

SKILLSOFT PUBLIC LIMITED CO  
Form DEFA14A  
March 18, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

(Amendment No. \_\_ )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

**SkillSoft Public Limited Company**

(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

This filing consists of slides presented by SkillSoft PLC to RiskMetrics Group on March 18, 2010 regarding the proposed acquisition of SkillSoft PLC by SSI Investments III Limited.

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Presentation to RiskMetrics Group  
March 2010

Presentation Overview & Team  
Presentation Overview & Team  
SkillSoft Overview  
Recommendation & Core Rationale  
Transaction Overview, Terms & Process  
Summary  
Presentation Team  
Chuck Moran

SkillSoft President & CEO

Bill Boyce

Lead Director

Jim Krzywicki

Director / Member of

Independent Committee

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RiskMetrics

Presentation

Board of Directors & Independent Committee

Chuck Moran

President & CEO,

Chairman of the Board

Has served as Director since October 1998

Currently serves as CEO, Screendragon

Former President & CEO, Open Learning Exchange



James S. Krzywicki

Director

Founded SkillSoft Corporation in 1998

Formerly served as President & CEO of NETg

From

1993

1994,

served

as

CFO

and

COO

at

Softdesk

Name

Background

Independent Committee

(1)

Dr. Ferdinand von Prondzynski

Director

William F. Meagher, Jr.

Director

P. Howard Edelstein

Director

William J. Boyce

Lead Director

Has served as Director since November 2001

Currently serves as President of Dublin City University

Currently serves as Director Knockdrin Estates and several private companies

Has served as Director since March 2004

Former Managing Partner, Arthur Andersen

Currently serves as director of Mac-Gray Corporation

Has served as Director since September 2002

Formerly served as EIR with Warburg Pincus and CEO, NYFIX

Currently serves as director of Alacra and Ness Technologies

Has served as Director since March 2009

Former Founder, Highland Capital Partners

Former private investor and Vice President, Affiliated Publications

Independent Committee

(1)

The SkillSoft Board delegated to the Independent Committee the authority to approve or disapprove and recommend to the Board approval or disapproval of the proposed acquisition of SkillSoft by the Investor Group, and resolved that the Board shall not approve the proposed acquisition by the Investor Group without the prior approval of such acquisition by the Independent Committee

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| RiskMetrics Presentation

SkillSoft Overview

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| RiskMetrics Presentation

(1) IDC, Worldwide and U.S. Corporate eLearning 2009-2013 Forecast, August 2009.

(2) On a constant-currency basis.

Company overview

SkillSoft

PLC (NASDAQ: SKIL) is a leading SaaS provider of on-demand eLearning and performance support

solutions for global enterprises, government, education and small to medium-sized businesses  
SkillSoft  
occupies a unique position in the eLearning industry through the pairing of its extensive content  
offering with its flexible technology

SkillSoft's  
content library includes more than 30,000 titles in 19 languages and covers a wide spectrum of enterprise learning  
needs with courses, simulations, online books, videos and 24x7 online mentoring

SkillSoft  
maintains a worldwide presence with products sold in 58 countries

Industry dynamics

Growth  
expectations  
for  
the  
U.S.

Corporate  
eLearning  
market  
have  
declined  
due  
to  
several  
factors  
including

Global economic conditions

Trends related to the recessionary environment, such as a more discretionary view on training, budget pressure and pricing  
sensitivity

IDC  
has  
reduced  
its  
U.S.  
Corporate  
eLearning  
market  
growth  
rate  
expectations  
through  
2012  
by  
over  
50%  
(1)  
SkillSoft's

recent performance

As

a

result

of

the

challenging

operating

environment

during

fiscal

2010,

SkillSoft's

revenue,

backlog

and

order

intake declined by 4%, 3%

(2)

and 6%, respectively, in fiscal 2010

Recommendation | Core Rationale  
Best available strategic alternative for SkillSoft shareholders

Prior  
discussions  
with  
potential  
merger

partners  
/  
acquirors  
did  
not yield results

Other strategic alternatives, which were thoroughly reviewed by the Board, included greater risks and uncertainty  
Challenging market environment and financial trends

Growth expectations for the eLearning market have declined

Increasing competition within SkillSoft's market place

SkillSoft's success at reducing operating costs make peer outperformance more difficult going forward  
Premium valuation

26% premium to the average closing price over one-year period ended February 11, 2010

49% premium to the average closing price over the five-year period ended February 11, 2010  
Addresses shareholder concerns regarding illiquidity of SkillSoft securities

