

Corporate Governance

50	General framework
51	Corporate structure
53	Shareholders
54	Capital structure
59	Board of Directors
66	Executive management
70	Compensation, shareholdings and loans
72	Shareholders' participation rights
73	Changes of control and defense measures
74	Auditors
75	Information policy

General framework

This Corporate Governance report explains the principles of management and control at the highest level of the Kaba Group in accordance with the Directive on Information Relating to Corporate Governance (the Corporate Governance Directive, RLCG) issued by the SIX Swiss Exchange AG. The information contained in this report for financial 2008/2009 is valid as at 30 June 2009, unless otherwise stated.

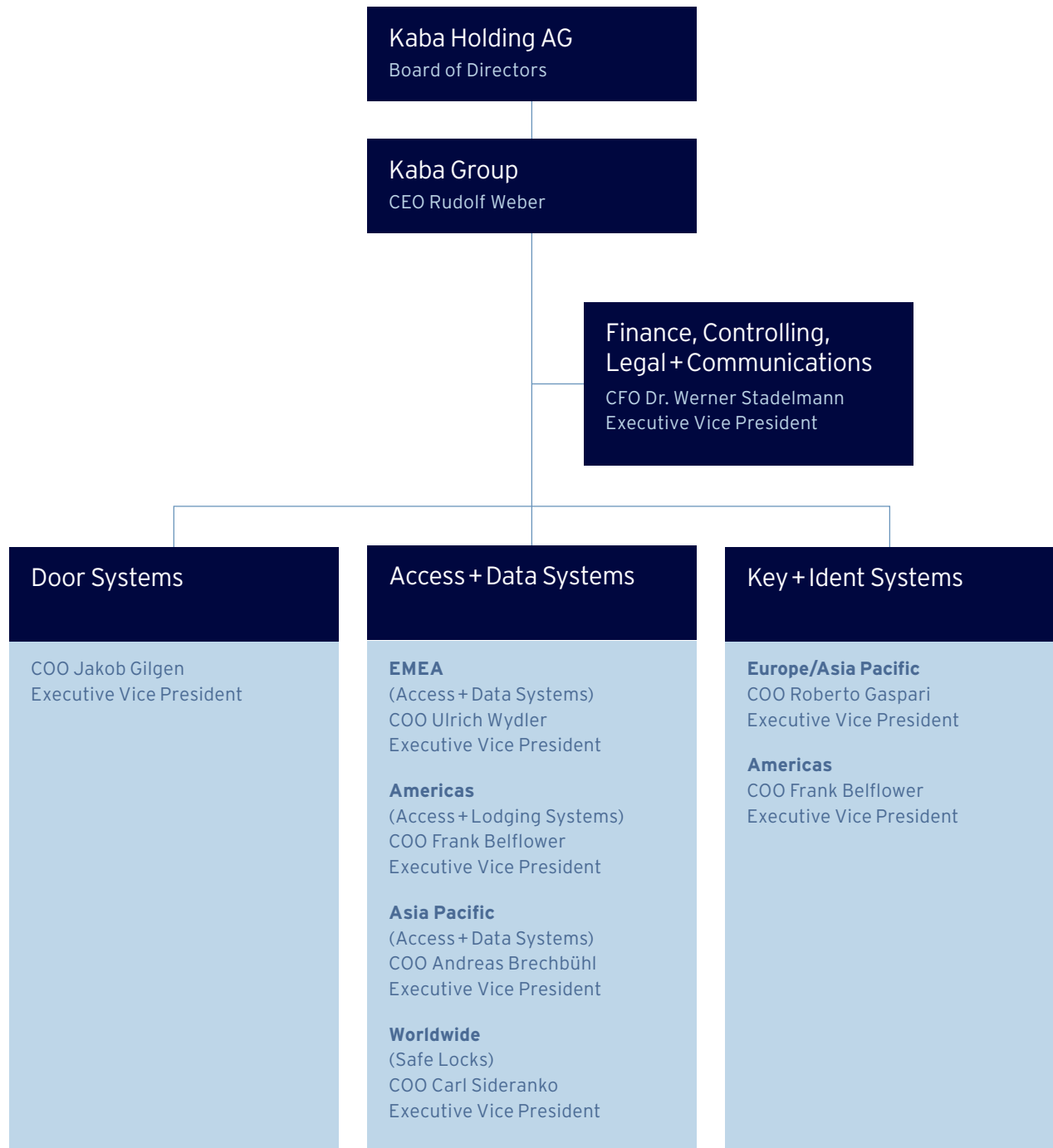
Corporate governance at the Kaba Group complies largely with the principles and recommendations of the Swiss Code of Best Practice for Corporate Governance dated 25 March 2002 and 6 September 2007. However, because of its shareholder structure and size, the Kaba Group has adopted certain changes and simplifications to the Code.

The principles and rules on corporate governance at the Kaba Group are laid down in the Articles of Incorporation¹⁾, the Organizational Regulations and the regulations of the Board of Directors' committees. They are regularly reviewed by the Chief Executive Officer, who from time to time submits proposals for amendments to the Board of Directors for a decision.

1) The Articles of Incorporation are published on Kaba's website at www.kaba.com.

Corporate structure

The Group's organizational structure is based on the main business functions.

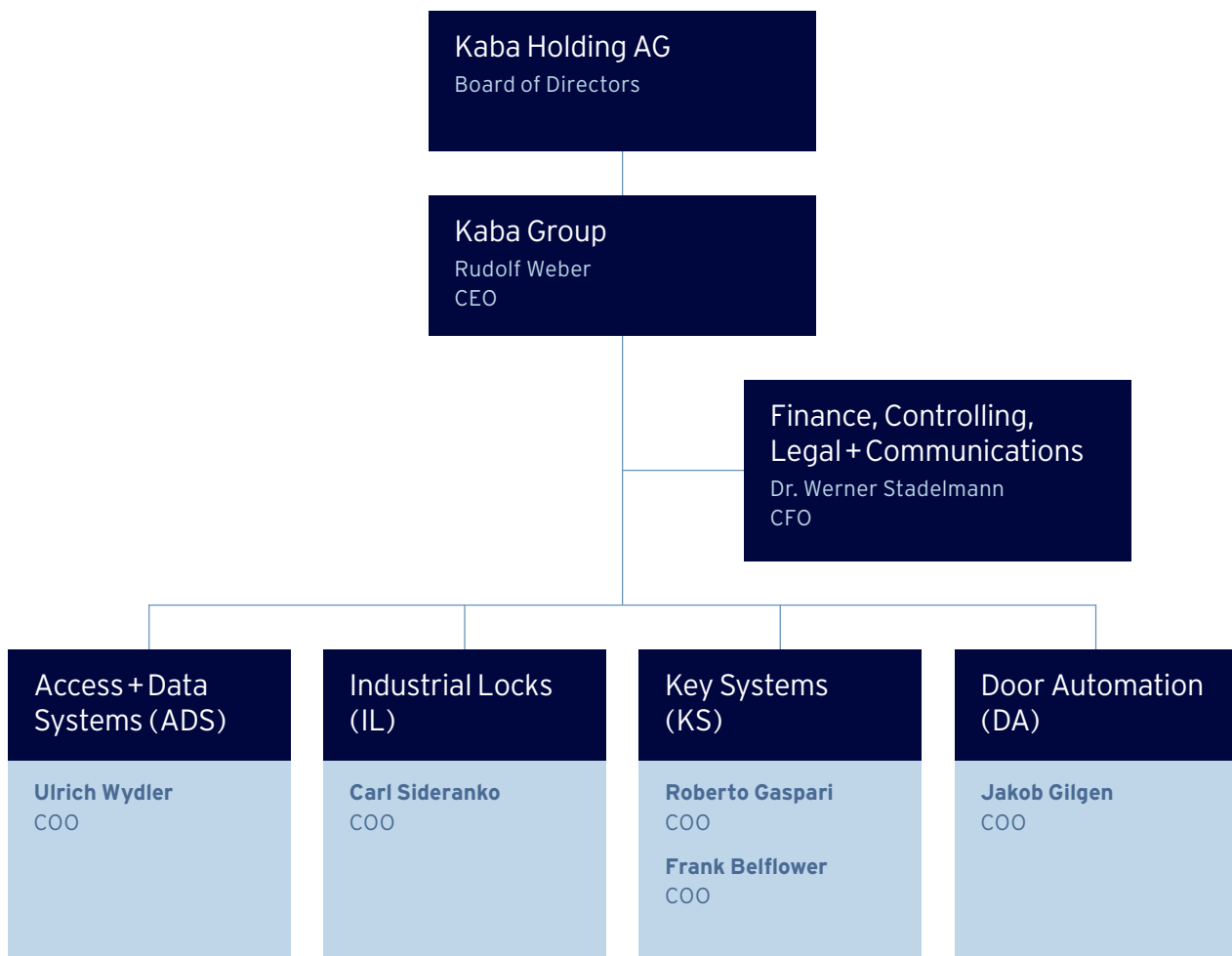


The names of the companies that go to make up the consolidated Group can be found in the Financial Statements on pages 128 to 130.

