THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you are in any doubt as to the action that you should take, please consult your broker, Central Securities Depository Participant (“CSDP”), banker, legal adviser, accountant or other professional adviser immediately. If you have disposed of all your shares in Telkom, please forward this notice, together with the attached proxy form, to the purchaser of such shares or the broker, CSDP, banker or other agent through whom such disposal was effected.

Certificated shareholders or dematerialised “own name” shareholders (those shareholders whose shareholding is recorded in their own name in the sub-register maintained by their CSDP) entitled to attend and vote at the annual general meeting, may appoint one or more proxy or proxies to attend, participate and vote in their stead. A proxy does not have to be a shareholder of the Company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the annual general meeting is attached.

Dematerialised shareholders (other than dematerialised “own name” shareholders) must provide their CSDP or broker with their voting instructions or if they wish to attend the annual general meeting in person must request their CSDP or broker to provide them with the necessary Letter of Representation to do so in terms of the custody agreement entered into between the dematerialised shareholders and the CSDP or broker.

Included in this document are:

- The notice of the annual general meeting, setting out the resolutions to be proposed thereat, together with explanatory notes in respect thereof. There are also guidance notes if you wish to attend the annual general meeting (for which purpose the annual general meeting location map is included) or to vote by proxy.
- A proxy form for use by shareholders holding Telkom ordinary shares in certificated form or recorded in sub-registered electronic form in “own name”.


NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of the Company ("Shareholders") that the 21st Annual General Meeting of the Shareholders ("Annual General Meeting" or "AGM") will be held at Gallagher Convention Centre, Gallagher Grill, 19 Richards Drive, Midrand on Friday 27 September 2013 at 09h00, to conduct the general business of the AGM and to consider and, if deemed fit, pass with or without modification, the below ordinary resolutions and special resolutions as required by the Companies Act, No 71 of 2008 ("the Companies Act") read together with the JSE Limited ("JSE") Listings Requirements ("Listings Requirements").

In terms of Section 59(1)(a) and (b) of the Companies Act, the board of directors of the Company ("the Board" or "Directors") have set the record date for the purposes of determining which Shareholders are entitled to:

- receive notice of this Annual General Meeting (being date on which Shareholders must be recorded as such in the register of Shareholders for the purposes of receiving notice of this Annual General Meeting) as Friday, 23 August 2013; and
- participate in and vote at the Annual General Meeting (being the date on which a Shareholder must be recorded as such in the register of Shareholders for the purposes of being entitled to attend and vote at the Annual General Meeting) as Friday, 20 September 2013.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements of the Company and its subsidiaries (as approved by the Board), including the directors' report, the Audit Committee report and the external auditors' report for the year ended 31 March 2013, have been distributed as required and will be presented to Shareholders.

The complete set of the consolidated audited annual financial statements, together with the directors' report, the Audit Committee report and the external auditors' report, are set out on pages 137 to 239 of the integrated annual report, in which this notice of Annual General Meeting is included, at the places indicated ("Integrated Annual Report").
2. SOCIAL AND ETHICS COMMITTEE

Feedback will be given by the chairperson or another member of the Social and Ethics Committee on matters within the mandate of that committee, in accordance with Regulation 43(5)(c) of the Companies Regulations, 2011 (“Companies Regulations”).

ORDINARY RESOLUTIONS

Election and re-election of directors

- Ordinary resolutions will be proposed at the Annual General Meeting, as set out in this notice, to elect by way of separate resolutions, the following directors, who were appointed since the last Annual General Meeting and who cease to hold office at the termination of this Annual General Meeting, unless elected by the Shareholders:

  Mr JA Mabuza
  Mr SN Maseko
  Ms K Mzondeki
  Mr L Maasdorp
  Mr L von Zeuner
  Ms F Peterson
  Ms S Botha
  Ms K Kweyama
  Dr C Fynn

All the above directors are eligible and available for election. Their profiles appear on pages 60 – 61 of the integrated annual report. To re-elect, by way of separate resolutions:

  Mr J Schindehütte who has served on the Board as an executive director, and who in terms of the Memorandum of Incorporation of the Company (“Memorandum of Incorporation”), retires by rotation;

  Mr Schindehütte is eligible and available for re-election. His profile appears on page 60 of the integrated annual report. The Board recommends the re-election of Mr J Schindehütte.

  Mr I Kgaboesele who has served on the Board as an independent non-executive director, and who in terms of the Memorandum of Incorporation, retires by rotation;
Mr Kgaboesele is eligible and available for re-election. His profile appears on page 60 of the integrated annual report. The Board recommends the re-election of Mr Kgaboesele.

Mr J Molobela who has served on the Board as a non-executive director, and who in terms of the Memorandum of Incorporation, retires by rotation;

Mr J Molobela is eligible and available for re-election. His profile appears on page 61 of the integrated annual report. Whilst Mr J Molobela is eligible and standing for re-election, the Board does not recommend his re-election.

Mr N Kapila who has served on the Board as a non-executive director, and who in terms of the Memorandum of Incorporation, retires by rotation;

Mr N Kapila is eligible and available for re-election. His profile appears on page 61 of the integrated annual report. The Board recommends the re-election of Mr N Kapila.

3. ORDINARY RESOLUTION NUMBER 1
   Election of Mr JA Mabuza as a director
   RESOLVED THAT Mr JA Mabuza be and is hereby elected as a director of the Company.

4. ORDINARY RESOLUTION NUMBER 2
   Election of Mr SN Maseko as a director
   RESOLVED THAT Mr SN Maseko be and is hereby elected as a director of the Company.

5. ORDINARY RESOLUTION NUMBER 3
   Election of Ms K Mzondeki as a director
   RESOLVED THAT Ms K Mzondeki be and is hereby elected as a director of the Company.

6. ORDINARY RESOLUTION NUMBER 4
   Election of Mr L Maasdorp as a director
   RESOLVED THAT Mr L Maasdorp be and is hereby elected as a director of the Company.

7. ORDINARY RESOLUTION NUMBER 5
   Election of Mr L von Zeuner as a director
   RESOLVED THAT Mr L Von Zeuner be and is hereby elected as a director of the Company.

8. ORDINARY RESOLUTION NUMBER 6
   Election of Ms F Petersen as a director
   RESOLVED THAT Ms F Petersen be and is hereby elected as a director of the Company.
9. ORDINARY RESOLUTION NUMBER 7
Election of Ms S Botha as a director
RESOLVED THAT Ms S Botha be and is hereby elected as a director of the Company.

10. ORDINARY RESOLUTION NUMBER 8
Election of Ms K Kweyama as a director
RESOLVED THAT Ms K Kweyama be and is hereby elected as a director of the Company.

11. ORDINARY RESOLUTION NUMBER 9
Election of Dr C Fynn as a director
RESOLVED THAT Dr C Fynn be and is hereby elected as a director of the Company.

12. ORDINARY RESOLUTION NUMBER 10
Re-election of Mr J Schindehütte as a director
RESOLVED THAT Mr J Schindehütte, who retires by rotation in terms of the Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.

13. ORDINARY RESOLUTION NUMBER 11
Re-election of Mr I Kgaboesele as a director
RESOLVED THAT Mr I Kgaboesele, who retires by rotation in terms of the Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.

14. ORDINARY RESOLUTION NUMBER 12
Re-election of Mr N Kapila as a director
RESOLVED THAT Mr N Kapila, who retires by rotation in terms of the Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.

15. ORDINARY RESOLUTION NUMBER 13
Re-election of Mr J Molobela as a director
RESOLVED THAT Mr J Molobela, who retires by rotation in terms of the Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.

Explanatory notes in respect of Ordinary Resolutions Numbers 1 to 13
Ordinary Resolutions numbers 1 to 13 are proposed for the election and re-election, as the case may be, of directors of the Company in accordance with clause 23.2 of the Memorandum of Incorporation. The elections and re-elections will be conducted at the Annual General Meeting by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act.
Mr B du Plessis has served on the Board as an independent non-executive director, and in terms of the Memorandum of Incorporation, retires by rotation but, although eligible, is not available for re-election.

16. ORDINARY RESOLUTION NUMBER 14
Election of Mr I Kgaboesele as a member of the Audit Committee
RESOLVED THAT Mr I Kgaboesele be and is hereby elected as a member of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act, subject to his re-election as a director pursuant to ordinary resolution number 11.

17. ORDINARY RESOLUTION NUMBER 15
Election of Ms K Mzondeki as member of the Audit Committee
RESOLVED THAT Ms K Mzondeki be and is hereby elected as a member of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act, subject to her election as a director pursuant to ordinary resolution number 3.

