

ABB Ltd Interim Consolidated Income Statements (unaudited)

(\$ in millions, except per share data in \$)	Six months ended		Three months ended	
	Jun. 30, 2014	Jun. 30, 2013	Jun. 30, 2014	Jun. 30, 2013
Sales of products	16,479	16,785	8,542	8,594
Sales of services	3,182	3,155	1,648	1,631
Total revenues	19,661	19,940	10,190	10,225
Cost of products	(12,059)	(12,072)	(6,265)	(6,162)
Cost of services	(1,990)	(1,992)	(1,040)	(1,038)
Total cost of sales	(14,049)	(14,064)	(7,305)	(7,200)
Gross profit	5,612	5,876	2,885	3,025
Selling, general and administrative expenses	(3,082)	(2,948)	(1,575)	(1,499)
Non-order related research and development expenses	(755)	(704)	(390)	(343)
Other income (expense), net	132	16	132	5
Income from operations	1,907	2,240	1,052	1,188
Interest and dividend income	38	35	21	17
Interest and other finance expense	(172)	(177)	(88)	(80)
Income from continuing operations before taxes	1,773	2,098	985	1,125
Provision for taxes	(541)	(608)	(316)	(331)
Income from continuing operations, net of tax	1,232	1,490	669	794
Loss from discontinued operations, net of tax	(2)	(12)	(1)	(8)
Net income	1,230	1,478	668	786
Net income attributable to noncontrolling interests	(50)	(51)	(32)	(23)
Net income attributable to ABB	1,180	1,427	636	763
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	1,182	1,439	637	771
Net income	1,180	1,427	636	763
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.51	0.63	0.28	0.34
Net income	0.51	0.62	0.28	0.33
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.51	0.62	0.28	0.33
Net income	0.51	0.62	0.28	0.33
Weighted-average number of shares outstanding (in millions) used to compute:				
Basic earnings per share attributable to ABB shareholders	2,298	2,296	2,295	2,297
Diluted earnings per share attributable to ABB shareholders	2,306	2,303	2,302	2,304

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Condensed Consolidated Statements of Comprehensive Income (unaudited)

<i>(\$ in millions)</i>	Six months ended		Three months ended	
	Jun. 30, 2014	Jun. 30, 2013	Jun. 30, 2014	Jun. 30, 2013
Total comprehensive income, net of tax	1,146	1,061	657	752
Total comprehensive income attributable to noncontrolling interests, net of tax	(46)	(44)	(31)	(18)
Total comprehensive income attributable to ABB shareholders, net of tax	1,100	1,017	626	734

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Balance Sheets (unaudited)

<i>(\$ in millions, except share data)</i>	Jun. 30, 2014	Dec. 31, 2013
Cash and equivalents	4,949	6,021
Marketable securities and short-term investments	963	464
Receivables, net	12,106	12,146
Inventories, net	6,210	6,004
Prepaid expenses	306	252
Deferred taxes	928	832
Assets held for sale	400	-
Other current assets	522	706
Total current assets	26,384	26,425
Property, plant and equipment, net	5,984	6,254
Goodwill	10,367	10,670
Other intangible assets, net	2,995	3,297
Prepaid pension and other employee benefits	102	93
Investments in equity-accounted companies	167	197
Deferred taxes	421	370
Other non-current assets	655	758
Total assets	47,075	48,064
Accounts payable, trade	4,950	5,112
Billings in excess of sales	1,499	1,714
Short-term debt and current maturities of long-term debt	1,242	453
Advances from customers	1,705	1,726
Deferred taxes	301	259
Provisions for warranties	1,256	1,362
Other provisions	1,719	1,807
Liabilities held for sale	109	-
Other current liabilities	4,105	4,242
Total current liabilities	16,886	16,675
Long-term debt	7,585	7,570
Pension and other employee benefits	1,539	1,639
Deferred taxes	1,260	1,265
Other non-current liabilities	1,638	1,707
Total liabilities	28,908	28,856
Commitments and contingencies		
Stockholders' equity:		
Capital stock and additional paid-in capital (2,314,743,264 issued shares at June 30, 2014, and December 31, 2013)	1,777	1,750
Retained earnings	18,525	19,186
Accumulated other comprehensive loss	(2,092)	(2,012)
Treasury stock, at cost (23,825,785 and 14,093,960 shares at June 30, 2014, and December 31, 2013, respectively)	(488)	(246)
Total ABB stockholders' equity	17,722	18,678
Noncontrolling interests	445	530
Total stockholders' equity	18,167	19,208
Total liabilities and stockholders' equity	47,075	48,064

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Statements of Cash Flows (unaudited)

