

Proposed legal 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 scheme meeting. Given the number of external factors that need to occur ahead of a shareholder vote, some of which are beyond our control, and the sequencing of this around the holiday season, the scheme meeting is now likely to be in early 2022.

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 which will be released more than a month prior to the scheme meeting.

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

Following the restructure, Telstra shareholders 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 is the timing?

All steps in the restructure process are progressing well. We are optimistic of finalising the restructure before the end of FY22. Given the number of external factors that need to occur ahead of a shareholder vote, some of which are beyond our control, and the sequencing of this around the holiday season, the scheme meeting is now likely to be in early 2022.

6. When will shareholders receive more detail?

Detailed information will be made available to shareholders in a scheme booklet which will be released more than a month prior to the scheme meeting.

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

Telstra's share price is influenced by multiple factors.

The intent of the proposed restructure is to align the Telstra Group's legal structure with how management views and operates its separate areas of business and deliver an optimal longer-term portfolio structure. This will enable greater focus on and transparency of the operations and strategy for each of the subsidiaries and create greater flexibility to take advantage of value enhancing transactions in the future. These benefits are expected to deliver value to shareholders over time.

8. 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.

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

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.