

## Q2 net income of \$126 million

- EBIT up 16 percent to \$371 million on strong operational performance, despite a number of special charges
- Group orders grew 8 percent, revenues 10 percent
- Cash flow from operating activities at \$168 million, up \$280 million

### 2005 Q2 key figures (unaudited)

\$ in millions		Q2 2005	Q2 04 <sup>1</sup>	Change <sup>3</sup>
<b>Orders</b>	<b>Group</b>	6,142	5,695	8%
	Power Technologies	2,819	2,714	4%
	Automation Technologies	3,264	2,881	13%
<b>Revenues</b>	<b>Group</b>	5,724	5,209	10%
	Power Technologies	2,399	2,242	7%
	Automation Technologies	3,151	2,689	17%
<b>EBIT<sup>2</sup></b>	<b>Group</b>	371	321	16%
	Power Technologies	138	184	(25%)
	Automation Technologies	336	263	28%
	Non-core activities	(10)	2	
	Corporate	(93)	(128)	
<b>EBIT margin</b>	<b>Group</b>	6.5%	6.2%	
	Power Technologies	5.8%	8.2%	
	Automation Technologies	10.7%	9.8%	
<b>Loss from discontinued operations</b>		(22)	(58)	
<b>Net income</b>		126	89	
<b>Basic net income per share</b>		0.06	0.04	

<sup>1</sup> Adjusted to reflect the reclassification of the oil, gas and petrochemicals business to continuing operations, and of other activities to Discontinued operations in 2004. <sup>2</sup> Earnings before interest and taxes. <sup>3</sup> In U.S. dollars.


Zurich, Switzerland, July 28, 2005 – ABB reported higher orders, revenues, earnings before interest and taxes (EBIT) and net income in the second quarter of 2005 compared to the same quarter in 2004, resulting from continued growth in most markets and further progress in lifting operational efficiency.

EBIT increased 16 percent to \$371 million, led by a strong performance from the Automation Technologies division (AT) which reported double-digit order, revenue and EBIT growth. Orders and revenues were also higher in the Power Technologies division (PT), but an expense of \$66 million related to the consolidation of the transformer business, announced in June, reduced EBIT compared to the same quarter in 2004.

Additional costs of approximately \$65 million for previously announced non-asbestos related regulatory and litigation costs – the majority of which was recorded in interest expense – further reduced profit in the quarter.

Despite these significant charges, net income rose 42 percent to \$126 million compared to the same quarter in 2004 but was down from \$199 million in the first quarter of 2005.

Cash inflow from operating activities increased by \$280 million compared to the same quarter in 2004, mainly due to Non-core and Corporate activities.



“We had another quarter of strong operational performance, building on the momentum we saw at the beginning of the year,” said Fred Kindle, ABB President and CEO. “Although we took sizable provisions to improve the longer-term profitability of our transformer business and to cover litigation and regulatory costs, we were able to improve our profitability once more. Our focus remains on improving our business execution quickly and lifting operational efficiency even further.”

### Second-quarter market overview

Demand for ABB’s products and services grew in most business areas during the second quarter of 2005. Continuing strong growth in base orders (less than \$15 million) across almost all businesses areas indicates that underlying economic conditions remained favorable, and helped maintain ABB’s order backlog at high levels.

Power utilities in North America and Europe continued to invest in replacing and upgrading transmission and distribution equipment. In Asia, the Middle East and South America, utilities invested in new power infrastructure. There were fewer large power transmission orders in the quarter compared to the same period last year, leading to lower bookings from Asia, but longer-term growth drivers for these projects remain in place in all regions.

In line with the business cycle in most of ABB’s industrial customer segments, investments focused primarily on improving the efficiency of existing plants and equipment, and demand continued to grow in the oil and gas, minerals and metals, marine, chemicals and automotive markets. Demand continued to be weak in the pulp and paper and construction sectors. As in the power market, industrial customers focused spending on upgrading existing assets rather than greenfield investments. Industrial orders increased in all regions.

### Summary of second quarter results

**Orders received** in the second quarter of 2005 grew 8 percent (local currencies: 4 percent) to \$6,142 million. Base orders increased in almost all business areas and in all regions as demand continued to improve across most customer segments. This increase more than offset an approximately 50-percent decrease in large orders (over \$15 million).

Base orders amounted to \$5,691 million for the group, representing 93 percent of total orders, compared to 84 percent of total orders in the second quarter of 2004. The higher level of large orders in the second quarter of 2004 was due mainly to a \$390-million high-voltage transmission line order in China in the Power Technologies division and a large robotics order in the U.S. in Automation Technologies.

Regionally<sup>1</sup>, growth was strongest in the Americas, up 32 percent (local currencies: 26 percent) to \$1,212 million, with utilities in North America continuing to invest in equipment upgrades and with most industrial sectors continuing to grow.

