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Investor Relations conference

September 22, 2003
Zurich, Switzerland



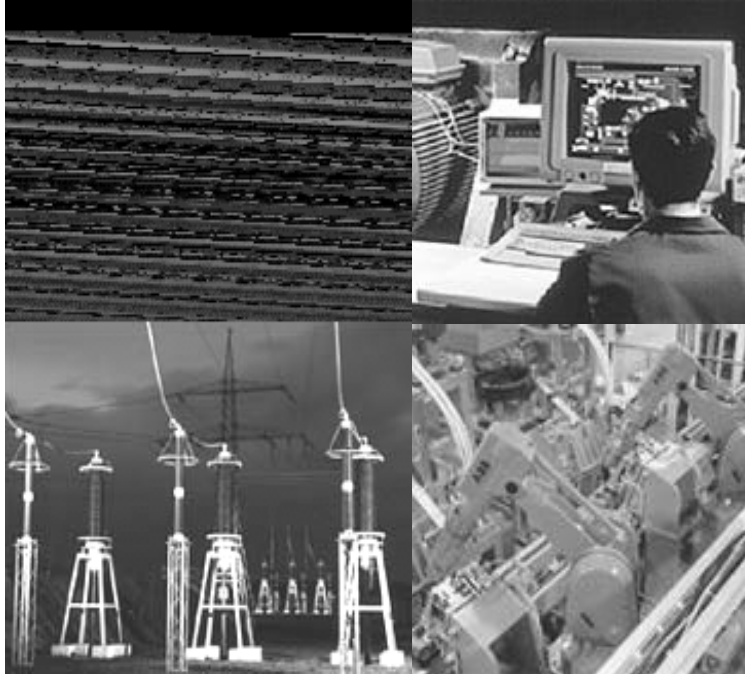
ABB

Agenda

- ABB in spring 2002
- Results for investor relations
- Roadmap to rebuild trust
- Conclusion



ABB: Leader in power and automation technology



- Headquarters: Zurich, Switzerland
- Two core divisions:
 - Power Technologies
 - Automation Technologies
- 133,000 employees in more than 100 countries
- 2002 revenues: US\$ 18.3 billion
- Listed on London/Zurich, Stockholm, New York, Frankfurt stock exchanges

Financial situation

- US\$ 729 million net loss in 2001
 - Asbestos provisions, change in accounting method, asset write-downs, project cost overruns
- Asbestos provision of US\$ 940 million at end of 2001
 - 94,000 asbestos claims pending, claims escalating
- Total debt US\$ 9.7 bn; of which US\$ 4.7 bn short-term debt
 - Strong reliance on short-term debt, especially commercial papers
- Equity decreased from US\$ 5 bn to US\$ 2 bn
 - Share buy-back, losses, foreign currency adjustments

Management situation

- Five of ten EC members less than a year in their position
- Jörgen Centerman just one year as CEO
- Jürgen Dormann, successor of Percy Barnevik, just since December 2001 chairman of the board
- Former CEOs' benefits subject to internal review

