

SOUTH AFRICAN AIRWAYS (SOC) LIMITED (IN BUSINESS RESCUE) (“COMPANY”) (REGISTRATION NO. 1997/022444/30) FORM OF PROXY

For use by creditors of the Company at the meeting re-convened in terms of section 151 of the Companies Act No. 71 of 2008 to be held electronically on 14 July 2020.

Completed Proxy Forms must be submitted to plan@saabusinessrescue.co.za prior to meeting or at the adjournment during the meeting for the voting on the proposed amendments.

I/We the undersigned (*full name of creditor*): _____

a creditor of the Company in the sum of R_____do hereby appoint:

1. _____or;
2. _____or;
3. the business rescue practitioners,

As my / our proxy to act for me / us for on my / our behalf at the meeting for purposes of **voting on the proposed amendments to the Business Rescue Plan as contained in annexure “A” to this proxy form** and to vote in accordance with my / our instructions below. (*mark which is applicable*)

	Approve	Reject	Abstain
The adoption of all the proposed amendments to the Business Rescue Plan			

As my / our proxy to act for me / us for on my / our behalf at the meeting for purposes of **voting on the following amendments to the Business Rescue Plan** and to vote in accordance with my / our instructions below. (*mark which is applicable*)

#	PARAGRAPH IN BR PLAN	AMENDMENT	Approve	Reject	Abstain
1.	New paragraph 1.2.34	“ <u>Employees’ Pre-commencement Claims</u> ” means any and all amounts due to Employees as at Commencement Date”			
2.	Paragraph 1.2.48	“Lessors” means the lessors of aircraft to the Company, as more fully dealt with in Annexure G <u>and are entitled to participate in the Lessors Allocation;</u> ”			
3.	Paragraph 1.2.68	“Pre-commencement Creditors” means all persons, including legal entities and natural persons, having Pre-commencement Claims, <u>including Employees’ Pre-commencement Claims;</u> ”			
4.	Paragraph 1.2.73	“Receivers” means <u>the minimum of one (1) receiver and the maximum of two (2) receivers to be appointed in terms of paragraph 36.2 to act as the agents of the General Concurrent Creditors, Lenders and Lessors to receive the Restructure Proceeds and to make payment and distributions thereof in accordance with paragraphs 36.3 and 36.4. The qualifications and removal of the Receivers will be as set out in Section 138 and 139 of the Companies Act.</u> ”			

5.	Paragraph 1.2.77	<p>Entire paragraph deleted and replaced as follows:</p> <p>“Restructure Proceeds” means the proceeds received by the Company/<u>Receivership</u> in terms of the Proposed Restructure, as more fully dealt with in paragraph 36.4;”</p>			
6.	Paragraph 4.1.1	“The Company has suffered significant loses in each financial year since <u>2012</u> .”			
7.	Paragraph 5.1	“The BRPs and Government have had engagements where Government has affirmed that it supports a Business Rescue <u>where it</u> results in a viable and sustainable national flag carrier that provides international, regional and domestic services and will not be dependent on further future bailouts from the fiscus.”			
8.	Paragraph 7.1 and 7.2	<p>“If the Proposed Restructure is implemented, an agreement with Employees and the respective representatives of the Company will be concluded by means of the Leadership Compact Forum or the section 189 process, <u>in terms of which SAA anticipates that one thousand (1000) Employees of the Company will be retained. In addition, up to one thousand (1000) employees will be placed on a</u></p>			

Temporary/Training Lay-Off scheme for a period of 12 months.

SAA will contribute a maximum of R4 650 (four thousand six hundred and fifty Rand) per month towards each Employee's pension, UIF and Company medical aid in respect of the Employees placed on Temporary/Training Lay-Off.

The Company will take reasonable steps to assist such Employees to secure alternative payment through UIF.

The Company shall also proceed to offer Voluntary Severance Packages to Employees and to the extent that there are any remaining Employees, the section 189 process will be proceeded with to finality that may result in retrenchments of the remaining Employees.

The total cost of voluntary retrenchments, compulsory retrenchments and contributions to pension, UIF and medical aid in respect of employees placed on Temporary/Training Lay-Off shall be up to a maximum of R2.2 billion (two billion two hundred million Rand) and the contribution of a maximum of R4 650 (four thousand six hundred and fifty Rand) per month referred to

