



## Public Takeover Offer

by

### Edelweiss Holdings ApS, Copenhagen, Denmark

*(an indirect, wholly owned subsidiary of Danaher Corporation, a corporation with registered office in Wilmington, State of Delaware, and headquartered in Washington, D.C., United States of America)*

for all publicly held registered shares with a nominal value of CHF 50 each of

### Leica Geosystems Holdings Ltd, Balgach, Switzerland

**Offer Price:** CHF 500 net per registered share of Leica Geosystems Holdings Ltd ("**Leica**") with a nominal value of CHF 50 each, fully paid-in (the "**Shares**"). The offer price shall be reduced by the gross amount of dividend payments as well as the effect of any dilutive event (such as capital increases with an issue price of the shares below the offer price, repayments of capital, sales of treasury shares below the offer price, or the issuance of options) becoming effective prior to the settlement of public takeover offer of Edelweiss Holdings ApS ("**Edelweiss**") for the publicly held Shares (the "**Offer**"). For details on the dilution effects see Section 2.3 (Offer Price).

**Cooling-off Period:** From 28 July 2005 to 10 August 2005

**Offer Period:** From 11 August 2005 to 24 August 2005, 4.00 p.m. Central European Time ("**CET**") (subject to extensions)

Financial advisor and arranging bank:



UBS Investment Bank is a business group of UBS AG

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Leica Geosystems Holdings Ltd registered shares

Security Number: 1.087.048

ISIN CH0010870480

Bloomberg: LGSN SW

Leica Geosystems Holdings Ltd registered shares notified for acceptance  
(second trading line)

Security Number: 2.231.873

ISIN CH0022318734

Bloomberg: LGSNE SW

**Offer prospectus dated 28 July 2005**

ENGLISH TRANSLATION OF THE GOVERNING GERMAN AND FRENCH VERSIONS

## Notice to U.S. Holders of Shares

The Offer described in this prospectus is being made for the securities of Leica Geosystems Holdings Ltd, a Swiss company, and is subject to Swiss disclosure requirements, which are different from those of the United States. The financial information publicly available has been prepared in accordance with non-U.S. accounting principles and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. U.S. Holders are encouraged to consult with their own Swiss advisors in connection with the Offer.

It may be difficult for Leica's shareholders to enforce their rights and any claim arising out of U.S. federal securities laws, since Edelweiss is incorporated outside the United States and some or all of its officers and directors are residents of a country other than the United States. Leica's shareholders may not be able to sue Edelweiss or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel Edelweiss and its affiliates to subject themselves to a U.S. court's judgment.

**Investors should be aware that Edelweiss or its affiliates may, subject to applicable Swiss and U.S. securities laws, rules and regulations, purchase or make arrangements to purchase shares in Leica from Leica shareholders who are willing to sell outside of the Offer from time to time, including purchases in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase will be disclosed promptly by Edelweiss in the United States by means of a press release.**

## Restrictions to the Offer

### United Kingdom

The Shares are controlled investments within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**"). This document has not been approved by a person authorised under the FSMA. Promotion of the Shares in the United Kingdom is restricted by the FSMA and the Shares cannot be promoted to the general public. This document is exempt from the restrictions in the FSMA in that it is intended only for the following persons, referred to below as "relevant persons" or a "relevant person": (i) investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") and investment personnel of the foregoing; (ii) persons who fall within any of the categories of persons described in Articles 49(2)(a) to (e) of the Order (high net worth companies, unincorporated associations, etc) and investment personnel of the foregoing.

The Shares are available only to relevant persons and this document must not be acted upon by anyone who is not a relevant person.

The rules made by the Financial Services Authority under the FSMA for the protection of private customers do not apply to the offering of any Shares and the Financial Services Compensation Scheme established under section 213 of the FSMA will not be available in respect of the purchase of any Shares.

Except as described above, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with, or relating to, the sale or purchase of any Shares, may only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of the FSMA in respect of anything done in relation to the Shares in, from or otherwise involving, the United Kingdom.

### Other jurisdictions

The Offer described herein is not directly or indirectly made in a country or jurisdictions in which such Offer would be illegal, otherwise violate applicable laws or regulations or which would require Edelweiss to change the terms or conditions of the Offer in any way, to submit an additional application to or to perform additional actions in relation to any governmental, regulatory or legal authority. It is not intended to extend the Offer to any such country or jurisdiction. Documents relating to the Offer must neither be distributed in nor sent to such countries or jurisdictions. Such documents must not be used for the purpose of soliciting the purchase of securities of Leica by anyone from such countries or jurisdictions.

## 1. Background of the Offer

Danaher Corporation ("**Danaher**"), the parent company of Edelweiss, is a corporation incorporated pursuant to the laws of the State of Delaware, United States. Headquartered in Washington, D.C., Danaher derives its sales from the design, manufacture and marketing of industrial and consumer products, which are typically characterized by strong brand names, proprietary technology and major market positions, in three business segments: Professional Instrumentation, Industrial Technologies and Tools & Components. Danaher's shares are publicly traded and are listed both on the New York Stock Exchange and on the Pacific Stock Exchange. As at 25 July 2005, Danaher had a stock market capitalization of approximately US\$ 16.9 billion. In the year ended 31 December 2004, Danaher reported net income of approximately US\$746 million on total revenues of approximately US\$6.9 billion.

