



MTN Group Limited

Integrated Business Report for the year ended 31 December 2008

Book 1 – MTN Group Overview





MTN WhereRU



Movie downloads



MTN2MyAid



SMS2Email



Balance enquiry



HSDPA, 3G, EDGE



Internet access



Live TV



GPS



SMS alert



Emergency call



MobileMoney



Email2SMS



MTN Group Overview

Book 1

Can do...

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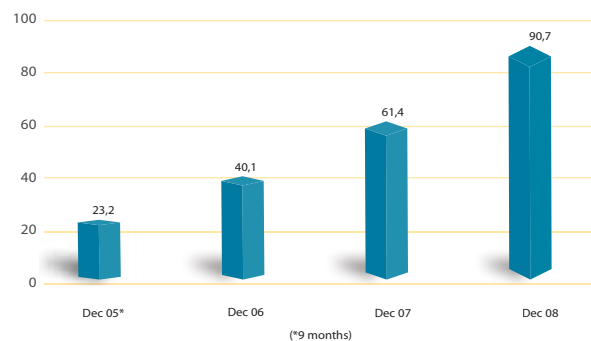
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Subscribers

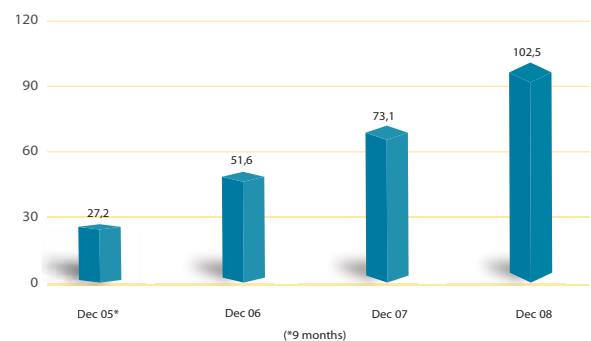
(millions)



90,7 million subscribers
up 48% from December 2007

Revenue

(R billion)



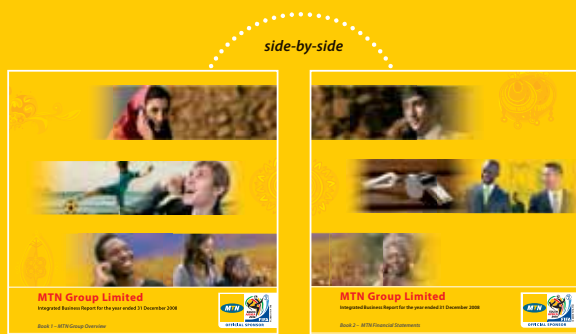
R102,5 billion up 40%
from December 2007

Be interactive. You can.



How to read this annual report

This annual report has been designed to be an **interactive tool** for an understanding of the MTN Group business. This annual report can be read the conventional way starting with the group overview in Book 1 and then the financial statements in Book 2, or the report can be read interactively as a cross referenced resource that can be read side-by-side.



Book 1

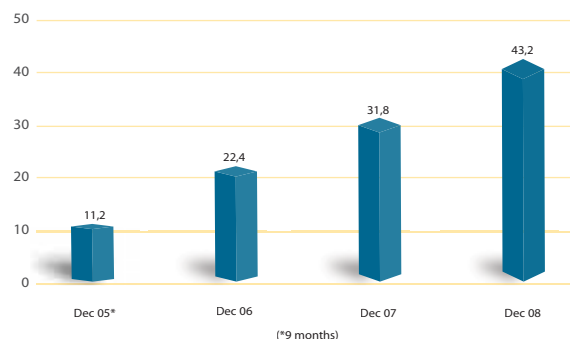


Book 2

Icons have been created for ease of navigation and references from one book to another, also the style of design embodies the MTN moment which we know you will have as you experience our 2008 annual report.

EBITDA

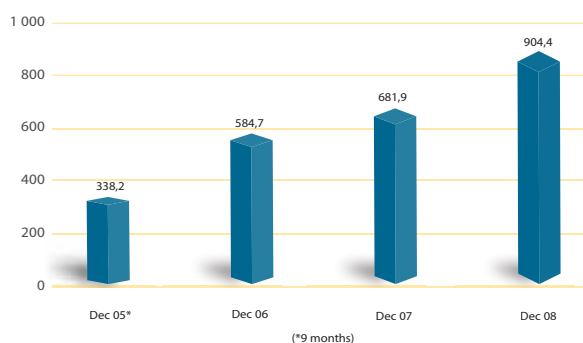
(R billion)



R43,2 billion up 36%
from December 2007

Adjusted HEPS

(cents per share)



R904,4 cents up 33%
from December 2007

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MTN Integrated Business Report 31 December 2008



What we do

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How we run our business

We can!

Group profile



Launched in 1994, the MTN Group Limited (MTN Group) is a **multinational telecommunications group**, with its core operations in **21 countries in Africa and the Middle East**. As at the end of December 2008, MTN recorded more than **90 700 000 subscribers**.



The MTN Group is a **leading provider of telecommunications services**, offering **cellular network access and business solutions**. The MTN Group is listed in South Africa on the JSE under the Industrial – Telecommunications sector.

MTN Group operates in three regions:



South and East Africa (SEA): MTN South Africa, MTN Swaziland, MTN Zambia, MTN Uganda, MTN Rwanda and Mascom Botswana.



West and Central Africa (WECA): MTN Nigeria, MTN Cameroon, MTN Congo-Brazzaville, MTN Côte d'Ivoire, MTN Benin, MTN Ghana, MTN Guinea Bissau, MTN Guinea Conakry and Lonestar Liberia.



Middle East and North Africa (MENA): MTN Irancell, MTN Afghanistan, MTN Cyprus, MTN Sudan, MTN Syria, MTN Yemen and MTN International Carrier Services.

Geographical footprint



02/03

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What we do

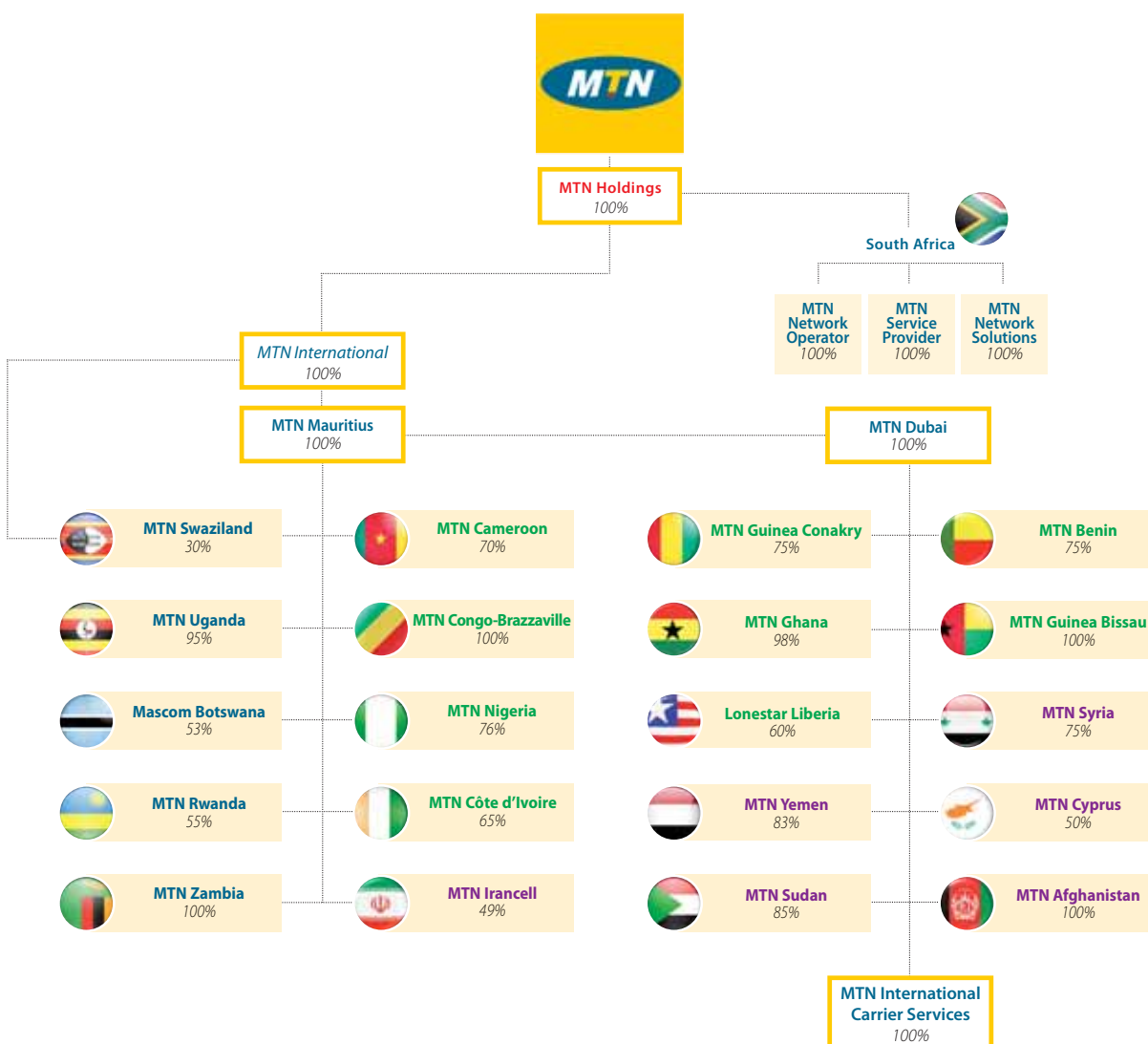
Our chairman's view

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Group structure



*You **can** connect wherever you are...*

Our services



*For further products and services information,
visit our website www.mtn.com*

04/05

What we do

Our chairman's view

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Chairman's statement

In the 2008 financial year, MTN continued to deliver to its shareholders. It lifted earnings per share by 44% to 821,0 cents from 569,9 cents and the total dividend paid to ordinary shareholders to 181 cents a share for 2008 from 136 cents in 2007.

15 years of achievement

This year, MTN celebrates 15 years of existence. From humble beginnings in 1994, the Group is now a leading mobile network operator in emerging markets, with operations in 21 countries. This important anniversary gives us an opportunity to reflect on the extraordinary achievements, as well as the considerable challenges, over the period.

The Group's expansion in the last decade and a half has been phenomenal, far exceeding even the ambitious forecasts we set for ourselves. However, the emerging markets in which MTN has chosen to devote its energies are typically tough. Basic infrastructure is often limited, while regulation continues to evolve. Political risks are generally greater in emerging markets, as are security considerations.

The industry has changed dramatically – the cost of handsets has come down sharply, as has their size: the original “brick” mobile has been replaced by a sliver of metal and plastic that fits easily into a pocket. While voice remains the dominant

application, people are increasingly embracing the “mobile internet” and using mobile networks more and more to transfer data as transmission speeds accelerate.

The industry landscape has also changed as the viability of mobile technology in emerging markets, where fixed telephony had not been successful, has proved a sound business model. It is less than 10 years since MTN paid USD285 million for a licence in Nigeria when the opportunity was not fully understood and many believed the risks were too high.

The link between mobile penetration and economic growth is much talked about and the concurrent development in almost all areas of these previously underdeveloped markets has been impressive. Access to mobile telephony has changed people's lives: migrant workers who once communicated irregularly with their families by an unreliable postal system now can afford to speak to their loved ones regularly. Entrepreneurs are able to secure new business while on the road – they do not need to be tied to an office. A mobile number has become an enabler



Cyril Ramaphosa
Chairman

and a passport to work for many who simply hang up a sign displaying their name, craft and mobile number.

Large corporations have also benefited as fast, efficient communication has become fundamental to business success. People who once had to spend hours in, for example, the Lagos traffic to get to a meeting with a potential business partner now transact by tele-video conferencing. High-speed access to mobile networks is also increasingly facilitating business data transfer.

World politics has also changed in the 15 years since MTN's creation, not least with the inauguration early this year of the first black president of the United States, Barack Obama, heralding a new era of hope for the world. In Africa, in as much as there have been setbacks in some countries, on the whole the continent has made enormous strides in terms of development and the spread of democracy and the health and growth of African economies. Among recently notable events, we applaud the people of Ghana for the smooth handover of power following the run-off in presidential elections in December 2008 and welcome the establishment of a government of national unity in Zimbabwe. We hope this heralds a real turnaround in that country.

06/07

What we do

Our chairman's view

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Chairman's statement *continued*

In South Africa, where MTN has its roots, democracy is also maturing following the recent conclusion of the country's fourth all-race elections. MTN is a company that was born as apartheid was dying. The first calls were being made on our network just as South Africans of every race were voting in the country's first democratic elections in 1994. Very quickly, the novelty of mobile telephony caught on; people adopted the innovation, and by 1996 MTN's South African customer base had grown to about 200 000.

Then in 1997 the company began its international expansion drive, acquiring licences in Uganda, Rwanda and Swaziland and beginning operations in these countries the following year. In 2008, MTN's operations in these three countries celebrated their 10-year anniversaries.

In 2000 MTN purchased a licence in Cameroon and a year later the Group took a bold step forward and started operating in Nigeria. In that same year MTN acquired its first internet service provider, previously MTN Network Solutions and currently being integrated with Verizon as MTN Business in South Africa, increasing the range of data services provided to corporate customers.

In 2005 MTN bought operations with licences in Zambia, Côte d'Ivoire, Congo-Brazzaville, Botswana and was awarded the opportunity to participate as the second national mobile licence in Iran. This was followed by the purchase in 2006 of Investcom LLC for USD5,5 billion (R33,5 billion at the time), bolstering the Group's Middle Eastern and African presence and bringing to 21 the number of countries in which the MTN flag now flies.

When MTN celebrated its 10-year anniversary, it recorded almost 10 million subscribers across its operations. In the fewer than five years since then, the Group has increased this by a factor of nine, to more than 90,7 million customers at the end of 2008.

Innovation leads the way

Leadership is one of MTN's five values. A "CAN DO" attitude and innovation are two more. Time and again, the Group has remained true to these values. In 1996 MTN was the first mobile operator to introduce a prepaid cellular service, popularising "pay as you go" in emerging markets. This has since become ubiquitous and the preferred payment method for mobile phone users worldwide.

In 2008, MTN created MTN Zone which allows for dynamic tariffing. This is another industry first. It allows the Group to better manage its network by encouraging calls during low-usage times by offering discounts of up to 95% on call rates.

The Group's financial performance over the last decade-and-a-half has been noteworthy. MTN's market capitalisation increased from R6,5 billion in 1996 (or R3,85 a share) to a year-end value of more than R200 billion (R108,50 a share) in 2008, although it peaked in 2008 at over R300 billion (R165,00 a share) in early June. Revenue increased from R2 billion in 1997 to R102,5 billion in 2008.

In the 2008 financial year MTN continued to deliver to its shareholders. It lifted earnings per share by 44% to 821,0 cents from 569,9 cents and the total dividend paid to ordinary shareholders to 181 cents a share for 2008 from 136 cents in 2007.

Sustaining our performance

Using MTN South Africa's sustainability framework as a springboard, Group companies have worked over the years to integrate a sustainability structure into each of their own operations. From a business perspective, the Group recognises the need to ensure its own sustainability and that of its market. From a moral perspective, it also works to ensure the sustainability of the communities in which it operates and the planet on which we all rely. MTN's first sustainability report was published in 2003 and the Group has been listed on the JSE's Socially Responsible Investment Index (SRI) since May 2004.

One of our key sustainability goals is to maintain the network to ensure a good quality service to our customers. We have spent R102,38 billion on capital expenditure since we began rolling out our first network in 1994. In 2008 alone, the Group spent a record R28,3 billion on capital investment.

Investing in people is another high-priority sustainability goal. In a world short of skills, MTN has devoted increased time and energy to developing its own people and those in the communities in which the Group operates. In 2008, MTN launched the MTN Academy to strengthen the Group's human resource capacity. Talent retention programmes and succession planning have also received increasing focus over the years.

Education, along with health – and particularly HIV/Aids awareness and prevention programmes, is a key focus of the charitable foundations that MTN has set up in 11 countries. These foundations are responsible for a variety of corporate

social responsibility programmes, among them improved access to communications. Through the Group's *21 days of Yello Care* programme, MTN's people across our operations participate in worthy volunteer activities in their communities.

Some 10 years ago MTN started rolling out environmental management systems and safety and health management systems across its operations, complying with international standards and best practice in this regard.

Site sharing is an important environmental sustainability initiative MTN Group is undertaking. This involves the sharing with other operators of base station sites, significantly reducing the Group's environmental footprint. Another important project is to improve the Group's power efficiency by making use of base station infrastructure which consumes less energy. The new generation network that MTN is currently rolling out uses 40% – 60% less power than its predecessor.

The Group is constantly exploring new ways to save energy, produce its own energy and reduce emissions. We are testing wind and solar generation at a farm in central South Africa and are also evaluating the effectiveness of fuel cells, which use clean liquid hydrogen batteries, as a source of power for base stations.

MTN voluntarily reports to the global Carbon Disclosure Project, an independent not-for-profit organisation which holds the largest database of corporate climate change information in the world, and although we are a very small contributor to emissions, it is something that the Group monitors closely.

08/09

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Chairman's statement *continued*

Recycling is another environmental initiative – from paper and ink cartridges in our offices, to our customers' handsets and to scrap metal from old base station masts.

Ensuring sound corporate governance

Although there have been many changes in MTN's 15 years of operations, some things are constant – sound corporate governance and the Group's focus on people (both its own and its customers) are its trademark. This is no mean feat – there are many challenges for a company that has grown very quickly to one that services more than 90 million customers in 21 countries.

With the new Companies Act of 2008 due to become effective in South Africa in 2010 and the recent release of the draft King III Report on Corporate Governance, the Group is pro-actively preparing for a shift in the South African corporate governance and regulatory best practice landscape. The Group secretary and her team are spearheading MTN's efforts in this regard.

During the year Peter Woicke, Mamphela Ramphele and Sheikh Sharbatly resigned from the board. We would like to thank them for their valuable contribution over the years and wish them well in their future endeavours.

MTN, a company created at a time when South Africa's democracy was taking shape, has long had strong black economic empowerment (BEE) credentials. Black individuals and groups have always held a sizeable stake of the Group's equity. Employment equity is a key focus.

Group businesses endeavour to secure local sources of supply, thereby encouraging enterprise development. Skills transfer and development, including bursaries, are priorities. Through the MTN Foundation South Africa, the Group invests directly in uplifting underdeveloped communities and so helps to transform the socioeconomic landscape.

The BEE equity ownership programme that was implemented in 2002 recently matured, to the benefit of more than 3 000 MTN staff in South Africa: an example of real empowerment through capital formation. The stories of how this scheme has changed the lives of many employees who have been able to realise their dreams are remarkable and heartening.

The MTN Group is embarking on another BEE equity ownership scheme in South Africa. This will be supported by the Company, which has committed to undertaking the new programme when there is greater confidence in financial markets.

Although South Africa has a unique history, the legacy of which BEE initiatives are endeavouring to rectify, the MTN Group is also working to facilitate local participation in other MTN operations, particularly those in which the Group has very large majority ownership. In 2008, the Group reduced its legal share in MTN Nigeria to 76% from 82% and sold a 49% equity share in MTN Cyprus to a prominent Cypriot trading company which has a further option for 1%. Moves such as these benefit local investors, who gain greater exposure to MTN business in their countries. In addition, it makes sound business sense to the Group, providing it with solid local know-how and expertise.

It also highlights the premium the Group puts on relationships, another MTN value. The Group's mutually beneficial and dynamic interaction with its business partners, suppliers, customers and staff is at the core of the business. MTN endeavours to deal with all these parties with the utmost integrity, the last of MTN's five shared values.

MTN also acknowledges the importance of its relations with authorities in all its jurisdictions. In August 2008, Zambia's courageous President Levy Mwanawasa died and in April 2009, South Africa's long-serving Communications Minister Dr Ivy Matsepe-Casaburri, passed away. We extend our condolences to all those close to the former president and cabinet minister.

Appreciation and closing

I thank all the members of the board for their insight and guidance during the year and congratulate Phuthuma Nhleko and his management team for another record performance in challenging times: an example of the real MTN "CAN DO" spirit shining through.

While the MTN Group continues with the aggressive roll out of network infrastructure and has allocated a record R37,7 billion to capital investment in 2009, the Group is also implementing various cost-saving initiatives. The capital expenditure will ensure a quality service to an expanding customer base. Notwithstanding the significant investment in infrastructure to date, the Group's gearing remains low so that it has the balance sheet strength necessary to facilitate any potentially attractive growth opportunities.

In their reports on developments in the past year, both the Group president and CEO's and Chief executive and chief operating officer (on pages 20 and 26 respectively) spell out the successes MTN has achieved so far in standardising and rationalising functions and infrastructure, and initiatives to reduce costs through, for example, sharing base station sites and transmission.

I believe MTN has started 2009 on a solid footing, and although conditions are difficult, the board is confident that management has the experience, resources and commitment to face the challenges. Despite the exponential growth in mobile telephony in emerging markets in the past decade-and-a-half, there are still significant opportunities for further growth.

The MTN Group is the exclusive global mobile sponsor for the 2010 FIFA World Cup South Africa™, which is being held in Africa for the first time in FIFA's 50-year history. This is a clear differentiator and displays the Group's brand leadership. We can't wait – forward to 2010. *One Spirit. One Team. One MTN.*



Cyril Ramaphosa

Chairman

May 2009

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*A **can do** attitude.*

Group directorate

Top left

- 1 **PF Nhleko** (49)
Group president and CEO
- 2 **MC Ramaphosa** (56)
Independent non-executive director and chairman
- 3 **AF van Biljon** (61)
Independent non-executive director
- 4 **MJN Njeke** (50)
Independent non-executive director
- 5 **J van Rooyen** (59)
Independent non-executive director

Bottom left

- 6 **AT Mikati** (36)
Non-executive director
 - 7 **DDB Band** (65)
Independent non-executive director
 - 8 **KP Kalyan** (54)
Independent non-executive director
 - 9 **RD Nisbet** (53)
Group finance director
 - 10 **RS Dabengwa** (51)
Group chief operating officer
 - 11 **JHN Strydom** (70)
Non-executive director
-



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Group directorate

1 PF Nhleko (49)

BSc (Civil Eng), MBA

Executive director: Group president and chief executive officer

Board committee membership

Chairman of Group executive and steering committee. Attends various board committee meetings ex officio.

