

Edgar Filing: ABB LTD - Form 6-K

ABB LTD
Form 6-K
February 28, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of the

Securities Exchange Act of 1934

For the month of: February 2003

Commission File Number: 001-16429

ABB Ltd

(Exact name of registrant as specified in charter)

N/A

(Translation of registrant's name into English)

Switzerland

(Jurisdiction of organization)

P.O. Box 8131, Affolternstrasse 44, CH-8050, Zurich, Switzerland

(Address of principal executive offices)

Registrant's telephone number, international: + 011-41-1-317-7111

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 X

Form 40-F ---

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 X

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

This Form 6-K consists of the following:

1. Press release of ABB Ltd announcing year-end financial results for its 2002 fiscal year.

Edgar Filing: ABB LTD - Form 6-K

Press Release

ABB Group 2002: Strong performance by core businesses

Core businesses: Q4 2002 EBIT up 38 percent; full-year 2002 EBIT up 4.3 percent; 2003 EBIT expected to increase more than 20 percent

Discontinued operations, asbestos provisions result in net loss

Q4 02	Q4 01	Change		US\$ millions	2002	2001(1)	Change	
		Nominal	Local currencies				Nominal	cu
4,501	4,893	-8%	-14%	Orders	18,112	19,672	-8%	
5,268	5,530	-5%	-10%	Revenues	18,295	19,382	-6%	
0	-438	n.a.	n.a.	EBIT*	336	179	88%	
-838	-980	n.a.	n.a.	Net income	-787	-691	n.a.	

* Earnings before interest and taxes

(1) Restated to reflect the move of businesses to discontinued operations, which do not contribute to revenues or EBIT

- o Net debt reduced by US\$ 1.5 billion - on target
- o Group EBIT margin at 1.8 percent - above 1.5 percent target
- o Full-year loss (US\$ 787 million) and weaker cash flow (US\$ 126 million) on asbestos provisions and losses in discontinued operations

Zurich, Switzerland, February 27, 2003 - ABB's core divisions, Power Technologies and Automation Technologies, showed a strong performance in 2002, but the ABB Group reported a net loss for the full-year today as a result of asbestos charges and losses in discontinued operations.

The core divisions, created last year to sharpen the company's focus, showed a strong fourth quarter, with combined earnings before interest and taxes (EBIT) growing 38 percent.

For the full-year 2002, the ABB Group posted EBIT of US\$ 336 million, up from US\$ 179 million the year before. As a percentage of revenue, the EBIT margin reached 1.8 percent, above the target of 1.5 percent for the year. On a comparable basis, the company cut its net debt by US\$ 1.5 billion in 2002.

"It has been a difficult year, but we've put the worst behind us," said Jurgen Dormann, ABB chairman and CEO. "In 2002, we secured a new credit facility that gives us financial flexibility until the end of 2004. We are putting the asbestos issue to rest and divesting non-core businesses. Our core businesses are performing well. I'm confident we can deliver on our growth targets and return to profitability in 2003."

For the full-year 2002, the core divisions' orders were down 2 percent, while revenues edged 1 percent higher. The two divisions reported full-year revenues of US\$ 15.6 billion and EBIT of US\$ 946 million. Power Technologies division increased revenues 3 percent and EBIT 9 percent. Automation Technologies division had flat revenues and saw a slight rise in EBIT (up 1 percent).

ABB Group orders for the full year, including non-core activities and corporate, were down 8 percent in nominal terms, at US\$ 18.1 billion, and revenues

Edgar Filing: ABB LTD - Form 6-K

decreased 6 percent to US\$ 18.3 billion. Losses in ABB's non-core businesses and discontinued operations offset the core divisions' improved performance, resulting in a net loss for the Group of US\$ 787 million.

Interest and other finance expense for 2002 included a gain of US\$ 215 million, arising from the accounting treatment of the convertible bonds that ABB issued in May 2002.

The net loss was mainly due to asbestos provisions, the disposal loss on the sale of Structured Finance in 2002, and operational losses in businesses to be sold in 2003, including the Oil, Gas and Petrochemicals division (all included in discontinued operations). The Building Systems business (reported in non-core activities) also showed a loss.

Net debt

ABB cut net debt by US\$ 1.5 billion on an adjusted basis. Before adjusting for the transfer of Oil, Gas and Petrochemicals to discontinued operations, and accounting for the asbestos settlement, net debt was cut to about US\$ 2.6 billion from the previously reported US\$ 4.1 billion at the end of 2001. After these adjustments, net debt was US\$ 3.3 billion at December 31, 2002, compared to US\$ 4.3 billion a year earlier.

Divestments

ABB sold most of its Structured Finance business in 2002 to GE Commercial Finance and realized cash proceeds of about US\$ 2.3 billion. The company also sold its metering business and a number of other smaller operations. Dormann said ABB was in talks with several potential buyers to sell the Oil, Gas and Petrochemicals division and remained on target to sell most of the Building Systems business in 2003. The company has also said it plans to sell its Equity Ventures participations and the remaining parts of the Structured Finance business. The businesses to be divested employ some 30,000 people.

Cost reduction

ABB said more than 1,300 projects to reduce costs had been identified in its "Step Change" program to lower the cost base by an amount equivalent to 4 percent of revenues - about US\$ 800 million - by mid-year 2004.

The cost savings projects, including 10,000-12,000 job reductions, are underway in all countries. As a result of these job reductions and 30,000 employees leaving ABB in connection with divestments, ABB is expected to employ fewer than 100,000 people by mid-2004, down from 139,000 today.

Cash flow and equity

For the full-year 2002, cash flow from operations was US\$ 126 million, as strong cash flow in the core businesses was offset by asbestos payments and weaker cash flow from businesses in discontinued operations.

Equity was down to US\$ 1,052 million, mainly as a result of fourth quarter asbestos provisions and other losses from discontinued operations.

The company expects a small decrease in under-funded pension liabilities for 2002.

Group outlook

From 2002 through 2005, ABB expects a compound average annual revenue growth of about 4 percent.

For 2003, ABB aims to achieve an EBIT margin of 4 percent. By December 31, 2003, total debt is expected to be reduced to about US\$ 6.5 billion, and gearing (total debt divided by total debt plus stockholders equity) to be about 70 percent.

Edgar Filing: ABB LTD - Form 6-K

For 2005, the Group's target EBIT margin is 8 percent. Total debt is expected to be reduced to about US\$ 4 billion, and gearing to be approximately 50 percent.

All targets exclude major acquisitions and divestments, as well as foreign currency movements.

More information

A presentation of ABB's results will take place today at ABB's Corporate Research Center in Daettwil, Switzerland starting at 1000 CET. Journalists can call in at +1 412 858 4600 (U.S.), +44 207 866 4111 (U.K.), or +41 91 610 5600 (other countries). The company will also present the results to analysts and investors at the same location starting at 1500 CET. Participants can join by phone by calling the above numbers. Lines will be open 15 minutes before the start of the conferences. Both events will be Webcast on www.abb.com.

Where to look

	Page

Summary of key reporting changes	4
Discussion of ABB Group 2002 Q4 results	9-10
Discussion of ABB Group 2002 full-year results	14-15
Divisional targets 2002-2005	16
Division results for 2002 Q4	16-19
Discontinued operations (incl. Oil, Gas and Petrochemicals)	19
Non-core activities and Corporate	19-20
Summary financial information year-ended December 2002	21
Appendix 1: Key financial figures by division (new structure) Q1-Q4 2002	35
Appendix 2: Summary Consolidated Income Statement Q1-Q4 2002	38
Summary Consolidated Balance Sheet Q1-Q4 2002	39
Summary Consolidated Statement of Cash Flows Q1-Q4 2002	41

Changes in reporting and additional information

As a result of recent changes in ABB's divisional structure and the qualification of its Oil, Gas and Petrochemicals division as discontinued operations, ABB has modified the way it presents some financial information and included some additional comparative information in this press release. The intention is to allow comparisons and set the stage for the reporting structure that ABB will implement for its first quarter 2003 results, due for release in April.

New and former divisions

ABB announced in its 2002 third-quarter results that it streamlined its divisional structure. Two new core divisions were created: Power Technologies, which combined the former Power Technology Products and Utilities divisions, and Automation Technologies, which combined the former Automation Technology Products and Industries divisions.

In addition to showing its 2002 results according to the old structure, ABB provides both full-year and fourth-quarter 2002 results using the new division structure on a pro forma basis (see tables from page 35 onward). The company will report its first quarter 2003 results using only data from the new division structure.

Following the sale of most of its Structured Finance activities to GE Commercial Finance of the U.S. last year, ABB will no longer report the Financial Services business as a separate division nor provide a separate balance sheet for these activities.

Edgar Filing: ABB LTD - Form 6-K

Discontinued operations

During the preparation of year-end accounts, ABB's Oil, Gas and Petrochemicals (OGP) activities have qualified to be reported as discontinued operations following ABB's decision to divest this business in 2003. Discontinued operations also includes losses of ABB's U.S. subsidiary Combustion Engineering (CE), the Structured Finance activities sold to GE Commercial Finance, the divested metering business and other smaller abandoned and sold units.

Combustion Engineering is now treated for accounting purposes as though it already had filed for the pre-packaged Chapter 11 in the U.S. bankruptcy court by December 31, 2002.

Non-core activities and Corporate

Non-core activities comprise Equity Ventures, the remaining parts of Structured Finance not sold to GE Commercial Finance, Insurance, Building Systems and Other activities (mainly Group Processes and New Ventures). Corporate consists of Headquarters/Stewardship, Research and Development and Other

(Consolidation, treasury services and real estate). EBIT figures covering the full years 2001, 2002, and the four quarterly results for 2002 are presented in the Appendix (page 37).

