

18 October 2011

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Chairman and Chief Executive Officer - Annual General Meeting presentations

In accordance with Listing Rule 3.13.3, I enclose the presentations of the Chairman and Chief Executive Officer (including the Chief Financial Officer in relation to NBN), which will be delivered today at the Telstra Corporation Limited 2011 Annual General Meeting.

Yours faithfully,



Carmel Mulhern
Company Secretary

Chairman's Speech – 2011 Annual General Meeting

Good morning ladies and gentlemen.

I am Catherine Livingstone, the Chairman of your company.

On behalf of my fellow directors, I am pleased to welcome you to the 2011 Telstra Annual General Meeting.

I also welcome shareholders viewing today's proceedings live, via our Investor Relations website, the Telstra T-Box; and at the Sofitel in Melbourne and the Brisbane Convention Centre.

A quorum is present and I declare this Meeting open.

A Notice of Meeting has been distributed and will be taken as read.

Before I begin my address I would like to acknowledge all the Telstra employees who, as you have just seen, went out of their way in 2011 to serve the communities of which they are a part, and to keep them connected.

PROCESS

Let me now outline the process of today's Meeting.

There are five items of business on the agenda:

1. Presentations by me, as Chairman, and David Thodey, your Chief Executive Officer;
2. Consideration of the National Broadband Network Proposed Transaction;
3. Discussion of Financial Statements and Reports for the year ending 30 June 2011;
4. Consideration of the re-election of two Directors, John Mullen and myself; and
5. Consideration of the Remuneration Report.

The Board has received approximately 250 questions in advance from shareholders, with the main themes being the company's performance, capital management, customer satisfaction, the NBN and remuneration.

David Thodey and I will respond to these themes in our presentations as part of Item 1.

As part of our consideration of the proposed NBN transaction, your Chief Financial Officer, John Stanhope, will provide more detail with regard to Telstra's proposed participation in the rollout of the NBN.

John, David and I will then respond to your questions relating to that Resolution.

After dealing with Item 2, I will take questions from the floor regarding your company's business and the financial statements. We will then move to the remaining two items, being those relating to the Re-Election of Directors and the Remuneration Report.

Voting on all resolutions will be conducted by a poll. I will now open the poll, so that those of you who need to leave early can vote by completing your voting card and placing it in one of the ballot boxes near the exits.

Before continuing, allow me to introduce Telstra's auditors. Joining us today we have Steve Ferguson from Ernst & Young.

We also have members of Telstra's Executive Leadership Team here in Sydney, and in attendance in Melbourne and Brisbane.

Joining me on stage are

Carmel Mulhern, your Company Secretary;

Will Irving, General Counsel during the NBN negotiation period; and
your Board.

I will now ask each of your Directors to introduce themselves individually.

[CHAIRMAN STEPS ASIDE]

[Each director, excluding David Thodey, to speak for 60 seconds maximum]

I will address Board Governance shortly, but would like to take this opportunity to thank my fellow Directors for their contributions to the Board during what has been a most demanding year.

STRATEGIC OUTLOOK

Moving now to your company's strategic outlook.

At last year's AGM, I said we were on the cusp of a new connectivity era, where almost everything and everyone will be connected by smart networks.

If anything, that connectivity trend has accelerated, and the industry transition I spoke of last AGM is well underway.

Globally, consumers are now buying more smart phones and tablets than personal computers.

Australia is one of the most penetrated smartphone markets in the world.

This penetration is creating demand for new services, such as mobile payments and online shopping.

As a result, data traffic on our networks doubled in 2011, and is projected to increase 30-fold within 5 years and 1,000-fold within 10 years.

The traditional voice market is also facing increasing competition from international players such as Skype – which is being acquired by Microsoft and has launched mobile Skype apps for Android phones and iPhones.

Fixed phone lines and revenue continued to decline – with our subscribers falling by 290,000 and revenue by \$500 million dollars in the year.

However, that decline was offset by a continued strong rise in mobiles, with Telstra's Australian mobile customers increasing by a remarkable 1.7 million and revenue by \$800 million dollars.

These trends reinforce the reality that Telstra is no longer simply in the business of delivering voice over phones, but is now a participant in the more complex and globally competitive world of delivering data over devices.

With this in mind, Telstra is executing on its strategy, one designed to position us in this new environment.

This strategy has four main elements:

1. Improving customer satisfaction.
2. Retaining and growing our customer base.

3. Simplifying and restructuring the business.
4. Growing new businesses in Media, Network Applications and Services, and in Asia.

Shareholders, our strategic direction is delivering results.

Customer satisfaction rose 3% in fiscal 2011, and, so far in the first three months of 2012, is up by the same amount;

Customer numbers have increased in mobiles and broadband;

Simplification and productivity benefits enabled expense savings of over \$600 million dollars, which were re-invested in growing the customer base;

We also announced a number of initiatives in growth areas, including

- An \$800 million dollar cloud computing investment over 5 years,
- A \$600 million dollar Digital Business solution,
- The creation of an Applications and Ventures Group,
- The acquisition of iVision to improve our video conferencing capabilities,
- The unveiling of FOXTEL on the T-Box, and
- Our re-integration of significant network assets in the Asia-Pacific region, as part of the restructure of the Reach network.

Telstra's growth areas – Media, Network Applications and Services, and Asia – now account for 19% of our total sales revenues.

Some shareholders have expressed concern that our profit fell during fiscal 2011.

