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2003 Third Quarter Results and Capital Strengthening Program

October 28, 2003



ABB

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Safe-harbor statement - cont

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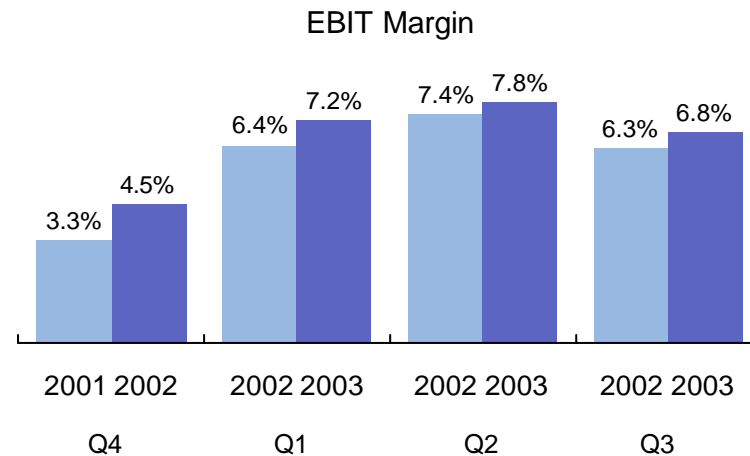
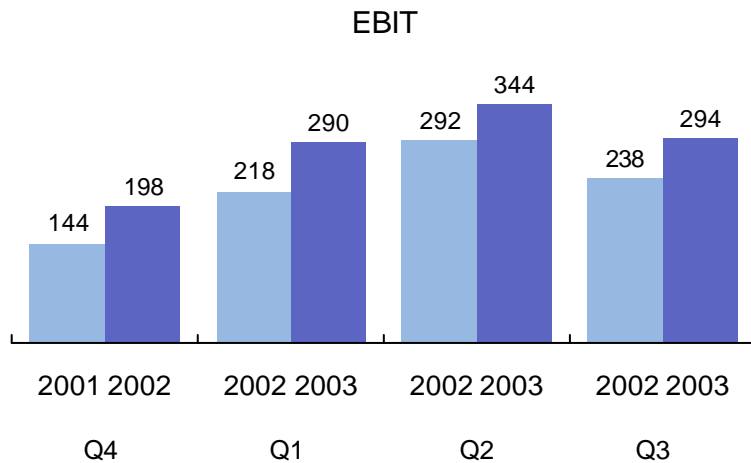
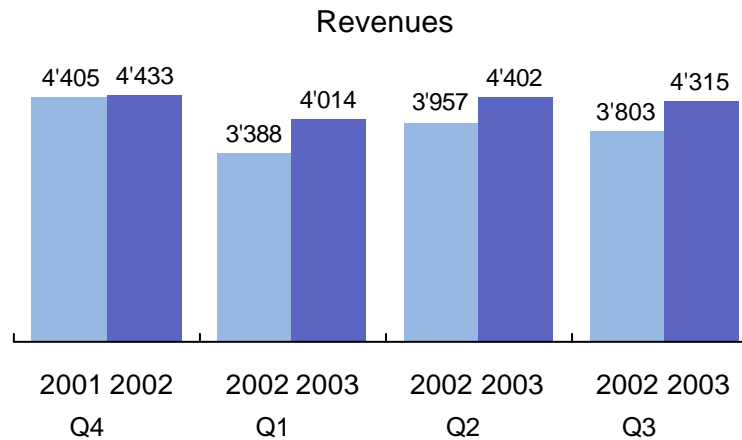
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Stabilization/FSA



Significant improvements in core divisions

Automation Technologies and Power Technologies divisions (MUS\$)



The right time to take the next step

- Steady progress over past 12 months
 - Significant performance improvements in core divisions
 - More competitive cost structure
 - Stabilized operating cash flow in core divisions
 - Divestment program well advanced
 - Asbestos issue solution on track
- Capital strengthening program
 - Equity issue of approx. US\$ 2.5 billion
 - 960 mio shares fully underwritten at minimum price of CHF 3.40
 - New US\$ 1 billion stand-by facility
 - Bond issue of Euro 650 million (approximately US\$ 750 million)

Stronger ABB ready to secure future business success



The proposed capital strengthening program

Objectives

- Create a solid platform to secure future business success of ABB
 - Strengthen the Group balance sheet and reduce financial leverage
 - Cover all finance needs of the Group
 - Repay existing credit facility and replace with a new unsecured facility
- Set the base to achieve investment grade credit rating in the medium-term
 - Access the public debt markets on more favourable terms

