

DISCUSSION WITH NIGEL PAYNE ON 28 JANUARY 2003

1. MANDATE OF ENQUIRY

- 1.1 Authority : To whom does Nigel Payne report. If it is the Board, does this include the executives? If so, executives are then being investigated and appoint and control the jury.

NP said that he reports to the non-executives and will only have one-on-one discussions with people.

- 1.2 Influence : Does Nigel Payne have the right to call in specialised skills to assist him? The scope of the enquiry is broad and one man cannot have all the required skills. This limitation must influence the outcome. What skills are required? Deal breaker issue. One man, even the best in the world, cannot adjudicate the complex issues.

NP confirmed that he will bring in all specialised skills required. During the discussion, the names of Conrad Strauss, Ivor Jones, Peter Wrighton and many others came up.

- 1.3 Independence : The company has called the enquiry “independent”. In this context what do they mean by this. How will they achieve it? The enquiry is appointed by the company which means NP will be paid by the company and must prove that his allegiance is to the process rather than the Company. Since Mervyn King has unwisely entered the process, he must also undertake that he will not meet with him during the process.

NP spoke extensively on the subject. Confirmed only one-on-one meetings at his premises and that no discussions would be held with Mervyn King. Notwithstanding his involvement with the King Commission, he stated that he had only met Mervyn on a few occasions and did not know him very well.

- 1.4 Scope : What is the scope? Is it in any way limited? With three lawyers in Corpcapital, there is no doubt that they will try to limit the scope. Raised the question of criminal conduct. My letter does not state or imply criminal conduct and if this features in the report in any way it will indicate Corpcapital setting an agenda.

NP stated he alone would set the scope and that it was unlimited.

- 1.5 Witnesses : Will third parties with relevant information be permitted to see Nigel Payne? eg: my lawyer. Will this be confidential? Point out that an enquiry of this nature must give an opportunity to third parties with information.

NP confirmed that he would speak to whoever called him and determine for himself the relevance.

1.6 Timing : is there a deadline? Who controls this?

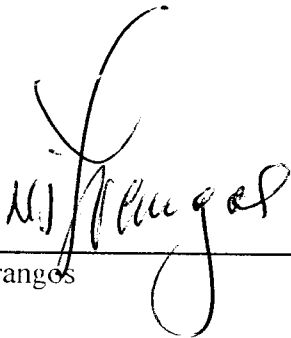
NP said he alone would control the timing and there is no deadline.

1.7 Reporting : How frequently will Nigel Payne report to the Board, and what form will this take? Will Old Mutual and myself be informed at the same time? Will there be informal feedback to Corpcapital? Deal breaker issue. At the very least, I must have the report at the same time as Corpcapital.

NP said he agreed with the condition and he would revert (subsequently confirmed in front of witnesses that Corpcapital and myself would receive the report simultaneously)

1.8 Responsibility : How does Nigel Payne intend to demonstrate fairness and the integrity of the process?

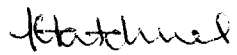
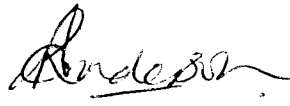
NP spoke in detail and said that the process would speak for itself.



N J Frangos

28 January 2003

Witnesses :



INDEPENDENT AND INTEGRITY OF THE PROCESS

(Discussions with Mr Nigel Payne on Monday, 10 February 2003)

2. INDEPENDENCE

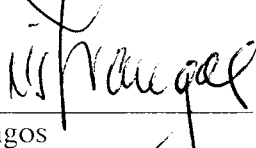
- 2.1 Have you had any report back sessions? If so, to whom, and what was discussed ?
NP has not had any discussions with Corpcapital directors as a team, and has only met one-on-one.
- 2.2 How did you determine the scope?
NP : scope determined exclusively by him.
- 2.3 What is in the scope? What are the key issues? Are you ruling on legalities and technical issues, or matters of principle as well?
NP concerned about the role of Eric Ellerine and the conflicts of interest, the Cytech issue etc
- 2.4 What influenced you if the scope changed?
NP: scope did not change.
- 2.5 Did you meet with all or most of the executives in a session? If so, who was involved, and what were the subjects?
NP did not meet with executives together.
- 2.6 Have you taken external advice? Elaborate.
NP intends to take external advice before process is through.

3. INTEGRITY OF THE PROCESS

- 3.1 Please outline the process.
- 3.2 Given that audit firms will seek to cover their tracks, how did you pierce the veil?
NP will ask extensive questions and fully document answers.
- 3.3 To what extent was the Chairman cross-examined to form a view of how he performed the crucial Chairman role?
NP has not yet done this but has concerns.
- 3.4 Was the CEO questioned individually on the Old Mutual issue? Other issues?
NP : yes.
- 3.5 Was Jade Hamburger questioned individually on Cytech?
NP : yes

- 3.6 Have you spoken to Barry Kalkoven to get his perspective?
NP : yes
- 3.7 Have you spoken to Kelley Starke re : intimidation , tactics used, conflicts of interest and disclosure?
NP : intend to do this.
- 3.8 How do you determine the truth? Can you determine it if each side does not know what the other said? If one party says A and the other says B, what process do you propose to satisfy A that he has a full opportunity to review and if necessary counter what B has said, and to satisfy himself that the evidence has not been manufactured for the purpose?
NP : The right to rebuttal agreed Full and extensive discussion on this important matter held and the principle reaffirmed.
- 3.9 How much information from non-executives and how much from executives? All of mine is from a non-executive. They should have the same information as me.
NP : intend to get maximum information from everybody. The process still has a distance to go. If the process needs to go for three months to get this information, it will.
- 3.10 I said x, executives said y. To what extent have you satisfied yourself that non-executive have done their own independent enquiry? Especially, the Chairman, who is supposed to be the leader of the board.
NP : still intends to do this.
- 3.11 Are you going to make a proposal to fix things?
NP : yes.
- 3.12 To what extent have you investigated the character and experience of the key players : Nic Frangos, Eric Ellerine, Jeff Liebesman, Benji Liebman, Martin Sacks, Erol Grollman, Neil Lazarus?
NP : has not considered this in detail, but will.

Nigel Payne confirmed in the presence of two witnesses that both parties would be given the report simultaneously. Nigel Payne said he did not ask Corpcapital, he told them.



 N J Frangos

10 February 2003

Witnesses : 