

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take you should consult your stockbroker, banker, accountant, legal adviser or other professional adviser immediately.

### Action required

1. If you have disposed of all your shares in Iscor Limited ("Iscor"), this circular should be handed to the purchaser of such shares or to the bank or stockbroker or agent through which you have disposed of such shares.

#### In respect of the general meeting:

2. Certificated Iscor shareholders who are unable to attend the general meeting convened to be held at 14:00 on Wednesday, 22 January 2003 but wish to be represented thereat should complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by Georgeson Shareholder Communications South Africa (Proprietary) Limited, SMG Building, 108 Johan Avenue, Sandton, 2010 (PO Box 652000, Benmore, 2010) by not later than 14:00 on Monday, 20 January 2003.
3. Iscor shareholders who hold dematerialised shares and have elected own-name registration in the sub-register through a CSDP must complete the attached form of proxy in accordance with the instructions contained in the form of proxy so as to be received by Georgeson Shareholder Communications South Africa (Proprietary) Limited, SMG Building, 108 Johan Avenue, Sandton, 2010 (PO Box 652000, Benmore, 2010) by not later than 14:00 on Monday, 20 January 2003.
4. Other Iscor shareholders who hold dematerialised shares through a CSDP or broker and who wish to attend the general meeting must request their CSDP or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the Iscor shareholder and their CSDP or broker.
5. Iscor shareholders who hold dematerialised shares in the 'Iscor Corporate Nominee Programme' administered by Stakeholder Data Services (Proprietary) Limited, in the name of SDS Nominees (Proprietary) Limited ("SDS Nominees") must complete a voting instruction form provided by SDS Nominees, in terms of the mandate agreement entered into between the dematerialised shareholder and SDS Nominees. The voting instruction form must be returned to Georgeson Shareholder Communications South Africa (Proprietary) Limited, SMG Building, 108 Johan Avenue, Sandton, 2010 (PO Box 652000, Benmore, 2010) by no later than 14:00 on Friday, 17 January 2003. SDS Nominees will vote at the general meeting in accordance with the shareholder's instruction. Should the shareholder wish to attend the meeting, the shareholder must request SDS Nominees to provide him with a Letter of Representation.



## CIRCULAR TO ISCOR SHAREHOLDERS

In respect of

- **the response of the board of directors of Iscor to the conditional partial offer by LNM Holdings N.V. to Iscor minority shareholders, to acquire up to 12,19% of Iscor's issued share capital, which equates to 18,7% of each Iscor minority shareholder's holding, at a cash consideration of R30 per Iscor share; and**
- **the proposed waiver by Iscor minority shareholders of LNM Holdings N.V.'s obligation to make a mandatory offer to Iscor minority shareholders, as a consequence of the partial offer by LNM Holdings N.V.;**

and incorporating

- **a notice of general meeting of Iscor minority shareholders; and**
- **a form of proxy for certificated and own-name dematerialised Iscor minority shareholders.**

**Merchant bank and independent  
adviser**



**Corporate law advisers**



**Sponsor**



**CLS Consulting Services (Pty) Limited**  
(Registration number 1999/014204/07)

Iscor has appointed Georgeson Shareholder Communications South Africa (Proprietary) Limited as shareholder communication consultants who have established an Iscor **ShareCare Line**. Iscor shareholders are encouraged to make use of the toll free **ShareCare Line** for assistance in completing the form of proxy and with any other queries.

**If you have any questions regarding the contents  
of this circular,**

**please call the Iscor ShareCare Line on  
0800 006 960**

**(or +27 11 775 3420 if calling from outside South Africa)**

**Georgeson**  **Shareholder**

**Please note that your call will be recorded  
for customer safety**

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Copies of this circular may be obtained from the registered office of Iscor; and the office of Iscor's sponsor; the addresses of which are set out in the "Corporate information" section of this circular; as well as from all other broking members of the JSE.

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## CORPORATE INFORMATION

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### Company secretary and registered office

A van der Merwe (BJuris, LLB, LLM)  
IsCOR Corporate Centre  
Roger Dyason Road  
Pretoria West, 0002  
(PO Box 450, Pretoria, 0001)

### Merchant bank and independent adviser

Investec Bank Limited  
Corporate Finance  
(Registration number 1969/004763/06)  
2nd Floor  
100 Grayston Drive  
Sandown  
Sandton, 2196  
(PO Box 785700, Sandton, 2146)

### Sponsor

Investec Bank Limited  
(Registration number 1969/004763/06)  
2nd Floor  
100 Grayston Drive  
Sandown  
Sandton, 2196  
(PO Box 785700, Sandton, 2146)

### United States ADR Depository

The Bank of New York  
ADR Department  
101 Barclay Street  
New York, NY 10286  
United States of America  
*Temporary address*  
One Wall Street  
New York, NY 10286  
United States of America

### Corporate law advisers

Jowell, Glyn & Marais Inc.  
(Registration number 2001/020379/21)  
Jowell, Glyn & Marais House  
72 Grayston Drive  
Sandown, 2196  
(PO Box 652361, Benmore, 2010)

CLS Consulting Services (Proprietary) Limited  
(Registration number 1999/014204/07)  
851 Schoeman Street  
Arcadia, 0002  
(PO Box 21043, Valhalla, 0137)

### Information agent

Georgeson Shareholder Communications South Africa  
(Proprietary) Limited  
(Registration number 2000/003204/07)  
SMG Building  
108 Johan Avenue  
Sandton, 2010  
(PO Box 652000, Benmore, 2010)

### Transfer secretaries

Stakeholder Data Services (Proprietary) Limited  
(Registration number 2001/023281/07)  
108 Johan Avenue  
Sandton, 2010  
(PO Box 652391, Benmore, 2010)

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## IMPORTANT DATES AND TIMES

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The definitions on pages 8 to 11 of this circular have been used in the following important dates and times.

### 2002

Partial offer announcement	Tuesday, 3 December
Preliminary response of the Iscor board to the partial offer announcement and cautionary announcement	Tuesday, 3 December
Salient dates announcement in respect of the partial offer	Friday, 6 December
Partial offer circular posted to Iscor minority shareholders, and the partial offer opens at 09:00	Friday, 6 December
Response of the Iscor board to the partial offer and withdrawal of cautionary announcement	Friday, 20 December
Iscor board's response circular posted to Iscor minority shareholders, including a notice of general meeting	Friday, 20 December

### 2003

Publication of the Iscor Interim Results	Tuesday, 14 January
Last day to lodge forms of proxy for the general meeting of Iscor minority shareholders, by 14:00	Monday, 20 January
General meeting of Iscor minority shareholders, at 14:00	Wednesday, 22 January
Results of the general meeting of Iscor minority shareholders published on SENS	Wednesday, 22 January
Results of the general meeting of Iscor minority shareholders published in the press	Thursday, 23 January
Last day for Iscor minority shareholders to trade in Iscor shares on the JSE to be eligible to participate in the partial offer; up to 17:00*	Friday, 24 January
Iscor shares will trade ex the partial offer; from commencement of business*	Monday, 27 January
Record date for the purposes of participating in the partial offer*	Friday, 31 January
Partial offer closes at 16:00*	Friday, 31 January
Results of the partial offer announced on SENS*	Monday, 3 February
Dematerialised Iscor minority shareholders who have accepted the partial offer; will have their account with their CSDP or broker credited*	Monday, 3 February
Cheques issued in respect of those Iscor minority shareholders who have accepted the partial offer; will be mailed within three business days of the record date for certificated shareholders*	Wednesday, 5 February

\* Subject to the terms and conditions precedent as set out in the partial offer circular posted to Iscor shareholders on Friday, 6 December 2002, which dates are subject to amendment by LNM, which amendment will be published on SENS and in the press.

#### Notes:

1. The above dates and times are subject to amendment. Any such amendment will be published on SENS and in the press.
2. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their intention to accept the partial offer in the manner and time stipulated in the agreement governing the relationship between the shareholder and his/her CSDP or broker.
3. Shares may not be dematerialised or rematerialised between Monday, 27 January 2002 and Friday, 31 January 2002, both days inclusive.
4. Subject to the partial offer becoming unconditional, payment to shareholders accepting the partial offer will be made within three business days of valid acceptances of the partial offer being received, but in any event no earlier than the partial offer becoming unconditional. In the case of certificated shareholders, such payment will be made by cheque or deposited directly into the shareholders' bank account, at the risk of the shareholder concerned. In the case of dematerialised shareholders, payment will be made by crediting their account at the CSDP or broker, as agreed to between the shareholder and the CSDP or broker.
5. Because of the difficulty in determining the precise number of shares properly received for acceptance by LNM, if proration is required, LNM may not be able to determine the final prorated numbers until approximately five business days after the closing date. Preliminary results of proration will be published on SENS and in the press as promptly as practicable after the closing date.

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## SALIENT FEATURES

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The definitions given on pages 8 to 11 of this circular apply *mutatis mutandis* to these salient features.

The salient features contain a summary of the terms and conditions of the partial offer, as well as the Iscor board's opinion and recommendations on how Iscor minority shareholders should vote in respect of the waiver resolution and on the partial offer. This circular should be read in its entirety for a full appreciation of the consequences of the waiver as well as the partial offer.

### I. THE PARTIAL OFFER AND ITS CONSEQUENCES

On Tuesday, 3 December 2002, LNM announced its firm intention to make a partial offer to Iscor minority shareholders to acquire up to a further 12,19% of Iscor's issued share capital, equivalent to 18,7% of the shares held by each Iscor minority shareholder; for a cash consideration of R30 per share, subject to the fulfilment or waiver of the conditions precedent of the partial offer set out in paragraph 3.5 of this circular. 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.

