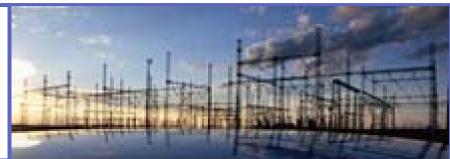
ABB Strategy 2011

Zurich,Switzerland
September 5, 2007



ABB

Agenda

Introduction	Fred Kindle
Market and competition	
Group portfolio	
Divisional strategies	
Regional opportunities	Ravi Uppal
Technology and energy efficiency	Peter Terwiesch
Financial strategy and targets	Michel Demaré
M&A strategy	Fred Kindle
Organization and people	
Summary	

Safe-harbor statement

This presentation includes forward-looking information and statements including statements concerning the outlook and targets for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including the economic conditions of the regions and industries that are major markets for ABB. These expectations, estimates and projections are generally identifiable by statements containing words such as “aims”, “expects,” “believes,” “estimates,” “targets,” “plans” or similar expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, the amount of revenues we are able to generate from order backlogs and orders received, raw materials prices, market acceptance of new products and services, changes in governmental regulations and costs associated with compliance activities, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in ABB’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F. 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.

Establishing a track record of reliability

What we promised in Sept. 2005

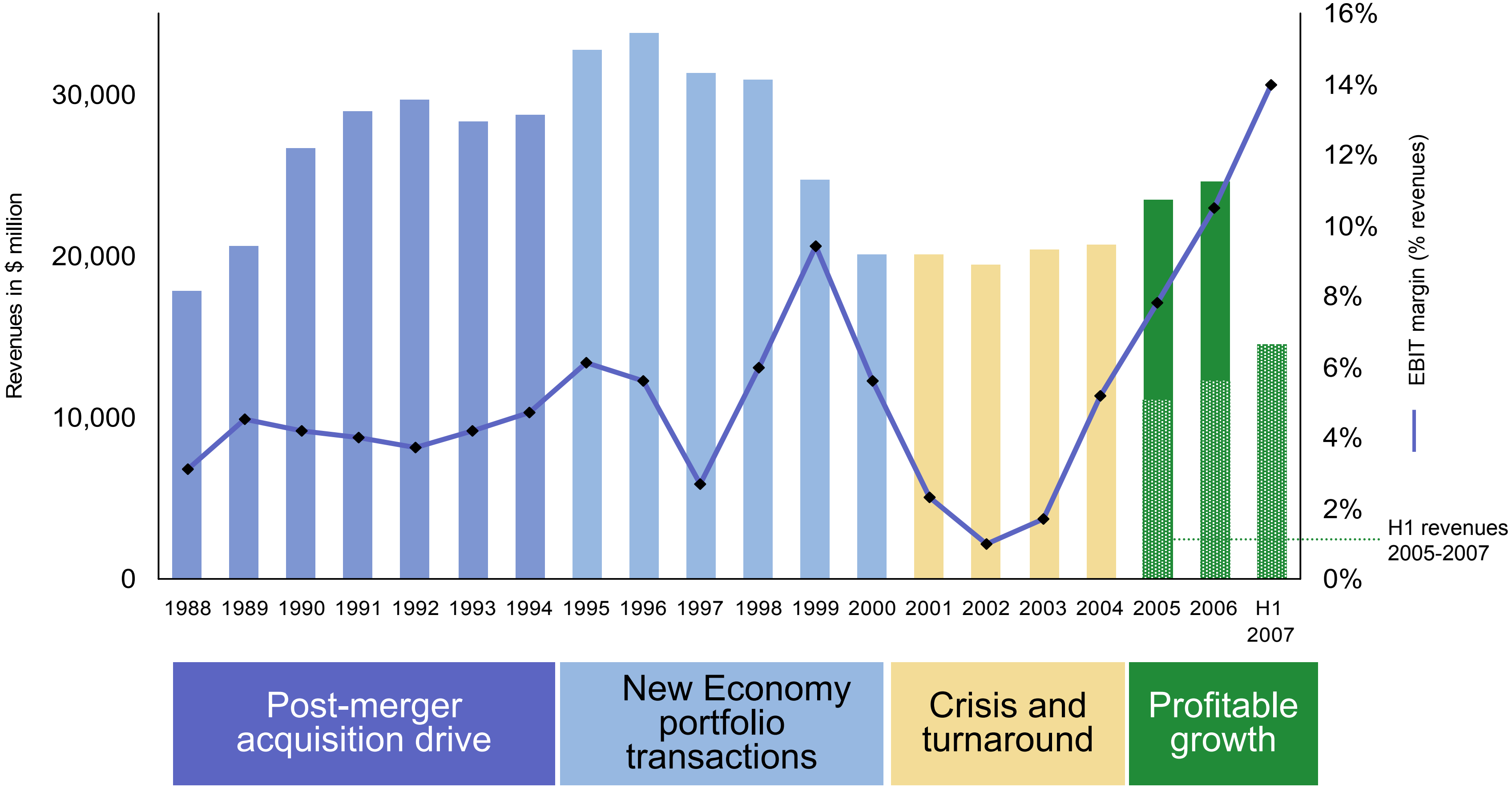
- Focus on profitable growth and capital efficiency
- Continued focus on automation and power portfolio
- Better business execution to deliver more reliable results
- Greater transparency
- Return to investment grade credit rating
- To be fully delivered by 2009

What we delivered

- 2004-06: 9% organic growth[1], EBIT margin 5%→ 10%, ROCE 8%→ 20%
- Building Systems, Equity Ventures & power lines units, Lummus announced
- 17 consecutive quarters[2] of performance improvement
- "Clean" results with few one-offs
- A- rating from Standard & Poor's, Baa1 from Moody's
- Delivered 2 years early

[1] Compound annual growth rate; [2] Up to Q2 2007

Delivering on our growth and profitability promises



Source: 1988-1993 and 1998-1999 as per respective annual reports; 1994-1997 as per 1997 annual report; 2000 to 2006 as per the corresponding Form 20-F filings with the U.S. Securities and Exchange Commission; 1999 EBIT includes major gains from divestitures; 2005-2007 includes ABB Lummus Global in continuing operations

ABB strategy 2011 – Key points

1. ABB's vision and mission: Power and productivity for a better world
   - Continued focus on power and automation
   - Market outlook and ABB's leading positions allow for continued value generation – we are in the right business!
   - Increasing customer emphasis on environmental issues and energy efficiency opens new opportunities
2. ABB's current business portfolio is well suited for future value creation
   - Strong in utility and important industrial segments
   - Significant links and synergies in technology, industries and customers served, product and service offering
   - Attractive growth and profitability opportunities exist without diversification or further focusing

ABB strategy 2011 – Key points *(cont'd)*

3 Significant opportunities for profitable growth

- Organic growth opportunities across the portfolio
- Globally balanced portfolio with favorable exposure to emerging economies

4 Financial plan shows very attractive results

- Aim to further improve growth, profitability and capital efficiency
- EPS expected to grow 15-20% CAGR by 2011

5 Opportunities for further value creation through acquisitions

- Focus on filling some gaps and moving into adjacent areas
- Technology > market position > market share
- Ambitious but disciplined approach

ABB is in the right business with ample opportunity to create more value

New targets: More value to come

	New target	*Old target*	
Revenue growth *(CAGR)* [1]	8-11%	*>5% 2005-09*	Upside potential represents 3x global GDP growth and almost 2x market growth
EBIT margin	11-16% corridor	*>10% by 2009*	Further potential gains from both the market and internal improvements
EPS[2] growth *(CAGR)*	15-20%	*Net margin >5% by 2009*	Driven by operating measures and financial improvements
Cash conversion[3]	Annual avg. 100%	*Approaching 100% per year 2005-09*	Higher capital expenditure to be offset by net working capital discipline
Return on capital employed[4]	> 30% in 2011	*Mid-teens in 2009*	Sustained earnings generation on organic growth, efficient incremental capital expenditure and low tax rate

[1] Compound annual growth rate 2007-11 (i.e., base year = 2006), excl. major acquisitions and divestments and at constant exchange rates
[2] Earnings per share, undiluted
[3] Free cash flow as % net income
[4] After tax

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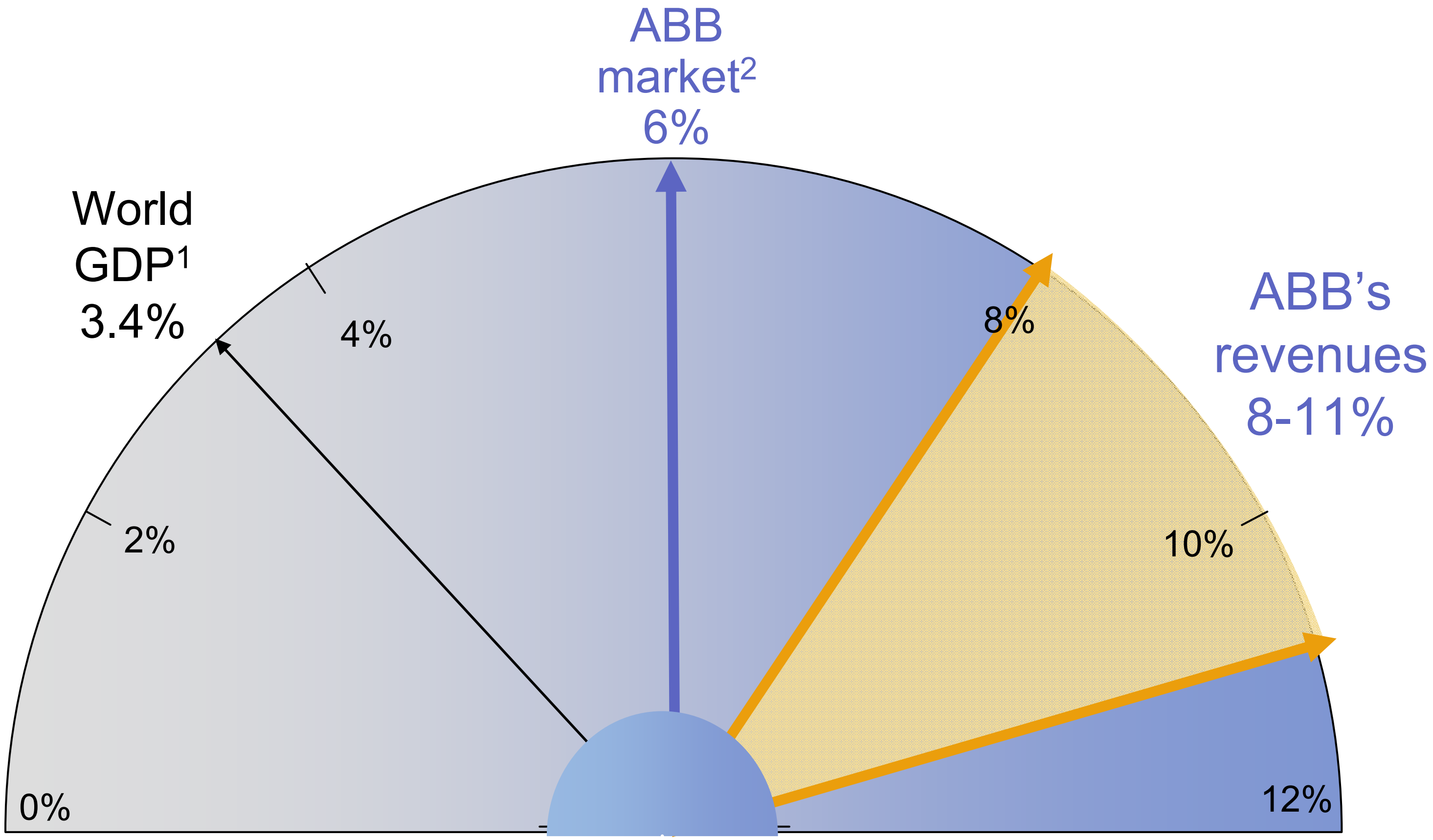
Our growth ambition level

