
SUMMARY OF THE CLASS A AND CLASS B PREFERENCE SHARE TERMS

CLASS A PREFERENCE SHARES

1 RESTRICTIONS

The company is not entitled to perform the following actions in terms of the documents relating to the class B preference shares or may only perform the following actions with the consent of the holders of the class A preference shares (the A Holders) –

- 1.1 the company shall not (and the company shall procure that YeboYethu Investment shall not) change its residence for tax purposes;
- 1.2 the company shall not (and the company shall procure that YeboYethu Investment shall not) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than with the prior approval of the person appointed by the A Holders to represent them in their dealings with the company (the Preference Share Agent);
- 1.3 the company shall not (and the company shall procure that YeboYethu Investment shall not) change the nature of the business;
- 1.4 the company shall not (and the company shall procure that YeboYethu Investment shall not):
 - 1.4.1 acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them), other than the acquisition of Vodacom Group shares by YeboYethu Investment; or
 - 1.4.2 incorporate a company;
other than with the prior written consent of the Preference Share Agent;
- 1.5 the company shall not (and the company shall procure that YeboYethu Investment shall not):
 - 1.5.1 enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture; or
 - 1.5.2 transfer any assets or lend to or guarantee or give an indemnity for or grant any Security interest for the obligations of a joint venture or maintain the solvency of or provide working capital to any joint venture (or agree to do any of the foregoing);
without the prior written consent of the Preference Share Agent;
- 1.6 the company shall (and the company shall procure that YeboYethu Investment shall) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business;
- 1.7 the company shall not (and the company shall ensure that YeboYethu Investment shall not) create or permit to subsist any security over any of its assets except –
 - 1.7.1 any security arising under or evidenced by any funding document relating to the class A preference shares; or
 - 1.7.2 any other security created with the prior approval of the Preference Share Agent;
- 1.8 the company shall not –
 - 1.8.1 sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any Obligor;
 - 1.8.2 sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - 1.8.3 enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or
 - 1.8.4 enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising financial indebtedness or of financing the acquisition of an asset;

1.9 the company shall not (and the company shall procure that YeboYethu Investment shall not) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to dispose of any asset other than a disposal –

1.9.1 of the Vodacom Group shares in order:

1.9.1.1 to effect an equity cure in relation to the financial covenants (on the terms and conditions set out in the funding documents relation to the class A preference shares);

1.9.1.2 to ensure that the aggregate amount which the company has contracted to pay to the A Holders if all of the class A preference shares were to be redeemed on that day (including without limitation in respect of dividends and redemption prices) are less than an amount equal to 135% of the aggregate issue prices of all of the class A preference shares which, at that time, have not been redeemed in full; or

1.9.1.3 to enable Vodacom Group to exercise its rights under a deemed offer as contemplated in the relationship agreement,

provided in each case that no default is continuing at the time (save for the occurrence of a default that resulted in Vodacom Group becoming entitled to exercise its rights under clause 5.3.4.1 of the relationship agreement) or will arise as a result of such disposal;

1.9.2 with the prior written consent of the Preference Share Agent;

1.10 the company shall not (and the company shall procure that YeboYethu Investment shall not) enter into any transaction with any person except on arm's length terms and for full market value, other than with the prior written consent of the Preference Share Agent;

1.11 the company shall not (and the company shall procure that YeboYethu Investment shall not) make any loans or be a creditor in respect of any financial indebtedness other than with the prior written consent of the Preference Share Agent;

1.12 the company shall not (and the company shall procure that YeboYethu Investment shall not) incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than –

1.12.1 arising under or evidenced by the funding documents relating to the class A preference shares; or

1.12.2 entered into with the prior written consent of the Preference Share Agent;

1.13 the company shall not declare, make or pay any distribution or pay, prepay, repay, dispose, exchange or repurchase any shareholder loans or make any other payment (whether as a fee, royalty, donation, repayment of a loan or any other form of payment) to any shareholder other than –

1.13.1 a distribution by the company to the holders of the class A preference shares under the transaction agreements;

1.13.2 any distribution by the company to the ordinary shareholders in accordance with the priority of payments set out in the funding documents relating to the class A preference shares; or

1.13.3 any other distribution made with the prior approval of the Preference Share Agent;

1.14 the company shall not (and the company shall procure that YeboYethu Investment shall not) assume, incur or allow to remain outstanding any financial indebtedness other than pursuant to indebtedness incurred –

1.14.1 under the funding documents relating to the class A preference shares;

1.14.2 under the funding documents relating to the class B preference shares;

1.14.3 in respect of refinancing; or

1.14.4 any other indebtedness incurred with the prior written approval of the Preference Share Agent;

