

Corporate Governance

The report describes the management structure, organization and control within the u-blox group at December 31, 2012. The report fulfills the main requirements of the "Directive on Information relating to Corporate Governance" of the SIX Swiss Exchange.

1 Group structure

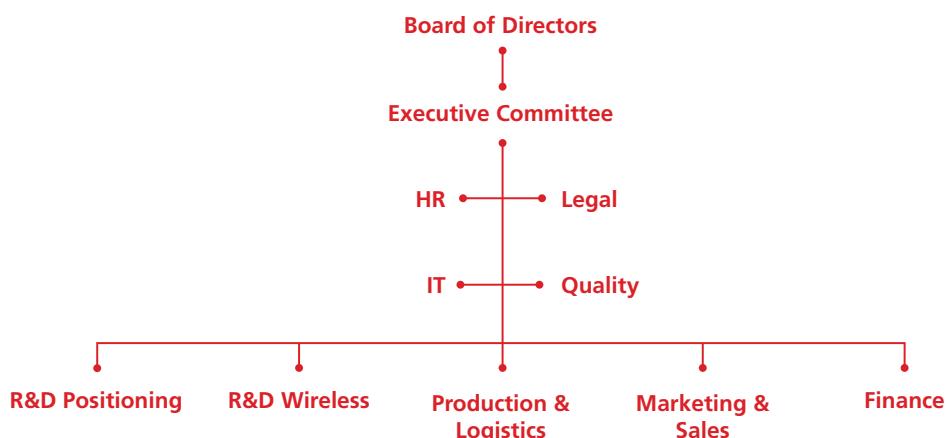
u-blox group

The registered domicile of u-blox Holding AG and u-blox AG is: Zürcherstrasse 68, 8800 Thalwil, Switzerland. u-blox AG was founded in 1997. u-blox Holding AG, the only shareholder of

u-blox AG, was incorporated in September 2007 and listed on the SIX Swiss Exchange on October 26, 2007 (Valor No. 3336167, ISIN CH0033361673, ticker symbol: UBXN). Hereinafter, u-blox Holding AG is referred to as u-blox.

The market capitalization at December 31, 2012 was CHF 247 million.

Business operations are conducted through u-blox group companies. u-blox Holding AG directly or indirectly owns all companies belonging to the u-blox group. The shares of these companies are not publicly traded. u-blox subsidiaries are listed in note 2 to the consolidated financial statements.



2 Shareholders of u-blox

Significant shareholders

At December 31, 2012, u-blox had 4'054 registered shareholders. According to the disclosures of shareholders, the largest shareholders (> 3%) were:

LB Swiss Investment AG, Zurich, Switzerland	6.39%
Werner and Anne Dubach, Hergiswil, Switzerland	5.01%
Swiss Reinsurance Company Ltd., Zurich, Switzerland	3.30%
UBS Fund Management AG, Basel, Switzerland	3.17%
Credit Suisse Funds AG, Zurich, Switzerland	3.05%

- On August 29, 2012 Credit Suisse Funds AG, Zurich, Switzerland announced that it held 3.05% of the voting rights.
- On September 24, 2012, LB Swiss Investment AG, Zurich, Switzerland announced that it held 6.39% of the voting rights.
- On November 15, 2012, UBS Fund Management, Basel Switzerland announced that it held 3.17% of the voting rights.*

* The shareholder reduced or increased his shareholding progressively. For further detail see <http://www.six-swiss-exchange.com/index.html> under "Market Data – Significant Shareholders".

Cross shareholdings

u-blox has no cross shareholdings in any company.

Publications concerning shareholdings:

- On April 13, 2012 Mr. Werner Dubach and Mrs. Anne Dubach, Switzerland announced that they held 5.01% of the voting rights as a group.*

3 Capital structure

Share capital of u-blox

On December 31, 2012 the share capital of u-blox was CHF 5'674'528.80 fully paid in and divided into 6'305'032 registered shares of CHF 0.90 nominal value each. There are no preferential voting shares. All shares have equal voting rights. No participation certificates, nonvoting equity securities (Genusscheine) or profit-sharing certificates have been issued.

