

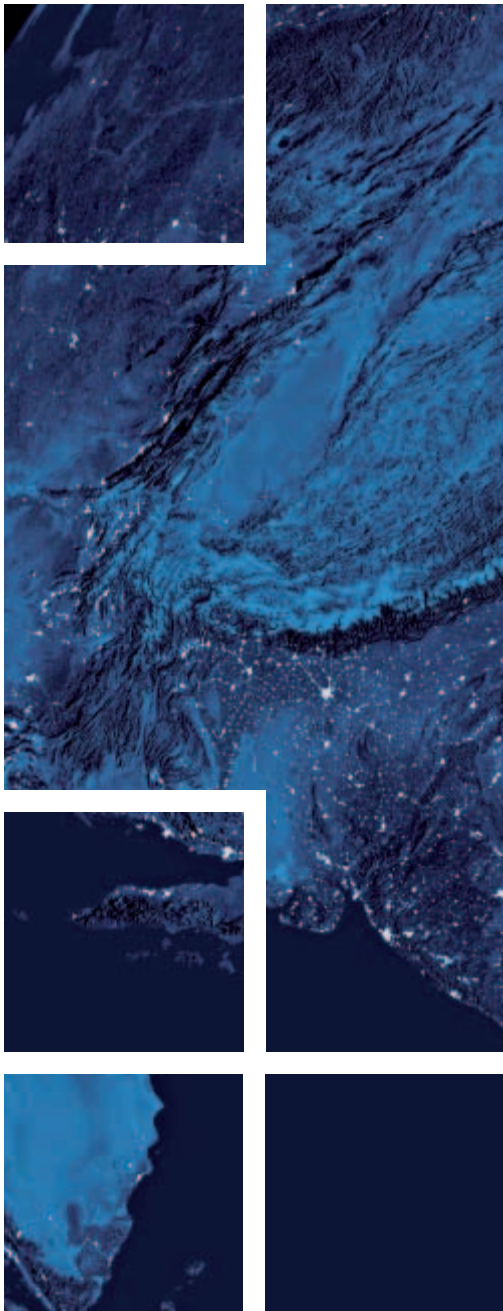
ABB Annual Report 2006

Financial summary

Power and productivity for a better world



ABB



This is ABB

Rising demand for energy and its impact on the environment are the defining challenges of this century.

ABB is tackling these issues by providing solutions for the secure and energy-efficient transmission and distribution of electricity and for increasing productivity in industrial, commercial and utility operations.

That's why ABB stands for "Power and productivity for a better world."

The ABB Group of companies operates in around 100 countries and employs about 108,000 people.

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

Consolidated Financial Statements

Consolidated Income Statements

Year ended December 31 (in millions, except per share data)	2006	2005	2004
Sales of products	\$ 20,630	\$ 18,664	\$ 16,848
Sales of services	3,782	3,348	3,301
Total revenues	24,412	22,012	20,149
Cost of products	(14,968)	(14,096)	(12,925)
Cost of services	(2,573)	(2,309)	(2,316)
Total cost of sales	(17,541)	(16,405)	(15,241)
Gross profit	6,871	5,607	4,908
Selling, general and administrative expenses	(4,434)	(3,883)	(3,777)
Other income (expense), net	149	54	(40)
Earnings before interest and taxes	2,586	1,778	1,091
Interest and dividend income	151	157	151
Interest and other finance expense	(304)	(403)	(360)
Income from continuing operations before taxes and minority interest and cumulative effect of accounting change	2,433	1,532	882
Provision for taxes	(697)	(490)	(338)
Minority interest	(179)	(131)	(102)
Income from continuing operations before cumulative effect of accounting change	1,557	911	442
Loss from discontinued operations, net of tax	(167)	(171)	(477)
Income (loss) before cumulative effect of accounting change	1,390	740	(35)
Cumulative effect of accounting change, net of tax	–	(5)	–
Net income (loss)	\$ 1,390	\$ 735	\$ (35)
Basic earnings (loss) per share:			
Income from continuing operations before cumulative effect of accounting change	\$ 0.73	\$ 0.45	\$ 0.22
Loss from discontinued operations, net of tax	(0.08)	(0.09)	(0.24)
Cumulative effect of accounting change, net of tax	–	–	–
Net income (loss)	\$ 0.65	\$ 0.36	\$ (0.02)
Diluted earnings (loss) per share:			
Income from continuing operations before cumulative effect of accounting change	\$ 0.71	\$ 0.44	\$ 0.22
Loss from discontinued operations, net of tax	(0.08)	(0.08)	(0.24)
Cumulative effect of accounting change, net of tax	–	–	–
Net income (loss)	\$ 0.63	\$ 0.36	\$ (0.02)

