

20 October 2004

Office of the Company Secretary

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ELECTRONIC LODGEMENT

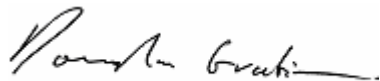
Dear Sir or Madam

Telstra Corporation Limited – 04/05 First Quarter Market Update

In accordance with the listing rules, I attach an announcement for release to the market.

The CEO and CFO have pre-recorded their comments on the First Quarter revenue performance. This commentary will be available on Telstra's Corporate Communications Centre and can be accessed via the following URL - <http://telstra.com.au/communications/calendar/calendarevent.cfm?ObjectID=581>

Yours sincerely



Douglas Gratton
Company Secretary

Telstra Corporation Limited

04/05 First Quarter Market Update

Pleasing revenue growth in first quarter

Highlights

- Reported sales revenue increased by 6.9% or \$349 million to \$5,381 million. This includes \$137 million from new acquisitions.
- Underlying² sales revenue, including domestic and international activities, increased by 4.2% or \$212 million to \$5,244 million.
- Underlying² domestic³ sales revenue increased by 3.9% or \$183 million to \$4,859 million.
- Mobile services revenue grew by 9.4% or \$80 million.
- Internet & IP Solutions grew by 31% or \$73 million
- Total broadband SIO's has exceeded the 1 million target much earlier than anticipated.
- Underlying advertising and directories grew by 16% or \$29 million.
- Pay TV bundling grew by 97% or \$28 million
- Underlying offshore revenue grew by 119% or \$25 million due to Global Sales acquisition of customer and network bases.
- Customers in Urban, Rural, and Remote areas of Australia continue to receive very high levels of service.

Telstra Corporation Limited

04/05 First Quarter

Market Update

Pleasing revenue growth in first quarter

Overview

Quarter ended 30 September 2004: **Reported total revenue** increased by 2.2%¹ or \$115 million to \$5,424 million. This includes \$137 million generated from new acquisitions including Trading Post, KAZ Group, PSINet Group and Damovo, offset by the decline in proceeds from asset and investment sales of \$234 million, which included the prior year sale of IBMGSA for \$154 million. **Reported sales revenue** increased by 6.9% or \$349 million to \$5,381 million.

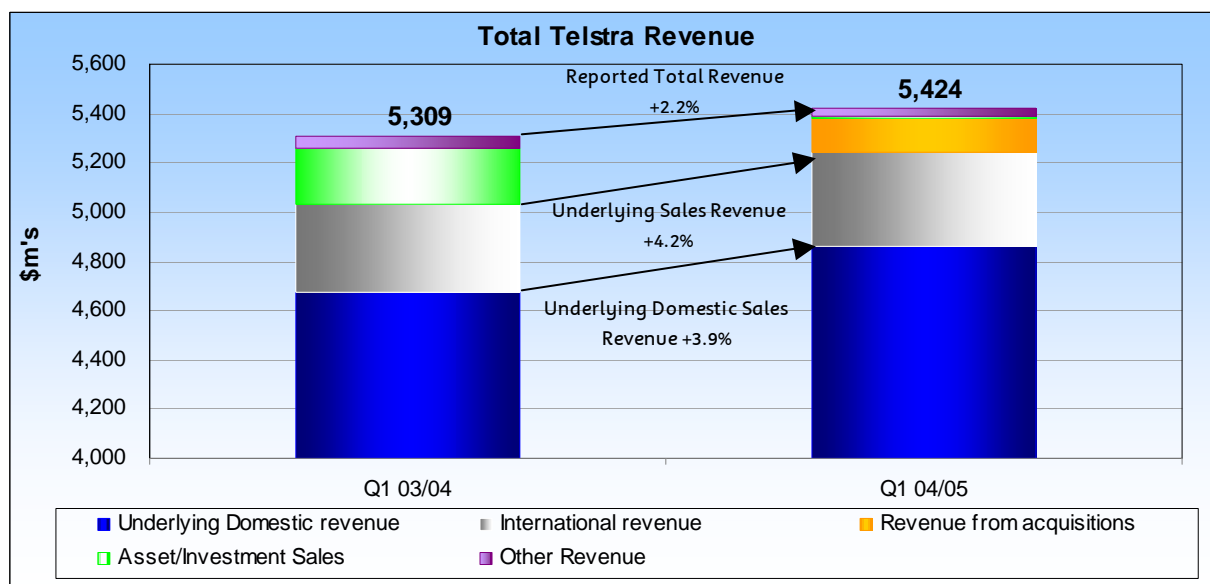
Underlying² total revenue increased by 2.8% or \$143 million to \$5,281 million. **Underlying² sales revenue**, from domestic and international activities, increased by 4.2% or \$212 million to \$5,244 million. Growth occurred in the following products and services:

- Total Mobiles grew by 8.3% or \$78 million, with Mobile Services increasing by 9.4% or \$80 million from higher call revenues and value added services.
- Internet & IP Solutions grew by 31% or \$73 million due to growth in Big Pond™ broadband, wholesale broadband and strong performing IP solution products;
- Advertising and Directories grew by 16% or \$29 million due largely to the growth in White Pages®;
- Pay TV bundling grew by 97% or \$28 million due to the introduction of digital TV; and
- Offshore revenue grew by 119% or \$25 million due to Global Sales acquisition of customer and network bases.

This was partly offset by lower:

- PSTN Products down by 1.0% or \$20 million due to reduced calling revenues across the PSTN product groups offset by increased PSTN access revenues; and
- Specialised Data down by 6.8% or \$18 million as customers migrate to newer technologies.

Underlying² domestic³ sales revenue increased by 3.9% or \$183 million to \$4,859 million.



The following details the Telstra group revenue result for the quarter ended 30 September 2004.

Footnotes:

- (1) All percentages relate to growth on prior corresponding period (PCP)
- (2) Underlying numbers exclude proceeds from property and investment sales and revenues from the acquisitions of Trading Post, KAZ Group, PSINet Group and Damovo.
- (3) Domestic revenues exclude all offshore revenues.
- (4) Statistical data is represented in millions unless otherwise stated, and represents management's best estimates.



