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Frequently Asked Questions Raised by Non-U.S. Issuers Concerning the Changing Regulatory Landscape In The United States

As has been widely reported, the U.S. Congress through the Sarbanes-Oxley Act of 2002 (the "Act"), has amended significantly the U.S. securities laws governing companies that have offered securities in the U.S or are simply listed in the U.S. Since the July effective date of the Act, the SEC, in accordance with its mandate under the Act, has adopted a number of rules to implement provisions of the Act. Only a few provisions of the Act remain in proposed form.

We are taking this opportunity to update you with respect to the impact of the Act from the general perspective of non-U.S. issuers. As in the past, to minimize the detail in this memorandum, we cross-reference the more detailed discussions from our update memos, which are available on our web site under securities publications (www.paulweiss.com):

- U.S. Congress Passes Accounting Reform and Corporate Governance Legislation (the "SOA Memorandum")
- SEC Issues Rules for CEO/CFO Certifications of Quarterly and Annual Reports and Internal Disclosure Controls and Procedures (the "302 Memorandum")
- SEC Adopts Rules Regarding Codes of Ethics and Financial Experts (the "406/407 Memorandum")
- Developing Procedures to Comply with the New SEC Certification Requirements (the "Procedures Memorandum")
- SEC Adopts Rules on Disclosure of Off-Balance Sheet Arrangements and Other Commitments (the "401 Memorandum")
- SEC Adopts Rules Regarding Use of Non-GAAP Financial Measures and Requiring Filing of Earnings Releases (the "Pro Forma Memorandum")
- SEC Adopts Rules Strengthening its Requirements Regarding Auditor Independence (the "Title II Memorandum")
- SEC Adopts Rules Regarding Insider Trades During Pension Fund Blackout Periods (the "BTR Memorandum")
- SEC Proposes Proposals Regarding Internal Controls and Procedures for Financial Reporting (the "404 Memorandum")
- SEC Proposes Rules Regarding Audit Committee Independence (the "301 Memorandum")

Summary of Concerns

Which provisions of the Act generated concern by non-U.S. issuers?

- CEO/CFO certifications under the Act
- CEO/CFO certifications adopted by the SEC

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- Prohibition on loans to directors and executive officers
- Forfeiture of compensation and profits following certain restatements
- Listing standards addressing audit committee independence and the disclosure requirements in respect of "financial experts"
- Limitation on performance by auditors of non-audit services
- Internal controls assessments by CEOs/CFOs
- Disclosure in 20-F/40-Fs of conclusions on effectiveness of internal controls and changes in internal controls
- Inclusion of an internal control report in annual reports to shareholders
- Auditor attestation as to management internal controls assessments
- Impact on issuers of obligations of attorneys to report violations or effect so-called "noisy withdrawals" in response to issuer violations

What can we do about our concerns?

To the extent that provisions were in proposed form, you were encouraged by the SEC to make your views known. As the comment period has expired for most proposals further comment will not influence the final rules. Although non-U.S. issuers will continue to obtain waivers from stock exchange rules, as described below, none of the provisions of the Act contemplates waivers or exemptions that can be granted by the SEC staff.

Components of the Act

Does the Act contain all the measures companies need to be concerned about?

No. The Act contains some stand-alone provisions that are effective immediately. Others amend existing securities laws, criminal statutes and other laws. Many call for further action by the SEC. In addition, the stock exchanges are actively reviewing their listing standards, on their own or as required by the Act.

Will each provision apply to every company?

No. Each provision contains a reference as to which entities are covered. Some provisions apply (or will apply when effective) to all "issuers" -- that is all companies that have securities listed in the United States or that have conducted a registered public offering in the United States, as well as companies that are in the process of conducting a registered public offering in the United States. Others only apply to issuers that are "reporting companies" (that is, they file reports with the SEC, such as a Form 20-F or Form 40-F) or only to companies that have publicly traded equity securities in the United States but not companies with only public debt securities.

Coverage of the Act

If our company has only issued securities in the United States under Rule 144A, does the Act apply to us?

No. None of the provisions of the Act apply to your company unless your offering under Rule 144A was followed by a registered exchange offer and your company is still required to file reports with the SEC.

If our company has only obtained a 12g3-2(b) exemption in connection with a Level I ADS program or otherwise, does the Act apply to us?

No. None of the provisions of the Act apply to your company. The purpose of the exemption is to permit nominal activities in the U.S. capital markets without triggering the registration requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), which governs the obligations of reporting companies in the United States. Your company is not a reporting company.

If our company has a Level I ADS program and upgrades to a Level II program, will the Act apply to us?

Yes, in connection with the listing as part of the Level II upgrade, your company will become a reporting company and will be subject to most of the provisions of the Act. This will be true whether or not you upgrade to a Level III program, and raise capital.

If our company has securities listed on a U.S. stock exchange, does the Act apply?

Yes, most of the provisions of the Act will apply to your company if you are listed in the U.S., whether or not your company also raised capital in a public offering.

