

**Westinghouse
Electric Corporation**

Power Systems

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All Orlando Associates :

At the all associate meeting today, I explained to you the memorandum of understanding by Westinghouse and ABB Asea Brown Boveri (ABB) to establish joint ventures to serve the power generation and the transmission and distribution markets in North America and in selected international areas.

Westinghouse and ABB plan to form one partnership covering the manufacture, sale, service and maintenance of steam turbines and generators for regulated utilities in the U.S. and Canada. They also will form a second partnership involving equipment for power transmission and distribution. Westinghouse will hold a 55 percent interest and ABB a 45 percent interest in each joint venture.

These joint ventures will involve 39 Westinghouse operations in the U.S., Canada, Latin America and elsewhere. The joint ventures will also include 10 ABB operations in the U.S. and Canada. The joint ventures intend to employ a substantial majority of the existing workforces involved.

Included in the power generation partnership are steam-turbine generator operations in Orlando; Charlotte and Winston-Salem, N.C.; and Fort Payne, ALA.; and ABB operations in Richmond, VA. Manufacturing operations in Pensacola, FL. and Cheswick, PA. are not included in the partnership. Westinghouse activities directed toward extended-scope utility projects, all non-utility power projects and including all combustion turbine activities remain with Westinghouse. Westinghouse's responsibility to serve the nuclear power industry continues independent of these joint ventures.

This is good news for our operation because the power generation joint venture will create an organization capable of being the leading supplier of high-technology utility equipment in the markets it will serve. The new operation will benefit from certain technological strengths of ABB and strong marketing, service and distribution capabilities of Westinghouse in these markets.

I have shared with you all of the information I have at this point, and I will certainly keep you abreast of details as they become known.

In the meantime, I ask for your continued support and dedication, and urge that everyone strive toward achieving a smooth transition to the new company.

Sincerely,



D.H. Pierce