



DISCOVERY HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1999/007789/06)
ISIN: ZAE000022331
Share code: DSY
("Discovery" or "the Company")

Circular to Discovery shareholders

relating to:

- an increase in the authorised share capital of Discovery, by the creation of 40 000 000 (forty million) redeemable no par value preference shares ("A Preference Shares");
- an increase in the authorised share capital of Discovery, by the creation of 20 000 000 (twenty million) non-cumulative, non-participating, non-convertible, voluntarily redeemable no par value preference shares with a deemed value of R100 each ("B Preference Shares");
- an increase in the authorised share capital of Discovery, by the creation of 20 000 000 (twenty million) perpetual no par value preference shares ("C Preference Shares");
- the amendment to the Company's Memorandum of Incorporation (the "MOI") to incorporate the rights, privileges, restrictions and conditions attaching to the A Preference Shares, the B Preference Shares and the C Preference Shares;
- the authority for the directors to issue up to 10 000 000 (ten million) of the above mentioned A Preference Shares and 20 000 000 (twenty million) of the above mentioned B Preference Shares for a period of 36 months from the date of filing of the amendments to the MOI incorporating the terms of the applicable preference shares with the Companies and Intellectual Property Commission;
- the approval of the remuneration payable to the directors of Discovery in respect of their services as directors, in terms of section 66 of the Companies Act, 2008 (Act 71 of 2008) (the "Companies Act"); and
- the approval of financial assistance by the Company in terms of section 44 and 45 of the Companies Act to, *inter alia*, its subsidiaries (the Company and its subsidiaries collectively the "Group"), and to, *inter alios*, its directors or any other person who is a participant in any of the Group's applicable share schemes

including:

- a notice of general meeting; and
- a form of proxy (for use by certificated and "own name" dematerialised shareholders only).



**Lead Arranger, Joint Advisor,
Joint Sponsor and Joint Book Runner**



**Joint Advisor, Joint Sponsor
and Joint Book Runner**



Corporate law advisors

Date of issue: 24 June 2011

Corporate information and advisors

Company secretary and registered office

Mr MJ Botha (BCompt)
Discovery Holdings Limited
(Registration number 1999/007789/06)
155 West Street
Sandton 2146
(PO Box 786722, Sandton 2146)

Joint Advisor, Joint Sponsor and Joint Book Runner

Rand Merchant Bank (A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton 2196
(PO Box 786273, Sandton 2146)

Lead Arranger, Joint Advisor, Joint Sponsor and Joint Book Runner

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandown 2196
South Africa
(PO Box 785700, Sandown 2146)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration Number 2004/003647/07)
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Corporate law advisors

Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
150 West Street
Sandown
Sandton 2196
(PO Box 783347, Sandton 2146)

Date of incorporation: 19 April 1999

This circular is available in English only. Copies may be obtained from the registered office of the Company and the transfer secretaries at the addresses set out above.

The general meeting can be accessed by holders of Discovery shares via electronic participation in accordance with the Notice of General Meeting.

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Action required by Discovery shareholders

The definitions and interpretations set out on pages 4 and 5 of this circular apply to this section on action required by Discovery shareholders.

Please take careful note of the following provisions regarding the action required by Discovery shareholders:

If you are in any doubt as to what action to take, please consult your CSDP, broker, attorney, banker or other professional advisor immediately.

The General Meeting of Discovery shareholders will be held at 09h00 on Tuesday, 2 August 2011, in the auditorium, Ground Floor, 155 West Street, Sandton. Discovery shareholders are advised to take careful note of the following provisions relating to the actions required by Discovery shareholders relating to the proposed resolutions:

Action required by Discovery shareholders

1. If you have dematerialised your Discovery shares other than with "own name" registration:

1.1 Voting at the General Meeting

- Your CSDP or broker should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter to cast your vote in accordance with your instructions.
- If you have not been contacted by your CSDP or broker, it is advisable for you to contact your CSDP or broker and furnish it with your voting instructions.
- If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.
- You must not complete the attached form of proxy.

1.2 Attendance and representation at the General Meeting

- In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the General Meeting and your CSDP or broker will issue the necessary letter of representation to you to attend the General Meeting.

2. If you have not dematerialised your Discovery shares or have dematerialised your Discovery shares with "own name" registration:

2.1 Voting and attendance at the General Meeting

- You may attend the General Meeting in person and may vote at the General Meeting.
- Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy in accordance with the instructions it contains and return it to the transfer secretaries to be received by no later than 09h00 on Friday, 29 July 2011 .

In terms of section 61(10) of the Companies Act the holders of shares in a public company must have reasonable access within South Africa to electronic participation at every general meeting. Details in this regard are included in the Notice of General Meeting.

If you wish to dematerialise your Discovery shares, please contact your CSDP or broker.

If you have disposed of all of your Discovery shares, this circular should be handed to the purchaser of such Discovery shares or the CSDP, broker, banker or other agent who disposed of your Discovery shares for you.

Important dates and times

The definitions and interpretations set out on pages 4 and 5 of this circular apply to this section on important dates and times.

2011

| | |
|--|---------------------|
| Record date for determining which shareholders are eligible to receive this circular | Tuesday, 21 June |
| Last day to trade in order to be eligible to vote | Thursday, 21 July |
| Record date for determining which shareholders are entitled to vote | Thursday, 28 July |
| Last day for receipt of proxy forms for the General Meeting by 09h00 on | Friday, 29 July |
| General Meeting to be held at 09h00 on | Tuesday, 2 August |
| Results of the General Meeting released on SENS on | Tuesday, 2 August |
| Results of the General Meeting published in the press on | Wednesday, 3 August |

Notes:

1. The above dates and times are subject to change. Any changes will be released on SENS and published in the press.
2. Any reference to time is a reference to South African time.
3. If the General Meeting is adjourned or postponed, forms of proxy must be received by no later than 48 hours prior to the time of the adjournment or postponed General Meeting (excluding Saturdays, Sundays and official South African public holidays).

Definitions and interpretations

In this circular and its annexure, unless otherwise stated or the context otherwise indicates, the words and expressions in the first column shall have the meaning stated opposite them in the second column and words and expressions in the singular shall include the plural and vice versa, words importing natural persons shall include corporations and associations of persons and vice versa and any reference to one gender shall include the other genders:

| | |
|--|---|
| "A Preference Shares" | 40 000 000 redeemable no par value preference shares having the preferences, rights, limitations and other terms set out in article 52 of the MOI as read with any applicable resolution passed by the Board in respect of such A Preference Shares; |
| "B Preference Shares" | 20 000 000 non-cumulative, non-participating, non-convertible, voluntarily redeemable no par value preference shares with a deemed value of R100 each, having the preferences, rights, limitations and other terms set out in article 53 of the MOI as read with the directors resolution referred to in article 53.3 of the MOI; |
| "C Preference Shares" | 20 000 000 perpetual no par value shares having the preferences, rights, limitations and other terms set out in article 54 of the MOI as read with any applicable resolution passed by the Board in respect of such C Preference Shares; |
| "business day" | any day other than a Saturday, Sunday or public holiday in South Africa; |
| "certificated shareholder" | a Discovery shareholder holding certificated shares; |
| "certificated shares" | Discovery shares represented by a paper share certificate or other physical document(s) of title, which shares have not been surrendered for dematerialisation; |
| "circular" | this circular to Discovery shareholders dated 24 June 2011 incorporating a Notice of General Meeting and a form of proxy; |
| "common monetary area" | South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland; |
| "Commission" | the Companies and Intellectual Property Commission, the official custodian of the legal status of companies, close corporations, co-operatives and intellectual property rights and a member of the Department of Trade and Industry of South Africa; |
| "Companies Act" | the Companies Act, No. 71 of 2008 as amended or replaced; |
| "CSDP" | a person that holds in custody and administers securities or an interest in securities and that has been accepted as a participant by the Central Securities Depository in terms of the Securities Services Act; |
| "dematerialised shareholder" | Discovery shareholder holding dematerialised shares; |
| "dematerialised shares" | Discovery shares which have been dematerialised; |
| "dematerialised" | the process by which certificated shares are converted to or held in an electronic form as uncertificated shares and recorded in the subregister of shareholders maintained by a CSDP; |
| "directors" or "the Board" | the directors of Discovery as listed on page 6 of this circular; |
| "Discovery" or "the Company" | Discovery Holdings Limited (Registration number 1999/007789/06), a public company incorporated in accordance with the laws of South Africa, all of the issued ordinary shares of which are listed on the securities exchange operated by the JSE; |
| "Discovery Group" | Discovery and its subsidiaries from time to time; |
| "Discovery shareholders" or "shareholders" | holders of Discovery shares; |
| "Discovery shares" | ordinary shares, listed on the securities exchange operated by the JSE, with a par value of 0.1 cents each in the issued ordinary share capital of Discovery; |
| "documents of title" | Discovery share certificates, duly completed transfer forms, balance receipts or any other documents of title to certificated Discovery shares acceptable to Discovery; |
| "General Meeting" | the meeting of Discovery shareholders expected to take place at 09h00 on Tuesday, 2 August 2011 in the auditorium, Ground Floor, 155 West Street, Sandton. The meeting has been convened in terms of the Notice of General Meeting attached to this circular; |
| "Income Tax Act" | the Income Tax Act, 1962 (Act 58 of 1962); |

