

# Comparison of the revised provisions of the Articles of Incorporation as proposed and the current provisions of the Articles of Incorporation of ABB Ltd

<b>Current Version</b> as of April 25, 2013	<b>Revised Version</b> (changes highlighted in orange, deletion not shown)*
<b>Share Register and Restrictions on Registration, Nominees</b>	<b>Share Register and Restrictions on Registration, Nominees</b>
<b>Article 5</b>	<b>Article 5</b>
1 The Company shall maintain a share register listing the surname and first name (in the case of legal entities, the company name) and address of the holders and usufructuaries of the registered shares.	1 The Company shall maintain a share register listing the surname and first name (in the case of legal entities, the company name) and address of the holders and usufructuaries of the registered shares.
2 Acquirors of registered shares shall be registered upon request in the share register as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account.	2 Acquirors of registered shares shall be registered upon request in the share register as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account.
3 If persons fail to expressly declare in their registration applications that they hold the shares for their own account (the "Nominees"), the Board of Directors shall enter such persons in the share register with the right to vote, provided that the Nominee has entered into an agreement with the Board of Directors concerning his status and is subject to a recognized bank or financial market supervision.	3 If persons fail to expressly declare in their registration applications that they hold the shares for their own account (the "Nominees"), the Board of Directors shall enter such persons in the share register with the right to vote, provided that the Nominee has entered into an agreement with the Board of Directors concerning his status and is subject to a recognized bank or financial market supervision.
4 After hearing the registered shareholder or Nominee, the Board of Directors may cancel registrations in the share register, retroactive to the date of registration, if such registrations were made based on incorrect information. The relevant shareholder or Nominee shall be informed immediately as to the cancellation.	4 After hearing the registered shareholder or Nominee, the Board of Directors may cancel registrations in the share register, retroactive to the date of registration, if such registrations were made based on incorrect information. The relevant shareholder or Nominee shall be informed immediately as to the cancellation.
5 The Board of Directors shall regulate the details and issue the instructions necessary for compliance with the preceding provisions. In special cases, it may grant exemptions from the rule concerning Nominees. The Board of Directors may delegate its duties.	5 The Board of Directors shall regulate the details and issue the instructions necessary for compliance with the preceding provisions. In special cases, it may grant exemptions from the rule concerning Nominees. The Board of Directors may delegate its duties.
6 Notwithstanding paras. 2–4 of this article, acquirors of registered shares may be registered in the share register with Vårdepapperscentralen VPC AB ("VPC") in accordance with Swedish law.	6 Notwithstanding paras. 2–4 of this article, acquirors of registered shares may be registered in the share register with <u>Euroclear Sweden AB ("Euroclear")</u> in accordance with Swedish law.

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**Share Certificates and Intermediated Securities****Article 6**

1 The Company may issue its registered shares in the form of single certificates, global certificates and uncertificated securities. Under the conditions set forth by statutory law, the Company may convert its registered shares from one form into another form at any time and without the approval of the shareholders. The Company shall bear the cost of any such conversion.

2 If registered shares are issued in the form of single certificates or global certificates, they shall bear the signatures of two members of the Board of Directors. These signatures may be facsimile signatures.

3 The shareholder has no right to demand a conversion of the form of the registered shares. Each shareholder may, however, at any time request a written confirmation from the Company of the registered shares held by such shareholder, as reflected in the share register.

4 Intermediated securities based on registered shares of the Company cannot be transferred by way of assignment. A security interest in any such intermediated securities also cannot be granted by way of assignment.

5 Uncertificated registered shares registered with Euroclear Sweden AB may be pledged in accordance with Swedish law.

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5 Uncertificated registered shares registered with Euroclear may be pledged in accordance with Swedish law.

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**Dividend Access Facility****Article 8**

1 The Company has established a dividend access facility under which shareholders who are resident in Sweden have the option to be registered with VPC as holders of a total of up to 600,004,716 registered shares of the Company, with suspended dividend entitlement. The claim to dividends against the Company on such registered shares shall be suspended as long as such registered shares are registered with VPC In lieu thereof, on each such registered share, an amount equivalent to the dividend resolved on a registered share of the Company shall be paid in Swedish kronor by ABB Norden Holding AB based on the dividend entitlement on a preference share.