Authorized share capital

The Board of Directors is authorized, at any time until October 16, 2013, to increase the share capital through the issuance of up to 1'248'674 fully paid-in registered shares with a nominal value of CHF 0.90 each in an aggregate amount not to exceed CHF 1'123'806.60. An increase in partial amounts is permitted. The Board determines the issue price, the date of issue of new shares and the type of payment.

The Board of Directors is authorized to exclude the subscription rights of shareholders and allocate such rights to third parties if the shares are to be used for the acquisition of enterprises through an exchange of shares, or for the financing of an acquisition of enterprises, parts of enterprises or participations, or for new investments of u-blox.

Conditional share capital

As of December 31, 2012, the share capital of u-blox may be increased by a maximum aggregate amount of CHF 506'407.50 by issuing up to 562'675 fully paid-in registered shares with a nominal value of CHF 0.90 each through the exercise of options granted to directors and employees of the group and its subsidiaries on the basis of participation plans. The issue price for the new shares and the conditions of the stock option plan are defined by the Board of Directors. For further detail see section "Stock Option Plan" below. The subscription rights of the shareholders are excluded for such a capital increase.

Changes in share capital

Refer to page 136 (condensed consolidated statement of financial position) of this report for more information on changes in share capital over the last three years.

Bonus certificates, options and convertibles

u-blox has not issued bonus certificates, convertible or exchangeable bonds, warrants or other securities granting rights to u-blox shares, except options under the employee stock option plan. The total number of outstanding options issued to employees and members of the Board of Directors at December 31, 2012 was 478'024 (7.58% of the outstanding share capital).

Grant	Vesting date	Expiry date	Exercise price in CHF	Options outstanding at Dec. 31, 2013
2008	May 30, 2011	May 30, 2014	46.00	68'951
2009	January 1, 2012	January 1, 2015	19.15	17'220
2010	January 1, 2013	January 1, 2016	25.50	105'787
2010	January 1, 2013	January 1, 2016	26.25 *	6'890
2011	January 1, 2014	January 1, 2017	48.58	123'422
2011	January 1, 2014	January 1, 2017	50.30 *	7'425
2012	January 1, 2015	January 1, 2018	39.91	140'752
2012	January 1, 2015	January 1, 2018	41.20 *	7'577
2013	January 1, 2016	January 1, 2018	00.00	000'000
2013	January 1, 2016	January 1, 2018	00.00 *	0'000
Total				478'024

*Options granted to employees of u-blox America Inc.

One option grants the right to purchase one share.

4 Shareholder rights

Each registered share entitles the holder to one vote at general meetings. Shareholders representing at least 10% of the share capital may request that an extraordinary general meeting of shareholders be convened. Shareholders representing shares with an aggregate nominal value of at least CHF 1'000'000 may request that an item be included in the agenda of a general meeting.

Such requests must be made in writing at least 45 days before the date of the general meeting, specify the item and contain the proposal on which the shareholder requests a vote. Shareholders have the right to receive dividends, appoint a proxy and other rights as are granted under the Swiss Code of Obligations.

Registration as shareholder

No restrictions apply to the registration as shareholder. Persons who have acquired registered shares will, upon application, be entered in the register of shares as shareholders with voting power, provided they expressly declare to have acquired the shares in their own name and for their own account. Only shareholders registered in the u-blox share register may exercise their voting rights.

Shareholders recorded in the share register as voting shareholders, usually 7-12 days before the date of the general meeting, are admitted to the meeting and entitled to vote. The deadline for registration is defined by the Board of Directors and published on the company's website under Investor Relations (www.u-blox.com).

No restriction on transfer of shares

No restrictions apply to the transfer of shares.