New Organization as at 1 July 2009

With a view to further enhancing the efficiency of the Group, on 1 July 2009 Kaba will put in place a new management structure for its Access + Data Systems segment. Safe Locks and Wah Yuet will be brought together to form a new In-

dustrial Locks segment. All the segments other operations will be placed under a central management set-up. This will enhance the efficiency of this segment and will provide for better use of synergies between the American, European and Asian regions.



New Organization as at 1 July 2009

Shareholders

The following table sets out the shareholding structure of Kaba Holding AG as at the end of the financial year and gives the names of shareholders that have disclosed voting rights of 3% or more to Kaba Holding AG.

During financial 2008/2009, Allianz Group disclosed a shareholding of 4.97% (188,994 shares) on 19 November 2008 because it fell below the 5% threshold as stipulated by stock exchange law. Further, on 13 January 2009, Gekla AG,

Lettenstrasse 6, 6343 Rotkreuz, Switzerland, reported a 3.02% shareholding (114,908 shares). In addition, Kin Shek Ng, who holds his shares indirectly through his companies (Billion Power Investments Ltd., Kowloon; Right Elite Ltd., Kowloon; Sino Origin Investments Ltd., Kowloon; Ng's International Co. Ltd., Kowloon), disclosed a shareholding of 4.55% (173,089 shares) on 16 June 2009, because it fell below the 5% threshold as stipulated by stock exchange law.

Shareholder group	as at 30.6.2009		as at 30.6.2008	
	No. of shares at CHF 0.10 par value	in %	No. of shares at CHF 0.10 par value	in %
Heirs of Leo Bodmer				
Creed Kuenzle ¹⁾	127,452	3.3	127,452	3.3
Karin Forrer ²⁾	196,910	5.2	196,910	5.2
Other heirs of Leo Bodmer	360,645	9.5	386,645	10.2
Total heirs of Leo Bodmer	685,007	18.0	711,007	18.7
Public shareholders				
Gekla AG	114,908	3.0		
Kin Shek Ng ³⁾	173,089	4.5	236,039	6.2
Allianz Group	188,994	5.0	190,366	5.0
Ulrich Bremi ⁴⁾	193,500	5.1	193,500	5.1
Capital Group Companies, Inc.	196,869	5.2	196,869	5.2
Other public shareholders	2,223,246	58.4	2,245,832	59.0
Total public shareholders	3,090,606	81.2	3,062,606	80.5
Members of the Board and current Executives				
Other members of the Board (non-executive)	57,468	1.5	57,218	1.5
Current Executives (incl. executive Board member)	16,165	0.4	16,015	0.4
Total members of the Board and current Executives	73,633	1.9	73,233	1.9
Less double-counting in respect of heirs of Leo Bodmer who are members of the Board ⁵⁾	-43,168	-1.1	-43,068	-1.1
Total shares	3,806,078	100.0	3,803,778	100.0

1) Creed Kuenzle, Herrliberg, was Chairman of the Board of Directors of Kaba Holding AG from 1978 to 2001.

2) Karin Forrer, Ittigen, was a member of the Board of Directors of Kaba Holding AG from 1978 to 1997.

3) Kin Shek Ng, Kowloon, was a member of the Board of Directors of Kaba Holding AG from 24 October 2006 to 16 February 2009.

4) Ulrich Bremi, Zollikon, was employed by Kaba Holding AG from 1962 to 1992 and was President from 1975 to 1992.

5) The shareholdings of heirs of Leo Bodmer who are also members of the Board of Directors are included under both "Other heirs of Leo Bodmer" and "Other members of the Board".

As far as Kaba Holding AG knows, the above-mentioned principal shareholders are not linked by any shareholders' agreements or similar arrangements with respect to their Kaba Holding AG registered shares or the exercise of shareholders' rights.

Cross-Shareholdings

The Kaba Group has not entered in any capital-based or voting rights-based cross-shareholdings with other companies.

Capital structure

Capital

At 30 June 2009, the share capital of Kaba Holding AG was CHF 380,607.80, divided into 3,806,078 fully paid-up registered shares with a par value of CHF 0.10 each. In addition, at 30 June 2009, Kaba Holding AG had at its disposal authorized capital of CHF 38,000 (divided into 380,000 registered shares with a par value of CHF 0.10 each) and conditional capital amounting to a maximum of CHF 43,833.20 for the issue of bonds or similar instruments (maximum CHF 36,000 divided into 360,000 registered shares with a par value of CHF 0.10 each) and for employee share ownership schemes (maximum CHF 7,833.20 divided into 78,332 registered shares with a par value of CHF 0.10 each).

Kaba Holding AG has not issued any non-voting shares (Partizipationsscheine) or profit-sharing certificates (Genussscheine).

Conditional capital

The share capital of Kaba Holding AG may be increased by an amount not exceeding CHF 36,000 by issuing up to 360,000 registered shares, to be fully paid up, with a par value of CHF 0.10 each, through the exercise of conversion and/or option rights that have been granted in connection with the issue of bonds or similar instruments by Kaba Holding AG or a group company, and/or through the exercise of option rights that have been conferred on shareholders. If bonds or similar instruments are issued in connection with conversion and/or option rights, the subscription rights of existing shareholders are excluded. The right to subscribe to the new registered shares falls to the respective holders of conversion and/or option rights. The purchase of registered shares by exercise of conversion and/or option rights, as well as every subsequent transfer of registered shares, is subject to the transfer and voting right restrictions set out in the Articles of Incorporation. The Board of Directors is entitled to limit or abolish the pre-emptive subscription right of shareholders in connection with the issue of bonds or similar instruments with conversion and/or option rights if such instruments are issued for the purpose of financing

the acquisition of companies, parts of companies or equity interests. If the Board of Directors abolishes the pre-emptive subscription right, the following applies: the convertible bonds or bonds with warrants will be issued on market terms, and the new registered shares will be issued pursuant to the then applicable terms of conversion or warrant exercise; conversion rights may be exercised for no more than ten years and option rights may be exercised for no more than seven years after the time of the relevant issue of bonds.

The share capital of Kaba Holding AG may be increased by no more than CHF 7,833.20 by issuing to employees and members of the Board of Directors of Kaba Holding AG and of group companies no more than 78,332 registered shares with a par value of CHF 0.10 each, which must be fully paid up. The subscription rights of existing shareholders to such new shares are excluded. Registered shares or option rights in this respect will be issued to employees or members of the Board of Directors subject to one or more sets of regulations to be defined by the Board of Directors and taking into account performance, function, and level of responsibility. Said registered shares or option rights may be issued to employees or members of the Board of Directors at a price below the market price. In connection with the issue of option rights to employees and members of the Board of Directors, the pre-emptive subscription right of existing shareholders is excluded. The purchase of shares within the context of employee share ownership schemes, as well as any subsequent transfers of such shares, are subject to the transfer and voting right restrictions set out in the Articles of Incorporation.