Shareholder base highly concentrated with top 10 holders owning over 60% of shares at time of announcement

Very low trading volume prevented shareholders from liquidating position without putting "selling pressure" on the stock price for an extended period of time  
Transaction terms & process structured to maximize value for shareholders

Transaction effected via Irish Takeover Rules, which are structured to maximize value for shareholders

Active  
Go-Shop  
provision  
allowed  
the  
company  
to  
proactively  
solicit  
higher  
proposals  
-

not common practice in Ireland

Modest expense reimbursement agreement

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| RiskMetrics Presentation

Transaction

Overview

Go-Shop provision

Transaction must be approved by *75%* of the votes cast by shareholders

Transaction subject to approval by the Irish High Court

Of

the

45

parties  
contacted  
during  
the  
Go-Shop  
period,  
only  
1

party  
submitted an indicative proposal,  
which was preliminary and conditional and was subsequently withdrawn  
Post March 6, SkillSoft can only react to unsolicited inbound inquiries by third parties

Vote requirement

Recommendation

Transaction

Timing

March 12

Documents posted to shareholders

March 29

Voting deadline for ADS shareholders

April 4

Voting deadline for Ordinary shareholders

May 4

High Court

hearing expected to be held to sanction the Scheme

May 14

Expected to close on or around May 14

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SSI investments III Limited, a company formed by funds sponsored by Berkshire Partners  
LLC, Advent International Corporation and Bain Capital, LLC (the Investor Group ), and  
SkillSoft have agreed the terms for a recommended acquisition of SkillSoft for \$10.80 in cash  
for each ordinary share or ADS

SkillSoft's Board of Directors and a committee of independent directors unanimously  
recommend SkillSoft shareholders vote in favor of the acquisition

Transaction Agreement included a 22-day Go-Shop period which commenced February 12  
wherein SkillSoft had the ability to proactively solicit third party proposals (until March 6)

April 6

Court meeting and EGM to obtain shareholder approvals



Transaction  
Terms & Process  
Successful negotiation with the Investor Group

Investor Group increased price to \$10.80 from \$10.50 through multiple rounds of negotiation

Addition of Go-Shop provision, the period of which was successfully lengthened through negotiations

Successfully  
eliminated  
matching  
right  
as  
originally  
proposed  
by  
the  
Investor  
Group  
Transaction certainty

Cash consideration providing certainty of value for Shareholders

Absence of any financing condition to the Investor Group's obligation to consummate the acquisition  
Minimal break-up fee

Expenses-reimbursement payment limited to 1% of total value of entire issued share capital of SkillSoft  
Go-Shop provision

Ability to affirmatively solicit acquisition proposals from third parties during the 22-day period following announcement

Following the expiration of the Go-Shop period on March 6, SkillSoft has the right to furnish information to and conduct negotiations with third parties that make an unsolicited acquisition proposal  
Management participation in the transaction

SkillSoft management proactively did not participate in discussions with the Investor Group around employee contracts or equity participation

Management avoided the perception of allegiance with the Investor Group and wanted the Go-Shop process to be impartial

Transaction terms & process structured to maximize value for shareholders

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Transaction

Terms and

Process | Go-Shop

Credit Suisse contacted 45 parties between February 12 and March

6 (including private equity firms

& operating companies) that SkillSoft believed might have an interest in acquiring the business

Based on feedback from these parties, Credit Suisse sent 15 parties a Go-Shop process instruction letter and a form of Confidentiality Agreement

SkillSoft entered into Confidentiality Agreements with 10 parties and subsequently granted each of them

access

to

the

data

room

containing

the

documents

made

available

to

the

Investor

Group

-

all

of

those parties conducted some level of due diligence on SkillSoft

SkillSoft received an indicative conditional preliminary proposal from one party to acquire all of the outstanding shares of SkillSoft at a price per share in excess of \$10.80

This proposal was preliminary in nature and subject to certain conditions. Subsequent to submitting this proposal and after further work relating to those conditions, the third party informed SkillSoft that it would not be submitting a more formal or unconditional offer and withdrew its preliminary proposal

Summary of Go-Shop

solicitation

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Summary  
Best available strategic alternative for SkillSoft shareholders

Prior  
discussions  
with  
potential

merger  
partners  
/  
acquirors  
did  
not  
yield  
results

Other strategic alternatives considered by the Board included greater risks

Certainty of value: cash offer of US\$10.80 per ADS

Addresses shareholder concerns regarding illiquidity of SkillSoft securities

No alternative offer after extensive Go-Shop process

Challenging market environment and financial trends within SkillSoft's business

Growth expectations for the eLearning market have declined

Increasing competition within SkillSoft's market place

SkillSoft's success at reducing operating costs make peer outperformance more difficult going forward  
Premium valuation