Other directorships

Director of various companies in the MTN Group. Director of Newshelf 664 (Pty) Limited and Engen Limited. Non-executive chairman of Worldwide African Investments Holdings (Pty) Limited, the GSMC association and Trustee of the Alpine Trust.

Skills, expertise and experience

Previously a director of Johnnic Holdings Limited, Nedcor Limited, The Bidvest Group Limited, Tsogo Sun KwaZulu-Natal (Pty) Limited, Alexander Forbes Limited and co-founder of Worldwide African Investment Holdings (Pty) Limited. Prior to joining MTN he also served at Standard Corporate Merchant Bank.

2 MC Ramaphosa (56)

BProc, LLD (HC)

Independent non-executive director and chairman

Board committee membership

Nomination, remuneration, human resources and corporate governance committee.

Other directorships

Director of various companies in the MTN Group. Founder and executive chairman of Shanduka Group (Pty) Limited. Non-executive chairman of The Bidvest Group Limited. Joint non-executive chairman of Mondi plc and Mondi Limited. Non-executive chairman of SASRIA Limited. Non-executive director of SAB Miller plc, Macsteel Global BV, Alexander Forbes Limited and The Standard Bank Group Limited. Cyril is also a director of Kangra Coal (Pty) Limited, Assore Limited and TBWA Hunt Lascaris Holdings (Pty) Limited.

Skills, expertise and experience

Previously chairman of the Constitutional Assembly and was the only chairman of the specially formed Black Economic Empowerment Commission. He was also a member of parliament, secretary general

of the ANC and secretary of the National Union of Mine Workers. Cyril is currently on the national executive committee of the ANC and has also received several honorary doctorates.

3 AF van Biljon (61)

BCom, CA(SA), MBA

Independent non-executive director

Board committee membership

Chairman: audit committee.

Other directorships

Director of various companies in the MTN Group. Director of Hans Merensky Foundation and Hans Merensky Holdings (Pty) Limited.

Skills, expertise and experience

Alan has held the position of group financial director with Truworths Limited, The Greentmans Checkers Group, Sun International and The Standard Bank Group from 1975 to 2002. In 2002, he established a specialised financial services company under the name of Van Biljon & Associates.

4 MJN Njeke (50)

BCom, BCompt (Hons), CA(SA), H Dip Tax Law

Independent non-executive director

Board committee membership

Audit committee and risk management and compliance committee.

Other directorships

Director of various companies in the MTN Group. Director of Kagiso Trust Investments (Pty) Limited, Kagiso Asset Management (Pty) Limited, Kagiso Financial Services Limited, Kagiso Hedged Trading, Kagiso Media Limited, Kagiso Property Holdings (Pty) Limited, Kagiso Securities Limited, Kagiso Treasury Services (Pty) Limited, Kagiso Trust Enterprises (Pty) Limited, Kagiso Ventures (Pty) Limited, Business Against Crime South Africa, Compass Group (SA) (Pty) Limited, Foster Wheeler South Africa (Pty) Limited, Infrastructure Finance Corporation Limited, Lengau Logistics (Pty) Limited, Mittal Steel Limited, Izinyoni Holdings (Pty) Limited, Involve Procurement & Rental Partner, Metropolitan Health Group, Metropolitan Holdings Limited, NM Rothschild and Sons (SA) (Pty) Limited, Pareto Limited, PSU Revenue

Management trading as PSU International, RTG Fleet Services (Pty) Limited, Resilient Property Income Fund Limited, Serengeti Properties (Pty) Limited, Salvage Management and Disposal (SMD), Sameh Properties and Silver Unicorn Trading.

Skills, expertise and experience

Johnson is the deputy chairman of Kagiso Media Limited. He served as a partner at PricewaterhouseCoopers and is a past chairman of the South African Institute of Chartered Accountants.

5 J van Rooyen (59)

BCom, BCompt (Hons), CA(SA)

Independent non-executive director

Board committee membership

Chairman: risk management and compliance committee and member of audit committee.

Other directorships

Director of various companies in the MTN Group, various companies in the Uranus Group, Pick n Pay Stores Limited, Exxaro Resources Limited, Sentula Mining Limited and Trustee of the International Accounting Standards Committee Foundation.

Skills, expertise and experience

Jeff is a founder member and CEO of Uranus Investment Holdings (Pty) Limited and previously served as CEO of the Financial Services Board. He is also a founder member and former president of the Association for the Advancement of Black Accountants (ABASA) and was chairperson of the Public Accountants and Auditors Board in 1995.

6 AT Mikati (36) (Lebanese)

BSc

Non-executive director

Board committee membership

None.

Other directorships

Various companies in the MTN Group. CEO of M1 Group Limited (an international investment group with a strong focus on the telecommunications industry). A director on some M1 Group subsidiary boards as well as EZ-Link, B-Pro Limited, B-Jet Limited, Horizon Global Services, IMC, Mint Trading, Unioil and Fanconndale Group.

Skills, expertise and experience

While completing his BSc in the United States, Azmi founded T-One, a telecoms company providing long-distance services between the United States and other international destinations. He became CEO of Investcom and, under his leadership, sales grew from USD30 million to USD1 billion, over less than seven years. At 33, he was the youngest CEO of a Middle Eastern publicly traded company.

7 DDB Band (65)

BCom, CA(SA)

Independent non-executive director

Board committee membership

Chairman: nomination, remuneration, human resources and corporate governance committee alternate member of risk management and compliance committee.

Other directorships

Director of various companies in the MTN Group. Director of Business Against Crime South Africa, Myriad International Holdings BV, The Standard Bank of South Africa Limited, Standard Bank Group Limited, and The Bidvest Group Limited.

Skills, expertise and experience

Previously served as managing director of CNA Gallo Limited, CEO of The Argus Holdings Group and chairman and CEO of the Premier Group Limited.

8 KP KALYAN (54)

BCom (Law) (Hons) Economic, Senior Executive Management Programme

Independent non-executive director

Board committee membership

Nomination, remuneration, human resources and corporate governance committee and member of risk management and compliance committee.

Other directorships

Director of Standard Bank Group, South African Airways, South African Bank Note Company, South African Mint Company, Edgo Merap (London), McDonald Steel, Omega Risk Solutions and the Tallberg Foundation in Sweden.

Skills, expertise and experience

Koosum is currently chairman of Kgontsi Holdings. Prior to that she was senior business development manager at Shell International Exploration and Production (Pty) Limited in London, general manager, corporate, for Shell Southern Africa, senior economist at the Chamber of Mines and economist at the Electricity Commission of Victoria, Melbourne, Australia.

9 RD Nisbet (53)

BCom, BAcc, CA(SA)

Executive director: Group finance director

Board committee membership

Group executive and steering committee and tender committee.

Other directorships

Director of various companies in the MTN Group and Newshelf 664 (Pty) Limited.

Skills, expertise and experience

Rob qualified as a chartered accountant in 1981. He previously held financial directorships in both listed and unlisted companies as well as general management positions in engineering and mining companies. They include Mathieson and Ashley, Lennings (Pty) Limited, Stonestreet and Hansen (Pty) Limited.

10 RS Dabengwa (51)

BSc (Eng), MBA

Executive director: MTN Group chief operating officer

Board committee membership

Group executive and steering committee and tender committee.

Other directorships

Director of various companies in the MTN Group and Newshelf 664 (Pty) Limited.

Skills, expertise and experience

Prior to joining MTN, he was employed by Eskom as an executive director responsible for sales, customer service, electrification and distribution technology. Prior to Eskom he worked as a consulting electrical engineer in the building services industry and in the mining and railway sectors.

11 JHN Strydom (70)

MCom (Acc), CA(SA)

Non-executive director

Board committee membership

Audit committee and member of risk management and compliance committee.

Other directorships

Director of various companies in the MTN Group. Director of Public Investment Corporation Limited, Growthpoint Properties Limited.

Skills, expertise and experience

Jan is a registered chartered accountant and a founding partner of Strydoms Incorporated Chartered Accountants (SA), a firm specialising in business valuations, litigation support and forensic investigations. He is now a professional consultant to Strydoms. He is also a senior member of the Special Income Tax Court for taxation appeals.

What we do

Our chairman's view

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Executive committee

Top left

- 1 J Ramadan** ⁽⁵²⁾
Regional vice president – MENA
- 2 T Lowry** ⁽⁵⁴⁾
Managing director, MTN South Africa and regional vice president – SEA
- 3 S Fakie** ⁽⁵⁵⁾
Group executive: business risk management
- 4 PF Nhleko** ⁽⁴⁹⁾
Group president and CEO
- 5 RD Nisbet** ⁽⁵³⁾
Group finance director
- 6 C de Faria** ⁽⁵⁴⁾
Regional vice president – WECA

Bottom left

- 7 PN January-Bardill** ⁽⁵⁸⁾
Group executive: corporate affairs and MTN spokesperson
 - 8 KW Pienaar** ⁽⁵¹⁾
Group chief technology and information officer
 - 9 KL Shuenyane** ⁽³⁸⁾
Group executive: mergers and acquisitions
 - 10 RS Dabengwa** ⁽⁵¹⁾
Chief operating officer
 - 11 SL Botha** ⁽⁴⁴⁾
Group executive: marketing
 - 12 JPD Norman** ⁽⁴³⁾
Group executive: human resources
-



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What we do

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Executive committee *continued*

1 J RAMADAN (52)

MA (Inf Tech)

Regional vice president – MENA region

Committee membership

Group executive and steering committee

Directorships

Director on the boards of all MENA region operations and Lonestar Liberia.

Skills, expertise and experience

Jamal was an executive director of Investcom LLC, which he joined in 1996 as operations director. Prior to that he was director of IT at FTML (a subsidiary of France Telecom), operating in Lebanon.

2 T LOWRY (54)

BA (Soc Sci)

Managing director MTN South Africa and Regional vice president – SEA region

Committee membership

Group executive and steering committee and tender committee

Directorships

Director on the boards of all SEA region operations.

Skills, expertise and experience

Tim has over 30 years' experience in the global telecommunications industry. He was the vice president for Western Europe at France Telecom. Prior to that he held executive positions at Orange, France Telecom and Cable & Wireless in Africa and Middle East, Australia and Europe.

3 S FAKIE (55)

BCom, BCompt (Hons), CA(SA)

Executive: business risk management

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group. Director of Absa Group Ltd.

Skills, expertise and experience

Shauket has over 31 years' experience in accounting, auditing, consulting and advisory work. In 1999, he was appointed as Auditor-General of South Africa for a seven-year term which ended in November 2006.

4 PF NHLEKO (49)*

5 RD NISBET (53)*

6 C DE FARIA (54)

Degree in Finance and Administration (CA)

Regional vice president – WECA region

Committee membership

Group executive and steering committee and tender committee

Directorships

Director on the boards of all WECA region operations.

Skills, expertise and experience

Christian was previously CEO of PT Excelcomindo Pratama, known as XL, the largest mobile operator in Indonesia and before that he was CEO of Telekom Malaysia, responsible for international strategy and involved in the rapid growth of investments in Sri Lanka, Bangladesh and Cambodia.

7 PN JANUARY-BARDILL (58)

Dip (HR Man), BA (Eng and Phil), MA (Ling), Cert in Edu

Group executive: corporate affairs and MTN spokesperson

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group. Director of Afrisam (Holcim SA).

Skills, expertise and experience

Nozipho was a deputy director-general in the Department of Foreign Affairs. She was South Africa's ambassador to Switzerland from 2001 to 2005. She has also served on the boards of, among others, FirstRand Insurance (Momentum) and Southern Life Insurance Companies.

**Profiles of these executives appear on pages 14 and 15 of this report.*

8 KW PIENAAR (51)

BSc (Elec & Electron Eng), PrEng

Group chief technology and information officer

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Skills, expertise and experience

Karel started his career at Telkom SA Ltd. Subsequently, he held executive positions at Elex Electronic Ltd and Multichoice, where he was instrumental in the start-up of MTN in 1994. He served as CEO of MTN Nigeria during the first year of its start-up phase.

9 KL SHUENYANE (38)

BEcon and Internat Stud; CA (England and Wales)

Group executive: mergers and acquisitions

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group.

Skills, expertise and experience

Khumo was head of direct investments and a member of the executive committee of Investec's South African operations. He was previously a member of Investec's corporate finance division.

10 RS DABENGWA (51)*

11 SL BOTHA (44)

BEcon (Hons)

Group executive: marketing

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group. Director of Tiger Brands Limited.

Skills, expertise and experience

Santie was an executive director at Absa Bank Ltd. She was awarded Marketer of the Year in 2002 by the Marketing Federation of South Africa. She also worked for Unilever (UK) for six years.

12 JPD NORMAN (43)

MA (Psych)

Executive: human resources

Committee membership

Group executive and steering committee

Directorships

Director of various companies in the MTN Group. Trustee of the Chartered Accountants Medical Aid Fund.

Skills, expertise and experience

Paul has been an executive at MTN since 1997. He has spent over 12 years in the field of human resources and has worked extensively in the transport and telecommunications industries. He was awarded HR Practitioner of the Year in 2003 by the Institute of People Management.

**Profiles of these executives appear on pages 14 and 15 of this report.*

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Group president and CEO's report

MTN's vision is to be the leader in telecommunications in emerging markets. Our strategy is built on three pillars – consolidation and diversification; leveraging our footprint and intellectual capacity; and convergence and operational evolution.

The acceleration in active mobile subscriber numbers in each of MTN's 21 operations since inception is indicative of the phenomenal growth experienced over many years across our footprint. Industry research points to further robust expansion in mobile telephony for the world as a whole in the next five years, particularly in emerging markets, including those of Africa, Asia and the Middle East. Reputable research organisation Informa Telecoms & Media forecasts that global mobile phone penetration will expand to almost 75% of the world's population by 2013 from just over 50% at the end of 2007, increasing the number of mobile subscriptions worldwide to 5,32 billion from 3,42 billion at the end of 2007. It is notable that these forecasts were made at a time when the world was beginning to experience a severe economic slowdown.

The research underscores the considerable opportunity that exists for MTN – already a well-established global brand of mobile operator in emerging markets. We estimate that the addressable mobile telephony market in our present footprint will grow to over 381 million in the next five years from 220 million now. MTN remains highly competitive in

all its markets, putting it in good stead to take advantage of significant future growth opportunities.

The 2008 year was challenging for all of the world's economies, precipitated by the banking credit crisis in the United States. However, as the economic slowdown began to affect emerging markets mainly in the fourth quarter of the year, the negative impact on MTN's performance for the full year was mitigated. The prices of commodities – and particularly oil – initially increased in 2008 and then fell sharply as a result of slowing global economic growth, impacting negatively the fundamentals of the economies of many of the countries in which we operate.

Despite this backdrop, MTN's performance was robust. The Group's subscriber growth expanded by 48% to 90,7 million customers given the large investment to enhance our infrastructure capacity. This enabled high subscriber take-up and resultant year-on-year revenue growth of 40% to R102,5 billion. MTN's EBITDA (earnings before interest, taxation, depreciation and amortisation) margin edged down 1,4 percentage points to 42,1% as a result of a number of factors, including increased



Phuthuma Nhleko
Group president and CEO

network maintenance costs related to the sharply higher number of base stations in operation in the year, as well as higher regulatory fees. The weakness of the South African rand – relative to the currencies of the larger countries in which we operate – supported the revenue and earnings growth by some 15%. Notwithstanding the marginally higher effective tax rate in the year, profit after tax increased by 44% to R17,1 billion.

Average revenue per user declined marginally in most operations in 2008, consistent with MTN's greater penetration into lower-usage segments. The MTN balance sheet remained strong with significant cash generation reducing Group gearing to 0,3 times EBITDA.

MTN's key competitive advantage is its people. All MTN's endeavours are driven by a "CAN DO" spirit, which clearly differentiates the Group from its competitors. It is also evident in our work as a good corporate citizen, particularly through the various MTN foundations which focus their energies on uplifting the communities in which they are based.

Operating environment

During 2008, competition intensified in virtually all our markets with the entry of new operators and as many regulators became increasingly vigilant in applying their mandate. The challenging macroeconomic backdrop described earlier affected the various markets in different ways. The larger countries remained relatively resilient in many respects although a reduction in hard currency liquidity and the consequent currency volatility became evident later in the year.

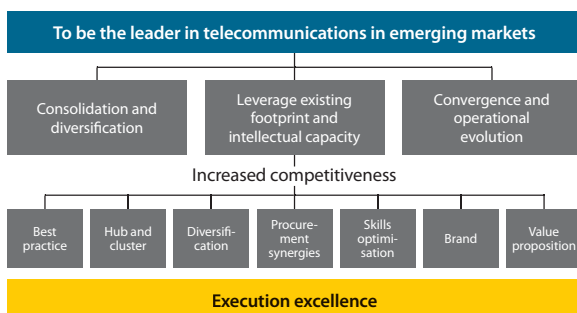
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Group president and CEO's report *continued*

The challenges of emerging markets are well documented and MTN considers risk management a key performance fundamental. Roll out and distribution capacity and efficiency in these more challenging environments is a key competence of the Group.

Strategic agenda

MTN's vision is to be the leader in telecommunications in emerging markets. We continue to innovate and develop products and solutions and evolve the business model. This is to ensure that we maintain a competitive advantage and consolidate our position while retaining margins. Our strategy is built on three pillars – consolidation and diversification; leveraging our footprint and intellectual capacity; and convergence and operational evolution.



Consolidation and diversification

In the last financial year, MTN continued to evaluate various opportunities to continue to grow its business and diversify earnings through leveraging its scale and offerings.

Our comparatively low level of gearing enables us to consider potential acquisitions with confidence regarding our ability to finance such acquisition. MTN's aspirations are moderated

by evaluation criteria and methodology that continue to be stringent.

In the last three quarters of the year, the market value of mobile operators across the world fell sharply. However it has not necessarily made it easier to conclude transactions because it resulted in an "expectation gap" as potential sellers have been reluctant to sell at the significantly lower market prices. There also continues to be competition for quality assets, putting upward pressure on valuations.

We continued our efforts to facilitate local participation in MTN operations. Apart from the commitment to a new empowerment scheme in South Africa in 2009, the most meaningful of these in 2008 was the disposal of a 5,96% interest in MTN Nigeria through a private placement to Nigerian individuals and institutions for a consideration of USD594 million. MTN also disposed of 49% of MTN Cyprus to a prominent Cypriot trading company, which has a further option for 1%.

Leveraging our footprint and intellectual capacity

MTN has built a strong global brand and is recognised for its leadership in mobile telephony in emerging markets. Our acquisition of the mobile content rights for the 2010 FIFA World Cup South Africa™ has enhanced the MTN brand. Our brand is a key differentiator, and our strategy is to leverage it to achieve even greater growth and efficiencies. In 2008 we launched the first phase of the 2010 World Cup marketing campaign to unite the continent that will host this event for the first time next year.

In 2008, there was increased focus on not only the speed and pace but also the efficiency of the roll out of our R28,3 billion capital expenditure programme (details of which appear in the Group chief operating officer's report on page 26).

Through our Group procurement function, we secured more competitive prices from vendors of network equipment. We also rationalised our sources of supply, entering long-term partnerships with suppliers, reducing costs and allowing for replication of products across standard technology platforms. An example of this was the introduction in nine markets of MTN Zone, the dynamic tariffing innovation, which manages demand on the network by encouraging greater use during quiet times and so reducing congestion. MTN Zone also partly addresses subscriber affordability constraints by offering large discounts to our customers when sufficient capacity exists on networks.

MTN's people are its key competitive resource and advantage. MTN employs some 26 000 people, including contractors, over 45 different nationalities in more than 21 countries. MTN recognises that people diversity, within a common Group culture and value framework, is a key strength. We are able to capitalise on skills in one market to use in a neighbouring one resulting in a higher degree of mobility of staff between operations. Apart from the benefits to the business of increased knowledge sharing, this also provides our people with attractive and meaningful opportunities for growth and bolsters MTN's ability to attract and retain the best talent.

In line with our objective of training people and skills development, we launched the MTN Academy in the final quarter of 2008. This is in addition to existing learnership programmes, such as the graduate training schemes we have in place in many markets.

Initiatives have been put in place to improve staff engagement at every level. We are most pleased with the record participation rate of 85% in the 2008 annual employee culture audit.

Motivated by this feedback, MTN has stepped up its efforts to recognise and reward deserving employees through many initiatives including the *Yello Stars* programme.

Convergence and operational evolution

There is a growing acceptance of the inevitable importance of data within the industry, with significant implications for infrastructure. As detailed above, MTN accelerated its preparations for an era, in which mobile operators will become meaningful providers of internet-based connectivity.

We have started work on the transition of the network infrastructure across all 21 markets to the next-generation, packet-switch network, based on Internet Protocol (IP). In South Africa and Rwanda, for example, we changed the core infrastructure by replacing 98% of the monolithic network and moving from classic transmission (using microwave or time-division multiplexing) to IP fibre-based transmission. Ultimately, this should lead to increased capacity and better quality of service. The installation of new-generation radio equipment makes use of network technologies such as EDGE and 3G, allowing for increased data access and improved voice quality.