Mobiles

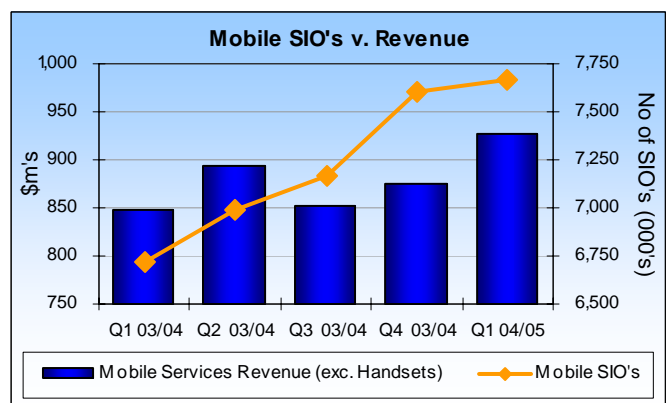
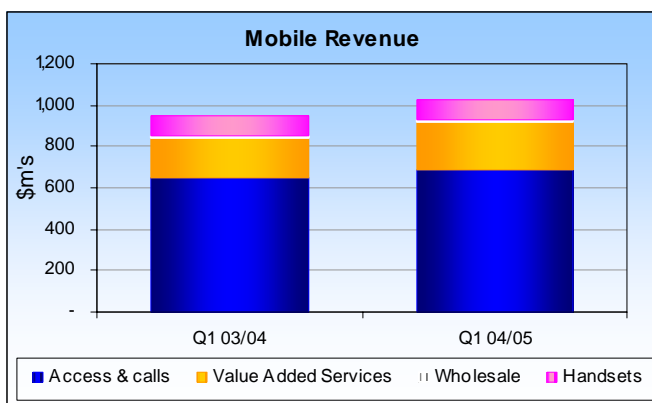
Total Mobiles revenue, including wholesale mobiles, grew by 8.3% or \$78 million for the quarter ended 30 September 2004.

Mobile services revenue increased by 9.4% or \$80 million for the quarter attributable to increases in access fees and call revenues of \$33 million, value added services of \$44 million and wholesale services of \$3 million.

Access fees and call revenue achieved growth of 5.1% or \$33 million due to the increase in mobile services of operation of 14% to 7.7 million and increased mobile voice minutes of 14%. However, growth generated by increased volumes was impacted by yield reductions.

These increases were generated by:

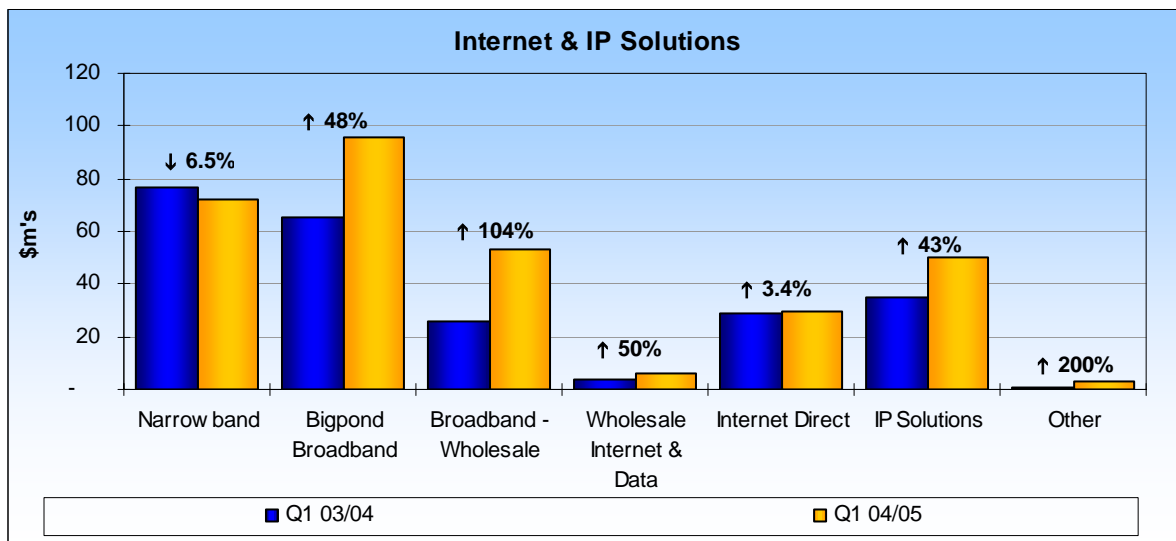
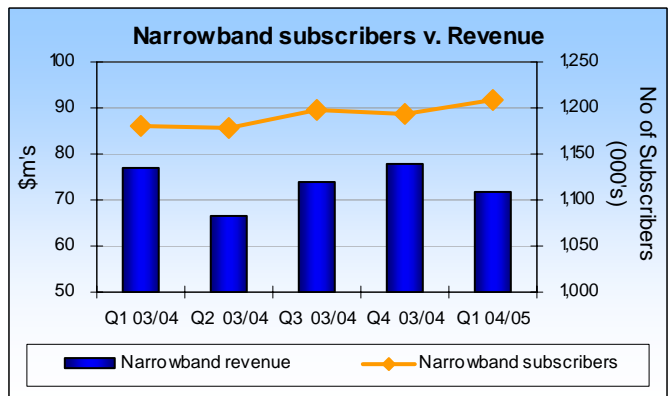
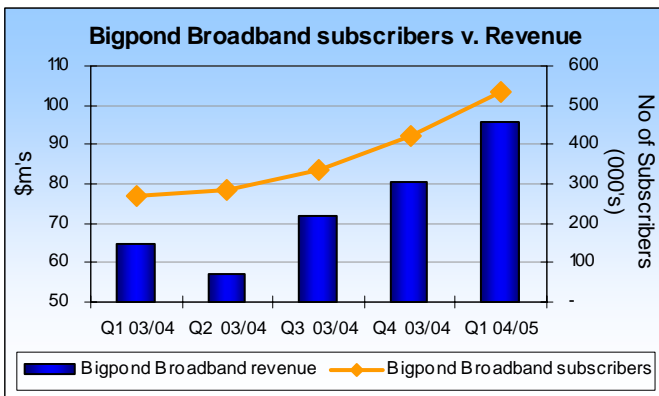
- Growth in prepaid revenues of 21% or \$14 million reflecting a 32% increase in prepaid services in operation and an increase in calling minutes of 40% offset by yield reductions due to promotions including 1c per minute on Telstra Prepaid Plus. The increase in services includes approximately 104,000 services impacted by the change in the deactivation policy made in April 2004;
- Growth in postpaid revenues of 3.3% or \$19 million attributable to the growth in postpaid calling minutes of 12% and an increase in postpaid services of 4.7%. This growth has been significantly offset by the increase in the customer usage of the included call allowance as well as from offers such as Bonus Options and Telstra Talk Plans.
- Increase in value added services was achieved by:
 - Growth in mobile data revenue of 26% or \$27 million, attributable to:
 - Short Message Service (SMS) growth of 17% or \$17 million as the number of messages grew by 25% or 108 million. Reductions resulted from increased discounting initiatives such as Telstra Rewards and Bonus Options which provide free text and picture messages or 15c text messages;
 - Other mobile data of 110% or \$10 million due to growth in General Packet Radio Service (GPRS) usage including Telstra wireless access protocols (WAP). Data transmission volumes have increased as GPRS phones and hand held computers such as the Blackberry, gains popularity.
- International roaming revenue growth of 39% or \$17 million for the quarter due to increased minutes of use following the growth in international travel including around the Olympics and an increase in inbound roaming pricing to align Telstra's charging structure with international standards.



