

Media Release

Synthes 2008: Record Sales of US\$ 3,192.5 Million Grew 15.7%, and Record Net Earnings Grew 20.0% (13.4% and 15.7% in local currencies, respectively)

West Chester (PA), USA, February 18, 2009

Synthes (SWX: SYST.VX) today announced its Full Year 2008 financial results with record Sales and record Net Earnings.

Fourth Quarter 2008

- **Global sales** were US\$ 811.3 million, +9.9% vs. prior year (PY) (14.4% in local currencies)
- **Double-digit local currency sales growth** was once again achieved across all geographical regions and product groups
- **Continued accelerated sales growth** and market share gains in **Spine** globally

Full Year 2008

- **Global sales** at US\$ 3,192.5 million increased by US\$ 432.8 million (\$371.0 million in LC)
- **Net earnings** of US\$ 735.0 million grew in excess of double-digit sales growth
- **Double-digit sales growth** in all geographical regions and product groups driven by increased penetration of new products, sales force expansion, and increased educational efforts
- Strong **gross margin** of 82.7%
- **Income tax rate decreased** by 3.7 pps vs. PY to 30.3%
- **Strong cash generation** resulted in a record cash balance of US\$ 871.5 million, 60% growth vs. PY
- **Other achievements** include the settlement of the **TFN (Trochanteric Fixation Nail)** case, and the launch of **over 90 new products, including ProDisc®-C in the U.S.**

Michel Orsinger, President and CEO of Synthes, comments on the performance:

"Our solid performance was achieved thanks to the entire organization's focus on new product launches, sales force expansion, and education. In today's challenging economic environment, our conscious management of resources allowed Synthes to deliver yet another record year with strong double-digit earnings growth and end the year with a strong debt-free balance sheet. We are excited about the opportunity to continue growing and strengthening Synthes' market position in 2009, while improving patient care worldwide."

FINANCIAL SUMMARY

Sales Results

Fourth Quarter 2008 (October - December)				
Consolidated Net Sales (in US\$ millions)	2008	2007	% Change (in US\$)	% Change (in local currency)*
North America	497.5	447.0	11.3%	12.0%
Europe	180.3	177.9	1.4%	13.9%
Asia Pacific	83.7	73.3	14.1%	15.4%
Rest of World	49.8	39.8	24.9%	41.2%
Total	811.3	738.0	9.9%	14.4%

Full Year 2008 (January - December)				
Consolidated Net Sales (in US\$ millions)	2008	2007	% Change (in US\$)	% Change (in local currency)*
North America	1,922.2	1,721.0	11.7%	11.7%
Europe	756.1	637.3	18.6%	13.4%
Asia Pacific	309.0	248.4	24.4%	16.8%
Rest of World	205.2	153.0	34.1%	28.1%
Total	3,192.5	2,759.7	15.7%	13.4%

* Local currency: 2008 results translated at 2007 foreign exchange rates

Key Financial Results

Consolidated Operations in US\$ millions <i>(except no. of employees and per share data)</i>	Jan-Dec 2008	As a % of Sales	Jan-Dec 2007	As a % of Sales	% Change (in US\$)	% Change (in local currency)*
Net Sales	3,192.5	100.0%	2,759.7	100.0%	15.7%	13.4%
Gross Profit	2,638.7	82.7%	2,234.7	81.0%	18.1%	14.5%
Operating Income	1,080.1	33.8%	904.6	32.8%	19.4%	15.6%
Net Earnings	735.0	23.0%	612.6	22.2%	20.0%	15.7%
Earnings per share	6.19	n/a	5.16	n/a	20.0%	15.7%
No. of Employees on Dec. 31 st	9,947	n/a	9,070	n/a	9.7%	n/a
Capital Expenditures	261.1	n/a	223.1	n/a	17.0%	13.0%
Free Cash Flow	497.2	n/a	602.0	n/a	-17.4%	-21.9%

* Local currency: 2008 results translated at 2007 foreign exchange rates

REGIONAL PERFORMANCE (Fourth Quarter 2008)

North America achieved double-digit growth during the fourth quarter. Spine's performance continued to be very strong primarily as a result of new product introductions and sales force expansion. Trauma and Cranio-Maxillofacial (CMF), both market leaders in the US, generated solid growth.

