



THE RESPONSE BY THE BOARD OF DIRECTORS OF ISCOR TO THE CONDITIONAL PARTIAL OFFER BY LNM HOLDINGS N.V. TO ISCOR MINORITY SHAREHOLDERS AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Iscor shareholders are referred to the announcements published on 3 December 2002 and 6 December 2002 together with the circular posted to Iscor shareholders on 6 December 2002 by LNM Holdings N.V. ("LNM"), setting out the terms and conditions of the conditional partial offer to all Iscor shareholders other than LNM, its nominees, its associates and parties acting in concert with LNM ("Iscor minority shareholders"). In terms of the partial offer, it is LNM's intention to acquire a further 12,19% of the issued share capital of Iscor, equivalent to 18,7% of each Iscor minority shareholder's holding, for a cash consideration of R30 per share, subject to the fulfilment or waiver (as applicable) of the conditions precedent ("the partial offer").

To the extent that some Iscor minority shareholders elect not to accept the partial offer, the percentage of other Iscor minority shareholders' holdings that can be disposed of in terms of the partial offer, will increase in the event that they have tendered Iscor shares in excess of 18,7% of their holdings of Iscor shares.

Iscor shareholders are also referred to the preliminary response to the partial offer by the board of directors of Iscor ("the Iscor board") and the cautionary announcement published on 3 December 2002.

2. THE PARTIAL OFFER AND ITS CONSEQUENCES

2.1 LNM currently owns, directly or indirectly, 34,81% of the issued share capital of Iscor. Should LNM acquire in excess of 35% of the issued share capital of Iscor, then in terms of the Securities Regulation Code on Take-overs and Mergers and the Rules of the Securities Regulation Panel, ("the SRP") ("the Code"), unless the SRP rules otherwise, a mandatory offer must be extended, by LNM, to Iscor minority shareholders at the same price as was operative in the relevant acquisition ("the mandatory offer").

2.2 On 6 December 2002, LNM delivered, to the Iscor board, a requisition, in terms of section 181 of the Companies Act, 1973 (Act 61 of 1973) ("the Act"), to convene an extraordinary general meeting ("the general meeting") of Iscor minority shareholders for the purpose of considering and, if deemed fit, approving an ordinary resolution to waive the requirement for LNM to make a mandatory offer to Iscor minority shareholders as a result of the acquisition pursuant to the partial offer of such number of Iscor shares as shall constitute LNM the holder of more than 35%, but not more than 50% of the issued share capital of Iscor ("the waiver resolution"). One of the conditions precedent to the partial offer is that a simple majority of Iscor minority shareholders vote in favour of the waiver resolution at the general meeting.

2.3 Should the partial offer be fully implemented, LNM will hold 47% of Iscor's issued share capital. In terms of the Business Assistance Agreement between LNM and Iscor, which was approved by Iscor shareholders on 15 January 2002 ("the Business Assistance Agreement"), on the attainment of certain sustainable cost savings over the three years ending 31 December 2004, Iscor will issue to LNM from 5% to 10% of its issued share capital (after the Iscor rights issue that took place in March 2002) ("the Remuneration Shares") with a maximum award of 4,9% in any 12 month period.

2.4 Any Iscor shares acquired by LNM subsequent to the implementation of the partial offer will be subject to the "creep" provisions of the Code and an opinion received from the SRP, in that, should LNM acquire more than 5% of the issued shares in Iscor, excluding the shares acquired in terms of the partial offer, in any 12 month period, including any 12 month period in which it increases its shareholding in Iscor to 50% or more, it will be required to extend a mandatory offer to Iscor minority shareholders.

2.5 **Consequently, Iscor minority shareholders must be aware that the implementation of the partial offer, which includes the waiver of a mandatory offer by Iscor minority shareholders, together with the issue of the Remuneration Shares, may effectively enable LNM to acquire control of Iscor over time, without the requirement of extending a mandatory offer to Iscor minority shareholders.**

3. ISCOR INTERIM RESULTS

In order to enable Iscor minority shareholders to make an informed decision on the waiver resolution and on whether they should accept the partial offer, the Iscor board has resolved to release the Iscor interim results for the six month period ending 31 December 2002 ("the Iscor Interim Results") on Tuesday, 14 January 2003, which is one week prior to the general meeting.

4. OPINION OF THE INDEPENDENT ADVISOR

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Investec has been appointed as independent advisor to the Iscor board, to advise the Iscor board on the terms and conditions of the partial offer, including the waiver. As at Tuesday, 17 December 2002 Investec's opinion and advice is that the terms and conditions of the partial offer are, from a financial point of view, fair and reasonable to Iscor minority shareholders.

5. OPINION AND RECOMMENDATIONS OF THE ISCOR BOARD

The Iscor directors with a direct or indirect interest in the partial offer, being Messrs LN Mittal, A Mittal and S Maheshwari, recused themselves from offering an opinion or recommendation to Iscor minority shareholders in respect of the waiver resolution, and in respect of whether or not to accept the partial offer.

5.1 Opinion

It is the opinion of the Iscor board having considered the terms and conditions of the partial offer, that they are fair and reasonable to Iscor minority shareholders.

5.2 Recommendations

5.2.1 Voting at the general meeting

The Iscor board excluding Messrs LN Mittal, A Mittal and S Maheshwari ("the Independent Iscor directors") recommend that Iscor minority shareholders vote in favour of the waiver resolution at the general meeting.

The Iscor directors who have a direct or indirect interest in the partial offer, being Messrs LN Mittal, A Mittal and S Maheshwari, will abstain from voting on the waiver resolution. The Independent Iscor directors intend voting in favour of the waiver resolution in respect of all their own direct and indirect beneficial and non-beneficial holdings of Iscor shares.

5.2.2 Action in respect of the partial offer

The Independent Iscor directors recommend that Iscor minority shareholders accept the partial offer.

The Independent Iscor directors intend to accept the partial offer in respect of all their own, direct and indirect beneficial and non-beneficial holdings of Iscor shares.

However, Iscor minority shareholders are advised not to surrender their Iscor shares, nor to instruct their Central Securities Depository Participants to surrender their Iscor shares until the partial offer is declared unconditional. Any form of acceptance of the partial offer before it is declared unconditional effectively eliminates the Iscor minority shareholders' ability to trade in their Iscor shares during the period from the date of acceptance of the partial offer until the partial offer is declared unconditional or lapses.

6. NOTICE OF GENERAL MEETING

In order to ensure Iscor minority shareholders have at least one week to review the Iscor Interim Results, a general meeting of Iscor minority shareholders will be held in the Auditorium, Iscor Corporate Centre, Roger Dyason Road, Pretoria West at **14h00 on Wednesday, 22 January 2003** for the purpose of considering and, if deemed fit, passing with or without modification, the waiver resolution.

7. DOCUMENTATION

A circular setting out the Iscor board's response to the partial offer and waiver resolution will be posted to Iscor minority shareholders today, Friday, 20 December 2002 ("the circular").

8. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Iscor shareholders are referred to the cautionary announcement dated Tuesday, 3 December 2002 and are advised that as the Iscor board's response to the partial offer has now been published, caution is no longer required when dealing in their Iscor shares.

Should any Iscor minority shareholders have any questions relating to the general meeting, require assistance in completing the form of proxy included in the circular, require assistance in accepting the partial offer, or have any other questions they are encouraged to make use of the toll free Iscor ShareCare Line on 0800 006 960 (or +27 11 775 3420 if calling from outside South Africa).

Pretoria
20 December 2002

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