVICES FOR UNIT ONE AND PROVIDED STEAM GENERATORS FOR TWO NEW NUCLEAR PLANTS AT THE QINSHAN II SITE.

IN 2003, WE ENTERED INTO TWO NUCLEAR FUEL CONTRACTS – ONE WITH SHANGHAI GOATAI RARE AND PRECIOUS METALS COMPANY FOR USE IN PRODUCTION OF NUCLEAR FUEL MATERIALS, AND ONE WITH THE SHANGHAI NUCLEAR ENGINEERING RESEARCH AND DESIGN INSTITUTE FOR CORE DESIGN WORK.

TWO YEARS AGO, WE FORMED A JOINT VENTURE WITH THE STATE NUCLEAR BAOTI ZIRCONIUM INDUSTRY COMPANY TO BUILD AND OPERATE NUCLEAR GRADE ZIRCONIUM SPONGE IN JIANGSU PROVINCE.

THAT COLLECTIVE EXPERIENCE PAVED THE WAY FOR AN HISTORIC AGREEMENT IN 2006 WHERE CHINA'S STATE NUCLEAR POWER TECHNOLOGY COMPANY AWARDED WESTINGHOUSE AND ITS CONSORTIUM PARTNER, THE SHAW GROUP, CONTRACTS TO DESIGN AND BUILD FOUR NEW 1200 MWe AP1000 NUCLEAR POWER PLANTS AT SANMEN AND YANGJIANG. THE FIRST OF THESE PLANTS IS NOW UNDER CONSTRUCTION AS WE SPEAK AND WILL COME ONLINE – ON TIME AND ON BUDGET – IN 2013.

THE GREAT SUCCESS OF THIS PROJECT THUS FAR HAS LED TO ONGOING DISCUSSIONS WITH STATE NUCLEAR POWER TECHNOLOGY COMPANY FOR AN ADDITIONAL TEN PLANTS. AND CHINA HAS GIVEN ITS STAMP OF APPROVAL ON OUR DESIGN AND DESIGNATED THE WESTINGHOUSE AP1000 AS THE INDUSTRY STANDARD PLANT DESIGN FOR ALL NUCLEAR POWER PLANTS TO BE BUILT IN CHINA, A DISTINCTION OF WHICH WE ARE VERY PROUD.

BUT WHAT'S IMPORTANT TO REMEMBER HERE IS THERE ARE TREMENDOUS BENEFITS TO BOTH CHINA AND THE U.S. IN THESE PROJECTS. TO BE SURE, CHINA IS RECEIVING THE WORLD'S BEST NUCLEAR TECHNOLOGY...AND NEW ELECTRIC GENERATING CAPACITY TO PROVIDE SAFE, CLEAN AND RELIABLE ENERGY FOR THE WORLD'S MOST POPULOUS COUNTRY FOR DECADES TO COME.

UNDER THIS AGREEMENT, WESTINGHOUSE TECHNOLOGY WILL BE CONDITIONALLY LICENSED TO CHINA INCREMENTALLY OVER A PERIOD OF YEARS. CONSTRUCTION OF THESE PLANTS WILL MEAN EMPLOYMENT FOR THOUSANDS OF CHINESE PEOPLE, AND NEW SUPPLY CONTRACTS FOR SCORES OF QUALIFIED CHINESE BUSINESSES.

INDEED, ENERGY IS THE WORKHORSE THAT WILL SUPPORT CHINA'S PHENOMENAL ECONOMIC GROWTH. AN AGGRESSIVE NUCLEAR ENERGY INFRASTRUCTURE IS AN IMPORTANT STRATEGY FOR HELPING CHINA MOVE TOWARD ENERGY INDEPENDENCE AND MEETING THE COUNTRY'S ENERGY NEEDS WITHOUT ADDING TO THE ENVIRONMENTAL IMPACTS THAT CHINA IS ALSO ADDRESSING.

BUT THERE ARE MUTUAL BENEFITS TO THE UNITED STATES AS WELL. THESE FIRST FOUR CHINESE PLANTS ALONE WILL CREATE APPROXIMATELY 5000 U.S. JOBS IN 20 STATES – WELL-PAYING DESIGN, ENGINEERING AND MANUFACTURING JOBS. IN SO DOING, WE'RE CREATING A NEW SUPPLY BASE, AN EXPERIENCED AND QUALIFIED WORKFORCE, AND SUBCONTRACTORS WHO WE BELIEVE MARK THE BEGINNING OF A NEW SOURCE OF ECONOMIC GROWTH AS THE AP1000 IS FURTHER DEPLOYED NOT ONLY IN CHINA, BUT IN OTHER PARTS OF THE WORLD AND HERE IN THE U.S.

WHAT'S MORE, A NUCLEAR POWER PLANT CONSISTS OF MANY HIGHLY SPECIALIZED COMPONENTS AND LARGE STAINLESS STEEL FORGINGS THAT ARE NOT AVAILABLE IN THE UNITED STATES. REMEMBER THAT AFTER THREE MILE ISLAND, THERE WAS NOT A SINGLE ORDER FOR A NEW NUCLEAR POWER PLANT IN THIS COUNTRY FOR 35 YEARS, SO THE SUPPORT INDUSTRIES THAT WE ONCE RELIED ON FOR SUCH COMPONENTS NO LONGER EXISTS HERE.

NEW SUPPLIERS IN OTHER PARTS OF THE WORLD ARE NOW EXPANDING IN ORDER TO MEET THE PROJECTED GROWTH IN NUCLEAR POWER AND THE AP1000 IN PARTICULAR. THE LONG-TERM SUCCESS OF OUR RELATIONSHIP WITH CHINA WILL HELP PROVIDE AN INCENTIVE AND LEVEL OF ASSURANCE FOR THIS ANCILLARY INDUSTRY TO INVEST IN FUTURE GROWTH IN A WAY THAT ALLOWS WESTINGHOUSE TO DELIVER NEW PLANTS ON TIME AND ON BUDGET ANYWHERE IN THE WORLD.

PERHAPS EVEN MORE IMPORTANTLY, CHINA'S BOLD INVESTMENT IN OUR BUSINESS WILL SEND A POWERFUL MESSAGE TO THE WORLD THAT NUCLEAR

POWER IS A CRITICAL STRATEGY ON THE PATH TO ENERGY INDEPENDENCE, AND THAT ONLY NUCLEAR POWER CAN PROVIDE ABUNDANT, SAFE, CLEAN AND RELIABLE ELECTRICITY ON A TIMETABLE THAT SUPPORTS ECONOMIC GROWTH.

TODAY, BECAUSE OF THE VISION AND FORESIGHT EXHIBITED BY EVERY U.S. AND CHINESE PRESIDENT OVER THE PAST TWO DECADES, THE UNITED STATES AND CHINA ARE USHERING IN A NEW ERA OF CLEAN AND RELIABLE ENERGY PRODUCTION THAT WILL HAVE CONSEQUENCES THAT EXTEND WELL BEYOND THEIR OWN BORDERS FOR MANY YEARS TO COME.

WE ARE BOTH HONORED AND EXCITED TO BE A PART OF THIS HISTORIC MOMENT AND LOOK FORWARD TO EVEN GREATER MILESTONES OF COOPERATION BETWEEN OUR TWO COUNTRIES THAT CAN STAND AS MODELS IN A NEW AGE OF TECHNOLOGY DEVELOPMENT FOR THE WORLD.

THANK YOU.

(12:30-13:00)