



Summary Financial Information Three Months Ended March 2004

ABB Ltd Summary Consolidated Income Statements

	January - March	
	2004	2003
	(unaudited)	(unaudited)
	(in millions, except per share data)	
Revenues	\$ 4,356	\$ 4,317
Cost of sales	(3,205)	(3,235)
Gross profit	1,151	1,082
Selling, general and administrative expenses	(904)	(952)
Amortization expense	(10)	(10)
Other income (expense), net	(4)	(25)
Earnings before interest and taxes	233	95
Interest and dividend income	31	40
Interest and other finance expense	(107)	(165)
Income (loss) from continuing operations before taxes and minority interest	157	(30)
Provision for taxes	(62)	11
Minority interest	(15)	(11)
Income (loss) from continuing operations	80	(30)
Loss from discontinued operations, net of tax	(76)	(15)
Net income (loss)	\$ 4	\$ (45)
Basic earnings (loss) per share:		
Income (loss) from continuing operations	\$ 0.04	\$ (0.03)
Net income (loss)	\$ 0.00	\$ (0.04)
Diluted earnings (loss) per share:		
Income (loss) from continuing operations	\$ 0.04	\$ (0.03)
Net income (loss)	\$ 0.00	\$ (0.04)



ABB Ltd
Summary Consolidated Balance Sheets

	At March 31 2004 (unaudited)	At December 31 2003 (audited)
(in millions, except share data)		
Cash and equivalents	\$ 2,583	\$ 4,669
Marketable securities	1,237	473
Receivables, net	5,153	5,337
Inventories, net	2,821	2,605
Prepaid expenses and other	1,684	2,002
Assets held for sale and in discontinued operations	6,110	6,427
Total current assets	19,588	21,513
Financing receivables, non-current	1,312	1,330
Property, plant and equipment, net	2,749	2,840
Goodwill	2,309	2,331
Other intangible assets, net	498	549
Prepaid pension and other employee benefits	522	524
Investments and other	1,286	1,326
Total assets	\$ 28,264	\$ 30,413
Accounts payable, trade	\$ 2,874	\$ 2,981
Accounts payable, other	1,239	1,394
Short-term borrowings and current maturities of long-term borrowings	974	1,597
Accrued liabilities and other	4,760	5,140
Liabilities held for sale and in discontinued operations	4,764	5,100
Total current liabilities	14,611	16,212
Long-term borrowings	5,774	6,290
Pension and other employee benefits	1,773	1,794
Deferred taxes	952	969
Other liabilities	1,854	1,837
Total liabilities	24,964	27,102
Minority interest	287	285
Stockholders' equity:		
Capital stock and additional paid-in capital	3,067	3,067
Retained earnings	1,851	1,847
Accumulated other comprehensive loss	(1,767)	(1,750)
Less: Treasury stock, at cost (11,611,529 shares at March 31, 2004)	(138)	(138)
Total stockholders' equity	3,013	3,026
Total liabilities and stockholders' equity	\$ 28,264	\$ 30,413



ABB Ltd
Summary Consolidated Statements of Cash Flows

	January - March	
	2004	2003
	(unaudited)	(unaudited)
	(in millions)	
Operating activities		
Net income (loss)	\$ 4	\$ (45)
<i>Adjustments to reconcile net income (loss) to net cash used in operating activities:</i>		
Depreciation and amortization	148	144
Provisions	(149)	(470)
Pension and post-retirement benefits	26	(2)
Deferred taxes	(2)	(37)
Net gain from sale of property, plant and equipment	(1)	(11)
Other	118	68
<i>Changes in operating assets and liabilities:</i>		
Marketable securities (trading)	41	46
Trade receivables	22	(113)
Inventories	(343)	(133)
Trade payables	(132)	(37)
Other assets and liabilities, net	127	(338)
Net cash used in operating activities	(141)	(928)
Investing activities		
Changes in financing receivables	(21)	121
Purchases of marketable securities (other than trading)	(1,486)	(793)
Purchases of property, plant and equipment	(98)	(100)
Acquisitions of businesses (net of cash acquired)	(6)	(14)
Proceeds from sales of marketable securities (other than trading)	690	829
Proceeds from sales of property, plant and equipment	11	45
Proceeds from sales of businesses (net of cash disposed)	22	14
Net cash provided by (used in) investing activities	(888)	102
Financing activities		
Changes in borrowings	(1,070)	(87)
Treasury and capital stock transactions	(36)	156
Other	(4)	15
Net cash provided by (used in) financing activities	(1,110)	84
Effects of exchange rate changes on cash and equivalents	(17)	12
Adjustment for the net change in cash and equivalents in assets held for sale and in discontinued operations	70	28
Net change in cash and equivalents - continuing operations	(2,086)	(702)
Cash and equivalents beginning of period	4,669	2,336
Cash and equivalents end of period	\$ 2,583	\$ 1,634
Interest paid	\$ 84	\$ 129
Taxes paid	\$ 78	\$ 54



ABB Ltd notes to summary consolidated financial statements

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

Note 1 The Summary Consolidated Financial Statements

The summary consolidated financial information is prepared on the basis of accounting principles generally accepted in the United States (USGAAP) 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 disclosure under USGAAP.

