

ABB LTD
Form 6-K/A
March 13, 2017

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 6-K/A

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

For the month of March 2017

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

Form 40-F

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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):

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):

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

No

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

The information included in this Form 6-K/A is incorporated by reference into ABB Ltd's registration statement on Form F-3 (File No. 333-180922) and registration statements on Form S-8 (File Nos. 333-190180, 333-181583, 333-179472, 333-171971 and 333-129271) each of which was previously filed with the Securities and Exchange Commission.

EXPLANATORY NOTE

ABB Ltd. (the "Company") is submitting this amended report on Form 6-K/A (this "Form 6-K/A") to amend Item 2 of Form 6-K submitted to the Securities and Exchange Commission on February 8, 2017 (the "Form 6-K"), containing its Q4 2016 Financial Information. This information was incorporated by reference into ABB Ltd's registration statement on Form F-3 (File No. 333-180922) and registration statements on Form S-8 (File Nos. 333-190180, 333-181583, 333-179472, 333-171971 and 333-129271) each of which was previously filed with the Securities and Exchange Commission.

Subsequent to the filing of the Form 6-K, the Company discovered a scheme to embezzle and misappropriate funds in its subsidiary in South Korea. The Company determined that approximately \$75 million in cash previously reported at December 31, 2016, had been misappropriated and in addition there were unrecorded loans of \$16 million and unreported factoring of accounts receivable amounting to \$12 million. The Company reported this criminal loss to its third-party insurance company and has confirmed it has a relevant and effective insurance with a policy limit of \$30 million and this coverage has been accrued.

As a result of the embezzlement, we are restating in this Form 6-K/A our interim consolidated financial information for the year and three months ended December 31, 2016. Note 1 to the interim consolidated financial information included in this Form 6-K/A reflects the changes to our interim consolidated financial information as a result of our restatement and provides additional information about the restatement.

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(\$ in millions, unless otherwise indicated)	Q4 2016 restated	Q4 2015	CHANGE	
			US\$ restated	Comparable ⁽¹⁾ restated
Orders	8,277	8,262	0%	3%
Order backlog (end December)	22,981	24,121	-5%	-1%
Revenues	8,993	9,242	-3%	1%
Operational EBITA ⁽¹⁾	1,057	1,101	-4%	-2% ⁽²⁾
as % of operational revenues ⁽¹⁾	11.7%	11.9%	-0.2 pts	
Net income	425	204	108%	
Basic earnings per share (\$)	0.20	0.09	115% ⁽³⁾	
Operational earnings per share ⁽¹⁾ (\$)	0.33	0.35	-5% ⁽³⁾	-3% ⁽³⁾
Cash flow from operating activities	1,428	1,994	-28%	

(\$ in millions, unless otherwise indicated)	FY 2016 restated	FY 2015	CHANGE	
			US\$ restated	Comparable ⁽¹⁾ restated
Orders	33,379	36,429	-8%	-5%
Revenues	33,828	35,481	-5%	-1%
Operational EBITA ⁽¹⁾	4,191	4,209	0%	2% ⁽²⁾
as % of operational revenues ⁽¹⁾	12.4%	11.9%	+0.5 pts	
Net income	1,899	1,933	-2%	
Basic earnings per share (\$)	0.88	0.87	2% ⁽³⁾	
Operational earnings per share ⁽¹⁾ (\$)	1.29	1.26	3% ⁽³⁾	4% ⁽³⁾
Cash flow from operating activities	3,843	3,818	1%	

(1) For a reconciliation of non-GAAP measures see "Supplemental Reconciliations and Definitions" on page 34.

(2) Constant currency (not adjusted for portfolio changes).

(3) Earnings per share growth rates are computed using unrounded amounts. Comparable Operational earnings per share growth is in constant currency (2014 foreign exchange rates and not adjusted for changes in the business portfolio).

3 Q4 2016 Financial Information

(\$ in millions, unless otherwise indicated)		Q4 2016	Q4 2015	CHAN
		restated	US\$ Lo	
Orders	ABB Group	8,277	8,262	0%
	Electrification Products	2,157	2,340	-8%
	Discrete Automation and Motion	2,013	1,984	1%
	Process Automation	1,520	1,796	-15%
	Power Grids	2,879	2,628	10%
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(292)	(486)	
Third-party base orders	ABB Group	6,860	7,122	-4%
	Electrification Products	2,051	2,158	-5%
	Discrete Automation and Motion	1,820	1,779	2%
	Process Automation	1,285	1,309	-2%
	Power Grids	1,692	1,864	-9%
	<i>Corporate and Other</i>	12	12	
Order backlog (end December)	ABB Group	22,981	24,121	-5%
	Electrification Products	2,612	2,872	-9%
	Discrete Automation and Motion	4,078	4,232	-4%
	Process Automation	5,258	6,036	-13%
	Power Grids	12,437	12,502	-1%
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(1,404)	(1,521)	
Revenues	ABB Group	8,993	9,242	-3%
	Electrification Products	2,462	2,459	0%
	Discrete Automation and Motion	2,211	2,288	-3%
	Process Automation	1,737	1,926	-10%
	Power Grids	3,042	3,107	-2%
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(459)	(538)	
Operational EBITA	ABB Group	1,057	1,101	-4%
	Electrification Products	382	403	-5%
	Discrete Automation and Motion	260	291	-11%
	Process Automation	231	235	-2%
	Power Grids	318	293	9%
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(134)	(121)	
Operational EBITA %	ABB Group	11.7%	11.9%	
	Electrification Products	15.5%	16.4%	
	Discrete Automation and Motion	11.7%	12.7%	
	Process Automation	13.4%	12.1%	
	Power Grids	10.4%	9.5%	
Income from operations	ABB Group	678	347	
	Electrification Products	319	267	
	Discrete Automation and Motion	89	134	
	Process Automation	244	105	
	Power Grids	334	145	
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(308)	(304)	
Income from operations %	ABB Group	7.5%	3.8%	

	Electrification Products	13.0%	10.9%
	Discrete Automation and Motion	4.0%	5.9%
	Process Automation	14.0%	5.5%
	Power Grids	11.0%	4.7%
Cash flow from operating activities	ABB Group	1,428	1,994
	Electrification Products	451	590
	Discrete Automation and Motion	308	372
	Process Automation	186	374
	Power Grids	559	835
	<i>Corporate and Other</i>	(76)	(177)

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(\$ in millions, unless otherwise indicated)		FY 2016		CHANG
		restated	FY 2015	US\$ Loc
Orders	ABB Group	33,379	36,429	-8% -5%
	Electrification Products	9,158	9,833	-7% -4
	Discrete Automation and Motion	8,654	9,222	-6% -4
	Process Automation	5,866	7,347	-20% -18
	Power Grids	11,232	12,205	-8% -5
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(1,531)	(2,178)	
Third-party base orders	ABB Group	28,887	30,302	-5% -2%
	Electrification Products	8,657	9,106	-5% -2
	Discrete Automation and Motion	7,777	8,046	-3% -1
	Process Automation	5,094	5,555	-8% -6
	Power Grids	7,304	7,527	-3% 0
	<i>Corporate and Other</i>	55	68	
Order backlog (end December)	ABB Group	22,981	24,121	-5% -2%
	Electrification Products	2,612	2,872	-9% -5
	Discrete Automation and Motion	4,078	4,232	-4% 0
	Process Automation	5,258	6,036	-13% -10
	Power Grids	12,437	12,502	-1% 3
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(1,404)	(1,521)	
Revenues	ABB Group	33,828	35,481	-5% -2%
	Electrification Products	9,292	9,547	-3% 1
	Discrete Automation and Motion	8,714	9,127	-5% -2
	Process Automation	6,598	7,224	-9% -6
	Power Grids	10,975	11,621	-6% -3
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(1,751)	(2,038)	
Operational EBITA	ABB Group	4,191	4,209	0% 2%
	Electrification Products	1,528	1,561	-2% 0
	Discrete Automation and Motion	1,195	1,295	-8% -6
	Process Automation	824	863	-5% -2
	Power Grids	1,021	877	16% 19
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(377)	(387)	
Operational EBITA %	ABB Group	12.4%	11.9%	
	Electrification Products	16.4%	16.4%	
	Discrete Automation and Motion	13.7%	14.2%	
	Process Automation	12.4%	11.9%	
	Power Grids	9.3%	7.6%	
Income from operations	ABB Group	2,987	3,049	
	Electrification Products	1,335	1,356	
	Discrete Automation and Motion	831	991	
	Process Automation	696	685	
	Power Grids	888	613	
	<i>Corporate and Other</i>			
	<i>(incl. inter-division eliminations)</i>	(763)	(596)	
Income from operations %	ABB Group	8.8%	8.6%	

	Electrification Products	14.4%	14.2%
	Discrete Automation and Motion	9.5%	10.9%
	Process Automation	10.5%	9.5%
	Power Grids	8.1%	5.3%
Cash flow from operating activities	ABB Group	3,843	3,818
	Electrification Products	1,221	1,364
	Discrete Automation and Motion	1,002	1,206
	Process Automation	728	690
	Power Grids	1,120	970
	<i>Corporate and Other</i>	(228)	(412)
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Operational EBITA	
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	ABB		Electrification		Discrete Automation		Process Automation	
	restated		Products		and Motion		Automation	
(\$ in millions, unless otherwise indicated)	Q4 16	Q4 15	Q4 16	Q4 15	Q4 16	Q4 15	Q4 16	Q4 15
Revenues	8,993	9,242	2,462	2,459	2,211	2,288	1,737	1,926
FX/commodity timing differences in total revenues	20	(4)	4	(4)	7	4	(11)	13
Operational revenues	9,013	9,238	2,466	2,455	2,218	2,292	1,726	1,939
Income from operations	678	347	319	267	89	134	244	105
Acquisition-related amortization	67	73	23	24	29	32	2	3
Restructuring and restructuring-related expenses ⁽¹⁾	68	531	25	104	31	81	(21)	106
Non-operational pension cost	38	8	–	–	2	–	2	2
Changes in pre-acquisition estimates	92	12	–	–	92	12	–	–
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	127	76	7	4	14	26	9	(5)
FX/commodity timing differences in income from operations	(13)	54	8	4	3	6	(5)	24
Operational EBITA	1,057	1,101	382	403	260	291	231	235
Operational EBITA margin (%)	11.7%	11.9%	15.5%	16.4%	11.7%	12.7%	13.4%	12.1%

	ABB		Electrification		Discrete Automation		Process Automation	
	restated		Products		and Motion		Automation	
(\$ in millions, unless otherwise indicated)	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Revenues	33,828	35,481	9,292	9,547	8,714	9,127	6,598	7,224
FX/commodity timing differences in total revenues	81	(28)	4	(11)	5	4	21	13
Operational revenues	33,909	35,453	9,296	9,536	8,719	9,131	6,619	7,237
Income from operations	2,987	3,049	1,335	1,356	831	991	696	685
Acquisition-related amortization	279	310	95	100	120	128	11	12
Restructuring and restructuring-related expenses ⁽¹⁾	543	674	73	124	88	125	79	130
Non-operational pension cost	38	19	3	(3)	2	3	2	6
Changes in pre-acquisition estimates	131	21	–	–	131	21	–	–
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	173	120	8	4	18	26	9	14
FX/commodity timing								

differences in income from operations	40	16	14	(20)	5	1	27	16
Operational EBITA	4,191	4,209	1,528	1,561	1,195	1,295	824	863
Operational EBITA margin (%)	12.4%	11.9%	16.4%	16.4%	13.7%	14.2%	12.4%	11.9%

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

Depreciation and Amortization	
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	ABB		Electrification		Discrete Automation		Processes
(\$ in millions)	Q4 16	Q4 15	Q4 16	Q4 15	Q4 16	Q4 15	Q4 16
Depreciation	191	192	49	51	38	39	13
Amortization	91	96	26	27	33	36	4
including total acquisition-related amortization of:	67	73	23	24	29	32	2

	ABB		Electrification		Discrete Automation		Processes
(\$ in millions)	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 16
Depreciation	767	764	199	206	156	149	57
Amortization	368	396	106	110	136	146	17
including total acquisition-related amortization of:	279	310	95	100	120	128	11

Orders received and revenues by region

(\$ in millions, unless otherwise indicated)	Orders received		CHANGE		Com-	Revenues		CHANGE	
	Q4 16	Q4 15	US\$	Local		Q4 16	Q4 15	US\$	Local
			change	change				change	change
Europe	2,529	2,888	-12%	-10%	-8%	3,016	3,028	0%	3%
The Americas	2,487	2,491	0%	0%	0%	2,469	2,627	-6%	-6%
Asia, Middle East and Africa	3,261	2,883	13%	17%	17%	3,508	3,587	-2%	1%
ABB Group	8,277	8,262	0%	2%	3%	8,993	9,242	-3%	0%

(\$ in millions, unless otherwise indicated)	Orders received		CHANGE		Com-	Revenues		CHANGE	
	FY 16	FY 15	US\$	Local		FY 16	FY 15	US\$	Local
			change	change				change	change
Europe	11,213	12,568	-11%	-9%	-8%	11,315	11,602	-2%	0%
The Americas	9,351	10,505	-11%	-9%	-9%	9,741	10,554	-8%	-5%
Asia, Middle East and Africa	12,815	13,356	-4%	0%	0%	12,772	13,325	-4%	-1%
ABB Group	33,379	36,429	-8%	-5%	-5%	33,828	35,481	-5%	-2%

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Financial Information

Interim Consolidated Financial Information

ABB Ltd Interim Consolidated Income Statements (unaudited)

(\$ in millions, except per share data in \$)

Sales of products
 Sales of services and software
Total revenues
 Cost of sales of products
 Cost of services and software
Total cost of sales
Gross profit
 Selling, general and administrative expenses
 Non-order related research and development expenses
 Other income (expense), net
Income from operations
 Interest and dividend income
 Interest and other finance expense
Income from continuing operations before taxes
 Provision for taxes
Income from continuing operations, net of tax
 Income from discontinued operations, net of tax
Net income
 Net income attributable to noncontrolling interests
Net income attributable to ABB

Amounts attributable to ABB shareholders:

Income from continuing operations, net of tax
 Net income

Basic earnings per share attributable to ABB shareholders:

Income from continuing operations, net of tax
 Net income

Diluted earnings per share attributable to ABB shareholders:

Income from continuing operations, net of tax
 Net income

Dec. 31

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Weighted-average number of shares outstanding (in millions) used to compute:

Basic earnings per share attributable to ABB shareholders

Diluted earnings per share attributable to ABB shareholders

See Notes to the Interim Consolidated Financial Information

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

(\$ in millions)

Dec. 31

Total comprehensive income (loss), net of tax

Total comprehensive income attributable to noncontrolling interests, net of tax

Total comprehensive income (loss) attributable to ABB shareholders, net of tax

See Notes to the Interim Consolidated Financial Information

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ABB Ltd Interim Consolidated Balance Sheets (unaudited)

(\$ in millions, except share data)

Cash and equivalents
Marketable securities and short-term investments
Receivables, net
Inventories, net
Prepaid expenses
Deferred taxes
Other current assets
Assets held for sale
Total current assets

Property, plant and equipment, net
Goodwill
Other intangible assets, net
Prepaid pension and other employee benefits
Investments in equity-accounted companies
Deferred taxes
Other non-current assets
Total assets

Accounts payable, trade
Billings in excess of sales
Short-term debt and current maturities of long-term debt
Advances from customers
Deferred taxes
Provisions for warranties
Other provisions
Other current liabilities
Liabilities held for sale
Total current liabilities

Long-term debt
Pension and other employee benefits
Deferred taxes
Other non-current liabilities
Total liabilities

Commitments and contingencies

Stockholders' equity:

Capital stock and additional paid-in capital
(2,214,743,264 and 2,314,743,264 issued shares at December 31, 2016 and 2015, respectively)
Retained earnings
Accumulated other comprehensive loss

Treasury stock, at cost

(76,036,429 and 123,118,123 shares at December 31, 2016 and 2015, respectively)

Total ABB stockholders' equity

Noncontrolling interests

Total stockholders' equity

Total liabilities and stockholders' equity

See Notes to the Interim Consolidated Financial Information

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ABB Ltd Interim Consolidated Statements of Cash Flows (unaudited)

(\$ in millions)

Dec.

