

# Invitation to the 2018 Annual General Meeting of Ascom Holding AG

*Baar, March 2018*

Dear Shareholder,

We have pleasure in inviting you to the Annual General Meeting of Ascom Holding AG for the financial year 2017, to be held on

**Wednesday, 11 April 2018, at 14.00 at the Theater Casino Zug, Artherstrasse 2–4, 6300 Zug**

## **AGENDA AND PROPOSALS**

### **1. 2017 Annual Report and Financial Statements of Ascom Holding AG, Report of the Statutory Auditors**

*Proposal of the Board of Directors:*

That the 2017 Annual Report and Financial Statements be approved.

### **2. 2017 Consolidated Financial Statements, Report of the Statutory Auditors**

*Proposal of the Board of Directors:*

That the 2017 Consolidated Financial Statements be approved.

### **3. 2017 Remuneration Report (consultative vote)**

*Proposal of the Board of Directors:*

That the 2017 Remuneration Report be approved.

### **4. Appropriation of Retained Earnings of Ascom Holding AG for 2017**

*Proposal of the Board of Directors:*

	in CHF
Retained earnings from previous year	395,202,758
Merger gain*	1,132,170
Distribution of dividends	(28,751,070)
Result for the period	7,218,103
<b>Retained earnings at 31 December 2017</b>	<b>374,801,961</b>
Distribution of CHF 0.45 per share entitled to dividends	(16,200,000)
Balance to be carried forward	358,601,961

\* from merger of Ascom Holding AG with Ascom Management AG

## **5. Discharge from liability of the members of the Board of Directors**

*Proposal of the Board of Directors:*

That all members of the Board of Directors be discharged from liability.

## **6. Elections**

### **6.1 Board of Directors**

*Proposal of the Board of Directors:*

That the following members be re-elected (each separately)

- a) Dr Valentin Chapero Rueda
- b) Dr Harald Deutsch
- c) Jürg Fedier
- d) Christina Stercken
- e) Andreas Umbach

as members of the Board of Directors for the term of one year, i.e. until the completion of the 2019 Annual General Meeting.

### **6.2 Chairman of the Board of Directors**

*Proposal of the Board of Directors:*

That Andreas Umbach be re-elected as Chairman of the Board of Directors for the term of one year, i.e. until the completion of the 2019 Annual General Meeting.

### **6.3 Compensation Committee**

*Proposal of the Board of Directors:*

That the following members be re-elected (each separately)

- a) Dr Valentin Chapero Rueda
- b) Dr Harald Deutsch

as members of the Compensation Committee for the term of one year, i.e. until the completion of the 2019 Annual General Meeting.

### **6.4 Statutory Auditors**

*Proposal of the Board of Directors:*

That PricewaterhouseCoopers AG be re-elected as Statutory Auditors for a further year.

### **6.5 Independent Representative**

*Proposal of the Board of Directors:*

That Franz Müller, Attorney and Notary, Berne, be re-elected as Independent Representative for the term of one year, i.e. until the completion of the 2019 Annual General Meeting, and that Dr Alexander Kern, Attorney and Notary, Berne, be re-elected as his deputy.

## 7. Approval of the maximum total amounts for future compensations

### 7.1 Board of Directors

*Proposal of the Board of Directors:*

That the maximum amount of gross compensations of CHF 600,000 for the Board of Directors for the period until the 2019 Annual General Meeting be approved (subject to additional mandatory employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries).

### 7.2 Executive Board

*a) Fixed compensation*

*Proposal of the Board of Directors:*

That the maximum amount of fixed gross compensations of CHF 2,100,000 for the Executive Board (4 members; including contributions to pension funds and other social benefits) for the business year 2019 be approved (subject to additional mandatory employer contributions to governmental social insurances to the extent they constitute or increase pension benefits for the beneficiaries).

*b) Variable compensation*

*Proposal of the Board of Directors:*

That the maximum amount of variable gross compensations of CHF 1,700,000 for the Executive Board (4 members) for the business year 2019 be approved.

*c) Allocation of equity securities (long-term incentive)*

*Proposal of the Board of Directors:*

That the maximum amount of the value of allocation of equity securities (long-term incentive) of CHF 850,000 (at the moment of allocation) for the Executive Board (4 members) for the business year 2019 be approved.

## DOCUMENTS

The Annual Report (incl. Remuneration Report) and the Financial Statements (incl. Consolidated Financial Statements) as well as the Report of the Statutory Auditors are available with the company. The complete 2017 Annual Report is available in English and can be downloaded at the website <https://www.ascom.com/Investor-Relations/Financial-information/Reports-and-presentations.html>.

## ADMISSION TICKETS

Entry cards and voting material are delivered together with the invitation documents. Persons registered with the right to vote at the Company's shareholder's ledger on 3 April 2018 are entitled to vote.

## PROXY FORM

You may appoint a proxy at the Annual General Meeting by giving power of attorney and instructions as follows with the enclosed form:

a) to a third person who is authorized as proxy in writing

b) to the Independent Representative

Under Article 689c of the Swiss Code of Obligations, you may authorize Mr Franz Müller, Attorney and Notary, Herrengasse 22, Postbox, 3001 Berne, to act as your proxy. Mr Müller will vote in accordance with your instructions (please use the reverse side of the reply form).

