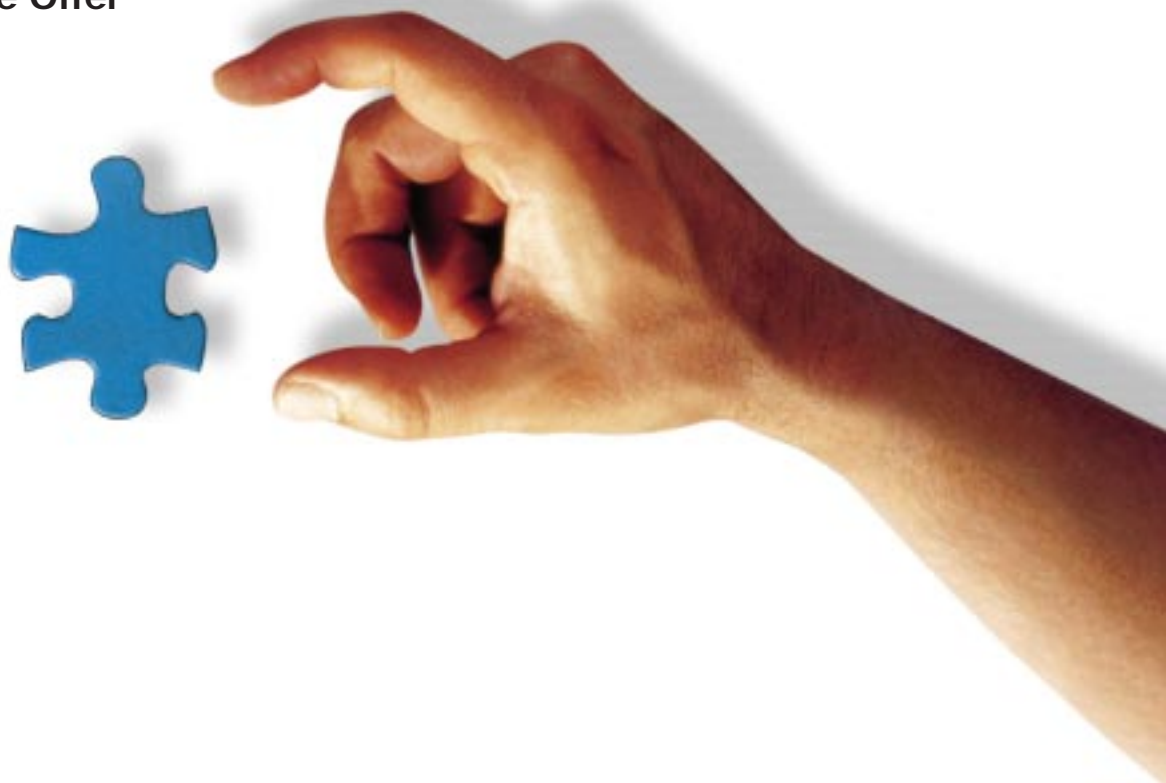


ABB AG Exchange Offer



CREDIT
SUISSE | FIRST
BOSTON

ABB

Public Exchange Offer

of

New ABB Ltd

for all

Registered Shares in ABB AG with a nominal value of CHF 10 each

and all

Bearer Shares in ABB AG with a nominal value of CHF 50 each

Offer Period: March 31 to May 04, 1999, 4 p.m. Central European Time

Exchange Ratio: 1 ABB AG registered share with a nominal value of CHF 10
will be exchanged for
3.242 New ABB Ltd registered shares with a nominal value of CHF 10
each.

1 ABB AG bearer share with a nominal value of CHF 50
will be exchanged for
16.210 New ABB Ltd registered shares with a nominal value of CHF 10
each.

Offeror: The offeror for all issued and outstanding shares of ABB AB and ABB AG
has been incorporated under the name "New ABB Ltd", but will change
its name to "ABB Ltd" following the Exchange Offer consummation. For
simplification, the offeror in this Exchange Offer Prospectus will be called
"New ABB Ltd".

CREDIT SUISSE FIRST BOSTON

	Registered shares		Bearer shares	
	Security number	ISIN	Security number	ISIN
New ABB Ltd	384 662	CH 000 384 662 0	—	—
New ABB Ltd (fractions)	384 672	CH 000 384 672 9	—	—
ABB AG shares not notified for exchange	625 431	CH 000 625 431 9	625 432	CH 000 625 432 7
ABB AG shares notified for exchange (2 nd line)	384 598	CH 000 384 598 6	384 583	CH 000 384 583 8

United States of America Sales Restriction

The public exchange offer referred to in this document is not being made, directly or indirectly, in or into the United States, and neither this Exchange Offer Prospectus nor the accompanying form of Declaration of Acceptance and Assignment are being or may be mailed or otherwise forwarded, distributed or sent in, into or from the United States. The shares of New ABB Ltd to be issued pursuant to the public exchange offer have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") or under any relevant securities laws of any state of the United States. Accordingly, the shares of New ABB Ltd may not be offered, sold or delivered, directly or indirectly, in or into the United States or to or for the account or benefit of any U.S. person except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and otherwise in accordance with all applicable legislation.

Except in limited circumstances the exchange offer may be accepted only outside the United States.

United Kingdom

This Exchange Offer Prospectus also comprises part of the listing particulars prepared for the purpose of the application to admit the shares of New ABB Ltd to the Official List of the London Stock Exchange Limited. A copy of those listing particulars has been delivered to the Registrar of Companies in England and Wales in accordance with Section 149 of the Financial Services Act 1986.

Other Jurisdictions

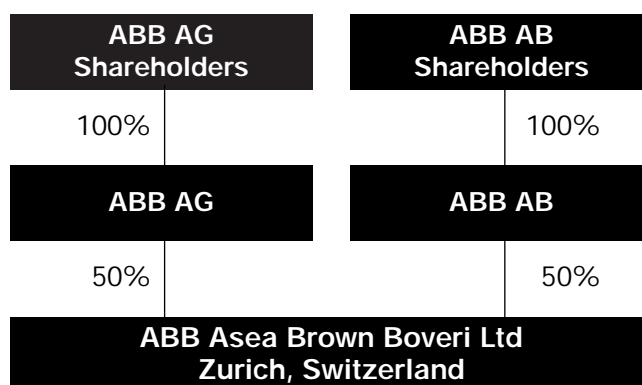
This Exchange Offer Prospectus may not be issued or distributed or passed on to a person resident in a country or jurisdiction where such issuance, publication or distribution would be considered unlawful.

