

ABB LTD
Form 6-K
July 28, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of July 2006

Commission File Number 001-16429

ABB Ltd

(Translation of registrant's name into English)

P.O. Box 1831, Affolternstrasse 44, CH-8050, Zurich, Switzerland

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indication by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

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If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82- .



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This Form 6-K consists of the following:

1. Announcements regarding transactions in ABB's registered shares, par value CHF 2.50 per share, and securities convertible or exchangeable into registered shares, made by the directors or members of the Executive Committee of ABB Ltd since ABB's publication of its results for the previous quarter; and
2. Press release issued by ABB Ltd dated July 27, 2006.

The information provided by Item 2 above and on pages 4 through 17, inclusive, of this Form 6-K is deemed filed for all purposes under the Securities Exchange Act of 1934, including by reference in the Registration Statement on Form S-8 (Registration No. 333-129271).

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ABB Ltd announces that the following members of the Executive Committee or Board of Directors of ABB have purchased ABB's registered shares, in the following amounts:

| Name and Position | Date | Number of shares purchased | Price per share |
|--|---------------|----------------------------|-----------------|
| Veli-Matti Reinikkala Head of the Process Automation division and member of the Executive Committee | May 24, 2006 | 2,000 | \$12.20 |
| Jürgen Dormann Chairman of the Board of Directors | June 13, 2006 | 8,600 | CHF 12.80 |
| Michel Demaré Chief Financial Officer and member of the Executive Committee | June 14, 2006 | 2,000 | CHF 13.05 |

Members of the Board of Directors receive at least 50 percent (and may elect to receive a higher ratio) of their net compensation (i.e., after deduction of social security costs and withholding tax, where applicable) in ABB's registered shares, which they are entitled to receive at a discount of 10 percent of the average share trading price during a 30-day reference period. ABB Ltd announces that on July 6, 2006 the following members of the Board of Directors of ABB have been granted ABB's registered shares, in the following amounts:

| Name and Position | Number of shares granted | Price per share | Value of grant |
|---|--------------------------|-----------------|----------------|
| Jürgen Dormann Chairman of the Board of Directors | 16,414 | CHF 16 | CHF 262,624 |
| Roger Agnelli Member of the Board of Directors | 6,431 | CHF 16 | CHF 102,896 |
| Louis R. Hughes Member of the Board of Directors | 3,125 | CHF 16 | CHF 51,440 |
| Hans Ulrich Märki Member of the Board of Directors | 9,799 | CHF 16 | CHF 156,784 |
| Michel de Rosen Member of the Board of Directors | 3,215 | CHF 16 | CHF 51,440 |
| Michael Treschow Member of the Board of Directors | 2,976 | CHF 16 | CHF 47,616 |
| Bernd W. Voss Member of the Board of Directors | 7,215 | CHF 16 | CHF 115,440 |
| Jacob Wallenberg Member of the Board of Directors | 3,215 | CHF 16 | CHF 51,440 |

Press Release

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ABB Q2 orders and profit rise sharply

- Strong order development continues across most divisions and regions
- EBIT margin at 10.7 percent on EBIT of \$640 million
- \$367 million net income, cash flow from operations at \$337 million

Zurich, Switzerland, July 27, 2006 - ABB today reported a sharp increase in orders and profitability for the second quarter of 2006. Earnings before interest and taxes (EBIT) increased to \$640 million from \$371 million in the same quarter a year ago, reflecting good growth in the two product divisions, and yielding an EBIT margin of 10.7 percent.

Net income increased to \$367 million from \$126 million in the same quarter in 2005, and cash flow from operating activities amounted to \$337 million, an increase of \$169 million compared to the same quarter in 2005.

We continued to deliver strong results in the second quarter, said Fred Kindle, ABB President and CEO. We are clearly benefiting from the strong global demand for improved power infrastructure and increased industrial efficiency. On top of that, our efforts to further improve our business performance continue to payoff and we look forward to a solid second half.

2006 Q2 key figures

| \$ millions unless otherwise indicated | Q2 06 | Q2 05 1 | Change | | Local | |
|---|-------|---------|--------|---|-------|---|
| | | | US\$ | % | | % |
| Orders | 7,279 | 6,129 | 19 | % | 18 | % |
| Revenues | 6,001 | 5,696 | 5 | % | 5 | % |
| EBIT | 640 | 371 | 73 | % | | |
| EBIT margin (%) | 10.7 | % 6.5 | % | | | |
| Net income | 367 | 126 | | | | |
| Net margin (%) | 6.1 | % 2.2 | % | | | |
| Basic and diluted net income per share (\$) | 0.17 | 0.06 | | | | |
| Cash flow from operating activities | 337 | 168 | | | | |

1 Adjusted to reflect the reclassification of activities to Discontinued operations

Summary of results

Group orders received increased 19 percent (local currencies: 18 percent) compared to the same quarter in 2005. Continuing demand growth in ABB's power and automation markets resulted in strong order increases in most divisions and regions - notably a 28-percent increase in Europe (local currencies: 25 percent). Large orders (more than \$15 million) made up 13 percent of total orders in the quarter compared to 7 percent in the same quarter a year earlier.

