ABB LTD
Form 6-K
April 26, 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 April 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 April 24, 2013.

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

3. Agenda and resolutions from the ABB Ltd General Meeting of Shareholders held on April 25, 2013.

4. Press release issued by ABB Ltd dated April 25, 2013.

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

Press Release

ABB Q1: Revenue growth, improved profitability

- **Improved portfolio and geographic balance generates solid results in a mixed market**
- **Revenues steady to higher in all divisions(1); Thomas & Betts on track**
- **Operational EBITDA(2) and margin higher, continued solid execution on cost savings**

Zurich, Switzerland, April 24, 2013 ABB today reported its first-quarter 2013 results, highlighting revenue growth and improved operational profitability2 despite a weak business environment.

Given the continued uncertainties in the global economy, this is a satisfactory start to 2013, said ABB Chief Executive Officer Joe Hogan. We continued to execute well, successfully balancing solid cost discipline with targeted growth in businesses and regions where we have competitive advantages, especially in areas like industrial efficiency, power reliability and renewable energy.

Our balanced portfolio and global footprint contributed to the resilient performance, allowing us to find and capture growth opportunities in a mixed market. For example, we won some key orders in marine, mining, and robotics, and increased emerging market orders by 10 percent. We lifted total revenues on both an organic and inorganic basis.

Our execution on cost remained strong, with tight discipline on G&A expenses, Hogan said. Continued success in sourcing and productivity improvements saved us about $260 million.

The Thomas and Betts integration and synergies are on track. We re very pleased with this acquisition and the improved balance it gives us in the North American market.

The Power Products team turned in another good performance, with an operational EBITDA margin of 14.9 percent, again within our guidance of 14.5 to 15.0 percent range for the full year, thanks to solid execution on cost and selective growth initiatives in more profitable end markets.

We achieved these results despite continued demand headwinds, Hogan said. Growth in the US decelerated further in the quarter and industrial investments in much of Europe remained mixed. Cash flow was lower than we d like, but it was largely expected and mainly reflects the timing of project execution, so we expect to see that recover over the coming quarters.

For the rest of the year, we ll continue to focus on the cost-growth balance. Macroeconomic indicators remain unclear, which makes it tough to predict how the early-cycle businesses will perform. However, our strong order backlog will help mitigate some of that uncertainty, and we re confident that our better balance across businesses and regions will continue to provide us with profitable growth opportunities.

2013 Q1 key figures

$ millions unless otherwise indicated	**Q1 13**	**Q1 12**	**Change US$**	**Local**	**Organic(3)**
Orders	10 492	10 368	*1%*	*2%*	*-4%*
Order backlog (end March)	*29 614*	*29 910*	*-1%*	*2%*	
Revenues	9 715	8 907	*9%*	*10%*	*3%*
EBIT	1 052	1 048	*0%*		
as % of revenues	10.8%	11.8%			
Operational EBITDA	1 458	1 228	*19%*		
as % of operational revenues	15.0%	13.9%			
Net income attributable to ABB	664	685	*-3%*		
Basic net income per share ($)	0.29	0.30			
Cash flow from operating activities	(223)	(22)	n.a.		

(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 EBIT in Note 13 to the Interim Consolidated Financial Information (unaudited)

(3) Organic changes are in local currencies and exclude Thomas & Betts (T&B) acquired in May 2012

Summary of Q1 results

Growth overview

Market conditions remained mixed, with demand in key end markets such as oil and gas, mining, marine and utilities varying by region, product and customer. In this environment, ABB s geographic, technology and channel scope mitigated some of the market turbulence and allowed the company to tap opportunities for profitable growth.

For example, industrial customers continued to invest in high-efficiency production technologies to generate more from their existing assets, such as the $260-million, 9-year order to supply integrated services for offshore oil and gas facilities in Norway. Targeted capital expenditures in important end markets also continued and included an order for mine hoists from a major customer in Russia.

Utilities made further selective power transmission investments to expand and upgrade their grids. ABB won a $110-million order to link the Lithuanian and Poland power grids, and a $150-million order to supply ultra-high voltage direct current equipment to the world s highest capacity power transmission link in China.

Overall, ABB s orders received in the quarter declined 4 percent on an organic basis (2 percent higher including T&B) compared to the first quarter of 2012. Base orders (below $15 million) were 5 percent lower on an organic basis (2 percent higher including T&B), mainly reflecting softer demand for early-cycle products. Service orders declined by 3 percent in the quarter partly due to the continued exit from those full service contracts having lower pull-through of high-value ABB products and represented 19 percent of total orders. Emerging market orders increased 10 percent and represented 48 percent of total orders. Large orders (above $15 million) were up slightly in the quarter and represented 14 percent of total orders, unchanged from the year-earlier period.

Revenues increased in the first quarter on both an organic (up 3 percent) and inorganic basis (up 10 percent), as execution of the strong order backlog helped offset early-cycle order and revenue weakness. T&B contributed approximately $590 million to orders and revenues. Service revenues increased by 3 percent in the quarter.