Compound annual growth rates 2007-11



We plan to outgrow the market

[1] Source: Global Insight;
[2] Source: Global Insight, ABB estimates

Market overview

Power: Strong positive trend continues

- Growing world economy needs increasing, reliable electricity supplies
- Need for more efficient power generation and T&D, further enhanced by environmental concerns
- Transmission taking a higher share of investments in electricity infrastructure
  - Aging grids in mature economies require upgrades
  - Interconnectivity, especially in Europe
  - Coping with new forms of electricity generation (e.g. further away from consumption, renewables)
- Infrastructure build-up in emerging countries

Total market size 2006: $75 billion
Growth CAGR 2007-11: 6-8% [1]

[1] Source: Global Insight, ABB estimates

Automation: Attractive, reliable sector

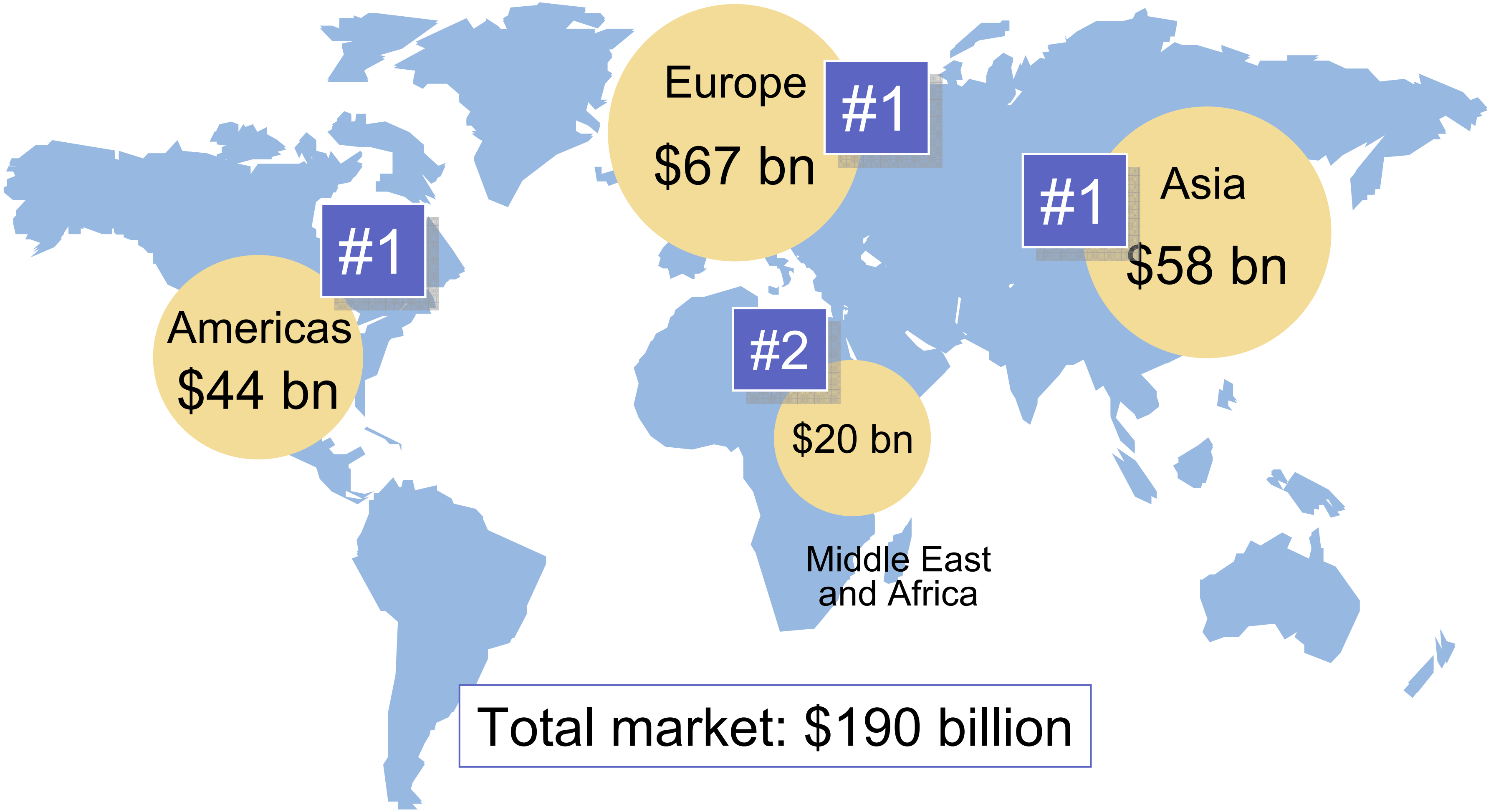
- Drive for higher energy efficiency in rapidly growing world economy
  - To reduce costs and address environmental concerns
- Increasing productivity and quality
  - To meet cost competition in a global market
  - To improve industrial process and product quality
- Improving living standards
  - Rapid electrification beyond major urban centers in emerging economies
  - Automated buildings in OECD countries and economic centers of emerging economies

Total market size 2006: $115 billion
Growth CAGR 2007-11: 5-6% [1]

[1] Source: Global Insight, ABB estimates

ABB's markets and positions today

Regional market sizes 2006 (in US$ billion) and market positions

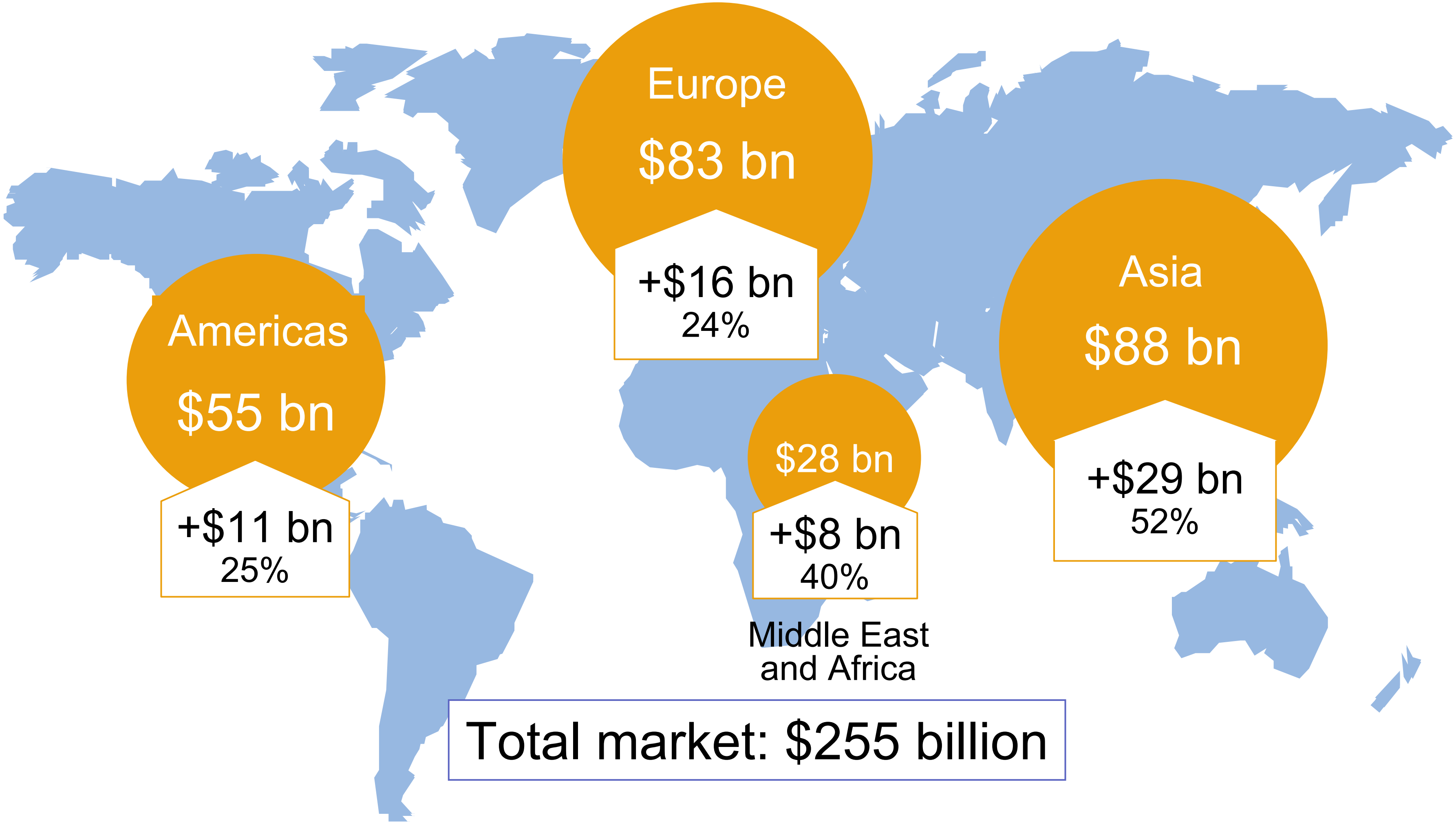


Total market: $190 billion

[1] Source: Global Insight, ABB estimates

Market expected to grow 34% ($65 bn) by 2011

Regional market sizes 2011 in US$ billion, total growth vs 2006 in US$ and %



[1] Source: Global Insight, ABB estimates

Future market potential and risks

Potentials

Faster economic growth

- China and India to continue fast pace
- Emergence of new growth centers (Southeast Asia, Middle East, Latin America, Africa)
- Stronger recovery of mature economies (Western Europe, Japan, North America)

Accelerating demand for energy efficiency

- Public opinion
- Regulatory pressure
- Changing energy economics (scarcity, costs, prices, returns, alternative energy)

