

18 October 2011

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Office of the Company Secretary

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 08 8308 1721
Facsimile 03 9632 3215

ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra shareholders set to approve participation in NBN rollout

In accordance with the Listing Rules, I attach a copy of a media statement for release to the market.

Yours faithfully,

A handwritten signature in black ink, appearing to read "C. Mulhern". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Carmel Mulhern
Company Secretary

Telstra shareholders set to approve participation in NBN rollout

18 October 2011 - Based on the proxy and direct voting position presented at Telstra's annual general meeting which is under way today, it is clear Telstra shareholders will approve Telstra's participation in the roll out of the National Broadband Network (NBN).

The resolution on the NBN has received the support of 99 percent of shareholders who have voted or lodged a proxy. The final results of the poll on this item will be available later today.

Telstra Chairman Catherine Livingstone said the Directors' recommendation that Telstra participate in the NBN rollout by implementing the Definitive Agreements signed in June 2011 had received strong endorsement from shareholders.

"From the outset, we said we would put any proposal to cooperate with the NBN to shareholders – we consider the vote today as the most important step in the process we commenced over two years ago.

"It is clear from this interim result on the resolution that, given the alternatives facing their company, both institutional and retail shareholders are supportive of our involvement in the NBN.

"We look forward to finalising the remaining conditions precedent, implementing the transaction and realising the benefits we expect it to deliver, including the contribution to sustainable free cashflow in the medium term and greater regulatory stability.

"The NBN will accelerate industry change. That is why, across the company, we are well advanced in preparing for both the change and the opportunities it will create."

The critical condition precedent that remains to be satisfied for the transaction to commence is acceptance of Telstra's Structural Separation Undertaking (SSU) and approval of the Migration Plan by the Australian Competition and Consumer Commission (ACCC).

Ms Livingstone said Telstra was continuing to work closely with the ACCC on the SSU and Draft Migration Plan and expected to submit a revised SSU in the coming weeks.

"We continue to believe that none of the issues raised by the ACCC in relation to the SSU is insurmountable and that they can be resolved in a way consistent with our principle of protecting shareholder value.

"However, if any material changes occur, we will ensure that shareholders have an opportunity to consider and vote on them. In considering the materiality of any changes, we will take into account the costs associated with their implementation and the degree to which the proposed transaction will continue to deliver greater regulatory certainty than the best available alternative."

Media contact: Karina Keisler – 0419 523 776

Email: media@team.telstra.com

www.telstra.com.au/abouttelstra/media-centre/

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