Q1 2013 orders received and revenues by region

$ millions unless	**Orders received**		**Change**		**Revenues**		**Change**	
otherwise indicated	**Q1 13**	**Q1 12**	**US$**	**Local**	**Q1 13**	**Q1 12**	**US$**	**Local**
Europe	3 884	3 894	*0%*	*-1%*	3 377	3 386	*0%*	*-1%*
The Americas	2 798							
		2 695	*4%*	*5%*	2 824	2 326	*21%*	*23*
organic	*2 331*		*-14%*	*-12%*	2 357		*1%*	*3%%*
Asia	2 815	2 766	*2%*	*2%*	2 544	2 323	*10%*	*10%*
Middle East and Africa	995	1 013	*-2%*	*3%*	970	872	*11%*	*14%*
Group total	**10 492**	**10 368**	***1%***	***2%***	**9 715**	**8 907**	***9%***	***10%***

Orders in Europe were flat as strong increases in eastern Europe especially Russia offset order declines in both northern and southern Europe, including Germany and Italy. On an organic basis, orders in the Americas declined, mainly the result of lower large orders in power and oil and gas. Asia orders increased on the back of 20-percent order growth in China, while the Middle East and Africa was steady, with strong demand for renewable energy solutions in South Africa offsetting a decline in large orders in the Middle East.

Q1 2013 orders received and revenues by division

$ millions unless otherwise indicated	**Orders received Q1 2013**	**Q1 2012**	**Change US$**	**Local**	**Revenues Q1 2013**	**Q1 2012**	**Change US$**	**Local**
Discrete Automation & Motion	2 485	2 678	*-7%*	*-7%*	2 327	2 242	*4%*	*4%*
Low Voltage Products	1 934	1 337	*45%*	*47%*	1 777	1 192	*49%*	*51%*
Organic	*1,342*		*0%*	*1%*	*1,185*		*-1%*	*0%*
Process Automation	2 500	2 540	*-2%*	*-1%*	1 978	1 970	*0%*	*1%*
Power Products	2 859	3 117	*-8%*	*-8%*	2 489	2 513	*-1%*	*0%*
Power Systems	1 637	1 958	*-16%*	*-15%*	2 051	1 807	*14%*	*15%*
Corporate and other *(inter-division eliminations)*	(923)	(1 262)			(907)	(817)		
ABB Group	**10 492**	**10 368**	***1%***	***2%***	**9 715**	**8 907**	***9%***	***10%***

Discrete Automation and Motion: Higher large orders in robotics and for power conversion equipment in the rail industry could not offset order declines in motors and drives resulting from generally weaker early-cycle demand. Revenues increased on the execution of the strong order backlog, especially in robotics. Service revenues increased 5 percent.

Low Voltage Products: Orders and revenues were flat on an organic basis as early-cycle demand remained near the low levels seen a year-earlier in most regions. Service orders and revenues grew at a double-digit pace.

Process Automation: Order growth in mining and marine was offset by declines in metals and pulp and paper. Oil and gas orders were flat, with growth in base orders offset by lower large orders. Service orders decreased, mainly due to several upgrade projects booked last year which were not repeated. Higher marine revenues compensated lower revenues in other businesses. Total service revenues increased 4 percent.

Power Products: The change in orders received reflects continued project selectivity in a challenging market and a comparison with a strong first quarter of 2012. Revenues were unchanged from a year earlier and included a higher share of distribution and industry-related sales.

Power Systems: The order decline partly reflects the timing of large project awards as well as increased selectivity in project tendering in order to reduce risks and secure more value-added ABB product pull-through. Revenues were higher across all businesses in the quarter and service revenues also grew.

Earnings overview

Earnings before interest and taxes (EBIT) amounted to approximately $1.1 billion, steady compared to the same quarter in 2012. Included in EBIT are the net impacts of foreign exchange and commodity timing differences(4), which reduced EBIT in the first quarter of 2013 by $62 million and increased EBIT

(4) See reconciliation of operational EBITDA to EBIT in Note 13 to the Interim Consolidated Financial Information (unaudited)

in the same period a year earlier by $71 million. Also included in EBIT is acquisition-related amortization of $93 million, compared to $66 million a year earlier.

Operational EBITDA in the first quarter of 2013 amounted to $1.5 billion, an increase of 19 percent compared to the relatively weak first quarter a year earlier. T&B contributed approximately $100 million to operational EBITDA.

The Group s operational EBITDA margin increased by 1.1 percentage points compared to the same period in 2012, as sourcing initiatives and operational improvements produced cost savings of approximately $260 million compensated lower-margin orders being executed out of the power backlog. Margins were supported by improved capacity utilization and stricter discipline in selling, general and administrative (SG&A) expenses that better reflect current market conditions.

Q1 2013 earnings and cash flows by division

$ millions unless otherwise indicated	**Operational EBITDA Q1 13**	**Q1 12**	**change in US$**	**Op EBITDA margin %(5) Q1 13**	**Q1 12**	**Cash flow from operating activities Q1 13**	**Q1 12**	**change in US$**
Discrete Automation and Motion	416	417	*0%*	17.8%	18.6%	179	103	*74%*
Low Voltage Products	320	197	*62%*	18.0%	*16.6%*	3	45	*-93%*
Organic	*222*			*18.7%*				
Process Automation	259	243	*7%*	13.1%	12.4%	14	(18)	*n.a.*
Power Products	372	363	*2%*	14.9%	14.5%	34	123	*-72%*
Power Systems	169	117	*44%*	8.3%	6.6%	(188)	(48)	*-292%*
Corporate and other	(78)	(109)				(265)	(227)	*-17%*
ABB Group	**1 458**	**1 228**	***19%***	**15.0%**	**13.9%**	**(223)**	**(22)**	***n.a.***

Discrete Automation and Motion: Stable earnings with lower margins primarily reflect a change in product mix versus the year-earlier period, driven in part by increased system revenues where margins are below the divisional average. The change in margins also reflects higher investments in selling and R&D compared to the same quarter in 2012. Higher cash from operations primarily reflects improved inventory management.