Leica is a producer of geospatial measurement instruments. It is a joint stock company (*société anonyme, Aktiengesellschaft*) incorporated pursuant to the laws of Switzerland with registered office in Balgach, Switzerland. According to the entry into the commercial register on 18 July 2005, Leica's share capital amounts to CHF 117,329,100, divided into 2,346,582 Shares, being registered shares with a nominal value of CHF 50 each, fully paid-in. The Shares are listed in the main segment of the SWX Swiss Exchange. As at 25 July 2005, Leica had a stock market capitalization of approximately CHF 1.1 billion.

Danaher has grown through identifying markets where there is the opportunity to establish technology and brand leadership positions and generate an advantage through the application of the Danaher Business System ("**DBS**"). The DBS is a set of tools and processes designed to continuously improve business performance in the critical areas of quality, delivery, cost and innovation. Danaher has been monitoring the performance of Leica for several years and believes that Leica shares similar characteristics to its electronic test business, particularly with respect to the design and manufacture of mission-critical products for technical professionals. Danaher's electronic test business includes the Fluke and Raytek product lines. Danaher also believes that Leica has many of the characteristics that it looks for when it seeks potential combination opportunities, namely, a strong market position serving attractive, expanding markets, with well-developed brands and the opportunity for further consolidation. Danaher views Leica as having been well managed, and, as such, views the management and employees of Leica as critical to the success of the overall group. As part of Danaher, Leica will have access to Danaher's resources to help it build upon its leading position in surveying and geomatics.

On 13 June 2005, Hexagon AB (publ.), a Swedish company, ("**Hexagon**") announced its intention to make a public takeover offer for all the publicly held Shares at a price of CHF 440 per Share, less dividend payments as well as the gross amount of any dilution effects becoming effective prior to the settlement of the offer. Hexagon's offer was published on 27 June 2005. On 15 July 2005, Leica's board of directors formally recommended Leica's shareholders not to accept Hexagon's offer. On 21 July 2005, Hexagon amended its offer at an adjusted price of CHF 436 per Share, following the payment on 11 July 2005 by Leica of a dividend of CHF 4 per Share for the financial year ended on 31 March 2005. On 25 July 2005, Hexagon amended its offer again and extended the initial acceptance period until 9 August 2005 in compliance with a recommendation of the Swiss Takeover Board dated 20 July 2005.

Following the publication of Hexagon's offer, Danaher informed Leica's board of directors of its interest for making a public takeover offer for all the publicly held Shares. On 9 July 2005, Danaher and Leica entered into a confidentiality agreement, following which Danaher conducted a limited due diligence review of Leica.

On 23 July 2005, the board of directors of Danaher agreed to cause Edelweiss, an indirect, wholly owned subsidiary organized under the laws of the Kingdom of Denmark, to publish the Offer, on the terms and subject to the conditions set forth in this prospectus, subject to an acceptable transaction agreement being entered into with Leica (the "**Transaction Agreement**"). Leica's board of directors resolved to enter into such a transaction agreement on 25 July 2005. On 26 July 2005, Leica announced that its board of directors had decided to recommend the Offer.

## 2. The Offer

### 2.1 Pre-announcement

A pre-announcement of the Offer has been made in accordance with Articles 7 et seq. of the Swiss Takeover Board's Ordinance on Public Takeover Offers (the **"Swiss Takeover Ordinance"**). The pre-announcement was published in the electronic media on 26 July 2005 before market opening on the SWX Swiss Exchange. It is not intended to publish the pre-announcement in the newspapers. In lieu of a publication of the pre-announcement in the newspapers, a summary of this prospectus is being published in German in the *Neue Zürcher Zeitung* and in French in *Le Temps*.

### 2.2 Scope of the Offer

The Offer extends to all publicly held (outstanding) Shares which will have been issued until expiry of the Additional Acceptance Period, as defined in Section 2.5 (Additional Acceptance Period), the number of which as at 25 July 2005 has been calculated as follows:

#### Number of Shares

Issued (according to an entry into the commercial register on 18 July 2005):	2,346,582
Held by Edelweiss and the persons acting in concert with it:	(95,000)
Held in treasury by Leica:	(36,830)*
Held by Leica as a hedge for outstanding options:	(20,185)**
<b>Held by the public:</b>	<b>2,194,567</b>

\* Source: Leica

\*\* As of June 2005. Source: Leica

The Offer also extends to (a) Shares that may be issued out of Leica's conditional capital until expiry of the Additional Acceptance Period and (b) Shares held by Leica as a hedge for outstanding options to purchase Shares that have been issued by Leica, its subsidiaries and affiliates (**"Options"**) and which are disposed of by Leica until expiry of the Additional Acceptance Period.