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| “JSE” | the JSE Limited (Registration number 2005/022939/06), a public company duly registered with limited liability under the laws of South Africa and licensed to operate an exchange under the Securities Services Act; |
| “King III” | the King Report on Corporate Governance for South Africa 2009; |
| “last practicable date” | the last practicable date prior to the finalisation of this circular, being 20 June 2011; |
| “Listings Requirements” | the JSE Limited Listings Requirements, as amended from time to time; |
| “MOI” | the memorandum of incorporation of the Company; |
| “Preference Dividend Accrual Date” | 30 June and 31 December of each year; |
| “Prime Rate” | the publicly quoted basic rate of interest (per cent, per annum) compounded monthly in arrears, calculated on a 365 (three hundred and sixty five) day year (irrespective of whether or not the year is a leap year) from time to time quoted by FirstRand Bank Limited (acting through its First National Bank division) (“FNB”) (or its successor) as being its prime overdraft rate, as certified by any manager of FNB (or its successor) whose appointment, authority and/or designation need not be proved, which certificate shall be <i>prima facie</i> proof of the contents thereof; |
| “Rand” or “R” | South African Rand, the official currency of South Africa; |
| “registered office” | the registered office of Discovery being 155 West Street Sandton 2146, Johannesburg (PO Box 786722, Sandton 2146); |
| “Regulatory Capital Requirements” | all requirements, guidelines and policies from time to time of any regulatory authority having supervision over the Discovery Group, relating to such capital adequacy requirements and ratios and/or prudential standards, whether or not such requirements, guidelines or policies have the force of law (but if not having the force of law, which insurers in South Africa comply with customarily) and whether they are applied generally or specifically to the Discovery Group; |
| “Securities Services Act” | the Securities Services Act, No. 36 of 2004, as amended; |
| “SENS” | the Securities Exchange News Service of the JSE; |
| “South Africa” | the Republic of South Africa; |
| “Strate” | Strate Limited, a company duly registered and incorporated with limited liability under the laws of South Africa under registration number 1998/022242/06 and registered as a central securities depository in terms of the Securities Services Act responsible for the electronic custody and settlement system; |
| “transfer secretaries” | Computershare Investor Services (Proprietary) Limited (Registration Number 2004/003647/07), a private company incorporated in South Africa; and |
| “VWAP” | the volume weighted average price. |

DISCOVERY HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1999/007789/06)
ISIN: ZAE000022331
Share code: DSY

Directors

Executive

A Gore (Chief Executive Officer)
R Farber (Financial Director)
HD Kallner
NS Koopowitz
HP Mayers
A Pollard
JM Robertson (Chief Information Officer)
B Swartzberg

Non-executive

MI Hilkowitz (Chairperson)
Dr BA Brink
P Cooper
SB Epstein (USA)
Dr TV Maphai
V Mufamadi
AL Owen (UK)
SE Sebotsa
T Slabbert
SV Zilwa

Circular to Discovery shareholders

1. Introduction and purpose of this circular

The directors are proposing that:

- the Company create:
 - 40 000 000 A Preference Shares;
 - 20 000 000 B Preference Shares; and
 - 20 000 000 C Preference Shares;
- the Company amend its MOI to reflect the new authorised share capital and to record the rights, privileges, restrictions and conditions attached to the A Preference Shares, the B Preference Shares and the C Preference Shares;
- in terms of Discovery's MOI, the shareholders provide the directors with the requisite authority to issue up to:
 - 10 000 000 A Preference Shares; and
 - 20 000 000 B Preference Shares;
during the 36 month period from the date of filing of the amendments to the MOI incorporating the terms of the applicable preference shares with the Commission;
- the remuneration payable to the directors of Discovery in respect of their services as directors be approved; and
- the Company be authorised to provide direct or indirect financial assistance, including without limitation, for the subscription of securities by way of loans, guarantees, the provision of security or otherwise, to *inter alia*, its subsidiaries, and to, *inter alios*, its directors or any other person who is a participant in any of the Group's applicable share schemes, as more fully described in paragraph 4 below.

The purpose of this circular is to furnish the Company's shareholders with information relating to the proposed resolutions, in accordance with the Companies Act and the Listings Requirements of the JSE, and to convene a General Meeting at which the Company's shareholders will be requested to approve the proposed resolutions contained in the Notice of General Meeting attached to and forming part of this circular.

2. Creation of the Preference Shares

2.1 Rationale

Discovery actively manages its capital base in order to enhance shareholder value through its capital management framework. The proposed creation of the A Preference Shares and B Preference Shares, and the subsequent issue of up to 10 000 000 A Preference Shares and all or a portion of the B Preference Shares over the next 36 months would provide additional capital to support the continued growth of Discovery's existing businesses, enhance Discovery's ability to take advantage of future growth opportunities and aide Discovery in further diversifying its funding structure and strengthening its regulatory capital base.

The proposed creation of the C Preference Shares is intended to provide Discovery with flexibility in the future in relation to its capital structuring. No immediate issue of C Preference Shares is envisaged at this time.

2.2 Salient terms of the A Preference Shares

The A Preference Shares shall be issued from time to time at an issue price determined by the directors at each time of issue and having the rights and conditions set forth in article 52, read with the resolution adopted by the directors at such time in relation to each such issue of shares (each "A Preference Share Resolution"). The A Preference Shares are subject to a maximum issuance of R4 billion in the aggregate.

The full terms of the A Preference Shares are set out in the annexure to the Notice of General Meeting which forms part of this circular. The summary below is not conclusive or exhaustive, and potential investors should refer to the Notice of General Meeting for full particulars of the terms and conditions of the A Preference Shares.

Voting rights

The holders of any class of A Preference Shares will only be entitled to vote during periods when an A Preference Share dividend or any part of it, remains in arrear and unpaid after 4 (four) months from the due date thereof, any redemption amount which is due and payable is unpaid or when resolutions are proposed which amend the preferences, rights, limitations and other terms associated with such A Preference Shares, or in such circumstances as provided for in the applicable A Preference Share Resolution.

Should the A Preference Shareholders be entitled to vote at any meeting, then the voting rights attaching to the A Preference Shares shall be the lower of:

- i. 1 (one) vote per A Preference Share; and
- ii. that fraction per A Preference Share such that the aggregate of all of the votes of all of the preference shares in the issued capital of Discovery are less than 25% (twenty five per cent) of the aggregate of all votes held by all shareholders in the company entitled to vote at such meeting.

Entitlements to dividends

The A Preference Shares shall confer upon the holders thereof the right to receive payment of a preference dividend from time to time determined in accordance with the applicable A Preference Share Resolution.

Ranking

The A Preference Shares will rank ahead of the B Preference Shares, the C Preference Shares, the Discovery Shares and any other class of shares in the Company, or as otherwise provided for in the applicable A Preference Share Resolution. In the event that a listing of any class of A Preference Shares is applied for, all A Preference Shares within the same class, will rank *pari passu* in respect of all rights.

Each A Preference Share shall confer upon the holder of that A Preference Share the right of a return of capital on the winding-up of the Company of an amount determined or asset specified in accordance with the applicable A Preference Share Resolution.

2.3 Salient terms of the B Preference Shares

The B Preference Shares are non-cumulative, non-participating, non-convertible, voluntarily redeemable no par value preference shares. The directors shall be entitled to issue all or some of the B Preference Shares from time to time at an issue price determined by the directors. Dividends, if declared, are payable semi-annually on a date which is the earlier of not less than five business days prior to the date on which Discovery pays final and interim ordinary dividends to Discovery shareholders, if any, and 90 calendar days after the applicable Preference Dividend Accrual Date. If dividends which have been declared are not paid within the abovementioned timeframe, they will be considered to be "unpaid" and shall accrue interest at the Prime Rate.

The full terms of the B Preference Shares are set out in the annexure to the Notice of General Meeting which forms part of this circular. The summary below is not conclusive or exhaustive, and potential investors should refer to the Notice of General Meeting for full particulars of the terms and conditions of the B Preference Shares.

Voting rights

The holders of the B Preference Shares will only be entitled to vote during periods when a dividend in respect of a B Preference Share which has been declared or any part of it, remains in arrear and unpaid from the due date for payment thereof, any redemption amount which is due and payable is unpaid and / or when resolutions are proposed which amend the preferences, rights, limitations and other terms associated with such B Preference Shares.