Authorized capital

The Board of Directors is authorized until 21 October 2010 to increase the share capital by an amount not exceeding CHF 38,000 by issuing up to 380,000 registered shares, to be fully paid up, with a par value of CHF 0.10 each. The increase may be subdivided into partial amounts. The new registered shares, once acquired, are subject to the transfer and voting right restrictions set out in the Articles of Incorporation.

The Board of Directors will determine the time of issue of new registered shares, their issue price, the type of payment, the subscription conditions and the beginning of dividend entitlement. The Board of Directors may issue new registered shares via firm underwriting by a bank or a consortium and subsequent offer to existing shareholders. The Board of Directors may declare non-exercised subscription rights null and void or place them on the market, including registered shares for which subscription rights are granted but not exercised.

The Board of Directors is also entitled to restrict, or to repeal and transfer to third parties, the subscription rights of shareholders in cases where the registered shares are used for the acquisition of companies, parts of companies or equity interests as well as in cases of share placements made to finance or refinance such transactions.

Changes in capital structure within the last three financial years

Due to the exercise of options under the 2002 Stock Option Plan and (from 2007 on) the allocation and issue of shares under the Kaba Executive Stock Award Plan, the share capital of Kaba Holding AG was increased (i) as at 30 June 2007 by CHF 1,670 from CHF 377,399.30 to CHF 379,069.30 through the issue of 16,700 registered shares with a par value of CHF 0.10 each; conditional capital declined accordingly by CHF 1,670 from CHF 47,041.70 to CHF 45,371.70 (represented by 453,717 registered shares with a par value of CHF 0.10 each); (ii) as at 30 June 2008 by CHF 1,308.50

from CHF 379,069.30 to CHF 380,377.80 through the issue of 13,085 registered shares with a par value of CHF 0.10 each; conditional capital declined accordingly by CHF 1,308.50 from CHF 45,371.70 to CHF 44,063.20 (represented by 440,632 registered shares with a par value of CHF 0.10 each); (iii) as at 30 June 2009 by CHF 230 from CHF 380,377.80 to CHF 380,607.80 by the issue of 2,300 registered shares with a par value of CHF 0.10 each. Conditional capital declined accordingly by CHF 230 from CHF 44,063.20 to CHF 43,833.20 (represented by 438,332 registered shares with a par value of CHF 0.10 each).

As part of the capital increase of 10 August 2006 from authorized capital, and in accordance with the agreement of 8 August 2006 relating to a non-cash capital contribution between the company, Ng Kin Shek United Company Limited, in Tortola, British Virgin Islands, and Billion Power Investments Limited, Sino Origin Investments Limited, Right Elite Limited and Wah Yuet (China) Limited (four subsidiaries of Ng Kin Shek United Company Limited), the company took over 24 fully paid-up shares of Wah Yuet (Ng's) Group Holdings Limited. These shares were transferred at net book value totaling CHF 59,256,126.30. In return for this non-cash capital contribution, Ng Kin Shek United Company Limited received a total of 196,910 fully paid-up registered shares of the company with a par value of CHF 5.20 each, which, according to instructions, were to be transferred to the subsidiaries. With this capital increase the share capital of the company amounted to CHF 19,614,441.60 (previously CHF 18,590,509.60), divided into 3,772,008 (previously CHF 3,575,098) registered shares with a par value of CHF 5.20 each, and the authorized capital was reduced

Changes of capital during the last three reporting years Kaba Holding AG

in CHF	30.6.2009	30.6.2008	30.6.2007	30.6.2006
Equity				
Share capital	380,608	380,378	379,069	18,600,832
Legal reserves				
– General reserves	600,638,456	600,160,951	596,607,713	534,811,527
– Reserve for treasury shares	3,061,485	1,818,846	939,734	2,012,971
Other reserves	157,219,015	158,461,654	119,340,766	98,267,529
Unappropriated retained earnings	96,351,334	52,974,456	87,257,961	73,439,000
Total equity	857,650,898	813,796,285	804,525,243	727,131,859

from a maximum of CHF 1,820,000, divided into a maximum of 350,000 registered shares with a par value of CHF 5.20 each, to a maximum of CHF 796,068, divided into a maximum of 153,090 registered shares with a par value of CHF 5.20 each.

Because of this capital increase from authorized capital, the Annual General Meeting of 24 October 2006 decided to increase the authorized capital by 224,110 from 153,090 to a maximum of 377,200 registered shares with a par value of CHF 5.20 (totaling a maximum of CHF 1,961,440).

Furthermore, the Annual General Meeting of 24 October 2006 decided to reduce the ordinary share capital of the company by means of a reduction in the par value of the individual shares from CHF 5.20 by CHF 5.10 to CHF 0.10 and to pay the amount of CHF 5.10 per share to shareholders. As a result of this capital reduction, the Annual General Meeting adjusted the authorized capital and conditional capital as follows: to a maximum of 377,200 and 470,417 registered shares respectively, with a par value of CHF 0.10, amounting to a maximum of CHF 37,720 and CHF 47,041.70 respectively (for details, see "Authorized Capital" and "Conditional Capital", pages 54/55).

The Annual General Meeting of 21 October 2008 renewed the authorized capital and authorized the Board of Directors of Kaba Holding AG to increase the share capital by a maximum of CHF 38,000 (thirty-eight thousand francs) by issuing a maximum of 380,000 registered shares, to be fully paid up, with a par value of CHF 0.10 each.

The shares

Each registered share carries one vote at the general meetings of Kaba Holding AG (subject to voting right restrictions, page 72). Voting rights may be exercised only after a shareholder has been entered in the share register of Kaba Holding AG as a shareholder with voting rights.

The registered shares of Kaba Holding AG are not issued as share certificates (they are registered shares with deferred printing of certificates) but as book-entry securities held in custody by SIX SIS AG. Shareholders have the right, however, to request that Kaba Holding AG print and deliver

certificates for their registered shares, free of charge, and Kaba Holding AG may at any time order the printing of non-certificated registered shares. If the registered shares are printed, Kaba Holding AG may issue certificates representing a plurality of registered shares. The registered shares will bear the facsimile signatures of the Chairman and a member of the Board of Directors. The registered shares have full dividend rights. There are no shares with privileged dividend entitlement or other preferential rights.

Limitations on transferability and nominee registrations

Non-certificated registered shares, including the rights associated therewith, may only be transferred by assignment. Kaba Holding AG must be notified for assignments to be valid; the transfer restrictions set out below also apply to non-certificated registered shares. Kaba Holding AG may notify the assignment to the bank which holds the assigned registered shares in book-entry form for the shareholder. If non-certificated registered shares are managed by a bank on behalf of the shareholder, such registered shares and the rights associated therewith can only be transferred in cooperation with the bank.

Non-certificated registered shares and the asset-related rights associated therewith may only be pledged by a written pledge agreement in favor of the bank which holds the shares in book-entry form for the shareholder. Kaba Holding AG does not need to be notified of the pledge.

The Board of Directors maintains a share register in which the owners and usufructuaries are entered with their names and addresses. With respect to registered shares, only those entered in the share register will be recognized as shareholders of Kaba Holding AG. Approval for transfer of registered shares may be refused for the following reasons:

- a) In the case of individuals, legal entities or partnerships, if they would acquire more than 5% of all share votes as a result of the share transfer. Legal entities and partnerships linked by capital, voting rights, common management or otherwise, as well as all natural

persons and legal entities that have combined for the purpose of circumventing this restriction, are deemed to constitute a single person.

The limitation to 5% of all share votes also applies in the case of subscription for or acquisition of registered shares by exercise of subscription, option or conversion rights.

For shareholders who were entered in the share register with more than 5% of all share votes on 13 November 1995, the Board of Directors may provide for exceptions to this restriction via regulations. Therefore, the Board of Directors resolved on 27 October 1997 to issue a regulation with respect to the limitations on transferability of registered shares of Kaba Holding AG. According to these regulations, the Board of Directors has generally approved the registration of shareholders who were already entered in the share register with more than 5% of all voting rights on 13 November 1995. These shareholders will not be entered for registered shares thereafter acquired if such registration increases their percentage of voting rights above the total percentage registered on 13 November 1995. The Board of Directors will, however, approve such acquisitions insofar as they are intended to offset disposals that have been or will be completed after 13 November 1995. Such right to restock is only valid up to such total percentage of voting rights for which the shareholders concerned were registered on 13 November 1995. The Board of Directors will always approve registration of registered shares that have been acquired through succession, division of an estate or marital property law (article 685d paragraph 3, Swiss Code of Obligations). The existing rights to restock will in such cases be proportionally transferred.

