



Summary Financial Information Three Months Ended March 2005

ABB Ltd Summary Consolidated Income Statements

	Three months ended	
	March 31, 2005	March 31, 2004
	(unaudited)	(unaudited)
	(in millions, except per share data)	
Revenues	\$ 5,088	\$ 4,528
Cost of sales	(3,783)	(3,350)
Gross profit	1,305	1,178
Selling, general and administrative expenses	(955)	(918)
Amortization expense	(11)	(11)
Other income (expense), net	52	(2)
Earnings before interest and taxes	391	247
Interest and dividend income	38	31
Interest and other finance expense	(79)	(110)
Income from continuing operations before taxes and minority interest	350	168
Provision for taxes	(115)	(65)
Minority interest	(20)	(14)
Income from continuing operations	215	89
Loss from discontinued operations, net of tax	(16)	(88)
Net income	\$ 199	\$ 1

Basic earnings per share:

Income from continuing operations	\$ 0.11	\$ 0.04
Net income	\$ 0.10	\$ 0.00

Diluted earnings per share:

Income from continuing operations	\$ 0.10	\$ 0.04
Net income	\$ 0.10	\$ 0.00



ABB Ltd
Summary Consolidated Balance Sheets

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



ABB Ltd
Summary Consolidated Statements of Cash Flows

	Three months ended	
	March 31, 2005	March 31, 2004
	(unaudited)	(unaudited)
	(in millions)	
Operating activities:		
Net income	\$ 199	\$ 1
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>		
Depreciation and amortization	142	148
Provisions	(41)	(151)
Pension and post-retirement benefits	15	26
Deferred taxes	31	(2)
Net gain from sale of property, plant and equipment	(18)	(1)
Income before taxes from equity accounted companies	(33)	(18)
Minority interest	20	15
Other	5	121
<i>Changes in operating assets and liabilities:</i>		
Marketable securities (trading)	1	41
Trade receivables	(14)	30
Inventories	(341)	(341)
Trade payables	(64)	(110)
Other assets and liabilities, net	(137)	113
Net cash used in operating activities	(235)	(128)
Investing activities:		
Changes in financing receivables	55	(21)
Purchases of marketable securities and short-term investments (other than trading)	(714)	(1,486)
Purchases of property, plant and equipment	(79)	(98)
Acquisitions of businesses (net of cash acquired)	(7)	(6)
Proceeds from sales of marketable securities and short-term investments (other than trading)	195	690
Proceeds from sales of property, plant and equipment	22	11
Proceeds from sales of businesses (net of cash disposed)	2	22
Net cash used in investing activities	(526)	(888)
Financing activities:		
Changes in borrowings	(185)	(1,083)
Treasury and capital stock transactions	--	(36)
Other	6	(4)
Net cash used in financing activities	(179)	(1,123)
Effects of exchange rate changes on cash and equivalents	(133)	(17)
Adjustment for the net change in cash and equivalents in assets held for sale and in discontinued operations	11	93
Net change in cash and equivalents - continuing operations	(1,062)	(2,063)
Cash and equivalents beginning of period	3,676	4,783
Cash and equivalents end of period	\$ 2,614	\$ 2,720
Interest paid	\$ 72	\$ 84
Taxes paid	\$ 119	\$ 78

**ABB Ltd notes to summary consolidated financial statements (unaudited)**

(US\$ in millions, except per share data)

Note 1 The summary consolidated financial information

The summary consolidated financial information is prepared in accordance with United States generally accepted accounting principles (US GAAP) and is presented in United States dollars (\$) unless otherwise stated. Data for orders and number of employees are shown as additional information and are not required disclosures under US GAAP.

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

The par value of capital stock is denominated in Swiss francs (CHF).

ABB Ltd (the "Company") considers earnings before interest and taxes (operating income), which excludes interest and dividend income, interest and other finance expense, provision for taxes, minority interest and loss from 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 this measure.

