



8 May 2009

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra presentation to the Macquarie – Australian Equities Conference

In accordance with the listing rules, I attach a copy of the presentation and speech by Sol Trujillo, Telstra's Chief Executive Officer at the Macquarie - Australian Equities Conference, for release to the market.

Yours sincerely

A handwritten signature in black ink, appearing to read "C. Mulhern", with a long horizontal flourish extending to the right.

Carmel Mulhern
Company Secretary



The transformation journey continues

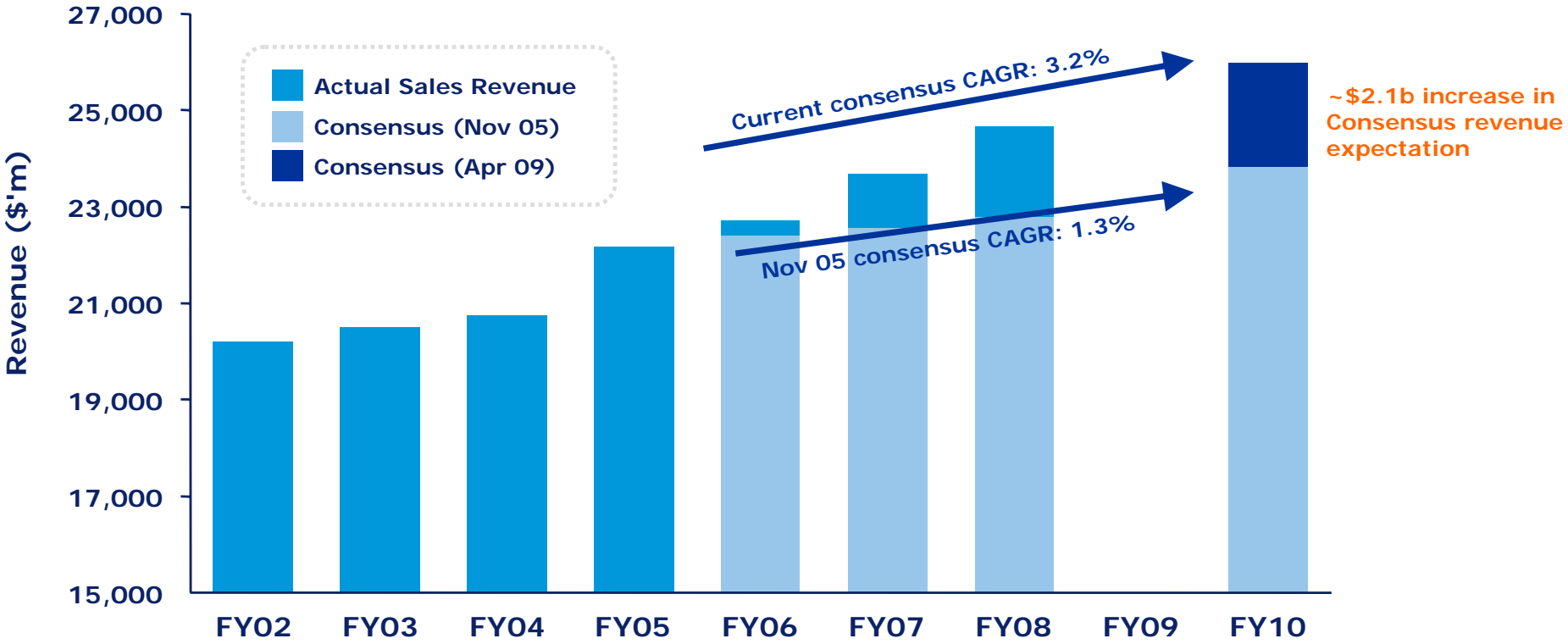
Sol Trujillo, CEO

Macquarie Australia Conference
8 May 2009
Sydney

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 2008 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.

Revenue consensus up more than \$2b



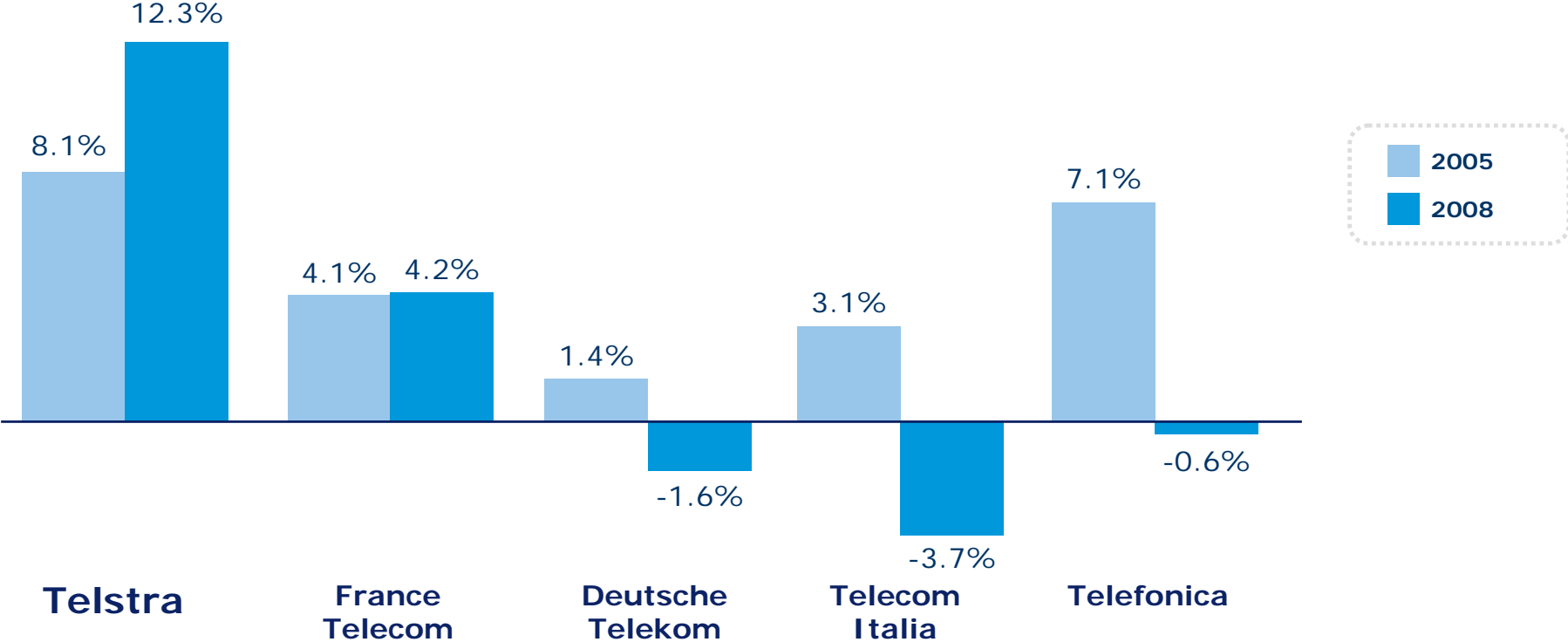
Transformation delivers....

