

ABB Annual Report 2005
Financial Summary



ABB at a glance

Simpler operations strengthen the business

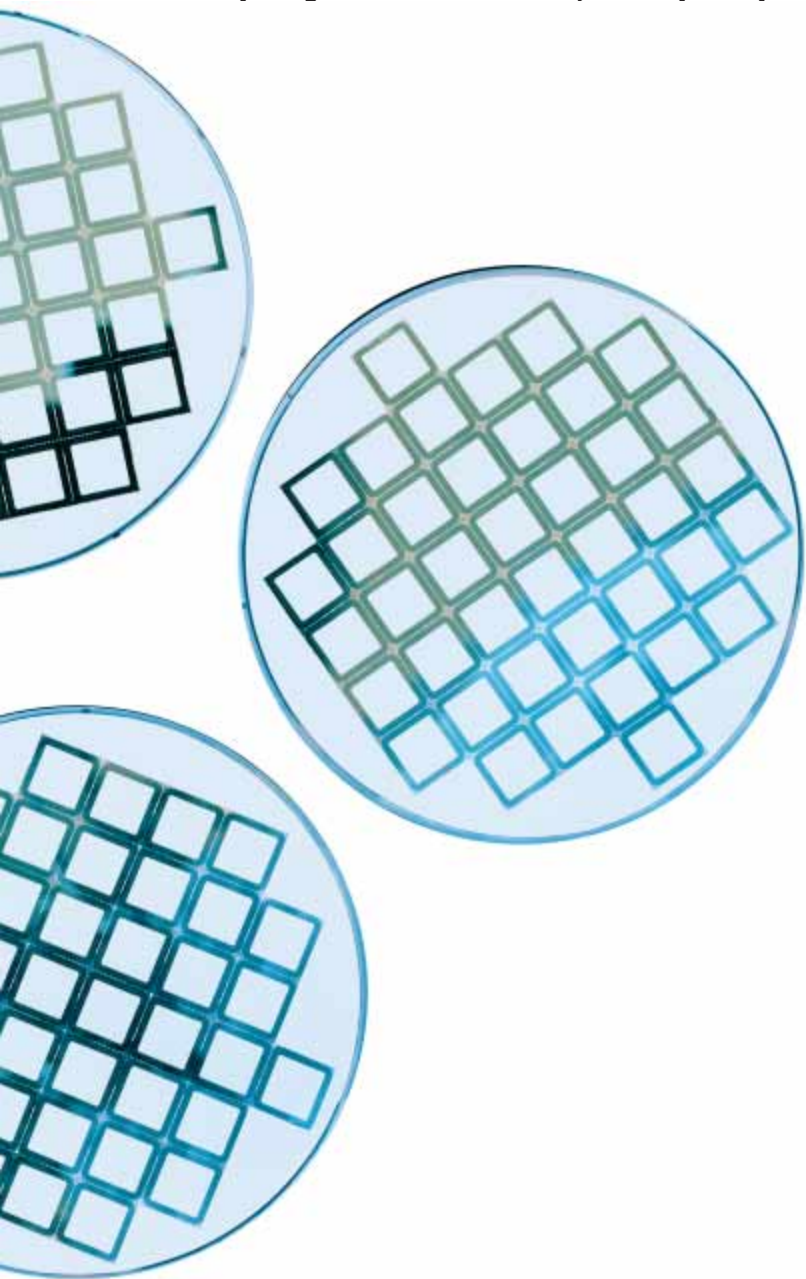
ABB is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 104,000 people.

As one of the world's leading engineering companies, we help our customers to use electrical power effectively and to increase industrial productivity in a sustainable way.

ABB's technology competence, broad application know-how and global presence offer customers easy access to leading electrical engineering and industry automation solutions and systems. Innovation and quality are key characteristics of our service and product offering.

ABB is headquartered in Zurich, Switzerland. ABB Ltd shares are traded on the stock exchanges in Zurich, Stockholm and New York.