Over the years, the contribution from data to Group revenue has grown steadily. 2008 was no exception and MTN South Africa saw the share of SMS revenue in its overall data revenue contribution declining as people increasingly used mobile technology for transferring other types of data. In West Africa, we experienced greater use of our MTN Loaded content portal during the year. South Africa continues to be our biggest data market, but many others are growing sharply too, including Uganda, Ghana and Iran.

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Group president and CEO's report *continued*

In 2008 MTN undertook a number of transactions to ensure that we are well positioned to benefit from a rapidly converging technology market and that we provide a more comprehensive service to the SME and corporate sector. We bought internet service provider (ISP) Verizon South Africa (concluded in February 2009), which we are merging with MTN Network Solutions under the MTN Business banner. The enlarged company will give us 23% of the South African data market. In Côte d'Ivoire, we acquired ISP Afnet and fixed-line service, Arobase, and in Cyprus we bought ISP OTEnet. These transactions build on similar acquisitions in Nigeria, Ghana and Cameroon in previous years.

Apart from buying existing data businesses, we are pursuing greenfield opportunities. These include ongoing and increased self-provisioning by rolling out fibre transmission networks, accessing submarine fibre cables and purchasing new WiMax and 3G licences. Another advance on the products side of our convergence efforts is the evolution of the MTN Mobile Money service.

Prospects

The Group remains cautiously optimistic about its prospects for 2009, in challenging conditions and amid increased competition. In the first three months of the year we added 7,6 million customers to our network: a good start to achieving our target of a total 22,6 million net additions in 2009. With our promise to be *everywhere you go*, MTN will continue to be a reliable provider of connectivity to our customers everywhere.

We continue to seek value-accretive expansion opportunities in emerging markets, and we believe that we have the potential to act as a consolidator in the currently depressed global economy.

After achieving record infrastructure roll out rates in 2008, we will work to keep up this momentum in 2009, and have increased our capital expenditure forecasts in the year to R37,7 billion. We will monitor this closely to ensure appropriate levels of capacity and quality of service and to enable us to respond quickly should there be changes to the currently strong market demand.

We prioritise the optimisation of cash and operational efficiencies, ensuring that the Group is able to benefit from a rapidly evolving technology market while maximising infrastructure sharing.

Economic research commissioned by MTN shows that the Group is providing mobile phone access to people across all income levels, including the unemployed. MTN serves a large number of people employed in the informal sector, enabling many households to make a living. Ultimately then, through the evidence on hand, we can claim to have assisted in improving the lives of marginalised groups in the countries in which we operate. Further, through our numerous charitable MTN foundations across our footprint MTN will continue to make a difference.

MTN continues to work to reduce its impact on the environment, by using more energy-efficient base stations,

sharing infrastructure with competitors and by encouraging handset and battery recycling.

Against the backdrop of significant macroeconomic uncertainty, when governments across the world are spending billions of dollars on economic stimulus packages, we believe that the highly cash generative mobile phone sector is one of the few that can stimulate economic activity through capital investment. This will rely on a high level of regulatory certainty and predictability. We will continue to engage positively with regulatory authorities in the year ahead to achieve solutions for markets to which we are committed.

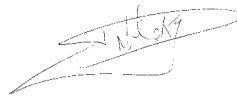
In South Africa, where MTN has its roots, we remain fully committed to supporting and implementing a new black economic empowerment (BEE) equity deal as soon as conditions become conducive. This follows the maturing, in December 2008, of the previous empowerment ownership scheme which was implemented in 2002 without the Company's financial assistance.

Appreciation and closing

I thank all MTN employees everywhere for the passion and excitement with which they participate in optimising our business and living our values, which are leadership, integrity, innovation, relationships and a "CAN DO" attitude. You are the heart and soul of our vibrant and dynamic organisation.

My thanks too, to MTN's customers for the loyalty and enthusiasm with which they support our brand and take up our innovations; you inspire us to keep striving to deliver the best value proposition.

I would also like to thank our suppliers and the regulators and communities in which we operate for their constructive engagement in the year. I look forward to more of this positive interaction in the year ahead.



Phuthuma Nhleko

Group president and CEO

May 2009

You can explore the boundaries.

Group chief operating officer's report



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(See page 13 for more information)

Mobile penetration across the many markets in which we operate is still, on average, below 50% of the population, demonstrating the need for MTN to continue to invest aggressively in bigger, more resilient and power-efficient networks to meet demand.



Overview

The MTN Group's strengths come from its experience in successfully rolling out sophisticated networks in some of the least developed countries in the world; creating meaningful distribution mechanisms in these informal environments and thereby providing a vital and innovative service to customers.

In 2008 we continued to benefit from increasing economies of scale across our 21 markets and stepped up our efforts to achieve operations and execution excellence.

We standardised many functions, focusing on various aspects of our capital expenditure programme. In particular, we are pleased to report that we continued to achieve improved pricing of network equipment through our Group procurement function. MTN's rationalisation of the sources of supply for network infrastructure and other technology requirements like intelligent network platforms and billing systems remained important. However, within this framework, MTN continues to be a multi-vendor operator. Apart from the benefits of reduced costs, more standardised technology platforms make for easier use and replication of products across operations.

Sifiso Dabengwa
Group chief operating officer



Group chief operating officer's report *continued*

In the year we established a global private IP network connecting all our businesses, which will be a key driver for delivery of shared services across the Group. Among these is the centralised human resources information system, which we launched in 2008.

Infrastructure roll out

Mobile penetration across the many markets in which we operate is still, on average, below 50% of the population, demonstrating the need for MTN to continue to invest aggressively in bigger, more resilient and power-efficient networks to meet demand. Even in relatively mature mobile markets, like South Africa, where growth has continued to impress on the upside, we needed to invest considerable capital expenditure to ensure the quality of the network and secure cost savings. In 2008, we invested a record R28,3 billion across our operations, almost double 2007's figure. In key markets, significant sums were spent on migrating from monolithic core network architecture to next-generation core network architecture.

Infrastructure sharing was identified as a key theme for MTN in 2008 and will continue to be a major focus in the year ahead: there is scarcely an operation where we are not sharing infrastructure. Typically, we share the "passive infrastructure" of the base station (such as the tower, mast, fence, generator and container). We also participate in transmission sharing to reduce duplication and waste within the industry (including power and, hence, atmospheric pollutants). All these help to reduce capital costs, associated operational costs and lessen the impact on our environment.

As part of network roll out we have installed more power-efficient base stations, some of which use alternative sources of energy such as solar and wind power. The new-generation network also uses 40% – 60% less power than its predecessor, helping reduce the cost of provisioning, while increasing the capacity of the network.

Submarine cable capacity

MTN has invested in a number of new-generation, high-capacity fibre-optic submarine cable systems to gain primary access to more reliable, less expensive international voice and data broadband capacity. This will also facilitate higher Internet penetration (which is currently around 2% – 3% of the population across our markets and about 6% in South Africa) and higher data growth. Although MTN co-owns the submarine cable capacity, it does not manage it. Over the next three years, local regulations permitting, MTN operations will gradually gain access to improved quality and availability as well as more cost-efficient international capacity.

Customers and innovations

We owe much of our growth and success to the loyalty of customers to the MTN brand and the enthusiasm with which they take up our new offerings. In 2008 we launched a customer segmentation drive after carrying out a detailed analysis of each market. This showed that many of our customers are youthful, but many are also professionals and entrepreneurs with sophisticated needs. This means MTN's technological offering everywhere must continue to be of the highest standard and we must continue to offer innovative products which meet their requirements.

MTN Zone dynamic tariffing, launched during the year, has been an exciting innovation. MTN Zone was introduced to help manage network capacity usage by offering discounted rates when network utilisation was low and so encouraging use during these off-peak times. It is also an efficient way to implement an affordable pricing solution, and has already resulted in a reduction in customer churn and improved competitiveness.

People

During the year there were a number of management changes, with new chief executives appointed in countries including Sudan, Benin, Congo-Brazzaville and Afghanistan. These appointments – along with those of a number of new chief financial, marketing and information officers – were mostly from within the Group and are in line with our efforts to build one Group culture.

We continue to seek opportunities for value-enhancing, inter-operational movement across MTN. Apart from the benefits of increased knowledge share and skills transfer across the business, this also provides our staff with attractive and meaningful opportunities for growth within emerging markets and should further bolster MTN's ability to attract and retain the best skill and capability across its footprint. We recognise that diversity within a common culture and value framework is an important strength of the Group.

A key challenge ahead is good staff adaptation to the skills set required of the new-generation networks. We also have to ensure that we have enough of the right resources required to keep up with the sharp growth in the business. We expect that the launch, in late 2008, of the MTN Academy will help address these needs.

Apart from overviews of each of the three operating regions, in the following pages you will find separate reports on each of a group of six of our large operations.



Sifiso Dabengwa

Group chief operating officer

May 2009

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Feel the energy. **You can.**

Group chief operating officer's report *continued*

South and East Africa region



MTN's South and East Africa (SEA) region encompasses six countries: South Africa, Uganda, Botswana, Rwanda, Swaziland and Zambia. The MTN SEA regional office is in Johannesburg, which is also home to the main elements of the MTN Group head office and the place it is listed.



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Group chief operating officer's report *continued*

South and East Africa regional overview

South and East Africa regional contribution to Group total

	Population (million)	Subscribers (000)	Revenue (Rm)	EBITDA (Rm)	Capex (Rm)
Total	104,5	24 032	37 483	12 878	7 350
% of Group total	20%	27%	37%	30%	26%

Country contributions to SEA region total

Subscriber contribution



■	South Africa	71%
■	Uganda	15%
■	Botswana	4%
■	Rwanda	5%
■	Zambia	3%
■	Swaziland	2%

Capex



■	South Africa	66%
■	Rest of region	34%

Performance

The highlight of 2008 for the SEA region was the increase in the customer base – we boosted total subscriber numbers by almost a quarter to 24,03 million. The growth was led by Zambia (where net additions were up more than 470%), Rwanda, Uganda and Swaziland. In line with increased penetration in all markets, average revenue per user (ARPU) declined in all SEA countries, except in Zambia, where it increased by USD1 to USD11.

In 2008, MTN Uganda, MTN Rwanda and MTN Swaziland celebrated 10-year anniversaries. These were the first countries of the 20 outside South Africa to which MTN had expanded. The hard work over the past decade has led to remarkable results – a tribute to the people of these operations who have established the foundation for even greater success in the next decade.

MTN stepped up capital expenditure sharply in 2008, with total annual capital expenditure for the region doubling to R7,35 billion, most of which was spent on the network in South Africa. Other countries with significant capital expenditure, in pursuit of MTN's strategy to continue to provide network excellence and to expand our network and support data growth, were Uganda, Rwanda, Zambia and Swaziland.

MTN Uganda's capital expenditure nearly tripled during the year, enabling it to construct 104 base transceiver stations, bringing the total in place to 573. Driven by a high level of

competitor promotional activity and the prevalence of multiple SIM card ownership, churn remained a challenge despite MTN Uganda having the lowest churn rate in that market.

The launch of MTN Zone in the year made a huge impact and enabled MTN Uganda to grow its subscriber base by 49%. However, market share decreased to 52% from 56% as a new entrant joined the market, bringing to four the number of operational GSM licensed operators in Uganda.

MTN Rwanda completed the roll out of its core 3G network in the year and continued to work to expand its distribution footprint. We nearly doubled our capital expenditure in the year, deploying 316 base transceiver stations (BTS), 230 site upgrades and an upgrade of the national transmission backbone. A third operator is expected to be launched in Rwanda in the third quarter of 2009.

MTN Zambia performed well in the year, lifting subscriber numbers by more than 160% to reach 693 369 and increasing market share to more than 25% from 17,2%. The favourable results were due to better pricing plans, product distribution and availability and significant improvements to the network, where we rolled out 235 BTS. MTN Zambia acquired 40% of net additions in the market during the year.

MTN remained the exclusive operator in Swaziland, recording 138 748 net connections, and bringing the active subscriber base to 518 988. MTN Swaziland introduced our lowest-priced handset to date, supporting greater usage. The launch of

Group chief operating officer's report *continued*

South and East Africa regional overview *continued*/MTN South Africa review

MTN Zone, piloted first in Swaziland, proved very successful and resulted in significant uptake. In November MTN Swaziland received its renewed licence which is valid for another 10 years.

Mascom Botswana introduced the fastest mobile Internet access in Botswana in the year, through the launch of its 3.5G network around the capital Gaborone. Competition intensified with the launch of a third mobile operator and mobile penetration reached 97%. As a result of this increasing market maturity, Mascom implemented key retention strategies in the year.

Outlook

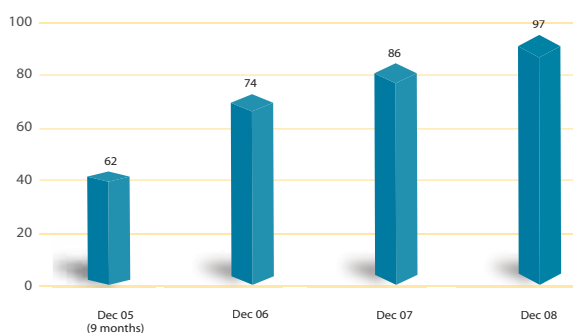
Many markets in the region are greatly dependent on commodities. In a climate of slowing economic activity, in the year ahead all SEA businesses will focus on improving operational efficiencies, extending network coverage, service innovation and customer care and retention. Competition is expected to increase as more entrants join the market, specifically in Uganda and Swaziland. Self-provisioning and the sharing of transmission infrastructure, in South Africa in particular, will remain a focus in our efforts to cut costs as well as our businesses' impact on the environment. The availability of power in many markets, and Uganda in particular, remains a challenge, as extensive use of generators puts pressure on network operating costs. As such, the implementation of hybrid power solutions has been prioritised.



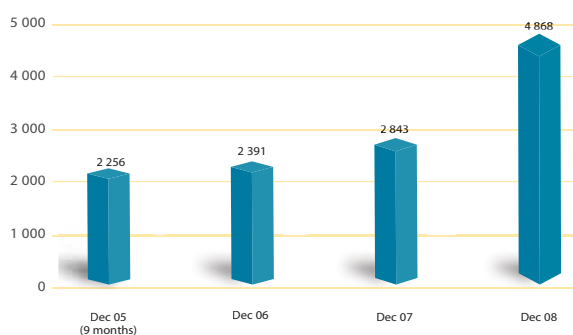
MTN South Africa

Launched June 1994, market share 36%, population 49 million, forecast market size in 2013 – 64 million, shareholding 100%.

Mobile penetration – South Africa (%)

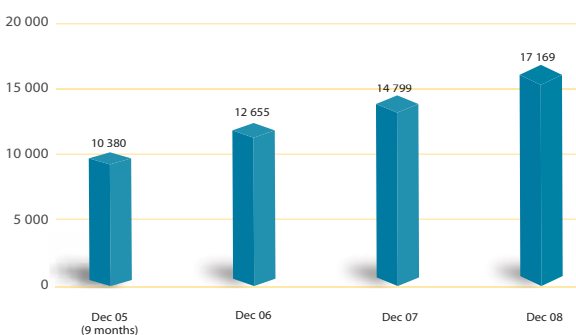


Capex – South Africa (R million)



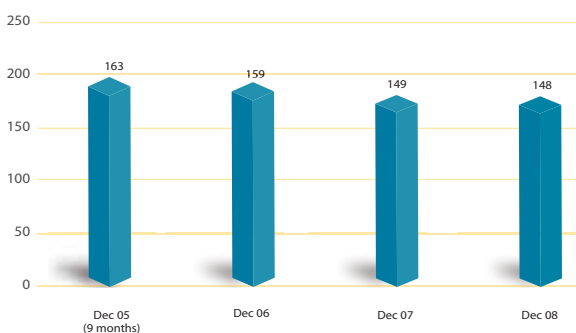
Subscribers – South Africa

(000)



ARPU (blended) – South Africa

(Rand)



Overview

MTN South Africa, the Group's original and flagship operation, performed well in a challenging economic environment, marked by an increase in interest rates to five-year peaks and the fastest rate of inflation in 16 years. Competition in this maturing market, where mobile penetration is around 97%, remained robust. Despite this, MTN South Africa lifted subscriber numbers 16% to 17,17 million, maintained market share at 36% and reported blended average revenue per user (ARPU) of R148, down just one rand on the 2007 figure. This performance was mainly the result of some key product innovations, as well as important enhancements to the network and distribution in the year.

In executing our strategy, we secured numerous acquisitions, including that of an internet service provider or ISP (in line with our convergence goals) and various retail outlets (to fulfil our integrated distribution objectives).

The MTN South Africa brand grew from strength to strength, breaking into the top 10 of the *Ipsos Markinor Sunday Times Top Brands* survey for the first time as well as moving up in the overall *Ask Afrika Orange Index* service excellence survey.

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MTN South Africa review *continued*

MTN South Africa was again rated number one in the Ask Afrika Orange telecoms sector for customer service. We earned a number of accolades for our advertisements, including bronze awards at Cannes and the Clios in New York for the "clap" advertisement. These honours confirm the value of our brand and give us a solid platform on which to build the 2010 FIFA World Cup South Africa™ campaign, the "we can't wait" phase of which we launched in March 2009.

Capital expenditure was a major focus of the year, with more than R4,9 billion invested during the period, from R2,8 billion a year earlier. Without sacrificing the quality of our network or that of customer care, cost control remained central to our endeavours. An example of where we were able to reduce costs was in relying less on contractors, including call centre agents, by recruiting these skills directly.

During the year we successfully completed the restructuring of our organisational design, to simplify management processes, increase the business focus and quicken our decision-making.

Market environment

Economic growth slowed during the year as interest rates peaked and high rates of inflation hurt consumer confidence and resulted in more cautious spending. Bad debts increased as the high cost of credit ate into disposable incomes. The rand lost ground against the dollar to average 8,13 in 2008 from 7,04 a year earlier.

Infrastructure

The key objectives for our network are to improve its capacity, quality and coverage; introduce alternative transmission capabilities through self-provisioning; modernise the network and make it more efficient; support and maintain our infrastructure; and stimulate and support the development and launch of new products.

We changed the core infrastructure, replacing 98% of the monolithic network, moving from classic transmission (using microwave or time-division multiplexing) to Internet Protocol fibre-based transmission. This should ultimately lead to increased capacity, better quality of service and lower costs to customers.

We are pleased to report a significant improvement in the capacity of our South African network during the year, increasing population and geographic coverage and enhancing our data capabilities. We built 483 new 2G base transceiver stations (BTS) and 419 new 3G BTS, thus bringing the total to 7 718 BTS. Considerable progress was also made in providing additional capacity to both the circuit switch (voice) and packet switch (data) core network.

In pursuit of our transmission self-provisioning strategy, we commenced the roll out of our fibre-optic metropolitan network in the high-traffic zone of Gauteng. This deployment, which will significantly enhance our capacity, is expected to result in some operating cost savings over a decade.

Infrastructure sharing remained a focus, and during the year we negotiated the building with two other operators of a 5 000 km national fibre-optic network to enhance network coverage and quality. Work on the project, with planned completion by 2011 and an estimated cost of R1,5 – R2,0 billion, has already commenced. Currently we are sharing around one third of our BTS sites in South Africa – a figure we expect to increase in the years ahead.

Products and services

Product innovation was a central theme for MTN South Africa during the year as we worked hard to create products relevant to South Africans from all walks of life. In February we launched MTN Zone, a dynamic tariffing product, to our prepaid customers, an exciting offering with discounts of up to 95% on local calls. At year-end we had more than 6,5 million MTN Zone customers in the country, boosting our market share in this important segment. To counter churn, a new SIM swap process was introduced, allowing prepaid customers to retain their old, but active, numbers.

In September we launched MTN AnyTime to postpaid customers, attracting some 259 000 subscribers. This is a high-value proposition which creates simplicity as well as value through per-second billing, increased carry-over of airtime,

inclusive SMS packages and standard charges across networks. A simpler international roaming proposition was introduced, aimed at making rates more transparent. In our drive to reward customers for their tenure, expenditure and product choices, we established the *Smile* loyalty programme.

In the business market, we introduced a proposition for small and medium enterprises (SMEs) and set up an SME sales channel. Through our recent purchase of ISP Verizon South Africa we have secured nearly a quarter of the South African corporate data market and we will continue to enhance the MTN value proposition to business and corporate clients under the MTN Business banner. MTN Business integrates Verizon with Network Solutions, our original ISP.

Distribution

In working towards our goal of more effective direct distribution of our products, as well as an enhanced customer experience, during the year MTN South Africa increased branded distribution presence. To further improve the efficiency of the distribution channel, we purchased the remaining shares of retailer Cell Place and concluded the purchase in January 2009 of the remaining stake in i-Talk. We also purchased two dealers – Cellphonics and Cellphone Select – in a move to further improve service to customers.

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Group chief operating officer's report *continued*

MTN South Africa review *continued*

People

The passion and commitment of the employees of MTN South Africa remain a central competitive advantage to our business. Despite the recent significant reorganisation of the structure of business, our annual culture survey (in which participation was 85%) produced very encouraging results, showing that better communication and interaction with staff is paying off.

During the year we met our employment equity targets at management level, making a number of key appointments in this regard. A shortage of skilled resources – particularly in engineering – remains a challenge, and one that we are addressing through targeted skills and leadership development, which will in turn be aided by the establishment of the MTN Academy.

Recognising that broad-based black economic empowerment is a business imperative in South Africa, we have identified enterprise development and procurement as key aspects in which to invest. During the year we spent R5,3 billion with black-owned businesses, up from R2,1 billion the previous year. Further details of our BEE initiatives can be found in the Group sustainability section of this report on page 74.

