

## Supplemental financial information June 30, 2014

ABB presents the following financial measures to supplement its Interim Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). These supplemental financial measures are, or may be, considered non-GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission (SEC).

While ABB's management believes that the non-GAAP financial measures herein are useful in evaluating ABB's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP. Therefore these measures should not be viewed in isolation but considered together with the Interim Consolidated Financial Information (unaudited) prepared in accordance with U.S. GAAP as of and for six and three months ended June 30, 2014.

### Like-for-like Growth Rates

The like-for-like growth rates of revenues and orders are calculated by adjusting reported revenues and orders, in both the current and comparable periods, for the effects of currency translation and portfolio changes. The adjustment for portfolio changes is calculated as follows: where the results of any business acquired or divested have not been consolidated and reported for the entire duration of both the current and comparable periods, the reported revenues and orders of such business are adjusted to exclude the revenues and orders of any corresponding quarters which are not comparable when computing the like-for-like growth rate. In addition, certain other adjustments, which affect the business portfolio but do not qualify as a divestment, are treated in a similar manner to a divestment. We do not adjust for portfolio changes where the business acquired or divested has annual revenues of less than \$50 million per year.

### Operational EBITDA margin

#### Definition

#### Operational EBITDA

Operational EBITDA represents Income from operations excluding depreciation and amortization, restructuring and restructuring-related expenses, gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items, as well as foreign exchange/commodity timing differences in income from operations consisting of: (i) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities).

#### Operational revenues

Operational revenues are total revenues adjusted for foreign exchange/commodity timing differences in total revenues of: (i) unrealized gains and losses on derivatives, (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables (and related assets).

#### Operational EBITDA margin

Operational EBITDA margin is Operational EBITDA as a percentage of Operational revenues.

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### Reconciliation

Six months ended June 30, 2014

(\$ in millions, except Operational EBITDA margin in %)	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	Consolidated
<b>Total revenues</b>	<b>4,924</b>	<b>3,818</b>	<b>3,955</b>	<b>5,053</b>	<b>3,418</b>	<b>(1,507)</b>	<b>19,661</b>
<i>Foreign exchange/commodity timing differences in total revenues:</i>							
Unrealized gains and losses on derivatives	(5)	4	(5)	(3)	85	(1)	75
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	-	(2)	-	-	-	(3)
Unrealized foreign exchange movements on receivables (and related assets)	(4)	(1)	8	-	(14)	-	(11)
<b>Operational revenues</b>	<b>4,914</b>	<b>3,821</b>	<b>3,956</b>	<b>5,050</b>	<b>3,489</b>	<b>(1,508)</b>	<b>19,722</b>
<b>Income from operations</b>	<b>675</b>	<b>656</b>	<b>436</b>	<b>591</b>	<b>(192)</b>	<b>(259)</b>	<b>1,907</b>
Depreciation and amortization	156	153	45	110	94	108	666
Restructuring and restructuring-related expenses	14	12	24	23	13	1	87
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	(1)	(104)	3	11	(8)	(4)	(103)
<i>Foreign exchange/commodity timing differences in income from operations:</i>							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	1	(3)	6	16	68	1	89
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(2)	-	(1)	2	(9)	-	(10)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(5)	(4)	(1)	(6)	(19)	1	(34)
<b>Operational EBITDA</b>	<b>838</b>	<b>710</b>	<b>512</b>	<b>747</b>	<b>(53)</b>	<b>(152)</b>	<b>2,602</b>
<b>Operational EBITDA margin (%)</b>	<b>17.1%</b>	<b>18.6%</b>	<b>12.9%</b>	<b>14.8%</b>	<b>-1.5%</b>	<b>-</b>	<b>13.2%</b>

