

Press release**Berne, 15 March 2006****Ascom trebles Group profit in 2005 – Focusing strategy implemented successfully – Plans for distribution of free funds totalling CHF 190 million**

Fiscal 2005 saw Ascom successfully implement its focusing strategy, while making substantial investments in the future and significantly strengthening its management. In fiscal 2005, Ascom's revenues from continuing operations (Wireless Solutions, Security Solutions, Special Products) reached CHF 688.6 million. On the EBIT level, Ascom posted a profit of CHF 34.7 million on continuing operations (EBIT for first half of 2005: CHF 20.8 million). Group profit trebled to CHF 144.8 million compared to CHF 46.9 million in 2004. This includes profits totalling CHF 103.7 million from the sale of business activities and real estate. On the basis of a high equity ratio of 51% and sufficient net liquidity of CHF 279 million, the Board of Directors proposes to the Annual General Meeting the distribution of a total of CHF 190 million in the form of a tax-efficient par value repayment of CHF 180 million and a dividend of CHF 10 million.

Last year Ascom succeeded in implementing the focusing strategy adopted in the autumn of 2004, and in selling its Transport Revenue Division as well as the Swiss and Belgian units of Network Integration. After the balance sheet date, new owners were also found for the business operations of Network Integration Germany and Powerline Communications. In its approach to all divestments, Ascom attached importance to achieving optimum divestment results and to finding new owners for the business unit in question who would pursue positive future development opportunities both for customers and for the business and its employees.

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In fiscal 2005, Ascom (Wireless Solutions, Security Solutions, Special Products) posted revenues of CHF 688.6 million. In comparison, revenues in 2004 came to CHF 777.7 million after adjustment for divestments. Earnings before interest and taxes (EBIT) totalled CHF 34.7 million, as compared with a year-back figure of CHF 42.0 million.

During the year under review Ascom made intensive efforts at Wireless Solutions and Security Solutions to harness future growth. The emphasis was on new product and solution development as well as on measures to strengthen management in the business units and enhance the professionalism of the sales forces. In all, Ascom increased its investment in development of new products and solutions for Wireless Solutions (including VoWIFI and IP-DECT) and Security Solutions (including Mobile Test Solutions, Q-Voice) by more than CHF 7 million in comparison with 2004.

The year under review saw Group profit climb to CHF 144.8 million, compared with CHF 46.9 million in fiscal 2004. The 2005 figure includes non-recurring profits of CHF 103.7 million from the sale of business activities and real estate. The result amounts to diluted earnings per share of CHF 4.01, which includes CHF 0.82 attributable to continuing operations. In fiscal 2004, diluted earnings per share stood at CHF 1.29, with CHF 1.00 attributable to continuing operations.

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Wireless Solutions

Wireless Solutions generated revenues of CHF 279.0 million as against CHF 273.8 million in 2004. Revenue from direct business with subsidiaries, which accounts for more than 80% of the Division's total sales, rose by more than 5%, exceeding expectations for the 2005 financial year. By contrast, OEM business, which is more difficult to estimate, – showed a steeper than expected drop. Overall, Wireless Solutions succeeded in growing revenue by 2%. EBIT was down by CHF 1.3 million on 2004 as significantly higher investments in the development of Voice over WiFi and IP-DECT were brought forward. In 2005, Wireless Solutions posted an EBIT of CHF 21.3 million (2004: CHF 22.6 million) with an EBIT margin of around 8%.

Security Solutions

In light of its higher expenditure and declining revenues, Security Solutions' profitability was less than satisfactory. However, the Division's order backlog increased thanks to various large-scale orders. In the 2005 reporting year, Security Solutions recorded revenues totalling CHF 205.7 million, compared with CHF 257.8 million in 2004. As already explained in the 2005 semi-annual report, the result was depressed by the difficulties in the TelcoNet Services (formerly Supplier Business) and Traffic Security business segments. All other Security Solutions business units performed roughly in line with expectations. In the Defence business unit, revenues declined as expected, but incoming orders exceeded expectations. Development expenses were increased at the Mobile

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Test Solutions segment, in order to further improve the competitive position of the unit. In the 2005 financial year, Security Solutions recorded an EBIT totalling CHF (2.1) million, compared with CHF 12.8 million in 2004. Targeted measures already being implemented made it possible to stabilise and improve the Traffic Security business segment, while stepping up efforts to develop products and solutions and enhance the professionalism of the sales force. This created the right conditions to enable Security Solutions to return to profitability in the 2006 financial year.

Special Products

The activities included under Special Products achieved a solid profitability in fiscal 2005. Total revenues amounted to CHF 211.5 million and an EBIT of CHF 9.5 million was recorded. Network Integration Italy generated revenues of CHF 116.8 million (2004: CHF 121.0 million) and an EBIT of CHF 6.3 million (2004: CHF 7.7 million). Thanks to a competitive cost structure, the Payphones unit generated an EBIT of CHF 2.2 million in fiscal 2005, although revenue was significantly lower at CHF 27.9 million than in 2004 (2004: CHF 61.5 million) due to the cyclical nature of the business. The activities included in "Other" (Manufacturing France, Toll France and Hong Kong and Real Estate) generated revenues of CHF 66.8 million and an EBIT of CHF 1.0 million. This includes a non-recurring profit of CHF 6.2 million from the sale of real estate.

Profit after taxes from continuing operations amounted to CHF 29.5 million in the 2005 financial year, as against CHF 36.4 million in 2004.