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Balance Sheets

at December 31 (in millions, except share data)

	2006	2005
Cash and equivalents	\$ 4,262	\$ 3,221
Marketable securities and short-term investments	528	368
Receivables, net	7,276	6,405
Inventories, net	3,880	3,006
Prepaid expenses	252	250
Deferred taxes	577	473
Other current assets	238	187
Assets held for sale and in discontinued operations	164	262
Total current assets	17,177	14,172
Financing receivables, net	555	645
Property, plant and equipment, net	2,811	2,547
Goodwill	2,581	2,479
Other intangible assets, net	309	347
Prepaid pension and other employee benefits	375	601
Investments in equity method companies	636	618
Deferred taxes	523	628
Other non-current assets	175	239
Total assets	\$ 25,142	\$ 22,276
Accounts payable, trade	\$ 3,936	\$ 3,203
Accounts payable, other	1,184	1,171
Short-term debt and current maturities of long-term debt	122	169
Advances from customers	1,526	987
Deferred taxes	227	183
Provisions and other	3,003	2,635
Accrued expenses	1,941	1,876
Asbestos obligations	154	1,128
Liabilities held for sale and in discontinued operations	283	370
Total current liabilities	12,376	11,722
Long-term debt	3,160	3,933
Pension and other employee benefits	885	1,130
Deferred taxes	769	691
Asbestos obligations	307	-
Other liabilities	1,156	976
Total liabilities	18,653	18,452
Minority interest	451	341
Stockholders' equity:		
Capital stock and additional paid-in capital	4,514	3,121
Retained earnings	3,647	2,460
Accumulated other comprehensive loss	(2,019)	(1,962)
Less: Treasury stock, at cost (8,782,721 and 11,531,106 shares at December 31, 2006 and 2005, respectively)	(104)	(136)
Total stockholders' equity	6,038	3,483
Total liabilities and stockholders' equity	\$ 25,142	\$ 22,276

