

ABB wins US\$ 987 million oil and gas order in Russia's Far East

Experience working in extreme arctic conditions helped win order

Zurich, Switzerland, July 22, 2002 – ABB, the global power and automation technology group, announced today it has signed a contract worth US\$ 987 million with Exxon Neftegas Limited, to develop onshore oil and gas processing and well-site support facilities on Russia's Sakhalin Island, in the Sea of Okhotsk.

ABB will sub-contract the majority of the work associated with the project to Russian companies, working with project operator Exxon Neftegas Limited to pre-qualify Russian sub-contractors. The Sakhalin 1 order is in line with ABB's focus on projects with both higher engineering content and a higher proportion of reimbursable rather than fixed price contracts. First oil production from the project is scheduled to commence in 2005.

"Our experience with working in harsh climatic environments, as well as delivering large projects in Russia, were key factors in winning this contract," says Gorm Gundersen, executive vice president and head of the ABB's Oil, Gas and Petrochemicals division.

ABB Lummus Global Moscow and VNIPINeft, a leading Russian design institute and an ABB affiliate, will be responsible for onshore facilities design, permitting, coordination with other Russian design institutes, translation, procurement and construction.

The contract includes engineering and design, procurement of equipment and materials, and construction of onshore production and support facilities for three well sites. The Sakhalin 1 project is the largest foreign direct investment project in Russia and has recoverable resources of approximately 2.3 billion barrels of oil and 17 trillion cubic feet of gas. It covers three offshore fields containing large oil and gas reserves.

Exxon Neftegas Limited is the operator for the multinational Sakhalin 1 consortium with a 30 percent working interest. Other consortium members include the Japanese company Sakhalin Oil and Gas Development Co. Ltd.; ONGC Videsh Ltd.; Sakhalinmorneftegas-Shelf; and RN-Astra.

ABB (www.abb.com) is a global leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies employs 152,000 and operates in more than 100 countries.

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