The ABB Group was formed in 1988, when the Swedish Asea and the Swiss BBC Brown Boveri merged under the name ABB. Asea's history dates back to 1883. BBC Brown Boveri was founded in 1891.



Consolidated Financial Statements

Consolidated Income Statements

Year ended December 31 (in millions, except per share data)	2005	2004	2003
Sales of products	\$ 18,737	\$ 17,309	\$ 17,337
Sales of services	3,705	3,301	2,995
Total revenues	22,442	20,610	20,332
Cost of products	(14,263)	(13,365)	(13,651)
Cost of services	(2,567)	(2,316)	(2,205)
Total cost of sales	(16,830)	(15,681)	(15,856)
Gross profit	5,612	4,929	4,476
Selling, general and administrative expenses	(3,922)	(3,822)	(3,950)
Other income (expense), net	52	(61)	(239)
Earnings before interest and taxes	1,742	1,046	287
Interest and dividend income	157	151	142
Interest and other finance expense	(403)	(360)	(544)
Income (loss) from continuing operations before taxes and minority interest and cumulative effect of accounting change	1,496	837	(115)
Provision for taxes	(482)	(331)	(233)
Minority interest	(131)	(102)	(67)
Income (loss) from continuing operations before cumulative effect of accounting change	883	404	(415)
Loss from discontinued operations, net of tax	(143)	(439)	(364)
Income (loss) before cumulative effect of accounting change	740	(35)	(779)
Cumulative effect of accounting change, net of tax	(5)	–	–
Net income (loss)	\$ 735	\$ (35)	\$ (779)
Basic earnings (loss) per share:			
Income (loss) from continuing operations before cumulative effect of accounting change	\$ 0.44	\$ 0.20	\$ (0.34)
Loss from discontinued operations, net of tax	(0.08)	(0.22)	(0.30)
Cumulative effect of accounting change, net of tax	–	–	–
Net income (loss)	\$ 0.36	\$ (0.02)	\$ (0.64)
Diluted earnings (loss) per share:			
Income (loss) from continuing operations before cumulative effect of accounting change	\$ 0.43	\$ 0.20	\$ (0.34)
Loss from discontinued operations, net of tax	\$ (0.07)	\$ (0.22)	\$ (0.30)
Cumulative effect of accounting change, net of tax	–	–	–
Net income (loss)	\$ 0.36	\$ (0.02)	\$ (0.64)

*See accompanying notes to the Consolidated Financial Statements, available in the ABB Financial review 2005.

Consolidated Financial Statements

Consolidated Balance Sheets

at December 31 (in millions, except share data)	2005	2004
Cash and equivalents	\$ 3,226	\$ 3,676
Marketable securities and short-term investments	368	524
Receivables, net	6,515	6,284
Inventories, net	3,074	3,178
Prepaid expenses	251	334
Deferred taxes	473	670
Other current assets	189	449
Assets held for sale and in discontinued operations	52	600
Total current assets	14,148	15,715
Financing receivables	645	889
Property, plant and equipment, net	2,565	2,964
Goodwill	2,479	2,602
Other intangible assets, net	349	492
Prepaid pension and other employee benefits	605	549
Investments in equity method companies	618	596
Deferred taxes	628	504
Other non-current assets	239	366
Total assets	\$ 22,276	\$ 24,677
Accounts payable, trade	\$ 3,321	\$ 4,256
Accounts payable, other	1,172	1,424
Short-term debt and current maturities of long-term debt	169	626
Advances from customers	1,005	929
Deferred taxes	187	200
Provisions and other	3,769	3,666
Accrued expenses	1,909	1,624
Liabilities held for sale and in discontinued operations	74	734
Total current liabilities	11,606	13,459
Long-term debt	3,933	4,717
Pension and other employee benefits	1,233	1,551
Deferred taxes	692	750
Other liabilities	988	1,082
Total liabilities	18,452	21,559
Minority interest	341	294
Stockholders' equity:		
Capital stock and additional paid-in capital	3,121	3,083
Retained earnings	2,460	1,725
Accumulated other comprehensive loss	(1,962)	(1,846)
Less: Treasury stock, at cost (11,531,106 and 11,611,529 shares at December 31, 2005 and 2004)	(136)	(138)
Total stockholders' equity	3,483	2,824
Total liabilities and stockholders' equity	\$ 22,276	\$ 24,677

*See accompanying notes to the Consolidated Financial Statements, available in the ABB Financial review 2005.