On Friday, 6 December 2002 the partial offer circular was posted to Iscor minority shareholders, the partial offer opened at 09:00, and LNM delivered to the Iscor board a requisition requiring the Iscor board to convene an extraordinary general meeting of the company for the purpose of considering and, if deemed fit, approving the waiver resolution.

LNM currently owns, directly or indirectly, 34,81% of Iscor's issued share capital. As a result of the implementation of the partial offer LNM may hold more than 35% of Iscor's issued share capital, which in terms of the Code, without the waiver, would obligate LNM to extend a mandatory offer to the Iscor minority shareholders at the same price as was operative in the relevant acquisition. However, one of the conditions precedent to the partial offer is that a simple majority of the Iscor minority shareholders vote in favour of the waiver resolution at the general meeting.

Should the partial offer be fully implemented, LNM will hold 47% of Iscor's issued share capital and pursuant to the Business Assistance Agreement, LNM may receive a further 5% to 10% of Iscor's issued share capital over the three-year period ending on 31 December 2004 with a maximum award of 4,9% in any 12-month period.

Any further Iscor shares acquired by LNM after the partial offer will be subject to the "creep" provisions of the Code and the SRP opinion contained in paragraph 3.7.2 of this circular. The implication of this is that the only stage at which a further mandatory offer may be extended to the remaining Iscor minority shareholders by LNM would be if LNM were to 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.

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

### 2. ADVANTAGES AND DISADVANTAGES OF THE PARTIAL OFFER

#### 2.1 Advantages

- Iscor minority shareholders have an opportunity to sell a minimum of 18,7% of their Iscor shares at a significant premium to the current market price. 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.
- in the absence of the partial offer, there is no guarantee that a premium would be offered to Iscor minority shareholders should LNM be required to make a mandatory offer.
- LNM has indicated that it wishes to see Iscor remain as a listed company at this stage with an adequate free float to maintain a liquid market for Iscor shares. Iscor shares are expected to remain in the FTSE/JSE Top40 Index, ranked by investible free float, assuming that the partial offer is fully implemented and all the Remuneration Shares are issued to LNM.

- LNM has expressed the view that the partial offer should not adversely affect:
  - the independence of the Iscor board;
  - the corporate governance standards generally applicable to Iscor; and
  - the maintenance of an arm's length business relationship between LNM and Iscor.
- Iscor minority shareholders have the opportunity to retain all, or a substantial portion, of their Iscor shares and to participate in the value that LNM is reasonably expected to add to Iscor in the future having regard to LNM's international track record.

## 2.2 Disadvantages

- If the partial offer results in LNM's holding in Iscor exceeding 35%, the possibility of receiving a future offer at a premium to the market price appears unlikely at this stage.

## 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 on Tuesday, 14 January 2003, which is one week prior to the general meeting.

## 4. OPINION OF THE INDEPENDENT ADVISOR

Investec has been appointed as independent advisor to the Iscor board, to advise on the terms and conditions of the partial offer, including the waiver. At Tuesday, 17 December 2002 Investec's opinion and advice to the Iscor board 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

### 5.1 Opinion

It is the opinion of the Iscor board having considered the 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 Independent Iscor directors recommend that Iscor minority shareholders vote in favour of the waiver resolution at the general meeting.

The Iscor directors with a direct or indirect interest in the partial offer, being Messrs L N Mittal, A Mittal and S Maheshwari, will abstain from voting on the waiver resolution. All 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 CSDP's 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. Iscor minority shareholders have until Friday, 31 January 2003 to submit their forms of acceptance.**



## **6. NOTICE OF GENERAL MEETING**

As a consequence of a requisition delivered to the Iscor board by LNM in terms of section 181 of the Act, a general meeting of Iscor minority shareholders will be held in the Auditorium, Iscor Corporate Centre, Roger Dyason Road, Pretoria West at 14:00 on Wednesday, 22 January 2003 for the purpose of considering and, if deemed fit, passing with or without modification, the waiver resolution.

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## DEFINITIONS

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In this circular and the annexures hereto, unless otherwise stated, the words in the first column have the meaning stated opposite them in the second column, words in the singular include the plural and *vice versa*, words signifying one gender include the other gender and references to a person include references to juristic persons and associations of persons.

“the Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“ADR”	American depositary receipt;
“ADS”	American depositary share;
“the board” or “the Iscor board”	the board of directors of Iscor at the date of this circular;
“the Business Assistance Agreement”	the Business Assistance Agreement entered into between Iscor and LNM on 22 November 2001 pursuant to which LNM has agreed to, <i>inter alia</i> , provide business, technical, purchasing and marketing assistance to Iscor for a period of three years commencing on 1 January 2002 and ending on 31 December 2004, and which was approved by Iscor shareholders in general meeting on 15 January 2002;
“business day”	any day other than a Saturday, Sunday or an official public holiday in South Africa;
“certificated shares”	shares which have not yet been dematerialised in terms of STRATE, title to which is represented by a share certificate or other document of title;
“certificated shareholders”	shareholders who hold certificated shares;
“this circular”	this circular, the annexures hereto, the notice of general meeting and the form of proxy;
“the Code”	the Securities Regulation Code on Take-overs and Mergers and the Rules of the SRP;
“conditions precedent”	the conditions of the partial offer referred to in paragraph 3.5 of this circular which must be fulfilled or waived, as the case may be, prior to the partial offer becoming unconditional in all respects. The full terms and conditions of the partial offer are set out in the partial offer circular;
“the “creep” provision”	the relevant section of Rule 8.1 of the Code which provides that the acquisition, in any 12-month period, of shares carrying more than 5% of the voting rights by a person or persons acting in concert, holding more than 35%, but not more than 50%, of the voting rights of a company, shall obligate such person or persons to extend a mandatory offer to that company’s minority shareholders;
“CSDP”	Central Securities Depository Participant;
“dematerialisation”	the process by which shares held by previously certificated shareholders are converted to an electronic form as uncertificated Iscor shares and recorded in the sub-register of Iscor shareholders maintained by a CSDP;
“dematerialised shares”	shares which have been dematerialised through a CSDP or broker in terms of the Custody and Administration of Securities Act, 1992 and which are held on the sub-register of shareholders maintained by a CSDP;
“the general meeting”	the general meeting of Iscor minority shareholders to be held at 14:00 on Wednesday, 22 January 2003 in the Auditorium, Iscor Corporate Centre, Roger Dyason Road, Pretoria West;

“HSBC”	HSBC Investment Services (Africa) (Pty) Limited;
“IDC”	the Industrial Development Corporation of South Africa (Registration number 1940/014201/06);
“Independent Iscor directors”	the Iscor directors other than Messrs L N Mittal, A Mittal and S Maheshwari who have an interest in the partial offer;
“Investec”	Investec Bank Limited (registration number 1969/004763/06), a public company incorporated in South Africa;
“Investment Shares”	any Iscor shares acquired by LNM, post the signing of the Business Assistance Agreement, in terms of which LNM undertook to invest at least US\$75 million in the acquisition of Iscor shares, at a price calculated at the ruling ZAR:US\$ exchange rate at the time of each acquisition, by no later than 31 March 2003, whether by way of market purchases, the exercise of call options in respect of issued shares, through the sub-underwriting of the Iscor rights issue, or otherwise. At the date of this circular LNM holds Investment Shares totalling approximately US\$168 million, which in terms of the Business Assistance Agreement may not be disposed of for the duration of the Business Assistance Agreement;
“Iscor” or “the company”	Iscor Limited (registration number 1989/002164/06), a public company incorporated in South Africa and listed on the JSE;
“Iscor ADR”	an ADR evidencing one Iscor ADS;
“Iscor ADS”	an ADS representing one Iscor share;
“Iscor Interim Results”	the unaudited results of Iscor for the six month period ending 31 December 2002, which will have been reviewed by the auditors of Iscor;
“Iscor minority shareholders”	the holders of Iscor shares other than LNM, its nominees, its associates and parties acting in concert with LNM;
“Iscor Management Share Trust”	the Trust deed constituting a management share purchase and option scheme, approved at a general meeting of Iscor shareholders on 31 October 1995, as amended up to 30 November 2002;
“Iscor shares”	the 445 752 132 issued ordinary shares of no par value in the share capital of Iscor;
“Iscor shareholders”	the registered holders of Iscor shares;
“JSE”	the JSE Securities Exchange South Africa;
“Kumba”	Kumba Resources Limited (registration number 2000/011076/06), a public company incorporated in South Africa and listed on the JSE;
“LNM”	LNM Holdings N.V., a limited liability company incorporated in the Netherlands Antilles;
“LNM Group”	LNM, its subsidiaries, associates and joint ventures including Ispat International N.V.;
“mandatory offer”	a mandatory offer which has to be made in terms of the Code by a person to other shareholders in a company, whenever such person's voting rights in such company reaches 35% or whenever such person's voting rights in such company exceeds 35% but not 50% and such person acquires shares carrying 5% or more of the voting rights in that company in any 12-month period;
“the maximum number”	such number of Iscor shares that shall be acquired by LNM in terms of the partial offer as shall constitute 12,19% of Iscor's issued share capital;

