

16 October 2006

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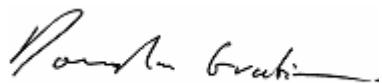
ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra 3 Share Offer – T3 Retail Broker Roadshow Presentation

In accordance with the listing rules, please find a copy of a presentation to be delivered today.

Yours sincerely



Douglas Gratton
Company Secretary



TELSTRA 3
SHARE OFFER

T3 Retail Broker Roadshow Presentation

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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™ network)
 - 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

Our transformation program



- Focusing on customers
 - Building Australia's next generation communications network
 - Deploying the NEXT G™ network, 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 the NEXT G™ network, 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

2006 – we've been busy

Customer Experience

- Service experience improved
- Brand attribution increased from 50% to 72%
- 42%* more Telstra consumers using 3+ products
- Meeting broadband demand, on time
- Customers voting with their wallet

Revenue initiatives

- Increasing broadband, 3G, 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

Innovation

- Integrated BigPond / Mobile launch at Commonwealth Games
- Fully integrated offering at the NEXT G™ network launch
- 25 unique product categories for use on NEXT G™ network
- Telstra Integration Lab created

Business Portfolio

- 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

Cost Reduction

- 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

Less Complexity

- 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

Our vision is enabled by true differentiation



Best delivery networks

- Superior NEXT G™ 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

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

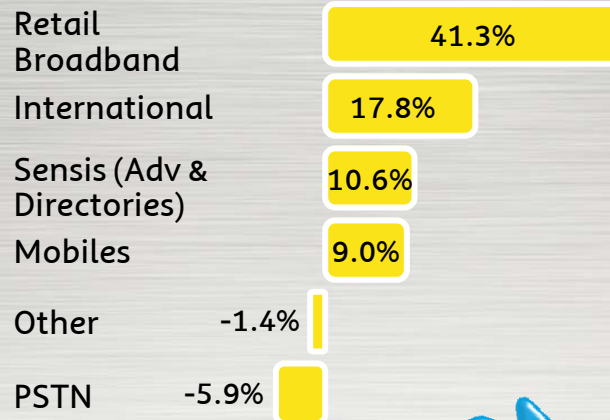
● Sensis

- 6.9% revenue growth with EBITDA margin expansion

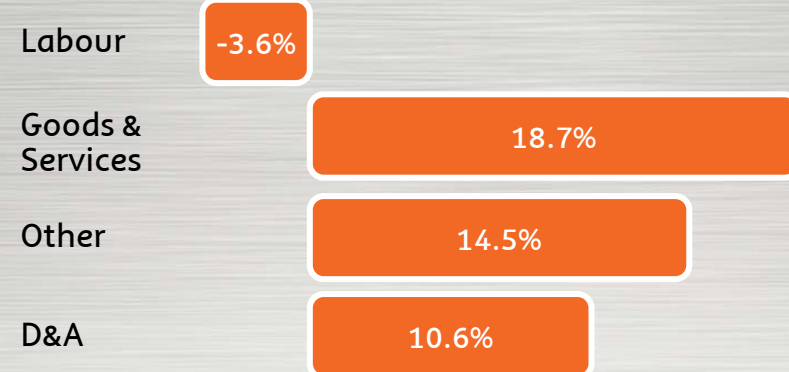
Unaudited FY07 August YTD Reported Performance



