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Chief Executive Officer

2005 second quarter results

28 July 2005

ABB

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ABB Group – Q2 2005 summary

“Another strong quarter … despite special charges”

- Top-line growth continues
  - Strong 15%* base order growth (19%**) more than offset lower large order (vs $390-mill. Chinese order booked Q2 ’04)
  - Total orders up 4%* (8%**); Americas and Europe higher, Asia and Middle East and Africa lower on fewer large orders
  - Revenues up 6%* (10%**) reflecting strong order backlog
- Group EBIT up 16%** to $371 mill. despite special charges
  - Biggest gain from Automation Technologies (AT), lower Corporate costs
  - Operational improvements in Power Technologies (PT) offset mainly by $66-mill. transformer consolidation, provision for regulatory expenses
  - EBIT also lowered by $10-mill. asset write-down in Non-core activities
- Group EBIT margin at 6.5% from 6.2%
  - Steady improvement in AT to 10.7% from 9.8%
  - PT at 5.8% down from 8.2% on transformer restructuring, other costs

* local currency change   ** (in US$)

ABB Group – Q2 2005 summary (cont'd)

- Net income up 42% to $126 mill. despite one-time interest expense of ca. $40 mill. for non-asbestos related regulatory, litigation costs
- Q2 2005 net debt down to $1.3 bn due to strengthening of dollar; gearing slightly lower at 60% vs. 61% at end Q1 2005
- Asbestos: Final resolution on track
- New 2005 EBIT targets reflect PT consolidation costs of up to $120 mill. in 2005 communicated June 30, 2005.
  - Automation Technologies 10.7% (unchanged)
  - Power Technologies 6.8 – 7.3% (updated)
  - Group 6.6 – 7.1% (previously 7.7%)

- Challenges for rest of 2005
  - Deliver on revised EBIT margin targets
  - Keep strong focus on operational excellence and costs
  - Swiftly execute transformer consolidation program

* local currency change ** (in US$)

Power Technologies – Q2 summary

- Good base order growth of 14%* (17%**) offset drop in large orders
- Total orders flat* (4%**); Americas and Europe strong, Asia overall lower (reflecting $390 mill. China order Q2 2004), Middle East and Africa slightly lower due to large order development
- Revenues up 4%* (7%**), higher in products, flat in systems
- EBIT down 25%** to $138 mill., EBIT margin of 5.8% from 8.2%
  - Operational improvements, real estate gain more than offset by $66 mill. costs for transformer consolidation, potential regulatory expenses in systems business
  - Raw materials continue to negatively affect results, but mitigated by price increases, supply management
- Cash flow of $101mill: working capital further improved

* local currency change ** (in US$)

Automation Technologies – Q2 summary

- Orders up 10%* (13%**); higher in all regions
- Base order growth of 13%* (17%**) more than compensated for lower large orders (esp. in Manufacturing Automation)
- Revenues grew 13%* (17%**), up in all business areas on both higher volumes and prices in some product businesses
- EBIT** up 28% at $336 mill.; improvement in Automation Products and Process Automation, flat in Manufacturing Automation; restructuring costs remain low
- EBIT margin at 10.7% from 9.8% in Q2 2004
- Cash flow of $190 mill. down from $225 mill. on higher working capital requirements, but working capital as a percentage of revenues continues to decrease

* local currency change ** (in US$)

EBIT* - overview

$ million	Q2 2005	Q2 2004
Power Technologies	138	184
Automation Technologies	336	263
Core businesses	474	447
Non-core activities	(10)	2
Corporate	(93)	(128)
Group EBIT	371	321
Group EBIT margin	*6.5%*	*6.2%*

- Q2 comment
  - Biggest improvement in AT; PT negatively impacted by $66 mill. costs for transformer consolidation, provision for regulatory expenses
  - Non-core activities lower on asset write-downs in Equity Ventures, closure of Building Systems projects
  - Corporate costs continue to decline