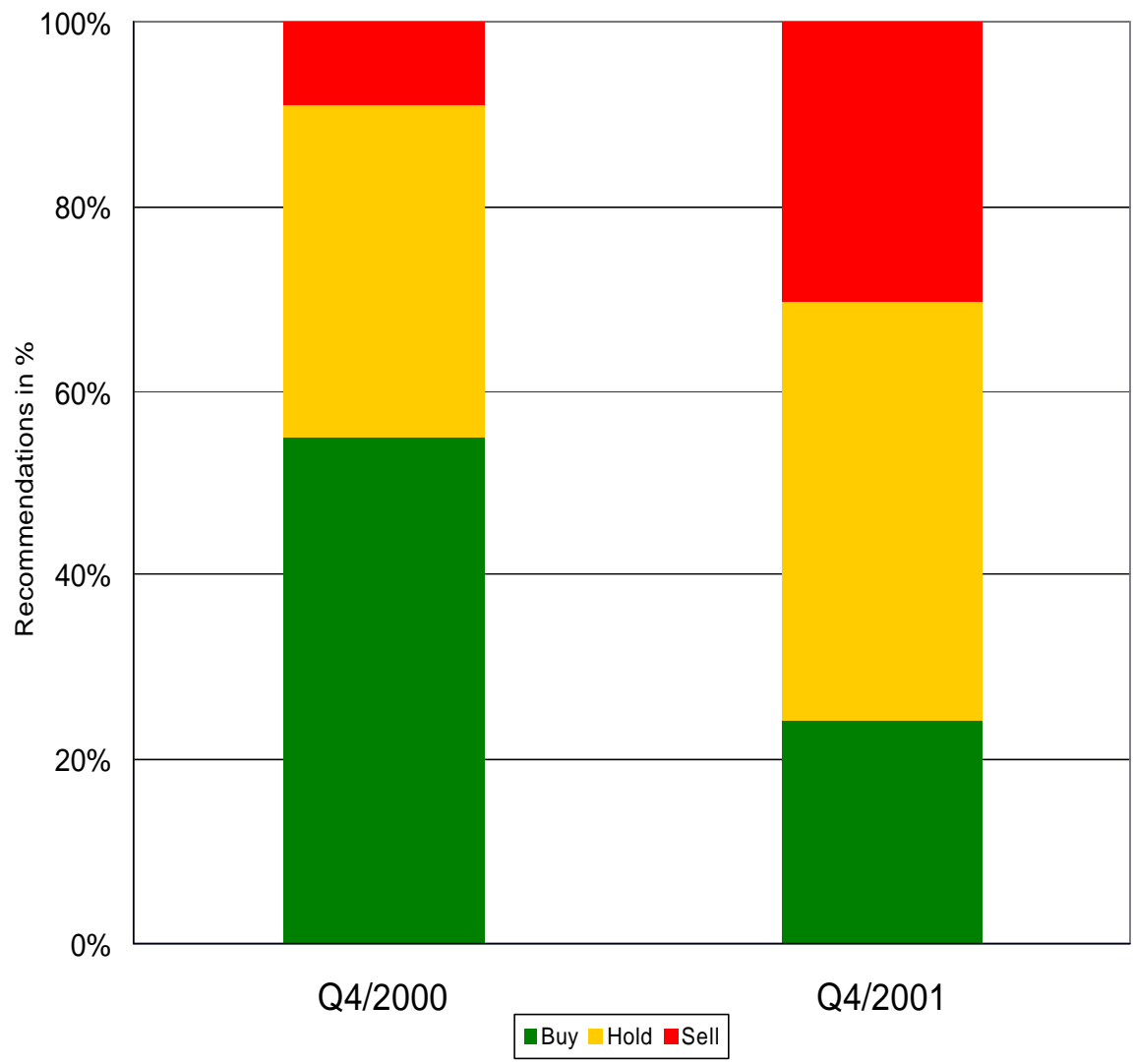
Operational situation

- New customer-centric organization
 - Two product divisions, four end-user divisions
 - 28 Business Areas
- Margin down in six of the seven divisions
 - Asset write-downs, project cost overruns
- Ongoing restructuring program
 - 12,000 job cuts announced

Market view of ABB

- Asbestos
 - Unquantifiable risk; estimates range from US\$ 2-6 bn
- Liquidity and balance sheet concerns
 - Commercial paper market drying up, high level of maturing debt
- Low visibility on operational performance, targets widely doubted
 - Wide variety of businesses, ongoing restatements, change in reporting structure
- Reputation of management
 - New management, frequent management changes