“Mtpa”	million tonnes per annum;
“the partial offer announcement”	the announcement made on behalf of LNM and released on SENS on Tuesday, 3 December 2002 and published in the press on Wednesday, 4 December 2002, regarding LNM’s firm intention to make the partial offer;
“the partial offer”	the conditional partial offer by LNM to Iscor minority shareholders to acquire a further 12,19% of the Iscor shares in issue, which is equivalent to 18,7% of each Iscor minority shareholding of Iscor shares if all the Iscor minority shareholders accept the partial offer. Full details of the partial offer are set out in the partial offer circular;
“the partial offer consideration”	the cash consideration of R30 per Iscor share offered in terms of the partial offer up to the maximum number;
“the partial offer circular”	the LNM circular posted to Iscor minority shareholders on Friday, 6 December 2002;
“the press”	collectively, the Business Day and Beeld newspapers;
“the pre-unbundled Iscor”	Iscor as it was pre the unbundling of all of its mining and related interests, as Kumba, which unbundling was approved by shareholders on 21 November 2001;
“Remuneration Shares”	to the extent that the provision of assistance by LNM over the period of the Business Assistance Agreement results in a minimum of R350 million and a maximum of R700 million of sustainable cost savings per annum in Iscor, determined with reference to specific stipulated benchmarks within 60 days of the end of each consecutive six-month period commencing on 1 January 2003, Iscor will issue from 5% up to a maximum of 10% of its entire issued share capital (after the Iscor rights issue, which issue took place in March 2002) to LNM, <i>pro rata</i> , as consideration therefor. Accordingly, if LNM achieves a minimum of R350 million in sustainable actual cost savings it will be issued with 5% of Iscor’s issued share capital and if LNM achieves actual cost savings of R700 million or more it will receive a maximum of 10% of Iscor’s issued share capital, with <i>pro rata</i> issues of Iscor shares to the extent that the quantum of the sustainable cost savings achieved falls within such minimum and maximum amounts. All cost savings will be determined in January 2002 money terms. The maximum award in any 12-month period of Iscor shares to LNM, will be equal to 4,9% of Iscor’s issued shares in which case any additional entitlement will be allotted and issued, subject to the maximum award of 4,9%, in the following year. The Remuneration Shares may not be sold or otherwise disposed of for a period of three years from the date of issue. The Remuneration Shares will be issued to LNM at a price equal to the weighted average traded price of Iscor shares on the JSE over the 20 business days immediately prior to their issue. At this time the first tranche of Remuneration Shares is expected to be issued in the first quarter of 2004;
“South Africa”	the Republic of South Africa;
“SENS”	the Securities Exchange News Service of the JSE;
“SRP”	the Securities Regulation Panel, constituted in terms of section 440B of the Act;
“STRATE”	Share TRAnactions Totally Electronic, the electronic settlement system used by the JSE in accordance with the STRATE rules;
“STRATE rules”	the rules of STRATE published in the government notice 2190 of 1999;
“transfer secretaries”	the transfer secretaries to Iscor being Stakeholder Data Services (Proprietary) Limited (registration number 2001/023281/07);

“the waiver resolution”

the resolution to be proposed at the general meeting to waive the requirement under Rule 8 of the Code for LNM to make a mandatory offer to the 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 Iscor’s issued share capital; and

“the waiver”

the waiver by a simple majority of the Iscor minority shareholders, in general meeting of the requirement under Rule 8 of the Code for LNM to make a mandatory offer to the Iscor minority shareholders as a result of the acquisition pursuant to the partial offer of such number of shares as shall constitute LNM the holder of more than 35% but less than 50% of Iscor’s issued share capital.

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## Directors of Iscor

Khaya Ngqula (*Chairman*)\*

Louis van Niekerk (*Chief Executive Officer*)

Davinder Chugh†

Willem Coertzen

Richard Cottrell\*

Sudhir Maheshwari\*†

Malcolm Macdonald

Aditya Mittal\*†

Lakshmi Mittal\*†

Dolly Mokgathe\*

Khotso Mokhele\*

Johnson Njeke\*

Abe Thebyane

Martin van Wijngaarden

\* *non executive*

† *Indian*

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## CIRCULAR TO ISCOR SHAREHOLDERS

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### I. INTRODUCTION

LNМ announced on SENS on Tuesday, 3 December 2002 and in the press on Wednesday, 4 December 2002 its firm intention to make the partial offer to the Iscor minority shareholders, to acquire up to 12,19% of Iscor's issued share capital, which, if all the Iscor minority shareholders accept the partial offer, is equivalent to 18,7% of the shares held by each Iscor minority shareholder, for a cash consideration of R30 per Iscor share, subject to the fulfillment or waiver by LNМ, as applicable, of the conditions precedent to the partial offer set out in paragraph 3.5 of this circular.

On Friday, 6 December 2002 the partial offer circular was posted to Iscor minority shareholders, the partial offer opened at 09:00, and LNМ delivered to the Iscor board a requisition requiring the Iscor board to convene an extraordinary general meeting of the company for the purpose of considering and, if deemed fit, approving the waiver resolution.

The purpose of this circular is to provide the Iscor minority shareholders with the relevant information and explanations relating to the waiver and to the partial offer, so as to enable them to make an informed decision as to whether they should vote in favour of the waiver resolution and whether they should accept the partial offer.

### 2. BACKGROUND TO THE RELATIONSHIP BETWEEN ISCOR AND LNМ

#### 2.1 Unbundling by Iscor of its mining and related interests

On 1 March 2001, the pre-unbundled Iscor directors announced the restructuring of the pre-unbundled Iscor. In terms of the restructuring the following would be effected:

- the pre-unbundled Iscor would transfer its mining companies and interests to Kumba or subsidiaries of Kumba, save for ownership of 6,25 Mtpa of iron ore produced by Sishen, which was to be retained by Iscor;
- the Kumba shares would be distributed to the pre-unbundled Iscor shareholders *pro rata* to their existing holdings in terms of the unbundling legislation;

- the IDC would inject additional equity into Saldanha Steel equivalent to 50% of its net debt;
- the IDCs shareholding in Saldanha Steel would be acquired by Iscor;
- the IDC would contribute half of the anticipated operating funding requirements of Saldanha Steel for the financial year ending 30 June 2002; and
- post the Kumba unbundling, Iscor would undertake a rights issue of R1,67 billion, to be fully underwritten by the IDC.

On 26 November 2001 the restructuring and unbundling of Iscor was completed with the separate listing of Kumba on the JSE, leaving Iscor as a focused steel company. The establishment of Iscor as a fully integrated focused steel company was expected to facilitate the envisaged restructuring of the South African steel industry in line with the international consolidation trend, offering considerable synergistic benefits. Furthermore, it was to pave the way for the introduction of an international steel partner, with a view to further improving standards, receiving new technology and skills, providing further access to international markets and positioning Iscor to participate in the continuing consolidation of the global steel industry. By the end of April 2002 the R1,67 billion rights issue was successfully completed.

## **2.2 Iscor's strategic equity partner**

Over the three years ending in 2001 Iscor held discussions with a number of leading global steel producers in an attempt to establish a long-term viable and mutually beneficial relationship. This was in accordance with Iscor's strategic objective of establishing a relationship with a major global steel producer in order to secure access to technology, skills and markets, factors which Iscor expected at that time would become increasingly important in an environment of consolidation in the global steel industry. A key requirement in the search for a strategic partner included the commitment to invest in the equity capital of Iscor.

On 23 November 2001, the Iscor board announced that they had concluded the Business Assistance Agreement with LNM, a leading global steel producer with worldwide steel making operations. Approved by Iscor shareholders on 15 January 2002, the Business Assistance Agreement represented an important step in fulfilling the aforementioned strategy in order to realise the significant benefits expected to flow as a consequence of Iscor being strategically positioned to meet any future volatility in the global steel markets.

## **2.3 Information on LNM**

LNM is a wholly-owned member of the LNM Group. Established in 1976, the LNM Group is the second largest steel maker in the world. It operates major steel making plants in ten countries and is a major supplier to the automotive industry and the appliance industry in the European Union and North America. The LNM Group is also the most globally diversified steel business in the world and this global presence gives it substantial purchasing and marketing flexibility.

The LNM Group has a history of participating in the acquisition of businesses and thereafter improving their operating performance. An efficient operator at the lower end of the global cost curve, it possesses significant turnaround expertise. Since 1989, it has made ten acquisitions in nine different countries: Algeria, Canada, France, Germany, Kazakhstan, Mexico, Romania, Trinidad and the United States of America, and has successfully improved the operating performance of each acquired entity. In addition, LNM is in the process of acquiring a controlling interest in Nova Hut in the Czech Republic, which is expected to be completed during December 2002. Of the acquisitions made by LNM to date, all are controlled by LNM although not all are 100% held by LNM.

LNM currently holds 34,81% of Iscor's issued share capital. In addition, LNM has a right of first refusal over the shares in Iscor held by the IDC. At the end of November 2002, the IDC held 39 167 364 shares in Iscor, representing 8,79% of the number of Iscor shares in issue.

## **2.4 Iscor shares acquired by and due to LNM in terms of the Business Assistance Agreement**

### **2.4.1 Investment Shares**

In terms of the Business Assistance Agreement, LNM undertook to invest at least US\$75 million in Iscor shares before 31 March 2003. In order to satisfy this requirement and to ensure a long-term relationship with Iscor, LNM made a series of acquisitions of Iscor shares and now owns 34,81% of Iscor's issued share capital.

### **2.4.2 Remuneration Shares**

- As remuneration for the services provided by LNM in achieving sustainable cost savings at Iscor, it is entitled to receive Remuneration Shares, credited as fully paid, up to a maximum of 10% of Iscor's issued share capital.
- The maximum award of the Remuneration Shares to LNM will be equal to 4,9% in any 12-month period. Any additional entitlement will be allotted and issued, subject to the maximum award of 4,9%, in the following year.
- At this time the first tranche of Remuneration Shares is expected to be issued to LNM in the first quarter of 2004.

**2.4.3** The Investment Shares may not be disposed of during the period of the Business Assistance Agreement and the Remuneration Shares may not be disposed of for a period of three years from the date of their issue.