- 1.15 the company shall procure that it will not amend any of the funding documents relating to the class B preference share without the prior written consent of the Preference Share Agent;
- 1.16 the company shall maintain the its bank accounts with the account bank in South Africa, in the name of the company;
- 1.17 the company shall ensure that all net distributable proceeds received by YeboYethu Investment are paid directly into the bank account designated as the proceeds account;
- 1.18 the company shall not have any bank accounts other than the bank accounts opened for the purposes of the class A preference shares and its transactional bank accounts.
- 1.19 the company shall not issue or register any transfer of ownership of any other shares except as permitted under the relationship agreement, the company's memorandum of incorporation or arising as a result of the enforcement of any security (which it is permitted to provide in terms of the class A preference shares), other than with the prior written consent of the Preference Share Agent.

2 VOTING

- 2.1 The Preference Share Agent (acting on behalf of the A Holders) shall be given due notice of, and shall be entitled to be present (either in person or through a duly authorised representative) at, all shareholders meetings of the company.
- 2.2 Subject to clause 2.3, the Preference Share Agent (acting on behalf of the A Holders) shall not have any voting rights at any shareholders meeting unless, at the time of such shareholders meeting, any default or potential default has occurred and is continuing or in respect of the matters set out in paragraph 2.3.
- 2.3 A resolution of the Preference Share Agent (acting on behalf of the A Holders, as a separate class of shareholders) shall be required to be passed, in addition to the resolution required to be passed by ordinary shareholders, in respect of the following matters:
 - 2.3.1 amending or varying these class A preference share Terms, the rights to receive the dividends and/or redemption prices of the class A preference shares;
 - 2.3.2 increasing, altering, subdividing, repurchasing, reduction, return or repayment of any share capital, share premium, stated capital, non-distributable reserve account or reserves of the issued and/or authorised share capital of the company, including the issue and allotment of shares, share options, warrants and debentures (and other similar instruments);
 - 2.3.3 amending, varying or cancelling any of the rights attaching to the ordinary shares held by the company in YeboYethu Investment;
 - 2.3.4 amending the company's memorandum of incorporation;
 - 2.3.5 approving a scheme of arrangement, liquidation, winding-up or application for business rescue of the company;
 - 2.3.6 undertaking any act that requires a special resolution to be passed under the Act.
- 2.4 The company shall procure that to the extent that any resolution of ordinary shareholders is required to be passed by YeboYethu Investment in relation to the following matters, YeboYethu Investment shall not implement or undertake any such matter, without the prior written consent of the Preference Share Agent:
 - 2.4.1 increasing, altering, subdividing, repurchasing, reduction, return or repayment of any share capital, share premium, stated capital, non-distributable reserve account or reserves of the issued and/or authorised share capital of YeboYethu Investment, including the issue and allotment of shares, share options, warrants and debentures (and other similar instruments);
 - 2.4.2 sale, disposal or encumbrance of any shares held by YeboYethu Investment directly or indirectly;
 - 2.4.3 amending, varying or cancelling any of the rights attaching to the ordinary shares held by YeboYethu Investment;

- 2.4.4 amending the constitutional documents of YeboYethu Investment;
- 2.4.5 approving a scheme of arrangement, liquidation, winding up or application for business rescue of YeboYethu Investment;
- 2.4.6 incurring any debt or guaranteeing any indebtedness, make any investments by YeboYethu Investment other than pursuant to the Transaction Documents; and
- 2.4.7 change the nature of the business of YeboYethu Investment.
- 2.5 Without derogating from the foregoing, the company shall be obliged to give the Preference Share Agent (acting on behalf of the A Holders) notice, in terms of the company's memorandum of incorporation and the Act, of any meeting of the shareholders or class of shareholders.
- 2.6 At every meeting of the A Holders as a separate class of shareholders of the company the provisions of the company's memorandum of incorporation relating to shareholders meetings shall apply mutatis mutandis.
- 2.7 At every shareholders meeting at which the A Holders are entitled to exercise voting rights the provisions of the company's memorandum of incorporation relating to shareholders meetings shall apply mutatis mutandis, except that there shall be no quorum unless the Preference Share Agent (representing one or more A Holders by proxy) is present, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of the company's memorandum of incorporation relating to adjourned general meetings shall, mutatis mutandis, apply.
- 2.8 At every shareholders meeting or adjourned shareholders meeting of the company contemplated in Clause 2.2 at which the A Holders are entitled to exercise voting rights:
 - 2.8.1 all resolutions put to the meeting shall be voted on by way of a poll; and
 - 2.8.2 each A Holder shall, in respect of each class A preference share held by it, be entitled to exercise 1 (one) vote per class A preference share, provided that if the total voting rights of all the A Holders exceeds 24.99% of the total voting rights of all shareholders of the company, then each A Holder shall, in respect of each class A preference share held by it, be entitled to exercise 24.99% of the voting rights exercisable by all the shareholders at such meeting divided by the numbers of class A preference shares then in issue.
- 2.9 At every shareholders meeting or adjourned shareholders meeting of the company contemplated in clause 2.3:
 - 2.9.1 all resolutions put to the meeting shall be voted on by way of a poll; and
 - 2.9.2 each A Holder shall in respect of each class A preference share held by it be entitled to 1 vote.
- 2.10 At all times while the A Holders are entitled to exercise voting rights at any shareholders meeting of the company, the Preference Share Agent (acting on behalf of the A Holders) shall be entitled to:
 - 2.10.1 convene a meeting of the shareholders of the company in accordance with section 61 of the Act; and
 - 2.10.2 appoint the chairman of a shareholders meeting of the company.