Low Voltage Products: The increase in operational EBITDA resulted primarily from the contribution of approximately $100 million from T&B. The operational EBITDA margin increased as a result of cost reductions and improved capacity utilization in several markets.

Process Automation: Higher operational EBITDA and margins primarily reflect improved project execution and lower SG&A expenses as a percentage of revenues compared to the same quarter in 2012. Profitability was also supported by strong margins in the service business.

Power Products: The increase in the operational EBITDA margin was mainly driven by a favorable business mix while cost savings mostly offset the price pressure from the execution of the order backlog.

(5) See computation of operational EBITDA margin % in Note 13 to the Interim Consolidated Financial Information (unaudited)

Power Systems: Higher operational EBITDA margins mainly reflect improved project execution along with a more favorable mix of projects being executed from the order backlog compared to the same quarter a year earlier. Measures announced in the fourth quarter of 2012 to improve profitability and consistency of results continued in the first quarter but had no significant impact on earnings.

Net income

Net income for the quarter decreased 3 percent to $664 million, which included net foreign currency and derivative impacts, as well as amortization related to acquisitions as described earlier. Finance net(6) increased to $79 million from $38 million in the same quarter in 2012, reflecting the increase in total debt compared to one year ago. Basic earnings per share in the first quarter amounted to $0.29 versus $0.30 a year earlier.

Balance sheet and cash flow

Total debt amounted to $9.1 billion compared to $6.2 billion in the first quarter of 2012 and $10.1 billion at the end of 2012. The year-over-year increase primarily resulted from the issuance of approximately $3 billion of bonds in the US and Australia to secure long-term funding at attractive rates.

Net debt(6) was $2.1 billion at the end of March 2013 versus net cash(6) of $1.4 billion at the same time a year earlier. The net debt-to-EBITDA ratio(6) at the end of March 2013 was 0.4x, well within the range the company believes is required to maintain its single-A credit rating.

ABB reported cash outflows from operations of $223 million, weaker than in the first quarter in 2012, reflecting a combination of higher net working capital needed to execute large projects and the timing of customer advances, both factors related mainly to the power businesses. Net working capital as a share of revenues(6) amounted to 16.4 percent, an increase of 0.8 percentage points versus the end of the quarter a year earlier.

Technology and innovation

ABB announced a number of new products during the quarter, particularly in the area of power electronics. For example, the company launched a new 1,000 kilowatt high-efficiency solar inverter to reduce overall system costs for photovoltaic power generation, and the most compact truly modular uninterrupted power supply (UPS) on the market. A new onboard direct current (DC) power grid for marine applications allows ship operators to optimize generator speeds for lower fuel consumption as well as reducing space requirements and increasing system flexibility. In April, ABB announced the development of an innovative high voltage circuit breaker solution for power transmission with an integrated fiber optic current sensor which simplifies substation design, significantly reduces footprint requirements and is smart grid-enabled. ABB also launched the first low-voltage circuit breaker with integrated energy management functions, which has the potential to achieve annual energy savings equivalent to the electricity consumption of 1.4 million EU households per year.

Acquisitions

ABB and US-based Power-One announced earlier this week that their boards of directors have agreed to a transaction in which ABB will acquire Power-One for approximately $1 billion. The transaction would position ABB as a leading global supplier of solar inverters the intelligence behind a solar photovoltaic system to a market expected to grow by more than 10 percent per year over the

(6) See reconciliation of non-GAAP measures in Appendix 1

medium term. The transaction expected to close in the second half of 2013, subject to shareholder and regulatory approvals.

Outlook

Our long-term growth drivers such as the need for greater industrial productivity, more reliable and efficient power delivery and growth in renewables remain in place. Shorter-term trends such as industrial production growth and government policy are expected to remain the key drivers of demand over the rest of 2013. There are no clear changes in demand trends visible as we head into the second quarter of 2013.

In a market environment in which near-term uncertainty is likely to remain, we will continue to focus on executing our large order backlog and taking advantage of our broad product and geographic scope to capture profitable growth opportunities in line with our 2011-15 targets.

This will be supported by our ongoing initiatives to improve margins and project selection and execution. Growing service revenues, securing the synergies from recent acquisitions, increasing customer satisfaction and successfully commercializing our pipeline of innovative technologies will remain important contributors to our growth and profitability targets.

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 returns on our capital investments in both organic and inorganic growth.

More information

The 2013 Q1 results press release is available from April 24, 2013, on the ABB News Center at www.abb.com/news and on the Investor Relations homepage at www.abb.com/investorrelations, where a presentation for investors will also be published.

A video from Chief Executive Officer Joe Hogan on ABB s first-quarter 2013 results will be available at 06:30 am today at www.youtube.com/abb.