18. ORDINARY RESOLUTION NUMBER 16
Election of Ms F Petersen as member of the Audit Committee
RESOLVED THAT Ms F Petersen be and is hereby elected as a member of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act, subject to her election as a director pursuant to ordinary resolution number 6.

19. ORDINARY RESOLUTION NUMBER 17
Election of Mr L Von Zeuner as member of the Audit Committee
RESOLVED THAT Mr L Von Zeuner be and is hereby elected as a member of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act, subject to his election as a director pursuant to ordinary resolution number 5.

The profiles of the directors who are standing for election to the Audit Committee are set out on pages 60 to 61 of the integrated annual report.

Explanatory notes in respect of Ordinary Resolutions Numbers 14 to 17
In terms of the Companies Act, the audit committee is a committee of the Board elected by the Shareholders at each Annual General Meeting. In terms of the Companies Regulations, at least one-third of the members of a company’s audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Company has established an Audit Committee which fulfils the functions of an audit committee as contemplated in the Companies Act and the persons nominated to be appointed to the Company’s Audit Committee were nominated having considered the requirements of the Companies Act and Companies Regulations referred to herein.
20. ORDINARY RESOLUTION NUMBER 18  
Re-appointment of Auditors  
RESOLVED THAT Ernst & Young Inc. be and is hereby re-appointed as auditors of the Company until the conclusion of the next annual general meeting.

Explanatory notes in respect of Ordinary Resolution Number 18  
In compliance with section 90 of the Companies Act, Ernst & Young Inc. is recommended by the Audit Committee to be re-appointed as auditors for the financial year ending 31 March 2014 and until the conclusion of the next annual general meeting.

21. ORDINARY RESOLUTION NUMBER 19  
General Authority to Directors to Allot and Issue Ordinary Shares  
RESOLVED THAT, to the extent required by and subject to the Memorandum of Incorporation, and subject to the provisions of the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, the unissued ordinary shares in the share capital of the Company be and are hereby placed under the control of the directors of the Company who are authorised to allot, issue and/or grant options over ordinary shares at their discretion, subject to the following –

- This authority shall only be valid until the next annual general meeting of the Company but shall not endure beyond the period of 15 (fifteen) months from the date set down for the Annual General Meeting.
- That issues in the aggregate in any one financial year shall not exceed 5% (five percent) of the number of shares of any class of the Company’s issued share capital less any shares that may be issued during the financial year arising from the exercise of share options in the normal course. The number of shares to be issued in terms of this resolution shall not include any shares that may be issued by the Company to participating employees in the employee share schemes.

Explanatory notes in respect of Ordinary Resolution Number 19  
The Directors wish to be granted authority to allot and issue up to a maximum of 5% (five percent) of the number of shares of any class of the Company’s issued share capital from time to time, as they in their discretion think fit, subject to the provisions of the Memorandum of Incorporation, the Companies Act and the Listings Requirements. In terms of clause 9.3 of the Memorandum of Incorporation, the Shareholders may authorise the Directors to issue unissued shares or grant options over them as the Directors may think fit, subject to the approval of JSE, the provisions of the Listings Requirements and the Companies Act. The number of shares to be issued in terms of ordinary resolution number 19 shall not include any shares that may be issued by the Company to participating employees in the share incentive plans.

The Directors consider it beneficial to obtain the authority to enable the Company to take advantage of any business opportunity that may arise in future.
22. **Endorsement of the Remuneration Policy**

To endorse, through a non-binding advisory vote, the Company’s remuneration policy (excluding the remuneration of the non-executive directors and the members of Board committees for their services as directors and members of committees), as set out in the Remuneration Report contained in the Integrated Annual Report.

**Explanatory notes in respect of Endorsement of the Remuneration Policy**

In terms of the King Code of Good Governance Principles for South Africa, 2009 (“King III”) recommendations, every year, the Company’s remuneration policy should be tabled for a non-binding advisory vote at the Annual General Meeting. The essence of this vote is to enable the Shareholders to express their views on the remuneration policies adopted in regard to the remuneration of executive directors and on their implementation. Accordingly, Shareholders are requested to endorse the Company’s remuneration policy as recommended in King III.

**SPECIAL RESOLUTIONS**

23. **SPECIAL RESOLUTION NUMBER 1**

**Repurchase of Shares**

**RESOLVED THAT,** pursuant to the Memorandum of Incorporation, the Company and/or any of its subsidiaries is hereby authorised by way of a general approval to purchase or repurchase, as the case may be, and from time to time ordinary shares issued by the Company from any person, upon such terms and conditions and in such number as the directors of the Company or subsidiary may determine, but in accordance with and subject to the provisions of the Memorandum of Incorporation, the Companies Act and the Listings Requirements, provided that:

- 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 Special Resolution Number 1;
- any general purchase by the Company of its 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;
- 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;
- the repurchase of the ordinary shares are effected through the order book operated by JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- the Company may only appoint one agent at any point in time to effect any repurchase(s) on the Company’s behalf;
• the number of shares purchased by subsidiaries of the Company shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at the relevant times;

• the repurchase of shares by the Company and/or any of its subsidiaries may not be effected during a prohibited period as defined in the Listings Requirements unless the Company has in place a repurchase programme where the dates and quantities of securities to be traded during the period are fixed, i.e. not subject to variation, and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

• a resolution by the Board that it authorised the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Telkom group;

• the general authority may be varied or revoked by Special Resolution of the Shareholders prior to the next annual general meeting of the Company; and

• should the Company and/or any subsidiary cumulatively repurchase and/or acquire, as the case may be, 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 repurchased and/or acquired, as the case may be, thereafter in terms of this general authority, an announcement shall be made in terms of the Listings Requirements.

Any decision by the Directors, after considering the effect of a repurchase, of up to 20% (twenty percent) of the Company’s issued ordinary shares, to use the general authority to repurchase shares of the Company, will be taken with regard to the prevailing market conditions and other factors and provided that, after such repurchase, the Directors are of the opinion that:

• the Company and/or any of its subsidiaries 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 the Annual General Meeting;

• the assets of the Company and its subsidiaries will be in excess of the liabilities of the Company and its subsidiaries 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 2013;

• the share capital and reserves of the Company and its subsidiaries 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 its subsidiaries are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of Annual General Meeting.

The Board will, through the Company’s sponsor, provide the JSE with the necessary report on the adequacy of the working capital of the Company and its subsidiaries in terms of the Listings Requirements prior to the commencement of any share repurchase in terms of Special Resolution Number 1.

In terms of the Companies Act and the Listings Requirements, this resolution will require the support of at least 75% (seventy five) of the votes exercised by equity securities holders present or represented by proxy at the Annual General Meeting, for it to be approved.

For the purpose of considering the Special Resolution and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the Integrated Annual Report, in which this notice of Annual General Meeting is included, at the places indicated:
• Directors and management – refer to pages 60 to 63 of the Integrated Annual Report;
• major Shareholders – refer to page 239 of the Integrated Annual Report;
• Directors’ interests in securities – refer to pages 227 to 230 of the Integrated Annual Report;
• share capital of the Company – refer to page 204 of the Integrated Annual Report;
• The Directors, whose names are set out on pages 60 and 61 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information contained in this Special Resolution and certify that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard.

Litigation statement
In terms of paragraph 11.26 of the Listings Requirements, the Directors, whose names appear on pages 60 to 61 of the integrated annual report, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Company’s financial position other than those currently disclosed in the most recent financial statements.
Material changes
Other than the facts and developments as may have been reported in the Integrated Annual Report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries as reported at 13 June 2013 and up to the date of this notice.

The Directors have no specific intention, at present, for the Company or its subsidiaries to repurchase any of the Company’s shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its Shareholders.

Explanatory notes in respect of Special Resolution Number 1
This Special Resolution is proposed to allow the Company and/or its subsidiaries by way of a general authority to repurchase and/or acquire shares issued by the Company.

The existing general authority for the Company and/or a subsidiary thereof to repurchase or purchase, as the case may be, shares in the Company, granted by Shareholders at the previous annual general meeting on 24 October 2012, is due to expire at this Annual General Meeting, unless renewed.

The Directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase or purchase, as the case may be, the shares issued by the Company through the order book of the JSE, should the market conditions and price justify such action. The general authority is also required to enable the Company to perform its settlement obligations to employees participating in the Company's Employee FSP proposed to be adopted at the Annual General Meeting.

