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Swiss Takeover Board  
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**Project Springfield – Determination of the minimum price of the Unilabs SA registered shares within the public tender offer of Capio Laboratories AB, Gothenburg, Sweden**

Dear Sir or Madam,

**Background**

In the course of the planned takeover of Unilabs SA ("Unilabs") through Capio Laboratories AB, Gothenburg, Sweden ("Capio") Capio published on August 7, 2007 a pre-announcement for a public tender offer for all publicly held bearer shares, registered shares and shareholder options for bearer shares of Unilabs.

The share capital of Unilabs consists of 4,800,000 registered shares with a nominal value of CHF 0.50 each ("Unilabs registered shares") and 7,600,000 bearer shares with a nominal value of CHF 1 each ("Unilabs bearer shares"). Both the registered shares and the bearer shares are listed on SWX Swiss Exchange ("SWX").

The offer price from Capio is for each of the Unilabs registered shares CHF 28.75 net in cash, for each of the Unilabs bearer shares CHF 57.50 net in cash and for each shareholder option for Unilabs bearer shares CHF 1.75 net in cash.

Pursuant to Art. 32 para. 4 SESTA the offer price shall be amongst other requirements at least as high as the stock exchange price of the offeree company. The stock exchange price is considered as the volume-weighted average price announced by a stock exchange during the 60 trading days prior to the publication of the offer and the pre-announcement respectively (Art. 37 para. 2 SESTO-FBC). Based on Art. 37 para. 4 SESTO-FBC the review body is required to value listed equity securities of the offeree company prior to the publication of the offer and the pre-announcement respectively, if they are not liquid. Pursuant to the Swiss Takeover Board a security is – as a principle – considered only as liquid in terms of Art. 37 para. 4 SESTO-FBC, if it has been traded on at least 30 days within a period of 60 trading days prior to the publication of the offer or the pre-announcement (cf. Recommendation I of the Swiss Takeover Board regarding Unilabs August 22, 2007, E. 3.4).

The Unilabs bearer shares were traded within the 60 trading days prior to the pre-announcement of the public tender offer, thus between May 10, 2007 and August 6, 2007, on each trading day and therefore are considered as liquid. In contrast, the Unilabs registered shares were traded within this period only at two days and therefore are pursuant to the current interpretation of Art. 37 para. 4 SESTO-FBC of the Swiss Takeover Board considered as illiquid. In this case it is pursuant to Art. 37 para. 4 SESTO-FBC required to base the offer price on a valuation performed by the review body. It has to disclose in its report the valuation method and the valuation basis.

KPMG Ltd issues this report in its function as review body in the public tender offer of Capio.

### **Basic valuation consideration regarding Unilabs**

Unilabs has several share categories, whereas – as a result of illiquidity – only one category, the registered shares, has to be valued. As a fundamental valuation method (e.g. discounted cash flow method) cannot be limited to only one equity component, which is the case for the Unilabs registered shares, but in a first step has to take into account all equity components, it would be possible that in addition to an adjusted price for the Unilabs registered shares also a deviating price from the stock exchange price may result for the Unilabs bearer shares. However, the stock exchange price of the liquid Unilabs bearer shares is a reliable value of this security, which is also not being called into question from a takeover regulation perspective. As a result of this consideration KPMG Ltd does not base its valuation of the Unilabs registered shares on a fundamental valuation method.

### **Spread at Swiss companies**

Besides Unilabs also other SWX-listed companies have two or more share categories. There are some companies, like in the case of Unilabs, for which both share categories are traded.

KPMG Ltd analyzed the stock exchange price of the Swiss companies, which have two security categories, which both are considered as liquid pursuant to the current interpretation of Art. 37 para. 4 SESTO-FBC of the Swiss Takeover Board. Besides liquidity, the nominal value of both share categories as well as the trading volume of each share category were applied as selection criteria.