5 Board of Directors

Composition of the Board of Directors at December 31, 2013:



Prof. Fritz Farni
Swiss



Hans-Ulrich Müller
Swiss



Prof. Gerhard Tröster
German and Swiss



Thomas Seiler
Swiss



Jean-Pierre Wyss
Swiss



Soo Boon Quek
Singaporean



Dr. Paul Van Iseghem
Belgian

Name	Member since	Terms expires	Age	Position	Position Committee
Fritz Fahrni	2008	2014	70	Chairman	Member AC and NCC
Hans-Ulrich Müller	2007	2014	66	Vice-Chairman	Chairman AC
Gerhard Tröster	2007	2015	59	Member	Chairman NCC
Thomas Seiler	2007	2013	56	Member	
Jean-Pierre Wyss	2007	2013	43	Member	
Soo Boon Quek	2007	2015	62	Member	
Paul Van Iseghem	2011	2014	66	Member	

Election and term of office

All Directors are elected individually. Directors are elected to terms of office of generally three years or less by the shareholders at Annual General Meetings. The terms of office among Directors are generally to be coordinated so that approximately one-third of all Directors are subject each year to re-election or election.

Fritz Fahrni**Function at u-blox**

Prof. Fritz Fahrni was elected Chairman of the Board of Directors of u-blox Holding AG and u-blox AG in 2008. He is a member of the audit committee (until end of 2012) and of the nomination and compensation committee. He is a Non-Executive Director. Mr. Fahrni is a Swiss citizen.

Professional background

Prof. Fahrni holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (ETH) and a PhD from the Illinois Institute of Technology, Chicago, USA, as well as a SMP from Harvard Business School, USA. He joined Sulzer AG in 1977 and acted as Chief Executive Officer from 1988 to 1999. From 2000 until 2007, he was Professor for Technology Management and Entrepreneurship at both ETH Zurich and the University of St. Gallen. He now is an Emeritus Professor at both universities.

Other positions or consultancy agreements

Prof. Fritz Fahrni is member of the Board of Ammann BauAusrüstung AG, Switzerland until end of 2012 and chairman of the board of Insys Industriesysteme AG, Switzerland. He also is a member of the Board of the University Hospital Balgrist, Switzerland and a member of the Industrial Board of CTI Start up, Switzerland. He is a member of the Swiss Science and Technology Council, Bern until end of 2012 and an individual member of the Swiss Academy of Technical Sciences.

Hans-Ulrich Müller**Function at u-blox**

Hans-Ulrich Müller has been appointed Vice-Chairman of the Board of Directors since incorporation of u-blox Holding AG in 2007. He acts as member of the Board of Directors of u-blox AG since 1998 and since 2006 as Vice-Chairman. He served as interim CEO of u-blox AG from 2001 to 2002. He chairs the audit committee. He is a Non-Executive Director. Mr. Müller is a Swiss citizen.

Professional background

Hans-Ulrich Müller holds a degree in electronic engineering from the Institute of Technology in Burgdorf (CH) and an MBA diploma from the European University in Cham, Switzerland. He started his career at ESEC SA, Switzerland in 1977 as Electronics Manager. He held several functions within ESEC SA and was appointed member of the Board of ESEC Holding SA and COO from 1992 to 1997. Thereafter, he served as Chairman of the Board at Kistler Holding SA, Switzerland from 1998 to 2001. Hans-Ulrich Müller was Partner at Partners Group Switzerland from 2001 to 2012. He is Operating Partner since 2012.

Other positions or consultancy agreements

Hans-Ulrich Müller is member of the Board of Rioglass Solar Holding SA, Spain.

Gerhard Tröster**Function at u-blox**

Prof. Gerhard Tröster has served as a member of the Board of Directors since the incorporation of u-blox Holding AG in 2007. He is also a member of the Board of Directors of u-blox AG. He has served as Chairman of the Board of Directors and as Executive Officer of u-blox AG between 1997 and 2001 and as Vice-Chairman of the Board of Directors between 2001 and 2003. He chairs the nomination and compensation committee. He is a Non-Executive Director. Mr. Tröster is a Swiss citizen.

