

Jürgen Dormann
Chairman and CEO

Third quarter results 2002

October 24th, 2002



Safe Harbor Statement

This presentation 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, and fluctuation in currency exchange rates. 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.

Presentation outline



- Overview and actions
- Financial report
- Summary

Overview

- Expecting continuing difficult markets
- ABB earnings outlook revised downward
 - No economic recovery in Q3
 - Slower than expected benefits from cost reduction program
- On track to reach net debt reduction target of at least US\$ 1.5 billion by year-end

Actions

- Speed up implementation of strategy
 - Build on leadership positions in power and automation technologies
 - Simplify organizational structure
 - Lower cost base
 - Increase external focus
- Increase responsibility/accountability for operational management
 - Greater involvement of senior local managers
 - Move revenue and cost responsibility to front-line management
 - Increase cost discipline

Priority to lower the cost base



Lower the cost base

- Realize benefits of 2001 cost reduction program (about US\$ 500 million) by mid 2003
- Additional cost reductions of 4 percent of revenues (about US\$ 800 million) over 18 months

Merge four divisions into two

- Build on leadership positions in power and automation technologies for utility and industry customers
- Power Technologies
 - Former Power Technology Products and Utilities divisions
 - Headed by Peter Smits
 - 43,000 employees
 - Annual revenues about US\$ 8.5 billion
- Automation Technologies
 - Former Automation Technology Products and Industries divisions
 - Headed by Dinesh Paliwal
 - 63,000 employees
 - Annual revenues about US\$ 9.25 billion

**Simplify the organization,
improve efficiency and cut costs**



Further organizational changes

- Oil, Gas and Petrochemicals kept as separate unit, eventual divestment
- Group Processes to be dissolved
 - Process areas not already embedded in businesses will be integrated into divisions

Peter Voser
Chief Financial Officer

Third quarter 2002

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Financial key figures third quarter 2002

- Orders down 13 percent Q3 vs Q3*
- Revenues down 7 percent Q3 versus Q3*
- EBIT US\$ 47 million
 - Three out of five division increased margins (especially Power Technology Products and Industries)
 - Negative impact from high Corporate/Other and restructuring costs
- Net loss US\$ -183 million
- Negative operational cash flow US\$ -138 million
 - After asbestos cash payment of US\$ 54 million**
- Net debt US\$ 5.5 billion

* in local currencies

** included for the first time in the operational cash flow



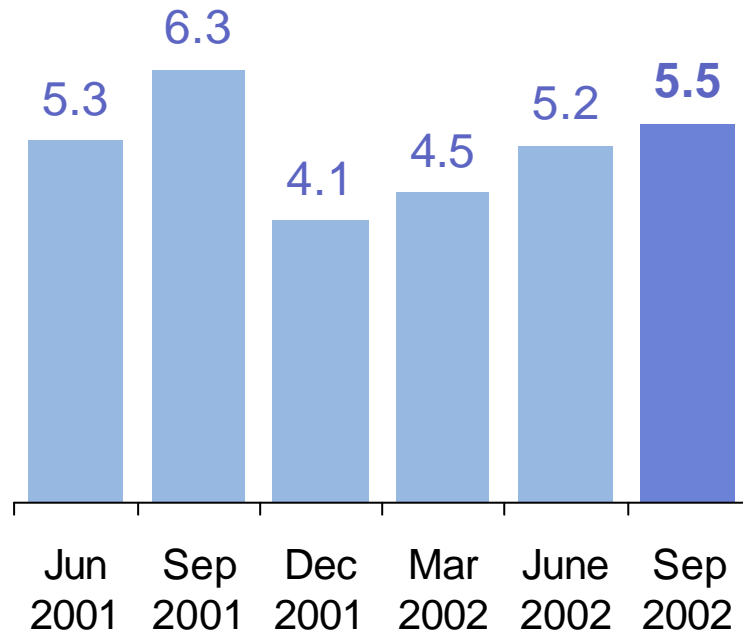
Key figures

(MUS\$)

	Third quarter 2002	Third quarter 2001	Nine months 2002	Nine months 2001
Orders	4,635	5,050	16,162	17,362
Revenues	5,457	5,609	16,042	16,363
EBIT	47	132	405	727
Income from continuing operations	-58	23	44	338
Net income	-183	23	-82	289
Net cash from operations	-138	202	-234	187

Net debt Q3

(BUS\$)



Net debt increase due to

- Negative cash from operations (excl marketable securities) US\$ 173 million
- Net purchase property, plant and equipment US\$ 100 million

