ABB LTD
Form 6-K
October 24, 2013

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 October 2013

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 October 24, 2013.

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

ABB Q3: Solid performance across the business

- **Revenues(1) and operational EBITDA(2) higher in all divisions, net income up 10 percent**
- **Base orders(3) return to year-on-year growth, large project awards remain slow**
- **New CEO outlines priorities on growth, collaboration and execution**

Zurich, Switzerland, October 24, 2013 ABB reported higher revenues, earnings and cash flows in the third quarter of 2013, on improved performance across all divisions.

Orders in early-cycle businesses, driven mainly by customer investments in improved productivity and efficiency, grew compared to the same quarter in 2012, while further delays in large project awards mainly the result of ongoing economic uncertainties - and the strategic repositioning of the Power Systems division resulted in lower large orders.

It was a solid quarter where we executed well to grow revenues, earnings, cash and net income despite the continued mixed business climate, said Ulrich Spiesshofer, ABB s CEO. We drove good order growth in a number of key markets, including China and Germany, and our base orders returned to year-over-year growth. Project tendering activity in sectors like power transmission and oil and gas continues to increase but the award of large orders remained slow.

At the same time, we can do more to improve our performance and deliver greater value to all of our stakeholders, he said. For example, we have significant opportunities to drive profitable growth through increased market penetration delivering more to our existing customer segments and by accelerating the development and marketing of innovative products and packaged solutions. We will also continue to expand into attractive markets, both by growing organically, as well as continuing to fill gaps in the portfolio through bolt-on acquisitions.

The second focus area will be to improve our collaboration across the businesses to create more customer value by selling and delivering ABB s combined automation and power portfolio. Enhanced collaboration in operations will allow us to drive productivity to the next level.

Relentless execution will be the third focus area. We will drive sustainable cost savings momentum, cash flow as well as capital efficiency even harder. In addition, we are stepping up the focus on the successful integration of our acquisitions to maximize the return on our investments. The announcement earlier this week that Greg Scheu will lead our global acquisition integration efforts from the senior executive team reflects our commitment to realizing the value of our acquisitions.

Looking ahead, the long-term growth drivers are fully intact but several forward-looking indicators are mixed and we still face some near-term market uncertainty, Spiesshofer said. But even in a volatile environment, our strong market positions, leading technologies and broad business portfolio will allow us to capture profitable growth opportunities. Therefore, we will continue to drive the top line in a very targeted way while executing on cost, business-led collaboration and improved capital efficiency.

Key figures			**Change**				**Change**	
$ millions unless otherwise indicated	**Q3 13**	**Q3 12**	**US$**	**Local**	**9M 13**	**9M 12(4)**	**US$**	**Local**
Orders	9,089	9,295	*-2%*	*-2%*	28,893	29,715	*-3%*	*-3%*
Order backlog (end Sept)	*27,454*	*29,175*	*-6%*	*-4%*				
Revenues	10,535	9,745	*+8%*	*+9%*	30,475	28,315	*+8%*	*+8%*
Income from operations	1,324	1,146	*+16%*		3,564	3,195	*+12%*	
as % of revenues	12.6%	11.8%			11.7%	11.3%		
Operational EBITDA	1,638	1,483	*+10%*		4,657	4,182	*+11%*	
as % of operational revenues	15.7%	15.3%			15.3%	14.8%		
Net income attributable to ABB	835	759	*+10%*		2,262	2,100	*+8%*	
Basic net income per share ($)	0.36	0.33			0.99	0.92		
Cash from operating activities	1,241	768	*+62%*		1,561	1,341	*+16%*	

Summary of Q3 results

Growth overview

The global business environment remained mixed in the third quarter. Demand in early-cycle businesses grew in line with macroeconomic developments. Growth was led by demand from both industrial and utility customers for products and solutions that help them increase the productivity and reliability of existing assets.

ABB s ability to tap these early-cycle growth opportunities is reflected in the 5-percent increase in base orders, driven in part by ABB s improved geographic balance, especially in the US through its successful integrations of the Thomas & Betts and Baldor Electric acquisitions. Sustained investments in sales and research and development through the cycle have also supported base order growth. Base orders were up in all divisions except Power Systems, where greater selectivity part of the division s repositioning towards higher value-added projects impacted base orders in businesses such as substations.

Late-cycle capital investments by customers in markets such as power utilities and mining continued to be delayed, partly due to overcapacity in some markets as well as economic uncertainties. As a result of this and the timing of project awards, large orders (above $15 million) declined 43 percent. However, tendering activity in these markets is increasing as the underlying need for industrial productivity, infrastructure upgrades as well as grid reliability improvements remained intact across all regions. Large orders represented 9 percent of total orders, compared to 15 percent in the year-earlier period.

Service orders increased by 2 percent in the quarter and represented 17 percent of total orders, up from 16 percent in the same quarter in 2012.

Revenues rose 9 percent and were higher in all divisions, primarily on the combination of stronger growth in early-cycle businesses as well as execution of the order backlog. Service revenues increased by 5 percent in the quarter compared with a year ago and represented 15 percent of total revenues.

2013 Q3 orders received and revenues by region

	Orders received		**Change**		**Revenues**		**Change**	
$ millions	**Q3 13**	**Q3 12**	**US$**	**Local**	**Q3 13**	**Q3 12**	**US$**	**Local**
Europe	3,001	2,871	*+5%*	*+2%*	3,684	3,428	*+7%*	*+4%*
The Americas	2,807	3,072	*-9%*	*-7%*	3,016	2,749	*+10%*	*+12%*
Asia	2,499	2,331	*+7%*	*+9%*	2,836	2,712	*+5%*	*+6%*
Middle East and Africa	782	1,021	*-23%*	*-22%*	999	856	*+17%*	*+21%*
Group total	**9,089**	**9,295**	***-2%***	***-2%***	**10,535**	**9,745**	***+8%***	***+9%***

Orders grew in Europe as double-digit increases in markets like Norway, Sweden, Germany and Switzerland more than compensated for continued weakness in southern Europe mainly Italy and a decline in the UK. In the Americas, US orders were unchanged versus the same period a year earlier, as lower large orders were compensated by solid growth in base orders. Order growth in China, India and South Korea contributed to higher Asia orders in the quarter, while orders in the Middle East and Africa declined due to the delay in large project awards.

2013 Q3 orders received and revenues by division

$ millions unless otherwise indicated	Orders received Q3 2013	Q3 2012	Change in US$	Change in local currency	Revenues Q3 2013	Q3 2012	Change in US$	Change in local currency
Discrete Automation and Motion	2,410	2,266	*+6%*	*+6%*	2,539	2,306	*+10%*	*+10%*
Low Voltage Products	1,938	1,861	*+4%*	*+3%*	2,001	1,880	*+6%*	*+6%*
Process Automation	1,688	1,706	*-1%*	*0%*	2,128	1,904	*+12%*	*+13%*
Power Products	2,450	2,401	*+2%*	*+3%*	2,692	2,526	*+7%*	*+7%*
Power Systems	1,216	1,765	*-31%*	*-30%*	2,062	1,901	*+8%*	*+10%*
Corporate and other *(incl. inter-division eliminations)*	(613)	(704)			(887)	(772)		
ABB Group	9,089	9,295	*-2%*	*-2%*	10,535	9,745	*+8%*	*+9%*

Discrete Automation and Motion: Orders were driven mainly by continued investments in robotics equipment from automotive and general industry as well as demand for products to improve industrial productivity. Revenues improved on execution of the order backlog and increased sales of products such as variable-speed drives. Service orders and revenues grew at a double-digit pace. The Power-One acquisition, completed in July, also contributed to the growth in orders and revenues.

Low Voltage Products: Orders and revenues increased in all product businesses and were higher in all regions, in line with economic developments. Revenue growth was led by Europe and Asia including a double-digit increase in China and was modestly higher in the Americas. Service orders and revenues grew significantly faster than total orders and revenues for the division.

Process Automation: Base orders grew across most businesses in the quarter led by North America and China but were offset by continuing delays in the award of large projects, especially in the mining and oil and gas sectors. Strong revenue growth was driven by the execution of the order backlog. Service revenues remained stable versus the same quarter a year ago.

Power Products: Industrial and power distribution demand remained steady in the quarter and utilities continued to make selective investments in power transmission. Higher revenues reflect delivery from the order backlog while service volumes grew faster than total revenues.

Power Systems: Orders declined on a combination of the postponement of large order awards and increased project selectivity that is part of the division s strategic repositioning. Revenues were higher across most businesses in the quarter on execution of the order backlog. Service revenues also grew.

Earnings overview

Operational EBITDA

Operational EBITDA in the third quarter of 2013 amounted to $1.6 billion, an increase of 10 percent versus the same period a year earlier.

The Group s operational EBITDA margin increased to 15.7% from 15.3%, mainly reflecting the positive impact of higher volumes. Cost savings and productivity improvements more than compensated price pressure.

Income from operations and net income

Income from operations amounted to approximately $1.3 billion, 16 percent higher compared to the same quarter in 2012.

Net income for the quarter increased 10 percent to $835 million, in line with operational EBITDA. Basic earnings per share in the third quarter amounted to $0.36 versus $0.33 a year earlier. Year to date, basic EPS increased 8 percent and operational EPS(5) increased 7 percent.

