May 22, 2012

ABB at EPG 2012
Joe Hogan, CEO

Power and productivity
for a better world™

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Agenda

- Introduction to ABB: A well-balanced, dynamic portfolio
- Current status Q1
- Resilience in Power
- Managing for cost and growth
- Strengthening the automation portfolio in North America
- Summary
- Q&A

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Introduction to ABB

ABB: A global leader in power and automation

Power Products

$10.9 billion[1]

Power Systems

$8.1 billion[1]

Power transmission & distribution solutions for utilities and industry

Market leader across most of the portfolio

Discrete Automation and Motion

$8.8 billion[1]

Low Voltage Products

$5.3 billion[1]

Process Automation

$8.3 billion[1]

Energy efficiency solutions for process industries (e.g., oil & gas), factory automation and building & construction

Among Top 3 in most markets

135,000 employees in 100 countries

$38 billion in revenue (2011)

Head office in Zurich, Switzerland, traded on stock exchanges in Switzerland, Sweden and the U.S. (NYSE)

Market capitalization ~$45 bn

[1] *2011 revenues non-consolidated*

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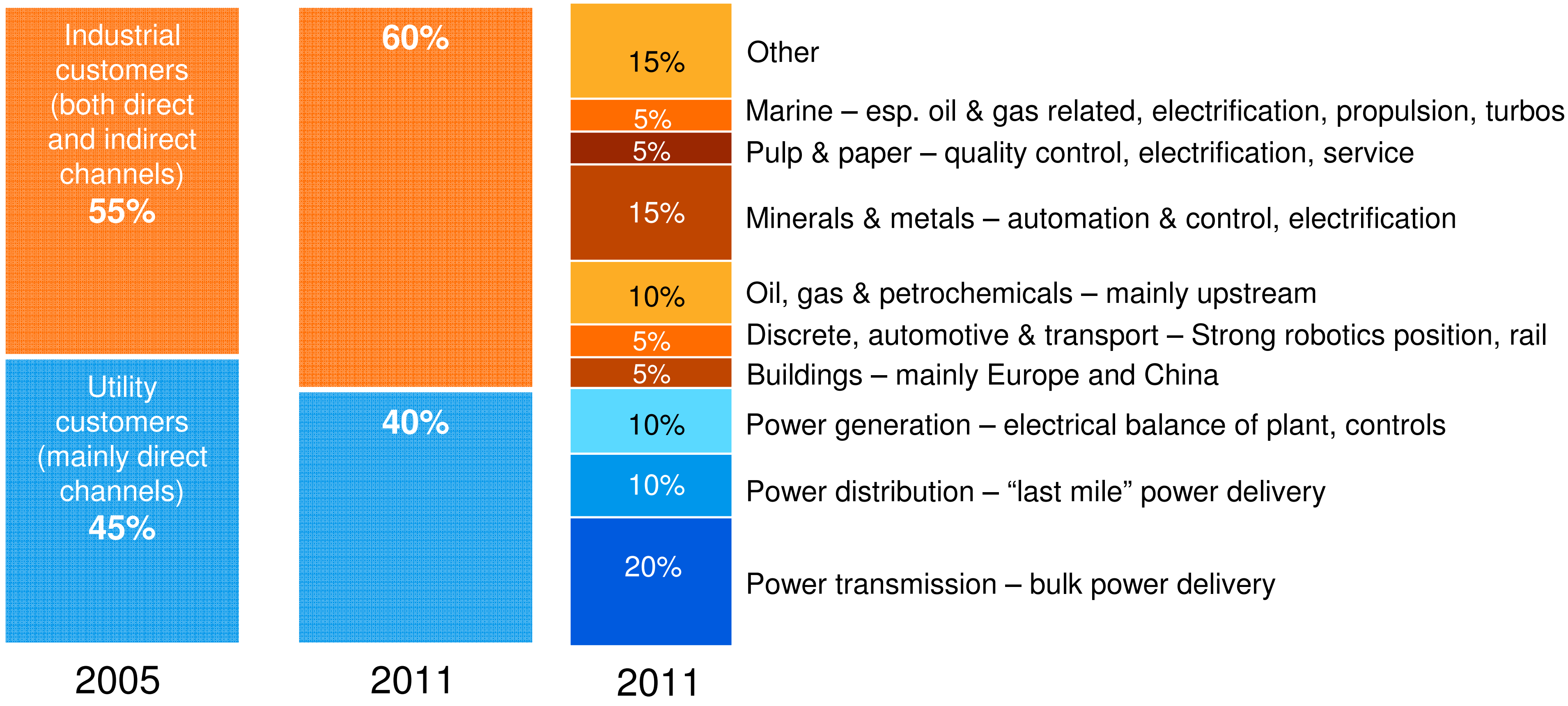
ABB serves a broad customer base
With a variety of channels and demand drivers