The summary consolidated financial information should be read in conjunction with the December 31, 2004, financial statements contained in the ABB Group Annual Report 2004.

Note 2 Significant divestitures

In January 2004, the Company agreed to sell the upstream part of the Oil, Gas and Petrochemicals business (Upstream business) to a consortium of private equity investors consisting of Candover Partners Limited, JP Morgan Partners LLC and 3i Group PLC (collectively, the "Purchasers"). In July 2004, the Company completed the sale of the Upstream business for an initial purchase price of \$925 million. Net cash proceeds from the sale were approximately \$800 million, reflecting the initial sales price adjusted for unfunded pension liabilities and changes in net working capital. On February 9, 2005, the Company and the Purchasers entered into a Settlement Agreement and Amendment (Settlement Agreement) finalizing the sales price. The Settlement Agreement also contains provisions to indemnify the Purchasers with respect to certain incomplete projects. The Company believes the provisions recorded for such indemnified projects are adequate.

During the fourth quarter of 2004, the Company reclassified most of its Power Lines business, part of the Power Technologies division, to discontinued operations. The businesses that have been reclassified are in Brazil, which was abandoned in the fourth quarter of 2004, and Nigeria and Italy, whose sales were completed in January and February 2005, respectively. Also reclassified is the business in Germany, which the Company plans to sell during 2005.



Note 3 Restructuring programs

Step change program

In October 2002, the Company announced the Step change program. The goals of the Step change program were to increase competitiveness of the Company's core businesses (see Note 12 – Segment and geographic data), reduce overhead costs and streamline operations by approximately \$1 billion on an annual basis by 2005. At June 30, 2004, the Step change program was substantially complete.

Restructuring charges relating to workforce reductions, lease terminations and other exit costs associated with the Step change program are included in other income (expense), net.

Other

Certain restructuring programs were initiated primarily during 2003 at specified locations not included in the Step change program. The goals of these programs are to increase efficiencies by reducing headcount and streamlining operations. These programs are expected to increase productivity of the non-core businesses. Anticipated savings will be recognized through the strategic divestment of these operations.

Restructuring charges related to workforce reductions, lease terminations and other exit costs associated with these other programs are included in other income (expense), net. For the first quarter of 2005, termination benefits were paid to approximately 200 employees. Workforce reductions include production, managerial and administrative employees. Changes in management's original estimate of the amounts accrued for workforce reductions, lease terminations and other exit costs have been included in other income (expense), net.

As a result of other restructuring programs, certain assets, inventories and property, plant and equipment have been identified as impaired or will no longer be used in continuing operations.

Restructuring liabilities consist of the following:

(in millions)	Step change		Other		Total
	Workforce reduction	Lease terminations and other exit costs	Workforce reduction	Lease terminations and other exit costs	
Liability at December 31, 2004	\$ --	\$ 39	74	\$ 42	\$ 155
Restructuring expense	--	1	4	--	5
Cash paid	--	(10)	(26)	(2)	(38)
Exchange rate differences	--	(5)	(1)	(1)	(7)
Changes in estimate	--	--	(1)	(1)	(2)
Liability at March 31, 2005	\$ --	\$ 25	50	\$ 38	\$ 113

Note 4 Borrowings

The Company's total reported borrowings outstanding at March 31, 2005, and December 31, 2004, amounted to \$5,161 million and \$5,534 million, respectively. The reduction in borrowings was primarily the result of the repayment of maturing bonds and movements in exchange rates.



In November 2003, as part of the capital-strengthening program, the Company entered into an unsecured syndicated \$1.0 billion 3-year revolving credit facility. No amount was drawn under this facility at March 31, 2005, or December 31, 2004.

In November 2004, the credit facility was amended, reducing the level of commitment fees paid and removing restrictions on the Company to redeem capital market instruments, such as bonds, having a maturity date beyond that of the credit facility.

The credit facility contains certain financial covenants in respect of minimum interest coverage, maximum net leverage and a minimum level of consolidated net worth. The Company is required to meet these covenants on a quarterly basis. At March 31, 2005, the Company was in compliance with these covenants.