You should return the reply form giving written voting instructions by 6 April 2018 at the latest.

You may register as well on the shareholder platform of Nimbus and give your instructions online (<https://ascom.shapp.ch>).

The shareholders' ledger will be closed on 3 April 2018. Shareholders who sell their shares after this date will no longer be entitled to vote at the Annual General Meeting.

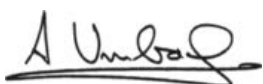
## PRACTICAL INFORMATION

After the Annual General Meeting, you are cordially invited to attend a reception at the Theater Casino Zug.

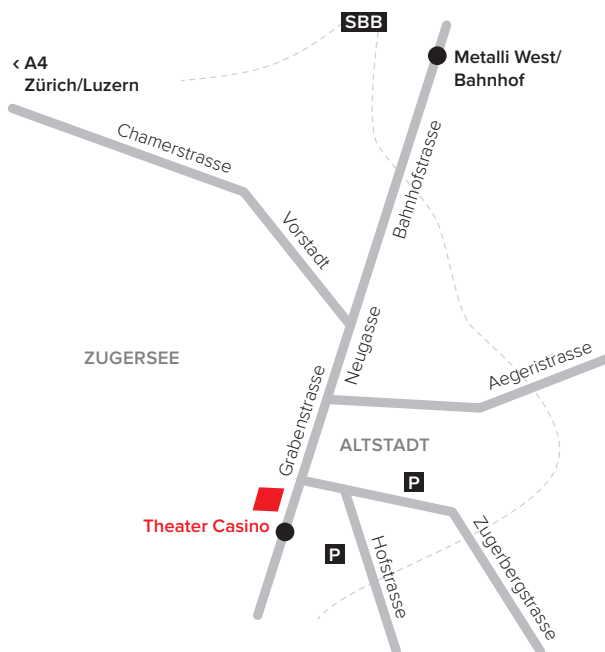
You can reach the Theater Casino Zug by taking bus lines 3 (direction to Oberwil) or 11 (direction to Schöneegg) from "Metalli West/Bahnhof" to the stop at "Theater Casino". The two car parks Altstadt-Casino and Frauensteinmatt are also available on site, subject to payment of a charge.

Ascom Holding AG

On behalf of the Board of Directors



Andreas Umbach



## Enclosures

Entrance and Voting Card

Reply form (for registration and proxy)

Reply envelope

# Explanatory notes on the Invitation to the 2018 Annual General Meeting

Dear Shareholders,

It gives me great pleasure to invite you to this year's Annual General Meeting, which will take place in Zug on Wednesday, 11 April 2018, at 14.00. Please use the enclosed reply form to order the 2017 Annual Report (in English).

I would like to take this opportunity now to make some comments on the agenda:

## **Agenda items 1 and 2 (Annual Report/Financial Statements and Consolidated Financial Statements)**

In 2017, we made significant steps forward in executing our strategy and finished an active and eventful year with solid results.

Ascom closed financial year 2017 with a Group profit of CHF 25.9 million compared to a Group loss of CHF 145.7 million for financial year 2016 (which was impacted by a one-time effect in connection with the divestment of the Network Testing Division as of 30 September 2016).

Ascom generated net revenue of CHF 309.7 million, representing a growth rate of 3.1%. For the full-year 2017, EBITDA margin came to 14.1%. With this result, Ascom met its profitability target as communicated.

*The Board of Directors proposes that the 2017 Annual Report, Financial Statements and Consolidated Financial Statements be approved.*

## **Agenda item 3 (Compensation Report)**

As we did last year, we are putting the Compensation Report before you for a consultative vote. The Compensation Report is enclosed and provides you with comprehensive information on Ascom's compensation system and on the compensation paid in 2017.

The following gross compensation was paid out within the defined limits:

- Board of Directors (7 members): CHF 1,020,000 for the period of office 2016/17
- Executive Board (5 members): CHF 2,570,478 for financial year 2017

*The Board of Directors proposes that the Compensation Report for 2017 be approved.*

## **Agenda item 4 (Appropriation of Available Earnings)**

*The Board of Directors proposes that the distribution of a dividend of CHF 0.45 be approved.*

## **Agenda item 5 (Discharge of the members of the Board of Directors)**

*The Board of Directors proposes that the members of the Board of Directors be discharged.*

### **Agenda item 6 (Elections)**

The Board of Directors proposes to the Annual General Meeting that the five current members of the Board, Dr Valentin Chapero Rueda, Dr Harald Deutsch, Jürg Fedier, Christina Stercken and Andreas Umbach be re-elected for a further one-year term of office. Andreas Umbach is proposed to be re-elected as Chairman of the Board while Dr Valentin Chapero Rueda and Dr Harald Deutsch shall be confirmed as members of the Compensation Committee.

The Independent Representative, Franz Müller, attorney-at-law and notary in Berne – as well as Dr Alexander Kernén, his office partner, as his deputy – are standing for another term of office. Both are independent and have no other mandates for Ascom.