End markets served[1]



[1] As a percentage of total Divisional revenues; approximations

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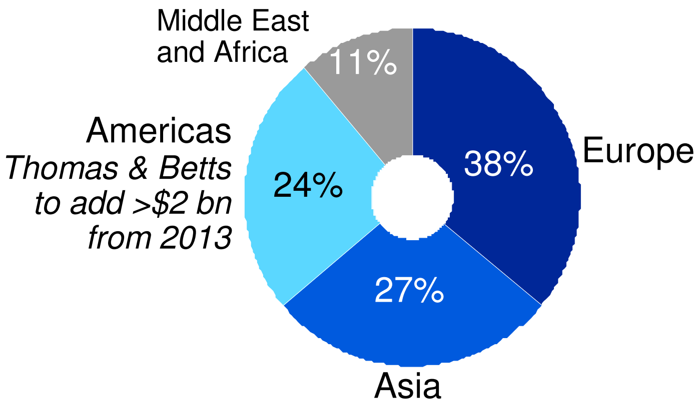
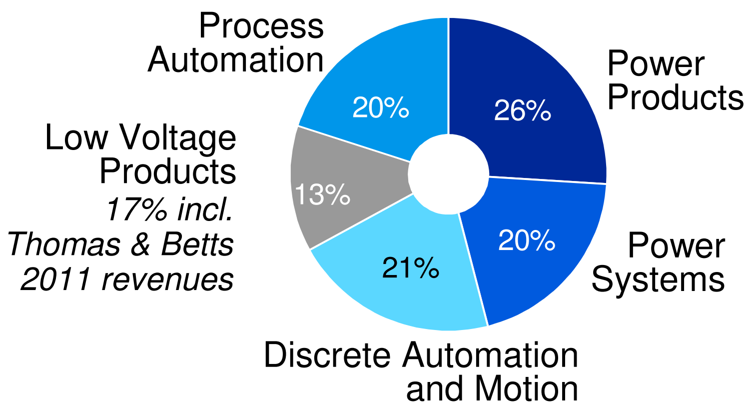
Well-balanced business and geographic portfolio
Driving growth opportunities, wherever they arise

Revenues by region
% of 2011 revenues (non-consolidated)



Revenues by division
% of 2011 Revenues (non consolidated)



- Geographically diverse revenue and employee base
- Still underrepresented in certain geographies and products (e.g., U.S., Low Voltage Products)
- Strong exposure to emerging markets:
  - ~ 50% of revenues generated in EM
- Strong growth driven by need for:
  - More reliable and energy efficient power delivery
  - Higher energy efficiency and productivity in industry
- Technology leader in power and automation

Current status Q1

Q1 2012: Good top line in a tough environment

- Top line higher than a very strong Q1 2011 despite challenging markets
- Solid contribution from DM and PA
- Weaker China offset by good growth in N America; Europe a mixed picture
- Strong service performance—20% of total orders in the quarter
- Volume and cost savings partially compensate cyclical mix and price pressure
- Encouraging signals of revenue growth and stabilizing pricing
- Weaker margins in PP and LP due to pricing pressure and business mix
- Cash flow reflects seasonal increase in net working capital, hedge flows, etc.