* EBIT: Earnings before interest and taxes

EBIT* - Non-core activities

$ million	Q2 2005	Q2 2004
Oil, Gas and Petrochemicals	13	13
Building Systems	(8)	(18)
Equity Ventures	1	16
Other non-core activities	(16)	(9)
Non-core EBIT	(10)	2

Q2 comment

- Steady EBIT in OGP despite lower revenues
- Equity ventures: Lower income coupled with asset-write down of $10 mill.
- Building Systems: Germany at break even, despite weak markets, further costs to wind down some activities

* EBIT: Earnings before interest and taxes

EBIT* - Corporate

$ million	Q2 2005	Q2 2004
Headquarters / Stewardship	(69)	(110)
Research & Development	(24)	(22)
Other *	0	4
Corporate EBIT	(93)	(128)

* includes consolidation, Real Estate and Treasury Services

Q2 comment

- Headquarters / Stewardship costs reduced further, both local and Zurich head offices
- Spending on Sarbanes-Oxley still at low level

* EBIT: Earnings before interest and taxes

Discontinued operations – Net income impact

$ million	Q2 2005	Q2 2004
Abestos	(12)	10
Power lines	(6)	(13)
Other	(4)	(55)
Net loss	(22)	(58)

Q2 comment

- Asbestos included $10-mill. expense on mark-to-market valuation of ABB shares reserved for asbestos trust
- Power lines loss related to divestment in Germany
- Other: Losses in 2004 included upstream oil and gas, insurance, wind business