CLASS B PREFERENCE SHARES

1 VOTING

- 1.1 No class B preference share shall have any votes except if -
- 1.1.1 a B Trigger Event (as defined in the rights and privileges attaching to the class B preference shares) has occurred and is continuing; or
- 1.1.2 the shareholders of the company propose a resolution which affects the rights and privileges attaching to any class B preference share or the interests of the holders thereto, including a resolution for the winding-up, commencement of business rescue proceedings or liquidation of the company, the reduction of the company's capital or the acquisition by the company of its shares in terms of section 48 of the Act.
- 1.2 If the circumstances envisaged in clause 1.1.1 or 1.1.2 are continuing –
- 1.2.1 at any time prior to the date on which all the class A preference shares have been redeemed in full, the class B preference shares shall, between them, have 1 (one) vote at general meetings of the company; or
- 1.2.2 after the date on which all the class A preference shares have been redeemed in full, each class B preference share shall confer on its holder 1 (one) vote at general meetings of the company.
- 1.3 The holders of the class B preference shares shall be entitled to notices of general meetings at which the class B preference shares are entitled to vote (but not to any other notice of any other general meetings).

2 RESTRICTIONS

The company is not entitled to perform the following actions in terms of the documents relating to the class B preference shares or may only perform the following actions with the consent of the holders of the class B preference shares (the B Holders) –

- 2.1 the rights and privileges of the class B preference shares may not be modified, altered, varied, added to or abrogated without the prior written consent of the B Holders;
- 2.2 except for the class A preference shares, no shares in the capital of the company ranking, as regards rights to dividends, or on a winding-up as regards capital, in priority to or pari passu with the class B preference shares shall be created or issued without the prior written consent of the B Holders, which consent shall not be unreasonably withheld;
- 2.3 each of the company and YeboYethu Investment (each a Material Person) shall -
- 2.3.1 file all tax returns containing information required by law to be contained therein;
- 2.3.2 maintain its tax residency in South Africa; and
- 2.3.3 not surrender or dispose of any tax credit, any assessed loss benefit or any allowance.
- 2.4 until the date on which all of the class B preference shares have been redeemed in full (the Interim Discharge Date), no Material Person shall create or permit to subsist any security interest over any of its assets, except any security interest -
- 2.4.1 created pursuant to any finance document designated as such in respect of the class A preference shares;
- 2.4.2 created with the prior written consent of the B Holders; and/or
- 2.4.3 which arises as a result of the operation of law in the normal and ordinary course of the applicable Material Person's business (provided that, for the purposes of this clause 8.4, "normal and ordinary course of the applicable Material Person's business" shall exclude the business of raising finance and other investment activities);
- 2.5 until the Interim Discharge Date, no Material Person shall enter into a single transaction or a series of transactions, whether related or not and whether voluntary or involuntary, to dispose of any of its assets, except any disposals made –

