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“GLOBAL PRESENCE FOR KABA”

Dear Kaba shareholder

Kaba's future is promising because we have the opportunity to make a quantum leap in the history of the company. The planned acquisition of Unican Security Systems Ltd in Canada would expand Kaba's business platform to global dimensions. In the "Total Access" market of relevance to Kaba, based on sales generated in the year ending on June 30, 2000, we would rank number three after the acquisition. The internationalization of the Swiss

A BROAD INTERNATIONAL FOUNDATION IS BECOMING EVER MORE CRUCIAL.

Kaba Group that has been systematically pursued in the past years would be significantly accelerated with this acquisition. It would give us the chance to build on the past years' success of the "Total Access" performance and marketing strategy by expediting and globalizing its implementation.

Our customers think globally and purchase globally. Unified systems solutions are becoming more and more commonplace around the world. Kaba has a solid track record

as a technology driver in the field of security solutions. And this technological leadership established by Kaba could be globally harnessed with the worldwide market access created by the acquisition of Unican.

Our production technologies, markets, and products are complementary. The merger between Kaba and Unican is geared to future growth. We want to utilize the shared business platforms of Kaba and Unican to boost sales and earnings worldwide on the basis of our "Total Access" strategy. In the past, Kaba has repeatedly demonstrated how markets developed by one business unit quickly produce growth for the other units of the group.

The combination of the markets traditionally served by Unican and Kaba will create a dynamic growth area for the new group.

Ulrich Graf, CEO of the Kaba Group



KABA AND UNICAN ARE AN EXCELLENT MATCH.

This planned quantum leap must be solidly financed. We therefore invite you, dear shareholder, to attend an extraordinary general meeting which is intended to create the basis for an equity offering to be made on the international capital market. We look forward to welcoming numerous shareholders at this extraordinary general meeting and – six years after our initial public offering – hope that we can count on your full support. In turn, we will spare no effort to continue fulfilling your expectations as regards the sustained growth and profitability of the Kaba Group.

Thank you for your interest and your commitment.

Sincerely yours,

A handwritten signature in blue ink, which appears to read "Ulrich Graf".

“A WONDERFUL OPPORTUNITY”

KABA PLANS TO ACQUIRE UNICAN OF CANADA

Kaba plans to submit to all Unican shareholders a public offer to acquire all outstanding Unican shares. The purchase price shall be paid in cash. The annual sales generated by the Unican Group and by Kaba are comparable. Thus, the acquisition would significantly increase Kaba Group sales, boost earnings before interest, taxes, depreciation,

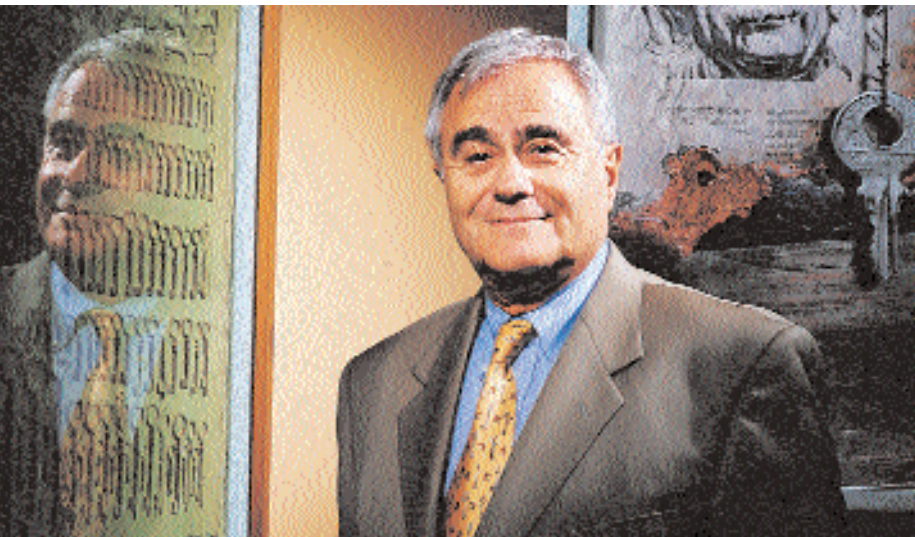
(including acquired debt) would amount to approximately CHF 1.1 billion.

Kaba has already reached an agreement with Unican pursuant to which the Unican Board of Directors will endorse the offer under specific conditions. Aaron Fish, the founder, major shareholder, and CEO of the Unican Group emphasized at a press conference on December 22, 2000, that Kaba is the Unican Group's

In addition to Aaron Fish, other key shareholders agreed under specific conditions to tender their shares in response to the public offer. One of the principal conditions is that financing be secured. For this reason, Kaba shareholders are being invited to attend an extraordinary general meeting on February 8, 2001, to ratify measures that would allow Kaba to raise a maximum amount of approximately CHF 600 million on the capital market. The portion of the acquisition price that exceeds the capital increase would be financed with debt. Subject to approval by the authorities, the transaction is to be completed in the first quarter of 2001.

