15 February 2007

Company Announcements Office
Australian Stock Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Analyst Briefing – Half year results presentation pack

In accordance with the listing rules, I attach a copy of a presentation to be made today, for release to the market.

This Announcement has been released simultaneously to the New Zealand Stock Exchange.

Douglas Gratton
Company Secretary
These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Telstra, which may cause actual results to differ materially from those expressed in the statements contained in these presentations. For example, the factors that are likely to affect the results of Telstra include general economic conditions in Australia; exchange rates; competition in the markets in which Telstra will operate; the inherent regulatory risks in the businesses of Telstra; the substantial technological changes taking place in the telecommunications industry; and the continuing growth in the data, internet, mobile and other telecommunications markets where Telstra will operate. A number of these factors are described in Telstra’s Annual Report and Form 20-F.

All forward-looking figures in this presentation are unaudited and based on A-IFRS. Certain figures may be subject to rounding differences. All market share information in this presentation is based on management estimates based on internally available information unless otherwise indicated.
Telstra Corporation Limited

1H 2007 Results

Sol Trujillo
Chief Executive Officer

1H07 Financial results (reported)

<table>
<thead>
<tr>
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<th>1H06</th>
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<td>Ordinary DPS (cents) *(2)</td>
<td>14.0</td>
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(2) 1H06 excludes 6 cent per share special dividend

Best Earnings Guidance...Earnings pivot point reached whilst continuing to invest
## Winning where it matters

### Mobiles
- 1.2m 3G SIOs - added more than 700,000 in H07
- 3G ARPU uplift of $20 maintained
- Next G™ driving content and applications – non SMS data ARPU +74%

### Broadband
- Outgrowing competitors to increase market share by 1% to 4.5%
- Beating nearest competitor 3:1
- Over 200,000 retail wireless broadband subscribers

### PSTN
- Total line loss of 0.8% since June – best in class
- Residential lines held at June levels – best in 5 years
- Positive residential churn and market share gain – 1st time since comp

### Sensis
- Online usage up 21%
- Share of new media revenue increasing from 10% to 15%
- SouFun triple digit percentage growth

### Foxtel
- FOXTEL subscribers up 10%
- FOXTEL subscriber revenue growth of 15%
- 100% digital TV provider – cable analogue service switched off 1 Feb

### Sustained growth in key platforms

### Winning where it matters - Mobiles

#### Strong growth in 3G SIO’s &
- Estimated to have captured around 60% of 3G SIO net adds

#### Holding $20 ARPU Premium &
- Approaching 40% market share in 3G – On track for market leadership by May 07

#### Improving Subscriber Mix &
- Next G™ driving content and applications – Non SMS data ARPU +74%
- MBM benefits: CRM strike rates increasing across the board, eg Postpaid recontracting doubled

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**Entraching mobiles leadership**
Data driving more than half of $20 3G ARPU uplift

In Dec, 3G customers spent $12 more on non-SMS data and $4 more on SMS than 2G customers.

Economics of accelerated 3G growth

Changing the game in customer behaviour... leading the market

Penetration of base: Next G™ v 3G 2100

- FOXTEL by Mobile: 7%
- Mobile Music: 24%
- Video Streams: 53%

3G 2100

- FOXTEL by Mobile: 0.8%
- Mobile Music: 5%
- Video Streams: 11%

4 new channels recently launched driving an increase in streaming minutes and customer take up

Most popular channels are Fox 8, Comedy Channel and Disney Channel

Increase in channel content: Simple Life & Jerry Springer (FOX8); MAD TV (Comedy Channel)
The best the competition can do...

