

InCentive Capital

Public Tender Offer

by

InCentive Capital Ltd, Zug

for all the publicly held

registered Shares of Sulzer Ltd, Winterthur
with a nominal value of CHF 60

Transaction Overview

Step 1: Spin-off of Sulzer Medica

Step 2: Tender Offer for Sulzer Shares

The proposed transaction combines a corporate spin-off of Sulzer Medica with an offer for the industrial part of Sulzer ("Sulzer Industries"). To achieve this goal, the proposed transaction has been structured as a public tender offer ("Tender Offer") for all publicly held Sulzer Shares, conditional *inter alia* upon the completion of the spin-off of Sulzer Medica.

Pursuant to InCentive's spin-off proposal (which is, *inter alia*, subject to approval at the Sulzer AGM on 19 April 2001), each Sulzer shareholder will receive 2 Sulzer Medica Shares for each Sulzer Share. The Sulzer Medica Shares will be distributed out of Sulzer's existing participation in Sulzer Medica and – assuming the spin-off of Sulzer Medica is approved by the Sulzer AGM – each Sulzer shareholder will, irrespective of whether or not it accepts InCentive's Tender Offer, receive 2 Sulzer Medica Shares for each Sulzer Share.

Sulzer shareholders who accept InCentive's Tender Offer – in addition to the 2 Sulzer Medica Shares – at their discretion also receive (net of bank commissions and federal securities transfer tax) either of the following for each Sulzer Share: 1) CHF 410 in cash ("Cash Alternative"); or 2) 0.9 InCentive Shares ("Share Alternative"). The gross amount of any distributions (incl. repayments of share capital) per Sulzer Share made before settlement of the Tender Offer will be deducted from the offer price as provided for under Section A.5 ("Tender Offer for Sulzer Shares") below, except for the distribution of the 2 Sulzer Medica Shares per each Sulzer Share referred to above. For Sulzer shareholders opting for InCentive Shares the aforementioned exchange ratio of 0.9 will be adjusted by taking into account any distributions (incl. repayments of share capital), except for the distribution of the 2 Sulzer Medica Shares per each Sulzer Share referred to above, of either Sulzer or InCentive until settlement of the Tender Offer. Fractions of shares will be paid in cash based on the value of the Cash Alternative.

Offer Period

From 17 April 2001 to 22 May 2001, 4 pm CET
(this offer period is subject to extensions)

Identification

	Security no.	ISIN	Telekurs/Bloomberg/ Reuters
Registered shares of Sulzer Ltd ¹	237 645	CH 000 237 645 4	SU-N / SUN / SULZn
Registered shares of Sulzer Medica Ltd	654 485	CH 000 654 485 9	SMEN / SMEN / SMENn
Bearer shares of InCentive Ltd	286 089	CH 000 286 089 5	INC / INC / ICVZ.S

¹ For trading line details relating to tendered shares, refer to Section H.4 ("Shares Notified for Acceptance / Exchange Trading")

Offer Manager

Lombard Odier & Cie

Financial Advisors:



Lombard Odier

Deutsche Bank



SALES RESTRICTIONS

United States of America

The Tender Offer described herein is not being made directly or indirectly in, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States of America or any of the other jurisdictions referred to under the heading “Other Jurisdictions” below (together the “Restricted Jurisdictions”) and may only be accepted outside of the Restricted Jurisdictions. This includes, but is not limited to, facsimile transmission, telex and telephone. Offering materials with respect to the Tender Offer may not be distributed in nor sent to the Restricted Jurisdictions and may not be used for the purpose of soliciting the purchase of any securities of Sulzer, from anyone in any jurisdiction, including the Restricted Jurisdictions, in which such solicitation is not authorized, or to any person to whom it is unlawful to make such solicitation, and doing so may invalidate any purported acceptance.

United Kingdom

This document is issued by InCentive, the contents having been approved solely for the purposes of Section 57 of the Financial Services Act 1986 by J.P. Morgan, 60 Victoria Embankment, London EC4Y 0JP, and Deutsche Bank AG, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

Other Jurisdictions

The Tender Offer described herein is not being made directly or indirectly in, nor is it intended to extend to, a country or jurisdiction where such Tender Offer would be considered unlawful or in which it would otherwise breach any applicable law or regulation or which would require InCentive to amend any term or condition of the Tender Offer in any way or which would require InCentive to make any additional filing with, or take any additional action with regards to, any governmental, regulatory or legal authority. Offering materials relating to the Tender Offer may not be distributed in nor sent to such country or jurisdiction and may not be used for the purposes of soliciting the purchases of any securities of Sulzer from anyone in such country or jurisdiction.

This offer prospectus does not constitute an issue prospectus in the sense of art. 652a or art. 1156 of the Swiss Code of Obligations.

In case of inconsistencies between the German, English and French version of this offer prospectus, the German version shall prevail.

ABBREVIATIONS AND DEFINITIONS

The following terms and expressions have the meanings set forth below, unless otherwise defined in this offer prospectus:

Cash Alternative	The option for Sulzer shareholders, who decide to accept the Tender Offer, to choose CHF 410 in cash (may be adjusted), (net of bank commissions and federal securities transfer tax) as defined in Section A.5 (“Tender Offer for Sulzer Shares”)
CET	Central European Time
InCentive	InCentive Capital Ltd, Zug, Switzerland
Incentive Investment	Incentive Investment AG, Zurich, Switzerland, a company which was merged into India Investment AG on 31 October 2000, the merged company being renamed InCentive Capital Ltd
Incentive Jersey	Incentive Investment (Jersey) Ltd., St. Helier, Jersey C.I., a wholly-owned subsidiary of InCentive
InCentive Share(s)	Bearer share(s) of InCentive
India Investment	India Investment AG, Zug, Switzerland, the predecessor company of InCentive Capital Ltd
Investment Manager	InCentive Asset Management AG, Zurich, Switzerland, acts as InCentive’s investment manager
Offering Circular	Offering Circular and Listing Memorandum of InCentive of 2 November 2000
SESTA	Federal Act on Stock Exchanges and Securities Trading
SESTO-FBC	Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading
Settlement Date	Date of settlement of InCentive’s Tender Offer for all publicly held Sulzer Shares as defined in Section H.5 (“Settlement of the Offer Transaction”)
Share Alternative	The option for any Sulzer shareholder, who decides to accept the Tender Offer, to choose 0.9 InCentive Share (may be adjusted) as defined in Section A.5 (“Tender Offer for Sulzer Shares”)
Sulzer	Sulzer Ltd, Winterthur, Switzerland
Sulzer AGM	The annual general shareholders’ meeting of Sulzer on 19 April 2001, or if postponed, such later date on which the meeting is held
Sulzer Capital B.V.	Sulzer Capital B.V., Tilburg, Netherlands
Sulzer Industries	The remaining business units of Sulzer following the proposed spin-off of Sulzer Medica
Sulzer Medica	Sulzer Medica Ltd, Winterthur, Switzerland
Sulzer Medica Share(s)	Registered share(s) of Sulzer Medica
Sulzer Share(s)	Registered share(s) of Sulzer
Takeover Board	Swiss Commission for Public Takeover Offers
Tender Offer	InCentive’s public tender offer for all publicly held Sulzer Shares as described in detail in this offer prospectus
TOO	Ordinance of the Takeover Board on Public Takeover Offers

Introduction

InCentive's Tender Offer for Sulzer has been launched out of responsibility as Sulzer's largest shareholder in the current difficult situation. The development of the Sulzer share price has been unsatisfactory for years. In addition, Sulzer's corporate strategy has changed constantly over the last twelve months, reflecting weak leadership and lack of strategic vision. InCentive has thus taken the initiative with this Tender Offer to prevent further management failure, to at least preserve the current worth of and hopefully contribute to long-awaited value creation at Sulzer.

With its Tender Offer, InCentive, as catalyst for change, intends to achieve two goals: First, an essentially tax neutral spin-off of Sulzer Medica to Sulzer's shareholders. This spin-off, by which the Sulzer shareholders will receive what they currently indirectly own, needs to be approved at the Sulzer AGM. In the meantime, this spin-off has been endorsed by the Sulzer board. Through the spin-off, Sulzer Medica will become an independent company in the medical technology sector which should improve its future prospects in numerous ways. The spin-off should also have a positive effect on Sulzer Medica's share price, as the resulting pure play Sulzer Medica will no longer be negatively affected by a conglomerate discount.

InCentive's second goal is to take over Sulzer Industries giving this part of Sulzer new direction through an internationally experienced industrial management team. InCentive will propose Messrs. Dr. Eberhard von Koerber and Marc Küffer for election to the Sulzer board. The industrial careers of both candidates reflect their proven ability to successfully apply their knowledge and expertise in challenging situations. They will combine their industrial expertise with René Braginsky's financial know-how for the benefit of Sulzer Industries and all Sulzer stakeholders.

