

EXCHANGE CONTROLS

Other than in connection with Swiss government sanctions imposed on Belarus, the Central African Republic, the Democratic Republic of the Congo, Guinea, the Islamic Republic of Afghanistan, the Republic of Mali, Myanmar (Burma), Nicaragua, the Democratic People's Republic of Korea, the Republic of Guinea-Bissau, Somalia, the Republic of South Sudan, Sudan, Syria, and Venezuela, and organizations with connection to the late Osama bin Laden, the "all Qaddafi purposes" ban is in line with the assassination of Rafik Hariri and certain measures in connection with the international sanctions in connection with the situation in the Ukraine, there are no general laws in Switzerland that restrict the export or import of capital, foreign exchange or the payment of dividends, interest or liquidation proceeds, if any, to holders of Swiss shares. In addition, there are no limitations imposed by Swiss law or ABB Ltd's Articles of Incorporation on Swiss or non-Swiss citizens as shareholders to hold shares or to vote.

TAXATION

Swiss Taxation

Withholding Tax on Dividends and Other Distributions

Dividends paid and similar cash or in-kind distributions that we make to a holder of shares or ADSs are subject to withholding tax and stock dividends and taxable income resulting from the sale of shares are subject to tax at a rate of 35 percent. A repurchase of shares by us for the purpose of a partial liquidation of the Company. In this case, the difference between the repurchase price and the fair market value of the shares is qualified as taxable income. The same would be true upon the repurchase of shares within six years after the repurchase, or if the repurchase price exceeds the fair market value. We must withhold the tax from the gross distribution and pay it to the Swiss Federal Tax

Obtaining a Refund of Swiss Withholding Tax for U.S. Residents

The Convention between the Swiss Confederation and the United States of America for the Avoidance of Double Taxation with Respect to Taxes on Income, which was signed on October 2, 1996 (hereinafter referred to in the following discussion as the Treaty), allows U.S. residents to claim a refund of the Swiss withholding tax paid in respect of our shares or ADSs if the shareholder is a U.S. resident individual or U.S. corporation holding less than 10 percent of the shares or ADSs. U.S. resident individuals and U.S. corporations holding less than 10 percent of the shares or ADSs are entitled to seek a refund of withholding tax to the extent of the gross dividend or other distribution. U.S. corporations holding 10 percent or more of the shares or ADSs are entitled to seek a refund of withholding tax to the extent of the gross dividend or other distribution. Qualifying U.S. pension or other retirement plans that do not control the Company are also eligible to seek a refund of withholding tax.

Claims for refunds must be filed with the Swiss Federal Tax Administration, Switzerland, by December 31 of the third year following the calendar year in which the dividend or other distribution became payable. The form used for obtaining a refund is Swiss Tax Form 82 (82C for companies; 82E for individuals; 82R for regulated investment companies (RICs)). This form may be obtained from the Swiss Federal Tax Administration at the address above. The form must be filled out in triplicate with each copy duly completed and signed by the shareholder. The form must be accompanied by evidence of the deduction of withholding tax, such as a tax voucher issued by the custodian bank.

Stamp Duties upon Transfer of Securities

The sale of shares or ADSs, whether by Swiss resident or non-resident holders, may be subject to a Swiss stamp duty of up to 0.15 percent calculated on the sale proceeds if it is effected through a Swiss securities dealer as defined in the Swiss Federal Stamp Tax Act. In addition, shares or ADSs sold by or through a member of the SIX Swiss Exchange may be subject to a stock exchange levy.

