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2005 first quarter results

28 April 2005

Content

- Q1 summary
- Review of results
- Outlook 2005

ABB Group - Q1 2005 summary

“A good start into 2005”

- Continued strong Group top-line growth
  - Orders up 3%* (8%)**
  - Orders of core divisions up 11% (16%), both large and base orders contributing to strong growth, weaker Europe more than offset by Americas, Asia, Middle East
  - Revenues up 6% (12%) on solid order backlog
- Group EBIT up 58%** to $391 mill.
  - All activities improved vs 2004
  - Strongest contribution from Automation Technologies
  - Corporate cost reductions making progress
- Group EBIT margin at 7.7% from 5.5%
  - Big increase in Automation Technologies to 10.9% from 8.6%
  - Power Technologies at 7.6%, slightly lower from 8.0%

* local currency change ** (in US$)

ABB Group - Q1 2005 summary (cont'd)

- Good $199 mill. net income due to higher EBIT, reduced finance net and significantly lower losses in Discontinued operations
- Net debt up vs year-end 2004 from seasonal effects and continued growth. Total debt and gearing continue to decrease.
- Asbestos: A decisive step towards final resolution …
- Group targets 2005 reaffirmed, in particular 7.7-percent group EBIT target. However, 10-percent EBIT margin target for Power Technologies division can no longer be reaffirmed

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- Challenges for 2005
  - Maintain growth, albeit at somewhat reduced rate
  - Continue to drive operating performance, incl. Corporate cost
  - Manage operating issues at PT, esp. raw material exposure
  - Progress toward final asbestos resolution

* local currency change ** (in US$)

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Power Technologies – Q1 summary

- Orders up 10%* (15%)**; led by Middle East, Asia (India) and Americas, lower orders in Europe (especially eastern Europe)
- Growth in both base and large orders
- Revenues up 12% (17%), higher in both business areas
- EBIT up 12%** to $163 mill. but EBIT margin lower at 7.6% from 8.0%
  - Steep rise in raw materials (mainly electrical steel, transformer oil) reduced EBIT by $15 million vs. Q1 2004, plus other operational issues in transformers
  - Offsets higher EBIT margin in systems, lower restructuring costs
- Cash outflow of $73 million: seasonal patterns, greater working capital requirements

* local currency change ** (in US$)

Automation Technologies – Q1 summary

- Orders up 11%* (18%)** led by Americas, Middle East and Africa, higher orders in Europe led by eastern Europe, modest growth in Asia (significant in India)
- Base order growth continues, large orders up substantially
- Revenues grow 7% (13%), higher in all business areas in U.S. dollars and local currencies
- EBIT** up 42% at $307 mill. on higher revenues, improved productivity, lower restructuring costs
- EBIT margin at 10.9% from 8.6% in Q1 2004
- Cash flow of $67 million down $30 million on higher working capital requirements

* local currency change ** (in US$)

EBIT* - overview

$ million	Q1 2005	Q1 2004
Power Technologies	163	146
Automation Technologies	307	216
Core businesses	470	362
Non-core activities	9	0
Corporate	(88)	(115)
Group EBIT	391	247
Group EBIT margin	*7.7%*	*5.5%*

- Q1 comment
  - Strong quarter for Automation Technologies
  - EBIT also lifted by $17 million real estate gains

* EBIT: Earnings before interest and taxes

EBIT* - Non-core activities

$ million	Q1 2005	Q1 2004
Oil, Gas and Petrochemicals	9	1
Building Systems	(19)	(17)
Equity Ventures	23	22
Other non-core activities	(4)	(6)
Non-core EBIT	9	0

Q1 comment

- Higher EBIT in OGP on 23% increase in revenues
- Building Systems: Restructuring in Germany (weak market), costs to wind down some activities
- Other – Remaining Structured Finance, New Ventures, Logistics Systems with small impact

