



BUSINESS OVERVIEW

DAVID THODEY, CHIEF EXECUTIVE OFFICER



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 Financial Report dated 11 August 2011 and 2011 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.

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TODAY'S OBJECTIVES



1. PERSPECTIVE ON KEY INDUSTRY TRENDS

2. PROGRESS ON STRATEGY

3. DETAILED UPDATE ON KEY FOCUS AREAS

4. FISCAL 2012 GUIDANCE CONFIRMED

AGENDA



PLENARY PRESENTATIONS: 9AM – 11AM

1. Business Overview	David Thodey
2. Financial and NBN Update	John Stanhope
3. Simplification Program Update	Robert Nason
4. Retail Business Update	Gordon Ballantyne

QUESTION AND ANSWER: 11AM – 12PM

LUNCH

BREAK OUT SESSIONS: 12.30PM – 3PM

NAS & IP	THE CONNECTED HOME	MOBILITY	BRANDING
Brendon Riley Paul McManus Philip Jones	Hugh Bradlow	Mike Wright Warwick Bray	Mark Buckman

OUR INDUSTRY IS UNDERGOING A SIGNIFICANT CHANGE



DIGITAL CONTENT GROWTH

5M
Terabytes of information created every 48 hours

NETWORK GROWTH

Mobile connections
5B in 2010 →
50B in 2020 →
TRILLION in 2030

5x growth in INTERACTIONS

300B emails
20B SMS
7B calls
0.2B Tweets/day

WEB SEARCHES

~2B
Per day

The “ME” generation – consumer is king... or queen

PERSONALISED DEVICES

800M
Smarthphones by 2013

BANDWIDTH DEMAND

1B
Terabytes over networks by 2012

ASIA to contribute **40%** OF WORLD GROWTH BY **2015**

CLOUD & APPLICATIONS

INTELLIGENT NETWORKS

VIDEO CONTENT GROWTH

35 hours of YouTube content added every **1 minute**

THIS HAS REQUIRED US TO MAKE A NUMBER OF CHANGES...



FOCUS AREAS
1. BUILDING SALES, SERVICE & MARKETING CAPABILITY
2. INVESTING IN CORE NETWORK CAPABILITY
3. NAS & CLOUD CAPABILITY
4. NEW BUSINESS MODEL
5. PRODUCT INNOVATION
6. DIGITAL MEDIA
7. ASIA



MILESTONES	
CHIEF CUSTOMER OFFICER	CHIEF MARKETING OFFICER
BRAND LAUNCH	CULTURE CHANGE
CUSTOMER SATISFACTION FOCUS	
MOBILES – LTE, COVERAGE	FIXED – IPV6, TOP HAT, HFC
DEDICATED BUSINESS UNITS (NAS & CLOUD)	
CLOUD INVESTMENT	TELSTRA INNOVATION TEAM
APPLICATIONS AND VENTURES GROUP	T-SUITE EXPANSION
PROJECT NEW / SIMPLIFICATION	
PRODUCTIVITY & PROCESS IMPROVEMENT	
DIGITAL BUSINESS	M2M
INDUSTRY VERTICAL SOLUTIONS	
IPTV (T-BOX)	FOXTEL
DEDICATED BUSINESS UNIT	CHINA, REACH, CSL

OUR PRIORITIES REMAIN UNCHANGED AND WE ARE MAKING PROGRESS



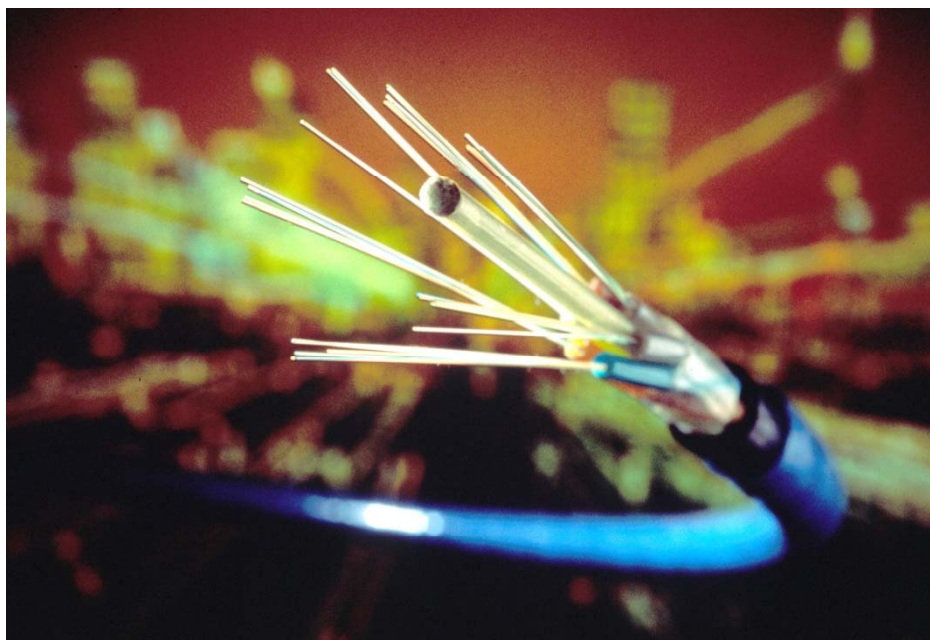
1. IMPROVE CUSTOMER SATISFACTION

2. RETAIN AND GROW CUSTOMER NUMBERS

3. SIMPLIFY THE BUSINESS

4. BUILD NEW GROWTH BUSINESSES

...AND WE ARE PREPARING FOR AN NBN WORLD

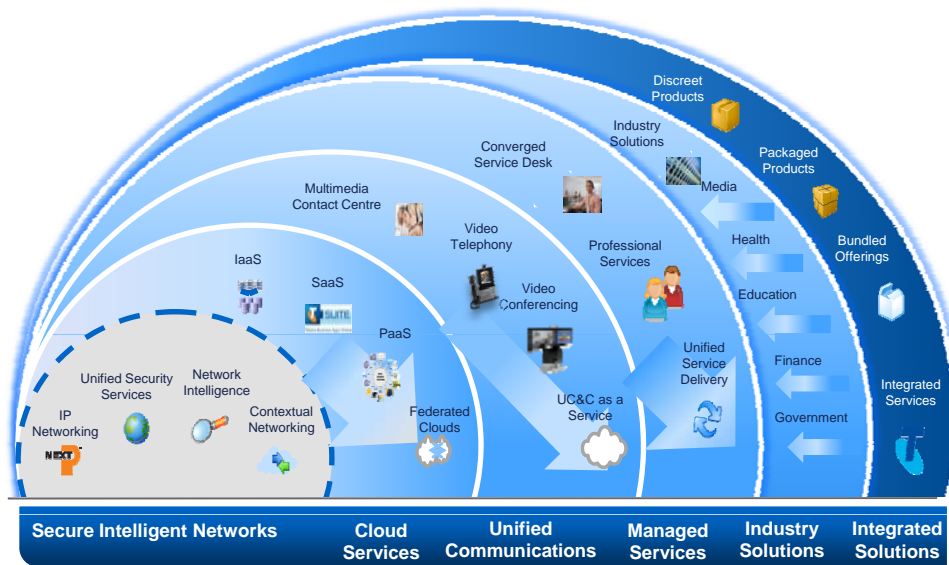


DIFFERENTIATION

- Intelligent network capability build
- New tariff structures
- New product portfolio
- NBN content and applications

