

Corporate Governance

Sustained success is based on transparent management structures and institutionalized control mechanisms. This is why Straumann values responsible corporate governance.

The following information on corporate governance is based, in both structure and content, on the Corporate Governance Directive issued by the SWX Swiss Exchange on July 1, 2002. Additional information on Straumann's shares can be found on pages 15 and as well as under the heading "Investor information" at the end of the Financial Report.

Group structure and shareholders

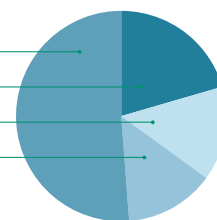
The Straumann Group is active in the development, manufacture and sale of dental implants. It has subsidiaries in 14 countries world-wide and is represented by distributors in a further 34 countries. Details on the scope of consolidation can be found in the Financial Report on pages 25 and 26. The organization of the Straumann Group reflects its head office structure; it was modified at the beginning of 2002 to reflect the Company's internal processes by implementing five divisions: Implants, Biologics, Market Support, Operations and Finance. The country managers are directly responsible to the CEO. The Corporate Services division supports the other divisions with Company-wide services.

Major shareholders	31.12.2002	31.12.2001
Thomas Straumann	38.8%	44.2%
Simone Maag de Moura Cunha	6.3%	6.5%
Rudolf Maag	6.1%	less than 5%

Straumann Holding AG's shares have been traded on the SWX Swiss Exchange since 1998. Almost 54.9% of the Company's shares are in free float.