Professional background

Prof. Gerhard Tröster holds a Diploma degree from the Technical University of Karlsruhe and a PhD degree from the Technical University of Darmstadt, both in electrical engineering. He led the Advanced Integrated Circuit Design' group at Telefunken Electronic, Germany from 1984 to 1993. Since 1993 he is Professor for electronics at the Swiss Federal Institute of Technology Zurich (ETH) and Head of the German and Swiss Electronics Laboratory. In 1997, he co-founded u-blox AG.

Other positions or consultancy agreements

Prof. Gerhard Tröster is Chairman of the Board of Amphiro AG, Switzerland.

Thomas Seiler**Function at u-blox**

Thomas Seiler has served as a member of the Board of Directors and as CEO since the incorporation of u-blox Holding AG in 2007. He serves as CEO and Head of Marketing and Sales of u-blox AG since 2002. In 2006 he was appointed member of the Board of Directors of u-blox AG. Mr. Seiler is a Swiss citizen.

Professional background

Thomas Seiler holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (ETH) and a MBA diploma from INSEAD, France. In 1987 he was appointed member of the executive committee of Melcher Holding AG, Switzerland and CEO from 1991 to 1998. Thereafter, he served as CEO of Kistler Holding AG, Switzerland from 1999 to 2001.

Other positions or consultancy agreements

Thomas Seiler is a member of the Board of Artum AG, Switzerland.

Jean-Pierre Wyss

Function at u-blox

Since the incorporation of u-blox Holding AG in 2007 Jean-Pierre Wyss has served as a member of the Board of Directors and, until 2011, as CFO. Since 1997, he has served as a member of the Board of Directors, CFO (until 2011) and Head of Production and Logistics of u-blox AG. Mr. Wyss is a Swiss citizen.

Professional background

He holds a degree in electrical engineering from the Swiss Federal Institute of Technology Zurich (ETH) and a Finance for Executives diploma from INSEAD in Singapore. From 1995 to 1997 he was a research assistant and project manager at ETH. In 1997, he co-founded u-blox AG.

Other positions or consultancy agreements

Jean-Pierre Wyss is a member of the board of Ardo Medical AG, Switzerland.

Soo Boon Quek

Function at u-blox

Soo Boon Quek has served as a member of the Board of Directors of u-blox Holding AG since the incorporation of u-blox in 2007. She also serves as a member of the Board of Directors of u-blox AG since 2006. She is a Non-Executive Director. Mrs. Quek is a Singaporean citizen.

Professional background

Soo Boon Quek holds a B.Sc. degree in mathematics from King's College, University of London. She was Senior Vice President / Deputy General Manager of Vertex Management Inc. from 1987 to 1999. She founded iGlobe Partners, Singapore in 1999 and is the Managing Partner of iGlobe Partners.

Other positions or consultancy agreements

Soo Boon Quek is a Board member of the following companies: Verisilicon Holdings Co. Ltd., Forte Media Inc., Wise Giant Ltd., Anacle Systems Pte Ltd. and Sparky Animation Pte Ltd. She is Council Member of the Singapore Chinese Chamber of Commerce and the Singapore Board member of Swissnex.

Paul Van Iseghem

Function at u-blox

Dr. Paul Van Iseghem was elected member of the Board of Directors of u-blox Holding AG and u-blox AG in 2011. He is a Non-Executive Director. Mr. Iseghem is a Belgium citizen.

Professional background

Dr. Paul Van Iseghem holds a Ph.D. in Engineering from the University of California, USA, and a master degree in Engineering from the University of Leuven, Belgium. He led LEM Holding SA as CEO and president from 2005 to 2010. From 2000 to 2005, he led the components division of LEM. Before joining LEM, he held various management positions in Europe and the US in the engineering industry.

Other positions or consultancy agreements

None.

6 Internal Organization of the Board of Directors

Decisions are made by the Board of Directors as a whole, with the support of the Nomination and Compensation Committee and the Audit Committee.