Fourth quarter performance - key figures in detail

US\$ in millions (except where indicated)	Oct.-Dec. 2002	Oct.-Dec 2001	Change	Ch
<hr/>				
Group orders	4,501	4,893	-8%	
Utilities	805	1,620	-50%	
Industries	1,166	1,071	9%	
Power Technology Products	1,064	949	12%	
Automation Technology Products	1,339	1,073	25%	
Non-core activities	1,091	1,340	-19%	
Corporate	-964	-1,160		
<hr/>				
Group revenues	5,268	5,530	-5%	
Utilities	1,288	1,672	-23%	
Industries	1,339	1,406	-5%	
Power Technology Products	1,179	1,140	3%	
Automation Technology Products	1,394	1,196	17%	
Non-core activities	1,166	1,560	-25%	
Corporate	-1,098	-1,444		
<hr/>				
Group earnings before interest and taxes (EBIT)	0	-438	n.a.	
Utilities	-10	36	n.a.	
Industries	16	20	-20%	
Power Technology Products	101	44	130%	
Automation Technology Products	91	44	107%	
Non-core activities	-110	-480	n.a.	
Corporate	-88	-102		
<hr/>				
Group EBIT margin (%)	0.0%	-7.9%		
Utilities	-0.8%	2.2%		
Industries	1.2%	1.4%		

Edgar Filing: ABB LTD - Form 6-K

Power Technology Products	8.6%	3.9%	
Automation Technology Products	6.5%	3.7%	
Non-core activities	-9.4%	-30.8%	
Corporate	n.a.	n.a.	
Net income	-838	-980	n.a.
Earnings per share (US\$ basic)			
-Income from continuing operations	(0.12)	(0.41)	
-Net income (loss)	(0.75)	(0.88)	
Earnings per share (US\$ diluted)			
-Income from continuing operations	(0.12)	(0.41)	
-Net income (loss)	(0.75)	(0.88)	
Net cash provided by operating activities	361	1,796	

Oil, Gas and Petrochemicals (for comparison*)

US\$ in millions	Oct.-Dec. 2002	Oct.-Dec. 2001	Change	Ch
Orders	1,153	801	44%	
Revenues	982	1,039	-5%	
EBIT	-69	-40	n.a.	

* Results from the Oil, Gas and Petrochemicals division are reported under discontinued operations and do not contribute to ABB's 2002 full-year orders, revenues and EBIT.

Fourth quarter performance - key figures in detail
(Unaudited based on new division structure)

US\$ in millions (except where indicated)	Oct-Dec 2002	Oct-Dec 2001	Change	Ch
Group orders	4,501	4,893	-8%	
Automation Technologies	2,177	1,958	11%	
Power Technologies	1,589	1,844	-14%	
Non-core activities	1,091	1,340		
Corporate	-356	-249		
Group revenues	5,268	5,530	-5%	
Automation Technologies	2,386	2,354	1%	
Power Technologies	2,047	2,051	0%	

Edgar Filing: ABB LTD - Form 6-K

Non-core activities	1,166	1,560	
Corporate	-331	-435	
<hr style="border-top: 1px dashed black;"/>			
Group earnings before interest and taxes (EBIT)	0	-438	n.a.
Automation Technologies	107	64	67%
Power Technologies	91	80	14%
Non-core activities	-110	-480	
Corporate	-88	-102	
<hr style="border-top: 1px dashed black;"/>			
Group EBIT margin (%)	0.0%	-7.9%	
Automation Technologies	4.5%	2.7%	
Power Technologies	4.4%	3.9%	
Non-core activities	-9.4%	-30.8%	
Corporate	n.a.	n.a.	
<hr style="border-top: 1px dashed black;"/>			
Net income	-838	-980	n.a.
<hr style="border-top: 1px dashed black;"/>			
Net cash provided by operating activities	361	1,796	
<hr style="border-top: 1px dashed black;"/>			

Fourth quarter 2002

(Discussion based on previous division structure)

Income statement

Fourth quarter orders decreased 14 percent in local currencies and 8 percent in nominal currencies to US\$ 4,501 million, compared to Q4 2001. Divisions reporting increased orders expressed in local currencies included Industries (+2 percent), Power Technology Products (+6 percent) and Automation Technology Products (+15 percent). Growth was offset, however, by fewer large orders and deferred bid awards in the Utilities division, resulting in a 52 percent order drop, and a 27 percent order reduction in non-core activities.

Base orders (orders below US\$ 15 million) amounted to US\$ 4,317 million, slightly below last year (2001: US\$ 4,439 million). In Q4 2002, base orders represented 96 percent of fourth quarter orders, up from 91 percent for Q4 2001.

Fourth quarter revenues declined 10 percent in local currencies and 5 percent in nominal terms to US\$ 5,268 million, compared to Q4 2001. All divisions reported lower revenues in local currency terms except Automation Technology Products, which increased by 8 percent. The order backlog was US\$ 13,408 million, down about 6 percent from September 30, 2002.

EBIT for the fourth quarter was zero compared to a loss of US\$ 438 million in the fourth quarter of 2001. Utilities and non-core activities recorded losses, and EBIT fell in the Industries division. These were offset by EBIT increases in Power Technology Products and Automation Technology Products, combined with lower restructuring charges and reduced asset write-downs. Fourth quarter EBIT for the core operational businesses (before non-core activities and Corporate) increased to US\$ 198 million (Q4 2001: US\$ 144 million).

Power Technology Products and Automation Technology Products both posted significant margin increases - to 8.6 percent and 6.5 percent, respectively - as cost-cutting and productivity improvements began to show. Industries' margin declined to 1.2 percent.

Losses in non-core activities were sharply reduced to US\$ 110 million (Q4 2001 loss: US\$ 480 million), as were costs for Corporate, which were US\$ 88 million

Edgar Filing: ABB LTD - Form 6-K

(Q4 2001 costs: US\$ 102 million).

EBIT included Other Expense of US\$ 83 million (Q4 2001: US\$ 206 million), comprised of:

- Restructuring charges of US\$ 116 million (Q4 2001: US\$ 193 million)
- Capital gains of US\$ 37 million (Q4 2001: US\$ 50 million)
- Write-downs of assets US\$ 30 million (Q4 2001: US\$ 87 million)
- Income from equity accounted companies, licenses and other of US\$ 26 million (Q4 2001: US\$ 24 million).

Finance net was US\$ 161 million compared to US\$ 57 million in the fourth quarter of 2001.

Discontinued operations reported a loss of US\$ 710 million compared to a loss of US\$ 525 million in the fourth quarter of 2001. This amount mainly comprises US\$ 420 million in asbestos-related provisions, operational losses after provisions for Downstream projects in the former Oil, Gas and Petrochemicals division (US\$ 93 million), as well as a disposal loss on the divestment of Structured Finance).

As a result, ABB reported a fourth quarter net loss of US\$ 838 million, compared to a loss of US\$ 980 million for the same period in 2001.

Cash flow and balance sheet

Net cash provided by operating activities was US\$ 361 million in the fourth quarter, after asbestos cash payments of US\$ 45 million. Cash flow was lifted by working capital (net operating assets and liabilities) of US\$ 587 million.

Cash and marketable securities totalled US\$ 4,690 million at December 31, 2002 (US\$ 3,493 million at the end of the previous quarter, September 30, 2002). After the reclassification of the former Oil, Gas and Petrochemicals division to discontinued operations, and the asbestos settlement, net debt (defined as short, medium and long-term debt less cash and marketable securities) amounted to US\$ 3,262 million compared to US\$ 5,623 million three months previously. Net debt was mainly reduced by proceeds from the divestments of the Structured Finance and Metering businesses that were cash-effective in the fourth quarter.

Long-term debt at December 31, 2002 as a percentage of total debt was 68 percent compared to 60 percent at the end of September 2002.

Mainly as a result of the fourth quarter net income loss, stockholders' equity was reduced to US\$ 1,052 million at December 31, 2002 from US\$ 1,932 million three months previously.

Full-year 2002 performance - key figures in detail

US\$ in millions (except where indicated)	Full year 2002	Full year 2001	Change	Ch
Group orders	18,112	19,672	-8%	
Utilities	4,458	6,436	-31%	
Industries	4,614	4,865	-5%	
Power Technology Products	4,387	4,221	4%	
Automation Technology Products	5,074	4,669	9%	
Non-core activities	4,161	5,072		

Edgar Filing: ABB LTD - Form 6-K

Corporate	-4,582	-5,591	
Group revenues	18,295	19,382	-6%
Utilities	4,826	5,634	-14%
Industries	4,412	4,995	-12%
Power Technology Products	4,355	3,961	10%
Automation Technology Products	5,035	4,756	6%
Non-core activities	4,186	5,130	
Corporate	-4,519	-5,094	
Group earnings before interest and taxes (EBIT)	336	179	88%
Utilities	75	158	-53%
Industries	145	151	-4%
Power Technology Products	353	234	51%
Automation Technology Products	373	364	2%
Non-core activities	-217	-397	
Corporate	-393	-331	
Group EBIT margin (%)	1.8%	0.9%	
Utilities	1.6%	2.8%	
Industries	3.3%	3.0%	
Power Technology Products	8.1%	5.9%	
Automation Technology Products	7.4%	7.7%	
Non-core activities			
Corporate	n.a.	n.a.	
Net income	-787	-691	n.a.
Earnings per share (US\$ basic)			
-Income (loss) from continuing operations	0.06	(0.11)	
-Net income (loss)	(0.71)	(0.61)	
Earnings per share (US\$ diluted)			
-Income (loss) from continuing operations	(0.10)	(0.11)	
-Net income (loss)	(0.84)	(0.61)	
Net cash provided by operating activities			

Oil, Gas and Petrochemicals (for comparison*)

US\$ in millions	2002	2001	Change	Ch
Orders	3,625	3,403	7%	
Revenues	3,869	3,489	11%	
EBIT	40	79	-49%	

* Results from the Oil, Gas and Petrochemicals division are reported under discontinued operations and do not contribute to ABB's 2002 full-year orders, revenues and EBIT.

