

ABB Ltd Consolidated Income Statements

<i>\$ millions, except per share data (unaudited)</i>	Six Months Ended		Three Months Ended	
	June 30, 2008	June 30, 2007 ¹⁾	June 30, 2008	June 30, 2007 ¹⁾
Sales of products	14,427	11,297	7,679	6,039
Sales of services	2,554	1,983	1,346	1,053
Total revenues	16,981	13,280	9,025	7,092
Cost of products	(9,668)	(7,837)	(5,198)	(4,178)
Cost of services	(1,676)	(1,320)	(875)	(706)
Total cost of sales	(11,344)	(9,157)	(6,073)	(4,884)
Gross profit	5,637	4,123	2,952	2,208
Selling, general and administrative expenses	(2,888)	(2,328)	(1,526)	(1,190)
Other income (expense), net	53	48	23	6
Earnings before interest and taxes	2,802	1,843	1,449	1,024
Interest and dividend income	175	91	86	41
Interest and other finance expense	(77)	(116)	(45)	(40)
Income from continuing operations before taxes and minority interest	2,900	1,818	1,490	1,025
Provision for taxes	(783)	(482)	(430)	(259)
Minority interest	(132)	(99)	(68)	(60)
Income from continuing operations	1,985	1,237	992	706
Income (loss) from discontinued operations, net of tax	(7)	29	(17)	23
Net income	1,978	1,266	975	729
Basic earnings (loss) per share				
Income from continuing operations	0.87	0.55	0.43	0.31
Income (loss) from discontinued operations, net of tax	(0.01)	0.02	0.00	0.01
Net income	0.86	0.57	0.43	0.32
Weighted average basic shares (in millions)	2,291	2,230	2,286	2,269
Diluted earnings (loss) per share				
Income from continuing operations	0.86	0.54	0.43	0.31
Income (loss) from discontinued operations, net of tax	0.00	0.01	(0.01)	0.01
Net income	0.86	0.55	0.42	0.32
Weighted average dilutive shares (in millions)	2,304	2,306	2,300	2,310

¹⁾ Adjusted to reflect the reclassification of activities to discontinued operations

ABB Ltd Consolidated Balance Sheets

<i>\$ millions, except share data (unaudited)</i>	June 30, 2008	Dec. 31, 2007
Cash and equivalents	8,087	4,650
Marketable securities and short-term investments	513	3,460
Receivables, net	9,841	8,582
Inventories, net	5,817	4,863
Prepaid expenses	273	307
Deferred taxes	859	783
Other current assets	545	368
Assets held for sale and in discontinued operations	-	132
Total current assets	25,935	23,145
Financing receivables, net	487	487
Property, plant and equipment, net	3,625	3,246
Goodwill	2,501	2,421
Other intangible assets, net	273	270
Prepaid pension and other employee benefits	378	380
Investments in equity method companies	69	63
Deferred taxes	775	862
Other non-current assets	112	127
Total assets	34,155	31,001
Accounts payable, trade	4,712	4,167
Billings in excess of sales	1,116	829
Accounts payable, other	1,502	1,289
Short-term debt and current maturities of long-term debt	383	536
Advances from customers	2,284	2,045
Deferred taxes	497	371
Provisions and other	3,616	3,342
Accrued expenses	1,640	1,737
Asbestos obligations	53	101
Liabilities held for sale and in discontinued operations	-	62
Total current liabilities	15,803	14,479
Long-term debt	2,212	2,138
Pension and other employee benefits	659	631
Deferred taxes	448	407
Other liabilities	1,777	1,797
Total liabilities	20,899	19,452
Minority interest	538	592
Stockholders' equity:		
Capital stock and additional paid-in capital	5,673	5,634
Retained earnings	8,933	6,955
Accumulated other comprehensive loss	(1,123)	(1,330)
Less: Treasury stock, at cost (34,367,675 and 18,725,475 shares at June 30, 2008 and December 31, 2007)	(765)	(302)
Total stockholders' equity	12,718	10,957
Total liabilities and stockholders' equity	34,155	31,001