When will we know the final form of the various provisions that are not effective today?

The deadline for final action by the SEC on all of the rules that we discuss in this memorandum (other than the rules on independent audit committees and internal controls) was January 26, 2003. The audit committee rules are subject to a comment period that will run in February, and final rules are required by April 26, 2003. There is no deadline for the internal control rules.

If our company is about to go public in the United States and has publicly filed a registration statement, does the Act apply to us?

Yes, some of the provisions apply immediately (the ban on personal loans to executives and liability of CEOs and CFOs for reimbursement due to accounting restatements), others would apply today if you had completed your offering and now had a reporting obligation, and will apply when you go public and become a reporting company. See "Practical Implications" below.

If our company is about to go public in the United States and has submitted a registration statement to the SEC on a confidential basis, does the Act apply to us?

Probably not, as the registration statement will not yet be deemed "filed."

If we are a foreign company and voluntarily file 10-Ks and 10-Qs, will we be able to take advantage of any of the accommodations for non-U.S. issuers?

Your company is subject to all of the SEC rules applicable to U.S. reporting companies, including the new accelerated time periods for filing of annual and quarterly reports. The stock exchange waiver provisions rules applicable to foreign private issuers would continue to be available to you.

If we are a non-U.S. company but cease to qualify as a foreign private issuer, can we still take advantage of any of the accommodations for non-U.S. issuers?

No. At this point you become subject to all of the rules applicable to a U.S. reporting company. Thus, the accommodation for audit committees (discussed below) would cease to apply. Many of the other significant implications of losing foreign private issuer status arise under traditional requirements, and include:

- losing ability to present local GAAP in SEC filings;
- filing quarterly and filing on the domestic timetable (which time periods are being reduced over a phase-in period), which means additional certifications;
- filing current reports on Form 8-K;
- providing shareholders with an annual report and annual proxy statement for the AGM;
- providing proxy statements for EGMs; and
- subjecting your officers and directors to the short-swing profits reporting and liability regime.

Practical Implications

We are required to file annual reports on Form 20-F (or 40-F). By when will we need to be in compliance with the Act?

Some of the provisions of the Act were immediately operative, and we identify those below. Other provisions of the Act called for the SEC to adopt rules and stated the amount of time before such rules were required to go into effect. As to this latter category, most of the rules have been finalized and some are currently effective. Others will be phased in over time. See "Timing" for the specific effective dates.

You say that as a technical matter our company is covered by the Act because we are listed in the United States. Does that mean all of the provisions of the Act will apply?

No. Some provisions amend sections of the securities laws that only affect U.S. issuers, while most of the others apply equally to non-U.S. issuers.

Understanding the Provisions of the Act

From this point on, we assume your company is subject to the provisions of the Act.

Auditor Independence and Audit Committees

Will our company be subject to the auditor independence provisions of the Act?

The auditor independence rules in force prior to the passage of the Act applied to both U.S. and non-U.S. reporting companies. The rules adopted by the SEC affecting audit and non-audit services, including provisions as to:

- auditor independence (which prohibit a series of non-audit services, and require pre-approval of all permissible non-audit services and all audit, review and attestation services by your outside auditor);
- audit partner rotation;
- auditor communication with audit committees (which will require your outside auditor to report to your audit committee on your critical accounting policies; alternative treatments of financial information within GAAP discussed with management, including the ramifications of such alternative treatments and the treatment preferred by the outside auditors; other material written communications between management and the outside auditor); and
- restrictions on employment of auditor personnel

apply to all issuers, including non-U.S. issuers. In addition, these rules will require disclosure in the Form 20-F regarding fees paid for audit services, audit-related services, tax services and other services.

Please refer to our Title II Memorandum for more detail.

Did the SEC adopt rules requiring companies to have independent audit committees?

Section 301 of the Act directed the SEC to adopt rules that obligate the stock exchanges to prohibit the listing of any security of an issuer that is not in compliance with certain requirements. These requirements relate to:

- the independence of audit committee members;

- the audit committee's responsibility to select and oversee the issuer's independent accountant;
- procedures for handling complaints regarding the issuer's accounting practices;
- the authority of the audit committee to engage advisors; and
- funding for the independent auditors and any outside advisors engaged by the audit committee.

The SEC has issued its proposed rule, which applies to both U.S. and non-U.S. issuers with a U.S. listing. Generally, audit committee members cannot receive, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or an affiliate other than in his/her capacity as a board or committee member, and may not be an affiliate of the issuer (or a director, executive officer, partner, principal, member or designee of an affiliate). The indirect fee prohibition would mean that partners or other principals (or persons holding similar positions) in a law firm, investment bank, accounting firm or consulting firm that provides services to the issuer could not serve on the audit committee.

Will our board be required to have a U.S.-style audit committee?