* EBIT: Earnings before interest and taxes

EBIT* - Corporate

$ million	Q1 2005	Q1 2004
Headquarters / Stewardship	(79)	(99)
Research & Development	(23)	(21)
Other *	14	5
Corporate EBIT	(88)	(115)

* includes consolidation, Real Estate and Treasury Services

Q1 comment

- Headquarters / Stewardship lower costs reflect ongoing initiatives
- Other costs include capital gains of $17 million from real estate
- Most of 2005 Sarbanes-Oxley costs still to come

* EBIT: Earnings before interest and taxes

Discontinued operations – Net income impact

$ million	Q1 2005	Q1 2004
Abestos	(19)	(27)
Power lines	(3)	(9)
Other	6	(52)
Net loss	(16)	(88)

Q1 comment

- Asbestos includes $18 million expense on mark-to-market valuation of ABB shares reserved for asbestos trust
- Other includes $30-mill. loss in reinsurance in 2004, provision release on metering disposal in 2005

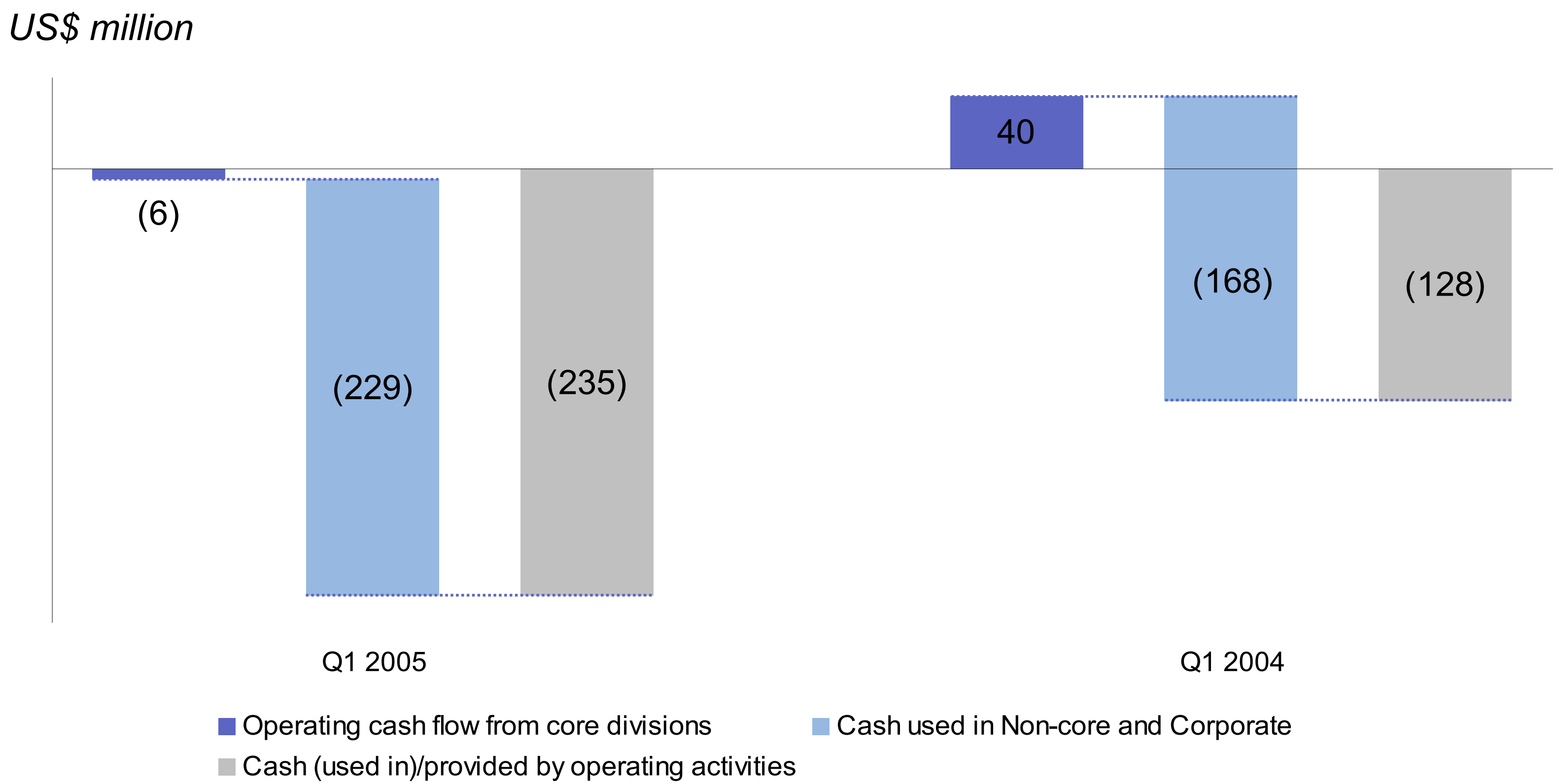
ABB Group – key figures

$ million	Q1 2005	Q1 2004
EBIT	391	247
Finance net	(41)	(79)
Income from continuing operations	215	89
Loss from discontinued operations	(16)	(88)
Net income	199	1

Q1 comment

- Finance net improves mainly on non-recurrence of $35-million bifurcation expense on dollar-convertible bond in Q1 2004 ($28 million net impact)

