Notice of annual general meeting

Telkom SA SOC Limited

(Incorporated in the Republic of South Africa) (Registration number 1991/005476/30) (JSE share code: TKG) (ISIN: ZAE000044897) ("Telkom" or "the company")

Notice is hereby given to the shareholders of the company ("shareholders") that the 27th annual general meeting of the shareholders (AGM) will be held at BCX, Multi-Purpose Room, 1021 Lenchen Avenue North, Centurion, 0157 at 10:00 (South African time) on Tuesday, 27 August 2019.

To ensure that registration procedures are completed by 10:00, please register for the AGM from 09:00. Please note that before any person may attend or participate at the AGM, that person must present reasonably satisfactory identification, and the person presiding at the AGM must be reasonably satisfied that the right of the person to attend, participate and vote at the AGM, either as a shareholder (or a shareholder's representative) or as a proxy for a shareholder, has been reasonably verified. Acceptable forms of identification include a valid identity document, driver's licence or passport.

The purpose of the AGM is to:

- (a) present to the shareholders the audited consolidated annual financial statements of the company and its subsidiaries for the year ended 31 March 2019, a complete set of which is set out on pages 13 to 106 of the consolidated annual financial statements and a copy of which is otherwise available on the company's website: www.telkom.co.za;
- (b) present to the shareholders a report of the audit committee on matters which are within the mandate of that committee:
- (c) present to the shareholders a report of the social and ethics committee on matters which are within the mandate of that committee;
- (d) consider all and any matters of or relating to the company which may lawfully be considered and dealt with at the AGM; and
- (e) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of the shareholders of the company set out hereunder.

Important dates to note

Record date for receipt of notice of this AGM Friday, 19 July 2019

Last day to trade to participate in and vote at the AGM Tuesday, 13 August 2019

Record date to be recorded in the shareholders' register to participate in and vote at the AGM **Friday, 16 August 2019**

Last day to lodge forms of proxy by 10:00 **Friday, 23 August 2019**

AGM held at 10:00 Tuesday, 27 August 2019

Results of AGM released on SENS **Tuesday, 27 August 2019**

Voting and proxies at the AGM

- All shareholders are entitled to attend and speak at the AGM or any cancellation, postponement or adjournment thereof. All holders of ordinary shares will be entitled to vote on each resolution proposed to be passed at the AGM or any cancellation, postponement or adjournment thereof.
- A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who will not be a shareholder/s) to attend, participate in and vote at the AGM in place of that shareholder.
- The attached form of proxy is to be completed only by those shareholders who:
 - (a) hold shares in certificated form; and
 - (b) are recorded on the sub-register in dematerialised electronic form with 'own name' registration.
- 4. All other beneficial owners of shares who have dematerialised their shares through a central securities depositary participant (CSDP) or broker, and wish to attend the AGM, must instruct their CSDP or broker to provide them with the necessary letter of representation, or must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker. Those shareholders must NOT use the attached form of proxy.
- 5. It is requested that all completed forms of proxy be returned to the company such that they are received by no later than 10:00 on Friday, 23 August 2019 at the office of the company's share registrars in South Africa. Any forms of proxy not lodged by this time may be handed to the transfer secretaries at the AGM immediately prior to the proxy exercising any rights of the shareholder at the AGM.
- 6. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the AGM should that shareholder decide to do so. A summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act is set out at the end of this notice.





Value-creation

- All ordinary resolutions required to be passed at the AGM shall be passed by a majority of more than 50% of the voting rights exercised on each such resolution.
- All special resolutions required to be passed at the AGM shall be passed by a majority of at least 75% of the voting rights exercised on each such resolution.

Electronic participation in the AGM

10. The company intends to offer shareholders reasonable access through electronic facilities to participate in the AGM by means of a conference call facility. Shareholders will be able to listen to the proceedings and raise questions should they wish to do so, and are invited to indicate their intention to make use of this facility by applying in writing (including details as to how the shareholder representative can be contacted) to the group company secretary at the address set out on the last page of this notice of AGM. The completed application is to be received by the group company secretary by not later than 10:00 on Friday, 23 August 2019. The group company secretary will, by way of email, provide information enabling participation to those shareholders who have made application. Voting will not be possible through the electronic facility and shareholders wishing to exercise their voting rights at the AGM are required to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in this notice of AGM.

