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23 August 2022

Letter to Telstra Shareholders

Dear Shareholders,

On behalf of the Telstra Board, I am pleased to invite you to the following Shareholder Meetings:

1. **2022 Telstra Annual General Meeting (AGM)** and
2. **Scheme Meeting** – to seek approval from Shareholders on the scheme of arrangement, which is the next step in our proposed corporate restructure.

The Shareholder Meetings will be held as hybrid meetings, meaning you can attend in person at the venue or online as follows:

	Annual General Meeting	Scheme Meeting
Date:	Tuesday 11 October 2022	
Start time:	9.30am (Sydney time) Registration will open at 8.30am (Sydney time)	Following the conclusion of the AGM but not before 12.30pm (Sydney time). Registration will open half an hour before the meeting commences but not before 12.00pm (Sydney time).
Attend at the venue:	Hilton Sydney Ballroom, Level 3, 488 George Street, Sydney NSW 2000 Important - complying with COVID restrictions: Telstra prioritises the health and wellbeing of our shareholders, our customers and our teams. Our COVID-19 vaccination policy for Telstra events and locations requires attendees to be fully vaccinated (including boosters when required). Shareholders will need to comply with our policy and any local laws when attending our Shareholder Meetings and you may be asked to show proof of your vaccination status. Our website, telstra.com/meetings22 , provides further information and we also encourage you to check this website for the latest information prior to attending. If you have any concerns, we urge you to attend the meetings online.	
Attend online:	meetings.linkgroup.com/TLSAGM22	meetings.linkgroup.com/TLSScheme22
	The Telstra Virtual Meetings Guide available at telstra.com/meetings22 , provides all the important information you need to know about attending our meetings online.	
Meeting documents available online	The below meeting documents are available to download at telstra.com/meetings22 . <ul style="list-style-type: none">• Notice of 2022 Annual General Meeting• Scheme Booklet including the Notice of Scheme Meeting (Annexure D)	

Telstra Corporation Limited
ABN 33 051 775 556



Voting

Enclosed are your Shareholder Voting Forms for the AGM and the Scheme Meeting. These forms can be used to vote directly or to appoint a proxy to attend the meetings and vote on your behalf.

Please read the Notice of 2022 Annual General Meeting and the Scheme Booklet in full before deciding how to vote at each meeting. The table above provides details of where to access the meeting documents.

The completed forms must be received by **9.30am (Sydney time) on Sunday, 9 October 2022 for the AGM or 12.30pm (Sydney time) for the Scheme Meeting**.

Asking questions at the Shareholder Meetings

We welcome Shareholder questions which can be asked online before (or during) the meetings, by telephone or in person if you are at the venue. The Notice of 2022 Annual General Meeting and the Notice of Scheme Meeting (Annexure D of the Scheme Booklet) provide further information on the options available to do this.

Important information about the restructure

The restructure was a key component of our T22 strategy and is also a key component of our new T25 strategy, announced last year. It is an important next step in our drive to increase the transparency of our infrastructure assets and to improve management focus on our infrastructure and customer businesses, and consequently provides us more flexibility to create additional value for you, our shareholders.

It also recognises the world has changed significantly on the back of the pandemic. This is expected to accelerate digitisation in the home, the workplace and economies more broadly, and reinforces the importance and value of the telecommunications infrastructure and connectivity that enables that digitisation.

Delivering on our strategy, including the investments we have made in digitisation and networks, together with the benefits that will flow from the restructure, positions us well to capitalise on these changes.

The restructure involves the establishment of New Telstra Corp as the head entity of the Telstra Group and the movement of entities, assets and liabilities within the Telstra Group. While we outline the various steps that will occur as part of the restructure in the Scheme Booklet, it is only the step referred to as the Scheme that needs shareholder approval.

The restructure is an internal legal re-organisation and will not itself result in any immediate change to the underlying assets or business activities of the Telstra Group. It will provide us with more options and potential to realise additional value for Telstra Shareholders from our infrastructure assets.

If the Scheme is approved there will be no change to the level of your shareholding and you will receive one New Telstra Corp Share for each of your existing Telstra Shares.¹ New Telstra Corp Shares will have the same dividend and voting rights as Telstra Shares.

1. Unless you are an Ineligible Foreign Shareholder – see section 6.4 of the Scheme Booklet for more information.



The detailed information within the Scheme Booklet explains why the Telstra Directors will all be voting their Telstra Shares in favour of the Scheme, and unanimously recommend you do the same.