## Supplemental financial information June 30, 2014

Six months ended June 30, 2013

(\$ in millions, except Operational EBITDA margin in %)	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	Consolidated
<b>Total revenues</b>	<b>4,689</b>	<b>3,706</b>	<b>4,108</b>	<b>5,270</b>	<b>4,013</b>	<b>(1,846)</b>	<b>19,940</b>
<i>Foreign exchange/commodity timing differences in total revenues:</i>							
Unrealized gains and losses on derivatives	11	8	19	22	64	-	124
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	-	4	5	2	-	12
Unrealized foreign exchange movements on receivables (and related assets)	(7)	(6)	(5)	(13)	(22)	(1)	(54)
<b>Operational revenues</b>	<b>4,694</b>	<b>3,708</b>	<b>4,126</b>	<b>5,284</b>	<b>4,057</b>	<b>(1,847)</b>	<b>20,022</b>
<b>Income from operations</b>	<b>698</b>	<b>494</b>	<b>457</b>	<b>629</b>	<b>213</b>	<b>(251)</b>	<b>2,240</b>
Depreciation and amortization	130	161	42	110	90	106	639
Restructuring and restructuring-related expenses	4	6	12	27	5	-	54
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	7	5	1	-	1	18	32
<i>Foreign exchange/commodity timing differences in income from operations:</i>							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	6	25	(1)	18	33	(4)	77
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	-	1	5	3	-	11
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(3)	(4)	(1)	(8)	(17)	(1)	(34)
<b>Operational EBITDA</b>	<b>844</b>	<b>687</b>	<b>511</b>	<b>781</b>	<b>328</b>	<b>(132)</b>	<b>3,019</b>
<b>Operational EBITDA margin (%)</b>	<b>18.0%</b>	<b>18.5%</b>	<b>12.4%</b>	<b>14.8%</b>	<b>8.1%</b>	<b>-</b>	<b>15.1%</b>

## Supplemental financial information June 30, 2014

(\$ in millions, except Operational EBITDA margin in %)	Three months ended June 30, 2014						Corporate and Other and Intersegment elimination	Consolidated
	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems			
<b>Total revenues</b>	<b>2,543</b>	<b>1,936</b>	<b>2,012</b>	<b>2,662</b>	<b>1,810</b>	<b>(773)</b>	<b>10,190</b>	
<i>Foreign exchange/commodity timing differences in total revenues:</i>								
Unrealized gains and losses on derivatives	(4)	3	2	4	50	-	55	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	-	(2)	1	10	-	8	
Unrealized foreign exchange movements on receivables (and related assets)	1	(1)	5	(4)	(8)	-	(7)	
<b>Operational revenues</b>	<b>2,539</b>	<b>1,938</b>	<b>2,017</b>	<b>2,663</b>	<b>1,862</b>	<b>(773)</b>	<b>10,246</b>	
<b>Income from operations</b>	<b>349</b>	<b>400</b>	<b>217</b>	<b>319</b>	<b>(90)</b>	<b>(143)</b>	<b>1,052</b>	
Depreciation and amortization	79	76	22	55	47	54	333	
Restructuring and restructuring-related expenses	13	4	4	15	5	(1)	40	
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	2	(108)	2	6	(9)	(7)	(114)	
<i>Foreign exchange/commodity timing differences in income from operations:</i>								
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	-	(4)	5	-	30	3	34	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	-	(1)	4	5	-	7	
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	1	(4)	(1)	(6)	(12)	1	(21)	
<b>Operational EBITDA</b>	<b>443</b>	<b>364</b>	<b>248</b>	<b>393</b>	<b>(24)</b>	<b>(93)</b>	<b>1,331</b>	
<b>Operational EBITDA margin (%)</b>	<b>17.4%</b>	<b>18.8%</b>	<b>12.3%</b>	<b>14.8%</b>	<b>-1.3%</b>	<b>-</b>	<b>13.0%</b>	

## Supplemental financial information June 30, 2014

(\$ in millions, except Operational EBITDA margin in %)	Three months ended June 30, 2013						Consolidated
	Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	
<b>Total revenues</b>	<b>2,362</b>	<b>1,929</b>	<b>2,130</b>	<b>2,781</b>	<b>1,962</b>	<b>(939)</b>	<b>10,225</b>
<i>Foreign exchange/commodity timing differences in total revenues</i>							
Unrealized gains and losses on derivatives	7	-	15	7	78	-	107
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	-	4	4	-	-	9
Unrealized foreign exchange movements on receivables (and related assets)	(7)	-	(6)	(11)	(15)	(1)	(40)
<b>Operational revenues</b>	<b>2,363</b>	<b>1,929</b>	<b>2,143</b>	<b>2,781</b>	<b>2,025</b>	<b>(940)</b>	<b>10,301</b>
<b>Income from operations</b>	<b>361</b>	<b>262</b>	<b>233</b>	<b>346</b>	<b>108</b>	<b>(122)</b>	<b>1,188</b>
Depreciation and amortization	66	82	22	52	45	51	318
Restructuring and restructuring-related expenses	3	2	9	20	-	1	35
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	5	3	1	-	1	18	28
<i>Foreign exchange/commodity timing differences in income from operations</i>							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(10)	13	(14)	(12)	14	(3)	(12)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	-	1	3	(2)	-	3
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	2	5	-	-	(7)	1	1
<b>Operational EBITDA</b>	<b>428</b>	<b>367</b>	<b>252</b>	<b>409</b>	<b>159</b>	<b>(54)</b>	<b>1,561</b>
<b>Operational EBITDA margin (%)</b>	<b>18.1%</b>	<b>19.0%</b>	<b>11.8%</b>	<b>14.7%</b>	<b>7.9%</b>	<b>-</b>	<b>15.2%</b>