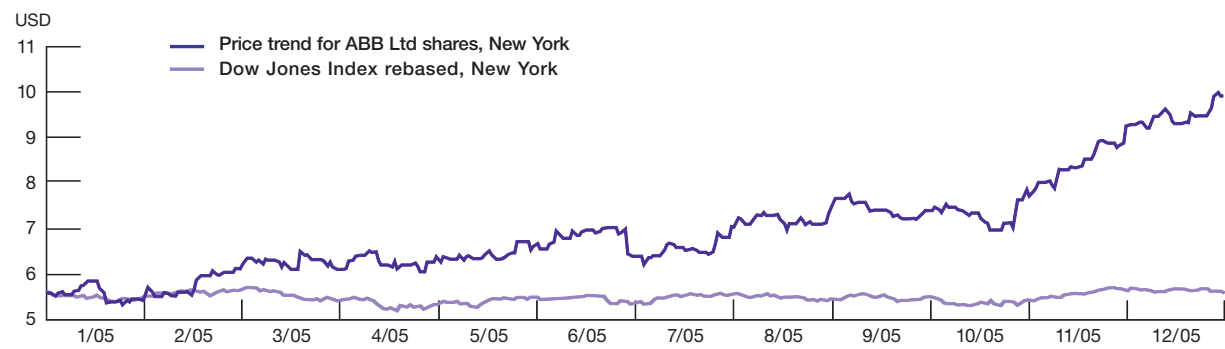
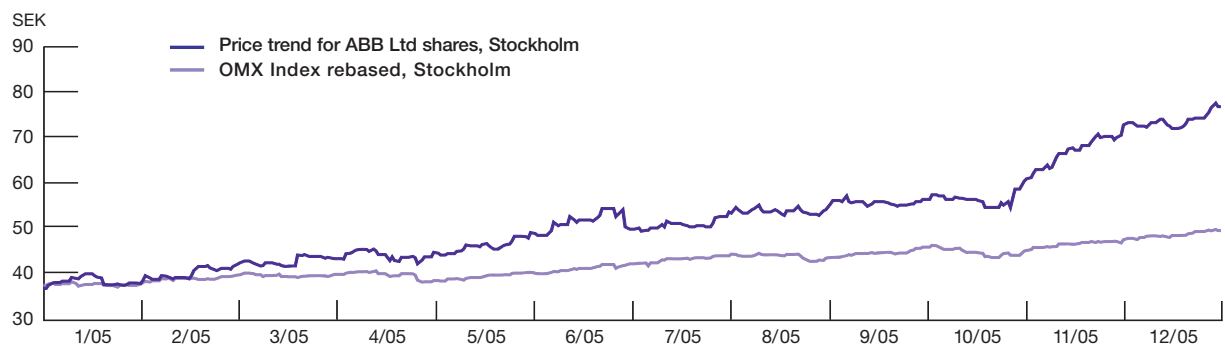
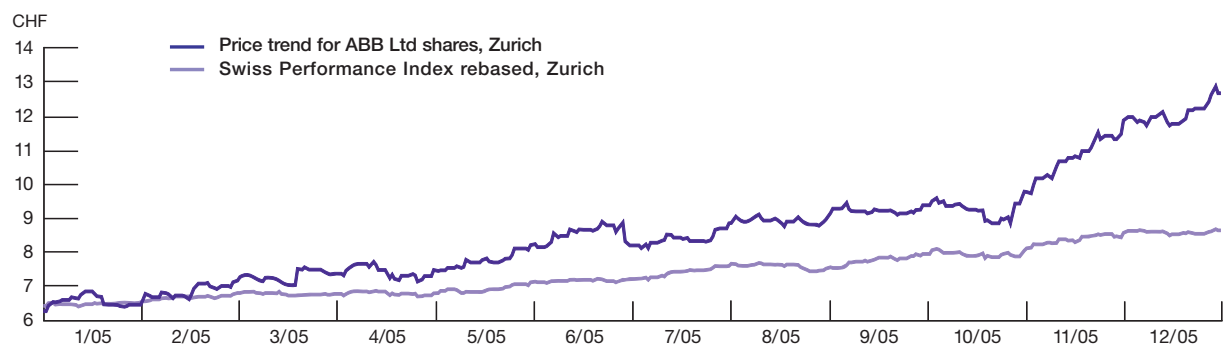
Consolidated Financial Statements

