

ABB Pension Fund

Short Annual Report 2010

Key figures	2010	2009
Capital investments and participations in CHF	3,031,413,446	3,029,156,787
Income surplus before formation of value fluctuation reserve in CHF	10,826,732	169,389,719
Employer contributions in CHF	59,106,586	59,063,339
Employee contributions in CHF	40,083,731	39,912,298
Pension benefits in CHF	177,471,640	178,977,962
Capital benefits in CHF	23,160,106	14,985,180
Net result insurance benefits in CHF ¹⁾	-20,455,621	-8,382,940
Return on capital investments in %	4.2	9.6
Coverage ratio in %	102.6	102.2
Value fluctuation reserve in % ²⁾	2.6	2.2
Target value fluctuation reserve in % ²⁾	18.6	18.6

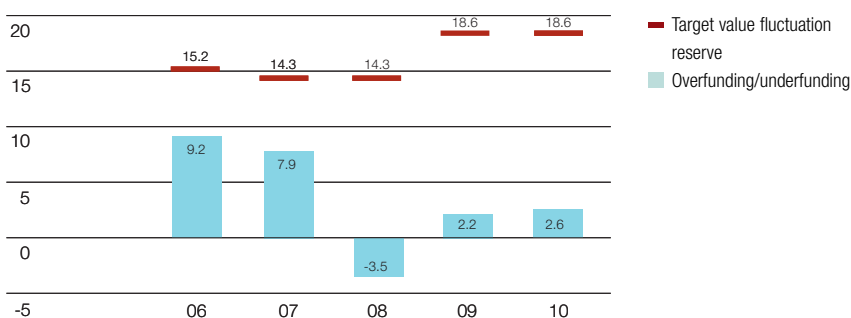
¹⁾ This amount consists mainly of the following components: additional costs due to increasing life expectancy of new and existing pensioners; difference between actual mortality rate during year under review and statistical long-term reading; difference between risk premium and actual costs for death and disability benefits.

²⁾ As % of pension capital (savings and covering capital) and actuarial reserves

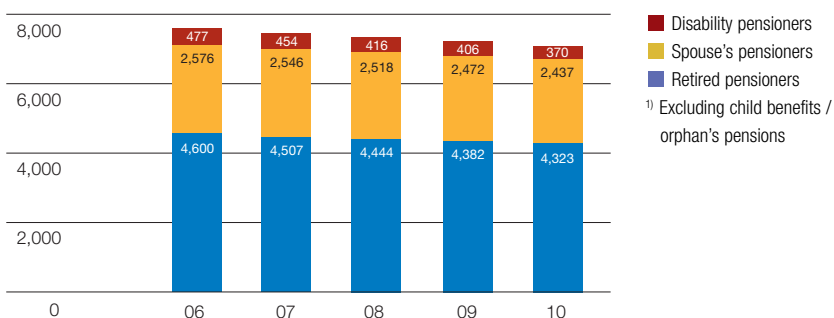
Population	2010	in %	2009	in %
Members	7,572	51	7,751	51
Pensioners	7,325	49	7,462	49
Total	14,897		15,213	

Benefits	2010	2009
Pension increase in CHF	–	–
One-time bonus for retired pensioners in CHF	–	–
Conversion rate at 65 in %	6.6	6.7
Interest on savings capital in %	2.0	2.0
Average interest on savings capital over the last 10 years in %	2.8	3.0
Actuarial interest rate in %	3.25	3.375

Overfunding/underfunding in %



Breakdown by pensioner category ¹⁾



¹⁾ Excluding child benefits / orphan's pensions

Good result achieved in a difficult environment

In 2010, the financial markets were dominated by the euro crisis. Due to the financial plight of the PIIGS states (Portugal, Ireland, Italy, Greece and Spain), the euro fell by 15.7% against the Swiss franc. Reflecting the fragile economic situation in the USA, the dollar also lost 9.8% against the Swiss franc.

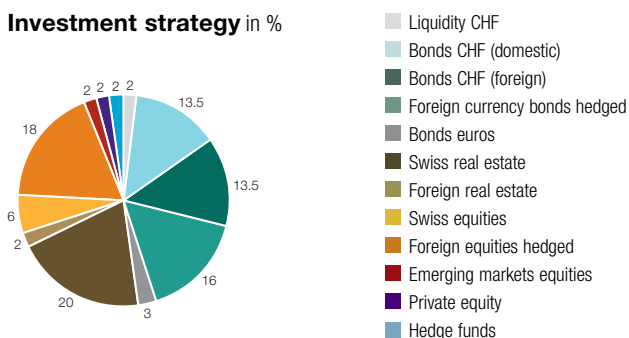
In this difficult environment, the ABB Pension Fund managed to generate a 4.2% return. This is an excellent result given the Pension Fund's conservative positioning of its asset investments. Last year, in conjunction with external specialists, the Board of trustees reviewed specific investment products as to their suitability for the portfolio. Based on the results of this review, the Board decided to leave the investment strategy unchanged. The ABB Pension Fund's coverage ratio rose marginally to 102.6%. Due to this development, the Board of trustees resolved to set the 2011 interest rate on savings capital at the 2% minimum rate specified by the Federal Council.