ABB will host a media conference call starting at 10:00 a.m. Central European Time (CET). Callers from the US and Canada should dial +1 866 291 41 66 (Toll-Free). U.K. callers should dial +44 203 059 5862. From Sweden, +46 8 5051 0031, and from the rest of Europe, +41 91 610 5600. 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 6233 (U.K.), +41 91 612 4330 (rest of Europe) or +1 866 416 2558 (U.S./Canada). The code is 13241, 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 +1 877 270 2148 from the US/Canada (toll-free), +44 203 059 5862 from the U.K., +46 8 5051 0031 (Sweden) or +41 91 610 56 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/investorrelations.

Investor calendar 2013

Annual General Meeting Zurich, Switzerland	April 25, 2013
Annual Information Meeting Västerås, Sweden	April 26, 2013
Second-quarter 2013 results	July 25, 2013
Third-quarter 2013 results	October 24, 2013

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 145,000 people.

Zurich, April 24, 2013

Joe Hogan, CEO

Important notice about forward-looking information

This press release includes forward-looking information and statements as well as other statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd. These expectations, estimates and projections are generally identifiable by statements containing words such as expects, believes, estimates, targets, plans or sim expressions. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this press release and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others, business risks associated with the volatile global economic environment and political conditions, costs associated with compliance activities, raw materials availability and prices, market acceptance of new products and services, changes in governmental regulations and currency exchange rates and such other factors as may be discussed from time to time in ABB Ltd s filings with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 20-F. Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

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ABB first-quarter (Q1) 2013 key figures

$ millions unless otherwise indicated		Q1 13	Q1 12	Change US$	Change Local
Orders	**Group**	**10 492**	**10 368**	***1%***	***2%***
	Discrete Automation & Motion	2 485	2 678	*-7%*	*-7%*
	Low Voltage Products	1 934	1 337	*45%*	*47%*
	Process Automation	2 500	2 540	*-2%*	*-1%*
	Power Products	2 859	3 117	*-8%*	*-8%*
	Power Systems	1 637	1 958	*-16%*	*-15%*
	Corporate and other *(inter-division eliminations)*	(923)	(1 262)		
Revenues	**Group**	**9 715**	**8 907**	***9%***	***10%***
	Discrete Automation & Motion	2 327	2 242	*4%*	*4%*
	Low Voltage Products	1 777	1 192	*49%*	*51%*
	Process Automation	1 978	1 970	*0%*	*1%*
	Power Products	2 489	2 513	*-1%*	*0%*
	Power Systems	2 051	1 807	*14%*	*15%*
	Corporate and other *(inter-division eliminations)*	(907)	(817)		
EBIT	**Group**	**1 052**	**1 048**	***0%***	
	Discrete Automation & Motion	337	354	*-5%*	
	Low Voltage Products	232	180	*29%*	
	Process Automation	224	234	*-4%*	
	Power Products	283	323	*-12%*	
	Power Systems	105	88	*19%*	
	Corporate and other *(inter-division eliminations)*	(129)	(131)		
EBIT %	**Group**	**10.8%**	**11.8%**		
	Discrete Automation & Motion	14.5%	15.8%		
	Low Voltage Products	13.1%	15.1%		
	Process Automation	11.3%	11.9%		
	Power Products	11.4%	12.9%		
	Power Systems	5.1%	4.9%		
Operational EBITDA*	**Group**	**1 458**	**1 228**	***19%***	
	Discrete Automation & Motion	416	417	*0%*	
	Low Voltage Products	320	197	*62%*	
	Process Automation	259	243	*7%*	
	Power Products	372	363	*2%*	
	Power Systems	169	117	*44%*	
	Corporate and other *(inter-division eliminations)*	(78)	(109)		
Operational EBITDA margin %*	**Group**	**15.0%**	**13.9%**		
	Discrete Automation & Motion	17.8%	18.6%		
	Low Voltage Products	18.0%	16.6%		
	Process Automation	13.1%	12.4%		
	Power Products	14.9%	14.5%		
	Power Systems	8.3%	6.6%		

* See reconciliation of operational EBITDA and computation of operational EBITDA margin % in Note 13 to the Interim Consolidated Financial Information (unaudited)

Operational EBITDA Q1 2013 vs Q1 2012

	ABB		Discrete Automation & Motion		Low Voltage Products		Process Automation		Power Products		Power Systems	
	Q1 13	**Q1 12**	**Q1 13**	**Q1 12**	**Q1 13**	**Q1 12**	**Q1 13**	**Q1 12**	**Q1 13**	**Q1 12**	**Q1 13**	**Q1 12**
Operational revenues	**9 721**	**8 844**	**2 331**	**2 240**	**1 779**	**1 186**	**1 983**	**1 960**	**2 503**	**2 497**	**2 032**	**1 780**
FX/commodity timing differences on Revenues	(6)	63	(4)	2	(2)	6	(5)	10	(14)	16	19	27
Revenues (as per Financial Statements)	**9 715**	**8 907**	**2 327**	**2 242**	**1 777**	**1 192**	**1 978**	**1 970**	**2 489**	**2 513**	**2 051**	**1 807**
Operational EBITDA	**1 458**	**1 228**	**416**	**417**	**320**	**197**	**259**	**243**	**372**	**363**	**169**	**117**
Depreciation	(205)	(166)	(34)	(33)	(47)	(26)	(16)	(16)	(51)	(42)	(20)	(16)
Amortization	(116)	(87)	(30)	(28)	(32)	(2)	(4)	(4)	(7)	(10)	(25)	(25)
including total acquisition-related amortization of	*(93)*	*(66)*	*(26)*	*(27)*	*(30)*	*(1)*	*(3)*	*(3)*	*(5)*	*(8)*	*(23)*	*(22)*
Acquisition-related expense and certain non-operational items	(4)	19	(2)	(4)	(2)	(3)						
FX/commodity timing differences on EBIT	(62)	71	(12)	3	(3)	14	(12)	11	(24)	25	(14)	14
Restructuring-related costs	(19)	(17)	(1)	(1)	(4)		(3)		(7)	(13)	(5)	(2)
EBIT (as per Financial Statements)	**1 052**	**1 048**	**337**	**354**	**232**	**180**	**224**	**234**	**283**	**323**	**105**	**88**
Operational EBITDA margin (%)	**15.0%**	**13.9%**	**17.8%**	**18.6%**	**18.0%**	**16.6%**	**13.1%**	**12.4%**	**14.9%**	**14.5%**	**8.3%**	**6.6%**