This fall was flagged at the AGM last year, and was the consequence of the deliberate investment in customer satisfaction and product initiatives, which occurred predominantly in the first half of the fiscal year.

Revenue actually grew throughout the year, and profit grew in the second half.

As I have indicated, our strategy is delivering results, enabling us to meet financial guidance commitments, generate free cash flow of \$5.5 billion dollars, and pay a dividend of 28 cents per share.

This is a strong result and leaves your company well positioned for 2012 and beyond.

NATIONAL BROADBAND NETWORK

The other very significant achievement in 2011 was the finalisation of negotiations with the Government and NBN Co. over the National Broadband Network.

This negotiation was complex. It has taken 2 years of intensive discussions, during which the guiding principle of the Board was the interests of Telstra's shareholders.

The Board is pleased, finally, to be able to present to shareholders, a firm proposal for Telstra's participation in the rollout of the NBN, together with a clear recommendation that shareholders vote in favour of that proposal.

As you will have seen in the Explanatory Memorandum, the independent expert, Grant Samuel, has concluded that the proposal is in the best interests of Telstra and its shareholders, delivering a net present value benefit of \$4.7 billion dollars, compared with the best available alternative.

The Proposed Transaction also includes several protections for Telstra in the event of cessation of the NBN rollout.

In this context, the independent expert has concluded that the value differential remains substantial even under a wide range of alternative assumptions.

Overall, the proposed NBN transaction should provide Telstra with:

- Better financial outcomes, including sustainable cash flows,
- A more stable regulatory environment in which to operate, and
- Greater strategic flexibility to respond to pressing global and technological trends.

CAPITAL MANAGEMENT

Let me now comment on the Board's consideration of capital management.

As a Board, we recognise how important the dividend is to our shareholders.

Telstra has maintained a 28 cent fully franked dividend for the past 5 fiscal years.

As indicated at last year's AGM, the Board will consider further capital management options, given approval and implementation of the proposed NBN transaction.

As noted in the Explanatory Memorandum, the impact of the NBN transaction in fiscal 2012 will not be material.

During this time, the Board will consider the actual profile of NBN-related cash flows.

This will inform our capital management strategies, including the potential for a share buyback.

Nevertheless, to avoid any uncertainty in the short term, I can confirm that it is the Board's intention to maintain a 28 cent fully franked dividend for fiscal 2012 and fiscal 2013.

This is, as always, subject to the usual process for the declaration of dividend at each half year, and there being no unexpected material events.

REMUNERATION REPORT

Moving now to the Remuneration Report.

In 2011, the continuing focus of the Remuneration Committee – chaired by John Mullen – was strengthening the link between company performance, shareholder interests, and remuneration.

Short Term Incentive (or STI) plans were evolved to align with the strategic imperatives – with a significant proportion of fiscal 2011 STI plans tied to customer satisfaction objectives.

An STI deferral policy was also re-instated.

Senior executives are now required to defer 25% of their STI awards into Telstra shares – to be held over a period of one and two years – with a risk of forfeiture in the event of departure from the company.

A clawback provision was also added to the STI deferral – giving the Board discretion to reduce, or withdraw, deferred STI in the event of misconduct or fraud.

The STI amount paid to senior management in fiscal 2011 was just 48% of potential remuneration, reflecting the stretch targets set by the Board.

This compares with an average STI payment of 23% of potential remuneration in 2010.

The structure of the Long Term Incentive (or LTI) plan remains unchanged, and the testing of the fiscal 2008 and 2009 LTI plans resulted in nil vesting to executives.

There have been many shareholder questions about whether the proposed NBN transaction would result in a windfall gain for management remuneration.

The very clear answer is no.

It is important to note that the \$11 billion dollars is not a lump sum; rather it is a net present value of cash flows to be received over up to 30 years.

The implementation of the NBN transaction would therefore be incorporated into Telstra's established corporate planning processes, and management would be held to account for achieving planned outcomes, including NBN cash flows.

I will discuss additional aspects of remuneration, including CEO remuneration and Directors' fees, when we come to Item 5, being consideration of the Remuneration Report.

BOARD GOVERNANCE

Turning now to Board Governance.

I would like to acknowledge the work of John Stewart, who is retiring from the Board at this meeting, due to increased commitments in the United Kingdom.

John has been a Board member since April 2008 and is a member of the Audit Committee.

His financial acumen and experience have been of immense value during a period of industry change and regulatory uncertainty.

On behalf of the Board, I thank John for the significant contribution he has made.

I also wish to acknowledge John Stanhope, who is retiring in December.

John has been a member of the Board since May 2009; however, his contribution to Telstra spans a career of over 40 years.

John's achievements at Telstra are too numerous to list, but his final project – a core role in our NBN negotiation team – has been pivotal.

As this is John's final AGM, I would like to take this opportunity to acknowledge his extraordinary service to your company.

The Board will continue its program of strengthening its mix of skills in the context of our strategic direction.

As noted in our Annual Report, the Board has also set a target of at least 30% of its non-executive Directors being women by 2013.

This commitment by the Board is part of the continuing programme of enhancing diversity throughout Telstra.

TELSTRA'S PEOPLE

At this point, I would like to pause and acknowledge the efforts of Telstra's people in what has been an extraordinarily demanding year.

The organisation has responded to the challenge of following through on the strategy we outlined to shareholders at last year's AGM.

This required a commitment to change across all areas of your company – to improve customer service, simplify the business and achieve overall cost savings.