The Tender Offer sets a precedent from a technical point of view as the spin-off of Sulzer Medica is a condition for the completion of the the Tender Offer. Consequently, a corporate transaction (the spin-off of Sulzer Medica) is coupled with a Tender Offer for the remaining Sulzer Industries (cf. Appendix A ["Overview of the Corporate Spin-off of Sulzer Medica"]). For the Tender Offer to be successful, it is key that Sulzer shareholders approve the spin-off and the other proposals made by InCentive (removal of the share transfer and voting restrictions, election of new board members) at the Sulzer AGM.

The Tender Offer offers each Sulzer shareholder the choice to receive either CHF 410 in cash or 0.9 InCentive Shares. This means that InCentive – especially in light of the current market environment – is offering a very attractive premium of 40.9% or 48.5%, respectively, over the implied value of Sulzer Industries (cf. details in Section A.6 ["Offer Price Comparisons"]). Should the Tender Offer be successful, each Sulzer shareholder, who has accepted the Tender Offer, will receive for each Sulzer Share 2 Sulzer Medica Shares plus either CHF 410 in cash or 0.9 InCentive Shares.

The choice between the Cash Alternative and the Share Alternative remains at the Sulzer shareholders discretion. The Cash Alternative has the advantage that each Sulzer shareholder can immediately realize an attractive premium (cf. Section E ["Tax Considerations"]) below in relation to the tax treatment, in particularly for Swiss private investors). The Share Alternative has the advantage that a Sulzer shareholder may participate in InCentive's potential future value creation. As future value creation is not guaranteed, the acceptance of the Share Alternative involves risks (cf. Section B.1 ["Corporate Name [...]"] and Appendix C ["Further Information on InCentive"] below).

InCentive wishes to thank all Sulzer shareholders for the support received so far. InCentive is confident that its offer from *Shareholder to Shareholder* can also count on the support of the majority of Sulzer shareholders at the Sulzer AGM.

A. Tender Offer

- 1. Pre-Announcement** The Tender Offer was preannounced in the electronic media on 19 February 2001 and in the print media on 20 February 2001 in accordance with art. 7 ff. TOO.
- 2. Sulzer Shares subject to the Tender Offer** The Tender Offer applies to all 3,441,313 publicly held Sulzer Shares (cf. Section B.3 (“InCentive Shareholding in Sulzer”).
- 3. Transaction Overview** The proposed transaction combines a tax efficient corporate spin-off of Sulzer Medica with an offer for the industrial part of Sulzer (“Sulzer Industries”). To achieve this goal, the proposed transaction has been structured as a public tender offer for all publicly held Sulzer Shares, conditional upon, inter alia, the completion of the spin-off of Sulzer Medica.
- 4. Spin-Off of Sulzer Medica** Pursuant to InCentive’s spin-off proposal (which is, inter alia, subject to approval at the Sulzer AGM), each Sulzer shareholder will receive 2 Sulzer Medica Shares for each Sulzer Share. The Sulzer Medica Shares will be distributed out of Sulzer’s existing participation in Sulzer Medica and – assuming the spin-off of Sulzer Medica is approved by the Sulzer AGM – each Sulzer shareholder will, irrespective of whether or not it accepts InCentive’s Tender Offer, receive 2 Sulzer Medica Shares for each Sulzer Share (cf. Appendix A [“Overview of the Corporate Spin-off of Sulzer Medica”]).
- 5. Tender Offer for Sulzer Shares** Sulzer shareholders who tender their Sulzer Shares will – in addition to the 2 Sulzer Medica Shares – at their discretion also receive either of the following (net of bank commissions and federal securities transfer tax) for each Sulzer Share:

- 1) CHF 410 in cash (Cash Alternative); or
- 2) 0.9 InCentive Shares (Share Alternative).

Individual shareholders domiciled in Switzerland holding their Sulzer Shares as part of their private property should be aware that the income tax treatment of the Cash Alternative is not certain. Special attention should be given to the information under Section E.2 (“Tender Offer”) below. For such shareholders, acceptance of the Share Alternative might prove to be more favorable from a tax perspective. Shareholders should consult professional advisors to review their individual tax situation. Shareholders considering the Share Alternative should also carefully read the general risk considerations under Section B.1 (“Corporate Name [...]”) and Appendix C (“Further Information on InCentive”) of this offer prospectus.

The gross amount of any distributions (incl. repayments of share capital) per Sulzer Share made before Settlement Date will be deducted from the offer price, except for the distribution of the 2 Sulzer Medica Shares per each Sulzer Share referred to above.

For Sulzer shareholders opting for InCentive Shares the aforementioned exchange ratio of 0.9 will be adjusted by taking into account any distributions (incl. repayments of share capital), except for the distribution of the 2 Sulzer Medica Shares per each Sulzer Share referred to above, of either Sulzer or InCentive until Settlement Date. Fractions of shares will be paid in cash based on the value of the Cash Alternative.

The board of directors of Sulzer has proposed to the Sulzer AGM a dividend of CHF 20 per Sulzer Share. Such dividend, if approved by the Sulzer AGM, will be deducted from the consideration offered by InCentive.

6. Offer Price Comparisons

A) Sulzer Industries

The Cash Alternative of CHF 410 for each Sulzer Share (following the spin-off of Sulzer Medica) represents a premium of 40.9% over the implied value of Sulzer Industries on the last trading day prior to the pre-announcement of the Tender Offer and a premium of 35.1% over the average implied value of Sulzer Industries during the last 30 trading days¹ prior to the pre-announcement of the Tender Offer.

The Share Alternative of 0.9 InCentive Shares for each Sulzer Share (following the spin-off of Sulzer Medica) represents a premium of 48.5% over the implied value of Sulzer Industries on the last trading day prior to the pre-announcement of the Tender Offer and a premium of 42.3% over the average implied value of Sulzer Industries during the last 30 trading days¹ prior to the pre-announcement of the Tender Offer.

The implied value of Sulzer Industries was calculated by deducting the value of two Sulzer Medica Shares from the price of a Sulzer Share:

Sulzer Industries (implied)

	1998	1999	2000	2001*
High	474	415	537	344
Low	127	226	102	276

* 1 January 2001 to 16 February 2001. Closing price (implied) on 16 February 2001 (the last trading day prior to pre-announcement on 19 February 2001) was CHF 291. For the period 19 February 2001 to 27 March 2001, the high (implied) is CHF 425, reflecting the impact of the Tender Offer pre-announced on 19 February 2001.

Source: Calculated from Sulzer and Sulzer Medica share prices per Datastream

B) Sulzer

Based on the share price of Sulzer Medica of CHF 405 per Sulzer Medica Share on 16 February 2001, the last trading day prior to the pre-announcement, the Cash Alternative of CHF 410 represents a total value of CHF 1,220 for each Sulzer Share (i.e., the value of 2 Sulzer Medica Shares plus CHF 410). This total value represents a premium of 10.8% over the Sulzer Share price on such day and a premium of 6.9% over the average Sulzer share price during the last 30 trading days¹ prior to the pre-announcement of the Tender Offer.

Based on the share price of Sulzer Medica of CHF 405 per Sulzer Medica Share on the last trading day prior to the pre-announcement, the Share Alternative of 0.9 InCentive Shares for each Sulzer Share represents a total value of CHF 1,242 for each Sulzer Share (i.e., the value of 2 Medica Shares plus the value of CHF 432 for 0.9 InCentive Shares). This total value represents a premium of 12.8% over the Sulzer Share price on such day and a premium of 8.8% over the average Sulzer share price during the last 30 trading days¹ prior to the pre-announcement of the Tender Offer.

¹ Based on opening prices

The share price of the Sulzer Shares on the Swiss Exchange SWX developed as follows (in CHF):

Sulzer

	1998	1999	2000	2001*
High	1,286	1,070	1,290	1,225
Low	565	715	1,002	1,090

* 1 January 2001 to 16 February 2001. Closing price on 16 February 2001 (the last trading day prior to the pre-announcement on 19 February 2001) was CHF 1,101. For the period 19 February 2001 to 27 March 2001, the high is CHF 1,180.

Source: Bloomberg

7. Description of InCentive Shares InCentive shares are bearer shares with a nominal value of CHF 20 each². Each InCentive Share carries one vote at the general shareholders' meetings of InCentive. The holders of InCentive Shares are entitled to participate ratably in any dividends which may be declared on InCentive Shares by the general shareholders' meeting of InCentive and, in the event of liquidation, dissolution or winding-up or other distribution of assets or property of InCentive, to a pro-rata share of the assets of InCentive after payment of all liabilities and obligations. InCentive Shares have no pre-emptive redemption or conversion rights.