Appendix I

Reconciliation of non-GAAP measures

(US$ millions)

	Three months ended March 31, 2013	2012
Finance Net		
= Interest and dividend income + Interest and other finance expense		
Interest and dividend income	18	19
Interest and other finance expense	(97)	(57)
Finance Net	**(79)**	**(38)**

	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Net (Debt), Net Cash			
= Cash and equivalents plus Marketable securities and short-term investments, less Total debt			
Cash and equivalents	5 455	6 875	5 751
Marketable securities and short-term investments	1 591	1 606	1 837
Cash and Marketable securities	**7 046**	**8 481**	**7 588**
Short-term debt and current maturities of long-term debt	1 683	2 537	812

Long-term debt	7 430	7 534	5 364
Total debt	**9 113**	**10 071**	**6 176**
Net (Debt), Net Cash	**(2 067)**	**(1 590)**	**1 412**

	Mar. 31, 2013
Net Debt to EBITDA	
= Net Debt / EBITDA for the trailing 12 months	
Net Debt (as defined above)	**(2 067)**
Earnings before interest and taxes for the three months ended:	
March 31, 2013	1 052
December 31, 2012	863
September 30, 2012	1 146
June 30, 2012	1 001
Depreciation and amortization for the three months ended:	
March 31, 2013	321
December 31, 2012	341
September 30, 2012	307
June 30, 2012	281
Total EBITDA for the trailing 12 months	**5 312**
Net Debt to EBITDA	**0.4**

	Mar. 31, 2013	Mar. 31, 2012
Net Working Capital as a percentage of Revenues		
= Net Working Capital / Adjusted Revenues for the trailing 12 months		
Receivables, net	11 941	11 157
Inventories, net	6 267	6 356
Prepaid expenses	322	288
Accounts payable, trade	(4 705)	(4 738)
Billings in excess of sales	(1 920)	(1 999)
Employee and other payables	(1 372)	(1 430)
Advances from customers	(2 002)	(1 905)
Accrued expenses	(1 878)	(1 722)
Net Working Capital	**6 653**	**6 007**
Revenues for the three months ended:		
March 31, 2013 / 2012	9 715	8 907
December 31, 2012 / 2011	11 021	10 571
September 30, 2012 / 2011	9 745	9 337
June 30, 2012 / 2011	9 663	9 680
Adjustment to annualize revenues of certain acquisitions(1)	308	
Adjusted Revenues for the trailing 12 months	**40 452**	**38 495**
Net Working Capital as a percentage of Revenues	**16.4%**	**15.6%**

(1) Thomas & Betts

ABB Ltd Interim Consolidated Income Statements (unaudited)

($ in millions, except per share data in $)	Three months ended Mar. 31, 2013	Mar. 31, 2012
Sales of products	8,191	7,423
Sales of services	1,524	1,484
Total revenues	**9,715**	**8,907**
Cost of products	(5,910)	(5,263)
Cost of services	(954)	(954)
Total cost of sales	**(6,864)**	**(6,217)**
Gross profit	**2,851**	**2,690**
Selling, general and administrative expenses	(1,449)	(1,322)
Non-order related research and development expenses	(361)	(346)
Other income (expense), net	11	26
Earnings before interest and taxes	**1,052**	**1,048**
Interest and dividend income	18	19
Interest and other finance expense	(97)	(57)
Income from continuing operations before taxes	**973**	**1,010**
Provision for taxes	(277)	(298)
Income from continuing operations, net of tax	**696**	**712**
Income (loss) from discontinued operations, net of tax	(4)	-
Net income	**692**	**712**
Net income attributable to noncontrolling interests	(28)	(27)
Net income attributable to ABB	**664**	**685**
Amounts attributable to ABB shareholders:		
Income from continuing operations, net of tax	668	685
Net income	664	685
Basic earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.29	0.30
Net income	0.29	0.30
Diluted earnings per share attributable to ABB shareholders:		
Income from continuing operations, net of tax	0.29	0.30
Net income	0.29	0.30
Weighted-average number of shares outstanding (in millions) used to compute:		
Basic earnings per share attributable to ABB shareholders	2,296	2,292
Diluted earnings per share attributable to ABB shareholders	2,303	2,294