“TO BRING UNICAN AND KABA TOGETHER, IS A WONDERFUL SOLUTION.”

Kaba and Unican are ideally complementary: Kaba's strong geographical presence in the domain of masterkey and locking systems in German-speaking Europe as well as a number of international markets will be harmoniously supplemented by Unican's strong position in the North American market as well as in Italy and Hungary. With respect to product lines, Kaba and Unican also match well.



Aaron Fish, CEO of the Unican Group

and amortization (EBITDA), and strengthen Kaba's position as a leading provider of security systems. Based on the proposed purchase price of CAD 36.– in cash per Unican share, the total acquisition price

preferred partner. With Kaba as a partner, Fish said, he would gladly accept the entrepreneurial responsibility of finding the strategically most effective future solution for “his” company.

“COMPLEMENTARY STRENGTHS WORLDWIDE”

UNICAN – AN IDEAL PARTNER FOR KABA

The Unican Group is the ideal partner for Kaba. Jointly, the two companies can achieve a globally prominent position in the security systems market. The Unican Group of Canada occupies a leading position in the production and distribution of keys, transponder keys, and key coding systems for the lock and hardware markets, the OEM auto-

mobile sector, and in the field of high-security locks for safes and automated teller machines (ATMs). Moreover, Unican has a strong position in electronic access solutions for hotels as well as electronic locks for commercial and institutional applications. At 14 production facilities in North America and Europe, Unican employs some 4000 persons and in financial 1999/2000 ending on June 30, 2000, generated

the USA, Canada, Mexico, Italy, Hungary, and other European countries as well as Latin America and Asia. Overall, Unican generates nearly two-thirds of its sales in North America and about 30 percent in Europe.

COMPLEMENTARY MARKETS AND PRODUCTS

The sophistication of security solutions in North America is clearly not as advanced as in the German-speaking markets in Europe. In this huge market, Kaba's technological leadership and Unican's distribution channels would tap considerable growth potential. In various special markets as well as in generic-brand OEM applications, Kaba's electronic security components as well as its no-contact Legic read/write tech-



UNICAN WOULD PROVIDE KABA WITH A FIRST-CLASS ACCESS TO THE NORTH AMERICAN MARKET FOR SECURITY SYSTEMS.

UNICAN AND KABA ARE COMPARABLE WITH RESPECT TO SALES, EARNINGS, AND PAST GROWTH PERFORMANCE.

sales equivalent to approximately CHF 526 million and net income of CHF 35.6 million (exchange rate CAD 1.– = CHF 1.1035). Further information is provided in the table below. Unican's principal markets are

nology are ideal electronic upgrades. Kaba would also be able to expand the lead based on its Paxos high-security lock into world market leadership backed by Unican's strong position in this market seg-

ment. Additionally, both companies together would have the critical mass needed to develop new markets around the world.

After the planned acquisition of Unican, Kaba could market the entire locking products spectrum – covering the range from standard cylinders to complex mechanical and mechatronic locks and locking systems as well as electronic access control systems – with a multitude of add-on benefits.

KABA WOULD BECOME A FULL-RANGE SUPPLIER

With this approach, Kaba would also address the growing need among internationally active customers for globally unified security solutions. The external growth momentum produced by the acquisition would create the foundation for future internal growth.



A selection of Kaba keys

THE COMPREHENSIVE PRODUCT RANGE CAN BE MARKETED THROUGH THE DISTRIBUTION CHANNELS OF BOTH COMPANIES.

COMPATIBLE CORPORATE CULTURES

In the past, both Kaba and Unican have expanded internally through sales growth and externally through acquisitions. The experience gained by both companies in the integration of acquired businesses will facilitate the combination of the two groups. A management team consisting of Kaba and Unican representatives will be appointed to expedite the process of merging Unican with the Kaba Group. Due to its experience with major acquisitions, among them several in Anglo-Saxon countries, and its international scope of business, Kaba is

thoroughly acquainted with the process of amalgamating two international groups of companies.

