

PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF

ABB Limited

(Registered Office: 2nd Floor, East Wing, Khanija Bhavan, 49, Race Course Road, Bengaluru - 560 001)

CASH OFFER FOR ACQUISITION OF EQUITY SHARES FROM SHAREHOLDERS

This Public Announcement ("PA") is being issued by HSBC Securities and Capital Markets (India) Private Limited ("HSCI" or the "Manager to the Offer") for and on behalf of ABB Asea Brown Boveri Ltd. (Registered office: Affolternstrasse 44, CH-8050 Zurich, Switzerland) ("Acquirer") and ABB Ltd. (Registered office: Affolternstrasse 44, CH-8050 Zurich, Switzerland) ("PAC") to the shareholders of ABB Limited (Registered office: 2nd Floor, East Wing, Khanija Bhavan, 49, Race Course Road, Bengaluru - 560 001) ("Target Company") pursuant to and in compliance with, among others, Regulation 11(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("SEBI (SAST) Regulations" or the "Regulations").

BACKGROUND TO THE OFFER

- The Acquirer along with the PAC is making a voluntary offer (the "Offer" or "Open Offer") to the public shareholders of the Target Company for acquiring up to 48,510,997 fully paid up equity shares of the Target Company (the "Offer Size") constituting 22.89% of the Voting Share Capital (as defined in paragraph 1.3 below) of the Target Company at a price of Rs. 900 per equity share (the "Offer Price").
- The Acquirer forms part of the promoter group of the Target Company and holds 87,879,955 equity shares in the Target Company constituting 46.19% of the Voting Share Capital. The Acquirer and one of its subsidiaries, ABB Norden Holding AB (Registered office: SE-721 83 Vasterås, Sweden) ("Subsidiary") hold an aggregate of 110,420,285 equity shares of the Target Company constituting 52.11% of the Voting Share Capital of the Target Company.
- The issued, subscribed and paid up equity share capital of the Target Company is Rs. 423,816,750 divided into 211,908,375 outstanding equity shares ("Voting Share Capital") of face value of Rs. 2 each. There are currently no outstanding partly paid up shares or any other instruments convertible into equity shares of the Target Company at a future date.

THE OFFER

- This Offer is being made by the Acquirer along with the PAC to the public shareholders of the Target Company to acquire up to 48,510,997 equity shares being 22.89% of the Voting Share Capital of the Target Company as on August 11, 2010, being the date which is 15 days from the date of closure of the Offer, as required under Regulation 21(5) of the SEBI (SAST) Regulations. This Offer is being made pursuant to Regulation 11(1) of the SEBI (SAST) Regulations, at a price of Rs. 900 per fully paid up equity share, payable in cash in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions mentioned hereinafter.
- Upon completion of the Offer, assuming full acceptance of the Offer, the Acquirer and the Subsidiary, will hold 158,931,282 equity shares in the Target Company representing 75.00% of the Voting Share Capital of the Target Company.
- The Manager to the Offer will hold any equity shares of the Target Company on the date preceding the date of this PA. Subject to the receipt of statutory approvals as set out in paragraph 8 below, and other terms and conditions set out in this PA and the Letter of Offer to be sent to the public shareholders of the Target Company, the Acquirer or PAC will acquire equity shares tendered pursuant to the Offer up to the Offer Size. In terms of Regulation 27 of the SEBI (SAST) Regulations, if the statutory approvals are refused, the Offer would be withdrawn by the Acquirer or PAC.
- This Offer is being made to all the public shareholders of the Target Company and is not conditional on any minimum level of acceptance by the public shareholders of the Target Company.
- The terms of the Listing Agreement with the BSE and the NSE, as defined in paragraph 3.1 below, the Target Company is required to maintain at least 10% public shareholding for listing on a continuous basis. The Acquirer and PAC do not intend to acquire equity shares which may result in the public shareholding of the Target Company being reduced below the minimum level required as per the Listing Agreement.
- Neither the Acquirer nor the PAC or their respective directors have acquired any equity shares of the Target Company during the 12 month period prior to the date of this PA.
- This is not a competitive bid.
- The Offer is not being made by an indirect acquisition.
- The equity shares of the Target Company will be acquired by the Acquirer or PAC free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights after declared thereon.