See Notes to the Interim Consolidated Financial Information

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

($ in millions)	Three months ended Mar. 31, 2013	Mar. 31, 2012
Total comprehensive income, net of tax	**309**	**1,142**
Total comprehensive income attributable to noncontrolling interests, net of tax	(26)	(35)
Total comprehensive income attributable to ABB shareholders, net of tax	**283**	**1,107**

See Notes to the Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Balance Sheets (unaudited)

($ in millions, except share data)	Mar. 31, 2013	Dec. 31, 2012
Cash and equivalents	5,455	6,875
Marketable securities and short-term investments	1,591	1,606
Receivables, net	11,941	11,575
Inventories, net	6,267	6,182
Prepaid expenses	322	311
Deferred taxes	887	869
Other current assets	483	584
Total current assets	**26,946**	**28,002**
Property, plant and equipment, net	5,820	5,947
Goodwill	10,157	10,226
Other intangible assets, net	3,366	3,501
Prepaid pension and other employee benefits	69	71
Investments in equity-accounted companies	211	213
Deferred taxes	361	334
Other non-current assets	771	776
Total assets	**47,701**	**49,070**
Accounts payable, trade	4,705	4,992
Billings in excess of sales	1,920	2,035
Employee and other payables	1,372	1,449
Short-term debt and current maturities of long-term debt	1,683	2,537
Advances from customers	2,002	1,937
Deferred taxes	319	270
Provisions for warranties	1,242	1,291
Provisions and other current liabilities	2,364	2,367
Accrued expenses	1,878	2,096
Total current liabilities	**17,485**	**18,974**
Long-term debt	7,430	7,534
Pension and other employee benefits	2,220	2,290
Deferred taxes	1,280	1,260
Other non-current liabilities	1,545	1,566
Total liabilities	**29,960**	**31,624**
Commitments and contingencies		
Stockholders equity:		
Capital stock and additional paid-in capital (2,314,743,264 issued shares at March 31, 2013, and December 31, 2012)	1,688	1,691
Retained earnings	18,730	18,066
Accumulated other comprehensive loss	(2,904)	(2,523)
Treasury stock, at cost (18,345,908 and 18,793,989 shares at March 31, 2013, and December 31, 2012, respectively)	(320)	(328)
Total ABB stockholders equity	**17,194**	**16,906**
Noncontrolling interests	547	540
Total stockholders equity	**17,741**	**17,446**
Total liabilities and stockholders equity	**47,701**	**49,070**

See Notes to the Interim Consolidated Financial Information

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ABB Ltd Interim Consolidated Statements of Cash Flows (unaudited)

($ in millions)	Three months ended Mar. 31, 2013	Mar. 31, 2012
Operating activities:		
Net income	692	712
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	321	253
Pension and other employee benefits	(11)	(17)
Deferred taxes	4	39
Net gain from sale of property, plant and equipment	(9)	(3)
Loss from equity-accounted companies, net		4
Other	14	25
Changes in operating assets and liabilities:		
Trade receivables, net	(504)	(74)
Inventories, net	(248)	(388)
Trade payables	(197)	(184)
Billings in excess of sales	(71)	120
Provisions, net	(28)	(157)
Advances from customers	75	101
Other assets and liabilities, net	(261)	(453)
Net cash used in operating activities	**(223)**	**(22)**
Investing activities:		
Purchases of marketable securities (available-for-sale)	(173)	(876)
Purchases of short-term investments	(5)	(25)
Purchases of property, plant and equipment and intangible assets	(216)	(236)
Acquisition of businesses (net of cash acquired) and changes in cost and equity investments	(26)	(196)
Proceeds from sales of marketable securities (available-for-sale)	116	21
Proceeds from short-term investments	32	2
Other investing activities	46	(11)
Net cash used in investing activities	**(226)**	**(1,321)**
Financing activities:		
Net changes in debt with original maturities of 90 days or less	(507)	91
Increase in debt	215	2,172
Repayment of debt	(523)	(185)
Delivery of shares	1	46
Acquisition of noncontrolling interests	(1)	
Dividends paid to noncontrolling shareholders	(15)	(8)
Other financing activities	(3)	15
Net cash provided by (used in) financing activities	**(833)**	**2,131**
Effects of exchange rate changes on cash and equivalents	(138)	144
Net change in cash and equivalents - continuing operations	**(1,420)**	**932**
Cash and equivalents, beginning of period	6,875	4,819
Cash and equivalents, end of period	**5,455**	**5,751**
Supplementary disclosure of cash flow information:		
Interest paid	28	24
Taxes paid	331	341

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	Non i
Balance at January 1, 2012	**1,621**	**16,988**	**(968)**	**20**	**(1,472)**	**12**	**(2,408)**	**(424)**	**15,777**	
Comprehensive income:										
Net income		685							**685**	
Foreign currency translation adjustments (net of tax of $0)			433				**433**		**433**	
Effect of change in fair value of available-for-sale securities (net of tax of $0)				(1)			**(1)**		**(1)**	
Unrecognized income (expense) related to pensions and other postretirement plans (net of tax of $6)					(35)		**(35)**		**(35)**	
Change in derivatives qualifying as cash flow hedges (net of tax of $(9))						25	**25**		**25**	
Total comprehensive income									**1,107**	
Changes in noncontrolling interests										
Dividends paid to noncontrolling shareholders										
Share-based payment arrangements	13								**13**	
Delivery of shares	(5)							51	**46**	
Other	2								**2**	
Balance at March 31, 2012	**1,631**	**17,673**	**(535)**	**19**	**(1,507)**	**37**	**(1,986)**	**(373)**	**16,945**	

