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**ÜBERNAHMEKOMMISSION
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**COMMISSION DES OPA
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RECOMMENDATION

of 26 March 1999

Public Exchange Offer of SYNTHES-STRATEC, Inc., Wilmington, Delaware, USA, for all registered "B" shares in STRATEC Holding Ltd., Oberdorf

STRATEC Holding AG (STRATEC) is a company with registered offices in Oberdorf. The issued share capital amounts to CHF 17 Mio. divided into 500'000 registered "A" shares of CHF 10.-- nominal value each and 400'000 registered "B" shares of CHF 30.-- nominal value each. Only the registered "B" shares are listed on the Swiss Exchange. STRATEC through its subsidiaries and the cooperation of the Association for the Study of Internal Fixation, develops, produces and distributes instruments and implants used in orthopedic and maxillofacial surgery.

On 25 February 1999 SYNTHES Inc. (SYNTES) and STRATEC group announced in a press release their agreement to combine their respective businesses. On the same day a preliminary announcement was published according to Art. 7 OTB informing that the newly founded SYNTHES - STRATEC Inc., Delaware, USA, will submit an exchange offer for all registered shares "B" in STRATEC. To combine the business of the SYNTHES Group and of STRATEC, one STRATEC registered "B" share with a nominal value of CHF 30 will be exchanged for six SYNTHES - STRATEC shares of common stock of CHF 0.01 par value and CHF 5 stated capital.

A delegation composed of Mr. Hans Caspar von der Crone (Chairman), Mr. Jean-Paul Chapuis and Mrs. Maja Bauer-Balmelli has been appointed to review the offer.

Considerations of the Delegation:

1. Equal Treatment Principle

According to Art. 10.1 OTB the offer must extend to all categories of listed equity securities but does not necessarily encompass non-listed securities. If the offeror, following publication of the offer, acquires equity securities of the target company at a price in excess of the offer price, it shall offer this higher price to all recipients of the offer (Art. 10.6 OTB). Therefore, it is required that Mr. Maag as the major shareholder of STRATEC and his wholly owned company RM-STRATEC Beteiligungen AG who both will exchange their shares in STRATEC at Closing Date (i.e. upon consummation of the combination and completion of the exchange offer) will have to be treated equally

to the recipients of the exchange offer. The offer prospectus explicitly sets forth that the exchange of Mr. Maag and RM-STRATEC Beteiligungen AG will be effected at conditions economically equal to those for all other shares of STRATEC. The review body in its report confirmed the equal treatment.

The equal treatment principle is also applicable to U.S. persons holding STRATEC “B” shares. The offer is made to all class “B” shareholders, but may not be accepted by U.S. persons. They will receive a private placement offer on substantially similar terms.

The Takeover Board considers the rules regarding the equal treatment to be satisfied.

2. Acting in Concert and Organized Group

Those who coordinate their conduct with the offeror by contract or by any other organized measures in view of the offer shall be held to be acting in concert or as an organized group (Art. 15 SESTO-FBC and Art. 11 OTB). Such persons cooperating with the offeror are to be described in the prospectus, and must comply with the rules of transparency, with the rules concerning equal treatment, with the rules of fairness and with the rules concerning the duty to report transactions (Art. 12 OTB).

SYNTHES, Inc., SYNTHES North America, Inc., SYNTHES Spine, Inc. and SYNTHES (Canada) Ltd. and their respective subsidiaries (in the offer prospectus collectively referred to as “SYNTHES”) as well as Mr. Hansjörg Wyss and his associates (defined in the prospectus as primarily family members and members of the management of SYNTHES), Mr. Rudolf Maag, RM-STRATEC Beteiligungen AG, STRATEC Holding Ltd. and all its subsidiaries are qualified as persons acting in concert. According to its practice of the so-called “consolidated standpoint of view” the Takeover Board accepts the collective reference to “associates”, “subsidiaries”, “family members” and “members of the management”. It will not ask the offeror to publish an exhaustive list of the persons concerned.

3. Conditions

According to Art. 13 OTB an offer, in general, may be made subject exclusively to conditions precedent, i.e. the conditions must be fulfilled before the close of the offer period and only if the offeror itself is unable to decisively influence the fulfillment thereof. An offer may be made subject to resolutive conditions (i.e. conditions that may be fulfilled once the first acceptance period has expired) only with the approval of the Takeover Board. The Board approves resolutive conditions if the advantages of such conditions for the offeror outweigh its disadvantages for the recipients of the offer and for the offeree.

Conditions (a) Regulatory Requirements and (b) No Injunctions or Prohibitions are drafted as conditions precedent and are not in the decisive control of the offeror. The Takeover Board, therefore, considers these conditions to be permissible.