24. SPECIAL RESOLUTION NUMBER 2
Authority to Directors to Issue Equity Securities for Cash
RESOLVED THAT, to the extent required by and subject to the Memorandum of Incorporation, and subject to the passing of ordinary resolution number 19 and to the provisions of the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, the Directors are authorised by way of a general authority, as they in their discretion think fit, to allot and issue equity securities for cash, subject to the following –

- The equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- The equity securities must be issued only to persons qualifying as public shareholders, as defined in the Listings Requirements, and not to related parties;
- The equity securities which are the subject of general issues for cash:
  - in the aggregate in any one financial year may not exceed 5% (five percent) of the Company’s relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 5% (five percent) number in any one year, account must be taken of the dilution effect, in the year of issue of
options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities);

- of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;

- as regards the number of securities which may be issued (the 5% (five percent) number), same shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
  - less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
  - plus any securities of that class to be issued pursuant to:
    - a rights issue which has been announced, is irrevocable and is fully underwritten; or
    - an acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application;
  - The maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price of such equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the Company’s securities have not traded in such 30 (thirty) business day period;

Explanatory notes in respect of Special Resolution Number 2

The Directors wish to be granted authority to allot and issue up to a maximum of 5% (five percent) of the number of unissued equity securities of the Company for cash from time to time as they in their discretion think fit, subject to the provisions of the Memorandum of Incorporation, the Companies Act and the Listings Requirements, in particular section 5.52 of the Listings Requirements.

The Directors consider it beneficial to obtain the authority to enable the Company to take advantage of any business opportunity that may arise in future.

In terms of the Listings Requirements, this resolution will require the support of at least 75% (seventy five percent) of the votes exercised by equity securities holders present or represented by proxy at the Annual General Meeting, for it to be approved.
25. **SPECIAL RESOLUTION NUMBER 3**  
**Determination and Approval of the Remuneration of Non-Executive Directors**

**RESOLVED THAT** in terms of clause 26.1 read with 26.3 and 26.4 of the Memorandum of Incorporation and subject to the terms thereof, and in terms of section 66(9) of the Companies Act, the remuneration of the non-executive directors of the Company for their services as directors of the Company be as set out below with effect from 27 September 2013:

![Table of Remuneration](image)

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<tr>
<th>Telkom SA SOC Limited Board</th>
<th>Annual Retainer Fee</th>
<th>Meeting Attendance Fee</th>
<th>Special Meeting Attendance Fee</th>
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<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
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<td>Chairperson</td>
<td>R1 110 000</td>
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<td>R20 000</td>
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<tr>
<td>Ordinary Board Member</td>
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<td>R15 000</td>
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<tr>
<td>International Board Member</td>
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<td>R15 000</td>
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<td><strong>Audit Committee</strong></td>
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<tr>
<td>Chairman</td>
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<td>R50 000</td>
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<tr>
<td>Member</td>
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<td>R30 000</td>
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<tr>
<td><strong>Risk Committee</strong></td>
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<td><strong>Social and Ethics Committee</strong></td>
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<tr>
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<td><strong>Nominations Committee</strong></td>
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<tr>
<td>Chairman</td>
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<td>R50 000</td>
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<tr>
<td>Member</td>
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<tr>
<td><strong>Investment and Transactions Committee</strong></td>
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<td>R40 000</td>
<td>R20 000</td>
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<tr>
<td>Member</td>
<td>-</td>
<td>R30 000</td>
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<td><strong>Special projects or assignments beyond normal scope of board or committee services</strong></td>
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<td></td>
</tr>
<tr>
<td>Chairman or member of Board or Committee</td>
<td>R2 500 per hour,</td>
<td>subject to a maximum of</td>
<td>R15 000 per day</td>
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</tbody>
</table>
Special Resolution Number 3 is proposed in order to comply with the requirements of the Companies Act and the Memorandum of Incorporation. The above rates were selected to ensure that the remuneration of non-executive directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company, given its size and complexity.

The remuneration proposed to be paid to non-executive directors in terms of Special Resolution Number 3 is the same as that which the Company paid to these directors during the financial year ended 31 March 2013, save that the remuneration previously paid to committee chairmen and members by way of annual retainer fees, will, with effect from 27 September 2013, instead be payable in the form of meeting attendance fees and will as such only be payable to a committee chairman or members for meetings actually attended.

The proposed remuneration is considered to be fair and reasonable and in the best interests of the Company.

Explanatory notes in respect of Special Resolution Number 3
In terms of sections 66(8) and (9) of the Companies Act remuneration may only be paid to directors for their service as directors in accordance with a Special Resolution approved by Shareholders within the previous two years and if not prohibited in terms of a company’s memorandum of incorporation. The remuneration of directors for their services as such shall be determined from time to time by the Directors, taking into account the recommendations of the remuneration committee. Directors shall also be paid travelling, subsistence and other expenses properly incurred by them in the execution of their duties, including attendance of meetings of Directors and of committees of Directors authorised or ratified by Directors. A director who devotes special attention to the business of the Company on special assignments or projects beyond the normal scope of services of a member of the board or any committee, may be paid extra remuneration or allowances in addition to the remuneration he may be entitled to.

The Board has considered the remuneration payable to the non-executive directors for the year ending 31 March 2013 and is of the view that, in the best interest of the Company, there should be no increase to the remuneration. However and notwithstanding the consideration by and the view of the board, the remuneration payable to non-executive directors is subject to the approval of Shareholders in terms of the provisions of the Companies Act. Full particulars of remuneration paid to non-executive directors for the financial year ended 31 March 2013 are set out on page 228.
26. SPECIAL RESOLUTION NUMBER 4
Financial Assistance to Subsidiaries and Other Related Entities and Inter-related Entities and to Directors and Prescribed Officers and Other Persons who may participate in the Employee Forfeitable Share Plan (“Employee FSP”) or any other employee share scheme

RESOLVED THAT, to the extent required by the Companies Act, the Board may, subject to compliance with the requirements of the Memorandum of Incorporation, the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to:-

1. any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company or entity, or for the purchase of any securities of the company or a related or inter-related company or entity;

2. any of the present or future directors or prescribed officers of the Company or of a related or inter-related company or entity (or any person related to any of them or to any company or entity related or inter-related to any of them), or to any other person who is or may be a participant in the Company’s Employee FSP proposed to be adopted at the Annual General Meeting or any or other employee incentive schemes, for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company or entity, or for the purchase of any securities of the Company or a related or inter-related company or entity, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act;

3. any of its present or future directors for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company, or for the purchase of any securities of the Company, where such financial assistance is provided to enable a director to subscribe for or acquire shares to meet the Company’s share ownership requirements for top management, such authority to continue until the forthcoming annual general meeting of the Company.

Explanatory notes in respect of Special Resolution Number 4
Notwithstanding the title of section 45 of the Companies Act, being “Loans or other financial assistance to directors”, on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and entities, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription for any option, or any securities,
issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Companies Act provide, *inter alia*, that the particular financial assistance must be provided only pursuant to a Special Resolution of Shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

(a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and

(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

Telkom, when the need previously arose, had to provide loans to and guarantee loans or other obligations of subsidiaries and was not precluded from doing so in terms of its articles of association or in terms of the Companies Act, 61 of 1973, as amended. Telkom would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirable for Telkom to provide financial assistance to related or inter-related companies and entities to subscribe for options or securities or purchase securities of Telkom or another company related or inter-related to it. Under the Companies Act, Telkom will however require the Special Resolution referred to above to be adopted. In the circumstances and in order to, *inter alia*, ensure that Telkom’s subsidiaries and other related or inter-related companies and entities have access to financing and/or financial backing from Telkom (as opposed to banks), it is necessary to obtain the approval of Shareholders, as set out in Special Resolution Number 4.

The Company requires the approval of the Shareholders at the Annual General Meeting to adopt an Employee FSP. A proposed resolution for the adoption of the Employee FSP is set forth in this notice of Annual General Meeting. In terms of the Employee FSP, Telkom will allocate and issue shares to participating employees of Telkom. Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act. To the extent that any of Telkom’s share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in sections 44 and 45) to be provided under such schemes will, *inter alia*, also require approval by special resolution. Accordingly, Special Resolution Number 4 authorises financial assistance to any of the Directors or prescribed officers (or any person related to any of them or to any company or entity related or inter-related to them), or to any other person who is or may be a participant in the Employee FSP proposed to be adopted at the Annual General Meeting or any other employee incentive schemes of the Company, in order to facilitate their participation in any such schemes that do not satisfy the requirements of section 97 of the Companies Act.
As indicated in Telkom’s remuneration report, it is expected that top management employees (i.e. those employed at executive grade and higher up to the Group Chief Executive Officer) should purchase shares in Telkom and retain their shareholding for the applicable periods as set out in the remuneration report, in order to align their interests with those of Shareholders, reinforce long-term decision making and demonstrate their commitment to Telkom. It is envisaged that loan funding may be provided to relevant directors in order to assist such directors in their compliance with this share-ownership requirement.