- b) If authorization of the transfer of registered shares could prevent Kaba Holding AG from furnishing legally required evidence regarding the constituency of its body of shareholders.
- c) If the registered shares are held in trust.

For the year under review, the Board of Directors has not granted any exemptions from the limitations on transferability.

To cancel or change the restrictions on transferability of registered shares, a resolution of the General Meeting approved by at least two-thirds of the votes represented is required.

Convertible bonds and options

On 18 January 2002, Kaba Finance Luxembourg S.A. issued a 4% convertible bond 2002 to 2010 in the amount of CHF 138,240,000 at par value, unconditionally and irrevocably guaranteed by Kaba Holding AG.

The convertible bonds will be redeemed on 18 January 2010, at 130.78% of the par value. This convertible bond is listed on the Main Standard of the SIX Swiss Exchange AG (security no/ISIN: 1336276/CH 0013362766). During the conversion period, i.e. from 18 January 2002 until and including 13 January 2010, each convertible bond with a par value of CHF 5,000 is convertible, free of charge, at any time (American style) into 13.02083 registered shares of Kaba Holding AG with a par value of CHF 0.10 each; fractions are paid out in cash. For this convertible bond, a maximum of 360,000 registered shares of Kaba Holding AG with a par value of CHF 0.10 each in the total amount of CHF 36,000 are reserved. The initial conversion price was CHF 450 per registered share (i.e. each convertible bond was convertible into 11.1111 registered shares). Pursuant to the conversion terms, the conversion price was reduced because the average of all closing prices of Kaba Holding AG registered shares determined on the SIX Swiss Exchange AG during the last 20 trading days immediately before and including 29 November 2002 (the reference price) was below CHF 384. Effective 6 December 2002, the conversion price was reset to CHF 384 (based on the par value of the bonds). In economic terms, the conversion price will rise during the term of the convertible bond because the redemption price until maturity (i.e. 18 January 2010) continuously increases to 130.78% of the bond's par value, and each bond of CHF 5,000 par value is convertible into a fixed rate of 13.02083 registered shares of Kaba Holding AG during the conversion period. The actual conversion price is derived from the theoretical early redemption price

of the bond at the time of conversion using the following equation: $100\% \times (1 + 3.4112212\%)^{(d/360)}$, where "d" is the number of days between payment and conversion of the bond. At the end of the conversion period, application of this equation results in a conversion price of CHF 502 (rounded).

Early redemption at the early conversion price is possible (i) if the closing price of the registered shares of Kaba Holding AG on the SIX Swiss Exchange AG exceeds 130 % of the respective conversion price for 30 consecutive trading days, (ii) if more than 95 % of the originally issued bond amount has been converted, or (iii) for tax reasons with a 60-day period of notice.

Information on options and shares granted to employees may be found on page 70.

Board of Directors

The primary duties of the Board of Directors of Kaba Holding AG are defined in the Swiss Code of Obligations, the Articles of Incorporation and the Organizational Regulations.

Members of the Board of Directors

The Board of Directors of Kaba Holding AG consists of eight members. Two of the current members of the Board of Directors have been members of the executive management of Kaba Holding AG or of the Kaba Group in the last four financial years: Ulrich Graf and Heribert Allemann. During the period under review, Kin Shek Ng resigned from Kaba Holding AG's Board of Directors on 16 February 2009. He joined the company following its purchase of Wah Yuet Group of China in October 2006. Once the organizational integration of Wah Yuet Group into Kaba Group was complete and Kaba had taken over Wah Yuet's share capital in full, Kin Shek Ng decided to resign for personal reasons. The other non-executive members of the Board of Directors have no important business connections with Kaba Holding AG or the Kaba Group.

The following table sets forth the name, position, age, time of first election and remaining term of office of each member of the Board of Directors:

Members			
Name/Position	Year of birth	First election	Remaining term
Ulrich Graf Chairman, executive	1945	1989	2011
Rolf Dörig Vice-Chairman, non-executive	1957	2004	2010
Heribert Allemann Non-executive member	1944	2006	2009
Maurice P. Andrien Non-executive member	1941	2001	2010
Riet Cadonau Non-executive member	1961	2006	2011
Karina Dubs-Kuenzle Non-executive member	1963	2001	2010
Klaus Schmidt Non-executive member	1958	2005	2011
Thomas Zimmermann Non-executive member	1945	1992	2009



Ulrich Graf

Chairman

Swiss citizen, has been executive Chairman of the Board of Directors since 2006 and a member of the Compensation and Nomination Committees of Kaba Holding AG. He also serves as Chairman of the Board of Directors of Dätwyler Holding AG, Altdorf, Griesser AG, Aadorf, and Fr. Sauter AG, Basle, and is a Director of Georg Fischer AG, Schaffhausen, and Feller AG, Horgen. Furthermore, he is a member of the Board of Trustees of REGA (Swiss Air-Rescue) and of the Supervisory Board of DEKRA e.V. (Stuttgart, Germany). Ulrich Graf studied at the Swiss Federal Institute of Technology (ETH), and he holds a degree in electrical engineering. Until 2006, he was President and CEO of Kaba Holding AG.



Rolf Dörig

Vice-Chairman

Swiss citizen, is the non-executive Vice-Chairman of the Board of Directors of Kaba Holding AG and a member of the Compensation and Nomination Committees. Rolf Dörig studied law at the University of Zurich, earning his Dr. iur., and obtained admission to the bar as an attorney-at-law in 1985. From 1986 to 2002, he held a number of various executive positions at Credit Suisse. As a member of the Group Executive Board, he was assigned responsibility for Swiss corporate and retail banking from 2000 onwards. In 2002, he held the position of Chairman Switzerland. From November 2002 until May 2008, Rolf Dörig was Chief Executive Officer of Swiss Life Group. Rolf Dörig is Chairman of the Board of Directors of Swiss Life¹⁾, Chairman of the Board of Directors of Adecco¹⁾, Chairman of the Board of Directors of Danzer AG, a member of the Executive Committee of economiesuisse, a member of the Board of Directors of the Zurich Chamber of Commerce; all in Switzerland.

¹⁾ Listed company



Heribert Allemann

Swiss citizen, was elected a non-executive member of the Board of Directors of Kaba Holding AG in 2006 when he retired from operational management. A member of the Executive Board since joining the company in 1990, he was appointed deputy CEO in 2001. Allemann was instrumental in developing the Access Systems and the Time + Attendance divisions in Europe and North America, played a decisive role in various acquisitions and integration programs, and spearheaded Kaba's expansion into Asia and the build-up of Central Services. Before joining Kaba, he was CEO of the Celfa-Folex group from 1984 to 1989; prior to that, from 1976 to 1984, he headed a profit center of Holderbank Management and Consulting (re-named Holcim). He is a qualified engineer in the field of micro-engineering (University of Applied Sciences, Biel) and has a degree in economics and business administration from the University of Berne; he furthered his education in business management at the Harvard Business School. Heribert Allemann is currently President of the Board of Alpa Partners AG and Vice-President of Contract Farming India AG, both domiciled in Zug. He also acts as coach and consultant in company management.



Maurice P. Andrien

U.S. citizen, is a non-executive member of the Board of Directors as well as a member of the Compensation and Nomination Committees of Kaba Holding AG. Until March 2004, he served The Hillman Group in Cincinnati (Ohio, USA) as Chairman; he remains a member of that company's Board. He is also a member of the Board of State Industrial Products, Inc. in Cleveland (Ohio, USA) as well as of the software company Cogniscape LLC in Swarthmore (Pennsylvania, USA). From 1999 to 2001, Maurice P. Andrien was President, CEO and Director of SunSource Inc. in Philadelphia (Pennsylvania, USA); from 2001 to 2004, he was Chairman of the Board of SunSource Technology Services Company in Addison (Illinois, USA). In 1998 and 1999, he was President, COO and member of the Board of Unican Security Systems Ltd. in Montreal (Canada). He has a bachelor's degree in electrical engineering and a master's degree in management from the Massachusetts Institute of Technology (MIT).