Regulatory environment

The South African ICT regulatory environment continues to evolve, with numerous regulations under consideration or issued during 2008, including implementation of provisions of the Electronic Communications Act. MTN South Africa maintains a positive and pro-active relationship with the industry regulator, ICASA, and other bodies involved in crafting legislation. Key recent developments in the regulatory environment include:

- MTN South Africa's mobile cellular telecommunications service licence, which expired in January 2009, has been converted into an electronic communications network services licence and an electronic communications service licence. However, certain issues with regard to the technical aspects of the licences still need to be resolved. We are also awaiting publication of details of frequency licences and of licence fee regulations.
- The Regulation of Interception and Provision of Communications-related Information Act Amendment Bill, which requires that mobile operators establish a thorough register of all subscriber details, was published in January 2009. The date on which this legislation will take effect is still to be determined.

- MTN South Africa expects the Competition Tribunal hearing on the Company's long-standing community service interconnect dispute with a competitor to take place later in 2009.
- MTN South Africa is awaiting publication by the regulator of the final interconnection regime and facilities-leasing guidelines and also finalisation of the policy framework required for access to the long-term evolution spectrum required for 3G evolution.
- In January 2009 MTN South Africa obtained unconditional approval from the Competition Tribunal to close two transactions – the purchase of Verizon Business South Africa and that of the remaining shares in i-Talk.

To meet this projected demand we will continue to focus on network expansion, optimisation and evolution and have earmarked a further capital expenditure increase of around two-thirds in 2009, with more site sharing and a strong emphasis on skills development. Customer-driven delivery will remain our target and we will continue to re-engineer our distribution channel and leverage the pipeline of new products established in the year. With the integration of Verizon Business South Africa and MTN Network Solutions to form MTN Business, we are well positioned to make significant inroads into the business-to-business data market.

Outlook

Although South Africa is a reasonably mature mobile market, we remain optimistic of further growth in the years ahead, and have increased our forecast market size in 2013 to nearly 64 million. We base this on the growing trend for subscribers to use multiple SIM cards (eg, one for business, one for personal use and one for data); an increase in immigration to the country; a higher uptake by youth; and expanded demand for telemetry.

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Group chief operating officer's report *continued*

West and Central Africa region



Nine countries make up the operations of MTN's West and Central Africa (WECA) region, spreading from Guinea Bissau in the west to Congo-Brazzaville in the centre. The region is the largest contributor to the Group in terms of subscribers, revenue and profitability. Although there has been an increase in mobile penetration in the past few years, this is still relatively low at between 22% and 59% of the population. The regional office is in Accra.

PHOTOSHOP WORK
TO BE DONE

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Group chief operating officer's report *continued*

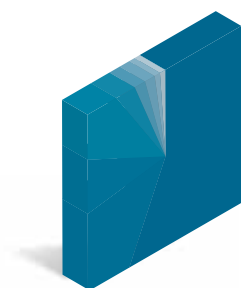
West and Central Africa regional overview

West and Central Africa regional contribution to Group total

	Population (million)	Subscribers (000)	Revenue (Rm)	EBITDA (Rm)	Capex (Rm)
Total	232,9	40 274	47 682	25 318	15 024
% of Group total	44%	44%	46%	59%	53%

Country contributions to WECA region total

Subscriber contribution



■	Nigeria	57%
■	Ghana	16%
■	Cameroon	9%
■	Côte d'Ivoire	9%
■	Benin	3%
■	Guinea Conakry	2%
■	Congo-Brazzaville	2%
■	Liberia	1%
■	Guinea Bissau	1%

Capex



■	Nigeria	64%
■	Ghana	12%
■	Rest of region	24%

Performance

MTN's WECA region recorded a strong performance in 2008, improving our market share in most countries, despite increased competition and economies showing signs of stress due to the international downturn.

In some countries, regulators – with whom we maintained constructive relations – increased their demands on the industry.

Total subscribers increased 44% to 40,27 million, buoyed by the launch of innovative products such as MTN Zone launched in Ghana, Congo and Cameroon and significant improvements in network roll out. In line with this increased user base, MTN's average revenue per user (ARPU) across all WECA markets fell between USD1 and USD6, except for MTN Benin, where the ARPU remained fairly stable at USD15.

Early in the year, MTN boosted brand awareness in the region through its title sponsorship of the MTN Africa Cup of Nations football tournament in Ghana. We are pleased to report good take-up of content via MTN Loaded during the championship, particularly in Cameroon. Users downloaded scores, pictures and video clips, boosting data revenue and providing an encouraging precursor to the 2010 FIFA World Cup South Africa™.

MTN increased its shareholding in MTN Côte d'Ivoire to 65% from 60% as part of a prior arrangement with local partners, while reducing its stake in MTN Nigeria to 76% after a private placement of an equity interest of 5,96% that raised USD594,5 million. This is part of the Group's efforts to broaden local ownership and representation.

In line with our ambitions to constantly improve our value proposition to customers and ensure that we are well positioned to benefit from a rapidly converging technology market, MTN Côte d'Ivoire concluded the acquisition of internet service provider (ISP), Afnet, and fixed-line operator, Arobase, in 2008. This builds on purchases in recent years of ISPs in Cameroon and Nigeria.

Total WECA capital expenditure almost doubled to R15,0 billion as MTN stepped up its investment in infrastructure. MTN Nigeria (details of which appear in the separate Nigeria report on page 45) rolled out a record number of base stations, double the previous year. MTN also initiated some infrastructure-sharing targets in the WECA region and will work to extend this further in the years ahead.

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Group chief operating officer's report *continued*

West and Central Africa regional overview *continued*/MTN Nigeria review

Despite a difficult competitive environment and due to a very attractive value proposition, MTN Congo-Brazzaville captured considerable market share during the year, accounting for 38% of all users by December 2008 from 26% a year earlier.

MTN Guinea Bissau boosted its share of the market by 10% to 82%, driven by aggressive marketing and product innovation as well as good product availability.

MTN Guinea Conakry was one of the few operations where market share fell, to 44% from 53%, due to aggressive competition in an environment of high inflation. Political instability during the year prompted MTN to twice evacuate all non-essential staff and the families of expatriate employees until the situation in the country stabilised.

The negotiations regarding the renewal of MTN Liberia's licence are almost concluded.

Employees of MTN Côte d'Ivoire were joint winners, with Yemen, in the "21 days of Yello Care Challenge" for the greatest staff participation in volunteer activities to help support their communities.

Outlook

Although the price of oil and various other commodities produced in the WECA region fell sharply in 2008, we believe the full impact of the worldwide economic slowdown is yet to be seen. Competition in the region continues to be fierce, compelling MTN to be more efficient by leveraging synergies such as network roll out, procurement and human resources sharing across the region.

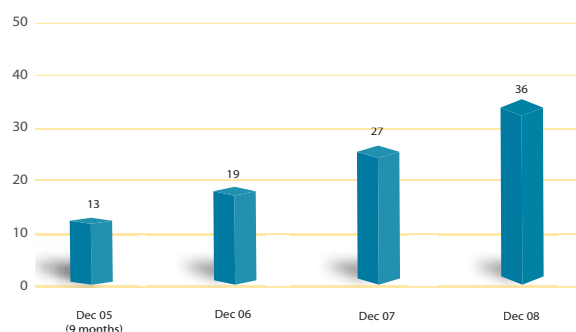
Faster execution of certain products and services is a priority in 2009, and we expect our seamless roaming offering, which has already been launched in Nigeria, Ghana, Cameroon and Benin to be available everywhere in the region. Similarly, Mobile Money, which will offer services such as airtime transfer and payments, is being piloted and introduced throughout WECA.

Over the next three years, local regulations permitting, MTN operations will gradually gain access to MTN-owned international capacity on a number of submarine cables. MTN operations along the west coast of Africa will have direct access to cable capacity on the SAT-3/WASC/SAFE submarine network, boosting our international data capabilities significantly.

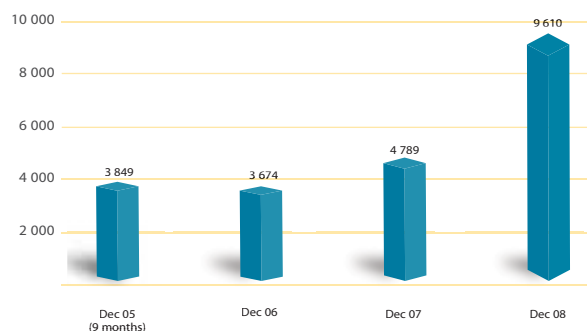


Launched August 2001, market share 44%, population 143,3 million, forecast market size in 2013 – 107,1 million, legal shareholding 76%.

Mobile penetration – Nigeria (%)



Capex – Nigeria (R million)



Overview

MTN Nigeria performed well during the year, despite a number of challenges related to network congestion, increasing competition, regulatory restrictions and a slowdown in the growth of the economy, whose longer term health is linked to moves in the oil price. Subscribers grew 40% to 23,1 million, as it connected a net 6,6 million users, up from 4,2 million a year earlier. To support this growth and improve network quality, MTN Nigeria's capital expenditure allocation was the largest in the Group, resulting in a record network roll out.

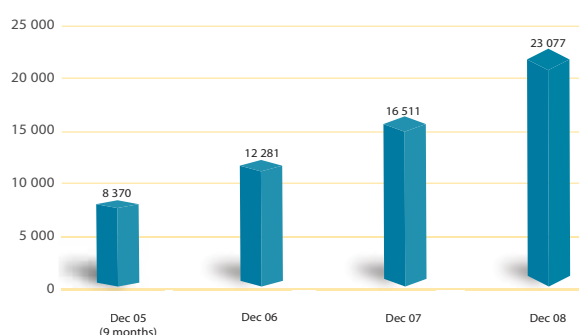
In 2007 the industry regulator had imposed a ban on promotions by MTN Nigeria and a competitor to mitigate the impact on customers of increasing network congestion. This, along with our limited numbering capacity, led to a slowdown in customer acquisitions in the first half of 2008. Both these issues were resolved by the third quarter of 2008 when MTN Nigeria was permitted again to carry out promotional activity and we received a fourth number range, with additional capacity for 10 million numbers.

Group chief operating officer's report *continued*

MTN Nigeria review *continued*

Subscribers – Nigeria

(000)

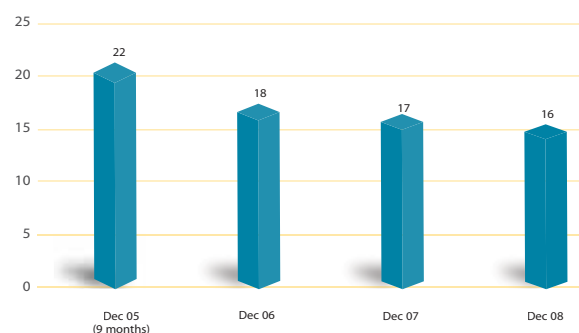


Consequently, some 44% of total additions occurred in the final quarter of 2008. As the network quality improved, we stepped up promotional activities and enhanced our distribution resulting in an increase in market share in the year to 44% from 43%. However, in line with the growth in subscribers, average revenue per user declined by USD1 to USD16.

In line with efforts to provide customers with a comprehensive communications offering MTN Nigeria worked during the year to integrate the business of VGC Communications, which was acquired in 2007. We launched high-speed broadband, as well as other fixed and data services during 2008.

ARPU – Nigeria

(USD)



Market environment

The sharp drop in crude oil prices in the second half of 2008, from highs above USD145 a barrel in July to below USD40 a barrel by year-end, affected confidence and put pressure on Nigerian export earnings and on exposed banking positions. The impact of the oil price fall, together with the impact of the flight of capital, particularly from the local stock market as the international liquidity squeeze was felt, led to a depreciation of the naira.

Despite the economic slowdown in some areas, spending on mobile services remained relatively resilient, due to the reasonably low penetration and underscoring the priority consumers assign to telecommunications. The telecoms sector in Nigeria is one of the largest non-oil producing sectors in the economy. Nigeria is also one of the most competitive markets in Africa, with unrivalled customer demand for value for money. In 2008, competition intensified with the launch of a new GSM operator and a 3G operator.

Infrastructure

Capital expenditure was a major focus in the year, and we invested a record R9,6 billion in network capacity, coverage, transmission and the roll out of a fixed network and mobile broadband. This was up from R4,8 billion a year earlier and resulted in sharp quality improvements. It brought our investment in Nigeria since 2001 to more than USD5 billion.

We built and integrated 1 560 base transceiver stations (BTS) in the year, lifting the total to 4 776. The roll out of 3G sites also remained a priority, with 551 3G sites in operation by year-end and supporting greater data usage. To further improve the network, a new microwave backbone route was built and 1 170 km of new metro and national fibre was implemented on key routes.

We experienced loss of service as a result of generator theft or vandalism and continued to focus on how to better secure our infrastructure. With environmental impact and cost considerations in mind, MTN Nigeria is now sharing, with competitors, around 350 BTS sites in Nigeria.

Products and services

MTN's sponsorship of the 2008 MTN Africa Cup of Nations in nearby Ghana, as well as MTN Nigeria's support for the popular television quiz show *"Who wants to be a millionaire?"* were two of the main brand-building exercises during the year, and they proved very successful.

To maintain our reputation for innovation, MTN Nigeria also launched numerous products and services during the year, including seamless roaming; MTN Loaded (an online music entertainment store targeting the youth); individual and shared data bundles (designed for small and medium enterprises and corporate customers); MTN Nigeria SIM menu (a SIM-based portal that pulls together all value-added services), to mention but a few.

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Group chief operating officer's report *continued*

MTN Nigeria review *continued*/ **MTN Ghana review**

We also introduced segmentation in customer service delivery, commencing with prioritisation of the service at call centres and guaranteeing specific service levels to premium customers. We established a new voice-recognition platform for the call centre, which includes all the major Nigerian languages.

Distribution

MTN Nigeria restructured its distribution model during the year to ensure more effective, efficient distribution of our products to customers. We believe that this represents the best trade partner proposition in the industry.

As a result of the changes, the number of appointed distributors at year-end was a more co-ordinated and incentivised 111, down from 202 in 2007. The second distribution tier consists of 5 666 channels and the third tier has about 30 000 points. In addition, there are several unregistered informal distribution points that are still being integrated into the company database.

The new distribution model is working very well, boosting net additions dramatically in the last quarter of 2008.

People

During the year MTN Nigeria launched an employee reward and recognition programme to attract and retain the skills we need to grow our business sustainably into the future. We

worked to ensure a greater degree of executive engagement with staff as well as improved communications through the "Go" campaign that targeted specific staff segments.

We also started an enterprise-wide "back to shop" programme, during which all employees spend a day in a customer-facing role. This reinforces the importance of customer care as one of our key values.

Although expatriates account for only a very low percentage of the 4 800 MTN Nigeria employees, key positions such as chief technical officer and chief marketing officer, as well as the executives responsible for human resources, customer service, sales and distribution and corporate services, are all held by Nigerians. In addition, a growing number of Nigerians are working in other MTN Group operations as expatriates.

Regulatory environment

As mentioned earlier, MTN Nigeria secured the lifting during the year of the Nigerian Communications Commission (NCC) ban on promotions, after making significant improvements to the network quality.

The end to this ban afforded the business the much-needed level playing field to compete and the ability to roll out various customer retention and loyalty packages as new competition entered the market. As required by the regulator,

we continue to submit regular reports on quality of service and infrastructure deployment and maintain open lines of communication and engagement with the NCC.

In February 2009 the regulator issued a consultation paper on the proposed implementation of number portability in Nigeria. MTN Nigeria is in discussions with the regulator and will await the final regulatory decision.

Outlook

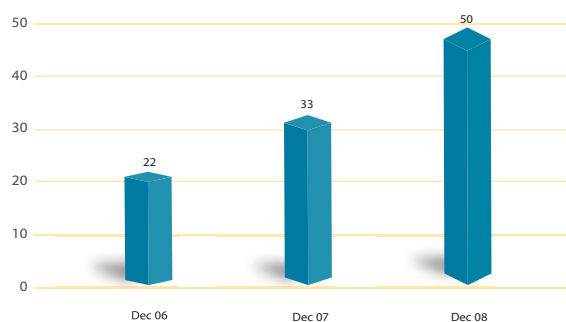
MTN Nigeria will continue to invest in enhancing its network in the year ahead, and has authorised a 25% increase in rand terms in capital expenditure for 2009. This will ensure that Nigeria remains the Group's top destination for investment. We remain committed to overcoming challenges and delivering a network that meets customers' expectations.

Improvements to our distribution channel and network in late 2008 have already resulted in sharp increases in new customer numbers in the first two months of 2009, with some 2,2 million net additions recorded during that period.

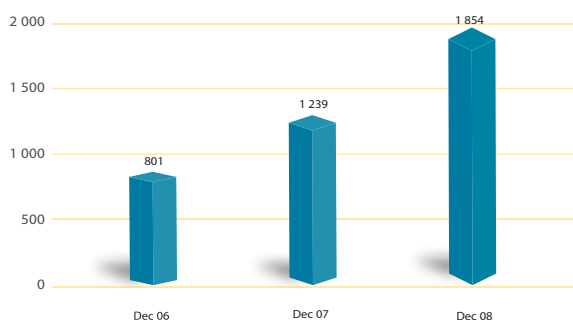


Launched November 1996, market share 55%, population 23,3 million, forecast market size in 2013 – 23 million, legal shareholding 98%.

Mobile penetration – Ghana (%)



Capex – Ghana (R million)



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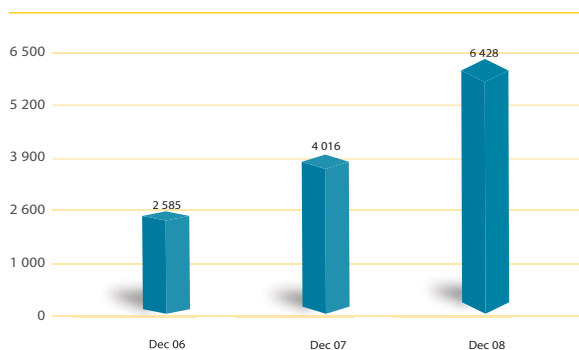
How we run our business

Group chief operating officer's report *continued*

MTN Ghana review *continued*

Subscribers – Ghana

(000)



Overview

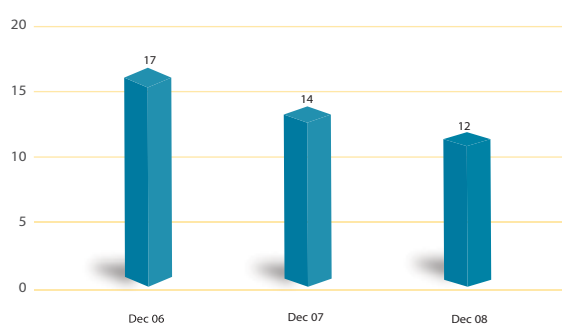
MTN Ghana grew subscriber numbers 60% during the year to 6.4 million, increasing its share of the market to 55% from 52% and helping boost Ghana's mobile penetration to half the population. Reflecting the continued acquisition of subscribers at the lower end of the market, average revenue per user per month decreased to USD12 from USD14.

To mark the first-year anniversary of the MTN brand in Ghana, we supported various music industry events as well as key football activities during the year. The most significant of these was the title sponsorship of the MTN Africa Cup of Nations (Afcon) football tournament in Ghana, which concluded with a Cameroon vs Egypt final in February. Egypt successfully defended the title to extend to six their record number of Afcon titles.

Linked to the tournament were various data offerings on MTN Loaded which helped push up data revenue's contribution to overall Ghana revenues steeply to 7.8%.

ARPU – Ghana

(USD)



Market environment

The telecoms market in Ghana is now crowded as competition increased during the year. Six mobile operators are now licensed in a country of 23 million people, up by two since 2007. The sixth licensee is expected to start operations during 2009.

During the year, Ghana held elections, which resulted in a smooth change of government. Economic activity in Ghana continues to broaden, and the discovery of oil in the western region is expected to provide an additional boost to the economy. Inflation remains a challenge, though, with the level of price rises in 2008 in the high double digits.

Infrastructure

MTN Ghana spent R1,85 billion in 2008 (from R1,24 billion in 2007) on an aggressive base station roll-out plan, which resulted in the integration of 704 base transceiver stations (BTS) and the commissioning of a mobile switching centre and a base station controller to cater for traffic demand in Accra and Kumasi. This significantly improved the quality of the network and brought the total number of BTS so far to 2 364. Network capacity limitations earlier in the year had prompted management to slowdown subscriber acquisitions to alleviate network congestion.

Products and services

The launch in June of MTN Zone, proved to be a major success, resulting in a sharp increase in network traffic in the second half of the year. It also ensured that most new connections in Ghana during the year were with MTN, and brought the total number of MTN Zone customers to some 4,6 million by end-December 2008.

Various other products were also launched to improve the value proposition to customers, including seamless roaming, where customers can recharge airtime at the local rate when visiting another country and ringback tones. Blackberry services were introduced in January 2008, and the soft launch of Mobile Money took place in September.

Distribution

The distribution strategy in Ghana is designed to ensure full availability, accessibility and visibility of MTN products at the point of purchase and of usage, while aggressively acquiring corporate and high-income customers through a key account management approach.

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Group chief operating officer's report *continued*

MTN Ghana review *continued*

In 2008 we increased the number of points of sale selling MTN products to around 98 000 from some 59 000, representing growth of 67%. In addition, we grew our corporate lines by nearly 50%. We implemented a regionalised distribution scheme, appointing eight dealers who are responsible for each of the eight sales territories. As these dealers are engaged in active retail redistribution, they give MTN Ghana a significant competitive edge.

All MTN service centres were reorganised during the year to improve service and distribution. Further work was done through the expansion of distribution into new channels. Our cross-distribution initiative engaging FMCG distributors, such as Coca-Cola, Unilever, Guinness Ghana as dealers and sub-dealers means that MTN products are the first telecommunication products to enter popular grocery shops around the country. To ensure deeper distribution reach in rural areas we created 200 strategic distribution points in key districts and towns, thereby creating a cost-effective means of distributing at the local level. To drive prepaid customer acquisitions and event sales, a 400-person team of "town stormers" with representation

in all key towns was set up to support distribution and market – share growth efforts.