Edgar Filing: ABB LTD - Form 6-K

Full-year 2002 performance - key figures in detail
(Unaudited based on new division structure)

US\$ in millions (except where indicated)	Full year 2002	Full year 2001	Change	Ch
Group orders	18,112	19,672	-8%	
Automation Technologies	8,699	8,319	5%	
Power Technologies	6,843	7,474	-8%	
Non-core activities	4,161	5,072		
Corporate	-1,591	-1,193		
Group revenues	18,295	19,382	-6%	
Automation Technologies	8,482	8,508	0%	
Power Technologies	7,103	6,873	3%	
Non-core activities	4,186	5,130		
Corporate	-1,476	-1,129		
Group earnings before interest and taxes (EBIT)	336	179	88%	
Automation Technologies	518	515	1%	
Power Technologies	428	392	9%	
Non-core activities	-217	-397		
Corporate	-393	-331		
Group EBIT margin (%)	1.8%	0.9%		
Automation Technologies	6.1%	6.1%		
Power Technologies	6.0%	5.7%		
Non-core activities	-5.2%	-7.7%		
Corporate	n.a.	n.a.		
Net income	-787	-691	n.a.	
Net cash provided by operating activities	126	1,983		

Full year 2002

Income statement

Orders for 2002 were US\$ 18,112 million, down 10 percent in local currencies and 8 percent in nominal terms from US\$ 19,672 for the full year 2001. Lower orders were mainly due to fewer large project orders in Utilities, as well as difficult market conditions for businesses in non-core activities, particularly Building Systems. Both Power Technology Products and Automation Technology Products grew orders in local currency terms (+ 3 percent and +5 percent, respectively) compared to 2001, while Industries recorded a 7 percent drop.

Revenues amounted to US\$ 18,295 million, down 8 percent in local currencies and 6 percent in nominal terms compared to the year before (2001: US\$ 19,382 million). Utilities, Industries and non-core activities reported lower revenues, while Power Technology Products and Automation Technology Products grew by 9 percent and 3 percent, respectively.

EBIT margin was 1.8 percent versus 0.9 percent in 2001. Industries and Power

Edgar Filing: ABB LTD - Form 6-K

Technology Products reported higher margins as productivity and cost-cutting programs started to positively impact EBIT, while Automation Technology Products' margin was down due to higher restructuring costs. Utilities' margin was negatively impacted as a result of the execution of low-margin projects taken in 1999 and 2000.

EBIT was US\$ 336 million, almost doubling compared to 2001 (US\$ 179 million). Losses from non-core activities were sharply reduced to US\$ 217 million from US\$ 397 million in 2001 (EBIT 2001 included a one-time US\$ 295 million charge for Insurance, following a change in accounting for reserves). Costs were higher in Corporate, at US\$ 393 million (2001: US\$ 331 million).

EBIT includes Other Expense of US\$ 116 million, comprising:

- o Restructuring charges of US\$ 261 million (2001: US\$ 220 million)
- o Capital gains of US\$ 119 million (2001: US\$ 57 million)
- o Write-downs of assets of US\$ 93 million (2001: US\$ 92 million)
- o Income from equity accounted companies, licenses and other of US\$ 119 million (2001: US\$ 150 million)

Finance net was US\$ 129 million, (2001: US\$ 190 million). Interest expense for 2002 was reduced by a gain of US\$ 215 million, arising from the accounting treatment of the convertible bonds that ABB issued in May 2002. This is an unrealized, mark-to-market gain on the equity conversion option on the convertible bond, which may fluctuate in future with market prices and be amortized during the life of the bond.

The loss from discontinued operations amounted to US\$ 853 million for the full-year 2002, up from US\$ 501 million in 2001. This was a result of asbestos-related provisions, the disposal loss on the 2002 divestment of Structured Finance (US\$ 135 million, excluding currency translation adjustments), as well as losses associated with units in discontinued operations (including the former Oil, Gas and Petrochemicals division at a US\$ 86 million loss) or abandonment.

ABB posted a net loss of US\$ 787 million for the full-year 2002 (2001 loss: US\$ 691 million).

Cash flow and balance sheet

Net cash provided by operating activities amounted to US\$ 126 million (2001: US\$ 1,983 million), after asbestos cash payments of US\$ 206 million (US\$ 136 million in 2001). Operating assets and liabilities provided a net US\$ 419 million in cash, notwithstanding a negative impact of US\$ 1,130 million from

other assets and liabilities. This was mainly due to higher sales in excess of invoicing (arising from percentage of completion accounting), and lower advances from customers, non-trade payables and accrued expenses.

Cash and marketable securities totalled US\$ 4,690 million at December 31, 2002 (US\$ 5,366 million at December 31, 2001). ABB cut net debt by US\$ 1.5 billion on a comparative basis. Before adjusting for the transfer of Oil, Gas and Petrochemicals to discontinued operations, and accounting for the asbestos settlement, net debt was cut to about US\$ 2.6 billion from the previously reported US\$ 4.1 billion at the end of 2001. After these adjustments, net debt was US\$ 3.3 billion at December 31, 2002, compared to US\$ 4.3 billion a year earlier.

Long-term debt at December 31, 2002 as a percentage of total debt was 68 percent compared to 52 percent at the end of December 2001. ABB has achieved its target to extend the maturity of its debt to two-thirds long-term and one-third

Edgar Filing: ABB LTD - Form 6-K

short-term debt.

Stockholders' equity was US\$ 1.1 billion at December 31, 2002.

Asbestos

In 2002, 34,568 claims against U.S. subsidiary Combustion Engineering (CE) were settled, 26 percent more than in the same period in 2001. More than 33 percent were settled without payment. Around 79,200 new claims were filed in 2002, compared to 2001. Settlement costs prior to insurance reimbursement were US\$ 206 million (US\$ 136 million in 2001).

In the fourth quarter of 2002, new asbestos claims (33,880) increased by 114 percent over the third quarter of 2002, while claims settled (8,332) went up by 10 percent. At the end of December 2002, 136,648 claims were pending (111,052 end of September 2002). All of these claims are covered in the pre-packaged Chapter 11 proceedings.

On Feb. 17, 2003, ABB announced that CE had filed for a pre-packaged Chapter 11 in the U.S. bankruptcy courts. Voting on the pre-packaged plan ended on Feb. 19. Although the vote is subject to review and confirmation by the court, CE has confirmed that it has received more than 75 percent of claimant votes in favor of the plan, representing more than two-thirds of the total value of claims as required for approval by eligible claimants.

ABB remains confident the court will approve the plan.

Note on new division structure, targets

ABB announced in its 2002 third-quarter results that it streamlined its divisional structure. Two new core divisions were created: Power Technologies, which combines the former Power Technology Products and Utilities divisions, and Automation Technologies, which combines the former Automation Technology Products and Industries divisions.

ABB's full-year 2002 results are shown for the new division structure on a pro forma basis on pages X and Y. For purposes of comparison, results for the new divisions for each quarter of 2002 and for the full year 2001 are provided in Appendix 2, page 41.

Divisional targets

Power Technologies: The division maintains its targets for compound average annual revenue growth of 5.3 percent from 2002 through 2005, and an EBIT margin of 10 percent for 2005. For 2003, divisional revenues are expected to grow by 5.3 percent, with an EBIT margin of 7 percent.

Automation Technologies: The division aims to achieve compound average annual revenue growth of 3.3 percent from 2002 through 2005, and an EBIT margin target of 10.7 percent for 2005. For 2003, divisional revenues are expected to grow by 3 percent with an EBIT margin of 7.1 percent.

Divisional performance Q4 2002

The Power Technology Products and Automation Technology Products divisions serve their customers through external channel partners and ABB's end-user divisions. More customers are being served directly by channel partners such as wholesalers, systems integrators and distributors. Orders, revenues and earnings associated with these customers are accordingly no longer reflected in the end-user divisions.

As a result, in the end-user divisions, orders and revenues from these "pull-through" products are decreasing correspondingly. Unless otherwise stated, there is no material impact on the EBIT of the end-user divisions. Overall,

Edgar Filing: ABB LTD - Form 6-K

there is no impact on the Group's consolidated results, since the pull-through effects are offset by reduced internal eliminations (currently presented in Corporate). There is no impact on the product divisions, since for them it remains a sale to the same customer whether products are sold via external channel partners or internal end-user divisions.

For all figures except for EBIT margins, comments refer to the fourth quarter results expressed in local currencies. EBIT excluding capital gains is shown only if the aggregate of such gains for the division is material (in any case, if capital gains represent more than 10 percent of divisional EBIT).

Utilities

US\$ in millions (except where indicated)	Oct.-Dec. 2002	Oct.-Dec. 2001	Change	Change in local currencies
Orders	805	1,620	-50%	-5
Revenues	1,288	1,672	-23%	-2
EBIT	-10	36	n.a.	n.
EBIT margin	-0.8%	2.2%		
Restructuring costs	-19	-26		

Orders dropped by 52 percent compared to the fourth quarter of 2001, mainly due to weak demand in the Americas and delays of some large project awards into 2003. Europe was mixed. A more selective bidding approach to secure future earnings quality also influenced order levels. Orders were down 38 percent, excluding product sales handled via channel partners.

