

# Notice of ABB's Annual General Meeting on April 21, 2016

Zurich, Switzerland, March 17, 2016 – ABB today published the invitation to its Annual General Meeting (AGM), which will be held on Thursday, April 21, 2016. The invitation can be found on ABB's investor relations website at [www.abb.com/agm](http://www.abb.com/agm).

To download the invitation document, please click here: [AGM Invitation](#)

ABB ([www.abb.com](http://www.abb.com)) is a leading global technology company in power and automation that enables utility, industry, and transport & infrastructure customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in roughly 100 countries and employs about 135,000 people.

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Power and productivity  
for a better world™



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YEARS IN  
SWITZERLAND  
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Invitation to the Annual General Meeting  
of ABB Ltd, Zurich  
Thursday, April 21, 2016, at 10:00 a.m.

Power and productivity  
for a better world™



# Invitation

We are pleased to invite you to the **Annual General Meeting of ABB Ltd** which will be held on **Thursday, April 21, 2016, at 10:00 a.m. (doors open at 8:30 a.m.)** at the Messe Zurich hall, Wallisellenstrasse 49, in Zurich-Oerlikon, Switzerland.

There will be breakfast offered before the meeting.

# Chairman's letter

## Dear shareholders,

Digitalization is driving a fourth industrial revolution that is transforming many sectors of business more profoundly than at any time since the start of the industrial era. ABB's customers trust us to lead this process in our core business areas of power and automation, just as we have continuously led innovation and change in these segments since our origins in the 19th century.

ABB's strength is deeply rooted in technological innovation, and we can be found at the center of current developments in clean energy, smart grids, microgrids, robotics, industrial asset effectiveness and sustainable transport.

## Big shifts in power and automation

Today, we face two key global trends in our business. One is the shift towards renewables, which is accelerating despite the low oil price – 2015 was a strong year for investment in renewables, with 121 gigawatts of capacity added. This results in unprecedented demands to manage the complexity of the “digital grid” of the future. The other is what we call the industrial “Internet of Things, Services and People”, resulting for example in growing intelligence of machines that is driving quantum leap improvements in productivity and safety in industry. As a global leader in power and automation technologies, ABB is driving this change and supporting our customers to benefit from both of these shifts. We see them as key to our business, now and in the future, and essential to solving the underlying causes of key challenges that are affecting the world today, namely climate change and weak economic growth.

In power generation, renewables are transforming the energy mix, putting pressure on traditional producers to rethink their business models while lessening environmental impact and dramatically increasing grid complexity. The future grid will be far more complex with multiple feed-in points from traditional power plants to large-scale renewables on the supply side, and a coexistence of traditional demand patterns and microgrids and nanogrids on the demand side. Managing this complexity will require intelligently automated, digital power grids that can anticipate demand and supply patterns, while routing and transporting power to the ever-increasing number of consumption points of electricity. This key part of ABB's offering now comes from one integrated business, which focuses on “power and automation for the grid” – our newly created Power Grids division, which became effective in January 2016.

On the automation side, advances in sensor technology, combined with ubiquitous connectivity and massive increases in our ability to process and store data, are enabling machines to become more and more intelligent, as well as to learn and to interact with humans in new ways. The basis for this is the industrial Internet of Things, Services and People. In time, this will enable the next stage of industrial automation, in which machines and entire process chains learn to reason and take decisions, making processes self-regulating and self-optimizing.

### Pioneering technology leader

ABB stands for groundbreaking innovations that are paving the way to the ongoing digital revolution. These technologies address the needs of our customers and the major shifts in the fields of power and automation.

ABB's innovations for the grid in 2015 included devices that can automatically adjust the voltage fluctuation across entire distribution networks. These address the major challenges to stability posed by the expanding role of renewable energy in the system. We also achieved again more world firsts in high-voltage direct current (HVDC) transmission, a technology pioneered and developed by ABB. These included the world's first multi-terminal ultra-HVDC link, activated in India, and the successful deployment of a new blackout recovery system in Finland.

In 2015, we took many steps to turn our digital vision into reality. Our state-of-the-art dual-arm collaborative robot YuMi was launched to great acclaim at the Hanover Fair. This product demonstrates ABB's technology leadership in hardware, software and services. It is extremely accurate, able to learn, and is connected to our global remote condition monitoring center in India. Strengthening our leadership in automated buildings, our voice-controlled smart home system ABB-free@home significantly exceeded expectations with very strong growth. An order from Maersk Line for software for 140 container ships demonstrated our innovative capacity in this sector. Based on hull design, loads, weather and wave motion monitoring, the software optimizes each vessel's route to enhance safety, speed and energy efficiency.