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2 In deciding on the appropriation of dividends, the General Meeting of Shareholders shall take into account that the Company will pay dividends only on shares that do not participate in the dividend access facility.

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**Ordinary General Meetings****Article 10**

The Ordinary General Meeting of Shareholders shall be held each year within six months after the close of the fiscal year of the Company; the business report and the Auditors' report, together with the Group Auditors' report, shall be made available for inspection by the shareholders at the place of incorporation of the Company by no later than twenty days prior to the meeting. Each shareholder is entitled to request immediate delivery of a copy of these documents. Shareholders will be notified of this in writing.

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**Ordinary General Meetings****Article 10**

The Ordinary General Meeting of Shareholders shall be held each year within six months after the close of the fiscal year of the Company; the business report, the compensation report and the Auditors' reports, shall be made available for inspection by the shareholders at the place of incorporation of the Company by no later than twenty days prior to the meeting. Each shareholder is entitled to request immediate delivery of a copy of these documents. Shareholders will be notified of this in writing.

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**Proxies****Article 15**

1 The Board of Directors shall issue procedural rules regarding participation in and representation at the General Meeting of Shareholders.

2 A shareholder may be represented only by his legal representative, another shareholder with the right to vote, a corporate body (Organvertreter), an independent proxy (unabhängiger Stimmrechtsvertreter), or a depository (Depotvertreter). All shares held by one shareholder may be represented by only one representative.

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**Proxies****Article 15**

1 The Board of Directors shall issue procedural rules regarding participation in and representation at the General Meeting of Shareholders.

2 A shareholder may be represented only by the independent proxy (unabhängiger Stimmrechtsvertreter), his legal representative or, by means of a written proxy, another shareholder with the right to vote. All shares held by one shareholder may be represented by only one representative.

3 The General Meeting of Shareholders shall elect the independent proxy for a term of office extending until completion of the next Ordinary General Meeting of Shareholders. Re-election is possible.

4 If the Company does not have an independent proxy, the Board of Directors shall appoint the independent proxy for the next General Meeting of Shareholders.

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**Resolutions, Elections****Article 17**

1 Unless otherwise required by law, the General Meeting of Shareholders shall pass resolutions and decide elections upon an absolute majority of the votes represented.

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2 Resolutions and elections shall be decided by a show of hands, unless a secret ballot is resolved by the General Meeting of Shareholders or is ordered by the presiding officer. The presiding officer may also arrange for resolutions and elections to be carried out by electronic means. Resolutions and elections carried out by electronic means are deemed to have the same effect as secret ballots.

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3 The presiding officer may at any time order that an election or resolution decided by a show of hands be repeated through a secret ballot if, in his view, the results of the vote are in doubt. In this case, the preceding decision by a show of hands shall be deemed to have not occurred.

3 The presiding officer may at any time order that an election or resolution be repeated if, in his view, the results of the vote are in doubt. In this case, the preceding election or resolution shall be deemed to have not occurred.

4 If the first ballot fails to result in an election and more than one candidate is standing for election, the presiding officer shall order a second ballot in which a relative majority shall be decisive.

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**Specific Powers of the General Meeting****Specific Powers of the General Meeting****Article 18****Article 18**

The following powers shall be vested exclusively in the General Meeting of Shareholders:

The following powers shall be vested exclusively in the General Meeting of Shareholders:

- a) adoption and amendment of the Articles of Incorporation;
- b) election of the members of the Board of Directors, the Auditors, the Group Auditors and the Special Auditors;
- c) approval of the annual report and the consolidated financial statements;
- d) approval of the annual financial statements and deciding on the allocation of profits shown on the balance sheet, in particular with regard to dividends;

- a) adoption and amendment of the Articles of Incorporation;
- b) election of the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Compensation Committee, the Auditors and the independent proxy;
- c) approval of the annual management report and consolidated financial statements;
- d) approval of the annual financial statements and decision on the allocation of profits shown on the balance sheet, in particular with regard to dividends;