Cash flow from operating activities



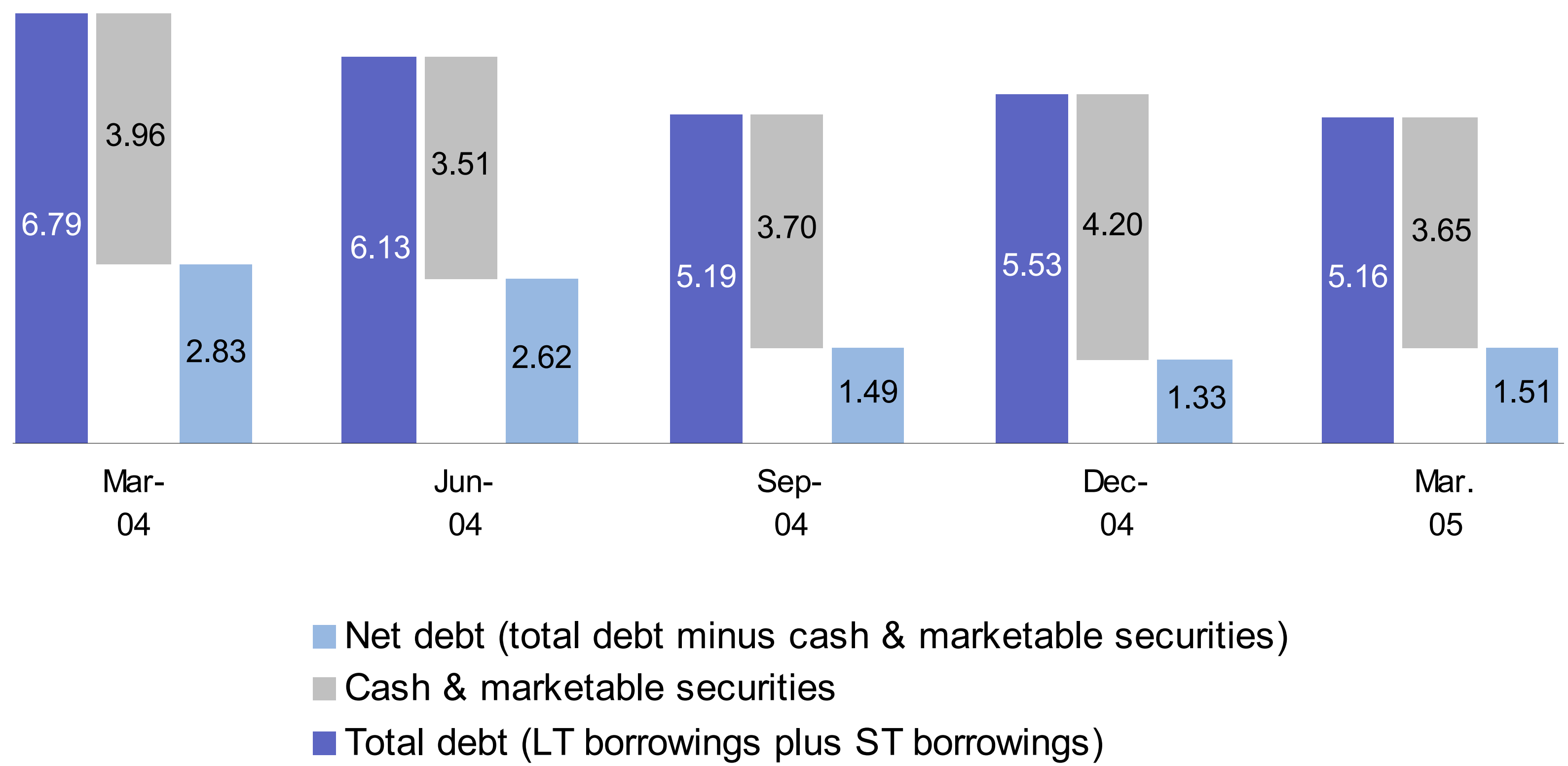
Q1 comment

- Higher working capital requirements in divisions to support growth