Thousands of people have had to change the way they work.

In addition, there was an intensive program of work to translate the NBN Financial Heads of Agreement, signed in June last year, from a high level, non-binding commitment into the detailed transaction agreements which form the basis of the Resolution before the meeting today.

There are people who worked for months without a break, many instances of teams working through the night, and approximately 2,000 pages of transaction documentation finalised, in what is arguably one of the most complex transactions in Australia's corporate history.

On top of all of this, Telstra's people responded to an unprecedented conjunction of natural disasters – the Queensland floods, cyclone Yasi, the New South Wales and Victorian floods, the Western Australian bushfires, and the Christchurch earthquake, which affected our New Zealand business.

As you arrived this morning, you may have had the chance to hear first hand from some of the technicians who led our disaster recovery efforts.

Shareholders, on your behalf, I would like to thank the people in Telstra, who have made those commitments during the year, and have made Telstra a stronger company as a result.

CONCLUSION

In conclusion, let me return to our industry's fundamental transition.

There is no doubt this transition presents both challenges and opportunities – however, the Board believes your company is in a strong position to meet the challenges and to maximise the opportunities.

The strength of our position stems from the clarity of our strategy, the capacity of our networks and the capabilities of our people.

This combination of clarity, capacity and capability is delivering results.

Before asking David to discuss these results in more detail, I would like to thank you, our shareholders.

Much has been asked of you over the past two years.

Last year in particular, our outlook was uncertain due to regulatory change and NBN negotiations, and you were asked to support an \$800 million dollar investment in service improvements and growth businesses.

Twelve months on,

The proposed NBN transaction, if approved, will reduce uncertainty and deliver financial, regulatory and strategic benefits;

The investment in service and growth areas is delivering results;

And the share price has outperformed the market by 25% over the past 12 months, and has more than held its value during the market turbulence of the past 6 months.

In short, fiscal 2011 saw a fundamental improvement in the value of your company, and we have carried that momentum into 2012.

I would now like to hand over to David Thodey, who will expand on the opportunities open to Telstra.

As I do so, let's take a look at the new Telstra through its brand.

CEO's Speech – 2011 Annual General Meeting

Thank you, Catherine, and good morning everyone.

I trust that you enjoyed the video you just sawit tries to explain the thinking behind the new look and feel of our brand.

More importantly.....I hope that you are seeing..... and experiencing.....a different Telstra because we have embarked on a significant change agenda for our company.

The new branding is not just about a new advertisement it is rather intended to make a statement about this change agenda.

We think the brand image is cleaner.....fresher..... and more relevant to a new generation of customers, and....yes.....it is definitely more colourful.

But let me come back to this later.

Today, I am going to briefly cover four topics:

- Our strategic priorities,
- Our performance in 2011 and outlook for 2012,
- What we are doing to improve customer satisfaction, and
- The challenges and opportunities of an NBN world.

This AGM comes at an historic moment.....because we are poised to decide on a transaction.....a transaction that will deliver long-term

financial and strategic benefits for our company.....at a time when our industry is undergoing unprecedented change right across the world.

John Stanhope, your Chief Financial Officer, will take you through more details about the NBN proposal shortly ...

.. but let me make just a few comments....

- we are pleased with the arrangements we have in place..... it is the best option we have.
- Importantlywe also believe the proposed transaction protects shareholders under both the current policy.....and in the event of any future change in policy.

The NBN is a transformational event for the industry.....and therefore it will also provide us new strategic options in the future.

Our competitive advantages will remain.....if we continue to execute on our strategy.

I will come back to the NBN at the end of my speech today.

So..... what are the attributes our new brand is attempting to represent?

As you know.....our core focus is on becoming a customer-centred company.

- We want to be open.
- We want to be genuine/authentic.

- We want to be astute and innovative.
- We want to be imaginative – and more relevant.

But, for any rebranding to be effective it must reflect the true nature of a company.....for us that is about having a true ‘service’ culture within the company.

We need to earn the respect of our employees, customers and shareholders,and re-establish a sense of pride in this great Australian company.

This brand change is not superficial.

It’s fundamental to our strategy to simplify our business, put the customer at the centre of everything we do ... and, of course, finding new sources of growth.

It reflects a new Telstra.....a Telstra that we have been building from the inside out for the last 2 years.....a different Telstra built around four strategic priorities.

I outlined those four strategic priorities at last year’s AGM.

1. Improving customer satisfaction and service.
2. Retaining and growing our customer base.
3. Simplifying and restructuring the business.

4. Developing new businesses.

One year into the implementation of this strategy..... I am pleased to report that we are meeting.....and in some cases exceeding expectations.

Let me briefly touch on last year's financial performance.

In 2011, we exceeded our financial guidance on every measure..... and maintained our dividend.

Last year we said we were investing to improve the business..... to acquire customers..... and build new products.

We had a strong year.

- We added an extra 659,000 bundles..... 1.7 million mobiles..... 158,000 fixed broadband lines..... and 914,000 new mobile broadband customers.
- We sold 190,000 T-Boxes..... and 175,000 T-Hubs.
- Sales revenue grew 0.7% to \$25 billion..... In the second half, it grew 1.8%.
- Earnings before Interest, Tax, Depreciation and Amortisation, or EBITDA, declined by 6.4%.....but grew by 0.7% in the second half..... because we invested in the business.