In the case of inconsistencies between the English original and the German and French translation thereof, the English version shall prevail.

A. New ABB Ltd: The Exchange Offer in the context of the planned structure

The Boards of Directors of ABB Asea Brown Boveri Ltd of Switzerland, ABB AB of Sweden and ABB AG of Switzerland announced on February 4, 1999, that they had unanimously approved a plan to create a unified, single-class ABB share. The new single-class share will replace the current four classes of shares of ABB AB and ABB AG, all of which have different voting rights, with a "one share, one vote" structure.

The ABB Group was formed on January 5, 1988 as a result of the merger between Sweden's Asea AB and Switzerland's BBC Brown Boveri AG. The merger was achieved through a twin-headed structure: ABB AB (former Asea AB) and ABB AG (former BBC Brown Boveri AG) each hold 50 percent of ABB Asea Brown Boveri Ltd, Zurich (Switzerland), the parent company of the ABB Group. The twin parent companies hold no significant assets, and receive no significant income, other than from their respective 50 percent share in the ABB Group's income and equity.



Currently, ABB AB and ABB AG together have four classes of shares issued:

	Nominal Value	Votes per Share	Shares Outstanding
ABB AB Series A	SEK 5	1	668,197,570
ABB AB Series B	SEK 5	0.1	269,715,450
ABB AG registered	CHF 10	1	5,470,750
ABB AG bearer	CHF 50	1	8,159,470

ABB AB has no restriction as to share ownership. The ABB AG registered shares are currently subject to a limitation on their voting rights set forth in the Articles of Incorporation.

Following implementation of the single-class share structure, a new entity "New ABB Ltd" will be the parent company for all activities of the ABB Group, and will thus "de facto" replace the current holding companies ABB AB and ABB AG:



*Assumes full acceptance of the Exchange Offers

Each of ABB AB and ABB AG currently holding 50 percent of the share capital of ABB Asea Brown Boveri Ltd will be placed under the common ownership of New ABB Ltd which in turn will be owned by the former shareholders of ABB AB and ABB AG in identical proportions as follows:

Current ABB AG and ABB AB Share Classes	Current ABB AG and ABB AB Shares outstanding	Exchange Ratio (Number of New ABB Ltd shares issued per tendered Share)	Corresponding Number of New ABB Ltd Shares *	Percent of Share Capital and Votes *
ABB AB Series A	668,197,570	0.1599308	106,865,372	35.6
ABB AB Series B	269,715,450	0.1599308	43,135,807	14.4
<i>Subtotal</i>			<u>150,001,179</u>	<u>50.0</u>
ABB AG registered	5,470,750	3.242	17,736,171	5.9
ABB AG bearer	8,159,470	16.210	132,265,008	44.1
<i>Subtotal</i>			<u>150,001,179</u>	<u>50.0</u>
Total			<u>300,002,358</u>	<u>100.0</u>

* Assumes full acceptance of the Exchange Offers

To implement the new structure, New ABB Ltd will launch Exchange Offers for all issued and outstanding shares of ABB AB and ABB AG, respectively. At their respective Annual General Meetings held on March 18, 1999, the shareholders of ABB AB and ABB AG showed their support to the creation of this single-class share structure.

As part of the plan to create a single-class share structure New ABB Ltd and ABB AB intend to establish a Dividend Access Facility for shareholders with tax residence in Sweden. This Dividend Access Facility is designed to enable these shareholders to receive dividends in SEK from ABB AB (to be called ABB Participation AB after completion of the Exchange Offers) without deduction of Swiss withholding tax. Implementation of the program is subject to a positive outcome of the appeal proceedings pending before the Swedish Supreme Administrative Court.

Application will be made to list the shares of New ABB Ltd on the Swiss Exchange SWX, on the Stockholm Stock Exchange, on the Frankfurt Stock Exchange and on the London Stock Exchange.

In addition to the above, the shareholders of ABB AB and ABB AG also approved at their respective Annual General Meetings a name change (conditional on the consummation of the Exchange Offers). The new parent company of the ABB Group, referred to as "New ABB Ltd" in this Exchange Offer Prospectus, will change its name into "ABB Ltd" (ABB AG) (ABB SA) following the consummation of the Exchange Offers. To enable the new holding company to bear the name "ABB Ltd", the shareholders of the present ABB AG therefore approved a name change of the present ABB AG into "ABB Participation AG". Likewise, the shareholders of ABB AB approved a name change of ABB AB into "ABB Participation AB".

Finally, the shareholders of ABB AG approved a special dividend in the amount of approximately CHF 278 million, or CHF 30 (gross) per bearer share and CHF 6 (gross) per registered share. This special dividend serves to equalize the differing net cash positions of ABB AG and ABB AB and will be paid once the Exchange Offers have become unconditional.

B. Exchange offer

1. Offer

The Exchange Offer of New ABB Ltd extends to all 5,470,750 ABB AG registered shares and all 8,159,470 ABB AG bearer shares.

2. Exchange Ratio

1 ABB AG registered share with a nominal value of CHF 10

will be exchanged free of charge (shares held in a safekeeping account at banks in Switzerland) for

3.242 New ABB Ltd registered shares with a nominal value of CHF 10 each.

1 ABB AG bearer share with a nominal value of CHF 50

will be exchanged free of charge (shares held in a safekeeping account at banks in Switzerland) for

16.210 New ABB Ltd registered shares with a nominal value of CHF 10 each.

New ABB Ltd has submitted an application to the Swiss Exchange SWX for the listing of its registered shares no later than the first trading day following the entry of New ABB Ltd's capital increase in the Commercial Register.

The Board of Directors of ABB AG reserves the right to apply for the delisting of the ABB AG registered and bearer shares once the Exchange Offer has been completed.

The price trend of ABB AG registered and bearer shares on the Swiss Exchange is as follows (in CHF, adjusted in line with the changes in capital):

ABB AG registered shares	1994	1995	1996	1997	1998	1999*
High	244	264	323	485	523	392
Low	186	195	255	313	250	295
ABB AG bearer shares	1994	1995	1996	1997	1998	1999 *
High	1,305	1,368	1,634	2,427	2,575	1,959
Low	993	1,000	1,311	1,610	1,230	1,481

Closing price on March 24, 1999:

*01.01. – 24.03.1999

CHF 384 for registered shares and CHF 1,919 for bearer shares

Source: Datastream

3. Offer Period

The Exchange Offer will be valid from **March 31 to May 04, 1999, 4 p.m. Central European Time.**

The Board of Directors of New ABB Ltd reserves the right to extend the offer period one or more times. The extension of the offer period by more than forty trading days requires the prior consent of the Takeover Board.

