

ABB at a glance

Sharpening our focus on power and automation technologies

The Power Technologies division has merged two business areas into one to pursue productivity and efficiency gains. The former Distribution Transformers and Power Transformers business areas, which shared many locations, were merged to form a single Transformers business area. The merger should help reduce product overlaps, enable more efficient research and development, and improve supply chain management.

The Automation Technologies division has merged six business areas into three, also to increase productivity and cut costs. The former Control Platform and Enterprise Products, Paper, Minerals, Marine and Turbocharging, and Petroleum, Chemicals and Consumer business areas were combined to form one Process Automation business area. The former Drives and Motors and Low-Voltage Products and Instrumentation business areas were combined to form one Automation Products business area. And, lastly, the Robotics, Automotive and Manufacturing business area was renamed Manufacturing Automation.

The organizational changes took effect January 1, 2004.

ABB signed a final agreement to sell the upstream business in its Oil, Gas and Petrochemicals division to a consortium of equity investors, which is expected to be complete in 2004. The downstream business is also intended for divestment in 2004. Both are reported under Discontinued operations, which do not contribute to ABB's revenues and earnings before interest and taxes (EBIT), but are used in the calculation of net income.

Power Technologies

ABB Power Technologies serves electric, gas and water utilities, as well as industrial and commercial customers, with a broad range of products, systems and services for power transmission, distribution and power plant automation.

Business areas

- Transformers
- Medium-Voltage Products
- High-Voltage Products
- Power Systems
- Utility Automation Systems

Automation Technologies

ABB Automation Technologies blends a customer-focused product, service and system portfolio with end-user expertise and global presence to deliver solutions for measurement, control, motion, protection, and plant optimization across the full range of process, discrete and utility industries.

Business areas

- Automation Products
- Manufacturing Automation
- Process Automation

Other activities

Discontinued operations

- Reinsurance
- Oil, Gas and Petrochemicals
- Asbestos
- Other divested businesses

Non-core activities

- Equity Ventures
- Remaining Structured Finance
- Building Systems
- New Ventures

Corporate

- Headquarters/stewardship
- Research and development



Key figures and highlights

Core businesses post strong results

2003 highlights

- Power and automation businesses exceed profitability targets
- Capital strengthening program a success
- Mainly non-cash losses in Discontinued operations biggest factor in full-year net loss
- Core divisions generate cash from operations of almost \$1.5 billion
- Major steps taken in divestment program

Group revenues (2002 \$17,466m)

\$18,795m

Group EBIT (2002 \$346m)

\$656m

Net loss (2002 \$783m)

\$767m

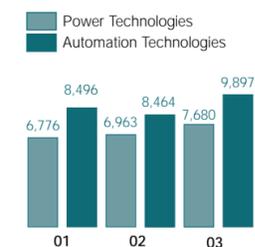
Revenues by region



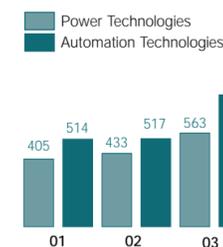
Employees by region



Core division revenues (\$ millions)



Core division EBIT (\$ millions)



Total ABB Group

Year ended December 31 (U.S. dollar amounts in millions except per share and % data)

	2003	2002
Orders received	18,703	17,352
Revenues	18,795	17,466
Earnings before interest and taxes (EBIT)	656	346
Loss from discontinued operations	(853)	(858)
Net income (loss)	(767)	(783)
Stockholders' equity	3,026	1,013
Capital expenditure, excluding purchased intangible assets	399	436
Research and development expenditure	613	547
Order-related development expenditure	317	248
EBIT margin	3.5%	2.0%
Return on equity	(38.0%)	(52.4%)
Net cash flow from operating activities	(161)	19
Number of employees	116,464	139,051

Basic earnings (loss) per share

Income (loss) from continuing operations	0.07	0.07
Net income (loss)	(0.63)	(0.70)

Diluted earnings (loss) per share

Income (loss) from continuing operations	0.07	(0.10)
Net income (loss)	(0.63)	(0.83)

ABB shareholders' calendar 2004

Three months results 2004	April 29
ABB Ltd Annual General Meeting, Zurich	May 18
ABB Ltd Information Meeting, Västerås	May 24
Six month results 2004	July 29
Nine month results 2004	Oct 28

ABB Ltd Annual General Meeting

The 2004 Annual General Meeting of ABB Ltd will be held at 10:00 a.m. on Tuesday, May 18, 2004 at the Messe Zurich hall in Zurich-Oerlikon, Switzerland. The General Meeting will be held principally in German and will be simultaneously translated into Swedish, English and French. Shareholders entered in the share register, with the right to vote, by May 7, 2004, are entitled to participate in the General Meeting.

For shareholders in Sweden an Information Meeting will be held in Västerås, Sweden, on May 24, 2004 at 4:00 p.m.

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Consolidated Financial Statements

Consolidated Income Statements

Year ended December 31 (in millions, except per share data)	2003	2002	2001
Revenues	\$ 18,795	\$ 17,466	\$ 18,334
Cost of sales	(14,080)	(13,067)	(13,539)
Gross profit	4,715	4,399	4,795
Selling, general and administrative expenses	(3,830)	(3,954)	(3,929)
Amortization expense	(40)	(41)	(188)
Other income (expense), net	(189)	(58)	(161)
Earnings before interest and taxes	656	346	517
Interest and dividend income	144	189	348
Interest and other finance expense	(554)	(315)	(571)
Income from continuing operations before taxes and minority interest	246	220	294
Provision for taxes	(78)	(74)	(87)
Minority interest	(82)	(71)	(36)
Income from continuing operations	86	75	171
Loss from discontinued operations, net of tax	(853)	(858)	(837)
Cumulative effect of change in accounting principles (SFAS 133), net of tax	–	–	(63)
Net loss	\$ (767)	\$ (783)	\$ (729)
Basic earnings (loss) per share:			
Income from continuing operations	\$ 0.07	\$ 0.07	\$ 0.15
Net loss	\$ (0.63)	\$ (0.70)	\$ (0.64)
Diluted earnings (loss) per share:			
Income from continuing operations	\$ 0.07	\$ (0.10)	\$ 0.15
Net loss	\$ (0.63)	\$ (0.83)	\$ (0.64)

See accompanying Notes to the Consolidated Financial Statements, available in the ABB Group Financial review 2003.