Should the B Preference Shareholders be entitled to vote at any meeting, then the voting rights attaching to the B Preference Shares shall be the lower of:

- i. that proportion of the total votes in the company which the aggregate deemed issue price of the B Preference Shares held by him bear to the aggregate amount of the share capital and/or stated capital of the company; and
- ii. that fraction per B Preference Share held by him such that the aggregate of all of the votes of all of the preference shares in the issued share capital of the company are less than 25% (twenty five per cent) of the aggregate of all votes held by all shareholders in the company entitled to vote at such meeting.

Entitlements to dividends

The directors may resolve to declare and pay in full or in part dividends on the B Preference Shares. If the directors do not resolve to pay such dividends, holders of the B Preference Shares will not have any right to receive any such dividends.

Subject to the above, the holders of the B Preference Shares will receive a semi-annual dividend based on the dividend rate applicable to the B Preference Share (which shall be referenced to the Prime Rate) multiplied by the deemed issue price, on a daily basis. The deemed issue price for the purpose of calculating a dividend in respect of a B Preference Share shall be an amount of R100, notwithstanding the actual issue price of a B Preference Share. The directors shall determine the dividend rate applicable to all the B Preference Shares at the time of the first issue of the B Preference Shares.

The Company shall not be entitled to pay any dividend in respect of the Discovery Shares if, in respect of the corresponding period to which such dividend relates, a dividend in respect of the B Preference Shares has not been paid.

Following Part VIII of Chapter II of the Income Tax Act becoming effective (the "Dividends Tax Circumstances"), then the dividend rate applicable to the B Preference Shares will be increased in accordance with the following formula, namely:

$$\text{NDR} = A / (1 - B)$$

Where:

NDR = the new dividend rate applicable to the B Preference Shares following the occurrence of the Dividends Tax Circumstances;

A = the dividend rate prevailing immediately prior to the occurrence of the Dividends Tax Circumstances;

B = the rate of dividends tax, it being recorded that it is currently anticipated that dividends tax will be levied at 10% (ten per cent).

If there is any amendment to the Income Tax Act, other than as contemplated above, that results in the after tax return to the B Preference Shareholders on account of their holding of the B Preference Shares being reduced, provided such amendment to the Income Tax Act is uniformly applicable to all corporate tax payers and not only because of the particular circumstances of the company or any B Preference Shareholder, the dividend rate will be increased by the Company to the extent of the saving made by the Company as a result of such amendments to the Income Tax Act.

If such amendment to the Income Tax Act does not result in a saving by the Company, then, notwithstanding that such amendment may result in a reduction in the after tax returns of any B Preference Shareholders on account of its holding of B Preference Shares, then the dividend rate shall not be increased. The Company shall be entitled to require its auditors to verify whether it is obliged to increase the percentage of the dividend rate.

Ranking

The B Preference Shares will rank behind any A Preference Shares, *pari passu* with the C Preference Shares and in priority to the Discovery Shares and any other class of shares in the capital of the Company that does not rank prior to or *pari passu* with the B Preference Shares with regard to dividends and repayment of capital on the winding-up of the Company. All the B Preference Shares form part of the same class of share and all B Preference Shares for which listing will be applied, will rank *pari passu* in respect of all rights.

Each B Preference Share shall confer upon the holder of the B Preference Share the right of a return of capital on the winding-up of the Company of an amount equal to the sum of:

- i. all unpaid dividends;
- ii. the Redemption Dividend as defined in article 53.1.20 in the annexure to the Notice of General Meeting; plus
- iii. the deemed issue price (R100).

Regulatory redemption option:

In terms of a regulatory redemption option ("Regulatory Option"), Discovery shall be entitled to redeem all of the B Preference Shares within a reasonable period of time from which the board determines that there has been a change in the Regulatory Capital Requirements as a result of which the B Preference Shares are or will be taken into account in determining the capital adequacy requirements and/or prudential standards applicable to the Discovery Group, differently to that applicable, or anticipated to be applicable as at date on which the resolutions of the shareholders contained herein are approved, provided that such change has an adverse impact in determining the capital adequacy requirements and/or prudential standards applicable to the Discovery Group.

Notice and payment under the Regulatory Option

The Regulatory Option is subject to a notice period of not less than 15 days (or an extended notice period of up to 30 days). Any redemption in terms of the Regulatory Option is subject to the receipt of all applicable regulatory approvals if required.

If Discovery exercises the Regulatory Option, each B Preference Share will be redeemed at the higher of:

- the deemed issue price (being R100); or
- the market price (determined with reference to the “clean” 15 day VWAP of the B Preference Shares prior to the delivery by the Company of a notice exercising the relevant redemption option)

plus:

- i. a premium in an amount equal to 2,5% (two comma five per cent) of the market price per B Preference Share; and
- ii. any applicable dividends,

as determined in article 53.22 in the annexure to the Notice of General Meeting.

2.4 Salient terms of the C Preference Shares

The C Preference Shares shall be issued from time to time at an issue price determined by the directors at each time of issue and having the rights and conditions set forth in article 54, read with the resolution adopted by the directors at such time in relation to each such issue of shares (each “C Preference Share Resolution”). The C Preference Shares are subject to a maximum issuance of R2 billion in the aggregate.

The full terms of the C Preference Shares are set out in the annexure to the Notice of General Meeting which forms part of this circular. The summary below is not conclusive or exhaustive, and potential investors should refer to the Notice of General Meeting for full particulars of the terms and conditions of the C Preference Shares.

Voting rights

The holders of any class of C Preference Shares will only be entitled to vote during periods when a C Preference Share dividend or any part of it, remains in arrear and unpaid after 4 (four) months from the due date thereof, when resolutions are proposed which amend the preferences, rights, limitations and other terms associated with such C Preference Shares, or in such circumstances as provided for in the applicable C Preference Share Resolution.

Should the C Preference Shareholders be entitled to vote at any meeting, then the voting rights attaching to the C Preference Shares shall be the lower of:

- i. 1 (one) vote per C Preference Share; and
- ii. that fraction per C Preference Share such that the aggregate of all of the votes of all of the preference shares in the issued capital of Discovery are less than 25% (twenty five per cent) of the aggregate of all votes held by all shareholders in the company entitled to vote at such meeting.

Entitlements to dividends

The C Preference Shares shall confer upon the holders thereof the right to receive payment of a preference dividend from time to time determined in accordance with the applicable C Preference Share Resolution.

Ranking

The C Preference Shares will rank behind the A Preference Shares, *pari passu* with the B Preference Shares and ahead of the Discovery Shares and any other class of shares in the Company or as otherwise provided for in the applicable C Preference Share Resolution. In the event that a listing of any class of C Preference Shares is applied for, all C Preference Shares within the same class, will rank *pari passu* in respect of all rights.

Each C Preference Share shall confer upon the holder of that C Preference Share the right of a return of capital on the winding-up of the Company of an amount determined or asset specified in accordance with the relevant C Preference Share Resolution.

2.5 Procedure and effect

The proposed Special Resolution Number 1 will effect an increase in the Company’s share capital through the creation of 40 000 000 A Preference Shares and will insert the rights and privileges of the A Preference Shares into the MOI.

The proposed Special Resolution Number 2 will effect an increase in the Company’s share capital through the creation of 20 000 000 B Preference Shares and insert the rights and privileges of the B Preference Shares into the MOI.

The proposed Special Resolution Number 3 will effect an increase in the Company’s share capital through the creation of 20 000 000 C Preference Shares and insert the rights and privileges of the C Preference Shares into the MOI.

The proposed Ordinary Resolution Number 1 will authorise the directors to issue up to 20 000 000 B Preference Shares over the next 36 months. The proposed Ordinary Resolution Number 2 will authorise the directors to issue up to 10 000 000 A Preference Shares over the next 36 months.

The special resolutions required to incorporate the terms of the A Preference Shares, the B Preference Shares and the C Preference Shares in the MOI will become effective on the date on which they are filed with the Commission.

The Discovery Group's authorised and issued share capital at the last practicable date **before** the creation of the A Preference Shares, B Preference Shares and C Preference Shares is as set out below:

| | |
|--|----------------|
| Authorised | |
| 1 000 000 000 ordinary shares with a par value of 0.1 cents per share (R'000) | 1 000 |
| Issued | |
| 591 872 390 ordinary shares with a par value of 0.1 cents per share (R'000) | 592 |
| Share premium (R'mn) | 1 577.4 |
| Total issued share capital (R'mn) | 1 558.0 |
| After the creation of the A Preference Shares, B Preference Shares and C Preference Shares, the Discovery Group's authorised and issued share capital is expected to be as set out below: | |
| Authorised | |
| 1 000 000 000 ordinary shares with a par value of 0.1 cents per share (R'000) | 1 000 |
| 40 000 000 A Preference Shares (R'000) | []* |
| 20 000 000 B Preference Shares (R'000) | 2 000 000 |
| 20 000 000 C Preference Shares (R'000) | []* |
| Issued | |
| 591 872 390 ordinary shares with a par value of 0.1 cents per share (R'000) | 592 |
| Share premium (R'mn) | 1 577.4 |
| Total issued share capital (R'mn) | 1 558.0 |

* Value of share capital to be determined in accordance with each relevant A Preference Share Resolution and C Preference Share Resolution, as may be applicable.

