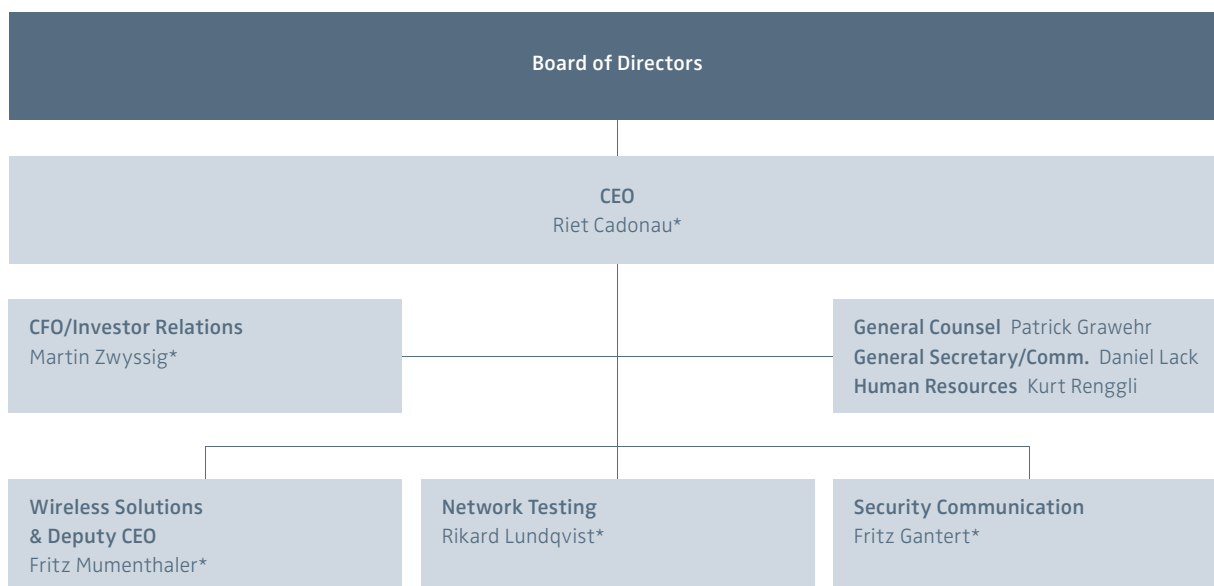


# CORPORATE GOVERNANCE

## 1. CORPORATE STRUCTURE AND SHAREHOLDERS

### Operating corporate structure (as of 1 January 2011)



\* Member of the Executive Board

#### Listed corporation: Ascom Holding Ltd.

Ascom Holding Ltd. (Ascom Holding SA, Ascom Holding AG) is a joint-stock company headquartered in Berne, Switzerland. It has a share capital of CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

The company's registered shares are traded on the SIX Swiss Exchange Main Standard under Securities No. 1133920, symbol ascn.

Ticker symbols:

- **Bloomberg:** ASCN SW
- **Reuters:** ASCN.S

Market capitalization as of 31 December 2010 was CHF 529.2 million.

#### Unlisted Group companies: Ascom Holding Ltd.

The following companies belong to the Ascom Holding Ltd. scope of consolidation (see table on page 21).

Country	Company	Location	Capital	Investment
<b>Austria</b>	Ascom Austria GmbH	Vienna	EUR 3,635,000	Ascom Holding Ltd.: 100%
<b>Belgium</b>	Ascom (Belgium) NV	Brussels	EUR 1,424,000	Ascom Holding Ltd.: 100%
<b>Brazil</b>	Ascom Soluções em Telefonia Móvel Limitada	São Paulo	BRL 1,000	Ascom (Sweden) Holding AB: 100%
<b>China</b>	Ascom (Beijing) Network Testing Service Co., Ltd.	Beijing	CNY 2,594,450	Ascom (Sweden) Holding AB: 100%
<b>Czech Republic</b>	Ascom (CZ) s.r.o.	Prague	CZK 200,000	Ascom (Switzerland) Ltd.: 100%
<b>Denmark</b>	Ascom Danmark A/S	Silkeborg	DKK 1,200,000	Ascom Holding Ltd.: 100%
<b>Finland</b>	Ascom (Finland) Oy	Vantaa	EUR 562,000	Ascom Holding Ltd.: 100%
<b>France</b>	Ascom Holding SA	Nanterre	EUR 80,000	Ascom Holding Ltd.: 100%
	Ascom (France) SA	Nanterre	EUR 2,000,000	Ascom (Sweden) AB: 100%
<b>Germany</b>	Ascom Deutschland GmbH	Frankfurt a. M.	EUR 2,137,000	Ascom Unternehmensholding GmbH: 100%
	Technologiepark Teningen GmbH	Teningen	EUR 6,136,000	Ascom Unternehmensholding GmbH: 94%, Ascom (Switzerland) Ltd.: 6%
	Ascom Unternehmensholding GmbH	Frankfurt a. M.	EUR 5,113,000	Ascom Holding Ltd.: 100%
<b>India</b>	Ascom Network Testing Pvt. Ltd.	Mumbai	INR 1,000,000	Ascom (Sweden) Holding AB: 100%
<b>Malaysia</b>	Ascom Network Testing Sdn Bhd	Subang	MYR 500,000	Ascom (Sweden) Holding AB: 100%
<b>Netherlands</b>	Ascom (Nederland) BV	Utrecht	EUR 1,361,000	Ascom (Sweden) AB: 100%
	Mocsa Real Estate BV	Utrecht	EUR 454,000	Ascom (Nederland) BV: 100%
	Ascom Tateco BV	Hoofddorp	EUR 18,000	Ascom (Nederland) BV: 100%
<b>Norway</b>	Ascom (Norway) A/S	Oslo	NOK 1,250,000	Ascom (Sweden) AB: 100%
<b>Poland</b>	Ascom Poland Sp. z o.o.	Warsaw	PLN 2,405,200	Ascom Holding Ltd.: 100%
<b>South Africa</b>	Ascom Network Testing (PTY) Ltd.	Durban	ZAR 1,000	Ascom (Sweden) Holding AB: 100%
<b>Sweden</b>	Ascom (Sweden) AB	Gothenburg	SEK 96,154,000	Ascom (Sweden) Holding AB: 100%
	Ascom (Sweden) Holding AB	Gothenburg	SEK 70,000,000	Ascom (Switzerland) Ltd.: 100%
	Ascom Network Testing AB	Skellefteå	SEK 100,000	Ascom (Sweden) Holding AB: 100%
<b>Switzerland</b>	Ascom (Switzerland) Ltd.	Berne	CHF 28,002,000	Ascom Holding Ltd.: 100%
	Ascom Network Testing Ltd.	Solothurn	CHF 200,000	Ascom Holding Ltd.: 100%
<b>United Kingdom</b>	Ascom Croydon Ltd.	Sevenoaks	GBP 1	Ascom UK Group Ltd.: 100%
	Ascom Network Testing Ltd.	Elstead	GBP 2	Ascom UK Group Ltd.: 100%
	Ascom (UK) Ltd.	Sevenoaks	GBP 50,000	Ascom (Sweden) AB: 100%
	Ascom UK Group Ltd.	Croydon	GBP 5,000,000	Ascom Holding Ltd.: 100%
<b>USA</b>	Ascom Holding Inc.	Rockaway NJ	USD 10	Ascom Holding Ltd.: 100%
	Ascom (US) Inc.	Morrisville NC	USD 1	Ascom (Sweden) AB: 100%
	Ascom Network Testing Inc.	Lake Forest CA	USD 1	Ascom Holding Ltd.: 100%

## Shareholders

### Registered shareholders

As of 31 December 2010, there were 6,270 shareholders registered in the share register of Ascom Holding Ltd.

Share ownership as of 31 December 2010:

Number of shares	Number of shareholders
1 to 100	1,367
101 to 1,000	3,508
1,001 to 5,000	1,118
5,001 to 10,000	126
More than 10,000	151
<b>Total</b>	<b>6,270</b>

### Changes subject to disclosure requirements during the 2010 financial year

In an announcement dated 22 April 2010, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Ascom Holding Ltd. disclosed that it held treasury shares representing voting rights of 4.1% as well as sales positions (employee options as call options) with voting rights conferred of 4.0% (SIX notice dated 23 April 2010).

