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ABB uncovers criminal activity in South Korean subsidiary

ABB has uncovered a sophisticated criminal scheme related to a significant embezzlement and misappropriation of funds in its South Korean subsidiary. The treasurer of the South Korean subsidiary is suspected of forging documentation and colluding with third parties to steal from the company. The suspected individual went missing on February 7, 2017 and subsequently ABB discovered significant financial irregularities in South Korea. The company immediately launched a full investigation in South Korea engaging independent forensic and legal specialists and collaborating with law enforcement authorities. ABB is working with the local police on the investigation and Interpol's engagement.

This embezzlement and misappropriation of funds will have an impact on the previously reported unaudited 2016 results. Current estimate is a pre-tax charge of approx. \$100 million. ABB has initiated mitigating actions to reduce the impact of this criminal activity on its results significantly including recovery of misappropriated funds, legal claims and insurances.

The company has checked and reconfirmed the balances of its global bank accounts and can confirm that this situation is limited to South Korea. ABB has a zero-tolerance approach to unethical behavior and maintains the highest standards regarding integrity and ethical business practices.

As a consequence of the ongoing investigation, ABB will publish its 2016 Annual Report latest by March 16, 2017.

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing more than a 125-year history of innovation, ABB today is writing the future of industrial digitalization and driving the Energy and Fourth Industrial Revolutions. ABB operates in more than 100 countries with about 132,000 employees. www.abb.com

Important notice about forward-looking information

This press release includes forward-looking information and statements. This information is generally identifiable by statements containing words such as "expects," "believes," "estimates," "intends" or similar expressions. Because there are uncertainties, many of which are beyond our control, the actual results may differ. Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will not change.

For more information, please contact:

Media Relations
Tel: +41 43 317 65 68
media.relations@ch.abb.com

Investor Relations
Tel. +41 43 317 71 11
investor.relations@ch.abb.com

ABB Ltd
Affolternstrasse 44
8050 Zurich
Switzerland