In Europe, orders grew 13 percent to \$2,970 million (local currencies: 9 percent). PT orders were higher in both dollars and local currencies, led by higher product orders in western Europe and a large power transmission system order in eastern Europe. Orders were also higher for AT in both eastern and western Europe.

Orders in Asia decreased 9 percent to \$1,449 million (local currencies: down 13 percent) in the second quarter of 2005. This was primarily the result of a large power transmission order in China received during the comparable quarter of 2004. However, PT’s base orders in China continued to grow. Total AT orders in Asia increased in the quarter as higher orders in India and several other countries more than made up for a small decrease in China.

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<sup>1</sup> ABB’s regional reporting structure comprises four regions: Europe, Asia, the Middle East and Africa, and the Americas.

In the Middle East and Africa, orders were 6 percent lower in the second quarter at \$511 million (local currencies: 8 percent lower), primarily reflecting lower large orders in the oil and gas business in Non-core activities and in the Power Technology Systems business area.

The **order backlog** for the group, including Non-core activities, at the end of the second quarter of 2005 was \$12,832 million, down 1 percent compared to the end of the first quarter of 2005 (local currencies: up 3 percent). The combined order backlog for the two divisions amounted to \$11,958 million at the end of June 2005, flat compared to the end of March 2005 (local currencies: up 4 percent).

**Revenues** in the second quarter amounted to \$5,724 million, an increase of 10 percent (local currencies: 6 percent), reflecting the strong order backlog. Revenues were higher in most business areas and in all regions except the Middle East and Africa. The largest increase was in the Americas, up 17 percent (local currencies: 12 percent) to \$1,020 million. Revenues in Asia increased 15 percent (local currencies: 11 percent) to \$1,238 million, as an improvement in AT revenues more than offset a decrease in PT. Revenues in Europe improved 8 percent (local currencies: 4 percent) to \$2,972 million. In the Middle East and Africa, revenues were down 4 percent to \$494 million (local currencies: down 6 percent).

The revenue increase was mainly the result of higher volumes, although price increases were achieved in some product lines.

**EBIT** was \$371 million in the second quarter of 2005, up 16 percent compared to the same period in 2004. The biggest improvement came from the Automation Technologies division, mainly the result of higher factory loading, ongoing productivity improvements and low-cost sourcing initiatives. EBIT in the Power Technologies division decreased, as productivity and capacity utilization improvements in some businesses and a net gain of approximately \$10 million on the sale of property was more than offset by a charge of \$66 million related to the consolidation program for the transformers business announced in June 2005 and a provision for potential regulatory expenses in the Power Technology Systems business.

Corporate costs were \$35 million lower, as headquarters costs in several countries and in the Zurich head office were reduced compared to the year-earlier period. EBIT from Non-core activities decreased to a loss of \$10 million from a profit of \$2 million in the second quarter of 2004, as an asset write-down and charges related to potential litigation offset an improvement in the Building Systems business in Germany.

The **EBIT margin** in the second quarter rose to 6.5 percent from 6.2 percent in the same quarter of 2004. The EBIT margin in Automation Technologies increased to 10.7 percent from 9.8 percent. The EBIT margin in Power Technologies decreased to 5.8 percent from 8.2 percent in the year-earlier period.

**Finance net<sup>2</sup>** was a net expense of \$95 million in the second quarter compared to \$50 million in the second quarter of 2004. Included in finance net in the second quarter of 2005 is a one-time interest expense of approximately \$40 million, the majority of which was related to litigation stemming from a fine levied against ABB in 1998 following violations of European Union competition rules in the district heating business (divested in 1999).

**Tax expense** amounted to \$101 million (effective tax rate of approximately 37 percent) in the second quarter of 2005 compared to \$96 million (effective tax rate of approximately 35 percent) in the second quarter of 2004. The higher effective tax rate is due primarily to the impact of the special charges recorded in the quarter.

The net loss in **Discontinued operations** amounted to \$22 million, including a \$6-million loss related to the sale of the power lines business in Germany and a \$10-million expense on

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<sup>2</sup> Finance net is the difference between interest and dividend income and interest and other finance expense.

the mark-to-market treatment of the approximately 30 million ABB shares reserved to cover part of the company's asbestos liabilities (please refer to the table in Appendix I on page 9 of this release for more information).

ABB's **net income** for the second quarter was \$126 million, compared to \$89 million for the same period in 2004, despite charges in the quarter for the transformer consolidation, regulatory expenses and potential litigation, all totalling more than \$130 million.

### Balance sheet

Cash and marketable securities at the end of June 2005 amounted to \$3.6 billion (excluding Discontinued operations), down from \$3.7 billion at the end of March 2005.