In an announcement dated 12 October 2010, published in compliance with Art. 20 of the Stock Exchange Act (SESTA), Vontobel Fonds Services AG, Zurich, disclosed that it held Ascom securities representing 3.0015% of the voting rights (SIX notice dated 14 October 2010).

Details of disclosure notices can be viewed on the SIX Swiss Exchange disclosure platform at [http://www.six-exchange-regulation.com/obligations/disclosure/major\\_shareholders\\_en.html](http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html).

### Significant shareholders

The following significant shareholder as defined by Art. 663c of the Swiss Code of Obligations, holding more than 5% of the share capital and voting rights, was recorded in the share register at 31 December 2010:

Zürcher Kantonalbank: 26.74%

This does not cover shares which are not registered in the share register (dispo shares). Dispo shares amounted to 18.6% as of 31 December 2010.

In accordance with the disclosure announcements made, the following parties are regarded as significant shareholders in Ascom:

- Zürcher Kantonalbank, Zurich: Ascom securities representing 25.89% of voting rights as well as sale positions with voting rights conferred of 2.57% (announcement dated 7 December 2007)
- Bank Julius Baer & Co. Ltd., Zurich: Ascom securities representing 3.74% of voting rights as well as sale positions with voting rights conferred of 4.99% (announcement dated 8 February 2008)
- Vontobel Fonds Services AG, Zurich: Ascom securities representing 3.0015% of voting rights (announcement dated 14 October 2010)

The company held 1,437,033 treasury shares as of balance sheet date.

There are no known shareholders' agreements.

### Cross-shareholdings

The Ascom Group has not entered into cross-shareholdings with other companies in terms of capital or voting rights.

## 2. CAPITAL STRUCTURE

### Ordinary share capital

Since 6 April 2006, the share capital has amounted to CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

At the Annual General Meeting held on 6 April 2006, the company's share capital was reduced from CHF 198,000,000 to CHF 18,000,000 (par value reduced to CHF 0.50). Par value of CHF 5 per registered share was repaid on 28 June 2006.

At the Extraordinary General Meeting held on 4 December 2003, the share capital was reduced in two stages from CHF 225,000,000 to CHF 123,750,000 (par value reduced to CHF 5.50) and subsequently increased by CHF 74,250,000 to CHF 198,000,000 through the issue of 13,500,000 new shares with a par value of CHF 5.50 per share. In a resolution passed on 22 December 2003, the Board of Directors noted that the capital increase had been implemented.

The share capital is fully paid up. The participation capital in the amount of CHF 38,875,000 in existence at the time was dissolved on the occasion of the General Meeting held on 11 June 1991.

In 2000, uniform registered shares with a par value of CHF 10 were introduced by splitting the existing registered shares with a par value CHF 100 and bearer shares with a par value of CHF 500. Each share carries one vote and all shares carry the same claim to dividend payments.

### Share structure

	31.12.10		31.12.09	
	Number	(CHFm)	Number	(CHFm)
Registered shares par value CHF 0.50	36,000,000	18	36,000,000	18
Registered shareholders	6,270		6,436	

Ascom Holding Ltd. and its subsidiaries held 1,437,033 treasury shares as of the balance sheet date.

### Bonus certificates

Ascom Holding Ltd. has not issued any bonus certificates.

### Authorized share capital/conditional share capital

The Annual General Meeting of Ascom Holding Ltd. held on 15 April 2009 approved the creation of authorized capital. The Board of Directors is authorized at any time up to 15 April 2011 to create additional share capital of no more than CHF 3,600,000, by issuing up to 7,200,000 shares with a par value of CHF 0.50 per share, to be fully paid up.

Increases by firm underwriting as well as partial increases are permissible. Registered shares are subject to the restriction on registration set out in Art. 4, Sect. 4 of the Articles of Incorporation.

New registered shares are issued subject to the conditions laid down by the Board of Directors. The issue price, type of contribution, conditions governing the exercising of subscription rights and the date of dividend entitlement are determined by the Board of Directors.

New registered shares are intended for placement with existing shareholders. However, the Board of Directors is authorized to exclude the preferential subscription rights of shareholders in favor of third parties if the new shares are used for the acquisition of companies, segments of companies or participations, or in the event of share placement with a view to financing such transactions and corporate investment projects. Preferential subscription rights may also be excluded if shares are issued to acquire participations in strategic partners or in the case of employee share ownership programs. Shares for which subscription rights have been granted but not exercised remain at the disposal of the Board of Directors, which uses them in the interests of the company.

The subscription and acquisition of the new registered shares, as well as any subsequent transfer of such shares, shall moreover be governed by the company's Articles of Incorporation.

The company has no conditional share capital.

#### Changes in equity

The equity of Ascom Holding Ltd. has changed as follows:

in CHF	2010	2009	2008	2007
Share capital	18,000,000	18,000,000	18,000,000	18,000,000
Legal reserves	27,276,000	27,276,000	27,276,000	27,277,000
Retained earnings	350,657,000	75,875,000	69,927,000	73,338,000
<b>Total</b>	<b>395,933,000</b>	<b>121,151,000</b>	<b>115,203,000</b>	<b>118,615,000</b>

Since 6 April 2006, the share capital has amounted to CHF 18,000,000, divided into 36,000,000 registered shares with a par value of CHF 0.50 per share.

#### Limitations on transferability and nominee registrations

- In principle, the Articles of Incorporation of Ascom Holding Ltd. contain no limitations on transferability and no statutory privileges.
- The share registration guidelines are published on the company's website (<http://www.ascom.com/en/share-registration-guidelines.pdf>).
- Every person recorded in the share register is regarded as a shareholder or beneficiary vis-à-vis the company.
- For registered shares, a share register is maintained in which the names and addresses of the owners and beneficiaries are entered. Changes must be reported to the company.
- Entry in the share register requires proof of acquisition of title to the shares or of beneficiary status.
- A purchaser of registered shares is entered in the share register upon request as a voting shareholder if he/she expressly declares that he/she acquired the registered shares in his/her own name and on his/her own account. If the purchaser is not prepared to make such a declaration, the Board of Directors may refuse registration as a voting shareholder.
- After consulting the party involved, the company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.
- Admission of nominees is decided by the Board of Directors. No applications in this regard were submitted in 2010.

**Options/convertible bonds**

**Options**

Ascom stock option plans are listed in the Remuneration Report on pages 41 to 46.

**Convertible bonds**

Ascom Holding Ltd. has not issued any convertible bonds.

**Management transactions**

The listing rules of the SIX Swiss Exchange stipulate a disclosure obligation in respect of management transactions. To ensure compliance with these provisions, the Board of Directors has issued an Annex to the Organization Regulations. Members of the Board of Directors and the Executive Board as well as the General Secretary are required to make a disclosure to the company. Four individual disclosures (see table) and seven collective disclosures were submitted in 2010. Therefore, it cannot be concluded from the individual disclosures only, how many shares and derivatives are being held by members of the Board of Directors and Executive Board.