2013 Q3 earnings and cash flows by division

$ millions unless otherwise indicated	**Operational EBITDA Q3 2013**	**Operational EBITDA Q3 2012**	**Change in US$**	**Operational EBITDA margin Q3 2013**	**Operational EBITDA margin Q3 2012**	**Cash flows from operating activities Q3 2013**	**Cash flows from operating activities Q3 2012**	**Change in US$**
Discrete Automation and Motion	476	437	*+9%*	18.8%	18.9%	526	393	*+34%*
Low Voltage Products	395	366	*+8%*	19.7%	19.5%	435	334	*+30%*
Process Automation	289	233	*+24%*	13.6%	12.3%	271	230	*+18%*
Power Products	389	374	*+4%*	14.6%	14.8%	207	258	*-20%*
Power Systems	141	109	+29%	*7.0%*	5.9%	(118)	(294)	*n/a*
Corporate and other *(incl. inter-division eliminations)*	(52)	(36)	*n/a*	*n/a*		(80)	(153)	*n/a*
ABB Group	**1,638**	**1,483**	***+10%***	**15.7%**	**15.3%**	**1,241**	**768**	***+62%***

Discrete Automation and Motion: Operational EBITDA increased on higher revenues, while margins remained steady.

Low Voltage Products: The operational EBITDA margin increased through a combination of successful cost management and growth in a number of higher-margin product businesses.

Process Automation: The growth in operational EBITDA and margins primarily reflects the strong revenue increase as well as improved project execution compared to the same quarter in 2012.

Power Products: Operational EBITDA increased on higher revenues while the operational EBITDA margin reflects a different revenue mix compared to the same period a year ago.

Power Systems: The increase in operational EBITDA margin reflects the combination of higher revenues, better project execution and improved cost management compared to the same period in 2012.

Cash flow and balance sheet

ABB reported cash from operations of $1,241 million compared to $768 million in the third quarter of 2012. Net working capital as a percentage of revenues(5) amounted to 18 percent, an increase of 1 percentage point versus the end of the same quarter a year earlier.

ABB s net debt(5) at the end of the quarter was $3.4 billion, as at the end of June, and includes the impact from the net payment in July of approximately $750 million for the acquisition of Power-One.

Management changes and organizational update

ABB announced earlier this week a realignment of responsibilities in the Group Executive Committee (EC) to put a strong focus on acquisition integration and the significantly expanded North American business portfolio. Under these changes, Greg Scheu, who is currently responsible for Marketing and Customer Solutions (MC) on the EC, will lead the Group s global acquisition integration efforts and take over responsibility for North America, ABB s largest geographical market. Scheu will retain responsibility for ABB s service business, while the remaining activities of MC will be taken up by other members of the EC. All changes will be effective November 1, 2013.

Earlier in the third quarter, ABB announced the appointment of Jean-Christophe Deslarzes to its Executive Committee as Head of Human Resources (HR), effective November 15, 2013. He brings a proven track record as a successful leader of HR in global companies to the role and has significant operational and integration experience. He succeeds Gary Steel, who is retiring.

In an orderly internal succession, Pekka Tiitinen was appointed to ABB s Executive Committee as head of the Discrete Automation and Motion division as of September 15, 2013. He previously led ABB s global Drives and Controls business through a period of significant organic growth and profitability improvement. He succeeded Ulrich Spiesshofer, who took over as ABB CEO.

Strategic initiatives

Ulrich Spiesshofer, who assumed the role of CEO on September 15, 2013, said the executive team intends to focus on three key areas in the coming quarters: driving profitable organic and inorganic growth; stronger collaboration across the organization to improve ABB s offering to its customers and lift productivity; and relentless execution across the business operations.

We have made good progress against our 2011 to 2015 goals and will continue to execute on that plan, Spiesshofer said. At the same time, there are significant opportunities for us to step up our performance and deliver even greater value to our customers together.

Profitable growth will be driven by increasing the market penetration of existing customer segments by combining offerings across different businesses more effectively and continuously enhancing customer intimacy and service. This will include both new products and innovative packages and solutions of existing offerings and services.

Greater collaboration across businesses will deliver significantly greater value to customers by offering a more integrated set of solutions. It will also lift productivity in areas like sales, product development and order fulfillment. It s clear that we can do more to make our customers more competitive, to improve our own productivity and to accelerate profitable growth, Spiesshofer said.

Management focus on execution will include not only consistent delivery of cost savings equivalent to 3-5 percent of cost of goods sold every year, but also stricter management of net working capital to lift cash flow as well as driving excellence in the integration of newly acquired businesses.

Outlook

Our long-term demand drivers such as the need for greater industrial productivity, more reliable and efficient power delivery and the development of renewable energies remain in place. Early-cycle macroeconomic developments remain positive but several forward-looking indicators contain mixed signals and we still face some near-term market uncertainty.

In this environment, we will continue to execute on our 2011-15 plan. Growth will be supported by delivering from our large order backlog as well as increasing the focus on market penetration, innovation and expansion. We will continue to drive cost savings and productivity improvements equivalent to 3-5 percent of cost of sales every year through improved supply management, better quality and higher returns on investments in sales and R&D.

We remain committed to delivering higher cash to shareholders and improving the cash return on our invested capital.

More information

The 2013 Q3 results press release is available from October 24, 2013, on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorcenter, where a presentation for investors will also be published.

A video from Chief Executive Officer Ulrich Spiesshofer on ABB s third-quarter 2013 results will be available at 06:30 a.m. Central European Time (CET) today at www.youtube.com/abb.

ABB will host a media conference call starting at 10:00 a.m. CET. Callers from the US and Canada should dial +1 631 570 5613 (Toll-Free). U.K. callers should dial +44 203 059 58 62. From Sweden +46 85 051 00 31, and from the rest of Europe, +41 58 310 50 00. Lines will be open 15 minutes before the conference starts. Playback of the call will start 1 hour after the call ends and will be available for 24 hours: Playback numbers: +44 207 108 62 33 (U.K.), +41 91 612 43 30 (rest of Europe) or +1 866 416 25 58 (U.S./Canada). The code is 15906, followed by the # key. The recorded session will also be available as a podcast 1 hour after the end of the call and can be downloaded from www.abb.com/news.

A conference call for analysts and investors is scheduled to begin today at 3:00 p.m. CET (2:00 p.m. in the UK, 9:00 a.m. EDT). Callers should dial +1 866 291 41 66 from the US/Canada (toll-free), +44 203 059 58 62 from the U.K., +46 8 5051 00 31 (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. You will find the link to access the podcast at www.abb.com/investorcenter.

Investor calendar 2013-2014

Fourth-quarter 2013 results	February 13, 2014
First-quarter 2014 results	April 29, 2014
Annual General Meeting, Zurich, Switzerland	April 30, 2014
Second-quarter 2014 results	July 24, 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.

Zurich, October 24, 2013

Ulrich Spiesshofer, CEO

Important notices

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.

This press release also contains non-GAAP measures of performance. Definitions of these measures and reconciliations between these measures and their GAAP counterparts can be found in Supplemental financial information attached to this press release.

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Key figures

$ millions		**Q3 13**	**Q3 12**	**Change US$**	**Change Local**	**9M 13**	**9M 12**	**Change US$**	**Change Local**
Orders	**ABB Group**	**9,089**	**9,295**	***-2%***	***-2%***	**28,893**	**29,715**	***-3%***	***-3%***
	Discrete Automation and Motion	2,410	2,266	*6%*	*6%*	7,287	7,372	*-1%*	*-1%*
	Low Voltage Products	1,938	1,861	*4%*	*3%*	5,852	4,853	*21%*	*20%*
	Process Automation	1,688	1,706	*-1%*	*0%*	5,976	6,493	*-8%*	*-8%*
	Power Products	2,450	2,401	*2%*	*3%*	7,905	8,309	*-5%*	*-5%*
	Power Systems	1,216	1,765	*-31%*	*-30%*	4,160	5,613	*-26%*	*-25%*
	Corporate and other *(incl. inter-division eliminations)*	(613)	(704)			(2,287)	(2,925)		
Revenues	**ABB Group**	**10,535**	**9,745**	***8%***	***9%***	**30,475**	**28,315**	***8%***	***8%***
	Discrete Automation and Motion	2,539	2,306	*10%*	*10%*	7,228	6,916	*5%*	*4%*
	Low Voltage Products	2,001	1,880	*6%*	*6%*	5,707	4,668	*22%*	*22%*
	Process Automation	2,128	1,904	*12%*	*13%*	6,236	5,926	*5%*	*6%*
	Power Products	2,692	2,526	*7%*	*7%*	7,962	7,649	*4%*	*4%*
	Power Systems	2,062	1,901	*8%*	*10%*	6,075	5,580	*9%*	*10%*
	Corporate and other *(incl. inter-division eliminations)*	(887)	(772)			(2,733)	(2,424)		
Income from operations	**ABB Group**	**1,324**	**1,146**	***16%***		**3,564**	**3,195**	***12%***	
	Discrete Automation and Motion	403	362	*11%*		1,101	1,098	*0%*	
	Low Voltage Products	315	278	*13%*		809	597	*36%*	
	Process Automation	270	224	*21%*		727	690	*5%*	
	Power Products	346	324	*7%*		975	949	*3%*	
	Power Systems	127	72	*76%*		340	197	*73%*	
	Corporate and other *(incl. inter-division eliminations)*	(137)	(114)			(388)	(336)		
Income from operations %	**ABB Group**	**12.6%**	**11.8%**			**11.7%**	**11.3%**		
	Discrete Automation and Motion	15.9%	15.7%			15.2%	15.9%		
	Low Voltage Products	15.7%	14.8%			14.2%	12.8%		
	Process Automation	12.7%	11.8%			11.7%	11.6%		
	Power Products	12.9%	12.8%			12.2%	12.4%		
	Power Systems	6.2%	3.8%			5.6%	3.5%		
Operational EBITDA	**ABB Group**	**1,638**	**1,483**	***10%***		**4,657**	**4,182**	***11%***	
	Discrete Automation and Motion	476	437	*9%*		1,320	1,300	*2%*	
	Low Voltage Products	395	366	*8%*		1,082	849	*27%*	
	Process Automation	289	233	*24%*		800	744	*8%*	
	Power Products	389	374	*4%*		1,170	1,124	*4%*	
	Power Systems	141	109	*29%*		469	345	*36%*	

