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Member of the Board of Directors of ABB
Annual General Meeting of ABB
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Ladies and gentlemen,
As the next point on the agenda I will read you the speech of Dr. von Grünberg.

Dear Shareholders,
Ladies and gentlemen,

At last year's Annual General Meeting, we forecasted the toughest year ahead for ABB since the financial and economic crisis of 2008, and outlined a corresponding package of countermeasures. Several of ABB's late-cycle markets were not hit by the crisis until 2009 and during the course of 2010, including the large energy infrastructure market.

Today we can say that ABB coped well with the challenges faced in 2010. We have emerged from the crisis stronger.

Our CEO Joe Hogan will discuss ABB's 2010 performance in detail and outline our goals for 2011. Allow me at this point to take a look at our good profitability.

With an operating margin of 13.1 percent, we remained within the target EBIT corridor set in 2006. That entailed a huge effort, especially in our power related businesses. We were helped by the successful implementation of the cost-cutting program announced in 2008. ABB's cost structure today has been trimmed by three billion francs since the end of 2008. We acted prudently in our handling of the matter and reduced costs, above all in purchasing and by improving productivity. These savings will have a sustained impact over the long term. Jobs were cut only where necessary over the long term to reduce production sites.

ABB closed 2010 with record equity of 15.5 billion US dollars. ABB's balance sheet, even after the Baldor acquisition, is among the strongest in the industrial sector.

Ladies and gentlemen

ABB performed well in 2010 and has a strong financial base that will provide us with a commensurate level of entrepreneurial freedom.

ABB is determined despite the difficult market situation and rigorous cost cuts to keep moving forward.

Reorganization of our automation businesses for example has paid off, with the divisions posting very good results. Orders, revenue and EBIT achieved double-digit growth in 2010.

The same applies to the newly created "Marketing and Customer Solutions" function which contributed to achieving much higher than average growth in solar energy, wind power, water, as well as in the rail sector and in our service business.

The venture capital business set up in 2009, which forms part of this function, has made promising investments in areas such as wave energy and in US-based ECotality, which is among the leading

Annual General Meeting, April 2011

companies in the US specializing in setting up vehicle-charging stations. A few weeks ago we acquired a stake in the German company Novatec, giving us access to leading-edge technology for power generation from solar energy.

Ladies and gentlemen

Last year ABB invested four billion in research and development as well as in sales. This represents an increase of 24 percent compared with the time before the global economic crisis.

These investments are paying off. Products that we developed during the financial crisis got off to a promising start, for example our new robotic solutions and our comprehensive new range of solar converters, to name just two examples.

We also set new records in the high-voltage technology field, for example in our continuing development in the area of high-voltage direct-current transmission.

Among other things, this technology enables renewable energies to be connected to the existing electricity grid. ABB developed market-ready high-voltage technology for direct current transmission over fifty years ago. This success story is continuing.

In 2010 we received a record order in our power transmission business. ABB will supply the converter stations and a 165 kilometer long underground cable that will connect the 800 megawatt Dolwin-1 wind farm in the North Sea to the German onshore grid. This will transport sufficient electricity from wind power generation to supply 800,000 German consumers – using a cable whose diameter is no larger than a saucer for a coffee cup. The whole operation will be environmentally friendly, practically free from electromagnetic fields and oil free.

The reliable integration of renewable energy from wind or sun depends on direct-current technology. With this in mind, we are in the process of developing key components such as the power electronics and semi-conductor technology in the Dättwil research center in Switzerland. During the crisis years we invested some 150 million francs in a state-of-the-art expansion of our plant in Lenzburg for the production of the newest generation of semi conductors. The new facilities are already operating again at very high capacity.

Ladies and gentlemen

The Board of Directors would like to take this opportunity to express its compliments to Joe Hogan's team and all ABB employees for their outstanding efforts in 2010.

As shareholders, it is only right that you also profit from last year's good results and our positive outlook for future business performance. The Board of Directors will therefore propose that the dividend be increased to CHF 0.60, which represents a rise of just under 18 percent. Subject to the proposal being accepted, the dividend will be paid out free of withholding tax due to a change in Swiss tax legislation.

Ladies and gentlemen

We are optimistic about market developments in the second half-year and in the first quarter of 2011.

We can say that long-term market trends, namely the trend towards greater energy efficiency and productivity and the need for a sustainable and stable electricity supply, remain strong as before.

On top of this is the disproportionately high level of growth in the emerging economies, driven by people's hunger for electricity and the rapid pace of industrial development, above all in China.

Here, ABB offers outstanding technological solutions: today ABB is a global leader in the market for low-voltage drives and energy-efficient electric motors. With these technologies we helped our customers in 2010 to save more than 220 billion kilowatt hours of electricity and to achieve a corresponding reduction in CO₂ emissions. This is equivalent to annual generation savings of around 37 large power plants. With the oil price currently at over 100 US dollars a barrel, the purchase of a

Annual General Meeting, April 2011

low-voltage drive from ABB offers a very interesting investment for our customers. Such drives are often amortized in less than a year.

ABB is excellently focused on energy and automation technology and is thus perfectly placed, not only technologically and on the product side, but also on account of its geographically balanced market position, to take advantage of the market trends mentioned earlier.

