

**ABB Ltd**  
**Summary Consolidated Income Statements**

	January – March	
	2002	2001
	(Unaudited)	
	(in millions, except per share data)	
Revenues .....	\$ 5,149	\$ 5,380
Cost of sales .....	(3,913)	(3,982)
<b>Gross profit</b> .....	<b>1,236</b>	1,398
Selling, general and administrative expenses .....	(1,007)	(1,054)
Amortization expense .....	(12)	(58)
Other income, net .....	18	48
<b>Earnings before interest and taxes</b> .....	<b>235</b>	334
Interest and dividend income .....	102	142
Interest and other finance expense .....	(151)	(180)
<b>Income from continuing operations before taxes and minority interest</b> .....	<b>186</b>	296
Provision for taxes .....	(57)	(87)
Minority interest .....	(21)	(8)
<b>Income from continuing operations</b> .....	<b>108</b>	201
Extraordinary gain on debt extinguishment, net of tax .....	6	---
Cumulative effect of change in accounting principles (SFAS 133), net of tax .....	---	(63)
<b>Net income</b> .....	<b>\$ 114</b>	<b>\$ 138</b>
Weighted average shares outstanding .....	1,113	1,172
Dilutive potential shares .....	---	5
Diluted weighted average shares outstanding .....	<b>1,113</b>	<b>1,177</b>
Basic earnings per share:		
Income from continuing operations .....	\$ 0.10	\$ 0.17
Net income .....	\$ 0.10	\$ 0.12
Diluted earnings per share:		
Income from continuing operations .....	\$ 0.10	\$ 0.17
Net income .....	\$ 0.10	\$ 0.12

**ABB Ltd**  
**Summary Consolidated Balance Sheets**

	<b>At March 31, 2002</b>	<b>At December 31, 2001</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>(in millions)</b>	
Cash and equivalents .....	\$ 3,992	\$ 2,767
Marketable securities .....	2,591	2,946
Receivables, net .....	8,277	8,368
Inventories, net .....	3,201	3,075
Prepaid expenses and other .....	1,973	2,358
<b>Total current assets</b> .....	<b>20,034</b>	19,514
Financing receivables, non-current .....	4,399	4,263
Property, plant and equipment, net.....	3,045	3,003
Goodwill and other intangible assets, net.....	3,284	3,299
Investments and other.....	2,277	2,265
<b>Total assets</b> .....	<b>\$ 33,039</b>	<b>\$ 32,344</b>
Accounts payable, trade.....	\$ 3,916	\$ 3,991
Accounts payable, other.....	2,442	2,710
Short-term borrowings and current maturities of long-term borrowings .....	6,683	4,747
Accrued liabilities and other.....	7,091	7,587
<b>Total current liabilities</b> .....	<b>20,132</b>	19,035
Long-term borrowings .....	4,387	5,043
Pension and other related benefits .....	1,687	1,688
Deferred taxes .....	1,387	1,360
Other liabilities.....	2,990	2,989
<b>Total liabilities</b> .....	<b>30,583</b>	30,115
Minority interest.....	217	215
Capital stock and additional paid-in capital (1,280,009,432 shares authorized, 1,200,009,432 shares issued).....	2,028	2,028
Retained earnings .....	3,549	3,435
Accumulated other comprehensive income.....	(1,588)	(1,699)
Treasury stock, at cost (86,875,616 shares).....	(1,750)	(1,750)
<b>Total stockholders' equity</b> .....	<b>2,239</b>	2,014
<b>Total liabilities and stockholders' equity</b> .....	<b>\$ 33,039</b>	<b>\$ 32,344</b>

