



## Buyback of own shares for the purpose of a capital reduction Trading on a separate trading line on SIX Swiss Exchange

### Legal basis

On 28 June 2020, the Board of Directors of ABB Ltd, Affolternstrasse 44, 8050 Zurich («**ABB**» or the «**Company**») decided to repurchase a maximum of 10% of its issued share capital (the «**Repurchase Programme**»). When taking into account the number of treasury shares held by the Company, this represents a maximum of 180 million shares, and a corresponding maximum buyback amount of approximately CHF 4.2 billion based on ABB's closing share price on SIX Swiss Exchange Ltd on 21 July 2020.

The share capital of ABB currently registered in the Commercial Register amounts to CHF 260,177,791.68 and is divided into 2,168,148,264 registered shares, each with a par value of CHF 0.12 (each a «**Registered Share**»).

The Board of Directors of ABB intends to propose at the ordinary Annual General Meeting of ABB on 25 March 2021 a corresponding capital reduction by cancellation of the Registered Shares bought under the Repurchase Programme.

The Registered Shares to be acquired through the Repurchase Programme will be repurchased on a separate trading line on the SIX Swiss Exchange Ltd from 23 July 2020. The Repurchase Programme does not cover the Registered Shares listed on NASDAQ OMX Stockholm or the ADSs of ABB listed on the New York Stock Exchange.

### Trading on a separate trading line on SIX Swiss Exchange Ltd

As part of the Repurchase Programme, a separate trading line will be established in accordance with the International Reporting Standard of the SIX Swiss Exchange Ltd. Only ABB can act as a buyer on the separate trading line (security number 35.767.961) and acquire its own Registered Shares via UBS AG, the bank that has been mandated to execute the Repurchase Programme. The trading of the Registered Shares on the ordinary trading line (security number 1.222.171) is not affected and will continue in its normal course. Any shareholder of ABB who is willing to sell, can choose to sell Registered Shares on the ordinary trading line or to tender them on the separate trading line for the purpose of a future capital reduction.

ABB is not obliged to buy its own Registered Shares on the separate trading line at any time; it will act as a buyer according to market conditions and strategic opportunities. The conditions set out in the TOB circular no. 1: Buyback Programmes of 27 June 2013 (as of 1 January 2016) will be complied with.

In accordance with Article 123 (1) (c) FMIO, the maximum repurchase volume per day can be found on the ABB website at: <https://global.abb/group/en/investors/investor-and-shareholder-resources>

### Buyback price

The buyback prices and the prices on the separate trading line are based on the prices for Registered Shares traded on the ordinary trading line.

### Payment of the net price and delivery of the securities

Transactions on the separate trading line constitute regular stock exchange transactions. Hence, the net price (buyback price less Swiss federal withholding tax, see para. 1 (Swiss withholding tax) below) will be paid, and the Registered Shares delivered, as customary, on the second trading day after the transaction date.

## **Mandated bank**

ABB has mandated UBS AG to execute the Repurchase Programme. UBS AG will be the sole member of the stock exchange offering bid prices for Registered Shares on behalf of ABB on the separate trading line.

## **Delegation agreement**

In accordance with Article 124 (2) (a) and (3) FMIO, ABB and UBS AG have entered into a delegation agreement, according to which UBS AG shall make the repurchases independently within defined parameters. However, in accordance with Article 124 (3) FMIO, ABB may terminate this delegation agreement at any time without justification or modify the parameters.

## **Duration of the Repurchase Programme**

The separate trading line on SIX Swiss Exchange Ltd will open on 23 July 2020 and is expected to be maintained until 24 March 2021. ABB reserves the right to end the Repurchase Programme at any time and has no obligation to purchase Registered Shares on the separate trading line under the Repurchase Programme.

## **Duty to trade on the exchange**

In accordance with the regulations of SIX Swiss Exchange Ltd, off-exchange transactions are not permitted in case of share repurchases on a separate trading line.

## **Disclosure of transactions**

ABB will publish the transactions executed under the Repurchase Programme on the following website: <https://global.abb/group/en/investors/investor-and-shareholder-resources> The result of the Repurchase Programme will also be published on this website on the first trading day after its termination.