Riet Cadonau

Swiss citizen, is a non-executive member of the Board of Directors of Kaba Holding AG and member of the Audit Committee. Riet Cadonau has been appointed CEO of the Ascom Group on 20 August 2007. Prior, he was Senior Vice-President & Managing Director of ACS Europe + Transport Revenue, a global line of business of ACS, Inc. (Affiliated Computer Services) headquartered in Dallas (USA). From 2001 to 2005, he was a member of the Executive Board of the Ascom Group; from 2002, he was Deputy CEO and General Manager of the Transport Revenue Division, which was acquired by ACS at the end of 2005. From 1990 to 2001, Riet Cadonau held various management positions at IBM Switzerland, lastly as a member of the Management Board and Director of IBM Global Services. In addition, he is a member of the Board of Directors of Griesser Group in Aadorf. Riet Cadonau holds a master's degree in economics from the University of Zurich. He complemented his education at INSEAD (Fontainebleau, Paris) with the Advanced Management Program.



Karina Dubs-Kuenzle

Swiss citizen, is a non-executive member of the Board of Directors of Kaba Holding AG. She is a partner and member of the Board of Directors of Dubs Konzepte AG, Zurich, a consulting and service company she and her husband founded in 1997. She also is a member of the Board of Directors of Fehba Import Export AG, Zurich. Karina Dubs-Kuenzle is the mother of three children. She has a background in advertising and worked for several years as an advertising assistant with Wirz Werbeberatung AG and Heiri Scherer Creative Direction, both located in Zurich.



Klaus Schmidt

German citizen, is a non-executive member of the Board of Directors as well as Chairman of the Audit Committee of Kaba Holding AG. Klaus Schmidt has been with DEKRA AG (Stuttgart, Germany) since 1996, serving the company in various functions as a member of the board of management before being nominated as CEO in 2003. Currently, he serves the company as CEO as well as a member of various supervision boards. He is also a member of the following bodies and organizations: Advisory Board, Deutsche Bank AG; Advisory Board, Gothaer Versicherungsbank VVaG; Advisory Board of HUK Coburg VVaG; DEKRA Industrial S.A. (France), as Chairman; and a member of the Board of Directors of Vinçotte International S.A. (Belgium). Previously, Klaus Schmidt was Managing Director of Alcatel Air Navigation Systems GmbH and held various positions with Standard Elektrik Lorenz AG (SEL Alcatel AG). Klaus Schmidt received a degree in technically oriented business administration from the Technical University of Stuttgart. He rounded out his academic background in the MBA Program of the University of Oregon (USA) and completed the Advanced Management Programme at INSEAD (Fontainebleau, Paris).



Thomas Zimmermann

Swiss citizen, is a non-executive member of the Board of Directors as well as a member of the Audit Committee of Kaba Holding AG. He lives on a private income. From 1994 to 1997, Thomas Zimmermann was director of private banking operations Switzerland at Swiss Bank Corporation. Before, he was a director with Credit Suisse in Zurich and served foreign multinational companies and Swiss institutional investors. Thomas Zimmermann studied at the Technical University of Zurich (Swiss Federal Institute of Technology ETH) and has a degree in engineering. He received an MBA from the Harvard Business School in Cambridge (Massachusetts, USA).

Elections and terms of office

The General Meeting elects the Board of Directors of Kaba Holding AG. The Articles of Incorporation of Kaba Holding AG provide that the Board of Directors must consist of five to ten members at any time. Each member of the Board of Directors is elected for a term of three years and may be re-elected to successive terms. About one-third of the members of the Board of Directors are recommended for reelection each year; the Board of Directors decides on how tenure is allocated. When they reach the age of 70, the members of the Board of Directors resign at the next Annual General Meeting.

The terms of office of Heribert Allemann and Thomas Zimmermann expire at the Annual General Meeting of 20 October 2009. For personal reasons, Thomas Zimmermann is not putting himself forward for reelection. The Board of Directors proposes that Heribert Allemann be re-elected.

Internal organizational structure

The Board of Directors is ultimately responsible for business strategy and overall guidance of the Kaba Group. The Board of Directors is the highest decision-making body and establishes the strategic, organizational, accounting and financial planning policies to be followed by the Kaba Group. The Board of Directors has delegated the management of day-to-day business operations to the Group Management Board, which is headed by the Chief Executive Officer. The Chief Executive Officer is responsible for the overall executive management of the Kaba Group and for all other matters except for those reserved by law, the Articles of Incorporation and Organizational Regulations to another corporate body.

The primary duties of the Board of Directors, as defined in the Swiss Code of Obligations and the Articles of Incorporation of Kaba Holding AG, are as follows:

- Strategic direction and management of Kaba;
- Accounting matters, financial control, and financial planning;

- Appointment and dismissal of the members of the Group Management Board and other key executives;
- Overall supervision of business operation;
- Preparation of the annual reports and the general meetings as well as the execution of its resolutions.

Resolutions of the Board of Directors are taken collectively by its members. The Chief Executive Officer and the Chief Financial Officer attend the meetings of the Board of Directors on a regular basis in an advisory capacity. Other members of the executive management are called in an advisory capacity as necessary to advise on individual agenda items. During financial 2008/2009, the Board of Directors met five times at regularly scheduled meetings and once for an extraordinary meeting. Meetings generally last a half or a whole working day. No external advisors participated in Board meetings. In addition, six meetings of the committees took place. The agendas for Board meetings are set by the Chairman based on proposals from the Chief Executive Officer. Any member of the Board of Directors, however, may request that an item be included on the agenda. In advance of Board meetings, the members of the Board of Directors receive documents allowing them to prepare for discussion of the items on the agenda.

The Board of Directors maintains an exchange of ideas with the company's managers and usually visits one or more locations of the Kaba Group per year.

Committees

The Board of Directors has established an Audit Committee, a Compensation Committee and a Nomination Committee. Each of the committees has regulations in writing, outlining its duties and responsibilities. The chairpersons are elected by the Board of Directors. The committees meet regularly and are required to submit full minutes and recommendations to the Board of Directors at its regular meetings. The agendas for the committee meetings are set by their chairpersons. In advance of meetings the members of the committees receive documents allowing them to prepare for discussion of the items on the agenda.

Audit Committee

The Audit Committee consists of three non-executive members of the Board of Directors whose professional background has made them experienced in financial and accounting matters. The Board of Directors has determined that the members must meet certain requirements with respect to independence and qualification and may not be part of the Group Management Board. Each member of the Audit Committee is elected for a term of one year and may be reelected to successive terms. Currently, the Audit Committee has the following three members: Klaus Schmidt, Riet Cadonau and Thomas Zimmermann. The Audit Committee is chaired by Klaus Schmidt.

The chairperson invites the members of the Audit Committee to convene as often as business requires, but meetings are held at least once a year. In financial 2008/2009, the Audit Committee met twice. The Chief Executive Officer and the Chief Financial Officer attend the meetings in an advisory capacity as do, usually, representatives of the statutory auditors and, if necessary, representatives of internal audit and controlling. In financial 2008/2009, representatives of the statutory auditors and of internal audit/controlling attended both meetings. The Audit Committee keeps minutes of its discussions and resolutions.

The principal responsibility of the Audit Committee is to maintain a comprehensive and effective auditing approach for Kaba Holding AG and the Kaba Group. In particular, the Audit Committee has the following responsibilities:

With regard to external auditing

- Approval of the focal points of the auditing program;
- Acceptance of the statutory auditors' report and any recommendations from the statutory auditors before the annual accounts (individual and consolidated accounts) are submitted to the Board of Directors for approval;
- Submission of a proposal to the Board of Directors as a whole as to which external auditor is to be proposed to the General Meeting for election as the statutory auditor and group auditor, including appraisal of the statutory auditors' performance and compensation as well as of their independence, and assessment of the compatibility of their auditing activities with any consultancy mandates.