Risks

Economic risks

- Considerable slowdown of Chinese and Indian economies
- US recession, followed by European and global decline

Political risks

- Energy nationalism leading to price and supply disruptions
- Political instabilities (e.g. Middle East, Latin America)

Sporadic “catastrophic” events, such as a global pandemic, large-scale terrorist attacks, natural catastrophe

Future competitive challenges

1. ABB's traditional competitors
   - Technology, market and cost position will remain key drivers
   - Consolidation to continue, separating market into large/global and regional/niche players
2. New competitors from emerging economies
   - New players establishing strong bases in home countries
   - Increasing presence in established markets in 3-7 years

ABB is prepared for both competitive challenges

- Continue to invest in technology, R&D and service
- Fill gaps in geographic and product offering
- Improve cost position (e.g., global footprint, product design, EOS)
- Be the foremost competitor also in emerging economies

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ABB

A focused power and automation company

2006 revenues (US$) and employees per division





Power Products	Power Systems	Automation Products	Process Automation	Robotics
$7.4 bn 30,000 employees	$4.5 bn 13,000 employees	$6.8 bn 30,500 employees	$5.4 bn 24,000 employees	$1.3 bn 4,500 employees
High- and medium-voltage products and transformers for switching, protecting, measuring and automating power transmission and distribution	HVDC, FACTS, cables, network management, control & protection products and services, electrical balance of plant and control for power plants, complete turnkey substations, services	Low-voltage products and systems, drives, power electronics, motors and machines, instrumentation and product service	Process control and information management systems, industry-specific applications, component controls, maintenance and performance services	Robots and robotic systems for painting, welding, packing and palletizing, material handling and assembling

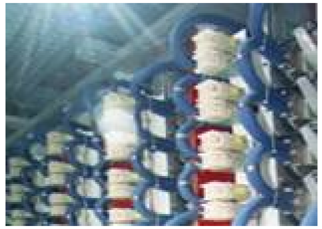
A portfolio of interconnected offerings

Example: Deliveries to the metals industry

Process Automation

- Control systems
- Workstations
- Application software
- Full service

Automation Products



- Rectifiers
- Variable speed drives
- Motors
- Low-voltage panels

Power Products

- Transformers
- Circuit breakers

Aluminum smelter

Power Systems

- Substations
- Long-term service support

Robotics

- Palletizing robots

Significant portfolio synergies

Technology synergies

	No. of divisions
Switching and breaking	3/5
Insulation and limiting	3/5
Power electronics	4/5
Control and protection	5/5
Software and communications	5/5
Sensing and analyzing	5/5

These technologies support ca. 70% of group revenues

Customer synergies

ABB's top 31 Global customers

- The average customer buys from 4 of ABB's 5 divisions
- 7 of them buy from all 5 divisions
- 8 of them buy from 3 or fewer divisions

Strong synergies already exist, but there is potential for much more

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Power Products market position

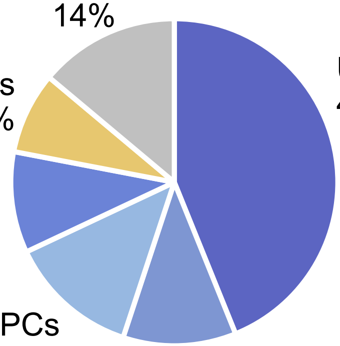
Market outlook/drivers

- Further enlargement, reinforcement of grids in emerging markets
- Reliability, aged infrastructure refurbishment and upgrade, interconnections, integration of renewables in North America, Europe

ABB's competitive advantages

- Economies of scale: #1 in the industry, ca. twice the size of #2, global production base, market-leading cycle times
- Technology leadership: Complete well-tuned portfolio, high innovation rate
- Leading market coverage: Global reach, #1 position in key markets, competitive cost position
- Top-of-mind brand: Clear leadership

Channels to market*



* As a percentage of total 2006 Power Products orders

Market position

	1	2	3
High-voltage products	ABB	Siemens	Areva
Medium-voltage products	ABB	Schneider	Siemens
Transformers	ABB	Siemens	Areva

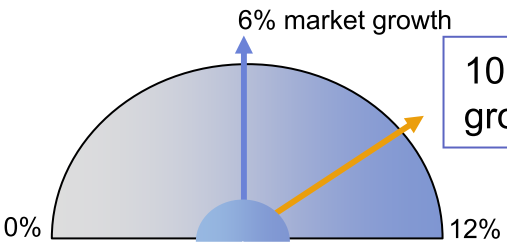
Source: ABB, Goulden Reports, ABS, Bear Stearns

Power Products strategy

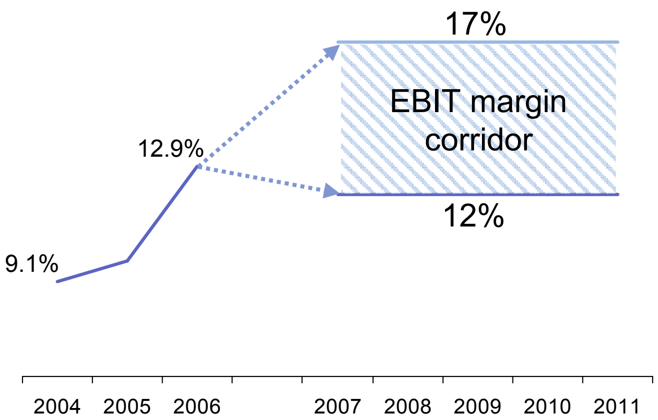
Targets 2007-11

Revenue growth

Compound annual growth rate



EBIT margin



Strategic goal

- Increase share in an attractive growth market by building on world #1 position, and further enhance profitability

Action plan

- Maintain technology leadership
- Continue to focus on markets offering high growth potential
- Outgrow the market in all businesses
- Build the service business
- Order execution: quality, on-time delivery, capacity management
- Strengthen indirect channels to market
- Drive global footprint optimization, including the transformer consolidation

Power Systems market position

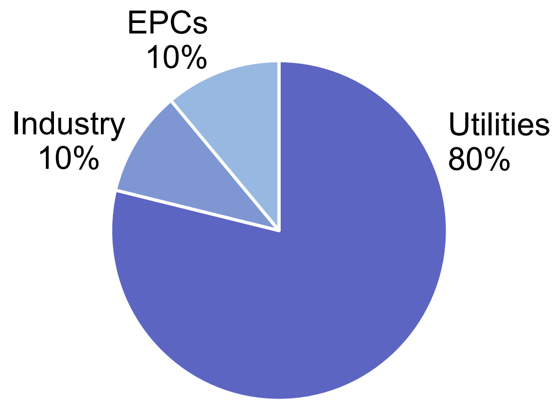
Market outlook/drivers

- Industrialization and GDP growth in emerging markets (Asia, Middle East)
- Increasing demand in North America, Europe

Competitive advantages

- Innovative solutions: High-efficiency bulk power transmission, offshore connections (e.g., oil & gas), connecting islands, integrating wind power, energy trading
- Superior market coverage: Global reach with unmatched solution capabilities and project management record – #1 customer choice for large, sophisticated solutions
- Economies of scope: Integration capabilities from engineered packages to full turnkey systems and services

Channels to market*



* Expressed as percentage of total 2006 Power Systems orders

Market position

Business line	1	2	3
Grid systems	ABB	Siemens	Areva
Substations	ABB	Siemens	Areva
Network management	ABB	Siemens	Areva
Power generation (electrical balance of plant)	Siemens	ABB	Areva

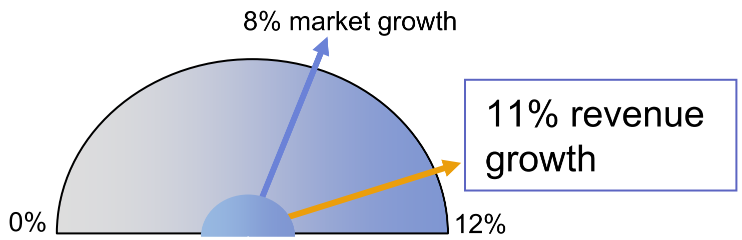
Source: ABB, Goulden, ABS, ARC, Bear Stearns

Divisional strategies

Power Systems strategy

Targets 2007-11

Revenue growth
Compound annual growth rate



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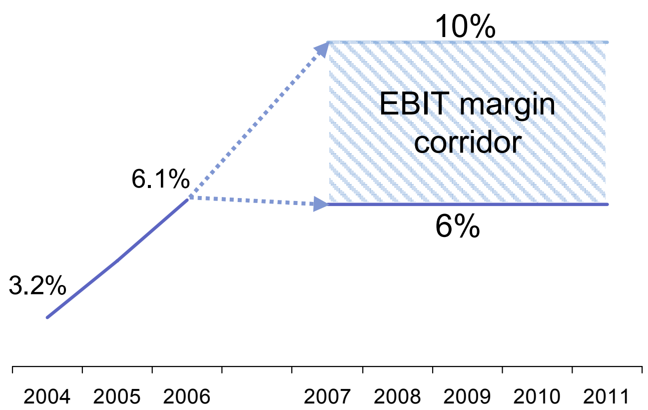


Strategic goal

- Strengthen organic growth and focus on higher margin opportunities in attractive markets

Action plan

- Maintain and strengthen overall market and technology leadership
- Push new applications and solutions, e.g., Ultra HVDC, offshore windfarms, oil platform connections
- Leverage installed base for service
- Focus on continuous operational improvements, including project execution
- Drive process and system standardization further

Automation Products market position

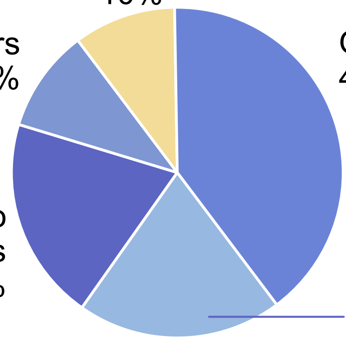
Market outlook/drivers

- Industrial growth, electricity consumption, degree of automation, construction
- General GDP development

Competitive advantages

- Technology leadership: Continuous pipeline of advanced demand-driven technology
- Price/value: Economies of scale, smart design and global sourcing
- Global reach: Market penetration and above-average growth secured by global scope, large direct sales force, and premium channel partners
- Excellence: Products recognized for quality and reliability based on operational excellence in production, distribution and response time

Channels to market*



* Expressed as percentage of total 2006 Automation Products orders

Market position[1]

Business line	1	2	3
Drives and power electronics	ABB	Siemens	Rockwell
Low-voltage systems[2]	ABB	Schneider	Siemens
Motors and machines	ABB	Siemens	WEG
Industrial low-voltage products	Schneider	Siemens	Rockwell/ ABB
Installation material[2]	Schneider	Legrand	ABB
Instrumentation	Emerson	Yokogawa	Endress+H/ ABB