Operating activities:

Net income

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

Deferred taxes

Net loss (gain) from derivatives and foreign exchange

Net loss (gain) from sale of property, plant and equipment

Net loss (gain) from sale of businesses

Share-based payment arrangements

Other

Changes in operating assets and liabilities:

Trade receivables, net

Inventories, net

Trade payables

Accrued liabilities

Billings in excess of sales

Provisions, net

Advances from customers

Income taxes payable and receivable

Other assets and liabilities, net

Net cash provided by operating activities

Investing activities:

Purchases of marketable securities (available-for-sale)

Purchases of short-term investments

Purchases of property, plant and equipment and intangible assets

Acquisition of businesses (net of cash acquired)

and increases in cost- and equity-accounted companies

Proceeds from sales of marketable securities (available-for-sale)

Proceeds from maturity of marketable securities (available-for-sale)

Proceeds from short-term investments

Proceeds from sales of property, plant and equipment

Proceeds from sales of businesses (net of transaction costs
and cash disposed) and cost- and equity-accounted companies

Net cash from settlement of foreign currency derivatives

Other investing activities

Net cash used in investing activities

Financing activities:

Net changes in debt with original maturities of 90 days or less

Increase in debt

Repayment of debt

Delivery of shares

Purchase of treasury stock

Dividends paid

Reduction in nominal value of common shares paid to shareholders

Dividends paid to noncontrolling shareholders

Other financing activities

Net cash used in financing activities

Effects of exchange rate changes on cash and equivalents

Net change in cash and equivalents – continuing operations

Cash and equivalents, beginning of period

Cash and equivalents, end of period

Supplementary disclosure of cash flow information:

Interest paid

Taxes paid

See Notes to the Interim Consolidated Financial Information

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

	Capital stock and additional paid-in capital	Retained earnings	Foreign currency translation adjustments	Accumulated other Unrealized gains (losses) on available-for-sale securities	Pensions and other retirement plans adjustments
(\$ in millions)					
Balance at January 1, 2015	1,777	19,939	(2,102)		13
Comprehensive income:					
Net income		1,933			
Foreign currency translation adjustments, net of tax of \$(47)			(1,033)		
Effect of change in fair value of available-for-sale securities, net of tax of \$(1)					(6)
Unrecognized income (expense) related to pensions and other postretirement plans, net of tax of \$140					
Change in derivatives qualifying as cash flow hedges, net of tax of \$3					
Total comprehensive income					
Changes in noncontrolling interests	(30)	(25)			
Dividends paid to noncontrolling shareholders					
Dividends paid		(1,317)			
Reduction in nominal value of common shares paid to shareholders	(349)	(54)			
Share-based payment arrangements	61				
Purchase of treasury stock					
Delivery of shares	(19)				
Call options	4				
Balance at December 31, 2015	1,444	20,476	(3,135)		7
Balance at January 1, 2016	1,444	20,476	(3,135)		7
Comprehensive income:					
Net income		1,899			
Foreign currency translation adjustments, net of tax of \$12			(457)		
Effect of change in fair value of available-for-sale securities, net of tax of \$0					—

Unrecognized income (expense)
related to pensions and other
postretirement plans,
net of tax of \$24

Change in derivatives qualifying as
cash flow hedges, net of tax of \$4

Total comprehensive income

Changes in noncontrolling interests

Dividends paid to
noncontrolling shareholders

Reduction in nominal value of common
shares paid to shareholders

(1,224) (402)

Cancellation of treasury shares

(40) (2,007)

Share-based payment arrangements

54

Purchase of treasury stock

Delivery of shares

(22) (41)

Call options

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Balance at December 31, 2016 - restated

216 19,925

(3,592)

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See Notes to the Interim Consolidated Financial Information

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Notes to the Interim Consolidated Financial Information (unaudited)

Note 1 The Company and basis of presentation	ABB Ltd and its subsidiaries (collectively, the Company) together form a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids serving customers in utilities, industry and transport & infrastructure globally. 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, 2015. 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: • estimates used to record expected costs for employee severance in connection with restructuring programs, • estimates used to record warranty obligations, • assumptions and projections, principally related to future material, labor and project related overhead costs, used in determining the percentage of completion on projects,
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- estimates of loss contingencies associated with litigation or threatened litigation and other claims and inquiries, environmental damages, product warranties, self-insurance reserves, regulatory and other proceedings,
- assumptions used in the calculation of pension and postretirement benefits and the fair value of pension plan assets,
- estimates to determine valuation allowances for deferred tax assets and amounts recorded for uncertain tax positions,
- growth rates, discount rates and other assumptions used to determine impairment of long lived assets and 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, 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 September 2016, the Company announced an agreement to divest its high-voltage cable system business (Cables business). The assets and liabilities of this business are shown as assets and liabilities held for sale in the Company's Interim Consolidated Balance Sheet at December 31, 2016. The divestment was completed on March 1, 2017.

	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 in the Interim Consolidated Financial Information for prior periods have been reclassified to conform to the current year's presentation. These changes primarily relate to the change in the definition of segment profit and the reorganization of the Company's operating segments (see Note 13).
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Restatement	Subsequent to the issuance of the Company's interim consolidated financial information for the year and three months ended December 31, 2016, the Company discovered a scheme to embezzle and misappropriate funds in its subsidiary in South Korea. The Company determined that approximately \$75 million in cash previously reported at December 31, 2016, had been misappropriated and in addition there were unrecorded loans of \$16 million and unreported factoring of accounts receivable amounting to \$12 million. The Company reported this criminal loss to its third-party insurance company and has confirmed it has a relevant and effective insurance with a policy limit of \$30 million and this coverage has been accrued.
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	The following tables set forth the effects of the restatement on certain line items in the Company's previously reported interim consolidated financial information.
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	Year ended December 31, 2016		Three months ended December 31, 2016
(\$ in millions)	Previously reported	Restated	Previously reported
Consolidated Income Statements			
Other Income (expense), net	(38)	(111)	(21)
Income from continuing operating before taxes	2,872	2,799	739
Provision for taxes	(790)	(781)	(203)
Net income	2,098	2,034	538
Net income attributable to ABB	1,963	1,899	489
Basic earnings per share attributable to ABB shareholders	0.91	0.88	0.23
Diluted earnings per share attributable to ABB shareholders	0.91	0.88	0.23

	December 31, 2016	
(\$ in millions)	Previously reported	Restated
Consolidated Balance Sheet		
Current Assets		
Cash and equivalents	3,719	3,644
Receivables, net	9,708	9,696
Other current assets	658	688
Non current assets		
Deferred Taxes	509	527
Current liabilities		
Short-term debt and current maturities of long-term debt	987	1,003
Deferred Taxes	259	258
Non current liabilities		
Deferred Taxes	958	957
Other non current liabilities	1,593	1,604
Stockholders' equity:		
Retained earnings	19,989	19,925

	Year ended December 31, 2016		Three months ended December 31, 2016	
(\$ in millions)	Previously reported	Restated	Previously reported	Restated
Consolidated Statements of Cash Flows				
Net Income	2,098	2,034	538	474
Adjustments to reconcile net income				

to cash provided by operating activities

Deferred Taxes	(127)	(147)	(19)	(39)
Trade receivables, net	(2)	10	66	78
Income taxes payable and receivable	114	125	(9)	2
Other assets and liabilities, net	207	177	172	142
Net cash provided by operating activities	3,934	3,843	1,519	1,428

Financing Activities

Increase in debt	896	912	42	58
Net cash used in financing activities	(3,371)	(3,355)	(642)	(626)

	The restatement resulted in changes to amounts previously reported in Notes 3, 5, 7, 10 and 13 and, accordingly, such notes have been amended and restated in this restated interim consolidated financial information.
Adjustment related to prior periods	As a result of the misappropriation of cash described above, the Company recorded a cumulative adjustment to correct its financial statements in the year and three months ended December 31, 2016. The correction resulted in a net loss being recorded in "Other income (expense), net" of \$73 million. This loss primarily relates to periods prior to the three months ended December 31, 2016, and a portion of the loss relates to previous years. The Company evaluated the impact of the correction on both a quantitative and qualitative basis under the guidance of ASC 250, Accounting Changes and Error Corrections, and determined that there were no material impacts on the trend of net income, cash flows or liquidity for previously issued annual financial statements. Additionally, the Company concluded that its consolidated financial statements for the current annual period were not materially impacted by the correction.

Note 2	
Recent accounting pronouncements	
Applicable for current periods	Disclosures for investments in certain entities that calculate net asset value per share (or its equivalent) As of January 1, 2016, the Company adopted an accounting standard update regarding fair value disclosures for certain investments. Under the update, the Company is no longer required to categorize within the fair value hierarchy any investments for which fair value is measured using the net asset value per share practical expedient. The amendments also removed the requirement to make certain disclosures for investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the Company has elected to measure the fair value using that practical expedient. This update was applied retrospectively and did not have a significant impact on the consolidated financial statements.

	Simplifying the measurement of inventory As of January 1, 2016, the Company early-adopted an accounting standard update simplifying the subsequent measurement of inventories by replacing the current lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than last-in first-out and the retail inventory methods. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The update was applied prospectively and did not have a significant impact on the consolidated financial statements.
Applicable for future periods	Revenue from contracts with customers In May 2014, an accounting standard update was issued to clarify the principles for recognizing revenues from contracts with customers. The update, which supersedes substantially all existing revenue recognition guidance, provides a single comprehensive model for recognizing revenues on the transfer of promised goods or services to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Under the standard it is possible that more judgments and estimates would be required than under existing standards,

including identifying the separate performance obligations in a contract, estimating any variable consideration elements, and allocating the transaction price to each separate performance obligation. The update also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Further updates were issued in 2016 to clarify the guidance on identifying performance obligations, licensing and contract costs, to enhance the implementation guidance on principal versus agent considerations and to add other practical expedients.

In August 2015, the effective date for the update was deferred and the update is now effective for the Company for annual and interim periods beginning January 1, 2018, and is to be applied either (i) retrospectively to each prior reporting period presented, with the option to elect certain defined practical expedients, or (ii) retrospectively with the cumulative effect of initially applying the update recognized at the date of adoption in retained earnings (with additional disclosure as to the impact on individual financial statement lines affected). Early adoption of the standard is permitted for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

The Company currently plans to adopt these updates as of January 1, 2018, pursuant to the aforementioned adoption method (ii) and currently does not anticipate these updates will have a significant impact on its consolidated financial statements. The Company's analysis of contracts performed in 2016 resulted in immaterial differences in the identification of performance obligations compared to the current unit of accounting determination. Except for a limited number of contracts where the required criteria are not met, the analysis supports the recognition of revenue over time following the cost-to-cost method under the new revenue recognition standard for those contracts which are following the cost-to-cost method under the current revenue recognition model. The Company continues to evaluate the expected impacts of the adoption of these updates and the expected impacts are subject to change.

Balance sheet classification of deferred taxes

In November 2015, an accounting standard update was issued which removes the requirement to separate deferred tax liabilities and assets into current and noncurrent amounts and instead

requires all such amounts, as well as any related valuation allowance, to be classified as noncurrent in the balance sheet. This update is effective for the Company for annual and interim periods beginning January 1, 2017, with early adoption permitted, and is applicable either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company will adopt this update as of January 1, 2017, on a retrospective basis and expects the balance of deferred tax assets and liabilities to decrease by approximately \$300 million due to additional netting impacts.

Recognition and measurement of financial assets and financial liabilities

In January 2016, an accounting standard update was issued to enhance the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. For example, the Company would be required to measure equity investments (except those accounted for under the equity method) at fair value with changes in fair value recognized in net income and to present separately financial assets and financial liabilities by measurement category and form of financial asset. This update is effective for the Company for annual and interim periods beginning January 1, 2018, with early adoption permitted for certain provisions. The Company is currently evaluating the impact of this update on its consolidated financial statements.

Leases

In February 2016, an accounting standard update was issued that requires lessees to recognize lease assets and corresponding lease liabilities on the balance sheet for all leases with terms of more than 12 months. The update, which supersedes existing lease guidance, will continue to classify leases as either finance or operating, with the classification determining the pattern of expense recognition in the income statement. This update is effective for the Company for annual and interim periods beginning January 1, 2019, with early adoption permitted, and is applicable on a modified retrospective basis with various optional practical expedients. The Company is currently evaluating the impact of this update on its consolidated financial statements.

Simplifying the transition to the equity method of accounting

In March 2016, an accounting standard update was issued which eliminates the retroactive adjustments to an investment upon it qualifying for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence by the investor. It requires that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment qualifies for equity method accounting. This update is effective for the Company for annual and interim periods beginning January 1, 2017, with early adoption permitted, and is applicable prospectively. The Company does not believe that this update will have a significant impact on its consolidated financial statements.

Improvements to employee share-based payment accounting

In March 2016, an accounting standard update was issued which changes the accounting for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as the classification in the statement of cash flows. This update is effective for the Company for annual and interim periods beginning January 1, 2017, with early adoption permitted. The Company does not believe that this update will have a significant impact on its consolidated financial statements.

