

Directors' report

for the year ended 31 December 2009

The directors have pleasure in submitting their report on the annual financial statements of the Group for the year ended 31 December 2009.

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.

International Financial Reporting Standards (IFRS)

The Company's financial statements were prepared in accordance with International Financial Reporting Standards.

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.

	December 2009 Rm	December 2008 Rm
Aggregate net profits in:		
Subsidiaries	14 507	15 626
Joint ventures	1 013	511
Associates	13	4
	15 533	16 141
Aggregate net losses in:		
Subsidiaries	(852)	(822)
Joint ventures	(13)	—
Associates	(18)	(4)
	(883)	(826)

Subsidiary companies

Details of entities in which MTN Group has a direct or indirect interest are set out in Annexure 1 of the financial statements on page 162.

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

Distribution to shareholders

A dividend of 192 cents per share (December 2008: 181 cents per share) amounting to R3,534 million (December 2008: R3,381 million) in respect of the financial year ended 31 December 2009 was declared on Wednesday, 10 March 2010, payable to shareholders registered on Friday, 9 April 2010. The payment 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 received 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, 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 180 of the notice of the annual general meeting.

Directors' report *continued*

for the year ended 31 December 2009

Share capital

Authorised share capital

There was no change in the authorised share capital of the Company during the year under review. The authorised ordinary share capital of MTN Group is 2,5 billion shares of 0,01 cent each. The movements in the issued ordinary share capital during the period under review were as follows:

Issued share capital

There was a net decrease in the issued share capital due to the acquisition and subsequent cancellation of shares relating to the Newshelf transaction (refer below). The allotment of shares for the year were as follows:

Options exercised and allotted

Share	Strike price
840 215	R9,31
119 820	R12,88
243 880	R13,53
550 000	R16,81
181 000	R27,00
211 785	R40,50

Other shares issued

Share	Strike price
12 600	R13,53

Shares issued to the Public Investment Corporation (PIC)

Share	Strike price
111 469 352	R91,67
102 397 546	R93,53

Shares repurchased and cancelled in terms of the Newshelf transaction

Share	Strike price
243 500 011	R119,00

Accordingly, at 31 December 2009, the issued share capital of the Company was R184 053 (December 2008: R186 801) comprising 1 840 536 491 (December 2008: 1 868 010 304) 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 15 July 2010, 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 shares as well as the share premium for the year ended 31 December 2009 appears in note 17 to the MTN Group annual financial statements.

Acquisition of the Company's own shares

Shareholders are referred to the circular to MTN shareholders issued on 6 April 2009, the purpose of which was to provide shareholders with the relevant information relating to the acquisition of Newshelf 664 (Proprietary) Limited (Newshelf).

At the beginning of the 2009 financial year, Newshelf owned 243 500 011 MTN ordinary shares. Newshelf acquired 37 589 980 MTN ordinary shares on loan account from the PIC to enable Newshelf to declare and pay a special dividend to its ordinary shareholder, the Alpine Trust (34 389 980 MTN ordinary shares with 300 000 MTN ordinary shares to be retained by the Alpine Trust to cover contingencies and the balance distributed to the Alpine Trust beneficiaries in February 2009) and to settle the related taxes (3 200 000 MTN ordinary shares).

Following the approvals of the South African competition authorities on 11 March 2009 and MTN shareholders on 5 May 2009, respectively, as well as the fulfilment of other conditions precedent, MTN repurchased and cancelled 234 500 011 of its own shares from Newshelf. The repurchase of these shares resulted in the immediate reduction of approximately 1,6% in the total number of MTN shares in issue.

At the last annual general meeting held on 24 June 2009, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 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 15 July 2010, members will asked at that meeting to consider a special resolution to renew this general approval until the next annual general meeting, subject to a maximum extension of 15 months.