**2.4.4** LNM is entitled to appoint two representatives to the Iscor board. In this respect, Messrs L N Mittal and A Mittal were appointed to the Iscor board on 16 January 2002. In addition, as a consequence of LNM's increased equity holding in Iscor, a third representative of LNM, Mr S Maheshwari, was appointed to the Iscor board on 25 November 2002.

**2.4.5** At the end of the term of the Business Assistance Agreement, LNM and Iscor are committed to negotiate in good faith to enter into a replacement agreement which will remunerate LNM for its ongoing assistance to Iscor, and which agreement will then be subject to approval by Iscor's independent shareholders.

## **3. THE PARTIAL OFFER**

The terms and conditions of the partial offer are set out in the partial offer circular. The dates, times and terms of the partial offer are subject to amendment by LNM, which amendments will be published on SENS and in the press. The following terms of the partial offer are considered important to the Iscor minority shareholders and are set out for consideration. However no representations are given that they are complete and Iscor minority shareholders are advised to read the partial offer circular in order to fully appreciate the context, terms and conditions of the partial offer.

### **3.1 Terms of the partial offer**

In terms of the partial offer, LNM intends to acquire up to 12,19% of Iscor's issued share capital (which, if accepted by all the Iscor minority shareholders, equates to 18,7% of each Iscor minority shareholder's holding in Iscor), for a cash consideration of R30 per Iscor share (subject to pro-ration as described below).

Tenders of Iscor minority shares in excess of 18,7% of each Iscor minority shareholder's shares, to the extent that other Iscor minority shareholders have not tendered all or any part of their 18,7%, will be accepted by LNM subject to aggregate acceptance not exceeding the maximum number. In the event that the aggregate number of Iscor shares tendered under the partial offer is greater than the maximum number, such excess tenders will be satisfied *pro rata* in proportion to the aggregate excess over the 18,7% tendered. The aggregate number of Iscor shares purchased under the partial offer will not in any event exceed the maximum number. Any fractions resulting from scaling down will be rounded down to the nearest whole number of Iscor shares. The decision of HSBC as to the basis on which and number of Iscor shares in respect of which excess tenders are satisfied shall be final and binding on all shareholders. Because of the difficulty in determining the precise number of Iscor shares properly received for acceptance by LNM, if pro-ration is required, LNM does not expect to be able to announce the final prorated numbers until approximately five business days after the closing date of the partial offer, which closing date is Friday, 31 January 2003. Preliminary results of pro-ration will be published on SENS and in the press as promptly as practicable after Friday, 31 January 2003. Iscor minority shareholders may obtain such preliminary information from the transfer secretaries and may be able to obtain such information from their CSDP or broker. LNM will not pay the partial offer consideration for any Iscor shares accepted for payment pursuant to the partial offer until the final prorated numbers are known.

The percentage of an Iscor minority shareholder's holding which could be accepted by LNM in terms of the partial offer may therefore exceed 18,7% as a consequence of other Iscor minority shareholders not accepting the partial offer, and such Iscor minority shareholder having tendered Iscor shares in excess of 18,7% of their holding of Iscor shares.



### **3.2 Procedure for acceptance of the partial offer**

**3.2.1** Should Iscor minority shareholders wish to accept the partial offer, they must complete the form of acceptance included in the partial offer circular posted to Iscor minority shareholders on Friday, 6 December 2002.

Any changes to the Iscor shareholder address and/or payment details included on the form of acceptance in relation to the partial offer will not be recognised as an official instruction to update the Iscor shareholder's details on the transfer secretaries company share register, or on the records of SDS Nominees (Proprietary) Limited, unless accompanied by a certified copy of the Iscor shareholder's identity document and the proof of new address and/or payment details.

**3.2.2** The Iscor shares that are the subject of the partial offer include the Iscor shares represented by ADSs as evidenced by ADRs. Should such holders wish to accept the partial offer they must follow the instructions to ADS holders contained in the partial offer circular.

### **3.3 Waiver of the mandatory offer to Iscor minority shareholders**

As a result of the partial offer LNM may hold more than 35% of Iscor's issued share capital. In terms of the Code, without the waiver, LNM would then be required to make a mandatory offer to the Iscor minority shareholders at the same price offered in the partial offer. One of the conditions precedent to the partial offer, is that a simple majority of the Iscor minority shareholders vote in favour of the waiver resolution at the general meeting.

In terms of the Code, only the Iscor minority shareholders will be entitled to vote on the waiver resolution.

### **3.4 The Iscor Management Share Trust**

Where necessary, the board has passed the required resolutions in terms of the Iscor Management Share Trust Deed to enable participants to participate in the partial offer.

The participants in the Iscor Management Share Trust will be treated as follows:

- participants who hold either paid up Iscor shares, or who are on a loan scheme or on a deferred purchase scheme will be allowed to offer up to their total shareholding or entitlement for acceptance in terms of the partial offer. In the event that any Iscor shares are still subject to a vesting period, then any surplus realised by accepting the partial offer, will only be released to the participant when the shares would have vested;
- participants in the old option scheme will be allowed to offer up to 18,7% of their total entitlement under the old option scheme for acceptance in terms of the partial offer. Should there be any shares, which have not yet vested, then any surplus realised by accepting the partial offer, will only be released to the participant when the shares would have vested; and
- participants in the new option scheme that came into effect in May 2002, will be allowed to offer up to 18,7% of their total entitlement under the new option scheme for acceptance in terms of the partial offer. The shares required to enable the participants to accept the partial offer would have vested in May 2003, which vesting will be accelerated to enable the participants to accept the partial offer. In the event that any participants in the new option scheme accept the partial offer, then any surplus realised by accepting the partial offer will only be released to the participant when the shares would have vested, namely in May 2003.

The Iscor Management Share Trust currently holds approximately 556 000 unallocated Iscor shares. In order to enable option holders in the Iscor Management Share Trust to accept the partial offer, the Trust will require approximately 460 000 additional shares to meet its obligations to the participants. For this purpose Iscor will either allot and issue a further 460 000 shares to the Iscor Management Share Trust or the Iscor Management Share Trust will acquire these shares in the open market prior to the record date to enable optionholders to participate in the partial offer.

### **3.5 Conditions precedent to the partial offer**

The partial offer is subject to, *inter alia*, the following conditions:

**3.5.1** the partial offer receiving the unqualified public recommendation of the Iscor board, such recommendation being announced to Iscor shareholders on SENS or in the press or other recognised public forum;

**3.5.2** the requisite approval by Iscor minority shareholders of the waiver resolution;

**3.5.3** the approval of the SRP of the acquisition by LNM pursuant to the partial offer of up to the maximum number of Iscor shares and confirmation, subject to fulfilment of the condition set forth in paragraph 3.5.2, that the SRP will not require LNM to make a mandatory offer;

**3.5.4** no governmental or regulatory authority or court (i) having instituted or threatened any action, proceedings, investigation or enquiry which would or might make the partial offer or the implementation thereof void, illegal or unenforceable or otherwise restrict, restrain, prohibit or interfere with the partial offer or the implementation thereof or impose additional conditions or obligations with respect thereto, or with respect to the ability of LNM and its subsidiaries and associated companies to acquire, hold or exercise effectively any rights of ownership (including voting rights) of Iscor shares to an extent which is material to Iscor or such shareholding taken as a whole; or (ii) requiring the divestiture by any member of the LNM group or the Iscor group of all or a material portion of its or their respective businesses, assets or properties or imposing any limitation on the ability of any of them to conduct their respective businesses or own or operate such businesses; and

**3.5.5** LNM not becoming aware prior to the partial offer becoming or being declared unconditional of any material adverse effect, with regard to Iscor's plant, property and equipment, and any adverse effect to Iscor's business profitability exceeding 50% of current levels.

The partial offer will lapse if the conditions precedent are not fulfilled or waived, as the case may be. LNM may, in its sole and absolute discretion, amend or waive, in whole or in part, any or all of the conditions set out in paragraphs 3.5.1, 3.5.4 and 3.5.5 at any time prior to the closing date of the partial offer.

### **3.6 Partial offer inclusive of dividend rights**

Iscor minority shareholders' attention is drawn to the fact that the Iscor shares will be acquired by LNM fully paid, without any right of set-off, and free from all liens, counterclaims, equities, mortgages, charges, encumbrances, rights of pre-emption and other interests whatsoever and together with all rights now or hereafter attaching thereto, including all voting rights and the right to receive and retain all dividends, other distributions, benefits or rights hereafter declared, made or paid, irrespective of the actual date of registration or transfer of the Iscor shares into the name of LNM or its associated companies.

**Therefore subject to the partial offer being declared unconditional and the Iscor minority shareholders accepting the partial offer, any dividends accruing to the Iscor shares tendered to and acquired by LNM in terms of the partial offer, will be for the account of LNM and not for the account of Iscor minority shareholders.**

### **3.7 SRP opinion in respect of the partial offer**

#### **3.7.1 The waiver of the mandatory offer**

The SRP has provided both LNM and Iscor with an opinion that it will allow LNM to dispense with the requirement for LNM to extend a mandatory offer to the Iscor minority shareholders, provided LNM obtains the approval of a simple majority of the Iscor minority shareholders in a general meeting to waive the requirement for LNM to extend a mandatory offer to the Iscor minority shareholders, if as a consequence of the completion of the partial offer, LNM's interest in Iscor's issued share capital exceeds 35%.

#### **3.7.2 The partial offer**

Should the partial offer take LNM's interest in Iscor's issued share capital to 35% or more, then the SRP will take the LNM interest in Iscor's share capital immediately following the partial offer as the percentage shareholding from which the "creep" provision of Rule 8.1 of the Code will be measured in respect of any past and/or future transactions in terms of which LNM may acquire further Iscor shares. The Iscor shares acquired by LNM in terms of the partial offer will be ring-fenced and be excluded from the "creep" provision calculation. The "creep" provision will apply to LNM until its holding has exceeded 50% of Iscor's issued share capital for at least a 12-month period.

