Press Release

Cost take-out holds EBIT margin on target, strong cash flow of more than $1 bn

- **$1 bn net income incl. $380-million gain from previously-announced provision adjustments**
- **EBIT margin excluding provision adjustments well within the 11-16% target range**
- **Cash from operations at $1.3 bn on lower inventories and improved cash collection**
- **Orders down double digits despite strong power infrastructure orders**

Zurich, Switzerland, October 29, 2009 – ABB reported third-quarter net income of $1 billion, including a $380-million net gain for various previously-announced provision adjustments, and earnings before interest and taxes (EBIT) of $1.4 billion.

Orders declined to $7.1 billion, equivalent to a local-currency reduction of 15 percent, while revenues decreased to $7.9 billion, lower by 5-percent in local currency[1]. Investments in power grids continued to grow but lower demand for shorter-cycle products in industrial markets resulted in a 23-percent local currency decrease in base orders (below $15 million). The order decrease also reflects price declines resulting from both lower material costs and weaker demand. The share of orders from emerging markets increased to 55 percent.

EBIT was positively impacted by previously-announced adjustments to provisions and the mark-to-market treatment of hedging transactions. Restructuring-related costs were approximately $40 million.

Excluding these factors, EBIT and EBIT margin were lower than in the same quarter in 2008, primarily reflecting the business mix, decreased capacity utilization and lower prices in short-cycle businesses. These impacts were partially offset by ABB’s cost take-out program which yielded savings in the quarter of approximately $500 million.

Net income of $1 billion includes the positive $380-million net contribution from the provision adjustments mentioned above. Cash from operations was $1.3 billion on a significant reduction in inventories and improved cash collection.

“We turned in a strong cash performance this quarter and held EBIT margins well within our target range thanks to the continued timely execution of the order backlog and further progress in our cost take-out program,” said Joe Hogan, ABB's Chief Executive Officer.

“Order trends were in line with what we saw in the second quarter, with steady demand in power and oil and gas but lower base orders in industrial markets,” Hogan said. “We’ll continue to focus on making sure our costs are in line with market demand, but at the same time stay aggressively positioned to capture the significant growth opportunities in power infrastructure, renewables, energy efficiency and emerging markets.”

2009 Q3 key figures

	Q3 09	Q3 08	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	7,060	8,885	-21%	-15%
Order backlog (end Sep)	*26,159*	*27,211*	*-4%*	*-4%*
Revenues	7,910	8,791	-10%	-5%
EBIT	1,419	1,291	10%	
as % of revenues	17.9%	14.7%		
Net income	1,034	927	12%	
Basic net income per share ($)	0.45	0.41		
Cash flow from operating activities	1,281	1,121		

[1] Management discussion of orders and revenues focuses on local currency changes. U.S. dollar changes are reported in the results tables.

Summary of Q3 2009 results

Orders received and revenues

Orders decreased in the third quarter compared to the year-earlier period as utility investments to expand and refurbish power transmission grids were more than offset by lower demand from most of ABB’s industrial markets and the construction sector.

Regionally, orders in local currency were higher in the Americas due mainly to a large power transmission order from Brazil which more than compensated for lower orders in the U.S. Orders in the Middle East and Africa also increased as the result of growth in power orders. Orders were down 25 percent in local currencies in Europe as growth in the Power Systems division, driven mainly by power grid upgrades in western Europe, were more than offset by broad declines in all other divisions, reflecting the generally weak economic environment compared to the same quarter a year ago. Orders in Asia were down 24 percent in local currencies, mainly due to lower marine orders from South Korea and power orders in Australia. Orders in China declined at a single-digit pace in the quarter but were supported by double-digit growth in Automation Products.

Large orders (above $15 million) increased by 42 percent in local currencies compared to the same quarter in 2008.

Revenues declined in the quarter as execution of the order backlog was offset by weaker revenues in shorter-cycle businesses. Service revenues were 2 percent lower in local currencies compared to the third quarter of 2008, mainly reflecting reduced operational expenditures by industrial customers as they adjust costs to the current demand environment.

The order backlog at the end of September 2009 amounted to $26.2 billion, corresponding to a local-currency increase of 4 percent year to date. Compared to the end of the second quarter of 2009, the order backlog is down 3 percent in local currencies.