THE NBN DOES NOT CHANGE OUR STRATEGY – WE WILL CONTINUE TO DIFFERENTIATE

OUR NAS STRATEGY IS DELIVERING RESULTS



1. Dedicated NAS & Cloud Delivery

2. Strong offering portfolio

3. Capability & resourcing

4. Strong customer base

- FY11 REVENUES +11% TO \$1.1B
- STRONG PIPELING OF OPPORTUNITIES FOR FY12

WE ARE BUILDING GREATER VALUE IN ASIA



LEVERAGING OUR INTERNATIONAL ASSETS AND CAPABILITIES



1. Extend our Asia IP network and NAS/Cloud capabilities (Reach)

2. Continue to leverage mobile assets (CSL)

3. Extract value from China Digital Media assets



WE HAVE ESTABLISHED A NEW DIGITAL MEDIA BUSINESS UNIT



EXISTING PORTFOLIO OF ASSETS AND PARTNERS

BIGPOND TV

BIGPOND NOWA

BIGPOND MUSIC

BIGPOND MOVIES

BIGPOND SPORT

BIGPOND GAMES

FOXTEL

White Pages .com.au

The Walt Disney Company

SONY PICTURES

VIACOM

umbrella entertainment

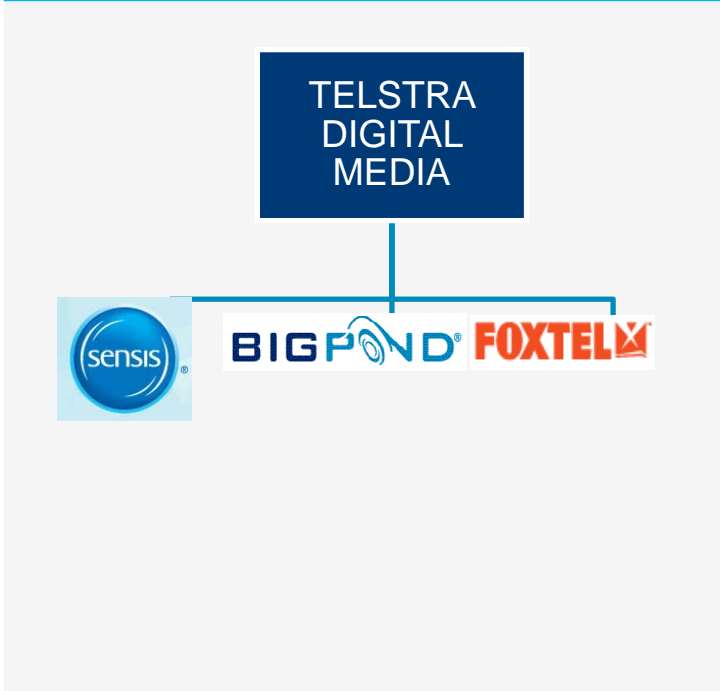
ICON

Yellow Pages

LIONSGATE

Whereis

NEW DIGITAL MEDIA BUSINESS UNIT



CASH MANAGEMENT WILL BE KEY TO OUR FUTURE



SUMMARY



OUR STRATEGIES ARE WORKING

WE ARE WELL PLACED AND WE WILL BE NBN READY

WE CAN CONTINUE TO DIFFERENTIATE



FINANCIAL UPDATE

JOHN STANHOPE, CFO

NBN UPDATE - KEY CONDITIONS PRECEDENT



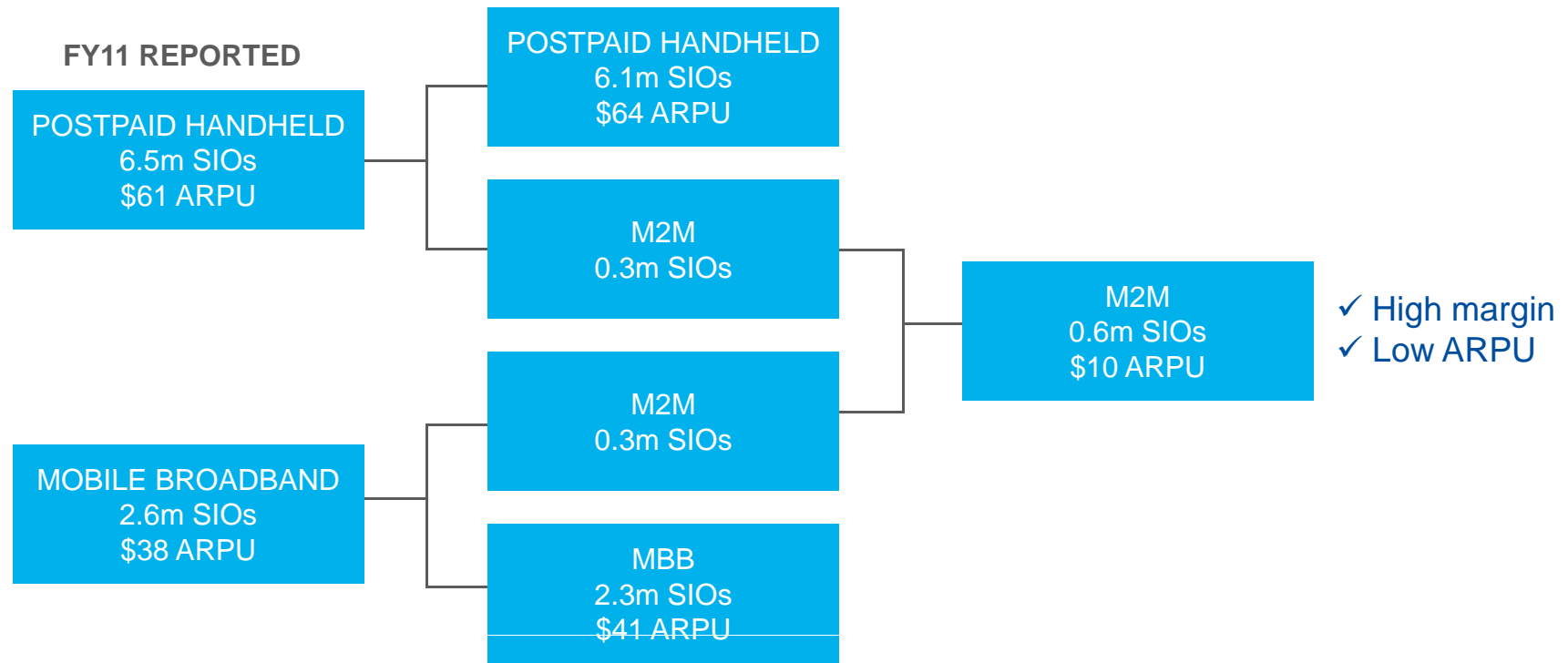
ATO TAX RULINGS	TELSTRA RULING RECEIVED	✓
TELSTRA SHAREHOLDER APPROVAL	AGM VOTE	✓
ACCC ACCEPTANCE OF STRUCTURAL SEPARATION UNDERTAKING AND APPROVAL OF MIGRATION PLAN	REVISED SSU TO BE SUBMITTED	

REPORTING THE FINANCIAL IMPACT OF NBN



	6 months ended	
	Dec 10	June 11
Physicals ('000s)		
Basic access (PSTN) lines	8,533	8,370
o/w WLR lines	1,235	1,212
ULL lines	914	1,001
ISDN lines	1,318	1,316
Lines disconnected to NBN	0	0
Telstra retail lines through NBN	0	0
Financial (\$m)		
Infrastructure revenues (sales revenue)	0	0
Disconnect ion revenues (other income)	0	0
NBN access costs	0	0
Remediation Costs	0	0
Copper network maintenance	TBC	TBC

M2M – ANOTHER GROWTH ENGINE FOR MOBILES



Note: FY11 Mobile SIO growth of 1.7m included 100k M2M adds

SENSIS TRANSITION



PROGRESS ON DIGITAL STRATEGY

- Market's shift to digital marketing occurring faster than expected
- Good take up from existing customers, limited sales to new customers as sales completion taking longer than expected
- Rate of decline in Yellow Print has risen significantly
- One off digital sales and production costs higher than expected in FY12
- End user demand for Yellow products remains solid
- Cost-out programme accelerated – limited impact in FY12, more in FY13

EXPECT HIGH TEENS REVENUE DECLINE AND MARGIN COMPRESSION IN FY12

GUIDANCE AND H1 PROFILE



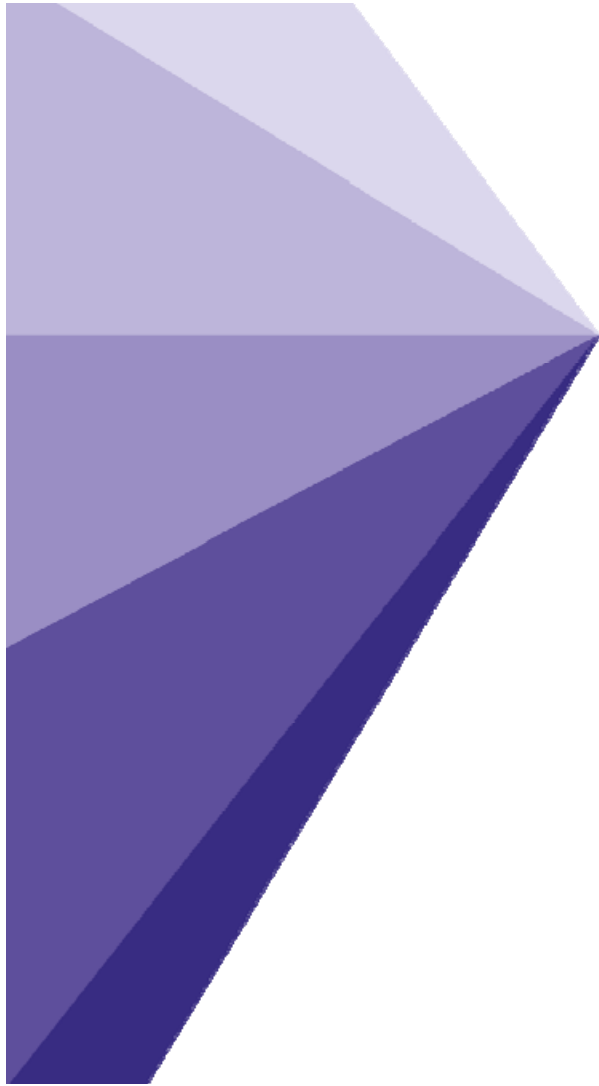
Measure	FY11 Reported	FY12 Guidance*
Total Revenue	\$25.09bn	Low single-digit growth
EBITDA	\$10.15bn	Low single-digit growth
Capex		14% of sales
Free cashflow		\$4.5 - \$5.0 billion
Dividend**		28 cps fully franked (FY12 and FY13)

* Guidance assumes wholesale product price stability and excludes any further impairments to investments and proceeds on the sale of businesses

** Dividend subject to the Board's normal approval process for dividend declaration and no unexpected material events.

FY12 PROFILE H1 V H2

- Smoother profile than FY11
- Revenue and EBITDA growth in H1 with slight margin expansion
- Mix change with improving telco product contributions offset by accelerated revenue decline from Sensis