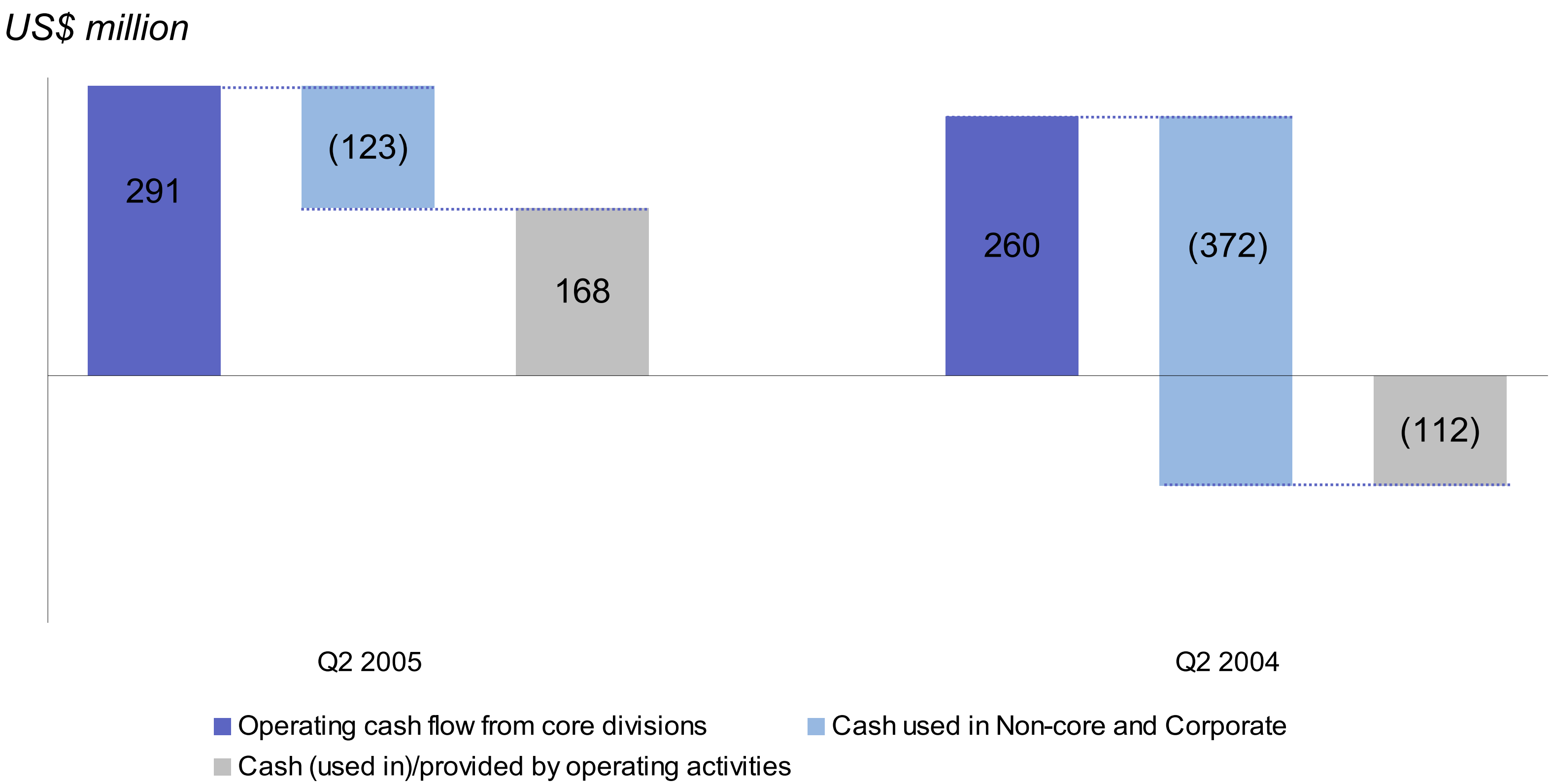
ABB Group – key figures

$ million	Q2 2005	Q2 2004
EBIT	371	321
Finance net	(95)	(50)
Income from continuing operations	148	147
Loss from discontinued operations	(22)	(58)
Net income	126	89

Q2 comment

- Finance net includes one-time interest expense of ca. $40 mill. related to district heating fine

