

ABB LTD  
Form 20-F  
April 18, 2007

As filed with the Securities and Exchange Commission on April 18, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 20-F**

- (REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- (ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2006  
OR
- (TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- (SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: **001-16429**

**ABB Ltd**

*(Exact name of registrant as specified in its charter)*

**Switzerland**

*(Jurisdiction of incorporation or organization)*

**Affolternstrasse 44**

**CH-8050 Zurich**

**Switzerland**

*(Address of principal executive offices)*

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
American Depositary Shares, each representing one Registered Share	New York Stock Exchange
Registered Shares, par value CHF 2.50	New York Stock Exchange*

Securities registered or to be registered pursuant to Section 12(g) of the Act: None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock

as of the close of the period covered by the annual report: 2,187,756,317 Registered Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

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If this is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow. tem 17  tem 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

\* Listed on the New York Stock Exchange not for trading or quotation purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

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## INTRODUCTION

ABB Ltd is a corporation organized under the laws of Switzerland. In this report, the ABB Group, ABB, we, our and us refer to ABB Ltd and its consolidated subsidiaries (unless the context otherwise requires). We also use these terms to refer to ABB Asea Brown Boveri Ltd and its subsidiaries prior to the establishment of ABB Ltd as the holding company for the entire ABB Group in 1999, as described in this report under Item 4. Information on the Company Introduction History of the ABB Group. Our American Depositary Shares (each representing one registered share of ABB Ltd) are referred to as ADSs. The registered shares of ABB Ltd are referred to as shares.

Our principal corporate offices are located at Affolternstrasse 44, CH-8050 Zurich, Switzerland, telephone number +41-43-317-7111.

## FINANCIAL AND OTHER INFORMATION

ABB Ltd has prepared its statutory unconsolidated financial statements in accordance with the Swiss Federal Code of Obligations. The consolidated financial statements of ABB Ltd, including the notes thereto, as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006 (our Consolidated Financial Statements) have been prepared in accordance with United States generally accepted accounting principles ( U.S. GAAP ).

In this report: (i) \$, U.S. dollars and USD refer to the lawful currency of the United States of America; (ii) CHF and Swiss francs refer to the lawful currency of Switzerland; (iii) and euro refer to the lawful currency of the participating member states of the European Union (the EU ); (iv) SEK and Swedish krona refer to the lawful currency of Sweden; (v) £, sterling, pounds sterling and GBP refer to the lawful currency of the United Kingdom; (vi) Indian rupee refers to the lawful currency of India; (vii) Chinese renminbi refers to the lawful currency of the People's Republic of China; and (ix) Brazilian Real or R\$ refers to the lawful currency of the Federative Republic of Brazil.

Except as otherwise stated, all monetary amounts in this report are presented in U.S. dollars. Where specifically indicated, amounts in Swiss francs have been translated into U.S. dollars. These translations are provided for convenience only, and they are not representations that the Swiss franc could be converted into U.S. dollars at the rate indicated. These translations have been made using the twelve o'clock buying rate in the City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York as of December 29, 2006, unless otherwise indicated. The twelve o'clock buying rate for Swiss francs on December 29, 2006 was \$1.00 = CHF 1.2195. The twelve o'clock buying rate for Swiss francs on April 17, 2007 was \$1.00 = CHF 1.2092.

## FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms believes, estimates, anticipates, expects, intends, may, will, or should or, in each case, their negative, or other comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, dispositions, strategies and the countries and industry in which we operate.

These forward-looking statements include, but are not limited to the following:

- statements in Item 3. Key Information Dividends and Dividend Policy regarding our policy on future dividend payments;

- statements in Item 3. Key Information Risk Factors, Item 4. Information on the Company and Item 5. Operating and Financial Review and Prospects regarding our management objectives and the timing of intended disposals and capital expenditures;
- statements in Item 5. Operating and Financial Review and Prospects regarding our management objectives, including our mid term outlook, as well as trends in results, prices, volumes, operations, margins and overall market trends; and
- statements in Item 8. Financial Information Legal Proceedings regarding the outcome of certain compliance matters under investigation.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the countries and industries in which we operate, may differ materially from those described in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the countries and industries in which we operate, are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause actual results to differ materially from our expectations are contained in cautionary statements in this report and include, without limitation, the following:

- Our reputation and our ability to do business may be impaired by improper behavior by any of our employees or agents.
- Our business is affected by the global economic and political climate.
- Our operations in emerging markets expose us to risks associated with conditions in those markets.
- Undertaking long-term fixed price projects exposes our businesses to risk of loss should our actual costs exceed our estimated or budgeted costs.
- Our international operations expose us to the risk of fluctuations in currency exchange rates.
- Our hedging activities may not protect us against the consequences of significant fluctuations in exchange rates, interest rates or commodity prices on our earnings and cash flows.
- The weakening or unavailability of our intellectual property rights could adversely affect our business.
- We operate in very competitive markets and could be adversely affected if we fail to keep pace with technological changes.
- Industry consolidation could result in more powerful competitors and fewer customers.
- We are subject to environmental laws and regulations in the countries in which we operate. We incur costs to comply with such regulations, and our ongoing operations may expose us to environmental liabilities.
- We may be the subject of product liability claims.
- We may encounter difficulty in managing our business due to the global nature of our operations.
- Increases in the costs of our raw materials may adversely affect our financial performance.