Several accommodations have been included that seek to address the special circumstances of particular non-U.S. jurisdictions. These provisions, subject to conditions specified in the proposed rules:

- allow one non-management employee to serve as an audit committee member, consistent with "co-determination" and similar requirements in some countries;

- allow shareholders to select or ratify the selection of auditors, also consistent with requirements in many foreign countries;

- allow alternative structures such as boards of auditors or statutory auditors to perform auditor oversight functions where such structures are provided for under local law; and

- allow one member of the audit committee to be a representative of a significant shareholder or foreign government shareholder.

Non-U.S. issuers taking advantage of one of these exemptions would need to disclose in, or incorporate by reference into, their annual report on Form 20-F (or 40-F) filed with the SEC:

- their reliance on the exemption; and

- their assessment of whether, and if so, how, such reliance would materially adversely affect the ability of their audit committee to act independently and to satisfy the other requirements of the proposed rules.

Additionally, issuers availing themselves of the board of auditors or statutory auditors accommodation outlined above would be required to file an exhibit to their annual reports stating that they are doing so.

The other provisions covered by Section 301 (that is other than the independence requirement) will apply to you, whether or not you can take advantage of one of the exemptions described above.

In the past, national securities exchanges and associations have granted waivers from certain corporate governance related listing standards to foreign private issuers. As proposed, the national securities exchanges and Nasdaq would not be able to exempt or waive foreign private issuers from the proposed independent audit committee requirements.

Please refer to our 301 Memorandum.

When will our board be required to have a U.S.-style audit committee?

The SEC has proposed a one-year grace period, running from the date of the final SEC rules (which will occur prior to April 26, 2003).

Can we rely on a board of auditors or statutory auditor, and if so, how do we comply with rules relating to audit committees?

It depends on whether your local law provides for such a function and it meets the terms of the exemption. If so, your board of auditors or statutory auditor will need to comply with the other provisions of the rule, such as establishing procedures to receive complaints and for anonymous submissions.

How does the "financial expert" concept affect us?

You will be required to disclose in your annual report on Form 20-F/40-F the number of persons that your board has determined qualify as "audit committee financial experts" and their names, and whether such experts are independent directors. If your board has not made the determination or none of your directors qualify, you must disclose such facts and the reasons why.

If your company is required to have an independent audit committee, then the financial expert provision will require disclosure of the member of the audit committee who meets the test. If your company is not required to have an independent audit committee, your disclosure can address whether the audit committee that you do have has such an expert, or if there is no separate audit committee, your disclosure would address whether any board member meets the test.

In addition, where the SEC comes out on the Nasdaq proposals (and whether it applies to non-U.S. issuers) will be relevant to this question, as the proposed Nasdaq listing standards would require a financial expert (as opposed to requiring disclosure of whether a company has one or not). Without the Nasdaq provision, the failure to have a financial expert would not have a regulatory implication, though it could have a market implication. We believe Nasdaq will withdraw its affirmative requirement for a financial expert.

Please refer to our 406/407 Memorandum.

Impact on CEOs and CFOs - Generally

Do the provisions affecting senior officers apply to our company?

The requirement of CEOs and CFOs to certify periodic reports contained in the penalty provisions of the Act was operative as of July 30, 2002 and applies to non-U.S. issuers for Form 20-F or 40-F annual reports that you file or are required to file after July 30. In addition, effective August 30, 2002, any filing of an annual report on Form 20-F or 40-F must include a second set of certifications by the CEO and CFO. Please refer to our 302 Memorandum for more detail.

The ban on personal loans to directors and executive officers is another currently operative provision of the Act that applies to non-U.S. issuers. The provisions of the Act regarding reimbursement by CEOs and CFOs of bonuses, other incentive-based compensation and stock sale

profits following an accounting restatement due to misconduct also were immediately operative and apply to non-U.S. issuers, although it is unclear how they may be enforced in practice. Please refer to pages 8 and 9 of our SOA Memorandum for more detail.

You will be required to report on Form 20-F/40-F whether your company has adopted a written code of ethics that applies to your CEO, CFO, chief accounting officer and controller (or persons performing similar functions), and if not, the reasons why not. See our 406/407 Memorandum.

Certain of your executive officers and your directors will be subject to blackout periods on insider trades under new Regulation BTR (see below).

If we do not have persons with the title of CEO or CFO, who is subject to the rules?

Those persons performing the function of the principal executive officer and the principal financial officer.

CEO and CFO Certifications

You say our CEO and CFO are subject to certification requirements. What do you mean?

Effective July 30, 2002, under Section 906 of the Act, each periodic report containing financial statements that your company files must be accompanied by a written statement signed by both your CEO and CFO (we refer to these certifications as the "SOA Certifications"). The SOA Certifications require the CEO and CFO to certify that the covered periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of your company. It is our view that this requirement should not apply to non-U.S. issuers submitting quarterly or semi-annual financial statements to the SEC under a Form 6-K, as Form 6-Ks are "made" and are not deemed "filed" for liability purposes of Section 18 of the Exchange Act.