With the outlook on the financial markets still uncertain and the ABB Pension Fund's coverage ratio just above 100% at the end of 2010, the Board of trustees will closely observe all future developments.

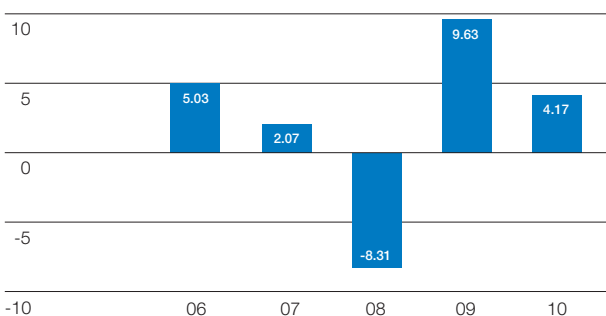
Balance sheet	31.12.2010	31.12.2009
	CHF	CHF
Assets		
Capital investments	3,028,547,846	3,026,291,187
Employer receivables	2,936,679	3,539,219
Participations in affiliated employer companies	2,865,600	2,865,600
Cash and other assets	27,979,817	24,043,407
Total assets	3,062,329,942	3,056,739,413
Liabilities		
Liabilities and accruals	9,220,284	7,108,169
Employer contributions reserve	13,703,134	8,012,756
Active members' liabilities (savings capital)	1,052,063,637	1,042,809,362
Pensioners' liabilities (covering capital)	1,829,075,597	1,898,408,910
Actuarial reserves	81,580,300	34,539,958
Value fluctuation reserve	76,686,990	65,860,258
Total liabilities	3,062,329,942	3,056,739,413

Operating account	2010	2009
	CHF	CHF
Regulatory benefits	99,190,317	98,975,637
Vested benefits, purchase amounts, one-time payments	24,625,593	38,181,172
Inflow from contributions and entry lump sum benefits	123,815,910	137,156,809
Retirement, survivors' and disability pensions	-162,472,240	-193,963,142
Termination benefits	-72,806,568	-26,770,327
Withdrawals for home ownership/divorce	-6,537,915	-9,731,542
Outflow for benefits and withdrawals	-241,816,723	-230,465,011
Decrease/increase in pension liability, actuarial reserves and contribution reserves	7,507,439	-4,815,612
Contribution to security fund	-747,685	-744,668
Net result of insurance activities	-111,241,059	-98,868,482
Net return on investments	123,466,817	268,652,280
Other income	41,287	53,160
Other expenses	-558	-3,645
Administration expenses	-1,439,755	-443,594
Increase in value fluctuation reserve	-10,826,732	-65,860,258
Income surplus	0	103,529,461

Investment strategy in %



Return on capital investments in %



Official bodies

Board of trustees

Employer representatives

(term of office 1.1.2010–31.12.2013)

Renato Merz, I-Bergamo (Chairman)
Moritz Küng, Brugg
Yann Moor, Gebenstorf
Ron Steijn, Horgen, from 27.8.2010
Volker Stephan, Rüslikon
Bernadette Stirnimann, Zurich

Employee representatives

(term of office 1.4.2008–31.3.2012)

Kurt Rüttimann, Gebenstorf (Vice Chairman)
Alexander Bélaz, Fislisbach
Norbert Gatz, D-Küssaberg
Beat Reimann, Zurich, from 27.8.2010
Daniel Schwendener, Hittnau
Kurt Vetsch, Adlikon

Administrative commission

(term of office 1.4.2008–31.3.2012)

Alexander Bélaz, Fislisbach
Norbert Gatz, D-Küssaberg
Beat Reimann, Zurich
Kurt Rüttimann, Gebenstorf
Daniel Schwendener, Hittnau
Kurt Vetsch, Adlikon
Jürgen Enderle, D-Grafenhausen (assessor)

General management

Christoph Oeschger, Aarau (General Manager)
René Siegrist, Hausen AG (Dep. General Manager)

Other authorised signatories

Maria Gumann, Seengen
Monika Jud, Schlieren

Pensioners commission

(term of office 1.4.2008–31.3.2012)

Stefan Michel, Kirchdorf (Chair)
Robert Frech, Würenlingen
Edgar Gut, Wettingen
Eugen Huber, Oberlunkhofen, until 31.8.2010
Gustav Oesch, Zurich, from 1.9.2010
Hanspeter Oppliger, Mönchaltorf
Dieter Spickenreuther, Wettingen

Occupational benefits expert

Markus Meier, Mercer (Switzerland) SA, Zurich

Auditor

Claudio Notter, PricewaterhouseCoopers AG, Zurich

Investment Consultant

Hansruedi Scherer, PPCmetrics AG, Zurich

Supervisory authority

Bureau of Occupational Benefits and
Foundation Supervision, Aarau

Further Information

The full annual report is legally binding. It can be obtained at www.abb.ch/vorsorge or from the ABB Pension Fund.

ABB Pension Fund

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