Press Release

Net income up 41% as ABB accelerates top line growth

- **Orders up 25%[1] (19% organic[2]); 18% revenue growth (12% organic) at two-year high**
- **Top-line strength and solid business execution lead to higher operational margins**
- **Strong industrial demand; power transmission on track for second-half recovery**

Zurich, Switzerland, April 27, 2011 – ABB reported a solid double digit rise in orders, revenues and earnings, driven by strong industrial efficiency demand, continued utility investment in grid interconnections and upgrades, and a more competitive cost base.

Net income rose 41 percent to $655 million while operational EBITDA[3] amounted to approximately $1.3 billion, a 37-percent increase over the same quarter in 2010. The operational EBITDA margin was 15.7 percent compared to 13.8 percent on the strong revenue increase and the success of ongoing cost savings.

Orders increased 25 percent and were higher in all divisions. Base orders (below $15 million) were up in all divisions for the second consecutive quarter to reach the highest level since the second quarter of 2008. Revenues increased 18 percent—the strongest growth in two years—on execution of the large order backlog and higher short-cycle product sales.

Earnings before interest and taxes (EBIT) increased 43 percent to approximately $1 billion. EBIT includes $107 million of charges related to the Baldor acquisition.

“Our results show we’re gaining traction in both growth and profitability,” said Joe Hogan, ABB’s CEO. “We are successfully targeting growth areas and the Baldor acquisition made a great contribution to the results. Our lower cost base also continued to pay off by lifting profitability in our growing businesses and holding margins steady where we’re still waiting for recovery.”

“Looking ahead, we expect continued strong industrial demand to support our early cycle businesses and we see positive signs that our infrastructure-related businesses in both power and automation are on track for recovery later this year,” Hogan said. “ABB’s long-term key growth drivers remain intact—the increasing need for energy efficiency, industrial productivity and more reliable power infrastructure in both the mature and emerging economies.”

2011 Q1 key figures	**Q1 11**	**Q1 10**	**Change**	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	10,357	8,067	*28%*	*25%*
Order backlog (end March)	*29,265*	*25,454*	*15%*	*8%*
Revenues	8,402	6,934	*21%*	*18%*
EBIT	1,013	709	*43%*	
as % of revenues	12.1%	10.2%		
Operational EBITDA[3]	1,319	962	*37%*	
as % of operational revenues[3]	15.7%	13.8%		
Net income	655	464	*41%*	
Basic net income per share ($)	0.29	0.20		
Cash flow from operating activities	166	427		

[1] Management discussion of orders and revenues focuses on local currency changes. U.S. dollar changes are shown in the tables.
[2] Organic changes exclude the impact of acquisitions (Ventyx and Baldor Electric).
[3] Operational EBITDA represents earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables, and non-recurring charges related to acquisitions (Ventyx and Baldor Electric)—see reconciliation of non-GAAP measures in Appendix 1.

Summary of Q1 2011 results

Orders received and revenues

Industrial growth in most regions continued to drive demand for ABB products that boost energy efficiency, improve process and power quality and help customers increase the productivity of their production and power assets. This positive demand environment was further supported by high commodity prices, which drives both customer capital expenditures to expand capacity as well as operational investments to improve efficiency and productivity.

The continuing trend among utilities in many regions to increase investments for renewable energies and to link power grids was another positive demand driver in the quarter. Orders from utilities in China for technologically advanced equipment used in high- and ultrahigh-voltage direct current transmission systems was a further growth driver and a positive early indicator for the more substantial recovery in demand for power transmission equipment that the company expects in the second half of 2011.

Orders were higher in all divisions. The largest improvement was recorded in Discrete Automation and Motion, where the acquisition of Baldor Electric contributed just under half of the 63-percent local-currency increase in orders received. Orders grew 15 percent in Power Products, due in large part to higher orders for transformers in China. Orders rose at a double-digit pace in Low-Voltage Products and Process Automation and were 5 percent higher in Power Systems.

Base orders increased 25 percent (19 percent organic) and were up in all divisions. Base orders in Power Products increased for the second consecutive quarter and were 7 percent higher than the first quarter of 2010.