Transaction date	Number of shares	Type of transaction	Amount in CHF
12./24.3.2010	14,000	Disposal	160,000
12.3.2010	28,900	Disposal	339,575
14.4.2010	11,000	Disposal	144,100
19.10.2010	10,000	Disposal	127,806

## MEMBERS OF THE BOARD OF DIRECTORS

**Juhani Anttila** Chairman

Nationality: Finnish | Born 1954 | Place of residence: Baar, Switzerland  
| Member since 2001 | Chairman since 14 May 2002 | Elected until AGM in 2011

> Studied law at the University of Helsinki, Finland (1976 Bachelor's degree, 1978 Master's degree) > Moved to Switzerland in 1978  
> 1981–1985 Managing Partner at CA Corporate Advisers, Zurich  
> 1985 Appointed Managing Director of Nokia GmbH, Zurich, and responsible for various activities for the Nokia Group  
> 1990–1995 Chairman of the Executive Board of Nokia (Deutschland) GmbH in Pforzheim > 1996–2002 CEO of the Swisslog Group  
> Since 14 May 2002 Chairman of the Board of Directors of Ascom Holding Ltd. > 1 January 2003–31 May 2004 also CEO of the Ascom Group > Since 2004 Managing Partner of ValCrea AG, Zug

**Paul E. Otth** Vice-Chairman

Nationality: Swiss | Born 1943 | Place of residence: Zurich, Switzerland  
| Member since 2002 | Elected until AGM in 2011

> Certified public accountant > 1974–1988 Various management functions at the Corange Group (Boehringer Mannheim) in Switzerland and abroad > 1988–1989 Partner and member of the Executive Board of Budliger Treuhand AG > From 1989 worked for Landis+Gyr  
> From 1994 CFO and member of the Group Executive Board of Landis+Gyr > 1996–1998 CFO and member of the Group Executive Board of Elektrowatt, Zurich > 1998–2000 CFO and member of the Division Board of Siemens Building Technologies, Zurich  
> 2000–2002 CFO and member of the Group Executive Board of Unaxis Holding AG, Zurich > Since 2003 Business Consultant

**Dr J.T. Bergqvist**

Nationality: Finnish | Born 1957 | Place of residence: Helsinki, Finland  
| Member since 2005 | Elected until AGM in 2011

> 1981 Master of Science (Helsinki University of Technology)  
> 1987 Doctorate in Computer Science (Helsinki University of Technology) > 1980–1987 Various positions as software specialist, project and export manager at Nokia Group, Helsinki > 1988 Assistant Professor at Helsinki School of Economics > 1988 Manager, Overseas Marketing South East Asia, Nokia Cellular Systems, Kuala Lumpur > 1990 Area Manager & Assistant Vice President Marketing South Europe, Nokia Cellular Systems, Paris > 1993 Area General Manager, Nokia Telecommunications, Paris > 1995 Vice President Cellular Transmission Business, Nokia Telecommunications  
> 1997 Senior Vice President Radio Access Systems, Nokia Telecommunications > 2000 Senior/Executive Vice President & General Manager Nokia Networks, IP Mobility Networks  
> 2003–2004 Senior/Executive Vice President & General Manager, Nokia Networks, Global Business Units > 2001–2005 Member of the Strategy Panel of the Group Executive Board, Nokia Corporation > 2002–2005 Member of the Group Executive Board, Nokia Corporation > Since 2010 CEO of K. Hartwall Oy AB in Söderkulla, Finland

**Kenth-Ake Jönsson**

Nationality: Swedish | Born 1951 | Place of residence Växjö, Sweden  
 | Member since 2009 | Elected until AGM in 2011

> 1976 Master of Science in Industrial Economics > 1976–1978 Sales Manager, Lectrostatic AB, Skara > 1978–1990 Sales Manager/ Vice President of Sales and Marketing/CEO Sarnefa AB, Kungsör > 1990–1995 CEO Telub AB, Växjö > 1995–2000 Deputy CEO of Enator AB Tietoenator OY, Stockholm > 2000–2002 Managing Director of Atle IT, 3i Technology, Stockholm > 2002–2008 Senior Vice President/ Executive Vice President of the Group and Chairman of a Group of Business Units Saab AB, Stockholm

**Andreas V. Umbach**

Nationality: German | Born 1963 | Place of residence: Zug, Switzerland  
 | Member since 2010 | Elected until AGM in 2011

> 1989 Master of Science in Mechanical Engineering, Technische Universität Berlin > 1991 Master of Business Administration (MBA), University of Texas, Austin, TX > 1991–1995 Management Audit, Corporate Planning and Developing Department, Siemens AG, Munich > 1995–1999 Commercial Manager, Business Unit Pilot and Sensing Devices, Drives and Automation Group, Siemens AG, Erlangen > 1999–2002 General Manager Business Unit Digital, subsequently Division President of Metering, Power Transmission and Distribution Group, Siemens Metering AG, Zug > Since 2002 President & Chief Operating Officer, Landis+Gyr AG, Zug

From left: Kenth-Ake Jönsson, Andreas V. Umbach, Juhani Anttila, J.T. Bergqvist, Paul E. Otth



### 3. BOARD OF DIRECTORS

#### Primary tasks of the Board of Directors

The Board of Directors holds ultimate decision-making authority and determines the strategic, organizational and financial planning guidelines for the Group as well as the company objectives. The Board of Directors is responsible for the overall direction as well as the supervision and control of the management. It sets guidelines for business policies and ensures that it is regularly informed on the course of business.

The primary tasks of the Board of Directors under the Swiss Code of Obligations and the Articles of Incorporation of Ascom Holding Ltd. are

- Overall management of the company and the Group, including setting the strategic direction as well as issuing directives as required
- Defining the organization and management structure
- Laying out the forms of accounting and financial control as well as financial planning
- Appointing and discharging persons entrusted with the management and representation of the company and determining who is entitled to sign on behalf of the company
- Ultimate supervision of business activities
- Drawing up the Annual Report as well as preparing the Annual General Meeting and carrying out its resolutions
- Informing the courts in the event of excessive indebtedness
- Passing resolutions on the financing of business, and in particular deciding on capital increases and IPOs and the consequent changes to the Articles of Incorporation
- Passing resolutions on participations of major/strategic significance
- Determining the compensation for members of the Board of Directors and the Executive Board

#### Composition of the Board of Directors of Ascom Holding Ltd.

In accordance with the Articles of Incorporation, the Board of Directors of Ascom Holding Ltd. consists of one or more members who are elected for a one-year term of office (amendment to the Articles approved by the 2006 Annual General Meeting).

Since the Annual General Meeting of Ascom Holding Ltd. held on 21 April 2010, the Board of Directors has consisted of the following members:

	Member since AGM in	Elected until AGM in
Juhani Anttila, Chairman	2001	2011
Paul E. Otth, Vice-Chairman	2002	2011
Dr J.T. Bergqvist	2005	2011
Kentth-Ake Jönsson	2009	2011
Andreas Umbach	2010	2011

Secretary to the Board of Directors: Dr Daniel Lack (since 16 May 2001)

All members of the Board of Directors are non-executive members. No member of the Board of Directors has any significant business relationship with Ascom Holding Ltd. or its subsidiaries.

#### Changes to the Board of Directors

Dr Wolfgang Kalsbach decided not to stand for re-election and stepped down from the Board of Directors at the 2010 Annual General Meeting. Andreas Umbach was elected to the Board of Directors.

### Election and terms of office

- Since the 2006 Annual General Meeting, members of the Board of Directors have been appointed by the Annual General Meeting for a term of one year. Prior to this, members of the Board of Directors served for three years. In this context, one year is understood to be the period from one Annual General Meeting to the next. Members may be re-elected.
- Members are elected or re-elected to the Board of Directors individually.
- Members of the Board of Directors leave the Board at the Annual General Meeting held in the year in which they reach their 70<sup>th</sup> birthday.

### Internal organization

- The Board of Directors is self-constituting and designates its own Chairman and Secretary. The latter needs not be a member of the Board.
- The Board of Directors is quorate when the majority of members are present. In the event of capital increases, such a quorum is not required for decisions concerning definition of the capital increase, amendments to the Articles of Incorporation or resolutions regarding the capital increase report.
- The Board of Directors passes its resolutions by a majority of the votes cast. The Chairman holds the casting vote.
- Resolutions may also be adopted by written consent to a proposal circulated by the Chairman among all members and passed by a majority of all members of the Board of Directors.
- Minutes are kept of deliberations and resolutions, and are signed by the Chairman and the Secretary.
- Members of the Board of Directors may exercise a consulting mandate for the Ascom Group alongside their activity on the Board, subject to the unanimous consent of the Board of Directors. There were no such consulting mandates as of the balance sheet date.

### Other mandates of members of the Board of Directors

Juhani Anttila also acted as CEO of the Ascom Group concurrently from 1 January 2003 to 31 May 2004. None of the other members of the Board of Directors previously worked for the Ascom Group, nor does any member of the Board of Directors perform any permanent management or consultancy functions for important Swiss or foreign interest groups or hold any official positions or political offices.

