

16 September 2009

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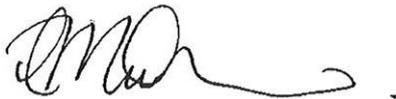
ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited Shareholder Letter

Attached is a copy of a letter that we will be sending out shortly to shareholders, for release to the market.

Yours sincerely



Carmel Mulhern
Company Secretary

David Thodey
Chief Executive Officer
242 Exhibition Street
MELBOURNE VIC 3000
Mail to:
Locked Bag 5639
MELBOURNE VIC 3001



Telstra Corporation Limited
ABN 33 051 775 556

16 September 2009

Dear Shareholder

In our 2009 Shareholder Update we made a commitment to keep you, our shareholders, informed on the progress of regulatory reforms and National Broadband Network (“**NBN**”) negotiations.

As you are probably aware, on 15 September, the Federal Government proposed an extensive regulatory reform package for the country’s telecommunications industry with a wide range of potential changes for Telstra and the industry. The legislation includes steps to further separate Telstra, with the Government giving Telstra the option of, among other things, voluntarily structurally separating or having the Government impose functional separation.

We are disappointed the Government has felt it necessary to introduce this legislation, but we remain committed to working with the Government to find a solution that is in the best interests of the industry, the nation, Telstra and you, our shareholders. Telstra is carefully examining the package. It is Telstra’s view that many aspects of this package are unnecessary and need never be implemented if a mutually acceptable outcome can be reached on the NBN and separation.

The NBN has been given the strongest possible Board and management focus, including the establishment of a dedicated Board committee, chaired by the Chairman of the Board, Ms Catherine Livingstone, and an NBN engagement team, led by Group Managing Director Mr Geoff Booth.

We are actively and constructively engaged with Government but I want to stress that, if we are to make any major decision about your Company, we will need to be sure that it is in shareholders’ interests. We will continue to communicate with you and we would appreciate your feedback on this issue.

Let me conclude by restating that I feel privileged to be leading this great Company and I believe that Telstra will continue to be the cornerstone of the country’s communications infrastructure as it has been for the last 100 years. My job is to drive value for you, our shareholders. Please contact us at ***investor.relations@team.telstra.com*** if you wish to seek further information or if you have any comments.

Yours sincerely

A handwritten signature in black ink that reads "David Thodey". The signature is written in a cursive, slightly slanted style.