In May 2002, the Company issued \$968 million aggregate principal amount of convertible unsubordinated bonds due 2007. Under Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, a component of the convertible bonds had to be accounted for as a derivative as the shares to be issued upon conversion were denominated in Swiss francs, while the bonds are denominated in U.S. dollars. A portion of the issuance proceeds was deemed to relate to the value of the derivative on issuance and subsequent changes in value of the derivative were recorded through earnings and as an adjustment to the carrying value of the bonds. The allocation of a portion of the proceeds to the derivative created a discount on issuance, which was being amortized to earnings over the life of the bonds.

On May 28, 2004, bondholders voted in favor of the Company's proposed amendment to the terms of the bonds whereby, if the bonds are converted, the Company will deliver U.S. dollar-denominated American Depositary Shares rather than Swiss franc-denominated ordinary shares. The conversion price was set at \$9.03. As a result of this amendment, the Company is no longer required to account for a portion of the bonds as a derivative. Consequently, on May 28, 2004, the value of the derivative was fixed and the amount previously accounted for separately as an embedded derivative was considered to be a component of the carrying value of the bonds at that date. This carrying value is being accreted to the \$968 million par value of the bonds as an expense in interest and other finance expense over the remaining life of the bonds. At March 31, 2005, the outstanding carrying value of the bonds was \$897 million.

The Company recorded a charge in interest and other expense of \$7 million in respect of the amortization of the discount on the bonds in the first quarter of 2005. This compares to an aggregate charge of \$35 million for the first quarter of 2004, which comprised a loss from the change in fair value of the derivative of \$23 million, and amortization of the discount on the bonds of \$12 million.

Note 5 Discontinued operations and businesses held for sale

Discontinued businesses 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*. The balance sheet and income statement data for all prior periods presented are reclassified to present the financial position and results of operations of businesses meeting the criteria of SFAS 144 as discontinued operations. In addition, the balance sheet data for all prior periods presented are reclassified to present the financial position of businesses meeting the criteria of SFAS 144 as assets and liabilities held for sale. In the statement of cash flows, the amounts related to businesses with assets and liabilities held for sale and in discontinued operations are not segregated, as permitted by Statement of Financial Accounting Standards No. 95, *Statement of Cash Flows*.

The following are divestments of businesses no longer pursued for strategic reasons and which are in line with the Company's strategy to focus on Power Technologies and Automation Technologies.

During the first quarter of 2005, the Company sold its Power Line business in Italy and Nigeria, part of the Power Technologies division. The Company also abandoned the Power Line business in Brazil in the fourth quarter 2004. In addition, the Company intends to sell the Power Line business in Germany this year. For these businesses the Company recorded losses of \$6 million and \$8 million, in loss from discontinued operations, net of tax, principally related to their results of operations, in the three months ended March 31, 2005, and March 31, 2004, respectively.

During the fourth quarter of 2004, the Company decided to sell its Foundry business, part of the Automation Technologies division. The Company plans to sell this business in 2005. For this business, the Company recorded



losses of \$0 million and \$2 million, in loss from discontinued operations, net of tax, principally related to the results of operations of the business, in the three months ended March 31, 2005, and March 31, 2004, respectively.

In April 2004, the Company completed the sale of its Reinsurance business for gross cash proceeds of \$415 million and net proceeds of \$280 million. During the three months ended March 31, 2004, the Company recorded a loss of \$30 million in loss from discontinued operations, net of tax.

