

MTN Cameroon

The Competitive Advantage of Being African

With a 54% market share and over one million active subscribers by 2005, MTN Cameroon was the largest mobile phone operator in Cameroon, one of the major markets in a continent in which industry growth rates topped 100% a year, twice as much as the average rate in the rest of the world.¹ Covering 73% of the country's urban population² and facing stiff competition from Orange Cameroon, a subsidiary of France Telecom's global mobile telecom provider Orange, MTN Cameroon was looking for novel ways to continue growing in a market in which the urban and relatively affluent segments of the population had already been targeted. What competitive advantage could MTN rely upon in its competition with Orange in Cameroon? With the affluent segments of the population already targeted and with almost 44% of the population under the lower poverty line of Fcfa 375.25³ (US\$ 0.75) per adult per day, what were MTN's avenues for growth and how would they impact its service offer? Would targeting poor customers be consistent with MTN's overall social responsibility commitments? What would be the likely impact of introducing cellphones to poor customers in urban and rural areas?

MTN Group Ltd

How it all began

By the end of 2005, MTN was a rapidly growing multi-national telecom company based in South Africa, operating GSM networks in several African and middle-eastern countries and serving a total of more than 17 million subscribers. MTN, which took pride in being distinctively African, was one of the largest native African companies in any industry, with global assets of R44.8 billion (\$6.2bn), an employee count of 8,360, an ROE of 48.4% and an operating profit/turnover ratio of 31.6% (Dec. 31st, 2005). According to its Executive of International

¹ <http://www.cellular.co.za/stats/stats-africa.htm>, accessed in 2007

² <http://www.mtncameroon.net/corporate/history.html>, accessed in 2007

³ *Income distribution and poverty in Cameroon*, S. Fambon & F.M. Baye, presented at the Conference on Spatial Inequality in Africa, WIDER/ and Center for the Study of African Economies, University of Oxford, September 21-22, 2002.

This case was written by Miguel Rivera-Santos, Assistant Professor of Management, and Carlos Rufin, Assistant Professor of Management, with the help of Jason Howard and Immanuel Tan, Babson College class of 2007, and with the generous support of a grant by the Geneen Foundation. It is intended to facilitate class discussion rather than to evaluate the handling of an administrative situation in connection with the cases "Orange Cameroon" (BAB136), the "Note on Cameroon" (BAB134), and the "Note on the Cellphone Industry" (BAB133).

Copyright © by Babson College 2008 and licensed for publication to Harvard Business School Publishing. To order copies or request permission to reproduce materials, call (800) 545-7685 or write Harvard Business School Publishing, Boston, MA 02163. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise – without the permission of copyright holders.

Business Development, Ross Macdonald, MTN was poised “to become the dominant emerging market operator”⁴.

MTN’s foray into the mobile phone industry started in the early 1990’s, when M-Net, the first pay-television channel in Africa, started what came to be known as the “cellular project”. At the time, even though South Africa could boast having the best telecommunications infrastructure on the continent, a mere four million customers, out of a total of almost 44m South Africans, were connected to fixed-line phones, and only 1% of black South Africans owned telephones.⁵ Jumping the technological gap, M-Net opted for the GSM technology (the newer 2G technology, as opposed to more common 1G analogue technology), partnered with Cable & Wireless International Mobile (CWIM) to bring in industry experience, secured financing from its shareholders and applied to the government for a license.

M-Net immediately faced difficulties as the South African legislature was not convinced of the need to issue a second license, one being already pre-granted to the state-controlled telecommunications company, Telkom. The primary reason for this situation was the perception of cellular technology as for the elite only, as well as the belief in the importance of keeping a sector crucial for economic development under government control.

After three years mostly spent lobbying, M-Net was finally granted the license to operate in September 1993, with a fee of R100 million (\$14m) plus 5% of net operational income per year, along with mandatory empowerment and community obligations. M-Net and CWIM partnered with New Africa Investments Ltd (Nail) and the Foundation of African Business and Consumer Services (Fabcos) to create M-Cell, which in turn had 100% ownership of MTN, Mobile Telephone Networks Holding (Pty) Ltd. The presence of these partners was particularly important. Not only was it aligned with the Black Economic Empowerment initiative, which required firms to hire Black South Africans at all levels of responsibility, but it also allowed MTN to have black businesses which would keep it representative of its market. This further strengthened MTN’s image as a socially responsible company (see Exhibit 3 for an overview of MTN’s CSR initiatives). The second license was granted to Vodacom, a firm jointly owned by Telkom and Vodafone.

MTN’s network rollout surpassed all estimates, breaking world records as its engineers commissioned base stations at a rate of 100 a month. Network milestones set out in a license by the regulator were reached 12 months ahead of schedule.⁶ MTN’s strategic partnership with Ericsson, which provided in 1993 the initial technology infrastructure for GSM mobile networks, as well as its selective adoption of the best mobile technologies from Japan and Europe, has allowed MTN to develop cost-effective and marketable growth products for Africa. By 2005, MTN’s network was 900,000 sq. km in size. It was also the first network whose community payphones (part of the mandatory community obligation in the license) offered free calls to emergency services, and the first to install community payphones on the pension pay-out vehicles that traveled to rural areas.

⁴ MTN 10 Year Book

⁵ *Ibid.*

⁶ *Ibid.*

Community buy-in was essential for MTN's rapid acceptance, as well as the connections that were already established through Nail and Fabcos. The current CEO, Phuthuma Nhleko, moved from being a merchant banker to his current position during the period when Johnnic, the company that began as the famed Johnnies Investment Company, held a significant stake of M-Cell, which in turn owned MTN. In 2002, M-Cell changed its name to MTN Group Limited.

Growing pains

When MTN publicly launched its cellular service in early 1994, there was an explosion of subscribers, fueled both by the status symbol of a cellphone, as well as a highly effective advertising campaign. As with every explosive technology, however, MTN quickly encountered distribution problems, with two primary causes: incorrectly programmed SIM cards from a company in the United Kingdom, as well as serious problems in the service provider link of the supply chain. MTN ended up making this weakness a strength by acquiring the second-largest service provider, M-Tel (along with Z-Net and Transtel later on), bringing the company closer to its customers.

