BUSINESS OVERVIEW

DAVID THODEY, CHIEF EXECUTIVE OFFICER
DISCLAIMER

• 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 Financial Report dated 11 August 2011 and 2011 Annual Debt Issuance Prospectus lodged with the ASX.

• 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.

• All amounts are in Australian Dollars unless otherwise stated.

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TODAY’S OBJECTIVES

1. PERSPECTIVE ON KEY INDUSTRY TRENDS
2. PROGRESS ON STRATEGY
3. DETAILED UPDATE ON KEY FOCUS AREAS
4. FISCAL 2012 GUIDANCE CONFIRMED
AGENDA

PLENARY PRESENTATIONS: 9AM – 11AM

1. Business Overview                  David Thodey
2. Financial and NBN Update          John Stanhope
3. Simplification Program Update     Robert Nason
4. Retail Business Update            Gordon Ballantyne

QUESTION AND ANSWER: 11AM – 12PM

LUNCH

BREAK OUT SESSIONS: 12.30PM – 3PM

<table>
<thead>
<tr>
<th>NAS &amp; IP</th>
<th>THE CONNECTED HOME</th>
<th>MOBILITY</th>
<th>BRANDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brendon Riley</td>
<td>Hugh Bradlow</td>
<td>Mike Wright</td>
<td>Mark Buckman</td>
</tr>
<tr>
<td>Paul McManus</td>
<td></td>
<td>Warwick Bray</td>
<td></td>
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<tr>
<td>Philip Jones</td>
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</table>
OUR INDUSTRY IS UNDERGOING A SIGNIFICANT CHANGE

**DIGITAL CONTENT GROWTH**

5M Terabytes of information created every 48 hours

**NETWORK GROWTH**

5x growth in INTERACTIONS

- 300B emails
- 20B SMS
- 7B calls
- 0.2B Tweets/day

**WEB SEARCHES**

~2B Per day

The “ME” generation – consumer is king… or queen

**PERSONALISED DEVICES**

800M Smartphones by 2013

**BANDWIDTH DEMAND**

1B Terabytes over networks by 2012

**ASIA** to contribute 40% of WORLD GROWTH BY 2015

**CLOUD & APPLICATIONS**

INTELLIGENT NETWORKS

**VIDEO CONTENT GROWTH**

35 hours of YouTube content added every 1 minute

**VIDEO CONTENT GROWTH**

35 hours of YouTube content added every 1 minute
THIS HAS REQUIRED US TO MAKE A NUMBER OF CHANGES…
OUR PRIORITIES REMAIN UNCHANGED AND WE ARE MAKING PROGRESS

1. IMPROVE CUSTOMER SATISFACTION
2. RETAIN AND GROW CUSTOMER NUMBERS
3. SIMPLIFY THE BUSINESS
4. BUILD NEW GROWTH BUSINESSES
...AND WE ARE PREPARING FOR AN NBN WORLD

DIFFERENTIATION

• Intelligent network capability build
• New tariff structures
• New product portfolio
• NBN content and applications

THE NBN DOES NOT CHANGE OUR STRATEGY – WE WILL CONTINUE TO DIFFERENTIATE
OUR NAS STRATEGY IS DELIVERING RESULTS

1. Dedicated NAS & Cloud Delivery

2. Strong offering portfolio

3. Capability & resourcing

4. Strong customer base

- FY11 REVENUES +11% TO $1.1B
- STRONG PIPELING OF OPPORTUNITIES FOR FY12
WE ARE BUILDING GREATER VALUE IN ASIA

LEVERAGING OUR INTERNATIONAL ASSETS AND CAPABILITIES

1. Extend our Asia IP network and NAS/Cloud capabilities (Reach)

2. Continue to leverage mobile assets (CSL)

3. Extract value from China Digital Media assets
WE HAVE ESTABLISHED A NEW DIGITAL MEDIA BUSINESS UNIT

EXISTING PORTFOLIO OF ASSETS AND PARTNERS

NEW DIGITAL MEDIA BUSINESS UNIT

TELSTRA DIGITAL MEDIA
CASH MANAGEMENT WILL BE KEY TO OUR FUTURE

- **DIVIDENDS**
  - IMPORTANT FOR MANY SHAREHOLDERS, STRONG BOARD COMMITMENT

- **DEBT**
  - WE ARE WITHIN FINANCIAL PARAMETERS

- **CAPITAL RETURNS**
  - TO BE CONSIDERED POST NBN DEAL

- **INVESTMENTS**
  - PRUDENT ASSESSMENT OF VALUE ACCRETIVE ORGANIC & MODEST INORGANIC OPPORTUNITIES
SUMMARY

OUR STRATEGIES ARE WORKING

WE ARE WELL PLACED AND WE WILL BE NBN READY

WE CAN CONTINUE TO DIFFERENTIATE
# NBN UPDATE - KEY CONDITIONS PRECEDENT

<table>
<thead>
<tr>
<th>ATO TAX RULINGS</th>
<th>TELSTRA RULING RECEIVED</th>
<th>✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>TELSTRA SHAREHOLDER APPROVAL</td>
<td>AGM VOTE</td>
<td>✓</td>
</tr>
<tr>
<td>ACCC ACCEPTANCE OF STRUCTURAL SEPARATION UNDERTAKING AND APPROVAL OF MIGRATION PLAN</td>
<td>REVISED SSU TO BE SUBMITTED</td>
<td></td>
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</table>
REPORTING THE FINANCIAL IMPACT OF NBN

### Physicals (‘000s)

<table>
<thead>
<tr>
<th></th>
<th>Dec 10</th>
<th>June 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic access (PSTN) lines</td>
<td>8,533</td>
<td>8,370</td>
</tr>
<tr>
<td>o/w WLR lines</td>
<td>1,235</td>
<td>1,212</td>
</tr>
<tr>
<td>ULL lines</td>
<td>914</td>
<td>1,001</td>
</tr>
<tr>
<td>ISDN lines</td>
<td>1,318</td>
<td>1,316</td>
</tr>
<tr>
<td>Lines disconnected to NBN</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Telstra retail lines through NBN</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Financial ($m)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Infrastructure revenues (sales revenue)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disconnect ion revenues (other income)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NBN access costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Remediation Costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Copper network maintenance</td>
<td>TBC</td>
<td>TBC</td>
</tr>
</tbody>
</table>
M2M – ANOTHER GROWTH ENGINE FOR MOBILES