SIMPLIFICATION AND CUSTOMER SERVICE PROGRAM UPDATE

ROBERT NASON, GMD PROJECT NEW AND CUSTOMER
EXPERIENCE

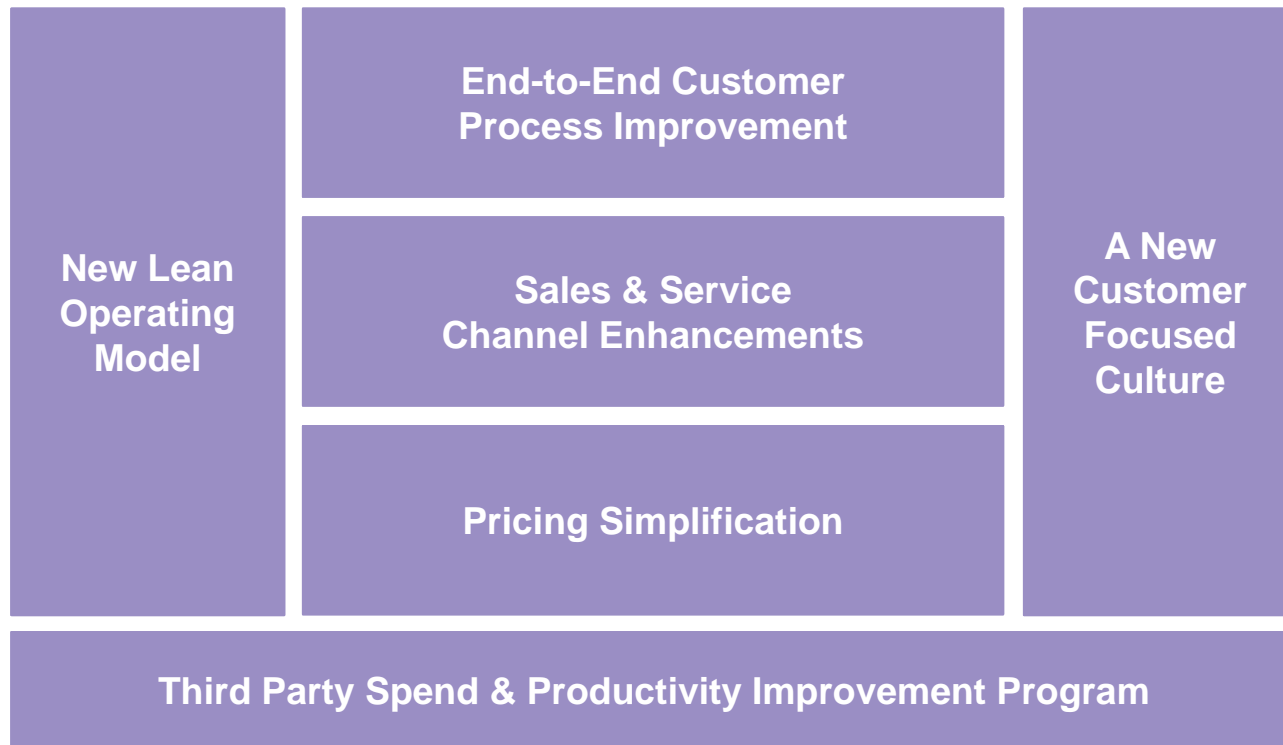


PROJECT NEW OBJECTIVES

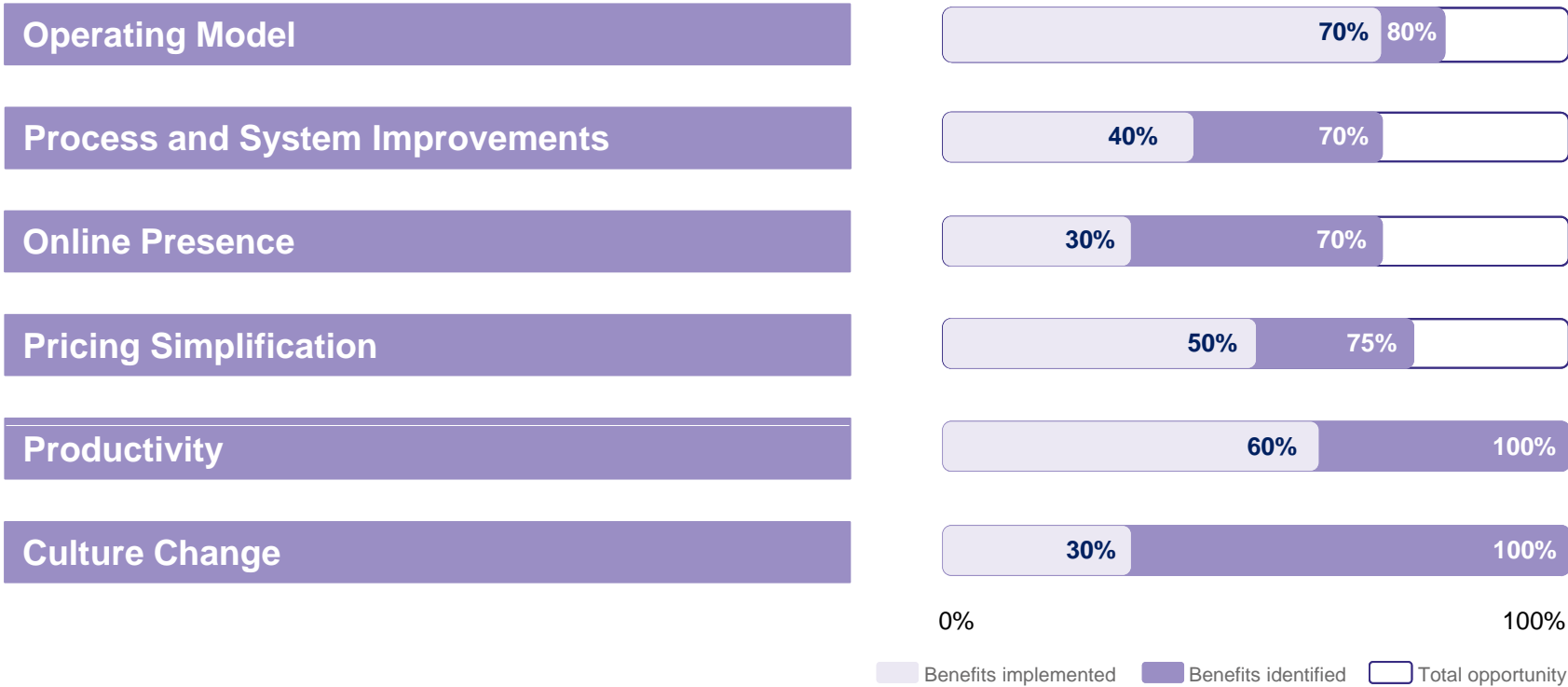


Theme	Objectives
Simplify	<ul style="list-style-type: none">• Fast, lean and competitive operating model and culture• Value propositions clear and simple to communicate• Processes streamlined to reduce time-to-market by 30%
Serve	<ul style="list-style-type: none">• Best customer satisfaction rating compared to rest of market• Channel mix transitioned to 35% online / self help transactions• Further sustained reduction of TIO complaints
Save	<ul style="list-style-type: none">• Significant cost benefits will emerge

PROJECT NEW SCOPE



STATUS OF PROGRAM OUTCOMES



OPERATING MODEL CREATING A SIMPLER, CUSTOMER CENTRIC ORGANISATION



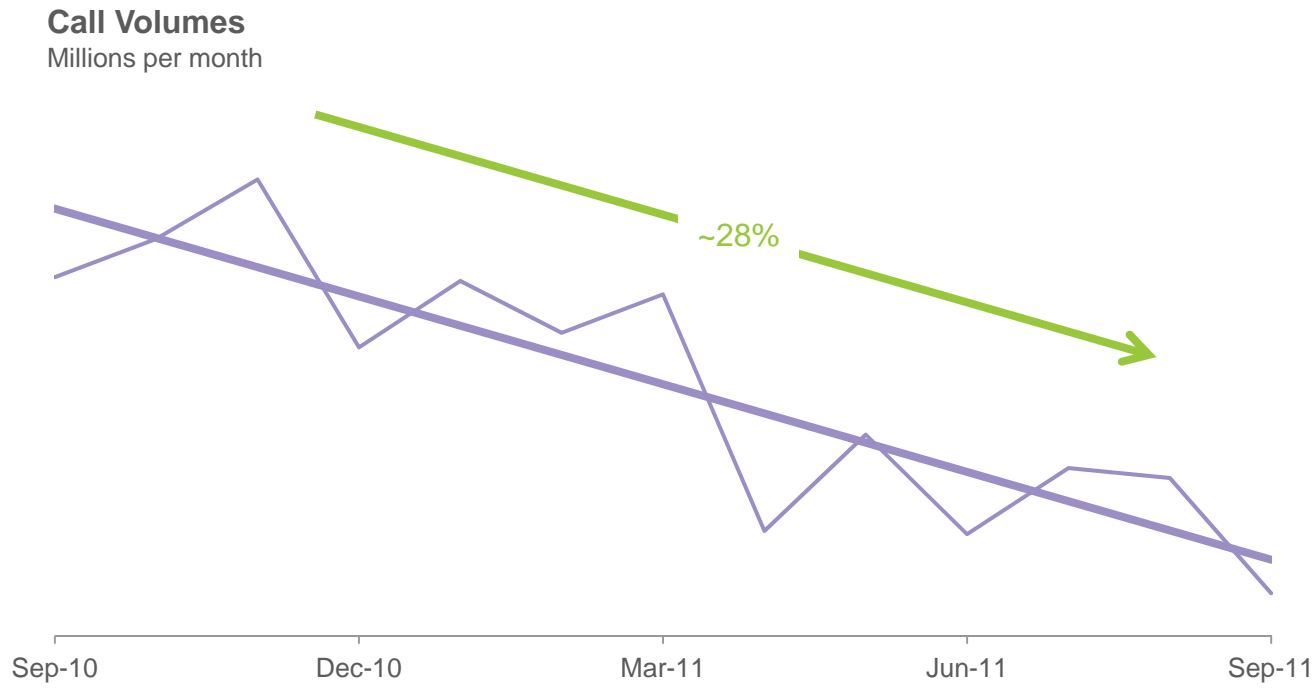
- ✓ Creation of a single Retail customer business unit
- ✓ Marketing, channel management, pricing, innovation, technology, communications and shared services functions streamlined with clear accountabilities
- ✓ Over 25,000 job roles changed
- ✓ Executive head count reduction by ~13%

OPERATING MODEL BETTER LEVERAGING OUR PARTNERS

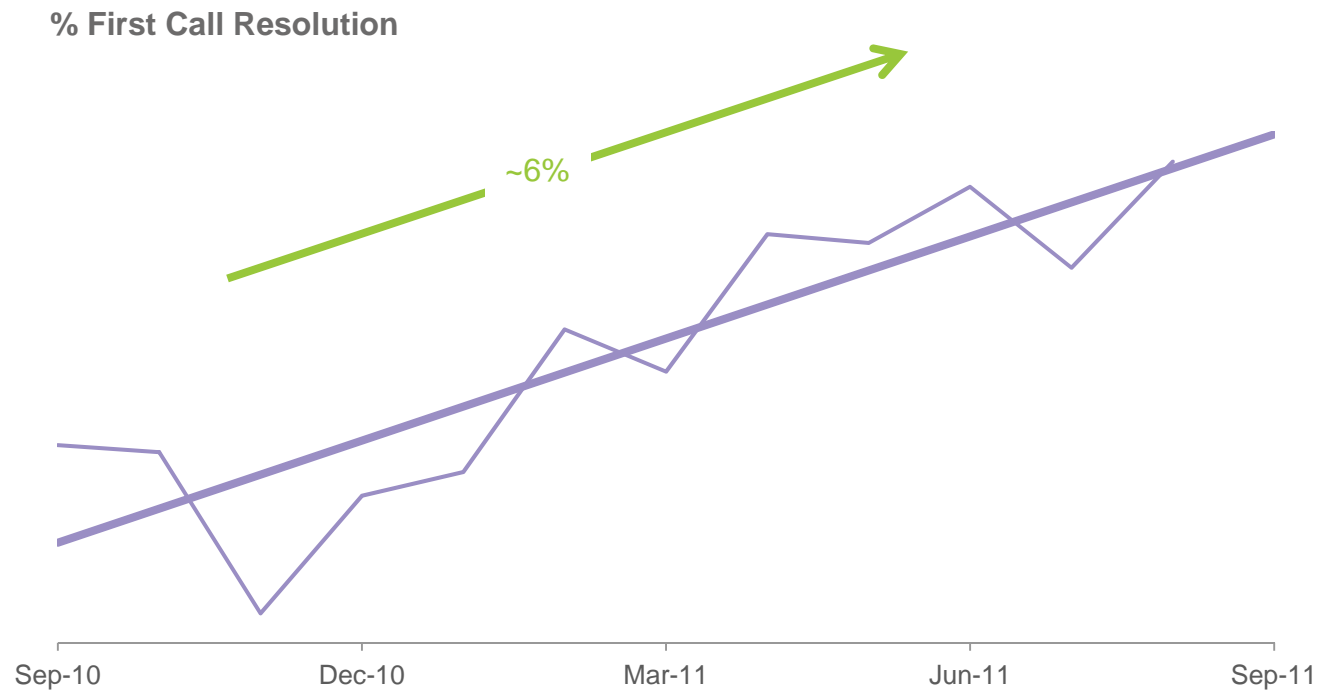


- ✓ Rationalised the number of vendors
- ✓ Optimised strategic relationships with third parties
- ✓ Working cooperatively to achieve ongoing productivity improvements
- ✓ Better engaging with our partners through training and other collaborative activities

