

15 October 2013

Office of the Company Secretary

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Chairman and Chief Executive Officer - Annual General Meeting presentations

In accordance with Listing Rule 3.13.3, I enclose the presentations of the Chairman and Chief Executive Officer, which will be delivered today at the Telstra Corporation Limited 2013 Annual General Meeting.

Yours faithfully



Damien Coleman
Company Secretary

2013 TELSTRA ANNUAL GENERAL MEETING

15 OCTOBER 2013

CHAIRMAN'S SPEECH

Good morning ladies and gentlemen.

I am Catherine Livingstone, the Chairman of your company.

On behalf of my fellow directors, I am pleased to welcome you to the 2013 Telstra Annual General Meeting.

I also welcome shareholders viewing today's meeting via our Investor Relations website, and the Telstra T-Box.

A quorum is present, and I declare the meeting open.

A Notice of Meeting has been distributed and will be taken as read.

Process

There are five items of business on the agenda:

- Presentations by me and David Thodey;
- Discussion of financial statements and reports;
- Consideration of the election and re-election of directors;
- Consideration of the proposed granting of Performance Rights to the CEO; and
- Consideration of the Remuneration Report.

The Board has received more than 1,600 questions in advance from shareholders, with the main themes being the National Broadband Network, remuneration, dividends and employee redundancies.

David Thodey and I will endeavour to respond to these themes in our presentations as part of Item 1, and through introductory comments on the specific items of business.

This year, to help shareholders with the language used in our business, we have provided a short glossary of technical and financial terms for your information. Copies of the glossary are available at the shareholder registration desks, and from the Telstra store in the display area.

Voting on all resolutions will be conducted by a poll.

I will now open the poll, and if you need to leave early, you can vote by completing your voting card and placing it in one of the ballot boxes near the exits.

I would now like to introduce Telstra's auditors.

Joining us today, from Ernst and Young, we have Steve Ferguson, who is available to answer questions on the conduct of the audit, and the auditor's report.

We also have members of Telstra's Executive Team seated in the front row.

Joining me on stage are:

Damien Coleman, your Company Secretary;

Andrew Penn, your Chief Financial Officer;

And your Board.

I will now ask your Directors to introduce themselves individually.

[Directors introduce themselves.]

I would like to thank my fellow Directors for their contribution and support during the past year, and welcome our newest director, Chin Hu Lim, who brings valuable experience in the Asian context.

Performance

Let me now comment on Telstra's results for the year.

2013 was another solid year for your company, as we delivered on our commitments for revenue and profit growth, as well as further significant growth in customer numbers.

This achievement owes much to our focus on the needs of our customers.

Since 2009, we have progressed, from a focus on improving customer service, to improving customer satisfaction, and we are now challenging ourselves to earn the advocacy of our customers.

One consequence of our customer focus is that complaints to the TIO fell for the third consecutive year.

In terms of 2013 financial results, we delivered a 12.9 per cent increase in net profit – up \$441 million – and total income grew 1.9 per cent to \$26 billion.

That growth is despite the fact that sales revenue from PSTN, or fixed line voice, fell by 9.5 per cent or \$460 million.

It is worth noting that fixed voice revenue now accounts for only 17 per cent of total revenue – compared with 25 per cent in 2009.

By comparison, mobiles now accounts for 36 per cent of revenue – compared with 27 per cent in 2009.

This shift in revenue illustrates how fundamentally mobility, connectivity, and data demand have redefined our business.

This shift also provides context for the growth in our customer numbers.

We added 1.3 million new mobiles customers in Australia and 425,000 in Hong Kong, as well as 238,000 new bundled customers and 173,000 new retail fixed broadband customers.

We also built momentum in our growth businesses, with Network Applications and Services revenue growing by 18 per cent, and our International revenue by 16 per cent. Both are now important parts of our core business.

In Media, Foxtel is building on the benefits of the Austar acquisition, with its customer base growing to 2.5 million subscribers.

However, Sensis continues to be challenged by the transition from a print to a digital platform, with the result that overall Media revenue declined by 7.8 per cent.

Telstra Strategy

Turning now to strategy.

Last year I noted how connectivity and data demand had accelerated our transition, from a company delivering voice over phones, to one delivering data over devices.

The acceleration of technological change has continued, with our customers increasingly seeking not just data over devices, but solutions over networks.

To succeed in this era of accelerated change, Telstra needs to adapt, and that is why Telstra has refined its Purpose.