The primary functions of the Board of Directors include:

- Providing the strategic direction of the group.
- Determining the organizational structure and governance rules of the group.
- Approving acquisitions.
- Reviewing and approving the annual financial statements and results.
- Preparing matters to be presented at General Meetings.
- Reviewing the Risk Management System.
- Appointment and removal of, as well as the structure of remuneration/ compensation payables to members of the Executive Committee and of the Board of Directors.

Further detail is provided under the Rules of Procedure available under the Investor Relations / Corporate Governance section of the company website (www.u-blox.com).

The Board of Directors convened 9 times in 2012. The duration of each meeting was about 2 hours.

Role and functioning of the Board Committees

Each Committee member and its chairman are elected by the Board. For further detail see the Rules of Procedure available under the Investor Relations / Corporate Governance section of the company website (www.u-blox.com).

Audit Committee

The Audit Committee is composed of Hans-Ulrich Müller (chair) and of Fritz Fahrni. Paul Van Iseghem has replaced Fritz Fahrni as of January 1, 2013.

The Audit Committee's main duties include the assessment of:

- The completeness, integrity and transparency of financial statements, their compliance with applicable accounting principles and proper reporting to the public.
- The functionality and effectiveness of external and internal control systems including risk management and compliance.
- The quality of audit services rendered by the external and internal auditors.

The Committee convened twice, once for the preparation of the annual report and once for the preparation of the half year report. The auditors, the CFO, the CEO, the Executive Vice President Production and Logistics (former CFO) and the head of accounting participated in the meetings. The general counsel participated in the second meeting. The duration of each meeting was about 1 hour.

Nomination and Compensation Committee

The Nomination and Compensation Committee is currently composed of Gerhard Tröster (chair) and Fritz Fahrni. The Committee supports the Board of Directors in the performance of its duties as follows:

- It prepares the personnel-related decisions to be adopted by the Board of Directors, such as personnel planning, appointment and removal of, as well as the structure of remuneration/ compensation payables to members of the Executive Committee and of the Board of Directors.
- It drafts the employee stock ownership program.
- It proposes the allotment of options within the scope of the employee stock ownership program to the Board.

The Committee convened twice. The CEO, CFO, the Executive Vice President Production and Logistics (former CFO) and the general counsel participated in the meeting. The duration of each meeting was about 1 hour.

Delegation

The Board delegates the executive management of the company to the members of the Executive Committee, as further defined in the Rules of Procedure available under the Investor Relations / Corporate Governance section of the company website (www.u-blox.com).

7 Information and control systems of the Board towards management

Information

The Board ensures that it receives sufficient information from the Executive Committee to perform its supervisory duty. The Board obtains the information required to perform its duties as follows:

- The CEO and the Executive Vice President Production and Logistics are members of the Board of u-blox. All Board members are also members of the Board of u-blox AG. All Executive Committee members participate in the Board meetings and each member presents a status report at each meeting.
- A monthly status report is prepared by the CEO and submitted to the Board.
- The CFO and CEO participated in each Audit Committee and NCC meeting. The minutes of Committee meetings are made available to all Board Members.
- The Chairman of the Board meets the CEO approximately every month to discuss the strategy or prepare Board

meetings.

- A working group consisting of the CEO and Mr. Paul Van Iseghem ensures that the Board is informed on the strategic options of the company. The working group has convened once and informed the Board on the strategic options it has identified.
- The auditors participated in each Audit Committee meeting.

Risk Management

A risk assessment plan for the group is prepared by the Executive Committee and presented to the Board on an ongoing basis. The risk assessment plan identifies the type of risks, the likelihood of the occurrence of the risk, as well as the damage that may be caused if the risk materializes.

At five Board meetings risks and a risk mitigation plan were presented by the Executive Committee. The plan enables the Board to evaluate the appropriateness of the risk management and to monitor the progress achieved in controlling or mitigating the risks.

The Executive Committee is responsible for the execution and implementation of the plan, as well as ensuring that u-blox has the right processes in place to support the early mitigation and avoidance of risks.