Cash flow from operating activities



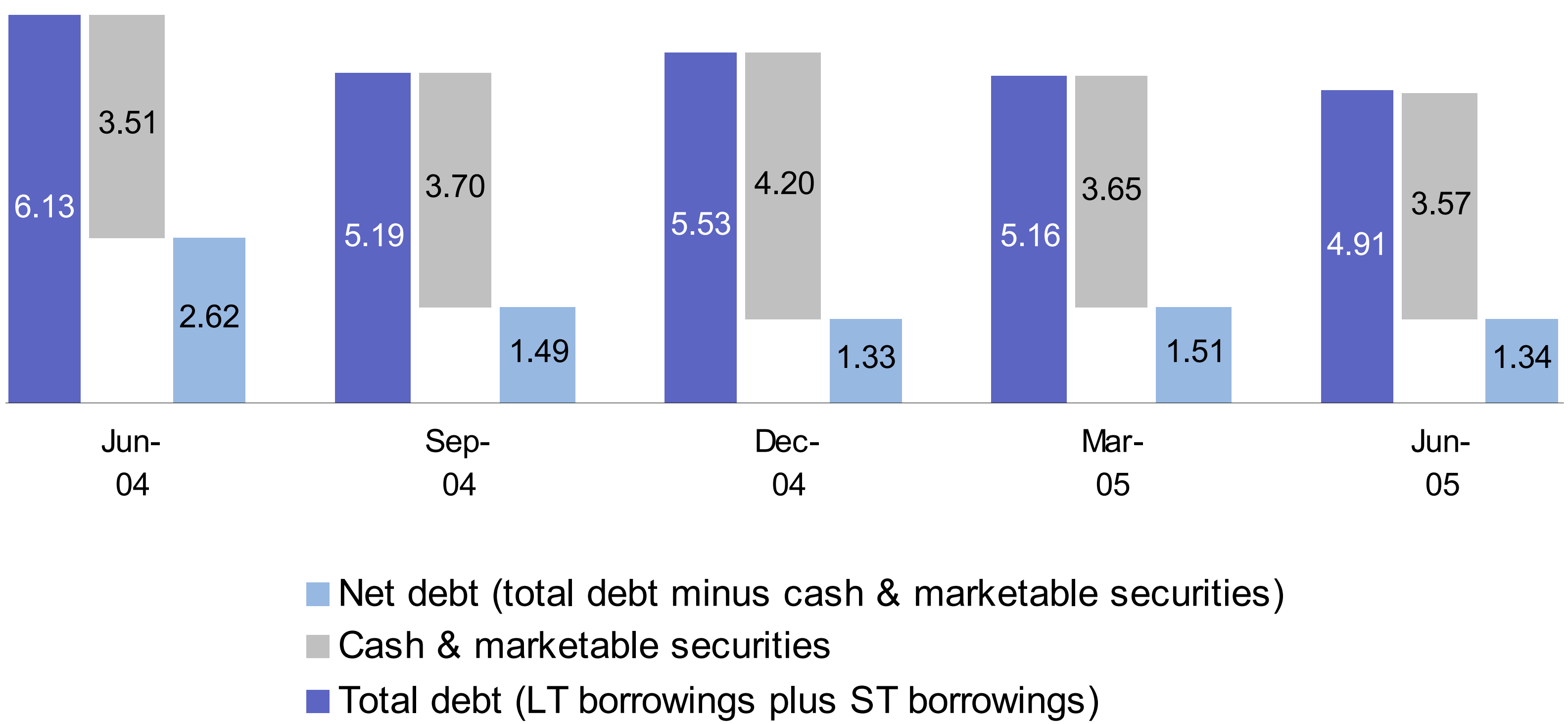
Q2 comment

- Continuing higher working capital requirements in AT to support growth
- Lower Corporate cash outflow on reduced costs, securitization effects
- Non-core improvement due to outflow for sale of OGP upstream in 2004

Net debt and gearing

$ billion

Gearing*				
66.0%	60.7%	63.9%	61.0%	59.6%



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

Update on asbestos

- Term-sheet agreement with other claimants announced March 21, 2005
- Basis for an amended Chapter 11 Plan of Reorganization for U.S. subsidiaries Combustion Engineering (CE) and ABB Lummus Global
- Revised CE plan filed with Bankruptcy Court on June 24, 2005
- Court hearing on Plan scheduled for August 19, 2005
- Next step: Approval vote by claimants

2005 outlook and revised targets

- Markets: Continued demand growth in both divisions
- Raw materials: Stabilization at high levels
- Operations: Continued focus on operational excellence, swift execution of transformer consolidation

	Revised target	Previous
PT EBIT* margin	6.8 – 7.3%	not given**
AT EBIT margin	10.7%	10.7%
Non-core activities EBIT	break even	break even
Corporate costs[1]	(450)	(450)
Group EBIT margin	6.6 – 7.1%	7.7%

[1] in $ million

* Earnings before interest and taxes

** Original target of 10% dropped April 2005 following Q1 2005 results

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ABB Group – Key figures

$ million		Q2 2005	Q2 2004
Orders		6,142	5,695
Revenues		5,724	5,209
EBIT (earnings before interest and taxes)		371	321
Finance net		(95)	(50)
Discontinued operations		(22)	(58)
Net income / (loss)		126	89
Cash flow from operating activities		168	(112)

	30 Jun 05	31 Mar 05	31 Dec 04
Cash & marketable securities	3,575	3,651	4,200
Total debt (LT borrowings plus ST borrowings)	4,912	5,161	5,534
Net debt (total debt minus cash & marketable securities)	1,337	1,510	1,334
Equity (incl. minority interest)	3,333	3,299	3,121
Gearing (total debt / total debt plus equity incl. minority interest)	59.6%	61.0%	63.9%