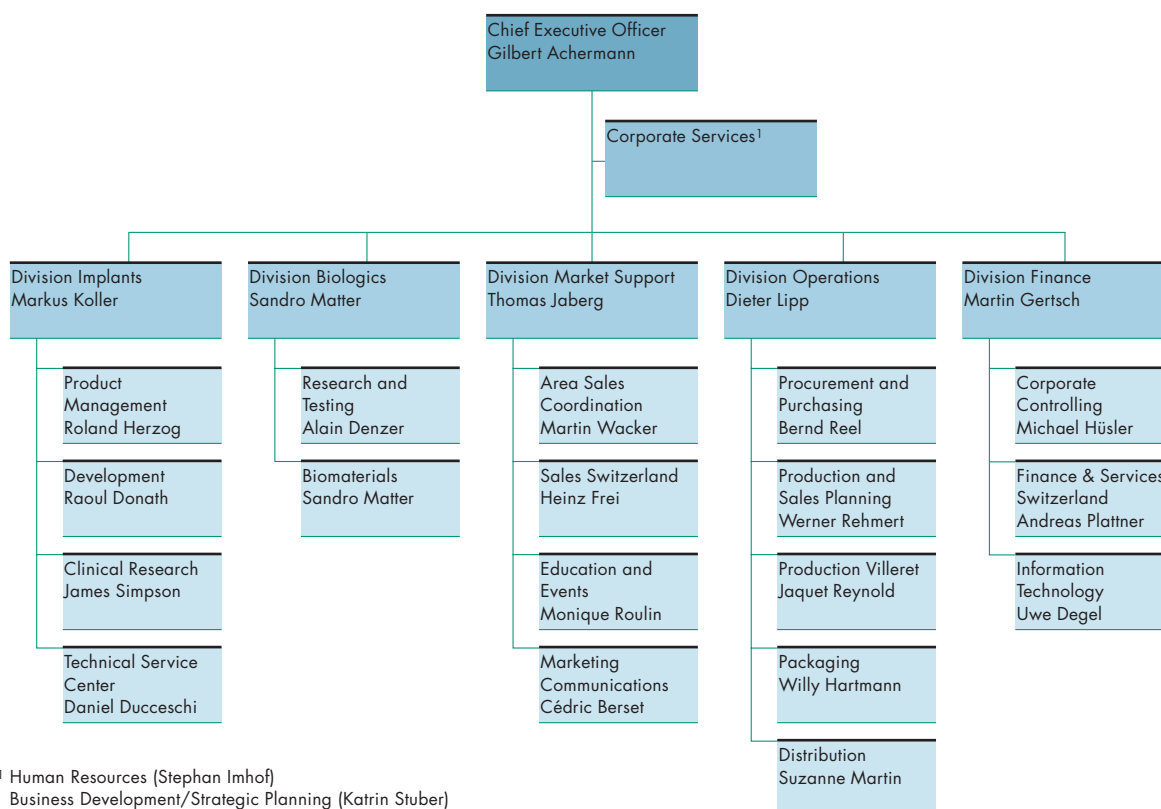
Shareholders at end of 2002

Major shareholders	51.2%
Institutional shareholders	20.5%
Private individuals	14.5%
Non-registered shareholders	13.8%



In the course of fiscal year 2002, Rudolf Maag increased his shareholding to 6%.

The share capital consists of registered shares. Following the reduction in par value by CHF 0.20 in the reporting year, the nominal value now stands at CHF 0.10. At the extraordinary general meeting on May 6, 1998 a conditional share capital of CHF 300'000 was determined. Following the share split in 2001 and the reductions in par value in 2001 and 2002, conditional capital still stood at CHF 51'238 and the number of conditional shares at 512'379. The conditional share capital is intended for use in equity participation plans for employees and management.



¹ Human Resources (Stephan Imhof)
 Business Development/Strategic Planning (Katrin Stuber)
 Technology/IP Management (Alex Schär)
 Quality Management (Frank Mengis)

Depending on their length of service, employees have the right to purchase Straumann shares on a basis of 75% of the average share price in December – excluding shareholders’ subscription rights. The shares are subject to a three-year lock-up period. In the reporting period, employees exercised 4’951 rights to purchase shares. As of this year, all employees will be able to buy between 10 and 100 shares, regardless of their length of service. The new lock-up period will be two years.

Part of the equity compensation plan for management employees comes in the form of stock options. This equity compensation plan applies to members of

senior management and first-tier management in Switzerland. The stock options are recognized as personnel expenses in the relevant year. The options have a term of five years and are subject to a lock-up period of one to three years. The exercise price of the options is equivalent to 120% of the average share price in December. As part of the introduction of a value-based compensation system, the stock option program will be extended to cover country managers. The price of the options will now be based on the average share price in December, and will not be subject to a premium.

Capital structure (in CHF 000)	31.12.2002	31.12.2001	31.12.2000
Share capital	1'549	4'639	7'711
Conditional capital	51	161	289
No. of registered shares	15'487'621	15'462'310	771'078
Nominal value per share in CHF	0,1	0,3	10
Reserves	28'718	27'289	25'568
Accumulated profits	76'128	51'401	31'646
Registration restrictions	none	none	none
Voting restrictions	none	none	none
Opting-out/opting-up provision	none	none	none

Equity participation plan – outstanding options

	Number 2002	Number 2001
At January 1	84'100	80'480
Issued options	18'574	44'660
Exercised options	-20'360	-40'750
Expired options	-387	-290
At December 31	81'927	84'100
Exercisable options	41'039	8'560

Expiry of options	Number for sale	Number exercised	Number expired
- 2002	30'639	10'400	
- 2003	13'789	8'680	1'400
- 2004	13'789		17'680
- 2005	4'630		44'460
- 2006			18'387
Total	62'847	19'080	81'927

In 2002, 20'360 options were exercised and converted into the corresponding number of shares.

Board of Directors

In 2002, the Board of Directors of Straumann Holding AG consisted of the main shareholder and five non-executive members. All members are elected by the General Meeting for a 3-year period of office; re-election is permitted. The Board of Directors constitutes itself. In 2002, it elected Rudolf Maag as the Chairman of the Board, and former Chairman Thomas Straumann as its Deputy Chairman. Jürg P. Morant and Dr. Sebastian Burckhardt were elected to the Board for the first time in 2002. The average age of the members of the Board of Directors is 51. Until the 2002 General Meeting, Thomas Straumann was full-time Chairman of the Board. No other member of the Board has been actively employed by the Straumann Group in the past three years.

