

# **ABB Ltd**

## **MINUTES**

**of the  
Ordinary Annual General Meeting of Shareholders**

**held on April 30, 2015 at 10 a.m.**

**in the “Messe Zürich”, Zürich-Oerlikon, Switzerland**

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<u>Chairman:</u>	Hubertus von Grünberg Chairman of the Board of Directors
<u>Minute-taker:</u>	Diane de Saint Victor General Counsel and Secretary of the Board of Directors
<u>Vote-counter:</u>	Beda Mrose

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## Agenda

1. Approval of the annual report, the consolidated financial statements, and the annual financial statements for 2014
2. Consultative vote on the 2014 remuneration report
3. Discharge of the Board of Directors and of the persons entrusted with management
- 4.1 Appropriation of available earnings and distribution of capital contribution reserve
- 4.2 Capital reduction through repayment of nominal value
5. Revision of the Articles of Incorporation related to the capital reduction
6. Renewal of authorized share capital
- 7.1 Binding vote on the total compensation of the members of the Board of directors for the next term of office, i.e. from the 2015 Annual General Meeting to the 2016 Annual General Meeting
- 7.2. Binding vote on the total compensation of the members of the Executive Committee for the following financial year, i.e. 2016
8. Elections to the Board of Directors and election of the Chairman of the Board
9. Elections to the Compensation Committee
10. Re-election of the independent proxy
11. Re-election of the auditors

The Chairman welcomes the shareholders to the Annual General Meeting of ABB Ltd in Zurich-Oerlikon. He also extends a warm welcome to all those following the Annual General Meeting on the Internet.

The Chairman further welcomes the many guests at the meeting, including members of the ABB Executive Committee, employees' representatives, and representatives of the media, as well as the economics and law class of Wettingen Cantonal School. He introduces those members of the Board of Directors who are present at the meeting, namely Roger Agnelli, Matti Alahuhta, Louis R. Hughes, Michel de Rosen, Jacob Wallenberg, and Ying Yeh. In addition, the Chairman welcomes Mr. David Constable and Mr. Peter Voser, whom the Board of Directors proposes to elect as new members to the Board of Directors. Finally, he welcomes Mr. Daniel Nodhäll, who is attending on behalf of Investor AB, ABB's biggest shareholder.

The Chairman says a few words about what should happen if the alarm sounds and indicates the various emergency exits.

The Chairman opens the Annual General Meeting with some formal statements:

The Chairman declares that, in accordance with Article 14 of the Articles of Incorporation, he, as Chairman of the Board of Directors, shall take the chair at the Annual General Meeting. He mentions that Ulrich Spiesshofer, ABB's Chief Executive Officer, Eric Elzvik, ABB's Chief Financial Officer, and Diane de Saint Victor, ABB's General Counsel and Secretary to the Board of Directors, are also sitting on the podium, and that other members of the ABB Group Executive Committee are present among the shareholders.

The Chairman appoints Ms. de Saint Victor as minute-taker.

The Chairman then welcomes Mr. Daniel Allemann, notary from the Oerlikon-Zurich notary's office, who will draw up a public document relating to the resolution on the proposed amendments to the Articles of Incorporation.

The Chairman, further, welcomes Dr. Hans Zehnder as the independent proxy exercising a voting right.

The Chairman requests all shareholders wanting to speak during the meeting to come forward, give their surname, first name and place of residence, and have themselves entered into the list of people wanting to speak on a particular agenda item. He also

asks that shareholders speak only about the agenda item they have chosen to speak about.

The Chairman explains that all the ballots and elections at the Annual General Meeting will be conducted electronically, which is in accordance with Article 17 of the Articles of Incorporation. The voting procedures will be supervised by Mr. Beda Mrose, Head of the Legal Department of ABB Switzerland AG, whom he appoints as vote-counter.

The Chairman states that the auditors are represented by Mr. Leslie Clifford. He also says that in connection with the proposed reduction of the Company's share capital and the available auditors' report required for this under Article 732 of the Swiss Code of Obligations (OR), Mr. Leslie Clifford and Mrs. Robin Ann Errico are present as approved auditing experts and representatives from the Zürich branch of Ernst & Young AG.