FY11 REPORTED

POSTPAID HANDHELD
6.1m SIOs
$64 ARPU

POSTPAID HANDHELD
6.5m SIOs
$61 ARPU

M2M
0.3m SIOs

High margin

M2M
0.6m SIOs
$10 ARPU

Low ARPU

MOBILE BROADBAND
2.3m SIOs
$41 ARPU

MOBILE BROADBAND
2.6m SIOs
$38 ARPU

Note: FY11 Mobile SIO growth of 1.7m included 100k M2M adds
### PROGRESS ON DIGITAL STRATEGY

- Market’s shift to digital marketing occurring faster than expected
- Good take up from existing customers, limited sales to new customers as sales completion taking longer than expected
- Rate of decline in Yellow Print has risen significantly
- One off digital sales and production costs higher than expected in FY12
- End user demand for Yellow products remains solid
- Cost-out programme accelerated – limited impact in FY12, more in FY13

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**EXPECT HIGH TEENS REVENUE DECLINE AND MARGIN COMPRESSION IN FY12**
## GUIDANCE AND H1 PROFILE

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY11 Reported</th>
<th>FY12 Guidance*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$25.09bn</td>
<td>Low single-digit growth</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$10.15bn</td>
<td>Low single-digit growth</td>
</tr>
<tr>
<td>Capex</td>
<td></td>
<td>14% of sales</td>
</tr>
<tr>
<td>Free cashflow</td>
<td></td>
<td>$4.5 - $5.0 billion</td>
</tr>
<tr>
<td>Dividend**</td>
<td></td>
<td>28 cps fully franked (FY12 and FY13)</td>
</tr>
</tbody>
</table>

* Guidance assumes wholesale product price stability and excludes any further impairments to investments and proceeds on the sale of businesses.

** Dividend subject to the Board’s normal approval process for dividend declaration and no unexpected material events.

### FY12 PROFILE H1 V H2

- Smoother profile than FY11
- Revenue and EBITDA growth in H1 with slight margin expansion
- Mix change with improving telco product contributions offset by accelerated revenue decline from Sensis
SIMPLIFICATION AND CUSTOMER SERVICE PROGRAM UPDATE

ROBERT NASON, GMD PROJECT NEW AND CUSTOMER EXPERIENCE
# PROJECT NEW OBJECTIVES

<table>
<thead>
<tr>
<th>Theme</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplify</td>
<td>• Fast, lean and competitive operating model and culture</td>
</tr>
<tr>
<td></td>
<td>• Value propositions clear and simple to communicate</td>
</tr>
<tr>
<td></td>
<td>• Processes streamlined to reduce time-to-market by 30%</td>
</tr>
<tr>
<td>Serve</td>
<td>• Best customer satisfaction rating compared to rest of market</td>
</tr>
<tr>
<td></td>
<td>• Channel mix transitioned to 35% online / self help transactions</td>
</tr>
<tr>
<td></td>
<td>• Further sustained reduction of TIO complaints</td>
</tr>
<tr>
<td>Save</td>
<td>• Significant cost benefits will emerge</td>
</tr>
</tbody>
</table>

Source: 2010 Investor Day Presentation, Robert Nason
PROJECT NEW SCOPE

New Lean Operating Model

End-to-End Customer Process Improvement

Sales & Service Channel Enhancements

Pricing Simplification

A New Customer Focused Culture

Third Party Spend & Productivity Improvement Program

Source: 2010 Investor Day Presentation, Robert Nason
STATUS OF PROGRAM OUTCOMES

Operating Model
70% 80%

Process and System Improvements
40% 70%

Online Presence
30% 70%

Pricing Simplification
50% 75%

Productivity
60% 100%

Culture Change
30% 100%

0% 100%

Benefits implemented Benefits identified Total opportunity
OPERATING MODEL
CREATING A SIMPLER, CUSTOMER CENTRIC ORGANISATION

- Creation of a single Retail customer business unit
- Marketing, channel management, pricing, innovation, technology, communications and shared services functions streamlined with clear accountabilities
- Over 25,000 job roles changed
- Executive head count reduction by ~13%
OPERATING MODEL
BETTER LEVERAGING OUR PARTNERS

- Rationalised the number of vendors
- Optimised strategic relationships with third parties
- Working cooperatively to achieve ongoing productivity improvements
- Better engaging with our partners through training and other collaborative activities
PROCESS AND SYSTEM IMPROVEMENTS

Call Volumes
Millions per month

~28%
PROCESS AND SYSTEM IMPROVEMENTS

% First Call Resolution

~6%

Sep-10  Dec-10  Mar-11  Jun-11  Sep-11
PROCESS AND SYSTEM IMPROVEMENTS

TIO Complaints

~50%
% of Field Revisits

~34%
ONLINE PRESENCE

Digital Transactions
Thousands per month

~70%
ONLINE PRESENCE

- Homepage
- Consumer Services
- Online Shop
- Facebook and Twitter Services
- CrowdSupport
- Mobile website
PRICING SIMPLIFICATION
DELIVERING GREATER VALUE FOR OUR CUSTOMERS

✓ We have refreshed our mobile wireless cap, business and account managed plans

✓ We have improved our Fixed and Bundles offer

✓ Data allowances have increased at no extra cost for some plans

✓ Key nuisance fees and charges have been removed
PRICING SIMPLIFICATION
ENHANCING THE PURCHASING AND BILLING EXPERIENCE

