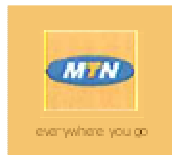


**Programme Memorandum dated 6 September, 2016**



**Mobile Telephone Networks Holdings Limited  
(formerly Mobile Telephone Networks Holdings Proprietary Limited)**

*(Incorporated in South Africa with limited liability under Registration Number 1993/001411/06)*

*unconditionally and irrevocably guaranteed by the Guarantor and each Subsidiary Guarantor*

**ZAR20 000 000 000 *Domestic Medium Term Note Programme***

Arranger, Dealer and Debt Sponsor



Attorneys to the Issuer

**WEBBER WENTZEL**  
in alliance with > **Linklaters**

**PROGRAMME MEMORANDUM**

**MOBILE TELEPHONE NETWORKS HOLDINGS LIMITED**

*(Incorporated in South Africa with limited liability under Registration Number 1993/001411/06)*

unconditionally and irrevocably guaranteed by:

**MTN GROUP LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1994/00958/06)*

and

**MOBILE TELEPHONE NETWORKS PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1993/001436/07)*

**MTN INTERNATIONAL PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1998/002351/07)*

**MTN INTERNATIONAL (MAURITIUS) LIMITED**

*(Incorporated in Mauritius under Registration Number 19434/3597)*

**ZAR20 000 000 000 Domestic Medium Term Note Programme**

On 7 July 2006, Mobile Telephone Networks Holdings Proprietary Limited established a ZAR10 000 000 000 Domestic Medium Term Note Programme pursuant to a programme memorandum dated 7 July 2006 which was updated on 24 June 2010 (the **Previous Programme Memorandum**). This programme memorandum is an update to the Previous Programme Memorandum (this **Programme Memorandum**). In addition, the Issuer has increased the Programme Amount from ZAR10,000,000,000 to ZAR20,000,000,000.

This Programme Memorandum (and the Noteholder Guarantee and Subsidiary Guarantee set out herein) will apply to all Notes (as defined below) issued under the programme on or after the date of this Programme Memorandum (the **Programme Date**) and will in respect of such Notes, supersede and replace the Previous Programme Memorandum in its entirety. The Previous Programme Memorandum (and the Noteholder Guarantee and Subsidiary Guarantee set out therein) will continue to apply to Notes issued before the Programme Date. All references to "Notes" in this Programme Memorandum shall, unless otherwise stated, be references to Notes issued under the Programme Memorandum on or after the Programme Date.

Under this ZAR20 000 000 000 Domestic Medium Term Note Programme (the **Programme**), Mobile Telephone Networks Holdings Limited (formerly a private company known as Mobile Telephone Networks Holdings Proprietary Limited) (the **Issuer**) may from time to time issue secured or unsecured registered notes (the **Notes**) denominated in South African Rand on the terms and conditions (the **Terms and Conditions**) contained in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*".

Capitalised terms used below are defined in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*".

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. One or more Series of Securities may form a Class of Securities. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign an Applicable Pricing Supplement based on the pro forma Applicable Pricing Supplement included in this Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions (including additional definitions) which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purpose of such Tranche of Notes.

Each Note will be a Senior Note or a Subordinated Note, as indicated in the Applicable Pricing Supplement. Save as set out in this Programme Memorandum, the Notes will not be subject to any minimum or maximum maturity. The Programme Amount will not exceed ZAR20 000 000 000 unless such Programme Amount is increased as set out in the section of this Programme Memorandum headed "*General Description of the Programme*".

The Programme has been registered with the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. With respect to a Tranche of Notes listed on the Interest Rate Market of the JSE, the Applicable Pricing Supplement(s) relating to that Tranche will be delivered to the JSE and the Central Securities Depository before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement. The trading of Notes listed on the Interest Rate Market of the JSE will take place in accordance with the rules and operating procedures for the time being of the JSE. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. The settlement and redemption procedures for a Tranche of Notes listed on another exchange, irrespective of whether that Tranche is listed on the Interest Rate Market of the JSE as well, will be specified in the Applicable Pricing Supplement.

Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. In such event, the Applicable Pricing Supplement will be delivered to the JSE and the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, and not to be settled through the electronic settlement procedures of the JSE and the Central Securities Depository, no Applicable Pricing Supplement will be delivered to the JSE.

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.

Notes may be issued on a continuing basis and be placed by one or more Dealers appointed by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis.

As at the Programme Date, the Issuer is rated. The Programme is not rated. Tranches of Notes issued under the Programme may be rated and, if so, this rating will be available on the Issuer's website and contained in the Applicable Pricing Supplement.

The Guarantor and each Subsidiary Guarantor has, jointly and severally, irrevocably and unconditionally guaranteed to Noteholders the due and punctual performance by the Issuer of all its obligations under the Notes on the terms and conditions of the Noteholder Guarantee as set out in the section of Programme Memorandum headed "*The Noteholder Guarantee*".

**Capitalised terms used in this Programme Memorandum are defined in the section of this Programme Memorandum headed "Terms and Conditions of the Notes", unless separately defined in this Programme Memorandum and/or, in relation to any particular Tranche of Notes, the Applicable Pricing Supplement. Expressions defined in this Programme Memorandum will bear the same meanings in supplements to this Programme Memorandum which do not themselves contain their own definitions.**

*The Issuer, the Guarantor and each Subsidiary Guarantor certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Programme Memorandum contains all information required by Applicable Law and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE Listings Requirements. The Issuer accepts full responsibility for the information contained in this Programme Memorandum, the Applicable Pricing Supplements and the annual financial report and any amendments to the annual financial report or any supplement from time to time, except as otherwise stated therein.*

*The JSE assumes no responsibility or liability of whatsoever nature for the correctness of any of the statements made or opinions expressed or information contained in or incorporated by reference into this Programme Memorandum. The admission of any Tranche of Notes to the list of debt securities maintained by the JSE and the listing of such Notes on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer or the Notes. The JSE assumes no responsibility or liability of whatsoever nature for the contents of this Programme Memorandum or any Applicable Pricing Supplement or the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time), and the JSE makes no representation as to the accuracy or completeness of this Programme Memorandum or any Applicable Pricing Supplement, the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum or any Applicable Pricing Supplement or the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time).*

*This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum. Any reference in this section to the Programme Memorandum, shall be read and construed as including such documents incorporated by reference.*

*No person is authorised to give any information or to make any representation concerning the issue of the Notes other than the information and representations contained in this Programme Memorandum. Nevertheless, if any such information is given or representation made, it must not be relied upon as having been authorised by the JSE, the Issuer, the Debt Sponsor, the Arrangers or the Dealers, or any of their respective Affiliates or advisers. Neither the delivery of this Programme Memorandum nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer since the date hereof or that the information contained in this Programme Memorandum is correct at any time subsequent to the date of this Programme Memorandum. The JSE, the Debt Sponsor, the Arrangers, the Dealers and other advisers have not*

separately verified the information contained in this Programme Memorandum. Accordingly, none of the JSE, the Debt Sponsor, the Arrangers, the Dealers nor any of their respective Affiliates or advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Programme Memorandum or any other information supplied in connection with the Programme. Each person receiving this Programme Memorandum acknowledges that such person has not relied on the JSE, the Debt Sponsor, the Arrangers, the Dealers or any other person affiliated with the JSE, the Debt Sponsor, the Arrangers or the Dealers in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Programme Memorandum nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by the JSE, the Issuer, the Debt Sponsor, the Arrangers or the Dealers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should subscribe for or purchase any Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The JSE, the Debt Sponsor, the Arrangers and the Dealers do not undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or the Dealers.

The Notes will be obligations of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by the Debt Sponsor, the Arrangers or the Dealers. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by, the Debt Sponsor, the Arrangers or the Dealers.

None of the Issuer, the Guarantor, the Subsidiary Guarantor, the JSE, the Debt Sponsor, the Arrangers or the Dealers makes any representation or warranties as to the settlement procedures of the Central Securities Depository or the JSE or any other relevant stock exchange.

**This Programme Memorandum does not constitute an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Subsidiary Guarantors, the Debt Sponsor, the Arrangers, the Dealers or to any person to subscribe for or purchase any of the Notes.** The distribution of this Programme Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Guarantor, the Subsidiary Guarantors, the Debt Sponsor, the Arrangers or the Dealers that this Programme Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Subsidiary Guarantors, the Debt Sponsor, the Arrangers or the Dealers or which would permit a public offering of the Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. Persons into whose possession this Programme Memorandum comes are required by the Issuer, the Guarantor, the Subsidiary

*Guarantors, the Debt Sponsor, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to any U.S. persons. In addition, there are restrictions on the distribution of this Programme Memorandum in South Africa, the European Economic Union and the United Kingdom. For a more complete description of certain restrictions on the offering, sale and delivery of Notes and distribution of this Programme Memorandum see the section of this Programme Memorandum headed "Subscription and Sale" below.*

*The terms of this Programme Memorandum, if sent to persons resident in jurisdictions outside South Africa, may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements in any such jurisdiction. It is the responsibility of any such person wishing to subscribe for or purchase the Notes to satisfy itself as to the full observance of the laws of the relevant jurisdiction therewith. If and to the extent that this Programme Memorandum is illegal in any jurisdiction, it is not made in such jurisdiction and this document is sent to persons in such jurisdiction for information purposes only.*

*References in this Programme Memorandum to "Rands" or "R" are to the lawful currency for the time being of South Africa.*

***In connection with the issue and distribution of any Tranche of Notes, the Issuer or a Dealer disclosed as the approved stabilisation manager, if any, (the "Stabilisation Manager") in the Applicable Pricing Supplement may, to the extent approved by the JSE and permitted by applicable laws and regulations, over-allot or effect transactions for a limited period after the Issue Date with a view to supporting the market price of the Notes of which such Tranche forms a part at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there may be no obligation on the Stabilisation Manager to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period and the price/yield and amount of Notes to be issued under this Programme will be determined by the Issuer and each Dealer and/or Lead Manager(s) at the time of issue in accordance with the prevailing market conditions.***

**TABLE OF CONTENTS**

	<i>Page</i>
Documents Incorporated by Reference	9
General Description of the Programme	11
Summary of the Programme	13
Form of the Notes	21
Risk Factors	24
Pro Forma Applicable Pricing Supplement	50
Terms and Conditions of the Notes	59
Use of Proceeds	110
Noteholder Guarantee	113
Subsidiary Guarantee	119
Description of the Group including the Issuer	130
Settlement, Clearing and Transfers of Notes	137
South African Taxation	140
Exchange Control	142
Subscription and Sale	144
General Information	148
Corporate Information	150



## DOCUMENTS INCORPORATED BY REFERENCE

*Words used in this section entitled "Documents Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clear that they are inappropriate from the context.*

The documents listed below are deemed to be incorporated into, and to form part of, this Programme Memorandum and will be made available for inspection by investors at the Specified Office of the Issuer:

- (a) the audited consolidated annual financial statements of the Issuer, for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015, and for each financial year ended thereafter, together with such statements, reports and notes attached to or intended to be read with such financial statements;
- (b) the audited annual financial statements of the Guarantor and each Subsidiary Guarantor, for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015, and for each financial year ended thereafter, together with such statements, reports and notes attached to or intended to be read with such financial statements;
- (c) each Applicable Pricing Supplement;
- (d) the Noteholder Guarantee issued by the Guarantor in favour of the Noteholders;
- (e) the Subsidiary Guarantee issued by the Subsidiary Guarantors in favour of the Noteholders;
- (f) each supplement to this Programme Memorandum circulated by the Issuer from time to time;
- (g) all information pertaining to the Issuer which is relevant to the Notes which is electronically disseminated on SENS to SENS subscribers;
- (h) the constitutional documents of the Issuer, the Guarantor and each Subsidiary Guarantor as amended from time to time; and
- (i) in respect of each Tranche of Notes, any other Transaction Documents referred to in the Applicable Pricing Supplement.

Any statement contained in this Programme Memorandum or in any document which is incorporated by reference into this Programme Memorandum will be deemed to be modified or superseded for the purposes of this Programme Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference into this Programme Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Programme Memorandum and any amendments or supplements thereto (including the Applicable Pricing Supplements) will be made available on the website of the JSE ([www.jse.co.za](http://www.jse.co.za)). The Programme Memorandum and any amendments or supplements thereto (including the Applicable Pricing Supplements) and the financial statements of the Issuer referred to above will also be available on the website of the Issuer ([www.mtn.co.za](http://www.mtn.co.za)). The most recently obtained monthly beneficial disclosure report made available by the relevant Participants to the Central Securities Depository will be made available for inspection by investors at the Specified Office of the

Issuer. Requests to inspect the financial statements of the Guarantor and/or the Subsidiary Guarantors referred to above should be directed to the Issuer at its Specified Office (which is its registered office). Please contact Executive: Investor Relations at either (i) investor\_relations@mtn.co.za or (ii) 216 14th Avenue, Fairlands, Roodepoort, 2170 to request the inspection of copies of such financial statements.

The Issuer will, for so long as any Notes in a Tranche remain outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if:

- a) a material change in the condition (financial or otherwise) of the Issuer, the Guarantor or any Subsidiary Guarantor occurs; or
- b) a material event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- c) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- d) this Programme Memorandum no longer contains all the materially correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (a), (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's annual financial statements if such annual financial statements are incorporated by reference into this Programme Memorandum and such annual financial statements are published, as required by the Companies Act, and submitted to the JSE within 6 months after the financial year end of the Issuer. The Issuer's annual consolidated financial statements may include risk factors which may be updated from time to time.

Any such new Programme Memorandum or Programme Memorandum as supplemented, as the case may be, will be deemed to have substituted the previous Programme Memorandum from the date of issue of the new Programme Memorandum or Programme Memorandum as supplemented, as the case may be.

In relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, copies of any notices to Noteholders, including of meetings and any amendments to the Terms and Conditions or amendments to the rating of a Tranche of Notes and/or to the Programme Memorandum, shall be published on SENS. Any modification to the Terms and Conditions which may have a direct effect on the Issuer's compliance with the debt listings requirements of the JSE or such other Financial Exchange, as the case may be, will require the approval of the JSE or such other Financial Exchange.

## GENERAL DESCRIPTION OF THE PROGRAMME

*Words used in this section entitled "General Description of the Programme" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.*

*A general description of the Programme is set out below. The general description does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum and, in relation to any particular Tranche of Notes, the Applicable Pricing Supplement.*

Under the Programme, the Issuer may from time to time issue Notes denominated in the Specified Currency. The applicable terms of any Notes will be set out in the Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Pricing Supplements relating to the Notes and any supplementary Programme Memorandum.

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign an Applicable Pricing Supplement based on the pro forma Applicable Pricing Supplement included in the Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions set out in this Programme Memorandum, replace or modify such Terms and Conditions for the purpose of such Tranche of Notes. Each Note will be a Senior Note or a Subordinated Note, as indicated in the Applicable Pricing Supplement.

Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

In the event that any Tranche of Notes is listed on any exchange other than the JSE or the Issuer issues unlisted Notes, the Issuer will, no later than the last day of the month of issue of such Tranche, inform the JSE in writing of the aggregate Principal Amount, the Step-Up Date and the Final Redemption Date of such Tranche.

The Programme Amount will not exceed ZAR20 000 000 000, unless the Programme Amount is increased as set out below. For the purpose of calculating the aggregate Principal Amount of Notes issued under the Programme from time to time:

- (a) the Rand equivalent of a Tranche of Notes denominated in another currency shall be determined, at or about the relevant Issue Date, on the basis of the spot rate at such time for the sale of such Rand amount against the purchase of such currency or unit of account in the Johannesburg inter-bank foreign exchange markets, as quoted by any leading bank selected by the Issuer;
- (b) the amount of a Tranche of Indexed Notes shall be calculated by reference to the aggregate Principal Amount of that Tranche of Notes (regardless of the Issue Price of that Tranche of Notes); and

- (c) the amount of a Tranche of Zero Coupon Notes (and any other Tranche of Notes issued at a discount or a premium) shall be calculated with reference to the Principal Amount of that Tranche of Notes.

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Programme Agreement, the listings requirements of the JSE and/or such other or further exchange(s) on which any Tranche of Notes may be listed and to any Applicable Law, the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering a notice thereof to the Noteholders and to the relevant exchange. Upon such notice being given (and following compliance with the provisions of the Programme Agreement), all references in this Programme Memorandum, or any other agreement, deed or document relating to the Programme, to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

## SUMMARY OF THE PROGRAMME

Words used in this section entitled "**Summary of the Programme**" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

The information set out below is a brief summary of certain aspects of the Programme. This summary should be read in conjunction with, and is qualified in its entirety by, the remainder of this Programme Memorandum and, in relation to any particular Tranche of Notes, the Applicable Pricing Supplements.

### Transaction Parties

<b>Issuer</b>	Mobile Telephone Networks Holdings Limited (formerly Mobile Telephone Networks Holdings Proprietary Limited), a company incorporated on 17 March 1993, in accordance with the laws of South Africa, (Registration Number 1993/001411/06).
<b>Guarantor</b>	MTN Group Limited (Registration Number 1994/009584/06).
<b>Subsidiary Guarantors</b>	Each of (a) Mobile Telephone Networks Proprietary Limited (Registration Number 1993/001436/07), (b) MTN International Proprietary Limited (Registration Number 1998/002351/07) and (c) MTN International (Mauritius) Limited (Registration Number 19434/3597). Additional Subsidiary Guarantors may accede to the Subsidiary Guarantee in accordance with the provisions of Condition 6.
<b>Debt Sponsor</b>	SBSA or such other person(s) appointed by the Issuer from time to time in terms of the Programme Agreement, which appointment may be for a specific issue of notes or on an ongoing basis, as specified in the Applicable Pricing Supplement.
<b>Arrangers</b>	SBSA or such other person(s) appointed by the Issuer from time to time in terms of the Programme Agreement.
<b>Dealer(s)</b>	SBSA and/or such other person(s) appointed by the Issuer from time to time in terms of the Programme Agreement, which appointment may be for a specific issue of Notes or on an ongoing basis, as specified in the Applicable Pricing Supplement.
<b>Transfer Agent</b>	SBSA or such other person appointed by the Issuer from time to time, as specified in the Applicable Pricing

Supplement.

**Calculation Agent**

SBSA or, in relation to a particular Tranche or Series of Notes, such person appointed by the Issuer from time to time, as specified in the Applicable Pricing Supplement.

**Paying Agent**

The Issuer or such other person appointed by the Issuer from time to time, as specified in the Applicable Pricing Supplement.

**Rating Agency**

In relation to a particular Tranche or Series of Notes, any Rating Agency as may be appointed by the Issuer from time to time, if any, as specified in the Applicable Pricing Supplement.

**Auditors**

SizweNtsalubaGobodo Inc or such other auditor (or firm of auditors) as may be selected by the Issuer from time to time.

**Noteholder(s)**

The holders of the Notes as recorded in the Register (including the Uncertificated Securities Register). Each person recorded in the Uncertificated Securities Register will be named as the registered Noteholder of the Uncertificated Notes so registered in such person's name.

**Central Securities Depository or CSD**

Strate Proprietary Limited (Registration Number 1998/022242/07) being a registered central securities depository in terms of the Financial Markets Act, or any additional or successor central securities depository approved by the Issuer, the Dealer(s) and the JSE.

*Programme Description*

**Description of the Programme**

Mobile Telephone Networks Holdings Limited Domestic Medium Term Note Programme.

**Size of the Programme**

Up to ZAR20 000 000 000 outstanding at any time. The Issuer may, without the consent of Noteholders, increase the Programme Amount in accordance with the Programme Agreement, Applicable Laws and subject to any required regulatory approvals. The Programme Amount at the time of the issue of any Tranche of Notes will be set out in the Applicable Pricing Supplement.

**Listing**

The Programme has been registered with the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or such other or further exchange(s)

as may be selected by the Issuer and any relevant Dealer(s) and subject to Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement in respect of a Tranche of Notes will specify whether or not such Notes will be listed and, if so, on which exchange.

### **Rating**

As at the Programme Date, the Issuer is rated. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer, the Programme or a Tranche of Notes, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency concerned.

### **Notes**

The description of, and terms and conditions applicable to, Notes other than those specifically described in this Programme Memorandum will be set out in the Applicable Pricing Supplements.

Notes may be:

- (a) interest-bearing or non-interest bearing;
- (b) secured or unsecured;
- (c) senior or subordinated;
- (d) issued at par, a premium or a discount;
- (e) issued in fully paid up form;
- (f) exchangeable for other assets; and/or
- (e) issued with such other characteristics as may be specified in the Applicable Pricing Supplement.

### **Form of Notes**

Notes will be issued in registered form as described in the section "*Form of the Notes*". Notes will not be issued in bearer form or in order form, unless otherwise agreed by the Issuer and any applicable Dealer. The section "*Settlement, Clearing and Transfers of Notes*" describes how Beneficial Interests are created and what the rights of Beneficial Interest holders are.

<b>Currency</b>	Notes may be issued in Rand, the lawful currency of South Africa or, subject to Applicable Law, such other currency as the Issuer in consultation with the Arranger may determine.
<b>Terms and Conditions</b>	The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed " <i>Terms and Conditions of the Notes</i> ". The Applicable Pricing Supplements may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) in relation to specific terms and conditions of the Notes of any Tranche of Notes issued.
<b>Issue Price</b>	Notes may be issued at an issue price which is at their Principal Amount or at a discount to, or premium over, their Principal Amount as specified in the Applicable Pricing Supplement.
<b>Denomination of Notes</b>	Notes will be issued in such denominations as specified in the Applicable Pricing Supplement, subject to a minimum denomination of not less than R1 000 000.
<b>Maturities</b>	Notes are not subject to any minimum or maximum maturity. The maturity of each Tranche of Notes will be specified in the Applicable Pricing Supplement.
<b>Interest Rate and Interest Payment Dates</b>	As specified in the Applicable Pricing Supplement.
<b>Redemption</b>	<p>Save for optional redemption prior to the stated maturity of the Notes (as described below) and early redemption following an Event of Default, early redemption of the Notes will only be permitted for Tax reasons as described in Condition 8.3.</p> <p>If so specified in the Applicable Pricing Supplement, Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part).</p> <p>If so specified in the Applicable Pricing Supplement, Notes may be redeemed before their stated maturity at the option of the holders of Senior Notes (either in whole or in part).</p> <p>If a Put Event (as defined in Condition 8.6) occurs, then, if so specified in the Applicable Pricing Supplement, Senior Notes may be redeemed before their stated maturity at the option of the holders of the Senior Notes (either in whole or in part).</p>



**Noteholder Guarantee**

The Guarantor will, in terms of the Noteholder Guarantee, irrevocably and unconditionally guarantee the performance by the Issuer of its payment obligations under the Notes to the Noteholders, on the terms and conditions contained in the Noteholder Guarantee. In respect of the Senior Notes, the obligations of the Guarantor under the Noteholder Guarantee constitute unconditional, unsubordinated, unsecured principal obligations of the Guarantor and will rank (subject to any obligations preferred by law) at least *pari passu* with all other present and unsecured and unsubordinated obligations of the Guarantor, if any, from time to time outstanding. In respect of the Subordinated Notes, the obligations of the Guarantor under the Noteholder Guarantee constitute unconditional, subordinated, unsecured principal obligations of the Guarantor and will rank (subject to any obligations preferred by law) at least *pari passu* with all other present and future unsecured and subordinated obligations of the Guarantor, if any, from time to time outstanding, which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the subordinated obligations under this Guarantee in respect of the Subordinated Notes.

**Subsidiary Guarantee**

Each Subsidiary Guarantor will, in terms of the Subsidiary Guarantee, irrevocably and unconditionally guarantee the performance by the Issuer of its payment obligations under the Notes to the Noteholders, on the terms and conditions contained in the Subsidiary Guarantee. In respect of the Senior Notes, the obligations of each Subsidiary Guarantor under the Subsidiary Guarantee constitute unconditional, unsubordinated, unsecured principal obligations of the Subsidiary Guarantor and will rank (subject to any obligations preferred by law) at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Subsidiary Guarantor, if any, from time to time outstanding. In respect of the Subordinated Notes, the obligations of each Subsidiary Guarantor under the Subsidiary Guarantee constitute unconditional, subordinated, unsecured principal obligations of each Subsidiary Guarantor and will rank (subject to any obligations preferred by law) at least *pari passu* with all other present and future unsecured and subordinated obligations of each Subsidiary Guarantor, if any, from time to time outstanding, which rank or are expressed to rank (and which are entitled to rank) *pari passu*

with the subordinated obligations under the Subsidiary Guarantee in respect of the Subordinated Notes.

**Status of Notes**

The Issuer may issue Senior Notes or Subordinated Notes, as specified in the Applicable Pricing Supplement.

**Status of the Senior Notes**

The Senior Notes constitute direct, unconditional, unsubordinated, and (subject to the negative pledge and unless otherwise provided in the Applicable Pricing Supplement) unsecured obligations of the Issuer and will rank equally among themselves and (save for certain debts required to be preferred by Applicable Law) at least equally with all other unsecured, unsubordinated obligations of the Issuer from time to time outstanding.

**Status of the Subordinated Notes**

Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank equally among themselves and (save for certain debts required to be preferred by Applicable Law) at least equally with all other unsecured, subordinated obligations of the Issuer from time to time outstanding.

**Negative Pledge**

Condition 11 of the Terms and Conditions provides for a negative pledge in favour of the holders of Senior Notes, if so specified in the Applicable Pricing Supplement.

**Cross Default**

Senior Notes will have the benefit of a cross-default to other Indebtedness of the Issuer and Material Operating Subsidiaries above the threshold specified in Condition 12.

**Securities Transfer Tax**

In terms of current South African legislation as at the Programme Date, no securities transfer tax is payable by the Issuer on the original issue of, or on the registration of transfer of, Notes on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act, 2007. Any future stamp duties or other duties or Taxes that may be introduced or may be applicable upon the transfer of the Notes will be for the account of Noteholders.

**Withholding Tax**

Under current taxation law in South Africa, all payments made under the Notes to Noteholders who are not resident in South Africa for tax purposes will be subject to withholding tax on interest in respect of debt instruments (which includes any Notes issued). The withholding tax is levied at a rate of 15%,

but may be reduced by a relevant double taxation treaty. Certain exemptions from withholding tax on interest apply, which include interest paid in respect of any debt instrument listed on a "recognised exchange". The JSE Limited currently qualifies as such an exchange, and therefore, subject to any legislative changes, the interest paid on the Notes should not be subject to interest withholding tax. In the event that such withholding or deduction is required by law, the Issuer will be obliged to gross up the payments in relation thereto, subject to customary exceptions, as described in Condition 10. All payments made under the Notes to resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges.

**Tax Status**

A summary of applicable current South African tax legislation appears in the section of this Programme Memorandum headed "*South African Taxation*". The section does not constitute tax advice and investors should consult their own professional advisers.

**Governing Law**

Notes will be governed by, and construed in accordance with, the laws of South Africa.

**Distribution**

Notes may be offered by way of public auction, private placement or any other means permitted by Applicable Law, as determined by the Issuer and reflected in the Applicable Pricing Supplement.

**Method of Transfer**

The method of transfer is by registration for transfer of Notes to occur through the Register and by electronic book entry in the Securities Account of Participants or the Central Securities Depository, as the case may be, for transfers of Beneficial Interests in the Notes, in all cases subject to the restrictions described in this Programme memorandum. The Notes will be fully paid up on the Issue Date and freely transferable.

**Register**

The Register will be maintained by the Transfer Agent in accordance with the Terms and Conditions and the Issuer's Memorandum of Incorporation.

**Register Closed**

The Register will, in respect of each Tranche of Notes, be closed prior to each Interest Payment Date and Redemption Date, for the periods described in Condition 15, in order to

determine those Noteholders entitled to receive payments.

**Selling Restrictions**

The distribution of this Programme Memorandum and any offering or sale of a particular Tranche of Notes may be restricted by law in certain jurisdictions, and are restricted by law in the United States of America, the United Kingdom, the European Economic Area and South Africa. Any relevant selling restrictions and other restrictions as may be required to be met in relation to an offering or sale of a particular Tranche of Notes shall be included in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum or the Applicable Pricing Supplement must inform themselves about and observe such restrictions.

**Blocked Rand**

Blocked Rand may be used for the subscription for or purchase of Notes, subject to South African Exchange Control Regulations, 1961, promulgated under the Currency and Exchanges Act, 1933.

## **FORM OF THE NOTES**

*Words used in this section entitled "Form of the Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.*

Notes are issued in accordance with South African laws and in accordance with the Issuer's constitutional documents.

Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE.

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE must be fully paid-up and freely transferable.

Each Tranche of Notes (whether listed or unlisted) will be issued in the form of registered Notes in accordance with the Terms and Conditions and represented by (i) Certificates, or (ii) no Certificate, if issued in uncertificated form in terms of section 33 of the Financial Markets Act.

### **Notes issued in certificated form**

A Tranche of Notes may, subject to Applicable Laws and the Applicable Procedures, be issued in certificated form. All certificated Notes will be represented by single Individual Certificates in registered form.

Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Title to Notes represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 14.4 of the Terms and Conditions.

The Issuer shall regard the Register as the conclusive record of title to the Notes represented by Individual Certificates.

Payments of all amounts due and payable in respect of Notes represented by Individual Certificates will be made in accordance with Condition 9 of the Terms and Conditions to the person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of the registered holder in respect of each amount so paid.

### **Notes issued in uncertificated form**

If the Notes are to be listed on the Interest Rate Market of the JSE the Issuer will, subject to Applicable Laws and Applicable Procedures, issue such Notes in uncertificated form in terms of section 33 of the Financial Markets Act. Unlisted Notes may also be issued in uncertificated form. Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be issued in its entirety in the Central Securities Depository, and the Register will initially indicate that the entire Tranche of such Notes is held in uncertificated form in the Central Securities Depository.