Measurement of credit losses on financial instruments

In June 2016, an accounting standard update was issued which replaces the existing incurred loss impairment methodology for most financial assets with a new "current expected credit loss" model. The new model will result in the immediate recognition of the estimated credit losses expected to occur over the remaining life of financial assets such as trade and other receivables, held-to-maturity debt securities, loans and other instruments. Credit losses relating to available-for-sale debt securities will be measured in a manner similar to current GAAP, except that the losses will be recorded through an allowance for credit losses rather than as a direct write-down of the security.

This update is effective for the Company for annual and interim periods beginning January 1, 2020, with early adoption permitted for annual and interim periods beginning January 1, 2019. The Company is currently evaluating the impact of this update on its consolidated financial statements.

Classification of certain cash receipts and cash payments in the statement of cash flows

In August 2016, an accounting standard update was issued which clarifies how certain cash receipts and cash payments, including debt prepayment or extinguishment costs, the settlement of zero coupon debt instruments, contingent consideration paid after a business combination, proceeds from insurance settlements, distributions from certain equity method investees and beneficial interests obtained in a financial asset securitization, should be presented and classified in the statement of cash flows. This update is effective for the Company for annual and interim periods beginning January 1, 2018 on a retrospective basis, with early adoption permitted. The Company does not believe that this update will have a significant impact on its consolidated financial statements.

Income taxes – Intra-entity transfers of assets other than inventory

In October 2016, an accounting standard update was issued that requires the Company to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs instead of when the asset has been sold to an outside party. This update is effective for the Company for annual and interim periods beginning January 1, 2018, with early adoption permitted, and is applicable on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact of this update on its consolidated financial statements.

Statement of cash flows - Restricted cash

In November 2016, an accounting standard update was issued which clarifies the classification and presentation of changes in restricted cash on the statement of cash flows. It requires the inclusion of cash and cash equivalents that have restrictions on withdrawal or use in total cash and cash equivalents on the

statement of cash flows. This update is effective for the Company for annual and interim periods beginning January 1, 2018 on a retrospective basis, with early adoption permitted. The Company does not believe that this update will have a significant impact on its consolidated financial statements.

Clarifying the definition of a business

In January 2017, an accounting standard update was issued which narrows the definition of a business. It also provides a framework for determining whether a set of transferred assets and activities involves a business. This update is effective for the Company for annual and interim periods beginning January 1, 2018 on a prospective basis, with early adoption permitted. The Company does not believe that this update will have a significant impact on its consolidated financial statements.

Simplifying the Test for Goodwill Impairment

In January 2017, an accounting standard update was issued which eliminates the requirement to calculate the implied fair value of goodwill when measuring a goodwill impairment loss. Instead, the Company is required to record an impairment loss based on the excess of a reporting unit's carrying amount over its fair value provided that the loss recognized does not exceed the total amount of goodwill allocated to that reporting unit. This update is effective for the Company for annual and interim periods beginning January 1, 2020 on a prospective basis, with early adoption permitted. The Company plans to early adopt this update in the first quarter of 2017 and apply it prospectively. The Company does not believe that this update will have a significant impact on its consolidated financial statements.

Clarifying the scope of asset derecognition guidance and accounting for partial sales of nonfinancial assets

In February 2017, an accounting standard update was issued which clarifies the scope of asset derecognition guidance, adds guidance for partial sales of nonfinancial assets and clarifies recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. The Company plans to adopt this update retrospectively as of January 1, 2018, with the cumulative effect of initially applying the update recognized at the date of adoption in retained earnings. The Company does not believe that this update will have a significant impact on its consolidated

financial statements.

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Note 3	
Cash and equivalents, marketable securities and short-term investments	
Current assets	Cash and equivalents, marketable securities and short-term investments consisted of the following:

December 31, 2016 - restated

	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents	Marketable securities
(\$ in millions)						
Cash	1,704			1,704	1,704	
Time deposits	2,764			2,764	1,940	
Other short-term investments	271			271		—
Debt securities available-for-sale:						
U.S. government obligations	221	1	(2)	220		—
Other government obligations	2	—	—	2		—
Corporate	95	1	(1)	95		—
Equity securities available-for-sale	530	11	—	541		—
Total	5,587	13	(3)	5,597	3,644	

December 31, 2015

	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value	Cash and equivalents	Marketable securities
(\$ in millions)						
Cash	1,837			1,837	1,837	
Time deposits	2,821			2,821	2,717	
Other short-term investments	231			231		—
Debt securities available-for-sale:						
U.S. government obligations	120	2	(1)	121		—
Other government obligations	2	—	—	2		—
Corporate	519	1	(1)	519	11	
Equity securities available-for-sale	658	9	—	667		—
Total	6,188	12	(2)	6,198	4,565	

	Included in Other short-term investments at December 31, 2016 and 2015, are receivables of \$268 million and \$224 million, respectively, representing reverse repurchase agreements. These collateralized lendings, made to a financial institution, have maturity dates of less than one year.
Non-current assets	Included in “Other non-current assets” are certain held-to-maturity marketable securities. At December 31, 2016, the amortized cost, gross unrecognized gain and fair value (based on quoted market prices) of these securities were \$80 million, \$6 million and \$86 million, respectively. At December 31, 2015, the amortized cost, gross unrecognized gain and fair value (based on quoted market prices) of these securities were \$99 million, \$11 million and \$110 million, respectively. These securities are pledged as security for certain outstanding deposit liabilities and the funds received at the respective maturity dates of the securities will only be available to the Company for repayment of these obligations.

Note 4 Derivative financial instruments	The Company is exposed to certain currency, commodity, interest rate and equity risks arising from its global operating, financing and investing activities. The Company uses derivative instruments to reduce and manage the economic impact of these exposures.
Currency risk	Due to the global nature of the Company’s operations, many of its subsidiaries are exposed to currency risk in their operating activities from entering into transactions in currencies other than their functional currency. To manage such currency risks, the Company’s policies require the subsidiaries to hedge their foreign currency exposures from binding sales and purchase contracts denominated in foreign currencies. For forecasted foreign currency denominated sales of standard products and the related foreign currency denominated purchases, the Company’s policy is to hedge up to a maximum of 100 percent of the forecasted foreign currency denominated exposures, depending on the length of the forecasted exposures. Forecasted exposures greater than 12 months are not hedged. Forward foreign exchange contracts are the main instrument used to protect the Company against the volatility of future cash flows (caused by changes in exchange rates) of contracted and forecasted sales and purchases denominated in foreign currencies. In addition, within its treasury operations, the Company primarily uses foreign exchange swaps and forward

	foreign exchange contracts to manage the currency and timing mismatches arising in its liquidity management activities.
Commodity risk	Various commodity products are used in the Company's manufacturing activities. Consequently it is exposed to volatility in future cash flows arising from changes in commodity prices. To manage the price risk of commodities, 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). Primarily swap contracts are used to manage the associated price risks of commodities.
Interest rate risk	The Company has issued bonds at fixed rates. Interest rate swaps are used to manage the interest rate risk associated with certain debt and generally such swaps are designated as fair value hedges. In addition, from time to time, the Company uses instruments such as interest rate swaps, interest rate futures, bond futures or forward rate agreements to manage interest rate risk arising from the Company's balance sheet structure but does not designate such instruments as hedges.
Equity risk	The Company is exposed to fluctuations in the fair value of its warrant appreciation rights (WARs) issued under its management incentive plan. A WAR gives its holder the right to receive cash equal to the market price of an equivalent listed warrant on the date of exercise. To eliminate such risk, the Company has purchased cash-settled call options, indexed to the shares of the Company, 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:
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Type of derivative (\$ in millions)	Total notional amounts at	
	December 31, 2016	December 31, 2015
Foreign exchange contracts	15,353	16,467
Embedded foreign exchange derivatives	2,162	2,966
Interest rate contracts	3,021	4,302

	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:
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Type of derivative	Unit	Total notional amounts at	
		December 31, 2016	December 31, 2015
Copper swaps	metric tonnes	47,425	48,903
Aluminum swaps	metric tonnes	4,650	5,455
Nickel swaps	metric tonnes	—	18
Lead swaps	metric tonnes	15,100	14,625
Zinc swaps	metric tonnes	150	225
Silver swaps	ounces	1,586,395	1,727,255
Crude oil swaps	barrels	121,000	133,500

	Equity derivatives At December 31, 2016 and 2015, the Company held 47 million and 55 million cash-settled call options indexed to ABB Ltd shares (conversion ratio 5:1) with a total fair value of \$23 million and \$13 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 December 31, 2016 and 2015, "Accumulated other comprehensive loss" included net unrealized losses of \$1 million and \$11 million, respectively, net of tax, on derivatives designated as cash flow hedges. Of the amount at December 31, 2016, net gains of \$2 million are expected to be reclassified to earnings in the following 12 months. At December 31, 2016, the longest maturity of a derivative classified as a cash flow hedge was 39 months.

The amount of gains or losses, net of tax, reclassified into earnings due to the discontinuance of cash flow hedge accounting and the amount of ineffectiveness in cash flow hedge relationships directly recognized in earnings were not significant in the year and three months ended December 31, 2016 and 2015.

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:

Year ended December 31, Type of derivative	Gains (losses) recognized in OCI on derivatives (effective portion)		Gains (losses) reclassified from OCI into income (effective portion)	
	2016	2015	2016	2015
Foreign exchange contracts	2	(11)	(11)	(36)
			10	11
Commodity contracts	4	(9)	(2)	(10)

Cash-settled call options	15	(6)SG&A expenses ⁽¹⁾	10	(4)
Total	21	(26)	7	(39)

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(\$ in millions)	Gains (losses) recognized in OCI on derivatives (effective portion)		Gains (losses) reclassified from OCI into income (effective portion)		
	2016	2015	2016	2015	
Three months ended December 31,					
Type of derivative		Location			
Foreign exchange contracts	(6)	(4)	Total revenues	(2)	(5)
			Total cost of sales	1	3
Commodity contracts	3	(3)	Total cost of sales	–	(3)
Cash-settled call options	(3)		4SG&A expenses ⁽¹⁾	(2)	2
Total	(6)	(3)	(3)	(3)	

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

	The amounts in respect of gains (losses) recognized in income for hedge ineffectiveness and amounts excluded from effectiveness testing were not significant for the year and three months ended December 31, 2016 and 2015. Net derivative gains of \$6 million and net derivative losses of \$30 million, both net of tax, were reclassified from “Accumulated other comprehensive loss” to earnings during the year ended December 31, 2016 and 2015, respectively. During the three months ended December 31, 2016 and 2015, net derivative losses of \$3 million and \$2 million, both net of tax, respectively, were reclassified from “Accumulated other comprehensive loss” to earnings.
Fair value hedges	To reduce its interest rate exposure arising primarily from its debt issuance activities, the Company uses interest rate swaps. Where such instruments are designated as fair value hedges, the changes in the fair value of these instruments, as well as the changes in the 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 year and three months ended December 31, 2016 and 2015, was not significant.
	The effect of interest rate contracts, designated and qualifying as

fair value hedges, on the Consolidated Income Statements was as follows:

	Year ended December 31,		Three months ended December 31,	
(\$ in millions)	2016	2015	2016	2015
Gains (losses) recognized in Interest and other finance expense:				
- on derivatives designated as fair value hedges	(28)	8	(60)	(22)
- on hedged item	30	(4)	60	23

Derivatives not designated in hedge relationships	Derivative instruments that are not designated as hedges or do not qualify as either cash flow or fair value hedges are economic hedges used for risk management purposes. Gains and losses from changes in the fair values of such derivatives are recognized in the same line in the income statement as the economically hedged transaction. Furthermore, under certain circumstances, the Company is required to split and account separately for foreign currency derivatives that are embedded within certain binding sales or purchase contracts denominated in a currency other than the functional currency of the subsidiary and the counterparty.
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	The gains (losses) recognized in the Consolidated Income Statements on derivatives not designated in hedging relationships were as follows:
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Type of derivative not designated as a hedge		Gains (losses) recognized in income			
		Year ended December 31,		Three months ended December 31,	
(\$ in millions)	Location	2016	2015	2016	2015
Foreign exchange contracts	Total revenues	(206)	(216)	(187)	10
	Total cost of sales	(56)	16	13	(40)
	SG&A expenses ⁽¹⁾	8	13	13	4

	Non-order related research and development	(2)	(1)	(1)	—
	Other income (expense), net	22	—	22	—
	Interest and other finance expense	(34)	287	11	39
Embedded foreign exchange contracts	Total revenues	(5)	127	36	(11)
	Total cost of sales	(5)	(25)	(12)	(1)
	SG&A expenses ⁽¹⁾	(2)	(5)	(3)	(3)
Commodity contracts	Total cost of sales	42	(61)	27	(14)
Other	Interest and other finance expense	4	(1)	2	1
Total		(234)	134	(79)	(15)

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

	The fair values of derivatives included in the Consolidated Balance Sheets were as follows:
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	December 31, 2019	
	Derivative assets	
	Current in	Non-current in
(\$ in millions)	“Other current assets”	“Other non-current assets”
Derivatives designated as hedging instruments:		
Foreign exchange contracts	5	–
Commodity contracts	2	–
Interest rate contracts	2	62
Cash-settled call options	13	9
Total	22	71
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	169	29
Commodity contracts	29	2
Cross-currency interest rate swaps	–	2
Cash-settled call options	–	1
Embedded foreign exchange derivatives	58	21
Total	256	55
Total fair value	278	126

	December 31, 2018	
	Derivative assets	
	Current in	Non-current in
(\$ in millions)	“Other current assets”	“Other non-current assets”
Derivatives designated as hedging instruments:		
Foreign exchange contracts	15	10
Commodity contracts	–	–
Interest rate contracts	6	86
Cash-settled call options	8	5
Total	29	101
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	172	32
Commodity contracts	2	–
Cross-currency interest rate swaps	–	–
Embedded foreign exchange derivatives	94	53
Total	268	85
Total fair value	297	186

	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 December 31, 2016 and 2015, have been presented on a gross basis.
	The Company's netting agreements and other similar arrangements allow net settlements under certain conditions. At December 31, 2016 and 2015, information related to these offsetting arrangements was as follows:

(\$ in millions)

Type of agreement or similar arrangement	Gross amount of recognized assets	December 31, 2016		
		Derivative liabilities eligible for set-off in case of default	Cash collateral received	Non-cash collateral received
Derivatives	325	(190)	–	–
Reverse repurchase agreements	268	–	–	–
Total	593	(190)	–	–

(\$ in millions)

		December 31, 2016		
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default		
		Cash collateral	Non-cash collateral	pledged
Derivatives	352	(190)	–	
Total	352	(190)	–	

(\$ in millions)

		December 31, 2015		
Type of agreement or similar arrangement	Gross amount of recognized assets	Derivative liabilities eligible for set-off in case of default		
		Cash collateral	Non-cash collateral	received
Derivatives	336	(215)	–	
Reverse repurchase agreements	224	–	–	
Total	560	(215)	–	

(\$ in millions)

		December 31, 2015		
Type of agreement or similar arrangement	Gross amount of recognized liabilities	Derivative liabilities eligible for set-off in case of default		
		Cash collateral	Non-cash collateral	pledged
Derivatives	384	(215)	(3)	
Total	384	(215)	(3)	

Note 5 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 listed derivatives which are actively traded such as commodity futures, 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 or disclosed using Level 2 inputs include investments in certain funds, reverse repurchase agreements, certain debt securities that are not actively traded, interest rate swaps, commodity swaps, cash-settled call options, forward foreign exchange contracts, foreign exchange swaps and forward rate agreements, time deposits, as well as financing receivables and debt.