- 2.5.1 in accordance with any applicable provisions of the transaction agreements; or
 - 2.5.2 once the class A preference shares have been redeemed in full, (i) with the B Holder's prior written consent, or (ii) in order to pay dividends and/or redemption prices relating to the class B preference shares, provided that arrangements have been made satisfactory to the Holders in their discretion to ensure that the proceeds obtained as a result of such a disposal are used to pay the applicable dividends and/or redemption prices;
 - 2.6 until the Interim Discharge Date, the company shall not declare, make or pay any distribution (whether in cash or in kind), except any –
 - 2.6.1 dividends relating to the class A preference shares and any distributions to ordinary shareholders which the company is entitled to make in terms of the step 6 Vodacom Group funding YeboYethu/ YeboYethu Investment subscription agreement;
 - 2.6.2 dividends paid by the company (in respect of the class B preference shares) or the redemption of any class B preference share by the company; or
 - 2.6.3 by the company with the prior written consent of all the B Holders (which consent may be withheld without assigning reasons).
 - 2.7 YeboYethu Investment shall use (i) any distributions paid to it in respect of the Vodacom Group shares from time to time held by it, (ii) any proceeds obtained by it in respect of the disposal of any of its Vodacom Group shares, and (iii) any other income of any nature whatsoever that from time to time accrues to it from any source, in order to -
 - 2.7.1 pay or make reasonable provisions for any taxes that will become payable by it in respect of those distributions proceeds or other income;
 - 2.7.2 pay any costs reasonably and necessarily incurred by it in order to maintain its corporate existence; and
 - 2.7.3 distribute the entire remaining balance to the company,
- and YeboYethu Investment shall make those distributions within 5 (five) business days of the date on which it receives any distributions in respect of its Vodacom Group shares or the proceeds of the disposal of any of those shares;
- 2.8 no Material Person shall enter into any amalgamation, demerger, merger or corporate reconstruction except with the prior written consent of the B Holders, which consent may be withheld without assigning reasons;
 - 2.9 the company shall not, without the prior written consent of the B Holders, enter into any transaction, arrangement or contract with any person, save for -
 - 2.9.1 the performance of its obligations and exercise of its rights under and in terms of the transaction agreements to which it is a party;
 - 2.9.2 any transaction, arrangement or contract that is necessary or expedient for the purposes of compliance with, or implementation of its obligations under, any law to which it may be subject;
 - 2.9.3 any transaction, arrangement or contract entered into for the purposes of the engagement from time to time of professional advisers, company secretaries, directors and officers; and
 - 2.9.4 any transaction, arrangement or contract entered into for the purposes of maintaining its corporate existence;
 - 2.10 the company shall not, without the prior written consent of the B Holders –
 - 2.10.1 consent to the cancellation of any transaction agreement to which it is a party or to any amendment of any nature to any such a document; or
 - 2.10.2 waive or abandon any right of any nature whatsoever that it may have under any transaction agreement to which it is a party,

and the company shall, except if the B Holders have otherwise determined in writing, strictly and punctually enforce all its obligations under all the transaction agreements to which it is a party;

- 2.11 no Material Person shall make any amendment to its Memorandum of Incorporation, save to the extent necessary to implement the transactions contemplated in the transaction agreements, without the prior written consent of the B Holders, which consent may be withheld without assigning reasons;
- 2.12 no Material Person shall make any material change to the general nature of its business from that which it carried on without the prior written consent of the B Holders;
- 2.13 until the Interim Discharge Date no Material Person shall lend any money to any person except that –
- 2.13.1 YeboYethu Investment shall be entitled to lend, to the company, such monies as the company may require in order to comply with its obligations under the transaction agreements; and
- 2.13.2 YeboYethu Investment shall be entitled to lend, to the company, the proceeds of any Refinance incurred by it, but strictly for the purposes of enabling the company to pay dividends and redemption prices in relation to the class A preference shares and the class B preference shares;
- 2.14 except as permitted under clause 8.12.2 no Material Person shall, until the Interim Discharge Date, incur or allow to remain outstanding any financial indebtedness, other than –
- 2.14.1 any financial indebtedness which the company or YeboYethu Investment is entitled to incur in terms of their Memorandum of Incorporation without the consent of the B Holders;
- 2.14.2 to any loans made by YeboYethu Investment to the company pursuant to clause 8.11;
- 2.14.3 until the class A preference shares have been redeemed in full to any Financial Indebtedness arising under the funding documents relating to the class A preference shares;
- 2.14.4 to the company's financial indebtedness arising under the funding documents relating to the class B preference shares;
- 2.14.5 to any refinance incurred by either Material Person; or
- 2.14.6 to any financial indebtedness incurred by either Material Person with the prior written consent of all the B Holders;
- 2.15 until the Interim Discharge Date, no Material Person shall change its auditor other than to a PwC, EY, KPMG or Deloitte, or any other firm of registered auditors approved in advance by the B Holders in writing;
- 2.16 until the Interim Discharge Date, no Material Person shall change its financial year without the prior written consent of the B Holders, which consent shall not be unreasonably withheld or delayed;
- 2.17 to the extent permitted by law, no Material Person shall vote in favour of, commence and/or implement any business rescue proceedings in respect of itself;
- 2.18 if business rescue proceedings have commenced in relation to a Material Person in accordance with the Act, no Material Person shall (to the extent permitted by law) -
- 2.18.1 vote to amend, approve or reject a proposed business rescue plan in relation to such business rescue proceedings in the manner contemplated in the Act; and/or
- 2.18.2 propose the development of an alternative business rescue plan in the manner contemplated in the Act; and/or
- 2.18.3 present an offer to acquire the interests of any or all of the other creditors of the applicable Material Person in the manner contemplated in the Act,
- without the prior written consent of the B Holders.