## Next Level strategy

Staying at the forefront of the big shifts in power and automation requires technology leadership as well as an effective organization. In 2014, we introduced the Next Level strategy covering the 2015 - 2020 period to drive profitable growth and accelerate sustainable value creation in a fast-changing world. In 2015, we made significant progress toward many of our goals, reinforcing our focus on innovation, streamlining our organization and strengthening our performance culture. Our customers have noticed the improvement; their satisfaction, as measured by our Net Promoter Score, increased by four points in 2015 to 48. A major execution achievement was the successful turnaround of our Power Systems division, which entered its target margin corridor in the fourth quarter of last year.

In September 2015, we launched Stage 2 of the Next Level strategy to accelerate the transformation of ABB. Building on our three focus areas of profitable growth, relentless execution and business-led collaboration, we are continuing to drive the shift in our center of gravity toward higher growth, greater competitiveness and lower risk, while accelerating existing growth and execution improvement programs.

A key action of Stage 2 included the customer-oriented streamlining of our divisions from five to four, which was implemented in January 2016. The new Power Grids division – comprising parts of the former Power Products and Power Systems divisions – is a world leader in power and automation technologies for the grid, enabling the transmission and distribution of electricity. As such, it is an ideal partner to help utilities meet the new challenge of building a digital grid to manage network complexity and integrate renewable energies.

The newly created Electrification Products (EP) division is one of three focused on power and automation for the site of electricity consumption, which includes industry and transport and infrastructure. This new market-focused division brings together our strong portfolio of medium- and low-voltage solutions. Together with the Discrete Automation and Motion and Process Automation divisions, EP is well positioned to shape the new industrial era we are entering.

The divisional realignment, and our measures to improve productivity, will drive organic growth and make us leaner, faster and more agile to deliver our targets, close the gap in operating performance with our best-in-class peers, and unlock further value within ABB.

## Looking back on what we have achieved ...

We are building on strong foundations and on the results of the homework we have done. In 2015, ABB delivered solid results in a challenging environment. In a year of weakening markets and uncertainty, we delivered steady orders and revenues on a comparable basis. The successful rollout of our framework of penetration, innovation and expansion (or “PIE”) across our markets and customer segments allowed us to realize profitable growth in many areas, mitigating some strong market headwinds. Our profitability, measured in operational EBITA margin, was up 60 basis points on the year to 11.8 percent.

Nevertheless, our far reaching restructuring measures – particularly in businesses impacted by the slump in commodity prices and our white collar productivity program – played a significant role in dampening net income for the year, which was just over \$1.9 billion, down 25 percent from 2014. Significant changes in foreign currency rates continued to impact our financial figures reported in US dollars. In addition, one of the challenges we are addressing is the decline in revenues and margins in our Discrete Automation and Motion division. The division suffered from weakening demand in process industries in key markets such as the US and China for products and services.

Faced with these significant headwinds, our decisive action on productivity, costs, working capital and organizational streamlining allowed us to increase our Group operational margin for the year while maintaining strong levels of cash flows.

Our solid financial performance is a good basis to maintain our commitment to delivering attractive returns to our shareholders. Last year we returned more than \$3.2 billion in cash through dividend payments and share repurchases. The Board of Directors is proposing a seventh consecutive dividend increase, to CHF 0.74 a share, at the 2016 annual general meeting.

## ...and looking ahead to new challenges and opportunities

Our markets remain challenging, with slower growth in China and steady conditions in Europe and the United States. We expect India to invest in power infrastructure and industrial development, but see continuing weakness in other emerging markets. In this environment, we will continue to focus on our opportunities for profitable growth, on mitigating the impact of sluggish markets by our relentless execution of productivity measures, cost reductions and cash actions, and on business-led collaboration designed to provide outstanding service to our customers.

The longer-term prospects for our business remain excellent; the digital revolution continues to unfold at high speed, and it is poised to yield significant improvements in productivity and business activity in the medium term. As the fourth industrial revolution gathers pace, we have laid the foundation to take ABB to the next level. We made

solid progress towards our targets and remain highly focused on our goal to make ABB leaner, faster and more externally focused. ABB will continue to drive major shifts in power and automation.

We are proud to have such a dedicated and hard-working team at ABB, and we thank our employees, customers and partners around the world for their vital support. We would also like to extend our warm thank you to you – our shareholders – for your continued trust. ABB is a pioneering technology leader with strong positions in attractive markets, and we remain committed to delivering attractive returns to our shareholders, based on our clear transformation agenda.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Voser', is positioned above the printed name and title.

Peter Voser  
Chairman



# Agenda and proposals of the Board of Directors

## 1. Approval of the management report, the consolidated financial statements and the annual financial statements for 2015

### Proposal

The Board of Directors **proposes** that the management report, the consolidated financial statements and the annual financial statements for 2015 be approved.

