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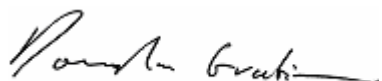
ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra 3 Share Offer – T3 Institutional Investor Presentation, New York

In accordance with the listing rules, please find a copy of a presentation to be delivered by Sol Trujillo, Telstra Chief Executive Officer and John Stanhope, Telstra Chief Financial Officer & Group Managing Director, Finance & Administration at the T3 Institutional Investor roadshow, New York.

Yours sincerely



Douglas Gratton
Company Secretary



TELSTRA 3
SHARE OFFER

T3 Institutional Investor Roadshow Presentation

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- The issue of this confidential presentation has been authorized by Telstra Corporation Limited (ACN 051 775 556) (the “Company”) in connection with a proposed offering (the “T3 Share Offer”) of shares in the form of instalment receipts (the “Securities”) of the Company by the Commonwealth of Australia (the “Commonwealth”). This presentation is based on information provided by the Company and publicly available information. The T3 Share Offer will proceed by way of an Australian prospectus in Australia, a New Zealand Investment Statement in New Zealand, a Japanese Prospectus in Japan (where the T3 Share Offer will be conducted by way of a “public offering without listing”, a Canadian Institutional Offering Memorandum in Canada and an Institutional Offering Memorandum in certain other overseas jurisdictions. ABN AMRO Rothschild (“AAR”), Goldman Sachs JBWere Pty Ltd (“GSJBW”) and UBS AG, Australia Branch (“UBS”) are Joint Global Coordinators of the Issue. The information in this presentation is an overview and does not contain all information necessary to an investment decision. The information contained in this presentation has been prepared in good faith by the Company. No representation or warranty, express or implied is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation, any of which may change without notice. We refer you to the Institutional Offering Memorandum which includes additional information and may update, supersede or correct information included in this presentation.
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- The sale by the Commonwealth of shares in Telstra (“**Telstra 3 Share Offer**”) will be made in, or be accompanied by, the Telstra 3 Share Offer prospectus. Anyone wishing to acquire shares under the Telstra 3 Share Offer will need to complete the application form that will be in or will accompany the Telstra 3 Share Offer prospectus.
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- Telstra 3 Share Offer overview
- T3 Investor Roadshow
- Who is Telstra?
- Transformation overview and update 1 year on
- Financial performance
- FY07 outlook and strategic management objectives to FY10
- Appendix

Telstra 3 Share Offer overview

Offer structure summary

Securities offered

- Ordinary shares of Telstra Corporation Limited (Shares) represented by Instalment Receipts (IRs)
- Payment for Shares will be made in two instalments over 18 months

Instalment Receipts (IRs)

- IRs issued to purchasers of Shares prior to full payment
- Holders of IRs eligible for full dividends and voting rights

Offer size

- Base offer size of 2,150 million Shares
- The Commonwealth has ability to increase the offer size in the event of strong demand from retail investors and existing institutional shareholders
- Over-allocation option of up to 15% of the offer size

Offer price

- Determined by unconstrained global Bookbuild
- The First Instalment amount payable by Institutional investors will be A\$2.10
- The First Instalment amount under the Retail Offer will be A\$2.00, representing discount of A\$0.10 per Share
- First instalment payment due on 24 November 2006. Second instalment payment due on 29 May 2008

Institutional offer overview

Institutional offer structure

- Institutional investors in Australia and New Zealand;
- Qualified Institutional Buyers (or QIBs) (as defined in Rule 144A under the US Securities Act of 1933 (US Securities Act) in the US pursuant to Rule 144A under the US Securities Act;
- Institutional investors in certain jurisdictions in the rest of the world pursuant to Regulation S under the US Securities Act and in compliance with all applicable laws of the jurisdiction in which the Offer is made; and
- Japanese investors pursuant to a Public Offer Without Listing (POWL) in Japan (Commonwealth may stipulate a minimum guaranteed allocation).

Bookbuild

- 3 day bookbuild: 0900, 15 November – 1800, 17 November (Sydney time)
- No trading halt during the bookbuild

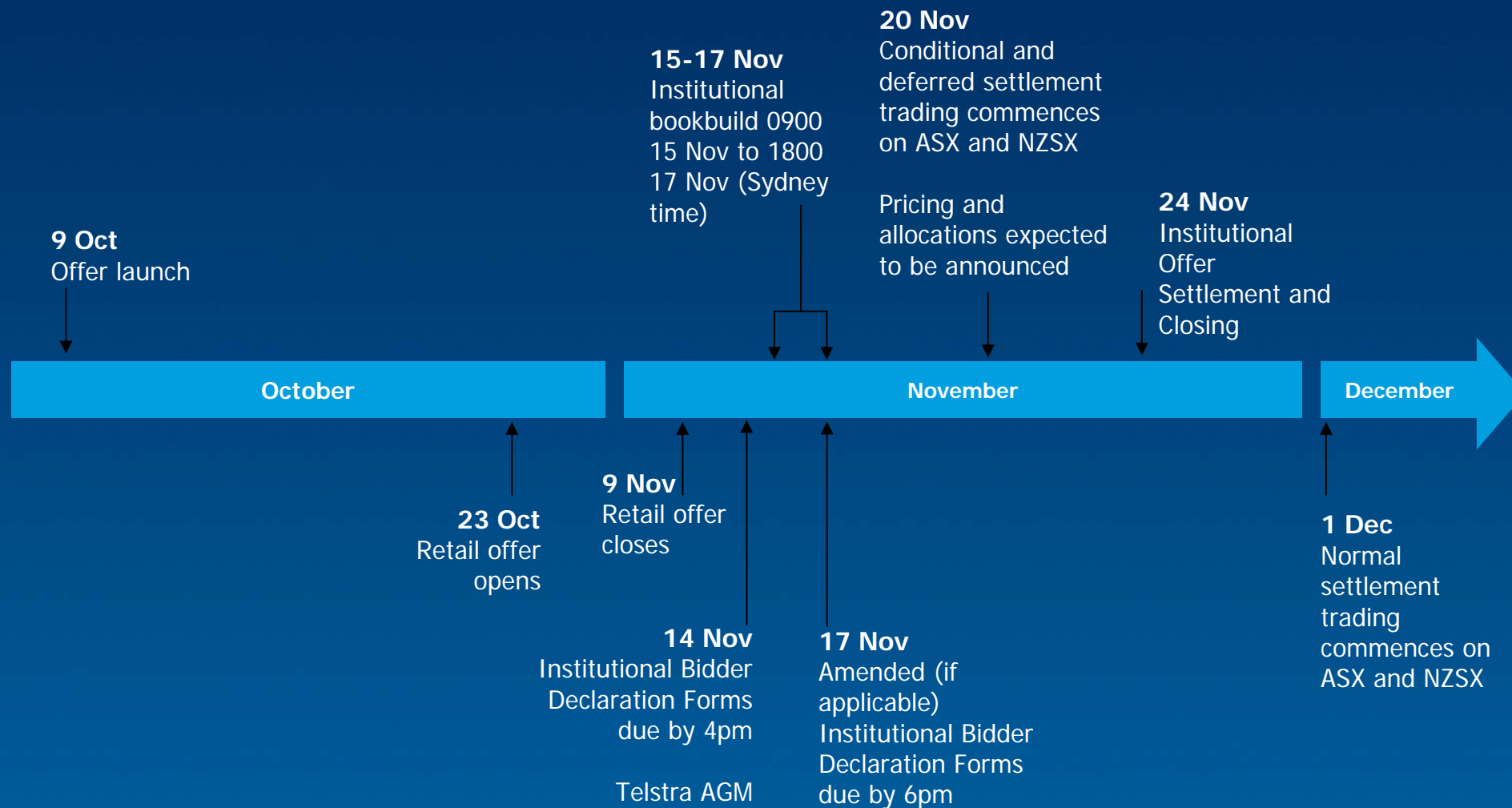
Initial Allocation Benefit

- Eligible institutional investors that are existing Telstra shareholders to receive a non-renounceable Initial Allocation Benefit
- 1 share for every 2 shares held at 1800 (Sydney time) 17 November 2006

