

## **ADR Programme Q and A**

### **What is an American Depository Receipt (ADR)?**

An ADR is a negotiable U.S. certificate representing ownership of shares in a non-U.S. corporation. ADRs are quoted and traded in U.S. dollars in the U.S. securities market. Also, the dividends are paid to investor in U.S. dollars. ADRs were specifically designed to facilitate the purchase, holding and sale of non-U.S. securities by U.S. investor, and to provide a corporate finance vehicle for non-U.S. companies.

### **What are the benefits of ADRs to US investors?**

US investors generally prefer to purchase ADRs rather than ordinary shares in the issuer's home market because ADRs trade, clear and settle according to US market conventions. One of ADRs' main advantages is the facilitation of diversification into foreign securities. ADRs also allow easy comparison to securities of similar companies as well as access to price and trading information, if listed. ADR holders also appreciate dollar dividend payments and receiving corporate action notifications.

### **What types of companies issue ADRs?**

ADRs issuers are typically large multinational corporations. Any non-U.S. company seeking to raise capital in the U.S. or increase their base of U.S. investor can issue ADRs.

### **Is it easy to get information and updates on an ADR company?**

Investors receive annual reports and proxy materials in English. ADR issuers generally have full information in English about themselves on their websites, as well as on the main depository bank websites, and are better tracked by the main U.S. financial websites. ADRs listed on U.S. exchanges provide holders with the same level of information as any other U.S. security. Trading information is readily available, financials are reconciled to U.S. Generally Accepted Accounting Principles (GAAP) and the SEC regulate the Company's disclosure to investor. Mr Price Group's ADRs are not listed on a US exchange, and Mr Price Group does not provide US GAAP financial statements.

### **Where are Mr Price Group ADRs traded?**

The ADRs are traded Over-The-Counter. The trading code is MRPLY. The CUSIP number is 62476L207. The ratio between the ordinary share and the ADR is 1:1

### **What is the difference between a Registered holder and a Beneficial ADR holder?**

A registered holder is one whose name appears on the books of the depository. The registered holder is considered the owner of record. A beneficial holder is one whose holdings are registered in a name other than their own, such as in the name of a broker, bank or nominee.

### **How are ADR dividends paid and taxed?**

Dividends are paid in U.S. dollars and are generally taxable, just like dividends on U.S. shares. In addition, taxes may be withheld by the ADR company's local government. Depending on individual circumstances, foreign taxes withheld might be applied as a credit against U.S. taxes, or tax reclaim opportunities may be offered.

### **How can I find out dividend and corporate action information?**

For dividend and corporate action information, please visit [www.adrbnymellon.com](http://www.adrbnymellon.com). Go to the DR Corporate Actions or DR Dividends & Distribution buttons on the vertical scroll bar on the left and then enter company name, CUSIP or symbol.

### **The Mr Price Group ADR programme**

Mr Price Group has a Level 1 ADR (American Depository Receipt) programme in the United States. The Bank of New York is the sponsoring bank, and the depository receipts trade in the OTC (over-the-counter) market.

Symbol: MRPLY

CUSIP: 62476L207

Exchange: OTC

Ratio: 1:1

Country: South Africa

Industry: General Retailers

Depository: BNY (Sponsored)

Effective Date: 29 June 2012

Underlying ISIN: ZAE000200457

U.S. ISIN: US62476L2079

### **Who is the depositary for ADRs for Mr Price Group?**

The Bank of New York. The depositary bank plays a key role in the process of issuance and as cancellation of ADRs. It also maintains the ADR holder register and distributes the dividends in US dollars. For additional information, please visit The Bank of New York's website [www.adrbnymellon.com](http://www.adrbnymellon.com)

#### **New York**

Depositary Receipts Division  
101 Barclay Street, 22nd Floor  
New York, New York 10286  
Telephone: 212 815 2293  
Fax: 212 571 3050/1/2  
[www.adrbnymellon.com](http://www.adrbnymellon.com)

### **How can I convert ordinary shares in Mr Price Group into Mr Price Group ADRs?**

A shareholder wishing to convert Johannesburg Stock Exchange-listed ordinary shares in to ADRs should, in the first instance, request that their broker contact the ADR Broker Desk at The Bank of New York. Contact details above.

### **Quick ADR facts**

- ADRs are negotiable US securities that generally represent a company's publicly traded equity or debt.
- They are publicly available to investors on a national stock exchange or in the over-the-counter market.
- They are created when a broker purchases the non-US company's shares on the home stock market and delivers those to the depositary's local custodian bank, which then instructs the depositary bank to issue depositary receipts. (They may also be purchased in the U.S. secondary trading market).
- They facilitate U.S. investor purchases of non-US securities and allow non-US companies to have their stock trade in the United States by reducing or eliminating settlement delays, high transaction costs, and other potential inconveniences associated with international securities trading.
- They are treated in the same manner as other US securities for clearance, settlement, transfer, and ownership purposes. Depositary receipts can also represent debt securities or preferred stock.
- They can either be sold to another US investor or can be cancelled and the underlying shares can be sold to a non-US investor, when the depositary receipt holder sells.
- ADRs facilitate portfolio diversification, risk reduction and international investment, overcoming many of the inherent operational and custodial hurdles of international investing.

### **There are three levels of ADR programmes:**

- *Sponsored Level I Depositary Receipts*  
This is the simplest method for companies to access the US and non-US capital markets and they are traded in the US over-the-counter (OTC) market. Level 1 is the fastest growing segment of the depositary receipt business.
- *Sponsored Level II and Sponsored Level III Depositary Receipts*  
Companies that wish to list their depositary receipts on a US stock exchange (NASDAQ, American or New York), raise capital or make an acquisition using securities, use Sponsored Level II or Sponsored Level III depositary receipts. These are exchange-listed securities but do not involve raising new capital. Level III programmes typically generate the most U.S. investor interest because capital is being raised.