27. SPECIAL RESOLUTION NUMBER 5
Adoption of the Telkom SA SOC Limited Employee FSP
RESOLVED THAT the adoption by the Company of the Telkom SA SOC Limited Employee FSP (“Employee FSP”), a draft of which has been tabled at this Annual General Meeting and initialled by the Chairperson for purposes of identification, is hereby approved and that Directors are authorised to implement the Employee FSP in accordance with its terms, including through the allotment and issue of the Company’s shares as contemplated thereunder.

Special resolution number 5 must, in terms of and for purposes of paragraph 14.1 of Schedule 14 to the Listings Requirements, be approved by a 75% majority of the votes exercised by Shareholders present or represented by proxy at this Annual General Meeting. Since this is the Company’s threshold for special resolutions, the resolution is instead proposed as a special resolution.

Explanatory material in respect of special resolution number 5
In January 2004, Telkom adopted the Telkom Conditional Share Plan (“TCSP”). Shareholders approved the issue of up to 4% of Telkom’s share capital available for the purposes of the TCSP. The first allocation under the TCSP was made in June 2004 and the final allocation was made in 2007 and these allocations have vested in 2010. Telkom purchased shares on the market to satisfy its obligations under the TCSP and no new shares were issued (i.e. the 4% of Telkom’s share capital made available to be issued under the TCSP by Shareholders, were not used).

In line with global best practice, and established South African practice, the Company intends to adopt a new share incentive plan, namely the Telkom SA SOC Limited Employee Forfeitable Share Plan (“Employee FSP”).

Under the Employee FSP, annual awards of forfeitable shares may be made to eligible employees on condition that they will forfeit the shares if they ceased to be in the employ of a Group member before the vesting date or if the performance condition has not been met in respect of the performance period. The extent to which the performance condition is met will determine the number of forfeitable shares that will vest at the end of the applicable performance period, with the balance being forfeited by the participant. Prior to vesting, participants will have all shareholder rights, including the right to vote and the right to participate in distributions by the Company, in respect of the forfeitable shares,
but the forfeitable shares may not be disposed of or encumbered by them and will be held in escrow until vesting.

The Employee FSP is in line with several schemes adopted by large JSE listed and dual listed companies. The purpose of the Employee FSP is to recognise contributions made by employees at various levels within the Group, and to provide an incentive to advance the Group’s interests and improve its financial performance, by affording them the opportunity to receive shares in Telkom, thereby aligning their interests with those of Shareholders. A further purpose of the Employee FSP is to endorse a performance based culture within the Group. It is also believed that the Employee FSP will enable Telkom to attract and retain employees with the competencies required for formulating and implementing the Group’s business strategies.

The extent of each grant will be determined upfront with reference to Telkom’s performance over the previous financial year, but there is discretion to also take cognisance of an individual’s own performance prior to the making of the grant. Vesting of the grants will be contingent on post-grant performance over the longer period, for which purposes the performance condition will be formulated with the objective of enhancing shareholder value. It is envisaged that the grants to vest under the Employee FSP will be calculated with reference to the financial performance of the Company over the performance period. The financial performance of the Company is intended to be measured with reference to a combination of performance measures, with a view of ensuring both optimal Company performance as well as appropriate risk adjusted returns to Shareholders. These measures include:

- a total shareholder return (“TSR”) target, based on a risk-free rate (applicable to a period corresponding to the performance period), plus a margin to account for equity risk premium, on the basis that the extent to which the grants will vest will be determined on a sliding scale, with the grants vesting in full if the Company achieves a TSR at least equal to the risk-free rate, plus a margin of 6%, and no grants vesting if the TSR achieved is lower than the risk-free rate, plus a margin of 2%;
- an operational free cash flow target;
- Telkom’s Net Promoter Score, which is intended to determine the likelihood (on a five point scale, five being extremely likely and one being not all likely) that a Telkom customer would recommend Telkom as communications provider.

In the case of grants made to employees of participating companies that are subsidiaries of the Company, these performance measures may be adjusted to take into account the performance of the relevant participating company.

As indicated in Telkom’s remuneration report, it is expected that top management employees (i.e. those employed at executive grade and higher up to the Group Chief Executive Officer) should purchase shares in Telkom and retain their shareholding for the applicable periods as set out in the remuneration report, in order to align their interests with those of Shareholders, reinforce long-term decision making and demonstrate their commitment to Telkom. It is proposed that these requirements
will be enforced by also making the vesting of the relevant grants under the Employee FSP contingent on them being met.

The performance period applicable to top management employees (i.e. those employed at executive grade and higher up to the Group Chief Executive Officer) will be staggered over the periods commencing on the date of grant and ending on the third to the fifth anniversaries of the date of the grant, with the grants vesting in the proportions, as follows (assuming full compliance with the performance condition in respect of the relevant period):

| Date of grant to third anniversary thereof | 50% |
| Date of grant to fourth anniversary thereof | 30% |
| Date of grant to fifth anniversary thereof | 20% |
| 100% |

However, in respect of those grants made to such top management employees during 2013, the performance period as contemplated above will not end on the relevant anniversary of the date of grant, but rather earlier in the years in question when the Company’s financial year end results are announced on SENS, in order that vesting would not occur during the course of a closed period when the JSE would prohibit dealings in Telkom shares by directors. Accordingly, the staggered performance period for the grants made to top management employees during 2013 would be as follows:

| Date of grant (2013) to results announcement in 2016 | 50% |
| Date of grant (2013) to results announcement in 2017 | 30% |
| Date of grant (2013) to results announcement in 2018 | 20% |
| 100% |

(Future grants (i.e. those made from 2014) will be made earlier in the year, so that the anniversaries of the date of grant and consequently the end of the performance periods, would not fall within closed periods.)

In respect of the remainder of the employees participating in the Employee FSP (i.e. those employed at or below the grade of senior manager), the performance period will be three years from the date of grant, in respect of all the forfeitable shares comprised in the grant, except that in respect of those grants made to such employees during 2013, the performance period is the period commencing on the date of grant in 2013 and ending on the date on which the company’s financial results in respect of its financial year ending 31 March 2016 are announced on SENS.

Additional awards may be made to the Group Chief Executive Officer and members of the Executive Committee of Telkom with the performance condition that a target Telkom share price is achieved during and maintained for the duration of the performance period commencing on the date of grant and ending on the third anniversaries of the date of grant, except that in respect of those grants of
additional awards made to such employees during 2013, the performance period will be the period commencing on the date of grant in 2013 and ending on the date on which the company’s financial results in respect of its financial year ending 31 March 2016 are announced on SENS. The proposed time periods relating to the additional awards and their vesting are as follows:

<table>
<thead>
<tr>
<th>Allocation Year</th>
<th>Vesting Period</th>
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<tbody>
<tr>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

At present, Telkom intends purchasing shares on the market or using treasury shares to settle its obligations in terms of the Employee FSP. The Employee FSP does, however, afford Telkom the option of issuing shares to participants thereunder, in settlement of its obligations in terms of the Plans. Despite the fact that Telkom does not presently intend issuing new shares to participants, the scheme allocation will be limited to allocating no more than 52 078 390 shares (which represents approximately 10% of the number of issued ordinary shares of the Company as at the date of the Annual General Meeting) under the Employee FSP.

The Employee FSP will, in line with the principles of King III, ensure an alignment of employee and shareholder interests by virtue of embodying performance conditions on which vesting of benefits under the Employee FSP will be contingent. These performance conditions that will be stretched, though achievable, will be directed at ensuring that grants will only vest in participants under the Employee FSP to the extent that Telkom’s strategic objectives are met.

The Employee FSP provides for the possibility that a participant who has continued to hold the beneficial ownership in any shares that had constituted forfeitable shares prior to vesting date, for at least a year following the vesting of such shares in the participant, could be given one fully paid additional share for each multiple of ten of the shares that had formerly constituted forfeitable shares still held by that participant at such time, provided that the participant has continued to be employed within the Group for the duration of such year. Taking into account the manner in which the remuneration of top and executive management employees is currently structured in accordance with Telkom’s remuneration policy (as set out in the Integrated Annual Report), it is anticipated that only participants employed at or below the grade of senior manager would presently qualify for such free additional shares.