Our Purpose – as reflected in the video shown at the start of the meeting – is focused on the need *To create a brilliant connected future for everyone.*

Internally, this Purpose will give us the clarity and focus we need to adapt to change and foster innovative solutions for our customers.

What those solutions may be will vary, according to the needs of our customers.

For consumers, such as a person with a chronic illness, the best solution might be to use smart apps to enable them to manage their health from home.

For enterprises, such as companies wanting to expand into Asia, the best solution might be Network Applications and Services – such as the deal we signed in April with Jetstar, to manage their telecommunications needs across the Asia-Pacific.

Increasingly, smartphones are the platform for innovation, because they can connect people to the information, applications and services they need via our networks.

This shift in focus has accentuated the importance of our mobile network, and we intend to maintain our competitive advantage.

In 2013, we invested \$1.2 billion in mobiles infrastructure, and we plan to invest the same amount again in 2014.

In terms of spectrum, we invested \$800 million in licence renewals during the year, with another \$1.3 billion committed to acquire new spectrum for our LTE network.

These investments are enabling us to deliver our customers faster, more reliable mobile coverage in more areas.

Within the NAS portfolio, cloud services grew by 33 per cent.

The challenge for us is to accelerate the capacity of NAS to continue growing, by making strategic investments such as our acquisitions of the North Shore Communications Group and IPscope.

We have adopted a similar approach to growing our International business, making strategic investments in facilities such as a new data centre in Singapore, and cloud-enabled nodes in Singapore and Hong Kong.

Looking ahead, we also plan to create new growth opportunities – such as e-health.

In this context, we have acquired stakes in HealthEngine, DCA Health, IP Health and Fred IT.

NBN

Moving now to the National Broadband Network.

As you know, Telstra signed Definitive Agreements with the Commonwealth Government and NBN Co. in 2011.

The new Federal Government has said it intends to modify the design of the NBN, using a variety of technologies, and giving priority to Fibre to the Node, rather than the previous approach of Fibre to the Premise.

The Government will conduct a number of reviews of the NBN project to help determine the approach it will take, including an initial 60 day review announced by the Minister on October 3.

A move to predominantly use Fibre to the Node in the rollout of the NBN could result in the renegotiation of some aspects of our Definitive Agreements.

In the meantime, Telstra will continue to fulfil the obligations set out for us in the existing Agreements, and continue to work constructively with the Government and NBN Co. and in the best interests of our shareholders.

Dividend

Moving to Telstra's dividend.

In 2013, earnings per share grew 11.6 per cent to 30.7 cents per share.

In accordance with our guidance, the dividend for the year was 28 cents per share, returning \$3.5 billion to shareholders. This represented 91 per cent of our earnings, and saw us return to a dividend payout ratio of less than 100 per cent for the first time in 3 years.

As previously announced, in 2014, your company will return to its usual practice of considering dividends on a half yearly basis, as part of the regular Board process.

Remuneration

Turning now to Remuneration.

As I have noted, Telstra performed well in 2013, delivering growth in financial results and achieving a second successive year of Total Shareholder Return of approximately 37 per cent.

Executive remuneration remains aligned with company performance through the at-risk, or incentive components.

Short Term and Long Term Incentive outcomes, for the year, reflected the strong company performance, with the Long Term Incentive outcome reflecting not one, but three years of achievement.

The governance of remuneration remains a key focus for the Board and our policies are regularly reviewed to ensure remuneration outcomes are aligned with company performance.

Sustainability

I will now move to Sustainability.

Telstra contributed \$231 million in social and community support in 2013.

The Access for Everyone program provided \$163 million in benefits – including home phone rental concessions, for more than 1 million low income households, rebates on bills for around 2,500 financial hardship customers every month, and the distribution of 123,000 phone cards.

Around 1 million pensioners also received a discount on home phone services.

Over the past decade, our Access for Everyone program has provided \$2.2 billion in benefits to people on low incomes, or facing financial hardships.

Other community highlights included the implementation of our fifth Disability Action Plan, with 94 per cent of the Plan's actions either completed or ongoing. The next Disability Action Plan is now in development.

Through the Telstra Foundation, we launched a \$5 million partnership with the National Centre of Indigenous Excellence, to help more Australians enjoy the benefits of being connected to the digital world.

Our people also responded to natural disasters and crises, such as the Tasmanian bushfires, Queensland floods and the Warrnambool Exchange fire.

I would like to take this opportunity to thank all Telstra staff members for their significant efforts during the year.

Conclusion

In conclusion, let me return to the subject of accelerating technological change.