4. Additional Acceptance Period

The offer period will be extended by ten trading days.

5. Procedure

The exchange of ABB AG registered and bearer shares for New ABB Ltd registered shares will be completed after all the conditions have been fulfilled or waived. Section 6 below is reserved.

6. Conditions/ Right of Withdrawal

The Exchange Offer is conditional on the following:

- a) Within the offer period, New ABB Ltd will be offered shares representing more than 90 percent of the voting rights and more than 90 percent of the share capital of ABB AG, including those held by ABB AG.

Condition (a) constitutes a condition precedent as defined by Art. 13 para. 1 of the Ordinance of the Takeover Board on Public Takeover Offers (hereinafter referred to as "O-TB").

- b) Within the (possibly extended) offer period of the Exchange Offer to ABB AB shareholders to exchange their shares in New ABB Ltd shares, New ABB Ltd will be offered shares representing more than 90 percent of the votes and share capital of ABB AB.
- c) The responsible Swiss and foreign antitrust authorities (among others the Swiss Cartel Commission, the Commission of the European Community, the Federal Trade Commission) all having issued the required authorization and/or clearance certificates for the completion of the new structure, or all waiting periods under applicable antitrust laws having lapsed without any action having been taken by any such authority.
- d) The ABB AG Exchange Offer in the opinion of New ABB Ltd, prior to the announcement that the ABB AG Exchange Offer will be implemented, is not rendered partly or wholly impossible or significantly impeded as the result of legislation, a court decision, action of a public authority or a comparable circumstance in Switzerland, Sweden or in any other country that has occurred or is expected to occur or by any other circumstance beyond the control of New ABB Ltd.

Until expiry of the (possibly extended) offer period, conditions (b), (c) and (d) will constitute conditions precedent according to Art. 13 para. 1 O-TB. Following the expiry of the (possibly extended) offer period, conditions (b), (c) and (d) will constitute conditions subsequent according to Art. 13 para. 4 O-TB.

Should the conditions mentioned under (a), (b), (c) or (d) not have been fulfilled by the end of the (possibly extended) offer period or have not been waived with effect for this Exchange Offer, the Board of Directors of New ABB Ltd is entitled to:

- (i) declare that the Exchange Offer has been successful but postpone the implementation of the Exchange Offer; or
- (ii) extend the offer period for a specified period; the Board of Directors must consult with the Takeover Board if the offer period should exceed forty trading days; or
- (iii) declare that the Exchange Offer has failed.

Finally, the Exchange Offer will lapse if conditions (b), (c) and (d) have not been fulfilled by November 30, 1999 and have not been waived with effect for this Exchange Offer.

ABB AG shareholders who have notified their shares for exchange into New ABB Ltd shares may not withdraw their acceptances unless the Exchange Offer is prohibited by a competent court or administrative agency, or unless a competing offer is made.

7. Entry in the Share Register of New ABB Ltd

ABB AG shareholders who are registered in the share register of ABB AG at the time of the exchange process will automatically be entered as shareholders with voting rights in the share register of New ABB Ltd. It will not be necessary to submit an application for entry. Where shareholders are entered without voting rights in respect of that part of their shareholding, which exceeds 8.7 percent of total registered shares issued according to Art. 6, clause 3 of the Articles of Incorporation of ABB AG, that part will henceforth be entered in the share register of New ABB Ltd as shares with voting rights. The currently applic-

able 8.7 percent restriction on voting rights of ABB AG shareholders has not been incorporated in the Articles of Incorporation of New ABB Ltd.

Art. 5 of the Articles of Incorporation of New ABB Ltd provides, however, that holders of registered shares may be registered as shareholders without voting rights if, upon request of the company, they do not expressly declare that the shares were purchased for their own account. Furthermore, Art. 5 of the Articles of Incorporation of New ABB Ltd provides that persons who fail to expressly declare in their registration applications that they hold the shares for their own account ("Nominees") shall be registered as shareholders with voting rights only if the Nominee has entered into an agreement with the Board of Directors concerning his status and is subject to a recognized bank or financial market supervision. Notwithstanding the above, acquirors of registered shares may be registered in the share register with Värdepapperscentralen VPC AB in accordance with applicable Swedish law.

ABB AG bearer shareholders and ABB AG registered shareholders who are not registered in the share register of ABB AG at the time of the exchange process will be entered as shareholders with voting rights in the share register of New ABB Ltd for all their registered shares of New ABB Ltd upon having submitted a duly completed application for entry.

C. Information on the Offeror

1. Information on New ABB Ltd

Name, domicile and duration of the company

(excerpt from Art. 1 and Art. 3 of the Articles of Incorporation)

Under the name New ABB Ltd, New ABB AG, New ABB SA (referred to as New ABB Ltd in this Exchange Offer Prospectus) there exists a corporation with its place of incorporation in Zurich.

The duration of the Company shall be unlimited.

Purpose

(excerpt from Art. 2 of the Articles of Incorporation)

The purpose of New ABB Ltd is to hold interests in business enterprises, particularly in enterprises active in the areas of industry, trade and services.

New ABB Ltd may acquire, encumber, exploit or sell real estate and intellectual property rights in Switzerland and abroad and may also finance other companies.

New ABB Ltd may engage in all types of transactions and may take all measures that appear appropriate to promote, or that are related to, the purpose of New ABB Ltd.

Share capital

(excerpt from Art. 4 of the Articles of Incorporation)

The share capital of New ABB Ltd entered in the Commercial Register of the canton of Zurich currently amounts to CHF 100,000 divided into 10,000 registered shares with a nominal value of CHF 10 each. Once both Exchange Offers to the shareholders of ABB AG and ABB AB have been completed assuming full acceptance of both Exchange Offers, the share capital of New ABB Ltd shall amount to CHF 3,000,023,580 divided into 300,002,358 fully paid registered shares with a nominal value of CHF 10 each. The Articles of Incorporation will also make provision for the following:

Authorized Share Capital

The Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 100,000,000 through the issuance of up to 10,000,000 fully paid registered shares with a nominal value of CHF 10 per share by not more than [2 years following the resolution of the General Meeting of Shareholders]. An increase in partial amounts shall be permitted.

The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the restrictions of Art. 5 of the Articles of Incorporation.

The Board of Directors may issue new shares by means of a firm underwriting through a banking institution or syndicate and a subsequent offer of these shares to the current shareholders. The Board of Directors may permit pre-emptive rights that have not been exercised to expire or it may place these rights and/or shares as to which pre-emptive rights have been granted but not exercised, at market conditions.