In terms of section 50 of the Companies Act, read with the Financial Markets Act and the rules of the Central Securities Depository, the Issuer will (i) record in the Register, the total number, and where applicable, the nominal value of the Notes issued by it in uncertificated form, and (ii) the Central Securities Depository Participants will administer and maintain the company's Uncertificated Securities Register, which will form part of the Register.

### **Beneficial Interests**

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the Central Securities Depository. A Tranche of unlisted Uncertificated Notes may also be held in the Central Securities Depository. While a Tranche of Notes is held in the Central Securities Depository, each person recorded in the Uncertificated Securities Register will be named as the registered Noteholder of the portion of that Tranche of Uncertificated Notes so registered in such person's name.

Each Tranche of Uncertificated Notes held in the Central Securities Depository will be subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of Notes held in the Central Securities Depository will be paid to the Central Securities Depository and may be exercised only in accordance with the Applicable Procedures by the Central Securities Depository for the holders of Beneficial Interests in such Notes.

The Central Securities Depository holds Central Securities Accounts for Participants (which accounts may be in the name of such Participants or such Participants' clients). As at the Programme Date, the Participants include (but are not limited to) Citibank N.A., FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch, Société Générale, Johannesburg Branch and the South African Reserve Bank. Where a Central Securities Account is in the name of a Participant or a client of a Participant, such Participant or client, as the case may be, will be named in the Uncertificated Securities Register as the registered Noteholder of the Uncertificated Notes so reflected in such Central Securities Account.

Where a Central Securities Account is in the name of a Participant (but is for the benefit of such Participant's clients), such Participant is in turn required to maintain Securities Accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the Securities Accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Securities Depository only through their Participants. Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (**Clearstream**) may hold Notes through their Participant.

In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the registered Noteholder or a holder of a Beneficial Interest in a particular outstanding Nominal Amount of Uncertificated Notes, a statement or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the outstanding Nominal Amount of such Notes standing to the account of any person shall be *prima facie* proof of such interest.

Each person recorded in the Uncertificated Securities Register as a registered Noteholder of a particular Tranche of Uncertificated Notes will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that outstanding Nominal Amount of such Notes for all purposes.

Title to Uncertificated Notes or Beneficial Interests in Uncertificated Notes held by Participants, as the case may be, will pass on transfer thereof by electronic book entry in the Central Securities Accounts maintained by the Central Securities Depository, and/or the Securities Accounts maintained by Participants for their clients, as the case may be, in accordance with the Financial Markets Act and the Applicable Procedures. Noteholders of Uncertificated Notes and Holders of Beneficial Interests in Uncertificated Notes vote in accordance with the Applicable Procedures.

The Issuer shall regard the Register as the conclusive record of the title of the Notes.

## RISK FACTORS

Words used in this section entitled "**Risk Factors**" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum as well as all documents incorporated by reference including in particular the consolidated annual financial statements of the Issuer to reach their own views prior to making any investment decision.

References below to a numbered "Condition" shall be to the relevant Condition under the Terms and Conditions.

## RISKS RELATING TO THE NOTES

### **The Notes may not be a suitable investment for all investors**

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and



- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***The Notes will constitute unsecured obligations of the Issuer and the Guarantee and the Subsidiary Guarantee will constitute unsecured obligations of the Guarantor and each Subsidiary Guarantor.***

The Notes will constitute unsecured and unsubordinated obligations of the Issuer and the Guarantee and the Subsidiary Guarantee will constitute unsecured and unsubordinated obligations of the Guarantor and each Subsidiary Guarantor. The Notes, the Guarantee and the Subsidiary Guarantee will rank equally with all of the other unsecured and unsubordinated indebtedness of the Issuer, the Guarantor and each Subsidiary Guarantor respectively. However, the Notes, the Guarantee and the Subsidiary Guarantee will be effectively subordinated to the secured indebtedness and securitisations, if any, of the Issuer, the Guarantor and each Subsidiary Guarantor, respectively, to the extent of the value of the assets securing such transactions, and will be subject to certain preferential obligations under South African and/or Mauritian law, as applicable, such as wages of employees.

Generally, lenders and trade and other creditors of the subsidiaries of the Issuer, the Guarantor and each Subsidiary Guarantor are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or the Guarantor or the relevant Subsidiary Guarantor, as the case may be, as a direct or indirect shareholder. Any debt that the subsidiaries of the Issuer, the Guarantor or the relevant Subsidiary Guarantor may incur in the future will also rank structurally senior to the Notes, the Guarantee and the Subsidiary Guarantee, respectively.

***The Issuer, the Guarantor and the Subsidiary Guarantors are dependent on cash flows received from other members of the Group to meet their respective payment obligations on the Notes and under the Guarantee.***

The Issuer is a holding company and will, accordingly, depend upon the receipt of sufficient funds in the form of dividends and management fees from other members of the Group to meet its obligations.

In addition, the Guarantor and the Subsidiary Guarantors conduct their business through their respective operating subsidiaries and joint ventures, and will, accordingly, depend upon the receipt of sufficient funds from other members of the Group and such joint ventures in the form of management fees and dividends to meet their respective obligations. The amount of such dividends and management fees that will be received by the Guarantor and/or the Subsidiary Guarantors depend on the profitability and cash flows of their respective subsidiaries and joint ventures. The Group's subsidiaries and such joint ventures may not, however, be able to, or may not be permitted under the terms of their existing or future indebtedness or applicable law to make

dividend or management fee payments to their shareholders (who may include the Guarantor and/or the Subsidiary Guarantors) so that payments can be made to the Issuer and/or the Guarantor and/or the Subsidiary Guarantors on loans extended by the Issuer and/or the Guarantor and/or the Subsidiary Guarantors.

In the event that the Issuer, the Guarantor and the Subsidiary Guarantors do not receive payments under intra-Group loans, dividends, management fees or other funding payments from other members of the Group or its joint ventures, the Issuer may be unable to make required principal and interest payments on the Notes and the Guarantor and/or the Subsidiary Guarantor(s) may be unable to meet their respective payment obligations under the Guarantee or the Subsidiary Guarantee.

In addition, other than the Issuer in relation to the Notes and the Guarantor in relation to the Guarantee and each Subsidiary Guarantor in relation to the Subsidiary Guarantee, the other members of the Group are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes, the Guarantee or the Subsidiary Guarantee or to make funds available for these purposes, whether by loans, dividends, distributions, management fees or other payments, and do not guarantee the payment of interest on, or principal of, the Notes.

The operating subsidiaries and joint ventures have obligations to creditors under their respective supply transactions or borrowings. Any right that the Issuer, the Guarantor or the Subsidiary Guarantors may have to receive assets of any of their respective subsidiaries or joint ventures upon any such subsidiary's or joint venture's liquidation, and the consequent right of Noteholders to benefit from the distribution of proceeds from those assets to the Issuer, the Guarantor or any Subsidiary Guarantor, will be effectively subordinated to the claims of creditors of such subsidiaries and joint ventures (including tax authorities, employees, trade creditors and lenders to such subsidiaries).

***Decisions of the holders of the required majority of the Notes bind all Noteholders.***

The terms and conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions will permit Noteholders holding defined percentages of Notes to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***The Issuer may create and issue further Notes.***

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes, having terms and conditions that are the same as those of the Notes, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes even if doing so may adversely affect the value of the original Notes.

***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the Terms and Conditions provide otherwise, in the event that the Issuer is obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any Taxes, the Issuer may redeem all outstanding affected Tranches Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the Terms and Conditions provide that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because Notes listed on the Interest Rate Market of the JSE may be held by the Central Securities Depository, investors will have to rely on its procedures for transfer, payment and communication with the Issuer.

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and held in uncertificated form, will be held in the Central Securities Depository. Unlisted Notes may also be held in the Central Securities Depository. Except in the circumstances described in the Terms and Conditions, investors will not be entitled to receive Certificates. The Central Securities Depository will maintain records of the Beneficial Interests in Notes held in the Central Securities Depository. While the Notes are held in the Central Securities Depository, investors will be able to trade their Beneficial Interests in such Notes only through the Central Securities Depository.

While Notes are held in the Central Securities Depository the Issuer will discharge its payment obligations under such Notes by making payments to or to the order of the Central Securities Depository, for distribution to the holders of Beneficial Interests in such Notes. A holder of a Beneficial Interest in Notes must rely on the procedures of the Central Securities Depository and Participants to receive payments under such Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

Holders of Beneficial Interests in such Notes will not have a direct right to vote in respect of such Notes.

***Recourse to the BESA Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

***Credit Rating***

Tranches of Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any such redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Indexed Notes*

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Note to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Mixed Rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

The market price of Notes issued at a substantial discount to or premium over their principal amount tend to fluctuate more in relation to general changes in interest rates than do market prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Modification and waivers*

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The approval of the JSE is required prior to any amendment to the Terms and Conditions that is not of a formal, minor or technical nature.

#### *Change of law*

No assurance can be given as to the impact of any possible judicial decision or change to South African law or other Applicable Law or administrative practice after the Programme Date or after the date of any Applicable Pricing Supplement.

#### *Notes where denominations involve integral multiples: Certificates*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in the form of

an Certificate in respect of such holding and would need to purchase a Principal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Certificates are issued, holders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Return on an investment in the Notes will be affected by charges incurred by investors***

An investor's total return on an investment in the Notes will be affected by the level of fees charged by an agent, nominee service provider and/or clearing system used by such investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest and principal. Potential investors are, therefore, advised to investigate the basis on which any such fees will be charged on the Notes.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

***Because Uncertificated Notes are held by the Central Securities Depository, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the Central Securities Depository may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the Central Securities Depository in uncertificated form. Notes held in the Central Securities Depository will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the Central Securities Depository (in the circumstances described in the Terms and Conditions, investors will be entitled to receive Individual Certificates). The Central Securities Depository will maintain records of the Beneficial Interests in Notes issued in uncertificated form, which are held in the Central Securities Depository (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the Central Securities Depository and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of Uncertificated Notes will be made to the Central Securities Depository and/or the Participants in accordance with the Applicable Procedures and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the Central Securities Depository and/or the Participants for distribution to their account holders. A holder of a Beneficial Interest in Uncertificated Notes, whether listed or unlisted, must rely on the procedures of the Central Securities Depository to receive payments under the relevant Notes. Each investor shown in the records of the Central Securities Depository and/or the Participants, as the case may be, shall look solely to the Central Securities Depository or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of

such Uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in Uncertificated Notes will exercise their rights to vote in respect of the relevant Notes in accordance with the Applicable Procedures.

## **RISKS RELATING TO THE GROUP'S BUSINESS**

***If the Group does not continue to provide telecommunications or related services that are useful and attractive to customers, it may not remain competitive, and its business, financial condition, results of operations and prospects may be adversely affected.***

The telecommunications industry is characterised by technological changes, including an increasing pace of change in existing mobile systems, and industry standards and ongoing improvements in the capacity and quality of technology. The Group's commercial success depends on providing services such as mobile voice, data access and digital services that provide its customers with attractive products and services at a competitive cost. As new technologies develop, the Group's equipment may need to be replaced or upgraded, or its networks may need to be rebuilt in whole or in part in order to sustain its competitive position as a market leader. Continuing technological advances, ongoing improvements in the capacity and quality of digital technology and short development cycles also contribute to the need for continual upgrading and development of the Group's equipment, technology and operations. While the Group endeavours to upgrade its existing infrastructure (such as by upgrading its second-generation wireless networks (**2G**) to third and fourth generation wireless networks (**3G** and **LTE**, respectively), to respond successfully to technological advances, the Group may require substantial capital expenditures and access to related or enabling technologies in order to integrate the new technology with its existing technology. If the Group is unable to anticipate customer preferences or industry changes, or if it is unable to modify its service offerings on a timely and cost-effective basis, it may lose customers.

Many of the services the Group offers are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. In addition, as convergence of services accelerates, the Group has made and will have to continue to make additional investments in new technologies to remain competitive. The Group's operating results will also suffer if its new products and services are not responsive to the needs of its customers, are not appropriately timed with market opportunities or are not effectively brought to market. The new technologies the Group chooses may not prove to be commercially successful or profitable.

The Group cannot be certain that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render the technologies it uses less commercially viable or profitable or that it will be successful in responding in a timely and cost-effective way to keep up with new developments. As telecommunications technology continues to develop, its competitors may be able to offer telecommunications products and services that are, or that are perceived to be, substantially similar or better than those offered by the Group. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. If the Group is not successful in anticipating and responding to technological change and resulting consumer preferences in a timely and cost-effective manner, its quality of services, business, financial condition, results of operations and prospects could be materially adversely affected.

***A failure in the operations of the Group's networks, gateways to its networks or the networks of other operators could adversely affect its business, financial condition, results of operations and prospects.***

The Group depends to a significant degree on the uninterrupted operation of its networks to provide its services. From time to time, customers of certain operating companies within the Group have experienced blocked or dropped calls because of network capacity constraints. The Group may not be able to improve or maintain these relevant networks at current levels, particularly if its traffic volume grows significantly beyond its headroom capacity.

The Group also relies to a certain extent on interconnection with the networks of other telecommunications operators to carry calls from its customers to the customers of fixed-line operators and other mobile operators, both within a given country and internationally. While the Group has interconnection and international roaming agreements in place with many other telecommunications operators, it has no direct control over the quality of these networks and the interconnections and international roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Group on a consistent basis, could result in a loss of subscribers or a decrease in traffic, which could adversely affect its business, financial condition, results of operations and prospects.

***The Group may face increased competition from established telecommunications operations or new entrants into the markets in which it operates.***

The Group operates in an increasingly competitive environment, particularly around pricing, across its markets. The Group's competitors generally fall into three broad categories: (i) international diversified telecommunications companies; (ii) state-owned and partly state-owned telecommunications companies; and (iii) local and regional telecommunications companies. Some of the Group's global competitors have substantially greater financial, personnel, technical, marketing and other resources. In a number of countries, the Group's competitors are also government-owned entities or major local business participants, and may have the advantage of being an incumbent service provider. Local and regional operators may be able to leverage their knowledge of the local markets more efficiently than the Group.

The continuing trend toward business combinations and strategic alliances in the telecommunications industry may create increased competition, including from non-conventional and OTT players (internet-based alternatives to traditional telephony services) such as social networking sites and messaging applications. Although new laws and regulatory initiatives may provide the Group with increased business opportunities by removing or substantially reducing certain barriers to competition, in so doing they also create a more competitive business environment and may encourage new entrants, which could adversely affect the Group's key performance indicators, such as the Group's total voice minutes on network and data usage on network.

Increased competition may also lead to increased churn, a reduction in the rate at which the Group is able to add new customers, or to a decline in customer numbers and a decrease in the Group's market share as customers purchase telecommunications services, or other competing services, from other providers and/or increasingly switch between providers based on pricing and the products and services that are offered. Increasing competition has also led, in certain markets, to declines in the prices the Group is able to charge for its services and may lead to further price declines in the future, which could adversely affect its overall profitability.



There can be no assurance the Group will not experience increases in churn rates, reflecting increased numbers of customer deactivations, particularly as competition for existing customers intensifies. An increase in churn rates may result in lower revenue and higher costs resulting from the need to replace customers, and may consequently have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's continued growth in profitability depends in part on its ability to continue to grow internationally through organic expansion and/or further acquisitions.***

The Group's continued growth in profitability will depend in part on its ability to continue to grow its international operations through organic expansion and/or further acquisitions. Such acquisitions may vary in size, and could be significant enough that they would have a material impact on the Group and require an increase in its overall level of indebtedness and leverage. The success of the Group's acquisition and investment strategy depends on the ability of management to identify and compete for suitable acquisition and investment targets, to assess the value, strengths, weaknesses, contingent or other liabilities and potential profitability of such acquisitions and investments, to negotiate acceptable purchase, financing and other terms and, in some cases, the selection of appropriate international and local partners, and the continued contributions by certain of its key management and technical personnel. The Group's acquisition and investment strategy also depends on its ability to obtain the appropriate regulatory and governmental approvals, licences, spectrum allocation and registrations, and may be limited by regulatory constraints in the countries in which the Group operates due to antitrust laws, asset control laws or political conflicts. See "*Current and future antitrust and competition laws in the countries in which the Group operates may limit its growth and subject it to antitrust and other investigations or legal proceedings*". In addition, the success of the Group's acquisitions and investments will depend on, and may be limited by, its ability to finance acquisitions and investments, which may be limited by restrictions contained in its debt instruments and its other existing and future financing arrangements.

Once targets are acquired, the success of the Group's acquisitions and investments is dependent on the ability of its management and employees to integrate the acquired businesses, to implement an effective management structure given the terms of the investment (particularly in cases where the Group has only a minority interest or has a joint venture partner), to realise the benefits of expected planned synergies (such as branding, marketing and equipment sourcing) and to successfully operate and manage new and acquired businesses, particularly in new jurisdictions (such as rolling out a new network, managing vendors, establishing billing systems and addressing security concerns). These risks can be particularly significant in emerging markets, where it is difficult to assess the regulatory, business and operating environment given limited history and precedent and other economic operating and political factors. See "*Risks Relating to the countries in which the Group operates*".

There can be no assurance that the Group will be able to identify and complete future acquisitions or investments on appropriate terms and at an acceptable cost or that it will successfully execute its acquisition, investment or roll-out plans or that it will realise the benefit of such plans when completed. In addition, the Group may exit certain markets in which it operates should there be a compelling business or regulatory reason to do so. The Group cannot give any assurance that its recent rate of growth will be maintained in the future or that demand for its services will enable it to achieve a satisfactory return on any acquisitions or investments that it makes or support the leverage taken on for such acquisitions or investments. The Group's inability to expand its existing business internationally, or to find, complete, operate and integrate suitable acquisitions or investments and to

operate with increased leverage, could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group has operations in sanctioned countries that could subject it to increased government scrutiny, make business more difficult and expose it to allegations or investigations in respect of sanctions violations, with possible damage to its reputation and financial position.***

The Group has conducted or currently conducts business activities in a wide range of countries, including Iran, Sudan and Syria which have been, are or may become subject to sanctions regimes of the United States (**US**), the European Union (**EU**), United Kingdom, and United Nations (**UN**). In connection with such business, the Group has engaged or currently engages in business with certain persons or entities that are the target of sanctions.

The United States, through sanctions overseen primarily by the US Treasury Department's Office of Foreign Assets Control and the US State Department, and the European Union and its Member States have laws that regulate, restrict or prohibit certain business activities in sanctioned countries or dealing with certain individuals or entities within such countries or with significant ties to such countries. Any failure to comply with these laws and regulations may expose the Group to risk of adverse and material financial, operational, or other impacts.

Neither the Group nor any of its affiliates are subject to US sanctions as a US person or as an entity located in the United States; however, certain US secondary (extraterritorial) sanctions are applicable to all US and non-US persons regardless of whether they have any ties or contacts to the United States. The Group is not generally subject to EU sanctions as an EU person or as an entity located in the EU. However, two of the Group's affiliates are organised in EU Member States (Cyprus and Belgium, respectively), and are subject to EU sanctions.

The Group's activities in sanctioned countries are:

- In Iran, the Group's joint venture, Irancell Telecommunication Company Services (PJSC) (**Irancell**), in which it holds a 49% interest, provides a range of telecommunications services to 46 million subscribers or 46.7% of the Iranian market, as at 31 December 2015. In 2015, the Group's business in Iran represented 9% of its total annual revenue.
- In Sudan, the Group provides prepaid and postpaid telecommunications services to 8.4 million subscribers, generating 2.37% of its total annual revenue in 2015.
- In Syria, the Group's affiliate, Syriatel, in which it holds a majority interest, provides telecommunications services to 6 million subscribers, representing 41.8% of the market, as at 31 December 2015. The Group's business in Syria generated 1.78% of total annual revenue in 2015.

The Group's business interests and activities have been and continue to be disclosed to the South African government and the US State Department. The US government applies extensive sanctions against Iran, which may also apply to non-US persons, under numerous laws and executive orders. The US State Department has regularly given guidance on sanctions compliance by the Group's business operations or the business operations of its affiliates, which the Group has complied with.

Sanctions regimes and related laws and regulations are complex and constantly changing. Sanctions regimes and related laws and regulations may be enacted, amended, enforced or interpreted in a manner that materially impacts the Group's operations. The Group works closely with US, South African, and other legal authorities to remain compliant with all applicable sanctions. Neither the Group nor its Affiliates, to the best of the Group's knowledge, are the subject of a current government investigation or enforcement action in respect of any sanctions matter.

If the Group or its Affiliates are found to be in violation of sanctions laws, the Group or its Affiliates could be subject to financial or other penalties, and investors may decide, or be required, to divest their interest, or not to invest, in the Group. The enforcement of sanctions laws may interfere with the Group's operations. For example the Group has been unable for a number of years to repatriate significant funds owed to it by its Iranian joint venture, Irancell. Even where there is no violation of sanctions laws, government investigations or other actions by pressure groups related to the conduct of business in countries subject to international sanctions may result in reputational or other harm to the Group.

***The Group's investment plans are based on models reflecting management's predictions of market conditions in the markets in which it seeks to operate. There can be no assurance that such models will correctly anticipate actual investment results.***

The Group's investment plans, including in particular its acquisitions and greenfield roll-out plans, are influenced by its modelling of anticipated investment returns. The Group uses the results of its modelling to identify and execute potential investment strategies, such as acquisitions or greenfield network development. These models rely on certain assumptions of market fundamentals, such as macroeconomic assumptions, economic growth forecasts, pricing and competition in the relevant markets, in determining a given investment's timing, cost and expected profitability for the Group. If actual market conditions deviate from the assumptions underlying these models, the Group could be required to modify, scale back or delay its acquisition and expansion plans. If the Group is not able to modify its plans, its financial returns could be materially adversely affected. Changing market fundamentals could likewise affect its ability to adhere to its acquisition and expansion plans in ways that could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group maintains and regularly reviews its internal controls over financial reporting, but these controls cannot eliminate the risk of errors or omissions in such reporting.***

The Group maintains and regularly reviews internal controls over its financial reporting. However, internal control over financial reporting has inherent limitations. It is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. In addition, it can be circumvented by collusion or improper management override. It is possible to design safeguards to mitigate, though not eliminate, this risk. A failure to detect or correct deficiencies and weaknesses in a timely manner could have an adverse effect on the accuracy of financial reporting.

***Negative fluctuations in currency exchange rates could materially and adversely affect the Group's business, financial condition and results of operations.***

The Group's results of operations are directly affected by the exchange rates for currencies of countries in which it operates and which fluctuate in relation to the Rand, such as the US dollar, the Euro, the Naira, the Cedi and

the Iranian Rial, among others. Because the Rand is the Group's reporting currency, it must translate the assets, liabilities, turnover and expenses of all of its operations with a functional currency other than the Rand into Rand at the applicable exchange rates, being the period-end rate for assets and liabilities, the average period rate for revenue and expenses, and the transaction date rate for specific transactions in equity.

Consequently, increases or decreases in the value of the Rand in relation to these other currencies may affect the value of these items with respect to the Group's non-Rand businesses in its consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger Rand against the US dollar will reduce the reported results of operations of the non-Rand businesses, and conversely a weaker Rand will increase the reported results of operations of the non-Rand businesses. These translations could affect the comparability of the Group's results between financial periods or result in changes to the carrying value of its assets, liabilities and equity.

For the 2015 financial year, 27% of the Group's revenue and 31% of its costs are denominated in Rand, and the Group had net exchange gains of ZAR1,409 million. The Group generally does not hedge its foreign currency earnings. There can be no assurance that future exchange rate fluctuations between the Rand and the currencies of countries in which the Group operates will not have a material adverse effect on its business, financial condition and results of operations.

***Fluctuations in rates could increase the Group's finance costs.***

The Group's finance costs are highly sensitive to many factors beyond its control, including the interest rate, exchange rate and other monetary policies of governments and central banks in the jurisdictions in which it operates. The floating rate portion of the Group's loans and borrowings is subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such debt. Consequently, because a significant portion of the Group's debt is subject to floating interest rates, any increase in such reference rates will result in an increase in its interest rate expense and may have a material effect on its financial condition, results of operations and prospects. Any future unhedged interest rate risk may result in an increase in the Group's interest expense and may have a material adverse effect on its business, its financial conditions and results of operations.

***If the Group's risk management and loss limitation methods fail to adequately manage its exposure to losses, the losses it incurs could be materially higher than its expectations and its financial condition and results of operations could be materially adversely affected.***

The Group historically has sought and will in the future seek to manage its exposure to losses through a number of loss limitation methods, including internal risk management procedures.

The Group's methods of managing risk include setting a Group framework for general risk management and internal audit which are then implemented by its operating companies. These methods may not predict future exposures, which could be significantly greater than anticipated. The Group's risk management methods depend on the evaluation of information regarding markets or other matters that are publicly available or otherwise accessible to it and the successful implementation of Group risk policies by its operating companies. This information may not always be accurate, complete, up-to-date or properly evaluated. Further, any cost-cutting initiatives by the Group's operating companies could impact on their ability to implement the Group risk

framework and manage their risks; for example, reducing staff tasked with monitoring fraud could result in the Group being impacted by increased fraud-related costs. Accordingly, if the estimates and assumptions that it enters into its risk models are incorrect, if such models prove to be an inaccurate forecasting tool, or if its operating companies fail to successfully implement its risk framework and policies, the losses it might incur could be materially higher than its expectation of losses, and its financial condition and results of operations could be adversely affected.

***Continued cooperation between the Group and its key equipment and service providers is important to maintain its telecommunications operations.***

Once a manufacturer of telecommunications equipment has designed and installed its equipment within the Group's system, it will often be reliant on such manufacturer for continued service and supply. The Group outsources the management and operation of much of its infrastructure to the original equipment manufacturer or technology provider. The Group's ability to maintain and grow its subscriber base depends in part on its ability to source adequate supplies of network equipment and on the effective management and operation of its network equipment by third parties. For example, the Group has made substantial equipment purchases from, and has entered into vendor financing arrangements with, Ericsson, Huawei and ZTE in certain jurisdictions. Continued cooperation with these equipment and service providers is essential in order for the Group to maintain its operations.

The Group does not have direct operational or financial control over its key equipment and service providers, including tower operators, such as American Tower Corp (**ATC**) and IHS Holdings Limited (**IHS**), with whom it has entered into sale and lease back transactions in respect of its tower infrastructure in some of the markets in which it operates, and have limited influence with respect to the manner in which its key equipment and service providers conduct their businesses. The Group's reliance on these equipment and service providers subjects it to risks resulting from any delays in the delivery of services. The Group cannot assure investors that its key equipment and service providers will continue to provide equipment and services to it at attractive prices or that it will be able to obtain such equipment and services in the future from these or other providers on that scale, in the geographies where it operates and within the time frames required, if at all. The inability or unwillingness of key equipment and service providers to provide the Group's operations with adequate equipment and supplies on a timely basis and to manage its infrastructure in accordance with best practices, including at attractive prices, could materially and adversely impact the ability of these operations to retain and attract subscribers or provide attractive product offerings, either of which could materially and negatively impact its business, financial condition, results of operations and prospects.

***A downgrade in the Group's credit ratings could adversely affect its ability to access the debt capital markets and may increase its borrowing costs.***

The Group's credit ratings, which are intended to measure its ability to meet its debt obligations as they mature, are an important factor in determining its cost of borrowing. The interest rates of the Group's borrowings are partly dependent on its credit ratings. Furthermore, the Group's credit rating is partially correlated to the sovereign credit ratings in its key operations. As at the date of this Programme Memorandum, the Group's Global Issuer Ratings were assessed Baa3 (negative) by Moody's and BBB- (negative) by S&P. The Group's National scale term Ratings were A2.za (negative) and AA-(zaf) (negative) from Moody's and S&P respectively. There can be no assurance that any of the Group's ratings will remain the same in the future.

A downgrade of the Group's credit ratings (or announcement of a negative ratings watch) may increase its cost of borrowing and may also limit its ability to raise capital. Moreover, actual or anticipated changes in the Group's credit ratings or the credit ratings of the Notes (if applicable) generally may affect the market value of the Notes. In addition, ratings assigned to the Notes (if applicable) may not reflect the potential impact of all risks related to the transaction, the market or any additional factors discussed in this Programme Memorandum and other factors that may affect the value of the Notes. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

***Current and future antitrust and competition laws in the countries in which the Group operates may limit its growth and subject it to antitrust and other investigations or legal proceedings.***

The antitrust and competition laws and related regulatory policies in many of the countries in which the Group operates generally favour increased competition in the telecommunications industry and may prohibit it from making further acquisitions or continuing to engage in particular practices to the extent that it holds a significant market share in such countries. For example, in 2013 the Nigerian Communications Commission (the **NCC**) declared that the Group was a dominant operator in the mobile voice segment of the Nigerian market. The NCC placed certain obligations on the Group, including the requirement that it refrain from offering differential pricing on its on-net and off-net mobile voice service. In addition, violations of antitrust and competition laws and policies could expose the Group to administrative proceedings, civil lawsuits or criminal prosecution, including fines and imprisonment, and to the payment of punitive damages.