The Chairman declares that

- a) the invitation to the Annual General Meeting was published in the "Schweizerisches Handelsamtsblatt" ("Swiss Official Gazette of Commerce") No. 60 of March 27, 2015 and also, in abbreviated form, in various daily newspapers, complying with the statutory notice period of 20 days;
- b) shareholders entered in the share register were additionally notified of the Annual General Meeting by letter dated March 27, 2015 and that, in conformity with the Articles of Incorporation, notice of the agenda items and proposals of the Board of Directors was given with the invitation;
- c) the annual report for 2014 with the annual review, annual financial statements, auditors' report on the annual financial statements, consolidated financial statements, auditors' report on the consolidated financial statements, and proposal by the Board of Directors relating to the appropriation of available earnings was mailed upon request, was available for inspection by shareholders during the statutory time period at the Company's head office, and in addition was posted on the ABB website.

The Chairman indicates that the agenda together with the Board of Directors' proposals can be found in the invitation document and declares that neither shareholders' requests in accordance with Article 13 of the Articles of Incorporation for items to be included on the agenda, nor any motions relating to items on the agenda

have been received. [The invitation document forms an integral part of the original minutes as Appendix 1.]

The Chairman states that recording of attendance will be carried out by means of bar code and requests shareholders to take their voting cards and their voting keypad with them if they leave the hall during the meeting. The announcement of attendance will be carried out at a later time.

The Chairman declares that the Annual General Meeting has been convened and constituted in accordance with the statutory and legal requirements as to form.

In connection with the presence of the media, the Chairman comments that shareholders who do not wish their identities or comments to be disclosed to the outside world should make this quite explicit as they introduce themselves. He expects of the representatives from the media that they respect these wishes. Representatives from radio and TV stations have received additional written instructions regarding data protection and the protection of privacy rights. In addition, he points out that for the purposes of keeping the minutes all statements and the conduct of the meeting are recorded.

### **Discussion of the agenda items**

The Chairman informs that he will make a few remarks about the financial year 2014 from the point of view of the Board of Directors. After his comments, Mr. Ulrich Spiesshofer, ABB's Chief Executive Officer, will report on the financial year 2014 and provide shareholders with an outlook on the future of the ABB Group.

The Chairman gives his Chairman's speech. [The Chairman's speech forms an integral part of the original minutes as Appendix 2.]

The Chairman's speech is followed by Mr. Ulrich Spiesshofer's speech. [Mr. Ulrich Spiesshofer's speech forms an integral part of the original minutes as Appendix 3.]

The Chairman thanks Mr. Ulrich Spiesshofer for his remarks.

Meanwhile the Chairman receives the information about the attendance, enabling him to announce the following: 894 shareholders are present. Adding in the represented shareholders results in an attendance of 1,209,478,731 registered shares at CHF 1.03

with a total nominal value of CHF 1,245,763,092.93. This corresponds to 70.9% of the voting share capital.

The Chairman states that shareholders wanting to have themselves represented at the Annual General Meeting were able before the meeting to appoint as their proxy another voting shareholder or the independent proxy exercising a voting right, Dr. Hans Zehnder.

The Chairman declares that

- Dr. Zehnder, in his role as independent proxy, represents 1,000,716,420 registered shares with a total nominal value of CHF 1,030,737,912.60.

The Chairman declares that the ordinary Annual General Meeting is quorate with regard to all the items included on the agenda. With the exception of agenda item 6, the Annual General Meeting decides on the motions put to the meeting, in accordance with the law and the Articles of Incorporation, with an absolute majority of the represented share votes. For the amendment to the Articles of Incorporation proposed under agenda item 6 for the purpose of renewing the Company's authorized share capital, a two thirds majority of the voting rights represented at the Annual General Meeting as well as an absolute majority of the nominal share capital represented are required.

The resolutions on the amendments to the Articles of Incorporation proposed under agenda items 4.2 (capital reduction), 5 (amendments to the Articles of Incorporation relating to the capital reduction), and 6 (renewal of the Company's authorized share capital) must be publicly recorded by the notary, Mr. Allemann.

The Chairman points out that the results of all ballots and elections will be recorded in writing by the minute-taker, and comments that anybody who would like to have their no-votes or abstentions recorded shall give their surname, first names, place of residence and the number of no-votes respectively abstentions to the vote-counter to be available for the minutes.

## **1. Approval of the annual report, the consolidated financial statements, and the annual financial statements for 2014**

The Chairman indicates that the consolidated annual financial statements of ABB Ltd, i.e. the group accounts, can be found in the 2014 annual report, and they were already commented on earlier. The consolidated financial statements were audited by Ernst & Young AG. The auditors' report likewise forms part of the annual report. The annual financial statements of ABB Ltd are also included in the annual report. They were likewise audited by Ernst & Young AG, and once again the auditors' report forms part of the annual report.

