

ABB sells Structured Finance business to GE Commercial Finance for US\$ 2.3 billion

Sale will reduce net debt by US\$ 2.3 billion

Zurich, Switzerland, September 4, 2002 – ABB, the global power and automation technology group, said today it has signed an agreement to sell most of its Structured Finance business to GE Commercial Finance for total cash proceeds, including equity and debt, of about US\$ 2.3 billion. ABB's net debt will be cut by the same amount.

“The sale of Structured Finance is an important step in our ongoing program to strengthen the balance sheet, and allows us to cut net debt by US\$ 2.3 billion,” said Jörgen Centerman, president and CEO of ABB. “The divestment of this activity is fully in line with our strategy to focus on power and automation technologies for industry and utility customers.”

Centerman reaffirmed ABB's targets for 2002 of an EBIT margin of 4-5 percent and flat revenues.

The divestment of Structured Finance is subject to customary regulatory approvals.

“With the sale of Structured Finance, we are confident that we will reach our target of reducing net debt by at least US\$ 1.5 billion this year from US\$ 4.1 billion at the end of 2001,” said Peter Voser, ABB's chief financial officer.

At the end of the first half of 2002, net debt had increased to US\$ 5.2 billion. Voser said: “The additional net debt reduction needed to meet our targets this year will be achieved through stronger net cash from operations in the second half of 2002 and other asset sales, including real estate.”

ABB said it will use the cash from the sale to repay scheduled debt maturing in the fourth quarter of this year - including its bank facility, commercial paper and bonds - of about US\$ 1.2 billion. The remainder of the cash will be used to repay other debt maturing mainly next year.

The Structured Finance portfolio being divested includes global infrastructure financing, equipment leasing and financing businesses.

As previously announced, ABB will retain some US\$ 0.9 billion in leasing assets related to its core businesses, representing about 15 percent of the total Structured Finance business area assets. ABB will retain its Financial Advisory unit (75 employees) which mainly serves ABB's industrial divisions with advice on arranging financing for customer projects.



Under the agreement GE Commercial Finance will:

- acquire total assets of about US\$ 3.8 billion, including the US\$ 3.4 billion loan and lease portfolio.
- pay about US\$ 400 million for Structured Finance equity, which represents a discount of 2 percent on the underlying book value of the loan and leasing receivables portfolio.
- pay ABB US\$ 1.9 billion to cover Structured Finance net debt (US\$ 2.1 billion in debt minus US\$ 200 million cash already on Structured Finance's balance sheet).
- assume other liabilities of about US\$ 1.2 billion.

With equity and debt payments, and after transaction costs, total cash proceeds for ABB will be about US\$ 2.3 billion.

The 2 percent discount on the US\$ 3.4 billion loan and lease portfolio, the transaction costs related to the deal and provisions, correspond to a book loss of around US\$ 125 million. This amount will be booked as discontinued operations and will not affect EBIT.

Not included in the divestment are: the ABB Export Bank, ABB's 35 percent equity stake in the Swedish Export Credit Corporation, and the aircraft leasing business. ABB is in negotiations to divest some or all of these businesses, whose total book asset value was about US\$ 0.9 billion at the end of June 2002.

Structured Finance, part of the Financial Services division, employs 500 people in 11 countries.

ABB will host a conference call for analysts and investors at 16:30 CET today, 4 September, 2002. If you wish to listen, call: +41 91 610 41 11 (Europe and rest of world), 1 412 858 46 00 (U.S.). There will be a digital playback for 72 hours commencing 2 hours after the conference. Participants requesting the digital playback should dial: +41 91 612 4330 (in Europe) or +1 412 858 1440 (in U.S.) and will be asked to enter the conference ID 010 followed by the # sign.

ABB (www.abb.com) is a global leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impacts. The ABB Group of companies operates in more than 100 countries and employs about 150,000 people.

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.

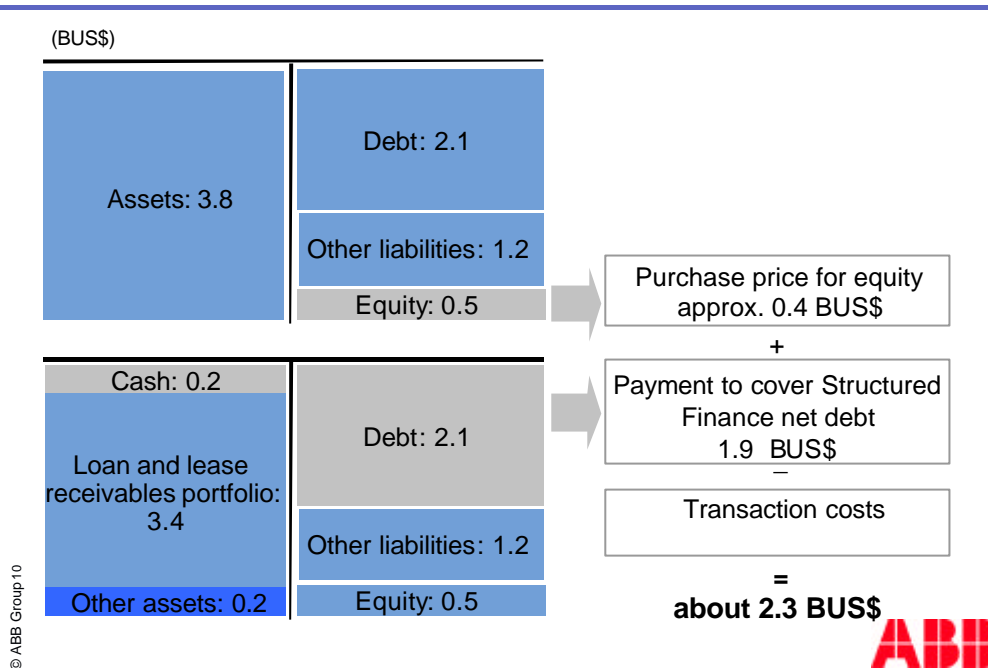
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APPENDIX:

Cash proceeds of about 2.3 BUS\$



Net debt development