Minimum reserved allocation

- A minimum of 15% of the offer is reserved for institutional non-shareholders, bids in excess of Initial Allocation Benefits, POWL demand above any minimum guarantee and retail investors who bid via broker-sponsored bids

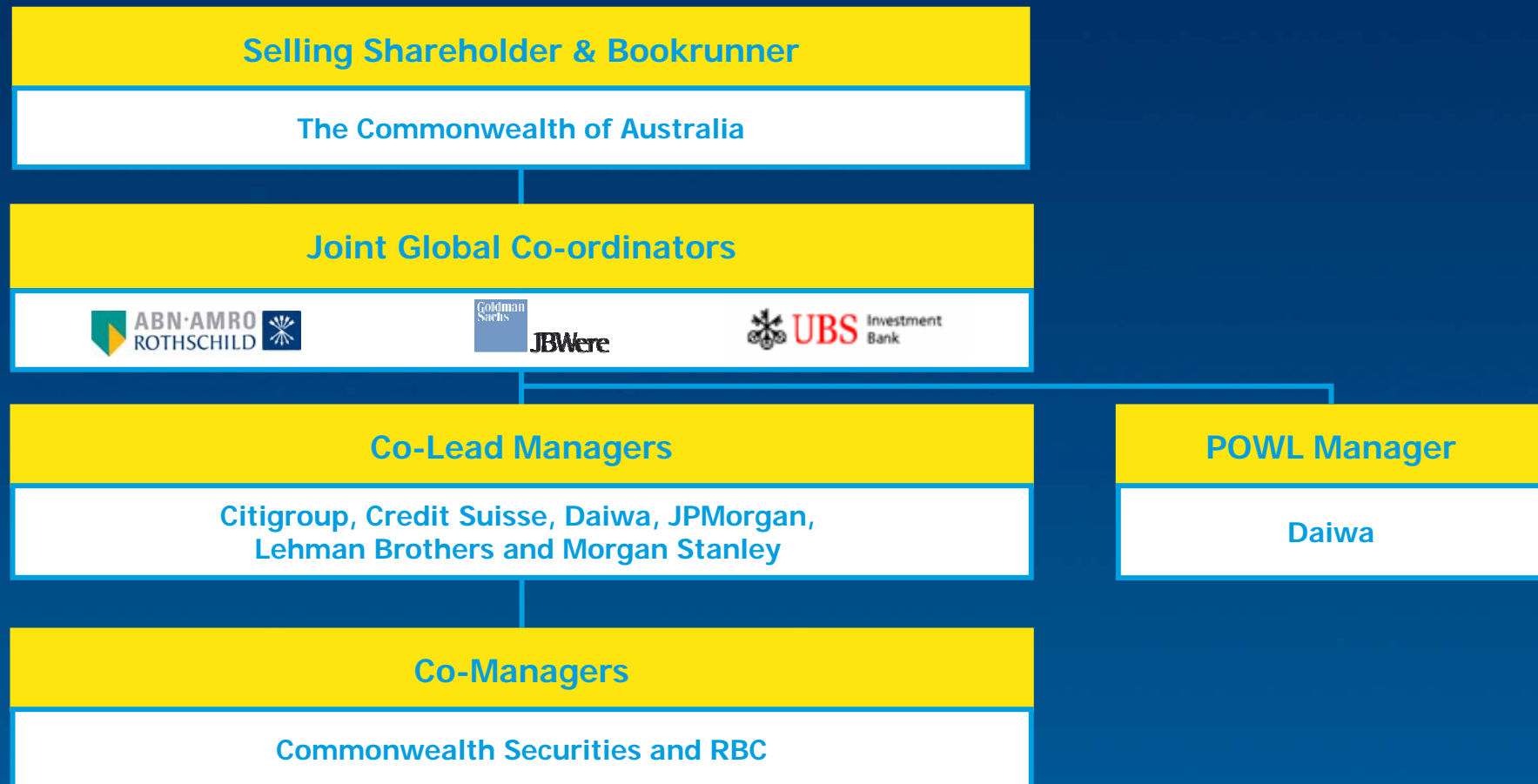
Indicative timeline



Future Fund

- The Commonwealth will transfer any unallocated Telstra shares to the Future Fund
- After a 2 year escrow period, the Future Fund will be required to sell down the shares over the medium term to a level consistent with its investment strategy (at least below 20%)
- The Future Fund is an investment fund established to make provision for the Commonwealth's public sector pension liabilities
- The investment of the Future Fund is managed at arms length from the Government with the Board of Guardians responsible for investment decisions
- The Future Fund was only established earlier this year and the Guardians are yet to develop an investment strategy and policies

Institutional syndicate structure



Telstra – key selling points

- **Unmatched fully integrated business model**
 - Wireline, wireless, broadband, directories/search/advertising, pay TV
 - Highest market shares and most recognised brands
- **Management team's comprehensive transformation plan - on track and starting to deliver benefits**
 - Comprehensive 5 year strategic plan to drive long-term shareholder value and focus on customers
 - Targeting revenue growth, cost reductions, reduced complexity and cultural transformation
 - Transformation on average 35% complete, 1 year into plan
- **NEXT G wireless broadband network launched ahead of schedule**
 - Only nationwide 3G network on offer in Australia
 - Differentiation through superior coverage, in-building penetration and higher speeds
- **Attractive yield**
 - Board intends to declare 28cps fully franked dividend in FY07
 - 13.3% instalment yield for institutions over the first 12 months
- **Strong balance sheet and cash flows**
 - Peak transformation spend in FY07
 - Free cash flows expected to increase in FY08
 - 'A' rated balance sheet, comfortably within financial parameters

Who is Telstra?

Telstra – the leading player with scale



Australia's leading telecommunications and information services company

- **Telstra offers a full suite of communications services**
 - **Wireline – unparalleled reach to customers across Australia**
 - **Wireless - recently launched one of the world's most advanced wireless broadband networks (NEXT G)**
 - **Strong advertising & search capability via Sensis**
 - **BigPond – Australia's largest broadband provider**
- **The strongest brand names in the industry in Australia**
- **The highest market share in Australia while proactively managing offshore opportunities**
- **Ability to drive economies of scale**
- **Strong balance sheet & cash flows allow us to fund growth opportunities consistent with our strategic and financial parameters**



Main Players in the Australian Market



	Fixed Line	Wireless	Fixed Broadband	Advertising & Directories	Pay TV
Telstra	✓	✓	✓	✓	✓
Optus	✓	✓	✓	✗	✓
Vodafone Australia	✗	✓	✗	✗	✗
Hutchison Australia	✗	✓	✗	✗	✗
Primus	✓	✗	✓	✗	✗
TCNZ (Aust. Operation)	✓	✗	✓	✗	✗
iiNet	✗	✗	✓	✗	✗

Telstra is the only fully integrated telecommunications provider in Australia



Sales Drivers – 2005/06

Movement - 05/06 A\$m	Drivers of Revenue Growth	Actual – 05/06 A\$m	Growth %
284	Mobiles	4,972	6.1
267	Retail Broadband	730	58
200	Wholesale Broadband	461	77
126	Sensis (Adv & Directories)	1,711	7.9
98	Internet Direct & IP Solutions	428	29
58	Solutions Management	989	6.2
(82)	Specialised Data	884	(8.5)
(83)	ISDN	807	(9.3)
(540)	PSTN Voice	7,478	(6.7)

