

Group chief operating officer's report *continued*

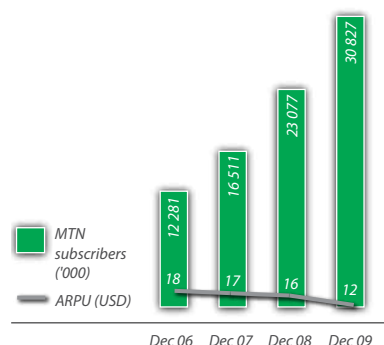
for the year ended 31 December 2009

West and Central Africa region *continued*

MTN Nigeria

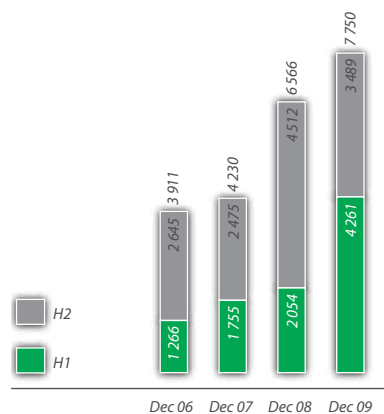
ARPU (\$)

Subscribers ('000)



Outgoing MOU

Net additions ('000)



Launched August 2001, market share 49,6%, population 146,6 million, forecast market size in 2014 – 110,7 million, legal shareholding 76%.

MTN Nigeria revenue and expenses summary

	12 months to December 2009 Rm	12 months to December 2008 Rm	% change
Airtime and subscription revenue	27 534	25 557	8
Interconnect revenue	4 045	4 291	(6)
Data and SMS	1 321	1 110	19
Connection revenue	116	236	(51)
Other	309	363	(15)
Total revenue	33 326	31 558	6
Direct network operating costs	3 240	3 418	(5)
Costs of handsets, SIMs and vouchers	785	590	33
Interconnect and roaming costs	2 793	2 847	(2)
Employee benefits and consulting costs	1 034	1 048	(1)
Selling, distribution and marketing costs	3 250	2 976	9
Other expenses (general and administration)	2 477	2 431	2
Total operating expenses	13 579	13 310	2
EBITDA	19 746	18 248	8
EBITDA margin	59,3%	57,8%	1,4 pts

Overview

MTN Nigeria's continued heavy investment in infrastructure to enhance the quality and capacity of its network, together with a more streamlined sales and distribution channel, helped boost subscriber numbers in Africa's most populous country by a third in 2009, and lift MTN Nigeria's market share to almost half.

The strength of the MTN brand, the broad appeal and innovative nature of its segmented value propositions and effective usage-boosting promotions also assisted in ensuring that MTN Nigeria achieved more than three-quarters of the net additions in the market to end the year with 30,83 million customers and a GSM market share of 49,6%. To accommodate these new subscribers, MTN Nigeria rolled out its new 0813 number range.

Total mobile market penetration grew to 42,4% from just 15% five years ago.

Although local currency revenue increased by 30% for the period, in line with subscriber growth, this translated into a much lower 5,6% growth in rand terms to R33,3 billion, due to the rand strength in the second half of the year compounding naira weakness in the first. In line with increased penetration into lower-usage segments and pressure on consumer spending, average revenue per user declined marginally in local currency, by 9,6% for the year. Weakness in the naira currency exacerbated the fall in dollar terms, with ARPU of USD12 for 2009 down from USD16 in 2008.

MTN Nigeria's EBITDA grew 8% in rand terms and 32% in naira terms. The EBITDA margin improved by 1,4 percentage points to 59,3% mainly due to an increase in revenue and the benefits of scale together with a containment of operating expenses, in particular an 18% decline in the price of fuel.

Nigeria remained the top destination for MTN Group capital expenditure in 2009, accounting for some R10,2 billion. Investments were made to modernise the network and improve its capacity and coverage, with a major emphasis on strengthening the Company's wireless data offering.

Market environment

In 2009, the Nigerian economy faced numerous challenges, starting the year with a depressed oil price which reduced export earnings. This kept the pressure on the naira, which lost further ground to the dollar following the run on the currency in late 2008. In response to the challenges, changes in the central bank's foreign exchange policy and a reduction in credit lines by foreign counterparties further affected the currency. However, by year-end the naira had stabilised, recovering some of its losses.