OFFER PRICE

- The equity shares of the Target Company are listed on The Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). Based on the information available, the equity shares of the Target Company are frequently traded on the BSE and the NSE (within the meaning of explanation (f) of Regulation 20(5) of the SEBI (SAST) Regulations).
- The Offer Price of Rs. 900 is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations. As per Regulation 20(4), the minimum Offer Price should be the highest of the following:
 - Negotiated price under an agreement for acquisition of equity shares or voting rights in the Target Company by the Acquirer or PAC – Not applicable
 - Price paid by the Acquirer or PAC for acquisition of equity shares during the 26 week period prior to the date of this PA – Not applicable
 - The Offer Price computed under explanation (c) of Regulation 20(4), as below:

	Rs. 792.32
The average of the weekly high and low of the closing prices of the equity shares of the Target Company during the 26 week period preceding the date of this PA	
The average of the daily high and low of the prices of the equity shares of the Target Company during the 2 week period preceding the date of this PA	Rs. 711.12
The share price data of the Target Company is sourced from the NSE, where it is most frequently traded preceding the date of this PA	

- Source: NSE website: www.nseindia.com
- In view of the above, the Offer Price of Rs. 900 is justified as per the SEBI (SAST) Regulations.
- This Offer is being made in terms of Regulation 11(1) of the SEBI (SAST) Regulations, pursuant to the desire of the Acquirer and the PAC to further increase control in the Target Company in order to facilitate the long-term development of ABB's business in India and is not being made pursuant to any agreement entered into either by the Acquirer or by the PAC with any person to acquire any equity shares in the Target Company.
- In case the number of equity shares tendered for sale by the shareholders is more than the Offer Size, the Acquirer or PAC shall accept the offers received from the shareholders on a proportionate basis as per Regulation 21(6) of the SEBI (SAST) Regulations in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner.
- Acquisition of equity shares of the Target Company, if any, by the Acquirer or PAC during the Offer period shall be in compliance with Regulation 20(7) of the SEBI (SAST) Regulations. If the Acquirer or PAC acquires equity shares of the Target Company after the date of this PA and up to 7 working days prior to the Offer Closing Date (as defined in paragraph 11.2 below) at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid applications received and accepted under the Offer.

INFORMATION ABOUT THE ACQUIRER

- The Acquirer is a private limited company incorporated on January 4, 1988 with registration number CH-020.3.900.058-8, under the laws of Switzerland, with its registered office at Affolternstrasse 44, CH-8050 Zurich, Switzerland.
- In January 1988, Asea AB and BBC Brown Boveri AG each contributed almost all of their businesses to the newly formed ABB Asea Brown Boveri Ltd i.e. the Acquirer, of which they each owned 50%. In 1996, Asea AB was renamed ABB AB and BBC Brown Boveri AG was renamed ABB AG. In February 1999, the ABB group announced a group reconfiguration designed to establish a single parent holding company and a single class of shares. The PAC i.e. the parent of the Acquirer, ABB Ltd, was incorporated on March 5, 1998, under the laws of Switzerland and in June 1999, ABB Ltd became the holding company for the Acquirer and for the entire ABB group.
- The PAC owns 100% of the share capital of the Acquirer.
- The shares of the Acquirer are not listed on any stock exchange.
- The Acquirer directly or indirectly controls group companies which are fully consolidated in the ABB group consolidated financial statements.
- The total shareholder's equity of the Acquirer is CHF 11,748 million as at December 31, 2009 (equivalent to Rs. 4,749,089 lakhs based on the exchange rate as defined in paragraph 12.10 below).
- The board of directors of the Acquirer comprises 5 members: Mr. Michel Demare (Chairman), Ms. Diane de Saint Victor (Vice Chairperson), Mr. Alex Hall (Member), Mr. Thomas Fuerer (Member) and Mr. Hannu Kasi (Member).
- The audited financial statements of the Acquirer have been prepared in accordance with Swiss law. Specifically, in accordance with article 663(3) of the Swiss Code of Obligations, as the Acquirer is included in the consolidated financial statements of the PAC, no consolidated financial statements have been prepared for the Acquirer. The financial highlights based on the audited financial statements of the Acquirer for the years ended December 31, 2007, December 31, 2008 and December 31, 2009 are as follows:

