Summary Financial Information
Six Months Ended June 2003

ABB Ltd
Summary Consolidated Income Statements

	January - June		April - June	
	2003	2002 (restated)	2003	2002 (restated)
	-------- all amounts are unaudited -------- (in millions, except per share data)			
Revenues	**$ 9,556**	$ 8,485	**$ 5,061**	$ 4,534
Cost of sales	**(7,115)**	(6,173)	**(3,720)**	(3,330)
Gross profit	**2,441**	2,312	**1,341**	1,204
Selling, general and administrative expenses	**(2,035)**	(1,997)	**(1,062)**	(1,090)
Amortization expense	**(21)**	(20)	**(11)**	(10)
Other income (expense), net	**(122)**	127	**(97)**	46
Earnings before interest and taxes	**263**	422	**171**	150
Interest and dividend income	**70**	104	**30**	51
Interest and other finance expense	**(292)**	(236)	**(122)**	(125)
Income from continuing operations before taxes and minority interest	**41**	290	**79**	76
Provision for taxes	**(14)**	(88)	**(27)**	(21)
Minority interest	**(30)**	(28)	**(20)**	(14)
Income (loss) from continuing operations	**(3)**	174	**32**	41
Income (loss) from discontinued operations, net of tax	**(97)**	19	**(87)**	(3)
Net income (loss)	**$ (100)**	$ 193	**$ (55)**	$ 38
Basic earnings (loss) per share:				
Income from continuing operations	**$ 0.00**	$ 0.16	**$ 0.03**	$ 0.04
Net income (loss)	**$ (0.09)**	$ 0.17	**$ (0.05)**	$ 0.03
Diluted earnings (loss) per share:				
Income from continuing operations	**$ 0.00**	$ 0.14	**$ 0.03**	$ 0.02
Net income (loss)	**$ (0.09)**	$ 0.16	**$ (0.05)**	$ 0.02

ABB Ltd
Summary Consolidated Balance Sheets

	At June 30 2003	At March 31 2003	At December 31 2002
	---------- all amounts are unaudited ---------- (in millions, except share data)		
Cash and equivalents	**$ 2,025**	$ 1,739	$ 2,446
Marketable securities	**2,088**	2,042	2,135
Receivables, net	**7,129**	6,925	6,975
Inventories, net	**2,626**	2,508	2,306
Prepaid expenses and other	**2,084**	1,990	2,680
Assets held for sale and in discontinued operations	**3,765**	3,650	3,489
Total current assets	**19,717**	18,854	20,031
Financing receivables, non-current	**1,604**	1,677	1,798
Property, plant and equipment, net	**2,801**	2,766	2,778
Goodwill	**2,351**	2,314	2,291
Other intangible assets, net	**572**	580	590
Prepaid pension and other related benefits	**533**	531	537
Investments and other	**1,210**	1,550	1,508
Total assets	**$ 28,788**	$ 28,272	$ 29,533
Accounts payable, trade	**$ 2,969**	$ 2,793	$ 2,824
Accounts payable, other	**2,026**	1,819	2,104
Short-term borrowings and current maturities of long-term borrowings	**3,596**	3,286	2,576
Accrued liabilities and other	**6,840**	7,015	8,179
Liabilities held for sale and in discontinued operations	**2,727**	2,742	2,796
Total current liabilities	**18,158**	17,655	18,479
Long-term borrowings	**4,708**	4,869	5,375
Pension and other related benefits	**1,701**	1,690	1,643
Deferred taxes	**1,080**	1,159	1,158
Other liabilities	**1,650**	1,583	1,607
Total liabilities	**27,297**	26,956	28,262
Minority interest	**214**	238	258
Stockholders' equity:			
Capital stock and additional paid-in capital (1,600,009,432 authorized, contingent and issued shares; 1,200,009,432 shares issued at June 30, 2003)	**571**	571	2,027
Retained earnings	**2,514**	2,569	2,614
Accumulated other comprehensive loss	**(1,670)**	(1,924)	(1,878)
Less: Treasury stock, at cost (6,830,312 shares at June 30, 2003)	**(138)**	(138)	(1,750)
Total stockholders' equity	**1,277**	1,078	1,013
Total liabilities and stockholders' equity	**$ 28,788**	$ 28,272	$ 29,533

