

Hubertus von Grünberg Chairman
ABB Annual General Meeting April 30, 2015

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Ladies and Gentlemen, dear shareholders,
dear Board of Director colleagues, dear Uli and Executive Committee colleagues,

As you all know: This will be my last speech as Chairman of ABB's Board of Directors after eight eventful years.

As in previous years, I would like to start with outlining the key developments of fiscal 2014.

Our CEO, Ulrich Spiesshofer, will then present in detail the current business situation and our new Next Level strategy after my talk.

Due to the distortion caused by strong currency fluctuations and the sale of non-core activities I will be referring to the meaningful "comparable figures in local currencies" in the assessment of our annual results.

Ladies and gentlemen,

In 2014, ABB was again operating in a very volatile market environment, and overall was – once more – able to successfully prove its strength. Added to this was the fact that our new CEO Ulrich Spiesshofer and his team had to concentrate their efforts on the major issues within the Power Systems division. The bottom line: We performed

well and made significant strides, although the difficult journey has not yet reached its end.

Growth in orders received was excellent, and at \$41.5 billion, the total in fact hit an all-time high. Our initiatives to increase organic growth – the PIE concept introduced by our CEO in line with the Next Level strategy – are already bearing fruit;

We are noticeably closer to our customers, about which I am personally very happy.

Last year's increase of 10 percent in orders means that ABB grew faster than the world economy and the markets.

This very satisfactory result was in part thanks to ABB's outstanding geographic diversification: ABB's business is regionally balanced, with approximately a third in Europe, a third in Asia, the Middle East and Africa, and a third in North America and South America.

At the same time, we systematically cleaned up our portfolio and sold businesses that were not part of our core business.

Less gratifying were the revenues generated – which can be traced back to the low order backlog and the restructuring of the Power Systems division. The Power Systems division's low operational earnings and net income reflected the weak revenues and extraordinary charges, which are of course disappointing for us.

But I want to stress once more that we have made significant progress with the Power Systems division. The division has methodically executed the "Step Change" program announced at the beginning of 2014. And the numbers for the first quarter are encouraging. For this, ladies and gentlemen, we would like to expressly recognize our new, experienced division head, Claudio Facchin and his new management team!

Ladies and gentlemen, in the offshore windpower transmission business, we had to learn “the hard way” over the last few years.

Under the leadership of our new CEO we have developed a new business model for this division, which significantly reduces our risk exposure.

And it is just as clear to us that the prospects for linking renewable energies to the grid remain outstanding overall – including offshore windpower transmission. In Europe, they represent an ever increasing share of the electricity supply. Proof of this can be seen in the recently awarded contract to connect a wind farm in Scotland, as well as the one to link Norway's and Germany's electricity markets.

Ladies and gentlemen,

Returning to the 2014 results, we were very satisfied with the development of our cash flow. We were able to increase cash inflow in spite of the lower operational earnings. And what this means is that the programs we launched to boost capital efficiency and the quality of our orders were entirely correct. They are now bearing fruit!

Ladies and gentlemen, the world economy and numerous political crises significantly challenged us once again in 2014. To remain competitive, it is becoming more and more important to not only deliver outstanding solutions, but also to work efficiently.

So in 2014, we again cut our costs by more than \$1 billion. This represents a very successful collective achievement, and is once again thanks to the strict discipline exercised by all of the company's divisions. Here too the Board of Directors would like to pay its respects to all contributors!

At the same time, ABB's global team demonstrated that it can continue to innovate despite cost cuts. For example, our power systems engineers were able to bring to market a new high-voltage underground cable.

It is capable of transmitting twice as much power as comparable conventional cables – and up to 50 percent further. For instance, these new cables can transmit enough power to supply almost every Swiss household: over a distance of 1,500 km and with extremely low losses.

And people are once again talking about ABB automation. In 2014, we completed the development of YuMi, the world's first robot that can work hand-in-hand with humans. It is now ready for the market. Visitor response at the market launch at Hanover Fair two weeks ago was spectacular; there really is no other way to put it.

It is thus not surprising that ABB once again received the award for the Swiss company that submitted the most applications to the European patent office – an important acknowledgment of our above-average pace of innovation!

Ladies and gentlemen, ABB achieved all of this in 2014 on the basis of rock-solid financial results.

And the Board of Directors thinks that our shareholders should also benefit from our profits and stronger cash flow. So for the sixth time in a row, we are recommending that the dividend be increased.

This dividend increase, together with the share buyback program valued at a total of \$4 billion over two years launched in 2014 should be seen as an indicator of the strong confidence we have in ABB's future growth. Our confidence is based in no small measure on the positive experiences we have had over the past eight years.

Speaking of strategy, the Executive Committee presented the new direction in September 2014, when it announced the "Next Level" strategy. Our CEO, Ulrich Spiesshofer will present the details of this strategy immediately following my talk.

Basically, it aims to accelerate profitable growth, drive relentless execution and create added value for our customers and for you as shareholders through enhanced business-led collaboration.

We want to make what's good about ABB even better – with the help of a very systematic approach, as you will see.

So ABB is on the right track. The track is one of profitable growth, as shown by the ambitious medium-term goals for expansion and profitability that we have set ourselves.

In closing, I want to thank everyone who helped set us on this track:

- First of all you, our shareholders, for your trust in our company and its management!
- I thank our 140,000 employees and the members of the Executive Committee.
- I especially thank you, Uli, for your friendship and the constructive dialog we always shared when discussing our common cause. Dear Uli, stay as I learned

to know and admire you – in essence a solidly grounded Swabian in the truest sense. The work you inherited in 2014 was harder than anticipated. Yet you achieved the planned targets and established the basis for a successful future with the introduction of the Next Level strategy.

- And I also thank your predecessors: Fred Kindle, interim CEO Michel Demaré and of course Joe Hogan, as well as the members of the Executive Committee who have since departed. You too played a major role in establishing the excellent position from which ABB will now tackle the future.

I also want to thank my current and former board of director colleagues.

- Like me, Michael Treschow will not stand for re-election. Michael, the Board of Directors and I personally offer you our heartfelt thanks for your dedicated work and commitment to ABB since 2003.

Ladies and gentlemen, each of the eight past annual general meetings have marked a special occasion for me, each a milestone on our common journey. Today's meeting marks a crossroads.

And as I say goodbye, one eye is teary and the other dry. Because on the one hand, I truly regard my resignation today as a personal loss. On the other hand, I am of course very pleased that ABB now has an excellent starting position, with the right strategy and a successful and committed Executive Committee headed by Ulrich Spiesshofer. And I am pleased that we are able to recommend such an excellent candidate as Peter Voser as my successor. In addition, with the election of David Constable, we can gain a Board of Directors' member who has an impressive track record in the important systems business, in addition to outstanding knowledge of the business in Africa.

I wish everyone much success, all the very best and a sprinkling of luck. This too is always part of what ultimately leads to success, no matter how committed and performance-oriented the entire team. On this note ladies and gentlemen, I thank you for your trust and for your attention on what is for me a special day.