### 3.8 Consequences of the partial offer

LNM currently holds 34,81% of the Iscor's issued share capital. Should the partial offer be fully implemented, LNM will hold 47% of Iscor's issued share capital.

If LNM, after the partial offer, acquires further Iscor shares, it will be subject to the "creep" provisions contained in Rule 8.1 of the Code and the SRP opinion contained in paragraph 3.7.2, in that should LNM, acquire more than 5% of Iscor's issued share capital, 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 in terms of Rule 8 of the Code.

However, as the Business Assistance Agreement limits the maximum number of Remuneration Shares to be issued to LNM to 4,9% of Iscor's issued share capital in any 12-month period, it is unlikely that the issue of any shares by Iscor to LNM in terms of the Business Assistance Agreement will trigger a further mandatory offer to Iscor minority shareholders at any stage in the future under the "creep" provision of the Code, bearing in mind that the first tranche of Remuneration Shares are only likely to be issued in the first quarter of 2004.

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

## 4. ISCOR INTERIM RESULTS

In order to enable Iscor minority shareholders to make an informed decision on the waiver resolution and whether they should accept the partial offer, the Iscor board has resolved to release the Iscor Interim Results on Tuesday, 14 January 2003 giving Iscor shareholders at least one week to fully interpret the Iscor Interim Results prior to the general meeting.

As the partial offer is effectively cum dividend, *inter alia*, all rights including any dividend declared by the Iscor board subsequent to the date upon which the partial offer circular was posted, which date was 6 December 2002, in respect of any Iscor shares acquired by LNM in terms of the partial offer, will be for the account of LNM and not for the account of Iscor minority shareholders who have accepted the partial offer.

## 5. VIEWS OF THE ISCOR BOARD ON THE PARTIAL OFFER

### 5.1 LNM's intentions in respect of Iscor and its directors

**5.1.1** Comments by the Iscor board on statements in the partial offer circular regarding LNM's intentions in respect of Iscor

*"As a result of increasing its shareholding in Iscor, LNM expects to be in a position to transfer a greater level of technology, especially significant to South Africa's rapidly growing motor industry, to further enhance its purchasing and marketing co-ordination and further accelerate Iscor's transformation into a world class producer with global access."* (Extract from paragraph 5.5 of the partial offer circular.)

To the best knowledge and belief of the Independent Iscor directors the above statement in respect of the greater level of technology to be transferred to Iscor refers to technology specifically licensed to LNM from third parties which would become available to Iscor if LNM's shareholding in Iscor exceeded 50%.

*"LNM believes that it is currently in the best interest of Iscor's business and all Iscor shareholders that Iscor continues to be a South African listed entity with a sufficient free float of independent shareholders to maintain a liquid market in Iscor shares."* (Extract from paragraph 5.4 of the partial offer circular.)

To the best knowledge and belief of the Independent Iscor directors it is the intention of LNM to keep Iscor listed with a sufficient free float of independent shareholders to maintain a liquid market in Iscor shares. The Iscor board fully endorses the above statement to be in the best interests of the Iscor minority shareholders.

**5.1.2** Comments on the statements in the partial offer circular regarding the continuation in office of the Iscor directors, subsequent to the partial offer

*"LNM expects that the emoluments and service contracts of Iscor' directors will not change by reason of the offer."* (Extract from paragraph 13 of the partial offer circular.)

Based on the facts at their disposal, the Independent Iscor directors concur with LNM's view.

## 5.2 Iscor's future prospects

Iscor is a low cost, quality steel producer with its own iron ore resources and has demonstrated its ability to generate profits and cash flows even in the trough of the steel price cycle. It also enjoys a naturally protected domestic market, which is in a sustainable growth phase, and LNM as a major shareholder which is part of the second largest global steel producing group ensures ongoing knowledge transfer coupled with a focussed programme for driving down costs.

Possibilities exist for improving margins in the following areas:

- switching export volumes, estimated at some 500 000 tons per annum over the next five years, into the more lucrative domestic market as the domestic economy moves through its widely expected growth phase;
- increasing the sub-Sahara African component of exports by an estimated 300 000 tons per annum over the next five years, at considerably higher margins, as the growth of particularly the Mozambique and Angola economies accelerate; and
- realising the R700 million cost savings target of the Business Assistance Agreement, which is likely to be matched by Iscor's own generated cost reduction plans.

Possibilities for both generic and acquisitive growth include:

- the recommissioning of mothballed Iscor coke batteries to produce in excess of 500,000 tons per annum of coke for Iscor's own consumption and for the domestic ferro-alloy industry, is now looking attractive as a result of the growing global coke shortage;
- expanding Vanderbijlpark Works' melting capacity by some 300,000 tons per annum at the time of the rebuild of blast furnace D scheduled for 2007/08;
- expanding Saldanha Steel's melting capacity to match its rolling mill capacity for an increased output of 1 Mtpa, which decision will be made once reasonably priced natural gas becomes available from the West Coast offshore deposits; and
- consolidating the other major steel producers in South Africa with Iscor, which would create significant synergies through product, plant and capital spending rationalisation.

## 5.3 Alternatives to the partial offer

It appears unlikely that LNM will make a full mandatory offer to the Iscor minority shareholders at a premium to the market price of Iscor's shares. A counter offer for Iscor by another acquirer will probably be deterred by LNM's existing shareholding in Iscor; its superior knowledge of Iscor and the limited time frame that any "white knight" would have to make a counter bid.

Subsequent to the partial offer, except with the consent of the SRP, LNM may not within 12 months:

- make another offer to Iscor minority shareholders; or
- acquire Iscor shares such that a mandatory offer will be triggered.

LNM could trigger a subsequent mandatory offer, either:

- at any price; or
- at the market price of Iscor shares, through the issue of Remuneration Shares to LNM in terms of the Business Assistance Agreement; or
- at the market price of Iscor shares, by acquiring Iscor shares on the JSE.

Therefore the offer price at the time of a subsequent mandatory offer may be below the current partial offer consideration, given:

- the significant volatility in the Rand/US\$ exchange rate, and the possibility of further Rand appreciation;
- uncertainty about the global economy and its effect on steel prices; and
- the fact that commodity shares tend to move in line with short term commodity cycles instead of long-term fundamental value.

**The above alternatives to the partial offer could enable LNM to obtain control over Iscor without the Iscor minority shareholders receiving a premium to the market price for any portion of their Iscor shares.**

## 5.4 Advantages and disadvantages of the partial offer

### 5.4.1 Advantages

- Iscor minority shareholders have an opportunity to sell a minimum of 18,7% of their Iscor shares at a significant premium to the current market price. To the extent that some Iscor minority shareholders elect not to accept the partial offer, the percentage of other Iscor minority shareholders' shareholdings 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.
- in the absence of the partial offer, there is no guarantee that a premium would be offered to Iscor minority shareholders should LNM be required to make a mandatory offer.
- LNM has indicated that it wishes to see Iscor remain as a listed company at this stage, with an adequate free float to maintain a liquid market for Iscor shares. Iscor shares are expected to remain in the FTSE/JSE Top40 Index, ranked by investible free float, assuming that the partial offer is fully implemented and the Remuneration Shares are issued to LNM.
- LNM has expressed the view that the partial offer should not adversely affect:
  - the independence of the Iscor board;
  - the corporate governance standards generally applicable to Iscor; and
  - the maintenance of an arm's-length business relationship between LNM and Iscor.
- Iscor minority shareholders have the opportunity to retain all, or a substantial portion, of their Iscor shares and to participate in the value that LNM is reasonably expected to add to Iscor in the future having regard to LNM's international track record.

### 5.4.2 Disadvantages

- If the partial offer results in LNM's holding exceeding 35%, the possibility of receiving a future offer at a premium to the market price appears unlikely at this stage.

## 6. OPINION AND RECOMMENDATIONS OF THE ISCOR BOARD

### 6.1 The independent adviser's opinion

The Iscor board appointed Investec to provide the board with advice as to the fairness of the terms and conditions of the partial offer. Investec has advised that it has considered the terms and conditions of the partial offer and as at Tuesday, 17 December 2002 its opinion and advice to the board is that the terms and conditions of the partial offer are, from a financial point of view, fair and reasonable to Iscor minority shareholders.

**However, Iscor minority shareholders are advised not to surrender their Iscor shares, nor to instruct their CSDP's 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 their date of acceptance of the partial offer until the partial offer is declared unconditional or lapses. Iscor minority shareholders have until Friday, 31 January 2003 to submit their forms of acceptance.**

The text of the letter from Investec in this regard is set out in Annexure I to this circular.

### 6.2 The opinion of the Iscor board

#### 6.2.1 Independence of the Iscor board

In view of the fact that:

- Messrs L N Mittal and A Mittal were appointed to the Iscor board in terms of the Business Assistance Agreement on 16 January 2002 and that they are also directors of LNM; and
- Mr S Maheshwari was appointed to the board of Iscor on 25 November 2002 as a consequence of LNM's current equity holding in Iscor;

all of the aforementioned directors of Iscor have recused themselves from offering an opinion or recommendation in respect of the waiver resolution, as well as in respect of the partial offer.

On 4 December 2002, the Iscor board appointed an independent sub-committee consisting of Messrs R Cottrell (Chairman), J Njeke and Ms D Mokgatle, as non-executive directors, and Messrs L L van Niekerk and M Macdonald, as executive directors of the Iscor board, to investigate and consider the terms and conditions of the partial offer. The independent sub-committee, on the advice of Investec and the commercial assessments by the members of the independent sub-committee of the partial offer, has advised the board on its conclusions in respect of the terms and conditions of the partial offer which advice was accepted by the board.