In January 2004, the Company agreed to sell the Upstream business to a consortium of private equity investors consisting of Candover Partners Limited, JP Morgan Partners LLC and 3i Group PLC (collectively, the "Purchasers"). In July 2004, the Company completed the sale of the Upstream business for an initial purchase price of \$925 million. Net cash proceeds from the sale were approximately \$800 million, reflecting the initial sales price adjusted for unfunded pension liabilities and changes in net working capital. On February 9, 2005, the Company and the Purchasers entered into a Settlement Agreement and Amendment (Settlement Agreement) finalizing the sales price. The Settlement Agreement also contains provisions to indemnify the Purchasers with respect to certain incomplete projects. The Company believes the provisions recorded for such indemnified projects are adequate. The Company recorded, in the three months ended March 31, 2004, a loss of \$17 million in loss from discontinued operations, net of tax, principally related to the results of operation. In the three months ended March 31, 2005, the Company recorded immaterial losses.

In December 2002, the Company completed the sale of its Metering business to Ruhrgas Industries GmbH of Essen, Germany. Upon final settlement in 2004 the Company guaranteed the indemnification of certain contingencies. In the first quarter of 2005 upon reassessment of the provisions related to the sale of this business the Company released \$7 million as the Company determined them to no longer be necessary.

In addition, the Company has also reflected other minor operations as discontinued operations, as appropriate.

In discontinued operations, the Company also recorded an expense of approximately \$18 million in the three months ended March 31, 2005, primarily related to the mark-to-market treatment of the 30 million shares of the Company that are reserved for use with the pre-packaged plan of reorganization for Combustion Engineering, Inc, under Chapter 11 of the United States Bankruptcy Code (see Note 9 – Commitments and contingencies).

The loss from discontinued operations, net of tax, of \$16 million recognized in the in the three months ended March 31, 2005, includes revenues of \$28 million, principally related to the Power Line and Foundry business.

At March 31, 2005, the major classes of assets held for sale and in discontinued operations were: \$36 million of receivables, net; \$7 million of inventories, net; \$5 million of prepaid expenses and other; \$22 million of property, plant and equipment, net; \$2 million of investments and other assets. At March 31, 2005, the major classes of liabilities held for sale and in discontinued operations were: \$16 million of accounts payable; \$1 million of short-term borrowings and current maturities of long-term borrowings; \$55 million of accrued liabilities and other; \$17 million of long-term borrowings; \$64 million of pension and other related benefits; \$7 million of other liabilities.

Note 6 Employee benefits

For the three months ended March 31, net periodic benefit cost consists of the following:



(in millions)	Pension benefits		Other benefits	
	Three months ended		Three months ended	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
Service cost	\$ 52	\$ 49	\$ 1	\$ 1
Interest cost	97	89	5	7
Expected return on plan assets	(94)	(76)	--	--
Amortization transition liability	1	--	--	--
Amortization of prior service cost	1	1	--	--
Amortization of net actuarial loss	11	11	2	2
Net periodic benefit cost	\$ 68	\$ 74	\$ 8	\$ 10

For the year ended December 31, 2004, net periodic benefit cost was \$285 million and \$37 million for pension benefits and other postretirement plans, respectively.

The Company previously disclosed in its financial statements for the year ended December 31, 2004, that it expected to contribute \$150 million to its pension plans and \$29 million to its other postretirement benefit plans in 2005. For the three months ended March 31, 2005, \$68 million and \$7 million of contributions have been made to its pension plans and other postretirement plans, respectively. The Company anticipates contributing a total of \$187 million in 2005 to its pension plans.

Note 7 Earnings per share

Basic earnings per share is calculated by dividing income (loss) by the weighted-average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing income (loss) by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise: outstanding written call options, if dilutive; the securities issued under the Company's employee incentive plans, if dilutive; and shares issuable in relation to outstanding convertible bonds, if dilutive. The shares issuable in relation to the call options and securities outstanding in connection with the Company's employee incentive plans were excluded from the computation of diluted earnings per share in the first quarter of 2005, as they were not dilutive. The shares issuable in relation to the \$968 million aggregate principal amount of convertible unsubordinated bonds due 2007 were excluded from the computation of diluted earnings per share in all periods presented, as their inclusion would have been antidilutive. The shares issuable in relation to the CHF 1,000 million aggregate principal amount of convertible unsubordinated bonds due 2010 were excluded from the computation of diluted earnings per share in the first quarter of 2004, as their inclusion would have been antidilutive.