In addition, effective August 30, 2002, each Form 20-F or 40-F must also contain a certification by each of the CEO and CFO (which we refer to as the "SEC Certifications") that:

- he or she has reviewed the covered report (Certification 1);
- based on his or her knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the report (Certification 2); and
- based on his or her knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in the report (Certification 3).

Also effective August 30, 2002, for each Form 20-F or 40-F filed for a period *that ends* on or after August 30, 2002, each of the CEO and CFO must certify:

- he or she and the other certifying officers (Certification 4):
    - are responsible for establishing and maintaining "disclosure controls and procedures";
    - have designed such disclosure controls and procedures to ensure that material information is made known to them, particularly during the period in which the periodic report is being prepared;
    - have evaluated the effectiveness of the issuer's disclosure controls and procedures as of a date within 90 days prior to the filing date of the report; and

- have presented in the report their conclusions about the effectiveness of the disclosure controls and procedures based on the required evaluation as of that date;

- he or she and the other certifying officers have disclosed to the issuer's auditors and to the audit committee of the board of directors (or persons fulfilling the equivalent function) (Certification 5):

  - all significant deficiencies in the design or operation of "internal controls" which could adversely affect the issuer's ability to record, process, summarize and report financial data and have identified for the issuer's auditors any material weaknesses in internal controls; and
  - any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and

- he or she and the other certifying officers have indicated in the report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses (Certification 6).

The SEC, in October, proposed amendments to these certifications, which would become effective for fiscal years beginning after September 15, 2003. For the time being, the certifications described above are the ones you need to address. See our 404 Memorandum.

Please refer to Annex I to this document for a discussion of procedures we believe your CEO and CFO should consider in making the currently effective certifications, and to our 302 Memorandum for more detail on the certifications.

Why are there two sets of certifications?

The Act imposed one set (the SOA Certifications) and at the same time directed the SEC to adopt rules with respect to a second set (the SEC Certifications). The SEC adopted the SEC Certifications on August 29. There is a general belief that Congress erred in imposing the SOA Certifications, but it would take an act of Congress to amend the Act, and that has not occurred. The SEC takes the view that the SOA Certifications are the responsibility of the U.S. Department of Justice and not the SEC and has declined to address the impact of parallel certifications. The SEC has stated informally that it is working with the Department of Justice to possibly eliminate the duplicative certifications.

Internal Procedures

Certifications 4, 5 and 6 of the SEC Certifications refer to internal procedures. What are they?

There are two sets of internal procedures: disclosure controls and procedures, referred to in Certification 4 and internal controls, referred to in Certification 5 and 6, which we discuss below.

What are disclosure controls and procedures?

"Disclosure controls and procedures" are defined as controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports (including current reports on Form 8-K and 6-K and proxy materials) filed or submitted by it under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. "Disclosure controls and procedures" include controls and procedures designed to ensure that information required to be disclosed by an issuer

in its Exchange Act reports is accumulated and communicated to the issuer's management, including its principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

The procedures are to ensure timely collection and evaluation of information potentially subject to disclosure under Forms 20-F and 40-F, and should capture information that is relevant to an assessment of the need to disclose developments and risks that pertain to the issuer's business. For example, for some businesses such as financial services firms, an assessment and evaluation of operational and regulatory risks may be necessary. The procedures should also cover information that must be evaluated in the context of Rule 12b-20, which requires the addition to required disclosure of items of such further material information as may be necessary to make any required statements, in the light of the circumstances under which they are made, not misleading.

What are internal controls?

The second set of procedures referred to in the SEC Certifications -- internal controls -- are not new. These are the controls that reporting companies are required to maintain to ensure accurate financial reporting and control of assets.

The SEC, in October, issued proposed rules that would implement the requirement under the Act for an internal control report. As part of that release the SEC proposed a new term "internal controls and procedures for financial reporting" and defined these as procedures that pertain to the preparation of financial statements for external purposes that are fairly presented in conformity with generally accepted accounting principles as addressed by Codification of Statements on Auditing Standards Section 319 or in any superseding definition or other literature that is adopted by the new oversight board. The purpose of internal controls and procedures for financial reporting is to ensure that companies have processes designed to provide reasonable assurance that:

- the company's transactions are properly authorized;
- the company's assets are safeguarded against unauthorized or improper use; and
- the company's transactions are properly recorded and reported to permit the preparation of the registrant's financial statements in conformity with generally accepted accounting principles.

Since we are a reporting company, must we have these disclosure controls and procedures?

Effective August 29, 2002, your company is required to maintain "disclosure controls and procedures." Your company should have had traditional "internal controls" since you listed in the United States.

The SEC Certifications refer to an evaluation of disclosure controls and procedures. What is this?

Your company will be required, under the supervision of the principal executive and financial officers, to conduct an evaluation of the effectiveness of the design and operation of your company's disclosure controls and procedures within 90 days prior to the filing date of your annual report. Proposed rules would amend the timing to require the evaluation as of the end of the relevant period covered by the report.