26% premium to the average closing price over one-year period ended February 11, 2010

49% premium to the average closing price over the five-year period ended February 11, 2010

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SkillSoft

Board unanimously recommends

shareholders vote in favor of the acquisition

Q&A  
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| RiskMetrics Presentation

Appendix  
Slide 11  
| RiskMetrics Presentation



Best  
Available Strategic Alternative  
Prior discussions  
with  
potential  
merger  
partners  
/

acquirors  
did  
not  
yield  
results

Over the past several years, efforts undertaken by SkillSoft to determine whether any party was interested in acquiring the Company did not yield any definitive acquisition proposal other than the one from the Investor Group

Other strategic alternatives considered by the Board included greater risks

Each of the strategies evaluated involved risks and uncertain likelihood of success, and involved execution challenges as well as the potential to disrupt SkillSoft's existing business plan and prospects

Continuing to operate the business with a view to maximizing profitability, while a viable alternative, was likely to impair SkillSoft's growth profile

Each of the growth strategies considered required significant content, platform or headcount investments

These investments are typically expensed through the P&L, which would have depressed SkillSoft's future profitability

This could potentially have a negative impact on the trading price of SkillSoft ADSs in the short term due to the natural delay that occurs between when incremental investments are made and subsequent revenue growth might be realized. Those growth strategies that offered the greatest potential for a long-term positive impact on the trading price of SkillSoft ADSs involved increased levels of execution risk, long-term horizons, and lacked reasonable certainty in their ability to yield meaningful increases in the value of SkillSoft ADSs relative to the underlying risk.

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Premium valuation  
Historical stock price performance  
14-Feb-05  
29-Jul-05  
11-Jan-06  
26-Jun-06  
8-Dec-06  
23-May-07

5-Nov-07  
18-Apr-08  
1-Oct-08  
16-Mar-09  
28-Aug-09  
11-Feb-10

\$0  
\$3  
\$6  
\$9  
\$12  
0  
500  
1,000  
1,500  
2,000  
2,500  
3,000  
3,500  
4,000  
4,500  
5,000

Source:

FactSet.

Offer price: \$10.80

\$10.80 offer premium / (discount) to

Period

Price

Prem/(disc)

Unaffected

\$9.76

11%

12-month average

8.56

26%

5-year average

7.25

49%

Note: Prices as of February 11, 2010.

March

9,

2009

February

11,

2010

SkillSoft:

98%

NASDAQ:

72%

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As a result of the challenging operating environment during fiscal 2010, SkillSoft's revenue, deferred revenue, bookings and backlog for FY2010 were all down from FY2009. Additionally, SkillSoft's

preliminary  
operating plan for FY2011  
anticipates that FY2011 will be a  
more challenging year than is  
reflected in the mean estimates of  
securities analysts published with  
Institutional Brokers  
Estimate  
System (I/B/E/S)  
Challenging market environment and financial trends  
Slide  
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|  
RiskMetrics  
Presentation  
(\$MM)  
SKIL historical operating performance  
FY 2008  
FY 2009  
FY 2010  
Revenues  
Total Revenues (actuals)  
\$281  
\$329  
\$315  
Total Revenues (actuals)  
17%  
(4%)  
Backlog  
Non-cancelable revenue backlog  
\$255  
\$239  
\$239  
Non-cancelable revenue backlog (constant currency)  
247  
246  
239  
Non-cancelable revenue backlog (constant currency)  
(0%)  
(3%)  
Deferred Revenue  
Deferred Revenue (as reported)  
\$219  
\$202  
\$200  
Deferred Revenue (constant currency)  
212  
208  
200  
Deferred Revenue (constant currency)

(2%)

(4%)

Metrics

Combined Dollar Renewal Rate

102%

97%

93%

Order Intake

(6%)

Note: Constant currency reported at 1/31/10 FX rates.



Illiquidity of SkillSoft securities  
SkillSoft's  
stock  
is  
thinly  
traded  
and

illiquid,  
which  
is  
largely  
a  
result  
of significant  
shareholder concentration  
Given the shareholder concentration and  
illiquid technical trading, a large shareholder  
would likely depress the market price if they  
decided to liquidate their position

# of trading days  
required to  
liquidate position  
assuming  
maximum daily  
sale of 20% of 1-  
month avg. daily  
trading volume  
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RiskMetrics  
Presentation  
Institutions

(1)

Outstanding

% of

Holder

shares

O/S

(2)

Columbia Wanger

Asset Management Lp

21,025,250

22.2%

Wells Capital Management, Inc.