The Offer does not extend to Shares held by Leica, except for those Shares which will have been disposed of by Leica upon exercise of Options until expiry of the Additional Acceptance Period.

### 2.3 Offer Price

The net offer price per Share corresponds to **CHF 500** (the **"Offer Price"**). The Offer Price shall be reduced by the gross amount of dividend payments as well as the effect of any dilutive event (such as capital increases with an issue price of the shares below the offer price, repayments of capital, sales of treasury shares below the offer price, or the issuance of options) becoming effective prior to the settlement of the Offer. Such dilution effects shall not include the 177,048 employee Options issued and outstanding as of 26 July 2005.

The Offer Price shall be net of costs and charges and Swiss federal stamp transfer taxes for all the Shares (a) notified for acceptance during the Offer Period (as defined in Section 2.4) and the Additional Acceptance Period in accordance with the terms of the Offer, and (b) that are deposited in a custody account at a bank in Switzerland.

If the Offer Price is increased by Edelweiss, shareholders having accepted the Offer at a lower price will automatically be paid the increased Offer Price if the Offer is completed, without such shareholders being required to take any action for that purpose.

The Offer Price includes a premium of 9.1 per cent compared to the average daily opening price of the Shares during the last 30 trading days prior to the pre-announcement of 26 July 2005, which amounted to CHF 458.15 per Share.

#### Development of the price of the Shares since 2002:

	2002	2003	2004	2005**
High*	189.75	206.00	354.00	467
Low*	53.05	59.75	188.75	330

\* daily opening prices in CHF

\*\* From 1st January 2005 until 25 July 2005

Source: Bloomberg

## 2.4 Offer Period

There will be a cooling-off period from 28 July 2005 up to and including 10 August 2005 (see Section 7.4 relating to special procedure for acceptance by U.S. shareholders).

The Offer shall be open for acceptance **from 11 August 2005 until 24 August 2005, 4.00 p.m. CET** (the **"Offer Period"**). Edelweiss reserves the right to extend the Offer Period one or several times. In the event Edelweiss amends the Offer, the Offer Period will be extended by at least 10 trading days following publication of the amendment. An extension beyond 40 trading days requires the prior consent of the Swiss Takeover Board.

## 2.5 Additional Acceptance Period

If the conditions precedent set forth in Section 2.6 (Conditions) are satisfied or have been waived, the acceptance period will be extended by 10 trading days (the **"Additional Acceptance Period"**). The Additional Acceptance Period is expected to run **from 30 August 2005 until 12 September 2005**.

## 2.6 Conditions

The Offer is subject to the following conditions:

- a) Edelweiss having received, upon expiration of the Offer Period, as extended from time to time, valid acceptances in respect of Shares which, taken together with the Shares it will own at that time, represent more than 66 $\frac{2}{3}$  per cent of the total number of issued Shares on a fully diluted basis at expiration of the Offer Period, as extended from time to time.
- b) Upon expiration of the Offer Period, as extended from time to time, (a) no adverse events having occurred that, individually or in the aggregate, in the opinion of an independent internationally reputable expert to be appointed by Edelweiss, are or are likely to be material to the Leica Group, or (b) the Leica Group not having announced amendments or restatements of its previously published financial statements, including quarterly financial statements, or any other information or circumstance that, individually or in the aggregate, in the opinion of an independent internationally reputable expert to be appointed by Edelweiss, has or is likely to have a material adverse effect on the Leica Group. An event or effect shall be considered materially adverse or likely to be materially adverse if it involves (i) a reduction in consolidated equity of Leica in excess of 10 per cent compared to the equity reported as per 31 March 2005 (i.e. CHF 37 million), (ii) a reduction in the current financial year's consolidated turnover of Leica in excess of 10 per cent compared to consolidated turnover reported as per the twelve months ended 31 March 2005 (i.e. CHF 77.4 million), or (iii) a reduction in the current financial year's consolidated EBITDA of Leica in excess of 10 per cent compared to the consolidated EBITDA reported as per the twelve months ended 31 March 2005 (i.e. CHF 12.9 million).
- c) Leica having neither disposed of or encumbered the Treasury Shares nor acquired directly or indirectly any additional Shares or equity securities in a manner that would otherwise result in Edelweiss being required to increase the Offer Price pursuant to Article 10(6) of the Swiss Takeover Ordinance.

- d) The competent competition authorities having granted all approvals and/or clearances for the takeover of Leica by Danaher without asking any of the parties to meet any conditions, requirements or obligations that could have a material adverse effect on Leica's business as defined under condition b) above.
- e) No action having been taken by Leica in violation of Article 29 (2) or (3) of the Federal Act on Stock Exchanges and Securities Trading. No judgment, court order or other authoritative measure having been issued that prohibits or declares illegal the Offer or its completion.

Edelweiss reserves the right to waive, in whole or in part, one or more of these conditions.

Conditions a) and b) above shall be deemed to be conditions precedent within the meaning of Article 13(1) of the Swiss Takeover Ordinance. Conditions c) to e) shall, subject to the Swiss Takeover Board's approval, be deemed conditions subsequent within the meaning of Article 13(4) of the Swiss Takeover Ordinance.