At the end of June 2005, total debt (defined as total short and long-term borrowings) amounted to \$4.9 billion, compared to \$5.2 billion at March 31, 2005. The decrease reflects the strengthening of the U.S. dollar during the quarter, which had the effect of lowering the company's reported debt when translating debt denominated in Euros and Swiss francs into U.S. dollars. Included in ABB's total debt is approximately \$200 million in bonds due for repayment in the third quarter of 2005.

As a result, net debt (total debt less cash and marketable securities) was \$1.3 billion at the end of the second quarter of 2005, compared to \$1.5 billion at the end of the first quarter of 2005.

Gearing, defined as total debt divided by total debt plus stockholders' equity (including minority interest), was 60 percent at the end of June 2005, compared to 61 percent at the end of the previous quarter.

Stockholders' equity (including minority interests) at June 30, 2005, was \$3,333 million compared to \$3,299 million at the end of March 2005.

### Cash flow from operating activities\* (unaudited)

\$ in millions	Q2 2005	Q2 2004	Change
Power Technologies	101	35	66
Automation Technologies	190	225	(35)
Non-core activities	(36)	(161)	125
Corporate	(87)	(211)	124
<b>Net cash generated (used) from operating activities</b>	<b>168</b>	<b>(112)</b>	<b>280</b>

\* Includes cash flows from items classified as Discontinued operations.

Net cash generated from operating activities for the group in the second quarter of 2005 increased by \$280 million compared to the second quarter of 2004. The biggest improvements were in Non-core and Corporate activities.

The improved cash flow in Non-core activities reflects the large cash outflow in the second quarter of 2004 resulting from the reduction of approximately \$100-million in securitization activities in preparation for the sale of the upstream oil and gas business in July 2004.

In Corporate, cash flow improved due to lower costs, differences in the timing of securitization activities compared to the same quarter in 2004, and lower cash outflow related to asbestos payments (\$12 million in the second quarter of 2005 compared to \$28 million in the year-earlier period).

The two divisions reported cash generated in the quarter of \$291 million, up \$31 million compared to the same period in 2004. Cash flow in PT increased, with working capital as a percentage of revenue reduced further. Cash flow decreased in AT on higher working capital to support the strong revenue growth.

The reduction of securitization activities in the group reduced cash flow over the first six months of 2005 by approximately \$150 million.

## Asbestos

On March 21, 2005, ABB announced that it had reached agreement on certain settlement points that would form the basis for revised plans of reorganization for its U.S. subsidiaries, Combustion Engineering (CE) and ABB Lummus Global Inc., to resolve the asbestos claims of both companies following the U.S. Third Circuit Court of Appeals decision of December 2, 2004.

A revised CE Plan of Reorganization was filed with the U.S. Bankruptcy Court in Pittsburgh, Pennsylvania, on June 24, 2005. A hearing on the plan's Disclosure Statement before the Bankruptcy Court is scheduled for August 19, 2005, after which the plan will be submitted to claimants for a vote of approval. ABB continues to work with the various parties to the settlement points in an effort to resolve all of the issues in a timely manner.

## Group outlook

On June 30, 2005, ABB announced a four-year consolidation program for its global transformer business, which is expected to result in total charges of approximately \$240 million over the period 2005 to 2008. Of that, some \$120 million is expected to be incurred in 2005. As a result of these additional charges, and higher raw material costs, ABB revised the 2005 EBIT margin target for the Power Technologies division and, consequently, for the ABB group.

The new 2005 PT EBIT margin target is 6.8-7.3 percent. ABB lowered its 2005 group EBIT margin target to 6.6-7.1 percent from 7.7 percent.

The consolidation program has no impact on the 2005 EBIT margin target for the Automation Technologies division, which remains unchanged at 10.7 percent. Progress remains on track towards the previously communicated guidance on corporate costs (maximum \$450 million for the full year 2005) and the operational performance of Non-core activities (break-even for the full year 2005).

ABB's revenue growth targets also remain unchanged. From 2002 through to the end of 2005, ABB expects compound average annual revenue growth of 4 percent in local currencies. The Power Technologies division expects compound average annual revenue growth of 5.3 percent in local currencies. The Automation Technologies division expects compound average annual revenue growth of 3.3 percent in local currencies.

The company continues to reduce its financial obligations. The focus will be on creating the most value for the company by reducing overall financing costs and adjusting the risk profile of the debt portfolio.

Revenue and margin targets exclude major acquisitions, divestitures and business closures.

## Release of new targets


ABB plans to publish new financial performance targets covering the period from 2006 to 2009 on September 6, 2005.

## Divisional performance Q2 2005

### Power Technologies (unaudited)

\$ in millions (except where indicated)	Q2 2005	Q2 2004 <sup>1</sup>	Change
Orders	2,819	2,714	4%
Revenues	2,399	2,242	7%
EBIT	138	184	(25%)
EBIT margin	5.8%	8.2%	

<sup>1</sup> Adjusted to reflect the move of activities to Discontinued operations in 2004.