ABB Ltd
Summary Consolidated Statements of Cash Flows

	January - June 2003	January - June 2002 (restated)	April - June 2003	April - June 2002 (restated)
	-------- all amounts are unaudited -------- (in millions)			
Operating activities				
Net income (loss)	**$ (100)**	$ 193	**$ (55)**	$ 38
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	**290**	291	**146**	139
Provisions*	**(640)**	(341)	**(170)**	(195)
Pension and post-retirement benefits	**(50)**	29	**(48)**	28
Deferred taxes	**(85)**	(28)	**(48)**	(34)
Net gain from sale of property, plant and equipment	**(12)**	(11)	**(1)**	(8)
Other	**162**	(38)	**94**	49
Changes in operating assets and liabilities:				
Marketable securities (trading)	**35**	463	**(11)**	397
Trade receivables	**(44)**	213	**69**	(134)
Inventories	**(125)**	(202)	**8**	(38)
Trade payables	**(47)**	78	**(10)**	111
Other assets and liabilities, net	**(337)**	(656)	**1**	(181)
Net cash provided by (used in) operating activities	**(953)**	(9)	**(25)**	172
Investing activities				
Changes in financing receivables	**159**	(149)	**38**	73
Purchases of marketable securities (other than trading)	**(1,885)**	(1,544)	**(1,092)**	(708)
Purchases of property, plant and equipment	**(230)**	(297)	**(130)**	(145)
Acquisitions of businesses (net of cash acquired)	**(44)**	(64)	**(30)**	(54)
Proceeds from sales of marketable securities (other than trading)	**2,003**	1,839	**1,174**	736
Proceeds from sales of property, plant and equipment	**62**	343	**17**	320
Proceeds from sales of businesses (net of cash disposed)	**257**	229	**243**	59
Net cash provided by investing activities	**322**	357	**220**	281
Financing activities				
Changes in borrowings	**(52)**	(834)	**35**	(2,170)
Treasury and capital stock transactions	**156**	--	**--**	--
Other	**42**	18	**27**	18
Net cash provided by (used in) financing activities	**146**	(816)	**62**	(2,152)
Effects of exchange rate changes on cash and equivalents	**61**	84	**49**	90
Adjustment for the net change in cash and equivalents in discontinued operations	**3**	(20)	**(20)**	(36)
Net change in cash and equivalents - continuing operations	**(421)**	(404)	**286**	(1,645)
Cash and equivalents beginning of period	**2,446**	2,412	**1,739**	3,653
Cash and equivalents end of period	**$ 2,025**	$ 2,008	**$ 2,025**	$ 2,008
Interest paid	**$ 226**	$ 276	**$ 97**	$ 139
Taxes paid	**$ 107**	$ 139	**$ 53**	$ 96

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

ABB Ltd notes to summary consolidated financial statements (unaudited)

(US$ in millions, except per share data)

Note 1 Developments in the six months ended June 30, 2003:

- Annual general meeting

At the Company's annual general meeting held on May 16, 2003, the Company's shareholders approved amendments to its articles of incorporation providing for authorized share capital and an extension in contingent share capital.

The amendments include the creation of CHF 250 million in authorized share capital, replacing CHF 100 million that expired in June 2001. This entitles the Company's board of directors to issue up to 100 million new ABB shares, of which some 30 million are reserved for use with the pre-packaged plan of reorganization of the Company's U.S. subsidiary, Combustion Engineering, Inc.

The amendments also include an increase of contingent capital from CHF 200 million to CHF 750 million, allowing the issue of up to a further 300 million new ABB shares.

- Sale of treasury shares

In March 2003, the Company sold approximately 80 million treasury shares in two transactions for approximately $156 million.

- Divestitures

In March 2003, the Company sold its aircraft leasing business for approximately $90 million, resulting in a loss on sale of $30 million recorded in other income (expense), net.

In May 2003, the Company sold its interest in Sinopec Corp. in China, previously recorded as marketable securities, for approximately $82 million, resulting in a loss on sale of $40 million recorded in interest and other finance expense.