Regionally, orders grew 18 percent in Europe and were up in all divisions except Power Products, where orders were steady compared to the same period last year. The acquisition of Baldor Electric contributed to a 41-percent order increase in the Americas, which was further supported by order growth of 11 percent in Power Products and 22 percent in Process Automation. Orders in Asia rose 39 percent, led by 70-percent growth in China. A strong increase in Process Automation orders in the Middle East and Africa could not compensate an order decline in Power Systems in the region, where total orders were 6 percent lower.

Emerging market orders rose 22 percent in the quarter while orders from mature markets were 27 percent higher (17 percent organic) than the year before.

The order backlog at the end of March reached a record $29 billion, a local-currency increase of 8 percent (7 percent organic) compared to both the end of the first quarter 2010 and the end of 2010.

Revenues continued the growth begun in the second half of 2010 on execution of the strong order backlog combined with higher sales of short cycle products and services.

The strongest revenue growth was reported in Discrete Automation and Motion–due in large part to the Baldor acquisition–and in Power Systems, where execution of the strong order backlog, especially in the high-voltage direct current (HVDC) and power generation businesses, drove 27-percent revenue growth. Revenues were lower in Power Products as an increase in power distribution-related businesses could not compensate for the lower level of power transmission revenues coming from the weaker order backlog.

On an organic basis, first-quarter orders increased 19 percent and revenues grew 12 percent.

Operational earnings and net income

EBIT in the first quarter of 2011 amounted to $1 billion, a 43-percent increase compared to the same quarter a year earlier. Higher revenues–including an approximately $420-million contribution from acquisitions–and the favorable impact on profitability from a lower cost base were the main contributors to the improvement.

As part of the company's previously-announced $1-billion cost savings initiative for 2011, savings of approximately $215 million were achieved in the first quarter, of which some 60 percent were derived from low-cost sourcing.

As announced with the fourth quarter results in February 2011, ABB will present and discuss its financial results using operational EBITDA as its principle performance indicator starting with the first quarter 2011 results. Management believes that operational EBITDA provides a better measure of operating earnings performance as acquisitions begin to make a larger contribution to ABB's results.

Operational EBITDA in the first quarter of 2011 amounted to $1.3 billion, an increase of 37 percent over the year-earlier period. The operational EBITDA margin was 15.7 percent versus 13.8 percent in the same quarter a year earlier.

Net income for the quarter developed in line with EBIT and resulted in basic earnings per share of $0.29 compared to $0.20 in the year-earlier period.

Balance sheet and cash flow

Net cash at the end of the first quarter was $2.2 billion, down from $6.4 billion at the end of the previous quarter. The decrease mainly reflects the acquisition, completed at the end of January 2011, of Baldor Electric resulting in a total cash outflow of about $4.2 billion. Cash from operating activities declined compared to the strong first quarter of 2010, mainly because of higher working capital needed to support growth. Net working capital increased by approximately $1 billion in the quarter compared to the first quarter of 2010. Excluding acquisitions, net working capital was approximately $600 million higher.

Management appointments and board nominations

In February 2011, ABB announced the appointment of Frank Duggan to the Group Executive Committee as Head of Global Markets. Duggan succeeded Chief Financial Officer (CFO) Michel Demaré in this role, which represents the company's market and regional organizations on the Executive Committee. Demaré continues in his role as ABB's CFO.

In March, ABB's Board of Directors unanimously proposed Ying Yeh as a new member. She is Vice President of Nalco Company and Chairperson of Nalco's Greater China region, as well as a non-executive director of AB Volvo in Sweden and of the Intercontinental Hotels Group in the UK. The shareholders will vote on her nomination at the company's next annual general meeting on April 29, 2011.

Dr. Bernd W. Voss, who has been a member of the ABB board and chairman of the Finance, Audit and Compliance Committee since 2002, will not seek re-election to the board.

Outlook

The global macroeconomic environment in ABB's major end markets remains favorable. High commodity prices are driving increased customer capital expenditures, while simultaneously supporting spending on efficiency and productivity improvements, including service. Utility spending on power transmission to integrate renewable energy into existing grids and to interconnect national and regional power grids continues to gain momentum. Recent events in Japan and high oil prices are expected to further increase the need for energy-efficient power and automation technologies.

Emerging markets will remain the principal drivers of growth in the medium term but demand in the mature economies across all of ABB's portfolio is also expected to continue growing over the coming quarters.

While overcapacity remains in some later-cycle infrastructure-related businesses, prices have stabilized in many sectors and ABB has initiated price increases in selected businesses in 2011, partly to offset increasing raw material costs. Supply bottlenecks related either to increasing demand or to recent events in Japan do not currently pose a significant risk to ABB's business, but are being monitored closely.