Nigeria did not escape the worldwide credit squeeze, resulting in high local interest rates due to banks' exposure to non-performing loans and a stock market collapse. Liquidity improved after the central bank replaced the executive management of a number of undercapitalised Nigerian banks. Inflation remained high and the supply of electricity – aggravated by political instability in the oil-producing Niger Delta – continued to be inadequate.

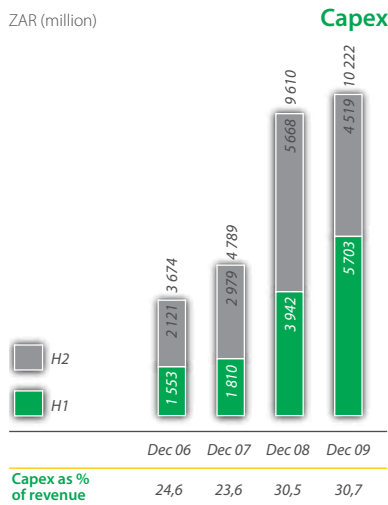
Group chief operating officer's report *continued*

for the year ended 31 December 2009

West and Central Africa region *continued*

MTN Nigeria *continued*

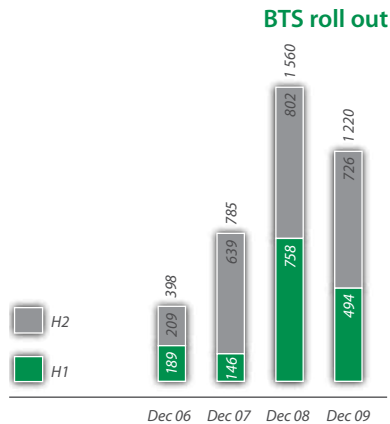
ZAR (million)



In this difficult economic environment, the Nigerian telecoms sector also faced increasing regulatory requirements. A new interconnect regime was adopted at the end of the year. The number of CDMA operators increased by four to 20. These companies offer low prices in voice and data, but do not meet customers' needs for complete mobility. A new GSM licence holder commenced full commercial operation in 2009, bringing to five the total number of GSM operators and intensifying competition through aggressive promotions and price reductions. In 2009, both CDMA and GSM operators focused on promoting their data offerings, leveraging 3G and 3G-related technologies. MTN Nigeria was able to effectively compete and remains supported by the strength of the network, the MTN brand and the continued attractiveness of its segmented propositions. During the year, it increased its market share by subscribers by over five percentage points, and also lifted its brand preference scores significantly.

Infrastructure

MTN Nigeria maintained its strong momentum in infrastructure development in 2009, rolling out a total of 1 220 base transceiver stations to bring to 7 113 the total number built so far. Roll out maintained momentum despite numerous challenges, including delays in customs clearing of goods and generally slow delivery of network equipment. The coverage of the network was enhanced in the year with the addition of 215 towns and cities, taking to 83,4% the land mass covered by MTN Nigeria, from just over two-thirds in 2008. In an effort to expand transmission facilities, some 1 561km of new backbone and 110km of metro fibre were implemented in the year, however the challenge of fibre cuts resulting from roadworks, as well as vandalism remain.



The roll out of the Nigerian 3G network gained traction, with 561 3G sites going live, completing the second phase of the 3G roll out plan and bringing the total number of live 3G sites to 1 117 in December 2009.

Infrastructure sharing initiatives continued to gain traction, with the sharing of BTS sites and fibre infrastructure pursued as a means of reducing the overall capital cost of the network, as well as its environmental footprint.

MTN Nigeria embarked on testing and commissioning of alternative energy systems with a view to significantly reducing diesel consumption and the associated emission of carbon into the atmosphere. Wind and solar energy options are also currently being investigated for possible adoption in future and environmental awareness initiatives are being encouraged Company-wide.

Products and services

MTN Nigeria's product and service development focuses on initiatives that will enhance MTN's brand equity, as well as facilitate revenue growth, particularly in data and value-added services. In line with this, in 2009 the Company launched MTN Google SMS and MTN Backup, both supported by MTN's extensive messaging and data infrastructure (HSPA, 3G, EDGE, GPRS). These services are particularly suited to the Nigerian market, providing access to information as well as security. Google SMS enables subscribers to

use their mobile phones to do searches, get the latest news, sports information etc, while MTN Backup allows users to save a copy of their contacts off their SIM cards and handsets directly on to the MTN network. Both products were the first of their kind in Nigeria.