The three pillar capital strengthening program

Equity Increase

- Cornerstone; subject to EGM approval
- Proceeds of approx. USD 2.5 billion
- Fully underwritten

Credit Facility

- Stand-by
- Facility of US\$1 billion
- 3-year maturity
- Fully committed; subject to successful completion of the equity increase
- Lead arrangers
Citigroup, Credit Suisse
First Boston, Deutsche Bank, Dresdner Bank
- Standard covenants; no milestone covenants

Bond

- Lengthening of debt-maturity profile (refinancing)
- Up to EURO 650 million (USD 750 million)
- Timing subject to market conditions
- Maturity: 8 years

Divestment program well advanced

Divested so far in 2003

- Aircraft, auto leasing portfolios
US\$ 110 million
- Building Systems US\$ 185 million
- Stake in Swedish Export Credit Corp. US\$ 150 million
- Shares in Sinopec US\$ 80 million
- Equity Ventures in Australia US\$ 90 million

Cash proceeds*:
approx. US\$ 860 million

Still to come

- Oil, Gas and Petrochemicals
 - preliminary agreement signed for Upstream part for US\$ 925 to 975 million
- Building Systems in Switzerland and Germany
- Further Equity Ventures holdings
- Remainder of Structured Finance

On target to reach proceeds of over US\$ 2 billion once completed

* including some US\$ 250 million from sales out of the remaining Structured Finance leasing and other financial portfolios

ABB Group – Q3 key figures

(US\$ million)	Q3 2003	Q3 2002**
Orders	4'413	4'240
Revenues	4'798	4'491
EBIT	262	(86)
Net Interest Expenses	(128)	110
Discontinuing Operations	(343)	(141)
Net (Loss)	(279)	(148)
Cash from Operations	121	(226)
Total Debt *	8'346	8'185

* as of 30 September 2003 and 30 June 2003

** restated to reflect the move of businesses to discontinued operations and an amendment filed by SEK



Power Technologies – Q3 highlights

- Orders up 21%*
 - Geographical development
 - Double digit growth in China and Middle East
 - Europe higher; North America unchanged at low level
 - Business Areas
 - All areas positive; double digit growth in Utility Automation Systems, Power Systems and Power Transformers
- Revenues up 8%*
 - Revenues higher in High-Voltage Technology, Medium-Voltage Technology and Power Transformers
- EBIT up 16% to US\$ 113 million despite higher restructuring charges
- EBIT margin up from 5.6% to 6.0%

* in US\$



Automation Technologies – Q3 highlights

- Orders up 16%*
 - Geographical development
 - Strong in China and India; steady in rest of Asia
 - Stable in Europe; weaker in the U.S.
 - Business Areas
 - Higher in all businesses
- Revenues up 18%*
 - Growth in the products and service businesses; Low Voltage and Instrumentation flat, Paper, Minerals, Marine and Turbocharging lower
- EBIT up 28% to US\$ 181 million despite higher restructuring charges
- EBIT margin up from 6.8% to 7.4%

* in US\$



EBIT - Overview

(US\$ million)

	Q3 2003	Q3 2002 *
Power Technologies	113	97
Automation Technologies	181	141
Core Businesses	294	238
Non-Core Businesses	47	(191)
Corporate	(79)	(133)
Group EBIT	262	(86)
<i>Group EBIT Margin</i>	5.5%	<i>n.a.</i>
<i>Group EBIT Margin</i> <i>(excluding capital gains/losses from major acquisitions and divestments)</i>	4.0%	<i>n.a.</i>

* restated to reflect the move of businesses to discontinued operations and an restatement filed by SEK



EBIT - Non-core activities

(US\$ million)

	Q3 2003	Q3 2002**
Insurance	59	(2)
Equity Ventures	(3)	(1)
Remaining Structured Finance	37	(101)
Building Systems	18	(47)
New Ventures	(37)	(18)
Other*	(27)	(22)
Non-Core EBIT	47	(191)

* comprises mainly Group Processes

** restated to reflect the move of businesses to discontinued operations and a restatement filed by SEK

- **Structured Finance** – US\$ 26 million increase in income related to FIN 46; 2002 restated to reflect SEK adjustment of US\$ 90
- **Building Systems** – capital gain of US\$ 30 million related to the sale of the Nordic business
- **New Ventures** – write-down of wind energy project US\$23 million; loss related to the closure of a micro-turbine venture US\$ 10 million



EBIT - Corporate

(US\$ million)