ABB Ltd Consolidated Statements of Cash Flows

<i>\$ millions (unaudited)</i>	Six Months Ended		Three Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Operating activities				
Net income	\$ 1,978	\$ 1,266	\$ 975	\$ 729
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation and amortization	317	286	167	139
Provisions, net	(98)	(149)	(116)	(144)
Pension and postretirement benefits	45	(12)	48	(5)
Deferred taxes	173	66	53	25
Net gain from sale of property, plant and equipment	(28)	(19)	(11)	(6)
Income from equity accounted companies	(8)	(39)	(4)	(10)
Minority interest	132	100	68	60
Other	39	97	27	48
Changes in operating assets and liabilities:				
Trade receivables	(882)	(836)	(455)	(683)
Inventories	(563)	(587)	(282)	(118)
Trade payables	350	308	321	186
Billings in excess of sales	258	68	162	46
Advances from customers	157	285	76	173
Other assets and liabilities, net	(428)	(135)	(51)	(44)
Net cash provided by operating activities	1,442	699	978	396
Investing activities				
Changes in financing receivables	(3)	15	(1)	12
Purchases of marketable securities (other than trading) and short-term investments	(1,380)	(4,260)	(63)	(2,223)
Purchases of property, plant and equipment and intangible assets	(473)	(284)	(269)	(160)
Acquisition of businesses (net of cash acquired)	(28)	(43)	(28)	(17)
Proceeds from sales of marketable securities (other than trading) and short-term investments	4,251	4,304	1,341	2,406
Proceeds from sales of property, plant and equipment	39	29	16	10
Proceeds from sales of businesses and equity accounted companies (net of cash disposed)	23	337	(1)	225
Net cash provided by investing activities	2,429	98	995	253
Financing activities				
Net changes in debt with maturities of 90 days or less	91	1	77	(24)
Increase in debt	177	93	52	44
Repayment of debt	(484)	(84)	(165)	(58)
Issuance of shares	-	153	-	153
Purchase of treasury shares	(445)	(199)	(263)	(199)
Dividends paid	-	(449)	-	(449)
Dividends paid to minority shareholders	(103)	(100)	(102)	(95)
Other	31	(38)	21	(9)
Net cash used in financing activities	(733)	(623)	(380)	(637)
Effects of exchange rate changes on cash and equivalents	273	55	(3)	53
Adjustment for the net change in cash and equivalents in assets held for sale and in discontinued operations	26	(11)	-	(12)
Net change in cash and equivalents - continuing operations	3,437	218	1,590	53
Cash and equivalents beginning of period	4,650	4,198	6,497	4,363
Cash and equivalents end of period	8,087	4,416	8,087	4,416
Supplementary disclosure of cash flow information				
Interest paid	112	104	56	45
Taxes paid	557	401	307	243
Carrying value of debt and accrued interest converted into capital stock	-	670	-	10

\$ millions (unaudited)	Accumulated other comprehensive loss							Treasury stock	Total stockholders' equity
	Capital stock and additional paid-in capital	Retained earnings	Foreign currency translation adjustment	Unrealized gain (loss) on available-for-sale securities	Pension and other postretirement plan adjustments	Unrealized gain (loss) of cash flow hedge derivatives	Total accumulated other comprehensive loss		
Balance at January 1, 2007	\$ 4,514	\$ 3,647	\$ (1,462)	\$ (2)	\$ (629)	\$ 74	\$ (2,019)	\$ (104)	\$ 6,038
Comprehensive income:									
Net income	--	1,266	--	--	--	--	--	--	1,266
Foreign currency translation adjustments	--	--	150	--	--	--	150	--	150
Effect of change in fair value of available-for-sale securities, net of tax	--	--	--	2	--	--	2	--	2
Unrecognized income related to pensions and other postretirement plans, net of tax	--	--	--	--	10	--	10	--	10
Change in derivatives qualifying as cash flow hedges, net of tax	--	--	--	--	--	(11)	(11)	--	(11)
Total comprehensive income	--	--	--	--	--	--	--	--	1,417
Issuance of shares	153	--	--	--	--	--	--	--	153
Dividends paid	--	(449)	--	--	--	--	--	--	(449)
Share-based payment arrangements	11	--	--	--	--	--	--	--	11
Treasury share transactions	(1)	--	--	--	--	--	--	(198)	(199)
Conversion of convertible bonds	660	--	--	--	--	--	--	--	660
Call options	6	--	--	--	--	--	--	--	6
Balance at June 30, 2007	\$ 5,343	\$ 4,464	\$ (1,312)	--	\$ (619)	\$ 63	\$ (1,868)	\$ (302)	\$ 7,637

\$ millions (unaudited)	Accumulated other comprehensive loss							Treasury stock	Total stockholders' equity
	Capital stock and additional paid-in capital	Retained earnings	Foreign currency translation adjustment	Unrealized gain (loss) on available-for-sale securities	Pension and other postretirement plan adjustments	Unrealized gain (loss) of cash flow hedge derivatives	Total accumulated other comprehensive loss		
Balance at January 1, 2008	\$ 5,634	\$ 6,955	\$ (906)	\$ 7	\$ (486)	\$ 55	\$ (1,330)	\$ (302)	\$ 10,957
Comprehensive income:									
Net income	--	1,978	--	--	--	--	--	--	1,978
Foreign currency translation adjustments	--	--	254	--	--	--	254	--	254
Foreign currency translation adjustments related to sold businesses	--	--	6	--	--	--	6	--	6
Effect of change in fair value of available-for-sale securities, net of tax	--	--	--	(12)	--	--	(12)	--	(12)
Unrecognized income (loss) related to pensions and other postretirement plans, net of tax	--	--	--	--	(24)	--	(24)	--	(24)
Change in derivatives qualifying as cash flow hedges, net of tax	--	--	--	--	--	(17)	(17)	--	(17)
Total comprehensive income	--	--	--	--	--	--	--	--	2,185
Treasury share transactions	(20)	--	--	--	--	--	--	20	--
Shares repurchased under buyback program	--	--	--	--	--	--	--	(483)	(483)
Share-based payment arrangements	28	--	--	--	--	--	--	--	28
Call options	31	--	--	--	--	--	--	--	31
Balance at June 30, 2008	\$ 5,673	\$ 8,933	\$ (646)	\$ (5)	\$ (510)	\$ 38	\$ (1,123)	\$ (765)	\$ 12,718