The SEC Certifications also refer to disclosure in the covered report concerning our procedures. What does this entail today?

The 20-F/40-F that you file must disclose:

- the conclusions of the principal executive and financial officers about the effectiveness of the disclosure controls and procedures based on their evaluation of these controls and procedures (Certification 4).

- whether or not there were any significant changes in internal controls or on other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses (Certification 6).

Will the disclosure concerning procedures change?

Yes, most likely. The SEC has proposed changes for internal controls and procedures that parallel disclosure controls and procedures. Beginning for fiscal years that start after September 15, 2003, if the rules are adopted, your 20-F/40-F must include an internal control report of management that includes:

- a statement of management's responsibilities for establishing and maintaining adequate internal controls and procedures for financial reporting;

- conclusions about the effectiveness of the company's internal controls and procedures for financial reporting based on management's evaluation of those controls and procedures, as of the end of the company's most recent fiscal year; and

- a statement that the registered public accounting firm that prepared or issued the company's audit report relating to the financial statements included in the company's annual report has attested to, and reported on, management's evaluation of the company's internal controls and procedures for financial reporting; and

- the attestation report of the auditor.

Are there specific procedures we should be adopting to evaluate our procedures?

The SEC has not mandated any particular procedures for conducting the required reviews and evaluations. Instead, each issuer is expected to develop a process that is consistent with its business and internal management and supervisory practices. However, the SEC has recommended that for purposes of the disclosure controls and procedures, an issuer create a committee with responsibility for considering the materiality of information and determining disclosure obligations on a timely basis, which would report to senior management, including the principal executive and financial officers, who bear express responsibility for designing, establishing, maintaining, reviewing and evaluating the issuer's disclosure controls and procedures. The committee could consist of the principal accounting officer (or controller), the general counsel or other senior legal officer responsible for disclosure matters, the principal risk management officer, the chief investor relations officer and such other employees in the business units (e.g., heads of business segments or chief operating officers of operating subsidiaries) as are appropriate.

Please refer to Annex II to this document for a list of items that your disclosure committee might wish to consider as part of its procedures, and to our Procedures Memorandum for more detail on the role of the disclosure committee.

Enhanced Disclosure

How will the new disclosure provisions affect our company?

The SEC has adopted rules for enhanced disclosure in annual reports on Form 20-F and 40-F regarding off-balance sheet arrangements, contractual obligations and contractual commitments, which apply to non-U.S. issuers. See our 401 Memorandum. The SEC has also adopted rules on the presentation of pro forma financial information (which in its release it refers to as "non-GAAP financial measures") which apply to non-U.S. issuers. Non-U.S. issuers, including Canadian issuers filing under MJDS, can expect that their filings will be reviewed at least once every three years.

The auditor independence proposals described above will impose certain disclosure obligations in the annual report on Form 20-F (or 40-F). Disclosure will also be required if an exemption from the audit committee independence requirements will be relied upon.

Notices issued under new Regulation BTR (see below) will need to be filed as exhibits to your annual report.

Expedited disclosure of changes in beneficial ownership does not apply to holders of equity securities of non-U.S. issuers since they are not, by SEC rule, subject to Section 16 of the Exchange Act.

How do the pro forma rules impact us?

The rules on presentation of pro forma financial information (which in its release it refers to as "non-GAAP financial measures") apply whenever a company publicly discloses material information that includes non-GAAP financial measures (whether in a press release, orally, or in a written report) and generally would apply to non-U.S. issuers. The new rules (known as Regulation G) have a limited exception for non-U.S. issuers where: the issuer has securities listed outside the U.S.,

- the non-GAAP measure is not derived from or based on a U.S. GAAP measure; and
- the disclosure is made in (or contained in a communication released in) the U.S. as well as outside the U.S., so long as the disclosure or communication is released in the U.S. at the same time or after its release outside the U.S. and is not otherwise targeted at U.S. residents.

Under these rules, you will need to accompany the non-GAAP measure with a presentation of the most directly comparable GAAP measure and a quantitative reconciliation of the non-GAAP measure to the comparable GAAP measure.

In addition, amendments to Form 20-F impose additional disclosure obligations, over and above Regulation G, in respect of any non-GAAP financial measure included in a Form 20-F report. See our Pro Forma Memorandum.

What disclosures do we need to make regarding codes of ethics?

You will be required to disclose in your annual report on Form 20-F/40-F whether your company has adopted a written code of ethics that applies to your CEO, CFO, chief accounting officer and controller (or persons performing similar functions), and if not, the reasons why not. Changes to, or waivers from, the code would be disclosed in the annual report for the year during which the change or waiver took place. You are encouraged, though not required, by the SEC to report changes and waivers in a Form 6-K report. See our 406/407 Memorandum.

Will we be required to make more frequent disclosures?