The Board of Directors is further authorized to restrict or deny the pre-emptive rights of shareholders and allocate such rights to third parties if the shares are to be used:

- a) for the acquisition of an enterprise, parts of an enterprise or participations, or in case of a share placement, for the financing of such transactions; or
- b) for the purpose of broadening the shareholder constituency in connection with a listing of shares on domestic or foreign stock exchanges.

Furthermore, the Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 300,002,360 through the issuance of up to 30,000,236 fully paid registered shares with a nominal value of CHF 10 per share by not more than [2 years following the resolution of the General Meeting of Shareholders]. An increase in partial amounts shall be permitted. The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the restrictions of Art. 5 of the Articles of Incorporation. The pre-emptive rights of shareholders shall be revoked with respect to shares issued pursuant to this paragraph. The issued shares may only be used as consideration for, or in connection with the financing of, the purchase of shares of former ABB AG, in Baden and ABB AB, in Västerås, in case not all of the shares are exchanged within the scope of the Exchange Offers of New ABB Ltd for the shares of former ABB AG and ABB AB.

Contingent Share Capital

The share capital may be increased in an amount not to exceed CHF 100,000,000 by the issuance of up to 10,000,000 fully paid registered shares with a nominal value of CHF 10 per share through the exercise of conversion rights and/or warrants granted in connection with the issuance on national or international capital markets of bonds or similar debt instruments by New ABB Ltd or one of its group companies and/or through the exercise of warrant rights granted to the shareholders. The pre-emptive rights of the shareholders shall be excluded in connection with the issuance of convertible or warrant-bearing bonds or similar debt instruments. The then current owners of conversion rights and/or warrants shall be entitled to subscribe for the new shares.

The acquisition of shares through the exercise of conversion rights and/or warrants and each subsequent transfer of the shares shall be subject to the restrictions of Art. 5 of the Articles of Incorporation.

In connection with the issue of convertible or warrant-bearing bonds or similar debt instruments, the Board of Directors shall be authorized to restrict or deny the advance subscription rights of shareholders if such debt issues are for the purpose of financing the acquisition of an enterprise, parts of an enterprise, or participations.

The share capital may be increased in an amount not to exceed CHF 100,000,000 through the issuance of up to 10,000,000 fully paid registered shares with a nominal value of CHF 10 per share by the issuance of new shares to employees of New ABB Ltd and group companies. The pre-emptive and advance subscription rights of the shareholders of New ABB Ltd shall thereby be excluded. The shares or rights to subscribe for shares shall be issued to employees pursuant to one or more regulations to be issued by the Board of Directors, taking into account performance, functions, levels of responsibility and profitability criteria.

The acquisition of shares within the context of employee share ownership and each subsequent transfer of the shares shall be subject to the restrictions of Art. 5 of the Articles of Incorporation.

Share Vote, Share Register, Nominees

(excerpt from Art. 5 and Art. 16 of the Articles of Incorporation)

Each New ABB Ltd registered share entitles its holder to one vote. Acquirors of registered shares shall be registered upon request in the share register as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account.

The 8.7 percent entry and voting rights restriction contained in the current Articles of Incorporation of ABB AG has not been incorporated in the Articles of Incorporation of New ABB Ltd.

If persons fail to expressly declare in their registration applications that they hold the shares for their own account (the "Nominees"), the Board of Directors shall enter such persons in the share register with the right to vote, provided the Nominee has entered into an agreement with the Board of Directors concerning his status and is subject to a recognized bank or financial market supervision.

Notwithstanding the above, acquirors of registered shares may be registered in the share register with Värdepapperscentralen VPC AB in accordance with applicable Swedish law.

Share Certificates

(excerpt from of Art. 6 of the Articles of Incorporation)

The shareholder may at any time request New ABB Ltd to issue a confirmation of the number of registered shares held by such shareholder. The shareholder is not entitled, however, to request the printing and delivery of certificates for registered shares. New ABB Ltd may, on the other hand, at any time print and deliver certificates for registered shares, and may, with the consent of the shareholder destroy issued certificates that are delivered to it, without replacement.

Activity

ABB is a global engineering and technology group serving customers in electric power generation, transmission and distribution; automation; oil, gas and petrochemicals; industrial products and contracting; and financial services.

The ABB Group employs some 200,000 people in more than 100 countries around the world. In 1998, the ABB Group reported orders worth over USD 30 billion, operating earnings (after depreciation) of more than USD 2.1 billion and net income after taxes and minority interests of over USD 1.3 billion.

The ABB Group has a total of about 1,000 companies around the world, divided into six industrial business segments and financial services, which together cover 33 business areas. Each business area has global responsibility for its business strategies, manufacturing operations and product development within its technology areas.

Board of Directors of New ABB Ltd

The Board of Directors of the new listed single parent company retains overall corporate responsibility for the ABB Group and shall consist of no less than 7 and no more than 13 members. The following individuals are nominated for election to the Board of Directors (Name, Nationality):

Percy Barnevik, Swedish
Gerhard Cromme, German
Jürgen Dormann, German
Martin Ebner, Swiss
Robert Jeker, Swiss
Yotaro Kobayashi, Japanese
Göran Lindahl, Swedish
Agostino Rocca, Italian
Donald Rumsfeld, United States
Edwin Somm, Swiss
Peter Sutherland, Irish
Jacob Wallenberg, Swedish

The proposed Board of Directors intends to elect Mr. Percy Barnevik as Chairman and Mr. Robert Jeker as Vice Chairman of New ABB Ltd. The term of office of the members of the Board of Directors shall be one year. Members of the Board of Directors whose term of office have expired shall be immediately eligible for re-election.

Management of the ABB Group

The Group Executive Management of the ABB Group consists of the following individuals:

Göran Lindahl, President and Chief Executive Officer
Renato Fassbind, Chief Financial Officer
Alex Fries, Business Segment Power Generation
Sune Karlsson, Business Segments Power Transmission and Power Distribution
Jörgen Centerman, Business Segment Automation
Gorm Gundersen, Business Segment Oil, Gas and Petrochemicals
Armin Meyer, Business Segment Products and Contracting
Jan Roxendal, Business Segment Financial Services

The ABB Group will keep its current management structure and organization, and the Group's headquarter will remain in Zurich, Switzerland.