### **6.2.2 Opinion of the Independent Iscor directors**

The Independent Iscor directors have considered, *inter alia*, the Investec advice, the advice of the independent sub-committee and the commercial assessments by the Independent Iscor directors of the partial offer in arriving at its opinions and recommendations in respect of the waiver resolution and the partial offer.

As stated in paragraph 3.8, the implementation of the partial offer, which requires the passing of the waiver resolution by the Iscor minority shareholders, together with the issue of the Remuneration Shares, may effectively enable LNM over time to acquire control of Iscor, without the requirement of making a mandatory offer.

However, should the partial offer not become unconditional, in the event of LNM being required to make a mandatory offer at some stage in the future, in terms of the Code, such offer may well not be at a premium to the traded Iscor share price.

Further, Iscor minority shareholders should not be denied the ability to sell a portion of their holdings at a premium to the market price of Iscor shares on the JSE (which was R18,60 on Friday, 13 December 2002, being the last practicable date prior to finalisation of this circular). 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.

**Despite the fact that the implementation of the partial offer could be a significant step towards LNM acquiring in excess of 50% of Iscor's issued share capital and that there may be no further mandatory offer by LNM to the remaining Iscor minority shareholders, it is the opinion of the Iscor board that the terms and conditions of the partial offer are fair and reasonable to Iscor minority shareholders.**

## **6.3 Recommendations to the Iscor minority shareholders**

### **6.3.1 Voting at the general meeting**

The Independent Iscor directors recommend that the Iscor minority shareholders vote in favour of the waiver resolution.

The directors with a direct or indirect interest in the partial offer, being Messrs L N Mittal, A Mittal and S Maheshwari, will abstain from voting on the waiver resolution.

In terms of the Code, the waiver resolution must be passed by a simple majority of the Iscor minority shareholders. All 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.

### **6.3.2 Action in respect of the partial offer**

The Independent Iscor directors recommend that the 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 CSDP's 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. Iscor minority shareholders have until Friday, 31 January 2003 to submit their forms of acceptance.**

## 7. ISCOR AND ITS DIRECTORS' INTERESTS AND DEALINGS

**7.1** Iscor holds no shares in LNM, either directly or indirectly, and has had no dealings in LNM shares at any time.

**7.2** LNM currently holds 34,81% of Iscor's issued share capital.

Under a call agreement entered into between LNM and IDC on 9 November 2001, LNM was granted a right of first refusal in respect of the whole of IDC's holding of Iscor shares. In circumstances where IDC wishes to sell any Iscor shares to any third party, it is obliged to first offer those Iscor shares for sale to LNM at the same price as any third party is willing to pay IDC for such Iscor shares. At the end of November 2002 the IDC held 39 167 364 shares in Iscor, representing 8,79% and of Iscor's issued share capital.

**7.3** At the date of this circular, the current directors of Iscor held the following interests in Iscor shares.

Director	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
<i>Non-executive</i>				
Khaya Ngqula	–	–	–	–
Richard Cottrell	2 000	–	–	–
Sudhir Maheshwari	–	–	–	–
Aditya Mittal	–	–	–	–
Lakshmi Mittal	–	155 173 132	–	–
Dolly Mokgatle	–	–	–	–
Khotso Mokhele	–	–	–	–
Johnson Njeke	–	–	–	–
<i>Executive</i>				
Louis van Niekerk	66 020	–	624 000	–
Davinder Chugh	–	–	–	–
Willem Coertzen	33 890	–	161 210	–
Malcolm Macdonald	877 377	–	–	–
Abe Thebyane	10 000	–	134 740	–
Martin van Wijngaarden	60 500	–	151 920	–

**7.4** Dealings in Iscor shares by the current directors of Iscor for the period commencing on 3 June 2002 (being six months prior to the publication of the partial offer announcement on 3 December 2002) and terminating on Friday, 13 December 2002 (being the last practicable date prior to finalisation of this circular) are set out in Annexure II.

Mr R Cottrell, before being appointed to the board on 25 November 2002, acquired 2000 Iscor shares for R23,80 each on 18 November 2002.

**7.5** At the date of this circular, the Independent Iscor directors hold no shares in LNM and have had no dealings in LNM shares at any time.

**7.6** Messrs A Mittal, L N Mittal (together with his spouse) and S Maheshwari hold the following percentage interests in LNM:

Director	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
Sudhir Maheshwari	–	–	–	–
Aditya Mittal	–	–	–	–
Lakshmi Mittal	–	100%	–	–

**7.7** The Iscor directors have had no dealings in LNM shares during the period commencing on 3 June 2002 (being six months prior to the publication of the partial offer announcement on 3 December 2002) and terminating on Friday, 13 December 2002, being the last practicable date prior to finalisation of this circular.

**7.8** At the date of this circular, the directors of Iscor held the following Iscor options in terms of the Iscor Management Share Trust:

<b>Director</b>	<b>Issue price R</b>	<b>Options outstanding at 13 December 2002</b>
Louis van Niekerk	18.15	221 030
Davinder Chugh	18.15	127 300
Willem Coertzen	18.15	151 800
Malcolm Macdonald	18.15	168 800
Abe Thebyane	18.15	110 280
Martin van Wijngaarden	18.15	138 000

**7.9** There were no dealings in Iscor options in terms of the Iscor Management Share Trust by the current directors of Iscor for the period commencing on 3 June 2002 (being six months prior to the publication of the partial offer announcement on 3 December 2002) and terminating on Friday, 13 December 2002 (being the last practicable date prior to finalisation of this circular).

**7.10** No persons acting in concert with Iscor hold any Iscor shares or have had any dealings in Iscor shares for the period commencing on 3 June 2002 (being six months prior to the publication of the partial offer announcement on 3 December 2002) and terminating on Friday, 13 December 2002 (being the last practicable date prior to finalisation of this circular).

**7.11** No persons who have any arrangement, undertaking or agreement in relation to the Iscor shares with Iscor or any persons acting in concert with Iscor hold any Iscor shares or have had any dealings in Iscor shares for the period commencing on 3 June 2002 (being six months prior to the publication of the partial offer announcement on 3 December 2002) and terminating on Friday, 13 December 2002 (being the last practicable date prior to finalisation of this circular).

## **8. DIRECTORS' SERVICE CONTRACTS**

**8.1** There are no service contracts with non-executive directors.

**8.2** Executive directors all have service contracts, the salient terms of which are set out below.

**8.2.1** The agreements are for a three-year period, expiring during March and April 2005.

**8.2.2** These agreements are, firstly, an undertaking by the company that the services of the directors, as employees, will be retained for this period. Should the company decide not to retain the services for the full period, the directors will receive compensation (in addition to normal retrenchment packages, if applicable) that is equal to their gross remuneration for the remainder of the three-year period that had not as yet expired at the date of termination of service.

**8.2.3** The directors have also agreed to a comprehensive restraint of trade (including an undertaking not to resign from the company for the three-year period) and, in return, have been awarded restraint of trade payments that were paid 50% on date of signature of the agreement (in September 2002), 25% to be paid 18 months from the commencement date of the agreement and the balance to be paid on the termination date of the agreement.

**8.3** No service contracts preceding any existing service contracts with directors have been amended or replaced within the six months prior to the date of this circular.



## 9. SPECIAL ARRANGEMENTS

Save for the Business Assistance Agreement no agreements, arrangements or understandings (including any compensation arrangements) exist between Iscor and LNM or any person acting in concert with LNM and any of the directors of LNM or persons who were directors within the preceding 12 months or holders of LNM shares or persons who were LNM shareholders within the preceding 12 months having any connection with or dependence on the partial offer.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Independent Iscor directors, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement contained herein false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

## 11. GENERAL MEETING

On Friday, 6 December 2002, LNM delivered to the Iscor board a requisition in terms of section 181 of the Act requiring the directors of Iscor to convene an extraordinary general meeting of the company for the purpose of considering and, if deemed fit, approving the waiver resolution.

In order to give Iscor minority shareholders at least a week to review the Iscor Interim Results before the general meeting proposing the waiver resolution, the general meeting of Iscor minority shareholders will be held in the Auditorium, Iscor Corporate Centre, Roger Dyason Road, Pretoria West at **14:00 on Wednesday, 22 January 2003**, for the purpose of considering and, if deemed fit, passing with or without modification, the waiver resolution.

Certificated Iscor shareholders who are unable to attend the general meeting but wish to be represented thereat should complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by Georgeson Shareholder Communications South Africa (Proprietary) Limited by not later than 14:00 on Monday, 20 January 2003.

Iscor shareholders who hold dematerialised shares and have elected own-name registration in the sub-register through a CSDP must complete the attached form of proxy in accordance with the instructions contained in the form of proxy so as to be received by Georgeson Shareholder Communications South Africa (Proprietary) Limited by not later than 14:00 on Monday, 20 January 2003.

The form of proxy may be lodged with, or posted or faxed to:

### **By hand:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
SMG Building  
108 Johan Avenue  
Sandton, 2146

### **By fax:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
Fax number: +27 11 506 4718

### **By lodging or by post:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
PO Box 652000  
Benmore, 2010

Business reply envelopes have been included for Iscor minority shareholders convenience in this respect.

Other Iscor shareholders who hold dematerialised shares through a CSDP or broker and who wish to attend the general meeting must request their CSDP or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the Iscor shareholder and their CSDP or broker.