Revenues in the second quarter grew 5 percent (local currencies: 5 percent) versus the year-earlier period. The high proportion of large projects in the order backlog, for which order execution and therefore revenue recognition may extend over several quarters, accounted for most of the

difference between order and revenue growth. The order backlog at the end of June 2006 amounted to \$15,671 million, an increase of 23 percent (local currencies: 19 percent) compared to the year before.

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The higher EBIT and EBIT margin resulted primarily from higher revenues in the Power Products and Automation Products divisions, as well as improved project quality and execution in the Power Systems and Process Automation divisions. The year-on-year

EBIT comparison also reflects the \$66 million EBIT reduction in the 2005 period related to the transformer consolidation program.

ABB continued to strengthen its financial position in the second quarter of 2006 following the settlement of ABB's Combustion Engineering asbestos liabilities and two capital markets transactions (see Appendix I). Gearing at the end of the quarter was 36 percent compared to 50 percent at the end of the previous quarter, with a net cash position of \$302 million compared to net debt of \$427 million at the end of the first quarter of 2006.

Cash flow from operating activities was \$337 million, an improvement of \$169 million versus the second quarter of 2005. Cash flow from financing activities included the payment in May 2006 of a shareholders' dividend of \$203 million for fiscal year 2005.

Finance net¹ amounted to negative \$64 million in the second quarter and included net charges of \$43 million associated with the conversion of the company's previously outstanding \$968-million, 4.625-percent convertible bonds, due in May 2007. This amount will be offset by a corresponding reduction in interest payments during the remainder of 2006. Included in the prior year amount were charges of approximately \$40 million for non-asbestos-related litigation issues from the late 1990s.

¹ Finance net is the difference between interest and dividend income and interest and other finance expense.

The effective tax rate in the quarter was 30 percent compared to 37 percent in the same quarter in 2005, primarily the result of earnings increases in lower taxed countries.

Divisional performance Q2 2006

Power Products division

2006 Q2 key figures

| \$ millions unless otherwise indicated | Q2 06 | Q2 05 | Change US\$ | Local |
|--|--------|-------|----------------|-------|
| Orders | 2,438 | 1,900 | 28 % | 27 % |
| Revenues | 1,848 | 1,589 | 16 % | 15 % |
| EBIT | 244 | 111 | 120 % | |
| EBIT margin (%) | 13.2 % | 7.0 % | | |
| Cash flow from operating activities | 160 | 94 | | |

Orders improved in the second quarter in all businesses and regions, primarily on the strength of higher base orders. Investments continued by utility customers in western Europe to refurbish existing power infrastructure. In Asia and the Middle East, customer investments continued to support robust economic growth. As a result, orders in Europe, Asia and the Middle East rose at a double-digit pace. Orders in the Americas were modestly higher as continuing demand in the U.S. to replace aging equipment and meet increasing load requirements was dampened by lower order intake in Latin America, primarily Brazil.

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Revenues were up in all businesses compared to the same quarter in 2005, reflecting both volume growth and higher prices to compensate for increased raw materials costs, primarily in the transformers business. EBIT more than doubled compared to the second quarter of last year. In addition to the positive impact of higher volumes, operational improvements and higher capacity utilization, the EBIT and EBIT margin comparisons reflect the \$66 million EBIT reduction in the year-earlier period related to the transformer consolidation program announced in June 2005. Costs for the program in the second quarter of 2006 amounted to \$3 million.

Power Products division

2006 Q2 key figures

| \$ millions unless otherwise indicated | Q2 06 | Q2 05 | Change | | Local | |
|---|-------|-------|--------|---|-------|---|
| | | | US\$ | % | | % |
| Orders | 1,388 | 1,167 | 19 | % | 18 | % |
| Revenues | 1,031 | 999 | 35 | | 4 | % |
| EBIT | 62 | 26 | 138 | % | | |
| EBIT margin (%) | 6.0 | % 2.6 | % | | | |
| Cash flow from/(used in) operating activities | 31 | (4 |) | | | |

Orders increased in the second quarter of 2006 across all businesses, primarily due to a sharp increase in large orders. Orders grew strongest in Europe, as utilities in western Europe upgraded infrastructure, including power plants and substations, to increase system efficiency and offset higher energy prices. Investments in regional grid connections, such as a large order in Italy for an underwater power transmission link, also drove order growth. Orders in the Middle East and Africa grew, fueled mainly by the ongoing need for new power infrastructure. In Asia, orders were flat (higher in local currencies) as higher orders in India were partly offset by decreases in several other countries, including China. Orders decreased in the Americas as continued growth in North America was more than offset by a decrease in Latin America.

Revenues increased versus the same quarter in 2005 but at a slower pace than orders, reflecting the timing of revenues recorded from large projects in the order backlog. EBIT and EBIT margin increased significantly, primarily due to improved project selection and execution, and higher capacity utilization.