In addition, the Board of Directors proposes that PricewaterhouseCoopers AG be re-elected as auditors.

*The Board of Directors proposes that the nominated candidates and the Independent Representative be elected, and that PricewaterhouseCoopers AG be re-elected as auditors.*

### **Agenda item 7 (Approval of the maximum total amounts for future compensations)**

Below we provide you with maximum amounts (framework amounts) to be approved for the 2019 financial year, as per article 20e of the Articles of Association.

#### ***Board of Directors***

We propose to you that the maximum total amount of gross compensation for the five members of the Board of Directors for the period of one year until the 2019 Annual General Meeting be set at CHF 600,000. An ordinary member shall receive CHF 100,000 while the Chairman shall receive CHF 200,000. In addition, mandatory employer contributions to governmental social insurances (e.g. AHV) are to be additionally declared as compensation to the extent they constitute or increase pension benefits for the beneficiaries, which is generally not the case.

#### ***Executive Board***

The system and the limits of compensation for the Executive Board are to be retained in the coming year. The compensation for the members of the Executive Board consists of three components: fixed compensation, performance-related variable compensation, and a long-term incentive in the form of equity securities.

We propose that the maximum gross compensation for the four members of the Executive Board for the 2019 financial year be determined in line with the prior year:

- *Fixed compensation* including payments into the pension fund and other social benefits: approval of a maximum total amount for the four members of CHF 2,100,000 (2018: CHF 2,100,000) including reserves for currency fluctuations. In addition, mandatory employer contributions to governmental social insurances (e.g. AHV) are to be additionally declared as compensation to the extent they constitute or increase pension benefits for the beneficiaries, which is generally not the case.

- *Variable compensation:*

For the 2019 financial year, too, variable gross compensation will be determined exclusively by reference to quantitative targets (revenue, EBITDA), set for the year by the Board of Directors in December 2018 in line with the budget targets for 2019. If all these targets are met, the CEO will receive variable compensation amounting to 50% of the fixed compensation and the other members of the Executive Board will receive a variable compensation amounting to 40–46%. Based on the current employment contracts for the Executive Board, this amounts to approximately CHF 770,000.

If the quantitative targets are exceeded, the variable compensation for the CEO may be increased to a maximum of 100% of the fixed compensation (with the figure for the other members of the Group Executive Board amounting to 80–92%). In order to cover the maximum amount and taking into consideration currency fluctuations, we propose to you that a maximum total amount of CHF 1,700,000 be approved for the 2019 financial year for the four members of the Group Executive Board (2018: CHF 1,700,000).

The maximum amount can be reached only if the budget is exceeded by a wide margin, resulting in a substantial increase in value for shareholders.

- *Allocation of equity securities (long-term incentive):*

As in previous years, the Board of Directors intends to set up a share matching plan as a long-term incentive plan for the years 2018 and 2019 as well. The members of the Executive Board have the opportunity to buy Company shares during a defined subscription period at market price as investment shares up to a certain number of shares as determined by the Board of Directors. The Company will match the investment shares with additional shares based on the fulfillment of defined employment-based and performance-based criteria. Beneficiaries have to keep the investment shares for a period of three years in order to benefit from the plan.

The members of the Executive Board may get up to 65% of the number of their investment shares as matching shares, provided that defined mid-term profitability targets are achieved. In addition, they get 35% of the number of their investment shares as matching shares after a three-years vesting period for free, if their employment contract with Ascom has not been terminated at this point in time.

The Board of Directors will link the mid-term profitability targets to the EBITDA margin of Ascom to be achieved in fiscal year 2020. In order to distribute additional performance-related matching shares to the beneficiaries, Ascom must achieve at least the lower end of the pre-defined EBITDA margin target 2020. Every participant will receive the maximum of 65% of additional investment shares in case the EBITDA margin of Ascom in 2020 reaches the upper end of the pre-defined EBITDA margin target or higher.

In addition, the participants may get up to 50% of the number of their investment shares as growth-related matching shares provided that defined mid-term growth targets are achieved. In order to receive additional matching shares, the growth performance (CAGR 2020 over 2017) must achieve a certain range. Every participant will receive the maximum of 50% of additional investment shares in case the growth performance as defined reaches the upper end of this range.

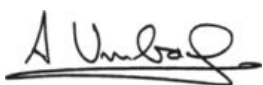
As a maximum, the Company will honor each investment share with 1.5 matching shares.

The value of the equity securities will be calculated at the time they were granted, assuming that all performance-based targets have been achieved. The Board of Directors proposes that a total amount of CHF 850,000 be approved for 2019 for the allocation of equity securities for the four members of the Group Executive Board (2018: CHF 850,000).

*The Board of Directors proposes that the suggested measures be approved.*

I would like to thank you for the trust you have placed in Ascom and look forward to welcoming you to the 2018 Annual General Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'A Umbach', with a horizontal line underneath.

Andreas Umbach  
Chairman of the Board of Directors

**Ascom Holding AG**

Zugerstrasse 32 | CH-6340 Baar  
T +41 41 544 78 00 | Fax +41 41 761 97 25  
[www.ascom.com](http://www.ascom.com)