

23 August 2016

Telkom and CWU re-engaged but without success to resolve the strike.

Telkom confirms that talks between the company and the Communications Workers Union (CWU) held on Monday (22 August 2016) failed to reach a resolution to the strike that has entered its fourth week.

Telkom approached these talks with the hope and intention to find a meaningful engagement with the CWU and made several proposals to the Union, however the parties could not find each other.

We call upon members of the CWU, should they opt to continue with the strike, to respect the picketing rules as stipulated in the Court Order and to desist from acts of intimidation.

The company is committed to finding a resolution to this matter and continues to engage with all affected parties. In June this year, SACU and Solidarity signed a Collaborative Partnership Agreement with Telkom following protracted negotiations, which included substantive wage negotiations. While the CWU at the time indicated their intention to sign, that has unfortunately not yet happened. The primary agreements are:

- No forced retrenchments for the next two years
- Outsourcing to be limited to less than a 1,000 employees over the next two years
- The introduction of a new variable incentive scheme, known as "Performance Pays", which will replace the previous Short Term Incentive scheme
- Performance Pays will focus on customer satisfaction and front-line productivity metrics
- An employee who is achieving their targets could earn up to 12% more, per month, through Performance Pays
- An increase of 6% on basic salary payable from 1st April 2017

We are disappointed that the talks did not yield any positive results yesterday. We, however, remain hopeful that a resolution will be found. Our interest is to ensure that we improve our performance as a business for the benefit of our customers. Each employee at Telkom must work towards that goal and in return, will be appropriately rewarded when we achieve set milestones towards customer satisfaction.

For further enquiries, please contact:

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ABOUT TELKOM:

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue of R37.3 billion and normalised profit after tax of R4,052 million for the year ended 31 March 2016. Total assets amounted to R46.8 billion and equity attributable to the owners of Telkom to R26.1 billion as of 31 March 2016. The group generated normalised free cash flow of R3.9 billion for the year ended 31 March 2016.

As of 31 March 2016, we had approximately 3.2 million telephone access lines in service and 1,077,939 ports connected via MSAN access. We offer business, residential and payphone customers a wide range of services and products, including:

- fixed-line retail voice services using PSTN (Public Switched Telephone Network) lines, including ISDN (Integrated Services Digital Network) lines, and the sale of subscription based value-added voice services and calling plans;
- fixed-line customer premises equipment rental and sales services both voice and data needs and these include PABX, Computers, Routers, Modems, Telephone handsets and other ancillary equipment;
- interconnection services, including terminating and transiting traffic from South African mobile operators, as well as from international operators and transiting traffic from mobile to international destinations;
- fixed-line data services, including domestic and international data transmission services, such as point-to-point leased lines, ADSL (Asymmetrical Digital Subscriber Line) services, packet-based services, managed data networking services and internet access and related information technology services;
- Data Centre Operations includes e-commerce, application service provider, hosting, data storage, e-mail and security services;
- W-CDMA (Wideband Code Division Multiple Access), a 3G next generation network, including fixed voice services, data services and nomadic voice services;
- mobile communication services, including voice services, data services and handset sales through our mobile brand called Telkom Mobile;
- information and communication services including cloud services, infrastructure services, workspace services, global service integration management and hardware and network equipment sales locally, in seven African countries, the UK and Dubai through Business Connexion Group; and
- other services including directory services, through Trudon (Pty) Ltd, wireless data services, through Swiftnet (Pty) Ltd.
- Convergence is one of our key strategic initiatives in building a sustainable future for Telkom. We will lead the provision of converged services in South Africa in support of our mission statement: Seamlessly connecting people to a better life.