

Telstra Corporation Limited

# 2016 Annual General Meeting

Tuesday 11 October 2016 at 9:30am  
(Sydney time)

**Grand Ballroom**

Four Points by Sheraton (Darling Harbour)  
161 Sussex Street  
Sydney NSW



# Conducting Telstra's Annual General Meeting

## Our Annual General Meeting is intended to give shareholders the opportunity to:

- hear presentations from the Chairman and CEO about the operations and performance of the company and the outlook for the year ahead
- consider and vote on the resolutions contained in the Notice of Meeting being the election and re-election of Directors, the grant of Performance Rights to the CEO and the adoption of the Remuneration Report
- ask questions of the Board, management and the auditor generally on the items of business, the management of the company, or the conduct of the audit and the auditor's report. The Chairman and CEO will generally answer questions on behalf of the Board and management.

## To help achieve these objectives we will:

- webcast the meeting for the benefit of those shareholders unable to attend in person. Shareholders can view the meeting live at [telstra.com/agm](http://telstra.com/agm). The webcast will be recorded and made available to view after the AGM.

- enable shareholders to raise questions in writing prior to the meeting, by either completing the enclosed form or online at [vote.linkmarketservices.com/tls](http://vote.linkmarketservices.com/tls). Shareholders asking questions online will need to log in using their SRN/HIN (found on your Voting Form) and then select the 'Ask Question' option under the 'Action' column. We may not be able to answer all questions, however we will endeavour to address the more frequently raised shareholder matters during the course of the meeting
- provide a reasonable opportunity for shareholders, as a whole at the meeting, to ask questions of the Board
- make hearing loop facilities available for shareholders with hearing difficulties
- answer shareholders' questions honestly and fairly. If we can't answer a question at the meeting, we will seek to provide a response to the shareholder asking the question after the meeting
- inform shareholders as to the proxy and direct voting position with respect to the resolutions to be considered by the meeting and the manner in which the Chairman of the meeting intends to vote available proxies.

## To help achieve these objectives we ask that shareholders:

- are courteous and respectful to all shareholders and others attending the meeting
- keep their questions and comments to a reasonable length of time to allow as many shareholders as possible who wish to speak at the meeting an opportunity to do so. Generally a maximum of two minutes each time a shareholder addresses the meeting will be appropriate
- confine their questions to the matters before the meeting. If a shareholder's question appears to be more relevant to the shareholder's own circumstances than to shareholders as a whole, we will ask that the shareholder raise the matter with the customer service attendants outside the meeting
- please respect the privacy of individual shareholders attending the meeting and assist in the orderly conduct of the meeting by not taking photographs or audio or video-recordings of the proceedings of the meeting.

## How to get to the AGM



**Venue: Four Points by Sheraton (Darling Harbour)**  
161 Sussex Street, Sydney

**Public transport**

**Train** – The closest train station is Town Hall which is approximately 500 metres from the hotel or about a 10 minute walk. From Town Hall Train Station, exit Queen Victoria Building on the Market Street side and turn left. The hotel is four blocks down on the corner of Market and Sussex Street.

**Parking**

Parking is available directly opposite the hotel entrance at Wilson Parking. Entry to the car park is either from 383 Kent Street or 168 Sussex Street. Early bird rates are available if entering the car park before 9:30am. The car park rates are available from the Wilson Parking website at [www.wilsonparking.com.au](http://www.wilsonparking.com.au)

**Accessibility**

The Grand Ballroom is accessible by using the ground floor guest lifts to the Mezzanine level. Follow the corridor and use the ramp to reach the entrance to the Grand Ballroom.

# 2016 Annual General Meeting

29 August 2016

Dear Shareholder

I am pleased to invite you to the 2016 Annual General Meeting (AGM) of Telstra Corporation Limited, my first as your Chairman. The 2016 AGM will be held on Tuesday 11 October 2016 at 9:30am (Sydney time) in the:

**Grand Ballroom  
Four Points by Sheraton (Darling Harbour)  
161 Sussex Street  
Sydney NSW**

To help keep you informed about your company, we have included with our Notice of Meeting some additional information about our business and 2016 financial highlights. The Notice of Meeting, outlining the items of business which you will be asked to consider at the AGM, commences from page 04.

Shareholders attending the AGM can register from 8:30am at the venue. Information on how to get to The Four Points by Sheraton appears on the inside cover.

The Telstra Board and senior executives would like to invite shareholders to join them for refreshments prior to the AGM. A light lunch will also be served during the course of the meeting.

Enclosed with this Notice is your personalised Voting Form and a Shareholder Question Form. This provides an opportunity for shareholders to ask questions related to the items of business before the AGM. Frequently asked questions will be addressed either by Andrew Penn, Chief Executive Officer or myself at the AGM.

The AGM will be webcast live at [telstra.com/agm](http://telstra.com/agm) (unmetered for BigPond® customers).

Our AGM comes at an important time in the context of the three year strategic investment program on next generation network leadership, digitisation and customer experiences which we announced on 11 August 2016. The Chief Executive Officer, Andrew Penn, and I will discuss this strategic commitment to ensure continued technology leadership to significantly improve customer experiences when we address the meeting.

This year Dr Nora Scheinkestel is standing for re-election and Mr Craig Dunn and Ms Jane Hemstritch, having been appointed by the Board since the last AGM, will stand for election. Mr Chin Hu Lim having served as a non-executive Director since 2013, has notified the Board that he intends to retire from the Board at the conclusion of the AGM and will not stand for re-election. On behalf of the Board I thank Mr Lim for his valuable service over that time.

The Telstra Board (other than the relevant Director in relation to his/her own election or re-election) recommends the re-election of Dr Scheinkestel and the election of Mr Dunn and Ms Hemstritch.

If you are unable to attend the AGM we encourage you to lodge your vote in advance online at [vote.linkmarketservices.com/tls](http://vote.linkmarketservices.com/tls). Alternatively, you may return your Voting Form in the envelope provided. For more information on voting, please refer to pages 04 and 05 of this Notice.