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Discontinued operations

In the 2005 financial year, the discontinued operations generated revenues of CHF 317.9 million. As a result of divestments, the EBIT increased to CHF 117.5 million compared to CHF 20.5 million in 2004. This rise is attributable to non-recurring profits of CHF 97.5 million from the sale of Network Integration Switzerland and Belgium and Transport Revenue. Profit after taxes from discontinued operations amounted to CHF 115.3 million.

Group

Group profit rose to CHF 144.8 million, compared with CHF 46.9 million in 2004. The gross inflow of cash from the transactions Transport Revenue (amounting to CHF 130 million), and Network Integration Switzerland and Belgium (amounting to a combined CHF 41.8 million), took place within the 2005 financial year according to the contracts. As of 31 December 2005, the net liquidity of the Ascom Group was at CHF 279.1 million, which is sufficient to distribute CHF 190 million to shareholders, as proposed by the Board of Directors. Even after the repayment of liquide assets to shareholders, Ascom's equity base will still be at around 34%, providing the company with the necessary financial basis and stability to successfully implement its medium and long-term corporate strategy.

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Outlook

In fiscal 2006, Ascom's main priority will be organic growth and increased profitability. We expect an increase in the second half of 2006 in particular. With our high-quality, persuasive communications solutions, we are well positioned to achieve our objectives. For Wireless Solutions, we are aiming for revenue growth of around 5% for the current financial year, with an EBIT margin of between 8% and 10%. In the case of Security Solutions, we have set ourselves the target of generating revenues on the same scale as during the 2005 reporting period and achieving a positive result on the level of EBIT.

Proposals to the Annual General Meeting

The Board of Directors of Ascom proposes that the Annual General Meeting on 6 April 2006 distribute liquidity totalling CHF 180 million in the form of a par value repayment which offers attractive tax advantages. The Board also proposes the payment of an ordinary dividend amounting to CHF 10 million for the 2005 financial year, which corresponds to CHF 0.28 per share.

To ensure that shareholders' rights continue to be fully safeguarded even with a lower share capital – after the par value repayment –, the Board of Directors proposes a corresponding lowering of the thresholds for submitting agenda items and for holding secret ballots at General Meetings.

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The Board also proposes that the Annual General Meeting should henceforth elect members of the Board of Directors for a term of office of one year only. On the other hand, it is proposed that the Articles of Association should not specify any minimum or maximum number of members of the Board of Directors.

Beat Näf, member of the Board of Directors of Ascom Holding Ltd, will not be standing for re-election at this year's Annual General Meeting. The Board of Directors wishes to thank Beat Näf for his valuable efforts and dedicated support over the past three years.

The Board of Directors will propose to the Annual General Meeting that Pierre Roy and Adrian Schmassmann be newly elected to the Board of Directors for a term of one year.

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Key financial figures from the income statement

CHFm	FY 2005	FY 2004
Incoming orders	701.3	802.1
Revenue	688.6	838.2*
Gross profit	222.3	250.3
<i>Gross margin</i>	32.3%	29.9%
Operating result	22.8	45.1
EBIT	34.7	42.0
Profit from continuing operations	29.5	36.4
Profit from discontinued operations	115.3	10.5
<i>Incl. profit from divestments</i>	97.5	-
Group profit	144.8	46.9

*incl. divestments amounting to CHF 60.5 million in 2004

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New members of the Board of Directors – Curriculum Vitae

Pierre Roy (born 1952, Swiss citizen).

Pierre Roy has been Chief Operating Officer of the Kudelski Group's Digital TV entity (www.nagra.com) and Executive Vice President since 2003. In 1992 he joined Kudelski SA as Managing Director of Nagra Audio. At the same time, he was Business Development Director of Nagravision and Managing Director of Prével SA (then a company belonging to the Kudelski Group). Pierre Roy began his professional career as a financial analyst with Procter & Gamble. In 1977 he moved to IBM as a commercial engineer and in 1979, he continued his international career with Digital Equipment Corporation, where he held various management positions in the finance & administration and marketing & business management departments. Pierre Roy obtained his degree in business management from HEC, the business administration school of the University of Lausanne.

Adrian Schmassmann (born 1959, Swiss citizen).

Adrian Schmassmann has been Chairman of the Board of Directors of Katadyn since 1 January 2006 (www.katadyn.com) and has served as the company's CEO since 1997. He began his professional career in 1985 with Baerle & Cie. AG, Münchenstein. Adrian Schmassmann joined Saurer Holding AG in 1990 and performed various management functions with an international focus until 1997. Adrian Schmassmann holds a degree in economics from the University of Basel.

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About Ascom

Ascom is an international solution provider with comprehensive technological know-how. The company concentrates on the core areas of Wireless Solutions (high-value, customer-specific on-site communications solutions) and Security Solutions (applications for security, communication, automation and control systems for infrastructure operators, public security institutions and the army). The Special Products Division covers mainly the activities of Network Integration (network solutions for the data/voice convergence market) in Italy and Payphones (specialised products for voice traffic). With a wealth of experience in implementing complex projects for discerning customers, Ascom has established itself in important key markets.

Offerings range from analysis and consulting to system design and system integration, project management, engineering and implementation, right through to maintenance and support. The company has subsidiaries in 18 countries and a workforce of some 2,600 employees worldwide. Ascom registered shares (ASCN) are listed on the SWX Swiss Exchange in Zurich.

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