The members of the Board of Directors hold the following positions on the boards of other exchange-listed companies: Juhani Anttila is a member of the Board of Directors of Actelion Ltd., Allschwil. Paul E. Otth is Vice-Chairman of the Board of Directors of Inficon Holding AG, Bad Ragaz, as well as a member of the Board of Directors of Swissquote Group Holding AG, Gland. Dr J.T. Bergqvist is Chairman of the Board of Norvestia OYJ, Helsinki (Finland). Kenth-Ake Jönsson is Chairman of the Board of PV Enterprise Sweden AB, Vilshult (Sweden), and a member of the Board of Directors of Generic Sweden AB, Nacka (Sweden).

The members of the Board of Directors are involved in the following activities in governing or supervisory bodies of important Swiss and foreign public- and private-law corporations, institutions and foundations: Juhani Anttila is Chairman of the Board of ValCrea AG in Zug and a member of the Board of Directors of ArgYou AG in Baar. Paul E. Otth is Chairman of the Board of Directors of EAO Holding AG, Olten. Dr J.T. Bergqvist is CEO of K. Hartwall Oy AB in Söderkulla (Finland). Kenth-Ake Jönsson is a member of the Board of Directors of Litorina Kapital 1998 AB and of Litorina Kapital 2001 AB, both in Stockholm (Sweden), as well as Chairman of the Board of Directors of Ravnarp Invest AB, Växjö (Sweden), and of Nordic Heat & Vent AB in Hälleforsnäs (Sweden). Andreas Umbach is a member of the Board of Directors of Landis+Gyr AG in Zug as well as President & COO of the Landis+Gyr Group.

### Mode of operation of the Board of Directors

As a rule, the Board of Directors meets on a monthly basis. Additional meetings or conference calls are held as and when necessary. Twelve meetings were held in 2010: eight ordinary full- or half-day meetings and four telephone conferences. Board attendance was 85%. The ordinary meetings of the Board of Directors last a full day. The CEO and CFO attended all ordinary meetings of the Board of Directors. Other members of the Executive Board as well as external experts were invited to attend meetings to address specific topics.

### Self-evaluation of the Board of Directors

Since 2005, the Board of Directors has carried out a self-evaluation at year-end on the basis of a standardized process using a comprehensive questionnaire. The results are discussed at the first meeting in the new year, and any measures necessary for improvements are discussed and implemented as required.

### Committees of the Board of Directors

To ensure the efficient and effective organization of its duties, the Board of Directors of Ascom Holding Ltd. has set up the following committees whose primary role is to prepare materials as a basis for decisions by the Board of Directors in specialized areas. The authority to make decisions lies with the Board of Directors. All members of the Board are entitled to attend any meetings of these committees.

### Audit Committee

#### Members:

#### Paul E. Otth (Chairman) and Kenth-Ake Jönsson

The Audit Committee is composed of two non-executive members of the Board of Directors and generally meets between four times a year, although the Chairman may convene meetings as often as business requires. Four Audit Committee meetings were held in 2010, lasting half a day each, two of which were attended by the external auditors and one of which attended by Internal Audit. The Chairman of the Board of Directors also attended all these meetings. The CEO and CFO attended all ordinary meetings of the Audit Committee, and other members of the executive management attended as and when required. No external consultants were invited to attend meetings in 2010.

The Secretary to the Board of Directors prepares meetings and records minutes. The full Board of Directors is kept informed of the Audit Committee's activities following each meeting, and also receives a copy of the minutes.

#### The Audit Committee's main activities are:

- Evaluating processes in the company's risk and control environment
- Supervising financial reporting
- Evaluating internal and external auditing

### Compensation & Nomination Committee

#### Members:

Juhani Anttila (Chairman) and Andreas Umbach (prior to this until AGM in 2010: Dr Wolfgang Kalsbach [Chairman] and Dr J.T. Bergqvist)

The Compensation & Nomination Committee is composed of two non-executive members of the Board of Directors and is convened by the Chairman as often as business requires. Five meetings were held in 2010, generally lasting several hours. The CEO attended four meetings and the Director of Corporate Human Resources attended as and when required. The full Board of Directors is briefed on the Compensation & Nomination Committee's activities following each meeting. External experts were invited to attend to address specific topics.

The main activities performed by the Compensation & Nomination Committee are to formulate proposals to the full Board of Directors with regard to

- The Ascom Group's salary policy
- Defining compensation models for members of the Board of Directors and the Executive Board
- Implementation and supervision of stock option plans
- Selecting candidates for election to the Board of Directors
- Reviewing candidates for appointment to the Executive Board
- Annual appraisals of top management

### Strategy Committee

#### Members:

Juhani Anttila (Chairman) and Dr J.T. Bergqvist

The Strategy Committee is composed of two non-executive members of the Board of Directors and is convened by the Chairman as often as business requires. Four meetings were held in 2010, generally lasting several hours. The CEO attended two meetings in 2010. The full Board of Directors is briefed on the Strategy Committee's activities following each meeting. No external consultants were invited to attend meetings in 2010.

The main activities performed by the Strategy Committee are to formulate proposals for the full Board of Directors with regard to:

- Portfolio of business activities, mergers and acquisitions, monitoring of technology trends, structure of the Ascom Group
- Performance planning, in particular cost structure and value-enhancing measures

### Areas of responsibility

The Board of Directors has delegated the management of ongoing business to the CEO who, together with the Executive Board as an advisory body, is responsible for overall management of the Ascom Group. A detailed definition of areas of responsibility is set down in the Annex to the Organization Regulations.

The Board of Directors explicitly reserves the power to decide the following matters:

- Authorizing important acquisitions and divestments
- Appointing, discharging and regulating compensation for members of the Executive Board and the extended Executive Board (Executive Committee)
- Approving the budget
- Arranging public bonds and important framework credit agreements
- Substantial investments
- Issuing the Organization Regulations and their Annexes
- Defining internal audits
- Issuing and implementing stock option plans

### **Information and control instruments in respect of the Executive Board/management instruments**

The Ascom Group's management information system (MIS) consists of management reporting and financial consolidation.

Each month the balance sheet, income statement, incoming orders, order backlog and employee headcount for the individual companies are entered in the management reporting system. This information is consolidated for the various divisions and for the Group as a whole, and compared against the previous year's figures and the current budget. The Executive Board discusses the results in detail on a monthly basis and decides on actions to be taken.

Financial consolidation in compliance with IFRS is performed on a quarterly basis by all subsidiaries, which are consolidated by segment, region and the Group as a whole.

Financial reports are submitted to the Board of Directors on a monthly basis. Additional management instruments for monitoring management processes include strategic medium-term planning (MTP), annual planning and quarterly forecasts.

A quarterly report on pending law suits is submitted to the Audit Committee. As part of Business Risk and Opportunity Management (BROM), an updated risk map for the Group and the individual divisions is submitted to the Board of Directors on a quarterly basis. The meetings of the Board of Directors and the Audit Committee are attended by the CEO and CFO as well as, and where necessary, by other members of management.