The cost of the conference call facility will be for the account of the company. The cost of each shareholder's and each proxy's telephone calls will be for their own account

Ordinary resolutions:

Ordinary Resolutions Numbers 1.1 to 1.2 -**Election of directors**

Resolved that the following directors, who were appointed by the board to serve as a directors after the last AGM of the company, shall retire from office at the AGM and, being eligible and having offered themselves for election, be and are hereby elected as directors of the company:

- 1.1 Keith A Rauner
- 1.2 Sibusiso P Sibisi

Explanatory notes in respect of Ordinary Resolutions Numbers 1.1 to 1.2

Based on the recommendation of the nominations committee, which conducted formal assessments of Sibusiso Sibisi and Keith A Rayner, the board of directors recommends their election as independent non-executive directors of the

The profiles of Keith A Rayner and Sibusiso Sibisi are set out in page 137 of the integrated report.

Ordinary Resolution Numbers 2.1 to 2.4 -Re-election of directors

Resolved that the following directors shall retire from office at the AGM and, being eligible and having offered themselves for re-election, each by way of separate resolution, be re-elected as directors of the company with immediate effect:

- 2.1 Santie L Botha
- 2.2 Khanyisile T Kweyama
- 2.3 Kholeka W Mzondeki
- 2.4 Fagmeedah Petersen-Cook

Explanatory notes in respect of Ordinary Resolutions Numbers 2.1 to 2.4

Ordinary resolutions numbers 2.1 to 2.4 are proposed for re-election of directors of the company. The re-elections will be conducted by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy.

The board of directors recommends to the shareholders the re-election of the aforementioned directors. The profiles of the directors standing for re-election are set out on page 87 of the integrated report.

Ordinary Resolutions Numbers 3.1 to 3.5 -**Election of audit committee members**

Resolved that the following independent non-executive directors, each by way of separate resolution, be and are hereby elected as members of the company's audit committee from the conclusion of the AGM until the next AGM of the company:

- 3.1 Sibusiso PC Luthuli
- 3.2 Kholeka W Mzondeki
- 3.3 Keith A Rayner
- 3.4 Rex G Tomlinson
- 3.5 Louis L Von Zeuner

Kholeka Mzondeki will be appointed, subject to her re-election as a director pursuant to ordinary resolution number 2.3. Keith A Rayner will be appointed subject to his election as a director pursuant to ordinary resolution number 1.1. The profiles of the directors who are standing for election to the audit committee are set out on page 87 of the integrated report.

Explanatory notes in respect of Ordinary Resolutions Numbers 3.1 to 3.5

In terms section 94 of the Companies Act, the audit committee is a statutory committee elected by the shareholders at each AGM. In terms of Regulation 42 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.



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The company has established an audit committee which fulfils the functions 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.

Ordinary Resolutions Numbers 4.1 to 4.2 Re-appointment of PricewaterhouseCoopers and SizweNtsalubaGobodo Grant Thornton as joint external auditors of the company

Resolved that PricewaterhouseCoopers and SizweNtsalubaGobodo Grant Thornton, each by way of separate resolution, be re-appointed as the joint independent registered auditors of the company from the conclusion of this AGM until the next AGM of the company.

- 4.1 PricewaterhouseCoopers as the independent external auditor, represented by Mr Skalo Dikana as the individual designated auditor responsible for the audit.
- 4.2 SizweNtsalubaGobodo Grant Thornton as the independent external auditor, represented by Mr Suleman Lockhat as the individual designated auditor responsible for the audit.

Explanatory notes in respect of Ordinary Resolutions Numbers 4.1 to 4.2

In compliance with section 90 read with section 92(3) of the Companies Act, PricewaterhouseCoopers and SizweNtsalubaGobodo Grant Thornton are recommended by the audit committee to be appointed as joint auditors for the financial year ending 31 March 2020 and until the next AGM of the company.