	Corporate and other *(incl. inter-division eliminations)*	(52)	(36)		(184)	(180)
Operational EBITDA %	**ABB Group**	**15.7%**	**15.3%**		**15.3%**	**14.8%**
	Discrete Automation and Motion	18.8%	18.9%		18.3%	18.8%
	Low Voltage Products	19.7%	19.5%		19.0%	18.2%
	Process Automation	13.6%	12.3%		12.8%	12.6%
	Power Products	14.6%	14.8%		14.7%	14.7%
	Power Systems	7.0%	5.9%		7.7%	6.2%

Orders received and revenues by region

$ millions	Orders received 9M 13	Orders received 9M 12	Change US$	Change Local	Revenues 9M 13	Revenues 9M 12	Change US$	Change Local
Europe	10,034	9,979	*1%*	*-1%*	10,482	10,255	*2%*	*1%*
The Americas	8,341	8,701	*-4%*	*-3%*	8,892	7,652	*16%*	*18%*
Asia	7,808	7,856	*-1%*	*0%*	8,163	7,743	*5%*	*6%*
Middle East and Africa	2,710	3,179	*-15%*	*-12%*	2,938	2,665	*10%*	*13%*
Group total	**28,893**	**29,715**	***-3%***	***-3%***	**30,475**	**28,315**	***8%***	***8%***

Operational EBITDA

$ in millions	ABB Q3 13	ABB Q3 12	Discrete Automation and Motion Q3 13	Discrete Automation and Motion Q3 12	Low Voltage Products Q3 13	Low Voltage Products Q3 12	Process Automation Q3 13	Process Automation Q3 12	Power Products Q3 13	Power Products Q3 12	Power Systems Q3 13	Power Systems Q3 12
Revenues	**10,535**	**9,745**	**2,539**	**2,306**	**2,001**	**1,880**	**2,128**	**1,904**	**2,692**	**2,526**	**2,062**	**1,901**
FX/commodity timing differences on Revenues	(90)	(70)	(13)	2		(4)	(7)	(15)	(22)	(1)	(49)	(54)
Operational revenues	**10,445**	**9,675**	**2,526**	**2,308**	**2,001**	**1,876**	**2,121**	**1,889**	**2,670**	**2,525**	**2,013**	**1,847**
Income from operations	**1,324**	**1,146**	**403**	**362**	**315**	**278**	**270**	**224**	**346**	**324**	**127**	**72**
Depreciation	206	183	38	35	48	40	18	16	46	42	20	19
Amortization	121	124	36	31	32	38	5	4	7	9	25	26
including total acquisition-related amortization of	*100*	*104*	*34*	*30*	*30*	*36*	*4*	*3*	*6*	*7*	*23*	*24*
Restructuring and restructuring-related expenses	40	21	3	9	11	5	2	(1)	11	8	11	(1)
Acquisition-related expenses and certain non-operational items	60	49	12	2	4	20	1	1	10	1		
FX/commodity timing differences in income from operations	(113)	(40)	(16)	(2)	(15)	(15)	(7)	(11)	(31)	(10)	(42)	(7)
Operational EBITDA	**1,638**	**1,483**	**476**	**437**	**395**	**366**	**289**	**233**	**389**	**374**	**141**	**109**
Operational EBITDA margin (%)	**15.7%**	**15.3%**	**18.8%**	**18.9%**	**19.7%**	**19.5%**	**13.6%**	**12.3%**	**14.6%**	**14.8%**	**7.0%**	**5.9%**

(1) Management discussion of orders and revenues focuses on local currency changes. U.S. dollar changes are reported in 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) Base orders are orders of less than $15 million

(4) 9-month 2012 figures include the results of Thomas & Betts for the period mid-May to September 2012.

(5) For reconciliations of non-GAAP measures, see the Supplemental financial information attachment to this press release

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Supplemental financial information

September 30, 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 nine and three months ended September 30, 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

($ 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
	Nine months ended September 30, 2013						
Total revenues	**7,228**	**5,707**	**6,236**	**7,962**	**6,075**	**(2,733)**	**30,475**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	(9)	4	6	3	(7)		**(3)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized			9	5	(4)		**10**
Unrealized foreign exchange movements on receivables (and related assets)	1	(2)	(4)	(16)	6		**(15)**
Operational revenues	**7,220**	**5,709**	**6,247**	**7,954**	**6,070**	**(2,733)**	**30,467**
Income from operations	**1,101**	**809**	**727**	**975**	**340**	**(388)**	**3,564**
Depreciation and amortization	204	241	65	163	135	158	**966**
Restructuring and restructuring-related expenses	7	17	14	38	16	2	**94**
Acquisition-related expenses and certain non-operational items	19	9	2	10	1	51	**92**
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(15)	7	(12)	(12)	(28)	(7)	**(67)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1		4	4	(3)		**6**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	3	(1)		(8)	8		**2**
Operational EBITDA	**1,320**	**1,082**	**800**	**1,170**	**469**	**(184)**	**4,657**
Operational EBITDA margin (%)	**18.3%**	**19.0%**	**12.8%**	**14.7%**	**7.7%**		**15.3%**

($ 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
	Nine months ended September 30, 2012						
Total revenues	**6,916**	**4,668**	**5,926**	**7,649**	**5,580**	**(2,424)**	**28,315**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	5	(13)	(22)	(22)	(91)	(1)	**(144)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)		(3)	2	40	1	**39**
Unrealized foreign exchange movements on receivables (and related assets)	(3)	6	1	21	7	1	**33**
Operational revenues	**6,917**	**4,661**	**5,902**	**7,650**	**5,536**	**(2,423)**	**28,243**
Income from operations	**1,098**	**597**	**690**	**949**	**197**	**(336)**	**3,195**
Depreciation and amortization	192	159	60	155	129	146	**841**
Restructuring and restructuring-related expenses	5	10	7	27	3	3	**55**
Acquisition-related expenses and certain non-operational items	7	104	1	1	3	4	**120**
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(2)	(28)	(22)	(37)	(37)	1	**(125)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)		3	6	41	1	**50**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	1	7	5	23	9	1	**46**
Operational EBITDA	**1,300**	**849**	**744**	**1,124**	**345**	**(180)**	**4,182**
Operational EBITDA margin (%)	**18.8%**	**18.2%**	**12.6%**	**14.7%**	**6.2%**		**14.8%**

($ 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 September 30, 2013						
Total revenues	**2,539**	**2,001**	**2,128**	**2,692**	**2,062**	**(887)**	**10,535**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	(20)	(4)	(13)	(19)	(71)		**(127)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)		5		(6)		**(2)**
Unrealized foreign exchange movements on receivables (and related assets)	8	4	1	(3)	28	1	**39**
Operational revenues	**2,526**	**2,001**	**2,121**	**2,670**	**2,013**	**(886)**	**10,445**
Income from operations	**403**	**315**	**270**	**346**	**127**	**(137)**	**1,324**
Depreciation and amortization	74	80	23	53	45	52	**327**
Restructuring and restructuring-related expenses	3	11	2	11	11	2	**40**
Acquisition-related expenses and certain non-operational items	12	4	1	10		33	**60**
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(21)	(18)	(11)	(30)	(61)	(3)	**(144)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)		3	(1)	(6)		**(5)**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	6	3	1		25	1	**36**
Operational EBITDA	**476**	**395**	**289**	**389**	**141**	**(52)**	**1,638**
Operational EBITDA margin (%)	**18.8%**	**19.7%**	**13.6%**	**14.6%**	**7.0%**		**15.7%**

