

SECURITIES REGULATION PANEL
("the SRP")

Proposed offer by a consortium of investors led by the Mineworkers Investment Company (Proprietary) Limited, the Isaac Kirsh Family Trust No. 2, the William Kirsh Family Trust and, if applicable, their respective family entities (collectively "the Consortium") to acquire the entire issued ordinary and N ordinary share capital of Primedia Limited ("Primedia") dated 2 July 2007.

RULING

1. Factual background

- 1.1 The facts giving rise to the ruling sought from the Executive Committee ("EC") are summarised briefly hereunder.
- 1.2 The matter was effectively triggered by the publication of the Further Cautionary Announcement dated 8 February 2007 by Primedia Limited ("Primedia") whereby shareholders were advised that a consortium of investors, led by the Mineworkers Investment Company (Proprietary) Limited ("MIC"), Issie Kirsh and William Kirsh (collectively "the Consortium"), acting through Red Pen 2 Investments (Proprietary) Limited ("NewCo"), had submitted a proposal in principle to the board of directors of Primedia ("the Board") for the acquisition of the entire issued share capital of Primedia ("the Proposal"). This announcement summarised the relevant information provided in the proposal letter addressed by NewCo and the Consortium to the Board dated Monday, 5 February 2007. Neither the Proposal itself nor the announcement constituted a firm intention by the Consortium to make an offer to shareholders of Primedia for the purposes of the Securities Regulation Code of Takeovers and Mergers.

1.3 The terms of the proposal

1.3.1 Mechanics and structure

The Proposal envisages NewCo implementing the transaction by proposing two inter-conditional schemes of arrangement ("the Schemes") in terms of Section 311 of the Companies Act, No 61 of 1973, as amended, one between the Company and its ordinary shareholders and the other between the Company and its N shareholders, and thereby acquiring all the issued ordinary shares and N shares respectively.

1.3.2 Consideration

The Proposal sets out that, subject to the conditions set out below, NewCo may offer shareholders R25.50 in respect of each ordinary share ("Ordinary Scheme Consideration") and R24.50 in respect of each N share ("N Scheme Consideration"), payable in cash on the operative date of the Schemes ("the settlement date"). Relevant extracts from the Proposal and its related documentation are set out hereunder:

- any dividend or similar payment declared between the date of the Proposal and the settlement date will reduce the aggregate scheme consideration to the extent of such dividend;
- interest will accrue on the Ordinary Scheme Consideration and N Scheme Consideration from a date to be agreed; and

- the Company shall be entitled to declare and pay any dividends which may become due and payable under the existing preference shares of the Company and no adjustment to the scheme consideration shall be made as a result of such amounts being declared and/or paid. The Consortium, together with the Company, intends to engage with the holders of the issued non-redeemable, cumulative, non-participating preference shares in regard to the Proposal.

Primedia also provided a table reflecting the following information:

- 90-day volume weighted average share price ("VWAP"), 60-day VWAP and 30-day VWAP calculated to 14 December 2006 (being the day prior to the first cautionary announcement);
- Closing share price on 14 December 2006;
- 90-day VWAP, 60-day VWAP and 30-day VWAP calculated to 5 February 2007 (being the date of the Proposal letter); and
- Closing share price on 5 February 2007,

for the ordinary shares and N shares as well as the premium that the Ordinary Scheme Consideration and N Scheme Consideration represents to these prices.

1.4 Shareholder support

Primedia's two largest institutional shareholders, Old Mutual Investment Group (South Africa) (Proprietary) Limited ("OMIGSA") (with 17 888 117 ordinary shares and 7 182 844 N shares) and Coronation Asset Management (Proprietary) Limited ("Coronation") (with 225 003 ordinary shares and 46 382 647 N shares) have undertaken to the Consortium to vote in favour of any offer or to advise their clients to vote in favour of any offer at the scheme meetings, which may be called pursuant to the Proposal ("OMIGSA undertaking" and "Coronation undertaking" respectively). These undertakings are subject, *inter alia*, to the independent sub-committee ("Committee") of the Board recommending to the scheme members to vote in favour of the Schemes.