As on or for Year ended	December 31, 2007		December 31, 2008		December 31, 2009	
	CHF (in million, except for per share data)	Rs. (in lakhs, except for per share data)	CHF (in million, except for per share data)	Rs. (in lakhs, except for per share data)	CHF (in million, except for per share data)	Rs. (in lakhs, except for per share data)
Total Revenues (1)	2,044	826,328	3,947	1,595,769	2,351	950,427
Profit after Tax (2)	5,389	2,178,333	2,413	975,316	2,190	885,187
Paid up Share Capital	2,768	1,118,964	2,768	1,118,964	2,768	1,118,964
Retained Earnings (3)	5,394	2,180,341	6,606	2,670,557	7,596	3,070,643
Others (4)	1,384	559,482	1,384	559,482	1,384	559,482
Net Worth (5)	9,546	3,858,787	10,758	4,349,003	11,748	4,749,089
Book Value Per Share – Basic and Diluted (6)	3,949	1,39,407	3,887	157,117	4,244	171,051

Additional Information:

- "Total Revenues" comprise the following items in the audited financial statements:

	2007	2008	2009
Dividend Income	1,642	663,848	3,252
Finance Income	113	45,573	222
Revenues	269	116,908	473
Total	2,044	826,328	3,947
- "Profit after Tax" represents "Net income" in the audited financial statements.
- "Retained Earnings" represents the total of "Retained Earnings" and "Net income" in the audited financial statements.
- "Others" represents the "Legal Reserve" which is a part of shareholder's equity in the audited financial statements and required under Swiss law.
- "Net Worth" represents "Total stockholder's equity" in the audited financial statements.
- "Book Value Per Share - Basic and Diluted" is calculated as follows: "Net Worth" divided by the number of issued registered shares on December 31, of each year. No dilutive instruments were outstanding at any of the above dates.
- "Earnings Per Common Share - Basic and Diluted" is calculated as follows: "Profit after Tax" divided by the average number of issued registered shares for each corresponding year. No dilutive instruments were outstanding at any of the above dates.
- "Return on Shareholders' Equity after tax (%) (8)" is calculated as follows: "Profit after Tax" for the respective year, divided by the average of the "Net Worth" at the beginning and end of the respective year.

Source: Audited financial statements of the Acquirer as of December 31, 2007, 2008 and 2009, prepared in accordance with Swiss law.

INFORMATION ABOUT THE PAC

- The PAC is a listed company incorporated under the laws of Switzerland on March 5, 1999 with registration number CH-020.3.021.615-2. It has its registered office and principal place of business at Affolternstrasse 44, CH-8050 Zurich, Switzerland and as mentioned above is the direct holding company of the Acquirer.
- The principal trading market for PAC's shares is the SIX Swiss Exchange. Its shares are also traded on the NASDAQ OMX Stockholm Exchange and New York Stock Exchange. The closing price of equity shares of the PAC on the SIX Swiss Exchange as of May 14, 2010 was CHF 20.35 per share (equivalent to Rs. 822.65 per share based on the exchange rate as defined in paragraph 12.10 below) which implies a Price Earning multiple (based on 2009 diluted Earnings Per Share) of 16.02x.
- The PAC is the ultimate holding company of the ABB group of companies. The PAC and its subsidiaries together form a leading global company specializing in power and automation technologies that improve the performance of utility and industry customers, while lowering environmental impact. ABB Ltd and its subsidiaries work with customers to engineer and install networks, facilities and plants with particular emphasis on enhancing efficiency, reliability and productivity for customers who generate, convert, transmit, distribute and consume energy.
- The PAC is a widely held listed company and there is no promoter or person who is in control of the PAC. It is 100% held by public shareholders, including holdings by institutional and private investors.
- As of December 31, 2009, the paid up capital (capital stock and additional paid-in capital) of the PAC is USD 3,943 million (equivalent to Rs. 1,778,235 lakhs based on the exchange rate as defined in paragraph 12.10 below) consisting of 2,329 million issued shares with a face value of CHF 1.70.
- The board of directors of the PAC comprises 8 members: Mr. Hubertus von Gruenberg (Chairman), Mr. Roger Agnelli (Member), Mr. Louis R. Hughes (Member), Mr. Hans Ulmer Maerki (Member), Mr. Michel de Rosen (Member), Mr. Michael Treschow (Member), Mr. Bernd W. Voss (Member), and Mr. Jacob Wallenberg (Member).
- For more details on the PAC please visit its website at www.abb.com.
- The consolidated financial statements of the PAC are prepared in accordance with United States of America generally accepted accounting standards ("U.S. GAAP"). The financial highlights, based on the audited consolidated financial statements as of and for each of the years ended December 31, 2007, December 31, 2008 and December 31, 2009 are as follows:

As on or for Year ended						
December 31, 2007		December 31, 2008		December 31, 2009		
USD (in million, except for per share data)	Rs. (in lakhs, except for per share data)	USD (in million, except for per share data)	Rs. (in lakhs, except for per share data)	USD (in million, except for per share data)	Rs. (in lakhs, except for per share data)	
Total Revenues	29,183	13,161,533	34,912	15,745,312	31,795	14,339,545
Profit after Tax (1)	3,611	1,628,561	3,118	1,406,218	2,901	1,308,351
Paid up Share Capital (2)	5,780	2,606,780	4,841	2,183,291	3,943	1,785,293
Retained Earnings	6,809	3,070,659	9,477	4,277,077	12,828	5,785,428
Others (3)	(1,822)	(78,632)	(3,610)	(1,628,110)	(2,981)	(1,344,431)
Net Worth (4)	10,957	4,941,607	11,158	5,032,258	13,790	6,219,290
Book Value Per Share – Diluted (5)	4.75	214.11	4.86	219.18	6.03	271.82
Book Value Per Share – Basic (6)	4.85	218.85	4.88	220.04	6.04	272.30
Earnings Per Common Share - Diluted (7)	1.57	70.81	1.36	61.34	1.27	57.28
Earnings Per Common Share - Basic (8)	1.60	72.16	1.36	61.34	1.27	57.28
Return on Shareholders' Equity after taxes (%) (9)	42.49%	42.49%	28.20%	28.20%	23.26%	23.26%

Additional Information:

- "Profit after Tax" represents "Net income attributable to ABB" in the audited consolidated financial statements.
- "Paid up Share Capital" represents "Capital stock and additional paid-in capital" in the audited consolidated financial statements.
- "Others" represents the total of "Accumulated other comprehensive loss" and "Treasury stock, at cost" in the audited consolidated financial statements.
- Accumulated other comprehensive loss
- Treasury stock, at cost
- Total
- "Net Worth" represents "Total ABB stockholder's equity" in the audited consolidated financial statements.

- "Book Value Per Share – Diluted" is calculated as follows: "Net Worth" (as of Dec. 31 of the respective year) divided by the average number of shares (in millions and for the respective year) used to calculate "Diluted earnings per share attributable to ABB shareholders" in the audited consolidated financial statements.
- "Book Value Per Share – Basic" is calculated as follows: "Net Worth" (as of Dec. 31 of the respective year) divided by the average number of shares (in millions and for the respective year) used to calculate "Basic earnings per share attributable to ABB shareholders" in the audited consolidated financial statements.

- "Earnings Per Common Share – Diluted" is calculated as follows: "Profit after Tax" (for the respective year) divided by the average number of shares (in millions and for the respective year) used to calculate "Diluted earnings per share attributable to ABB shareholders" in the audited consolidated financial statements.
- "Earnings Per Common Share – Basic" is calculated as follows: "Profit after Tax" (for the respective year) divided by the average number of shares (in millions and for the respective year) used to calculate "Basic earnings per share attributable to ABB shareholders" in the audited consolidated financial statements.

- "Return on Shareholders' Equity after taxes (%) (9)" is calculated as follows: "Profit after Tax" for the respective year, divided by the average of the "Net Worth" at the beginning and end of the respective year.

Source: Audited consolidated financial statements of the PAC as of December 31, 2009 and for each of the years in the three year period ended December 31, 2009, prepared in accordance with U.S. GAAP.