Basic earnings per share	Three months ended	
	March 31, 2005	March 31, 2004
	(in millions, except per share data)	
Income from continuing operations	\$ 215	\$ 89
Loss from discontinued operations, net of tax	(16)	(88)
Net income	\$ 199	\$ 1
Weighted average number of shares outstanding	2,028	2,028
Basic earnings per share:		
Income from continuing operations	\$ 0.11	\$ 0.04
Loss from discontinued operations, net of tax	(0.01)	(0.04)
Net income	\$ 0.10	\$ 0.00

Diluted earnings per share	Three months ended	
	March 31, 2005	March 31, 2004
	(in millions, except per share data)	
Income from continuing operations	\$ 215	\$ 89
Effect of dilution:		
Convertible bonds, net of tax	7	--
Income from continuing operations, adjusted	222	89
Loss from discontinued operations, net of tax	(16)	(88)
Net income, adjusted	\$ 206	\$ 1
Weighted average number of shares outstanding	2,028	2,028
Dilutive potential shares:		
Options and warrants	--	1
Convertible bonds	105	--
Diluted weighted average number of shares outstanding	2,133	2,029
Diluted earnings per share:		
Income from continuing operations, adjusted	\$ 0.10	\$ 0.04
Loss from discontinued operations, net of tax	\$ 0.00	\$ (0.04)
Net income, adjusted	\$ 0.10	\$ 0.00

Note 8 Stock-based compensation

The Company has certain employee incentive plans under which it offers stock-based securities to employees. The Company accounts for such stock-based securities 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 such securities were issued with exercise prices



greater than or equal to the market prices of the stock on the dates of grant. Accordingly, the Company has recorded no compensation expense related to these securities, except in circumstances when a participant receives appreciation rights or ceases to be employed by a consolidated subsidiary, such as after a divestment by the Company. The amount of compensation expense for the Company's performance incentive share plan for variable accounting treatment was insignificant in the first quarter of 2005. The following table illustrates the effect on net income and on income per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. Fair value of these securities offered to employees was determined on the date of grant by using a dynamic proprietary option-pricing model.

	Three months ended	
	March 31, 2005	March 31, 2004
	(in millions, except per share data)	
Net income, as reported	\$ 199	\$ 1
Less: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(2)	(2)
Pro forma net income (loss)	\$ 197	\$ (1)
Basic and diluted income (loss) per share:		
Basic - as reported	\$ 0.10	\$ 0.00
Basic - pro forma	\$ 0.10	\$ (0.00)
Diluted - as reported	\$ 0.10	\$ 0.00
Diluted - pro forma	\$ 0.10	\$ (0.00)

Note 9 Commitments and contingencies

Asbestos

On March 21, 2005, the Company announced that it had reached agreement on certain "settlement points" that would form the basis for an amended plan of reorganization for its U.S. subsidiaries, Combustion Engineering (CE) and ABB Lummus Global Inc., to resolve the asbestos claims of both companies. The agreement for modifying the CE Plan is intended to bring it into conformity with the U.S. Third Circuit Court of Appeals decision of December 2, 2004.

The agreement requires the Company to contribute an additional amount of approximately \$232 million to pay present and future asbestos claimants of CE and ABB Lummus Global Inc. This additional amount, as well as some related adjustments, was accounted for in the full-year 2004 results published on April 22 of this year in the Company's annual report.

In a status conference on April 5, 2005, a U.S. bankruptcy court instructed the Company to submit the documentation relating to the modified CE plan and the ABB Lummus Global plan to the court within approximately 60 days. The Company and various other interested parties are now working to prepare these submissions to the court.

Management believes that it is probable that the full amount of the relevant provisions will be required to settle the respective asbestos-related liabilities of Combustion Engineering, Lummus and Basic. The Company may incur liability greater than the existing provisions, whether in connection with a modified plan of bankruptcy or otherwise, but management does not believe that the amount of any such incremental liability can be reasonably estimated or that there is a better estimate of these liabilities than the amounts that are provided for.



