

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 JSE Listings Requirements, 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 2010, which are expected to be released on or about Monday, 22 November 2010.

Earnings for the six month ended 30 September 2010 are expected to be lower than the prior period primarily due to:

- higher employee expenditure as a result of the 7.5% salary increase agreed with the unions and workforce reduction expenditure incurred of approximately R144 million;
- the inclusion of approximately R205 million operating expenditure relating to start up costs of the mobile business;
- higher fair value and exchange rate losses incurred due to the mark to market valuation of forward exchange contracts and interest rate swap agreements as a result of the strengthening of the Rand; and
- lower investment income as a result of lower cash balances.

Significant once off items impacting the results in the current period include:

1. the impairment of the net asset value in Multi-Links Nigeria of approximately R201 million; and
2. STC on the special dividend paid of approximately R60 million.

Normalised headline earnings per share ('HEPS') from continuing operations for the period, which excludes once-off items, are expected to be between 0% and 20% lower than the normalised HEPS of 280.6 cents for the six months ended 30 September 2009.

Headline earnings per share, which includes the STC on the special dividend, the compensation expense and the fair value loss on Vodacom shares in the prior year, are expected to be between 240% and 260% higher than the reported HEPS of a loss of 160.2 cents for the six months ended 30 September 2009.

Normalised BEPS from continuing operations are expected to be between 0% and 20% lower than the normalised BEPS of 279.0 cents per share for the six months ended 30 September 2009.

Basic earnings per share ('BEPS') are expected to be 85% to 105% lower than the BEPS of 7,860.9 cents reported for the six months ended 30 September 2009. BEPS from continuing operations for the prior period are distorted by the accounting for the sale and unbundling of Telkom's 50% stake in Vodacom.

	September 2009	September 2010
Basic earnings per share		
Reported	7,860.9	85% to 105% lower
Normalised	279.0	0% to 20% lower
Headline earnings per share		
Reported	(160.2)	240% to 260% higher
Normalised	280.6	0% to 20% lower

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 in the prior period 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

10 November 2010

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.