The Chairman states that the auditors, represented by Mr. Leslie Clifford, have no comments on either the consolidated financial statements or the annual financial statements.

The Chairman points out that ABB's remuneration report will be dealt with under the next item on the agenda, item 2, and opens the discussion on agenda item 1.

### 1<sup>st</sup> speaker – Hermann Struchen, Zürich-Altstetten

The speaker starts by thanking Mr. Spiesshofer for his excellent speech.

He welcomes the fact that this year's annual report is shorter than usual. But he suggests that the annual report should include an overview of the last five years containing data that is of most interest to the shareholders. There is information about the highest and lowest price of the ABB share as well as its end-of-year price, but this is too little.

He observes, further, that despite the improvement mentioned by Mr. Spiesshofer, the share price – at approximately CHF 20 – is low. He wishes the share price to be rising again.

Finally, he expresses his thanks for the substantial breakfast but adds that lunch should also be possible.

The Chairman thanks the speaker for his comments. He remarks that ABB is worth more and that the measures being implemented are directed not just at 2014 but also at the future development of ABB. ABB is taking giant strides into the future that are associated with costs, and these costs weigh on the latest results. Thus, ABB is investing, for example, in the development of new products and in its customer

services. ABB assumes that the majority of its shareholders attach importance to a long-term value.

2<sup>nd</sup> speaker – Rudolf Huber, Zürich

The speaker congratulates ABB to its good business performance, its outstanding capacity for innovation, and on its talent for repeatedly positioning itself optimally in the market within a difficult environment.

As the president of the Verein Oerlikon Industriegeschichten (Oerlikon Association of Industrial History), he tells the meeting that the Association plans to restore a crocodile-shaped Gotthard locomotive, built in 1920. The Canton is supporting this project with of CHF 400,000, and the City of Zurich will take care of the maintenance costs. Despite these contributions, an amount of approximately CHF 600,000 is still missing, and he would like to ask ABB in this context for a substantial contribution.

The Chairman replies that he understands the speaker's enthusiasm and concern. He promises to pass on his request for funding to the management board and to the public relations department.

3<sup>rd</sup> speaker – Simeon Reichen, Unterengstringen

The speaker would like to know where he can see a YuMi robot. It is an outstanding technical product, a work of genius, and he would really have liked to see one at the Annual General Meeting.

The CEO comments that all the YuMIs produced are in operation with customers. But soon one will stand in the head office, and he would like to invite Mr. Reichen to pay a visit. In addition, a YuMi robot will be exhibited at Technorama in Winterthur.

The speaker also asks about a bond issued by ABB Finance USA in the amount of approximately USD 750 million. He would like to know why the interest rate of the coupon is 4.375% and the bond has a maturity extending into 2042. This will cause ABB annual costs of roughly USD 30 million.

The Chairman explains that the coupon's interest rate is so high because of the bond's long maturity and that this reflects the normal market rate for thirty-year bonds.

As there are no further questions or comments from the floor on this agenda item, the Chairman moves on to pass a resolution approving the annual report, the consolidated financial statements, and the annual financial statements for 2014.

The Chairman declares that the Annual General Meeting has approved the annual report, the consolidated financial statements, and the annual financial statements for 2014 with 99.57% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

## **2. Consultative vote on the 2014 remuneration report**

The Chairman starts the discussion on agenda item 2 by saying that, as first announced during the last ordinary Annual General Meeting, a separate consultative vote on the Company's remuneration report will once again be held. He provides a brief overview of ABB's compensation policy, observing that full details of the policy can be found on pages 42 ff. of the annual report. Detailed information about the remuneration paid to members of the Board and to members of the ABB Group Executive Committee can also be found on these pages. He explains further that remuneration of the Board of Directors and of the ABB Group Executive Committee is determined by the Board of Directors, taking into account the recommendations of the Compensation Committee under the leadership of Mr. Michel de Rosen. The Chairman continues by saying that the Board of Directors has adopted a compensation system for its members that requires each member to receive at least 50% of the total in ABB shares in order to align the interests of the Board with those of the Company over the long term.

The Chairman refers to the three components of the remuneration of members of the ABB Group Executive Committee (an annual base salary with increases based on individual performance; a short-term variable compensation that depends on the Company meeting certain financial objectives based on a Group scorecard; and a long-term variable remuneration). He explains that these three components ensure that compensation relates not only to the short-term success of ABB but also to the Company's performance over the long term. He states that the Compensation Committee regularly reviews remuneration against European and international practice and reference values.

