Zurich, February 16, 2012

ABB Q4 and full-year 2011 results

Joe Hogan, CEO
Michel Demaré, CFO

Power and productivity
for a better world™

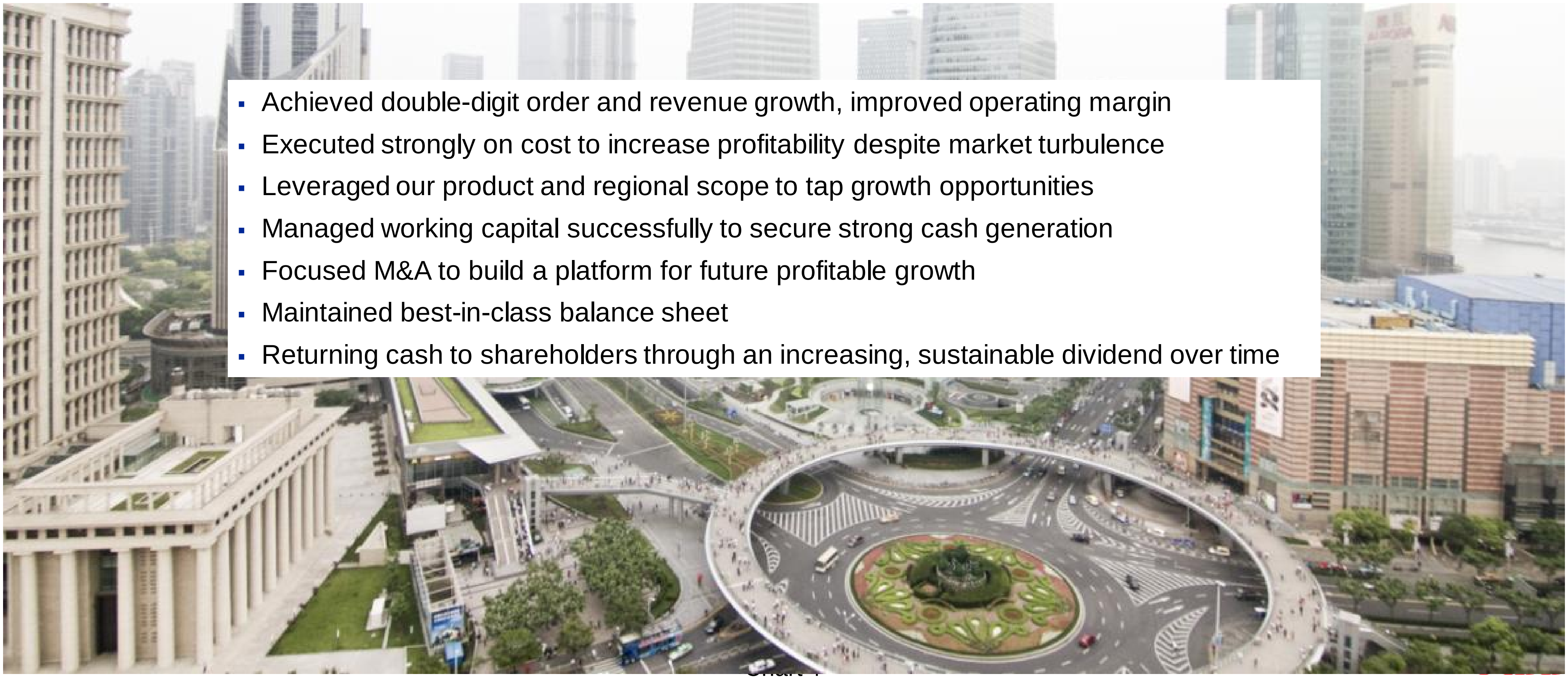
Safe-harbor statement

This presentation includes forward-looking information and statements including statements concerning the outlook for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, and 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 economic environment, 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.

ABB reports robust performance in a challenging year

Joe Hogan

2011: A year of successful execution against our strategic targets
Managing for both cost and growth



- Achieved double-digit order and revenue growth, improved operating margin
- Executed strongly on cost to increase profitability despite market turbulence
- Leveraged our product and regional scope to tap growth opportunities
- Managed working capital successfully to secure strong cash generation
- Focused M&A to build a platform for future profitable growth
- Maintained best-in-class balance sheet
- Returning cash to shareholders through an increasing, sustainable dividend over time

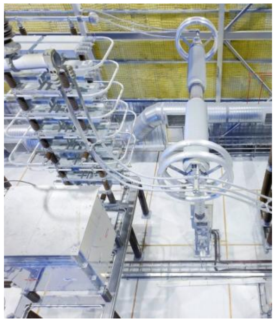
Full-year 2011: Record orders and revenues
Strong cash flow performance, re-deployed in acquisitions and dividends

YTD Performance *US$ millions unless otherwise stated*		*change vs 2010*
Orders	40,210	+18%[1] (organic. +11%)
Revenues	37,990	+15%[1] (organic +9%)
Operational EBITDA	6,014	+25%
Operational EBITDA %	15.8%	+0.5 percentage points
Net Income	3,168	+ 24%
EPS (basic)	1.38	+23%
Dividend per share *(CHF, proposed)*	0.65	+8%
Cash from operations	3,612	-14%
Cash return on invested capital	14%	-7 percentage points

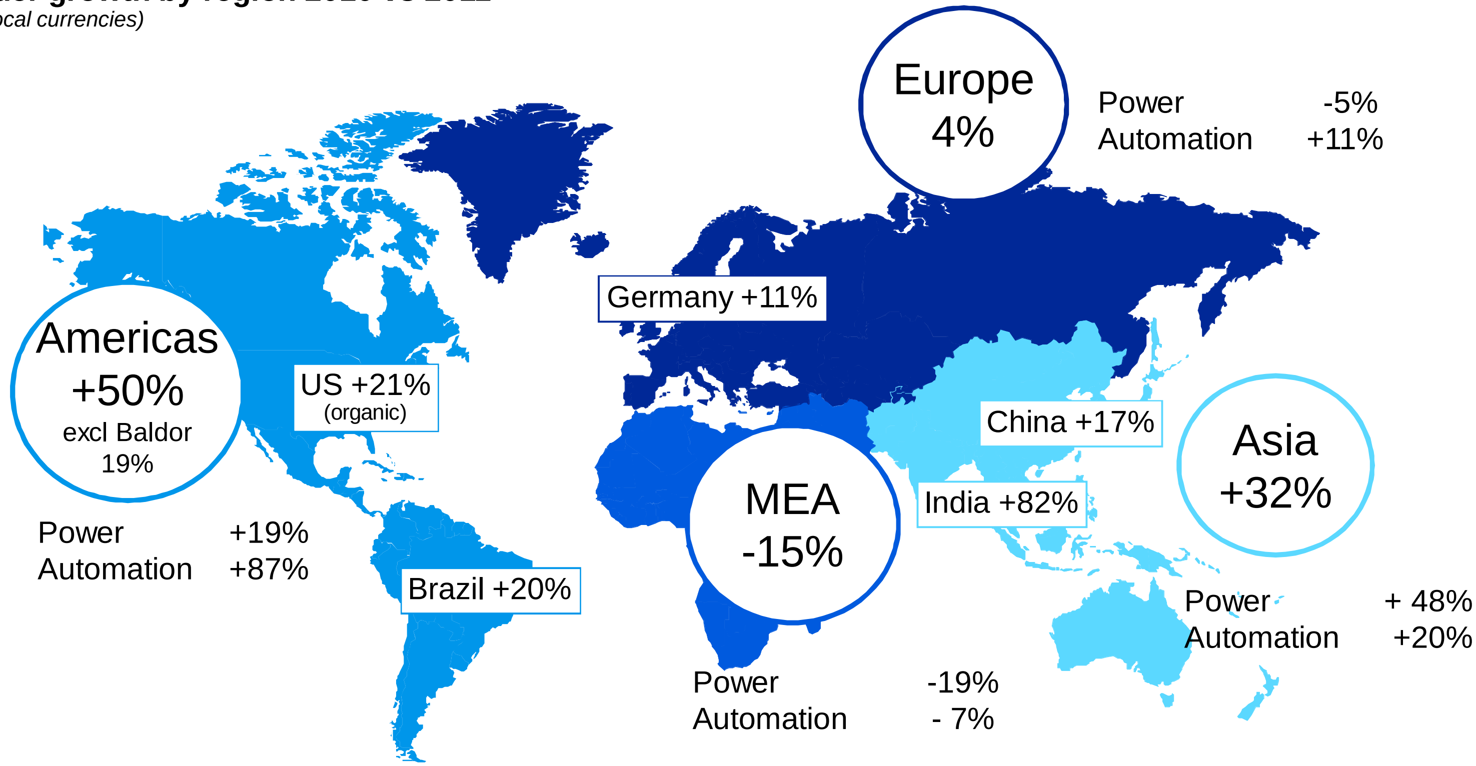
- $40 bn orders for 1st time ever, record revenues
- Solid delivery against growth, profitability and EPS targets
- Much improved project execution
- Cost savings >$1 bn offset price pressure, funded additional selling and R&D, lifted margins
- Acquired companies with strong revenue, earnings and cash generation contributions
- Net income up $600 mill., EPS $1.38 per share
- Strong Q4 cash flow performance close to last year's record
- 8% increase in dividend proposed to CHF 0.65
- CROI at 14%, initial impact of Baldor acquisition