Board of Directors as of 1.1.2003

Rudolf Maag

Chairman of the Board, Swiss (born 1946)
Businessman
Member of the Board since 2002, elected until 2005

Career history:

Graduate in business management, MBA (INSEAD). UTC (trading company based in Basle, Switzerland). Sandoz AG, Basle: head of planning and financial control (Agro division), Director of Marketing USA, head of Division Brazil, head of business development and acquisitions. 1986 Director of Institut Straumann AG. 1990 MBO and formation of Stratec Medical (CEO & Deputy Chairman of the Board of Directors).

Other key directorships:

Actelion Ltd., Basilea, Geberit AG, Rothschild Bank, Board of the Chamber of Commerce of the two Basle cantons.

Dr. Sebastian Burckhardt

Member, Swiss (born 1954)
Lawyer and notary, partner in Vischer, Advokaten und Notare, Basle
Member of the Board since 2002, elected until 2005

Career history:

Dr. iur. University of Basle; M.C.J., New York University Law School; NY bar exam.

Other key directorships:

Dolder AG, Cell Int. AG, School for Healing of the Deaf and Persons with Speech Impediments, Riehen, Switzerland.

Thomas Straumann

Deputy Chairman of the Board, Swiss (born 1963) Businessman
Member of the Board since 1990, elected until 2004

Career history:

Precision mechanic. Graduate of Basle management school. 1990 MBO and formation of the new Institut Straumann AG. CEO of the Straumann Group until 1994, Chairman of the Board of Directors of Straumann Holding AG until 2002.

Other key directorships:

Medartis AG (Chairman), Grand Hotel Bellevue AG (Chairman), Board of the Trustees of the ITI.

Oskar K. Ronner

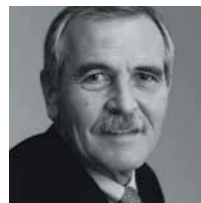
Member, Swiss (born 1945)
CEO of Siemens Building Technologies AG
Member of the Board since 2000, elected until 2003

Career history:

Qualified engineer ETH (Swiss Federal Institute of Technology) in Zurich, MBA Harvard Graduate School of Business Administration, 1988–1990 Gebr. Sulzer AG, Winterthur: CEO of the Sulzer Medica division, President and CEO of Intermedics Inc., Angleton/Texas. 1990–1998 Elektrowatt AG, Zurich: until 1994 Executive Vice President, Industry Division, 1994–1998, President and CEO. Since 1998, President and CEO of Siemens Building Technologies AG.

Other key directorships:

Von Roll AG, Siemens Schweiz AG, Siemens Building Technologies AG.



Rudolf Maag



Thomas Straumann



Jürg P. Morant



Sebastian Burckhardt



Oskar K. Ronner



Dominik Ellenrieder

Jürg P. Morant

Member, Swiss (born 1944)
CEO Documed AG, CEO Europe and Member Executive Committee of MediMedia International
Member of the Board since 2002, elected until 2005

Career history:

Graduate in medicine from the University of Berne and graduate in business management in St. Gallen. Senior Executive Program at INSEAD, Member of Marketing Management at Ciba-Geigy Pharma. 1986 takeover of Documed AG, from 1986 on, CEO Europe of MediMedia International; after its sale at Vivendi Universal Health.

Other key directorships:

several international MediMedia companies, Trafina Privatbank AG.

Dominik Ellenrieder

Member, Swiss (born 1958)
Businessman/founder and Chairman of the Board of Kuros Therapeutics AG
Member of the Board since 2001, elected until 2004

Career history:

Economics graduate of the University of Basle, member of the senior management team at Stratec Medical (development, product management, operational management of subsidiaries, development services at HQ). Founder and Chairman of the Board of Kuros Therapeutics AG.

