

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 year ended 31 March 2011, which are expected to be released on or about Monday, 13 June 2011.

Shareholders are reminded that the results for the year ended 31 March 2010 have been restated to reflect the Multi-Links CDMA business as a disposal group held for sale, following the decision to exit this business.

Profit from continuing operations have been normalised to exclude the effect of the sale of Vodacom and Telkom Media in the prior year and impairments.

Normalised profit from continuing operations for the year ended 31 March 2011 is expected to be lower than the prior period primarily due to:

- the inclusion of approximately R1.1 billion operating loss relating to the start-up of the mobile business;
- voluntary employee severance package expenditure incurred of approximately R739 million; partially offset by
- lower taxation mainly as a result of lower profit levels and tax concessions.

Normalised and reported headline earnings per share ('HEPS') and Basic earnings per share ('BEPS') from continuing operations for the year ended 31 March 2011 are expected to differ from the prior year as indicated below.

	March 2010 Restated	March 2011 Expectation
Basic earnings per share		
Reported	7,994.4	85% to 105% lower
Normalised	639.5	20% to 40% lower
Headline earnings per share		
Reported	260.5	55% to 75% higher
Normalised	686.7	25% to 45% 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 as well as profit on disposal of property, plant, equipment and intangible assets.

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

Update on Multi-Links

Multi-Links has on 20 December 2010, initiated a civil action against Helios regarding the validity of the Master Lease Agreement. The matter has been heard and judgement is expected on 7 June 2011 or soon thereafter. Helios brought a counter application against Multi-Links on 23 December 2010 in which they, amongst other things, requested an interim status quo order (to keep the status of the parties' positions in terms of the contract intact for an interim period); an interdict against the sale of Multi-Links' assets and a claim for damages in the amount of USD252 million relating to so called "anticipatory breach of contract". The interim status quo order was granted to Helios in December 2010 but, in terms of Nigerian Court rules, expired seven days after it was granted. The Court refused the interdict preventing the sale. The damages claim of Helios has not yet been heard. Certain cost orders have been awarded against Helios. The parties are still continuing to perform in terms of the Master Lease agreement and the contract has not been breached by Multi-Links.

Telkom remains committed to exiting Multi-Links' CDMA business.

Johannesburg

31 May 2011

Sponsor: UBS