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ABB

Key operational developments in 2005

- Strong organic order and revenue growth in 2005
- 2005 EBIT more than \$1.7 bn and EBIT margin at 7.8%
- Net income at \$735 million - 1st net profit since 2000; adjusted for asbestos accounting, net income at \$858 million
- Cash flow* tops \$1 bn despite securitization and pension effects
- Non-core activities profitable for the year
- \$393 mill corporate costs ahead of target
- Transformer restructuring well under way
- 5-year strategic plan launched
- New execution-focused organization implemented

Key financial developments in 2005

- Return on capital employed* at 14%
- Net debt cut by more than 50 percent to ca. \$500 million
- Unfunded pension liability reduced to \$837 million from \$1,451 million
- Securitization reduced to level near \$300 million
- Divestments continued (e.g., Finnish lease portfolio, South American Equity Venture investment, most of power lines)
- First dividend proposal since 2000: CHF 0.12 per share
- Progress on asbestos
- Rating agencies lift outlook to positive

* after tax

Summary of 2005 full-year results

| (\$ million) | 2005 | 2004 | Change | |
|-------------------------------------|--------|--------|---------|-------|
| | | | Nominal | Local |
| Orders received | 23,581 | 21,586 | 9% | 8% |
| Revenues | 22,442 | 20,610 | 9% | 8% |
| EBIT | 1,742 | 1,046 | 67% | |
| EBIT margin (%) | 7.8% | 5.1% | | |
| Loss from discontinued operations | (143) | (439) | | |
| Net income / (loss) | 735 | (35) | | |
| Cash flow from operating activities | 1,012 | 902 | 12% | |
| Net debt (at Dec. 31) | 508 | 1,143 | | |

- Strong top-line growth, all organic – core divisions double-digit order growth
- EBIT and EBIT margin growth show significant progress in business execution, despite \$123-million negative impact from transformer consolidation
- Strong turnaround in net income despite non-operational issues (e.g., asbestos shares)
- Cash flow at an exceptional level when adjusted for securitization and discretionary pension contributions



Divisional summary full-year 2005

| (\$ million) | Orders received* | Revenues* | EBIT | EBIT margin |
|-------------------------|------------------|-----------------|---------------------------|-------------|
| Power Technologies | 10,714 (+14%) | 9,784 (+11%) | 789 (+30%) | 8.1% |
| Automation Technologies | 12,675 (+11%) | 12,161 (+9%) | 1,312 (+28%) | 10.8% |
| Non-core activities | | | 34 vs (62) in 2004 | |
| Corporate | | | (393) vs (523) in 2004 | |

* Percentage change in local currencies

- Lead positions in fast-growing markets lifted top line significantly
- Operational improvements resulted in higher EBIT margins
- Non-core activities no longer a drain on Group EBIT
- Corporate costs on track to reach 2006 year-end target of \$350 million

Update on asbestos

- ABB's revised Chapter 11 Plan of Reorganization for U.S. subsidiary Combustion Engineering approved Dec. 19, 2005 by U.S. Bankruptcy Court, with no appeals filed
- District Court issued confirmation order on March 1, 2006
- 30-day appeals period to finish on March 31, 2006
- Total provision remaining on balance sheet = \$1,128 million
- Separate solution being considered for ABB Lummus Global Inc.

Non-core and Corporate EBIT

| (\$ million) | Q4 05 | Q4 04 | 2005 | 2004 |
|----------------------------------|--------------|--------------|--------------|--------------|
| Oil, gas and petrochemicals | 12 | (8) | 49 | (4) |
| Building Systems | (5) | (23) | (37) | (70) |
| Equity Ventures | 33 | 22 | 69 | 69 |
| Other | (16) | (26) | (47) | (57) |
| Total Non-core activities | 24 | (35) | 34 | (62) |
| Headquarters / Stewardship | (95) | (135) | (304) | (438) |
| Research and development | (19) | (24) | (90) | (91) |
| Other | (10) | 0 | 1 | 6 |
| Total Corporate | (124) | (159) | (393) | (523) |