Transformation overview and update 1 year on

Our transformation program



- Focusing on customers
 - Building Australia's next generation communications network
 - Deploying NEXT G, a national wireless broadband network
 - Simplifying systems
 - Transforming culture
- ▶
- Using market based management to create product and service offerings tailored to the needs and lifestyles of our customers
 - Constructing a state-of-the-art IP core network to deliver new, innovative and faster services
 - Launched NEXT G, Australia's only national 3G network, delivering wireless broadband, new products and unmatched coverage
 - Working to deliver improved customer experiences and long term cost savings by reducing complexities in its systems
 - Telstra is investing in its employees to be able to better serve customers and create value for shareholders

Our transformation program



- Understand our customers' needs better than anyone
- Best delivery networks with our "One Factory"
- Best content and services through those networks
- A new 'economic model' that is more attractive than today

2006 – we've been busy



Customer Experience	<ul style="list-style-type: none"> Service experience improved Brand attribution increased from 50% to 72% 42% of Telstra consumers using 3+ products Meeting broadband demand, on time Customers voting with their pocketbook 	Business Portfolio	<ul style="list-style-type: none"> Acquired China growth vehicle for Sensis (SouFun) New World Merger solidifies CSL position as #1 HK mobile operator Focused Telstra Clear, Kaz, Reach (divested AAS) Created Telstra Business unit
Revenue initiatives	<ul style="list-style-type: none"> Increasing broadband, mobile share, record volumes PSTN decline reduced from 7.6% in 1H06 to 5.8% in 2H06 Significant growth in online revenue 3G post-paid ARPU 34% greater than 2G Reducing churn 	Cost Reduction	<ul style="list-style-type: none"> Workforce reduced by over 3,800 FTEs*, now approaching 5,000 Capex savings of ~A\$500M in FY06 36 office sites exited (56,000m2) Field productivity growing rapidly
Innovation	<ul style="list-style-type: none"> Integrated BigPond / Mobile launch at Commonwealth Games Fully integrated offering at NEXT G launch 25 unique product categories for NEXT G Telstra Integration Lab created 	Less Complexity	<ul style="list-style-type: none"> Simplified pricing 58 platforms capped or exited 115 IT applications exited (75 on the way) Hundreds of legacy projects cancelled Strategic vendors accelerating pace of transformation

* Excludes CSL New World merger and SouFun acquisition

Our vision is enabled by true differentiation



Best delivery networks

- Superior NEXT G 3G network
- Robust IP / MPLS core
- Broadest fixed line reach and QoS
- Differentiated multi-platform capability

Superior content and services

- Foxtel, Sensis, BigPond, Trading Post, Soufun
- Unique ability to access, build, acquire and monetise

Deepest customer understanding

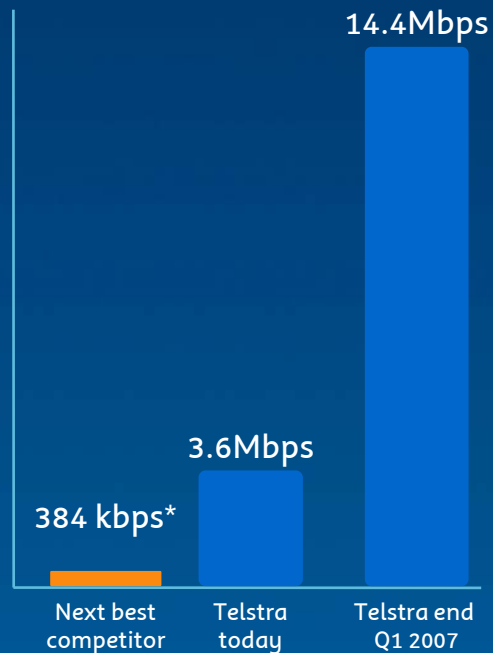
- Richest needs-based customer segmentation
- Largest customer base
- Broadest channels
- Highest brand awareness
- Emerging competitive culture

Integrated company that will deliver a 'one-click, one-touch' user experience

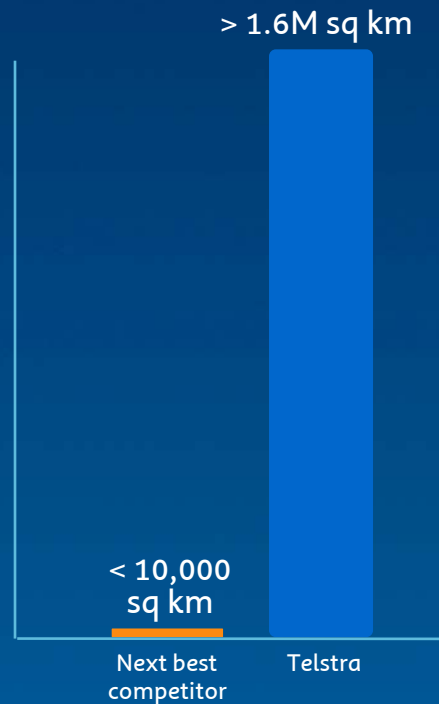
Turned on the best wireless network in Australia / the world – NEXT G



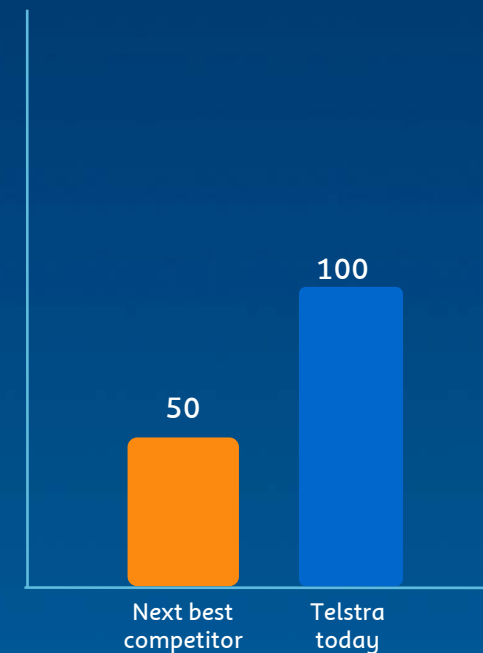
Maximum peak 3GSM network speed (Mbps)



3G coverage (km²)



3G services/ products (#)



* Vodafone have announced plans to increase speed to 1.8 Mbps

One Factory

Network

- Single IP/MPLS core
- Multi-service edge
- Best access (Wireless, Fibre, DSL, HFC)

IT

- Billing and Customer Care
- Operational Support Systems
- Data centres

Simplification

- Network platform exits
- Systems decommissioning
- Product set streamlining

Superior portfolio of content and services



Content

Services

EXISTING:



Voice calls

SMS

Email

Other IP apps

ENHANCED:



Enhanced voice services

MMS

Transactions

NEW:



ON DEMAND



Interactivity

Video Telephony

Mobility

File sharing

Blogs

Adserving

Unique user experience through an integrated suite of content and services, customised to meet segment needs

We are evolving to a new digital telco economic model



Old PSTN telco

- Physical elements



- Products delivered manually



- Limited leverage



New Digital Telco

- Software defined



- Services delivered electronically



- Low marginal cost



Transformation Tracking Record

Wireless



Wireline



IT



MBM



Products, content, services



Organisation



20% time elapsed, but on average 35% complete

Financial performance

Earnings at Top end of EBIT guidance...