Please contact the Telstra Share Registry on (+61) 1300 88 66 77 if you have any queries regarding the AGM or your shareholding.

On behalf of my fellow Directors, I look forward to welcoming you to the 2016 AGM.

Yours sincerely



John Mullen  
Chairman

## Retail Shareholder Information Meetings

If you are unable to attend the AGM in Sydney, please refer to page 09 for details on our Retail Shareholder Information Meetings being held around Australia during September.

## Customer service staff at the AGM

Expert staff will be available at the Telstra store located at the AGM venue to answer your customer enquiries before, during and after the AGM.

# Our business

## Our purpose

To create a brilliant connected future for everyone.

## Our vision

Our vision is to make Telstra a world class technology company that empowers people to connect.

The traditional worlds of technology and telecommunications are converging, and technology innovation is accelerating.

It is critical we build and expand our skills in technology, to take advantage of the opportunities it presents and to build the capabilities necessary for our core business to be successful in the future.

## What we do

Telstra is a leading telecommunications and technology company.

Telstra is a leading telecommunications and technology company with a growing international business, and a heritage that is proudly Australian.

We offer a broad suite of connectivity, media and content to consumers and businesses in Australia, cloud and other technology services to business, enterprise and government customers, as well as connectivity services to carriers globally.

We are leveraging our core strengths in networks and connectivity to capture new opportunities in international markets and in emerging areas like eHealth, software and digital media.

We are assembling innovative technology, capability and talent from around the world to deliver exceptional experiences for our customers.

## Our customers

Technology pervades everything our customers do, and we know how much they rely on us.

On average, 55 million calls and 356 million data connections are made over our network each day, connecting friends, families and essential services across Australia and around the world.

72 per cent of Australia's small and medium businesses (SMBs) are Telstra customers, who are making the most of our technology products and services to connect to their customers and to do business.

Our global enterprise and government customers use our networks and solutions to provide services and products globally.

On an average week day our customers use about 13.1 petabytes of data on our fixed network and about one petabyte of data on our mobile network, streaming services and entertainment and connecting people through social channels. This is equivalent to 14 million hours of high definition video streaming.

Our customers can make use of millions of connected devices for both work and leisure, from connected vending machines to mining equipment, aircraft engines, agricultural sensors and remote sensing.

As technology innovation accelerates, we know our customers need us to respond by offering simple solutions and products that reflect their needs.

This is a time of great opportunity for our customers and for Telstra.

## Our values

At Telstra, we have five key values that express what we stand for and are core to our business. They shape our people's decisions and actions and guide how we work together.



## Our strategy

Our strategy is focused on driving growth and creating long term shareholder value. It has three key pillars.



## Our priorities in FY16

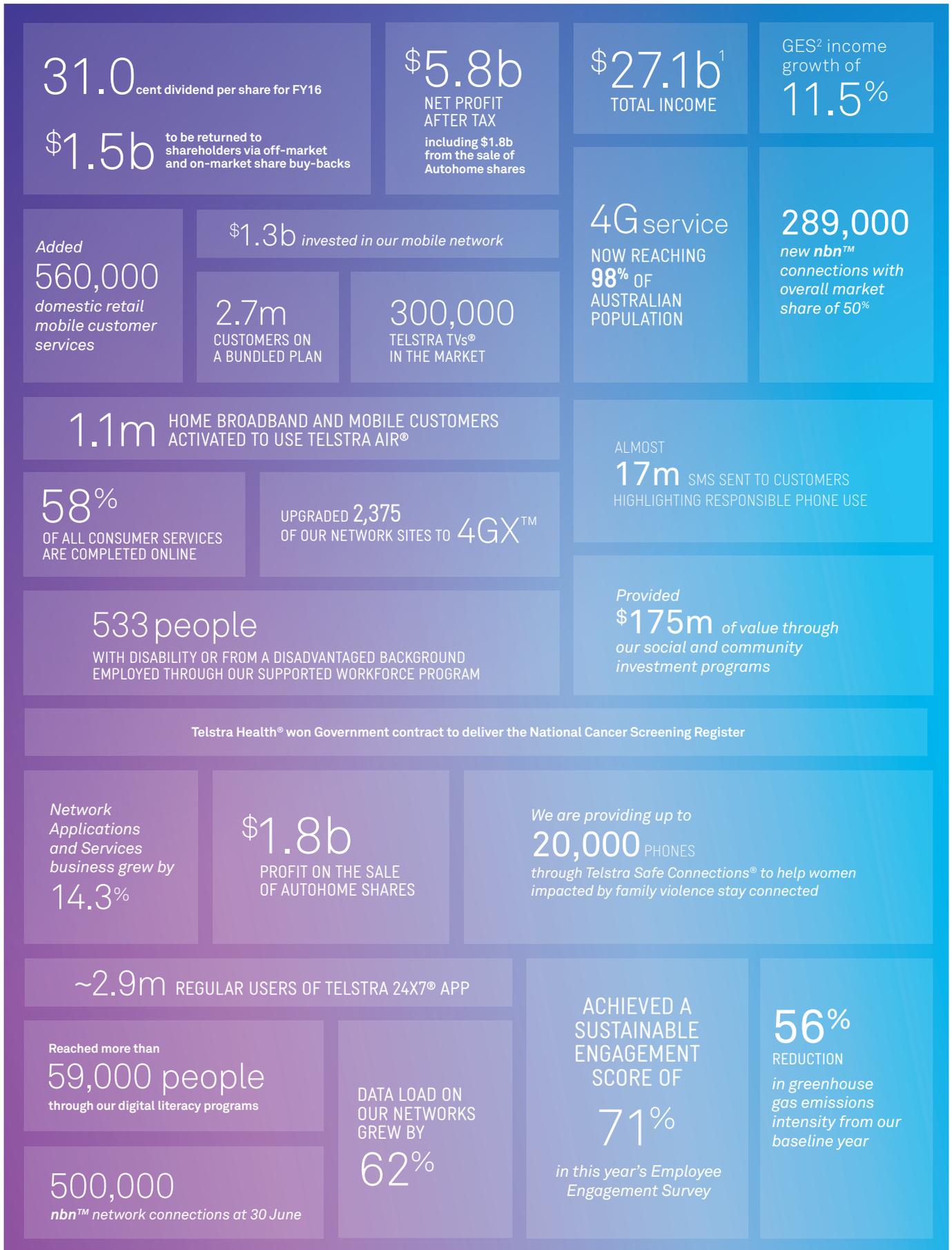
In FY16, we've been working to deliver against five key priorities identified within our strategy.