Regulators are particularly focused on establishing rules and a regulatory framework for interconnection between fixed and mobile networks, including mobile termination (i.e., the ability of a telecommunications provider to terminate a call on another operator's network (i.e., calling between networks)) and the related pricing mechanisms (i.e., mobile termination rates). In fixed-line networks, although the incumbent provider has generally been obliged by the regulator to offer access to its network for the purposes of interconnection or call termination at prices which have usually been set by the regulator to equal cost, such pricing could also be set well below cost. Decisions by any of the Group's regulators requiring it to provide mobile termination and interconnection services well below current rates or to pay rates to its competitors that are higher than the rates which the Group's competitors pay it, which is more likely to be required in countries in which the Group is viewed or designated by the local regulator as having significant market power, could prevent the Group from realising a significant amount of revenue and have a material adverse effect on its business, financial condition, results of operations and prospects. For instance, in South Africa the Independent Communications Authority of South Africa (**ICASA**) requires the Group to pay a higher termination rate to its competitor Cell-C (24 cents per minute), than Cell-C is required to pay the Group (16 cents per minute). Such asymmetrical regulatory intervention negatively impacts the Group's competitive position and its profit.

In addition, antitrust and competition laws are subject to change and existing or future laws may be implemented or enforced in a manner that is materially detrimental to the Group. The Group cannot predict the effect that current or any future lawsuits, appeals or investigations by regulatory bodies or by any third party in any of the countries in which it operates will have on its business, financial condition, results of operations or prospects. Although to date the Group has not been subject to any material antitrust or competition-related lawsuits, there can be no assurance that these lawsuits will not occur and as a result cause the Group material losses and expenses. In addition, any fines, or other penalties imposed by an antitrust or competition authority as a result of

any such investigation, or any prohibition on the Group engaging in certain types of business in one or more of the regions in which it operates, could have a material adverse effect on its business, financial condition, results of operations and prospects.

***Telecommunications businesses require substantial capital investment and the Group may not be able to obtain sufficient financing on favourable terms, or at all.***

The Group operates in a capital-intensive industry that requires substantial amounts of capital and other long term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks. In the past, the Group has financed these expenditures through a variety of means, primarily through syndicated banking facilities, particularly at the operating company level, and debt capital markets in some instances, and to a lesser extent, through equity capital markets. This is likely to remain unchanged in the future. The Group's ability to arrange external financing, and the cost of such financing, depends on numerous factors, including its future financial condition and results of operations, as well as that of its individual operating companies, general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, applicable provisions of tax and securities laws and political and economic conditions in any relevant jurisdiction.

***The Group is exposed to certain risks in respect of the development, expansion and maintenance of its telecommunications networks.***

The Group's ability to increase its subscriber base depends in part upon the success of the expansion and management of its telecommunications networks. The build-out of the Group's networks is subject to risks and uncertainties which could delay the introduction of services in some areas and increase the cost of network construction. Network expansion and infrastructure projects, including those in the Group's development pipeline, typically require substantial capital expenditure throughout the planning and construction phases and it may take months or years before the Group can obtain the necessary permits and approvals and the new sites become operational. During the planning and expansion process, the Group is subject to a number of construction, financing, operating, regulatory and other risks beyond its control, including, but not limited to:

- shortages or unavailability of materials, equipment and skilled and unskilled labour;
- increases in capital and/or operating costs, including as a result of foreign exchange rate movements;
- changes in demand for its services;
- labour disputes and disputes with contractors and sub-contractors;
- inadequate engineering, project management, capacity or infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- electricity and power interruptions due to electricity load-shedding and/or blackouts, and energy shortages;
- regulatory regimes impacting its business;

- failure to complete projects according to specifications;
- failure to meet licence obligations;
- adverse weather conditions and natural disasters;
- environmental regulations, including the need to perform feasibility studies and conduct remedial activities;
- political, social and economic conditions;
- fraud;
- accidents;
- theft and malfeasance;
- terrorist action;
- changes in law, rules, regulations, governmental priorities and regulatory regimes; and
- an inability to obtain and maintain project development permission or requisite governmental licences, permits or approvals.

The occurrence of one or more of these events may have a material adverse effect on the Group's ability to complete its current or future network expansion projects on schedule or within budget, if at all, and may prevent it from achieving the projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the Group will be able to generate revenues or profits from its expansion projects that meet its planned targets and objectives, or that such revenues will be sufficient to cover the associated construction and development costs, either of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group is involved in disputes and litigation, the ultimate outcome of which is uncertain.***

The Group is subject to numerous risks relating to legal and regulatory proceedings to which the Group, its associates and joint ventures are currently a party or which could develop in the future.

The Group is currently engaged in litigation in South Africa with Turkcell İletişim Hizmetleri AS (**Turkcell**). The proceedings relate to the unsuccessful effort of a Turkcell subsidiary to obtain the second Global System for Mobile Communications (**GSM**) licence tendered in Iran in 2005. Should there be an adverse finding in these proceedings, the damages for the alleged breach carries an exposure of up to US\$ 4.2 billion. While the Group believes that the claim is unfounded and that the proceedings will be resolved in a satisfactory manner, there can be no assurance in this respect.

The Group's involvement in litigation and regulatory proceedings may adversely affect its reputation. Furthermore, litigation and regulatory proceedings are unpredictable and legal or regulatory proceedings in which the Group is or becomes involved in (or settlements thereof) may have a material adverse effect on its business,



financial condition, results of operations and prospects. ***If the Group fails to attract and retain qualified and experienced employees, its business may be harmed.***

If the Group is unable to attract and retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or if it fails to recruit skilled professional and technical staff at a pace consistent with its growth, its business, financial condition, results of operations and prospects may be materially adversely affected. Experienced and capable personnel in the telecommunications industry remain in high demand and there is continuous competition for their talents. The Group may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. The loss of some members of the Group's senior management team or any significant number of its mid-level managers and skilled professionals may, particularly with regards to digital content and advertising, result in a loss of organisational focus, poor execution of operations and corporate strategy or an inability to identify and execute potential strategic initiatives such as expansion of capacity or acquisitions and investments. These adverse consequences could, individually or in the aggregate, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's ability to exercise control over its subsidiaries and joint ventures is, in some cases, dependent upon the consent and cooperation of other participants who are not under its control. Disagreements or terms in the agreements governing its subsidiaries and joint ventures could adversely affect its business, financial condition, results of operations and prospects.***

The Group currently operates through subsidiaries and joint ventures. While it has a majority interest in most of these entities which allows it to maintain management control, its level of ownership of each of its subsidiaries and joint ventures varies from market to market, and it does not always have a majority interest. Although the terms of the Group's investments vary, its business, financial condition, results of operations and prospects may be materially and adversely affected if disagreements develop with its partners.

The Group's ability to withdraw funds, including dividends, from its participation in, and to exercise management control over, subsidiaries and joint ventures depends, in some cases, on the consent of its other partners in these entities and/or the consent of regulatory authorities. Further, failure to resolve any disputes with its partners in certain of its operating subsidiaries and joint ventures could restrict payments made by these operating entities to the Group and have a material adverse effect on its business, financial condition, results of operations and prospects.

## **RISKS RELATING TO THE TELECOMMUNICATIONS INDUSTRY**

***The Group's telecommunications licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal, any of which may result in modification or early termination. In addition, the Group's inability to obtain new licences and permits could adversely affect its business.***

The terms of the Group's licences, permits and frequency allocations are subject to finite terms, ongoing review and/or periodic renewal and, in some cases, are subject to modification or early termination or may require renewal with the applicable government authorities. While the Group does not expect that it or any of its subsidiaries, associates or joint ventures will be required to cease operations at the end of the term of their business arrangements or licences, and while many of these licences provide for terms on which they may be

renewed, there can be no assurance that these business arrangements or licences will in all cases be renewed on equivalent or satisfactory terms, or at all. Upon termination, the licences and assets of these companies may revert to the local governments or local telecommunications operators, in some cases without any or adequate compensation being paid.

The Group has in the past paid significant amounts for certain of its telecommunications licences and the competition for these licences has historically been high. The Group anticipates that it may have to continue to pay substantial licence fees in certain markets, particularly those with anticipated high growth rates, such as South Africa, Nigeria and Ghana, and incur substantial costs to meet specified network build-out requirements that it commits to in acquiring such licences. There can be no assurance that the Group will be successful in obtaining or funding these licences, or, if licences are awarded, that they can be obtained on terms acceptable to the Group. If the Group obtains or renews further licences, it may need to seek future funding through additional borrowings or equity offerings and there can be no assurance that such funding will be obtained on satisfactory terms, or at all. Failure to obtain financing on satisfactory terms or at all may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's operations could be adversely affected by natural disasters or other catastrophic events beyond its control.***

The Group's business operations, technical infrastructure (including its network infrastructure) and development projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other catastrophic or otherwise disruptive events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns;
- major accidents, including chemical or other material environmental contamination;
- acts of terrorism;
- power loss;
- strikes or lock-outs or other industrial action by workers or employers; and
- medical pandemics.

The occurrence of any of these events, or a similar such event, in the regions in which the Group operates or affecting any part of its telecommunications network may cause disruptions to its operations in part or in whole, may increase the costs associated with providing services as a result of, among other things, costs associated with remedial work, may subject it to liability or impact its brands and reputation and may otherwise hinder the normal operation of its business, which could materially adversely affect its business, financial condition, results of operations and prospects.

In addition, the Group's technical infrastructure is vulnerable to damage or interruption from information and telecommunications technology failures, acts of war, terrorism, intentional wrongdoing, human error and similar events. Unanticipated problems affecting any part of the Group's telecommunications network, such as system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of its services

and cause service interruptions. Any of these occurrences could result in reduced user traffic and reduced revenues and could harm the Group's operations.

The effect of any of these events on the Group's business, financial condition, results of operations and prospects may be worsened to the extent that any such event involves risks for which it is uninsured or not fully insured, or which are not currently insurable, such as acts of war and terrorism.

***Because the Group operates in highly regulated business environments, changes in law, regulations or governmental policy affecting its business activities could adversely affect its business, financial condition, results of operations and prospects.***

The Group has ventures in a large number of jurisdictions, and therefore it must comply with an extensive range of laws and regulations pertaining to the licensing, construction and operation, as well as monitoring (including call interceptions), of telecommunications networks and services, as implemented by relevant agencies or other regulatory bodies. Among the most significant of these laws and regulations are those governing tariffs, the ability to offer and/or bundle products and services, the allocation of frequency spectrum, interconnection and access, and those governing the regulatory agencies that monitor and enforce regulation and competition laws that apply to the telecommunications industry.

In many of the countries in which the Group operates, local regulators have significant latitude in the administration and interpretation of telecommunications licences and laws, rules and regulations. In addition, the actions taken by these regulators in the administration and interpretation of these licences and laws, rules and regulations may be influenced by local political and economic pressures. Decisions by regulators regarding the grant, amendment or renewal of licences, to the Group or to third parties, or regarding laws, rules, and regulations, could materially and adversely affect the Group's operations in these geographic areas. The Group cannot provide any assurance that governments or regulatory bodies in the countries in which it operates will not issue telecommunications licences to new operators whose services will compete with those services provided by it.

For example, in Nigeria in October 2015, the Nigerian Communications Commission (**NCC**) imposed a ₦1,04 trillion fine (which was at that time equivalent to US\$5,2 billion) on MTN Nigeria, in relation to the alleged non-compliance with a directive regarding the timing of the disconnection of unregistered subscribers. The fine had initially been reduced to the Naira equivalent of US\$3,9 billion but a settlement was reached on 10 June, 2016 whereby MTN Nigeria agreed to pay a total cash amount of ₦300 billion (as at 10 June 2016, the equivalent of US\$1,671 billion) over three years to the Federal Government of Nigeria in full and final settlement of the matter, payable as follows: (i) ₦50 billion, paid in good faith and without prejudice by MTN Nigeria on 24 February, 2016, forms part of the monetary component of the settlement; (ii) the balance of the ₦280 billion outstanding will be discharged as follows: (a) ₦30 billion on 30 June, 2016; (b) ₦30 billion on 31 March, 2017; (c) ₦55 billion on 31 March, 2018; (d) ₦55 billion on 31 December, 2018; (e) ₦55 billion on 31 March, 2019; and (f) ₦55 billion on 31 May, 2019.

In addition, other changes in the regulatory environment concerning the use of mobile phones may lead to a reduction in the usage of mobile phones or otherwise adversely affect the Group. Decisions by regulators and new legislation, including in relation to retail, wholesale and interconnect price regulation, could adversely affect the pricing of, or adversely affect the revenue from, the services the Group offers. Decisions by regulators may

include limiting the Group's pricing flexibility, raising its costs, reducing its retail or wholesale revenues or conferring greater pricing flexibility on its competitors.

***Failure in the Group's information and technology systems could result in interruptions of its business operations.***

The Group's information and technology systems are designed to enable it to use its infrastructure resources as effectively as possible and to monitor and control all aspects of its operations. Although the Group's critical systems are designed with high availability to avoid any downtime, any failure or breakdown in these systems could interrupt the normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could dramatically impact the Group's ability to offer services to its customers, which could have a material adverse effect on its business, financial condition, results of operations and prospects. For example, the Group depends on certain technologically sophisticated management information systems and other systems, such as its customer billing system, to enable it to conduct its operations. Any significant delays or interruptions in providing services could negatively impact the Group's reputation as an efficient and reliable telecommunications provider.

In addition, the Group relies on third-party vendors to supply and maintain much of its information technology. In the event that one or more of the third-party vendors that the Group engages to provide support and upgrades with respect to components of its information technology ceased operations or became otherwise unable or unwilling to meet the Group's needs, the Group cannot assure investors that it would be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could materially adversely affect the Group's business, financial condition, results of operations and prospects.

***Actual or perceived health risks or other problems relating to mobile handsets or transmission and/or network infrastructure could lead to litigation or decreased mobile communications usage.***

The effects of any damage caused by exposure to an electromagnetic field have been and continue to be the subject of careful evaluations by the international scientific community, but to date there is no conclusive scientific evidence of harmful effects on health. However, the Group cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets or transmission infrastructure is not, or will not be found to be, a health risk.

The Group's mobile communications business may be harmed as a result of these alleged or actual health risks. For example, the perception alone of these health risks could result in a lower number of customers, reduced usage per customer or potential customer liability. In addition, these concerns may cause regulators to impose greater restrictions on the construction of base station towers or other infrastructure, which may hinder the completion of network build-outs and the commercial availability of new services and may require additional investments.

***Industrial action or adverse labour relations could disrupt the Group's business operations and have an adverse effect on operating results.***

While only a limited number of the Group's operations, involving in aggregate approximately 1200 employees (as at the Programme Date), are currently subject to collective bargaining, union or similar labour agreements, more of its operations may in the future be subject to collective bargaining, union or similar labour agreements. In

addition, the Group's employees also benefit from local laws regarding employee rights and benefits. If the Group is unable to negotiate acceptable labour agreements or maintain satisfactory employee relations, the results could include work stoppages, strikes or other industrial action or labour difficulties (including higher labour costs), which individually or in the aggregate, could have a material adverse effect on The Group's business, financial condition, results of operations and prospects.

### ***Risks relating to the countries in which the Group operates***

The Group is subject to the risks of political, social and economic instability associated with emerging market countries and regions in which they operate or may seek to operate.

#### *Overview*

The Group conducts its business in a number of emerging market countries and regions with developing economies, many of which have uncertain legal and regulatory systems and some of which from time to time have experienced economic, social or political instability. In addition, some of the countries in which the Group operates, such as Ghana and Rwanda, are in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Group's investments in these countries.

There is also a risk that the Group's operations in certain of the countries in which it operates could be expropriated by the relevant government or regulatory authorities, either by formal change in ownership, revocation of an operating licence or by changes in regulatory or financial policies that have an equivalent effect. Governments in these jurisdictions and countries, as well as in more developed jurisdictions and countries, may be influenced by political or commercial considerations outside of the Group's control, and may act arbitrarily, selectively or unlawfully, including in a manner that benefits the Group's competitors. In addition, the Group may from time to time enter into business relationships with entities subject to European, United States, UN or other international sanctions. By doing so, it could experience adverse publicity, which may in turn result in reputational harm in certain jurisdictions.

Specific country risks that may have a material adverse effect on the Group's business, financial condition, results of operations and prospects include, among other things:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- government interventions, including expropriation or nationalisation of assets;
- increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes;
- arbitrary or inconsistent government action, including capricious application of tax laws and selective tax audits;
- inflation in local economies;

- difficulties and delays in obtaining requisite governmental licences, permits or approvals;
- restricted access to cash;
- cancellation, nullification or unenforceability of contractual rights; and
- underdeveloped industrial and economic infrastructure.

Changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Group operates, or seeks to operate, could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental legislation;
- customs and immigration;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

#### *Political climate*

Various countries in Africa and the Middle East have experienced varying degrees of political instability in recent years. Ongoing and future armed conflicts or political instability in those regions could impact the Group's operations, including its ability to purchase adequate political risk and political violence insurance. For example, in Afghanistan, Sudan, Syria, Yemen and Nigeria terrorist groups have engaged in campaigns against their respective governments and allies, and have struck both military and civilian targets resulting in continued risk to the Group's operations, including the threat of damage to its infrastructure. There can be no assurance that terrorist groups will not escalate violent activities or that the relevant governments will be successful in maintaining the prevailing levels of domestic order and stability.

Investing in countries that are politically and economically undeveloped or developing, as the Group has done and expects to continue to do, is risky and uncertain. Any changes in the political, social, economic or other conditions in such countries, or in countries that neighbour such countries, could have a material adverse effect on the investments that the Group has made or may make in the future, which in turn could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group is subject to political and economic conditions in the key markets in which it operates.***

The Group's key operations are located in South Africa and Nigeria. The Group's results of operations are, and will continue to be, significantly affected by financial, economic and political developments in or affecting those markets and, in particular, by the level of economic activity in those markets. For example, the continued weak economic situation in South Africa has depressed consumer business confidence and negatively impacted consumer demand in the country. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Group would be able to sustain the operation of its business if adverse financial, economic, political or other events or circumstances were to occur. Any future economic downturn, either regionally or domestically in any of the key markets in which the Group operates, could have a material adverse effect on its business, financial condition, results of operations and prospects. Investors should also note that the Group's business and financial performance could be adversely affected by political, financial, economic or related developments both within and outside the key markets in which it operates because of inter-relationships within the global financial markets. In addition, the implementation by a national or local government in any of the key markets in which the Group operates of regulations adverse to the Group's interests, including changes with respect to royalty payments, taxation or telecommunications regulations, or changes to grants and licences of properties used by the Group in those markets, could have a material adverse effect on its business, financial condition, results of operations and prospects and thereby adversely affect its ability to perform its obligations in respect of the Notes.

Certain countries in which the Group operates, such as Syria, Sudan, Yemen and Afghanistan do not have particularly stable political environments. Instability in any of these countries may result from a number of factors, including government or military regime change, civil unrest or terrorism. To a varying extent in each of these countries, extremists have engaged in a campaign, sometimes violent, against various governments in the region and terrorists have struck both military and civilian targets. For example, in Syria the ongoing conflict has made the refuelling of the Group's base stations challenging due to the security risks faced by its employees, which has negatively impacted its financial results in the country as a result of network downtime. There can be no assurance that extremists or terrorist groups will not escalate violent activities in the countries in which the Group operates or that the governments of those countries will be successful in maintaining the prevailing levels of domestic order and stability. In recent years, there has been significant political and social unrest, including violent protests in a number of countries in which the Group operates. There can be no assurance that such significant political and social unrest will not escalate or that the governments of countries in which the Group operates will be successful in maintaining domestic order and stability.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the countries in which the Group operates and, in particular, could impact the level of economic activity in those countries and, consequently, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, and thereby adversely affect its ability to perform its obligations in respect of the Notes.

***A downturn in the domestic, regional or global economy may adversely affect the Group's business.***

The Group is exposed to risks associated with any future downturn in the domestic, regional or global economy.

Whilst macroeconomic indicators have significantly improved since the global financial crisis from 2008 to 2011, there can be no assurance that economic performance, whether globally or in the regions in which The Group operates, can or will be sustained in the future. For example, the global decline in crude oil prices from mid-2014 to sub \$100 levels, has had a significant impact on the GDP, Revenue and consequently exchange rate weakness in Nigeria. Efforts by the government to protect the currency and limit devaluation thereof in line with market forces has resulted in a rapid depletion of foreign currency reserves and a significant slowdown or curtailment of capital inflows. Accordingly, foreign exchange reserves and availability thereof has been prioritised for certain uses and industries and consequently has resulted in challenges in repatriating funds out of the country. To the extent that economic growth or performance, either globally or in the regions in which the Group operates, slows or begins to decline, this could have an adverse effect on its operations. Many of the Group's strategic partners and suppliers, who are based overseas, may, in the event of a global downturn or a downturn in any specific region, experience financial difficulties that could affect their ability to service the Group in a timely and efficient manner. Any future global downturn, such as that experienced from 2008 to 2011, could have a material and adverse effect on the Group's revenues, financial position, results of operations and continued growth.

Economic conditions can have a material adverse effect on telecommunications businesses, including a material adverse effect on the quality and growth of their customer base and service offerings. For example, customers may decide that they can no longer afford mobile services, or that they can no longer afford the data services and value-added services that are instrumental in maintaining or increasing total revenue generated per subscriber, and, in turn, increasing the Group's revenues. Subject to differing levels of price elasticity of demand in each market in which the Group operates, any future economic downturn in those markets could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. High rates of inflation in some of the countries in which the Group operates may also cause consumer purchasing power to decrease, which may reduce consumer demand for the Group's services.

A loss of investor confidence in the financial systems of emerging as well as mature markets may cause increased volatility in the financial markets in the countries and regions in which the Group operates and a slowdown in economic growth or economic contraction in those countries and regions. Any such increased volatility or slowdown could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group may pursue investment opportunities in countries in which it has no previous investment experience or in jurisdictions that are subject to greater social, economic and political risks.***

The Group may not be able to adequately assess the risks of investing in new jurisdictions irrespective of advice from its advisers. Investments made by the Group in emerging markets may involve a greater degree of risk than investments in developed countries. For example, emerging market investments may carry the risk of more volatile equity markets, less favourable and less sophisticated fiscal and commercial regulation and a less favourable business and operating environment, a greater likelihood of severe inflation, unstable currency, exchange controls, restrictions on repatriation of profits and capital, corruption, political, social and economic instability (including warfare and civil unrest) and government actions or interventions, including tariffs, royalties, protectionism, subsidies, expropriation of assets and cancellation of contractual rights, than investments in companies based in developed countries. An occurrence of any of the foregoing risks or failure by the Group to



correctly identify the risks associated with an investment could have a material adverse effect on its business, financial condition and results of operations.

***Some of the countries in which the Group operates lack infrastructure or have infrastructure in very poor condition and, particularly in Africa, have an insufficient supply of electricity.***

Some of the countries in which the Group operates often lack modern infrastructure or have infrastructure in poor or very poor condition, including in particular roads and power networks. In general, the rural areas in each of the countries in which the Group operates often lack even the most basic infrastructure, as any development tends to be concentrated in urban areas. The Group must often build its cell sites without the benefit of roads and other infrastructure, which increases its network development and maintenance costs.

The electricity supply is insufficient in certain of the African countries in which the Group operates due to underdevelopment of electricity sectors compared to the pace of economic growth in such countries. In certain countries, including South Africa and Nigeria, the Group must rely on diesel-powered generators or solar panels to power its radio sites and some of its towers have solar back-up power or hybrid deep cycle backup batteries. These measures increase the Group's costs and impact the profitability of its African operations, although the impact is mitigated, to some extent, by the sale of its towers in Ghana, Uganda, Rwanda, Ivory Coast, Zambia and Cameroon.

***The Group operates in locations where there are high security risks, which could result in harm to its employees and contractors or substantial costs.***

Some of the Group's subsidiaries, joint ventures and associates operate in high-risk locations, such as Afghanistan, Sudan, Syria and Iran, where the country or location has suffered, or is suffering from political, social or economic instability, or war or civil unrest. In those locations where the Group has employees, assets or operations, those subsidiaries, associates and joint ventures may incur substantial costs to maintain the safety of their personnel and to protect their assets. Despite these precautions, the safety of the Group's personnel in these locations may continue to be at risk. In addition, network maintenance and expansion projects in these areas could be delayed or cancelled due to the need for heightened security for employees and contractors operating in these areas. The security situation in Afghanistan, Sudan, Syria and Iran and other regions in which the Group operates remains unstable and could have a material adverse effect on its business, financial condition, results of operations and prospects.

## PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement, which will be completed for each Tranche of Notes issued under the Programme:

**Mobile Telephone Networks Holdings Limited**

(the "Issuer")

*(Incorporated in South Africa with limited liability under Registration Number 1993/001411/06)*

**unconditionally and irrevocably guaranteed by**

**MTN Group Limited**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1994/00958/06)*

and

**Mobile Telephone Networks Proprietary Limited**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1993/001436/07)*

**MTN International Proprietary Limited**

*(Incorporated in the Republic of South Africa with limited liability under Registration Number 1998/002351/07)*

**MTN International (Mauritius) Limited**

*(Incorporated in Mauritius under Registration Number 19434/3597)*

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] with Stock Code [     ]**

Under its ZAR20 000 000 000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described in this Applicable Pricing Supplement.

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum issued by the Issuer dated [     ], as may be amended or supplemented from time to time. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions. References in this Applicable Pricing Supplement to the Terms and Conditions are to the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries

to ascertain such facts have been made and that the Programme Memorandum contains all information required by Applicable Law and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the information contained in the Programme Memorandum, the Applicable Pricing Supplements and the annual financial report and any amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

The JSE assumes no responsibility or liability of whatsoever nature for the contents of the Programme Memorandum or this Applicable Pricing Supplement or the annual financial statements or any other information incorporated by reference into the Programme Memorandum (as amended or restated from time to time), and the JSE makes no representation as to the accuracy or completeness of the Programme Memorandum or this Applicable Pricing Supplement, the annual financial statements or any other information incorporated by reference into the Programme Memorandum (as amended or restated from time to time). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum or this Applicable Pricing Supplement or the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time).

#### DESCRIPTION OF THE NOTES

1. Issuer	Mobile Telephone Networks Holdings Limited
2. Guarantor	MTN Group Limited
3. Subsidiary Guarantors	Each of MTN International Proprietary Limited, MTN International (Mauritius) Limited and Mobile Telephone Networks Proprietary Limited.
4. Status of the Notes	[Senior Notes/Subordinated Notes]
5. Security	[Secured/Unsecured]
6. Listed/Unlisted	[ ]
7. Series number	[ ]
8. Tranche number	[ ]
9. Aggregate Principal Amount of this Tranche	[ ]
10. Interest/Payment Basis	[ ]
11. Issue Date(s) and first settlement date	[ ]
12. Minimum Denomination per Note	R1 000 000
13. Specified Denomination (Principal Amount per Note)	[ ]
14. Issue Price(s)	[ ]
15. Applicable Business Day Convention, if different to that specified in the Terms and Conditions	[Following Business Day/Modified Business Day/Preceding Business Day/other convention – insert details]

16. Interest Commencement Date(s) [ ]
17. Step-Up Date [ ]
18. Final Redemption Date [ ]
19. Specified Currency [ ]
20. Additional Business Centre [ ]
21. Maturity Amount [ ]
22. Negative Pledge Condition 11 [applicable/not applicable]
23. Set out the relevant description of any additional/other Terms and Conditions relating to the Notes (including additional covenants, if any) [ ]

#### FIXED RATE NOTES

24. Fixed Interest Rate [ ]% per annum nacq/nacm/nacs/naca
25. Interest Payment Date(s) [ ]
26. Interest Period(s) [ ]
27. Initial Broken Amount [ ]
28. Final Broken Amount [ ]
29. Step-Up Rate [ ]
30. Any other items relating to the particular method of calculating interest [ ]

#### FLOATING RATE NOTES

31. Interest Payment Date(s) [ ]
32. Interest Period(s) [ ]
33. Manner in which the Interest Rate is to be determined Screen Rate Determination/other (insert details)
34. Margin/Spread for the Interest Rate [(+/-) ( )% per annum to be added to/subtracted from the relevant Reference Rate]
35. Margin/Spread for the Step-Up Rate [(+/-) ( )% per annum to be added to/subtracted from the relevant Reference Rate/Interest Rate]
36. If Screen Determination
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to [e.g. 3 month JIBAR]

- be calculated)
- (b) Rate Determination Date(s) [The first Business Day of each Interest Period]
- (c) Relevant Screen page and Reference Code [ ]
37. If Interest Rate to be calculated otherwise than by reference to Screen Rate Determination, insert basis for determining Interest Rate/Margin/Fall back provisions [ ]
38. Any other terms relating to the particular method of calculating interest [ ]

### ZERO COUPON NOTES

39. (a) Implied Yield [ ] NACA, NACS, NACQ, NACM
- (b) Reference Price [ ]
- (c) Equivalent Discount Rate [ ]
- (d) Spread to Reference Rate [ ]
- (e) Maturity Date [ ]
- (f) Day Count Fraction [ ]
- (g) Any other formula or basis for determining amount payable [ ]

### INDEXED NOTES

40. (a) Type of Indexed Notes [Indexed Interest Notes / Indexed Redemption Amount Notes]
- (b) Index/Formula by reference to which Interest Amount/Final Redemption Amount is to be determined [ ]
- (c) Manner in which the Interest Amount/Final Redemption Amount is to be determined [ ]
- (d) Interest Period [ ]
- (e) Interest Payment Date(s) [ ]
- (f) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest [ ]
- (g) Provisions where calculation by reference to Index and/or Formula is impossible or [ ]

impracticable

#### OTHER NOTES

41. If the Notes are not Fixed Rate Notes or Floating Rate Notes, or if the Notes are a combination of the above and some other Note, set out the relevant description of any additional Terms and Conditions relating to such Notes [     ] [     ]

#### PROVISIONS REGARDING REDEMPTION/ MATURITY

42. Redemption at the option of the Issuer: if yes: [Yes/No]
- (a) Optional Redemption Date(s) [     ] [     ]
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) [     ] [     ]
- (c) Minimum period of notice [     ] [     ]
- (d) If redeemable in part:
- Minimum Redemption Amount(s) [     ] [     ]
- Higher Redemption Amount(s) [     ] [     ]
- (e) Other terms applicable on Redemption [     ] [     ]
43. Redemption at the option of the holders of the Senior Notes (Put Option): if yes [Yes/No]
- (a) Optional Redemption Date(s) (Put) [     ] [     ]
- (b) Optional Redemption Amount(s) (Put) and method, if any, of calculation of such amount(s) [     ] [     ]
- (c) Minimum period of notice [     ] [     ]
- (d) If redeemable in part:
- Minimum Redemption Amount(s) [     ] [     ]
- Higher Redemption Amount(s) [     ] [     ]
- (e) Other terms applicable on Redemption [     ] [     ]
44. Redemption at the option of the holders of the Senior Notes upon the occurrence of a Put Event in terms of Condition 8.6:
- (a) Delisting of the Notes of this Tranche/the ordinary shares of the Issuer from the JSE [Yes/No]

- (b) Change of Control [Yes/No]
- (c) Issuer disposing of all or the greater part of its undertaking or assets [Yes/No]
45. Early Redemption Amount(s) payable on redemption for Taxation reasons in terms of Condition 8.3 or Optional Redemption following a Put Event in terms of Condition 8.6 or early redemption following an Event of Default in terms of Condition 12 : if yes [Yes/No]
- Early Redemption Amount and method, if any, of calculation of such amount [as per Condition 8.7]

## GENERAL

46. Additional selling restrictions [ ]
47. International Securities Numbering (ISIN) [ ]
48. Stock Code [ ]
49. Financial Exchange [ ]
50. Dealer(s) [ ]
51. If syndicated, names of Lead Manager(s) [ ]
52. Method of distribution [ ]
53. Rating assigned to the Issuer/the Programme/this Tranche of Notes (if any), date of such rating and date for review of such rating [ ]
54. Rating Agency (if any) [ ]
55. Governing Law South Africa
56. Last Day to Register [ ], being 17h00 on the Business Day preceding the Books Closed Period
57. Books Closed Period [10 days prior to each Interest Payment Date and Redemption Date]
58. Calculation Agent [ ]
59. Specified Office of the Calculation Agent [ ]
60. Transfer Agent [ ]
61. Specified Office of the Transfer Agent [ ]
62. Paying Agent [ ]

63. Specified Office of the Paying Agent	[ ]
64. Debt Sponsor	[ ]
65. Issuer's Settlement Agent	[ ]
66. Specified Office of the Issuer's Settlement Agent	[ ]
67. Stabilisation Manager, if any	[ ]
68. Programme Amount	[R ]
69. Aggregate Outstanding Principal Amount of all Notes in issue on the Issue Date of this Tranche	R[ ], excluding this Tranche of Notes and any other Tranche(s) of Notes to be issued on the Issue Date
70. Aggregate Outstanding Principal Amount of Notes in issue in respect of the Series on the Issue Date of this Tranche	R[ ], excluding this Tranche of Notes and any other Tranche(s) of Notes to be issued in respect of the Series on the Issue Date
71. Additional Events of Default	[.....]
72. Other provisions	[ ]

#### DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS

73. Paragraph 3(5)(a)

The ultimate borrower is the Issuer

74. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

75. Paragraph 3(5)(c)

The auditors of the Issuer are SizweNtsalubaGobodo Inc.