Automation Products division

2006 Q2 key figures

| \$ millions unless otherwise indicated | Q2 06 | Q2 05 | Change | | Local | |
|--|-------|--------|--------|---|-------|---|
| | | | US\$ | % | | % |
| Orders | 1,957 | 1,614 | 21 | % | 21 | % |
| Revenues | 1,684 | 1,508 | 12 | % | 11 | % |
| EBIT | 262 | 202 | 30 | % | | |
| EBIT margin (%) | 15.6 | % 13.4 | % | | | |
| Cash flow from operating activities | 222 | 100 | | | | |

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Markets continued to develop favorably in the second quarter of 2006, driving higher orders received in all businesses and regions. Orders grew strongest in the power electronics, machines, drives and motors businesses. Regionally, orders were up in both eastern and western Europe. Orders grew in the Middle East and Africa, driven primarily by demand from the oil and gas sector. Orders from Asia were higher, led by India and China, and were up in the Americas, with growth continuing across most sectors in North America, particularly the U.S.

Revenues increased compared to the same quarter in 2005 due to higher volumes and price increases covering higher raw materials costs. Revenue growth and high levels of capacity utilization were the primary drivers of a 30-percent increase in EBIT and a higher EBIT margin versus the second quarter of

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2005. EBIT also included a \$34-million gain on the sale of real estate but it was offset by charges for downsizing operations in Europe and other operational measures.

Process Automation division

2006 Q2 key figures

| \$ millions unless otherwise indicated | Q2 06 | Q2 05 | Change | | Local | |
|--|-------|-------|--------|-----|-------|-----|
| | | | US\$ | % | | % |
| Orders | 1,682 | 1,252 | 34 | % | 32 | % |
| Revenues | 1,300 | 1,316 | (1) | (%) | (1) | (%) |
| EBIT | 120 | 104 | 15 | % | | |
| EBIT margin (%) | 9.2 | % 7.9 | % | | | |
| Cash flow from operating activities | 178 | 75 | | | | |

Demand for automation solutions, both base and large orders, continued to grow strongly across all sectors and most regions, driven mainly by the need for greater industrial efficiency in the face of high oil prices. The strongest growth was recorded in the marine, oil and gas, chemical and pharmaceutical, and pulp and paper businesses. Regionally, orders increased in Europe, the Americas and Asia, but were slightly lower in the Middle East and Africa compared to the same quarter the year before.

Revenues in the quarter were flat versus the second quarter of 2005 despite the very strong order increase, reflecting the timing of revenue recognition on project and system orders. Ongoing operational improvements and tighter execution of large projects resulted in a 15-percent increase in EBIT compared to the same quarter a year earlier despite the flat revenue development.

Robotics division

2006 Q2 key figures

| \$ millions unless otherwise indicated | Q2 06 | Q2 05 | Change | | Local | |
|--|-------|-------|--------|-----|-------|-----|
| | | | US\$ | % | | % |
| Orders | 268 | 512 | (48) | (%) | (48) | (%) |
| Revenues | 332 | 423 | (22) | (%) | (21) | (%) |
| EBIT | 7 | 27 | (74) | (%) | | |
| EBIT margin (%) | 2.1 | % 6.4 | % | | | |
| Cash flow from operating activities | 43 | 10 | | | | |

Orders decreased significantly in the second quarter as weak demand continued in the automotive market, which accounts for 75-80 percent of the division's business. Orders grew in the non-automotive general industry sectors, such as packaging, consumer electronics and food. Orders were lower in all regions.

Revenues were also lower compared to the same quarter in 2005, reflecting the decreased order backlog. The division continued implementing a series of operational measures announced in the first quarter of 2006 and, as a result, recorded related additional costs as well as reserves for a loss order in the systems business. As a result, EBIT and EBIT margin were sharply lower than in the same quarter of 2005. The company expects these measures to continue to impact the division's performance for the full year.

Non-core activities and Corporate

Non-core activities in the second quarter generated EBIT of \$17 million versus an EBIT loss of \$7 million in the same quarter in 2005. Headquarters and stewardship costs decreased to \$72 million compared to

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\$92 million in the second quarter of 2005 as cost reductions continued at both the local and Zurich head offices.

Asbestos

ABB's Plan of Reorganization for Combustion Engineering (CE), an ABB subsidiary in the U.S., was confirmed by the U.S. District Court for Delaware on March 1, 2006 and made effective on April 21, 2006. Further details on the impact of this step on ABB's consolidated financial statements can be found in Appendix I.

On April 21, 2006, ABB also filed a separate asbestos-related pre-packaged Plan of Reorganization for another U.S. subsidiary, ABB Lummus Global Inc., with a U.S. Bankruptcy Court. The Lummus Plan was confirmed by the Bankruptcy Court on June 29 and subsequently affirmed by the District Court on July 21, 2006. Assuming there are no appeals, the Lummus Plan should become final by the end of August 2006.

Outlook for the remainder of 2006

ABB's outlook for the remainder of 2006 remains positive. Demand for power transmission and distribution infrastructure is expected to continue growing in Asia and the Middle East. Equipment replacement and improved network efficiency and reliability are forecast to be the key drivers of higher demand in Europe and North America.

The company expects automation-related industrial investments to continue in most sectors, notably metals and minerals, marine and oil and gas. Overall, automation-related demand growth is expected to be strongest in Asia and the Americas over the rest of the year, with more modest growth in Europe.

While ABB's overall market environment is currently very favorable, business risks include the impact of price volatility for oil and other commodities on the global economy and the potential for further political instability in the Middle East.