Earnings before interest and taxes

EBIT and EBIT margin increased compared to the same quarter a year earlier because of previously-announced adjustments to provisions. These adjustments, related to provisions for alleged anti-competitive practices as well as an increase in provisions with respect to ABB’s business in Russia, resulted in a net increase in EBIT of approximately $430 million.

Also included in third-quarter 2009 EBIT are restructuring-related costs of approximately $40 million related to the two-year, $2-billion cost take-out program announced earlier this year.

The mark-to-market impact from hedging transactions had a positive impact on EBIT in the third quarter equivalent to approximately 0.6 percentage points of EBIT margin. The impact in the same quarter last year was negative in an amount equivalent to approximately one percentage point of EBIT margin.

For purposes of comparison, the third-quarter 2009 EBIT margin, excluding the impact of provision adjustments, restructuring and the mark-to-market impact from hedging transactions, is approximately 3.5 percentage points lower than the EBIT margin in the same quarter in 2008, also adjusted for the impact of the mark-to-market impact from hedging transactions described above.

This decrease primarily reflects the combination of lower revenues from higher-margin product businesses, as well as lower capacity utilization and price pressure mainly in ABB’s short-cycle businesses compared to the same period a year earlier.

EBIT and EBIT margin were positively impacted by cost savings in sourcing, general and administrative expenses, as well as footprint adjustments and operational excellence initiatives, amounting to approximately $500 million in the quarter. Year-to-date, the cost take-out program has generated savings in excess of $1 billion.

Net income

Third-quarter net income of approximately $1 billion includes a positive $380-million impact resulting from previously-announced provision adjustments. This amount is comprised of the $430-million improvement to EBIT described above less approximately $50 million in interest and other finance expense and income taxes.

Balance sheet and cash flow

Net cash at the end of the third quarter was $5.8 billion compared to $5.7 billion at the end of the previous quarter. Cash flow from operations amounted to $1.3 billion while cash used in financing activities included a dividend payment of $1 billion in the form of a nominal value reduction, made at the end of July 2009, as approved by shareholders at the Annual General Meeting in May.

Compliance

As previously announced, ABB has disclosed to the U.S. Department of Justice and the U.S. Securities and Exchange Commission various suspect payments.

Also as previously announced, ABB has been cooperating with various anti-trust authorities regarding certain allegedly anti-competitive practices in the power transformer business. On October 7, 2009, the European Commission announced its decision on this matter and imposed a fine of €33.75 million on ABB. In addition, ABB's cables business is under investigation for alleged anti-competitive practices.

With respect to these matters, there could be adverse outcomes beyond our provisions.

Cost reductions

ABB continued to execute its previously-announced cost take-out program during the third quarter. The program aims to sustainably reduce ABB's costs – comprising both cost of sales as well as general and administrative expenses – from 2008 levels by a total of $2 billion by the end of 2010. The savings are focused on acceleration of ongoing initiatives in low-cost sourcing, general and administrative expenses, internal process improvements and adjustments to ABB's global manufacturing and engineering footprint.

Cost reductions for the first three quarters of 2009 were significantly ahead of plan and exceeded $1 billion, equal to the original targeted take-out for the full year. Approximately 60 percent of these savings were achieved by optimizing global sourcing (excluding the impact of exchange-traded commodities). The remainder was achieved through reductions to general and administrative expenses, as well as global footprint and operational excellence measures.

The total cost of the program is expected to approach $1 billion – of which approximately $100 million was already recorded in 2008. Costs associated with the program in the third quarter of 2009 amounted to approximately $40 million, bringing the total cost so far in 2009 to approximately $170 million.

Management appointments

ABB announced in September the appointment of Brice Koch to the Group Executive Committee as Head of Marketing and Customer Solutions, a new role created to drive additional growth across the company's markets and regions. The appointment is effective January 1, 2010.

Outlook

The outlook for ABB's businesses over the rest of 2009 and into 2010 remains uncertain.

