ABB LTD
Form 6-K
February 18, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of February 2014

Commission File Number 001-16429

ABB Ltd

(Translation of registrant s name into English)

P.O. Box 1831, Affolternstrasse 44, CH-8050, Zurich, Switzerland

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indication by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

This Form 6-K consists of the following:

1. Press release issued by ABB Ltd dated February 13, 2014.

2. Announcements regarding transactions in ABB Ltd s Securities made by the directors or the members of the Executive Committee.

The information provided by Item 1 above is deemed filed for all purposes under the Securities Exchange Act of 1934.

Press Release

Record revenues, higher earnings and free cash flow - increased dividend proposed

- Record annual revenues(1); higher operational EBITDA(2) and earnings per share vs 2012
- Free cash flow(3) and operational EBITDA margin up despite Power Systems setback
- Solid execution on cost yields savings of $1.2 billion
- Early-cycle orders continue positive trend; large order intake remains low
- Board recommends 5th consecutive dividend increase to CHF 0.70 per share
- Systematic and robust approach for shareholder value creation via profitable growth, business-led collaboration, relentless execution

Zurich, Switzerland, Feb. 13, 2014 ABB today reported record full-year revenues and higher operational EBITDA, net income and free cash flow despite a challenging market environment. The Board of Directors has proposed to increase the dividend for 2013 to CHF 0.70 per share.

These solid results, delivered in a mixed business climate and despite the setback in Power Systems, show the strength of ABB and our global team, said ABB Chief Executive Officer Ulrich Spiesshofer. Our expanded product and geographic scope enabled us to increase profitability in automation, while we continued to generate market-leading returns in Power Products. We are confident Power Systems will deliver higher, more consistent returns once certain legacy projects have been executed and actions to improve risk and project management are complete.

We again demonstrated good execution on costs savings and strong cash performance, allowing us to return a higher dividend to shareholders for the 5th consecutive year, he said.

Early-cycle demand continued to trend positively in the second half of 2013 but was offset by delayed large project awards, leading to a lower order backlog at the end of the year. Orders also declined due to the effects of increased order selectivity in the Power Systems division.

We confirm our margin and cash conversion targets, which are important health indicators for an industrial business, Spiesshofer said. Our current revenue CAGR expectation over the planning cycle reflects the slower than originally expected global economic recovery and the PS realignment. We aim to deliver attractive mid-teen CROI and continue to drive EPS growth over the current planning cycle of 2011-2015. We will share with the market our strategic ambitions and long-term financial targets in September.

For 2014 we have a clear action plan with a focus on organic growth, further cost savings, higher cash flow generation and more consistent returns in Power Systems, he said. Our strong financial position gives us full flexibility to accomplish these goals, even in uncertain times. We are taking a systematic and robust approach to increasing shareholder value based on profitable growth, business-led collaboration and relentless execution.

2013 Q4 and full-year key figures

			Change				Change		
$ millions unless otherwise indicated	**Q4 13**	**Q4 12**	**US$**	**Local**	**FY 2013**	**FY 2012(4)**	**US$**	**Local**	**Organic(5)**
Orders	10,003	10,517	*-5%*	*-4%*	38,896	40,232	*-3%*	*-3%*	*-5%*
Order backlog (end Dec)	26,046	*29,298*	*-11%*	*-10%*					
Revenues	11,373	11,021	*+3%*	*+4%*	41,848	39,336	*+6%*	*+7%*	*+5%*
Income from operations	823	863	*-5%*		4,387	4,058	*+8%*		
as % of revenues	7.2%	7.8%			10.5%	10.3%			
Operational EBITDA	1,418	1,373	*+3%*		6,075	5,555	*+9%*		
as % of operational revenues3	12.5%	12.5%			14.5%	14.2%			
Net income	525	604	*-13%*		2,787	2,704	*+3%*		
Basic net income per share ($)	0.23	0.26	*-12%*		1.21	1.18	*+3%*		
Dividend per share (CHF)*					0.70	0.68			
Cash from operating activities	2,092	2,438	*-14%*		3,653	3,779	*-3%*		
Free cash flow3					2,632	2,555	*+3%*		
as % of net income					94%	94%			
Cash return on invested capital3					11.6%	12.1%			

* Proposed by the Board of Directors for FY 2013

Summary of Q4 results

Growth overview

Global economic conditions remained mixed through the fourth quarter of 2013, varying by industry sector and region. Demand increased among earlier-cycle general industry customers, reflecting improved macroeconomic indicators in many regions, while customers in late-cycle infrastructure industries, such as utilities and mining companies, continued their cautious spending.

ABB s fourth-quarter base orders (below $15 million) increased 4 percent on growth in most of ABB s early-cycle product businesses, continuing the trend seen in earlier quarters. Growth was achieved in businesses such as breakers, switches, motors and drives. The robotics business continued its successful penetration of the general industry sector.

Large orders (above $15 million) declined 36 percent, partly due to continued postponement of customer capital investments in large infrastructure projects as well as ABB s order selectivity aimed at winning higher value-added awards. Large orders represented 14 percent of total orders received in the quarter, compared to 20 percent in the same quarter in 2012.

Service orders increased 15 percent in the fourth quarter and represented 17 percent of total orders versus 15 percent in the year-earlier period. Excluding Thomas & Betts and Baldor, service orders represented 19 percent of total orders.

Revenues were steady to higher in all divisions in the fourth quarter. Service revenues increased in line with total revenues and represented 16 percent of total revenues, the same as in the comparable quarter a year ago.

The order backlog at the end of December amounted to $26 billion, a local-currency decline of 10 percent compared with the end of the fourth quarter of 2012, and down 5 percent versus the end of the third quarter in 2013. The decrease reflects the lower large order intake during 2013.

Q4 2013 orders received and revenues by region

	Orders received		**Change**		**Revenues**		**Change**	
$ millions	**Q4 13**	**Q4 12**	**US$**	**Local**	**Q4 13**	**Q4 12**	**US$**	**Local**
Europe	3,300	3,533	*-7%*	*-9%*	3,903	3,818	*2%*	
Americas	3,024	3,451	*-12%*	*-10%*	3,223	3,047	*6%*	*9%*
Asia	2,523	2,490	*1%*	*5%*	3,067	3,007	*2%*	*5%*
Middle East and Africa	1,156	1,043	*11%*	*9%*	1,180	1,149	*3%*	*6%*
Group total	**10,003**	**10,517**	***-5%***	***-4%***	**11,373**	**11,021**	***3%***	***4%***

In Europe, strong order growth in Germany led by automotive and transmission investments partly compensated order declines in the Nordic countries and eastern Europe.

In the Americas, strong automation order growth in the US was reflected in a double-digit increase in US base orders, whereas large orders declined, mainly in the US, Canada and Brazil.

Asia orders increased 5 percent on higher demand in India, South Korea and Australia. Orders decreased in China, mainly reflecting lower large orders.

Orders increased in the Middle East and Africa on demand for upstream oil and gas products and systems as well as power equipment to reinforce the grid.

Press Release

2013 Q4 orders received and revenues by division

$ millions unless otherwise indicated	Orders received Q4 2013	Orders received Q4 2012	Change in US$	Change in local currency	Revenues Q4 2013	Revenues Q4 2012	Change in US$	Change in local currency
Discrete Automation and Motion	2,484	2,253	*10%*	*10%*	2,687	2,489	*8%*	*8%*
Low Voltage Products	1,844	1,867	*-1%*	*-2%*	2,022	1,970	*3%*	*2%*
Process Automation	2,024	2,211	*-8%*	*-7%*	2,261	2,230	*1%*	*3%*
Power Products	2,554	2,731	*-6%*	*-6%*	3,070	3,068		*1%*
Power Systems	1,789	2,360	*-24%*	*-23%*	2,300	2,272	*1%*	*4%*
Corporate and other *(incl. inter-division eliminations)*	(692)	(905)			(967)	(1,008)		
ABB Group	**10,003**	**10,517**	***-5%***	***-4%***	**11,373**	**11,021**	***3%***	***4%***

Discrete Automation and Motion: Orders grew across all businesses and most regions, led by demand for early-cycle products aimed at improving industrial productivity, as well as robotics solutions in both general industry and the automotive sector. Revenues increased on execution of the order backlog, especially in robotics. The Power-One acquisition, completed in the third quarter, also contributed to the growth in orders and revenues.