With regard to internal auditing

- Approval of guidelines governing the organization and responsibilities of internal auditing;
- Outsourcing of internal auditing activities to third parties if necessary;
- Approval of the auditing program;
- Checking auditing results and recommendations by external or internal auditors.

The Audit Committee reports yearly to the Board of Directors as a whole on its activities. It notifies the Board of Directors immediately of any important matters.

Compensation Committee

The Compensation Committee consists of three members of the Board of Directors. Each member of the Compensation Committee is elected for a term of one year and may be re-elected for successive terms. Currently, the chairperson is Ulrich Graf, Chairman of the Board of Directors; the other members are Maurice P. Andrien and Rolf Dörig.

The Compensation Committee is responsible for submitting proposals to the Board of Directors as a whole about the compensation (including share option schemes) of the individual members of the Board of Directors. Upon application from the Chief Executive Officer, it also determines the salary policy for the members of the Group Management Board as well as approving the compensation of the members of the Group Management Board. The Compensation Committee meets at least once per year. In financial 2008/2009, the Compensation Committee met three times. Usually, the Chief Executive Officer and the Chief Financial Officer attend the meetings, but not external advisors.

Details of the salary policy at the Kaba Group may be found on pages 70/71.

Nomination Committee

The Nomination Committee is composed of three members, the majority of whom must be non-executive members of the Board of Directors. The Nomination Committee currently comprises Ulrich Graf (Chairman), Maurice P. Andrien and Rolf Dörig. The meetings are generally also attended in an advisory capacity by the Chief Executive Officer, as the sole

member of the executive management. External advisors do not attend. The Nomination Committee convenes at least once a year. In financial 2008/2009, the Nomination Committee met once, and this meeting was attended in part and in an advisory capacity by the Chief Financial Officer. The Committee's members are elected for a term of one year, and reelection is possible.

The Nomination Committee establishes the principles for the nomination and reelection of members of the Board of Directors and pursuant to these principles submits to the Board of Directors proposals regarding the Board's composition. Decisions on nominations are made by the Board of Directors itself. The Board of Directors may also delegate responsibility for the nomination and evaluation of members of the executive management to the Nomination Committee. The Nomination Committee keeps minutes of its discussions and resolutions, and regularly reports to the Board of Directors.

Information and control instruments relating to executive management

Kaba Group's management information system (MIS) operates as follows: the individual financial statements (balance sheet, income statement, cash flow statement) of each of the subsidiaries are prepared monthly, quarterly, semi-annually and annually. These figures are summarized per segment and consolidated for the Group. They are compared with the preceding financial year and the budget. The budget, which constitutes the first year of a three year mid-term plan per subsidiary, is assessed on the basis of the quarterly statements in the form of forecasts with respect to its achievability.

The Chief Operating Officers (during the year under review; from financial 2009/2010: Segment Heads) report in writing to the Chief Executive Officer of the Kaba Group, usually monthly (year under review) or every two months (from financial 2009/2010), on the achievement of budgeted figures. The CEO in turn reports on this, usually monthly (year under review) or every two months (from financial 2009/2010), to the Board of Directors. At the meetings of the Board of Directors, these reports are discussed with the Chief Executive Officer and the Chief Financial Officer.

Executive management

Management philosophy

The Kaba Group delegates entrepreneurial responsibility to the lowest possible level. Management organization at Kaba is based on decentralized responsibility and swift decision-making channels that are close to local markets. This structure calls for personal initiative at all levels and ensures maximum customer satisfaction. As a role the divisions are responsible for their business activities worldwide, including development, production and distribution.

Management organization

The Board of Directors has appointed a Group Management Board, chaired by the Chief Executive Officer. Its functions and responsibilities are defined in Kaba Holding AG's Organizational Regulations. The Chief Operating Officers (Segment Heads from financial 2009/2010) and the Chief Financial Officer report to the Chief Executive Officer, who is responsible for overall management and collaboration across divisions. The Group Management Board includes the Chief Operating Officers (Segment Heads from financial 2009/2010) and the Chief Financial Officer.

Chief Executive Officer

The Chief Executive Officer manages the Kaba Group. He is entrusted with all functions except for those matters reserved by law, the Articles of Incorporation and the Organizational Regulations for another corporate body. After consultation with the Group Management Board, the Chief Executive Officer submits strategy, long-term and medium-term objectives and the management guidelines of the Kaba Group to the Board of Directors as a whole for approval. Upon proposals submitted by the Chief Executive Officer, the Board of Directors as a whole makes decisions in relation to annual budgets (consolidated and for the holding company), individual projects, annual statements (individual and consolidated) and personnel. Upon application from the Chief Executive Officer, the Compensation Committee of the Board of Directors approves the compensation (including the allocation of shares under the

Executive Stock Award Plan) of the members of the Group Management Board as well as insurance aspects. The Chief Executive Officer reports regularly to the Board of Directors as a whole on current business developments, anticipated opportunities and risks as well as changes at the lower management level. The members of the Board of Directors may request and review other information. The Chief Executive Officer must immediately notify the Chairman of the Board of Directors if significant unanticipated developments occur. The Chief Executive Officer regularly reviews whether the Articles of Incorporation, the regulations issued by the Board of Directors and signatory powers must be changed and, if necessary, submits the respective amendments.

Members of the Group Management Board

The following table provides the name, age, position and date first elected for those individuals who currently serve as members of the Group Management Board:

Members of the Management Board 2008/2009

Name/Position	Year of birth	Entry Management Board
Rudolf Weber Chief Executive Officer	1950	2006
Frank Belflower Chief Operating Officer, Access + Key Systems Americas Division	1953	2001
Andreas Brechbühl Chief Operating Officer, Access + Data Systems Asia Pacific Division	1958	2005
Roberto Gaspari Chief Operating Officer, Key + Ident Systems Europe/Asia Pacific Division	1959	2006
Jakob Gilgen Chief Operating Officer, Door Systems Division	1955	2003
Carl Sideranko Chief Operating Officer, Safe Locks Division	1954	2006
Dr. Werner Stadelmann Chief Financial Officer, Finance Division	1947	1981
Ulrich Wydler Chief Operating Officer, Access + Data Systems EMEA Division	1947	1994



Rudolf Weber

CEO

Swiss citizen, has been Chief Executive Officer since July 2006. From 1986 to 1996 he was a member of the Executive Committee, with various marketing-oriented functions, at Elco Looser Holding AG, Zurich. From 1996 to 2001, he was Chief Operating Officer of Hoval Heiztechnik, Feldmeilen, and from 2002 to 2006 CEO of Fr. Sauter AG, Basle. He is member of the Board of Directors of Enics AG, Baden, of Elma AG, Wetzikon, and of Vitrashop Holding AG, MuttENZ. He finished his studies at the Swiss Federal Institute of Technology (ETH) with a degree in engineering and at the University of St. Gallen (HSG) with a Master of Economic Studies.



Frank Belflower

COO Access+Key Systems Americas

U.S. citizen, is Chief Operating Officer and Head of the Access + Key Systems Americas Division. After the acquisition of Unican Security Systems Ltd. by the Kaba Group, he became member of the Executive Committee in 2001. He had been with the Unican Group since 1978 where he had filled different management positions. Frank Belflower became a member of the Unican Group management in 1993. He holds a degree of bachelor of arts (BA Psychology). Frank Belflower is on the Industry Advisory Board of ALOA and is a member of the strategic committees of SHDA and BHMA, two major North American industry associations.



Andreas Brechbühl

COO Access+Data Systems Asia Pacific

Swiss citizen, is, since 1 July 2005, Chief Operating Officer of the Access + Data Systems Division Asia Pacific and member of the Executive Committee. From 2003 until joining Kaba, he was General Manager of Hilti in Hong Kong. From 1994 to 2002, he worked for the Diethelm Keller Group as Senior Vice-President Asia. Previously, he served in various executive positions with Ciba Vision, Jacobs Suchard and Unilever. Andreas Brechbühl studied at the University of St. Gallen and graduated as lic. oec. HSG. He resides and works in Hong Kong.



