

# Explanatory notes to resolutions proposed at the fifteenth annual general meeting of the Company

For any assistance or information, please phone the MTN Group ShareCare Line on 0800 202 360 or on +27 11 870 8206 if you are phoning from outside South Africa.

## Receipt, consideration and adoption of the Group and Company annual financial statements for the financial year ended 31 December 2009 – ordinary resolution number 1

The directors must present to members at the AGM the annual financial statements of the Group and the Company, incorporating the report of the directors, for the financial year ended 31 December 2009, together with the report of the auditors contained in the annual report.

## Re-election of directors retiring by rotation at the annual general meeting – ordinary resolutions numbered 2 to 4

The reason for the proposed resolutions numbered 2 to 4 is to elect, in accordance with article 84 of the articles of association of the Company and by way of separate ordinary resolutions as required under section 210(1) of the Companies Act, Messrs MC Ramaphosa, DDB Band and AF van Biljon as directors of the Company who retire by rotation at the annual general meeting and being eligible for re-election. Biographical details of the retiring directors offering themselves for re-election are set out on pages 171 and 172.

## Re-election of directors who were appointed to fill vacancies on the board – ordinary resolutions numbered 5 to 8

The reason for the proposed resolutions numbered 5 to 8 is to elect, in accordance with the article 92 of the articles of association of the Company and by way of separate ordinary resolutions as required under section 210(1) of the Companies Act, Ms MLD Marole and Messrs NP Mageza, A Harper and NI Patel as directors of the Company who, subsequent to the annual general meeting of the Company on 24 June 2009, were appointed as directors to fill vacancies on the board. The biographical details of these directors are set out on pages 172 and 173.

## Remuneration payable to non-executive directors – ordinary resolution number 9

In terms of paragraphs 15.1 and 15.2 read with 15.5 of the Board Charter, the board will determine the level of remuneration paid to members within any limitations imposed by shareholders. Levels and make-up of remuneration should be sufficient to attract and retain the right calibre of members needed to run the Company successfully, but the Company should avoid paying more than is necessary for this purpose. The board will review remuneration annually after taking independent advice and no director will be involved in deciding his own remuneration.

In terms of article 73(b) of the Company's articles of association, directors shall be entitled to such remuneration as may be determined in a general meeting, save that any director holding office for less than a year shall only be entitled to such remuneration in proportion to the period during which he has held office during such year. The last increase was approved on 24 June 2009. Full particulars of remuneration paid to non-executive directors for the financial year ended 31 December 2009 are set out on page 26 and the proposed revised fees to be effective from 1 January 2010 being tabled for approval are set out in ordinary resolution number 9.

## Placing of unissued ordinary shares under the control of the directors but limited to 10% of shares in issue as at 31 December 2009 – ordinary resolution number 10

In terms of section 221 and 222 of the Companies Act, the members of the Company have to approve the placement of any unissued ordinary shares under the control of the directors.

Unless renewed, the existing authority granted by the members at the previous annual general meeting on 24 June 2009 expires at this annual general meeting. The authority will be subject to the Companies Act and the Listings Requirements respectively. The aggregate number of ordinary shares able to be allotted and issued in terms of this resolution shall be limited to 10% (ten per cent) of the number of ordinary shares in issue as at 31 December 2009.

# ***Explanatory notes to resolutions proposed at the fifteenth annual general meeting of the Company*** *continued*

The directors have decided to seek annual renewal of this authority in accordance with best practice. The directors have no current plans to make use of this authority, but are seeking its renewal to ensure that the Company has the necessary flexibility in managing the Group's capital resources. The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in the future.

## **Confirmation of the appointments to the audit committee – ordinary resolution number 11**

King III requires the shareholders of a public company to appoint an audit committee at each annual general meeting. At a meeting of the board of directors held on 27 November 2009, the Group nomination, remuneration, human resources and corporate governance committee recommended to the board that the current members of the audit committee continue in such role for the financial year ending 31 December 2010, and the board has approved such recommendations subject to the affirmative confirmation of the shareholders proposed in this ordinary resolution number 11.