✓ **Sustained revenue growth**

✓ **Sustained earnings growth**

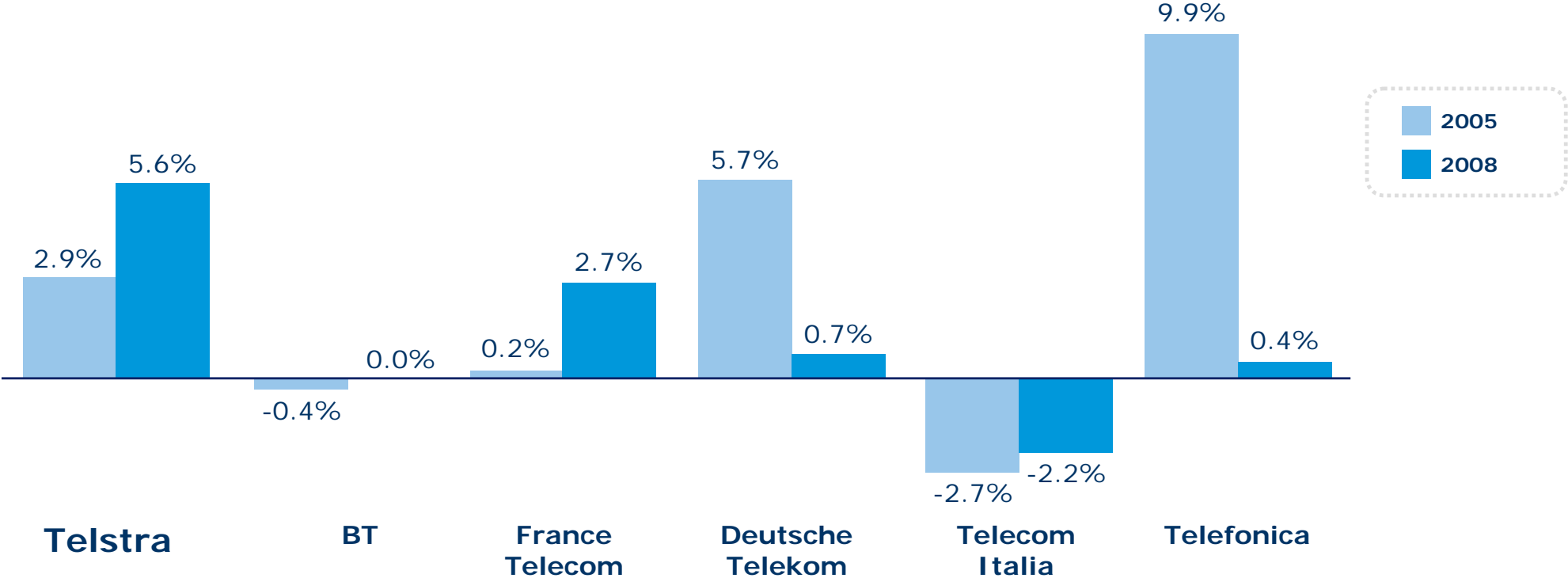
✓ **Sustained FCF growth**

Global Peers – Mobile services revenue growth* (2005 – 2008)



* Domestic mobile operations

Global Peers - EBITDA Growth* (2005 – 2008)