The share capital of The Swatch Group SA ("Swatch Group") and the Jelmoli Holding AG ("Jelmoli") consists in each case of registered and bearer shares. Schindler Holding AG ("Schindler") and the Lindt & Sprüngli AG ("Lindt & Sprüngli") have beside the share capital a participation capital. As the registered shares and the bearer shares of the Swatch Group and Jelmoli as well as the registered shares and the participation certificates of Schindler and Lindt & Sprüngli are being traded regularly, we analyzed based on these four companies, whether a higher valuation of any share category to the other is observable relative to the nominal value ("spread"). For the analysis the volume-weighted average price of the last 60 trading days prior to the respective valuation date was used.

**Table 1: Spread at volume-weighted average price of the last 60 trading days over the period March 2007 – September 2007**

	07 Sep 2007	07 Aug 2007	09 Jul 2007	07 Jun 2007	07 May 2007	05 Apr 2007	07 Mar 2007
Schindler	-0.59%	-0.01%	-0.31%	-0.45%	-0.04%	-0.06%	0.70%
Lindt & Sprüngli	-8.02%	-8.35%	-8.58%	-8.25%	-6.35%	-4.57%	-3.43%
Swatch Group	-3.35%	-0.69%	0.91%	1.86%	1.24%	1.50%	2.04%
Jelmoli	-0.36%	1.34%	-0.60%	-1.85%	0.17%	3.85%	-

Source: SWX, KPMG

Table 1 shows the spread of the Schindler registered shares compared to the Schindler participation certificates, of the Lindt & Sprüngli registered shares compared to the Lindt & Sprüngli participation certificates, of the Swatch Group registered shares compared to the Swatch Group bearer shares and of the Jelmoli registered shares compared to the Jelmoli bearer shares in relation to their nominal value for each respective valuation date. There has not been calculated a spread for Jelmoli for March 7, 2007 because the Jelmoli registered shares were only seldom traded within the period beginning of December 2006 to beginning of January 2007. As indicated in Table 1 Lindt & Sprüngli has the highest difference, and Schindler and the Swatch Group have the lowest (only a few percentage points). For Schindler the spread is even less than 1 percentage point for each date.

However, the votes portion and capital portion has to be taken into account for the analysis of the spread. Participation certificates do not have a voting right. A normally lower price of participation certificates compared to registered shares can therefore amongst other reasons be attributed to the lack of voting rights. Table 2 summarizes the portion of votes and capital.

As Table 2 shows, the Unilabs registered shares have a higher votes portion than capital portion. In absolute terms the Unilabs bearer shares have both a higher capital portion as well as a higher votes portion.

**Table 2: Votes portion and capital portion**

	Votes portion in %	Capital portion in %
Schindler R	100.0	58.9
Schindler PC	0.0	41.1
Lindt & Sprüngli R	100.0	63.6
Lindt & Sprüngli PC	0.0	36.4
Swatch Group B	19.7	55.2
Swatch Group R	80.3	44.8
Jelmoli B	24.2	61.4
Jelmoli R	75.8	38.6
Unilabs B	61.3	76.0
Unilabs R	38.7	24.0

Source: Swiss Stock Guide 2006/2007, p. 424-425

Another factor, which normally can cause a spread, is a possible restriction on transferability ("Vinkulierung"). However, the Unilabs registered shares do not have a restriction on transferability.

### **Conclusion and result**

The analysis shows that a spread is observable for all of the four analyzed companies. The spread moves in a one-digit percentage range.

Theoretically, on a nominal value-adjusted basis the value of the Unilabs registered shares should be higher than the Unilabs bearer shares, because with the same amount of capital a higher votes portion can be purchased. Due to the lack of a theoretically accepted valuation method to value the votes portion of a security, in certain cases it is not possible to give exact information about the extent of the spread in particular cases.

Therefore, KPMG Ltd considers the derivation of the offer price of the Unilabs registered shares from the offer price of the Unilabs bearer shares – adjusted for the nominal value – as adequate. As the offer price of CHF 57.50 net in cash for a Unilabs bearer share exceeds the minimum offer price – based on the volume-weighted average price announced by the stock exchange during the last 60 trading days prior to the publication of the pre-announcement as well as the highest price paid by the offeror minus 25% – this price is the basis for the adjustment with respect to the nominal value. That implies an equivalent offer price for a Unilabs registered share of CHF 28.75.

Yours sincerely

KPMG Ltd



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