A strong 17-percent increase in base orders in the Power Technologies division in the second quarter of 2005 (local currency increase: 14 percent) offset a drop in large orders that resulted from the award of a large power transmission order in China in the second quarter of 2004.

In the **Power Technology Products** business area, orders increased across all business units in both dollars and local currencies, led by transformers and medium-voltage products. Regionally, the strongest growth was in the Americas, attributable to continuing investments by utilities to replace and upgrade existing equipment. Orders grew for all business units in South America in the second quarter, indicating that the recovery seen in the region recently is continuing.

Investments by utilities in Europe to replace existing equipment led to higher orders in the region. In particular, orders for medium-voltage products and transformers increased at a double-digit pace in both dollars and local currencies. Orders were higher in eastern Europe across all business units.

In Asia, orders were higher in all business units, reflecting continuing demand from both utilities and industrial customers. Order growth continued in China but at a slower pace than the very high rates seen in 2004. Orders increased in the Middle East and Africa, mainly on higher demand for medium-voltage equipment.

In the **Power Technology Systems** business area, orders received were down more than 10 percent in both dollars and local currencies in the second quarter. Orders decreased in Asia compared to the second quarter of 2004, when a large order was booked for a power transmission link in China. Large orders were also down in the Middle East and Africa.

A power transmission order for a high-voltage direct current link between Finland and Estonia received in the quarter, valued at more than \$100 million, helped increase European orders. In the Americas, recovering investments in power infrastructure in South America, especially Brazil, compensated for the continuing low level of large project orders in North America.

The order backlog for the division at the end of the second quarter of 2005 amounted to \$7,171 million, up 1 percent compared to the end of the previous quarter (local currencies: up 5 percent).

Revenues in the quarter were \$2,399 million, 7 percent higher than the year-earlier period (local currencies: up 4 percent), mainly the result of higher volumes in the base business. Revenues were higher in both dollars and local currencies across all business units in Power Technology Products, with the strongest growth in Asia and the Americas. Revenues in Power Technology Systems were higher in dollars and flat in local currencies, with growth in western Europe and the Middle East offset by lower revenues in Asia.

Second-quarter EBIT decreased by 25 percent to \$138 million compared to the year-earlier period, and was lower in both business areas. EBIT improvements in the high- and medium-voltage businesses, including a net gain of approximately \$10 million on the sale of property, could not compensate for a charge of \$66 million related to the consolidation program for the transformers business announced at the end of June 2005. The four-year program is expected to have a total cost of approximately \$240 million, of which about \$120 million is expected to be incurred in 2005. EBIT in the Power Technologies Products business area was also reduced by approximately \$10 million as the result of higher raw material costs that could not be fully mitigated by price increases, supply management initiatives and other actions.

EBIT in the Power Technology Systems business area decreased, mainly due to a provision to cover potential regulatory expenses.

The EBIT margin for the Power Technologies division in the quarter decreased to 5.8 percent from 8.2 percent in the second quarter of 2004.

Cash flow from operating activities in the quarter amounted to \$101 million, compared to \$35 million in the same quarter in 2004, due to further improvements in working capital.

## Automation Technologies (unaudited)

\$ in millions (except where indicated)	Q2 2005	Q2 2004 <sup>1</sup>	Change
Orders	3,264	2,881	13%
Revenues	3,151	2,689	17%
EBIT	336	263	28%
EBIT margin	10.7%	9.8%	

<sup>1</sup> Adjusted to reflect the move of activities to Discontinued operations in 2004.

Orders were higher in all business areas and regions in both dollars and local currencies, reflecting the continued growth in most of ABB's industrial end markets around the world. In particular, higher base orders across all business areas more than compensated for lower large orders and are a sign that economic conditions remain positive.

The increase in orders in the **Automation Products** business area was driven mainly by higher demand for low- and medium-voltage drives, low-voltage breakers and switches and power electronics. Orders were up in all regions. In Asia, growth was led by China and India. In the Americas, orders increased in both South America and in the U.S. European orders were led by the Nordic countries and most of eastern Europe, while growth was mixed in central Europe, partly reflecting the relatively weak construction market in Germany.

In **Process Automation**, orders improved by more than 10 percent in dollar and local currency terms in the second quarter compared to the same quarter in 2004. Orders were higher in all business units except for pulp and paper, where demand remains weak. Orders grew in all regions. In Asia, order growth in India and several other countries more than offset lower orders in China. Higher orders in the Americas were driven by growth of more than 10 percent in local currencies in North America, where a new emphasis on treating the region as a single market helped win a number of new orders. In Europe, order growth was driven by industrial demand in western Europe. Orders were flat in eastern Europe.

Orders were also higher in **Manufacturing Automation**, as a strong increase in base orders more than offset lower large project orders in the quarter. Orders in Asia showed the largest improvement, led by China. Orders were also higher in Europe, with an increase in eastern Europe making up for lower orders in western Europe. Orders were flat or lower in other regions.