**Time for Rollout**
- **RECORD TIME**
  - Next G™ built and operating in record time of 10 months

**Coverage**
- **WIDEST**
  - Breadth: 1.9M sq km & 98.8% population
  - Better depth: in buildings etc
  - NEW: Range extension from 80km to 200km in certain locations

**Speed**
- **SUPERIOR**
  - NEW: 14.4 Mbps – first nationwide upgrade at highest speed in the world
  - PLUS: HSUPA 1.9 Mbps upload
  ...staying global leader

**Status**
- **AVAILABLE NOW**
  - Already 1.2m+ 3G customers, including 415k Next G™

No 2 competitor

- **YEARS**
  - 3 year rollout...risks of delay

- **LIMITED**
  - 650,000 sq km & 96% population
  - 900MHz explored only, limited depth with 2,500 sites at 2100 MHz

- **INFERIOR**
  - Once installed, speeds of up to 3.6 Mbps initially

- **NOT YET AVAILABLE**
  - Yet to make final technology (frequency) choice and mix – risks of delay

Next G™ competition still years away... Competitors faced with substantial execution risks in rollout

Winning where it matters – Retail Broadband

**Strong growth in market share**
- 44% 2H06 vs 45% 1H07

**Beating nearest competitor**
- 3 vs 1

**Holding ARPU sequentially for the first time**
- $49 vs $49

Growing market share while holding ARPU's

Delivering enhanced services with upgraded networks – Fixed, Wireless, Satellite and Cable

Wireless broadband subscribers over 200,000

Rated #1 in survey for email and telephone customer experience across all industries

Approximately one third of entry level customers migrate within 12 months

25% of new broadband sales in December and January were for plans faster than 1.5 Mbps
Winning where it matters - PSTN

Important pivot points passed

Winning where it matters - Sensis

Now much more than Yellow
SouFun: Expanding the footprint

**Strong growth in SouFun performance**
- Revenue up 107% YOY
- EBIT up 131% YOY

**Strong organic growth in SouFun footprint:**
- Offices in 40 cities opened prior to Telstra acquisition of 51% (Aug 2006)
- Offices in another 16 cities opened post Telstra acquisition of 51% (Feb 2007)
- Offices in a further 44 cities planned by end CY08 (Dec 2008)
- Total: 100 Cities by end CY08

*On a fully diluted basis

SouFun is continuing its aggressive organic expansion

SouFun operating in a booming market

- Construction fuelling China’s economic boom
- Real estate investment - 24% growth in 2006
- Residential building area Jan to Nov 06 + 19.2% YOY

**SouFun Performance Measures:**
- Page views per month
  - Jan05: 86
  - Jul05: 180
  - Apr06: 287
  - Nov06: 719
  - CAGR: 66%

**Chinese Online Real Estate Advertising Market:**
- Online advertising forecast to quadruple from 2006–2010 to US$3.2bn
- Forecast online real estate advertising CAGR of 66% to US$1bn in 2010

**SouFun: #1 online real estate advertising web site**
- 44m unique users per month
- 1.3bn page views per month

SouFun is continuing to grow strongly with the market
Wireless

- Next G™ peak network download speeds increased to 16 Mbps
- Additional 4,000 base stations being rolled out in FY07
  - Deeper coverage
  - More capacity
- 1,800 more Next G™ base stations compared to CDMA
- Moving to one consolidated network
- 200km range extension completed at selected sites
- Trial of home-based wireless broadband service

Wireline

- IP/MPLS Core and Multi Service Edge - turn up nearing completion
- Migrations of Internet backbone IP traffic (Telstra Internet Direct) to Core completed early Feb 07
- Migrations of Routed Data Network (RDN) underway
- Ethernet Aggregation and Transport deployments on track to carry traffic by end of June 07
- IP DSLAM ports on track to meet full year deployment target of 887k ports

IT

- On track
  - 1st release at the end of calendar 2007
  - 2nd release in late calendar 2008
- Delivered important capabilities
  - Integrated desktop
  - Telstra Service Delivery Platform
  - Telstra Retail Integrated Campaign System (TRICS)
  - Enterprise Program Management
  - Network Planning

Transformation... driving Capex improvements

On track to meet key milestones over calendar 2007

Transformation driving service improvements

Getting there on time... Over 90% of the time
Getting it right first time... Over 96% of the time
Enterprise & Government Best results on record

