

Telkom SA Limited

(Registration Number 1991/005476/06)

ISIN ZAE000044897

JSE Share Code TKG

("Telkom")

TELKOM TRADING STATEMENT

In terms of paragraph 3.4(b) of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on next will differ by at least 20% from those of the previous corresponding period.

Telkom is currently finalising its results for the six months ended 30 September 2009, which are expected to be released on 23 November 2009.

The South African business continued to experience margin pressure absorbing higher than inflation increases in operating costs mainly as a result of higher payments to local and international operators, salary increases as a result of the agreement reached with the unions, higher depreciation and increased provisioning for inventory write-offs.

The Nigerian operations reported EBITDA losses at similar levels to those of the corresponding period in the previous year. Trading conditions in Nigeria remained tough as a result of local economic factors, pricing pressures and the short term strategy to reduce inventories and acquire subscribers by subsidising certain handsets. The newly appointed distribution agents are still at an early stage of establishing new distribution channels and average revenues per subscriber remained low in an intensely competitive market. The weaker Nigerian economy has also placed increased pressure on consumer spending.

Telkom successfully concluded the sale and unbundling of its 50% stake in Vodacom during the period under review.

The following unusual items impacted earnings for the six month period:

1. Profit on the sale of our 15% share in Vodacom, of approximately R18,535 million;
2. profit on the unbundling of our 35% share in Vodacom, of approximately R25, 688 million;
3. capital gains tax on the sale and unbundling of our Vodacom shares, of approximately R1,353 million;
4. secondary taxation on companies ('STC') on the special dividend relating to the sale of Vodacom, of approximately R977 million;
5. reversal of the deferred tax asset relating to capital gains tax on the Vodacom sale, of approximately R421 million;

6. compensation expense recognised in terms of IFRS2 relating to the amendment of the Telkom Conditional Share Plan, of approximately R946 million;
7. fair value loss on the mark to market valuation of Vodacom shares held at 30 September 2009, of approximately R166 million;
8. impairment of goodwill in Multi-Links Nigeria, of approximately R2,148 million; and
9. profit on disposal of Telkom Media, of approximately R68 million.

Basic earnings per share ('BEPS') from continuing operations for the period are distorted by the accounting for the sale and unbundling of our 50% stake in Vodacom. Normalised BEPS from continuing operations, which excludes the profit on sale and gain on unbundling of Vodacom and all expenses related to the transaction, are expected to decrease by between 130% and 140%. BEPS including the profit on sale and gain on unbundling of Vodacom and all expenses related to the transaction are expected to increase by 1,565% to 1,575%.

Normalised headline earnings per share from continuing operations for the period, which excludes all the unusual items listed above, are expected to decrease by approximately 45% to 55%. Headline earnings per share, which includes the STC on the special dividend, the compensation expense and the fair value loss on Vodacom shares, are expected to decrease by between 130% and 140% from the corresponding period in the prior year.

The main differences between basic earnings and headline earnings are the profit on the sale and gain on unbundling of our 50% share in Vodacom and the related capital gains tax and impairments and write-offs relating to property, plant and equipment and intangible assets.

This trading statement has neither been reviewed nor reported on by the Company's external auditors.

Johannesburg

13 November 2009

Sponsor: UBS

Special note regarding forward-looking statements

Many of the statements included in this announcement, as well as oral statements that may be made by Telkom or by officers, directors or employees acting on their behalf related to the subject matter hereof, constitute or are based on forward-looking statements. All statements, other than statements of historical facts, including, among others, Telkom's ability to implement its mobile strategy and any changes thereto, Telkom's future financial position and plans, strategies, objectives, capital expenditures, projected costs and anticipated cost savings and financing plans, as well as projected levels of growth in the communications market, are forward-looking statements. Forward-looking statements can generally be identified by the use of terminology such as "may", "will", "should", "expect", "envisage", "intend",

"plan", "project", "estimate", "anticipate", "believe", "hope", "can", "is designed to" or similar phrases, although the absence of such words does not necessarily mean that a statement is not forward-looking. These forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause Telkom's actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Among the factors that could cause Telkom's actual results or outcomes to differ materially from its expectations are those risks identified in Telkom's most recent annual report, which are available on Telkom's website at www.Telkom.co.za/ir and, other matters not yet known to Telkom or not currently considered material by Telkom. Telkom caution you not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to Telkom, or persons acting on their behalf, are qualified in their entirety by these cautionary statements. Moreover, unless Telkom is required by law to update these statements, Telkom will not necessarily update any of these statements either to conform them to actual results or to changes in Telkom's expectations.