The OMIGSA undertaking and Coronation undertaking shall cease to be of any force and effect should a *bona fide* offer be made to OMIGSA or Coronation respectively by a third party prior to the scheme meeting which is:

- in the case of the OMIGSA undertaking, more than 80 cents per share higher than the Ordinary Scheme Consideration and N Scheme Consideration; or
- in the case of the Coronation undertaking, higher than the Ordinary Scheme Consideration and/or the N Scheme Consideration,

("the Competing Offer")

and NewCo does not match or better such Competing Offer within a 10 business day period or the period from the date of receipt of the Competing Offer by the Company to the day immediately preceding the day of the scheme meeting.

The total undertakings to vote in favour of the schemes are as follows:

- 18 113 120 ordinary shares representing 66.3% of the total ordinary shares excluding those held by the Consortium; and

- 53 565 491 N shares representing 35.8% of the total N shares excluding those held by the Consortium.

1.5 Conditions

1.5.1 Conditions to submitting a firm intention to make an offer

The submission of a firm intention to make an offer that may arise from the Proposal (which firm intention, if made, is expected to be forthcoming towards the end of April 2007), is subject, *inter alia*, to:

- a detailed due diligence investigation being completed to the satisfaction of the Consortium and its funders;
- approval by the MIC board of directors and the relevant committees of all potential equity and debt providers; and
- the provision of the necessary cash confirmation letter to the Securities Regulation Panel.

1.5.2 Conditions of a firm offer, if made

The Consortium envisages that the firm offers itself, if made, will be subject, *inter alia*, to the following suspensive conditions:

- approval by the Board;
- statutory approval by the requisite majorities of both the ordinary and N shareholders of Primedia at separate class meetings. Members of the Consortium have indicated that they do not intend to vote at the relevant scheme meetings;
- all applicable regulatory and statutory approvals being obtained, including the approval by the South African Reserve Bank of the Consortium's funding arrangements; and
- such other conditions as are normal for a transaction of this nature.

1.6 Independent sub-committee

The Board has established a sub-committee of independent directors to manage the process relating to the Proposal. The Company has agreed to allow a due diligence investigation by the Consortium, its funders, as well as their professional advisors to commence.

- 1.7 On 8 February 2007, the Executive Director of the SRP, Mr R J Connellan, wrote to Mr N Matlala of the firm Maluleke Seriti Makume Matlala Inc to urgently "... brief a senior counsel, eminently qualified in the rules of the Code and company law, to give a written opinion on the comparability of the aforesaid offers".

Mr Matlala replied on 28 February 2007, stating that in his opinion "... a comparable offer for N share should be at the same price as ordinary shares per share".

Mr Matlala stated further that they did not brief a senior counsel "... to opine on this matter and have no doubt that any counsel experienced in these matters would arrive at the same conclusion".

- 1.8 On 13 March 2007, Mr Z Bassadien of Prudential Portfolio Managers SA ("Prudential") wrote to the SRP's Deputy Executive Director, Mr V Pitchers, stating the following:

"... I have a query regarding the S 311 offer made by the Newco consortium to Primedia Ordinary and N class shareholders. As a N class shareholders, Prudential would like to know why there is a different price of the N class shares as compared to the ordinary shares. I raise this question as the two classes share in the same dividend stream and in essence have the same economic benefits attached to them. We are all aware that in the past N class shareholders have received the same offer as ordinary shareholders, eg NAIL – n class shares. Could you perhaps let Prudential know what is different in this case as to have the different offer to the Primedia N class shareholders".

- 1.9 On 22 May 2007, Mr James Formby of Rand Merchant Bank ("RMB") wrote to Mr Connellan, addressing the issue of the offer Price for Primedia's Ordinary and N Ordinary Shares. In his letter, Mr Formby stated the following, *inter alia*:

"Primedia's ordinary share capital consists of ordinary and N ordinary shares. The ordinary shares enjoy a greater voting right in the ratio of one ordinary share vote for every one hundred N share votes (i.e. every one vote that an ordinary share is entitled to cast is equal to one hundred N ordinary share votes entitled to be cast). In all other respects the ordinary and N ordinary shares rank *pari passu*".