● **Acceleration of revenue growth**

- Total revenue growth of 3.9% in 2H vs 1.5% in 1H
- Slowed PSTN decline to 5.8% in 2H vs 7.6% in 1H
- New wave revenue growth of 46%

● **... and Significant Cost take-out**

- Headcount – down 3,800 on year
- More than 850 projects stopped,
 - A\$157m OPEX savings
 - A\$500m in CAPEX savings

● **...supporting significant investments in Transformation**

- A\$962m in Operating Expenses
- A\$1.348bn in cash Operating capex

...through high calorie growth

● **Mobile**

- Strong growth in 3G subscribers (+297 k) with significant ARPU uplift relative to 2G (+34%)
- Acceleration in mobile service revenue to 4.8% in H2 (vs 4.4% in H1)
- Non SMS data revenue up 121%
- Improvements in subscriber mix (58% post paid)

● **Broadband**

- 3% gain in Market share
- 3:1 net adds versus nearest competitor

● **Internet Direct and IP Solutions**

- 29% growth year on year

● **Sensis**

- 6.9% revenue growth with EBITDA margin expansion

Full Year Results – Half Year Trends ¹

Reported (A\$ billions)	1H06	% Δ*	2H06	% Δ*	FY06	% Δ*
Sales Revenue	11.5	1.5	11.3	3.9	22.8	2.7
Total Income	11.6	1.9	11.5	4.0	23.1	2.9
Operating Expenses	6.3	6.8	7.2	20.7	13.5	13.8
EBITDA	5.3	(3.4)	4.3	(14.1)	9.6	(8.4)
EBITDA Margin (%)	46.1%	(2.5)	38.1%	(7.7)	42.1%	(5.1)
EBIT	3.5	(7.0)	2.0	(37.2)	5.5	(20.7)
EBIT (before transformation costs)	3.5	(7.0)	3.0	(37.2)	6.5	(20.7)
NPAT	2.1	(10.3)	1.1	(46.1)	3.2	(26.2)
Cash Capex ²	2.1	11.6	2.2	23.1	4.3	20.2
Free Cash Flow	2.0	(4.4)	2.6	(17.4)	4.6	(12.4)

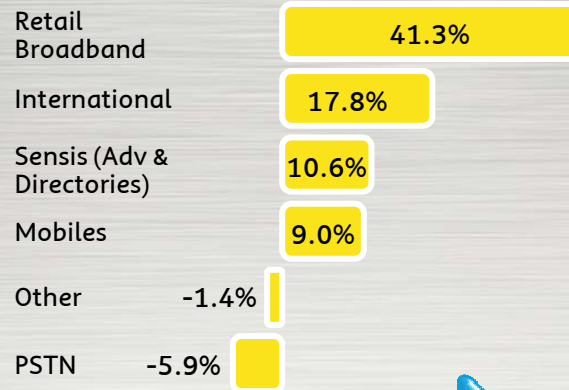
(1) Includes A\$427m R & R provision and A\$422m accelerated depreciation in 2H

(2) Includes A\$1,348m of transformation CAPEX incurred entirely in 2H06

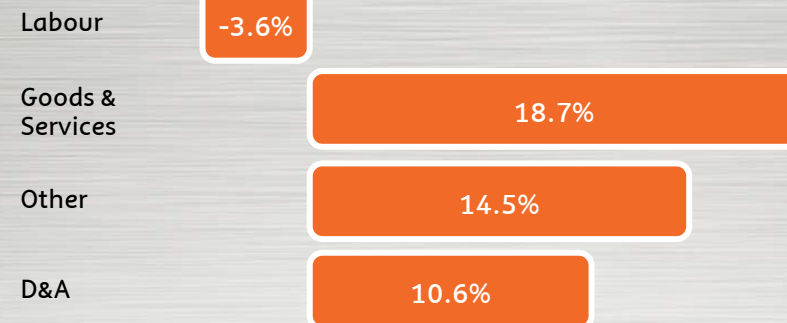
Unaudited FY07 August YTD Reported Performance



Sales Revenue up 3.3%



Costs up 10%



EBIT down -8.6%

- PSTN decline stabilised
- Mobiles – data/3G handsets
- Sensis/Broadband continued strength
- International – New World merger

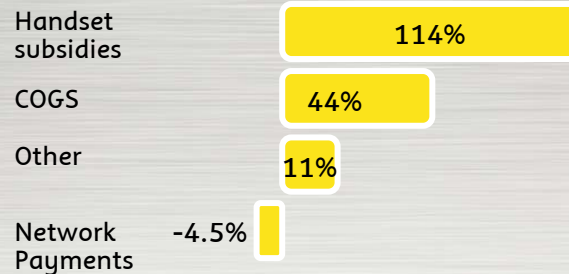
- Labour – headcount reduction
- G&S – mostly mobile growth
- Other – transformation driven
- D&A - acceleration

Operational improvements continue, tracking to outlook

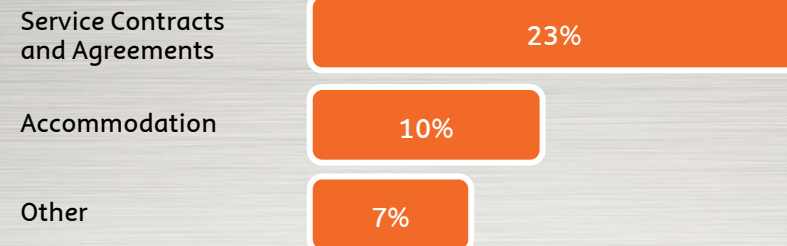
Unaudited FY07 August YTD Reported Performance - Expense Growth



Goods and services purchased up 18.7%



Other 14.5%



- Increased mobiles COGS
- Increased handset subsidy volumes and higher average subsidy
- Mobile commissions
- Lower mobile terminating rates

- Transformation initiatives
- New World accommodation
- Training academy, legal

3G leadership and peak transformation spend year driving expenses

FY07 outlook and strategic management objectives to FY10

FY 2007 outlook



Guidance on Reported Numbers

Revenue

Growth of 1.5% to 2%

Depreciation &
Amortisation

Similar to FY06 incl accelerated D & A of \$300m to \$350m

EBIT

Growth in range of +2% to +4%

Cash operating capex

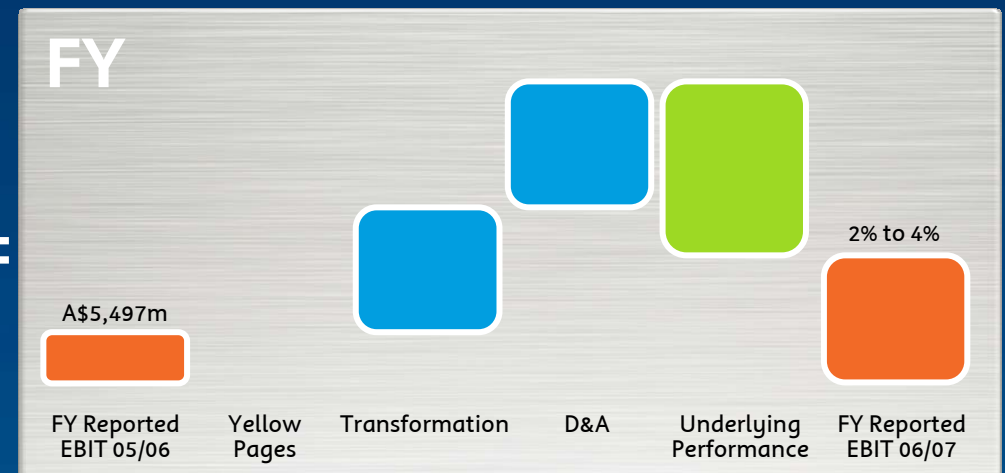
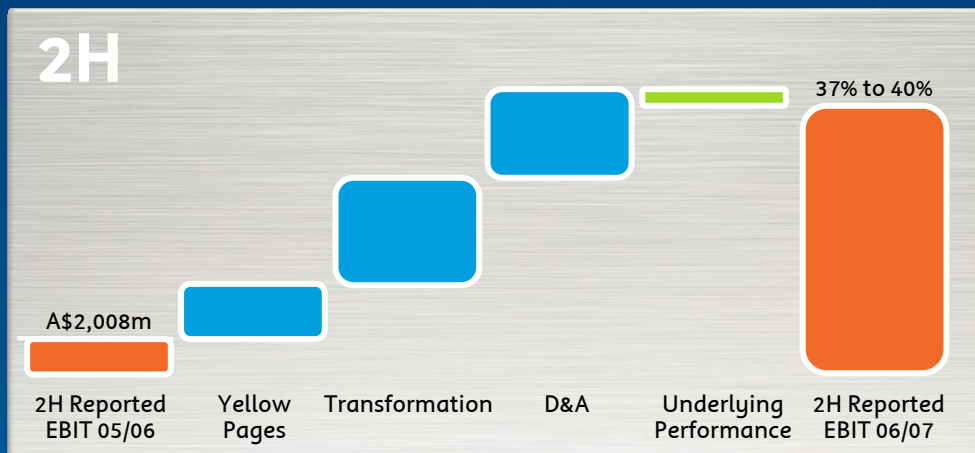
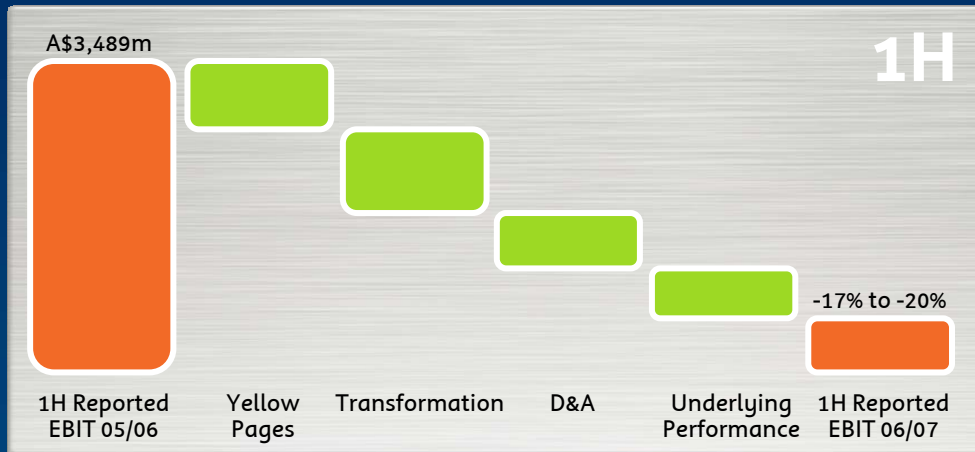
Range A\$5.4bn to A\$5.7bn due to transformation