INFORMATION ABOUT THE TARGET COMPANY

- ABB Limited is a public limited company with its registered office located at 2nd Floor, East Wing, Khanija Bhavan, 49, Race Course Road, Bengaluru – 560 001, Tel: +91-80-22949150, Fax: +91-80-22949148. The Acquirer and the Subsidiary hold 52.11% of the Target Company's Voting Share Capital.
- The Target Company was incorporated on December 24, 1949 as The Hindustan Electric Company Limited. On September 24, 1965, the Target Company's name was changed to Hindustan Brown Boveri Limited ("HBB"). Pursuant to a court order, the Hindustan Electric Company Limited was dissolved on January 1, 1989, the name was further changed to ABB Limited. The Hindustan Electric Company Limited was merged with HBB with effect from January 1, 1989, the name was further changed to ABB Limited, with effect from October 13, 1989. Effective April 16, 2003, the name was further changed to ABB Limited.
- There are no partly paid up shares or securities convertible into equity shares of the Target Company.
- The Target Company provides power and automation technologies for utility and industrial customers. The Target Company's business structure is in line with that of the PAC. On November 27, 2009, the PAC announced a reorganization of its automation divisions to align their activities more closely with those of its customers. Effective January 1, 2010, the businesses in the Automation Products and Robotics divisions have been regrouped into two new divisions—the Discrete Automation and Motion division and the Low Voltage Products division. The Process Automation division remains unchanged except for the addition of the instrumentation business from the previous Automation Products division. Consequently, the Target Company operates in five divisions:
 - Power Products:** incorporates ABB's manufacturing network for transformers, switchgear, circuit breakers, cables and associated equipment;
 - Power Systems:** offers turnkey systems and services for power transmission and distribution grids and for power plants;
 - Discrete Automation and Motion:** provides products, solutions and related services that increase industrial productivity;
 - Automation:** provides products, solutions and related services that increase industrial productivity;
 - Low Voltage Products:** manufactures low-voltage circuit breakers, switches, control products, wiring accessories, enclosures and cable systems to protect people, installations and electronic equipment from electrical overload; and
 - Process Automation:** provides customers with products and solutions for instrumentation, automation and optimization of industrial processes.

- The equity shares of the Target Company are listed on BSE and NSE.
- The audited financial statements of the Target Company are prepared in accordance with Indian generally accepted accounting standards. The financial highlights based on the audited financials for the years ended December 31, 2007, December 31, 2008 and December 31, 2009 are as follows:

As on or for Year ended	December 31, 2007	December 31, 2008	December 31, 2009
Rs. (in lakhs, except for per share data)	Rs. (in lakhs, except for per share data)	Rs. (in lakhs, except for per share data)	Rs. (in lakhs, except for per share data)
Sales and Services (Net)	593,031	683,703	623,720
Total Income	600,136	686,745	630,977
Profit after Tax	49,167	54,741	55,465
Paid up Share Capital	49,167	54,741	55,465
Retained Earnings (1)	158,396	207,657	238,135
Net Worth (2)	162,634	211,895	242,373
Book Value per Share (3)	76.75	99.99	114.38
Reported Earnings Per Share (Basic and Diluted)	23.20	25.83	16.74
Return on Equity after taxes (%) (4)	34.84%	29.23%	15.61%

Additional Information:

- "Retained Earnings" represents "Reserves and Surplus" in the audited financial statements.
- "Net Worth" is the total of "Paid up Share Capital" and "Retained Earnings".
- "Book Value per Share" is calculated as follows: "Net Worth" divided by the number of "Issued, Subscribed and Paid up shares" as per Dec. 31 of the respective year, as disclosed in the audited financial statements.
- "Return on Equity after taxes (%) (4)" is calculated as follows: "Profit after Tax" for the respective year, divided by the average of the "Net Worth" at the beginning and end of the respective year.

Source: Audited financial statements of the Target Company as of and for the years ended December 31, 2007, 2008 and 2009.

- Based on the closing price of Rs. 673.4 per share on May 14, 2010 on the NSE and the Reported Earnings Per Share for the year ended 2009, the implied Price Earning multiple is 40.23x.
- The board of directors of the Target Company comprises 8 directors: Mr. Gary Steel (Chairman), Mr. Biplob Majumder (Vice Chairman and Managing Director), Mr. Peter Leupp (Director), Mr. Francis Duggan (Director), Mr. N.S. Raghavan (Independent Director), Mr. Nasser Munjee (Independent Director), Mr. Darius E. Udwarda (Independent Director) and Mr. Arun Kanti Dasgupta (Independent Director). Mr. Bernhard Jucker has been appointed as the alternate director to Mr. Peter Leupp.
- Mr. Gary Steel, Mr. Peter Leupp, Mr. Bernhard Jucker and Mr. Francis Duggan are employed by companies in the ABB group which are part of the Target Company, where Mr. Gary Steel is designated as an Executive Committee member responsible for Human Resources, Mr. Peter Leupp is designated as an Executive Committee member responsible for the Power Systems division, Mr. Bernhard Jucker is designated as an Executive Committee member responsible for Power Products Division and Mr. Francis Duggan is designated as a Region Manager for India, Middle East and Africa. Mr. Gary Steel, Mr. Peter Leupp, Mr. Bernhard Jucker and Mr. Francis Duggan may therefore be deemed to be persons having an interest in the PAC and hence in terms of Regulation 22(9) of the Takeover Regulations, they shall excuse themselves and not participate in any matters concerning or relating to the Offer including any preparatory steps leading to the Offer.

