

# COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 82/LM/Aug07

In the matter between

**Red Pen 2 General Trading (Pty) Ltd**

**Acquiring Firm**

And

**Primedia Ltd**

**Target Firm**

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Panel : D Lewis (Presiding Member), N Manoim (Tribunal Member)  
and Y Carrim (Tribunal Member)

Heard on : 05 September 2007

Decided on : 05 September 2007

Reasons Issued : 22 October 2007

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## REASONS

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### Approval

[1] On 08 August 2007 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Red Pen 2 General Trading (Pty) Ltd and Primedia Ltd unconditionally. The reasons appear below.

### Parties

[2] The acquiring firm is Red Pen 2 General Trading (Pty) Ltd (“Newco”). Newco is a shelf company, established specifically for the purposes of the proposed transaction.

[3] The target firm is Primedia Ltd (“Primedia”). Primedia controls a range of radio stations and other media companies.<sup>1</sup> Primedia is controlled by the Mine Workers Investment Company (Pty) Ltd (“MIC”) and the Kirsh Consortuim (“Kirsh Consortium”) by virtue of a voting pool agreement concluded between them in March 2000.<sup>2</sup>

### Rationale for the Transaction

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1 Primedia operates the following divisions: Advertising division, Filmed entertainment division and One-to-one marketing division .

2 Primedia is a media company that controls a range of radio stations and other media companies.

[4] The transaction involves a buy-out of the Primedia Group, necessitating a restructuring thereof and a consequential delisting of Primedia from the JSE Limited. Post merger, direct control over Primedia Group will vest in Newco. Newco in turn will ultimately be controlled by the Kirsh Consortium and MIC by virtue of a shareholders' agreement.<sup>3</sup>

[5] The parties have submitted that the proposed transaction will increase broad-based management participation in Primedia through the acquisition by approximately 55 members of the incumbent Primedia management of an equity stake in Primedia. The parties further submitted that the transaction will significantly increase Black Economic Empowerment ("BEE") shareholding in the restructured Primedia Group, thereby improving the group's BEE status.

### **Competition Analysis**

[6] In our view the proposed transaction merely involves a restructuring of ownership interest in Primedia. The implementation of the transaction will leave the competitive landscape unchanged. In addition, the transaction does not raise any public interest concerns.

### **Conclusion**

[7] Based on the above the transaction is accordingly approved unconditionally.

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**Y.Carrim**  
Tribunal Member

**22 October 2007**

**Date**

### **N Manoim and D Lewis concurring**

**Tribunal Researcher : J Ngobeni**

**For the merging parties : Edward Nathan Sonnenberg**

**For the Commission : HB Senekal (Mergers and Acquisitions)**

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<sup>3</sup> Post merger Primedia will be owned by Newco. Newco will ultimately be controlled by the Kirsh Consortium holding 18.5% shares; MIC holding 40%; Remaining Kirsch Consortium holding 12.8% shares and Management and Employees will hold 28.6%.