InCentive Shares are represented in the form of a global certificate and no physical shares and/or share certificates will be issued to InCentive shareholders. Instead, the InCentive Shares are administered through a book-entry system and transactions in InCentive Shares are effected through banks and other financial intermediaries which are members of the settlement system which administers InCentive Shares. The transfer of InCentive Shares is effected through the shareholders' bank or other financial intermediary. The InCentive Shares may only be pledged in favor of the shareholders' bank or other financial intermediary. InCentive Shares have no transfer restrictions.

An investment in InCentive Shares involves a high degree of risk and may result, in the worst-case scenario, in the loss of the investor's entire investment. Before accepting the Share Alternative shareholders of Sulzer should read the general risk considerations under Section B.1 ("Corporate Name [...]") and Appendix C ("Further Information on InCentive") of this offer prospectus.

8. Description of Sulzer Medica Shares

The following information on Sulzer Medica is based on a certified extract from the commercial register of the Canton of Zurich dated 27 March 2001 and a certified copy dated 27 March 2001 of the articles of incorporation of Sulzer Medica dating from 15 July 1997.

Sulzer Medica shares are registered shares with a nominal value of CHF 30 each. Each Sulzer Medica Share carries one vote at the general shareholders' meetings of Sulzer Medica. The holders of Sulzer Medica Shares are entitled to participate ratably in any dividends which may be declared on Sulzer Medica Shares by the general shareholders' meeting of Sulzer Medica and, in the event of liquidation, dissolution or winding-up or other distribution of assets or property of Sulzer Medica, to a pro-rata share of the assets of Sulzer Medica after payment of all liabilities and obligations. Sulzer Medica Shares have no pre-emptive redemption or conversion rights.

² The board of directors of InCentive will propose a reduction of the nominal value from CHF 20 to CHF 0.05 for approval at the InCentive annual general shareholders' meeting of 26 April 2001 (cf. Section B.1 ["Corporate Name [...]"]).

The registration in the share register of Sulzer Medica requires a certificate stating the formally correct transfer of the Sulzer Medica Shares. A purchaser of Sulzer Medica Shares will be recorded in Sulzer Medica's share register if the purchaser discloses its name, citizenship or registered office, as appropriate, and address and gives a declaration that it has acquired the Sulzer Medica Shares in its own name and for its own account.

In principle, Sulzer Medica does not issue physical shares and/or share certificates to the Sulzer Medica shareholders. Issued share certificates, handed to Sulzer Medica may be nullified without replacement. The shareholders may, however, at any time demand that Sulzer Medica issues a share certificate. Book-entry shares and their related rights may only be transferred on the basis of a written assignment by the selling shareholder and notification of such an assignment to Sulzer Medica. The transfer of Sulzer Medica Shares and its related rights may only be effected by entry in the books of the bank, through which the respective shareholder of Sulzer Medica holds his book-entry shares.

9. Historical Share Price Development

The share price of InCentive Shares and its predecessor India Investment on the SWX Swiss Exchange developed as follows (in CHF):

InCentive

	1998	1999	01.01. – 31.10.2000*	01.11. – 31.12.2000	2001**
High	369	660	770	490	489
Low	201	250	550	460	458

* Quoted prices until 31 October 2000 relate to India Investment only, and are thus not comparable to the price history thereafter, which reflects the price of the surviving entity (i.e. InCentive) after the reverse merger with India Investment, adjusted for a rights offering. The relevant price history relating to the InCentive Share thus begins on 1 November 2000.

**1 January 2001 to 27 March 2001

Opening price on 16 February 2001 (the last trading day prior to pre-announcement on 19 February 2001) the opening price was CHF 485 and the closing price was CHF 480.

Source: Bloomberg

The share price of Sulzer Medica Shares on the Swiss Exchange SWX developed as follows (in CHF):

Sulzer Medica

	1998	1999	2000	2001*
High	430	334	535	464.5
Low	214	233.5	298	345

*1 January 2001 to 27 March 2001

Opening price on 16 February 2001 (the last trading day prior to pre-announcement on 19 February 2001) the opening price was CHF 400 and the closing price was CHF 405.

Source: Bloomberg

10. Offer Period

From 17 April 2001 to 22 May 2001, 4 pm CET.

InCentive reserves the right to extend the offer period once or several times. In such an event the Settlement Date will be postponed accordingly. An extension of the offer period beyond 40 trading days requires the prior consent of the Takeover Board.

11. Additional Acceptance Period If the suspensive conditions of the Tender Offer as defined in Section A.12 ("Conditions / Right of Withdrawal") below are fulfilled or waived upon expiry of the offer period, there will be an additional acceptance period of 10 trading days, presumably from 29 May 2001 to 12 June 2001, 4 pm CET.

12. Conditions / Right of Withdrawal

The Tender Offer is subject to the following conditions:

- a) Deletion of the provisions of the articles of incorporation of Sulzer restricting the registration and voting of its shares ("Vinkulierungsbestimmungen") by the Sulzer AGM, entry of InCentive with its entire shareholding in the share register of Sulzer by the board of Sulzer and deletion of § 18 of the articles of incorporation of Sulzer by the Sulzer AGM.
- b) The Sulzer AGM having (i) amended § 20 of the articles of incorporation of Sulzer to the effect that the board of directors shall be composed of not less than three and not more than five members and (ii) removed the current Sulzer board members (in the event they have not submitted their resignation) and (iii) elected at least three new board members proposed by InCentive.
- c) InCentive having received within the offer period valid acceptances in respect of Sulzer Shares which taken together with the shares it already owns represent more than 67% of the total number of outstanding Sulzer Shares.
- d) Sulzer having distributed two Sulzer Medica Shares (stemming from the spin-off of the Sulzer Medica participation referred to under Section A.4 ["Spin-off of Sulzer Medica"] above) to the Sulzer shareholders for each Sulzer Share partly as reduction of nominal share capital and partly as dividend in kind.
- e) Sulzer Medica having not distributed, either directly (e.g. by means of a dividend or repayment of nominal share capital) or indirectly (e.g. by share buy-backs), more than CHF 6 per Sulzer Medica Share to Sulzer Medica shareholders.
- f) Sulzer having not disposed of, in whole or in part, neither its participation in Sulzer Medica (other than through the spin-off referred to under Section A.4 ["Spin-off of Sulzer Medica"] above) nor the following divisions: Sulzer Pumps, Sulzer Chemtech, Sulzer Infra, Sulzer Textil, Sulzer Services and Equipment, Sulzer Metco, Sulzer Burckhardt, Sulzer Turbo and Turbomachinery Services (not including the divisions already sold to MAN Aktiengesellschaft), the assets and liabilities of the aforementioned subsidiary respectively divisions of Sulzer not having been affected by any overall changes in an amount in excess of CHF 100 million and no financing, financial, capital markets or mergers and acquisitions transactions having been effected by Sulzer on the level of the holding, its subsidiaries or its divisions for an amount in excess of CHF 100 million in the aggregate.
- g) Until the date of 19 February 2001 (the date of the pre-announcement) no litigation proceedings against Sulzer and its subsidiaries (except Sulzer Medica) having been initiated or threatened in writing which have not been made public and which are neither insured nor provisioned for in the consolidated balance sheet by Sulzer and whose amount in dispute is in excess of CHF 30 million in the aggregate; no such litigation proceedings having been initiated until the end of the (possibly extended) offer period.

- h) All competent Swiss and foreign authorities having approved and/or granted clearance of the acquisition of Sulzer without a party being required to meet any condition or requirement giving rise to expenses and/or loss of income in excess of CHF 20 million in the aggregate. In addition, no other orders or directions having been issued by any court or other authority prohibiting the completion of the planned transactions (incl. the spin-off of Sulzer Medica, the repayments of nominal share capital and the completion of the Tender Offer).
- i) InCentive's general shareholders' meeting having approved any necessary capital increase of InCentive.

InCentive reserves the right to waive some or all of these conditions, either in whole or in part, and to withdraw the Tender Offer if one or more of the conditions are not met.

Conditions a), b), c), g) and i) above shall be suspensive within the meaning of art. 13 para. 1 TOO. Conditions d), e), f) and h) shall be resolutive within the meaning of art. 13 para. 4 TOO. InCentive reserves the right to convert conditions a) and b) into resolutive conditions if the Sulzer AGM is postponed.

The Tender Offer will lapse if the suspensive conditions as defined above have not been fulfilled or waived until expiry of the (possibly extended) offer period. InCentive expects to declare on the first trading day after the Sulzer AGM (that is on 20 April 2001) whether conditions a) and b) have been fulfilled or waived.

In the event that the resolutive conditions as defined above have not been fulfilled or waived by the Settlement Date, InCentive is entitled either to withdraw its Tender Offer or to postpone the Settlement Date for up to six months after expiry of the additional acceptance period. InCentive will withdraw its Tender Offer if these conditions have still not been fulfilled or waived upon expiry of this six month period.