ADSL Held orders
- Over 80% reduction since Sep 2005

BigPond cycle times
- Down 19%

Driven improvements in both service and quality
Transformation driving productivity improvements

Vehicles with GPS
- Over 6,900 vehicles
  - Higher productivity and vehicle visibility
  - and more efficient scheduling

Investing in our people
- Over 6,400 participants
  - Improved front-of-house and field workforce skills

Incentive Based Compensation
- More than 80% front of house
  - Improved staff performance

One factory increasing efficiency and delivering benefits. Headcount down 4,596 since June 2005

Summary

13 months into a 5 year transformation plan
- On or ahead of plan on all fronts

Winning where it matters
- Broadband, 3G, Online, Integration

Creating new opportunities
- Evolution to MediaComms

Improving operational performance
- Churn, 3G/Broadband Market share, Productivity

Momentum continues across all business units
Telstra Corporation Limited

1H 2007 Results

John Stanhope
Chief Financial Officer

1H07 Financial Highlights (Reported)

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<td>Mobile revenue growth of 12%, Retail broadband revenue growth of 50%, PSTN revenue decline slowed to -5.6%, Normalised sales revenue +3.6%</td>
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<tr>
<td>Operating expense</td>
<td>Labour down 3%, Goods and Services +17%, Other expenses +15%</td>
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<td>Earnings (EBIT)</td>
<td>Better than guidance</td>
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<td>Transformation costs of $285 million in first half, Cash operating capex at $2.5 billion</td>
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Beat 1H07 guidance
### 1H07 Financial Results (Reported)

#### 5 billions (except margins & DPS)

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**Best earnings guidance. Earnings pivot point reached whilst continuing to invest.**

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### Sales Revenue Drivers: $11.6b +$225m

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<th>Drivers of Revenue Growth</th>
<th>Actual 1H07 ($m)</th>
<th>1H07 Growth %</th>
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<tr>
<td>296</td>
<td>Total mobiles</td>
<td>2,798</td>
<td>11.8</td>
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<tr>
<td>150</td>
<td>Mobile services</td>
<td>2,441</td>
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<tr>
<td>166</td>
<td>Mobile handsets</td>
<td>357</td>
<td>69.2</td>
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<tr>
<td>166</td>
<td>Retail broadband</td>
<td>497</td>
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<td>70</td>
<td>Wholesale broadband</td>
<td>279</td>
<td>33.5</td>
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<tr>
<td>41</td>
<td>IP access</td>
<td>193</td>
<td>27.0</td>
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<tr>
<td>47</td>
<td>Specialised data</td>
<td>4,04</td>
<td>(10.4)</td>
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<tr>
<td>(117)</td>
<td>Sensis</td>
<td>885</td>
<td>(11.7)</td>
</tr>
<tr>
<td>(216)</td>
<td>PSTN products</td>
<td>3,615</td>
<td>(5.6)</td>
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* Normalised for deferral of Melbourne Yellow book +7%
Sensis: $885m  -$117m (Normalised *)

Now more than Yellow. Emerging businesses + 37% revenue growth

5th year of strong 1H growth
New media revenue + 68% (Yellow + 32% to $78m)
Online usage + 21%
Approx. 33% of new customers bundle print & online (vs 20% historically)
SouFun 100+% growth

Normalised Sales Revenue

* Normalised for Melbourne YP of $117m

Normalised EBITDA Margins

Margin expansion driven by usage growth and cost management

On track to achieve FY07 double digit revenue and EBIT growth

Retail Broadband: $497m  +$166m

25% of new broadband sales in December and January were for plans faster than 1.5Mbps
Adding customers at the ratio of 3:1 compared to nearest competitor
Customer service stats:
- ADSL cycle times improved by 19%
- Top rated email and telephone customer experience provider