($ 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	Non i
Balance at January 1, 2013	**1,691**	**18,066**	**(580)**	**24**	**(2,004)**	**37**	**(2,523)**	**(328)**	**16,906**	

Comprehensive income:									
Net income		664							**664**
Foreign currency translation adjustments (net of tax of $(8))			(475)				**(475)**		**(475)**
Effect of change in fair value of available-for-sale securities (net of tax of $1)				(6)			**(6)**		**(6)**
Unrecognized income (expense) related to pensions and other postretirement plans (net of tax of $(26))					90		**90**		**90**
Change in derivatives qualifying as cash flow hedges (net of tax of $(2))						10	**10**		**10**
Total comprehensive income									**283**
Changes in noncontrolling interests	(11)								**(11)**
Dividends paid to noncontrolling shareholders									
Share-based payment arrangements	14								**14**
Delivery of shares	(7)							8	**1**
Other	1								**1**
Balance at March 31, 2013	**1,688**	**18,730**	**(1,055)**	**18**	**(1,914)**	**47**	**(2,904)**	**(320)**	**17,194**

See Notes to the Interim Consolidated Financial Information

Notes to the Interim Consolidated Financial Information (unaudited)

Note 1. The Company and basis of presentation

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

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

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

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

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

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

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

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

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

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

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

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

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

The Interim Consolidated Financial Information is presented in United States dollars ($) unless otherwise stated. Certain amounts reported for prior periods in the Interim Consolidated Financial Information have been reclassified to conform to the current period s presentation.

Notes to the Interim Consolidated Financial Information (unaudited)

Note 2. Recent accounting pronouncements

Applicable in current period

Disclosures about offsetting assets and liabilities

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

Reporting of amounts reclassified out of accumulated other comprehensive income

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

Applicable for future periods

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

In March 2013, an accounting standard update was issued regarding the release of cumulative translation adjustments of a parent when it ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity (for the Company, a foreign entity is an entity having a functional currency other than U.S. dollars). Under the update, the Company would 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.

Notes to the Interim Consolidated Financial Information (unaudited)

Note 3. Acquisitions

Acquisitions were as follows:

($ in millions, except number of acquired businesses)(1)	Three months ended March 31, 2013	2012
Acquisitions (net of cash acquired)(2)	14	164
Aggregate excess of purchase price over fair value of net assets acquired(3)	14	92
Number of acquired businesses	1	1

(1) Amounts include adjustments arising during the measurement period of acquisitions. In the three months ended March 31, 2013 and 2012, adjustments included in Aggregate excess of purchase price over fair value of net assets acquired were not significant.

(2) Excluding changes in cost and equity investments.

(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 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 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 aggregate preliminary 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	(1,080)	
Inventories	300	
Other assets and liabilities, net(1)	84	
Goodwill(2)	2,723	
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) The Company does not expect the majority of goodwill recognized to be 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 preliminary estimated fair values of the assets acquired and liabilities assumed for the Thomas & Betts acquisition are based on preliminary calculations and valuations, and facts and circumstances that existed at the acquisition date. The Company s estimates and assumptions are subject to change during the measurement period of the acquisition. The area where preliminary estimates are not yet finalized at March 31, 2013, primarily relates to certain deferred tax liabilities.

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

($ in millions)	Three months ended March 31, 2012
Total revenues	9,514
Income from continuing operations, net of tax	759

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.

($ in millions)	**Adjustments Three months ended March 31, 2012**
Impact on cost of sales from additional amortization of intangible assets (excluding order backlog capitalized upon acquisition)	(17)
Impact on cost of sales from additional depreciation of fixed assets	(8)
Interest expense on Thomas & Betts debt	4
Impact on selling, general and administrative expenses from acquisition-related costs	9
Impact on interest and other finance expense from bridging facility costs	2
Other	(5)
Income taxes	7
Total pro forma adjustments	**(8)**

Notes to the Interim Consolidated Financial Information (unaudited)

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)	2,895
Exchange rate differences	62
Balance at December 31, 2012	**10,226**
Additions during the period	14
Exchange rate differences	(83)
Balance at March 31, 2013	**10,157**

(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.

ABB to acquire Power-One, Inc.

On April 22, 2013, the Company announced that it had reached an agreement to acquire Power-One, Inc. Power-One is a provider of renewable energy and energy-efficient power conversion and power management solutions and a designer and manufacturer of photovoltaic inverters. The anticipated cash outflows for the Company upon closing the transaction amount to approximately $1 billion, based on a purchase price of $6.35 per share. The transaction is subject to approval by Power-One shareholders as well as to customary regulatory approvals, and is expected to close in the second half of 2013.

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:

($ in millions)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents	Marketable securities and short-term investments
	March 31, 2013					
Cash	2,463			2,463	2,463	
Time deposits	2,832			2,832	2,826	6
Other short-term investments	10			10		10
Debt securities available-for-sale:						
U.S. government obligations	101	4		105		105
Other government obligations	3			3		3
Corporate	288	6		294	166	128
Equity securities available-for-sale	1,330	10	(1)	1,339		1,339
Total	**7,027**	**20**	**(1)**	**7,046**	**5,455**	**1,591**

Notes to the Interim Consolidated Financial Information (unaudited)

	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 March 31, 2013, the amortized cost, gross unrecognized gain and fair value (based on quoted market prices) of these securities were $99 million, $26 million and $125 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.