- We generated \$5.5 billion of free cashflow.....and declared a fully franked dividend of 14 cents per share in the second half.....taking the full year dividend to 28 cents per share, fully franked.

We've done what we said we'd do over the past year.

Our strong 2011 results have seen our shares perform well in a tough market in recent months.

And..... as Catherine just announced.....the Board intends to maintain the 28 cent dividend through to 2013. This is, as always, subject to the usual process for the declaration of dividend at each half year, and there being no unexpected material events.

The good news is that the momentum we saw in the second half of 2011 has continued into the first part of the 2012 financial year.

The challenge before us is to improve our business performance..... so that **WE CHANGE THE WAY OUR CUSTOMERS TALK ABOUT US.**

We are only 15 months into our three-year strategic plan to build a stronger Telstra with a new business model.

We have to keep improving our service.....keep delivering value for money..... keep developing products that differentiate us from our competitors..... and meeting and exceeding customer service expectations.

Last year,

- More than 80,000 customers used our weekend technician appointments.
- More than 280 Telstra stores were refurbished.
- More than 28,000 older Australians attended our Connected Seniors Workshops,
- More than 5 million calls were made to our after-hours call centres, which are now open 24 hours a day, 7 days a week.
- 250,000 customers used our new dedicated move team.

Customer satisfaction is improving..... customer complaints are down by more than 30% and bad call volumes are also down.

However.....we don't get it right ALL the time.....and we must continue to put the customer at the centre of everything we do.

Putting the customer at the centre of everything must be practical.....and realistic.

We must put ourselves in our 'customers' shoes'.

One specific area where we have received many comments..... is the complexity and presentation of our BILLS.

I am pleased to announce that, last week.....we introduced a new Telstra bill a Bill that is easier to read and understand.

You can see this new Bill in the foyer.

This is only our first step – and we want to improve the BILL further – so if you have any comments or suggestions on the new bill format please let us know.

We also need to keep developing innovative and differentiated products – especially as the NBN world approaches.

An important focus area for us is the needs of the household

- Most homes want a diversity of servicesfrom the internet to the telephone..... to entertainment like FOXTEL or IPTV on the T-Boxand they want access to new applications like energy management and security systems.
- They want networks that are smart, fast and reliable.....combining fixed broadband, Wi-Fi and mobile broadband.
- They want smart, powerful devices that seamlessly connect to the TV, existing PCs.... and increasingly other home appliances.
- And they want technical support from someone they trust – who is responsive and capable.

We believe we have the services, networks, devices and support staff to meet these needs.....and we are working diligently to bring a new range of products to market.

Products like the T-Hub and T-Box are really only our first-generation offerings in this area.

Another key area where we are continuing to invest is in our mobile leadership.

The mobile phone has changed enormously since the first mobile phone call was made 30 years ago.

We have seen tremendous innovations over the last 10 years.....from the Blackberry.....to smartphones like the iPhone or HTC, Samsung.

Our NextG mobile network is one of the most advanced mobile networks in the world, and it is attracting a large number of customers.

In fiscal 2011, we added 1.7 million new mobile customers.

There are a number of reasons for this enormous growth.

1. Our network is outstanding.
2. The introduction of new smart phones.
3. More competitive offerings from Telstra.

Our mobiles are increasingly integrated into our lives.....and are an extension of our personalities.

That's why mobile usage is exploding.....and that is why we must continue to invest strongly in our mobile leadership.

As you will have seen, we have recently announced the first.....fourth-generation mobile network in Australia.

The new 4G network is operational in capital city CBDs.....and more than 30 regional and metropolitan centres.

What does 4G mean for our customers?

Well, if you have a 4G device you will have access to a faster wireless broadband network with download speeds of between 2Mbps and 40Mbps.

That's up to 10 times faster than what you currently receive on the NextG network.

Innovation in mobiles is very important for us in the future.....and we are well positioned for future growth.

Before I conclude, let me briefly discuss the impact of the NBN decision on our strategy.

In short, the NBN decision does not change our strategy at all.....but it does accelerate the migration to next-generation technologies.....a migration we have already begun.

What do I mean by that? Well

1. We have been seeing the movement from analogue voice to digital voice (VoIP) for years – and we have always known this change was inevitable,
2. We have also seen the incredible growth in demand for fast, fixed broadband and greater data allowances for years – and we see this demand increasingprincipally driven by IPTV, video and cloud computing.

These changes are not new.....but the rollout of the NBN will accelerate these trends.

Consistent with these changes....our strategy has always been to differentiate ourselves by moving from purely focusing on infrastructure access to:

- Building intelligent network capability,
- Providing differentiated content,
- Focusing on applications, and
- Introducing new tariff structures.

The proposed NBN transaction does NOT change our strategy at all.....but it does provides us with an opportunity to accelerate our investments in next generation technology.....and to build new competitive differentiation.

In conclusion, 2011 was an important year for Telstra.

After another year of hard work by all the dedicated, committed employees at Telstra.....we exceeded guidance.....won new customers..... restructured our operations..... and embarked on improving customer service.

We (now) have new branding..... which represents this change agenda and our commitment to be more relevant to our customers.

We will continue to change and improve.....and we won't be satisfied until our customers are satisfied.

Our core telecommunications business is travelling well.

Also, there has been strong acceptance by our customers of the new digital advertising packages from Sensis.....however, it is still early days in a three year transition and there is a lot more to do.

We will discuss this further at Investor Day.