United States Taxes

The following is a summary of the material U.S. federal income tax consequences of the holding (or disposition) of shares or ADSs. This summary does not purport to address all of the tax considerations that may be relevant to the decision to purchase, own or dispose of shares or ADSs. This summary is based on the ADSs being treated as capital assets for U.S. federal income tax purposes. This summary does not consider tax consequences applicable to holders that may be subject to special tax rules, such as U.S. estate tax consequences for partnerships owning shares or ADSs, tax-exempt entities, banks and other financial institutions, regulated investment companies, traders in securities that elect to apply a mark-to-market election, companies, holders that own (or are deemed to own) at least 10 percent of the voting power of ABB, investors whose functional currency is not the U.S. dollar, persons subject to special tax accounting rules as a result of any change in the basis of ADSs being taken into account in an applicable financial statement, persons who are in a straddle or as part of a hedging or conversion transaction or persons who are in a tax shelter. This discussion does not address aspects of U.S. taxation of nonresident aliens, federal estate tax consequences of an investment in shares or ADSs.

This summary is based on (i) the Internal Revenue Code of 1986, as amended, U.S. judicial decisions, administrative interpretations thereof, in each case as in effect and available on the date of this registration, and (ii) the representations of the depository and the assumption that each obligor under the deposit agreement will be performed in accordance with its terms. The U.S. and Swiss interpretations thereof are subject to change, which change could apply retroactively and could affect the tax consequences.

For purposes of this summary, a U.S. holder is a beneficial owner of shares or ADSs for U.S. federal income tax purposes.

- a citizen or individual resident of the United States,
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created under the laws of the United States or any state, including the District of Columbia,
- an estate if its income is subject to U.S. federal income taxation regardless of its source, or
- a trust if such trust validly has elected to be treated as a U.S. person for U.S. federal income tax purposes and exercises primary supervision over its administration and has one or more U.S. persons who have the authority to control all of its substantial decisions.

If a partnership (including any entity or arrangement treated as a partnership for U.S. purposes) is a beneficial owner of shares or ADSs, the treatment of a partner in the partnership will depend on the activities of the partnership. If you are a partner in a partnership, you should consult your tax advisor.

Each prospective purchaser should consult the purchaser's tax advisor with respect to local and foreign tax consequences of acquiring, owning or disposing of shares or ADSs.

Ownership of ADSs in General, and Exchange of ADSs for Shares

For U.S. federal income tax purposes, a holder of ADSs generally will be treated as the owner of the underlying shares and the following discussion assumes that such treatment will be applied. If you are exchanging ADSs for shares or shares for ADSs, you should consult with your tax advisor regarding the tax consequences of such an exchange. The exchange of ADSs for shares or shares for ADSs may be taking actions that are inconsistent with the beneficial ownership of the ADSs and the availability of the reduced tax treatment for holders, if any, as described below, could be affected by the exchange of ADSs for shares or shares for ADSs.

Distributions

In general, for U.S. federal income tax purposes, the gross amount of any distribution of cash or property to holders of ADSs, including the amount of any Swiss taxes withheld from the distribution and included in gross income in the year received to the extent of ABB's earnings and profits (as determined under U.S. federal income tax principles).

Non-corporate U.S. holders generally will be taxed on such distributions at the lower long-term capital gains rate, i.e., gains from the sale of capital assets held for more than one year. If you are exchanging ADSs for shares or shares for ADSs, you should consult with your tax advisor regarding the tax consequences of such an exchange. The exchange of ADSs for shares or shares for ADSs may be taking actions that are inconsistent with the beneficial ownership of the ADSs and the availability of the reduced tax treatment for holders, if any, as described below, could be affected by the exchange of ADSs for shares or shares for ADSs.

Dividends paid to U.S. corporate holders will not be eligible for the dividends received deduction.

If you are a U.S. holder and distributions with respect to shares or ADSs exceed ABB's accumulated earnings and profits as determined under U.S. federal income tax principles, then the excess will be treated as a tax-free return of capital to the extent of your adjusted tax basis in the shares or ADSs. Any of the dividend and the return of capital generally would be treated as a capital gain to you. If you are exchanging ADSs for shares or shares for ADSs, you should consult with your tax advisor regarding the tax consequences of such an exchange. The exchange of ADSs for shares or shares for ADSs may be taking actions that are inconsistent with the beneficial ownership of the ADSs and the availability of the reduced tax treatment for holders, if any, as described below, could be affected by the exchange of ADSs for shares or shares for ADSs.