	Q3 2003	Q3 2002
Headquarter / Stewardship	(48)	(143)
Research & Development	(27)	(22)
Other *	(4)	32
Corporate EBIT	(79)	(133)

* Includes consolidation, Treasury Services and real estate

- HQ/Stewardship costs lower due to US\$ 65 million capital gain related to the divestment of Nordic Building Systems
- Other cost higher reflecting the shift in Treasury services away from proprietary trading

Discontinued Operations – Net income impact

(US\$ million)

	Q3 2003	Q3 2002
Oil, Gas and Petrochemicals	(195)	(38)
Asbestos	(122)	0
Other divested businesses	(26)	(103)
Loss from discontinued operations	(343)	(141)

- **Oil, Gas and Petrochemicals** – project write-down of US\$ 108 million, project cost overruns of US\$ 30 million, write-down of receivables of US\$ 35 million
- **Asbestos** - US\$ 67 million mark to market adjustment of shares; NPV of US\$ 41 million of US\$ 50 million contingent liability
- **Other** – US\$ 24 million loss on the anticipated sale of ABB Exportbank



Cash flow from operating activities

(US\$ million)

	Q3 2003	Q3 2002
Cash-effective earnings	(95)	(165)
Marketable securities	(6)	35
Net operating working capital	222	(96)
Net cash used in operating activities	121	(226)
Less cash flow from unusual items and Non Core	(186)	(487)
<i>Combustion Engineering</i>	(56)	(54)
<i>Discontinued operations (OGP)</i>	(200)	(143)
<i>Non-core activities</i>	(86)	29
<i>Corporate & Other</i>	156	(319)
Operating cash flow from core divisions	307	261

Strong operating cash flow (inc. restructuring) from core divisions of US\$ 307 million



More competitive cost structure

Step Change Program

- First nine months 2003 achievements
 - Cost savings ca. US\$ 420 million
 - Restructuring costs US\$ 162 million
 - Job reduction ~5,600 employees
- Full year 2003
 - Total restructuring costs approx. US\$ 300 million
 - Expected savings approx. US\$ 500 million
- Full year 2004
 - Total restructuring costs approx. US\$ 200 million
 - Expected savings approx. US\$ 400 million

Asbestos

- Solution of Asbestos issue through CE Plan of Reorganization
 - Total value of the plan is approx. US\$ 1.2* billion
 - Liability is fully provisioned for in ABB's balance sheet*
- Progress so far
 - Plan approved by Delaware Bankruptcy Court on 10 July
 - Confirmation by District Court on 31 July
 - 3rd Circuit Court of Appeals hearing set for 16 December
- Confident that plan will be confirmed

*excluding contingent liability of US\$ 100 million (NPV of US\$ 50 million booked to P&L in Q3 2003) and mark to market effect on shares to be contributed

Outlook 2003 - Update

	2003 old			2003 new		
	Group	AT	PT	Group	AT	PT
Revenue Growth (local currencies)	4.0%	3.0%	5.3%		2.0%	3.0%
EBIT- Margin (nominal)	4.0%	7.1%	7.0%	4.0%	7.1%	7.0%

- Adjustment in revenue growth targets (local currencies) for core divisions due to
 - ongoing market weakness especially in Europe and the US
- Total debt target new at US\$ 7.3 billion
 - absence of cash proceeds from OGP divestment
 - application of FIN 46 added some US\$ 100 to consolidated debt

Excluding major acquisitions/divestments



ABB 2005 Outlook

	2005E		
	Group	AT	PT
Revenue growth (local currencies)	*4%	*3.3%	*5.3%
EBIT margin (nominal currency)	8%	10.7%	10%

- ABB reaffirms targets for 2005 despite adjusted revenue growth targets for 2003