- Continue to consolidate our network leadership
- Accelerate our productivity program
- Win in the nbn™ market and reduce our cost to acquire
- Continue to invest in long term growth
- Bring to life what it means to be a world class technology company

## Who we are

<p>33,000 staff ACROSS MORE THAN 20 COUNTRIES</p>	<p>358 Telstra stores 83 Business Centres</p>	<p>16,500 Retail Points of Presence</p>	<p>3.4m RETAIL FIXED DATA SERVICES</p>
<p>&gt;400,000 KM OF SUBSEA CABLE facilitating access to over 2,000 Points of Presence globally</p>	<p>58 DATA CENTRES INCLUDING THE LARGEST INTEGRATED FOOTPRINT IN THE ASIA-PACIFIC</p>	<p>EXCLUSIVE PROVIDER live matches on mobiles</p>	<p>5.7m RETAIL FIXED VOICE SERVICES</p>
<p>Joint owner of FOXTEL Australia's largest Pay TV service</p>	<p>SATELLITES Three earth stations, reaching two-thirds of the globe</p>	<p>1.4m SHAREHOLDERS</p>	<p>17.2m DOMESTIC RETAIL MOBILE SERVICES</p>

# Highlights FY16



1. From continuing operations, excluding finance income.  
 2. Global Enterprise and Services

# Telstra Notice of Meeting 2016

## Items of Business

### 1. Chairman and CEO Presentations

### 2. Discussion of Financial Statements and Reports

To discuss the company's financial statements and reports for the year ended 30 June 2016.

### 3. Election and Re-Election of Directors

To consider and, if thought fit, pass the following resolutions as separate ordinary resolutions:

- a) 'That Mr Craig Dunn, being eligible, be elected as a Director';
- b) 'That Ms Jane Hemstritch, being eligible, be elected as a Director'; and
- c) 'That Dr Nora Scheinkestel, being eligible, be re-elected as a Director'.

### 4. Grant of Performance Rights

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That approval be given for all purposes for the grant to the Chief Executive Officer, Mr Andrew Penn, of 853,210 Performance Rights under the Telstra FY17 Long Term Incentive Plan, on the terms summarised in the Explanatory Notes'.

### 5. Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That the Remuneration Report for the year ended 30 June 2016 be adopted'.

### Additional information

Please refer to the Explanatory Notes on pages 06 to 08 for more information on items 2, 3, 4, and 5. These Explanatory Notes form part of this Notice of Meeting.

### Voting

In the interests of representing the views of as many shareholders as possible, the Chairman of the meeting intends to call a poll in relation to items 3, 4 and 5. The ways in which you can vote are outlined below. Please refer to the table on page 05 for the voting deadlines.

### Voting online

We encourage you to lodge your vote online at [vote.linkmarketservices.com/tls](http://vote.linkmarketservices.com/tls). To log in you will need your holder number and the postcode for your shareholding. These can be found on the top right hand corner of your Voting Form.

### Voting Form

Enclosed with this Notice of Meeting is a personalised Voting Form. The Voting Form allows shareholders who are not attending the meeting to either lodge their vote directly, or appoint a proxy or nominee to vote on their behalf.

Voting Forms are colour coded (refer to the table on page 05). If you hold Telstra shares in more than one capacity, please be sure to complete the Voting Form that is relevant to each holding.

The Blue Voting Form can be used to either vote your shares directly (Section A) or appoint a proxy to vote on your behalf (Section B). The Green Nominee Form (sent to Telstra ESOP 99 Participants) can be used to appoint a nominee to vote on your behalf (Section A).

### Direct voting

By completing Section A of the Blue Voting Form, you are voting your shares directly and are not appointing a third party, such as a proxy, to act on your behalf. Shareholders should complete their voting directions by selecting 'for' or 'against' for each item on the Voting Form. Do not complete the 'abstain' box if you are voting directly as it will result in an invalid vote. If no direction is given on an item, or if Section A and Section B are both completed on the Voting Form, your vote may be passed to the Chairman of the meeting as your proxy.

### Appointing proxies or nominees

Shareholders, Telstra ESOP 99 Participants and Participants in eligible employee share plans (such as the Telstra DirectShare, STI Deferral Plan and the Employee Share Plan), who are entitled to attend and vote at the AGM, may appoint a proxy (in the case of a shareholder) or a nominee (in the case of a Participant) to act generally at the meeting on their behalf, and to vote.

To appoint your proxy or nominee you should complete Section B of the Blue Voting Form or Section A of the Green Nominee Form.

Shareholders should complete their voting directions by selecting 'for' or 'against' for each item on the Voting or Nominee Form. If no direction is given, the proxy or nominee may vote as they see fit, subject to any voting restrictions applicable to the proxy or nominee. A proxy or nominee need not be a shareholder of the company.

A shareholder or Participant entitled to attend and vote can appoint two proxies or nominees as appropriate, and should specify the proportion or number of votes each proxy or nominee is appointed to exercise. If no proportion or number is specified, each proxy or nominee may exercise half of the shareholder's or Participant's votes. If you wish to appoint two proxies or two nominees, please call (+61) 1300 88 66 77 and request an additional Voting or Nominee Form.

A corporate shareholder or proxy must appoint a person as its corporate representative (see the Voting Form for further information).