"In arriving at our ordinary and N ordinary price per share of R25.50 and R24.50 respectively, the Consortium applied a premium, with some rounding, of 35% to the closing price of each class of share on 14 December 2006 being the date immediately prior to the date of the 1st cautionary announcement. This approach was discussed with yourselves and Investec Bank Limited, who are the advisors to the company, at the time of the detailed announcement dated 7 February 2007".

"The Consortium's approach is consistent with the Code and the requirement therein for offers for different classes of equity shares to be comparable. A comparable offer for different classes of securities, does not require the Rand amount for the different classes of securities to be the same. The London City Code on Take-overs and Mergers ("the City Code"), on which the SRP Code is modelled, highlights this in its "Notes to Rule 14.1" pertaining to comparable offers by stating the following: "*A comparable offer need not necessarily be an identical offer*". Comparable requires the application of similar methodologies and rationale in an attempt to ensure equal treatment of all holders of securities. This may not result in identical offers, in Rand terms, for each class of security".

"The terms of the present offer should be viewed on the basis of the consistency of the formula applied, namely the closing price of each class of share plus a premium of approximately 35% (with slight rounding arrived at through negotiation with, *inter alia*, Old Mutual Investment Group (South Africa) (Proprietary) Limited ("OMGISA") and Coronation

Asset Management (Proprietary) Limited ("Coronation")). This results in comparable treatment for each class of share, albeit that the Rand amount is not the same".

"Indeed, if the consortium offered the same rand amount for each of the ordinary and N ordinary shares, the offers may no longer be comparable, as materially different premiums would be offered for the different instruments. In these circumstances, ordinary shareholders may consider the terms of the offer prejudicial to them. This would place the current offer at risk" (our emphasis).

"Other factors which RMB wished the SRP to take into account were the following –

- the Consortium's approach is fair in that it treats shareholders equally by giving them the same premium on their shares. It is common market practice for shareholders to evaluate their take out premium with reference to the traded price prior to the date of the first announcement and low voting shares consistently trade below high voting shares;
- an independent external advisor in terms of Rule 3 of the Securities Regulation Code on Takeovers and Mergers ("the Securities Regulation Code") will also conduct an independent fair and reasonable opinion, which opinion should address the differential pricing and will be made available to all shareholders;
- Primedia's two largest institutional investors, OMGISA with 17,888,117 ordinary shares and 7,182,844 N ordinary shares and Coronation with 225,003 ordinary shares and 46,382,647 N shares have undertaken to the Consortium to vote or to advise their clients to vote in favour of the differential offer at the scheme meetings. We consider the OMGISA and Coronation undertakings, both being sophisticated investors, as testimony to our rationale that the ordinary shares should be ascribed a higher value per ordinary share relative to the value per N ordinary share;
- the consortium intends to propose two inter-conditional schemes of arrangement for the separate classes of shares. This mechanism ensures that the low voting N ordinary shares vote on the scheme between PML and its N ordinary shareholders as a separate class and independently from the ordinary shareholders. There is therefore no prospect of the N ordinary shareholders being expropriated by the will of the ordinary shareholders; and
- the scheme meeting between PML and the N ordinary shareholders is a forum (and the most appropriate forum) for N ordinary shareholders to be heard on this matter prior to the vote. Furthermore, to the extent that any PML shareholder feels prejudiced by the terms of the offer, he may be heard at the relevant court of competent jurisdiction in which application is made to action the relevant scheme".

1.10 On 22 May 2007, Mr Connellan wrote to Mr T S Kwinana of the law firm Kwinana Nyapotse Inc requesting them "... as a matter of urgency, you can brief senior counsel, if at all possible Adv Fanie Cilliers SC, to obtain a written opinion on the interpretation of Rule 11 of the Code where the offeree company has ordinary and "N" ordinary shares in issue".

