

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take in relation to this circular please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, legal advisor or other professional advisor immediately.

Action required

1. If you have disposed of all your shares in Telkom SA Limited ("Telkom" or the "company"), please forward this circular to the broker, banker or agent through whom you disposed of such shares.
2. If you are a registered holder of certificated Telkom shares or you hold dematerialised Telkom shares and have recorded your shareholding in your own name on the sub-register maintained by your CSDP or broker, and are unable to attend the annual general meeting of shareholders of Telkom to be held on Friday 26 October 2007 in the Auditorium, Gallagher Estate, 19 Richards Drive, Midrand, Johannesburg, South Africa at 09:30 but wish to be represented at the annual general meeting, you must complete and return the enclosed form of proxy in accordance with the instructions contained therein so as to be received by the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited (in South Africa), by no later than 09:30 on Thursday 25 October 2007.
3. Shareholders who have dematerialised their Telkom shares (other than those shareholders whose shareholding is recorded in their own name on the sub-register maintained by their CSDP or broker) must provide their CSDP or broker with their voting instructions for the annual general meeting in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP if they are unable to attend the annual general meeting but wish to be represented thereat. If, however, dematerialised shareholders wish to attend the annual general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary authority to attend and vote at the annual general meeting.



Telkom SA Limited

(Incorporated in the Republic of South Africa)
(Registration number 1991/005476/06)
(JSE and NYSE share code: TKG)
ISIN: ZAE000044897

("Telkom" or the "company")

CIRCULAR TO SHAREHOLDERS

regarding

- **proposed amendments to Telkom's memorandum of association**
- **general authority for Telkom to repurchase its shares**

and incorporating

- **a notice of annual general meeting of shareholders; and**
- **a form of proxy (for completion by certificated and "own name" dematerialised shareholders).**

Sponsor



Attorneys





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CIRCULAR TO SHAREHOLDERS

Copies of this circular are available in English only and can be obtained at the company's registered office.

1. INTRODUCTION

At the annual general meeting of shareholders of the company to be held on Friday 26 October 2007 the company will, in addition to business usually conducted at such meetings, propose to its shareholders, among other resolutions, the following:

- 1.1 A special resolution amending the main object and main business clauses of the company's memorandum of association;
- 1.2 a special resolution, the effect of which will be to give the company and/or its subsidiaries, general authority to acquire, from time to time, the company's shares on the JSE Limited ("JSE"). The general authority will be valid until the next annual general meeting of the company, and will lapse unless renewed by the shareholders at the aforesaid annual general meeting. The general authority will, however, not extend beyond fifteen months from the date of the special resolution. To the extent that the number of shares repurchased pursuant to this authority exceeds the maximum number of shares that subsidiaries may hold in their holding company, such shares will be cancelled from the company's issued share capital and restored to authorised but unissued share capital.

2. DIRECTORS

The directors of the company are as follows:

Name	Address	Function
Shirley Therese Arnold	Telkom Towers North 24th Floor 152 Proes Street Pretoria 0002	Non-executive director, Chairman
Reuben Joseph September	Telkom Towers North 24th Floor 152 Proes Street Pretoria 0002	Executive director, Acting Chief Executive Officer
Brahm du Plessis	The Bridge Group 444 The Chambers 3 Protea Place Sandton 2086	Independent, Non-executive director

Name	Address	Function
Reitumetse Jackie Huntley	Rutherford Estate 1st Floor, Building A 1 Scott Street Waverley, Johannesburg 2001	Non-executive director
Mark James Lamberti	54 Oxford Avenue Sandhurst Sandton 2086	Independent, Non-executive director
Victor Lawrence	3 Sussex Road Holmdel New Jersey NJ 07733 United States of America	Non-executive director
Penuell Sibusiso Cornwell Luthuli	14 Crompton Street Pinetown 3600	Independent, Non-executive director
Tshepo Daun Mahloele	1st Floor 33 Impala Road Chiselhurst Sandton	Non-executive director
Keitumetse Seipelo Thandeka Matthews	34 Woodley Road Plumstead Cape Town 7800	Non-executive director
Thabo Felix Mosololi	2nd Floor, Palazzo Towers East Monte Casino Boulevard, Fourways 2055	Independent, Non-executive director
Ekwow Spio-Garbrah	Clareville House 26-27 Oxenden Street London, SW1Y 4EL United Kingdom	Non-executive director

3. SHARE CAPITAL

The authorised and issued share capital of the company is set out below:

	Number of shares	R000
Authorised share capital		
Ordinary shares of R10 each	999 999 998	9 999 999
Class A ordinary share of R10 each	1	–
Class B ordinary share of R10 each	1	–
Issued share capital		
Ordinary shares of R10 each	532 855 528	5 328 555
Class A ordinary share of R10 each	1	–
Class B ordinary share of R10 each	1	–

4. MAJOR SHAREHOLDERS

At the last practicable date, being 21 September 2007, shareholders beneficially holding directly 5% or more of the issued share capital of the company were as follows:

Shareholder	Number of shares	Percentage holding
The Government of the Republic of South Africa*	207 038 058	38.83
Public Investment Corporation Limited **	68 590 928	12.87
Elephant Consortium	37 506 809	7.04

* These shares are held together with the Class A Share

** These shares are held together with the Class B Share

At the last practicable date, being 21 September 2007 the directors were not aware of any other shareholder who beneficially holds, directly or indirectly, 5% or more of the company's issued share capital.