The ultimate outcome of the Company's efforts to resolve the asbestos-related personal injury claims against Combustion Engineering and other entities of the Company (including any such claims against third parties indemnified by entities of the Company) remains uncertain. The related costs may be higher than the Company's provisions reflect and could have a material adverse impact on its consolidated financial position, results of operations and cash flows. In the event the modified CE plan or Lummus plan do not become effective, the ultimate cost for the resolution of asbestos related personal injury claims against Combustion Engineering and Lummus may be significantly higher and could have a material adverse impact on the Company's consolidated financial position, results of operations and cash flows.

Note 10 New accounting standards

In December 2004, the Financial Accounting Standards Board issued Statement No. 123(R) (SFAS 123R), *Share-Based Payment*, which replaces SFAS 123 and APB 25, *Accounting for Stock Issued to Employees*, and requires the Company to measure compensation cost for all share-based payments at fair value. On April 14, 2005, the U.S. Securities and Exchange Commission announced the adoption of a new rule that amends the compliance dates for SFAS 123R. As a result of this announcement, the Company plans to adopt SFAS 123R as of January 1, 2006. The Company will recognize share-based employee compensation cost from January 1, 2006, as if the fair-value based accounting method had been used to account for all employee awards granted, modified, or settled after the effective date and for any awards that were not fully vested as of the effective date. Based on currently existing share-based compensation plans, the Company does not expect the adoption of SFAS 123R to have a material impact on its financial position or results of operations.

In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143*. FIN 47 clarifies that the term *conditional asset retirement obligation* as used in Financial Accounting Standards Board Statement No. 143, *Accounting for Asset Retirement Obligations*, refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the Company. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, the Company may be required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred—generally upon acquisition, construction, or development and (or) through the normal operation of the asset. The Company plans to implement FIN 47 in the fourth quarter of 2005 and is currently in the process of evaluating the impact of FIN 47 on its financial position and results of operations, if any. The adoption of FIN 47 may result in a cumulative change in accounting principle.

**Note 11 Summary of consolidated stockholders' equity**

(in millions)	
Stockholders' equity at January 1, 2005	\$ 2,824
Comprehensive income:	
Net income	199
Foreign currency translation adjustments	3
Unrealized loss on available-for-sale securities, net of tax	(4)
Minimum pension liability adjustment, net of tax	11
Unrealized loss on cash flow hedge derivatives, net of tax	(39)
Total comprehensive income	170
Stockholders' equity at March 31, 2005 (unaudited)	\$ 2,994

At March 31, 2005, the Company had 2,440,016,034 authorized shares. Of these, 2,070,314,947 shares are registered and issued, including 30,298,913 shares that are reserved for use in connection with a pre-packaged plan of reorganization of the Company's U.S. subsidiary, Combustion Engineering, Inc. As these 30 million shares are presently held by one of the Company's subsidiaries and carry no participation rights, these shares are not treated as outstanding for the purposes of the Company's consolidated financial statements.

Note 12 Segment and geographic data

The Company's is structured into two core divisions: Power Technologies, which employed approximately 40,900 people at March 31, 2005, and Automation Technologies, which employed approximately 55,200 people at March 31, 2005. The remaining operations of the Company are grouped in Non-core activities.

- The Power Technologies division produces transformers, switchgear, breakers, capacitors, cables and other products and technologies for high and medium-voltage applications. It 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 division's principal customers are electric, gas and water utilities, owners and operators of power transmission systems, utilities that own or operate networks and owners and operators of power generating plants. Other customers include gas transmission companies, local distribution companies and multi-utilities, which are involved in the transmission or distribution of more than one commodity. The division also serves industrial and commercial customers, such as operators of large commercial buildings and heavy industrial plants.



