Telkom SA SOC LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1991/0054776/30)
JSE CODE: TKG
ISIN CODE: ZAE000044897
("Telkom")

Further detailed cautionary announcement as Telkom and MTN sign heads of agreement to extend their existing roaming agreement to include reciprocal roaming and outsourcing of the operation of Telkom's radio access network (the "Proposed Transaction")

1. Introduction

Further to the cautionary announcement dated Thursday, 6 March 2014, shareholders of Telkom are advised that Telkom and MTN South Africa ("MTN") ("the Parties") have entered into a heads of agreement ("the HoA") regarding the Proposed Transaction in terms of which:

- MTN will, in terms of a managed network service ("MNS") arrangement, take over financial and operational responsibility for the roll-out and operation of Telkom's radio access network ("RAN"). The Parties will conclude reciprocal roaming agreements to enable customers of either Party to roam on the network of the other Party.
- In terms of the above agreements, the Parties' independent networks will be configured such that the use of the independent network assets of each Party will have the effect of greater efficiencies to each Party with improved quality of service and coverage for the customers of both Parties.
- Customers of either Party will have full access to the capacity and coverage of both networks through the reciprocal roaming agreements entered into between the Parties.
- Each Party will continue with the independent provision of distinct retail and / or wholesale mobile services, marketing under its separate brands, maintain its own distribution network, client service infrastructure and billing activities. The arrangements will optimise usage of the Parties' respective RANs but leave all other areas unaffected and independent.

2. Rationale

The telecoms industry, in both South Africa and globally, is facing an unprecedented shift from traditional voice towards data. In order to meet this demand the Parties have entered into the Proposed Transaction.

Telkom should be able to provide its customers with effective access to the latest state-of-the-art national voice, 2G, 3G and LTE networks without having to incur the significant capital expenditure needed to achieve such national coverage. Furthermore, the adjustable nature of the roaming fees will assist in moving Telkom's operating cost base from being fixed to being more variable in nature.

As a result of the Proposed Transaction, the range of services available to customers will increase, the customer experience will be enhanced and significant scale efficiencies, beneficial to both Parties and their customers, would be realised.

3. Conditions precedent

The Proposed Transaction is subject to conclusion by the Parties of various binding commercial agreements to give effect to the Proposed Transaction, and various other approvals, including approvals by regulatory authorities as may be required for the implementation of the Proposed Transaction.

4. Further cautionary announcement

Shareholders of Telkom are advised to continue to exercise caution when dealing in Telkom shares until a further announcement in this regard is made.

Pretoria

7 March 2014

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The Standard Bank of South Africa Limited