In **Europe**, Synthes continued to gain market share with double-digit local currency growth in all product groups (Trauma, Spine and CMF). The growth was fueled by the ongoing expansion of the sales force, increased educational offerings and by products like the LCP (Locking Compression Plate) portfolio, PFNA (Proximal Femoral Nail) in Trauma, and Pangea in Spine. Eastern Europe continued to deliver a high double-digit growth rate.

Asia Pacific once again achieved double-digit growth across all product groups, and gained market share. Special effort was put behind sales force expansion and increasing the offering for surgeon education activities. China and India maintained strong momentum.

Rest of World growth was positively impacted by strong growth in the Middle East and Latin America, particularly in Brazil, Colombia and Mexico.

FINANCIAL PERFORMANCE (Second Half 2008)

Second half 2008 represents an improvement vs. first half 2008: Local currency sales growth improved to 14.2% (vs. 12.6%), whereas operating expenses (as a percentage of sales) declined to 48.1% (vs. 49.5%). Earnings growth of 14.8% slightly exceeded sales growth (in local currencies) despite FX losses (vs. FX gains in H2 2007) and the one-time payment received in H2 2007 from the Globus Medical litigation settlement.

FINANCIAL PERFORMANCE (Full Year 2008)

Full year 2008 **gross profit margin** of 82.7% (as a percentage of sales) improved vs. full year 2007 of 81.0% due to manufacturing productivity initiatives, lower inventory obsolescence provisions and FX rate changes.

Operating expenses in local currencies (as a percentage of sales) were flat vs. prior year. Productivity improvements offset increased investments in the business supporting sales force expansion and increased education. Higher royalty expenses (primarily paid in Swiss francs) as a percentage of sales resulted from the strengthening Swiss franc vs. the U.S. dollar.

Other Income (Expense) was negatively impacted by foreign exchange losses (vs. gains in the prior year), primarily a result of the strengthening Swiss Franc. Furthermore, the comparison to prior year was negatively impacted by the one-time payment received in H2 2007 from the Globus Medical litigation settlement.

Improvements in the **income tax rate** to 30.3% (vs. 34.0%) were achieved due to tax planning efforts, changes in tax legislation and settlement of tax contingencies.

Strong **net earnings growth** exceeded sales growth despite the impact of unfavorable "other income (expense)" items.

Capital Expenditures of US\$ 261.1 million reflect Synthes' investments in its future growth. Sales force equipment investments of US\$ 173.4 million (implant and instrument sets) represent an increase of 25% vs. prior year. Sales force investments are related to Synthes' continued commitment to sales force expansion and new product launches.

Synthes' **net cash flow** of US\$ 326.7 million increased 28.2% vs. prior year, resulting in a cash balance of \$871.5 million.

In 2008, Synthes increased its staffing by almost 900 employees. Over 80% of the increase included sales force and manufacturing personnel. On December 31, 2008 Synthes employed **9,947 employees** worldwide.

Dividend Approval

The Board of Directors of Synthes, Inc. has approved a dividend of CHF 1.10 per share for the year 2008 payable on April 30, 2009. The stock will trade ex-dividend on March 23, 2009. Stock positions held on the record date, March 25, 2009, are entitled to dividend payments.

PRODUCT GROUP DEVELOPMENTS (Fourth Quarter 2008)

TRAUMA

Significant growth contributors in Trauma included the **Trochanteric Fixation Nail (TFN)** and the **PFNA (Proximal Femoral Nail)**, both femoral nails for the treatment of common fractures of the upper leg. The **LCP (Locking Compression Plate)** platform continued to contribute to growth.

Significant new products launched include the **TomoFix Medial Distal Femur Plates**, which are part of the TomoFix Osteotomy System. The plate addresses degenerative conditions of the upper knee.