### Explanation

The management report, the consolidated financial statements and the annual financial statements for 2015 are available for inspection by the shareholders at the seat of the company. They are also available electronically under [www.abb.com/agm](http://www.abb.com/agm).

## 2. Consultative vote on the 2015 compensation report

### Proposal

The Board of Directors **proposes** that the compensation report as per pages 41 - 67 of the annual report be accepted (non-binding consultative vote).

### Explanation

The compensation report contains the principles governing the compensation paid to the Board of Directors and the Executive Committee and reports on the amounts paid to the members of both bodies in 2015. The compensation report 2015 is available for inspection by the shareholders at the seat of the company. It is also available electronically under [www.abb.com/agm](http://www.abb.com/agm).

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

### Proposal

The Board of Directors **proposes** that the members of the Board of Directors and the persons entrusted with management be granted discharge for fiscal year 2015.

## 4. Appropriation of earnings

### Proposal

The Board of Directors **proposes** to carry forward the 2015 total available earnings in the amount of CHF 8,621,575,976.

Net income for 2015	CHF	2,973,717,325
Carried forward from previous year	CHF	5,647,858,651
<b>Available earnings available to the Annual General Meeting</b>	<b>CHF</b>	<b>8,621,575,976</b>

### Explanation

As further described in Item 6, the Board of Directors is proposing to return capital to shareholders in the form of a reduction of the nominal value of the shares.

## 5. Capital reduction through cancellation of shares repurchased under the share buyback program

### Proposal

The Board of Directors **proposes:**

- a) to reduce the share capital of CHF 1,990,679,207.04 by CHF 86,000,000 to CHF 1,904,679,207.04 by way of cancellation of 100,000,000 shares with a nominal value of CHF 0.86 each which were bought back by the Company under the share buyback program announced in September 2014;
- b) to confirm as a result of the report of the auditors, that the claims of the creditors are fully covered notwithstanding the capital reduction;
- c) to amend article 4 para. 1 of the Articles of Incorporation according to the following wording as per the date of the entry of the capital reduction in the commercial register (the proposed amendments are underlined):

### Article 4 para. 1

The share capital of the Company is CHF 1,904,679,207.04 and is divided into 2,214,743,264 fully paid registered shares. Each share has a par value of CHF 0.86.

## 6. Capital reduction through nominal value repayment

### Proposal

The Board of Directors **proposes:**

- a) to reduce the share capital of CHF 1,904,679,207.04\* by CHF 1,638,910,015.36\* to CHF 265,769,191.68\* by way of reducing the nominal value of each registered share from CHF 0.86 by CHF 0.74 to CHF 0.12 and to use the nominal value reduction amount for repayment to the shareholders;
- b) to confirm as a result of the report of the auditors, that the claims of the creditors are fully covered notwithstanding the capital reduction;
- c) to amend article 4 para. 1 of the Articles of Incorporation according to the following wording as per the date of the entry of the capital reduction in the commercial register (the proposed amendments are underlined):

### Article 4 para. 1

The share capital of the Company is CHF 265,769,191.68\* and is divided into 2,214,743,264\* fully paid registered shares. Each share has a par value of CHF 0.12.

- d) to amend article 4<sup>bis</sup> paras. 1 (1<sup>st</sup> sentence) and 4 (1<sup>st</sup> sentence), and article 4<sup>ter</sup> para. 1 (1<sup>st</sup> sentence) of the Articles of Incorporation, reflecting the reduced nominal value of each registered share from CHF 0.86 by CHF 0.74 to CHF 0.12 and the corresponding reduction of the amounts of the conditional and authorized share capital, as per the date of the entry of the capital reduction in the commercial register.

\*In the event of non-approval of the proposed capital reduction through cancellation of shares set forth in Item 5, the aggregate nominal values and the aggregate number of shares will be adjusted accordingly. To the extent new shares will be issued under ABB's authorized or contingent capital prior to registration of the capital reduction in the commercial register, the total number of shares may need to be adjusted accordingly.

#### Explanation

In line with the company's dividend policy to pay a steadily rising, sustainable dividend over time, the Board of Directors proposes a distribution of CHF 0.74 per share. The distribution will be exempted from the Swiss withholding tax because it will be paid from a reduction of the nominal value of the share from CHF 0.86 to CHF 0.12. The payment is expected to take place in July 2016.

## 7. Amendment to the Articles of Incorporation related to the capital reduction Proposal

To the extent that the General Meeting of Shareholders approves the Board of Directors' proposal set forth in Item 6, the Board of Directors **proposes** to amend article 13 para. 1 of the Articles of Incorporation as follows (the proposed amendment is underlined):

### Article 13 para. 1

One or more shareholders whose combined shareholdings represent an aggregate par value of at least CHF 48,000 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).

