Vodacom Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1993/005461/06
(ISIN: ZAE000132577 Share Code: VOD)
(ISIN: US92858D2009 ADR Code: VDMCY)
("Vodacom")

NEOTEL - VOLUNTARY UPDATE ANNOUNCEMENT

Shareholders are referred to the announcements of 8 and 10 December 2015 regarding the entering into of a modified transaction which contemplated Vodacom (Pty) Limited ("Vodacom South Africa") acquiring, *inter alia*, the majority of Neotel (Pty) Limited's ("Neotel") assets related to its fixed line business as a going concern, excluding, Neotel's licenses (spectrum, ECN, ECNS). Contemporaneously, Neotel would offer a roaming arrangement to all the mobile network operators including Vodacom South Africa (the "Roaming Offer") (collectively this then became known as the "Restructured Transaction").

Vodacom South Africa and Neotel have confirmed that the agreement between the parties has lapsed due to regulatory complexities in concluding the transaction as well as certain conditions not being fulfilled. Accordingly, the parties have agreed that the proposed restructured transaction can no longer be progressed.

Shareholders are advised that Vodacom South Africa will continue to invest in the development of its own high-speed communication infrastructure to stimulate greater competition in the fixed telecommunications sector and support both its business services offerings and its consumer business.

Midrand
1 March 2016

Sponsor: UBS South Africa (Pty) Limited
ADR depository bank: Deutsche Bank Trust Company Americas