Growing market share and holding ARPUs
Mobiles: $2.8b +$296m

- 3GSM SIOs exceed 1 million – added over 700k in 1H, of which 280k were Next GTM
- Mobile data revenue 22% of mobile services revenue (up from 19% in 2H06)
- Non SMS Data ARPU up 74%
- Q2 Post paid adds -12x Voda, 13x Optus

On track to become 3G market leader by May 2007

Mobiles SARC/Margins

- Strong focus on Next GTM to drive 3G leadership
- Higher subsidies to migrate and acquire customers on Next GTM

- 3G subscribers generate $20 ARPU uplift over 2G subscribers
- Reducing postpaid churn to best in class (less than 1% per month)
  - 54% of postpaid base contracted for at least the next 12 months
  - Introduced 36 month contracts
- Net Ports – positive for Postpaid
  - (36k for 1H07)

Higher ARPU's reducing average payback to around 3 – 4 months
**Revenue Growth**

- **PSTN**: $3.6b -$216m

- Smallest line loss since June 2002
- Momentum change in residential SIOs – net gains since December
- MBM led initiatives reducing churn and slowing revenue decline
  - 3+ Multi-product customers up 13%
  - Subscription pricing plans ~300k
  - Improving churn trend

**Closing Subscribers**

- 2H05: 8.1
- 1H06: 8
- 2H06: 7.9
- 1H07: 7.8

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**Segment Highlights**

**Consumer Marketing & Channels**
- **Revenue Growth**: 4.4% to $4.7bn
  - Reduced PSTN decline: organic positive net churn from competitors - first time since competition
  - Continued success in migrating customers to 3G and Broadband

- Increasing competitive advantage and reducing churn:
  - Continued growth in bundling of products - 4.2% of customers
  - Strong growth in postpaid SIO share; growth in ARPU; and non messaging data up 34% - world class performance
  - World class churn performance in Fixed, Mobiles and Internet

**Business**
- **Revenue Growth**: 0.7% to $1.6bn
  - Successful performance turnaround following prior period revenue decline
  - Strong mobiles performance with 8.6% total revenue growth (3.4% mobile services growth)
  - PSTN decline reduced with 40% improvement on previous year: churn improvement, stabilisation of yield and segment targeting
  - Future opportunities for growth from Mobile data and Broadband & IP services

**Enterprise & Government**
- Normalised revenue growth of 0.3% to $2.2bn - second consecutive positive half
- Highest customer satisfaction performance ever
- Growth in IP Access Products: 27%
- Solutions and Services Revenue increased by more than 7% (higher than IT services market growth of 4.7% - IDC estimate)

**Segments benefiting from Next GTM’s competitive advantage and MBM segmenting**
Operating Expenses: $6.9bn  +$621m

Cost growth driven by peak transformation and 3G focus

1H06  Mobiles  Acquisitions/ Divestments  Transformation (ex D&A)  Business as usual  1H07

+$9.9%

5.0%  1.3%  2.2%  1.4%  $6,880m

$6,259m

Labour: $2.0bn  -$57m

Movement ($m) Description
(24)  Salary
(44)  Redundancy

Total workforce down

Lower amount expensed as most of 1H cash redundancy paid out of provision

On track to achieve objectives:
- FY08: 6,000 - 8,000 reduction
- FY10: 12,000 reduction

Headcount reduction driving ongoing labour savings
Goods and Services: $2.6bn +$371m

Movement ($m) Description

- 206 Handset subsidies
- 204 COGS
- 53 Usage & Dealer Commissions
- (118) Network Payments

- 3G:
  - volume growth
  - higher average SARC

- 3G:
  - volume growth
  - higher average SARC
  - BigPond volumes

- Transformation driven:
  - handset costs paid to Brightstar

- Lower mobile terminating rates
  - offsetting higher volumes
  - Lower Reach payments

Investment in key 3G market, in sight of market leadership

Other Expenses: $2.3bn +$307m

Movement ($m) Description

- 155 Service contracts & other agreements
- 69 Rental expense, General & Administration
- 58 Promotion & Advertising
- 25 Other