* Reported organic growth

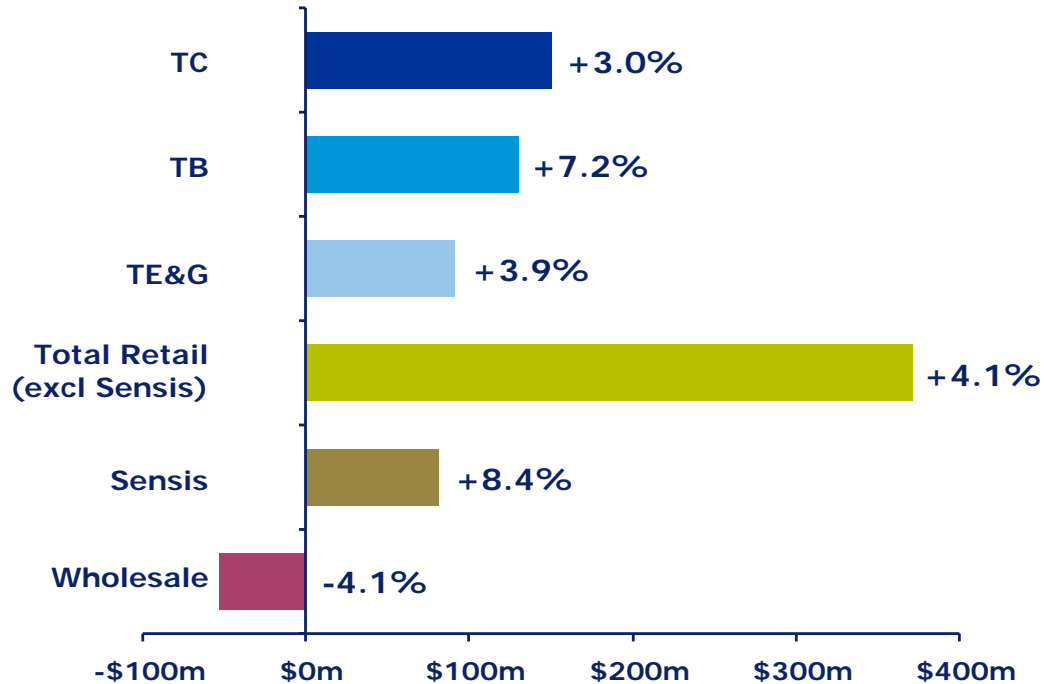
Over-delivering on the promise

3 Year CAGR: FY05 to FY08

	Status Quo: Nov 05	New Plan: Nov 05	Actual FY08 CAGR
Fixed	-13% to -15%	-6% to -8%	-4%
Mobile	3% to 5%	6% to 8%	11%
Internet	16% to 18%	28% to 30%	36%

Continued Strength from Domestic Retail Business

1H09 Sales Revenue Growth

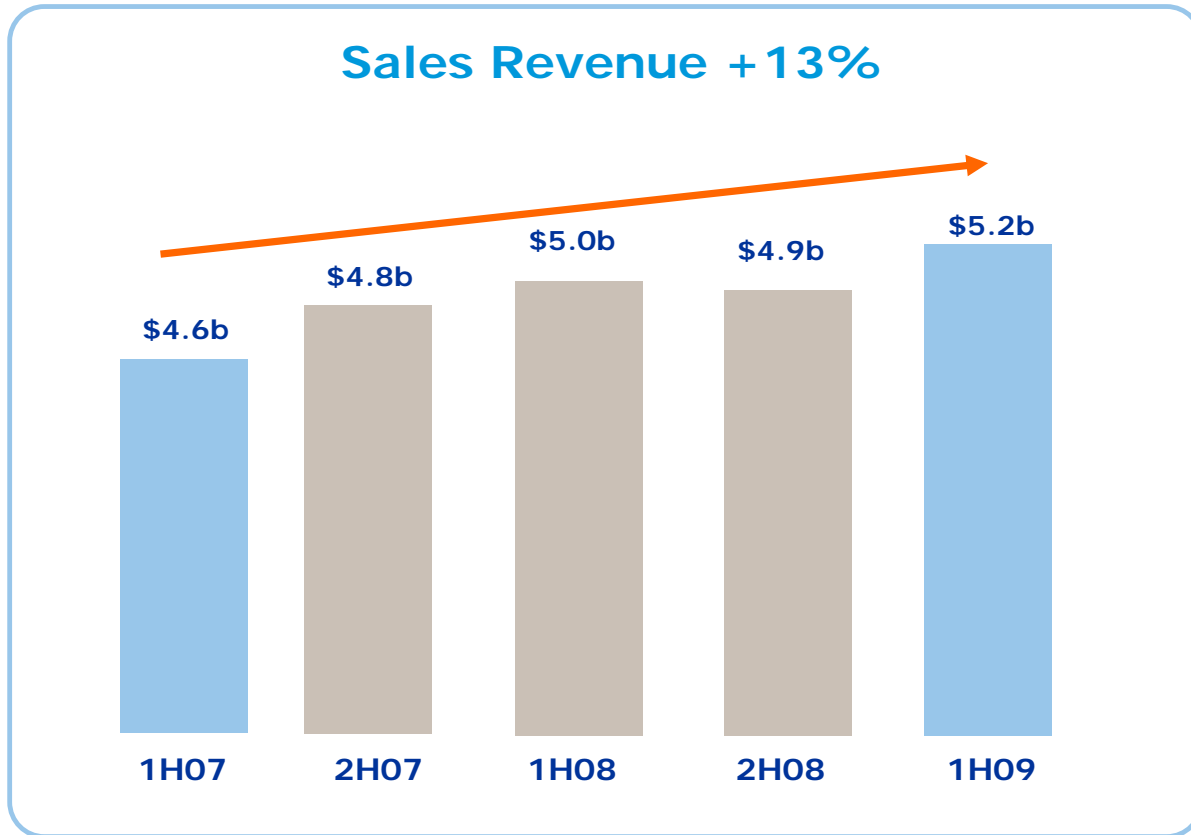


More than 11% mobile services revenue growth year-to-date

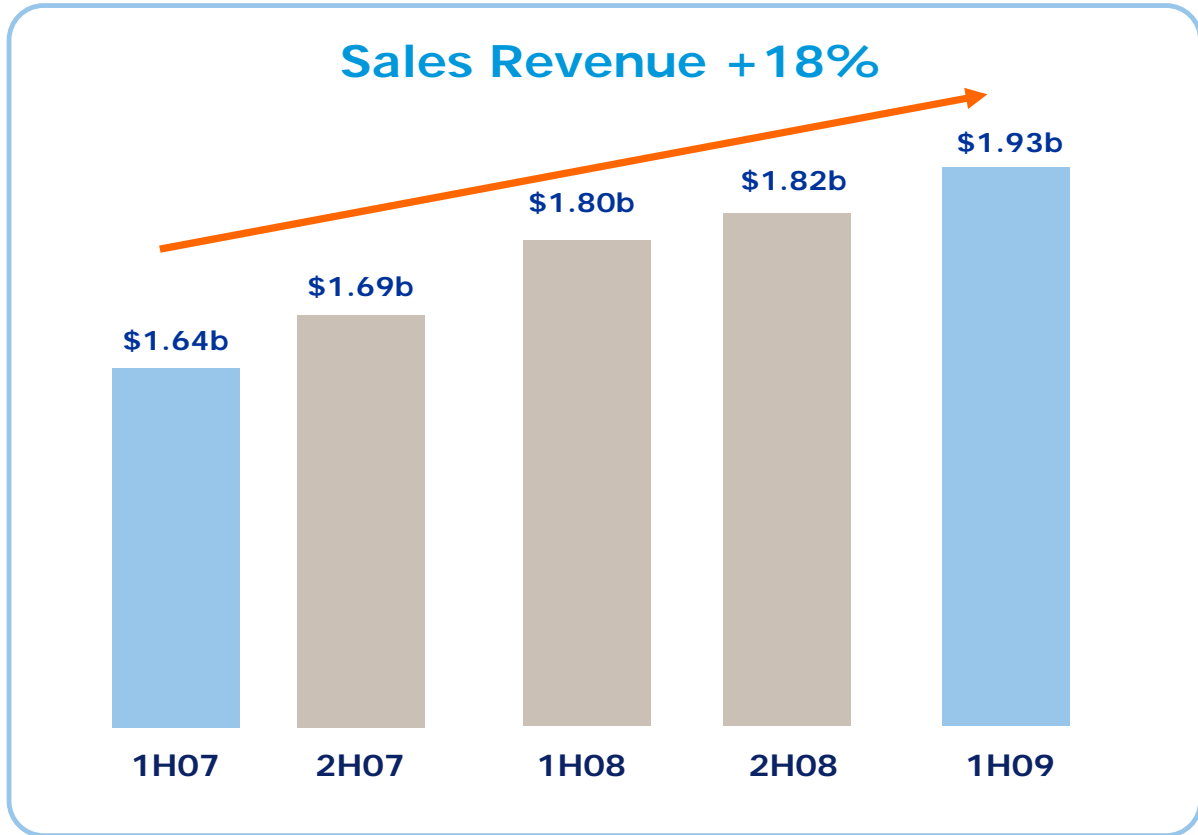
25% IP access revenue growth year-to-date