Shareholders' interest

Major shareholders

The following information was extracted from the Company's share register at 31 December 2009:

Nominees holding shares in excess of 5% of the issued ordinary share capital of the Company:	December 2009		December 2008	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Nedbank Nominees Limited	707 311 323	38,43	756 664 535	40,51
Standard Bank Nominees (Tvl) (Proprietary) Limited	619 607 675	33,66	632 349 026	33,85
First National Nominees (Proprietary) Limited	312 383 573	16,97	304 791 742	16,32
Absa Nominees (Proprietary) Limited	122 630 962	6,66	—	—
Spread of ordinary shareholders				
Public	1 184 393 703	64,35	1 396 012 143	74,73
Non-public	656 142 788	35,65	471 998 161	25,27
– Directors of MTN Group Limited and major subsidiaries	9 006 155	0,49	4 023 540	0,22
– Empowerment entities*	10 412 747	0,57	—	—
– Lombard Odier Darier Hentsch & Cie (M1 Limited)	190 084 630	10,33	190 084 630	10,18
– Newshelf 664 (Proprietary) Limited	—	—	277 889 991	14,87
– Strategic Holdings**	446 639 256	24,26	—	—
Total issued share capital	1 840 536 491	100,00	1 868 010 304	100,00

* National Empowerment Fund and StratEquity Empowerment Investments.

** Government Employee Pension Fund managed through various asset, investment and fund managers.

Directors' report *continued*

for the year ended 31 December 2009

Disclosure 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	December 2009		December 2008	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Public Investment Corporation	446 639 256	24,27	219 002 091	11,72
Newsshelf 664 (Proprietary) Limited	—	—	277 889 991	14,87
Lombard Odier Darier Hentsch & Cie (M1 Limited)	190 084 630	10,33	190 084 630	10,18
Old Mutual Investment Group (SA) (Proprietary) Limited	116 613 767	6,34	—	—

Certain of these shareholdings are partially or wholly included in the nominee companies mentioned on page 23. 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 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 multinational 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 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 the remuneration policy to the nomination, 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 the 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. In addition, 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 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.

Performance bonuses for executive directors are linked to the 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 director's fees or committee fees in respect of meetings attended.

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

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 board is proposing an increase of fees by 10% for local non-executive directors, 6% for committee members and 3,5% for international board members. 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 finance director conducted a review of the remuneration paid to non-executive directors, based on data provided by independent remuneration specialists and benchmarked against 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 15 July 2010. The proposed new fee structure is outlined in the notice of the 15th annual general meeting on page 174 and will be applicable with effect from 1 January 2010.

Directors' report *continued*

for the year ended 31 December 2009

The fees received by executive and non-executive directors during 2009 are reflected in the following table:

Directors' emoluments and related payments

For the year ended 31 December 2009

	Date appointed	Directors' fees R000	Salaries R000	Retirement benefits R000	Other benefits R000	Bonuses R000	Total R000
Executive directors ****							
PF Nhleko	01/06/01		6 727	749	218	8 000	15 694
RD Nisbet (resigned during 2009)	01/10/01		3 615	333	310	—	4 258
NI Patel	25/11/09		311	40	6	2 000	2 357
RS Dabengwa	01/10/01		4 113	527	558	3 093	8 291
Total			14 766	1 649	1 092	13 093	30 600

	2009 fees			2008 fees paid in 2009*		Special board R000	Special projects R000	Ad hoc work R000	Total R000
	Date appointed	Retainer## R000	Attendance## R000	Retainer# R000	Attendance## R000				
Non-executive directors*									
MC Ramaphosa	01/10/01	633	329	177	728	460	—	—	2 327
DDB Band	01/10/01	196	223	152	19	238	136	369	1 333
K Kalyan**#	13/06/06	556	420	—	—	372	103	—	1 451
AT Mikati **‡	17/07/06	799	320	—	—	634	277	—	2 030
MJN Njeke	13/06/06	212	234	157	28	238	33	—	902
JHN Strydom	11/03/04	212	296	157	25	238	162	—	1 090
AF van Biljon	01/11/02	210	326	152	74	238	136	24	1 160
J van Rooyen	17/07/06	232	318	165	62	238	136	24	1 175
Total		3 050	2 466	960	936	2 656	983	417	11 468

* At the annual general meeting held 24 June 2009, the shareholders approved an increase in fees for non-executive directors with retrospective effect from 1 January 2008. The payment of the increased fees to non-executive directors was made at the end of the second quarter of 2009 and was in respect of scheduled board and committee meetings as well as numerous special board and committee meetings and for ad hoc work and special projects during the course of the year.

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

**** Share options/SARS details are not reflected in the remuneration schedule but are disclosed on page 41.

‡ Fees are paid to M1 Limited.

Fees for quarter 1 and 2 paid in euros, quarter 3 and 4 paid in rand.

Retainer and attendance fees include fees for board and committees.