[1] In local currencies

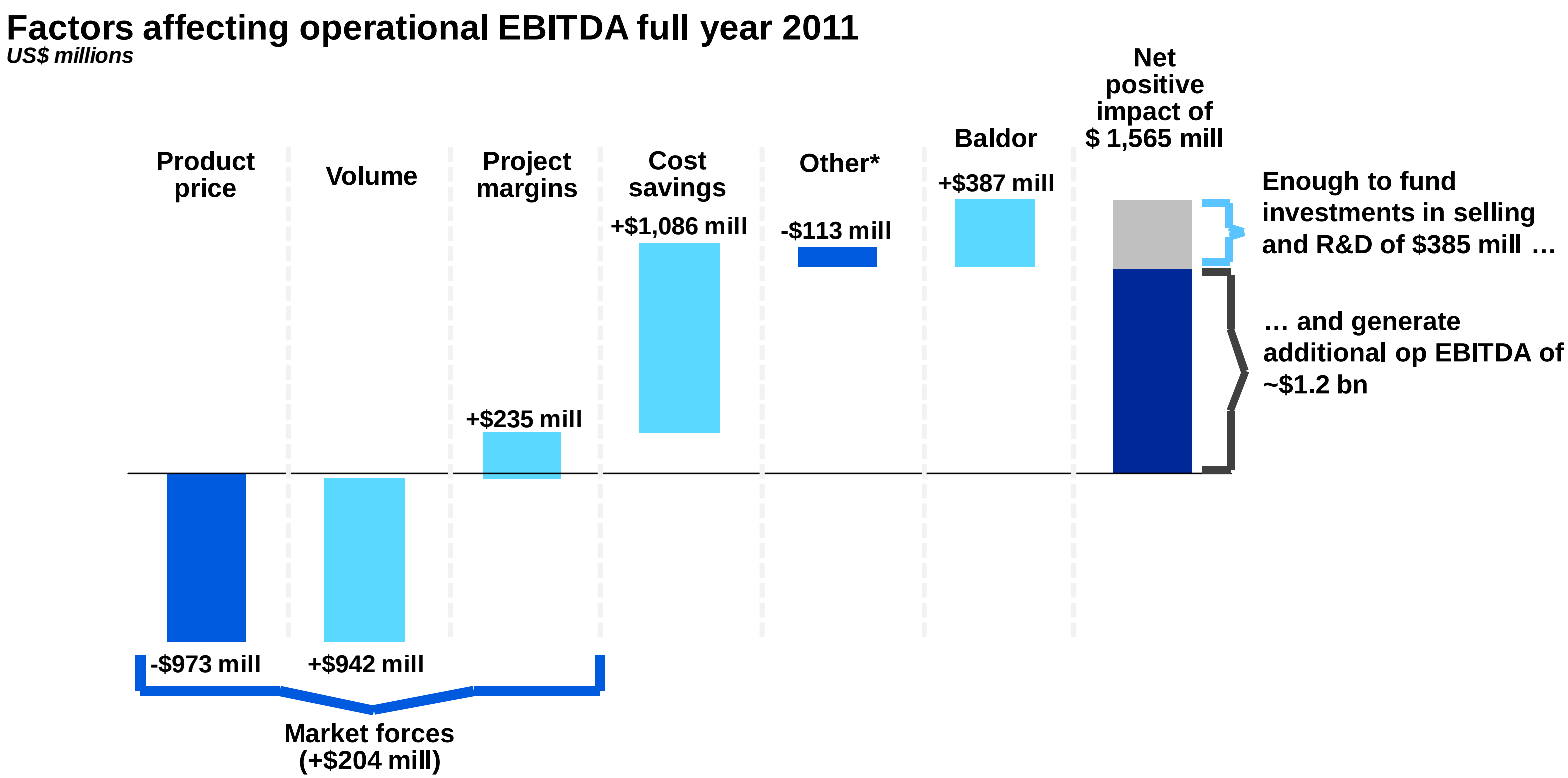
Our regional breadth helped us weather the economic turbulence in 2011
Orders up in most of our largest countries



Order growth by region 2010 vs 2011
(in local currencies)



Successful cost management to secure both growth and profitability
Product price erosion more than offset by cost savings



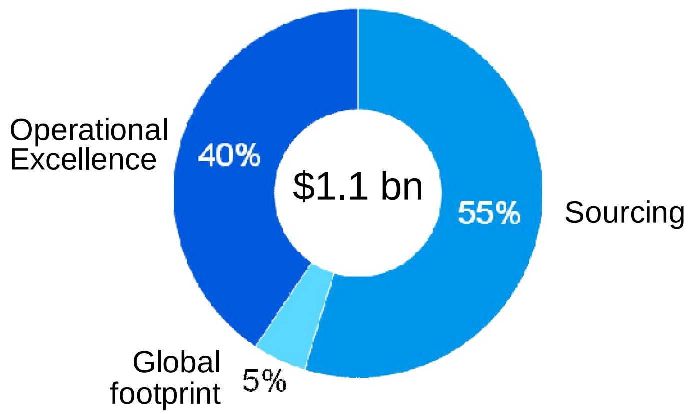
*Includes business mix, inventory, forex, acquisition costs and commodity impacts

Plan to take out ~$1 billion of costs in 2012

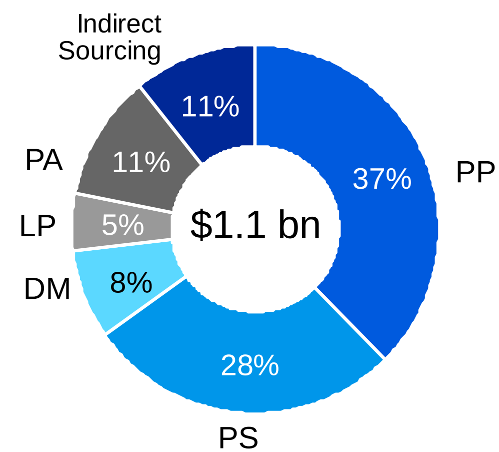
ABB

Exceeded 2011 cost savings target
Savings continued to outpace negative market impacts

Approx. share of savings by category 2011
Percent



Approx. share of savings by division 2011
Percent



- $1.1 bn savings 2011 offset >$970 mill of price pressure
- Operational excellence measures continue to gain traction

- Focus in power pays off with sector-leading profitability despite challenging price environment

$5 billion invested in strategic acquisitions in 2011
ABB continued to fill strategic white spots

Disciplined approach

- **All transactions in line with stated acquisition strategy**
- **Balancing integration challenges across divisions and geography**

Financial criteria

- **Cash returns at or above WACC within 3 years**
- **NPV positive (DCF at WACC + internal hurdles)**
- **Conservative net debt/EBITDA and gearing ratios – maintain single A credit rating**

Critical gap	Baldor	Mincom	Epyon	Lorentzen & Wettre	Trasfor	Envitech	Powercorp	Newave*	T&B*
Geographic	✓	✓		✓				✓	✓
Product/ service/ solution	✓	✓	✓	✓	✓	✓	✓	✓	✓
Industry/ market	✓	✓	✓	✓	✓	✓	✓	✓	✓

*** Transactions expected to be closed in 2012**

Launched a new strategic plan for 2011-15
Five elements that drive management decisions

1	**Drive competitiveness**
2	**Capitalize on mega trends**
3	**Aggressively expand core business**
4	**Disciplined M&A**
5	**Exploit disruptive opportunities**

Group targets	
Organic[1] Revenue growth (CAGR[2])	7 – 10%
Operational EBITDA margin corridor	13 – 19%
Organic[1] EPS growth (CAGR[2])	10 – 15%
Free cash flow conversion	Annual avg. >90%
Cash flow return on invested capital	>20% by 2015

[1] Organic incl acquisitions closed as of end –Oct 2011:
[2] CAGR: Compound annual growth rate, base year is 2010

Q4 results
Solid top and bottom line growth along with strong cash flow generation

Joe Hogan

Q4: Solid top and bottom line in a challenging market
Strong cash flow generation through reduction in net working capital

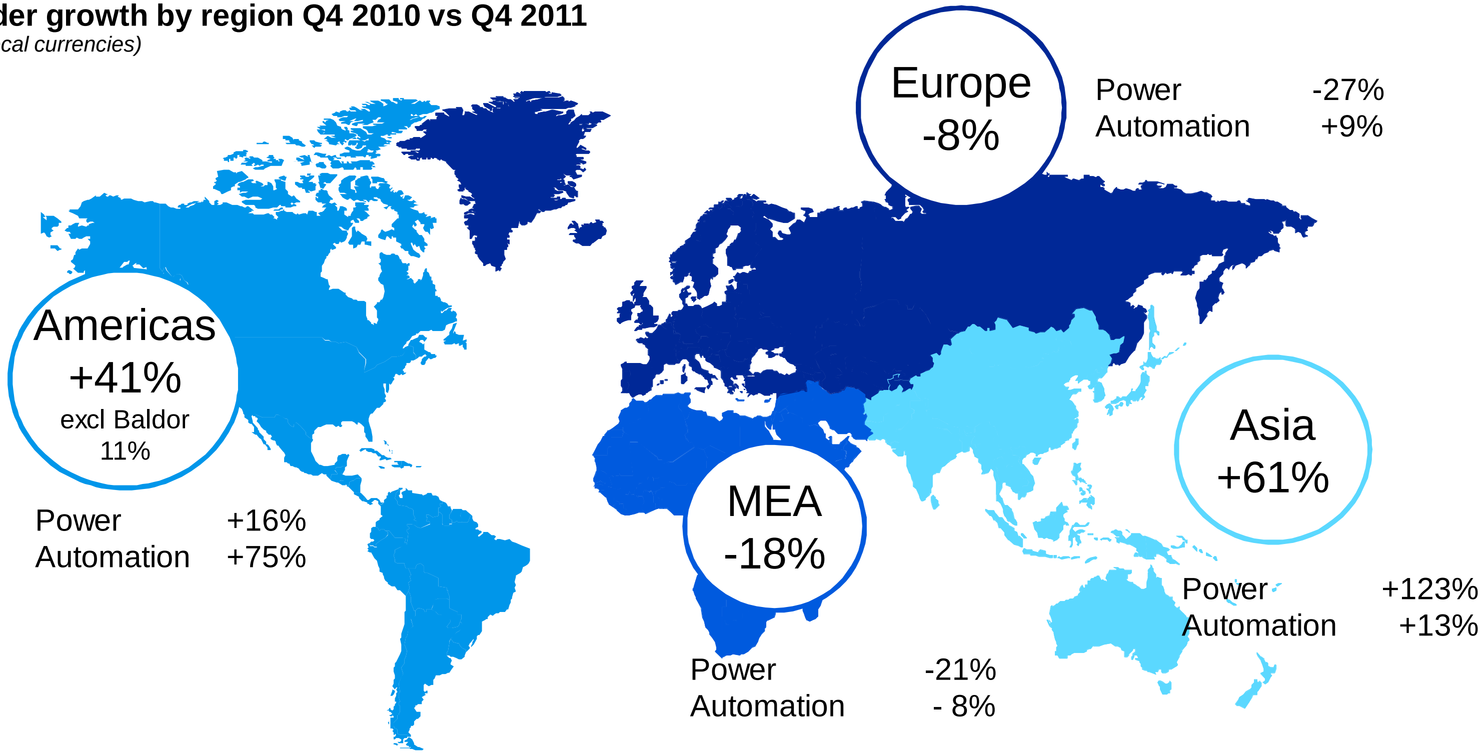
Q4 Performance *US$ millions unless otherwise stated*		*change vs 2010*
Orders	10,160	+17%[1] (organic 10%)
Revenues	10,571	+16%[1] (organic 10%)
Operational EBITDA	1,568	+18%
Operational EBITDA %	14.8%	+0.4 percentage points
Net Income	830	+19%
Cash from operations	1,674	- 5%

