Supplement dated 19 October 2010

Telstra Corporation Limited
(ABN 33 051 775 556)

Debt Issuance Program

This supplement ("First Supplement") to the prospectus dated 9 September 2010 ("Prospectus") constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 ("FSMA") and is prepared in connection with the Debt Issuance Program ("Program") established by Telstra Corporation Limited ("Issuer" or "Telstra"). The purpose of this First Supplement is to update the Prospectus for recent developments in relation to the "Documents incorporated by reference" section, the "Corporate profile" section and the "Risk factors" section of the Prospectus. Terms defined in the Prospectus have the same meanings when used in this First Supplement.

This First Supplement is supplemental to, and should be read in conjunction with, the Prospectus. It has been prepared by, and is issued with the authority of, the Issuer and has been approved by the Financial Services Authority in its capacity as competent authority under Part VI of the FSMA as a supplement issued in compliance with the Prospectus Directive (Directive 2003/71/EC).

The Issuer accepts responsibility for all information contained in this First Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this First Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Statements contained in this First Supplement will, to the extent applicable and whether expressly, by implication or otherwise, be taken to modify and supersede statements incorporated in the Prospectus. To the extent that there is any inconsistency between any statement in this First Supplement (or any statement incorporated by reference into the Prospectus by this First Supplement) and any other statement in the Prospectus, the statement in this First Supplement or as so incorporated prevails.

Save as disclosed in this First Supplement, or in any document incorporated by reference in this First Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

*Investors should be aware of their rights under section 87Q(4) of the FSMA.*

Supplementary Information

2010 Annual Report of Telstra

On 1 October 2010, the Issuer published its 2010 annual report for the financial year ended 30 June 2010 ("2010 Annual Report"). A copy of the 2010 Annual Report has been filed with the National Storage Mechanism and, by virtue of this First Supplement, the sections of the 2010 Annual Report specified below shall be deemed to be incorporated in, and form part of, the Prospectus. These can be located in the 2010 Annual Report on the following pages:

<table>
<thead>
<tr>
<th>Section</th>
<th>2010 Annual Report (Pages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary financial information</td>
<td>3 to 10</td>
</tr>
<tr>
<td>Revenue and product profitability</td>
<td>11 to 31</td>
</tr>
</tbody>
</table>
The sections from pages 78 to 201 of the 2010 Annual Report contain the consolidated accounts of the Issuer for the financial year ended 30 June 2010. This financial information complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. This financial information has not been prepared in accordance with the international accounting standard adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002.

Documents incorporated by reference

The section of the Prospectus titled "Documents incorporated by reference" on page 6 is amended as follows:

- On page 6, in the fourteenth row of the table, after the words "Directors’ Report”, the following text is inserted:

  "(other than the section titled “Outlook” on page 5, which is not incorporated)."

- On page 7, under the sub-heading titled “ASX Announcements”, in the 3rd line of the paragraph after the words “13 August 2010”, the word “and” is deleted and replaced with “,”.

- On page 7, under the sub-heading titled “ASX Announcements”, in the 3rd line of the paragraph after the words “3 September 2010”, the following words are inserted:

  "‘SouFun Holdings Limited IPO process’ dated 17 September 2010 and “Telstra Corporation Limited – 2010 Annual Report” dated 1 October 2010.”.

- On page 7, in a new paragraph, the ASX Announcement titled “Investor Day – slide presentations” dated 29 September 2010 shall be deemed to be incorporated in, and to form part of, this Prospectus except that the following sections will not be incorporated into, or form part of, this Prospectus:

  a) on page 6 of the “2010 INVESTOR DAY” slides presented by David Thodey, delete slide 11;
b) on page 2 of the "FINANCIAL UPDATE" slides presented by John Stanhope, delete slide 3;

c) on page 4 of the "FINANCIAL UPDATE" slides presented by John Stanhope, delete slide 7; and

d) on page 4 of the "FINANCIAL UPDATE" slides presented by John Stanhope, delete slide 8.