		<p><u>above.</u></p> <p><u>All existing terms and conditions of employment (including collective agreements), of any nature, will be terminated and new terms and conditions of employment will be negotiated and aligned with market related terms and conditions of employment.</u></p> <p>The Company will support the social plan that is an outcome of the Leadership Compact Forum <u>and will consider any other agreement which the Leadership Compact Forum may conclude which amounts to a more feasible and equitable restructuring and which does not place any additional financial burden on the Company.</u>”</p>			
9.	Paragraph 10.1.3	<p>“those Employees who are retrenched will be in a better financial position than in a liquidation <u>in that they will receive payment in full of their Post-commencement Claims, they will also receive payment in full of their respective retrenchment packages. The retained Employees will continue to be employed and receive their respective salaries.</u>”</p>			
10.	Paragraph 18.6	<p>“Voting by proxy will be allowed as long as the form of proxy attached to the Notice of the Meeting is lodged with the BRPs <u>in accordance with the meeting guidelines or directions given by the BRPs at the meeting.</u></p>			

		Creditors and Affected Persons are required to lodge their forms of proxy by way of email to plan@saabusinessrescue.co.za .”			
11.	Paragraph 25.10.3	“those Employees who are retrenched will be in a better financial position than in a liquidation <u>in that they will receive payment in full of their Post-commencement Claims, they will also receive payment in full of their respective retrenchment packages. The retained Employees will continue to be employed and receive their respective salaries.</u> ”			
12.	Paragraph 26.1	“The BRPs and Government have had engagements where Government has affirmed that it supports a Business Rescue <u>where it</u> results in a viable and sustainable national flag carrier that provides international, regional and domestic services and will not be reliant on further fiscal funding.”			
13.	Paragraph 26.4.2.1 and 26.4.2.2	“If the Proposed Restructure is implemented, an agreement with Employees and the respective representatives of the Company will be concluded by means of the Leadership Compact Forum or the section			

189 process, in terms of which SAA anticipates that one thousand (1000) Employees of the Company will be retained. In addition, up to one thousand (1000) employees will be placed on a Temporary/Training Lay-Off scheme for a period of 12 months. SAA will contribute a maximum of R4 650 (four thousand six hundred and fifty Rand) per month towards each Employee's pension, UIF and Company medical aid in respect of the Employees placed on Temporary/Training Lay-Off. The Company will take reasonable steps to assist such Employees to secure alternative payment through UIF. The Company shall also proceed to offer Voluntary Severance Packages to Employees and to the extent that there are any remaining Employees, the section 189 process will be proceeded with to finality that may result in retrenchments of the remaining Employees. The total cost of voluntary retrenchments, compulsory retrenchments and contributions to pension, UIF and medical aid in respect of employees placed on Temporary/Training Lay-Off

		<p><u>shall be up to a maximum of R2.2 billion (two billion two hundred million Rand) and the contribution of a maximum of R4 650 (four thousand six hundred and fifty Rand) per month referred to above.</u></p> <p><u>All existing terms and conditions of employment (including collective agreements), of any nature, will be terminated and new terms and conditions of employment will be negotiated and aligned with market related terms and conditions of employment.</u></p> <p>The Company will support the social plan that is an outcome of the Leadership Compact Forum <u>and will consider any other agreement which the Leadership Compact Forum may conclude which amounts to a more feasible and equitable restructuring and which does not place any additional financial burden on the Company.</u> _</p>			
14.	Paragraph 26.4.4.1	<p>“Government, as the sole shareholder of the Company and acting through the DPE, supports a Business Rescue Plan <u>where it</u> results in a viable and sustainable national carrier that provides international, regional and domestic services and will not be reliant on further fiscal support.”</p>			

15.	Graph on page 83 title "Proposed Fleet"	<u>"Replaced with graph title "Proposed Fleet" as appears on page 17"</u>									
16.	Paragraph 28.1	"Government, as the sole shareholder of the Company and acting through the DPE, supports a Business Rescue <u>where it</u> results in a viable and sustainable national carrier that provides international, regional and domestic services."									
17.	Update to table contained in paragraph 30.1.1	Please see Annexure 1									
18.	Update to table contained in paragraph 30.3.2.1	<table border="1" data-bbox="550 930 1369 1404"> <thead> <tr> <th data-bbox="550 930 749 1203">Fiscal Year</th> <th data-bbox="749 930 1094 1203">Amount to Pre-Commencement Lenders R'000</th> <th data-bbox="1094 930 1369 1203">Amount to PCF Bank Lenders R'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="550 1203 749 1404">2020/2021</td> <td data-bbox="749 1203 1094 1404">3,800,000 (plus accrued but unpaid interest thereon)</td> <td data-bbox="1094 1203 1369 1404">2,000,000 (plus accrued but unpaid interest)</td> </tr> </tbody> </table>	Fiscal Year	Amount to Pre-Commencement Lenders R'000	Amount to PCF Bank Lenders R'000	2020/2021	3,800,000 (plus accrued but unpaid interest thereon)	2,000,000 (plus accrued but unpaid interest)			
Fiscal Year	Amount to Pre-Commencement Lenders R'000	Amount to PCF Bank Lenders R'000									
2020/2021	3,800,000 (plus accrued but unpaid interest thereon)	2,000,000 (plus accrued but unpaid interest)									