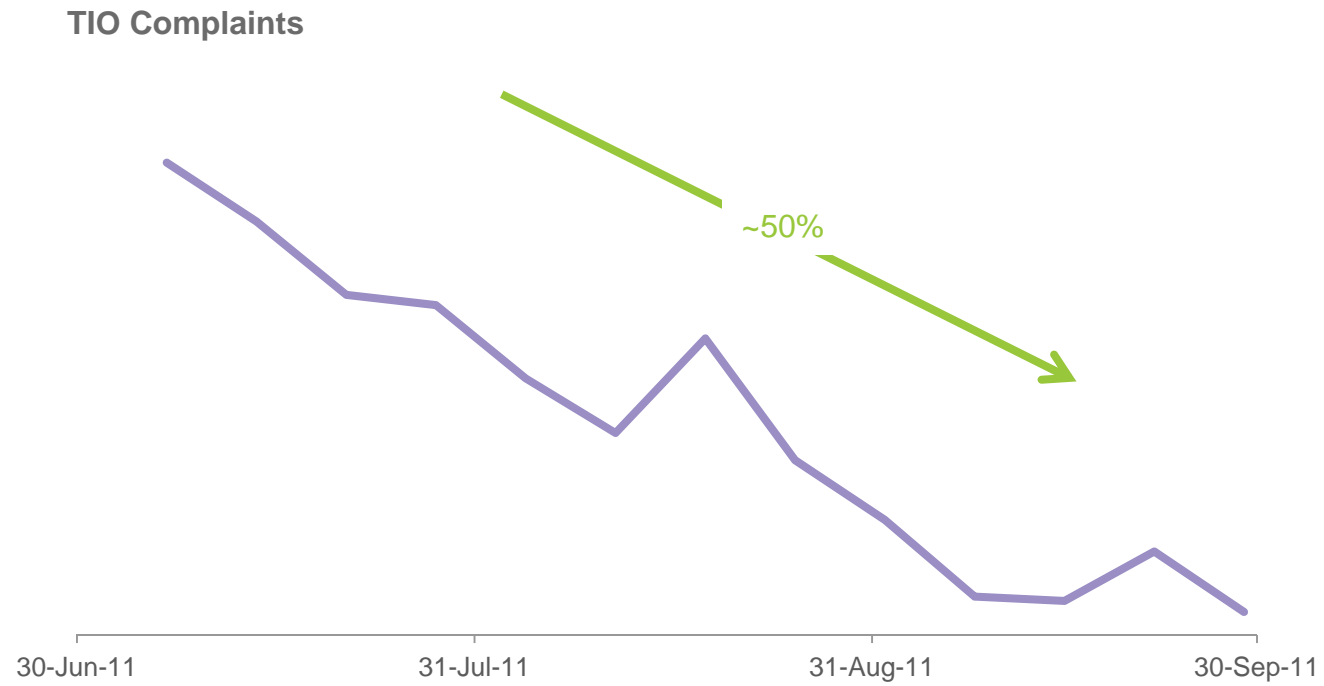
PROCESS AND SYSTEM IMPROVEMENTS

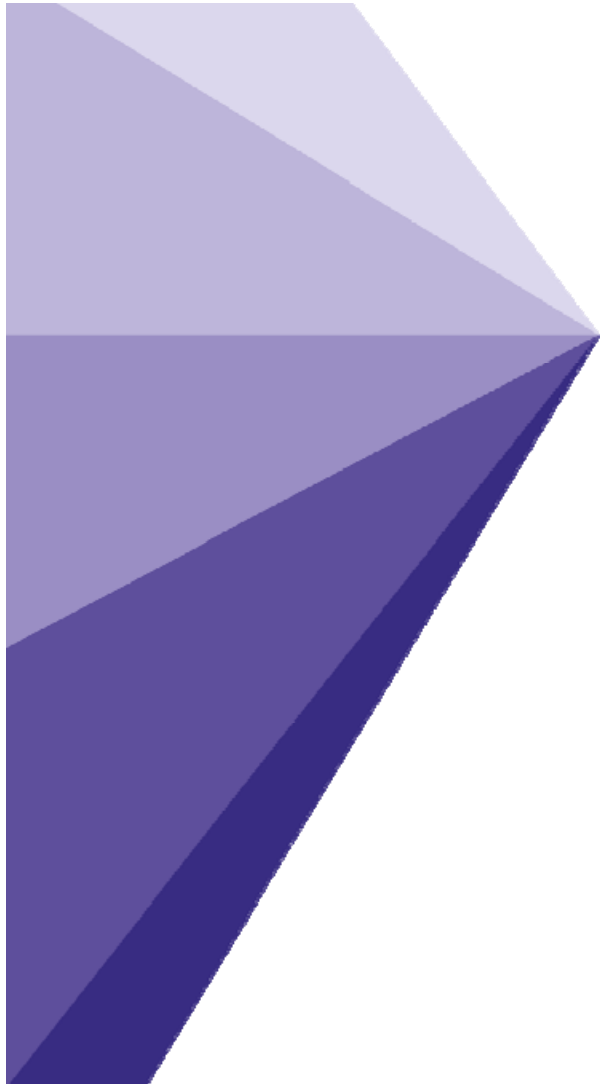


PROCESS AND SYSTEM IMPROVEMENTS



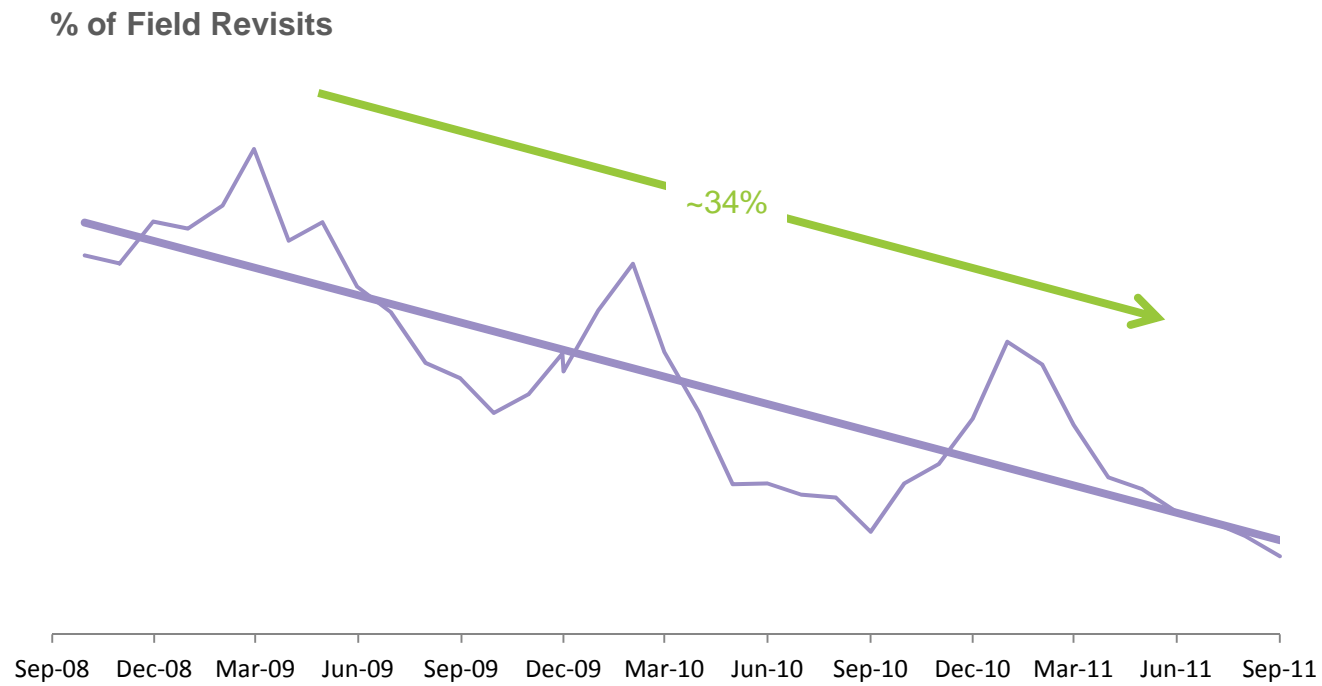
PROCESS AND SYSTEM IMPROVEMENTS





IT'S HOW
WE CONNECT 

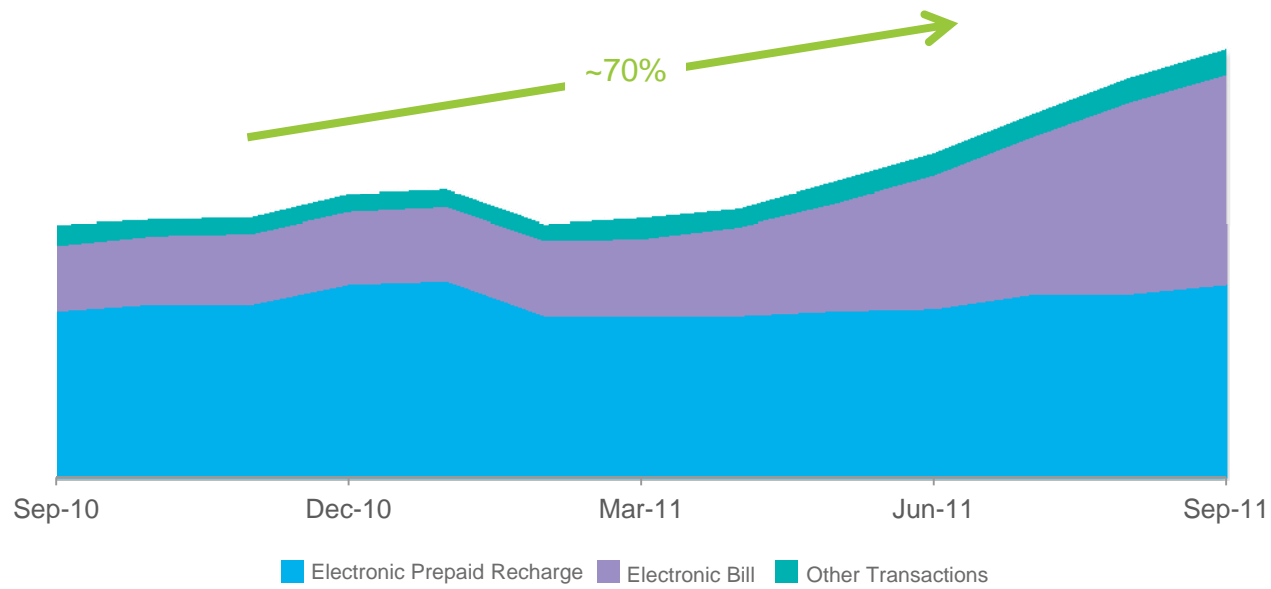
PROCESS AND SYSTEM IMPROVEMENTS



ONLINE PRESENCE



Digital Transactions
Thousands per month



ONLINE PRESENCE



Homepage

IT'S HOW WE CONNECT

ACCOUNT SERVICES
ALL YOUR ONLINE SERVICES IN ONE PLACE

iPhone 4 S Available 14 October

Popular tasks

- Pay a bill
- Request Email Bill
- Manage bills
- Download and print bill
- Change paper bill

Personal Business

Mobiles Home Internet TV

Freedom Connect Plans

- BRING YOUR OWN PHONE \$49/month
- BRING YOUR OWN PHONE \$59/month

Consumer Services

Online Shop

iPhone 5 is now here!

Facebook and Twitter Services

facebook

WELCOME TO TELSTRA CUSTOMER SERVICE

LIVE CHAT SUPPORT REQUEST

Facebook and Twitter Services

CrowdSupport

WELCOME TO TELSTRA CROWDSUPPORT™

How can we help you?

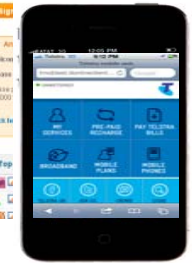
SEARCH

Mobiles Home Internet Bundles Service General Community

CrowdSupport Recent Posts

- FREE ORDERER ON WEEKEND
- iPhone 4S - not order order
- Apple iPhone 4S Online Order (25)
- Android™ (432)
- Apple iPhone (25)
- Orange Mobile (23)
- Orange (17)
- T-Mobile (14)
- Phone & Device (14)

CrowdSupport



Mobile website

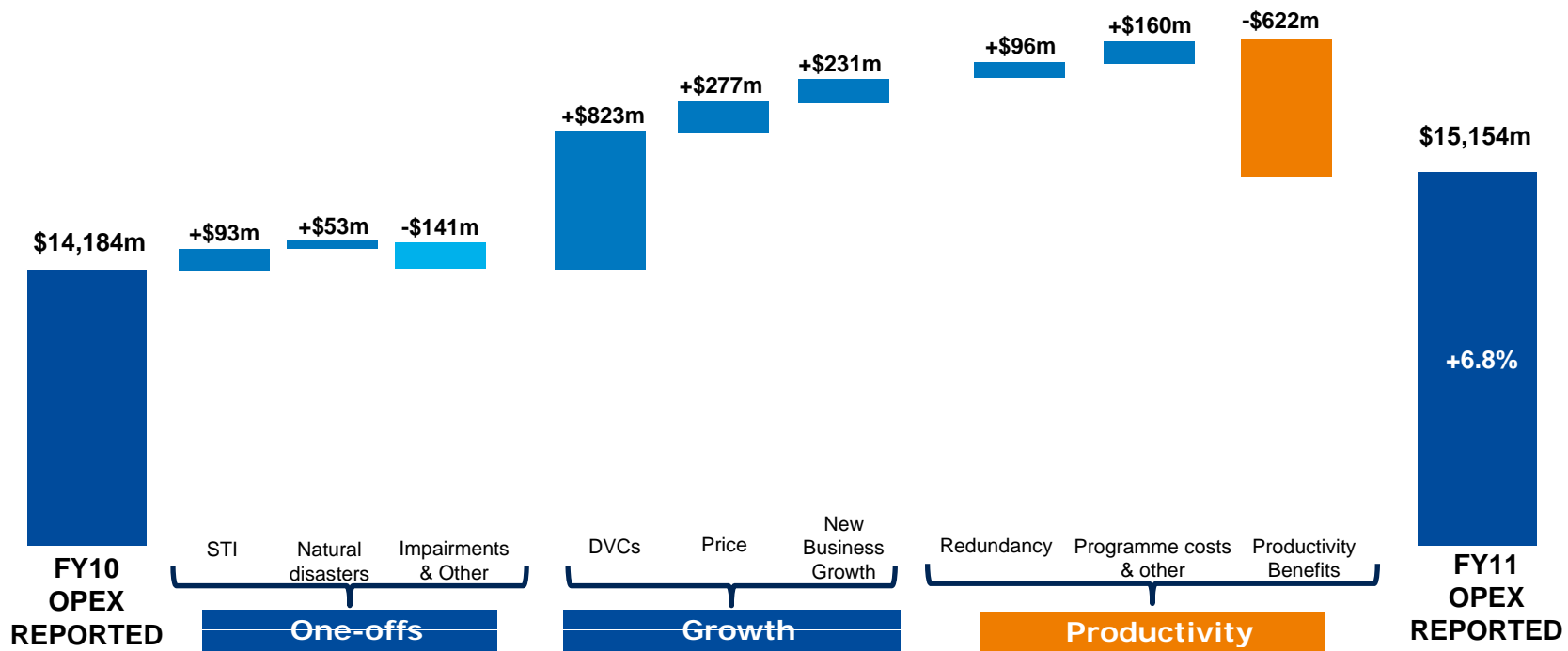
PRICING SIMPLIFICATION DELIVERING GREATER VALUE FOR OUR CUSTOMERS



- ✓ We have refreshed our mobile wireless cap, business and account managed plans
- ✓ We have improved our Fixed and Bundles offer
- ✓ Data allowances have increased at no extra cost for some plans
- ✓ Key nuisance fees and charges have been removed

