

Directors' report

for the year ended 31 December 2008

The directors have pleasure in submitting their report on the annual financial statements of the Group for the year ended 31 December 2008.

Nature of business

MTN Group Limited (MTN Group or the Company) carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures and associate companies.

Review of financial results and operations

The detailed reviews of financial results and the activities of MTN Group are contained in the reports of the chairman, the Group president and CEO, the Group finance director, the Group chief operating officer and the annual financial statements.

	31 December 2008 Rm	31 December 2007 Rm
Aggregate net profits in:		
Subsidiaries	15 626	13 259
Joint ventures	511	134
Associated companies	—	8
	16 137	13 401
Aggregate net losses in:		
Subsidiaries	(822)	(2 111)
Joint ventures	—	(682)
	(822)	(2 793)

Subsidiary companies

Details of entities in which MTN Group has a direct or indirect interest are set out in Annexures 1 and 2, of the financial statements on pages 147 and 151, respectively.

All the Group subsidiaries have a year-end consistent with that of the MTN Group, with the exception of MTN Irancell, which has a year-end of 19 March, due to statutory requirements in Iran.

Distribution to shareholders

A dividend of 181 cents per share (December 2007: 136 cents per share) amounting to R3,381 million (December 2007: R2,536 million) in respect of the financial year ended 31 December 2008 was declared on Wednesday, 11 March 2009, payable to shareholders registered on Friday, 27 March 2009. The payments of future dividends will depend on the board's ongoing assessment of MTN Group's earnings, financial position, including its cash needs, future earnings prospects and other factors.

Shareholders on the South African register who dematerialised their ordinary shares receive payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shareholding in the Company in certificated form, please note that the Company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends, by approaching our share registrar, Computershare Investor Services (Proprietary) Limited, whose contact details are reflected on page 172 of shareholders' information.

Share capital

Authorised share capital

There was no change in the authorised share capital of the Company during the year under review. The authorised share capital of MTN Group is 2,5 billion ordinary shares of 0,01 cent each. The movement in the issued ordinary share capital during the year under review is reflected below.

Issued share capital

The issued share capital of the Company was increased during the year by the allotment and issue of shares to employees who exercised share options in terms of the MTN Group Limited Share Option Scheme. The allotments were as follows:

Shares	Strike price
2 596 055	at R9,31
75 660	at R13,53
449 970	at R27,00
90 812	at R40,50

Accordingly, at 31 December 2008, the issued share capital of the Company was R186 801 (December 2007: R186 480) comprising 1 868 010 304 (December 2007: 1 864 797 807) ordinary shares of 0,01 cent each. No treasury shares were held at the date of this report.

Control of unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act, 1973 as amended (Act No 61 of 1973) (the Companies Act). As this general authority remains valid only until the next annual general meeting, which is to be held on 24 June 2009, members will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares up to a maximum of 10% of the Company's issued share capital under the control of the directors until the next annual general meeting.

Further details of the authorised and issued ordinary shares as well as the share premium for the year ended 31 December 2008 appear in note 15 to the MTN Group annual financial statements.

Acquisition of the Company's own shares

At the last annual general meeting held on 19 June 2008, shareholders gave the Company or any of its subsidiaries, a general approval in terms of sections 85 and 89 of the Companies Act, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next annual general meeting, which is to be held on 24 June 2009, members will be asked at that meeting to consider a special resolution to renew this general approval until the next annual general meeting.

The Company did not exercise the approval to buy back shares during the year under review.

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Shareholders' interest

Major shareholders

The following information was extracted from the Company's share register at 31 December 2008:

Nominees holding shares in excess of 5% of the issued ordinary share capital of the Company:	31 December 2008		31 December 2007	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Nedcor Bank Nominees Limited	756 664 535	40,51	686 542 027	36,82
Standard Bank Nominees (Tvl) (Proprietary) Limited	632 349 026	33,85	575 585 098	30,87
First National Nominees (Proprietary) Limited	304 791 742	16,32	308 704 138	16,55
Spread of ordinary shareholders				
Public	1 396 012 143	74,73	1 437 498 643	77,09
Non-public	471 998 161	25,27	427 299 164	22,91
– Directors of MTN Group Limited and major subsidiaries	4 023 540	0,22	645 089	0,03
– MTN Uganda Staff Provident Fund	—	—	1 500	—
– Lombard Odier Darier Hentsch & Cie (M1 Limited)	190 084 630	10,18	183 152 564	9,82
– Newshelf 664 (Proprietary) Limited	277 889 991	14,87	243 500 011	13,06
Total issued share capital	1 868 010 304	100,00	1 864 797 807	100,00

Disclosures in accordance with section 140A (8) (a) of the Companies Act and paragraph 8.63 of the JSE Listings Requirements

According to information received by the directors, the following shareholders held shares in excess of 5% of the issued ordinary share capital of the Company:

Beneficial shareholders holding 5% or more	31 December 2008		31 December 2007	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Public Investment Corporation	219 002 091	11,17	247 425 249	13,27
Newshelf 664 (Proprietary) Limited*	277 889 991	14,87	243 500 011	13,06
Lombard Odier Darier Hentsch & Cie (M1 Limited)	190 084 630	10,18	183 152 564	9,82

*Further details of the Newshelf 664 shareholding are provided on page 47.

Certain of these shareholdings are partially or wholly included in the nominee companies reflected in the preceding table. Apart from this, the Company is not aware of any other party who has a shareholding of 5% or more in the Company.

