

## **ABB takes US\$ 470 million charge for asbestos claims**

### *Net loss expected for the ABB Group in 2001*

Zurich, Switzerland, January 30, 2002 – ABB said today that following its annual review of claims for asbestos liabilities pending against Combustion Engineering, a subsidiary in the United States, it is taking a charge of US\$ 470 million against 2001 earnings to increase its provisions for the U.S. asbestos claims.

“After our detailed annual review of the asbestos issue, we have decided to increase our provisions with an additional charge of US\$ 470 million against 2001 earnings, and we expect a net loss for the ABB Group in 2001,” said ABB president and CEO Jörgen Centerman. ABB will report its 2001 results on February 13.

With the charge, ABB is increasing its total asbestos provisions from US\$ 590 million at the end of 2000 to about US\$ 940 million. The relevant estimated insurance recovery was approximately US\$ 150 million at the end of 2001, down from around US\$ 160 million at the end of 2000.

The number of new claims filed against Combustion Engineering increased from 39,000 in 2000 to 55,000 in 2001. In response to the increase in claims, Combustion Engineering has intensified its efforts to identify which claims are valid and which claims that appear not to be valid.

Valid claims are settled and the invalid claims, which appear to be increasing significantly, are being disputed. For these reasons, the number of claims settled decreased from 34,000 in 2000 to 27,000 in 2001, and the average amount paid per claim increased from US\$ 4,833 in 2000 to US\$ 6,069 in 2001.

As of December 31, 2001, around 94,000 claims were pending against Combustion Engineering compared to approximately 66,000 on December 31, 2000.



ABB said a total of US\$ 136 million was paid to settle claims in 2001 compared to US\$ 125 million in 2000, and added that it expected some US\$ 43 million would be reimbursed by insurers for 2001 claims (2000: US\$ 48 million).

The asbestos liabilities in the U.S. come from claimed exposure to asbestos in products supplied before the mid-1970s by Combustion Engineering, a company ABB acquired in 1990. Asbestos is a natural mineral fiber widely used until the 1970s, when it was found that exposure to asbestos could cause certain illnesses.

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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