8,076,510

8.5%

Capital World Investors

5,850,000

6.2%

Fred Alger Management, Inc.

4,019,529

4.2%

Westfield Capital Management Co. Lp

3,934,052

4.1%

Bamco, Inc.

3,750,000  
4.0%  
Timesquare  
Capital Management Llc  
3,723,250  
3.9%  
T. Rowe Price Associates, Inc.  
3,595,750  
3.8%  
Cramer Rosenthal Mcglynn  
Llc  
3,446,950  
3.6%  
Fidelity Management & Research  
2,697,900  
2.8%  
Cortina Asset Management Llc  
1,925,370  
2.0%  
The Boston Company Asset Management Llc  
1,698,436  
1.8%  
New York State Common Retirement Fund  
1,544,052  
1.6%  
Eagle Asset Management, Inc.  
1,470,942  
1.6%  
Kalmar Investments, Inc.  
1,459,740  
1.5%  
Renaissance Technologies Llc  
1,272,220  
1.3%  
Tygh  
Capital Management, Inc.  
1,194,180  
1.3%  
Capital Research Global Investors  
1,189,000  
1.3%  
Essex Investment Management Co. Llc  
987,004  
1.0%  
Dreyfus Investment Advisors, Inc.  
936,200  
1.0%  
Top 20 institutions  
73,796,335  
77.8%

Remaining institutional holders

10,245,651

10.8%

Total institutional holdings

84,041,986

88.6%

(1) Based on FactSet

holding information for investors prior to acquisition announcement.

(2) Based

on

common

shares

outstanding

per

SkillSoft

10-Q/A

for

the

period

ended

October

31,

2009.

Excludes impact of dilutive securities.

(3) Based on share price of \$9.76 as of February 11, 2010.

(4) Per Bloomberg.

Days trading volume

Shares held relative to

100% of

20% of

Illustrative

Basic

Shares

1-month

1-month

shares

market

held as a

avg. daily

avg. daily

held

value

(3)

% of float

volume

volume

20.0

\$195.2

21.1%

102 Days

510 Days

15.0

146.4

15.8

77

383

10.0

97.6

10.6

51

255

5.0

48.8

5.3

26

128

1.0

9.8

1.1

5

26

(MM, except per share amounts)

Technical trading statistics

1 month

Price as of (2/11/10)

\$9.76

Share volume / day

0.196

Basic shares outstanding

(2)

94.9

Average price

\$10.07

Public float

94.7

\$ volume / day

\$2.0

Basic market value

(2)(3)

\$926.1

% float

0.2%

Float value

(3)

\$923.8

% outstanding

0.2%

Float as % outstanding

(4)

99.8%

## Overview of the Investor Group

Founded in 1985

Active private equity  
investor, having completed  
more than 90 investments

Currently investing from seventh fund, which totals \$3.1 billion

Founded in 1985

Comprised of over 140 professionals in 16 offices around the world

Currently managing a portfolio of over 100 companies

Founded in 1984

Global private investment firm, managing pools of capital including private equity, high yield assets, mezzanine capital, venture capital and public equity

Has made private equity investments and add-on acquisitions in over 300 companies

Funds advised = \$6.5Bn

Funds advised = \$24Bn

Funds advised = ~\$65Bn

Overview

Assets Under

Management

Selected

Notable

Investments

Investor

Group

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| RiskMetrics Presentation

Legend

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RiskMetrics

Presentation

Legal Information

The directors of SkillSoft accept responsibility for the information contained in this document, other than that relating to SSI I



and Bain Capital Partners, LLC and the directors of SSI Investments III Limited and members of their immediate families, reliance on the information contained in this document is based on the belief of the directors of SkillSoft (who have taken all reasonable care to ensure such is the case), the information contained in this document is true and does not omit anything likely to affect the import of such information.

The directors of SSI Investments III Limited accept responsibility for the information contained in this document relating to SSI Investments III Limited, SkillSoft Corporation and Bain Capital Partners, LLC and the directors of SSI Investments III Limited and members of their immediate families. The information contained in this document, to the best of their knowledge and belief of the directors of SSI Investments III Limited (who have taken all reasonable care to ensure such is the case), the information contained in this document is true and does not omit anything likely to affect the import of such information.