If you are a U.S. holder, then dividends paid in Swiss francs, including the amount of from the dividends taxes will be included in your gross income in an amount equal to the U.S. dollar value of the Swiss francs at the spot exchange rate in effect on the day the dividends are received. Dividends generally are includible in income on the date they are received by the shareholder, whether or not they are in fact converted into U.S. dollars at that time. If dividends paid in Swiss francs are converted into U.S. dollars at a rate other than the spot rate in effect on the day they are received, then you generally should not be required to recognize any gain or loss with respect to the conversion. However, any gains or losses resulting from the conversion between the time of the receipt of dividends paid in Swiss francs and the time they are converted into U.S. dollars will be treated as ordinary income or loss to you, as the case may be. The basis of property other than cash will be the fair market value of the property on the date of distribution.

If you are a U.S. holder, then dividends received by you with respect to shares or ADSs of a foreign corporation, which may be relevant in calculating your foreign tax credit and in determining whether dividends are taxable as Swiss tax withheld on dividends may be deducted from your taxable amount of ordinary federal income tax liability. However, to the extent that you would be entitled to a refund of Swiss tax under the U.S.-Switzerland tax treaty, you may not be eligible for a refund of the Swiss tax withheld on dividends. Withholding taxes which may be refunded, even if you fail to claim a refund, are not eligible for a Refund of Swiss Withholding Tax for U.S. Residents". The limitation on the foreign tax credit is calculated separately with respect to specific classes of income. For dividends paid by ADSs generally will constitute passive income. The rules relating to the deductibility of dividends, and you should consult your tax advisor to determine whether and to what extent you are eligible.

Sale, Exchange or other Taxable Disposition of Shares or ADSs

If you are a U.S. holder that holds shares or ADSs as capital assets, then you generally will recognize capital gain or loss upon a sale, exchange or other taxable disposition of shares or ADSs. The difference between your adjusted tax basis in the shares or ADSs and the amount realized on the disposition. If you are a non-corporate U.S. holder, the maximum marginal capital gain tax rate generally is lower than the maximum marginal U.S. federal income tax rate applicable to ordinary dividends) if your holding period for the shares or ADSs exceeds one year (one year). If you are a U.S. holder, then the gain or loss, if any, recognized by you generally will be taxable as capital gain or loss. The U.S. case may be, for U.S. foreign tax credit purposes.

If you are a U.S. holder and you receive any foreign currency on the disposition of shares or ADSs, the dollar value of the payment received, translated at the spot rate of exchange in effect on the date of the shares are treated as traded on an established securities market, according to the U.S. holder's election (which must be applied consistently from year to year without the consent of the U.S. Internal Revenue Service) will determine the amount realized on the disposition of the shares or ADSs by translating the amount received at the spot rate of exchange in effect on the date of the disposition. A U.S. holder that does not make the special election will have to recognize any gain or loss as a result of currency fluctuations between the trade date and the date of the disposition of the shares or ADSs, as the case may be.

Medicare Tax

For taxable years beginning after December 31, 2012, certain U.S. holders who are subject to Medicare tax on their net investment income (i) the U.S. holder's "net investment income" for the taxable year over which the holder's modified adjusted gross income for the taxable year over which the holder's net investment income will be between \$125,000 and \$250,000, depending on the individual's holding status. Net investment income will generally include its dividend income and its net gains from the sale of shares or ADSs if such income or net gains are derived in the ordinary course of the conduct of a trade or business that consists of certain passive or trading activities). If you are a U.S. holder that is subject to Medicare tax, you are urged to consult your tax advisor regarding the application of Medicare tax to your investment in shares or ADSs.