Low Voltage Products: Orders for early-cycle products such as circuit breakers, control products and wiring accessories increased in most regions in the quarter, in line with general economic growth, but were offset by lower orders in later-cycle products and systems businesses in mining and power utilities industries. Revenues were higher, supported by strong service revenue growth.

Process Automation: Higher orders from oil and gas customers were more than offset by order declines in most other sectors compared to the same quarter a year earlier. Large order awards continued to be delayed or postponed, especially in the mining sector. Product orders were also slightly lower, despite a modest increase in turbocharging. Geographically, orders were higher in Asia but declined in Europe and the Americas. Revenues increased on successful execution of the backlog, especially in the marine and mining businesses. Service revenues remained stable versus the same quarter a year ago.

Power Products: Demand from industrial and power distribution customers continued to offer opportunities, while investments in power transmission projects remained selective. Service revenues continued to grow. Revenues were stable, mainly reflecting the conversion of the order backlog.

Power Systems: Base orders in the quarter remained at the same level as a year ago. Large orders continued to decline as a result of project award postponements and greater order selectivity that is part of the division s strategic repositioning. Despite these declines total revenues increased.

Earnings overview

Operational EBITDA

Operational EBITDA in the fourth quarter of 2013 amounted to $1.4 billion, 3 percent above the year-earlier period, despite previously-announced charges of approximately $260 million related to project delays and operational issues in the Power Systems division. Operational EBITDA was higher in all divisions compared to the fourth quarter of 2012, including in the Power Systems division, which also reported charges to improve operational performance in the same quarter a year earlier. The operational EBITDA margin increased in the Power Products, Low Voltage Products and Process Automation divisions and was lower in Discrete Automation and Motion, reflecting the dilutive impact of the Power-One acquisition completed in the third quarter of 2013.

Cost savings of approximately $350 million in the quarter and further productivity improvements more than compensated pricing pressures. Full-year cost savings amounted to approximately $1.2 billion.

Net income

Net income for the quarter decreased 13 percent to $525 million and included approximately $350 million of depreciation and amortization, of which $104 million of amortization was related to acquisitions.

Restructuring-related charges amounted to approximately $160 million, including the additional $50 million in the Power Systems division announced previously. Acquisition-related expenses and certain non-operational items were approximately $90 million, related mainly to changes in legal provisions, charges associated with the acquisition of Power-One, and losses on the sale of some non-core businesses.

Net financial expenses increased to $72 million from $37 million in the same quarter in 2012, reflecting benefits recorded in 2012 upon resolution of certain tax contingencies that were not repeated in 2013. The provision for taxes amounted to $178 million in the fourth quarter and $1.1 billion for the full year, leading to a full-year tax rate of approximately 28 percent. A loss of $22 million in discontinued operations was related to charges associated with previously disposed businesses.

Basic earnings per share amounted to $0.23 in the fourth quarter and were $1.21 for the full year.

2013 Q4 earnings and cash flows by division

$ millions unless	Operational EBITDA	Change	Operational EBITDA margin	Cash flows from operating activities	Change

otherwise indicated	Q4 2013	Q4 2012	in US$	Q4 2013	Q4 2012	Q4 2013	Q4 2012	in US$
Discrete Automation and Motion	463	435	*6%*	17.2%	17.5%	459	459	
Low Voltage Products	386	370	*4%*	19.1%	18.8%	458	539	*-15%*
Process Automation	296	259	*14%*	13.1%	11.6%	313	334	*-6%*
Power Products	467	461	*1%*	15.2%	15.1%	802	510	*57%*
Power Systems	(50)	(55)	*9%*	-2.2%	-2.4%	250	440	*-43%*
Corporate and other *(incl. inter- division eliminations)*	(144)	(97)				(190)	156	
ABB Group	**1,418**	**1,373**	***3%***	**12.5%**	**12.5%**	**2,092**	**2,438**	***-14%***

Discrete Automation and Motion: Operational EBITDA increased on higher revenues, while operational EBITDA margin was slightly lower, the result of the dilutive effect of the Power-One acquisition.

Low Voltage Products: Operational EBITDA and margin increased on a combination of higher revenues and continued successful cost management. Strong service revenues also supported profitability.

Process Automation: Higher revenues, strict cost control and improved project execution drove the increase in operational EBITDA and margin.

Power Products: Operational EBITDA and margin were maintained at the previous year s levels, driven by steady revenues and continued cost focus.

Power Systems: Previously-announced charges of approximately $260 million related to the offshore wind business and to support actions needed to complete a number of legacy projects currently being executed from the order backlog outweighed improved profitability in most businesses on successful cost management and better execution in the majority of the project portfolio.

Cash flow and balance sheet

Total debt amounted to $8 billion compared with $10 billion at the end of 2012, reflecting a bond repayment and reduced short-term debt.

ABB reported cash flow from operations of $2.1 billion in the fourth quarter, with a significant increase in cash flows from the Power Products division that offset decreases in the other divisions compared to a record quarter for cash generation in 2012. Net working capital as a share of revenues(3) amounted to 15 percent compared with 14 percent in the same quarter of 2012.

Net debt(3) at the end of the fourth quarter declined to $1.5 billion compared with $1.6 billion at the end of 2012.

Free cash flow(3) for the full year 2013 amounted to $2.6 billion, representing a conversion rate(3) of 94 percent of net income, in line with the company s 2011-15 target to achieve an average free cash flow conversion rate above 90 percent. Included in free cash flow are net capital expenditures of approximately $1 billion, an 18-percent decrease versus 2012.

Cash return on invested capital (CROI)(3) for the full year 2013 amounted to 11.6 percent compared with 12.1 percent a year earlier, mainly the result of lower cash returns in the Power Systems division.

Dividend

ABB s Board of Directors has proposed to increase the dividend for 2013 to 0.70 Swiss francs per share, compared with 0.68 Swiss francs per share in the prior year. The proposal is in line with the company s dividend policy to pay a steadily rising, sustainable dividend over time. As in previous years, the Board proposes that the dividend be paid from ABB Ltd s capital contribution reserve, a form of payment that would be exempt from Swiss withholding tax. If approved by shareholders at the company s annual general meeting on April 30, 2014, the ex-dividend date would be May 5, 2014. The dividend payout dates would be May 8, 2014, for shares traded on the SIX Swiss Exchange, May 12 for shares traded on the NASDAQ OMX exchange in Sweden, and May 15 for American Depositary Shares traded on the New York Stock Exchange in the US.

Management changes

ABB announced in November the appointment of Claudio Facchin as head of the Power Systems division, effective December 1. Also during the fourth quarter, Jean-Christophe Deslarzes took up his previously-announced appointment to the Executive Committee as head of Human Resources, effective November 15. Greg Scheu also assumed his new role on the Executive Committee as head of North America and the company s global acquisition integration.

Outlook

The long-term demand outlook for our businesses remains clearly positive. The need for efficient and reliable electricity transmission and distribution will continue to increase, driven by factors such as: accelerating urbanization in emerging markets; actions to address global warming; the rapidly increasing power needs from digitization; and the refurbishment of aging power grids. At the same time, demand for industrial automation solutions will grow as customers strive to improve productivity, efficiency, product quality, and safety. ABB is well positioned to tap these opportunities for long-term profitable growth with its strong market presence, broad geographic and business scope, technology leadership and financial strength.