The need for energy-efficient power infrastructure remains in all regions, supported by political measures to address climate change and increasing demand for renewable power generation. Demand in ABB's industrial end markets depends to a large extent on GDP growth and capital spending, together with commodity prices. Customers' need to steadily improve energy efficiency and productivity also drives orders. Increasing commodity prices generally support ABB's industrial businesses as they promote customer investment in capacity expansion.

However, it remains unclear when and how quickly capital investments by customers will recover from the downturn. In addition, the volatility of raw material prices and the limited availability of project funding continue to influence the timing of many power and industrial investment decisions, especially among small- to medium-sized companies.

Therefore, management's priority for the next several quarters will be to ensure that the company has the flexibility to respond quickly to changing market conditions, taking advantage of its global footprint, strong balance sheet and leading technologies to improve its cost competitiveness while simultaneously tapping further opportunities for profitable growth.

Divisional performance Q3 2009

Power Products

	Q3 09	Q3 08	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	2,553	3,409	-25%	-21%
Order backlog (end Sep)	*8,712*	*9,081*	*-4%*	*-4%*
Revenues	2,823	3,034	-7%	-2%
EBIT	477	536	-11%	
as % of revenues	16.9%	17.7%		
Cash flow from operating activities	592	479		

Orders received declined across all regions compared to the same quarter a year ago, mainly as a result of lower demand in industrial and construction-related markets. Order intake was further impacted by lower prices due both to weaker market conditions and pass-through of reduced commodity costs.

Revenues decreased in the quarter as execution of the order backlog in longer-cycle businesses, such as high-voltage equipment, was partly offset by lower revenues from shorter-cycle businesses related to the industrial and construction sectors, such as medium-voltage equipment and distribution transformers. Revenues were also negatively impacted by delays in customer acceptance of products.

EBIT and EBIT margin were lower mainly on reduced revenues but also reflecting the lower share of higher-margin short-cycle product revenues compared to the same quarter a year earlier.

Cash flow from operations improved in the quarter, largely due to a reduction in inventories.

Power Systems

	Q3 09	Q3 08	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	1,991	1,293	*54%*	*70%*
Order backlog (end Sep)	*9,770*	*8,661*	*13%*	*14%*
Revenues	1,612	1,601	*1%*	*7%*
EBIT	117	113	*4%*	
as % of revenues	7.3%	7.1%		
Cash flow from operating activities	11	111		

Orders increased significantly in the third quarter due to a strong increase in large orders from utilities to expand power transmission capacity that more than compensated for lower industrial demand. Regionally, orders were higher in the Americas, mainly the result of a $540-million order for a high-voltage direct current (HVDC) power link in Brazil. Orders also grew in Europe and the Middle East but decreased in Asia as lower orders in Australia and China more than offset strong growth in India.

Revenues increased on execution of the continuing strong order backlog, leading to higher EBIT and EBIT margin. The mark-to-market treatment of hedging transactions had a positive impact in the quarter that was offset by charges related to project execution and provisions related to the business in Russia.

Cash flow from operations was lower than in the same quarter a year earlier due to higher net working capital needed for projects in execution.

Automation Products

	Q3 09	Q3 08	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	2,033	2,741	*-26%*	*-22%*
Order backlog (end Sep)	*3,940*	*4,380*	*-10%*	*-12%*
Revenues	2,234	2,612	*-14%*	*-10%*
EBIT	340	491	*-31%*	
as % of revenues	15.2%	18.8%		
Cash flow from operating activities	536	509		

Continued weakness in ABB’s industrial and construction end markets in the third quarter resulted in a decrease in both base and large orders received compared to the same period a year earlier. Orders increased in China but were lower than last year in the rest of Asia and in all other regions. Orders were also impacted by lower prices resulting from a decrease in material costs as well as reduced demand.

Revenues declined more slowly than orders in the quarter as execution of the strong order backlog in businesses such as machines and power electronics partly offset lower revenues in shorter-cycle businesses such as low-voltage products.

EBIT and EBIT margin in the quarter declined compared to the very strong third quarter in 2008. This was mainly due to lower revenues and restructuring-related costs of $12 million to adapt to the weaker demand environment.

Cash flow from operations was higher, primarily due to a reduction in net working capital, mainly lower inventories.