Therefore, over the rest of 2011, management will continue to focus on adjusting costs while seeking profitable growth opportunities, both organic and inorganic, based on its leading technology, broad global presence, competitive cost base and strong balance sheet.

Divisional performance Q1 2011

Power Products	**Q1 11**	**Q1 10**	**Change**	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	2,860	2,401	*19%*	*15%*
Order backlog (end March)	*8,850*	*8,151*	*9%*	*2%*
Revenues	2,327	2,319	*0%*	*-3%*
EBIT	331	348	*-5%*	
as % of revenues	14.2%	15.0%		
Operational EBITDA[1]	385	401	*-4%*	
as % of operational revenues	16.5%	17.3%		
Cash flow from operating activities	160	247		

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring related charges and the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables—see reconciliation of non-GAAP measures in Appendix 1

Orders increased across all businesses in the quarter driven by growing industrial and power distribution demand. Base orders were up 7 percent compared to the first quarter of the previous year. Large orders more than doubled with significant transformer wins in China.

Regionally, in addition to growth in Asia, orders also increased in the Americas on higher demand in the U.S., mainly in power distribution. Orders were flat in Europe and slightly lower in the Middle East and Africa.

Revenues increased in the power distribution-related businesses but total division revenues declined, mainly reflecting execution of the lower level of power transmission orders from the backlog.

Operational EBITDA and operational EBITDA margin were lower than the same period a year earlier, primarily due to lower revenues and price pressure in the transmission sector. This was partly mitigated by cost savings.

Power Systems	Q1 11	Q1 10	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	1,937	1,758	*10%*	*5%*
Order backlog (end March)	*11,498*	*9,861*	*17%*	*9%*
Revenues	1,833	1,384	*32%*	*27%*
EBIT	121	-14	*N/A*	
as % of revenues	6.6%	-1.0%		
Operational EBITDA[1]	148	55	*169%*	
as % of operational revenues	8.1%	3.9%		
Cash flow from operating activities	-49	-37		

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables and non-recurring charges related to acquisitions (Ventyx)—see reconciliation of non-GAAP measures in Appendix 1

Base orders increased strongly across all businesses in the quarter, driven mainly by continued utility investments in renewable energy and grid reliability as well as demand for power to support expanding industrial production and infrastructure build-up. This more than compensated the lower level of large orders compared to the same quarter in 2010.

Orders for high-voltage direct current (HVDC) technologies helped drive strong double-digit order growth in Europe and Asia. Base order growth in the U.S. and Canada supported an order increase in the Americas. Orders were down in the Middle East and Africa due mainly to a decrease in substation orders.

Revenues grew significantly compared to the low levels of a year earlier on execution of the strong order backlog.

Operational EBITDA and operational EBITDA margin improved on a combination of higher revenues and the non-recurrence of project-related costs.

Discrete Automation & Motion	Q1 11	Q1 10	Change	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	2,344	1,408	*66%*	*63%*
Order backlog (end March)	*4,117*	*3,162*	*30%*	*22%*
Revenues	1,880	1,213	*55%*	*52%*
EBIT	220	168	*31%*	
as % of revenues	11.7%	13.8%		
Operational EBITDA[1]	373	203	*84%*	
as % of operational revenues	19.8%	16.6%		
Cash flow from operating activities	34	59		

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables and non-recurring charges related to acquisitions (Baldor Electric)—see reconciliation of non-GAAP measures in Appendix 1

Orders increased in all businesses in the quarter as industrial production and the need for improved process quality and energy efficiency continued to grow.

Regionally, orders increased most in the Americas, led by the U.S., where the acquisition of Baldor Electric at the end of January 2011 contributed approximately $400 million in orders.

Orders in Asia and Europe grew by more than 30 percent. Asia growth was led by an increase of more than 50 percent in China, while India also recorded double-digit order growth. Orders were higher overall in Europe, especially in Germany, Italy and Norway. Orders declined in the Middle East and Africa. Orders were also positively impacted in the quarter by price increases in selected product areas.

Revenues also increased in the quarter in all businesses.

Excluding Baldor, orders increased by 34 percent in local currencies and revenues grew 21 percent.