Internet and IP

For the quarter ended 30 September 2004, Internet and IP solutions increased by \$73 million or 31%.

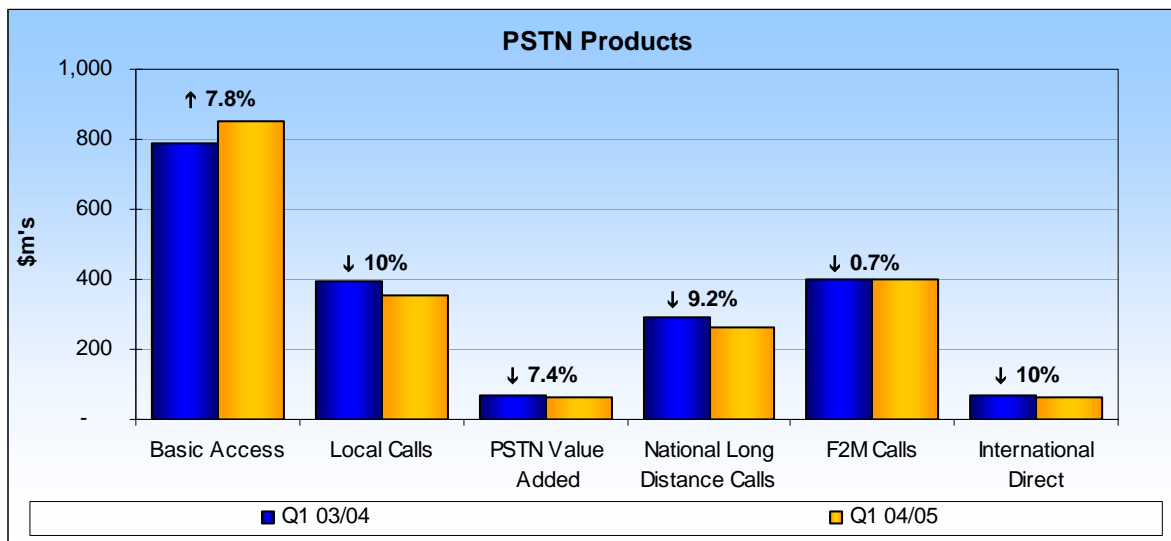
- Growth of 48% or \$31 million in Big Pond™ broadband is due to a 99% growth over prior corresponding period in Broadband retail subscribers to 533,000. Growth is due to the introduction of competitive pricing plans and increased internet usage. This is offset by a decline in the average revenue per user from the pricing plans, and unlimited usage and higher volume capped plans.
- Wholesale broadband grew by 104% or \$27 million with a 189% growth over prior corresponding period in subscribers to 495,000. This is offset by a decrease in yields of 23% for DSL Layer 2 Internet Grade and 71% for Flexstream following introduction of new pricing plans.
- Total broadband SIO's have exceeded the corporate target of 1 million, much earlier than anticipated.
- Narrowband revenue has declined by 6.5%. The number of services in operation has increased by 2.4% in consumer and 2.5% in business. However, there was a decline in average revenue per user as higher end users migrate to broadband services and customers move to 'unlimited usage' plans resulting in decline in excess usage revenue.
- Telstra's IP solutions have also performed strongly growing by \$15 million or 43% in the quarter. The growth is attributable to the commencement of a new contract, increasing installation revenue and the movement of customers from older technologies to IP WAN & MAN.



PSTN Products

PSTN products decreased by 1.0% or \$20 million to \$1,995 million for the quarter. Reduced calling revenues across the PSTN product groups were offset by increased PSTN access revenues.

- Basic access revenues grew by 7.8% to \$853 million for the quarter reflecting the continuation of re-balanced pricing packages. These increases were offset by a 110,000 decline over prior corresponding period in the number of basic access lines to 10.34 million. This decline is a result of migration to other products such as ISDN, broadband and mobiles. Access line numbers fell by 30,000 in the quarter.
- Local call revenue decreased by 10 % or \$40 million reflecting an 8.3% reduction in the number of calls as a result of product substitution to mobiles, fixed to mobiles and the internet and ISDN products. There was a reduction in yield due to an increase in package discounts and competitive pricing pressures.
- National long distance revenue decreased by 9.2% or \$27 million attributable to an 8.7% reduction in call minutes due to product substitution to mobiles, fixed to mobile, internet and ISDN. Average yield per minute decreased reflecting lower call caps offset by higher flagfall.
- Fixed to mobile revenue declined by 0.7% or \$3 million. The yield declined by 6.0% for the quarter as a result of business segment discounts, and migration of customers to PSTN plans with lower call rates and rewards benefits . This was offset by an increase in minutes of use of 5.3% due to continued growth in the number of mobile services in the Australian market.
- International direct revenue has reduced by 10% for the quarter attributable to a 9.8% decline in the number of call minutes due to migration to aggressively priced prepaid calling cards and customers using other products such as e-mail and internet chat facilities. There was a slight decline in the yield due to lower call caps.
- PSTN value added services reduced by 7.4% due to a decline in Call Return (*10#) and Messagebank® usage as a result of migration to the free product offering Telstra Home Messages 101®.