In its pre-announcement of 19 February 2001, InCentive had made its Tender Offer subject to a ruling by the competent tax authorities being obtained to the effect that the transactions (i.e. spin-off of Sulzer Medica, completion of the Tender Offer and subsequent merger of InCentive with Sulzer) would essentially be tax neutral. As InCentive has obtained the above mentioned ruling (cf. Section E ["Tax Considerations"] below), this condition is now fulfilled.

InCentive's board of directors will undertake to initiate all necessary measures that InCentive's general shareholders' meeting can approve the capital increase of InCentive provided for under condition i) above.

On 19 February 2001, InCentive, acting through its wholly owned subsidiary Incentive Jersey, has requested Sulzer's board of directors to put certain items on the agenda of the Sulzer AGM pursuant to art. 699 para. 3 of the Swiss Code of Obligations (cf. Appendix B ["Request for Listing Items on the Agenda of the Sulzer AGM"] of this offer prospectus).

B. Information on InCentive

1. Corporate Name, Registered Office, Principal Activities, Capital Structure and further Information

Corporate Name / Registered Office

InCentive Capital Ltd has its registered office located at c/o Bär & Karrer, Baarerstrasse 8, 6301 Zug, Switzerland. The duration of InCentive is for an indefinite period of time.

Principal Activities

The principal activities of InCentive consist in the direct or indirect acquisition, management and disposal of all forms of participations in quoted and unquoted domestic and foreign companies, with no regard to risk diversification. InCentive may actively influence the management of companies in which it is invested. InCentive may enter into all forms of financial transactions, including, but not limited to, the use of derivative instruments, the borrowing of external capital and the extension of financing to other companies.

Business Activities

InCentive's objective is to provide a vehicle for investors to achieve long term capital appreciation, primarily through investments in undervalued companies or companies with strategic potential. InCentive aims to catalyze corporate change through such investments. In addition, InCentive invests selectively in high-growth industries, such as, but not limited to, quoted and unquoted companies in the global biotechnology, medical technology and technology sectors. For more detailed information on investment objectives, investment guidelines and investment process and investment selection of InCentive please refer to Appendix C ("Further Information on InCentive") of this offer prospectus.

Capital Structure

As of 27 March 2001 InCentive has a share capital of CHF 42,944,040 divided into 2,147,202 bearer shares with a nominal value of CHF 20. In addition there is an authorized unissued share capital with a nominal amount of CHF 21,472,020 to be divided into 1,073,601 InCentive shares with a nominal value of CHF 20 each.

For tax reasons relating to the planned merger between Sulzer and InCentive following the Settlement Date (cf. Appendix A ["Overview of the Corporate Spin-off of Sulzer Medica"]), the board of directors of InCentive will propose a reduction in the nominal value per InCentive Share from CHF 20 to CHF 0.05 to the InCentive annual general shareholders' meeting of 26 April 2001. It will also propose an increase of the share capital of InCentive to create the InCentive Shares which are required to satisfy InCentive's obligations arising from the Tender Offer.

Mandatory Bid Rules

InCentive is not subject to the mandatory bid rules of the SESTA, the articles of incorporation having set aside their application (opt-out). When applicable, such mandatory bid rules in general require whoever acquires shares of a Swiss quoted corporation, whether directly, indirectly or acting in concert with third parties, which, when added to the shares already held, exceed the threshold of 33⅓% of the voting rights (whether exercisable or not) of a company, to make a bid to acquire all of the quoted shares of such company. The obligation to make such a bid does not apply if the shares have been acquired as a result of gifting, succession or partition of an estate, by operation of matrimonial property law or execution of judgment.

Persons Holding More than 5% of the Voting Rights

As of 27 March 2001 persons holding more than 5% of the voting rights of InCentive are Zurich Financial Services with 24.96% of the voting rights, René Braginsky with 20% of the voting rights, Soditic Finance Limited with 10% of the voting rights, Family Johann Kaiser with 11.02% of the voting rights and III Institutional Investors International Corporation with 20.97% of the voting rights.

Members of the Board

The members of the board of directors of InCentive are as follows:

- a) Dr. Karl Otto Pöhl (Chairman)
- b) René Braginsky (CEO and Delegate)
- c) Hans Kaiser (Member)
- d) Joel Mesznik (Member)
- e) Eric Stupp (Member)

Administration / Investment Manager

As an investment company, InCentive has no employees. Administrative functions have been delegated by the board of directors to the Investment Manager. For more details on the Investment Manager and potential conflicts of interest please refer to Appendix C ("Further Information on InCentive") of this offer prospectus.

Key Financial Figures of InCentive

Based on annual accounts 2000 (in CHF):	2000	1999
Group reported (loss)/profit	(64,266,273)	163,251,407
Group pro-forma profit*	63,957,051	25,238,553
Total assets	981,249,785	268,292,415
of which cash and cash equivalents	425,814,757	3,899,822
of which Investments	536,389,421	264,343,136
Shareholders equity**	962,549,791	267,104,841

* Unaudited; to reflect economic reality as opposed to the pure legal form of the merger of Incentive Investment and India Investment, Incentive Investment's result is included since 1 January 2000 on a pro-forma basis for the 2000 fiscal year and the 1999 results have been restated.

** Net asset value per InCentive Share as per 31 December 2000 was CHF 447.

Holdings of InCentive

The major holdings of InCentive as of 31 December 2000 (in % of Investments) were:

Sulzer Ltd*	41%
Tularik Inc.	6%
Infosys Technologies	3%
ICN Pharmaceuticals Inc.	3%
Hero Honda	2%
Vernalis Group Plc	2%
AIC Advanced Integration Company AG	2%
Orchid Biosciences Inc.	1%
MU-centive LLC	1%
Housing Development Finance	1%

*Includes Sulzer Shares and related derivative positions.

Recent Developments

InCentive calculates its net asset value on a weekly basis. The net asset value of InCentive as of 23 March 2001 was CHF 868,879,692, i.e. CHF 404.66 per InCentive Share.

On 31 October 2000 Incentive Investment was merged into India Investment, the later subsequently renamed InCentive. The annual report of InCentive of the year 2000 and the Offering Circular and Listing Memorandum of InCentive of 2 November 2000, the annual reports of India Investment (InCentive's predecessor) for the fiscal years 1998 and 1999 are available free of charge at Lombard Odier & Cie, Zurich branch, COFI, Sihlstrasse 20, P.O. Box, 8021 Zurich, Switzerland.

Phone: +41-1-214-1336, Fax: +41-1-214-1339

e-mail: cofi.zh.prospectus@lombardodier.com

Persons Acting in Concert with InCentive

The only persons acting in concert with InCentive are a) its subsidiaries: Incentive Jersey, BioCentive Limited Bermuda, Taj Investment Ltd. as well as b) InCentive's investment manager InCentive Asset Management AG.

There are no shareholders agreements among the shareholders of InCentive who own 5% or more of the share capital of InCentive.

General Risk Considerations

An investment in InCentive Shares involves risks and may result, in the worst-case scenario, in the loss of the investor's entire investment. Each Sulzer shareholder who considers accepting the Share Alternative should carefully evaluate the risk considerations etc. set forth in Appendix C ("Further Information on InCentive").

2. Purchase and Sale of Sulzer Shares and Derivatives

During the twelve months prior to the pre-announcement of the Tender Offer, i.e. from 16 February 2000 until 16 February 2001, InCentive and persons acting in concert with it bought on the exchange and over the counter a total of 208,552 Sulzer Shares and sold a total of 15,690 Sulzer Shares. The highest paid price amounted to CHF 1,209.50 per Sulzer Share.

Over the same time period, InCentive and persons acting in concert with it have bought call options which entitle them upon exercise to obtain a total of 256,420 Sulzer Shares and sold put options which entitle the counterparty to force InCentive to purchase a total of 155,000 Sulzer Shares.

In addition, InCentive has sold call options which entitle the holder upon exercise to obtain a total of 55,000 Sulzer Shares.

3. InCentive Shareholding in Sulzer

As of 27 March 2001 Sulzer has a share capital of CHF 218,281,800 divided into 3,638,030 registered shares with a nominal value of CHF 60.

As of 27 March 2001 InCentive and the persons acting in concert with it held a total of 196,717 Sulzer Shares representing 5.41% of the capital and voting rights of Sulzer. It also held a long position in call options, giving it the right to acquire, upon exercise, 189,350 Sulzer Shares (representing 5.20% of the capital and voting rights) and short position in call options obliging it to dispose, upon exercise, of 10,000 Sulzer Shares (representing 0.27% of the capital and voting rights) and a short position in put options obliging it to acquire, upon exercise

135,000 Sulzer Shares (representing 3.71% of the capital and voting rights).