Ordinary Resolution Number 5 – General authority for directors to allot and issue and/or grant options over ordinary shares

Resolved that, subject to the provisions of the memorandum of incorporation, the Companies Act and the JSE Listings Requirements, 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 such ordinary shares at their discretion, subject to the following:

- (a) This authority shall only be valid until the next AGM of the company, but shall not endure beyond 15 months from the date of this AGM.
- (b) Ordinary shares issued in terms of this authority shall not exceed 5% of the number of ordinary shares in issue as at the date of passing this resolution.
- (c) 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 employees participating in the Telkom SA SOC Limited Employee Forfeitable Share Plan.

Explanatory notes in respect of Ordinary Resolution Number 5

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 deem fit (with the effect that any pre-emptive rights that shareholders hold may be waived), subject to the approval of JSE, the provisions of the JSE Listings Requirements and the Companies Act. The directors wish to be granted authority to allot and issue up to a maximum of 5% (five percent) of the number of ordinary shares in issue as at the date of passing of this resolution in their discretion, subject to the provisions of the memorandum of incorporation, the Companies Act and the JSE Listings Requirements. The number of shares to be issued in terms of ordinary resolution number 5 shall not include any shares that may be issued by the company to participating employees in the Telkom SA SOC Limited Employee Forfeitable Share Plan.

Ordinary Resolutions Numbers 6.1 to 6.2 – Non-binding advisory endorsement of the Telkom SA SOC Limited remuneration policy and implementation report for the payment of remuneration for the 2019 financial year

Resolved that the shareholders hereby endorse, each by way of a separate non-binding advisory vote, the following:

- 6.1 Company's remuneration policy as set out in the remuneration report contained in the integrated report on page 105.
 - 6.2 The implementation report as set out in the remuneration report contained in the integrated report on page 117.

Explanatory notes for the non-binding advisory endorsement of the remuneration policy and implementation report

In terms of Principle 14 of the King Report on Corporate Governance™ for South Africa, 2016 (King IV) and Paragraph 3.84(k) of the JSE Listings Requirements, the company's remuneration policy and implementation report should be tabled for separate non-binding advisory votes at the AGM. The essence of this vote is to enable the shareholders to express their non-binding views on the remuneration policies adopted and implementation thereof.

Special resolutions:

Special Resolution Number 1 – General authority to repurchase shares

Resolved that, pursuant to the memorandum of incorporation, the company and any of its subsidiaries be and are 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 JSE Listings Requirements, provided that:

 The general authority granted to the directors shall be valid only until the company's next AGM and shall not extend beyond 15 months from the date on which this resolution is passed

Appendices

- Any general purchase by the company or any subsidiary of its ordinary shares in issue shall not in aggregate in any one financial year exceed 10% 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% above the weighted average of the market value of the ordinary share for the 5 business days immediately preceding the date of such acquisition
- the repurchase of the ordinary shares is effected through the order book operated by JSE trading system and done without any prior understanding or arrangement between the company or any subsidiary 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 repurchase of shares by the company and/or any of its subsidiaries may not be effected during a prohibited period as defined in the JSE 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 any variation, and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The issuer must instruct an independent third-party, which makes its investment decisions in relation to the issuer's securities independently of, and uninfluenced by, the issuer, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE
- The board of directors resolves to authorise the repurchase, provided 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
- The general authority may be varied or revoked by special resolution of the shareholders prior to the next AGM of the
- Should the company and/or any subsidiary cumulatively repurchase and/or acquire, as the case may be, 3% of the initial number of the company's ordinary shares in terms of this general authority and for each 3% 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 JSE Listings Requirements

Any decision by the directors, after considering the effect of a repurchase, of up to 10% 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.

The directors of Telkom SA SOC Limited, after considering the effect of the maximum potential repurchase, are of the opinion that for a period of 12 months after the passing of this resolution:

- The company and its subsidiaries will, in the ordinary course of business, be able to pay its debts
- The assets of the company and its subsidiaries will be in excess of its liabilities
- The share capital and reserves of the company and its subsidiaries will be adequate for ordinary business
- The working capital of the company and its subsidiaries will be adequate for ordinary business purposes

The following additional information, which appears in Telkom SA SOC Limited's integrated report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:



The major shareholders on page 124.



- The share capital of the company on page 4.

Directors' responsibility statement:



The directors, whose names appear on page 87 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all required information.