The Offer will be declared unsuccessful and will lapse if the conditions precedent have not been fulfilled or waived upon expiration of the Offer Period as extended from time to time. In the event that the conditions subsequent have not been fulfilled or waived by the First Settlement Date as defined in Section 7.5 Edelweiss shall have the right to postpone the First Settlement Date and the Second Settlement Date as defined in Section 7.5 for up to four months after expiration of the Additional Acceptance Period and shareholders will not be entitled to withdraw their acceptance of the Offer during such period. Edelweiss will withdraw from the Offer, and the Offer will lapse if these conditions subsequent have not been fulfilled or waived upon expiration of this period of up to four months.

### 3. Information on Edelweiss

#### 3.1 Name, registered office, share capital and business purpose of Edelweiss

Edelweiss Holdings ApS ("**Edelweiss**") is a private limited company (*Anpartsselskab*), which was incorporated as at 20 July 2005 pursuant to the laws of the Kingdom of Denmark. The company is registered with the Danish Commerce and Companies Agency under CVR-no. 28 89 95 05. Its registered office is at The Municipality of Copenhagen and its business address at Åkan-devej 21, DK-2700 Brønshøj, Denmark. As at 25 July 2005, Edelweiss's share capital amounted to DKK 125,000, divided into 125 shares with a nominal value of DKK 1,000 each, fully paid-in. The duration of the company is unlimited. Edelweiss was formed for the purpose of making the Offer. Edelweiss's principal purpose, as stated in its articles of association, is, directly or indirectly, to carry on business in Denmark and abroad in industry, trade, financing and investments.

#### 3.2 Shareholders and group of shareholders holding more than 5 per cent of the voting rights in Edelweiss

Edelweiss is an indirect, wholly owned subsidiary of Danaher.

Danaher is a corporation incorporated pursuant to the laws of the State of Delaware, United States. The company's registered office is in the City of Wilmington, County of New Castle, State of Delaware. As of 15 July 2005, 308,561,983 shares of Danaher Common Stock were outstanding, excluding shares held by or for the account of the company. According to Danaher's certificate of incorporation, the company's authorized purpose is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware. More information on Danaher is contained in the company's annual report on Form 10-K for the year ended 31 December 2004 and the company's quarterly report on Form 10-Q for the



quarter ended July 1, 2005, copies of which may be obtained at the address mentioned in Section 3.4 (Annual and interim reports).

To Danaher's knowledge as at 25 July 2005, the shareholders or group of shareholders holding directly and indirectly more than 5 per cent of its voting rights were the following:

Name	Address	Number of shares beneficially owned*	Percentage of voting rights*
Steven M. Rales	2099 Pennsylvania Avenue, N.W., Washington, D.C. 20006, United States	52,145,925	16.9
Mitchell P. Rales	2099 Pennsylvania Avenue, N.W., Washington, D.C. 20006, United States	51,456,582	16.6

\* as at 7 March 2005

Messrs. Steven M. Rales and Mitchell P. Rales share beneficial ownership over 36,014,740 shares. Combined, they hold an aggregate of 67,587,767 shares, or approximately 21.9 per cent of Danaher's issued and outstanding shares as at 7 March 2005.

### 3.3 Persons acting in concert with Edelweiss

For the purposes of the Offer, Danaher, its subsidiaries and affiliates (the **"Danaher Group"**) are deemed to be acting in concert with Edelweiss. The same applies to Leica, its subsidiaries and affiliates for the time period following 25 July 2005, the date on which Danaher, Edelweiss and Leica executed the Transaction Agreement referred to in Section 5.3 (Agreements between Edelweiss and Leica, its directors, officers and shareholders).

### 3.4 Annual and interim reports

Because Edelweiss was not incorporated until 20 July 2005, the company did not prepare annual reports to date. Danaher's annual report on Form 10-K for the year ended 31 December 2004 as well as Danaher's quarterly reports on Form 10-Q for the quarters ended 1 April 2005 and 1 July 2005, respectively, may be consulted on the company's website at the address **www.danaher.com**.

### 3.5 Stake of Edelweiss and the persons acting in concert with it in Leica

As of 25 July 2005, Edelweiss and the persons acting in concert with it held 95,000 Shares, in addition to the 57,015 Shares held by Leica in treasury and as a hedge for outstanding options. Altogether, these Shares represented 6.48 per cent of the share capital and voting rights of Leica. As of 25 July 2005, Edelweiss and the persons acting in concert with it did not own either option or conversion rights relating to Shares.

### 3.6 Purchases and Sales of Leica equity securities

On 25 July 2005, Edelweiss purchased 95,000 Shares at a price of CHF 500 per Share. During the 12 months prior to the pre-announcement of the Offer, neither Edelweiss nor any person acting in concert with it acquired or sold any other Shares or options or conversion rights relating to Shares.

## 4. Financing

The Danaher Group intends to finance the Offer with either available cash, borrowings under its credit facilities or uncommitted lines of credit or the establishment of a commercial paper program, or by accessing the capital markets, or through a combination of the foregoing.