MTN Nigeria introduced a variety of mobile broadband data bundles, marketing 3G/HSPA data dongles and data SIM cards via various channels. More than 78 000 data modems were sold in the year. Although this is still relatively small, it – as well as the take-up of BlackBerry® handsets – is an indicator of increased momentum among MTN Nigeria's data propositions. By year-end, there were more than 25 300 active BlackBerry® users on the network.

A solid campaign to promote Caller Tunez Re-Loaded (with several enhanced features to allow customers to personalise the service) led to increased user awareness and acceptance. By year-end more than four million subscribers were using this service. There was also good response to MTN Nigeria's 2010 FIFA World Cup South Africa™ promotion, as well as the "Yello Bounty" year-end promotion designed to reward customers via the innovative neighbourhood Yello Bounty Train.

Among other service launches in 2009 were MTN Care (which provides Nigerian customers with 24-hour access to medical and emergency services in three major cities) and seamless and 3G roaming.

Group chief operating officer's report *continued*

for the year ended 31 December 2009

West and Central Africa region *continued*

MTN Nigeria *continued*

MTN also tapped into the youth market's passion for music and sport through a number of significant sponsorships. These included "MTN Project Fame West Africa", a musical talent search show that dominated prime-time television viewership across West Africa for four months. It also recorded the highest SMS and website hit rate for any show of its kind in Nigeria. The Lagos Street Soccer Championship, which aims to develop young football talent by giving youths a platform to display their skills, was an important sponsorship linked to the Group's 2010 FIFA World Cup™ sponsorship.

Distribution

MTN Nigeria continued to benefit in 2009 from the restructuring of the distribution model executed the year before and as more of the unregistered informal distribution points were integrated into the Company database in the year. The focus now is to improve the distribution footprint in areas outside major cities, improving distribution logistics to deepen MTN Nigeria's reach into outlying areas.

People

In an effort to drive a customer-centric culture at MTN Nigeria and ensure a consistent MTN-branded experience for all, 90% of employees participated in a project to go back to the shop floor and spend a day in a customer-facing role. This initiative reinforces

the importance of customer care and has also led to a number of recommendations from employees to improve the customer experience. Among the many proposals implemented are the deployment of point-of-sale terminals for electronic transactions, the introduction of queue management systems as well as aesthetic upgrades of MTN shops.

MTN Nigeria is pleased to report a 100% participation rate in the 2009 Group culture audit, from which the Company gauges employee satisfaction. The Company works hard to engage with its employees to ensure a happy, motivated staff. With a focus on career enhancement, many of MTN Nigeria's people travelled in the region in 2009, providing their expertise to other operating units through short-term assignments and secondments. MTN Nigeria continued to improve its remuneration policies to position the Company competitively to attract and retain top talent.

Regulatory environment

Continued evolution of the telecoms regulatory environment in Nigeria has led to increasing demands on the businesses of all mobile operators. In the year, MTN Nigeria continued to actively engage the regulator, the NCC, on a number of proposed initiatives such as subscriber registration, quality-of-service parameters, mandated customer care centres and mobile number portability.

The Company secured approval from the NCC for MTN's submarine cable landing station and the new 0816 numbering plan range in December 2009. It also aimed to pursue a zero-tolerance strategy to collect interconnect debts due to MTN, and as a result, was able to recover substantial sums. However, interconnect receivables remain a challenge in the industry.

In April 2009 the regulator reviewed the wholesale SMS interconnect rates downward following consultation with operators. Later in the year, the NCC determined new interconnect rates 30% below previous rates, with a glide path to uniform rates for fixed termination and newer mobile operators. The new interconnect regime came into effect on 31 December 2009 with asymmetrical rates skewed in favour of new entrants. These will converge over the next three years. As some four-fifths of MTN Nigeria's traffic is on-network, it expects the impact of the reduction in interconnect fees to be muted.