## Appointing the Chairman as your proxy or nominee

You may appoint the Chairman of the meeting as your proxy or nominee. If you direct the Chairman of the meeting how to vote on an item of business, your vote will be cast in accordance with your direction. If you do not direct the Chairman of the meeting how to vote on an item of business, or the Chairman of the meeting becomes your proxy by default, then by completing and returning the relevant Voting Form you will be expressly authorising the Chairman of the meeting to exercise your undirected proxy or nominee on a resolution even though it may be directly or indirectly connected with the remuneration of a member of the Key Management Personnel (KMP).

More information on lodging your vote can be found on the back of the relevant Voting or Nominee Form enclosed with this Notice of Meeting. This includes information on voting in relation to items 4 and 5 where voting exclusions apply.

## KMP voting restrictions

Under the Corporations Act, voting restrictions apply to the company's KMP and their closely related parties for items 4 and 5. The term "closely related party" in relation to a member of KMP includes a spouse, dependent and certain other close family members, as well as any companies controlled by the KMP. In addition, voting exclusions apply in respect of item 4 under the ASX Listing Rules. Please refer to the Explanatory Notes for more details.

## AGM online webcast

Shareholders can view a live webcast of the AGM online at [telstra.com/agm](http://telstra.com/agm) (unmetered for BigPond® customers) from 9:30am (Sydney time) on Tuesday 11 October 2016. The webcast will be recorded and made available to view after the AGM.

## 2016 Annual Report

The 2016 Annual Report (including an interactive Annual Report) is available for shareholders on our investor website [telstra.com/annualreport](http://telstra.com/annualreport).

If you would like to receive a hard copy of the 2016 Annual Report, at no charge, please contact the Telstra Share Registry on (+61) 1300 88 66 77. Shareholders who have previously elected to receive a hard copy of the 2016 Annual Report will receive it separately in the mail.

## Contact details

You can lodge your vote electronically, by facsimile, by hand or by mail to the Telstra Share Registry whose details are listed below.

If you have any questions about this Notice or the relevant Voting Form please contact:

### Telstra Share Registry (Australia)

Link Market Services Limited  
Level 12, 680 George Street,  
Sydney NSW 2000 Australia

Telephone: +61 1300 88 66 77

Facsimile: +61 2 9287 0309

### Telstra Share Registry (New Zealand)

Link Market Services Limited  
Level 11, Deloitte Centre, 80 Queen Street,  
Auckland 1010, New Zealand

Telephone: (within NZ) 0800 835 787

All Other: +64 (9) 375 5998

Facsimile: +64 (9) 375 5990

By order of the Board of Directors



**Damien Coleman**  
Company Secretary

29 August 2016

## How to vote and voting deadlines

Investor	Right to vote and attend the meeting or view the proceedings	Lodging your vote	Deadline to lodge your vote*
Shareholders	Shareholders registered as at 9:30am (Sydney time) on Sunday 9 October 2016.	To vote online, see instructions above <b>or</b> use the Blue Voting Form to either vote directly (Section A) or appoint a proxy (Section B).	9:30am (Sydney time) on Sunday 9 October 2016.
Telstra ESOP 99 Participants	Telstra ESOP 99 Participants registered at 5:00pm (Sydney time) on Tuesday 4 October 2016.	To vote online, see instructions above <b>or</b> use the Green Nominee Form to direct the Telstra ESOP Trustee how to vote.	5:00pm (Sydney time) on Tuesday 4 October 2016.
Participants of other eligible Employee Share Plans	Participants registered at 5:00pm (Sydney time) on Tuesday 4 October 2016.	Participants may only lodge their votes online at <a href="http://vote.linkmarketservices.com/tls">vote.linkmarketservices.com/tls</a> Please refer to your AGM email notification from Telstra.	5:00pm (Sydney time) on Tuesday 4 October 2016.

\* To be effective your completed documents must be received by the Share Registry no later than the time and date noted in the table.

# Notice of Meeting – Explanatory Notes

## Item 2 – Discussion of Financial Statements and Reports

During this item of business, we will provide a reasonable opportunity for shareholders to comment on and ask questions on the financial statements and reports and on the business, operations and management of Telstra. There will also be an opportunity to ask questions of the company's auditor.

## Item 3 – Election and Re-Election of Directors

Mr Craig Dunn, Ms Jane Hemstritch and Dr Nora Scheinkestel, Directors, are standing for election and re-election and will retire in accordance with the provisions of the Constitution and, being eligible, offer themselves for election and re-election.

Mr Dunn, Ms Hemstritch and Dr Scheinkestel are independent non-executive Directors and their relevant skills and experience are summarised below.

To be successfully elected or re-elected as a Director, a candidate must receive more votes cast 'for' than 'against'.

### **Craig W Dunn** Age 52 BCom, FCA

**Non-executive Director appointed 12 April 2016. Member of the Audit & Risk Committee.**

Mr Dunn is a highly regarded business leader with more than 20 years' experience in financial services, pan-Asian business activities and strategic advice for government and major companies. Mr Dunn was Chief Executive Officer and Managing Director of AMP from 2008 to 2013 and held various roles at AMP in a 13-year career including Managing Director of AMP Financial Services, Managing Director for AMP Bank and head of Corporate Strategy and M&A.

Previously he was at Colonial Mutual Group from 1991 to 2000, including Managing Director for EON CMB Life Insurance in Malaysia and senior roles in Group Strategy, M&A and Finance. He has also served as a member of the Federal Government's Financial System Inquiry in 2014 and the Consumer and Financial Literacy Taskforce.

**Directorships of listed companies (past three years) and other directorships/appointments:**

Director, Westpac (from 2015). Other: Chairman, Stone and Chalk Limited (from 2015), The Australian Ballet (from 2015 (Director from 2014)) and

the Australian Government Fintech Advisory Group (from 2016). Director, Jobs for NSW (from 2016). Member, ASIC External Advisory Panel (from 2015) and NSW Government Financial Services Knowledge Hub (from 2015).