Revenues were 25 percent lower. Excluding the pull-through effect, revenues decreased by 6 percent.

EBIT for the quarter was negative and the EBIT margin for the underlying operational performance (excluding pull-through, restructuring, capital gains in 2001 and 2002, and non-recurring amortization) decreased to 0.6 percent from 3.8 percent. The lower earnings were mainly due to the execution of low-margin systems projects (pre-2001) in Utility Power Systems. Steps have since been taken to improve project management and support higher project margins. In the fourth quarter, Utilities reported a capital gain of US\$ 7 million.

Industries

US\$ in millions (except where indicated)	Oct.-Dec. 2002	Oct.-Dec. 2001	Change	Change in local currencies
Orders	1,166	1,071	9%	
Revenues	1,339	1,406	-5%	-1
EBIT	16	20	-20%	-3
EBIT margin	1.2%	1.4%		
Restructuring costs	-44	-36		

Edgar Filing: ABB LTD - Form 6-K

In spite of weak markets, orders increased slightly, driven by demand in two business areas: Petroleum, Chemical and Life Sciences, and Paper Printing, Metals and Minerals. Excluding product sales now handled via channel partners, orders increased by 32 percent.

Revenues were 10 percent lower but up 8 percent excluding the pull-through effect. Revenues were down except in the Petroleum, Chemical and Life Sciences business area.

EBIT decreased primarily as a result of lower revenues and one-time charges. The EBIT margin for the underlying operational performance (excluding restructuring, capital gains, non-recurring amortization and one-time charges) increased from 5.3 percent to 5.8 percent.

Oil, Gas and Petrochemicals

Please refer to the section discontinued operations on page 18.

Power Technology Products

US\$ in millions (except where indicated)	Oct.-Dec. 2002	Oct.-Dec. 2001	Change	Change in lo currenci
Orders	1,064	949	12%	
Revenues	1,179	1,140	3%	-
EBIT	101	44	130%	12
EBIT margin	8.6%	3.9%		
Restructuring costs	0	-41		

Orders rose by 6 percent compared to the same quarter of 2001, driven mainly by continuing strong demand in Asia, especially China. Higher demand in the Power Distribution business area also contributed to the improvement. Demand in North America was weak but stable. The European market remained mixed. Revenues in the quarter were flat.

Continuing operational improvements and productivity gains significantly lowered the cost base. As a result of this and in the absence of restructuring charges, EBIT more than doubled (up 123 percent) and

the EBIT margin for the underlying operational performance (excluding restructuring, capital gains and non-recurring amortization) rose to 8.6 percent from 6.7 percent. The number of employees decreased by 9 percent (excluding acquisitions and divestments).

Automation Technology Products

US\$ in millions (except where indicated)	Oct.-Dec. 2002	Oct.-Dec. 2001	Change	Change in lo currenci
Orders	1,339	1,073	25%	1

Edgar Filing: ABB LTD - Form 6-K

Revenues	1,394	1,196	17%	
EBIT	91	44	107%	8
EBIT margin	6.5%	3.7%		
Restructuring costs	-41	-39		

Orders increased by 15 percent. All business areas contributed to the positive development. Robotics reported a double-digit increase in orders driven by demand in North America and Europe. Low-Voltage Products and Drives and Power Electronics benefited from the high demand in Asia, especially China. Overall, the American and European markets were mixed while Asia showed strong demand. The process automation market stabilized at a low level.

Revenues increased by 8 percent. Lower revenues in Control and Force Measurement and Electrical Machines were more than offset by the positive development in the other business areas.

EBIT increased by 85 percent, reflecting operational improvements and productivity gains from restructuring. The number of employees decreased by 6 percent (excluding acquisitions and divestments). The EBIT margin for the underlying operational performance (excluding restructuring, capital gains and non-recurring amortization) increased from 7.6 percent to 9.5 percent.

Financial Services

ABB divested a large part of its Financial Services division in 2002. In addition, ABB has announced its intention to divest other financial business activities. Therefore, the Financial Services division has been wound down and its results will no longer be separately reported. The fourth quarter 2002 results from the part of Structured Finance sold to GE Commercial Finance can be found in the breakdown of items for discontinued operations on page 19. The EBIT for the remainder of Structured Finance, as well as Equity Ventures and Insurance is shown in Non-core activities, also on page 19.

Discontinued operations

During the preparation of year-end accounts, ABB's Oil, Gas and Petrochemicals (OGP) activities have qualified to be reported as discontinued operations following ABB's decision to divest this business in 2003. For comparison, fourth-quarter 2002 orders, revenues, EBIT and EBIT margin are shown below:

Oil, Gas and Petrochemicals

US\$ in millions (except where indicated)	Oct.-Dec. 2002	Oct.-Dec. 2001	Change	Change in loc currenci
Orders	1,153	801	44%	3
Revenues	982	1,039	-5%	-1
EBIT	-69	-40	n.a.	n.

Orders in the quarter increased by 34 percent, driven mainly by several large orders in the Upstream market where demand strengthened. Downstream markets remained flat. Revenues decreased as a result of lower order intake in the previous quarters. Cost overruns and project write-downs of approximately US\$ 104 million in the fourth quarter led to a loss.

Discontinued operations

Edgar Filing: ABB LTD - Form 6-K

US\$ in millions	Oct.-Dec. 2002	Oct.-Dec. 2001	Full year 2002
(except where indicated)			
Income/(Loss)*	-710	-525	-853
Oil, Gas and Petrochemicals	-93	-26	-86
Structured Finance	-78	12	-190
Combustion Engineering	-420	-470	-420
Other divested businesses	-119	-41	-157

* including taxes

For the fourth quarter 2002, losses from discontinued operations increased to US\$ 710 million following US\$ 420 million in provisions for Combustion Engineering, project losses in Oil, Gas and Petrochemicals, and the final divestment costs for Structured Finance. Of Structured Finance's fourth quarter US\$ 78 million divestment cost, US\$ 55 million was for currency translation adjustments that were already reflected in stockholders' equity.

Other divested businesses posted losses of US\$ 119 million, mainly due to goodwill write-down.

For the full year 2002, the loss from discontinued operations was US\$ 853 million, up from US\$ 501 million in 2001. The main items were asbestos provisions, the US\$ 135 million divestment loss (excluding the currency translation adjustment) for Structured Finance, and US\$ 86 million in losses for the full year for Oil, Gas and Petrochemicals. The OGP loss was after project provisions of US\$ 167 million for the year.

Non-core activities

US\$ in millions	Oct.-Dec. 2002	Oct.
(except where indicated)		
EBIT	-110	
Equity Ventures/Remaining Structured Finance	-6	
Insurance	-3	
Building Systems	-42	
Other activities*	-59	

* Comprises mainly Group Processes and New Ventures

The EBIT loss for the fourth quarter was US\$ 110 million, sharply down from the US\$ 480 million loss reported for the fourth quarter in 2001. The main reason for reduced losses was the inclusion of a US\$ 295 million charge for a change in accounting for reserves in Scandinavian Re, part of Insurance, together with US\$

Edgar Filing: ABB LTD - Form 6-K

90 million in portfolio write-downs that were booked in the fourth quarter of 2001. For the fourth quarter 2002, good premium income was offset by a write-down in marketable securities, resulting in a small loss.

Equity Ventures and the remaining Structured Finance businesses reported lower EBIT, as no new business is being written in either unit.

Building Systems posted a loss for the quarter of US\$ 42 million, following further project write-downs and restructuring.

The loss from other activities was sharply reduced to US\$ 59 million, mainly due to reduced write-downs in New Ventures.

Corporate

US\$ in millions (except where indicated)	Oct.-Dec. 2002	Oct.
EBIT	-88	
Headquarters/Stewardship	7	
Research and development	-24	
Other*	-71	

* includes consolidation, real estate and Treasury Services.

Costs for Corporate decreased to US\$ 88 million for the fourth quarter 2002. Reduced infrastructure costs and a one-time rebate on previously booked costs led to a small positive income for Headquarters/Stewardship. Research and development costs decreased following the successful reorganization of ABB's global research centers earlier in the year.

Further information

The 2002 Q4 and full-year results press release and presentation slides are available from February 27, 2003 on the ABB Investor Relations homepage at www.abb.com/investorrelations.

The audio playback of the conference call will be available for 72 hours after the call. Further reporting dates in 2003 are April 29 (Q1), July 29 (Q2), and October 28 (Q3). The annual general meeting will be held on Friday, May 16 in Switzerland with an information meeting for shareholders in Sweden on Monday, May 19.

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impacts. The ABB Group of companies operates in more than 100 countries and employs about 139,000 people.