Improved Brochures

New My Offer Summaries

Simplified Bill Format
PRODUCTIVITY
$622M OF PRODUCTIVITY BENEFITS DELIVERED IN FY11

Source: FY11 End of Year Results CEO/CFO Presentation
CULTURE CHANGE
DRIVEN BY THE ‘OUR CUSTOMER CONNECTION’ PROGRAM

- 54 OCC sessions have been held engaging over 5,400 people leaders:
  - 23 sessions in Melbourne (2,200+ people)
  - 16 sessions in Sydney (1,500+ people)
  - 6 sessions in the Philippines (800+ people)
  - 9 sessions held with our industry partners (900+ people)

Source: Visualisation created during an OCC session to capture outcomes for participants
FOCUS OF THE SIMPLIFICATION AND CUSTOMER SERVICE PROGRAM GOING FORWARD

- Embedding Continuous Improvement
- Implementing Culture Change
- Second Wave of Productivity Improvement
EMBEDDING CONTINUOUS IMPROVEMENT

<table>
<thead>
<tr>
<th>Process Owner Framework</th>
<th>PREPARE</th>
<th>SERVE</th>
<th>SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Management</td>
<td>❑</td>
<td>✓</td>
<td>❑</td>
</tr>
<tr>
<td>Product Development</td>
<td>❑</td>
<td></td>
<td>❑</td>
</tr>
<tr>
<td>Pricing</td>
<td>❑</td>
<td>✓</td>
<td>❑</td>
</tr>
<tr>
<td>Promotions and Advertising</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
<tr>
<td>IT and Network Management</td>
<td>❑</td>
<td>❑</td>
<td>❑</td>
</tr>
</tbody>
</table>

- ✓ Implementation underway
- ❑ Implementation by end of FY12
IMPLEMENTING CULTURE CHANGE

- Net Promoter Score system implementation
- Sales and service training
- Changing the way we work
SECOND WAVE OF PRODUCTIVITY IMPROVEMENT

- Focus on capital as well as OPEX
- Broader scope
- Deeper set of changes
GORDON BALLANTYNE
CHIEF CUSTOMER OFFICER
CUSTOMER SATISFACTION
IMPROVED MOMENTUM

TELSTRA OVERALL CUSTOMER SATISFACTION

JUN 10  OCT 10  FEB 11  JUN 11  OCT 11
RECAP - LAST YEAR’S KEY BATTLEGROUNDS

**FIXED**

**FIGHTBACK IN PSTN & FIXED BROADBAND**

PSTN & FBB Net Subscriber Growth (SIG)

Leveraging our assets to drive Fixed

**POSTPAID**

**TAKE SHARE IN POSTPAID MOBILE**

Postpaid Mobile (excl WBB) Net Subscriber Growth

Improving our Postpaid Value
- More competitive offers
- Improving our cap plans
- Competitive offering & offers

**PREPAID**

**THE CHALLENGER IN PREPAID**

Prepaid Mobiles Market Share

- Low market share, especially in metro
- New offers, competitive pricing
- Prepaid cap offers
- New creative and overhaul of marketing
- Exclusive devices
- Improved distribution

Telstra, VHA, Optus
CORE PRODUCT MOMENTUM HAS CARRIED INTO 2012…

RETAIL MOBILE QUARTERLY SIO GROWTH

RETAIL FIXED BROADBAND QUARTERLY SIO GROWTH

POSTPAID HANDHELD ARPU

CONSUMER BUNDLES GROWTH

* June Q11 excludes the removal of 65k non-revenue generating services from the base
ORGANISING TO WIN

CHIEF CUSTOMER OFFICER

- TELSTRA CONSUMER & COUNTRY WIDE
- TELSTRA BUSINESS
- TELSTRA ENTERPRISE & GOVERNMENT
- TELSTRA CLEAR

STRATEGY & OPERATIONS

CUSTOMER SERVICE
DRIVING VALUE FROM THE DOMESTIC CORE
OUR KEY GROWTH AREAS REMAIN UNCHANGED

- GROW MOBILE
- BUNDLES
- NAS
DRIVING VALUE FROM THE DOMESTIC CORE

FY11 RETAIL REVENUE | FIXED | NAS | MOBILES | IP & DATA | PAY TV & OTHER | FY14 RETAIL REVENUE
STILL A LONG WAY TO GO
WE HAVE MORE DETRACTORS THAN PROMOTERS

Illustrative purposes only
OUR AMBITION
TO CHANGE THE WAY OUR CUSTOMERS TALK ABOUT TELSTRA
We are making progress

- **Over a quarter of a million customers** have used our dedicated move team.
- Following Telstra’s announcements of **weekend technician services**, more than 100,000 weekend appointments have been used by our customers.
- We have **reduced the time our FOXTEL customers spend in our IVR so they get to the right place faster.**
- We have **reduced the time our Prepaid mobile customers spend in the IVR** when activating their phone and undertaking recharging.
- Since going to **24 x 7** for sales and service, more than **5 million calls** have been made to us after hours.
- A **dedicated team of specially trained agents** now work with family members to offer **bereavement support**. This is on top of improvements last year i.e., not asking for the customer’s mobile handset to be returned and waiving early termination charges. Bereavement complaints have since dropped by 75%.
- As a result of **Telstra.com improvements**, more than **300,000** customers have activated international roaming online and **tens of thousands** of customers have been able to retrieve their PUK or their username or reset their password online.
- Since we **refreshed the BigPond.com online portal in April**, traffic to the site has increased by **230,000 visits**. We have also included BigPond Shopping in the new Google Products search service which has increased arrivals to the site by 15%.
- **Telstra Plus Premium Service** is a remote access or home visit service to help customers repair, set-up or install a wide range of technologies and to get the most out of Telstra’s products and services. Customers have been ranking the service 4.6 out of 5.
- **Residential home phone** customers can now **report problems with their service online**, knowing that their fault request will be processed within 2 hours.
- Telstra’s credit team has made more than **5 million** proactive outbound customer collection calls in 12 months with a focus on keeping our customers connected.
- Through process and network management changes, Telstra made around **4000** ports in high demand areas ADSL capable and more than **2000** customers have connected to previously unavailable ports.
- Enterprise and Government customers can take advantage of software downloads online to restore their devices. **Up to 40% of devices are now restored by customers without the need to send them to the National Repairs Centre.**
- **70% of Enterprise and Government customers now order their mobiles online** reducing the time it takes for them to receive their mobiles from the time they placed the order.
What we have done

CONNECTING CUSTOMERS TO THE RIGHT AGENT

- We are trialing a Voice Call Back (VCB) service for Telstra Business customers that provides them with the option to receive a callback instead of waiting on hold for a customer service agent.