Consolidated Statements of Cash Flows

Year ended December 31 (in millions)	2005	2004	2003
Operating activities:			
Net income (loss)	\$ 735	\$ (35)	\$ (779)
<i>Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:</i>			
Depreciation and amortization	597	633	585
Provisions	496	92	(728)
Pension and postretirement benefits	(62)	55	21
Deferred taxes	38	3	47
Net gain from sale of property, plant and equipment	(44)	(36)	(26)
Income from equity accounted companies	(109)	(87)	(96)
Minority interest	131	102	67
Loss on sale of discontinued operations	16	63	38
Other	103	152	440
Changes in operating assets and liabilities:			
Marketable securities (trading)	1	43	13
Trade receivables	(892)	(160)	85
Inventories	(328)	(74)	238
Trade payables	26	(63)	(381)
Other assets and liabilities, net	304	214	324
Net cash provided by (used in) operating activities	1,012	902	(152)
Investing activities:			
Changes in financing receivables	229	176	390
Purchases of marketable securities and short-term investments (other than trading)	(1,915)	(2,877)	(2,781)
Purchases of property, plant and equipment	(456)	(543)	(547)
Acquisitions of businesses (net of cash acquired)	(27)	(24)	(55)
Proceeds from sales of marketable securities and short-term investments (other than trading)	1,833	2,317	3,049
Proceeds from sales of property, plant and equipment	117	123	155
Proceeds from sales of businesses (net of cash disposed)	(97)	1,182	543
Net cash provided by (used in) investing activities	(316)	354	754
Financing activities:			
Net changes in borrowings with maturities of 90 days or less	(9)	(104)	(99)
Increases in borrowings	155	265	1,976
Repayment of borrowings	(978)	(2,913)	(2,893)
Capital and treasury stock transactions	35	(36)	2,675
Other	(99)	43	(77)
Net cash provided by (used in) financing activities	(896)	(2,745)	1,582
Effects of exchange rate changes on cash and equivalents	(259)	74	150
Adjustment for the net change in cash and equivalents in assets held for sale and in discontinued operations	9	308	(80)
Net change in cash and equivalents — continuing operations	(450)	(1,107)	2,254
Cash and equivalents beginning of period	3,676	4,783	2,529
Cash and equivalents end of period	\$ 3,226	\$ 3,676	\$ 4,783
Interest paid	\$ 332	\$ 382	\$ 438
Taxes paid	\$ 325	\$ 379	\$ 238

*See accompanying notes to the Consolidated Financial Statements, available in the ABB Financial review 2005.