## **Approval of new employee share incentive plans – ordinary resolution number 12**

The Company is planning to implement two new employee share incentive plans which will replace its existing Group share incentive schemes. As neither of the two proposed plans involve the issue of shares by the Company, shareholder approval is not required under the Companies Act and/or the Listings Requirements. Nevertheless, the board proposes to secure shareholder approval for the new share incentive plans before proceeding to implement them.

## **Salient features of the new MTN employee share incentive plans**

### **Introduction**

In line with global best practice and emerging South African practice, the Company intends to adopt two new employee share incentive plans, namely a share appreciation rights scheme 2010 (SAR) and a performance share plan 2010 (PSP).

Participants in the SAR and PSP will be employees who are recommended to the board for participation by their respective employers within the group, and those employees identified by the board for participation. The purpose of the SAR and PSP is to attract, retain and reward selected employees who are able to contribute to the trade of the Group and to encourage their continued service to the Group.

The benefit to employees arising from the SAR is related to the increase in the price of an MTN share from the grant date to the exercise date. Awards under the PSP grant MTN shares in full to participants.

As is the case with the share incentive schemes currently in operation at MTN, awards under both the PSP and the SAR will be subject to the continued employment of the participant by the Group throughout the relevant vesting period/s. However, additionally, both schemes also provide for the vesting of all or a portion of the awards to be made subject to the achievement of performance conditions set by the board. (It is envisaged that, in the case of executives, the majority of the awards will be linked to performance conditions.)

Should the PSP and SAR plans be approved and adopted, they will effectively replace MTN's current Group share incentive schemes operated through the MTN Group Share Trust (which includes the MTN Share Appreciation Right Scheme 2006) and under the Share Rights Plan (together, the "existing schemes") with any new awards accordingly being made under the PSP and SAR schemes and not the existing schemes. The existing schemes will therefore be wound up once all of the unvested and/or unexercised awards which have been made to date thereunder have run their remaining courses.

### **Performance conditions**

To align management and shareholder interests, the SAR and PSP provide for performance conditions to govern the vesting of awards in appropriate cases. Graduated performance vesting targets, with a threshold, target and stretch benchmark will be set by the board as appropriate for each grant, bearing in mind the business context and the stage of the business cycle at the time. It is intended that no performance-linked award will vest if the threshold performance level is not reached, 100% of the award will vest if the target performance is achieved and up to 200% of the award will vest on the achievement of the stretch performance target, with linear vesting between these levels. It is envisaged that the performance targets will span a three-financial year period, and will use the cumulative earnings [of the Group] (or relevant component thereof) over such period as the primary measure for the achievement of the performance conditions.

### Shares available for the plans

As the shares delivered to employees in settlement of the plan benefits will be purchased in the market to settle the benefits, the new share incentive plans will not have any dilutionary impact. Notwithstanding the foregoing, the employer companies may, on instruction of the board and as a fallback provision only, pay any participant under the SAR or PSP an equivalent amount in cash in lieu of any shares.

### Early vesting and forfeiture of awards

As a general rule, unvested awards will lapse on the early termination of the participant's employment with the Group. However, as is common with such schemes, in some instances early partial vesting of the awards will be allowed on termination of employment of a participant, depending on the reason for the termination of employment (eg death and ill health).

### Corporate events

Upon a corporate event impacting on the Company and/or its share capital, the board has a broad discretion to may make such substitution of and/or adjustment to the awards as they consider appropriate in the circumstances. In making these adjustments, the board will consider the interests of the Company, the employer companies and those of the participants.

### Operation of the new plans

The PSP and SAR will be operated under the authority of the board, acting through or in consultation with the nomination, remuneration, human resources and corporate governance committee.

### Copies of the plans

Copies of the proposed PSP and SAR will be available for review by shareholders at the Company's registered address, in co-ordination with the Group secretary.