- Neither the Acquirer nor the PAC have any intention to change the board of directors of the Target Company as a direct consequence of the Offer except in the ordinary course of business and in compliance with applicable law.

REASONS FOR THE OFFER AND FUTURE PLANS

- The PAC and its subsidiaries together form a leading global company specializing in power and automation technologies that improve the performance of utility and industry customers, while lowering environmental impact. ABB Ltd and its subsidiaries work with customers to engineer and install networks facilities and plants with particular emphasis on enhancing efficiency, reliability and productivity for customers who generate, convert, transmit, distribute and consume energy. The Acquirer and the PAC wish to further increase control in the Target Company in order to facilitate the long-term development of ABB's business in India.
- The Acquirer and the Subsidiary hold an aggregate of 110,420,285 equity shares of the Target Company constituting 52.11% of the Voting Share Capital of the Target Company. The ABB group wishes to further consolidate its shareholding to 75.00% by making this Offer to public shareholders of the Target Company in accordance with Regulation 11(1) of the SEBI (SAST) Regulations.
- The Acquirer is a direct, wholly-owned subsidiary of the PAC, as mentioned above. The Acquirer directly or indirectly controls group companies which are fully consolidated in the ABB group consolidated financial statements.
- Neither the Acquirer nor the PAC, except in the ordinary course of business, have plans to make any major change to the existing lines of business of the Target Company or to dispose of or otherwise encumber any substantial assets of the Target Company in the next 24 months.
- The Acquirer and PAC undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company to the extent required in terms of the Companies Act, 1956.
- Neither the Acquirer nor the PAC have any intention to change the board of directors of the Target Company as a direct consequence of the Offer except in the ordinary course of business and in compliance with applicable law.

STATUTORY APPROVALS FOR THE OFFER

- The PAC is subject to the receipt of the following statutory and regulatory approvals and clearances required by the Acquirer or PAC to acquire equity shares tendered pursuant to the Offer:
 - Approval from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for the acquisition of equity shares by the Acquirer or PAC under the Offer.
- The Acquirer and / or PAC will make the necessary application to and filings with RBI to obtain the statutory approval described above.
- To the best of the knowledge of the Acquirer and PAC, there are no other statutory approvals required to implement the Offer other than the one specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. The Acquirer and PAC will, in terms of Regulation 27 of the SEBI (SAST) Regulations, have the right not to proceed with the Offer in the event any of the statutory approvals required are refused.
- Subject to the receipt of statutory and other approvals, the Acquirer or PAC shall complete all procedures relating to the Offer, including payment of consideration within a period of 15 days from the Offer Closing Date (as defined hereinafter) to those shareholders whose share certificates and / or other documents are found valid and in order and are approved for acquisition by the Acquirer or PAC. In case of non-receipt of the statutory approvals required under Regulation 22(2) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence of the Acquirer or PAC or failure of the Acquirer or PAC to diligently pursue the applications for such approvals, grant an extension for the purpose of completion of this Offer, subject to the Acquirer or PAC agreeing to pay to the shareholders interest as may be specified by SEBI for any delay beyond 15 days.
- However, if the delay occurs on account of the willful default or neglect or inaction or non-action by Acquirer or PAC in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.
- To the best of their knowledge, neither the Acquirer nor the PAC requires any approvals from financial institutions or banks for the Offer.

OPTION IN TERMS OF REGULATION 21(2)

- As per Clause 40A of the Listing Agreement (as amended) with the BSE and NSE, the Target Company is required to maintain at least 10% public shareholding for listing on a continuous basis.
- Based on the current shareholding of the promoter group of the Target Company, pursuant to the successful closure of this Offer made under Regulation 11 and even assuming full acceptances, the public shareholding in the Target Company shall not fall to less than 10% of the Voting Share Capital.