Process Automation

	Q3 09	Q3 08	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	1,145	1,969	*-42%*	*-39%*
Order backlog (end Sep)	*6,064*	*7,146*	*-15%*	*-16%*
Revenues	1,809	1,920	*-6%*	*0%*
EBIT	164	218	*-25%*	
as % of revenues	9.1%	11.4%		
Cash flow from operating activities	254	243		

Orders continued to decline in the third quarter compared to the same quarter in 2008 as steady demand from the oil and gas sector was more than offset by ongoing weakness in other sectors. Large orders declined by more than 50 percent in both U.S. dollar and local currency terms and base orders were also down at a double-digit pace. Orders decreased in all regions except the Middle East and Africa, where demand from the oil and gas sector supported a local-currency order increase. Orders in Asia decreased on a reduction in marine orders, mainly from South Korea and Singapore.

Revenues were down (flat in local currencies) in the quarter as execution of the strong order backlog in the marine, minerals and oil and gas businesses was offset by lower revenues in pulp and paper and from lower book-and-bill product sales in the quarter. Service revenues were flat in local currencies.

EBIT and EBIT margin declined compared to the same quarter a year earlier, however, largely due to the high share of systems revenues that typically carry a lower EBIT margin. The mark-to-market treatment of hedging transactions also negatively impacted EBIT in the quarter.

Cash flow from operations increased in the quarter, mainly reflecting the timing of large project payments and measures to improve net working capital management.

Robotics

	Q3 09	Q3 08	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	169	400	*-58%*	*-56%*
Order backlog (end Sep)	*367*	*665*	*-45%*	*-46%*
Revenues	211	431	*-51%*	*-49%*
EBIT	(36)	28	*n/a*	
as % of revenues	-17.1%	6.5%		
Cash flow from operating activities	(5)	(9)		

Robotics orders declined as the result of a significant drop in demand from the global manufacturing sector compared to the same period in 2008. Revenues decreased on a lower opening order backlog and reduced service business.

The division reported an EBIT loss related to low factory loading, declining service revenues and further capacity adjustments and changes to the operational footprint.

More information

The 2009 Q3 results press release and presentation slides are available from October 29, 2009, on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

ABB will host a media conference call starting at 10:00 a.m. Central European Time (CET). U.K. callers should dial +44 20 7107 0611. From Sweden, +46 8 5069 2105, and from the rest of Europe, +41 91 610 56 00. Lines will be open 15 minutes before the start of the conference. Audio playback of the call will start one hour after the call ends and will be available for 96 hours: Playback numbers: +44 20 7108 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 866 416 2558 (U.S./Canada). The code is 18172, followed by the # key.

A conference call for analysts and investors is scheduled to begin today at 3:00 p.m. CET (10:00 a.m. EDT). Callers should dial +1 412 858 4600 (from the U.S./Canada) or +41 91 610 5600 (Europe and the rest of the world). Callers are requested to phone in 15 minutes before the start of the call. The audio playback of the call will start one hour after the end of the call and be available for two weeks. Playback numbers: +1 866 416 2558 (U.S./Canada) or +41 91 612 4330 (Europe and the rest of the world). The code is 10636, followed by the # key.

Investor calendar 2010	
Q4 2009 results	Feb. 18, 2010
Q1 2010 results	April 22, 2010
Annual General Meeting of shareholders	April 26, 2010
Q2 2010 results	July 22, 2010
Q3 2010 results	Oct. 28, 2010

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 120,000 people.

Zurich, Oct. 29, 2009

Joe Hogan, CEO

Important notice about forward-looking information

This press release includes forward-looking information and statements including the sections entitled “Cost reductions,” “Outlook, and “Compliance,” as well as other statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “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 press release 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, business risks related to the financial crisis and economic slowdown, costs associated with compliance activities, the amount of revenues we are able to generate from backlog and orders received, raw materials prices, market acceptance of new products and services, changes in governmental regulations and currency exchange rates and such other factors as may be discussed from time to time in ABB Ltd’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.