### **Jane S Hemstritch** Age 63 BSc (Hons), FCA, FAICD, FICAEW

**Non-executive Director appointed 12 August 2016. Member of the Remuneration Committee.**

Ms Hemstritch is an experienced company director and has extensive senior executive experience in information technology, communications, change management and accounting. She also has broad experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia. During a 25 year career with Accenture and Andersen Consulting, Ms Hemstritch worked with clients across Australia, Asia and the US. She held a number of leadership positions within Accenture and was Managing Director Asia Pacific for Accenture from 2004 until her retirement in 2007. Ms Hemstritch was a member of Accenture's global Executive Leadership Team and oversaw the management of Accenture's business in the Asia Pacific region which spanned 12 countries and included 30,000 personnel.

**Directorships of listed companies (past three years) and other directorships/appointments:**

Director, Lend Lease Group (from 2011), Tabcorp Holdings Ltd (from 2008), Santos Limited (2010-2016) and Commonwealth Bank of Australia (2006-2016). Other: Chairman, Victorian Opera Company (from 2012 (Director, from 2010)). Director, The Walter and Eliza Hall Institute of Medical Research (from 2013). Member, Council of the National Library of Australia (from 2010) and the Global Council of Herbert Smith Freehills (from 2015).

### **Nora L Scheinkestel** Age 56 LLB (Hons), PhD, FAICD

**Non-executive Director since August 2010 and last re-elected in 2013. Chairman of the Audit & Risk Committee.**

Dr Scheinkestel is an experienced company director with a background as a senior banking executive in international and project financing. She consults to government, corporate and institutional clients in areas such as corporate governance, strategy and finance. She is also an Associate Professor in the

Melbourne Business School at Melbourne University and a former member of the Takeovers Panel. Dr Scheinkestel has served as Chairman and Director in a range of companies across various industry sectors including utilities, AMP Limited and its funds management and banking subsidiaries, Mayne Group Limited and Mayne Pharma Limited, Medical Benefits Fund of Australia Ltd, Newcrest Mining Limited and North Limited. In 2003, she was awarded a centenary medal for services to Australian society in business leadership.

**Directorships of listed companies (past three years):**

Chairman, Macquarie Atlas Road Limited (from 2015 (Director from 2014)). Director, Macquarie Atlas Roads International Limited (from 2015), Stockland Group (from 2015), Orica Limited (2006-2015), Insurance Australia Group Limited (2013-2014), Pacific Brands Limited (2009-2013) and AMP Limited (2003-2013).

### **Board recommendation**

The Board (other than the relevant Director in relation to his/her own election or re-election) recommends the election of Mr Craig Dunn and Mrs Jane Hemstritch and the re-election of Dr Nora Scheinkestel. The Chairman of the meeting intends to vote all available proxies in favour of the election Mr Craig Dunn and Ms Jane Hemstritch and the re-election of Dr Nora Scheinkestel.

## Item 4 – Grant of Performance Rights

Shareholder approval is sought for the proposed grant of Performance Rights to the CEO, Mr Andrew Penn, under the Telstra FY17 LTI Plan (Plan) on the terms set out below.

The Board (other than Mr Andrew Penn) has approved the grant of 853,210 Performance Rights to the CEO representing his FY17 LTI entitlement, subject to shareholder approval at this meeting.

There are particular considerations in relation to the terms of the Plan relating to the Free Cash Flow Return on Investment (FCF ROI) component of the Performance Rights which arise from the three year strategic investment program announced on 11 August 2016. The implications of that program for the FCF ROI target set at this time and the Board's approach to determining the outcomes against that target are discussed on page 7.

## Plan terms and conditions

Each Performance Right entitles the CEO to one fully paid ordinary Telstra share (Restricted Shares) at the end of a three year performance period (1 July 2016 to 30 June 2019), subject to the satisfaction of the performance measures described below and to a further one year service condition and trading restriction until 30 June 2020. Until the performance measures are achieved and the Performance Rights vest as Restricted Shares, the CEO has no legal or beneficial interest in Telstra shares and no entitlement to receive dividends and no voting rights in relation to the Performance Rights.

During the restriction period the CEO is prevented from trading or disposing of the Restricted Shares allocated. Restricted Shares allocated to the CEO on vesting of the Performance Rights will be purchased on market and will rank equally with other Telstra shares.

The total number of Performance Rights to be granted to the CEO will be 853,210. This number was determined based on the CEO's maximum LTI opportunity, i.e. 200% of his fixed remuneration of \$2,325,000, divided by the volume weighted average share price for the five days after the FY16 results announcement (\$5.45). This process is consistent with previous LTI grants.

As the CEO's grant is the LTI component of his remuneration package, the Performance Rights will be granted at no cost to the CEO and no amount is payable on vesting of the Performance Rights. The Performance Rights will be granted under, and subject to, the Plan rules. If shareholder approval is obtained, it is anticipated that the Performance Rights will be granted to the CEO shortly after the meeting and, in any event, no later than 12 months after the date of the meeting.

## Performance measures

The proposed grant of Performance Rights will be subject to two separate performance measures over a three year performance period:

- half of the Performance Rights will be subject to Telstra's relative Total Shareholder Return (TSR) performance measured against a comparator group of large market capitalisation international telecommunication firms; and
- half of the Performance Rights will be subject to Telstra achieving its Free Cash Flow Return on Investment (FCF ROI) target.

The Performance Rights lapse if the performance measures are not met at the end of the performance period. There is no re-testing of Performance Rights after the testing date.

## Relative TSR measure

The relative TSR component of the Performance Rights will vest if Telstra's relative TSR performance is equal to or greater than the median of the comparator group of companies at the end of the three year performance period, in accordance with the following vesting schedule:

Relative TSR ranking against the comparator group	% of Performance Rights subject to the relative TSR measure that vest
Below 50th percentile	NIL
At 50th percentile	25%
Above the 50th percentile but below the 75th percentile	Straight line vesting between 25%–100%
At or above the 75th percentile	100%

The comparator group of large market capitalisation international telecommunication firms for the FY17 LTI Plan is consistent with the FY16 LTI Plan. This is disclosed in Telstra's 2016 Remuneration Report, which is available at [telstra.com/annualreport](http://telstra.com/annualreport)

## FCF ROI measure

The FCF ROI component of the Performance Rights will vest if Telstra achieves its target FCF ROI for the performance period.