			2021/2022 3,800,000 (plus accrued but unpaid interest thereon) 2022/2023 1,623,916 (plus accrued but unpaid interest thereon)	thereon)				
			Total (excluding interest) R11,223,916,000					
			Total (including estimated interest) R12,719,903					
19.	Paragraph 30.3.2.4	<u><i>“If there is no appropriation by 31 August 2020 then the Lender shall have their individual right to accelerate and call under the Government guarantees.”</i></u>						
20.	Paragraph 30.3.2.1	1.1.1.1.	“The Pre-commencement Lenders and the PCF Bank Lenders will be paid over three years, by no later than 31 August of each relevant year in accordance with the below table <u>(these amounts will not be paid over less any Business Rescue or</u>					

		<u>Receivership or any other costs or charges):”</u>			
21.	Paragraph 30.4	1.2. “In consideration for the above payments, and subject to the adoption of this Business Rescue Plan, the Lenders will not participate in Distributions of the <u>Restructure Proceeds and/or the</u> Concurrent Allocation in settlement of their Claims.”			
22.	Paragraph 30.5	<u>“Post adoption of the Business Rescue Plan, and subject to fulfilment of the conditions set out in paragraph 30.3.2. above, recourse in respect of the Lenders’ Claims will be limited to the amounts placed under control of the Receivership in the designated ring-fenced account, as contemplated in paragraph 30.3.2.2.2, providing that the Lenders shall retain their Claims against Government under the Guarantees, without qualification or compromise pending discharge and payment in full of the Lenders’ Claims through the Receivership.”</u>			

23.	Paragraph 30.7	<p>1.3. <u>“The Lenders that advanced Letters of Credit/Letters of Guarantee facilities to SAA will be finalising the repayment of these facilities with SAA and Government as they are also covered by the Guarantees. This utilisation includes outstanding Letters of Credit/Letters of Guarantee, Letters of Credit that have been called as well as associated fees and interest on these facilities. The proceeds to repay the Lenders that advanced Letters of Credit/Letters of Guarantee facilities will also form part of the proceeds made available to the Receivership for repayment of the Lenders.”</u></p>			
24.	Paragraph 32.2	<p>“As required in terms of section 150 (2) (b) (iv) of the Companies Act, the Receivership Proceeds, dealt with in paragraph 36, will be available for payment of, <i>inter alia</i>, the Post-commencement Claims. <u>No assets of the Company are available to pay creditors’ claims in terms of the business rescue plan.</u>”</p>			
25.	Paragraph 33.1 and 33.1.1	<p>“If the Proposed Restructure is implemented, an agreement with Employees and the respective representatives of the Company will be concluded by means of the Leadership Compact Forum or the section 189 process, <u>in terms of which SAA anticipates that one thousand</u></p>			

(1000) Employees of the Company will be retained. In addition, up to one thousand (1000) employees will be placed on a Temporary/Training Lay-Off scheme for a period of 12 months. SAA will contribute a maximum of R4 650 (four thousand six hundred and fifty Rand) per month towards each Employee's pension, UIF and Company medical aid in respect of the Employees placed on Temporary/Training Lay-Off. The Company will take reasonable steps to assist such Employees to secure alternative payment through UIF. The Company shall also proceed to offer Voluntary Severance Packages to Employees and to the extent that there are any remaining Employees, the section 189 process will be proceeded with to finality that may result in retrenchments of the remaining Employees. The total cost of voluntary retrenchments, compulsory retrenchments and contributions to pension, UIF and medical aid in respect of employees placed on Temporary/Training Lay-Off shall be up to a maximum of R2.2 billion (two billion two hundred

		<p><u>million Rand) and the contribution of a maximum of R4 650 (four thousand six hundred and fifty Rand) per month referred to above.</u></p> <p><u>All existing terms and conditions of employment (including collective agreements), of any nature, will be terminated and new terms and conditions of employment will be negotiated and aligned with market related terms and conditions of employment.</u></p> <p>The Company will support the social plan that is an outcome of the Leadership Compact Forum <u>and will consider any other agreement which the Leadership Compact Forum may conclude which amounts to a more feasible and equitable restructuring and which does not place any additional financial burden on the Company.</u> _</p>			
26.	Update to table contained in paragraph 35.1	<p><u>“R2.3 billion for distribution to General Concurrent Creditors <u>and Lessors.</u>”</u></p>			
27.	Paragraph 36.4.2	<p>“thereafter, payment in accordance with the payment waterfall, which will exclude the Lenders’ claims <u>and the Pre-commencement Claims of the</u></p>			