**ABB Ltd**  
**Summary Consolidated Statements of Cash Flows**

	January – March	
	2002	2001
	(Unaudited) (in millions)	
<b>Operating activities</b>		
Income from continuing operations.....	\$ 108	\$ 201
<i>Adjustments to reconcile income from continuing operations to net cash provided by operating activities:</i>		
Depreciation and amortization.....	152	190
Restructuring provisions .....	24	(8)
Pension and post-retirement benefits .....	1	1
Deferred taxes.....	6	26
Net gain from sale of property, plant and equipment.....	(3)	(2)
Other.....	(40)	(61)
Changes in operating assets and liabilities		
Marketable securities (trading).....	66	(36)
Trade receivables .....	347	83
Inventories.....	(164)	(342)
Trade payables .....	(33)	100
Other assets and liabilities, net.....	(602)	(369)
<b>Net cash used in operating activities .....</b>	<b>\$ (138)</b>	<b>\$ (217)</b>
<b>Investing activities</b>		
Changes in financing receivables .....	(153)	(540)
Purchases of marketable securities (other than trading).....	(836)	(890)
Purchases of property, plant and equipment .....	(152)	(189)
Acquisitions of businesses (net of cash acquired).....	(10)	(19)
Proceeds from sales of marketable securities (other than trading).....	1,103	1,022
Proceeds from sales of property, plant and equipment .....	23	23
Proceeds from sales of businesses (net of cash disposed).....	170	8
<b>Net cash provided by (used in) investing activities .....</b>	<b>\$ 145</b>	<b>\$ (585)</b>
<b>Financing activities</b>		
Changes in borrowings .....	1,336	2,476
Treasury and capital stock transactions .....	---	(579)
Dividends paid .....	---	(502)
Other.....	(69)	(24)
<b>Net cash provided by financing activities.....</b>	<b>\$ 1,267</b>	<b>\$ 1,371</b>
Net cash used in discontinued operations .....	(43)	(62)
Effects of exchange rate changes on cash and equivalents .....	(6)	(44)
<b>Net change in cash and equivalents .....</b>	<b>1,225</b>	<b>463</b>
Cash and equivalents (beginning of year).....	2,767	1,397
<b>Cash and equivalents (end of period).....</b>	<b>\$ 3,992</b>	<b>\$ 1,860</b>
Interest paid.....	\$ 137	\$ 177
Taxes paid .....	\$ 43	\$ 122

## **ABB Ltd notes to summary consolidated financial statements (Unaudited)**

(US\$ in millions, except per share amounts)

### ***Note 1 Developments in the three months ended:***

- Annual general meeting  
At the Company's annual general meeting held on March 12, 2002, the Company's shareholders approved the resolution to not pay a dividend in 2002. In addition, shareholders approved the resolution to not effect a capital reduction of 24 million shares purchased during the first half of 2001, as a result of changed market conditions.
- Restructuring program  
In July 2001, the Company announced a restructuring program anticipated to extend over 18 months. This restructuring program was initiated in an effort to simplify product lines, reduce multiple location activities and perform other downsizing in response to consolidation of major customers in certain industries.

As of March 31, 2002, the Company recognized charges of \$47 million relating to workforce reductions and \$6 million relating to lease terminations and other exit costs associated with the restructuring program. These costs are included in other income (expense), net. Based on analysis, Management's estimate has been revised resulting in a \$10 million reduction in the amounts accrued for lease terminations and other exit costs. This revision is recognized as a component of other income (expense), net. Termination benefits of \$24 million were paid in the first quarter of 2002 to approximately 600 employees and \$8 million was paid to cover costs associated with lease terminations and other exit costs. Workforce reductions include production, managerial and administrative employees. At March 31, 2002, accrued liabilities included \$102 million for termination benefits and \$28 million for lease terminations and other exit costs.

As a result of the Company's restructuring, certain assets have been identified as impaired or will no longer be used in continuing operations. The Company recorded \$12 million to write down these assets to net realizable value. These costs are included in other income (expense), net.