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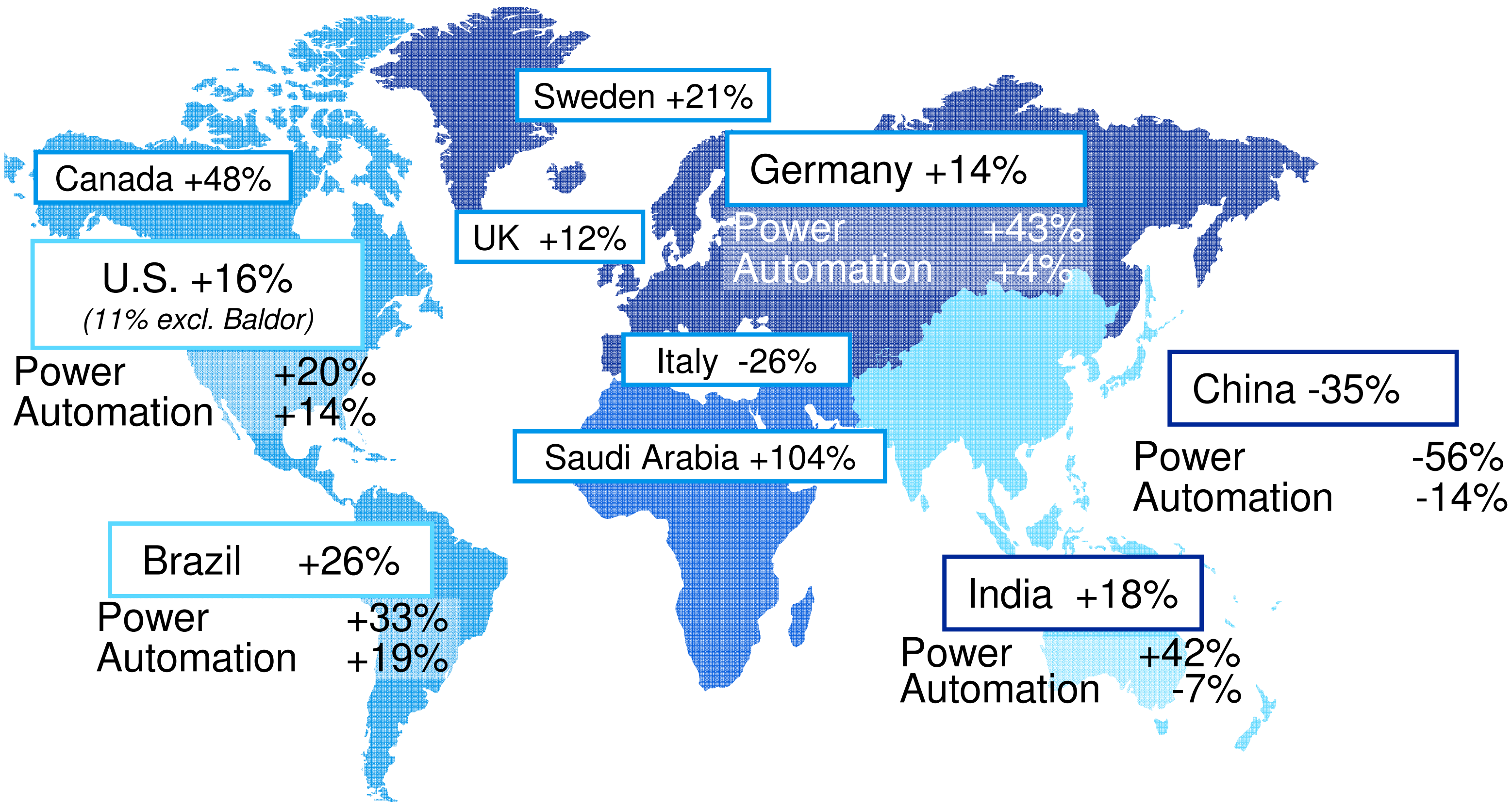
Most large markets performed well
Europe shows a mixed picture

Order growth by selected country
Q1 2012 vs Q1 2011
(in local currencies)



