FIFTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

THIRD SPECIAL SESSION, 2007 CONGRESSIONAL BILL NO. 15-82

PC NO. 15-116 **PUBLIC LAW NO. 15-21**

AN ACT

To amend title 27 of the Code of the Federated States of Micronesia as enacted by Public Law No. 15-08 by amending Section 265 thereof to provide an alternative procedure for divestment of assets and operations of the Federated States of Micronesia Petroleum Corporation to the States in which they are located, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

Section 1. Title 27 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 15-08, is hereby amended by adding a new subsection 3 to Section 265 thereof to read as follows:

"Section 265. Issuance of Shares; divestment.

(1) Upon the written instruction of the Executive Council, the Corporation shall, through the filing of such documents as may be required of privately-held corporations, including, without limitation, Articles of Incorporation, Bylaws and Share Affidavits, capitalize itself through the issuance of common shares and, in such event, the provisions of this Chapter shall be made subject to the terms of the Articles of Incorporation and Bylaws, and nothing in this Chapter shall be read as restricting the payment of dividends, the holding of annual shareholder's meetings, the conduct of audits for the benefit of shareholders, the election of Directors and such other corporate governance and shareholder's rights provisions as may be set out in the Articles of

Incorporation and Bylaws and approved by the Executive Council.

(2) Upon the written instruction of the Executive Council, the Corporation shall, subject to the conditions set forth in Section 243, take all necessary steps to divest its assets and operations, in whole or in part, to such entity or entities as shall be directed by the Executive Council. The Board and officers of the Corporation shall take all necessary actions to effectuate such divestment, including the execution of documents and instruments, and the turnover of books, records and personal property as shall be necessary to transfer operations and assets of the Corporation to the entity or entities designated by the Executive Council. Upon written instruction of the Executive Council following such divestment, the Corporation shall wind up its affairs and cease operation."

(3) Notwithstanding any other provisions of this Section, the assets and operations of the Corporation may be divested to the State in which the assets and operations are located if:

(a) such State provides full payment or reimbursement of all debts and expenses incurred by the Government of the Federated States of Micronesia and the Corporation in the acquisition of those assets, and any product inventory remaining therein at the time of the divestment;

(b) such divestment is approved by the majority decision of the Executive Council; and

(c) the manner of divestment does not breach any agreement to which the Corporation, the Government of the Federated States of Micronesia, or the State is bound in respect of the assets or the supply of products.

Section 2. Effectiveness. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

December 7, 2007

/s/ Manny Mori

Manny Mori
President
Federated States of Micronesia