Dividend

Current intention is 28 cents (A\$) per share based on assumptions

FY07 outlook assumptions: band 2 A\$17.70 ULL price, no FTTN, no R&R provision and largest transformation spend year

FY07 Half on Half EBIT Growth Profile



- Low base in 2H 06 due to transformation spend distorting H1/H2 growth rates
- YP Revenue recognition change

Underlying performance improving as transformation gains traction

Strategic management objectives through FY10

Management objectives
– November 2005

Management objectives*
– October 2006

Revenue Growth 2.0% to 2.5% pa to FY10

2.0% to 2.5% pa to FY10

New product revenue 20% to 30% of new revenue growth

In excess of 30% Sales Revenue FY10

Costs Flat to 2010

2.0% to 3.0% pa to FY10

EBITDA 3.0% to 5.0% pa growth to FY10

2.0% to 2.5% pa growth to FY10

EBITDA Margin 50% to 52% by FY10

46% to 48% by FY10

Workforce Down 10,000-12,000 by FY10

Down 12,000 by FY10

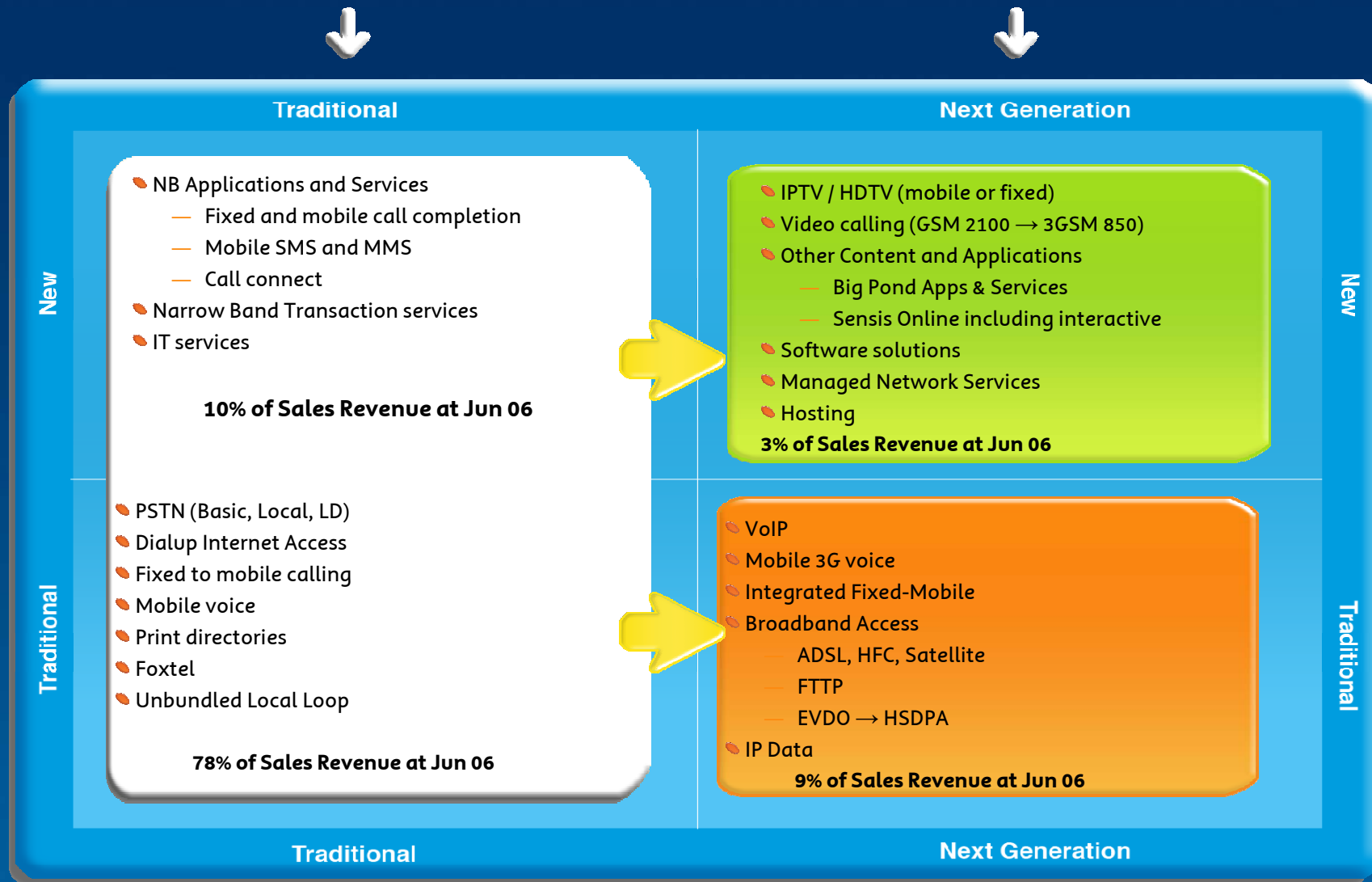
Capex to Sales ratio 12% of revenue by FY10