#### Explanation

The proposal under this Item 7 is a result of the proposed share capital reduction under Item 6. If the shareholders approve the share capital reduction, it is proposed to reduce the threshold for the submission of agenda items accordingly to not impair the right of a minority to include a subject for discussion on the agenda. The amended article 13 para. 1 of the Articles of Incorporation will only be entered into the commercial register subject to and together with the share capital reduction set forth in Item 6.

## 8. Binding votes on the compensation of the Board of Directors and the Executive Committee

### 8.1 Binding vote on the maximum aggregate amount of compensation of the members of the Board of Directors for the next term of office, i.e. from the 2016 Annual General Meeting to the 2017 Annual General Meeting

#### Proposal

The Board of Directors **proposes** that shareholders approve the maximum aggregate amount of compensation of the Board of Directors covering the period from the 2016 Annual General Meeting to the 2017 Annual General Meeting in the amount of CHF 4,700,000.

#### Explanation

Pursuant to article 34 of the Articles of Incorporation, the General Meeting of Shareholders shall approve the maximum aggregate amount of compensation of the Board of Directors for the next term of office. Further information on the proposed compensation is provided in the annex to this invitation.

### 8.2 Binding vote on the maximum aggregate amount of compensation of the members of the Executive Committee for the following financial year, i.e. 2017

#### Proposal

The Board of Directors **proposes** that shareholders approve the maximum aggregate amount of compensation of the Executive Committee for the financial year 2017 in the amount of CHF 50,000,000.

#### Explanation

Pursuant to article 34 of the Articles of Incorporation, the General Meeting of Shareholders shall approve the maximum aggregate amount of compensation of the Executive Committee for the following financial year. Further information on the proposed compensation is provided in the annex to this invitation.

## 9. Elections to the Board of Directors and election of the Chairman of the Board of Directors

The term of office for all members of the Board of Directors expires at the completion of the Annual General Meeting on April 21, 2016.

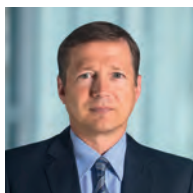
### Proposal

All current members of the Board of Directors stand for re-election except for Mr. Roger Agnelli. In addition, the Board of Directors proposes to elect Mr. Frederico Fleury Curado, Ms. Robyn Denholm, Mr. David Meline and Mr. Santish Pai as new members to the Board of Directors. Accordingly, the Board of Directors **proposes** that the persons presented below be elected as members to the Board of Directors for a term of office of one year extending until completion of the Annual General Meeting 2017. The election to the Board of Directors shall be effected on an individual basis:



#### **Matti Alahuhta** (as Director)

Mr. Alahuhta has been a member of ABB's Board of Directors since April 2014. He is the chairman of the board of Outotec Corporation and DevCo Partners (both Finland). He is also a member of the boards of directors of KONE Corporation (Finland) and Volvo AB (Sweden). He is also the chairman of the Confederation of Finnish Industries (Finland). Mr. Alahuhta was born in 1952 and is a Finnish citizen.



#### **David Constable** (as Director)

Mr. Constable has been a member of ABB's Board of Directors since April 2015. He is the president and chief executive officer of and a member of the board of directors of Sasol Limited (South Africa). He was formerly the group-president of operations of Fluor Corporation (U.S.) where he served for more than 29 years in leadership positions. Mr. Constable was born in 1961 and is a Canadian citizen.



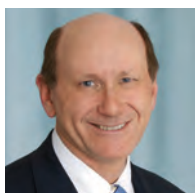
#### **Frederico Fleury Curado** (as Director)

Mr. Curado is the chief executive officer of Embraer (Brazil). He has been instrumental in the international expansion of Embraer, shaping the company's global footprint and product portfolio. He has broad functional experience ranging from manufacturing, quality management, operational excellence, to technology and commercial. He is a member of the board of directors of lochpe-Maxion (Brazil) and Transocean (Switzerland). Mr. Curado was born in 1961 and is a Brazilian citizen.



### **Robyn Denholm** (as Director)

Ms. Denholm is the chief financial officer and chief operating officer of Juniper Networks (U.S.). She formerly worked at Sun Microsystems (U.S.), Toyota and Arthur Andersen (both Australia), giving her broad industry background with experience in the audit, automotive, computer systems/software and networking equipment industries. She is a board member of Tesla Motors (U.S.). Ms. Denholm was born in 1963 and is a U.S. citizen.