The acquisition of M-Tel turned out to be one of the most successful strategic moves in MTN's brief history. Initially, however, the move was controversial. Zunaid Bulbulia, Finance Director of MTN Service Provider (the new name for M-Tel), noted that "the systems were unstable, accounts were chaotic and there was evidence of warehouse theft. The enterprise had bad debt and no systems. The first year we just fought fires and plugged holes. I have never worked as hard." However, through the hard work of Bulbulia and many others, M-Tel operations turned around and it now accounts for 70% of contract and 90% of post-paid business. Even more telling of the impact of the decision to acquire M-Tel was the fact that both Vodacom and Cell-C, a third operator that was granted license in 2001, followed the same route as MTN.

Acquisitions both related and unrelated to cellular technology were made as MTN continued to expand their businesses, including stakes in application provider Leaf, customer loyalty company e-Bucks, service provider i-Talk, satellite operator Orbicom (1999), as well as the creation of an e-business research and development unit called Airborn Wired and Wireless. The MTN Group even included a tier-one ISP known as MTN Network Solutions.

MTN, the pioneer

MTN was either the original creator or a pioneer of three cellular applications that are now commonplace in the cellular industry world-wide: prepaid cellular service, the free Short Message System (or SMS) service, and computer to cellphone messaging applications. MTN "Pay as you Go", a joint venture with Ericsson, allowed customers to access cellular service without contracts or credit checks. This expanded the African market to previously unimaginable heights, with prepaid phones being consistently sold out in retail distributors.

The incredible popularity of SMS in the South African market served not only to increase the number of MTN subscribers, but was also proof of the feasibility and attractiveness of offering customers the option to send short text messages on their cellphones. SMS is now a common technology that is especially popular in Asia. Finally, the creation of mtnsms.com allowed users to send text messages from computers to cellphones and vice versa. This internet

messaging gateway allowed access to 200 cellular networks in 92 countries, and received around two million hits a month, becoming one of the largest online communities in the world.

Innovation would become the hallmark of MTN operations, with the company creating the first GSM payphone in the world—allowing for both voice and data transmissions—as well as being the first company in Africa to provide cell broadcast, launch a direct data connection, receive ISO 9001 grading (1997/8), receive ISO 14001 grading (1998/9), launch GPRS services, and introduce the ability to top up accounts with Pay as you Go cards. As recognition for its efforts, Airborn, the e-business group of MTN, received the Novell Convergence Age of Innovation Award in 2001. Finally, in Uganda, MTN has been experimenting with solar-powered wireless payphones. These innovations and others allowed for MTN to become a respected name within the cellular industry as a major player in emerging markets, and also set the stage for expansion within Africa as MTN International.

Growing in new markets

MTN soon realized that even the huge and rapidly growing South African market had finite potential. As a result, when both the Rwandan and the Ugandan governments tendered cellular licenses to operate in their respective countries, MTN submitted substantial bids. Despite initial resistance to bringing in competition from a South African firm, MTN was granted licenses in mid-1998 to operate in both Uganda and Rwanda, where MTN actually transported an entire network solution in one delivery through containers of network equipment to start the operations. In Swaziland, King Mswati III officially launched MTN as the sole network operator in the kingdom by making the first call on September 3, 1998. In 2001, MTN acquired a license for Sub-Saharan Africa's largest market after South Africa, Nigeria, at the cost of US\$ 285 million, and started building a 12,000 km-sized digital microwave transmission backbone, "Y'helloBahn" to expand coverage and enhance call quality. In 2005, MTN further created MTN Zambia and MTN Cote d'Ivoire, and pursued its first investment outside of Africa in the form of a 49% interest in Iran Cell, all consummated in 2005. The road of international expansion was not always as smooth as this however. MTN failed to enter Botswana and Cameroon in their initial approach, and had to acquire Botswana's Mascom in 2005 and Cameroon's Camtel Mobile in 1999 to be able to penetrate these markets (see Exhibit 1 for a time line of MTN's international expansion).

In addition to expanding internationally, MTN also expanded later into fixed line services, ISP services, satellite communications, VPN services, and even into banking services. Mobile payments have become over time a large area of research for MTN, which developed that technology to an advanced stage; MTN is also exploring the possibility of offering VoIP-based products (see Exhibit 2 for a list of MTN's businesses).

MTN Cameroon

MTN's strategy for Cameroon

MTN entered Cameroon in June 2000, when it acquired CamTel Mobile from the national telecommunications monopoly CamTel. Using both legal means and force to avoid the emergence of competing operators, CamTel traditionally wielded high power over the Cameroon Telecommunications Regulatory Board. As a consequence, the rates paid by Cameroonians were

extremely high, especially for long-distance calls (a call to Germany, for instance, cost \$2.80/min in 2000),⁷ and for mobile calls (around Fcfa 250-300/min before the introduction of competition compared to around 100-120/min in 2006).⁸ Facing mounting criticisms from the population, the Regulatory Board decided to curb the behavior of the monopoly by introducing competition in the industry. After several failed attempts, MTN was allowed to acquire CamTel Mobile. Orange Cameroon, a subsidiary of France Telecom's global mobile telecommunication brand Orange, was granted the second license to operate. By 2005, and in spite of fierce competition by Orange, MTN Cameroon had captured a 54% market share and exhibited an ARPU (Average Revenue per User) of \$23⁹ (compared to \$25.6 for MTN South Africa, \$40 for MTN Nigeria, and \$19 for MTN Uganda and MTN Rwanda). Initially funded by a loan guarantee of Fcfa 9 billion (US \$12m) from the African Development Bank, it increased its customer base by an astonishing 1,118% between 2001 and 2005, and 2005 saw an increase in revenue of 14% (See Exhibit 4 for milestones in MTN Cameroon's growth).

From the very beginning, MTN's strategy for Cameroon was focused on developing its physical infrastructure to expand its geographical coverage, adapt its offer to the specificities of the Cameroonian market, and build its brand name.

Thanks to an investment of Fcfa 150 billion (\$300m) over 5 years to develop a network of 275 relay stations throughout the country, MTN extended its geographical coverage from the very beginning, even in remote areas. This decision was strikingly different from Orange's decision to expand its coverage little by little, starting in large cities such as Douala or Yaoundé, before expanding to other areas. By 2005, MTN Cameroon provided coverage in all 10 provinces of Cameroon, even though many remote areas and villages were still not covered by the network and only 73% of the country's urban population was covered. In Douala, MTN had the reputation of a better coverage than Orange.¹⁰

MTN's market penetration strategy focused on targeting the wealthier segments of the population first. Observers considered that less affluent people, in addition to not being able to afford costly fees, would be uncomfortable using mobile technology. In a few years however, the low quality and the price of communications over CamTel's fixed line network, as well as the drop in mobile rates (from Fcfa 250-300/min to around 120/min between 2000 and 2006), led to a boom in cellphone usage. In 2000, there were 150,000 mobile subscribers in all of Cameroon. By 2003, the size of the market had grown to over 1.4 million.¹¹ By 2005, the market had grown to over 2 million people.

