



Power Grids Joint Venture of ABB and Hitachi

Dear Partners,

As explained in our announcement on December 17, 2018, we have taken the strategic step to expand our existing relationship with Hitachi by forming a power grids joint venture (the “**Transaction**”). The joint venture will include the global Power Grids business of the ABB Group, including (a) power grid automation, (b) power grid integration, (c) high voltage products and (d) transformers (the “**Power Grids Business**”), as well as the corresponding service offerings.

In Hitachi we have found a strong long-term partner for this unique and well-timed opportunity to strengthen the Power Grids Business as the partner of choice for a stronger, smarter and greener grid.

As we create the global joint venture, and commit to business and service continuity, we also need to adapt our legal structure. The future Power Grids Business will locally be organized into new legal entities (“**ABB Power Grids Companies**”), which will themselves be owned by a holding company incorporated under the laws of Switzerland (the “**Company**”) (the “**Reorganization**”).

Rest assured, nothing will change for you from a business or service point of view. The Transaction is expected to be completed by the first half of 2020, and is still subject to regulatory approvals. By mid-2020, 80.1% of the Company will be transferred to Hitachi, and ABB has agreed not to divest its remaining 19.9% stake for at least three years after closing of the Transaction.

As part of the Reorganization, we will need to ensure that all of the customer agreements (or portions thereof) relating to the Power Grids Business will be held by ABB Power Grids Companies on completion of the Transaction and that all customer agreements (or portions thereof) which are unrelated to the Power Grids Business will be held by companies which will remain with the ABB group going forwards. This process will not change any of the agreed upon terms and conditions of the existing agreement and will ensure a smooth continuity of our business relationship.

In Hungary, the above Reorganization shall happen by way of a mixed demerger (in Hungarian: “beolvadásos kiválás”), whereby the entire Power Grids Business – including your agreement – shall be carved out of **ABB Mérnöki Kereskedelmi és Szolgáltató Kft.** (registered seat: 1134 Budapest, Kassák Lajos utca 19-25.; company registry number: 01-09-079101), and shall be simultaneously merged into **ABB Power Grids Hungary Kft.** (registered seat: 1134 Budapest, Kassák Lajos utca 19-25., company registry number: 01-09-340575), which company has been incorporated to act as the ABB Power Grids Company in Hungary. As a result of the mixed demerger, ABB Power Grids Hungary Kft. will become the legal successor of the Power Grids Business of ABB Kft. The described mixed demerger was resolved on 25 June 2019, and the effective date of the mixed demerger is envisaged to be 30 September 2019, i.e. the legal succession is expected to take place with the effect of this day.

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We trust that the above clarifies the upcoming Reorganization of ABB Power Grids Business. If you have any questions, please contact Imre Pusztai at imre.pusztai@hu.abb.com.

Yours sincerely,

ABB Mérnöki Kereskedelmi és Szolgáltató Kft.



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Power Grids – High Voltage Products and Transformers
Electrification Products – Medium Voltage