In the short term, there are some positive early-cycle macroeconomic signs, such as strengthening growth in the US and the more encouraging growth in many parts of Europe. However, there are also some uncertainties related to the impacts of quantitative easing and the speed and strength of economic development in the emerging markets, especially China.

In this market environment, ABB s management team aims to systematically drive profitable organic growth through increased market penetration, generating more revenues from our pipeline of new product innovations, and expanding into new attractive market segments. In addition, management intends to accelerate business-led collaboration, such as further developing the service business, driving the successful integration of acquired businesses and increasing ABB s productivity by focusing internal support activities on the needs of customers. A third priority is relentless execution, especially in the areas of cost savings, cash flow generation and returning the Power Systems division to higher and more consistent returns.

2011-15 targets

ABB confirms its 2011-15 Group targets for operational EBITDA margin and free cash flow conversion. The company currently expects to deliver cash return on invested capital in the mid-teens. As the result of lower-than-expected GDP growth and customer capital expenditures in 2013, as well as from the impact of greater order selectivity in Power Systems, revenue growth CAGR (compound annual growth rate) over the period is now expected to be 4-5 percent. (This is comparable to the previously- communicated CAGR target of 5.5-8.5 percent based on 2010 revenues and excluding all acquisitions greater than $50 million in revenues closed after 2011 as well as Baldor, Ventyx and Mincom. The equivalent revenue CAGR target including Baldor, Ventyx and Mincom was 7-10 percent, as previously communicated.) The company expects 2014 to be a challenging year for revenue growth but expects to return to its pre-2013 growth trajectory in 2015. ABB will drive basic earnings per share growth CAGR towards the lower end of its target corridor of 10-15 percent.

More information

The 2013 Q4 results press release and presentation slides are available on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations.

ABB will host a press conference and conference call today in Zurich, Switzerland, starting at 09:30 a.m. Central European Time (CET). The event will be accessible by conference call. U.K. callers should dial +44 203 059 58 62. From Sweden, the number is +46 8 5051 00 31, and from the rest of Europe, +41 (0)58 310 50 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: +44 207 108 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 866 416 2558 (U.S./Canada). The code is 14073, followed by the # key.

A conference call for analysts and investors is scheduled to begin today at 2:00 p.m. CET (8:00 a.m. EST). Callers should dial +1 866 291 41 66 from the US/Canada (toll-free), +44 203 059 58 62 from the U.K., +46 8 5051 00 31 from Sweden or +41 58 310 50 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. The 2013 full-year results presentation will be broadcast live via the Internet and will be archived at www.abb.com/investorrelations for one month from approximately two hours after the live Webcast.

Investor calendar 2014	
Annual Report 2013 publication	March 7, 2014
First-quarter 2014 results	April 29, 2014
Annual General Meeting Zurich, Switzerland	April 30, 2014
Second-quarter 2014 results	July 23, 2014
Capital Markets Day	September 9, 2014
Third-quarter 2014 results	October 22, 2014

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 150,000 people.

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 sim 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.

Zurich, February 13, 2014
Ulrich Spiesshofer, CEO

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Key figures

$ millions unless otherwise indicated		Q4 13	Q4 12	Change US$	Change Local	FY 2013	FY 2012	Change US$	Change Local
Orders	**ABB Group**	**10,003**	**10,517**	***-5%***	***-4%***	**38,896**	**40,232**	***-3%***	***-3%***
	Discrete Automation and Motion	2,484	2,253	*10%*	*10%*	9,771	9,625	*2%*	*2%*
	Low Voltage Products	1,844	1,867	*-1%*	*-2%*	7,696	6,720	*15%*	*14%*
	Process Automation	2,024	2,211	*-8%*	*-7%*	8,000	8,704	*-8%*	*-8%*
	Power Products	2,554	2,731	*-6%*	*-6%*	10,459	11,040	*-5%*	*-5%*
	Power Systems	1,789	2,360	*-24%*	*-23%*	5,949	7,973	*-25%*	*-25%*
	Corporate and other *(incl. inter-division eliminations)*	(692)	(905)			(2,979)	(3,830)		
Revenues	**ABB Group**	**11,373**	**11,021**	***3%***	***4%***	**41,848**	**39,336**	***6%***	***7%***
	Discrete Automation and Motion	2,687	2,489	*8%*	*8%*	9,915	9,405	*5%*	*5%*
	Low Voltage Products	2,022	1,970	*3%*	*2%*	7,729	6,638	*16%*	*16%*
	Process Automation	2,261	2,230	*1%*	*3%*	8,497	8,156	*4%*	*5%*
	Power Products	3,070	3,068		*1%*	11,032	10,717	*3%*	*3%*
	Power Systems	2,300	2,272	*1%*	*4%*	8,375	7,852	*7%*	*8%*
	Corporate and other *(incl. inter-division eliminations)*	(967)	(1,008)			(3,700)	(3,432)		
Income from operations	**ABB Group**	**823**	**863**	***-5%***		**4,387**	**4,058**	***8%***	
	Discrete Automation and Motion	357	371	*-4%*		1,458	1,469	*-1%*	
	Low Voltage Products	283	259	*9%*		1,092	856	*28%*	
	Process Automation	263	222	*18%*		990	912	*9%*	
	Power Products	356	379	*-6%*		1,331	1,328	*0%*	
	Power Systems	(169)	(190)	*11%*		171	7	*n.a.*	
	Corporate and other *(incl. inter-division eliminations)*	(267)	(178)			(655)	(514)		
Income from operations %	**ABB Group**	**7.2%**	**7.8%**			**10.5%**	**10.3%**		
	Discrete Automation and Motion	13.3%	14.9%			14.7%	15.6%		
	Low Voltage Products	14.0%	13.1%			14.1%	12.9%		
	Process Automation	11.6%	10.0%			11.7%	11.2%		
	Power Products	11.6%	12.4%			12.1%	12.4%		
	Power Systems	-7.3%	-8.4%			2.0%	0.1%		
Operational EBITDA	**ABB Group**	**1,418**	**1,373**	***3%***		**6,075**	**5,555**	***9%***	
	Discrete Automation and Motion	463	435	*6%*		1,783	1,735	*3%*	
	Low Voltage Products	386	370	*4%*		1,468	1,219	*20%*	
	Process Automation	296	259	*14%*		1,096	1,003	*9%*	
	Power Products	467	461	*1%*		1,637	1,585	*3%*	
	Power Systems	(50)	(55)	*9%*		419	290	*44%*	
	Corporate and other *(incl. inter-division eliminations)*	(144)	(97)			(328)	(277)		
Operational EBITDA %	**ABB Group**	**12.5%**	**12.5%**			**14.5%**	**14.2%**		
	Discrete Automation and Motion	17.2%	17.5%			18.0%	18.4%		
	Low Voltage Products	19.1%	18.8%			19.0%	18.4%		
	Process Automation	13.1%	11.6%			12.9%	12.3%		
	Power Products	15.2%	15.1%			14.8%	14.8%		
	Power Systems	-2.2%	-2.4%			5.0%	3.7%		

Orders received and revenues by region

	Orders received		Change		Revenues		Change	
$ millions	**FY 2013**	**FY 2012**	**US$**	**Local**	**FY 2013**	**FY 2012**	**US$**	**Local**
Europe	13,334	13,512	*-1%*	*-3%*	14,385	14,073	*2%*	
The Americas	11,365	12,152	*-6%*	*-5%*	12,115	10,699	*13%*	*15%*
Asia	10,331	10,346		*1%*	11,230	10,750	*4%*	*6%*
Middle East and Africa	3,866	4,222	*-8%*	*-7%*	4,118	3,814	*8%*	*11%*
Group total	**38,896**	**40,232**	***-3%***	***-3%***	**41,848**	**39,336**	***6%***	***7%***