In June 2003, the Company sold its interests in certain investees in Australia for approximately $90 million, resulting in a gain on sale of $28 million recorded in other income (expense), net.

In June 2003, the Company sold its entire 35% interest in Swedish Export Credit Corporation to the Government of Sweden for SEK 1,240 million, resulting in net proceeds of approximately $149 million and a loss on sale of $87 million recorded in other income (expense), net.

- Reclassifications and restatements

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

On April 17, 2003, Swedish Export Credit Corporation, an equity accounted investee of the Company, filed an amendment to its Annual Report on Form 20-F for the fiscal year ended December 31, 2001, to correct an error in its accounting for the fair value of certain financial instruments. Amounts presented in these summary consolidated financial statements include the effect of adjustments recorded by Swedish Export

Credit Corporation in the period ended June 30, 2002, to properly account for such instruments in accordance with accounting principles generally accepted in the United States. The effect of such adjustments resulted in a gain of $119 million and $63 million in the first half of 2002 and second quarter of 2002, respectively. These adjustments are recorded in other income (expense), net, and were not reflected in previously disclosed 2002 summary financial information.

In February 2003, the United States Securities and Exchange Commission provided the Company with clarification regarding a component of the Company's convertible bonds, issued in May 2002, which must be accounted for as a derivative. Amounts presented in these summary consolidated financial statements include a gain of $26 million in interest and other finance expense in both the first half and second quarter of 2002 to properly account for such derivatives in accordance with the clarification. These adjustments were not reflected in the June 30, 2002, summary financial info released on July 24, 2002.

- Restructuring program

The 2001 program initiated in July 2001 in an effort to improve productivity, reduce cost base, simplify product lines, reduce multiple location activities and perform other downsizing in response to weakening markets and consolidation of major customers in certain industries continues to be paid out in 2003.

In the first half of 2003, the Company paid termination benefits of $73 million to approximately 1,300 employees and $6 million to cover costs associated with lease terminations and other exit costs related to the 2001 program. Based on changes in management's original estimate, a $4 million increase in the amounts accrued for workforce reductions, lease terminations and other exit costs have been included in other income (expense), net. Currency fluctuations resulted in a $12 million increase in the liabilities accrued for workforce reductions, lease terminations and other exit costs. At June 30, 2003, accrued liabilities included $32 million for termination benefits and $51 million for lease terminations and other exit costs. The 2001 program was substantially completed during 2002 and the remaining liability will be used through 2003.

In October 2002, the Company announced the Step change program. The Company estimates that restructuring charges under the Step change program will be approximately $300 million and $200 million, in 2003 and 2004, respectively. The goals of the Step change program are to increase competitiveness of the Company's core businesses, reduce overhead costs and streamline operations by approximately $900 million on an annual basis by 2005. The Step change program is expected to be completed by mid-2004.

In the first half of 2003, related to Step change program, the Company recognized restructuring charges of $70 million related to workforce reductions and $11 million related to lease terminations and other exit costs associated with the Step change program. Based on changes in management's original estimate a $2 million increase in the amounts accrued for workforce reductions, lease terminations and other exit costs have been included in other income (expense), net. Termination benefits of $45 million were paid to approximately 580 employees and $3 million were paid to cover costs associated with lease terminations and other exit costs. Workforce reductions include production, managerial and administrative employees. Currency fluctuations resulted in a $4 million increase in the liabilities accrued for workforce reductions, lease terminations and other exit costs. At June 30, 2003, accrued liabilities included $67 million for termination benefits and $35 million for lease terminations and other exit costs.

In the first half of 2003 related to other restructuring programs the Company recognized restructuring charges of $28 million related to workforce reductions, lease terminations and other exit costs. $4 million were paid to cover employee termination benefits and costs associated with lease terminations and other exit costs. Termination benefits were paid to approximately 230 employees. Workforce reductions include production, managerial and administrative employees. At June 30, 2003, accrued liabilities included $20 million for termination benefits and $4 million for lease terminations and other exit costs.