## Supplemental financial information June 30, 2014

### Operational EPS

#### Definition

#### Operational net income

Operational net income is calculated as Net income attributable to ABB adjusted for the net-of-tax impact of:

- i) restructuring and restructuring-related expenses,
- ii) gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items,
- iii) foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities), and
- iv) amortization related to acquisitions.

#### Amortization related to acquisitions

Amortization expense on intangibles arising upon acquisitions.

#### Adjusted Group effective tax rate

The Adjusted Group effective tax rate is computed by dividing the provision for income taxes by income from continuing operations before taxes. The calculation excludes the amount of gains and losses on sale of businesses and the related provision for income taxes.

#### Operational EPS

Operational EPS is calculated as Operational net income divided by the weighted-average number of shares used in determining basic earnings per share.

#### Reconciliation

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

	Six months ended	
	June 30, 2014	June 30, 2013
	EPS <sup>(1)</sup>	EPS <sup>(1)</sup>
<b>Net income (attributable to ABB)</b>	<b>1,180</b>	<b>1,427</b>
Restructuring and restructuring-related expenses <sup>(2)</sup>	62	38
Gains and losses on sale of businesses, acquisition-related expenses and certain non-operational items <sup>(3)</sup>	(42)	23
FX/commodity timing differences in income from operations <sup>(2)</sup>	32	38
Amortization related to acquisitions <sup>(2)</sup>	140	132
<b>Operational net income</b>	<b>1,372</b>	<b>1,658</b>

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

	Three months ended	
	June 30, 2014	June 30, 2013
	EPS <sup>(1)</sup>	EPS <sup>(1)</sup>
<b>Net income (attributable to ABB)</b>	<b>636</b>	<b>763</b>
Restructuring and restructuring-related expenses <sup>(2)</sup>	28	25
Gains and losses on sale of businesses, acquisition-related expenses and certain non-operational items <sup>(3)</sup>	(50)	20
FX/commodity timing differences in income from operations <sup>(2)</sup>	14	(6)
Amortization related to acquisitions <sup>(2)</sup>	68	66
<b>Operational net income</b>	<b>696</b>	<b>868</b>

(1) EPS amounts are computed separately, therefore the sum of the per share amounts shown may not equal to the total.

(2) Net of tax at the Adjusted Group effective tax rate.

(3) Net of tax at the Adjusted Group effective tax rate, except for gains and losses on sale of businesses which are net of the actual related provision for taxes

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### Net debt

#### Definition

##### Net debt

Net debt is defined as Total debt less Cash and marketable securities.

##### Total debt

Total debt is the sum of Short-term debt and current maturities of long-term debt, and Long-term debt.

##### Cash and marketable securities

Cash and marketable securities is the sum of Cash and equivalents, and Marketable securities and short-term investments.

#### Reconciliation

(\$ in millions)	June 30, 2014	December 31, 2013
Short-term debt and current maturities of long-term debt	1,242	453
Long-term debt	7,585	7,570
<b>Total debt</b>	<b>8,827</b>	<b>8,023</b>
Cash and equivalents	4,949	6,021
Marketable securities and short-term investments	963	464
<b>Cash and marketable securities</b>	<b>5,912</b>	<b>6,485</b>
<b>Net debt</b>	<b>2,915</b>	<b>1,538</b>

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### Net debt to EBITDA

#### Definition

Net debt to EBITDA is calculated as Net debt divided by Income from operations adjusted to exclude depreciation and amortization for the trailing twelve months.