Other key directorships:

Medartis AG, Kuros Biosurgery AG.

Operating principles of the Board of Directors

The Board of Directors has delegated responsibility for the management of the Company to the CEO, Gilbert Achermann, and to the senior management team. The duties of the Board of Directors lie in the strategic management of the Company, supervision of the senior management team and financial control. The Board of Directors examines the Company's objectives and identifies opportunities and risks. In addition, it also appoints the members of the senior management team. In the process, both the Board of Directors and the senior management team can rely on a comprehensive internal management information system. The powers and responsibilities of the Board of Directors are set out in the Board regulations.

The Board of Directors meets as often as business requires, but at least four times a year. In 2002, the Board of Directors held seven half-day meetings. The Board of Directors is quorate if a majority of its members is present. Valid resolutions require a majority of the votes cast. In the event of a tie, the Chairman of the Board holds the casting vote. The Board of Directors has formed two permanent committees in order to assist it in its work.

Committees of the Board of Directors

The Board of Directors relies on the recommendations of the Finance and Audit Committee and the Compensation Committee. Both committees have drawn up regulations outlining their tasks and operating principles. Both committees met three times in 2002.

Finance and Audit Committee

The main tasks of the Finance and Audit Committee are:

- Examination of the validity of the audit
- Evaluation of risk management
- Review of the financial statements
- Determination of the performance and remuneration of the auditors, as well as of their independence.

Members: Rudolf Maag (Chair), Dr. Sebastian Burckhardt, Jürg P. Morant.

Compensation Committee

- The main tasks of the Compensation Committee are:
- Recommendations on the Company's fundamental salary policy including equity compensation, stock option, or other bonus programs,
 - Review of the compensation awarded to members of the senior management team and other key employees,
 - Examination of the compensation awarded to the Board of Directors and appraisal of the performance of the Chairman of the Board of Directors.

Members: Thomas Straumann (Chair), Dominik Ellenrieder, Oskar K. Ronner.

Senior management team as of 1. 1. 2003

Gilbert Achermann

Chief Executive Officer
Swiss (born 1964), with Straumann since 1998

Functions at Straumann to date:
Chief Financial Officer.

Career history:
Business graduate of the HWV – Higher School of Business and Administration in St. Gallen. MBA, IMD Lausanne. Executive Investment Banking and Corporate Finance at UBS, Zurich, New York, Frankfurt.

Activities in management and supervisory bodies:
Board of Directors of Micrus, Mountain View (USA), resignation in January 2003.

Sandro Matter

Biologics Division
Swiss (born 1964), with Straumann since 2002

Career history:
Biology lab technician, chemistry degree from ETH (Swiss Federal Institute of Technology) in Zurich. PhD in Materials sciences (Dr. sc. tech. ETH).
Responsible for the development of biomaterials at Stratec Medical, Oberdorf.
Co-founder of Kuros Therapeutics, Zurich.

Thomas Jaberg

Market Support Division
Swiss (born 1963), with Straumann since 1994

Functions at Straumann to date:
Assistant to the CEO, Head of Marketing and CEO of Straumann GmbH Germany.

Career history:
Economics graduate. University placements at IBM and the Swiss Bank Corporation. Risk management for options and internal auditor for the Swiss Bank Corporation, Basle.

Dieter Lipp

Operations Division
Swiss (born 1954), with Straumann since 2002

Career history:
Precision mechanic, commercial training, business specialist.
Purchasing of investment goods at Ciba-Geigy, Basle. Head of Logistics and Materials Management at Stratec Medical, Oberdorf.