Analyst Recommendations



* Source: Reuters/Bloomberg/others - Recommendations of ~30 institutions



Implications

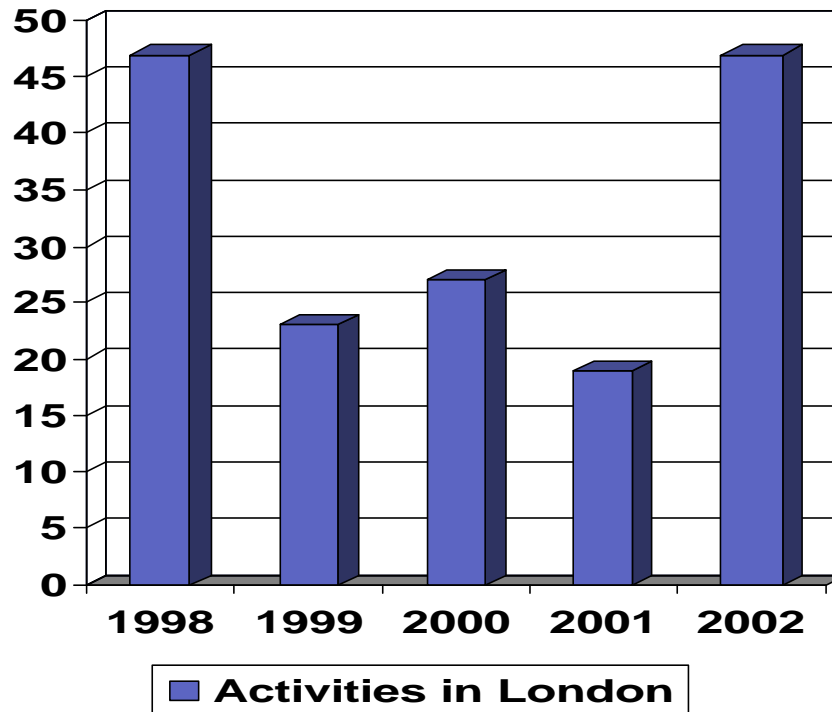
- High volatility in the share
 - Fast changing shareholder base
- Bonds more volatile
- Extensive, mostly negative, media coverage

Led to :

- ⇒ Huge information demand, need for fast communication
- ⇒ Highly specific, detailed information requirements
- ⇒ High demand on management's time

Results for Investor Relations

- Increased communication activities
 - Number of conference calls doubled
 - Group meetings and one-on-one meetings sharply increased