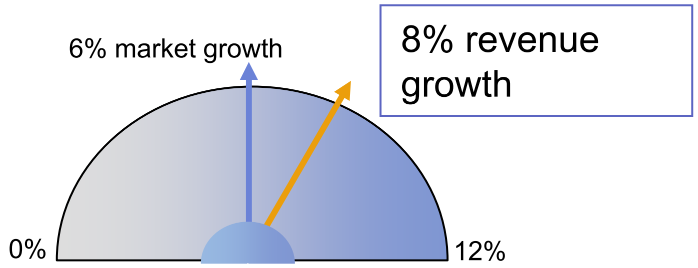
[1] ABB estimates, based on orders received [2] IEC standard

Automation Products strategy

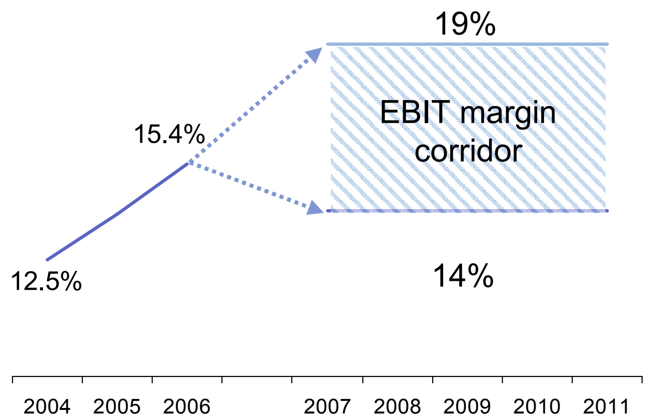
Targets 2007-11

Revenue growth

Compound annual growth rate



EBIT margin



Strategic goal

- Focus on sustained growth (organic and acquisitions) at high profitability

Action plan

- Exploit regional growth opportunities (e.g., China, India and North America), and application areas (e.g., rail, water, oil & gas, power generation, incl. wind)
- Keep technology leadership, push “smart” design of standardized products (functionality and cost)
- Tap service opportunities
- Continue with global footprint and operational excellence

Process Automation market position

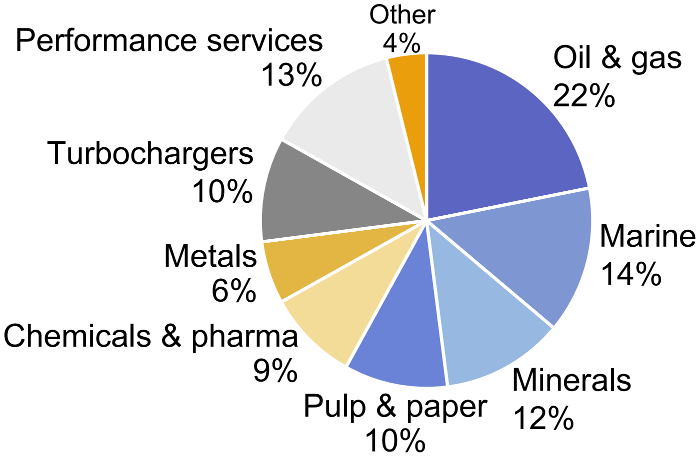
Market outlook/drivers

- High energy prices
- GDP growth (esp. in emerging countries)
- Customer focus on productivity, reliability and longer equipment life

Competitive advantages

- Technology leadership: System 800xA control platform offers state-of-the-art functionality, allows integration of existing control systems, reduces development costs for product variants
- Economies of scope: Broad industrial and geographic presence, industry expertise for tailor-made solutions in many sectors
- Captive service business: Largest installed base > $20 bn

Business lines*



* Expressed as percentage of total 2006 Process Automation orders

Market position

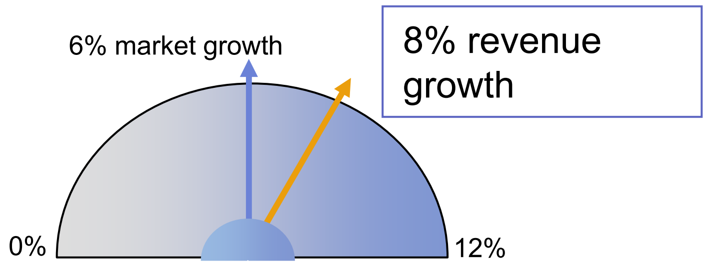
Business line	1	2	3
Pulp & paper	ABB	METSO	Honeywell
Marine	ABB	Siemens	Converteam
Oil & gas (upstream)	ABB	Siemens	Honeywell
Turbocharging	ABB	Mitsubishi	MAN
Minerals	Siemens	ABB	FLS
Metals	Siemens	ABB	TMEIC
Chemicals & pharma**	Honeywell	Emerson	Yokogawa

Source: ABB, ARC Advisory Group 2005; Clarkson Research, Diesel and Gas Turbine & Motorship magazine
** ABB in 5th position

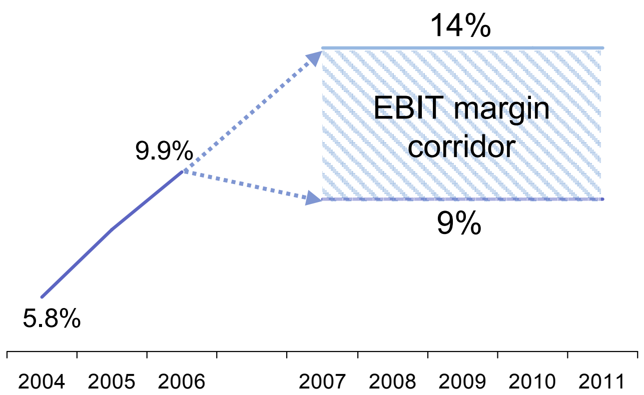
Process Automation strategy

Targets 2007-11

Revenue growth
Compound annual growth rate



EBIT margin



Strategic goal

- Focus on profitable growth (primarily organic with opportunistic acquisitions) and tap System 800xA opportunities in the industry's largest installed base

Action plan

- Capture the continuing growth potential in Asia and the Middle East, and the service potential in Europe and the Americas
- Deliver higher product content in our system offerings
- Strengthen product sales
- Utilize more engineering and sourcing from low-cost countries
- Focus on risk management and project execution

Robotics market position

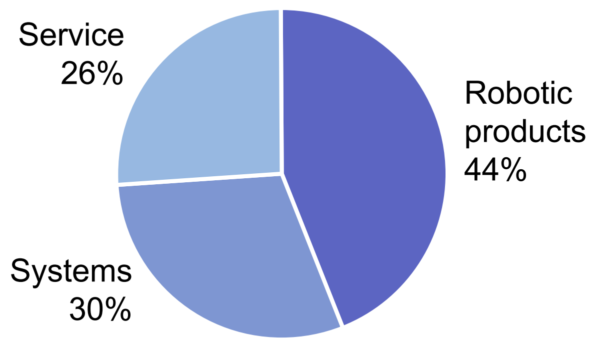
Market outlook/drivers

- Improved process quality
- Need for more flexible production
- Environmental issues, health & safety

Competitive advantages

- Leading market position: Large installed base of industrial robots (145,000 units)
- Technology leadership: Best-in-class robot controller products, leading paint robots
- Service: Largest service network for robotics in the world
- Economies of scope: Integration capabilities from engineered packages to full turnkey systems, and services – limited vertical integration enhances flexibility and ROCE

Business lines*



* Expressed as percentage of total 2006 Robotics orders

Market position

Business line	1	2	3
Foundry	ABB	Fanuc	Kuka
Painting	ABB	Yaskawa	Fanuc
Plastics	Fanuc	ABB	Kuka
Metal fabrication	Yaskawa	ABB	Fanuc
Packaging	Fanuc	ABB	Kuka
Robotics systems	ABB	Dürr+Kuka +Comau	Eisen-mann

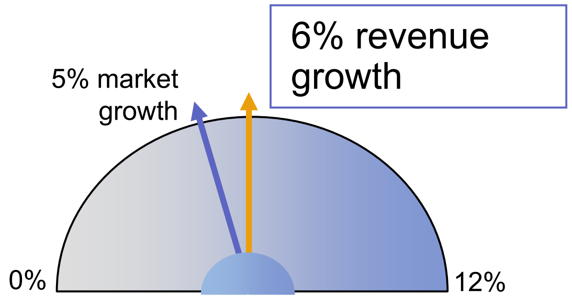
Source: ABB, McKinsey, IFR, Company Reports

Robotics strategy

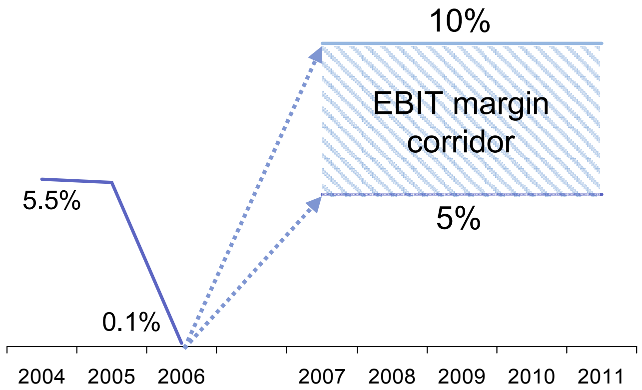
Targets 2007-11

Revenue growth

Compound annual growth rate



EBIT margin



Strategic goal

- Re-establish ABB among the top 2 suppliers in the industry
- Lift margins through operational excellence, tap selective growth opportunities

Action plan

- Take advantage of global opportunities and trends, e.g., in China
- Expand further into non-automotive sectors
- Expand service portfolio
- Simplify product portfolio and implement product re-design to cost
- Standardize products further
- Accelerate global footprint, implementation of application lead centers

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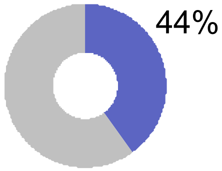
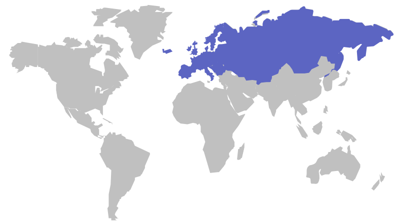
Europe

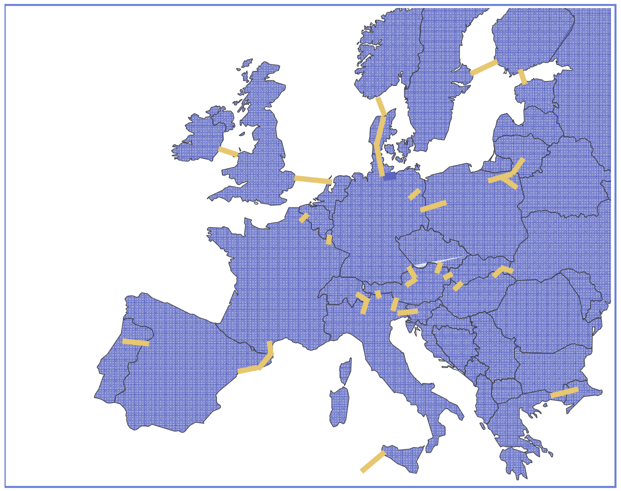
Share of 2006 total Group orders received