76. Paragraph 3(5)(d)

As at the date of this issue:

[the Issuer has not issued any Notes/the Outstanding Principal Amount of all Notes issued by the Issuer is R[ ]; and

[it is not anticipated that the Issuer will issue additional Notes during the remainder of its current financial year/it is anticipated that the Issuer will issue additional Notes with an estimated nominal value of R[ ] during the remainder of its current financial year ended [ ], in addition to the Notes forming part of this issue of Notes].

77. Paragraph 3(5)(e)



Prospective investors in the Notes are to consider this Applicable Pricing Supplement, the Programme Memorandum and the documentation incorporated therein by reference in order to ascertain the nature of the financial and commercial risks of an investment in the Notes. In addition, prospective investors in the Notes are to consider the latest audited financial statements of the Issuer which are incorporated into the Programme Memorandum by reference and which may be requested from the Issuer.

78. Paragraph 3(5)(f)

There has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

79. Paragraph 3(5)(g)

The Notes issued will be [listed/unlisted], as stated in the Applicable Pricing Supplement.

80. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for [        ].

81. Paragraph 3(5)(i)

The Notes are [secured/unsecured].

82. Paragraph 3(5)(j)

SizweNtsalubaGobodo Inc, the auditors of the Issuer, have confirmed that nothing has come to their attention to indicate that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations (Government Notice 2172 in Government Gazette No, 16167 of 14 December 1994) published under Paragraph (cc) of the definition of "the business of a bank" in terms of Section 1 of the Banks Act, 1990).

As at the date of this Pricing Supplement, following due and careful enquiry, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the end of the last financial period for which either audited annual consolidated financial statements or unaudited interim consolidated financial results have been published. No auditors have been involved in making such statement.

The issuing of these Notes under the Programme Memorandum will not cause the Programme Amount to be exceeded.

Application [is hereby/will not be] made to list this Tranche of the Notes, [as from [        ]], pursuant to the Mobile Telephone Networks Holdings Limited Domestic Medium Term Note Programme. The Programme was registered with the JSE on [....].

Mobile Telephone Networks Holdings Limited

By: \_\_\_\_\_

Director, duly authorised

Date: \_\_\_\_\_

By: \_\_\_\_\_

Director, duly authorised

Date: \_\_\_\_\_

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes to be issued by the Issuer. Notes will be issued in individual Tranches, which, together with other Tranches, may form a Series of Notes or Class of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign an Applicable Pricing Supplement based on the pro forma Applicable Pricing Supplement included in the Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions (including additional definitions) which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace, modify or supplement the following Terms and Conditions for the purpose of such Tranche of Notes. The Terms and Conditions set out below and the Applicable Pricing Supplement will be deemed to be incorporated by reference into each Certificate, if any, evidencing any Notes.*

### 1. Interpretation

In the Terms and Conditions, the following expressions shall have the following meanings, unless inconsistent or separately defined in the Programme Memorandum or in the Applicable Pricing Supplement:

- |       |                                     |  |
|-------|-------------------------------------|--|
| 1.1   | <b>"Accession Letter"</b>           | in relation to any additional subsidiary of the Issuer that accedes to the Subsidiary Guarantee as a Subsidiary Guarantor, the accession letter substantially in the form as set out in Schedule 1 of the Subsidiary Guarantee;  |
| 1.2   | <b>"Actual Redemption Date"</b>     | in relation to a Tranche of Notes, the date upon which the Notes in that Tranche are redeemed in full by the Issuer;   |
| 1.3   | <b>"Additional Business Centre"</b> | in relation to a Tranche of Notes, any city specified as such in the Applicable Pricing Supplement;  |
| 1.4   | <b>"Affiliates"</b>                 | in relation to a company, its subsidiary or holding company or a subsidiary of its holding company;  |
| 1.5   | <b>"Agency Agreement"</b>           | the amended and restated agreement concluded between the Issuer, the Paying Agent, the Transfer Agent and the Calculation Agent, or a separate agreement between the Issuer and each of the Transfer Agent and the Calculation Agent, unless the Issuer itself acts in any of the abovementioned capacities; |
| 1.6   | <b>"Applicable Law"</b>             | in relation to a person, all and any:  |
| 1.6.1 |                                     | statutes and subordinate legislation;  |
| 1.6.2 |                                     | regulations, ordinances and directives;  |

- 1.6.3 by-laws;
- 1.6.4 codes of practice, circulars, guidance notices, judgements and decisions of any competent authority; and
- 1.6.5 other similar provisions, from time to time, imposed by any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and compliance with which is mandatory for that person;
- 1.7 **"Applicable Pricing Supplement"** in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to the issue of that Tranche of Notes, setting out such additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the *pro forma* pricing supplement which is set out in the section of the Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement*";
- 1.8 **"Applicable Procedures"** the rules and operating procedures for the time being of the Central Securities Depository, Settlement Agents and the JSE, as the case may be;
- 1.9 **"Arranger"** SBSA or such other person(s) appointed by the Issuer from time to time in terms of the Programme Agreement;
- 1.10 **"Auditor"** the auditor(s) of the Issuer, from time to time;
- 1.11 **"Beneficial Interest"** in relation to a Note which is held in the Central Securities Depository, the beneficial interest as co-owner of an undivided share in an Uncertificated Note, in accordance with the Financial Markets Act;
- 1.12 **"BESA Guarantee Fund Trust"** the Guarantee Fund Trust established and operated by the JSE as a separate guarantee fund, in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(2)(w) of the Financial Markets Act or any successor fund;
- 1.13 **"Books Closed Period"** in relation to a Tranche of Notes, the period of 10 days prior to each Interest Payment Date and Redemption Date or such other period or periods stipulated by the



- 1.22        **"Companies Act"**                               the Companies Act, 2008;
- 1.23        **"Condition"**                                     a numbered term or condition of the Notes forming part of the Terms and Conditions;
- 1.24        **"Day Count Fraction"**                       in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the **Calculation Period**), the day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and:
- If "Actual/365", "Act/365", "Actual/Actual" or "Act/Act" is so specified, means the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- if "Actual/Actual (ICMA)" is so specified, means:
- where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- where the calculation Period is longer than one Regular Period, the sum of:
- the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;

if "Actual/Actual" or "Actual/Actual (ISDA)" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365;

if "Actual/360" is so specified, means the actual number of days in the Calculation Period divided by 360;

if "30/360", "360/360" or "Bond Basis" is so specified, means the number of days in the Calculation period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

if "30E/360" or "Eurobond Basis" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D2 will be 30;

if "30E/360 (ISDA)" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

1.25	<b>"Dealer(s)"</b>	SBSA and such other person(s) appointed by the Issuer in terms of the Programme Agreement, which appointment may be for a specific issue of Notes or an ongoing basis;
1.26	<b>"Early Redemption Amount"</b>	the amount, as set out in Condition 8.7, at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 8.3(Tax reasons), Condition 8.6 (Optional Redemption in respect of a Put Event) and/or Condition 12 (Event of Default);
1.27	<b>"EBITDA"</b>	means, in respect of any person for any financial period, the consolidated net earnings of the relevant person, determined in accordance with IFRS:
1.27.1		before income tax as per the income statement;
1.27.2		before interest received or receivable and interest paid or payable;



- 1.27.3 adding back:
- 1.27.3.1 depreciation and amortisation; and
- 1.27.3.2 all share based payments under IFRS 2;  
and
- 1.27.4 before deducting any extraordinary or abnormal costs or including any extraordinary or abnormal income;
- 1.28 **"Encumbrance"** means any mortgage, cession of rights, charge, lien, pledge, assignment, hypothecation, preferential right, or other security interest or arrangement creating real rights of security, any arrangement under which money or claims to, or for the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any Person, and any other type of preferential agreement or arrangement (including any title transfer and retention arrangement), the effect of which is the creation of a security interest, but expressly excluding any guarantee, indemnity, suretyship or other arrangement creating personal rights of security;
- 1.29 **"Event of Default"** in relation to any Notes, any of the events specified as such in Condition 12;
- 1.30 **"Extraordinary Resolution"** a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Series of Notes or Class of Notes, as the case may be, by a majority consisting of not less than 66,67% of the votes cast at a poll by Noteholders or Noteholders of the relevant Series of Notes or Class of Notes, as the case may be, present in person or by proxy;
- 1.31 **"Final Broken Amount"** in respect of a Tranche of Notes, the Interest Amount for the last Interest Period as specified in the Applicable Pricing Supplement;
- 1.32 **"Final Redemption Date"** in relation to a Tranche of Notes, the final date upon which the Notes of that Tranche are to be redeemed, as set out in the Applicable Pricing Supplement;
- 1.33 **"Financial Markets Act"** the Financial Markets Act, 2012;

1.34	<b>"Fixed Rate Notes"</b>	Notes which bear interest at a fixed Interest Rate, as specified in the Applicable Pricing Supplement;
1.35	<b>"Floating Rate Notes"</b>	Notes which bear interest at a floating Interest Rate, as specified in the Applicable Pricing Supplement;
1.36	<b>"Group"</b>	the Parent and each of its Subsidiaries;
1.37	<b>"Guarantor"</b>	MTN Group;
1.38	<b>"IFRS"</b>	the international financial reporting standards issued by the International Accounting Standard Board ("IASB") and interpretations issued by the Financial Reporting Interpretations Committee of the IASB (as amended or reissued from time to time);
1.39	<b>"Implied Yield"</b>	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
1.40	<b>"Income Tax Act"</b>	the Income Tax Act, 1962;
1.41	<b>"Indebtedness"</b>	any indebtedness (whether principal, premium, interest or other amounts) for or in respect of (i) monies borrowed, or (ii) liabilities under any acceptance or acceptance credit, or (iii) any bonds, notes, debentures, loan stock, redeemable preference shares or other debt securities, or (iv) any guarantees or indemnities given, whether present or future, actual or contingent;, save that it shall not include inter-company indebtedness incurred between the Issuer, its Subsidiaries, the Guarantor and/or the Group;
1.42	<b>"Indexed Notes"</b>	Notes which bear interest determined by reference to such index and/or formula specified in the Applicable Pricing Supplement;
1.43	<b>"Individual Certificate"</b>	a Note in the definitive registered form of a single certificate and a certificate exchanged for Beneficial Interest in accordance with Condition 13 and any further certificate issued in consequence of a transfer thereof;
1.44	<b>"Initial Broken Amount"</b>	in respect of a Tranche of Notes, the Interest Amount for the first Interest Period as specified in the Applicable Pricing Supplement;

1.45	<b>"Interest Amount"</b>	the amount of interest payable in respect of each Note, as determined in accordance with the Terms and Conditions;
1.46	<b>"Interest Commencement Date"</b>	in respect of a Tranche of Notes other than Zero Coupon Notes, the first date from which interest on such Notes will accrue, as specified in the Applicable Pricing Supplement;
1.47	<b>"Interest Payment Date(s)"</b>	the dates specified as such in the Applicable Pricing Supplement upon which Interest Amounts are due and payable in respect of the Notes;
1.48	<b>"Interest Period"</b>	each period, as specified in the Applicable Pricing Supplement, in respect of which interest accrues on the Notes, other than Zero Coupon Notes, commencing on (and including) each Interest Payment Date (whether or not such day is a Business Day) and ending on (but excluding) the following Interest Payment Date (whether or not such day is a Business Day), provided that the first Interest Period in respect of any Tranche of Notes other than Zero Coupon Notes, shall be from (and including) the Interest Commencement Date to (but excluding) the next following Interest Payment Date thereafter and the final Interest Period shall be from (and including) the Interest Payment Date immediately preceding the Final Redemption Date to (but excluding) the Final Redemption Date;
1.49	<b>"Interest Rate"</b>	in relation to each Tranche of Notes, the interest rate specified in the Applicable Pricing Supplement;
1.50	<b>"Interest Rate Market of the JSE"</b>	the separate platform or sub-market of the JSE designated as the " <i>Interest Rate Market</i> " on which debt securities (as defined in the JSE Debt Listings Requirements) may be listed, subject to all Applicable Laws;
1.51	<b>"ISDA"</b>	International Swaps and Derivatives Association, Inc;
1.52	<b>"ISDA Definitions"</b>	the 2006 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
1.53	<b>"Issue Date"</b>	in relation to each Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;

1.54	<b>"Issue Price"</b>	in relation to each Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
1.55	<b>"Issuer"</b>	Mobile Telephone Networks Holdings Limited (Registration Number 1993/001411/06), a public company incorporated in accordance with the laws of South Africa;
1.56	<b>"JSE"</b>	means the JSE Limited (Registration Number 2005/022939/06), licensed as an exchange in terms of the Financial Markets Act, or any exchange which operates as a successor exchange to the JSE in terms of the Financial Markets Act;
1.57	<b>"JSE Debt Listings Requirements"</b>	means all listings requirements promulgated by the JSE from time to time for the Interest Rate Market of the JSE;
1.58	<b>"Last Day to Register"</b>	with respect to a particular Tranche of Notes, 17h00 on the Business Day preceding the first day during which the Register is closed for further transfers or entries, as specified in the Applicable Pricing Supplement;
1.59	<b>"Lead Manager(s)"</b>	in relation to the issue of a Tranche of Notes, one or more of the Dealer(s) appointed by the Issuer in respect of the placement of that Tranche of Notes, as specified in the Applicable Pricing Supplement;
1.60	<b>"Material Operating Subsidiary"</b>	any Subsidiary of the Parent:
1.60.1		whose tangible assets (taken at book value, less applicable provisions) represent 10% or more of the consolidated tangible assets (taken at book value, less applicable provisions) of the Group, as calculated by reference to the latest audited annual or unaudited semi-annual accounts of the Subsidiary, whichever is the latest, and the latest audited annual or unaudited semi-annual consolidated accounts of the Issuer, whichever is the latest; or
1.60.2		whose EBITDA represents 10% or more of the consolidated EBITDA of the Group, as calculated by reference to the last audited annual or unaudited semi-annual accounts of the Subsidiary, whichever is the latest, and the latest

- annual or unaudited semi-annual consolidated accounts of the Issuer, whichever is the latest; or
- 1.60.3 whose turnover represents 10% or more of the consolidated turnover of the Group, as calculated by reference to the last audited annual or unaudited semi-annual accounts of the Subsidiary, whichever is the latest, and the latest annual or unaudited semi-annual consolidated accounts of the Issuer, whichever is the latest; or
- 1.60.4 to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Parent which immediately before the transfer is a Material Operating Subsidiary of the Parent (whereupon such transferor shall cease to be a Material Operating Subsidiary until the next publication of audited consolidated accounts of the Issuer following such transfer);
- provided that*
- 1.60.5 in the case of a Subsidiary acquired or an entity which becomes a Subsidiary of the Parent after the end of the financial period to which the latest annual or unaudited semi-annual accounts, whichever is the latest, relate, the reference to the latest audited consolidated accounts for the purposes of the calculation above shall, until audited consolidated accounts of the Issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a Subsidiary, be deemed to be a reference to the latest consolidated accounts of the Issuer adjusted in such manner as the Parent shall consider appropriate to consolidate the latest audited accounts of such Subsidiary in such accounts; and
- 1.60.6 a certificate signed by two directors of the Issuer that a Subsidiary of the Parent is or is not or was or was not at any time or throughout any specified period a Material Operating Subsidiary shall, in

the absence of manifest or proven error, be conclusive and binding;

1.61	<b>"Maturity Amount"</b>	the amount payable at maturity in respect of the Notes, as specified in the Applicable Pricing Supplement;
1.62	<b>"Mixed Rate Notes"</b>	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes or other Notes, each as specified in the Applicable Pricing Supplement;
1.63	<b>"MTN Group"</b>	MTN Group Limited (Registration Number. 1994/009584/06), a limited liability company duly registered and incorporated in accordance with the laws of South Africa;
1.64	<b>"MTN Holdings"</b>	Mobile Networks Holdings Limited (Registration Number 1993/001411/06), a limited liability company duly registered and incorporated in accordance with the laws of South Africa;
1.65	<b>"MTN International"</b>	MTN International Proprietary Limited (Registration Number 1998/002351/07), a limited liability company duly registered and incorporated in accordance with the laws of South Africa;
1.66	<b>"MTN International (Mauritius)"</b>	MTN International (Mauritius) Limited (Registration Number 19434/3597), a limited liability company duly registered and incorporated in accordance with the laws of Mauritius;
1.67	<b>"MTN SA"</b>	Mobile Telephone Networks Proprietary Limited (Registration Number 1993/001436/07), a limited liability company duly registered and incorporated in accordance with the laws of South Africa;
1.68	<b>"Noteholder"</b>	in respect of a Note, the holder of that Note, as recorded in the Register (including the Uncertificated Securities Register), and, if used in the plural, the holders of all Notes as recorded in the Register (including the Uncertificated Securities Register). Each person recorded in the Uncertificated Securities Register will be named as the registered Noteholder of the Uncertificated Notes so registered in such person's name;

1.69	<b>"Noteholder Guarantee"</b>	the unconditional and irrevocable guarantee to be given by the Guarantor to all Noteholders as contemplated in the Terms and Conditions, as amended, novated and/or substituted from time to time in accordance with its terms;
1.70	<b>"Notes"</b>	the Notes issued or to be issued by the Issuer under the Programme in terms of the Terms and Conditions;
1.71	<b>"Optional Redemption Amount(s)"</b>	has the meaning given in the Applicable Pricing Supplement;
1.72	<b>"Optional Redemption Date(s)"</b>	has the meaning given in the Applicable Pricing Supplement;
1.73	<b>"Ordinary Resolution"</b>	a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Series of Notes or Class of Notes, as the case may be, by a majority of the votes cast on a poll by Noteholders or Noteholders of the relevant Series of Notes or Class of Notes, as the case may be, present in person or by proxy;
1.74	<b>"Outstanding Principal Amount"</b>	in relation to any Note, the Principal Amount of that Note for the time being outstanding (taking account of the aggregate amounts in respect of the Principal Amount redeemed and paid to the Noteholder);
1.75	<b>"Parent"</b>	MTN Group;
1.76	<b>"Participant"</b>	a person that holds in custody and administers securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in terms of the Financial Markets Act;
1.77	<b>"Paying Agent"</b>	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche of Notes, another entity as Paying Agent, in which event that other entity shall act as Paying Agent in respect of that particular Tranche of Notes;
1.78	<b>"Permitted Encumbrance"</b>	
1.78.1		any Encumbrance existing at the Issue Date; or

- 1.78.2 any Encumbrance with respect to the receivables of the Issuer or a Material Operating Subsidiary, as the case may be (the relevant entity), which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the Indebtedness is limited to the value of such receivables; or
- 1.78.3 any Encumbrance with respect to inter-company Indebtedness incurred between the Issuer, its Subsidiaries, the Guarantor, and/or the Group or
- 1.78.4 any Encumbrance created over any asset owned, acquired, developed or constructed by the relevant entity, being an Encumbrance created for the sole purpose of financing or refinancing that asset owned, acquired, developed or constructed, provided that the Indebtedness so secured shall not exceed the *bona fide* market value of such asset or the cost of that acquisition, development or construction (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) or where both such market value or cost apply, the higher of the two; or
- 1.78.5 any Encumbrance over deposit accounts securing the loan to the relevant entity of funds equal to the amounts standing to the credit of such deposit accounts; or
- 1.78.6 any Encumbrance created in the ordinary course of the relevant entity's business over stock-in-trade, inventory, accounts receivable or deposit accounts; or
- 1.78.7 any Encumbrance created over any asset of any subsidiary which becomes a Material Operating Subsidiary after the Issue Date and where such Encumbrance is not created in contemplation of such entity becoming a Material Operating Subsidiary, and any substitute Encumbrance created over the asset in connection with the refinancing of the Indebtedness secured over that



		asset (but in any such case the amount of the Indebtedness secured by such Encumbrance, may not be increased); or
1.78.8		any Encumbrance created as part of Project Financing so long as the property over which such Encumbrance is granted consists solely of assets (including shares in the entity raising such Project Financing) or revenues in relation to which the Project Financing is incurred; or
1.78.9		any Encumbrance created by operation of law or by way of statutory preferences; or
1.78.10		in addition to any Encumbrance referred to above, all other Encumbrances having an aggregate value of less than 1% of total assets as published in the latest consolidated audited financials of the Group at the time the Encumbrance is established;
1.79	<b>"Principal Amount"</b>	in relation to each Note, the nominal amount of that Note, being the amount on the Issue Date equivalent to the Specified Denomination set out in the Applicable Pricing Supplement;
1.80	<b>"Principal Payment"</b>	in respect of any Note, so much of the Principal Amount redeemed in respect of such Note on an Interest Payment Date;
1.81	<b>"Programme"</b>	the ZAR20 000 000 000 domestic medium term note programme under which the Issuer may from time to time issue Notes;
1.82	<b>"Programme Agreement"</b>	the amended and restated agreement concluded between the Issuer, the Arrangers, Debt Sponsor and Dealer(s) relating to the procuring of subscriptions for the Notes;
1.83	<b>"Programme Amount"</b>	the maximum aggregate Outstanding Principal Amount of all of the Notes that may be issued under the Programme at any one point in time, being ZAR20 000 000 000 or such increased amount as is determined by the Issuer from time to time subject to and in accordance with all Applicable Laws, the Programme Agreement, the

		requirements of the JSE and/or any such other exchange(s) on which the Notes may be listed;
1.84	<b>"Programme Date"</b>	the date of this Programme Memorandum, being _____ 2016;
1.85	<b>"Programme Memorandum"</b>	the information memorandum to be issued by the Issuer providing information about the Issuer, the Notes and incorporating the Terms and Conditions, as amended, novated or supplemented from time to time;
1.86	<b>"Project Financing"</b>	any Indebtedness incurred in connection with any particular project of a member of the Group for the ownership, creation, development or exploitation of any of its assets;
1.87	<b>"Put Option Notice"</b>	a written notice delivered by any holder of Senior Notes regarding the exercise of a right to redeem Senior Notes at the option of such Noteholder;
1.88	<b>"ZAR" or "Rand"</b>	the lawful currency of South Africa, being South African Rand, or any successor currency;
1.89	<b>"Rate Determination Date"</b>	in respect of each Interest Period for a Tranche of Floating Rate Notes, the day falling on the first day of that Interest Period or, if such day is not a Business Day, the first following day that is a Business Day, being the day upon which the Interest Rate in respect of that Tranche of Floating Rate Notes for that Interest Period will be determined by the Calculation Agent in accordance with the Terms and Conditions;
1.90	<b>"Rating"</b>	in relation to a Tranche of Notes, the Programme or the Issuer, a rating, if any, granted by the Rating Agency, as specified in the Applicable Pricing Supplement;
1.91	<b>"Rating Agency"</b>	any of Global Credit Rating Co. Proprietary Limited, Standard & Poor's, Moody's Investors Service Limited and/or such other rating agency or rating agencies, if any, appointed by the Issuer to assign a Rating to the Issuer or to any Notes issued by the Issuer, as specified in the Applicable Pricing Supplement;
1.92	<b>"Redemption Date"</b>	each date on which any Notes are to be redeemed, partially or totally, as the case may be, in terms of the Terms and Conditions;

1.93	<b>"Reference Price"</b>	in relation to a tranche of Zero Coupon Notes, the reference price specified in the Applicable Pricing Supplement;
1.94	<b>"Reference Rate"</b>	in relation to a Tranche of Floating Rate Notes, the meaning ascribed thereto in the Applicable Pricing Supplement (Notes) relating to that Tranche;
1.95	<b>"Register"</b>	the register of Noteholders maintained by the Transfer Agent and of which the Uncertificated Securities Register (which is administered and maintained by a Participant, or the Central Securities Depository, as determined in accordance with the Applicable Procedures) forms part;
1.96	<b>"Relevant Date"</b>	the date on which a payment first becomes due and payable in accordance with these Terms and Conditions, except that in relation to monies payable to the Central Securities Depository in accordance with these Terms and Conditions, the claim in respect of any payment under the Notes will prescribe 3 years after the date on which (i) the full amount of such monies have been received by the Central Securities Depository, (ii) such monies are available for payment to the holders of Beneficial Interests, and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
1.97	<b>"SBSA"</b>	The Standard Bank of South Africa Limited acting through its Corporate and Investment Banking division (Registration Number. 1962/000738/06), a limited liability company duly incorporated and registered as a bank in accordance with the laws of South Africa;
1.98	<b>"Securities Account"</b>	shall bear the meaning ascribed thereto in the Financial Markets Act;
1.99	<b>"Senior Notes"</b>	Notes issued with the status set out in Condition 5.1;
1.100	<b>"SENS"</b>	Stock Exchange News Service;
1.101	<b>"Series" or "Series of Notes"</b>	a Tranche of Notes which, together with any further Tranche or Tranches of Notes, are:
1.101.1		expressed to be consolidated and form a single series; and

1.101.2		identical in all respects (including listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Price;
1.102	<b>"Settlement Agents"</b>	those Participants which are approved by the JSE or any other relevant financial exchange from time to time, in terms of the Applicable Procedures of the JSE, as settlement agents to perform electronic settlement of funds and scrip on behalf of market participants;
1.103	<b>"South Africa"</b>	the Republic of South Africa;
1.104	<b>"Specified Currency"</b>	the lawful currency of South Africa or Rand;
1.105	<b>"Specified Denomination"</b>	has the meaning given in the Applicable Pricing Supplement;
1.106	<b>"Specified Office"</b>	in relation to each of the Issuer, the Paying Agent, the Calculation Agent and the Transfer Agent, the address of the office specified in respect of such entity in the Applicable Pricing Supplement, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the Noteholders in accordance with the Terms and Conditions, as the case may be;
1.107	<b>"Step-Up Date"</b>	in relation to each Tranche of Notes, the date specified in the Applicable Pricing Supplement from which the Step-Up Rate, if any, will be applicable;
1.108	<b>"Step-Up Rate"</b>	in relation to each Tranche of Notes, the interest rate specified in the Applicable Pricing Supplement;
1.109	<b>"Subordinated Indebtedness"</b>	any indebtedness of the Issuer, including any guarantee given by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer in the event of the dissolution, curatorship, winding-up or placing into liquidation of the Issuer;
1.110	<b>"Subordinated Notes"</b>	Notes issued with the status set out in Condition 5.2;
1.111	<b>"Subsidiary"</b>	a subsidiary within the meaning of section 1 of the Companies Act;

1.112	<b>"Subsidiary Guarantee"</b>	the unconditional and irrevocable guarantee to be given by each Subsidiary Guarantor to all Noteholders as contemplated in the Terms and Conditions, as amended, novated and/or substituted from time to time;
1.113	<b>"Subsidiary Guarantor"</b>	Each of MTN International, MTN International (Mauritius) and MTN SA and any additional Subsidiary of the Parent that accedes to the Subsidiary Guarantee, if and for so long as each such company is a party to the Noteholder Guarantee in accordance with the provisions of the Terms and Conditions;
1.114	<b>"Taxes"</b>	all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in South Africa (and including any penalty payable in connection with any failure to pay, or delay in paying, or failure to comply with administrative obligations, in respect of any of the same) and "Tax" and "Taxation" shall be construed accordingly;
1.115	<b>"Terms and Conditions"</b>	the terms and conditions incorporated in the section headed " <i>Terms and Conditions of the Notes</i> " of this Programme Memorandum, read with the Applicable Pricing Supplement, and in accordance with which the Notes will be issued;
1.116	<b>"Tranche"</b>	all Notes which are identical in all respects (including as to listing, if any) and are issued in a single issue;
1.117	<b>"Transaction Documents"</b>	in respect of each Tranche of Notes, the documents specified as such in the Applicable Pricing Supplement;
1.118	<b>"Transfer Agent"</b>	SBSA, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement;
1.119	<b>"Transfer Form"</b>	in relation to the transfer of a Note as contemplated in the Terms and Conditions, a form of transfer in the usual form or in such other form approved by the Transfer Agent;
1.120	<b>"Uncertificated Notes"</b>	Note that is an uncertificated security as contemplated in the Financial Markets Act and " <b><i>Notes issued in uncertificated form</i></b> " and " <b><i>Notes held in uncertificated</i></b>

**form**" as referred to herein and related expressions have the same meaning;

- 1.121        **"Uncertificated Securities Register"**        the register of Uncertificated Notes administered and maintained by a Participant, or the Central Securities Depository, as determined in accordance with the Applicable Procedures and which forms part of the Register; and
- 1.122        **"Zero Coupon Notes"**                        Notes which will be offered and sold at a discount to their Principal Amount or at par and will not bear interest other than in the case of late payment.
- 1.123        In the Terms and Conditions, unless inconsistent with the context, any reference to:
- 1.123.1        one gender includes a reference to the others;
- 1.123.2        the singular includes the plural and *vice versa*;
- 1.123.3        natural persons include juristic persons and vice versa;
- 1.123.4        any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and **amended** or **amendment** will be construed accordingly;
- 1.123.5        a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;
- 1.123.6        a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.123.7        **assets** includes present and future properties, revenues and rights of every description;
- 1.123.8        **disposal** means a sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);
- 1.123.9        **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- 1.123.10        an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
- 1.123.11        days is a reference to calendar days, unless expressly stated otherwise;

- 1.123.12 a Party or any other person includes that person's permitted successor, transferee, assignee, cessionary and/or delegate; and
- 1.123.13 a time of day is a reference to Johannesburg time.
- 1.124 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of the agreement, notwithstanding that it is contained in the interpretation clause.
- 1.125 Headings are inserted for the sake of convenience only and do not in any way affect the interpretation of the Terms and Conditions.
- 1.126 The use of the word **including** followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the *eiusdem generis* rule must not be applied in the interpretation of such general wording or such specific examples.