The order backlog at the end of the second quarter remained at high levels, amounting to \$4,787 million, a decrease of 3 percent (local currencies: up 2 percent) compared to the end of the previous quarter.

Revenues rose 17 percent (local currencies: 13 percent) to \$3,151 million compared to the second quarter of 2004. Revenues were higher in all business areas in both dollars and local currencies, mainly reflecting higher volumes but also higher prices in some product business units to reflect higher raw material costs.

Regionally, the strongest revenue growth was in the Americas, Asia and Europe. Both China and India showed higher revenues in the quarter, while revenues from the U.S. rose more than 30 percent, reflecting the strong order backlog. In Europe, revenues were up more than 50 percent in eastern Europe and improved by almost 10 percent in local currencies in western Europe.

EBIT grew 28 percent to \$336 million compared to the same quarter in 2004. It was the eleventh consecutive quarter of higher EBIT and revenues for Automation Technologies. EBIT growth was strongest in Process Automation, reflecting productivity gains and the effects of cost migration efforts in addition to higher revenues. EBIT also improved in Automation Products on higher revenues, improved factory loading, cost migration and productivity improvements. EBIT growth was flat in Manufacturing Automation, reflecting the non-recurrence of a gain on the disposal of a small unit in Sweden in the same quarter of 2004.

The division's EBIT margin increased to 10.7 percent from 9.8 percent in the second quarter of last year.

Cash flow from operations for the division amounted to \$190 million, down from \$225 million in the second quarter of 2004, primarily the result of higher working capital needs resulting from strong revenue growth.

#### Non-core activities (unaudited)

EBIT (\$ in millions)	Q2 2005	Q2 2004 <sup>1</sup>
Oil, gas and petrochemicals	13	13
Building Systems	(8)	(18)
Equity Ventures	1	16
Other non-core activities <sup>2</sup>	(16)	(9)
<b>Total</b>	<b>(10)</b>	<b>2</b>

<sup>1</sup> Adjusted to reflect the reclassification of the oil, gas and petrochemicals business to continuing operations, and of other activities to Discontinued operations in 2004. <sup>2</sup> Comprises mainly remaining Structured Finance and New Ventures activities.

The loss in Building Systems in the second quarter of 2005 is the result of costs associated with closing a number of projects in several countries. The business achieved a break-even operational result in Germany in the second quarter. In Equity Ventures, a \$10-million write-down on the value of an equity investment and lower EBIT from other equity investments in the quarter lowered EBIT to break even. EBIT in the second quarter of 2005 was also impacted by a charge related to potential litigation in Other non-core activities.

#### Corporate (unaudited)

EBIT (\$ in millions)	Q2 2005	Q2 2004 <sup>1</sup>
Headquarters/stewardship	(69)	(110)
Research and development	(24)	(22)
Other <sup>2</sup>	0	4
<b>Total</b>	<b>(93)</b>	<b>(128)</b>

<sup>1</sup> Adjusted to reflect the reclassification of the oil, gas and petrochemicals business to continuing operations, and of other activities to Discontinued operations in 2004. <sup>2</sup> Includes consolidation effects, real estate and treasury services.

Lower corporate costs in the second quarter of 2005 primarily reflect the ongoing efforts to cut headquarters spending at the local level as well as in the Zurich head office. Corporate costs in the year-earlier period included a capital gain of approximately \$15 million on the sale of real estate, included in the line Other.

## Appendix I

#### Discontinued operations (not included in EBIT) (unaudited)

\$ in millions	Q2 2005	Q2 2004 <sup>1</sup>
Asbestos	(12)	10
Power lines	(6)	(13)
Other <sup>2</sup>	(4)	(55)
<b>Net loss</b>	<b>(22)</b>	<b>(58)</b>

<sup>1</sup> Adjusted to reflect the reclassification of the oil, gas and petrochemicals business to continuing operations, and of other activities to Discontinued operations in 2004. <sup>2</sup> Comprises the divested reinsurance, upstream oil and gas businesses for 2004 and 2005, and metering and wind energy businesses in 2004.