- Good order growth in N America and emerging markets, S Europe weaker on market uncertainty
- Orders up in all divisions
- Revenues up on execution of strong order backlog, all divisions positive
- Service orders & revenues up faster than Group (organic)
- Operational EBITDA up ~$250 mill., divisional margins impacted by business mix and price pressure
- Cost savings remain key to maintaining margins
- Strong cash generation near last year's record—NWC reduced by $1 bn vs Q3 2011 (-2.6% of 2011 revenues)

[1] In local currencies

Solid growth in North America and Asia in both power and automation

Order growth by region Q4 2010 vs Q4 2011
(in local currencies)



Most large markets performed well
Geographic scope continues to pay off

Order growth by selected country Q4 2011 vs Q4 2010
(in local currencies)

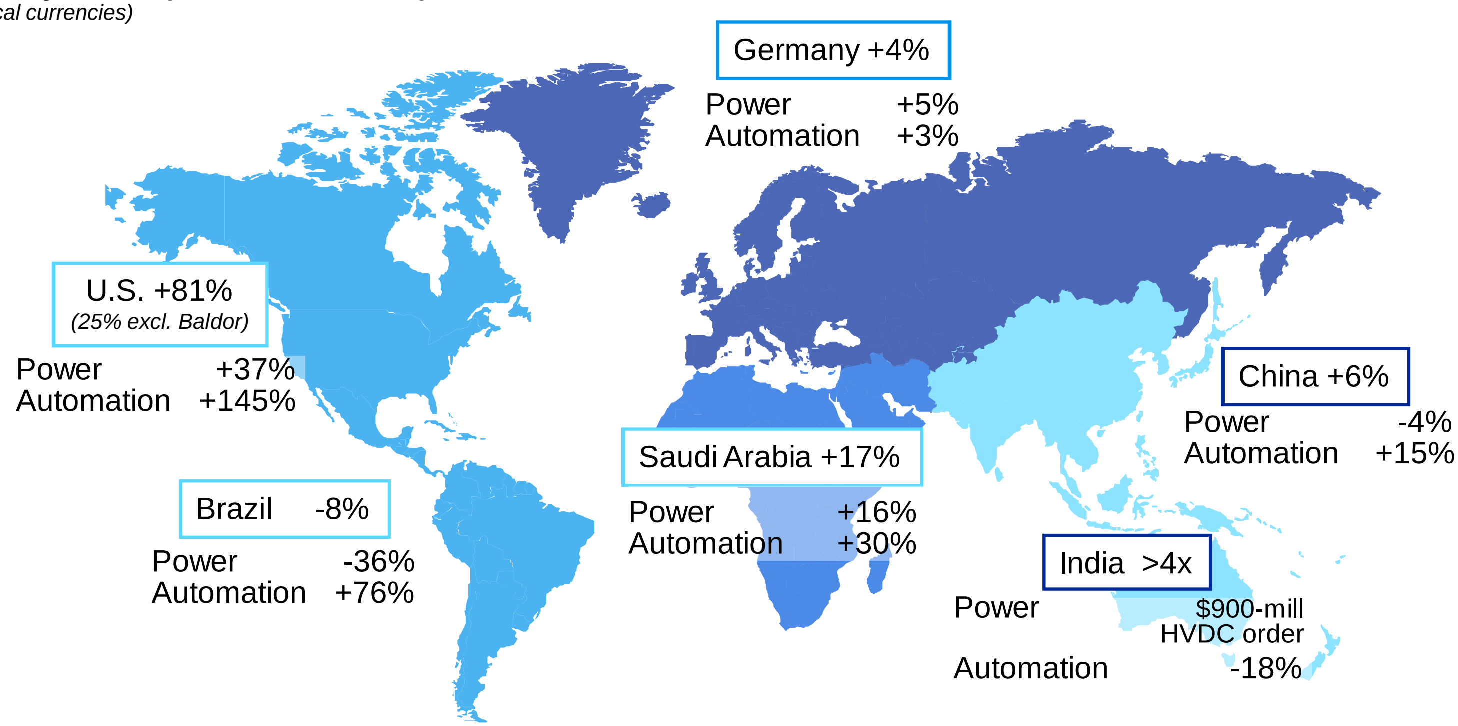
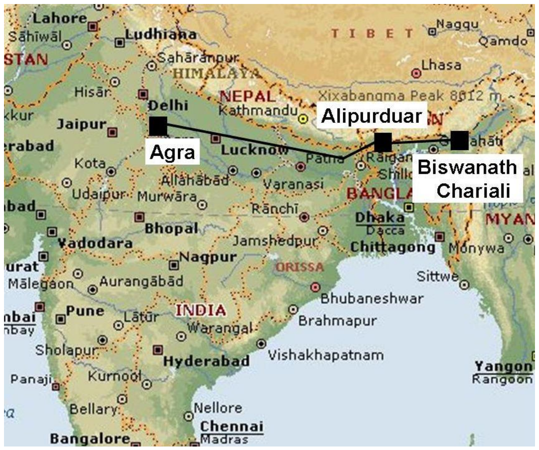


ABB wins major ultra high voltage direct current link order in India
$900-million order is a technology first



- Transmitting remote hydro power from multiple stations more than 1,700 km
- Capable of supplying enough electricity to serve 90 million people
- Highest-ever converter capacity at 8,000 MW
- World’s 1st UHVDC link with three converter stations
  - Two “sending” stations convert from AC to DC for transmission
  - One “receiving” station in Agra converts back into AC for distribution to end users

Competitive financing

- Combined Swedish export credit funding, European commercial and local Indian banks
- Successful customer financing without putting ABB balance sheet at risk

Continued growth across all divisions

Improved PS results compensate mix & price pressures in other divisions

percentage change in local currencies vs same period in 2010 except operational EBITDA percentage change in US$	Orders Δ vs Q4 10	Revenues Δ vs Q4 10	Op. EBITDA Δ vs Q4 10	Op. EBITDA margin	Δ vs Q410 *(percentage points)*
Power Products	+8%	+6%	-13%	14.8%	-3.2%
Power Systems	+21%	+17%	+245%	9.9%	+6.6%
Discrete Automation and Motion	+49%	+44%	+37%	17.4%	-0.8%
Low-Voltage Products	+6%	+7%	+2%	19.0%	-1.1%
Process Automation	+7%	+10%	-7%	11.8%	-2.0%
ABB Group	+17%	+16%	+18%	14.8%	+0.4%

Growth continues

Large orders, strong backlog

11% organic

Led by systems business

Strong order backlog

Pricing, tougher comps

Q4 2010 charges, Q4 2011 claims management

Mainly unfavorable business mix, e.g., systems vs product revenues

Baldor update: Solid execution, synergies on track
~$100 million contribution to operational EBITDA in Q4

BALDOR
A MEMBER OF THE ABB GROUP

- Q4 2011 stand-alone vs year-earlier period:
  - 22% revenue growth
  - Operational EBITDA up 48%[1]
  - Operational EBITDA margin at ~18%, up from 2010[2]
- Synergy update:
  - Cost synergies year one hit target
  - Good progress in cross-selling NEMA/IEC motors and drives
  - Sales channels in NAM (motors) and US (drives) merged
- Cash return ~8% after 11 months
- Integration on track, good balance of integration and daily business
- Management retention successful
- No major acquisition-related charges in Q4
- Annual amortization expected at ~$110 million until 2017

[1] Indicative; [2] Operating profit margin based on Baldor historical definition at 15.7% in Q4 2011 vs 12.2% in Q4 2010