In order to attract a wide segment of the population, MTN adapted its offer to accommodate the specificities of the Cameroonian market (see Exhibit 5 for a list of products, services and rates). Unlike its competitor Orange, for instance, MTN did not require the use of blocked phones, i.e. phones whose chip is coded to only allow connection to a specific network, when it entered Cameroon. As early as December 2000, MTN started offering several payment options. With the launch of its "Pay as you Go" service, MTN customers could choose between

⁷ *VOIP speaks to Cameroonians*, Gideon F. For-Mukwai, 20 November 2000, InfoWorld, Vol. 22, Issue 47.

⁸ Personal communication.

⁹ <http://www.mtn.com/mtn.group.web/Uploads/DFFC84DD-7A1A-4AC7-BACC-6C152504D437.pdf>

¹⁰ Personal communication.

¹¹ "Telecoms & Technology: Cameroon." *Economist Intelligence Unit – Business Africa*. 01 March 2005. pg. 1

pre-paid phone cards, called Joker Cards (with rates of Fcfa 180-120/minute¹²), and subscriptions (with rates of Fcfa 100/minute in the close network). Subscriptions were mostly used by companies, while Joker Cards were prevalent among individual customers. After an initial period during which only resellers approved by MTN could sell pre-paid cards, Joker Cards could be found at every corner in Cameroon. Street sellers selling cigarettes, for instance, would now also sell Joker Cards. The existence of Joker Cards also indirectly created a whole new industry in Cameroon: the street call boxes, consisting of youths purchasing airtime credits and offering their cellphones by paying customers to use. Call box operators typically buy Fcfa 30,000 (a little over \$60) airtime from the MTN mobile network, with which came a bonus of Fcfa 15,000. The bonus allowed call box operators to make a living by offering one minute calls at either Fcfa 150 or 200¹³. In addition to street call boxes, “community phones”, where entire villages share one phone, were also encouraged by local authorities.

In June 2004, amid consumer skepticism and accusations of foot-dragging, MTN introduced its PSB service, the possibility for customers to pay by the second, as opposed to paying by the minute,¹⁴ and Joker Cards now allowed customers to choose to pay by the second (at a rate of Fcfa 3-4/second) or by the minute (at a rate of Fcfa 120-180/minute). In practice, customers decided, at the beginning of each call, which billing system they would use for their call.

In September 2004, MTN launched Me2U, which allowed customers to buy airtime and offer it to another cellphone. With Me2U, customers could buy a Joker Card and, for a fee of Fcfa 50, “send” the amount of airtime to any cellphone number in the MTN network. In November 2004, MTN launched Business Flexi, a prepaid package that, for businesses with a minimum monthly phone bill of Fcfa 10,000, gave firms the possibility to create a fleet of phones by setting up closed user groups communicating at favorable rates. MTN also developed business-oriented services, such as telemetry, a machine-to-machine remote monitoring and controlling application, to fully use the spread of their network for business purposes. Finally, in 2005, MTN launched a new billing system, “Pay as you go – POP” charging customers per 30 seconds of communication.

Finally, MTN Cameroon invested heavily into building its brand name, making “MTN” the third most recognized brand in Cameroon by 2005. In April of 2005, MTN as a whole changed its communication to emphasize its presence in many emerging markets with the “Everywhere you go” pay-off line.

Like MTN as a whole, MTN Cameroon has built an image of social responsibility, despite skepticism from the Cameroonian public about the company’s ultimate goals. MTN Cameroon has, for instance, partnered with WWF in the fight against deforestation and started its MTN School Connectivity Program to connect government-run schools to the internet through computers and networks. In April 2006, it also sponsored the Miss Cameroon contest. Several scandals marred MTN’s ascension in Cameroon, however, fueling skepticism about MTN’s commitment to social responsibility. Most importantly, MTN (as well as Orange) have been accused of organizing phone lottery games and other competitions where there is a fee to play,

¹² Unless specified otherwise, rates presented here are 2006 rates.

¹³ *Hurdles in Call Box Business*, Cameroon Tribune, February 10, 2006

¹⁴ *New Telephone Billing System Launched*, Cameroon Tribune, June 8th, 2004

and where the questions are deliberately made easy to encourage more people to play, while using a complicated process that consumes more airtime than necessary to play such a simple game.¹⁵ Furthermore, MTN had to settle a lawsuit with AppsTech, a small software developer in Cameroon which installed some systems for MTN in November 2003 but was never paid for their services. In its legal battle, MTN appealed the ruling 20 times, almost driving AppsTech to the point of bankruptcy.¹⁶ Finally, until the Regulator intervened, MTN charged its customers for any call, including missed calls and calls dropped due to network problems.

Where to, next?

By the end of 2005, MTN Cameroon was the dominant player in Cameroon. Several challenges loomed ahead, however. What avenues of growth would be open to MTN Cameroon as it tried to further penetrate this market, and how compatible were these avenues with MTN's public commitment to social responsibility? In May 2006, the government was going to grant a third mobile telecommunication license to a resurrected Camtel Mobile. How would this impact MTN Cameroon's position and what could MTN Cameroon do to maintain its dominant position? Meanwhile, Celtel had announced that in September 2006 it expected to launch the world's first borderless mobile phone network in the three countries of the East African Community (comprising Kenya, Uganda, and Tanzania).¹⁷ This new service would allow customers to move freely across geographic borders without roaming call surcharges and without having to pay to receive incoming calls. Would this impact MTN Cameroon and MTN as a whole?

¹⁵ *Telephone Lottery Gains Ground*, Cameroon Tribune, December 6th, 2005

¹⁶ *MTN Ordered to Pay Up in Cameroon Dispute – MTN Unit under fire in Cameroon*, LiquidAfrica, , December 14, 2004

¹⁷ *Celtel Launches One Network -The World's First Borderless Mobile Phone Network*, Sponsor Wire, September 27, 2006.