Telstra has adapted well to change in recent years, creating a new business model based on the demand for data, and network based solution delivery.

To grow as a company, we need to constantly adapt.

We will continue to drive value from the core of our business, especially our network advantage; to encourage an innovation culture built around solving the problems of our customers; and to make the strategic decisions necessary to keep serving our customers and growing your business.

Shareholders, your company delivered on the commitments it made for 2013.

In 2014, we aim again to deliver overall growth in income and profit.

I will now hand over to your Chief Executive Officer, David Thodey, to present our operations for the year in more detail.

CEO SPEECH

Slide 1. Title slide.

Good morning. It's a pleasure to be with you.

As Catherine said, 2013 was a solid year, with revenue, profit and customer growth, as well as some early signs of customer service improvement.

We had many highlights during the year.

- We signed our biggest ever customer contract, a \$1.1 billion contract with the Department of Defence to transform its communications technology.
- We signed our biggest ever international deal, to deliver Network Applications and Services for Jetstar throughout Asia.
- We received international recognition for our strength in cloud computing, receiving a prestigious Cloud Provider Partner of the Year award from Cisco in the United States.
- With the launch of the iPhone 5, we had our most successful phone launch ever – using social media to keep people up to date on stock levels, guides, network performance and customer reviews, and answered 40,000 customer questions through CrowdSupport in the first 30 days of the launch.
- And we field tested new mobile devices on our 4G network in Perth and Esperance, achieving device speeds of more than 90 megabits per second.

Since then, we've claimed a world-first, upgrading a number of base stations on the Sunshine Coast using the 900MHz and 1800MHz bands of the spectrum. What we did on the Sunshine Coast was effectively 'glue' two bands of wireless spectrum together, creating a broader channel that could carry more data and achieving peak network downlink speeds of between 90Mbps and 100Mbps.

We're looking to replicate that mobile broadband trial in Brisbane, Adelaide and Perth, and achieve peak network downlink speeds of up to 150Mbps.

What this highlights is that our focus on innovating for our customers is delivering results.

We have some brilliant engineers, but we still have much to do. At last year's AGM, I spoke about our evolution to a bright, colourful Telstra brand. At the time, I said there was more to a brand than an image, that a brand represents a company's values, products, success, innovation and reputation.

Slide 2. New Purpose.

Today, I want to talk to you about our refined Purpose – a purpose that, like our brand, is more about substance than style.

The demand for our products and services continues to be at record highs.

Smart networks, smart devices and personal apps are connecting everything to everything, and everyone, and placing Telstra at the heart of the Australian economy and the Australian way of life. People are connecting more than at any time in history, and this demand will continue to increase. However, to make the most of the opportunities before us Telstra needs to change.

That's why we have refined our Purpose and created a new Charter that will guide the way we act – every week, every day, every moment.

That Charter was the script of the video shown just before Catherine spoke. As the charter says:

'We believe that connection is a basic human right that underpins society – and everyone should benefit from it ... Our ambition is to enrich lives and power commerce ... [That's] why we're building a new kind of telco ... connecting everything to everything ... To enable every single one of us to live our lives to the full. It's a brilliant connected future for everyone.'

Let me give you four examples of that 'brilliant connected future'.

First, there's our 4G network. We launched our 4G network a little over two years ago, in September 2011. Since then, we have sold 3.2 million 4G devices, including 400,000 in the first quarter of the 2014 financial year. That's why we've accelerated the expansion of our 4G network.

Our 4G network now covers 66 per cent of the population, and is on target to reach 85 per cent of the population by Christmas. Not only that, we have broadened the scope of our 4G network, adding a second wireless frequency, 900MHz, to better cater for increasing mobile use in regional areas.

If you have the time, stop by the T-Store after the AGM and play with the range of 4G devices we have on offer. While you're out there, take a look at the Foxtel stand, and say hi to the guys at the Telstra vans.

Second, look at the work we are doing in the remote communities of the Northern Territory.

In April, we announced a \$5.7 million partnership with the Northern Territory Government to roll out new mobile and fixed broadband services to remote communities.

We also, through the Telstra Foundation, committed \$300,000 towards a digital inclusion program for Indigenous Australians affected by Machado Joseph Disease or MJD, a heredity neuro degenerative condition. That program will use iPads to deliver innovative health care and support to MJD clients and their families living on Groote Eylandt, the largest island in the Gulf of Carpentaria.