($ in millions, except Operational EBITDA margin in %)	Three months ended September 30, 2012 Discrete Automation and Motion	Low Voltage Products	Process Automation	Power Products	Power Systems	Corporate and Other and Intersegment elimination	Consolidated
Total revenues	**2,306**	**1,880**	**1,904**	**2,526**	**1,901**	**(772)**	**9,745**
Foreign exchange/commodity timing differences in total revenues							
Unrealized gains and losses on derivatives	2	(8)	(12)	(19)	(90)	1	**(126)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)		(6)	2	19	1	**15**
Unrealized foreign exchange movements on receivables (and related assets)	1	4	3	16	17		**41**
Operational revenues	**2,308**	**1,876**	**1,889**	**2,525**	**1,847**	**(770)**	**9,675**
Income from operations	**362**	**278**	**224**	**324**	**72**	**(114)**	**1,146**
Depreciation and amortization	66	78	20	51	45	47	**307**
Restructuring and restructuring-related expenses	9	5	(1)	8	(1)	1	**21**
Acquisition-related expenses and certain non-operational items	2	20	1	1		25	**49**
Foreign exchange/commodity timing differences in income from operations							
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(3)	(17)	(14)	(28)	(49)	2	**(109)**
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized		(1)	(1)	3	20	3	**24**
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	1	3	4	15	22		**45**
Operational EBITDA	**437**	**366**	**233**	**374**	**109**	**(36)**	**1,483**
Operational EBITDA margin (%)	**18.9%**	**19.5%**	**12.3%**	**14.8%**	**5.9%**		**15.3%**

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

	Nine months ended			
	September 30, 2013		September 30, 2012	
($ in millions, except per share data in $)		EPS(1)		EPS(1)
Net income (attributable to ABB)	**2,262**	**0.99**	**2,100**	**0.92**

Restructuring and restructuring-related expenses(2)	67	0.03	40	0.02
Acquisition-related expenses and certain non-operational items(2)	66	0.03	87	0.04
FX/commodity timing differences in Income from operations(2)	(42)	(0.02)	(21)	(0.01)
Amortization related to acquisitions(2)	205	0.09	183	0.08
Operational net income	**2,558**	**1.11**	**2,389**	**1.04**

	Three months ended			
	September 30, 2013		September 30, 2012	
($ in millions, except per share data in $)		**EPS(1)**		**EPS(1)**
Net income (attributable to ABB)	**835**	**0.36**	**759**	**0.33**
Restructuring and restructuring-related expenses(2)	29	0.01	16	0.01
Acquisition-related expenses and certain non-operational items(2)	43	0.02	36	0.02
FX/commodity timing differences in Income from operations(2)	(82)	(0.04)	(30)	(0.01)
Amortization related to acquisitions(2)	72	0.03	77	0.03
Operational net income	**897**	**0.39**	**858**	**0.37**

(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 debt

Definition

Net debt

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

Total debt

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

Cash and marketable securities

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

Reconciliation

($ in millions)	**September 30, 2013**	**December 31, 2012**
Short-term debt and current maturities of long-term debt	567	2,537
Long-term debt	7,553	7,534
Total debt	**8,120**	**10,071**
Cash and equivalents	4,296	6,875
Marketable securities and short-term investments	380	1,606
Cash and marketable securities	**4,676**	**8,481**
Net debt	**3,444**	**1,590**

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)	**September 30, 2013**	**December 31, 2012**
Net debt (as defined above)	**3,444**	**1,590**
EBITDA		
Income from operations for the three months ended:		
September 30, 2013	1,324	
June 30, 2013	1,188	
March 31, 2013	1,052	
December 31, 2012	863	863
September 30, 2012		1,146
June 30, 2012		1,001
March 31, 2012		1,048
Depreciation and amortization for the three months ended:		
September 30, 2013	327	
June 30, 2013	318	
March 31, 2013	321	
December 31, 2012	341	341
September 30, 2012		307
June 30, 2012		281
March 31, 2012		253
Total EBITDA for the trailing twelve months	**5,734**	**5,240**
Net debt to EBITDA	**0.6**	**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, vii) non-trade payables, and viii) accrued expenses and deferred income.

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

	September 30,	
($ in millions)	**2013**	**2012**
Net working capital:		
Receivables, net	12,632	11,626
Inventories, net	6,634	6,659
Prepaid expenses	330	322
Accounts payable, trade	(5,103)	(4,697)
Billings in excess of sales	(1,746)	(1,924)
Advances from customers	(1,770)	(1,795)
Non-trade payables(1)	(1,371)	(1,390)
Accrued expenses and deferred income(1)	(2,228)	(2,098)
Net working capital	**7,378**	**6,703**
Total revenues for the three months ended:		
September 30, 2013 / 2012	10,535	9,745

June 30, 2013 / 2012	10,225	9,663
March 31, 2013 / 2012	9,715	8,907
December 31, 2012 / 2011	11,021	10,571
Adjustment to annualize revenues of certain acquisitions(2)		1,519
Adjusted revenues for the trailing twelve months	**41,496**	**40,405**
Net working capital as a percentage of revenues	**17.8%**	**16.6%**

(1) Amount is included within Other current liabilities at September 30, 2013.

(2) 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)	Nine months ended September 30, 2013	2012
Interest and dividend income	50	55
Interest and other finance expense	(299)	(238)
Finance net	**(249)**	**(183)**

($ in millions)	Three months ended September 30, 2013	2012
Interest and dividend income	15	17
Interest and other finance expense	(122)	(94)
Finance net	**(107)**	**(77)**

Book-to-bill ratio

Definition

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

Reconciliation

($ in millions)	Nine months ended September 30, 2013
Orders received	28,893
Total revenues	30,475
Book-to-bill ratio	**0.95**

ABB Ltd Interim Consolidated Income Statements (unaudited)

($ in millions, except per share data in $)	Nine months ended Sep. 30, 2013	Nine months ended Sep. 30, 2012	Three months ended Sep. 30, 2013	Three months ended Sep. 30, 2012
Sales of products	25,733	23,728	8,948	8,227
Sales of services	4,742	4,587	1,587	1,518
Total revenues	**30,475**	**28,315**	**10,535**	**9,745**
Cost of products	(18,441)	(16,890)	(6,369)	(5,835)
Cost of services	(2,984)	(2,970)	(992)	(987)
Total cost of sales	**(21,425)**	**(19,860)**	**(7,361)**	**(6,822)**
Gross profit	**9,050**	**8,455**	**3,174**	**2,923**
Selling, general and administrative expenses	(4,424)	(4,180)	(1,476)	(1,393)
Non-order related research and development expenses	(1,055)	(1,074)	(351)	(358)
Other income (expense), net	(7)	(6)	(23)	(26)
Income from operations	**3,564**	**3,195**	**1,324**	**1,146**
Interest and dividend income	50	55	15	17
Interest and other finance expense	(299)	(238)	(122)	(94)
Income from continuing operations before taxes	**3,315**	**3,012**	**1,217**	**1,069**
Provision for taxes	(944)	(828)	(336)	(274)
Income from continuing operations, net of tax	**2,371**	**2,184**	**881**	**795**
Income (loss) from discontinued operations, net of tax	(15)	4	(3)	(1)
Net income	**2,356**	**2,188**	**878**	**794**
Net income attributable to noncontrolling interests	(94)	(88)	(43)	(35)
Net income attributable to ABB	**2,262**	**2,100**	**835**	**759**
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	2,277	2,096	838	760
Net income	2,262	2,100	835	759
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.99	0.91	0.36	0.33
Net income	0.99	0.92	0.36	0.33
Diluted earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.99	0.91	0.36	0.33
Net income	0.98	0.92	0.36	0.33
Weighted-average number of shares outstanding (in millions) used to compute:				
Basic earnings per share attributable to ABB shareholders	2,296	2,293	2,297	2,293
Diluted earnings per share attributable to ABB shareholders	2,303	2,295	2,305	2,295

See Notes to the Interim Consolidated Financial Information

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

	Nine months ended		Three months ended	
($ in millions)	**Sep. 30, 2013**	**Sep. 30, 2012**	**Sep. 30, 2013**	**Sep. 30, 2012**
Total comprehensive income, net of tax	**2,376**	**2,441**	**1,315**	**1,209**
Total comprehensive income attributable to noncontrolling interests, net of tax	(84)	(88)	(40)	(45)
Total comprehensive income attributable to ABB shareholders, net of tax	**2,292**	**2,353**	**1,275**	**1,164**

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Balance Sheets (unaudited)

($ in millions, except share data)	Sep. 30, 2013	Dec. 31, 2012
Cash and equivalents	4,296	6,875
Marketable securities and short-term investments	380	1,606
Receivables, net	12,632	11,575
Inventories, net	6,634	6,182
Prepaid expenses	330	311
Deferred taxes	914	869
Other current assets	734	584
Total current assets	**25,920**	**28,002**
Property, plant and equipment, net	6,050	5,947
Goodwill	10,646	10,226
Other intangible assets, net	3,432	3,501
Prepaid pension and other employee benefits	71	71
Investments in equity-accounted companies	201	213
Deferred taxes	330	334
Other non-current assets	776	776
Total assets	**47,426**	**49,070**
Accounts payable, trade	5,103	4,992
Billings in excess of sales	1,746	2,035
Short-term debt and current maturities of long-term debt	567	2,537
Advances from customers	1,770	1,937
Deferred taxes	307	270
Provisions for warranties	1,346	1,291
Other provisions	1,548	1,575
Other current liabilities	4,346	4,337
Total current liabilities	**16,733**	**18,974**
Long-term debt	7,553	7,534
Pension and other employee benefits	2,119	2,290
Deferred taxes	1,274	1,260
Other non-current liabilities	1,663	1,566
Total liabilities	**29,342**	**31,624**
Commitments and contingencies		
Stockholders equity:		
Capital stock and additional paid-in capital (2,314,743,264 issued shares at September 30, 2013, and December 31, 2012)	1,734	1,691
Retained earnings	18,661	18,066
Accumulated other comprehensive loss	(2,493)	(2,523)
Treasury stock, at cost (17,954,291 and 18,793,989 shares at September 30, 2013, and December 31, 2012, respectively)	(313)	(328)
Total ABB stockholders equity	**17,589**	**16,906**
Noncontrolling interests	495	540
Total stockholders equity	**18,084**	**17,446**
Total liabilities and stockholders equity	**47,426**	**49,070**