Major Shareholders of ABB AG and ABB AB

In present ABB AG, on December 31, 1998 the shareholders known by the company to hold more than 5 percent of the voting rights or capital of ABB AG were:

- Unotec Holding AG, Glarus, together with affiliated companies, held 1,762,065 registered shares, which corresponds to 12.9 percent of total voting rights.
- Stillhalter Vision AG, Wilen, held 1,394,058 registered shares representing 10.2 percent of total voting rights. Of this total only 3.5 percent are recorded in the share register as shares with voting rights, due to the restrictions in the articles of incorporation.

In ABB AB, the majority of non-Swedish owners are registered in the name of nominees; therefore many actual foreign owners are not officially registered. The following shareholders are known by the company to hold more than 5 percent of the voting rights or 5 percent of the capital of ABB AB as per December 31, 1998:

- Including owners registered in the name of nominees, BZ Bank AG is the largest non-Swedish shareholder with 12.9 percent of the share capital and 8.8 percent of the voting rights.
- Investor AB holds 9.9 percent of the share capital and 13.4 percent of the voting rights.
- The Fourth National Pension Insurance Fund of Sweden holds 6.9 percent of the share capital and 9.3 percent of voting rights.

Persons Acting in Concert

In the context of this Exchange Offer, the following persons are acting in concert with New ABB Ltd:

- ABB AG
- ABB AB
- ABB Asea Brown Boveri Ltd, and all the companies under ABB Asea Brown Boveri Ltd's control

Consolidated Annual Financial Statements of ABB Asea Brown Boveri Ltd

ABB AG's annual financial statements for 1998 and the consolidated financial statements of ABB Asea Brown Boveri Ltd for 1998 are published in the Annual Report. Copies of the Annual Report and the Shareholders' Circular can be obtained free of charge at the address mentioned at the end of this Exchange Offer Prospectus. Since New ABB Ltd was incorporated only in 1999 no annual financial statements exist.

2. New ABB Ltd's, ABB AG's and ABB AB's holding in ABB AG

At the time of publishing this Exchange Offer, New ABB Ltd does not hold any shares in ABB AG.

As at March 19, 1999, ABB AG and all companies acting in concert with it held 9,765 ABB AG registered shares and 213,957 ABB AG bearer shares, constituting 2.33 percent of the entire issued capital of CHF 462,681,000 and 1.64 percent of the votes of ABB AG. ABB AG and all companies acting in concert with it do not hold any convertible bonds which can be exchanged into ABB AG registered or bearer shares, or call or put options for ABB AG registered or bearer shares.

The Exchange Offer extends over the 5,460,985 publicly held ABB AG registered shares and the 7,945,513 publicly held ABB AG bearer shares as well as all 9,765 registered shares and all 213,957 bearer shares held by ABB AG and the companies under their control, a total of 5,470,750 registered shares with a nominal value of CHF 10 each and a total of 8,159,470 bearer shares with a nominal value of CHF 50 each.

3. Listing on the Swiss Exchange SWX

New ABB Ltd has submitted an application to the Swiss Exchange SWX for the listing of its registered shares no later than the first trading day following the entry of New ABB Ltd's capital increase in the Commercial Register.

D. Financing

The New ABB Ltd registered shares necessary for the share exchange will be created by means of a capital increase in the form of a contribution in kind. At its meeting of February 3, 1999, the Board of Directors of ABB AG committed to procure for the increase of the share capital of New ABB Ltd in case of the completion of both Exchange Offers to the shareholders of ABB AB and ABB AG, respectively, from CHF 100,000 up to a maximum of CHF 3,000,023,580.

E. Information on the Target Company

Intentions of New ABB Ltd with regard to ABB AG

It is the intention that ABB AG, to be named ABB Participation AG upon successful completion of the Exchange Offers, will continue to be an intermediate holding company, holding 50 percent of ABB Asea Brown Boveri Ltd.

Agreements between New ABB Ltd and ABB AG, its Governing Bodies and Shareholders

There are no agreements in place between New ABB Ltd and ABB AG, its governing bodies and shareholders, other than the Master Agreement dated February 3, 1999, among New ABB Ltd, ABB AG and ABB AB providing for the process for the creation of the single-share structure.

Agreements between ABB AG and ABB AB

On January 1, 1988, ABB AG (formerly BBC Brown Boveri AG) and ABB AB (formerly Asea AB) entered into a Shareholders' Agreement which was amended on February 27, 1996 and which governs the existing structure of the ABB Group. This agreement will be terminated upon consummation of the Exchange Offers described herein.

Confidential Information

New ABB Ltd confirms that neither it nor the persons acting in concert with it have directly or indirectly received confidential information on ABB AG from the company itself or from the companies under its control which could cast a significantly different light on the Exchange Offer from the point of view of the public shareholders.

F. Publication

A summary of this Exchange Offer will be published in German in the *Neue Zürcher Zeitung*, *Schweizerisches Handelsamtsblatt*, *Finanz und Wirtschaft* and *Handelszeitung* and in French in *Le Temps* and *AGEFI*. This summary information will also be supplied to Telekurs, Bloomberg and Reuters.

G. Letter from Financial Advisor

Please refer to the appendix for the full text of the letter of Morgan Stanley Dean Witter, dated February 24, 1999.

H. Report of the Board of Directors of ABB AG

The Board of Directors of ABB AG has examined the exchange offers of New ABB Ltd to the shareholders of ABB AG and to the shareholders of ABB AB as well as their modalities.

The Board of Directors of ABB AG considers the exchange offer to the shareholders of ABB AG as fair and reasonable and in the best interest of ABB AG's shareholders as a whole. The Board of Directors of ABB AG unanimously recommends ABB AG's shareholders to accept the Offer. One ABB AG registered share with a nominal value of CHF 10 will be exchanged for 3.242 registered shares in New ABB Ltd with a nominal value of CHF 10 each and one ABB AG bearer share with a nominal value of CHF 50 will be exchanged for 16.210 registered shares in New ABB Ltd with a nominal value of CHF 10 each. Based on the aforementioned exchange ratios former shareholders of ABB AG will hold 50 per cent of the share capital of New ABB Ltd, once the exchange offers have become final and under the assumption that all shares have been exchanged.

Morgan Stanley Dean Witter delivered a letter, dated February 24, 1999, to the Board of Directors of ABB Asea Brown Boveri Ltd, that it is reasonable for that Board to recommend to the Boards of Directors of ABB AG and ABB AB that they, in turn, recommend to their respective shareholders acceptance of the exchange offers.

The Board of Directors of ABB AG is not aware of any contractual agreements or of other arrangements of its members or of members of the senior management of ABB AG with New ABB Ltd, which might result in a conflict of interest. Furthermore, the Board of Directors of ABB AG is not aware of any particular intentions of the main shareholders of ABB AG (Unotec Holding AG and Stillhalter Vision AG) relevant in relation to the exchange offer.