Roberto Gaspari

COO Key + Ident Systems Europe/Asia Pacific

Italian citizen, assumed responsibility for Key + Ident Systems Division Europe/Asia Pacific on 1 January 2006, becoming a member of the Executive Committee at the same time. He joined Kaba in March 2002, since when he has been General Manager of Silca S.p.A. in Vittorio Veneto (Italy). From 1997 to 2002, Roberto Gaspari worked for the multinational American company Watts Industries Inc. as Managing Director Italy and France. Between 1988 and 1997, he held the post of Managing Director at Cisa S.p.A. He graduated in business studies at Bocconi University in Milan (Italy).



Jakob Gilgen

COO Door Systems

Swiss citizen, was appointed Chief Operating Officer and Head of the Door Systems Division on 1 July 2003. As of 1993, he was President and Managing Director of the former Gilgen AG. After the 1996 acquisition of Gilgen Tür- und Torautomation AG by the Kaba Group, he headed up Kaba Gilgen AG in this position. Jakob Gilgen is Chairman of the Board of Directors of Gilgen Logistics AG and a part-time commercial-law judge at the Superior Court of the Canton of Berne. He studied at the University of Applied Sciences in Biel and graduated with diplomas in both mechanical and electrical engineering. After having gained several years of professional experience, he complemented his academic qualifications with post-graduate studies in business management.



Carl Sideranko

COO Safe Locks

U.S. citizen, is Chief Operating Officer and Head of the Safe Lock Division. Carl Sideranko became a member of the Executive Committee after the formation of the Safe Lock division in 2006. Prior to his current position he was General Manager of Kaba Mas Corp. and Strategic Business Segment Manager for Safe Locks. He was head of distribution of the Mas-Hamilton Group from 1998 until 2001 when Unican acquired Mas-Hamilton. Since 1976, Carl Sideranko has held various management positions in the security industry at Emhart Industries and Assa Abloy affiliates. He finished his studies with a bachelor of science (BS Marketing).



Werner Stadelmann

CFO

Swiss citizen, Head of the Finance Division since 1990. He joined Kaba as a group controller in 1981 and became a member of the Executive Committee. From 1974 to 1981, he held various positions in the controlling of the Gurit group. Besides, he is a member of the Deutsche Bank Advisory Board in the district of Freiburg. Werner Stadelmann studied at the University of St. Gallen and graduated as Dr. oec. HSG.



Ulrich Wydler

COO Access+Data Systems EMEA

Swiss citizen, is Chief Operating Officer and Head of the Access + Data Systems EMEA. He joined Kaba in 1984 and became a member of the Executive Committee in 1994. From 1972 to 1984, he was head of development and manager of projects in the air defense division of Oerlikon-Bührle Contraves. Ulrich Wydler is Chairman of the Board of Directors of Bridge Betriebsdaten AG. He studied at the Technical University in Brugg and graduated with a degree in electrical engineering.

Management contracts

Kaba Holding AG and its group companies have not entered into management contracts with third parties.

Compensation, shareholdings and loans

Content and method of determining compensation and shareholding programs

For their work, the members of the Board of Directors receive compensation that is proposed by the Compensation Committee and ratified by the Board of Directors as a whole.

Kaba's managers receive performance-related compensation. The variable component - 15% to 30% of total compensation - depends on the achievement of individual performance goals, which are defined in advance every year. The size of this component also depends partly on the profit generated in the relevant operating unit or division and on consolidated net income. The Compensation Committee approves, upon application from the Chief Executive Officer, the compensation of the members of the Group Management Board (including the allocation of shares under the Executive Stock Award Plan).

A Stock Option Plan and Executive Stock Award Plan represent further components of compensation for members of the Board of Directors and the Group Management Board and, since 1 July 2002, for other selected employees. According to the Kaba Executive Stock Option Plan instituted on 2 July 2002 (2002 Stock Option Plan), which superseded the Regulations on the Issuance of Options on Stocks dated 16 September 1998 (1998 Stock Option Plan), those entitled receive options that can be exercised in steps over a certain period of time within the scope determined by the Compensation Committee or the Board of Directors.

In financial 2008/2009, no more options were issued under the 2002 Stock Option Plan. In 2007, the 2002 Stock Option Plan was replaced by an Executive Stock Award Plan. However, the 2002 Stock Option Plan remains in force with respect to all options issued under it, until these options are exercised or expire.

All other facts and figures on management compensation can be found in the Financial Statements of Kaba Holding AG (from page 138) and in the accompanying Notes.

Stock Option and Stock Award Plans

The General Meeting of 27 October 1997 authorized the creation of conditional capital in the amount of CHF 200,000 for the creation of a stock option plan. The Extraordinary General Meeting of Kaba Holding AG held on 8 February 2001 increased this conditional capital by CHF 400,000 to CHF 600,000 (issued as 60,000 registered shares with a par value of CHF 10). The Annual General Meeting of 25 October 2005 approved an increase in the conditional capital by an additional 60,000 shares.

2002 Stock Option Plan

The purpose of the 2002 Stock Option Plan is to offer those eligible a share in the capital of Kaba Holding AG and in the financial success of the Kaba Group in order to encourage their identification with the Kaba Group. Members of the Board of Directors and upper management levels, including members of the Group Management Board and other selected managers, are eligible for the plan.

Every year on 1 September, at the Chief Executive Officer's request, the Compensation Committee defines the eligibility criteria and the number of options to be allotted. The allotment of options to members of the Board of Directors as proposed by the Compensation Committee is ratified by the Board of Directors. Each option, allotted free of charge to the eligible persons, entitles the owner to purchase a registered share of Kaba Holding AG (at the option owner's discretion: physical delivery or cash payment in lieu). The exercise price corresponds to the average closing price of Kaba Holding AG registered shares on the SIX Swiss Exchange during the last two months prior to 31 August of the respective allotment year (2002: CHF 293.90; 2003: CHF 199.90; 2004: CHF 250.35; 2005: CHF 352.72; 2006: CHF 322.83). The options are subject to a graduated blocking period of one to four years, during each of which 25% of the annual allotment vests and is exercisable. They can be exercised within five years from the date of allotment, at which point any unexercised options will lapse.

A total of 113,752 registered shares with a par value of CHF 0.10 each (totaling CHF 11,375.20) of the conditional

share capital were originally reserved for the 2002 Stock Option Plan. 69,080 options have been allotted, whereof 120 options have been exercised in return for treasury shares and 31,480 in return for conditional share capital.

Executive Stock Award Plan

The 2002 Stock Option Plan has been replaced by the Executive Stock Award Plan (ESAP 1). The Board of Directors approved the regulations for ESAP 1 on 1 March 2007. The purpose of the Executive Stock Award Plan is to offer those who are eligible a share in the capital of Kaba Holding AG and in the financial success of the Kaba Group and to encourage their identification with the Kaba Group. The following are eligible for the plan: members of the Board of Directors, the Group Management Board, Senior Corporate Management, members of the general management business units and Group companies as designated by the Chief Executive Officer. The Compensation Committee is responsible for approving the list of participants of the Executive Stock Award Plan in the week before 21 July. Eligibility for participation may be extended to other selected members of staff.

The Compensation Committee is responsible on application from the Chief Executive Officer, for determining the individual levels and the numbers of shares allotted. Participants will be informed of the number of shares allotted to them on or about 21 July of each year; participants can then choose whether to accept the shares, reject them, or accept them with a blocking period of 5 years. The shares will be allotted on or about 15 August.

If a participant should die or if there is a change of control of Kaba Holding AG (for changes of control see "Changes of control and defense measures" on page 73), the blocking period will be lifted.

A total of 3,940 shares (out of conditional capital) were issued on 15 August 2007. A total of 4,060 shares (out of treasury shares) were issued on 15 August 2008.