Operational EBITDA

	ABB		Discrete Automation and Motion		Low Voltage Products		Process Automation		Power Products		Power Systems	
$ millions unless otherwise indicated	**Q4 13**	**Q4 12**	**Q4 13**	**Q4 12**	**Q4 13**	**Q4 12**	**Q4 13**	**Q4 12**	**Q4 13**	**Q4 12**	**Q4 13**	**Q4 12**
Revenues	**11,373**	**11,021**	**2,687**	**2,489**	**2,022**	**1,970**	**2,261**	**2,230**	**3,070**	**3,068**	**2,300**	**2,272**
FX/commodity timing differences on Revenues	13	(18)	(2)	(1)	(1)	(5)	5	2	12	(16)	(1)	4
Operational revenues	**11,386**	**11,003**	**2,685**	**2,488**	**2,021**	**1,965**	**2,266**	**2,232**	**3,082**	**3,052**	**2,299**	**2,276**
Income from operations	**823**	**863**	**357**	**371**	**283**	**259**	**263**	**222**	**356**	**379**	**(169)**	**(190)**
Depreciation	227	210	42	37	50	56	17	16	53	45	23	19
Amortization	125	131	39	34	32	35	5	6	7	9	25	26
including total acquisition-related amortization of	*104*	*107*	*36*	*31*	*30*	*33*	*3*	*4*	*5*	*7*	*22*	*23*
Restructuring and restructuring-related expenses	158	125	12	(9)	14	13	17	21	28	38	85	49
Acquisition-related expenses and certain non-operational items	89	79	14	1	7	2	(8)	1	9		3	67
FX/commodity timing differences in income from operations	(4)	(35)	(1)	1		5	2	(7)	14	(10)	(17)	(26)
Operational EBITDA	**1,418**	**1,373**	**463**	**435**	**386**	**370**	**296**	**259**	**467**	**461**	**(50)**	**(55)**
Operational EBITDA margin (%)	**12.5%**	**12.5%**	**17.2%**	**17.5%**	**19.1%**	**18.8%**	**13.1%**	**11.6%**	**15.2%**	**15.1%**	**-2.2%**	**-2.4%**

(1) Management discussion of orders and revenues focuses on local currency changes. U.S. dollar changes are reported in the results tables

(2) See Reconciliation of operational EBITDA to Income from continuing operations before taxes in Note 14 to the Interim Consolidated Financial Information (unaudited)

(3) For reconciliation of non-GAAP measures, see the Supplemental financial information attachment to the Press Release

(4) FY 2012 figures include the results of Thomas & Betts for the period mid-May to December 2012.

(5) Organic changes exclude Thomas & Betts for the periods January to June in both 2013 and 2012

Supplemental financial information

December 31, 2013

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 the year and three months ended December 31, 2013.

Operational EBITDA margin

Definition

Operational EBITDA

Operational EBITDA represents income from operations excluding depreciation and amortization, restructuring and restructuring-related expenses, and 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.

Reconciliation

	Year ended December 31, 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**
Total revenues	**9,915**	**7,729**	**8,497**	**11,032**	**8,375**	**(3,700)**	**41,848**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	(9)	5	14	6	(1)		15
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1		7	7	(10)		5
Unrealized foreign exchange movements on receivables (and related assets)	(2)	(4)	(5)	(9)	5		(15)
Operational revenues	**9,905**	**7,730**	**8,513**	**11,036**	**8,369**	**(3,700)**	**41,853**
Income from operations	**1,458**	**1,092**	**990**	**1,331**	**171**	**(655)**	**4,387**
Depreciation and amortization	285	323	87	223	183	217	1,318
Restructuring and restructuring-related expenses	19	31	31	66	101	4	252
Acquisition-related expenses and certain non-operational items	33	16	(6)	19	4	115	181
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(14)	8	(6)	(12)	(28)	(8)	(60)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1			6	(21)		(14)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	1	(2)		4	9	(1)	11
Operational EBITDA	**1,783**	**1,468**	**1,096**	**1,637**	**419**	**(328)**	**6,075**
Operational EBITDA margin (%)	**18.0%**	**19.0%**	**12.9%**	**14.8%**	**5.0%**		**14.5%**

($ 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
	Year ended December 31, 2012						
Total revenues	**9,405**	**6,638**	**8,156**	**10,717**	**7,852**	**(3,432)**	**39,336**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	3	(17)	(18)	(30)	(68)	(1)	(131)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized			(4)	2	23		21
Unrealized foreign exchange movements on receivables (and related assets)	(3)	5		13	5		20
Operational revenues	**9,405**	**6,626**	**8,134**	**10,702**	**7,812**	**(3,433)**	**39,246**
Income from operations	**1,469**	**856**	**912**	**1,328**	**7**	**(514)**	**4,058**
Depreciation and amortization	263	250	82	209	174	204	1,182
Restructuring and restructuring-related expenses	(4)	23	28	65	52	16	180
Acquisition-related expenses and certain non-operational items	8	106	2	1	70	12	199
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(2)	(21)	(27)	(43)	(44)	2	(135)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)		2	6	21		28
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	2	5	4	19	10	3	43
Operational EBITDA	**1,735**	**1,219**	**1,003**	**1,585**	**290**	**(277)**	**5,555**
Operational EBITDA margin (%)	**18.4%**	**18.4%**	**12.3%**	**14.8%**	**3.7%**		**14.2%**

($ 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
	Three months ended December 31, 2013						
Total revenues	**2,687**	**2,022**	**2,261**	**3,070**	**2,300**	**(967)**	**11,373**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives		1	8	3	6		18
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1		(2)	2	(6)		(5)
Unrealized foreign exchange movements on receivables (and related assets)	(3)	(2)	(1)	7	(1)		
Operational revenues	**2,685**	**2,021**	**2,266**	**3,082**	**2,299**	**(967)**	**11,386**
Income from operations	**357**	**283**	**263**	**356**	**(169)**	**(267)**	**823**
Depreciation and amortization	81	82	22	60	48	59	352
Restructuring and restructuring-related expenses	12	14	17	28	85	2	158
Acquisition-related expenses and certain non-operational items	14	7	(8)	9	3	64	89
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	1	1	6			(1)	7
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized			(4)	2	(18)		(20)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(2)	(1)		12	1	(1)	9
Operational EBITDA	**463**	**386**	**296**	**467**	**(50)**	**(144)**	**1,418**
Operational EBITDA margin (%)	**17.2%**	**19.1%**	**13.1%**	**15.2%**	**-2.2%**		**12.5%**

($ 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
	Three months ended December 31, 2012						
Total revenues	**2,489**	**1,970**	**2,230**	**3,068**	**2,272**	**(1,008)**	**11,021**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	(2)	(4)	4	(8)	23		13
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1		(1)		(17)	(1)	(18)
Unrealized foreign exchange movements on receivables (and related assets)		(1)	(1)	(8)	(2)	(1)	(13)
Operational revenues	**2,488**	**1,965**	**2,232**	**3,052**	**2,276**	**(1,010)**	**11,003**
Income from operations	**371**	**259**	**222**	**379**	**(190)**	**(178)**	**863**
Depreciation and amortization	71	91	22	54	45	58	341
Restructuring and restructuring-related expenses	(9)	13	21	38	49	13	125
Acquisition-related expenses and certain non-operational items	1	2	1		67	8	79
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)		7	(5)	(6)	(7)	1	(10)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized			(1)		(20)	(1)	(22)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	1	(2)	(1)	(4)	1	2	(3)
Operational EBITDA	**435**	**370**	**259**	**461**	**(55)**	**(97)**	**1,373**
Operational EBITDA margin (%)	**17.5%**	**18.8%**	**11.6%**	**15.1%**	**-2.4%**		**12.5%**

Operational EPS

Definition

Operational net income

Operational net income is calculated as Net income attributable to ABB adjusted for the net-of-tax impact (using the Group s effective tax rate) of:

i) restructuring and restructuring-related expenses,

ii) 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.