In conclusion,

- We have strong momentum in the core business.
- We have a clear strategy.
- We will be ready for the NBN.

And.....lastly.....we are determined to put the customer at the centre of everything we do.....while bringing new, innovative products to the market.

CFO's Speech – 2011 Annual General Meeting

Thank you, Catherine.

As the Chairman said, we are here to answer any questions you have about the NBN Proposed Transaction.

You've received the Explanatory Memorandum, and many shareholders came to the retail roadshows that David Thodey and I took around the nation in August and September.

Before we take your questions, I want to quickly take you through the details of the NBN proposal once more.

The Directors are unanimously recommending shareholders vote in favour of the NBN proposal.

There are three key reasons for that unanimous recommendation.

Compared with other realistically available options, participating in the NBN should provide Telstra with:

- A better overall financial outcome;
- A more stable regulatory environment in which to operate; and
- Greater strategic flexibility.

This slide shows the components of the deal:

- Telstra's commitment to disconnect progressively Copper Services and HFC Broadband Services as the NBN is rolled out;
- Telstra's provision to NBN Co of long-term access to large volumes of infrastructure; and
- A range of Government measures such as funding for retraining of Telstra staff and taking on the Universal Service Obligation.

We said in June 2010, when we announced the Financial Heads of Agreement, that the approximate \$11 billion net present value consideration across these elements was critical to ensuring that the Board could support a deal and as you will see in the Explanatory Memorandum, that remains the case.

It's important to note that this was not the only value consideration for Telstra.

The value assessment also included the value of broader benefits Telstra may gain from the Definitive Agreements and which are hard to quantify, such as greater regulatory certainty.

The Board also commissioned an Independent Expert, Grant Samuel, to review the Proposed Transaction.

- Grant Samuel concluded that the deal is in the best interests of Telstra and Telstra shareholders.
- On their assessment, the value of Telstra if the Proposed Transaction proceeds is approximately \$4.7 billion greater than under the best available alternative.

- Further, the value differential remains substantial even under a wide range of alternative assumptions.

Whilst we will always work within the legislated policy of the day, it was very important for us to have protections in the event of a change in Government policy.

For example:

- NBN Co will still be required to pay Telstra access payments under the long-term contract for certain infrastructure in use or subject to a confirmed order at the time the rollout ceases, except in certain circumstances.
- NBN Co has agreed, subject to limited exceptions, to compensate Telstra up to \$500 million if, having reached a minimum of 20% of NBN Co's fibre coverage target, the rollout ceases. It is important to note that the NBN business plan forecasts coverage of less than 10% of its target by the end of 2013 so this protection would not be triggered at that point.
- Telstra will be able to continue to generate earnings and cashflow from the ongoing operation of the Copper Network and HFC Cable Network in areas where the rollout of the NBN Fibre Network has not occurred. This is what we call the "natural hedge".

This is an important chart from the Explanatory Memorandum and I want to talk to you about it.

- In simple terms, this shows that we have sought to mitigate the decline in cashflow from our fixed line business with the payments from NBN Co and the Government.

- While the deal is not expected to have a material impact on our financial results this fiscal year, it is expected to contribute to sustainable free cashflow generation in the medium term, providing us with greater financial flexibility and a stronger balance sheet than under the best available alternative given current Government policy.

The Explanatory Memorandum also summarises the conditions that must be met before the Definitive Agreements commence, or conditions precedent.

I'd like to update you on the 3 key conditions precedent.

- As announced recently, we have received a favourable ruling from the ATO that accords with our expectations. Subject to the tax ruling becoming binding, this will satisfy this condition precedent. The ruling will become binding once all other conditions precedent are satisfied or waived.
 - Today we are seeking approval by you, Telstra's shareholders.
- The critical condition precedent that remains to be satisfied for the transaction to commence is acceptance of Telstra's Structural Separation Undertaking (or SSU) and approval of the Migration Plan by the Australian Competition and Consumer Commission (ACCC).

We continue to work closely with the ACCC on the SSU and Draft Migration Plan and expect to submit a revised SSU in the coming weeks.

I would remind you that the ACCC Chairman, Rod Sims has commented that he thinks the issues with the SSU are not insurmountable. We too believe the issues can be resolved in a way consistent with our principle of protecting shareholder value.

If, after the vote at the AGM, there were to be a material change to the proposed transaction, as described in the Explanatory Memorandum, Telstra would ensure that shareholders have an opportunity to consider and vote on it.

In conclusion, let me go back again to the three key reasons the Directors are unanimously recommending shareholders vote in favour of Telstra's participation in the rollout of the NBN.

Compared to other realistically available options, participating in the NBN should provide Telstra with:

- A better overall financial outcome;
- A more stable regulatory environment in which to operate; and
- Greater strategic flexibility.

In addition, we have secured strong protections for shareholders in the event of a change in Government policy.