A summary of the additional salient features of the Employee FSP is contained in Annexure A to this notice of the Annual General Meeting. The complete Employee FSP should be read for a full appreciation of the contents thereof and is available for inspection at the Company’s registered office during normal business hours at any time prior to the commencement of the Annual General Meeting.
28. SPECIAL RESOLUTION NUMBER 6
Amendment of the Memorandum of Incorporation– Substitution of Clause 23.2

RESOLVED THAT the Memorandum of Incorporation be amended by the substitution of clause 23.2 thereof in its entirety by the following new clause 23.2:

“23.2. At the Annual General Meeting held in each year:

23.2.1. 1/3 (one-third) of the non-executive Directors (excluding the Directors as contemplated in clause 23.2.2), or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that if, at the date of any Annual General Meeting, any non-executive Director will have held office for a period in excess of 3 (three) years or longer since his/her last election or appointment, he/she shall retire at such Annual General Meeting, either as one of the non-executive Directors to retire in pursuance of the foregoing or additionally thereto. The non-executive Directors so to retire at each Annual General Meeting shall be those who have been longest in office since their last election, for which purposes the length of time a non-executive Director has been in office shall be computed from the date of his/her last election. As between non-executive Directors of equal tenure, the non-executive Directors to retire shall, in the absence of agreement, be selected from among them by lot;

23.2.2. any non-executive Director holding office for an aggregate period in excess of 9 (nine) years since his/her first election or appointment, shall retire from office at such Annual General Meeting (notwithstanding that he/she may have retired from office at the previous Annual General Meeting in terms of clause 23.2.1).”

Explanatory material in respect of special resolution number 6

Paragraph 10.16(g) of Schedule 10 of the Listings Requirements requires, among other things, that at least one third of non-executive directors of a JSE listed company must retire at the company’s annual general meeting. Clause 23.2.1 of the Memorandum of Incorporation currently requires the retirement of one third of all the Directors at the company’s annual general meeting. In order to align the provisions of the Memorandum of Incorporation more closely with the provisions of paragraph 10.16(g) of Schedule 10 of the Listings Requirements, the Board propose that clause 23.2.1 of the Memorandum of Incorporation be substituted with the proposed new clause 23.2.1 set out above.

The Board further propose that clause 23.2.2 of the Memorandum of Incorporation be substituted with the proposed new clause 23.2.2 set out above, as a consequential amendment to the Memorandum of Incorporation, in light of the proposed substitution of clause 23.2.1 of the Memorandum of Incorporation with new clause 23.2.1 set out above, in order that the provisions of the proposed new clauses 23.2.1 and 23.2.2 of the Memorandum of Incorporation may be aligned.
29 SPECIAL RESOLUTION NUMBER 7
Amendment of the Memorandum of Incorporation – Substitution of Clause 23.3
SUBJECT TO THE PASSING OF SPECIAL RESOLUTION NUMBER 6, RESOLVED THAT
the Memorandum of Incorporation be amended by the substitution of clause 23.3 thereof in its entirety by the following new clause 23.3:

“23.3 A retiring non-executive Director shall act as a Director throughout the Meeting at which he/she retires. Notwithstanding anything herein contained, in determining which non-executive Directors should retire no account shall be taken of any Director who has been appointed as the managing director or any other executive Director.”

Explanatory material in respect of special resolution number 7
Subject to the passing of special resolution number 7, the Board proposes that clause 23.3 of the Memorandum of Incorporation be substituted with the proposed new clause 23.3 set out above, as a consequential amendment to the Memorandum of Incorporation, in light of the proposed substitution of clause 23.2 of the Memorandum of Incorporation with new clause 23.2 set out above, in order that the provisions of the proposed new clauses 23.2 and 23.3 of the Memorandum of Incorporation may be aligned.

30 SPECIAL RESOLUTION NUMBER 8
Amendment of the Memorandum of Incorporation – Substitution of Clause 29.1
RESOLVED THAT the Memorandum of Incorporation be amended by the substitution of clause 29.1 thereof in its entirety by the following new clause 29.1:

“29.1 Subject to the provisions of clause 23.1, the Board must appoint a chief executive officer and an executive financial Director, who shall be ex officio Directors of the Company as contemplated in the Companies Act, for such period as may be determined by the Board and at such remuneration (whether by way of salary or commission, or participation in profits in one way and partly in another) and generally on such terms as they may think fit, and it may be made a term of her/his appointment that she/he be paid a pension, gratuity or other benefit on her/his retirement from office. The chief executive officer shall be the most senior executive of the Company and in exercising his authority shall be subject to the authority and direction of the Board.”
Explanatory material in respect of special resolution number 8

Section 66(4)(a)(ii) of the Companies Act provides, among other things, that a company’s memorandum of incorporation may provide for a person to be an ex officio director of the company as a consequence of that person holding some other office, title, designation or similar status. The Board would like the Chief Executive Officer and the Chief Financial Officer of the Company, by virtue of their office, to be designated as ex officio directors of the Company. In order that the Chief Executive Officer and the Chief Financial Officer of the Company may be so designated, and in line with section 66(4)(a)(ii) of the Companies Act, the Board proposes that clauses 29.1 of the Memorandum of Incorporation be substituted with the proposed new clauses 29.1 set out above.
VOTING AND PROXIES

All ordinary resolutions will, in terms of the Companies Act, require the support of more than 50% of the voting rights of Shareholders exercised thereon, to be approved.

In terms of the Listings Requirements, the Company may only undertake a general issue for cash where, among other things, such general issue for cash has being approved by ordinary resolution achieving by a 75% majority of the votes exercised thereon. As this is the threshold for the passing of the Company’s special resolutions, as set out in the Company’s MOI, the general issue for cash resolution is instead proposed to be passed as a special resolution.

The special resolutions will, in terms of the Companies Act, require the support of at least 75% of the total voting rights exercised thereon at the Annual General Meeting, to be approved.

A shareholder is entitled to attend and vote at the Annual General Meeting or may appoint a proxy or proxies to attend, participate, vote or abstain from voting in such shareholder's stead. A proxy need not be a shareholder of the Company.

On a show of hands, every shareholder of the Company who is present in person or represented by proxy at the Annual General Meeting, shall have one vote irrespective of the number of shares he/she/it holds or represents, provided that a proxy will only have one vote irrespective of the number of Shareholders he/she/it represents.

On a poll, every shareholder of the Company who is present in person or represented by proxy or proxies at the Annual General Meeting shall have the number of votes determined in accordance with the voting rights associated with the shares in question.

A Dematerialised Shareholder should furnish his/her/its CSDP or broker with his/her/its instructions for voting at the Annual General Meeting. If a CSDP or broker does not obtain instructions from a holder of the relevant Shares, it will be obliged to act in terms of the mandate furnished to it. A Dematerialised Shareholder, other than an “own name” Dematerialised Shareholder must NOT complete the attached form of proxy. Unless a Dematerialised Shareholder advises his/her/its CSDP or broker in the manner and time stipulated in the agreement between them that he/she/it wishes to attend the class meeting or send a proxy, the CSDP or broker will assume that he/she/it does not wish to attend the Annual General Meeting or send a proxy. If a Dematerialised Shareholder wishes to attend the Annual General Meeting, he/she/it is required to request that his/her/its CSDP or broker issue the necessary letter of representation to him/her/it to enable him/her/it to attend and vote at the Annual General Meeting.

For purposes of section 63(1) of the Companies Act, any person attending or participating at the Annual General Meeting is required to present a reasonably satisfactory identification to the satisfaction of the presiding chairperson. Forms of identification include valid identity documents, driver’s licences and passports.
Shareholders wishing to participate in the meeting through electronic facilities are requested to contact the Company Secretary on (011) 311 2115 by Wednesday, 25 September 2013 in order for reasonable access to be arranged.

A person who holds a beneficial interest in any Shares may vote in a matter at the Annual General Meeting, only to the extent that –

1. the beneficial interest includes the right to vote on the matter; and
2. the person’s name is on the company’s register of disclosures as the holder of a beneficial interest,
or the person holds a proxy appointment in respect of that matter from the registered holder of the relevant Shares.

Dematerialised Shareholders holding Dematerialised Shares in their “own name”, or Certificated Shareholders, who are unable to attend the Annual General Meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and deliver it to the Transfer Secretaries, the details of which are set out below. It is requested that forms of proxy be delivered no later than 09h00 on Wednesday, 25 September 2013.

The completion of the proxy form will not preclude a shareholder from attending the Annual General Meeting.

By order of the Board
TELKOM SA SOC LIMITED

X B Mpongoshe - Makasi
Group Company Secretary

27 August 2013

<table>
<thead>
<tr>
<th>Registered Office</th>
<th>Transfer Secretaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telkom Towers North</td>
<td>Computershare Investor Services (Proprietary) Limited</td>
</tr>
<tr>
<td>152 Johannes Ramokhoase Street</td>
<td>Ground Floor</td>
</tr>
<tr>
<td>Pretoria 0002</td>
<td>70 Marshall Street</td>
</tr>
<tr>
<td>South Africa</td>
<td>Marshalltown 2107</td>
</tr>
<tr>
<td>(Private Bag X881, Pretoria 0001)</td>
<td>South Africa</td>
</tr>
<tr>
<td></td>
<td>(PO Box 61051, Marshalltown 2107)</td>
</tr>
</tbody>
</table>
SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE COMPANIES ACT, 2008 AS AMENDED (“ACT”)

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a Shareholders meeting on behalf of the Shareholder.