The Chairman remarks that he is pleased to take questions from shareholders on any of the points just mentioned or that are covered in the remuneration report, and opens the discussion on the remuneration report of ABB Ltd. He asks speakers to come forward to the microphone and to give their surname, first name and place of residence. He repeats his request that shareholders confine their comments only to the item under discussion.

4<sup>th</sup> speaker – Brigitte Moser-Harder, Hüntwangen

The speaker is critical to the fact that Executive Committee members receive not just a high basic income but also fringe benefits for, e.g., advice on taxation, the education of their children, contributions to their health insurance schemes, and so on. The CEO's base salary is being increased by 40% through fringe benefits that are not related to performance. With a total aggregate remuneration of CHF 7.6 million, his variable compensation amounts to almost four times his base salary. Further, the total compensation of all eleven members of the Executive Committee is approximately CHF 38.7 million, with the variable component amounting on average to somewhat more than four times their base salary. Beyond that, five former members of the Executive Committee received after their employment ended in 2013 an extra CHF 9 million, which is tantamount to a disguised severance payment. The non-performance-related fringe benefits, the bonuses that are out of all proportion to the base salary, and the excessive payments to former executives are unacceptable. For these reasons, she urges that the 2014 remuneration report be rejected.

The Chairman expresses his understanding of Ms. Moser-Harder's remarks. The increase in Mr. Spiesshofer's remuneration relates to the fact that his salary in 2013 was largely determined by his position as a divisional head at Discrete Automation and Motion, whereas the increase in 2014 derives from the fact that he was paid as CEO for the whole year. Consequently, salaries are being compared that are based on different backgrounds. The Chairman also points out that, in appointing Mr. Ulrich Spiesshofer, ABB has been able to acquire a top talent. The Board is asked to put the Company in a top position, and this can only be achieved with top-notch people. The top executive market, the "war for the best talents", is a hard war.

Referring to the consultancy agreement with Joe Hogan, the Chairman explains that the Company had an entrepreneurial interest in supporting and monitoring its two biggest US acquisitions, Baldor and Thomas & Betts. It was protection of corporate value and no golden handshake for Joe Hogan.

5<sup>th</sup> speaker – Peter Aliq, Zürich

The speaker remarks that too high management compensation is to the detriment of the shareholders. It is difficult for the shareholders to judge whether remuneration is right or not because it should, after all, be performance-related. The shareholders see success in the form share price increase and in the form of dividend. But in these

respects ABB has not been brilliant in recent years. ABB has been left behind while the share price of Siemens, General Electric, and others has done better. For this reason, he is of the opinion that the management compensations are too high.

The Chairman says that he understands the frustration about the share price and restates that he is of the opinion that the Company is worth more.

As there are no further questions or comments on agenda item 2, the Chairman moves on to the non-binding consultative vote on the 2014 remuneration report of ABB Ltd.

The Chairman declares that the Annual General Meeting has approved the remuneration report of ABB Ltd with 82.65% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

He thanks the shareholders for their approval and for the confidence that they have thereby expressed.

### **3. Discharge of the Board of Directors and of the persons entrusted with management**

The Chairman states that the Board of Directors proposes that its members and those officers entrusted with management be discharged from their responsibilities for fiscal year 2014. As the Board of Directors and the officers entrusted with management work together as a team, he intends to conduct the vote on the discharge globally.

There are no questions or comments from the floor on this agenda item, and so the Chairman moves on to the vote, pointing out that anyone who has participated in any way in managing the business is excluded from voting. This applies also, of course, to any representatives of these persons. The votes of the persons concerned will not be taken into account during this ballot, and the number of represented votes is correspondingly reduced.

The Chairman declares that in a global ballot the Annual General Meeting has granted discharge to the Board of Directors and the officers entrusted with management for the financial year 2014 with 98.34% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

#### **4.1 Appropriation of available earnings and distribution of capital contribution reserve**

The Chairman states that the 2014 consolidated financial statements result in a profit of USD 2,549 million for the year. By contrast, the profit for the year posted by the group holding company, i.e. by ABB Ltd, amounts to CHF 570,106,907. If the profit carried forward from the previous year, amounting to CHF 5,077,751,744, is added to this, earnings become available to the Annual General Meeting amounting to CHF 5,647,858,651.