Operational EBITDA amounted to $373 million, an increase of 84 percent compared to the same quarter in 2010, on higher revenues, the continued turnaround in robotics and the contribution from Baldor. The operational EBITDA margin was 19.8 percent versus 16.6 percent in the year-earlier period.

Cash from operations in the quarter is after approximately $80 million of payments relating to the Baldor transaction.

Low-Voltage Products	**Q1 11**	**Q1 10**	**Change**	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	1,409	1,106	*27%*	*25%*
Order backlog (end March)	*1,108*	*816*	*36%*	*30%*
Revenues	1,195	1,011	*18%*	*16%*
EBIT	230	150	*53%*	
as % of revenues	19.2%	14.8%		
Operational EBITDA[1]	257	178	*44%*	
as % of operational revenues	21.5%	17.6%		
Cash flow from operating activities	14	76		

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring related charges and the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables—see reconciliation of non-GAAP measures in Appendix 1

Orders grew in all businesses and regions as general industrial demand remained strong and the construction sector improved in parts of Europe and Asia. Orders were also supported by higher prices to compensate increased raw material costs.

Asia recorded the largest order increase, led by China and India. Orders increased at a double-digit pace in Europe, led by Italy and Germany. Orders also rose in the Middle East and Africa.

Revenues grew at a double-digit pace in the product businesses but were down in the low-voltage systems business, mainly reflecting the timing of project execution.

Operational EBITDA and operational EBITDA margin increased on higher revenues, a positive product mix in the quarter and the continued impact of cost reduction measures.

Process Automation	**Q1 11**	**Q1 10**	**Change**	
$ millions unless otherwise indicated			*US$*	*Local*
Orders	2,606	2,115	*23%*	*21%*
Order backlog (end March)	*6,447*	*5,729*	*13%*	*6%*
Revenues	1,900	1,735	*10%*	*6%*
EBIT	239	159	*50%*	
as % of revenues	12.6%	9.2%		
Operational EBITDA[1]	234	181	*29%*	
as % of operational revenues	12.4%	10.5%		
Cash flow from operating activities	77	137		

[1] Earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring related charges and the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables—see reconciliation of non-GAAP measures in Appendix 1

Orders increased across most businesses and all regions in the first quarter as high prices for commodities like oil, copper and iron ore supported customer investments to increase capacity and improve the performance of existing assets. Both base and large orders grew in the quarter, while lifecycle service orders increased by more than 20 percent, mainly in the minerals, metals and pulp and paper sectors.

Regionally, orders grew strongest in the Middle East and Africa, mainly the result of a large order for a gas compression plant in Africa. Asia order growth was driven by demand from the oil and gas and marine sectors, while orders from Europe and the Americas also recorded double digit growth compared to the same period in 2010.

Revenue growth in the quarter was driven by higher product sales, led by turbocharging and measurement products, and by a double-digit increase in lifecycle service revenues. This favorable product mix also contributed to the improvement in operational EBITDA and operational EBITDA margin in the quarter, along with continued benefits from cost reduction programs.

More information

The 2011 Q1 results press release is available from April 27, 2011, on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations, where a presentation for investors will also be published.

A video from Chief Executive Officer Joe Hogan on ABB's first-quarter 2011 results will be available at 07:00 am today at www.youtube.com/abb.

ABB will host a media conference call starting at 10:00 a.m. Central European Time (CET). U.K. callers should dial +44 203 059 58 62. From Sweden, +46 8 5051 00 31, and from the rest of Europe, +41 91 610 56 00. Lines will be open 15 minutes before the start of the conference. Audio playback of the call will start one hour after the call ends and will be available for 24 hours: Playback numbers: +44 20 7108 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 866 416 2558 (U.S./Canada). The code is 15778, followed by the # key.

A conference call for analysts and investors is scheduled to begin today at 3:00 p.m. CET (2:00 p.m. in the UK, 9:00 a.m. EDT). Callers should dial +1 866 291 4166 from the U.S./Canada (toll-free), +44 203 059 5862 from the U.K., or +41 91 610 56 00 from the rest of the world. Callers are requested to phone in 15 minutes before the start of the call. The recorded session will be available as a podcast one hour after the end of the conference call and can be downloaded from our website. You will find the link to access the podcast at www.abb.com.

Investor calendar 2011	
Annual General Meeting of shareholders, Zurich	April 29, 2011
Annual information meeting for shareholders, Västerås	May 2, 2011
Q2 2011 results	July 21, 2011
Q3 2011 results	Oct. 27, 2011

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 124,000 people.