- Borrowings  
The Company's total borrowings outstanding at December 31, 2001, amounted to \$9,790 million, of which \$3,297 million was in the form of commercial paper with an average interest rate of 2.7%. In March 2002, the Company drew down \$2,845 million, at an interest rate of 4.7%, from a \$3 billion committed bank facility established in December 2001, using a portion of these proceeds to reduce its outstanding commercial paper borrowings to \$1,536 million at March 31, 2002.
- Commitments and contingencies

#### *Asbestos related claims*

A subsidiary of the Company has followed a practice of maintaining a reserve to cover its estimated settlement costs for asbestos claims and an asset representing estimated insurance reimbursement. The reserve represents an estimate of the costs associated with asbestos claims, including defense costs, based upon historical claims trends, available industry information and incidence rates of new claims. At December 31, 2001, the subsidiary had reserved approximately \$940 million, for asbestos-related claims. The subsidiary also recorded receivables of approximately \$150 million at December 31, 2001, for probable insurance recoveries. Allowances against the insurance receivables are established at such time as it becomes likely that insurance recoveries are not probable. New claims filed during the first three months of 2002 were approximately 14,300, a decrease of 5% compared to the fourth quarter of 2001. Of the approximately 13,400 claims settled during the period, more than 50% were settled without payment. Settlement costs prior to insurance reimbursement were \$51 million, up from \$37 million in the first three months of 2001. As a result of intensified efforts to identify and settle valid claims and dispute claims that appear baseless, the number of pending claims remained at approximately 94,000 at the end March 2002. Trends as regards new claim filings, claims settled and cash settlements cannot be estimated reliably based on the first quarter developments, and consequently no additional charges have been recorded.

### ***Note 2 Significant Accounting Policies***

The summary consolidated financial information is prepared on the basis of United States (U.S.) generally accepted accounting principles (USGAAP) and is presented in U.S. dollars (\$) unless otherwise stated. Data for orders and number of employees are shown for purposes of presenting additional disclosure and are not required disclosure under USGAAP.

Par value of capital stock is denominated in Swiss francs (CHF). The summary financial information as of March 31, 2002 should be read in conjunction with the December 31, 2001 financial statements contained in the Company's Annual Report.

At the Company's annual general meeting held on March 20, 2001, the Company's shareholders approved a four-for-one share split. The share split became effective as of May 7, 2001. All per share amounts in the consolidated financial statements have been presented as if the share split had occurred as of the earliest period presented.

### **New accounting standards**

The Company accounted for the adoption of Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, as a change in accounting principle. Based on the Company's derivative positions at January 1, 2001, the Company recognized the cumulative effect of the accounting change as a loss of \$63 million, net of tax, in the consolidated income statement and a reduction of \$41 million, net of tax, in accumulated other comprehensive income (loss).

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, *Business Combinations*, and Statement of Financial Accounting Standards No. 142 (SFAS 142), *Goodwill and Other Intangible Assets*, which modify the accounting for business combinations, goodwill and identifiable intangible assets. All business combinations initiated after June 30, 2001, must be accounted for by the purchase method. Goodwill from acquisitions completed after that date will not be amortized. The Company is required to test all goodwill for impairment as of January 1, 2002, and record a transition adjustment if impairment exists. The Company does not expect to record a material transition adjustment in connection with such impairment testing in 2002. As of January 1, 2002, goodwill has no longer been amortized but will be charged to operations when specified tests indicate that the goodwill is impaired. The Company recognized goodwill amortization expense of \$46 million in the three months ended March 31, 2001. Accordingly, income from continuing operations and net income would have been \$247 million (\$0.21 per share) and \$184 million (\$0.16 per share), respectively, in the three months ended March 31, 2001, if the Company had not recognized amortization expense for goodwill that is no longer being amortized in accordance with SFAS 142.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 (SFAS 144), *Accounting for the Impairment or Disposal of Long-Lived Assets*. This Statement supersedes Statement of Financial Accounting Standards No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-lived Assets to Be Disposed Of*, while retaining many of its requirements regarding impairment loss recognition and measurement. In addition, the new Statement requires the use of one accounting model for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. The Company adopted this statement on January 1, 2002. The impact of adopting SFAS 144 was not material, although the Company expects to present more disposals as discontinued operations as a result of adopting SFAS 144.