Outlook

MTN Nigeria will continue to work to improve the quality and availability of its network, and has committed to capital expenditure of some R6,4 billion for 2010, which includes increasing the commercial roll out of wireless internet. The Company will encourage greater use of electronic airtime recharge through e-payment operators and banks and will launch new segment-based value propositions for voice and data, also making the most of the Group's sponsorship of the 2010 FIFA World Cup South Africa™.

Although competition is expected to intensify, and the economic outlook remains uncertain, MTN Nigeria is cautiously optimistic. MTN Nigeria expects its strong distribution network to assist greatly in the process of registering subscribers, and expects this regulatory requirement – starting in May 2010 – to only dampen subscriber growth for a period when it is implemented.

MTN Nigeria is targeting the addition of approximately six million new subscribers to its network in 2010 and forecasts the size of the mobile market in Nigeria to expand to nearly 110,7 million in 2014, underscoring the considerable opportunity for mobile telephony that still exists in this important economy.

Group chief operating officer's report *continued*

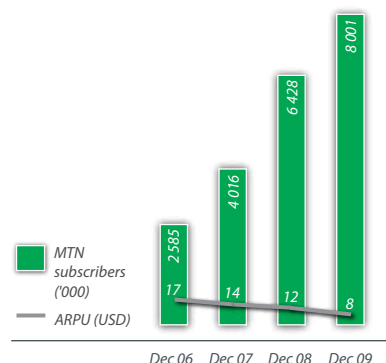
for the year ended 31 December 2009

West and Central Africa region *continued*

MTN Ghana

ARPU (\$)

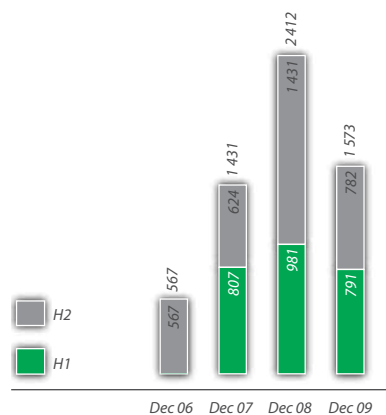
Subscribers ('000)



Outgoing MOU

('000)

Net additions



Launched November 1996, market share 55%, population 24 million, forecast market size in 2014 – 22,5 million, shareholding 98%.

MTN Ghana revenue and expenses summary

	12 months to December 2009 Rm	12 months to December 2008 Rm	% change
Airtime and subscription revenue	4 077	4 308	(5)
Interconnect revenue	1 145	1 172	(2)
Data and SMS	351	473	(26)
Connection revenue	38	61	(38)
Other	57	33	72
Total revenue	5 667	6 047	(6)
Direct network operating costs	519	468	11
Costs of handsets, SIMs and vouchers	194	143	36
Interconnect and roaming costs	646	845	(24)
Employee benefits and consulting costs	256	271	(6)
Selling, distribution and marketing costs	592	563	5
Other expenses (general and administration)	894	971	(8)
Total operating expenses	3 101	3 261	(5)
EBITDA	2 566	2 786	(8)
EBITDA margin	45,3%	46,1%	(0,8) pts

Overview

Ghana is the most competitive market in which MTN operates, with five operators currently offering mobile telephony services, and a sixth due to start up soon. The fact that MTN Ghana was able to maintain market share at 55% in 2009 is testament to the Company's superior product offering, outstanding employee performance and the strong MTN brand. This is backed by continued heavy capital investment to ensure the best network quality and capacity, as well as enhanced value propositions such as MTN Zone and MTN Mobile Money.

MTN Ghana grew its subscriber base by almost a quarter to eight million (four times the base when MTN took over the operation in 2006), helping to push mobile penetration in the important cocoa and gold exporter up to 61% of the population. It is pleasing to report that even with this strong growth in subscriber numbers, there was a significant improvement in measured customer satisfaction in the year.

Although local currency revenue increased by 25,1% for the period, ahead of subscriber growth, this translated into a 6,3% decline in revenue in rand terms to R5,7 billion due to a combination of rand strength in the second half of the year and weakness in the Ghanaian cedi, particularly in the first half of the year. Aggressive price offers from new competitors and deeper market penetration put pressure on average revenue per user (ARPU) in local currency terms. In dollar terms, the fall was exacerbated by the decline in the value of the cedi, resulting in a drop to USD8 a month from USD12 in 2008.

