

Ulrich Spiesshofer
Chief Executive Officer
ABB Annual General Meeting
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Dear shareholders,
Ladies and gentlemen,

On behalf of the entire Group Executive Committee, I'd like to welcome you most warmly to this year's annual general meeting.

I am especially pleased to address you today for the first time as the Chief Executive Officer of ABB.

First, I want to express my heartfelt thanks to my predecessor and friend Joe Hogan for the smooth and professional transition process, which we implemented together in a positive, constructive and highly effective manner.

As Hubertus von Grünberg already mentioned, in the past 12 months, we have further developed ABB's Executive Committee in an orderly manner and newly filled a number of positions – with one exception, all with internal colleagues as part of our long-term leadership development. My thanks go out to all of the colleagues involved in the transition along with their teams as well as the entire ABB family, who implemented and supported these demanding changes without affecting our business operations. Our experienced divisional heads as well as the Head of Global Markets, Frank Duggan, our CFO Eric Elzvik and the General Counsel Diane de Saint Victor were a considerable support.

The new Group Executive Committee members are in attendance here today: Jean-Christoph Deslarzes, who is Swiss, succeeded Human Resources Director Gary Steel, who after a successful time at ABB went into his well-deserved retirement, as well as his Finnish colleague Pekka Tiitinen, who is my successor in the Discrete Automation and Motion division, and our Italian colleague Claudio Facchin who is the new Head of the division, Power Systems.

I asked our American colleague, Greg Scheu, to take on a new assignment. He is now the Executive Committee member responsible for integrating our acquired companies worldwide along with the North American region and our strategically important global service activities.

The Executive Committee team comprises 11 members from nine countries, two of whom are Swiss nationals from Aargau and the Valais, and is therefore representative of ABB as a globally active corporation with strong Swiss roots.

I am confident that with our current Executive Committee we are well-positioned to successfully execute our strategic focus areas and to meet the challenges that lie ahead.

Ladies and gentlemen,

My comments today can be divided into two parts. First, I would like to inform you in detail about our performance in 2013 and again summarize yesterday's results for the first quarter of 2014 and the outlook for the current year.

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Then, after seven months as CEO, I would like to share with you some personal thoughts about ABB and explain how we are going to drive ABB's development forward in a targeted and structured way.

Ladies and gentlemen,

Now I come to ABB's financial and operating performance for the fiscal year 2013.

ABB was in 2013 again able to grow sustainably and profitably in four of its five business divisions despite the challenging global economic environment.

In 2013, for the first time in our history, we exceeded the \$40-billion mark in revenues, achieving record revenues of \$41.8 billion. In concrete terms, this means that we generated more than \$2 billion in additional business volume in difficult times. This translates into an increase of seven percent or five percent when taking into consideration the net impact of our acquisitions and divestments.

At the same time, we were able to raise profitability further. I am happy to report to you that we were able to boost operational earnings at the EBITDA level even faster than revenues. Operational EBITDA rose to \$6.075 billion despite the extraordinary charges for the Power Systems division, which I will discuss in more detail later. This is an increase of over a half a billion dollars compared to the previous year's result. The EBITDA margin rose slightly to 14.5 percent.

The main reason for this good performance was yet again our consistent, effective cost reductions, which resulted in savings of \$1.2 billion. Above all, these savings affected the supply chain as well as ongoing measures to boost productivity in our factories and in our administration. Today, ABB employs around 33,000 more people than it did five years ago. At the same time, we have cut costs during the same period by an average of \$1 billion a year – intelligent cost management helps secure jobs – and we will continue to live up to this in the future.

Targeted measures to improve cash flow enabled us to achieve a free cash flow of \$2.6 billion. This corresponds to 94 percent of net income. In the area of capital efficiency, our CFO Eric Elzvik and I see even further potential. Here – as with costs – we will not rest until we are among the best in the industry and are able to invest the freed-up capital in a targeted way.

Net income rose by three percent to \$2.8 billion. Basic earnings per share amounted to \$1.18 versus \$1.21 a year earlier. This decline was mainly due to extraordinary burdens in the Power Systems division, which were mentioned earlier.

Ladies and gentlemen,

As Hubertus von Grünberg said, we are not satisfied with the level of orders received. Due to a lack of investment in power transmission infrastructure and capital goods for late-cycle industry sectors as well as our more selective order acceptance process, above all in the Power Systems division, large orders have fallen by 31 percent compared to the previous year. We were only partially able to compensate for this with the increase in base orders to around \$34 billion in early-cycle business segments. The order backlog dropped correspondingly by 11 percent, which makes the situation for the current fiscal year even more difficult.