The Chairman refers to the invitation document and states that the Board of Directors proposes to increase the dividend for the financial year 2014 from the previous year's CHF 0.70 by CHF 0.02 to CHF 0.72 per share. The proposal is in line with ABB's dividend policy to distribute over time a sustainable, steadily rising dividend. The Chairman continues by saying that in order for the dividend to be paid out in a tax-efficient way, the Board of Directors proposes under agenda items 4.1 and 4.2 to distribute the dividend in two tranches: one tranche in May 2015 of CHF 0.55 from ABB's capital contribution reserve and a second tranche in July 2015 of CHF 0.17 by means of a reduction of the nominal (par) value of the ABB share from CHF 1.03 to CHF 0.86.

Accordingly, on behalf of the Board of Directors, the Chairman proposes under agenda item 4.1

- a) to carry forward the 2014 total available earnings; and
- b) to convert capital contribution reserve to other reserves in the amount of CHF 0.55 per share and then to distribute a dividend for the fiscal year 2014 of the same amount, i.e. CHF 0.55 per share.

The Chairman points out that no dividend will be paid for treasury shares held by ABB Ltd or its subsidiaries.

He further states that the auditors confirm in their report that this proposal by the Board of Directors relating to the appropriation of available earnings is in accordance with the law and ABB's Articles of Incorporation.

There are no comments from the floor, and so the Chairman moves on to the vote. He declares that the Annual General Meeting has approved the proposal of the Board of Directors relating to the appropriation of available earnings for the year 2014 and to the distribution of capital contribution reserve with 99.55% yes-votes. [The vote-

counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

#### 4.2 Capital reduction through repayment of nominal value

The Chairman informs the meeting that the Board of Directors proposes to reduce the Company's share capital to CHF 1,990,679,207.04. He explains that the share capital will be decreased through reducing the nominal value of each share by CHF 0.17. Thus the nominal value of one share will decrease from CHF 1.03 to CHF 0.86. The Chairman explains further that the amount of CHF 0.17 for each share released through the capital reduction will be distributed to the shareholders. This distribution will be made without the deduction of Swiss Federal withholding tax. No distribution will be made for treasury shares held by ABB on the qualifying date. However, their nominal value is likewise reduced to CHF 0.86.

The Chairman also states that Ernst & Young AG as a state-supervised auditing company confirms in its present auditors' report of 23 April 2015 that despite the reduction in the share capital the claims of creditors are fully covered. The capital reduction is expected to take place in July 2015, after the notices to creditors have been published and after any creditors' claims made have been secured.

The Chairman states that the Board of Directors therefore proposes to amend Article 4 Paragraph 1 of the Articles of Incorporation. It is proposed to amend the wording of Article 4 Paragraph 1 in line with the text published in the invitation document. This text can be seen by shareholders projected on the screen in front of them.

Share capital

#### **Article 4**

- 1 The share capital of the Company is CHF 1,990,679,207.04 and is divided into 2,314,743,264 fully paid registered shares. Each share has a par value of CHF 0.86.

The Chairman explains that the capital reduction makes it necessary to adjust both the nominal value per share and – as a result – the total nominal amount stated in Article 4<sup>bis</sup> Paragraphs 1 (sentence 1) and 4 (sentence 1) as well as in Article 4<sup>ter</sup> Paragraph 1 (sentence 1) of the Articles of Incorporation. He refers the shareholders to excerpts from the Articles of Incorporation, which they can see projected on the screen in front of them.

There are no contributions from the floor regarding this agenda item, and so the Chairman calls upon the meeting to vote. The Chairman declares that the Annual General Meeting has approved the proposal of the Board of Directors to reduce the Company's share capital through repaying nominal value with 99.39% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

## **5. Amendment to the Articles of Incorporation related to the capital reduction**

The Chairman informs the meeting that the capital reduction through a reduction in nominal value should not impair the right of a minority shareholder or a group of minority shareholders to include a subject for discussion on the agenda. To ensure that this right is not impaired, the Board of Directors proposes to amend the wording of Article 13 Paragraph 1 of the Articles of Incorporation in line with the text published in the invitation document. The text can be seen by the shareholders projected on the screen in front of them:

Inclusion on the agenda

### **Article 13**

- 1 One or more shareholders whose combined shareholdings represent an aggregate par value of at least CHF 344,000 may demand that an item be included on the agenda of a General Meeting of Shareholders. Such inclusion must be requested in writing at least forty days prior to the meeting and shall specify the agenda items and proposals of such shareholder(s).