- Higher cash outflow from Non-core (provisions, upstream OGP)

Net debt and gearing development

$ billion

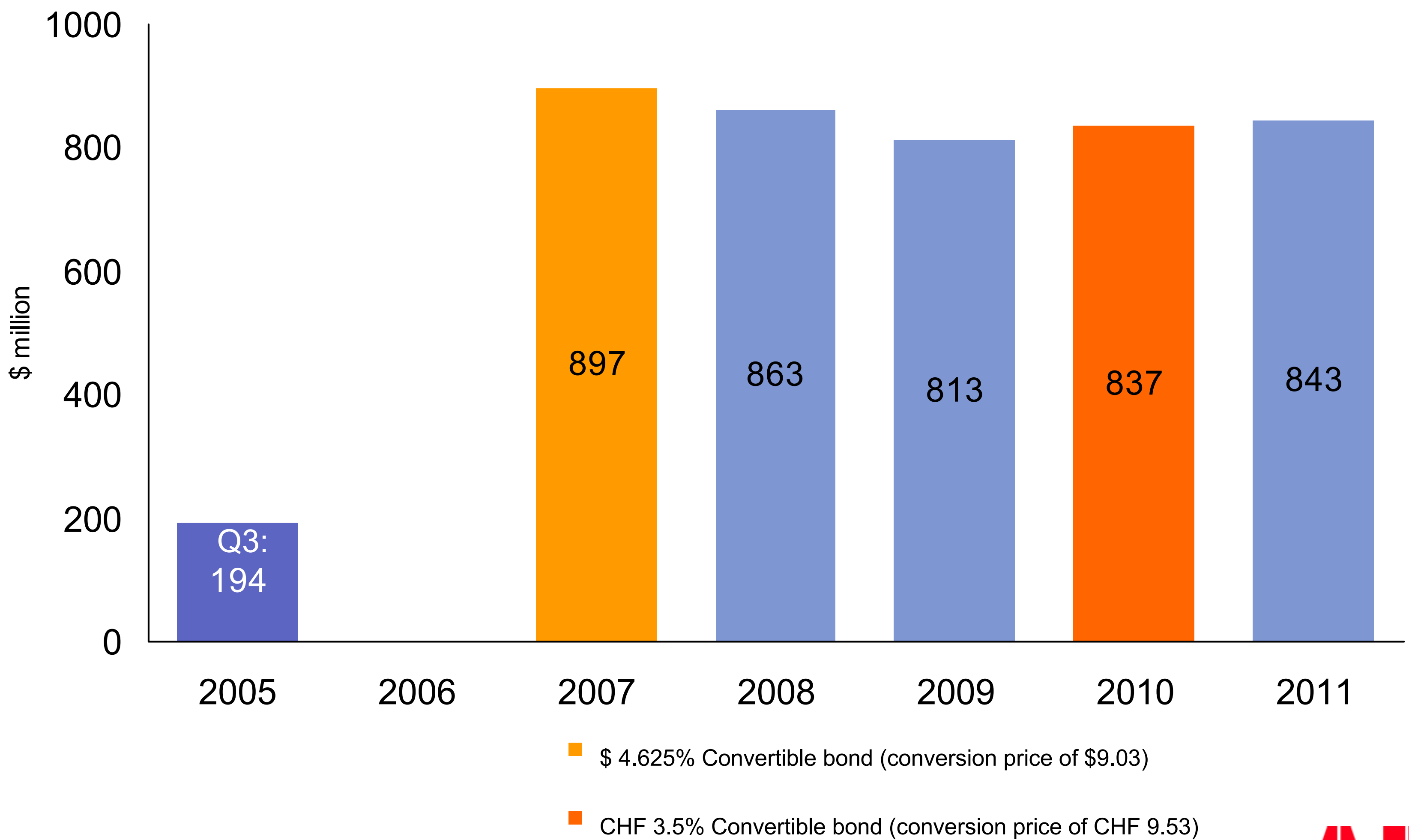
Gearing*				
68.0%	66.0%	60.7%	63.9%	61.0%