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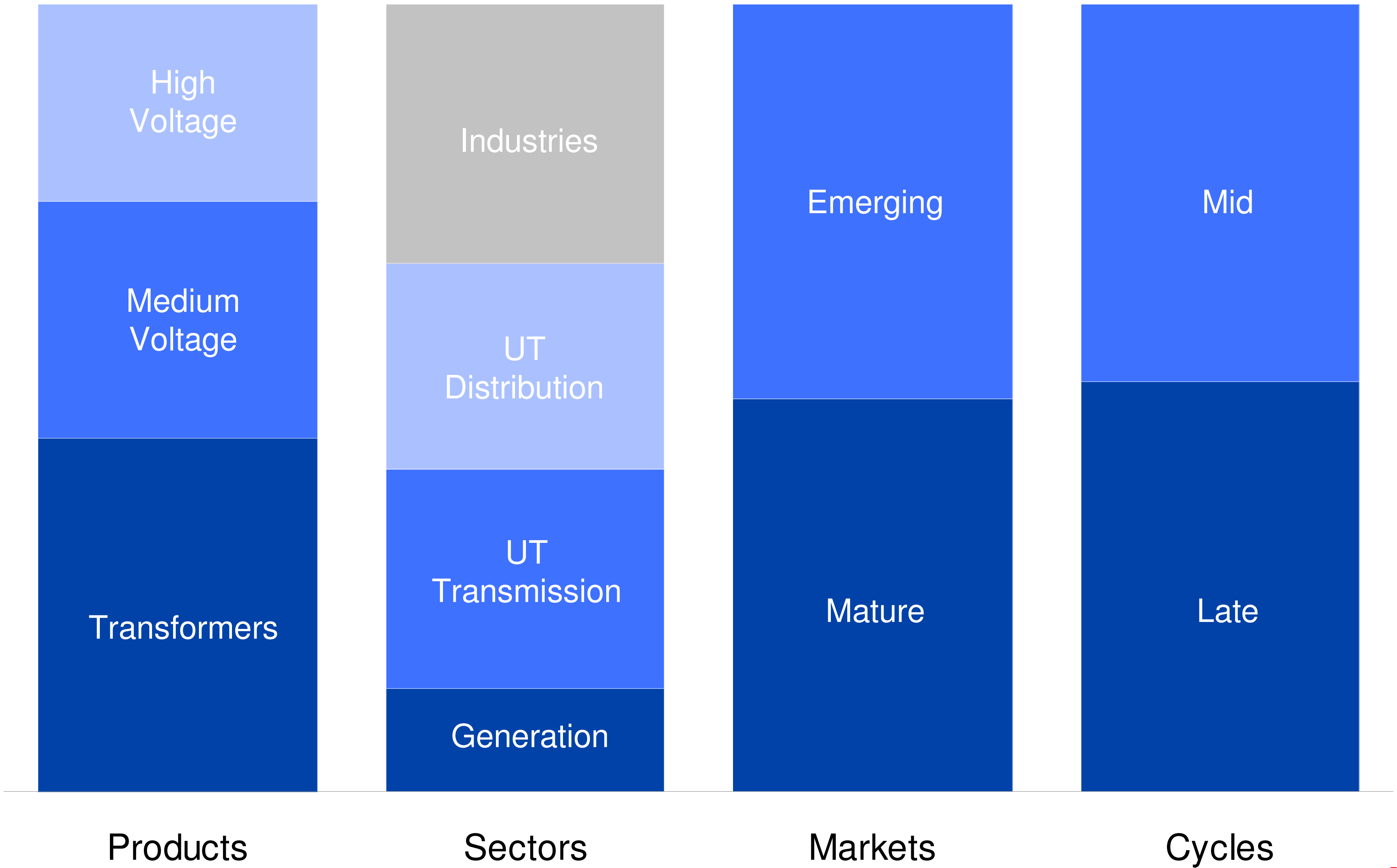
Resilience in Power

Strongly differentiated and balanced portfolio
The most growth and profitability levers in the sector