[no provision]

e) approval of the compensation of the Board of Directors and of the Executive Committee pursuant to Article 34 of these Articles of Incorporation;

- e) granting discharge to the members of the Board of Directors and the persons entrusted with management;

- f) granting discharge to the members of the Board of Directors and the persons entrusted with management;

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f) passing resolutions as to all matters reserved to the authority of the General Meeting by law or under these Articles of Incorporation or that are submitted to the General Meeting by the Board of Directors, subject to art. 716a Swiss Code of Obligations.

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**Term of Office****Election, Term of Office****Article 21**

1 The term of office of the members of the Board of Directors shall be one year. In this regard, one year shall mean the period between two Ordinary General Meetings of Shareholders.

**Article 21**

1 The members of the Board of Directors and the Chairman of the Board of Directors shall be individually elected by the General Meeting of Shareholders for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

2 Members of the Board of Directors whose terms of office have expired shall be immediately eligible for re-election.

2 Members whose terms of office have expired shall be immediately eligible for re-election.

3 If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new Chairman from among its members for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

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**Organization of the Board, Remuneration****Organization of the Board, Reimbursement of Expenses****Article 22**

1 The Board of Directors shall elect from among its members one Chairman. It shall appoint a secretary who need not be a member of the Board.

**Article 22**

1 Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee by the General Meeting of Shareholders, the Board of Directors shall constitute itself. It may elect from among its members one or several Vice-Chairmen. It shall appoint a secretary who need not be a member of the Board.

2 The members of the Board of Directors shall be entitled to the reimbursement of all expenses incurred in the interests of the Company, as well as remuneration for their services that is appropriate in view of their functions and responsibilities. The amount of the remuneration shall be fixed by the Board of Directors or a committee of the Board of Directors.

2 The members of the Board of Directors shall be entitled to the reimbursement of all expenses incurred in the interests of the Company.

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**Specific Powers of the Board****Article 25**

1 The Board of Directors has, in particular, the following nondelegable and inalienable duties:

- a) the ultimate direction of the business of the Company and the issuance of the necessary instructions;
- b) the determination of the organization of the Company;
- c) the administration of accounting, financial control and financial planning;
- d) the appointment and removal of the persons entrusted with management and representation of the Company;
- e) the ultimate supervision of the persons entrusted with management of the Company, specifically in view of their compliance with law, these Articles of Incorporation, the regulations and directives;
- f) the preparation of business reports, the preparations for the General Meetings of Shareholders and the implementation of the resolutions adopted by the General Meetings of Shareholders;
- g) the adoption of resolutions concerning an increase in share capital to the extent that such power is vested in the Board of Directors (art. 651 para. 4 Swiss Code of Obligations) and of resolutions concerning the confirmation of capital increases and corresponding amendments to the Articles of Incorporation, as well as making the required report on the capital increase;
- h) the examination of the professional qualifications of the qualified auditors;
- i) notification of the court if liabilities exceed assets.

2 In addition, the Board of Directors may pass resolutions with respect to all matters that are not reserved to the authority of the General Meeting of Shareholders by law or under these Articles of Incorporation.

**Specific Powers of the Board****Article 25**

1 The Board of Directors has, in particular, the following non-delegable and inalienable duties:

- a) the ultimate direction of the business of the Company and the issuance of the necessary instructions;
- b) the determination of the organization of the Company;
- c) the administration of accounting, financial control and financial planning;
- d) the appointment and removal of the persons entrusted with management and representation of the Company;
- e) the ultimate supervision of the persons entrusted with management of the Company, specifically in view of their compliance with law, these Articles of Incorporation, the regulations and directives;
- f) the preparation of the business report, the compensation report and the General Meetings of Shareholders as well as the implementation of the resolutions adopted by the General Meetings of Shareholders;
- g) the adoption of resolutions concerning an increase in share capital to the extent that such power is vested in the Board of Directors (art. 651 para. 4 Swiss Code of Obligations) and of resolutions concerning the confirmation of capital increases and corresponding amendments to the Articles of Incorporation, as well as making the required report on the capital increase;
- h) the notification of the court if liabilities exceed assets.