## Appendix II

### ABB key figures Q2 2005 (unaudited)

\$ in millions		Q2 2005	Q2 2004 <sup>1</sup>	% change	
				US\$	Local
<b>Orders</b>	<b>Group</b>	<b>6,142</b>	<b>5,695</b>	<b>8%</b>	<b>4%</b>
	Power Technologies	2,819	2,714	4%	0%
	Automation Technologies	3,264	2,881	13%	10%
	Non-core activities	263	288	-9%	-13%
	Corporate	(204)	(188)		
<b>Revenues</b>	<b>Group</b>	<b>5,724</b>	<b>5,209</b>	<b>10%</b>	<b>6%</b>
	Power Technologies	2,399	2,242	7%	4%
	Automation Technologies	3,151	2,689	17%	13%
	Non-core activities	383	476	-20%	-24%
	Corporate	(209)	(198)		
<b>EBIT<sup>2</sup></b>	<b>Group</b>	<b>371</b>	<b>321</b>	<b>16%</b>	
	Power Technologies	138	184	-25%	
	Automation Technologies	336	263	28%	
	Non-core activities	(10)	2		
	Corporate	(93)	(128)		
<b>EBIT margin</b>	<b>Group</b>	<b>6.5%</b>	<b>6.2%</b>		
	Power Technologies	5.8%	8.2%		
	Automation Technologies	10.7%	9.8%		
<b>Net income</b>		<b>126</b>	<b>89</b>		

### ABB key figures first six months 2005 (unaudited)

\$ in millions		Jan-June 2005	Jan-June 2004 <sup>1</sup>	% change	
				US\$	Local
<b>Orders</b>	<b>Group</b>	<b>12,403</b>	<b>11,472</b>	<b>8%</b>	<b>3%</b>
	Power Technologies	5,517	5,063	9%	4%
	Automation Technologies	6,788	5,876	16%	11%
	Non-core activities	530	907	-42%	-45%
	Corporate	(432)	(374)		
<b>Revenues</b>	<b>Group</b>	<b>10,812</b>	<b>9,737</b>	<b>11%</b>	<b>6%</b>
	Power Technologies	4,547	4,073	12%	7%
	Automation Technologies	5,968	5,187	15%	10%
	Non-core activities	720	863	-17%	-23%
	Corporate	(423)	(386)		
<b>EBIT<sup>2</sup></b>	<b>Group</b>	<b>762</b>	<b>568</b>	<b>34%</b>	
	Power Technologies	301	330	-9%	
	Automation Technologies	643	479	34%	
	Non-core activities	(1)	2		
	Corporate	(181)	(243)		
<b>EBIT margin</b>	<b>Group</b>	<b>7.0%</b>	<b>5.8%</b>		
	Power Technologies	6.6%	8.1%		
	Automation Technologies	10.8%	9.2%		
<b>Net income</b>		<b>325</b>	<b>90</b>		

<sup>1</sup> Adjusted to reflect the reclassification of the oil, gas and petrochemicals business to continuing operations, and of other activities to Discontinued operations in 2004. <sup>2</sup> Earnings before interest and taxes. See Summary Financial Information for more information.

## Summary Financial Information June 2005

### ABB Ltd Summary Consolidated Income Statements

	Six months ended		Three months ended	
	June 30 2005	June 30 2004	June 30 2005	June 30 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in millions, except per share data)			
Revenues	\$ 10,812	\$ 9,737	\$ 5,724	\$ 5,209
Cost of sales	(8,110)	(7,280)	(4,327)	(3,930)
<b>Gross profit</b>	<b>2,702</b>	<b>2,457</b>	<b>1,397</b>	<b>1,279</b>
Selling, general and administrative expenses	(1,963)	(1,866)	(1,008)	(948)
Amortization expense	(22)	(22)	(11)	(11)
Other income (expense), net	45	(1)	(7)	1
<b>Earnings before interest and taxes</b>	<b>762</b>	<b>568</b>	<b>371</b>	<b>321</b>
Interest and dividend income	85	76	47	45
Interest and other finance expense	(221)	(205)	(142)	(95)
<b>Income from continuing operations before taxes and minority interest</b>	<b>626</b>	<b>439</b>	<b>276</b>	<b>271</b>
Provision for taxes	(216)	(161)	(101)	(96)
Minority interest	(47)	(42)	(27)	(28)
<b>Income from continuing operations</b>	<b>363</b>	<b>236</b>	<b>148</b>	<b>147</b>
Loss from discontinued operations, net of tax	(38)	(146)	(22)	(58)
<b>Net income</b>	<b>\$ 325</b>	<b>\$ 90</b>	<b>\$ 126</b>	<b>\$ 89</b>
Basic earnings per share:				
Income from continuing operations	\$ 0.18	\$ 0.12	\$ 0.07	\$ 0.07
Net income	\$ 0.16	\$ 0.04	\$ 0.06	\$ 0.04
Diluted earnings per share:				
Income from continuing operations	\$ 0.18	\$ 0.12	\$ 0.07	\$ 0.07
Net Income	\$ 0.16	\$ 0.04	\$ 0.06	\$ 0.04

See accompanying Notes to the summary consolidated financial statements available on ABB's website at [www.abb.com](http://www.abb.com).