The Board has set the target in the vesting schedule below, however the target set at this time does not take into account the investments and resulting returns from the three year strategic investment program announced on 11 August 2016. The strategic investment is expected to increase Telstra's capex to sales ratio<sup>1</sup> in each year of the FY17–FY19 performance period to approximately 18 per cent. Details of the investment program are to be progressively confirmed during that three

year period. This reflects the importance of further accelerating our network advantage in a competitive environment.

As the phasing of the investment program and resultant benefits have not been finalised at this time, the Board has determined that the targets should be set on the basis of the company's pre-existing plans that did not reflect that program.

The Board will, when determining the outcome under the Plan, take into account the details of the investment decisions to be made progressively under the strategic investment program, including our commitment that these investments would continue to be aligned with Telstra's capital management framework and to target returns in excess of its return on invested capital, consistent with our investment guidelines for organic investments.

In addition, the targets do not include impacts of certain new accounting standards applicable in future reporting periods (namely new revenue recognition and lease accounting rules). The Board may exercise discretion to take those impacts into account when determining the Plan outcome following the adoption of the new accounting requirements.

The FCF ROI vesting schedule is as follows:

% FCF ROI target and stretch	% of Performance Rights subject to the FCF ROI measure that vest
16.8%	50%
Between 16.8% and 18.4%	Straight line vesting between 50%–100%
18.4% or more	100%

FCF ROI is calculated by dividing the average annual free cashflow over the three year performance period by Telstra's average investment over the same period and, if appropriate, the Board may exercise its discretion in determining the outcome taking into account the matters noted above and to ensure that there are no windfall gains or losses as a result of certain events. Please refer to page 61 of our 2016 Annual Report for an explanation of our variation guidelines and to page 72 for further details of how FCF ROI is defined and calculated for Telstra LTI plans.

1. This assumes wholesale product price stability and excludes mergers and acquisitions and purchase of spectrum.

The capex to sales ratio also assumes the nbn™ rollout is in accordance with the nbn Corporate Plan 2016 and excludes externally funded capex.

## Trading restrictions

Restricted Shares allocated to the CEO on vesting of his Performance Rights will be subject to an additional one year service condition and trading restriction, ending on 30 June 2020. During the restriction period the CEO's Restricted Shares will be held in trust and he will be entitled to dividends from the date the shares are allocated to him. Telstra's Securities Trading Policy will apply after the restriction period ends and shares will be transferred to him, and can only be traded, during the approved trading windows.

## Treatment on cessation of employment

In the event of cessation of employment for reasons of redundancy, death, total and permanent disablement, certain medical conditions, retirement (where notice is given more than 6 months after allocation) or separation by mutual agreement (where the separation agreement is entered more than 6 months after allocation), a pro-rata number of Performance Rights will lapse based on the proportion of time remaining in the performance and restriction period. The portion relating to the CEO's completed service may still vest subject to achieving the original performance measures of the Plan at the end of the applicable performance period. If the CEO ceases employment for any other reason prior to the end of the performance or restriction period, any unvested Performance Rights lapse and any Restricted Shares are forfeited.

The Board has discretion to determine that unvested Performance Rights do not lapse and Restricted Shares are not forfeited. The Board also has discretion, in certain circumstances, to accelerate the end date of the restriction period for the release of the Restricted Shares to the date of departure.

## Clawback

The Board has discretion to claw back Performance Rights and Restricted Shares if certain clawback events occur during the performance period or restriction period (including if the CEO has engaged in fraud, dishonesty or gross misconduct or if the financial results that led to the performance rights or shares being awarded are subsequently shown to be materially misstated).

## Change of control

In certain limited circumstances, such as a takeover event where 50 percent or more of all issued fully paid shares are acquired, the Board may exercise discretion to vest Performance Rights that have not lapsed.

## Other information

In relation to the FY17 LTI Plan:

- the CEO is the only director entitled to participate in the Plan;
- this is the only grant to the CEO under the Telstra FY17 LTI Plan;
- there is no loan scheme in relation to the Performance Rights;
- the CEO is prohibited from hedging the share price exposure in respect of Performance Rights and Restricted Shares;
- the CEO requires Board (or, in certain circumstances, the Chairman's) approval to sell shares after the restriction period ends if he has not met the requirements of Telstra's Executive Share Ownership policy;
- if Shareholder approval is obtained, details of the Performance Rights granted to the CEO under the Plan will be provided in the Remuneration Report for the year ending 30 June 2017.

## Voting Exclusion Statement

The company will disregard any votes cast on item 4:

- by or on behalf of the CEO and any of his associates, in any capacity; and
- as a proxy by a person who is a member of the company's KMP at the date of the meeting or their closely related parties; unless the vote is cast as proxy for a person entitled to vote on item 4:
- in accordance with a direction on the Voting Form; or
- by the Chairman of the meeting and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

## Board recommendation

The Board (other than Mr Andrew Penn) considers the grant of Performance Rights to the CEO to be appropriate in all the circumstances and recommends that shareholders vote in favour of item 4. The Chairman of the meeting intends to vote all available proxies in favour of the grant of Performance Rights to the CEO.

## Item 5 – Remuneration Report

The 2016 Remuneration Report contains information regarding:

- our remuneration policy and strategy;
- the structure of non-executive Director, CEO and certain senior executive remuneration arrangements, and how we seek to align senior executive remuneration with company performance; and
- the remuneration of non-executive Directors, the CEO and certain senior executives for the year ended 30 June 2016.

The 2016 Remuneration Report can be found on pages 52 to 73 of the 2016 Annual Report. In our 2016 Remuneration Report, we have provided additional disclosure on the way in which the Board determined the outcome of the Long Term Incentive plans. These changes were made in response to market feedback in the lead up to the 2015 AGM. Please refer to section 3.3 of the Remuneration Report for further details.

This item provides an opportunity for shareholders at the meeting to comment on, and ask questions about, the Remuneration Report.