- Borrowings

The Company's total borrowings outstanding at June 30, 2003, and December 31, 2002, amounted to $8,304 million and $7,951 million, respectively. In December 2002, the Company established a new $1.5 billion 364-day revolving credit facility. This facility includes a 364-day term-out option whereby up to a maximum amount of $750 million (less half of the proceeds from any issuance of certain long-term debt instruments) may be extended for up to a further 364 days in the form of term loans. As of December 31, 2002, nothing had been drawn under this new facility. In 2003, amounts have been drawn under the facility within the facility’s monthly drawing limits and at June 30, 2003, an amount of $1,442 million was outstanding under the facility.

The facility is secured by a package of ABB assets, including the shares of the Oil, Gas and Petrochemicals division (which is earmarked for divestment and is included in assets and liabilities held for sale and in discontinued operations), specific stand-alone businesses and certain regional holding companies. The facility is also secured by certain intra-group loans.

The facility 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.

- Accounting for the convertible bonds

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*, as amended, and as clarified in discussions between the Company and the United States Securities and Exchange Commission, a component of the convertible bonds must be accounted for as a derivative. A portion of the issuance proceeds is deemed to relate to the value of the derivative on issuance and subsequent changes in value of the derivative are recorded through earnings and as an adjustment to the carrying value of the bond. The allocation of a portion of the proceeds to the derivative creates a discount on issuance which is amortized to earnings over the life of the bond. Through December 31, 2002, as a result of the decline in the Company’s share price since issuance of the bonds, the Company recorded a gain from the change in fair value of the derivative, partially offset by amortization of the effective discount, resulting in a net decrease to interest and other finance expense of $215 million, with a corresponding reduction in long-term borrowings. At June 30, 2003, as a result of an increase in the value of the derivative since the year-end, combined with the continued amortization of the discount on issuance, there was a charge to earnings of $36 million for the first half of 2003 and a corresponding increase in long-term borrowings, when compared to the December 31, 2002 balance.

- Discontinued operations and businesses held for sale

The following divestments and discontinuations are accounted for in accordance with 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 discontinued operations. In addition the balance sheet data for all periods presented have been restated to present the financial position of the businesses meeting the criteria of SFAS 144 as assets and liabilities held for sale. 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*.

In November 2002, the Company sold the majority of its Structured Finance business to GE Commercial Finance for total cash proceeds of approximately $2.0 billion. The Structured Finance portfolio divested includes global infrastructure financing, equipment leasing and financing businesses. 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 total debt. The results of operations of this business are reflected as discontinued operations.

Also in December 2002, the Company sold its Metering business to Ruhrgas Industries GmbH of Germany, for total cash proceeds of approximately $223 million. 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. The results of operations of this business are reflected as discontinued operations.

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.

At June 30, 2003, the Company's Building Systems business in Sweden, Norway, Denmark, Finland, Russia, the Baltics and Switzerland met the criteria of SFAS 144 to treat their assets and liabilities as held for sale for all periods presented.

The loss from discontinued operations, including taxes, of $97 million recorded in the first half of 2003 includes revenues of $1,825 million.

At June 30, 2003, the major classes of assets held for sale and in discontinued operations were: $333 million of cash, cash equivalents and marketable securities; $1,624 million of receivables; $448 million of inventories; $227 million of prepaid expenses and other; $86 million of financing receivables; $161 million of property, plant and equipment; $514 million of goodwill, $82 million of other intangible assets; $62 million of prepaid pension and other related benefits; and $228 million of investments and other. At June 30, 2003, the major classes of liabilities held for sale and in discontinued operations were: $1,777 million of accounts payable; $73 million of borrowings; $507 million of accrued liabilities and other; $104 million of pension and post-retirement benefits; $47 million of deferred tax liabilities; and $219 million of other liabilities.

In July 2003, the Company announced its agreement to sell its Building Systems business in Sweden, Norway, Denmark, Finland, Russia and the Baltics to YIT Corporation of Helsinki, Finland, for approximately $233 million.

- 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 all periods presented, as their inclusion would have been antidilutive. The potential common shares from the convertible bonds were excluded from the computation of diluted earning (loss) per share in the three and six months ended June 30, 2003, as their inclusion would have been antidilutive.