1.11 On 31 May 2007, Mr Formby of RMB, raised the possibility with Mr Connellan of obtaining a ruling from the SRP, being concerned that a shareholder could raise the matter of different prices for the ordinary and N ordinary shares and that a minority view could slow up the eventual operative date of the scheme.

On 1 June 2007, Mr Connellan replied to Mr Formby, drawing attention to complying with the Promotion of Administrative Justice Act, 3 of 2000, where the fact that a ruling is being requested will have to be advertised so that any interested party can make representation.

1.12 On 5 June 2007, an announcement was published by the SRP, stating the following:

"The Executive Director of the SRP has determined that interested parties will be given an opportunity to make written submissions to the Executive Director of the SRP as to whether the intended offer prices for the ordinary and N ordinary shares are comparable in terms of Rule 11.1 (and other rules which may be applicable thereto) of The Securities Regulation Code on Takeovers and Mergers. This rule states that: "Where a company has more than one class of security as its capital, a comparable offer must be made for each class whether such capital carries voting rights or not".

Written submissions are to be received by the Executive Director of the SRP by 12:00 on Wednesday, 13 June 2007. Submissions may be faxed to the SRP on fax number +27 11 482 5635 or may be delivered by hand to the SRP at the following address: 2 Sherborne Road, Parktown, 2193.

1.13 On 6 June 2006, Mr Z Bassadien of Prudential, exchanged correspondence with the Executive Director, stating that Prudential was to "lodge a formal compliant" against the proposed offer by the Consortium.

1.14 The following additional submissions were received in response to the SRP advertisement dated 5 June 2007:

1. Undated letter received on 7 June 2007 from Osborne Capital.
2. Letter dated 11 June 2007 from All Weather Capital.
3. Letter dated 11 June 2007 from RALK Capital.
4. Letter dated 11 June 2007 from Prudential Portfolio Managers.
Prudential's detailed submission requested a ruling from the SRP on whether the transaction may proceed on the basis of the proposed offer by the Consortium.
5. Letter dated 12 June 2007 from 36One Asset Management.
6. Letter dated 13 June 2007 from Old Mutual Investment Group ("OMIG").

All the above submissions other than that of OMIG, sought to receive an identical price for each N ordinary share as was offered for each ordinary share.

In their submission, OMIG stated, inter alia:

"We submit that the intended offer prices for the ordinary shares of Primedia ("the Ordinary Shares") and N ordinary shares of Primedia ("the N Shares") are comparable in terms of Rule 11.1 (and other rules which may be applicable thereto) of the Securities Regulation Code on Takeovers and Mergers for the ..."

1.15 On 20 June 2007, the SRP published an announcement stating the following:

“1. Further to the announcement dated 5 June 2007, ordinary and N ordinary shareholders of Primedia and parties interested in the proposed offer by the Consortium to acquire the entire issued ordinary and N ordinary share capital of Primedia are advertised that the SRP has received submissions in response to the 5 June 2007 announcement”.

“In order to give proper consideration to all aspects of the proposed offer, and to the Securities Regulation Code and the Rules (“the Rules”) which may be applicable thereto, and mindful of the requirements of the *Promotion of Administrative Justice Act, 3 of 2000* in regard to the procedures to be adopted, the Executive Director has determined that interested parties will be given an opportunity to make written and oral submissions to the Executive Committee in regard to the proposed offer and the Rules that may find application in respect thereof. Having reviewed the detailed cautionary announcement published on 7 February 2007, but without having formed any views thereon, it appears to the Executive Director that the applicability of, *inter alia*, Rule 11.1 may require consideration. Interested parties will be given an opportunity to make oral and written submissions on all aspects of the proposed offer which they regard as relevant and necessary to the Executive Committee”.