### Approval of restraint of trade agreement/s with Mr PF Nhleko – ordinary resolution number 13

To protect the Group's business interests the board proposes that the Company (and/or its relevant subsidiaries) enter into a restraint of trade agreement with Mr Nhleko, substantially on the terms and conditions of the agreement/s which will be tabled at the general meeting and copies of which will be available for review by shareholders at the Company's registered address, in co-ordination with the Group secretary. A summary of the salient terms of the proposed agreement/s will also be available from the Group secretary at the Company's registered address and will be posted on the Company's website.

### Approval of reappointment of joint external auditors – ordinary resolution number 14

In compliance with section 270(1) of the Companies Act, 1973 as amended, PricewaterhouseCoopers Inc. and SizweNtsaluba vSP are to be reappointed as joint auditors until the next annual general meeting.

### General authority for the Company and/or a subsidiary of the Company to repurchase shares in the Company – special resolution number 15

The Company's articles of association contain a provision allowing the Company to repurchase securities issued by the Company. This is subject to the approval of the members in terms of the articles of association of the Company, the Companies Act and the Listings Requirements. The acquisition by a subsidiary of shares in the Company is proposed to be approved pursuant to section 89 of the Companies Act, to the extent required. The existing general authority, granted by members at the previous annual general meeting on 24 June 2009, is due to expire at this AGM, unless renewed.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase the securities issued by the Company through the order book of the JSE, should the market conditions and price justify such action.

Repurchases will be made only after careful consideration, where the directors believe that an increase in earnings per share will result and where repurchases are, in the opinion of the directors, in the best interests of the Company and its members.

# ***Explanatory notes to resolutions proposed at the fifteenth annual general meeting of the Company*** *continued*

This general approval shall be valid until the earlier of the next annual general meeting of the Company, or the variation or revocation of such general authority by a special resolution passed at any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing the special resolution. The resolution is required to be passed, on a poll, by not less than 75% of the total votes to which the shareholders present in person or by proxy at the meeting are entitled.

The reason for and effect of the special resolution is to grant the Company, and/or a subsidiary of the Company, a general approval in terms of the Companies Act, for the acquisition of shares of the Company. Such general authority will provide the board with the flexibility, subject to the requirements of the Companies Act and the Listings Requirements, to repurchase shares should it be in the interests of the Company at any time while the general authority exists. This general approval shall be valid until the earlier of the next annual general meeting of the Company, or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that the general authority shall not be of force or effect beyond 15 (fifteen) months from the date of passing this special resolution.

## **Authority to directors to execute ordinary and special resolutions – ordinary resolution number 16**

The purpose of this ordinary resolution number 16 is to authorise the board (and any one or more directors of the board or other person or persons as the board may designate from time to time) to do what is necessary to implement the special resolutions and ordinary resolutions proposed at the annual general meeting which are approved by shareholders. Should the authority to execute the ordinary and special resolutions proposed to be passed at the general meeting not be granted to the directors, the Company might be inconvenienced by having to call another meeting in order to authorise the execution of the resolutions by the directors.

## **EXPLANATORY NOTES TO NOTICE OF ANNUAL GENERAL MEETING**

### **Voting and proxies**

1. Every holder of shares present in person or by proxy at the meeting, or, in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every share held. Duly completed proxy forms or powers of attorney must be lodged at the registered offices of the Company or with the Company's South African transfer secretaries, Computershare, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), not less than 48 (forty-eight) hours before the time appointed for holding the meeting. As the meeting is to be held at 14:30 (South African time) on Thursday, 15 July 2010, proxy forms or powers of attorney must be lodged on or before 14:30 (South African time) on Tuesday, 13 July 2010. The name and address of the South African transfer secretaries are given on the back of the proxy form as well as on page 187 of this report.
2. A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his/her/its stead. A proxy does not have to be a shareholder of the Company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.
3. The attention of shareholders is directed to the additional notes relating to the form of proxy attached, which notes are set out in the proxy form.
4. Dematerialised shareholders other than dematerialised shareholders who hold their shares with "own name" registration, who wish to attend the annual general meeting must contact their CSDP or broker who will furnish them with the necessary authority to attend the annual general meeting or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between such shareholder and its CSDP or broker.