Credit Suisse Securities (USA) LLC ( "Credit Suisse" ), which is regulated under the laws of the United States of America, is not responsible to any person other than SkillSoft for providing the protections afforded to clients of Credit Suisse, nor for providing any advice in connection with this transaction or any matter referred to herein. Neither Credit Suisse nor any of its subsidiaries, branches or affiliates owes or owes any duty (whether in contract, in tort, under statute or otherwise) to any person who is not a client of Credit Suisse in connection with this transaction. Morgan Stanley, which is regulated under the laws of the United States of America, is acting as lead financial advisor to SSI Investments III Limited in connection with the Acquisition and will not be responsible to anyone other than SSI Investments and the Investor Group for providing the protections afforded to clients of Morgan Stanley in connection with the Acquisition, the contents of this document or any transaction or arrangement referred to herein. Neither Morgan Stanley nor any of its subsidiaries, branches or affiliates owes or owes any duty (whether in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley in connection with this transaction, any statement contained herein or otherwise.

WilmerHale and William Fry are acting as legal advisors to SkillSoft. Ropes & Gray LLP and Mason Hayes+Curran are acting as legal advisors to SSI Investments III Limited, SkillSoft Corporation and Bain Capital Partners, LLC.

This document does not constitute an offer to purchase, sell, subscribe for or exchange or the solicitation of an offer to purchase or sell securities, or any other financial product, in any jurisdiction pursuant to the Acquisition or otherwise.

Capitalised terms used but not otherwise defined herein shall have the meanings given to such terms in the definitive Proxy Statement. Any response in relation to the Acquisition should be made only on the basis of the information contained in the definitive Proxy Statement. Investors are advised to read carefully the formal documentation in relation to the proposed transaction.

#### SAFE HARBOUR FORWARD-LOOKING STATEMENTS

This document includes information that constitutes forward-looking statements made pursuant to the safe harbour provision of the Securities Act of 1933. The information contained in this document regarding the proposed transaction between SSI Investments III Limited and SkillSoft, the expected timetable for completion of the Acquisition, SSI Investments III Limited's and SkillSoft's future expectations, beliefs, goals, plans or prospects constitute forward-looking statements. Any such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, changes in demands or industry standards, adverse economic conditions, loss of key personnel, litigation and other risk factors disclosed in this document. The forward-looking statements contained in this document represent the views of SSI Investments III Limited and SkillSoft as of the date of this document. SSI Investments III Limited and SkillSoft do not intend to update or revise these forward-looking statements to reflect events or circumstances after the date of this document, or to specifically disclaim any obligation to do so. These forward-looking statements should not be relied upon as representing SSI Investments III Limited's or SkillSoft's views as of the date of this document.

Legend (continued)

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RiskMetrics

Presentation

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Irish Takeover Panel Act, 1997, Takeover Rules 2007, as amended (the Irish Takeover Rules) indirectly) in, one per cent., or more of any class of relevant securities of SkillSoft, all dealings in any relevant securities referred to, any such relevant securities ) must be publicly disclosed by not later than 3.30 pm (Dublin time) on the business day following the date on which the offer period otherwise ends. If two or more persons, acting in concert, or acting in concert with a third party, or acting in concert with each other, or acting in concert with a third party, tacit, either oral or written, to acquire an interest in relevant securities of SkillSoft, they will be deemed to be a single person. Under the provisions of Rule 8.1 of the Irish Takeover Rules, all dealings in relevant securities of SkillSoft by SSI Investments Ltd. shall also be disclosed by no later than 12 noon (Dublin time) on the business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose relevant securities dealings should be disclosed can be found on the Irish Takeover Panel's website.

Interests in securities arise, in summary, when a person has long economic exposure, whether conditional or absolute, to the issuer of the securities having an interest by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative rights in, the securities. Terms in quotation marks are defined in the Irish Takeover Rules, which can also be found on the Irish Takeover Panel's website. If you wish to disclose a dealing under Rule 8, please consult the Panel's website at [www.irishtakeoverpanel.ie](http://www.irishtakeoverpanel.ie) or contact the Panel on telephone 01 274 2000. The release, publication or distribution of this document in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Documents relating to the Acquisition are not being, and must not be, released, published, mailed or otherwise forwarded, distributed or otherwise made available to persons in those jurisdictions where it would be unlawful to do so, including (but not limited to) Canada, South Africa, Australia and Japan. Persons receiving such documents (including custodians) should observe these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction. The companies involved in the proposed Acquisition disclaim any responsibility or liability for the violations of any such restrictions.