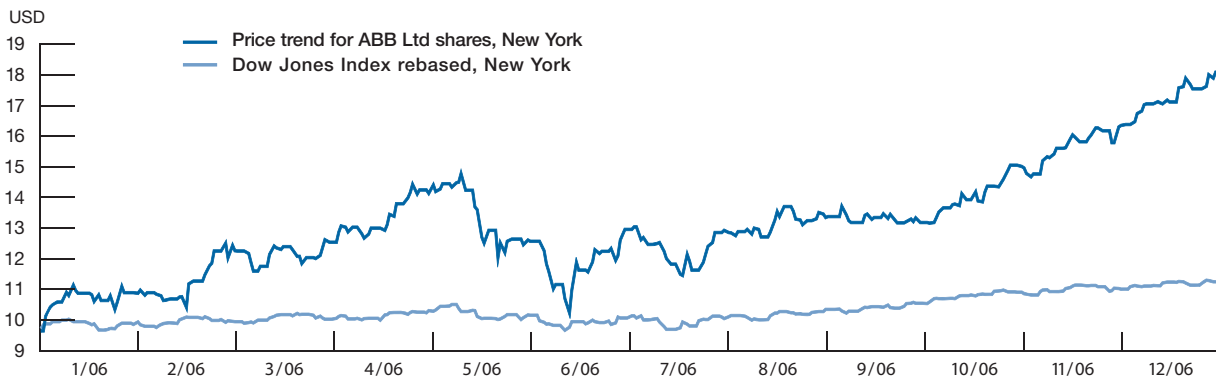
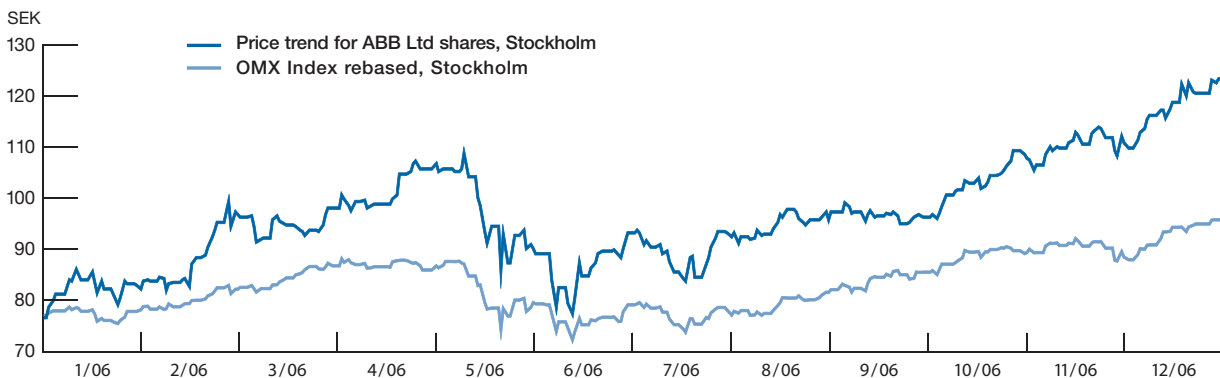
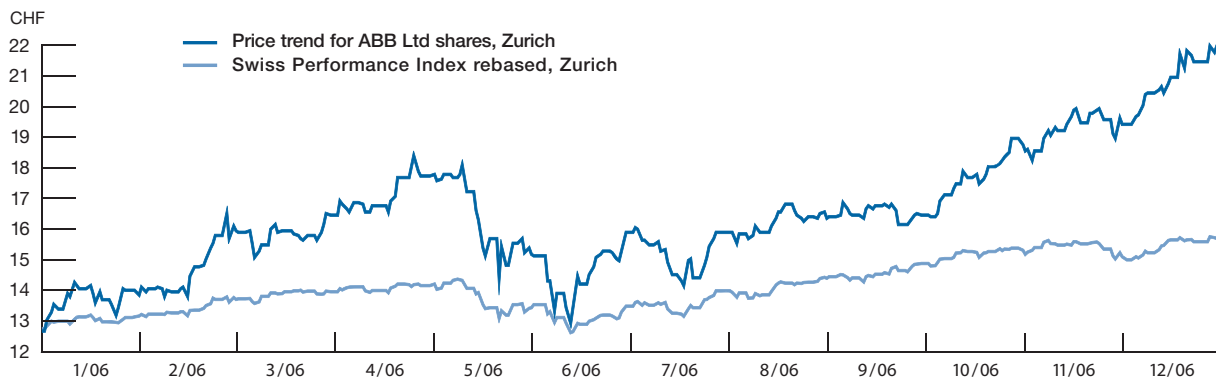
See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Year ended December 31 (in millions)	2006	2005	2004
Operating activities:			
Net income (loss)	\$ 1,390	\$ 735	\$ (35)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>			
Depreciation and amortization	570	597	633
Provisions, net	243	466	88
Pension and postretirement benefits	(4)	(62)	55
Deferred taxes	113	38	3
Net gain from sale of property, plant and equipment	(76)	(44)	(36)
Income from equity accounted companies	(95)	(109)	(87)
Minority interest	179	131	102
Loss on sale of discontinued operations	–	16	63
Other	190	159	264
Changes in operating assets and liabilities:			
Marketable securities (trading)	–	1	43
Trade receivables	(594)	(892)	(160)
Inventories	(512)	(328)	(74)
Trade payables	388	26	(63)
Advances from customers	461	161	(22)
Other assets and liabilities, net	(314)	117	128
Net cash provided by operating activities	1,939	1,012	902
Investing activities:			
Changes in financing receivables	67	229	176
Purchases of marketable securities and short-term investments (other than trading)	(4,743)	(1,915)	(2,877)
Purchases of property, plant and equipment and intangible assets	(536)	(456)	(543)
Acquisitions of businesses (net of cash acquired)	(3)	(27)	(24)
Proceeds from sales of marketable securities and short-term investments (other than trading)	4,366	1,833	2,317
Proceeds from sales of property, plant and equipment	128	117	123
Proceeds from sales of businesses (net of cash disposed)	27	(97)	1,182
Net cash provided by (used in) investing activities	(694)	(316)	354
Financing activities:			
Net changes in debt with maturities of 90 days or less	(26)	(9)	(104)
Increases in debt	151	155	265
Repayment of debt	(189)	(978)	(2,913)
Payments made upon induced bond conversion	(72)	–	–
Payments made upon bond exchange	(111)	–	–
Treasury and capital stock transactions	47	35	(36)
Payment of dividends	(203)	–	–
Other	11	(99)	43
Net cash used in financing activities	(392)	(896)	(2,745)
Effects of exchange rate changes on cash and equivalents	184	(259)	74
Adjustment for the net change in cash and equivalents in assets held for sale and in discontinued operations	4	14	298
Net change in cash and equivalents – continuing operations	1,041	(445)	(1,117)
Cash and equivalents beginning of period	3,221	3,666	4,783
Cash and equivalents end of period	\$ 4,262	\$ 3,221	\$ 3,666
Interest paid	\$ 274	\$ 332	\$ 382
Taxes paid	\$ 594	\$ 325	\$ 379