Exhibit 1**Time Line of MTN's International Expansion**

1998:

- MTN Rwanda (40% JV) – sole national operator
- MTN Uganda (52% JV) – competing with Uganda Telecom and Celtel
- MTN Swaziland (30% JV) – sole national operator

2000:

- MTN Cameroon (70% Subsidiary, formerly Camtel) – competing with Orange

2001:

- MTN Nigeria (75% Subsidiary) – competing with VMobile (formerly Econet), MTel (part of NITEL), and Glo Mobile

2005:

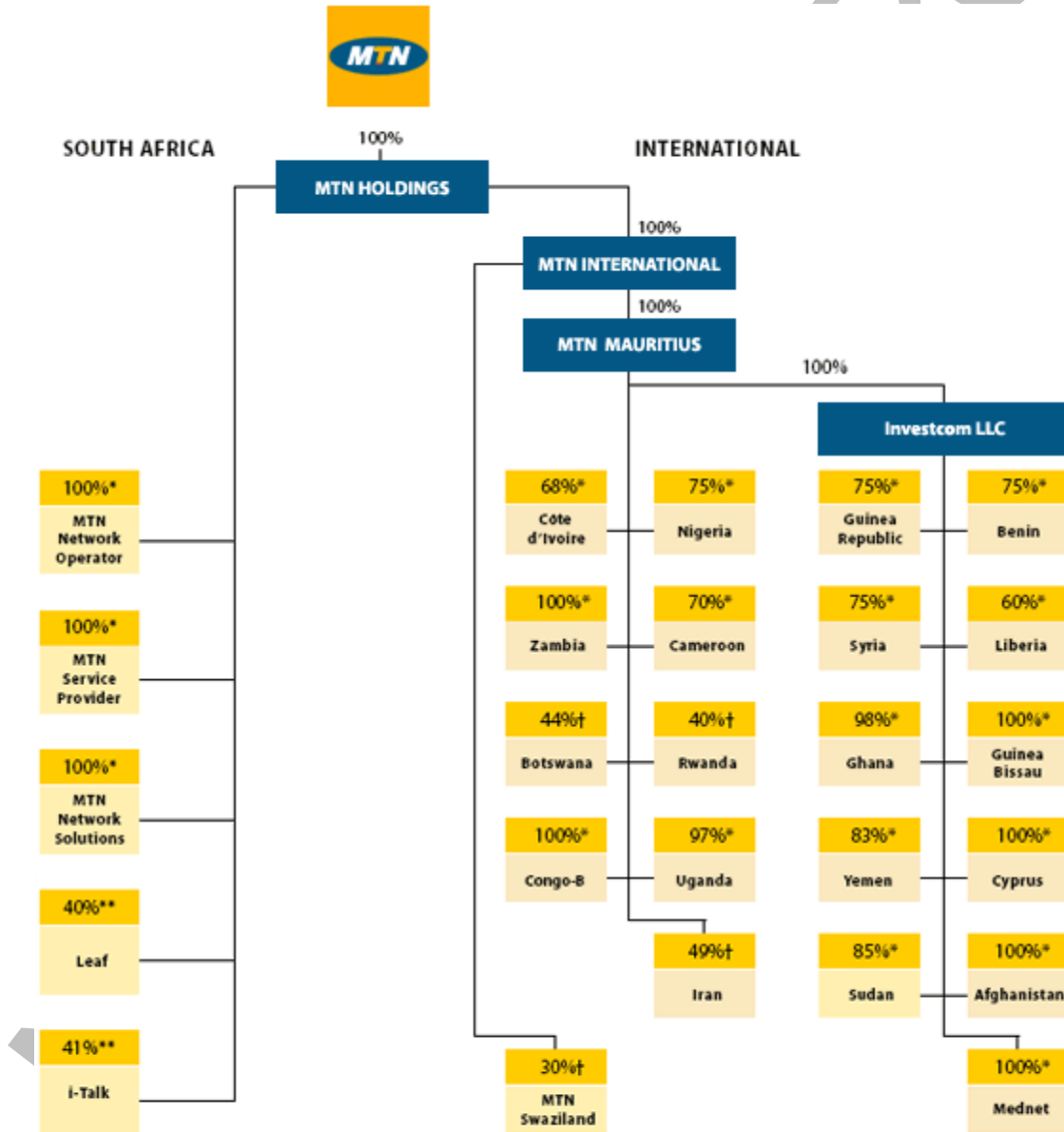
- MTN Zambia (100% Subsidiary) – competing with Celtel (formerly Zamcell) and Zamtel
- MTN Cote d'Ivoire (51% Subsidiary, formerly Telecel) – competing with Orange
- Mascom (44% Associate indirect holding), Botswana – competing with Orange (formerly Vista Cellular)
- Iran Cell (49% Associate) – competing with MTCE, Kish Free Zone, Telecoms Company of Iran, Telecommunication Kish, and Taliya
- MTN Congo Brazzaville (100% Subsidiary, formerly Libertis Telecom, which was owned by Vodacom) – competing with Celtel

2006:

- Investcom LLC (100% subsidiary), operating GSM mobile networks in Afghanistan, Benin, Cyprus, Ghana, Guinea, Guinea Bissau, Liberia, Sudan, Syria and Yemen.

Source: <http://www.cellular-news.com/coverage/>, with competition data gathered in 2007

**Exhibit 2
MTN's Portfolio of Businesses**



Key:
 * Subsidiary
 ** Associate
 † Joint Venture

All shareholdings rounded

Note: Investcom was acquired in 2006.

MTN Service Provider

- The cellular service provider arm of MTN, it delivers service for the entire country of South Africa with Call Centres and Service Centres in Sandton, Pretoria, Pietersburg, Bloemfontein, Durban, Richards Bay, Cape Town, George and Port Elizabeth.

MTN Network Operator

- MTN Network Operator controls the technology and infrastructure for the MTN network, while MTN Service Provider handles all of the client interaction. Also focused on serving the South African market, as each of the other countries has their own miniature versions of MTN Service Provider and MTN Network Operator

MTN Network Solutions

- MTN Network Solutions is one of four tier-one ISPs in South Africa, which means that it can provide direct international Internet connectivity, while operating and managing its own national network. It manages the convergence between GSM and IP network environments, allowing for mobile technologies like GPRS, 3G, etc. MTN Network Solutions offers services such as VPN, mobile data, and Internet access solutions, and with its new 45 megabit fiber circuit, it has the capability to offers its products to even more clients, but also to serve as support for other MTN Group companies needing international connectivity.