PRODUCTIVITY

\$622M OF PRODUCTIVITY BENEFITS DELIVERED IN FY11



Source: FY11 End of Year Results CEO/CFO Presentation

CULTURE CHANGE DRIVEN BY THE 'OUR CUSTOMER CONNECTION' PROGRAM



- ✓ 54 OCC sessions have been held engaging over 5,400 people leaders:
 - 23 sessions in Melbourne (2,200+ people)
 - 16 sessions in Sydney (1,500+ people)
 - 6 sessions in the Philippines (800+ people)
 - 9 sessions held with our industry partners (900+ people)

Source: Visualisation created during an OCC session to capture outcomes for participants

FOCUS OF THE SIMPLIFICATION AND CUSTOMER SERVICE PROGRAM GOING FORWARD



EMBEDDING CONTINUOUS IMPROVEMENT

IMPLEMENTING CULTURE CHANGE

SECOND WAVE OF PRODUCTIVITY IMPROVEMENT

EMBEDDING CONTINUOUS IMPROVEMENT



Process Owner Framework		
PREPARE	SERVE	SUPPORT
<ul style="list-style-type: none"> <input type="checkbox"/> Product Management <input type="checkbox"/> Product Development <input type="checkbox"/> Pricing <input type="checkbox"/> Promotions and Advertising <input type="checkbox"/> IT and Network Management 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Order to Activate <input checked="" type="checkbox"/> Assurance <input checked="" type="checkbox"/> Billing <input type="checkbox"/> Explore <input type="checkbox"/> Customer Management 	<ul style="list-style-type: none"> <input type="checkbox"/> Corporate Planning <input type="checkbox"/> Financial and Risk Management <input type="checkbox"/> People Management <input type="checkbox"/> Communications Management <input type="checkbox"/> Enterprise Effectiveness <input type="checkbox"/> Procurement and Partner Management

Implementation underway
 Implementation by end of FY12

IMPLEMENTING CULTURE CHANGE



- Net Promoter Score system implementation
- Sales and service training
- Changing the way we work

SECOND WAVE OF PRODUCTIVITY IMPROVEMENT

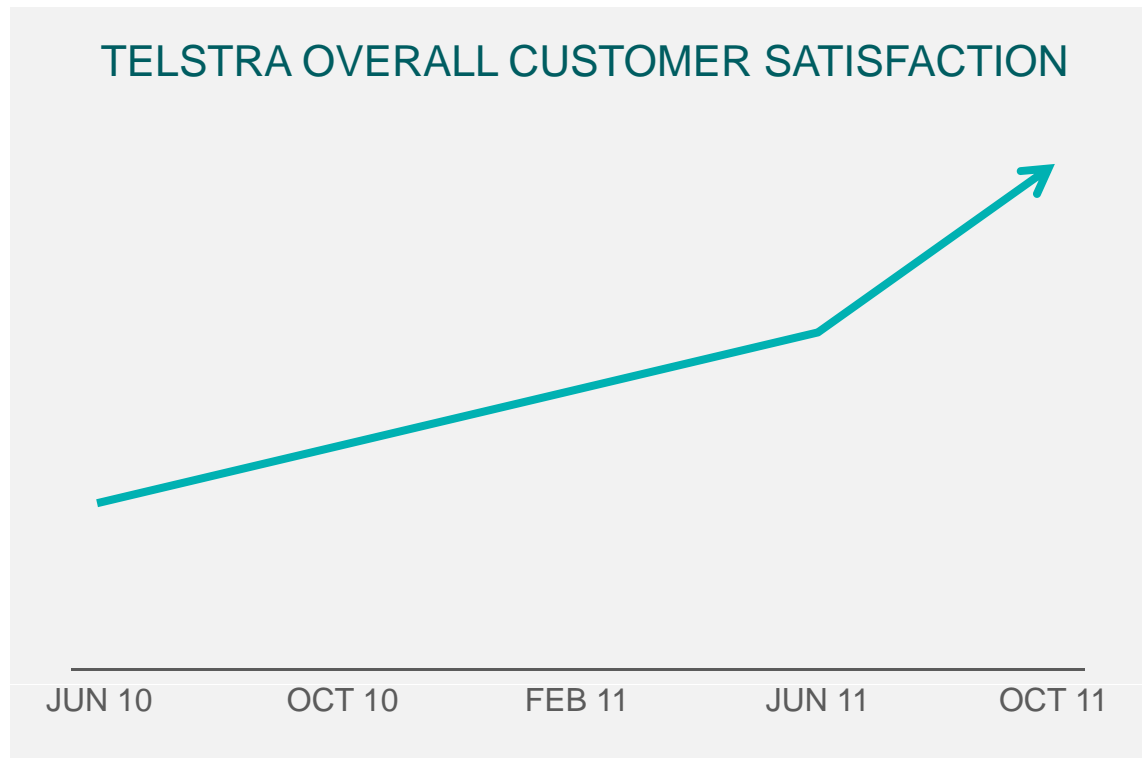


- Focus on capital as well as OPEX
- Broader scope
- Deeper set of changes



GORDON BALLANTYNE
CHIEF CUSTOMER OFFICER

CUSTOMER SATISFACTION IMPROVED MOMENTUM



Home Ultimate Bundle 100GB \$134.90
Includes additional charges of \$4.00

2 Mobile services \$51.21

Account Charges & Credits \$15.62

Account Charges & Credits: \$15.62
Rounding credit of \$0.01

This bill \$201.73

Overdue \$36.11

Total \$237.84
Due by 14 December 2010

A SIMPLE WAY TO PAY

Wire transfer, online pay, Telstra bills online, smart meter / You can pay your bill online by your account number / bill number and your credit card. Visit telstra.com.au/payonline to do so now.

RECAP - LAST YEAR'S KEY BATTLEFIELDS



FIXED FIGHTBACK IN PSTN & FIXED BROADBAND ✓

PSTN & FBB Net Subscriber Growth (SIO) Leveraging our assets to drive Fixed

POSTPAID TAKE SHARE IN POSTPAID MOBILE ✓

Postpaid Mobile (excl WBB) Net Subscriber Growth Improving our Postpaid Value


- More competitive offers
- Improving our cap plans
- Competitive iPhone 4 offers

PREPAID THE CHALLENGER IN PREPAID ✓

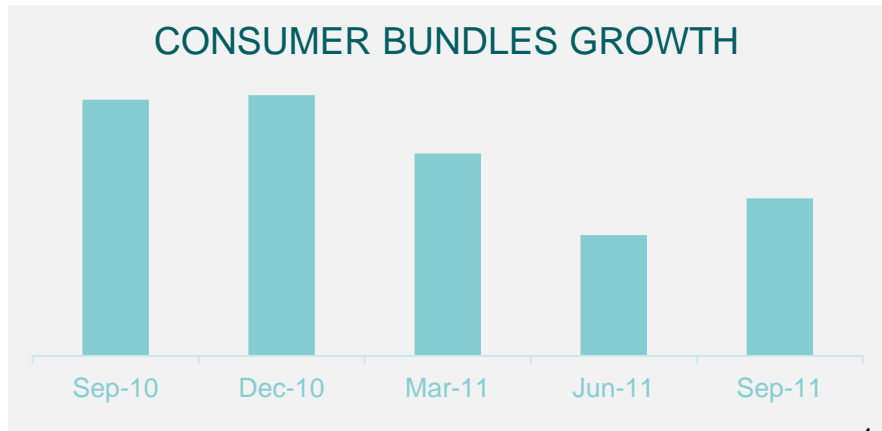
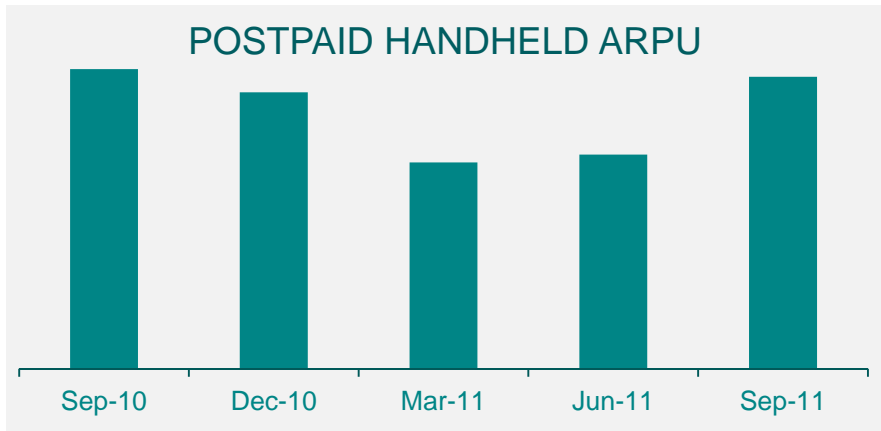
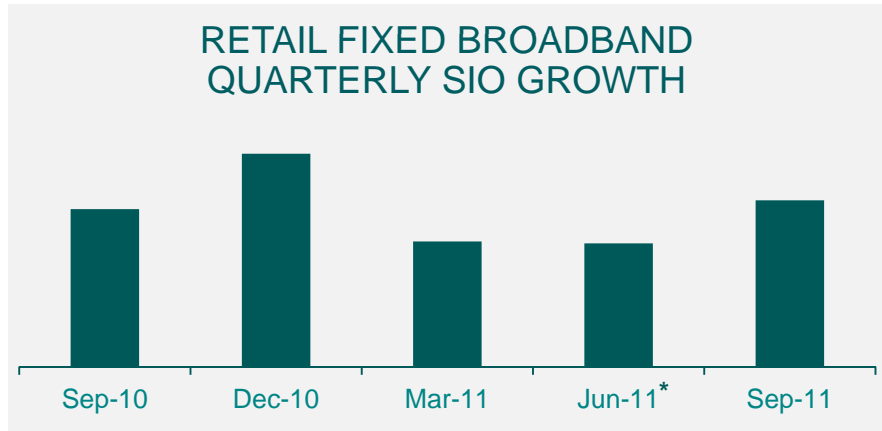
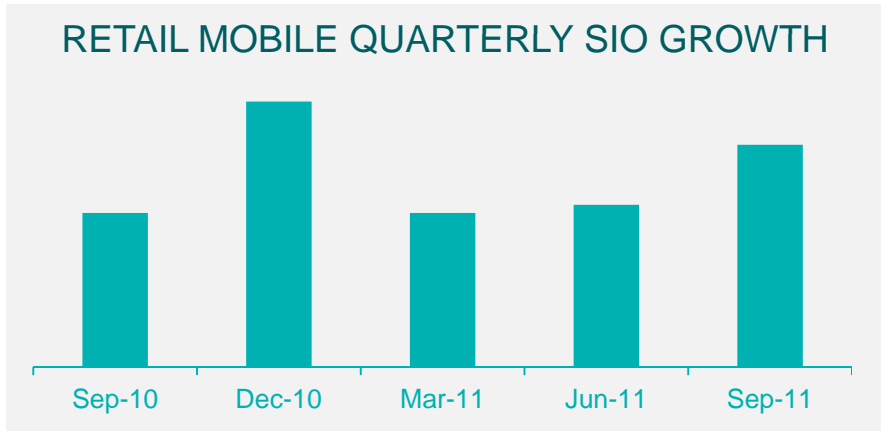
Prepaid Mobiles Market Share