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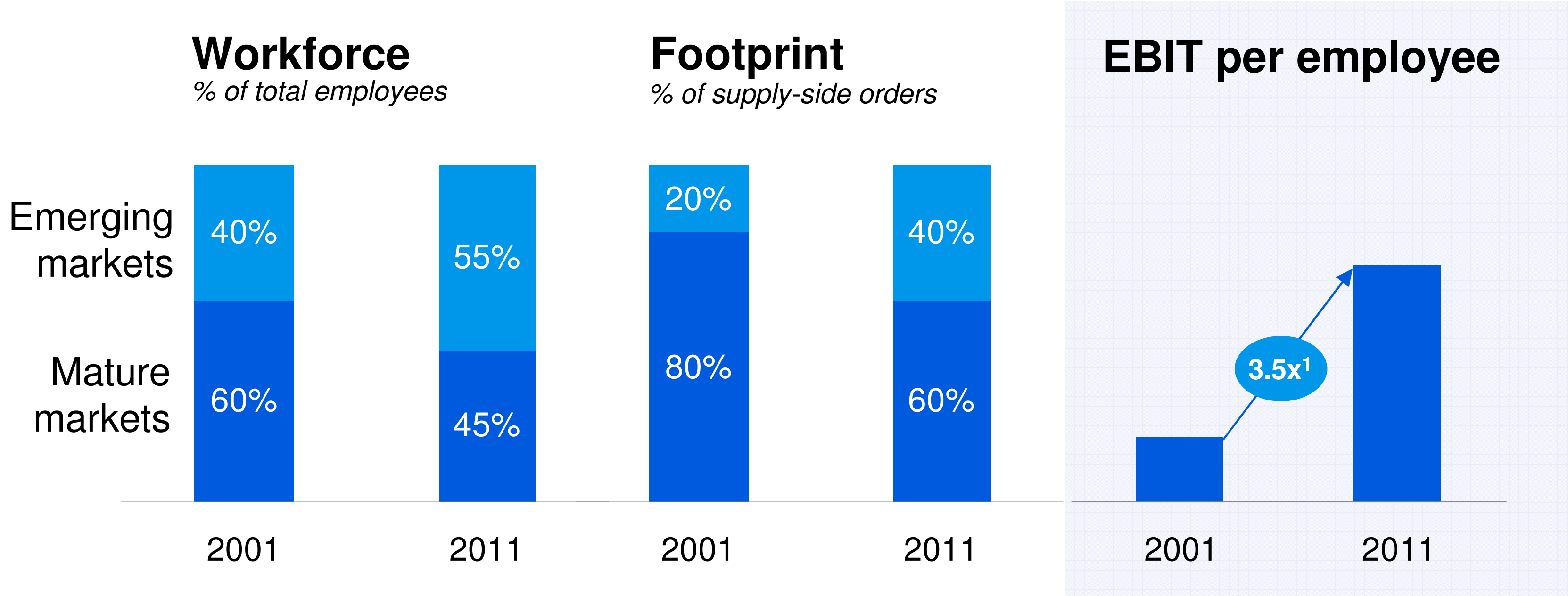
Power Products an early mover through the cycle
Taking the lead on cost and productivity



- Improved productivity[2] by 60% since 2001
- $1.3 bn in cost taken out since 2008
- Power transformer capacity cut by 20% since 2008
- Service revenues doubled contribution from 2001 (20% CAGR)
- Technology investments driving 30%+ reduction in product costs
- Early signs of stabilizing prices in transmission sector

[1] Growth rate in local currencies
[2] Based on value added

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Market segmentation opens additional growth and margin opportunities by 2015