Reward and remuneration philosophy

The principles of MTN Group's remuneration policy reflect the Group's objectives of a sound governance process and long-term value creation for the Group's shareholders. Also it is designed to support key business strategies and create a strong, performance-orientated environment. At the same time the policy must attract, motivate and retain talent.

Performance management

The performance of MTN employees is greatly enhanced through an effective performance management system at all levels of remuneration, whether through the fixed guaranteed package, or the various short-term and long-term incentive schemes.

As a multi-national company, all applicable employees and executives within the MTN Group of companies and operating units participate in the Group's Integrated Performance Framework (IPF) by means of performance agreements, thereby ensuring that the entire Group is fully aligned in achieving the strategic objectives and goals as determined by the board. This process consists of two elements, namely the individual performance section, which rewards individuals for achieving their individual targets through the salary increase process; and the team performance section which rewards the team for achieving the strategically determined value drivers, coupled with the Company's performance targets, and is rewarded through the performance bonus incentive scheme.

The MTN Group board of directors has delegated responsibility for remuneration policy to the nomination, remuneration, human resources and corporate governance committee (NRHR & CG committee). The role of this committee, among others, is to establish the overall principles that determine the remuneration of the Group's executive directors and senior management. The full details of the NRHR & CG committee's role, constitution and attendance are outlined in the corporate governance report.

In setting remuneration policy, the NRHR & CG committee recognises the need to be competitive in an international market. The committee's policy is to set remuneration levels which ensure that the executive directors and senior management are fairly and responsibly rewarded for their contribution to the Group's operating and financial performance. Also in order to promote a common interest with shareholders, performance linked share based incentives are considered to be an important element of the executive incentive policy.

Executive directors and senior management

The remuneration of the executive directors and senior management currently consists of three main components, to balance long- and short-term objectives; a base salary, annual bonus plan with performance targets and long-term incentives in the form of share-based incentive schemes. The last two are designed to encourage and reward superior performance, employee retention and to align the interests of the executive directors and senior management as closely as possible with the interests of shareholders. In addition to these main components, the executive directors and senior management also receive pensions, medical insurance, death/disability insurance and other benefits.

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Performance bonuses for executive directors are linked to operational and financial value drivers pertaining to business performance against budget for individual operations and the MTN Group as a whole. These value drivers are determined by the board every year in respect of the next financial year. Each executive director's performance bonus is conditional upon achievement of their specific value drivers and key performance indicators which are structured to retain a balance between the performance of entities for which they are directly responsible, and that of the Group. In order to align incentive awards with the performance to which they relate, bonuses reflected are for amounts accrued in respect of each year and not the amounts paid in that year. The bonuses are determined by the NRHR & CG committee and are approved by the board.

The base salary of executive directors is subject to annual review and is set with reference to external market benchmarks, taking individuals into consideration. Executive directors do not receive payment of directors' fees or committee fees in respect of meetings attended.

MTN Group recognises the benefit that the involvement of the executive directors as non-executive directors of other companies (under certain conditions) has to the individual and to the Company. However, each director is normally permitted to accept only one outside appointment. The directors' fees in that regard are ceded to MTN Group.

The total benefits received by executive directors are reflected in the following tables:

Remuneration of non-executive directors

MTN Group's non-executive directors receive annual retainer and meeting attendance fees. They do not participate in any type of share incentive scheme or receive pension-related benefits.

The non-executive directors' remuneration has been unchanged since the AGM held in June 2006. It is important to ensure that the remuneration of non-executive directors remains competitive in order to enable the Company to retain and attract persons of the required calibre in order to make meaningful contributions to the Company. Given its global footprint and growth rate and having regard to the appropriate capabilities, skills and experience required, the Group president and CEO, in consultation with the Group executive for human resources and Group financial director, conducted a review of the remuneration paid to non-executive directors, based on data provided by independent remuneration specialists and benchmarked against comparable international South African companies. The results indicated that the current remuneration paid was materially below that of comparable entities. The NRHR & CG committee debated and considered the revised remuneration proposal at length and after reaching consensus, recommended the revised remuneration proposal to the board, which sanctioned the proposal for recommendation to shareholders at the annual general meeting to be held on 24 June 2009. The proposed new fees structure is outlined in the notice of the fourteenth annual general meeting, in the table on pages 159 and 160 and will have retrospective effect to 1 January 2008.

The fees received by executive and non-executive directors during 2008 are reflected in the following table:

Directors' emoluments and related payments

For the year ended 31 December 2008

	Date appointed	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Share options R000	Total R000
Executive directors								
PF Nhleko	01/06/01		6 498	385	75	13 000	—	19 958
RD Nisbet	01/10/01		3 090	410	241	5 750	—	9 491
RS Dabengwa	01/10/01		3 771	483	553	6 250	12 585	23 642
Sub-total			13 359	1 278	869	25 000	12 585	53 091
Non-executive directors								
MC Ramaphosa	01/10/01	820						820
DDB Band	01/10/01	575						575
K Kalyan**	13/06/06	2 019						2 019
AT Mikati**†	17/07/06	1 858						1 858
MJN Njeke	13/06/06	489						489
JHN Strydom	11/03/04	538						538
AF van Biljon	01/11/02	580						580
J van Rooyen	17/07/06	528						528
Directors who resigned during 2008								
MA Ramphole	13/06/06	58						58
AH Sharbatly**	13/06/06	434						434
PL Woicke**	13/06/06	291						291
Sub-total		8 190						8 190
Total		8 190	13 359	1 278	869	25 000	12 585	61 281

**The fees are paid in euro but have been converted to rand for the sake of consistency.

†Fees are paid to M1 Limited.