The vote on this item is advisory only and will not bind the company. However, the Board will take the outcome of the vote into consideration when reviewing Telstra's remuneration practices and policies.

## Voting Exclusion Statement

The company will disregard any votes cast on item 5:

- by or on behalf of a member of the KMP whose Remuneration is disclosed in the Remuneration Report (and their closely related parties) in any capacity; and
- as proxy by a person who is a member of the KMP at the date of the meeting (and their closely related parties).

unless the vote is cast as proxy for a person entitled to vote on item 5:

- in accordance with a direction on the Voting Form; or
- by the Chairman of the meeting and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

## Board recommendation

The Board recommends that shareholders vote in favour of item 5. The Chairman of the meeting intends to vote all available proxies in favour of the adoption of the Remuneration Report.

# 2016 Telstra Retail Shareholder Information Meetings

Telstra again invites you to participate in one of our retail shareholder information meetings.

Live Presentations			
Date	Time	Location	Presenters
Monday 19 September	1:00pm	Sofitel, Grand Ballroom, 25 Collins Street, <b>Melbourne</b>	Andrew Penn, Chief Executive Officer Warwick Bray, Chief Financial Officer
Tuesday 20 September	9:00am	Westin Hotel, Heritage Ballroom, 1 Martin Place, <b>Sydney</b>	Andrew Penn, Chief Executive Officer Warwick Bray, Chief Financial Officer
Wednesday 21 September	10:00am	Pullman Hotel, Lincoln and Roosevelt Rooms, Corner Ann and Roma Streets, <b>Brisbane</b>	Will Irving, Group Executive – Telstra Wholesale Guy Wylie, Group Managing Director – Strategic Finance

Our shareholders in Perth and Adelaide are invited to attend a venue (as outlined below) and view a live webcast of the Melbourne event. Our shareholders in Canberra are invited to attend the venue outlined below and view a live webcast of the Sydney event. Shareholders will be able to ask questions from these venues.

Webcast Locations (local time)		
Date	Time	Location
Monday 19 September	11:00am	Telstra Office, Theatrette, 80 Stirling Street, <b>Perth</b>
Monday 19 September	12:30pm	Crowne Plaza, Hindmarsh Ballroom, 16 Hindmarsh Square, <b>Adelaide</b>
Tuesday 20 September	9:00am	Telstra Tower, Theatrette (Lower Ground Floor), 100 Black Mountain Drive, <b>Canberra</b>

For those shareholders unable to attend a meeting, the Melbourne event on Monday 19 September will be webcast live online from 1:00pm. There is no need to register for the online webcast. Please visit our website prior to 1:00pm on Monday 19 September at [telstra.com.au/shareholdermeetings](http://telstra.com.au/shareholdermeetings)

## Please register at your location

-  1800 131 011 (follow the prompts)
-  [shareholder.meetings@team.telstra.com](mailto:shareholder.meetings@team.telstra.com)
-  [telstra.com.au/shareholdermeetings](http://telstra.com.au/shareholdermeetings)

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Overseas +61 1300 88 66 77  
E: telstra@linkmarketservices.com.au  
W: www.linkmarketservices.com.au/telstra

Telstra Share Registrar  
C/- Link Market Services Limited  
PO Box A942  
SYDNEY SOUTH NSW 1234

Your Shareholder Reference Number is:

To update your details go online to  
www.linkmarketservices.com.au/telstra

## SHAREHOLDER VOTING FORM

I/We being a member(s) of Telstra Corporation Limited and entitled to attend and vote hereby:

<b>A</b>	<b>VOTE DIRECTLY</b>	<b>B</b>	<b>APPOINT A PROXY</b>
<p>To cast your own votes directly, please complete Sections A, C and D.</p>		<p>To appoint a proxy and direct them how to vote on your behalf, please complete Sections B, C and D OR to appoint the Chairman of the meeting to act as your proxy and vote on all resolutions, please tick the box in Section B and sign at Section D.</p>	
<p><input type="checkbox"/> elect to lodge my/our <b>vote(s) directly (mark box)</b> in relation to the Annual General Meeting of the Company to be held at 9.30am (Sydney time) on Tuesday 11 October 2016 and at any adjournment or postponement of the meeting.</p> <p>You should mark either <b>"for"</b> or <b>"against"</b> for each item in Section C. <b>Do not</b> mark the <b>"abstain"</b> box.</p>		<p><input type="checkbox"/> appoint the <b>Chairman of the meeting (mark box)</b></p> <p><b>OR</b> if you are <b>NOT</b> appointing the Chairman of the meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below</p> <div style="border: 1px solid black; height: 30px; width: 100%;"></div> <p>or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the meeting, as my/our proxy to act generally and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9.30am (Sydney time) on Tuesday 11 October 2016 and at any adjournment or postponement of the meeting.</p> <p><b>Important note: Exercise of proxies by the Chairman for items 4 and 5.</b> Where I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the meeting to exercise my/our proxy in respect of item/s 4 and 5 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the meeting may exercise my/our proxy even though items 4 and 5 are connected directly or indirectly with the remuneration of a member of Key Management Personnel.</p>	

The Chairman of the meeting intends to vote all available proxies in favour of each item. Direct votes or proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting, being 9.30am (Sydney time) on Sunday 9 October 2016.

<b>C</b>	<b>YOUR VOTING INSTRUCTIONS</b>						
<b>Item 3:</b> Election and Re-election of Directors	For	Against	Proxy only Abstain*	<b>Item 4:</b> Grant of Performance Rights	For	Against	Proxy only Abstain*
(a) Mr Craig Dunn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Item 5:</b> Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) Ms Jane Hemstritch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) Dr Nora Scheinkestel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you are voting under Section B and you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in calculating the required majority if a poll is called.

<b>D</b>	<b>SIGNATURE OF SHAREHOLDER(S)</b>		
Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)	

Sole Director and Sole Company Secretary      Director/Company Secretary (delete one)      Director

To be valid this form must be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the shareholder's constitution and the Corporations Act 2001 (Cth).