- Customers will now hear their estimated wait time when they are on hold with Telstra.

- Telstra Wholesale has simplified contact points into our Wholesale customer operations from 13 numbers, to just a single contact number.

OFFERING FLEXIBILITY - ONLINE & SELF SERVICE OPTIONS

- **Facebook Live Chat and CTS launched** – the team successfully developed and launched the live chat functionality, email forms and CTS on the Telstra Facebook page, opening the next chapter of our customer connection and letting customers interact with us live online!

- Telstra Digital launched the **new mobile version of Telstra.com** which is specially optimised for Smartphones. It offers customers a new ‘front door’ to Telstra with a selection of the most popular self-service options including My Account, links to social media support, store locator and the ability to book a store appointment via their mobile.

- **Business-to-Business (B2B) Mobiles Ordering**, which was deployed at the end of August, is an important self-serve step for Telstra Business and Telstra Enterprise and Government customers who can now self-manage mobile service orders through their own procurement systems. The B2B platform means no more re-keying by our customers and also provides a platform for future expansion.

- Customers can now log into the My Plan Manager interface using their compatible mobile handset and conveniently monitor data usage, add a mobile data pack, check International Roaming status, and purchase an International Roaming data pack – even from abroad.

- **We have launched our Telstra Business online shop.** Our business customers now have the ability to browse, filter and compare our range of available plans and handsets at the click of a button. They can then select plans and handsets, make changes to services such as international roaming or message bank, and submit their order to our sales team supporting all our online initiatives for these customers.

- Telstra.com homepage has been made easy for customers to find information. The new design and improved navigation has also made the most relevant links more prominent for customers, including viewing and paying bills links.

- Customers can troubleshoot BigPond issues via Live Chat with technical support agents in real-time including password reset, email setup and troubleshooting enquiries.

- Business customers can now search for their nearest Telstra Business Centre and book appointments online via the Online Business Centre finder. We have also improved other online service capabilities to include access to online billing, live chat and the Mobile Data usage Meter.

- It’s easier for our customers to purchase Browsing Packs via their mobile phone or iPhone: directly from their handsets without having to call us. It’s at My tab (on the Telstra WAP portal or on the Telstra iPhone application), or by typing m.telstra.com/data into their phone browser.
ENHANCING THE BIGPOND EXPERIENCE

- **BigPond** is delivering more content across a range of devices, with a new capability called the Aggregator which enables cross media channel links, allowing customers to have visibility of new content and offers that they may not have discovered which is aligned with their lifestyle needs.

- **BigPond Shopping** is now available on Smart Phones and tablets, so that customers shop wherever and whenever they want without having to be in front of their PC or carry around their laptop.

- **T Box & IPTV** - a new channel was launched on the T-Box called BigPond Live (channel number 919). This channel is for Telstra sponsored events, like the AGM, so customers and shareholders who have a T-Box know where to go to watch it. On the day of the AGM, a promotional tile appeared on the T-Box main menu to inform T-Box customers that the AGM was being covered and to make it easy for them to find.

- Telstra Media launched the T-Box remote control application for selected iPhone and Android devices which enables customers to use their iPhones and Android phones as a T-Box remote control.

- Based on customer feedback BigPond has launched:
  - Kampyle customer feedback tool to the Mobile games WAP portal.
  - Mobile Games Customer Survey which received more than 2000 responses and prompted several user interface improvements, and
  - BigPond Games Online is the first ISP to offer ‘Battlefield 3’ beta files for unmetered, pre-download, prior to the official launch and customers have made over 50,000 downloads

- We have introduced T-Bill to allow BigPond.com customers to pay for their online game sessions and subscriptions more quickly and easily online.

- We have introduced the Media Downloader on BigPond.com so customers can download multiple albums and/or tracks to their iTunes or Windows Media Player library in one step, replacing the previous four step process.

- Customers who submit a product or delivery enquiry on the BigPond online shopping site are now contacted by phone within 1 hour.

ENHANCING THE IN-STORE EXPERIENCE

- Based on customer and staff feedback we have improved our Personal Shopping service which allows customers to book in-store appointments online with a dedicated store member at a time that suits them. Customers can now provide us with more details about their query and add extra comments pertinent to the reason for their visit. Our staff can also now book an appointment for a customer without a three hour lead-time restriction. They can also book an appointment at our Tech Bars whose specialists will simply and clearly explain the features of Telstra products and services.

- Telstra store agents can now transfer data and contacts from a customer’s old mobile phone to their new mobile phone securely so that they can leave the store using their new device.

- The roll-out of new and refurbished Telstra Stores is providing customers with state-of-the-art access to our products and services in a live environment, enabling customers to try before they buy. We now have more than more than 300 stores across Australia. Using the Store Locator, customers are also able to locate their nearest Telstra store.
TELSTRA IS CHANGING
What we are doing to improve customer satisfaction

- In addition, Telstra Business Centres now manage the account relationship with small business customers in their area, providing a local presence and contact for surrounding businesses. **We now have more than 80 business centres across Australia and 210 accredited business partners.**

- To make purchasing Telstra products easier, a Buy Online, Collect in Store service has been introduced.

SIMPLIFYING OUR BILLS AND PAYMENT OPTIONS

- We launched a new consumer bill format which is much simpler and clearer for customers to understand their charges.