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Directors' emoluments and related payments

For the year ended 31 December 2007

	Date appointed	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Share options R000	Total R000
Executive directors								
PF Nhleko	01/06/01		5 971	514	414	9 358	—	16 257
RD Nisbet	01/10/01		2 943	377	154	3 425	—	6 899
RS Dabengwa	01/10/01		3 472	445	177	3 225	24 200	31 519
Sub-total			12 386	1 336	745	16 008	24 200	54 675
Non-executive directors								
MC Ramaphosa	01/10/01	859						859
DDB Band	01/10/01	649						649
K Kalyan	13/06/06	1 648						1 648
AT Mikati**†	17/07/06	2 132						2 132
MJN Njeke	13/06/06	680						680
M Ramphele	13/06/06	320						320
JHN Strydom	11/03/04	617						617
AH Sharbatly**	13/06/06	815						815
AF van Biljon	01/11/02	736						736
J van Rooyen	17/07/06	859						859
P Woicke**	13/06/06	1 262						1 262
Sub-total		10 577						10 577
Total		10 577	12 386	1 336	745	16 008	24 200	65 252

**The fees are paid in euro but have been converted to rand for the sake of consistency.

†Fees are paid to M1 Limited.

The MTN Group share options, share appreciation rights and share rights schemes

The Company operates share options, share appreciation rights and share rights schemes (jointly referred to as "the schemes") and eligible employees, including executive directors, are able to participate in accordance with the schemes' rules. The schemes are designed to retain and recognise the contributions of executive directors and eligible staff and to provide additional incentives to contribute to the Company's continuing growth.

In terms of the Company's share option scheme, the total number of shares which may be allocated for the purposes of the scheme shall not exceed 5% of the total issued ordinary share capital of the Company, being 81 799 691 shares approved by shareholders in 2001.

The following information is provided in accordance with the provisions of the schemes:

The vesting periods under the schemes are as follows: 20%, 20%, 30% and 30% on the anniversary of the second, third, fourth and fifth years respectively, after the grant date. The strike price is determined as the closing market price for MTN Group Limited shares on the day prior to the date of allocation.

If the options or appreciation rights remain unexercised after a period of 10 years from the date of grant, they lapse. Furthermore, rights are forfeited if the employee leaves the Group before they vest.

Share options

Details of the share options outstanding at year-end are as follows:

	31 December 2008 Number of shares	31 December 2007 Number of shares
Options allocated and reserved at beginning of year	6 946 726	11 900 904
Adjustment to prior year closing balance	5 680	41 140
	6 952 406	11 942 044
<i>Less: Options no longer reserved due to participants leaving the employ of the Group and the lapsing of offers</i>	(165 240)	(465 010)
<i>Less: Options exercised and allotted during the year</i>	(3 212 087)	(4 530 308)
Options allocated at year-end	3 575 079	6 946 726

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The options outstanding at the end of the period under review have a weighted average remaining contractual life of four years (December 2007: five years). During the year ended 31 December 2008, no options were granted. The fair values were calculated using the stochastic model. The inputs into the model are reflected below:

	31 December 2008	31 December 2007
Weighted average share price for the year	R120,36	R103,47
Weighted average exercise price	R100,72	R118,10
Expected life	3 – 5 years	4 – 6 years
Risk-free rate	6,77% – 7,60%	8,94% – 10,04%
Expected dividend yield	0,97%	1,11%
Expected volatility	40,39% – 46,52%	32,91% – 34,35%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous six years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was determined based on historical data.

Options exercised during the year yielded the following proceeds, after transaction costs:

	31 December 2008 R000	31 December 2007 R000
Ordinary share capital – at par	*	*
Share premium	41 021	60 181
Proceeds	41 021	60 181
Fair value, at exercise date, of shares issued	339 947	535 032

*Amount less than R1 million.

The balances of share options, including executive director's allocations in issue, are reflected below:

Offer date	Strike price R	Number out- standing at 31 December 2007	Forfeited during 2008	Exercised during 2008	Number out- standing at 31 December 2008	Remaining contractual life (Years)
28 September 2001	13,53	599 694	40 150	75 660	483 884	2,74
2 September 2002	9,31	4 008 500	35 600	2 595 645	1 377 255	3,67
2 January 2003	12,88	119 820	—	—	119 820	4,00
7 July 2003	16,81	550 000	—	—	550 000	4,51
1 December 2003	27,00	955 676	25 230	449 970	480 476	4,91
1 December 2004	40,50	718 716	64 260	90 812	563 644	5,92
		6 952 406	165 240	3 212 087	3 575 079	

MTN Group share appreciation rights scheme and share rights scheme ("the rights schemes")

The share appreciation rights scheme was implemented on 31 May 2006, and superseded the share option scheme.

On 26 August 2008, the board approved the share rights scheme, which superseded the share appreciation rights scheme in respect of future grants. Both the rights schemes operate under the same provisions with the exception that the share rights scheme was extended to allow participation by junior managers.

Share rights under the rights schemes are granted to eligible employees by the relevant employer subsidiary company. Exercised rights are equity settled whereby the relevant MTN Group subsidiary purchases the required MTN shares in the open market.