Excluding major acquisitions/divestments

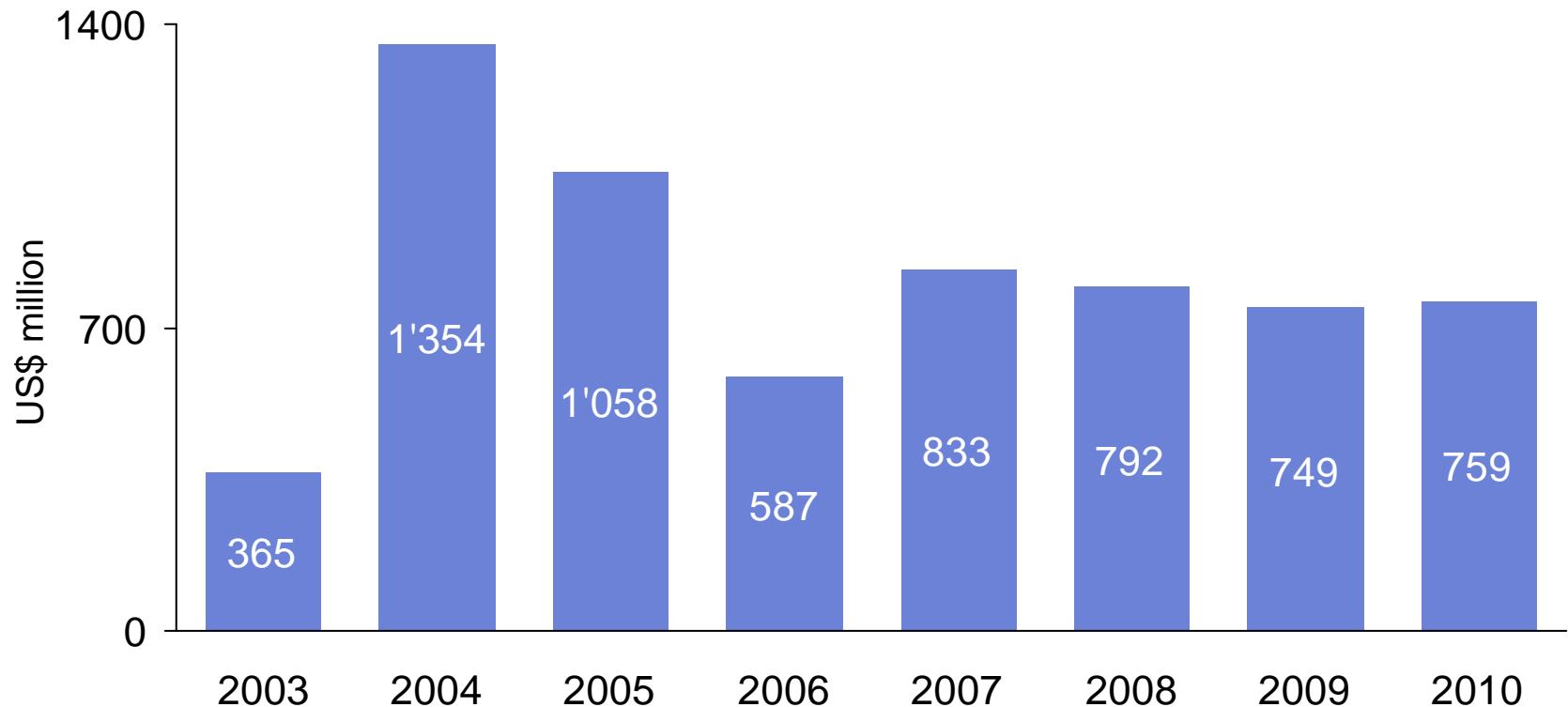
*Annual average growth rate 2002 - 2005



ABB

Maturity profile of debt securities (as of 30 September 2003)

Total debt securities of approx. US\$ 6.5 billion (until 2010)



ABB's future profile of maturing debt after 2004 shows a stable level

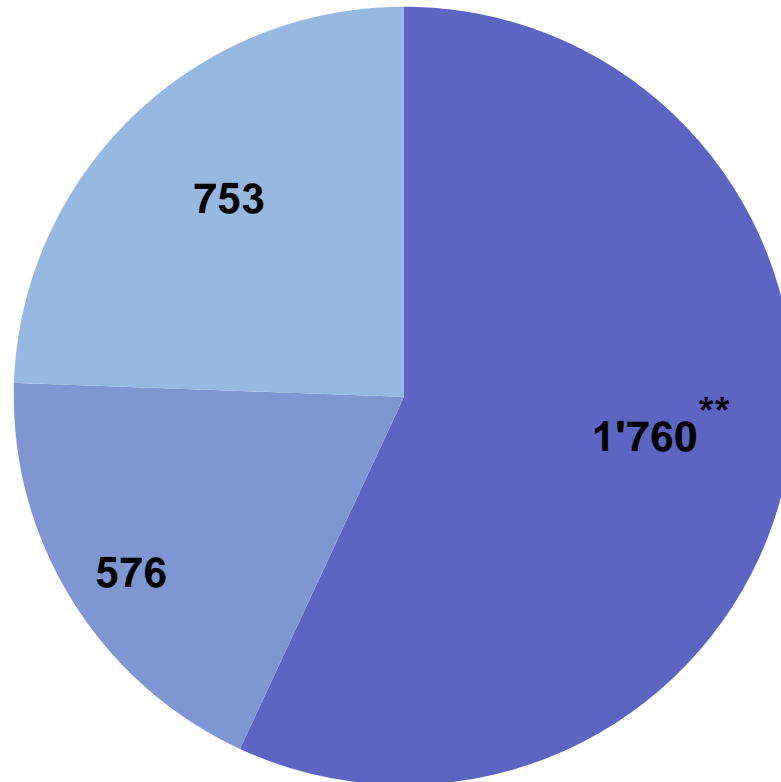
Note: 2003 and 2004 include a total of approx. US\$ 1.7 bn of debt securities maturing prior to September 30, 2004 and shown as short-term debt in the balance sheet