This recommendation is based on our detailed assessment of the potential advantages and disadvantages of the Scheme, set out in the Scheme Booklet, as summarised below.

Advantages / reasons to vote in favour:

- increased transparency of the assets of our customer and infrastructure businesses, allowing management to drive performance and efficiencies while also providing a clearer picture for shareholders and potential investors to value the business;
- increased focus on our customer and infrastructure businesses through separate management teams with business-specific strategies, supported by dedicated risk teams under a group-wide risk management and compliance framework. It will do this while limiting disruption to the Telstra Group's businesses, including its arrangements with nbn. This heightened standalone focus is expected to deliver value to Telstra Shareholders over time; and
- greater flexibility and optionality to realise value from the Telstra Group's fixed infrastructure assets over time, and potential to take advantage of opportunities that may arise to create value for Telstra Shareholders.

Disadvantages / reasons to vote against:

- the one-off costs to the Telstra Group that are expected to arise if the Scheme is implemented. Those costs (excluding stamp duty)² are not considered to be material to the Telstra Group. The overall one-off costs associated with the Scheme, most of which have already been incurred or will be incurred regardless of whether the Scheme is implemented, are expected to be \$126 million (excluding stamp duty) and comprise incremental IT systems and process costs, adviser fees, the cost of the Independent Expert, and costs associated with the Scheme Meeting;
- additional ongoing costs for the Telstra Group that might not otherwise arise. They will mainly be incremental costs in connection with the administration of the new corporate structure and, in aggregate, are not considered to be material to the Telstra Group;
- one or more of the risks associated with the implementation of the restructure occurring. Those risks are summarised in FAQ A.15 of the Scheme Booklet and are outlined in more detail in section 2.9 of the Scheme Booklet; and
- you may disagree with the recommendation of the Telstra Board and the conclusion of the Independent Expert outlined below.

2. Information on the stamp duty costs associated with implementing the Scheme is set out in sections 2.8.1, 2.9.3 and 7.7.3 of the Scheme Booklet.



The Independent Expert has concluded that the Scheme is in the best interests of Telstra Shareholders. The report from the Independent Expert is included in the Scheme Booklet. In that report the Independent Expert states:

“The critical question is whether shareholders are likely to realise greater value over time if the Scheme is implemented than if the Telstra Group’s current structure is maintained. The evaluation is essentially subjective. However, on balance, in Grant Samuel’s view, the potential advantages of the Scheme outweigh the disadvantages and risks. While implementation of the Scheme is not a guarantee of future performance or of any value enhancing transaction, shareholders are ultimately likely to be better off if the Scheme proceeds.”

The full detail on the advantages, disadvantages and risks is set out in section 2 of the Scheme Booklet.

If you have any questions about the Scheme, the Scheme Booklet or the Scheme Meeting, please consult an independent and appropriately licensed and authorised professional adviser.

We thank you for your continued support as a Telstra Shareholder and encourage you to vote on this important decision which will set Telstra up for the future.

Yours sincerely,

John P Mullen
Chairman

If you have any questions or to request a hard copy of the Notice of 2022 Annual General Meeting or the Scheme Booklet you may call the Telstra Shareholder Information Line on 1300 88 66 77 (within Australia) or on +61 1300 88 66 77 (outside Australia) at any time from 8:00am to 8:00pm (Sydney time) Monday to Friday (excluding Public Holidays).

Key dates

Event	Indicative Date
Date of the First Court Hearing at which the Court ordered the convening of the Scheme Meeting	23 August 2022
Last time to lodge your vote before the AGM or to appoint a proxy for the AGM	9.30am on 9 October 2022
Time for determining eligibility to vote at the AGM	9.30am on 9 October 2022
Last time to lodge your vote before the Scheme Meeting or to appoint a proxy for the Scheme Meeting	12.30pm on 9 October 2022
Time for determining eligibility to vote at the Scheme Meeting	12.30pm on 9 October 2022
2022 Annual General Meeting	9.30am on 11 October 2022
Scheme Meeting	Following the conclusion of the AGM but not before 12.30pm on 11 October 2022

Other than the date of the First Court Hearing (which has already occurred), the dates and times above are indicative only and Telstra reserves the right to vary them. Telstra will make an announcement to the ASX if that occurs.

Unless otherwise specified, all dates and times above refer to the time in Sydney, Australia.