Basic earnings (loss) per share	**January - June 2003**	**January - June 2002**	**April - June 2003**	**April - June 2002**
	(in millions, except per share data)			
Income (loss) from continuing operations	**$ (3)**	$ 174	**$ 32**	$ 41
Income (loss) from discontinued operations, net of tax	**(97)**	19	**(87)**	(3)
Net income (loss)	**$ (100)**	$ 193	**$ (55)**	$ 38
Weighted average number of shares outstanding	**1,160**	1,113	**1,193**	1,113
Basic and diluted earnings (loss) per share:				
Income from continuing operations	**$ 0.00**	$ 0.16	**$ 0.03**	$ 0.04
Income (loss) from discontinued operations, net of tax	**(0.09)**	0.01	**(0.08)**	(0.01)
Net income (loss)	**$ (0.09)**	$ 0.17	**$ (0.05)**	$ 0.03

Diluted earnings (loss) per share	**January - June 2003**	**January - June 2002**	**April - June 2003**	**April - June 2002**
	(in millions, except per share data)			
Income (loss) from continuing operations	**$ (3)**	$ 174	**$ 32**	$ 41
Effect of dilution:				
Convertible bonds, net of tax	**--**	(14)	**--**	(14)
Income (loss) from continuing operations, adjusted	**(3)**	160	**32**	27
Income (loss) from discontinued operations, net of tax	**(97)**	19	**(87)**	(3)
Net income (loss)	**$ (100)**	$ 179	**$ (55)**	$ 24
Weighted average number of shares outstanding	**1,160**	1,113	**1,193**	1,113
Dilution from convertible bonds	**--**	21	**--**	42
Diluted weighted average number of shares outstanding	**1,160**	1,134	**1,193**	1,155
Diluted earnings (loss) per share:				
Income from continuing operations	**$ 0.00**	$ 0.14	**$ 0.03**	$ 0.02
Income (loss) from discontinued operations, net of tax	**$ (0.09)**	$ 0.02	**$ (0.08)**	$ 0.00
Net income (loss)	**$ (0.09)**	$ 0.16	**$ (0.05)**	$ 0.02

- Stock-based compensation

The Company maintains a management incentive plan under which it offers stock warrants to key employees, for no consideration. The Company accounts for the warrants using the intrinsic value method of APB Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*, as permitted by Statement of Financial Accounting Standards No. 123 (SFAS 123), *Accounting for Stock Based Compensation*. All warrants were issued with exercise prices greater than the market prices of the stock on the dates of grant. Accordingly, the Company has recorded no compensation expense related to the warrants, except in circumstances when a participant ceases to be employed by a consolidated subsidiary, such as after a divestment by the Company. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. Fair value of the warrants was determined on the date of grant by using the Binomial option model.

	January - June				April - June			
	2003		2002		2003		2002	
	(in millions, except per share data)							
Net income (loss), as reported	**$**	**(100)**	$	193	**$**	**(55)**	$	38
Less: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects		**(9)**		(11)		**(4)**		(6)
Pro forma net income (loss)	**$**	**(109)**	$	182	**$**	**(59)**	$	32
Basic and diluted earnings (loss) per share:								
Basic - as reported	**$**	**(0.09)**	$	0.17	**$**	**(0.05)**	$	0.03
Basic - pro forma	**$**	**(0.09)**	$	0.16	**$**	**(0.05)**	$	0.03
Diluted - as reported	**$**	**(0.09)**	$	0.16	**$**	**(0.05)**	$	0.02
Diluted - pro forma	**$**	**(0.09)**	$	0.15	**$**	**(0.05)**	$	0.02

- Commitments and contingencies – subject to amendment

Asbestos

On July 10, a U.S. bankruptcy court approved a pre-packaged Chapter 11 protection plan filed earlier in the year by a U.S. subsidiary of the Company, Combustion Engineering, marking further progress towards a settlement of the asbestos issue. Following the court's approval, an appeals period began before the U.S. District Court. The District Court has scheduled a hearing for July 31, 2003. The Company remains confident that the District Court will confirm the plan.

