

Independent auditor's report

related to the reduction of share capital with release of funds

ABB Ltd, Zurich



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To the general meeting of
ABB Ltd, Zurich

Zurich, March 20, 2017

Independent auditor's report related to the reduction of share capital with release of funds

We have audited in accordance with article 732 para. 2 Swiss Code of Obligations (CO) whether the claims of the creditors of ABB Ltd are fully covered despite the proposed reduction of the share capital.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the interim balance sheet as of February 28, 2017 and for executing the capital reduction in accordance with the legal requirements.

Board of Directors' proposal

The Board of Directors proposes to reduce the current share capital of divided into 2'214'743'264 registered shares with a nominal value of CHF 0.12,	CHF	265'769'191.68
by the cancellation of 46'595'000 shares with a nominal value of CHF 0.12 or a total of	CHF	5'591'400.00
resulting in a new share capital amount of	CHF	<u>260'177'791.68</u>

After the reduction, the share capital will be divided into 2'168'148'264 shares with a nominal value of CHF 0.12.

The cancellation of the shares will be carried out by offsetting ABB Ltd's share capital and retained earnings.

Auditor's responsibility

Our responsibility is to express an opinion based on our audit as to whether the claims of the creditors are fully covered despite the reduction of the share capital. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the claims of the creditors are fully covered despite the reduction of the share capital.

An audit involves performing procedures to obtain audit evidence about the disclosures in the Board of Directors' proposal. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the proposal, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the claims of the creditors of ABB Ltd are fully covered despite the proposed reduction of the share capital.

Ernst & Young AG



Leslie Clifford
Licensed audit expert
(Auditor in charge)



Robin Errico
Licensed audit expert

Enclosure

- ▶ Interim balance sheet as of February 28, 2017 (before and after the capital reduction)

ABB Ltd - Balance Sheet for Capital Reduction

(CHF in thousands)	February 28, 2017 (before cancellation of shares)	Capital reduction cancellation of shares	February 28, 2017 (after cancellation of shares)
Cash	691		691
Cash deposit with ABB Group Treasury Operations	879,429		879,429
Non-trade receivables	693		693
Non-trade receivables - Group	4,813		4,813
Accrued income and prepaid expenses	1,052		1,052
Accrued income and prepaid expenses - Group	5,036		5,036
Total current assets	891,714		891,714
Long-term loans - Group	502,450		502,450
Participation	8,973,229		8,973,229
Other long-term assets	3,626		3,626
Total non-current assets	9,479,305		9,479,305
Total assets	10,371,019		10,371,019
Non-trade payables	2,054		2,054
Non-trade payables - Group	409		409
Deferred income and accrued expenses	100,046		100,046
Deferred income and accrued expenses - Group	1,873		1,873
Total current liabilities	104,382		104,382
Interest-bearing liabilities	700,031		700,031
Interest-bearing liabilities - Group	502,450		502,450
Total non-current liabilities	1,202,481		1,202,481
Total liabilities	1,306,863		1,306,863
Share capital	265,769	(5,591)	260,178
Legal reserves			
Legal reserves from capital contribution	30,430		30,430
Legal reserves from retained earnings	1,000,000		1,000,000
Free reserves			
Retained earnings	9,252,683	(916,116)	8,336,567
Net income	(16,050)		(16,050)
Own shares	(1,468,676)	921,707	(546,969)
Total stockholders' equity	9,064,156	-	9,064,156
Total liabilities and stockholders' equity	10,371,019	-	10,371,019