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 AGM is due to expire at this AGM, unless renewed.

The directors have no specific intention, at present, for the company or its subsidiaries to repurchase any of the company's shares but 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 an opportunity present itself where 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 Telkom SA SOC Limited Employee Forfeitable Share Plan.

Notice of annual general meeting continued

Special Resolution Number 2 – General authority for directors to issue shares for cash

Resolved that, subject to the passing of Ordinary Resolution Number 5 and the provisions of the Companies Act and the JSE Listings Requirements, the directors be and are hereby authorised by way of a general authority, to allot and issue ordinary shares in the share capital of the company for cash, on such terms and conditions as they deem fit, subject to the following conditions:

- The general authority granted to the directors shall be valid only until the company's next AGM and shall not extend beyond 15 months from the date on which this resolution is passed
- The equity securities must be issued only to persons qualifying as public shareholders, as defined in the JSE Listings Requirements, and not to related parties (unless the JSE agrees otherwise)
- The equity securities which are the subject of general issues for cash:
 - may not exceed 5%, of the company's number of ordinary shares in issue as at the date of the notice of AGM, net of treasury shares (being 24 842 431 ordinary shares in issue)
 - any ordinary shares issued under this authority must be deducted from the number of ordinary shares set out above

- in the event of a sub-division or consolidation of issued ordinary shares during the period of this authority, the existing authority must be adjusted accordingly to represent the same allocation ratio
- The maximum discount at which equity securities may be issued is 10% of the weighted average traded price on the JSE of such equity securities measured over the 30 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 business day period

Explanatory notes in respect of Special Resolution Number 2

The directors wish to be granted authority to allot and issue the ordinary shares of the company that they would be authorised by Ordinary Resolution Number 5 to issue as they in their discretion deem fit, for cash from time to time, subject to the provisions of the memorandum of incorporation, the Companies Act and the JSE Listings Requirements, in particular section 5.52 of the JSE Listings Requirements. The ordinary shares capable of being issued for cash under this authority effectively represent 5% of the number of ordinary shares in issue as at the date of this notice of AGM, which is significantly lower than the maximum 30% permitted in terms of the JSE 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.

Special Resolution Number 3 – Remuneration of non-executive directors

Resolved that 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 August 2019 with a 6% annual increase:

	Annual retainer fee	Meeting attendance fee	Special meeting attendance fee
Telkom SA SOC Ltd board	Amount	Amount	Amount
Chairperson	1 446 635	-	27 030
Board member	424 000	-	20 246
International board member	584 908	-	20 246
Board committee		20 246	
Audit Committee			
Chairman		76 850	
Member		40 280	
Risk Committee			
Chairman		56 233	
Member		33 708	
Social and Ethics Committee			
Chairman		57 770	
Member		34 715	
Nominations Committee			
Chairman		51 233	
Member		34 697	
Remuneration Committee			
Chairman		57 770	
Member		34 697	
Investment and Transactions Committee			
Chairman		53 283	
Member		34 715	

Value-creation

Transparency and accountability

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 is 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.

The board of directors has considered the remuneration paid to the non-executive directors for the year ending 31 March 2019 and is of the view that, in the best interest of the Company, the fees for the non-executive directors be increased by 6%.

Special Resolution Number 4 – General authority to provide financial assistance

Resolved that the board of directors be and is herebu authorised to cause the company, subject to compliance with the requirements of the memorandum of incorporation and the Companies Act, to provide direct or indirect financial assistance as contemplated in sections 44 and 45 of the Companies Act, including by way of a loan, guarantee, the provision of security or otherwise, to 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. This includes 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

By order of the board

TELKOM SA SOC LIMITED

AC Ceba

Group Company Secretary 4 July 2019

Registered Office

Telkom Park 61 Oak Avenue Highveld Centurion, 0157 South Africa (Private Bag X881, Pretoria, 0001) company or entity, for such amounts and on such terms as the board of directors may determine in its discretion. This authority shall continue until the next AGM of the company.