SPINE

Synapse, **Pangea**, **Zero-P** and **SynFix-LR** systems were the key contributors to the Spine's division growth. **Synapse** is a comprehensive set of instruments and implants designed for posterior stabilization of the upper spine. The implants provide the flexibility required to accommodate variations in patient anatomy, therefore, satisfying the preferences of numerous surgeons while simplifying the procedure. **Pangea** is a pedicle screw system used to stabilize degenerated lumbar spine segments. **Zero-P** is designed as a zero-profile plate/spacer combination with screws to provide similar stability to a traditional cervical plate and interbody spacer. **SynFix-LR**, a cage with screws to replace and fuse a diseased intervertebral disc, provides clinical superiority with its unique anterior-only access.

Additionally, the **ProDisc®-Total Disc Replacement** systems (both lumbar and cervical) continued to gain traction in the U.S. market.

CMF

CMF produced double-digit growth globally, with significant growth realized in Europe, Asia Pacific and Latin America.

CMF was fueled by continued growth of its Matrix product lines. Matrix is a comprehensive system of plates, screws, and instrumentation for complete craniofacial treatment. **MatrixNEURO**, for neurosurgical fixation, and **MatrixMIDFACE**, for plating the midface and craniofacial skeleton, continue to be significant growth contributors. The Matrix product lines were further expanded with the release of **MatrixMANDIBLE** and the **MatrixMIDFACE Pre-formed Orbital Plates**, both of which are gaining wide clinical acceptance.

OUTLOOK

Synthes remains cautiously optimistic for the future with a goal of achieving low double-digit local currency sales growth in 2009.

Synthes: A leading medical device company

Synthes is a leading global medical device company. We develop, produce and market instruments, implants and biomaterials for the surgical fixation, correction and regeneration of the human skeleton and its soft tissues.

2008 Annual Report

The 2008 Annual Report can be downloaded on
<http://www.synthes.com/html/Financial-Reports.4355.0.html>.

Internet-Webcast

Today's Investor and Media Conference at 2:00 pm CET will be webcast live:
<http://event.meetingstream.com/r.htm?e=132425&s=1&k=559724126F49669480A25125AD7413D8>.
A recording will be available on the same website as of 5:00 pm CET.

Image Bank

A selection of product and company images can be found on
<http://www.synthes.com/html/Media-Corner.7325.0.html?&L=0>.

For further information please contact

Gilgian Eisner, Investor Relations, Synthes, Inc.
Phone +41 32 720 4745, Fax +41 32 720 4811
Email: investor.relations@synthes.com
<http://www.synthes.com>

Restrictions Subject to US Securities Law

Synthes, Inc. management believes certain statements in this media release may constitute "Forward-Looking Statements" within the meaning of the "Private Securities Litigation Reform Act of 1995". These statements include but are not limited to those with respect to the potential for Synthes to offer new products and market existing ones, as well as the expected sales and sales growth of Synthes. These statements are made on the basis of management's views and assumptions regarding future events and business performance as of the time the statements are made. Actual results may differ materially from those expressed or implied. Such differences may result from the ability of Synthes to successfully develop and introduce new products and services and market existing products and services in a competitive marketplace and changes in the economic conditions that may affect the performance of the operations of Synthes. In addition, changes in competitive conditions and regulatory developments may affect future business performance, and changing market conditions may affect the valuation of Synthes securities.

In addition, it should be noted that past financial and operational performance of the company is not necessarily indicative of future financial and operational performance. Synthes undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

The securities of Synthes have been offered and sold outside the United States and have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("Securities Act"). Such securities may not be offered, sold or transferred in the U.S. or to U.S. Persons (as defined in the regulations of the Securities Act), except pursuant to a registration statement filed under the Securities Act or under an applicable exemption under the Securities Act. Hedging transactions involving such securities may not be conducted unless in compliance with the Securities Act. The Synthes securities are deemed "Restricted Securities" as that term is defined in Rule 144 under the Securities Act.