

# explanatory notes to resolutions for consideration at the annual general meeting

## 1. Adoption of annual financial statements

In terms of the Companies Act 61 of 1973 as amended (the Companies Act), the directors are required to present to shareholders at the annual general meeting the annual financial statements incorporating the directors' report and the report of the auditors, for the year ended 31 May 2008.

## 2. Re-election of directors

In accordance with the articles of association of the company all directors are required to retire at the first annual general meeting of the company. At each subsequent annual general meeting of the company one third of the directors shall retire from office. In addition, any person appointed to the board of directors after the annual general meeting shall be required to retire and is eligible for re-election at the first annual general meeting following the appointment.

All retiring directors are all eligible for re-election. Abbreviated curriculum vitae in respect of each director offering himself/herself for re-election are contained on pages 19 to 21 of this annual report.

## 3. Non-executive remuneration

Shareholders are requested to ratify the fees paid to non-executive directors during the six month period ended 31 May 2008.

Shareholders are further requested to approve the fees payable to the company's non-executive directors during the period 1 June 2008 to 31 May 2009. The proposed fees have been reviewed by the Remuneration and Nomination Committee and are recommended by the board of directors. Particulars of the process followed by the Remuneration and Nomination Committee are contained in the Remuneration Report on page 54 of this annual report.

## 4. Re-appointment of auditors and determination of auditors' fees

PricewaterhouseCoopers Inc. has indicated its willingness to continue in office and resolution number 4 proposes the re-appointment of that firm as the company's auditors until the next annual general meeting. The resolution further gives authority to the directors to fix the remuneration of the auditors, which fee determination will be reviewed and recommended by the Audit and Risk Management Committee.

In accordance with section 270A of the Corporate Laws Amendment Bill, the Audit and Risk Management Committee has satisfied itself that the proposed auditor, PricewaterhouseCoopers Inc, is independent of the company.

## 5. Special resolution number 1 – General authority to purchase shares

The effect of this special resolution and the reason therefore is to grant the company or any of its subsidiaries a general authority in terms of the Companies Act 61 of 1973, as amended (the Companies Act), for the acquisition by the company or any of its subsidiaries of the company's shares, which general approval shall be valid until the earlier of such next annual general meeting of the company or its 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 extend beyond 15 months from the date of this annual general meeting.

The directors are of the opinion that the granting of this general authority would be in the best interests of the company as it would allow the company or any its subsidiaries 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 an action.

## 6. Ordinary resolutions numbers 1 and 2 – Control of authorised but unissued shares and general authority to issue shares for cash

In terms of sections 221 and 222 of the Companies Act the shareholders have to approve the placement of the unissued shares under the control of the directors. The authorities granted under these resolutions would be subject to the Companies Act and the JSE Listings Requirements and will not, in any financial year, exceed in aggregate 22 990 827 ordinary shares, being 3% of the number of ordinary shares in the company's issued share capital as at 31 May 2008.

Ordinary resolution numbers 1 and 2 require a 50% and 75% majority of the votes respectively, cast by shareholders present or represented by proxy at the annual general meeting to become effective.

The directors consider it to be advantageous for the company to be granted these authorities as it would enable the company to take advantage of business opportunities that may arise in the future.

## 7. Ordinary resolution number 3 – Approval of the Blue Label Telecoms Forfeitable Share Plan

The effect of ordinary resolution number 3 and the reason therefore is to provide a mechanism for the incentivisation of the senior executives, management and other employees within the Blue Label Telecoms group, to increase employee and shareholder alignment through employee share ownership and to attract and retain key talent.

The salient features of the Blue Label Telecoms Forfeitable Share Plan (share plan) are set out on pages 139 to 142 of this annual report. The rules of the share plan will be available for inspection during normal business hours at the registered office of the company, from the date of this annual report up to and including the date of the annual general meeting.