Shareholders' participation rights

Voting right restriction and proxy voting

At the General Meeting of Kaba Holding AG, each registered share entitles its owner to one vote. However, single shareholders may exercise no more than 5% of all voting rights when directly representing their own registered shares and indirectly acting as proxies for registered shares owned by others. In this context, legal entities or partnerships that are linked by capital, voting rights, common management or otherwise, as well as all individuals, legal entities or partnerships that combine with the intention of circumventing the voting right restriction, are deemed to constitute a single person. This voting right restriction does not apply to banks representing shareholders, members of a corporate body acting as proxies, or independent proxies pursuant to article 689c of the Swiss Code of Obligations. This voting right restriction does not apply to shareholders who were already listed in the share register with more than 5% of the voting rights when the voting rights restriction clause was ratified.

A shareholder may be represented only by another shareholder with a written proxy. Representation by banks, by members of a corporate body acting as proxies or by independent proxies pursuant to articles 689c and 689d of the Swiss Code of Obligations remains reserved.

The voting right restriction can only be lifted by a resolution of the General Meeting with a majority of the votes submitted.

Majorities required by the Articles of Incorporation

For resolutions covering

- conversion of registered shares into bearer shares,
- dissolution of Kaba Holding AG (including as a result of merger), and
- amendments to provisions of the Articles of Incorporation regarding the restrictions on the transferability of registered shares, the majorities required by the Articles of Incorporation and the election and reelection of members of the Board of Directors

approval requires at least two-thirds of the votes represented. Mandatory provisions of the law are reserved. In all other cases, the General Meeting of Kaba Holding AG passes its resolutions and conducts its votes, without regard for the number of shareholders present or represented shares, on the basis of the majority of votes cast.

Convocation of the General Meeting of Shareholders and agenda

Convocation of the General Meeting is in accordance with the legal requirements.

The Board of Directors of Kaba Holding AG is obliged to include motions by shareholders collectively representing 0.5% of the share capital in the agenda sent out with the invitation to the General Meeting, provided that such motions are submitted in writing to the Board of Directors at least four weeks prior to the General Meeting. Proposals for inclusion in the agenda must be made in writing, stating the subject matter and the motions.

Entry in the share register/ Invitation to the General Meeting of 20 October 2009

Shareholders entered in the share register with voting rights as at 12 October 2009 will receive the invitation to the Annual General Meeting on 20 October 2009 with the proposals of the Board of Directors. Shareholders who return their reply slip will receive the admission card and voting materials. Shareholders who sell all of their shares before the General Meeting will no longer be eligible to vote. Shareholders who sell part of their shares or purchase additional shares are to have their admission cards updated at the information desk at the venue of the General Meeting. No entries will be made in the share register from 13 to 20 October 2009.

Changes of control and defense measures

Duty to make a public offer

The Articles of Incorporation do not contain opting-out or opting-up provisions (article 22 of the Swiss Federal Law on Stock Exchanges and Securities Trading).

Change of control provisions

In the event of a change of control of Kaba Holding AG, Kaba Management + Consulting AG (with joint liability on the part of Kaba Holding AG) is obliged to make a payment in the amount of approximately one annual salary (including bonus) - the "change-of-control amount" - to members of the extended Group Management Board who have had their employment relationship terminated or have terminated their employment relationship themselves within one year after the change of control event date, with a view to improving their pension entitlements.

Moreover, Kaba Management + Consulting AG (with joint liability on the part of Kaba Holding AG) has granted a takeover bonus to five members of the extended Group Management Board who in a takeover situation (i.e. in the case of a public takeover bid or a merger of Kaba Holding AG following which the original shareholders of Kaba Holding AG hold less than 50% of the voting rights in the merged company) may be heavily exposed during the takeover process in the interest of Kaba Holding AG and the shareholders. The takeover bonus only arises if a takeover occurs and the Board of Directors has approved the negotiations or the takeover or merger. The takeover bonus will become payable at the time the new owner is entered in the share register for Kaba Holding AG with more than 50% of all shares with voting rights, or when the merger is entered in the commercial register. The takeover bonus will be calculated as follows: change-of-control amount for the person eligible for the bonus, multiplied by the increase in the share price in percentage points, divided by 12.5; the increase in the share price will be determined on the basis of the average opening price of Kaba Holding AG shares in the fourth month before the point in time (the base price) at which the Board of Directors of Kaba Holding AG decides to enter

into the takeover bid or merger or to enter into negotiations. If the share price was significantly affected by takeover speculation in the month that determines the base price, an earlier point in time will be chosen by the parties. The gross amount of a takeover bonus will be no more than five times the change-of-control amount for the person eligible for the bonus.

2002 Stock Option Plan

The rules of the 2002 Stock Option Plan provide that, upon a change of control (as defined therein) of Kaba Holding AG, all unvested options shall immediately vest and shall, together with other outstanding vested options, be exercisable immediately.

Executive Stock Award Plan

The rules of the Executive Stock Award Plan provide that, in the event of a change of control (as defined therein) of Kaba Holding AG, all blocking periods chosen by participants shall be lifted.

Auditors

Duration of the mandate and term of office of the Head Auditor

PricewaterhouseCoopers AG, Zurich, was appointed auditor of Kaba Holding AG in 1907 and of the Kaba Group in 1982.

The head auditor responsible for the existing auditing mandate was appointed effective in financial 2002/2003.

Auditing honorariums and additional honorariums

Fees charged by the Group auditors PricewaterhouseCoopers for services in connection with auditing the financial statements of Kaba Holding AG and the Group companies and the consolidated financial statements of the Kaba Group in financial 2008/2009 were approximately CHF 1,771,000. In addition, in financial 2008/2009 the Kaba Group incurred fees of around CHF 474,000 for other consultancy services rendered by PricewaterhouseCoopers. Of these fees, approximately CHF 225,000 was incurred for tax advice, CHF 134,000 for pension fund advice, and CHF 53,000 for general consultancy with regard to the internal audit system and a foreign merger. CHF 59,000 was charged for providing support to a subsidiary in drawing up its financial statements. Fees of CHF 4,000 were incurred for other miscellaneous services.

The Audit Committee of the Board of Directors annually assesses the performance, remuneration and independence of the statutory and group auditors and submits to the Board of Directors a proposal as to which external auditors shall be proposed for election by the General Meeting. The Audit Committee also annually monitors the scope of the external auditing process, the auditing program and the relevant procedures and discusses the auditing results with the external auditors.

Information policy

The Kaba Group is committed to transparent information policy for the benefit of the public and financial markets. This commitment (which far exceeds legal requirements) and the continuity in investor relations are underlined by the Investor's Handbook, which Kaba publishes annually (since 1996) together with the Annual Report. The Investor's Handbook may be downloaded from the website www.kaba.com.

The following schedule lists important dates:

Dates

Financial 2008/2009

Closure of financial year	30 June 2009
Announcement of annual results	16 September 2009
Publication of Annual Report	16 September 2009
Annual General Meeting	20 October 2009

Financial 2009/2010

Semi-annual statement	31 December 2009
Announcement of semi-annual statement	8 March 2010
Closure of financial year	30 June 2010
Announcement of annual results	15 September 2010
Publication of Annual Report	15 September 2010
Annual General Meeting	19 October 2010

Kaba Holding AG informs its shareholders in semi-annual shareholders' letters about its operations (including the consolidated balance sheet and consolidated income statement for the half-year as at 31 December).

Reporting on financial 2008/2009 together with the financial statements as at 30 June 2009 includes the Annual Report, the Financial Report and the Corporate Governance report. This documentation can be ordered using the form that is distributed to shareholders together with the invitation to the Annual General Meeting. It can also be ordered online at www.kaba.com. The share price, annual reports, press releases and presentations may be downloaded from www.kaba.com. Press conferences and analyst meetings take place at least once a year.

The Kaba Group also holds meetings for investors. These meetings allow financial analysts and investors to gain an in-depth insight into the company's business by enabling them to see the company's operations for themselves and to meet members of senior and middle management.

Kaba Holding AG publishes price-sensitive information in accordance with the obligation to disclose price-sensitive facts (Listing Rules, art. 53 - rule on ad hoc publicity) as required by the SIX Swiss Exchange AG.

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