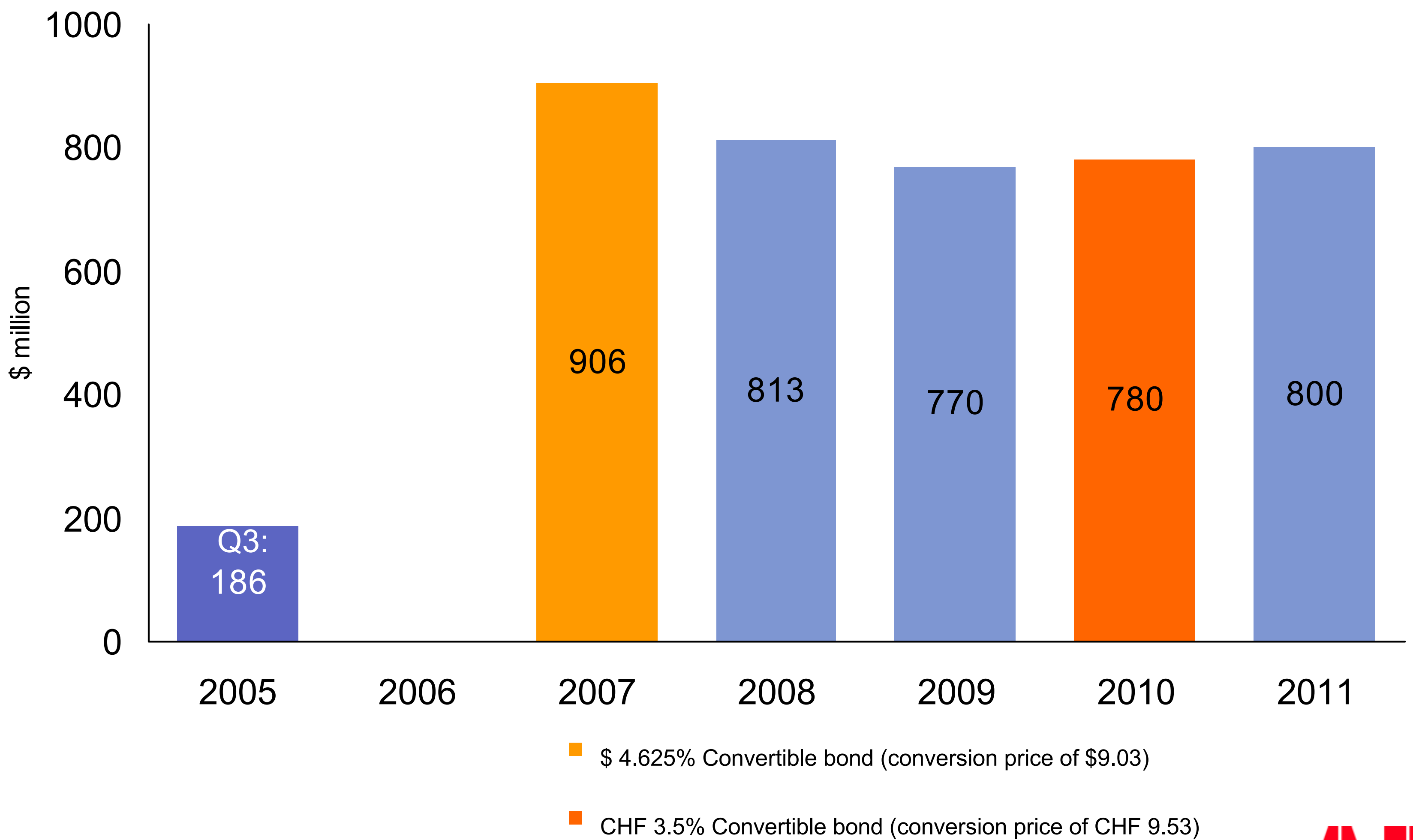
Cash Flow from operating activities

$ million		Q2 2005		Q2 2004
Cash-effective earnings	427		335	
Marketable securities	0		2	
Net operating working capital	(259)		(449)	
Net cash from operating activities		168		(112)
Combustion Engineering	(12)		(28)	
Non-core activities	(36)		(161)	
Corporate and other[1]	(75)		(183)	
Cash used in Non-core and Corporate		(123)		(372)
Cash flow from operating activities of core divisions		291		260