### **Louis R. Hughes** (as Director)

Mr. Hughes has been a member of ABB's Board of Directors since May 2003. He is the chairman of the board of InZero Systems (formerly GBS Laboratories LLC) (U.S.). He is a member of the supervisory board of Akzo Nobel (The Netherlands) and a member of the board of directors of Nokia Corporation (Finland). Mr. Hughes was born in 1949 and is a U.S. citizen.



### **David Meline** (as Director)

Mr. Meline is the chief financial officer of Amgen (U.S.). Prior to joining Amgen, he was the chief financial officer at 3M (U.S.) from 2008 to 2014. With degrees in both mechanical engineering and economics, he began his career as an engineer at AT&T (U.S.) and worked for more than 20 years at General Motors (U.S.) in finance and engineering roles in Brazil, Kenya, Korea, Singapore, Switzerland and the U.S. He is a board member of TRW Automotive (U.S.). Mr. Meline was born in 1957 and is a Swiss and U.S. citizen.



### **Satish Pai** (as Director)

Mr. Pai is the deputy managing director of Hindalco Industries Ltd. (India). He joined Hindalco in 2013 from Schlumberger, the oil and gas services company, where he acquired broad experience in operations and technology management. During his 28 years with Schlumberger, Mr. Pai held roles in engineering, R&D, services and project management in France, Russia, Thailand, the U.K., the U.S. and the United Arab Emirates. He is a board member of Novelis Inc. (U.S.). Mr. Pai was born in 1961 and is an Indian citizen.



### **Michel de Rosen** (as Director)

Mr. de Rosen has been a member of ABB's Board of Directors since March 2002. He is chairman of the board of Eutelsat Communications (France) and was also the chief executive officer until March 1, 2016. He is also a member of the board of directors of Pharnext SAS (France). Mr. de Rosen was born in 1951 and is a French citizen.



**Jacob Wallenberg (as Director)**

Mr. Wallenberg has been a member of ABB's Board of Directors since June 1999 and Vice-Chairman since April 2015. He is the chairman of the board of Investor AB (Sweden). He is vice chairman of the boards of Telefonaktiebolaget LM Ericsson AB and SAS AB (both Sweden). He is also a member of the boards of directors of the Knut and Alice Wallenberg Foundation and the Stockholm School of Economics (both Sweden) and the Swedish Swiss Chamber of Commerce (Switzerland). Mr. Wallenberg was born in 1956 and is a Swedish citizen.



**Ying Yeh (as Director)**

Ms. Yeh has been a member of ABB's Board of Directors since April 2011. She is a member of the boards of directors of InterContinental Hotels Group (U.K.) and Samsonite International S.A. (Luxembourg). Ms. Yeh was born in 1948 and is a Chinese citizen.



**Peter Voser (as Director and Chairman)**

Mr. Voser has been a member and Chairman of ABB's Board of Directors since April 2015. He is a member of the boards of directors of Roche Holdings Ltd (Switzerland), IBM Corporation (U.S.) and Temasek Holdings (Private) Limited (Singapore). He was formerly the chief executive officer of Royal Dutch Shell plc (The Netherlands). Mr. Voser was born in 1958 and is a Swiss citizen.

**Explanation**

Following a detailed review of the future long term requirements for the ABB Board and a comprehensive nomination process, the Board is proposing 4 new members. They were selected to bring to the Board a mix of CEO and CFO experience as well as a range of industry, technology and geographic experiences to complement the experience of the current members who are standing for re-election. They will be added to the Board committees taking into account their individual backgrounds. Pursuant to article 21 of the Articles of Incorporation, the General Meeting of Shareholders elects each member of the Board of Directors and the Chairman of the Board of Directors.

## 10. Elections to the Compensation Committee

### Proposal

The Board of Directors **proposes** the election of:

- David Constable
- Frederico Fleury Curado
- Michel de Rosen
- Ying Yeh

to the Compensation Committee for a term of office of one year extending until completion of the Annual General Meeting 2017. The election of each person standing for election to the Compensation Committee shall be effected on an individual basis.

### Explanation

Pursuant to article 29 of the Articles of Incorporation, the General Meeting of Shareholders elects each member of the Compensation Committee.

## 11. Re-election of the independent proxy

### Proposal

The Board of Directors **proposes** the re-election of

- Dr. Hans Zehnder, attorney-at-law and notary, Bahnhofplatz 1, 5401 Baden, Switzerland

as independent proxy for a term of office of one year extending until completion of the Annual General Meeting 2017.

### Explanation

Pursuant to article 15 of the Articles of Incorporation, the General Meeting of Shareholders elects the independent proxy. The Board of Directors confirms that it has determined that the proposed candidate is independent.

## 12. Re-election of the auditors

### Proposal

The Board of Directors **proposes** that Ernst & Young AG be re-elected as auditors for fiscal year 2016.