More than one million wireless broadband SIOs at end April

Telstra Consumer



Telstra Business



"I used to have to wait until I returned to the office to respond to unexpected customer emails or access my calendar. But now that I have a Telstra Next G™ mobile - I can work on the move. Your business mobile solutions start here."

Start your journey here

Contact your Account Executive to discuss your business needs.

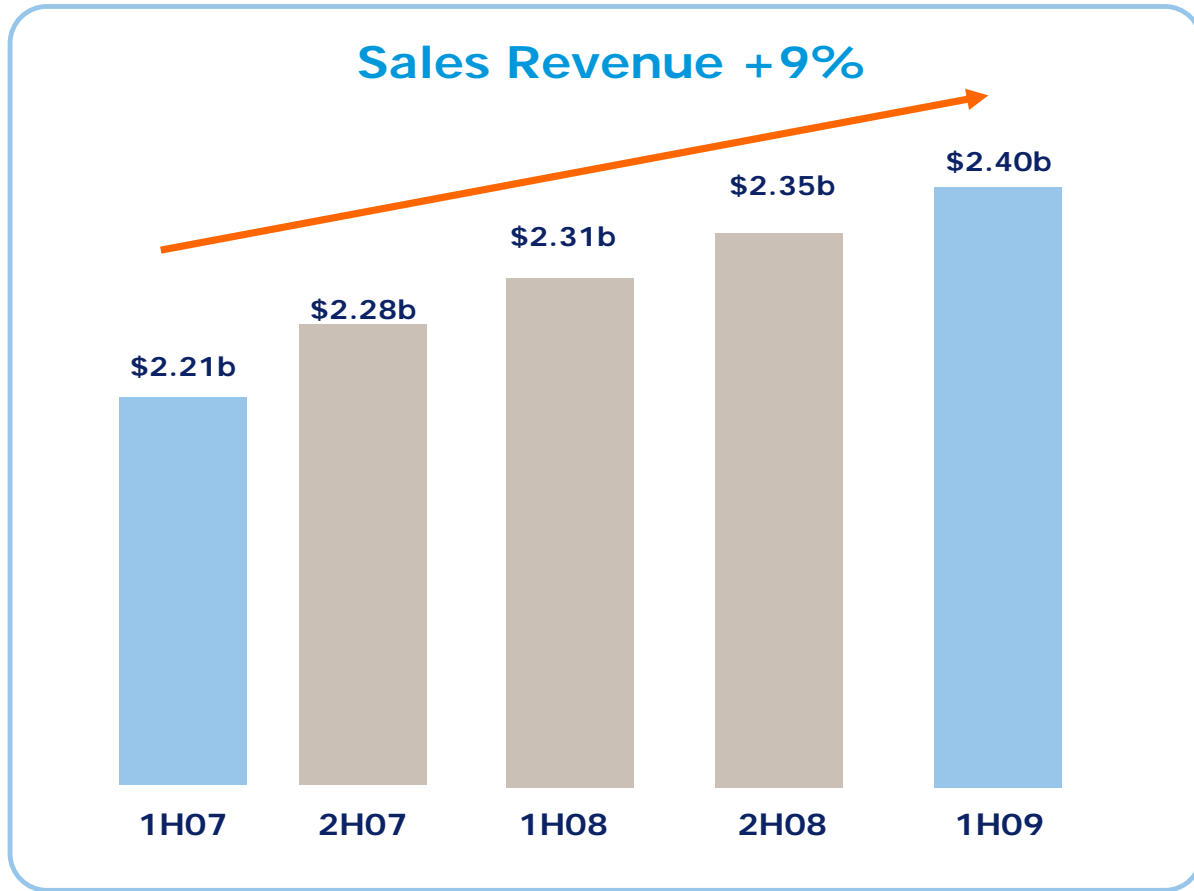
Start Here | Nokia E51 | \$10 Data Pack | Mobile Broadband | Voice2Text | Mobile Payment