Operational EPS

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

Reconciliation

	Year ended			
	December 31, 2013		December 31, 2012	
($ in millions, except per share data in $)		**EPS(1)**		**EPS(1)**
Net income (attributable to ABB)	**2,787**	**1.21**	**2,704**	**1.18**

Restructuring and restructuring-related expenses(2)	182	0.08	132	0.06
Acquisition-related expenses and certain non-operational items(2)	131	0.06	146	0.06
FX/commodity timing differences in Income from operations(2)	(46)	(0.02)	(47)	(0.02)
Amortization related to acquisitions(2)	282	0.12	263	0.11
Operational net income	**3,336**	**1.45**	**3,198**	**1.39**

	Three months ended			
	December 31, 2013		December 31, 2012	
($ in millions, except per share data in $)		**EPS(1)**		**EPS(1)**
Net income (attributable to ABB)	**525**	**0.23**	**604**	**0.26**
Restructuring and restructuring-related expenses(2)	121	0.05	94	0.04
Acquisition-related expenses and certain non-operational items(2)	68	0.03	60	0.03
FX/commodity timing differences in Income from operations(2)	(3)		(26)	(0.01)
Amortization related to acquisitions(2)	79	0.03	81	0.04
Operational net income	**790**	**0.34**	**813**	**0.35**

(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 Group effective tax rate.

Net cash / (Net debt)

Definition

Net cash / (Net debt)

Net cash / (Net debt) is defined as Cash and marketable securities less Total debt.

Cash and marketable securities

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

Total debt

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

Reconciliation

	December 31,					
($ in millions)	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Cash and equivalents	6,021	6,875	4,819	5,897	7,119	6,399
Marketable securities and short-term investments	464	1,606	948	2,713	2,433	1,354
Cash and marketable securities	**6,485**	**8,481**	**5,767**	**8,610**	**9,552**	**7,753**
Short-term debt and current maturities of long-term debt	453	2,537	765	1,043	161	354
Long-term debt	7,570	7,534	3,231	1,139	2,172	2,009
Total debt	**8,023**	**10,071**	**3,996**	**2,182**	**2,333**	**2,363**
Net cash / (Net debt)	**(1,538)**	**(1,590)**	**1,771**	**6,428**	**7,219**	**5,390**

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)	December 31, 2013	2012
Net debt (as defined above)	**1,538**	**1,590**
EBITDA		
Income from operations	4,387	4,058
Depreciation and amortization	1,318	1,182
Total EBITDA	**5,705**	**5,240**
Net debt to EBITDA	**0.3**	**0.3**

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).

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 estimate the 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

	December 31,	
($ in millions)	**2013**	**2012**
Receivables, net	12,146	11,575
Inventories, net	6,004	6,182
Prepaid expenses	252	311
Accounts payable, trade	(5,112)	(4,992)
Billings in excess of sales	(1,714)	(2,035)
Advances from customers	(1,726)	(1,937)
Other current liabilities(1)	(3,541)	(3,544)
Net working capital	**6,309**	**5,560**
Total revenues for the twelve months ended	41,848	39,336
Adjustment to annualize revenues of certain acquisitions(2)	460	915

Adjusted revenues for the trailing twelve months	**42,308**	**40,251**
Net working capital as a percentage of revenues	**15%**	**14%**

(1) Other current liabilities in Net working capital excludes $701 million and $793 million at December 31, 2013 and 2012, respectively, related primarily to: a) income taxes payable, b) current derivative liabilities, and c) pension and other employee benefits.

(2) Power-One, acquired in July 2013; Thomas & Betts, acquired in May 2012.

Finance net

Definition

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

Reconciliation

($ in millions)	Year ended December 31, 2013	2012
Interest and dividend income	69	73
Interest and other finance expense	(390)	(293)
Finance net	**(321)**	**(220)**

($ in millions)	Three months ended December 31, 2013	2012
Interest and dividend income	19	18
Interest and other finance expense	(91)	(55)
Finance net	**(72)**	**(37)**

Book-to-bill ratio

Definition

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

Reconciliation

($ in millions)	Year ended December 31, 2013
Orders received	38,896
Total revenues	41,848
Book-to-bill ratio	**0.93**

<u>Cash return on invested capital (CROI)</u>

Definition

Cash return on invested capital (CROI)

Cash return on invested capital is calculated as Adjusted cash return divided by Capital invested.

Adjusted cash return

Adjusted cash return is calculated as the sum of i) net cash provided by operating activities and ii) interest paid.

Capital invested

Capital invested is the sum of i) Adjusted total fixed assets, ii) Net working capital and iii) Accumulated depreciation and amortization.

Adjusted total fixed assets

Adjusted total fixed assets is the sum of i) property, plant and equipment, net, ii) goodwill, iii) other intangible assets, net, and iv) investments in equity-accounted companies less v) deferred tax liabilities recognized in certain acquisitions.

Reconciliation

	Year ended December 31,	
($ in millions)	**2013**	**2012**
Net cash provided by operating activities	3,653	3,779
Interest paid	287	189
Estimate to annualize the net cash provided by operating activities of certain acquisitions(1)	86	(8)
Adjusted cash return	**4,026**	**3,960**

	December 31, 2013	December 31, 2012
Property, plant and equipment, net	6,254	5,947
Goodwill	10,670	10,226
Other intangible assets, net	3,297	3,501
Investments in equity-accounted companies	197	213
Total fixed assets	**20,418**	**19,887**
Less: deferred taxes recognized in certain acquisitions(2)	(1,959)	(1,773)
Adjusted total fixed assets	**18,459**	**18,114**
Net working capital (as defined above)	**6,309**	**5,560**
Accumulated depreciation of property plant and equipment	7,127	6,599
Accumulated amortization of intangible assets including goodwill(3)	2,793	2,321
Accumulated depreciation and amortization	**9,920**	**8,920**
Capital invested	**34,688**	**32,594**
Cash return on invested capital (CROI)	**11.6%**	**12.1%**

(1) Power-One (2013) and Thomas & Betts (2012)

(2) Power-One, Thomas & Betts and Baldor (2013) and Thomas & Betts and Baldor (2012)

(3) Includes accumulated goodwill amortization up to Dec. 31, 2001. Thereafter goodwill is not amortized (under U.S. GAAP) but subject to annual testing for impairment.

Free Cash Flow (FCF)

Definition

Free cash flow is calculated as net cash provided by operating activities adjusted for: i) purchases of property, plant and equipment and intangible assets, ii) proceeds from sales of property, plant and equipment, and iii) changes in financing and other non-current receivables, net (included in other investing activities).

Reconciliation

	Year ended December 31,					
($ in millions)	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Net cash provided by operating activities	**3,653**	**3,779**	**3,612**	**4,197**	**4,027**	**3,958**
adjusted for the effects of:						
Purchases of property, plant and equipment and intangible assets	(1,106)	(1,293)	(1,021)	(840)	(967)	(1,171)
Proceeds from sales of property, plant and equipment	80	40	57	47	36	94
Changes in financing receivables and other non-current receivables(1)	5	29	(55)	(7)	(7)	7
Free cash flow	**2,632**	**2,555**	**2,593**	**3,397**	**3,089**	**2,888**
Net income attributable to ABB	2,787	2,704	3,168			
Free cash flow as a percentage of Net income (conversion rate)	**94%**	**94%**	**82%**			

(1) In 2013 and 2012 included in Other investing activities in the Interim Consolidated Statements of Cash Flows.

In 2011 and 2010 included in Other investing activities see Consolidated Statements of Cash Flows in 2012 Annual Report.