Condition (c) Approval of Listing of SYNTHES-STRATEC on the Swiss Exchange constitutes a condition subsequent following the expiry of the offer. This condition is not in the offeror’s decisive control and it is in the shareholders’ best interest to receive equity securities in exchange that are also listed on the Swiss Exchange.

Condition (d) Acceptance of the Exchange Offer sets forth an acceptance level of 80%. The Takeover Board permits this condition to be drafted as a condition precedent only. As a condition subsequent the purpose of the additional acceptance period could not be adequately fulfilled. The investor must be in a position to make an informed decision to tender his shares during the additional acceptance period upon expiry of the offer period and receipt of the interim result. The additional acceptance period allows the investor to re-evaluate his position when after the first offer period the offer has become unconditional as to the acceptance level. Condition (d) set forth in the exchange offer prospectus as a condition precedent is permissible.

Condition (e) Accuracy of Representations and Warranties; No Material Adverse Effect is drafted as a condition subsequent following expiry of the offer period. The Takeover Board takes into consideration that in the present matter a material adverse effect is deemed to have occurred if the overall impact exceeds USD 150'000'000 on the pre-tax and/or balance sheet of the breaching party. This amount corresponds to approx. 18% of the value of STRATEC or 8% of the value of SYNTHES. The Takeover Board considers that based on these figures the condition is not likely to be influenced by the offeror and accordingly it is permissible.

4. Exemption from the Obligation to State the Number of Equity Securities of the Offeree Bought and Sold by the Offeror and the Persons Acting in Concert with him during the 12 Months Preceding the Offer

Art. 19.1 lit. g OTB sets forth that the offer prospectus must state the number of equity securities of the offeree bought and sold in the 12 months preceding the offer. Trades of persons acting in concert with the offeror must be aggregated with the offeror's transactions (Art. 12.3 OTB). These rules are designated to inform the recipients of the offer about the offeror's influence on the price of the offeree's shares and thereby allow the investors to make a distinction between the price pressure resulting from the offeror's buying activity and other factors which are likely to influence the share price.

The Takeover Board considers this information to be relevant in the present matter and the rules of transparency require full disclosure. The value of the shares in the newly formed SYNTHES-STRATEC is not identical to the price of the shares in STRATEC. The market activity of the offeror prior to the offer has influenced the price of the STRATEC "B" shares.

5. Split of Functions of the Review Body with Regard to the Valuation of the Unlisted Securities Offered in Exchange

According to Art. 24.5 OTB the offer prospectus must contain a valuation of the securities offered in exchange by a review body if such securities are not listed on the principal stock exchange.

In the present case, the valuation is not provided by the Swiss Review Body, but by Merrill Lynch, Pierce, Fenner & Smith Incorporated, New York (Merrill Lynch).

The law does not expressly foresee that the valuation and the other functions of the review body must necessarily be carried out by one and the same legal entity. Therefore, a split of functions is permissible if valid reasons exist.

Article 25 OTB does not define whether the term “securities dealers” encompasses only securities dealers licensed as such under the SESTA or whether securities dealers licensed under an equivalent foreign legislation are qualified irrespective of whether or not they are licensed as foreign securities dealers by the Federal Banking Commission.

In the present matter a New York entity of the Merrill Lynch group provides the valuation. The commercial center of the transaction contemplated lies in the U.S. Therefore, the Takeover Board considers that it is adequate that an U.S. securities dealer carries out the required valuation. It has a much closer connection to the U.S. business than a Swiss entity and is, therefore, more adapted to perform the valuation. However, if the legal entity carrying out the valuation is not licensed as a securities dealer by the Federal Banking Commission such securities dealers should be licensed under an equivalent foreign legislation and be subject to an appropriate supervision by a foreign supervisory authority. Generally, the Takeover Board will contact the Federal Banking Commission to determine whether these conditions are met on a case by case basis. In the present matter, such contact was not required. It is established that the New York Merrill Lynch group company is licensed under an equivalent foreign legislation as a securities dealer in Switzerland and it is also subject to an equivalent supervisory authority.