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

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.

Note 2 Developments in the Three Months Ended March 31, 2004:

- Significant divestitures

In January 2004, the Company sold its MDCV cable business, located in Germany, to the Wilms Group of Menden, Germany.

In March 2004, the Company completed the sale of its Swiss Building Systems business to CapVis Equity Partners AG, a Swiss private equity company, for approximately \$39 million and bought a 10% ownership interest in a subsidiary of CapVis Equity Partners AG. The Company recorded a net gain of approximately \$12 million from the sale of this business in other income (expense), net, in the first quarter of 2004.

In April 2004, the Company completed the sale of its Reinsurance business to White Mountains Insurance Group Limited, a Bermuda-based insurance holding company, for approximately \$433 million. Consequently, in the first quarter of 2004, the Company recorded a loss of \$30 million in loss from discontinued operations, net of tax, related to foreign exchange effects of the business from January 1, 2004, through the date of sale.

For additional information see Note 2 – Discontinued operations and businesses held for sale.

- Reclassifications and restatements

Amounts in prior periods have been reclassified to conform to the Company's current presentation, primarily relating to the treatment of certain businesses as assets and liabilities held for sale and in discontinued operations.

- Restructuring programs

**2001 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 continued to be paid out in 2004.

In the first quarter of 2004, the Company paid termination benefits of \$8 million to approximately 45 employees. Currency fluctuations resulted in a \$2 million decrease in the liabilities accrued for workforce reductions, lease terminations and other exit costs. At March 31, 2004, accrued liabilities included \$3 million for termination benefits and \$23 million for lease terminations and other exit costs. The 2001 program was substantially completed during 2002 and the remaining liability will be substantially paid out in 2004.

Step change program

In October 2002, the Company announced the Step change program. 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 quarter of 2004, related to the Step change program, the Company recognized restructuring charges of \$14 million related to workforce reductions and \$4 million related to lease terminations and other exit costs. Termination benefits of \$52 million were paid to approximately 500 employees. Workforce reductions include production, managerial and administrative employees. At March 31, 2004, accrued liabilities included \$56 million for termination benefits and \$41 million for lease terminations and other exit costs.

Other

Certain other restructuring programs were initiated during 2003 and 2004 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 as well as to improve results in the specified locations of the core divisions not covered by the Step change program.

In the first quarter of 2004, the Company recognized restructuring charges of \$13 million related to workforce reductions and \$2 million related to lease terminations and other exit costs. Termination benefits of \$14 million were paid to approximately 150 employees and \$6 million were paid to cover costs associated with lease terminations and other exit costs. Workforce reductions include production, managerial and administrative employees. Based on changes in management's original estimate, a \$1 million decrease in the amounts accrued for workforce reductions, lease terminations and other exit costs has been included in other income (expense), net. Currency fluctuations resulted in a \$4 million decrease in the liabilities accrued for workforce reductions, lease terminations and other exit costs. At March 31, 2004, accrued liabilities included \$66 million for termination benefits and \$26 million for lease terminations and other exit costs.

Three months ended March 31, 2004	2001 program	Step change	Other	Total
	(in millions)			
Restructuring charge for workforce reduction	\$ --	\$ 14	\$ 13	\$ 27
Restructuring charge for lease terminations and other	--	4	2	6
Change in estimate	--	--	(1)	(1)
Total restructuring charges and related asset write-downs	\$ --	\$ 18	\$ 14	\$ 32

- Borrowings

The Company's total reported borrowings outstanding at March 31, 2004, and December 31, 2003, amounted to \$6,748 million and \$7,887 million, respectively.

In November 2003, as part of the capital-strengthening program, the Company entered into a new unsecured syndicated \$1.0 billion 3-year revolving credit facility, which became available in December 2003 upon the fulfillment of certain conditions. No amount was drawn under this facility at March 31, 2004 and December 31, 2003.

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. As of March 31, 2004, the Company was in compliance with these covenants.