		General Concurrent Creditors, which will be paid in accordance with in paragraph 37.”			
28.	Paragraph 36.8.1	1.3.1. “to perform all acts and discharge all duties which the Receivers are required to perform and discharge in order to give effect to the implementation of terms of the Receivership <u>and shall act jointly;</u> ”			
29.	Paragraph 36.8.9	Deletion of entire paragraph: <u>“to receive any and all amounts payable to them by the Successful Bidder in terms of the Proposed Transaction and the power to disburse all such amounts to any relevant person/s and Creditors contemplated in this Proposed Transaction;”</u>			
30.	Paragraph 36.10	<u>“If the Receivership is not established or the relevant accounts are not set up or funds are not paid to the Receivers by Government or there is a breach of the Receivership duties or any of the terms of the Business Rescue Plan substantively</u>			

		<u>impacting on the Receivership, then the Lenders will have their individual right to call their Government Guarantees</u>			
31.	Paragraph 42.1.4	“An agreement is reached with the <u>E</u> mployees, their respective Trade Unions and SAA on the reduction of headcount and revised terms and conditions as set out in paragraph 33 <u>by 17 July 2020, failing which the section 189 process is continued with or a new 189 process is initiated by 22 July 2020;</u> ”			
32.	Paragraph 42.2	“Should the conditions set out in paragraph 42.1 not be fulfilled by <u>22</u> July 2020, the Business Rescue Plan will be deemed unimplementable and a meeting of Creditors will be convened on <u>24</u> July 2020 for Creditors to consider amending the Business Rescue Plan, failing which for the BRPs to discharge the Business Rescue. Such meeting will be convened in terms of section 151 of the Companies Act.”			
33.	Annexure A	<u>Update to clarify the inter-company current account position</u> <u>“*This account is used to account for the transactions between</u>			

		<p><u>the Company and SAA Technical. It is a clearing account that is cleared based on the monthly reconciliation of transactions and the settlement between the two companies. The movement between the November 2019 balance and the March 2020 balance represents the transactions between the companies that were not yet reconciled at the end of March 2020 due to the COVID-19 lockdown. The Company has not provided financial assistance to its subsidiaries since the Commencement Date.”</u></p>			
34.	Voting Matrix	<p><u>Update to take into account creditors’ claims as at 7 July 2020</u></p>			

Signed at _____ on _____ for and

on behalf of _____ *(the creditor)*

Signature _____

Name _____

Date _____

IF SIGNED BY A REPRESENTATIVE OF THE COMPANY, CLOSE CORPORATION OR TRUST, THE PROXY FORM WILL NEED TO BE SUBMITTED

TOGETHER WITH AN APPROPRIATE RESOLUTION GIVING SUCH REPRESENTATIVE THE AUTHORITY TO VOTE AT THE MEETING ON BEHALF OF SUCH COMPANY, CLOSE CORPORATION OR TRUST.

ANNEXURE 1

Pre-commencement Lenders	Facility Type	Limits & Exposures R'000
Nedbank	Subordinated Long Term Loan	784,665
	Term Loan	1,800,000
	General Banking Facility ²	200,000
	<u>Letters of Credit/Letters of Guarantee⁴</u>	<u>280,000</u>
		<u>3,064,665</u>
Investec	Term Loan	1,265,757
		<u>1,265,757</u>
FirstRand (including iNguza)	Term Loan	585,399
	General Banking Facility ²	250,000
		<u>835,399</u>
ABSA	Term Loan	1,700,000
	Bridge	558,538
	Call Loan ²	130,000
	<u>Letters of Credit⁴</u>	<u>53,000</u>
		<u>2,441,538</u>
Standard Bank	Structured Loans	1,057,949
	General Banking Facility ^{2/3}	250,000
	<u>Letters of Credit⁴</u>	<u>189,000</u>
		<u>1,496,949</u>
IAM	Term Loan	253,151
		<u>253,151</u>
Ashburton	Term Loan	113,918

		113,918
Momentum	Term Loan	105,480
		105,480
Sanlam	Term Loan	168,768
		168,768
Total Pre-commencement Lenders		<u>9,745,625</u>

Notes:

1. Amounts do not include capitalised interest since the Commencement Date.
2. Utilisation under the general banking facility and/or call loan facilities at Nedbank, FirstRand, ABSA and Standard Bank may fluctuate.
3. Portion of Standard Bank's general banking facility has become a PCF facility.
4. **Utilisation under the Letters of Credit/Letters of Guarantee facilities at Nedbank, ABSA and Standard Bank may fluctuate.**