Taking into account the Sulzer Shares, the long call and short put positions as provided for under art. 13 SESTO-FBC, InCentive's participation in Sulzer amounts to 14.32% of the capital and voting rights.

The Tender Offer extends to all 3,441,313 publicly held Sulzer Shares, the number of which can be derived as follows:

Number of issued Sulzer Shares (as per 31 December 2000):	3,638,030
Held by InCentive and persons acting in concert with it:	196,717
Publicly held shares as of 27 March 2001:	3,441,313

Included in the number of publicly held shares are all treasury shares of Sulzer.

C. Financing

The financing of the Tender Offer is secured by own funds of InCentive as well as through bank financing.

The InCentive Shares needed for the Share Alternative will be issued by way of a capital increase of InCentive. InCentive's board of directors has undertaken to initiate all necessary measures to this effect.

Sulzer Medica Shares to be distributed to all Sulzer shareholders will stem from the proposed spin-off of Sulzer's participation in Sulzer Medica referred to in Section A.4 ("Spin-off of Sulzer Medica") above.

D. Relevant Information on Sulzer and Sulzer Medica

The following information on Sulzer and Sulzer Medica is based on publicly available information. InCentive confirms that it has not directly or indirectly received material confidential information, which is not publicly available in respect of Sulzer and Sulzer Medica, from Sulzer and/or Sulzer Medica itself or from the companies under its control, which could have a material influence on the decision of the Sulzer shareholders.

Sulzer

Capital Structure

Based on a certified extract from the commercial register of the Canton of Zurich dated 27 March 2001 of the articles of incorporation dating from 13 April 2000, Sulzer has a share capital of CHF 218,281,800 divided into 3,638,030 registered shares with a nominal value of CHF 60.

Issued Bonds Convertible into Sulzer Shares

Sulzer Capital B.V., a wholly owned subsidiary of Sulzer, has issued 1% Convertible Bonds 2000–2005 in the amount of CHF 219,000,000 ("Convertible Bond"). Each Convertible Bond of CHF 5,000 nominal value is convertible into 3.652968 Sulzer Shares. To secure the conversion Sulzer has deposited 160,000 Sulzer treasury shares in a locked deposit with UBS Warburg. The Convertible Bonds are unconditionally and irrevocably guaranteed by Sulzer (Swiss security number 1107852).

Sulzer Medica

Capital Structure

Based on a certified extract from the commercial register of the Canton of Zurich dated 27 March 2001 of the articles of incorporation dated 15 July 1997 and the annual report 2000 (not yet approved by the general shareholders' meeting) Sulzer Medica has a share capital of CHF 300,241,140 divided into 10,008,038 registered shares with a nominal value of CHF 30 each. The conditional share capital of originally CHF 5,989,080 divided into 199,636 registered shares with a nominal value of CHF 30 each amounts as of 31 December 2000 to CHF 5,758,860 divided into 191,962 registered shares with a nominal value of CHF 30 each.

Risk Considerations Regarding Sulzer Medica Shares

According to publicly available information, there have been a number of lawsuits and class actions filed against Sulzer Orthopedics in connection with a voluntary recall of hip shells by the company. This information can not be verified by InCentive and is based on the 2000 annual report of Sulzer Medica.

Sulzer / Sulzer Medica

InCentive's General Intentions concerning Sulzer and Sulzer Medica

InCentive is a quoted investment company. Its main objective is to act as a catalyst for necessary change in companies which are undervalued or which have strategic potential. InCentive's intention is to create shareholder value for its own shareholders as well as for the shareholders of the companies it invests in. InCentive offers such companies new perspectives by combining financial expertise with industrial know-how.

InCentive's Tender Offer for Sulzer has been launched out of responsibility as Sulzer's largest shareholder in the current difficult situation. The development of the Sulzer share price has been unsatisfactory for years. In addition, Sulzer's corporate strategy has changed constantly over the last twelve months, reflecting weak leadership and lack of strategic vision. InCentive has thus taken the initiative with this Tender Offer to prevent further management failure, to at least preserve the current worth and hopefully to contribute to long-awaited value creation at Sulzer.

With its Tender Offer, InCentive intends, as catalyst for necessary change, to achieve two goals:

1. First, an essentially tax neutral spin-off of Sulzer Medica to Sulzer's shareholders. This spin-off, by which the Sulzer shareholders will receive what they currently indirectly own, needs to be approved at the Sulzer AGM. In the meantime, this spin-off has been endorsed by the Sulzer board. Through the spin-off, Sulzer Medica will become an independent company in the medical technology sector which should improve its future prospects in numerous ways. The spin-off should also have a positive effect on Sulzer Medica's share price, as the resulting pure play Sulzer Medica will no longer be negatively affected by a conglomerate discount.

Upon completion of the spin-off of Sulzer Medica, InCentive is likely to become Sulzer Medica's largest shareholder with a participation of between 5% and 12%, depending on the number of options in Sulzer which InCentive will exercise prior to the spin-off. InCentive does not consider its stake in Sulzer Medica as a strategic investment: consequently, InCentive may sell part or all of its participation in Sulzer Medica when its share price reflects intrinsic

value. As the Sulzer Medica participation is not strategic, InCentive does not intend to exercise control subsequent to the spin-off.

2. InCentive's second goal is to take over Sulzer Industries giving this part of Sulzer new direction through an internationally experienced industrial management team. InCentive will propose Messrs. Dr. Eberhard von Koerber and Marc Küffer for election to the Sulzer board. The industrial careers of both candidates reflect their proven ability to successfully apply their knowledge and expertise in challenging situations. They will combine their industrial expertise with René Braginsky's financial know-how for the benefit of Sulzer Industries and all Sulzer stakeholders.

It is InCentive's goal to find the *best-owner solutions* for each business unit of the Sulzer group. Currently, Sulzer Industries consists of a number of business units that have no or limited similarities and synergies. Even in the eyes of Sulzer's board, some units are simply too small to compete successfully in the longer term in a consolidating global marketplace.

Best-owner solution could – in certain cases – mean that a business unit is considered as strategic and is expanded significantly, either by acquisitions or by internal growth. Business units with less promising prospects are more likely to be sold. InCentive would furthermore consider whether business units with strong potential for growth are suitable for an Initial Public Offering or may be made independent through a Management Buyout. InCentive will, for each Sulzer business unit, strive to find a solution that considers the interests of all stakeholders.

As InCentive has not had any access to management or private information of Sulzer Industries, it would be premature to comment on the future of the individual business units, their management and employees. InCentive wants to avoid the lack of credibility of the current Sulzer board by making premature announcements which subsequently need to be revised. InCentive would rather – together with their proven industry specialist in the future Sulzer board and the management of the Sulzer business units – conduct a thorough business review and implement the necessary repositioning as soon as possible following the Sulzer AGM.

If the Tender Offer is successful, InCentive and Sulzer will be merged following the completion of the Tender Offer. The merged entity aims to play an active role in the further transformation of industrial companies mainly in Switzerland and Germany. It is planned that each Sulzer shareholder, who does not tender its Sulzer shares, will receive 0.9 InCentive Shares in the merger between Sulzer and InCentive. The non-tendering shareholder will thereby be treated equally to those shareholders accepting the Share Alternative.

The Tender Offer offers each Sulzer shareholder the choice to receive either CHF 410 in cash or 0.9 InCentive Shares. This means that InCentive – especially in light of the current market environment – is offering an attractive premium of 40.9% or 48.5%, respectively, over the implied value of Sulzer Industries (cf. details in Section A.6 [“Offer Price Comparisons”]). Should the Tender Offer be successful, each Sulzer shareholder, who has accepted the Tender Offer, will receive for each Sulzer Share 2 Sulzer Medica Shares plus either CHF 410 in cash (Cash Alternative) or 0.9 InCentive Shares (Share Alternative).

The choice between the Cash Alternative and the Share Alternative remains at the Sulzer shareholders discretion. The Cash Alternative has the advantage that each Sulzer shareholder can immediately realize an attractive premium (cf. Section E [“Tax Considerations”] below in relation to the tax treatment, in particularly for Swiss private investors). The Share Alternative has the advantage that a Sulzer shareholder may participate in InCentive’s potential future value creation. As future value creation is not guaranteed, the acceptance of the Share Alternative involves risks (cf. Section B.1 [“Corporate Name [...]”] and Appendix C [“Further Information on InCentive”] below).

Agreements between InCentive and Sulzer and/or InCentive and Sulzer Medica and its Governing Bodies and Shareholders.

There are no agreements in place between InCentive and Sulzer and/or InCentive and Sulzer Medica and its governing bodies and shareholders.

E. Tax Considerations

1. Spin-off of two Sulzer Medica Shares

For shareholders who hold their Sulzer Shares in custody at banks in Switzerland the spin-off of 2 Sulzer Medica Shares will be free of bank commissions and federal securities transfer tax.