ABB Ltd Interim Consolidated Income Statements (unaudited)

	Year ended		Three months ended	
($ in millions, except per share data in $)	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Sales of products	35,282	32,979	9,549	9,251
Sales of services	6,566	6,357	1,824	1,770
Total revenues	**41,848**	**39,336**	**11,373**	**11,021**
Cost of products	(25,728)	(23,838)	(7,287)	(6,948)
Cost of services	(4,128)	(4,120)	(1,144)	(1,150)
Total cost of sales	**(29,856)**	**(27,958)**	**(8,431)**	**(8,098)**
Gross profit	**11,992**	**11,378**	**2,942**	**2,923**
Selling, general and administrative expenses	(6,094)	(5,756)	(1,670)	(1,576)
Non-order related research and development expenses	(1,470)	(1,464)	(415)	(390)
Other income (expense), net	(41)	(100)	(34)	(94)
Income from operations	**4,387**	**4,058**	**823**	**863**
Interest and dividend income	69	73	19	18
Interest and other finance expense	(390)	(293)	(91)	(55)
Income from continuing operations before taxes	**4,066**	**3,838**	**751**	**826**
Provision for taxes	(1,122)	(1,030)	(178)	(202)
Income from continuing operations, net of tax	**2,944**	**2,808**	**573**	**624**
Income (loss) from discontinued operations, net of tax	(37)	4	(22)	
Net income	**2,907**	**2,812**	**551**	**624**
Net income attributable to noncontrolling interests	(120)	(108)	(26)	(20)
Net income attributable to ABB	**2,787**	**2,704**	**525**	**604**
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	2,824	2,700	547	604
Net income	2,787	2,704	525	604
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.23	1.18	0.24	0.26
Net income	1.21	1.18	0.23	0.26
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	1.23	1.18	0.24	0.26
Net income	1.21	1.18	0.23	0.26
Weighted-average number of shares outstanding (in millions) used to compute:				
Basic earnings per share attributable to ABB shareholders	2,297	2,293	2,299	2,295
Diluted earnings per share attributable to ABB shareholders	2,305	2,295	2,308	2,298

See Notes to the Interim Consolidated Financial Information

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

	Year ended		Three months ended	
($ in millions)	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Total comprehensive income, net of tax	**3,413**	**2,687**	**1,037**	**246**
Total comprehensive income attributable to noncontrolling interests, net of tax	(115)	(98)	(31)	(10)
Total comprehensive income attributable to ABB shareholders, net of tax	**3,298**	**2,589**	**1,006**	**236**

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Balance Sheets (unaudited)

($ in millions, except share data)	Dec. 31, 2013	Dec. 31, 2012
Cash and equivalents	6,021	6,875
Marketable securities and short-term investments	464	1,606
Receivables, net	12,146	11,575
Inventories, net	6,004	6,182
Prepaid expenses	252	311
Deferred taxes	832	869
Other current assets	706	584
Total current assets	**26,425**	**28,002**
Property, plant and equipment, net	6,254	5,947
Goodwill	10,670	10,226
Other intangible assets, net	3,297	3,501
Prepaid pension and other employee benefits	93	71
Investments in equity-accounted companies	197	213
Deferred taxes	370	334
Other non-current assets	758	776
Total assets	**48,064**	**49,070**
Accounts payable, trade	5,112	4,992
Billings in excess of sales	1,714	2,035
Short-term debt and current maturities of long-term debt	453	2,537
Advances from customers	1,726	1,937
Deferred taxes	259	270
Provisions for warranties	1,362	1,291
Other provisions	1,807	1,575
Other current liabilities	4,242	4,337
Total current liabilities	**16,675**	**18,974**
Long-term debt	7,570	7,534
Pension and other employee benefits	1,639	2,290
Deferred taxes	1,265	1,260
Other non-current liabilities	1,707	1,566
Total liabilities	**28,856**	**31,624**
Commitments and contingencies		
Stockholders equity:		
Capital stock and additional paid-in capital (2,314,743,264 issued shares at December 31, 2013 and 2012)	1,750	1,691
Retained earnings	19,186	18,066
Accumulated other comprehensive loss	(2,012)	(2,523)
Treasury stock, at cost (14,093,960 and 18,793,989 shares at December 31, 2013 and 2012, respectively)	(246)	(328)
Total ABB stockholders equity	**18,678**	**16,906**
Noncontrolling interests	530	540
Total stockholders equity	**19,208**	**17,446**
Total liabilities and stockholders equity	**48,064**	**49,070**

See Notes to the Interim Consolidated Financial Information

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ABB Ltd Interim Consolidated Statements of Cash Flows (unaudited)

($ in millions)	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012	Three months ended Dec. 31, 2013	Three months ended Dec. 31, 2012
Operating activities:				
Net income	2,907	2,812	551	624
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	1,318	1,182	352	341
Pension and other employee benefits	6	(13)	17	43
Deferred taxes	(137)	64	(126)	41
Net gain from sale of property, plant and equipment	(18)	(26)	2	(14)
Other	95	171	35	66
Changes in operating assets and liabilities:				
Trade receivables, net	(571)	(310)	475	78
Inventories, net	324	61	633	527
Trade payables	(43)	(57)	(29)	269
Billings in excess of sales	(168)	152	(46)	95
Provisions, net	199	(109)	248	182
Advances from customers	(145)	181	(38)	149
Other assets and liabilities, net	(114)	(329)	18	37
Net cash provided by operating activities	**3,653**	**3,779**	**2,092**	**2,438**
Investing activities:				
Purchases of marketable securities (available-for-sale)	(526)	(2,288)	(102)	(859)
Purchases of short-term investments	(30)	(67)	(21)	(37)
Purchases of property, plant and equipment and intangible assets	(1,106)	(1,293)	(414)	(455)
Acquisition of businesses (net of cash acquired) and changes in cost and equity investments	(914)	(3,694)	(31)	(8)
Proceeds from sales of marketable securities (available-for-sale)	1,367	1,655	5	
Proceeds from maturity of marketable securities (available-for-sale)	118		4	
Proceeds from short-term investments	47	27	6	
Proceeds from sales of property, plant and equipment	80	40	9	19
Proceeds from sales of businesses and equity-accounted companies (net of cash disposed)	62	16	51	7
Other investing activities	185	29	148	25
Net cash used in investing activities	**(717)**	**(5,575)**	**(345)**	**(1,308)**
Financing activities:				
Net changes in debt with original maturities of 90 days or less	(697)	570	(140)	467
Increase in debt	492	5,986	50	707
Repayment of debt	(1,893)	(1,104)	(70)	(201)
Delivery of shares	74	90	71	43
Dividends paid	(1,667)	(1,626)		
Acquisition of noncontrolling interests	(13)	(9)	(8)	(6)
Dividends paid to noncontrolling shareholders	(149)	(121)	(16)	
Other financing activities	(3)	(24)	33	(8)
	(3,856)	**3,762**	**(80)**	**1,002**

Net cash provided by (used in) financing activities				
Effects of exchange rate changes on cash and equivalents	66	90	58	60
Net change in cash and equivalents - continuing operations	**(854)**	**2,056**	**1,725**	**2,192**
Cash and equivalents, beginning of period	6,875	4,819	4,296	4,683
Cash and equivalents, end of period	**6,021**	**6,875**	**6,021**	**6,875**
Supplementary disclosure of cash flow information:				
Interest paid	287	189	108	98
Taxes paid	1,278	1,211	394	296