EBITDA margin narrowed only marginally to 45,3% from 46,1% despite numerous challenges. The weakness of the cedi had a major impact on operating expenses as many of the costs are denominated in euros or dollars. Direct network operating costs increased by 11%, mainly as a result of increased rentals from the 28% increase in BTS sites in operation in the year.

Market environment

Following closely contested elections, Ghana experienced a smooth transition of power to a new president in January 2009. The Ghanaian economy had a difficult start to the year, as the worldwide downturn translated into a decline in trade, foreign donor aid and remittances from the substantial number of overseas Ghanaian workers. This put further strain on the cedi currency, which lost nearly a third of its value to the dollar, pushing up inflation and keeping interest rates high. Customers had less disposable income and companies felt the effect of higher costs.

Later in the year, the cedi stabilised somewhat and inflation started to slow from peaks of around 20%. Against this tough economic backdrop, mobile telecoms operators also had to contend with fierce and growing competition as well as increased demands from the industry regulator.

Infrastructure

In 2009, Ghana remained an important contributor to MTN Group capital expenditure, with some R2,6 billion invested in enhancing the overall quality, capacity and coverage of the network. The number of base transceiver stations increased by 30% with the roll

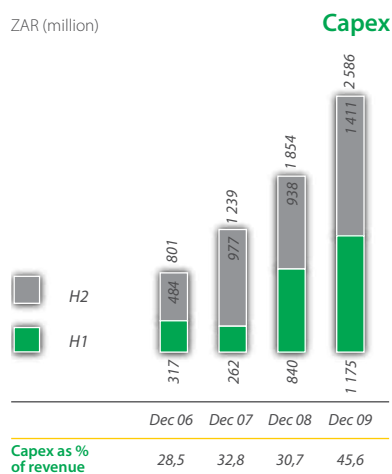
Group chief operating officer's report *continued*

for the year ended 31 December 2009

West and Central Africa region *continued*

MTN Ghana *continued*

ZAR (million)

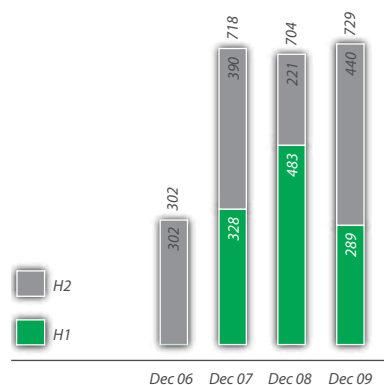


out of 729 stations, bringing to more than 3 000 the total in operation. Positioning the business for increasing take-up of data services, MTN Ghana also brought on air 531 3G stations in the year. These investments meant that the Company added 10 new towns to its coverage and facilitated a sharp increase in data throughput on the network.

Some 660km of new fibre transmission routes were completed in the year: 605km of national routes and the rest in the metropolitan network. These national route cables provide capacity for transmission within Ghana, and also fit into the regional cross-border network connectivity requirement into Côte d'Ivoire and beyond, providing alternative routes to the international gateway for both countries.

To reduce its impact on the environment, as well as manage capital and operational costs, MTN Ghana continues to work toward greater sharing of fibre infrastructure with other mobile operators. It is pleased to report some important successes in this regard in 2009, with more sharing agreements expected to be sealed in 2010.

BTS roll out



Products and services

MTN Ghana kept up its reputation for innovative product offerings, launching a number of new services in the year and optimising and building on the success of the 2008 introduction of dynamic tariffing through MTN Zone. This product continues to help differentiate MTN from its increasingly aggressive competitors and encourages on-network calls.

Among various robust product and service launches in 2009 were Voice SMS; Conference Call; Reserve your Number (allowing customers to choose their numbers) and the "Text Go to 2010" promotion and the "Rally Round the Flag" loyalty programme. The full commercial launch of MTN Mobile Money took place in the year, as well as a number of enhanced data offerings, including 3G mobile broadband and internet SIM launched on a prepaid platform. Ghanaians continued to take advantage of MTN Loaded's many offerings, with music the most popular, resulting in over one million unique subscribers accessing this service.