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	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	11 057
Sub-total			13 359	1 278	869	25 000	40 506
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 Ramphele	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	48 696

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

*** The fees paid to non-executive directors include fees for services as authorised by shareholders, and fees in respect of the numerous special board committee meetings and other ad hoc meetings during the course of the year. Refer to page 98 of book 1 for details of number of special meetings and attendance.

**** Share options/SARS details are not reflected in the remuneration schedule but are disclosed on page 41.

‡ Fees are paid to M1 Limited.

Directors' report *continued*

for the year ended 31 December 2009

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 continued 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 92 026 825 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 allocated and reserved at year-end are as follows:

	December 2009 Number of shares	December 2008 Number of shares
Options allocated and reserved at beginning of year	3 575 079	6 946 726
Adjustment to prior year closing balance	930	5 680
	3 576 009	6 952 406
Less: Options no longer reserved due to participants leaving the employ of the Group and the lapsing of offers	(54 945)	(165 240)
Less: Options exercised and allotted during the year	(2 146 700)	(3 212 087)
Options allocated at year-end	1 374 364	3 575 079

The market weighted average share price on the dates that share options were exercised during the year was R111,40.

The options outstanding at the end of the period under review have a weighted average remaining contractual life of three years (December 2008: four years). During the year ended 31 December 2009, no options were granted. The fair values were calculated using the stochastic model. The inputs into the model are reflected below:

	December 2009	December 2008
Weighted average share price for the year	R114,05	R120,36
Weighted average exercise price	R111,40	R100,72
Expected life	1 year	3 – 5 years
Risk-free rate	7,16%	6,77% – 7,60%
Expected dividend yield	1,29%	0,97%
Expected volatility	30,46%	40,39% – 46,52%

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:

	December 2009 R000	December 2008 R000
Ordinary share capital – at par	*	*
Share premium	35 546	41 021
Proceeds	35 546	41 021
Fair value, at exercise date, of shares issued	232 309	339 947

*Amount less than R1 million.

Directors' report *continued*

for the year ended 31 December 2009

The MTN Group share options, share appreciation rights and share rights schemes (continued)

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

Offer date	Strike price R	Number outstanding at 31 December 2008	Forfeited during 2009	Exercised during 2009	Adjustment during 2009	Number outstanding at 31 December 2009	Remaining contractual life (years)
28 September 2001	13,53	483 884	(4 100)	(243 880)	—	235 904	1,74
2 September 2002	9,31	1 377 255	(30 310)	(840 215)	—	506 730	2,67
2 January 2003	12,88	119 820	—	(119 820)	—	—	3,00
7 July 2003	16,81	550 000	—	(550 000)	—	—	3,51
1 December 2003	27,00	480 476	(6 040)	(181 000)	930	294 366	3,91
1 December 2004	40,50	563 644	(14 495)	(211 785)	—	337 364	4,92
Total		3 575 079	(54 945)	(2 146 700)	930	1 374 364	

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. 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 directors' allocations in issue, are reflected below:

Offer date	Strike price R	Number outstanding at 31 December 2008	Forfeited during 2009	Exercised during 2009	Adjusted during 2009	Number outstanding at 31 December 2009	Remaining contractual life (years)
31 May 2006	56,83	339 160	—	(53 000)	—	286 160	6,41
31 May 2006 [#]	56,83	1 675 640	(12 210)	(495 860)	40 100	1 207 670	5,90
21 November 2006	71,00	2 978 820	(240 220)	(556 820)	143 200	2 324 980	6,89
1 January 2007	85,30	104 600	—	—	—	104 600	7,00
2 April 2007	98,50	23 700	—	—	—	23 700	7,25
22 June 2007	96,00	727 800	(31 040)	(35 080)	7 800	669 480	7,47
19 March 2008	126,99	549 500	(30 100)	—	—	519 400	8,21
1 September 2008	118,64	2 444 400	(159 200)	(14 400)	(28 600)	2 242 200	8,67
Total		8 843 620	(472 770)	(1 155 160)	162 500	7 378 190	

[#] 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 share appreciation rights and the expense to be recognised during the year.

The inputs into stochastic model were as follows:

	December 2009	December 2008
Share price at balance sheet date	R117,90	R108,50
Expected life	1 – 5 years	1 – 6 years
Risk-free rate	7,16% – 8,39%	6,77% – 7,60%
Expected volatility	30,46% – 39,23%	40,39% – 46,52%
Dividend yield	1,29%	0,97%

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.

The NRHR & CG committee periodically assesses the effectiveness of the Company's long-term incentive scheme, to ensure alignment with shareholder requirements and international best practice.