Urbanization - rail


DC breakers for high-speed metros


HV switchgear


Breakers for infrastructure


Modular substations


Traction power supply


Traction transformers


Locomotive breakers


Surge arresters

Renewables - wind


Outdoor switchgear


Compact substations

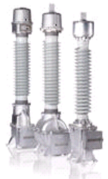

Vacuum cast coil transformers


Generator step-up transformers


Ultra-slim MV switchgear

Smart grids


Capacitors


Instrument transformers

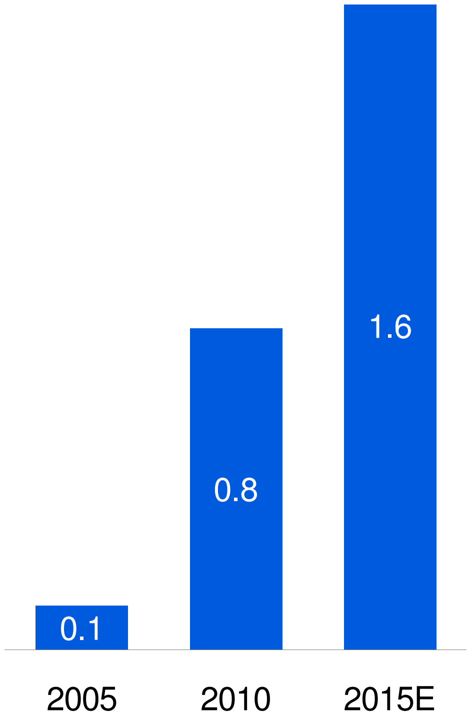

Capacitor controllers


Ring main unit automation


Amorphous distribution transformers


Relion control and protection relays

Orders received
in $ billions



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Managing for cost and growth

2015 strategy summary

Long term growth	Find and exploit disruptive opportunities in relevant markets	5
	Disciplined M&A across products, markets and geographies	4
	Aggressively expand core business to secure next level of growth	3
	Anticipate, participate and lead in key mega trends	2
Execution is top priority	**Drive competitiveness and stay relevant in our current markets** ▪ Continue to drive cost and quality competitiveness ▪ Invest in technology leadership ▪ Efficient use of assets: cash, people, IP & brand ▪ People development and investment	1

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Organic growth initiatives boost top line growth
Continued cost-out for 2012 at 3-5% of cost of sales

Organic growth initiatives

- Accelerate execution on software and service
- Focus on key growth areas e.g. smart grid, rail, data centers, mobility
- Lead in grid expansion through HVDC, FACTS
- Disruptive technologies to open new markets, e.g. direct current applications
- Leverage core technologies for new products, e.g., inverters & drives, power DCS

Cost savings

50% **Supply Chain Management**
Leverage volumes, Boost supply chain competences

45% **Operational Excellence**
Quality improvements, on-time delivery

5% **Global Footprint**
Optimize geographic footprint

Where will ABB find future growth?

Key growth areas	% of sales 2010	% of sales 2015	Focus/Comments
Emerging markets	~50%	~+60%	▪ China, India, Africa ▪ More automation, base orders in power
Americas	19%	~25-30%	▪ North America LV & DM expansion ▪ Power, smart grid, HVDC, energy efficiency
Services	16%	~20-25%	▪ Leverage installed base ▪ Software OT + IT conversion
Portfolio expansion	Base year	~10-15%	▪ Inverters, mechanical equipment ▪ Renewables, energy, automation ▪ Smart grid, E-mobility

Ample opportunities for profitable growth

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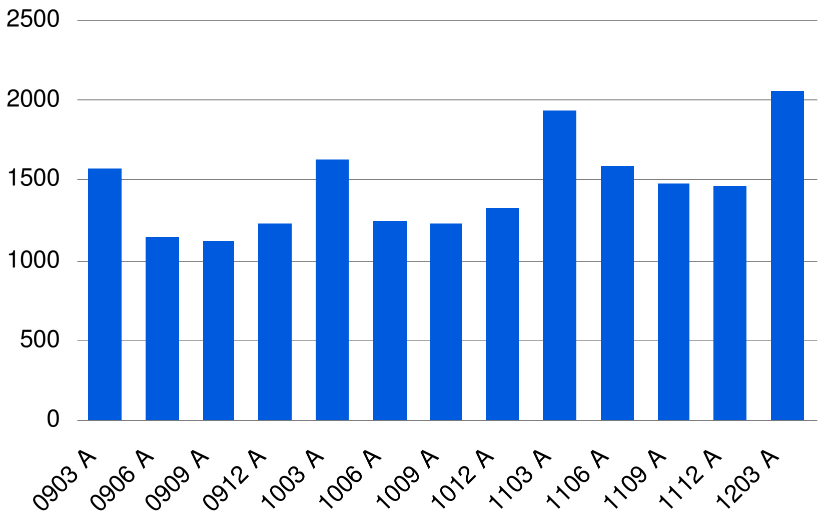
Executing on the service strategy
Upfront investment in future growth, earnings stability

Service orders by quarter, 2009-12
US$ millions



- Service orders +9% (20% of total)
- Service revenues +12% (17% of total)
- Lifecycle orders +16%, revenues +15%
- Refocus full service business: ~$300 mill non-core contracts cleaned out of the portfolio since 2009

