

ABB Ltd Interim Consolidated Income Statements (unaudited)

(\$ in millions, except per share data in \$)	Year ended		Three months ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Sales of products	33,279	35,282	8,545	9,549
Sales of services	6,551	6,566	1,801	1,824
Total revenues	39,830	41,848	10,346	11,373
Cost of products	(24,506)	(25,728)	(6,357)	(7,287)
Cost of services	(4,109)	(4,128)	(1,148)	(1,144)
Total cost of sales	(28,615)	(29,856)	(7,505)	(8,431)
Gross profit	11,215	11,992	2,841	2,942
Selling, general and administrative expenses	(6,067)	(6,094)	(1,497)	(1,670)
Non-order related research and development expenses	(1,499)	(1,470)	(387)	(415)
Other income (expense), net	529	(41)	92	(34)
Income from operations	4,178	4,387	1,049	823
Interest and dividend income	80	69	23	19
Interest and other finance expense	(362)	(390)	(107)	(91)
Income from continuing operations before taxes	3,896	4,066	965	751
Provision for taxes	(1,202)	(1,122)	(264)	(178)
Income from continuing operations, net of tax	2,694	2,944	701	573
Income (loss) from discontinued operations, net of tax	24	(37)	14	(22)
Net income	2,718	2,907	715	551
Net income attributable to noncontrolling interests	(124)	(120)	(35)	(26)
Net income attributable to ABB	2,594	2,787	680	525
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	2,570	2,824	666	547
Net income	2,594	2,787	680	525
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.12	1.23	0.29	0.24
Net income	1.13	1.21	0.30	0.23
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.12	1.23	0.29	0.24
Net income	1.13	1.21	0.30	0.23
Weighted-average number of shares outstanding (in millions) used to compute:				
Basic earnings per share attributable to ABB shareholders	2,288	2,297	2,266	2,299
Diluted earnings per share attributable to ABB shareholders	2,295	2,305	2,272	2,308

See Notes to the Interim Consolidated Financial Information

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

<i>(\$ in millions)</i>	Year ended		Three months ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Total comprehensive income, net of tax	480	3,413	(486)	1,037
Total comprehensive income attributable to noncontrolling interests, net of tax	(115)	(115)	(36)	(31)
Total comprehensive income attributable to ABB shareholders, net of tax	365	3,298	(522)	1,006

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Balance Sheets (unaudited)

<i>(\$ in millions, except share data)</i>	Dec. 31, 2014	Dec. 31, 2013
Cash and equivalents	5,443	6,021
Marketable securities and short-term investments	1,325	464
Receivables, net	11,078	12,146
Inventories, net	5,376	6,004
Prepaid expenses	218	252
Deferred taxes	902	832
Other current assets	644	706
Total current assets	24,986	26,425
Property, plant and equipment, net	5,652	6,254
Goodwill	10,053	10,670
Other intangible assets, net	2,702	3,297
Prepaid pension and other employee benefits	70	93
Investments in equity-accounted companies	177	197
Deferred taxes	511	370
Other non-current assets	727	758
Total assets	44,878	48,064
Accounts payable, trade	4,765	5,112
Billings in excess of sales	1,455	1,714
Short-term debt and current maturities of long-term debt	353	453
Advances from customers	1,624	1,726
Deferred taxes	289	259
Provisions for warranties	1,148	1,362
Other provisions	1,689	1,807
Other current liabilities	4,257	4,242
Total current liabilities	15,580	16,675
Long-term debt	7,338	7,570
Pension and other employee benefits	2,394	1,639
Deferred taxes	1,165	1,265
Other non-current liabilities	1,586	1,707
Total liabilities	28,063	28,856
Commitments and contingencies		
Stockholders' equity:		
Capital stock and additional paid-in capital (2,314,743,264 issued shares at December 31, 2014 and 2013)	1,777	1,750
Retained earnings	19,939	19,186
Accumulated other comprehensive loss	(4,241)	(2,012)
Treasury stock, at cost (55,843,639 and 14,093,960 shares at December 31, 2014 and 2013, respectively)	(1,206)	(246)
Total ABB stockholders' equity	16,269	18,678
Noncontrolling interests	546	530
Total stockholders' equity	16,815	19,208
Total liabilities and stockholders' equity	44,878	48,064

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Statements of Cash Flows (unaudited)