We are addressing this challenge specifically with our strategic focus areas, which I will cover in more detail later on. Our goal is also to achieve profitable growth, even in a weak economic environment.

Four of our five divisions contributed to this year's solid performance. Our service business developed exceptionally well across all of the divisions. Here, profitable growth in orders, revenues and profitability exceeded overall group operating profits because of the consistent implementation of our service strategy. Now I would like to discuss the development of the individual divisions.

The Low Voltage Products division, led by Tarak Mehta, was able to significantly increase revenues and operating profits. The successful integration of Thomas & Betts contributed significantly to these results. At the same time, the division was able to bring innovations to the market, such as the world's first intelligent, energy-saving Emax2 circuit breaker, which has become a huge "sales hit".

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Ladies and gentlemen,

The division Discrete Automation and Motion, under my colleague Pekka Tiitinen, profited enormously in 2013 from the innovation and execution strengths of the now fully healthy robotics business.

Today, this division makes the largest contribution to ABB's operating profit.

The acquisition of Power-One made ABB the world's second-largest producer of inverters for solar photovoltaic. We see very good prospects for the future of this technology, which is based on power electronics.

One of the division's key accomplishments was the consistently successful integration of our US subsidiary, Baldor, the largest acquisition in ABB's history. I am pleased to report that we were able to reach our ambitious three-year value targets despite a difficult market environment.

The Process Automation division, under the leadership of Veli-Matti Reinikkala, struggled in 2013 with the current investment cycle in the mining and metal processing industry. Nevertheless, the division was able to successfully convert the order backlog into revenues and further increase profitability.

The Process Automation division was also able to bring important innovations to market maturity last year. One highlight is the newest version of the world's most widely sold control system, the 800xA for the process industry, which was introduced as an important Industry 4.0 innovation at Hanover Fair three weeks ago. Targeted acquisitions such as the US measurement device manufacturer Los Gatos enable us to offer new technical solutions.

In particular I want to mention the exceptional and highly consistent profitability of the Power Products division compared to the industry average and in light of the tough international competition. Our Swiss colleague Bernhard Jucker and his team have once again, through consistent implementation and hard work, delivered great performance in an extremely difficult marketplace and were able to keep our revenue figures stable as the global leader in a very difficult market. Moreover, the division introduced several major innovations to market and was able to successfully penetrate the market by localizing the entire value chain from research and development to production and sales – investing in the future in, for example, India, Brazil and China –so that it can immediately begin offering local products that are tailored to local customers' needs.

Ladies and gentlemen,

Now, I must speak in more detail about the Power Systems division. Four of our five divisions worked successfully in 2013 and here our focus is clearly on achieving further profitable growth.

ABB has been the market and technology leader in power-transmission systems sector for decades. Nevertheless, in the Power Systems division, we are currently occupied with a number of restructuring tasks.

When I took office, I promised that both the Executive Committee and I would always speak frankly and, unfortunately, just a few months into my time in office, we were obliged to deliver bad news. In January of this year, we had to communicate again that we were setting aside major provisions for this division and that we had to adjust downwards the short-term targets for the division. This was a very painful yet necessary step, which unfortunately has been confirmed by the division's very poor performance in the first quarter of 2014. Yesterday's disappointing performance results for the division has again made clear that comprehensive restructuring measures are urgently needed.

The uncertain political and regulatory situation in Europe above all has led to significant delays in awarding orders. We are deeply concerned about these developments and hope that both politics and business come together quickly to increase planning security and clarity. The underlying framework of the division remains as solid as ever, however we see a number of problems that must be corrected.

I'd like to take this opportunity to speak openly about these problems and outline to you the measure we are taking to bring this division back to profitable growth. During the last few months, we have under the

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leadership of our new division head, Claudio Facchin, undertaken a full review of the business portfolio and analyzed the strengths and weaknesses of this division.

First, it was left to the business to act as general contractor for renewable energy in a number of segments and countries in which ABB did not yet have a strong enough organization of its own. We already began correcting this in 2013, and had to accept huge losses on transactions. The execution of these activities will continue to keep us very busy in 2014.

Second, there are very high risks inherent in the offshore wind business to which general contractors are particularly exposed. In November 2013, Hurricane "Xaver" caused heavy losses in our offshore wind power business, throwing some of our major projects off course. This storm was the most dramatic example of the many types of risks. We are now working on a detailed business model for this area and reviewing all of the options available to us.