This press release includes forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements are based on current expectations, estimates and projections about 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" or similar expressions. Important factors that could cause actual results to differ

Edgar Filing: ABB LTD - Form 6-K

materially from those expectations include, among others, 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, 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. 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:

Media Relations, Zurich:
 Thomas Schmidt, Wolfram Eberhardt
 Tel: +41 43 317 6492, +41 43 317 6512
 Fax: +41 43 317 7958
 media.relations@ch.abb.com

Investor Relations:
 Switzerland: Tel. + 41 43 317 3408
 Sweden: Tel. + 46 21 325 729
 USA: Tel: +1 203 750 7743
 investor.relations@ch.abb.com

Summary Financial Information Year Ended December 2002

ABB Ltd

Summary Consolidated Income Statements (unaudited)

	January-December	
	2002	2001
	----- all amount (in millions, ex	
Revenues	\$ 18,295	\$ 19,382
Cost of sales	(13,769)	(14,910)
Gross profit	4,526	4,472
Selling, general and administrative expenses	(4,033)	(3,993)
Amortization expense	(41)	(195)
Other income (expense), net	(116)	(105)
Earnings before interest and taxes	336	179
Interest and dividend income	193	414
Interest and other finance expense	(322)	(604)
Income (loss) from continuing operations before taxes and minority interest	207	(11)
Provision for taxes	(70)	(80)
Minority interest	(71)	(36)
Income (loss) from continuing operations	66	(127)
Loss from discontinued operations, net of tax	(853)	(501)
Cumulative effect of change in accounting principles (SFAS 133), net of tax	--	(63)
Net loss	\$ (787)	\$ (691)

Edgar Filing: ABB LTD - Form 6-K

Basic earnings (loss) per share:			
Income (loss) from continuing operations	\$	0.06	\$ (0.11)
Net loss	\$	(0.71)	\$ (0.61)
Diluted earnings (loss) per share:			
Income (loss) from continuing operations	\$	(0.10)	\$ (0.11)
Net loss	\$	(0.84)	\$ (0.61)

Amounts in prior periods have been reclassified to conform to the Company's current presentation.

ABB Ltd
Summary Consolidated Balance Sheets (unaudited)

		At December 31 2002	
			----- all am
Cash and equivalents	\$	2,478	
Marketable securities		2,212	
Receivables, net		7,197	
Inventories, net		2,377	
Prepaid expenses and other		2,694	
Assets in discontinued operations		3,095	
Total current assets		20,053	
Financing receivables, non-current		1,802	
Property, plant and equipment, net		2,792	
Goodwill		2,321	
Other intangible assets, net		591	
Investments and other		1,990	
Total assets	\$	29,549	
Accounts payable, trade	\$	2,961	
Accounts payable, other		2,195	
Short-term borrowings and current maturities of long-term borrowings		2,576	
Accrued liabilities and other		8,352	
Liabilities in discontinued operations		2,295	
Total current liabilities		18,379	
Long-term borrowings		5,376	
Pension and other related benefits		1,659	
Deferred taxes		1,179	
Other liabilities		1,647	
Total liabilities		28,240	
Minority interest		257	
Capital stock and additional paid-in capital (1,280,009,432 shares authorized, 1,200,009,432 shares issued)		2,027	
Retained earnings		2,648	
Accumulated other comprehensive loss		(1,873)	

Edgar Filing: ABB LTD - Form 6-K

Treasury stock, at cost (86,830,312 shares at December 31, 2002)	(1,750)
Total stockholders' equity	1,052
Total liabilities and stockholders' equity	\$ 29,549

Amounts in prior periods have been reclassified to conform to the Company's current presentation.

ABB Ltd Summary Consolidated Statements of Cash Flows (unaudited)

	January - Dec 2002	Dec 2001
	-----	-----
	all	all
Operating activities		
Net loss	\$ (787)	\$ (1,052)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	611	1,052
Change in provisions*	(188)	1,052
Pension and other related benefits	144	1,052
Deferred taxes	(121)	1,052
Net gain from sale of property, plant and equipment	(23)	1,052
Other	71	1,052
Changes in operating assets and liabilities:		
Marketable securities (trading)	498	1,052
Trade receivables	605	1,052
Inventories	367	1,052
Trade payables	79	1,052
Other assets and liabilities, net	(1,130)	1,052
Net cash provided by operating activities	126	1,052
Investing activities		
Changes in financing receivables	13	1,052
Purchases of marketable securities (other than trading)	(4,184)	1,052
Purchases of property, plant and equipment	(602)	1,052
Acquisitions of businesses (net of cash acquired)	(144)	1,052
Proceeds from sales of marketable securities (other than trading)	4,332	1,052
Proceeds from sales of property, plant and equipment	476	1,052
Proceeds from sales of businesses (net of cash disposed)	2,583	1,052
Net cash provided by (used in) investing activities	2,474	1,052
Financing activities		
Changes in borrowings	(2,815)	1,052
Treasury and capital stock transactions	--	1,052
Dividends paid	--	1,052
Other	73	1,052
Net cash provided by (used in) financing activities	(2,742)	1,052

Edgar Filing: ABB LTD - Form 6-K

Effects of exchange rate changes on cash and equivalents	141	
	(1)	1,
Net change in cash and equivalents		
Cash and equivalents (beginning of period - restated)	2,442	1,
Cash and equivalents (beginning of period - assets in discontinued operations)	325	
	2,767	1,
Cash and equivalents (beginning of period - total)		
Cash and equivalents (end of period - restated)	2,478	2,
Cash and equivalents (end of period - assets in discontinued operations)	288	
	\$ 2,766	\$ 2,
Cash and equivalents (end of period - total)		
Interest paid	\$ 475	\$
Taxes paid	\$ 298	\$

* Restated to reflect the change in all provisions (previously this line comprised of restructuring provisions only)

Amounts in prior periods have been reclassified to conform to the Company's current presentation.

ABB Ltd notes to summary consolidated financial statements (unaudited)
(US\$ in millions, except per share amounts)

Note 1 Developments in the year ended December 31, 2002:

- o Annual general meeting
At the Company's annual general meeting held on March 12, 2002, the Company's shareholders approved the resolution to not pay a dividend in 2002. In addition, shareholders approved the resolution to not effect a capital reduction of 24 million shares purchased during the first half of 2001, as a result of changed market conditions.

- o Restructuring program

2001 program
In July 2001, the Company announced a restructuring program anticipated to extend over 18 months. This restructuring program was initiated in an effort to simplify product lines, reduce multiple location activities and perform other downsizing in response to consolidation of major customers in certain industries.

In 2002, the Company recognized total restructuring charges and related asset write-downs of \$187 million. Charges of \$166 million were related to workforce reductions and charges of \$38 million were related to lease terminations and other exit costs associated with this restructuring program. These costs are included in other income (expense), net. Based on analysis, Management's estimate has been revised resulting in a \$31 million reduction in the amounts accrued for workforce reductions, lease terminations and other exit costs. This revision is recognized as a component of other income (expense), net. Termination benefits of \$176 million were paid to approximately 4,000 employees and \$29 million was paid to cover costs associated with lease terminations and other exit costs. Workforce reductions include production, managerial and administrative employees. At December 31, 2002, accrued liabilities included \$78 million for termination benefits and \$49 million for lease terminations and other

Edgar Filing: ABB LTD - Form 6-K

exit costs.

As a result of the 2001 restructuring program, certain assets have been identified as impaired or will no longer be used in continuing operations. The company recorded \$14 million to write down these assets to fair value. These costs are included in other income (expense), net.

Step Change Program

In October 2002 the company announced The Step Change program to reduce ABB's cost base and increase competitiveness, and pave the way for a change of culture. It is scheduled to cut at least \$800 million over an 18-month period.

In 2002, the Company recognized total restructuring charges and related asset write-downs of \$79 million. Charges of \$51 million were related to workforce reductions and charges of \$26 million were related to lease terminations and other exit costs associated with this restructuring program. These costs are included in other income (expense), net. Termination benefits of \$13 million were paid to approximately 200 employees and \$1 million was paid to cover costs associated with lease terminations and other exit costs. Workforce reductions include production, managerial and administrative employees. At December 31, 2002, accrued liabilities included \$38 million for termination benefits and \$25 million for lease terminations and other exit costs.

As a result of Step Change program, certain assets have been identified as impaired or will no longer be used in continuing operations. The company recorded \$2 million to write down these assets to fair value. These costs are included in other income (expense), net.

o Borrowings

The Company's total borrowings outstanding at December 31, 2002 and 2001, amounted to \$7,952 million and \$9,704 million respectively (after reclassification to liabilities in discontinued operations of \$86 million at December 31, 2001 in connection with the discontinuation of certain businesses). Of the total outstanding, \$478

million at December 31, 2002 and \$3,297 million at December 31, 2001 was in the form of commercial paper with an average interest rate of 4.8% and 2.7% respectively.

In March 2002, the Company drew down \$2,845 million of a \$3 billion committed bank facility established in December 2001. A portion of these proceeds was used to repay commercial paper borrowings, which were reduced to \$1,760 million at March 31, 2002. In the second quarter of 2002, primarily as a result of amounts maturing, the outstanding commercial paper borrowings were further reduced to \$349 million at June 30, 2002. Following the issuance of additional commercial paper in the third quarter of 2002, there was a net increase in commercial paper outstanding to \$674 million at September 30, 2002.

In May 2002, the Company issued \$968 million aggregate principal amount of convertible unsubordinated bonds due 2007. The bonds pay interest semi-annually in arrears at a fixed annual rate of 4.625% and are convertible into approximately 85 million shares of the Company.

Also in May 2002, the Company issued bonds due in 2009 with an aggregate principal amount of 200 million pound sterling, or approximately \$292 million, which pay interest semi-annually in arrears at 10% per annum. In addition, the Company issued in May 2002, bonds due 2008 with an aggregate

Edgar Filing: ABB LTD - Form 6-K

principal amount of 500 million euro, or approximately \$466 million, which pay interest annually in arrears at 9.5% per annum. In line with the Company's policy of reducing its interest rate and currency exposure, a cross currency and an interest rate swap, respectively, have been used to modify the characteristics of these bonds.

Pursuant to the terms of the Company's \$3 billion committed bank facility, amended in April 2002, the proceeds from the convertible bonds, the sterling-denominated bonds and the euro-denominated bonds were used to repay and reduce the amount available under the facility to \$1,315 million at June 30, 2002. Also in line with the terms of the facility, the proceeds from the sale of the Company's Swedish real estate property announced in the second quarter of 2002, were used to repay and further reduce the amount available and outstanding under the facility to \$1,000 million by September 30, 2002. This amount was repaid in the fourth quarter of 2002 and the facility closed.

