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ABB Ltd and Two Subsidiaries Resolve Foreign Corrupt Practices Act Investigation and Will Pay \$19 Million in Criminal Penalties

Company to Pay More Than \$58 Million in Criminal and Civil Penalties, Disgorgement, and Interest

U.S. Department of Justice
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Office of Public Affairs
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WASHINGTON—ABB Ltd, a Swiss corporation, and two of its subsidiaries have resolved charges related to violations of the Foreign Corrupt Practices Act (FCPA), announced Assistant Attorney General Lanny A. Breuer of the Criminal Division; Richard C. Powers, Special Agent-in-Charge of the FBI's Houston Field Office; and Rodney E. Clarke, Special Agent-in-Charge of the Internal Revenue Service - Criminal Investigation's (IRS-CI) Houston Field Office.

At the plea hearing today before U.S. District Court Judge Lynn N. Hughes in the Southern District of Texas, ABB Ltd's U.S. subsidiary, ABB Inc., pleaded guilty to a criminal information charging it with one count of violating the anti-bribery provisions of the FCPA and one count of conspiracy to violating these provisions of the FCPA. The court imposed a sentence that included a criminal fine of \$17.1 million.

As part of ABB Inc.'s plea, it admitted that one of its business units based in Sugar Land, Texas, ABB Network Management (ABB NM), paid bribes from 1997 to 2004 that totaled approximately \$1.9 million to officials at Comisión Federal de Electricidad (CFE), a Mexican state-owned utility company. ABB NM's primary business was to provide products and services to electrical utilities, many of them foreign state-owned utilities, for network management in power generation, transmission and distribution. In exchange for the bribe payments, according to court documents, ABB NM received contracts worth more than \$81 million in revenue. ABB Inc. admitted that the bribe payments were made through various intermediaries, including a Mexican company that served as ABB NM's sales representative in Mexico on its contracts with CFE. ABB Ltd and ABB Inc. voluntarily disclosed the misconduct to the Department of Justice and have cooperated fully with the investigation.

Fernando Maya Basurto was a principal of the Mexican company. He pleaded guilty on Nov. 16, 2009, to a one-count criminal information charging him for his role in the conspiracy. In his plea, Basurto admitted that while he acted as a sales representative for ABB NM, he conspired with others to make corrupt payments to CFE officials, helped launder the bribe monies, and engaged in a cover up to obstruct the investigations of the Department of Justice and the U.S. Securities and Exchange Commission (SEC).

On Nov. 16, 2009, John Joseph O'Shea, ABB NM's former general manager, was charged in an 18-count indictment with conspiracy, FCPA violations, international money laundering and falsification of records related to his alleged role in the bribery scheme. An indictment is merely an accusation, and O'Shea is presumed innocent until and unless proven guilty beyond a reasonable doubt. A trial date has not yet been set.

ABB Ltd entered into a deferred prosecution agreement today and agreed to the filing of a criminal information charging its Jordanian subsidiary, ABB Ltd - Jordan, with one count of conspiracy to commit wire fraud and to violate the books and records provisions of the FCPA, and agreed to pay a criminal penalty of \$1.9 million.

ABB Ltd admitted that ABB Ltd - Jordan agreed to pay kickbacks to the former Iraqi government in

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ABB Ltd admitted that ABB Ltd - Jordan agreed to pay kickbacks to the former Iraqi government in connection with contracts to sell vehicles to Iraq under the U.N.'s Oil for Food program. According to court documents, from 2000 to 2004, ABB Ltd - Jordan paid, or caused to be paid, more than \$300,000 in kickbacks to the former Iraqi government to secure contracts with the General Company for Electricity Energy Production, the Baghdad Mayoralty, and the State Company Baghdad Electricity Distribution, all of which were regional companies of the Iraqi Electricity Commission, an Iraqi government agency. As a result, ABB Ltd - Jordan and its subsidiary received 11 purchase orders for electrical equipment and services worth more than \$5.9 million.

Under the terms of the three-year agreement, ABB Ltd agreed to fully cooperate with investigations by U.S. and foreign authorities of the company's corrupt payments and to adhere to a set of enhanced corporate compliance and reporting obligations, which include the recommendations of an independent compliance consultant.

In a related matter, ABB Ltd reached a settlement today with the SEC on a complaint, and agreed to pay more than \$39 million in disgorgement, pre-judgment interest and civil penalties.

The case was prosecuted by Senior Trial Attorney Nicola J. Mrazek of the Criminal Division's Fraud Section. The case was investigated by the FBI's Houston Field Office and the IRS-CI Houston Field Office. The department acknowledges and expresses its appreciation for the significant assistance provided by the staff of the SEC during the course of this investigation.

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