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

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

management incentive plan, bid prices are used.

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

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

(\$ in millions)

Decem
Level 1 Level 2 L

Assets

Available-for-sale securities in "Marketable securities and short-term investments":

Equity securities	–	541
Debt securities—U.S. government obligations	220	–
Debt securities—Other government obligations	–	2
Debt securities—Corporate	–	95
Derivative assets—current in "Other current assets"	–	278
Derivative assets—non-current in "Other non-current assets"	–	126
Total	220	1,042

Liabilities

Derivative liabilities—current in "Other current liabilities"	–	304
Derivative liabilities—non-current in "Other non-current liabilities"	–	101
Total	–	405

(\$ in millions)

Decem
Level 1 Level 2 L

Assets

Available-for-sale securities in "Cash and equivalents":

Debt securities—Corporate	–	11
Available-for-sale securities in "Marketable securities and short-term investments":		
Equity securities	–	667
Debt securities—U.S. government obligations	121	–
Debt securities—Other government obligations	–	2
Debt securities—Corporate	–	508
Derivative assets—current in "Other current assets"	1	296
Derivative assets—non-current in "Other non-current assets"	–	186
Total	122	1,670

Liabilities

Derivative liabilities—current in "Other current liabilities"	3	315
Derivative liabilities—non-current in "Other non-current liabilities"	–	134
Total	3	449

	The Company uses the following methods and assumptions in estimating fair values of financial assets and liabilities measured at
--	--

fair value on a recurring basis:

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

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

Non-recurring fair value measures	There were no significant non-recurring fair value measurements during the year and three months ended December 31, 2016 and 2015.
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Disclosure about financial instruments carried on a cost basis	The fair values of financial instruments carried on a cost basis were as follows:
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(\$ in millions)

December 31, 2016 - re
Carrying value Level 1 Level 2 Level 3

Assets

Cash and equivalents (excluding available-for-sale securities with original maturities up to 3 months):

Cash	1,704	1,704	–
Time deposits	1,940	–	1,940
Marketable securities and short-term investments (excluding available-for-sale securities):			
Time deposits	824	–	824
Receivables under reverse repurchase agreements	268	–	268
Other short-term investments	3	3	–
Other non-current assets:			
Loans granted	30	–	31
Held-to-maturity securities	80	–	86
Restricted cash deposits	91	59	42

Liabilities

Short-term debt and current maturities of long-term debt (excluding capital lease obligations)

Short-term debt and current maturities of long-term debt (excluding capital lease obligations)	980	856	124
Long-term debt (excluding capital lease obligations)	5,709	5,208	784
Non-current deposit liabilities in “Other non-current liabilities”	106	–	124

(\$ in millions)

December 31, 2015
Carrying value Level 1 Level 2 Level 3

Assets

Cash and equivalents (excluding available-for-sale securities with original maturities up to 3 months):

Cash	1,837	1,837	–
Time deposits	2,717	–	2,717
Marketable securities and short-term investments (excluding available-for-sale securities):			
Time deposits	104	–	104
Receivables under reverse repurchase agreements	224	–	224
Other short-term investments	7	7	–
Other non-current assets:			
Loans granted	29	–	30
Held-to-maturity securities	99	–	110

Restricted cash deposits	176	55	138
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Liabilities

Short-term debt and current maturities of long-term debt (excluding capital lease obligations)	1,427	614	817
Long-term debt (excluding capital lease obligations)	5,889	5,307	751
Non-current deposit liabilities in "Other non-current liabilities"	215	–	244

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

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

□ Other non-current assets: Includes (i) loans granted whose fair values are based on the carrying amount adjusted using a present value technique to reflect a premium or discount based on current market interest rates (Level 2 inputs), (ii) held-to-maturity securities (see Note 3) whose fair values are based on quoted market prices in inactive markets (Level 2 inputs), (iii) restricted cash whose fair values approximate the carrying amounts (Level 1 inputs) and restricted cash deposits pledged in respect of certain non-current deposit liabilities whose fair values are determined using a discounted cash flow methodology based on current market interest rates (Level 2 inputs).

□ Short-term debt and current maturities of long-term debt (excluding capital lease obligations): Short-term debt includes commercial paper, bank borrowings and overdrafts. The carrying amounts of short-term debt and current maturities of long-term debt, excluding capital lease obligations, approximate their fair values.

□ Long-term debt (excluding capital lease obligations): Fair values of bonds are determined using quoted market prices (Level 1 inputs), if available. For bonds without available quoted market prices and other long-term debt, the fair values are determined using a discounted cash flow methodology based upon borrowing rates of similar debt instruments and reflecting appropriate adjustments for non-performance risk (Level 2 inputs).

□ Non-current deposit liabilities in "Other non-current liabilities": The fair values of non-current deposit liabilities are determined using a discounted cash flow methodology based on risk-adjusted interest rates (Level 2 inputs).

Note 6	
Commitments and contingencies	

Contingencies—Regulatory, Compliance and Legal	Antitrust In April 2014, the European Commission announced its decision regarding its investigation of anticompetitive practices in the cables industry and granted the Company full immunity from fines under the European Commission's leniency program. In December 2013, the Company agreed with the Brazilian Antitrust Authority (CADE) to settle its ongoing investigation into the Company's involvement in anticompetitive practices in the cables industry and the Company agreed to pay a fine of approximately 1.5 million Brazilian reais (equivalent to approximately \$1 million on date of payment). In Brazil, the Company's Gas Insulated Switchgear business is under investigation by the CADE for alleged anticompetitive practices. In addition, the CADE has opened an investigation into certain other power businesses of the Company, including flexible alternating current transmission systems (FACTS) and power transformers. With respect to these matters, management is cooperating fully with the authorities. An informed judgment about the outcome of these investigations or the amount of potential loss or range of loss for the Company, if any, relating to these investigations cannot be made at this stage. Suspect payments As a result of an internal investigation, the Company self-reported to the Securities and Exchange Commission (SEC) and the Department of Justice (DoJ) in the United States as well as to the Serious Fraud Office (SFO) in the United Kingdom concerning certain of its past dealings with Unaoil and its subsidiaries, including alleged improper payments made by these entities to third parties. The SFO has commenced an investigation into this matter. The Company is cooperating fully with the authorities. At
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	this time, it is not possible for the Company to make an informed judgment about the outcome of these matters. General In addition, the Company is aware of proceedings, or the threat of proceedings, against it and others in respect of private claims by customers and other third parties with regard to certain actual or alleged anticompetitive practices. Also, the Company is subject to other various legal proceedings, investigations, and claims that have not yet been resolved. With respect to the above mentioned regulatory matters and commercial litigation contingencies, the Company will bear the costs of the continuing investigations and any related legal proceedings.
	Liabilities recognized At December 31, 2016 and 2015, the Company had aggregate liabilities of \$150 million and \$160 million, included in “Other provisions” and “Other non-current liabilities”, for the above regulatory, compliance and legal contingencies, and none of the individual liabilities recognized was significant. As it is not possible to make an informed judgment on the outcome of certain matters and as it is not possible, based on information currently available to management, to estimate the maximum potential liability on other matters, there could be material adverse outcomes beyond the amounts accrued.

Guarantees	General The following table provides quantitative data regarding the Company’s third-party guarantees. The maximum potential payments represent a “worst-case scenario”, and do not reflect management’s expected outcomes.
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Maximum potential payments (\$ in millions)	December 31, 2016	December 31, 2015
Performance guarantees	193	209
Financial guarantees	69	77
Indemnification guarantees	71	50
Total	333	336

	The carrying amount of liabilities recorded in the Consolidated Balance Sheets reflects the Company's best estimate of future payments, which it may incur as part of fulfilling its guarantee obligations. In respect of the above guarantees, the carrying amounts of liabilities at December 31, 2016 and 2015, were not significant.
	The Company is party to various guarantees providing financial or performance assurances to certain third parties. These guarantees, which have various maturities up to 2020, mainly consist of performance guarantees whereby (i) the Company guarantees the performance of a third party's product or service according to the terms of a contract and (ii) as member of a consortium that includes third parties, the Company guarantees not only its own performance but also the work of third parties. Such guarantees may include guarantees that a project will be completed within a specified time. If the third party does not fulfill the obligation, the Company will compensate the guaranteed party in cash or in kind. The original maturity dates for the majority of these performance guarantees range from one to six years.
	Commercial commitments In addition, in the normal course of bidding for and executing certain projects, the Company has entered into standby letters of credit, bid/performance bonds and surety bonds (collectively "performance bonds") with various financial institutions. Customers can draw on such performance bonds in the event that the Company does not fulfill its contractual obligations. The Company would then have an obligation to reimburse the financial institution for amounts paid under the performance bonds. At December 31, 2016 and 2015, the total outstanding performance bonds aggregated to \$7.9 billion and \$9.5 billion, respectively. There have been no significant amounts reimbursed to financial institutions under these types of arrangements in the year and three months ended December 31, 2016 and 2015.

	Product and order-related contingencies The Company calculates its provision for product warranties based on historical claims experience and specific review of certain contracts.

The reconciliation of the “Provisions for warranties”, including guarantees of product performance, was as follows:

(\$ in millions)

Balance at January 1,

Claims paid in cash or in kind

Net increase in provision for changes in estimates, warranties issued and warranties expired

Exchange rate differences

Balance at December 31,**2016****1,089**

(329)

424

(42)

1,142

During 2016, the Company determined that the provision for product warranties in its solar business, acquired in 2013 as part of the purchase of Power-One, was no longer sufficient to cover expected warranty costs in the remaining warranty period. Due to higher than originally expected product failure rates for certain solar inverters designed and manufactured by Power-One, a substantial portion of which relates to products which were delivered to customers prior to the acquisition date, the previously estimated product warranty provision was increased by a total of \$151 million during the year, of which \$110 million was recorded in the three months ended December 31, 2016. The corresponding increases were included in Cost of sales of products and resulted in a decrease in basic and diluted earnings per share of \$0.06 and \$0.05, respectively, for the year ended December 31, 2016, and a decrease of \$0.04 (basic and diluted) for the three months ended December 31, 2016. As \$131 million and \$92 million of these warranty costs for the year and three months ended December 31, 2016, respectively, relate to products which were sold prior to the acquisition date, these costs have been excluded from the Company's primary measure of segment performance, Operational EBITA (See Note 13). This warranty provision has been recorded based on the information presently available and is subject to change in the future.

The information for 2015 contained in the table above has been adjusted to correct a classification difference between Claims paid in cash and kind and Net effect of changes in estimates, warranties issued and warranties expired.

Note 7

The Company's total debt at December 31, 2016 and 2015, amounted to \$6,803 million and \$7,439 million, respectively.

Debt	
Short-term debt and current maturities of long-term debt	The Company's "Short-term debt and current maturities of long-term debt" consisted of the following:

(\$ in millions)

December 31, 2016 **December 31, 2015**

restated

Short-term debt	135	278
Current maturities of long-term debt	868	1,176
Total	1,003	1,454

	Short-term debt primarily represented issued commercial paper and short-term loans from various banks. At December 31, 2016 and 2015, \$57 million and \$132 million, respectively, was outstanding under the \$2 billion commercial paper program in the United States. In May 2016, the Company exercised its option to extend the maturity of its \$2 billion multicurrency revolving credit facility to 2021. No amount was drawn at December 31, 2016 and 2015. The facility contains cross default clauses whereby an event of default would occur if the Company were to default on indebtedness as defined in the facility, at or above a specified threshold. In June and October 2016, the Company repaid at maturity the USD 600 million 2.5% Notes and the CHF 500 million 1.25% Bonds (equivalent to approximately \$506 million at date of payment), respectively.
Long-term debt	The Company's long-term debt at December 31, 2016 and 2015, amounted to \$5,800 million and \$5,985 million, respectively.
	Outstanding bonds (including maturities within the next 12 months) were as follows:

(in millions)	December 31, 2016			December 31, 2015		
	Nominal		Carrying	Nominal		Carrying
	outstanding		value ⁽¹⁾	outstanding		value ⁽¹⁾
Bonds:						
2.5% USD Notes, due 2016				– USD	600	\$ 599
1.25% CHF Bonds, due 2016				– CHF	500	\$ 510
1.625% USD Notes, due 2017	USD	500	\$ 500	USD	500	\$ 499
4.25% AUD Notes, due 2017	AUD	400	\$ 291	AUD	400	\$ 297
1.50% CHF Bonds, due 2018	CHF	350	\$ 342	CHF	350	\$ 352
2.625% EUR Instruments, due 2019	EUR	1,250	\$ 1,311	EUR	1,250	\$ 1,363
4.0% USD Notes, due 2021	USD	650	\$ 643	USD	650	\$ 641
2.25% CHF Bonds, due 2021	CHF	350	\$ 368	CHF	350	\$ 383
5.625% USD Notes, due 2021	USD	250	\$ 274	USD	250	\$ 279
2.875% USD Notes, due 2022	USD	1,250	\$ 1,261	USD	1,250	\$ 1,275
0.625% EUR Notes, due 2023	EUR	700	\$ 732			-
4.375% USD Notes, due 2042	USD	750	\$ 722	USD	750	\$ 722

Total	\$ 6,444	\$ 6,920
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(1) USD carrying values include unamortized debt issuance costs, bond discounts or premiums, as well as adjustments for fair value hedge accounting, where appropriate.

	In May 2016, the Company issued notes with an aggregate principal of EUR 700 million, due 2023. The notes pay interest annually in arrears at a fixed rate of 0.625 percent per annum. The Company recorded net proceeds (after underwriting fees) of EUR 697 million (equivalent to approximately \$807 million on date of issuance).
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Note 8	
Employee benefits	The Company operates defined benefit pension plans, defined contribution pension plans, and termination indemnity plans, in accordance with local regulations and practices. These plans cover a large portion of the Company's employees and provide benefits to employees in the event of death, disability, retirement, or termination of employment. Certain of these plans are multi-employer plans. The Company also operates other postretirement benefit plans including postretirement health care benefits, and other employee-related benefits for active employees including long-service award plans. The measurement date used for the Company's employee benefit plans is December 31. The funding policies of the Company's plans are consistent with the local government and tax requirements.