The balances of the share rights schemes, including executive director's allocations in issue, are reflected below:

Offer date	Strike price R	Number out- standing at 31 December 2007	Offered during 2008	Forfeited during 2008	Exercised during 2008	Number out- standing at 31 December 2008	Remaining contractual life (Years)
31 May 2006	56,83	433 400	—	10 700	83 540	339 160	7,41
31 May 2006 [#]	56,83	2 028 440	—	177 420	175 380	1 675 640	6,90
21 November 2006	71,00	3 560 300	—	281 100	300 380	2 978 820	7,89
1 January 2007	85,30	104 600	—	—	—	104 600	8,00
2 April 2007	98,50	23 700	—	—	—	23 700	8,25
22 June 2007	96,00	786 300	—	58 500	—	727 800	8,47
19 March 2008	126,99	—	567 800	18 300	—	549 500	9,21
1 September 2008	118,64	—	2 497 300	52 900	—	2 444 400	9,67
Total		6 936 740	3 065 100	598 920	559 300	8 843 620	

[#]The vesting period in respect of part of the allocation made on 31 May 2006 was accelerated by six months, due to the fact that the Company had not issued any share incentive rights to eligible employees in 2005. The remaining contractual life of these rights is thus reduced by six months.

A valuation has been prepared using the stochastic model to determine the fair value of the share appreciation rights and the expense to be recognised during the year.

The inputs into stochastic model were as follows:

	31 December 2008	31 December 2007
Share price at balance sheet date	R108,50	R128,06
Expected life	1 to 6 years	1 to 6 years
Risk-free rate	6,77% – 7,60%	8,40% to 10,04%
Expected volatility	40,39% – 46,52%	33,54% to 35,73%
Dividend yield	0,97%	1,11%

Expected volatility was determined by calculating the historical volatility of MTN Group Limited's share price over the previous six years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The expected dividend yield was determined based on historical data.

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The nominations, remunerations, human resources and corporate governance committee periodically assesses the effectiveness of the Company's long-term incentive scheme, to ensure alignment with shareholder requirements and international best practice.

A revised share-based incentive scheme is currently being developed with the assistance of independent experts.

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries

Participation in the MTN Group Limited share schemes for the year ended 31 December 2008.

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
PF Nhleko								
2 September 2002	9,31	02/09/2004	477 740	82 740	82 740	22/12/2008	99,00	—
2 September 2002	9,31	02/09/2005	477 740	477 740	477 740	22/12/2008	99,00	—
2 September 2002	9,31	02/09/2006	716 610	716 610	716 610	22/12/2008	99,00	—
2 September 2002	9,31	02/09/2007	716 610	716 610	716 610	22/12/2008	99,00	—
			2 388 700	1 993 700	1 993 700			—
21 November 2006	71,00	21/11/2008	172 133	172 133	103 280	22/12/2008	105,56	68 853
21 November 2006	71,00	21/11/2009	172 133	172 133				172 133
21 November 2006	71,00	21/11/2010	172 134	172 134				172 134
			516 400	516 400	103 280			413 120
2 April 2007	98,50	02/04/2008	7 900	7 900				7 900
2 April 2007	98,50	02/04/2009	7 900	7 900				7 900
2 April 2007	98,50	02/04/2010	7 900	7 900				7 900
			23 700	23 700				23 700
Total			2 928 800	2 533 800	2 096 980			436 820

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
RD Nisbet								
2 September 2002	9,31	02/09/2004	187 160	—				—
2 September 2002	9,31	02/09/2005	187 160	—				—
2 September 2002	9,31	02/09/2006	280 740	280 740				280 740
2 September 2002	9,31	02/09/2007	280 740	280 740				280 740
			935 800	561 480				561 480
1 December 2003	27,00	01/12/2005	12 900	—				—
1 December 2003	27,00	01/12/2006	12 900	12 900				12 900
1 December 2003	27,00	01/12/2007	19 350	19 350				19 350
1 December 2003	27,00	01/12/2008	19 350	19 350				19 350
			64 500	51 600				51 600
21 November 2006	71,00	21/11/2008	39 480	39 480				39 480
21 November 2006	71,00	21/11/2009	39 480	39 480				39 480
21 November 2006	71,00	21/11/2010	59 220	59 220				59 220
21 November 2006	71,00	21/11/2011	59 220	59 220				59 220
			197 400	197 400				197 400
19 March 2008	126,99	19/03/2010	4 520					4 520
19 March 2008	126,99	19/03/2011	4 520					4 520
19 March 2008	126,99	19/03/2012	6 780					6 780
19 March 2008	126,99	19/03/2013	6 780					6 780
			22 600					22 600
Total			1 220 300	810 480				833 080