Zurich, March 17, 2016

**ABB Ltd**

Board of Directors



# Organizational topics

## Annual Report

The Annual Report is available to the shareholders for examination at the company's head office at Affolternstrasse 44, Zurich-Oerlikon, Switzerland, as well as in Sweden at ABB AB, Kopparbergsvägen 2, Västerås. The invitation including the agenda and the proposals of the Board of Directors will be mailed directly to holders of shares who are registered in the company's share register with the right to vote. Annual reports will be mailed on request. The Annual Report is also available electronically under: [www.abb.com/agm](http://www.abb.com/agm).

## Registration and admission cards

Shareholders entered in the share register, with the right to vote on **April 13, 2016**, are entitled to participate in the Annual General Meeting. These shareholders will receive their admission cards (by priority mail) on request, either using the reply form enclosed or electronically (e-voting). The reply form or a corresponding notification must reach the company not later than **April 15, 2016 (by mail) or April 19, 2016 (e-voting)**. Reply forms or notifications arriving after that date will not be taken into consideration.

## Proxy/Voting

If you cannot attend our Annual General Meeting in person, you may:

- a) arrange to be represented by another ABB shareholder registered with the right to vote\*; or
- b) authorize Dr. Hans Zehnder, attorney-at-law and notary, Bahnhofplatz 1, 5401 Baden, Switzerland, to act as your independent proxy.

\*Note: in case the shareholder cannot be identified or he/she is not registered in the share register, your instruction will be forwarded to the independent proxy.

## Electronic authorizations / voting and instructions to the independent proxy (e-voting)

Shareholders may register by using the e-voting platform via [www.abb.com/agm](http://www.abb.com/agm) to either request an admission card, authorize another ABB shareholder with the right to vote, or issue voting instructions to the independent proxy.

The requisite login details are enclosed in the reply form. Personalized login details remain valid and can still be used. Shareholders may **vote electronically**, or change any instructions they may have communicated electronically, up to but no later than **11:59 p.m. (CET) on April 19, 2016**.

For further information as well as instructions on how to register and vote electronically, please refer to our instruction video on [www.abb.com/agm](http://www.abb.com/agm).

## No trading restrictions on shares for registered shareholders

The entry of shareholders with the right to vote in ABB's share register does not affect the trading of shares held by such shareholders before, during or after the Annual General Meeting.

## Shares and votes

As of March 11, 2016, the total number of shares and votes in ABB Ltd is 2,314,743,264. As of the same date the company holds 145,898,208 treasury shares, corresponding to 145,898,208 votes that cannot be exercised at the Annual General Meeting.

## Translation

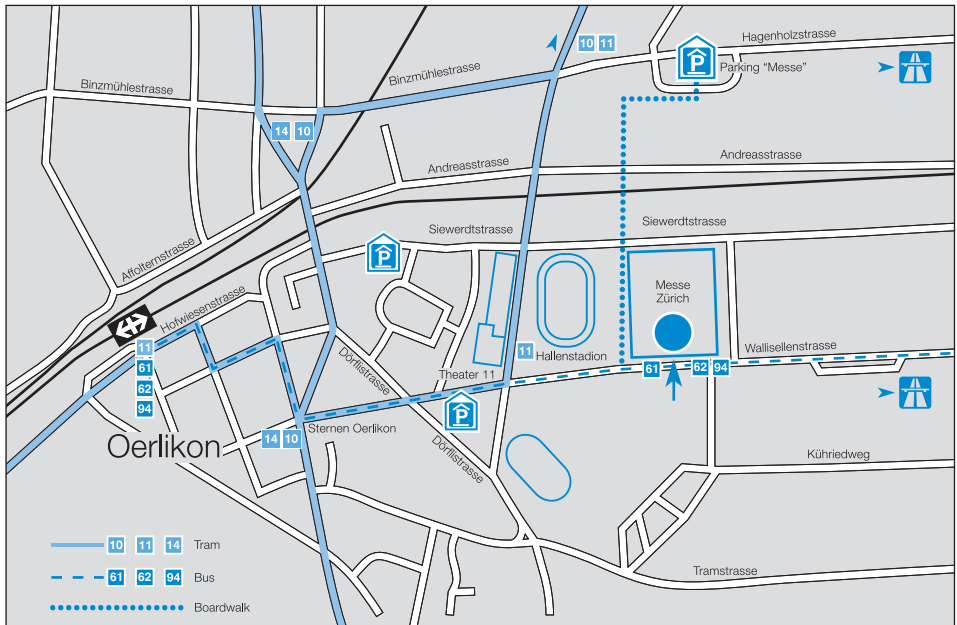
The Annual General Meeting will be conducted principally in German. Translation into English will be available.