- We have retained liability for environmental remediation costs relating to businesses that we sold in 2000, and we could be required to make payments in respect of these retained liabilities in excess of established reserves.
- If we fail to make the payments required under the Modified Plan of Reorganization for Combustion Engineering or under the Plan of Reorganization for Lummus we could trigger an injunction default which would lead to the termination of the channeling injunction under the CE Plan or the Lummus Plan, respectively.
- If we are not able to comply with the covenants contained in our \$2 billion credit facility, our financial position may be adversely affected.
- Our ability to bid for large contracts depends on our ability to obtain performance guarantees from financial institutions.
- We have retained performance guarantees related to our divested power generation business.
- If we are unable to successfully adapt our internal controls over financial reporting to changes in circumstance, our ability to report our financial results on a timely and accurate basis may be adversely affected. As a result, investors could lose confidence in our financial reporting, which may harm our business and the trading price of our stock.

We urge you to read the sections of this report entitled Item 3. Key Information Risk Factors, Item 4. Information on the Company and Item 5. Operating and Financial Review and Prospects for a more complete discussion of the factors that could affect our future performance and the countries and industries in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking circumstances described in this report and the assumptions underlying them may not occur.

Except as required by law or applicable stock exchange rules or regulations, we undertake no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report.

**PART I**

**Item 1.** Identity of Directors, Senior Management and Advisers

Not applicable

**Item 2.** Officer Statistics and Expected Timetable

Not applicable

**Item 3.** Key Information

**SELECTED FINANCIAL DATA**

The following table presents our selected financial and operating information at the dates and for each of the periods indicated. You should read the following information together with the information contained in Item 5. Operating and Financial Review and Prospects, as well as our Consolidated Financial Statements and the notes thereto, included elsewhere in this report.

Our selected financial data are presented in the following tables in accordance with U.S. GAAP and have been derived from our published consolidated financial statements. Our consolidated financial statements as of and for each of the years ended December 31, 2006, 2005, 2004, 2003 and 2002 were audited by Ernst & Young AG, except for the 2004, 2003 and 2002 financial statements of Jorf Lasfar Energy Company, a corporation in which we have a 50 percent interest, and the 2002 consolidated financial statements of Swedish Export Credit Corporation, in which we had a 35 percent interest at December 31, 2002, which were audited by other independent auditors.

The Consolidated Financial Statements as of December 31, 2003 and 2002, and for the year ended December 31, 2002, have not been audited after the reclassifications of certain businesses between continuing operations and discontinued operations.



## INCOME STATEMENT DATA(1):

	Year ended December 31				
	2006	2005	2004	2003	2002
	(U.S. dollars in millions, except per share data)				
<b>Total revenues</b>	<b>24,412</b>	<b>22,012</b>	<b>20,149</b>	<b>19,814</b>	<b>18,902</b>
<b>Total cost of sales</b>	<b>(17,541)</b>	<b>(16,405)</b>	<b>(15,241)</b>	<b>(15,362)</b>	<b>(14,546)</b>
<b>Gross profit</b>	<b>6,871</b>	<b>5,607</b>	<b>4,908</b>	<b>4,452</b>	<b>4,356</b>
Selling, general and administrative expenses	(4,434)	(3,883)	(3,777)	(3,896)	(4,062)
Other income (expense), net(2)	149	54	(40)	(200)	(65)
<b>Earnings before interest and taxes</b>	<b>2,586</b>	<b>1,778</b>	<b>1,091</b>	<b>356</b>	<b>229</b>
Interest and dividend income	151	157	151	140	184
Interest and other finance expense	(304)	(403)	(360)	(542)	(288)
<b>Income (loss) from continuing operations before taxes and minority interest and cumulative effect of accounting change</b>	<b>2,433</b>	<b>1,532</b>	<b>882</b>	<b>(46)</b>	<b>125</b>
Provision for taxes	(697)	(490)	(338)	(237)	(79)
Minority interest	(179)	(131)	(102)	(67)	(111)
<b>Income (loss) from continuing operations before cumulative effect of accounting change</b>	<b>1,557</b>	<b>911</b>	<b>442</b>	<b>(350)</b>	<b>(65)</b>
Loss from discontinued operations, net of tax(3)	(167)	(171)	(477)	(429)	(754)
<b>Income (loss) before cumulative effect of accounting change(4)</b>	<b>1,390</b>	<b>740</b>	<b>(35)</b>	<b>(779)</b>	<b>(819)</b>
Cumulative effect of accounting change, net of tax		(5)			
<b>Net income (loss)</b>	<b>1,390</b>	<b>735</b>	<b>(35)</b>	<b>(779)</b>	<b>(819)</b>
Basic earnings (loss) per share from continuing operations before cumulative effect of accounting change(5)	\$ 0.73	\$			