In December 2002, the Company established a new \$1.5 billion 364-day revolving credit facility. As of December 31, 2002, nothing had been drawn under this new facility. Up to a maximum amount of \$750 million may be extended for up to a further 364 days in the form of term loans.

The facility is secured by a package of ABB assets, including a portion of the Oil, Gas and Petrochemicals division, which is earmarked for divestment in 2003 and is included in assets and liabilities in discontinued operations.

The facility also contains certain financial covenants, including minimum interest coverage, maximum gross debt level, a minimum level of consolidated net worth as well as minimum levels of disposal proceeds for specified assets and businesses during 2003.

- o Accounting for the convertible bonds
As described above, in May 2002, the Company issued \$968 million aggregate principal amount of convertible unsubordinated bonds due 2007.

The Company's shares to be issued if the bonds are converted are denominated and traded in Swiss francs while the bonds are denominated in U.S. dollars. Therefore, under Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, a component of the convertible bonds must be accounted for as a derivative, with changes in fair value recorded through earnings. As a result of the decline in the Company's share price since issuance of the bonds, the Company has recorded a net gain of \$215 million in interest and other finance expense from the decrease in fair value of the derivative liability, with a corresponding reduction in long-term borrowings on the balance sheet.

- o Discontinued operations
In November 2002, the Company sold the majority of its Structured Finance business to GE Commercial

Finance for total cash proceeds of approximately \$2.3 billion. The Structured Finance portfolio divested includes global infrastructure financing, equipment leasing and financing businesses. The Company recognized losses of approximately \$190 million on the disposal of the Structured Finance business. The divestment of this activity is in line with the Company's strategy to focus on power and automation technologies for industry and utility customers. In addition, the sale of Structured Finance was an important step in the Company's ongoing program to strengthen the balance sheet and reduce net debt.

Edgar Filing: ABB LTD - Form 6-K

Also in December 2002, the Company sold its Metering business to Ruhrgas Industries GmbH of Germany, for approximately \$244 million on a cash and debt free basis. The Company recognized losses of approximately \$54 million on the disposal of the Metering business. Water and electricity metering is no longer a core business for the Company, and its divestment was part of the Company's strategy to focus on power and automation technologies for industry and utility customers.

In addition, the Company has discontinued a minor operation in its Power Technology Products division and another minor operation in the New Ventures business area.

In the fourth quarter of 2002, the Company committed to sell its Oil, Gas and Petrochemical business which has been reflected as discontinued operations as of December 31, 2002. In addition, the Company has also discontinued certain other minor operations and projects.

These divestments and discontinuations are treated as discontinued operations pursuant to Statement of Financial Accounting Standards No. 144 (SFAS 144), Accounting for the Impairment or Disposal of Long-Lived Assets, issued in August 2001 by the Financial Accounting Standards Board. The balance sheet and income statement data for all periods presented have been restated to present the financial position and results of operations of the businesses meeting the criteria of SFAS 144 as assets and liabilities in discontinued operations and as discontinued operations. In the statement of cash flows the effects of the discontinued operations are not segregated, as permitted by Statement of Financial Accounting Standards No. 95, Statement of Cash Flows.

The loss from discontinued operations, including taxes, of \$853 million recorded in 2002 includes revenues of \$3,947 million.

At December 31, 2002, the major classes of assets in discontinued operations are: cash, cash equivalents and marketable securities for \$300 million; receivables for \$1,285 million; inventories for \$397 million; prepaid expenses and other for \$152 million; financing receivables for \$41 million; goodwill for \$502 million, other intangible assets for \$59 million; property, plant and equipment for \$121 million; and investments and other for \$238 million. At December 31, 2002, the major classes of liabilities in discontinued operations are: accounts payable for \$1,677 million; borrowings for \$45 million; accrued liabilities and other for \$315 million; pension and post-retirement benefits for \$90 million; deferred tax liabilities for \$40 million; and other liabilities for \$129 million.

o Earnings per share

The potential common shares from the warrants and options outstanding in connection with the Company's management incentive plan, were excluded from the computation of diluted earnings (loss) per share in the 2002 and 2001 periods presented, as their inclusion would have been antidilutive. In the full year 2002 period, the potential common shares from the convertible bonds were included in the computation of diluted earnings (loss) per share for the period they were outstanding, while they were excluded from the computation of diluted earnings (loss) per share in the fourth quarter of 2002, as their inclusion would have been antidilutive.

Basic earnings (loss) per share

January - December
2002 2001

Edgar Filing: ABB LTD - Form 6-K

	(in millions)	
Income (loss) from continuing operations	\$ 66	\$ (127)
Loss from discontinued operations, net of tax	(853)	(501)
Cumulative effect of change in accounting principles (SFAS 133), net of tax	--	(63)
Net loss	\$ (787)	\$ (691)
Weighted average number of shares outstanding	1,113	1,132
Basic earnings (loss) per share:		
Income (loss) from continuing operations	\$ 0.06	\$ (0.11)
Loss from discontinued operations, net of tax	(0.77)	(0.44)
Cumulative effect of change in accounting principles (SFAS 133), net of tax	--	(0.06)
Net loss	\$ (0.71)	\$ (0.61)

Diluted earnings (loss) per share	January - December 2002 2001	
	(in millions)	
Income (loss) from continuing operations	\$ 66	\$ (127)
Effect of dilution:		
Convertible bonds, net of tax	(187)	--
Income (loss) from continuing operations, adjusted	(121)	(127)
Loss from discontinued operations, net of tax	(853)	(501)
Cumulative effect of change in accounting principles (SFAS 133), net of tax	--	(63)
Net loss	\$ (974)	\$ (691)
Weighted average number of shares outstanding	1,113	1,132
Dilution from convertible bonds	53	-
Diluted weighted average number of shares outstanding	1,166	1,132
Diluted earnings (loss) per share:		
Income (loss) from continuing operations	\$ (0.10)	\$ (0.11)
Loss from discontinued operations, net of tax	\$ (0.74)	\$ (0.44)
Cumulative effect of change in accounting principles (SFAS 133), net of tax	\$ --	\$ (0.06)
Net loss	\$ (0.84)	\$ (0.61)

- o Commitments and contingencies
 - Asbestos related claims

Edgar Filing: ABB LTD - Form 6-K

In 2002, 34,568 claims against U.S. subsidiary Combustion Engineering (CE) were settled, 26 percent more than in the same period in 2001. More than 33 percent were settled without payment. Around 79,200 new claims were filed in 2002, compared to 2001. Settlement costs prior to insurance reimbursement were US\$ 206 million (US\$ 136 million in 2001).

In the fourth quarter of 2002, new asbestos claims (33,880) increased by 114 percent over the third quarter of 2002, while claims settled (8,332) went up by 10 percent. At the end of December 2002, 136,648 claims were pending (111,052 end of September 2002). All of these claims are covered in the pre-packaged Chapter 11 proceedings.

On February 17, 2003, ABB announced that CE has filed for a pre-packaged Chapter 11 in the U.S. bankruptcy courts. Voting on the pre-packaged plan ended on Feb. 19. Although the vote is subject to review and confirmation by the court, CE has confirmed that it has received more than 75 percent of claimant votes in favor of the plan, representing more than two-thirds of the total value of claims as required for approval by eligible claimants.

ABB remains confident the court will approve the plan.

Note 2 Significant Accounting Policies

The summary consolidated financial information is prepared on the basis of United States (US) generally accepted accounting principles (USGAAP) and is presented in U.S. dollars (\$) unless otherwise stated. These figures are still subject to final audit clearance. Data for orders and number of employees are shown as additional information and are not a required disclosure under USGAAP.

Par value of capital stock is denominated in Swiss francs. The summary financial information as of December 31, 2002, should be read in conjunction with the December 31, 2001, financial statements contained in the Company's Annual Report and the Form 20-F.

New accounting standards

In 2001, the Company accounted for the adoption of Statement of Financial Accounting Standards No. 133 (SFAS 133), Accounting for Derivative Instruments and Hedging Activities, as amended, as a change in accounting principle. Based on the Company's derivative positions at January 1, 2001, the Company recognized the cumulative effect of the accounting change as a loss of \$63 million, net of tax, in the consolidated income statement and a reduction of \$41 million, net of tax, in accumulated other comprehensive income (loss).

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, Business Combinations, and Statement of Financial Accounting Standards No. 142 (SFAS 142), Goodwill and Other Intangible Assets, which modified the accounting for business combinations, goodwill and identifiable intangible assets. All business combinations initiated after June 30, 2001, must be accounted for by the purchase method. Goodwill from acquisitions completed after that date is not amortized, but will be charged to operations when specified tests indicate that the goodwill is impaired, that is, when the goodwill's fair value is lower than its carrying value. Certain intangible assets will be recognized separately from goodwill, and will be amortized over their useful lives. During 2002, all goodwill was required to be tested for impairment as of January 1, 2002, with a transition adjustment recognized for any impairment found. The Company completed this test in the second quarter of 2002 and determined that no impairment of goodwill existed at January 1, 2002. All goodwill amortization also ceased at that date. The Company recognized goodwill amortization expense of \$191 million and \$55 million in the year and three months ended December 31, 2001, respectively. Accordingly, income

Edgar Filing: ABB LTD - Form 6-K

from continuing operations and net loss would have been \$28 million (\$0.02 per share) and \$500 million (\$0.44 per share), respectively, in the year ended December 31, 2001, and loss from continuing operations and net loss would have been \$411 million (\$0.37 per share) and \$925 million (\$0.83 per share), respectively, in the three months ended December 31, 2001, if the Company had not recognized amortization expense for goodwill that is no longer being amortized in accordance with SFAS 142.