Iscor shareholders who hold dematerialised shares in the 'Iscor Corporate Nominee Programme' administered by Stakeholder Data Services (Proprietary) Limited, in the name of SDS Nominees (Proprietary) Limited ("SDS Nominees") must complete a voting instruction form provided by SDS Nominees, in terms of the mandate agreement entered into between the dematerialised shareholder and SDS Nominees. The voting instruction form

must be returned to Georgeson Shareholder Communications South Africa (Proprietary) Limited, SMG Building, 108 Johan Avenue, Sandton, 2010 (PO Box 652000, Benmore, 2010) by no later than 14:00 on Friday, 17 January 2003. SDS Nominees will vote at the general meeting in accordance with the shareholder's instruction. Should the shareholder wish to attend the meeting, the shareholder must request SDS Nominees to provide him with a Letter of Representation.

## **12. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Iscor minority shareholders at the registered office of Iscor and at the office of Investec, details of which are set out in the "Corporate information" section of this circular, during normal business hours (Saturdays, Sundays and public holidays excluded) from Friday, 20 December 2002 up to and including the last day of the partial offer, which date is expected to be Friday, 31 January 2003:

- 12.1** a copy of the report of the letter from Investec regarding the partial offer;
- 12.2** a copy of the Business Assistance Agreement;
- 12.3** a copy of the requisition by LNM calling for a general meeting in terms of section 181 of the Act;
- 12.4** the partial offer circular;
- 12.5** a copy of the opinions received by Iscor from the executive director of the SRP regarding the waiver of the mandatory offer by the Iscor minority shareholders and the way in which the "creep" provision in Rule 8.1 of the Code will be applied;
- 12.6** the memorandum and articles of association of Iscor;
- 12.7** the audited annual financial statements of Iscor for the reporting periods ended 30 June 2001 and 30 June 2002; and
- 12.8** the letters of consent of the merchant bank and independent advisers, corporate law advisers and sponsor consenting to the publication of their names in the form and context in which they appear in this circular.

By order of the board

### **ISCOR LIMITED**

**A van der Merwe**  
*Company Secretary*

Pretoria  
20 December 2002

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**TEXT OF LETTER FROM INVESTEC REGARDING THE PARTIAL OFFER**

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"The Board of Directors  
Iscor Limited  
Iscor Head Office  
Roger Dyson Road  
Pretoria West  
0002

17 December 2002

**THE CONDITIONAL PARTIAL OFFER BY LNM HOLDINGS N.V. ("LNM") TO ALL ISCOR LIMITED ("Iscor") SHAREHOLDERS OTHER THAN LNM OR ITS NOMINEES**

LNM announced a conditional partial offer to the shareholders of Iscor other than LNM or its nominees ("the Iscor minority shareholders"), on 3 December 2002 and issued the partial offer circular to the Iscor minority shareholders on 6 December 2002, in terms of which LNM intends to acquire up to 12,19% of Iscor's issued share capital, which is equivalent to 18,7% of the shares held by each Iscor minority shareholder, for a cash consideration of R30 per Iscor share ("the partial offer").

Furthermore, LNM delivered a requisition to the directors of Iscor, in terms of section 181 of the Companies Act, to convene a general meeting of Iscor minority shareholders to consider a resolution to waive the requirement under Rule 8.1 of the Code for LNM to make a mandatory offer as a result of the acquisition by LNM, pursuant to the partial offer, of such number of Iscor shares as shall constitute LNM the holder of more than 35%, but less than 50%, of Iscor's issued share capital ("the waiver resolution").

Iscor is a vertically integrated steel company producing approximately 7,0 million tons of liquid steel per annum, through three integrated mills and an electric arc furnace mini mill. These mills produce a wide range of flat and long steel products, for both the domestic and export markets.

LNM entered into a Business Assistance Agreement ("the BAA") with Iscor on 22 November 2001, which was approved by Iscor shareholders on 15 January 2002. In terms of the BAA, on the attainment of certain sustainable cost savings by 31 December 2004, Iscor will issue between 5% and 10% of its issued shares after the rights offer during 2002, to LNM.

LNM has, since entering into the BAA, acquired a 34,81% equity interest in Iscor. If the waiver resolution is approved and the partial offer fully implemented, LNM's equity interest in Iscor will increase to 47%. Unless LNM triggers a mandatory offer in terms of the "creep provisions" of Rule 8.1 of the Securities Regulation Code on Take-overs and Mergers ("the Code"), LNM will be able to acquire control of Iscor without having to make a mandatory offer to the Iscor minority shareholders.

Investec Bank Limited ("Investec") has been appointed as the independent advisor to the Iscor board, to advise the Iscor board on the terms and conditions of the partial offer, including the waiver. Whilst certain terms of the partial offer are summarised in this letter, the terms and conditions of the partial offer to the Iscor minority shareholders are contained in the partial offer circular posted to shareholders on 6 December 2002. As a result, the description of the terms and conditions of the partial offer and certain other information contained herein is qualified in its entirety by reference to the more detailed information contained in the aforementioned partial offer circular.

Our opinion is necessarily based on the information made available to us by, and discussions held with, the management of Iscor up to 17 December 2002, and is based on the economic, regulatory, market and other conditions in effect on that date, and information made available to Investec up to and including 17 December 2002. It should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

In arriving at our opinion we have, *inter alia*, considered the following:

- the attempts by Iscor in the three years ended in 2001, to establish a long-term viable and mutually beneficial relationship with a leading global steel producer; the objective of which was to secure access to technology, skills and markets, which was expected to become increasingly important in an environment of consolidation in the global steel industry;
- the historic audited financial statements of Iscor, as well as the unaudited financial results of the current year to date;
- the detailed operational budgets and forecasts prepared by the management of Iscor for the financial year ending 30 June 2003;
- the medium term budgets prepared by the management of Iscor for the three financial years ending 30 June 2006;
- the financial model prepared by the management of Iscor as adjusted by Investec;
- site visits to the steel fabrication facilities and discussions held with senior and operational management of Iscor;
- the value effect of the potential savings that may be realised pursuant to the implementation of the BAA;
- information and assumptions made available by, and discussions held with the management of Iscor; including information relating to Iscor's particular strategic objectives and aims;
- comparisons with certain internationally publicly traded steel companies, which we consider to be reasonably comparable to Iscor;
- the prevailing economic and market conditions in the carbon steel industry;
- an assessment of general economic, market and monetary conditions;
- forecast input parameters affecting the valuation including, *inter alia*, exchange rates, carbon steel prices, domestic demand for Iscor's products, operating costs and capital expenditure;
- historical share prices and trading activity for the Iscor shares on the JSE; and
- the price at which Iscor's shares traded on the JSE in the period prior to and after the announcement of the partial offer on 3 December 2002.

In connection with our review, and in giving our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all the information that was publicly available or which was provided to us, or otherwise reviewed by us for the purpose of this opinion, whether in writing or obtained following discussions with Iscor management and, accordingly we have not assumed and we do not assume any responsibility or liability therefore.

No limitations were placed on Investec by Iscor; with respect to the investigations or procedures followed by Investec in arriving at the opinions expressed in this letter.

This letter and opinion is provided solely for the benefit of the Iscor board in connection with and for the purpose of their consideration of how the Iscor board of directors should advise the Iscor minority shareholders with regard to:

- the waiver resolution; and
- the partial offer.

Based upon and subject to the foregoing, it is our opinion, at 17 December 2002, and advice to the Iscor board that:

- it should recommend that the Iscor minority shareholders vote in favour of the waiver resolution; and
- the terms and conditions of the partial offer are, from a financial point of view, fair and reasonable to Iscor shareholders.

However, Iscor minority shareholders are advised not to surrender their Iscor shares, nor to instruct their CSDP's to surrender their Iscor shares until the partial offer is declared unconditional. Any form of acceptance in relation to 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.

Investec comprises a full service investment bank engaged in securities trading and brokerage activities, as well as the provision of investment banking, asset management, financing and financial advisory services and other commercial and investment banking products and services to a wide range of companies and individuals. As such, Investec may hold shares in Iscor from time to time, and may at any time, hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities of or senior loans to Iscor. Other than such interests, Investec has no share interest, direct or indirect, beneficial or non-beneficial in Iscor as at the date of this letter.

Investec has acted as independent adviser to the Iscor board with respect to the partial offer and will receive a fee from Iscor for its services.

Investec hereby consents to the inclusion of this letter and the references to this opinion in the Iscor board response to the partial offer document to be dated on or about 20 December 2002, in the form and context in which they appear. This letter has been provided to the Iscor board in connection with and for the purposes of, their consideration of the partial offer. It is being reproduced for shareholders of Iscor with our permission but it is not for the benefit of and shall not confer rights or remedies upon, any shareholder of Iscor. We are not responsible to any person, other than our client, for providing rights and protections, which we provide our clients.