Partially offset by

- Non-cash currency movements

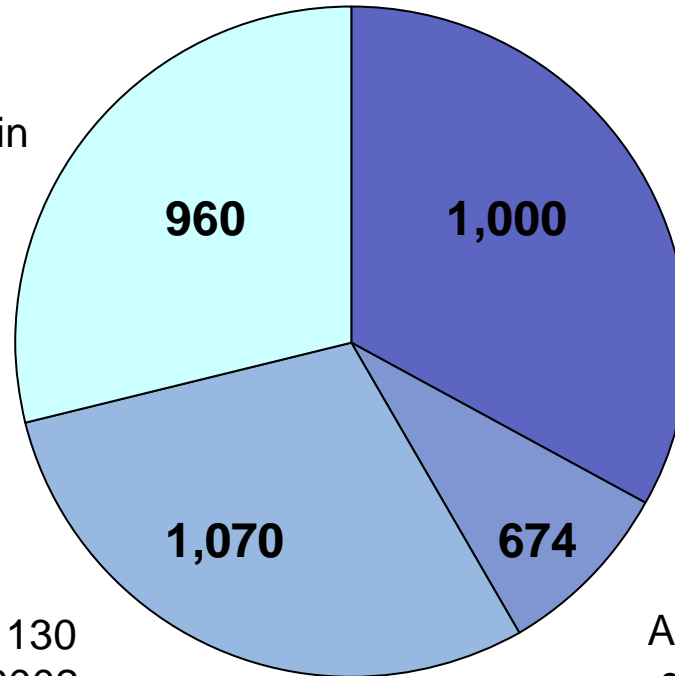
**On track to reduce net debt by at least
US\$ 1.5 billion in 2002**

Composition of short-term debt at Sep 30, 2002

Total ST debt: MUS\$ 3,704*

Due Q4 2002: MUS\$ 1,360

Includes MUS\$ 350 in extendable notes, due Jan 2003



all figures in MUS\$ unaudited

App. MUS\$ 130 due in Q4 2002

App. MUS\$ 230 due in Q4 2002

■ Bank facility
 ■ Commercial paper
 ■ Maturing LT bonds
 ■ Other ST debt

* Including MUS\$ 46 of borrowings in liabilities held for sale



Balance Sheet priorities on track

- Long-term debt proportion 61% Sept 2002
 - Close to year-end target debt structure 1/3 short-term, 2/3 long-term
- On track to reduce net debt by at least US\$ 1.5 billion in 2002
 - Agreement in Q3 to sell Structured Finance for total cash proceeds of about US\$ 2.3 billion, subject to customary regulatory approvals
 - Agreement in Q3 to sell Metering business for US\$ 244 million, subject to customary regulatory approvals
 - Export Bank mortgage portfolio sold for US\$ 55 million in Q4

Asbestos – Update

	Q2 2001	Q3 2001	Q4 2001	Q1 2002	Q2 2002	Q3 2002
New claims	12,200	14,300	15,000	14,300	15,200	15,900
Settled claims	6,100	6,600	6,700	13,300	7,000	7,600*
Pending claims	77,500	85,200	93,500	94,500	102,700	111,000
Cash paid pre-insurance (MUS\$)	29.0	36.1	33.2	51.5	55.2	54.2

* Over 35% settled without payment in the first nine months.
Q3 2002 settled claims exclude West Virginia claims.