The community leaders on Groote have also told us that expanding the Next G network to cover their island and neighbouring Bickerton Island would create new services and new opportunities for local people. As a result, earlier this month we decided that, if we can find additional partners to provide funding, we will contribute \$1 million towards a plan to extend the Next G mobile broadband network to Groote and Bickerton.

My third example is Asia.

The rise of Asia's middle class, which will grow to 3.2 billion people by 2030, will create an enormous appetite for quality goods and services. Asia's rise is creating opportunities for us to expand our footprint across Asia, and help Australian, European and American companies make the leap into Asian markets.

That's why we are making strategic investments across Asia, such as new data centres in Singapore and cloud-enabled nodes in Singapore and Hong Kong.

We have also enabled our Hong Kong customers to access Telstra 4G mobile services while visiting Australia and our Australian customers to access CSL 4G mobile services while visiting Hong Kong.

Whether it's expanding our 4G network at home or expanding our footprint in Asia, our focus is on improving customer service and delivering innovative solutions.

My final example of that 'brilliant connected future' is our new internal Innovation Hub.

The Innovation Hub, which is based in our Chief Technology Officer area, has been given the task of coordinating and stimulating innovation across the company.

The Hub only started in August, and already has more than 2,600 members and 175 active ideas. Not all of those ideas are going to come to fruition, but we are already seeing some great innovations rise to the top from all parts of the business.

The Innovation Hub is all about finding new ways to solve our customers' problems.

Slide 3: 2013 Performance

Moving now to your company's performance:

- Total income increased 1.9% or \$477 million;
- EBITDA increased 3.9% or \$395 million;
- Net profit after tax increased 12.9% or \$441 million;
- Free cashflow decreased by 3.3% or \$173 million to \$5 billion – reflecting increased working capital to support business growth, cash proceeds of \$669 million from the sale of TelstraClear and payments of \$821 million for spectrum licences.

It's worth noting that our international businesses grew revenue by 16 per cent to \$1.7 billion, and we expect our international businesses to keep growing.

The growth of our international business will help our Australian business, creating greater efficiencies, more innovations, and more opportunities.

Telstra is a proud Australian company, with a global footprint. The stronger we are abroad, the stronger we will be locally.

Slide 4: Employee engagement and Customer service

The past three years have delivered significant customer growth, improvements in employee engagement and declining complaints to the TIO. In 2013, we added 1.3 million new mobile customers, increased employee engagement by two percentage points, and saw level one complaints to the TIO decline by 8 per cent.

These results are not coincidental. They are connected.

Telstra staff are very dedicated and make a difference every day. We value their contributions and we remain committed to make Telstra a great place to work. Our people volunteered 4,200 days work for community organisations, and made a total contribution of \$1.3 million in donations through our dollar-for-dollar matched payroll giving program.

That engagement is making a difference to customer service as well. More than 7,500 of our people leaders have received training on customer advocacy, and our customers have completed more than 10 million surveys rating the service they received.

The combination of almost real time feedback from our customers and a heightened awareness of our customer connection is starting to make a difference. We still have much to do to create the type of customer centred company we want to be. We are on that journey. We still make mistakes, and I still receive many complaint emails from customers every day. The point is, if we make a mistake we make a commitment to fix it – and we improve.

Asbestos is a case in point.

When we became aware of the problem, we stepped forward and took all measures necessary to ensure the safety of the community, our contractors and our employees. Our first priority is the safety of our employees, contractors and the public.

Pit remediation works recommenced on 26 August, with additional safeguards in place – including requiring relevant employees and contractors to undergo additional training in the safe handling and removal of asbestos. In relation to the asbestos issue, there is no material financial impact at this point in time.

Before moving on, I want to address the question of contact centre jobs, which a number of you have raised with me.

There are two aspects to this question – firstly, the issue of off shoring work and, secondly, the issue of the quality of the service you receive from offshore contact centre consultants.

Let me address each issue.

Firstly, on the off shoring of work, our customers increasingly want to interact with us online. Forty per cent of customer transactions were completed online in 2013 – compared to only 30 per cent in 2012 – and this percentage will grow again this year. This means that our contact centre work is declining quickly and will continue to do so.

Secondly, it's important to note that all of our centres, whether they are here or overseas, are held to the same standards of customer service, privacy and security information. It's unacceptable to have a poor conversation with any of our consultants due to language difficulties, whether they are based in Australia or overseas.

Ultimately, our aim is to keep creating new jobs that are sustainable in an increasingly digital, mobile and global world, and that's what we're doing.