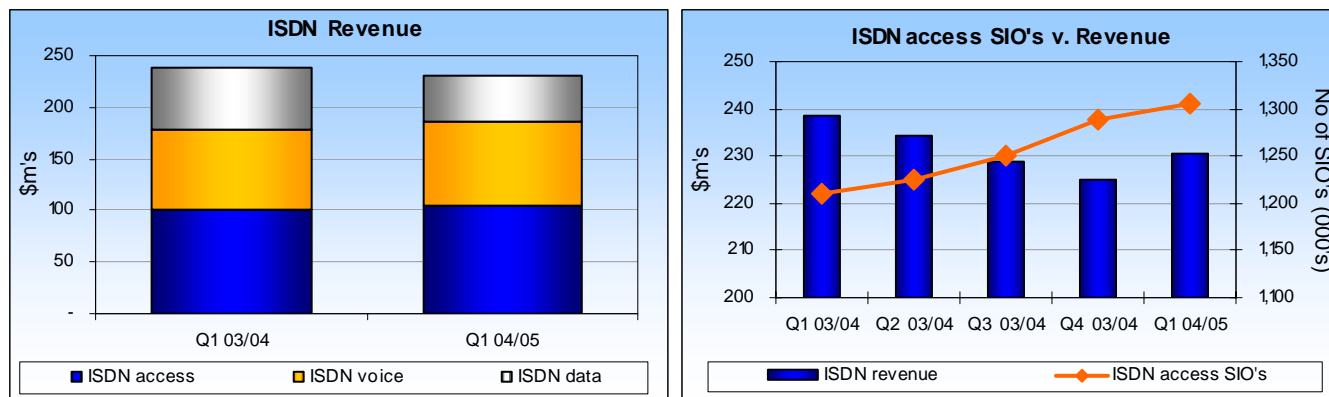


Specialised Data

Specialised data revenue decreased by 6.8% for the quarter reflecting a decline in mature products such as Leased Lines and DDS (Digital Data Services) where customers have migrated to newer technologies. Frame relay revenue declined although SIOs have increased as more customers take up IP WAN for which frame relay is the premium access.

ISDN

ISDN revenue declined by 3.3% or \$8 million with a 26% or \$16 million decrease in ISDN data call revenue as corporate customers continued to migrate to more technologically advanced products such as IP products. This is partly offset by growth in voice revenue of 3.4% or \$3 million and ISDN access revenue of 5.3% or \$5 million due to the penetration into the SME and consumer markets for ISDN. The number of services grew by 7.8%.



Advertising & Directories

Reported advertising and directories revenues, including revenue generated by Trading Post, increased by 37% or \$68 million for the quarter. Sensis Pty Ltd acquired the Trading Post Group in March 2004. Trading Post revenues of \$39 million are excluded from the underlying results.

Underlying advertising and directories revenues increased by 16% or \$29 million for the quarter. The revenue growth was attributed to White Pages® with additional colour listing options and growth in e-mail and web listings. Strong growth continues in Yellow Pages® print and Yellow Pages® online including location and navigation online products.

Intercarrier Services

Intercarrier services revenue decreased by 0.4% to \$277 million for the quarter. PSTN terminating prices and volumes reduced in line with industry trends and wholesale transmission product revenue declined due to continued pricing pressures resulting from an oversupply of capacity in the market. The impact of ongoing reductions to mobile terminating prices was partly offset by volume increases. These revenue reductions were partly offset by increased SMS interconnect revenues due to higher volumes and increased use of higher yield products such as MMS and SMS Direct Connect (internet to mobile). Wholesale long distance and international revenue increased due to higher volumes.

Inbound calling products

Inbound calling products revenue declined by 1.7% to \$117 million for the quarter. Competitive market pressures on prices have resulted in a decline in net yield and the customer base.

Solutions Management

Reported solutions management revenue increased by 80% or \$101 million for the quarter and included revenue generated by the KAZ group of \$86 million and Damovo of \$1 million. Telstra acquired the KAZ Group in July 2004 and Damovo in September 2004.

Without the benefit of these acquisitions, underlying solutions management revenues increased by 11% or \$14 million for the quarter. The growth is due to the commencement of significant new radio services construction contracts and an increase in managed wide area networks.

Hong Kong CSL

In local currency (HK\$), revenue increased by 6.7% for the quarter. This was achieved through strong growth in mobile handset sales due to the move into new customer segments and the launch of new models with advanced features; this also contributed to an increase in data revenue. Innovative content and applications and growth in international voice also contributed to the increase. However this has been partially offset by aggressive price competition, which has continued to reduce local voice revenue and average revenue per user.

In Australian dollars, revenue decreased 1.6% or \$3 million for the quarter, with an adverse exchange rate impact of \$15 million.