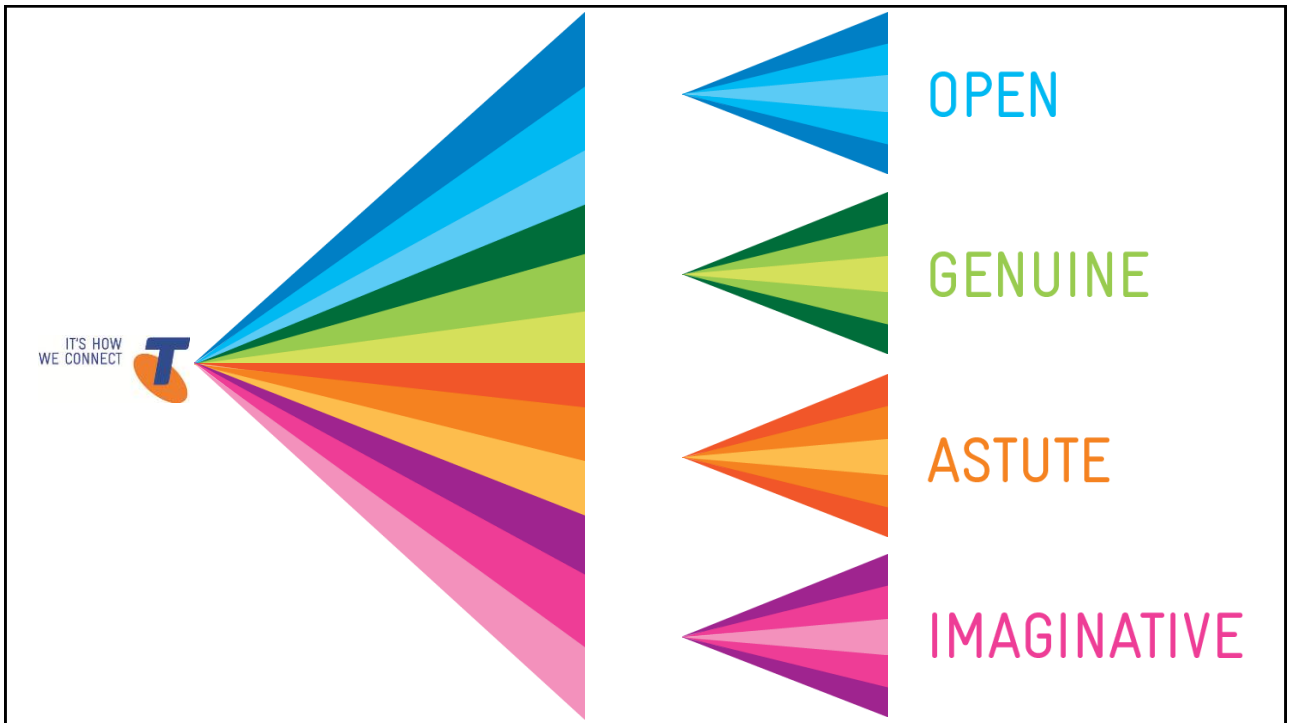
This has been recognised by the Independent Expert, who concluded that the value differential remains substantial under a wide range of alternative assumptions.

Thank you.

I will now hand back to the Chairman before we take questions on this Resolution.



DAVID THODEY
CHIEF EXECUTIVE OFFICER



IT'S HOW
WE CONNECT



OPEN

GENUINE

ASTUTE

IMAGINATIVE

OUR STRATEGIC PRIORITIES ARE WORKING

1. IMPROVE CUSTOMER SATISFACTION

2. RETAIN AND GROW CUSTOMER NUMBERS

3. SIMPLIFY THE BUSINESS

4. BUILD NEW GROWTH BUSINESSES

2011 FINANCIAL PERFORMANCE

\$ Billions	FY11	FY11 GROWTH	2H11 GROWTH	RESULTS VS GUIDANCE
Sales Revenue	25.0	0.7%	1.8%	✓
EBITDA	10.2	-6.4%	0.7%	✓
Free Cashflow	5.5	-12.0%	n/a	✓
Dividends	28c	-	-	✓

CUSTOMER SATISFACTION IS IMPROVING BUT THERE IS MORE TO DO

> 280 NEW & REFURBISHED STORES

CALL CENTRES OPEN 24/7

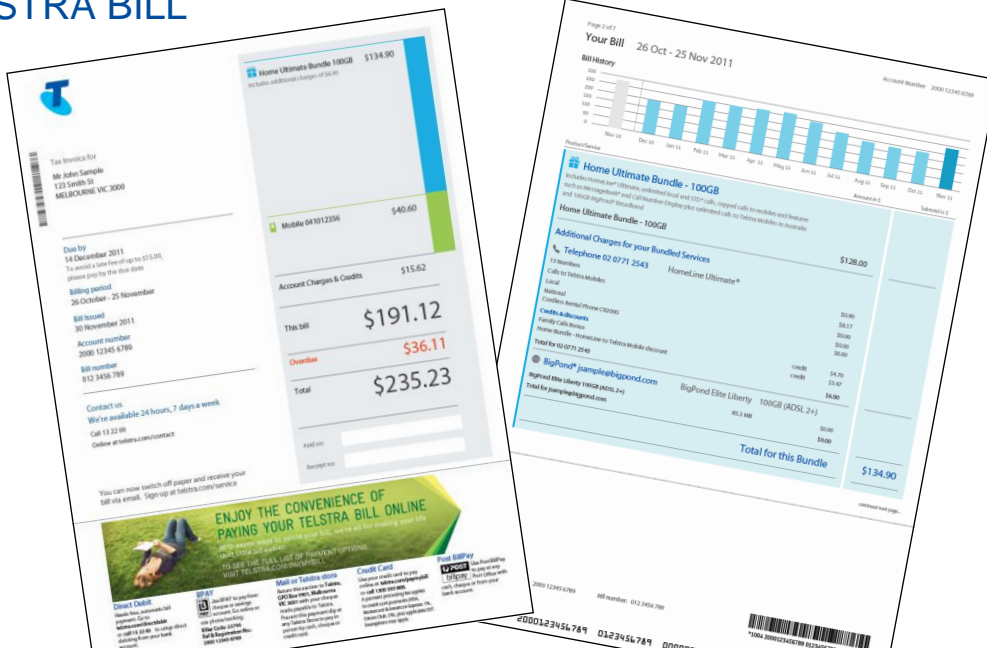
TELSTRA CONNECTED SENIORS WORKSHOPS

WEEKEND TECHNICIAN APPOINTMENTS

DEDICATED HOME MOVE TEAM



INTRODUCING A NEW SIMPLER AND CLEANER TELSTRA BILL



CONNECTED HOME NBN READY

Services:

- Content & applications

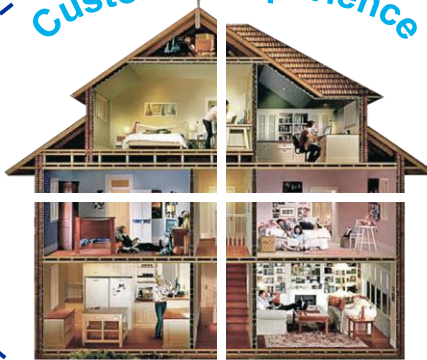
IT'S HOW
WE CONNECT



FOXTEL

BIGPOND

Customer Experience



Devices

- The connected home



Networks:

- Leading high speed networks



BIGPOND

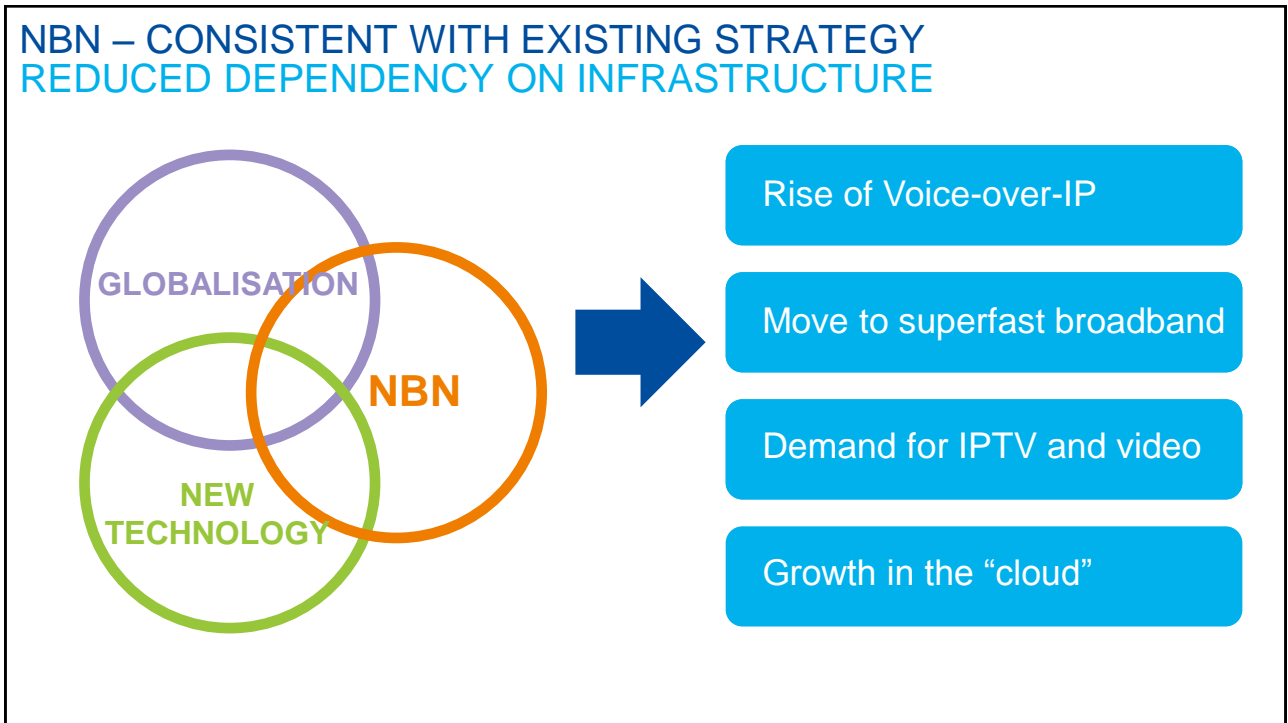
NEXT G

Support

- Extended customer support

TELSTRA PLUS
PREMIUM SUPPORT





STRONG MOMENTUM IN THE BUSINESS

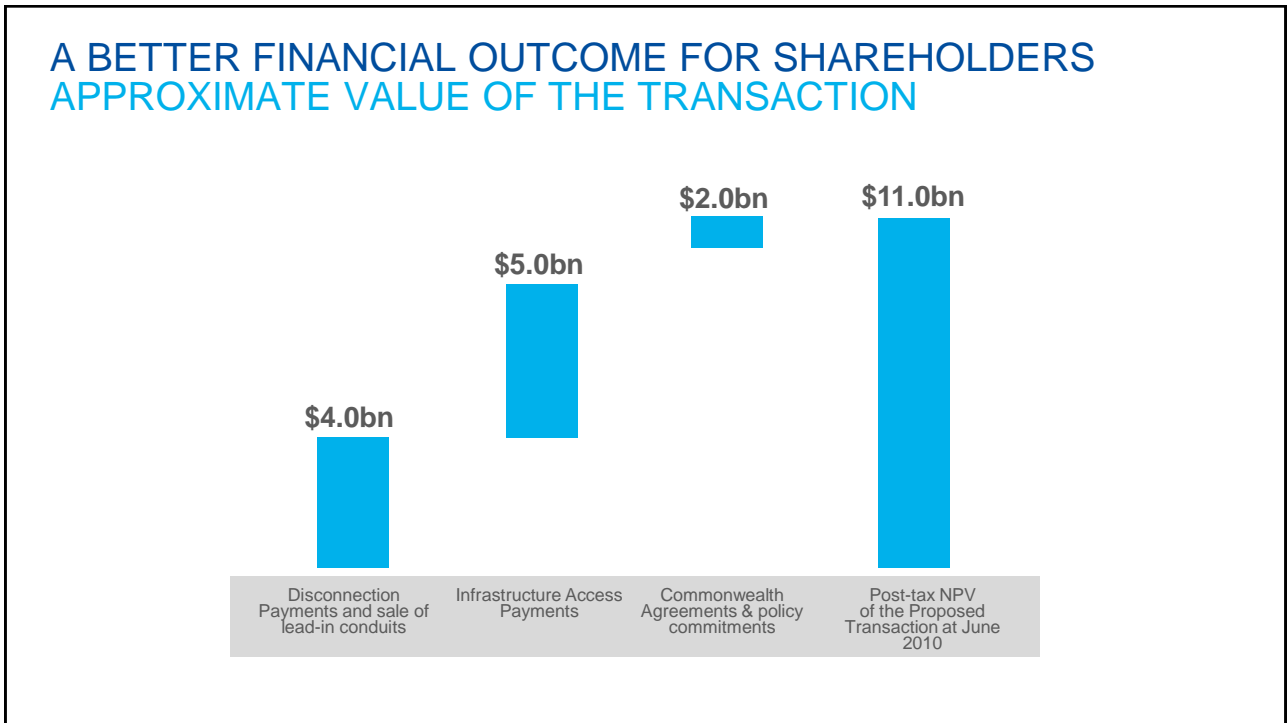
WE HAVE A CLEAR STRATEGY

WE WILL BE NBN READY



ANNUAL GENERAL MEETING

2011



INDEPENDENT EXPERT'S OPINION

“In Grant Samuel’s opinion, the Proposal is in the best interests of Telstra and its shareholders”

The Independent Expert has concluded that:

- the value of Telstra if the Proposed Transaction proceeds is approximately \$4.7 billion greater than under the best available alternative; and
- the value differential remains substantial even under a wide range of alternative assumptions