Concerning real time disclosure, the SEC has in the past requested public comment on whether the Form 6-K rules should be expanded to require more current disclosure by non-U.S. issuers, but has declined to extend the current reporting requirements applicable to U.S. issuers to non-U.S. issuers. It remains to be seen whether the SEC will modify its traditional views on current reports and, if so, to what extent non-U.S. issuers will be subject to such type of reporting.

Other Rules Impacting Executive Officers and Directors

Are there other rules that impact our officers and directors?

Under new rules known as the Regulation on Blackout Trading Restrictions ("BTR"), your management directors and your CEO, CFO and chief accounting officer will be prohibited from trading in equity securities of the company, during any so-called blackout period, which securities were acquired in connection with service or employment as a director or executive officer. A blackout period will be any three-day period in which the ability of not fewer than 50% of the U.S. participants or beneficiaries under all individual account plans maintained by the company to trade in company equity securities is suspended, provided the total number of U.S. employees subject to suspension exceeds 15% of the company's worldwide workforce or more than 50,000 of the U.S. employees are subject to such suspension. Relevant directors and executive officers must be timely notified of the blackout, and a copy of the notice must be filed as an exhibit to the Form 20-F or 40-F.

Stock Exchange Rules

Are there any other issues triggered by our U.S. listing?

Yes, you should be aware of new corporate governance rules put forward by the NYSE and Nasdaq. As you know, non-U.S. companies typically have requested, and been granted, waivers from a number of the corporate governance standards. Both sets of proposals include a provision that requires non-U.S. issuers to disclose any significant ways in which their corporate governance practices differ from those followed by U.S. companies under the domestic listing standards. It is unclear when the SEC will act on the proposals; the next step would be for the SEC to publish the proposals for public comment.

Although many of the new listing standards may not apply for non-U.S. issuers, it is unclear whether existing listed companies will be required to submit new waiver requests to cover new standards (which, since the new standards did not exist when companies listed, could not have been covered by a waiver, unless it was a blanket one) or whether existing waivers will be deemed to cover the new standards as well. We are in discussions with the NYSE and Nasdaq on this issue.

Timing

When do we need to start addressing all of these new requirements?

Now is the time to consider the impact of all of these new rules, even though some have grace periods. We set forth below a schedule as to when these provisions become effective.

Item	Status	Practical Implication
CEO/CFO certification	Effective	Calendar year companies will include certifications in the 2002 Form 20-F filed no later than June 30, 2003
Disclosure controls and procedures	Effective	Annual reports on Form 20-F or 40-F are subject
Internal controls and procedures	Still in proposed form	Expect will be effective for fiscal years beginning after September 15, 2003
Prohibition on loans	Effective	Currently effective
Independent audit committee	Still in proposed form	Expect will be effective one year after

		SEC adoption
Audit committee financial expert disclosure	Effective	Disclosure required in 20-F/40-F for fiscal years ending after July 15, 2003
Prohibition on certain non-audit services	Effective May 6, 2003	
Pre-approval of audit and non-audit services	Effective May 6, 2003	
Disclosure of fees for audit and non-audit services	Effective May 6, 2003	Disclosure required in 20-F/40-F for fiscal years ending after December 15, 2003
Non-GAAP measures	Effective March 28, 2003	Regulation G - Applies to any disclosures made after March 28, 2003 Form 20-F disclosures will need to be made in any annual report filed for a fiscal year ending after March 28, 2003, and similar disclosures will be required in any 6-K report incorporated in a registration statement containing financial statements for periods ending after March 28, 2003
Code of ethics disclosure	Adopted	Disclosure required in 20-F/40-F for fiscal years ending after July 15, 2003
Insider trades during pension blackouts	Adopted	Disclosure of notices given under Regulation BTR required in 20-F/40-Fs for fiscal year that covers January 2003, and thereafter
MD&A rules on off-balance sheet arrangements	Adopted	In filings that are required to include financial statements for fiscal years ending on or after June 15, 2003
MD&A disclosure of contractual obligations	Adopted	In filings that are required to include financial statements for fiscal years ending on or after December 15, 2003

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This memorandum provides only a general overview of certain provisions of the Act and is not intended to provide or constitute legal advice, and no legal or business decision should be based on its contents.

Any questions concerning the foregoing should be addressed to members of the Paul Weiss Securities Group (see below). In addition, memoranda on related topics may be accessed under Securities Group publications on our web site (www.paulweiss.com).

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Annex I

PROCEDURES FOR CEO/CFO CERTIFICATIONS

As part of the Sarbanes-Oxley Act of 2002 that was signed by the President, each periodic report containing financial statements filed by a reporting company (U.S. or non-U.S.) must be accompanied by a written statement by the company's CEO and CFO. In addition, SEC rules now mandate certifications as well.

We are providing guidance to CEOs and CFOs on how to prepare to comply with the certification requirements as they relate to the contents of the covered report.