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Press Release

ABB Q3 and nine-months (9M) 2009 key figures

$ millions unless otherwise indicated		Q3 09	Q3 08	*Change*		9M 09	9M 08	*Change*	
				US$	*Local*			*US$*	*Local*
Orders	**Group**	**7,060**	**8,885**	***-21%***	***-15%***	**23,519**	**31,099**	***-24%***	***-15%***
	Power Products	2,553	3,409	*-25%*	*-21%*	8,273	11,012	*-25%*	*-16%*
	Power Systems	1,991	1,293	*54%*	*70%*	5,967	5,952	*0%*	*17%*
	Automation Products	2,033	2,741	*-26%*	*-22%*	6,392	8,778	*-27%*	*-20%*
	Process Automation	1,145	1,969	*-42%*	*-39%*	4,912	7,205	*-32%*	*-23%*
	Robotics	169	400	*-58%*	*-56%*	557	1,359	*-59%*	*-55%*
	Corporate *(consolidation)*	(831)	(927)			(2,582)	(3,207)		
Revenues	**Group**	**7,910**	**8,791**	***-10%***	***-5%***	**23,034**	**25,772**	***-11%***	***-1%***
	Power Products	2,823	3,034	*-7%*	*-2%*	8,130	8,682	*-6%*	*3%*
	Power Systems	1,612	1,601	*1%*	*7%*	4,641	5,010	*-7%*	*4%*
	Automation Products	2,234	2,612	*-14%*	*-10%*	6,482	7,766	*-17%*	*-8%*
	Process Automation	1,809	1,920	*-6%*	*0%*	5,439	5,727	*-5%*	*7%*
	Robotics	211	431	*-51%*	*-49%*	739	1,235	*-40%*	*-34%*
	Corporate *(consolidation)*	(779)	(807)			(2,397)	(2,648)		
EBIT	**Group**	**1,419**	**1,291**	***10%***		**3,328**	**4,093**	***-19%***	
	Power Products	477	536	*-11%*		1,474	1,656	*-11%*	
	Power Systems	117	113	*4%*		322	411	*-22%*	
	Automation Products	340	491	*-31%*		979	1,486	*-34%*	
	Process Automation	164	218	*-25%*		486	686	*-29%*	
	Robotics	(36)	28	*n/a*		(108)	82	*n/a*	
	Corporate	357	(95)			175	(228)		
EBIT margin	**Group**	**17.9%**	**14.7%**			**14.4%**	**15.9%**		
	Power Products	16.9%	17.7%			18.1%	19.1%		
	Power Systems	7.3%	7.1%			6.9%	8.2%		
	Automation Products	15.2%	18.8%			15.1%	19.1%		
	Process Automation	9.1%	11.4%			8.9%	12.0%		
	Robotics	-17.1%	6.5%			-14.6%	6.6%		

Q3 2009 orders received and revenues by region

$ millions	Orders received		*Change*		Revenues		*Change*	
	Q3 09	Q3 08	*US$*	*Local*	Q3 09	Q3 08	*US$*	*Local*
Europe	2,624	3,803	*-31%*	*-25%*	3,371	4,072	*-17%*	*-10%*
Americas	1,723	1,845	*-7%*	*4%*	1,495	1,571	*-5%*	*0%*
Asia	1,864	2,512	*-26%*	*-24%*	2,177	2,266	*-4%*	*0%*
Middle East and Africa	849	725	*17%*	*20%*	867	882	*-2%*	*0%*
Group total	**7,060**	**8,885**	***-21%***	***-15%***	**7,910**	**8,791**	***-10%***	***-5%***

Reconciliation of non-GAAP financial measures regarding Q3 2009
($ millions, unaudited)

EBIT margin	
Earnings before interest and taxes (EBIT)	1,419
Revenues	7,910
EBIT margin (EBIT as % of revenues)	**17.9%**

Net cash	
Short-term debt and current maturities of long-term debt	(218)
Long-term debt	(2,219)
Total debt	**(2,437)**
Cash and equivalents	5,502
Marketable securities and short-term investments	2,779
Cash and marketable securities	**8,281**
Net cash	**5,844**

EBIT margin is calculated by dividing EBIT by revenues. Management believes EBIT margin is a useful measure of profitability and uses it as a performance target.

Net cash is a financial measure that is calculated as the total of cash and equivalents, marketable securities and short-term investments minus our total debt.