## FURTHER INFORMATION ON VOTING

### Voting under Section A – Direct Voting:

If you mark the box in Section A you are voting directly. You should clearly mark the boxes in Section C to indicate your voting instruction for each item. Please only mark either “for” or “against” for each item. **Do not mark the “abstain” box.**

If no direction is given on an item, or if you complete both the boxes in Sections A and B, your vote may be passed to the Chairman of the meeting as your proxy. If you mark the “abstain” box for an item, your vote for that item will be invalid.

Shareholders, custodians and nominees may identify on the Voting Form the total number of votes in each of the categories “for” and “against”. The Chairman’s decision as to whether a direct vote is valid is conclusive.

### Voting under Section B - Appointing a Proxy:

If you mark the box in Section B you are appointing a person/body corporate who can attend as your proxy. To direct your proxy how to vote, you should clearly mark the boxes in Section C to indicate your voting instruction for each item.

**Appointment of proxy:** Insert the name of the person/body corporate you wish to appoint as your proxy where indicated. You cannot appoint yourself. A proxy need not be a member of the Company. If you lodge a form and do not appoint someone else, the Chairman of the meeting will act as your proxy by default.

**Appointment of a second proxy:** You are entitled to appoint up to two proxies. A separate proxy form should be used for each proxy. If you appoint a second proxy, you should state the proportion of your voting rights, or number of votes given to each proxy appointed, by clearly writing the proportion or number of votes to be exercised on the front of each form. If the appointment does not specify the proportion or number of your votes each proxy may exercise, each proxy may exercise half the votes. If you appoint two proxies, they can only vote on a poll in accordance with the number or proportion of votes allocated to them. Where two proxies are appointed, neither is entitled to vote on a show of hands. You can obtain an additional proxy form by telephoning **1300 88 66 77**.

### Votes on items of business:

Shareholders, custodians and nominees may identify on the Voting Form the total number of votes in each of the categories “for”, “against” and “abstain”.

If you are intending to appoint the Chairman of the meeting as your proxy and wish to direct him how to vote you should mark the boxes at Section C.

If you have appointed the Chairman of the meeting as your proxy and have not directed him how to vote, by signing and returning this Voting Form you will have provided Chairman of the meeting express authority to vote your undirected proxy in accordance with the voting intentions set out in the Notice of meeting and on this form.

If you intend to appoint a member of the Key Management Personnel (other than the Chairman) or one of their closely related parties, or an associate of the CEO, as your proxy, please ensure that you direct them how to vote on items 4 and 5, otherwise they may not be able to cast a vote as your proxy on those items.

If a shareholder’s appointed proxy does not attend the meeting, then the proxy appointment will automatically default to the Chairman of the meeting. In addition, any directed proxy appointments that are not voted on a poll at the meeting by a shareholder’s appointed proxy will automatically default to the Chairman of the meeting, who is required to exercise the relevant votes as directed on the poll (subject to any applicable voting exclusions).

### Voting exclusions items 4 and 5:

Voting exclusions apply to items 4 and 5 as set out in the Notice of meeting.

- The CEO and his associates will be excluded from voting on item 4;
- Key Management Personnel (as disclosed in the Remuneration Report) and their closely related parties are excluded from voting on item 5; and
- Key Management Personnel (as at the date of this meeting), and their closely related parties will be excluded from voting as proxies on items 4 and 5,

unless they are voting as a proxy for a person entitled to vote and they vote in accordance with a direction on the Voting Form or, in the case of the Chairman of the meeting acting as proxy, the Chairman of the meeting has received express authority to vote undirected proxies as the Chairman of the meeting sees fit.

**The Chairman of the meeting intends to vote all available proxies in favour of each item.**

### Voting by corporate representative:

Any corporate shareholder or proxy must appoint a person to act as its representative. When attending the meeting, the representative must bring a formal notice of appointment, signed as required by section 127 of the Corporations Act or the Shareholder’s Constitution.

### Lodgement of Votes:

You may lodge your direct or proxy vote online at the Telstra Share Registry website [vote.linkmarketservices.com/tls](http://vote.linkmarketservices.com/tls). If you lodge your vote online you will not need to return your Voting Form by mail or fax. Alternatively an envelope is provided for the return of the completed hard copy Voting Form (and any relevant authorities), or you may fax the completed form (and any relevant authorities) to **+61 (2) 9287 0309**.

### Deadline for Receipt:

To be effective, the completed documents must be received by the Company no later than **9.30am (Sydney time) on Sunday 9 October 2016:**

#### by hand:

Telstra Share Registrar  
Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY NSW 2000

#### by mail:

Telstra Share Registrar  
Link Market Services Limited  
PO Box A942  
SYDNEY SOUTH NSW 1234

#### online:

[vote.linkmarketservices.com/tls](http://vote.linkmarketservices.com/tls)

#### by fax:

+61 (2) 9287 0309

### Further information:

If you require further information on how to complete this form please telephone 1300 88 66 77.

**If you would like to attend and vote at the AGM, please bring this form with you  
as it will assist in registering your attendance.**

### Respecting your privacy:

As a Telstra shareholder, Chapter 2C of the Corporations Act 2001 (Cwlth) requires information about you (including your name, address and details of the shares you hold) to be included in Telstra’s public share register. This information must continue to be included in the public share register even if you cease to be a Telstra shareholder. These statutory obligations are not altered by the Privacy Act 1988 (Cwlth). Your information is collected by Link Market Services Limited (“Link”) on behalf of Telstra. It is collected to administer your shareholding and to improve your shareholding experience. Your personal information may be disclosed to certain people or organisations outside Telstra, including Telstra’s contractors (such as Link), brokers, printing companies, market researchers, government agencies (including the Australian Tax Office, Centrelink and law enforcement), and where required under applicable law, regulation or court order. Neither Telstra or Link disclose Telstra shareholder personal information to third parties outside Australia. All reasonable steps are taken to ensure that your personal information is accurate, complete and up-to-date. If some or all of your personal information is not collected, it might not be possible to administer your shareholding. See the privacy policy at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for information about how you can access and correct your personal information and raise privacy concerns.