2.6 Amendments to the MOI

The Board proposes that the MOI be amended to incorporate the rights and privileges attaching to the A Preference Shares, B Preference Shares and C Preference Shares in terms of new articles 52, 53 and 54 respectively.

2.7 Authority of the directors to issue A Preference Shares and B Preference Shares

In terms of articles 3.1 and 3.2 of Discovery's MOI, the Board requires the approval of Discovery shareholders to allot and issue shares in the share capital of the Company. As such, it is proposed that shareholders provide requisite authority to the directors to issue up to 10 000 000 A Preference Shares and 20 000 000 B Preference Shares over the next 36 months.

3. Approval of the directors remuneration

The approval of the non-executive directors' remuneration was proposed as an ordinary resolution at the Company's last Annual General Meeting on 30 November 2010 (ordinary resolution number 11), in terms of the relevant provisions applicable at that time. However, since the approval by the shareholders, the Companies Act has come into force and effect on 1 May 2011, and in terms of section 66 thereof, such resolution must be approved as a special resolution. Therefore, the Company requests that a resolution be proposed and passed as a special resolution.

4. Approval of financial assistance

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on an interpretation thereof, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and corporations, including, *inter alia*, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance provided by Discovery to related or inter-related companies, for the financial assistance provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Companies Act provide, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company, when the need previously arose, had to provide loans to and guarantee loans or other obligations of subsidiaries and was not precluded from doing so in terms of its articles of association or in terms of the Companies Act, 61 of 1973, as amended. The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirable for Discovery to provide financial assistance to related or inter-related companies and corporations to subscribe for options or securities or purchase securities of Discovery or another company related or inter-related to it. Under the Companies Act, the Company will, however, require the special resolution referred to above to be adopted. In the circumstances and in order to, *inter alia*, ensure that Discovery's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from Discovery, it is necessary to obtain the approval of shareholders, as set out in special resolution number 5.

Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act. To the extent that any of Discovery's share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in sections 44 and 45) to be provided under such schemes will, *inter alia*, also require approval by special resolution. Accordingly, special resolution number 5 authorises financial assistance to any of Discovery's directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a participant in any of the Company's share or other employee incentive schemes, in order to facilitate their participation in any such schemes that do not satisfy the requirements of section 97 of the Companies Act.

5. Directors' responsibility statements

The directors, whose names appear on page 6 of this circular:

- have considered all statements of fact and opinion in this circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, this circular contains all information required by law and the Listings Requirements.

6. Consents

Each of Rand Merchant Bank (a division of FirstRand Bank Limited), Investec Bank Limited, Edward Nathan Sonnenbergs Inc. and Computershare Investor Services (Proprietary) Limited has provided its written consent to act in the capacity stated and to its name being used in this circular and has not withdrawn its consent prior to the date of this circular.

7. Documents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Discovery, from the date of this circular up to and including the date of the shareholder meeting:

- this circular;
- the existing MOI;
- a draft of the resolutions amending the MOI; and
- the written consents as set out in paragraph 6 above.

By order of the Board

24 June 2011
Sandton

Insertions to Discovery's MOI:

The following articles will be inserted into the Company's MOI, subject to the requisite special resolutions (as contained in the Notice of General Meeting) being approved.

A PREFERENCE SHARES

52. The redeemable A Preference Shares

- 52.1 Each redeemable no par value preference share (the "**A Preference Shares**") shall be issued, from time to time, at an issue price per A Preference Share determined by the directors at the time of issue, provided that the aggregate issue price for all A Preference Shares shall not exceed R4 000 000 000,00 (four billion Rand), and having the rights and conditions set forth in this article 52, read with the resolution adopted by the directors at such time (the resolution adopted in relation to each issue of such shares being the "**A Preference Share Resolution**" in relation to each such issue of shares). Each A Preference Share Resolution may be amended from time to time by a resolution adopted by the directors which has been approved by the holders of such issue of shares to which the applicable A Preference Share Resolution relates.
- 52.2 Subject to the provisions of these articles, different rights and conditions may attach to different classes of A Preference Shares.
- 52.3 The A Preference Shares shall confer upon the holder of each such A Preference Share (the "**A Preference Share Holder**") the right to receive a distribution or payment of a preference dividend (the "**Dividend**") from time to time to be determined in accordance with the applicable A Preference Share Resolution.
- 52.4 The Dividend shall be declared and be due and payable in the manner provided in the applicable A Preference Share Resolution.
- 52.5 Subject to the provisions of the Companies Act (No. 71 of 2008), as amended from time to time (the "**Act**"), the A Preference Shares shall be redeemable at the time and in the manner provided for in article 52.6, read with the applicable A Preference Share Resolution.
- 52.6 Subject to the provisions of the Act, the company shall redeem the A Preference Shares against delivery to the company of the A Preference Share certificate(s) (or, in the event of any such certificate having been lost or destroyed, an appropriate written indemnity), for a redemption consideration (the "**Redemption Consideration**") determined in accordance with the applicable A Preference Share Resolution and, against such payment of such Redemption Consideration and surrender of the A Preference Share certificate, the A Preference Share so redeemed shall cease to form part of the issued capital of the company, but shall continue to form part of the authorised capital of the company.
- 52.7 The A Preference Share Holder shall neither be entitled to attend any meeting of the shareholders of the company nor be entitled to vote, either in person or by proxy, at any such meeting by virtue of or in respect of the A Preference Shares, except:
- 52.7.1 if any Dividend or part thereof (whether declared or not) remains in arrear and unpaid for a period of 4 (four) months after the due date of payment;
- 52.7.2 if any Redemption Consideration has not been paid on the due date of payment therefor;
- 52.7.3 in respect of a resolution which amends the preferences, rights, limitations and other terms associated with such A Preference Shares; and/or
- 52.7.4 in such circumstances as provided for in the applicable A Preference Share Resolution.
- 52.8 Should the A Preference Share Holders be entitled to vote at any meeting in terms of article 52.7, then the voting rights attaching to the A Preference Shares held by the A Preference Share Holders shall be the lower of (i) 1 (one) vote per A Preference Share; and (ii) that fraction per A Preference Share such that the aggregate of all of the votes of all of the preference shares in the issued capital of the company are less than 25% (twenty five per cent) of the aggregate of all votes held by all shareholders in the company entitled to vote at such meeting.
- 52.9 The company shall not be entitled to:
- 52.9.1 vary, amend, delete, add to, alter or cancel any of the terms or conditions applicable to any class of the A Preference Shares; or

52.9.2 create any shares or preference shares or other equity which in any way rank in priority to or *pari passu* with any class of the A Preference Shares whether in relation to dividends, return of capital, or otherwise (but not in relation to voting rights),

unless the company has first obtained:

52.9.3 the prior written consent of the A Preference Share Holders of at least 75% (seventy five percent) of the relevant class of issued A Preference Shares in the capital of the company at that time; or

52.9.4 the prior sanction of a resolution passed at a separate general meeting of A Preference Share Holders of the relevant class of issued A Preference Shares in the capital of the company at that time *mutatis mutandis*:

52.9.4.1 in accordance with the manner prescribed by these articles for general meetings of members of the company; and

52.9.4.2 in the same manner and with the same majorities as required by the Act in respect of a special resolution.

52.10 Subject to article 52.1 and the rights and conditions attached to each class of A Preference Shares, the A Preference Shares shall, on any return of capital whether pursuant to a share purchase by the company, a winding-up of the company or otherwise, entitle the A Preference Share Holders, in priority to any payment in respect of the holders of any other class of shares in the company, except in so far as any applicable A Preference Share Resolution provides otherwise, to an amount determined or asset specified in accordance with the applicable A Preference Share Resolution.

52.11 Save as provided for in this article 52, the A Preference Shares shall not entitle the A Preference Share Holders to any further participation in the profits, funds or assets of the company.

52.12 Any unclaimed Dividend:

52.12.1 shall not bear interest against the company; and

52.12.2 shall be held by the company in trust until claimed by the person entitled thereto, provided that if the company should be wound up in any manner whatsoever, such unclaimed amount shall (in accordance with the Act) be paid over to the guardian's fund for the benefit of the person entitled thereto.