## **Own holdings**

As of 30 June 2020, ABB held 33,573,603 of its own registered shares directly and indirectly. This corresponds to 1.5% of the voting rights and of the share capital currently recorded in the Commercial Register.

## **Shareholders with more than 3% of the voting rights**

According to the reports received and published by ABB up to 20 July 2020, the following beneficial owners hold more than 3% of ABB's capital and voting rights<sup>1)</sup>:

- Investor AB, Stockholm, Sweden	12.2% <sup>2)</sup>
- Cevian Capital II GP Limited, Jersey, Channel Islands	5.92% <sup>3)</sup>
- BlackRock, Inc., New York, USA	3.36% <sup>4)</sup>

<sup>1)</sup> calculation basis: Share capital currently registered in the commercial register

<sup>2)</sup> on 30 June 2020

<sup>3)</sup> on 12 February 2020

<sup>4)</sup> on 31 August 2017

ABB is not aware of the intentions of the above-mentioned beneficial owners with regard to a potential sale of their Registered Shares under the Repurchase Programme.

## **Non-public information**

In accordance with the applicable rules, ABB confirms that it does not currently hold any non-public information that could significantly influence a shareholder decision.

## **Taxes and deductions**

A company's buyback of its own registered shares (on a separate trading line) for the purpose of reducing capital is treated as a partial liquidation of that company for both Swiss withholding tax and direct taxes purposes. More specifically, this has the following tax implications for the selling shareholders:

## 1. Swiss withholding tax

In the case of a share buyback, the Company must charge its capital contribution reserves, if available, to the same extent as other reserves since 1 January 2020 (50:50 rule). The Swiss withholding tax is therefore 35% on up to half the difference between the buyback price of the Registered Shares and their nominal value, insofar as reserves from capital contributions confirmed by the Federal Tax Administration are available. As soon as there will be no more reserves from capital contributions confirmed by the Federal Tax Administration, the Swiss withholding tax of 35% will apply on the difference between the buyback price of the Registered Shares and their nominal value. The Company or the bank mandated by the Company will deduct the tax from the buyback price on behalf of the Federal Tax Administration.

Persons domiciled in Switzerland are entitled to a refund of the Swiss withholding tax provided that they are the beneficial owners of the shares at the time of redemption and provided that no tax evasion is committed (art. 21 of the Swiss Withholding Tax Act). Persons domiciled abroad may reclaim part of the Swiss withholding tax subject to the provisions of any relevant double taxation agreement.

## 2. Direct taxes

The following statements refer to the levying of direct federal taxes. As a rule, the same practice applies to cantonal and municipal taxes as to direct federal taxes.

### a) *Registered Shares held as private assets:*

In the case of a direct return of Registered Shares to the Company, the difference between the buyback price and the par value of the Registered Share constitutes taxable income (nominal value principle).

### b) *Registered Shares held as business assets:*

In the case of a direct return of Registered Shares to the Company, the difference between the buyback price and the book value of the Registered Share constitutes taxable income (book value principle)

Shareholders domiciled outside of Switzerland for tax purposes will pay tax in accordance with the legislation of the country in which they are domiciled.

## 3. Fees and duties

The repurchase of own shares for the purpose of a capital reduction is exempt from transfer tax for the selling shareholder. However, the SIX Swiss Exchange Ltd fee will apply.

## Applicable law / jurisdiction

Swiss law / Zurich is the exclusive place of jurisdiction.

## Security numbers, ISINs and ticker symbols

Registered share ABB Ltd (ordinary trading line) of CHF 0.12 par value	1.222.171	CH0012221716	ABBN
Registered share ABB Ltd (separate trading line) of CHF 0.12 par value	35.767.961	CH0357679619	ABBNE

## Place and date

Zurich, 22 July 2020

**This advertisement is neither an issuing prospectus in the sense of Art. 652a and 1156 of the Swiss Code of Obligations nor a prospectus pursuant to Art. 35 et seq. FinSA.**

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