Results for Investor Relations

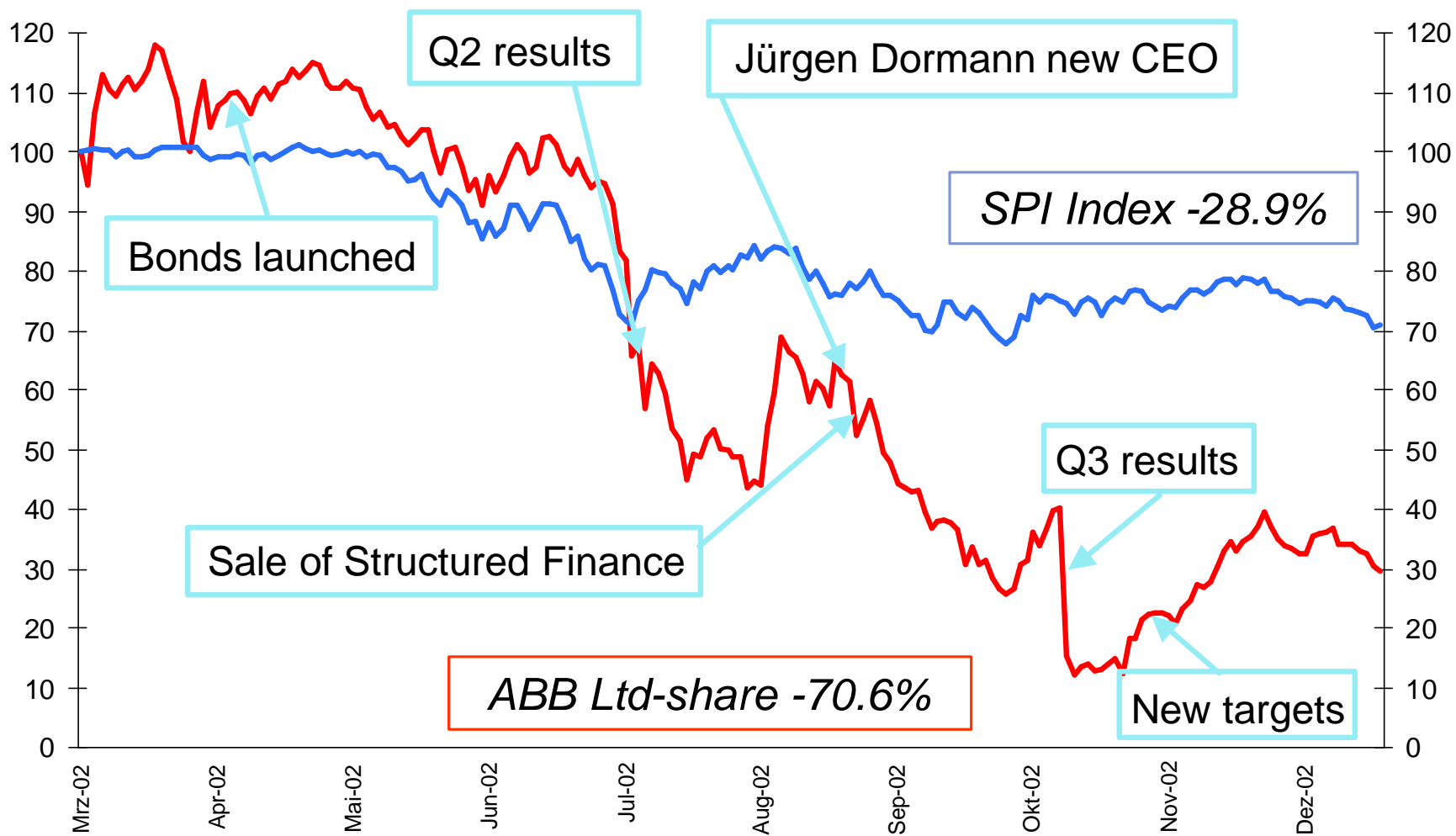
- Tailored communication
 - Separate meetings for equity-sell, equity-buy, credit-sell and credit-buy
- Specific information
 - Education on legal matters like asbestos
 - Quarterly breakdown of short-term debt, maturing long-term debt
- Need for consistent communication
 - Q&A, scripts

Restoring ABB – first steps

- Secure liquidity
 - Exit volatile short-term commercial paper market
 - Credit facility
- Reduce debt and lengthen maturity profile
 - Launch convertible and straight bond
- Divest non-core businesses
 - Structured Finance, real estate, metering business

ABB Share Price Development – Apr. 2002 to Dec. 2002

Rebased in %



Restoring ABB – key elements

- Power and Automation only
 - Reduce business areas from 28 to 12
- “Step change” program costs savings of US\$ 900 million
- Divest non-core businesses to reduce debt by US\$ 1.5 bn
 - Remaining Financial Services, Building Systems, Oil, Gas and Petrochemicals
- Set new targets for group and division for 2002, 2003 and 2005
- Asbestos
 - Pre-packed Chapter 11 limits cost

Promise and deliver – crucial to rebuild trust

Asbestos

File Ch. 11



Bankruptcy court



District court



3rd Circuit court



\$2 bn cash
proceeds from
divestments

Aircraft leasing portfolio



Sinopec shares



Two equity ventures projects



Building Systems Nordic



Oil, Gas and Petrochemicals



\$900 mill. cost
savings by
06/2004

3 mos 2003: \$70 mill.



6 mos 2003: \$230 mill.



9 mos 2003



12 mos 2003



Lessons learned

- Fast, open communication is key
- Regular access to top management
- Strong links needed between IR and top management
- Tailored communications for difference audiences
- Take time to “educate” on specialized topics
- Make sure there are actions behind your words!

Do an excellent communication in good times
but double your efforts in bad times !