There are no contributions from the floor regarding this agenda item, and so the Chairman calls upon the meeting to vote on the proposed amendment to Article 13 Paragraph 1. The Chairman declares that the Annual General Meeting has approved the proposal of the Board of Directors to amend the Articles of Incorporation related to the capital reduction with 99.35% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

## 6. Renewal of authorized share capital

The Chairman informs the meeting that the Board of Directors proposes to renew authorized share capital amounting to a maximum of CHF 206 million. This will enable ABB to increase its share capital by 29 April 2017 at the latest through issuing a maximum of 200 million fully paid registered shares with a nominal value of CHF 1.03 each. The new authorized share capital is intended to restore again to the Company a certain financial flexibility.

In order to dispel any possible misunderstandings, the Chairman points out that the renewal of the authorized capital does not yet mean any increase in share capital. The capital will only be increased when and if the Board of Directors makes use of its authorization during the period up to 29 April 2017 and – based on the provisions of the Articles of Incorporation – decides to increase the share capital. The authorized capital will not be used in connection with any employee share participation schemes.

On behalf of the Board of Directors, the Chairman proposes to amend the Articles of Incorporation by adding to them a new Article 4<sup>ter</sup>. The full wording of the new Article 4<sup>ter</sup> is printed in the invitation document and can also be seen by shareholders projected on the screen in the background:

Authorized share  
capital

### **Article 4<sup>ter</sup>**

- 1 The Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 206,000,000 through the issuance of up to 200,000,000 fully paid registered shares with a par value of CHF 1.03 per share by not later than 29 April 2017. Increases in partial amounts shall be permitted.
- 2 The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the restrictions of Article 5 of these Articles of Incorporation.
- 3 The Board of Directors shall determine the date of issue of new shares, the issue price, the type of payment, the conditions for the exercise of pre-emptive rights, and the beginning date for

dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party with a subsequent offer of these shares to the shareholders. The Board of Directors may permit pre-emptive rights that have not been exercised to expire, or it may place these rights and/or shares as to which pre-emptive rights have been granted but not exercised, at market conditions or use them for other purposes in the interest of the Company.

- 4 The Board of Directors is further authorized to restrict or deny the pre-emptive rights of shareholders and allocate such rights to third parties if the shares are to be used:

- a) for the acquisition of an enterprise, parts of an enterprise, or participations, or for new investments, or, in case of a share placement, for the financing or refinancing of such transactions;  
or

- b) for the purpose of broadening the shareholder constituency in connection with a listing of shares on domestic or foreign stock exchanges.

There are no contributions from the floor regarding this agenda item, and so the Chairman calls upon the meeting to vote on the proposed amendment to the Articles of Incorporation for the purpose of renewing authorized share capital.

The Chairman declares that the Annual General Meeting has approved the proposal to amend the Articles of Incorporation for the purpose of renewing authorized share capital with 96.70% yes-votes. He also declares that the necessary two thirds majority of the represented voting rights has been achieved. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

### **7.1 Binding vote on the total compensation of the members of the Board of Directors for the next term of office, i.e. from the 2015 Annual General Meeting to the 2016 Annual General Meeting**

The Chairman opens the discussion of this agenda item by informing the meeting that – pursuant to Article 34 of the Articles of Incorporation – the General Meeting of Shareholders shall approve the maximum aggregate amount of compensation for the Board of Directors for the next term of office. The principles of this compensation are set out in the Articles of Incorporation as well as in the Annex to the invitation document and in the 2014 remuneration report.

On behalf of the Board of Directors, the Chairman proposes that the shareholders approve the maximum aggregate amount of compensation of the Board of Directors covering the period from the 2015 Annual General Meeting to the 2016 Annual General Meeting in the amount of CHF 4,200,000.

There are no comments from the floor on this agenda item, and so the Chairman moves on to the vote on the proposed maximum aggregate amount of compensation of the Board of Directors for the next period of office.

The Chairman declares that Annual General Meeting has approved the proposed maximum aggregate amount of compensation of the Board of Directors for the next period of office in the amount of CHF 4,200,000 with 98.12% yes-votes, and he thanks the shareholders for the confidence that they have thereby expressed in the Board of Directors. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

### **7.2 Binding vote on the total compensation of the members of the Executive Committee for the following financial year, i.e. 2016**

The Chairman informs the Annual General Meeting that the Board of Directors proposes that shareholders approve the maximum aggregate amount of compensation of the Executive Committee for the 2016 financial year in the amount of CHF 52,000,000.