Leaf Wireless

- Leaf is a global convergence technology company that focuses on producing complete mobile solutions, overseeing all stages of solution design including platform design, integration and implementation through to product, applications and pocket media development. Leaf creates tools that allow content providers to upload their content for download by users on mobile phones, and distributes content on behalf of a global network. MTN holds a 40% share in Leaf Wireless, based in South Africa. Two unique technologies developed by Leaf are two-way wireless messaging (TWIST) – a partnership with ICQ to use mtnsms.com technology; and RIVR (Remote Interactive Voice Response), a content delivery alternative.

iTalk

- iTalk is a small South African cellular service provider that MTN holds a 41% stake in. It markets itself as a service provider with an extreme focus on customer service, as well as delivering the latest service, and it is an alternative marketing outlet for MTN, as well as a testing ground for newly developed mobile technologies.

Mednet

- Mediterranean Network SAM, also known as Med Net, established in the Principality of Monaco since 1994, provides international carrier services to third party telecommunications operators. The advanced telecommunications system of Med Net includes a comprehensive state-of-the-art switching and transmission network using fiber optic, sub-marine and satellite connectivity across the continents. As a leader in the field, its services range from international voice switching to over 600 destinations, roaming and mobile connectivity to and from more than 250 mobile networks, as well as data services.

Exhibit 3 MTN's CSR Initiatives

Native to Africa and exclusively active in emerging markets, MTN has developed a very strong image of a socially responsible company. Its values, as stated on their web page and annual report include leadership, integrity, “can do”, innovation, and relationships:

- Leadership
 - Qualities: foresight, commitment, guidance:
 - Building a future for our people and the customers we serve.
 - Leading the way in connectivity and enablement.
- Integrity
 - Qualities: solid principles, trusted, togetherness:
 - We are, because of you, our customer.
 - We are, because of you, our employee.
 - With your trust and belief we will always succeed.
- Can Do
 - Qualities: optimism, future focus, passionate, happening:
 - Creating brighter futures for everyone whose life we touch.
 - Empowering people, communities and countries.
 - Creating possibility.
- Innovation
 - Qualities: simplicity, imagination, insight, creativity:
 - Doing things differently.
 - Making unlikely connections.
 - The unexpected exceeds expectations.
- Relationships
 - Qualities: teamwork, friendly, personal, warm and caring:
 - Connecting with people on “their level”.
 - Having empathy for their unique situations.
 - Building relationships with our customers (internal and external).

This overall focus on being socially responsible has led MTN to take specific initiatives in this direction. It became a pioneer member (2004) of Johannesburg Stock Exchange (JSE)'s Security Exchange Social Responsibility Index, with its triple bottom line criteria, and was recognized as one of the top 10 performing companies in the South African Women in Corporate Leadership Census 2004, for being the only company on JSE Security Exchange with more than 25% of its directorships held by women. Feeling distinctively African, the MTN Group also has a strong emphasis on “black empowerment”. Its “Newshelf 664” initiative, for instance, is a black-led management share purchase program, to ensure employee buy-in to the company's phenomenal growth. Other black empowerment initiatives include a conscious effort to limit expatriate hires, creating employment equity, particularly at the management level; compliance with the South African Employment Equity Act; running local skills development workshops to educate and strengthen native employees; and most importantly, spending R936 million (over \$130m) in 2005 towards Black Economic Empowerment (BEE) targets.

MTN also continues to support and sustain environmental initiatives, implementing a Group-wide Environmental Management System, which reviews MTN's actions in regards to issues such as mast positioning, which are concerns both to the community and to environmentalists. Also, in 2005, MTN began a process of actively recycling mobile phone units and requiring certificates from manufacturers to confirm recycling.

A majority of MTN's social impact is made through the MTN Foundation, which is a R22 million (over \$3m) social investment program, emphasizing science and technology, arts, education and HIV/AIDS programs. Its sponsorship criteria emphasize projects that are sustainable, that have a broad community impact, and that facilitate partnerships and sharing of resources. At the same time, the MTN Foundation emphasizes national government priorities and only supports projects that are "in line with the vision of the MTN Foundation and/or specific portfolios". Some of the undertakings of the MTN Foundation include:

- Science & Technology - MTN ScienCentres: these are living exhibits created to encourage the pursuit of science, with one located in Cape Town, and another in Durban. The ScienCentre in Cape Town includes over 300 interactive displays, a camera obscura, exhibition hall, computer zone, teaching laboratories, an auditorium and a science shop.
- Arts & Culture - MTN Art Institute: Arts and Culture Trust's Organization of the Year (2003)
- Education - Schools Connectivity project: a R21 million (\$2.9m) investment to create 110 multimedia centers in rural and disadvantaged schools over 3 years as identified by provincial departments of education. These multimedia centers provide students with technologies such as computers, servers, printers, satellite dishes and decoders, and Internet access, in order to give children unrestricted access to information. The program had reached 90 schools in March 2005.
- Education - Adopt-a-School project: developing level of mathematics and science education in disadvantaged schools. One example is the construction of a R3.1 million (\$433,000) school in Eastern Cape Town.
- Johannesburg Stock Exchange (JSE)'s Security Exchange Social Responsibility Index: Support of various relief funds and AIDS organizations, including the provision of telecommunications equipment to the Universal Service Organization and others.

Exhibit 4 MTN's Cameroon Milestones¹⁸

15 February 2000	Signing of licence agreement
September 2000	Implementation of prepaid platform
October 2000	Commercial launch
December 2000	Launch of prepaid packages Pay as you Go
July 2001	MTN reaches 100 000 subscribers
October 2001	First significant drop in call tariffs (BIG BANG campaign)
January 2002	Signing of sponsorship agreement with FECAFOOT
April 2002	MTN reaches 250 000 subscribers
June 2002	Relaunch of MTN brand with 'Butterfly'
August 2002	Implementation of regional distribution structure. Four distribution regions (Littoral, North, West and Centre)
October 2002	Implementation of earth station in Garoua
November 2002	Launch of MTN network in the East province (MTN now present in all 10 provinces of Cameroon)
October 2003	MTN reaches 500 000 subscribers
October 2003	Implementation of new Mobile Switching Centre in Douala
April 2004	Organisation of MTN/CAF Awards in Yaoundé
June 2004	Launch of per second billing (PSB)
September 2004	Launch of airtime transfer (Me2U)
November 2004	Launch of Business Flexi
April 2005	Launch of new pay-off line: "The Better Connection" becomes "Everywhere you go"
March 2005	MTN reaches 863 000 subscribers
August 2005	MTN reaches the 1 000 000 subscribers milestone

¹⁸ Source: <http://www.mtncameroon.net/corporate/history.html>

Exhibit 5**List of Products, Services, and Rates (Early 2006)**

- This section reproduces all the information about products, services, rates, and stores, available to customers on the MTN Cameroon's web site -
- Web site available in English and French –

1. Products: Personal Solutions

Choose your price for each call! Life changes, you change: make sure your price plan can change too. Choose from Pay As You Go POP, Pay As You Go Per Second, Pay As You Go Gold, Pay As You Go Pay Back.

