

PRESS STATEMENT

16 February 2009

Competition Commission approves Vodacom/Vodafone merger

The Competition Commission has recommended the approval of the proposed large merger between Vodafone Group Plc and the Vodacom Group (Pty) Ltd and has referred the transaction to the Competition Tribunal for approval.

Currently, Vodacom is jointly controlled by Telkom SA (Pty) Ltd, which holds a 50% shareholding in Vodacom, and Vodafone, which holds 50%.

In terms of the proposed transaction, Vodafone will acquire a further 15% of the issued share capital in Vodacom from Telkom. Vodacom will be listed on the JSE and Telkom will unbundle its remaining 35% shares in Vodacom to its own shareholders. On completion of the proposed transaction, Vodafone will hold 65% of the issued share capital of Vodacom. The remaining shares of Vodacom will be publicly held. Vodafone will exercise sole control over Vodacom post-merger.

During its investigation of the proposed merger the Commission established that Vodafone does not compete with Vodacom in any of the product markets in South Africa. The Commission is also of the view that the vertical integration between the parties is unlikely to result in any substantial prevention or lessening of competition.

The Commission contacted the merging parties' competitors and customers to solicit their views regarding the proposed transaction. No significant competition concerns were raised by either the customers or competitors of the merging parties. The Commission's investigation also revealed that there are other credible players in the relevant markets in which the merging parties are involved.

The Commission also concluded that there were no significant public interest issues that warranted a prohibition or conditional approval of this transaction.

The Tribunal will hold public hearings into the matter on the 25th of February at 10:00.

ENDS

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