- Accounting for the USD convertible bond

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 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, 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. For the three months ended March 31, 2004, the Company recorded a loss from the change in fair value of the derivative, which when added to the continued amortization of the discount on issuance of these bonds, resulted in an aggregate charge to earnings of \$35 million (\$23 million for the first quarter 2003) and a corresponding increase in borrowings.

- 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*, issued in August 2001 by the Financial Accounting Standards Board. 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 divestments are in line with the Company's strategy to focus on power and automation technologies for industry and utility customers.

In January 2004, the Company agreed to sell most of the upstream part of the Oil, Gas and Petrochemicals businesses (Upstream business) to a consortium consisting of Candover Partners Limited, JP Morgan Partners LLC and 3i Group PLC (collectively, the Purchasers) for an initial purchase price of \$925 million plus a potential deferred consideration of up to \$50 million. The initial purchase price of \$925 million is subject to adjustments based on, among other things, the net assets of the Upstream business at closing and further potential adjustments that will be calculated at closing. Additionally, the initial purchase price will be reduced by \$85 million to reflect the unfunded benefit liabilities of pension plan obligations assumed by the Purchasers. The \$85 million reduction of the purchase price may increase or decrease based on the



actual unfunded benefit liability calculated at closing, in accordance with the terms of the purchase agreement. Furthermore, the initial purchase price will be increased or decreased based on the net intercompany balance between the Company and the Upstream business at closing. The potential deferred consideration of up to \$50 million can be realized by the Company if the Upstream business meets specified earnings targets in 2004. The Company does not expect a significant gain or loss to be recognized on the sale of the Upstream business. The remaining part of the Oil, Gas and Petrochemicals businesses (remaining OGP businesses) is available for immediate sale and continues to be actively marketed. It is unlikely that significant changes to the divestment strategy will be made or that the plan to divest the remaining OGP businesses will be withdrawn in the future. Management anticipates divesting this business in 2004. The results of operations of these businesses are reflected as discontinued operations.

In December 2003, the Company completed the sale of ABB Export Bank in Switzerland for approximately \$50 million, resulting in a loss on sale of \$12 million during the second half of 2003. This divestment reflects the Company's continued strategy to discontinue its Structured Finance businesses. The results of operations of this business are reflected as discontinued operations.

In December 2003, the Company agreed to sell its Reinsurance business to White Mountains Insurance Group Limited, a Bermuda-based insurance holding company. As a result of the anticipated sale, the Company recorded an impairment charge of \$154 million in the fourth quarter of 2003. In April 2004, the Company completed the sale of its Reinsurance business for approximately \$433 million. Consequently, in the first quarter of 2004, the Company recorded a loss of \$30 million in loss from discontinued operations, net of tax, related to foreign exchange effects of the business from January 1, 2004, through the date of sale. The results of operations of this business are reflected as discontinued operations.

In March 2004, the Company sold its Swiss Building Systems business to CapVis Equity Partners AG, a Swiss private equity company, for approximately \$39 million and bought a 10% ownership interest in a subsidiary of CapVis Equity Partners AG. The Company recorded a net gain of approximately \$12 million from the sale of this business in other income (expense), net, in the first quarter of 2004. As of December 31, 2003, the assets and liabilities of the Swiss Building Systems business have been reflected in assets and liabilities held for sale and in discontinued operations. The results of operations have been reflected in continuing operations.

In January 2004, the Company sold its MDCV cable business, located in Germany, to the Wilms Group of Menden, Germany. The Company recorded \$10 million of impairment charges on this divestment in loss from discontinued operations, net of tax, in the fourth quarter of 2003. No additional significant losses were recorded in the first quarter of 2004 as a result of the sale of this business.

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

In discontinued operations, the Company also recorded a charge of approximately \$27 million 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 2 – Commitments and contingencies).

The loss from discontinued operations, net of tax, of \$76 million recognized in the first quarter of 2004 includes revenues of \$737 million, primarily related to the Oil, Gas and Petrochemicals businesses.

At March 31, 2004, the major classes of assets held for sale and in discontinued operations were: \$361 million of cash and equivalents; \$1,601 million of marketable securities; \$2,478 million of receivables, net; \$321 million of inventories, net; \$215 million of prepaid expenses and other; \$51 million of financing receivables, non-current; \$592 million of goodwill and other intangible assets; \$223 million of property, plant and equipment, net; and \$268 million of other assets. At March 31, 2004, the major classes of liabilities held for sale and in discontinued operations were: \$1,949 million of accounts payable; \$18 million of short-term borrowings and current maturities of long-term borrowings; \$2,151 million of accrued liabilities and other; \$46 million of long-term borrowings; and \$600 million of other liabilities.