- Turnaround of OGP leads to a profit of \$49 million
- Building Systems losses reduced despite further restructuring
- Stable returns from Equity Ventures, including gain on sale of South American power plant investment (Termobahia)



Below the EBIT line

| (\$ million) | Q4 05 | Q4 04 | 2005 | 2004 |
|-----------------------------------|-------|-------|-------|-------|
| EBIT | 520 | 250 | 1,742 | 1,046 |
| Finance net | (49) | (62) | (246) | (209) |
| Provision for taxes | (134) | (65) | (482) | (331) |
| Minority interest | (47) | (37) | (131) | (102) |
| Income from continuing operations | 290 | 86 | 883 | 404 |

- Higher full-year finance net caused by a number of one-off items: litigation-related interest cost, bond repurchases, replacement of credit facility, gain on sale of financial assets
- Tax rate for 2005 at 32%
- Minority interest continues to grow, reflecting strong earnings from JVs and non-wholly-owned subsidiaries in emerging markets

Discontinued operations – Net income impact

| (\$ million) | Q4 05 | Q4 04 | 2005 | 2004 |
|--|-------|-------|-------|-------|
| Income from continuing operations | 290 | 86 | 883 | 404 |
| Asbestos | (78) | (223) | (133) | (264) |
| Power lines | 0 | (47) | (9) | (73) |
| Finnish leasing portfolio | (6) | 0 | (28) | 22 |
| Other | 21 | (39) | 27 | (124) |
| Income (loss) from discontinued operations | (63) | (309) | (143) | (439) |
| Changes in acct. princ. net of taxes | (5) | – | (5) | – |
| Net income (loss) | 222 | (223) | 735 | (35) |

- 2005 asbestos expense mainly reflects the mark-to-market of the shares reserved for the asbestos trust
- 2004 asbestos expense included additional provision of \$232 million
- Power lines units in South America and Africa divested in 2005
- Finnish lease portfolio divested in 2005, transaction loss incl. in 2005 results
- 2005 “Other” includes a gain on the disposal of a valves unit in Japan; 2004 loss related to divestments of reinsurance and upstream oil and gas

