



ABB LTD BOARD REGULATIONS

These regulations were adopted by the Board of Directors of ABB Ltd. at its meeting of April 26, 2006 and shall replace the previous regulations of ABB Ltd. of August 5, 1999.



ABB LTD

BOARD REGULATIONS

1. Purpose

These regulations (the Regulations) presented herein define the duties and authorities of the Board of Directors (the Board) of ABB Ltd. (the company) pursuant to Article 716 and Article 716a of the Swiss Code of Obligations, as amended (the Code). The regulations also provide for the delegation of the management of the company's business and affairs to the Chief Executive Officer (CEO), the members of the Executive Committee (EC) of ABB Ltd. and other bodies and officers in accordance with Article 716b of the Code.

2. The Board

2.1. General

The Board shall have the duties and authorities referred to under the provisions of Article 716 and Article 716a of the Code.

2.2. Ultimate responsibility for the company's business and affairs

Within the said duties and authorities, the Board shall assume the ultimate responsibility for the company's business and affairs.

For purposes of these regulations, such responsibility shall include the duty to select carefully, to instruct properly and to supervise diligently the officers listed in the last paragraph of Section 2.3 hereof.

2.3. Other duties and authorities

The Board furthermore shall have the duty and authority, generally upon proposal by the CEO:

- (a) To review and approve business strategies, basic organization and the relevant Group regulations.



- (b) To review and approve the Group's overall accounting principles, its financial control and planning procedures, and its compliance program.
- (c) To review and approve the annual Group budget, the Group's consolidated quarterly and annual financial statements, the company's annual financial statements and the annual report to the shareholders.
- (d) To review and approve the Group's overall guidelines on lending and borrowing limits, and on new investments.
- (e) To review and approve acquisitions, divestitures, liquidations and other transactions which are financially or strategically material to the business activities of the entire Group.
- (f) To nominate and to relieve the officers representing the company and to determine their signatory power for purposes of registration in the commercial registry.
- (g) To take appropriate actions and pass resolutions on all matters to be submitted to, or required for the preparation of the shareholders' meeting pursuant to the Code or the company's Articles of Incorporation;
- (i) To review the Group information systems (IS) strategy; and
- (h) To review and decide upon such other matters as proposed by the CEO.

The Board shall appoint and dismiss:

- (i) The CEO.
- (ii) Generally upon proposal by the CEO, other members of the EC.

The Board shall exercise the ultimate control over the officers listed in this paragraph particularly with regard to their compliance with the laws, Articles of Incorporation, regulations and directives, and to approve major changes in the said officers' positions.

2.4. Procedures

The procedures of the Board are those set forth in the company's Articles of Incorporation, supplemented by the following:



- (a) The term of the members of the Board shall be one year.
- (b) A member of the Board shall resign at the ordinary shareholders' meeting taking place in the year of his/her 70th birthday.
- (c) Board meetings are convened by the Chairman whenever the need arises or by request of any Board member or the CEO.
- (d) The notice of the Board meeting contains an agenda of all matters to be dealt with and is sent at least five days prior to the date of the meeting.
- (e) Urgent items brought up after the notice of the meeting has been distributed may be discussed at the meeting if the Chairman agrees. Resolutions on such matters, however, can only be taken if two-thirds of the Board members attending the meeting agree.
- (f) Board meetings are chaired by the Chairman or, in his absence, a Vice-Chairman or the longest serving Board member. In case of a tie between Board members, the most senior member will chair the meeting.
- (g) Board proceedings are recorded in minutes and will be distributed to the Board members and to the CEO.
- (h) Board decisions may be taken in the form of circular resolutions, if no Board member requests a meeting in person. Decisions of the Board on urgent matters may be taken in telephone conferences or video conferencing with immediate decision confirmations in writing thereafter.
- (i) The Chairman and any Vice-Chairmen shall have joint signature powers for the company. Other Board members may be granted joint signature powers in order to make sure that the company is properly represented in corporate matters.

3. The Board Committees

The Board shall appoint from among its members the following, permanent committees:

- (i) The Governance, Nomination and Compensation Committee.
- (ii) The Finance, Audit and Compliance Committee.



The objectives and duties of the permanent committees shall be set forth in separate regulations issued or approved by the Board. Each permanent committee shall consist of at least three members of the Board and the Board shall appoint each committee's chairman.