- Transformation driven:
  - IT build $30m
  - Wireline $25m
  - Supply chain $11m
  - Consultancy $11m
  - FoH volumes $4.8m

- New World PCS accomm $23m
- Renewed focus on training $12m
- Temporary duplicated networks - Next GTH + CDMA

- Growth focus - Next GTH, BigPond

- Doubtful Debt $1.6m - increase in BigPond customer base

Peak transformation spend year, material benefits to flow from FY08
Cost take-out

Cost take outs already being achieved:
- Labour (Org redesign, Operations productivity, Corp centre)
- Reach

Significant expense reduction on reaching Transformation Milestones

Increase in momentum as key milestones achieved

Depreciation & Amortisation: $2.0b +$178m

Underlying growth +1.7%
- Mix change toward higher software amortisation charge

Accelerated depreciation and amortisation (D & A) 1H07 ($m)
- Strategic review
  - service life changes
  - Network related 1.3
  - Software 1.4
- Total accelerated D & A 1.4

Tracking to FY07 guidance
Cash Capital Expenditure

Peak transformation spend in FY07
Key initiatives in 1H07 ($m):
- Wireline (IP Core, IP DSLAMs, MCE nodes) $10
- Wireless (Next G™ roll-out) $57
- OSS/SS (IT transformation) $23
- Other (including network improvements) $108
Total Transformation Capex $1,745

Business as usual steadily declining, driving a lower Capex/sales ratio post transformation.
Over $1bn Capex spend over last 5 years on CDMA/SDN alone

Cash Flow and Financial Parameters

Cash Flow

Operating $517m
Investing $466m
Acquisitions/Divestments $111m
Total Reported 1H07 $1,956m

55.9% $517m
23% $2,509m
118
1,745
661 $1,925m
1H06
1H07

Financial Parameters

Target
Debt Servicing 1.7 – 2.1 1.5
Gearing 55% - 75% 52.5%
Interest cover >7 times 9.4 times

Current 1H07

International

- Meeting integration plan milestones
- Churn improving
- Returned to SIO growth in December

New dimension to international portfolio

<table>
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<td>Income</td>
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<td>EBIT</td>
<td>333</td>
<td>342</td>
<td>(2.6)</td>
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<td>335</td>
<td>349</td>
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<td>(19)</td>
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- Growing on-net business
- Have not participated in broadband price war
- Regulatory change may deliver a more open market and present opportunities

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<td>6m</td>
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- Triple digit top line growth of 107% and bottom line growth of 131%

FY2007 Guidance

Guidance on Reported Numbers

- Revenue: Growth of +2.5% to +3.0%
- Depreciation & Amortisation: D & A similar to FY06 incl accelerated D & A of $300m to $350m
- EBIT: Growth in range of +3% to +5%
- EBIT (2H07): Growth in range of +37% to +4.0%
- Cash operating capex: Range $5.4bn to $5.7bn due to transformation
- Dividend: Intention to pay 14c final dividend

Top line momentum continues, revenue and earnings guidance increased
Addressing Key Misperceptions - PSTN

**Perception**
- FY06 is only the beginning of a long period where fixed line will decline at high single digit rates
- Telstra’s change in strategy to focus more on its 850MHz mobile network over its fixed line network is a concern ... The rate of PSTN decline could accelerate

**Facts**
- Slowed decline in PSTN to 5.6%
- Churn trend improving with positive PSTN churn from competitors since October 06
- Subscription pricing positive impact (4.2% of base)
- Maintain strong focus on PSTN while also aggressively pushing Next G™
- Integration continues to benefit PSTN

New focus on integration and retention leading to slower revenue declines

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Addressing Key Misperceptions – Next G™