ABB

Financial review
Strong balance sheet supports successful business execution

Michel Demaré

First-year performance against our targets

Group targets

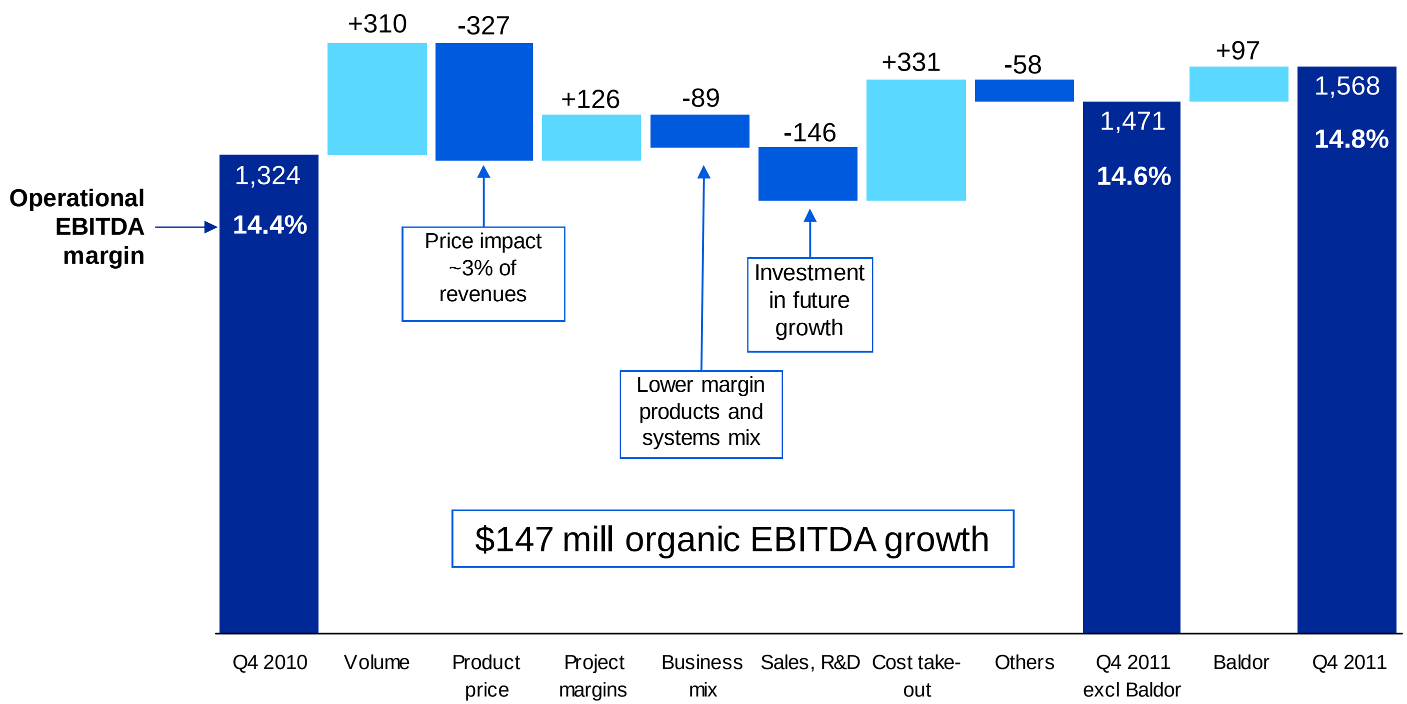
	2011 performance[1]	2011-15 Targets[1]	
Revenue growth (CAGR[2])	15%	7 – 10%	Starting well above the range
Operational EBITDA margin corridor	15.8%	13 – 19%	Still a good buffer thanks to cost programs
EPS growth (CAGR[2])	23%	10 – 15%	A strong first year
Free cash flow conversion	82%	Annual avg. >90%	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

Q4: Cost savings keep pace against price pressure
Cost savings and project execution fund growth investments and margins

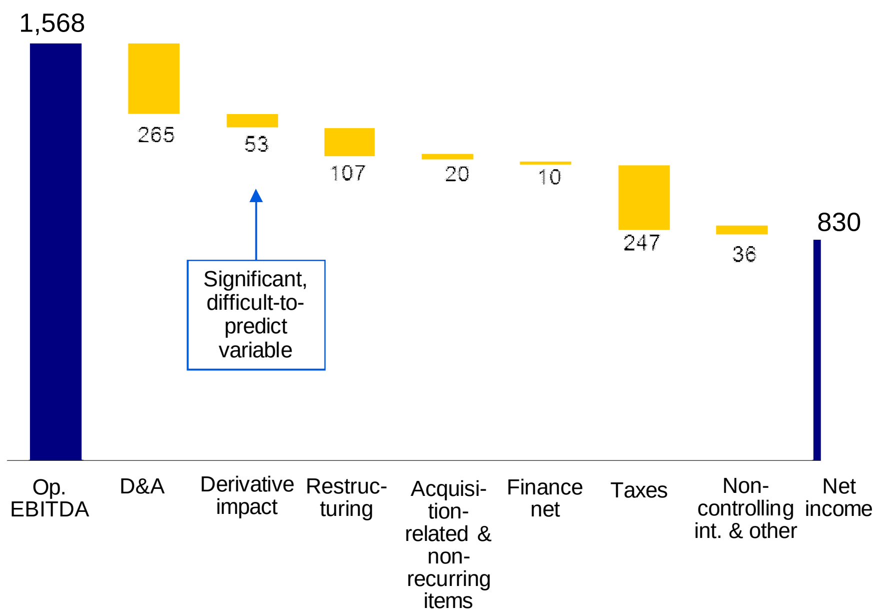
Local currency analysis of change in operational EBITDA



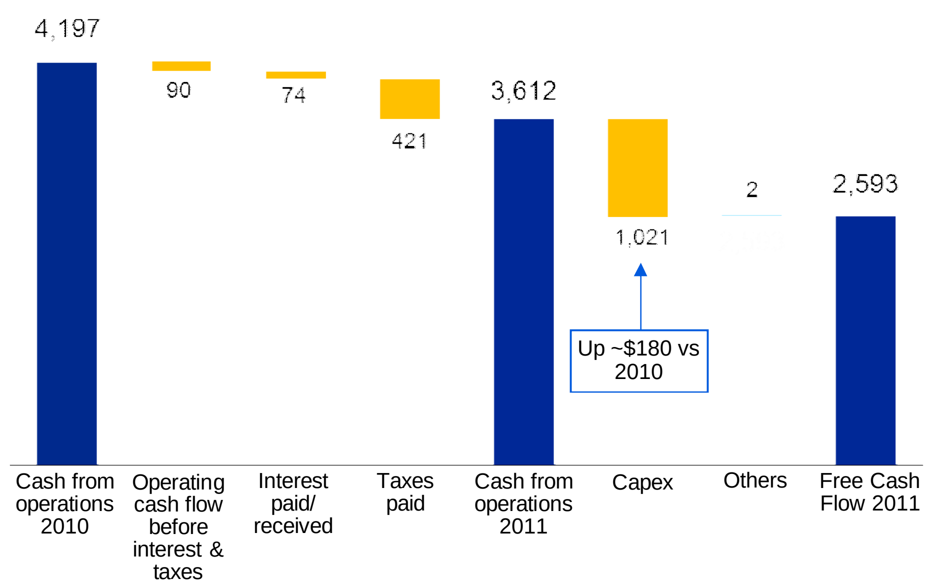
* Others includes forex effects, charges in G&A expenses and commodity price impacts