Market size 2006[1]	$67 bn
Market growth 2007-11[1]	4-5%



Linking offshore wind to mainland grids: a key opportunity for ABB



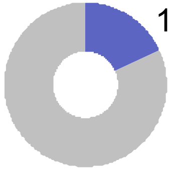
Priority European power interconnections Jan 07

- Connecting power grids, energy trading, utility consolidation, renewables, power plant improvements, e.g.
  - Germany to spend $110 bn on power plant upgrades and T&D by 2020
  - Wind power to grow from 3% of Europe total energy today to 16% by 2020
- Further industrial automation to improve cost competitiveness, industrial growth to continue in eastern Europe on lower cost base, falling trade barriers, privatization
- Major opportunities in Russia linked to power and oil & gas

[1] Source: Global Insight

Americas

Share of 2006 total Group orders received



Market size 2006 [1]	$44 bn
Market growth 2007-11 [1]	5%

US grid upgrades to drive growth for several years

FACTS technology can reduce losses in existing lines by as much as 40%

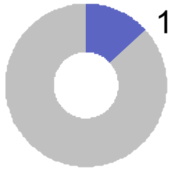
- Grid reliability concerns, U.S. Energy Bill and growth in renewables drive power investments
  - $56 bn investment in U.S. power generation and T&D over the next 10 years[2]
  - Need to upgrade aging power infrastructure in Brazil, Argentina and Chile is growing
- U.S. industrial production expected to remain healthy, large market opportunity for ABB
- Automation needs also driven by oil & gas in Canada and Mexico, rapid growth in mining sector in South America
  - e.g. world's largest iron ore and copper reserves in Brazil and Chile

[1] Source: Global Insight; [2] Edison Electric Institute estimates

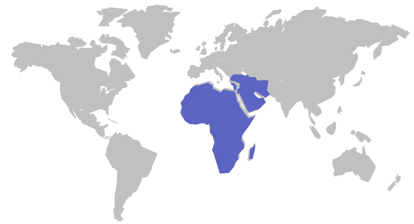
Regional opportunities

Middle East and Africa

Share of 2006 total
Group orders received



Market size 2006[1]	$20 bn
Market growth 2007-11[1]	7%



Construction boom fuels power expansion

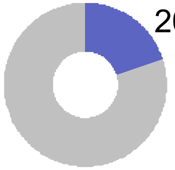
Oil & gas remains the key to growth

- Continued strong economic growth: Oil & gas (2/3 of world supply) to generate annual revenue of $325 bn
- Deregulation and privatization to accelerate, investments in further infrastructure upgrades (incl. desalination) and grid interconnections
- $100 bn investment in power capacity over the next 10 years (adding 80,000 MW)
- Industrial diversification beyond oil, esp. metals & mining and chemicals; rapid pace of construction to support economic growth

[1] Source: Global Insight

North Asia and China

Share of 2006 total Group orders received



Market size 2006[1]	$40 bn
Market growth 2007-11[1]	8%

Construction in China drives growth for ABB low- and medium-voltage products

800kV DC projects planned to be in operation before 2015

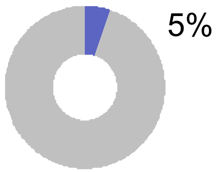
- Chinese utilities continue expansion plans as economy expected to grow 8-10% 2006-11
  - Increased investments in T&D to catch up with power generation capacity
  - Greater local emphasis in JV structures
  - Additional $335 bn earmarked for major projects in rail, wind, oil & gas and water
- Industrial production to continue robust growth
  - e.g., steel capacity to grow 45% to 600 mill. tons by 2015
  - Focus on energy efficiency, productivity, quality
- Rapid urbanization fuels construction, better living standards, power distribution

[1] Source: Global Insight

Regional opportunities

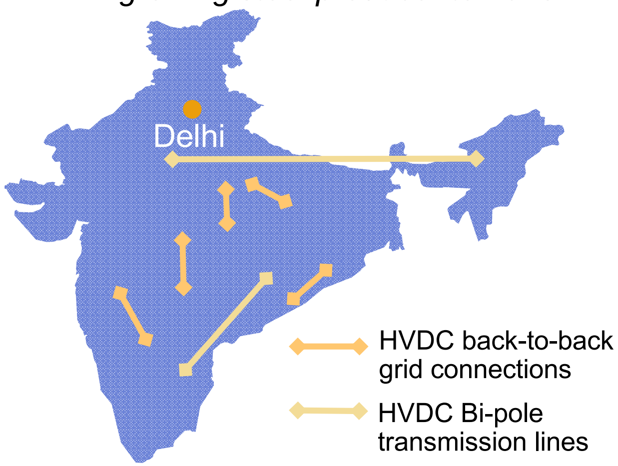
South Asia and India

Share of 2006 total Group orders received



Market size 2006[1]	$18 bn
Market growth 2007-11[1]	9%

India expected to be the world's fastest growing steel producer to 2015



Inter-regional HVDC links planned for 2012

- Power and T&D investments in India: More than 100 GW new capacity expected by 2015
  - Per capita consumption to double (rural electrification and grid efficiency)
  - Inter-regional connection capacity to triple by 2012
- Industrial automation demand led by
  - Metals (India steel output to grow 3.5x to >140 mill. tons by 2015)
  - Minerals (Australia aluminum output = 30% of world total)
  - Oil & gas (Malaysia, Vietnam, India)

[1] Source: Global Insight

Key to ABB's competitive success

Seize opportunities to balance global footprint and managing global customer accounts to ensure ABB's long-term success

Drivers

1. Continuous alignment of our engineering, production and supply operations with changes in the market
2. Growth in emerging economies presents market opportunities and therefore shifts the center of gravity for sales and operations
3. Emerging markets offer low-cost opportunities to establish a global supply chain and manufacturing base to improve competitiveness, reduce export risks and increase operational flexibility
4. Group Account Management – seize significant profitable growth opportunities of successful cross-divisional account management with ABB's major customers – this already accounts for 15% of ABB's business

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Innovation key to competitive advantage

ABB's current strong market position has been built through consistent R&D investment

- $1.1 billion* spent on research and order-related development in 2006, up 10% vs 2005
  - $540 million spent in 1st half of 2007
- 6,000 researchers and developers worldwide
- >50% of research efforts aimed at improving energy efficiency

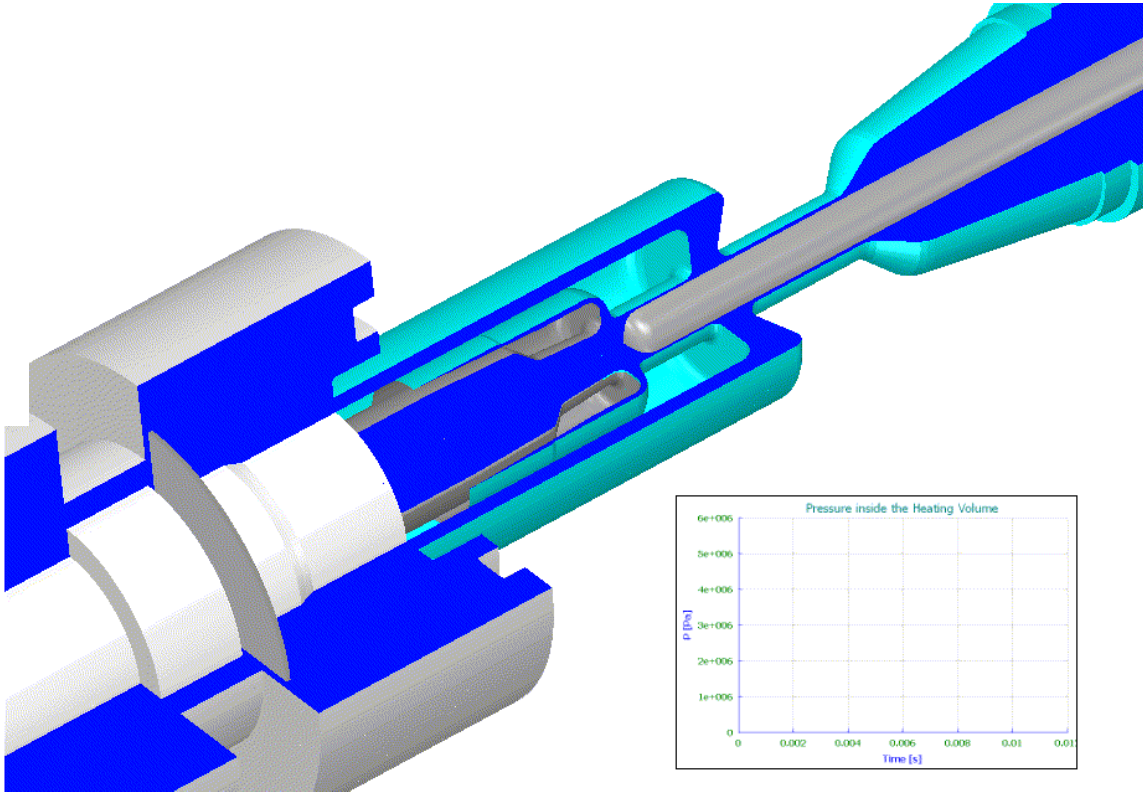
Core technology areas serve both power and automation:

- Switching and breaking
- Insulation and limiting
- Power electronics
- Control and protection
- Software and communications
- Sensing and analyzing
- Mechatronics

* Comprises Non-order related R&D and order-related development for ABB's five core division and excludes expenditures in Non-core activities

ABB technology is at the cutting edge

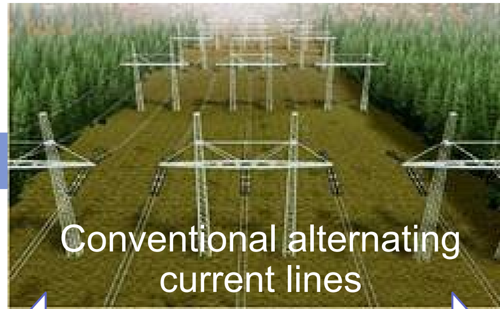
Example: High-voltage current interruption