Pay As You Go POP		
Pay As You Go POP it's the new prepaid offer. It's the ideal option for average calls. Calls are charged in FCFA every 30 seconds.		
Call Rates *	Peak	Off-peak
All locals networks	100	90
All locals networks (Level 2)	90	80
International Call Rates*	Tariff	
MTN Networks **	200	
Rest of the world	300	
SMS Rates*	Tariff	
All locals networks	50	
Rest of the world	150	
<i>* All prices in Fcfa include VAT.</i>		
<i>** MTN Nigeria, MTN South Africa, MTN Congo, MTN Ivory cost, MTN Rwanda, MTN Uganda, MTN Zambia, MTN Swaziland, MTN Botswana, MTN Iran</i>		
<i>Level 2: When you attain Fcfa 20,000 consumption, MTN offers you up to 25% reduction on the price of the local call over a 60 day period which is renewable.</i>		
<i>Level 2 tariffication periods: January 1st - February 29th/July 1st - August 31st/March 1st - April 30th/September 1st - October 31st/May 1st - June 30th/November 1st - December 31st</i>		
<i>Peak hours: From 07 am to 10:59 pm</i>		
<i>Off Peak hours: 11 pm to 06:59 am</i>		
Services	Fee*	
SIM Swap	10 000	
Me2U (Airtime Transfer)	50	
<i>* All prices in Fcfa include VAT.</i>		

Pay As You Go Per Second	
Pay As You Go Per Second charges you only for what you've used and not a second more. Calls charged per second from the first second. It's the ideal option for short calls.	
Call Rates *	Tariff
All locals networks	4/s
All locals networks (Level 2)	3/s
International Call Rates*	Tariff
MTN Networks **	200
Rest of the world	300
SMS Rates*	Tariff
All locals networks	50
Rest of the world	150
* All prices in Fcfa include VAT.	
** MTN Nigeria, MTN South Africa, MTN Congo, MTN Ivory cost, MTN Rwanda, MTN Uganda, MTN Zambia, MTN Swaziland, MTN Botswana, MTN Iran	
Level 2: When you attain Fcfa 20,000 consumption, MTN offers you up to 25% reduction on the price of the local call over a 60 day period which is renewable.	
Level 2 tariffication periods: January 1 st - February 29 th /July 1 st - August 31 st /March 1 st - April 30 th /September 1 st - October 31 st /May 1 st - June 30 th /November 1 st - December 31 st	
Peak hours: From 07 am to 10:59 pm	
Off Peak hours: 11 pm to 06:59 am	
Services	Fee*
SIM Swap	10 000
Me2U (Airtime Transfer)	50
* All prices in Fcfa include VAT.	

Pay As You Go Gold	
Pay As you Go Gold Tariff Plan is the MTN prepaid offer for intensive users. Through the gold card voucher, any prepaid customers can enjoy lower tariff for a consecutive period of 30 days. Calls are charged in FCFA per minute and the billing segmentation is 60/30s.	
Call Rates *	Flat Rate
All locals networks	150
International Call Rates*	Tariff
MTN Networks **	200
Rest of the world	300
SMS Rates*	Tariff
All locals networks	50
Rest of the world	150
* All prices in Fcfa include VAT.	
** MTN Nigeria, MTN South Africa, MTN Congo, MTN Ivory cost, MTN Rwanda, MTN Uganda, MTN Zambia, MTN Swaziland, MTN Botswana, MTN Iran	
Level 2: When you attain Fcfa 20,000 consumption, MTN offers you up to 25% reduction on the price of the local call over a 60 day period which is renewable.	
Level 2 tariffication periods: January 1 st - February 29 th /July 1 st - August 31 st /March 1 st - April 30 th /September 1 st - October 31 st /May 1 st - June 30 th /November 1 st - December 31 st	
Peak hours: From 07 am to 10:59 pm	
Off Peak hours: 11 pm to 06:59 am	

Bonuses	
Airtime	Bonus
>= FCFA 10 000	20%
<i>FCFA 10 000 & more give 20% bonus on calls dedicated account. Airtime distribution in Main and dedicated account will be done as follow:</i> <ul style="list-style-type: none"> - Main account: 50% of the airtime value - Dedicated account: 100% of bonus + 50% airtime value <i>Ex: For FCFA 10,000 airtime bought</i> <ul style="list-style-type: none"> - Main account: FCFA 5,000 - Dedicated Account: FCFA 7,000 <i>The dedicated account is valid for all calls including international.</i>	
Services	Fee*
SIM Swap	10 000
Me2U (Airtime Transfer)	50
<i>* All prices in Fcfa include VAT.</i>	

Pay As You Go Pay Back				
Pay As You Go Pay Back it's the offer which allows MTN prepaid subscribers, to obtain a reduction of the cost of the minute of call according to the duration of this call. Longer your call lasts less expensive is invoiced the minute of conversation. Pay As You Go Pay Back is the ideal offer for long conversations. Calls are charged in FCFA per minute.				
Call Rates *	1st min.	2nd min.	3rd min.	4th min.
All locals networks	180	160	140	120
All locals networks (Level 2)	160	140	120	100
International Call Rates*	Tariff			
MTN Networks **	200			
Rest of the world	300			
SMS Rates*	Tariff			
All locals networks	50			
Rest of the world	150			
<i>* All prices in Fcfa include VAT.</i>				
<i>** MTN Nigeria, MTN South Africa, MTN Congo, MTN Ivory cost, MTN Rwanda, MTN Uganda, MTN Zambia, MTN Swaziland, MTN Botswana, MTN Iran</i>				
<i>Level 2: When you attain Fcfa 20,000 consumption, MTN offers you up to 25% reduction on the price of the local call over a 60 day period which is renewable.</i>				
<i>Level 2 tariffication periods: January 1st - February 29th/July 1st - August 31st/March 1st - April 30th/September 1st - October 31st/May 1st - June 30th/November 1st - December 31st</i>				
<i>Peak hours: From 07 am to 10:59 pm</i>				
<i>Off Peak hours: 11 pm to 06:59 am</i>				
Services	Fee*			
SIM Swap	10 000			
Me2U (Airtime Transfer)	50			
<i>* All prices in Fcfa include VAT.</i>				

2. Products: Business Solutions

Imagine a world without boundaries, a world with limitless opportunities. Where you're free to dream, free to speak and free to be whoever you are. Go anywhere and talk to anyone. So enhance your life, welcome to our world with MTN with our cost effective solutions that always suits your lifestyles and pockets.