### ***Note 3 Summary of Consolidated Stockholders' Equity***

Stockholders' equity at January 1, 2002.....		\$ 2,014
Comprehensive income:		
Net income.....	114	
Foreign currency translation adjustments .....	69	
Unrealized gain on available-for-sale securities, net of tax.....	10	
Derivatives qualifying as hedges (SFAS 133), net of tax.....	32	
Total comprehensive income .....		225
Stockholders' equity at March 31, 2002.....		<u>\$ 2,239</u>

#### ***Note 4 Segment and Geographic Data***

During 2001, the Company realigned its worldwide enterprise around customer groups, replacing its former business segments with four end-user divisions, two channel partner divisions, and a financial services division. The four end-user divisions – Utilities, Process Industries, Manufacturing and Consumer Industries, and Oil, Gas and Petrochemicals – serve end-user customers with products, systems and services. The two channel partner divisions – Power Technology Products and Automation Technology Products – serve external channel partners such as wholesalers, distributors, original equipment manufacturers and system integrators directly and end-user customers indirectly through the end-user divisions. The Financial Services division provides services and project support for the Company as well as for external customers.

- The Utilities division serves electric, gas and water utilities - whether state-owned or private, global or local, operating in liberalized or regulated markets - with a portfolio of products, services and systems. The division's principal customers are generators of power, owners and operators of power transmission systems, energy traders and local distribution companies.
- The Process Industries division serves the chemical, gas, life sciences, marine, metals, minerals, mining, cement, paper, petroleum, printing and turbocharging industries with process-specific products and services combined with the Company's power and automation technologies.
- The Manufacturing and Consumer Industries division sells products, solutions and services that improve customer productivity and competitiveness in areas such as automotive industries, telecommunications, consumer goods, food and beverage, product and electronics manufacturing, airports, parcel and cargo distribution, and public, industrial and commercial buildings.
- The Oil, Gas and Petrochemicals division supplies a comprehensive range of products, systems and services to the global oil, gas and petrochemicals industries, from the development of onshore and offshore exploration technologies to the design and supply of production facilities, refineries and petrochemicals plants.
- The Power Technology Products division covers the entire spectrum of technology for power transmission and power distribution including transformers, switchgear, breakers, capacitors and cables as well as other products, platforms and technologies for high- and medium-voltage applications. Power technology products are used in industrial, commercial and utility applications. They are sold through the Company's end user divisions as well as through external channel partners, such as distributors, contractors and original equipment manufacturers and system integrators.
- The Automation Technology Products division provides products, software and services for the automation and optimisation of industrial and commercial processes. Key technologies include measurement and control, instrumentation, process analysis, drives and motors, power electronics, robots, and low-voltage products, all geared toward one common industrial IT architecture for real-time automation and information solutions throughout a business. These technologies are sold to customers through the end-user divisions as well as through external channel partners such as wholesalers, distributors, original equipment manufacturers and system integrators.
- The Financial Services division supports the Company's business and customers with financial solutions in structured finance, leasing, project development and ownership, financial consulting, insurance and treasury activities.

The Company evaluates performance of its divisions based on earnings before interest and taxes (EBIT), which excludes interest and dividend income, interest expense, provision for taxes, minority interest, and income from discontinued operations, net of tax. In accordance with Statement of Financial Accounting Standards No. 131, *Disclosures about Segments of an Enterprise and Related Information*, the Company presents division revenues, depreciation and amortization, EBIT, and net operating assets, all of which have been restated to reflect the changes to the Company's internal structure, including the effect of increased inter-division transactions. Accordingly, division revenues and EBIT are presented as if certain historical third-party sales by subsidiaries in the product divisions had been routed through other divisions as they would have been under the new customer-centric structure. Management has restated historical division financial information in this way to allow analysis of trends in division revenues and margins on a basis consistent with the Company's new internal structure and transaction flow.