TelstraClear

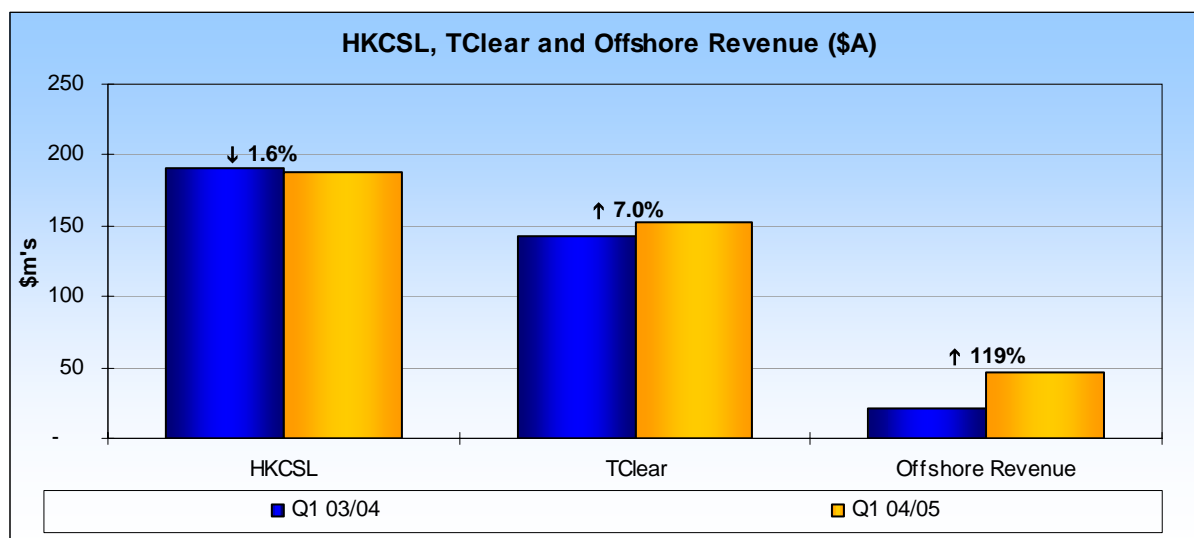
In local currency (NZ\$), revenue increased 3.8% for the quarter. On a stand-alone basis, including intercompany revenue, TelstraClear revenue increased 5.4%. Revenue growth has been achieved from continued strong retail revenue growth, mainly due to the large business segment growth and consumer/small business segment even though the consumer/small business segment was adversely impacted by aggressive incumbent competition. This increase has been partially offset by a decrease in wholesale revenue due to rate reductions in the wholesale market with international carriers.

In Australian dollars, revenue has increased 7.0% to \$152 million for the quarter, which includes the positive impact of an improved exchange rate.

Offshore Revenue

Reported offshore revenue has increased by 157% or \$33 million for the quarter and included revenue generated by PSINet of \$8 million. Telstra acquired PSINet in August 2004.

Underlying offshore revenue grew by 119% or \$25 million for the quarter. This is due to Global Sales acquiring the customer & network bases from Powergen and Cable Telecom in the UK in October 2003 and February 2004 respectively.



Pay TV Bundling

There has been rapid growth in Pay TV bundling with revenue increasing by 97% or \$28 million. Telstra's bundled Foxtel subscribers have increased by 43% to 253,000. Austar bundling now has 35,000 subscribers. The growth in services is due to the introduction of digital TV and a change to the packaging and bonus option introduced in June 2004.

Payphones

Payphone revenue has declined by 14%. While the number of payphones has remained steady the decrease is due to lower usage because of product substitution to prepaid calling cards and mobile phones.

Other Sales & Services

Reported other sales and services increased by 11% or \$17 million and included revenue of \$1 million generated by the KAZ group, acquired by Telstra in July 2004.

Underlying other sales and services revenue grew by 11% or \$16 million. This included revenue growth from increased HFC Cable usage, which included receipts for cable utilisation from Foxtel, miscellaneous revenue attributable to the introduction of merchant fee charges on credit card payment of bills, commercial recoverable works including Foxtel Pay TV digital conversion, and Telstra information & connection services due to the launch of the 1234 service.

Revenue growth is marginally offset by a decline in card services attributable to competition in the international calling card market and substitution by mobiles and reverse charge products by competitors. Virtual Private Network declined as customers continue to be offered new tariff options to migrate to IP technology. External Construction revenue reduced due to lower industry construction activity levels.

Other Revenue

Reported other revenue decreased by 85% or \$234 million to \$43 million. Proceeds from investment sales declined by \$165 million, which included the prior year sale of IBMGSA for \$154 million.

Underlying other revenue decreased by 65% or \$69 million for the quarter reflecting the fall in proceeds from sale of plant and equipment of \$53 million. In addition government receipts from grants reduced. Rent received for property and vehicles declined due to lower levels of Telstra fleet hire and property rental.

Service

Telstra continues to provide high service levels across Australia as evident in the recent Australian Communications Authority report for the June 2004 quarter. National Customer Service Guarantee (CSG) performance for connections was 92% and fault repairs 91%. CSG performance was above 90% in all categories, urban, rural and remote areas.

The June 2004 service report also shows that Telstra's Priority Assistance Program delivered high service levels with 96% of connections and faults in the quarter repaired within the required time frame.

Outlook

- There is no change to the current full year outlook guidance.
- We continue to reinvest in customer service improvements to strengthen our competitive position.
- Revenue growth rates will continue to track toward industry growth rates in 2006.
- The company continues to focus on maintaining operating margins over the course of the year.
- Core domestic operating capital expenditure is expected to be \$3 billion plus 3G expenditure.
- The company continues to generate strong free cash flow.
- We remain committed to delivering our 3 year capital management program.

Strategic Direction

Our objective remains to drive our domestic business by accelerating uptake of broadband products and strengthening mobile market share. We see customer relationship and excellent customer service as key to a continuing strong market share position and fundamental to protecting PSTN product revenue and producing balanced results across our portfolio.

Management remains committed to maintaining margins from a focus on profitable revenue growth and our \$800 million cost reduction program, which combined with capital expenditure management, will continue to generate strong free cashflow.

Recent acquisitions have met both our strategic fit and investment criteria. The strategy of managing cashflow growth and investing in acquisitions that meet our investment criteria, while remaining committed to our capital management program, is directed at improving overall returns to our shareholders.

