

02 May 2012

The Manager

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

Office of the Company Secretary

Level 41 242 Exhibition Street MELBOURNE VIC 3000 AUSTRALIA

General Enquiries 08 8308 1721 Facsimile 03 9632 3215

ELECTRONIC LODGEMENT

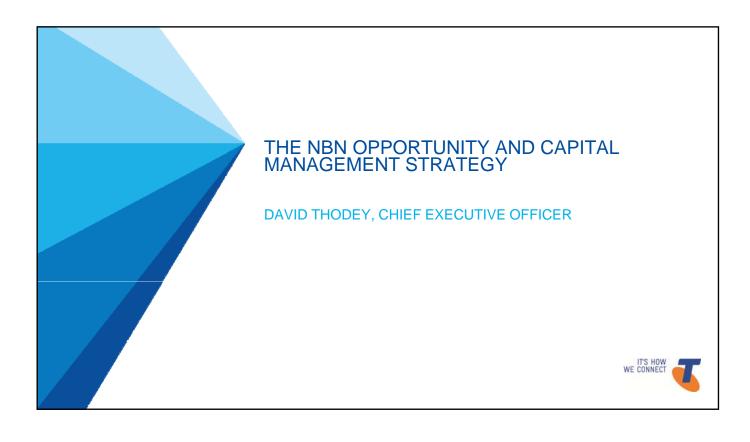
Dear Sir or Madam

Macquarie Australasian Equity Conference - presentation and speech

Attached is a copy of a presentation and speech to be delivered by David Thodey, Chief Executive Officer and Andrew Penn, Chief Financial Officer, at Macquarie's Australasian Equity Conference today. In accordance with the Listing Rules, this is for release to the market.

Yours faithfully

Damien Coleman Company Secretary



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.
 - ® ™ Registered trademark and trademark of Telstra Corporation Ltd. Other trademarks are the property of their respective owners.

2

THE NBN FITS WITHIN OUR EXISTING STRATEGY



- 1. IMPROVE CUSTOMER SATISFACTION
- 2. RETAIN AND GROW CUSTOMER NUMBERS
- 3. SIMPLIFY THE BUSINESS
- 4. BUILD NEW GROWTH BUSINESSES

3

THE NBN ACCELERATES EXISTING TRENDS



Move to an all data world



Product bundling



Demand for higher speed broadband



Growth in the cloud



Growth in video traffic



Intelligent networks



4

TELSTRA IS FOCUSED ON BEING NBN READY



CUSTOMER TRANSITION

NEW PRODUCTS AND PRICING

SALES AND MARKETING

NETWORK EVOLUTION



OUR AMBITION TO DELIVER THE BEST NBN EXPERIENCE



Critical to being successful in the NBN customer migration:

SIMPLIFYING OUR PRODUCTS TO IMPROVE USER **EXPERIENCE AND TO DRIVE COST REDUCTION**

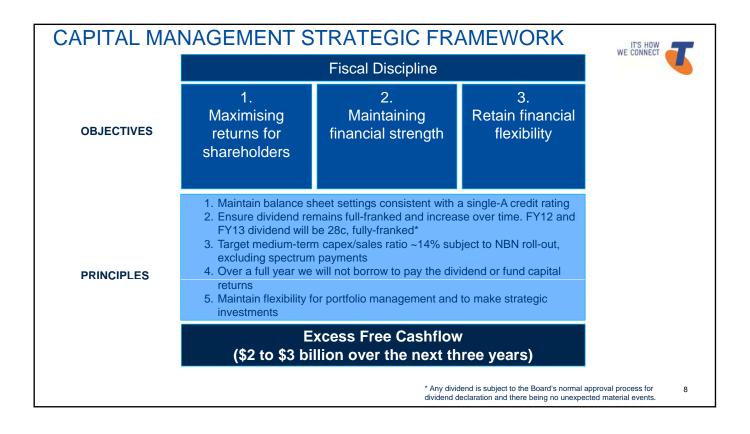
PRODUCT MIGRATION STRATEGIES ALIGNED WITH CUSTOMER NEEDS

STREAMLINING END-TO-END PROCESSES



Enhancing customer experience and driving operational efficiency aligned to strategic objectives





GUIDANCE REAFFIRMED*



Measure	FY11 Reported	FY12 Guidance
Total Revenue	\$25.09bn	Low single-digit growth
EBITDA	\$10.15bn	Low single-digit growth
Capex		14% of sales
Free Cash Flow		\$4.5 - \$5.0 billion
Dividend**		28 cps fully franked