Baden, March 10, 1999

ABB AG
Board of Directors

Robert Jeker
Chairman

Christian Berner
Secretary

I. Report of the Review Body pursuant to Article 25 of the Federal Act on Stock Exchanges and Securities Trading

As auditors recognised by the supervisory authority to review public takeover offers in accordance with the Federal Act on Stock Exchanges and Securities Trading (hereinafter "SESTA"), we have reviewed the Exchange Offer Prospectus and the summary provided for in Art 18 para 3 of the Ordinance of the Takeover Board on Public Takeover Offers (hereinafter "O-TB") pursuant to Article 25 of the SESTA and Article 26 of the O-TB taking into consideration the exceptions granted by the Takeover Board.

The Exchange Offer Prospectus and the summary are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these two documents based on our review.

Our review was conducted in accordance with the standards promulgated by the profession, which require that a review be planned and performed to verify the formal completeness in conformity with the SESTA and the O-TB and to obtain reasonable assurance about whether the Exchange Offer Prospectus and the summary are free from material misstatements. We have checked some of the material information thoroughly, some on a test basis. Furthermore, we have verified the compliance with SESTA and O-TB. We believe that our review provides a reasonable basis for our opinion.

In our opinion:

- the Exchange Offer Prospectus and the summary comply with the SESTA and the O-TB;
- the present Exchange Offer Prospectus and the summary are complete and accurate;
- the recipients of the offer are treated equally;
- the ratio between the different classes of shares (bearer and registered shares of ABB AG) has been fixed appropriately;
- New ABB Ltd has taken reasonable measures to have the New ABB Ltd registered shares required for the exchange at its disposal and to make these available on the date of completion of the Exchange Offer.

Zurich, March 26, 1999

KPMG Klynveld Peat Marwick Goerdeler SA

Peter Hanimann Rudolf Züger
Certified Accountant *Certified Accountant*

J. Recommendation of the Takeover Board

The Exchange Offer was submitted to the Takeover Board prior to its publication. In the recommendation dated March 26, 1999, the Takeover Board found as follows:

The offer of New ABB Ltd complies with the Stock Exchange Act.

The Takeover Board grants the following exemptions from the Takeover Ordinance (Art. 4): conditions subsequent (Art. 13.4); waiver of the cooling-off period (Art. 14.1), extension of the execution time-limit (Art. 14.6), exemption from the obligation to state the number of equity securities of the offeree bought and sold by the offeror and the persons acting in concert with it in the twelve months preceding the offer (Art. 19.1 lit. g and Art. 12 lit. e), exemption from the obligation to value the unlisted securities offered in the exchange (Art. 24.5), exemption from the notification of the interim and the final result within the respective period (Art. 43.1 and 43.2).

K. Execution of the Exchange Offer

1. Information/Submission of Applications **Shareholders whose Shares are held in a Safekeeping Account**

Shareholders whose ABB AG registered or bearer shares are held in a safe-keeping account will be informed of the Exchange Offer by the custodian bank and are asked to proceed according to its instructions.

Shareholders who keep their Shares at Home

Shareholders who keep their ABB AG registered shares at home or in a bank safe will be informed of the Exchange Offer by the share register of ABB AG. Registered shareholders and bearer shareholders who keep their ABB AG shares at home or in a bank safe are asked to complete and sign the form of "Declaration of Acceptance and Assignment" and to submit it, along with the corresponding share certificate(s) – with coupons no. 8 & ff (bearer shares) – **not invalidated**, directly to their bank or an exchange agent by 4 p.m. Central European Time on May 4, 1999 at the latest. The holder of coupon no. 7 of ABB AG bearer shares will be entitled to retrieve the dividend as from April 12, 1999 while the special dividend will be paid against coupon no. 8 of ABB AG bearer shares.

2. Offer Manager

New ABB Ltd has commissioned Credit Suisse First Boston, Zurich, to handle the execution of the Exchange Offer.

3. Exchange Agents

in Switzerland:

Credit Suisse First Boston, Zurich
all branches of Credit Suisse in Switzerland

in Germany:

Credit Suisse First Boston AG, Frankfurt a.M.

in Austria:

Bank Austria Aktiengesellschaft, Vienna

4. Shares Notified for Exchange

ABB AG registered or bearer shares which have been notified for exchange for New ABB Ltd registered shares will be assigned the following security number by the custodian banks:

ABB AG registered shares with a nominal value of CHF 10 each
Shares notified for exchange, security number 384 598.

ABB AG bearer shares with a nominal value of CHF 50 each
Shares notified for exchange, security number 384 583.

These security numbers must be used for safekeeping accounts and in dealings with the Swiss Securities Clearing Corporation (SEGA) until such time as the ABB AG registered and bearer shares notified for exchange are actually exchanged for New ABB Ltd registered shares.

5. Exchange Trading

Trading in ABB AG registered and bearer shares on the Swiss Exchange SWX during the offer period will be organized as follows:

ABB AG registered shares with a nominal value of CHF 10 each

- First line: Shares not notified for exchange
Security number: 625 431
- Second line: Shares notified for exchange
Security number: 384 598

ABB AG bearer shares with a nominal value of CHF 50 each

- First line: Shares not notified for exchange
Security number: 625 432
- Second line: Shares notified for exchange
Security number: 384 583

Trading on the first line will take place under the name "ABB AG" up to the day on which the capital increase of New ABB Ltd is entered in the Commercial Register and under the name "ABB Participation AG" thereafter, while trading on the second line commences on April 12, 1999 and ends on the day on which the capital increase of New ABB Ltd is entered in the Commercial Register.

6. Exchange

Until completion of this Exchange Offer, ABB AG will remain the sole shareholder of New ABB Ltd. At its meeting of February 3, 1999, the Board of Directors of ABB AG committed to procure for the increase of the share capital of New ABB Ltd in case of the completion of both Exchange Offers to the shareholders of ABB AB and ABB AG, respectively from CHF 100,000 up to a maximum of CHF 3,000,023,580

- by issuing up to 149,991,179 registered shares with a nominal value of CHF 10 each. The newly created shares will be paid up by a contribution in kind of ABB AG registered and bearer shares notified for exchange in exchange for the new New ABB Ltd registered shares by Credit Suisse First Boston in its fiduciary capacity; and
- by issuing up to 150,001,179 registered shares with a nominal value of CHF 10 each in case of the completion of the Exchange Offer to the shareholders of ABB AB. The newly created shares will be paid by a contribution in kind of ABB AB A-shares and B-shares notified for exchange in exchange for New ABB Ltd registered shares by Skandinaviska Enskilda Banken AB in its fiduciary capacity.