10% to 12% of revenue by FY10

Free Cashflow A\$6bn to A\$7bn by FY10

A\$6bn to A\$7bn by FY10

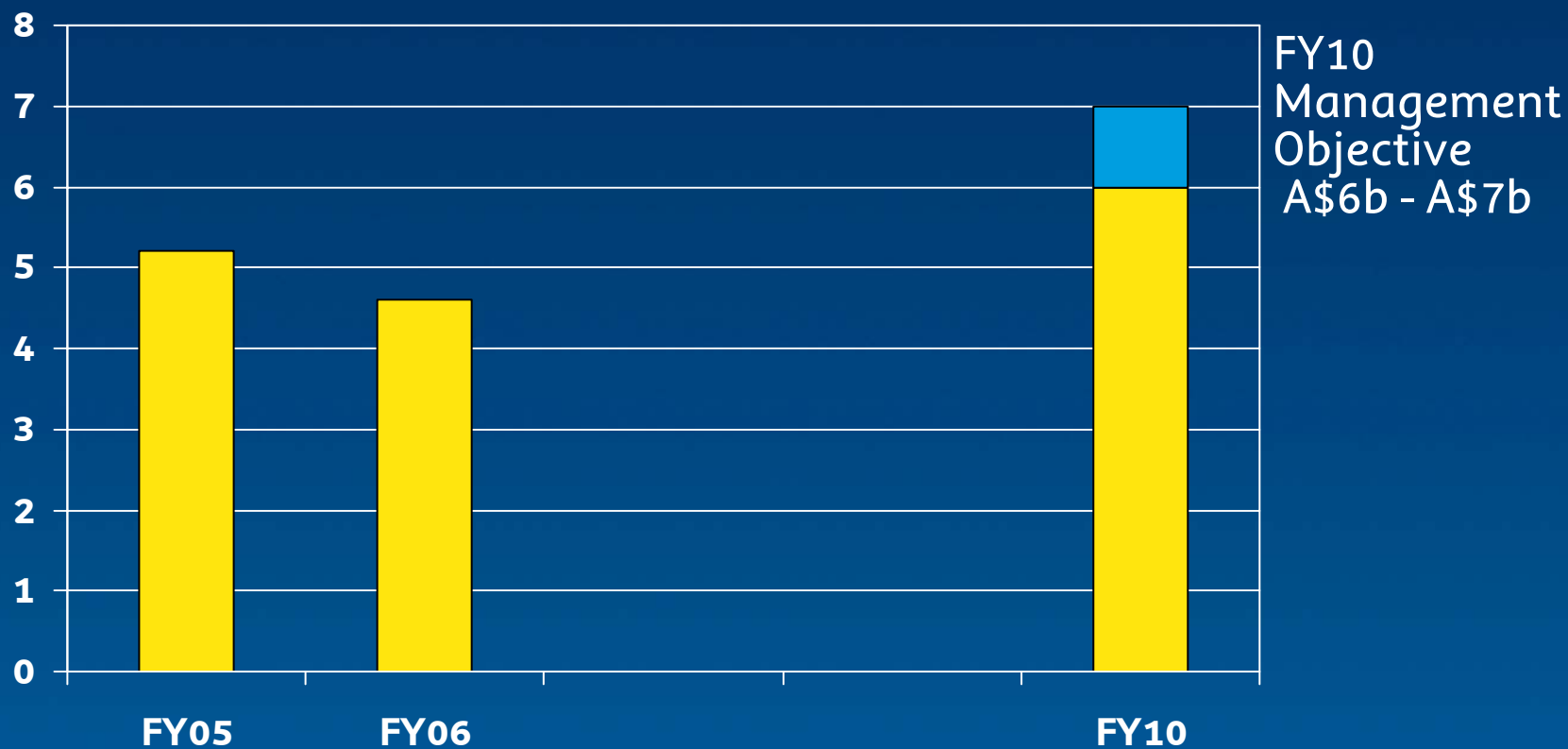
New economic model – revenue framework



Strategic management objectives



Free Cash Flow (Based on A-IFRS)



Reinvention and reengineering expected to drive Free cash flow growth

Financial Parameters

	Target	Jun 06
Debt Servicing	1.7 – 2.1	1.4
Gearing – net debt	55% - 75%	50.4%
Interest cover	>7 times	10.2

Regulation

- Telstra is one of the most highly regulated companies in Australia
- ACCC has broad powers to determine:
 - which Telstra services competitors can access, and
 - the terms and conditions under which Telstra provides access

● Key Regulatory issues

Access

- Unconditioned Local Loop
- Fibre to the Node
- 3G
- Future Declarations

Conduct

- Competition rule
- Operational separation

Social

- Retail price restrictions
- Universal service and digital data service obligations
- Customer service guarantee

Summary

What's coming in FY 2007

Transformation milestones:

- Continue **wireless** upgrade path
- **IP/MPLS core** and multi-service edge turned up
- Deliver **Broadband** across all access platforms
- **First release** of transformed **IT** capability

Financial performance:

- Top line growth ahead of plan
- Changing the economics of the business
- Headcount reduction staying ahead of plan
- FY07 largest spend year, reduce by FY08
- Improvement in underlying financials

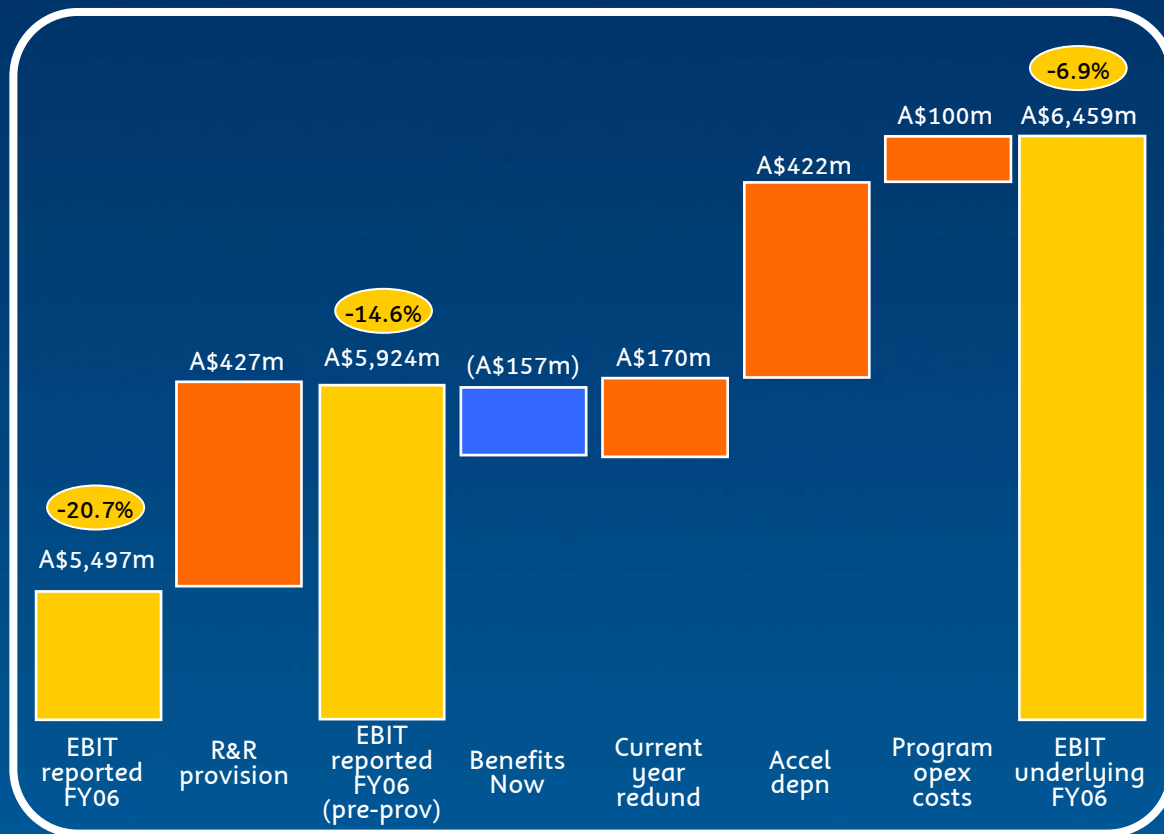
Creating a world class company



- Not just best in country, but one of the best in the world
- Stimulating revenue while taking out costs
- Growing revenues with attractive margins
- Real differentiation in our networks, our content and services, and our ability to meet customers' needs
- Creating superior economics as a digital media telco
- For our shareholders, our customers and Australia