Important information regarding the ABB 2003 Annual Report consolidated figures

During the second quarter of 2004, an internal inquiry uncovered an overstatement by the medium-voltage business in Italy of its earnings before interest and taxes (EBIT) of approximately \$70 million from the first quarter of 1998 through the first quarter of 2004. That corresponds to 1.4 percent of ABB's total reported consolidated EBIT during the period.

According to the company's initial review, the annual impact on EBIT over the period ranged between about \$2 million in 1998 to a maximum of some \$20 million in 2002.

ABB has stated it would take corrective action regarding its consolidated results for the period in question and intends to file an amended 2003 Annual Report on Form 20-F with the United States Securities and Exchange Commission later in 2004 with restated consolidated financial statements. Therefore, the accompanying financial statements should be read taking into account the impact of such overstatements on the results of operations and financial position.

Consolidated Balance Sheets

December 31 (in millions, except share data)	2003	2002
Cash and equivalents	\$ 4,669	\$ 2,336
Marketable securities	473	589
Receivables, net	5,337	5,134
Inventories, net	2,605	2,261
Prepaid expenses and other	2,002	2,628
Assets held for sale and in discontinued operations	6,427	7,499
Total current assets	21,513	20,447
Financing receivables, non-current	1,330	1,605
Property, plant and equipment, net	2,840	2,701
Goodwill	2,331	2,221
Other intangible assets, net	549	587
Prepaid pension and other employee benefits	524	537
Investments and other	1,326	1,435
Total assets	\$ 30,413	\$ 29,533
Accounts payable, trade	\$ 2,981	\$ 2,729
Accounts payable, other	1,394	1,390
Short-term borrowings and current maturities of long-term borrowings	1,597	2,570
Accrued liabilities and other	5,140	6,135
Liabilities held for sale and in discontinued operations	5,100	5,966
Total current liabilities	16,212	18,790
Long-term borrowings	6,290	5,358
Pension and other employee benefits	1,794	1,619
Deferred taxes	969	911
Other liabilities	1,837	1,584
Total liabilities	27,102	28,262
Minority interest	285	258
Stockholders' equity:		
Capital stock and additional paid-in capital	3,067	2,027
Retained earnings	1,847	2,614
Accumulated other comprehensive loss	(1,750)	(1,878)
Less:		
Treasury stock, at cost (11,611,529 and 86,830,312 shares at December 31, 2003 and 2002, respectively)	(138)	(1,750)
Total stockholders' equity	3,026	1,013
Total liabilities and stockholders' equity	\$ 30,413	\$ 29,533

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Consolidated Statements of Cash Flows

Year ended December 31 (in millions)	2003	2002	2001
Operating activities			
Net loss	\$ (767)	\$ (783)	\$ (729)
<i>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</i>			
Depreciation and amortization	585	611	787
Provisions	(726)	(131)	1,146
Pension and post-retirement benefits	21	37	1
Deferred taxes	50	(140)	(89)
Net gain from sale of property, plant and equipment	(26)	(23)	(23)
Loss on sale of discontinued operations	38	194	–
Other	411	(164)	135
Changes in operating assets and liabilities:			
Marketable securities (trading)	13	498	72
Trade receivables	78	627	65
Inventories	241	367	(106)
Trade payables	(370)	79	736
Other assets and liabilities, net	291	(1,153)	(12)
Net cash provided by (used in) operating activities	(161)	19	1,983
Investing activities			
Changes in financing receivables	390	264	(907)
Purchases of marketable securities (other than trading)	(2,781)	(4,377)	(3,280)
Purchases of property, plant and equipment	(547)	(602)	(761)
Acquisitions of businesses (net of cash acquired)	(55)	(144)	(578)
Proceeds from sales of marketable securities (other than trading)	3,049	4,525	3,873
Proceeds from sales of property, plant and equipment	155	476	152
Proceeds from sales of businesses (net of cash disposed)	543	2,509	283
Net cash provided by (used in) investing activities	754	2,651	(1,218)
Financing activities			
Net changes in borrowings with maturities of 90 days or less	(99)	(1,677)	(69)
Increases in other borrowings	1,964	9,050	9,357
Repayment of other borrowings	(2,893)	(10,188)	(6,649)
Treasury and capital stock transactions	2,675	–	(1,393)
Dividends paid	–	–	(502)
Other	(56)	3	(67)
Net cash provided by (used in) financing activities	1,591	(2,812)	677
Effects of exchange rate changes on cash and equivalents	150	141	(72)
Adjustment for the net change in cash and equivalents in assets held for sale and in discontinued operations	(1)	26	(244)
Net change in cash and equivalents – continuing operations	2,333	25	1,126
Cash and equivalents beginning of year	2,336	2,311	1,185
Cash and equivalents end of year	\$ 4,669	\$ 2,336	\$ 2,311
Interest paid	\$ 438	\$ 482	\$ 702
Taxes paid	\$ 238	\$ 298	\$ 273

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