Telstra Business

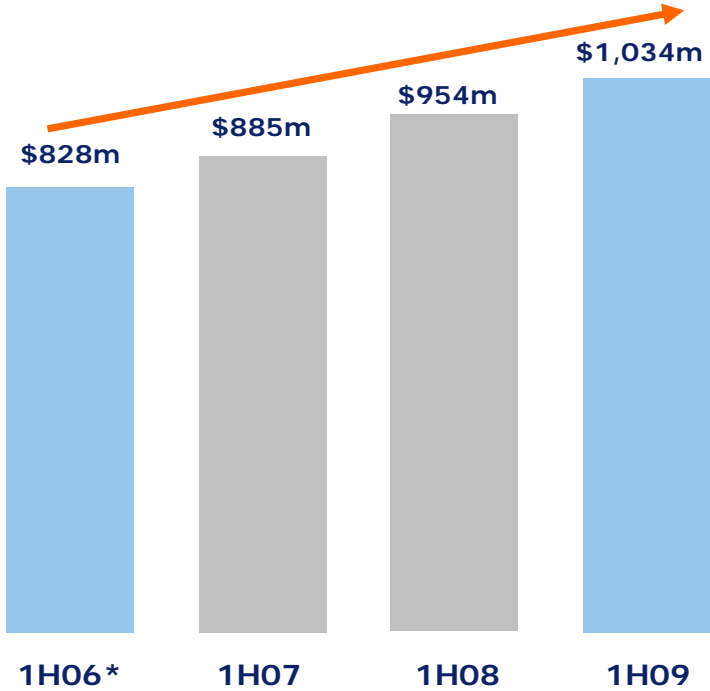
Telstra Business Broadband

Telstra Enterprise and Government



Media-Comms growth strategy...Network, Content, Delivery

Sensis Sales Revenue +25%

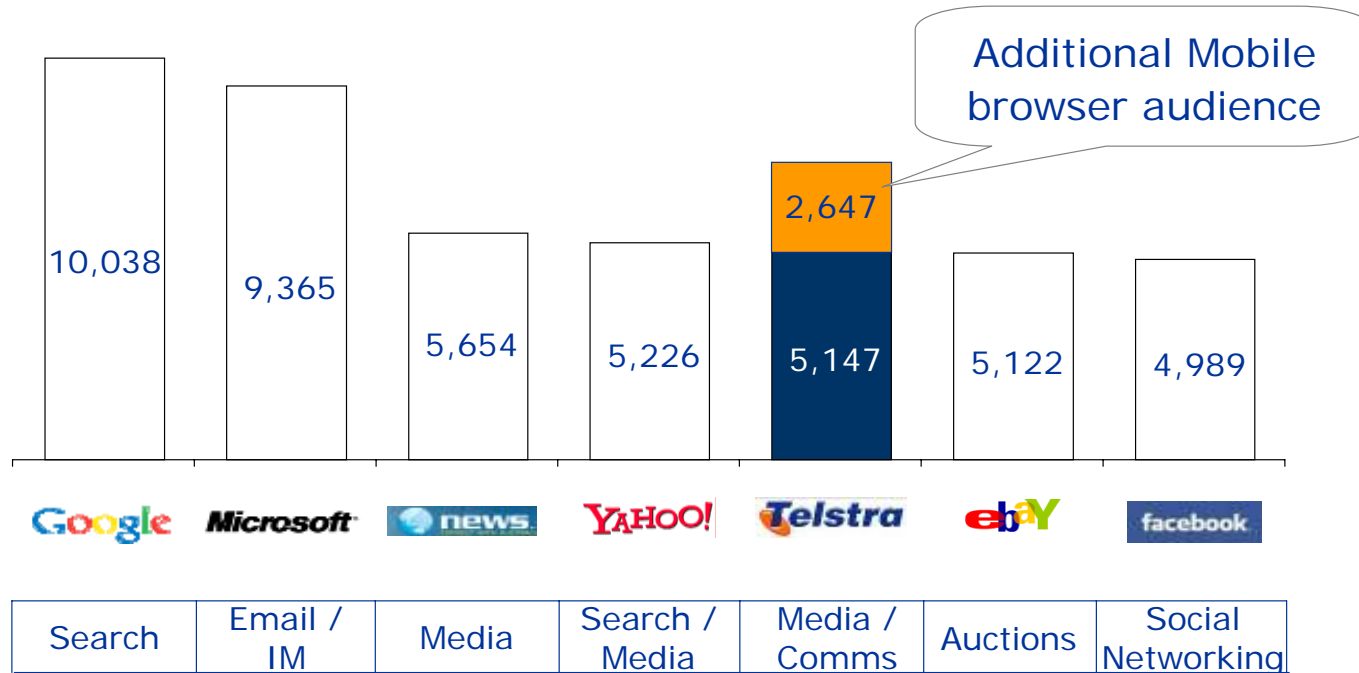


* 1H06 Revenue normalised for Melbourne YP print of \$174m.



Telstra as an online publisher

Unique Audience (000's) – March 2009



Source: Nielsen//Netratings Netview, March 2009

Other strategic outcomes delivered

Nov 2005 Strategy Day

May 2009 Report Card

Our Other Business Priorities



- Drive operational improvement and leverage the brand and HFC network



- Continue to build on our market leading position and use it as a potential longer term entry vehicle into China



- Look for breakout opportunities and focus on profitable operations



- Focus on driving operational excellence and the right capacity decisions and investments

- ✓ Upgrade Melbourne HFC to 100Mbps by Christmas 09
- ✓ Next G™ Hong Kong investment
- ✓ Chinese online and content acquisitions
- ✓ Sydney to Hawaii cable launched in Oct 08

\$6bn-\$7bn FCF in FY10

Macquarie Australia Conference – May 8, 2009
Sol Trujillo, CEO, Telstra

Good morning everybody, it is great to be with you in Sydney today. I am pleased to be able to talk to you about Telstra's transformation achievements and importantly for you, the investors, remind you what transformation has built for the future of the company and how we can truly differentiate our services for customers.

While continuing to transform, "re-wire" and "unwire" the company, Telstra has improved growth and boosted productivity, while also improving network quality and employee engagement.

Over the last 12 months, in terms of total shareholder return we have outperformed the ASX. Since Nov 05 in terms of Total Shareholder Returns we have:

- Outperformed the Australian market
- Outperformed the US and European telcos by more than 20 percentage points

And in spite of the tough economic times our business is continuing to grow and we remain on track to achieve our guidance for 2009.