Once the share capital of New ABB Ltd has been increased, the capital increase will immediately be entered in the Commercial Register. ABB AG registered shares notified for exchange will be exchanged for New ABB Ltd registered shares, changing its security number from 384 598 (registered shares notified for exchange) to 384 662 (New ABB Ltd registered shares). ABB AG bearer shares notified for exchange will be exchanged for New ABB Ltd registered shares, changing its security number from 384 583 (bearer shares notified for exchange) also to 384 662.

7. Rounding down of Fractional Shares

Given the exchange ratio, if shareholders do not submit for exchange

- 500 ABB AG registered shares or a multiple thereof,
- 100 ABB AG bearer shares or a multiple thereof,

a fraction of a New ABB Ltd registered share will arise. Since fractions of New ABB Ltd registered shares cannot be acquired, shareholders submitting fractions of ABB AG registered and/or bearer shares will receive a cash payment for fractional shares. For this purpose, the fixing of the value of one New ABB Ltd registered share, serving as a basis for the payments of fractions, will be based on the average closing price of New ABB Ltd registered shares (unweighted) over a one week period on the Swiss Exchange starting on the first day of trading of New ABB Ltd shares on the Swiss Exchange. Subsequently, Credit Suisse First Boston will announce the binding uniform price of New ABB Ltd registered shares for the cash payment of the fractions.

8. Charges and Taxes

ABB AG registered and bearer shares held in safekeeping at Swiss banks will be exchanged during the offer period and the additional acceptance period free of cost and charges. Taxation will be governed by the following principles:

- The exchange of registered or bearer shares in the context of the Exchange Offer is tax-free for Swiss Federal income tax purposes for *individual shareholders domiciled in Switzerland holding their shares as part of their private property*.

The same applies for the cantonal taxes in the cantons of Zurich and Aargau, other cantons are expected to apply a similar treatment.

- The exchange of registered or bearer shares *held as business assets by shareholders, both legal entities and individuals, domiciled in Switzerland*, is tax-free as long as the book value for the shares disposed of is used as acquisition value of the New ABB Ltd shares ("Buchwertfortführung").
- The taxation of *shareholders domiciled abroad* will be subject to the relevant foreign tax legislation. Shareholders are recommended to have their personal tax situation examined.

9. Dividend Rights

The newly issued registered shares of New ABB Ltd resulting from the public Exchange Offer will rank for dividends from the issue date and are treated equal to the existing New ABB Ltd registered shares.

ABB's current dividend policy, calling for 30 to 50 percent of consolidated ABB Group net income to be distributed to shareholders, will remain unchanged.

10. Special Dividend

In order to equalize the asset values in ABB AG and ABB AB, the ABB AG Board of Directors proposed and the shareholders meeting held on March 18, 1999, resolved that net excess cash in ABB AG in the amount of approximately CHF 278 million will be paid out as a special dividend to ABB AG shareholders, once the Exchange Offers have become unconditional. This represents a dividend of CHF 30 gross per bearer share and CHF 6 gross per registered share of ABB AG.

The special dividend will be paid to the shareholders of ABB AG after the end of the additional acceptance period conditional upon acceptance of the Exchange Offers of New ABB Ltd to the shareholders of ABB AG and ABB AB. The payment is expected to be made on June 11, 1999, regardless whether the shares have been tendered or not.

11. Delisting and Invalidation of ABB AG Registered and Bearer Shares

The Board of Directors of ABB AG reserves the right to apply for the delisting of the ABB AG registered and bearer shares once this Exchange Offer has been completed.

If New ABB Ltd holds more than 98 percent of the votes of ABB AG after this Exchange Offer, New ABB Ltd will request the cancellation of the remaining share certificates in accordance with Art. 33 of the Federal Act on Stock Exchanges and Securities Trading against performance of the Exchange Offer for the benefit of the holders of the cancelled shares.

12. Applicable Law and Place of Jurisdiction

The Exchange Offer and all reciprocal rights and obligations resulting therefrom shall be subject to *Swiss law*. The exclusive place of jurisdiction shall be the *Commercial Court of the Canton of Zurich* (Handelsgericht des Kantons Zürich) with reserve of appeals to the *Swiss Federal Supreme Court* (Bundesgericht).

L. Timetable

March 31, 1999	Start of the offer period
April 12, 1999	First trading day for ABB AG registered and bearer shares notified for exchange
May 04, 1999	End of the offer period*
May 11, 1999	Start of the additional acceptance period*
May 26, 1999	End of the additional acceptance period*
June 11, 1999	<ul style="list-style-type: none">• Last Trading Day of ABB AG shares*• Payment Date of Special Dividend to ABB AG shareholders
June 14, 1999	First Trading Day of New ABB Ltd*

* The Board of Directors of New ABB Ltd reserves the right to extend the offer period one or more times as provided for in section B.3. "Offer period" and section B.6. "Conditions/Right of Withdrawal". Subsequent dates in such case will be changed accordingly.

Trading in New ABB Ltd registered shares will commence on the trading day following the entry of the capital increase of New ABB Ltd in the Commercial Register.

The annual report of ABB AG, the Shareholders' Circular and the Listing Particulars may be obtained free of charge from the address below.

ABB AG
Share Register
P.O. Box
CH-5401 Baden
Switzerland
Fax: ++41 (0)56 222 1026

Bank responsible for handling the Exchange Offer:

Credit Suisse First Boston

(This page has been left blank intentionally.)

Appendix

MORGAN STANLEY

*MORGAN STANLEY & CO. LIMITED
25 CABOT SQUARE
CANARY WHARF
LONDON E14 4QA*

February 24, 1999

Board of Directors
ABB Asea Brown Boveri Ltd
PO Box 8131
CH-8050 Zurich
Switzerland

Gentlemen:

We understand that on February 3, 1999 ABB Asea Brown Boveri Ltd ("ABB"), ABB AB ("AB") and ABB AG ("AG") (together, the "ABB Group") entered into a Master Agreement (the "Master Agreement") to place AB and AG, each of which currently holds 50% of the share capital of ABB under the common ownership of a new company, ABB Ltd which in turn would be owned by the former shareholders of AB and AG in the proportion 50:50 (the "Amalgamation"). The terms and conditions of the Amalgamation are more fully set out in the Master Agreement which provides, among other things, for:

- (a) the creation of ABB Ltd by ABB on a fiduciary basis;
- (b) the commencement by ABB Ltd of an exchange offer for all issued and outstanding A shares, par value SEK 5 per share (the "AB A Shares") and for all issued and outstanding B shares, par value SEK 5 per share (the "AB B Shares"), of AB (the "AB Exchange Offer"); and
- (c) the simultaneous commencement by ABB Ltd of an exchange offer for all issued and outstanding registered shares, par value CHF 10 per share (the "AG Registered Shares") and for all issued and outstanding bearer shares, par value CHF 50 per share (the "AG Bearer Shares"), of AG (the "AG Exchange Offer", and, together with the AB Exchange Offer, the "Exchange Offers").