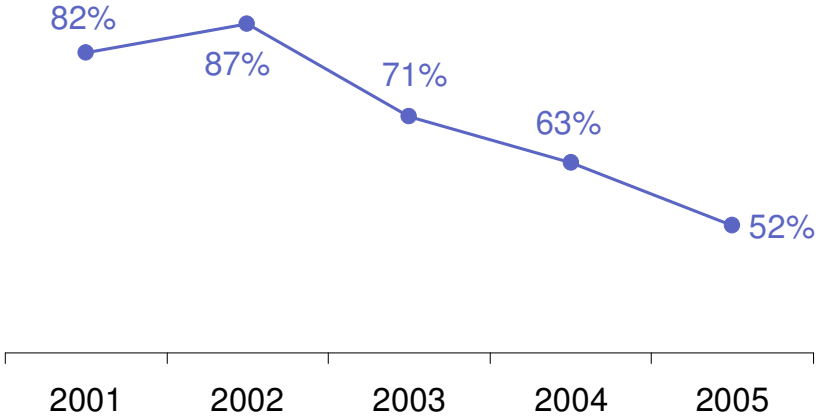


2005: Strengthening ABB's financial foundations

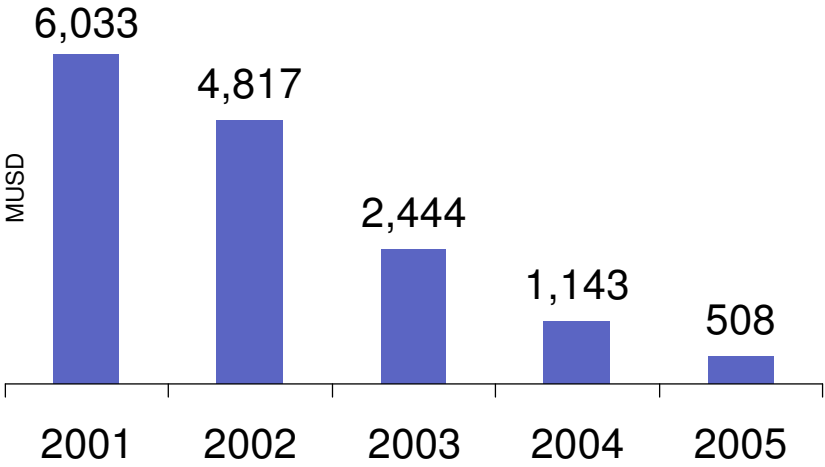
- Higher operating cash flows used mainly to reduce ABB's financial obligations (on- and off-balance sheet)
- Divestments were continued, e.g., Finnish lease portfolio, Termobahia, other non-core and financial assets
- Repayment of two maturing bonds (\$384 million) and repurchase of CHF 390 million Swiss franc bonds
- Securitization obligations reduced by \$600 million
- Discretionary pension funding of ca. \$400 million
- Leasing obligations winding down
- New \$2 bn credit facility signed in July at investment-grade terms
- Rating agencies lifted outlook to positive