B PREFERENCE SHARES

53 The non-cumulative, non-participating, non-convertible, voluntarily redeemable B Preference Shares

53.1 For purposes of this article 53

53.1.1 **"Applicable Laws"** means all laws, ordinances, writs, orders, regulations, judgments and orders of any competent court or governmental agency or authority in South Africa;

53.1.2 **"B Preference Share Holders"** means the holders of the B Preference Shares from time to time, and "B Preference Share Holder" shall mean any such holder, as the context may require;

53.1.3 **"B Preference Shares"** means the non-cumulative, non-participating, non-convertible, voluntarily redeemable preference shares in the capital of the company, having the rights and privileges set out in this article 53;

53.1.4 **"Business Days"** means all days, excluding Saturdays, Sundays and officially designated public holidays in South Africa;

53.1.5 **"Daily Clean Price"** means, in respect of each Trading Day that occurs during the Relevant Period, the market price of each B Preference Share calculated with reference to the volume weighted average traded price of such B Preference Share on the JSE on such Trading Day less:

53.1.5.1 the Preference Dividend which has accrued in respect of such B Preference Share from (but excluding) the immediately preceding Preference Dividend Accrual Date to (and including) such Trading Day; and

53.1.5.2 if applicable, the Preference Dividend declared but not paid in respect of any prior Dividend Period if such Trading Day falls prior to the last date to register in respect of such Preference Dividend; or

53.1.5.3 if applicable, if such Trading Day falls after any Preference Dividend Accrual Date, but prior to the immediately succeeding Preference Dividend Declaration Date, then an amount calculated in accordance with article 53.8 for the Dividend Period immediately preceding such Preference Dividend Accrual Date;

- 53.1.6 **"Deemed Issue Price"** means, in respect of each B Preference Share, an amount of R100,00 (one hundred Rand), notwithstanding the actual Issue Price of such B Preference Share;
- 53.1.7 **"Dividend Period"** means each period from (and including) a Preference Dividend Accrual Date until (and excluding) the next Preference Dividend Accrual Date, provided that:
- 53.1.7.1 the first Dividend Period shall mean the period from (and including) the date of first issue of the B Preference Shares up to (and excluding) the next following Preference Dividend Accrual Date; and
- 53.1.7.2 the last Dividend Period shall mean the period from (and including) the Preference Dividend Accrual Date immediately preceding (i) the winding-up of the company or (ii) the date on which the company exercises its rights under the Regulatory Option, up to (and excluding) the Final Date;
- 53.1.8 **"Dividends Tax"** means, if applicable under the Income Tax Act or any other legislation, (including under the new Part VIII of Chapter II to the Income Tax Act set out in section 56 of the Revenue Laws Amendment Act No. 60 of 2008 passed by the parliament of South Africa on 14 November 2008), any tax (other than secondary tax on companies) imposed on dividends declared or paid by a company, whether such tax is payable directly by the beneficial owner of such shares or by the company declaring or paying the dividend, or recovered by means of a withholding effected by the company declaring or paying the dividend or effected by any other person (including any intermediary);
- 53.1.9 **"Final Date"** means the date on which the amounts set out in article 53.5 are paid to the B Preference Share Holders;
- 53.1.10 **"Group"** means the company and its subsidiaries (as such term is defined in the Act);
- 53.1.11 **"Income Tax Act"** means the Income Tax Act, No. 58 of 1962, as amended;
- 53.1.12 **"JSE"** means any of the securities exchanges operated by the JSE Limited (Registration No. 2005/022939/06), a limited liability company duly registered and incorporated in South Africa being licensed in terms of section 8 of the Securities Services Act, 2004 (Act No. 36 of 2004);
- 53.1.13 **"Market Price"** means, in respect of each B Preference Share, the market price of such B Preference Share calculated with reference to the 15 (fifteen) Trading Day volume weighted average Daily Clean Price of such B Preference Share;
- 53.1.14 **"Preference Dividend"** means a discretionary, non-cumulative, non-participating preference dividend on the B Preference Shares calculated in accordance with article 53.8;
- 53.1.15 **"Preference Dividend Accrual Date"** means 30 June and 31 December in each year;
- 53.1.16 **"Preference Dividend Declaration Date"** means, the earlier of:
- 53.1.16.1 the date on which the company actually declares a Preference Dividend; and
- 53.1.16.2 the date which is 15 (fifteen) Trading Days prior to any Preference Dividend Payment Date;
- 53.1.17 **"Preference Dividend Payment Date"** means, in respect of any Preference Dividend which is declared, the earlier of:
- 53.1.17.1 the date which is not less than 5 (five) Business Days prior to the date on which the company pays a dividend in respect of its ordinary shares, if any, in respect of the period corresponding to the Dividend Period in respect of such Preference Dividend; and
- 53.1.17.2 the date which falls 90 (ninety) days after the applicable Preference Dividend Accrual Date;
- 53.1.18 **"Preference Dividend Rate"** means the dividend rate applicable to the B Preference Shares from time to time, as provided for in articles 53.3 and 53.18;
- 53.1.19 **"Prime Rate"** means the publicly quoted basic rate of interest (per cent, per annum) compounded monthly in arrears, calculated on a 365 (three hundred and sixty five) day year (irrespective of whether or not the year is a leap year) from time to time quoted by FirstRand Bank Limited (acting through its First National Bank division ("**FNB**") (or its successor) as being its prime overdraft rate, as certified by any manager of FNB (or its successor) whose appointment, authority and/or designation need not be proved, which certificate shall be *prima facie* proof of the contents thereof;
- 53.1.20 **"Redemption Dividend"** means a Preference Dividend in the amount of:
- 53.1.20.1 the Preference Dividend per B Preference Share calculated from (and including) the immediately preceding Preference Dividend Accrual Date up to (but excluding) the Regulatory Option Redemption Date; plus

- 53.1.20.2 if the Regulatory Option Redemption Date or the date of the winding-up of the company, as the case may be, falls after a Preference Dividend Accrual Date but prior to the immediately succeeding Preference Dividend Declaration Date, a Preference Dividend in an amount calculated in accordance with article 53.8 for the Dividend Period contemplated in article 53.1.5.3;
- 53.1.21 **"Regulatory Capital Requirements"** means all requirements, guidelines and policies from time to time of any regulatory authority having supervision over the Group, relating to such capital adequacy requirements and ratios and/or prudential standards, whether or not such requirements, guidelines or policies have the force of law (but if not having the force of law, which insurers in South Africa comply with customarily) and whether they are applied generally or specifically to the Group;
- 53.1.22 **"Regulatory Option"** means the call option granted by the B Preference Share Holders to the company in terms of article 53.21;
- 53.1.23 **"Regulatory Option Redemption Date"** has the meaning ascribed thereto in article 53.21.2 hereof;
- 53.1.24 **"Relevant Period"** means the period which is 15 (fifteen) Trading Days prior to the delivery by the Company of the Regulatory Redemption Notice, pursuant to the exercise of the Regulatory Option, as described in article 53.21;
- 53.1.25 **"South Africa"** means the Republic of South Africa;
- 53.1.26 **"Trading Day"** means any day that is a trading day on the JSE and does not include a day on which trading on the JSE is scheduled to close prior to its regular weekday closing time;
- 53.1.27 **"Unpaid Dividends"** means, in respect of any B Preference Share, any Preference Dividend that has been declared but that has not been paid on the applicable Preference Dividend Payment Date.
- 53.2 The directors of the company shall be entitled to issue all or some of the B Preference Shares from time to time at an issue price determined by the directors at each time of issue and having the rights and conditions set forth in this article 53. All B Preference Shares issued will be of the same class.
- 53.3 The Preference Dividend Rate will be equal to a percentage of the Prime Rate determined by the directors of the company at the time of first issue of the B Preference Shares, and subject to adjustment in terms of article 53.18.
- 53.4 Interest shall accrue on any Unpaid Dividends at the Prime Rate calculated from the due date for payment thereof, which interest shall be payable by the company to the B Preference Share Holders when the Unpaid Dividends are paid.
- 53.5 Each B Preference Share shall rank behind any A Preference Share and *pari passu* with the C Preference Shares and any other preference shares in the capital of the company with regard to dividends and repayment of capital on the winding-up of the company.
- 53.6 Each B Preference Share shall confer upon the B Preference Share Holder thereof the right of a return of capital on the winding-up of the company of an amount equal to the sum of (i) all Unpaid Dividends in respect of that B Preference Share; plus (ii) the Redemption Dividend; plus (iii) the Deemed Issue Price.
- 53.7 Subject to (i) approval by the board of directors of the company; (ii) the requirements of Applicable Law; and (iii) any applicable Regulatory Capital Requirements, each B Preference Share shall confer upon the B Preference Share Holder thereof the right to receive from time to time, the Preference Dividend, in priority to any payment of dividends or other distribution to the holders of any other class of shares in the capital of the company not ranking prior to or *pari passu* with the B Preference Shares.
- 53.8 Subject to the provisions of article 53.7, the Preference Dividend payable per B Preference Share in respect of each Dividend Period shall be calculated by multiplying the Deemed Issue Price by the Preference Dividend Rate (determined on a 365 (three hundred and sixty five) day year, irrespective of whether the year is a leap year or not), which shall be applied on a daily basis in arrear, for that Dividend Period. All of the amounts calculated by such multiplication for each day of the Dividend Period shall be aggregated to calculate the Preference Dividend payable in respect of the entire Dividend Period. Because the Preference Dividend Rate is a percentage of the Prime Rate, the Preference Dividend Rate applicable during any Dividend Period shall vary in accordance with any variations in the Prime Rate during that Dividend Period.
- 53.9 The Preference Dividends shall, if declared in terms of article 53.7:
- 53.9.1 accrue on the Preference Dividend Accrual Date;
- 53.9.2 be payable by no later than the Preference Dividend Payment Date.
- 53.10 If a Preference Dividend is not declared by the company in respect of the Dividend Period to which such Preference Dividend Accrual Date relates:

- 53.10.1 then such Preference Dividend will not accumulate and will accordingly never become payable by the company to the B Preference Share Holders; and
- 53.10.2 the company will not, in respect of such Dividend Period, be entitled to pay any dividend in respect of its ordinary shares.
- 53.11 Save as set out in articles 53.5, 53.7 and 53.10 above, the B Preference Shares shall not be entitled to any further participation in the profits or assets of the company nor, on a winding-up, to any surplus assets of the company.
- 53.12 Any unclaimed Preference Dividend:
- 53.12.1 shall not bear interest against the company; and
- 53.12.2 shall be held by the company in trust until claimed by the person entitled thereto, provided that if the company should be wound up in any manner whatsoever, such unclaimed amount shall (in accordance with the Act) be paid over to the guardian's fund for the benefit of the person entitled thereto.
- 53.13 The B Preference Share Holders shall be entitled to receive notice of, and to be present, either in person or by proxy, at any general meeting of the company, but they shall not be entitled to vote at any such meeting, by virtue of or in respect of the B Preference Shares, unless either or both of the following circumstances prevail at the date of the meeting:
- 53.13.1 any Preference Dividend or any part thereof has become an Unpaid Dividend; or
- 53.13.2 any amount contemplated in article 53.22 has not paid been on the due date of payment therefor; or
- 53.13.3 a resolution of the company is proposed which amends the preferences, rights, limitations and other terms associated with such B Preference Shares.
- 53.14 Notwithstanding any provisions to the contrary contained herein:
- 53.14.1 the terms of the B Preference Shares may not be modified, altered, varied, added to or abrogated; and
- 53.14.2 the company shall not be entitled at any time after the date of first issue of the B Preference Shares to create any further shares ranking in priority to or *pari passu* with the B Preference Shares,
 without the consent in writing of the B Preference Share Holders holding not less than 75% (seventy five percent) of the B Preference Shares or the sanction of a resolution of the B Preference Share Holders, passed at a separate general meeting of the B Preference Share Holders, at which the B Preference Share Holders, holding in aggregate not less than one-quarter of the total votes of all the B Preference Share Holders entitled to vote at that meeting are present in person or by proxy, and the resolution has been passed by not less than three-quarters of the total votes to which the B Preference Share Holders present in person or by proxy are entitled, provided that preference shares of a different class shall not rank ahead of the B Preference Shares merely due to the rights attaching to those preference shares differing from the rights attaching to the B Preference Shares.
- 53.15 Payment in respect of Preference Dividends on each Preference Dividend Payment Date shall be made by electronic transfer for credit to an account nominated in writing by each B Preference Share Holder.
- 53.16 At every general meeting of the company at which the B Preference Share Holders as well as other classes of shares are present and entitled to vote, a B Preference Share Holder shall be entitled to the lower of (i) that proportion of the total votes in the company which the aggregate Deemed Issue Price of the B Preference Shares held by him bear to the aggregate amount of the share capital and/or stated capital of the company; and (ii) that fraction per B Preference Share held by him such that the aggregate of all of the votes of all of the preference shares in the issued share capital of the company are less than 25% (twenty five per cent) of the aggregate of all votes held by all shareholders in the company entitled to vote at such meeting.
- 53.17 At a meeting of the B Preference Share Holders, the provisions of these articles relating to general meetings of ordinary members shall apply, *mutatis mutandis*, except that a quorum at any such meeting shall be any person or persons holding or representing by proxy, at least 2 (two) of the B Preference Shares, provided that if at any adjournment of such meeting a quorum is not so present, the provisions of these articles relating to adjourned general meetings shall apply, *mutatis mutandis*.
- 53.18 Following Part VIII of Chapter II of the Income Tax Act becoming effective (the "Dividends Tax Circumstances"), then the percentage of the Prime Rate referred to in article 53.3 above will be increased in accordance with the following formula, namely:

$$\text{NDR} = A/(1 - B)$$

Where:

- NDR = the new Dividend Rate applicable to the B Preference Shares following the occurrence of the Dividends Tax Circumstances;
- A = the Dividend Rate prevailing immediately prior to the occurrence of the Dividends Tax Circumstances;
- B = the rate of Dividends Tax, it being recorded that as at the date of this Resolution, it is anticipated that Dividends Tax will be levied at 10% (ten per cent).

- 53.19 If there is any amendment to the Income Tax Act, other than that contemplated in article 53.18, that results in the after tax return to the B Preference Share Holders on account of their holding of the B Preference Shares being reduced, provided such amendment to the Income Tax Act is uniformly applicable to all corporate tax payers and not only because of the particular circumstances of the company or any B Preference Share Holder, the Dividend Rate will be increased by the company to the extent of the saving made by the company as a result of such amendments to the Income Tax Act. If such amendment to the Income Tax Act does not result in a saving by the company, then, notwithstanding that such amendment may result in a reduction in the after tax returns of any B Preference Share Holder on account of its holding of B Preference Shares, then the Dividend Rate shall not be increased. The company shall be entitled to require its auditors to verify whether it is obliged to increase the percentage of the Dividend Rate in accordance with this article 53.18. The auditors, in deciding whether such increase is required in terms of this article 53.18, shall act as experts and not as arbitrators and their decision shall, in the absence of manifest error, be final and binding on the company and all B Preference Share Holders. The cost of such auditors shall be borne and paid by the company.
- 53.20 Subject to Applicable Law, the B Preference Shares shall only be redeemable at the time and in the manner provided for in articles 53.21 and 53.22 below.
- 53.21 The company is entitled, within a reasonable period of time from which the board of directors of the company determines that, at any time after the date of issue of the first of B Preference Shares, there has been a change in the Regulatory Capital Requirements as a result of which the B Preference Shares are taken into account or will be taken into account in determining the capital adequacy requirements and/or prudential standards applicable to the Group, differently to that applicable, or anticipated to be applicable, to the Group as at the date of the adoption of this article 53, provided that such change in Regulatory Capital Requirements has an adverse impact in determining the capital adequacy requirements and/or prudential standards applicable to the Group, to redeem all of the B Preference Shares (the **"Regulatory Option"**) provided that:
- 53.21.1 all applicable regulatory approvals have been obtained;
- 53.21.2 not less than 15 (fifteen) days' written notice has been given by the company to the B Preference Share Holders (the **"Regulatory Redemption Notice"**), which notice shall stipulate a date for redemption of the B Preference Shares (the **"Regulatory Option Redemption Date"**), provided that such Regulatory Option Redemption Date can be extended by up to 30 (thirty) days by the company giving written notice to the B Preference Share Holders, such notice to stipulate a new Regulatory Option Redemption Date).
- 53.22 If the company exercises the Regulatory Option, then the company shall redeem all of the B Preference Shares on the Regulatory Option Redemption Date. Each B Preference Share shall be redeemed at a redemption price per B Preference Share equal to the higher of:
- 53.22.1 the Deemed Issue Price per B Preference Share; and
- 53.22.2 the Market Price per B Preference Share,
- plus (i) a premium in an amount equal to 2,5% (two comma five per cent) of the Market Price per B Preference Share; plus (ii) the Redemption Dividend; plus (iii) any Unpaid Dividends, such Preference Dividends to be declared and paid on the Regulatory Option Redemption Date.

C PREFERENCE SHARES

54. The perpetual C Preference Shares

- 54.1 Each no par value perpetual preference share (the **"C Preference Shares"**) shall be issued, from time to time, at an issue price per C Preference Share determined by the directors at the time of issue, provided that the aggregate issue price for all C Preference Shares shall not exceed R2 000 000 000,00 (two billion Rand), and having the rights and conditions set forth in this article 54, read with the resolution adopted by the directors at such time (the resolution adopted in relation to each issue of such shares being the **"C Preference Share Resolution"** in relation to each such issue of shares). Each C Preference Share Resolution may be amended from time to time by a resolution adopted by the directors which has been approved by the holders of such issue of shares to which the applicable C Preference Share Resolution relates.