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More information

The 2006 Q2 results press release and presentation slides are available from July 27, 2006 on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

ABB will host a media call today starting at 10:00 a.m. Central European Time (CET). U.K. callers should dial +4420 71070611; from Sweden, +46 8 5069 2105; from the U.S. and Canada +1 (1) 866 291 4166; and from the rest of Europe, +41 91 610 56 00. Lines will be open 15 minutes before the start of the conference. Audio playback of the call will start one hour after the call ends and will be available for 72 hours: Playback numbers: +44 20 7108 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 8664162558 (U.S./Canada). The code is 561, followed by the # key.

A conference call for analysts and investors is scheduled to begin today at 2:00 p.m. CET (8:00 a.m. EDT). Callers should dial +1 412 858 4600 (from the U.S./Canada) or +41 91 610 56 00 (Europe and the rest of the world). Callers are requested to phone in 10 minutes before the start of the call. The audio playback of the call will start one hour after the end of the call and be available for 96 hours. Playback numbers: +1 8664162558 (U.S./Canada) or +41 91 6124330 (Europe and the rest of the world). The code is 494, followed by the # key.

Investor calendar 2006

Q3 2006 results

October 26, 2006

ABB (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 107,000 people.

Zurich, July 27, 2006

Fred Kindle, CEO

Important notice about forward-looking information

This press release includes forward-looking information and statements including the section entitled "Outlook for the remainder of 2006," as well as other statements concerning the outlook for our business. 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. 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 and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, the amount of revenues we are able to generate from backlog and orders received, raw materials prices, 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 Ltd'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.

For more information please contact:

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Investor Relations:

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ABB second quarter (Q2) and first half (H1) 2006 key figures

| | | Q2 06 | Q2 05 | Change US\$ | | Local | H1 06 | H1 05 | Change US\$ | | Local | |
|----------------------------|------------------------------|--------------|--------------|----------------|-----|-----------|-----------------|---------------|----------------|-----|-----------|-----|
| Orders | Group | 7,279 | 6,129 | 19 | % | 18 | % 14,369 | 12,295 | 17 | % | 19 | % |
| | Power Products | 2,438 | 1,900 | 28 | % | 27 | % 4,773 | 3,704 | 29 | % | 30 | % |
| | Power Systems | 1,388 | 1,167 | 19 | % | 18 | % 2,694 | 2,141 | 26 | % | 29 | % |
| | Automation Products | 1,957 | 1,614 | 21 | % | 21 | % 3,901 | 3,219 | 21 | % | 25 | % |
| | Process Automation | 1,682 | 1,252 | 34 | % | 32 | % 3,341 | 2,851 | 17 | % | 20 | % |
| | Robotics | 268 | 512 | (48) | (%) | (48) | (%)594 | 918 | (35) | (%) | (34) | (%) |
| | Non-core activities | 477 | 362 | 32 | % | 30 | % 781 | 728 | 7 | % | 10 | % |
| | Corporate (consolidation) | (931) | (678) | | | | (1,715) | (1,266) | | | | |
| Revenues | Group | 6,001 | 5,696 | 5 | % | 5 | % 11,421 | 10,756 | 6 | % | 9 | % |
| | Power Products | 1,848 | 1,589 | 16 | % | 15 | % 3,336 | 2,968 | 12 | % | 14 | % |
| | Power Systems | 1,031 | 999 | 3 | % | 4 | % 2,043 | 1,885 | 8 | % | 11 | % |
| | Automation Products | 1,684 | 1,508 | 12 | % | 11 | % 3,214 | 2,904 | 11 | % | 14 | % |
| | Process Automation | 1,300 | 1,316 | (1) | (%) | (1) | (%)2,535 | 2,473 | 3 | % | 5 | % |
| | Robotics | 332 | 423 | (22) | (%) | 21 | % 665 | 773 | (14) | (%) | (11) | (%) |
| | Non-core activities | 432 | 489 | (12) | (%) | 12 | % 790 | 925 | (15) | (%) | (12) | (%) |
| | Corporate (consolidation) | (626) | (628) | | | | (1,162) | (1,172) | | | | |
| EBIT | Group | 640 | 371 | 73 | % | | 1,149 | 762 | 51 | % | | |
| | Power Products | 244 | 111 | 120 | % | | 415 | 236 | 76 | % | | |
| | Power Systems | 62 | 26 | 138 | % | | 110 | 65 | 69 | % | | |
| | Automation Products | 262 | 202 | 30 | % | | 483 | 389 | 24 | % | | |
| | Process Automation | 120 | 104 | 15 | % | | 238 | 197 | 21 | % | | |
| | Robotics | 7 | 27 | (74) | (%) | | 8 | 51 | (85) | (%) | | |
| | Non-core activities | 17 | (7) | N/A | | | 48 | 18 | 167 | % | | |
| | Corporate | (72) | (92) | | | | (153) | (197) | | | | |
| EBIT margin (%) | Group | 10.7 | % 6.5 | % | | | 10.1 | % 7.1 | % | | | |
| | Power Products | 13.2 | % 7.0 | % | | | 12.4 | % 8.0 | % | | | |
| | Power Systems | 6.0 | % 2.6 | % | | | 5.4 | % 3.4 | % | | | |
| | Automation Products | 15.65 | 13.4 | % | | | 15.0 | % 13.4 | % | | | |
| | Process Automation | 9.2 | % 7.9 | % | | | 9.4 | % 8.0 | % | | | |
| | Robotics | 2.1 | % 6.4 | % | | | 1.2 | % 7.0 | % | | | |