Net income and cash generation

Reconciliation op. EBITDA to net income Q4 2011
US$ millions

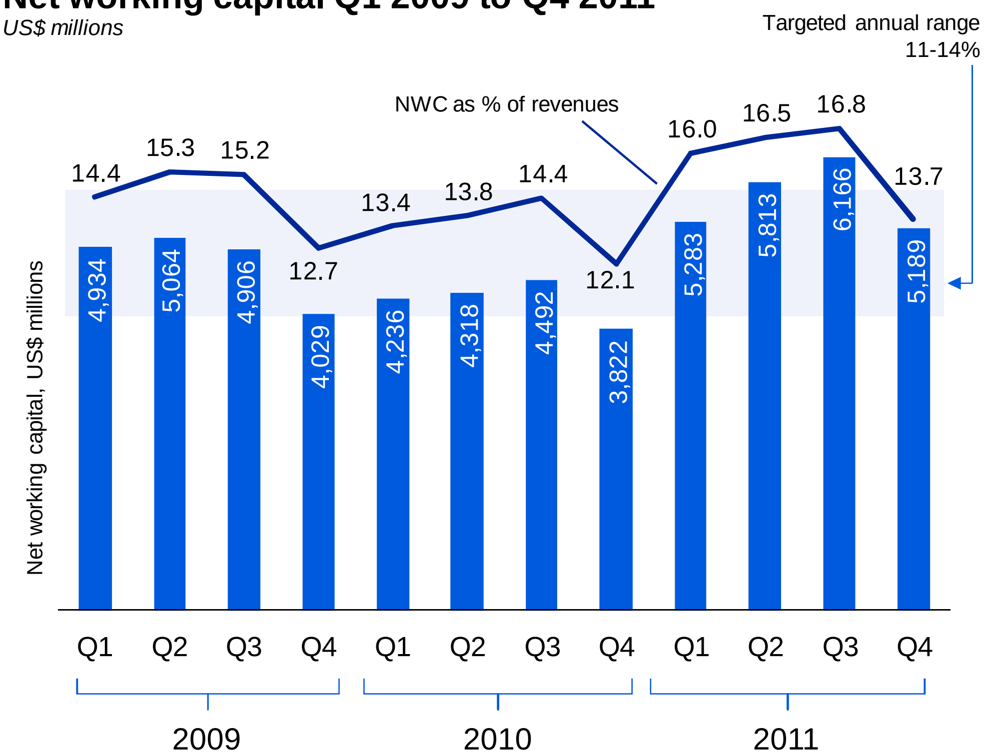


Changes in cash flows 2010-2011
US$ millions

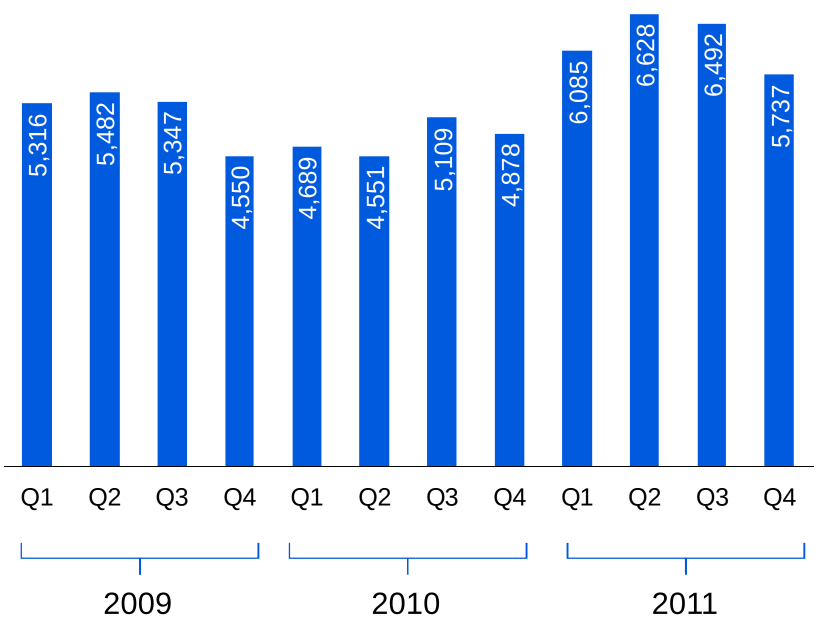


Net working capital reduced by $1 billion in Q4
Strong focus on inventory reduction and collections

Net working capital Q1 2009 to Q4 2011
US$ millions

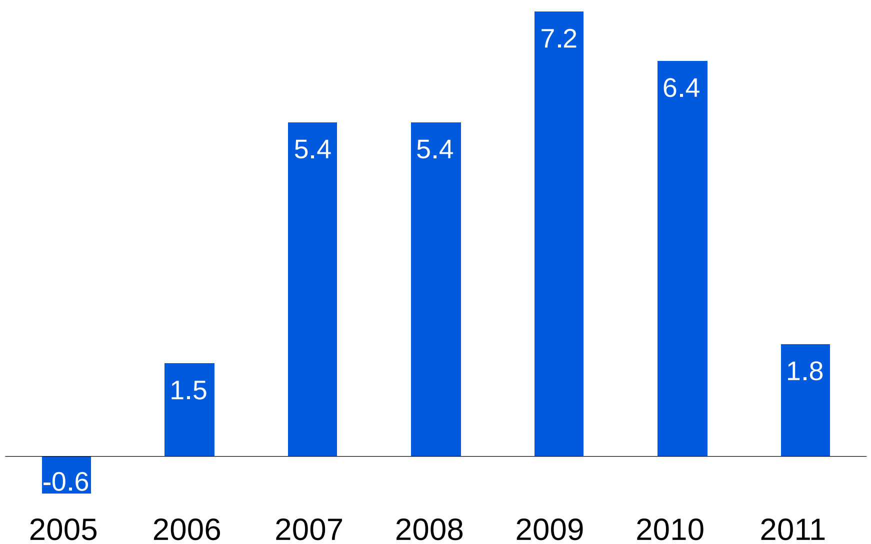


Inventory Q1 2009 to Q4 2011
US$ millions



ABB's balance sheet retains its strong investment grade

Net cash position 2005-2011
US$ billions



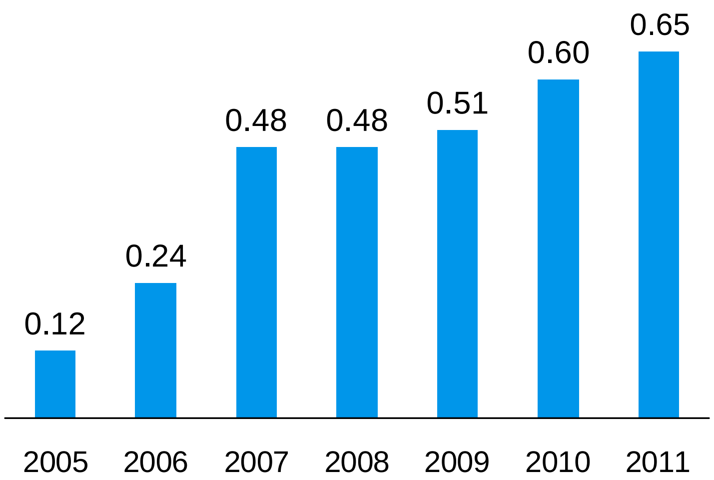
- $1,250 mill in US bonds (5 and 10 year) issued in June 2011
- CHF 850 mill dual tranche (5 and 10 year) bond issue – Swiss bond of the year
- €650 mill bond repaid in November
- Another CHF 350 mill 2018 bond issue in January 2012
- Average debt duration now >5 years
- Pension underfunding at ~$1 bn on declining discount rates, adjusted mortality tables and low—but positive—asset return
- Gearing down from 22% end-Q3 to 20% end-Q4
- Moody's and S&P reaffirmed A/A2 rating with stable outlook after T&B announcement

Increased dividend for 2011: CHF 0.65 per share vs 0.60 in 2010
Equivalent to 47% payout ratio, 3% yield

Dividend policy

A steadily rising, sustainable annual dividend throughout the business cycle

Dividend payout 2005-2011
CHF per share



- 8% dividend increase vs 2010
- Shareholders to benefit from higher earnings
- Payment from capital contribution reserve retains Swiss tax benefits
- CHF 5.3 bn available for 2011 and future tax-free dividends
- Needs AGM approval, dividend payment early May

Summary and outlook
In a good position for profitable growth in uncertain times

Joe Hogan

Summary of 2011
In a strong position for improved growth and profitability

- Revenue and earnings demonstrated strong execution & portfolio strength
- Strong order backlog $27.5 billion to support 2012 revenues
- Profitability well within target corridor
- Strong execution on cost savings
- Excellent cash generation through the cycle
- Return to M&A with targeted bolt-ons and strong integration focus
- M&A with strong contributions to 2011 results
- Higher dividend shows confidence in the business going forward

Organic growth initiatives boost top line growth
Continued cost-out focus 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

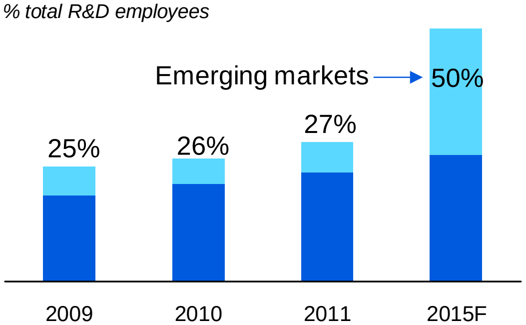
45% Operational Excellence
Quality improvements, on-time delivery

5% Global Footprint
Optimize geographic footprint

Technology to remain a key focus in 2012
Localized R&D to cut time-to-market; new products for new markets

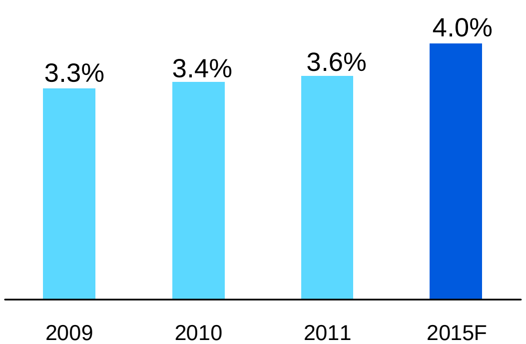
R&D employees in emerging markets

% total R&D employees



- R&D where the customers are: Faster to market, better match to customer needs

Annual R&D spend as % of sales



- Target R&D spend 4% of revenues by 2015—key to sustained competitiveness

Examples of new products launched in 2011

Door entry systems

- Residential/commercial, indoor/outdoor
- Modular design for network configuration

Symphony DCS

- New generation DCS upgrade for installed base
- Widely used in power and water applications

GIS type ELK-14

- Space saver for high-voltage substations
- Highly modular, easy to customize

EV fast-charger

- Operating in Europe & Asia
- Full charge <30 mins.
- Software connectivity to grid

Outlook for 2012
Mixed view short term, ample profitable growth opportunities for FY 2012