2 In addition, the Board of Directors may pass resolutions with respect to all matters that are not reserved to the authority of the General Meeting of Shareholders by law or under these Articles of Incorporation.

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**Delegation of Powers****Article 26**

Subject to art. 25 of these Articles of Incorporation, the Board of Directors may delegate management of the Company in whole or in part to individual directors or to third persons (Executive Committee) pursuant to regulations governing the internal organization.

[no provision]

**Delegation of Powers****Article 26**

Subject to art. 25 of these Articles of Incorporation, the Board of Directors may delegate management of the Company in whole or in part to individual directors or to third persons pursuant to regulations governing the internal organization.

**C. Compensation Committee****Number of Members****Article 28**

The Compensation Committee shall consist of no less than three members of the Board of Directors.

[no provision]

**Election, Term of Office****Article 29**

1 The members of the Compensation Committee shall be individually elected by the General Meeting of Shareholders for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

2 Members of the Compensation Committee whose terms of office have expired shall be immediately eligible for re-election.

3 If there are vacancies on the Compensation Committee, the Board of Directors may appoint substitute members from among its members for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

[no provision]

**Organization of the Compensation Committee****Article 30**

1 The Compensation Committee shall constitute itself. The Board of Directors shall elect the chairman of the Compensation Committee.

2 The Board of Directors shall issue regulations establishing the organization and decision-making process of the Compensation Committee.

[no provision]

**Powers**

**Article 31**

1 The Compensation Committee shall support the Board of Directors in establishing and reviewing the compensation strategy and guidelines as well as in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and of the Executive Committee, and may submit proposals to the Board of Directors in other compensation-related issues.

2 The Board of Directors shall determine in regulations for which positions of the Board of Directors and of the Executive Committee the Compensation Committee shall submit proposals for the performance metrics, target values and the compensation to the Board of Directors, and for which positions it shall itself determine, in accordance with the Articles of Incorporation and the compensation guidelines established by the Board of Directors, the performance metrics, target values and the compensation.

3 The Board of Directors may delegate further tasks to the Compensation Committee that shall be determined in regulations.

[no provision]

**Section 4: Compensation of the Members of the Board of Directors and of the Executive Committee**

**General Compensation Principles**

**Article 33**

1 Compensation of the members of the Board of Directors consists of fixed compensation. Total compensation shall take into account position and level of responsibility of the recipient.

2 Compensation of the members of the Executive Committee consists of fixed and variable compensation elements. Fixed compensation comprises the base salary and other compensation elements. Variable compensation may comprise short-term and long-term variable compensation elements. Total compensation shall take into account position and level of responsibility of the recipient.

3 Short-term variable compensation elements shall be governed by performance metrics that take into account the performance of the Company, the group or parts thereof, targets in relation to the market, other companies or comparable benchmarks and/or individual targets, and achievement of which is generally measured during a one-year period. Depending on achieved performance, the compensation may amount to a predetermined multiplier of target level.

4 Long-term variable compensation elements shall be governed by performance metrics that take into account strategic and/or financial objectives, achievement of which is generally measured during a perennial period, as well as retention elements. Depending on achieved performance, the compensation may amount to a predetermined multiplier of target level.

5 The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine the performance metrics and target levels of the short- and long-term variable compensation elements, as well as their achievement.

6 Compensation may be paid in the form of cash, shares or in the form of other types of benefits; for the Executive Committee, compensation may in addition be paid in the form of share-based instruments or units. The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine grant, vesting, exercise and forfeiture conditions. In particular, they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. The Company may procure the required shares through purchases in the market or by using contingent share capital.

7 Compensation may be paid by the Company or companies controlled by it.

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[no provision]

**Approval of Compensation by the General Meeting of Shareholders****Article 34**

1 The General Meeting of Shareholders shall approve the proposals of the Board of Directors in relation to the maximum aggregate amounts of:

a) compensation of the Board of Directors for the next term of office;

b) compensation of the Executive Committee for the following financial year.