## Recent developments

In line with the Company's strategy to focus on power and automation technologies for utility and industry customers, the Company announced it intends to divest the Building Systems business area, currently part of the Manufacturing and Consumer Industries division. The other three business areas in the Manufacturing and Consumer Industries division will be combined with the Process Industries division into a new Industries division.

## Segment data

	Orders received		Revenues	
	January – March		January – March	
	2002	2001	2002	2001
Utilities .....	\$ 1,455	\$ 1,700	\$ 1,075	\$ 1,196
Process Industries .....	808	1,055	633	775
Mfg and Consumer Industries ....	959	1,337	841	1,163
Oil, Gas and Petrochemicals .....	627	961	972	769
Power Technology Products .....	1,133	1,105	992	855
Automation Technology Products	1,320	1,419	1,221	1,276
Financial Services .....	336	479	336	479
Corporate/ Other <sup>(1)</sup> .....	(1,115)	(1,270)	(921)	(1,133)
Total.....	\$ 5,523	\$ 6,786	\$ 5,149	\$ 5,380

	EBIT (operating income)		Depreciation and amortization	
	January – March		January – March	
	2002	2001	2002	2001
Utilities .....	\$ 32	\$ 40	\$ 12	\$ 18
Process Industries .....	30	35	9	17
Mfg and Consumer Industries ....	(6)	37	6	12
Oil, Gas and Petrochemicals .....	45	41	11	17
Power Technology Products .....	66	64	32	29
Automation Technology Products	81	112	41	61
Financial Services .....	82	84	4	6
Corporate/Other <sup>(1)</sup> .....	(95)	(79)	37	30
Total.....	\$ 235	\$ 334	\$ 152	\$ 190

	Net operating assets <sup>(2)</sup>		Number of employees	
	March 31, 2002	December 31, 2001	March 31, 2002	December 31, 2001
	Utilities .....	\$ 909	\$ 795	16,265
Process Industries .....	866	738	15,895	15,937
Mfg and Consumer Industries .....	258	249	25,426	29,455
Oil, Gas and Petrochemicals .....	448	315	13,490	13,471
Power Technology Products .....	1,454	1,311	28,060	27,555
Automation Technology Products	2,643	2,558	39,283	39,834
Financial Services .....	11,389	10,926	1,230	1,220
Corporate/Other <sup>(1)</sup> .....	(3,689)	(3,114)	12,180	13,648
Total.....	\$ 14,278	\$ 13,778	151,829	156,865

- (1) Includes adjustments to eliminate inter-division transactions.
- (2) Net operating assets is calculated based upon total assets (excluding cash and equivalents, marketable securities, current loans receivable, taxes and deferred charges) less current liabilities (excluding borrowings, taxes, provisions and pension-related liabilities).

## Geographic Information

	Orders received <sup>1)</sup>		Revenues <sup>1)</sup>	
	January – March		January – March	
	2002	2001	2002	2001
Europe .....	\$ 2,795	\$ 3,699	\$ 2,631	\$ 2,940
The Americas .....	1,652	1,828	1,222	1,400
Asia .....	617	685	635	564
Middle East and Africa.....	459	574	661	476
Total.....	\$ 5,523	\$ 6,786	\$ 5,149	\$ 5,380

<sup>1)</sup> Orders received and revenues have been reflected in the regions based on the location of the customer.