Third, with hindsight, there were a number of operational mistakes made both in project management and while implementing projects in other areas that we are now correcting with a great deal of resources. Here, I would like to extend my express thanks to our experienced new division head Claudio Facchin and his team for the in-depth and professional analysis of the overall situation as well as the vigorous implementation of improvement measures that is already underway. We will implement the restructuring measures in a targeted way and at the same time continue to invest in this division's outstanding innovative strength and lead it back to where you and I want to see it again.

ABB is strong enough to accomplish this. We have seen that in example of robotics, where drastic measures transformed the business from a restructuring case to an area that has generated impressive profitable growth in recent years. Therefore, I ask you today for your patience and for your trust in us over the long term.

Ladies and gentlemen,

The activities we are currently reassessing, such as in offshore wind power, are not to be equated with our traditional business in power transmission. Our business in the highly efficient transmission or power over long distances or the connection of power grids continues to have a very good prospects for the future and we have completed many projects successfully and on time.

ABB is a technology company and behind the figures for 2013 is the expertise and passion of 150,000 employees to deliver to our customers unrivaled solutions for connected factory automation, improved energy efficiency and reliable, efficient power supply. We are also proud of our successful expansion into new fields such as electric mobility, building automation or industrial measurement technology. More and more, we are linking our expertise in industry automation with new software solutions that enable our customers to create new added value out of the data obtained from systems, machines and the energy supply. ABB is already a leader in so-called Industry 4.0. One of the highlights of my first months as CEO was this year's Hanover Fair and the enthusiastic response of our customers and politicians to our new products and services for Industry 4.0 and the power grid of the future.

Now I would like to share a few specific examples with you of how ABB technology is making possible novel solutions for our customers.

As a first example, I would like to mention an example from power technology. Here we succeeded in putting into operation the world's most powerful HVDC Light underwater cable between Ireland and Wales. HVDC stands for our leading high-voltage direct-current transmission technology. This 260-kilometer long undersea cable has a capacity of over 500 megawatts, thus enabling the supply of power to around 300,000 households in the United Kingdom and Ireland. ABB developed the underlying HVDC Light technology in the early 2000s.

Currently there are 14 projects with this technology in operation around the world, 13 of which were installed by ABB.

Another example I would like to introduce to you is our new robot prototype for factory automation.

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We have worked successfully in factory automation for years in order to make our robots more intelligent and easier to operate. Our success is incredible. The next and following steps in this development are currently proving themselves in a number of pilot systems around the world. These robots can work in very close proximity to people without protective cages.

Our test customers are excited about this new level of interaction between “human and machine” and we are planning on bringing these robotics technologies to the global market once we have completed our own strict internal series of tests.

Finally, I would like to talk to you about our successful expansion into the field of electric mobility.

Last year ABB announced that it would expand the largest full-coverage network of DC fast charging stations for the 16.7 million inhabitants of the Netherlands and began rolling out this project. Now we were able to achieve yet another major breakthrough in electric mobility globally. Based on our excellent performance, our Chinese partner BYD and international premium automaker Daimler have chosen us as their partner for their groundbreaking electric vehicle, DENZA, which was introduced two weeks ago at the largest automobile show in China. This vehicle has a distance range of up to 300 kilometers. What is so interesting about this is that each vehicle is to be sold with a DC fast-charger that can be controlled via an “app”, or a software application installed on your smartphone, that we developed. This would not have been technically feasible 24 months ago and our power electronics engineers and developers here in Switzerland, in the Netherlands and in China have together done a great job.

Ladies and gentlemen,

In summary, ABB mastered well the 2013 fiscal year despite major challenges in the late-cycle sector. Our broad geographic focus and our ability to tap new regional and industrial markets ahead of our competitors, persistent and continuous efforts to cut costs as well as improved cash flow performance were key contributors to this success. Our major acquisitions are going according to plan and are already generating added value. At the same time, we have also demonstrated innovative strength and an ability to act quickly and decisively.

To strengthen its competitive edge in the future, ABB undertook crucial, forward-thinking measures in 2013 and made important investments.

For example, we also invested around \$1.5 billion in research and development in 2013.

In addition, we have invested over \$1 billion in capital improvements to modernize our production facilities and expand our global production network in key markets.

We have also invested more than \$1 billion in focused acquisitions.

This enabled us to further expand our portfolio through targeted strategic acquisitions such as Power-One in the solar business, Newron in building automation software and Elbi in the low-voltage area. Moreover, smaller divestments have enabled us to continually optimize our portfolio.

Let me briefly summarize the developments in the first quarter of 2014 on which we reported yesterday and give you some guidance on the rest of the fiscal year 2014.

The first quarter essentially matched the developments of the previous year.