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

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

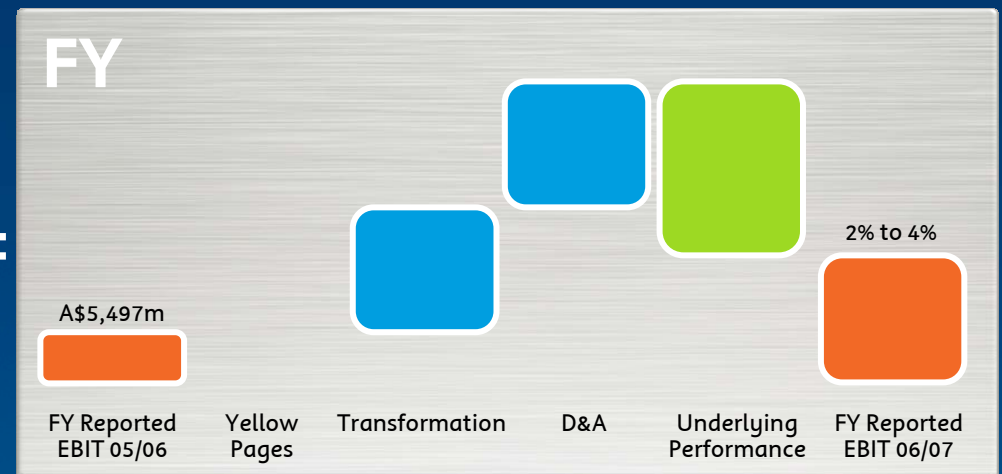
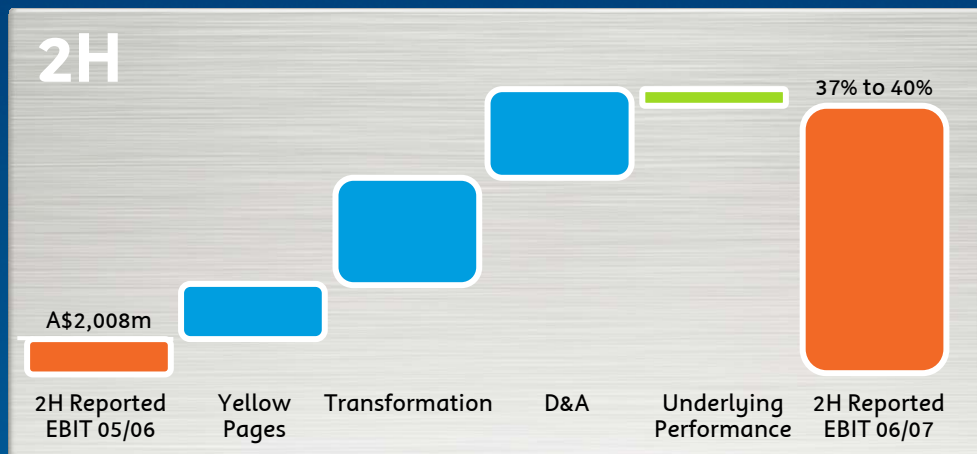
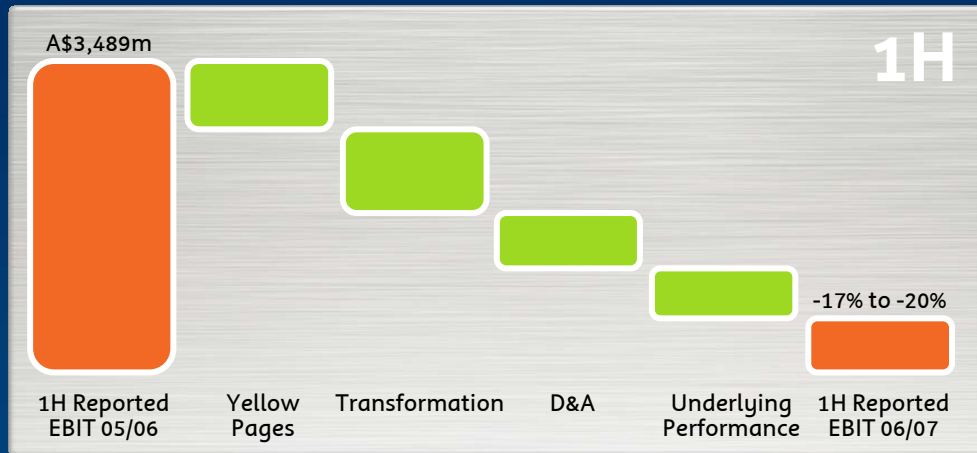
Range A\$5.4bn to A\$5.7bn due to transformation