* Total debt/(total debt plus equity incl. minorities)

Maturity profile of debt securities* (as of March 31, 2005)

Total debt securities of approx. $4.447 billion



* based on March 31, 2005 FX rates

Update on asbestos

- Term-sheet agreement announced March 21 2005
- Basis for an amended Chapter 11 Plan of Reorganization for U.S. subsidiaries Combustion Engineering (CE) and ABB Lummus Global
- Brings plan into conformity with U.S. 3rd Circuit Court ruling of December 2004
- Additional $232 million to pay present and future claimants, according to US GAAP booked in 2004 accounts
- April 5 status hearing with bankruptcy court
- Two months to submit documentation for amended plan
- Preparations ongoing

2005 outlook

- Markets: Continued demand growth in both divisions expected, however no longer at double-digit rate
- AT on track to meet 10.7% EBIT margin target
- Non-core activities and Corporate also on target
- PT goal of 10% EBIT margin has become unlikely; due to current unpredictability of raw material prices, new target issued with Q2 earnings anouncement
- Main goal in reshaping debt on balance sheet is to maximize economic value, e.g., securitization vs. interest-bearing debt

Targets exclude major acquisitions, divestments and business closures

Appendix

ABB Group – Key figures

$ million	Q1 2005	Q1 2004
Orders	6'261	5'777
Revenues	5'088	4'528
EBIT (earnings before interest and taxes)	391	247
Finance net	(41)	(79)
Discontinued operations	(16)	(88)
Net income / (loss)	199	1
Cash flow from operating activities	(235)	(128)

	31 Mar 05	31 Dec 04	30 Sep 04
Cash & marketable securities	3'651	4'200	3'708
Total debt (LT borrowings plus ST borrowings)	5'161	5'534	5'194
Net debt (total debt minus cash & marketable securities)	1'510	1'334	1'486
Equity (incl. minority interest)	3'299	3'121	3'363
Gearing (total debt / total debt plus equity incl. minority interest)	61.0%	63.9%	60.7%