ABB Q2 2006 orders received and revenues by region

| \$ millions | Orders received | | Change | | Local | Revenues | | Change | | Local | |
|------------------------|-----------------|--------------|-----------|-----|-----------|----------------|--------------|----------|-----|----------|-----|
| | Q2 06 | Q2 05 | US\$ | % | | Q2 06 | Q2 05 | US\$ | % | | |
| Europe | 3,796 | 2,970 | 28 | % | 25 | % 2,929 | 2,975 | (2) | (%) | (3) | (%) |
| Americas | 1,064 | 1,186 | (10) | (%) | (11) | (%)1,101 | 1,004 | 10 | % | 9 | % |
| Asia | 1,726 | 1,441 | 20 | % | 21 | % 1,416 | 1,228 | 15 | % | 17 | % |
| Middle East and Africa | 693 | 532 | 30 | % | 34 | % 555 | 489 | 13 | % | 16 | % |
| Group total | 7,279 | 6,129 | 19 | % | 18 | % 6,001 | 5,696 | 5 | % | 5 | % |

Press Release

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Appendix 1

Impact on on ABB's consolidated financial statements following the Modified CE Plan of Reorganization becoming effective

On April 21, 2006, the Modified CE Plan of Reorganization for Combustion Engineering (CE), a subsidiary of ABB in the U.S., became effective. Certain actions taken in connection with making the Plan effective resulted in changes to the company's consolidated financial statements for the second quarter and six month period ended June 30, 2006. These changes are summarized below. For additional information, regarding the background of the Modified CE Plan of Organization and our asbestos obligations, please refer to ABB's 2005 Annual Report on Form 20-F.

Balance sheet impacts

Prior to the effective date, ABB classified all asbestos obligations as current liabilities in *Provisions and other* in the company's consolidated balance sheets. Following the effective date, asbestos obligations have been separately disclosed on the consolidated balance sheet consistent with their underlying maturities. Prior period amounts have been reclassified to *Asbestos obligations* to conform with the current presentation.

The 30,298,913 ABB shares reserved to cover part of ABB's asbestos liabilities were contributed to the Combustion Engineering 524(g) Asbestos Personal Injury Trust (PI Trust) on April 20, 2006, and resulted in a reduction in the item *Asbestos obligations* by \$407 million, the fair value of the shares on the date of contribution. This amount was offset by a corresponding increase in the item *Capital stock and additional paid-in capital*.

Following the effective date of the Plan, the company reclassified certain amounts of ABB promissory notes and other required asbestos contributions to non-current liabilities and discounted such amounts at ABB's incremental borrowing rate. Specifically, approximately \$355 million (\$320 million on a discounted basis) of the \$504 million of ABB promissory notes and other contributions were reclassified from current *Asbestos obligations* to non-current *Asbestos obligations* during the second quarter. Additionally, during the second quarter ABB made payments of approximately \$17 million to the PI Trust. Following these payments, current *Asbestos obligations* related to the Plan as of June 30, 2006 amounted to approximately \$132 million (\$128 million on a discounted basis).

Also on April 20, 2006, CE contributed \$236 million of assets, included in *Receivables, net* and *Financing receivables*, representing insurance receivable assets, including restricted cash received from insurance carriers under settlement agreements, to the PI Trust. On the same date, CE also transferred its remaining asbestos liabilities (\$267 million) included in *Asbestos obligations*, and formally issued a \$20-million convertible note (classified as non-current *Asbestos obligations*), secured by its Windsor, Connecticut real estate assets, to the PI Trust in accordance with the Plan.

The Company maintains additional obligations, classified as current *Asbestos obligations*, of approximately \$89 million related primarily to the Lummus Plan and additional CE liabilities.

Income statement impacts

The total discount adjustment on the value of the ABB promissory notes described above and other required contributions resulted in non-cash income of approximately \$45 million, which is reflected in the item *Income (loss) from discontinued operations, net of tax in the company* in the second quarter 2006 income statement. All future accretion of this discount will be classified as *Interest and other*

Impact on on ABB's consolidated financial statements following the Modified CE Plan of Reorganization becoming

finance expense in ABB's consolidated financial statements consistent with maturities of the related obligations. Also included in the item *Income (loss) from discontinued operations, net of tax* for the second quarter is approximately \$15 million of litigation and other costs related to the finalization of the CE Plan and our asbestos obligations.

In addition, the mark-to-market accounting treatment of the ABB CE Settlement Shares contributed to the PI Trust, for the period from the beginning of the second quarter until April 20, 2006, resulted in an expense of approximately \$25 million (\$114 million year-to-date) in the item *Income (loss) from discontinued operations, net of tax* in ABB's consolidated income statement.

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Debt securities transactions in the second quarter

In May 2006, approximately 98 percent of the holders of ABB's previously outstanding \$968-million, 4.625-percent convertible bonds due in May 2007 accepted the company's offer to convert the bonds. ABB then exercised its right under the terms of the bonds to call the remainder of those bonds. The conversion resulted in the issuance of approximately 105 million new ABB shares. Net costs of \$43 million associated with the conversion were recorded in the consolidated income statement in *Interest and other finance expense, net*. Also as a result of the transaction, ABB's total debt decreased by approximately \$930 million and equity increased by the same amount.