- 54.2 Subject to the provisions of these articles, different rights and conditions may attach to different classes of C Preference Shares.
- 54.3 The C Preference Shares shall confer upon the holder of each such C Preference Share (the **"C Preference Share Holder"**) the right to receive a distribution or payment of a preference dividend (the **"Dividend"**) from time to time to be determined in accordance with the applicable C Preference Share Resolution.
- 54.4 The Dividend shall be declared and be due and payable in the manner provided in the applicable C Preference Share Resolution.
- 54.5 The C Preference Share Holder shall neither be entitled to attend any meeting of the shareholders of the company nor be entitled to vote, either in person or by proxy, at any such meeting by virtue of or in respect of the C Preference Shares, except:
- 54.5.1 if any Dividend or part thereof (whether declared or not) remains in arrear and unpaid for a period of 4 (four) months after the due date of payment; or
- 54.5.2 in respect of a resolution which amends the preferences, rights, limitations and other terms associated with such C Preference Shares; and/or
- 54.5.3 in such circumstances as provided for in the applicable C Preference Share Resolution.
- 54.6 Should the C Preference Share Holders be entitled to vote at any meeting of the company in terms of article 54.5, then the voting rights attaching to the C Preference Shares held by the C Preference Share Holders shall be the lower of (i) 1 (one) vote per C Preference Share; and (ii) that fraction per C Preference Share such that the aggregate of all of the votes of all of the preference shares in the issued capital of the company are less than 25% (twenty five per cent) of the aggregate of all votes held by all shareholders in the company entitled to vote at such meeting.
- 54.7 The company shall not be entitled to:
- 54.7.1 vary, amend, delete, add to, alter or cancel any of the terms or conditions applicable to any class of the C Preference Shares; or
- 54.7.2 create any shares or preference shares or other equity which in any way rank in priority to or *pari passu* with any class of the C Preference Shares, whether in relation to dividends, return of capital, or otherwise (but not in relation to voting rights),
- unless the company has first obtained:
- 54.7.3 the prior written consent of the C Preference Share Holders of at least 75% (seventy five percent) of the relevant class of issued C Preference Shares in the capital of the company at that time; or
- 54.7.4 the prior sanction of a resolution passed at a separate general meeting of C Preference Share Holders of the relevant class of issued C Preference Shares in the capital of the company at that time *mutatis mutandis*:
- 54.7.4.1 in accordance with the manner prescribed by these articles for general meetings of members of the company; and
- 54.7.4.2 in the same manner and with the same majorities as required by the Act in respect of a special resolution.
- 54.8 The C Preference Shares shall, on any return of capital whether pursuant to a share purchase by the company, a winding-up of the company or otherwise, entitle the C Preference Share Holders, in priority to any payment in respect of the holders of any other class of shares in the company other than the A Preference Shares but *pari passu* with the B Preference Shares, to an amount determined or asset specified in accordance with the applicable C Preference Share Resolution.
- 54.9 Save as provided for in this article 54, the C Preference Shares shall not entitle the C Preference Share Holders to any further participation in the profits, funds or assets of the company.
- 54.10 Any unclaimed Dividend:
- 54.10.1 shall not bear interest against the company; and
- 54.10.2 shall be held by the company in trust until claimed by the person entitled thereto, provided that if the company should be wound up in any manner whatsoever, such unclaimed amount shall (in accordance with the Act) be paid over to the guardian's fund for the benefit of the person entitled thereto.

DISCOVERY HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1999/007789/06)
ISIN: ZAE000022331
Share code: DSY

Notice of general meeting of Discovery shareholders

Notice is hereby given that a General Meeting of holders of Discovery shares, as at the record date of 21 June 2011, will be held in the auditorium, Ground Floor, 155 West Street, Sandton on Tuesday, 2 August 2011, at 09h00 for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions ("General Meeting") in the manner required by the Companies Act, 2008 (Act 71 of 2008) (the "Companies Act"), as read with the Listings Requirements, which meeting is to be participated in and voted at by the holders as at the record date of 28 July 2011, in terms of section 62(3)(a), as read with section 59 of the Companies Act.

Please note that the Company intends to provide for participation by way electronic communication to the holders of Discovery shares to participate in the general meeting. In this regard please read the notes at the end of the notice.

Special resolution number 1

"RESOLVED AS A SPECIAL RESOLUTION THAT, in terms of sections 36 and 37(5)(b) of the Companies Act, the Company hereby authorises the creation of 40 000 000 (forty million) preference shares, having the preferences, rights, limitations and other terms (the "A Preference Shares"), which are hereby deemed to be incorporated, as article 52, into the Company's Memorandum of Incorporation ("MOI"), as outlined in the annexure hereto."

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to increase the authorised share capital of the Company and incorporate the terms of the A Preference Shares in the Company's MOI. The effect of special resolution number 1 is to create 40 000 000 A Preference Shares and incorporate the preferences, rights, limitations and other terms of the A Preference Shares in the Company's MOI.

Special resolution number 2

"RESOLVED AS A SPECIAL RESOLUTION THAT, in terms of sections 36 and 37(5)(b) of the Companies Act, the Company hereby authorises the creation of 20 000 000 (twenty million) preference shares, having the preferences, rights, limitations and other terms (the "B Preference Shares"), which are hereby deemed to be incorporated, as article 53, into the Company's MOI, as outlined in the annexure hereto."

Reason for and effect of special resolution number 2

The reason for special resolution number 2 is to increase the authorised share capital of the Company and incorporate the terms of the B Preference Shares in the Company's MOI. The effect of special resolution number 2 is to create 20 000 000 B Preference Shares and incorporate the preferences, rights, limitations and other terms of the B Preference Shares in the Company's MOI.

Special resolution number 3

"RESOLVED AS A SPECIAL RESOLUTION THAT, in terms of sections 36 and 37(5)(b) of the Companies Act, the Company hereby authorises the creation of 20 000 000 (twenty million) C Preference Shares, having the preferences, rights, limitations and other terms (the "C Preference Shares"), which are hereby deemed to be incorporated, as article 54, into the Company's MOI, as outlined in the annexure hereto."

Reason for and effect of special resolution number 3

The reason for special resolution number 3 is to increase the authorised share capital of the Company and incorporate the terms of the C Preference Shares in the Company's MOI. The effect of special resolution number 3 is to create 20 000 000 C Preference Shares and incorporate the preferences, rights, limitations and other terms of the C Preference Shares in the Company's MOI.

Special resolution number 4

Approval of directors' remuneration for their services as directors

The approval of the non-executive directors' remuneration was proposed as an ordinary resolution at the Company's last Annual General Meeting on 30 November 2010 (ordinary resolution number 11), in terms of the relevant provisions applicable at such time.

However, since the approval by the shareholders the Companies Act has come into force and effect on 1 May 2011, and in terms of section 66 thereof such resolution must be approved as a special resolution. Therefore, the Company requests that the resolution be proposed and passed as a special resolution.

“RESOLVED AS A SPECIAL RESOLUTION THAT, the remuneration of the directors, for their services as directors (in terms of section 66 of the Companies Act), as set out below, be and is hereby approved for a period of 2 (two) years from the passing of this resolution or until its renewal, whichever is the earliest.

| | Amounts Approved at AGM |
|--|-------------------------|
| Retainer for the chairperson | \$262 500 |
| SA based board retainer | R241 000 |
| SA based committee chairperson retainer | R150 000 |
| SA based committee members retainer | R86 000 |
| SA based committee chairperson attendance fees | R16 000 per meeting |
| SA based committee member attendance fee | R11 000 per meeting |
| US based board retainer | \$65 100 |
| UK based board retainer | £49 600 |
| UK based committee chairperson retainer | £16 800 |
| UK based committee chairperson attendance fee | £2 100 per meeting |
| UK based committee member retainer | £6 700 |
| UK based committee member attendance fee | £840 per meeting |

The fees payable to non-executive directors are, from time to time, benchmarked to other local and international financial services companies and companies with a similar market capitalisation.”

The holders are requested to approve an annual increase not exceeding 10% on the amounts payable to the directors.

Reason for and effect of special resolution number 4

Section 66 of the Companies Act requires the approval of the remuneration payable to the directors in respect of their services as directors, which approval must be obtained within the previous 2 (two) years. Furthermore, specific remuneration payable to directors must be approved in advance in terms of the Listings Requirements and as recommended by King III. The effect of special resolution number 4 is that the fees payable to the directors are approved.

Special resolution number 5

Financial assistance in terms of section 44 and 45 of the Companies Act

“Resolved that, to the extent required by the Companies Act, the board of directors of the Company may, subject to compliance with the requirements of the Company’s MOI, the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of loans, guarantees, the provision of security or otherwise, to –

1. any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act; and
2. any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Group’s share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act,

such authority to endure until the forthcoming annual general meeting of the Company.”

Reason for and effect of special resolution number 5

The reason for special resolution number 5 is to obtain approvals from the shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. The effect of special resolution number 5 is that the Company will have the necessary authority as and when required.