Zurich, April 27, 2011
Joe Hogan, CEO

Important notice about forward-looking information

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans” or similar expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this press release and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, business risks associated with the volatile global economic environment and political conditions, costs associated with compliance activities, raw materials availability and prices, market acceptance of new products and services, changes in governmental regulations and currency exchange rates and such other factors as may be discussed from time to time in ABB Ltd’s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F. Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

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Press Release

ABB first-quarter (Q1) 2011 key figures

$ millions unless otherwise indicated		Q1 11	Q1 10	*Change*	
				US$	*Local*
Orders	**Group**	**10,357**	**8'067**	**28%**	**25%**
	Power Products	2,860	2'401	19%	15%
	Power Systems	1,937	1'758	10%	5%
	Discrete Automation & Motion	2,344	1'408	66%	63%
	Low-Voltage Products	1,409	1'106	27%	25%
	Process Automation	2,606	2'115	23%	21%
	Corporate and other *(Inter-division eliminations)*	-799	-721		
Revenues	**Group**	**8,402**	**6'934**	**21%**	**18%**
	Power Products	2,327	2'319	0%	-3%
	Power Systems	1,833	1'384	32%	27%
	Discrete Automation & Motion	1,880	1'213	55%	52%
	Low-Voltage Products	1,195	1'011	18%	16%
	Process Automation	1,900	1'735	10%	6%
	Corporate and other *(Inter-division eliminations)*	-733	-728		
EBIT	**Group**	**1,013**	**709**	**43%**	
	Power Products	331	348	-5%	
	Power Systems	121	-14	N/A	
	Discrete Automation & Motion	220	168	31%	
	Low-Voltage Products	230	150	53%	
	Process Automation	239	159	50%	
	Corporate and other	-128	-102		
EBIT %	**Group**	**12.1%**	**10.2%**		
	Power Products	14.2%	15.0%		
	Power Systems	6.6%	-1.0%		
	Discrete Automation & Motion	11.7%	13.8%		
	Low-Voltage Products	19.2%	14.8%		
	Process Automation	12.6%	9.2%		
Operational EBITDA*	**Group**	**1'319**	**962**		
	Power Products	385	401		
	Power Systems	148	55		
	Discrete Automation & Motion	373	203		
	Low-Voltage Products	257	178		
	Process Automation	234	181		
Operational EBITDA %	**Group**	**15.7%**	**13.8%**		
	Power Products	16.5%	17.3%		
	Power Systems	8.1%	3.9%		
	Discrete Automation & Motion	19.8%	16.6%		
	Low-Voltage Products	21.5%	17.6%		
	Process Automation	12.4%	10.5%		

* Operational EBITDA represents earnings before interest and taxes, and depreciation and amortization, adjusted for restructuring-related charges, the mark-to-market treatment of hedging transactions along with unrealized foreign exchange movements on receivables/payables, and non-recurring charges related to acquisitions (Ventyx and Baldor Electric)—see reconciliation of non-GAAP measures in Appendix 1.

ABB Q1 2011 orders received and revenues by region

$ millions	Orders received		*Change*		Revenues		*Change*	
	Q1 11	**Q1 10**	*US$*	*Local*	**Q1 11**	**Q1 10**	*US$*	*Local*
Europe	4,090	3,433	19%	18%	3,291	2,775	19%	16%
Americas	2,164	1,497	45%	41%	2,008	1,314	53%	49%
Asia	3,097	2,101	47%	39%	2,113	1,910	11%	6%
Middle East and Africa	1,006	1,036	-3%	-6%	990	935	6%	4%
Group total	**10,357**	**8,067**	**28%**	**25%**	**8,402**	**6,934**	**21%**	**18%**