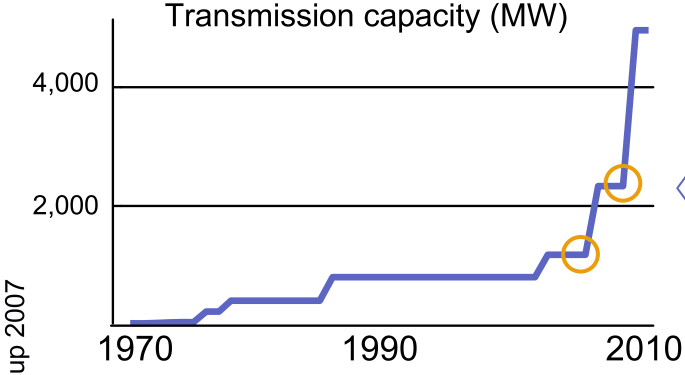
- Enormous power flows reliably stopped within a few milliseconds
- Temperatures of 20’000 °C and higher

Expertise and track record of success gives us a significant competitive advantage

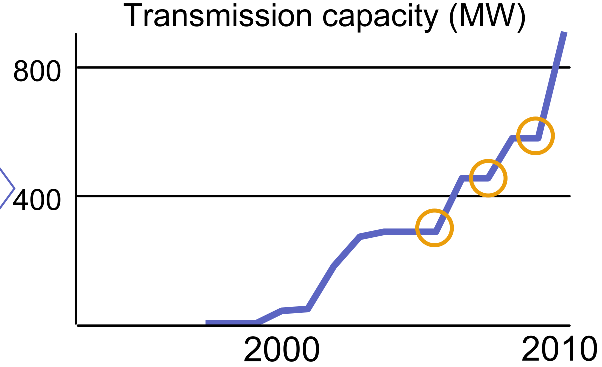
Technology to meet global challenges



Mitigating the environmental impacts of power while dramatically improving grid efficiency and reliability

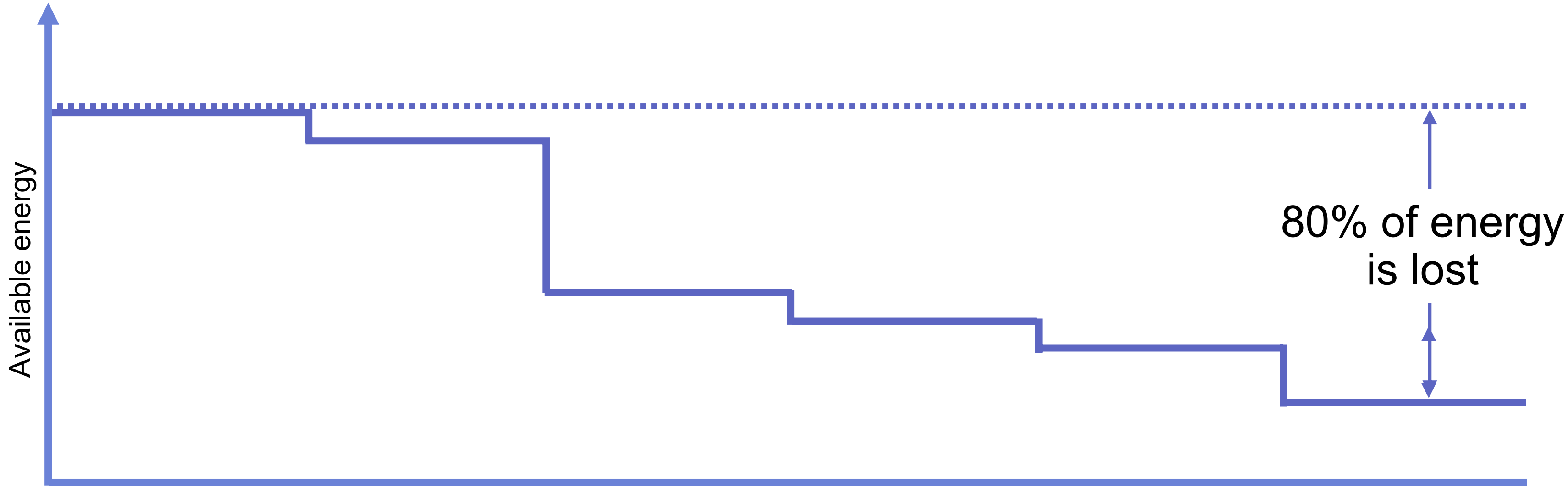


Technology leaps lead to exponential efficiency improvements

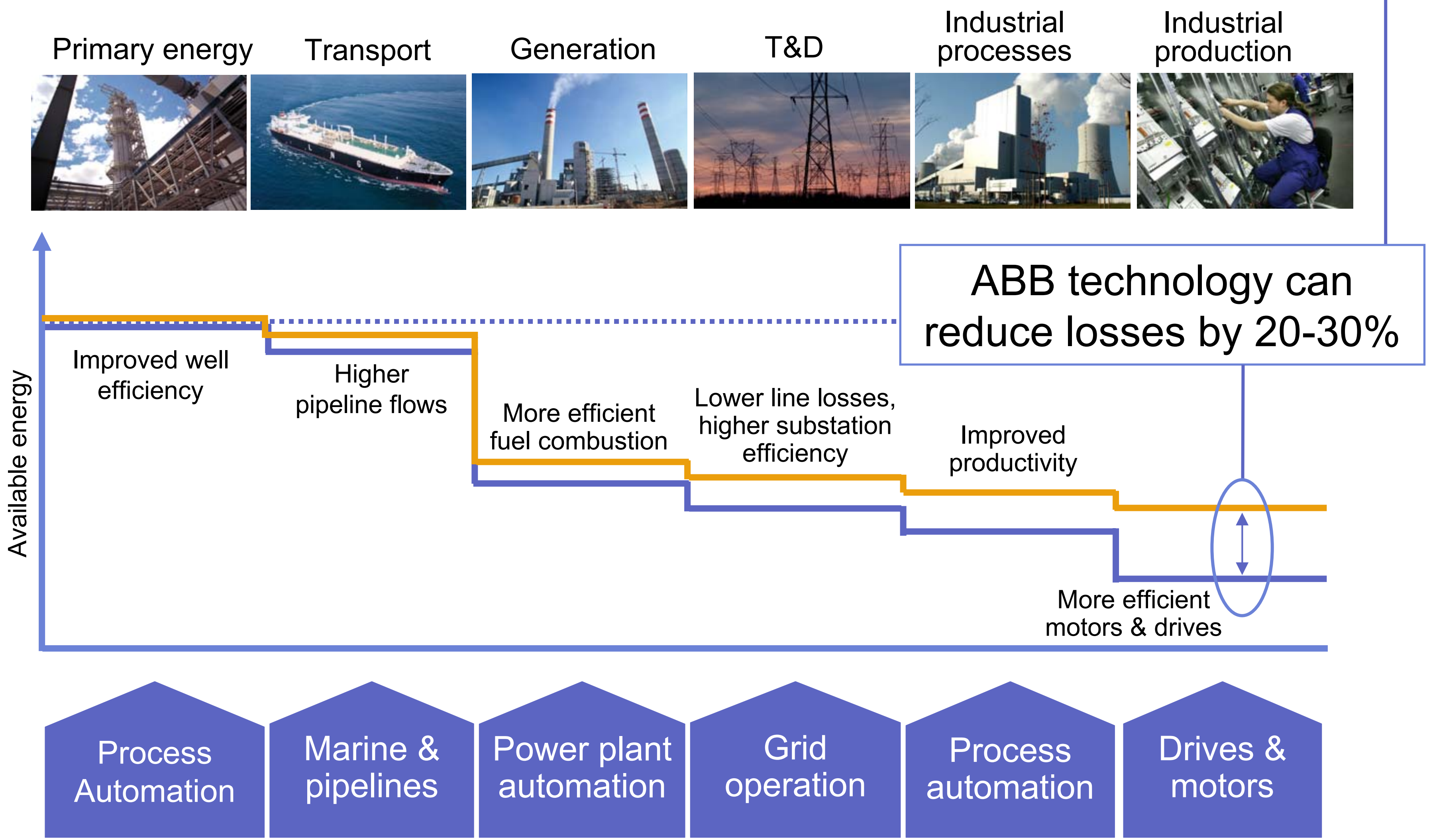


Reducing losses along the energy chain

Primary energy | Transport | Generation | T&D | Industrial processes | Industrial production



Reducing losses along the energy chain



Latest technology for energy efficiency

Pump control (China Steel, Taiwan)

- Replaced valves, added drives to fixed-speed pump motors
- Energy saving ≈ 2,930,000 kWh/yr (1,725 boe[1])

Fan control (Cruz Azul plant, Mexico)

- Installed AC drive control for two 1,000 hp fixed-speed fans
- Energy saving ≈ 5,500,000 kWh/yr (3,230 boe[1])

Offshore platform power (Statoil, Norway)

- Replaced gas turbines on North Sea platform with HVDC connection bringing hydropower from mainland
- Reduced CO_2 emissions ≈ 130 million kg/yr

Ship propulsion (ShinNihonkai, Japan)

- Fitted two ferries with Azipod®, eliminating need for propulsion motor, main propeller, rudder
- Reduced CO_2 emissions ≈ 68 million kg/yr

[1] Barrel of oil equivalent

Technology opportunities in wind power

Static var compensation

FACTS
(AC grid connection)

HVDC Light
(underground or subsea connections to the grid)

Power electronics
(control "unstable" power flows)

Converters
(handling intermittent power supply for storage, changing power frequency for conventional grids)

Permanent magnet generators
(maintenance free)

Switches & breakers

Control products

Transformers

Compact substations
(can also be used offshore)

Transformers

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Plan assumptions

Market conditions to remain favorable

- World GDP to grow 3-3.5%[1] per year over the 2007-11 period
- ABB's markets to grow ca. 6%[1] over the period
- Commodity prices stabilizing at a high level
- Further benefits from operational improvements
  - Accelerate global footprint initiative (ca. $400 million benefit in last 2 yrs.)
  - Positive impact from One Simple ABB
  - G&A (excl. R&D) to grow much slower than revenues
  - HQ costs to remain stable, well below 1% of revenues