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Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
RS Dabengwa								
2 September 2002	9,31	02/09/2004	66 140	—				—
2 September 2002	9,31	02/09/2005	66 140	—				—
2 September 2002	9,31	02/09/2006	99 210	—				—
2 September 2002	9,31	02/09/2007	99 210	—				—
			330 700	—				—
1 December 2003	27,00	01/12/2005	58 220	58 220	58 220	14/10/2008	105,96	—
1 December 2003	27,00	01/12/2006	58 220	58 220	58 220	14/10/2008	105,96	—
1 December 2003	27,00	01/12/2007	87 330	87 330	43 560	14/10/2008	105,96	43 770
1 December 2003	27,00	01/12/2008	87 330	87 330				87 330
			291 100	291 100	160 000			131 100
21 November 2006	71,00	21/11/2008	8 680	8 680				8 680
21 November 2006	71,00	21/11/2009	8 680	8 680				8 680
21 November 2006	71,00	21/11/2010	13 020	13 020				13 020
21 November 2006	71,00	21/11/2011	13 020	13 020				13 020
			43 400	43 400				43 400
31 May 2006	56,83	30/11/2007	26 960	26 960				26 960
31 May 2006	56,83	30/11/2008	26 960	26 960				26 960
31 May 2006	56,83	30/11/2009	40 440	40 440				40 440
31 May 2006	56,83	30/11/2010	40 440	40 440				40 440
			134 800	134 800				134 800
19 March 2008	126,99	19/03/2010	14 440					14 440
19 March 2008	126,99	19/03/2011	14 440					14 440
19 March 2008	126,99	19/03/2012	21 660					21 660
19 March 2008	126,99	19/03/2013	21 660					21 660
			72 200					72 200
Total			872 200	469 300	160 000			381 500

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
C de Faria								
21 November 2006	71,00	21/11/2008	69 720	69 720				69 720
21 November 2006	71,00	21/11/2009	69 720	69 720				69 720
21 November 2006	71,00	21/11/2010	104 580	104 580				104 580
21 November 2006	71,00	21/11/2011	104 580	104 580				104 580
Total			348 600	348 600				348 600
J Ramadan								
21 November 2006	71,00	21/11/2008	69 720	69 720				69 720
21 November 2006	71,00	21/11/2009	69 720	69 720				69 720
21 November 2006	71,00	21/11/2010	104 580	104 580				104 580
21 November 2006	71,00	21/11/2011	104 580	104 580				104 580
Total			348 600	348 600				348 600
SL Botha								
07 July 2003	16,81	07/07/2005	191 908	—				—
07 July 2003	16,81	07/07/2006	191 908	—				—
07 July 2003	16,81	07/07/2007	287 862	262 138				262 138
07 July 2003	16,81	07/07/2008	287 862	287 862				287 862
			959 540	550 000				550 000
22 June 2007	96,00	22/06/2009	31 180	31 180				31 180
22 June 2007	96,00	22/06/2010	31 180	31 180				31 180
22 June 2007	96,00	22/06/2011	46 770	46 770				46 770
22 June 2007	96,00	22/06/2012	46 770	46 770				46 770
			155 900	155 900				155 900
Total			1 115 440	705 900				705 900

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Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
KW Pienaar								
2 September 2002	9,31	02/09/2004	124 120	—				—
2 September 2002	9,31	02/09/2005	124 120	—				—
2 September 2002	9,31	02/09/2006	186 180	—				—
2 September 2002	9,31	02/09/2007	186 180	—				—
			620 600	—				—
1 December 2004	40,50	01/12/2006	6 220	—				—
1 December 2004	40,50	01/12/2007	6 220	—				—
1 December 2004	40,50	01/12/2008	9 330	9 330				9 330
1 December 2004	40,50	01/12/2009	9 330	9 330				9 330
			31 100	18 660				18 660
21 November 2006	71,00	21/11/2008	20 760	20 760				20 760
21 November 2006	71,00	21/11/2009	20 760	20 760				20 760
21 November 2006	71,00	21/11/2010	31 140	31 140				31 140
21 November 2006	71,00	21/11/2011	31 140	31 140				31 140
			103 800	103 800				103 800
Total			755 500	122 460				122 460

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
PD Norman								
2 September 2002	9,31	02/09/2004	110 020	—				—
2 September 2002	9,31	02/09/2005	110 020	20				20
2 September 2002	9,31	02/09/2006	165 030	135 030	100 000	02/04/2008	134,20	35 030
2 September 2002	9,31	02/09/2007	165 030	165 030	50 000	12/12/2008	99,00	115 030
			550 100	300 080	150 000			150 080
1 December 2004	40,50	01/12/2006	6 780	6 780				6 780
1 December 2004	40,50	01/12/2007	6 780	6 780				6 780
1 December 2004	40,50	01/12/2008	10 170	10 170				10 170
1 December 2004	40,50	01/12/2009	10 170	10 170				10 170
			33 900	33 900				33 900
21 November 2006	71,00	21/11/2008	14 420	14 420				14 420
21 November 2006	71,00	21/11/2009	14 420	14 420				14 420
21 November 2006	71,00	21/11/2010	21 630	21 630				21 630
21 November 2006	71,00	21/11/2011	21 630	21 630				21 630
			72 100	72 100				72 100
31 May 2006	56,83	30/11/2007	9 140	9 140				9 140
31 May 2006	56,83	30/11/2008	9 140	9 140				9 140
31 May 2006	56,83	30/11/2009	13 710	13 710				13 710
31 May 2006	56,83	30/11/2010	13 710	13 710				13 710
			45 700	45 700				45 700
Total			701 800	451 780	150 000			301 780

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Directors' report *continued*

for the year ended 31 December 2008

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
SB Mtshali								
31 May 2006	56,83	31/05/2008	10 600	10 600				10 600
31 May 2006	56,83	31/05/2009	10 600	10 600				10 600
31 May 2006	56,83	31/05/2010	15 900	15 900				15 900
31 May 2006	56,83	31/05/2011	15 900	15 900				15 900
Total			53 000	53 000				53 000
A Farroukh								
21 November 2006	71,00	21/11/2008	55 580	55 580				55 580
21 November 2006	71,00	21/11/2009	55 580	55 580				55 580
21 November 2006	71,00	21/11/2010	83 370	83 370				83 370
21 November 2006	71,00	21/11/2011	83 370	83 370				83 370
Total			277 900	277 900				277 900