	Net periodic benefit cost of the Company's defined benefit pension and other postretirement benefit plans consisted of the following:
--	---

(\$ in millions)	Defined pension benefits		Other postretirement benefits	
	2016	2015	2016	2015
Year ended December 31,				
Service cost	249	267	1	1
Interest cost	280	305	6	8
Expected return on plan assets	(402)	(456)	-	-
Amortization of prior service cost (credit)	40	38	(12)	(9)
Amortization of net actuarial loss	85	112	-	1
Curtailments, settlements and special termination benefits	41	20	-	-
Net periodic benefit cost	293	286	(5)	1

(\$ in millions)	Defined pension benefits		Other postretirement benefits	
	2016	2015	2016	2015
Three months ended December 31,				
Service cost	58	64	—	—
Interest cost	67	74	2	2
Expected return on plan assets	(96)	(111)	—	—
Amortization of prior service cost (credit)	10	10	(4)	(3)
Amortization of net actuarial loss	20	29	—	—
Curtailments, settlements and special termination benefits	39	7	—	—
Net periodic benefit cost	98	73	(2)	(1)

	Employer contributions were as follows:
--	---

(\$ in millions)

Year ended December 31,

Total contributions to defined benefit pension and other postretirement benefit plans
Of which, discretionary contributions to defined benefit pension plans

**Defined
pensiopost
benefits b
2016201520**

270 243
15 31

(\$ in millions)

Three months ended December 31,

Total contributions to defined benefit pension and other postretirement benefit plans
Of which, discretionary contributions to defined benefit pension plans

**Defined
pensiopost
benefits b
2016201520**

86 88
15 21

During the year ended December 31, 2016, total contributions included available-for-sale debt securities, having a fair value at the contribution date of \$52 million, contributed to certain of the Company's pension plans in Germany and the United Kingdom, of which \$12 million was contributed in the three months ended December 31, 2016.

During the year and three months ended December 31, 2015, total contributions included available-for-sale debt securities, having a fair value at the contribution date of \$22 million, contributed to certain of the Company's pension plans in the United Kingdom.

The Company expects to make contributions totaling approximately \$193 million and \$13 million to its defined benefit pension plans and other postretirement benefit plans, respectively, for the full year 2017.

Note 9**Stockholders' equity**

Between September 2014 and September 2016, the Company executed a share buyback program for the purchase of up to \$4 billion of its own shares and on September 30, 2016, announced that it had completed this program. Over the period of the share buyback, the Company purchased a total of 146.595 million shares (for approximately \$3 billion) for cancellation and 24.740 million shares (for approximately \$0.5 billion) to support its employee share programs. The shares acquired for cancellation were purchased through a separate trading line on the SIX Swiss Exchange (on which only the Company could purchase shares), while shares acquired for delivery under employee share programs were acquired through the ordinary trading line.

In 2016, under this share buyback program, the Company purchased 60.370 million shares for cancellation and 4.940 million shares to support its employee share programs and these transactions resulted in an increase in Treasury stock of \$1,280 million. In the year ended December 31, 2015, the Company purchased 60.245 million shares for cancellation and 13.050 million shares to support its employee share programs, of which 19.955 million shares were purchased for cancellation and 4.350 million shares were purchased to support its employee share programs in the three months ended December 31, 2015. In the year and three months ended December 31, 2015, these transactions resulted in an increase in Treasury stock of \$1,501 million and \$454 million, respectively.

At the Annual General Meeting of Shareholders on April 21, 2016, shareholders approved the proposal of the Board of Directors to reduce the share capital of the Company by cancelling 100 million shares which were bought back under the share buyback program. This cancellation was completed in July 2016, resulting in a decrease in Treasury stock of \$2,047 million and a corresponding total decrease in Capital stock and additional paid-in capital and in Retained earnings.

Also at the Annual General Meeting of Shareholders on April 21, 2016, shareholders approved the proposal of the Board of Directors to distribute 0.74 Swiss francs per share to shareholders by way of a nominal value reduction (reduction in the par value of each share) from 0.86 Swiss francs to 0.12 Swiss francs. In July 2016, the nominal value reduction was registered in the commercial register of the canton of Zurich, Switzerland, and was paid. The Company recorded a reduction in Capital stock and additional paid-in capital of \$1,224 million and a reduction in Retained earnings of \$402

million in relation to the nominal value reduction.

In 2016, the Company delivered, out of treasury stock, 8.9 million shares for options exercised in connection with its Management Incentive Plan and 2.6 million shares under the Employee Share Acquisition Plan.

In October 2016, the Company announced a new share buyback program for the purchase of up to \$3 billion of its own shares from 2017 to 2019.

Note 10	Basic earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the period, assuming that all potentially dilutive securities were exercised, if dilutive. Potentially dilutive securities comprise outstanding written call options and outstanding options and shares granted subject to certain conditions under the Company's share-based payment arrangements.
Earnings per share	

Basic earnings per share

	Year ended December 31,		Three months ended December 31,	
	2016	2015	2016	2015
(\$ in millions, except per share data in \$)	restated		restated	
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	1,883	1,930	423	203
Income from discontinued operations, net of tax	16	3	2	1
Net income	1,899	1,933	425	204
Weighted-average number of shares outstanding (in millions)	2,151	2,226	2,137	2,203
Basic earnings per share attributable to ABB shareholders:				
Income from continuing operations, net of tax	0.88	0.87	0.20	0.09
Income from discontinued operations, net of tax	—	—	—	—
Net income	0.88	0.87	0.20	0.09

Diluted earnings per share

	Year ended December 31,		Three months ended December 31,	
	2016	2015	2016	2015
(\$ in millions, except per share data in \$)	restated		restated	
Amounts attributable to ABB shareholders:				
Income from continuing operations, net of tax	1,883	1,930	423	203
Income from discontinued operations, net of tax	16	3	2	1
Net income	1,899	1,933	425	204

Weighted-average number of shares outstanding (in millions)	2,151	2,226	2
Effect of dilutive securities:			
Call options and shares	3	4	
Adjusted weighted-average number of shares outstanding (in millions)	2,154	2,230	2
Diluted earnings per share attributable to ABB shareholders:			
Income from continuing operations, net of tax	0.87	0.87	
Income from discontinued operations, net of tax	0.01	—	
Net income	0.88	0.87	0

Note 11	The following table shows changes in “Accumulated other comprehensive loss” (OCI) attributable to ABB, by component, net of tax:
Reclassifications out of accumulated other comprehensive loss	

(\$ in millions)	Foreign currency translation adjustments	Unrealized gains (losses) on available-for-sale securities	Pensi postretir plan adjust
Balance at January 1, 2015	(2,102)	13	(
Other comprehensive (loss) income before reclassifications	(1,058)	(7)	
Amounts reclassified from OCI	—	1	
Total other comprehensive (loss) income	(1,058)	(6)	
Less:			
Amounts attributable to noncontrolling interests	(25)	—	
Balance at December 31, 2015	(3,135)	7	(
Other comprehensive (loss) income before reclassifications	(474)	—	
Amounts reclassified from OCI	—	—	
Total other comprehensive (loss) income	(474)	—	
Less:			
Amounts attributable to noncontrolling interests	(17)	—	
Balance at December 31, 2016	(3,592)	7	(

	The following table reflects amounts reclassified out of OCI in respect of pension and other postretirement plan adjustments and unrealized gains (losses) of cash flow hedge derivatives:
--	--

		Year ended	
		December 31, 2016	December 31, 2015
(\$ in millions)			
Details about OCI components			
Pension and other postretirement plan adjustments:			
Amortization of prior service cost	Net periodic benefit cost ⁽¹⁾	28	29
Amortization of net actuarial loss	Net periodic benefit cost ⁽¹⁾	85	113
Net losses from pension settlements	Net periodic benefit cost ⁽¹⁾	37	15
Total before tax		150	157
Tax	Provision for taxes	(36)	(40)
Amounts reclassified from OCI		114	117
Unrealized gains (losses) of cash flow hedge derivatives:			
Foreign exchange contracts	Total revenues	11	36
	Total cost of sales	(10)	(11)
Commodity contracts	Total cost of sales	2	10
Cash-settled call options	SG&A expenses ⁽²⁾	(10)	4
Total before tax		(7)	39
Tax	Provision for taxes	1	(9)
Amounts reclassified from OCI		(6)	30

(1)

These components are included in the computation of net periodic benefit cost (see Note 8).

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

	The amounts in respect of Unrealized gains (losses) on available-for-sale securities were not significant for the year and three months ended December 31, 2016 and 2015.
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Note 12**Restructuring and**

related expenses	
White Collar Productivity program	In September 2015, the Company announced a two-year program aimed at making the Company leaner, faster and more customer-focused. Productivity improvements include the rapid expansion and use of regional shared service centers as well as the streamlining of global operations and head office functions, with business units moving closer to their respective key markets. In the course of this program, the Company is implementing and executing various restructuring initiatives across all operating segments and regions.

	The following table outlines the costs incurred in the year and three months ended December 31, 2016, the cumulative costs incurred to date and the total amount of costs expected to be incurred under the program per operating segment:
--	--

	Costs incurred				Cumulative costs	
	Year ended		Three months ended		incurred up to	Total
	December 31,		December 31,		December 31, 2016 expected costs⁽¹⁾	
(\$ in millions)	2016	2015	2016	2015		
Electrification Products	14	73	(11)	71	87	89
Discrete Automation and Motion	27	45	(6)	42	72	74
Process Automation	36	96	(37)	86	132	134
Power Grids	33	70	(17)	68	103	105
Corporate and Other	30	86	(19)	85	116	118
Total	140	370	(90)	352	510	520

(1) Total expected costs have been recast to reflect the reorganization of the Company's operating segments as outlined in Note 13.

	Total expected program costs were originally estimated to be \$852 million. During 2016, the total expected program costs were reduced by \$332 million, of which \$111 million was in the three months ended December 31, 2016. This was primarily due to the realization of significantly higher than originally expected attrition and internal re-deployment rates. The reductions were made across all operating segments as well as for corporate functions.
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	Of the total expected costs of \$520 million, the majority is related to employee severance costs.
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	The Company recorded the following expenses, net of changes in estimates, under this program:
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	Year ended December 31, 2016	Year ended December 31, 2015	Three months ended December 31, 2016	Three months ended December 31, 2015	Cumulative co incurred up December 31, 2016
(\$ in millions)					
Employee severance costs	130	364	(99)	346	
Estimated contract settlement, loss order and other costs	2	5	1	5	
Inventory and long-lived asset impairments	8	1	8	1	
Total	140	370	(90)	352	5

	Expenses, net of change in estimates, associated with this program are recorded in the following line items in the Consolidated Income Statements:
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	Year ended December 31,		Three months ended December 31,	
(\$ in millions)	2016	2015	2016	2015
Total cost of sales	92	122	(47)	113
Selling, general and administrative expenses	38	187	(39)	183
Non-order related research and development expenses	(5)	38	(12)	34
Other income (expense), net	15	23	8	22
Total	140	370	(90)	352

	Liabilities associated with the White Collar Productivity program are primarily included in "Other provisions". The following table shows the activity from the beginning of the program to December 31, 2016, by expense type.
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(\$ in millions)	Employee severance costs	Contract settlement, loss order and other costs	Total
Liability at January 1, 2015	—	—	—
Expenses	364	5	369
Cash payments	(34)	(1)	(35)
Liability at December 31, 2015	330	4	334
Expenses	232	3	235
Cash payments	(106)	(3)	(109)
Change in estimates	(102)	(1)	(103)
Exchange rate differences	(23)	—	(23)
Liability at December 31, 2016	331	3	334

	The change in estimates during 2016 of \$103 million is due to significantly higher than expected rates of attrition and internal re-deployment and a lower than expected severance cost per employee for the employee groups affected by the first phase of restructuring initiated in 2015. The reduction in the liability was recorded in income from operations, primarily as reductions in Cost of sales of \$49 million and in Selling, general and administrative expenses of \$38 million for the year ended December 31, 2016. During the three months ended December 31, 2016, the change in
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	estimate was \$114 million, and related to restructurings initiated in both 2015 and 2016. This reduction was recorded primarily as reductions in Cost of sales of \$52 million and in Selling, general and administrative expenses of \$45 million for the three months ended December 31, 2016.
Other restructuring-related activities	In the year ended December 31, 2016 and 2015, the Company executed various other restructuring-related activities and incurred expenses of \$171 million and \$256 million, respectively. In the three months ended December 31, 2016 and 2015, these expenses amounted to \$80 million and \$144 million, respectively. These expenses were primarily recorded in "Total cost of sales".

(\$ in millions)	Year ended December 31,		Three months ended December 31,	
	2016	2015	2016	2015
Employee severance costs	90	207	31	130
Estimated contract settlement, loss order and other costs	40	27	21	11
Inventory and long-lived asset impairments	41	22	28	3
Total	171	256	80	144

	At December 31, 2016 and 2015, the balance of other restructuring-related liabilities is primarily included in "Other provisions".
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Change in estimates	In addition to the change in estimate of \$103 million relating to the White Collar Productivity Program, a further \$46 million was recorded as a change in estimate to reduce liabilities associated with the Company's other restructuring-related activities mainly due to changes in the planned scope of these activities. This was recorded in income from operations, primarily as reductions in Cost of sales. The combined total change in estimates for both the year and three months ended December 31, 2016, of \$149 million and \$139 million, respectively, resulted in an increase in earnings per share (basic and diluted) of \$0.05 in the respective periods.
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Note 13 Operating segment data	The Chief Operating Decision Maker (CODM) is the Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined below. The Company's operating segments consist of Electrification Products, Discrete Automation and Motion, Process Automation and Power Grids. The remaining operations of the Company are included in Corporate and Other.
	Effective January 1, 2016, the Company reorganized its operating segments with the aim of delivering more customer value in a better, more focused way from its combined power and automation offering. The new Electrification Products segment includes the business of the former Low Voltage Products segment and the Medium Voltage Products business from the former Power Products segment. The Process Automation segment has been expanded to include the Distributed Control Systems business from the former Power Systems segment, while the remaining businesses of the former Power Products and Power Systems segments were combined to form the new Power Grids segment. There were no significant changes to the Discrete Automation and Motion segment.
	In addition, commencing in 2016, the Company changed its method of allocating income taxes to its operating segments whereby tax assets are primarily accounted for in Corporate and Other. As a result, certain amounts relating to current and deferred tax assets previously reported within the total segment assets of each individual operating segment have been allocated to Corporate and Other. The segment information for the year and three months ended December 31, 2015 and at December 31, 2015, has been recast to reflect these organizational and allocation changes.
	A description of the types of products and services provided by each reportable segment is as follows: □ Electrification Products: manufactures and sells products and services including low- and medium-voltage switchgear (air and gas insulated), breakers, switches, control products, DIN rail components, automation and distribution enclosures, wiring accessories and installation material for many kinds of applications.