We made two very important points back in 2005. We said we must win in broadband and in 3G. Not just market share but also in usage – the way customers are using these services. And we have done just that with our investments in the Next G™ and Next IP™ networks. We are winning in wireless broadband too as we see a significant shift in customer behaviour. Voice was mobilised a decade ago, now it is data. We are also leading in the IP access market, and the consumer broadband wave, where in 4 years our market share has climbed from 41% to 47%.

These investments were about changing the game and no longer being the same as our competitors. It was and still is about differentiation and being better than the next guy.

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Not only has this strategy enabled us to take market share but we have also grown ARPU. In H2 2005 our mobile ARPU was \$43, the lowest in the market. In H1 09 our ARPU was \$53, higher than both Optus and Vodafone.

The returns on our transformational investments will be enjoyed by customers and shareholders for many years to come. That is an important point. We have built our new networks and systems to last – we will provide our customers better services, quality and innovation for years to come, regardless of regulatory scenarios.

Take your mind back to 2005 in the context of how difficult it is to forecast technology and its associated impact on social, business and economic behaviour. The domain name www.youtube.com was activated in February 2005, and the first video was shared on the site a few months later.

Telstra communicated in November 2005 what market commentators had been reporting for some time, Telstra was in bad shape. Telstra was;

- Losing market share in almost all key product areas.
- Only growing retail revenues at about 1% while costs were growing much higher.
- Struggling in small business and enterprise with revenues flat lining or in decline.
- Too reliant on traditional revenue with only about 2 % of revenue coming from products less than three years old.
- Losing high ARPU customers.
- Competing on price, not value.
- Managing ageing networks with too much complexity. Three mobile networks and more than 1400 IT systems.

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Sol Trujillo, CEO, Telstra

Faced with these challenges, the multi-billion dollar transformation was an imperative, as recognised by both the management and board of the company.

Remember, this very complex, integrated transformation plan was put together in a short, 2-3 month period after I arrived.

It has been very successful and is very close to budget. Some parts have come in under budget and some have been over – but let me be absolutely clear - overall there has been no cost blowout on the transformation programme. In fact, we are within 2 per cent of our original overall transformation costings, despite the significantly increased scope of the transformation, with additional network capacity and speed upgrades to keep us ahead of our competitors and support changing customer behaviours, as well as a far greater number of legacy IT systems than originally envisaged.

Of course, it must be said that this additional investment in our networks has led to increased usage and revenues. So, if there is one thing that we got really wrong, it is the great revenue growth that has been achieved. Look at the consensus in the market - more than \$2bn more revenue in 2010 than the market expected when we started this journey. We've had a revenue blow-out!

At Telstra we have come a very long way with our transformation in four short years. We are not doing exactly what we set out to do, we are doing more with growth rates across a range of products exceeding not just our and consensus expectations, but also our global peers.

Not many companies, let alone telcos can talk about sustained growth at the top line, EBITDA margin expansion, plus earnings and FCF growth. Just look at the guidance from these peers – companies such as KPN are forecasting flat revenue in 2009, Deutsche Telekom expects a 2-4% EBITDA decline and France Telecom expects no organic free cash flow growth in 2009. And it is not just Europe's incumbents that we are outperforming, but traditional

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emerging market growth stories such as China Mobile where the market is expecting single-digit growth in 2009.

Our performance for the 9 months fiscal year to date continues to highlight the transformational success Telstra is enjoying. Mobiles services revenue growth remains world class at 11.3%, IP access revenue growth is 25% and as of today we have more than 1 million wireless broadband customers.

Meanwhile PSTN declines remain modest relative to our global peers.

And let me speculate for a moment about what the Telstra revenue pie might look like in 5 years from now if we extrapolate the growth trends we are seeing now. This is Sol's view, it is not guidance but it is exciting and highlights Telstra is focussed on investing in services our customers value as more and more customers choose to do business with us. On current growth trends, in five years mobiles services revenue could be nearly double the size of PSTN revenue. That is about 9 to 10 billion of mobile services revenue.

IP access revenue, \$534m last June in the FY08 accounts will continue to grow strongly on the broad appeal of our Next IP™ capability to large corporate, government and newly IP penetrated business customers. On current revenue trajectory IP access revenue could be around 3 times the size of our legacy specialised data revenues in 5 years time. The combined revenue pie across IP access and legacy data could grow by a third over this period.

And given current growth rates and technology improvements, I think in 5 years time it's very feasible Telstra will have more wireless broadband customers than fixed broadband customers given mobility is the increasingly valued necessity for broadband customers.

We are focussed on continuing to deliver world-leading performance among incumbent telco peers across many key metrics, including domestic revenue growth, slowing fixed line losses, 3G mobile subscriber penetration and growth in both broadband market share and average revenue per user.

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Again let me put our performance into a global context – As I mentioned, our mobile services revenue growth year-to-date has been more than 11%. Compare that to Orange UK with flat revenues or Vodafone Europe which reported declining revenues in the December quarter. And in PSTN, compare our trends of low-to-mid single digit declines to the peers, with double digit revenue declines at FT or AT&T. Finally, directories – we reported 8.4% growth in the first half, AT&T directories revenue decline was 10.4%, while News Corp saw a 16% decline in Australian advertising revenue in the same period.

And whatever may be thrown our way in coming years, I am confident that the focus on our customers will always stand us in very good stead. At the end of the day, it is our customers who will make the choices that count.

In my view, the ultimate measure of any company's success is customers. They are the best source of data. Are they buying more? Are they churning less? If so, they are clearly valuing the products and services of your company. Clearly over the past four years we have seen a positive shift in market share in Telstra Consumer, Telstra Business and Telstra Enterprise & Government, and our churn rates have declined. And this will be reflected in financial performance

Sceptics might argue these are financial results at a point in time but the transformation positions Telstra with a sustainable competitive advantage when you consider our network investments are focussed on delivering a simple and valued customer experience. Telstra has invested heavily in Australia:

- Building the world's largest and fastest national mobile broadband network

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- The Next G™ network has peak network downlink speeds of 21Mbps delivering typical customer download speeds up to 8Mbps in CBDs, metropolitan areas and selected regional areas.
- Telstra recently announced an upgrade to the HFC cable network to 100Mbps, starting in Melbourne. Peak customer download speeds are expected to be 70-100Mbps into the home.
- Australia now has one of the largest fully integrated national IP networks in the world - faster, more secure and 99.999% reliable, the Next IP™ network.