See Notes to the Interim Consolidated Financial Information

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ABB Ltd Interim Consolidated Statements of Cash Flows (unaudited)

	Nine months ended		Three months ended	
($ in millions)	**Sep. 30, 2013**	**Sep. 30, 2012**	**Sep. 30, 2013**	**Sep. 30, 2012**
Operating activities:				
Net income	2,356	2,188	878	794
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	966	841	327	307
Pension and other employee benefits	(11)	(56)	11	(7)
Deferred taxes	(11)	23	36	12
Net gain from sale of property, plant and equipment	(20)	(12)	(5)	(4)
Loss (income) from equity-accounted companies, net		1	(7)	(4)
Other	60	104	53	56
Changes in operating assets and liabilities:				
Trade receivables, net	(1,046)	(388)	(83)	(131)
Inventories, net	(309)	(466)	43	(90)
Trade payables	(14)	(326)	36	(163)
Billings in excess of sales	(122)	57	(89)	(19)
Provisions, net	(49)	(291)	(9)	(36)
Advances from customers	(107)	32	(156)	(9)
Other assets and liabilities, net	(132)	(366)	206	62
Net cash provided by operating activities	**1,561**	**1,341**	**1,241**	**768**
Investing activities:				
Purchases of marketable securities (available-for-sale)	(424)	(1,429)	(41)	(502)
Purchases of short-term investments	(9)	(30)	(3)	(3)
Purchases of property, plant and equipment and intangible assets	(692)	(838)	(240)	(302)
Acquisition of businesses (net of cash acquired) and changes in cost and equity investments	(883)	(3,686)	(858)	(70)
Proceeds from sales of marketable securities (available-for-sale)	1,362	1,655	20	159
Proceeds from maturity of marketable securities (available-for-sale)	114		61	
Proceeds from short-term investments	41	27	1	
Other investing activities	119	34	88	37
Net cash used in investing activities	**(372)**	**(4,267)**	**(972)**	**(681)**
Financing activities:				
Net changes in debt with original maturities of 90 days or less	(557)	103	(154)	(488)
Increase in debt	442	5,279	90	429
Repayment of debt	(1,823)	(903)	(81)	(176)
Delivery of shares	3	47	1	1
Dividends paid	(1,667)	(1,626)		
Acquisition of noncontrolling interests	(5)	(3)	(1)	(3)
Dividends paid to noncontrolling shareholders	(133)	(121)	(37)	(30)
Other financing activities	(36)	(16)	3	2
Net cash provided by (used in) financing activities	**(3,776)**	**2,760**	**(179)**	**(265)**
Effects of exchange rate changes on cash and equivalents	8	30	58	88
Net change in cash and equivalents - continuing operations	**(2,579)**	**(136)**	**148**	**(90)**

Cash and equivalents, beginning of period	6,875	4,819	4,148	4,773
Cash and equivalents, end of period	**4,296**	**4,683**	**4,296**	**4,683**
Supplementary disclosure of cash flow information:				
Interest paid	179	91	16	21
Taxes paid	884	915	243	216

See Notes to the Interim Consolidated Financial Information

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

($ 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	Noncontrolli interests
Balance at January 1, 2012	**1,621**	**16,988**	**(968)**	**20**	**(1,472)**	**12**	**(2,408)**	**(424)**	**15,777**	**5**
Comprehensive income:										
Net income		2,100							**2,100**	
Foreign currency translation adjustments (net of tax of $(9))			212				**212**		**212**	
Effect of change in fair value of available-for-sale securities (net of tax of $(1))				2			**2**		**2**	
Unrecognized income (expense) related to pensions and other postretirement plans (net of tax of $(7))										
Change in derivatives qualifying as cash flow hedges (net of tax of $(12))						39	**39**		**39**	
Total comprehensive income									**2,353**	
Changes in noncontrolling interests										
Dividends paid to noncontrolling shareholders										(1
Dividends paid		(1,626)							**(1,626)**	
Share-based payment arrangements	43								**43**	
Delivery of shares	(7)							54	**47**	
Call options	10								**10**	
Replacement options issued in connection with acquisition	5								**5**	
Other	1								**1**	
Balance at September 30,	**1,673**	**17,462**	**(756)**	**22**	**(1,472)**	**51**	**(2,155)**	**(370)**	**16,610**	**5**

2012

($ 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	Noncontroll interests
Balance at January 1, 2013	**1,691**	**18,066**	**(580)**	**24**	**(2,004)**	**37**	**(2,523)**	**(328)**	**16,906**	**5**
Comprehensive income:										
Net income		2,262							**2,262**	
Foreign currency translation adjustments (net of tax of $(1))			(12)				**(12)**		**(12)**	
Effect of change in fair value of available-for-sale securities (net of tax of $1)				(15)			**(15)**		**(15)**	
Unrecognized income (expense) related to pensions and other postretirement plans (net of tax of $(26))					65		**65**		**65**	
Change in derivatives qualifying as cash flow hedges (net of tax of $2)						(8)	**(8)**		**(8)**	
Total comprehensive income									**2,292**	
Changes in noncontrolling interests	(9)								**(9)**	
Dividends paid to noncontrolling shareholders										(
Dividends paid		(1,667)							**(1,667)**	
Share-based payment arrangements	50								**50**	
Delivery of shares	(12)							15	**3**	
Call options	13								**13**	
Replacement options issued in connection with acquisition	2								**2**	
Other	(1)								**(1)**	
Balance at September 30, 2013	**1,734**	**18,661**	**(592)**	**9**	**(1,939)**	**29**	**(2,493)**	**(313)**	**17,589**	**4**

See Notes to the Interim Consolidated Financial Information

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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 13).

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 recognize cumulative translation adjustments in net income when it ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. 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 impact of this update on the consolidated financial statements is dependent on future transactions resulting in derecognition of foreign assets, subsidiaries or foreign equity-accounted companies completed on or after adoption.

Presentation of an unrecognized tax benefit when a net operating loss carry forward, 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 is currently evaluating the impact of this update 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)	Nine months ended September 30, 2013	2012	Three months ended September 30, 2013	2012
Acquisitions (net of cash acquired)(2)	873	3,635	859	57
Aggregate excess of purchase price over fair value of net assets acquired(3)	472	3,273	532	30
Number of acquired businesses	6	7	5	3

(1) Amounts for the nine and three months ended September 30, 2013, relate primarily to the acquisition of Power-One. Amounts for the nine months ended September 30, 2012, relate primarily to the acquisition of Thomas & Betts.

For all periods presented, amounts include adjustments arising during the measurement period of acquisitions. In the nine months ended September 30, 2013, adjustments included in Aggregate excess of purchase price over fair value of net assets acquired amounted to $63 million, primarily in respect of a reduction in certain deferred tax liabilities related to Thomas & Betts.

(2) Excluding changes in cost and equity investments but including $2 million (in the nine and three months ended September 30, 2013) and $5 million (in the nine months ended September 30, 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.

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 provider of renewable energy and energy-efficient power conversion and power management solutions, as well as a designer and manufacturer of photovoltaic inverters.

The aggregate preliminary allocation of the purchase consideration for business acquisitions in the nine months ended September 30, 2013, is as follows:

($ in millions)	**Allocated amounts**	**Weighted-average useful life**
Intangible assets	245	9 years
Fixed assets	130	
Deferred tax liabilities	(168)	
Other assets and liabilities, net	131	
Goodwill(1)	535	
Total consideration (net of cash acquired)	**873**	

(1) 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 nine and three months ended September 30, 2012, include total revenues of $938 million and $625 million, respectively, related to Thomas & Betts since the date of acquisition. After acquisition-related charges, the Company s Consolidated Income Statements include a net loss of $8 million and a net income of $30 million, for the nine and three months ended September 2012, 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 nine and three months ended September 30, 2012, as if Thomas & Betts had been acquired on January 1, 2011.

($ in millions)	Nine months ended September 30, 2012	Three months ended September 30, 2012
Total revenues	29,230	9,745
Income from continuing operations, net of tax	2,298	813

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)	**Nine months ended September 30, 2012**	**Three months ended September 30, 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	8	6
Impact on cost of sales from fair valuing acquired inventory	31	16
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	2
Impact on interest and other finance expense from bridging facility costs	13	
Other	(5)	
Income taxes	(6)	(6)
Total pro forma adjustments	**80**	**18**

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)	2,873
Measurement period adjustments related to prior year acquisitions	22
Exchange rate differences	62
Balance at December 31, 2012	**10,226**
Additions during the period(2)	535
Measurement period adjustments related to prior year acquisitions	(63)
Exchange rate differences	(52)
Balance at September 30, 2013	**10,646**

(1) 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.