- Employee benefits

For the first quarter 2004, net periodic benefit cost consists of the following:

	Pension benefits		Other benefits	
	(in millions)			
Service cost	\$	47	\$	1
Interest cost		86		6
Expected return on plan assets		(73)		–
Amortization of prior service cost		1		–
Amortization of net actuarial loss		11		2
Net periodic benefit cost	\$	72	\$	9

For the year ended December 31, 2003, net periodic benefit cost was \$296 million and \$39 million for pension benefits and other benefits, respectively.

The Company previously disclosed in its financial statements for the year ended December 31, 2003, that it expected to contribute \$248 million to its pension plans and \$27 million to its other postretirement benefit plans in 2004. As of March 31, 2004, \$54 million and \$8 million of contributions have been made to its pension plans and other postretirement plans, respectively. The Company anticipates contributing an additional \$161 million and \$22 million in 2004 for a revised expected total in 2004 of \$215 million and \$30 million to its pension plans and other postretirement plans, respectively.

- Earnings per share

Basic earnings per share is calculated by dividing income (loss) by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing income (loss) by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised and that any proceeds from such exercises were used to acquire shares of the Company's stock at the average market price during the period or the period the securities were outstanding, if shorter. Potentially dilutive securities comprise: outstanding written call options, if dilutive; the securities issued under the Company's management incentive plan, to the extent the average market price of the Company's stock exceeded the exercise prices of such instruments; and shares issuable in relation to outstanding convertible bonds, if dilutive.

The potential 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 first quarter of 2003, as their inclusion would have been antidilutive. The shares issuable in relation to the convertible bonds were excluded from the computation of diluted earnings per share in all periods presented, as their inclusion would have been antidilutive.



Basic earnings per share	January - March	
	2004	2003
	(in millions, except per share data)	
Income (loss) from continuing operations	\$ 80	\$ (30)
Loss from discontinued operations, net of tax	(76)	(15)
Net income (loss)	\$ 4	\$ (45)
Weighted average number of shares outstanding	2,028	1,127
Basic earnings (loss) per share:		
Income (loss) from continuing operations	\$ 0.04	\$ (0.03)
Loss from discontinued operations, net of tax	(0.04)	(0.01)
Net income (loss)	\$ 0.00	\$ (0.04)

Diluted earnings per share	January - March	
	2004	2003
	(in millions, except per share data)	
Income (loss) from continuing operations	\$ 80	\$ (30)
Loss from discontinued operations, net of tax	(76)	(15)
Net income (loss)	\$ 4	\$ (45)
Weighted average number of shares outstanding	2,028	1,127
Dilution from warrants and options	1	--
Diluted weighted average number of shares outstanding	2,029	1,127
Diluted earnings (loss) per share:		
Income (loss) from continuing operations	\$ 0.04	\$ (0.03)
Loss from discontinued operations, net of tax	\$ (0.04)	\$ (0.01)
Net income (loss)	\$ 0.00	\$ (0.04)

- 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, *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, and the employee retains the right to vest in the warrants. 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 - March	
	2004	2003
	(in millions, except per share data)	
Net income (loss), as reported	\$ 4	\$ (45)
Less: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(2)	(5)
Pro forma net income (loss)	\$ 2	\$ (50)
Basic and diluted income (loss) per share:		
Basic - as reported	\$ 0.00	\$ (0.04)
Basic - pro forma	\$ 0.00	\$ (0.04)
Diluted - as reported	\$ 0.00	\$ (0.04)
Diluted - pro forma	\$ 0.00	\$ (0.04)

- Commitments and contingencies

Asbestos

On July 31, 2003, a U.S. district court approved a pre-packaged Chapter 11 protection plan filed earlier in the year by a U.S. subsidiary of the Company, Combustion Engineering. Following the court's approval, an appeals period began on a fast-track basis before the U.S. 3rd Circuit Court of Appeals. All documentation was received by the court in October 2003 and a hearing date has been set for June 3, 2004. The Company remains confident that the plan will be approved.