Note 2 Significant Accounting Policies

The summary consolidated financial information is prepared on the basis of accounting principles generally accepted in the United States (USGAAP) and is presented in US dollars ($) unless otherwise stated. Data for orders and number of employees are shown as additional information and are not required disclosure under USGAAP. The accompanying summary financial information is unaudited; however, in the opinion of management it includes all normal adjustments necessary for a fair presentation of the unaudited financial position of the Company at June 30, 2003, and the consolidated results of its operations and cash flows for the three and six months ended June 30, 2003 and 2002. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

The Company considers earnings before interest and taxes (EBIT), which excludes interest and dividend income, interest expense, provision for taxes, minority interest and discontinued operations, net of tax, to be the most relevant measure of the Company's and its divisions' financial and operational performance. Accordingly, the Company evaluates itself and its divisions based on EBIT (operating income).

Par value of capital stock is denominated in Swiss francs. The summary financial information as of June 30, 2003, should be read in conjunction with the December 31, 2002, financial statements contained in the ABB Group Annual Report 2002 and the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2002. The audit report on these financial statements contains an explanatory paragraph that describes conditions that raise substantial doubt about the Company's ability to continue as a going concern, as described in notes 1 and 17 to the 2002 consolidated financial statements.

New accounting standards

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 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. The adoption of SFAS 143 did not have a material impact on the Company's results of operations.

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 certain businesses and groups of assets as discontinued operations and also reflected the assets and liabilities of certain businesses and groups of assets as assets and liabilities held for sale for all periods presented to the extent these businesses and groups of assets meet the new criteria. Disposals and abandonments in previous years were not re-evaluated or reclassified.

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 $6 million recorded as extraordinary items in the first quarter of 2002 are no longer reflected in extraordinary items.

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 has been applied to restructuring plans initiated after that date.

In November 2002, the Financial Accounting Standards Board issued Interpretation No. 45 (FIN 45), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN 45 requires the guarantor to recognize a liability for the non-contingent component of a guarantee; that is the obligation to stand ready to perform in the event that specified triggering events or conditions occur. The initial measurement of this liability is the fair value of the guarantee at its inception. The recognition of the liability is required even if it is not probable that payments will occur under the guarantee or if the guarantee was issued with a premium payment or as part of a transaction with multiple elements. FIN 45 also requires additional disclosures related to guarantees. The Company has adopted the disclosure requirements of FIN 45 as of December 31, 2002. The recognition measurement provisions of FIN 45 are effective for all guarantees entered into or modified after December 31, 2002. The Company has adopted the accounting and measurement requirements of FIN 45 as of January 1, 2003.

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148 (SFAS 148), *Accounting for Stock-Based Compensation – Transition and Disclosure. An Amendment of FASB Statement No. 123*. The Company has elected to continue with its current practice of applying the recognition and measurement principles of APB No. 25, *Accounting for Stock Issued to Employees*. The Company has adopted the disclosure requirements of SFAS 148 as of December 31, 2002.

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 (FIN 46), *Consolidation of Variable Interest Entities*. FIN 46 requires existing unconsolidated variable interest entities (VIEs) to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among the parties involved. FIN 46 applies immediately to VIEs created after January 31, 2003, and to VIEs in which an enterprise obtains an interest after that date. For VIEs in which an enterprise holds a variable interest that was acquired before February 1, 2003, FIN 46 applies for periods beginning after June 15, 2003. The Company has substantially completed its assessment of the effects of the adoption of FIN 46 for all VIEs created before February 1, 2003, and it does not expect such effects to be material to its consolidated financial position.

In November 2002, the Emerging Issues Task Force of the Financial Accounting Standards Board issued Emerging Issues Task Force No. 00-21 (EITF 00-21), *Accounting for Revenue Arrangements with Multiple Deliverables*, which was amended in January 2003 and requires that (a) revenue should be recognized separately for separate units of accounting in multiple deliverables arrangement, (b) revenue for a separate unit of accounting should be recognized only when the arrangement consideration is reliably measurable and the earnings process is substantially complete, and (c) consideration should be allocated among the separate units of accounting based on their relative fair value. EITF 00-21 is applicable to transactions entered into after June 30, 2003. The Company believes that EITF 00-21 will not result in a significant change in its practice of accounting for arrangements involving delivery or performance of multiple products and services.