## 2. **Issue**

- 2.1 Notes may be issued by the Issuer in Tranches pursuant to the Programme, without requiring the consent of Noteholders.
- 2.2 A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme.
- 2.3 The Applicable Pricing Supplement for each Tranche of Notes is incorporated in these Terms and Conditions for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify, or supplement these Terms and Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with these Terms and Conditions, replace, modify or supplement these Terms and Conditions.

## 3. **Form and Denomination**

- 3.1 Notes will be issued in registered form with a minimum denomination of R1 000 000 each and otherwise in such denominations as may be determined by the Issuer and as specified in the Applicable Pricing Supplement.
- 3.2 Listed and/or unlisted Notes may be issued under the Programme.
- 3.3 Each Note shall be a Senior Note or a Subordinated Note, as specified in the Applicable Pricing Supplement.
- 3.4 Payments (whether in respect of interest or principal) on Notes may be determined by reference to such fixed or floating rates or such indices or formulae as may be specified in the Applicable Pricing Supplement. Notes may:
- 3.4.1 be interest bearing or non-interest bearing;

- 3.4.2 be issued at par, a premium or a discount;
  - 3.4.3 be issued in fully paid up form;
  - 3.4.4 be exchangeable for other assets;
  - 3.4.5 have such other characteristics as may be specified in the Applicable Pricing Supplement.
- 3.5 The Notes in a Tranche of Notes will be issued in the form of registered Notes, represented by (i) Certificates registered in the name, and for the account of, the relevant Noteholder or (ii) no Certificate, and held in uncertificated form in the Central Securities Depository in terms of section 33 of the Financial Markets Act. The Central Securities Depository will hold the Notes subject to the Financial Markets Act and the Applicable Procedures.
- 4. Title**
- 4.1 Title to the Notes will pass upon registration of transfer in the Register in accordance with Condition 14. The Issuer and the Transfer Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.
  - 4.2 Beneficial Interests which are held by Participants will be held directly through the Central Securities Depository, and the Central Securities Depository will hold such Beneficial Interest on behalf of such Participants through the Central Securities Accounts maintained by the Central Securities Depository for such Participants. In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular nominal amount of Notes, a statement or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the aggregate nominal amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest.
  - 4.3 Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures as contemplated in Condition 14. Such transfers will be recorded in accordance with the Applicable Procedures
  - 4.4 Any reference in the Programme Memorandum to the relevant Participant shall, in respect of Beneficial Interests, be a reference to the Participant appointed to act as such by a holder of such Beneficial Interest.



## 5. Status of Notes

### 5.1 Status of the Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and, save as set out in the Applicable Pricing Supplement, unsecured obligations of the Issuer and will rank equally among themselves and (save for certain debts required to be preferred by Applicable Law) at least equally with all other present and future unsecured, unsubordinated obligations of the Issuer from time to time outstanding.

### 5.2 Status of the Subordinated Notes

5.2.1 Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer (on the basis set out in Condition 5.2.1) and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) at least equally with all other present and future unsecured, subordinated obligations of the Issuer from time to time outstanding.

5.2.2 Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed under curatorship, into liquidation or wound-up, the claims of the persons entitled to be paid amounts due in respect of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness. Accordingly, in any such event, and provided as aforesaid, no holder of a Subordinated Note shall be entitled to prove or tender to prove a claim in respect of the Subordinated Notes, and no amount shall be eligible for set-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of Subordinated Notes in respect of the obligations of the Issuer thereunder, until all other indebtedness of the Issuer which is admissible in any such curatorship, dissolution, insolvency or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

## 6. Guarantees

6.1 The Issuer has procured that the obligations of the Issuer under the Notes are guaranteed by the Guarantor and the Subsidiary Guarantors on the terms and conditions as contained in the Noteholder Guarantee and the Subsidiary Guarantee, respectively, as described in the section of the Programme Memorandum headed "*The Noteholder Guarantee*" and "*The Subsidiary Guarantee*".

6.2 Additional Subsidiary Guarantors may accede to the Subsidiary Guarantee from time to time. The Issuer shall notify the Noteholders of such accession in accordance with Condition 16.

6.3 If, after the Issue Date, any member of the Group becomes a wholly-owned Material Operating Subsidiary, the Issuer shall, within 30 days of the date on which such Subsidiary becomes a wholly-owned Material Operating Subsidiary, procure that the wholly-owned Material Operating Subsidiary accedes and becomes a Subsidiary Guarantor by delivering to the Transfer Agent a duly completed and executed Accession Letter, unless it is unlawful for the Material Operating Subsidiary to become

a Subsidiary Guarantor and such unlawfulness is not within the reasonable control of the Issuer or the relevant Material Operating Subsidiary.

6.4 The Subsidiary Guarantee and each Accession Letter (as defined in the Subsidiary Guarantee) will be deposited with and held by the Transfer Agent. Each Noteholder will, at its cost, be entitled to require the Transfer Agent to provide a copy of the Subsidiary Guarantee and each Accession Letter on request. In holding the Guarantee and each Accession Letter, the Transfer Agent does not act in a fiduciary or similar capacity for the Noteholders and it does not accept any liability, duty or guarantee responsibility to the Noteholders in this regard.

6.5 The Issuer is entitled to request the removal of a Subsidiary Guarantor, as a Subsidiary Guarantor, by notice in writing to the Noteholders (in accordance with Condition 16). The Noteholders will not be entitled to refuse such request, if no amount is then due and payable under the Subsidiary Guarantee to the Noteholders and the Issuer delivers a certificate to the Noteholders confirming that the Subsidiary seeking to be released is no longer a Material Operating Subsidiary.

## 7. Interest

### 7.1 Interest on Fixed Rate Notes

#### 7.1.1 Fixed Interest Rate

Each Fixed Rate Note will bear interest on its Outstanding Principal Amount, at the rates per annum equal to the Interest Rate, from and including the Interest Commencement Date to but excluding the earlier of the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date) and the Step-Up Date, if any. If the Step-Up Date occurs, each Fixed Rate Note will bear interest on its Outstanding Principal Amount, at the rates per annum equal to the Step-Up Rate, from and including the Step-Up Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).

#### 7.1.2 Interest Payment Dates

The interest due in respect of each Interest Period will be payable in arrears on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions of Condition 9.3 shall determine the date of payment of interest due upon such Interest Payment Date.

#### 7.1.3 Calculation of Interest Amount

The Calculation Agent will calculate the Interest Amount payable in respect of each Tranche of Fixed Rate Notes for each Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, the Interest Amount for half yearly interest payments shall be calculated by multiplying the Interest Rate by the Outstanding Principal Amount of the Fixed Rate Note

and then dividing such product by 2 (the resultant sum will be rounded to the nearest cent, half a cent being rounded upwards), provided that:

- 7.1.3.1 if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal such Initial Broken Amount; and
- 7.1.3.2 if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal such Final Broken Amount.

Save as provided in the preceding paragraphs, if interest is required to be calculated for a period of other than one year (in the case of annual interest payments) or other than 6 months (in the case of semi-annual interest payments), as the case may be, such interest shall be calculated on the basis of the actual number of days (including the first day and excluding the last day) in such period divided by 365.

## 7.2 **Interest on Floating Rate Notes**

### 7.2.1 **Interest Rate**

Each Floating Rate Note will bear interest on its Outstanding Principal Amount, at the rates per annum equal to the Interest Rate, from and including the Interest Commencement Date to but excluding the earlier of the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date) and the Step-Up Date, if any. If the Step-Up Date occurs, each Floating Rate Note will bear interest on its Outstanding Principal Amount, at the rates per annum equal to the Step-Up Rate, from and including the Step-Up Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).

### 7.2.2 **Interest Payment Dates**

The interest due in respect of each Interest Period will be payable in arrears on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions of Condition 9.3 shall determine the date of payment of interest due upon such Interest Payment Date. Interest in respect of any Interest Period shall accrue to and be paid on the relevant Interest Payment Date.

### 7.2.3 **Determination of Interest Rate and calculation of Interest Amount**

The Calculation Agent will, on each Rate Determination Date, determine the Interest Rate applicable to a Tranche of Floating Rate Notes for the Interest Period commencing on that Rate Determination Date and calculate the Interest Amount payable in respect of each Floating Rate Note in that Tranche for that Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, the Interest Amount will be determined by multiplying the

Interest Rate by the Outstanding Principal Amount of such Floating Rate Note and then multiplying such product by the actual number of days elapsed in such Interest Period, divided by 365. The resultant sum will be rounded to the nearest cent, half a cent being rounded upwards.

#### 7.2.4 **Basis of Interest Rate**

7.2.4.1 The Interest Rate will be determined:

- (a) on the basis of ISDA Determination; or
- (b) on the basis of Screen Rate Determination; or
- (c) on such other basis as may be determined by the Issuer,

all as indicated in the Applicable Pricing Supplement.

#### 7.2.4.2 **ISDA Determination**

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate (as defined below) plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any).

For the purposes of this Condition 7.2.4.2:

"**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under a notional interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the Applicable Pricing Supplement;
- (b) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and
- (c) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the JIBAR on the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

"**Floating Rate**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those expressions in the ISDA Definitions. Other expressions used in this Condition 7.2.4.2 or in the Applicable Pricing Supplement (where ISDA determination is specified) not expressly defined shall bear the meaning given to those expressions in the ISDA Definitions.

When this Condition 7.2.4.2 applies, in respect of each Interest Period such Calculation Agent as is specified in the Applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 7.2.3 in respect of the determination of the Interest Rate if it has determined the Interest Rate in respect of such Interest Period in the manner provided in this Condition 7.2.4.2.

#### 7.2.4.3

#### **Screen Rate Determination**

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,000005 being rounded upwards) of the offered quotations (if there is more than one quotation on the Relevant Screen Page) and subject to adjustment in terms of the JSE's approved methodology,

for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11h00 (Johannesburg time) on the Rate Determination Date in question, as determined and published by the JSE, plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent.

If the Relevant Screen Page is not available or if, in the case of (a) above in this Condition 7.2.4.3, no such offered quotation appears or, in the case of paragraph (b) above in this Condition 7.2.4.3, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12h00 (Johannesburg time) on the Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0,000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the Interest Rate cannot be determined by applying the provisions of the preceding paragraphs of this Condition 7.2.4.3, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0,00005 being rounded upwards) of the rates, as communicated to (and at the request of) the

Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 12h00 (Johannesburg time) on the relevant Rate Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Notes, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Notes, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 12h00 (Johannesburg time) on the relevant Rate Determination Date, by the Reference Banks (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Rate Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Applicable Pricing Supplement as being other than the JIBAR rate, the Interest Rate in respect of such Notes will be determined, in the manner provided above, or as may be provided in the Applicable Pricing Supplement.

**"Reference Banks"** means for the purposes of this Condition 7.2.4.3 four leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer (where the Issuer does not act as the Calculation Agent).

### 7.3 **Interest on Mixed Rate Notes**

7.3.1 Each Mixed Rate Note will bear interest at the Interest Rate or Step-Up Rate, if any, applicable to the relevant form of interest-bearing Note (be it a Fixed Rate Note, Floating Rate Note or Indexed Note) for such Interest Period(s), as is/are specified for this purpose in the Applicable Pricing Supplement, from and including the Issue Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).

7.3.2 Unless otherwise specified in the Applicable Pricing Supplement, a Tranche of Mixed Rate Notes shall (i) for the Interest Period(s) during which such Tranche bears interest at the Interest Rate applicable to Fixed Rate Notes, be construed for all purposes as a Tranche of Fixed Rate Notes and (ii) for the Interest Period(s) during which such Tranche bears interest at the Interest Rate applicable to Floating Rate Notes, be construed for all purposes as a Tranche of Floating Rate Notes and (iii) for the Interest Period(s) during which such Tranche

bears interest determined in accordance with an index or formula applicable to Indexed Notes, be construed for all purposes as a Tranche of Indexed Notes.

#### 7.4 **Interest on Indexed Notes**

7.4.1 Each Indexed Note will bear interest at the Interest Rate or in the Interest Amount determined by reference to such index and/or formula specified in the Applicable Pricing Supplement, for such Interest Period(s) as is/are specified for this purpose in the Applicable Pricing Supplement, from and including the Interest Commencement Date to but excluding the earlier of the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date) and the Step-Up Date, if any. If the Step-Up Date occurs, each Indexed Note will bear interest at the Step-Up Rate or in the Interest Amount determined by reference to such index and/or formula specified in the Applicable Pricing Supplement, for such Interest Period(s) as is/are specified for this purpose in the Applicable Pricing Supplement, from and including the Step-Up Date to but excluding the Final Redemption Date (or the Actual Redemption Date, if the Actual Redemption Date falls before or after the Final Redemption Date).

7.4.2 The interest due in respect of each Interest Period will be payable in arrear on the Interest Payment Date in respect of such Interest Period. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions of Condition 9.3 shall determine the date of payment of interest due upon such Interest Payment Date. Interest in respect of any Interest Period shall accrue to and be paid on the relevant Interest Payment Date.

7.4.3 The Calculation Agent will, on each Rate Determination Date, determine, if applicable, the Interest Rate applicable to each Tranche of Indexed Notes and, if applicable, calculate the Interest Amount payable in respect of each Indexed Note in that Tranche for that Interest Period.

#### 7.5 **Publication of Interest Rate and Interest Amount by the Calculation Agent**

7.5.1 The Calculation Agent will cause the Interest Rate for each Tranche of Notes (other than Fixed Rate Notes) determined upon each Rate Determination Date to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, and as soon as practicable after such determination but in any event not later than 5 Business Days after such determination.

7.5.2 The Calculation Agent will, in relation to each Tranche of Notes, at least 2 Business Days before each Interest Payment Date, cause the aggregate Interest Amount payable for the relevant Interest Period in respect of such Tranche of Notes to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE.

## 7.6 **Calculations final and limitation of liability**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Calculation Agent pursuant to the exercise or non-exercise by it of its powers, duties and discretions under the Terms and Conditions, will, in the absence of wilful deceit, bad faith or manifest error, be binding on the Issuer and all Noteholders, and the Calculation Agent will not have any liability to the Issuer or the Noteholders in connection therewith.

## 8. **Redemption and purchases**

### 8.1 **Redemption of Zero Coupon Notes at maturity**

Unless previously redeemed or purchased and cancelled as specified below, a Zero Coupon Note will be redeemed by the Issuer at its Maturity Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on its Final Redemption Date.

### 8.2 **Final Redemption of the Notes**

Unless previously redeemed or purchased and cancelled as specified below, each Note in a Tranche of Notes shall, subject to the Conditions, be redeemed by the Issuer at its Outstanding Principal Amount (together with accrued unpaid interest thereon) on the Final Redemption Date.

### 8.3 **Redemption for tax reasons**

8.3.1 Notes in a Tranche of Notes may be redeemed at the option of the Issuer, at any time on or before the next payment due under the Notes (in the case of Notes other than Floating Rate Notes or Indexed Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date in relation to the next payment due under the Notes (in the case of Floating Rate Notes or Indexed Notes or Mixed Rate Notes), on giving not less than 20 days' notice to the Noteholders prior to such redemption, in accordance with Condition 16 (which notice shall be irrevocable), if the Issuer is of the reasonable opinion that:

8.3.1.1 on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to deduct or withhold from any payment of principal or interest on the Notes any amounts as provided for or referred to in Condition 10 as a result of any change in, or amendment to, the laws or regulations of South Africa or any other Applicable Law or any political subdivision of, or any authority in, or of, South Africa having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

8.3.1.2 such obligation cannot be avoided by the Issuer taking reasonable measures available to it.



- 8.3.2 From the date of publication of any notice of redemption pursuant to this Condition 8.3, the Issuer shall make available at its Specified Office, for inspection by any holder of Notes so redeemed, a certificate signed by 2 authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers to the effect that the Issuer has or will become obliged to make such deduction or withholding as a result of such change or amendment.
- 8.3.3 Notes may be redeemed by the Issuer in accordance with this Condition 8.3 in whole or in part. A redemption in part may be effected by the Issuer notwithstanding that such partial redemption may not entirely avoid such obligation to make such deduction or withholding as provided for or referred to in Condition 10. The failure to exercise such option in relation to any payment due under the Notes, will not preclude the Issuer from exercising the option in relation to any subsequent payment due under the Notes.
- 8.3.4 Notes redeemed for tax reasons pursuant to this Condition 8.3 will be redeemed at:
- 8.3.4.1 their Early Redemption Amount referred to in Condition 8.7, together with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption; or
- 8.3.4.2 as specified in the Applicable Pricing Supplement.

#### 8.4 **Redemption at the option of the Issuer**

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem the Notes in a Tranche of Notes, the Issuer shall be entitled, having given not less than 20 days' notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable) to redeem all or some of the Notes in that Tranche of Notes then outstanding, in whole or in part, on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if applicable, with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the Optional Redemption Date(s).

#### 8.5 **Redemption at the option of holders of Senior Notes**

This Condition 8.5 shall apply only to Senior Notes. If the holders of the Senior Notes are specified in the Applicable Pricing Supplement as having an option to redeem Notes in a Tranche of Senior Notes, the Issuer shall, at the option of the holder of any Senior Note redeem such Senior Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together with accrued unpaid interest (if any) to such date. In order to exercise the option contained in this Condition 8.5, the holder of a Senior Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit the Certificate, if any, representing such Senior Note with the Transfer Agent, together with a duly completed Put Option Notice in the form obtainable from the Transfer Agent. No Certificate, once

deposited with a duly completed Put Option Notice in accordance with this Condition 8.5, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), the Senior Notes represented by any Certificate so deposited become immediately due and payable or, upon due presentation of any Certificate on the relevant Optional Redemption Date (Put), payment of the redemption monies is improperly withheld or refused, such Certificate shall, without prejudice to the exercise of the Put Option, be returned to the holder by registered mail at the address specified by such holder in the relevant Put Option Notice.

## 8.6 **Optional Redemption in respect of a Put Event**

8.6.1 This Condition 8.6 shall apply only to Senior Notes. The Applicable Pricing Supplement shall specify whether the holders of the Senior Notes in a Tranche of Notes have the right of Optional Redemption in respect of a Put Event.

8.6.2 The Issuer must promptly notify the Noteholders of the Series of Notes to whom this Condition 8.6 applies, in accordance with Condition 16, if it becomes aware of any Put Event and specify the nature of that Put Event.

8.6.3 Each Noteholder of the Series may, by notice to the Issuer delivered by that Noteholder to the Issuer within the Election Period, declare all or any part of the Notes in respect of that Noteholder, to be due and payable 15 days after the expiry of the Election Period.

8.6.4 Notes redeemed pursuant to this Condition 8.6 will be redeemed at their Early Redemption Amount referred to in Condition 8.7, together with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or such other amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement.

8.6.5 For the purposes of this Condition 8.6:

- (a) **"Acting in Concert"** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition of shares in MTN Group by any of them, either directly or indirectly, to obtain or consolidate Control of MTN Group;
- (b) a **"Change of Control"** shall be deemed to have occurred at each time that any person (**"Relevant Person"**) or persons Acting in Concert, directly or indirectly, acquire Control of MTN Group; provided that a Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control were also, all of the shareholders of MTN Group;
- (c) a **"Change of Control Event"** shall be deemed to have occurred:
  - (i) if there is a Change of Control; and

- (ii) no more than 60 days before or 60 days following the Change of Control, the Rating assigned to the Issuer or the Programme or the relevant Series of Notes is downgraded from an Investment Grade Rating to a non-Investment Grade Rating, or the Rating assigned to the Issuer or the Programme or the relevant Series of Notes is withdrawn, in each case is as a result of the Change of Control; provided that no Rating downgrade or withdrawal shall be deemed to have occurred if the Rating Assigned to the Issuer or the Programme or the relevant Series of Notes is substituted for an Investment Grade Rating by another Rating Agency;
- (d) **"Control"** of MTN Group means:
- (i) the holding beneficially of more than 50% of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), or
  - (ii) the power to cast, or control the casting of, such number of the shares in the issued share capital of the Issuer carrying more than 50% of the total number of votes that may be cast at a general meeting of the members of the Issuer; or
  - (iii) the power to appoint, or control the appointment, of the majority of the board of directors of the Issuer;
- (e) **"Election Period"** means, in relation to a Put Event, the period ending 45 days after the date on which that Put Event is notified by the Issuer to the Noteholders or, failing such notice, the period ending 45 days after the Noteholders otherwise become aware of the Put Event;
- (f) **"Investment Grade Rating"** means a national scale rating of at least *"Baa3.za"* by Moody's Investors Services Limited, *"zaBBB-"* by Standard & Poor's Rating Services, *"BBB-(ZA)"* by Global Credit Rating Co. (Pty) Ltd or its equivalent for the time being;
- (g) **"Put Event"** means the occurrence of any of the following:
- (i) a delisting of the Notes in the relevant Series of Senior Notes from the Interest Rate Market of the JSE or a delisting of the ordinary shares of MTN Group from the JSE; or
  - (i) a Change of Control Event; or
  - (ii) the Issuer disposing of all or the greater part of its undertaking or assets, whether in a single transaction or a series of related transactions; or
  - (iii) any other event specified as such in the Applicable Pricing Supplement.

## 8.7 **Early Redemption Amounts**

8.7.1 For the purpose of Conditions 8.3, 8.6 and 12 (unless otherwise as stated in the Applicable Pricing Supplement), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

8.7.1.1 in the case of Notes with a Maturity Amount equal to the Principal Amount, at the Maturity Amount thereof; or

8.7.1.2 in the case of Notes (other than Zero Coupon Notes) with a Maturity Amount which is or may be less than or greater than the Issue Price, to be determined in the manner specified in the Applicable Pricing Supplement, at that Maturity Amount or, if no such amount or manner is so specified in the Applicable Pricing Supplement, at their Outstanding Principal Amount; or

8.7.1.3 in the case of Zero Coupon Notes, at an amount equal to the sum of (i) the Reference Price and (ii) the product of the Implied Yield being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such Notes becomes due and payable, or such other amount as is provided in the Applicable Pricing Supplement.

8.7.2 Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365, or such other calculation basis as may be specified in the Applicable Pricing Supplement.

## 8.8 **Purchases**

The Issuer may at any time purchase Notes at any price in the open market or otherwise. In the event of the Issuer purchasing Notes, such Notes shall be held, resold or at the option of the Issuer cancelled.

## 8.9 **Cancellation**

All Notes which are redeemed in full will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.8, cannot be re-issued or resold. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes remaining after such cancellation. The Issuer shall notify the Central Securities Depository, if applicable, and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE, of any cancellation or partial redemption of the Notes.

## 8.10 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note, pursuant to Condition 8 or upon its becoming due and repayable as provided in Condition 12, is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon

Note shall be the amount calculated as provided in Condition 8.7.1.3, as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date on which all amounts due in respect of such Zero Coupon Note have been paid.

#### 8.11 **Partial redemption**

If the Notes are to be redeemed in part only on any date in accordance with these Terms and Conditions, each Note shall be redeemed in part in the proportion which the aggregate Principal Amount of the Notes to be redeemed in the relevant Series of Notes on the relevant date fixed for redemption of such Notes bears to the aggregate Outstanding Principal Amount of all Notes in the relevant Series of Notes on the relevant date fixed for redemption of such Notes.

### 9. **Payment**

#### 9.1 **Method of payment**

9.1.1 Payments of principal and/or interest in respect of Uncertificated Notes will be made to the CSD (to the bank account of the CSD) and/or the Participants, as shown in the Register on the Last Day to Register, and the Issuer will be discharged by proper payment to the CSD and/or the Participants, in respect of each amount so paid. Following payment to the CSD of amounts due and payable in respect of Uncertificated Notes which are held in the CSD, relevant funds will be transferred by the CSD to the Participant, for the registered Noteholders and the holders of the Beneficial Interest in such Notes in accordance with the Applicable Procedures.

9.1.2 Each of the persons reflected in the records of the Central Securities Depository or the relevant Participants, as the case may be, shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Issuer to the Central Securities Depository or the Participant, as the case may be. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Uncertificated Notes or Beneficial Interests in Uncertificated Notes, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests. Payments of interest and principal in respect of Notes held in the Central Securities Depository in uncertificated form shall be recorded by the Central Securities Depository, distinguishing between interest and principal, and such record of payments by the registered holder of the Notes shall be *prima facie* proof of such payments. Payments of interest and principal in respect of Notes represented by Certificates shall be made to the person reflected as the registered holder of the Certificate in the Register on the Last Day to Register.

9.1.3 The Issuer shall pay the interest and principal payable in respect of each Note, in immediately available and freely transferable funds, in Rands by electronic funds transfer, to the bank account of the Noteholder as set forth in the Register at 17h00 (Johannesburg time) on the Last Day to Register (whether or not such day is a Business Day) preceding the relevant

Interest Payment Date or Redemption Date, as the case may be, or, in the case of joint Noteholders, the account of that one of them who is first named in the Register in respect of that Note. If two or more persons are entered into the Register as joint Noteholders, then without affecting the previous provisions of this condition, payment to any one of them of any monies payable on or in respect of the Note shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any Note or interest therein.

- 9.1.4 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, government interference or control or any other cause or contingency beyond the control of the Issuer) such inability shall not constitute an Event of Default and the Issuer shall give notice to the Noteholders within 3 Business Days of such inability arising. Upon receipt of such notice any Noteholder may request the Issuer in writing to make payment of any such amounts by way of cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such notice shall specify the address of the payee entitled to payment in respect of the Note, and if the Noteholder so desires, a request to make such cheque available for collection during business hours by a Noteholder or its duly authorised representative at the registered office of the Issuer.
- 9.1.5 All monies so payable by cheque shall, save if the Noteholder requests that the cheque be made available for collection as set out above (unless such cheque is not so collected within 2 Business Days of being made available for collection), be sent by post within 2 Business Days of the receipt by the Issuer of the notice from a Noteholder referred to in the preceding paragraph to:
- 9.1.5.1 the address of that Noteholder as set forth in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register; or
- 9.1.5.2 in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.

The Issuer shall not be responsible for any loss in transmission of cheques posted in terms of this Condition 9.1 and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.1.

- 9.1.6 Only Noteholders, or, in the case of joint Noteholders, the one of them who is first named in the Register in respect of that Note, reflected in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register will be entitled to payments of interest and/or principal in respect of Notes.

- 9.1.7 Payments will be subject in all cases to any Taxation or other laws, directives and regulations applicable to such payment in the place of payment.

