

MEDIA RELEASE

5 January 2012

CCS CLEARS PROPOSED ACQUISITION BY JOHNSON & JOHNSON OF SYNTHES, INC. PURSUANT TO SECTION 57 OF THE COMPETITION ACT

1. On 5 January 2012, the Competition Commission of Singapore (“CCS”) cleared the proposed acquisition by Johnson & Johnson (“J&J”) of sole control of Synthes, Inc. (“Synthes”). The transaction was notified to CCS and cleared in a Phase 1 review.
2. Both J&J and Synthes are active in the business of manufacturing and supplying orthopaedic medical devices and orthopaedic biomaterials. Specifically, the activities of J&J and Synthes overlap in the markets for the manufacture and supply of spine and trauma devices, which are types of orthopaedic medical devices, and bone graft substitutes, which are a type of orthopaedic biomaterial.
3. CCS found that the market for orthopaedic medical devices in Singapore is characterised by significant buyer power of customers who are primarily private and restructured hospitals, as well as surgeons in private practice. Customers also have the ability to switch among competing suppliers of these products. CCS established that existing global manufacturers who currently do not have a presence in Singapore, would be able to enter the Singapore market and act as a competitive constraint by supplying orthopaedic medical devices and orthopaedic biomaterials, subject to their meeting the necessary regulatory approvals. Existing suppliers in Singapore would also be able to start supplying medical devices within their global portfolio, if these are not currently supplied in Singapore. These potential sources of supply would pose a constraint on any

attempt by the merged entity to exploit the reduction in rivalry flowing from the acquisition.

4. For the above reasons, CCS has concluded that the transaction would not give rise to a substantial lessening of competition (“SLC”) in Singapore, and accordingly would not infringe the section 54 prohibition.

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About CCS

The Competition Commission of Singapore ("CCS") is a statutory body established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties. For more information, please visit www.ccs.gov.sg.

About Mergers That Substantially Lessen Competition

Section 54 of the Act prohibits mergers that have resulted or may be expected to result in a SLC, unless they are excluded or exempted under the Act.

Only mergers that substantially lessen competition and have no net economic efficiencies will infringe the Act. In general, a substantial lessening of competition is likely to result in higher prices, lower quality, and/or less choices of products and services for consumers.

Not all mergers give rise to competition issues. CCS believes that many mergers are either pro-competitive (because they positively enhance levels of rivalry) or are competitively neutral. Some mergers may lessen competition but not substantially, because sufficient post-merger competitive constraints exist to ensure that competition (or the process of rivalry) continues to

discipline the commercial behaviour of the merged entity. For these reasons and also, to reduce costs to businesses, there is no mandatory requirement for merger parties to notify their merger situations to CCS.

Nonetheless, merger parties are strongly encouraged to self assess if the merger situation has resulted, or may be expected to result, in a SLC.

Merger parties may notify their merger situation to CCS and apply for a decision if they have serious concerns as to whether the section 54 prohibition has been or will be infringed by the merger situation.

The Competition Commission of Singapore (“CCS”) has published the following guidelines in respect of the merger framework:

- CCS Guidelines on the Substantive Assessment of Mergers : These set out some of the factors and circumstances which the CCS may consider in determining whether a merger has infringed, or an anticipated merger, if carried into effect, will infringe the section 54 prohibition; and
- CCS Guidelines on Merger Procedures: These set out the procedures for notifying a merger situation to the CCS for a decision and for investigations of merger situations by the CCS.

Interested parties should read both guidelines to better understand the merger framework. These guidelines are available on www.ccs.gov.sg.

Persons in doubt about how they and their commercial activities may be affected by the Act may wish to seek legal advice.

Glossary of Terms

Act	Competition Act (Chapter 50B)
Anticipated merger	Arrangement that is in the progress or in contemplation that, if carried into effect, will result in the occurrence of a merger referred to in section 54(2) of the Act.
CCS	Competition Commission of Singapore
Merger	A merger as defined in section 54(2) of the Act.
Merger parties	Parties to an anticipated merger, or parties involved in a merger.
Merger situation	Refers to both mergers and anticipated mergers.
Phase 1 Review	Entails a quick review and allows merger situations that clearly do not raise competition concerns to proceed without delay. CCS expects to complete this review within 30 working days.
Phase 2 Review	Entails a more detailed and extensive review of the merger situation if the CCS is unable to conclude during Phase 1 review that the merger situation does not raise competition concerns. CCS will endeavour to complete this review within 120 working days.
SLC	Substantial lessening of competition in the relevant market in Singapore.

For media clarification, please contact

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