“2. The Executive Director has decided to follow the timetable set out below in relation to the proposed offer:

	2007
Pertinent documents and submissions to lie open for inspection at the SRP's offices	Wednesday, 20 June
All written supplementary submissions to be delivered to the SRP	Wednesday, 27 June
The Consortium and Primedia to deliver written response to submissions to the SRP	Friday, 29 June
Hearing before the Executive Committee of the SRP of parties who have made submissions	Monday, 2 July
Notification of decision of Executive Committee	Tuesday, 3 July

“You are hereby invited, if you should wish to do so, to make submission to the SRP in accordance with the above timetable”.

1.16 The following submissions were received in response to the 20 June 2007 advertisement, making various representations to the SRP, motivating identical treatment (i.e. prices) be paid for the ordinary and N ordinary shares.

1. All Weather Capital dated 22 June 2007.
2. RALK Capital dated 22 June 2007.
3. ABSA Asset Management dated 27 June 2007.

The issues raised by the objectors are largely common to them. A response to the objectors' submissions was delivered by RMB in 29 June 2007, rebutting the many erroneous statements and submissions addressed by the objectors.

RMB further explained in its letter dated 29 June 2007 ...“that the market value of the ordinary shares has consistently been higher than that of the N shares”.

1.17 A fundamental error common to all the objections is their failure to appreciate the different rights attaching to the shares. Many of the objectors state that each of the ordinary and N shares are equal in respect of all economic benefits, including receipt of

dividends and upon winding-up of the company, whilst acknowledging the difference in voting rights attached to the ordinary and N shares. This, the objectors use in order to motivate that irrespective of the different voting rights attributable to each class of share, the ordinary and N shares should each receive an equal consideration.

This argument overlooks the fundamental and important fact that a voting right attached to a share constitutes one of the fundamental rights of that security instrument and, consequently, when such right is diluted relative to other securities similar in all other respects, the value attributable to such diluted security instrument must be less compared to the security with a higher voting right. The “intrinsic” value of these shares is not the same.

- 1.18 The parties were represented by Senior Counsel and we are indebted to them for the lengthy argument which was presented to us. Some additional evidence was adduced at the hearing before us and the facts of the matter appear not to be in dispute.

There is no dispute that the Primedia ordinary shares on the one hand and the Primedia N ordinary shares on the other fall in separate classes of security as contemplated in Rule 11.1. The objectors however dispute that the consideration of R25.50 and R24.50 for the ordinary shares and N ordinary shares respectively constitutes a “comparable offer”.

2. Analysis of issued shares in Primedia

- 2.1 The capital structure of Primedia is as follows:

	Authorised	Issued
Ordinary shares (“PMA”)	100 000 000	52 086 276
N Ordinary shares (“PMN”)	200 000 000	176 541 569

3. Meaning of the words “comparable offers”

- 3.1 The question that arises in the analysis of this matter, being the fundamental matter at the core of the dispute, is the interpretation of the words “comparable offers”.
- 3.2 It is not the function of the Executive Committee to judge the commercial advantages of affected transactions (section 440C(2) of the Act); thus, the absolute price at which an offer is pitched is not the concern of the SRP, and has not been our concern in this hearing. Our only concern is whether, where a company’s capital comprises more than one class of security (whether they carry voting rights or not), the offers are “comparable” (Rule 11.1).

In our considered view, the method of determining the absolute prices of the offers is prima facie irrelevant, as long as the same method is used for both offers.

We submit that the method used must be a method which results in the consideration offered for the two respective offers to be “worthy of comparison”.

Rule 11.1 provides that, where a company has more than one class of shares as its capital, a comparable offer must be made for each class “whether such capital carries voting rights or not ...” (excluding non-equity securities). The same qualification (“whether voting or non-voting” – but extended to voting non-equity capital) appears in General Principle 11; and both Rule 8.1 and General Principle 11 refer to the consideration or terms of an offer having to be “comparable”.