2 The Board of Directors may submit for approval by the General Meeting of Shareholders deviating or additional proposals relating to the same or different periods.

3 In the event the General Meeting of Shareholders does not approve a proposal of the Board of Directors, the Board of Directors shall determine, taking into account all relevant factors, the respective (maximum) aggregate amount or (maximum) partial amounts, and submit the amount(s) so determined for approval by a General Meeting of Shareholders.

4 Compensation may be paid out prior to approval by the General Meeting of Shareholders subject to subsequent approval.

[no provision]

**Supplementary Amount for Changes to the Executive Committee****Article 35**

If the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to also cover the compensation of one or more persons who become members of the Executive Committee or are being promoted within the Executive Committee after the General Meeting of Shareholders has approved the compensation of the Executive Committee for the relevant period then the Company or companies controlled by it shall be authorized to pay such member(s) a supplementary amount during the compensation period(s) already approved. The supplementary amount per compensation period shall in total not exceed 30% of the maximum aggregate amount of compensation of the Executive Committee last approved.

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[no provision]

**Section 5: Agreements with Members of the Board of Directors and the Executive Committee, Credits**

**Agreements with Members of the Board of Directors and the Executive Committee**

**Article 36**

1 The Company or companies controlled by it may enter into agreements for a fixed term or for an indefinite term with members of the Board of Directors relating to their compensation. Duration and termination shall comply with the term of office and the law.

2 The Company or companies controlled by it may enter into employment agreements for a fixed term or for an indefinite term with members of the Executive Committee. Employment agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Employment agreements for an indefinite term may have a termination notice period of maximum twelve months.

3 The Company or companies controlled by it may enter into non-compete agreements with members of the Executive Committee for the time after termination of employment. Their duration shall not exceed one year, and consideration paid for such non-compete undertaking shall not exceed the last total annual compensation of such member of the Executive Committee.

[no provision]

**Credits**

**Article 37**

Credits may not be granted to a member of the Board of Directors or of the Executive Committee.

[no provision]

**Section 6: Mandates Outside the Group**

**Mandates Outside the Group**

**Article 38**

1 No member of the Board of Directors may hold more than ten additional mandates of which no more than four may be in listed companies.

2 No member of the Executive Committee may hold more than five mandates of which no more than one may be in a listed company.

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3 The following mandates shall not be subject to the limitations set forth in paras. 1 and 2 of this Article:

a) mandates in companies which are controlled by the Company or which control the Company;

b) mandates held at the request of the Company or companies controlled by it. No member of the Board of Directors or of the Executive Committee shall hold more than ten such mandates; and

c) mandates in associations, charitable organizations, foundations, trusts, employee welfare foundations, educational institutions, non-profit institutions and other similar organizations. No member of the Board of Directors or of the Executive Committee shall hold more than twenty-five such mandates.

4 Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control or same beneficial ownership are deemed one mandate.

**Fiscal Year, Business Report****Article 29**

1 The fiscal year shall close as of December 31 of each year, closing for the first time on December 31, 1999.

2 For each fiscal year, the Board of Directors shall prepare a business report including the annual financial statements (consisting of the profit and loss statements, balance sheet and notes to the financial statements), the annual report and the consolidated financial statements.

[no provision]

**Fiscal Year, Business Report****Article 39**

1 The fiscal year shall close as of December 31 of each year, closing for the first time on December 31, 1999.

2 For each fiscal year, the Board of Directors shall prepare a business report including the annual financial statements (consisting of the profit and loss statements, balance sheet, cash flow statements and notes to the financial statements), the annual management report and consolidated financial statements.

**Section 9: Transitional Provisions****Article 42**

1 Article 38 shall enter into force following the Company's 2015 Ordinary General Meeting.

\* Due to the amendments of the Articles of Incorporation set out above, the numbering of the articles and sub-sections in the Articles of Incorporation have to be adjusted accordingly. Pure changes to numbering of the articles and sub-sections are not reflected in the overview.