**ABB Ltd**  
**Summary Consolidated Balance Sheets**

	At June 30 2005	At March 31 2005	At December 31 2004
	(unaudited)	(unaudited)	(audited)
	(in millions, except share data)		
Cash and equivalents	\$ 3,188	\$ 2,614	\$ 3,676
Marketable securities and short-term investments	387	1,037	524
Receivables, net	6,315	6,309	6,330
Inventories, net	3,148	3,169	2,977
Prepaid expenses and other	1,421	1,399	1,688
Assets held for sale and in discontinued operations	56	72	155
<b>Total current assets</b>	<b>14,515</b>	<b>14,600</b>	<b>15,350</b>
Financing receivables, non-current	1,033	1,137	1,233
Property, plant and equipment, net	2,648	2,824	2,981
Goodwill	2,495	2,553	2,602
Other intangible assets, net	408	449	493
Prepaid pension and other employee benefits	518	534	549
Investments and other	1,417	1,456	1,469
<b>Total assets</b>	<b>\$ 23,034</b>	<b>\$ 23,553</b>	<b>\$ 24,677</b>
Accounts payable, trade	\$ 4,008	\$ 4,066	\$ 4,272
Accounts payable, other	1,351	1,363	1,437
Short-term borrowings and current maturities of long-term borrowings	444	473	633
Accrued liabilities and other	5,992	6,013	6,436
Liabilities held for sale and in discontinued operations	107	160	290
<b>Total current liabilities</b>	<b>11,902</b>	<b>12,075</b>	<b>13,068</b>
Long-term borrowings	4,468	4,688	4,901
Pension and other employee benefits	1,489	1,519	1,551
Deferred taxes	892	946	953
Other liabilities	950	1,026	1,083
<b>Total liabilities</b>	<b>19,701</b>	<b>20,254</b>	<b>21,556</b>
Minority interest	287	305	297
Stockholders' equity:			
Capital stock and additional paid-in capital	3,083	3,083	3,083
Retained earnings	2,050	1,924	1,725
Accumulated other comprehensive loss	(1,949)	(1,875)	(1,846)
Less: Treasury stock, at cost (11,623,309 shares at June 30, 2005, and 11,611,529 shares at December 31, 2004)	(138)	(138)	(138)
<b>Total stockholders' equity</b>	<b>3,046</b>	<b>2,994</b>	<b>2,824</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 23,034</b>	<b>\$ 23,553</b>	<b>\$ 24,677</b>

See accompanying Notes to the summary consolidated financial statements available on ABB's website at [www.abb.com](http://www.abb.com).

**ABB Ltd**  
**Summary Consolidated Statements of Cash Flows**

	Six months ended		Three months ended	
	June 30 2005	June 30 2004	June 30 2005	June 30 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in millions)			
<b>Operating activities:</b>				
Net income	\$ 325	\$ 90	\$ 126	\$ 89
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>				
Depreciation and amortization	287	296	145	148
Provisions	61	(142)	102	9
Pension and post-retirement benefits	39	48	24	22
Deferred taxes	30	13	(1)	15
Net gain from sale of property, plant and equipment	(34)	(23)	(16)	(22)
Income before taxes from equity accounted companies	(53)	(33)	(20)	(15)
Minority interest	48	42	28	27
Loss on sale of discontinued operations	–	36	–	36
Other*	69	147	39	26
<i>Changes in operating assets and liabilities:</i>				
Marketable securities (trading)	1	43	–	2
Trade receivables	(309)	(238)	(295)	(268)
Inventories	(537)	(372)	(196)	(31)
Trade payables	85	(20)	149	90
Other assets and liabilities, net	(54)	(127)	83	(240)
<b>Net cash provided by (used in) operating activities</b>	<b>(42)</b>	<b>(240)</b>	<b>168</b>	<b>(112)</b>
<b>Investing activities:</b>				
Changes in financing receivables	109	51	54	72
Purchases of marketable securities (other than trading)	(828)	(1,630)	(114)	(144)
Purchases of property, plant and equipment	(180)	(235)	(101)	(137)
Acquisitions of businesses (net of cash acquired)	(13)	(16)	(6)	(10)
Proceeds from sales of marketable securities (other than trading)	937	1,562	742	872
Proceeds from sales of property, plant and equipment	32	63	10	52
Proceeds from sales of businesses (net of cash disposed)*	(43)	315	(7)	293
<b>Net cash provided by investing activities</b>	<b>14</b>	<b>110</b>	<b>578</b>	<b>998</b>
<b>Financing activities:</b>				
Changes in borrowings	(210)	(1,754)	(25)	(671)
Treasury and capital stock transactions	–	(36)	–	–
Other*	(24)	(26)	(43)	(22)
<b>Net cash used in financing activities</b>	<b>(234)</b>	<b>(1,816)</b>	<b>(68)</b>	<b>(693)</b>
Effects of exchange rate changes on cash and equivalents	(226)	(27)	(93)	(10)
Adjustment for the net change in cash and equivalents in assets held for sale and in discontinued operations	–	212	(11)	119
<b>Net change in cash and equivalents – continuing operations</b>	<b>(488)</b>	<b>(1,761)</b>	<b>574</b>	<b>302</b>
Cash and equivalents beginning of period	3,676	4,783	2,614	2,720
<b>Cash and equivalents end of period</b>	<b>\$ 3,188</b>	<b>\$ 3,022</b>	<b>\$ 3,188</b>	<b>\$ 3,022</b>
Interest paid	\$ 155	\$ 185	\$ 83	\$ 101
Taxes paid	\$ 145	\$ 206	\$ 26	\$ 128

\* For reclassifications to the statements of cash flows see Note 1 – The summary consolidated financial statements and information. See accompanying Notes to the summary consolidated financial statements available on ABB's website at [www.abb.com](http://www.abb.com).