## 9.2 **Surrender of Certificates**

- 9.2.1 On or before the Last Day to Register prior to any Redemption Date (including a Redemption Date relating to mandatory redemption in part), the holder of a Certificate, in respect of a Note to be redeemed (in part or in whole, as the case may be) shall deliver to the Transfer Agent the Certificates to be redeemed. This will enable the Transfer Agent to endorse the partial redemption thereon or, in the case of Final Redemption, to cancel the relevant Certificates.

- 9.2.2 Should the holder of a Certificate refuse or fail to surrender the Certificate for endorsement or cancellation on or before a Redemption Date, the amount payable to him in respect of such redemption, including any accrued unpaid interest, shall be retained by the Issuer for such Noteholder, at the latter's risk, until the Noteholder surrenders the necessary Certificate, and interest shall cease to accrue to such Noteholder from the Redemption Date in respect of the amount redeemed.

- 9.2.3 Documents required to be presented and/or surrendered to the Transfer Agent in accordance with the Terms and Conditions will be so presented and/or surrendered at the Specified Office of the Transfer Agent.

## 9.3 **Payment date**

Notwithstanding anything to the contrary contained in the Terms and Conditions, if the date for payment of any amount payable in respect of any Note is not a Business Day, then:

- 9.3.1 if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day;
- 9.3.2 if a Business Day Convention is specified in the Applicable Pricing Supplement, such date for payment shall be adjusted according to such Business Day Convention.

In respect of Floating Rate Notes, interest shall accrue to and be paid on the relevant date of payment. In respect of Fixed Rate Notes, the holder shall not be entitled to further interest or other payment in respect of such delayed payment.

## 9.4 **Calculation and notice of principal payments**

The Calculation Agent will calculate the aggregate amount of principal due and payable by the Issuer for each Note on each date that payment of principal is due and payable as specified in the Applicable Pricing Supplement. The Calculation Agent will, at least 2 Business Days before each such date, cause such aggregate amount of principal to be notified to the Noteholders (in the manner set out in Condition 16), the Issuer, the Central Securities Depository, if applicable, and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE.

## 10. Taxation

- 10.1 All payments (whether in respect of principal, interest or otherwise) in respect of the Notes will be made without withholding or deduction for or on account of any Taxes, unless such withholding or deduction is required by Applicable Law.
- 10.2 If any such withholding or deduction is required by Applicable Law in respect of Taxes imposed or levied on any payments (whether in respect of principal, interest or otherwise) in respect of any Notes, the Issuer will, subject to the Issuer's rights to redeem such Notes in terms of Condition 8.3, make such payments after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:
- 10.2.1 held by or on behalf of a Noteholder which would not be liable or subject to the withholding or deduction by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- 10.2.2 where such withholding or deduction is in respect of Taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the Taxable Income or Taxable Gains (each as defined below) of any Noteholder; or
- 10.2.3 where (in the case of any payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with these Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an additional amount on presenting the Certificate for payment on such thirtieth day; or
- 10.2.4 if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of Tax defaulters; or
- 10.2.5 where the Noteholder is entitled to claim a Tax reduction, creditor or similar benefit in respect of such withholding or deduction in terms of the Noteholder's domestic tax laws or applicable double tax treaty.

For the purposes of this Condition 10:

**"Taxable Income"** means any "taxable income" as defined in section 1 of the Income Tax Act;

**"Taxable Gain"** means any "taxable capital gain" as defined in paragraph 1 of Schedule 8 to the Income Tax Act; and

**"Income Tax Act"** means the Income Tax Act, 1962.



## 11. Negative pledge

So long as any Tranche of the Senior Notes remains Outstanding, the Issuer undertakes in favour of the Senior Noteholders not to, and shall procure that no other Material Operating Subsidiary, creates or permits the creation of any Encumbrances other than Permitted Encumbrances over any of its/their present or future assets or revenues to secure any present or future Indebtedness of the Issuer, the Guarantor, the Subsidiary Guarantors or any Material Operating Subsidiary or to secure any guarantee or indemnity given in respect of any present or future Indebtedness (save for those that have been accorded preferential rights by law) without at the same time securing all Senior Notes equally and rateably with such Indebtedness or providing such other security as may be approved by Extraordinary Resolution of the holders of the Senior Notes, unless the creation of such security upon its assets is mandatory pursuant to Applicable Laws and/or required as a pre-requisite for obtaining any government approvals.

## 12. Events of Default

### 12.1 Events of Default relating to the Senior Notes

An Event of Default in relation to a Series of Senior Notes shall arise if any of the following events occurs and is continuing:

- 12.1.1 *Non-payment:* the Issuer fails to pay any amount of principal, interest or premium in respect of any Notes in that Series on the due date for payment thereof and such failure remains unremedied for 7 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer; or
- 12.1.2 *Breach of other obligations:* the Issuer fails to perform any of its other obligations under or in respect of the Notes in that Series (including any restrictive covenants and the negative pledge provisions contained in Condition 11), and such failure, if capable of remedy, remains unremedied for 30 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer; or
- 12.1.3 *Consents, licences and authorisations:* the Issuer fails to obtain or maintain any consent, licence, approval or authorisation now or in future necessary for the establishment of the Programme or the issue of Notes under the Programme or any such consent, licence, approval or authorisation ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its obligations under the Notes or the Programme, and such failure or cessation continues for more than 15 Business Days after the Issuer becomes aware of such event; or
- 12.1.4 *Cross-default or security enforced:*
- (a) if any Indebtedness of the Issuer, the Parent or any Material Operating Subsidiary is declared to be or otherwise becomes due and repayable before its scheduled due date for payment by reason of an event of default (however described); or

- (b) the Issuer, the Parent or any Material Operating Subsidiary fails to make any payment in respect of any Indebtedness on the due date for payment (as extended by any originally applicable grace period); or
- (c) any security given by the Issuer, the Parent or any Material Operating Subsidiary for any Indebtedness becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security; or
- (d) if default is made by the Issuer, the Parent or any Material Operating Subsidiary in making any payment due under any guarantee and/or indemnity (at the expiry of any originally applicable grace period) given by it in relation to any Indebtedness of any other person;

provided that in each case no event shall constitute an Event of Default unless the Indebtedness, either alone or when aggregated with other Indebtedness at that point in time, exceeds US\$ 75,000,000, or its equivalent in any other currency.

For the purposes of this Condition 12.1.4 and 12.1.5, any indebtedness which is in a currency other than South African Rand shall be translated into South African Rand at the spot rate for the sale of South African Rand against the purchase of the relevant currency quoted by the Calculation Agent on the date of such Event of Default; or

12.1.5 *Judgment*: any final judgment or arbitration award (**judgement**) in respect of a claim of more than US\$ 75,000,000, or its equivalent in any other currency, is given by a court of competent jurisdiction or arbitrator against the Issuer, the Parent or any Material Operating Subsidiary, or against the assets or revenues of the Issuer or any Material Operating Subsidiary, and is not discharged or contested with 10 Business Days of the final judgment being granted; or

12.1.5.1 if such judgement is appealable, fails to appeal against such judgement within the time limits prescribed by law or fails to diligently prosecute such appeal thereafter or ultimately fails in such appeal; and/or

12.1.5.2 if such judgement is a default judgment, fails to apply for the rescission thereof within the time limits prescribed by law or fails to diligently prosecute such application thereafter or ultimately fail in such application; and/or

12.1.5.3 if such judgement is reviewable, fails to initiate proceedings for the review thereof within the time limits prescribed by law or fails to diligently prosecute such proceedings thereafter or ultimately fails in such proceedings,

and in each case any attachment in execution in respect of such judgment levied against any undertaking or asset of the Issuer, the Parent or any Material Operating Subsidiary and such attachment or execution is not set aside or lifted with 15 Business Days after it came to the attention of the Issuer or such Material Operating Subsidiary; or

## 12.1.6

*Insolvency*: an Insolvency Event occurs in respect of the Issuer, the Parent or any Material Operating Subsidiary provided that an Insolvency Event in respect of the Guarantor, any one Subsidiary Guarantor or Material Operating Subsidiary only will not constitute an Event of Default.

For the purposes of this Condition 12.1.6, "**Insolvency Event**" means the occurrence of any of the following events:

- (i) any third party takes any steps or proceedings against the Issuer, the Parent or any Material Operating Subsidiary (other than a frivolous or vexatious application or an application which is discharged or stayed within 21 days), or an order is made, for (a) the compulsory, provisional or final winding-up, liquidation, compromise, administration order, curatorship, business rescue, dissolution or administration of the Issuer or any Material Operating Subsidiary; or (b) the appointment of an administrator, trustee, liquidator, business rescue practitioner or similar officer over any or all of the assets or revenues of the Issuer or any Material Operating Subsidiary; or (c) the removal of the Issuer or any Material Operating Subsidiary from the register of companies; or
- (ii) the Issuer, the Parent or any Material Operating Subsidiary seeks the appointment of an administrator, liquidator (whether provisional or final), business rescue practitioner or other similar official for it or for all or substantially all its assets or estate (in each case other than for purposes of a solvent reconstruction or amalgamation in which the Issuer or any Material Operating Subsidiary remains the debtor under the Notes); or
- (iii) the Issuer, the Parent or any Material Operating Subsidiary takes any proceedings or other step with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due) or proposes to take any such step; or
- (iv) the Issuer, the Parent or any Material Operating Subsidiary compromising with or taking any procedural step attempting to compromise with its creditors generally (or any significant class of creditors) or deferring or taking any procedural step attempting to defer payment of debts owing by it to its creditors generally (or any significant class of creditors) (except a deferral provided for in terms of the Terms and Conditions of the Notes) or proposing or seeking to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness; or
- (v) the Issuer, the Parent or any Material Operating Subsidiary committing an act which would be an act of insolvency, in terms of the Insolvency Act, 1936, if committed by a natural person; or

- (vi) the Issuer, the Parent or any Material Operating Subsidiary is unable (or admits inability) to pay its debts generally as they fall due or is deemed to be unable to pay its debts or is (or admits to being) otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness; or
- (vii) the board or members of the Issuer, the Parent or any Material Operating Subsidiary convening a meeting in order to consider the passing of a resolution providing for the Issuer or any Material Operating Subsidiary to be wound-up, liquidated, deregistered or placed under business rescue, or any resolution being passed to this effect (in each case other than for purposes of a solvent reconstruction or amalgamation in which the Issuer or any Material Operating Subsidiary remains the debtor under the Notes); or
- (viii) the Issuer, the Parent or any Material Operating Subsidiary causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (viii) above.

12.1.7 *Breach of Noteholder Guarantee:* the Guarantor fails to perform any of its obligations under the Noteholder Guarantee, and such failure, if capable of remedy, remains unremedied for 30 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer and Guarantor; or

12.1.8 *Noteholder Guarantee Unenforceable:* any obligation of the Guarantor under the Noteholder Guarantee becomes unenforceable for any reason whatsoever and such unenforceability, if capable of remedy, remains unremedied for 30 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer and Guarantor; or

12.1.9 *Breach of Subsidiary Guarantee:* any Subsidiary Guarantor fails to perform any of its obligations under the Subsidiary Guarantee, and such failure, if capable of remedy, remains unremedied for 30 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer and Subsidiary Guarantor; or

12.1.10 *Subsidiary Guarantee Unenforceable:* any obligation of a Subsidiary Guarantor under the Subsidiary Guarantee becomes unenforceable for any reason whatsoever and such unenforceability, if capable of remedy, remains unremedied for 30 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer and Subsidiary Guarantor.

## 12.2 **Steps following an Event of Default relating to the Senior Notes**

Upon the happening of such an Event of Default any holder of Senior Notes in that Series may, by notice to the Issuer, declare the Notes held by that Noteholder to be immediately due and payable, and require the Notes held by that Noteholder to be repaid at the Early Redemption Amount, together with any accrued unpaid interest thereon (if any).

### 12.3 **Events of Default relating to Subordinated Notes**

12.3.1 An Event of Default in relation to a Series of Subordinated Notes shall arise if (i) the Issuer fails to pay any amount of principal, interest or premium in respect of any Notes in that Series on the due date for payment thereof and such failure remains unremedied for 15 Business Days after written notice thereof has been delivered by or on behalf of any Noteholder to the Issuer, or (ii) any one or more of the events referred to in Condition 12.1 (other than events referred to in Conditions 12.1.1 or 12.1.2) occurs and is continuing.

12.3.2 If an Event of Default occurs as set out in Condition 12.3.1, any holder of a Subordinated Note may, subject as provided below, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under such Subordinated Notes, provided that the Issuer shall not be obliged, save in the case of liquidation or winding up proceedings, to pay any sum or sums sooner than the same would otherwise have been payable by it.

12.3.3 In the event of the winding-up or liquidation, whether finally or provisionally, of the Issuer, otherwise than for the purposes of an amalgamation, merger, consolidation or re-organisation, then any holder of Subordinated Notes issued by the Issuer may by written notice to the Issuer at its registered office, require that its Subordinated Notes are immediately due and repayable at their Early Redemption Amount together with the accrued interest to the date of payment, save that the Noteholders of Subordinated Notes may only receive payment once the Noteholders of the Senior Notes and all the other creditors of the Issuer have been paid in full.

### 12.4 **Notice of an Event of Default**

If an Event of Default occurs, the Issuer will forthwith upon becoming aware of such Event of Default, give notice thereof in writing to the Transfer Agent, the Calculation Agent, the Debt Sponsor and the Noteholders of that Series and, if any Notes are listed on the Interest Rate Market of the JSE, to the JSE, to the Noteholders through SENS and to the Central Securities Depository.

## 13. **Replacement of Notes**

### 13.1 **Costs**

Certificates shall be provided (whether by way of issue or delivery) by the Issuer without charge, save as otherwise provided in these Terms and Conditions. The costs and expenses of delivery of Certificates by a method other than ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery, shall be borne by the Noteholder.

### 13.2 **Replacement**

If any Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the office of the Transfer Agent on payment by the claimant of such costs and expenses as may be incurred in

connection therewith and against the furnishing of such indemnity as the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

### 13.3 **Death and sequestration or liquidation of Noteholder**

Any person becoming entitled to Notes in consequence of the death, sequestration or liquidation of the relevant Noteholder may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this paragraph or of his title, require the Transfer Agent to register such person as the holder of such Notes or, subject to the requirements of this Condition, to transfer such Notes to such person.

### 13.4 **Exchange of Beneficial Interests**

13.4.1 The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 35 of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Securities Depository), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Certificate ( **Exchange Notice**). The Exchange Notice shall specify the name, address and bank account details of the holder of the Beneficial Interest.

13.4.2 The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Securities Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by a Certificate. The Transfer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that an Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Certificate in respect of that joint holding, and delivery to one of those joint holders shall be delivery to all of them.

13.4.3 In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:

13.4.3.1 the Central Securities Depository will surrender (through the Central Securities Depository system) such Uncertificated Notes to the Transfer Agent at its Specified Office;

13.4.3.2 the Transfer Agent will obtain the release of such Uncertificated Notes from the Central Securities Depository in accordance with the Applicable Procedures.

13.4.4 A Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Principal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Principal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Principal Amount is equivalent to a fraction of R1 000 000 (or the equivalent thereof in the Specified Currency if the Specified Currency is not Rand) or a

fraction of any multiple thereof, such Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

#### 14. Transfer of Notes

14.1 Title to Uncertificated Notes will pass on transfer thereof by electronic book entry in the Central Securities Accounts maintained by the Central Securities Depository in accordance with the Financial Markets Act and the Applicable Procedures.

14.2 Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the Central Securities Depository. Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the Securities Accounts maintained by the Participants for their clients (and in the Central Securities Accounts where applicable), in accordance with the Applicable Procedures.

Transfers of Beneficial Interests among Participants occur through electronic book entry in the Central Securities Accounts maintained by the Central Securities Depository for the Participants, in accordance with the Applicable Procedures.

14.3 Such transfers will be recorded in accordance with the Applicable Procedures.

14.4 In order for any transfer of Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:

14.4.1 the transfer of such Notes must be embodied in the Transfer Form;

14.4.2 the Transfer Form must be signed by the registered Noteholder and the transferee, or any authorised representative of that registered Noteholder and/or transferee; and

14.4.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the relevant Certificate for cancellation.

14.5 Transfers of Notes represented by a Certificate will only be in a denomination of R1 000 000 or more. Notes represented by a Certificate may be transferred in whole or in part (in amounts of not less than R1 000 000).

14.6 Subject to the preceding provisions of this Condition 13, the Transfer Agent will, within 3 Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), record the transfer of Notes represented by a Certificate in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate in respect of such Notes reflecting the same Outstanding Principal Amount as the Notes transferred. Where a Noteholder has transferred part only of his holding of Notes represented by a Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail

to such address as such Noteholder may request, a new Certificate in respect of the balance of the Notes held by such Noteholder.

- 14.7 The transferor of any Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 14.8 Before any transfer of any Notes represented by a Certificate is registered, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Transfer Agent reasonably requires as to the identity and title of the transferor and the transferee.
- 14.9 No transfer of any Notes represented by a Certificate will be registered while the Register is closed as contemplated in Condition 14.
- 14.10 If a transfer of any Notes represented by a Certificate is registered, the Transfer Form and cancelled Certificate will be retained by the Transfer Agent.

## 15. Register

- 15.1 The Register will be kept at the Specified Office of the Transfer Agent. The Register will contain the name, address and bank account details of the registered Noteholders. The Register will set out the Principal Amount of the Notes issued to any Noteholder and will show the date of such issue and the date upon which the Noteholder became registered as such. The Register will show the serial numbers of the Certificates issued.
- 15.2 In terms of section 50 of the Companies Act, read with the Financial Markets Act and the rules of the Central Securities Depository, the Issuer will (i) record in the Register, the total number, and where applicable, the nominal value of the Notes issued by it in uncertificated form, and (ii) the Central Securities Depository Participants will administer and maintain the company's Uncertificated Securities Register, which will form part of the Register.
- 15.3 The Register will be open for inspection during the normal business hours of the Transfer Agent to any Noteholder or any person of proven identity authorised in writing by any Noteholder. The Issuer and the Transfer Agent will not be bound to enter any trust into the Register or to take any notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.
- 15.4 The Register will, in respect of a Tranche of Notes, be closed during the 10 days preceding each Interest Payment Date and Redemption Date, as the case may be, from 17h00 (Johannesburg time) on the Last Day to Register or such other Books Closed Period as is specified in the Applicable Pricing Supplement. All periods referred to for the closure of the Register may be shortened by the Issuer from time to time, upon notice thereof to the Noteholders in accordance with Condition 16.
- 15.5 The Transfer Agent will alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of which it is notified in accordance with Condition 16.



## 16. Notices

- 16.1 Subject to Condition 16.2, all notices (including all demands or requests under the Terms and Conditions) to the Noteholders will be valid if mailed by registered post or delivered by hand to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa. Each such notice will be deemed to have been given on the day of first publication or delivery by hand or on the 14<sup>th</sup> day after the day on which it is mailed, as the case may be.
- 16.2 For so long as the Notes are held in their entirety by the Central Securities Depository, notice as contemplated in Condition 16.1 may be substituted with the delivery of the relevant notice to the Central Securities Depository, the Participants and the JSE for communication by them to the holders of Beneficial Interests in the Notes, in accordance with the Applicable Procedures.
- 16.3 Where any provision of the Terms and Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice will be given *mutatis mutandis* as set out in Condition 16.1 and Condition 16.2, respectively, subject to compliance with any other time periods prescribed in the provision concerned.
- 16.4 All notices (including all communications, demands and/or requests under the Terms and Conditions) to be given by or on behalf of any Noteholder to the Issuer or the Transfer Agent, as the case may be, will be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of the relevant Certificate, to the Specified Office of the Issuer or the Specified Office of the Transfer Agent, as the case may be. Any notice to the Issuer or the Transfer Agent, as the case may be, will be deemed to have been received by the Issuer or the Transfer Agent, as the case may be, on the second Business Day after being delivered by hand to the Specified Office of the Issuer or the Transfer Agent, as the case may be and marked for the attention of the chief executive officer, or on the 14<sup>th</sup> day after the day on which it is mailed by registered post to the Specified Office of the Issuer or the Transfer Agent, as the case may be.
- 16.5 Whilst any of the Notes are held in uncertificated form, notices to be given by any holder of a Beneficial Interest to the Issuer shall be given by such holder through such holder's Participant in accordance with the Applicable Procedures.
- 16.6 In relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, copies of any notices to Noteholders delivered as set out above, including of meetings and any amendments to the Terms and Conditions, shall be published on SENS.

## 17. Amendment of the Terms and Conditions

- 17.1 Subject to Condition 17.2 the Issuer may effect, without the consent of any Noteholder, any amendment to the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the Applicable Law. Any such amendment will be binding on Noteholders and such amendment will be notified to the JSE and the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

17.2 In respect of an amendment that is not of a formal, minor or technical nature, or that is not made to correct a manifest error or to comply with mandatory provisions of Applicable Law, such amendment may be made only with the prior formal approval of the JSE and the prior authorisation of an Extraordinary Resolution of (i) all of the Noteholders or (ii) the Noteholders of a particular Series of Notes or Class of Notes, as the case may be. The Issuer will call a meeting of all of the Noteholders or a meeting of the Noteholders of that Series, as the case may be, once the formal approval of the JSE for such amendment has been obtained. Such meeting or meetings will be regulated by the provisions set out in Condition 20. No proposed amendment will be made to the Terms and Conditions until such amendment has been approved formally by the JSE first and then by Extraordinary Resolution at such meeting or meetings (or a written resolution in accordance with Condition 20.13), and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, in compliance with the JSE Debt Listings Requirements. Any such proposed amendments will be submitted to the JSE and the amendments published on SENS in accordance with Condition 16 as soon as practicable thereafter.

**18. No voting rights on Notes held by the Issuer, the Parent or any Subsidiary**

None of the Issuer, the Parent or any Subsidiary will have any voting rights in respect of Notes which are beneficially held by or on behalf of the Issuer, the Parent or any Subsidiary.

**19. Prescription**

Any claim for payment of principal and/or interest in respect of the Notes will prescribe 3 years after the Relevant Date.

**20. Meetings of Noteholders**

**20.1 Directions of Noteholders**

20.1.1 The provisions with regard to meetings of Noteholders are set out in this Condition 20.

20.1.2 Every director, the secretary of and the attorney to the Issuer and every other person authorised in writing by the Issuer, may attend and speak at a meeting of Noteholders, but will not be entitled to vote, other than as a Noteholder or proxy or duly authorised representative of a Noteholder.

20.1.3 A meeting of Noteholders will have the power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions, by Extraordinary Resolution:

20.1.3.1 of the Noteholders to bind all of the Noteholders to any compromise or arrangement;  
or

20.1.3.2 of a Noteholders of a particular Series of Notes to agree to any variation or modification of any rights of the Noteholders of that Series which will then bind all of the Noteholders of such Series to such variation or modification of the rights of the Noteholders of that Series; or

- 20.1.3.3 of a Noteholders of a particular Class of Notes to agree to any variation or modification of any rights of the Noteholders of that Class which will then bind all of the Noteholders of such Class to such variation or modification of the rights of the Noteholders of that Class.
- 20.1.4 Unless otherwise specified, resolutions of Noteholders will require an Ordinary Resolution to be passed.
- 20.2 **Convening of meetings**
- 20.2.1 The Issuer may at any time convene a meeting of Noteholders or separate meetings of Noteholders of any Series or Class of Notes (**a meeting or the meeting**).
- 20.2.2 The Issuer will convene (i) a meeting of Noteholders upon the requisition in writing of Noteholders holding not less than 10% of the aggregate Outstanding Principal Amount of all of the Notes or (ii) a separate meeting of Noteholders of any Series or Class of Notes upon the requisition in writing of the Noteholders in that Series or Class holding not less than 10% of the aggregate Outstanding Principal Amount of the Notes of that Series or Class, as the case may be (**a requisition notice**).
- 20.2.3 Whenever the Issuer wishes to convene a meeting, it will forthwith give notice in writing to the Noteholders in the manner prescribed in Condition 16 of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting.
- 20.2.4 All meetings of Noteholders will be held in Johannesburg.
- 20.3 **Requisition**
- 20.3.1 A requisition notice will state the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting and will be deposited at the Specified Office of the Issuer.
- 20.3.2 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.
- 20.4 **Convening of meetings by requisitionists**
- If the Issuer does not convene a meeting to be held within 30 days of the deposit of a requisition notice, the requisitionists may themselves convene the meeting, but the meeting so convened will be held within 90 days from the date of such deposit and will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Whenever the requisitionists are about to so convene any such meeting, requisitionists shall forthwith give notice of the meeting to the Issuer.

## 20.5 **Notice of meeting**

20.5.1 Unless the holders of at least 90% of the aggregate Outstanding Principal Amount of the Notes or Series or Class of Notes, as the case may be, agree in writing to a shorter period, at least 15 Business Days written notice, specifying the place, day and time of the meeting, the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting, will be given to each Noteholder and to the Issuer if applicable.

20.5.2 The accidental omission to give such notice to any Noteholder or the Issuer, as the case may be, or the non-receipt of any such notice, will not invalidate the proceedings at a meeting.

## 20.6 **Quorum**

20.6.1 A quorum at a meeting shall:

20.6.1.1 for the purposes of considering an Ordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than 25% of the aggregate Outstanding Principal Amount of the Notes or Series or Class of Notes, as the case may be;

20.6.1.2 for the purposes of considering an Extraordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than 25% of the aggregate Outstanding Principal Amount of the Notes or Series or Class of Notes, as the case may be.

20.6.2 No business will be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business and for consideration of a particular matter to begin.

20.6.3 If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting will stand adjourned to the same day in the third week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy will constitute a quorum for the purpose of considering any resolution, including an Extraordinary Resolution.

## 20.7 **Chairman**

The chairman of the meeting shall be appointed by the Issuer. If the Issuer or the person appointed by the Issuer to preside as chairman of the meeting is not present within 10 minutes of the time appointed for the holding of the meeting, the Noteholders then present will choose one of their own number to preside as chairman.

## 20.8 **Adjournment**

20.8.1 Subject to the provisions of this Condition 20, the chairman may, with the consent of, and will on the direction of, the meeting adjourn the meeting from time to time and from place to place.

20.8.2 No business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

20.8.3 At least 14 days written notice of the place, day and time of an adjourned meeting will be given by the Issuer to each Noteholder. In the case of a meeting adjourned in terms of Condition 20.6.3, the notice will state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

## 20.9 **How questions are decided**

20.9.1 At a meeting, a resolution put to the vote will be decided on a poll.

20.9.2 In the case of an equality of votes, the chairman will not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

## 20.10 **Votes**

20.10.1 Voting shall only take place on a poll and not on a show of hands. On a poll every Noteholder, present in person or by proxy, will be entitled to one vote in respect of each ZAR1.00 in Outstanding Principal Amount of the Notes held by such Noteholder.

20.10.2 In relation to joint Noteholders, the vote may be exercised only by that Noteholder whose name appears first on the Register in the event that more than one of such Noteholders is present, in person or by proxy, at the meeting. The Noteholder in respect of Notes held in the Central Securities Depository in uncertificated form shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the Central Securities Depository from the holders of Beneficial Interests conveyed through the Participants in accordance with the Applicable Procedures.

## 20.11 **Proxies and representatives**

20.11.1 Noteholders present either in person or by proxy may vote on a poll. A Noteholder may by an instrument in writing (a **proxy form**) signed by the Noteholder (or his duly authorised agent) or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a **proxy** or **proxies**) to act on his or its behalf in connection with any meeting or proposed meeting.

20.11.2 A person appointed to act as proxy need not be a Noteholder.

20.11.3 The proxy form will be deposited at the Specified Office of the Issuer or at the Specified Office of the Transfer Agent, as the case may be, and a copy sent to the Debt Sponsor, not less than 48 hours (or such lesser period as the directors may determine in relation to any particular

meeting) before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote.

20.11.4 No proxy form will be valid after the expiration of 12 months from the date named in it as the date of its execution.

20.11.5 Notwithstanding Condition 20.11.4, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon.

20.11.6 A vote given in accordance with the terms of a proxy form will be valid notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the Noteholder's instructions pursuant to which the proxy form was executed or of the authority under which the proxy form was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity, revocation or amendment shall have been received by the Issuer at its Specified Office or the Transfer Agent at its Specified Office, as the case may be, more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

20.11.7 Any Noteholder which is a juristic person may authorise any person to act as its representative in connection with any meeting or proposed meeting of Noteholders by resolution of the directors or other governing body of the juristic person. Any reference in the Terms and Conditions to a Noteholder present in person includes the duly authorised representative of a Noteholder which is a juristic person.

## 20.12 **Minutes**

20.12.1 The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.

20.12.2 Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders or Noteholders of a Series or Class, as the case may be, in respect of the proceedings of which minutes have been so made will be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

## 20.13 **Written Resolutions**

A resolution in writing submitted to Noteholders or Noteholders of a Series or Class, as the case may be, entitled to exercise voting rights in relation to the resolution, and signed by the requisite majority of Noteholders or Noteholders of a Series or Class, as the case may be, shall be as valid and effective as if it had been passed at a meeting duly convened and constituted and shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the last day on which that resolution is signed by any one or more of the Noteholders or Noteholders of a Series

or Class, as the case may be. That resolution may consist of two or more documents in the same form each of which is signed by one or more of the Noteholders or Noteholders of a Series or Class, as the case may be.

**21. Governing law**

The Notes and the Terms and Conditions are governed by, and will be construed in accordance with, the laws of South Africa.

**22. Calculation Agent and Transfer Agent**

22.1 There will at all times be a Calculation Agent and a Transfer Agent with a Specified Office. The Transfer Agent and the Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

22.2 The Issuer is entitled to vary or terminate the appointment of the Calculation Agent and/or the Transfer Agent and/or to appoint additional or other agents. The Issuer shall notify Noteholders (in the manner set out in Condition 16), the Central Securities Depository and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE in the event of a change in the identity of the Calculation Agent and/or Transfer Agent.