	□ Discrete Automation and Motion: manufactures and sells motors, generators, variable speed drives, robots and robotics, solar inverters, wind converters, rectifiers, excitation systems, power quality and protection solutions, electric vehicle fast charging infrastructure, components and subsystems for railways, and related services for a wide range of applications in discrete automation, process industries, transportation and utilities. □ Process Automation: develops and sells control and plant optimization systems, automation products and solutions, including instrumentation, as well as industry-specific application knowledge and services for the oil, gas and petrochemicals, metals and minerals, marine and turbocharging, pulp and paper, chemical and pharmaceuticals, and power industries. □ Power Grids: supplies power and automation products, systems, and service and software solutions for power generation, transmission and distribution to utility, industry, transportation and infrastructure customers. These offerings address evolving grid developments which include the integration of renewables, network control, digital substations, microgrids and asset management. The segment also manufactures a wide range of power, distribution and traction transformers, an array of high-voltage products, including circuit breakers, switchgear, capacitors and power transmission systems. □ Corporate and Other: includes headquarters, central research and development, the Company's real estate activities, Group Treasury Operations, historical operating activities of certain divested businesses, and other minor business activities.
	The Company evaluates the profitability of its segments based on Operational EBITA. In the fourth quarter of 2016, the Company modified the definition of its primary measure of segment performance to also exclude changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates) and non-operational pension cost, which comprises: (a) interest cost, (b) expected return on plan assets, (c) amortization of prior service cost (credit), (d) amortization of net actuarial loss, and (e) curtailments, settlements and special termination benefits.

	After these revisions, Operational EBITA represents income from operations excluding: (i) amortization expense on intangibles arising upon acquisitions (acquisition-related amortization), (ii) restructuring and restructuring-related expenses, (iii) non-operational pension cost, (iv) changes in pre-acquisition estimates, (v) gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items, as well as (vi) foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities). The CODM primarily reviews the results of each segment on a basis that is before the elimination of profits made on inventory sales between segments. Segment results below are presented before these eliminations, with a total deduction for intersegment profits to arrive at the Company's consolidated Operational EBITA. Intersegment sales and transfers are accounted for as if the sales and transfers were to third parties, at current market prices.
	The following tables present segment revenues, Operational EBITA, and the reconciliations of consolidated Operational EBITA to Income from continuing operations before taxes for the year and three months ended December 31, 2016 and 2015, as well as total assets at December 31, 2016 and 2015.

	Year ended December 31, 2016			Year ended December 31, 2015		
	Third-party	Intersegment	Total	Third-party	Intersegment	Total
(\$ in millions)	revenues	revenues	revenues	revenues	revenues	revenues
Electrification Products	8,744	548	9,292	8,932	615	9,547
Discrete Automation and Motion	8,169	545	8,714	8,492	635	9,127
Process Automation	6,448	150	6,598	7,104	120	7,224
Power Grids	10,408	567	10,975	10,876	745	11,621
Corporate and Other	59	1,553	1,612	77	1,459	1,536
Intersegment elimination	–	(3,363)	(3,363)	–	(3,574)	(3,574)
Consolidated	33,828	–	33,828	35,481	–	35,481

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	Three months ended December 31, 2016			Three months ended December 31, 2015		
	Third-party	Intersegment	Total	Third-party	Intersegment	Total
(\$ in millions)	revenues	revenues	revenues	revenues	revenues	revenues
Electrification Products	2,318	144	2,462	2,294	165	2,459
Discrete Automation and Motion	2,079	132	2,211	2,109	179	2,288
Process Automation	1,700	37	1,737	1,892	34	1,926
Power Grids	2,878	164	3,042	2,927	180	3,107
Corporate and Other	18	393	411	20	346	366
Intersegment elimination	—	(870)	(870)	—	(904)	(904)
Consolidated	8,993	—	8,993	9,242	—	9,242

	Year ended December 31, 2016	Year ended December 31, 2015	Three months ended December 31, 2016
(\$ in millions)	restated	restated	restated
<i>Operational EBITA:</i>			
Electrification Products	1,528	1,561	382
Discrete Automation and Motion	1,195	1,295	260
Process Automation	824	863	231
Power Grids	1,021	877	318
Corporate and Other and Intersegment elimination	(377)	(387)	(134)
Consolidated Operational EBITA	4,191	4,209	1,057
Acquisition-related amortization	(279)	(310)	(67)
Restructuring and restructuring-related expenses ⁽¹⁾	(543)	(674)	(68)
Non-operational pension cost	(38)	(19)	(38)
Changes in pre-acquisition estimates	(131)	(21)	(92)
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	(173)	(120)	(127)
<i>Foreign exchange/commodity timing differences in income from operations:</i>			
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(65)	67	(22)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(5)	(68)	(16)
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	30	(15)	51
Income from operations	2,987	3,049	678
Interest and dividend income	73	77	19
Interest and other finance expense	(261)	(286)	(31)
Income from continuing operations before taxes	2,799	2,840	666

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

(\$ in millions)	Total assets⁽¹⁾	
	December 31, 2016	December 31, 2015
	restated	
Electrification Products	9,523	9,474
Discrete Automation and Motion	8,465	9,223
Process Automation	4,153	4,662
Power Grids	8,980	9,422
Corporate and Other	8,378	8,575
Consolidated	39,499	41,356

(1) Total assets are after intersegment eliminations and therefore reflect third-party assets only.

Realignment of segments	On October 4, 2016, the Company announced a planned change in the composition of the business portfolio of its four segments. Effective January 1, 2017, the scope of the Electrification Products segment has been expanded to include the electric vehicle charging, solar, and power quality businesses from the Discrete Automation and Motion segment. In addition, the Discrete Automation and Motion segment has been renamed the Robotics and Motion segment while the Process Automation segment has been renamed the Industrial Automation segment.
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Financial Information

Supplemental Reconciliations and Definitions

The following reconciliations and definitions include measures which ABB uses to supplement its Interim Consolidated Financial Information (unaudited) which is prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Certain of these financial measures are, or may be, considered non-GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission (SEC).

While ABB's management believes that the non-GAAP financial measures herein are useful in evaluating ABB's operating results, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP. Therefore these measures should not be viewed in isolation but considered together with the Interim Consolidated Financial Information (unaudited) prepared in accordance with U.S. GAAP as of and for the year and three months ended December 31, 2016.

Comparable growth rates	Growth rates for certain key figures may be presented and discussed on a "comparable" basis. The comparable growth rate measures growth on a constant currency basis. Since we are a global company, the comparability of our operating results
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reported in U.S. dollars is affected by foreign currency exchange rate fluctuations. We calculate the impacts from foreign currency fluctuations by translating the current-year periods' reported key figures into U.S. dollar amounts using the exchange rates in effect for the comparable periods in the previous year.

Comparable growth rates are also adjusted for changes in our business portfolio. Adjustments to our business portfolio occur due to acquisitions, divestments, or by exiting specific business activities or customer markets. The adjustment for portfolio changes is calculated as follows: where the results of any business acquired or divested have not been consolidated and reported for the entire duration of both the current and comparable periods, the reported key figures of such business are adjusted to exclude the relevant key figures of any corresponding quarters which are not comparable when computing the comparable growth rate. Certain portfolio changes which do not qualify as divestments under U.S. GAAP have been treated in a similar manner to divestments. Changes in our portfolio where we have exited certain business activities or customer markets are adjusted as if the relevant business was divested in the period when the decision to cease business activities was taken. We do not adjust for portfolio changes where the relevant business has annualized revenues of less than \$50 million.

The following tables provide reconciliations of reported growth rates of certain key figures to their respective comparable growth rate.

Divisional comparable growth rate reconciliation

Division	Q4 2016 compared to Q4 2015						
	Order growth rate				Revenue growth rate		
	US\$ (as reported)	Foreign (as exchange rate impact)	Portfolio changes	Comparable	US\$ (as reported)	Foreign (as exchange rate impact)	Comparable
Electrification Products	-8%	3%	0%	-5%	0%	3%	3%
Discrete Automation and Motion	1%	3%	0%	4%	-3%	2%	2%
Process Automation	-15%	1%	0%	-14%	-10%	2%	2%
Power Grids	10%	2%	3%	15%	-2%	3%	3%
ABB Group	0%	2%	1%	3%	-3%	3%	3%

Division	FY 2016 compared to FY 2015						
	Order growth rate				Revenue growth rate		
	US\$ reported)	Foreign (as exchange rate impact)	Portfolio changes	Comparable	US\$ reported)	Foreign (as exchange rate impact)	Comparable
Electrification Products	-7%	3%	0%	-4%	-3%	4%	0%
Discrete Automation and Motion	-6%	2%	0%	-4%	-5%	3%	0%
Process Automation	-20%	2%	0%	-18%	-9%	3%	0%
Power Grids	-8%	3%	1%	-4%	-6%	3%	0%
ABB Group	-8%	3%	0%	-5%	-5%	3%	0%

Regional comparable growth rate reconciliation

Q4 2016 compared to Q4 2015

Region	Order growth rate				Revenue growth	
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact
Europe	-12%	2%	2%	-8%	0%	3%
The Americas	0%	0%	0%	0%	-6%	0%
Asia, Middle East and Africa	13%	4%	0%	17%	-2%	3%
ABB Group	0%	2%	1%	3%	-3%	3%

FY 2016 compared to FY 2015

Region	Order growth rate				Revenue growth	
	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable	US\$ (as reported)	Foreign exchange impact
Europe	-11%	2%	1%	-8%	-2%	2%
The Americas	-11%	2%	0%	-9%	-8%	3%
Asia, Middle East and Africa	-4%	4%	0%	0%	-4%	3%
ABB Group	-8%	3%	0%	-5%	-5%	3%

Order backlog growth rate reconciliation

December 31, 2016, compared to December 31, 2015

Division	US\$ (as reported)	Foreign exchange impact	Portfolio changes	Comparable
Electrification Products	-9%	4%	0%	-5%
Discrete Automation and Motion	-4%	4%	0%	0%
Process Automation	-13%	3%	0%	-10%
Power Grids	-1%	4%	1%	4%
ABB Group	-5%	3%	1%	-1%

Other growth rate reconciliations
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	Q4 2016 compared to Q4 2015				FY 2016 compared to FY 2015	
	US\$ (as reported)	Foreign (as reported)	Portfolio changes	Comparable	US\$ (as reported)	Foreign (as reported)
Large orders	24%	3%	8%	35%	-27%	2%
Base orders	-4%	3%	0%	-1%	-5%	3%
Services and software orders	2%	2%	0%	4%	0%	3%
Services and software revenues	0%	2%	0%	2%	0%	3%

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Division realignment:	Effective January 1, 2016, we have realigned our organizational structure to better address customer needs and deliver operational efficiency. Our new streamlined structure is comprised of four operating divisions: Power Grids, Electrification Products, Discrete Automation and Motion and Process Automation. In addition, the operations of certain previously divested businesses have been excluded from the results of the four divisions (but are included in the total ABB Group) for the periods prior to their respective divestment. See Note 13 to the Interim Consolidated Financial Information (unaudited) for further details on the realignment. The following information presents a reconciliation of growth rates of orders and revenues for 2015 compared with 2014 to reflect these organizational changes:
Divisional comparable growth rate reconciliation:	

Q4 2015 compared to Q4 2014

Division	Order growth rate				Revenue growth rate	
	US\$ (as reported)	Foreign (as exchange impact)	Portfolio changes	Comparable	US\$ (as reported)	Foreign (as exchange impact)
Electrification Products	-7%	9%	0%	2%	-10%	9%
Discrete Automation and Motion	-17%	8%	0%	-9%	-11%	7%
Process Automation	-14%	11%	0%	-3%	-16%	10%
Power Grids	-7%	9%	1%	3%	-8%	9%
ABB Group	-12%	9%	1%	-2%	-11%	9%

FY 2015 compared to FY 2014

Division	Order growth rate				Revenue growth rate	
	US\$ (as reported)	Foreign (as exchange impact)	Portfolio changes	Comparable	US\$ (as reported)	Foreign (as exchange impact)
Electrification Products	-9%	9%	0%	0%	-10%	10%
Discrete Automation and Motion	-13%	8%	0%	-5%	-10%	8%

Process Automation	-20%	11%	0%	-9%	-16%	11%
Power Grids	-4%	12%	0%	8%	-7%	10%
ABB Group	-12%	10%	1%	-1%	-11%	10%

Adjusted services and software revenues as a percentage of total revenues	Adjusted services and software revenues as a percentage of total revenues is calculated as Sales of services and software divided by Total revenues, after reducing both amounts by the amount of revenues recorded for businesses which have subsequently been divested. Total revenues are also adjusted when we have exited certain business activities or customer markets as if the relevant business was divested in the period when the decision to cease business activities was taken. We do not adjust for portfolio changes where the relevant business has annualized revenues of less than \$50 million.
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**Year ended
December 31**

(\$ in millions, unless otherwise indicated)

Adjusted services and software revenues as a percentage of total revenues	2016	2015
Sales of services and software	6,012	6,000
Adjusted services and software revenues	6,012	6,000
Total revenues	33,828	35,400
Total revenues in divested/exited businesses	(134)	(57)
Adjusted total revenues	33,694	34,993
Adjusted services and software revenues as a percentage of total revenues	17.8%	17.2%