* Lifecycle service is all service activities excluding full service business

Service orders growth by division
Change vs Q1 11 in local currencies (unconsolidated)

Power Products	+15%
Power Systems	+30%
Discrete Automation and Motion	+18%
Low Voltage Products	+9%
Process Automation	-4%

Selected countries reporting service order growth >15%
Change vs Q1 11 in local currencies

Brazil	India
Canada	Sweden
Australia	UK
China	

Strengthening the automation portfolio in North America

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Executing on the M&A strategy
Building our presence in N American automation

1. **Drive competitiveness** and stay relevant in our current markets
2. **Capitalize on megatrends:** anticipate, participate, lead in key megatrends
3. **Aggressively expand core business** to secure next level of growth
4. **Disciplined M&A** across products, markets and geographies
5. Find and **exploit disruptive opportunities** in relevant markets

- Take the share of ABB's total business in North America to a level reflecting the size of the world's largest market
- Expand and rebalance one of ABB's most profitable businesses
- Access best-in-class market channels, key to success in the US

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Baldor sets the standard for a successful integration
Well on track to deliver synergies

BALDOR
A MEMBER OF THE ABB GROUP

Baldor's stand-alone performance 2011[1] vs last year was great

- >20% revenue growth, higher prices and volume
- Operational EBITDA up >40%, Operational EBITDA margin at 20%[2]

Synergies

- Cross-selling of drives and NEMA/IEC motors
- Positioned for growth in mechanical power transmission outside US
- Sourcing and other cost saving in line with plan

Success factors

- Sales channels in North America (motors) and US (drives) merged
- Balance of daily business and integration activity
- Continued focus on customers and our value proposition
- Management retention successful

[1] Feb-Dec 2011 vs 2010
[2] Operating profit margin based on Baldor historical definition at 16.8% in YTD 2011 vs 13.7% in YTD 2010

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Rationale for the Thomas & Betts deal
A great move for both companies

Great strategic move for both companies	▪ Unlocks the world's largest low-voltage products market for ABB ▪ Accelerates global market access for Thomas & Betts ▪ Complementary product offering and geographic reach
Strong growth potential	▪ Creates the broadest product scope in the industry ▪ Selling to the same customers through the same channels ▪ Building a powerful distribution network around the world
Solid value creation	▪ ABB shareholders: Attractive cash returns >WACC by Year 3 ▪ Thomas & Betts shareholders: Full & fair price in cash ▪ Customers: Great product selection, best-in-class distribution ▪ Employees: Solid growth opportunities for both companies ▪ Ease of integration: Complementary businesses

Closed May 16

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Rebalancing geographic focus
Better reflects global importance of N American market