People

During the year, MTN Ghana focused on developing the skills of our people and worked hard on staff retention initiatives as new competitors entered the market. Among these were improved staff engagement and feedback systems, enhanced recognition and reward programmes and more user-friendly and accessible human resources policies. MTN Ghana also worked to rotate talent in the region to provide staff with an opportunity to enhance their skills in other markets. A strong succession plan was put in place and compensation was benchmarked within the industry.

We launched the regional learning centre of the MTN Academy in Accra, one of three throughout the group. This is designed to unify and standardise key strategic learning and organisational development services across all operating units.

Regulatory environment

Effective January 2008, regulatory fees were increased from a flat fee of 750 000 Ghana cedi per annum to 1% of revenue. We also pay a rural development levy of 1% of revenue.

A communications service tax (CST) of 6% of revenue was also imposed during 2008. Mobile operators had to increase tariffs in response to these new fees; however, the full impact was not passed on to MTN Ghana subscribers.

During the year we acquired a 3G licence, and were allocated a new number range.

The legal dispute between some of the former shareholders of Scancom, which MTN acquired when we bought Investcom in 2006, continues. We look forward to resolution of this issue in due course.

Outlook

We recently increased our forecast for the size of the Ghana mobile market in five years' time to 22,5 million from 15,1 million previously, highlighting the significant

opportunities ahead. Included in these is data growth off a low base of less than 4% Internet penetration. Competition will, however, remain tough in the crowded market and quality of service will increasingly be a key competitive factor driving customer satisfaction.

Consequently, MTN Ghana plans to sharply scale-up capital expenditure on its network in the year ahead, spending more than double, in rand terms, the amount spent in 2008. We also intend launching a number of enhanced value propositions and products including voice SMS, conference calling, mobile TV, Mobile Money and 3G. Together, these initiatives should help us add another 1,1 million customers to MTN Ghana's network in 2009.

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Group chief operating officer's report *continued*



Middle East and North Africa region



MTN's Middle East and North Africa (MENA) region is made up of MTN Irancell, MTN Syria, MTN Sudan, MTN Yemen, MTN Afghanistan, MTN Cyprus and MTN International Carrier Services. The region is the fastest growing of MTN's three operating regions, led by the two-year-old operation in Iran. MENA users represent 29% of Group subscribers and 23% of the Group's proportionate subscribers. The regional office is in Dubai.



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Group chief operating officer's report *continued*

Middle East and North Africa regional overview

Middle East and North Africa regional contribution to Group total

	Population (million)	Subscribers (000)	Revenue (Rm)	EBITDA (Rm)	Capex (Rm)
Total	186,7	26 346	17 215	4 654	5 772
% of Group total	36%	29%	17%	11%	21%

Country contributions to MENA region total

Subscriber contribution

%



Iran	61%
Syria	13%
Sudan	10%
Afghanistan	8%
Yemen	7%
Cyprus	1%

Capex



Iran	47%
Syria	18%
Sudan	16%
Rest of region	19%

Performance

Most MTN operations in the MENA region performed well in 2008, with subscriber numbers accelerating 88% to more than 26,3 million at end-December 2008 driven mainly by Iran (details of which appear in the separate Iran report on page 59). This growth was underscored by improved infrastructure roll out in various markets. Our operation in Sudan (details of which appear in the separate Sudan report on page 65) disappointed, mainly as a result of the disconnection of unregistered subscribers, as required by the regulator.

Mobile penetration increased, but is still between 21% and 23% in Sudan, Yemen and Afghanistan, which highlights the considerable opportunity that still exists for growth. Average revenue per user (ARPU) across MENA declined, except in Cyprus, where blended ARPU increased to USD44 a month from USD39 in 2007 mainly due to the proportion of postpaid subscribers with higher ARPU's increasing from 27% to 35%. This market is at 90% penetration so ARPU stability is more expected. The increase was primarily due to the business acquiring more postpaid subscribers at higher ARPUs. Competition is expected to increase as new licences are planned for Iran and Syria.

We rolled out various initiatives to create synergies between all operating companies, by streamlining procedures, particularly in human resources. Group events, such as *Yello Stars* and the Group Leadership Conference helped enhance the feeling of belonging and team spirit.

We are pleased to report successful capex deployment across MENA. We started sharing infrastructure with some of our competitors in 2008, and aim to increase this during the year ahead, with its favourable effect on our environmental footprint and costs. MTN Syria (details of which appear in the separate Syria report on page 62) replaced its core infrastructure during the year with new generation technology.

Product and service delivery were a major focus area, with MENA operations working towards revamping MTN's value proposition to customers. This included preparations for Mobile Money, dynamic tariffing, seamless roaming, customer segmentation and enhanced sales and distribution.

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Group chief operating officer's report *continued*

Middle East and North Africa *continued*/MTN Irancell review

MTN Afghanistan gained the number two position in the market mainly as a result of aggressive roll out of the network and following the re-branding of operations in May. These significant achievements are notwithstanding the numerous challenges faced, among them, significant competition, security concerns, lack of basic infrastructure, a geographically difficult environment and periodically severe weather conditions. Border closures from time to time also delayed the delivery of materials, while recruiting sufficient skilled local staff remains a challenge.

MTN Yemen maintained its market leadership throughout the year, with 38% market share. The launch of the *"talk free after the third minute"* offer proved to be particularly successful in Yemen, although the market responded well to most of our offerings. The employees of MTN Yemen won the Group's joint first prize, with MTN Côte d'Ivoire, of the *"21 days of Yello Care Challenge"*, with the greatest staff participation in volunteering time and energies to support worthy projects in the community.

During the year MTN disposed of 49% of MTN Cyprus, selling a stake to prominent Cypriot trading company, Amaracos, who has a further option for 1%. At the same time, MTN Cyprus acquired 100% of fixed-line operator and internet service provider, OTEnet, as well as retail chain, Infotel. These transactions provide the operation with significant local

know-how, as well as distribution support, and enable MTN Cyprus to offer comprehensive solutions for mobile, fixed and broadband communications increasing its market share to a more healthy 19%.

Outlook

In a challenging environment of ever-increasing competition, often-uncertain politics and evolving regulations, MTN's operations in the MENA region will continue to strive to grow subscribers by rolling out new infrastructure, particularly in rural areas, and introducing new products and services. The Group has authorised an increase in capital expenditure to R6,7 billion in the region in 2009, although this reflects only our proportionate share of MTN Irancell's capex.

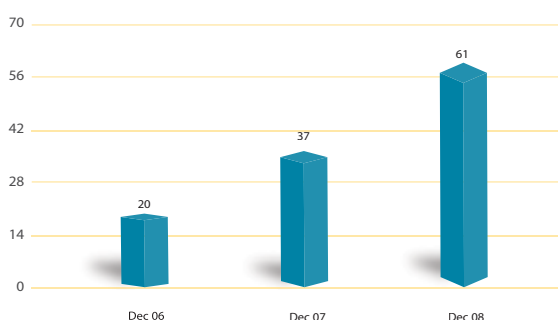
We will capitalise on the Group's sponsorship of the 2010 FIFA World Cup South Africa™ to further build our brand, while revamping our value proposition to customers and sharing learning across operating units.

We will continue working to improve sales and distribution, and structure the retail network so as to limit churn and reward good distributors. Among a number of new products we plan to launch in the MENA region in 2009 are Mobile Money, MTN Zone dynamic tariffing and seamless roaming.

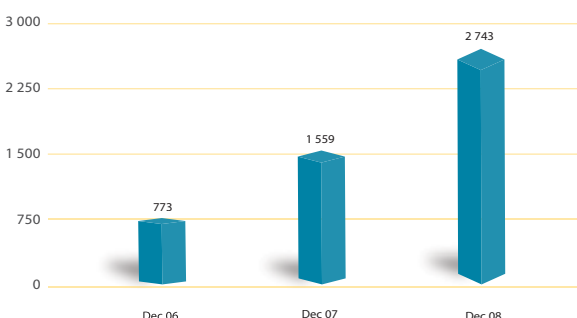


Launched October 2006, market share 37%, population 71,9 million, forecast market size in 2013 – 53 million, shareholding 49%.

Mobile penetration – Iran (%)



Capex – Iran (R million)



Overview

In its second full year of operations, MTN Irancell moved significantly beyond a start-up project, taking more than half of all net additions in the market. This brought total subscriber numbers to 16,04 million, up from six million – the largest annual increase in subscribers of any MTN operation, ever – and bolstered MTN Irancell's market share to 37%, from 23% a year earlier.

Subscriber acquisition was driven by strong brand image, successful seasonal promotional campaigns and new products and services.

Average revenue per user declined by USD1 to USD9. This is due to the sharp increase in the number of subscribers, which now includes many more lower-income customers, as well as the depreciation of the rial against the dollar. Almost 98% of our users are prepaid, while the rest are on postpaid plans, a significant change from two years ago when the market was almost completely postpaid.

Market environment

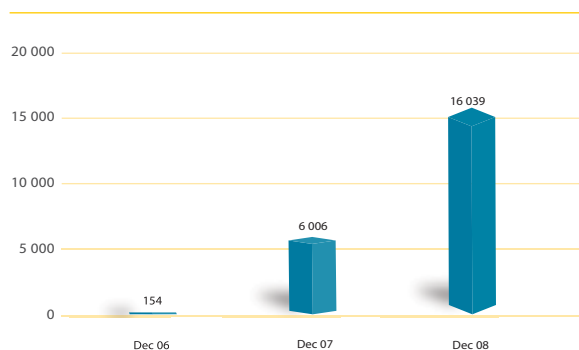
A steep fall in the price of oil – Iran's key export – led to a drop in the value of the rial against the dollar and also stoked inflation, which at one stage reached more than 23% in the year. Other reasons for the inflationary environment were Iran's expansionary monetary policy, fuel rationing and the lifting of some government subsidies on general consumer goods.

Group chief operating officer's report *continued*

MTN Irancell review *continued*

Subscribers – Iran

(000)



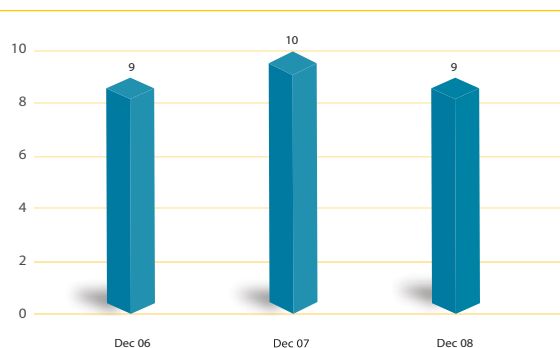
Strong rises in price levels typically put pressure on disposable incomes, which impacts spending patterns, although this has not been evident as yet.

Infrastructure

MTN Irancell invested R2,7 billion (49%) in capital expenditure (from R1,6 billion – 49% – the year before) to improve the coverage, capacity and quality of the MTN Irancell network. By the end of 2008, the operation had added 1 529 base transceiver stations to the network, bringing the total rolled out so far to 3 532. We increased our network's coverage of the population to 62% at December 2008, from 48% a year earlier.

ARPU – Iran

(USD)



Gross connection greatly improved to minimise the impact of churn by rolling out more sites in cities where demand was high as well as establishing a network footprint in new cities. We have faced challenges in acquiring sites in some of the larger cities, including Esfahan and Tehran in particular. By the end of the year, MTN Irancell covered 699 cities in the country, up 465 during the year. Another four base station controllers and eight switches were commissioned during the year, bringing the cumulative total since inception to 67 and 16 respectively.

Products and services

The Iranian market is very receptive to innovations in mobile telephony, and to capitalise on this, MTN Irancell had a strong focus on marketing during the year, particularly offers targeted at the large youth segment.

Our main promotional activity was the “*Buy One, Get One Free*” campaign, driven largely by market research, which helped boost brand awareness and lifted connection rates to an average of more than 31 000 a day for the year.

Competitive pricing of SIM packs, which lowered upfront ownership costs, combined with attractive basic and promotional tariff plans, contributed to subscriber growth. New segmented tariff plans, tailored to subscriber usage patterns, were also well received.

Vitrin, MTN Irancell’s content portal, was launched at the start of summer as an innovative entertainment product. In an effort to improve the customer experience, MTN Irancell launched three new service centres during the year.

Distribution

MTN Irancell introduced a value-based channel strategy in the year, providing distributors with a greater incentive to sell MTN packages. MTN Irancell now has 11 established distributors with 5 980 registered dealers and approximately 64 000 points of sale nationally. We also set up distribution through three banks with more than 4 000 ATMs selling ‘logical PINs’ as well as two banks selling prepaid airtime over the Internet.

An efficient and cost-effective supply chain of warehouses ensured that the right products, such as SIM and recharge cards, were available on demand, even though sales during the year exceeded forecasts. MTN Irancell more than doubled the capacity

of the local production of recharge cards (and plans to increase this further); started the local production of SIM cards; and signed up two new local SIM kit-packaging suppliers, increasing the number of local suppliers, as well as local content.

People

To meet the needs of our rapidly expanding customer base and network, MTN Irancell doubled the number of people employed during the year, although many were previously contractors working in a temporary capacity. MTN’s priority is to attract, recruit and retain people with the relevant skills and experience. We are also working on a customer-centric culture programme to ensure excellent customer service.

Regulatory environment

Many regulations in Iran are still being developed and there is no overarching telecoms legislation or industry-specific regulations on issues such as interconnection and infrastructure sharing. During the year MTN Irancell continued to work on negotiations with the Telecommunication Company of Iran (TCI) for an interconnect agreement.

One of the main regulatory priorities for MTN Irancell is the registration of users’ personal details, as required by law. We have equipped nearly 3 000 dealers with the means needed to register subscribers.

During the year, MTN Irancell was awarded a WiMax licence as well as spectrum, and will commence WiMax services in

Group chief operating officer's report *continued*

MTN Irancell *continued*/MTN Syria *review*

2009. We also received an ISP licence from the regulator and plan to roll out ISP services during the course of 2009. Iran recently named the preferred bidder for a third mobile operator licence; however, it is not clear when the new entrant will start operating.

Outlook

In the year ahead we will continue to work hard towards achieving critical mass and to firmly establish MTN Irancell's position in the market against an entrenched competitor as well as the expected entry of a third operator.

Despite what we expect to be still-high inflation, we see strong potential for growth in Iran, particularly in the more rural areas, where we intend to further extend our network. Our estimate of the addressable market in five years is 53 million subscribers.

MTN Irancell is also looking to penetrate the corporate segment and to add total of around six million new customers to our network in 2009. We plan to achieve this through the launch of a series of innovations to leverage our technological leadership and stimulate usage. Improvements to customer service, through segmentation, are a priority and we plan to develop offerings that attract and retain users in the various market segments.

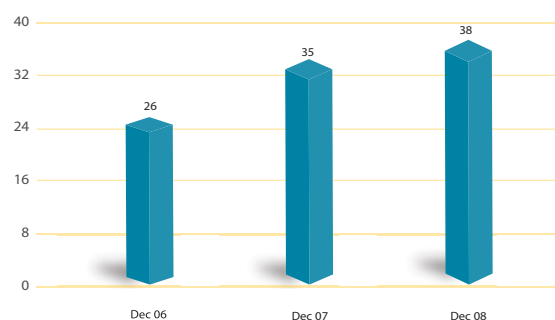


MTN Syria

Launched June 2002, market share 46%, population 20,4 million, forecast market size in 2013 – 13 million, shareholding 75%.

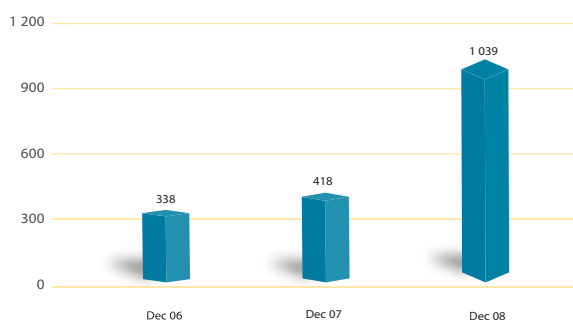
Mobile penetration – Syria

(%)



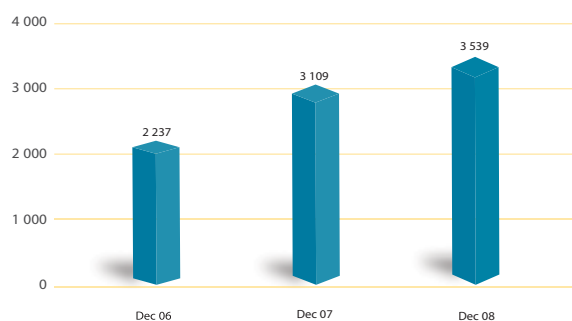
Capex – Syria

(R million)



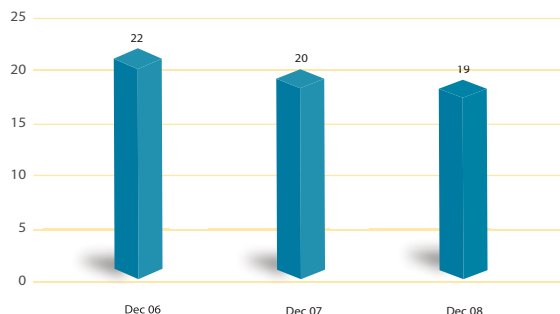
Subscribers – Syria

(000)



ARPU – Syria

(USD)



Overview

MTN Syria increased its subscriber base by a moderate 14% to 3,5 million in a year in which we replaced the core infrastructure with new-generation technology. The increase in user numbers was supported by a number of initiatives, including a reduction of prepaid tariffs during the last quarter of 2007; the extension of the validity periods for various airtime packages; good management of churn and various promotional offers to the lower end of the market.

The telecoms market in Syria is a managed one, where the regulator plays a significant role in market activities.

The increasing trend by customers to move to prepaid from postpaid contracts resulted in a drop in postpaid's share of total subscribers to just under 16% from more than 18% a year earlier. Blended average revenue per user declined USD1 to USD19 as more subscribers in the lower-income segments joined the network.

Market environment

The Syrian economy experienced high inflation during the year, which had a negative impact on the purchasing power of the lower-income users who make up about half of the MTN Syria subscriber base. Delays in deliveries of network equipment, mainly a result of the process required to ensure compliance with the US embargo on the country, affected roll out and hence network performance in the early part of the year.

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Group chief operating officer's report *continued*

MTN Syria review *continued*/**MTN Sudan review**

Infrastructure

Network roll out gained momentum in the second half of the financial year and by year-end, MTN Syria's legacy technology had been replaced with a network based on the latest technology, providing a solid basis for growth. We migrated from a network based on time division multiplexing (TDM) to an Internet Protocol backbone for the core network around four major cities. We rolled out 596 base transceiver stations in the year, bringing the total to 2 995. This included an acceleration of the rollout of our 3G network, with 145 3G base transceiver stations constructed during the year. Total capital expenditure more than doubled to over R1 billion in 2008.

Products and services

Voice remains the dominant application in Syria, with demand for advanced data services still limited due to low Internet penetration. Despite this, and with an eye to the future, MTN Syria acquired an ISP licence during the year, introduced enriched data offers and paved the way for full 3G services after running a 3G trial project for the previous 18 months.

GPRS tariffs were sharply reduced during the year, while promotions for SMS flat rates and various innovative services targeting the youth were launched. We upgraded the billing system to improve its efficiency and increase customer loyalty

and also overhauled our customer contact centres to improve customer service, enhance our ability to handle incoming call traffic, increase productivity and reduce costs.

Distribution

Improved distribution remained a focus. We brought 10 new franchise customer service centres into operation in geographically remote areas. MTN Syria also revised commission schemes and introduced electronic prepaid vouchers to the market, reaching a 38% penetration rate by the end of December 2008.

People

Acknowledging the key competitive advantage that comes from our people, MTN Syria continued to invest in employee training during the year. More than four-fifths of all our employees attended at least one training course aimed at building competencies and capabilities. We also put in place a clearly defined succession plan, identifying key leadership staff.

Regulatory environment

MTN Syria has a Build, Operate and Transfer (BOT) contract to run its mobile business. We continue to engage with the Syrian telecoms authorities to convert the BOT contract into a regular mobile operator licence.

Due to promulgation of certain laws and regulations in 2008, MTN Syria has been working to adjust its company by-laws and board of directors in order to comply with all the new laws and conditions.

As the Syrian financial markets have only recently started liberalising, foreign exchange legislation to allow for the purchase of foreign currency is therefore still limited, a situation acknowledged by the Syrian authorities with whom we continue to engage.

Outlook

Mobile penetration in Syria is around 38%, providing MTN Syria with more opportunity to grow in a country of some 20 million people. We recently raised our forecast for the potential mobile market size to 13 million in five years' time from a previous forecast of almost 12 million. Changes in the regulatory environment are expected to further drive penetration in the years ahead. MTN Syria expects to add some 400 000 new subscribers in 2009 and increase data's contribution to revenue due to the expected launch of commercial 3G services in Syria.

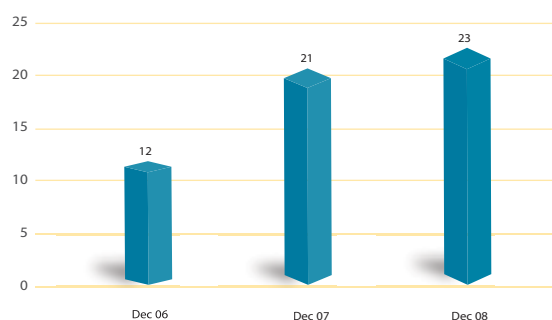


MTN Sudan

Launched September 2005, market share 28%, population 38,4 million, forecast market size in 2013 – 19 million, shareholding 85%.