8 Management of the group

The members of the Executive Committee are:

Name	Age	Position
Thomas Seiler	56	CEO
Roland Jud	45	CFO
Jean-Pierre Wyss	43	EVP Production and Logistics
Daniel Ammann	43	EVP Positioning Products
Andreas Thiel	45	EVP Wireless Products

The Board has delegated to the Executive Committee the coordination of the group's day-to-day business operations. The Executive Committee is headed by the Chief Executive Officer.

The primary functions of the Executive Committee include:

- Conduct of the day-to-day-business and developing of new business.
- Implementation and enforcement of resolutions adopted and instructions given by the Board.
- Management and supervision of staff.

Management contracts

u-blox does not have management contracts with third parties. The Executive Committee members are employed by u-blox AG and provide management services for u-blox Holding AG.

9 Executive Committee



Function at u-blox

Thomas Seiler has served as a member of the Board of Directors and as CEO since the incorporation of u-blox Holding AG in 2007. He serves as CEO and Head of Marketing and Sales of u-blox AG since 2002. In 2006 he was appointed member of the Board of Directors of u-blox AG.



Function at u-blox

Andreas Thiel has served as Executive Vice President (R&D Hardware) of u-blox Holding AG from 2007 to 2012 and as Executive Vice President R&D Hardware of u-blox AG from 1997 to 2012. He acts as Executive Vice President R&D Wireless Products for u-blox Holding AG and u-blox AG since 2012.

Professional background

Thomas Seiler holds a degree in mechanical engineering from the Swiss Federal Institute of Technology Zurich (ETH) and a MBA diploma from INSEAD, France. In 1987 he was appointed member of the executive committee of Melcher Holding AG, Switzerland and CEO from 1991 to 1998. Thereafter, he served as CEO of Kistler Holding AG, Switzerland from 1999 to 2001. Mr. Seiler is also a member of the Board of Artum AG, Switzerland.



Function at u-blox

Since the incorporation of u-blox Holding AG in 2007 **Jean-Pierre Wyss** has served as a member of the Board of Directors and, until 2011, as CFO. Since 1997, he has served as a member of the Board of Directors, CFO (until 2011) and Head of Production and Logistics of u-blox AG.



Function at u-blox

Roland Jud has been appointed CFO of both u-blox Holding AG and u-blox AG in 2011.

Professional background

He holds a degree in electrical engineering from the Swiss Federal Institute of Technology Zurich (ETH) and a Finance for Executives diploma from INSEAD in Singapore. From 1995 to 1997 he was a research assistant and project manager at ETH. In 1997, he co-founded u-blox AG. Mr. Wyss is also a member of the board of Ardo Medical AG, Switzerland.



Function at u-blox

Daniel Ammann has served as Executive Vice President (R&D Software) of u-blox Holding AG from 2007 to 2012. He has been a member of the Board of u-blox AG from 1997 to 2003 and acted as Executive Vice President R&D Software from 1997 to 2012. He acts as Executive Vice President R&D Positioning Products for u-blox Holding AG and u-blox AG since 2012.

Professional background

He holds a degree in electrical engineering from the Swiss Federal Institute of Technology Zurich (ETH). From 1995 to 1997 he was a research assistant and project manager at ETH. In 1997, he co-founded u-blox AG.

Professional background

He holds a degree in economics from the University of St. Gallen (HSG), a diploma as Swiss Certified Auditor (CPA) and a diploma as Certified IFRS/IAS Accountant. From 1992 until 1999 he was auditor and consultant at KPMG. He served as Group Controller and Deputy CFO at Gurit-Heberlein Holding AG, Switzerland from 1999 to 2008. Thereafter, he was Head of Accounting, Reporting and ICS at Ascom Holding AG, Switzerland until 2010. From 2010 until 2011 he held the position of CFO and member of the executive committee at Nexgen AG, Switzerland.