^{*} 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 there being no unexpected material events

SUMMARY



NBN FITS WITHIN OUR EXISTING STRATEGY

NBN ACCELERATES EXISTING TRENDS

NBN CREATES NEW OPPORTUNITIES FOR TELSTRA

WE HAVE A PRUDENT, LONG-TERM CAPITAL **MANAGEMENT STRATEGY**

10

David Thodey, CEO

Today I wanted to cover three areas:

- 1. Overall industry trends and how Telstra is going?
- 2. An update on NBN
- 3. Our Capital Management Strategy. Delighted that Andy Penn, our new CFO, has joined us and he will take you through this strategy.
- 4. and then I will summarise and we can take some questions

Our industry – the Telecommunications Industry – continues to experience exponential demand for our products and services. The growth on our fixed and mobile networks continues to have a minimum of 100% growth per annum.

Our dependence in business and as consumers on the online digital world continues to grow – this is changing every part of our society and the way we live and work. Australia is one of the leaders in this change – top 3 countries in the world for smart phone penetration and one of the highest for Apple iPhones..... and we will continue to see new device categories. Retail, newspapers...

However, few Telco's around the world are reporting revenue or EBITDA growth – despite this incredible demand and innovation. Why? Well – there are a number of challenges/opportunities – new disruptive technologies, movement of value to the device manufacturers, regulation and changing consumer dynamics.

I remain very positive about the future of this industry as we play such a critical role in the future of society.

At Telstra – we face similar challenges – though we have had strong growth in mobiles and cloud/network applications and services resulting in top line growth. This has offset declines in our fixed line business.

Let me briefly touch on our six product portfolios:

- 1. Our fixed voice or PSTN business continues to decline in line with recent trends due to line disconnects (12-13% wireless only homes). Fixed to wireless substitution and VoIP.
- 2. FBB (both copper and cable) continues to grow as penetration and usage grows driven primarily by video (content, conferencing and entertainment). We now have over 300K IPTV (TBox) customers and over 500K Pay-TV customers billed through Telstra.
- 3. Mobility continues to grow (10.9% in first six months) primarily driven by data growth and new subscriber categories (tablets and M2M). There are approximately 27M mobile services in Australia by 2020 we predict there will be close to 300m services. The challenge in mobiles is ARPU growth and how to fund the capital growth. Mobile Terminating rates decline in January.
- 4. Data and IP networks continue to be fundamental to growth in the business market. We are seeing increased demand in this market closely aligned to different industry requirements Health, Education, Financial Services.
- 5. Network or Cloud Application and Services are experiencing 18% YTY growth as we see our customers adopting variable cost models for computing and applications. This is applicable to all three customer segments
 - Consumer cloud storage for photos, storage

 Check against delivery

- SME computing and applications
- Entertainment laaS and SaaS and DaaS
- 6. Media and Content remain important for Telco's. We recently consolidated all our media assets into one division led by Rick Ellis. It is very important that all our media assets are driving EBITDA growth primarily and secondly, drive carriage/access pull through. Two very different objectives.
 - As you will be aware, our Directories business (Sensis) is going through significant change as we move from print to digital. This is a three year transition that we are committed to managing through this transition – after evaluating all our options. We still have a couple more years to go where we will experience revenue and ebitda decline.
 - We are pleased about Foxtel's acquisition of Austar. This will give us a national footprint. PayTV penetration in Australia is low at 30% and we see the opportunity to offer PayTV on mobiles, tablets, TV's, PC's etc through copper, cable, satellite, wireless and fibre.

This is a rich portfolio of offerings.

We are also focussed on four key market segments:

- 1. Consumer growth has been strong though we have seen some slowing of growth in the last 3 to 4 months consumer confidence.
- 2. SME market has been slow very dependent on what industry. Retail and construction has been slow.
- 3. Enterprise and Government has seen strong growth as institutions invest in technology to drive efficiencies.
- 4. Wholesale moving from a regulated business to a channel to market.

In summary – the demand in our industry is strong and our business has solid momentum by product and target market.

However – success as a Telecommunications Company requires an incredible focus on driving value and cash from the core business – while still building new sources of growth.

Our strategy is simple – in our core business we must continue to

- improve our customers experience,
- grow the number of services
- while driving significant cost reduction through simplification.

This is challenging but we are making progress.

At the same time we need to continue to build new businesses that will create value for the future – media, cloud and Asia.