(2) Includes primarily goodwill in respect of Power-One, acquired in July 2013, which has mainly 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:

	September 30, 2013					
($ in millions)	**Cost basis**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair value**	**Cash and equivalents**	**Marketable securities and short-term investments**
Cash	2,224			2,224	2,224	
Time deposits	2,073			2,073	2,072	1
Other short-term investments	12			12		12
Debt securities available-for-sale:						
U.S. government obligations	102	3	(1)	104		104
European government obligations	23	1		24		24
Other government obligations	2			2		2
Corporate	74	4		78		78
Equity securities available-for-sale	153	10	(4)	159		159
Total	**4,663**	**18**	**(5)**	**4,676**	**4,296**	**380**

	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			2,784	2,784	
Time deposits	3,993			3,993	3,963	30
Other short-term investments	15			15		15
Debt securities available-for-sale:						
U.S. government obligations	152	8	(1)	159		159
Other government obligations	3			3		3
Corporate	236	9		245	128	117
Equity securities available-for-sale	1,271	12	(1)	1,282		1,282
Total	**8,454**	**29**	**(2)**	**8,481**	**6,875**	**1,606**

Non-current assets

Included in Other non-current assets are certain held-to-maturity marketable securities pledged in respect of a certain non-current deposit liability. At September 30, 2013, the amortized cost, gross unrecognized gain and fair value (based on quoted market prices) of these securities were $103 million, $18 million and $121 million, respectively. At December 31, 2012, the amortized cost, gross unrecognized gain and fair value (based on quoted market prices) of these securities were $97 million, $27 million and $124 million, respectively. The maturity dates of these securities range from 2014 to 2021.

Notes to the Interim Consolidated Financial Information (unaudited)

Note 5. Financial instruments

The Company is exposed to certain currency, commodity, interest rate and equity risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures.

Currency risk

Due to the global nature of the Company s operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company s policies require the subsidiaries to hedge their foreign currency exposures from binding sales and purchase contracts denominated in foreign currencies. For forecasted foreign currency denominated sales of standard products and the related foreign currency denominated purchases, the Company s policy is to hedge up to a maximum of 100 percent of the forecasted foreign currency denominated exposures, depending on the length of the forecasted exposures. Forecasted exposures greater than 12 months are not hedged. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities.

Commodity risk

Various commodity products are used in the Company s manufacturing activities. Consequently it is exposed to volatility in future cash flows arising from changes in commodity prices. To manage the price risk of commodities other than electricity, the Company s policies require that the subsidiaries hedge the commodity price risk exposures from binding contracts, as well as at least 50 percent (up to a maximum of 100 percent) of the forecasted commodity exposure over the next 12 months or longer (up to a maximum of 18 months). In certain locations where the price of electricity is hedged, up to a maximum of 90 percent of the forecasted electricity needs, depending on the length of the forecasted exposures, are hedged. Swap and futures contracts are used to manage the associated price risks of commodities.

Interest rate risk

The Company has issued bonds at fixed rates. Interest rate swaps are used to manage the interest rate risk associated with certain debt and generally are designated as fair value hedges. In addition, from time to time, the Company uses instruments such as interest rate swaps, interest rate futures, bond futures or forward rate agreements to manage interest rate risk arising from the Company s balance sheet structure but does not designate such instruments as hedges.

Equity risk

The Company is exposed to fluctuations in the fair value of its warrant appreciation rights (WARs) issued under its management incentive plan. A WAR gives its holder the right to receive cash equal to the market price of an equivalent listed warrant on the date of exercise. To eliminate such risk, the Company has purchased cash-settled call options which entitle the Company to receive amounts equivalent to its obligations under the outstanding WARs.

Volume of derivative activity

In general, while the Company s primary objective in its use of derivatives is to minimize exposures arising from its business, certain derivatives are designated and qualify for hedge accounting treatment while others either are not designated or do not qualify for hedge accounting.

Foreign exchange and interest rate derivatives:

The gross notional amounts of outstanding foreign exchange and interest rate derivatives (whether designated as hedges or not) were as follows:

Type of derivative		**Total notional amounts**	
($ in millions)	**September 30, 2013**	**December 31, 2012**	**September 30, 2012**
Foreign exchange contracts	19,070	19,724	19,008
Embedded foreign exchange derivatives	3,425	3,572	3,555
Interest rate contracts	3,575	3,983	3,092

Notes to the Interim Consolidated Financial Information (unaudited)

Derivative commodity contracts:

The following table shows the notional amounts of outstanding commodity derivatives (whether designated as hedges or not), on a net basis, to reflect the Company s requirements in the various commodities:

			Total notional amounts	
Type of derivative	**Unit**	**September 30, 2013**	**December 31, 2012**	**September 30, 2012**
Copper swaps	metric tonnes	44,155	45,222	38,046
Aluminum swaps	metric tonnes	4,750	5,495	6,308
Nickel swaps	metric tonnes	24	21	24
Lead swaps	metric tonnes	7,900	13,025	11,900
Zinc swaps	metric tonnes	350	225	100
Silver swaps	ounces	2,194,738	1,415,322	1,357,380
Electricity futures	megawatt hours	403,532	334,445	459,782
Crude oil swaps	barrels	111,918	135,471	147,820

Equity derivatives:

At September 30, 2013, December 31, 2012, and September 30, 2012, the Company held 72 million, 67 million and 68 million cash-settled call options on ABB Ltd shares with a total fair value of $44 million, $26 million and $23 million, respectively.

Cash flow hedges

As noted above, the Company mainly uses forward foreign exchange contracts to manage the foreign exchange risk of its operations, commodity swaps to manage its commodity risks and cash-settled call options to hedge its WAR liabilities. Where such instruments are designated and qualify as cash flow hedges, the effective portion of the changes in their fair value is recorded in Accumulated other comprehensive loss and subsequently reclassified into earnings in the same line item and in the same period as the underlying hedged transaction affects earnings. Any ineffectiveness in the hedge relationship, or hedge component excluded from the assessment of effectiveness, is recognized in earnings during the current period.

At September 30, 2013, and December 31, 2012, Accumulated other comprehensive loss included net unrealized gains of $29 million and $37 million, respectively, net of tax, on derivatives designated as cash flow hedges. Of the amount at September 30, 2013, net gains of $22 million are expected to be reclassified to earnings in the following 12 months. At September 30, 2013, the longest maturity of a derivative classified as a cash flow hedge was 69 months.

The amounts of gains or losses, net of tax, reclassified into earnings due to the discontinuance of cash flow hedge accounting and recognized in earnings due to ineffectiveness in cash flow hedge relationships were not significant in the nine and three months ended September 30, 2013 and 2012.

Notes to the Interim Consolidated Financial Information (unaudited)

The pre-tax effects of derivative instruments, designated and qualifying as cash flow hedges, on Accumulated other comprehensive loss (OCI) and the Consolidated Income Statements were as follows:

Nine months ended September 30, 2013					
Type of derivative designated as a cash flow hedge	**Gains (losses) recognized in OCI on derivatives (effective portion) ($ in millions)**	**Gains (losses) reclassified from OCI into income (effective portion) Location**	**($ in millions)**	**Gains (losses) recognized in income (ineffective portion and amount excluded from effectiveness testing) Location**	**($ in millions)**
Foreign exchange contracts	25	Total revenues	40	Total revenues	
		Total cost of sales	(6)	Total cost of sales	
Commodity contracts	(6)	Total cost of sales	(3)	Total cost of sales	
Cash-settled call options	5	SG&A expenses(1)	3	SG&A expenses(1)	
Total	**24**		**34**		

Nine months ended September 30, 2012					
Type of derivative designated as a cash flow hedge	**Gains (losses) recognized in OCI on derivatives (effective portion) ($ in millions)**	**Gains (losses) reclassified from OCI into income (effective portion) Location**	**($ in millions)**	**Gains (losses) recognized in income (ineffective portion and amount excluded from effectiveness testing) Location**	**($ in millions)**
Foreign exchange contracts	75	Total revenues	47	Total revenues	
		Total cost of sales	(8)	Total cost of sales	
Commodity contracts	9	Total cost of sales	(2)	Total cost of sales	
Cash-settled call options	(7)	SG&A expenses(1)	(11)	SG&A expenses(1)	
Total	**77**		**26**		

Three months ended September 30, 2013					
Type of derivative designated as a cash flow hedge	**Gains (losses) recognized in OCI on derivatives (effective portion) ($ in millions)**	**Gains (losses) reclassified from OCI into income (effective portion) Location**	**($ in millions)**	**Gains (losses) recognized in income (ineffective portion and amount excluded from effectiveness testing) Location**	**($ in millions)**
Foreign exchange contracts	25	Total revenues	16	Total revenues	
		Total cost of sales		Total cost of sales	
Commodity contracts	7	Total cost of sales	(2)	Total cost of sales	
Cash-settled call options	(2)	SG&A expenses(1)	1	SG&A expenses(1)	
Total	**30**		**15**		

	Three months ended September 30, 2012				
Type of derivative designated as a cash flow hedge	**Gains (losses) recognized in OCI on derivatives (effective portion) ($ in millions)**	**Gains (losses) reclassified from OCI into income (effective portion) Location**	**($ in millions)**	**Gains (losses) recognized in income (ineffective portion and amount excluded from effectiveness testing) Location**	**($ in millions)**
Foreign exchange contracts	55	Total revenues	20	Total revenues	
		Total cost of sales	(6)	Total cost of sales	
Commodity contracts	7	Total cost of sales		Total cost of sales	
Cash-settled call options	6	SG&A expenses(1)		SG&A expenses(1)	
Total	**68**		**14**		

(1) SG&A expenses represent Selling, general and administrative expenses .