Company	Market Share
Telstra	24%
VHA	36%
Optus	40%

- Low market share, especially in metro
- New offers, competitive pricing
- Prepaid cap offers
- New creative and overhaul of marketing
- Exclusive devices
- Improved distribution

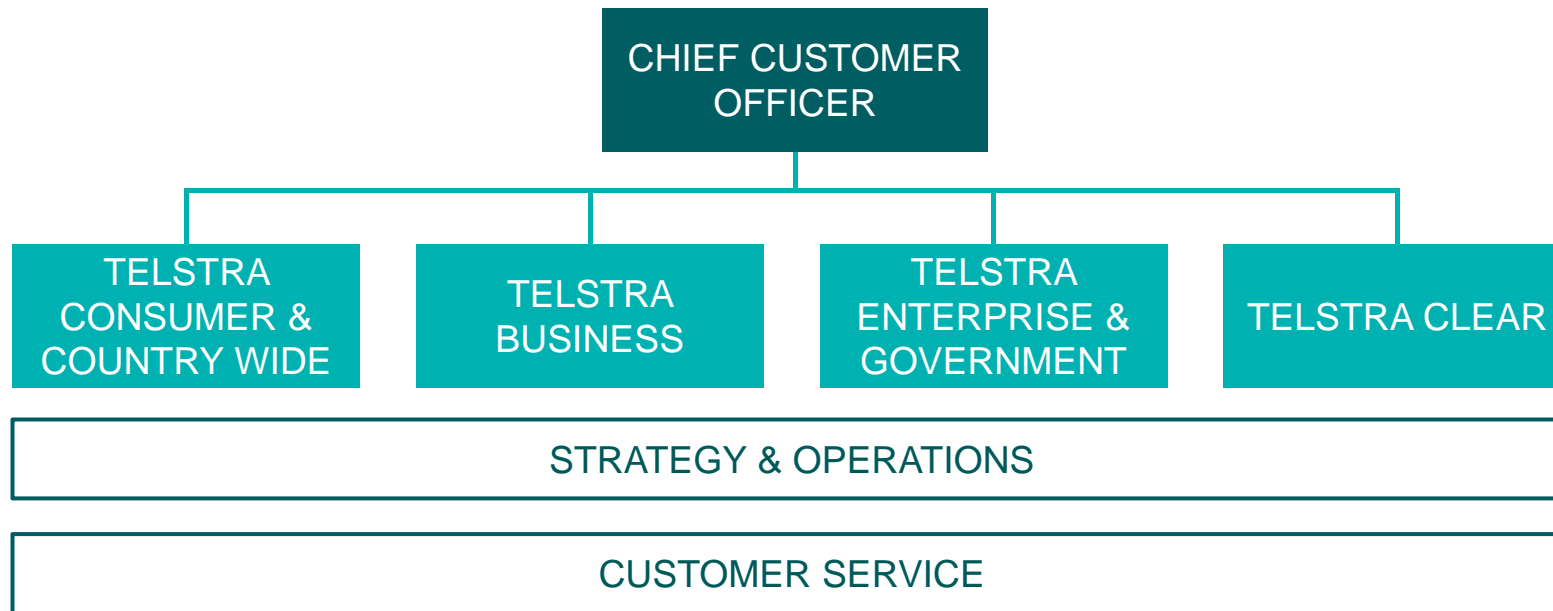


CORE PRODUCT MOMENTUM HAS CARRIED INTO 2012...



* June Q11 excludes the removal of 65k non-revenue generating services from the base

ORGANISING TO WIN



DRIVING VALUE FROM THE DOMESTIC CORE
OUR KEY GROWTH AREAS REMAIN UNCHANGED

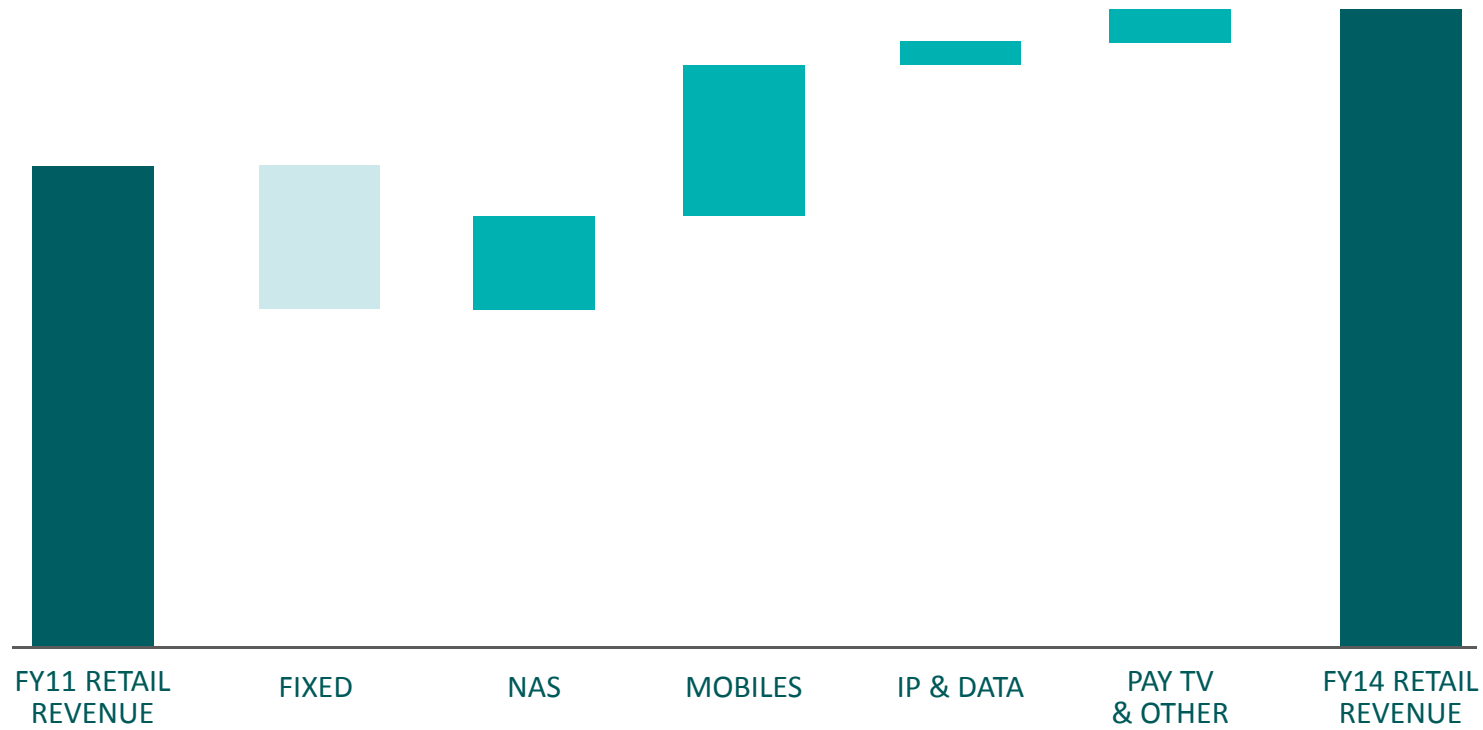


GROW MOBILE

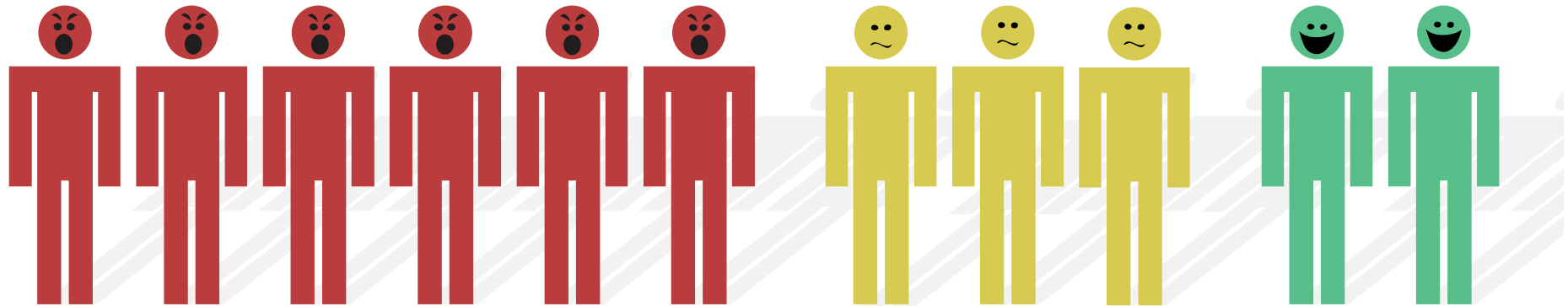
BUNDLES

NAS

DRIVING VALUE FROM THE DOMESTIC CORE



STILL A LONG WAY TO GO WE HAVE MORE DETRACTORS THAN PROMOTERS



Illustrative purposes only

OUR AMBITION

TO CHANGE THE WAY
OUR CUSTOMERS TALK
ABOUT TELSTRA

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

We are making progress

- Over a **quarter of a million customers** have used our **dedicated move team**.
- Following Telstra's announcements of **weekend technician services**, more than 100,000 weekend appointments have been used by our customers.
- We have **reduced the time our FOXTEL customers spend in our IVR so they get to the right place faster**.
- We have **reduced the time our Prepaid mobile customers spend in the IVR** when activating their phone and undertaking recharging.
- Since going to **24 x 7** for sales and service, more than **5 million calls** have been made to us after hours.
- **A dedicated team of specially trained agents** now work with family members to offer **bereavement support**. This is on top of improvements last year i.e., not asking for the customer's mobile handset to be returned and waiving early termination charges. Bereavement complaints have since dropped by 75%.
- As a result of **Telstra.com improvements**, more than **300,000** customers have activated international roaming online and **tens of thousands** of customers have been able to retrieve their PUK or their username or reset their password online.
- Since we **refreshed the BigPond.com online portal in April, traffic to the site has increased by 230,000 visits**. We have also included BigPond Shopping in the new Google Products search service which has increased arrivals to the site by 15%.
- **Telstra Plus Premium Service is a remote access or home visit service to help customers repair, set-up or install a wide range of technologies** and to get the most out of Telstra's products and services. Customers have been ranking the service 4.6 out of 5.
- **Residential home phone** customers can now **report problems with their service online, knowing that their fault request will be processed within 2 hours**.
- Telstra's credit team has made more than **5 million** proactive outbound customer collection calls in 12 months with a focus on keeping our customers connected.
- Through process and network management changes, Telstra made around **4000** ports in high demand areas ADSL capable and more than **2000** customers have connected to previously unavailable ports.
- Enterprise and Government customers can take advantage of software downloads online to restore their devices. **Up to 40% of devices are now restored by customers without the need to send them to the National Repairs Centre**.
- **70% of Enterprise and Government customers now order their mobiles online** reducing the time it takes for them to receive their mobiles from the time they placed the order.