ABB Ltd Shareholder information



Stock Exchange listings

Ticker symbols for ABB Ltd

SWX Swiss Exchange (virt-x)	ABBN
Stockholmsbörsen	ABB
New York Stock Exchange (NYSE)	ABB

Ticker symbols for ABB Ltd at Bloomberg

SWX Swiss Exchange (virt-x)	ABBN VX
Stockholmsbörsen	ABB SS
New York Stock Exchange (NYSE)	ABB US

Ticker symbols for ABB Ltd at Reuters

SWX Swiss Exchange (virt-x)	ABBN.VX
Stockholmsbörsen	ABB.ST
New York Stock Exchange (NYSE)	ABB.N

Credit rating for ABB Ltd as of February 28, 2006

Standard & Poor's

Long-term Corporate Credit Rating:	BB+
Long-term Senior Unsecured debt:	BB-
Short-term Corporate Credit Rating:	B
CreditWatch with positive implications	

Moody's

Long-term Senior Implied Rating:	Ba2
Long-term Senior Unsecured Rating:	Ba2
Short-term Debt rating:	Not Prime
Positive outlook	

The credit rating is subject to revision at any time.
For the latest credit ratings please see Moody's and Standard & Poor's web pages.

Share data

Bondholder information

Outstanding public bonds as of February 28, 2006.

Issuer	Original issued principal amount	Coupon	Due	Bloomberg ticker	Reuters ticker
ABB International Finance Ltd	USD 968 million Convertible	4.625%	2007	ABB 4.625 05/16/07	CH014749721=
ABB International Finance Ltd	EUR 500 million	9.5%*	2008	ABB 9.5 01/15/08	CH014855653=
ABB International Finance Ltd	GBP 200 million	10%*	2009	ABB 10 05/29/09	CH014855661=
ABB Ltd	CHF 500 million	3.75%	2009	ABB 3.75 09/30/09	CH896367=S
ABB International Finance Ltd	CHF 1,000 million Convertible	3.5%	2010	ABB 3.5 09/10/10	CH1653740=S
ABB International Finance Ltd	EUR 650 million	6.5%	2011	ABB 6.5 11/30/11	CH018119617=

*Excl. step-up

Key data

	2005	2004
Dividend per share (CHF)	0.12 ⁽¹⁾	–
Par value per share (CHF)	2.50	2.50
Vote per share	1	1
Earnings (loss) per share (US\$) ⁽²⁾	0.36	(0.02)
Stockholders' equity per share (US\$) ⁽³⁾	1.71	1.39
Cash flow from operations per share (US\$) ⁽²⁾	0.47	0.44
Dividend pay-out-ratio (%)	26%	–
Weighted average number of shares outstanding (in millions)	2,029	2,028
Diluted weighted average number of shares outstanding (in millions)	2,138	2,029

⁽¹⁾ Proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting on May 4, 2006, in Zurich, Switzerland.

⁽²⁾ Calculation based on diluted weighted average number of shares outstanding

⁽³⁾ Calculation based on the number of shares outstanding as of December 31

ABB Ltd Annual General Meeting

The 2006 Annual General Meeting of ABB Ltd will be held at 10:00 a.m. on Thursday, May 4, 2006 at the Messe Zurich hall in Zurich-Oerlikon, Switzerland. Shareholders entered in the share register, with the right to vote, by April 24, 2006, are entitled to participate in the General Meeting.

For shareholders in Sweden an Information Meeting will be held in Västerås, Sweden, on May 8, 2006 at 1:00 p.m.

The ABB Annual Report 2005 consists of an Operational review, a Financial review and a Sustainability review.

For an additional copy of this or any of the other reviews, please use the contact information on the back of this document or download copies from www.abb.com.

The Operational review and a financial summary (contained in the Operational review) are published in English, German and Swedish. The Financial review is published in English and German. The Sustainability review is published in English. For all documents in the Annual Report series, only the English-language version is the binding version.

ABB shareholders' calendar 2006

Three month results 2006	April 27
ABB Ltd Annual General Meeting, Zurich	May 4
ABB Ltd Information Meeting, Västerås	May 8
Six month results 2006	July 27
Nine month results 2006	October 26