**23. Further issues**

The Issuer shall be at liberty from time to time, without the consent of Noteholders, to create and issue further Notes.

**NOTEHOLDER GUARANTEE****BY****MTN GROUP LIMITED****(the "Guarantor")****IN FAVOUR OF****THE NOTEHOLDERS IN TERMS OF THE ZAR20,000,000,000 MOBILE TELEPHONE NETWORKS HOLDINGS LIMITED DOMESTIC MEDIUM TERM NOTE PROGRAMME****TERMS AND CONDITIONS OF THE GUARANTEE****GUARANTEE****WHEREAS**

- (A) Mobile Telephone Networks Holdings Limited (formerly Mobile Telephone Networks Holdings Proprietary Limited) (the **Issuer**) established a domestic medium term note programme on 7 July 2006 pursuant to a programme memorandum dated 7 July 2006 which was updated on 24 June 2010 (the **Previous Programme Memorandum**) for the issuance of notes thereunder (the "**Notes**");
- (B) MTN Group Limited (Registration Number 1994/009584/06) (the **Guarantor**) agreed to guarantee the punctual payment of all sums expressed to be due and payable from time to time by the Issuer to the Noteholders in respect of the Notes issued under the Programme pursuant to the Previous Programme Memorandum prior to the Programme Date (as defined below);
- (C) the Issuer updated its Programme pursuant to a programme memorandum dated on or about the date of this Guarantee (the **Updated Programme Memorandum**); such Updated Programme Memorandum superseding and replacing the Previous Programme Memorandum in its entirety in respect of Notes issued under the Programme on or after date on or about the date of this Guarantee (the **Programme Date**);
- (D) the terms and conditions of such Notes are contained in the section of the Updated Programme Memorandum headed **Terms and Conditions of the Notes** (the **Terms and Conditions**) read in conjunction with the Applicable Pricing Supplement(s);
- (E) the Guarantor has agreed to guarantee the punctual payment of all sums expressed to be due and payable from time to time by the Issuer to the Noteholders in respect of the Notes issued under the Programme pursuant to the Updated Programme Memorandum on or after the Programme Date (**this Guarantee**).



**THIS GUARANTEE WITNESSES** as follows:

**1. INTERPRETATION**

- 1.1 Capitalised terms and expressions used in this Guarantee but not otherwise defined herein shall bear the meanings given in the Terms and Conditions, unless the context requires otherwise or unless otherwise defined.
- 1.2 Any reference in this Guarantee to a clause is, unless otherwise stated, to a clause hereof.
- 1.3 Any reference in this Guarantee to legislation or a statute, any provision thereof or to any statutory instrument, order or regulation made thereunder shall be construed as a reference to such legislation, statute, provision, statutory instrument, order or regulation as the same may have been, or may from time to time be, amended, varied or repealed and re-enacted.
- 1.4 Headings and sub-headings are for ease of reference only and shall not affect the construction of this Guarantee.
- 1.5 Any reference in this Guarantee to the Central Securities Depository shall, wherever the context so permits, be deemed to include reference to its successor or any additional or alternative depository approved by the Issuer and the Guarantor.
- 1.6 Words used in this Guarantee denoting the masculine gender shall include the feminine gender also and words importing the singular number shall include the plural and in each case vice versa.

**2. GUARANTEE**

- 2.1 The Guarantor hereby unconditionally and irrevocably guarantees to each Noteholder the due and punctual payment of all sums from time to time payable by the Issuer in respect of Notes issued by the Issuer under its Programme pursuant to the Updated Programme Memorandum on or after the Programme Date, for so long as such Notes are Outstanding, as and when the same become due and payable in accordance with the Terms and Conditions of such Notes, and accordingly undertakes to pay to such Noteholder forthwith upon receipt of written demand of such Noteholder for payments by the Issuer in respect of the Notes any and every sum or sums which the Issuer is at any time liable to pay in respect of such Notes in accordance with the Terms and Conditions of such Notes and which the Issuer has failed to pay; provided that the Issuer shall have discharged its obligations to pay holders of Beneficial Interests at such time as all amounts payable have been placed at the disposal of the Central Securities Depository.
- 2.2 The Guarantor undertakes to each Noteholder that, if any sum referred to in clause 2.1 is not recoverable from the Issuer thereunder for any reason whatsoever (including, without limitation, by reason of any Note or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then, (notwithstanding that the same may have been known to such Noteholder) the Guarantor will, as a sole, original and independent obligor, forthwith upon demand by such Noteholder, pay such sum in the manner and currency as is provided for in the Notes.

- 2.3 Once a Noteholder has been paid all amounts due to him under the Notes held by him by the Issuer, the Guarantor or the Subsidiary Guarantors, such Noteholder shall have no further claims against the Issuer, the Guarantor or the Subsidiary Guarantors.

### 3. TAXES AND WITHHOLDINGS

- 3.1 All payments in respect of the Notes under this Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed in South Africa or any political subdivision or any authority thereof or therein having power to tax (**Taxes**). If the Guarantor or any agent thereof is required by law or regulation to make any withholding or deduction for or on account of Taxes, the Guarantor shall, to the extent permitted by applicable law or regulation, pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable to a Noteholder:

- 3.2 who:

- 3.2.1 would be able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority (but fails to do so); or

- 3.2.2 is liable to such by reason of its having some connection with South Africa other than the mere holding of and payment in respect of the relevant Note; or

### 4. PRESERVATION OF RIGHTS

- 4.1 The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

- 4.2 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of any Note and shall continue in full force and effect until all sums due from the Issuer in respect of each Note have been paid, and all other obligations of the Issuer thereunder or in respect thereof have been satisfied in full.

- 4.3 Neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Noteholders by this Guarantee or by law shall be discharged, impaired or otherwise affected by:

- 4.3.1 the winding-up, liquidation or dissolution of the Issuer or analogous proceeding in any jurisdiction or any change in the Issuer's status, function, control or ownership; or

- 4.3.2 any of the obligations of the Issuer under any of the Notes being or becoming illegal, invalid or unenforceable; or

- 4.3.3 time or other indulgence being granted or agreed to be granted to the Issuer in respect of its obligations under or in respect of the Notes; or
- 4.3.4 any amendment to, or any variation, waiver or release of, any obligation of the Issuer under any of the Notes or any security or other guarantee or indemnity in respect thereof; or
- 4.3.5 any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Noteholders or any of them by the Guarantee or by law.

4.4 Any settlement or discharge between the Guarantor and the Noteholders or any of them shall be conditional upon no payment to the Noteholders or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Noteholders shall each be entitled to recover the amount by which such payment is so avoided or reduced from such Guarantor subsequently as if such settlement or discharge had not occurred.

4.5 No Noteholder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Guarantee or by law:

- 4.5.1 to make any demand of the Issuer, other than the presentation of the relevant Note; or
- 4.5.2 to take any action or obtain judgment in any court against the Issuer; or
- 4.5.3 to make or file any claim or proof in a winding-up or dissolution of the Issuer,

and, save as aforesaid, the Guarantor hereby expressly waives presentment, demand, protest, and notice of dishonour in respect of each Note.

4.6 The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the Notes or the Issuer is under any actual or contingent obligation thereunder, the Guarantor shall not exercise any right which the Guarantor may at any time have by reason of performance by the Guarantor of its obligations hereunder:

- 4.6.1 to be indemnified by the issuer; and/or
- 4.6.2 to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Notes; and/or
- 4.6.3 to take the benefit (in whole or in part) of any security enjoyed in connection with the Notes by any Noteholder; and/or
- 4.6.4 to be subrogated to the rights of any Noteholder against the Issuer in respect of amounts paid by the Guarantor under this Guarantee.

- 4.7 The Guarantor undertakes that its obligations hereunder will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **DEPOSIT OF GUARANTEE**

This Guarantee shall be deposited with and held by the Transfer Agent until the later of the date on which all the obligations of the Issuer and/or the Guarantor under or in respect of the Notes and/or this Guarantee, as the case may be, have been discharged in full. The Guarantor hereby acknowledges the right of every Noteholder to the production of the original of this Guarantee and/or to request a copy of this Guarantee from the Transfer Agent.

6. **BENEFIT OF GUARANTEE**

This Guarantee constitutes a stipulation in favour of each of the Noteholders and shall be deemed to have been accepted by each of them and to constitute a binding agreement with each of them (notwithstanding that the Noteholders shall not have executed this document), upon the issue or transfer of the Notes to such Noteholders, as the case may be. This Guarantee is given to the Noteholders with the consequence that the Noteholders acquire the right to directly demand from the Guarantor the performance of the obligations assumed in this Guarantee. The Paying Agent does not assume any agency, trustee, fiduciary or any similar obligations on behalf of the Noteholders in terms of this Guarantee.

7. **PAYMENTS**

All payments under this Guarantee shall be made *mutatis mutandis* in accordance with Condition 9 (Payments) of the Terms and Conditions.

8. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provisions under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

9. **AMENDMENT**

No amendment to this Guarantee may be effected unless in writing and signed by or on behalf of the Guarantor and approved by Extraordinary Resolution of the Noteholders.

10. **NOTICES**

- 10.1 All notices and other communications hereunder shall be made in writing (by letter or fax) and shall be sent to the Guarantor at:

**MTN Group Limited**

Address: 216 - 14<sup>th</sup> Avenue  
Fairland  
2195  
South Africa

Tel number: (011) 912 3000

Fax number: (011) 912 4093

E-mail: Thuto.Shomang@mtn.com

Attention: Group Executive: Treasury

or to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Noteholders.

- 10.2 Any communication from any party to any other under this Guarantee shall be effective upon receipt by the addressee, provided that any such notice or other communication which would otherwise take effect after 16h00 (Johannesburg time) on any particular day shall not take effect until 10h00 (Johannesburg time) on the immediately succeeding business day in the place of the addressee.

**11. LAW AND JURISDICTION**

- 11.1 This Guarantee is governed by, and shall be construed in accordance with the laws of South Africa.
- 11.2 The Guarantor agrees for the benefit of the Noteholders that the High Court of South Africa (Gauteng Local Division, Johannesburg) shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Guarantee and, for such purposes, irrevocably submits to the jurisdiction of such court.

**SUBSIDIARY GUARANTEE**

**BY**

**MOBILE TELEPHONE NETWORKS PROPRIETARY LIMITED**

**MTN INTERNATIONAL PROPRIETARY LIMITED**

**MTN INTERNATIONAL (MAURITIUS) LIMITED**

**(the "Subsidiary Guarantors")**

**IN FAVOUR OF**

**THE NOTEHOLDERS IN TERMS OF THE ZAR20,000,000,000 MOBILE TELEPHONE NETWORKS HOLDINGS LIMITED DOMESTIC MEDIUM TERM NOTE PROGRAMME**

**TERMS AND CONDITIONS OF THE SUBSIDIARY GUARANTEE**

**SUBSIDIARY GUARANTEE**

**WHEREAS:**

- (A) Mobile Telephone Networks Holdings Limited (formerly Mobile Telephone Networks Holdings Proprietary Limited) (the **Issuer**) established a domestic medium term note programme on 7 July 2006 pursuant to a programme memorandum dated 7 July 2006 which was updated on 24 June 2010 (the **Previous Programme Memorandum**) for the issuance of notes thereunder (the **Notes**);
- (B) the Issuer updated its Programme pursuant to a programme memorandum dated on or about the date of this Subsidiary Guarantee (the **Updated Programme Memorandum**), such Updated Programme Memorandum superseding and replacing the Previous Programme Memorandum in its entirety in respect of the Notes issued under the Programme on or after the date of this Subsidiary Guarantee;
- (C) MTN International (Mauritius) Limited (Registration Number 19434/3597), a private company with limited liability incorporated under the laws of Mauritius (**MTNI (Mauritius)**), MTN International Proprietary Limited (Registration Number 1998/002351/07) (**MTNI**), Mobile Telephone Networks Proprietary Limited (Registration Number 1993/001436/07) (**MTN**) (MTNI and MTN each being companies with limited liability incorporated under the laws of South Africa), (MTNI (Mauritius), MTNI and MTN collectively the **Subsidiary Guarantors** and each, as the context may require, a **Subsidiary Guarantor**) agree to guarantee the punctual payment of all sums expressed to be due and payable from time to time by the Issuer to the Noteholders in respect of the Notes issued under the Programme pursuant to the Programme Memorandum prior to the Programme Date (as defined below);

- (D) the terms and conditions of such Notes are contained in the section of the Programme Memorandum headed "Terms and Conditions of the Notes" (the **Terms and Conditions**) read in conjunction with the Applicable Pricing Supplement(s);
- (E) the Subsidiary Guarantors have agreed to jointly and severally guarantee the punctual payment of all sums expressed to be due and payable from time to time by the Issuer to the Noteholders in respect of the Notes issued under the Programme pursuant to the Programme Memorandum on or after the Programme Date (this **Subsidiary Guarantee**).

**THIS SUBSIDIARY GUARANTEE WITNESSES** as follows:

## 1. INTERPRETATION

### 1.1 Definitions

- 1.1.1 Capitalised terms and expressions used in this Subsidiary Guarantee but not otherwise defined herein shall bear the meanings given in the Terms and Conditions, unless the context requires otherwise or unless otherwise defined.
- 1.1.2 Any reference in this Subsidiary Guarantee to a clause is, unless otherwise stated, to a clause hereof.
- 1.1.3 Any reference in this Subsidiary Guarantee to legislation or a statute, any provision thereof or to any statutory instrument, order or regulation made thereunder shall be construed as a reference to such legislation, statute, provision, statutory instrument, order or regulation as the same may have been, or may from time to time be, amended, varied or repealed and re-enacted.
- 1.1.4 Headings and sub-headings are for ease of reference only and shall not affect the construction of this Subsidiary Guarantee.
- 1.1.5 Any reference in this Subsidiary Guarantee to the Central Securities Depository shall, wherever the context so permits, be deemed to include reference to its successor or any additional or alternative depository approved by the Issuer and the Subsidiary Guarantors.
- 1.1.6 Words used in this Subsidiary Guarantee denoting the masculine gender shall include the feminine gender also and words importing the singular number shall include the plural and in each case *vice versa*.

## 2. SUBSIDIARY GUARANTEE

- 2.1 The Subsidiary Guarantors hereby jointly and severally, unconditionally and irrevocably guarantee to each Noteholder the due and punctual payment of all sums from time to time payable by the Issuer in respect of Notes issued by the Issuer under its Programme pursuant to the Updated Programme Memorandum on or after the Programme Date, for so long as such Notes are Outstanding, as and when the same become due and payable in accordance with the Terms and Conditions of such

Notes, and accordingly undertakes to pay to such Noteholder forthwith upon receipt of written demand of such Noteholder for payments by the Issuer in respect of the Notes any and every sum or sums which the Issuer is at any time liable to pay in respect of such Notes in accordance with the Terms and Conditions of such Notes and which the Issuer has failed to pay; provided that the Issuer shall have discharged its obligations to pay holders of Beneficial Interests at such time as all amounts payable have been placed at the disposal of the Central Securities Depository.

- 2.2 Each Subsidiary Guarantor undertakes to each Noteholder that, if any sum referred to in clause 2.1 is not recoverable from the Issuer thereunder for any reason whatsoever (including, without limitation, by reason of any Note or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then (notwithstanding that the same may have been known to such Noteholder) the Guarantor will, as a sole, original and independent obligor, forthwith upon demand by such Noteholder, pay such sum in the manner and currency as is provided for in the Notes.
- 2.3 Once a Noteholder has been paid all amounts due to him under the Notes held by him by the Issuer, the Guarantor or the Subsidiary Guarantors, such Noteholder shall have no further claims against the Issuer, the Guarantor or the Subsidiary Guarantors.

### 3. **TAXES AND WITHHOLDINGS**

All payments in respect of the Notes under this Subsidiary Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed in South Africa and/or, in the case of MTNI (Mauritius), Mauritius, or any political subdivision or any authority thereof or therein having power to tax (Taxes). If any Subsidiary Guarantor or any agent thereof is required by law or regulation to make any withholding or deduction for or on account of Taxes, that Subsidiary Guarantor shall, to the extent permitted by applicable law or regulation, pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable to a Noteholder:

- 3.1 who:
- 3.1.1 would be able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority (but fails to do so); or
- 3.1.2 is liable to such by reason of its having some connection with South Africa and/or, in the case of MTNI (Mauritius), Mauritius, other than the mere holding of and payment in respect of the relevant Note; or

### 4. **PRESERVATION OF RIGHTS**

- 4.1 The obligations of each Subsidiary Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.



- 4.2 The obligations of each Subsidiary Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of any Note and shall continue in full force and effect until all sums due from the Issuer in respect of each Note have been paid, and all other obligations of the Issuer thereunder or in respect thereof have been satisfied in full.
- 4.3 Neither the obligations expressed to be assumed by the Subsidiary Guarantors herein nor the rights, powers and remedies conferred upon the Noteholders by this Subsidiary Guarantee or by law shall be discharged, impaired or otherwise affected by:
- 4.3.1 the winding-up, liquidation or dissolution of the Issuer or analogous proceeding in any jurisdiction or any change in the Issuer's status, function, control or ownership; or
- 4.3.2 any of the obligations of the Issuer under any of the Notes being or becoming illegal, invalid or unenforceable; or
- 4.3.3 time or other indulgence being granted or agreed to be granted to the Issuer in respect of its obligations under or in respect of the Notes; or
- 4.3.4 any amendment to, or any variation, waiver or release of, any obligation of the Issuer under any of the Notes or any security or other guarantee or indemnity in respect thereof; or
- 4.3.5 any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by any Subsidiary Guarantor herein or any of the rights, powers or remedies conferred upon the Noteholders or any of them by the Subsidiary Guarantee or by law.
- 4.4 Any settlement or discharge between any Subsidiary Guarantor and the Noteholders or any of them shall be conditional upon no payment to the Noteholders or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Noteholders shall each be entitled to recover the amount by which such payment is so avoided or reduced from such Subsidiary Guarantor subsequently as if such settlement or discharge had not occurred.
- 4.5 No Noteholder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Subsidiary Guarantee or by law:
- 4.5.1 to make any demand of the Issuer, other than the presentation of the relevant Note; or
- 4.5.2 to take any action or obtain judgment in any court against the Issuer; or
- 4.5.3 to make or file any claim or proof in a winding-up or dissolution of the Issuer, and, save as aforesaid, the Subsidiary Guarantors hereby expressly waive presentment, demand, protest, and notice of dishonour in respect of each Note.

- 4.6 The Subsidiary Guarantors agree that, so long as any sums are or may be owed by the Issuer in respect of the Notes or the Issuer is under any actual or contingent obligation thereunder, the Guarantor shall not exercise any right which the Subsidiary Guarantors may at any time have by reason of performance by the Subsidiary Guarantors of its obligations hereunder:
- 4.6.1 to be indemnified by the Issuer; and/or
- 4.6.2 to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Notes; and/or
- 4.6.3 to take the benefit (in whole or in part) of any security enjoyed in connection with the Notes by any Noteholder; and/or
- 4.6.4 to be subrogated to the rights of any Noteholder against the Issuer in respect of amounts paid by the Subsidiary Guarantors under this Subsidiary Guarantee.
- 4.7 Each Subsidiary Guarantor undertakes that its obligations hereunder will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of such Subsidiary Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

## 5. DEPOSIT OF SUBSIDIARY GUARANTEE

This Subsidiary Guarantee shall be deposited with and held by the Transfer Agent until the later of the date on which all the obligations of the Issuer and/or the Subsidiary Guarantors under or in respect of the Notes and/or this Subsidiary Guarantee, as the case may be, have been discharged in full. The Subsidiary Guarantors hereby acknowledge the right of every Noteholder (i) to the production of the original of this Subsidiary Guarantee and/or (ii) to request a copy of this Subsidiary Guarantee from the Paying Agent.

## 6. BENEFIT OF SUBSIDIARY GUARANTEE

With effect from the date of signature of this Subsidiary Guarantee, this Subsidiary Guarantee constitutes a stipulation in favour of each of the Noteholders and shall be deemed to have been accepted by each of them and to constitute a binding agreement with each of them (notwithstanding that the Noteholders shall not have executed this document) upon the issue or transfer of the Notes to such Noteholders, as the case may be. This Subsidiary Guarantee is given to the Noteholders with the consequence that the Noteholders acquire the right to directly demand from the Subsidiary Guarantors the performance of the obligations assumed in this Subsidiary Guarantee. The Paying Agent does not assume any agency, trustee, fiduciary or any similar obligations on behalf of the Noteholders in terms of this Subsidiary Guarantee.

## 7. PAYMENTS

All payments under this Subsidiary Guarantee shall be made *mutatis mutandis* in accordance with Condition 9 (*Payment*) of the Terms and Conditions.

## 8. **ADDITIONAL SUBSIDIARY GUARANTORS**

Any Material Operating Subsidiary of the Parent may become an Additional Subsidiary Guarantor if such member delivers to the Issuer and the Issuer accepts:

- 8.1 a duly completed and executed Accession Letter in the form as attached hereto as Schedule 1 (**Form of Accession Letter**); and
- 8.2 all of the documents and other evidence listed in Schedule 2 (**Conditions Precedent**) hereto in relation to that Additional Subsidiary Guarantor, each in form and substance as satisfactory to the Issuer.

## 9. **CESSATION OF A SUBSIDIARY GUARANTOR**

The Issuer may request, by notice in writing to the Noteholders, that a Subsidiary Guarantor cease to be a Subsidiary Guarantor under this Subsidiary Guarantee. The Noteholders will not be entitled to refuse such request if no amount is then due and payable under the Subsidiary Guarantee to the Noteholders and the Issuer delivers a certificate to the Noteholders confirming that the Subsidiary seeking to be released is no longer a Material Operating Subsidiary. Such termination shall take effect from the date of approval of such request by Extraordinary Resolution of the Noteholders. Such termination shall not affect any accrued rights and/or obligations of the Subsidiary Guarantor at the date of such termination.

## 10. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provisions under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

## 11. **AMENDMENT**

No amendment to this Subsidiary Guarantee may be effected unless in writing and signed by or on behalf of all the Subsidiary Guarantors and approved by Extraordinary Resolution of the Noteholders.

## 12. **NOTICES AND DOMICILIA**

- 12.1 All notices and other communications hereunder shall be made in writing (by letter or fax) and shall be sent to the Subsidiary Guarantors at:

- 12.1.1 **MTNI (Mauritius):**

Address:	Suite 525 Barkly Wharf Le Caudan Waterfront Port Louis Mauritius
Tel number:	(011) 912 3000

Fax number: (011) 912 4093

E-mail: Thuto.Shomang@mtn.com

Attention: Group Executive: Treasury

12.1.2 **MTNI and MTN:**

Address: c/o MTN Group Limited  
216 - 14<sup>th</sup> Avenue  
Fairland  
2195  
South Africa

Tel number: (011) 912 3000

Fax number: (011) 912 4093

E-mail: Thuto.Shomang@mtn.com

Attention: Group Executive: Treasury

or to such other address or fax number or for the attention of such other person or department as the Subsidiary Guarantors have notified to the Noteholders.

- 12.2 Any communication from any party to any other under this Subsidiary Guarantee shall be effective upon receipt by the addressee, provided that any such notice or other communication which would otherwise take effect after 16h00 (Johannesburg time) on any particular day shall not take effect until 10h00 (Johannesburg time) on the immediately succeeding business day in the place of the addressee.

13. **LAW AND JURISDICTION**

- 13.1 This Subsidiary Guarantee is governed by, and shall be construed in accordance with the laws of the Republic of South Africa.
- 13.2 Each Subsidiary Guarantor agrees for the benefit of the Noteholders that the High Court of South Africa (Gauteng Local Division Johannesburg) shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Subsidiary Guarantee and, for such purposes, irrevocably submits to the jurisdiction of such court.
- 13.3 MTNI (Mauritius) agrees that the process by which any proceedings in South Africa are begun may be served on it by being delivered to the registered address of the Issuer in South Africa. If such person is not or ceases to be effectively appointed to accept service of any process on behalf of MTNI (Mauritius), MTNI (Mauritius), shall, on the written demand of any holder of Beneficial Interest addressed to MTNI (Mauritius), appoint a further person in South Africa to accept service of process on its behalf and, failing such appointment within 15 days, any holder of Beneficial Interest shall be entitled to appoint such a person by written notice addressed to MTNI (Mauritius), and delivered to

MTNI (Mauritius), as the case may be. Nothing in this sub-clause 13.3 shall affect the right of any holder of Beneficial Interest to serve process in any other manner permitted by law.

- 13.4 If any Subsidiary Guarantor is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Subsidiary Guarantee or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of any country other than South Africa, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof.

## Schedule 1

## FORM OF ACCESSION LETTER

To: **Mobile Telephone Networks Holdings Limited**

And to: **The Standard Bank of South Africa Limited**

From: **[Insert full name of Additional Guarantor]** (the **Acceding Party**)

Date: **[Insert]**

Dear Sirs

**MOBILE TELEPHONE NETWORKS HOLDINGS LIMITED ZAR20,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME - SUBSIDIARY GUARANTEE DATED ON OR ABOUT [●] (the Guarantee)**

1. We refer to the Subsidiary Guarantee. This is an accession letter (**Accession Letter**), and terms used in this Accession Letter have the same meaning as in the Subsidiary Guarantee.
2. This Accession Letter is delivered to you as Issuer pursuant to Condition 6.2 of the Terms and Conditions and Clause 8 of the Subsidiary Guarantee.
3. In consideration of the Acceding Party being accepted as a Subsidiary Guarantor for the purposes of the Subsidiary Guarantee, the Acceding Party hereby confirms that, as from the date of acceptance of this Accession Letter by the Issuer, it:
  - 3.1 intends to be a party to the Subsidiary Guarantee as a Subsidiary Guarantor;
  - 3.2 intends to be a party to the Programme Agreement as a Subsidiary Guarantor;
  - 3.3 undertakes to perform all the obligations expressed in the Subsidiary Guarantee and the Programme Agreement to be assumed by a Subsidiary Guarantor; and
  - 3.4 agrees that it shall be bound by all the provisions of the Subsidiary Guarantee and the Programme Agreement as if it had been an original party to the Subsidiary Guarantee and Programme Agreement as a Subsidiary Guarantor.
4. This Accession Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Accession Letter.
5. This Accession Letter shall be governed by and construed in accordance with the laws of South Africa.

For and on behalf of

[The Acceding Party]

---

Name: [Full name of Additional Subsidiary Guarantor]

Capacity:

Who warrants his authority hereto

Address for notices:

Address:

Fax:

Email:

For and on behalf of

MOBILE TELEPHONE NETWORKS HOLDINGS LIMITED

---

Name:

Capacity:

Who warrants his/her authority hereto

**Schedule 2****CONDITIONS PRECEDENT**

1. An Accession Letter executed by the Additional Subsidiary Guarantor.
2. A copy of the Constitutional Documents of the Additional Subsidiary Guarantor.
3. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Additional Subsidiary Guarantor and/or its shareholders:
  - 3.1 to approve its entry into the Accession Letter, the Subsidiary Guarantee and the Programme Agreement; and
  - 3.2 to authorise appropriate persons to execute and enter into each of the Accession Letter, the Subsidiary Guarantee and the Programme Agreement; and to take any other action in connection therewith; and to authorise appropriate persons to enter into the Accession Letter, the Subsidiary Guarantee and the Programme Agreement.
4. A copy of any other authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration or other document, opinion or assurance which the Issuer considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Letter, Subsidiary Guarantee and Programme Agreement or for the validity and enforceability of the Accession Letter, Subsidiary Guarantee and Programme Agreement.
5. The latest audited financial statements of the Additional Subsidiary Guarantor.
6. If required, a legal opinion of the legal advisers to the Issuer, Arranger and Dealers addressed to the Issuer, Arranger and Dealers dealing with inter alia the capacity and authority of the Additional Subsidiary Guarantor to enter into the Accession Letter, the Programme Agreement and the Subsidiary Guarantee, substantially in the form distributed to, and agreed by, the Additional Subsidiary Guarantor prior the date of the Accession Letter.



**USE OF PROCEEDS**

The Issuer shall use the net proceeds of the Notes as operating capital for its general corporate purposes, as specified in the Applicable Pricing Supplement.

## DESCRIPTION OF THE GROUP INCLUDING THE ISSUER

### THE ISSUER

#### 1. INCORPORATION AND JURISDICTION:

Mobile Telephone Networks Holdings Limited (formerly Mobile Telephone Networks Holdings Proprietary Limited) (the **Issuer**) was incorporated on 17 March 1993 under the laws of the Republic of South Africa and converted from a private company to a public company on 22 March 2016.

#### 2. BUSINESS OBJECTIVES

The Issuer was established with the business objective of an investment holding company and is currently one of the main borrowers of funding for the MTN Group.

#### 3. OWNERSHIP STRUCTURE

The Issuer is 100% owned by MTN Group Limited.

#### 4. MANAGEMENT

The members of the board of the Issuer as at the Programme Date are listed below:

##### **Directors:**

PF Nhleko\* (Executive Chairman);  
 BD Goschen\* (Group Chief Financial Officer);  
 KC Ramon;  
 KP Kalyan;  
 AT Mikati;  
 MJN Njeke;  
 JHN Strydom;  
 AF van Biljon;  
 J van Rooyen;  
 MLD Marole;  
 NP Mageza;  
 A Harper; and  
 S Kheradpir.

\*Executive

##### **Company secretary:**

SB Mtshali

The business and registered address of the Issuer is MTN Group Limited, Innovation Centre, 216 14th Avenue, Fairland, 2195. The auditors of the Issuer as at the Programme Date are SizweNtsalubaGobodo Inc.