Advocate S A Cilliers SC, opined as follows in his opinion of 29 May 2007:

Does this mean that the aspect whether the securities in question carry voting rights has to be disregarded in determining whether the offers for voting and non-voting securities are “comparable”? To put it differently: if the only difference between the classes of shares, is that one class carries voting rights and the other class does not, does it mean that “comparable” offers have to be identical? I think not. All these provisions only indicate the scope of the offer, i.e. that it must extend to voting and non-voting securities; they do not indicate that the feature of carrying or not carrying voting rights is irrelevant in determining what is to be taken into account, or left out of account, in determining whether the offers are “comparable”.

3.3 General principle 1 provides:

“All holders of the same class of securities of an offeree company shall be treated similarly by an Offeror” (our emphasis).

We are not aware of a General Principle that all holders of different classes of securities shall be treated similarly.

3.3.1 The General Principle dealing with the treatment of the holders of different classes of securities (e.g. where one class carries voting rights and another class does not), is General Principle 11, which provides as follows:

“The underlying principle is that persons holding an equity interest in an offeree company through shares or other securities in that company (whether or not such carry voting rights) shall be entitled to dispose of their said interest on terms comparable to those of any affected transaction in the relevant securities” (our emphasis).

3.3.2 Rule 5.1 gives effect to General Principle 1 (and indeed refers to it in sub-rule 5.1 (b)) by providing that an Offeror has to make an offer “similar to the most favourable” terms on which it acquired the relevant securities in the three months prior to the commencement of the offer (or a longer period if it is necessary to give effect to General Principle 1) “to the holders of the relevant securities of the same class ...”. There is no provision that the Executive Committee is aware of that obliges an Offeror to make an offer on such “most favourable terms” to all holders of different classes of securities.

3.3.3 Rule 8.1 requires mandatory offers to be made

“to the holders of any class of equity capital, whether voting or non-voting ... to acquire all of the their securities ... The Offers shall be for the same or a comparable consideration. Offers for different classes of equity capital shall be comparable...” (our emphasis).

There is no provision that the Executive Committee is aware of mandatory offers to holders of different classes of securities shall be the same; such offers only have to be “comparable” (our emphasis).

The Executive Committee is also not aware of any provision in the Code obliging an Offeror to make an offer on such “most favourable terms” to all holders of different classes of securities.

There is no provision that mandatory offers to holders of different classes of securities shall be the same – such offers only have to be “comparable”.

In his opinion, Advocate Cilliers stated further that ... “In the result, the provisions of the Rules, and indeed, I think, the philosophy on which the Rules are founded, are better formulated as: similar (equal) treatment for holders of securities of the same class; comparable treatment for holders of different classes of securities”.

We concur with Advocate Cilliers’ opinion.

3.3.4 In determining the meaning of “comparable”, we referred to the following sources:

3.3.4.1 Webster’s dictionary defines “comparable” as “conforming in every respect”.

3.3.4.2 The Oxford English Dictionary gives two meanings for “comparable”.

**“1. Able to be compared, capable of comparison;
2. Worthy of comparison; proper fit to be compared; to be compared”**

Advocate Cilliers summarised this as follows:

3.3.4.2.1 The second of these meanings is in my view applicable in the present case. It was also the meaning adopted by Kumleben J in *Davey v Minister of Agriculture* 1979 (1) SA 466(N) at 472 A – G in deciding whether other sales should be used as a reliable method of establishing the value of an expropriated property. Kumleben J pointed out that, to use “comparative sales” there “must be sufficient similarity for one to conclude that this method will in fact be more reliable”, and that “the differences between two farms sold may well outweigh their common features, in which event this method may well be more misleading than helpful”. In the present case the differences between the ordinary shares and the N ordinary shares are, as far as I can gather, only twofold: first, the former carries per share a hundred times the voting rights of the latter; and, secondly, there is more liquidity in the trading of the latter than the former. Given only these differences, the application of Rule 11.1 requires a determination whether the respective prices of R25.50 per ordinary share and R24.50 per N ordinary share are “worthy of comparison”.

