

**IN THE MATTER OF AN ARBITRATION BEFORE A TRIBUNAL CONSTITUTED
IN ACCORDANCE WITH THE TREATY BETWEEN THE U.S.A. AND THE
REPUBLIC OF ECUADOR CONCERNING THE ENCOURAGEMENT AND
RECIPROCAL PROTECTION OF INVESTMENT, SIGNED AUGUST 27, 1993
(THE “TREATY”)**

- and -

THE UNCITRAL ARBITRATION RULES 1976

- between -

- 1. CHEVRON CORPORATION (U.S.A.)**
- 2. TEXACO PETROLEUM COMPANY (U.S.A.)**

“Claimants”

- and -

THE REPUBLIC OF ECUADOR

(“Respondent” and together with the Claimants, the “Parties”)

Procedural Order No. 8
Regarding the Expert Procedure on Taxes

March 31, 2010

By the Arbitral Tribunal

The Honorable Charles N. Brower
Professor Albert Jan van den Berg
Professor Karl-Heinz Böckstiegel (President)

1. Partial Award on the Merits

The Tribunal recalls, from its **Partial Award on the Merits of March 29, 2010**:

1.1. From its Decisions in Section I:

As a result of the Tribunal's decision in section 2 above that the Respondent has breached Article II(7) of the BIT, the Respondent is liable for damages caused to Claimants by that breach. The amount of such damages will be decided by the Tribunal with the help of a procedure set out in a separate Procedural Order of the Tribunal to determine what taxes, if any, would have been due to the Respondent if no breach of Article II(7) of the BIT had occurred.

1.2. From the considerations of the Tribunal in Section H.VII, in particular:

[T]he final determination of the quantum of damages to be awarded is to be dealt with through a procedure that the Tribunal will set out in a separate order. It is to be noted that the purpose of that procedure is to establish the quantum of the Claimants' loss taking into account applicable Ecuadorian tax laws. The purpose is not to establish the amount of tax that would be assessed by Ecuadorian authorities today on an arbitral award.

2 Negotiation Period

2.1. The Parties are invited to attempt to agree on the amount, if any, that should be deducted from the total set forth in the Table at paragraph 549 of the Tribunal's Partial Award on account of any applicable Ecuadorian tax laws, in light of the principles set out in said Partial Award.

2.2. Should the Parties be unable to come to an agreement by May 31, 2010, the Tribunal will proceed with the expert procedure detailed below.

3 Expert Procedure

3.1. Should no agreement be reached according to section 2 above, between Claimants and Respondent, each side will appoint an expert on Ecuadorian tax laws by June 30, 2010.

3.2. The Tribunal may also consider appointing an expert on its behalf, whose terms of reference will be determined at the time of such appointment in accordance with the purpose of this procedure and Article 27 of the UNCITRAL Rules.

3.3. The party-appointed experts and the Tribunal-appointed expert, if any has been appointed, will cooperate and attempt to present a joint proposal to the Tribunal as to the amount, if any, to be deducted from the total set forth in the Table at paragraph 549 of its Partial Award on account of any applicable Ecuadorian tax laws.

- 3.4. Should the experts above be unable to form a joint proposal to the Tribunal by August 30, 2010, the Tribunal may ask for individual submissions from each expert or from any of them in accordance with instructions to be set out by the Tribunal at that time.

4 Tribunal Decision on Damages

After the above procedures are completed, taking their results into account, the Tribunal intends to decide on the damages to be awarded on the basis of its Partial Award.

On behalf of the Tribunal



Karl-Heinz Böckstiegel
President of Tribunal