

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 47/LM/May07

In the matter between:

**FBC Nominees No1 (Pty) Ltd
Coronation Capital (Pty) Ltd**

Acquiring Firm

And

SA Airlink (Pty) Ltd

Target Firm

Panel : D Lewis (Presiding Member), N Manoim (Tribunal
Member) and Y Carrim (Tribunal Member)
Heard on : 12 June 2007
Order issued on : 12 June 2007
Reasons issued on : 17 July 2007

Reasons for Decision

Approval

1]On 12 June 2007, the Tribunal approved the merger between FBC Nominees No 1 (Pty) Ltd, Coronation Capital (Pty) Ltd and SA Airlink(Pty) Ltd. The reasons follow below.

The Transaction

2]The primary acquiring firms is FBCF Nominees No 1 (Pty) Ltd ("FBCF") and Coronation Capital (Pty) Ltd ("Coronation"). FBCF is a wholly owned subsidiary of Nedbank Group Limited ("Nedbank"), which is ultimately controlled by Old Mutual plc. Coronation is a wholly owned subsidiary of Coronation Investments and Trading Limited, an unlisted public company with various subsidiaries.

3]The primary target firm is SA Airlink (Pty) Ltd (“SA Airlink”). Its shareholders are:

- Osprey Airline Investments (Pty) Ltd 45.90%
- Roger Arnold Foster 19.35%
- Barrie James Webb 19.35%
- South African Airways (Pty) Ltd 10%
- Osprey Airline Holdings (Pty) Ltd 5.40%

4]The proposed transaction arises out of a debt restructuring exercise which will result in each of Nedbank and Coronation subscribing for 33.5% shareholding in SA Airlink. SA Airlink is a client of both Nedbank and Coronation Capital which has, due to the negative effect that the events of 11 September 2001 has had on the aviation industry, received temporary financial assistance from them. Nedbank and Coronation will each acquire shares in SA Airlink in order to settle the amounts owed to them and will as a result of this settlement acquire negative control over SA Airlink as contemplated in section 12(2)(g) of the Act.

5] Post the transaction the shareholding in SA Airlink is likely to be:¹

- Nedbank Ltd (through FBCF) 33.5%
- Coronation Capital 33.5%
- RA Foster 23%
- BJ Webb 10%

6]The merging parties believe that the proposed transaction should strengthen SA Airlink’s balance sheet and assist it to grow organically.

1 In the event that South African Airways does not accept that the call option for its 10% shareholding pre the transaction has been validly exercised and it does not follow its rights in terms of the proposed recapitalization, the parties anticipate that the likely shareholding post the recapitalization will be:

Nedbank	32.6%
Coronation	32.6%
RA Foster	22.33%
BJ Webb	9.73%
SAA	2.74%

The relevant market and the impact on competition

7]SA Airlink provides scheduled air services linking smaller communities to the major hubs in South Africa and the SADC region. FBCF has previously not traded, Nedbank is a registered bank and Coronation is involved in investment banking. Although there is no overlap in the activities of the merging parties both Nedbank and Coronation leases, in terms operating lease agreements, certain aircraft to SA Airlink. However these arrangements are made in the ordinary course of their business of financing.

8]The proposed transaction is therefore unlikely to substantially prevent or lessen competition in any market.

Public interest issues

9]There are no significant public interest issues and no retrenchments are envisaged as a result of the proposed transaction.

D Lewis

Date 17 July 2007

N Manoim and Y Carrim concurring.

Tribunal Researcher: R Badenhorst
For the merging parties: Natalie Browne (Cliffe Dekker)
For the Commission: Makgale Mohlala and Marlon Dasarath