In June 2001, the Financial Accounting Standards Board issued SFAS 143 (SFAS 143), Accounting for Asset Retirement Obligations, which is effective for fiscal years beginning after June 15, 2002, and requires that the fair value of a legal obligation associated with the retirement of tangible long-lived assets be recognized in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and allocated to expense over its useful life. The Company adopted SFAS 143 effective January 1, 2003. After management review of existing third party contracts, lease agreements and other similar agreements and initial estimation of the fair value of identified asset retirement obligations, the Company came to a conclusion that application of the new rules will not result in any material increase in property and equipment or increase in liabilities, and a cumulative effect on net income and stockholder's equity is not expected to be significant.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 (SFAS 144), Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement supersedes Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-lived Assets to Be Disposed Of, while retaining many of its requirements regarding impairment loss recognition and measurement. In addition, the new Statement broadens the presentation of discontinued operations to include more sold and abandoned businesses. The Company adopted this statement effective January 1, 2002, and, as a result, reflected the assets, liabilities and results of operations of several businesses and group of assets as discontinued operations for all periods presented. In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections, which rescinds previous requirements to reflect all gains and losses from debt extinguishment as extraordinary. The Company elected to early adopt the new standard effective April 1, 2002, and, as a result, the gains from extinguishment of debt of \$12 million and of \$6 million, net of tax, recorded as extraordinary items in the fourth quarter of 2001 and in the first quarter of 2002, respectively, have been reclassified and included in income from continuing operations.

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The standard is effective January 1, 2003 and is to be applied to restructuring plans initiated after that date. The Company does not expect SFAS 146 to have a material impact on its results of operations.

Note 3 Summary of Consolidated Stockholders' Equity

(in millions)

Stockholders' equity at January 1, 2002

Edgar Filing: ABB LTD - Form 6-K

Comprehensive loss:	
Net loss	(787)
Foreign currency translation adjustments	(111)
Foreign currency translation adjustments related to discontinued operations	(90)
Unrealized gain on available-for-sale securities, net of tax	3
Minimum pension liability adjustment, net of tax	(107)
Derivatives qualifying as hedges (SFAS 133), net of tax	131

Total comprehensive loss	
Other	
Stockholders' equity at December 31, 2002 (unaudited)	

Note 4 Segment and Geographic Data

During 2001, the Company realigned its worldwide enterprise around customer groups, replacing its former business segments with four end-user divisions, two channel partner divisions, and a financial services division. The four end-user divisions - Utilities, Process Industries, Manufacturing and Consumer Industries, and Oil, Gas and Petrochemicals - serve end-user customers with products, systems and services. The two channel partner divisions - Power Technology Products and Automation Technology Products - serve external channel partners such as wholesalers, distributors, original equipment manufacturers and system integrators directly and end-user customers indirectly through the end-user divisions. The Financial Services division provides services and project support for the Company as well as for external customers.

In April 2002, the Company merged its Process Industries division and its Manufacturing and Consumer Industries division to form a new Industries division, consisting of the following business areas: Automotive Industries; Manufacturing; Electronics and Consumer Industries; Marine and Turbocharging; Paper, Printing, Metals and Minerals; and Petroleum, Chemicals and Life Sciences. Segment data are presented below to reflect this change and prior period data have been restated accordingly.

- o The Utilities division serves electric, gas and water utilities - whether state-owned or private, global or local, operating in liberalized or regulated markets - with a portfolio of products, services and systems. The division's principal customers are generators of power, owners and operators of power transmission systems, energy traders and local distribution companies.
- o The Industries division serves the automotive, cement, chemical, distribution, electronics, food and beverage, life sciences, marine, metals, mining, paper, petroleum, printing and telecommunications industries with application-specific power and automation technology.
- o The Power Technology Products division covers the entire spectrum of technology for power transmission and

power distribution including transformers, switchgear, breakers, capacitors and cables as well as other products, platforms and technologies for high- and medium-voltage applications. Power technology products are used in industrial, commercial and utility applications. They are sold through the Company's end user divisions as well as through external channel partners, such as distributors, contractors and original equipment manufacturers and

Edgar Filing: ABB LTD - Form 6-K

system integrators.

- o The Automation Technology Products division provides products, software and services for the automation and optimization of industrial and commercial processes. Key technologies include measurement and control, instrumentation, process analysis, drives and motors, power electronics, robots, and low voltage products, all geared toward one common industrial IT architecture for real-time automation and information solutions throughout a business. These technologies are sold to customers through the end-user divisions as well as through external channel partners such as wholesalers, distributors, original equipment manufacturers and system integrators.
- o The Non-core activities division was created to group the following activities of the Company: Equity Ventures, Insurance, the remaining Structured Finance business, Building Systems, Semiconductors, Customer Service, Group Processes, Air Handling, Logistic Systems, and New Ventures.

In order to streamline the Company's structure and improve operational performance, the Company is, as of January 1, 2003, putting into place two divisions: Power Technologies, which will combine the Power Technology Products and Utilities divisions; and Automation Technologies, which will combine the Automation Technology Products and Industries divisions.

The Company evaluates performance of its divisions based on earnings before interest and taxes (EBIT), which excludes interest and dividend income, interest expense, provision for taxes, minority interest, and income from discontinued operations, net of tax. In accordance with Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information, the Company presents division revenues, depreciation and amortization, and EBIT, all of which have been restated to reflect the changes to the Company's internal structure. For the 2001 periods presented, division revenues and EBIT are presented as if certain historical third-party sales by subsidiaries in the product divisions had been routed through other divisions.

Segment data

(in millions)	Orders received		
	January - December		October
	2002	2001	2002
Utilities	\$ 4,458	\$ 6,436	\$ 805
Industries	4,614	4,865	1,166
Power Technology Products	4,387	4,221	1,064
Automation Technology Products	5,074	4,669	1,339
Non-core activities	4,161	5,072	1,091
Corporate (1)	(4,582)	(5,591)	(964)
Total	\$ 18,112	\$ 19,672	\$ 4,501

Edgar Filing: ABB LTD - Form 6-K

(in millions)	Revenues		
	January - December		October
	2002	2001	2002
Utilities	\$ 4,826	\$ 5,634	\$ 1,288
Industries	4,412	4,995	1,339
Power Technology Products	4,355	3,961	1,179
Automation Technology Products	5,035	4,756	1,394
Non-core activities	4,186	5,130	1,166
Corporate (1)	(4,519)	(5,094)	(1,098)
Total	\$ 18,295	\$ 19,382	\$ 5,268

(in millions)	EBIT (operating income) (2)		
	January - December		October
	2002	2001	2002
Utilities	\$ 75	\$ 158	\$ (10)
Industries	145	151	16
Power Technology Products	353	234	101
Automation Technology Products	373	364	91
Non-core activities	(217)	(397)	(110)
Corporate (1)	(393)	(331)	(88)
Total	\$ 336	\$ 179	\$ 0

(in millions)	Depreciation and amortization		
	January - December		October
	2002	2001	2002
Utilities	\$ 52	\$ 73	\$ 14
Industries	56	94	17
Power Technology Products	117	119	31
Automation Technology Products	158	218	38
Non-core activities	113	120	34
Corporate	77	86	25
Total	\$ 573	\$ 710	\$ 159

Edgar Filing: ABB LTD - Form 6-K

(in millions)	Net operating assets	
	December 31, 2002	December 31, 2001
Utilities	\$ 992	\$
Industries	1,129	
Power Technology Products	1,389	
Automation Technology Products	2,278	
Non-core activities	3,759	
Corporate	1,634	
Total	\$ 11,181	\$

	Number of employees(3)	
	December 31, 2002	December 31, 2001
Utilities	14,774	
Industries	23,257	
Power Technology Products	26,392	
Automation Technology Products	33,343	
Non-core activities	26,441	
Oil, Gas and Petrochemicals	11,915	
Corporate	2,929	
Total	\$ 139,051	\$

(1) Includes adjustments to eliminate inter-company transactions.

(2) The Company recognized, in its operating segments, the following amortization expense for goodwill in 2001 and the fourth quarter of 2001, respectively: Utilities, \$24 million and \$6 million; Industries, \$41 million and \$11 million; Power Technology Products, \$6 million and \$2 million; Automation Technology Products, \$58 million and \$16 million. The Company's total amortization expense for goodwill in 2001 and the fourth quarter of 2001 was \$191 million and \$55 million, respectively.

(3) Includes businesses in discontinued operations.

Geographic Information

(in millions)	Orders received(4)		
	January - December		October
	2002	2001	2002

Edgar Filing: ABB LTD - Form 6-K

Europe	\$ 10,191	\$ 10,748	\$ 2,609
The Americas	3,993	4,972	858
Asia	2,528	2,700	732
Middle East and Africa	1,400	1,252	302
Total	\$ 18,112	\$ 19,672	\$ 4,501

(in millions)	Revenues (4)		
	January - December		October
	2002	2001	2002
Europe	\$ 10,264	\$ 10,852	\$ 2,958
The Americas	4,101	4,863	1,068
Asia	2,603	2,435	804
Middle East and Africa	1,327	1,232	438
Total	\$ 18,295	\$ 19,382	\$ 5,268

(4) Orders received and revenues have been reflected in the regions based on the location of the customer.

Appendix

Key financial figures by division (new structure) Q1-Q4 2002, full-year 2001
Unaudited

Please note that this is a preliminary restatement. The figures may change depending on adjustments to the scope of activities within each division.