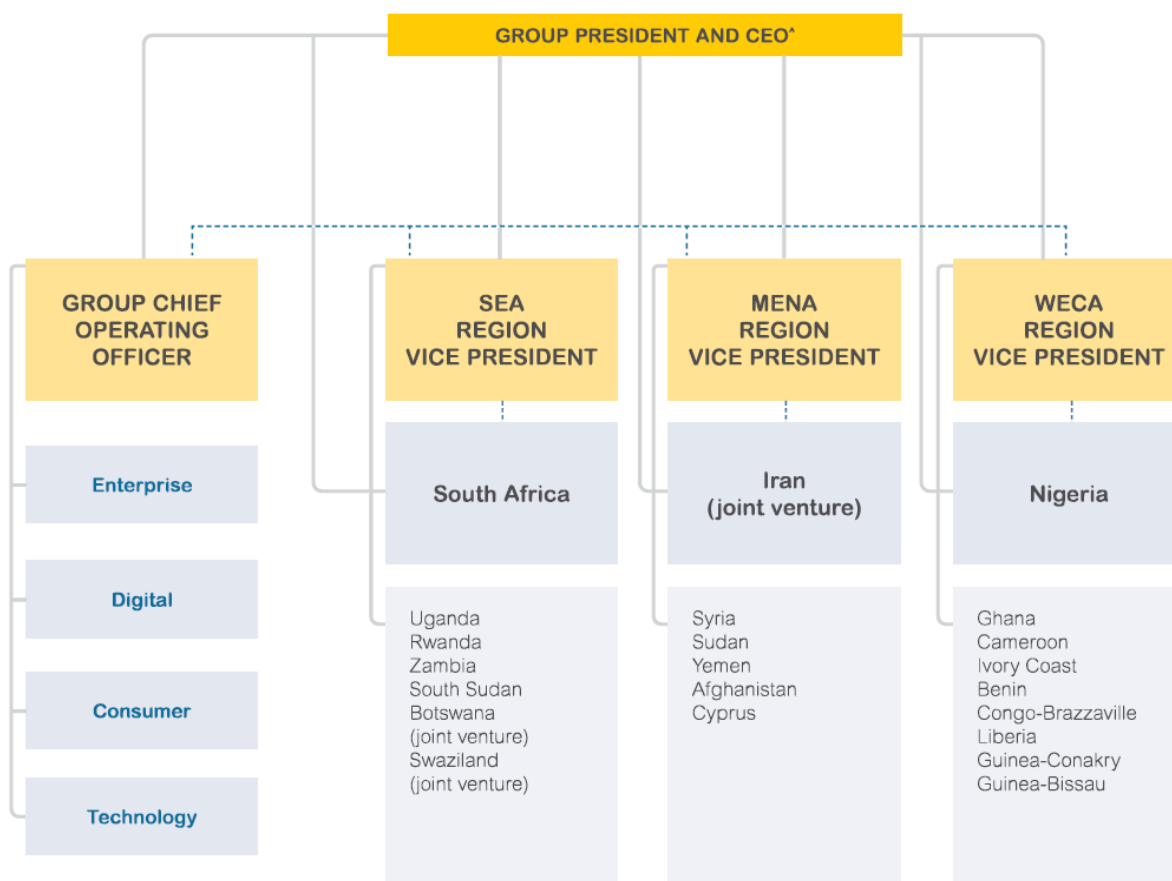
## MTN GROUP LIMITED

### 1. INTRODUCTION AND BACKGROUND

Launched in 1994, MTN Group Limited (**MTN Group** or the **Company**) is a multinational telecommunications group offering cellular network access and business solutions. The MTN group of companies (**MTN**) has mobile licences across 22 countries in Africa and the Middle East and was listed on the JSE Limited (**JSE**) in August 1995. It currently trades under the share code: "MTN".

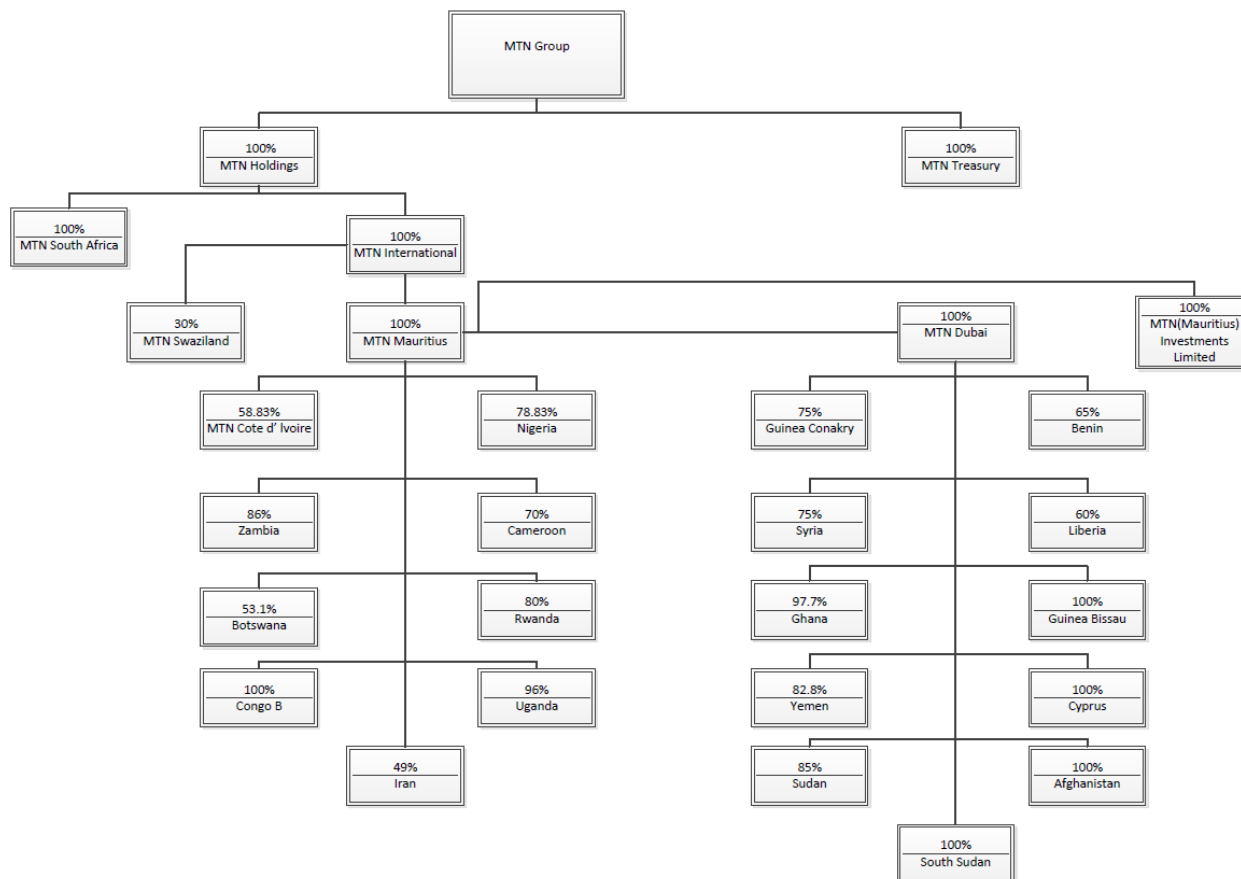
### 2. GROUP STRUCTURE

In 2015, MTN Group reviewed its operating structure to strengthen operational oversight, leadership, governance and regulatory compliance across its 22 licensed operations. Effective as of 1 January 2016, MTN Group was structured into three regions, namely South and East Africa (**SEA**), the Middle East and North Africa (**MENA**) and West and Central Africa (**WECA**). The new structure was supported by a number of senior appointments.



- ^ This position is currently occupied by executive chairman Phuthuma Nhleko until a new CEO is appointed.
- Regional VPs have a solid line to the Group president and CEO and a dotted line to the COO.
- South Africa, Nigeria and Iran have a dotted line to the respective VPs and a solid line to the Group president and CEO.
- The VP for SEA is in the process of being appointed.

As at 31 December 2015, MTN Group recorded 232,5 million subscribers across its operations where the SEA region contributed 23% to MTN Group’s total subscribers while WECA and MENA contributed 46% and 31%, respectively.



The following chart sets out the corporate structure of MTN as at the Programme Date:

### 3. STRATEGIC VISION

MTN Group’s vision is to lead the delivery of a bold, new Digital World to our customers. MTN Group’s strategy is built around five strategic themes: Creating and managing stakeholder value and innovation and best practice sharing describe our approach to our work, people and other stakeholders. Tangible priorities under creating a distinct customer experience, driving sustainable growth and transforming our operating model define how we strive to secure a sustainable competitive advantage and deliver superior shareholder returns.

#### 4. MANAGEMENT

The members of the board of MTN Group as at the Programme Date are listed below:

**Directors:**

PF Nhleko\* (Executive Chairman);  
BD Goschen\* (Group Chief Financial Officer);  
KC Ramon;  
KP Kalyan;  
AT Mikati;  
MJN Njeke;  
JHN Strydom;  
AF van Biljon;  
J van Rooyen;  
MLD Marole;  
NP Mageza;  
A Harper; and  
S Kheradpir.

\*Executive

**Company secretary:**

SB Mtshali

The business and registered address of MTN Group is MTN Group Limited, Innovation Centre, 216 14th Avenue, Fairland, 2195.

#### 5. CORPORATE GOVERNANCE

A solid governance framework is essential for the Company to perform optimally, given the external environment in which it operates. Good corporate governance ensures that the Company is sustainable and delivers on its corporate obligations and legislative requirements. During 2015, the MTN Group continued to evolve its governance structures and practices to make sure that we achieve our vision to deliver a bold new Digital World to our customers effectively, efficiently and transparently. MTN Group reviewed its governance framework to reflect changes in its strategic priorities, structural alignment and international best practice.

Its framework is made up of seven pillars:

- Leadership;
- Legal and regulatory compliance;
- Business practice and ethics;

- Monitoring, oversight and risk management;
- Performance management;
- Disclosure, reporting and transparency; and
- Stakeholder engagement and communication

The pillars correspond with the chapters of the King III Report. These pillars are supported by standard principles, policies, structures and practices which are cascaded down to all our operating subsidiaries. The application of and adherence to the King III principles continue to be a key focus. In 2015 the Group reviewed its application of the King III principles and is satisfied that it has substantially applied the King III principles.

The Issuer adheres to the King III Code of Corporate Governance, save as set out below:

**The following King III principle is not applicable for the reason set out below:**

***Boards and directors***

*"The board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act."*

This principle is accepted by the board and will be applied as envisaged should the eventuality ever arise.

**The following King III principles have not been applied for the reasons set out below:**

***Boards and directors***

*"The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board."*

Pursuant to the SENS announcement on 9 November 2015 and the extenuating circumstances related to it, Phuthuma Nhleko has been appointed as executive chairman for an interim period of six months. Alan van Biljon is serving as the Company's lead independent director as the chairman is not independent.

*"The board should appoint the chief executive officer and establish a framework for the delegation of authority."*

The executive chairman is carrying out the duties of the CEO for an interim period of six months. The delegation of authority remains in place.

## 6. MAJOR SHAREHOLDING

MTN Group shareholding (as at 31 December 2015):

	<b>Shares</b>	<b>% Holding</b>
Public	1 279 560 178	69,33
Non-public	565 933 067	30,67
- Directors and associates of the Company holdings	1 917 800	0,10
- Empowerment	76 807 310	4,16
- Lombard Odier Darier Hentsch & Cie (M1 Limited)	183 152 564	9,92
- Government Employees Pension Fund	293 655 332	15,91
- Mobile Telephone Networks Holdings	10 400 061	0,58
<b>Total issued share capital</b>	<b>1 845 493 245</b>	<b>100,00</b>

## **SETTLEMENT, CLEARING AND TRANSFERS OF NOTES**

*Words used in this section entitled "Settlement, Clearing and Transfer of Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clear that they are inappropriate from the context.*

### **Notes held in the Central Securities Depository**

#### *Clearing systems*

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and issued in uncertificated form, will be cleared through the Central Securities Depository which, as the operator of an electronic clearing system, has been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Each such Tranche of Notes will be issued, cleared and transferred in accordance with the Applicable Procedures and the Terms and Conditions. Each such Tranche of Notes will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the Central Securities Depository. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

A Tranche of unlisted Notes may also be held in the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades in such Tranche of Notes to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository.

#### *Participants*

As at the Programme Date, the Participants which are approved by the JSE, in terms of the rules of the JSE, as settlement agents to perform electronic settlement of funds and scrip are Citibank N.A., FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch, Société Générale, Johannesburg Branch and the South African Reserve Bank. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking société anonyme will settle offshore transfers through their South African Participant. *Settlement and clearing*

### **Notes issued in uncertificated form**

The Issuer will, subject to Applicable Laws, issue Notes that are to be listed on the Interest Rate Market of the JSE in uncertificated form. Unlisted Notes may also be issued in uncertificated form.

Notes issued in uncertificated form will not be represented by any certificate or written instrument.

All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures. All the provisions relating to Beneficial Interests in the Notes held in the Central Securities Depository will apply to Notes issued in uncertificated form.



**Beneficial Interests**

The Central Securities Depository will hold each Tranche of Notes issued in uncertificated form, subject to the Financial Markets Act and the Applicable Procedures.

Accordingly, and except where the contrary is provided in the Terms and Conditions, all amounts to be paid and all rights to be exercised in respect of the Notes held in uncertificated form, will be paid to and may be exercised only by the Central Securities Depository for the holders of Beneficial Interests in such Notes.

The Central Securities Depository maintains Central Securities Accounts only for Participants.

The Participants are in turn required to maintain Securities Accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Securities Depository only through their Participants.

In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Notes, a certificate or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the Principal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest.

Payments of interest and principal in respect of Notes held in uncertificated form will be made in accordance with Condition 9 to the Central Securities Depository and the Issuer will be discharged by proper payment to or to the order of the Central Securities Depository in respect of each amount so paid. The Central Securities Depository will in turn transfer such funds, via the Participants, to the holders of Beneficial Interests.

Each of the persons shown in the records of the Central Securities Depository and the relevant Participant, as the case may be, as the holders of Beneficial Interests will look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such person's share of such payment so made by the Issuer to, or to the order of, the registered holder of such Notes.

The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests.

*Transfers and exchanges*

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of the Participants occur by electronic book entry in the Central Securities Accounts of the clients of the Participants. Transfers among Participants of Notes held in the Central Securities Depository system occur through electronic book entry in the Participants' central security accounts with the Central Securities Depository. Beneficial Interests may be transferred only in accordance with the Terms and Conditions and the rules and operating procedures for the time being of the Central Securities Depository, Participants and the JSE.

The Issuer shall regard the Register as the conclusive record of title to the Notes.

Beneficial Interests may be exchanged for Notes represented by Certificates in accordance with Condition 13.4.

### **Certificates**

The Notes represented by Certificates will be registered in the name of the individual Noteholders in the Register of Noteholders.

Notes represented by Certificates may be transferred only in accordance with the Terms and Conditions.

Payments of interest and principal in respect of Notes represented by Certificates will be made in accordance with Condition 9 to the person reflected as the registered holder of such Certificates in the Register at 17h00 (Johannesburg time) on the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of the registered holder of the Certificate in respect of each amount so paid.

### **The BESA Guarantee Fund Trust**

The holders of Notes that are not listed on the Interest Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.

### **Notes listed on any exchange other than (or in addition to) the JSE**

Each Tranche of Notes which is listed on any exchange other than (or in addition to) the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures of that exchange. The settlement, clearing and redemption procedures for trades of a Tranche of Notes issued on an exchange other than (or in addition to) the JSE will be specified in the Applicable Pricing Supplement.

## **SOUTH AFRICAN TAXATION**

*Words used in this section entitled "**South African Taxation**" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clear that they are inappropriate from the context.*

*The comments below are intended as a general guide to the current position under the laws of South Africa. The contents of this section headed "**South African Taxation**" do not constitute tax advice and persons should consult their professional advisers.*

### **1. Securities Transfer Tax**

No securities transfer tax will be payable, in terms of the South African Securities Transfer Tax Act, 2007, in respect of either the issue of the Notes or on the subsequent transfer of the Notes on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act.

### **2. Withholding Tax**

In terms of Section 50B of the Income Tax Act, 1962, all payments made under the Notes to Noteholders who are not regarded as being resident in South Africa for tax purposes will be subject to withholding tax on interest in respect of debt instruments (which includes any Notes issued). The withholding tax is levied at a rate of 15%, but may be reduced by a relevant double taxation treaty. There are exemptions, which include interest paid in respect of any debt instrument listed on a "recognised exchange". The JSE Limited currently qualifies as a "recognised exchange", and therefore, subject to any legislative changes, the interest paid on the Notes should not be subject to interest withholding tax. All payments made under the Notes to resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges. In the event that such withholding or deduction is required by law, the Issuer will be obliged to pay additional amounts in relation thereto, subject to customary exceptions, as described in Condition 10.

### **3. Income Tax**

#### **3.1 Nature of any original issue discount or premium**

Any original issue discount to the face value of the Notes will be treated as interest for tax purposes and will be deemed to accrue to the Noteholder on a day-to-day basis until maturity or until such time as such Noteholder disposes of its beneficial interest in the Note. The amount to be included in the Noteholder's taxable income is usually calculated on a yield to maturity basis.

Any original issue premium will be added to the face value of the Notes to determine the initial amount which will be used to determine the interest which is deemed, under Section 24J of the Income Tax Act, 1962, to have been incurred or to have accrued in respect of the Notes.

### 3.2 **Position in respect of the each tax year**

Under current taxation law in South Africa:

- (a) a person ordinarily resident in South Africa will, subject to any available exemptions, be taxed on their worldwide income; and
- (b) a person not ordinarily resident in South Africa is subject to tax on income from a South African source. Interest is sourced in South Africa if the debtor is resident in South Africa or the funds are applied in South Africa. Persons not resident in South Africa for tax purposes are, however, exempt from tax in South Africa on any interest received or accrued on the Notes, unless that person:
  - (i) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate in the tax year; or
  - (ii) at any time during this tax year carried on business through a permanent establishment in South Africa.

### 4. **Capital gains**

Any subsequent disposal of the Notes by a Noteholder who is resident in South Africa prior to their redemption may in certain circumstances be subject to Capital Gains Tax, where applicable, in terms of the 8<sup>th</sup> Schedule to the Income Tax Act, 1962.

In the case of a natural person 40% of the capital gain, and in the case of companies and trusts, 80% of the capital gain is included in income and taxed at normal income tax rates.

Noteholders who are not tax resident in South Africa will generally not be subject to capital gains tax (if any) on the disposal of Notes unless the Notes are assets of a permanent establishment of such non-resident located in South Africa, or compromise a right to or an interest in immovable property.

## **EXCHANGE CONTROL**

*Words used in this section entitled "Exchange Control" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clear that they are inappropriate from the context.*

*The comments below are intended as a general guide to the current position under the Exchange Control Regulations, 1961 as promulgated under the Currency and Exchanges Act, 1933, as amended, (the "Regulations") and are not a comprehensive statement of the Regulations. The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective subscriber for, or purchaser of any Notes. Prospective subscribers for, or purchasers of any Notes who are non-South African residents or who are emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the subscription for, or purchase of any Notes.*

### **Non-South African Resident Noteholders and Emigrants from the Common Monetary Area**

Dealings in the Notes, the performance by the Issuer of its obligations under the Notes may be subject to the Regulations.

#### **Blocked Rand**

Blocked Rands may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with Blocked Rands may not, in terms of the Regulations, be remitted out of South Africa or paid into any non-South African bank account. For the purposes of this clause, "Blocked Rands" are defined as funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account. The relevant legislation relating to Blocked Rand is the Regulations promulgated under the Currency and Exchanges Act, 1933, as amended.

#### **Emigrants from the Common Monetary Area**

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "emigrant". Such restrictively endorsed Individual Certificates will be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such emigrant will be designated as an "emigrant" account.

Any payments of interest and/or principal due to an emigrant Noteholder will be deposited into such emigrant's Blocked Rands account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Regulations.

#### **Non-residents of the Common Monetary Area**

Any Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary

Area through the Central Securities Depository and its relevant Participants, the securities account of such Noteholder will be designated as a "non-resident" account.

It will be incumbent on any such non-resident to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate or securities account is designated "non-resident".

For the purposes of these paragraphs, the Common Monetary Area comprises South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland.

## SUBSCRIPTION AND SALE

*Words used in this section entitled "**Subscription and Sale**" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clear that they are inappropriate from the context.*

In terms of (and subject to) the Programme Agreement, SBSA have been appointed as Dealer on an ongoing basis for the duration of the Programme. The Issuer may appoint one or more Dealers for a specific issue of one or more Tranches of Notes or on an ongoing basis. In terms of (and subject to) the Programme Agreement, the Issuer may from time to time agree with any Dealer(s) to issue, and any Dealer(s) may agree to place, one or more Tranches of Notes.

### South Africa

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that it will not solicit any offers for subscription for or sale of the Notes in that Tranche of Notes, and will itself not sell Notes, in South Africa, in contravention of the Companies Act, the Banks Act, 1990, the Exchange Control Regulations and/or any other Applicable Laws or regulations of South Africa in force from time to time. In particular, without limitation, the Programme Memorandum does not, nor is it intended to, constitute a registered prospectus (as that term is defined in the Companies Act) and each Dealer will be required to represent and agree that it will not make "an offer to the public" (as that term is defined in the Companies Act) of any of the Notes in that Tranche of Notes (whether for subscription or sale). Notes will not be offered for subscription to any single addressee acting as principal for an amount of less than R1 000 000.

### United States of America

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that:

- (i) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (ii) it has not offered or sold or delivered any Notes in that Tranche, and will not offer or sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution, as determined and certified by the Dealer or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons;

- (iii) it will send to each dealer to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. person; and
- (iv) it, its affiliates and any persons acting on its or any of its affiliates behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes in that Tranche and it, its affiliates and any persons acting on its or any of its affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Until 40 days after the commencement of the offering of a Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

### **United Kingdom**

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that:

- (i) it has not offered or sold, and prior to the expiry of a period six months from the Issue Date in respect of each Tranche of Notes will not offer or sell, any Notes in that Tranche to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations, 1995 of the United Kingdom;
- (ii) it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act, 2000 (the **FSMA**) with respect to anything done by it in relation to the Notes in that Tranche in, from or otherwise involving the United Kingdom; and
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in that Tranche in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the prospectus directive (each, a **Relevant Member State**), each of the Issuer and Dealer(s) has represented and agreed that, with effect from and including the date on which the prospectus directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made, and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which prospectus has been approved by the competent authority in that Relevant Member State in accordance



with the prospectus directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the prospectus directive and ending on the date which is 12 months after the date of such publication;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts;
- (d) any time to fewer than 100 natural or legal persons (other than qualified investors defined in the prospective directive) subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the prospectus directive, or pursuant to any applicable national law of any Relevant Member State.

Provided that no such offer of the Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the prospective directive.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the prospectus directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **General**

Prior to the issue of any Tranche of Notes under the Programme, each Dealer for that Tranche of Notes will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all Applicable Laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures subscriptions for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers or sales.

Each Dealer for a Tranche of Notes will be required to represent and agree that it will comply with such other or additional restrictions in relation to that Tranche of Notes as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Dealers represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

**Certain Relationships**

The Arrangers, Dealers and their Affiliates have a lending relationship with the Issuer and from time to time have performed, and in the future will perform, banking, investment banking, advisory, consulting and other financial services for the Issuer and its Affiliates, for which it may receive customary advisory and transaction fees and expenses reimbursement.

In addition, in the ordinary course of their business activities, the Arrangers, Dealers and their affiliates may make loans or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such loans, investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes). The Arrangers, Dealers and their Affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies.

## GENERAL INFORMATION

Words used in this section entitled "**General Information**" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clear that they are inappropriate from the context.

### Authorisations

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the establishment of the Programme and the issue of Notes under the Programme. No exchange control approval is required for the establishment of the Programme. If exchange control approval is required for the issue of any Tranche of Notes, such exchange control approval will be obtained prior to the issue of such Tranche of Notes.

### Listing

This Programme Memorandum was registered by the JSE on [●]. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any successor exchange and/or such other or further exchange(s) as may be agreed between the Issuer and the Dealer(s) and subject to any relevant ruling law. Unlisted Notes may also be issued. Unlisted Notes are not regulated by the JSE.

### Auditors

SizweNtsalubaGobodo Inc are the current auditors of the Issuer.

### Litigation

The Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administrative or other proceedings other than those disclosed in this Programme Memorandum, if any, the results of which might reasonably be expected to have or have had a material adverse effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending. **[Note: to be updated]**

### Material Change

As at the date of this Programme Memorandum, following due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of its last published audited financial statements or published reviewed unaudited interim consolidated financial results. No auditors have been involved in making such statement.

Signed at Johannesburg on behalf of Mobile Telephone Networks Holdings Limited

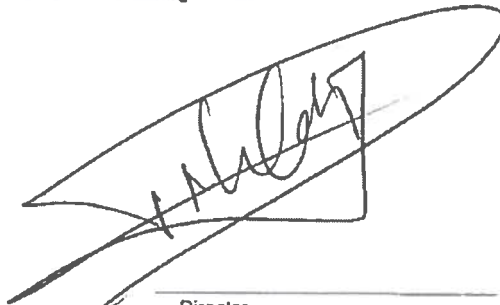
on 6 SEPTEMBER, 2016



Director

Signed at Johannesburg on behalf of Mobile Telephone Networks Holdings Limited

on 6 SEPTEMBER, 2016



Director

**CORPORATE INFORMATION****ISSUER**

Mobile Telephone Networks Holdings Limited  
 (Registration Number 2013/219122/06)  
 216 - 4<sup>th</sup> Avenue  
 Fairland  
 2195  
 Gauteng  
 South Africa  
 Contact: Group Executive: Treasury  
 Email:Thuto.Shomang@mtn.com  
 Telephone: +27 11 912 3000

**PAYING AGENT**

Mobile Telephone Networks Holdings Limited  
 (Registration Number 2013/219122/06)  
 216 - 4<sup>th</sup> Avenue  
 Fairland  
 2195  
 Gauteng  
 South Africa  
 Contact: Group Executive: Treasury  
 Email:Thuto.Shomang@mtn.com  
 Telephone: +27 11 912 3000

**GUARANTOR**

MTN Group Limited  
 (Registration Number 1994/00958/06)  
 216 - 4<sup>th</sup> Avenue  
 Fairland  
 2195  
 Gauteng  
 South Africa  
 Contact: Group Executive: Treasury  
 Email:Thuto.Shomang@mtn.com  
 Telephone: +27 11 912 3000

**SUBSIDIARY GUARANTORS**

Mobile Telephone Networks  
 Proprietary Limited  
 (Registration Number  
 1993/001436/07)  
 c/o MTN Group Limited  
 216 - 4<sup>th</sup> Avenue  
 Fairland  
 2195  
 Gauteng  
 South Africa  
 Contact: Group Executive: Treasury  
 Email:Thuto.Shomang@mtn.com  
 Telephone: +27 11 912 3000

MTN International Proprietary  
 Limited  
 (Registration Number  
 1998/002351/07)  
 c/o MTN Group Limited  
 216 - 4<sup>th</sup> Avenue  
 Fairland  
 2195  
 Gauteng  
 South Africa  
 Contact: Group Executive: Treasury  
 Email:Thuto.Shomang@mtn.com  
 Telephone: +27 11 912 3000

MTN International (Mauritius)  
 Limited  
 (Registration Number  
 19434/3597)  
 Barkly Wharf  
 Le Caudan Waterfront  
 Port Louis  
 Mauritius  
 Contact: Group Executive:  
 Treasury  
 Email:Thuto.Shomang@mtn.com  
 Telephone: +27 11 912 3000

**ARRANGER, DEALER AND DEBT SPONSOR**

The Standard Bank of South Africa Limited  
 (acting through its Corporate and Investment Banking division)  
 (Registration Number 1962/000738/06)  
 3rd Floor, East Wing 30 Baker Street  
 Rosebank, 2196  
 Contact: Zoya Sisulu  
 Email: Zoya.Sisulu@standardbank.com  
 Telephone: +27 11 721 6032

**ATTORNEYS TO THE ISSUER**

Webber Wentzel  
 90 Rivonia Road  
 Sandton  
 Johannesburg, 2196  
 Contact: Lindi Marais  
 Email: Lindi.Marais@webberwentzel.com  
 Telephone: +27 11 530 5832

**TRANSFER AGENT AND CALCULATION AGENT**

The Standard Bank of South Africa Limited  
 (acting through its Corporate and Investment Banking  
 division)  
 (Registration Number 1962/000738/06)  
 3rd Floor, East Wing 30 Baker Street  
 Rosebank, 2196  
 Contact: Zoya Sisulu  
 Email: Zoya.Sisulu@standardbank.com  
 Telephone: +27 11 721 6032

**SETTLEMENT AGENT**

The Standard Bank of South Africa Limited  
 (acting through its Corporate and Investment Banking  
 division)  
 (Registration Number 1962/000738/06)  
 3rd Floor, East Wing 30 Baker Street  
 Rosebank, 2196  
 Contact: Zoya Sisulu  
 Email: Zoya.Sisulu@standardbank.com  
 Telephone: +27 11 721 6032

**AUDITORS TO THE ISSUER**

SizweNtsalubaGobodo Inc.  
 20 Morris Street East  
 Woodmead 2191  
 South Africa  
 Contact: Sulemon Lockhat  
 Email: SulemonL@sng.za.com  
 Telephone: +27 11 231 0600