A Unican key machine



“FIVE MILLION KEYS A DAY – A SOLID FOUNDATION”

KABA IS POISED TO BECOME A GLOBAL PROVIDER OF SE- CURITY SYSTEMS

For Kaba, the acquisition of Unican is an extraordinary opportunity. The merger would allow Kaba to accelerate the worldwide implementation of its “Total Access” performance and growth strategy which has been so successful in the past years. On the basis of the most recently published statements, the

BOTH COMPANIES ARE ABOUT THE SAME SIZE AND BOTH ARE HIGHLY PROFITABLE.

acquisition would create a global group of companies with the following – purely mathematical – key figures:

In the past years, the consolidation trend in the security industry has illustrated that only groups with a broad international foundation can remain at the forefront of technological developments. The gateway to the world market created by the merger of Kaba and Unican provides the platform needed to commercially exploit the cost-intensive research and development effort typical for this industry.

KABA AND UNICAN IN COMPARISON Published statements as at June 30, 2000	KABA in CHF million FER	UNICAN in CHF million CGAAP (CAD rate 1.1035)	SUM (Purely mathematical figures)
Net sales	526.5	525.6	1052.1
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	70.0	96.4	166.4
in % of net sales	13.3	18.3	
EBITA (Earnings before interest, taxes, and amortization)	52.8	70.1	122.9
in % of net sales	10.0	13.3	
EBIT (Earnings before interest and taxes)	52.8	65.7	
in % of net sales	10.0	12.5	
Net income	34.5	35.5	
in % of net sales	6.6	6.8	

In the future, Kaba would be the number one provider in the following masterkey and locking systems segments:

- Keys, replacement keys
- Transponder keys
- Key coding systems
- High-security locks

Together with Unican, Kaba would be the undisputed technology and market leader in the domain of com-

pact mechanical and mechatronic keys.

With a strong position in:

- Access solutions for the hotel industry (number three worldwide)
- Electronic locks for commercial and institutional applications

Additionally, the acquisition of Unican offers Kaba considerable growth potentials, for instance in its efforts to:



A Unican hotel lock

- obtain a leading position in the "Total Access" segment
- obtain a leading position in electromechanical locks
- establish Legic as a multifunctional transponder medium in the automotive sector
- establish Legic in the USA

In addition to its activities in the masterkey and locking systems market, the Kaba Group after the acquisition of Unican would be the undisputed technology leader in the domain of Electronic Data Collection, number two in the security and automatic doors sector, and number three (in terms of sales effective 6/30/2000) in the global "Total Access" market that has great relevance for Kaba.

BY INTERNATIONAL STANDARDS, THE ACQUISITION OF UNICAN GIVES KABA AN EMINENT GLOBAL POSITION.



“SAYING YES TO AN ENTREPRENEURIAL FUTURE”

DETAILS OF THE PLANNED TRANSACTION

The actual takeover bid must be preceded by several transactions. The agenda items to be approved by the extraordinary general meeting of shareholders, the planned international placement of shares, and the actual offer to current Unican shareholders are outlined below.

STEP 1: EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF KABA HOLDING AG

Pursuant to the resolution of the Board of Directors on January 12, 2001, the Board of Directors proposes to the general meeting of shareholders on February 8, 2001, to approve the following capital increases and capital restructurings:

- 4:1 split of registered shares to make the Kaba share lighter and more attractive.
- Ordinary 2 : 1 capital increase which creates 280625 new registered shares of CHF 40.– par value (after the split equivalent to 1122500 registered shares of CHF 10.– par value) with subscription rights of existing shareholders.
- Authorized capital increase of 50000 new registered shares of CHF 40.– par value (after the split equivalent to 200000 registered shares of CHF 10.– par value) at the exclusion of subscription rights of existing shareholders for the issue of additional shares pursuant to an over-allotment option (green-shoe).
- Conditional capital increase of 10000 further new registered shares of CHF 40.– par value (after the split equivalent to 40000 registered shares of CHF 10.– par value) at the exclusion of pre-emptive rights of existing shareholders for an employee share ownership plan.
- Election of Aaron Fish as a member of the Board of Directors subject to the completion of the takeover bid by Kaba Holding for the shares of Unican.

STEP 2: INTERNATIONAL STOCK PLACEMENT (“GLOBAL OFFERING”)

In the period from February 19 to March 2, 2001, Kaba Holding Ltd is expected to launch a global offering of shares mainly in Europe and North America. The share price will be determined in a bookbuilding process. It is anticipated that the new shares will begin trading on March 5, 2001. Current shareholders will receive non-negotiable pro rata subscription rights entitling them to purchase new shares. Since the placement price will be very close to the then prevailing market price, the subscription right will have virtually no monetary value. You will be informed about further details in advance of the offering.



The extraordinary General Meeting will be held on February 8, 2001

STEP 3: PUBLIC OFFER TO UNICAN SHAREHOLDERS

Kaba Holding AG intends to acquire all Unican shares at a price of CAD 36 per share (registered shares A and B). For this purpose, Kaba Holding AG will submit to all Unican shareholders in Canada a takeover bid offer which in all likelihood will be launched on March 5, 2001, and is anticipated to remain in effect until March 27, 2001.