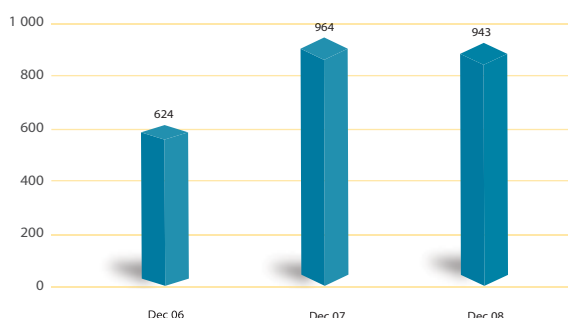
Mobile penetration – Sudan

(%)



Capex – Sudan

(R million)



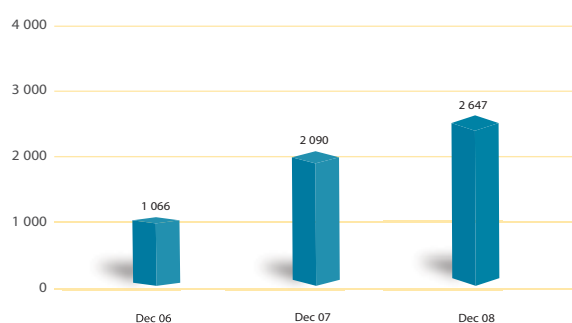
[What we do](#)[Our chairman's view](#)[Who we are](#)[How we performed](#)[How we run our business](#)

Group chief operating officer's report *continued*

MTN Sudan review *continued*

Subscribers – Sudan

(000)



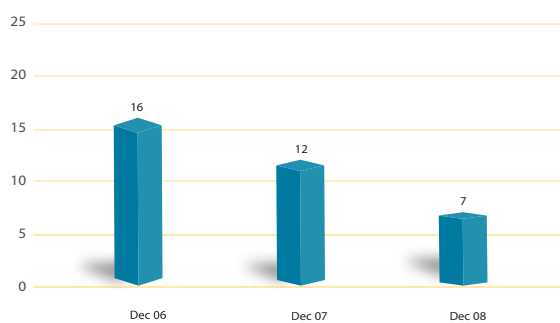
Overview

It was a difficult year for MTN Sudan in 2008, mainly as a result of the regulator's directive to disconnect more than 1.1 million prepaid subscribers who had not registered their personal details and exacerbated by internal operational challenges in an environment of strong competition. Blended average revenue per user declined to USD7 in December 2008 from USD12 at the beginning of the year because of lower outgoing minutes of use. Subscriber net additions during the year dropped to 557 000 from 1 024 000 in 2007.

On a positive note, however, we noted significant improvements in the final quarter, with an increased number of subscribers, net additions and revenue. A new chief executive was appointed in October and further senior management changes occurred in the first quarter of 2009. Towards the end of the year, we regained market share to 28%. However, our share of revenue still has to be improved in line with subscriber share.

ARPU – Sudan

(USD)



Market environment

Political instability continues to be a challenge in Sudan; poverty is widespread and per capita income is low. However, with its significant oil resources, the economic potential of Africa's largest country is considerable. Linked to this is the opportunity for growth in the telecoms sector, where mobile penetration increased to just 23% in 2008 from 21% a year earlier. However, competition among the three main mobile operators in a country of around 38 million people is fierce due to the handset subsidisation and low tariffs of the CDMA operator.

Infrastructure

The roll out of new infrastructure continued during the year, particularly in southern Sudan. 424 base transceiver stations were added to the network, bringing the total to 1 621. MTN Sudan's network now covers 45,3% of the population, up from 42,8% at the end of 2007.

In November, MTN Sudan put a new intelligent network platform into service, and also worked on implementing a swap of vendor for the core network. This enables the operation to offer the best technologies to its customers (like MTN Zone) as well as allowing it to benefit from working on the same platform as other MTN operations.

Products and services

To boost acquisitions and utilisation during the year, MTN Sudan launched a series of marketing activities, including focusing on cities outside the capital with low commercial coverage where we launched the *Yello Storm* campaign of special offers. Towards year-end we introduced *"the 50% extra credit"* campaign as well as a promotion to encourage international calls by giving away four free international minutes for every four international minutes used. With the start up of the new intelligent network platform, we prepared to launch dynamic tariffing with MTN Zone.

Distribution

MTN Sudan's distributors have more than 8 500 points of sale in the country. We have commenced work on revamping our sales and distribution channels, with opportunities identified beyond greater Khartoum, in southern Sudan and across rural

areas. A key objective for 2009 is to increase our distribution footprint significantly.

People

MTN Sudan implemented a new staff development and succession plan during the year to attract and retain key talent, and also revised remuneration to be in line with the market. MTN Sudan has a crisis management plan in place to ensure the safety and security of our personnel in the current unstable political environment.

Regulatory environment

Regulation of the telecoms sector in Sudan is still evolving and is possibly not always adhered to equally by all operators. During the year we resolved an interconnect dispute with a competitor and continued to work closely with the regulator on what we believe to be anti-competitive pricing by other operators of international calls to other Arab countries.

Outlook

We expect the size of the Sudanese telecoms market to grow significantly in the next five years, to around 19 million from the current 8,9 million. This will be driven by higher uptake in areas outside the capital, Khartoum, where MTN Sudan continues to roll-out infrastructure. We intend to grow our share of mobile revenue by growing our subscriber base. We also plan to launch 3G services shortly after our trial phase comes to an end. In February 2009 we inaugurated a new mobile switching centre in southern Sudan, underscoring our commitment to extend network coverage all over this region.

Sustainability review

As a multi-national group, we are committed to contributing to the sustainable development of the many communities in which we operate. Our sustainability policy guides the responsible management of social, economic and environmental aspects of each operation.

This brief review details our commitment to sustainability as well as performance highlights for 2008.

Further sustainability-related information can be accessed on the Group's website (www.mtn.com). The website also contains supplementary information such as certain Group policies and procedures as well as individual operating country reports.

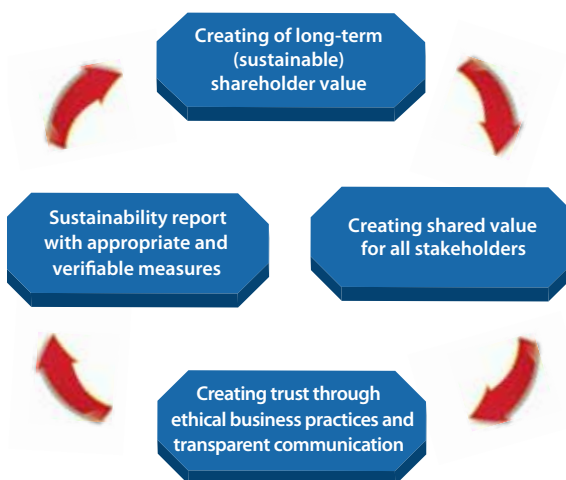
Our definition of sustainability

MTN has adopted a multi-faceted approach to managing sustainability within the Group. In terms of this approach, we explore:

- Promoting sound corporate governance practices and ethical responsibility.
- Providing a safe working environment in which the health of our people is protected and their opportunities for self-development are enhanced.
- Promoting cultural diversity and equity in the workplace.
- Minimising adverse environmental impacts.
- Providing opportunities for social and economic development in the communities in which we operate.

The value of sustainability

The following diagram illustrates the long-term value that sound sustainability management and reporting processes hold for the Group, demonstrating our commitment to sustainable development as a business imperative:



MTN sustainability policy

As a multi-national group, we are committed to contributing to the sustainable development of the many communities in which we operate. Our sustainability policy guides the responsible management of social, economic and environmental aspects of each operation.

Our comprehensive sustainability framework assists operations in articulating and understanding MTN's contributions to sustainable development. This is achieved by providing reporting guidelines and highlighting indicators that must be managed. We believe, however, that managing sustainability goes beyond reporting, requiring us to continually monitor and responsibly manage a range of issues to ensure long-term sustainable development. These issues include:

- Complying with all relevant local laws on sustainability issues and, in the absence of legislation, identifying and observing appropriate international best practice.
- Regularly reviewing our business to identify sustainability issues, set performance goals and monitor and publish outcomes, in order to continually improve sustainability performance.
- Conducting appropriate assessments and implementing recommendations. Assessments include environmental impact assessments and broad stakeholder engagement programmes.
- Encouraging and providing training to our contractors and suppliers to support MTN's sustainability objectives and targets by adopting sustainable practices in providing products and services.
- Educating and training staff on sustainability matters to increase their awareness of sustainable development.
- Increasing appreciation for the sustainable benefits of communication technologies among customers, legislators, opinion makers and the general public.
- Devising, implementing and monitoring Group-wide management systems for implementing our sustainability strategy.
- Committing to achieving annual targets for sustainability improvement.

Sustainability vision

Our vision statement "to be the leading provider of telecommunications services in emerging markets" is underpinned by our commitment to sustainable development in the communities in which we operate. To reach this goal, MTN constantly reviews its governance structures, targets and reporting mechanisms to maintain a balance between economic, social and environmental performance.

As a telecommunications network operator in emerging markets, the Group understands the key role of mobile communications in socioeconomic development. We strive to be a valuable partner to individuals, communities and businesses in increasing access to quality communication services, enhancing universal access for customers in remote areas and contributing to the quality of life of the people in the communities we serve.

Sustainability review *continued*

Although standard business practices apply across the Group, we also understand that each of our 21 operations faces unique challenges and opportunities. Accordingly, sustainable development priorities are ultimately driven by each country's own economic, business and social dynamics.

Risk management and accountability

Mandated by the board, the Group risk and compliance committee has overall responsibility for identifying, monitoring and evaluating sustainability management performance and associated risks. The Group risk and compliance committee also provides control measures to be implemented by the Group's executive committee.

Corporate affairs, in consultation with Group risk management, is responsible for developing the sustainability management framework and implementing this framework throughout the Group.

Stakeholder engagement

MTN engages with a wide range of stakeholders with varying interests across the Group. Our stakeholders are defined as individuals or groups with common interests, who may be affected by or have an impact on MTN's business objectives. Given the geographic and demographic spread of our operations, the Group does not yet have a standard stakeholder engagement policy. However, each operation is required to

identify, engage and communicate with its local stakeholders. Group corporate affairs is in the process of developing a stakeholder engagement policy.

Certain aspects of stakeholder engagement are widely practised across the Group. For example, given the complexities of engaging different government stakeholders across cultural borders, we have initiated a standard government relations framework applicable to all operations. This framework aims to establish a consistent and responsible approach to initiating and managing government relations.

Across all our operations, MTN Group stakeholders are identified as:

- Regulators
- Government ministries and officials
- Community groups
- Media
- Investors, analysts and shareholders
- Customers
- Suppliers
- Distributors
- Employees
- Unions
- Business partners including contractors and various business associations.

Within these categories, each MTN operation identifies its stakeholders as individuals or groups who may have a direct or indirect impact on the business, in areas such as revenue, product use, brand reputation and perception.

Key sustainability issues

To date, key issues pertinent to the sustainability of our business, as identified through stakeholder engagement, can be summarised as:

- Network quality and coverage
- Tariffs
- Financial performance and continued investments
- Client relationship management
- Corporate social responsibility, including MTN's contribution to poverty alleviation and support for communities
- Employee rights, development and retention
- Health and environmental effects of mobile phones and base stations.

Review of 2008 stakeholder engagement

The main findings identified during the 2008 stakeholder engagement process can be summarised as follows:

- The majority of stakeholders were not aware that MTN produces a sustainability report.
- A common concern expressed by all stakeholders was the effect of electromagnetic fields (EMFs) from mobile phones, base stations and masts on human health. Almost all stakeholders agreed that MTN needs to be more pro-active in addressing the public's concerns on these matters.

- No stakeholders were aware that MTN offers recycling facilities for used or damaged mobile phones and batteries.
- The majority of stakeholders across the Group agreed that global climate change is a priority that MTN must focus on by participating in programmes that raise public awareness of the significance and effects of global climate change.
- Education, healthcare and poverty alleviation were raised by the majority of stakeholders across the Group as social issues that MTN should focus on.
- Providing support to local suppliers was highlighted as a very important issue.

All issues raised to date have a common theme: that effective engagement and two-way dialogue between MTN and its stakeholders must be improved, to ensure that stakeholders are aware of MTN's responses to and performance in the identified areas of concern. MTN will continue to identify ways to improve and promote effective stakeholder communication.

Sustainable business management

We recognise that responsible sustainable development ultimately translates into business growth in terms of expanded market share and customer retention. Our operations demonstrate their commitment by maintaining a positive and prominent corporate image, focusing on creating short- and long-term customer and business networks and creating "authentic value" for MTN over and above short-term profitability.

Sustainability review *continued*

By ensuring the long-term sustainability of our business, our operations in turn contribute to the sustainability of their host countries. This is achieved through:

- Investing in infrastructure to ensure operations provide quality service to local customers and extend their reach, thus contributing to universal access goals.
- Meeting licence obligations such as providing access to telephony services that facilitate trade and commerce.
- Offering accessible and affordable products.
- Taking responsibility for managing the product lifecycle through initiatives such as electronic voucher distribution (EVD), which reduces the environmental impact of discarded paper-based airtime vouchers.
- Contributing to various initiatives for social and economic development through local MTN foundations.

Commitments and progress

Sustainable development at MTN depends on achieving a responsible balance between our economic, environmental and social impacts. It is imperative that we promote ethical business practices and robust corporate governance throughout our African and Middle Eastern footprint. We are equally committed to providing a healthy and safe working environment for some 26 000 employees including contractors, celebrating cultural diversity and enhancing opportunities for talented and loyal professionals to develop and excel. As far as possible,

operations strive to minimise their environmental impact while maximising their contributions to regional social and economic development.

Informed by our sustainability best-practice research (conducted by KPMG) and results from the stakeholder engagement process (conducted by Ernst & Young), MTN initiated a process of refining formal reporting and management structures for sustainability during 2008. This Group-level sustainability management structure, endorsed by the risk and compliance and the executive management committees, prescribes:

- Establishing a sustainability project team with representation from risk, safety health and environment (SHE) and corporate affairs.
- Appointing a Group sustainability manager who reports to the risk and compliance committee. The manager will oversee the operational aspects of sustainability management throughout the Group.
- Replicating the structure of a sustainability committee in each operation; driven by country chief executive and supported by the risk department, with a combination of non-negotiable responsibility (embedded in monthly financial reporting) and local flexibility.
- Investing in sustainability management training for executives and staff.

Our responses to these recommendations include the following:

- The executives for risk and corporate affairs will continue to champion sustainability management.
- Key performance indicators to be reported across all operations have been endorsed by the risk and compliance and executive committees. These indicators were included in the annual sustainability questionnaire and will be integrated into quarterly reporting requirements of operations.
- A sustainability management committee with representation from risk, SHE and corporate affairs is being instituted in the first half of 2009.
- The process to appoint the Group sustainability manager was initiated in November 2008 and concluded at the end of March 2009. The major mandate of the sustainability manager will be to oversee the operational aspects of sustainability management throughout the MTN Group.
- The sustainability manager will follow through on the recommendation that each operation should replicate the structure of a sustainability committee, and be responsible for designing the training programme for directors, senior and middle management on sustainable development.

The steps taken to implement the recommendations will ensure we take sustainability management forward, thus realising long-overdue progress.

Economic sustainability

The telecommunications sector contributes significantly to gross domestic product (GDP) in many emerging market countries, with MTN making a specific material impact in Africa and the Middle East. For a review of the social and economic impact of mobile phones, please refer to the case study on the website: www.mtn.com. In evaluating our economic sustainability performance, it is important to consider the various impacts our activities have on the broader community, including opportunities for education, employment and our role as an engine for broader economic growth within the regions in which we operate.

Our subscriber base continued to grow substantially during the year under review. At 31 December 2008, the Group had 90,7 million subscribers across our 21 operations, an increase of 48% on the previous year.

Our level of capital investment reflects our commitment to the countries in which we operate. In 2008, this reached R28,3 billion, an 84% increase over capital investment in 2007.



Sustainability review *continued*

Economic and governance structures – progress against targets

What we said we will do	What we have achieved	What we still need to improve
Conduct an annual reputation review that addresses our expanding Group and harnesses the value of local initiatives and stakeholder engagement processes.	<p>The Group evaluated available tools and methodologies for rolling out a comprehensive reputation review.</p> <p>In late 2008 a phased approach was accepted. Phase 1 comprises internal exploration of the value of reputation management. Informed by phase 1, phase 2 will focus on external perceptions.</p>	Roll out the review in Q1 of 2009 (phase 2 could roll out in June/July 2009).
<p>Expand the use of whistleblowing in the group.</p> <p>Confirm best tools for receiving, recording and reporting whistleblowing for all 21 operations.</p>	Group BRM have contracted with Deloitte SA to operate the whistleblower facility for all operations. Roll out is currently at 50% with 100% planned by Q309 of 2009.	Complete whistleblower roll out and improve marketing of facility to all staff to ensure that it is used correctly.
MTN South Africa will focus increasingly on enterprise development by fostering a culture of black business support, with specific emphasis on companies owned by black women.	<p>MTN South Africa's black economic empowerment (BEE) expenditure in 2008 was R5,3 billion.</p> <p>The available base of entrepreneurial businesses owned by black women has not increased significantly. Accordingly, MTN has been unable to increase its support of these businesses significantly during the year.</p>	Continue to pursue increased expenditure with companies owned and managed by black women.

What we said we will do	What we have achieved	What we still need to improve
<p>Cement the sustainability management framework. Confirm performance indicators and lines of responsibility for operational sustainability reporting and management.</p> <p>Conduct reviews of sustainability framework compliance and performance data gathering.</p>	<p>Recommendations of the Sustainability Best Practice Research were endorsed by the executive and risk and compliance committees in mid-2008.</p> <p>Implementation of recommendations, including the recruitment of a Group sustainability manager, began in November 2008.</p>	<p>Roll out education and information programme on sustainability, MTN's policy and performance to ensure thorough Group-wide understanding of the policy and management framework.</p>
<p>MTN Group will use electronic sustainability data collection tools to improve the quality of data collected and achieve greater and more tangible assurance on sustainability performance.</p>	<p>Data collection tool in place.</p> <p>Rather than customisation to multiple languages, core sustainability performance data were confirmed for reporting in English.</p>	<p>Confirm resources at operations level to record data consistently.</p>
<p>Further embed the culture of risk management across operations and refine risk reporting.</p>	<p>All operations have risk management structures in place.</p>	

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Sustainability review *continued*

Social sustainability

As a multi-national telecommunications company active in emerging markets, MTN has a particular opportunity to make a meaningful contribution to social development. The social dimension is measured through the direct and indirect impact Group activities have on various stakeholders, in both the workplace and broader society.

Investing in our people

Investing in the continual development of our employees is a strategic priority for MTN, as we recognise that the performance of our people is a key competitive advantage.

During 2008, the Group successfully implemented a hosted human resources (HR) platform for all MTN operations. The HR information system provides access to a standardised platform for Group-wide HR administration, with reduced costs compared to maintaining local systems for this purpose in each operation.

MTN has well-established individual and career development initiatives in place, including the rotation of staff across regions that enables knowledge sharing and the alignment of new acquisitions to the MTN culture, and promotes an aligned customer experience across the Group.

With the increase in competition across our operating markets, our ability to attract and retain talented individuals is fundamental to our continued success. Staff poaching is mitigated by building a strong employee value proposition that focuses on the leadership brand, people development, work life effectiveness and diversity. Further strategies include identifying and developing critical skills and future leaders in the Group, to grow the number of skilled professionals within the organisation and to assist in effective succession planning.

MTN Academy

Launched in October 2008, the MTN Academy is a result of the Group's decision to develop a new strategic approach to learning and organisational development, assisting with our talent attraction, development and retention strategy. The academy is a vehicle to help grow and develop our employer value proposition and invest in our people, culture and organisation.

The vision of the MTN Academy is to drive business performance and set a new standard for talent development and organisational learning excellence. The academy does not replace existing learning and development initiatives, but aims to create a standardised approach to these initiatives across our diverse geographic footprint. Regional learning centres are being established in Accra, Dubai and Johannesburg, and we look forward to reporting on the success of this initiative over the next year.

Group culture audit

The Group culture audit is an important communication tool which provides valuable feedback on staff opinions and perceptions to the leadership teams in each country of operation. The 2008 Group culture audit was concluded in October, with a 13% increase in participation from 2007. The overall Group participation rate of 85% comfortably exceeded our participation target of 75%.

Y'ello Stars

The *Y'ello Stars* award and recognition event was launched in 2005, in response to the Group culture audit that is run annually. The awards contribute to boosting staff morale and creating a sense of belonging within MTN. Individuals are nominated from across the Group by their peers, with

nominations based on four focus areas: knowledge sharing, star performance, customer service and living the MTN values. In 2008 over 3 000 nominations were received.

Corporate social responsibility

The MTN foundations are the Group's primary vehicles for corporate social responsibility (CSR), focusing on initiatives in health, education, poverty alleviation and arts and culture. Foundations have been established in 11 operating countries, with Benin successfully launching its foundation in February and Congo-Brazzaville in April 2008. The Group mandates each of its operations to contribute a percentage of profit after tax to facilitate CSI programmes, including operations where foundations have not yet been established. The Group endeavours to establish foundations in all operating countries.

Further information on activities undertaken by the MTN foundations is available on the Group's website and on individual operating countries' websites.

21 Days of Y'ello Care

Established in 2007, the *21 Days of Y'ello Care* programme is an opportunity for employees to directly contribute to the communities in which they live and work. Held from 1 June to 21 June 2008, 9 710 employees participated in the programme, up from 5 547 in 2007. The overall CEO prize for best initiative was shared between MTN Yemen and MTN Côte d'Ivoire, whose activities included cleaning 15 of the biggest mosques in the Sana'a and Hajjah regions and building a pedestrian footbridge directly opposite one of MTN's service centres, respectively.