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

What we have done

CONNECTING CUSTOMERS TO THE RIGHT AGENT

- We are **trialing a Voice Call Back (VCB) service for Telstra Business customers that provides them with the option to receive a callback instead of waiting on hold for a customer service agent.**
- Customers will now **hear their estimated wait time when they are on hold** with Telstra.
- Telstra Wholesale has **simplified contact points** into our Wholesale customer operations from 13 numbers, to just a single contact number.

OFFERING FLEXIBILITY - ONLINE & SELF SERVICE OPTIONS

- **Facebook Live Chat and CTS launched** – the team successfully developed and launched the live chat functionality, email forms and CTS on the Telstra Facebook page, opening the next chapter of our customer connection and letting customers interact with us live online!
- Telstra Digital launched the **new mobile version of Telstra.com** which is specially optimised for Smartphones. It offers customers a new 'front door' to Telstra with a selection of the most popular self-service options including My Account, links to social media support, store locator and the ability to book a store appointment via their mobile.
- **Business-to-Business (B2B) Mobiles Ordering**, which was deployed at the end of August, is an important self-serve step for Telstra Business and Telstra Enterprise and Government customers who can now self-manage mobile service orders through their own procurement systems. The B2B platform means no more re-keying by our customers and also provides a platform for future expansion.
- **Customers can now log into the My Plan Manager interface using their compatible mobile handset** and conveniently monitor data usage, add a mobile data pack, check International Roaming status, and purchase an International Roaming data pack – even from abroad.
- **We have launched our Telstra Business online shop.** Our business customers now have the ability to **browse, filter and compare our range of available plans and handsets** at the click of a button. They can then **select plans and handsets, make changes to services** such as international roaming or message bank, **and submit their order** to our sales team supporting all our online initiatives for these customers.
- **Telstra.com homepage has been made easy for customers to find information.** The new design and improved navigation has also made the most relevant links more prominent for customers, including viewing and paying bills links.
- Customers can **troubleshoot BigPond issues via Live Chat** with technical support agents in real-time including password reset, email setup and troubleshooting enquiries.
- Business customers can now **search for their nearest Telstra Business Centre and book appointments online** via the **Online Business Centre finder**. We have also improved other online service capabilities to include access to online billing, live chat and the Mobile Data usage Meter.
- **It's easier for our customers to purchase Browsing Packs via their mobile** phone or iPhone: directly from their handsets without having to call us. It's at My tab (on the Telstra WAP portal or on the Telstra iPhone application), or by typing m.telstra.com/data into their phone browser.

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

ENHANCING THE BIGPOND EXPERIENCE

- **BigPond** is delivering more content across a range of devices, with a **new capability** called the **Aggregator** which enables cross media channel links, allowing customers to have visibility of new content and offers that they may not have discovered which is aligned with their lifestyle needs.
- **BigPond Shopping is now available on Smart Phones and tablets**, so that customers shop wherever and whenever they want without having to be in front of their PC or carry around their laptop.
- **T Box & IPTV** - a new channel was launched on the T-Box called BigPond Live (channel number 919). This channel is for Telstra sponsored events, like the AGM, so customers and shareholders who have a T-Box know where to go to watch it. On the day of the AGM, a promotional tile appeared on the T-Box main menu to inform T-Box customers that the AGM was being covered and to make it easy for them to find.
- Telstra Media **launched the T-Box remote control application** for selected iPhone and Android devices which **enables customers to use their iPhones and Android phones as a T-Box remote control**.
- Based on customer feedback BigPond has launched:
 - **Kampyle customer feedback tool** to the Mobile games WAP portal.
 - **Mobile Games Customer Survey** which received more than 2000 responses and prompted several user interface improvements, and
 - BigPond Games Online is the **first ISP to offer 'Battlefield 3' beta files** for unmetered, pre-download, prior to the official launch and customers have made over 50,000 downloads
- We have introduced **T-Bill** to allow BigPond.com customers to **pay for their online game sessions and subscriptions more quickly and easily online**.
- We have introduced the **Media Downloader on BigPond.com** so customers can **download multiple albums and/or tracks to their iTunes or Windows Media Player library in one step**, replacing the previous four step process.
- Customers who submit a **product or delivery enquiry on the BigPond online shopping site are now contacted by phone within 1 hour**.

ENHANCING THE IN-STORE EXPERIENCE

- Based on customer and staff feedback we have **improved our Personal Shopping service** which allows customers to book in-store appointments online with a dedicated store member at a time that suits them. Customers can now provide us with more details about their query and add extra comments pertinent to the reason for their visit. Our staff can also now book an appointment for a customer without a three hour lead-time restriction. They can also book an appointment at our Tech Bars whose specialists will simply and clearly explain the features of Telstra products and services.
- Telstra store agents can now **transfer data and contacts from a customer's old mobile phone to their new mobile phone securely** so that they can leave the store using their new device.
- The roll-out of **new and refurbished Telstra Stores** is providing customers with state-of-the-art access to our products and services in a live environment, enabling customers to try before they buy. We now have more than more than **300** stores across Australia. **Using the Store Locator, customers are also able to locate their nearest Telstra store**.

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

- In addition, Telstra Business Centres now manage the account relationship with small business customers in their area, providing a local presence and contact for surrounding businesses. **We now have more than 80 business centres across Australia and 210 accredited business partners.**
- To make purchasing Telstra products easier, a **Buy Online, Collect in Store service** has been introduced.

SIMPLIFYING OUR BILLS AND PAYMENT OPTIONS

- We **launched a new consumer bill format** which is much simpler and clearer for customers to understand their charges.
- Credit Management is sending Telstra customers an **SMS reminder on the day they request to pay their overdue account**. This SMS reminder is proving to be very effective in ensuring that our customers pay on the day they committed to and remain connected to Telstra.
- A specialised team **proactively contacts customers with high pre-bill mobile and home phone usage charges** to notify them of their increased usage and prevent bill shock.
- We've **updated 140 product and service descriptions for customer bills to provide a simpler, consistent experience for customers**. We've also launched the **Mobiles Bill Explainer** video on the **Telstra KnowHow YouTube channel** to help our people address customer enquiries.
- Telstra has launched **PDF versions of consumer and business bills**: Many consumer customers and small business customers can have their bills sent to any email address, store their bills on their computer and print them when required.
- **Wholesale customer billing**: Turnaround times for complex billing customer enquiries have reduced by one-third and new customers can review their first invoice with one of our billing experts so issues are resolved upfront. In response to customer feedback, bill payment options for Wholesale customers have also been extended to **include payment by credit card**.
- We have introduced additional steps to contact customers in the Credit Management process that will **help us avoid disconnecting customer services because of an overdue account**. For example, we are making additional calls in the evening and on Saturdays for customers that we can't reach during the day.
- For customers experiencing difficulties paying their bills, trained agents now have greater authority to assist customers on the spot who may need an extension of time to pay. By using improved **self-service options, customers can** also arrange to **extend their pay by date at a time that suits them - 24/7** - without the need to speak to a agent.

RESOLVING CUSTOMER ISSUES

- We have introduced a **guided diagnostic tool** to ensure T-Hub, T-Box and Wireless consultants are better **equipped to work through common customer issues** for these devices without having to seek information.
- Telstra now has **more front-line people dedicated to complaint handling** and they can be contacted by calling 13 22 00 or business customers, 13 20 00 and saying 'complaint' to the voice prompt. **Better complaint management standards have been set across the business**: to acknowledge each complaint within 24 hours and resolve or have an action plan communicated with our customer within **five working days**. These are much **faster timeframes than the industry code**.

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

- Telstra Wholesale has introduced an **enhanced fault escalation service**, offering customers a **one-step fault escalation service** instead of the previous three-step process. A dedicated team of service experts are on the job 24 hours a day, seven days a week.
- **LogMeIn Rescue** is a customer service tool, providing Telstra helpdesk agents with remote access to customers' computers (PC and Mac) - and some Smartphones - to diagnose and fix common technical support issues.

KEEPING CUSTOMERS INFORMED

- Customers are provided with a one page **My Offer Summary** in store which can now be automatically generated by our system, making it much easier for our consultants to produce it and provide it to our customers. My Offer Summary provides the customer with clarity on **inclusions and exclusions on their plan, call and data charges, billing information and tips to check usage**. The My Offer Summary continues to be included in welcome packs and can also be downloaded from Telstra.com.
- The Service Delivery Customer Care team now **proactively contacts customers** who have had a faulty service for more than four days to provide them with **regular updates while the fault is being rectified**. The team has case managed or monitored over **28,000** customers since launch in November 2010.
- Consultants in **Enterprise and Government** now have access to **Google Maps** to enable them to manage customer requests more efficiently **by eliminating errors associated with incorrect addresses** and avoiding potential delivery issues due to geographic constraints.
- The **Telstra Facebook customer support tab** gives customers **information about how they can get in touch with us easily** including calling us 24/7 for sales and support service, viewing our online videos on the Telstra KnowHow channel, or using our Twitter customer support service.
- **We have introduced the International Roaming pocket guide to help customers manage their International Roaming data costs** when travelling overseas. An **International Roaming video** is also available on the **KnowHow YouTube channel** to assist customers.

MAKING THINGS MORE SIMPLE AND EASY FOR CUSTOMERS

- The **Tradingpost.com.au** has made it easier for buyers to contact sellers by adding an **email contact form** to private advertiser listings.
- A new category has been created in Tradingpost.com.au specifically for rescued animals, **buyers can now search for pets from RSPCA**.
- **Tradingpost.com.au** has launched a weekly email to private customers that **provides a snapshot of how their ad is performing** as well as tips on how to improve their ad views and ad performance.
- Based on customer feedback, we have changed the **presentation of the search results page so that it boosts private ads as soon as they are listed on the Trading Post online site**.
- Customers can now **list items on the Tradingpost.com.au website over the phone**.