Gilbert Achermann



Thomas Jaberg



Markus Koller



Sandro Matter



Dieter Lipp



Martin Gertsch

Markus Koller

Implants Division
Swiss (born 1967), with Straumann since 2002

Career history:
Lic. rer. pol. University of Basle. Product management for osteosynthesis and prosthetics and head of prosthetics at Synthes-Stratec, Oberdorf. Marketing of prosthetics at Implex, New Jersey (USA). Product management at Tecan, Männedorf.

Martin Gertsch

Finance Division /Chief Financial Officer
Swiss (born 1965), with Straumann since 1997

Functions to date at Straumann:
Head of Corporate Financial Control and Reporting

Career history:
Swiss registered escrow agent. Swiss Certified Accountant. Program for Executive Development at IMD Lausanne. Auditor at PriceWaterhouseCoopers, Basle.

Compensation of the Board of Directors and senior management team

In 2002, the members of the Board of Directors received compensation amounting to CHF 600'000 in total. Including the salary of the former full-time Chairman of the Board, the total compensation of Board members amounted to CHF 998'000. The highest total compensation awarded to a member of the Board of Directors was in the year under review CHF 518'000.

The compensation of members of the senior management team consists of both a fixed element, and a variable element determined by individual performance and the course of business. There are no long-term contracts of employment at Straumann. In 2002, the six members of the senior management team received compensation amounting to CHF 1'720'000. The highest total compensation awarded to a member of the senior management team was in the year under review CHF 432'000.

Compensations 2002 (in CHF 000)	No. of persons	Compensations	Salaries/ fee	Options	Benefits in kind	Severance pay
Members of the Board of Directors	6	600	354	–	44	–
Former members of the Board of Directors	0	–	–	–	–	–
Members of the senior management team	6	–	1'389	127	204	–
Former members of the senior management team	3	–	914	107	45	155

As part of total compensation of active and former members of the senior management team, in fiscal year 2002, a total of 6'562 options were allocated.

Allocated options 2002	Number of options	Exercise price in CHF	Lock-up period expires	Exercise period expires
Members of the senior management team	3'562	148.50	12. 2004	12. 2006
Former members of the senior management team	3'000	148.50	–	12. 2006

Loans and guarantees granted by governing bodies

There are no loans and guarantees granted by governing bodies.

Fees to related parties

In 2002, the law firm Vischer, Advokaten und Notare, based in Basle, in which Dr. Sebastian Burckhardt is a partner, received fees amounting to CHF 195'000 for legal and tax consultancy.

Shareholders' rights of participation

All shareholders who are entered in the register of shares as having voting rights are admitted to the General Meeting and have the right to vote. They are invited to the General Meeting in writing 20 days before it takes place. For organizational reasons, new entries cannot be made as of 10 days before the General Meeting, but participation in the General Meeting is still permitted. Shareholders who dispose of their shares prior to the General Meeting are no longer entitled to vote.

Auditors

The General Meeting elects the auditors on a yearly basis. Since 1994, Ernst & Young AG, Basle, have been the auditors and Group auditors of Straumann Holding AG. Manuel Aeby has held the post of chief auditor since 1994.

In fiscal year 2002, the world-wide fees for Ernst & Young amounted to:

(in CHF 000)	2002
Auditing	370
Tax consultancy, other consultancy	290
Total	660

Information policy

Straumann Holding AG aims to address all stakeholders equally with its open and ongoing information policy. The consolidated financial statements are prepared in accordance with the IFRS (International Financial Reporting Standards). In addition to the annual and half-yearly reports, which are required by law, detailed sales figures are published quarterly and information on important events is made available on an ongoing basis. The CEO and CFO are responsible for communication with our investors. As well as personal contact, teleconferences, discussions and roadshows in Europe and North America, two conferences for the media and analysts were held in

2002, each attended by around 80 participants. Around 550 shareholders took part in the General Meeting in 2002. Our Company is covered by research analysts from 15 banks. A list of these research banks is provided on page 53 of the Financial Report. More information on the Company can also be found at www.straumann.com.