[1] incl. Treasury activities

Maturity profile of debt securities* (as of June 30, 2005)

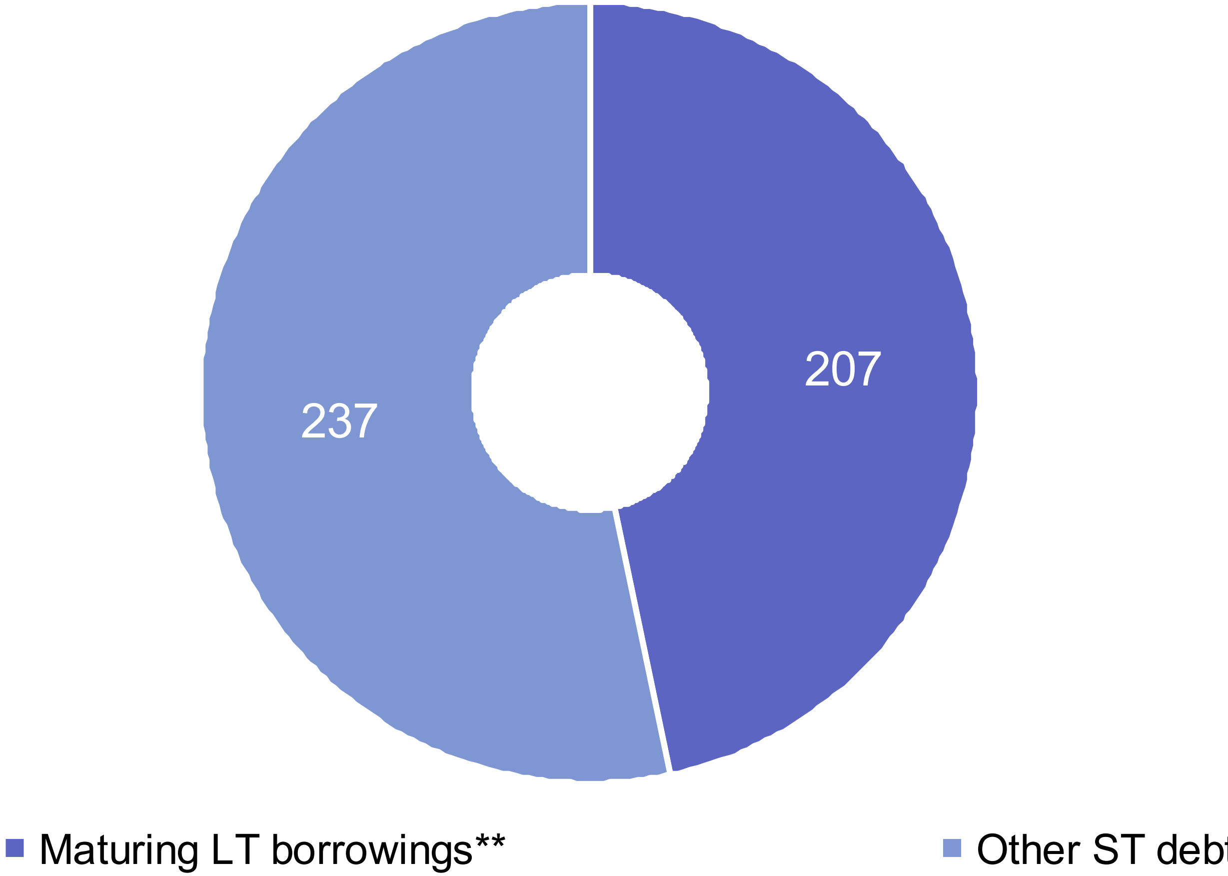
Total debt securities of approx. $4,254 million



* based on June 30, 2005 FX rates

Composition of short-term debt * (as of June 30, 2005)

Total short-term debt of $ 444 million



* Short-term debt = debt maturing prior to June 30, 2006

** Maturing long-term borrowings incl. debt securities of $186 million maturing in Q3 2005

Safe-harbor statement

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