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
Z Bulbulia								
28 September 2001	13,53	28/09/2003	15 180	—				—
28 September 2001	13,53	28/09/2004	15 180	15 180				15 180
28 September 2001	13,53	28/09/2005	22 770	22 770				22 770
28 September 2001	13,53	28/09/2006	22 770	22 770				22 770
			75 900	60 720				60 720
2 September 2002	9,31	02/09/2004	18 480	18 480				18 480
2 September 2002	9,31	02/09/2005	18 480	18 480				18 480
2 September 2002	9,31	02/09/2006	27 720	27 720				27 720
2 September 2002	9,31	02/09/2007	27 720	27 720				27 720
			92 400	92 400				92 400
1 December 2003	27,00	01/12/2005	4 940	4 940				4 940
1 December 2003	27,00	01/12/2006	4 940	4 940				4 940
1 December 2003	27,00	01/12/2007	7 410	7 410				7 410
1 December 2003	27,00	01/12/2008	7 410	7 410				7 410
			24 700	24 700				24 700
31 May 2006	56,83	30/11/2007	12 920	12 920				12 920
31 May 2006	56,83	30/11/2008	12 920	12 920				12 920
31 May 2006	56,83	30/11/2009	19 380	19 380				19 380
31 May 2006	56,83	30/11/2010	19 380	19 380				19 380
			64 600	64 600				64 600
19 March 2008	126,99	19/03/2010	4 920					4 920
19 March 2008	126,99	19/03/2011	4 920					4 920
19 March 2008	126,99	19/03/2012	7 380					7 380
19 March 2008	126,99	19/03/2013	7 380					7 380
			24 600					24 600
Total			282 200	242 420				267 020

Directors' report *continued*

for the year ended 31 December 2008

Equity compensation benefits for executive directors, the Group secretary and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2007	Exercised 2008	Exercise date	Exercise price and sale price R	Number outstanding at 31 December 2008
AR Bing								
2 September 2002	9,31	02/09/2004	4 860	—				—
2 September 2002	9,31	02/09/2005	4 860	—				—
2 September 2002	9,31	02/09/2006	7 290	—				—
2 September 2002	9,31	02/09/2007	7 290	7 290				7 290
			24 300	7 290				7 290
1 December 2004	40,50	01/12/2006	6 670	—				—
1 December 2004	40,50	01/12/2007	6 670	6 670				6 670
1 December 2004	40,50	01/12/2008	10 005	10 005				10 005
1 December 2004	40,50	01/12/2009	10 005	10 005				10 005
			33 350	26 680				26 680
21 November 2006	71,00	21/11/2008	640	640				640
21 November 2006	71,00	21/11/2009	640	640				640
21 November 2006	71,00	21/11/2010	960	960				960
21 November 2006	71,00	21/11/2011	960	960				960
			3 200	3 200				3 200
31 May 2006	56,83	30/11/2007	3 240	3 240				3 240
31 May 2006	56,83	30/11/2008	3 240	3 240				3 240
31 May 2006	56,83	30/11/2009	4 860	4 860				4 860
31 May 2006	56,83	30/11/2010	4 860	4 860				4 860
			16 200	16 200				16 200
22 June 2007	96,00	22/06/2009	4 220	4 220				4 220
22 June 2007	96,00	22/06/2010	4 220	4 220				4 220
22 June 2007	96,00	22/06/2011	6 330	6 330				6 330
22 June 2007	96,00	22/06/2012	6 330	6 330				6 330
			21 100	21 100				21 100
Total			98 150	74 470				74 470

Directors' shareholdings and dealings

The interests of the directors, alternate directors and directors of major subsidiaries in the ordinary shares of the Company were as follows:

	31 December 2008	31 December 2007
Director		
DDB Band (beneficial)	14 023	14 023
PF Nhleko (beneficial)	3 304 451	—
J Ramadan [†] (indirect beneficial)	20 000	—
J Ramadan [†] (beneficial)	9 000	—
RD Nisbet (beneficial)	656 066	611 066
Z Bulbulia* (beneficial)	10 000	10 000
PD Norman* (non-beneficial)	10 000	10 000
Total	4 023 540	645 089

*Major subsidiary director

[†]VP for the MENA region

Directors' report *continued*

for the year ended 31 December 2008

Directors' shareholdings and dealings (continued)

Mr PF Nhleko concluded the following share purchases and sales during the financial year under review:

Transaction date	Number of shares	Purchase price
23 December 2008	18 741	98,84 [*]
29 December 2008	1 116 092	99,00 ^{**}
30 December 2008	931 183	107,12 ^{***}
Total purchases	2 066 016	
Transaction date	Number of shares	Sales price
23 December 2008	15 073	95,00 [*]
29 December 2008	877 608	102,94 ^{**}
Total sales	892 681	

Mr RD Nisbet concluded the following share purchases during the financial year under review:

Transaction date	Number of shares	Purchase price
23 October 2008	45 000	83,61 ^{***}

Mr J Ramadan concluded the following share purchases during the financial year under review:

Transaction date	Number of shares	Purchase price
27 October 2008	9 000	74,95 ^{***}
27 October 2008	20 000	74,34 ^{***}
Total	29 000	