See Notes to the Interim Consolidated Financial Information

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

			Accumulated other comprehensive loss								
($ in millions)	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 hedge derivatives	Total accumulated other comprehensive loss	Treasury stock	Total ABB stockholders equity	Noncontrolling interests	stoc e
Balance at January 1, 2012	**1,621**	**16,988**	**(968)**	**20**	**(1,472)**	**12**	**(2,408)**	**(424)**	**15,777**	**559**	
Comprehensive income:											
Net income		2,704							**2,704**	108	
Foreign currency translation adjustments (net of tax of $6)			388				**388**		**388**	(5)	
Effect of change in fair value of available-for-sale securities (net of tax of $2)				4			**4**		**4**		
Unrecognized income (expense) related to pensions and other postretirement plans (net of tax of $(216))					(532)		**(532)**		**(532)**	(5)	
Change in derivatives qualifying as cash flow hedges (net of tax of $7)						25	**25**		**25**		
Total comprehensive income									**2,589**	**98**	
Changes in noncontrolling interests										6	
Dividends paid to noncontrolling shareholders										(123)	
Dividends paid		(1,626)							**(1,626)**		
Share-based payment arrangements	60								**60**		
Delivery of shares	(6)							96	**90**		
Call options	10								**10**		
Replacement options issued in connection with acquisition	5								**5**		
Other	1								**1**		
Balance at December 31, 2012	**1,691**	**18,066**	**(580)**	**24**	**(2,004)**	**37**	**(2,523)**	**(328)**	**16,906**	**540**	

($ in millions)	Capital stock and additional paid-in capital	Retained earnings	Accumulated other comprehensive loss: Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pension and other postretirement plan adjustments	Unrealized gains (losses) of cash flow hedge derivatives	Total accumulated other comprehensive loss	Treasury stock	Total ABB stockholders equity	Noncontrolling interests	sto
Balance at January 1, 2013	**1,691**	**18,066**	**(580)**	**24**	**(2,004)**	**37**	**(2,523)**	**(328)**	**16,906**	**540**	
Comprehensive income:											
Net income		2,787							**2,787**	120	
Foreign currency translation adjustments (net of tax of $(8))			149				**149**		**149**	(8)	
Effect of change in fair value of available-for-sale securities (net of tax of $(1))				(17)			**(17)**		**(17)**		
Unrecognized income (expense) related to pensions and other postretirement plans (net of tax of $171)					394		**394**		**394**	3	
Change in derivatives qualifying as cash flow hedges (net of tax of $(6))						(15)	**(15)**		**(15)**		
Total comprehensive income									**3,298**	**115**	
Changes in noncontrolling interests	(17)								**(17)**	25	
Dividends paid to noncontrolling shareholders										(150)	
Dividends paid		(1,667)							**(1,667)**		
Share-based payment arrangements	71								**71**		
Delivery of shares	(8)							82	**74**		
Call options	13								**13**		
Replacement options issued in connection with acquisition	2								**2**		
Other	(2)								**(2)**		
Balance at December 31, 2013	**1,750**	**19,186**	**(431)**	**7**	**(1,610)**	**22**	**(2,012)**	**(246)**	**18,678**	**530**	

See Notes to the Interim Consolidated Financial Information

Notes to the Interim Consolidated Financial Information (unaudited)

Note 1. The Company and basis of presentation

ABB Ltd and its subsidiaries (collectively, the Company) together form a leading global company in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. The Company works with customers to engineer and install networks, facilities and plants with particular emphasis on enhancing efficiency, reliability and productivity for customers who generate, convert, transmit, distribute and consume energy.

The Company s Interim Consolidated Financial Information is prepared in accordance with United States of America generally accepted accounting principles (U.S. GAAP) for interim financial reporting. As such, the Interim Consolidated Financial Information does not include all the information and notes required under U.S. GAAP for annual consolidated financial statements. Therefore, such financial information should be read in conjunction with the audited consolidated financial statements in the Company s Annual Report for the year ended December 31, 2012.

The preparation of financial information in conformity with U.S. GAAP requires management to make assumptions and estimates that directly affect the amounts reported in the Interim Consolidated Financial Information. The most significant, difficult and subjective of such accounting assumptions and estimates include:

- assumptions and projections, principally related to future material, labor and project-related overhead costs, used in determining the percentage-of-completion on projects,

- estimates of loss contingencies associated with litigation or threatened litigation and other claims and inquiries, environmental damages, product warranties, regulatory and other proceedings,

- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets,

- recognition and measurement of current and deferred income tax assets and liabilities (including the measurement of uncertain tax positions),

- growth rates, discount rates and other assumptions used in testing goodwill for impairment,

- assumptions used in determining inventory obsolescence and net realizable value,

- estimates and assumptions used in determining the fair values of assets and liabilities assumed in business combinations,
- growth rates, discount rates and other assumptions used to determine impairment of long-lived assets, and
- assessment of the allowance for doubtful accounts.

The actual results and outcomes may differ from the Company s estimates and assumptions.

A portion of the Company s activities (primarily long-term construction activities) has an operating cycle that exceeds one year. For classification of current assets and liabilities related to such activities, the Company elected to use the duration of the individual contracts as its operating cycle. Accordingly, there are accounts receivable, inventories and provisions related to these contracts which will not be realized within one year that have been classified as current.

In the opinion of management, the unaudited Interim Consolidated Financial Information contains all necessary adjustments to present fairly the financial position, results of operations and cash flows for the reported interim periods. Management considers all such adjustments to be of a normal recurring nature.

The Interim Consolidated Financial Information is presented in United States dollars ($) unless otherwise stated. Certain amounts reported for prior periods in the Interim Consolidated Financial Information have been reclassified to conform to the current period s presentation. These changes primarily relate to current liabilities, where amounts previously reported in Employee and other payables and Accrued expenses have been reclassified to Other provisions and Other current liabilities .

Notes to the Interim Consolidated Financial Information (unaudited)

Note 2. Recent accounting pronouncements

Applicable in current period

Disclosures about offsetting assets and liabilities

As of January 2013, the Company adopted two accounting standard updates regarding disclosures about amounts of certain financial and derivative instruments recognized in the statement of financial position that are either (i) offset or (ii) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. The scope of these updates covers derivatives (including bifurcated embedded derivatives), repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending arrangements. These updates are applicable retrospectively and did not have a significant impact on the consolidated financial statements.

Reporting of amounts reclassified out of accumulated other comprehensive income

As of January 2013, the Company adopted an accounting standard update regarding the presentation of amounts reclassified out of accumulated other comprehensive income. Under the update, the Company is required to present, either in a single note or parenthetically on the face of the financial statements, significant amounts reclassified out of accumulated other comprehensive income by the respective income statement line item (if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the reporting period). If a component is not required to be reclassified to net income in its entirety, the Company would instead cross-reference to other U.S. GAAP required disclosures that provide additional information about the amounts. This update is applicable prospectively and resulted in the Company presenting, in a single note, significant reclassifications out of accumulated other comprehensive income (see Note 12).

Applicable for future periods

Parent s accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity

In March 2013, an accounting standard update was issued regarding the release of cumulative translation adjustments of a parent when it ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity (for the Company, a foreign entity is an entity having a functional currency other than U.S. dollars). Under the update, the Company would release into net income the entire amount of a cumulative translation adjustment related to its investment in a foreign entity when as a parent it either sells a part or all of its investment in the foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets within the foreign entity. For foreign equity-accounted companies, a pro rata portion of the cumulative translation adjustment would be recognized in net income upon a partial sale of the equity-accounted company. This update is effective for the Company for annual and interim periods beginning January 1, 2014, and is applicable prospectively. The Company does not believe that this update will have a material impact on its consolidated financial statements.

Presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists

In July 2013, an accounting standard update was issued regarding the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. Under the update, the Company would present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except in certain defined circumstances. This update is effective for the Company for annual and interim periods beginning January 1, 2014, and is applicable prospectively. The Company does not believe that this update will have a material impact on its consolidated financial statements.

Notes to the Interim Consolidated Financial Information (unaudited)

Note 3. Acquisitions

Acquisitions were as follows:

($ in millions, except number of acquired businesses)(1)	Year ended December 31, 2013	Year ended December 31, 2012	Three months ended December 31, 2013	Three months ended December 31, 2012
Acquisitions (net of cash acquired)(2)	897	3,643	24	8
Aggregate excess of purchase price over fair value of net assets acquired(3)	525	2,895	53	(378)
Number of acquired businesses	7	9	1	2

(1) Amounts for the year ended December 31, 2013, relate primarily to the acquisition of Power-One. Amounts for the year ended December 31, 2012, relate primarily to the acquisition of Thomas & Betts.