To that effect the Company has developed the Share Appreciation Rights Scheme 2010 (SAR) and a Performance Share Plan 2010 (PSP), details of which are set out in the notice of annual general meeting to be held on 15 July 2010.

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

Participation in the MTN Group Limited share schemes for the year ended 31 December 2009.

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
PF Nhleko								
21 November 2006	71,00	21/11/2008	172 133	68 853	—	—	—	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	413 120	—	—	—	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			540 100	436 820	—	—	—	436 820

*As approved at the AGM of 13 June 2007, all unvested shares will vest on 30 June 2010.

Directors' report *continued*

for the year ended 31 December 2009

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
RD Nisbet (as at 30 September 2009)								
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	07/04/2009	105,60	—
2 September 2002	9,31	02/09/2007	280 740	280 740	280 740	07/04/2009	105,60	—
			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	07/04/2009	105,60	—
1 December 2003	27,00	01/12/2007	19 350	19 350	19 350	07/04/2009	105,60	—
1 December 2003	27,00	01/12/2008	19 350	19 350	19 350	07/04/2009	105,60	—
			64 500	51 600	51 600			—
21 November 2006	71,00	21/11/2008	39 480	39 480	39 480	01/04/2009	106,42	—
21 November 2006	71,00	21/11/2009	39 480	39 480	—	—	—	*
21 November 2006	71,00	21/11/2010	59 220	59 220	—	—	—	*
21 November 2006	71,00	21/11/2011	59 220	59 220	—	—	—	*
			197 400	197 400	39 480			—
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	833 080	652 560			—
*Forfeited on resignation.								
NI Patel: (appointed effective from 29 November 2009)								
31 May 2006	56,83	31/05/2008	19 060	—	—	—	—	—
31 May 2006	56,83	31/05/2009	19 060	19 060	—	—	—	19 060
31 May 2006	56,83	31/05/2010	28 590	28 590	—	—	—	28 590
31 May 2006	56,83	31/05/2011	28 590	28 590	—	—	—	28 590
Total			95 300	76 240	—			76 240

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
RS Dabengwa								
1 December 2003	27,00	01/12/2005	58 220	—	—	—	—	—
1 December 2003	27,00	01/12/2006	58 220	—	—	—	—	—
1 December 2003	27,00	01/12/2007	87 330	43 770	—	—	—	43 770
1 December 2003	27,00	01/12/2008	87 330	87 330	—	—	—	87 330
			291 100	131 100	—			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	—	—	—	14 440
19 March 2008	126,99	19/03/2011	14 440	14 440	—	—	—	14 440
19 March 2008	126,99	19/03/2012	21 660	21 660	—	—	—	21 660
19 March 2008	126,99	19/03/2013	21 660	21 660	—	—	—	21 660
			72 200	72 200	—			72 200
Total			541 500	381 500	—			381 500

Directors' report *continued*

for the year ended 31 December 2009

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
C de Faria								
21 November 2006	71,00	21/11/2008	69 720	69 720	69 720	08/05/2009	112,05	—
21 November 2006	71,00	21/11/2009	69 720	69 720	69 720	24/11/2009	118,50	—
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	139 440			209 160
J Ramadan								
21 November 2006	71,00	21/11/2008	69 720	69 720	69 720	01/10/2009	128,50	—
21 November 2006	71,00	21/11/2009	69 720	69 720	69 720	24/11/2009	118,60	—
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	139 440			209 160
SL Botha								
7 July 2003	16,81	07/07/2005	191 908	—	—	—	—	—
7 July 2003	16,81	07/07/2006	191 908	—	—	—	—	—
7 July 2003	16,81	07/07/2007	287 862	262 138	262 138	—	—	—
					100 000	25/03/2009	107,21	—
					162 138	13/10/2009	124,01	—
7 July 2003	16,81	07/07/2008	287 862	287 862	287 862	—	—	—
					250 000	15/04/2009	107,57	—
					37 862	13/10/2009	124,01	—
			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	550 000			155 900

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
KW Pienaar								
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	13/10/2009	124,01	—
1 December 2004	40,50	01/12/2009	9 330	9 330	—	—	—	9 330
			31 100	18 660	9 330			9 330
21 November 2006	71,00	21/11/2008	20 760	20 760	20 760	08/10/2009	129,05	—
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	20 760			83 040
Total			134 900	122 460	30 090			92 370