Conclusion

- Still a long way to go, but:
- Achievements are recognized in the market
- Communication starting to pay off
- ABB on the way to rebuild trust

To be a Company with a
top reputation and
best-in-class Investor Relations

ABB Share Price Development – Jan. 2003 to Sep. 2003

Rebased in %

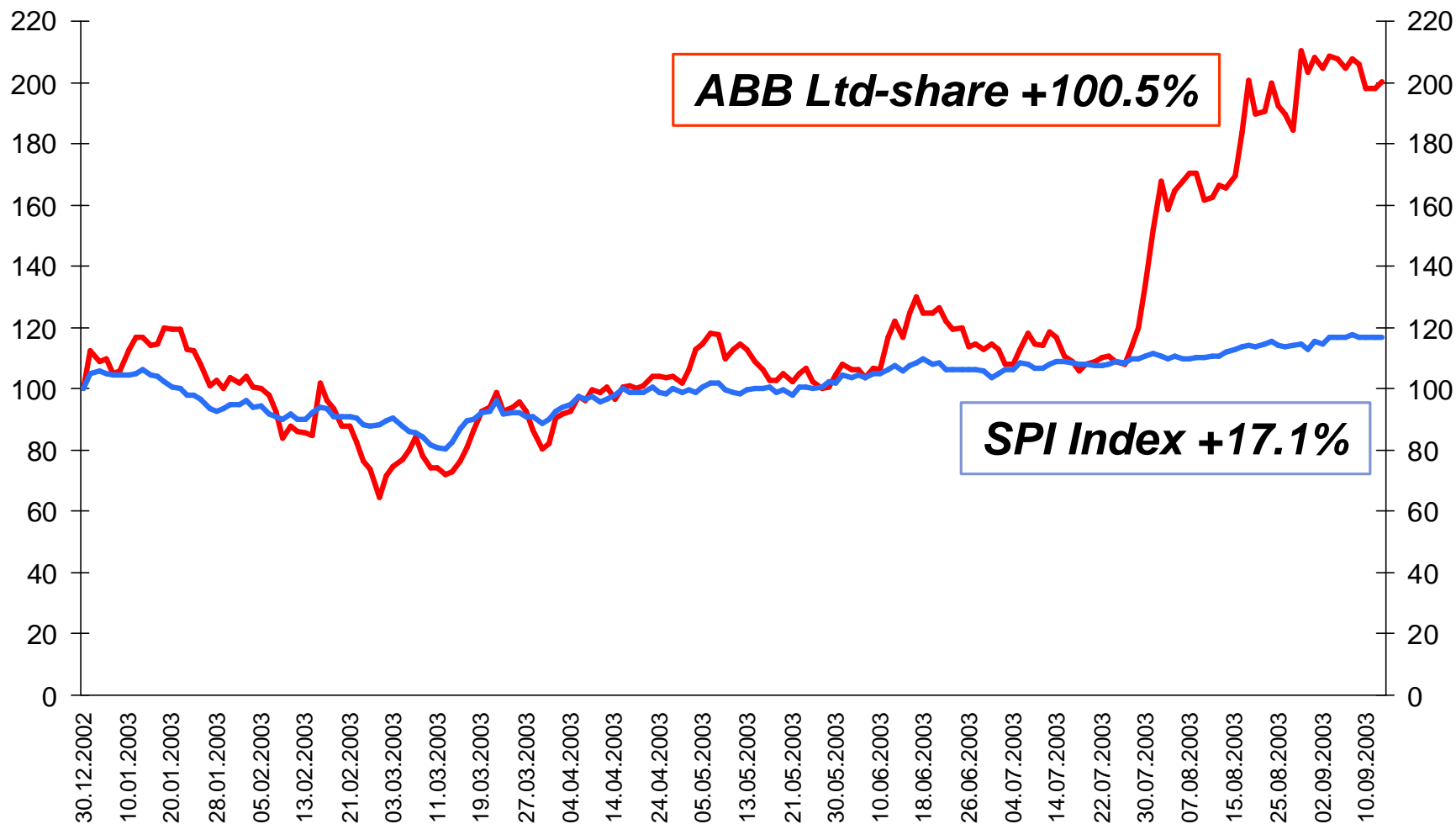


ABB Ltd-share +100.5%

SPI Index +17.1%

Source: Bloomberg



Safe-harbor statement

This presentation includes forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd and ABB Ltd's lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are major markets for ABB's businesses, market acceptance of new products and services, changes in governmental regulations, interest rates, and fluctuation in currency exchange rates. Although ABB Ltd believes that its expectations reflected in any such forward looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.