- Credit Management is sending Telstra customers an **SMS reminder on the day they request to pay their overdue account**. This SMS reminder is proving to be very effective in ensuring that our customers pay on the day they committed to and remain connected to Telstra.

- A specialised team **proactively contacts customers with high pre-bill mobile and home phone usage charges** to notify them of their increased usage and prevent bill shock.

- **We’ve updated 140 product and service descriptions for customer bills to provide a simpler, consistent experience for customers.** We’ve also launched the **Mobiles Bill Explainer** video on the Telstra KnowHow YouTube channel to help our people address customer enquiries.

- Telstra has launched **PDF versions of consumer and business bills**: Many consumer customers and small business customers can have their bills sent to any email address, store their bills on their computer and print them when required.

- **Wholesale customer billing**: Turnaround times for complex billing customer enquiries have reduced by one-third and new customers can review their first invoice with one of our billing experts so issues are resolved upfront. In response to customer feedback, bill payment options for Wholesale customers have also been extended to **include payment by credit card**.

- We have introduced additional steps to contact customers in the Credit Management process that will **help us avoid disconnecting customer services because of an overdue account**. For example, we are making additional calls in the evening and on Saturdays for customers that we can’t reach during the day.

- For customers experiencing difficulties paying their bills, trained agents now have greater authority to assist customers on the spot who may need an extension of time to pay. By using improved self-service options, customers can also arrange to **extend their pay by date at a time that suits them - 24/7 - without the need to speak to a agent**.

RESOLVING CUSTOMER ISSUES

- We have introduced a guided diagnostic tool to ensure T-Hub, T-Box and Wireless consultants are better equipped to work through common customer issues for these devices without having to seek information.

- Telstra now has **more front-line people dedicated to complaint handling** and they can be contacted by calling 13 22 00 or business customers, 13 20 00 and saying ‘complaint’ to the voice prompt. **Better complaint management standards have been set across the business**: to acknowledge each complaint within 24 hours and resolve or have an action plan communicated with our customer within **five working days**. These are much faster timeframes than the industry code.
Telstra Wholesale has introduced an enhanced fault escalation service, offering customers a one-step fault escalation service instead of the previous three-step process. A dedicated team of service experts are on the job 24 hours a day, seven days a week.

LogMeIn Rescue is a customer service tool, providing Telstra helpdesk agents with remote access to customers’ computers (PC and Mac) - and some Smartphones - to diagnose and fix common technical support issues.

KEEPING CUSTOMERS INFORMED

Customers are provided with a one page My Offer Summary in store which can now be automatically generated by our system, making it much easier for our consultants to produce it and provide it to our customers. My Offer Summary provides the customer with clarity on inclusions and exclusions on their plan, call and data charges, billing information and tips to check usage. The My Offer Summary continues to be included in welcome packs and can also be downloaded from Telstra.com.

The Service Delivery Customer Care team now proactively contacts customers who have had a faulty service for more than four days to provide them with regular updates while the fault is being rectified. The team has case managed or monitored over 28,000 customers since launch in November 2010.

Consultants in Enterprise and Government now have access to Google Maps to enable them to manage customer requests more efficiently by eliminating errors associated with incorrect addresses and avoiding potential delivery issues due to geographic constraints.

The Telstra Facebook customer support tab gives customers information about how they can get in touch with us easily including calling us 24/7 for sales and support service, viewing our online videos on the Telstra KnowHow channel, or using our Twitter customer support service.

We have introduced the International Roaming pocket guide to help customers manage their International Roaming data costs when travelling overseas. An International Roaming video is also available on the KnowHow YouTube channel to assist customers.

MAKING THINGS MORE SIMPLE AND EASY FOR CUSTOMERS

The Tradingpost.com.au has made it easier for buyers to contact sellers by adding an email contact form to private advertiser listings.

A new category has been created in Tradingpost.com.au specifically for rescued animals, buyers can now search for pets from RSPCA.

Tradingpost.com.au has launched a weekly email to private customers that provides a snapshot of how their ad is performing as well as tips on how to improve their ad views and ad performance.

Based on customer feedback, we have changed the presentation of the search results page so that it boosts private ads as soon as they are listed on the Trading Post online site.

Customers can now list items on the Tradingpost.com.au website over the phone.
**BETTER VALUE**

- Telstra launched the **$0 ADSL Home Network Gateway device offer for our Consumer customers who connect to a new bundle or broadband service to provide a faster internet service** from multiple locations within their home.

- Telstra launched the **$100 Bonus on Caps offer which provides customers with $100 worth of bonus call value** when they activate and recharge $30 or more each month for the first 3 months after they join us.

- **Telstra Plus Premium Service is now included in our 500GB Telstra Bundle plans. Customers will receive a proactive outbound call within the first 30 days** to ensure that they are happy with the service.

- **Trading Post has launched an online advertising bundle** targeting high value customers who commit to advertising for a 12 month period. The package includes a custom designed website plus the Trading Post inventory product for a low weekly fee.

- The Telstra **Complete Home Bundles offer double the broadband data usage allowance** of our previous bundles at no extra cost. Telstra bundles give consumer and business customers discounts when they use a number of our services.

- **FOXTEL on T-Box is now available** to selected BigPond Cable or Velocity customers in metropolitan areas where FOXTEL subscription services are already available.

- The **Ultimate Mobile Wi-Fi device makes it easy for customers to connect up to five Wi-Fi-enabled devices** simultaneously at speeds up to four times faster than currently achievable using similar competitor 3G Wi-Fi hotspot products in capital CBDs and selected regional areas.

- We’re currently piloting **Telstra Digital Business plans which offer a new way for businesses to make the switch to integrated communications** by combining features like fast, business-grade fixed broadband, IP telephony, mobility, cloud computing and remote working solutions.

- The Freedom **Connect mobile plans** continue to offer the most popular price points from Telstra’s Next G cap plans but with extra call inclusions, a larger data inclusion on our high usage $99 plan and a new $59 offer with generous call and data value.