5. DIRECTORS' INTERESTS

At the last practicable date, being 21 September 2007 the directors had the following direct and indirect, beneficial and non-beneficial interests in the share capital of the company:

	Beneficial		Non-beneficial		Total	Percentage holdings
	Direct	Indirect	Direct	Indirect		
MJ Lamberti				175 000	175 000	*
TF Mosololi	455				455	*
	455			175 000	175 455	

* Less than 1%

There have been no material changes in the directors' interests in the company between 31 March 2007, the date of the company's last financial year end, and the last practicable date.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear in paragraph 2 above, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and this circular contains all information required by law and the Listings Requirements of the JSE Limited.

7. LITIGATION STATEMENT

Telcordia Technologies Inc. ("Telcordia") instituted arbitration proceedings against Telkom in March 2001 seeking to recover approximately US\$130 million for monies outstanding and damages, plus costs and interest at a rate of 15.5% per year, which was subsequently increased to US\$172 million. The arbitration proceedings relates to the cancellation of an agreement entered into between Telkom and Telcordia during June 1999 for the development and supply of an integrated end to end customer assurance and activation system by Telcordia. In September 2002, a partial award was issued by the arbitrator in favour of Telcordia, which was subsequently set aside by the South African High Court. On 29 November 2004, the South African Supreme Court of Appeals granted Telcordia leave to appeal. The South African Supreme Court of Appeals set aside the South African High Court's ruling, which was subsequently appealed by Telkom to the South African Constitutional Court and was dismissed by the South African Supreme Court of Appeals. As a result, the South African Supreme Court of Appeals' judgment brought to finality the dispute over the merits of Telcordia's claim against Telkom and the parties are scheduled to reconvene the arbitration solely for the purposes of determining the amount of damages to which Telcordia is entitled. The arbitration proceedings are tentatively scheduled to reconvene in September 2007.

Although Telkom is currently unable to predict the exact amount that it may eventually be required to pay Telcordia, it has made provision for estimated liabilities in respect of the Telcordia claim in the sum of US\$70 million (R527 million), including interest but excluding legal fees. Telkom will be required to fund any payments to Telcordia from cash flows or the incurrence of debt and the amount of any damages above Telkom's provision would increase Telkom's liabilities and decrease its net profit, which could have a material adverse effect on its financial condition, cash flows and results of operations.

8. MATERIAL CHANGES

No material changes in the financial or trading position of the company have taken place since the results of the financial year ended 31 March 2007 were published.

9. ANNUAL GENERAL MEETING

A notice convening an annual general meeting of Telkom shareholders to be held on Friday 26 October 2007 in the Auditorium, Gallagher Estate, 19 Richards Drive, Midrand, Johannesburg, South Africa at 09:30 and a form of proxy for use by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the annual general meeting form part of this circular. Duly completed forms of proxy must be received by the company's transfer secretaries by no later than 09:30 on Thursday 25 October 2007. Dematerialised shareholders, other than dematerialised shareholders with own name registration, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person. This must be done in terms of the agreement entered into between the shareholders and the CSDP or broker concerned.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the company's registered office during normal office hours up to the close of business on Thursday 25 October 2007:

- the memorandum and articles of association of Telkom;
- the audited financial statements for the three financial years ended 31 March 2007; and
- a signed copy of this circular.

By order of the board

Sandi Linford
Group Secretary

Pretoria
21 September 2007



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(JSE and NYSE share code: TKG)

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fifteenth annual general meeting of members will be held on Friday 26 October 2007 in the Auditorium, Gallagher Estate, 19 Richards Drive, Midrand, Johannesburg, South Africa at 09:30 to conduct the following business:

1. To receive and consider the annual financial statements for the year ended 31 March 2007.
2. To elect:

Mr MJ Lamberti as a director, who was appointed since the last annual general meeting, and in accordance with the provisions of the company's articles of association retires at this annual general meeting.

Messrs B du Plessis, PSC Luthuli and TF Mosololi as directors who in terms of the articles of association retire by rotation.

All the retiring directors are eligible and available for re-election.

The profiles of the directors up for re-election appear on page 7.