Note 3 New Accounting Standards

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 (FIN 46), *Consolidation of Variable Interest Entities*. FIN 46 required variable interest entities (VIEs) to be consolidated by their primary beneficiaries. During 2003, the Company adopted the requirements of FIN 46 and applied the guidance to all VIEs in which the Company has an interest. In March 2003, the Company sold its aircraft-leasing portfolio in Sweden to a third party. The buyer established a VIE upon acquisition, exclusively for the purpose of servicing the aircraft-leasing portfolio. Subsequent to divestment, the Company continued its involvement in the VIE by providing significant financial support in the form of mezzanine and subordinated financing of approximately \$90 million. As the primary beneficiary, the Company retained \$182 million of assets and acquired \$76 million of third party long-term borrowings through consolidation of the VIE as of December 31, 2003. FIN 46 was revised in December 2003, which among various changes added additional scope exceptions. The December 2003 revision (FIN 46R) was adopted by March 2004. The Company completed its assessment of the effects of the adoption of FIN 46R and such effects were not material to its consolidated financial position.

Note 4 Summary of Consolidated Stockholders' Equity



(in millions)	
Stockholders' equity at January 1, 2004	\$ 3,026
Comprehensive loss:	
Net income	4
Foreign currency translation adjustments	(11)
Accumulated foreign currency translation adjustments allocated to divestment of businesses	32
Unrealized gain on available-for-sale securities, net of tax	20
Unrealized loss on cash flow hedge derivatives, net of tax	(58)
Total comprehensive loss	(13)
Stockholders' equity at March 31, 2004 (unaudited)	\$ 3,013

At March 31, 2004, 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 with the 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 5 Segment and Geographic Data

Effective January 1, 2003, in order to streamline the Company's structure and improve operational performance, the Company put into place two 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.

Effective January 1, 2004, the Group Processes activities, previously in the Non-core activities division, were integrated into the core divisions and the Substations business was transferred from the Automation Technologies division to the Power Technologies division.

- 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 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.
- The Non-core activities division includes the following activities and businesses of the Company: the remaining Equity Ventures business, the remaining Structured Finance business, the remaining Building Systems business, New Ventures, Customer Service and Logistic Systems.
- Corporate includes Headquarters, Central Research and Development, Real Estate, Group Treasury Operations and the Financial Advisory business. Inter-divisional transactions are eliminated in Corporate.

All periods presented have been restated to reflect the organizational structure of the Company at March 31, 2004.



The Company evaluates performance of its segments based on 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. In accordance with Statement of Financial Accounting Standards No. 131, *Disclosures about Segments of an Enterprise and Related Information*, the Company presents division and geographic revenues, earning before interest and taxes, depreciation and amortization, and capital expenditures, all of which have been restated to reflect the changes to the Company's internal structure.



Segment data

(in millions)	Orders received	
	January - March	
	2004	2003
Power Technologies	\$ 2,388	\$ 2,046
Automation Technologies	3,006	2,432
Non-core activities	166	837
Corporate ⁽¹⁾	(181)	(386)
Total	\$ 5,379	\$ 4,929

(in millions)	Revenues	
	January - March	
	2004	2003
Power Technologies	\$ 1,852	\$ 1,767
Automation Technologies	2,507	2,180
Non-core activities	184	745
Corporate ⁽¹⁾	(187)	(375)
Total	\$ 4,356	\$ 4,317

(in millions)	Earnings before interest and taxes	
	January - March	
	2004	2003
Power Technologies	\$ 139	\$ 136
Automation Technologies	213	155
Non-core activities	(2)	(55)
Corporate ⁽¹⁾	(117)	(141)
Total	\$ 233	\$ 95

(in millions)	Depreciation and amortization	
	January - March	
	2004	2003
Power Technologies	\$ 52	\$ 43
Automation Technologies	73	60
Non-core activities	4	20
Corporate	19	17
Total	\$ 148	\$ 140



(in millions)	Capital expenditures ⁽²⁾	
	January - March	
	2004	2003
Power Technologies	\$ 28	\$ 21
Automation Technologies	45	28
Non-core activities	3	3
Corporate	6	13
Total	\$ 82	\$ 65

	Number of employees ⁽³⁾	
	March 31, 2004	December 31, 2003
	Power Technologies	41,200
Automation Technologies	55,500	54,800
Non-core activities	3,600	8,300
Oil, Gas and Petrochemicals	11,000	11,100
Corporate	1,700	1,800
Total	113,000	116,500

Geographic Information

(in millions)	Orders received ⁽⁴⁾	
	January - March	
	2004	2003
Europe	\$ 2,929	\$ 2,860
The Americas	855	816
Asia	1,260	750
Middle East and Africa	335	503
Total	\$ 5,379	\$ 4,929

(in millions)	Revenues ⁽⁴⁾	
	January - March	
	2004	2003
Europe	\$ 2,345	\$ 2,410
The Americas	809	849
Asia	841	746
Middle East and Africa	361	312
Total	\$ 4,356	\$ 4,317

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

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

⁽³⁾ Includes businesses in discontinued operations.

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