Slide 5: NBN.

On the NBN, the Government is reviewing the NBN to help determine the approach it will take to complete the project.

We will keep you informed if there are any changes, and act in your best interests. In the meantime, we will continue to fulfil the obligations set out in the Definitive Agreements we signed in 2011.

And we will keep rolling out NBN-related voice and data products.

For instance, we have seven Shops on Wheels travelling around the country, demonstrating how we're using our networks and the NBN to make connectivity work for people in their homes. If you'd like to visit one of our Shops on Wheels, look for the deck chairs out in the foyer after the AGM.

Slide 6: Outlook.

Looking ahead to the 2014 financial year we expect growth to continue.

We are forecasting low single digit total income and EBITDA growth, with free cashflow between \$4.6 billion and \$5.1 billion.

We expect capital expenditure to be around 15 per cent of sales as we continue to build out our 4G mobile network and complete the build of the NBN transit network.

We believe there remains further opportunity to improve operational efficiency while growing new business opportunities.

Slide 7: Conclusion.

To conclude, connectivity is placing Telstra at the heart of the Australian economy and society.

That's why we are creating a new kind of telecommunications company that finds simple, secure ways to make technology work for people, and keep Australians connected to each other, to their information and to the opportunities of the digital world.

Our strategy around improving customer service, as well as developing our growth businesses, remains our key focus.

We have delivered on our commitments, met guidance, focussed on improving customer service, continued to simplify our business, and delivered our third consecutive year of significant customer growth.

It is an exciting time for Telstra, and we see a brilliant connected future for the company.

ADDRESS BY THE CHAIRMAN IN RELATION TO PRE-ASKED SHAREHOLDER QUESTIONS

Shareholders, we received many questions in advance in relation to employee redundancies and to the issues we have had with asbestos.

I thought therefore that it might be useful to respond before opening up questions from the floor.

First to employee issues.

You may have seen media recently about the restructure of our Operations business unit.

The size and nature of our workforce is re-balancing to reflect the fact that some parts of our business are reducing in size, while other parts are growing.

We are responding to the changing market structure, including the establishment of the NBN, and changing demand for our fixed line services.

At the same time, changing market demand for other services, such as growth in Network Applications and Services, is also creating jobs.

So while we have proposed that, in our Operations workforce, certain roles will reduce by around 1,100 jobs by June next year, we have made other announcements recently that could result in close to 1,000 jobs being added by Operations in other areas.

Where possible, we find redeployment and/or retraining opportunities for our people who are impacted by these changes.

Now to the issue of the handling of asbestos in work on Telstra pits. David has already commented on this issue but it is helpful to reinforce some of his points.

The presence of asbestos in some parts of our network is not a new issue. We have known about asbestos, carefully tracked its management and extensively trained staff, with well established safety procedures in place for employees and contractors.

Unfortunately, for a number of reasons, including the quality of supervision, these safety procedures were not followed in some cases.

Remediation work on our pits stopped as soon as we identified concerns with the work practices used by some of our contractors. We have taken steps to absolutely minimise the risk of such incidents occurring again.

The work recommenced only when we had introduced training requirements and ensured our contracting partners each adhere to those requirements.

We are training up to 200 Telstra employees to supervise pit remediation in the field, with numbers deployed at any time dependent on workload.

Our priority has been – and remains – the safety of our employees, contractors and the general public.



