20 September 2013

Dear Member

RE: Proposed Amalgamation – Spectramed Medical Scheme and Liberty Medical Scheme

As announced at the last Annual General Meeting of the Scheme on 27 June 2013, the Board of Trustees ("the BOT") of Spectramed Medical Scheme ("Spectramed") has been investigating and negotiating the possibility of amalgamating with Liberty Medical Scheme ("LMS").

In terms of its registered rules, the Scheme may, subject to the provisions of Section 63 of the Medical Schemes Act, amalgamate with, transfer its assets and liabilities to, or take transfer of the assets and liabilities of any other medical scheme or person, in which event the Board shall arrange for all Members to decide by ballot whether or not the proposed amalgamation or transfer should proceed (Rule 30). Furthermore, the Members must be provided with an abridged (summary) exposition of the proposed transaction and be requested to vote in respect of the proposed transaction. Should the majority of the Members who participate in the voting process vote in favour of the proposed transaction, the proposed transaction may be concluded.

An exposition document on the proposed amalgamation, as well as an independent actuarial evaluation of the effects of such amalgamation, has been deposited with the Registrar of Medical Schemes for consideration, and are open for inspection at the office of the Registrar of Medical Schemes (Block A, Eco Glades 2 Office Park, 420 Witch-Hazel Avenue, Eco Park, Centurion) and at the office of Spectramed (Unit A1, The Braids, 113 Bowling Avenue, Gallo Manor, Sandton). The full version of the exposition document will also be available on the Scheme's website at www.spectramed.co.za. Members are free to examine the full exposition document, but in keeping with the requirements of the rules of the Scheme, and having regard to the aforementioned information, Members are invited to cast their votes in respect of the proposed amalgamation of LMS and Spectramed, as set out in the exposition document, and subject to the terms and conditions contained in this notice.

**Voting Process**

Only Principal Members of Spectramed who are in good standing may participate in this process. PricewaterhouseCoopers Advisory Services (Pty) Ltd ("PwC") has been appointed to oversee the balloting process. In determining the validity of any ballot and the voting process in general, and in determining the voting outcome, the decisions made by PwC shall be final and binding. Non-receipt of this notice by any Member shall not invalidate the voting process.

Should you decide to participate in this voting process, you are advised that the ballot form (enclosed herewith), duly completed, must reach PwC by **16h00 on 18 October 2013**. Failure to submit a ballot on time shall invalidate such a ballot.

**Instructions on completing the ballot form**

- Only Principal Members in good standing with Spectramed may participate in the voting process.
- Only properly completed Ballot Forms will be considered.
- All information required on the Ballot Form must be completed. Failure to do so may invalidate the Ballot Form.
- PwC shall determine whether a Ballot Form has been duly completed in keeping with the requirements of this notice and any applicable requirements.
- Completed Ballot Forms may be physically delivered to any of the PwC offices by 16h00 on 18 October 2013 as noted on the ballot form (which offices will only be open between 08h00 and 16h30, Mondays to Fridays excluding Saturdays, Sundays and public holidays).
- Your Ballot Form may also be emailed to LMS-SPMBallots@za.pwc.com or faxed to 011 209 4111.

In terms of the exposition process, any person who has an interest in the proposed transaction may submit in writing to the Registrar (Private Bag X34, Hatfield, 0028) any such representations as he/she may deem to be necessary in respect of the proposed amalgamation. The Registrar, by the issuing of a circular, will advise in due course when the exposition is open for inspection at his offices, and by when objections must be received.
The BOT takes this opportunity to inform Members that:

1. the Scheme remains financially stable, and is of the view that the proposed amalgamation will enhance its long-term sustainability and financial position, thereby enabling the Scheme to continue to provide effective medical cover to its Members; and

2. in support of the proposed amalgamation, amendments have been made (and approved by the Council for Medical Schemes (“CMS”)) to the applicable Rules (30.1 and 30.2), as follows:

30.1 The Scheme may, subject to the provisions of section 63 of the Act, amalgamate with, transfer its assets and liabilities to, or take transfer of assets and liabilities of any other medical scheme or person. The Board must arrange for Members to be furnished with an abridged version of the exposition of the proposed transaction for consideration and to decide either by ballot or at any duly convened meeting of the members of the Scheme whether the proposed transaction should be proceeded with or not.

30.2 Irrespective of the level of participation, if the majority of the members who participate in the balloting process, or who vote at a duly convened meeting of the Scheme, vote in favour of the amalgamation or transfer, the transaction may be concluded.

Should you require any further information regarding the proposed amalgamation, please contact our Helpdesk on 0860 690 907 or merger@spectramed.co.za for more information.

Yours sincerely

CWJ Sykes       JC Beukes
Chairman : Board of Trustees     Chief Executive and Principal Officer
Spectramed Medical Scheme     Spectramed Medical Scheme