MTN Ghana recorded an overall increase in data usage in the year, supported by the country-wide roll out of EDGE technology that began in June 2008 that allows customers to make data connections up to three times faster than via GPRS. In May 2009, MTN Ghana launched 3.5G UMTS services, leading to a sudden jump in subscribers using these services.

Distribution

In an effort to get closer to its customers, MTN Ghana increased its distribution footprint in the year. The number of MTN retail points of sale more than doubled to 210 000 from 98 000, with an extra focus on solid distribution in high-end outlets such as pharmacies, handset shops and exclusive dealer shops. The corporate customer base grew by a fifth thanks to key account management selling initiatives, supported by customer experience programmes implemented in conjunction with marketing.

In the second half of the year, the distribution structure was further geared up to support MTN Mobile Money services by acquiring more merchants and registration agents. Service activations were driven through the work of new event sales teams, as well as the nationwide deployment of about 2 000 "foot soldiers" and canvassers. These initiatives helped to secure MTN Ghana's market leadership. So too did the use of performance-indicator-based dealer commissions; investment to increase the visibility of MTN points of sales, as well as MTN Mobile Money's enhanced distribution plan.

MTN Ghana also implemented a new tool for better measuring sales performance at the local level. This also helps the Company design relevant distribution interventions to improve performance and will be leveraged further as a key differentiator in 2010.

People

Ensuring MTN Ghana maintains an engaged employee base that translates into exemplary performance was a key priority in 2009, resulting in a sharp improvement in communication with staff in the year. This was effected through initiatives such as the introduction of a monthly in-house newsletter; the launch of a 24-hour help desk for employee queries; the "It All Adds Up" campaign to drive communication on total rewards; more interactive staff sessions, and, finally, the launch of The Innovation Hub project to provide competitive advantage by harnessing employee ideas for sustained business results.

Group chief operating officer's report *continued*

for the year ended 31 December 2009

West and Central Africa region *continued*

MTN Ghana *continued*

Flowing from these initiatives, MTN Ghana is pleased to report an improvement in both the level of participation and the results of the recent Group culture audit. Some 96% of all employees participated in this important gauge of staff satisfaction, up 20 percentage points in the year, and the results were equally encouraging.

Recognising the importance of uplifting the community in which we operate, the MTN Ghana Foundation continued to invest primarily in education and health in 2009. Among key initiatives were projects to improve literacy and numeracy in the Northern Region of Ghana, support for the construction of new classrooms in the Western and Eastern Regions, as well as support in Accra for the Princess Marie Louise Children's Hospital – the only specialist children's hospital in the country.

Regulatory environment

During the year there was heightened interest in the telecoms industry from the Ghanaian authorities and the public, with increasing demands and expectations from the authorities on the country's mobile operators. This followed the implementation of a new communications service tax of 6% of revenue in 2008 and the increase in the same year of regulatory fees to 1% of revenue.

Mobile operators also pay a rural development levy of 1% of revenue.

MTN Ghana continued to engage proactively with the regulatory authorities on various issues, including such things as the proposed implementation of GVG (global voice group), which will put additional charges on international traffic and is thus expected to lead to lower international mobile traffic volumes from Ghana. MTN Ghana is also gearing up to register subscribers' personal details, as required by the regulator, in line with similar initiatives in other MTN markets.

Outlook

Among MTN Ghana's key priorities in 2010 are to sustain the recent significant improvements in network performance, as well as increase the penetration and usage of MTN Mobile Money. Focus will also be given to concluding more infrastructure-sharing agreements with other operators, thereby reducing the Company's environmental footprint. In an effort to improve MTN Ghana's broadband capacity, the Company will continue to work to secure approval for a landing station in the country for the WACS submarine cable.

On the regulatory front, the registration of customer data is due to commence in July 2010 when all new activations must be registered. The regulatory authorities require that the details of all existing subscribers be collected by the middle of 2011. Increased competition, with the entrance of the sixth mobile operator in Ghana, is likely to put pressure on service providers. However, the health of the economy is expected to improve as inflation and interest rates ease, and commercial oil production begins later in the year. Considering all these factors, MTN Ghana is targeting the addition of some 800 000 new customers to its network in 2010.

Group overview

Business review

Operational review

Sustainability review