based on September 30, 2003 FX



Composition of short-term debt * (as of 30 September 2003)

Total short term debt of approx. US\$ 3.1 bn



■ Maturing LT borrowings

■ Other ST debt

■ Credit facility

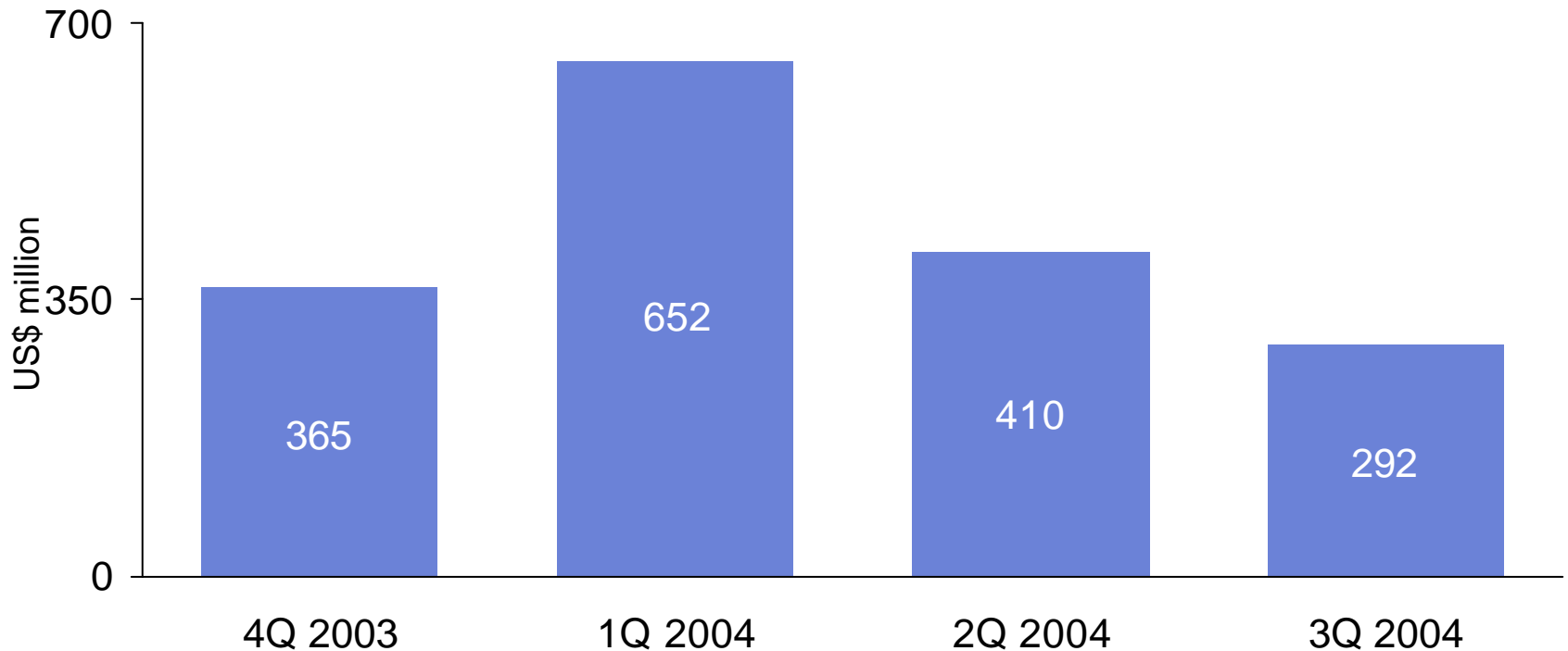
* short-term represents debt maturing prior to September 30, 2004

** of which approx. US\$ 1.7 bn represents bonds maturing prior to September 30, 2004



Debt securities maturing within one year (as of 30 Sept 2003)

Debt securities maturing within one year of approx. US\$ 1.7 billion



based on September 30, 2003 FX rates