Operational EBITA margin	In the fourth quarter of 2016, the Company modified the definition of Operational EBITA to also exclude the amount of non-operational pension cost and impacts from changes in estimates relating to opening balance sheets of acquired businesses (changes in pre-acquisition estimates). The new definition is provided below. The restated reconciliations for prior periods can be below in the section “Reconciliation of Operational EBITA margin by division for prior periods”. Definition Operational EBITA margin Operational EBITA margin is Operational EBITA as a percentage of Operational revenues. Operational EBITA Operational earnings before interest, taxes and acquisition-related amortization (Operational EBITA) represents Income from operations: excluding (i) acquisition-related amortization (as defined below), (ii) restructuring and restructuring-related expenses, (iii) non-operational pension cost (as defined below), (iv) changes in pre-acquisition estimates, (v) gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items, as well as (vi) foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities). Operational EBITA is our measure of segment profit but is also used by management to evaluate the profitability of the Company as a whole. Acquisition-related amortization Amortization expense on intangibles arising upon acquisitions. Operational revenues
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	The Company presents Operational revenues solely for the purpose of allowing the computation of Operational EBITA margin. Operational revenues are total revenues adjusted for foreign exchange/commodity timing differences in total revenues of: (i) unrealized gains and losses on derivatives, (ii) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (iii) unrealized foreign exchange movements on receivables (and related assets). Operational revenues are not intended to be an alternative measure to <i>Total Revenues</i>, which represent our revenues measured in accordance with U.S. GAAP. Non-operational pension cost Non-operational pension cost comprises the total net periodic benefit cost of defined pension benefits and other postretirement benefits but excludes the current service cost of both components. A breakdown of the components of non-operational pension cost is provided below.
Reconciliation	The following tables provide reconciliations of consolidated Operational EBITA to Net Income and Operational EBITA Margin by division.
Reconciliation of consolidated Operational EBITA to Net Income	

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(\$ in millions)

Operational EBITA

Acquisition-related amortization

Restructuring and restructuring-related expenses⁽¹⁾

Non-operational pension cost

Year ended December 31,		Three months ended December 31,
2016	2015	2016 20
restated		restated
4,191	4,209	1,057
(279)	(310)	(67)
(543)	(674)	(68)
(38)	(19)	(38)

Changes in pre-acquisition estimates	(131)	(21)	(92)	(1
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	(173)	(120)	(127)	(7
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(65)	67	(22)	(1
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(5)	(68)	(16)	(1
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	30	(15)	51	(2
Income from operations	2,9873,049		678	3
Interest and dividend income	73	77	19	
Interest and other finance expense	(261)	(286)	(31)	(6
Income from continuing operations before taxes	2,7992,840		666	3
Provision for taxes	(781)	(788)	(194)	(6
Income from continuing operations, net of tax	2,0182,052		472	2
Income from discontinued operations, net of tax	16	3	2	
Net income	2,0342,055		474	2

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

Reconciliation of Operational EBITA margin by division	
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Year ended December 31, 201

Corpor

O

Discrete

ElectrificationAutomation

Process Power

Inter

(\$ in millions, unless otherwise indicated)

Products and MotionAutomation Grids eli

Total revenues	9,292	8,714	6,598	10,975
Foreign exchange/commodity timing differences in total revenues:				
Unrealized gains and losses on derivatives	20	3	9	73
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(5)	2	8	8
Unrealized foreign exchange movements on receivables (and related assets)	(11)	—	4	(30)
Operational revenues	9,296	8,719	6,619	11,026
Income (loss) from operations	1,335	831	696	888
Acquisition-related amortization	95	120	11	35
Restructuring and restructuring-related expenses ⁽¹⁾	73	88	79	101
Non-operational pension cost	3	2	2	(2)
Changes in pre-acquisition estimates	—	131	—	—
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	8	18	9	(2)
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	21	3	12	35
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(4)	2	5	2
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(3)	—	10	(36)
Operational EBITA	1,528	1,195	824	1,021

Operational EBITA margin (%)	16.4%	13.7%	12.4%	9.3%
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(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

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	Year ended December 31, 2016			
	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
(\$ in millions, unless otherwise indicated)				
Total revenues	9,547	9,127	7,224	11,621
Foreign exchange/commodity timing differences in total revenues:				
Unrealized gains and losses on derivatives	(21)	23	(2)	(92)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	8	(27)	32	64
Unrealized foreign exchange movements on receivables (and related assets)	2	8	(17)	(5)
Operational revenues	9,536	9,131	7,237	11,588
Income (loss) from operations	1,356	991	685	613
Acquisition-related amortization	100	128	12	52
Restructuring and restructuring-related expenses ⁽¹⁾	124	125	130	160
Non-operational pension cost	(3)	3	6	3
Changes in pre-acquisition estimates	–	21	–	–
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	4	26	14	39
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(28)	17	(3)	(57)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	6	(27)	26	63
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	2	11	(7)	4
Operational EBITA	1,561	1,295	863	877
Operational EBITA margin (%)	16.4%	14.2%	11.9%	7.6%

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

Three months ended December 31,

Corporate

Other

Interest

elimination

(\$ in millions, unless otherwise indicated)

	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids	Inter elir
Total revenues	2,462	2,211	1,737	3,042	
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	18	8	(3)	40	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	2	1	13	
Unrealized foreign exchange movements on receivables (and related assets)	(13)	(3)	(9)	(32)	
Operational revenues	2,466	2,218	1,726	3,063	
Income (loss) from operations	319	89	244	334	
Acquisition-related amortization	23	29	2	8	
Restructuring and restructuring-related expenses ⁽¹⁾	25	31	(21)	(5)	
Non-operational pension cost	–	2	2	1	
Changes in pre-acquisition estimates	–	92	–	–	
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	7	14	9	(8)	
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	11	3	(4)	19	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	2	5	10	
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(2)	(2)	(6)	(41)	
Operational EBITA	382	260	231	318	
Operational EBITA margin (%)	15.5%	11.7%	13.4%	10.4%	

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

Three months ended December 31,

	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids	Corporate Other Inter elim
(\$ in millions, unless otherwise indicated)					
Total revenues	2,459	2,288	1,926	3,107	
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	(6)	3	2	(37)	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	1	4	7	
Unrealized foreign exchange movements on receivables (and related assets)	—	—	7	14	
Operational revenues	2,455	2,292	1,939	3,091	
Income (loss) from operations	267	134	105	145	
Acquisition-related amortization	24	32	3	10	
Restructuring and restructuring-related expenses ⁽¹⁾	104	81	106	122	
Non-operational pension cost	—	—	2	—	
Changes in pre-acquisition estimates	—	12	—	—	
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	4	26	(5)	1	
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	2	8	9	(8)	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	(1)	9	9	
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	1	(1)	6	14	
Operational EBITA	403	291	235	293	
Operational EBITA margin (%)	16.4%	12.7%	12.1%	9.5%	

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

Operational and non-operational pension cost	The operational pension cost reflects the ongoing service cost of providing employee benefits to the company's employees. The non-operational pension cost comprises: (i) interest cost, (ii) expected return on plan assets, (iii) amortization of prior service cost (credit), (iv) amortization of net actuarial loss, and (v) curtailments, settlements and special termination benefits. The operational and non-operational pension costs together comprise the net periodic benefit cost as disclosed in Note 8 to the Interim Consolidated Financial Information (unaudited).
Reconciliation	

	Year ended Dec 31,	Three months ended, Dec 31, Sep 30, Jun 30, Mar 31,				Year ended Dec 31,	
	2016	2016	2016	2016	2016	2015	201
Defined pension benefits							
(\$ in millions, unless otherwise indicated)							
Service cost	249	58	65	63	63	267	
Operational pension cost	249	58	65	63	63	267	
Interest cost	280	67	71	71	71	305	
Expected return on plan assets	(402)	(96)	(102)	(102)	(102)	(456)	(1
Amortization of prior service cost (credit)	40	10	9	11	10	38	
Amortization of net actuarial loss	85	20	22	21	22	112	
Curtailments, settlements and special termination benefits	41	39	1	1	–	20	
Non-operational pension cost	44	40	1	2	1	19	
Net periodic benefit cost	293	98	66	65	64	286	
	Year ended Dec 31,	Three months ended, Dec 31, Sep 30, Jun 30, Mar 31,				Year ended Dec 31,	
	2016	2016	2016	2016	2016	2015	201
Other postretirement benefits							
(\$ in millions, unless otherwise indicated)							
Service cost	1	–	1	–	–	1	
Operational pension cost	1	–	1	–	–	1	
Interest cost	6	2	1	1	2	8	
Amortization of prior service cost (credit)	(12)	(4)	(2)	(3)	(3)	(9)	
Amortization of net actuarial loss	–	–	–	–	–	1	

Non-operational pension cost	(6)	(2)	(1)	(2)	(1)	-	(1)
Net periodic benefit cost	(5)	(2)	-	(2)	(1)	1	(1)
	Year ended	Three months ended,				Year ended	
Total	Dec 31, 2016	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Dec 31, 2014
(\$ in millions, unless otherwise indicated)							
Total operational pension cost	250	58	66	63	63	268	
Total non-operational pension cost	38	38	-	-	-	19	

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Operational EPS	Definition
	Operational EPS Operational EPS is calculated as Operational net income divided by the weighted-average number of shares outstanding used in determining basic earnings per share. Operational net income Operational net income is calculated as Net income attributable to ABB adjusted for the following: (i) acquisition-related amortization, (ii) restructuring and restructuring-related expenses, (iii) non-operational pension cost and, (iv) changes in pre-acquisition estimates, (v) gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items, (vi) foreign exchange/commodity timing differences in income from operations consisting of: (a) unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives), (b) realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized, and (c) unrealized foreign exchange movements on receivables/payables (and related assets/liabilities). (vii) The amount of income tax on operational adjustments either estimated using the Adjusted Group effective tax rate or in certain specific cases, computed using the actual income tax effects of the relevant item in (i) to (v) above. Acquisition-related amortization Amortization expense on intangibles arising upon acquisitions. Adjusted Group effective tax rate

	The Adjusted Group effective tax rate is computed by dividing an adjusted provision for taxes by an adjusted income from continuing operations before taxes. Certain amounts recorded in income from continuing operations before taxes and the related provision for taxes (primarily gains and losses from sale of businesses) are excluded from the computation. Constant currency Operational EPS adjustment and Operational EPS growth rate (constant currency) In connection with ABB's 2015-2020 targets, Operational EPS growth is measured assuming 2014 as the base year and uses constant exchange rates. We compute the constant currency operational net income for all periods using the relevant monthly exchange rates which were in effect during 2014 and any difference in computed Operational net income is divided by the relevant weighted-average number of shares outstanding to identify the constant currency Operational EPS adjustment.
Reconciliation	

(\$ in millions, except per share data in \$)

	Q4 restated	2016 Q3	Q2	Q1	Q4	2015 Q3	Q1
Net income (attributable to ABB)	425	568	406	500	204	577	500
Operational adjustments:							
Acquisition-related amortization	67	70	71	71	73	74	74
Restructuring and restructuring-related expenses ⁽¹⁾	68	39	367	69	531	59	59
Non-operational pension cost	38	—	—	—	8	14	14
Changes in pre-acquisition estimates	92	17	14	8	12	9	9
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	127	35	9	2	76	(6)	(6)
FX/commodity timing differences in income from operations	(13)	24	12	17	54	72	(8)
Tax on operational adjustments ⁽²⁾	(93)	(58)	(123)	(46)	(189)	(64)	(1)
Operational net income	711	695	756	621	769	735	600
Weighted-average number of shares outstanding (in millions)	2,137	2,135	2,149	2,181	2,203	2,192	2,203
Operational EPS	0.33	0.33	0.35	0.28	0.35	0.33	0.27
Constant currency Operational EPS adjustment	0.02	0.02	0.04	0.05	0.01	0.03	0.01
Operational EPS (constant currency basis - 2014 exchange rates)	0.35	0.35	0.39	0.33	0.36	0.36	0.28

Operational EPS growth rate⁽³⁾	-5%	-2%	18%	2%	0%	-6%	-3%
Operational EPS growth rate (constant currency basis - 2014 exchange rates)	-3%	-3%	18%	4%	5%	2%	7%

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

(2) Tax amount is computed by applying the Adjusted Group effective tax rate to the operational adjustments, except for gains and losses from sale of businesses for which the actual provision for taxes resulting from the gain or loss has been computed.

(3) Growth is computed using unrounded EPS amounts.

	Year ended December 31, 2016 2015 2014		
(\$ in millions, except per share data in \$)	restated		
Net income (attributable to ABB)	1,8991,9332,594		
Operational adjustments:			
Acquisition-related amortization	279	310	380
Restructuring and restructuring-related expenses ⁽¹⁾	543	674	235
Non-operational pension cost	38	19	59
Changes in pre-acquisition estimates	131	21	—
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	173	120	(482)
FX/commodity timing differences in income from operations	40	16	164
Tax on operational adjustments ⁽²⁾	(320)	(295)	32
Operational net income	2,7832,7982,982		
Weighted-average number of shares outstanding (in millions)	2,1512,2262,288		
Operational EPS	1.29	1.26	1.30
Constant currency Operational EPS adjustment	0.12	0.10	—
Operational EPS (constant currency basis - 2014 exchange rates)	1.41	1.36	1.30
Operational EPS growth rate⁽³⁾	3%	-4%	
Operational EPS growth rate (constant currency basis - 2014 exchange rates)	4%	5%	

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

(2) Tax amount is computed by applying the Adjusted Group effective tax rate to the operational adjustments, except for gains and losses from sale of businesses for which the actual provision for taxes resulting from the gain or loss has been computed.

(3) Growth is computed using unrounded EPS amounts.

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

Total debt

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

Cash and marketable securities

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

Reconciliation

(\$ in millions)	December 31,				
	2016	2015	2014	2013	2012
	restated				
Short-term debt and current maturities of long-term debt	1,003	1,454	353	453	2,537
Long-term debt	5,800	5,985	7,312	7,538	7,497
Total debt	6,803	7,439	7,665	7,991	10,034
Cash and equivalents	3,644	4,565	5,443	6,021	6,875
Marketable securities and short-term investments	1,953	1,633	1,325	464	1,606
Cash and marketable securities	5,597	6,198	6,768	6,485	8,481
Net debt	1,206	1,241	897	1,506	1,553

Net working capital as a percentage of revenues	Definition
	Net working capital as a percentage of revenues Net working capital as a percentage of revenues is calculated as Net working capital divided by Adjusted revenues for the trailing twelve months. Net working capital Net working capital is the sum of (i) receivables, net, (ii) inventories, net, and (iii) prepaid expenses; less (iv) accounts payable, trade, (v) billings in excess of sales, (vi) advances from customers, and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, and (d) payables under the share buyback program); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale. Adjusted revenues for the trailing twelve months Adjusted revenues for the trailing twelve months includes total revenues recorded by ABB in the twelve months preceding the relevant balance sheet date adjusted to eliminate revenues of divested businesses and the estimated impact of annualizing revenues of certain acquisitions which were completed in the same trailing twelve-month period.