We again managed to achieve solid results in four divisions despite the sluggish economy, while the results in the Power Systems division reflect the problems I referred to. We have worked very intensively, as already mentioned, this quarter to transform the business. In four divisions, business was good in terms of revenues and earnings, not least as a result of our efforts to leverage early-cycle market opportunities and the consistently successful measures put in place during the implementation of our cost-savings programs.

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Our early-cycle business gained traction while in late-cycle industries, big investments were further delayed, as expected. A special highlight of the first quarter was the encouraging development in cash flow. Here, our redoubled efforts at capital efficiency showed promising initial results.

With view to the future, we inaugurated new large-scale production facilities in Brazil in an effort to increase the localization of our products and solutions and announced more than \$300 million in investments in China over the next few years.

We have also made good progress in portfolio optimization with the sale of Thomas & Betts' ventilation and air-conditioning systems business, as well as the sale of Power-One's activities for energy management systems, which we announced on Monday. Both activities lacked significant synergies with ABB's core business and were for that reason divested.

I would particularly like to mention a partnership agreement with Philips that we signed in March. It will be the cornerstone of the next stage of development in the field of intelligent, integrated building automation. ABB and Philips, the global leader in lighting technology, will work together closely in the future to generate more value for our customers.

We do not anticipate substantial changes in the macroeconomic outlook over the course of the 2014 fiscal year.

We will continue to focus on systematically unlocking market opportunities as well as remain disciplined on costs, while enhancing our competitive strength by investing in innovation as well as organic growth and targeted acquisitions. We also intend to strengthen cooperation in various areas of our business.

Ladies and gentlemen

Dear shareholders,

When I was appointed CEO, I made three resolutions for 2013:

- listen and learn,
- jointly define ABB's focus and priorities together with my team and
- initiate targeted measures as early as 2013.

Although after nine years, I'm one of the veterans on the Executive Committee, it was for me very important to use the transition phase between Joe Hogan and myself to expand my own impression of ABB by actively listening before taking decisions on the future of the company.

The overall goal was to get a better understanding of what makes ABB what it is, where our strengths lie, where we can improve and where we have the biggest opportunities to increase our performance. To that end, I spent hundreds of hours in one-to-one conversations and group discussions with customers, employees in all regions, divisions and functions, and especially our investors.

Today, dear shareholders, ladies and gentlemen, I would like to share with you my views on what ABB is and where we should focus our attention:

Who is ABB today?

We are a technology leader for automation and power technologies, offering customer-oriented solutions for the sectors utilities, industry, and transportation & infrastructure worldwide. The model describes simply but comprehensively what we are.

Our Vision "ABB – power and productivity for a better world" aptly describes what we stand for – today and tomorrow. The vision was formulated several years ago and is today just as accurate and relevant.

ABB's products are already helping to save energy on a large scale today. As an example, our worldwide installed base of drives for the control of industrial motors saved more power in 2013 than all Swiss households consume over seven years.

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The drives are based on our key technology, power electronics, and are an excellent example of how we are implementing our vision "Power and productivity for a better world".

Ladies and gentlemen,

We will continue to drive the development of ABB based on our long-term vision and our clear and simple enterprise model with a steady hand, but in a goal-focused, dynamic and systematic way.

In the third and fourth quarters of last year, we developed a comprehensive overview of our market position.

In a global analysis of our position in ABB's key markets, we developed "heat maps" reflecting our market positions in all relevant current and future segments. This provided us with a clear indication of where the opportunities for profitable growth are and which areas should be prioritized when it comes to investments.

The growth potential we uncovered for ABB is immense. To fully tap this potential, we defined three focus areas that will provide us with the systematic and robust means to help deliver added value to you, our shareholders, our customers, business partners, and employees. Our goal is to continually increase earnings per share and cash flow return on invested capital over the long term.

Ladies and gentlemen,

I would now like to provide you with a rough outline of our three focus areas using concrete examples.

The first focus area is profitable growth which we want to drive forward with our so-called "PIE formula". This stands for (market) penetration, innovation and expansion.

Penetration aims at selling more products from our existing portfolio to our existing customer base by intensifying our customer contacts and adapting our offerings to local requirements. One example is the already mentioned expansion of product development and production in long-term growth markets such as India, China or Brazil. In China alone, we will invest \$300 million in our site in Xiamen over the next few years to offer products that are developed and produced in China and accompanied by high-value services, and are tailored to specific market segments and needs. But also in traditional markets such as Switzerland, Italy, Scandinavia and the USA, we still see plenty of opportunities to take advantage of existing market opportunities.