- On page 7, in a new paragraph, the ASX Announcement titled "Investor Day – transcript" dated 30 September 2010 shall be deemed to be incorporated in, and to form part of, this Prospectus except that the following sections will not be incorporated into, or form part of, this Prospectus:

  a) on page 2, delete the fourth paragraph beginning "Number 6";
  b) on page 15, in the third paragraph, delete the last sentence beginning "These investments";
  c) on page 15, in the fourth paragraph, delete the first sentence beginning "It is a stepped change";
  d) on page 17, delete the eighth paragraph beginning "The sustainability";
  e) on page 17, in the ninth paragraph, delete the second sentence beginning "Whilst the three graphs";
  f) on page 17 to 18, delete the sentence beginning "We will simplify";
  g) on page 18, delete the second paragraph beginning "Improvement in";
  h) on page 18, in the eighth paragraph, delete the second sentence beginning "These costs";
  i) on page 20, delete the ninth paragraph beginning "But I also";
  j) on page 20, delete the tenth paragraph beginning "The cash flow guidance";
  k) on page 21, delete the first paragraph beginning "As you are all aware";
  l) on page 21, in the seventh paragraph, delete the second sentence beginning "While our operational free cash";
  m) on page 21, delete the eighth paragraph beginning "I'm reminding you";
  n) on page 22, delete the eight paragraph beginning "As a consequence";
  o) on page 30, in the fourth line of third paragraph, delete the words from "but our" to "not change" (inclusive);
  p) on page 30, delete the fifth paragraph beginning "MR STANHOPE";
  q) on pages 32 and 33, delete the seventh paragraph of page 32 beginning "Then the second question" (including the first two lines of page 33);
  r) on page 33, delete the seventh paragraph beginning "To your other question";
  s) on page 33, delete the eighth paragraph beginning "We talk about Project New";
t) on page 34, delete the first paragraph beginning "Yes, we do get";

u) on page 44, delete the second, third and fourth paragraphs beginning "We have given";

v) on page 83, delete the fifth and sixth paragraphs beginning "Then lastly";

w) on page 85, in the ninth paragraph delete the words from and including "and that's why" to "current levels"; and

x) on pages 86 to 87, in the fifth paragraph, delete all of the text from and including the second sentence beginning "We will continue" (including the first two lines on page 86).

* On page 8, under the sub-heading titled "Provision of documents incorporated by reference" after the text "www.telstra.com.au/abouttelstra/download/document/tls741-soufun-holdings-limited-ipo-process.pdf", the following text is inserted:


Any information or document incorporated by reference in the above mentioned documents does not form part of the Prospectus, except where such information or other document is specifically incorporated by reference in, or attached to, the Prospectus by virtue of this First Supplement. Any information or other document not mentioned in this section as being specifically incorporated by reference in, or attached to, the Prospectus by virtue of this First Supplement, but included in the above mentioned documents does not form part of the Prospectus and is given for the purposes of information only.

Changes to Risk factors

The section of the Prospectus titled "Risk factors" beginning page 14 is amended as follows:

* On page 15, under the sub-heading "Government and regulatory intervention", the first bullet point titled "access pricing" is amended by inserting the following words in the 5th line after "may also affect our access pricing":

". In addition the ACCC has commenced public consultation on a draft review of the 1997 telecommunications access pricing principles for fixed line services with effect from 1 January 2011 based on a regulated asset base access pricing model. The draft indicative prices, if they become final, would result in a price reduction for its wholesale line rental product (which is one of a number of products which make up wholesale PSTN revenues) from $25.57 (Home Line) and $26.93 (Business Line) per line per month to $20.00 per line per month nationally averaged, with minor movements in the prices for the other declared services. The price reductions are specified in an ACCC press release available at www.acc.gov.au/content/index.phtml/itemId/947485 (the information included in this press release, and any information or document referred to in the press release, does not form part of this Prospectus and is given for the purposes of information only). Telstra is involved with discussions with the ACCC as it goes through the consultation period and will have the opportunity to submit that Telstra does not agree with the assumptions used by the ACCC in reaching its draft prices. Telstra's
position is that pricing stability is critical as the industry transitions to the NBN, and the draft prices do not provide this”.

- On page 18, in the second line of the second paragraph, the words “fixed to mobile calling substitution, product mix change, mobile internet developing faster than fixed internet, the explosion of the volume of data and video being carried by our networks, increasing price competitiveness for broadband and voice and the proposed National Broadband Network open access fibre network” are deleted and replaced with the following words:

“fixed to mobile migration for both voice and data, higher expectations of customers as they use more complex products and services, higher demand for speed and data and the difficulty of monetising that demand, product mix shift to lower margin products and higher cost of goods sold, increasing competition due to wholesale price reductions and increased price-based competition and regulatory change due to the NBN and CCS Bills”.

Changes to Corporate profile

The section of the Prospectus titled “Corporate profile” beginning page 24 is amended as follows:

- On page 26, under the sub-heading “international investments”, the fourth bullet point titled “SouFun” is deleted in entirety.