Key financial data: On the way to investment grade

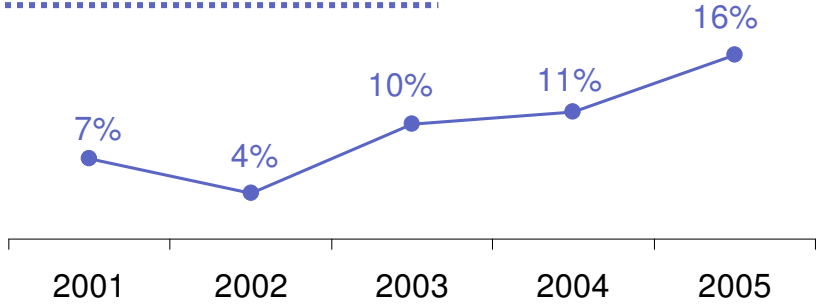
Gearing



Net debt

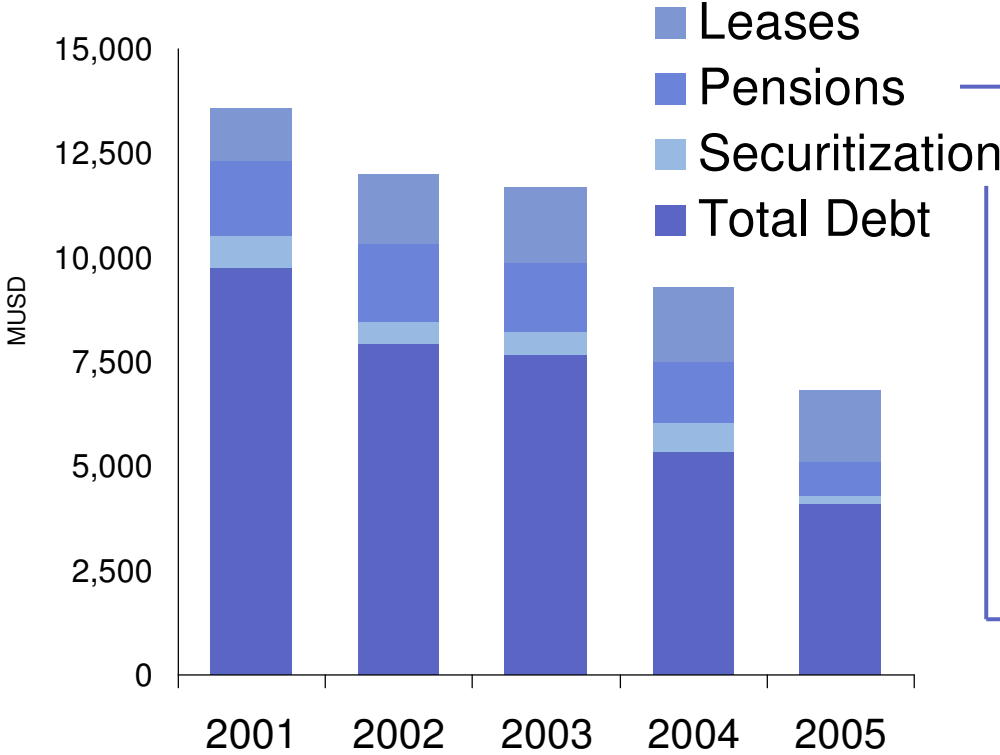


Equity/Total assets

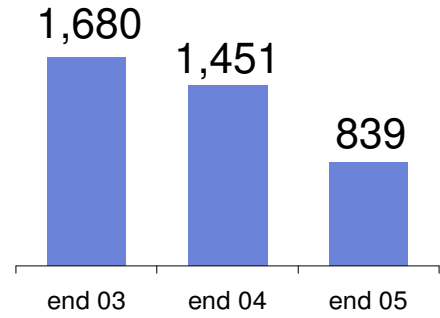


Optimize off balance sheet obligations

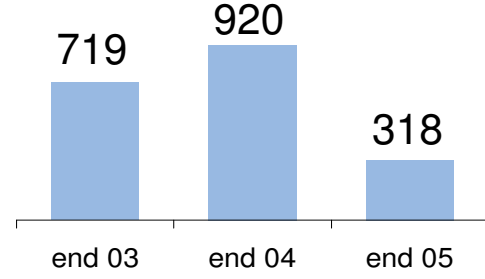
Total gross obligations¹



Unfunded pension liabilities



Securitized receivables (global and local securitization programs)



¹ Total gross obligations = Total debt + securitization funding + pension underfunding + total future lease payment obligations



Dividend recommendation

- ABB Ltd Board of Directors proposes a dividend for 2005 of CHF 0.12 per share
- First dividend proposal since fiscal year 2000
- Based on current share count and year-end 2005 exchange rate, the proposal represents 26% of ABB's 2005 net income
- Subject to approval by Annual General Meeting on May 4, 2006
- Assuming approval, the ex-dividend date would be May 9, 2006

Financial strategy 2006

- Continue 2005 strategy:
 - Opportunistic debt reduction
 - Discretionary pension funding
 - Optimize off-balance sheet obligations
- Increase focus on balance sheet structure, promote ABB to the “first league”
- Reduce net finance expense
- Extend maturities of debt portfolio
- Continue securing flexible sources of financing

... and recover investment grade status in 2006

Targets 2009 versus actual 2005 performance

Group targets

| | 2009 Target | 2005 actual |
|--------------------------------------|-------------|-----------------|
| Revenue growth ¹ | > 5% | 9% ² |
| EBIT margin | > 10% | 7.8% |
| Net margin | > 5% | 3.3% |
| ROCE ³ | Mid-teens | 14.0% |
| Free cash flow (FCF) as % net income | 100% | 123% |

Divisional targets

| | Revenue growth ¹ | Growth 2004-2005 | EBIT margin 2009 | EBIT margin 2005 |
|---------------------|-----------------------------|------------------|------------------|------------------|
| Power Products | > 6% | 12% | > 11% | 9.4% |
| Power Systems | > 5% | 9% | > 6% | 4.6% |
| Automation Products | > 5% | 9% | > 14% | 13.9% |
| Process Automation | > 5% | 8% | > 9% | 8.0% |
| Robotics | > 4% | 23% | > 9% | 5.4% |

¹ Compound average growth rate (CAGR) 2005-2009 at constant exchange rates and excluding major acquisitions and divestitures

² Revenue growth 2004 to 2005 ³ Return on capital employed (after tax)

Outlook for 2006 (and 2009)

2006

ABB backlog: Better start than a year ago

Trading environment in line with H2 05

- Overall favorable markets
- Only a few sectors with low activity

Some regions with upside potential

- Europe finally growing again?
- North America with pluses and minuses
- New markets strong

Special risk factors

- Middle East, oil price, terror, avian flu

Positive outlook

2009

Impossible to forecast

- Use scenarios
- Likelihood of a downturn in 2007-08
- 2005-06 as above-average period?