Business Choice		
This is about real choice, true freedom and no nasty pitfalls. Have the freedom to control your spending, and know exactly how much your contract will cost you each month.		
Package Cost*		
Monthly Subscription Fee	-	
Once off Connection Fee	5 000	
Minimum Monthly OTA per line	10 000	
Call Rates *	Per Minute	Per Second
All locals networks	130 / min	4 / s
International Call Rates*	Tariff	
MTN Networks **	200	
Rest of the world	300	
SMS Rates*	Tariff	
All locals networks	50	
Rest of the world	150	
<i>* All prices in Fcfa include VAT.</i>		
<i>** MTN Nigeria, MTN South Africa, MTN Congo, MTN Ivory cost, MTN Rwanda, MTN Uganda, MTN Zambia, MTN Swaziland, MTN Botswana, MTN Iran</i>		
Calls charged for the first minute and thereafter per second billing applies.		
Services	Fee	
Voicemail	Free	
Incoming SMS	Free	
Call Waiting	Free	
Call Barring	Free	
International Calling	No deposit	
Conference Call set up	Free	
SIM Unblocking (PUK)	Free	
Account Balance (*155#)	Free	
SIM Swap	Fcfa 10,000	

Business Flexi		
Business Flexi is a prepaid package that functions with a SIM card and a monthly spend of 10 000 FCFA . It gives you the possibility to create the ideal fleet for your business by setting up closed user groups with prepaid and contract lines.		
Business Flexi		
Monthly Subscription Fee	-	
Once off Connection Fee	5 000	
Call Rates *	Per Minute	Per Second
Closed User Group	100	2
MTN to MTN	200	4
MTN to Orange	200	4
MTN to Camtel	200	4
International Call Rates*	Tariff	
MTN Networks **	200	
Rest of the world	300	
SMS Rates*	Tariff	
All locals networks	50	
Rest of the world	150	
* All prices in Fcfa include VAT.		
** MTN Nigeria, MTN South Africa, MTN Congo, MTN Ivory cost, MTN Rwanda, MTN Uganda, MTN Zambia, MTN Swaziland, MTN Botswana, MTN Iran		
Calls charged for the first minute and thereafter per second billing applies.		
Services available with MTN Business Flexi		
Business Flexi also offers you some of the services currently available to MTN prepaid subscribers, notably; Voicemail, SMS, Call Waiting and Call Holding, etc....		
Services	Fee	
Voicemail	Free	
Incoming SMS	Free	
Call Waiting	Free	
Call Barring	Free	
International Calling	No deposit	
Conference Call set up	Free	
SIM Unblocking (PUK)	Free	
Account Balance (*155#)	Free	
SIM Swap	Fcfa 10,000	

3. Services

Convenience Services:

Voice Mail: This is your network's personal answering service. Working much like an answering machine, this service will record voice messages from incoming calls when you are unable to answer a call or when your cellphone is switched off.

Data Services:

CSD - Data Link: Finding a reliable, secure and stable data connection is pivotal to getting your business mobile. While many data options exist, few can claim to have a good track record of providing you with a reliable connection. MTNdataLINK has been providing a stable mobile data connection to its subscribers virtually since the day our network went live.

HSCSD - Data Fast: With MTNdataFAST you can send and receive data either via your cellphone, PDA or laptop at speeds up to 57.6kbits/sec, or 6 x faster than normal cellular connections.

Calling Services:

Bip Me: BIP ME is a service that allows all MTN prepaid subscribers to send a free SMS to another mobile customer (MTN only and international) to request for a call back even when no credit.

International Calling: So you'd like to speak to the world, from anywhere in the world. With MTN's International Calling and International Roaming service you can call the world and roam on any of our international roaming partners' networks in over 300 countries.

Call Line Identity: Calling Line Identity lets you see who is calling, while others will be able to see when you are calling them.

Call Barring: This service protects your cellphone's SIM card from any unauthorised use. With this service you'll be able to control the types of calls being made and / or received with your MTN SIM card.

Call Holding & Waiting: Handle two calls at once with your MTN cellphone. With our network you can be on one call while the network will alert you to another incoming call. You are then able to place the first call on hold while you answer the second call.

Conference Call: First from MTN, this service lets you talk with five people simultaneously. In one conference call session six people can join in on the same conversation. It's ideal for the mobile businessperson, or even as a party line.

Messaging Services:

SMS: SMS is an easy, cheap and fun way to keep in touch with others. Friends get to share thoughts, jokes and more, while companies can use it to exchange information and ideas with colleagues working out in the field, in another city or even half-way across the globe. The 160-character limit of SMS messages has not deterred people from using the service. Instead, SMS has inspired a new language consisting of abbreviations and misspellings that's become the global language of an entire generation.

Telemetry: Telemetry or machine-to-machine remote monitoring and controlling has been popularized with the move to use GSM and GPRS as the platform to link remotely located or moving devices because of the widespread coverage being offered by networks such as MTN - especially in rural locations. Telemetry applications that have been developed by our Partners include fleet management applications that allow companies to track the movement of their company vehicles in real time, to monitor such aspects as ignition and petrol cap access, and even being able to lock-down the vehicle when needed. Some partners have developed sci-fi like applications that allow you to remotely monitor your home, even controlling your air-conditioning, lights and garage door. Through these and other partnerships MTN is able to focus on what is essential to realizing any service or product being offered - having a robust, reliable and secure network that can be relied upon. And while we do this our Partners are focus on proving the exciting content and essential services that keeps us abreast of the latest technology and trends affecting mobile communication.