For enquiries on this announcement please contact:

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Market Update

for three months ending 30 September 2004

\$ millions	Q1 04/05 Reported	Q1 04/05 Underlying	Q1 03/04 Reported	Q1 03/04 Underlying	Reported Growth %	Underlying Growth %	Underlying Movement
Mobiles							
Mobile services	928	928	848	848	9.4	9.4	80
Mobile handsets	95	95	97	97	(2.1)	(2.1)	(2)
Total Mobiles	1,023	1,023	945	945	8.3	8.3	78
Internet and IP solutions							
BigPond narrowband	72	72	77	77	(6.5)	(6.5)	(5)
BigPond broadband	96	96	65	65	47.7	47.7	31
Wholesale broadband	53	53	26	26	103.8	103.8	27
Wholesale internet direct	6	6	4	4	50.0	50.0	2
Internet direct	30	30	29	29	3.4	3.4	1
IP solutions	50	50	35	35	42.9	42.9	15
Other	3	3	1	1	200.0	200.0	2
Total Internet and IP solutions	310	310	237	237	30.8	30.8	73
PSTN Products							
Basic access	853	853	791	791	7.8	7.8	62
Local calls	354	354	394	394	(10.2)	(10.2)	(40)
PSTN value added services	63	63	68	68	(7.4)	(7.4)	(5)
National long distance calls	265	265	292	292	(9.2)	(9.2)	(27)
Fixed to mobile	399	399	402	402	(0.7)	(0.7)	(3)
International direct	61	61	68	68	(10.3)	(10.3)	(7)
Total PSTN	1,995	1,995	2,015	2,015	(1.0)	(1.0)	(20)
Specialised Data	246	246	264	264	(6.8)	(6.8)	(18)
ISDN (Access and Calls)	231	231	239	239	(3.3)	(3.3)	(8)
Advertising and Directories	253	214	185	185	36.8	15.7	29
Intercarrier services	277	277	278	278	(0.4)	(0.4)	(1)
Inbound calling products	117	117	119	119	(1.7)	(1.7)	(2)
Solutions management	227	140	126	126	80.2	11.1	14
HK CSL	188	188	191	191	(1.6)	(1.6)	(3)
TelstraClear	152	152	142	142	7.0	7.0	10
Offshore Revenue	54	46	21	21	157.1	119.0	25
PayTV Bundling	57	57	29	29	96.6	96.6	28
Customer premises equipment	44	42	46	46	(4.3)	(8.7)	(4)
Payphones	31	31	36	36	(13.9)	(13.9)	(5)
Other sales & services							
Telstra Information & Connection Services	35	35	29	29	20.7	20.7	6
Card Services	15	15	17	17	(11.8)	(11.8)	(2)
Security products	13	13	13	13	0.0	0.0	0
Customnet & Spectrum	29	29	28	28	3.6	3.6	1
HFCCable TV	16	16	10	10	60.0	60.0	6
Commercial & Recoverable Works	14	14	9	9	55.6	55.6	5
External Construction	17	17	19	19	(10.5)	(10.5)	(2)
Other	37	36	34	34	8.8	5.9	2
Total Other sales & service	176	175	159	159	10.7	10.1	16
Total Sales revenue	5,381	5,244	5,032	5,032	6.9	4.2	212
Other revenue	43	37	277	106	(84.5)	(65.1)	(69)
Total revenue	5,424	5,281	5,309	5,138	2.2	2.8	143
Domestic Sales Revenue	4,988	4,859	4,676	4,676	6.7	3.9	183

Selected Statistical Data				
Mobile voice telephone minutes		1,678	1,473	13.9
Short Message Service (SMS) (number of messages)		539	432	25.0
Mobile services in operation (thousands)		7,665	6,720	14.1
Broadband Retail subscribers		533	267	99.4
Broadband Wholesale subscribers		495	172	188.6
Total Broadband subscribers (thousands)		1,028	439	134.3
Narrowband subscribers (thousands)		1,209	1,180	2.4
Basic access lines in service		10.34	10.45	(1.0)
Local calls (number of calls)		2,233	2,435	(8.3)
National long distance minutes		2,002	2,193	(8.7)
Fixed to mobile minutes		1,096	1,041	5.3
International direct minutes		149	165	(9.8)
ISDN access (basic lines equivalents) (thousands)		1,305	1,210	7.8
Total Foxtel SIOs (thousands)		941	849	10.8

Footnotes:

- (1) All percentages relate to growth on prior corresponding period (PCP)
- (2) Underlying excludes Asset Sales except for those under PP&E, Trading Post, KAZ Group, PSInet and Damovo.
- (3) Domestic revenues exclude all offshore revenue.
- (4) Statistical data is represented in millions unless otherwise stated, and represents management's best estimates.
- (5) Refer to page 12 for product reconciliation details for prior quarter.
- (6) Total Foxtel SIOs is total Foxtel services in operation, inclusive of Telstra bundled services.