(\$ in millions)	Year ended		Three months ended	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Operating activities:				
Net income	2,718	2,907	715	551
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation and amortization	1,305	1,318	317	352
Pension and other employee benefits	16	6	21	17
Deferred taxes	65	(137)	31	(126)
Net loss (gain) from sale of property, plant and equipment	(17)	(18)	(2)	2
Net loss (gain) from sale of businesses	(543)	16	(98)	11
Other	112	79	45	24
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, net	(12)	(571)	399	475
Inventories, net	(176)	324	336	633
Trade payables	257	(43)	113	(29)
Accrued liabilities	9	71	(43)	12
Billings in excess of sales	(118)	(168)	(51)	(46)
Provisions, net	(127)	199	47	248
Advances from customers	39	(145)	62	(38)
Income taxes payable and receivable	(13)	(18)	(185)	(55)
Other assets and liabilities, net	330	(167)	126	61
Net cash provided by operating activities	3,845	3,653	1,833	2,092
Investing activities:				
Purchases of marketable securities (available-for-sale)	(1,430)	(526)	(594)	(102)
Purchases of short-term investments	(1,465)	(30)	(432)	(21)
Purchases of property, plant and equipment and intangible assets	(1,026)	(1,106)	(384)	(414)
Acquisition of businesses (net of cash acquired) and increases in cost- and equity-accounted companies	(70)	(914)	(47)	(31)
Proceeds from sales of marketable securities (available-for-sale)	361	1,367	274	5
Proceeds from maturity of marketable securities (available-for-sale)	523	118	288	4
Proceeds from short-term investments	1,011	47	684	6
Proceeds from sales of property, plant and equipment	33	80	7	9
Proceeds from sales of businesses (net of transaction costs and cash disposed) and cost- and equity-accounted companies	1,110	62	119	51
Other investing activities	(168)	185	(174)	148
Net cash used in investing activities	(1,121)	(717)	(259)	(345)
Financing activities:				
Net changes in debt with original maturities of 90 days or less	(103)	(697)	(94)	(140)
Increase in debt	150	492	19	50
Repayment of debt	(90)	(1,893)	(39)	(70)
Delivery of shares	38	74	12	71
Purchases of treasury stock	(1,003)	-	(542)	-
Dividends paid	(1,841)	(1,667)	-	-
Dividends paid to noncontrolling shareholders	(132)	(149)	(6)	(16)
Other financing activities	(43)	(16)	(16)	25
Net cash used in financing activities	(3,024)	(3,856)	(666)	(80)
Effects of exchange rate changes on cash and equivalents	(278)	66	(98)	58
Net change in cash and equivalents - continuing operations	(578)	(854)	810	1,725
Cash and equivalents, beginning of period	6,021	6,875	4,633	4,296
Cash and equivalents, end of period	5,443	6,021	5,443	6,021
Supplementary disclosure of cash flow information:				
Interest paid	259	287	84	108
Taxes paid	1,155	1,278	409	394

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										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) of cash flow hedges derivatives	Total accumulated other comprehensive loss	Treasury stock					
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		2,787							2,787	120	2,907		
Foreign currency translation adjustments, net of tax of \$(8)			149				149		149	(8)	141		
Effect of change in fair value of available-for-sale securities, net of tax of \$(1)				(17)			(17)		(17)		(17)		
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$171					394		394		394	3	397		
Change in derivatives qualifying as cash flow hedges, net of tax of \$(6)						(15)	(15)		(15)		(15)		
Total comprehensive income									3,298	115	3,413		
Changes in noncontrolling interests	(17)								(17)	25	8		
Dividends paid to noncontrolling shareholders										(150)	(150)		
Dividends paid		(1,667)							(1,667)		(1,667)		
Share-based payment arrangements	71								71		71		
Delivery of shares	(8)							82	74		74		
Call options	13								13		13		
Replacement options issued in connection with acquisition	2								2		2		
Other	(2)								(2)		(2)		
Balance at December 31, 2013	1,750	19,186	(431)	7	(1,610)	22	(2,012)	(246)	18,678	530	19,208		

(\$ in millions)	Accumulated other comprehensive loss										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) of cash flow hedges derivatives	Total accumulated other comprehensive loss	Treasury stock					
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		2,594							2,594	124	2,718		
Foreign currency translation adjustments, net of tax of \$(11)			(1,671)				(1,671)		(1,671)	(9)	(1,680)		
Effect of change in fair value of available-for-sale securities, net of tax of \$1				6			6		6		6		
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$(193)					(521)		(521)		(521)		(521)		
Change in derivatives qualifying as cash flow hedges, net of tax of \$(12)						(43)	(43)		(43)		(43)		
Total comprehensive income									365	115	480		
Changes in noncontrolling interests	(34)								(34)	33	(1)		
Dividends paid to noncontrolling shareholders										(132)	(132)		
Dividends paid		(1,841)							(1,841)		(1,841)		
Share-based payment arrangements	73								73		73		
Purchases of treasury stock								(1,015)	(1,015)		(1,015)		
Delivery of shares	(17)							55	38		38		
Call options	5								5		5		
Balance at December 31, 2014	1,777	19,939	(2,102)	13	(2,131)	(21)	(4,241)	(1,206)	16,269	546	16,815		

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