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

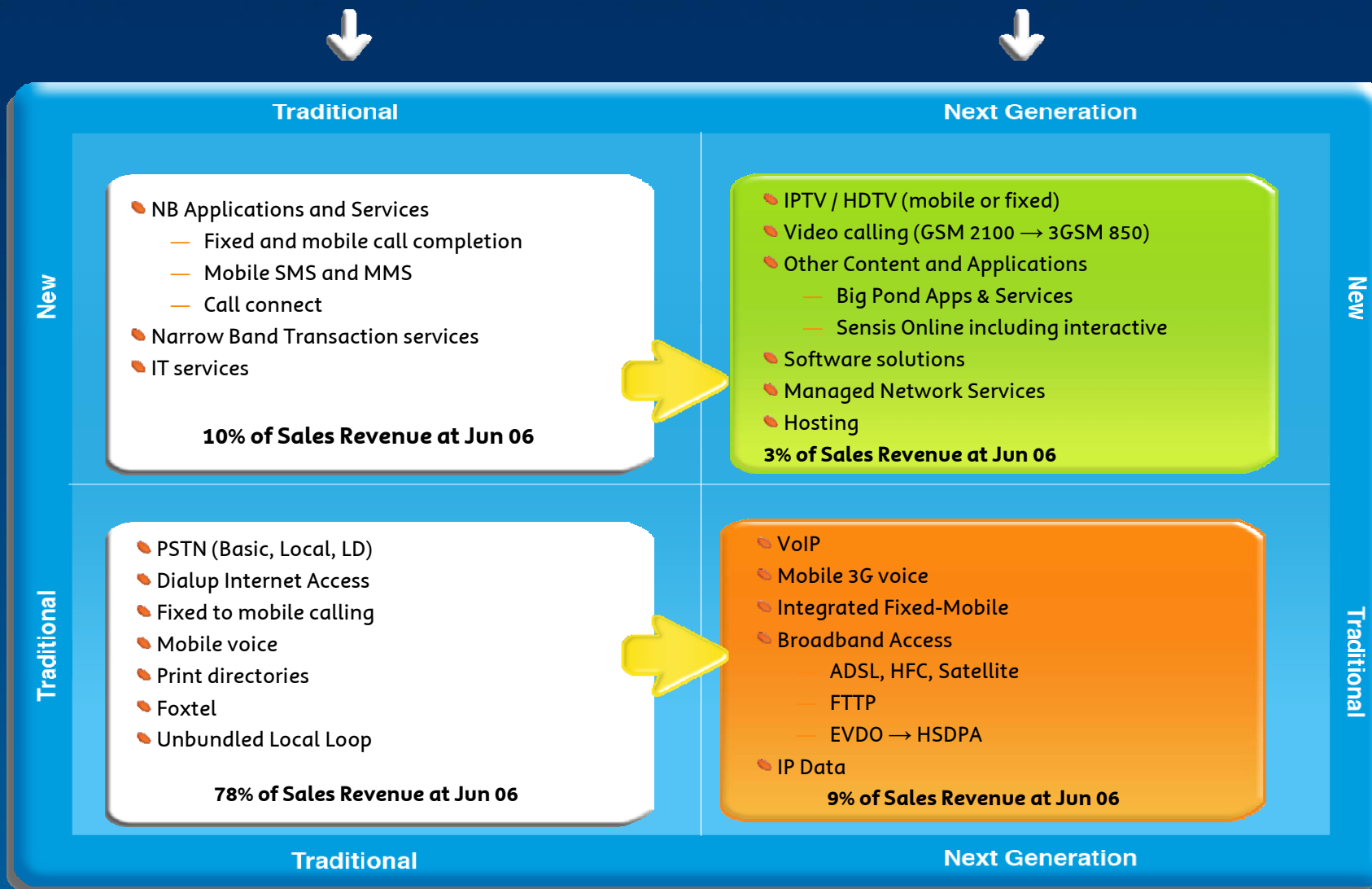
Strategic management objectives through FY10

	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



* Based on NO FTTN and A\$17.70 ULL with 100% flow on to retail and no further adverse regulatory outcomes

New economic model – revenue framework



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

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

Telstra 3 Share Offer overview

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 of 14% for the first twelve months**
 - Board intends to declare 28cps fully franked dividend in FY07
 - 14% instalment yield for retail investors over the first twelve 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

Retail offer overview

Attractive structure for retail investors and existing shareholders

- Instalment receipts – two instalments over 18 months capturing 3 dividends
- Board intends to declare 28 cent fully franked dividend in FY07

Retail Offer

- First instalment of \$2.00 per share – 10c discount to Institutional first instalment
- 1:25 loyalty bonus shares for retail investors who hold through to final instalment
- 3,000 shares for existing shareholders, 2,000 for all other applicants

Retail Entitlement Offer	- 1 for 2 ratio (min of 3,000 shares and cap of 200,000 shares) - Record date 13 Oct 2006	Brokerage – 0.75%
Firm Offer	- Brokers and Financial Planners - Cap of 100,000 at Retail Price - 200,000 more per account at institutional price	Brokerage – 1.25%
General Public Offer	- Guaranteed minimum allocation of 2,000 shares	Brokerage – 0.75%

- Total Retail price capped at VWAP over 3 day Institutional Offer

Institutional Offer

- 3 day bookbuild – after close of Retail offer – will set the final instalment amount for all investors
- Institutions receive an “allocation benefit” on 1 for 2 basis
- No price discount, caps or bonus loyalty shares
- Broker-sponsored bids permitted

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%) with a view to optimising the long term value of the Future Fund
- The performance of the Telstra shareholding will be reported separately to the rest of the Future Fund until sell-down is complete
- The Future Fund is an investment fund established to make provision for the Commonwealth's public sector pension liabilities
- The Future Fund is managed at arms length from the Government with the independent Board of Guardians responsible for investment decisions

Retail Offer timeline