3.3.4.2.2 If one uses (as seems justified) the method of having regard to the trading prices of the JSE Securities Exchange in a non-arbitrary way, the differences in the trading prices makes the difference in the offer prices “worthy of comparison”. In this context “worthy of comparison” means that, having regard to the differences in the trading prices on the JSE Securities Exchange, the difference in the offer price is reasonably justifiable.

3.3.4.2.3 All that is in our view required for compliance with Rule 11.1 is that the difference of R1 in the offer prices must be

“worthy of comparison” to the difference in the trading prices between the two classes of shares on the JSE Securities Exchange, (using any rational and defensible way of utilising the data of those trading prices). If the latter reasonably accounts for the former, the offers for the ordinary shares and for the N ordinary shares would be “comparable” and comply with Rule 11.1.

- 3.3.5 It is to be noted that General Principle 1 uses the word “similarly” in respect of the treatment of holders of securities of the same class, and, by contrast, General Principle 11 uses the word “comparable” in respect of the holders of securities (giving them an equity interest), whether or not the securities carry voting rights and thus whether or not they fall into different classes. So, too, Rule 8.1 contrasts offers for “the same” consideration with offers of different classes of equity capital. The Rules themselves thus draw a distinction between, on the one hand, “similar” or “the same”, and, on the other hand, “comparable” offers.

*“The Code, as laid down and applied by the Panel, **will operate principally to ensure fair and equal treatment of all holders of relevant securities in relation to affected transactions**” (our emphasis)*

There is a clear distinction drawn by various provisions of the Code in the treatment of holders of shares in the same class on the one hand and holders of shares in differing classes on the other. This distinction similarly arises in Rule 11.1.

Rule 11.1 related to a situation where there is more than one class of securities. It is not surprising therefore that the phrase “comparable offer” is used rather than the word “similar”. *There is a clear recognition in the Code that these different phrases denote different concepts.*

The Executive Committee noted that the City Code (City Code and Takeovers and Mergers issued by the London Panel on Takeovers and Mergers) records in the notes on Rule 14.1.

“Notes on Rule 14.1

1. Comparability

A comparable offer need not necessarily be an identical offer.

...”2

Rule 14.1 reads as follows:

“14.1 Comparable offers

Where a company has more than one class of equity share capital, a comparable offer must be made for each class whether such capital carries voting rights or not; the Panel should be consulted in advance. An offer for non-voting equity share capital should not be made conditional on any particular level of acceptances in respect of that class unless the offer for the voting equity share capital is also conditional on the success of the offer for the non-voting equity share capital. Classes of non-voting, non-equity share capital need not be the subject of an offer, except in the circumstances referred to in Rule 15”.

General Principle 1 of the City Code reads:

“All holders of the securities of an offeree company of the same class must be afforded equivalent treatment ...”. This distinction between “equivalents” and “Comparability” was recognised clearly in the decision of the Takeover Appeal

Board in the Eurotunnel P.L.C. Decision which upheld the decision of the Takeover Panel (Hearings Committee) in such matter.

There is accordingly no requirement of “identical” offers in the context of the requirement of a “comparable” offer. The Panel must simply be satisfied that the offers to the holders of the different classes of shares are “worthy of comparison”, i.e. worthy of comparison having regards to relevant considerations.

It is not necessary therefore for the offers for the ordinary shares and for the N ordinary shares to be at the same price.

- 3.4 In the view of the Executive Committee the fact that the market has consistently ascribed a different value to the different shares highlights that the real or “intrinsic” value of these different classes of shares is different and that there is a sound commercial basis for differential offer prices.

4. Conclusion

After full consideration of the evidence led, the documents submitted and the oral and written agreements, the Executive Committee has unanimously agreed that, by applying the fundamental principles of the Code to the present case, the offers for the ordinary shares and for the N ordinary shares do not have to be pitched at the same price.

5. Costs

The unanimous decision of the Executive Committee is that there should be an award of costs jointly and equally against the Consortium and Prudential.

The Executive Committee of the SRP
5 July 2007

Dr L Konar – Chairman

Mr J Damons – Member

Professor S Luiz – Member

Mr J Mthimunya - Member