- The Automation Technologies division provides products, systems, 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. These technologies are sold to customers of 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.
- Non-core activities include the following:
 - The Company's remaining Oil, Gas and Petrochemicals business;
 - The Company's remaining Equity Ventures business;
 - The Company's remaining Structured Finance business;
 - The Company's remaining Building Systems business;
 - The Company's New Ventures business area;
 - The Company's Customer Service, Logistic Systems, and Semiconductors business areas.

The remaining Oil, Gas and Petrochemicals business primarily consists of a full service engineering company which, in addition to having expertise in engineering, procurement and construction projects, also licenses process technologies in the refining, chemical, petrochemical and polymer fields.

Building Systems business area designs, builds and maintains complete installations for industrial, infrastructure and commercial facilities, integrating products manufactured by the Power Technologies and Automation Technologies divisions, as well as those from third-party suppliers.
- Corporate/Other includes Headquarters, Central Research and Development, Real Estate, Group Treasury Operations and the Financial Advisory business.

The Company evaluates performance of its segments based on earnings before interest and taxes, which excludes interest and dividend income, interest and other finance expense, provision for taxes, minority interest, and loss 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, earnings before interest and taxes and capital expenditures. The Company accounts for inter-division sales and transfers as if the sales and transfers were to third parties, at current market prices.



Segment data

(in millions)	Orders received	
	Three months ended	
	March 31, 2005	March 31, 2004
Power Technologies	\$ 2,698	\$ 2,349
Automation Technologies	3,524	2,995
Non-core activities	267	619
Corporate ⁽¹⁾	(228)	(186)
Total	\$ 6,261	\$ 5,777

(in millions)	Revenues	
	Three months ended	
	March 31, 2005	March 31, 2004
Power Technologies	\$ 2,148	\$ 1,831
Automation Technologies	2,817	2,498
Non-core activities	337	387
Corporate ⁽¹⁾	(214)	(188)
Total	\$ 5,088	\$ 4,528

(in millions)	Earnings before interest and taxes	
	Three months ended	
	March 31, 2005	March 31, 2004
Power Technologies	\$ 163	\$ 146
Automation Technologies	307	216
Non-core activities	9	--
Corporate ⁽¹⁾	(88)	(115)
Total	\$ 391	\$ 247

(in millions)	Depreciation and amortization	
	Three months ended	
	March 31, 2005	March 31, 2004
Power Technologies	\$ 48	\$ 52
Automation Technologies	71	73
Non-core activities	5	4
Corporate	18	19
Total	\$ 142	\$ 148



(in millions)	Capital expenditures ⁽²⁾	
	Three months ended	
	March 31, 2005	March 31, 2004
Power Technologies	\$ 28	\$ 28
Automation Technologies	37	45
Non-core activities	2	3
Corporate	9	6
Total	\$ 76	\$ 82

	Number of employees ⁽³⁾	
	March 31, 2005	December 31, 2004
	Power Technologies	40,900
Automation Technologies	55,200	54,700
Non-core activities	4,700	5,100
Corporate	1,400	1,600
Total	102,200	102,500

Geographic data

(in millions)	Orders received ⁽⁴⁾	
	Three months ended	
	March 31, 2005	March 31, 2004
Europe	\$ 3,107	\$ 3,301
The Americas	1,159	856
Asia	1,411	1,265
Middle East and Africa	584	355
Total	\$ 6,261	\$ 5,777

(in millions)	Revenues ⁽⁴⁾	
	Three months ended	
	March 31, 2005	March 31, 2004
Europe	\$ 2,593	\$ 2,371
The Americas	888	837
Asia	1,080	889
Middle East and Africa	527	431
Total	\$ 5,088	\$ 4,528

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

⁽²⁾ Capital expenditures reflect purchases of fixed tangible assets.

⁽³⁾ Number of employees includes employees in discontinued operations.

⁽⁴⁾ Orders received and revenues have been reflected in the regions based on the location of the customer, which may be different from the ultimate destination of the products' end use.