## Live webcast

The Annual General Meeting will be broadcast on the Internet via [www.abb.com/agm](http://www.abb.com/agm).

## Record of decisions

A record of the decisions taken by the Annual General Meeting will be available for inspection shortly after the Annual General Meeting at the company's head office in Zurich-Oerlikon, Switzerland, and will be published on ABB's website under [www.abb.com/agm](http://www.abb.com/agm).



## Notes for participants

Shareholders are asked to use public transport as there will be limited parking facilities at the meeting location **Messe Zurich**.

## Public transport

From Zurich central station to Zurich-Oerlikon train station use train number S2, S6, S7, S8, S9, S14, S15, S16, S19 or S24.

From Zurich Oerlikon train station use tram No. 11, bus No. 61 or bus No. 62 or bus No. 94 to the stop **Messe/Hallenstadion**.

On foot: about 10 minutes' walk from Zurich-Oerlikon station to Messe Zurich.

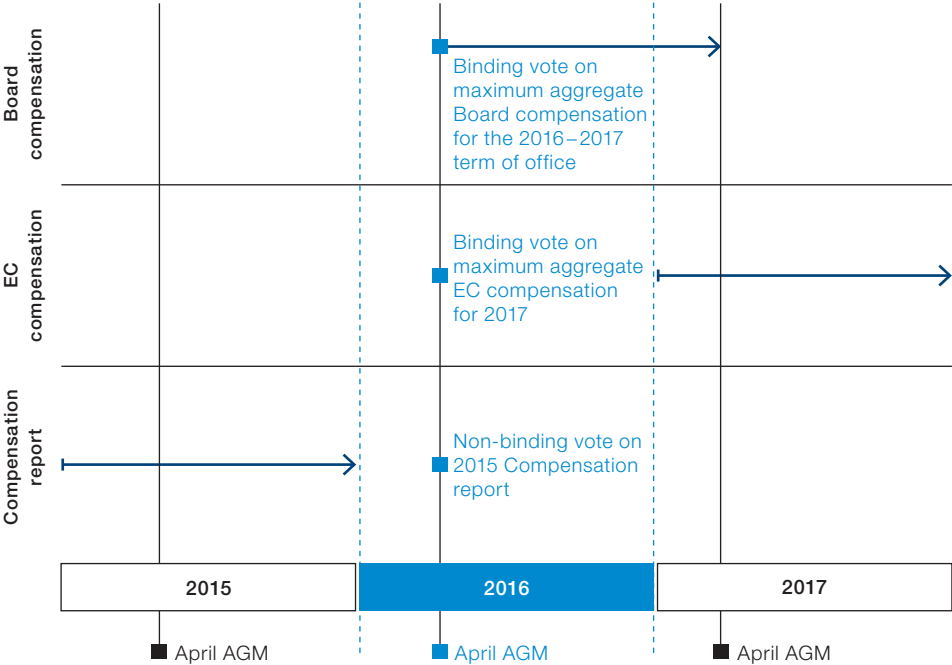
# Annex to Agenda Item 8

## (Binding votes on the compensation of the Board of Directors and the Executive Committee)

### Introduction

At the 2016 Annual General Meeting of ABB Ltd, there will be separate binding votes on maximum aggregate compensation for the Board of Directors (Board) in its 2016 - 2017 term of office and on maximum aggregate compensation for 2017 to members of the Executive Committee (EC). There will also be a non-binding vote on the 2015 compensation report.

Overview of compensation votes at the 2016 Annual General Meeting



→ Compensation period  
■ Date of vote

### **8.1 Binding vote on the maximum aggregate compensation of the members of the Board of Directors for the next term of office, i.e. from the 2016 Annual General Meeting to the 2017 Annual General Meeting**

The Board is proposing to increase the number of Board members to 11 in the 2016 - 2017 term of office compared with eight in the 2015 - 2016 term. Compensation for individual Board members is planned to remain at the same level as in the previous period.

The Board proposes that shareholders approve a total maximum compensation for the members of the Board of CHF 4,700,000.

The compensation of the members of the Board consists only of fixed compensation and the Board members are required to take at least half of their compensation in the form of ABB Ltd shares.

The compensation principles for the members of the Board are described in Article 33 of the Articles of Incorporation. Based on the proposals of the Compensation Committee, the Board determines the compensation of its members taking into account each member's position and responsibilities.

Additional information regarding compensation to the Board is available in the 2015 Compensation Report in ABB Ltd's annual report on pages 44 and 45.