10 Compensation, shareholdings and loans

Non-executive members of the Board of Directors

A review of the compensation for Board members was performed end of 2011 by the Chairman of the Nomination and Compensation Committee. The compensation, excluding stock options, was benchmarked with compensation offered by 11 listed companies in Switzerland with comparable revenue, market capitalization or EBIT. The benchmarked companies are active in the semiconductor industry, communication service, software, electronics, medical solutions or production engineering industry. On the basis of the review, the Board decided that as of 2012, the Chairman will be paid an annual compensation of CHF 60'000, non-executive committee members CHF 45'000 and each other non-executive member CHF 30'000. The decision was taken by the Board within its discretion, without external advisors. The compensation was defined in 2011 for an unlimited period of time.

The Board members are also granted stock options according to the rules defined in the stock option plan (see below).

See note 7 on page XXX under the notes to the financial statements of u-blox Holding AG for detailed information on the compensation, options and benefits for each member of the Board of Directors.

Executive Committee

The compensation package of the Executive Committee is proposed by the Nomination and Compensation Committee and decided by the Board of Directors.

A review of the compensation of all Executive Committee members took place end of 2010. The total compensation including salary, bonus and stock options of the CEO and that of the other Executive Committee members were benchmarked with those offered by 6 listed companies with comparable market capitalization in Switzerland and one non-listed company in Switzerland. The benchmarked companies are active in the semiconductor industry or provide software, logistics or telecommunication solutions or energy. The Board decided, taking into account the growth of u-blox and based on a proposal made by the Nomination and Compensation Committee, to increase the compensations in order to reach the median compensation of the benchmarked industry in 2013 progressively by annually increasing as of 2011 and until 2013 (i) the base salary of the CEO and (ii) the bonus of the other Executive Committee members. The proposal of the NCC was based on an analysis made by the CEO. No external consultants or other Executive Committee members were involved in this process. The decision was made by the Board within its discretion.

The total compensation was defined for the three year period from 2011 to 2013.

The compensation package for members of the Executive Committee consists of a base salary and a variable part (bonus). The bonus depends on i) the change of the revenue of the group compared to the previous year and ii) the EBIT in percent of revenue. The change of revenue has a minor influence on the bonus of the CEO (a 10% increase leads to about one percent bonus increase) while the EBIT margin has a significant influence on his bonus (e.g. 10% EBIT lead to a bonus of 65% of base salary). The EBIT margin is weighted about 5.5 times more than the change of revenue for the calculation of the bonus of all other members of the Executive Committee. The bonus does not depend on personal performance objectives. The CEO has a minimum bonus of 14% and a maximum bonus of 150% of his base salary. The bonus of all other members of the Executive Committee members has no minimum and is limited to 100% of the base salary.

For 2012, the bonus of the executive committee members amounted to 50.9%, respectively 83.5% for the CEO, of the base salary.

The bonus amount of the CEO has slightly reduced compared to 2011 because of the combined effect of the reduction of the EBIT margin and the previously agreed increase of the base salary ([see details above](#)).

The bonus amount of the other executive members has increased because of the significant increase of revenue compared to 2011 which out-weighted the EBIT margin reduction.

The Executive Committee members are furthermore granted stock options, according to the rules defined in the stock option plan ([see below](#)).

Each Executive Committee member is subject to a non-compete obligation during one year after termination of his employment, which can be triggered by the company. If the company decides to implement the obligation, the member will be paid 50% of the net income he received during the preceding year.

See note 7 under the notes to the financial statements of u-blox Holding AG for detailed information on the compensation, options and benefits for each member of the Executive Committee on page XXX.

Stock option plan

The stock option plan offers Board members and the Executive Committee members (as well as other employees) an opportunity to participate in the share capital of u-blox in order to encourage their commitment.

Each option grants the owner the right to purchase one share at a certain price (exercise price). The options lapse on the day following the last day of employment of the Executive Committee member, respectively of the mandate of the Board member.

With respect to options with a grant date on or prior to December 31, 2012, the exercise price is the lower amount of a) the volume-weighted average share price on the SIX Swiss Exchange during the 30 trading days preceding the grant date and b) the closing share price at the SIX Swiss Exchange on the last trading day before the grant date.