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ABB Share Price Development – 2001 to spring 2002

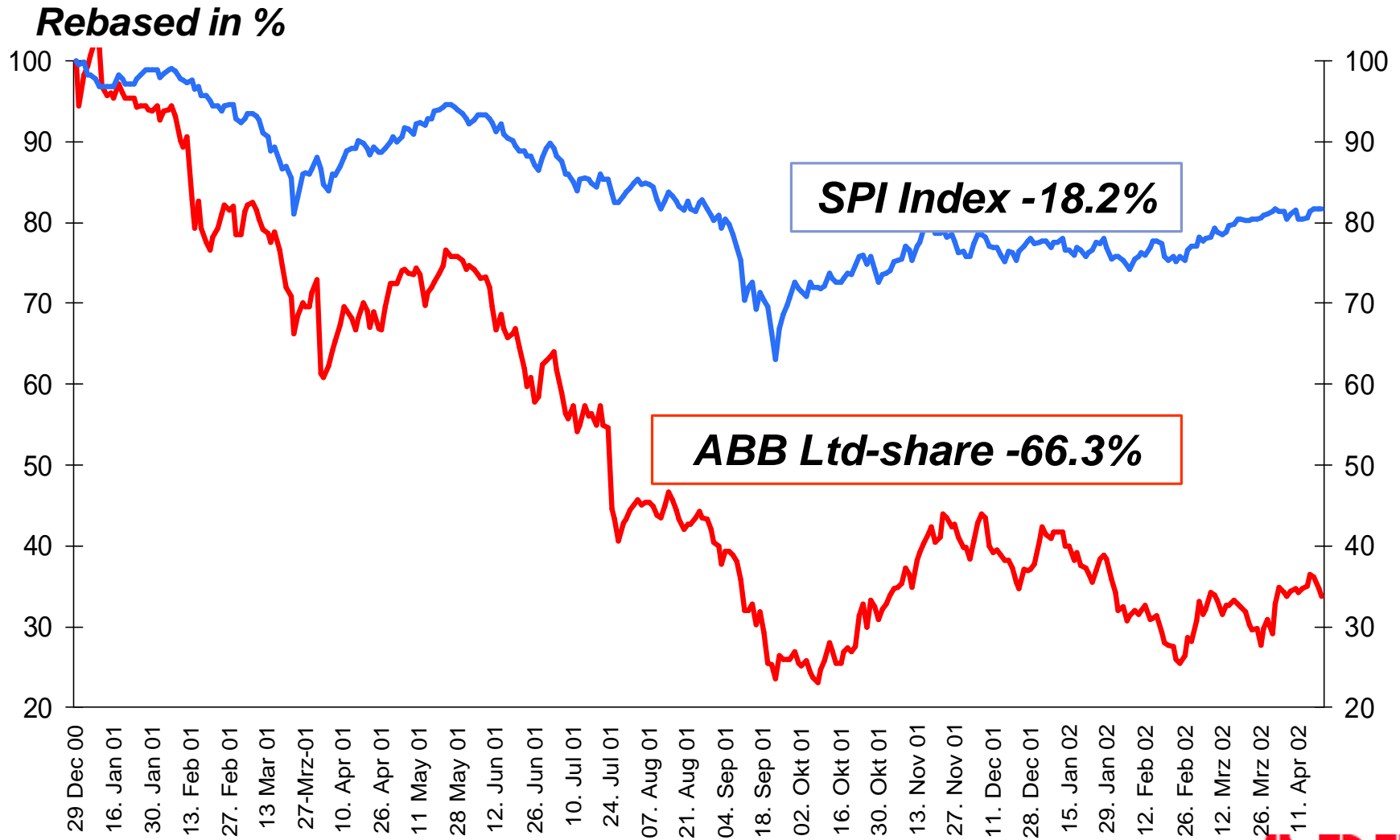