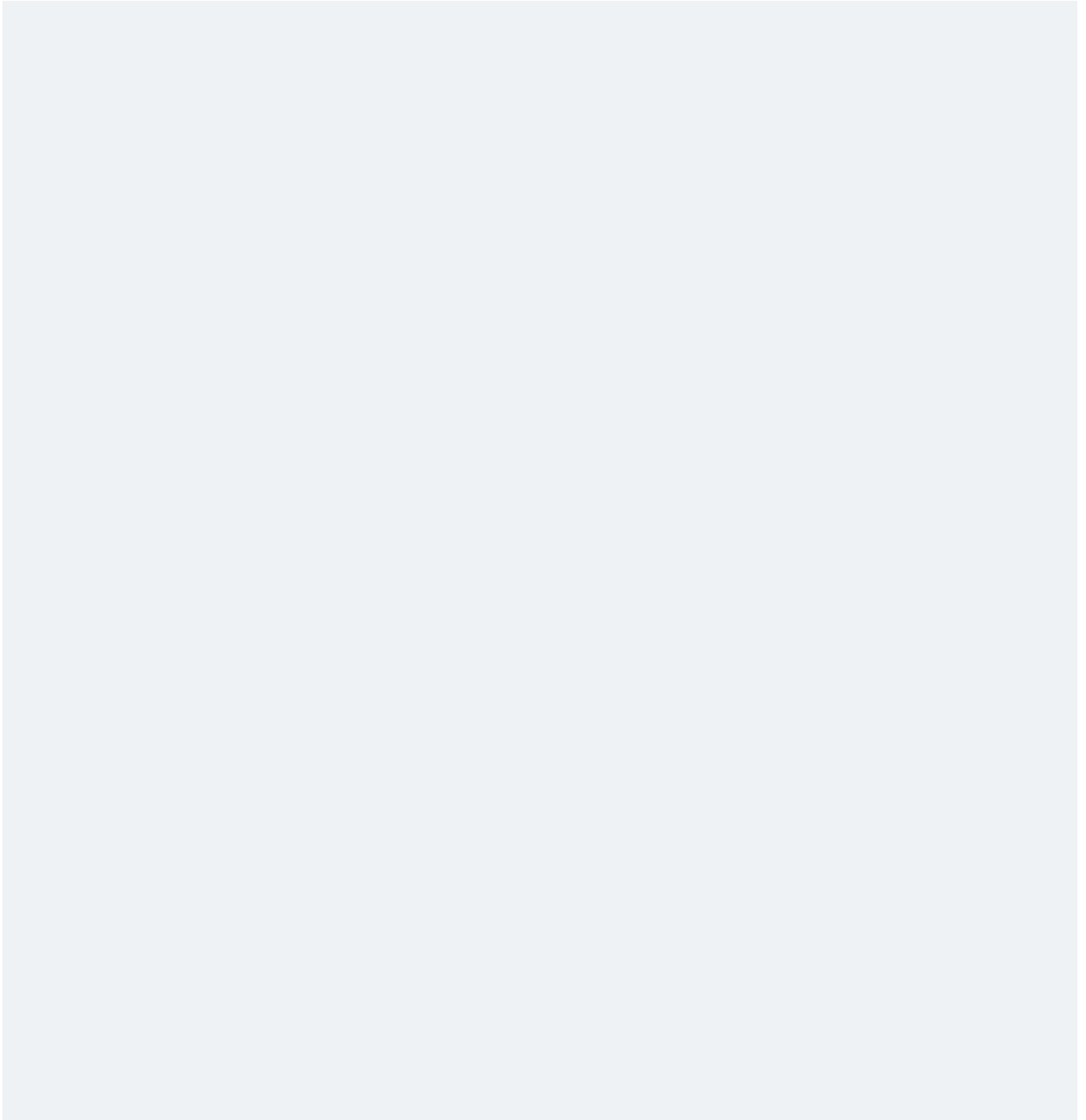
### **Organization of the internal audit**

Internal auditing is performed on a mandate basis by Ernst & Young in accordance with the instructions of the Audit Committee. The internal audit plan is revised on an annual basis in conjunction with the external auditors and management, and approved by the Audit Committee. No special audits were commissioned in 2010.

Fees are based on the scope of services rendered. In 2010 Ernst & Young performed various individual audits. Ernst & Young were paid remuneration totaling CHF 211,600 (including expenses) for these services.

### **Internal Control System (ICS)**

A Board directive and the ICS manual govern the Internal Control System (ICS). The ICS ensures the implementation of appropriate procedures and measures for the purpose of identifying and monitoring the main risks to which the company is exposed. In particular, the aim of the ICS is to ensure the integrity and completeness of accounting and bookkeeping, to provide timely and reliable financial reporting, and to prevent, minimize and identify errors and irregularities in the financial statements.



## MEMBERS OF THE EXECUTIVE BOARD

**Riet Cadonau** Chief Executive Officer of the Ascom Group  
(until 31 March 2011)

Nationality: Swiss | Born 1961

> 1988 Master of Business Administration, University of Zurich (lic. oec. publ.) > 1988 Executive Marketing Assistant, Swiss Bank Corporation, Basel > 1990 Various sales and management positions incl. Account Executive (worldwide); Head of Banking business unit, IBM Switzerland, Zurich > 1998 Member of the Executive Board and Head of Global Services, IBM Switzerland, Zurich > 2001 Ascom Group, General Manager of the Integrated Services Division and member of the Executive Board > 2002 General Manager of the Transport Revenue Division, Deputy CEO of the Ascom Group > 2005 After completion of the divestment: Managing Director Transport Revenue, ACS; from 2006 also Senior Vice President, ACS Europe > 2007 Studies at INSEAD (AMP) in Fontainebleau/Paris > 20 August 2007–31 March 2011 CEO of the Ascom Group

**Fritz Mumenthaler** General Manager Wireless Solutions  
& Deputy CEO (CEO as of 1 April 2011)

Nationality: Swiss | Born 1958

> 1985 Degree in business administration from the Universities of Berne and Neuchâtel (lic. rer. pol.) > 1985 Manager Human Resources, Credit Suisse > 1988 MBA from INSEAD, Fontainebleau/Paris > 1989 Assistant Director, Swissphone Telecommunications > 1992 Project Manager Corporate Development, Landis+Gyr > 1994 Head of Marketing Europe, subsequently Head of Global Marketing of Landis+Gyr Building Control, Siemens Building Technologies, Building Automation Division > 2000 Head of Zone Europe, Member of the Division Management Team, Siemens Building Technologies, Building Automation Division > Since 1 June 2005 General Manager Wireless Solutions and member of the Executive Board of the Ascom Group > Since 20 August 2007 also Deputy CEO > From 1 April 2011 CEO of the Ascom Group

From left: Fritz Gantert, Martin Zwysig, Fritz Mumenthaler, Riet Cadonau, Rikard Lundqvist



**Dr Martin Zwysig** Chief Financial Officer  
of the Ascom Group

Nationality: Swiss | Born 1965

- > 1992 MBA from the University of St. Gallen (lic. oec. HSG)
- > 1995 PhD in Economics (Dr. oec.), University of St. Gallen
- > 1995–1997 Corporate Controlling, Swiss Bank Corporation, Zurich
- > 1997–2001 Divisional Controller, Sarnatech/Sarnamotive, Sarna Kunststoff Holding AG, Sarnen
- > 2001–2002 Senior Vice President Finance & Controlling, EMS-TOGO Group, Romanshorn
- > 2003–2008 CFO, Schaffner Holding AG, Luterbach
- > Since 1 September 2008 CFO of the Ascom Group and member of the Executive Board

**Dr Fritz Gantert** General Manager Security Communication

Nationality: Swiss | Born 1958

- > 1982 Degree in mechanical process engineering, construction and industrial management, Federal Institute of Technology (ETH), Zurich
- > 1983–1987 Assistant at the Institute of Industrial Management before transferring to the Stiftung BWI für Forschung und Beratung (Foundation for Research and Consulting)
- > 1987 PhD, ETH Zurich
- > 1988–1998 Various management positions, Ascom AG, Berne, including Head of Electronics Production and Head of the Paysys Division; latterly as Head of Ascom Service Automation Switzerland
- > 1991–1992 Executive MBA from the Graduate School of Business Administration, Zurich
- > 1998–2001 Member of the Group Executive Board, Sarna Kunststoff Holding AG, Sarnen, Head of the Sarnatech Division, subsequently set up the Sarnamotive Division
- > 2001–2006 Delegate to the Board of Directors and CEO of Schaffner Holding AG, Luterbach
- > Since 1 October 2007 General Manager Security Communication (formerly Security Solutions) and member of the Executive Board of the Ascom Group

**Rikard Lundqvist** General Manager Network Testing

Nationality: Swedish | Born 1967

- > 1991 Master of Science in Computer Science and Engineering (University of Luleå, Sweden)
- > 1994–1996 Manager Product Market Strategies Ericsson Erisoft AB, Skellefteå (Sweden)
- > 1996–1999 Regional Sales Manager TEMS, Dallas, TX (USA)
- > 1999–2005 Director Global Product Management TEMS, Reston, VA (USA)
- > 2005–2006 Chief Technology Officer TEMS, Reston, VA (USA)
- > 2006–2008 Head of Strategy and Business Development TEMS, Reston, VA (USA)
- > 2008–2009 Vice President and General Manager TEMS, Reston, VA (USA)
- > Since 1 January 2010 General Manager Network Testing and Member of the Executive Board of the Ascom Group

#### 4. EXECUTIVE BOARD

##### The Executive Board of the Ascom Group

The Executive Board is responsible for operational management of the Ascom Group within the framework of the delegation of responsibilities. Its duties are set down in the Organizational Regulations and the corresponding Annexes.