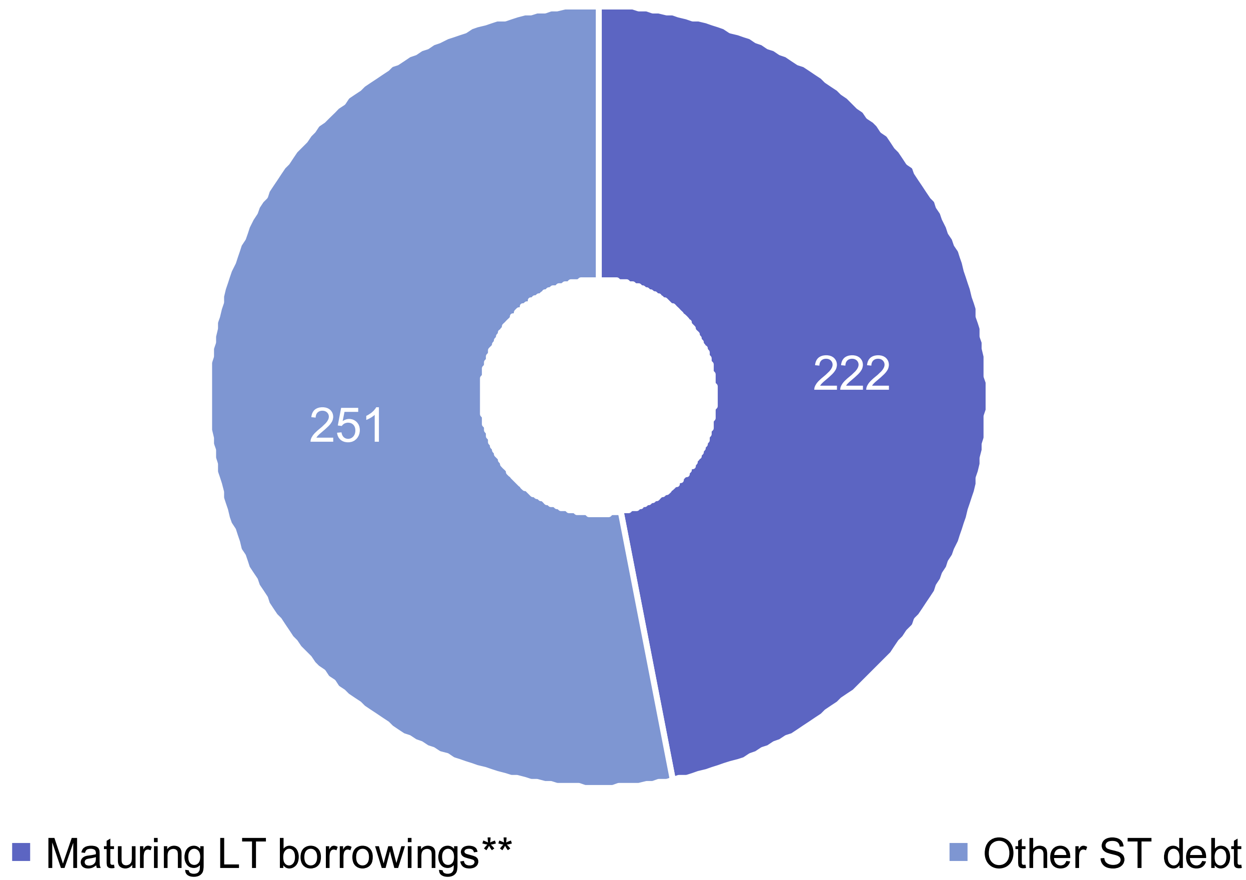
Cash Flow from operating activities

$ million		Q1 2005		Q1 2004
Cash-effective earnings	320		139	
Marketable securities	1		41	
Net operating working capital	(556)		(308)	
Net cash from operating activities		(235)		(128)
Combustion Engineering	(1)		(21)	
Non-core activities	(124)		7	
Corporate and other[1]	(104)		(154)	
Cash used in Non-core and Corporate		(229)		(168)
Cash flow from operating activities of core divisions		(6)		40

[1] incl. Treasury activities

Composition of short-term debt * (as of March 31, 2005)

Total short-term debt of $ 473 million



* Short-term debt = debt maturing prior to March 31, 2006

** Maturing long-term borrowings incl. debt securities of $194 million maturing in Q3 2005

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.

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