ABB Group Revenues by geography

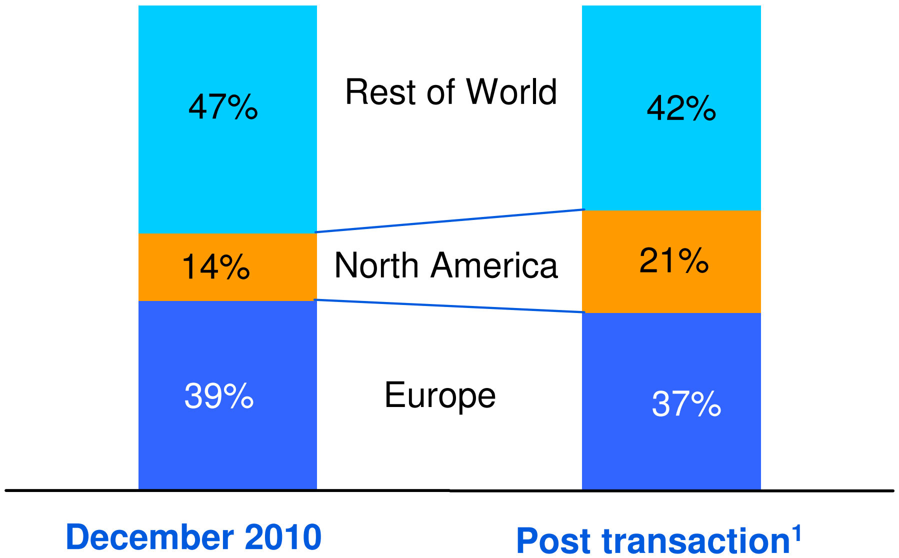
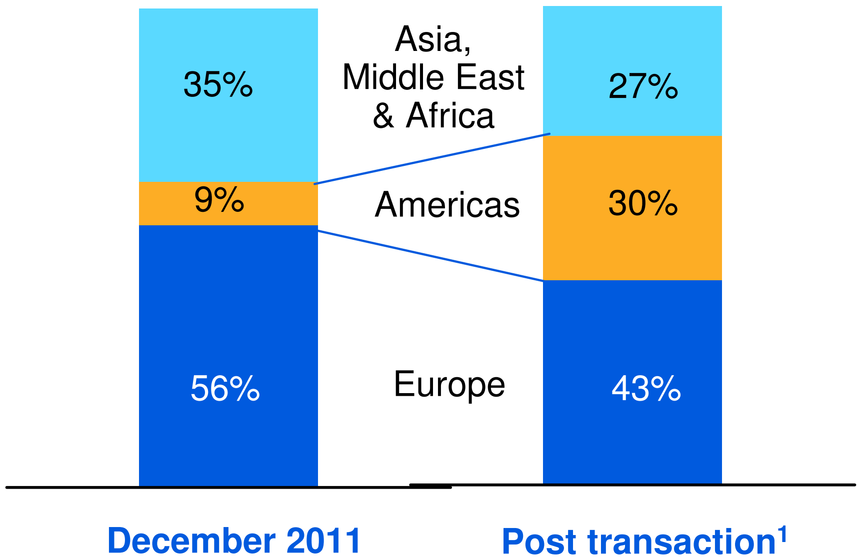


ABB diversified & more aligned to GDP expenditure

Share of LP revenues by region



Rebalancing LPs Geographic scope

[1] 2011 Revenues plus Thomas and Betts revenues by geography

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Summary

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Management priorities for 2012
Managing for both cost and growth

- Sustain momentum on cost reduction and project execution
- Target organic growth opportunities
  - Emerging markets, service & software, key sectors (e.g., grids, oil & gas)
  - Take benefits from growth investments around selling, R&D
- Focus on excellence in M&A integration and execution
- Drive customer quality improvements: Net Promoter Score +5-10% per yr
- Extend emerging markets footprint and In-Country for-Country efforts
- Secure cash generation with improved net working capital management: 11-14% sales

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First-year performance against our targets

Group targets

	2011 performance[1]	2011-15 Targets[1]	
Revenue growth (CAGR[2])	15%	7 – 10%	Starting well above the range
Operational EBITDA margin corridor	15.8%	13 – 19%	Still a good buffer thanks to cost programs
EPS growth (CAGR[2])	23%	10 – 15%	A strong first year
Free cash flow conversion	82%	Annual avg. >90%	High capital spending; to normalize over time
Cash return on invested capital	14%	>20% by 2015	1st year shows impact of Baldor acquisition

[1] Includes acquisitions closed as of end-Oct. 2011

[2] CAGR = Compound annual growth rate, base year 2010

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Appendix: Definitions

- Net cash: Cash and equivalents plus marketable securities and short-term investments, less total debt
- Net working capital (NWC): the sum of i) receivables, net, ii) inventories, net, and iii) prepaid expenses; less iv) accounts payable, trade, v) billings in excess of sales, vi) employee and other payables, vii) advances from customers, and viii) accrued expenses
- Operational EBITDA: Earnings before interest and taxes (EBIT) excluding depreciation and amortization, adjusted for i) unrealized gains and losses on derivatives (FX, commodities, embedded derivatives), ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities), iv) restructuring and restructuring-related expenses, and v) acquisition-related expenses and certain non-operational items.
- Operational EBITDA margin: Operational EBITDA as a percentage of Operational revenues
- Operational revenues: Revenues adjusted for i) unrealized gains and losses on derivatives, ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and iii) unrealized foreign exchange movements on receivables (and related assets).
- Total debt: the sum of short-term debt (including current maturities of long-term debt) and long-term debt

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