Under the terms of a tax ruling dated 6 March 2001 obtained from the Swiss Federal Tax Administration the spin-off of 2 Sulzer Medica Shares for each Sulzer Share qualifies as a tax neutral transaction under Swiss tax laws.

Sulzer shareholders will therefore only be subject to Swiss Withholding Tax of 35% on the increase in nominal value of CHF 0.03 per Sulzer Share. This amount is the difference between the nominal value of the 2 Sulzer Medica Shares (CHF 30 each) and the decrease of nominal value of each Sulzer Share of CHF 59.97. With an additional dividend of CHF 0.01615 per Sulzer Share, the Swiss Withholding Tax on the increase in nominal value (and the withholding tax on the additional dividend) is covered (amounts to a total of approximately CHF 60,000 which will be paid by Sulzer). The Swiss Withholding Tax is refundable to shareholders domiciled in Switzerland according to art. 21 and 24 of the “Bundesgesetz über die Verrechnungssteuer”. Shareholders domiciled abroad may be entitled to a partial refund of the Swiss Withholding Tax if the country of domicile has entered into a bilateral treaty for the avoidance of double taxation with Switzerland.

Similarly the spin-off of 2 Sulzer Medica Shares will be essentially income tax free for individual shareholders domiciled in Switzerland holding their shares as part of their private property. Income tax will be levied on the increase in nominal value of CHF 0.03 per Sulzer Share (federal income tax and most cantons) and on the additional dividend of CHF 0.01615 per Sulzer Share (federal income tax and all cantons).

In case of Sulzer Shares held as business assets by shareholders domiciled in Switzerland, current taxation practice – and prevailing opinion – indicates that the spin-off of Sulzer Medica will also be essentially income-tax free, provided that the book values remain unchanged. Income tax will be levied on the additional dividend of CHF 0.01615 per Sulzer Share.

The tax treatment of the spin-off of Sulzer Medica for shareholders domiciled abroad will be subject to the relevant foreign tax legislation. Shareholders should consult professional advisors in order to review their individual tax situation.

2. Tender Offer

For shareholders who hold their Sulzer Shares in custody at banks in Switzerland the Tender Offer during the offer period and the additional acceptance period will be free of bank commissions and federal securities transfer tax.

Under the terms of the tax ruling dated 6 March 2001 obtained from the Swiss Federal Tax Administration neither the exchange into InCentive Shares nor the cash settlement is subject to Swiss Withholding Tax.

The exchange of Sulzer Shares into InCentive Shares is not subject to federal income tax for individual shareholders domiciled in Switzerland holding their shares as part of their private property. The slight increase in the nominal value resulting from the exchange (about CHF 0.015 per Sulzer Share exchanged) might be subject to cantonal and communal income tax in some cantons.

The income tax treatment of the Cash Alternative for individual shareholders domiciled in Switzerland holding their shares as part of their private property is not certain. According to the provisional opinion of a representative of the Swiss Federal Tax Administration the Cash Alternative minus the nominal value of the Sulzer Shares of CHF 0.03 is subject to the federal income tax because of the intended subsequent merger of Sulzer with InCentive. Further discussions with the Swiss Federal Tax Administration over this question will be held. The Zurich Tax Administration has confirmed on 16 March 2001 that the acceptance of the Cash Alternative by shareholders domiciled in the canton of Zurich holding their shares as part of their private property will be income tax free.

In case of Sulzer Shares held as business assets by shareholders domiciled in Switzerland, it is recommended that shareholders consult with a professional adviser for an analysis of the tax consequences of the exchange of Sulzer Shares into InCentive Shares. If the Cash Alternative is accepted, the gain or loss realized on the disposal of the Sulzer Shares is included in taxable income.

The tax treatment of the exchange of Sulzer Shares into InCentive Shares or the acceptance of the Cash Alternative for shareholders domiciled abroad will be subject to the relevant foreign tax legislation. Shareholders should consult professional advisors in order to review their individual tax situation.

F. Publication

The summary of the offer prospectus, which is identical to the full prospectus without the appendices, will be published in German in the “Neue Zürcher Zeitung” and the “Schweizerisches Handelsamtsblatt”, and in French in “Le Temps”. It will also be supplied to Bloomberg and Reuters.

G. Report of the Review Body pursuant to Art. 25 of the Federal Act on Stock Exchanges and Securities Trading

As Auditors recognized by the Federal Act on Stock Exchanges and Securities Trading (hereinafter the "Stock Exchange Act") to review tender public offers, we have reviewed the offer prospectus and its summary.

The offering prospectus and its summary are the responsibility of the tendering party whereas our engagement is to report on the offering prospectus and its summary based on a review.

Our review has been conducted in accordance with the professional standards promulgated by the Swiss profession, which require that a review of an offer prospectus and its summary be planned and performed to obtain reasonable assurance about whether the offer prospectus and its summary are free from material misstatement. We have examined on a test basis evidence supporting the information in the offering prospectus and its summary. Furthermore, we are reporting on compliance with the Stock Exchange Act and the Ordinance. We believe that our procedure provides a reasonable basis for our report.

Based on our procedures performed:

- the offering prospectus and its summary comply with the Swiss Stock Exchange Act and Ordinance;
- the offering prospectus and its summary are complete and accurate;
- the recipients of the offer are treated equally;
- the financing of the offer is assured and the necessary funds are available. In addition, InCentive Capital Ltd has taken all necessary measures to create the shares of InCentive Capital Ltd required for the offering on the settlement date and to make the shares of Sulzer Medica Ltd available for distribution;
- the effects of the pre-announcement of the public tender offer according to Article 9 of the Ordinance of the Takeover Board on Public Takeover Offers are complied with.

Zurich, 29 March 2001

Ernst & Young AG

M. Schneider

F. O. Wiedmer

Certified Accountant

Certified Accountant

H. Execution of the Tender Offer

1. Information / Submission of Applications

Shareholders whose Shares are held in a Safekeeping Account

Shareholders whose Sulzer Shares are held in a safekeeping account will be informed of the Tender Offer by the custodian bank and are asked to proceed according to its instructions.

Shareholders who keep their Shares in their own Possession

Shareholders who keep their Sulzer Shares at home or in a bank safe may order this offer prospectus and the "Declaration of Acceptance and Assignment" from Lombard Odier & Cie, Zurich branch, COFI, Sihlstrasse 20, P.O. Box, CH-8021 Zurich (Phone +41-1-214-1336; Fax +41-1-214-1339; e-mail: cofi.zh.prospectus@lombardodier.com). They are asked to complete and sign the "Declaration of Acceptance and Assignment" and to submit it, together with safe custody account de-tails, along with the corresponding share certificate(s), **not invalidated**, directly to their bank or to Lombard Odier & Cie, Attn. Mr Jean-Claude Roh, 11 rue de la Corraterie, P.O. Box, CH-1211 Geneva 11, by 4 pm CET on 22 May 2001 at the latest.

Holders of Convertible Bonds and/or Warrants

Holders of Convertible Bonds and/or Warrants having the right to obtain Sulzer Shares can only accept the Tender Offer if they exercise their conversion right and obtain Sulzer shares before the end of the offer period as defined in Section A.10 ("Offer Period") and Section A.11 ("Additional Acceptance Period").

- | | |
|---|---|
| 2. Offer Manager | Lombard Odier & Cie |
| 3. Exchange and Paying Agent | Lombard Odier & Cie |
| 4. Shares Notified for Acceptance / Exchange Trading | <p>Sulzer Shares which have been notified for acceptance of the Tender Offer of InCentive will be assigned the following security number by the custodian banks:</p> <p>a. Shareholders accepting the Cash Alternative for their Sulzer Shares
<i>Shares notified for Cash Alternative, security number 1212951</i></p> <p>b. Shareholders accepting the Share Alternative for their Sulzer Shares
<i>Shares notified for Share Alternative, security number 1212952</i></p> <p>These security numbers will be used for safekeeping accounts and in dealings with SIS SEGAINTERSETTLE AG until the Settlement Date. In order to allow Sulzer shareholders to dispose of the Sulzer Shares notified for acceptance prior to the Settlement Date, InCentive has applied for the opening of special trading lines for such shares at the SWX Swiss Exchange. As a consequence, Sulzer Shares notified for acceptance of the Cash Alternative or the Share Alternative will be traded as distinct securities until the Settlement Date.</p> |
| 5. Settlement of the Offer Transaction | InCentive's timetable provides for a settlement of the Tender Offer and the distribution of the Sulzer Medica Shares by 26 June 2001 (provided that the offer period is not extended according to Section A.10 ("Offer Period") above or that the Settlement Date is not postponed according to Section A.12 ("Conditions / Right of Withdrawal") above). |
| 6. Charges and Taxes | cf. Section E ("Tax Considerations") above. |
| 7 Dividend Rights | The newly issued InCentive Shares resulting from the capital increase in connection with the Tender Offer will rank pari passu with the already outstanding shares trading on the SWX Swiss Exchange. They will be eligible to receive dividends for the fiscal year 2001, if any. |
| 8. Sales Restrictions | Please refer to page 2 of this document. |
| 9. Applicable Law and Place of Jurisdiction | The Tender Offer and all rights and obligations resulting there from, shall be subject to Swiss law. The Cantonal Court of Zug shall have exclusive jurisdiction. |

I. Illustrative Timetable

17 April 2001	Beginning of offer period
19 April 2001	Sulzer AGM
20 April 2001	Annual general shareholders' meeting of Sulzer Medica
26 April 2001	Annual general shareholders' meeting of InCentive
22 May 2001*	End of offer period
29 May 2001*	Beginning of additional acceptance period
12 June 2001*	End of additional acceptance period
26 June 2001*	Settlement Date [Distribution of Sulzer Medica Shares and Cash Alternative or Share Alternative]

* Subject to extension of the offer period according to Section A.10 ("Offer Period") above or to the postponement of the Settlement Date according to Section A.12 ("Conditions / Right of Withdrawal") above. In either case the timetable will be amended accordingly.