ABB also completed a bond exchange offering to extend the maturity profile of its outstanding public debt. The offering related to its 9.5-percent \$500-million bonds due 2008, and its 10-percent £200-million bonds due 2009. Following an aggregate 87-percent acceptance of the offer, ABB issued a new 4.625-percent \$700-million bond due 2013. As a result, the principal remaining amount outstanding for the 2008 bonds is approximately \$77 million, and approximately £20 million for the 2009 bonds.

Employee benefits funding

During the six months ended June 30, 2006 ABB made \$310 million of contributions, including discretionary contributions of approximately \$200 million, to its pension and other post-retirement benefit plans. The majority of the current year contributions have been made in the form of marketable securities. ABB may make additional discretionary pension contributions during the remainder of 2006.

Appendix II

| Reconciliation of financial measures Q2 2006 | Q2 06 | Q2 05 |
|--|--------------------|--------------------|
| <i>\$ million unless otherwise indicated</i> | | |
| EBIT Margin | | |
| Earnings before interest and taxes | 640 | 371 |
| Revenues | 6,001 | 5,696 |
| EBIT Margin | 10.7 | % 6.5 |
| | | % |
| Net margin: | 367 | 126 |
| Net income | 6,001 | 5,696 |
| Revenues | 6.1 | % 2.2 |
| Net margin | | % |
| | | |
| | At June 30, | At Mar. 31, |
| | 2006 | 2006 |
| Net debt: | | |
| Short-term debt and current maturities of long-term debt | 176 | 168 |
| Long-term debt | 3,091 | 3,966 |
| Total debt | 3,267 | 4,134 |
| Cash and equivalents | 3,128 | 3,066 |
| Marketable securities and short-term investments | 441 | 641 |
| Cash and marketable securities | 3,569 | 3,707 |
| Net debt (cash) | (302) | 427 |

Gearing:

Debt securities transactions in the second quarter

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| | | | | |
|----------------------------|--|-----------|-------------|----------|
| Total debt | | | | |
| Total debt | | 3,267 | 4,134 | |
| Total stockholders' equity | | 5,380 | 3,834 | |
| Minority interest | | 336 | 376 | |
| Gearing | | 36 | % 50 | % |

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EBIT margin and net margin are calculated by dividing EBIT and net income, respectively, by total revenues. Management believes EBIT margin and net margin are useful measures of profitability and uses them as performance targets.

Net debt is a financial measure that is calculated as our total debt less cash and equivalents less our marketable securities and short term investments.

Gearing is a financial measure that is calculated as our total debt divided by the sum of total debt plus total stockholders' equity, including minority interest. Total debt used to calculate net debt and gearing equals long-term debt plus short-term debt and current maturities of long-term debt. Management believes net debt and gearing are helpful in analyzing leverage and it considers both measures in evaluating possible financing transactions.

Local currencies

The results of operations and financial position of many of ABB's non-U.S. subsidiaries are recorded in the currencies of the countries in which those subsidiaries reside. The company refers to these as local currencies. However, ABB reports its operational and financial results in U.S. dollars. Differences in our results in local currencies as compared to U.S. dollars are caused exclusively by changes in currency exchange rates.

Segment reporting

As disclosed in our 2005 Annual Report on Form 20-F, beginning in the first quarter of 2006, ABB modified its reporting from two primary reportable segments to five primary reportable segments due to organizational changes to strengthen the Company's focus on customer relationships and growth. Therefore the segment disclosures for 2005 have been reclassified to conform to the current presentation.

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ABB Ltd Consolidated Income Statements

| <i>\$ million, except share data (unaudited)</i> | Six months ended | | Three months ended | |
|---|------------------|------------------|--------------------|------------------|
| | June 30, 2006 | June 30, 2005 | June 30, 2006 | June 30, 2005 |
| Sales of products | \$ 9,747 | \$ 9,125 | \$ 5,176 | \$ 4,837 |
| Sales of services | 1,674 | 1,631 | 825 | 859 |
| Total revenues | 11,421 | 10,756 | 6,001 | 5,696 |
| Cost of products | (7,113) | (6,942) | (3,754) | (3,717) |
| Cost of services | (1,139) | (1,121) | (562) | (588) |
| Total cost of sales | (8,252) | (8,063) | (4,316) | (4,305) |
| Gross profit | 3,169 | 2,693 | 1,685 | 1,391 |
| Selling, general & administrative expenses | (2,102) | (1,976) | (1,105) | (1,014) |
| Other income (expense) net | 82 | 45 | 60 | (6) |
| Earnings before interest and taxes | 1,149 | 762 | 640 | 371 |
| Interest and dividend income | 83 | 80 | 49 | 45 |
| Interest and other finance expense | (181) | (218) | (113) | (141) |
| Income from continuing operations before taxes and minority interest | 1,051 | 624 | 576 | 275 |
| Provision for taxes | (320) | (220) | (170) | (103) |
| Minority interest | (80) | (48) | (49) | (28) |
| Income from continuing operations | 651 | 356 | 357 | 144 |
| Income (loss) from discontinued operations, net of tax | (80) | (31) | 10 | (18) |
| Net income | \$ 571 | \$ 325 | \$ 367 | \$ 126 |
| Basic earnings per share | | | | |
| Income from continuing operations | \$ 0.31 | \$ 0.18 | \$ 0.17 | \$ 0.07 |
| Income (loss) from discontinued operations, net of tax | (0.04) | (0.02) | | (0.01) |
| Net income | \$ 0.27 | \$ 0.16 | \$ 0.17 | 0.06 |
| Average basic shares (in millions) | 2,080 | 2,028 | 2,124 | 2,028 |
| Diluted earnings per share | | | | |
| Income from continuing operations | \$ 0.30 | \$ 0.17 | \$ 0.16 | 0.07 |
| Income (loss) from discontinued operations, net of tax | (0.03) | (0.01) | 0.01 | (0.01) |
| Net income | \$ 0.27 | \$ 0.16 | \$ 0.17 | \$ 0.06 |
| Average diluted shares (in millions) | 2,199 | 2,134 | 2,243 | 2,136 |