#### Reconciliation

(\$ in millions, unless otherwise indicated)

	June 30, 2014	December 31, 2013
<b>Net debt (as defined above)</b>	<b>2,915</b>	<b>1,538</b>
<b>EBITDA</b>		
<i>Income from operations for the three months ended:</i>		
June 30, 2014	1,052	-
March 31, 2014	855	-
December 31, 2013	823	823
September 30, 2013	1,324	1,324
June 30, 2013	-	1,188
March 31, 2013	-	1,052
<i>Depreciation and amortization for the three months ended:</i>		
June 30, 2014	333	-
March 31, 2014	333	-
December 31, 2013	352	352
September 30, 2013	327	327
June 30, 2013	-	318
March 31, 2013	-	321
<b>Total EBITDA for the trailing twelve months</b>	<b>5,399</b>	<b>5,705</b>
<b>Net debt to EBITDA (ratio)</b>	<b>0.5</b>	<b>0.3</b>



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### Net working capital as a percentage of revenues

#### Definition

##### Net working capital

Net working capital is the sum of (i) receivables, net, (ii) inventories, net, and (iii) prepaid expenses; less (iv) accounts payable, trade, (v) billings in excess of sales, (vi) advances from customers, and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, and (c) pension and other employee benefits); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale.

##### Adjusted revenues for the trailing twelve months

Adjusted revenues for the trailing twelve months includes total revenues recorded by ABB in the twelve months preceding the relevant balance sheet date adjusted to eliminate revenues of divested businesses and the estimated impact of annualizing revenues of certain acquisitions which were completed in the same trailing twelve-month period.

##### Net working capital as a percentage of revenues

Net working capital as a percentage of revenues is calculated as Net working capital divided by Adjusted revenues for the trailing twelve months.

#### Reconciliation

(\$ in millions, unless otherwise indicated)	June 30,	
	2014	2013
<b>Net working capital:</b>		
Receivables, net	12,106	12,268
Inventories, net	6,210	6,347
Prepaid expenses	306	333
Accounts payable, trade	(4,950)	(4,829)
Billings in excess of sales	(1,499)	(1,807)
Advances from customers	(1,705)	(1,926)
Other current liabilities <sup>(1)</sup>	(3,381)	(3,267)
Net working capital in assets and liabilities held for sale	27	-
<b>Net working capital</b>	<b>7,114</b>	<b>7,119</b>
<b>Total revenues for the three months ended:</b>		
June 30, 2014 / 2013	10,190	10,225
March 31, 2014 / 2013	9,471	9,715
December 31, 2013 / 2012	11,373	11,021
September 30, 2013 / 2012	10,535	9,745
Adjustment to annualize/eliminate revenues of certain acquisitions/divestments	(212)	-
<b>Adjusted revenues for the trailing twelve months</b>	<b>41,357</b>	<b>40,706</b>
<b>Net working capital as a percentage of revenues</b>	<b>17%</b>	<b>17%</b>

(1) Amounts exclude \$724 million and \$776 million at June 30, 2014 and 2013, respectively, related primarily to (a) income taxes payable, (b) current derivative liabilities, and (c) pension and other employee benefits.

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### Finance net

#### Definition

Finance net is calculated as Interest and dividend income less Interest and other finance expense.

#### Reconciliation

(\$ in millions)

Interest and dividend income  
Interest and other finance expense  
**Finance net**

Six months ended June 30,	
2014	2013
38	35
(172)	(177)
<b>(134)</b>	<b>(142)</b>

(\$ in millions)

Interest and dividend income  
Interest and other finance expense  
**Finance net**

Three months ended June 30,	
2014	2013
21	17
(88)	(80)
<b>(67)</b>	<b>(63)</b>

### Book-to-bill ratio

#### Definition

Book-to-bill ratio is calculated as Orders received divided by Total revenues.

#### Reconciliation

(\$ in millions, unless otherwise indicated)

Orders received  
Total revenues

**Book-to-bill ratio**

Six months ended June 30,	
2014	2013
20,925	19,804
19,661	19,940
<b>1.06</b>	<b>0.99</b>

(\$ in millions, unless otherwise indicated)

Orders received  
Total revenues

**Book-to-bill ratio**

Three months ended June 30,	
2014	2013
10,567	9,312
10,190	10,225
<b>1.04</b>	<b>0.91</b>