Set the Stage for an Effective Reporting Process

Although the company's most senior officers may not necessarily be directly involved in the actual drafting of a reporting company's periodic reports, it is important for them in light of the new certification requirements to:

- Establish the appropriate "tone at the top."
- Send a clear message to the entire organization that the company places a high priority on the best disclosure practices.
- Remind all employees of their responsibility to protect the integrity of the company's systems and procedures regarding the collection, analysis and disclosure of information relevant to investors.
- Provide a clear mandate and authority from the top of the organization to those responsible for gathering information and for preparing the company's financial statements and other disclosure.
- Maintain an "open door" policy for any individual who wants to raise issues or ask questions about the company's reporting obligations and disclosure.
- Remain actively involved in the disclosure process.

CEO/CFO Review of Periodic Reports and Certification

Given that many reporting companies have only a short time before the first filing of a report subject to the new provisions of the Act, CEOs and CFOs need to take steps now to make sure that reports in preparation are adequately prepared and reviewed. While the amount of "due diligence" that the CEO and CFO should undertake prior to making the certification will depend on their degree of familiarity with the details of the company's financial results, its public filings and its approach to accounting issues, the following steps should be considered as part of the process of preparing to make the certifications:

- Carefully review the company's financial results and how they were prepared. Speak to the company's senior accounting officers, with particular attention given to any material discretionary issues and accounting policies followed in respect of your primary financial statements if they are prepared under U.S. GAAP or in respect of your U.S. GAAP reconciliations.

- Carefully review the non-financial statement information in the remainder of the report, especially the Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A"). Discuss the report with the principal authors of the MD&A and the descriptions of the company's businesses. Focus on the information included in the report and review any matters excluded from the report,

with attention to any material discretionary judgments. Also address the critical accounting estimates and the underlying assumptions.

- In reviewing financial disclosure, remember that compliance with GAAP may not be sufficient. In certifying that the financial disclosure fairly presents financial condition, results of operations and cash flows, the CEO and CFO will also be certifying as to:

  - selection of appropriate accounting policies;
  - proper application of appropriate accounting policies;
  - disclosure of financial information that is informative and reasonably reflects the underlying transactions and events; and
  - the inclusion of any additional disclosures necessary to provide investors with a materially accurate and complete picture of financial condition, results of operations and cash flows.

- Discuss the report with the company's disclosure counsel. Ask counsel to confirm that the report meets the form requirements of the Securities Exchange Act referred to in the certification.

- Review with the appropriate officers responsible for internal controls the procedures that were followed in preparing the report. Review a list of the persons from whom information was gathered and to whom the draft report was circulated. Consider whether information was gathered from the persons best able to provide it and whether the report was circulated to the persons best able to assure its accuracy and completeness. Assess the adequacy of the time and resources devoted to the preparation of the report.

- Review the company's internal controls with officers responsible for maintaining such controls, including any changes to the nature and scope of procedures relating to internal controls. Review issues raised by the company's auditors regarding the company's controls. Consider how such issues, or any others raised concerning weaknesses in the financial and reporting systems or internal controls, have been addressed. Inquire about any impact that company growth or internal reorganization may be having on the effectiveness of the company's controls.

- Identify issues that are worth further consideration. Consider issues raised in past SEC comment letters, issues identified by the company's auditors, issues raised internally involving the disclosure process or judgments or discretion, and issues raised by analysts or others outside the company. Think about where mistakes would be most likely to occur and where others in the company's industry have had problems.

- Meet with the Company's outside auditors so that the auditors can share any additional views or thoughts that they may have. Ask them about adjustments to the company's financial statements that they have recommended. Ask if there are any alternative treatments that the company should be considering in preparing its financial statements. Review with them the SEC's "hot-button" accounting (e.g., earnings management, off-balance sheet transactions, related party transactions) and disclosure issues (e.g., pro forma figures, critical accounting estimates), and any other accounting or disclosure issues receiving attention in the company's industry.

- Meet with the audit committee, and with the full board if necessary, to understand any questions or concerns that they may have identified concerning the company's financial and reporting systems, internal controls, risk assessment and risk management policies, auditor independence and effectiveness, financial statements and other public disclosure (whether in SEC reports, home country reports or press releases), or any related matters.

- Review the representation letters delivered by officers of the company to the outside auditors.

- Consider the advantages and disadvantages of obtaining back-up certification from the principal internal officers who participated in the preparation of the report. At a minimum ask the personnel involved in the preparation of the report if they are comfortable with its contents (would they sign the certification if they were you?). Ask them what have they done to ensure the accuracy of the report.

Keep minutes of the CEO and CFO review. Schedules or checklists indicating the process used to prepare the report, a list of the participants involved in the preparation of the report and a list of the persons to whom drafts of the report were circulated should be reviewed with the CEO and CFO and retained.

Annex II

DISCLOSURE CONTROLS AND PROCEDURES

Checklist of Items to be Addressed -- for Non-U.S. Registrants

Have you read our last annual report on Form 20-F and all of the intervening reports on Form 6-Ks, including any current draft under review (our "Disclosure")?