Money Services:

Me2U: Me2U Airtime Transfer is a MTN Cameroon Value added service that allows Pay As You Go customers to transfer airtime from their cellphone to another Pay As You Go cellphone.

EVD: The EVD (Electronic Voucher Distribution) is an electronic system for the sale of airtime. With EVD, the refill is carried out by a transfer, from the telephone of the salesman to the purchaser's phone. EVD is intended to gradually replace the system of refilling by airtime cards. The principal advantage for the customer is that he has no more constraints on the minimum of Fcfa 2, 500 imposed by the airtime cards, he will be able from now on, to buy the value of airtime which he wishes, starting from Fcfa 250 (by ex: Fcfa 275, Fcfa 3225, Fcfa 8300 ...) From the point of sales perspective, the risk in operating in the market is reduced, such as the lose of airtime cards, destruction of cards while trying to peel the code area, etc. He can now enjoy access days to the network starting from Fcfa 500 of refill.

4. Coverage

Y'ello! Why not say hello with MTN from over 250 towns across Cameroon, with MTN's advanced technology, you are guaranteed the best coverage. Wherever you are, with MTN Cameroon you're just a call away.

Coverage – Cameroon

Find Your Town! MTN connects you to your family, friends and business associates, in any of these towns anytime: Abongbang, Afambassi, Akonolinga, Akum, Alou, Atok, Awae, Ayos, Ayungum, Babadjou, Babenga, Bachuo Ntai, Bafang, Bafia, Bafou, Bafoussam, Bafut, Baham, Bahouan, Balessing, Bali, Bambili, Bambit, Bamenda, Bamendjou, Bamoungoum, Bana, Bandjoun, Bangangte, Bangou, Bantoum, Banyo, Batchenga, Batibo, Batouri, Bayangam, Bazou, Belabo, Bertoua, Biakoa, Bidzar, Boki to, Bomaka, Bomono, Bonendale, Botatango, Boumnyebel, Boutoufam, Brigaya, Buea, Cekande, Debunscha, Dibamba, Dibombari, Dimako, Dizangue, Djabi, Djalingo, Douala, Doume, Dschang, Ebebda, Ebolowa, Ebombe, Ebouyie, Edea, Eki te, Ekok, Ekondo Titi, Eseka, Esse, Eyumodjock, Ezezang, Fifinda 2, Figuil, Fongo Tongo, Fonkouakem, Fontem, Fouban, Foubot, Fundong, Gah, Garoua, Gazawa, Guider, Idenau, Jaki r i, Kaele, Kalong, Katoual, Kekem, Kiboum, Kie, Kombe, Kompina, Kousseri, Koutaba, Koza, Kribi, Kumba, Kumbo, Laf, Lagdo, Lam, Lere, Likomba, Limbe, Lohe, Lolodorf, Loum, Magba, Mah, Makak, Makenene, Makong 2, Maloun, Mamfe, Manjo, Mape, Maroua, Matomb, Mbalmayo, Mbandjock, Mbanga, Mbonge, Mbonguen, Mbouda, Meiganga, Melong, Meyonmessala, Mfou, Mimetalla, Misseguielo, Misselele, Missole 2, Mokolo, Moliwe, Monatele, Mouanko, Moume, Moutourwa, Muchemni, Mundemba, Mutenguene, Muyuka, Mvomeka' a, Nanga Eboko, Ndikinimeki, Ndokohok, Ndop, Ndoumbain, Ndu, Ngah, Ngaoundal, Ngaoundere, Ngong, Ngoumou, Ngouna, Ngwe i, Njombe, Nkake, Nkambe, Nkapa, Nkeng likok, Nkoabang, Nkolfoulou, Nkolnda, Nkolndom, Nkolya, Nkomo, Nkongmezap, Nkongsamba, Nkoum, Nkout, Nlong Mvolye, Nsimalem, Ntonga, Ntoumba, Ntui, Obala, Okola, Ombessa, Ondondo, Penda Mboko, Penja, Penka Michel, Pitoa, Pouma, Sa' a, Sabga, Salak, Sangmelima, Santa, Santchou, Soa, Sombo, Souza, Tibati, Tikondi, Tombel, Wani banda, Wum, Yabassi, Yaoundé, Yassa, Yokadouma, Zamakoe, Zoetele...

Coverage – World

The number of people traveling internationally has increased substantially over the years. Being in constant touch globally is now an absolute necessity. International roaming with MTN keeps you in touch and connected with your contacts in Cameroon and around the world. MTN has international roaming agreements with over 180 GSM operators in 90 countries. In most countries, MTN offers roaming with more than one partner.

Below is a comprehensive list of our roaming countries around the world: Aruba Island, Australia, Austria, Barbados Island, Belarus, Belgium, Benin, Bermuda, Botswana, Bulgaria, Burkina Faso, Burundi, Canada, Cayman Islands, Central Africa Republic, Chad, China, Congo, Congo Rdc, Croatia, Cyprus, Czech Republic, Denmark, Equatorial Guinea, Ethiopia, Finland, France, Gabon, Germany, Ghana, Greece, Grenada Island, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Ivory Coast, Jamaica, Kenya, Kuwait, Lebanon, Liechtenstein, Luxembourg, Madagascar, Malawi, Mali, Malta, Mexico, Morocco, Mozambique, Namibia, Niger, Nigeria, Norway, Palestine, Paraguay, Philippines, Poland, Portugal, Mauritius, Reunion

Island, Romania, Russia, Rwanda, Saudi Arabia, Senegal, Singapore, Slovenia, South Africa, South Korea, Spain, Sri Lanka, St Vincent Island, Swaziland, Sweden, Switzerland, Syria, Tanzania, Thailand, The Netherlands, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom, United States Of America, Yemen

5. Contact us

DOUALA

Main Service Centre

Boulevard de la Liberté , in front of Hotel AKWA Palace

P.O. Box 15574

YAOUNDE

Service Centre

361, Avenue Ahmadou Ahidjo, near Katios Night-Club

P.O. Box 14109

YAOUNDE

Prestige Service Centre

Boulevard du 20 Mai, Centre Commercial Hilton

P.O. Box 14109

BAFOUSSAM

Service Centre

Boulevard de la République, at Carrefour TOTAL

BAMENDA

Service Centre

Commercial Avenue, Tower Building

GAROUA

Service Centre

Carrefour Artisanat, Central market

MAROUA

Service Centre

Bank Avenue

Please send us your feedback at the email address below;

E-mail: webmaster@mtncameroon.net