J. Information Material

The following documents can be obtained free of charge from Lombard Odier & Cie, Zurich branch, COFI, Sihlstrasse 20, P.O. Box, CH-8021 Zurich (Phone-no. +41-1-214-1336, Fax-no. +41-1-214-1339; e-mail: cofi.zh.prospectus@lombardodier.com); the documents marked with an asterisk can also be downloaded from the web-page of InCentive (www.incentivecapital.ch):

- Articles of incorporation of InCentive;
- Annual Report 2000 of InCentive*;
- The Offering Circular and Listing Memorandum of 2 November 2000 (including the Investment Objectives, Policy and Guidelines of InCentive)* (this document has been issued in connection with the share capital increase and the subsequent rights offering in the third quarter of 2000 and includes detailed financial information on the combined entity formed in a merger between Incentive Investment and India Investment in September/October 2000).

Appendices:

Appendix A: Overview of the Corporate Spin-off of Sulzer Medica

Appendix B: Request for Listing Items on the Agenda of the Sulzer AGM

Appendix C: Further Information on InCentive

end of prospectus

[for information purposes only]

Legal Advisers to InCentive:

Maurer Law Offices
Zollikerstr. 20
8032 Zurich
www.swisslawfirm.com

De Beer Rechtsanwälte
Schlossbergstr. 22/Witellikerweg 10
8702 Zollikon

Legal Adviser to Financial Advisers:

Lenz & Staehelin
Bleicherweg 58
8027 Zurich

Review Body:

Ernst & Young AG
Bleicherweg 21
8022 Zurich

Appendix A: Overview of the Corporate Spin-off of Sulzer Medica

InCentive has proposed an essentially tax efficient corporate spin-off of Sulzer Medica to all existing Sulzer shareholders. As a result of this spin-off, each Sulzer shareholder will receive 2 Sulzer Medica Shares for each Sulzer Share. These Sulzer Medica Shares will be distributed out of Sulzer's existing participation in Sulzer Medica.

From a legal and tax point of view, the spin-off of Sulzer Medica can be summarized as follows:

Step 1:

On 19 April 2001, the Sulzer AGM needs to approve the resolution requesting the spin-off of Sulzer Medica. From a corporate point of view, the spin-off is structured as a combination of a reduction of the nominal capital of the Sulzer Shares from currently CHF 60 to CHF 0.03 per Sulzer Share plus a dividend in kind of CHF 0.03 per Sulzer Share. This structure permits an essentially tax efficient distribution of 2 Sulzer Medica Shares as these two shares have a combined nominal value of CHF 60 (which is almost covered by the proposed tax free capital reduction of CHF 59.97).

Step 2:

If the Sulzer AGM approves the spin-off of Sulzer Medica, Sulzer's board will immediately afterwards have to publish a so-called "capital reduction notice" three times in the Swiss Gazette of Commerce. Following the third publication, Sulzer's board will have to wait until the end of a mandatory two-month grace period for capital reductions before the capital reduction can be effected.

Step 3:

In a next step (which can occur during the mandatory two-month grace period), the Sulzer board will have to form a new wholly-owned sub holding ("New Sub") by means of a contribution in kind. In this process, Sulzer will contribute 7,276,060 of its Sulzer Medica Shares to New Sub against issuance of 7,276,060 shares of New Sub, with a nominal value of CHF 30 each, to Sulzer.

Step 4:

On or immediately before the settlement date of the Tender Offer, Sulzer will be able to distribute 2 Sulzer Medica Shares to each Sulzer shareholder. From a corporate point of view, each Sulzer shareholder will be entitled to two New Sub shares. Resulting from the concurrent merger of New Sub with Sulzer Medica, the New Sub shares will be converted into Sulzer Medica Shares and the Sulzer shareholder will receive Sulzer Medica Shares.

Step 5:

If InCentive's Tender Offer is successful, the InCentive board will propose to merge InCentive and Sulzer following the settlement of the Tender Offer.

Appendix B: Request for Listing Items on the Agenda of the Sulzer AGM

The following is a free English translation of the original German letter which was sent to Sulzer's board on 19 February 2001 by Incentive Jersey. In this letter, Incentive Jersey (as the registered holder of sufficient Sulzer Shares) requested Sulzer's board to include the following items on the agenda of the Sulzer AGM pursuant to art. 699 para. 3 of the Swiss Code of Obligations. In addition to the agenda items, Incentive Jersey also submitted its proposals as how to vote on each agenda item (the agenda items are in italics; the proposals of Incentive Jersey in standard font).

1. *Deletion of the provisions of the articles of incorporation restricting the registration of its shares and the voting rights ("Vinkulierungsbestimmungen") and the provisions regarding the quorum ("Quorumsbestimmungen")*

Incentive Investment (Jersey) Ltd requests the deletion of § 6 para. 3, § 7 and § 18 of the articles of incorporation.

2. *Spin-off of the Sulzer Medica Ltd participation to the shareholders of Sulzer Ltd while simultaneously reducing the nominal share capital and distributing a dividend in kind as well as the amendment of § 3 of the articles of incorporation of Sulzer Ltd*

The board of directors is instructed to realize the following resolutions of the annual general shareholders' meeting in the most tax neutral way possible:

Distribution of two registered shares of a new sub holding of Sulzer Ltd with a nominal value of CHF 30 to all the shareholders of Sulzer Ltd by way of reduction of nominal share capital (in the amount of CHF 59.97) and dividend in kind (in the amount of CHF 0.03). 7,276,060 Sulzer Medica Ltd shares (ex dividend according to the resolution of the annual general shareholders' meeting 2001 of Sulzer Medica Ltd) have been integrated into this sub holding. The following resolutions of the annual general shareholders' meeting have to be taken accordingly:

- a) Reduction of share capital of CHF 218,281,800 to CHF 109,140.90 by way of reduction of the nominal share value of each Sulzer Ltd share from CHF 60 to CHF 0.03 according to the proceedings of art. 732– 734 of the Swiss Code of Obligations.
- b) Amendment of § 3 of the articles of incorporation to:

The share capital of the company amounts to CHF 109,140.90 and is divided into 3,638,030 shares of a nominal value of CHF 0.03. All shares are fully paid in registered shares
- c) Dividend in kind of CHF 0.03 for each share of Sulzer Ltd.
- d) Additional payment of CHF 0.01615 for each share of Sulzer Ltd. (This payment covers the Swiss Withholding Tax resulting out of the increase in nominal value of CHF 0.03, occurring to the shareholders of Sulzer Ltd due to this transaction).

The resolutions in 2a)–2d) are subject to the condition that they will be accepted in whole and that the amended art. 622 para. 4 of the Swiss Code of Obligations will take effect on 31 July 2001 at the latest.

Should the capital structure of Sulzer Ltd and/or Sulzer Medica Ltd be changed prior to the execution of the transactions mentioned in 2a)–2d) herein, the proposed figures and amounts are to be adapted according to the changed capital structure.

3. *Amendment of § 20 para. 1 of the articles of incorporation*

The board of directors shall be composed of not less than three and not more than five members.

4. *Renewal of the board of directors*

Incentive Investment (Jersey) Ltd. requests the removal of all current board members and proposes the following persons as new board members:

1. Mr. Dr. Karl Otto Pöhl
2. Mr. René Braginsky
3. Mr. Hans Kaiser

Incentive Investment (Jersey) Ltd. will propose two other persons for election at a later date [Note: InCentive has informed the public that these two additional persons will be Messrs. Dr. Eberhard von Koerber and Marc Küffer.]