3. To re-appoint Ernst & Young Inc. as auditors of the company, to hold office until the conclusion of the next annual general meeting of the company.

Special business

To consider and if deemed fit, pass, with or without modification the following special resolutions:

Special resolution number 1

"RESOLVED THAT the company's memorandum of association be and is hereby amended as follows –

1. the company's stated main object and main business is deleted and replaced with the following –

"To supply telecommunication, broadcasting, multimedia, technology, information and other related information technology services to the general public."

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to amend the company's memorandum of association to restate its main object and main business to bring it more directly into line with the company's current business objectives.

Special resolution number 2

"RESOLVED THAT the directors of the company be and are hereby authorised to approve the purchase by the company, or by any of its subsidiaries, of the company's ordinary shares subject to the provisions of the Companies Act, 1973, as amended, and the Listings Requirements of JSE Limited (JSE) provided that:

- (a) the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;
- (b) any general purchase by the company and/or any of its subsidiaries of the company's ordinary shares in issue shall not in aggregate in any one financial year exceed 20% (twenty percent) of the company's issued ordinary share capital at the time that the authority is granted;
- (c) no acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market value of the ordinary share for the 5 (five) business days immediately preceding the date of such acquisition;
- (d) the repurchase of the ordinary shares are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
- (e) the company may only appoint one agent at any point in time to effect any repurchase(s) on the company's behalf;
- (f) the company or its subsidiaries may not repurchase ordinary shares during a prohibited period;
- (g) the general authority may be varied or revoked by special resolution of the members prior to the next annual general meeting of the company; and
- (h) should the company or any subsidiary cumulatively repurchase, redeem or cancel 3% (three percent) of the initial number of the company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter in terms of this general authority, and announcement shall be made in terms of the Listings Requirements of the JSE."

Having considered the effect on the company of the maximum repurchase under this general authority, the directors are of the opinion that:

- the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited financial statements of the group for the year ended 31 March 2007.
- the share capital and reserves of the company and the group will be adequate for the ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and
- the working capital of the company and group are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

Reasons for and effect of the special resolution number 2:

The reason for special resolution number 2 is to grant the company's directors a renewable general authority or permit a subsidiary company to acquire ordinary shares of the company. The effect of this special resolution is to confer a general authority on the directors of the company to repurchase ordinary shares of the company which are in issue from time to time.

The Board has considered the impact of a repurchase of up to 20% (twenty percent) of the company's shares, being the maximum permissible under a general authority in terms of the JSE Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such shares, it is deemed appropriate that the directors be authorised to repurchase the company's shares.

Directors' responsibility statement

The directors, whose names appear on pages 1 & 2 collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by the Listings Requirements of the JSE.

Litigation statement

The directors, whose names appear on pages 1 & 2, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened other than what has been disclosed on page 3, that may have or have had in the previous twelve months a material effect on the group's financial position.

Material change

Other than the facts and developments reported on in the annual report which was posted to shareholders at end September 2007, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the annual financial statements and the date of this notice of annual general meeting.

Profiles of directors

Mark Lamberti was appointed to the board on 29 May 2007. Mr Lamberti is the non-executive chairman of Massmart Holdings Limited ("Massmart"). Mr Lamberti currently serves as a non-executive director of Allied Electronics Corporation Limited and Business Leadership South Africa and is co-chairman of the Consumer Goods Council of South Africa. Mr Lamberti holds a Bachelor of Commerce degree from the University of South Africa, a Masters degree in Business Administration from the University of the Witwatersrand and is an alumnus of the Harvard Graduate School of Business Administration where he completed the Presidents Program in Leadership.

Brahm du Plessis was appointed to the board on 2 December 2004. Advocate du Plessis has been a practicing advocate at the Johannesburg Bar since 1987, specializing in intellectual property law. Prior to that he was a senior lecturer in Roman-Dutch Law at the University of Cape Town. He was a founder member of the CDRT (Community Dispute Resolution Trust) and is past chairman of the Johannesburg branch of NADEL. He has published a law journal article on the Contracts in Restraint of trade in Roman and Roman-Dutch Law. Advocate du Plessis is a member of Advocates for Transformation and a member of the Johannesburg Bar Council. Advocate du Plessis holds Bachelor of Arts and LLB degrees from the University of Stellenbosch and an LLM degree from the University of London.