Responding to attacks on foreign nationals

In 2008, South Africa experienced a spate of violent attacks against foreign nationals that began in May 2008 in Alexandra, Johannesburg, and spread to various areas across the country. As a South African-based multi-national company, MTN felt compelled to make a positive contribution to the lives of people affected by these attacks. Our response included:

- Donating R1,5 million to the Red Cross and making an in-kind contribution valued at over R670 000, including clothing and other items as well as airtime and SIM cards for use by Red Cross volunteers. In addition, MTN employees volunteered over weekends to help the Red Cross by collecting food, clothing and other supplies for victims.
- In addition, and as part of the launch of MTN's advertising campaign for 2010 sporting events, the Group pledged to donate R10 000 for every goal scored at the Africa qualifiers for the 2010 FIFA World Cup South Africa™ and the 2010 Africa Cup of Nations, from 31 May to 22 June 2008. At the end of the qualifying period, 225 goals had been scored, amounting to R2 250 000. These funds were donated to the Salvation Army (R250 000), Doctors Without Borders (R250 000), Gauteng Disaster Management Centre (R580 000), The Star newspaper's Operation Reach Out (R500 000), the Southern Africa Trust Peace Concert (R400 000) and accredited non-governmental organisations in the City of Cape Town (HDI Support, Mustadifin Foundation and South African National Zakah Fund), which shared R300 000 equally.

At the end of this traumatic period, MTN had donated over R4 million to charity organisations assisting displaced foreign nationals.

[What we do](#)[Our chairman's view](#)[Who we are](#)[How we performed](#)[How we run our business](#)

Sustainability review *continued*

Social performance – progress against targets

What we said we will do	What we have achieved	What we still need to improve
A Group corporate social responsibility (CSR) policy will be adopted in 2008.	The diverse regions and needs of our operations diminished the need for a formal policy and reinforced the significance of the Group CSR framework.	Monitor implementation of the Group CSR framework and alignment of CSR activities across all operations. Review the effectiveness of the framework.
Support newly acquired operations in establishing CSR management functions and preparing foundation launches (where appropriate).	In 2008 two more operations established foundations, bringing the total number to 11 out of 21 operations.	Work with remaining operations to launch foundations.
Ensure that MTN retains scarce skills despite industry-wide staff turnover trends.	The MTN Academy was successfully launched.	
Roll out government relations framework to all operations and generate quarterly status reports.	The Group has assisted operations with limited capacity to implement the government relations framework on an <i>ad hoc</i> basis.	Review and improve on the consistency of engagements and interventions to mitigate challenges faced by operations.
In line with the Group's customer-centric focus, continue improving call service centre response rates across all operations.	Service centres across the Group are continually under review.	

Environmental sustainability

The environmental dimension of MTN's sustainability relates to our impact on living and non-living natural systems, including ecosystems, land, air and water. Environmentally, the telecommunications sector is typically classified as being of medium impact.

MTN has made significant strides in recent years to standardise processes across its operations to ensure impacts on the natural environment are managed effectively. Environmental performance across the Group is in line with international industry standards, and we strive to continually improve our performance.

Diverse approaches have been adopted to ensure environmental preservation and social development initiatives are identified and implemented in different countries of operation. Our goal is to minimise adverse environmental impacts, while increasing the potential for contributions to social and economic development within local business and communal contexts. We continually monitor and aim to improve our environmental performance to meet and exceed international industry standards.

Direct and indirect environmental impacts of our activities include those associated with rolling out and operating network infrastructure, as well as the more generic impacts of administering a large organisation. During 2008, we invested substantially in expanding and improving the quality of our network across our African and Middle Eastern footprint. The newer technologies being rolled out in our operations have

a favourable impact on our environmental performance; new base station technology is operationally more energy efficient, and its ability to service more customers requires fewer base stations to be built in a specific area.

Infrastructure sharing

Infrastructure sharing has emerged as an effective way for mobile operators to leverage synergies to reduce duplication of resources, holding benefits in terms of reduced environmental impact as well as costs, both from a capital and operational expenditure perspective. During 2008, MTN continued to expand sharing of infrastructure in a number of operating countries, and will actively pursue opportunities for further infrastructure sharing during 2009.

The primary form of infrastructure sharing we engage in is the sharing of passive infrastructure and related costs, such as the physical tower, surrounding fences and power requirements of base stations. In Nigeria, MTN currently shares 350 of some 4 800 base station sites, with an additional 400 shared sites planned in 2009. In South Africa around 30% of our base station sites are shared sites. MTN also engages in transmission infrastructure sharing, notably in South Africa where we have partnered with other telecommunications operators to roll out around 5 000 km of fibre-optic cable.

It is important to note that infrastructure sharing is better suited to more mature mobile markets, where operators compete on products and services rather than on coverage. We anticipate that infrastructure sharing will become increasingly feasible in line with the maturation of the markets we operate in.



Sustainability review *continued*

Environmental performance – progress against targets

What we said we will do	What we have achieved	What we still need to improve
Expand the implementation of the Cura risk management system across MTN South Africa to track and manage environmental risks and incidents.	Cura risk management system expanded and is used to track safety and health incidents. The system generates statistical graphs that detail the percentage of safety and health incidents.	Increase Cura risk management system to track hours of disability as a consequence of injuries.
Achieve approval to increase environmental management resource capacity Group-wide.	No dedicated environmental management resources were appointed in 2008.	Ensure environmental management concerns are included in the sustainability management team's work and performance monitoring mandate.
Work with business units and other stakeholders to develop a more intensive programme in order to increase customer awareness of handset recycling and the use of biodegradable cards.	There has been limited progress. Cellphone and battery recycling still limited to South Africa, where MTN is promoting awareness of the need to recycle cellphones by donating old handsets to charitable organisations or disposing of them through MTN outlets to ensure their disposal is responsibly managed. The Group is exploring partnerships to expand recycling across all operations.	Operations will be engaged to expand recycling and greening initiatives across MTN's operational footprint.
Increase environmental management resource capacity. Improve co-ordination of environmental management across the Group.	No dedicated environmental management resources were appointed in 2008.	Environmental management concerns are included in the sustainability management team's work.
Ensure that the EMF health and safety level site agreement implemented in South Africa is implemented across all operations.	The EMF site agreement, together with key environmental performance indicators, are included in the annual sustainability questionnaire.	Ensure the agreement is implemented across the Group.

Acknowledgements and awards

- MTN Côte d'Ivoire was named 2007's best mobile operator for West Africa.
- MTN Group was awarded the inaugural African Business of the Year and Brand of the Year awards, presented in London by the Commonwealth Business Council (CBC) African Business Awards in July 2008.

The African Business Awards celebrate the rapidly transforming business landscape in Africa by promoting entrepreneurial excellence, world-class best practices in business and greater visibility for African brands and companies. The award recognises companies that have shown outstanding returns and growth rates, coupled with innovative working techniques, and the development of staff and the communities in which they operate. The Brand of the Year award recognises companies that have achieved outstanding brand recognition in the past 12 months, with wide appeal and wider recognition both in Africa and worldwide.

- MTN Nigeria won the award for Best Initiative in Support of the Millennium Development Goals, awarded by Africa Investor (AI) in 2008.

Corporate governance

The board of directors and senior management are committed to good corporate governance and understand their roles and responsibilities as custodians of the Company which has over 90 million customers, 145 346 shareholders and is one of the largest companies in South Africa.

The MTN Group Limited, a company incorporated in South Africa under the provisions of the Companies Act, 1973, as amended, and listed on the JSE, encompasses operations in 21 countries in Africa and the Middle East. In keeping with its vision and strategy, the MTN Group subscribes to the principles contained in the Code of Corporate practices and conduct recommended by King II and complies with the additional governance requirements of the JSE and various other legislative requirements.

In addition, the board of directors endeavours to ensure that all operations comply with these principles and the requirements of global best practices. Likewise, the board places strong emphasis on achieving the highest standards of reporting, financial and risk management.

The board is satisfied that the MTN Group has made every practical effort to comply with the requirements of King II, in all material aspects. The board will be addressing the challenges of the King III recommendations and other new legislative requirements.

In the application of MTN Group's systems of corporate governance note is taken of various shareholder corporate governance statements.

The MTN Group board retains full and effective control over the Group and monitors the executive management and decisions of the subsidiary companies. The board is responsible for the adoption of strategic plans, monitoring of operational performance and management, as well as the determination of policies and processes to ensure the integrity of the Group's risk management systems among other duties. These responsibilities are set out in the approved board charter, which is reviewed annually. The directors believe that they have adhered to the terms of reference as articulated in the board charter for the financial year under review.

The board and its committees' constitution, remuneration and the record of attendance are set out on page 86. The board also meets with management annually over a period of two to three full days to debate and agree on the

proposed Group strategy and to consider long-term issues facing the MTN Group, as well as the environment in which the Group operates.

During the year under review three independent non-executive directors resigned from the board due to their numerous other commitments. In March, M Ramphela and PL Woicke resigned and in June Sheikh ARH Sharbatly resigned.

The board has assessed its composition post the resignation of these directors and is confident that the current board consisting of 11 members is sufficiently well resourced and experienced. However, one of the outcomes of the board evaluation deliberations was that the board intends increasing the number of board members by appointing additional international board members during the 2009 financial year.

Independence of directors

The board considers all its non-executive directors to be independent. The non-executive directors demonstrate complete independence in character, judgement and action in fulfilling their duties. A small number of the non-executive directors have indirect remote interests in the MTN Group as outlined on page 49 of book 2.

The board is mindful of this and the potential conflict of interests that might arise as a result, however remote. A rigorous policy of disclosure of interests and recusal from discussions in which a director has an interest is followed to mitigate any such conflicts and thus preserve their independence.

Induction and education

The MTN Group recognises that the induction of new directors, as well as the ongoing education of all directors, is critical to ensure that they are able to effectively discharge their responsibilities within the Company's governance structure as well as the legislative framework under which it operates. During the year, the directors received briefings and presentations by an independent adviser on the new requirements introduced by the Companies Bill. In respect of the JSE Listings Requirements upon recommendation by the NRHR & CG committee, the board has agreed to a structured education programme for the 2009 financial year, which will be executed in conjunction with the Company's sponsors. In addition, all directors have access to independent professional advice at the expense of the Company in furtherance of their duties or other relevant circumstances.

Board of directors and committee evaluation

Consistent with previous years, the board conducted a collective board and committees evaluation aimed at among others, determining how the board's effectiveness can be improved. All directors completed a qualitative-based questionnaire compiled by the Group secretary in conjunction with the chairman of the board and chairman of the Nomination, remuneration, human resources and corporate governance committee.

Director performance is assessed against the following criteria: time, availability, commitment to performing the functions of a director, knowledge of the business, providing strategic

Corporate governance *continued*

direction, contribution to investment decisions, consideration of significant financial matters, the director's views on critical and key issues, the constant challenges that face the Company, the director's views on his/her own performance as a board member, and meeting attendance over the past year.

The process included:

- an evaluation of board effectiveness;
- an assessment of the performance of board members; and
- an assessment of the performance of board committees and an evaluation of their terms of reference.

An assessment of the chairman was also conducted by the full board led by the chairman of the NRHR & CG committee.

After consideration of the results of the evaluation, notwithstanding the fact that the board has operated effectively, the following recommendations were adopted for implementation in the 2009 financial year:

- the number of scheduled board meetings would be increased from four to six times a year and the audit committee's annual meetings would be increased from four to five times a year.
- A 360 degree evaluation exercise, conducted by an independent facilitator, would be undertaken during the 2009 financial year. This is particularly important considering that the revised Companies Act and the King III guidelines are due to come into effect in 2010.

The performance of the Group president and CEO's and executive directors is also evaluated according to their performance scorecard, which is approved annually by the NRHR & CG committee.

Delegation of authority and risk management

The ultimate responsibility for the Group's operations rests with the board. The board retains effective control with the help of a well-developed governance structure of board committees that specialise in specific areas of the business. Certain authorities have been delegated to the Group president and CEO to manage the day-to-day business affairs of the Company. The Group executive and steering committee assists the Group president and CEO in discharging his duties and the duties of the board when it is not in session. However, in terms of statute and the Company's constitution, certain matters are still reserved for board and/or shareholder approval.

The delegation of authority is reviewed periodically to ensure it remains aligned and relevant in relation to the rapid growth of the Company. Future amendments will also include the integration of a risk appetite framework which has recently been adopted by the Group, with a view to identifying, classifying, escalating and mitigating risks. Further details of the risk management philosophy appear in the risk management report starting on page 92.

Group secretary

The board is aware of the duties of the Group secretary in fulfilling her role as both compliance and governance officer of the MTN Group.

This office also communicates and monitors compliance, among others, with the Group trade embargo policy, ensuring that no employee, executive director or non-executive director is allowed to deal in the Company's securities during prohibited periods.

Group governance structure

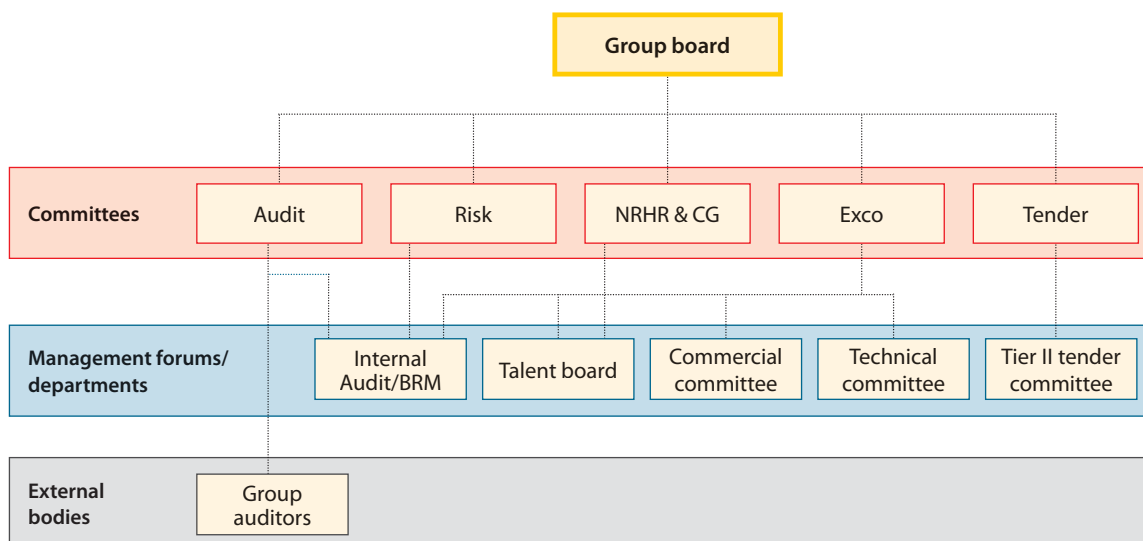
This section provides an overview of our formal governance structure and related mechanisms.

The MTN Group board is assisted in discharging its duties through the following committees, which comprise non-executive directors only, with the exception of the executive and steering committee and the tender committee (chaired by an independent non-executive chairman) which are primarily committees of an operational nature, comprising senior management. There is full disclosure and transparency from

these committees to the board. Each committee's authority and the manner of discharging its responsibilities are directed by a mandate:

- Audit committee (Audit)
- Risk management and compliance committee (Risk)
- Nomination, remuneration, human resources and corporate governance committee (NRHR & CG)
- Tender committee (Tender)
- Executive and steering committee (Exco)

This structure is largely replicated in MTN subsidiaries and associates. In the smaller entities, the audit committee additionally assumes the responsibilities of the risk management and compliance committee.



Corporate governance *continued*

The board has a diversity of talent, expertise and experience. This is also put to good use through various carefully structured board committees and partly reflected by the number of board

and committee meetings held during the 12 months under review. These are presented in the following table:

Directors	Age	Director since	Scheduled board meetings attended	Special board meetings attended	Audit	Meetings attended	Risk	Meetings attended	NRHR & CG	Meetings attended	Tender	Meetings attended
Independent non-executives (INEDS)												
MC Ramaphosa	56	Oct-01	4/4	7/7					Member	3/4		
DDB Band	65	Oct-01	4/4	7/7	**		Alternate	*	Chairman	4/4		
KP Kalyan	54	Jun-06	4/4	7/7			Member	0/1*	Member	4/4		
MUN Njeke	50	Jun-06	2/4	6/7	Member	4/5	Member	4/4				
AF van Biljon	61	Nov-02	4/4	6/7	Chairman	5/5						
J van Rooyen	59	Jul-06	4/4	4/7	Member	4/5	Chairman	4/4				
INEDS resigned during the period under review												
MA Ramphele	61	Jun-06	1/1	0/2			Member					
ARH Sharbatly	63	Jun-06	0/1	0/4								
PL Woicke	65	Jun-06	1/1	0/2			Member		Member			
Non-executives												
AT Mikati	36	Jul-06	4/4	7/7								
JHN Strydom	70	Mar-04	4/4	7/7	Member	5/5	Member	1/1*				
Executives												
PF Nhleko	49	Jul-01	4/4	7/7	Attendee	5/5	Attendee	3/4	Attendee	4/4		
RS Dabengwa	51	Oct-01	4/4	7/7	Attendee	5/5	Attendee	4/4			Member	4/5
RD Nisbet	53	Oct-01	4/4	7/7	Attendee	5/5	Attendee	4/4	Attendee	4/4	Member	4/5
Additional tender committee members												
D Marole (Independent non-executive chairman)												3/5
C de Faria												4/5
T Lowry												2/5
J Ramadan												1/5
C Wheeler												3/5

*Appointed 27 August 2008

**Mr DDB Band resigned from the audit committee with effect from 1 January 2008

Special board meetings (meetings scheduled outside pre-determined meeting dates to deliberate on special business) are convened at short notice and therefore directors are not always available to attend.

In-camera meetings

During the period under review the board held in-camera meetings, preceding or immediately following eight out of 11 board meetings.

Special committee

In certain instances, the board constituted special board committees which are granted the necessary authority to deal with the salient matters under special projects and to allow for a more detailed consideration of issues.

Special committees may consist of different directors depending on the expertise required to resolve any special matters under review by the committee.

Executive and steering committee

This committee facilitates the effective control of all the Group's operational activities in terms of its delegated authority approved by the board. It is responsible for recommendations to the board on the Group's policies and strategies and monitoring their implementation in line with the board's mandate. The committee is assisted by three regional vice-presidents (VPs) who act as a medium of communication and co-ordinate the policies and strategies of the committee with the various subsidiary operations. The committee meets at least monthly and additionally as required.

The committee is chaired by the Group president and CEO and its constitution is outlined in the table on page 16 of this report.

In January 2008, the committee constituted the following sub-committees with a view to further enhancing its ability to manage and oversee operational matters:

- The technical committee
- The commercial committee.

Both committees are chaired by the Group chief operating officer with two additional Exco members, including one VP. Various other senior management representatives of large subsidiaries attend as permanent invitees to ensure broad representation.

Board statutory committees

Specific responsibilities have been delegated to several board committees with clearly defined terms of reference approved and reviewed by the board annually. The committee's profiles are detailed as follows:

Group audit committee

The audit committee assists the board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems and control processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards. The audit committee report is contained on page 23 in book 2, the annual financial statements.

The committee was formally re-appointed by the board during the period under review.

Corporate governance *continued*

The executive directors, as well as internal audit and external audit representatives (the Company auditors) attend all committee meetings as permanent attendees.

The head of business risk management/internal audit (BRM) and the external auditors have unrestricted access to the committee and its chairman. BRM reports to the Group president and CEO and to the chairman of the Group audit committee as well as the risk management and compliance committee. BRM's performance is reviewed annually by the audit committee.

Audit committees exist in each Group operation and significant risk and audit matters relating to operations are regularly reported to the Group audit committee. The non-executive chairpersons of subsidiary audit committees are invited to meet with the Group audit committee annually. Members of the Group audit committee also individually, periodically visit selected subsidiaries in the Group to enhance their understanding of the Group's overall financial environment. The committee reviewed its charter during 2008 in response to various governance developments brought on by the draft King III Report on Corporate Governance, the revised Companies Act and JSE requirement amendments.

During the year under review, a Group financial policies manual was developed in order to establish financial accounting and policy norms for the Group, including IFRS reporting requirements.

In-camera meetings

The main meetings of the committee are preceded by an in-camera session of non-executive members only and concluded by separate in-camera sessions with the following key invitees:

- Management
- Internal audit
- External audit

External audit

The joint Company auditors provide an independent assessment of key accounting and information systems and controls in the Group. The Company auditors are appointed by the board on the recommendation of the Group audit committee and ratified by shareholders. The Company auditors' performance and independence is regularly monitored by the Group audit committee and formally assessed annually. The non-audit work performed is periodically reviewed to ensure that no conflict of interest exists or that any impairment of auditor independence occurs. The audit partners are rotated every five years.

Financial director

The audit committee has, for the period under review, formally considered and satisfied itself of the appropriateness of the expertise and experience of the financial director.

Group risk management and compliance committee

The risk management and compliance committee was established to improve the efficiency of the board and assist it in discharging its duties with regard to identifying, considering and monitoring risks impacting the Company and to ensure compliance with prevailing legislation and statutory requirements. The committee is also responsible for the sustainability framework and sustainability reporting for the MTN Group.

A close working relationship exists between the risk management and compliance committee and the audit committee. Two non-executive directors serving on the audit committee also serve on the risk management and compliance committee. This ensures that some of the overlapping responsibilities are dealt with in an efficient manner.

Due to the resignations of Dr MA Ramphela and Mr PL Woicke in March 2008, Ms KP Kalyan and Mr JHN Strydom were appointed as members of the committee in August 2008. Furthermore, Mr DDB Band was appointed as an alternate member to all committee members in August 2008.