With respect to options with a grant date as of January 1, 2013, the exercise price is calculated by deducting 33% from the lower price of a) the volume-weighted average share price on the SIX Swiss Exchange during the 30 trading days preceding the grant date and b) the closing share price at the SIX Swiss Exchange on the last trading day before the grant date.

The option can be exercised between the third year (vesting date) and the sixth year after the grant date and expires six years after the grant date. The Board of Directors defines, based on a proposal of the Nomination and Compensation Committee, whether options will be granted for the past year and, if yes, the functional ranks which will participate in the stock option plan and the number of options to be allotted to each functional rank and country.

The eligibility for participation in the plan as well as the number of options to be allotted to a functional rank was decided by the Board within its discretion, without external consultants. The number of options granted did not depend on personal performance objectives. The Board decided that the members of the Executive Committee each have the same functional rank and are each granted the same number of options pro rata temporis of their employment and that the members of the Board each have the same functional rank and are each granted the same number of options pro rata temporis of their membership.

Stock Option Allotment per Member

	Allotment
Non-executive Board Member (number of options)	499*
Executive Committee Member (number of options)	6'243*
Exercise price in CHF/option	25.50
Grant date	January 1, 2013
Vesting date	January 1, 2016
Expiry date	January 1, 2019

* Pro rata temporis of their employment, respectively membership.

Ownership of u-blox shares

The total number of u-blox shares owned by members of the Executive Committee and the Directors at December 31, 2012 (including holdings of "persons closely linked"*) is shown in the table below.

Non-executive members of the Board

	Number of shares
Fritz Fahrni	12'422
Hans-Ulrich Müller	51'090
Gerhard Tröster	35'760
Paul Van Iseghem	1'450
Soo Boon Quek	0

Executive Committee

	Number of shares
Thomas Seiler	104'552
Andreas Thiel	68'164
Jean-Pierre Wyss	67'914
Daniel Ammann	53'804
Roland Jud	0

* "Persons closely linked" are (i) their spouse, (ii) their children below age 18, (iii) any legal entities that they own or otherwise control, or (iv) any legal or natural person who is acting as their fiduciary.

Share allotment in the year under review

No shares were allotted to the members of the Board or the Executive Committee in 2012.

Additional fees and remunerations and loans

No additional fees or remuneration was paid to the members of the Board or the Executive Committee.

No loans were granted by the group to the members of the Board or the Executive Committee or were outstanding at December 31, 2012.

11 Auditors

Duration of the mandate and term of office of the lead auditor

In 2012, KPMG AG, Lucerne was re-appointed as Statutory Auditor of u-blox. KPMG Lucerne has been appointed each year since incorporation of u-blox in 2007. Mr. Thomas Studhalter, Partner, has been acting as the lead auditor.

Auditing fees

Total auditing fees charged by KPMG for mandatory audits of u-blox for the financial year 2012 amount to CHF 311'920 (excl. VAT).

Additional fees

Additional fees (excl. VAT) charged by KPMG during the financial year 2012 amounted to CHF 263'685 for tax advice and consulting.

Supervisory and control instruments

The External Auditor presents to the Audit Committee an overview of issues found during the audit of the annual financial statement, the half year financial statement, as well as the internal control system. The External Auditors were present at both Audit Committee meetings in 2012.

The Board of Directors monitors the work and audit results of the External Auditors through the Audit Committee. The Audit Committee reviews annually the selection of auditors as well as the level of the external audit fees. In its review, the Audit Committee takes into account the External Auditor's quality of service, the expenses compared to other auditing companies and the fees for non-audit related services

12 Information policy

In addition to the annual report, u-blox will publish condensed interim financial information bi-annually. u-blox provides stock-price-sensitive information in accordance with the ad hoc publicity requirements of the Listing Rules of the SIX Swiss Exchange.

All information is distributed through third-party electronic and print media resources. Additionally, all interested parties have the possibility to directly receive from u-blox, via an e-mail distribution list, free and timely notification of publicly released information. All of this information as well as the registration form for the e-mail distribution service, general corporate information and company publications can be found on the investor relations section of u-blox' website: www.u-blox.com.

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