

Proposed legal corporate restructure – shareholder Q&A

1. What is a scheme of arrangement?

A scheme of arrangement is a process used to implement corporate restructures. This includes the structural reorganisation of groups of companies and the transfer of operating businesses, assets and liabilities between group entities. A scheme of arrangement is a court supervised process and requires shareholder approval.

2. Do you need shareholder approval?

Yes, the scheme of arrangement will require shareholder approval which the Telstra Board intends to seek at the 2021 AGM in October.

3. What does this mean for shareholders?

The intent of the proposed restructure is to enable Telstra to better realise the value of its infrastructure assets and, create additional value for shareholders. We will provide detailed information to our shareholders, including a recommendation from an independent expert, in a scheme booklet expected to be released in early September 2021.

4. What will it mean for my Telstra shares? Will I also get shares in the new entities?

Following the restructure, Telstra shareholders¹ will own shares in the new holding company on a like for like basis, with no change to their ownership levels.

Certain foreign shareholders (expected to be only a small proportion of shareholders) will not be eligible to receive shares in the new holding company. Instead they will have their investment in Telstra Corporation Limited sold by a nominee and they will receive the proceeds of that sale in cash.

5. What will change?

The legal structure of Telstra's businesses within the group will change.

There is no change in the group's overall ownership of Telstra business or assets from, or as a consequence of, the announcement.

However, at completion of the scheme, our shareholders would own shares in a new holding company on a like for like basis with their current TLS holding, with no change to their ownership levels

6. What won't change?

There is no change in the group's overall ownership level of Telstra business or assets from, or as a consequence of, the announcement on 22 March.

7. What is the timing?

Subject to shareholder approval at the AGM in October, court approval and the outcome of rulings and discussions with Government and regulators, implementation of the new corporate structure is expected before the end of December 2021.

8. When will shareholders receive more detail?

Detailed information will be made available to shareholders in a scheme booklet expected to be released in early September 2021.

9. Will this increase Telstra's share price? If not, why are you doing it?

Telstra share price is influenced by multiple factors.

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The intent of the proposed restructure is to enable Telstra to better realise the value of its infrastructure assets and create additional value for shareholders.

10. If it's just a legal restructure, why do Telstra shareholders need to vote on it?

Given the legal restructuring will result in shareholders owning shares in a new holding company this will require shareholder and court approval.

11. What does "eligible shareholders" mean? Are some shareholders not eligible?

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