### ***Note 5 Summary balance sheets of ABB Ltd Consolidated, ABB Group and Financial Services (unaudited)***

In the balance sheet data appearing on this page, "ABB Ltd Consolidated" means the accounts of ABB Ltd and all its subsidiaries presented in a summarized form on the basis of US GAAP, with all significant intercompany balances eliminated in consolidation. The balance sheet data for "Financial Services" and "ABB Group" is reported on the same basis as management uses to evaluate segment performance which includes the following adjustments:

- "Financial Services" represents the accounts of all subsidiaries in the Company's Financial Services division, with net intercompany balances and certain capital contributions received from other subsidiaries of the Company presented on a one-line basis.
- "ABB Group" represents the accounts of ABB Ltd and all its subsidiaries other than those in the Company's Financial Services division, with net intercompany balances and the Company's investment in its Financial Services division presented on a one-line basis. For the purposes of this presentation, the Company's investment in its Financial Services division is accounted for under the equity method of accounting

US \$ in millions

ABB Ltd Consolidated

ABB Group <sup>1)</sup>

Financial Services

	Mar 31, 2002	Dec 31, 2001	Mar 31, 2002	Dec 31, 2001	Mar 31, 2002	Dec 31, 2001
Cash and equivalents and marketable securities .....	\$ 6,583	\$ 5,713	\$ 2,699	\$ 1,667	\$ 3,884	\$ 4,046
Receivables, net .....	8,277	8,368	5,847	5,810	2,430	2,558
Inventories, net .....	3,201	3,075	3,200	3,074	1	1
Prepaid expenses and other .....	1,973	2,358	1,114	1,169	859	1,189
<b>Total current assets</b> .....	<b>20,034</b>	<b>19,514</b>	<b>12,860</b>	<b>11,720</b>	<b>7,174</b>	<b>7,794</b>
Financing receivables, non-current .....	4,399	4,263	545	452	3,854	3,811
Property, plant and equipment, net .....	3,045	3,003	2,967	2,938	78	65
Goodwill and other intangible assets, net .....	3,284	3,299	3,201	3,217	83	82
Investments and other .....	2,277	2,265	1,585	1,601	692	664
Net intercompany balances .....	-	-	634	-	940	2,106
<b>Total assets</b> .....	<b>\$ 33,039</b>	<b>\$ 32,344</b>	<b>\$ 21,792</b>	<b>\$ 19,928</b>	<b>\$ 12,821</b>	<b>\$ 14,522</b>
Accounts payable, trade .....	\$ 3,916	\$ 3,991	\$ 3,890	\$ 3,956	\$ 26	\$ 35
Accounts payable, other .....	2,442	2,710	1,457	1,641	985	1,069
Short-term borrowings <sup>2)</sup> .....	6,683	4,747	3,288	240	3,395	4,507
Accrued liabilities and other .....	7,091	7,587	4,060	4,285	3,031	3,302
<b>Total current liabilities</b> .....	<b>20,132</b>	<b>19,035</b>	<b>12,695</b>	<b>10,122</b>	<b>7,437</b>	<b>8,913</b>
Long-term borrowings .....	4,387	5,043	1,774	2,020	2,613	3,023
Pension and other related benefits .....	1,687	1,688	1,680	1,681	7	7
Deferred taxes .....	1,387	1,360	664	575	723	785
Other liabilities .....	2,990	2,989	2,523	2,529	467	460
Net intercompany balances .....	-	-	-	773	-	-
<b>Total liabilities</b> .....	<b>30,583</b>	<b>30,115</b>	<b>19,336</b>	<b>17,700</b>	<b>11,247</b>	<b>13,188</b>
Minority interest .....	217	215	217	214	-	1
Total stockholders' equity .....	2,239	2,014	2,239	2,014	1,574	1,333
<b>Total liabilities and stockholders' equity</b> .....	<b>\$ 33,039</b>	<b>\$ 32,344</b>	<b>\$ 21,792</b>	<b>\$ 19,928</b>	<b>\$ 12,821</b>	<b>\$ 14,522</b>

<sup>1)</sup> ABB Industrial operations/holdings with equity accounting of participation in Financial Services

<sup>2)</sup> Includes current maturities of long-term borrowings

<sup>3)</sup> Certain amounts reclassified to conform to the Company's current year presentation