ABB-specific factors

- Globally diversified
- Partly dependent on industrial GDP development
- Long-term outlook in power sector is attractive

2009 targets remain, outlook somewhat more favorable



Power and productivity
for a better world™

2005 Q4 and full-year summary

| \$ millions | Q4 05 | Q4 04 | Change | | 2005 | 2004 | Change | |
|--------------------|-------|-------|---------|-------|--------|-------|---------|-------|
| | | | Nominal | Local | | | Nominal | Local |
| Orders | 2,587 | 2,208 | 17% | 23% | 10,714 | 9,304 | 15% | 14% |
| Revenues | 2,875 | 2,550 | 13% | 16% | 9,784 | 8,675 | 13% | 11% |
| EBIT | 271 | 165 | 64% | | 789 | 608 | 30% | |
| EBIT margin | 9.4% | 6.5% | | | 8.1% | 7.0% | | |
| Cash flow from ops | 428 | 453 | -6% | | 681 | 498 | 37% | |

- Double-digit order and revenue growth, with strongest demand in Asia and Middle East; product orders up in the U.S.; European growth still modest but improved in H2
- EBIT margins higher in both business areas on operational and productivity improvements, higher factory loading/capacity utilization, and better project selection and execution; 64% improvement in Q4 vs year-earlier period
- EBIT includes transformer consolidation charges of \$123 million (Q4: \$43 million)
- Full-year cash flow up on stronger earnings; Q4 lower than same quarter in 2004 due to more even distribution of project milestone payments over the year

2005 Q4 and full-year summary

| \$ millions | Q4 05 | Q4 04 | Change | | 2005 | 2004 | Change | |
|--------------------|-------|-------|---------|-------|--------|--------|---------|-------|
| | | | Nominal | Local | | | Nominal | Local |
| Orders | 2,925 | 2,715 | 8% | 15% | 12,675 | 11,301 | 12% | 11% |
| Revenues | 3,266 | 3,158 | 3% | 9% | 12,161 | 11,000 | 11% | 9% |
| EBIT | 349 | 279 | 25% | | 1,312 | 1,023 | 28% | |
| EBIT margin | 10.7% | 8.8% | | | 10.8% | 9.3% | | |
| Cash flow from ops | 349 | 529 | -34% | | 709 | 1090 | -35% | |

- Strong markets in 2005 supported higher orders and revenues, with growth in most industrial sectors, led by marine and minerals; orders up in all regions except Middle East, where several large orders were booked in 2004
- Q4 was 13th straight quarter of higher revenues and EBIT
- EBIT lifted by higher factory loading in Automation Products and better project selection and execution in Process Automation; Manufacturing Automation EBIT lower due to restructuring costs
- Cash flow impacted by a negative \$386 million from reduced securitization (Q4: \$66 million); higher full-year earnings offset by higher working capital requirements to support growth