Telstra's network investments are providing Australians with real and affordable high speed broadband choices today.

It has changed the way our customers do things.

Take mobiles, one of the biggest bets -

- In 2005 there was just 7000 Sq Kms of 3G coverage in Australia. There is now over 2 Million Sq Kms of HSPA enabled 3G coverage.
- Next G™ now carries over 25 times more data than the combined volumes of all Telstra's Wireless networks before launch.
- The quietest time of day for data is 4am and we are still shipping over 500 Mbps of data
- The total volume of handset data consumption has grown 75 fold since the launch of Next G™.
- Importantly, there is intense competition and investment in 3G Wireless Broadband services cross Australia by multiple network operators.

If you remember, at the time we launched Next G™ many said we would not get 850MHz devices. They were wrong.

Now, take fixed broadband. In 2005, customers were downloading 1.6 billion megabytes each month, compared to 9.4 billion megabytes now. In Dec 2005, 50 per cent of internet access retail customers were dial up subscribers,

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compared to 15% now. Over this period, broadband penetration has quadrupled.

Telstra's network investments present Australian consumers and businesses with a clearly defined high speed broadband and communications roadmap that is upgradable well into the future. The investments have differentiated Telstra providing us with new and high growth revenue streams.

It has changed the dynamic of retail versus wholesale revenue growth as well.

Telstra's transformation has also been about improving life for our employees. We have delivered significant process and productivity gains which are driving costs out of our business. Notably operating achievements include -

- Improved productivity in the field workforce by almost 50 per cent.
- Customer revisits within seven days is down 23 per cent.
- Since August 2005, we've turned off 415 IT systems.
- 7.1 million customers and 13.1 million services have migrated to new IT systems.
- Reduced network faults by an average 40 %.

Our Retail business units are delivering terrific financial results. We have won in the market place across all major customer segments – we have won because we transformed our focus to be solely on the customer. It is customers who choose their service providers, their entertainment mediums and their business partners. Customers make a choice on who can provide them with the most value – value might come from the breadth of coverage from a mobile or IP network, the appeal of an integrated content and network offering across multiple devices, front of house service, network security or simply from the bundling of products and services.

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Embedding Market Based Management in our business enabled us to significantly improve our understanding of our customer's needs, providing us with an incredibly powerful competitive advantage. The strong results in our Retail units were achieved only after we interviewed more than 1.1 million customers to better understand their needs. The learnings captured from MBM will not be lost. The insights remain, the cultural change amongst our employees remains, the knowledge is retained in our customer facing business units.

MBM has delivered increased telemarketing sales strike rates at 2.5x or 250% since 2006.

Let me look in more detail at how this positions Telstra for continued, sustained growth.

In the Consumer segment David Moffatt and his team continue a transformation that will deliver 80 T[life] stores by the end of this year. T[life] stores are producing a 21% improvement in sales of non-mobile products.

We are seeing exceptional growth in our prepaid wireless offering and are delighted with the take up of the Wireless Broadband 21 USB Mobile Card, providing consumers with access to the world's fastest national wireless broadband network. The consumer segment is benefiting from our unique content offering with growth in AFL monthly data packs up by more 300% versus last year.

The Consumer segment is only just beginning to leverage the process and accompanying productivity improvements attached to migrating customers and services to a new CRM platform. Improvement in customer multi-product holding and churn metrics will materialise as sales and service staff engage more productively with customers.

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In the Business segment, which was created during the embryonic stages of our transformation journey Deena Shiff and her team continue a transformation that will see 20 Business Centres servicing business customers by the end of this year with a another 30 to open next year.

These new regional Business Centres demonstrate the latest technology solutions to help small and medium-size enterprises (SMEs) access latest technology and become more efficient.

In fact our Channel expansion has gone much further. We now have

- 164 Accredited SME business partners
- 12 months ago there were 8 accredited partners

Our new focus on these business segments has seen significant gains.

In FY05/06 SME revenues were declining. In FY06/07 revenues grew by 3.6% and in FY07/08 growth was up at 9.0% - almost double the SME core telco market growth at 4.8%.

Half of this incremental growth FY06/07 came from Fixed BB, Wireless BB and IP access products, based on our new network investments.

This year FY08/09 about 70% of the incremental growth is expected to come from these products.

Our dedicated business data offerings are proving immensely popular with business customers. Business Broadband grew 44% and IP Access +54% in the December half versus the prior corresponding period. Penetration of these products into the business segment is still relatively low so there is tremendous upside for Telstra here.

In early April Telstra announced a raft of online software applications will be available to Australian businesses with the Telstra T-Suite Software as a

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Sol Trujillo, CEO, Telstra

Service platform going live across the country. The innovation, the customer focus, the drive to understand our customer's needs in the business segment is never finished business.

In the Enterprise and Government sector David Thodey and his team continues to leverage the advantage created by our flagship Next G™ and Next IP network investments. In late March the Federal Government opened the The Virtual Trauma and Critical Care Unit at the Alfred Hospital in Melbourne which will connect some 260 regional Victorians a year to superior metropolitan medical services. The Telstra Next IP™ network helped enable this improvement in delivery of health care services.

The new Next IP™ network has the ability to scale effectively into the 2020s as traffic grows without a major re-architecting of the core network.

IP growth is 3 times decline in traditional data.

And we are seeing the best ever customer product scores in TE&G. And remember, before transformation we were actually behind our major competitor in this area – now we are way out front.

That's because we know that as critical applications become more centralised, network performance, security and redundancy become increasingly important at both head-end and remote sites resulting in customers taking on more bandwidth and more services.

Convergence and centralisation also means that customers can begin to take advantage of new applications such as Video Conferencing, CCTV and IP Telephony that they may not have considered previously due to a lack of connectivity between sites.