## 5. Information on Leica

### 5.1 Name, registered office, share capital and annual report of Leica

Leica Geosystems Holdings Ltd ("**Leica**") is a joint stock company (*société anonyme, Aktiengesellschaft*) incorporated pursuant to the laws of Switzerland with registered office in Balgach and address at Heinrich-Wild-Strasse, 9435 Heerbrugg, Switzerland.

According to the entry into the commercial register on 18 July 2005, the share capital of Leica amounts to CHF 117,329,100, divided into 2,346,582 Shares, being registered shares with a nominal value of CHF 50 each, fully paid-in.

According to Leica's Articles of association dated 19 May 2005, the company does not have any authorized share capital.

According to Article 4b of the same document, Leica has a conditional capital pursuant to which its share capital may be increased by a maximum amount of CHF 15,080,750 through the issuance of up to 301,615 Shares, to be fully paid-in, upon exercise of option rights granted to employees, advisers, and members of the board of directors of Leica under the 1998 Employee Incentive Equity Participation Plan (up to a maximum amount of 29,071 Shares), the 2000 Employee Stock Option Plan (up to a maximum amount of 132,544 Shares), and the 2005 Employee Stock Option Plan (up to a maximum amount of 140,000 Shares).

The Articles of association of Leica do not contain any opting-out or opting-up provisions. The annual report of Leica can be obtained at Leica's webpage: [www.leica-geosystems.com](http://www.leica-geosystems.com).

### 5.2 Intentions of Danaher with Regard to Leica

Danaher believes Leica shares similar characteristics to its electronic test business, in particular the design and manufacture of mission-critical products for technical professionals. If the Offer succeeds, Leica will have access to Danaher's resources to help it build upon its market-leading position in surveying and geomatics.

Upon completion of the Offer, Danaher intends to run Leica as an independent business unit within its organisation. It generally intends to do so with the support of the incumbent management team, although certain changes are likely to be made to reflect the new ownership structure of the company. If the Offer is successful, Danaher intends to convene an extraordinary general shareholders' meeting of Leica, and propose the election of its representatives to the board of directors of the company. The exact composition of the board of directors and of the management team of Leica following the completion of the Offer has not been decided yet.

Refer to Section 7.8 (Cancellation and delisting) for information on the intentions of Danaher as regards the Shares' listing on the SWX Swiss Exchange and the possible cancellation of remaining minority shareholdings following completion of the Offer.

### 5.3 Agreements between Edelweiss and Leica, its directors, officers and shareholders

#### Confidentiality Agreement

Following the publication of Hexagon's offer on 27 June 2005, Danaher informed Leica's board of directors of its interest in making a public takeover offer for all the publicly held Shares. On 9 July 2005, Danaher and Leica entered into a customary confidentiality agreement, under the terms of which, in consideration of Leica agreeing to make certain information available to Danaher and its advisers, Danaher agreed to keep such information confidential. Following execution of the confidentiality agreement, Danaher conducted a limited due diligence review of Leica.



## Transaction Agreement

The Offer is submitted pursuant to the Transaction Agreement entered into among Danaher, Edelweiss and Leica on 25 July 2005 immediately prior to the announcement of the Offer.

### *The Offer*

Subject to the terms and conditions of the Transaction Agreement, Danaher has undertaken to cause Edelweiss, and Edelweiss has undertaken, to commence a public offer to acquire all the publicly held Shares at the Offer Price.

In consideration of this, the board of directors of Leica has undertaken to un-animously recommend to Leica's shareholders to accept the Offer by means of a press release that was published on 26 July 2005 and, subject to a Superior Offer (as defined under *Covenants* below) not having been announced or pre-announced in the meantime, in a report prepared in accordance with Article 29(1) of the Federal Act on Stock Exchanges and Securities Trading to be published by 3 August 2005.

Leica has undertaken to maintain such recommendation without withdrawing it or modifying it in any way, except if a Superior Proposal is made.

### *Covenants*

Leica has agreed to conduct its and its subsidiaries' businesses in the ordinary course, consistent with past practice, to preserve intact its material business organization and relationships with third parties and not to, without the prior written consent of Danaher, take any extraordinary actions.

Leica has also agreed:

- to terminate all existing discussions or negotiations with any third parties in relation to offers or proposals to acquire Shares or a substantial part of the business of Leica;
- not to solicit, initiate or encourage any inquiries or the making of a proposal or offer or participate in any discussions or negotiations regarding any such offers or proposals, other than discussions and negotiations with Hexagon or, following receipt of a Superior Proposal, discussions and negotiations limited to confidentiality and process agreements;
- except on a date that is not earlier than three trading days following announcement of a Superior Offer, not to withdraw or modify the recommendation of Leica's board of directors nor to approve, recommend or publicly propose to approve or recommend any such acquisition;
- to notify Danaher and Edelweiss of any offers or proposals to acquire Shares or a substantial part of the business of Leica, other than any such proposal from Hexagon; and
- not to permit or provide access to non-public information relating to Leica and its subsidiaries to any third party other than (i) Hexagon, or (ii) any other third party, following receipt of a Superior Proposal or publication of a Superior Offer from such party or other than as required by Swiss law or imposed by the Swiss Takeover Board.