ANNUAL GENERAL MEETING

2013



DAVID THODEY

CHIEF EXECUTIVE OFFICER



HIGHLIGHTS



CUSTOMER CONTRACTS

RECOGNITION

NETWORK LEADERSHIP



Australian Government

Department of Defence

\$1.1 billion contract for terrestrial communications services



HIGHLIGHTS



CUSTOMER CONTRACTS

RECOGNITION

NETWORK LEADERSHIP



**CLOUD PROVIDER
PARTNER OF THE YEAR**

HIGHLIGHTS



CUSTOMER
CONTRACTS

RECOGNITION

NETWORK
LEADERSHIP



WIRELESS BROADBAND
NETWORK INNOVATION

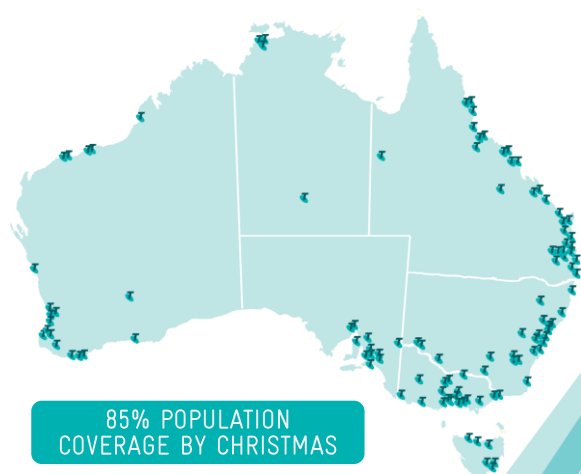
OUR PURPOSE

TO CREATE A BRILLIANT
CONNECTED FUTURE
FOR EVERYONE



INVESTING IN OUR 4G NETWORK

IT'S HOW
WE CONNECT



85% POPULATION
COVERAGE BY CHRISTMAS



3.2M DEVICES ON
THE NETWORK

GROUP RESULTS

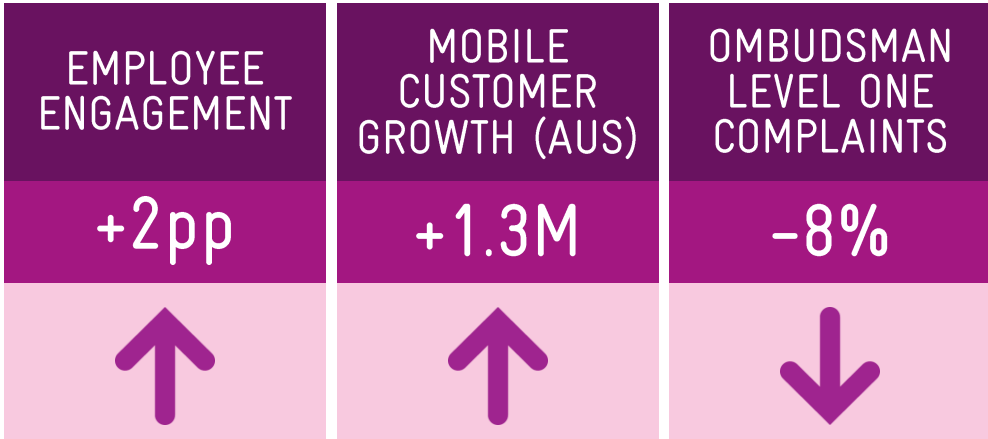
IT'S HOW
WE CONNECT



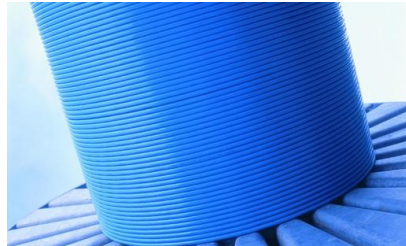
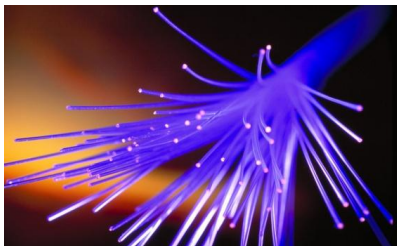
	FY12	FY13	GROWTH (reported basis)
Total Income	\$25.5b	\$26.0b	1.9%
EBITDA	\$10.2b	\$10.6b	3.9%
NPAT	\$3.4b	\$3.9b	12.9%
Earnings per share (cents)	27.5	30.7	11.6%
Accrued Capex ¹	\$3.6b	\$3.8b	5.6%
Free Cashflow	\$5.2b	\$5.0b	-3.3%
Ordinary DPS (cents)	28.0	28.0	-

1. Accrued capex is defined as additions to property, equipment and intangible assets, including capital lease additions measured on an accrued basis

IMPROVING SERVICE AND ENGAGEMENT



NATIONAL BROADBAND NETWORK



2014 GUIDANCE¹

MEASURE	FY13 REPORTED	FY14 GUIDANCE
Total Income	\$26.0b	Low single digit growth
EBITDA	\$10.6b	Low single digit growth
Capex	14.9%	~15% of sales
Free Cashflow	\$5.0b	\$4.6 – \$5.1b

1. Guidance assumes wholesale product price stability, no impairments to investments, excludes any proceeds on the sale of businesses, M&A and purchase of spectrum

SUMMARY



WE HAVE CONTINUED TO EXECUTE ON OUR STRATEGY

WE HAVE MET OUR COMMITMENTS

WE ARE FOCUSED ON IMPROVING CUSTOMER SERVICE

CONTINUED GROWTH FROM OUR BUSINESS IN FY14