Explanatory notes in respect of Special Resolution Number 4

The board of directors wishes to have the ability to provide financial assistance (by way of loan, guarantee, the provision of security or otherwise), if necessary, to related or interrelated companies and entities. Furthermore, it may be necessary or desirous 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. However, under sections 44 and/or 45 of the Companies Act, Telkom will 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 interrelated companies and entities have access to financing and/ or financial backing from Telkom, it is necessary to obtain the approval of shareholders, as set out in Special Resolution Number 4.

Litigation statement:

Telkom has filed an appeal to the Supreme Court of Appeal against the Tax Court judgement that found in favour of SARS on the tax treatment of the loss that arose in a prior year on the sale of a foreign subsidiary. Other than information disclosed in note 36 of the annual financial statements, Telkom is not aware of any other matter that may materially affect its financial position.

Material changes:

There have been no material changes in the affairs or financial position of the company since the end of the financial year ended 31 March 2019 and the date of this notice of AGM.

Transfer Secretaries

Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue Rosebank, 2196 South Africa (PO Box 61051, Marshalltown, 2107)

Annexure to notice of annual general meeting

Keith A Rayner

Keith A Rayner holds a CA(SA) qualification and BCom and CTA from the Rhodes University. He is a chartered accountant and CEO of KAR Presentations, an advisory and presentation corporation, which specialises in corporate finance and regulatory advice and presentations. Corporate finance laws taught include the JSE Listings Requirements, Takeover Law, Companies Act, Governance, Valuations, IFRS, Corporate Actions and select director education courses. He is an independent non-executive director of Sibanye Gold Ltd and Ecsponent Ltd and is the chairman of both companies' Audit Committees.

Keith A Rayner is a member of the JSE Issuer Regulation Advisory Committee and has been actively involved in assisting the JSE Issuer Regulation Division since 1995. He is a fellow of the Institute of Directors in South Africa, a non-practising member of the Institute of Stockbrokers in South Africa and a member of the Investment Analysts Society. He is a past member of the SAMREC / SAMVAL working group, the Takeover Regulation Panel's rewrite committee, the IOD's CRISA committee, a King III sub-committee and SAICA's Accounting Practices Committee.

Keith A Rayner brings extensive expertise in accounting, mergers and acquisitions, corporate governance and corporate finance.

Experience

- 2002 CEO of KAR Presentations
- 1993 2002 Corporate Finance, Simpson McKie/HSBC
- 1991 1993 Financial Director, Byrne Fleming
- 1987 1991 Corporate Finance, Rand Merchant Bank
- 1983 1987 Auditing and Accounting Technical Advisory, Arthur Young

Education

CA(SA): Arthur Young, BCom, CTA: Rhodes University

Accomplishments

Co-author of commentary on South African Takeover Law (Second edition).

Sibusiso P Sibisi

Sibusiso Sibisi holds a BSc (Physics) from Imperial College of Science and Technology and a PhD from Cambridge University. He is a Director and Head of Wits Business School and serves on the Boards of Liberty Holdings, Denel and Mapungubwe Institute for Strategic Reflection. He previously served on the Boards of, amongst others, Murray and Roberts and African Rainbow Minerals.

Sibusiso Sibisi brings extensive expertise in ICT, start-up ventures, and business-to-business intelligence skills.

Experience

- 2018 Director and Head, Wits School of Business
- 2017 Consulting
- 2002 2016 President & CEO: CSIR
- 2000 2001 Deputy Vice Chancellor, Research, University of Cape Town
- 1997 1999 Executive Director, Plessey, Cape Town
- 1993 1997 Executive Director, MaxEnt Solutions Ltd, Cambridge
- 1992 1993 Senior Research Associate, Cambridge: Cavendish Laboratory
- 1989 1992 Senior Research Associate, Cambridge: DAMTP1
- 1989 Senior Lecturer, University of Witwatersrand: Applied Mathematics
- 1987 1988 Fulbright Fellow, California Institute of Technology
- 1984 1989 Lecturer, University of Witwatersrand: Applied Mathematics

Education

PhD, Cambridge University (1983): DAMTP & Churchill College, Part III (1979), Cambridge University: DAMTP & Churchill College, BSc (Physics)(1978), London Imperial College of Science and Technology

Accomplishments

Order of Mapungubwe (Silver); contribution to technology & research - 2007