Superior Offer is defined in the Transaction Agreement as any unsolicited offer to all of the shareholders of Leica to acquire all of the Shares on terms and conditions that the board of directors of Leica determines in its good faith judgment, after due consideration of its fiduciary duties (as advised by its advisors) to

be superior for Leica's shareholders when compared as a whole with the Offer, provided such offer is at a price that on a fully diluted basis is not lower than that offered by Edelweiss and on conditions no more restrictive on the offer than the conditions set out in Section 2.6 (Conditions).

Superior Proposal is defined in the Transaction Agreement as any unsolicited written proposal that contemplates a Superior Offer and that the board of directors of Leica (having consulted with its financial and legal advisors) reasonably believes is likely to result in a Superior Offer.

Leica has agreed to abstain from selling or agreeing to sell any of the Treasury Shares to any third party and taking any action that would breach Article 10(6) of the Swiss Takeover Ordinance.

In the event that the Offer is declared successful, the board of directors of Leica has agreed to convene a general meeting of shareholders at which the current directors will resign.

#### *Termination*

The Transaction Agreement may be terminated (i) by mutual written consent of Danaher and Leica; (ii) by any party, if the Offer is unsuccessful or is otherwise withdrawn, upon public announcement by Edelweiss of the Offer's lack of success or withdrawal; (iii) by Danaher, if Leica breaches certain covenants in the Transaction Agreement; (iv) by Danaher, if the board of directors of Leica withdraws or fails to make its recommendation of the Offer, and by Leica if Leica withdraws or fails to make its recommendation of the Offer in each case in a manner permitted under the Transaction Agreement. Moreover, the Transaction Agreement will automatically terminate if Edelweiss declares the Offer successful and the Offer is settled in accordance with its terms, on the earlier of (a) expiration of a period of six months following expiration of the Additional Acceptance Period, or (b) the general meeting of shareholders which is to be convened pursuant to the Transaction Agreement having taken place.

#### *Governing Law*

The Transaction Agreement is governed by the laws of Switzerland.

#### **Irrevocable Undertaking**

On 25 July 2005, Paulson & Co. Inc. ("**Paulson**") has irrevocably undertaken to accept the Offer and to notify its 146,331 Shares, representing in aggregate 6.24 per cent of Leica's share capital and voting rights, into the Offer.

Paulson has undertaken not to sell, pledge or otherwise dispose of the Shares covered by its undertaking or to transfer voting rights attached thereto. Moreover, Paulson has agreed to terminate all existing discussions or negotiations with any parties in relation to offers or proposals to acquire its Shares or a substantial part of the business of Leica with any other party; and not to solicit, initiate or encourage any inquiries or the making of a proposal or offer to acquire Shares or participate in any discussions or negotiations regarding any such offers or proposals.

Paulson's irrevocable undertaking may be terminated by mutual written consent of Edelweiss and Paulson; by any of Edelweiss or Paulson if the Offer lapses or is otherwise withdrawn; by Paulson, three business days following announcement of a Superior Offer (as defined below), unless by the end of such third business day Edelweiss has announced a counter offer which matches or is superior to the Superior Offer; by Edelweiss, if Edelweiss does not declare the Offer successful by 30 September 2005, provided that if the Offer is extended due to

requirements of Swiss law, such date is automatically extended to the end of the offer period as extended by Swiss law.

For purposes of the irrevocable undertaking “Superior Offer” means any unsolicited offer to all of the shareholders of Leica to acquire all of the shares in the company; provided such offer is at a price that on a fully diluted basis is higher than that offered by the Edelweiss and on conditions no more restrictive on the offer than the Offer conditions

The irrevocable undertaking is governed by the laws of the State of New York, USA.

#### **5.4 Confidential information**

Edelweiss confirms that neither it nor any person acting in concert with it have directly or indirectly received confidential information on Leica’s business from Leica itself or from the companies under its control that could decisively influence the decision of the recipients of the Offer other than as set out in this Section 5.

## **6. Report of the Review Body pursuant to Article 25 of the Federal Act on Stock Exchanges and Securities Trading**

As auditors recognized under the Federal Act on Stock Exchanges and Securities Trading (“SESTA”) to review public takeover offers, we have reviewed the offer prospectus and its summary (the “Offer Documents”).

The preparation of the Offer Documents is the responsibility of the offeror, whereas our responsibility is to report on these documents based on our review.

Our review was conducted in accordance with Swiss Standards on Auditing, which require that a review of Offer Documents be planned and performed to obtain reasonable assurance as to whether these documents are free from material misstatement. We have examined, partially on a test basis, evidence supporting the information in the Offer Documents. Furthermore, we have examined compliance with SESTA and its implementing ordinances. We believe that the procedures performed provide a reasonable basis for our report.