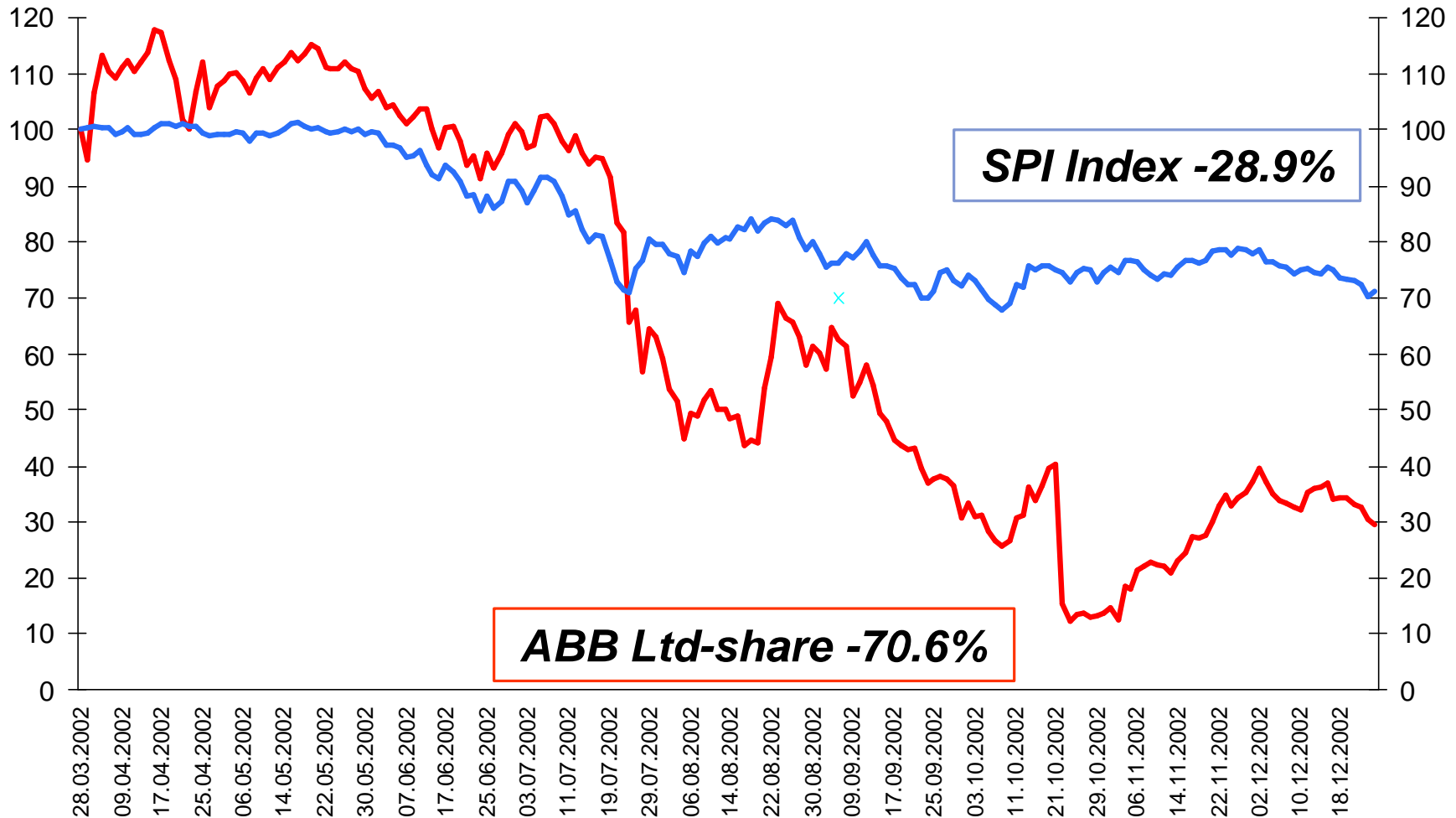


ABB Share Price Development – Apr. 2002 to Dec. 2002

Rebased in %



SPI Index -28.9%

ABB Ltd-share -70.6%