Mr PD Norman concluded the following share sales during the financial year under review:

Transaction date	Number of shares	Sale price
02 April 2008	100 000	134,20 ^{**}
15 December 2008	20 000	102,35 ^{**}
19 December 2008	30 000	104,84 ^{**}
Total	150 000	

^{*}Shares exercised under the Share Appreciation Rights Scheme

^{**}Shares exercised under the Share Options Scheme

^{***}Shares purchased in the open market

Pursuant to the Alpine Trust unwind, the executive directors received the following number of MTN shares on 26 February 2009:

– PF Nhleko	2 759 401 (0,15%)
– RS Dabengwa	1 944 818 (0,10%)
– RD Nisbet	1 944 818 (0,10%)

Directors' shareholdings and dealings (continued)

Shareholders are referred to the Integrated Business Report for the year ended 31 December 2007 in which it was disclosed that Mr PF Nhleko bought and restructured the forward purchase of 4 150 000 shares on numerous occasions between 24 May 2006 and 29 November 2007. During the year under review, Mr PF Nhleko continued to restructure the forward purchases and eventually closed out the trade of 27 October as follows: On 7 October 2008 the 4 150 000 forward purchased shares were restructured for a 13-month term to 30 November 2009 at forward price of R98,25. A put option was purchased at a strike price of R122,34 per share and the call option sold at a strike price of R129,09 in respect of the full 4 150 000 forward purchased MTN shares. Further, a call spread was concluded with a commercial bank for 5 000 000 contracts, buying a call strike price of R102,57 and selling a call strike price of R150,00 for 30 March 2009. On 27 October 2008, the 4 150 000 shares were restructured and early settled resulting in a purchase of 1 238 435 shares at R78,06.

Shareholders are referred to the Integrated Business Report for the year ended 31 December 2007 in which it was also disclosed that Mr PF Nhleko entered into a separate and independent 15-month term contract with a commercial bank on 28 December 2007 to acquire 15 893 822 shares at call strike price of R133,21 per share and sold calls at R195,00 per share. This trade was financed through a forward sale of 2 160 000 shares at R149,63 per share. During the year under review, Mr PF Nhleko restructured this trade as follows:

On 30 October 2008 a call spread was concluded with a commercial bank for 3 500 000 contracts buying a call strike price of R122 and selling a call strike price of R182 for 30 June 2009.

On 30 October 2008 a call spread was concluded with a commercial bank for 3 500 000 contracts, buying a call strike price of R135 and selling a call strike price of R195 for 17 September 2009.

Directors' interests in MTN Group held through Newshelf 664 (Proprietary) Limited and derived from the Alpine Trust

Newshelf 664 (Proprietary) Limited ("Newshelf 664") owns 277,89 million MTN Group shares (equivalent to 14,89% (December 2007: 13,06%) of the issued capital of MTN Group). Newshelf 664 exercises the voting rights in respect of such shares. Initially, 243,5 million MTN Group shares were acquired from Transnet Limited ("Transnet") at an average price of R13,90 per share between December 2002 and March 2003. A further 34,39 million MTN Group shares were acquired from the Government Employees Pension Fund, represented by the Public Investment Corporation Limited ("PIC") on 22 December 2008, at a price of R99,00 per share ("the special dividend MTN shares").

The special dividend MTN shares were declared as a dividend in specie on the same date to the Alpine Trust ("the trust"), as the holder of the single ordinary share in Newshelf 664. The trust simultaneously distributed the special dividend MTN shares (except for 300 000 shares retained for costs) to its beneficiaries, in accordance with the trust's trust deed. The special dividend MTN shares were delivered to the trust's beneficiaries on 4 February 2009. As at 22 December 2008, the trust further agreed to sell its ordinary share in Newshelf 664 to the PIC for a nominal value. The trust has no further interest in Newshelf 664.

Directors' report *continued*

for the year ended 31 December 2008

The trust's main objective is the advancement of black economic empowerment. In undertaking the distribution to its beneficiaries, as aforesaid, the trust has fulfilled its objectives. The benefits from the trust that have been distributed to MTN directors, comprising MTN Group shares, were disclosed on SENS on 9 February 2009, are further detailed below, and are included in this report in the directors' direct holdings of MTN shares at 31 December 2008.

The trust has six trustees, two of whom are directors of MTN Group, namely PF Nhleko and RS Dabengwa. The other trustees, being I Charnley, W Lucas-Bull, PM Jenkins (Chairperson) and Z Sithole, are independent. Furthermore, all the directors of Newshelf 664 have been appointed by the trust, such directors being PF Nhleko, I Charnley, RD Nisbet and RS Dabengwa (jointly, "the Newshelf 664 directors"). The Newshelf 664 directors are also included among the beneficiaries of the trust. Consequently, the interests of the Newshelf 664 directors in respect of the MTN Group shares held by Newshelf 664 are as follows:

- As a result of being trustees of the trust, PF Nhleko and RS Dabengwa, together with the other trustees, have a nominal indirect, non-beneficial interest in the MTN Group shares that are currently held by Newshelf 664.
- As a result of being directors of Newshelf 664, the Newshelf 664 directors have an indirect, beneficial interest in respect of the voting rights pertaining to the MTN Group shares that are currently held by Newshelf 664.
- During 2008, as a result of being beneficiaries of the trust, the Newshelf 664 directors had an indirect, beneficial interest in the MTN Group shares that were held by Newshelf 664. This beneficial interest was in the form of rights to participate in a predetermined ratio ("the participation ratio") in the net assets of the trust. The participation ratio of each Newshelf 664 director, who are currently also executive directors of MTN Group Limited are as follows:

– PF Nhleko	7,9270% (2006: 7,9270%)
– RS Dabengwa	5,5869% (2006: 5,5869%)
– RD Nisbet	5,5869% (2006: 5,5869%)

Subject to the terms and conditions of the trust deed, the rights to participate in the net assets of the trust vested in the above persons in full at the end of 2008 and the special dividend MTN shares were distributed to all beneficiaries of the trust in accordance with their participation ratios. As at the end of 2008, the beneficiaries of the trust ceased to hold any beneficial interest in Newshelf 664.