Long-term market outlook remains positive

- Continued investments in grid efficiency and industrial productivity

Short-term market view mixed

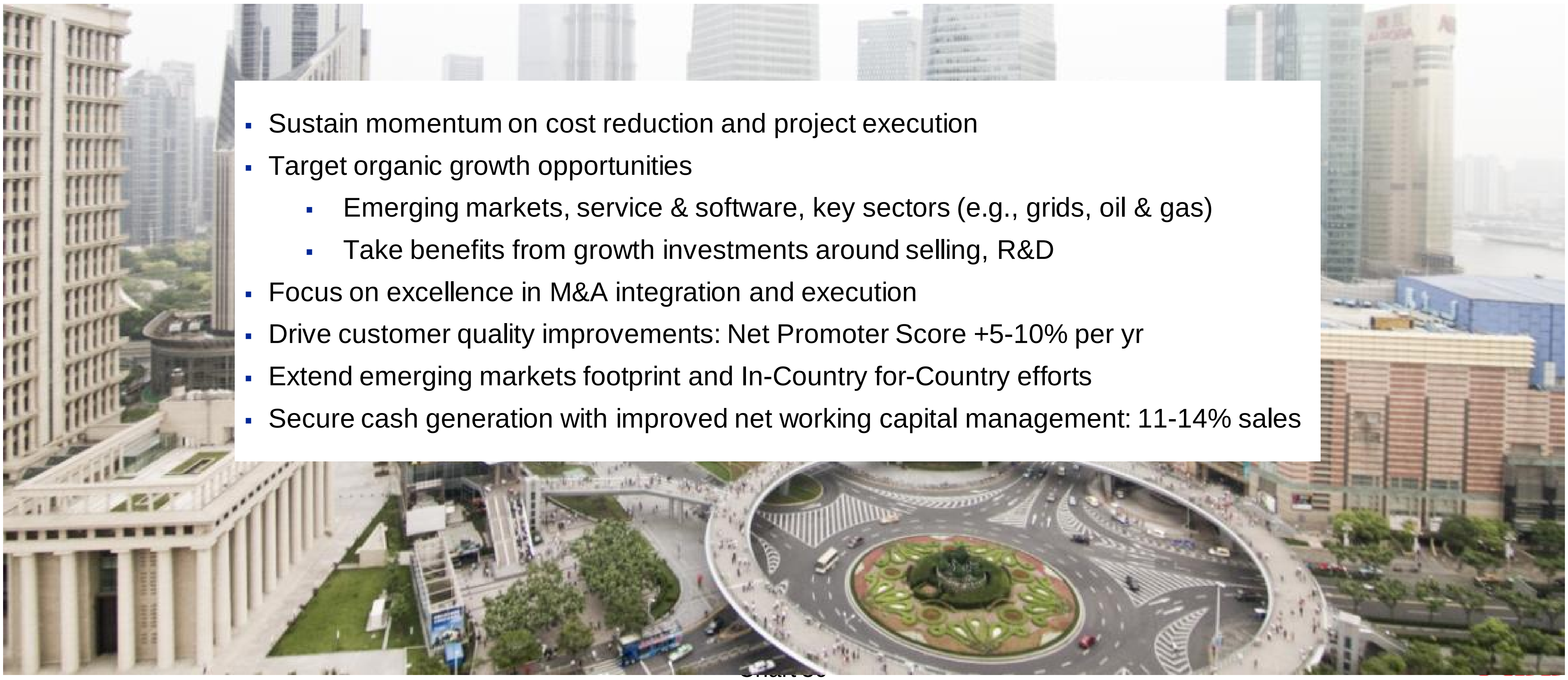
- Uncertainty in Europe, but signs of recovery in NAM, China focus on growth

Management expectations on results

- Early-cycle growth at low single digits
- Price pressure expected to continue in parts of power (as previously guided)
- Business mix expected to weigh on Q1 margins
- Management focus on driving cost and productivity improvements to continue
- Backlog, power distribution, oil & gas, emerging markets support profitable growth in 2012

Driving the business for both cost and growth

Management priorities for 2012
Managing for both cost and growth

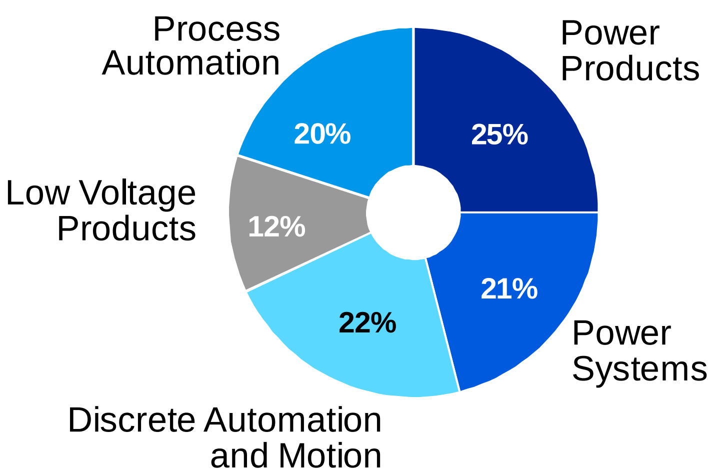


- Sustain momentum on cost reduction and project execution
- Target organic growth opportunities
  - Emerging markets, service & software, key sectors (e.g., grids, oil & gas)
  - Take benefits from growth investments around selling, R&D
- Focus on excellence in M&A integration and execution
- Drive 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

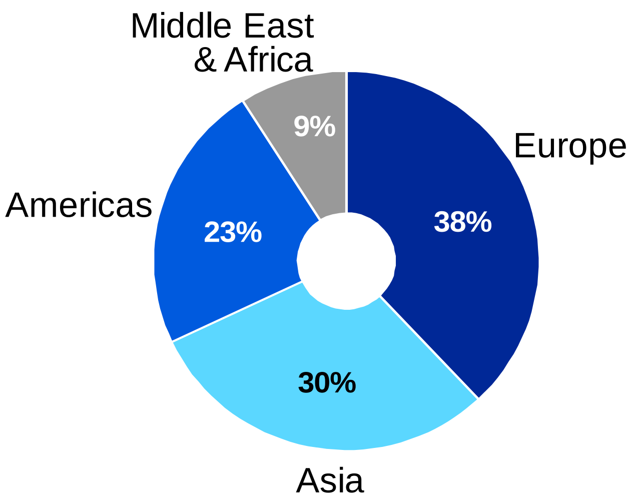
Power and productivity
for a better world™

Balanced business and geographic portfolio

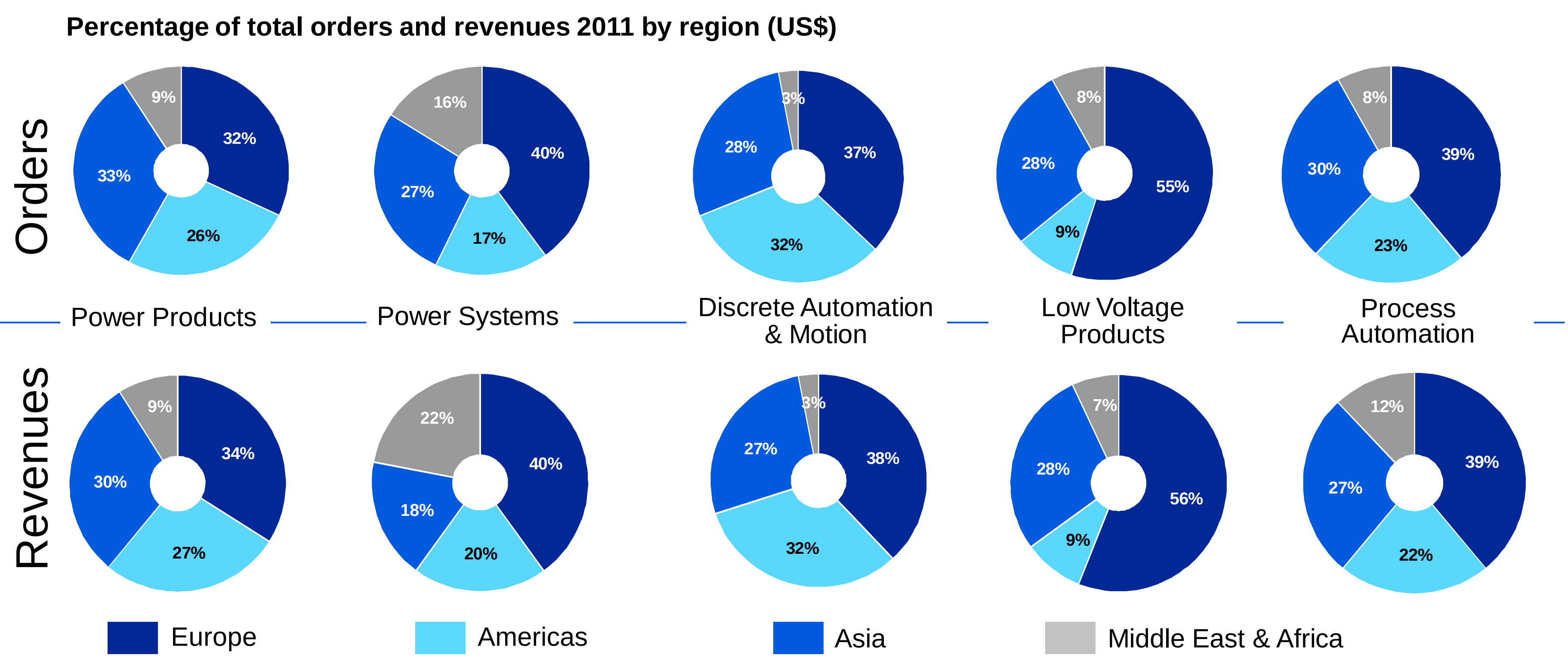
Orders by division
% of total orders 2011 (non-consolidated)