##### Composition of the Ascom Executive Board

The Ascom Group Executive Board comprised the following members as of 1 January 2011:

		Executive Board member since
Riet Cadonau	CEO (until 31.3.2011)	2001–2005 and as CEO since 20.8.2007
Fritz Mumenthaler	Deputy CEO/General Manager Wireless Solutions (CEO from 1.4.2011)	1.6.2005
Dr Fritz Gantert	General Manager Security Communication	1.10.2007
Dr Martin Zwyszig	CFO	1.9.2008
Rikard Lundqvist	General Manager Network Testing	1.1.2010

##### Changes in the Executive Board

None.

##### Other mandates of members of the Executive Board

The members of the Executive Board hold the following positions on the boards of other exchange-listed companies: Riet Cadonau is a member of the Board of Directors of Kaba Holding AG, Rümlang, and Dr Fritz Gantert is a member of the Board of Directors of Datacolor AG, Lucerne.

The members of the Executive Board are involved in following activities in governing or supervisory bodies of important Swiss and foreign public- and private-law corporations, institutions and foundations: Riet Cadonau is a member of the Board of Directors of Griesser Holding AG, Aadorf, and Dr Fritz Gantert is a member of the Board of Directors of Fraisa Holding AG, Bellach, and of Wandfluh Holding AG, Frutigen. Dr Martin Zwyszig is a member of the Board of Directors of Sputnik Engineering AG in Biel/Bienne.

Dr Fritz Gantert is Chairman of the Swiss Association for Technology and the Army (STA). The other members of the Executive Board do not exercise any permanent managerial or consultancy functions for important Swiss or foreign interest groups or hold any official positions or political offices.

##### Mode of operation of the Executive Board

The Executive Board generally convenes on a monthly basis for a half- or full-day meeting. Additional meetings or conference calls are held as and when necessary. Twelve meetings were held in 2010.

##### Management contracts

There are no management contracts within the Ascom Group.

##### Business relationships with closely related companies and persons

No significant business transactions exist with closely related companies or persons.

## 5. COMPENSATION, SHAREHOLDINGS AND LOANS

All details of compensation, shareholdings and loans are listed in the Remuneration Report on pages 41 to 46 of this Annual Report. This information can also be found in note 9 to the financial statements of Ascom Holding Ltd. (page 106 of this Annual Report).

## 6. SHAREHOLDERS' PARTICIPATION RIGHTS

### Voting rights and protective rights

Shareholders in Swiss joint-stock companies have extensive participation and protective rights governed in principle by the Swiss Code of Obligations (OR) and supplemented by the respective company's Articles of Incorporation. The main rights enjoyed by shareholders of Ascom Holding Ltd. are listed below.

### Annual General Meeting

### Voting rights and representation

- Each share entitles the holder to one vote represented at the Annual General Meeting. There are no voting right restrictions.
- Each shareholder may be represented by proxy at the Annual General Meeting by another shareholder who holds a power of attorney and is recorded in the share register as a voting shareholder.
- Sole proprietorships, partnerships and legal entities may be represented by authorized signatories, natural persons by their legal representatives and married persons by their spouses, even if these representatives are not shareholders.

- The Board of Directors makes the requisite arrangements to determine voting rights and to establish the results of votes and elections.

### Resolutions and elections

- The Annual General Meeting has a quorum for transaction of business regardless of the number of votes represented.
- Unless otherwise stipulated by law, the Annual General Meeting adopts resolutions and carries out votes by an absolute majority of valid votes cast. Elections are decided by the relative majority of votes in a second ballot.
- The Chairman holds the casting vote.
- The Board of Directors determines the voting procedure. Shareholders representing registered shares with a par value of CHF 100,000 are entitled to demand a written ballot. This threshold corresponds to 0.5% of the votes.

### Convocation of the Annual General Meeting

- The Annual General Meeting is convened by the Board of Directors or, if need be, by the auditors.
- Convocation is effected no later than 20 days before the date of the meeting by a single announcement in the company's publication of record (the Swiss Official Gazette of Commerce – SOGC) and by letter to the shareholders.

### Agenda

- In accordance with Art. 699 Para. 3 of the Swiss Code of Obligations, requests to place an item on the agenda must be submitted to the Board of Directors no later than 45 days before the date of the Annual General Meeting.
- The invitation to submit agenda items is published in a single announcement in the company's publication organ (the SOGC).

### Registration in the share register

- All shareholders recorded in the share register as voting shareholders 10 days before the date of the Annual General Meeting are admitted to the meeting and entitled to vote.
- Shareholders who dispose of their shares before the Annual General Meeting are no longer entitled to vote.

## 7. CHANGE OF CONTROL AND DEFENSIVE MEASURES

### Obligation to submit a purchase offer

The Articles of Incorporation of Ascom Holding Ltd. contain neither an opting-out nor an opting-up clause. Anyone who acquires one-third (33⅓%) of the share capital in Ascom Holding Ltd. is obliged under the Stock Exchange Act (Art. 32, SESTA) to submit a public purchase offer for the remaining shares.

### Change of control clauses

No change of control clauses have been agreed in covenants with members of the Board of Directors. The period of notice for members of the Executive Board is 12 months while the acting CEO has a notice period of 24 months. In certain cases a change of control can result being granted to the CEO the right to be released with continued payment of salary during the notice period or the right to a special payment up to the amount of one year's salary.

In the event of a takeover of the company, all exercise hurdles for existing option plans are null and void as of the takeover date and all options granted may be exercised.

## 8. AUDITORS

### Auditors

PricewaterhouseCoopers Ltd, Zurich (formerly STG Coopers & Lybrand Ltd), have acted as auditors since 1987. Stefan Räsamen has been auditor-in-charge since 2007. The auditors are appointed by the Annual General Meeting for a term of one fiscal year.

### Auditing fee

PricewaterhouseCoopers was paid compensation of CHF 964,275 (previous year: CHF 1,071,788) for services in connection with auditing the annual financial statements of Ascom Holding Ltd. and Group companies and the consolidated statements of the Ascom Group for the year ended 31 December 2010.

### Additional fees

In 2010, PricewaterhouseCoopers was paid the following additional fees in 2010:

Tax consulting	CHF 341,381 (previous year: CHF 159,449)
Miscellaneous	CHF 157,372 (previous year: CHF 107,875)
Total	CHF 498,753 (previous year: CHF 267,324)

### Monitoring and control instruments

As a committee of the Board of Directors, the Audit Committee evaluates the performance, fees and independence of the external auditors each year.

The external auditors prepare a detailed audit report at least once a year and report in detail to the Audit Committee. The main findings and recommendations contained in the audit reports of the external auditors are then discussed in detail with the CFO.

In 2010, the external auditors drew up two detailed management reports (for the Half-Year Report and the Annual Report). The external auditors attended two of the Audit Committee meetings held in 2010.

Each year, the Board of Directors reviews the selection of auditors in order to propose them to shareholders for appointment at the Annual General Meeting. The aim is to ensure the general independence of the auditors as well as the personal independence of the auditor-in-charge and determine their understanding of Ascom's business activities and the specific business risks relevant for Ascom, the nature of collaboration between the external auditors and the Audit Committee, and the manner in which support is provided for implementation of the legal provisions as well as IFRS requirements.

The Audit Committee assesses the effectiveness of the auditors in compliance with the legal provisions in Switzerland. The Board of Directors bases the rotation cycle for the auditor-in-charge on the relevant provisions of the Swiss Code of Obligations, according to which the auditor-in-charge may perform this mandate for no more than seven years.

The Audit Committee also examines the ratio between the fee for the annual audit and fees for additional services performed by the auditors, in order to ensure that the auditors' independence is not impaired. For the 2010 reporting year, the Board of Directors concluded that the auditors' independence was fully assured.