### **8.2 Binding vote on the maximum aggregate compensation of the members of the Executive Committee for the following financial year, i.e. 2017**

ABB redesigned its executive compensation system in 2015 to improve business speed, agility and customer focus. It places a greater emphasis on an individual's targets in order to drive and reward outstanding performance, and to achieve a balance between an individual's and ABB's company-wide objectives. In addition, it broadens the set of targets used to measure performance to include financial, operational, change and leadership objectives aligned with the Next Level strategy.

To help achieve these goals, the Board has further developed ABB's key principles of executive compensation:

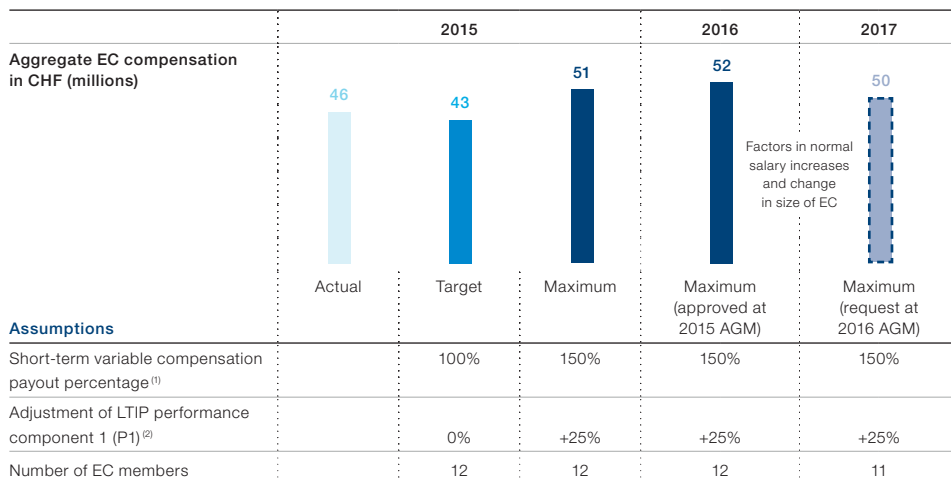
- **Linked and balanced:** Compensation is linked to the Next Level strategy and performance through ambitious individual and Group objectives, robust performance monitoring and a sound balance between Group and individual performance.
- **Competitive:** Annual base salaries of EC members are set between the market median and upper quartile in order to attract suitable talent.
- **Performance driven:** Ambitious objectives are set in ABB's planning processes, and variable pay is aimed at the upper quartile level when these objectives are met.
- **Comprehensive KPIs:** All performance metrics support the development of earnings per share and cash return on invested capital, and cover financial, operational, change and behavioral performance.
- **Market tested:** Compensation mix and levels are tested annually against benchmarks that include selected ABB peers and appropriate markets in which ABB operates.

The key features of our executive compensation system as of 2015 are:

- **Base salary and other benefits:** The annual review of the executive's performance assesses each member's results and behavior with respect to the Next Level strategy.
- **Short-term variable compensation:** Formerly based entirely on ABB Group's performance, short-term variable compensation for each EC member reflects a balance between Group and the individual's performance. Individual performance will cover metrics that help management assess whether the results are achieved in a sustainable way, going beyond financial metrics to measures of operational execution, implementation of Next Level strategy, change and leadership. Also, all achievement levels will be computed and not based on discretionary assessments.
- **Long-term variable compensation:** To emphasize performance, the weighting of the component that is evaluated on EPS achievement has been increased and the vesting of the other component – whose grant size depends on ABB's performance in the preceding three years and on the individual's performance in the preceding year – is subject to ABB achieving a net income threshold in the financial year prior to the year in which the plan vests.

The chart below shows the expected development of aggregate EC compensation from 2015 to 2017.

#### Overview of considerations in calculation of maximum aggregate EC compensation



<sup>(1)</sup> For full description, see section 2.3.2.1 in the Compensation report

<sup>(2)</sup> For full description, see section 2.3.2.2 in the Compensation report

The main factors impacting changes in aggregate compensation from year to year are the number of EC members, each member's target compensation, and Company and individual performance during the relevant performance cycles.

Target compensation would be reached if EC members meet the performance criteria for a 100 percent payout of the short-term variable compensation component and for the allocation of 100 percent of the reference grant size for the P1 performance component of the long-term incentive plan.

The proposed maximum aggregate EC compensation for 2017 of CHF 50,000,000 would only be reached if EC members meet the performance criteria for a 150 percent payout of the short-term variable compensation component and for the allocation of 125 percent of the reference grant size for the P1 performance component of the long-term incentive plan. Over the last 3 years, this level of payout and allocation for all EC members on an aggregate basis has not occurred at ABB.

Additional information regarding EC compensation is available in the 2015 Compensation report in ABB Ltd's annual report on pages 46 - 54.





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