- The **Business Mobile Maximiser mobile plans** give greater value to small businesses with increased monthly call, SMS and data allowances. We have also simplified the range of Business mobile plans over the last 12 months to make it easier for our business customers to decide which plan is best suited to their needs.

- Telstra has introduced **price capping** on new Telstra Business Broadband plans to **protect customers from bill shock** due to unplanned high data usage.

- **Business customers can now back up their data securely on Telstra servers** for as little as $6.95 per user per month for 12 months, just one of our range of Telstra T-Suite services.

- Telstra introduced **greater value fixed and wireless broadband pricing** and increased data allowances and browsing packs for consumer customers. Excess usage charges have been removed from most plans.

- Telstra now offers data solutions for **Wholesale Business Access services** which are supported by a single contract, simplified pricing, as well as streamlined quoting, ordering and billing processes.

- **Customers can call Telstra for Free:** Calls to our key service and support numbers from a Telstra service in Australia are free.
Telstra customers can now have up to **15 additional BigPond email addresses per account**.

**Telstra offers a virtual account manager service** for Australia’s small business customers, such as small printing firms, where we proactively call them to ensure they are satisfied with the service they’re getting from us.

The **Telstra T-Hub** is more than just a home phone. Customers can access Internet favourites, and YouTube, send SMS, update their calendar and address book and view their photos and videos. Customers can also now send and receive email from their T-Hub.

**LISTENING TO CUSTOMERS**

- We have **introduced a Voice of the Customer survey for our Prepaid, Telstra Plus and Wholesale assurance customers** to allow customers with the opportunity to provide us feedback.
- Telstra has made **calls from mobile phones to the ‘Lifeline’ 24-hour crisis support service free**.
- Telstra designed the **new EasyTouch mobile phone** with older Australians in mind. The mobile phone features a quick access switch on the back of the phone, which activates the speaker phone and dials their preferred phone number. At the same time, it will send a SMS message to four pre-programmed numbers, so seniors can simultaneously contact friends and family.
- Telstra Business customers who have signed up to a new Telstra mobile or broadband service, have moved premises or are switching their fixed line service to Telstra **now receive a call once their service is activated to answer any questions they might have about their service or bill**.
- **CTS (Customer Transaction Survey) Live** gives customers the opportunity straight after their call, to rate their overall satisfaction and leave comments regarding the quality of service received. Customers who tell us that their issue has not been resolved and give us a low satisfaction score of 1-3 are invited to immediately **have their call delivered to a specialist agent**. Results show the likelihood to call back again has reduced significantly.

**ENGAGING EMPLOYEES**

- **TCW has launched RESOLVE**, the framework in which our TCW Central Support Groups will manage issues and ideas raised by TCW staff, providing a framework to collectively capture, investigate, resolve and communicate process improvements and issue resolution.
- We launched the **TCW-Retail School of Excellence that delivers learning pathways to improve staff competency and capability** to provide a good customer experience. The program has also significantly reduced attrition rates among retail staff.
- **120 Telstra Enterprise and Government Service Managers have been awarded the Diploma in Business Relationship Management** by the Customer Service Institute of Australia (CSIA), an industry first.
- **Telstra Wholesale** has now achieved certification against International Customer Service Standard (ICSS), with all staff trained in customer service excellence.
- Telstra has a cross-company, staff ideas forum - **T[ideas]** where employees can put forward ideas about how to improve customer service and satisfaction. To date, around **4,200** ideas have been presented by staff with more than 500 actioned or progressed, as part of the customer service initiatives.
Telstra staff have been provided with a direct way to help resolve service issues for friends, colleagues or acquaintances through the Telstra Employee Referral process.
REALISING THE NETWORK APPLICATIONS & SERVICES OPPORTUNITY
BRENDON RILEY, CHIEF OPERATIONS OFFICER
PHILIP JONES, EXECUTIVE DIRECTOR, DIPNAS
PAUL MCMANUS, EXECUTIVE DIRECTOR, NAS

THERE IS ROOM TO GROW OUR MARKET

Leveraging our share in carriage into network applications and services

* Source: IDC, 2011
TELSTRA’S VALUE PROPOSITION & DIFFERENTIATION

- Secure intelligent networks
- Scale and reliability
- Deep expertise and partnerships
- Breadth of offers
- Network integrated applications

Customer-centric Solutions

Delivering differentiated customer-centric solutions

OUR PRODUCT STRATEGY AND ROADMAP

Integrating apps and services within the network to deliver connected solutions
UNMATCHED FUNCTIONAL CAPABILITY

Skilled and competent people

Accreditations, practices and tools

World-class facilities

TELSTRA’S RESOURCES ENABLES CUSTOMERS TO FUTURE PROOF THEIR IP ENVIRONMENTS

TELSTRA Solution

Impact for Telstra

- Double digit carriage growth & single digit services growth in 1st year, increasing in future years
- New opportunities for applications and services across our next IP deployment are materialising

ASX top 50 company

The relationship escalator

- Telstra took over the IP Network migrating over 1000 sites. Network management of over 3,500 switches and routers.
- Now providing secure remote access for over 3000 users and supports over 3000 mobile and wireless devices
- Working to deliver Wireless LAN, IP telephony and UC and contact centre environment

Solving the customer’s pain points

- Single point of accountability for telecommunications – voice, data & equipment
- Simplified operational environment and converged future proof IP platform
CUSTOMERS ARE INCREASING THEIR NAS SOLUTION SUITE

- 58% increase in service levels to AVL’s major wholesale customers
- Business agility that supports their production cycles

WE ARE EXECUTING OUR NAS STRATEGY

- Breadth of Offers
- Depth & Scale of Capability
- Winning with Our Customers
- Capturing Market Potential

Continually building offers and capability to evolve with our Customers
DELIVERING SERVICES TO A CONNECTED HOME