Operational EBIT and operational EBITDA by division Q1 2011 vs Q1 2010

	ABB		Power Products		Power Systems		Discrete Automation & Motion		Low Voltage Products		Process Automation	
	Q1 11	**Q1 10**	**Q1 11**	**Q1 10**	**Q1 11**	**Q1 10**	**Q1 11**	**Q1 10**	**Q1 11**	**Q1 10**	**Q1 11**	**Q1 10**
Revenues (as per Financial Statements)	**8'402**	**6'934**	**2'327**	**2'319**	**1'833**	**1'384**	**1'880**	**1'213**	**1'195**	**1'011**	**1'900**	**1'735**
Derivative impact	-15	35	13	3	-15	32	1	8	-1	3	-12	-12
Operational revenues	**8'387**	**6'969**	**2'340**	**2'322**	**1'818**	**1'416**	**1'881**	**1'221**	**1'194**	**1'014**	**1'888**	**1'723**
EBIT (as per Financial Statements)	**1'013**	**709**	**331**	**348**	**121**	**-14**	**220**	**168**	**230**	**150**	**239**	**159**
Derivative impact	-18	82	9	10	-8	53	-2	13	0	1	-23	6
Restructuring-related costs	1	7	-2	0	5	3	0	3	0	1	-2	-2
Charges related to significant acquisitions	107						107					
including backlog amortization	*15*						*15*					
Operational EBIT	**1'103**	**798**	**338**	**358**	**118**	**42**	**325**	**184**	**230**	**152**	**214**	**163**
Operational EBIT margin	**13.2%**	**11.5%**	**14.4%**	**15.4%**	**6.5%**	**3.0%**	**17.3%**	**15.1%**	**19.3%**	**15.0%**	**11.3%**	**9.5%**
Depreciation & amortization (as per Financial Statements)	231	164	47	43	30	13	63	19	27	26	20	18
including total acquisition-related amortization	*52*	*8*	*4*	*3*	*13*	*0*	*32*	*0*	*1*	*2*	*1*	*2*
Backlog amortization related to significant acquisitions	-15						-15					
Operational EBITDA	**1'319**	**962**	**385**	**401**	**148**	**55**	**373**	**203**	**257**	**178**	**234**	**181**
Operational EBITDA margin	**15.7%**	**13.8%**	**16.5%**	**17.3%**	**8.1%**	**3.9%**	**19.8%**	**16.6%**	**21.5%**	**17.6%**	**12.4%**	**10.5%**

Reconciliation of non-GAAP measures

US$ millions

EBIT Margin *(= EBIT as % of revenues)*	**3 months ended Mar. 31, 2011**	**2010**
Earnings before interest and taxes (EBIT)	1'013	709
Revenues	8'402	6'934
EBIT Margin	**12.1%**	**10.2%**
EBIT as per financial statements	**1'013**	**709**
adjusted for the effects of:		
Unrealized gains and losses on derivatives (FX, commodities, embedded derivatives)	(24)	69
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(5)	17
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	11	(4)
Restructuring and restructuring-related expenses	1	7
Charges related to significant acquisitions (1)	107	0
Operational EBIT (adjusted)	**1'103**	**798**
reversal of:		
Depreciation	152	133
Amortization	79	31
Backlog amortization related to significant acquisitions	(15)	0
Operational EBITDA	**1'319**	**962**
Revenues as per financial statements	**8'402**	**6'934**
adjusted for the effects of:		
Unrealized gains and losses on derivatives	10	9
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(9)	18
Unrealized foreign exchange movements on receivables (and related assets)	(16)	8
Operational Revenues	**8'387**	**6'969**
Operational EBITDA Margin (= Operational EBITDA as % of Operational Revenues)	**15.7%**	**13.8%**
(1) includes $15 million backlog amortization related to acquisitions in the 3 months ended March 31, 2011		

Net Cash *(= Cash and equivalents plus marketable securities and short-term investments, less total debt)*	**Mar. 31, 2011**	**Dec. 31, 2010**
Cash and equivalents	3'649	5'897
Marketable securities and short-term investments	862	2'713
Cash and marketable securities	**4'511**	**8'610**
Short-term debt and current maturities of long-term debt	1'125	1'043
Long-term debt	1'189	1'139
Total debt	**2'314**	**2'182**
Net Cash	**2'197**	**6'428**

Reconciliation of non-GAAP measures (cont'd)

US$ millions

Net Working Capital	Mar. 31, 2011	Dec. 31, 2010
Receivables, net	10'507	9'970
Inventories, net	6'085	4'878
Prepaid expenses	280	193
Accounts payable, trade	(4'967)	(4'555)
Billings in excess of sales	(1'685)	(1'730)
Employee and other payables	(1'469)	(1'526)
Advances from customers	(1'777)	(1'764)
Accrued expenses	(1'691)	(1'644)
Net Working Capital	**5'283**	**3'822**