The second aspect – innovation – refers to the creation of new technologies, offerings, business models and new customer value with a targeted innovation strategy and investment approach.

Our technical competence is one of the most outstanding differentiating aspects of ABB, and something we were honored for many times in 2013. The future of the company depends on our ability to continuously develop groundbreaking new solutions that open up new possibilities to both our customers and our business. Here, Switzerland plays an especially important role for ABB. The corporate research center in Dättwil, Aargau, is our largest research laboratory worldwide. We also have in Switzerland our global competence center for power electronics, one of our key technologies. In addition, for many years, ABB has profited from its close relationship with the renowned ETH (Federal Institute of Technology in Zurich). A few weeks ago, we deepened this valuable partnership by signing an agreement to create a new ABB-driven professorship in electrical engineering.

The third aspect of our growth formula concerns the expansion of our business into new markets and segments. In the future, we will also be making acquisitions in areas where we can close gaps and create value. At the same time, however, we will focus more strongly on organic growth in new segments. This requires the proper allocation of capital and resources; we will base our decisions on the attractiveness of opportunities and our chances of success in new segments. Our "heat maps" serve here as an important guide for prioritizing our activities.

One regional expansion initiative will be the build up of infrastructure and industry in Africa. The continent is growing rapidly and in the current development phase, the mining, oil and gas sector and the energy

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industry, but also increasingly manufacturing, are vital engines of growth – and all are key markets for our ABB.

Ladies and gentlemen

Our second focus area is business-led collaboration through which we intend to enhance value for the customers and improve customer service. To that end, we are strengthening collaboration between our divisions to create more customer-focused, integrated solutions. Our customers are not interested in how we are organized, but in how ABB as a whole can create value for them as a partner.

An excellent example is the recent order for modernizing Sweden's high-speed trains dating back to the early nineties. Intense cooperation among the divisions Power Products, Discrete Automation & Motion and Low Voltage Products led to customer success. In January of this year, we were able to sign a \$200 million contract to modernize the trains. Instead of scrapping the old trains, we will deliver a train to the customer in the "steel mantle" of the nineties that can easily compete with today's most energy efficient, reliable, comfortable and convenient high-tech trains.

Our third focus area is relentless execution. This has become a hallmark of ABB as shown by our effective cost and cash flow management. We have turned our attention to the productivity of administrative, distribution and other general cost functions, where there is room to improve efficiency and streamline workflows. Also in sales, administration and research and development, we will in future be strengthening "six sigma" and "lean" approaches that have served us well on the production floor.

We call this white-collar productivity. The goal is for our over 20,000 employees in sales to be able to spend more time with our customers and less time dealing with internal processes and administration. The additional resources we free up here will be deployed in a rapid, focused way based on our "heat maps" to achieve additional growth.

Our ABB has the ambition to be a leading company in all areas. Relentless execution applies to us also when it comes to the well-being of our employees.

To this end, we have therefore launched an extensive campaign to further improve our work safety program.

The health and well-being of all people working for ABB have highest priority – higher than earnings or new orders.

Ladies and gentlemen

Today ABB is a globally active corporation with a unique multinational company culture, tremendous technical know-how and excellent customer relationships, as well as the best team in our industry. These will be key success factors in the world of tomorrow. We also have a solid balance sheet and clear strategic goals.

We will face our challenges and do our utmost to achieve our strategic focus areas in order to fully exploit our potential for growth. As shareholders, you will also profit from these endeavors.

ABB has today four healthy and growing businesses.

The tasks in the division Power Systems are clear and we are going to tackle them head-on with the new team. We are confident that we will be able to position the business profitably in the long-term.

The medium and long-term growth prospects of ABB are very good overall. We see a long-term, growing need for efficient, reliable power transmission and distribution as well as rising demand for more productive, networked automation solutions.

Our commitment to energy efficiency along the entire value chain and the future of a lasting, efficient energy supply and mobility is undisputed. "ABB technology helps to realize the vision of a better world through technological solutions." The statement is not ours, but that of our new Swiss technology partner, researcher and explorer Bertrand Piccard, whose attempt to circle the globe in his solar-powered plane

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“Solar Impulse 2” is supported in a comprehensive partnership by ABB. We joined forces with Solar Impulse because we both share the same vision: to contribute to a better world through innovative technology and to be pioneers in overcoming existing boundaries.

In conclusion, I would like to thank all of you, our shareholders, for your trust and long-term support and to ask you for your continuing support for my team and me in the future.

Together we will make ABB an even stronger, more successful company, which will always be the first choice for customers, employees, business partners and investors.

Thank you very much for your kind attention.