Orders by region
% of total orders 2011

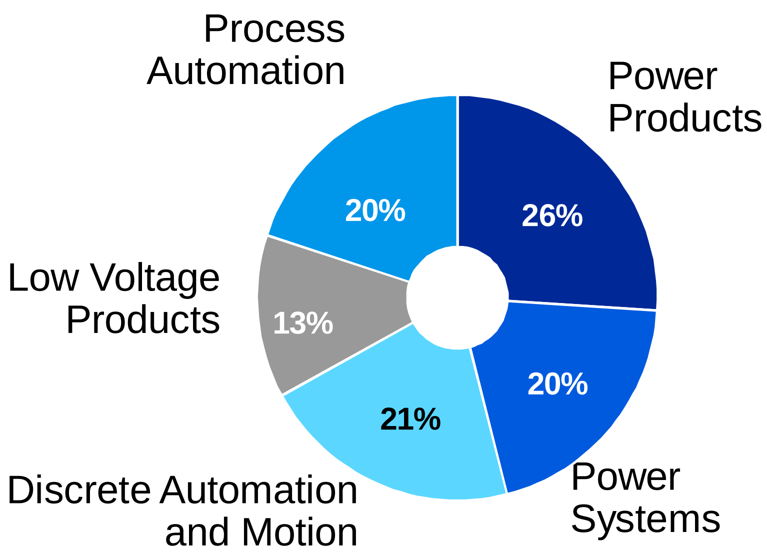


ABB's businesses by division and region

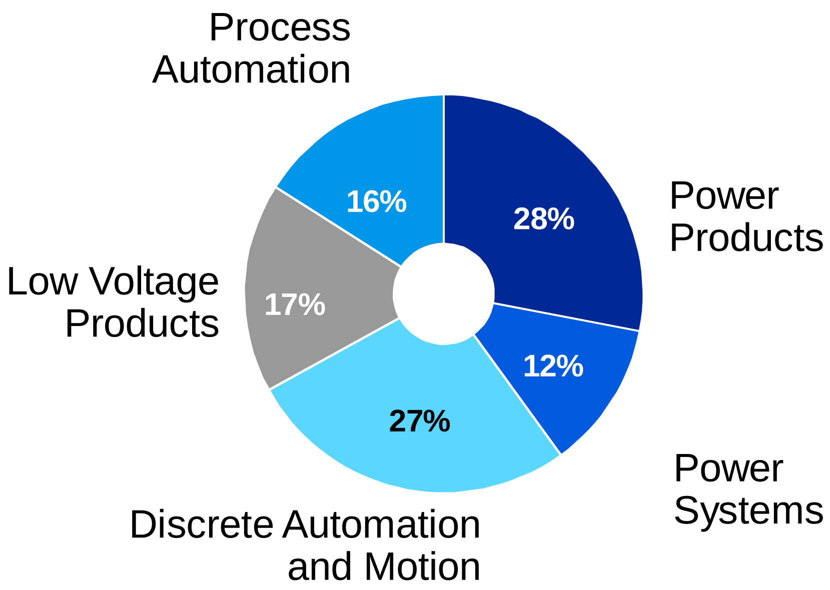


A balanced portfolio of power and automation businesses

2011 revenues by division
Share of total revenues in %, unconsolidated



2011 Operational EBITDA by division
Share of total Operational EBITDA in %, unconsolidated



Power Products
Q4 and full-year 2011 summary

Key data Q4 and full-year 2011

US$ millions unless otherwise stated

	Q4 2011	Q4 2010	Change US$	Change Local	FY 2011	FY 2010	Change US$	Change Local
Orders received	2,738	2,533	*8%*	*8%*	11,068	9,778	*13%*	*8%*
Order backlog (end Dec.)	*8,029*	*7,930*	*1%*	*4%*				
Revenues	3,083	2,913	*6%*	*6%*	10,869	10,199	*7%*	*2%*
EBIT	353	454	*-22%*		1'476	1'636	*-10%*	
as % of revenues	11.4%	15.6%			13.6%	16.0%		
Operational EBITDA	460	527	*-13%*		1'782	1'861	*-4%*	
as % of op. revenues	14.8%	18.0%			16.3%	18.2%		
Cash from operations	548	658	-17%		1'095	1'756	-38%	

- Orders up across all businesses driven primarily by demand from the power distribution and industrial sectors
- Revenue growth across all business units with service revenues growing faster than total revenues
- Lower operational EBITDA and EBITDA margin mainly due to execution of lower margin order backlog; reflects weaker pricing environment in 2010 and 2011 and less favorable product mix
- Partly compensated by savings from ongoing sourcing, operational improvements, footprint initiatives

Power Systems
Q4 and full-year 2011 summary

Key data Q4 and full-year 2011

US$ millions unless otherwise stated	Q4 2011	Q4 2010	Change US$	Change Local	FY 2011	FY 2010	Change US$	Change Local
Orders received	3,130	2,626	*19%*	*21%*	9,278	7,896	*18%*	*12%*
Order backlog (end Dec.)	*11,570*	*10,929*	*6%*	*11%*				
Revenues	2,412	2,088	*16%*	*17%*	8,101	6,786	*19%*	*14%*
EBIT	145	3	*n.a*		548	114	*381%*	
as % of revenues	6.0%	0.1%			6.8%	1.7%		
Operational EBITDA	238	69	*245%*		743	304	*144%*	
as % of op. revenues	9.9%	3.3%			9.1%	4.5%		
Cash from operations	306	512	-40%		288	443	-35%	

- Strong order growth driven by large orders, incl. Ultra High Voltage Direct Current (UHVDC) transmission system in India, cable system order in Sweden combined value more than $1 bn
- Revenues up on execution of a strong order backlog—reached a record at end-2011
- Most of operational EBITDA increase in Q4 2011 reflects favorable comparison vs Q4 2010 when significant project-related charges were incurred in cables business
- Successful claims management in Q4 2011 also contributed to improved earnings

Discrete Automation and Motion
Q4 and full-year 2011 summary

Key data Q4 and full-year 2011

US$ millions unless otherwise stated

			Change				Change	
	Q4 2011	Q4 2010	US$	Local	FY 2011	FY 2010	US$	Local
Orders received	2,230	1,505	*48%*	*49%*	9,566	5,862	*63%*	*57%*
Order backlog (end Dec.)	*4,120*	*3,350*	*23%*	*26%*				
Revenues	2,365	1,657	*43%*	*44%*	8,806	5,617	*57%*	*51%*
EBIT	338	280	*21%*		1'294	911	*42%*	
as % of revenues	14.3%	16.9%			14.7%	16.2%		
Operational EBITDA	411	301	*37%*		1'664	1'026	*62%*	
as % of op. revenues	17.4%	18.2%			18.9%	18.3%		
Cash from operations	410	204	101%		1'086	573	90%	

- Orders continued to grow for all businesses, but slower than in the previous three quarters
- Organic order growth amounted to 11 percent in local currencies
- Revenue growth reflects execution of the strong order backlog
- Operational EBITDA increased on higher revenues and the contribution from Baldor
- Operational EBITDA margin declined compared to Q4 2010 on unfavorable product/business mix, higher investments in business development, sales and R&D

Low-Voltage Products
Q4 and full-year 2011 summary

Key data Q4 and full-year 2011

US$ millions unless otherwise stated	Q4 2011	Q4 2010	Change US$	Change Local	FY 2011	FY 2010	Change US$	Change Local
Orders received	1,204	1,142	*5%*	*6%*	5,364	4,686	*14%*	*9%*
Order backlog (end Dec.)	*887*	*838*	*6%*	*9%*				
Revenues	1,348	1,254	*7%*	*7%*	5,304	4,554	*16%*	*11%*
EBIT	209	200	*5%*		904	788	*15%*	
as % of revenues	15.5%	15.9%			17.0%	17.3%		
Operational EBITDA	256	252	*2%*		1'059	926	*14%*	
as % of op. revenues	19.0%	20.1%			19.9%	20.3%		
Cash from operations	312	280	11%		548	717	-11%	

- Orders growth rate reflects generally weaker early-cycle demand in most markets
- Revenue growth outpaced orders on execution of strong order backlog in low voltage systems
- Higher revenues drove the increase in operational EBITDA, supported by price increases earlier in the year to offset rising raw material costs
- Higher share of systems revenues during the quarter resulted in a decline in operational EBITDA margin

Process Automation
Q4 and full-year 2011 summary

Key data Q4 and full-year 2011

US$ millions unless otherwise stated	Q4 2011	Q4 2010	Change US$	Change Local	FY 2011	FY 2010	Change US$	Change Local
Orders received	1,881	1,764	*7%*	*7%*	8,726	7,383	*18%*	*12%*
Order backlog (end Dec.)	*5,771*	*5,530*	*4%*	*8%*				
Revenues	2,317	2,101	*10%*	*10%*	8,300	7,432	*12%*	*6%*
EBIT	243	198	*23%*		963	759	*27%*	
as % of revenues	10.5%	9.4%			11.6%	10.2%		
Operational EBITDA	272	293	*-7%*		1'028	925	*11%*	
as % of op. revenues	11.8%	13.8%			12.4%	12.5%		
Cash from operations	416	222	87%		904	738	22%	

- Orders driven mainly by oil & gas; base order growth led by measurement products, large orders flat
- Revenues driven by execution of strong order backlog
- Operational EBITDA and EBITDA margin reflects higher share of system orders executed out of backlog, higher R&D and impact of strong Swiss Franc on turbocharging

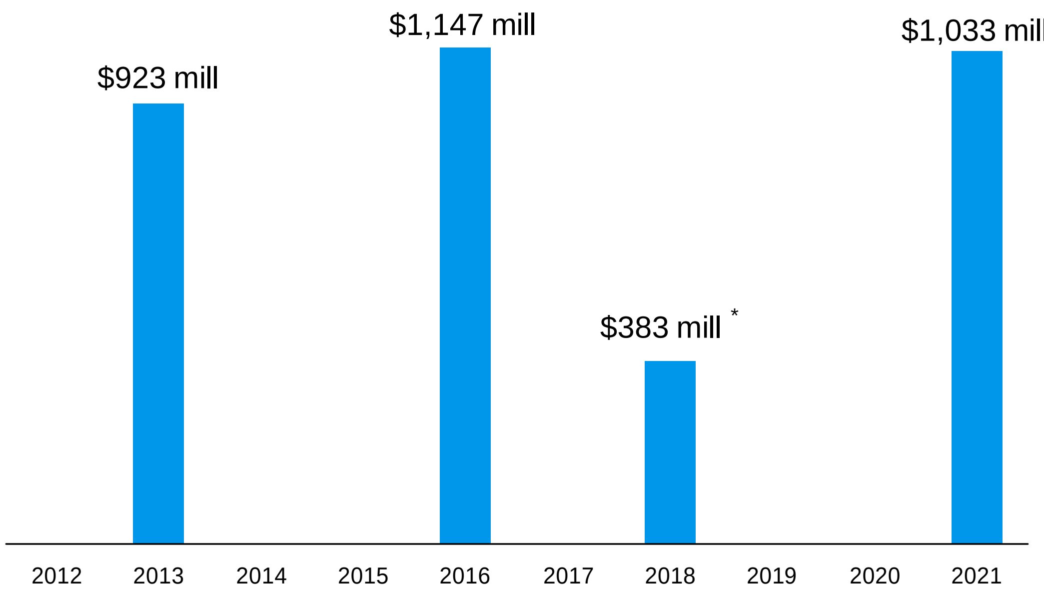
Below the EBIT line

	Q4 2011	Q4 2010
EBIT	1,123	978
Finance net	(10)	(10)
Provision for taxes	(247)	(228)
Income from continuing operations	866	740
Discontinued operations	8	13
Non-controlling interests	(44)	(53)
Net income	**830**	**700**