[1] Compound annual growth rate

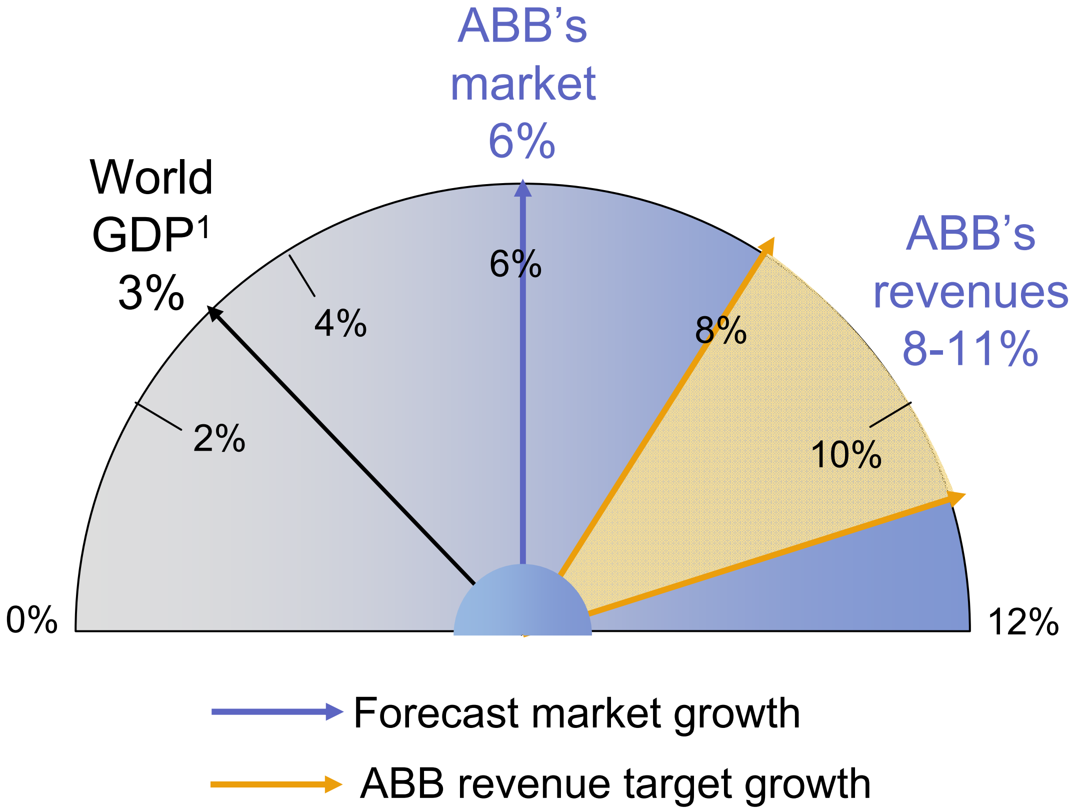
Review of ABB's value creation goals

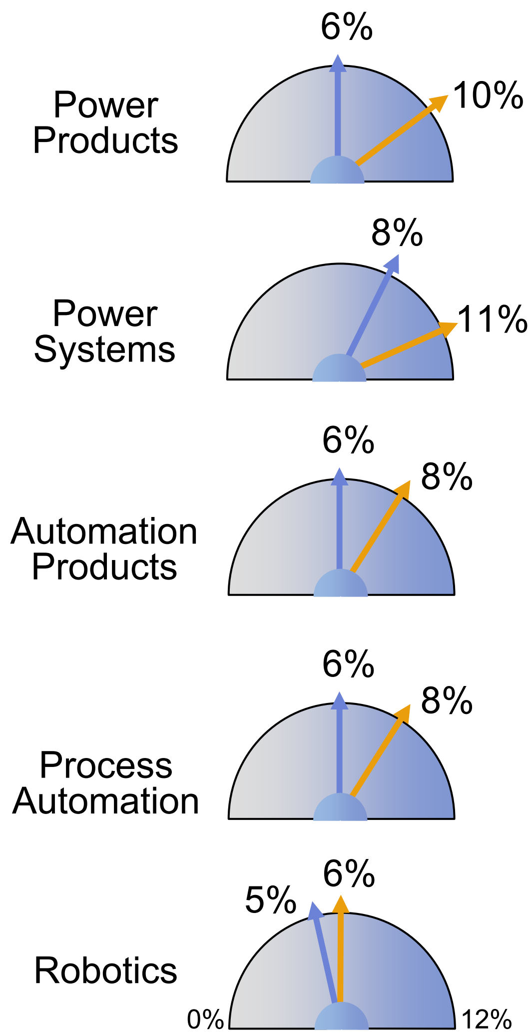
- The target rationale from 2005 proved to be appropriate
  - Measured value creation in terms of growth, operating profitability, net income, free cash flow and ROCE
  - Gave the right signals, both internally and externally
- For the 2007-2011 targets, only finetuning required
  - EPS growth replaces net margin
  - Other parameters unchanged
  - Target ranges/corridors replace point targets

Focus remains on sustainable, profitable growth and capital efficiency

Revenue growth range: 8-11% (CAGR)

Compound annual growth rates 2007-11





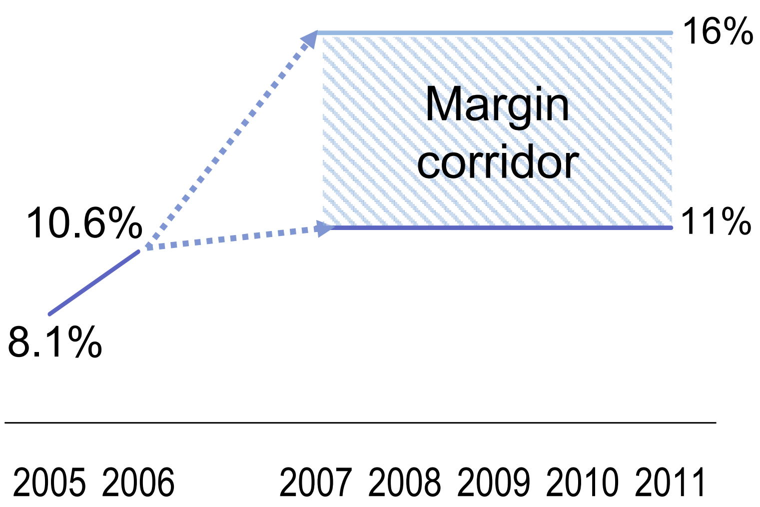
[1] Source: Global Insight

Target review

EBIT margin corridor: 11-16%

EBIT margin 2007-11

% revenues



Range of potential performance depending on economic scenario

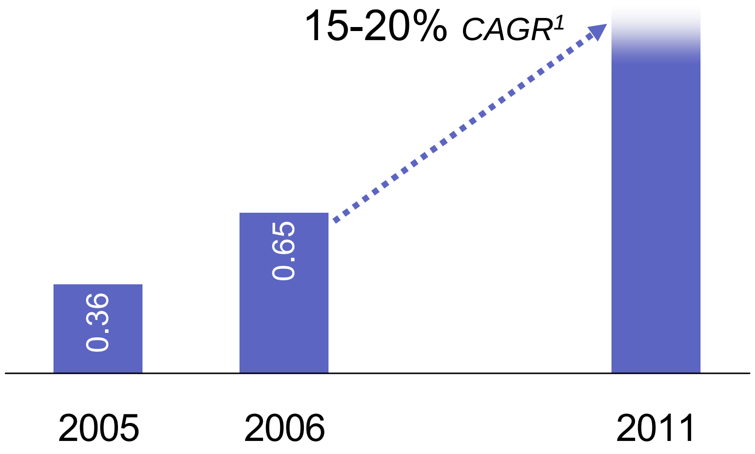
	EBIT margin
Power Products	12-17%
Power Systems	6-10%
Automation Products	14-19%
Process Automation	9-14%
Robotics	5-10%

Drivers

- Pricing culture
- Accelerated global footprint initiatives, incl. sourcing
- Convert fixed costs to variable costs
- Optimized G&A expenses
- Excellence in risk and quality management
- Standardized processes and systems: One Simple ABB

Average EPS growth: 15-20% CAGR

Earnings per share
(undiluted)



Excluding the impact of potential acquisitions or stock buy-backs

Rationale

- Push bottom-line focus further
- Align targets with most widely-used value metric
- Commit to continuous improvement independent of the cycle

Drivers

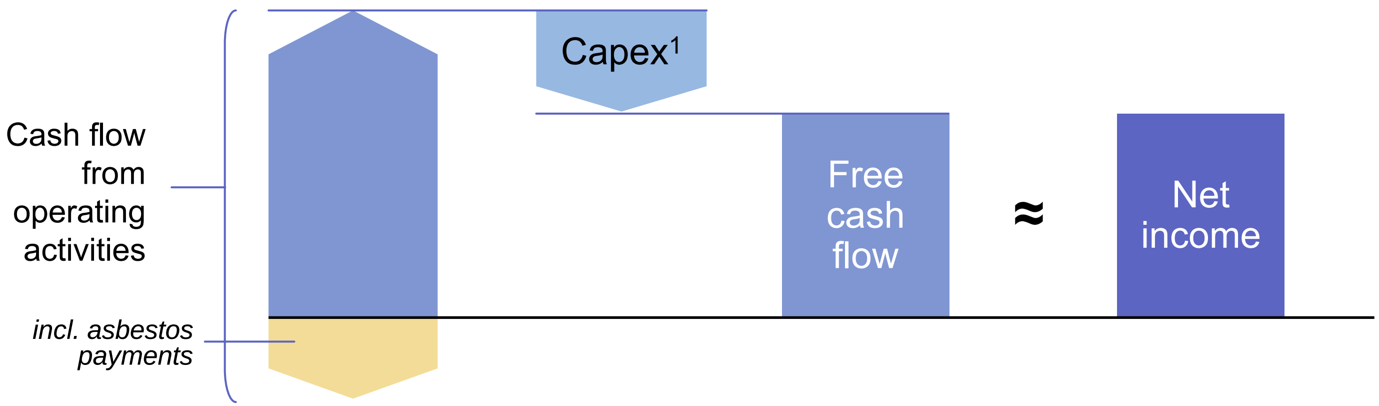
- Positive impact from finance net reflecting healthy balance sheet
- Sustainable low tax rate (27% or lower)
- No surprises: Discontinued operations "flat"
- Higher EPS despite increasing minority interests on strong developing markets

[1] Compound annual growth rate 2007-11

Cash conversion: 100% average

Drivers

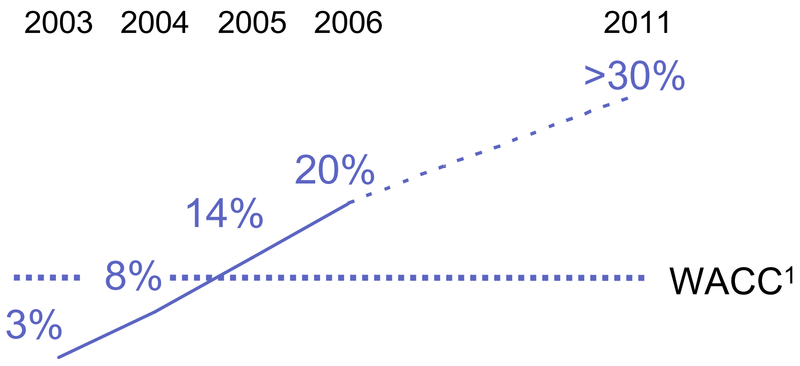
- Capital expenditure expected to continue above depreciation (ca. 120%)
  - "Exponential output" given the low cost of incremental capacity
- Higher capex to be offset by net working capital discipline (avg. 11% of revenues over the cycle)
- Capital employed to grow at only a fraction of revenue growth
- Asbestos payments will affect cash conversion ratio
  - 2007: $350 million; 2008: $100 million; 2010-11: $50 million contingent