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ABB Ltd Consolidated Balance Sheets

| \$ millions, (unaudited) | June 30, 2006 | December 31, 2005 |
|--|------------------|----------------------|
| Cash and equivalents | \$ 3,128 | \$ 3,226 |
| Marketable securities & short-term investments | 441 | 368 |
| Receivables, net | 6,930 | 6,515 |
| Inventories, net | 3,810 | 3,074 |
| Prepaid expenses | 230 | 251 |
| Deferred taxes | 507 | 473 |
| Other current assets | 252 | 189 |
| Assets held for sale and in discontinued operations | 34 | 52 |
| Total current assets | 15,332 | 14,148 |
| Financing receivables | 587 | 645 |
| Property, plant and equipment, net | 2,690 | 2,565 |
| Goodwill | 2,542 | 2,479 |
| Other intangible assets, net | 335 | 349 |
| Prepaid pension and other employee benefits | 631 | 605 |
| Investments in equity method companies | 622 | 618 |
| Deferred taxes | 619 | 628 |
| Other non-current assets | 181 | 239 |
| Total assets | \$ 23,539 | \$ 22,276 |
| Accounts payable, trade | \$ 3,740 | \$ 3,321 |
| Accounts payable, other | 1,214 | 1,172 |
| Short-term debt and current maturities of long-term debt | 176 | 169 |
| Advances from customers | 1,247 | 1,005 |
| Deferred taxes | 225 | 187 |
| Provisions and other | 2,683 | 2,641 |
| Accrued expenses | 1,835 | 1,909 |
| Asbestos obligations | 217 | 1,128 |
| Liabilities held for sale and in discontinued operations | 63 | 74 |
| Total current liabilities | 11,400 | 11,606 |
| Long-term debt | 3,091 | 3,933 |
| Pension and other employee benefits | 1,107 | 1,233 |
| Deferred taxes | 776 | 692 |
| Asbestos obligations | 340 | |
| Other liabilities | 1,109 | 988 |
| Total liabilities | 17,823 | 18,452 |
| Minority interest | 336 | 341 |
| Stockholders' equity: | | |
| Capital stock and additional paid-in capital | 4,451 | 3,121 |
| Retained earnings | 2,828 | 2,460 |

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| | | | | |
|--|------------------|---|------------------|---|
| Accumulated other comprehensive loss | (1,794 |) | (1,962 |) |
| Less: Treasury stock, at cost (8,882,835 and 11,531,106 shares at June 30, 2006 and December 31, 2005) | (105 |) | (136 |) |
| Total stockholders' equity | 5,380 | | 3,483 | |
| Total liabilities and stockholders' equity | \$ 23,539 | | \$ 22,276 | |

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ABB Ltd Consolidated Statements of Cash Flows

| \$ millions (unaudited) | Six months ended | | Three months ended | |
|--|------------------|------------------|--------------------|------------------|
| | June 30, 2006 | June 30, 2005 | June 30, 2006 | June 30, 2005 |
| Operating activities | \$ 571 | \$ 325 | \$ 367 | \$ 126 |
| Net income | | | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 274 | 287 | 139 | 145 |
| Provisions | 109 | 61 | (57) | 102 |
| Pension and postretirement benefits | 8 | 39 | (10) | 24 |
| Deferred taxes | 73 | 30 | 25 | (1) |
| Net gain from sale of property, plant and equipment | 46 | (34) | (37) | (16) |
| Income from equity accounted companies | 44 | (53) | (20) | (20) |
| Minority interest | 79 | 48 | 48 | 28 |
| Other | 3 | 69 | 77 | 39 |
| Changes in operating assets and liabilities: | | | | |
| Trade receivables | (252) | (309) | (177) | (295) |
| Inventories | (476) | (537) | (108) | (196) |
| Trade payables | 215 | 85 | 80 | 149 |
| Other assets and liabilities, net | (122) | (53) | 10 | 83 |
| Net cash provided by (used in) operating activities | 376 | (42) | 337 | 168 |
| Investing Activities | | | | |
| Changes in financing receivables | 27 | 109 | 20 | 54 |
| Purchases of marketable securities and short-term investments (other than trading) | (1,919) | (828) | (676) | (114) |
| Purchases of property, plant and equipment and intangible assets | (212) | (180) | (123) | (101) |
| Acquisition of businesses (net of cash acquired) | | (13) | | (6) |
| Proceeds from sales of marketable securities and short-term investments (other than trading) | 1,826 | 937 | 798 | 742 |
| Proceeds from sales of property, plant and equipment | 60 | 32 | 46 | 10 |
| Proceeds from sales of businesses (net of cash disposed) | 22 | (43) | 9 | (7) |
| Net cash provided by (used in) investing activities | (196) | 14 | 74 | 578 |
| Financing Activities | | | | |
| Changes in borrowings with maturities of 90 days or less | 40 | 40 | 17 | 39 |
| Increases in borrowings | 66 | 80 | 49 | 8 |
| Repayment of borrowings | (80) | (330) | (42) | (72) |
| Payments made upon bond conversion | (72) | | (72) | |
| Payments made upon bond exchange | (114) | | (114) | |
| Payment of dividends | (203) | | (203) | |
| Other | (48) | (24) | (71) | (43) |
| Net cash used in financing activities | (411) | (234) | (436) | (68) |
| Effects of exchange rate changes on cash and equivalents | 133 | (226) | 87 | (93) |
| | | (3) | | (14) |

