

Independent auditor's report

related to the reduction of share capital with release of funds

ABB Ltd, Zurich

To the general meeting of
ABB Ltd, Zurich

Zurich, March 30, 2016

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 29, 2016 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 2'314'743'264 registered shares with a nominal value of CHF 0.86	CHF	1'990'679'207.04
by the cancellation of 100'000'000 shares with a nominal value of CHF 0.86 and	CHF	86'000'000.00
the subsequent reduction of nominal value per share by CHF 0.74 or a total of	CHF	1'638'910'015.36
resulting in a new share capital amount of	CHF	<u>265'769'191.68</u>

After the reduction, the share capital will be divided into 2'214'743'264 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 the reserves. CHF 1'610'347'341.44 of the repayment will be made in cash.

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 29, 2016 (before and after the capital reduction)

ABB Ltd - Balance Sheet for Capital Reduction

(CHF in thousands)	February 29, 2016 (before capital reduction)	Capital reduction cancellation of shares	Capital reduction nominal value reduction	February 29, 2016 (after capital reduction)
Cash	1'440			1'440
Cash deposit with ABB Group Treasury Operations	1'795'739			1'795'739
Non-trade receivables	115			115
Non-trade receivables - Group	3'594			3'594
Accrued income and prepaid expenses - Group	5'815			5'815
Other short-term assets	551			551
Total current assets	1'807'254			1'807'254
Participation	8'973'229			8'973'229
Other long-term assets	4'761			4'761
Total non-current assets	8'977'990			8'977'990
Total assets	10'785'244			10'785'244
Non-trade payables	107'355			107'355
Liability to shareholders	-		1'610'347	1'610'347
Non-trade payables - Group	294			294
Deferred income and accrued expenses	65'833			65'833
Deferred income and accrued expenses - Group	221			221
Interest-bearing liabilities	499'822			499'822
Total current liabilities	673'525		1'610'347	2'283'872
Interest-bearing liabilities	700'049			700'049
Total non-current liabilities	700'049		-	700'049
Total liabilities	1'373'574		1'610'347	2'983'921
Share capital	1'990'679	(86'000)	(1'638'910)	265'769
Legal reserves				
Legal reserves from capital contribution	30'430			30'430
Legal reserves from retained earnings	1'000'000			1'000'000
Free reserves				
Other reserves	539'526	(568'089)	28'563 ¹⁾	-
Retained earnings	8'621'576	(1'321'081)		7'300'495
Net income	(8'056)			(8'056)
Own shares	(2'762'485)	1'975'170		(787'315)
Total stockholders' equity	9'411'670	-	(1'610'347)	7'801'323
Total liabilities and stockholders' equity	10'785'244	-	-	10'785'244

¹⁾ Nominal value reduction of treasury shares will be offset against Other reserves