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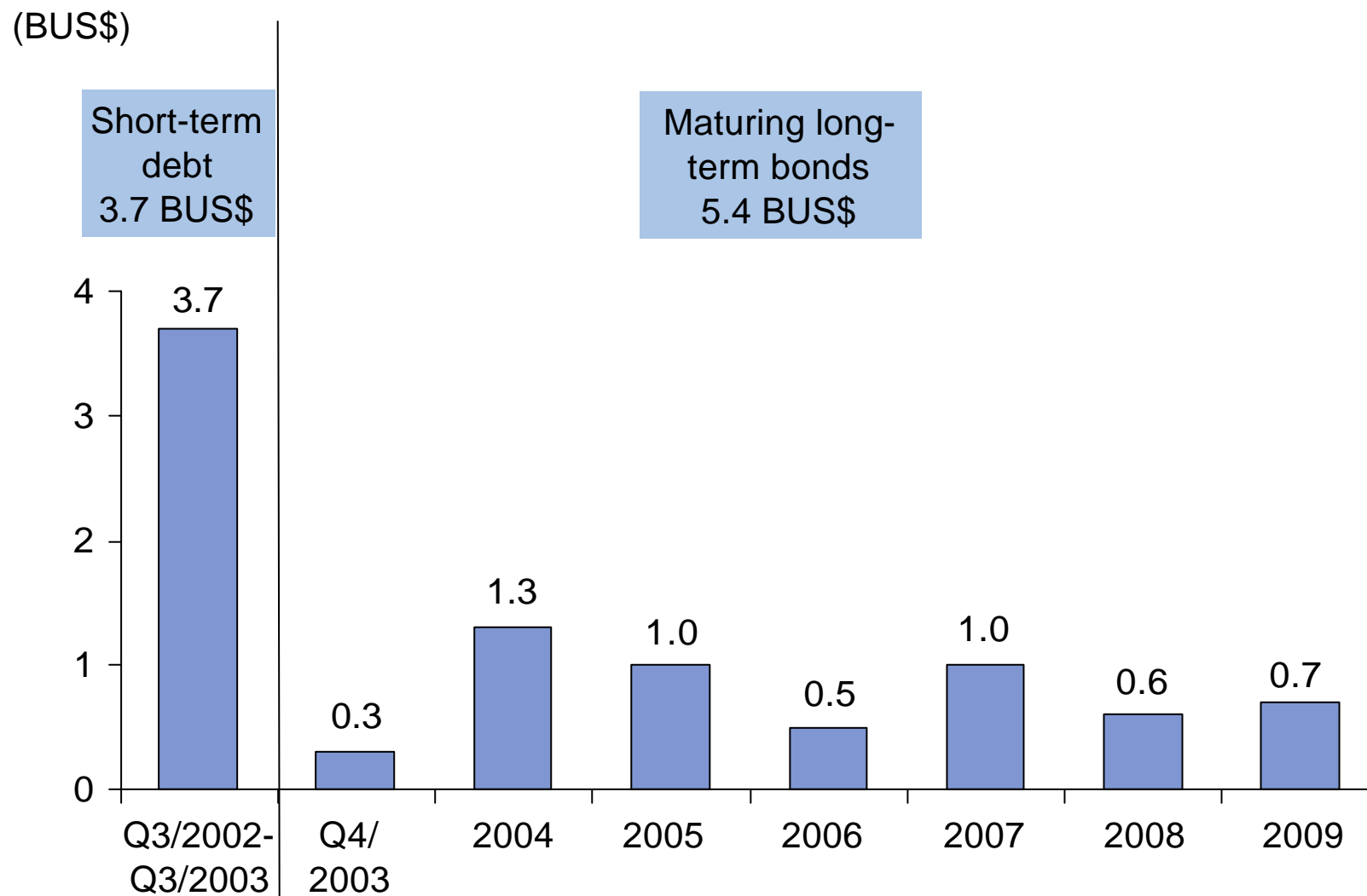
- Uncertain economic environment
- Priority to lower the cost basis
- Four divisions to be merged into two
- Oil, Gas and Petrochemicals to be divested
- Financial restructuring progressing as planned
- Options considered for resolving Combustion Engineering asbestos liability

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Question and answers

Q & A

Maturity profile of debt at Sep 30, 2002



Discontinued operations – impact on reporting

- Orders from discontinued operations removed from reported orders
- Revenues from discontinued operations removed from reported revenues
- Earnings from and costs associated to discontinued operations grouped in „income (loss) from discontinued operations“
- Third party assets of businesses to be sold are grouped in „assets held for sale“. No effect on total assets. Third party liabilities of businesses to be sold are grouped in „liabilities held for sale“. No effect on total liabilities and equity.
- Cash flows from discontinued operations booked in “net cash provided by (used in) operating activities

Discontinued operations – adjustment of historical orders and revenues

<i>(MUS\$)</i>	Jan-Sept 2001		Jul-Sept 2001	
	orders	revenues	orders	revenues
Reported orders and revenues	17,362	16,363	5,050	5,609
Structured Finance to be sold to GE Commercial Finance	177	177	61	61
Metering business to be sold to Ruhrgas Industries	324	336	104	108
Other activities	0	1	0	0
Adjusted orders and revenues	17,863	16,877	5,215	5,778

Discontinued operations – adjustment of orders and revenues

<i>(MUS\$)</i>	Jan-Sept 2002		Jul-Sept 2002	
	orders	revenues	orders	revenues
Reported orders and revenues	16,162	16,042	4,635	5,457
Structured Finance to be sold to GE Commercial Finance	193	193	53	53
Metering business to be sold to Ruhrgas Industries	306	330	106	112
Other activities	0	1	0	1
Adjusted orders and revenues	16,661	16,566	4,794	5,623

Income from discontinued operations

(MUS\$)	2002		2001	
	Jan-Sept	Jul-Sept	Jan-Sept	Jul-Sept
Structured Finance to be sold to GE Commercial Finance*	-116	-121	17	3
Metering business to be sold to Ruhrgas Industries**	7	-3	4	-2
Other activities	-17	-1	-7	-1
Income from discontinued operations, net of tax	-126	-125	14	0

* 2002 numbers reflect mainly capital losses and fees on structured finance

** Capital gains on metering will be recorded at the closure of the sale only