2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.

3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
   3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a Shareholders meeting.

4. Irrespective of the form of instrument used to appoint a proxy –
   4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.

5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date –
   5.1. stated in the revocation instrument, if any; or
   5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company’s Memorandum of Incorporation to be delivered by such company to the shareholder must be delivered by such company to –
   6.1. the shareholder, or
   6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.

7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the relevant company or the instrument appointing the proxy provide otherwise.

8. If a company issues an invitation to Shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
   8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   8.2. the company must not require that the proxy appointment be made irrevocable; and
   8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.
FORM OF PROXY FOR THE ANNUAL GENERAL MEETING

(For completion by Certificated Shareholders and own-name Dematerialised Shareholders. Shareholders entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend, vote and speak at the Annual General Meeting in his stead. Such proxy/ies need not be a shareholder/s of Telkom.)

For use at the Annual General Meeting of shareholders of Telkom to be held at Gallager Convention Centre, Gallagher Grill, 19 Richards Drive, Midrand on Friday, 27 September 2013 at 09:00

A dematerialised shareholder who is not an “own-name” registered shareholder, must inform its/his/her Central Securities Depository Participant (“CSDP”) or broker of its/his/her intention to attend the Annual General Meeting and request its/his/her CSDP or broker to issue its/him/her with the necessary documentation to attend the Annual General Meeting in person and vote or provide their CSDP or broker with its/his/her voting instructions should its/he/she not wish to attend the Annual General Meeting in person. A Dematerialised shareholder who is not an “own-name” registered shareholder should not use this form of proxy, but must contact its/his/her CSDP or broker as the Company will take no responsibility for shareholders who do not contact their CSDP or brokers timeously.
I/We

Of

Being the holders of ordinary shares in the capital of 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 at Gallagher Convention Centre, Gallagher Grill, 19 Richards Drive, Midrand on Friday, 27 September 2013, at 09:00 or at any adjournment thereof, for purposes of considering and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment, as follows:
<table>
<thead>
<tr>
<th>Resolution Number</th>
<th>Resolution</th>
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<tbody>
<tr>
<td>1</td>
<td>Election of Mr J Mabuza as a director</td>
</tr>
<tr>
<td>2</td>
<td>Election of Mr. SN Maseko as a director</td>
</tr>
<tr>
<td>3</td>
<td>Election of Ms K Mzondeki as a director</td>
</tr>
<tr>
<td>4</td>
<td>Election of Mr L Maasdorp as a director</td>
</tr>
<tr>
<td>5</td>
<td>Election of Mr L Von Zeuner as a director</td>
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<tr>
<td>6</td>
<td>Election of Ms F Petersen as a director</td>
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<tr>
<td>7</td>
<td>Election of Ms S Botha as a director</td>
</tr>
<tr>
<td>8</td>
<td>Election of Ms K Kweyama as a director</td>
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<tr>
<td>9</td>
<td>Election of Dr C Fynn as a director</td>
</tr>
<tr>
<td>10</td>
<td>Re-election of Mr J Schindehütte as a director</td>
</tr>
<tr>
<td>11</td>
<td>Re-election of Mr I Kgaboesele as a director</td>
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<tr>
<td>12</td>
<td>Re-election of Mr N Kapila as a director</td>
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<tr>
<td>13</td>
<td>Re-election of Mr J Molobela as a director</td>
</tr>
<tr>
<td>14</td>
<td>Election of Mr I Kgaboesele as a member of the Audit Committee</td>
</tr>
<tr>
<td>15</td>
<td>Election of Ms K Mzondeki as a member of the Audit Committee</td>
</tr>
<tr>
<td>16</td>
<td>Election of Ms F Petersen as a member of the Audit Committee</td>
</tr>
<tr>
<td>17</td>
<td>Election of Mr L Von Zeuner as a member of the Audit Committee</td>
</tr>
<tr>
<td>18</td>
<td>Re-appointment of Ernst &amp; Young as auditors of the Company</td>
</tr>
<tr>
<td>19</td>
<td>General authority to Directors to allot and issue ordinary shares.</td>
</tr>
<tr>
<td>Resolution Number</td>
<td>Resolution</td>
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<tr>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Repurchase of Shares</td>
</tr>
<tr>
<td>2</td>
<td>Authority to Directors to issue Equity Securities for cash.</td>
</tr>
<tr>
<td>3</td>
<td>Determination and Approval of the Remuneration of Non-executive Directors</td>
</tr>
<tr>
<td>4</td>
<td>Financial Assistance to Subsidiaries and Other Related Entities or Inter-related Entities and to Directors and Prescribed Officers and Other Persons who may participate in the Employee Forfeitable Share Plan or any other employee share scheme</td>
</tr>
<tr>
<td>5</td>
<td>Adoption of Employee Forfeitable Share Plan</td>
</tr>
<tr>
<td>6</td>
<td>Amendment of the Company’s Memorandum of Incorporation – Substitution of Clause 23.2</td>
</tr>
<tr>
<td>7</td>
<td>Amendment of the Company’s Memorandum of Incorporation – Substitution of Clause 23.3</td>
</tr>
<tr>
<td>8</td>
<td>Amendment of the Company’s Memorandum of Incorporation – Substitution of Clause 29.1</td>
</tr>
</tbody>
</table>

and generally to act as my/our proxy at the said Annual General Meeting.

(Please indicate with an “x”, in the applicable spaces, how you wish your votes to be cast.)

Please read the notes on the reverse side hereof.
Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at this day of 2013

Signature of shareholder assisted by (where applicable)
NOTES TO PROXY:

1. A certificated shareholder and an “own name” registered dematerialised shareholder may insert the name of a proxy or the names of proxies of the certificated shareholder’s/ “own name” registered dematerialised shareholder’s choice in the space provided, with or without deleting the chairman of the Annual General Meeting. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.

2. Instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable in the appropriate box provided. Failure to comply with this shall be deemed to authorise the chairman of the Annual General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting or the appointed proxy to vote or to abstain from voting at the Annual General Meeting, as he/she deems fit in respect of all the appointer’s votes exercisable thereat, or the appointed proxy to vote or to abstain from voting at the Annual General Meeting, as he/she deems fit in respect of all the appointer’s votes exercisable by that proxy.

3. The total number of votes for or against the resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the person entitled to vote granting the proxy is entitled.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the Annual General Meeting.

5. The chairman of the Annual General Meeting may reject or accept any form of proxy that is completed and/or received, other than in compliance with these notes.

6. Any alterations or corrections to this form of proxy shall be initialled by the signatory (ies).

7. The completion and lodging of this form of proxy shall not preclude the relevant person entitled to vote from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such person wish to do so.

8. Where there are joint holders of shares:
   a. any one holder may sign this form of proxy; and
   b. 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.

9. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

It is requested that forms of proxy be lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 09h00 on Wednesday, 25 September 2013.

<table>
<thead>
<tr>
<th>South African transfer secretaries</th>
<th>Telkom Registered Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computershare Investor Services (Proprietary) Limited</td>
<td>Telkom Towers North</td>
</tr>
<tr>
<td>Ground Floor, 70 Marshall Street</td>
<td>152 Johannes Ramokhoase Street</td>
</tr>
<tr>
<td>Johannesburg, South Africa, 2001</td>
<td>Pretoria, 0002</td>
</tr>
<tr>
<td>(PO Box 61051, Marshalltown, 2107)</td>
<td>(Private Bag X881, Pretoria, 0001)</td>
</tr>
</tbody>
</table>

Chairman of the Annual General Meeting
Annexure A  Salient Features of the Employee FSP

SALIENT FEATURES

GLOSSARY OF TERMS

“the Act”  The Companies Act, 71 of 2008, as amended or replaced from time to time.

“Auditors”  The auditors of the Company from time to time.

“Award”  An award of fully paid Shares granted to an Employee in terms of the Employee FSP, on the basis that a Participant may forfeit such Shares in the circumstances set out in the Letter of Grant, read with the Employee FSP.

“Base Pay”  The annual guaranteed remuneration package of an Employee contemplated in the Employee FSP.

“Business Day”  Any day on which the JSE is open for the transaction of business.

“Capitalisation Issue”  The issue of capitalisation shares as contemplated in Section 47 of the Act.

“Committee”  The Remuneration Committee of the Directors of the Company, or any other duly authorised committee of the Directors of the Company, to which its authority is delegated for purposes of the Employee FSP, provided that any members of the committee who hold an executive office with the Company shall not be entitled to vote on any resolutions of the Committee relating to the Employee FSP.