The Board may appoint additional committees for specific areas on an interim basis.

The committees shall regularly report to the Board.

4. The Chairman

In addition to his legal and statutory duties, the Chairman shall carry out those tasks delegated to him by the Board.

The Chairman shall also have the following authorities:

- (i) To take provisional decisions on behalf of the Board on such urgent business matters within the competence of the Board where a regular Board decision cannot reasonably be passed within the required time frame. In such cases the Chairman shall promptly inform the other Board members of the decision and such provisional decision shall be submitted to the Board for ratification as soon as possible.
- (ii) To call for Board meetings, set the agenda and procedural issues related to these meetings.
- (iii) To interact with CEO and EC members on more frequent basis and outside of Board meetings.
- (iv) To represent the ABB Ltd. Board of Directors internally and in the public sphere.

5. CEO and the EC

5.1. Function, duties and authorities

Subject to the provisions of Article 2 hereof, and further subject to the relevant mandatory provisions of the Code, the Board delegates the executive management of the company and of the Group to the CEO. Accordingly, the CEO shall be responsible for the company's and the Group's overall business and affairs and have the final authority in all matters of management that are not within the duties and authorities of the Board or the shareholders' meeting pursuant the provisions of law, the Articles of Incorporation or Article 2 of these regulations. He shall be responsible for the implementation of all Board resolutions and the supervision of all management levels in the Group.



Other members of the EC shall be individually responsible for the division/functions assigned to them.

The EC shall at its meetings discuss matters of a Group-wide interest or importance. Such matters can be referred for review at any meeting by any of the members of the EC.

5.2. Composition

The EC shall consist of:

- (a) The CEO who shall have overall and sole responsibility for the management of the company and of the Group and shall report directly to the Board.
- (b) The other members, to whom the CEO shall allocate duties as he deems fit subject to any instructions as the Board may issue. Such allocation of duties shall be submitted by the CEO to the Board before implementation.

5.3. Meetings

The EC meets regularly, as often as business requires, under the leadership of the CEO. Proceedings and decisions are recorded in minutes.

6. Reporting and information

6.1. Reporting

The CEO shall regularly, and whenever extraordinary circumstances so require, report to the Board about the company's and the Group's overall business and affairs.

The manner of such reporting shall be mutually determined between the Chairman and the CEO. It shall in particular provide information on matters falling within the duties and authorities of the Board in accordance with these regulations.

Without limiting the generality of the foregoing, the reporting shall include:

- (a) Monthly reports on financial results, profit and loss, balance sheet, cash flows, important operational matters and other pertinent data.
- (b) Changes in key personnel (global grade 1–3) and Group organization.



- (c) Information on issues which may affect the supervisory or monitoring function of the Board, particularly corporate strategy issues and other issues such as compliance and developments outside the ordinary course of the Group's business as well as extraordinary risks, profits and losses.
- (d) Such directives, guidelines, brochures and similar information as Board members may from time to time request to receive.
- (e) Summary/overview of all material legal disputes. This will be done at least on a quarterly basis.

6.2. Information

Board members are entitled to information concerning the Group's business and affairs.

At each Board meeting, the Board members shall be briefed by the Chairman and those members of the EC designated by the Chairman on the Group's business performance and on material events affecting the company and the Group.

Board members shall be notified immediately of any important extraordinary events that may arise.

Outside of Board meetings, every Board member shall be entitled, subject to prior notification to the Chairman, to request information from members of the EC concerning the Group's business performance. Subject to prior approval by the Chairman, they shall also be entitled to request information about specific matters.

The Chairman issues guidelines that explain how individual Board members directly interact with the CEO and members of the EC.

6.3. Timely submission

Information to the Board shall be given in a timely manner so as to allow the Board to review it with the required degree of diligence and care. In case of urgency or if other extraordinary circumstances so require, the CEO shall discuss with the Chairman the appropriate actions, such as a circular Board resolution or provisional approval by the Chairman.



7. Further regulations

The regulations are supplemented by such further regulations and directives as the Board or CEO may from time to time issue in accordance with their respective duties and authorities (e.g., Group directives and instructions).

Together with these regulations, such further regulations and directives shall constitute the body of the Group's organizational rules in the sense of Article 716 b of the Code.