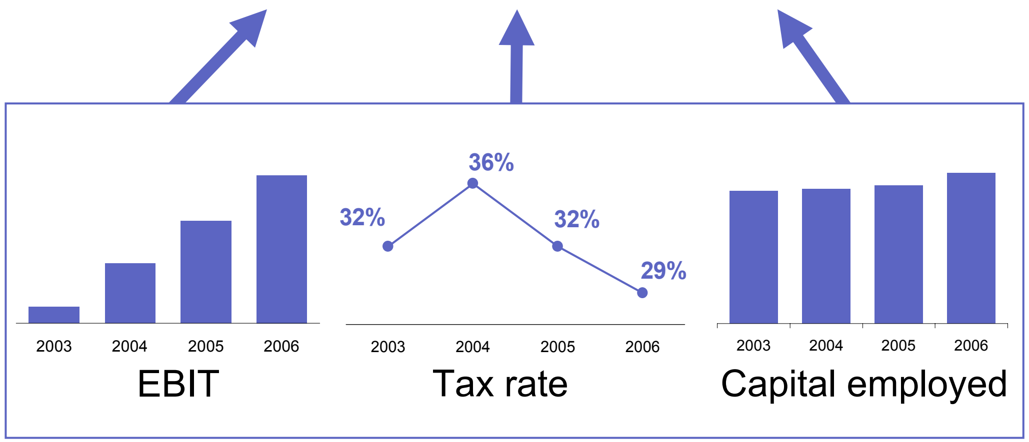


[1] Incl. change in financing receivables

ROCE: Above 30% by 2011

Return on capital employed
(after tax)





Drivers

- Higher EBIT
- Lower taxes
- Strict discipline on net working capital
- Capital expenditure focus on emerging economies (higher output per dollar invested)

Higher returns on lower-cost, flexible incremental capacity

[1] Weighted average cost of capital

Balance sheet and investment priorities

- We intend to re-leverage our balance sheet
  - Without putting our investment grade rating at risk
  - With a maximum gearing[1] of ca. 40%
- Shareholders to share our success
  - Policy to distribute a steadily rising, sustainable dividend throughout the cycle
  - Supported by higher earnings and/or rising payout ratio

Investment priorities

1. Organic growth, R&D, and operational excellence
2. Value-creating acquisitions
3. Returning cash to shareholders

[1] Total debt divided by the sum of total debt plus equity, incl. minority interest

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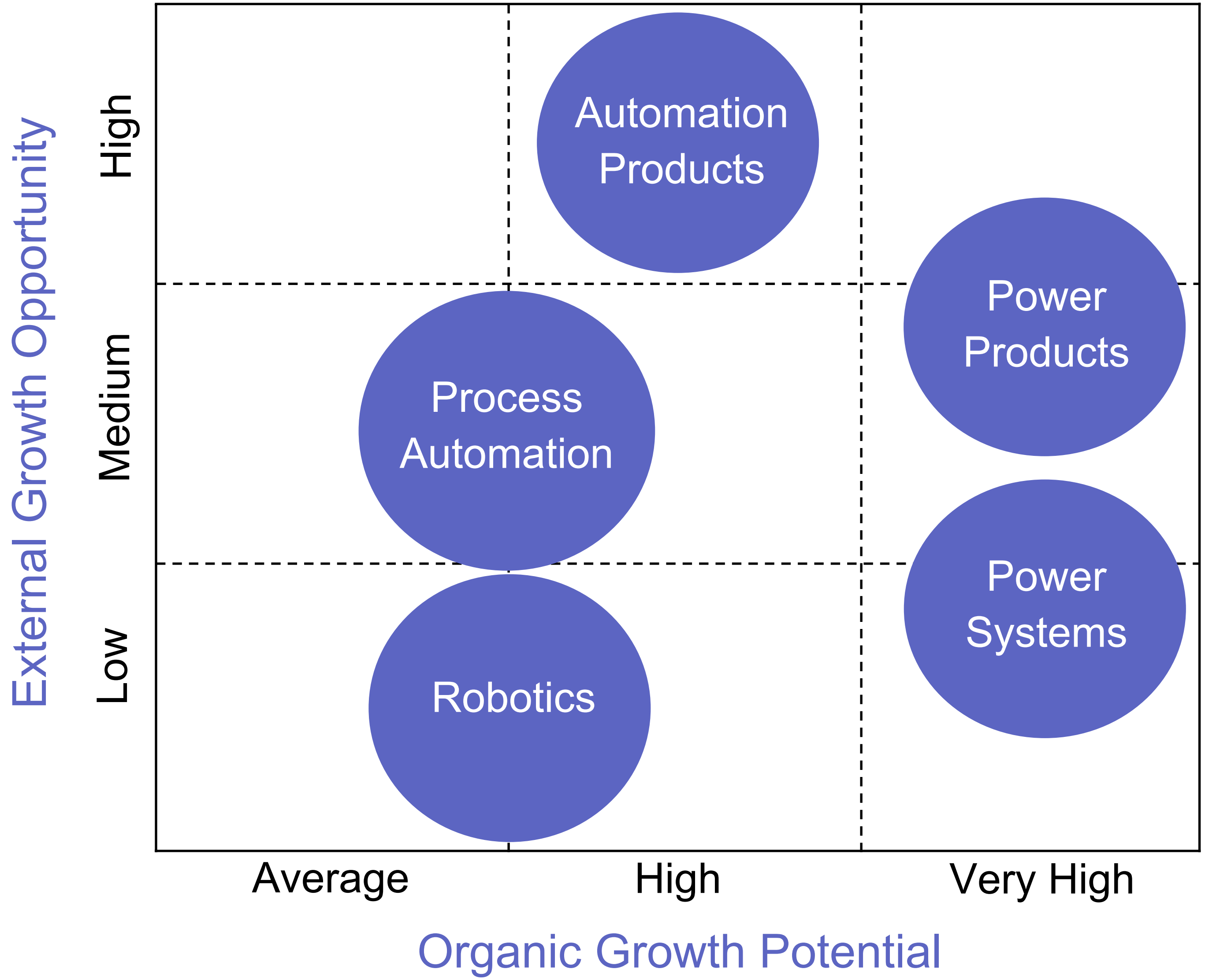
M&A

External and organic growth opportunities



Criteria for assessing acquisitions

Acquisitions must create strategic and financial value, be sound in strategic concept, fair in price, and not too difficult to integrate

- Strategy
  - Target must fit into portfolio and business strategy
  - Technology position > market position > market share
- Operations
  - Sufficient internal capacity to integrate target
  - Cultural compatibility preferred
- Financial
  - ROI must meet target return (>WACC), NPV positive
  - ROI target return to be achieved after 3 years
  - Accretion/dilution relevant but not decisive
  - Limited financial risk, maximum leverage within solid investment grade credit rating

ABB

Acquisitions: ambition vs. discipline

- Screened more than 100 large targets*
- Identified dozens of potentially attractive businesses
- Put most targets on hold for price reasons

- We will continue to stay both ambitious and disciplined
- Value creation is at the center of our strategy
  - Acquisitions must create value; we would rather err on the conservative side
  - Balance sheet needs to be optimized accordingly

The outcome remains open

* Assessed within the past 18 months, “large” = companies valued at $500 million or above in mature economies, $200 million or above in emerging economies

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Having the right organization and people

- ABB people
  - Our ambition is to employ the best people in the industry
  - We plan to create 20,000 new jobs to execute our strategy
  - ABB is considered a top employer in many countries
  - We offer great development opportunities in a global, dynamic environment
- ABB organization
  - Keep the structural organization clear and simple
  - Strong focus on systems and processes (e.g. “One Simple ABB”)
  - Focus shifting from corporate center* cost reduction to corporate center value creation (e.g., supply management)

* Corporate costs (excl. R&D) at ca. 0.8% of 2006 revenues

Building a culture of excellence

- ABB's culture and values
  - We are proud to be a truly global, dynamic, inclusive company
  - We strive for excellence in every respect, i.e. not only financial results but also business ethics, occupational health & safety, people development
- Business ethics as a priority
  - ABB wants to be a world leader when it comes to business ethics
  - Instructing and supporting our people is key
  - Clear message from the top: Setting the right examples and enforcing zero tolerance
  - Systems and processes in place: Code of Conduct, mandatory training, hot-lines, compliance audits, robust compliance organization

We have the organization, people and culture to succeed

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ABB strategy 2011: Key messages

1. We have proven that we can deliver reliable, attractive results
2. We are in the right markets for continued profitable growth, i.e., power infrastructure, energy efficiency, productivity investments in established and emerging economies
3. ABB's vision, mission and portfolio are sound and provide ample opportunities to create value. Divisions follow clear and promising strategic roadmaps.
4. We will make acquisitions that fit our strategy, can be successfully integrated and create financial value (focus on filling gaps and moving into adjacent areas, no diversification)
5. Focus on business execution will continue, including systems and process improvements (e.g., One Simple ABB) and improving cost and market position by adjusting our global footprint

ABB strategy 2011: Key messages *(cont'd)*

6 The organization is working well – no major changes planned

7 Our people strategy is becoming a central pillar for future success, e.g., the best people in the industry, global culture, truly inclusive, attractive development opportunities

8 Excellence in every dimension, not only with operations and financial results but also in business ethics and occupational health and safety

Power and productivity
for a better world™

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New targets

Summary of ABB targets 2007-2011

Revenue growth *(CAGR)* [1]	8-11%
EBIT margin	11-16% corridor
EPS[2] growth *(CAGR)*	15-20%
Cash conversion[3]	Annual avg. 100%
Return on capital employed[4]	> 30% in 2011

	Revenue growth[1]	EBIT margin
Power Products	10%	12-17%
Power Systems	11%	6-10%
Automation Products	8%	14-19%
Process Automation	8%	9-14%
Robotics	6%	5-10%

[1] Compound annual growth rate 2007-11 (i.e., base year = 2006), excl. major acquisitions and divestments and at constant exchange rates
[2] Earnings per share, undiluted
[3] Free cash flow as % net income
[4] After tax

Target definitions

Revenue growth CAGR	Compound annual growth rate of revenues for the five years from 2007 to 2011 (i.e., starting point = 2006), excluding major acquisitions and divestitures and assuming constant exchange rates
EBIT margin corridor	The minimum and maximum earnings before interest and taxes as a percentage of revenues expected for each year within the period 2007 to 2011
EPS growth	Compound annual growth rate of earnings per share (undiluted) from 2007 to 2011 (i.e., starting point = 2006)
Cash conversion	Free cash flow (cash flow from operating activities adjusted for changes in financing receivables as well as net investments in property, plant and equipment) as a percentage of net income
Return on capital employed	EBIT (less tax), divided by the sum of fixed assets plus net working capital (at year end) EBIT (less tax) = EBIT x (1 – tax rate) Tax rate = Provision for taxes / Income from continuing operations before taxes and minority interest