Key divisional data 2004-2005

Supplemental estimates

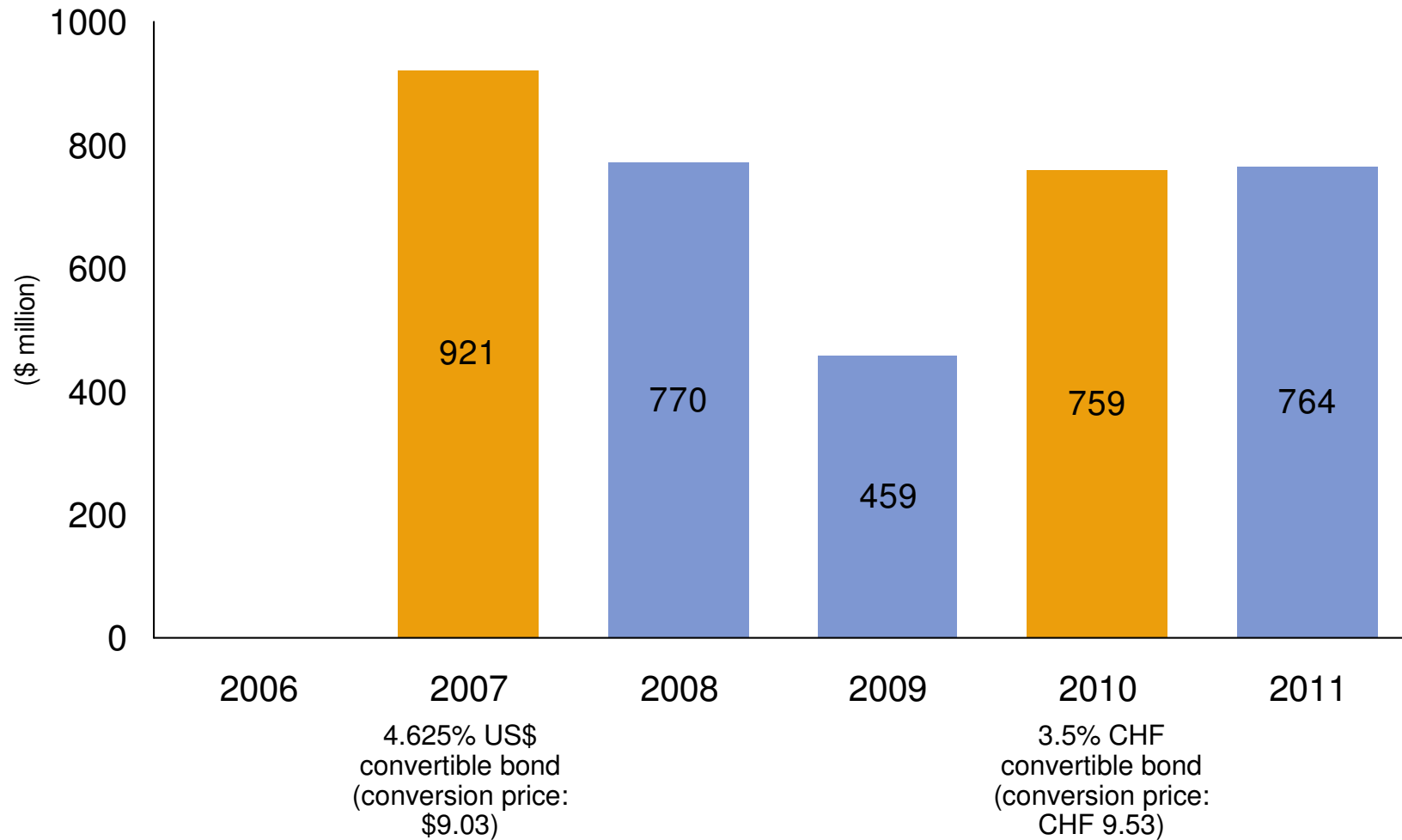
(\$ million)

| Division | Revenues | | | EBIT | | EBIT margin | |
|---------------------|----------|-------|-----|------|------|-------------|-------|
| | 2005 | 2004 | Δ | 2005 | 2004 | 2005 | 2004 |
| Power Products | 6,434 | 5,727 | 12% | 602 | 490 | 9.4% | 8.6% |
| Power Systems | 4,041 | 3,717 | 9% | 187 | 118 | 4.6% | 3.2% |
| Automation Products | 5,900 | 5,394 | 9% | 822 | 669 | 13.9% | 12.4% |
| Process Automation | 4,993 | 4,629 | 8% | 399 | 274 | 8.0% | 5.9% |
| Robotics | 1,699 | 1,382 | 23% | 91 | 80 | 5.4% | 5.8% |



