

## **ABB revises earnings outlook downward**

*Confirms net debt reduction target of US\$ 1.5 billion by year-end*

Zurich, Switzerland, October 21, 2002 – ABB said today it is revising its 2002 earnings outlook downward as a result of lingering market weakness and slower than expected benefits from its cost reduction program.

At the same time, ABB confirmed its target of reducing net debt by US\$ 1.5 billion by year-end, down from the level of US\$ 4.1 billion at the end of 2001.

“The early signs of economic recovery that we saw in the first half of the year have not materialized,” said ABB chairman and CEO Jürgen Dormann. “Visibility during the months of July and August was low, and we now see that September has not delivered the expected recovery. As a result, we are lowering our outlook for earnings.”

Dormann added that the company had anticipated stronger markets would lift earnings in the second half of the year. This would have offset the impact of write-downs in some large Oil, Gas and Petrochemicals projects, losses in Building Systems, investment write-downs in New Ventures and cost overruns in Utilities.

“Given the uncertainty surrounding the strength and timing of an economic recovery, we will not give an updated earnings outlook at this time,” said Dormann. “What is clear is that the cost base of the company is still too high given the weak market conditions. We are speeding up our efforts to cut costs and further streamline the organization in line with our core businesses of power and automation technologies.”

The company said its medium-term targets were under review.

As previously announced, the company will release its third-quarter results on October 24, 2002.

This press release 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, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in ABB's filings with the U.S. Securities and Exchange Commission. 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.

*For more information please contact:*

**Media Relations:**

**ABB Corporate Communications, Zurich**

Thomas Schmidt, Wolfram Eberhardt

Tel: +41 43 317 6492

Fax: +41 43 317 7958

[media.relations@ch.abb.com](mailto:media.relations@ch.abb.com)

**Investor Relations:**

Switzerland: Tel. +41 43 317 38 04

Sweden: Tel. +46 21 325 719

USA: Tel. + 1 203 750 7743

[investor.relations@ch.abb.com](mailto:investor.relations@ch.abb.com)