Directors' report *continued*

for the year ended 31 December 2009

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
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	35 030	—	—	—	35 030
2 September 2002	9,31	02/09/2007	165 030	115 030	50 000	01/04/2009	105,07	65 030
			550 100	150 080	50 000			100 080
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	301 780	50 000			251 780

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
SB Mtshali								
31 May 2006	56,83	31/05/2008	10 600	10 600	10 600	02/04/2009	111,60	—
31 May 2006	56,83	31/05/2009	10 600	10 600	10 600	01/10/2009	128,50	—
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	21 200			31 800
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
J Desai								
21 November 2006	71,00	21/11/2008	20 500	20 500	—	—	—	20 500
21 November 2006	71,00	21/11/2009	20 500	20 500	—	—	—	20 500
21 November 2006	71,00	21/11/2010	30 750	30 750	—	—	—	30 750
21 November 2006	71,00	21/11/2011	30 750	30 750	—	—	—	30 750
Total			102 500	102 500	—			102 500

Directors' report *continued*

for the year ended 31 December 2009

Equity compensation benefits for executive directors and directors of major subsidiaries (continued)

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
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	12/05/2009	108,63	—
28 September 2001	13,53	28/09/2005	22 770	22 770	22 770	12/05/2009	108,63	—
28 September 2001	13,53	28/09/2006	22 770	22 770	22 770	12/05/2009	108,63	—
			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	—	—	—	4 920
19 March 2008	126,99	19/03/2011	4 920	4 920	—	—	—	4 920
19 March 2008	126,99	19/03/2012	7 380	7 380	—	—	—	7 380
19 March 2008	126,99	19/03/2013	7 380	7 380	—	—	—	7 380
			24 600	24 600				24 600
Total			282 200	267 020	60 720			206 300

Offer date	Strike price R	Vesting date	Offered	Number outstanding at 31 December 2008	Exercised 2009	Exercise date	Exercise price R	Number outstanding at 31 December 2009
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' report *continued*

for the year ended 31 December 2009

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 AGM held on 13 June 2007 until 30 June 2010.

The Group president and CEO will not be renewing his long-term contract of employment which ends on 30 June 2010. However, he agreed with the board to continue in his current role until March 2011.

Directors' shareholdings and dealings

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

	December 2009	December 2008
Director		
DDB Band (beneficial)	14 023	14 023
PF Nhleko (beneficial)	3 349 896	3 304 451
RS Dabengwa	1 414 818	—
SB Mtshali‡	7 031	—
J Ramadan* (indirect beneficial)	—	20 000
J Ramadan* (beneficial)	—	9 000
RD Nisbet (beneficial)	2 659 618	656 066
NI Patel	7 587	—
KW Pienaart	609 796	—
Z Bulbulia† (beneficial)	40 000	10 000
SL Botha†	404 996	—
AR Bing†	100 273	—
PD Normant† (non-beneficial)	314 996	10 000
J Desai	83 121	—
Total	9 006 155	4 023 540

† Major subsidiary director

* VP for the MENA region

‡ Company secretary

Directors, major subsidiary directors, VP for MENA region and the company secretary, concluded the following transactions during the financial year under review: Shareholders are referred to the integrated business report for the year ended 31 December 2008 in which it was also disclosed that Mr PF Nhleko entered into the following trades in 2008 which matured in the current year:

- On 30 October 2008 a call spread was concluded with a commercial bank for 3 500 000 contracts buying a call at a strike price of R122 and selling a call at a 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 at a price of R135 and selling a call at a price of R195 for 17 September 2009.

During the year under review, Mr PF Nhleko entered into the following trades which mature in future years:

- On 6 April 2009 a call spread was concluded with a commercial bank for 1 209 026 contracts buying a call at a strike price of R135 and selling a call strike at a strike price of R160 for 18 March 2010.
- On 6 November 2009 a zero cost collar was concluded with a commercial bank for 3 231 047 contracts buying a put at a strike price of R115,18 and selling a call at a strike price of R137,33 for 5 May 2011.