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Adjustment for the net change in cash and equivalents in assets held for sale
and in discontinued operations

| | | | | | | |
|---|-----------------|----------|-----------------|----------|-----------------|-----------------|
| Net change in cash and equivalents - continuing operations | (98 |) | (491 |) | 62 | 571 |
| Cash and equivalents beginning of period | 3,226 | | 3,676 | | 3,066 | 2,614 |
| Cash and equivalents end of period | \$ 3,128 | | \$ 3,185 | | \$ 3,128 | \$ 3,185 |
| Interest paid | \$ 136 | | \$ 155 | | \$ 68 | \$ 83 |
| Taxes paid | \$ 272 | | \$ 145 | | \$ 143 | \$ 26 |

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ABB Ltd Consolidated Statements of Changes in Stockholders' Equity

| \$ millions (unaudited) | Capital stock and additional | | Accumulated other comprehensive loss | | | | Total accumulated other comprehensive loss | Treasury stock | Total stockholders' equity |
|---|------------------------------|-------------------|--|---|--------------------------------------|---|--|------------------|----------------------------|
| | paid-in capital | Retained earnings | Foreign current translation adjustment | Unrealized gain (loss) on available for-sale securities | Minimum pension liability adjustment | Unrealized gain (loss) of cash flow hedge derivatives | | | |
| Balance at January 1, 2005 | \$ 3,083 | \$ 1,725 | \$ (1,708) | \$ 12 | \$ (206) | \$ 56 | \$ (1,846) | \$ (138) | \$ 2,824 |
| Comprehensive income: | | | | | | | | | |
| Net income | | 325 | | | | | | | 325 |
| Foreign currency translation adjustments | | | \$ (51) | | | | \$ (51) | | (51) |
| Effect of change in fair value of available-for-sale securities, net of tax | | | | | | | | | |
| Minimum pension liability adjustments, net of tax | | | | | 23 | | 23 | | 23 |
| Change in derivatives qualifying as cash flow hedges, net of tax | | | | | | | (75) | (75) | (75) |
| Total comprehensive income | | | | | | | | | 222 |
| Balance at June 30, 2005 | \$ 3,083 | \$ 2,050 | \$ (1,759) | \$ 12 | \$ (183) | \$ (19) | \$ (1,949) | \$ (138) | \$ 3,046 |
| Balance at January 1, 2006 | \$ 3,121 | \$ 2,460 | \$ (1,756) | \$ 1 | \$ (214) | \$ 7 | \$ (1,962) | \$ (136) | \$ 3,483 |
| Comprehensive income: | | | | | | | | | |
| Net income | | 571 | | | | | | | 571 |
| Foreign currency translation adjustments | | | 88 | | | | 88 | | 88 |
| Effect of change in fair value of available-for-sale securities, net of tax | | | | (6) | | | (6) | | (6) |
| Minimum pension liability adjustments, net of tax | | | | | (16) | | (16) | | (16) |
| Change in derivatives qualifying as cash flow hedges, net of tax | | | | | | | 102 | 102 | 102 |
| Total comprehensive income | | | | | | | | | 739 |
| Shares issued to Asbestos PI Trust (CE Settlement Shares) | 407 | | | | | | | | 407 |
| Payment of dividends | | (203) | | | | | | | (203) |
| Conversion of convertible bonds | 903 | | | | | | | 25 | 928 |
| Employee incentive plans | 1 | | | | | | | 6 | 7 |
| Call options | 19 | | | | | | | | 19 |
| Balance at June 30, 2006 | \$ 4,451 | \$ 2,828 | \$ (1,668) | \$ (5) | \$ (230) | \$ 109 | \$ (1,794) | \$ (105) | \$ 5,380 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ABB LTD

Date: July 28, 2006

By: /s/ Francois Champagne
Name: Francois Champagne
Title: Group Vice President and
Senior Counsel

By: /s/ Richard A. Brown
Name: Richard A. Brown
Title: Group Vice President and
Assistant General Counsel