Note 3 Summary of Consolidated Stockholders' Equity

(in millions)		
Stockholders' equity at January 1, 2003		$ 1,013
Comprehensive gain:		
Net loss	(100)	
Foreign currency translation adjustments	129	
Unrealized gain on available-for-sale securities, net of tax	76	
Unrealized gain of cash flow hedge derivatives, net of tax	3	
Total comprehensive gain		108
Sale of treasury stock		156
Stockholders' equity at June 30, 2003 (unaudited)		**$ 1,277**

Note 4 Segment and Geographic Data

In order to streamline the Company's structure and improve operational performance, the Company has, as of January 1, 2003, put into place two new divisions: 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.

- The Power Technologies division serves electric, gas and water utilities, as well as industrial and commercial customers, with a broad range of products, systems and services for power transmission, distribution and power plant automation.

- The Automation Technologies division blends a product, system and service portfolio with end-user expertise and global presence to deliver solutions for control, motion, protection, and plant optimization across the full range of process, discrete and utility industries.

- The Non-Core Activities division was created in the fourth quarter of 2002 to group the following activities and businesses of the Company: Insurance, Equity Ventures, the remaining Structured Finance business, Building Systems, New Ventures, Air Handling, Customer Service, Group Processes, Logistic Systems, and Semiconductors.

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.

Segment data

(in millions)	Orders received			
	January - June		April - June	
	2003	2002	**2003**	2002
Power Technologies	**$ 3,974**	$ 3,740	**$ 1,923**	$ 1,809
Automation Technologies	**4,967**	4,486	**2,473**	2,322
Non-Core Activities	**1,938**	1,965	**911**	1,023
Corporate[1]	**(869)**	(829)	**(378)**	(487)
Total	**$ 10,010**	$ 9,362	**$ 4,929**	$ 4,667

(in millions)	Revenues			
	January - June		April - June	
	2003	2002	**2003**	2002
Power Technologies	**$ 3,723**	$ 3,313	**$ 1,939**	$ 1,786
Automation Technologies	**4,693**	4,032	**2,463**	2,171
Non-Core Activities	**1,992**	1,890	**1,050**	1,017
Corporate[1]	**(852)**	(750)	**(391)**	(440)
Total	**$ 9,556**	$ 8,485	**$ 5,061**	$ 4,534

(in millions)	EBIT (operating income)			
	January - June		April - June	
	2003	2002	**2003**	2002
Power Technologies	**$ 274**	$ 240	**$ 146**	$ 130
Automation Technologies	**360**	270	**198**	162
Non-Core Activities	**(97)**	51	**(33)**	12
Corporate[1]	**(274)**	(139)	**(140)**	(154)
Total	**$ 263**	$ 422	**$ 171**	$ 150

(in millions)	Depreciation and amortization			
	January - June		April - June	
	2003	2002	**2003**	2002
Power Technologies	**$ 90**	$ 82	**$ 46**	$ 38
Automation Technologies	**123**	96	**63**	49
Non-Core Activities	**46**	49	**22**	25
Corporate	**31**	35	**15**	14
Total	**$ 290**	$ 262	**$ 146**	$ 126

	Number of employees[2]	
	June 30, 2003	December 31, 2002
Power Technologies	**39,000**	41,200
Automation Technologies	**56,600**	56,600
Non-core activities	**23,400**	26,500
Oil, Gas and Petrochemicals	**11,500**	11,900
Corporate	**2,700**	2,900
Total	**133,200**	139,100

Geographic Information

(in millions)	Orders received [3]			
	January - June		**April - June**	
	2003	2002	**2003**	2002
Europe	**$ 5,762**	$ 5,199	**$ 2,805**	$ 2,646
The Americas	**1,705**	2,241	**842**	1,021
Asia	**1,470**	1,119	**715**	577
Middle East and Africa	**1,073**	803	**567**	423
Total	**$ 10,010**	$ 9,362	**$ 4,929**	$ 4,667

(in millions)	Revenues [3]			
	January - June		**April - June**	
	2003	2002	**2003**	2002
Europe	**$ 5,381**	$ 4,733	**$ 2,861**	$ 2,536
The Americas	**1,861**	2,037	**960**	1,078
Asia	**1,595**	1,153	**837**	612
Middle East and Africa	**719**	562	**403**	308
Total	**$ 9,556**	$ 8,485	**$ 5,061**	$ 4,534

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

(2) Includes businesses in discontinued operations.

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