

Hubertus von Grünberg
Chairman of the Board of Directors of ABB
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Honored Shareholders,
Ladies and Gentlemen,

What a truly extraordinary year this has been. The uncertainty on the financial markets caused a snowball effect across the world. The entire global economy experienced one of the most severe crises in decades. Many of you have held shares in ABB for a long time now and so are aware of ABB's fighting strength. This helped, and continues to help our company perform well, even in extreme situations. I am therefore pleased to report today that your company is better positioned now than it was a year ago. The company has enjoyed success over the last twelve months, which is reflected again in a stronger balance sheet. We want to enable you to share in this success as well. The Board of Directors is therefore proposing a dividend of CHF 0.51 per share, an increase of six percent.

Unfortunately, the economic storm clouds have not yet disappeared completely from the horizon. However, we have done our homework and are ready and waiting to take advantage of the numerous opportunities that will present themselves once the economy really begins to pick up.

I would like to attach an exclamation mark to the word "opportunities." We are at the beginning of a new era in electricity: over the coming years, the emerging markets will have to massively expand their power supply networks to keep pace with their population growth and the increase in industrial production. Industrialized nations will soon have to comprehensively modernize their networks in order to incorporate renewable energies. By 2030, demand for electricity is set to double to around 30,000 terawatt hours per year. To get an understanding of the sheer size of this number – it is the equivalent of a power station with the capacity of the Gösgen nuclear power plant coming online every week for the next twenty years.

Ladies and Gentlemen, electricity is the most sustainable form of energy and will play a key role in climate protection. The major challenges will be managing the way energy flows between the continents and improving the way renewable energies are used. Both of these challenges are closely linked and are one of the key factors in actually reducing greenhouse gases.

In Europe, the proportion of renewable energy used is set to double by 2020. In this respect, we must think beyond old national boundaries if we are to use these new resources sensibly and efficiently. Last summer we embarked upon a project to make solar energy in the deserts of North Africa and the Middle East available to millions of people. Desertec, as the project is

known, could not be carried out by any one country or company – the political and financial implications alone would be too great. We have been part of this visionary idea since the mid-1990s, and although the technology required is essentially already available, it will be a matter of decades, rather than years, before it can actually be implemented.

One drawback is that power supply networks were not originally designed to have huge amounts of electricity fed into them from wind parks in the middle of the sea or solar parks in the desert. In addition, sources of renewable energy are frequently far removed from the places where electricity is actually consumed in industrial plants and households.

It is over 50 years ago that we developed high-voltage direct current transmission. This technology is now increasingly seen as a central “enabler” when it comes to getting green energy into our power outlets. In China we will soon be transporting hydropower in the form of electricity over a distance of more than 2,000 km. At 6,400 megawatts, it will be the most powerful supply line in the world. To get an idea of the scale, just imagine sending almost all of the electricity produced in Switzerland via a single power line.

Ladies and Gentlemen, these are the types of projects that drive our research and development teams to such great achievements, and inspire the whole company. However, it is not only the major projects – whether still in progress or successfully completed – that continue to encourage our employees’ ambition. Other areas that are more closely associated with everyday life also rouse the creative spirits of ABB’s staff.

As I mentioned, the power supply networks in their current state are not equipped to face the challenges of the future. A more intelligent network, that is to say a “smart grid,” is required. This is not only about feeding wind and solar energy into the network without compromising overall stability, but also placing greater emphasis on other players on the energy landscape: you and me.

Electricity production is no longer a one-way street. And by this we do not just mean solar panels that we see installed on the roofs of many houses. In future, car drivers will also be able to act as electricity suppliers – when their electric cars are not in use, the battery will be able to feed power back into the network. Of course, these are things that are still dreams of the future. ABB is therefore working on practical things like chargers that use state-of-the-art battery technology and can be fully charged in a matter of minutes, which would make charging batteries as easy as stopping at a normal gas station.

ABB already offers suitable products for the home which afford greater transparency with regard to electricity consumption. At present, we are showcasing a color display that is barely 4 cm across to our clients and the general public. Incorporated discreetly into a light switch, this device provides information on a household’s electricity consumption as well as relevant comparative data. In future, this system will operate in combination with utility providers’ smart grids, display the current electricity price and use colored symbols to indicate whether electricity devices should be switched on or off.

Furthermore, we already offer all-inclusive energy management systems to utility companies. Covering both technical and financial aspects, these systems help to clarify energy-related issues from both the buyer and seller standpoint and provide data on the volumes of energy purchased and sold. Indian utility company KPTCL has been using these systems since last year for the purpose of supplying energy more effectively to a population of some 16 million in an area almost five times the size of Switzerland.

However, our concern is not solely focused on the flow of electricity on its way to power outlets, but also on the question of whether the energy is put to productive use once it gets there. Energy efficiency will remain a hot topic, if only because saving energy equates to saving money. Our technologies provide effective help in increasing energy efficiency and cutting carbon dioxide emissions – whether in a paper factory or a nickel mine.

Ladies and Gentlemen, our entire range of power and automation technology solutions is ultimately based on one key factor: how can the energy which is available be used more efficiently? We are successful in all corners of the globe – irrespective of cultures and languages – on account of the answers we give to this question.

Again, I emphasize that the emerging markets in particular bear great relevance to our thinking in this regard. These markets were growing more rapidly than the developed economies even before the crisis. Today, they are quite clearly the drivers of global economic growth. What is more, it is these countries where the potential for improving energy efficiency is at its greatest. Whereas Japan requires around 0.2 kilowatt hours of electricity for each dollar of GDP generated, China currently needs up to six times as much power.

By entering these markets at an early stage, we have not only been able to develop an effective local network but have also built up a strong identity on the ground. This approach is now paying off. In 2009, the emerging markets accounted for more than 50% of ABB's entire order intake for the first time ever.

How is this reflected in our spending activity? It goes without saying that we are expanding production, particularly in regions where demand is growing rapidly. In order to strengthen our presence in Vietnam, for example, we recently opened a new production site on the outskirts of the capital city, Hanoi. According to estimates, electricity consumption in Vietnam, a country with around 85 million inhabitants, is set to double within the next six years. The new plant's manufacturing range will therefore include medium-voltage products. At the same time, Hanoi will also serve as a purchasing base for components to be used in the manufacture of high-voltage products.

However, this does not mean we are neglecting the traditional industrial markets or, specifically, the regions in which BBC and Asea have their roots. On Friday, Federal President Doris Leuthard will open our expanded semiconductor production site in Lenzburg, where we have invested some CHF 150 million in leading-edge technology and new jobs. Products developed and assembled in Lenzburg are currently at the forefront of the ABB range. A one-square-centimeter silicon chip from Lenzburg can switch a current of many amperes on and off several thousand times a second. Its power is equivalent to that of a Formula 1 racing engine which is accelerated to its top speed and brought back to a stand-still in less than a thousandth of a second.

Going forward, we will continue to harness the expertise and imagination of our employees in Lenzburg – as we do in places such as Bangalore, Beijing and Ludvika in Sweden. I would like to extend a special word of thanks to these and all other staff for their outstanding work in 2009.

Ladies and Gentlemen, dear Shareholders – as you see, ABB is able to remain strong even in times of crisis. This is why we look to the future with confidence and are aiming to create more value again this year, irrespective of the uncertain economic environment.

Please rest assured that I, together with my fellow Board members and the members of ABB's Group Management, will do everything in our power to keep your company on the path to success. We want to put ABB at the top of the tree where it belongs!

My colleagues and I ask you for your trust and your support in these efforts.

Thank you for listening.