The committee is constituted of independent and non-executive directors only and details of attendance and membership of the committee for the period under review are set out in the table on page 86.

Further details of the risk management philosophy appear in the risk management report starting on page 92.

Group nomination, remuneration, human resources and corporate governance committee

The committee has been constituted to improve the efficiency of the board in discharging its duties relating to the nomination of board members and senior management. It also oversees the formulation of a remuneration philosophy and human resources strategy to ensure that the Company employs and retains the best human capital possible relevant to its business needs; maximises the potential of its employees; and ensures the Group's adherence to sound corporate governance principles.

Each meeting is either preceded or followed by an in-camera session of non-executive directors only.

The committee's mandate, which is reviewed annually by the board, defines its key responsibilities as outlined below:

- Reviews the size, structure and composition of the board.
- Conducts an annual assessment of the board's performance.
- Conducts an annual assessment of the chairman's as well as the Group president and CEO's performance.
- Sets criteria for the nomination of directors and committee members of the board.
- Identifies, evaluates and nominates candidates for appointment to the board to fill vacancies as they arise.
- Reviews and determines the remuneration of executive directors.
- Reviews and approves the Group's policy on executive remuneration.
- Reviews and approves Group policies on corporate governance.

Corporate governance *continued*

- Monitors the Group's compliance with King II and other relevant legislation.
- Makes recommendations to the board on annual salary increases and performance-related bonus awards.
- Reviews and approves performance-related incentive schemes, performance criteria and measurements, including share scheme allocations to executive directors and senior staff.
- Reviews and approves new remuneration methodologies for the management team including, but not limited to, incentive schemes, benefit funds and benefits related to salary-sacrifice options.
- Reviews the Group's philosophy regarding fees payable to non-executive directors, based on recommendations from the executive directors (as a separate process from executive remuneration reviews). This must be confirmed by the board and ratified by shareholders.
- Monitors and reviews compliance with employment equity practices.

In terms of King II, the chairman of the nominations committee should be the chairman of the board. MTN has combined the nominations committee, human resources and remunerations committees as well as the corporate governance committee under one committee. As such MTN is not strictly compliant with the King II recommendation, the chairman of the board is, however, a member of the NRHR & CG and thus able to influence nomination processes sufficiently.

In March 2008, Mr PL Woicke resigned as a member of the committee.

The committee is constituted of independent non-executive directors only and details of the committee's attendance and membership for the period 1 January 2008 to 31 December 2008 are set out in the table on page 86.

Further details of the remuneration philosophy appear on page 33 of book 2 in the directors' report.

Group tender committee

The Group tender committee's primary objective is to promote a sustainable and fair tender culture and to ensure that tender policies are applied consistently, always bearing in mind best business practices to develop all markets and promote economic development. Similar tender committees exist in all major operations. The committee's charter, which is approved by the board and reviewed periodically, aims to promote an effective, transparent and independent procurement and tender evaluation process. The committee, however, only reviews high-level tenders as the need arises. Various lower-level tender committees are in place to ensure that all other tenders are reviewed with the same level of efficiency.

The details of the committee's attendance and membership for the period 1 January 2008 to 31 December 2008 are set out in the table on page 86.

Code of conduct

The MTN Group is committed to promoting the highest standards of ethical behaviour among its directors, management and employees. In accordance with this objective and in the interests of good corporate governance, the code of conduct is subject to review annually and is cascaded down to all operations.

Shareholder communication

It is the policy of the Company, where practical, to ensure that material information is timeously and accurately disseminated. The MTN Group encourages shareholders to attend the annual general meeting, which provides an opportunity for shareholders to raise pertinent questions.

To communicate Group strategy and performance, regular presentations are made by executive directors and senior management to institutional investors, analysts and the media. A corporate website (<http://www.mtn.com>) communicates the latest Group financial and operational data, as well as relevant historical information.

To ensure effective and efficient voting at the Company's annual general meetings an electronic solution provided by the company's transfer secretaries is used to conduct all voting.

Environmental code

The MTN Group is committed to and endeavours to comply in all respects with applicable environmental legislation. It also ensures that all compliance matters are adhered to and endeavours to comply with all relevant ISO standards. The code of conduct prescribes strict policies on environmental matters.

Sustainability reporting

A sustainability review appears on pages 68 to 81 of this report.

Sponsor

In compliance with the JSE Listings Requirements, Merrill Lynch South Africa (Pty) Limited acted as the Company's sponsor during the period under review. Subsequently the Company appointed Deutsche Securities (SA) (Pty) Limited during February 2009 as its new sponsor.



Risk management

Management of the Group is responsible for the on-the-ground implementation of adequate and effective internal control mechanisms.

Risk management mechanisms

As a company that operates in and understands emerging markets, MTN believes that risk management is fundamental to effective corporate governance and the development of a sustainable business. The Group has adopted a risk philosophy that is aimed at maximising business success and shareholder value by effectively balancing risk and reward.

MTN's objective with risk management is to embed the process into the day-to-day running of the business in a practical manner. This involves continual pro-active identification and understanding of risk factors and events that may impact business objectives, development of appropriate response strategies, and continual monitoring and reporting. This is done through the implementation of various risk management and governance mechanisms. These include:

- Measuring the effective implementation by the various operations' chief executives and other management of corporate governance measures.
- Embedding risk management procedures into day-to-day activities such as business planning, operational reviews, projects etc.

- Business risk management functions in most operations to facilitate, co-ordinate and monitor the effective implementation of risk management mechanisms.
- Assurance from internal audit on the internal control environment.
- Audit and risk committees in all operations.
- Group oversight.

Roles and responsibilities for risk management and internal control

Group board of directors

The Group board of directors is ultimately responsible for oversight of proper risk management and internal control mechanisms.

Sub-committee oversight

The Group board is supported by two sub-committees, namely the Group audit committee and the Group risk management and compliance committee. The Group audit committee is the oversight body for the implementation of adequate and effective internal control mechanisms in the Group. The Group risk management and compliance committee is the oversight

body for risk management in the Group. It sets and approves the risk management framework, and reviews the overall effectiveness of risk management structures and response strategies. At a lower level, each operating company has its own audit and risk committee which is a sub-committee of the board of directors of that operating company. These committees are chaired by independent non-executive directors and essentially mirror on a lower level the role of the Group audit committee and Group risk management and compliance committee. These committees report to the Group committees on a regular basis to ensure oversight from a Group perspective.

Management

Management of the Group is responsible for the on-the-ground implementation of adequate and effective internal control mechanisms. Management is represented at a Group level by the Group executive committee, headed by the Group president and chief executive officer, and at an operating company level by the chief executive officer of each operating company.

Independent business risk management function

Business risk management is an independent function responsible for the disciplines of enterprise risk management, internal audit and fraud risk management. It is headed by a Group executive who reports directly to the Group president and chief executive officer and has direct access to and regular meetings with the chairpersons of the Group audit committee and Group risk management and compliance committee. The focus of the Group business risk management function

is to provide support and guidance and to ensure that the maturity of risk management practices in all operations is improved. This is done through the implementation of a set of maturity models which guide the business risk management functions in the operations. MTN now has business risk management functions in all but two of its operations with oversight from the Group business risk management function. We plan to introduce business risk management functions in the two outstanding operations in due course. As a result of management's efforts, the average maturity level of MTN's business risk disciplines has improved by more than 50% during 2008 and the goal is to continue this trend during 2009. MTN now has in excess of 100 risk and internal audit specialists employed in these functions.

Enterprise risk management

As far as enterprise risk management is concerned, the business risk management function is responsible for ensuring the existence of an effective framework for risk management and driving the implementation of this framework throughout the Group. This is done by assisting and educating management on the topic and by ensuring effective reporting and escalation of risks.

The process of risk management in the Group is guided by a risk framework which is based on best practice risk management procedures. The Group business risk management function, together with management, has the mandate and responsibility of ensuring that adequate risk management processes are implemented in all areas of the business in line with the risk framework.

Risk management *continued*

Risk appetite

MTN's risk appetite is determined by type of risk. This allows for a more controlled way of managing risk levels. Aggregation of total risk is done qualitatively and the Group risk management and compliance committee assesses the acceptability of MTN's consolidated risk profile. A project to expand the Group delegation of authority to include escalation and approval of risk response strategies is under way.

Insurance and risk transfer

MTN has in place a comprehensive insurance programme which covers perils such as material damage/business interruption, political risk, public liability, directors' and officers' liability, crime and professional indemnity. The limits of indemnity for these covers have been structured to optimise the balance between maximum potential loss and containing premiums. MTN also believes that risk retention and self-insurance are necessary to keep premiums at reasonable levels and show commitment towards risk management. MTN's risk retention levels differ from policy to policy but range between USD150 000 and USD3 000 000.

Fraud risk management

The business risk management function is responsible for assessing fraud risk across the Group and driving the implementation of fraud prevention activities, which include whistleblowing processes. Business risk management is also responsible for detecting and investigating fraud. The implementation of fraud prevention mechanisms in the Group remains a priority. There was an increase in the number of fraud and theft cases reported in 2008. We believe that was not due to an increase in fraud and theft activities

but was mainly due to the implementation of improved fraud prevention and detection mechanisms which included the implementation of a Group-wide fraud incidents register, conducting fraud risk assessments in most operations and the implementation of improved whistleblowing mechanisms. The overall value of fraud and theft incidents uncovered to date is not material.

In 2009 we will focus on the following inherent fraud risk categories from both a fraud risk and internal audit point of view:

- Procurement – conflict of interest and collusion with suppliers.
- Asset and inventory theft.
- Site acquisition and construction.
- Manipulation of billing data.
- Bribery and corruption.

Internal audit

The business risk management function has a separate internal audit discipline which is responsible for providing independent internal audit assurance to the Group. The independence of the internal audit discipline is maintained by ensuring that internal audit employees are not involved in risk management activities and by virtue of the fact that internal audit work is ultimately governed by the Group audit committee.

Internal audit activity in the Group increased significantly during 2008. This was a result of the creation of an internal audit presence in operations that previously did not have full-time audit functions and the implementation of an internal audit assurance partnership with one of the 'Big 4' audit firms.

For 2009, more than 110 000 internal audit hours are planned compared to 94 000 for 2008. The distribution of these hours in the various core business areas can be illustrated as follows:

Planned audit hours (core business areas)



■ Asset management
■ Customer relations
■ Facilities
■ Finance
■ Human resources
■ IT/IS
■ Marketing
■ Procurement
■ Revenue assurance
■ Sales and distribution
■ Warehouse and stock management
■ Other (legal, company secretary, follow up)

The split of audit hours planned for 2009 between the various country operations is illustrated as follows:

Planned audit hours (countries)

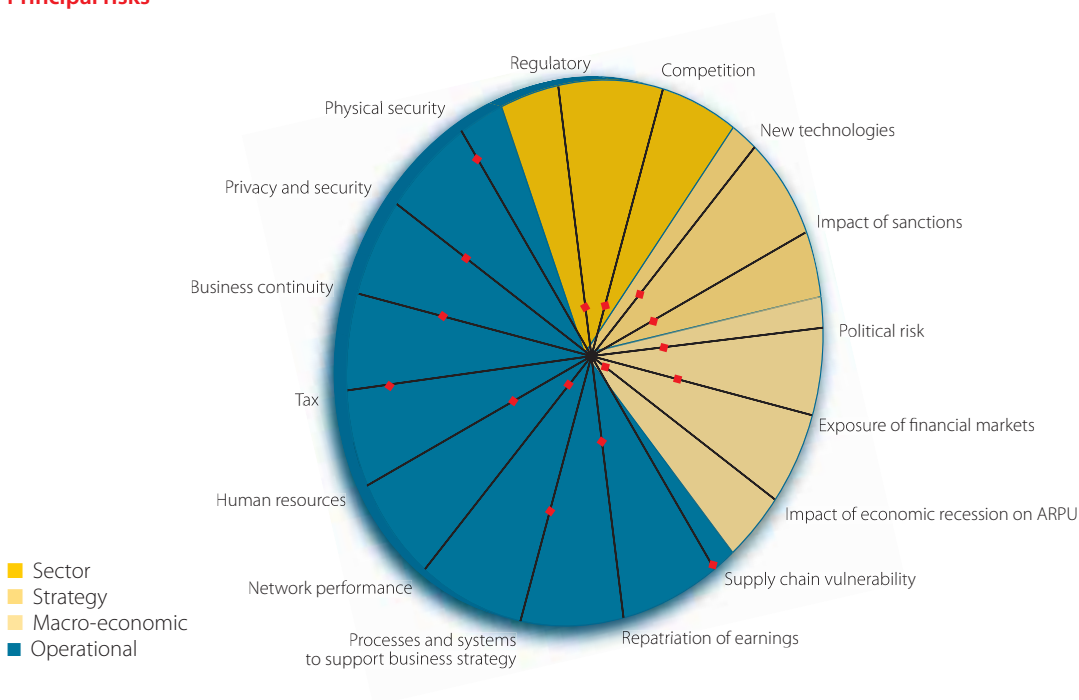


■ Nigeria
■ South Africa
■ Iran
■ Ghana
■ Côte d'Ivoire
■ Congo-Brazzaville
■ Cameroon
■ Syria
■ Yemen
■ Afghanistan
■ Uganda
■ Rest of the countries

Not only was there a significant increase in internal audit activity during 2008 but there was also an improvement in the maturity and quality of internal audit assurance. This was as a result of the implementation of extensive training of internal audit staff and adoption of improved methodologies and reporting.

Risk management *continued*

Principal risks



The board believes that management has identified the core risks in relation to the Group. These, as displayed in the graphic above, are categorised into operational, telecoms sector, strategy and macro-economic risks.

MTN's principal risks fall mainly into the macro-economic and telecoms sector categories.

Two factors that could adversely affect MTN's revenue and market share are the potential impact of the world economic

downturn on emerging markets and increased competition in these markets. The impact of the economic downturn is difficult to quantify, but is a significant risk to the Group. A number of European operators are already showing signs of a slowdown but the impact on our markets to date has not been significant and, as mentioned in the Group president and CEO's report, MTN remains cautiously optimistic about 2009. Competition in emerging markets has increased significantly over the past year and is expected to accelerate as major European and Middle Eastern operators expand into

the developing markets. MTN believes that its innovative marketing and product delivery strategies will manage the impact of these factors. MTN's latest results are evidence of this. Innovations like the MTN Zone dynamic tariffing offering have done particularly well and have positioned us well in a number of countries.

The Group operates in environments which can, and do, present challenges from a political and regulatory perspective. These challenges are often beyond MTN's control and any resulting inability to operate successfully in these countries as a consequence of these challenges could have a significantly negative impact on the Group. MTN operates in varying regulatory environments – some of which are immature. The result is often regulations that are uncertain or inconsistent. MTN is confident that its risk management strategies to respond to these risks have prevented any significant negative impact to the Group so far. These strategies include strict compliance with regulations, physical security measures, risk transfer and insurance strategies and good corporate citizenship. The political situation in some of the countries we operate in continues to be challenging. As a result, the Group has created a crisis operations centre based at its head office to assist the Group and its operations to maximise the safety of our staff, protect our infrastructure and respond pro-actively to incidents. Turmoil in Afghanistan during 2008 resulted in some infrastructure losses for MTN and other mobile operators. Tragically one MTN employee and his family were killed during an attack in Afghanistan.

In just over two years, MTN's network in Iran has achieved phenomenal subscriber growth, bringing subscriber numbers to the third highest in the Group. The impact of economic sanctions on certain of the countries in which we operate is still seen as a risk to the Group, particularly from a supply chain and economic growth point of view.

The impact of the current economic crisis on the currencies of emerging markets remains a risk to the Group. This risk is managed through our centralised Treasury function with the implementation of various mechanisms and procedures to respond to this risk as far as it is within MTN's control.

Key operational risks in the Group include network performance in certain countries. Significant focus has been placed on the mitigation of this risk over the last year, with extensive investment in our networks to increase redundancy, increase network availability and reduce congestion. A key challenge to the Group remains adaptation to the skills required for the new-generation networks and furthermore to have the right resources to keep up with the expected strong growth in the business. The implementation of the MTN Academy will help address these needs.

The repatriation of earnings from most of the Group's operations has continued as planned. There are, however, some isolated cases where problems have been experienced. In these cases MTN has engaged the relevant authorities in order to resolve the issues.

Glossary

Terms and acronyms

2G	Second generation
3G	Third generation
Afcon	Africa Cup of Nations
ADR	American depository receipt
AI	Africa investor
ARPU*	Average revenue per user per month
ATM	Automatic tele machine
BA	Bankers' acceptance rate
BEE	Black economic empowerment
BOT	Build operate and transfer
Bps	Basis points
BRM	Business risk management
BTS	Base transceiver station
BWP	Botswana pula
Capex	Capital expenditure
CBC	African business awards
CDMA	Code-Division Multiple Access
CFA	Communaute Financière Africaine franc
CGU	Cash-generating units
CSR	Corporate social responsibility
CST	Communication service tax
CYP	Cypriot pounds
dti	South African Department of Trade and Industry
E	Emalengeni
EASSy	Eastern Africa Submarine Cable System
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECA	Electronic Communications Act of South Africa
ECICSA	Export Credit Insurance Corporation of South Africa
EMF	Electronic magnetic fields
EPS	Earnings per share
eTOM	enhanced telecom operations map
EVD	Electronic voucher distribution
EUR	Euro
EURIBOR	Euro Interbank Offered Rate
EVD	Electronic voucher distribution
EXCO	Executive committee
FEC	Forward Exchange Contract

*ARPU is measured on a monthly basis. The revenue (including interconnect fees but excluding connection fees and visitor roaming revenue) is divided by the weighted average subscriber base over the reported period.

Terms and acronyms (continued)

FIFA	Federation Internationale de Football Association
FIPPA	Foreign Investment Promotion and Protection Act
FMCG	Fast moving consumable goods
GDP	Gross domestic product
GHC	Ghana cedi
GPRS	General packet radio service
GRI	Global Reporting Initiative
GSM	Global system for mobile communications
HEPS	Headline earnings per share
HIV/Aids	Human immunodeficiency virus/acquired immune deficiency syndrome
HR	Human resources
HSDPA	High speed downlink packet access
IAS	International Accounting Standards
ICASA	Independent Communications Authority of South Africa
ICT	Information and communication technologies
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IP	Internet protocol
IRR	Iranian riyals
IS	Information Systems
ISO	International Standards Organisation
ISP	Internet service provider
ITIL	Information technology infrastructure library
IVR	Interactive voice response
JSE	JSE Limited – the South African stock exchange
JIBAR	Johannesburg Interbank Agreed Rate
King II	King committee report on corporate governance 2002
King III	King committee report on corporate governance 2009
LCs	Letters of Credit
Loerie	South African Advertising industry's accolades
LIBOR	London Interbank Offered Rate German Interbank Offered Bank
LTE	Long-term evolution
NRHR & CG	Nomination, remuneration, human resources and corporate governance committee

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[Glossary](#)

Terms and acronyms (continued)

MCharge	MTN's virtual recharge mechanism
MENA	Middle East and North Africa region includes operations in Iran, Afghanistan, Syria, Yemen and Cyprus
MMS	Multimedia messaging service
MNP	Mobile number portability
MOU	Minutes of use
MPLS	Multiprotocol label switching
NCC	Nigerian Communications Commission
NGN	Next-generation networking/New-generation networking
NGN	Nigerian naira
NIBOR	Norwegian InterBank Offered Rate
NokNok	MTN's instant social messaging chat service, launched in 2007
NTC	National Telecommunications Corporation
off-net	Telephone calls originating and terminating on different networks
OIETAI	Organisation for Investment Economic and Technical Assistance of Iran
on-net	Telephone calls originating and terminating on the same network
PAT	Profit after tax
PAYG	Pay as you go
PIC	Public Investment Corporation
PIN	Personalised identification number
postpaid/contract	Services for which the subscriber has a contract and pays monthly
PTO	Public telecommunications operator
prepaid	Services for which the subscriber has paid in advance
PSTN	Public switched telephone network
PWC	PricewaterhouseCoopers
RICA	Communication-Related Information Act
SAICA	South African Institute of Chartered Accountants
SARS	South African Revenue Services
SARs	Share Appreciation Rights Scheme
SDD	Sudanese dinars
SEA	South and East Africa includes operations in South Africa, Botswana, Swaziland, Uganda, Rwanda and Zambia
SHE	Safety, health and environment
SIM	Subscriber identity module
SME	Small and medium enterprise
SMS	Short message service
SP	Service provider

Terms and acronyms (continued)

SPE	Special purpose entities
STC	Secondary taxation on companies
SPV	Special purpose vehicle
STRATE	Share Transactions Totally Electronic
subscriber**	A customer who has participated in a revenue generating activity within the last 90 days
SYP	Syrian pound
SRI	Social responsible investment index
TCI	Telecommunications Company of Iran
TDM	Time division multiplexing
UCT	University of Cape Town
Unisa	University of South Africa
USD	US dollar
UGX	Uganda shilling
VGC	VGC Communications Limited
VoIP	Voice over internet protocol
VP	Vice president
WECA	West and Central Africa includes operations in Nigeria, Cameroon, Côte d'Ivoire, Ghana, Benin, Liberia, Guinea Republic, Guinea Bissau and Congo-Brazzaville
WiMax	Worldwide interoperability for microwave access/broadband wireless technology
ZAR	South African rand
ZCA	Zambian Communications Authority
ZMK	Zambian kwacha

***South Africa subscribers (and therefore ARPU) now include community payphones into prepaid and application providers into postpaid. Prior periods have been adjusted for comparative purposes.*

100/101



MTN WhereRU



Movie downloads



MTN2MyAid



SMS2Email



Balance enquiry



HSDPA, 3G, EDGE



Internet access



Live TV



GPS



SMS alert



Emergency call



MobileMoney



Email2SMS





0 and beyond...