- Tax rate in Q4 at 22 percent vs. at 24 percent in Q4 2010

Maturity profile of debt securities
Total debt securities of approx. $3.5 billion as of January 31, 2012

Principal outstanding at January 31, 2012



Based on January 31, 2012 FX rates

*CHF 350 million issued in January 2012

Summary of operational EBIT and EBITDA by division
Q4 2011 vs Q4 2010

Operational EBIT and Operational EBITDA Q4 2011 vs Q4 2010

	ABB		Power Products		Power Systems		Discrete Automation & Motion		Low Voltage Products		Process Automation	
	Q4 11	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**	**Q4 11**	**Q4 10**
Revenues (as per Financial Statements)	**10,571**	**9,179**	**3,083**	**2,913**	**2,412**	**2,088**	**2,365**	**1,657**	**1,348**	**1,254**	**2,317**	**2,101**
FX/commodity timing differences in Revenues	(2)	32	19	10	(12)	5	1	(6)	2	(1)	(9)	24
Operational revenues	**10,569**	**9,211**	**3,102**	**2,923**	**2,400**	**2,093**	**2,366**	**1,651**	**1,350**	**1,253**	**2,308**	**2,125**
EBIT (as per Financial Statements)	**1,123**	**978**	**353**	**454**	**145**	**3**	**338**	**280**	**209**	**200**	**243**	**198**
FX/commodity timing differences in EBIT	53	35	10	0	15	15	8	(11)	(1)	(4)	2	46
Restructuring-related costs	107	116	44	23	33	23	1	10	19	29	7	29
Acquisition-related expenses and certain non-recurring items	20	0	0	0	0	0	3	0	0	0	0	0
Operational EBIT	**1,303**	**1,129**	**407**	**477**	**193**	**41**	**350**	**279**	**227**	**225**	**252**	**273**
Operational EBIT margin	**12.3%**	**12.3%**	**13.1%**	**16.3%**	**8.0%**	**2.0%**	**14.8%**	**16.9%**	**16.8%**	**18.0%**	**10.9%**	**12.8%**
Depreciation (reversal of)	174	145	43	43	21	12	32	19	27	26	15	15
Amortization (reversal of)	91	50	10	7	24	16	29	3	2	1	5	5
Operational EBITDA	**1,568**	**1,324**	**460**	**527**	**238**	**69**	**411**	**301**	**256**	**252**	**272**	**293**
Operational EBITDA margin	**14.8%**	**14.4%**	**14.8%**	**18.0%**	**9.9%**	**3.3%**	**17.4%**	**18.2%**	**19.0%**	**20.1%**	**11.8%**	**13.8%**

Reconciliation of non-GAAP measures ($ in millions)

EBIT Margin	Three months ended Dec. 31,		Year ended Dec. 31,	
(= EBIT as % of revenues)	**2011**	**2010**	**2011**	**2010**
Earnings before interest and taxes (EBIT)	1,123	978	4,667	3,818
Revenues	10,571	9,179	37,990	31,589
EBIT Margin	**10.6%**	**10.7%**	**12.3%**	**12.1%**
EBIT as per financial statements	**1,123**	**978**	**4,667**	**3,818**
reversal of:				
Unrealized gains and losses on derivatives (FX, commodities, embedded derivatives)	44	26	158	3
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	21	(2)	32	9
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(12)	11	(109)	79
Restructuring and restructuring-related expenses	107	116	164	213
Acquisition-related expenses and certain non-recurring items	20	-	122 [1]	-
Operational EBIT	**1,303**	**1,129**	**5,034**	**4,122**
reversal of:				
Depreciation	174	145	660	545
Amortization	91	50	335	157
Backlog amortization related to significant acquisitions			(15)	
Operational EBITDA	**1,568**	**1,324**	**6,014**	**4,824**
Revenues as per financial statements	**10,571**	**9,179**	**37,990**	**31,589**
reversal of:				
Unrealized gains and losses on derivatives	(34)	17	188	(80)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	28	(21)	33	(28)
Unrealized foreign exchange movements on receivables (and related assets)	4	36	(123)	100
Operational Revenues	**10,569**	**9,211**	**38,088**	**31,581**
Operational EBITDA Margin (= Operational EBITDA as % of Operational Revenues)	**14.8%**	**14.4%**	**15.8%**	**15.3%**

[1] includes $15 million backlog amortization related to Baldor

Net Cash	Year ended Dec. 31,	
(= Cash and equivalents plus marketable securities and short-term investments, less total debt)	**2011**	**2010**
Cash and equivalents	4,819	5,897
Marketable securities and short-term investments	948	2,713
Cash and marketable securities	**5,767**	**8,610**
Short-term debt and current maturities of long-term debt	765	1,043
Long-term debt	3,231	1,139
Total debt	**3,996**	**2,182**
Net Cash	**1,771**	**6,428**

Free Cash Flow	Year ended Dec. 31,	
(= Net cash provided by operating activities adjusted for i) changes in financing receivables and ii) purchases of property, plant and equipment and intangible assets and iii) proceeds from sales of property, plant and equipment)	**2011**	**2010**
Net cash provided by operating activites	**3,612**	**4,197**
adjusted for the effects of:		
Changes in financing receivables	(55)	(7)
Purchases of property, plant and equipment and intangible assets	(1,021)	(840)
Proceeds from sales of property, plant and equipment	57	47
Free Cash Flow	**2,593**	**3,397**
Net Income attributable to ABB	3,168	2,561
Free Cash Flow as % of Net Income	**82%**	**133%**

Reconciliation of non-GAAP measures ($ in millions)

Cash Return on Capital Invested (CROI)	**Year ended Dec. 31,**	
CROI = (Net cash provided by operating activities + Interest Paid) / Capital Invested	**2011**	**2010**
Net cash provided by operating activities	**3,612**	**4,197**
Interest paid	165	94
Adjustment to annualize Baldor's net cash provided by operating activities	27	-
Adjusted Cash Return	**3,804**	**4,291**
Capital Invested		
Capital Invested = Fixed Assets + Net Working Capital + Accumulated Depreciation and Amortization		
Property, plant and equipment, net	4,922	4,356
Goodwill	7,269	4,085
Other intangible assets, net	2,253	701
Investments in equity-accounted companies	156	19
Total Fixed Assets	**14,600**	**9,161**
Receivables, net	10,773	9,970
Inventories, net	5,737	4,878
Prepaid expenses	227	193
Accounts payable, trade	(4,789)	(4,555)
Billings in excess of sales	(1,819)	(1,730)
Employee and other payables	(1,361)	(1,526)
Advances from customers	(1,757)	(1,764)
Accrued expenses	(1,822)	(1,644)
Net Working Capital	**5,189**	**3,822**
Accumulated depreciation of property plant and equipment	6,121	5,902
Accumulated amortization of intangible assets including goodwill [1]	1,900	1,689
Accumulated Depreciation and Amortization	**8,021**	**7,591**
Capital Invested	**27,810**	**20,574**
CROI	**14%**	**21%**

[1] Includes accumulated goodwill amortization up to Dec. 31, 2001. Thereafter goodwill is not amortized (under U.S. GAAP) but subject to annual testing for impairment.

Overview of 2011-2015 divisional targets

Target revenue growth vs market growth and operational EBITDA margin corridor 2011-15
CAGR = Compound annual growth rate (% change in local currencies), base year 2010

Division	Revenue growth (CAGR)	Operational EBITDA margin corridor
PP	5-7%	14-20%
PS	10-14% (Excl. Ventyx & Mincom 9-13%)	7-11%
DM	12-15% (Excl. Baldor 7-10%)	16-21%
LP	8-11%	16-22%
PA	6-9%	11-15%

Appendix: Definitions

- CROI: Cash return on capital invested, calculated as i) cash provided by operating activities plus interest paid, divided by ii) capital employed plus accumulated amortization and depreciation
- Capital employed: the sum of fixed assets and net working capital
- Cash conversion: Free cash flow as a percentage of net income
- Fixed assets: the sum of property, plant and equipment (net), goodwill, other intangible assets (net) and investments in equity method companies
- Free cash flow (FCF): Net cash provided by operating activities adjusted for i) changes in financing and other non-current receivables; ii) purchases of property, plant and equipment and intangible assets; and iii) proceeds from sales of property, plant and equipment
- Gross gearing: Total debt divided by total debt plus total stockholders' equity (including noncontrolling interests)
- 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 EBIT: Earnings before interest and taxes (EBIT) 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-recurring items.
- Operational EBITDA: Operational EBIT adjusted for depreciation and amortization
- 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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