Orders Received

US\$ in millions	Oct.-Dec. 2002	July-Sep. 2002	April-June 2002	Jan.-Mar. 2002
Automation Technologies	2,177	2,036	2,322	2,164
Power Technologies	1,589	1,514	1,809	1,931
Non-core activities	1,091	1,105	1,023	942
Corporate	-356	-406	-487	-342
Total	4,501	4,249	4,667	4,695

Revenues

Edgar Filing: ABB LTD - Form 6-K

US\$ in millions	Oct.-Dec. 2002	July-Sep. 2002	April-June 2002	Jan.-Mar. 2002
Automation Technologies	2,386	2,064	2,171	1,861
Power Technologies	2,047	1,743	1,786	1,527
Non-core activities	1,166	1,113	1,040	867
Corporate	-331	-395	-440	-310
Total	5,268	4,525	4,557	3,945

Earnings before interest and taxes

US\$ in millions	Oct.-Dec. 2002	July-Sep. 2002	April-June 2002	Jan.-Mar. 2002
Automation Technologies	107	141	162	108
Power Technologies	91	97	130	110
Non-core activities (1)	-110	-72	-12	-23
Corporate (1)	-88	-154	-166	15
Total	0	12	114	210

1) See next page for detailed breakdown of EBIT for these activities

Depreciation and amortization

US\$ in millions	Oct.-Dec. 2002	July-Sep. 2002	April-June 2002	Jan.-Mar. 2002
Automation Technologies	55	52	54	53
Power Technologies	45	42	38	44
Non-core activities	34	31	24	24
Corporate	25	17	15	20
Total	159	142	131	141

Restructuring

US\$ in millions	Full year 2002	Full year 2001
Automation Technologies	-129	-81
Power Technologies	-60	-76
Non-core activities	-52	-22
Corporate	-20	-41
Total	-261	-220

Edgar Filing: ABB LTD - Form 6-K

Restructuring and related asset write-downs

US\$ in millions	Oct.-Dec. 2002	July-Sep. 2002	April-June 2002	Jan.-Mar. 2002
Automation Technologies	-89	-10	-16	-18
Power Technologies	-24	-12	-5	-24
Non-core activities	-30	-45	-7	-17
Corporate	-3	-9	-54	9
Total	-146	-76	-82	-50

Capital expenditure

US\$ in millions	Full year 2002	Full year 2001
Automation Technologies	146	157
Power Technologies	117	132
Non-core activities	54	145
Corporate	143	173
Total	460	607

Number of Employees

	Full year 2002	Full year 2001
Automation Technologies	56,600	62,854
Power Technologies	41,166	43,300
Non-core activities	26,441	33,953
Corporate	2,929	3,287
Oil, Gas and Petrochemicals	11,915	13,471
Total	139,051	156,865

Earnings before interest and taxes (EBIT) for Non-core activities, Corporate

US\$ in millions	Oct.-Dec. 2002	July-Sep. 2002	April-June 2002	Jan.-Mar. 2002
Non-core activities	-110	-72	-12	-23

Edgar Filing: ABB LTD - Form 6-K

Equity Ventures	8	-1	17	14
Remaining Structured Finances	-14	43	19	10
Insurance	-3	12	14	17
Building Systems	-42	-42	-22	-8
Other activities	-59	-84	-40	-56
Corporate	-88	-154	-166	15
HQ/Stewardship	7	-115	-77	29
Research & development	-24	-24	-27	-18
Other	-71	-15	-62	4

Summary Consolidated Income Statements (unaudited)

US\$ in millions	Oct.-Dec. 2002	July-Sep. 2002	April-June 2002	Jan.-Mar. 2002
Revenues	5,268	4,525	4,557	3,945
Cost of sales	(4,122)	(3,478)	(3,326)	(2,843)
Gross profit	1,146	1,047	1,231	1,102
Selling, general and administrative expenses	(1,052)	(984)	(1,090)	(907)
Amortization expense	(11)	(10)	(10)	(10)
Other income (expense), net	(83)	(41)	(17)	25
Earnings (loss) before interest and taxes	0	12	114	210
Finance, net	(161)	177	(87)	(58)
Income (loss) from continuing operations before taxes and minority interest	(161)	189	27	152
Provision for taxes	55	(64)	(9)	(52)
Minority interest	(22)	(22)	(14)	(13)
Income (loss) from continuing operations	(128)	103	4	87
Income (loss) from discontinued operations, net of tax	(710)	(173)	3	27
Cumulative effect of change in accounting principles (SFAS 133), net of tax	--	--	--	--
Net income (loss)	(838)	(70)	7	114

Summary Consolidated Balance Sheet (unaudited)

US\$ in millions	At Dec. 31 2002	At Sept. 30 2002	At June 30 2002	At Mar. 31 2002
Cash and equivalents	2,478	1,597	2,040	3,670
Marketable securities	2,212	1,896	2,212	2,578
Receivables, net	7,197	6,513	6,980	6,395
Inventories, net	2,377	2,883	2,914	2,675
Prepaid expenses and other	2,694	2,097	2,257	1,757

Edgar Filing: ABB LTD - Form 6-K

Assets in discontinued operations	3,095	7,124	7,157	6,137
Total current assets	20,053	22,110	23,560	23,212
Financing receivables, non-current	1,802	1,996	2,033	2,143
Property, plant and equipment, net	2,792	2,657	2,829	2,792
Goodwill	2,321	2,333	2,295	2,186
Other intangible assets, net	591	594	601	573
Investments and other	1,990	2,237	2,253	2,133
Total assets	29,549	31,927	33,571	33,039
Accounts payable, trade	2,961	2,495	2,567	2,569
Accounts payable, other	2,195	2,410	2,600	2,267
Short-term borrowings and current maturities of long-term borrowings	2,576	3,641	3,945	6,626
Accrued liabilities and other	8,352	7,038	7,297	6,618
Liabilities in discontinued operations	2,295	3,664	3,857	3,080
Total current liabilities	18,379	19,248	20,266	21,250
Long-term borrowings	5,376	5,475	5,789	4,367
Pension and other related benefits	1,659	1,829	1,812	1,612
Deferred taxes	1,179	1,088	1,072	1,069
Other liabilities	1,647	2,085	2,170	2,285
Total liabilities	28,240	29,725	31,109	30,583
Minority interest	257	270	218	217
Capital stock and additional paid-in capital (1,280,009,432 shares authorized, 1,200,009,432 shares issued)	2,027	2,027	2,027	2,028
Retained earnings	2,648	3,486	3,556	3,549
Accumulated other comprehensive loss	(1,873)	(1,831)	(1,589)	(1,588)
Treasury stock, at cost (86,830,312)	(1,750)	(1,750)	(1,750)	(1,750)
Total stockholders' equity	1,052	1,932	2,244	2,239
Total liabilities and stockholders' equity	29,549	31,927	33,571	33,039

Summary Consolidated Statements of Cash Flows (unaudited)

US\$ in millions	Oct-Dec 2002	July-Sept 2002	April-June 2002
Operating Activities			
Net income (loss)	(838)	(70)	7

Edgar Filing: ABB LTD - Form 6-K

Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciations and amortization	169	151	139
Change in provisions ¹⁾	230	(89)	(183)
Pension and other related benefits	75	40	28
Deferred taxes	(72)	(27)	(28)
Net gain from sale of property, plant and equipment	(3)	(9)	(8)
Other	213	(158)	56
Changes in operating assets and liabilities:			
Marketable securities (trading)	--	35	397
Trade receivables	231	161	(134)
Inventories	502	67	(38)
Trade payables	132	(131)	111
Other assets and liabilities, net	(278)	(109)	(262)
 Net cash provided by (used in) operating activities	 361	 (139)	 85
 Investing activities			
Changes in financing receivables	(99)	192	73
Purchases of marketable securities (other than trading)	(1,848)	(792)	(708)
Purchases of property, plant and equipment	(158)	(147)	(145)
Acquisitions of businesses (net of cash acquired)	(45)	(35)	(54)
Proceeds from sales of marketable securities (other than trading)	1,696	797	736
Proceeds from sales of property, plant and equipment	86	47	320
Proceeds of sales from businesses (net of cash disposed)	2,326	28	59
 Net cash provided by (used in) investing activities	 1,958	 90	 281

1) Restated to reflect the change in all provisions (previously this line comprised restructuring provisions only)

... continued next page

Summary Consolidated Statements of Cash Flows (unaudited)

(cont'd)

US\$ in millions	Oct-Dec 2002	July-Sept 2002	April-June 2002
Financing activities			
Changes in borrowings	(1,796)	(272)	(2,083)
Treasury and capital stock transactions	--	--	--
Dividends paid	--	--	--
Other	140	(16)	18
 Net cash provided by (used in) financing activities	 (1,656)	 (288)	 (2,065)

Edgar Filing: ABB LTD - Form 6-K

Effects of exchange rate changes on cash and cash equivalents	91	(34)	90
Net change in cash and cash equivalents	754	(371)	(1,609)
Cash and equivalents (beginning of period - restated)	1,597	2,041	3,670
Cash and equivalents (end of period - assets in discontinued operations)	415	342	322
Cash and equivalents (beginning of period - total)	2,012	2,383	3,992
Cash and equivalents (end of period - restated)	2,478	1,597	2,041
Cash and equivalents (end of period - assets in discontinued operations)	288	415	342
Cash and equivalents (end of period - total)	2,766	2,012	2,383
Interest paid	30	169	139
Taxes paid	96	62	97

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: February 28, 2003

By: /s/ BEAT HESS

 Name: Beat Hess
 Title: Group Senior Officer

By: /s/ HANS ENHORNING

 Name: Hans Enhorning
 Title: Group Vice President