“Company”  Telkom SA SOC Limited (Registration number 1991/005476/30).

“Control”  Means, in relation to a company:

- owning, directly or indirectly, over 50% (fifty percent) of the shares or other securities of a company;
• having the ability, directly or indirectly, to control more than 50% (fifty percent) of the general voting rights associated with the issued securities of that company, whether pursuant to a shareholders’ agreement or otherwise; or
• having the ability, directly or indirectly, to appoint or elect, or control the appointment or election of, directors of that company who control the majority of the votes at the meetings of the directors, whether individually or collectively pursuant to an agreement to co-operate.

“Date of Grant” The date as specified in the Letter of Grant, being a date not earlier than the date on which the Committee resolved to grant an Award to an Employee.

“Directors” The Board of Directors of the Company from time to time or the Committee.

“Employee” Any person holding full time salaried employment or office with a Participating Company, including an Executive Director of a Participating Company.

“Employee FSP” The Telkom SA SOC Limited Employee Forfeitable Share Plan.

“Escrow Agent” The person or entity appointed by the Directors from time to time to hold Forfeitable Shares in escrow on behalf of and for the benefit of Participants, subject to the provisions of the Employee FSP.

“Face Value of Grant” the Market Value of the Shares forming the subject matter of the Award, as at the Date of Grant.

“Financial Year” The financial year of the Company which runs from 1 April to 31 March each year, as at the time of adoption of the Employee FSP.

“Forfeitable Shares” The shares comprised in an Award held for the benefit of a Participant in terms of the Employee FSP.

“Grant” the grant of an Award to an Employee, as specified in the Letter of Grant.

“Group” The Company and its subsidiaries as determined by the Directors from time to time.
<table>
<thead>
<tr>
<th>“Group Member”</th>
<th>A company which is a member of the Group.</th>
</tr>
</thead>
<tbody>
<tr>
<td>“JSE”</td>
<td>The JSE Limited (registration number 2005/022939/06), a company licensed to operate an exchange under the Financial Markets Act, 19 of 2012.</td>
</tr>
<tr>
<td>“Letter of Grant”</td>
<td>A document prepared by or on behalf of a Participating Company which details, amongst others, the number of Forfeitable Shares comprised in the Grant, the Performance Condition and Performance Period and the Date of Grant.</td>
</tr>
<tr>
<td>“Listings Requirements”</td>
<td>The listings requirements of the JSE, as amended from time to time.</td>
</tr>
<tr>
<td>“Market Value”</td>
<td>In relation to a Share on any particular day, the volume weighted average market price of a Share as on that day as quoted on the JSE.</td>
</tr>
<tr>
<td>“Participant”</td>
<td>An Employee to whom a Grant has been made and who has accepted such Grant, including the executor of his deceased estate, but excluding a non-executive director of the Participating Company making the Grant.</td>
</tr>
<tr>
<td>“Participating Company”</td>
<td>The Group Member which employs a Participant.</td>
</tr>
<tr>
<td>“Performance Condition”</td>
<td>The condition/s, if any, specified in the Letter of Grant, to which the Vesting of an Award is subject.</td>
</tr>
<tr>
<td>“Performance Period”</td>
<td>The relevant period in respect of which a Performance Condition is to be satisfied (as confirmed in the Letter of Grant) and which shall be the same for all Employees on the same grade of employment as at the time of the making of the Grant, being a minimum of 3 (three) years commencing on the Date of Grant, except that in respect of Grants made during 2013, the minimum performance period shall be the period commencing on the Date of Grant and ending on the date on which the Company’s financial results in respect of its financial year ending 31 March 2016 are announced on the Stock Exchange News Service of the JSE.</td>
</tr>
</tbody>
</table>
“Prohibited period”  • A closed period, as defined in the Listings Requirements, applicable to
  the Company from time to time; or
  • Any other period when there exists any matter, which constitutes unpublished price sensitive information in relation to the Company’s securities.

“Reconstruction or Takeover” Any takeover, merger, amalgamation or reconstruction however effected, including a reverse takeover, reorganisation or scheme of arrangement sanctioned by the court (where applicable) or other corporate action, but does not include any event which consists of or is part of an internal reconstruction of the Company or any Participating Company which does not involve any change in Control of the Company.

“Rights Issue” The offer of any securities of the Company, or those of another company, to all ordinary shareholders of the Company pro rata to their holdings.

“Settlement” The delivery of the number of Forfeitable Shares to which a Participant is entitled pursuant to the acceptance of an Award.

“Settlement Date” The date on which Settlement occurs.

“Shares” ordinary shares in the capital of the Company, including any securities which are attributable to such ordinary shares following a Reconstruction or Takeover.

“Vest” A participant becoming unconditionally entitled to the Forfeitable Shares awarded to him, without restriction and forfeiture, after confirmation by the Committee that the Performance Condition in respect of the relevant Forfeitable Shares has been fulfilled, and “Vested” and “Vesting” shall be construed accordingly.

“Vesting Date” The date on which Vesting occurs.
1. **ELIGIBILITY**
   Any person holding full time salaried employment or office with a Participating Company, including an Executive Director of a Participating Company, is eligible to participate.

   In addition to the job grading criteria, the Committee must take account of the Base Pay of an Employee.

   Non-executive directors are specifically excluded from participating in the Employee FSP.

2. **LIMITS**

2.1. Shares available for the Employee FSP
   Subject to paragraph 7 below, the aggregate number of Shares which may be allocated under the Employee FSP, when added to the total number of Shares previously allocated under the Employee FSP but that have not yet Vested, and any Shares which have been allocated to Employees under any other share incentive scheme operated by the Company, but that have not yet vested in or been released to the relevant employees in accordance with the terms of the applicable scheme, shall not exceed 52,078,390 Shares, equating to approximately 10% of the number of issued ordinary shares of the Company as at the date of adoption of the Employee FSP by the shareholders of the Company. In the event of a discrepancy between the number of Shares and the percentage of issued Shares it equates to, the number of Shares shall prevail over the stated percentage.

   The limit referred to above shall exclude Shares that were the subject of Awards allocated under the Employee FSP, but which have not Vested with a Participant as a result of the forfeiture or lapsing of the Awards, and Shares that were the subject of any other share incentive scheme operated by the Company, but which had not vested in or been released to the relevant employees as a result of the forfeiture or lapsing of the relevant awards. It shall also exclude additional shares that may be awarded under the Employee FSP as contemplated in paragraph 8 below.
2.2. Individual limit
Subject to paragraph 7 below, the maximum number of Shares that are the subject of all Awards granted to any Participant but which had not yet Vested, in respect of the Employee FSP and any other share incentive scheme operated by the Company, shall not exceed 5 207 839 Shares, equating to approximately 1% of the issued ordinary share capital of the Company as at the date of adoption of the Employee FSP by the shareholders of the Company. In the event of a discrepancy between the number of shares and the percentage of issued shares it equates to, the number of shares shall prevail over the stated percentage.

The Committee, acting on behalf of any Participating Company, may not grant Awards to any Employee in any Financial Year to the extent that it would, at the proposed Date of Grant, cause the Face Value of the Grant, which such Employee has been granted in that Financial Year, to exceed 150% of the Employee’s Base Pay at the proposed Date of Grant. In order to enhance the Company’s ability to attract external candidates, the Committee has the discretion to increase such limit to 240% in the year of appointment of an Employee.

2.3. Adjustment
The Committee must, with the approval of the JSE, where required, adjust the number of Shares available for the Employee FSP and the maximum individual limit (without the prior approval of the Company in general meeting) on a proportionate basis to take account of:

2.3.1. a Capitalisation Issue or a Rights Issue or a sub-division or consolidation of shares of the Company or a reduction of capital or re-payment of monies to shareholders;
2.3.2. any other circumstances where such adjustment may be necessary or appropriate, except a new issue of shares by the Company for acquisition purposes,

provided that the Auditors shall confirm to the JSE in writing that any adjustment has been properly calculated on a reasonable and equitable basis.

3. ASSESSMENT OF COMPLIANCE WITH THE PERFORMANCE CONDITION
3.1. As soon as reasonably practicable after the end of the Performance Period in relation to a Grant or portion thereof, the Committee shall assess the relevant Participant’s compliance with the Performance Condition and determine the extent to which it has been satisfied.

3.2. Upon assessment of the relevant Participant’s compliance with the Performance Condition, the Committee shall calculate the number of Forfeitable Shares which Vest in the Participant (if any), by reference to the extent to which the Performance Condition has been satisfied and any other relevant terms of the Performance Condition.
4. TERMINATION OF EMPLOYMENT

4.1. Resignation, dismissal and/or abscondment
If a Participant ceases to be employed by a Group Member before the Vesting Date, by reason of his resignation, dismissal or abscondment, he shall cease to be entitled to any rights associated with the Grant. In such event, the Forfeitable Shares that are the subject of an Award shall be forfeited.