Maturity profile of debt securities

Total debt securities of ca. \$3.7 billion as of Dec. 31, 2005

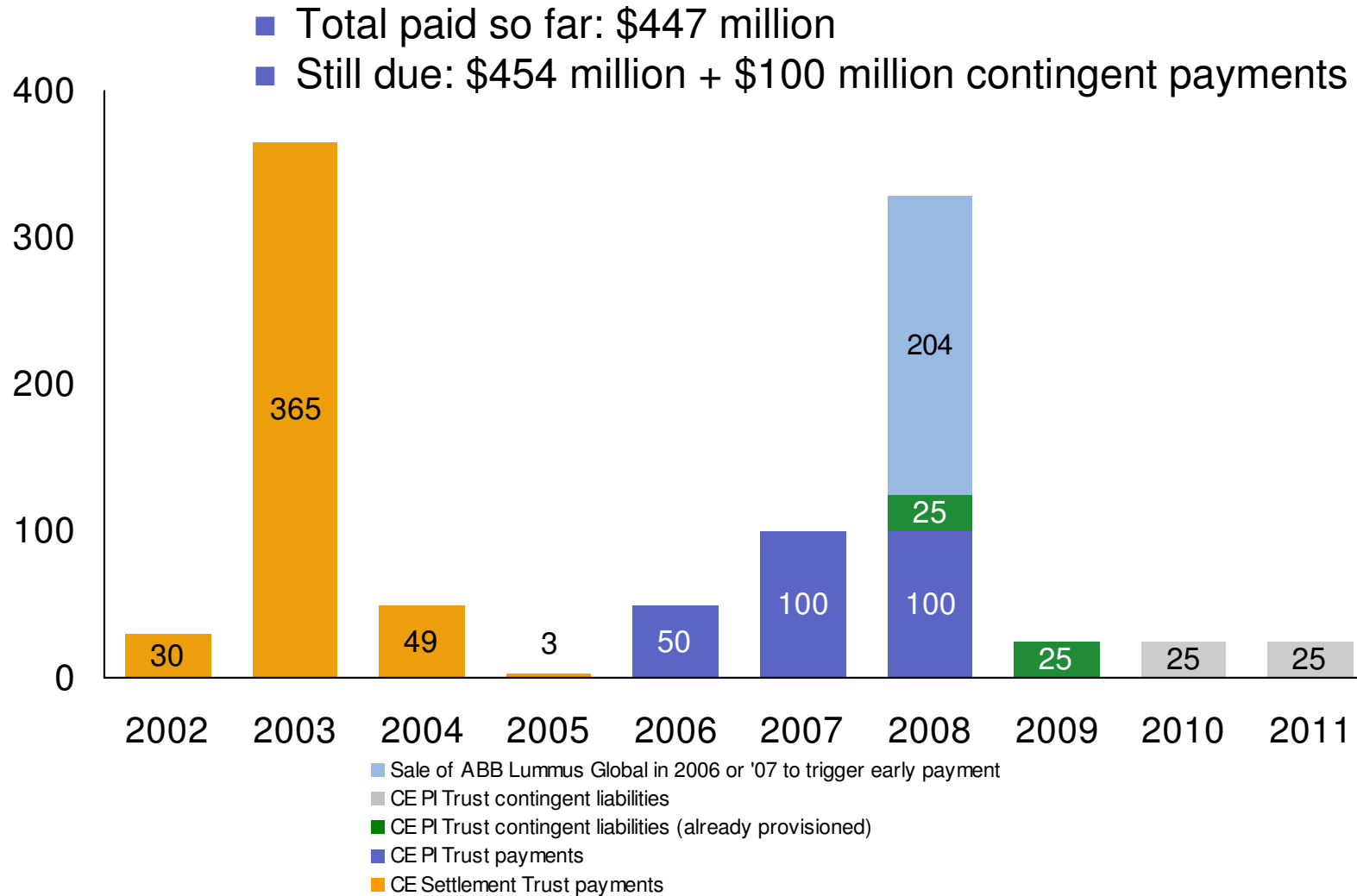


* based on December 31, 2005 FX rates



Asbestos trusts cash payments*

(\$ million)



* Assuming CE Plan becomes effective in Q1 2006



Safe-harbor statement

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