If a third party launches a counteroffer, Kaba reserves the right to withdraw its purchase offer.

KEY DATES FOR SHAREHOLDERS OF KABA HOLDING AG

February 8, 2001 Extraordinary general meeting of shareholders

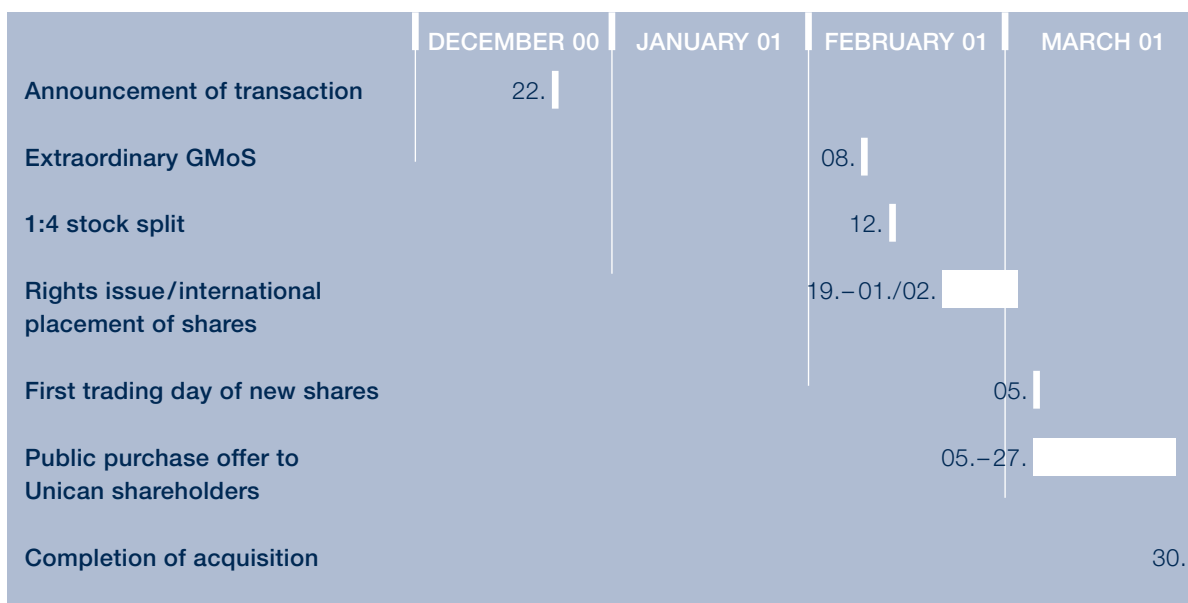
February 12, 2001 1:4 stock split

February 19, 2001 (expected) Commencement of rights exercise period for shareholders of record of Kaba Holding AG entitling them to purchase new registered shares of Kaba Holding

March 1, 2001 (expected) End of rights issue period

March 2, 2001 (expected) End of international share placement

March 5, 2001 (expected) First trading day of new registered shares



INVITATION TO THE EXTRAORDINARY GENERAL MEETING

On Thursday, February 8, 2001, 3.00 p.m.

At the Swissôtel, Am Marktplatz, Zurich-Oerlikon, opposite Zürich-Oerlikon train station

For the extraordinary General Meeting our shareholders will find the following items enclosed:

- Invitation with agenda and the motions proposed by the Board
- Reply form
- Reply envelope

In order to attend our extraordinary General Meeting, please complete the enclosed form and return it to us as quickly as possible using the reply envelope. You will then receive an admission ticket and voting card, as well as a map of the location (for motorists) or timetable (for rail travelers). As there are only a limited number of parking spaces available, we recommend that you use public transport.

This shareholders' circular informs the shareholders of Kaba Holding AG of the proposed acquisition of Unican and the resolutions to be passed at an extraordinary general meeting of February 8, 2001. This circular does not, however, constitute an offer to sell or the solicitation of an offer to buy or subscribe for shares. It is not an offering prospectus pursuant to Art. 652a of the Swiss Federal Code of Obligation or a listing prospectus pursuant to the listing rules of the SWX Swiss Exchange.

Any decision to buy or subscribe for shares should be based exclusively on the offering and listing prospectus, which is expected to be published in preliminary form on February 19, 2001. In addition, investors are advised to consult their bank or financial adviser.

This circular contains forward looking statements which involve risks and uncertainties. The actual performance, results and timing of the business of Kaba Holding AG could differ materially from the performance, results and timing discussed in this circular. U.S. shareholders of Kaba Holding AG may be prevented under applicable U.S. securities law from participating in any offering referenced in this circular.

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