

29 September 2009

Office of the Company Secretary

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Corporation Limited Shareholder Letter

In accordance with the listing rules, I attach a copy of an announcement for release to the market.

Yours sincerely



Carmel Mulhern
Company Secretary

29 September 2009

Dear Shareholder

Last week we wrote to you with our initial perspectives on the Government's proposed new legislation for the country's telecommunications industry and, in particular, Telstra.

Since then, we have been encouraged by the many emails and letters we have received from across our shareholder base expressing concerns with the Government's actions. We thank you for the feedback and assure you we have taken note of your comments.

We have also received a significant amount of feedback from you, our shareholders, requesting a further update on our plans and strategy with regard to the regulatory reforms and National Broadband Network ("NBN") negotiations. We think it is appropriate to provide that update now.

In terms of the legislation, as we stated last week, we are disappointed the Government has felt it necessary to introduce this legislation at a time of such fundamental change in the industry. This legislation will mean a significant change to Telstra and the industry.

We have engaged with the Government and we have a process to work through the issues; rest assured that throughout these negotiations we will do everything possible to represent the interests of shareholders.

In addition, on Thursday 17 September, the Senate announced an inquiry into the proposed legislative package – submissions are due on Wednesday 7 October. We are currently preparing a submission on behalf of our shareholders that will focus on the areas of the legislation where we have concerns. We will post our submission on our website and would encourage you to read it.

We believe it is essential that we keep you informed of developments as we work through this situation. Further updates will be provided on the following occasions:

- Submission to Senate Inquiry on proposed legislation – 7 October
- Annual Institutional Investor Briefing – late October
- AGM in Sydney – 4 November

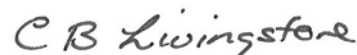
We are continuing our negotiations with the Government in a much more constructive and positive manner, but let us conclude by addressing a misconception that has been raised recently in the media. The Board and management have always had, and will continue to have, the interests of shareholders as our over-riding priority. Indeed, it is our responsibility to do so. We will continue to talk with the Government, but we will not agree to things that we do not believe are in your company's best interests.

Please contact us at investor.relations@team.telstra.com if you wish to seek further information or if you have any comments. Further updates will be available on our website (www.telstra.com/abouttelstra/investor).

Yours sincerely



David Thodey
Chief Executive Officer



Catherine Livingstone
Chairman