Sibusiso Luthuli was appointed to the board on 29 July 2005. Mr Luthuli is the managing director of Ithala Limited, a position he was appointed to in July 2004. Prior to that he was finance director of Ithala Limited from January 2004 to June 2004. Other positions Mr Luthuli held include that of executive manager of Nedbank Corporate from April 2000 to December 2003. He is non-executive chairman of Enaleni Pharmaceuticals Limited, chairman of the University of KwaZulu-Natal Audit Committee, a member of the University of KwaZulu-Natal Council, director of Richards Bay Industrial Development Zone (IDZ) Company, member of Thekwini Municipality Audit Committee, director of Luthuli & Luthuli Investments (Proprietary) Limited, trustee of Amathuli Trust and member of the KZN Provincial Government audit committee. Mr Luthuli holds a bachelor of Commerce degree from the University of Zululand, a post graduate diploma in Accountancy from the University of Durban Westville, and is a qualified Chartered Accountant (South Africa).

Thabo Mosololi was appointed to the board on 15 October 2004. Mr Mosololi has been the financial director of Tsogo Sun Gaming since 2002. His expertise spans management consulting, financial re-engineering and strategy development. He is a member of SAICA and ABASA. In 1999, Mr Mosololi was appointed by the Minister of Finance to the Financial Services Board Insider Trading Directorate. In 2001, Mr Mosololi was appointed as a commissioner on the Fiscal & Financial Commission. He serves as chairman of the Board of Trustees for the Education Foundation and NGO involved in the Curriculum Development and policy research on education in South Africa. Mr Mosololi holds a Diploma in Project Management, MAP, EDP and is a Chartered Accountant (South Africa).

Voting and proxies

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy enclosed.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at this annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares in their own name, or holding shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy enclosed in accordance with the instructions therein and lodge it with or mail it to the transfer secretaries.

Forms of proxy should be forwarded to reach the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited by no later than 09:30 on Thursday 25 October 2007.

The completion of a form of proxy will not preclude a shareholder from attending the annual general meeting.

By order of the board

Sandi Linford
Group Secretary

Pretoria
21 September 2007



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FORM OF PROXY

(For completion by certificated shareholders and own-name dematerialised shareholders)

For use at the fifteenth annual general meeting of shareholders of Telkom to be held on Friday 26 October 2007, in the Auditorium, Gallagher Estate, 19 Richards Drive, Midrand, Johannesburg, South Africa at 09:30

I/We _____ (name in BLOCK LETTERS)

Of _____ (address in BLOCK LETTERS)

Being a member/members of the company holding ordinary shares in the company, do hereby appoint:

of _____

or failing him/her _____

of _____

or _____

or failing him/her, the Chairman of the annual general meeting as my/our proxy to represent me/us at the annual general meeting to be held on Friday 26 October 2007 at 09:30 or at any adjournment thereof, as follows:

	For	Against	Abstain
1. To receive and adopt the annual financial statements for the year ended 31 March 2007			
2. To re-elect the following directors in terms of the company's articles of association:			
2.1 MJ Lamberti			
2.2 B du Plessis			
2.3 PSC Luthuli			
2.4 TF Mosololi			
3. To re-appoint Ernst & Young as auditors of the company, to hold office until the conclusion of the next annual general meeting			
4. Special resolution number 1			
5. Special resolution number 2			

and generally to act as my/our proxy at the said annual general meeting.

(Indicate with an "x" or the relevant number of shares, in the applicable space, how you wish your votes to be cast.)

Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at _____ this _____ day of _____ 2007

Signature of member _____ assisted by (where applicable) _____

Please read the notes on the reverse side hereof.

NOTES:

1. A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her stead at the annual general meeting. A proxy need not be a member of the company.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space(s) provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will be declared not to have been validly effected. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairman of the annual general meeting.
3. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy.
4. To be effective, completed forms of proxy must be lodged with or posted to the company's South African transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, no less than 24 hours before the time appointed for the holding of the annual general meeting, excluding Saturdays, Sundays and public holidays. As the annual general meeting is to be held at 09:30 on Friday 26 October 2007 forms of proxy must be lodged no later than 09:30 on Thursday 25 October 2007.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
6. The Chairman of the annual general meeting may reject or accept any form of proxy which is not completed and/or received other than in compliance with these notes.
7. Any alteration to this form, of proxy other than a deletion of alternatives, must be initialled by the signatory.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be enclosed to this form of proxy unless previously recorded by the company or the transfer secretaries or waived by the Chairman of the annual general meeting.
9. Where there are joint holders of shares:
 - any one holder may sign this form of proxy; and
 - the vote of the senior shareholder (for that purpose, seniority will be determined by the order in which the names of the shareholders appear in the company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.
10. This form of proxy is not for completion by those shareholders who have dematerialised their shares (other than those whose shareholding is recorded in their own name in the sub-register maintained by their Central Securities Depository Participant ("CSDP"). Such shareholders should provide their CSDP, broker or nominee with their voting instructions.

South African transfer secretaries

Computershare Investor Services 2004 (Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, South Africa 2001
(PO Box 61051, Marshalltown 2107)
Telephone 27 11 370 5000
Telefax 27 11 688 5238