## 9. INFORMATION POLICY

The Board of Directors of Ascom Holding Ltd. and the Executive Board have undertaken to align their organizational structure in compliance with the latest corporate governance standards.

Ascom's information policy is based on commitment to a high degree of transparency and equal treatment of all stakeholder groups. Corporate Communications come under the remit of the General Secretary. Ascom Holding Ltd. provides a wide range of communication tools to keep its shareholders, the media, analysts and other stakeholder groups informed:

### Publications

- Annual Report
- Half-Year Report
- The official publication organ is the Swiss Official Gazette of Commerce (SOGC)

### Events

- Annual Media Conference and Half-Year Media Conference for media representatives and analysts
- Ad hoc media conferences
- Analyst & Media Day
- Annual General Meeting of Shareholders
- Roadshows for institutional investors

### Media releases

In accordance with the provisions of the SIX Swiss Exchange, Ascom publishes information on an ad hoc and regular basis. Furthermore, Ascom publishes Ascom media releases on significant business activities and on important product and service innovations.

### **Sponsorship**

The main focus of Group level sponsorship is on UNICEF.

### **Internet**

The Ascom website ([www.ascom.com](http://www.ascom.com)) provides a comprehensive overview of the company's structure and activities and the offerings of the individual business units.

All media releases and presentations at media conferences can be downloaded from the website at [www.ascom.com/en/index/news-corporate.htm](http://www.ascom.com/en/index/news-corporate.htm) and [www.ascom.com/en/index/investor-relations/ir-reports-presentations.htm](http://www.ascom.com/en/index/investor-relations/ir-reports-presentations.htm). Media releases may also be received by e-mail by subscribing to the News Service on the website, or via News Feed ([www.ascom.com/en/index/news-corporate/news-service/hugin-subscription-form.htm](http://www.ascom.com/en/index/news-corporate/news-service/hugin-subscription-form.htm)).

The Articles of Incorporation of Ascom Holding Ltd., the Organizational Regulations, a current extract from the Commercial Register, the Code of Business Conduct and the share registration guidelines can be downloaded from the website under "Corporate Governance" ([www.ascom.com/en/index/investor-relations/about-the-group/corporate-governance.htm](http://www.ascom.com/en/index/investor-relations/about-the-group/corporate-governance.htm)). The minutes of past Annual General Meetings are available at [www.ascom.com/de/index/investor-relations/annual-general-meeting](http://www.ascom.com/de/index/investor-relations/annual-general-meeting).

### **Implementation of publication requirements under stock exchange regulations**

The Board of Directors has issued an Annex to the Organization Regulations entitled "Corporate Policy and Procedure on Insider Trading", which in particular prohibits Ascom employees and governing bodies of Ascom from engaging in insider trading. An absolute ban on trading applies during a period of four weeks prior to the publication of the annual results and half-year results.

Information on management transactions is published at [www.six-swiss-exchange.com/shares/companies/management\\_transactions\\_en.html](http://www.six-swiss-exchange.com/shares/companies/management_transactions_en.html).

Detailed information on disclosure announcements can be viewed at [www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_en.html](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html).

### **Dates and contacts**

A list of important dates in 2011 and Corporate Communications and Investor Relations contacts is provided on page 117 of this Annual Report.

## REMUNERATION REPORT

This Remuneration Report provides information on remuneration paid by Ascom in fiscal year 2010. This report is an integral part of the Annual Report, which will be presented to the 2011 Annual General Meeting for approval.

### 1. Content and method of determining remuneration and stock option plans

#### a) Board of Directors

Members of the Board of Directors receive a fee in accordance with the Remuneration Regulations (Annex to the Organization Regulations [[www.ascom.com/en/index/investor-relations/about-the-group/corporate-governance.htm](http://www.ascom.com/en/index/investor-relations/about-the-group/corporate-governance.htm)]). The fee is paid in cash. No other remuneration is paid. Members of the Board of Directors receive no severance payment.

The fees for members of the Board of Directors are reviewed on an annual basis and are set at the discretion of the full Board of Directors. Fees paid to members of the Board of Directors are not tied to any corporate objectives or targets.

Since 2007, the fee for a regular member of the Board of Directors has been CHF 100,000 per annum.

The fees for the Chairman and Vice-Chairman of the Board of Directors have not changed since 2004. The Chairman receives a basic fee of CHF 240,000 per annum. The Vice-Chairman, who is also Chairman of the Audit Committee, receives a fee of CHF 160,000 per annum.

#### b) Executive Board

##### ▪ Method of determination

The remuneration packages for all members of the Executive Board are set by the full Board of Directors on the recommendation of the Compensation & Nomination Committee. The Compensation & Nomination Committee is made up exclusively of independent members of the Board of Directors. In 2010, the CEO attended parts of the meetings of the Compensation & Nomination Committee but was not present for the discussion and decision concerning his own remuneration package.

The Executive Board was enlarged from four to five members on 1 January 2010 (appointment of Rikard Lundqvist, General Manager Network Testing).

Remuneration for members of the Executive Board is reviewed on an annual basis and set at the discretion of the full Board of Directors on the basis of the function, responsibility, experience and performance of the individual Executive Board members.

Total remuneration for each member consists of a basic salary and a performance-related bonus as a variable component. The basic salary and variable component are paid in cash.

In addition, since 2003 the Board of Directors has approved an option program for senior management on an annual basis, with a view to rewarding behavior geared towards medium and long-term success with remuneration elements that are only available at a later point in time.

##### ▪ Basic salary

The basic salary for members of the Executive Board was increased at the beginning of 2010 by an average of 6% due to Ascom's good business performance in the previous year. The basic salaries for 2009 were unchanged. In 2010, the basic salaries paid to the five members of the Executive Board totaled CHF 2,203,000 (2009: CHF 1,770,000 for the four Executive Board members).

▪ **Variable salary component (bonus)**

The variable salary component (bonus) is linked solely to the attainment of clearly measurable quantitative targets (incoming orders, net revenue, EBIT, net working capital) which are defined at the beginning of each year. The individual incentive targets used to determine the variable salary component (bonus calculation) for members of the Executive Board are defined annually by the full Board of Directors at the request of the Compensation & Nomination Committee. On fully achieving all defined targets, the respective member of the Executive Board receives a pre-determined percentage of his basic salary as a bonus.

The CEO receives a bonus of 50% of his basic salary on fully achieving all targets. In cases where the targets set are exceeded, the CEO is paid an increased bonus of up to a maximum of potentially doubling the target bonus of 50% of the basic salary. The other members of the Executive Board receive a bonus of 40% of their basic salary on fully achieving all defined targets. In cases where the targets set within the respective member's area of responsibility as well as the Group targets are exceeded, the other members of the Executive Board are paid an increased bonus in line with the individually defined incentive target up to a maximum of potentially doubling the target bonus of 40% of the basic salary.

While the incentive targets set for 2009 were only partly achieved, those set for 2010 were clearly exceeded by all members of the Executive Board due to the very good business results. Accordingly, the provision for the variable salary component for the five members of the Executive Board amounts to CHF 1,461,000 for 2010 compared to CHF 382,000 for the four Executive Board members in 2009. The calculation and payment of bonuses will be made in April 2011 following the approval of the 2010 financial statements.

In 2010, the variable salary component (bonus) corresponded to 83% of the basic salary for the CEO (2009: 23%) and to 58% of the basic salary for the other Executive Board members (2009: 21%).

▪ **Options**

Options are allocated on the basis of stock option plans set up each year and agreed in writing. The conditions for exercising such options are defined when they are allocated, with no subsequent changes being made and in particular no re-pricing. The strike price corresponds at least to the market price on the exercise date or to the average market price over a defined number of trading days before this date. The management of the Ascom Stock Option Plans is within the responsibility of the Board of Directors.

In 2010, the CEO received options under the Ascom Stock Option Plan worth 18% of the total of basic salary and 100% potential bonus. The other members of the Executive Board received options worth 20% of the total of their basic salaries and target bonuses. The value of the options was determined by an independent third party.

If a participant to an Ascom Stock Option Plan terminates his/her contract of employment, all outstanding options are forfeited upon termination of the contract of employment. Outstanding options may still be exercised within three months of the date on which the contract of employment expires, following which they are forfeited.