He explains that in 2015 ABB redesigned its remuneration system for the Executive Committee in order to improve speed, flexibility and customer focus. The proposed

total amount of compensation of the Executive Committee is higher compared to that in 2014 mainly because the Executive Committee has been expanded to include one new member.

The Chairman asks whether anyone wishes to take the floor on this agenda item 7.2.

6<sup>th</sup> speaker – Brigitte Moser-Harder, Hüntwangen

The speaker points out that, despite profits dropping USD 200 million in 2014, it is proposed to increase the total compensation of the Executive Committee for 2015/2016 by CHF 13.3 million to USD 52 million and, in addition, to enlarge the Executive Committee from eleven to twelve members. Adding an extra member would not justify such a steep rise. Moreover, no information has been given on the breakdown of the CHF 52 million. Nobody knows either the amount of the base salaries nor the proportion of short- and long-term variable remuneration. The meeting, as responsible shareholders, cannot give the Executive Committee *carte blanche* for CHF 52 million, and, accordingly, she recommends that the proposed compensation of the members of the Executive Committee should be rejected.

The Chairman assures the speaker that the proposal has nothing to do with fixing bonuses in advance but merely with creating leeway for possible bonuses. And whether these would ever be paid depends on certain performance criteria being met. The Board of Directors requires that the performance fulfills the defined target criteria for the achievement of the variable components, resulting in an increase of the ABB share price. Bonuses will not be paid if the performance targets are not met, but the Board would like to be able to pay them if the targets are reached. An additional member has, indeed, been added to the Executive Committee. According to the calculations available this does account for most of the increase in the proposed compensation amount relative to the 2014 amount.

7<sup>th</sup> speaker – Mr. Mewes, Hinterkappelen

The speaker notes that the discussion concerns performance targets. If these are not met, the maximum bonus program will not be paid out, either. However he wonders about who defines these performance targets and when. In his opinion, they should be determined at the beginning of the financial year and the shareholders should be notified of the targets in order to be able to check whether the set targets have been achieved.

The Chairman refers to the annual report, where the compensation system is set out and the objective target of the variable component can be used as a reference. The targets are defined within the Board of Directors by the Compensation Committee and can then no longer be changed.

There are no further comments from the floor on this agenda item 7.2, and so he moves on to the vote on the proposed total aggregate compensation of the members of the Executive Committee for the following financial year.

The Chairman declares that the Annual General Meeting has approved the total aggregate compensation of the members of the Executive Committee for the following financial year, i.e. 2016, in the amount of CHF 52,000,000 with 94.21% yes-vote. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.] On behalf of the Board of Directors and the Executive Committee, he thanks the shareholders for the confidence that they have thereby expressed in them.

## **8. Elections to the Board of Directors and election of the Chairman of the Board**

The Chairman observes that the date of the Annual General Meeting coincides with the end of the term of office of all the members of the Board of Directors.

The Chairman states that, with the exception of Michael Treschow and himself, all the former Board members are standing for re-election for a new term of office. He also mentions that the Board of Directors proposes to elect Mr. David Constable and Mr. Peter Voser as new members to the Board. Accordingly, standing for election are:

- Roger Agnelli
- Matti Alahuhta
- David Constable
- Louis R. Hughes
- Michel de Rosen
- Jacob Wallenberg
- Ying Yeh, and
- Peter Voser.

The Chairman informs the shareholders that biographies of the Board members proposed for election or re-election are included in the invitation to the Annual General Meeting.

The Chairman remarks that, as stated in the invitation document, he proposes to elect members to the Board of Directors individually. He also points out that the shareholders' meeting should further elect the Chairman of the Board of Directors and that this election will be carried out together with the (re)election of the members of the Board. Election will be for a period of office of one year, i.e. until the 2016 ordinary Annual General Meeting.

As there are no comments from the floor on this agenda item, the Chairman moves on to the vote on the election or re-election of the proposed individuals to the Board of Directors. The elections will take place in the order indicated in the invitation document.

The Chairman declares that the Annual General Meeting has re-elected Mr. Roger Agnelli with 75.75% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman declares that the Annual General Meeting has re-elected Mr. Matti Alahuhta with 99.15% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman declares that the Annual General Meeting has elected Mr. David constable with 99.13% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman declares that the Annual General Meeting has re-elected Mr. Louis R. Hughes with 76.18% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman declares that the Annual General Meeting has re-elected Mr. Michel de Rosen with 97.72% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman declares that the Annual General Meeting has re-elected Mr. Jacob Wallenberg with 78.32% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman declares that the Annual General Meeting has re-elected Ms. Ying Yeh with 99.16% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman declares that the Annual General Meeting has elected Mr. Peter Voser, with 99.31% yes-votes both to the Board of Directors and as Chairman of the Board. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

On behalf of his colleagues, the Chairman thanks the shareholders for the confidence they have expressed in the Board of Directors. He adds that he is particularly delighted that the shareholders elected Peter Voser as his successor and is convinced that Peter Voser is the right choice to successfully drive forward the implementation of ABB's next-level strategy.