Let me briefly talk to each of these:

1. We are moving from a focus on customer satisfaction to loyalty through moving to Net Promoter System. This is a business imperative and very difficult to do as a Telco. Each day we touch over 0.5M customers – 300K calls,100K visitors to our shops, 30K visits to households and 1M visitors to our web-sites.

Check against delivery

We have made many changes – but we still have a long way to go. This is both a cultural change and process improvement journey. We are making progress but this will be a multi-year journey.

- Customer or Services Growth is fundamental in the first half we had an additional 950K services added. This is both about retaining customers and acquiring new customers. Churn levels are low. Growth will be slower in 2H.
 - Also requires Product Innovation. We introduced our new LTE network November last year and new handsets last month. We now have sold 200K 4G devices 30K handsets.
- 3. Simplifying the business We are driving real change in process re-engineering 27 projects and 16 core processes. This is about building a very different business culturally, behaviour, process and real results/performance driven business.

Our key growth areas are important

- Media
- NAS
- o Asia

We are primarily focused on organic growth and consider M&A selectively to build capability in these areas.

These focus areas need to be put in context with the changes created by the Governments decision to build a FTTH network – NBN.

So, now let me talk to NBN.

After three years of intense negotiation, the NBN agreements are finally in place. Now – we must drive growth from these contracts.

For the first time for many years – we have greater regulatory certainty.

The NBN is NOT a fundamental change to strategic technological trends but the rollout will accelerate trends that we have been aware of for over a decade.

For example:

- We are already moving to an all data world. We have been predicting the ultimate decline of PSTN for over a decade. What's different with the NBN is that Telstra is going to be paid to decommission its copper and HFC broadband networks.
- The rise in the demand for higher speed broadband will continue in the NBN world. Demand will continue growing as new applications are built. I see no slowing in this trend.
- Then there is the growth in video traffic as seen in the rise of IPTV and video on demand. For
 Telstra, the NBN provides an opportunity to invest in differentiation and leverage our scale in this
 important category.
- So too, the shift towards product bundling will increase under the NBN. We already have more than 1.2 million customers on our existing bundles and we have successfully introduced bundles in NBN Fibre Service Areas and we will enhance these offers as we move forward.

• The widespread availability of higher speed lines will accelerate the growth of cloud services. This is why we are investing strongly in this area.

In many ways the NBN is going to allow us to realise our vision — a new network architecture that will provide a rich customer experience — faster than we had anticipated.

We have been focused on four key areas in preparing for the NBN:

- Managing the customer transition;
- Product development and pricing;
- Sales and marketing; and
- Our engineering expertise.

I will shortly talk on how we are focussing on delivering a superior customer experience through the transition but first, it is worth mentioning that we have already gained some valuable learnings through the experience of implementing Fibre to the Premise in South Brisbane.

In July 2010 we announced the closure of the South Brisbane telephone exchange in order to make space for the new Queensland Children's Hospital. This cleared the way to replace the existing copper network with high-speed fibre optic cables. Regardless of which service provider customers are with, every home and business in the affected area is being upgraded to the new fibre network.

We expect that the entire community will have migrated to fibre by December 2012. This has given us a unique opportunity to experience the copper to fibre migration as both retailer and wholesaler.

Last month we reached the half way mark in terms of customer connections – almost 5,000 retail and wholesale customers.

The lessons and insights from South Brisbane have been invaluable. This is very important as we work with NBN Co to rollout the NBN.

As we prepare ourselves for the large-scale NBN rollout, our ambition is to deliver the best NBN experience possible.

How will we do this:

- We have already been simplifying our product set and pricing plans over a number of years and we will continue to do this and at a faster pace.
- As customers migrate from traditional fixed line products to IP-based solutions delivered over the NBN, our strategy is to ensure that existing key features will be available in the new environment or there will be suitable go-to solutions to meet customer's needs. Hence, driving simplification of our product set is also core to our product migration strategy.
- The migration to the NBN is an involved process, we have invested considerable effort to ensure there will be streamlined processes for ordering, connection and assurance.

We also have a very important role in educating customers on the potential of NBN, some of the new exciting products we have launched to enable convergence, and how we will leverage our strong local presence to help customers with the migration.

The focus in every element of the NBN execution is to concurrently drive down costs and through simplifying the business, deliver the best NBN experience for our customers.

One last comment – the NBN build is a highly politicised issue - however we will not be drawn into this debate. Our only interest is about creating shareholder value. We are pleased with the deal we have negotiated and we believe that we are well positioned should there be any changes in the future – technology, regulation or political.