Derivative gains of $28 million and $16 million, both net of tax, were reclassified from Accumulated other comprehensive loss to earnings during the nine months ended September 30, 2013 and 2012, respectively. During the three months ended September 30, 2013 and 2012, derivative gains of $12 million and $10 million, both net of tax, were reclassified from Accumulated other comprehensive loss to earnings respectively.

Notes to the Interim Consolidated Financial Information (unaudited)

Fair value hedges

To reduce its interest rate exposure arising primarily from its debt issuance activities, the Company uses interest rate swaps. Where such instruments are designated as fair value hedges, the changes in the fair value of these instruments, as well as the changes in fair value of the risk component of the underlying debt being hedged, are recorded as offsetting gains and losses in Interest and other finance expense . Hedge ineffectiveness of instruments designated as fair value hedges for the nine and three months ended September 30, 2013 and 2012, was not significant.

The effect of derivative instruments, designated and qualifying as fair value hedges, on the Consolidated Income Statements was as follows:

Nine months ended September 30, 2013

Type of derivative designated as a fair value hedge	Gains (losses) recognized in income on derivatives designated as fair value hedges		Gains (losses) recognized in income on hedged item	
	Location	($ in millions)	Location	($ in millions)
Interest rate contracts	Interest and other finance expense	(16)	Interest and other finance expense	16

Nine months ended September 30, 2012

Type of derivative designated as a fair value hedge	Gains (losses) recognized in income on derivatives designated as fair value hedges		Gains (losses) recognized in income on hedged item	
	Location	($ in millions)	Location	($ in millions)
Interest rate contracts	Interest and other finance expense	12	Interest and other finance expense	(12)

Three months ended September 30, 2013

Type of derivative designated as a fair value hedge	Gains (losses) recognized in income on derivatives designated as fair value hedges		Gains (losses) recognized in income on hedged item	
	Location	($ in millions)	Location	($ in millions)
Interest rate contracts	Interest and other finance expense	24	Interest and other finance expense	(24)

Three months ended September 30, 2012

Type of derivative designated as a fair value hedge	Gains (losses) recognized in income on derivatives designated as fair value hedges		Gains (losses) recognized in income on hedged item	
	Location	($ in millions)	Location	($ in millions)
Interest rate contracts		2		(2)

	Interest and other finance expense	Interest and other finance expense

Derivatives not designated in hedge relationships

Derivative instruments that are not designated as hedges or do not qualify as either cash flow or fair value hedges are economic hedges used for risk management purposes. Gains and losses from changes in the fair values of such derivatives are recognized in the same line in the income statement as the economically hedged transaction.

Furthermore, under certain circumstances, the Company is required to split and account separately for foreign currency derivatives that are embedded within certain binding sales or purchase contracts denominated in a currency other than the functional currency of the subsidiary and the counterparty.

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The gains (losses) recognized in the Consolidated Income Statements on derivatives not designated in hedging relationships were as follows:

($ in millions)		Gains (losses) recognized in income			
		Nine months ended September 30,		Three months ended September 30,	
Type of derivative not designated as a hedge	**Location**	**2013**	**2012**	**2013**	**2012**
Foreign exchange contracts	Total revenues	(61)	286	145	234
	Total cost of sales	50	(198)	(20)	(113)
	SG&A expenses(1)	(1)	(3)	1	(2)
	Interest and other finance expense	112	(17)	149	36
Embedded foreign exchange contracts	Total revenues	76	(147)	3	(84)
	Total cost of sales	(1)	29	8	19
Commodity contracts	Total cost of sales	(46)	24	21	27
	Interest and other finance expense	1	1		2
Interest rate contracts	Interest and other finance expense	(3)	2	(3)	1
Total		**127**	**(23)**	**304**	**120**

(1) SG&A expenses represent Selling, general and administrative expenses .

The fair values of derivatives included in the Consolidated Balance Sheets were as follows:

	September 30, 2013			
	Derivative assets		Derivative liabilities	
($ in millions)	**Current in Other current assets**	**Non-current in Other non-current assets**	**Current in Other current liabilities**	**Non-current in Other non-current liabilities**
Derivatives designated as hedging instruments:				
Foreign exchange contracts	26	12	5	4
Commodity contracts	1		2	
Interest rate contracts		28		3
Cash-settled call options	11	31		
Total	**38**	**71**	**7**	**7**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	299	48	110	26
Commodity contracts	6		20	1
Cash-settled call options		2		
Embedded foreign exchange derivatives	59	26	53	20
Total	**364**	**76**	**183**	**47**
Total fair value	**402**	**147**	**190**	**54**
	311	**87**	**117**	**27**

Thereof, subject to close-out netting agreements	

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	December 31, 2012			
	Derivative assets		Derivative liabilities	
($ in millions)	Current in Other current assets	Non-current in Other non-current assets	Current in Other current liabilities	Non-current in Other non-current liabilities
Derivatives designated as hedging instruments:				
Foreign exchange contracts	34	20	14	6
Commodity contracts	1		1	
Interest rate contracts	15	31		2
Cash-settled call options	9	16		
Total	**59**	**67**	**15**	**8**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	204	62	84	20
Commodity contracts	7	1	11	1
Cash-settled call options		1		
Embedded foreign exchange derivatives	26	13	86	40
Total	**237**	**77**	**181**	**61**
Total fair value	**296**	**144**	**196**	**69**
Thereof, subject to close-out netting agreements	**245**	**113**	**93**	**28**

Close-out netting agreements provide for the termination, valuation and net settlement of some or all outstanding transactions between two counterparties on the occurrence of one or more pre-defined trigger events.

Although the Company is party to close-out netting agreements with most derivative counterparties, the fair values in the tables above and in the Consolidated Balance Sheets at September 30, 2013, and December 31, 2012, have been presented on a gross basis.

Note 6. Fair values

The Company uses fair value measurement principles to record certain financial assets and liabilities on a recurring basis and, when necessary, to record certain non-financial assets at fair value on a non-recurring basis, as well as to determine fair value disclosures for certain financial instruments carried at amortized cost in the financial statements. Financial assets and liabilities recorded at fair value on a recurring basis include foreign currency, commodity and interest rate derivatives as well as cash-settled call options and available-for-sale securities. Non-financial assets recorded at fair value on a non-recurring basis include long-lived assets that are reduced to their estimated fair value due to impairments.

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation techniques including the market approach (using observable market data for identical or similar assets and liabilities), the income approach (discounted cash flow models) and the cost approach (using costs a market participant would incur to develop a comparable asset). Inputs used to determine the fair value of assets and liabilities are defined by a three-level hierarchy, depending on the reliability of those inputs. The Company has categorized its financial assets and liabilities and non-financial assets measured at fair value within this hierarchy based on whether the inputs to the valuation technique are observable or unobservable. An observable input is based on market data obtained from independent sources, while an unobservable input reflects the Company s assumptions about market data.

The levels of the fair value hierarchy are as follows:

Level 1: Valuation inputs consist of quoted prices in an active market for identical assets or liabilities (observable quoted prices). Assets and liabilities valued using Level 1 inputs

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include exchange-traded equity securities, listed derivatives which are actively traded such as commodity futures and interest rate futures, and certain actively-traded debt securities.

Level 2: Valuation inputs consist of observable inputs (other than Level 1 inputs) such as actively quoted prices for similar assets, quoted prices in inactive markets and inputs other than quoted prices such as interest rate yield curves, credit spreads, or inputs derived from other observable data by interpolation, correlation, regression or other means. The adjustments applied to quoted prices or the inputs used in valuation models may be both observable and unobservable. In these cases, the fair value measurement is classified as Level 2 unless the unobservable portion of the adjustment or the unobservable input to the valuation model is significant, in which case the fair value measurement would be classified as Level 3. Assets and liabilities valued using Level 2 inputs include investments in certain funds, certain debt securities that are not actively traded, interest rate swaps, commodity swaps, cash-settled call options, foreign exchange forward contracts and foreign exchange swaps, as well as financing receivables and debt.

Level 3: Valuation inputs are based on the Company s assumptions of relevant market data (unobservable inputs).

Whenever quoted prices involve bid-ask spreads, the Company ordinarily determines fair values based on mid-market quotes. However, for the purpose of determining the fair value of cash-settled call options serving as hedges of the Company s management incentive plan, bid prices are used.