Quarterly Data
Quarter Ended 30 September 2004

Summary Underlying ⁽ⁱ⁾ Quarterly Data	Q1 Sep-03	QTR PCP ⁱⁱ Sep-03	Q2 Dec-03	QTR PCP ⁱⁱ Dec-03	Half 1 Dec-03	YTD PCP ⁱⁱ Dec-03	Q3 Mar-04	QTR PCP ⁱⁱ Mar-04	Q4 Jun-04	QTR PCP ⁱⁱ Jun-04	Full Year Jun-04	YTD PCP ⁱⁱ Jun-04	Q1 Sep-04	QTR PCP ⁱⁱ Sep-04
Revenue														
Mobiles														
Mobile services	848	3.4%	893	9.2%	1,740	6.2%	853	9.6%	877	6.6%	3,470	7.1%	928	9.4%
Mobile handsets	97	40.6%	89	(12.7%)	186	8.1%	79	(24.0%)	87	(20.9%)	352	(8.8%)	95	(2.1%)
Total Mobiles	945	6.3%	982	6.7%	1,926	6.4%	932	5.7%	964	3.3%	3,822	5.4%	1,023	8.3%
Internet and IP solutions	237	24.7%	231	14.9%	468	19.7%	255	28.8%	289	26.8%	1,013	24.0%	310	30.8%
PSTN products														
Basic access	791	3.4%	819	3.5%	1,610	3.5%	795	2.2%	832	11.2%	3,237	5.0%	853	7.8%
Local calls	394	(0.8%)	384	(3.8%)	778	(2.3%)	370	(3.6%)	356	(8.0%)	1,504	(4.0%)	354	(10.2%)
PSTN value added services	68	0.0%	66	(10.8%)	134	(5.0%)	62	(12.7%)	63	(7.4%)	259	(7.5%)	63	(7.4%)
National long distance calls	292	2.5%	286	(4.0%)	578	(0.7%)	278	(3.5%)	265	(9.2%)	1,121	(3.5%)	265	(9.2%)
Fixed to mobile	402	8.4%	407	6.5%	808	7.3%	398	6.1%	391	0.5%	1,597	5.3%	399	(0.7%)
International direct	68	(15.0%)	71	(12.3%)	139	(13.7%)	65	(11.0%)	62	(12.7%)	266	(13.4%)	61	(10.3%)
Total PSTN products	2,015	2.5%	2,033	0.4%	4,047	1.5%	1,968	0.0%	1,969	0.7%	7,984	0.9%	1,995	(1.0%)
Specialised Data	264	(2.9%)	253	(7.3%)	517	(5.1%)	258	(5.1%)	260	(7.5%)	1,035	(5.7%)	246	(6.8%)
ISDN (Access and Calls)	239	(3.6%)	234	(2.9%)	473	(3.3%)	229	(1.8%)	225	(1.3%)	927	(1.6%)	231	(3.3%)
Advertising and Directories	185	9.5%	584	3.9%	769	5.2%	237	10.7%	301	10.3%	1,307	7.4%	214	15.7%
Inter-carrier services	278	(6.1%)	284	(0.7%)	563	(3.3%)	266	(2.9%)	274	(2.1%)	1,103	(2.9%)	277	(0.4%)
Inbound calling products	119	(5.6%)	119	(4.0%)	238	(4.8%)	120	(1.6%)	118	(3.3%)	476	(3.6%)	117	(1.7%)
Solutions management	126	10.5%	107	(14.4%)	233	(2.5%)	117	3.5%	139	3.0%	489	0.4%	140	11.1%
Hong Kong CSL	191	(21.7%)	186	(22.5%)	377	(22.1%)	167	(31.3%)	182	0.6%	726	(20.0%)	188	(1.6%)
TelstraClear	142	2.9%	140	3.7%	282	3.3%	144	2.1%	148	10.4%	574	4.7%	152	7.0%
Offshore Revenue	21	(8.7%)	37	146.7%	58	52.6%	41	141.2%	50	455.6%	149	132.8%	46	119.0%
PayTV	29	NA	35	NA	65	NA	41	583.3%	48	182.4%	154	569.6%	57	96.6%
Customer premises equipment	46	(6.1%)	46	(9.8%)	92	(8.0%)	47	(4.1%)	45	0.0%	184	(5.2%)	42	(8.7%)
Payphones	36	(2.7%)	37	(2.6%)	72	(4.0%)	36	(5.3%)	33	(5.7%)	141	(4.7%)	31	(13.9%)
Other sales & service	159	(34.8%)	116	(48.7%)	276	(41.3%)	148	(26.7%)	186	(9.7%)	609	(30.6%)	175	10.1%
Sales revenue	5,032	0.5%	5,424	(0.7%)	10,456	(0.1%)	5,006	0.8%	5,231	3.3%	20,693	1.0%	5,244	4.2%
Other revenue	52	(3.7%)	42	(26.3%)	94	(15.3%)	55	17.0%	64	(38.5%)	213	(18.7%)	37	(65.1%)
Total revenue	5,084	0.5%	5,466	(1.0%)	10,550	(0.3%)	5,061	1.0%	5,295	2.5%	20,906	0.7%	5,281	2.8%

Selected statistical data ^{iv}	Q1 Sep-03	QTR PCP ⁱⁱ Sep-03	Q2 Dec-03	QTR PCP ⁱⁱ Dec-03	Half 1 Dec-03	YTD PCP ⁱⁱ Dec-03	Q3 Mar-04	QTR PCP ⁱⁱ Mar-04	Q4 Jun-04	QTR PCP ⁱⁱ Jun-04	Full Year Jun-04	YTD PCP ⁱⁱ Jun-04	Q1 Sep-04	QTR PCP ⁱⁱ Sep-04
Mobile voice telephone minutes	1,473	15.9%	1,538	16.2%	3,011	16.1%	1,554	20.6%	1,580	15.2%	6,145	16.9%	1,678	13.9%
Short Message Service (SMS) (number of messages)	432	49.0%	478	39.8%	910	44.0%	489	28.6%	504	25.7%	1,903	34.7%	539	25.0%
Mobile services in operation (thousands) ⁱⁱⁱ	6,720	14.2%	6,985	14.5%	6,985	14.5%	7,169	13.1%	7,604	15.8%	7,604	15.8%	7,665	14.1%
Broadband Retail subscribers	267	57.8%	287	52.8%	287	52.8%	337	60.7%	424	76.8%	424	76.8%	533	99.4%
Broadband Wholesale subscribers	172	362.5%	220	288.9%	220	288.9%	281	249.9%	379	213.4%	379	213.4%	495	188.6%
Total Broadband subscribers (thousands)	439	112.6%	507	107.5%	507	107.5%	618	113.0%	803	122.6%	803	122.6%	1,028	134.3%
Narrowband subscribers (thousands)	1,180	8.9%	1,178	6.8%	1,178	6.8%	1,197	5.6%	1,194	3.1%	1,194	3.1%	1,209	2.4%
Basic access lines in service	10.45	(0.8%)	10.44	(0.4%)	10.44	(0.4%)	10.43	(0.5%)	10.37	(0.9%)	10.37	(0.9%)	10.34	(1.0%)
Local calls (number of calls)	2,435	(3.7%)	2,396	(3.8%)	4,831	(3.7%)	2,324	(3.0%)	2,242	(5.8%)	9,397	(4.0%)	2,233	(8.3%)
National long distance minutes	2,193	(6.5%)	2,150	(6.9%)	4,343	(6.7%)	2,128	(6.6%)	2,049	(8.0%)	8,520	(7.0%)	2,002	(8.7%)
Fixed to mobile minutes	1,041	7.3%	1,058	7.5%	2,099	7.4%	1,070	8.1%	1,057	5.8%	4,226	7.1%	1,096	5.3%
International direct minutes	165	(13.4%)	173	(11.9%)	338	(12.7%)	161	(10.7%)	152	(11.8%)	651	(12.0%)	149	(9.8%)
ISDN access (basic lines equivalents) (thousands)	1,210	(1.2%)	1,224	2.9%	1,224	2.8%	1,250	4.2%	1,288	6.2%	1,288	6.2%	1,305	7.8%
Total Foxtel SIOs (thousands)	849	5.6%	862	6.6%	862	6.6%	867	6.3%	901	7.9%	901	7.9%	941	10.8%