Note: This assessment is post tax net present value at June 2011.

KEY SHAREHOLDER PROTECTIONS

LONG TERM CONTRACTUAL COMMITMENTS FOR CERTAIN INFRASTRUCTURE

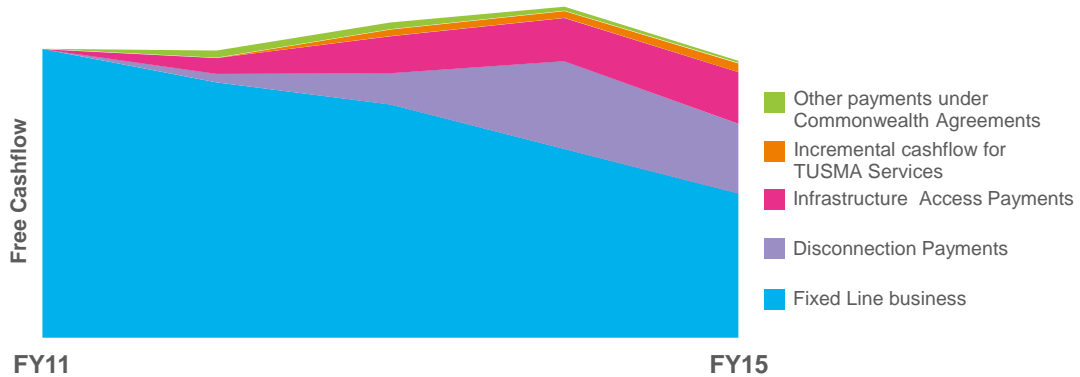
A ROLLOUT TERMINATION PAYMENT OF UP TO \$500M

GOVERNMENT PACKAGE

OUR NATURAL HEDGE FROM EARNINGS FROM EXISTING NETWORKS

SUSTAINABLE FREE CASHFLOW GENERATION IN THE MEDIUM TERM

ILLUSTRATIVE FREE CASHFLOW TREND OF TELSTRA FIXED LINE BUSINESS AND PROPOSED TRANSACTION*



* Assumes NBN rollout proceeds as set out in NBN corporate plan

KEY OUTSTANDING CONDITIONS PRECEDENT

ATO TAX RULINGS

TELSTRA RULING RECEIVED ✓

TELSTRA SHAREHOLDER APPROVAL

AGM VOTE TODAY

ACC ACCEPTANCE OF STRUCTURAL SEPARATION UNDERTAKING AND APPROVAL OF MIGRATION PLAN

REVISED SSU TO BE SUBMITTED

CONCLUSION

SUSTAINABLE FREE CASHFLOW IN MEDIUM TERM

MORE STABLE REGULATORY ENVIRONMENT

GREATER STRATEGIC FLEXIBILITY



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