HUGH BRADLOW
CHIEF TECHNOLOGY OFFICER

CONNECTED HOME

Information Storage & Retrieval
Communication
Monitoring & Automation
Entertainment
INFORMATION STORAGE & RETRIEVAL
CONTENT ON MULTIPLE DEVICES

COMMUNICATION
NEXT GENERATION CALLING
ENTERTAINMENT
CONVENIENT & SOCIAL

TELSTRA INNOVATION PROJECT – HOME MONITORING

Configure alerts, notifications & automated tasks

Monitor (e.g. live video) from anywhere using any devices

Receive alerts and notifications (e.g. intrusion)
SERVICE DELIVERY & SUPPORT
REMOTE AGENT HELP
TELSTRA & AUSTRALIA’S NUMBER ONE
MOBILE NETWORK ENGINEERED FOR DATA

NEXT G®: SINGLE NATIONAL HYBRID HSPA/LTE
WBB NETWORK

- Coverage to over 2.1 million sq km and over 99% of population
- Single all IP core for simple traffic management and migrations
- World’s first triple access core
- All IP transport, TRFO removed circuit calling & enabled world’s largest HD-voice footprint
- Policy control enabler for value based differentiation

Over 85% of customers now on 3G
No investment in 2G capacity ~ 4 years
Enabler for refarming to LTE 1800
DEMAND GROWTH CHALLENGES ARE SIMILAR TO MANY OTHER OPERATORS

Busy hour data throughput doubling every 12 months

Leveraging our Technology Roadmap TODAY to manage demand and maintain user experience

Looking to the future

- ongoing use of standards evolution & new spectrum
- Increased use of WiFi as part of home integration
- Use of HetNETs and small cell technologies where appropriate

OUR ROADMAP:
DELIVERING WORLD LEADING CAPACITY & PERFORMANCE

- * 4G LTE Speeds: With the Telstra BigPond 4G USB customers can experience typical download speeds of 6Mbps – 40Mbps, and typical upload speeds of 1Mbps – 10Mbps which are initially available in all capital CBDs (meaning within 5km from GPO and associated airports), and approximately 60 regional locations (meaning 60% of regional base context covering an estimated 60% of the population by EOY11). When outside the 4G/LTE areas your Telstra/Bigpond 4G USB will automatically switch over to Telstra’s advanced High Speed Packet Access or HSPA enabled 3G network which is available across more than 2.1M sq km to 99% of the population.
- # 3G HSPA Speeds: With capable devices, typical download speeds are 1.1Mbps – 20Mbps in all capital CBDs, airports, much of the associated metropolitan areas and many regional and rural locations covering more than 60% of the population. Outside these areas, the remaining metropolitan areas and many other regional and rural locations typical download speeds are 550kbps to 8Mbps covering more than 6% of the population, and elsewhere 550kbps to 3Mbps. Typical customer upload speeds are 300kbps-3Mbps in all capital cities and major regional areas covering more than 90% of the population and elsewhere 300kbps-1Mbps. Note: Actual speeds vary due to factors such as location, distance from the base station, local terrain, user numbers, hardware & software configuration and download source/upload destination.

For details on coverage areas, visit: http://www.telstra.com.au/mobile/networks/coverage/
MANAGING DEMAND & COST OF CAPACITY USING AN ADVANCED TECHNOLOGY ROADMAP

Relative Cost: Hybrid HSPA+/LTE

Relative Technology Cost

* Excludes trends from GPRS & EDGE as not carried on the Next G® network

WCDMA (R99) HSDPA HSPA+ LTE

Index

FY08 FY09 FY10 FY11 FY12 FY13 FY14

* Index based on Telstra derived network unit costs per MByte (excluding OSS/BSS)

APPRAOCH TO DIFFERENTIATION

THE NETWORK ADVANTAGE UNDERPINS OUR APPROACH TO DIFFERENTIATION

Worth what is paid for

Consideration

Network

Price

Past

• 1.7 million new customers in FY 10/11
• Market share gains
• Value premium maintained

Future

• Increase network advantage
• Improve customer service
• Improve consideration
PRODUCT MIX INFLUENCE ON ARPU

ARPU IS MORE INFLUENCED BY PRODUCT PROLIFERATION THAN THE PAST; WE MANAGE ARPU BY PRODUCT & MARKET SEGMENT

<table>
<thead>
<tr>
<th>HANDHELD</th>
<th>MOBILE BROADBAND</th>
<th>FUTURE MOBILE PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSTPAID</td>
<td>PREPAID</td>
<td>POSTPAID</td>
</tr>
<tr>
<td>CONSUMER</td>
<td>★</td>
<td>★</td>
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<tr>
<td>BUSINESS</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>ENTERPRISE</td>
<td>★</td>
<td>★</td>
</tr>
</tbody>
</table>

Represents product offered in category

CAUSES OF ARPU PROGRESSION

OUR ARPU DEVELOPMENT HAD DIFFERENT UNDERLYING CAUSES

**Postpaid Handheld**
- Most of the way through the old to new transition
- Benefitting from joiners and leavers
- Value and price premium in harmony

**Prepaid Handheld**
- Cap plans improve ARPU
- Recharge denomination advantage
- We are a challenger with low relative ARPU

**Mobile Broadband**
- MBB revenue growth H2 2011 pcp: 14%
- Mix effects adverse
- Later adopters complement the fixed network
- Programmes in place for joiners; leavers; stayers
MOBILE PROFITABILITY
OUR MARGIN IS AN OPPORTUNITY

Australian mobile margins low

Not revenue related

Cost related

Opportunity: Handsets
• Number of events
• Percentage of recontract
• SIM only
• Plan mix
• Handset mix

Opportunity: Other
• Calls/customer
• Rework

M2M IS A SIGNIFICANT GROWTH OPPORTUNITY

The history
• 1999: Hype
• 2005: Disappointment
• 2011: Reality (and hype!)