Appendix

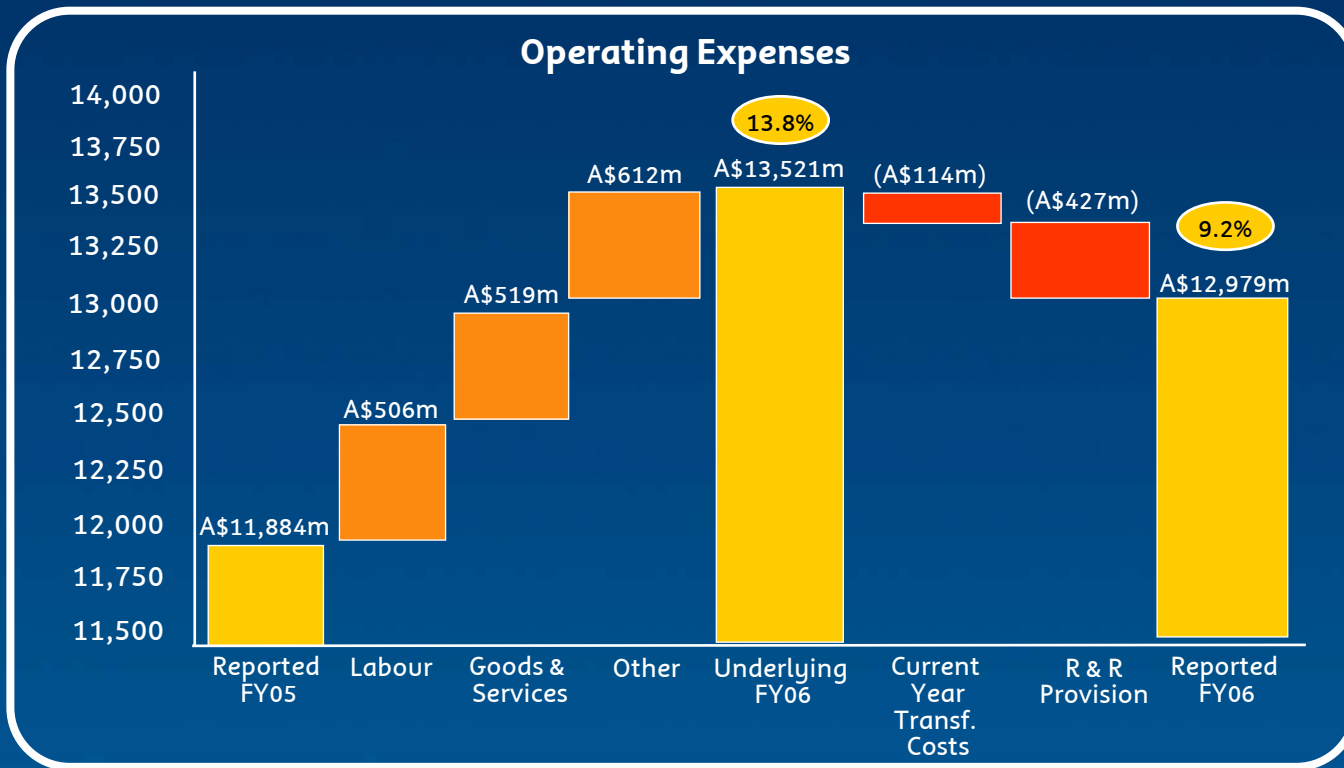
EBIT and Restructuring Redundancy Provision



Restructuring & Redundancy Provision	05/06 (A\$m)
CDMA migration	107
Decommissioning costs	58
Lease / contract penalties	44
Other	32
Total restructuring provision	241
Redundancy provision	186
Total Restructuring & Redundancy Prov	427

- Underlying EBIT decline of 6.9%
- Reported EBIT margin fell 710 basis points to 24%
- Underlying EBITDA margin decline of 290 basis points to 45%

Operating Expenses



Labour

- Redundancy

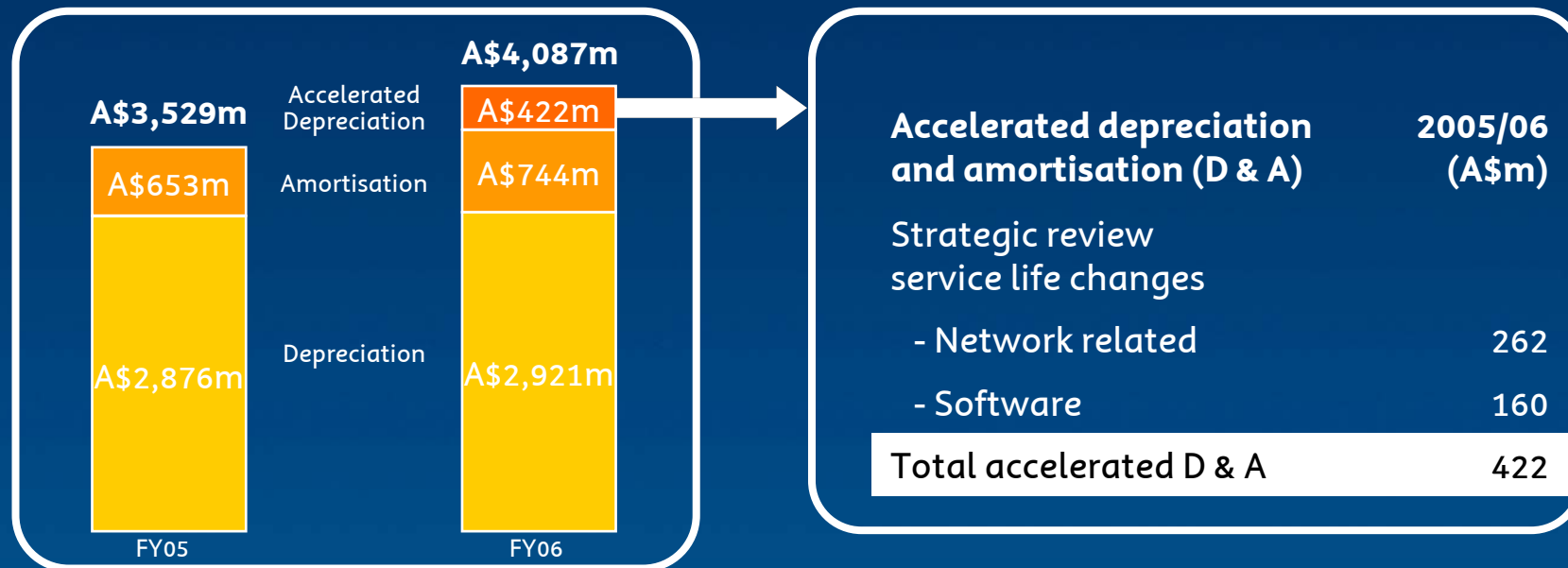
Cost of goods purchased

- Increased sales revenue from marketing activity
- Handset subsidies
- Network payments