Are you familiar with the SEC's requirements for the information to be included in the Disclosure?

To your knowledge:

- Does the Disclosure present a full and accurate view of the business, financial condition, results of operations and prospects?
- Are there matters not disclosed in the Disclosure that you believe to be material?
- Are there risks that should be highlighted in the Disclosure that are not or that should be stated more forcefully?
- Do any previously made forward-looking statements, in retrospect, appear inaccurate or in need of clarification?
- Does the MD&A overview properly reflect all of the trends, events and uncertainties in our business?
- Have there been material adverse changes in our business since the last audit?
- Do you have any basis for believing the prior financial statements can no longer be relied upon?

Are you aware of any of the following (which are not addressed in the Disclosure or if addressed should be updated):

Non-ordinary course events

- Any acquisitions, dispositions or other material transactions
- Material amendments of material agreement not made in the ordinary course of business
- Termination of any material agreement not made in the ordinary course of business
- Plans to discontinue any operations
- Plans to restructure any operations

Customers and Suppliers

- Termination or reduction of a business relationship with a material customer or supplier, or any changes in the relative contribution of our major customers, or any potential

withdrawal of a customer or supplier from the market (due to liquidity issues or otherwise)

- Where company maintains business relationships with a controlling shareholder, changes in the business relationship with our controlling shareholder
- Other changes that will increase our relative dependence on customers or suppliers

Operational

- Any trends, events or uncertainties (whether general economic, industry-specific or company-specific) that could have a material impact on our reported financial information or our prospects
- Risks posed by implementation of our reported growth strategy
- Risks posed by foreign currency or interest rate fluctuations
- Risks posed by regulatory developments or the impact of existing regulatory environment
- Risks posed by integration of acquired operations
- Any reasons why capital expenditures may exceed budget or amounts previously publicly disclosed
- Material changes in our mix of business
- Changes in competitive pressures
- Changes in insurance coverage or premiums
- Changes in where we are doing business or have operations, and any changes in business environments that affect our operations or results
- Changes in our business segments or in the reporting lines of operational units which will impact our SFAS 131 segment reporting

Financial

- Creation of a direct or indirect material financial obligation (e.g., an issuance of debt securities, a bank loan, a credit facility, a guarantee, a keepwell arrangement)
- Any trigger event for a direct or contingent material financial obligation
- Any options written on non-financial assets
- Any transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to affect our liquidity or the availability of, or requirements for, capital resources

- Any commercial commitments and contractual obligations that are not covered in the Disclosure

- Risks posed by any derivative positions or any other hedging transactions

Liquidity and Capital Resources

- Any material changes in debt levels or working capital needs

- Any increases in accounts receivable as a result of customer payment delays

- Any trends, changes in circumstances or uncertainties regarding our liquidity or capital resources, including any circumstances or material risks that could impact our short-term funding. Is there any risk under any financial commitments, debt or lease agreements or other arrangements of early payment, need for additional collateral, acceleration or creation of additional financial obligations

- Possible downgrades in our credit ratings or credit watch

- Any reason why we may fail to meet financial ratios or other debt covenants

- Any circumstances that could impair our ability to engage in transactions integral to our operations or are essential to our results of operations

Accounting

- Any reason why accounting policies that we have selected are inappropriate or are improperly applied

- Were any alternative accounting policies, assumptions or treatment recommended by the auditors or a director

- Any action (including a plan to terminate or exit an activity) that will incur a material write-off or restructuring charge

- Any event that will require a material impairment charge

- Disagreement by the auditors or a director regarding financial reporting policies or procedures

- Any related party transactions, including transactions with persons that fall outside the technical definition of related party whose relationship to us enables them to negotiate terms of material transactions that may not be available from clearly independent third parties on an arm's length basis

- Adverse impact/contribution of investee companies on our results or financial condition

- Material impact of new accounting pronouncements under local GAAP or U.S. GAAP

- Are there disclosures of financial information, which while consistent with local GAAP or U.S. GAAP, nonetheless may be misleading or incomplete

Other Disclosure Issues

- Threatened litigation or governmental investigation
- Tax assessments or re-assessments
- Infringements of our intellectual property or potential claims that our use of intellectual property infringes the rights of others
- Any issues that have been raised internally by employees or externally by the auditors (in management letters or otherwise) or by others that question our accounting practices, our financial reporting procedures or our Disclosure that have not been adequately addressed
- Any issues that are affecting our competitors that could reasonably affect us
- Material changes in headcount or material impact as a result of such changes

Procedural Issues

- Are persons that have information relevant to the preparation of our SEC reports in the proper reporting line?
- Are all office locations and sources of information adequately covered by our reporting procedures?
- Are there changes that needed to address receipt of information from investee companies?
- Is information reported on a timely basis and are drafts of the Disclosure prepared with sufficient time for review?
- Are the persons who reviewed the Disclosure in the best position to conduct such a review?