Transaction date	Description	Number of shares	Sale price R
Phuthuma Nhleko			
06/04/2009	Transactions on MTN ordinary shares	186 272	107,37
Total		186 272	
Robert Nisbet			
01/04/2009	Shares exercised under the Share Appreciation Rights Scheme	39 480	106,42
07/04/2009	Shares exercised under the Share Options Scheme	561 480	105,60
07/04/2009	Shares exercised under the Share Options Scheme	51 600	105,60
Total		652 560	

Directors' report *continued*

for the year ended 31 December 2009

Transaction date	Description	Number of shares	Sale price R
Sifiso Dabengwa			
07/04/2009	Transactions on MTN ordinary shares	235 000	105,69
07/10/2009	Transactions on MTN ordinary shares	295 000	129,35
Total		530 000	
Santie Botha			
25/03/2009	Shares exercised under the Share Options Scheme	100 000	107,21
15/04/2009	Shares exercised under the Share Options Scheme	250 000	107,57
13/10/2009	Shares exercised under the Share Options Scheme	200 000	124,01
Total		550 000	
Paul Norman			
01/04/2009	Shares exercised under the Share Options Scheme	50 000	105,07
01/04/2009	Transactions on MTN ordinary shares	100 000	105,92
Total		150 000	
Karel Pienaar			
13/10/2009	Shares exercised under the Share Options Scheme	9 330	124,01
08/10/2009	Shares exercised under the Share Appreciation Rights Scheme	20 760	129,05
Total		30 090	

Transaction date	Description	Number of shares	Sale price R
Zunaid Bulbulia			
12/05/2009	Shares exercised under the Share Options Scheme	60 720	108,63
24/04/2009	Transactions on MTN ordinary shares	20 000	110,17
22/12/2009	Transactions on MTN ordinary shares	19 300	114,50
Total		100 020	
Bongi Mtshali			
02/04/2009	Shares exercised under the Share Appreciation Rights Scheme	10 600	111,60
01/10/2009	Shares exercised under the Share Appreciation Rights Scheme	10 600	128,50
Total		21 200	
Christian de Faria			
08/05/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	112,05
24/11/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	118,50
Total		139 440	
Jamal Ramadan			
01/10/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	128,50
24/11/2009	Shares exercised under the Share Appreciation Rights Scheme	69 720	118,50
Total		139 440	

Directors' report *continued*

for the year ended 31 December 2009

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

The following persons, being directors of MTN Group Limited and its major subsidiaries and the MTN Group secretary, received the following number of MTN shares from the Alpine Trust, pursuant to the winding-up of the Alpine Trust:

Beneficiary	Shares
PF Nhleko	2 759 401
RD Nisbet	1 944 818
NI Patel	7 587
RS Dabengwa	1 944 818
SL Botha	404 996
PD Norman	404 996
KW Pienaar	404 996
Z Bulbulia	69 300
AR Bing	23 787
SB Mtshali	7 031
J Desai	83 121
Total	8 054 851

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/were appointed to the board:

Director	Resignation date
RD Nisbet	30 September 2009
Director	Appointment date
NI Patel	27 November 2009
NP Mageza	1 January 2010
MLD Marole	1 January 2010
A Harper	1 January 2010

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 directors 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 and who are available for re-election are Messrs MC Ramaphosa, DDB Band and AF van Biljon. The profiles of the directors retiring by rotation can be viewed on pages 171 and 172 of the notice of the annual general meeting.

In accordance with the articles of association of the Company, directors who have been appointed to fill a casual vacancy or being added to the existing board shall be required to hold office only until the next annual general meeting (AGM) and shall then be eligible for re-election.

The following directors who were added to the existing board to fill casual vacancies will be re-elected at the forthcoming annual general meeting are Messrs NI Patel, NP Mageza, Ms MLD Marole and Mr A Harper.

The profiles of the directors seeking re-election are contained on pages 172 and 173 of the notice of the annual general meeting.

Material resolutions

During the year under review MTN Group, through its subsidiary MTN Holdings (Proprietary) Limited, acquired 100% of Verizon South Africa (Proprietary) Limited. This business was subsequently renamed MTN Business Solutions (Proprietary) Limited, which also acquired the business of MTN Network Solutions (Proprietary) Limited.

Mergers and acquisitions

Details of the MTN Group's acquisitions and disposals are presented on page 3 of the Group finance director's report and on pages 129 to 134 of the annual financial statements.

Post-balance sheet events

No other material events have occurred between the date of the financial statements and the date of approval, the knowledge of which would affect the users of these statements to make proper evaluations and decisions.

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 facility has been established. This ADR facility is sponsored by the Bank of New York and details of the administrators are reflected under the administration page 187.

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 19 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 2010. 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 operation 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 period under review and declared itself satisfied that the auditors were independent of the Company.