4.2. Death, redundancy, medical disability and retirement
The Award granted to the Participant will Vest in part immediately on the date of cessation of employment as a result of death, redundancy, medical disability or retirement, without assessment of whether or not the Performance Condition has been met.

The portion that Vests will be determined so as to be proportionate to the number of full months served within the Performance Period.

5. SETTLEMENT AND VESTING
Following the making and acceptance of an Award, the Participating Company shall, within 10 days of expiry of the 30 days period from the Date of Grant within which an Award may be rejected in whole or in respect of a portion of the Forfeitable Shares comprised therein, procure the Settlement of that number of Forfeitable Shares to the Participant (without deducting any costs or income tax) by the delivery of Shares for the absolute benefit of the Participant as owner of the Forfeitable Shares, to the Escrow Agent, but subject to the provisions of the Employee FSP. The Directors shall procure that the Participants are entered into the Company’s appropriate securities register as beneficial owners of the Forfeitable Shares subject to the Award (the Escrow Agent being the registered shareholder). The Forfeitable Shares shall be subject to the control of the Escrow Agent from the date of their Settlement up to and including the Vesting Date.

The Participating Company shall, on instruction of the Directors, procure the funds for the purchase of the Shares on the market and shall instruct any third party to acquire and deliver the Shares to Participants employed or who were employed by such Participating Company. A Participating Company shall instead be entitled to use Shares held in treasury to effect delivery to the relevant Participants. Alternatively, the Company may, on instruction of the Directors, but subject to the statutory requirement to obtain shareholder approval by special resolution (where required), settle the Awards that are timeously exercised by issuing new Shares to the Participants.
Effective from the Settlement Date, the Participants shall have all shareholder rights, including the right to vote and the right to participate in distributions by the Company, in respect of the Forfeitable Shares delivered and such Shares shall rank *pari passu* with the existing Shares in the issued share capital of the Company. To the extent that the Participant does not exercise his shareholder rights, they may not be exercised by the Escrow Agent. The granting of an Award shall not confer any rights on a Participant to encumber, sell or otherwise dispose of the Forfeitable Shares prior to the Vesting thereof.

Following the Vesting of the Award, the restrictions imposed on, and risk of forfeiture of, the Forfeitable Shares that have Vested shall cease to apply and the Directors shall procure unrestricted delivery of such Forfeitable Shares to the Participant and shall procure the release of such Forfeitable Shares from the Escrow Agent.

To the extent that any Forfeitable Shares have not Vested, they shall be forfeited and the Participant shall immediately on forfeiture cease to have any right or interest in them, or to any dividends declared but not yet paid in respect of such Forfeitable Shares or the proceeds of any sale of the Forfeitable Shares.

6. **RECONSTRUCTION OR TAKEOVER**

In the event of a Reconstruction or Takeover of the Company before the Vesting Date, the Committee shall, prior to the implementation of the Reconstruction or Takeover, review the Performance Condition and the extent to which it has been satisfied up to the date of the Reconstruction or Takeover, and calculate the number of Forfeitable Shares to Vest in each Participant accordingly. The number of Forfeitable Shares that Vest shall be proportionate to the number of months served in the Performance Period. The Directors shall procure unrestricted delivery and the release from the Escrow Agent of the Vested Forfeitable Shares so calculated as soon as possible. The portion of the Awards that do not Vest early will continue to be subject to the terms of the Letter of Grant relating thereto, unless the Committee, in its absolute discretion, determines that the terms of the Letter of Grant relating thereto are no longer appropriate, in which case the Committee can make an adjustment to the number of Forfeitable Shares subject to an Award, or convert Awards into share awards in respect of shares in one or more other companies provided the Participant is no worse off.

If there is an internal reconstruction or other event which does not involve any substantial change in the ultimate Control of the Company, and therefore is not a Reconstruction or Takeover, or if any other event happens which may affect Grants, including the Shares ceasing to be listed on the JSE, Forfeitable Shares will not Vest early. However, the Committee may take such action as it considers appropriate to protect the interests of
Participants, limited to converting Grants into equivalent grants in respect of shares in one or more other companies or an adjustment to the number of Forfeitable Shares subject to an Award, provided the Participant is no worse off.

If the Company is placed into liquidation for purposes other than reorganisation, all Awards shall ipso facto lapse as from the liquidation date.

7. **VARIATION IN SHARE CAPITAL**

In the event of a Rights Issue, Capitalisation Issue or any other corporate action or other event reducing or otherwise affecting the share capital of the Company, a demerger of the Company (in whatever form), or the Company making a distribution to its shareholders (including a distribution in specie) (other than a dividend paid in the course of business out of distributable reserves), before the Vesting Date in respect of an Award, the Committee may make such adjustment to the number of Forfeitable Shares comprised in the relevant Grants, as would give a Participant the same proportion of the Company’s equity capital as that to which he would have been entitled under the Employee FSP in question prior to the adjustment.

The Auditors shall confirm in writing to the JSE whether these adjustments were calculated in accordance with the Employee FSP. Such confirmation is to be provided to the JSE at the time that the relevant adjustment is finalised. Any adjustments made will be reported on in the Company's annual financial statements in the year during which the adjustment is made.

The issue of Shares in consideration of an acquisition, the issue of Shares for cash and the issue of Shares pursuant to a vendor consideration placing will not be regarded as a circumstance requiring adjustment.

8. **ADDITIONAL SHARES**

The Committee may determine, in respect of Participants employed at one or more grades of employment specified by the Committee (which determination shall be confirmed in the applicable Letters of Grant), that, to the extent that a Participant who is appointed by the Company on any such grade, as at the time of the making of the Grant, has continued to hold the beneficial ownership in any Shares that had constituted Forfeitable Shares prior to the Vesting Date ("Former Forfeitable Shares"), by the 12 month anniversary of the Vesting Date, then, provided that –

8.1. the Participant has continued to be employed within the Group for the duration of such 12 month period; and
8.2. the Plan has not terminated, such Participant shall be awarded 1 fully paid additional Share for each multiple of 10 Former Forfeitable shares so held by the Participant at such time. The additional Shares so awarded shall be settled mutatis mutandis in accordance with the provisions relating to Settlement of the Forfeitable Shares and the Participant shall have no shareholder rights in respect of the additional Shares prior to settlement having occurred.

9. AMENDMENTS AND TERMINATION

9.1. Save as provided in this paragraph 9, the Committee may in its discretion alter, vary or add to the terms and conditions of the Employee FSP as it thinks fit. Amendments to the terms and conditions of the Employee FSP may only affect Grants which have already been made if they are to the advantage of Participants.

9.2. The provisions relating to:
- eligibility to participate in the Employee FSP;
- the aggregate number of Shares that may be utilised for purposes of the Employee FSP;
- the maximum number of Forfeitable Shares allocated to all unvested Awards granted to any Participant under the Employee FSP;
- the basis for determining Grants;
- the amount payable (if any) by Employees in respect of Grants, on the acceptance, Vesting and/or Settlement of a Grant;
- the adjustment of Grants in the event of a variation of capital of the Company;
- the voting, dividend and other rights attaching to the Shares which are subject of the Employee FSP, including those arising on a liquidation of the Company;
- the rights of Participants who leave the employment of the Company whether by termination, resignation, retirement or death, insofar as their early departure from the Employee FSP is concerned; and
- the terms of the clauses in the Employee FSP, which pertain to the amendment of the clauses of the Employee FSP and the termination of the Employee FSP,

may not be amended without the prior approval and by ordinary resolution of the shareholders of the Company in general meeting, requiring a 75% majority of the votes exercised in favour of such resolution by shareholders present or represented by proxy at the general meeting to approve such resolution, excluding all the votes attached to all Shares owned or controlled by persons who are existing Participants in the Employee FSP and which have been acquired in terms of the Employee FSP.
9.3. Subject to paragraph 9.2, the Committee may make minor amendments to benefit the administration of the Employee FSP, to comply with or take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable taxation or regulatory treatment of any Group Member or any present or future Participant.

9.4. Subject to paragraph 9.2, the Committee cannot change the terms or conditions of the Employee FSP in a way which would abrogate or adversely affect the subsisting rights of a Participant unless they obtain the written consent of such number of Participants who hold 75% of the Forfeitable Shares comprised in all subsisting Grants under the Employee FSP. Alternatively, the change may be made by resolution at a meeting of Participants passed by not less than 75% of the Participants who attend and vote either in person or by proxy.