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CANADIAN FIRM INVITED TO NEGOTIATE IN INDONESIA

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The Honourable Gerald Regan, Minister for International Trade, announced today that Babcock & Wilcox Canada of Cambridge, Ontario has been invited for contract negotiations on the Suralaya project by the Government of Indonesia. It is expected the negotiations will lead to the award of a contract for the supply of boilers for Suralaya phase II, units 3 and 4. The contract would be worth approximately \$220 million and could be awarded as early as this fall.

Suralaya units 1 and 2, supplied by Marubeni Corporation and Babcock & Wilcox Canada, are the first large coal-fired utility boilers in Indonesia, and the largest units in their system. These units are nearing start-up. Suralaya units 3 and 4 will be of similar design to units 1 and 2.

Mr. Regan said, "Being selected as the preferred supplier for these next two units speaks well for the excellent performance of Babcock & Wilcox on the first units. It is also strong evidence that our technology is highly respected overseas".

Babcock & Wilcox president Joe J. Stewart noted, "We have found from our current efforts on the Suralaya 3 and 4 proposal that having superior technology and doing an excellent job on the current contract are only the beginning. Being called to negotiate, which requires agreement by not only the utility customer but also by various government agencies within Indonesia, has been a tough and lengthy battle. This bid also required a joint venture proposal as well as the design, supply, and erection of equipment. A tremendous amount of effort has gone into achieving this important step."

Mr. Stewart also said he appreciated the support given by the Canadian Government through the Department of External Affairs, the Honourable Gerald Regan, Minister for International Trade, the Canadian Embassy in Jakarta, and the Export Development Corporation. "Indonesia is entering a new era in economic and energy development, and Babcock & Wilcox is excited about the opportunity to be a partner in this growth", said Mr. Stewart.

Canada