When determining fair values based on quoted prices in an active market, the Company considers if the level of transaction activity for the financial instrument has significantly decreased, or would not be considered orderly. In such cases, the resulting changes in valuation techniques would be disclosed. If the market is considered disorderly or if quoted prices are not available, the Company is required to use another valuation technique, such as an income approach.

Recurring fair value measures

The fair values of financial assets and liabilities measured at fair value on a recurring basis were as follows:

	September 30, 2013			
($ in millions)	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Assets				
Available-for-sale securities in Cash and equivalents				
Debt securities Corporate				
Available-for-sale securities in Marketable securities and short-term investments				
Equity securities		159		159
Debt securities U.S. government obligations	104			104

Debt securities European government obligations	24			24
Debt securities Other government obligations		2		2
Debt securities Corporate		78		78
Available-for-sale securities in Other non-current assets				
Equity securities				
Derivative assets current in Other current assets		402		402
Derivative assets non-current in Other non-current assets		147		147
Liabilities				
Derivative liabilities current in Other current liabilities	2	188		190
Derivative liabilities non-current in Other non-current liabilities		54		54

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	December 31, 2012			
($ in millions)	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Assets				
Available-for-sale securities in Cash and equivalents				
Debt securities Corporate		128		128
Available-for-sale securities in Marketable securities and short-term investments				
Equity securities	3	1,279		1,282
Debt securities U.S. government obligations	159			159
Debt securities European government obligations				
Debt securities Other government obligations		3		3
Debt securities Corporate		117		117
Available-for-sale securities in Other non-current assets				
Equity securities	2			2
Derivative assets current in Other current assets		296		296
Derivative assets non-current in Other non-current assets		144		144
Liabilities				
Derivative liabilities current in Other current liabilities	4	192		196
Derivative liabilities non-current in Other non-current liabilities		69		69

The Company uses the following methods and assumptions in estimating fair values of financial assets and liabilities measured at fair value on a recurring basis:

- *Available-for-sale securities in Cash and equivalents , Marketable securities and short-term investments and Other non-current assets :* If quoted market prices in active markets for identical assets are available, these are considered Level 1 inputs; however, when markets are not active, then these inputs are considered Level 2. If such quoted market prices are not available, fair value is determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for nonperformance risk. The inputs used in present value techniques are observable and fall into the Level 2 category.

- *Derivatives:* The fair values of derivative instruments are determined using quoted prices of identical instruments from an active market, if available (Level 1). If quoted prices are not available, price quotes for similar instruments, appropriately adjusted, or present value techniques, based on available market data, or option pricing models are used. Cash-settled call options hedging the Company s WAR liability are valued based on bid prices of the equivalent listed warrant. The fair values obtained using price quotes for similar instruments or valuation techniques represent a Level 2 input unless significant unobservable inputs are used.

Non-recurring fair value measures

There were no significant non-recurring fair value measurements during the nine and three months ended September 30, 2013 and 2012.

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Disclosure about financial instruments carried on a cost basis

The fair values of financial instruments carried on a cost basis were as follows:

	September 30, 2013				
($ in millions)	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Assets					
Cash and equivalents (excluding available-for-sale securities with original maturities up to 3 months)					
Cash	2,224	2,224			2,224
Time deposits	2,072		2,072		2,072
Marketable securities and short-term investments (excluding available-for-sale securities)					
Time deposits	1		1		1
Other short-term investments	12	12			12
Short-term loans in Receivables, net	7		7		7
Other non-current assets					
Loans granted	57		59		59
Held-to-maturity securities	103		121		121
Restricted cash and cash deposits	252	71	219		290
Liabilities					
Short-term debt and current maturities of long-term debt, excluding finance lease liabilities	541	166	375		541
Long-term debt, excluding finance lease liabilities	7,453	7,592	36		7,628
Non-current deposit liabilities in Other non-current liabilities	279		338		338

	December 31, 2012				
($ in millions)	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Assets					
Cash and equivalents (excluding available-for-sale securities with original maturities up to 3 months)					
Cash	2,784	2,784			2,784
Time deposits	3,963		3,963		3,963
Marketable securities and short-term investments (excluding available-for-sale securities)					
Time deposits	30		30		30
Other short-term investments	15	15			15
Short-term loans in Receivables, net	7		7		7
Other non-current assets					
Loans granted	58		59		59
Held-to-maturity securities	97		124		124
Restricted cash and cash deposits	271	80	242		322
Liabilities					
Short-term debt and current maturities of long-term debt, excluding finance lease liabilities	2,512	1,328	1,184		2,512

Long-term debt, excluding finance lease liabilities	7,449	7,870	39	7,909
Non-current deposit liabilities in Other non-current liabilities	283		359	359

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The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- *Cash and equivalents (excluding available-for-sale debt securities with original maturities up to 3 months), Marketable securities and short-term investments (excluding available-for-sale securities), and Short-term loans in Receivables, net :* The carrying amounts approximate the fair values, as the items are short-term in nature.

- *Other non-current assets:* Includes financing receivables (including loans granted) whose fair values are based on the carrying amount adjusted using a present value technique to reflect a premium or discount based on current market interest rates (Level 2 inputs). Includes held-to-maturity securities (see Note 4) whose fair values are based on quoted market prices in inactive markets (Level 2 inputs). Includes restricted cash whose fair values approximates the carrying amounts and a cash deposit pledged in respect of a certain non-current deposit liability whose fair value is determined using a discounted cash flow methodology based on current market interest rates (Level 2 inputs).

- *Short-term debt and current maturities of long-term debt, excluding finance lease liabilities:* Includes commercial paper, bank borrowings and overdrafts as well as bonds maturing in the next 12 months. The carrying amounts of short-term debt and current maturities of long-term debt, excluding finance lease liabilities, approximate their fair values.

- *Long-term debt excluding finance lease liabilities:* Fair values of outstanding bonds are determined using quoted market prices (Level 1 inputs). The fair values of other debt are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

- *Non-current deposit liabilities in Other non-current liabilities :* The fair values of certain non-current deposit liability is determined using a discounted cash flow methodology based on current market interest rates (Level 2 inputs).

Note 7. Credit quality of receivables

Accounts receivable and allowance for doubtful accounts

Accounts receivable are recorded at the invoiced amount. The allowance for doubtful accounts is the Company s best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance based on historical write-off experience and customer specific data. If an amount has not been settled within its contractual payment term then it is considered past due. The Company reviews the allowance for doubtful accounts regularly and past due balances are reviewed for collectability. Accounts receivable balances are charged off against the related allowance when the Company believes that the amount will not be recovered.

The Company has a group-wide policy on the management of credit risk. The policy includes a credit assessment methodology to assess the creditworthiness of customers and assign to those customers a risk category on a scale from A (lowest likelihood of loss) to E (highest likelihood of loss), as shown in the following table:

Risk category:	**Equivalent Standard & Poor s rating**
A	AAA to AA-
B	A+ to BBB-
C	BB+ to BB-
D	B+ to CCC-
E	CC+ to D

Third-party agencies ratings are considered, if available. For customers where agency ratings are not available, the customer s most recent financial statements, payment history and other relevant information are considered in the assignment to a risk category. Customers are assessed at least

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annually or more frequently when information on significant changes in the customer s financial position becomes known. In addition to the assignment to a risk category, a credit limit per customer is set.

Information on the credit quality of trade receivables (excluding those with a contractual maturity of one year or less) is presented below.

Receivables classified as current assets

The gross amounts of trade receivables (excluding those with a contractual maturity of one year or less) and the related allowance for doubtful accounts, recorded in receivables, net, were as follows:

	Trade receivables (excluding those with a contractual maturity of one year or less)	
($ in millions)	**September 30, 2013**	**December 31, 2012**
Recorded gross amount:		
- Individually evaluated for impairment	408	335
- Collectively evaluated for impairment	272	326
Total	**680**	**661**
Allowance for doubtful accounts:		
- From individual impairment evaluation	(40)	(42)
- From collective impairment evaluation	(11)	(11)
Total	**(51)**	**(53)**
Recorded net amount	**629**	**608**

Changes in the trade receivables allowance for doubtful accounts (excluding those with a contractual maturity of one year or less) were as follows:

	Nine months ended September 30,	
($ in millions)	**2013**	**2012**
Balance at January 1,	53	50
Reversal of allowance	(6)	(6)
Additions to allowance	9	6
Amounts written off		(1)
Exchange rate differences	(5)	(4)
Balance at September 30,	**51**	**45**

	Three months ended September 30,	
($ in millions)	**2013**	**2012**
Balance at July 1,	50	42
Reversal of allowance	(1)	

Additions to allowance	4	2
Amounts written off		(1)
Exchange rate differences	(2)	2
Balance at September 30,	**51**	**45**

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The following table shows the credit risk profile, on a gross basis, of trade receivables (excluding those with a contractual maturity of one year or less) based on the internal credit risk categories which are used as a credit quality indicator:

	Trade receivables (excluding those with a contractual maturity of one year or less)	
($ in millions)	**September 30, 2013**	**December 31, 2012**
Risk category:		
A	171	279
B	266	238
C	160	90
D	69	48