

## **ABB Annual General Meeting May 2006**

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**Juergen Dormann, Chairman of the ABB Board of Directors**

**Embargoed**

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Ladies and Gentlemen,

2005 was a successful year for your company.

Positive economic developments worldwide led to rising demand for our products.

We participated in the upturn and gained additional market shares in some sectors.

We were also in a position to cushion most of the impact of higher costs through productivity improvements and price increases.

The economies we made in recent years have improved our competitiveness.

Nevertheless we have made no cutbacks on investments in research and development over the past three years, but have actually expanded them further.

ABB is and will remain an innovative, research-oriented and technology-focused company.

And what is particularly important:

We are an attractive employer for young people from all over the world.

We consistently manage to draw talented and enthusiastic people to ABB.

Having set our house in order in good time before the global upturn – even though Western Europe is still struggling to some extent – ABB has been able to leverage the rise in demand successfully.

- We are strongly positioned in terms of technology.
- We are well established worldwide – thanks to our predecessors.
- Our cash flow is well up.
- So is our profitability.
- As promised, our debts have been massively reduced.

- The threat to the company posed by asbestos lawsuits in the USA has been averted. This affair cost the company 2.5 billion US dollars, 500 million of which was covered by insurance.
- We are paying a dividend – albeit a modest one – for the first time in five years.
- And last but not least: we have put together a highly competent international executive management that is working well together under the team-oriented 47-year-old Fred Kindle.

So, what next? Is ABB's world in order?

The answer is No: there is still much room for improvement.

For example:

- We have to take an even more intensive and focused approach to health, safety and environmental issues. The number of accidents, some of them fatal, is too high.
- The company's conduct with regard to legal issues and competition law has to be further improved. Corporate management has made it absolutely clear that infringements are not in the company's interest and will be pursued immediately.
- Our women managers – particularly in Europe – have to be encouraged in a more determined manner and entrusted with responsible tasks at an early stage in their careers.
- Despite progress in our earnings, competitors' margins in some areas are higher than ABB's.

Ladies and Gentlemen,

I believe we can all be a little bit proud of what we have accomplished.

But the important thing now is not to let it go to our heads, and to work systematically on the improvements that are needed.

Ladies and Gentlemen,

In 2005 the Board of Directors conscientiously performed the tasks enshrined in Swiss law.

Issues relating to corporate strategy and organisation, as well as advising and monitoring the Executive Committee, were the central focus of our seven meetings.

Outside meetings, too, a regular and intensive exchange of ideas took place, particularly between the CEO and the Chairman of the Board of Directors.

Ladies and Gentlemen,

The eight members of the Board of Directors have very different backgrounds and come from six different countries.

This diversity is an advantage, and also reflects ABB's global activities.

There were no changes in the Board's composition in 2004 and 2005.

We work together as a team and share responsibility.

With this in mind, we propose that you, our valued shareholders, re-elect the Board of Directors in an unchanged form.

Ladies and Gentlemen,

The Board of Directors and the Executive Committee would like to thank you for your loyalty to the company – even in difficult times.

We also extend our thanks – on your behalf, too, we hope – to ABB's 105,000 employees for their commitment and successful work.

Following this review, I would now like to hand over to Fred Kindle, who will talk to you about ABB's future development.

Thank you for your attention.