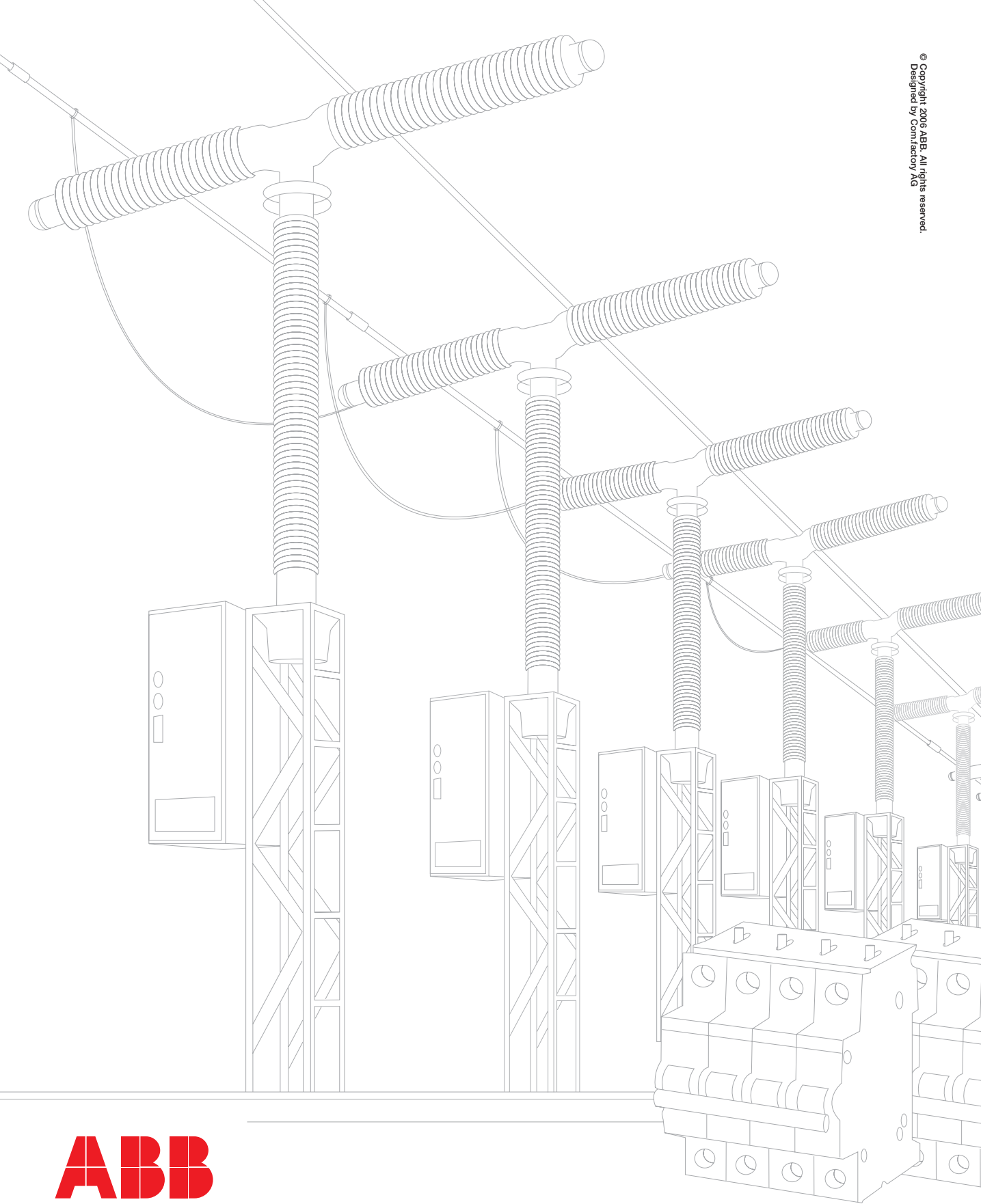


ABB Ltd
Corporate Communications
P.O.Box 8131
CH-8050 Zurich
Switzerland
Tel: +41 (0)43 317 7111
Fax: +41 (0)43 317 7958

www.abb.com

ABB Ltd
Investor Relations
P.O.Box 8131
CH-8050 Zurich
Switzerland
Tel: +41 (0)43 317 7111
Fax: +41 (0)44 311 9817