Yours faithfully

**INVESTEC BANK LIMITED**

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**JOINT MANAGING DIRECTOR  
A W J LEITH**

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**CORPORATE FINANCE  
M F DODS"**

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**DIRECTORS' DEALINGS IN ISCOR SHARES**


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Dealings in Iscor shares by the current directors of Iscor for the period commencing on 3 June 2002 (being six months prior to the publication of the partial offer announcement on 3 December 2002) and terminating on Friday, 13 December 2002 (being the last practicable date prior to finalisation of this circular) are set out below:

<b>Director</b>	<b>Date</b>	<b>Nature of transaction</b>	<b>Number of shares</b>	<b>Price (R)</b>	<b>Extent of interest</b>
Mr L N Mittal	11/06/2002	Purchase	26 000	19,08	Indirect beneficial
Mr L N Mittal	12/06/2002	Purchase	288 666	19,05	Indirect beneficial
Mr L N Mittal	13/06/2002	Purchase	465 000	18,74	Indirect beneficial
Mr L N Mittal	14/06/2002	Purchase	22 577	18,34	Indirect beneficial
Mr L N Mittal	18/06/2002	Purchase	102 656	19,09	Indirect beneficial
Mr L N Mittal	19/06/2002	Purchase	2 190	19,10	Indirect beneficial
Mr L N Mittal	20/06/2002	Purchase	125 000	19,10	Indirect beneficial
Mr L N Mittal	26/06/2002	Purchase	675 000	20,57	Indirect beneficial
Mr L N Mittal	27/02/2002	Purchase	320 200	20,85	Indirect beneficial
Mr L N Mittal	03/07/2002	Purchase	15 000	21,13	Indirect beneficial
Mr L N Mittal	04/07/2002	Purchase	751 072	21,41	Indirect beneficial
Mr L N Mittal	05/07/2002	Purchase	1 195 000	21,09	Indirect beneficial
Mr L N Mittal	11/07/2002	Purchase	1 831 004	21,29	Indirect beneficial
Mr L N Mittal	15/07/2002	Purchase	500 000	22,11	Indirect beneficial
Mr L N Mittal	16/07/2002	Purchase	436 558	22,17	Indirect beneficial
Mr L N Mittal	17/07/2002	Purchase	400 000	22,11	Indirect beneficial
Mr L N Mittal	18/07/2002	Purchase	350 000	22,61	Indirect beneficial
Mr L N Mittal	19/07/2002	Purchase	370 000	22,59	Indirect beneficial
Mr L N Mittal	22/07/2002	Purchase	12 995	22,61	Indirect beneficial
Mr L N Mittal	23/07/2002	Purchase	1 600 000	23,86	Indirect beneficial
Mr L N Mittal	24/07/2002	Purchase	1 850 000	23,13	Indirect beneficial
Mr L N Mittal	25/07/2002	Purchase	2 500 000	24,07	Indirect beneficial
Mr L N Mittal	26/07/2002	Purchase	1 693 321	23,80	Indirect beneficial
Mr L N Mittal	29/07/2002	Purchase	446 595	23,95	Indirect beneficial
Mr L N Mittal	30/07/2002	Purchase	1 660 000	22,90	Indirect beneficial
Mr L N Mittal	31/07/2002	Purchase	2 500 000	22,03	Indirect beneficial
Mr A M Thebyane	16/09/2002	Sale	4 400	22,50	Direct beneficial
Mr L N Mittal	1/10/2002	Purchase	50 000	20,37	Indirect beneficial



# ISCOR

**Iscor Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 1989/002164/06)  
Share code ISC ISIN ZAE00022729  
("Iscor" or "the company")

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## NOTICE OF A GENERAL MEETING OF ISCOR MINORITY SHAREHOLDERS

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Notice is hereby given that a general meeting of Iscor minority shareholders will be held on Wednesday, 22 January 2003 at 14:00 in the Auditorium, Iscor Corporate Centre, Roger Dyason Road, Pretoria West, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolution set out below in the manner required by the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act").

### ORDINARY RESOLUTION

"RESOLVED THAT the shareholders of the company, other than LNM Holdings N.V. ("LNM") and its nominees, hereby waive the requirement arising in terms of Rule 8 of the Securities Regulation Code on Take-overs and Mergers to make a mandatory offer to Iscor shareholders other than LNM and its nominees to acquire all of their Iscor shares as a result of the acquisition pursuant to the firm offer announced by LNM on Tuesday, 3 December 2002 and which commenced on Friday, 6 December 2002 of such number of shares in the company as shall constitute LNM and its nominee the holder of more than 35% but less than 50% of the voting rights of the company."

*In terms of Rule 8.7 of the Code, a majority of the votes of independent shareholders present or represented by proxy at the general meeting must be cast in favour of the resolution. As LNM is not an independent shareholder, it will be disqualified from voting on this resolution in respect of the Iscor shares held beneficially by LNM, as well as any party acting in concert with LNM.*

### VOTING

On a show of hands, every shareholder of the company who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented thereat by a representative appointed pursuant to section 188 of the Act, shall have one vote, and on a poll, every shareholder of the company present in person (whether an individual or a company or other body corporate) or represented by proxy at the general meeting, shall have one vote for each Iscor share of which he is the registered holder.

A shareholder entitled to attend and vote at the general meeting may appoint one or more persons as his proxy to attend, speak and subject to the articles of Iscor, vote in his stead. A proxy need not also be a shareholder of the company.

Certificated Iscor shareholders who are unable to attend the general meeting but wish to be represented thereat should complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by Georgeson Shareholder Communications South Africa (Proprietary) Limited by not later than 14:00 on Monday, 20 January 2003.

Iscor shareholders who hold dematerialised shares and have elected own-name registration in the sub-register through a CSDP must complete the attached form of proxy in accordance with the instructions contained in the form of proxy so as to be received by Georgeson Shareholder Communications South Africa (Proprietary) Limited by not later than 14:00 on Monday, 20 January 2003.

The form of proxy may be lodged with, or posted or faxed to:

#### **By hand:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
SMG Building,  
108 Johan Avenue,  
Sandton, 2146

#### **By lodging or by post:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
PO Box 652000  
Benmore, 2010

**By fax:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
Fax number: +27 11 506 4718

Business reply envelopes have been included for Iscor minority shareholders convenience in this respect.

Other Iscor shareholders who hold dematerialised shares through a CSDP or broker and who wish to attend the general meeting must request their CSDP or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the Iscor shareholder and their CSDP or broker.

Iscor shareholders who hold dematerialised shares in the 'Iscor Corporate Nominee Programme' administered by Stakeholder Data Services (Proprietary) Limited, in the name of SDS Nominees (Proprietary) Limited ("SDS Nominees") must complete a voting instruction form provided by SDS Nominees, in terms of the mandate agreement entered into between the dematerialised shareholder and SDS Nominees. The voting instruction form must be returned to Georgeson Shareholder Communications South Africa (Proprietary) Limited, SMG Building, 108 Johan Avenue, Sandton, 2010 (PO Box 652000, Benmore, 2010) by no later than 14:00 on Friday, 17 January 2003. SDS Nominees will vote at the general meeting in accordance with the shareholder's instruction. Should the shareholder wish to attend the meeting, the shareholder must request SDS Nominees to provide him with a Letter of Representation.

By order of the board

**ISCOR LIMITED****A van der Merwe**

*Secretary*

Pretoria  
20 December 2002





# ISCOR

**Iscor Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 1989/002164/06)  
Share code ISC ISIN ZAE000022729  
("Iscor" or "the company")

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## FORM OF PROXY

### FOR CERTIFICATED AND OWN-NAME DEMATERIALISED ISCOR MINORITY SHAREHOLDERS

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who wish to vote on the ordinary resolution as set out in the circular; to which this form is attached, at the general meeting to be held at 14:00 on Wednesday, 22 January 2003 in the Auditorium, Iscor Corporate Centre, Roger Dyason Road, Pretoria West.

I/We (BLOCK LETTERS)

of

Telephone: (Work) area code ( )

Telephone: (Home) area code ( )

being the holders of  shares in the company, hereby appoint:

\_\_\_\_\_ or failing him/her;

\_\_\_\_\_ or failing him/her;

the chairman of the general meeting,

as my/our proxy to vote for me/us on my/our behalf in accordance with the instructions (see note 2) at the general meeting of the company to be held at 14:00 on Wednesday, 22 January 2003 in the Auditorium, Iscor Corporate Centre, Roger Dyason Road, Pretoria West, and at every adjournment of that meeting.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2002/3

Signature \_\_\_\_\_

Assisted by (if applicable) \_\_\_\_\_

Please indicate with an "X" or the relevant number of votes in the appropriate spaces below how you wish your votes to be cast. If you return this form duly signed, without any specific directions, the proxy shall be entitled to vote as he/she deems fit.

	Number of Iscor shares		
	In favour of resolution	Against resolution	Abstain from voting
Ordinary resolution			

**Please read the notes on the reverse side hereof.**

**Notes:**

1. A shareholder may insert the name(s) of two alternative proxies (neither of whom need be a shareholder of the company) in the space provided, with or without deleting the words "chairman of the general meeting". The person whose name stands first on the form of proxy and has not been deleted and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the general meeting.
2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box/boxes provided. Failure to comply with the above will be deemed to authorise the proxy to vote as he/she deems fit or, where the proxy is the chairman, such failure shall be deemed to authorise the chairman to vote in favour of the ordinary resolutions respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy.
3. The completion and lodging of this form of proxy shall in no way preclude the shareholder from attending, speaking and voting in person at the general meeting to the exclusion of any proxy appointed in terms hereof.
4. Should this form of proxy not be completed and/or received in accordance with these notes, the chairman may accept or reject it, provided that, in respect of its acceptance, the chairman is satisfied as to the manner in which the shareholder wishes to vote.
5. Documentary evidence establishing the authority of the person signing the form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries.
6. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form unless it has previously been registered with the company or the transfer secretaries.
7. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Iscor shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the company by no later than one hour before the commencement of the general meeting at which the proxy is to be used.
8. Where shares are held jointly, all joint holders are required to sign this form of proxy.
9. A minor must be assisted by his/her parent or guardian unless the relevant document establishing his/her legal capacity have been produced or have been registered by the transfer secretaries of the company.
10. Any alteration or correction made to this form of proxy must be signed in full and not only initialled by the signatories.
11. This form of proxy must be lodged with, or posted or faxed to:

**By hand:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
SMG Building  
108 Johan Avenue  
Sandton, 2146

**By fax:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
Fax number: +27 11 506 4718

so as to be received by no later than 14:00 on, Monday, 20 January 2003.

**By lodging or by post:**

Georgeson Shareholder Communications  
South Africa (Proprietary) Limited  
PO Box 652000  
Benmore, 2010