FINANCIAL ARRANGEMENTS

- As per its latest Annual Report for the year ended December 31, 2009, the PAC (whose consolidated financial statements include the accounts of the PAC, the Acquirer and other companies which are directly or indirectly controlled by the PAC), has consolidated cash and equivalents amounting to USD 7,119 million (equivalent to Rs. 3,210,669 lakhs based on the exchange rate as defined in paragraph 12.10 below) and marketable securities and short-term investments amounting to USD 2,433 million (equivalent to Rs. 1,097,283 lakhs based on the exchange rate as defined in paragraph 12.10 below). The Acquirer and PAC intend to use the cash and equivalents to meet the requirement of the Offer. In terms of Regulation 22(2) of the SEBI (SAST) Regulations and have made financial arrangements to meet their obligations in full under the Offer.
- The total funding requirement for the Offer (assuming full acceptances) i.e. for the acquisition of up to 48,510,997 equity shares held by shareholders in the Target Company at Rs. 900 per equity share is Rs. 43,659,897,300 (Rupees Four thousand three hundred and sixty five crores, ninety eight lakhs, ninety seven thousand and three hundred).
- HSBC Bank plc, incorporated in United Kingdom, with its main office at 8 Canada Square, London, United Kingdom E14 5HD, has issued a letter dated May 14, 2010 confirming that the Acquirer and PAC have sufficient means and financial capability to fund the purchase of up to 48,510,997 fully paid up equity shares being 22.89% of the Voting Share Capital of the Target Company) at the Offer Price for a total consideration of Rs. 43,659,897,300 (Rupees Four thousand three hundred and sixty five crores, ninety eight lakhs, ninety seven thousand and three hundred).
- The Acquirer and PAC have by a certificate dated May 14, 2010 given an undertaking to the Manager to the Offer to meet their financial obligations under the Offer.
- By way of security for performance of Acquirer and PAC's obligations under the SEBI (SAST) Regulations, an unconditional, irrevocable and on demand bank guarantee dated May 14, 2010 ("Bank Guarantee") has been issued by HSBC Bank plc (Registered office: 8 Canada Square, London, United Kingdom E14 5HD), on behalf of the Acquirer and PAC to the Manager to the Offer which is valid up to and including November 17, 2010 for an amount of Rs. 4,515,389,730 (Rupees Four hundred and fifty one crores, fifty nine lakhs, eighty nine thousand, seven hundred and thirty) being the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e., 25% of the first Rs. 100 Crores and 10% thereafter.

- Further, the Acquirer has created an Escrow Account named "ABB Limited Open Offer Escrow Account" ("Escrow Account – Cash") with The Hongkong and Shanghai Banking Corporation (HSBC) (Shilling Building, Plot No. 139-140, Western Express Highway, Sahar Road Junction, Vile Parle (East), Mumbai – 400 057), and has deposited a sum of Rs. 477,360,000 (Rupees Forty seven crores, seventy three lakhs and sixty thousand) in the said Escrow Account – Cash, for the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e., in excess of 1% of the total consideration. The Bank Guarantee and Escrow Account – Cash are together referred to as "Escrow Accounts".
- HSCI has been duly authorized to realize the value of the aforesaid Escrow Accounts in terms of the SEBI (SAST) Regulations.
- Based on the above, HSCI is satisfied with the ability of Acquirer and PAC to implement the Offer in accordance with the SEBI (SAST) Regulations as financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

OTHER TERMS OF THE OFFER

- The Letter of Offer, together with a Form of Acceptance-cum-Acknowledgement and Form of Withdrawal, will be mailed on or before June 28, 2010 to all shareholders of the Target Company whose names appear in the Register of Members of the Target Company and the beneficial owners of the equity shares, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on June 4, 2010 (the "Specified Date").
- The Offer shall open on June 8, 2010 and will remain open until July 20, 2010 (the "Offer Closing Date").
- Shareholders holding equity shares in physical form: Shareholders holding equity shares in physical form who wish to accept this Offer and tender their equity shares will be required to send the Form of Acceptance-cum-Acknowledgement, along with the