Based on our review:

- the Offer Documents comply with SESTA and its implementing ordinances;
- the offer prospectus is complete and accurate with respect to the disclosure requirements of the SESTA and its implementing ordinances and the summary contains the main information relating to the offer;
- the recipients of the offer are treated equally;
- the financing of the offer is assured and the necessary funds are available; and
- the effects of the pre-announcement of the public takeover offer are complied with.

DELOITTE & TOUCHE LTD

Peter Quigley

Serge Montangero

Geneva, 26 July 2005

## **7. Acceptance of the Offer**

### **7.1 Information of Leica shareholders**

Shareholders holding their Shares in an open safekeeping account in Switzerland will be informed about the Offer by their custodian bank. They are requested to proceed according to the custodian banks’ instructions. Shareholders who wish to notify their Shares for acceptance pursuant to the terms of the Offer must complete and submit the acceptance form distributed to them to their own custodian bank prior to the expiration of the Offer Period.

- 7.2 Financial advisor and arranging bank** Edelweiss has appointed UBS Investment Bank, a business group of UBS Inc., as its financial advisor and arranging bank with respect to the Offer. The Offer can be accepted at all branch offices of UBS Inc. in Switzerland.
- 7.3 Shares notified for acceptance; withdrawal rights** The Offer can be accepted during the Offer Period (see paragraph 7.4 below relating to special acceptance procedures for U.S. Leica shareholders). Acceptance of a valid Offer is binding on the shareholders in question until the Offer is completed, declared unsuccessful, or withdrawn. However, if a third party makes a competing offer, shareholders are entitled to withdraw their acceptance from the initial offer and accept the competing offer. **Accordingly, shareholders of Leica who have already accepted Hexagon's offer are entitled to revoke their acceptance and accept this Offer instead. By accepting this Offer such shareholders will be deemed to have withdrawn their acceptance from Hexagon's offer. UBS Investment Bank or the shareholders' custodian bank will notify Hexagon of such withdrawal and shareholders will not be required to take any further action in this respect.**
- Shares notified for acceptance during the Offer Period and the Additional Acceptance Period will receive the separate security identification number 2.231.873 (ISIN CH0022318734). Application has been made to the SWX Swiss Exchange for the opening of a second trading line where the Shares notified for acceptance may be traded, presumably as from 11 August 2005. The second trading line is expected to be discontinued as from the expiration of the Additional Acceptance Period. Trading on the second trading line will be suspended between expiration of the Offer Period and the First Settlement Date as defined in Section 7.5 (Settlement of the Offer). Customary stock market charges and brokerage fees will apply to the purchase and sale of Shares notified for acceptance on the second trading line and will be borne by the buying and selling shareholders.
- 7.4 Special Acceptance Procedures for U.S. Leica Shareholders** U.S. Leica shareholders will be permitted to deliver acceptance forms to their custodian banks at any time from 28 July 2005 up to and including 24 August 2005. Acceptance forms will not be processed during the cooling-off period (from 28 July 2005 up to and including 10 August 2005) and U.S. shareholders will be permitted to withdraw acceptance forms delivered during this period by no later than 10 August 2005 at 4:00PM (Eastern Standard Time). Acceptance forms delivered and not withdrawn during the cooling-off period will be processed on 11 August 2005. From 11 August 2005 (9:00AM CET), acceptances tendered by U.S. shareholders will be binding on the shareholders in question until Edelweiss announces whether the Offer will be completed and subject to competing offers being announced, as described in Section 7.3 above.
- 7.5 Settlement of the Offer** The Offer Price with respect to Shares having validly been notified for acceptance during the Offer Period will be paid, and the delivery of such Shares to Edelweiss will take place, on 31 August 2005 (the **"First Settlement Date"**). The Offer Price with respect to Shares having validly been notified for acceptance during the Additional Acceptance Period will be paid, and the delivery of such Shares to Edelweiss will take place, on 21 September 2005 (the **"Second Settlement Date"**).
- Edelweiss reserves the right to extend the Offer Period in accordance with Section 2.4 (Offer Period), in which case the First Payment Date and the Second Settlement Date will be adjusted. Edelweiss also reserves the right to postpone the First Settlement Date and the Second Settlement Date for a period of up to four months after the expiration of the Additional Acceptance Period in the event that the conditions subsequent have not been fulfilled or waived by the First Settlement Date. Shareholders will not be entitled to withdraw their acceptance of the Offer during such period. Edelweiss will withdraw from the Offer, and the Offer will lapse if these conditions subsequent have not been fulfilled or waived upon expiration of this period of up to four months.

Transfer of ownership as regards to Shares notified for acceptance will take place on the First Settlement Date or on the Second Settlement Date, depending on whether the Shares have been notified for acceptance during the Offer Period or the Additional Acceptance Period. Thus, shareholders who notify their Shares for acceptance during the Offer Period will remain entitled to vote on the occasion of a general meeting of shareholders and maintain other shareholder rights until the First Settlement Date. Shareholders who notify their Shares for acceptance during the Additional Acceptance Period will remain entitled to vote and maintain other shareholder rights until the Second Settlement Date.