The Board undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that –

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Ordinary resolution number 1

General authority to directors to allot and issue A Preference Shares

“Resolved that, as required by and subject to the Company’s MOI, and subject to the provisions of the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, the directors are authorised, as they in their discretion think fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 10 000 000 A Preference Shares from the authorised but unissued A Preference Shares in the share capital of the Company, such authority shall endure for 36 (thirty six) months from the date of filing of the amendments to the MOI incorporating the terms of the A Preference Shares.”

The reason for ordinary resolution number 1 is that in terms of articles 3.1 and 3.2 of the Company’s MOI, read with the Listings Requirements, the holders of Discovery Shares may authorise the directors to, *inter alia*, issue up to 10 000 000 of the unissued A Preference Shares and/or grant options over them, as the directors in their discretion think fit. The authority will be subject to the Companies Act and the Listings Requirements respectively. The effect of ordinary resolution number 1 is to ensure that the directors have the necessary flexibility to allot and issue up to 10 000 000 A Preference Shares as they deem fit.

Ordinary resolution number 2

General authority to directors to allot and issue B Preference Shares

“Resolved that, as required by and subject to the Company’s MOI, and subject to the provisions of the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, the directors are authorised, as they in their discretion think fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 20 000 000 B Preference Shares from the authorised but unissued B Preference Shares in the share capital of the Company, such authority shall endure for (thirty six) months from the date of filing of the amendments to the MOI incorporating the terms of the B Preference Shares.”

The reason for ordinary resolutions number 2 is that in terms of articles 3.1 and 3.2 of the Company’s MOI, read with the Listings Requirements, the holders of Discovery shares in the Company may authorise the directors to, *inter alia*, issue any unissued B Preference Shares and/or grant options over them, as the directors in their discretion think fit. The authority will be subject to the Companies Act and the Listings Requirements respectively. The effect of ordinary resolution number 2 is to ensure that the directors have the necessary flexibility to allot and issue the B Preference Shares as they deem fit.

Ordinary resolution number 3

Directors authority to take all such actions necessary to implement the above resolutions

“Resolved that any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the resolutions to be proposed at the meeting convened to consider this ordinary resolution.”

The reason for ordinary resolution number 3 is to authorise any director to attend to the necessary to implement the resolutions and to sign all documentation required to record the resolutions. The effect of ordinary resolution number 3 is that any director will be authorised to attend on behalf of the Company.

Voting, electronic participation and proxies

Discovery shareholders who hold certificated shares in the Company or who holds dematerialised shares in the Company through a Central Securities Depository Participant (“CSDP”) or broker and who has selected “own name” registration, may attend, speak and vote at the General Meeting or may appoint any other person or persons (none of whom need be a Discovery shareholder) as a proxy or proxies, to attend, speak and vote at the General Meeting in such Discovery shareholder’s stead.

Shareholders wishing to participate electronically in the general meeting are required to deliver written notice to the Company at 155 West Street, Sandton (marked for the attention of Mr Thys Botha, Company Secretary) by no later than 09h00 on Friday 29 July 2011 that they wish to participate via electronic communication at the general meeting (the “Electronic Notice”). In order for the Electronic Notice to be valid it must contain: (a) if the Shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The authority resolution must set out who from the relevant entity is authorised to represent the entity at the general meeting via electronic communication; (c) a valid e-mail address and/or facsimile number (the “Contact Address/Number”); and (d) if the Shareholder wishes to vote via electronic communication, set out that the Shareholder wishes to vote via electronic communication. By no later than 24 (twenty four) hours before the general meeting the Company shall use its reasonable endeavours to notify a Shareholder at

its Contract Address/Number who has delivered a valid Electronic Notice of the relevant details through which the Shareholder can participate via electronic communication.

Should you wish to participate in the general meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in on the date of the general meeting. The dial-in facility will be linked to the venue at which the general meeting will take place on the date of, and from the time of commencement of, the general meeting. The dial-in facility will enable all persons to participate electronically in the general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the general meeting.

A proxy form is enclosed for use by Discovery shareholders holding certificated shares in the Company or by Discovery shareholders holding dematerialised shares in the Company through a CSDP or broker and who have selected "own name" registration. Such proxy form, duly completed, must be forwarded to reach the transfer secretaries of the Company, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to them at PO Box 61051, Marshalltown, 2107 to be received, by no later than 09h00 on Friday, 29 July 2011.

On a show of hands, every Discovery shareholder present in person or represented by proxy shall have one vote only. On a poll, every Discovery shareholder shall have one vote for every share held in the Company by such Discovery shareholder.

Any Discovery shareholder who holds dematerialised shares in the Company and has not selected "own name" registration, should contact his/her CSDP or broker in the manner and time stipulated in their agreement with such CSDP or broker:

- to furnish him/her with such Discovery shareholder's voting instruction;
- in the event that such Discovery shareholder wishes to attend the General Meeting, to obtain the necessary authority to do so.

By order of the Board

Mr MJ Botha

Group Secretary

24 June 2011

Registered office

Discovery Holdings Limited
155 West Street
Sandton 2146
Johannesburg
(PO Box 786722, Sandton 2146)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

DISCOVERY HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1999/007789/06)
ISIN: ZAE000022331
Share code: DSY

Form of proxy for use by certificated Discovery shareholders and “own-name” dematerialised Discovery shareholders only

For use only:

- by holders of **certificated shares** of the Company; and
- holders of **dematerialised shares** in the Company held through a Central Securities Depository Participant (“CSDP”) or broker and who have selected “own name” registration;

at the **General Meeting** of the Company to be held at 09h00 on Tuesday, 2 August 2011, in the auditorium, Ground Floor, 155 West Street, Sandton or at any adjournment thereof (“General Meeting”).

If you are a Discovery shareholder entitled to attend and vote at the General Meeting you can appoint a proxy or proxies to attend, vote and speak in your stead. A proxy need not be a Discovery shareholder of the Company.

If you are a Discovery shareholder and have dematerialised your share certificates through a CSDP (and have not selected “own name” registration in the sub-register maintained by a CSDP), **do not** complete this form of proxy but instruct your CSDP to issue you with the necessary letter of representation to attend the General Meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We _____ (full names in block letters)

of _____ (address)

being a holder/s of _____ **shares** in the Company, hereby appoint (see note 2)

1. _____ or (or failing him/her)

2. _____ or (or failing him/her)

3. the Chairman of the Company, or failing him, the Chairman of the General Meeting, as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the a special resolution to be proposed thereat and at any adjournment thereof.

| | Number of votes (one per share) | | |
|---|---------------------------------|---------|---------|
| | In favour | Against | Abstain |
| Special resolution number 1 Increase in the authorised share capital through the creation of 40 000 000 A Preference Shares | | | |
| Special resolution number 2 Increase in the authorised share capital through the creation of 20 000 000 B Preference Shares | | | |
| Special resolution number 3 Increase in the authorised share capital through the creation of 20 000 000 C Preference Shares | | | |
| Special resolution number 4 Approval of the remuneration payable to the directors in respect of their services as directors | | | |
| Special resolution number 5 Approval of financial assistance as contemplated in sections 44 and 45 of the Companies Act | | | |
| Ordinary resolution number 1 Placing up to 10 000 000 A Preference Shares under the control of the directors | | | |
| Ordinary resolution number 2 Placing up to 20 000 000 B Preference Shares under the control of the directors | | | |
| Ordinary resolution number 3 Directors authority to take all such actions necessary to implement the above resolutions | | | |

Note: Please indicate with an “x” in the spaces above how you wish your votes to be cast.

Signed at _____ on this day of _____ 2011

Signature _____

Notes

1. A Discovery shareholder is entitled to appoint one or more proxies (none of whom need be a Discovery shareholder of the Company) to attend, speak and vote or abstain from voting in the place of that Discovery shareholder at the General Meeting.
2. A Discovery shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the Discovery shareholder's choice in the space provided, with or without deleting the words "the Chairman of the Company or failing him the Chairman of the General Meeting". The person whose name appears first on the proxy form and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Discovery shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box. Failure to comply with the above will be deemed to authorise the Chairman of the Company or failing him the Chairman of the General Meeting, if he is the authorised proxy, to vote in favour of resolution at the General Meeting, or any other proxy to vote or abstain from voting at the General Meeting as he deems fit, in respect of the Discovery shareholder's total holding.
4. The completion and lodging of this form of proxy will not preclude a Discovery shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Discovery shareholder wish to do so.
5. In case of joint ordinary/Discovery shareholders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint ordinary/Discovery shareholders, for which purpose seniority will be determined by the order in which the names appear on the Company's register of Discovery shareholders in respect of the joint holding.
6. If a Discovery shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
7. The Chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the Chairman of the General Meeting.
9. Any alternation or correction to this form of proxy must be initialled by the signatory/ies, other than the deletion of alternatives.
10. Forms of proxy must be lodged with or posted to the Company, c/o Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), to be received by no later than 09h00 on Friday, 29 July 2011.
11. A proxy may not delegate his/her authority to act on behalf of the Discovery shareholder to another person.