(\$ in millions)	Six months ended		Three months ended	
	Jun. 30, 2014	Jun. 30, 2013	Jun. 30, 2014	Jun. 30, 2013
Operating activities:				
Net income	1,230	1,478	668	786
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation and amortization	666	639	333	318
Pension and other employee benefits	(22)	(22)	6	(11)
Deferred taxes	(16)	(47)	(3)	(51)
Net gain from sale of property, plant and equipment	(14)	(15)	(6)	(6)
Net gain from sale of businesses	(130)	-	(130)	-
Other	42	14	27	-
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, net	(205)	(963)	(99)	(459)
Inventories, net	(361)	(352)	(138)	(104)
Trade payables	49	(50)	250	147
Accrued liabilities	(148)	(157)	69	35
Billings in excess of sales	(191)	(33)	(33)	38
Provisions, net	(197)	(40)	(98)	(12)
Advances from customers	(16)	49	(75)	(26)
Income taxes payable and receivable	32	(31)	(16)	36
Other assets and liabilities, net	124	(150)	133	(148)
Net cash provided by operating activities	843	320	888	543
Investing activities:				
Purchases of marketable securities (available-for-sale)	(427)	(383)	(343)	(210)
Purchases of short-term investments	(443)	(6)	(5)	(1)
Purchases of property, plant and equipment and intangible assets	(420)	(452)	(217)	(236)
Acquisition of businesses (net of cash acquired) and increases in cost and equity-accounted companies	(17)	(25)	(14)	1
Proceeds from sales of marketable securities (available-for-sale)	25	1,342	11	1,226
Proceeds from maturity of marketable securities (available-for-sale)	136	53	68	53
Proceeds from short-term investments	188	40	165	8
Proceeds from sales of businesses (net of cash disposed) and cost and equity-accounted companies	403	1	401	-
Other investing activities	74	30	2	(15)
Net cash provided by (used in) investing activities	(481)	600	68	826
Financing activities:				
Net changes in debt with original maturities of 90 days or less	738	(403)	(250)	104
Increase in debt	35	352	32	137
Repayment of debt	(19)	(1,742)	(6)	(1,219)
Delivery of shares	26	2	25	1
Purchases of treasury stock	(282)	-	(282)	-
Dividends paid	(1,841)	(1,667)	(1,841)	(1,667)
Dividends paid to noncontrolling shareholders	(93)	(96)	(86)	(81)
Other financing activities	(20)	(43)	(29)	(39)
Net cash used in financing activities	(1,456)	(3,597)	(2,437)	(2,764)
Effects of exchange rate changes on cash and equivalents	22	(50)	28	88
Net change in cash and equivalents - continuing operations	(1,072)	(2,727)	(1,453)	(1,307)
Cash and equivalents, beginning of period	6,021	6,875	6,402	5,455
Cash and equivalents, end of period	4,949	4,148	4,949	4,148
Supplementary disclosure of cash flow information:				
Interest paid	150	163	83	135
Taxes paid	523	641	325	310

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Statements of Changes in Stockholders' Equity (unaudited)

(\$ in millions)			Accumulated other comprehensive loss					Treasury stock	Total ABB stockholders' equity	Noncontrolling interests	Total stockholders' equity
	Capital stock and additional paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Unrealized gains (losses) or cash flow hedge derivatives	Total accumulated other comprehensive loss				
Balance at January 1, 2013	1,691	18,066	(580)	24	(2,004)	37	(2,523)	(328)	16,906	540	17,446
Comprehensive income:											
Net income		1,427							1,427	51	1,478
Foreign currency translation adjustments (net of tax of \$2)			(482)				(482)		(482)	(8)	(490)
Effect of change in fair value of available-for-sale securities (net of tax of \$(1))				(11)			(11)		(11)		(11)
Unrecognized income related to pensions and other postretirement plans (net of tax of \$31)					102		102		102	1	103
Change in derivatives qualifying as cash flow hedges (net of tax of \$(6))						(19)	(19)		(19)		(19)
Total comprehensive income									1,017	44	1,061
Changes in noncontrolling interests		(9)							(9)	8	(1)
Dividends paid to noncontrolling shareholders									-	(133)	(133)
Dividends paid		(1,667)							(1,667)		(1,667)
Share-based payment arrangements	32								32		32
Delivery of shares	(9)							11	2		2
Call options	13								13		13
Other	(1)								(1)		(1)
Balance at June 30, 2013	1,717	17,826	(1,062)	13	(1,902)	18	(2,933)	(317)	16,293	459	16,752

(\$ in millions)			Accumulated other comprehensive loss					Treasury stock	Total ABB stockholders' equity	Noncontrolling interests	Total stockholders' equity
	Capital stock and additional paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Unrealized gains (losses) or cash flow hedge derivatives	Total accumulated other comprehensive loss				
Balance at January 1, 2014	1,750	19,186	(431)	7	(1,610)	22	(2,012)	(246)	18,678	530	19,208
Comprehensive income:											
Net income		1,180							1,180	50	1,230
Foreign currency translation adjustments (net of tax of \$(8))			(88)				(88)		(88)	(4)	(92)
Effect of change in fair value of available-for-sale securities (net of tax of \$0)				3			3		3		3
Unrecognized income related to pensions and other postretirement plans (net of tax of \$19)					33		33		33		33
Change in derivatives qualifying as cash flow hedges (net of tax of \$(5))						(28)	(28)		(28)		(28)
Total comprehensive income									1,100	46	1,146
Dividends paid to noncontrolling shareholders									-	(131)	(131)
Dividends paid		(1,841)							(1,841)		(1,841)
Share-based payment arrangements	39								39		39
Purchases of treasury stock								(282)	(282)		(282)
Delivery of shares	(14)							40	26		26
Other	2								2		2
Balance at June 30, 2014	1,777	18,525	(519)	10	(1,577)	(6)	(2,092)	(488)	17,722	445	18,167

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