In addition, the Newshelf 664 directors have exercised an option to participate in 0,23% of the economic benefits attaching to the "B" class redeemable preference shares and the "B" class participating preference share held by the PIC, as funders to Newshelf 664, for which option the Newshelf 664 directors jointly paid an amount of R5 million. The capital acquisition consideration paid by each Newshelf 664 director was as follows:

Director	Consideration paid
PF Nhleko	R1 612 577
I Charnley	R1 129 141
RS Dabengwa	R1 129 141
RD Nisbet	R1 129 141
Total	R5 000 000

The Newshelf 664 directors thus have an indirect beneficial interest in the MTN Group Limited shares acquired by Newshelf 664 to the extent that the proceeds of such shares (dividends and capital) are required to service and settle the preference share funding provided by the PIC, but only to the extent of the proportion that their funding of the preference shares bears to the total PIC funding.

The following persons, being directors of MTN Group Limited and its major subsidiaries and the MTN Group secretary, received the following numbers of MTN shares from the Alpine Trust, pursuant to the distribution of the special dividend MTN shares:

Beneficiary	Shares
PF Nhleko	2 759 401
RS Dabengwa	1 944 818
RD Nisbet	1 944 818
SL Botha	404 996
PD Norman	404 996
KP Pienaar	404 996
Z Bulbulia	69 300
A Bing	23 787
SB Mtshali	7 031
Total	7 964 143

Directorate and Group secretary

The composition and profiles of the board of directors of MTN Group appear on pages 14 and 15 of book 1.

The Group secretary is Ms SB Mtshali, whose business and postal addresses are set out below:

Business address	Postal address
216, 14th Avenue	Private Bag 9955
Fairland	Cresta
2195	2118

During the financial year under review, the following MTN Group directors resigned from the board:

Director	Resignation date
MA Ramphele	18 March 2008
L Woicke	18 March 2008
AH Sharbatly	19 June 2008

In accordance with the articles of association of the Company, one-third of the board is required to retire by rotation, at each annual general meeting. Retiring directors are those who have been in office the longest since their last re-election and directors who have been appointed between annual general meetings.

The directors retiring by rotation in terms of the articles of association at the forthcoming annual general meeting are Messrs RS Dabengwa, AT Mikati, MJN Njeke and J van Rooyen. The profiles of the directors retiring by rotation can be viewed on pages 158 and 159 the notice to shareholders.

Profiles of the directors seeking re-election are contained in the notice of the fourteenth annual general meeting.

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Directors' report *continued* for the year ended 31 December 2008

Interests of directors and officers

During the year under review, no contracts were entered into in which directors and officers of the Company had an interest which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. The emoluments of executive directors are determined by the Group NRHR & CG committee and approved by the board. No long-term service contracts exist between executive directors and the Company, with the exception of the contract of service between the Group president and CEO and the Company, of which the first contract had commenced on 1 July 2002 and terminated on 30 June 2007. The contract was subsequently renewed at the annual general meeting held on 13 June 2007 until 30 June 2010.

Material resolutions

MTN Nigeria Communications Limited passed a special resolution on 26 November 2008 authorising its merger with VGC Communications Limited, retaining the name MTN Nigeria Communications Limited. MTN Nigeria Communications Limited is a major subsidiary of the Company thus the transaction requires disclosure in terms of the JSE Listings Requirements.

Mergers and acquisitions

Details of the MTN Group's acquisitions and disposals are presented in book 1 on page 22 in the Group president and CEO's statement and on pages 120 to 127 of the annual financial statements.

Post-balance sheet events

Subsequent to year-end, the Group acquired 100% of Verizon South Africa (Proprietary) Limited and the remaining 59% in I-Talk (Proprietary) Limited.

Property, plant and equipment

There were no changes in the nature of property, plant and equipment nor in the policy regarding their use during the financial year under review.

American depository receipt facility

A sponsored American depository receipt (ADR) facility has been established. This ADR facility is sponsored by the Bank of New York and details of the administrators are reflected under administration on page 169.

Borrowing powers

In terms of the articles of association of the Company, the borrowing powers of the Company are unlimited, however, all borrowings by the MTN Group are subject to limitations expressed in the treasury policy of the MTN Group. The details of borrowings appear in note 17 of the annual financial statements.

Going concern

The directors have reviewed the MTN Group's budget and cash flow forecast for the year to 31 December 2008. On the basis of this review and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the MTN Group has access to adequate resources to continue in operational existence for the foreseeable future and is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Auditors

PricewaterhouseCoopers Inc. and SizweNtsaluba vSP will continue in office as joint auditors in accordance with section 270(2) of the Companies Act. The audit committee reviewed the independence of the auditors during the year under review and declared itself satisfied that the auditors were independent of the Company.