## ABB Ltd Consolidated Statements of Changes in Stockholders' Equity

in millions	Capital stock and additional paid-in capital	Retained earnings	Accumulated other comprehensive loss				Total accumulated other comprehensive loss	Treasury stock, at cost	Total stockholders' equity
			Foreign currency translation adjustment	Unrealized gain on available-for-sale securities	Minimum pension liability adjustment	Unrealized gain (loss) of cash flow hedge derivatives			
<b>Balance at January 1, 2004</b>									
<b>(audited)</b>	<b>\$ 3,067</b>	<b>\$ 1,760</b>	<b>\$ (1,747)</b>	<b>\$ 27</b>	<b>\$ (137)</b>	<b>\$ 85</b>	<b>\$ (1,772)</b>	<b>\$ (138)</b>	<b>\$ 2,917</b>
Comprehensive income:									
Net income		90							90
Foreign currency translation adjustments			(56)				(56)		(56)
Accumulated foreign currency translation adjustments allocated to divestments of businesses			32				32		32
Effect of change in fair value of available-for-sale securities				2			2		2
Minimum pension liability adjustments									
Change in derivatives qualifying as cash flow hedges							(62)	(62)	(62)
Total comprehensive income									6
<b>Balance at June 30, 2004</b>									
<b>(unaudited)</b>	<b>\$ 3,067</b>	<b>\$ 1,850</b>	<b>\$ (1,771)</b>	<b>\$ 29</b>	<b>\$ (137)</b>	<b>\$ 23</b>	<b>\$ (1,856)</b>	<b>\$ (138)</b>	<b>\$ 2,923</b>
<b>Balance at January 1, 2005</b>									
<b>(audited)</b>	<b>\$ 3,083</b>	<b>\$ 1,725</b>	<b>\$ (1,708)</b>	<b>\$ 12</b>	<b>\$ (206)</b>	<b>\$ 56</b>	<b>\$ (1,846)</b>	<b>\$ (138)</b>	<b>\$ 2,824</b>
Comprehensive income:									
Net income		325							325
Foreign currency translation adjustments			(51)				(51)		(51)
Effect of change in fair value of available-for-sale securities									
Minimum pension liability adjustments					23		23		23
Change in derivatives qualifying as cash flow hedges							(75)	(75)	(75)
Total comprehensive income									222
<b>Balance at June 30, 2005</b>									
<b>(unaudited)</b>	<b>\$ 3,083</b>	<b>\$ 2,050</b>	<b>\$ (1,759)</b>	<b>\$ 12</b>	<b>\$ (183)</b>	<b>\$ (19)</b>	<b>\$ (1,949)</b>	<b>\$ (138)</b>	<b>\$ 3,046</b>

See accompanying Notes to the summary consolidated financial statements available on ABB's website at [www.abb.com](http://www.abb.com).



### More information

The 2005 Q2 results press release and presentation slides are available from July 28, 2005 on the ABB News Center at [www.abb.com/news](http://www.abb.com/news) and on the Investor Relations homepage at [www.abb.com/investorrelations](http://www.abb.com/investorrelations).

### Future reporting dates

The remaining reporting date for quarterly results in 2005 is October 28 (**changed from October 27, as originally announced**).

ABB also plans to publish new financial performance targets covering the period from 2006 to 2009 on September 6, 2005.

ABB ([www.abb.com](http://www.abb.com)) 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 103,000 people.

Zurich, July 28, 2005

Fred Kindle, CEO



### **Important notice about forward-looking information**

This press release includes forward-looking information and statements including statements concerning the outlook, restructuring charges, and revenue and margin targets for our businesses and statements about the future process and expense of resolving asbestos liability. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd and ABB Ltd's lines of business. 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. The important factors that could cause such differences include, among others, ABB's ability to dispose of certain of our non-core businesses on terms and conditions acceptable to it, the terms and conditions on which asbestos claims can be resolved, the amount of revenues we are able to generate from backlog and orders received, trends in raw materials prices, economic and market conditions in the geographic areas and industries that are major markets for ABB's businesses, market acceptance of new products and services, changes in governmental regulations and costs associated with compliance activities, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in ABB'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.



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