## **7.6 Costs and charges**

Notification for acceptance in accordance with the terms of the Offer of Shares deposited in a custody account at a bank in Switzerland is free of costs and charges during the Offer Period and the Additional Acceptance Period. The Swiss federal stamp transfer taxes in connection with such notification shall be borne by Edelweiss.

## **7.7 Tax aspects**

In general, notifying Shares for acceptance under this Offer may have the following tax consequences:

- *Shareholders resident in Switzerland for tax purposes and holding Shares as part of their private property:* Pursuant to the general principles of Swiss income taxes, shareholders who hold Shares as part of their private property and notify these Shares for acceptance pursuant to the terms of the Offer realize a non-taxable, private capital gain or, if applicable, a non-deductible capital loss. Thus, subject to the positive outcome of tax ruling, which Edelweiss will apply for from the Swiss Federal Tax Administration on the subject of the indirect partial liquidation, the notification for acceptance pursuant to the terms of the Offer is in principle tax free for federal income tax purposes. Edelweiss has not asked for tax clearance from the various cantonal tax authorities. Therefore, Edelweiss cannot fully exclude that, for cantonal income tax purposes, the notification of Shares for acceptance pursuant to the terms of the Offer shall be taxed according to the principles applied in cases of an indirect partial liquidation.
- *Shareholders resident in Switzerland for tax purposes and holding Shares as business property:* Pursuant to the general principles of Swiss corporate taxes, shareholders who hold Shares as part of their business property and notify these Shares for acceptance pursuant to the terms of the Offer realize a taxable capital gain or a tax deductible capital loss, respectively.
- *Shareholders not resident in Switzerland for tax purposes:* Pursuant to the general principles of Swiss taxes, profit as a result of the notification of Shares for acceptance pursuant to the terms of the Offer by a shareholder not resident in Switzerland for tax purposes is not subject to Swiss income, respectively profit tax, provided, however that the Shares cannot be attributed to a Swiss permanent establishment or business operation in Switzerland. Shareholders not resident in Switzerland for tax purposes are advised to inquire about the tax consequences, which may occur in their country of residence.

It is recommended that shareholders or persons holding an economic interest in Shares consult with their own tax advisor to assess the specific tax consequences applicable to them.

## **7.8 Cancellation and delisting**

Edelweiss reserves the right to seek a delisting of the Shares by the SWX Swiss Exchange after the Offer has been completed.

Should Edelweiss hold more than 98 per cent of the voting rights attaching to the Shares after completion of the Offer, it reserves the right to petition for the invalidation of the remaining publicly held Shares. Should the 98 per cent threshold not be reached but should Edelweiss acquire 90 per cent of the voting rights attaching to the Shares, Edelweiss reserves the right to merge Leica with

and into a company controlled by Danaher, whereby the remaining Leica shareholders would receive a compensation other than ownership interests in the surviving entity (probably cash) in exchange for their Shares. The value of such other compensation will depend, among other things, on the timing of the merger and may be higher or lower than the Offer Price.

## **7.9 Applicable law and place of jurisdiction**

All rights and obligations arising out the Offer are subject to the substantive laws of Switzerland. All disputes arising out of or in connection with this Offer shall be submitted to the exclusive jurisdiction of the courts of Zurich, Switzerland.

## **8. Tentative timetable**

Pre-announcement of the Offer:	26 July 2005
Publication of the Offer Prospectus:	28 July 2005
Start of Cooling-off Period:	28 July 2005 <sup>(1)</sup>
End of Cooling-off Period:	10 August 2005 <sup>(1)</sup>
Start of the Offer Period:	11 August 2005 <sup>(2)</sup>
End of the Offer Period:	24 August 2005 <sup>(2)</sup>
Publication of the preliminary interim result:	25 August 2005 <sup>(2)</sup>
Publication of the interim result:	30 August 2005 <sup>(2)</sup>
Start of the additional acceptance period:	30 August 2005 <sup>(2)</sup>
First Settlement Date:	31 August 2005 <sup>(2)</sup>
End of the additional acceptance period:	12 September 2005 <sup>(2)</sup>
Publication of the preliminary final results:	13 September 2005 <sup>(2)</sup>
Publication of the final results:	16 September 2005 <sup>(2)</sup>
Second Settlement Date:	21 September 2005 <sup>(2)</sup>

<sup>(1)</sup> See Section 7.4 relating to special procedures for acceptance by U.S. shareholders.

<sup>(2)</sup> Edelweiss reserves the right to extend the Offer Period in accordance with Section 2.4 (Offer Period), in which case the First Payment Date and the Second Settlement Date will be adjusted. Edelweiss also reserves the right to postpone the First Settlement Date and the Second Settlement Date in accordance with Section 2.6 (Conditions).

## **9. Informational materials and documents:**

This prospectus, together with the acceptance form, can be obtained free of charge from UBS Investment Bank, Prospectus Library, P.O. Box, CH-8098 Zurich, Switzerland (Phone: +41 44 239 47 03, Fax: +41 44 239 21 11, email: [swiss-prospectus@ubs.com](mailto:swiss-prospectus@ubs.com)).



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