Incentive Investment (Jersey) Ltd. requests the board of directors to order a report by the review body according to art. 732 of the Swiss Code of Obligations regarding the capital decrease. This report should be submitted at the annual general shareholders' meeting on 19 April 2001 respectively on the next shareholders' meeting.

Appendix C: Further Information on InCentive

The following information is a general description of InCentive's current investment objectives, investment guidelines, investment process and selection, investment manager and potential conflicts of interests as well as risk considerations when contemplating an investment in InCentive Shares. More detailed information on InCentive is available in InCentive's Offering Circular and Listing Memorandum of 2 November 2000 and in InCentive's Annual Report 2000 (cf. J ["Information Material"]). Sulzer Shareholders who intend to accept the Share Alternative should carefully review this Appendix.

Summary of Investment Objectives and Policy

InCentive's investment objective is to leverage its network, expertise and financial resources to act as a catalyst for change in companies which are undervalued or which have strategic potential, primarily through, but not limited to, M&A transactions, restructuring and participation in industry consolidation. Key factors influencing investment selection are whether there is an opportunity to

- build an equity position significant enough to catalyze corporate change;
- leverage such a position, either through the use of financial instruments or through co-investment with strategic industrial or financial partners; and
- exit the investment in such a manner that returns to InCentive are above average in the longer-term.

InCentive may initiate friendly or hostile takeover bids in achieving its investment objectives. In addition, InCentive may leverage existing equity positions through the utilization of debt capacity and/or through the use of financial derivatives. InCentive also invests selectively in areas such as healthcare, technology and the Indian economy.

InCentive, through its predecessor Incentive Investment, has, in close co-operation with the Investment Manager, developed a track record in this type of investment since being founded by René Braginsky, Hans Kaiser and institutional investors in 1985.

Investment Guidelines

The principal guidelines for implementing the investment policy are as follows:

Geographic focus: Worldwide

Industry focus: Industries where InCentive can act as a catalyst for corporate change. In addition, selective investment in high-growth industries, such as, but not limited to, biotechnology, medical technology and technology.

Life cycle of companies: The life-cycle mix of investments will be differentiated in various stages, considering technology, corporate and financing aspects, and may range from start-up through all stages of development.

Securities: InCentive may invest in equity and equity-related securities such as common and preferred stock, equity-linked loans, warrants, options or other derivative financial instruments, and debt and debt-related instruments, either traded on an exchange or over-the-counter. To the extent that InCentive's assets are not otherwise invested as outlined above, InCentive may hold cash.

Investment percentage: There is no maximum that any one investment may constitute, either as a percentage of the portfolio value at any given date, or on the basis of cost relative to total shareholders' equity.

Hedging policy: InCentive may engage in hedging currency fluctuations.

Borrowing: Neither Swiss law nor InCentive's articles of incorporation restrict in any way the ability to borrow and raise funds. The decision to borrow funds is passed by or under direction of InCentive's board of directors, no shareholders' resolution being required. InCentive may borrow cash against, or in any other way leverage, its assets for investment purposes.

Short selling: InCentive may sell securities short.

Change of investment objectives, policy or guidelines: A change in the investment objectives, policy or guidelines requires a two-thirds majority of the board of directors of InCentive. Shareholder approval is not required.

Investment Process and Selection

The board of directors and the Investment Manager both have considerable asset management experience and expertise. InCentive's investment objectives, policy and guidelines are determined by the board of directors of InCentive. The investment strategy will be derived from these guidelines by the board of directors, driven by both available and expected investment opportunities. Within these limits, the Investment Manager is responsible for investment selection and execution.

Investment Manager

The Investment Manager was established on 29 February 2000 and entered into the commercial register of Zurich on 2 March 2000. The board of directors comprises Dr. Karl Otto Pöhl (President), Mr. René Braginsky (Delegate of the board of directors), and Prof. Dr. Alexander I. de Beer. Mr. René Braginsky is the sole shareholder of the Investment Manager. The Investment Manager also manages assets for other institutional investors and/or private clients.

The Investment Manager is entitled to investment management fees of 0.3% of the net asset value ("NAV") of InCentive per calendar quarter, such NAV being determined at the respective quarter end. In addition, InCentive shall pay all fees of subcontractors which are managing part of the portfolio of InCentive

Summary of Potential Conflicts of Interest

Due to their professional involvement in the financial industry and other sectors of the economy, as well as their respective shareholdings, persons acting as board members, investment managers, advisers, promoters, administrators or custodians of InCentive may have (a) a direct or indirect interest in any assets which have been or are proposed to be acquired by InCentive; (b) an interest in any existing or proposed transaction, contract or arrangement; and (c) been engaged or may consider engaging, on behalf of third parties or on their own account, in activities identical or similar to those of InCentive and which may result in a conflict of interest with their duties towards InCentive.

Risk Considerations

All of the information contained in this offer prospectus should carefully be considered before accepting the Share Alternative. Investors should be aware that InCentive is not comparable to a typical investment holding company. Diversification is not part of the investment objective, policy or guidelines of InCentive.

InCentive may invest in a wide variety of sectors and in companies at different levels of maturity, offering the opportunity for significant financial gains, but involving a high degree of business and financial risk, which may result in financial losses. Among these risks are those associated with investments in companies at an early stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results, and companies requiring additional capital to support development or to achieve or maintain a significant market position. In order for InCentive to be successful in investing in such companies, it relies on the Investment Manager to identify potentially profitable investment opportunities. InCentive cannot guarantee that investors will not lose part or all of their investment.

Particularly the following risks have to be taken into consideration:

Reliance on the Investment Manager and its Personnel

InCentive and its subsidiaries rely mainly upon advice given and investment decisions taken by the Investment Manager. There can be no assurance that upon termination of the Investment Management Agreement a suitable replacement investment manager is found by InCentive. In addition, the current Investment Manager relies heavily on its key employees, particularly René Braginsky, who is also CEO and Delegate of the board of directors of InCentive. If one or more of such employees were to leave the employment of the Investment Manager, there can be no assurance that the Investment Manager may find adequate replacement personnel. Both these factors may have a substantial negative impact on the investment advice InCentive receives from its Investment Manager and consequently on the value of its investments. Furthermore, although the current Investment Manager has considerable experience in the various types of investments made and contemplated by InCentive no assurance can be given that such manager will be able to identify and develop suitable investment opportunities in the future. Failure to do so may substantially impair the successful development of InCentive's investment portfolio going forward.

Limited Diversification/Leverage of Individual Investments

InCentive avoids traditional asset allocation procedures as a means of mitigating investment risk. Instead, InCentive's investment process may result in the selection of an investment, which, in the portfolio context, constitutes a relatively high level of concentration risk. This exposure may be increased through the leverage of debt capacity or the use of financial derivative instruments.

Use of Derivatives

InCentive may suffer financial loss to the extent that financial instruments are employed for the purpose of increasing financial leverage in pursuance of InCentive's objectives.

Extension of Loans or Other Financing Facilities

To the extent InCentive extends or may extend loans or other financing facilities, there can be no guarantee that such loans, or funds extended in the form of a facility, will be repaid to InCentive.

Valuation Risk

It is possible that InCentive Shares will trade at a discount to InCentive's NAV.

Liquidity Risk

Lack of liquidity of InCentive's investments may preclude or delay disposals of such investments and may reduce the proceeds that might otherwise be realized from their disposition. The price of InCentive Shares is determined by the market. A number of factors influence the liquidity of InCentive Shares, such as, but not limited to, how investors value InCentive, the breadth of InCentive's shareholder base, and changes in the general business environment. No assurance can be given that there will be a liquid market in InCentive Shares.

Political and Regulatory Risks

The value of InCentive's investments/assets may be affected by the risks inherent in international political developments, such as changes in government policies, restrictions on foreign investment and foreign currency repatriation, and other developments in the laws of foreign countries in which InCentive is invested. This is especially relevant to potential investments in the biotechnology sector of the US, where successful launches of products are dependent on government approval.

Currency Risks

InCentive's accounts and InCentive's NAV per share will be computed in Swiss Francs, whereas InCentive's investments may be acquired in currencies other than Swiss Francs, implying the risk of foreign currency depreciation, which is not hedged by InCentive. In addition, the investments and related income, reported in Swiss Francs, may be affected by exchange rate volatility, as well as foreign currency-related legislation in the markets where investments are made.

Special Considerations Relating to Early-stage Companies

InCentive currently makes investments in quoted and unquoted companies or other investment vehicles in the biotechnology, medical technology and technology sectors, respectively. The market prices of the securities of such quoted companies, particularly companies without consistent product revenues and earnings, have been highly volatile and may continue to be highly volatile in the future. InCentive has made, and will seek to make, investments in unquoted early-stage companies in these sectors, which provide no liquidity and such investments may not achieve market liquidity unless the companies become profitable.

InCentive Capital