**Perception**
- The launch of Telstra’s Next G™ network will offer a long-term competitive advantage but may take some years to help lift mobile revenue growth above GDP growth
- Next G™ could deliver significant benefits over time. However, this is dependent on resolution of launch-related technical issues such as handset availability
- Other carriers are expected to launch HSDPA shortly, offering similar speeds to Telstra potentially eliminating any competitive advantage
- Telstra will have a lower range of more expensive handsets than its competitors in the foreseeable future given the limited deployment of 3G at 850MHz globally

**Facts**
- Mobile service revenue growth 6.5%, best result since 2H05
- Network operating very well, all material technical issues resolved
- Now added 415,000 Next G™ subscribers since launch with current handset range
- Next G™ peak network speed increased to 14.4Mbps (next best is still only 3.6Mbps on less than 1% of the coverage area)
- 13 Next G™ handsets and 13 data devices to be available by March 07. On average Next G™ handsets cheaper than 2100 handsets

3G network performing better than predicted by analysts
Addressing Key Misperceptions – Other

Perception

- At the strategy day Telstra hardly discussed its FTTN or ADSL2+ plans...this is a risk...
- Telstra has already postponed a number of capex programs into 2007 and abandoned other capex projects
- The inflexion point in Telstra’s earnings is still some way off
- Domestic institutional demand for T3 is between $2.80 to $3.00

Facts

- ADSL2+ launched & in guidance
- ADSL1 speeds to 8Mbps opened up
- Capex program on track. Projects ‘abandoned’ were not aligned to strategy
- FY07 EBIT guidance +3% to +5% an improvement from FY06 EBIT -7%
- Final price $3.70, offer size doubled, strong performance in after market

Addressing Key Misperceptions – Property Rationalisation

Perception

- Potential to close and sell between 3,000-5,000 exchanges as they won’t be needed under the new network architecture
- Potential to sell and lease back over 5,000 mobile towers

Facts

- Within the 5 City Footprint, 200 of the 450 exchange buildings may fit criteria for potential sale – these are considered on a case by case basis
- Any potential benefits will materialise towards the end of the transformation period and beyond (2010+)
- No plans for rationalisation
- Savings to flow post CDMA closure from removal of duplicate network equipment
- Next G™ network has a lower total cost of ownership

No immediate plans for major exchange rationalisations
Addressing Key Misperceptions - Margins

<table>
<thead>
<tr>
<th>Perception</th>
<th>Fact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telco margin expansion inherently challenging and not supported by any precedents internationally</td>
<td>International analysts predict it is possible…</td>
</tr>
</tbody>
</table>

Telstra objective to maintain margins to FY10 is around mid point of peer group

Consensus Forecast EBITDA Margin Growth to FY10*

Analysts forecasting positive EBITDA margin growth for over half global telcos

Analysts forecasting negative EBITDA margin growth for Telstra

* Existing EBITDA Margin based on historic 5 year average

Regulation – Key Issues

Status

- Telstra appealed ACCC’s rejection of Telstra’s $30 average undertaking to the ACT – decision expected early 2007
- ACCC issued revised interim determinations in Dec 06 containing Band 2 price of $17.70 p/m

Recent developments

- Telstra has lodged a constitutional challenge in High Court to protect shareholder interest
- Interim determination issued in two LSS arbitrations at the rate of $3.20/month.
- Final ACCC pricing determination expected in first half of 2007
Long Term Management Objectives unchanged*

**Guidance on Reported Numbers**

- **Revenue Growth**: 2.0% to 2.5% pa to FY10
- **New product revenue**: In excess of 30% sales revenue FY10
- **Cost growth**: 2.0% to 3.0% pa to FY10
- **EBITDA ($)**: 2.0% to 2.5% pa growth to FY10
- **EBITDA margin**: 4.6% to 4.8% pa by FY10
- **Workforce**: Down 12,000 by FY10
- **Capex**: 10% to 12% of revenue by FY10
- **Free cash flow**: $6b to $7b by FY10

*Based on no FTTH and ULL Band 2 price of $17.78 p/m with 100% flow on to retail prices and no further adverse regulatory outcomes.*