6. Supplemental Information in Case of an Exchange Offer

According to Art. 24 OTB the following additional information must be provided in the offer prospectus in case of an exchange offer:

- a) Description of the rights bound up with the securities offered in exchange, in particular, of the shareholder rights, financial rights and transferability of the securities

The shares in SYNTHES - STRATEC will be registered in the name of the Swiss Nominee Company (SNOC) described in the prospectus as a corporation incorporated in Switzerland and owned by a number of Swiss Banks. According to the prospectus communications regarding general meetings of SYNTHES - STRATEC to its shareholders who hold shares through SNOC will be transmitted through SNOC. The offer prospectus furthermore describes how the voting rights will be exercised. Dividend payments will be governed by SNOCS's and SEGA's customary practices and will be the sole responsibility of SNOC. Also, the prospectus includes information about the tax implications on dividend payments. With regard to the transferability the prospectus indicates, among other things, that any investor who desires to sell his shares on the Swiss Exchange will be required to register the shares in the name of SNOC.

The Takeover Board considers the prospectus to contain all the information required by Art. 24.1 OTB.

- b) Financials of SYNTHES

For detailed information regarding SYNTHES - STRATEC, its business and results of operations as well as for financial information with regard to SYNTHES the prospectus refers to the Preliminary Listing Prospectus. Under the Takeover Board's practice this is permissible. However, such part of the Listing Prospectus will then form an integral part of the exchange prospectus and it is required that the investors can obtain a copy of the document free of charge during the whole offer period.

c) Valuation of the Shares Offered in Exchange

The Takeover Board requires the valuation to constitute a straightforward appraisal of the business of SYNTHES – STRATEC as the combined new entity. Accordingly, the valuation shall be expressed in absolute terms. This also implies that the valuation letter shall give details to the basic method or methods used and applied for the valuation. The purpose of the valuation is the protection of the investors and to allow them to reach an informed decision. Such decision depends on a transparent valuation describing how the appraisal was reached.

This requirement is met in the present matter.

7. Report of the Board of Directors

The Board of Directors in its report must set forth all the information required by Art. 29 OTB to permit the recipients of the offer to reach an informed decision. The report of the Board of Directors should also indicate the intentions of each shareholder owning more than 5% of the voting rights to the extent such intentions are known to the board (Art. 30.1 OTB). Both requirements are met.

Furthermore, the report shall clarify whether certain members of the board or executive management have a conflict of interest. In particular, the report shall indicate whether certain members have entered into a contractual agreement with or other commitments to the offeror (Art. 31.2 OTB). Among the current board members of STRATEC are three members who are expected to be appointed to the Board of Directors of the offeror. Therefore, the report must contain the measures taken to avoid having a potential conflict of interest negatively impact on the recipients of the offer (Art. 31.3 OTB). In this context it is also required that the report sets forth the terms and conditions of the continuing mandates of the respective board members. This information is relevant to the quality and to the quantity of a potential conflict of interest which based on the rules of transparency requires full disclosure.

The report of the Board of Directors of STRATEC describes that the resolution was passed by unanimous votes also of the disinterested members. Furthermore, the report includes a statement that the terms of the continuing mandates are to be set by the offeror's Board of Directors after Closing. No agreements are entered into yet. The Preliminary Listing Prospectus contains the information that the offeror intends to consider establishing stock option plans for the management and the members of the Board of Directors as well as for some additional key personnel of the company and its subsidiaries. The current members of the Board of Directors and the executives of STRATEC are already participating in a bonus plan.

The Takeover Board considers that the requirements of Art. 31 OTB are satisfied.

8. Waiver of the Cooling-off Period ("Karenzfrist")

If the offeror presents the offer to the Takeover Board for its review prior to publication of the offer, together with the report of the Board of Directors, the Takeover Board shall basically exempt the offeror from the duty to observe the cooling-off period (Art. 14.2 OTB).

Both conditions are met. The offeror may, therefore, be exempted from the duty to observe the cooling-off period.

9. Fee

According to Art. 62 OTB each offeror must pay a fee for review of the offer by the Takeover Board (par.1). In the case of an exchange offer for securities listed on the main market, the total amount of the offer is established on the basis of the average opening price of these securities during the 10 trading days preceding the submission of the offer to the Takeover Board (par. 4). If non-listed securities are offered in exchange, the fee shall be determined on the basis of the valuation made by the review body. Based on the valuation by Merrill Lynch of the securities offered in exchange, the offer exceeds CHF 1 billion. Therefore, the maximum fee of CHF 200'000.-- shall be charged.

The Takeover Board adopts the following recommendation:

The offer of SYNTHES-STRATEC, Inc. complies with the Stock Exchange Act.

The Takeover Board grants the following exemptions from the Takeover Ordinance (Art. 4): waiver of the cooling-off period (Art. 14.1), and conditions subsequent (Art. 13.4).

The fee amounts to CHF 200'000.--.

The Chairman:

Hans Caspar von der Crone

This recommendation is communicated to:

- SYNTHES-STRATEC, Inc. Wilmington, Delaware, USA, through its representative
- Federal Banking Commission