In February this year the Federal Minister for Finance and Deregulation, Lindsay Tanner, announced the Government is driving global innovation by working with Telstra to deploy a Cisco TelePresence™ system across more

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Sol Trujillo, CEO, Telstra

than 20 government offices. The solution will help the Federal government reduce the cost of travel, improve productivity and lower the impact of carbon emissions. The telepresence solution is transforming the way Telstra and our customers are doing business and we look forward to seeing the benefits the technology will have for the Federal Government and other customers.

In March of this year Telstra was awarded for delivering high-speed broadband to Arnhem Land. Partnering with Rio Tinto Alcan, the Northern Territory Government and the Northern Land Council, Telstra completed the installation of 800 kilometres of fibre to some of the most remote communities in the country, across some of the most inhospitable terrain. The award acknowledged the boost the fibre will bring to the region – especially education, health and business services.

Already we are seeing the benefits -

- 8 schools across Arnhem Land have moved from a 256k service to 20 Meg.
- All 9 Health clinics on the Arnhem Land fibre route have moved from 256k to 2 Meg service.

Only two weeks ago we announced, 10 year partnership with the Commonwealth Bank of Australia worth up to \$1b. The Commonwealth Bank is embarking on a significant transformation project and we are delighted to be a key partner. Telstra will leverage its Next IP™ network provide the latest IP capabilities to the ubiquitous national network of CBA branches, contact centres, EFTPOS network and non-branch ATMs.

In the Sensis and Telstra Media segments, led respectively by Bruce Akhurst and Justin Milne we have achieved great results by retaining focus on our customer's needs, understanding what is of most value to them. At Sensis we maintained positive yellow print revenue growth while growing digital media revenues by 37%, and achieved sales revenue growth of 8.4% in the recent half as we outgrow the market.

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Sol Trujillo, CEO, Telstra

This is at a time when other companies around the world are seeing very significant declines, for example AT&T directories is seeing double digit revenue decline. ...

The strength of Sensis' performance is clear when compared with domestic and global peers. Sensis latest revenue growth makes it the highest performing major directories business in the world. And in the online space, Yellow online's margins are significantly higher than local peers such as Fairfax Digital and major global online peers such as Google, Yahoo! and eBay.

Telstra Media's vision is to develop unique capabilities to deliver engaging content and services to customers. In Australia we have built world-class, integrated and intelligent networks...customers are accessing our superior content and services across mobile and fixed platforms. Telstra Media continues to expand its online presence in Australia, launching BigPond Travel last January.

Mobile Foxtel and BigPond TV on mobile revenues are growing at 120 per cent a year.

With the outstanding growth we are seeing in our on-line portfolio, how are we now placed in Australia as an on-line publisher?

Including the 2.6m unique visitors to our mobile portal, we are now the third largest on-line publisher in Australia behind Google and Microsoft. We are bigger than News, Yahoo, ebay and Facebook.

Back in November 2005 we also highlighted other business priorities requiring our focus.

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Sol Trujillo, CEO, Telstra

We said we wanted to leverage our HFC network and are doing so via our recently announced upgrade to peak network downlink speeds of 100Mbps, starting in Melbourne. This will be completed by Christmas 2009.

We said with respect to CSL in Hong Kong that we wanted to continue to build on our market leading position and use it as an entry vehicle into China. We did this most notably via unveiling only weeks ago the commercial launch in Hong Kong of Next G™, the world's fastest All-IP mobile broadband network.

We are also exporting our expertise in the development of digital entertainment, information, advertising and search businesses from Australia by building a growing presence in the world's largest online market – China.

We now have the third largest online display advertising business in China. To give some perspective to the entire Telstra content business – we had a total of 3.2bn online page views across China and Australia in February 09. In February we acquired a controlling interest in two of China's leading mobile content and online music businesses. China M and Sharp Point.

Telstra plans to achieve A\$1 billion in revenue with strong margins and cash flow from its Chinese media assets by 2013. The growth potential is very exciting.

Finally, in 2005 we said we wanted to drive operational excellence and the right capacity decisions and investments. In addition to the billions of dollars we have invested on network infrastructure on Australian soil we also invested in a submarine cable between Sydney and Hawaii, named the "Telstra Endeavour" cable. This became operative in October 2008. The 9,120-kilometre submarine cable boosts internet capacity between Australia and the United States and can carry up to 1.28 Terabits per second of traffic with customers enjoying greater capacity and security.

People seem to enjoy writing and saying a lot about me and our transformation and I am sure that will continue. But let me remind you

Macquarie Australia Conference – May 8, 2009

Sol Trujillo, CEO, Telstra

whatever else you might hear – Telstra has grown market share in key segments through innovation, investment and focus on the customer. We stay focussed on what customers think and do. Instead of losing market share, we are winning. It is customers who decide who they want to do business with. We have created a New Telstra – one that is competitive, differentiated, innovative and continually enhancing the customer experience. It is a company that works hard to grow shareholder value and promotes innovation. In a few short years, the company has moved a long way from the Old Telstra – a company that was regulatory focused and characterised by sameness rather than differentiation. One that wanted to maintain revenue rather than grow it.

You may have heard that one company leads revenue and profit growth in this sector in Australia. That is absolutely true. That same company, Telstra, also disproportionately makes telco investment in Australia. There should be no surprise that those who risk capital deserve greater returns than those who do not.

And our responsibility to shareholders extends to our perspectives on the NBN. As a board and management team, we could have agreed to many things that might have generated positive headlines, but ultimately destroyed returns and long term value.

That is why Telstra has been managed for customers, earnings and long term returns.

The transformation journey at Telstra will deliver more revenue growth across all segments. It will deliver more new products and services. It will continue to be focused on providing the customer with an enjoyable experience and easy to use products and services that are valued by customers. I firmly believe the Telstra I leave is the strongest operationally amongst its incumbent telco peer group in the world.

Macquarie Australia Conference – May 8, 2009

Sol Trujillo, CEO, Telstra

Let me finish by re-iterating Telstra is on track to deliver free cash flow of 6 to 7 billion in FY10.

Thanks for your time this morning and I would be happy to take some questions.