▪ **Severance payments**

Contracts of employment with members of the Executive Board provide for no special severance payments. The period of notice for members of the Executive Board is 12 months, while the CEO has a notice period of 24 months. In certain cases a change of control can result being granted to the CEO the right to be released with continued payment of salary during the notice period or the right to a special payment up to the amount of one year’s salary.

In the event of a takeover of the company, all exercise hurdles for existing option plans are null and void as of the takeover date and all options granted may be exercised.

If a participant to an Ascom Stock Option Plan terminates his contract of employment, all outstanding options are forfeited upon termination of the contract of employment. Outstanding options may still be exercised within three months of the date on which the contract of employment expires, following which they are forfeited.

**2. Remuneration for acting members of governing bodies**

The following remuneration was paid in 2010:

**a) Board of Directors**

Members of the Board of Directors were paid remuneration totaling CHF 700,000 in 2010.

	CHF
Juhani Anttila, Chairman	240,000
Paul E. Otth, Vice-Chairman	160,000
Dr J.T. Bergqvist	100,000
Kentth-Ake Jönsson	100,000
Andreas Umbach (from 21.4.2010)	69,160
Dr Wolfgang Kalsbach (until 21.4.2010)	30,840

No members of the Board of Directors received any additional payments as defined by Art. 663b<sup>bis</sup> of the Swiss Code of Obligations, nor were any payments made to parties closely related to the Board of Directors.

No members of the Board of Directors or closely related parties were granted any loans by the company.

**b) Executive Board**

The total paid to all five members of the Executive Board in fiscal 2010 amounted to CHF 4,653,990 (2009: CHF 2,883,590 for four members). The total amount includes employer’s contributions to the occupational pension scheme in the amount of CHF 248,000 as well as provisions of CHF 1,461,000 in respect of the contractually agreed bonus entitlements (variable salary components) for the five Executive Board members currently in office.

Executive Board members’ bonus entitlements for 2010 will be calculated and paid in April 2011 following approval of the annual financial statements. The criteria governing payment of the 2010 bonus are measurable solely on a quantitative basis and are contractually regulated. In addition, members of the Executive Board were allocated a total of 173,000 options under the 2010 Ascom Stock Option Plan. These options are valued at a total of CHF 697,190, based on the value at the time they were granted.

in CHF	Basic salary	Bonus provision	Miscellaneous <sup>2</sup>	Pension contributions	Options <sup>1</sup>	Total
CEO	720,000	598,000	–	91,000	261,950	1,670,950
Other members	1,483,000	863,000	44,800	157,000	435,240	2,983,040
<b>Total Executive Board</b>	<b>2,203,000</b>	<b>1,461,000</b>	<b>44,800</b>	<b>248,000</b>	<b>697,190</b>	<b>4,653,990</b>

<sup>1</sup> Fair value of the options granted in 2010, calculated at the time they were granted using a binomial model

<sup>2</sup> Contributions to medical benefit plans and special premiums

The highest total remuneration within the Executive Board was paid to the CEO. The total remuneration for 2010 amounted to CHF 1,318,000 (basic salary and bonus provision). Pension contributions from the employer amounted to CHF 91,000. The CEO was also allocated 65,000 options under the 2010 Ascom Stock Option Plan. These options are valued at a total of CHF 261,950 based on the value at the time they were granted. All options which are not vested or exercised will be null and void as of 30 June 2011 due to the leave of Riet Cadonau.

No members of the Executive Board received any additional payments as defined by Art. 663b<sup>bis</sup> of the Swiss Code of Obligations, nor were any payments made to parties closely related to the Executive Board.

No members of the Executive Board or closely related parties were granted any loans by the company.

### 3. Former members of the Executive Board

No former members of the Executive Board or parties closely related to them received any payments or loans from the company in 2010.

### 4. Share ownership

Number of Ascom Holding Ltd. shares held as of 31 December 2010:

#### a) Board of Directors

- All members of the Board of Directors and closely related parties, in toto: 35,500 shares.

	Shares
Juhani Anttila, Chairman	35,500
Paul E. Otth, Vice-Chairman	–
Dr J.T. Bergqvist	–
Kenth-Ake Jönsson	–
Andreas Umbach	–

- No members of the Board of Directors or closely related parties hold any conversion or option rights.

#### b) Executive Board

- All members of the Executive Board and closely related parties, in toto: 98,000 shares and 682,700 options (all employee options).

#### c) Share allotment in the year under review

Ascom Holding Ltd. allotted no shares in 2010.

Number	Shares	Options	Employee options (exercisable) <sup>1</sup>	Employee options (not exercisable) <sup>1</sup>
Riet Cadonau, CEO	22,000	–	154,100	145,600
Fritz Mumenthaler, GM WS & Deputy CEO	21,000	–	88,166	58,334
Dr Fritz Gantert, GM SeCom	55,000	–	50,166	58,334
Rikard Lundqvist, GM NT	–	–	8,000	43,000
Dr Martin Zwysig, CFO	–	–	18,666	58,334
<b>Total Executive Board</b>	<b>98,000</b>	<b>–</b>	<b>319,098</b>	<b>363,602</b>

<sup>1</sup> In accordance with the provisions of Ascom Stock Option Plans 2007/I, 2007/II, 2008, 2009 and 2010. Ratio 1:1

## 5. Options

### a) Ascom Stock Option Plan 2007/I

In accordance with the resolution passed by the Board of Directors on 5 March 2007, a total of 95,400 options were issued to three members of Ascom senior management on 5 March 2007 and 14 May 2007 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50. The strike price is CHF 19.85. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period to 4 March 2009.

None of the 95,400 options still outstanding was exercised in 2010. 17,900 were forfeited, and the remaining 77,500 are still outstanding.

### b) Ascom Stock Option Plan 2007/II

In accordance with the resolution passed by the Board of Directors on 25 September 2007, a total of 360,000 options were issued to 26 members of Ascom senior management on 1 October 2007, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 13.00. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

18,000 of the 342,000 options outstanding at the beginning of the year were exercised in 2010, 26,000 were forfeited, and the remaining 298,000 are still outstanding.

### c) Ascom Stock Option Plan 2008

In accordance with the resolution passed by the Board of Directors on 3 March 2008, a total of 170,400 options were issued to six members of Ascom senior management on 3 March 2008, 28 July 2008 and 4 August 2008 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50. The strike price is CHF 12.50. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

8,000 of the 165,400 options outstanding at the beginning of the year were exercised in 2010, and the remaining 157,400 are still outstanding.

**d) Ascom Stock Option Plan 2009**

In accordance with the resolution passed by the Board of Directors on 2 March 2009, a total of 490,200 options were issued to 33 members of Ascom senior management on 2 March 2009, 1 June 2009, 12 June 2009, 29 June 2009, 3 August 2009 and 12 August 2009 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 7.70. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

126,900 of the 490,200 options outstanding at the beginning of the year were exercised in 2010, 4,000 were forfeited and the remaining 359,300 are still outstanding.

**e) Ascom Stock Option Plan 2010**

In accordance with the resolution passed by the Board of Directors on 3 March 2010, a total of 512,000 options were issued to 42 members of Ascom senior management on 12 March 2010 and 10 May 2010 respectively, each option entitling the holder to purchase one share with a par value of CHF 0.50 (cash-settled options allocated to US residents entitle the holder to receive the difference between exercise and strike price in cash). The strike price is CHF 11.40. The options have a life of four years and are subject both to an exercise hurdle (outperformance of the SMI index within a period of 12 months) and to a vesting period (one third of the options can be exercised after one year).

All 512,000 options are still outstanding.

**f) Options held as of 31 December 2010**

SOP	Duration in years	Strike price CHF	Exercised options	Expired options	Retained options
2007/I	4	19.85	–	17,900	77,500
2007/II	4	13.00	18,000	44,000	298,000
2008	4	12.50	13,000	–	157,400
2009	4	7.70	126,900	4,000	359,300
2010	4	11.40	–	–	512,000

The 1,404,200 options issued and not yet exercised or expired as of 31 December 2010 correspond to 3.90% of the total share capital.