See accompanying Notes to the Consolidated Financial Statements.

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 26, 2007

Standard & Poor's

Long-term corporate credit rating:

BBB+

Long-term senior unsecured debt:

BBB

Short-term corporate credit rating:

A-2

Watch positive

Moody's

Long-term senior unsecured rating:

Baa1

Short-term debt rating:

Prime-2

Stable 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 15, 2007.

Issuer	Original issued principal amount	Coupon	Due	Bloomberg ticker	Reuters ticker
ABB International Finance Ltd	EUR 500 million	9.5% ⁽¹⁾	2008	ABB 9.5 01/15/08	CH014855653=
ABB International Finance Ltd	GBP 200 million	10% ⁽²⁾	2009	ABB 10 05/29/09	CH014855661=
ABB Ltd	CHF 500 million	3.75% ⁽³⁾	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=
ABB International Finance Ltd	EUR 700 million	4.625%	2013	ABB 4.625 06/06/13	CH025291581=

⁽¹⁾ Outstanding amount = EUR 77 million

⁽²⁾ Outstanding amount = GBP 20 million

⁽³⁾ Outstanding amount = CHF 108 million

Key data

	2006	2005
Dividend per share (CHF)	0.24 ⁽¹⁾	0.12
Par value per share (CHF)	2.50	2.50
Votes per share	1	1
Earnings per share (USD) ⁽²⁾	0.63	0.36
Stockholders' equity per share (USD) ⁽³⁾	2.77	1.71
Cash flow from operations per share (USD) ⁽²⁾	0.86	0.47
Dividend pay-out-ratio (%)	31%	26%
Weighted average number of shares outstanding (in millions)	2,128	2,029
Diluted weighted average number of shares outstanding (in millions)	2,248	2,138

⁽¹⁾ Proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting on May 3, 2007, 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 2007 Annual General Meeting of ABB Ltd will be held at 10:00 a.m. on Thursday, May 3, 2007 at the Messe Zurich hall in Zurich-Oerlikon, Switzerland. The Annual General Meeting will be held principally in German and will be translated simultaneously into English and French. Shareholders entered in the share register, with the right to vote, by April 23, 2007, are entitled to participate in the Annual General Meeting.

The ABB Annual Report 2006 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 2007	April 26
ABB Ltd Annual General Meeting, Zurich	May 3
ABB Ltd Information Meeting, Västerås	May 4
Six-month results 2007	July 26
Nine-month results 2007	October 25



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