Reconciliation	
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(\$ in millions, unless otherwise indicated)	Dec 31, 2016, Sep 30, 2016, Jun 30, 2016, Mar 31, 2016, Dec 31, 2015, Sep 30, 2015, Jun 30, 2015						
	restated						
Net working capital:							
Receivables, net	9,696	10,155	10,384	10,131	10,061	10,564	11,000
Inventories, net	4,347	5,017	5,045	5,104	4,757	5,410	5,400

Prepaid expenses	176	242	246	268	225	286	3
Accounts payable, trade	(4,446)	(4,458)	(4,536)	(4,323)	(4,342)	(4,405)	(4,56)
Billings in excess of sales	(1,241)	(1,330)	(1,377)	(1,331)	(1,375)	(1,440)	(1,50)
Advances from customers	(1,398)	(1,591)	(1,612)	(1,601)	(1,598)	(1,497)	(1,51)
Other current liabilities	(3,198)	(3,153)	(3,002)	(2,949)	(3,127)	(3,103)	(3,03)
excluding: ⁽¹⁾	738	744	2,505	803	690	802	1,2
Net working capital in assets and liabilities held for sale	(72)	(46)	—	—	—	—	—
Net working capital	3,864	4,836	5,148	5,299	4,601	5,815	6,2
Total revenues							
for the three months ended:							
Dec. 31, 2016 / 2015 / 2014 / 2013	8,993	9,242	9,242	9,242	9,242	10,346	10,3
Sep. 30, 2016 / 2015 / 2014 / 2013	8,255	8,255	8,519	8,519	8,519	8,519	9,8
Jun. 30, 2016 / 2015 / 2014 / 2013	8,677	8,677	8,677	9,165	9,165	9,165	9,1
Mar. 31, 2016 / 2015 / 2014 / 2013	7,903	7,903	7,903	7,903	8,555	8,555	8,5
Total revenues							
for the trailing twelve months	33,828	34,077	34,341	34,829	35,481	36,585	37,8
Adjustment to annualize/eliminate revenues of certain acquisitions/divestments	—	—	—	—	—	(64)	(14)
Adjusted revenues							
for the trailing twelve months	33,828	34,077	34,341	34,829	35,481	36,521	37,74
Net working capital							
as a percentage of revenues (%)	11.4%	14.2%	15.0%	15.2%	13.0%	15.9%	16.5

(1) The amounts excluded from Other current liabilities related primarily to (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, and (d) payables under the share buyback program.

**Free cash flow
conversion to net
income****Definition**

Free cash flow conversion to net income

Free cash flow conversion to net income is calculated as Free cash flow divided by Net income attributable to ABB.

Free cash flow (FCF)

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

Reconciliation

(\$ in millions, unless otherwise indicated)

Net cash provided by operating activities

Adjusted for the effects of:

Purchases of property, plant and equipment and intangible assets

Proceeds from sale of property, plant and equipment

Changes in financing receivables and other non-current receivables

Free cash flow**Net income attributable to ABB****Free cash flow conversion to net income**

Year ended December 31			
2016	2015	2014	2013
restated			
3,843	3,818	3,845	3,653
(831)	(876)	(1,026)	(1,106)
61	68	33	80
(8)	9	5	5
3,065	3,019	2,857	2,632
1,899	1,933	2,594	2,787
161%	156%	110%	94%

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

Reconciliation	
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	Year ended December 31,		Three months ended December 31,	
(\$ in millions)	2016	2015	2016	2015
Interest and dividend income	73	77	19	21
Interest and other finance expense	(261)	(286)	(31)	(63)
Finance net	(188)	(209)	(12)	(42)

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

	Three months ended December 31,	
(\$ in millions, unless otherwise indicated)	2016	2015
Orders received	8,277	8,262
Total revenues	8,993	9,242
Book-to-bill ratio	0.92	0.89

	Year ended December 31,				
(\$ in millions, unless otherwise indicated)	2016	2015	2014	2013	2012
Orders received	33,379	36,429	41,515	38,896	40,232
Total revenues	33,828	35,481	39,830	41,848	39,336
Book-to-bill ratio	0.99	1.03	1.04	0.93	1.02

Cash return on invested capital (CROI)	Definition
	Cash return on invested capital (CROI) Cash return on invested capital is calculated as Adjusted cash return divided by Capital invested. Adjusted cash return Adjusted cash return is calculated as the sum of (i) net cash provided by operating activities, (ii) interest paid and (iii) estimate to annualize/eliminate the net cash provided by operating activities of certain acquisitions / (divestments). Adjusted total fixed assets Adjusted total fixed assets is the sum of (i) property, plant and equipment, net, (ii) goodwill, (iii) other intangible assets, net, and (iv) investments in equity-accounted companies less (v) deferred tax liabilities recognized in certain acquisitions. Net working capital Net working capital is the sum of (i) receivables, net, (ii) inventories, net, and (iii) prepaid expenses; less (iv) accounts payable, trade, (v) billings in excess of sales, (vi) advances from customers, and (vii) other current liabilities (excluding primarily: (a) income taxes payable, (b) current derivative liabilities, (c) pension and other employee benefits, and (d) payables under the share buyback program); and including the amounts related to these accounts which have been presented as either assets or liabilities held for sale. Capital invested Capital invested is the sum of (i) Adjusted total fixed assets, (ii) Net working capital and (iii) Accumulated depreciation and amortization.

Reconciliation	
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(\$ in millions, unless otherwise indicated)

Adjusted cash return:

	Year ended	
	December 31,	December 31,
	2016	2015
Net cash provided by operating activities	3,843	3,818
Interest paid	213	221
Estimate to annualize/eliminate the net cash provided by operating activities of certain divestments ⁽¹⁾	—	—
Adjusted cash return	4,056	4,039

restated

(\$ in millions, unless otherwise indicated)

Adjusted total fixed assets:

	December 31,	
	2016	2015
Property, plant and equipment, net	4,743	5,276
Goodwill	9,501	9,671
Other intangible assets, net	1,996	2,337
Investments in equity-accounted companies	170	178
Fixed assets included in assets held for sale ⁽²⁾	448	—
Total fixed assets	16,858	17,462
Less: deferred taxes recognized in certain acquisitions ⁽³⁾	(1,901)	(1,901)
Adjusted total fixed assets	14,957	15,561
Net working capital (as defined above)	3,864	4,601

restated

Accumulated depreciation and amortization:

Accumulated depreciation of property, plant and equipment	6,926	6,840
Accumulated amortization of intangible assets including goodwill ⁽⁴⁾	3,438	3,175
Accumulated depreciation and amortization of assets held for sale ⁽²⁾	149	—
Accumulated depreciation and amortization	10,513	10,015
Capital invested	29,334	30,177
Cash return on invested capital (CROI)	13.8%	13.4%

(1) Divestments: In 2014 HVAC, Power Solutions, Steel Structures and Full Service.

(2) Held for sale: In 2016 ABB announced an agreement to divest its global high-voltage cable system business.

(3) Power-One acquired in 2013, Thomas & Betts acquired in 2012 and Baldor acquired in 2011.

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

Reconciliation of Operational EBITA margin by division for prior periods	The following tables provide operational EBITA margin reconciliations for prior periods.
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Three months ended September 30

Corpor

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Inter

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(\$ in millions, unless otherwise indicated)

	Electrification Products and 2,308	Discrete Automation and Motion 2,203	Process Automation 1,523	Power Grids 2,636
Total revenues				
Foreign exchange/commodity timing differences in total revenues:				
Unrealized gains and losses on derivatives	6	2	6	20
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(2)	–	(1)	6
Unrealized foreign exchange movements on receivables (and related assets)	1	2	3	(1)
Operational revenues	2,313	2,207	1,531	2,661
Income (loss) from operations	389	276	170	222
Acquisition-related amortization	24	30	3	9
Restructuring and restructuring-related expenses ⁽¹⁾	(7)	(4)	7	12
Non-operational pension cost	1	–	–	(1)
Changes in pre-acquisition estimates	–	17	–	–
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	1	4	–	2
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	3	2	(1)	4
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(2)	1	2	2
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	3	2	6	3
Operational EBITA	412	328	187	253

Operational EBITA margin (%)	17.8%	14.9%	12.2%	9.5%
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(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

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Three months ended June 30, 2016

	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids	Inter eli
(\$ in millions, unless otherwise indicated)					
Total revenues	2,397	2,221	1,717	2,779	
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	14	10	13	62	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(2)	(1)	3	(6)	
Unrealized foreign exchange movements on receivables (and related assets)	(10)	(7)	(10)	(29)	
Operational revenues	2,399	2,223	1,723	2,806	
Income (loss) from operations	339	226	112	151	
Acquisition-related amortization	24	30	3	9	
Restructuring and restructuring-related expenses ⁽¹⁾	51	54	89	76	
Non-operational pension cost	1	—	—	(1)	
Changes in pre-acquisition estimates	—	14	—	—	
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	—	—	—	2	
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	7	5	14	46	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	(1)	(1)	(2)	(6)	
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(6)	(3)	(6)	(25)	
Operational EBITA	415	325	210	252	
Operational EBITA margin (%)	17.3%	14.6%	12.2%	9.0%	

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

Three months ended March 31, 2016

Corporate and Other

O

Inter

eli

Products and Motion

Automation

Automation

Grids

2,518

2,125

2,079

1,621

2,518

2,118

2,071

1,639

2,496

288

240

170

181

24

31

3

9

4

7

4

18

1

-

-

(1)

-

-

-

2

-

-

-

(34)

-

-

-

(4)

2

3

16

27

319

282

196

198

15.1%

13.6%

12.0%

7.9%

(\$ in millions, unless otherwise indicated)

Total revenues

Foreign exchange/commodity timing

differences in total revenues:

Unrealized gains and losses

on derivatives

Realized gains and losses on derivatives

where the underlying hedged

transaction has not yet been realized

Unrealized foreign exchange movements

on receivables (and related assets)

Operational revenues**Income (loss) from operations**

Acquisition-related amortization

Restructuring and

restructuring-related expenses⁽¹⁾

Non-operational pension cost

Changes in pre-acquisition estimates

Gains and losses from sale of businesses,

acquisition-related expenses and certain

non-operational items

Foreign exchange/commodity timing

differences in income from operations:

Unrealized gains and losses on derivatives

(foreign exchange, commodities,

embedded derivatives)

Realized gains and losses on derivatives

where the underlying hedged

transaction has not yet been realized

Unrealized foreign exchange movements

on receivables/payables

(and related assets/liabilities)

Operational EBITA**Operational EBITA margin (%)**

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

Three months ended September 30

	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids	Corporate Other Inter elim
(\$ in millions, unless otherwise indicated)					
Total revenues	2,353	2,220	1,659	2,791	
Foreign exchange/commodity timing differences in total revenues:					
Unrealized gains and losses on derivatives	–	41	27	52	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	1	9	13	
Unrealized foreign exchange movements on receivables (and related assets)	(3)	(5)	(4)	(22)	
Operational revenues	2,353	2,257	1,691	2,834	
Income (loss) from operations	390	264	159	159	
Acquisition-related amortization	25	31	3	10	
Restructuring and restructuring-related expenses ⁽¹⁾	10	16	3	13	
Non-operational pension cost	(1)	1	2	1	
Changes in pre-acquisition estimates	–	9	–	–	
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	(1)	–	1	5	
Foreign exchange/commodity timing differences in income from operations:					
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(18)	26	8	33	
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	3	3	6	10	
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	1	(5)	1	(9)	
Operational EBITA	409	345	183	222	
Operational EBITA margin (%)	17.4%	15.3%	10.8%	7.8%	

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

	Three months ended June 30, 2016			
	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
(\$ in millions, unless otherwise indicated)				
Total revenues	2,506	2,348	1,875	2,951
Foreign exchange/commodity timing differences in total revenues:				
Unrealized gains and losses on derivatives	(23)	(8)	(23)	(102)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	2	–	(1)	21
Unrealized foreign exchange movements on receivables (and related assets)	8	5	(2)	24
Operational revenues	2,493	2,345	1,849	2,894
Income (loss) from operations	389	293	216	181
Acquisition-related amortization	26	33	3	15
Restructuring and restructuring-related expenses ⁽¹⁾	3	25	20	10
Non-operational pension cost	(1)	1	1	1
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	–	–	15	31
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	(23)	(24)	(27)	(89)
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	1	–	(4)	23
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	15	12	4	25
Operational EBITA	410	340	228	197
Operational EBITA margin (%)	16.4%	14.5%	12.3%	6.8%

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

	Three months ended March 31, 2016			
	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
(\$ in millions, unless otherwise indicated)				
Total revenues	2,229	2,271	1,764	2,772
Foreign exchange/commodity timing differences in total revenues:				
Unrealized gains and losses on derivatives	8	(13)	(8)	(5)
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	(29)	20	23
Unrealized foreign exchange movements on receivables (and related assets)	(3)	8	(18)	(21)
Operational revenues	2,235	2,237	1,758	2,769
Income (loss) from operations	310	300	205	128
Acquisition-related amortization	25	32	3	17
Restructuring and restructuring-related expenses ⁽¹⁾	7	3	1	15
Non-operational pension cost	(1)	1	1	1
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	1	–	3	2
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	11	7	7	7
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	(29)	15	21
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	(15)	5	(18)	(26)
Operational EBITA	339	319	217	165
Operational EBITA margin (%)	15.2%	14.3%	12.3%	6.0%

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

	Year ended December 31, 2016			
	Electrification Products	Discrete Automation and Motion	Process Automation	Power Grids
(\$ in millions, unless otherwise indicated)				
Total revenues	10,572	10,142	8,618	12,518
Foreign exchange/commodity timing differences in total revenues:				
Unrealized gains and losses on derivatives	25	10	12	192
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	–	(2)	17	48
Unrealized foreign exchange movements on receivables (and related assets)	(5)	(13)	(15)	(56)
Operational revenues	10,592	10,137	8,632	12,702
Income (loss) from operations	1,562	1,422	931	257
Acquisition-related amortization	113	138	18	89
Restructuring and restructuring-related expenses ⁽¹⁾	49	25	36	106
Non-operational pension cost	(2)	6	17	12
Gains and losses from sale of businesses, acquisition-related expenses and certain non-operational items	(7)	–	32	9
Foreign exchange/commodity timing differences in income from operations:				
Unrealized gains and losses on derivatives (foreign exchange, commodities, embedded derivatives)	23	16	20	168
Realized gains and losses on derivatives where the underlying hedged transaction has not yet been realized	1	(2)	13	32
Unrealized foreign exchange movements on receivables/payables (and related assets/liabilities)	–	(10)	(22)	(66)
Operational EBITA	1,739	1,595	1,045	607
Operational EBITA margin (%)	16.4%	15.7%	12.1%	4.8%

(1) Amounts also include the incremental implementation costs in relation to the White Collar Productivity program.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ABB LTD

Date: March 10, 2017.

By: /s/ Alanna Abrahamson - Haka
Name: Alanna Abrahamson - Haka
Title: Group Senior Vice President and
Head of Investor Relations

By: /s/ Richard A. Brown
Name: Richard A. Brown
Title: Group Senior Vice President and
Chief Counsel Corporate & Finance