Footnotes:

(i) Fiscal 2004/2005 and its comparative year exclude Trading Post, Kaz Group, PSInet and Damovo and proceeds from property and investment sales. Fiscal 2003/2004 and its comparative year exclude Trading Post and asset sales.

(ii) All percentages relate to growth on prior corresponding period.

(iii) Mobile Services in Operation(SIOs) are net of deactivated prepaid customers who were outside the recharge only period and reflects recent changes in deactivation policy in Q4 2003/2004.

(iv) Statistical data is represented in millions unless otherwise stated.



Telstra Corporation Limited (ABN 033 051 775 556)

Product reconciliation to align comparative figures with the reported format for quarter ended 30 September 2003

Quarter Ended 30 September 2004

	Underlying ⁱ previously released	Underlying ⁱ New Hierarchy	Movement	Included	Amount	Excluded	Amount
	Sep-03 \$m	Sep-03 \$m					
Total Mobiles	942	945	3	CDMA Wholesale Domestic Resale	3		
Internet and IP solutions	235	237	2	Wholesale Access Other (incl HDSL)	2		
Total PSTN products	2,015	2,015	-				
Specialised Data	260	264	4	Wholesale ATM	3		
				Wholesale Other Data	1		
ISDN Products	237	239	2			ISDN PMO Access	(2)
Advertising and Directories	185	185	-				
Intercarrier services	287	278	(9)			Wholesale ATM	3
						CDMA Wholesale Domestic Resale	3
						Wholesale Access Other (incl HDSL)	2
						Wholesale Other Data	1
Inbound calling products	119	119	-				
Pay TV Bundling	-	29	29	Pay TV Bundling	29		
Solutions management	126	126	-				
Various controlled entities (excluding HK CSL & Tclear)	31	-	(31)			Offshore revenue	21
						HFC Cable TV	10
Offshore Revenue	-	21	21	Offshore revenue	21		
Hong Kong CSL	191	191	-				
Telstra Clear	142	142	-				
Customer premises equipment	46	46	-				
Payphones	36	36	-				
Other sales & service	180	159	(21)	ISDN PMO Access	(2)	Pay TV Bundling	29
				HFC Cable TV	10		
Sales revenue	5,032	5,032	-				
Other revenue	52	106	54	Proceeds from Sale Other Plant & Equipment	48		
				Proceeds from Sales Fleet	6		
Total revenue	5,084	5,138	54	Proceeds from Plant & Equipment asset sales now included in underlying results	54		

ⁱ Underlying numbers exclude proceeds from property and investment sales and revenues from the acquisitions of Trading Post, Kaz Group, PSINet Group and Damovo.



Telstra Corporation Limited (ABN 033 051 775 556)

Normalisation Schedule
First Quarter Ended 30 September 2004

This schedule details the adjustments made to the reported results for the fiscal of years 30 June 2005 and 2004 to arrive at the underlying business performance.

\$m	September 04/05							September 04/05 Underlying	September 03/04			Reported Growth %	Underlying Growth %	Underlying M/ment	
	Reported	Asset / Investment Sales	Trading Post	KAZ	PSINet	Damovo	Total Adjust.		Reported	Asset / Investment Sales	Total Adjust.				Underlying
Fixed to mobile															
Total Mobiles	1,023						0	1,023	945		0	945	8.3%	8.3%	78
Internet and IP solutions	310						0	310	237		0	237	30.8%	30.8%	73
Total PSTN	1,995						0	1,995	2,015		0	2,015	(1.0%)	(1.0%)	(20)
Specialised Data	246						0	246	264		0	264	(6.8%)	(6.8%)	(18)
ISDN (Access and calls)	231						0	231	239		0	239	(3.3%)	(3.3%)	(8)
Advertising and Directories	253		(39)				(39)	214	185		0	185	36.8%	15.7%	29
Intercarrier services	277						0	277	278		0	278	(0.4%)	(0.4%)	(1)
Inbound calling products	117						0	117	119		0	119	(1.7%)	(1.7%)	(2)
Solutions management	227			(86)		(1)	(87)	140	126		0	126	80.2%	11.1%	14
HK CSL	188						0	188	191		0	191	(1.6%)	(1.6%)	(3)
Telstra Clear	152						0	152	142		0	142	7.0%	7.0%	10
Offshore Revenue	54				(8)		(8)	46	21		0	21	157.1%	119.0%	25
PayTV	57						0	57	29		0	29	96.6%	96.6%	28
Customer premises equipment	44					(2)	(2)	42	46		0	46	(4.3%)	(8.7%)	(4)
Payphones	31						0	31	36		0	36	(13.9%)	(13.9%)	(5)
Other sales & service	176			(1)	0	0	(1)	175	159		0	159	10.7%	10.1%	16
Sales revenue	5,381	0	(39)	(87)	(8)	(3)	(137)	5,244	5,032	0	0	5,032	6.9%	4.2%	212
Other revenue	43	(6)	0	0	0	0	(6)	37	277	(171)	(171)	106	(84.5%)	(65.1%)	(69)
Total revenue	5,424	(6)	(39)	(87)	(8)	(3)	(143)	5,281	5,309	(171)	(171)	5,138	2.2%	2.8%	143