

December 19, 2012

Mr. Kiyoshi Yamauchi
Mitsubishi Nuclear Energy Systems, Inc.
1001 19th Street
Suite 2000
Arlington, VA 22209

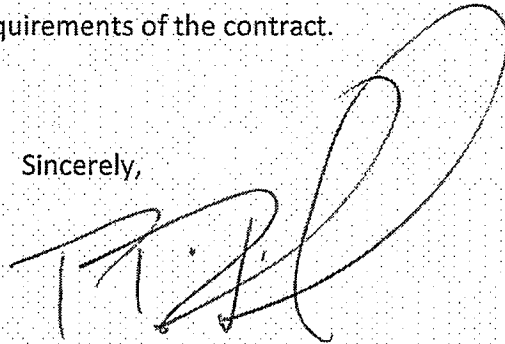
Subject: Repairs of the SONGS Units 2 and 3 Steam Generators

Dear Yamauchi-san:

I am disappointed that it appears that MHI does not have a repair plan despite the passage of many months. As you know, our contract requires that any "Defect shall be repaired or replaced . . . with due diligence and dispatch . . ." We appreciate the efforts you are making, but the contract requires that an actual repair or replacement occur. MHI promised at several earlier times to provide a repair plan but has failed to provide any plan that would restore the steam generators to full service within any reasonable period of time.

Your letter states that Kadokami-san will provide at some undetermined time specific plans and a schedule. The continuing lack of specificity is not responsive to the terms of my November 28th letter nor, in our judgment, to the requirements of the contract.

Sincerely,



cc: Ei Kadokami