Ladies and gentlemen

Last year ABB succeeded in substantially expanding its market position, above all in the automation sector. We are nevertheless experiencing growing pressure, in particular from new and highly aggressive competitors in the emerging Asian markets.

During various business trips the Board of Directors engaged in intensive discussions on site with division and subsidiary heads to get a picture for themselves and responded with various countermeasures. In China, for instance, we have successfully established a brand in the low-voltage business based on solid and price-competitive technology. In other areas, being a bulk purchaser brings cost advantages when it comes to raw materials, for example. The Board of Directors and Group Executive Committee firmly believe we are on the right track.

Last year ABB made major acquisitions for the first time in over a decade. We succeeded in acquiring several companies that are very strong in their respective segments, active in areas that ideally complement ABB's products and market positions and established in those markets of automation and power engineering with which we are familiar.

With its purchase of the American company Baldor Electric for 3.2 billion US dollars plus the takeover of a billion in liabilities, ABB became a market leader overnight in the attractive American market for NEMA-standard electric motors. ABB is excellently acquainted with the electric motor business, having commanded a leading market position outside the U.S. for many years for IEC standard motors. In addition, Baldor's product portfolio ideally complements our already existing American drive business. Baldor also opens up first-class sales channels for ABB. Conversely, ABB's global sales network provides excellent market access for Baldor products.

The timing of the Baldor acquisition could not have been more opportune. In December, stringent new legislation governing energy efficiency for electric motors came into effect in the US.

In addition, ABB's purchase of Ventyx has made it one of the leading providers in the field of energy management software, electrical engineering and information technology. The term "smart grid" has meanwhile made its way from the lab to everyday language. Behind it lies the long-term evolution of the electricity grid. An important development, for example, is that more and more small providers are entering the market with renewable energies. The electricity grids will become increasingly susceptible to supply and demand shocks. Managing and optimizing electricity flows from multiple sources will become many times more complex than today.

Here, ABB offers a broad portfolio of solutions and is in many cases a technology leader. Ventyx has added exciting new development areas when it comes to managing complex electricity flows, metering and providing automatic monitoring for power plant installations and power lines.

Annual General Meeting, April 2011

Ladies and gentlemen

Finally, I would like to say a few words about the turbulent events of recent months and on the current situation in our markets.

During the past few weeks and months we have been experiencing political uprisings and unrest in North Africa and the Middle East. On top of these events there was the earthquake and tsunami in Japan, causing serious damage to a nuclear reactor.

Today, ABB is active in over 100 countries. Wherever there is a crisis, it is often the case that ABB employees are affected either directly or indirectly. I would like to take this opportunity to assure you that the Board of Directors and the Group Executive Committee are wholly committed to maintaining the highest safety standards for our employees. In North Africa, the Middle East and Japan we were well prepared and teams of experts have been working hard during the past weeks to make sure all ABB employees are taken care of. Fortunately none of our employees in these regions have come to any harm. Our deepest sympathies go all the victims and their families.

The aforementioned events have provoked a general climate of uncertainty. However, following an initial shock to the real economy there appear to be robust signs of recovery, at least for the present.

Our excellent order intake in the first quarter of 2011 shows that we are experiencing a return in our markets worldwide to broad economic growth, driven primarily by Asia. At the same time, commodity prices remain at a very high level.

For ABB that means, for example, higher costs for commodities such as copper, which is used in our electric motors and transformers. In many areas we are able to pass these increases on to our customers.

But ABB is also benefiting from this development. As already explained, no other company offers the same convincing solutions for the efficient use of energy and renewable forms of energy. Furthermore, we command a strong position in automation and power technology for the mining and metals industry – areas that are attracting strong investment in view of the high prices for commodities.

Ladies and Gentlemen

ABB is in a stronger position today and has excellent prospects. This year's turbulent events have reinforced our conviction that ABB must first and foremost do its homework:

First: continue to strengthen our own competitiveness through cost discipline.

Second: further expand our business in emerging markets.

Third: maintain the positive momentum of our increased market orientation.

Fourth: increase investments in innovation.

For this we will continue to rely on a solid financial base. We must be in a position to meet our business and social goals even in times of high uncertainty.

Annual General Meeting, April 2011

Ladies and gentlemen

Our CEO Joe Hogan will now present the report of the Group Executive Committee for the year 2010 and explain his priorities for 2011. I would like to conclude my presentation today with a few words of appreciation for Dr. Bernd Voss, who after more than seven years of successful work on the Board of Directors has decided not to stand for re-election. As a member of the Board and head of the Finance, Audit and Compliance Committee, he has played a key role in steering ABB's healthy development since the end of 2002. Dr. Voss was prepared to assume responsibility during the major ABB crisis, something that called for considerable courage.

Today I can say with certainty that without his unwavering commitment and outstanding skills as a financial expert, ABB would not be in such a solid and successful position as it is today.

Dear Bernd, on behalf of the Board of Directors, the Group Executive Committee and the staff, I wish to express our sincere thanks for the great dedication that you have shown to ABB. I think that I can also express these thanks on behalf of our shareholders.

Ms Ying Yeh will be proposed for election to the Board of Directors. I will provide more details on her background in the "Election" agenda item.