(2) Excluding changes in cost and equity investments but including $2 million (in the year ended December 31, 2013) and $5 million (in the year ended December 31, 2012) representing the fair value of replacement vested stock options issued to Power-One and Thomas & Betts employees, respectively, at the corresponding acquisition dates.

(3) Recorded as goodwill. For all periods presented, amounts include adjustments arising during the measurement period of acquisitions. In the year ended December 31, 2013, and the three months ended December 31, 2012, adjustments amounted to $63 million and $386 million, respectively, primarily reflecting a reduction in certain deferred tax liabilities related to Thomas & Betts.

Acquisitions of controlling interests have been accounted for under the acquisition method and have been included in the Company s Interim Consolidated Financial Information since the date of acquisition.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, the purchase price allocation for acquisitions is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analyses are completed and additional information about the fair values of the assets and liabilities becomes available.

On July 25, 2013, the Company acquired all outstanding shares of Power-One, Inc. (Power-One) for $6.35 per share in cash. The resulting cash outflows for the Company amounted to $737 million, representing $705 million for the purchase of the shares (net of cash acquired) and $32 million related to the cash settlement of Power-One stock options held at the acquisition date. Power-One is a designer and manufacturer of photovoltaic inverters, as well as a provider of renewable energy and energy-efficient power conversion and power management solutions.

The aggregate preliminary allocation of the purchase consideration for business acquisitions in the year ended December 31, 2013, is as follows:

($ in millions)	**Allocated amounts(1)**	**Weighted-average useful life**
Intangible assets	206	7 years
Fixed assets	135	
Deferred tax liabilities	(190)	
Other assets and liabilities, net	158	
Goodwill(2)	588	
Total consideration (net of cash acquired)	**897**	

(1) Excludes measurement period adjustments related to prior year acquisitions.

(2) The Company does not expect the majority of goodwill recognized to be deductible for income tax purposes.

On May 16, 2012, the Company acquired all outstanding shares of Thomas & Betts Corporation (Thomas & Betts) for $72 per share in cash. The resulting cash outflows for the Company amounted to $3,700 million, representing $3,282 million for the purchase of the shares (net of cash acquired of $521 million), $94 million related to cash settlement of Thomas & Betts stock options held at acquisition date and $324 million for the repayment of debt assumed upon acquisition. Thomas & Betts designs, manufactures and markets components used to manage the connection, distribution, transmission and reliability of electrical power in industrial, construction and utility applications. The acquisition of Thomas & Betts supports the Company s strategy of expanding its Low Voltage Products operating segment into new geographies, sectors and products, and consequently the goodwill acquired represents the future benefits associated with the expansion of market access and product scope.

Notes to the Interim Consolidated Financial Information (unaudited)

The final allocation of the purchase consideration for Thomas & Betts is as follows:

($ in millions)	Allocated amounts	Weighted-average useful life
Customer relationships	1,169	18 years
Technology	179	5 years
Trade names	155	10 years
Order backlog	12	7.5 months
Intangible assets	**1,515**	**15 years**
Fixed assets	458	
Debt acquired	(619)	
Deferred tax liabilities	(971)	
Inventories	300	
Other assets and liabilities, net(1)	49	
Goodwill(2)	2,649	
Total consideration (net of cash acquired)(3)	**3,381**	

(1) Gross receivables from the acquisition totaled $387 million; the fair value of which was $344 million after rebates and allowance for estimated uncollectable receivables.

(2) Goodwill recognized is not deductible for income tax purposes.

(3) Cash acquired in the acquisition totaled $521 million. Additional consideration included $94 million related to the cash settlement of stock options held by Thomas & Betts employees at the acquisition date and $5 million representing the fair value of replacement vested stock options issued to Thomas & Betts employees at the acquisition date. The fair value of these stock options was estimated using a Black-Scholes model.

The Company s Consolidated Income Statements for the year and three months ended December 31, 2012, include total revenues of $1,541 million and $603 million, respectively, related to Thomas & Betts since the date of acquisition. After acquisition-related charges, the Company s Consolidated Income Statements for the year and three months ended December 31, 2012, include a net loss of $10 million and $2 million, respectively, related to Thomas & Betts since the date of acquisition.

The unaudited pro forma financial information in the table below summarizes the combined pro forma results of the Company and Thomas & Betts for the year and three months ended December 31, 2012, as if Thomas & Betts had been acquired on January 1, 2011.

($ in millions)	Year ended December 31, 2012	Three months ended December 31, 2012
Total revenues	40,251	11,021
Income from continuing operations, net of tax	2,924	626

Notes to the Interim Consolidated Financial Information (unaudited)

The unaudited pro forma results above include certain adjustments related to the Thomas & Betts acquisition. The table below summarizes the adjustments necessary to present the pro forma financial information of the Company and Thomas & Betts combined, as if Thomas & Betts had been acquired on January 1, 2011.

	Adjustments	
($ in millions)	**Year ended December 31, 2012**	**Three months ended December 31, 2012**
Impact on cost of sales from additional amortization of intangible assets (excluding order backlog capitalized upon acquisition)	(26)	
Impact on cost of sales from amortization of order backlog capitalized upon acquisition	11	3
Impact on cost of sales from fair valuing acquired inventory	31	
Impact on cost of sales from additional depreciation of fixed assets	(12)	
Interest expense on Thomas & Betts debt	5	
Impact on selling, general and administrative expenses from Thomas & Betts stock-option plans adjustments	16	
Impact on selling, general and administrative expenses from acquisition-related costs	56	
Impact on interest and other finance expense from bridging facility costs	13	
Other	(5)	
Income taxes	(7)	(1)
Total pro forma adjustments	**82**	**2**

The pro forma results are for information purposes only and do not include any anticipated cost synergies or other effects of the planned integration of Thomas & Betts. Accordingly, such pro forma amounts are not necessarily indicative of the results that would have occurred had the acquisition been completed on the date indicated, nor are they indicative of the future operating results of the combined company.

Changes in total goodwill were as follows:

($ in millions)	**Total goodwill**
Balance at January 1, 2012	**7,269**
Additions during the period(1)(2)	2,895
Exchange rate differences	62
Balance at December 31, 2012	**10,226**
Additions during the period(1)(3)	525
Goodwill allocated to disposals	(11)
Exchange rate differences	(70)
Balance at December 31, 2013	**10,670**

(1) Includes measurement period adjustments related to prior year acquisitions.

(2) Includes primarily goodwill of $2,723 million in respect of Thomas & Betts, acquired in May 2012, which has been allocated to the Low Voltage Products operating segment and goodwill in respect of Newave, acquired in February 2012, which has been allocated to the Discrete

Automation and Motion operating segment.

(3) Includes primarily goodwill in respect of Power-One, acquired in July 2013, which has been allocated to the Discrete Automation and Motion operating segment.

Notes to the Interim Consolidated Financial Information (unaudited)

Note 4. Cash and equivalents, marketable securities and short-term investments

Current assets

Cash and equivalents, marketable securities and short-term investments consisted of the following:

	December 31, 2013					
($ in millions)	**Cost basis**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	**Cash and equivalents**	**Marketable securities and short-term investments**
Cash	2,414			2,414	2,414	
Time deposits	3,556			3,556	3,538	18
Other short-term investments	9			9		9
Debt securities available-for-sale:						
U.S. government obligations	103	2	(1)	104		104
European government obligations	24	1		25		25
Other government obligations	3			3		3
Corporate	212	4	(1)	215	69	146
Equity securities available-for-sale	154	9	(4)	159		159
Total	**6,475**	**16**	**(6)**	**6,485**	**6,021**	**464**

	December 31, 2012					
($ in millions)	**Cost basis**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	**Cash and equivalents**	**Marketable securities and short-term investments**
Cash	2,784					