The opportunity
• Ericsson: 50Bn devices*
• Verizon: 400% penetration*
• Machina: 1.4Bn connected cars*

Low ARPU
• M2M ARPU < $10
• Vertical ARPU fluctuation:
  ➢ Smart meters < $2
  ➢ Digital Signs > $50

High margin
• Highest margin mobile product
• Low cost
• Low churn
• No device SARCs

The verticals
• Transport
• Utilities
• Security
• 2012 connected car
• Long tail

Wholesale
• “Value added” resellers drive the market
• Embedding Next G® inside their products for their customers

Somehow local, somewhat global
• Domestic market growing
• Global SIM offers emerging

Why Telstra?
• Next G®
• 150+ VARs and partners
• Jasper’s global eco system

* By 2020
WE HAVE OPPORTUNITIES IN ALL PRODUCTS AND SEGMENTS
PRODUCT OPPORTUNITIES AND CHALLENGES

- Post paid handheld
- Pre paid handheld
- Post paid mobile broadband
- Pre paid mobile broadband

Network advantage; Marketing; LTE devices
Improved customer service
Online

CONCLUSIONS

- We manage our value premium, price & ARPU closely
- Our margin is an opportunity and we are making progress

In each of our 5 products we are winning. The challenges vary by product & segment (e.g. grow category V market share).
THE CRITICAL ROLE
OF BRAND MARKETING

MARK BUCKMAN – CHIEF MARKETING OFFICER
### WHY DID WE REVITALISE THE BRAND?
WE’RE THE MOST VALUED BRAND... BUT WE CAN BE EVEN BETTER

#### OUR BRAND VALUE

<table>
<thead>
<tr>
<th>RANK</th>
<th>BRAND</th>
<th>SECTOR</th>
<th>VALUE (‘000M)</th>
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<tbody>
<tr>
<td>1</td>
<td>Telecoms</td>
<td>Telecoms</td>
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<tr>
<td>2</td>
<td>Commonwealth Bank</td>
<td>Banking / Financial</td>
<td>7,100</td>
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<tr>
<td>3</td>
<td>nab</td>
<td>Banking / Financial</td>
<td>5,100</td>
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<td>4</td>
<td>Westpac</td>
<td>Banking / Financial</td>
<td>4,800</td>
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<td>5</td>
<td>Woolworths</td>
<td>Retail</td>
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<td>6</td>
<td>Macquarie</td>
<td>Banking / Financial</td>
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<td>West George</td>
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<td>10</td>
<td>Harvey Norman</td>
<td>Retail</td>
<td>1,300</td>
</tr>
</tbody>
</table>

WHY DID WE REVITALISE THE BRAND?
...BUT WE CAN BE EVEN BETTER

OUR BRAND ATTRIBUTES

Network
Community
Products
Service
Relevance
Satisfaction

1) Source: 2009 Interbrand Best Australian Brands study. No other Telcos in top 20 brands.
The brand needed to reflect the changing face of Telstra and our transformation into a sales and marketing company.

Awareness of Telstra is strong. The anomaly in our brand pyramid is purchase is greater than consideration.

Currently, people buy from us more than they like us – we are making strong progress in bridging the gap.

Telstra has changed considerably and we needed people to “Re-think Telstra”.

Our aspiration is to drive consideration levels above purchase levels by FY15 without compromising preference.

1. New brand launched September 18, 2011.
When designing the new identity, we had to be sure that we represented a true reflection of Telstra and our brand essence of connection.

1. **Show and tell people that Telstra is changing:** If the culture was becoming more customer centered, so should the brand identity. Customers had to live at the centre of the refreshed brand identity system. It must also engage and inspire employees.

2. **Deliver to Telstra’s Brand Essence:** Represent the essence of “connection” and make a connection with Telstra’s myriad of customers on a rational and emotional level. Represent the vibrancy and diversity of Telstra’s customers and their lives.

3. **Get people to think differently about us:** Reverse the perceptions that Telstra is distant, cold, uncaring, expensive, not relevant and not connected to the world of its customers.

4. **Connect all our messaging and get rid of fragmented marketing:** Cohesive brand experience for customers that is flexible enough to successfully express the brand across the diversity of customers, products, services and media.

5. **Make a long term connection:** Launch with impact – deliver the disruption that is the first phase of Telstra’s marketing strategy and ensure that the refreshed brand identity is built for the long term.
IT STARTS WITH THE FULL SPECTRUM OF COLOURS...

LOGOS

IT’S HOW WE CONNECT

PARTNER LOGOS

IT’S HOW WE CONNECT

LOCK-UP

IT’S HOW WE CONNECT

PHOTOGRAPHY

SPECTRUM

RETAIL STORE

FLEET

The spectrum device can be used in six colour variations. From cool blues and greens to warmer reds and magentas. The spectrum colours should be used sequentially and to the specifications indicated in these guidelines. The spectrum, as demonstrated opposite, can include the following colours:

1. Orange

2. Green
   - B2, B3, B4, B5, B6.

3. Turquoise
   - C2, C3, C4, C5, C6.

4. Blue
   - D2, D3, D4, D5, D6.

5. Purple

6. Magenta
SIX DIMENSIONS ARE BEING BENCHMARKED TO DRIVE CONSIDERATION AND SATISFACTION COMPETITIVELY

CORE BRAND ATTRIBUTES

- Network
- Community
- Products
- Service
- Relevance
- Satisfaction

Telstra Today
Our Aspiration
BRAND METRICS ARE A KEY DRIVER IN CUSTOMER SATISFACTION

CUSTOMER SATISFACTION SCORES FROM 01/07/10 – 30/09/11

- **Product**
- **Price**
- **Brand**
- **Service**
CONSIDERATION FOR THE TELSTRA BRAND HAS GROWN SIGNIFICANTLY FOLLOWING THE BRAND RELAUNCH

NEW BRAND LAUNCH

Purchase | Consideration
FY11 | Q1 Q2 Q3 Q4 | FY12 | Q1 Q2 Q3 Q4 | FY13 | Q1 Q2 Q3 Q4 | FY14 | Q1 Q2 Q3 Q4