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 exposure, 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. In addition, from time to time, the Company uses instruments such as

Notes to the Interim Consolidated Financial Information (unaudited)

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)	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**
Foreign exchange contracts	18,803	19,724	18,244
Embedded foreign exchange derivatives	3,599	3,572	3,556
Interest rate contracts	3,880	3,983	3,959

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	March 31, 2013	December 31, 2012	March 31, 2012
Copper swaps	metric tonnes	45,902	45,222	37,937
Aluminum swaps	metric tonnes	5,223	5,495	8,083
Nickel swaps	metric tonnes	18	21	15
Lead swaps	metric tonnes	11,425	13,025	13,475
Zinc swaps	metric tonnes	200	225	125
Silver swaps	ounces	2,120,911	1,415,322	1,793,375
Electricity futures	megawatt hours	365,413	334,445	367,724
Crude oil swaps	barrels	129,816	135,471	147,265

Equity derivatives:

At March 31, 2013, December 31, 2012, and March 31, 2012, the Company held 62 million, 67 million and 53 million cash-settled call options on ABB Ltd shares with a total fair value of $33 million, $26 million and $15 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 March 31, 2013, and December 31, 2012, Accumulated other comprehensive loss included net unrealized gains of $47 million and $37 million, respectively, net of tax, on derivatives designated as cash flow hedges. Of the amount at March 31, 2013, net gains of $32 million are expected to be reclassified to

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earnings in the following 12 months. At March 31, 2013, the longest maturity of a derivative classified as a cash flow hedge was 75 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 three months ended March 31, 2013 and 2012.

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:

Three months ended March 31, 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	17	Total revenues	11	Total revenues	
		Total cost of sales	(4)	Total cost of sales	
Commodity contracts	(2)	Total cost of sales	1	Total cost of sales	
Cash-settled call options	7	SG&A expenses(1)	2	SG&A expenses(1)	
Total	**22**		**10**		

Three months ended March 31, 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	32	Total revenues	11	Total revenues	(1)
		Total cost of sales	(1)	Total cost of sales	
Commodity contracts	9	Total cost of sales	(2)	Total cost of sales	
Cash-settled call options	(2)	SG&A expenses(1)	(3)	SG&A expenses(1)	
Total	**39**		**5**		**(1)**

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

Derivative gains of $9 million and $3 million, both net of tax, were reclassified from Accumulated other comprehensive loss to earnings during the three months ended March 31, 2013 and 2012, respectively.

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 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 three months ended March 31, 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:

	Three months ended March 31, 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	(18)	Interest and other finance expense	17

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Type of derivative designated as a fair value hedge	Three months ended March 31, 2012 — Gains (losses) recognized in income on derivatives designated as fair value hedges — Location	($ in millions)	Gains (losses) recognized in income on hedged item — Location	($ in millions)
Interest rate contracts	Interest and other finance expense	7	Interest and other finance expense	(7)

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.

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	
		Three months ended March 31,	
Type of derivative not designated as a hedge	**Location**	**2013**	**2012**
Foreign exchange contracts	Total revenues	8	172
	Total cost of sales	(82)	(64)
	SG&A expenses(1)	(3)	
	Interest and other finance expense	(143)	112
Embedded foreign exchange contracts	Total revenues	(13)	(73)
	Total cost of sales	2	15
Commodity contracts	Total cost of sales	(13)	25
Interest rate contracts	Interest and other finance expense		2
Cash-settled call options	Interest and other finance expense		
Total		**(244)**	**189**

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

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

	March 31, 2013			
	Derivative assets		Derivative liabilities	
($ in millions)	Current in Other current assets	Non-current in Other non-current assets	Current in Provisions and other current liabilities	Non-current in Other non-current liabilities
Derivatives designated as hedging instruments:				
Foreign exchange contracts	33	24	12	5
Commodity contracts			2	
Interest rate contracts	6	23		5
Cash-settled call options	10	21		
Total	**49**	**68**	**14**	**10**
Derivatives not designated as hedging instruments:				
Foreign exchange contracts	128	65	202	33
Commodity contracts	3		17	1
Interest rate contracts				
Cash-settled call options		2		
Embedded foreign exchange derivatives	28	15	72	44
Total	**159**	**82**	**291**	**78**
Total fair value	**208**	**150**	**305**	**88**
Thereof, subject to close-out netting agreements	**154**	**111**	**205**	**43**

	December 31, 2012			
	Derivative assets		Derivative liabilities	
($ in millions)	Current in Other current assets	Non-current in Other non-current assets	Current in Provisions and 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
Interest rate contracts				
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 March 31, 2013, and December 31, 2012, have been presented on a gross basis.

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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 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.

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Recurring fair value measures

The following tables show the fair value of financial assets and liabilities measured at fair value on a recurring basis:

	March 31, 2013			
($ in millions)	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Assets				
Available-for-sale securities in Cash and equivalents				
Debt securities Corporate		166		166
Available-for-sale securities in Marketable securities and short-term investments				
Equity securities		1,339		1,339
Debt securities U.S. government obligations	105			105
Debt securities Other government obligations		3		3
Debt securities Corporate		128		128
Available-for-sale securities in Other non-current assets				