He asks Peter Voser to join him on the podium to briefly introduce himself.

Peter Voser thanks the shareholders for their confidence that they have expressed in him. He is aware of the responsibility placed in him and will do everything in his power to fulfill the shareholders' expectations in the future. He is proud to return after ten years to the place where he used to work and to be able contribute to the future of ABB. He looks forward to working together with the Company's CEO, Mr. Ulrich Spiesshofer, with the management team, and of course with his colleagues on the ABB Board of Directors. Together they will continue to implement the next-level strategy and further consolidate ABB's position as a world-class enterprise. Finally, he thanks the Chairman for everything that he has achieved during his tenure. With his long-term vision, together with his passion for technology, innovation and customer focus, Hubertus von Grünberg made a substantial contribution to ABB. He looks forward to continuing this pattern and in achieving long-term benefits for the shareholders.

## **9. Elections to the Compensation Committee**

The Chairman informs the meeting that the Board of Directors proposes that the following persons should be elected to the Compensation Committee:

- David Constable
- Michel de Rosen, and
- Ying Yeh.

The Chairman remarks that he proposes to conduct the elections to the Compensation Committee individually. Election shall be for a period of office of one year, i.e. until the 2016 ordinary Annual General Meeting.

As there are no comments from the floor on this agenda item, the Chairman moves on to the vote on the election of the proposed individuals to the Compensation Committee. The elections will take place in the order indicated in the invitation document.

The Chairman declares that Mr. David Constable has been elected with 99.05% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4].

The Chairman declares that Mr. Michel de Rosen has been re-elected with 97.78% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4].

The Chairman declares that Ms. Ying Yeh has been re-elected with 98.92% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4].

## **10. Re-election of the independent proxy**

The Chairman informs the meeting that the Board of Directors proposes to elect Dr. Hans Zehnder, attorney-at-law and notary, Bahnhofplatz 1, 5401 Baden, Switzerland, as the independent proxy.

Election shall be for a period of office of one year, i.e. until the 2016 ordinary Annual General Meeting. In this regard, the Board of Directors confirms its conviction that the proposed candidate is independent. The Chairman also states that Dr. Zehnder has declared himself willing to perform the duties of the independent proxy, and he thanks him for this.

As there are no comments from the floor on this agenda item, the Chairman moves on to the vote on the election of the independent proxy.

The Chairman declares that Dr. Hans Zehnder has been re-elected with 99.62% yes-votes as the independent proxy exercising a voting right. [The vote-counter's report

with detailed voting results forms an integral part of the original minutes as Appendix 4].

## 11. Re-election of the auditors

Under this agenda item, the Board of Directors proposes that Ernst & Young AG should be re-elected as auditors for the financial year 2015.

Ernst & Young AG has declared their willingness to perform their duties as auditors for the financial year 2015. The Chairman thanks them for their acceptance.

As there are no comments from the floor on this agenda item, the Chairman moves on to the vote.

The Chairman declares that Ernst & Young AG has been re-elected as auditors for the financial year 2015 with 98.50% yes-votes. [The vote-counter's report with detailed voting results forms an integral part of the original minutes as Appendix 4.]

The Chairman notes that the meeting has come to an end. On behalf of the Board of Directors, he thanks the ABB Group Executive Committee and all employees of the ABB Group for their extraordinary commitment. The Chairman also thanks the shareholders for the confidence they have expressed in the management and the Board of Directors. He announces that the next ordinary Annual General Meeting will take place on 21 April 2016, and asks shareholders to leave all electronic devices on their chair. Their personal data has been deleted centrally and cannot be accessed or viewed by anybody any more.

The Chairman closes the Annual General Meeting at 13:15 p.m.

The Chairman:

.....  
Hubertus von Grünberg

The minute-taker:

.....  
Diane de Saint Victor

**Appendices:**

1. Invitation document with the items on the agenda and the proposals of the Board of Directors
2. Hubertus von Grünberg's speech
3. Ulrich Spiesshofer's speech
4. Vote-counter's report with detailed voting results