We also understand that, assuming consummation and full acceptances of the Exchange Offers pursuant to the terms outlined below, the share capital of ABB Ltd will be comprised of 300,002,358 registered shares, each carrying one vote per share (the "ABB Ltd Shares").

We understand that pursuant to the Exchange Offers:

- (i) Holders of AB A Shares will be offered 0.1599308 ABB Ltd Shares for each AB A Share held;
- (ii) Holders of AB B Shares will be offered 0.1599308 ABB Ltd Shares for each AB B Share held;
- (iii) Holders of AG Registered Shares will be offered 3.242 ABB Ltd Shares for each AG Registered Share held; and
- (iv) Holders of AG Bearer Shares will be offered 16.210 ABB Ltd Shares for each AG Bearer Share held.

**TELEPHONE 0171 425 8000
0171 513 8000**

**FACSIMILE 0171 425 8990
0171 513 8990**

TELEX 8812564

**REGISTERED IN ENGLAND, NO. 2164628. A SUBSIDIARY OF MORGAN STANLEY, DEAN WITTER, DISCOVER & CO. REGISTERED OFFICE: 25 CABOT SQUARE, CANARY WHARF, LONDON E14 4QA
REGULATED BY THE SECURITIES AND FUTURES AUTHORITY LIMITED**

We also understand that in conjunction with the Amalgamation, AG will distribute to its shareholders a cash dividend (the "Special Dividend") to equalize the current differing asset values of AG and AB. We also understand that ABB Ltd intends to establish a mechanism for shareholders with tax residence in Sweden that will enable such shareholders to receive dividends in Swedish kronor without deduction of Swiss withholding tax (the "Dividend Access Facility").

For purposes of this letter, we have:

- (i) reviewed certain publicly available financial statements and other information of AB and AG;
- (ii) reviewed the reported prices and trading activity for the AB Shares and the AG Shares;
- (iii) reviewed the opinion dated February 23, 1999 of your legal advisors, Homburger Rechtsanwälte, regarding the Master Agreement, the current legal structure of the ABB Group and the respective rights of AB and the holders of the AB Shares and AG and the holders of the AG Shares;
- (iv) reviewed the note dated February 23, 1999 from the auditors of AB Ernst & Young AG ("Ernst & Young") and the note dated February 19, 1999 from the auditors of ABB AG KPMG Klynveld Peat Marwick Goerdeler SA ("KPMG"), which respectively describe the assets and liabilities of AB and AG and include the Auditors' Reports for the accounts respectively of AB and AG, for the fiscal year ending December 31, 1998;
- (v) reviewed the letter dated January 25, 1999 from Ernst & Young and KPMG regarding the accounting treatment of goodwill consequent upon the Amalgamation;
- (vi) reviewed the letter dated February 15, 1999 from Price Waterhouse Skatte Jurister AB, the tax advisors to ABB with respect to the Amalgamation, which describes the tax impact of the Amalgamation on certain of the AB and AG shareholders;
- (vii) reviewed the documentation in relation to certain discussions that ABB has entertained with the relevant tax authorities with respect to the tax impact of the Amalgamation on the ABB Group;
- (viii) reviewed the Master Agreement and certain related documents;
- (ix) discussed with the senior executives of ABB the benefits which they perceive will result from the Amalgamation; and
- (x) performed such other analyses as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by us for the purposes of this letter. We have not made any independent valuation or appraisal of the assets or liabilities of AB and AG, nor have we been furnished with any such appraisals other than the notes from Ernst & Young and KPMG referred to under (iv) above.

We have reviewed and relied, without independent verification, upon: (a) information provided by ABB with regards to the current fully diluted number of AB Shares and AG Shares and the determination of the Special Dividend; and (b) each of the documents listed under (iii) to (vii) above.

We have assumed that the Amalgamation will be tax neutral for most shareholders of AB and AG, including Swedish and Swiss shareholders; that the necessary tax clearance procedures for the establishment of the Dividend Access Facility will be fulfilled; that the transaction will have no tax impact on the ABB Group; that the transaction will not create goodwill under International Accounting Standards ("IAS") and US Generally Accepted Accounting Principles ("US GAAP"); and that the Amalgamation will be consummated in accordance with the terms set forth in the Master Agreement.

This letter is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

We have acted as financial advisor to the Board of Directors of ABB in connection with this transaction and will receive a fee for our services. In the past, Morgan Stanley & Co. Limited and its affiliates have provided financial advisory and financing services for AB, AG and ABB and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors of ABB only and it may not be used for any other purpose. However, it may be disclosed in its entirety in the public documentation required for the execution of the Exchange Offers and / or it may be referred to in such documents, subject to our prior consent to the form and context in which any such reference appears. Any further disclosure of this letter would require our prior written consent.

Based on and subject to the foregoing, we are of the view on the date hereof that it is reasonable for the Directors of ABB to recommend to the Boards of Directors of AB and AG that they in turn recommend to the shareholders of AB and AG that such shareholders accept the AB Exchange Offer and the AG Exchange Offer, respectively.

Very truly yours,

MORGAN STANLEY & CO. LIMITED

By:



David Landman
Managing Director

(This page has been left blank intentionally.)

**ABB AG**

P.O. Box
CH-5401 Baden
Switzerland
Phone +41 (0)56 205 7700
Telefax +41 (0)56 222 1026

ABB Ltd

P.O. Box 8131
CH-8050 Zurich
Switzerland
Phone +41 (0)1 317 7111
Telefax +41 (0)1 311 9817

ABB Asea Brown Boveri Ltd

P.O. Box 8131
CH-8050 Zurich
Switzerland
Phone +41 (0)1 317 7111
Telefax +41 (0)1 311 9817

www.abb.com

ABB AB

SE-72610 Västerås
Sweden
Phone +46 (0)21 13 7020
Telefax +46 (0)21 32 5448