Other operating expenses

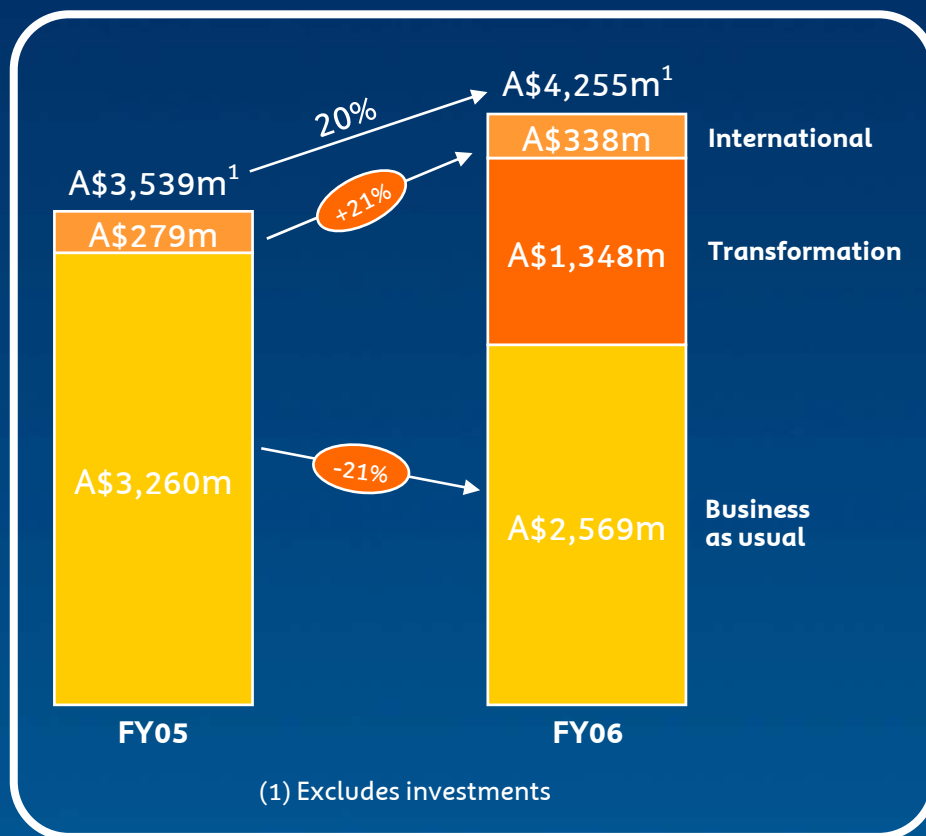
- Consultancy
- Service contracts and agreements
- Project write-offs

Depreciation & Amortisation



- D & A up by 3.9% (excludes accelerated depreciation)
- Amortisation driven by reduction in service life of general software following the strategic review
- Accelerated depreciation will continue in 06/07 between A\$300 to A\$350 million

Cash Capital Expenditure



Transformation Capex	2005/06
	(A\$ m)
Wireline	634
Wireless	455
OSS / BSS	159
Other (incl. network fixes)	100
Total Transformation Capex	1,348

- No transformation capex in 1H06
- Wireline and wireless driving transformation capex
- Domestic capex (excluding 3G and transformation) fell as focus on transformation
- Paid A\$315m to Hutchison for 3G infrastructure sharing, A\$112m paid in July 06

International



CSL New World

HK\$	FY05	FY06	% Δ
Income	4,308	4,831	12.1
EBITDA	1,272	1,390	9.3
EBIT	725	686	(5.4)

- CSL and New World merger completed on 31 March 2006
- 3 months NW results included
- Merger synergies starting to be realised
- Integration on track
- Leading mobile operator in Hong Kong



TelstraClear

NZ\$	FY05	FY06	% Δ
Income	676	693	2.5
EBITDA	122	124	1.6
EBIT	(19)	(20)	5.3

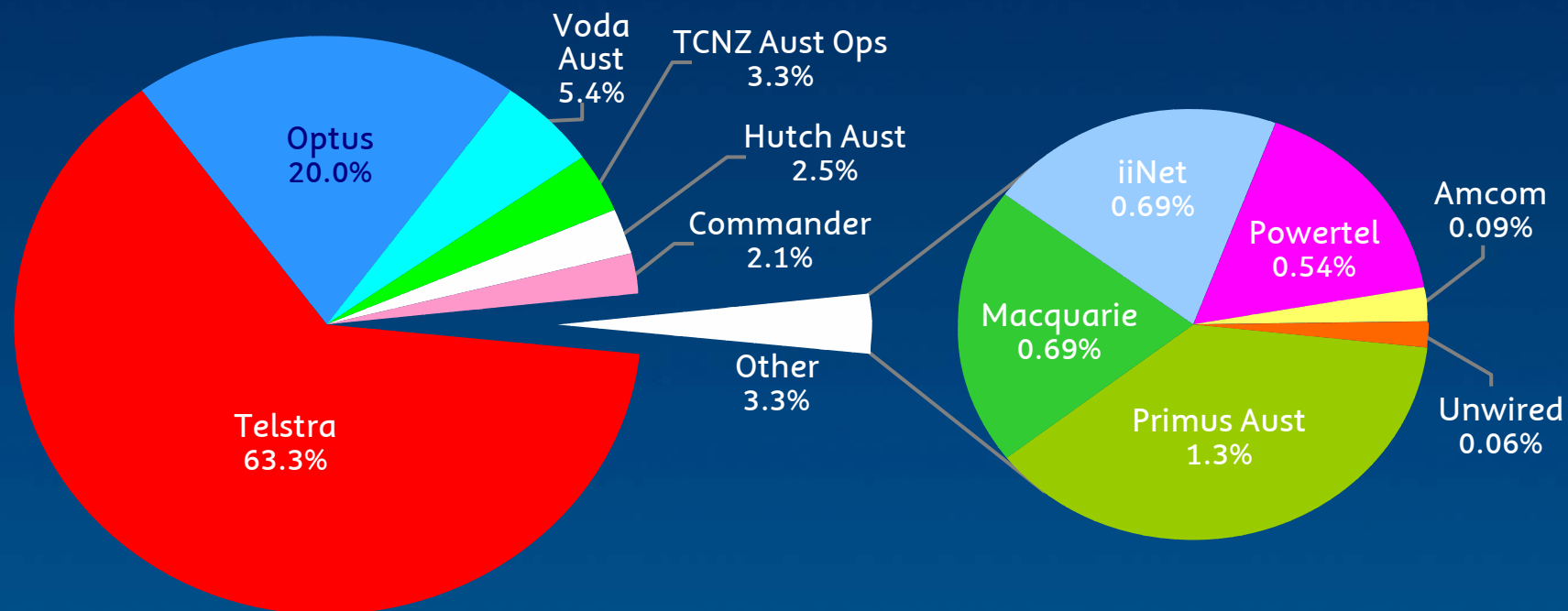
- Net income up 2.5%
- Calling revenues declined due to price erosion and pricing plan reductions in internet and IP business driven by retail competition
- Strong growth in business sector
- Evaluating strategic options given regulatory environment



SouFun

- SouFun acquired for A\$342m (US\$254m)
- SouFun is China's leading real estate and home furnishing Internet business
- High performance business: Cash flow and earnings positive, while growing net revenue near triple digit
- New geographic markets key to realising Sensis' growth strategy

Australian Telecoms Market – by revenue



2006 (Jun): Telstra, TCNZ Aust Ops, Commander, Macquarie, iiNet, Amcom, Unwired

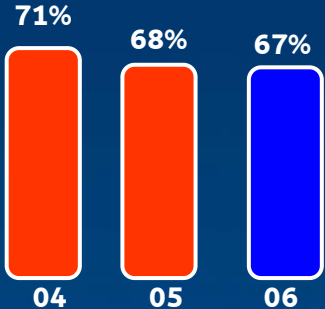
2006 (Mar): Optus, Voda Aust

2005 (Dec): Hutch Aust, Primus Aust, PowerTel

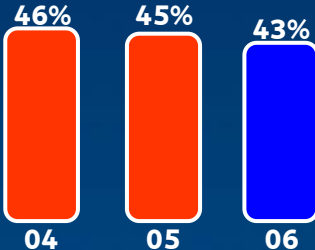
Telstra market share



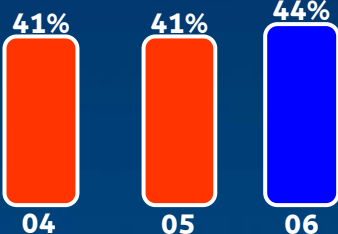
Telstra share of PSTN market (Revenue)



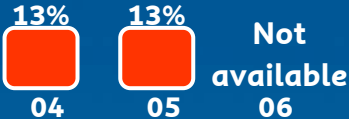
Telstra share of Mobiles market (Subscribers)



Telstra share of retail broadband (Subscribers)



Telstra share of media advertising



Telstra share of Pay TV (Subscribers)