It is difficult to speculate on the specifics of what we would require to secure an outcome that is in shareholders' best interests should circumstances change in the future, we are confident that we are strongly positioned to protect shareholder value regardless of any future changes.

High speed broadband is fundamental to the future of Australia.

Thank you, and I will now hand over to Andy Penn to take you through our capital management strategy.

Andrew Penn, CFO

Thank you David

Many of you will have had the chance to hear our investor presentation two weeks ago. The scripts from that presentation are available on the website, so today I will just hit the highlights.

We expect to generate \$2 to \$3 billion in excess free cash flows over the next three years, including by the end of the current financial year an excess position of \$0.5 to \$1 billion.

The nature of the cash flows from the NBN roll out are such that we expect this to contribute \$1 billion across 2013 and 2014.

Our capital management strategy has been formulated with consideration for both equity and debt investors.

It is underpinned by a clear focus on optimising for:

- 1. Maximising returns to shareholders through both dividends and capital growth;
- 2. Maintaining financial strength; and
- 3. Retaining financial flexibility.

These core objectives are supported by five key principles that provide the structure and definition for what this means at a practical level. They are:

- Maintaining balance sheet settings consistent with a single A credit rating. This will ensure we
 maintain the financial strength of Telstra by giving us the broadest access to debt markets. Since
 the communication of our capital management strategy both Standard and Poors and Moody's
 have confirmed this rating with a stable outlook.
- 2. Our longer term objective to grow dividends, and to ensure those dividends are fully franked. Whilst we acknowledge there are different points of view, our regular discussions with shareholders confirm the importance of fully franked dividends for delivering shareholder value. We have communicated to the market our intention, subject to the Board's normal approval process for

dividends and there being no unexpected material events, that the 2012 and 2013 dividends will be 28c per share fully franked. This remains a key priority for us.

- 3. Excluding spectrum payments, which we will fund via debt, and subject to the NBN rollout, our target capex to sales ratio is 14%.
- 4. Over the course of a year, we will not borrow to either pay the dividend or to fund capital returns, and
- 5. We will retain the financial flexibility for portfolio management and to make strategic investments where our target hurdles rates can be achieved.

Regarding acquisitions, I want to make the point that we have not found a new enthusiasm for acquisitions, rather we are wanting to assure the market that where we identify opportunities they will be considered on their merits and subject to maintaining some flexibility, assessed against the following guideline investment criteria:

- · Firstly, they need to be EPS accretive in year two, and
- Secondly, deliver a return on investment above our weighted average cost of capital by year three. Or to put it another way, any acquisition needs to be more value accretive than a share buyback of a similar magnitude.

There has been some speculation around the possibility of Telstra undertaking a share buyback. I would like to clarify our position on this. An on market share buyback is a potential capital management initiative available to us, particularly while we are not in a position to increase franked dividends. However, we believe three key criteria need to be fulfilled for an on-market buy-back to be successful:

- 1. Firstly, the size of a buyback needs to be meaningful, i.e. it needs to have a noticeable impact on the share count, either over one year or several
- 2. Secondly, it needs to be part of a clearly articulated capital management strategy, such as that we have provided today, and
- 3. Thirdly, it needs to be executed effectively taking into account market conditions, liquidity, share price etc.

It is against this framework that we do not believe an on market buyback at this time is warranted for Telstra.

Before summarising, let me touch on guidance. Our guidance for 2012 remains unchanged.

We expect revenue and EBITDA growth for the full year to be in the low single digit range. The dividend of 28 cents per share fully franked has been confirmed for this fiscal year, and next and we expect a capex to sales ratio of around 14%.

We have also guided to \$4.5 to \$5 billion in free cash flow for FY2012.

So, let me summarise...Firstly as David said.

- The NBN fits well with our existing strategy as it accelerates global trends that were already in play.
- The NBN also creates new opportunities for Telstra and our customers.

Check against delivery

- We are working well with NBN Co and we are well prepared for the NBN rollout and ready to compete.
- With our agreements, Telstra shareholders are in a good position irrespective of a change in policy or a change in Government.
- We have put in place a capital management strategy supported by a clearly defined framework of objectives and principles focussed on maintaining our tight fiscal discipline, delivering growth and value for shareholders, and
- Finally, we expect to generate an additional \$2 billion \$3 billion in free cash flows over the next three years.

Thank you