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

BETTER VALUE

- Telstra launched the **\$0 ADSL Home Network Gateway device offer for our Consumer customers who connect to a new bundle or broadband service to provide a faster internet service** from multiple locations within their home.
- Telstra launched the **\$100 Bonus on Caps offer which provides customers with \$100 worth of bonus call value** when they activate and recharge \$30 or more each month for the first 3 months after they join us.
- **Telstra Plus Premium Service is now included in our 500GB Telstra Bundle plans. Customers will receive a proactive outbound call within the first 30 days** to ensure that they are happy with the service.
- **Trading Post has launched an online advertising bundle** targeting high value customers who commit to advertising for a 12 month period. The package includes a custom designed website plus the Trading Post inventory product for a low weekly fee.
- The Telstra **Complete Home Bundles offer double the broadband data usage allowance** of our previous bundles at no extra cost. Telstra bundles give consumer and business customers discounts when they use a number of our services.
- **FOXTEL on T-Box is now available** to selected BigPond Cable or Velocity customers in metropolitan areas where FOXTEL subscription services are already available.
- The **Ultimate Mobile Wi-Fi device makes it easy for customers to connect up to five Wi-Fi-enabled devices** simultaneously at speeds up to four times faster than currently achievable using similar competitor 3G Wi-Fi hotspot products in capital CBDs and selected regional areas.
- We're currently piloting **Telstra Digital Business plans which offer a new way for businesses to make the switch to integrated communications** by combining features like fast, business-grade fixed broadband, IP telephony, mobility, cloud computing and remote working solutions.
- The Freedom **Connect mobile plans** continue to offer the most popular price points from Telstra's Next G cap plans but with extra call inclusions, a larger data inclusion on our high usage \$99 plan and a new \$59 offer with generous call and data value.
- The **Business Mobile Maximiser mobile plans** give greater value to small businesses with increased monthly call, SMS and data allowances. We have also simplified the range of Business mobile plans over the last 12 months to make it easier for our business customers to decide which plan is best suited to their needs.
- Telstra has introduced **price capping** on new Telstra Business Broadband plans to **protect customers from bill shock** due to unplanned high data usage.
- **Business customers can now back up their data securely on Telstra servers** for as little as \$6.95 per user per month for 12 months, just one of our range of Telstra T-Suite services.
- Telstra introduced **greater value fixed and wireless broadband pricing** and increased data allowances and browsing packs for consumer customers. Excess usage charges have been removed from most plans.
- Telstra now offers data solutions for **Wholesale Business Access** services which are supported by a single contract, simplified pricing, as well as streamlined quoting, ordering and billing processes.
- **Customers can call Telstra for Free:** Calls to our key service and support numbers from a Telstra service in Australia are free.

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

- Telstra customers can now have up to **15 additional BigPond email addresses per account**.
- **Telstra offers a virtual account manager service** for Australia's small business customers, such as small printing firms, where we proactively call them to ensure they are satisfied with the service they're getting from us.
- The **Telstra T-Hub** is more than just a home phone. Customers can access Internet favourites, and YouTube, send SMS, update their calendar and address book and view their photos and videos. Customers can also now send and receive email from their T-Hub.

LISTENING TO CUSTOMERS

- We have **introduced a Voice of the Customer survey for our Prepaid, Telstra Plus and Wholesale assurance customers** to allow customers with the opportunity to provide us feedback.
- Telstra has made **calls from mobile phones to the 'Lifeline' 24-hour crisis support service free**.
- Telstra designed the **new EasyTouch mobile phone** with older Australians in mind. The mobile phone features a **quick access switch on the back of the phone, which activates the speaker phone and dials their preferred phone number**. At the same time, it will send a SMS message to four pre-programmed numbers, so seniors can simultaneously contact friends and family.
- **Telstra Business customers** who have signed up to a new Telstra mobile or broadband service, have moved premises or are switching their fixed line service to Telstra **now receive a call once their service is activated to answer any questions they might have about their service or bill**.
- **CTS (Customer Transaction Survey) Live** gives customers the opportunity straight after their call, to rate their overall satisfaction and leave comments regarding **the quality of service received**. Customers who tell us that their issue has not been resolved and give us a low satisfaction score of 1-3 are invited to immediately **have their call delivered to a specialist agent**. Results show the likelihood to call back again has reduced significantly.

ENGAGING EMPLOYEES

- **TCW has launched RESOLVE**, the framework in which our TCW Central Support Groups will manage issues and ideas raised by TCW staff, providing a framework to collectively capture, investigate, resolve and communicate process improvements and issue resolution.
- We launched the **TCW-Retail School of Excellence that delivers learning pathways to improve staff competency and capability** to provide a good customer experience. The program has also significantly reduced attrition rates among retail staff.
- **120 Telstra Enterprise and Government Service Managers have been awarded the Diploma in Business Relationship Management** by the Customer Service Institute of Australia (CSIA), an industry first.
- **Telstra Wholesale** has now achieved certification against International Customer Service Standard (ICSS), with **all staff trained in customer service excellence**.
- Telstra has a cross-company, staff ideas forum - **T[ideas]** where employees can put forward ideas about how to improve customer service and satisfaction. To date, around **4,200** ideas have been presented by staff with more than 500 actioned or progressed, as part of the customer service initiatives.

TELSTRA IS CHANGING

What we are doing to improve customer satisfaction

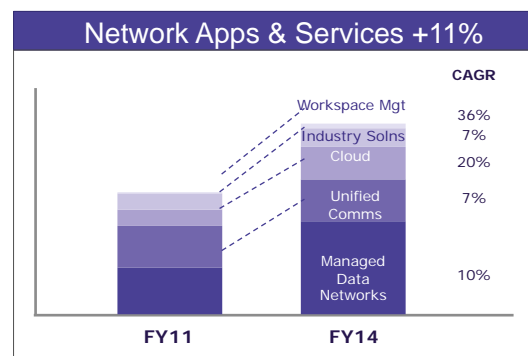
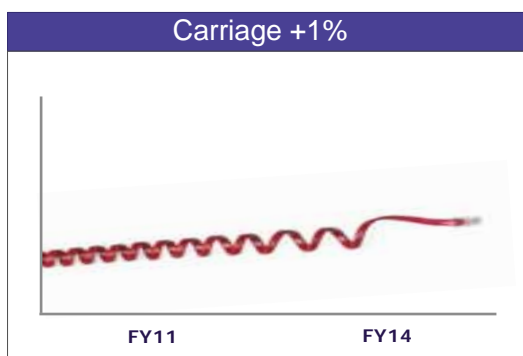
- **Telstra staff have been provided with a direct way** to help resolve service issues for friends, colleagues or acquaintances through the Telstra Employee Referral process.

REALISING THE NETWORK APPLICATIONS & SERVICES OPPORTUNITY

BRENDON RILEY, CHIEF OPERATIONS OFFICER
 PHILIP JONES, EXECUTIVE DIRECTOR, DIPNAS
 PAUL MCMANUS, EXECUTIVE DIRECTOR, NAS



THERE IS ROOM TO GROW OUR MARKET



Leveraging our share in carriage into network applications and services

* Source: IDC, 2011

TELSTRA'S VALUE PROPOSITION & DIFFERENTIATION

IT'S HOW WE CONNECT 

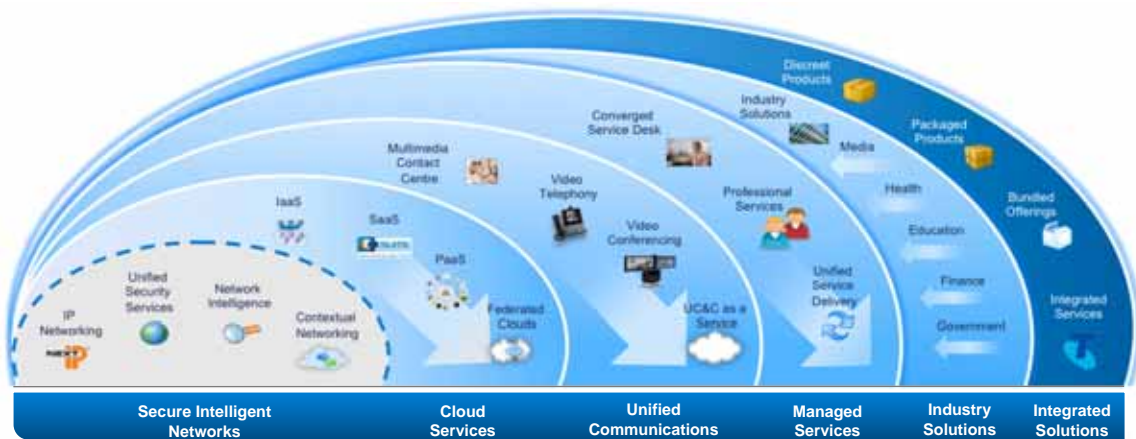


TELSTRA TEMPLATE AND BLUE BETA TELSTRA

3

OUR PRODUCT STRATEGY AND ROADMAP

IT'S HOW WE CONNECT 

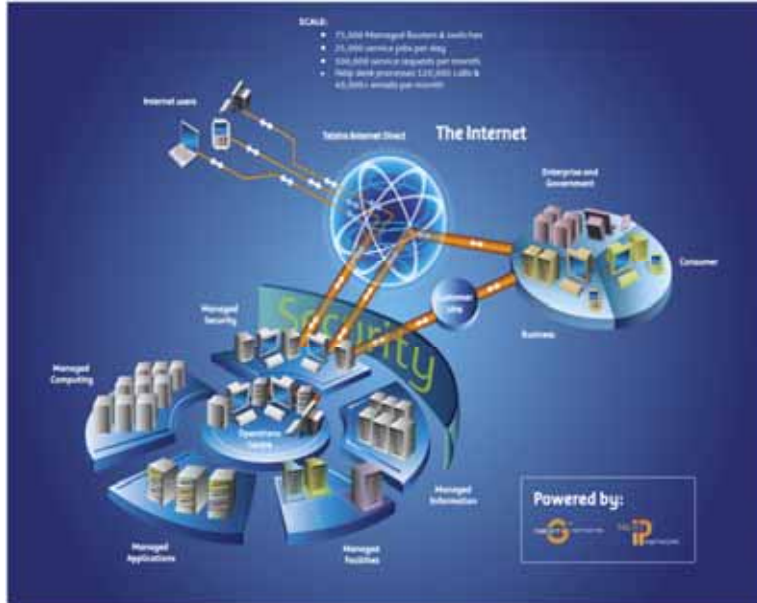


Integrating apps and services within the network to deliver connected solutions

4

UNMATCHED FUNCTIONAL CAPABILITY

IT'S HOW WE CONNECT 



Skilled and competent people



Accreditations, practices and tools



World-class facilities

Global Operations Centre



Managed Network Operations Centre



Hong Kong NOC



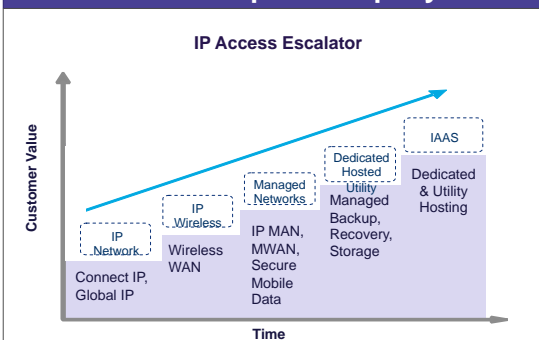
Telstra Security Operations Centre



TELSTRA'S RESOURCES ENABLES CUSTOMERS TO FUTURE PROOF THEIR IP ENVIRONMENTS

IT'S HOW WE CONNECT 

ASX top 50 company



Impact for Telstra

- Double digit carriage growth & single digit services growth in 1st year, increasing in future years
- New opportunities for applications and services across our next IP deployment are materialising

The relationship escalator

- Telstra took over the IP Network migrating over 1000 sites. Network management of over 3,500 switches and routers.
- Now providing secure remote access for over 3000 users and supports over 3000 mobile and wireless devices
- Working to deliver Wireless LAN, IP telephony and UC and contact centre environment

Solving the customer's pain points

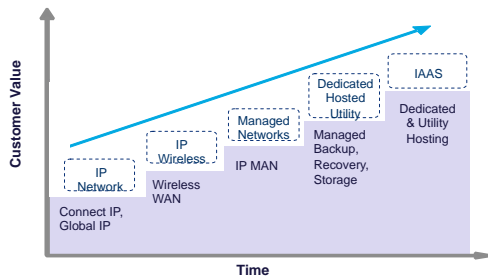
- Single point of accountability for telecommunications – voice, data & equipment
- Simplified operational environment and converged future proof IP platform

CUSTOMERS ARE INCREASING THEIR NAS SOLUTION SUITE

IT'S HOW WE CONNECT 



AVL Solution Escalator

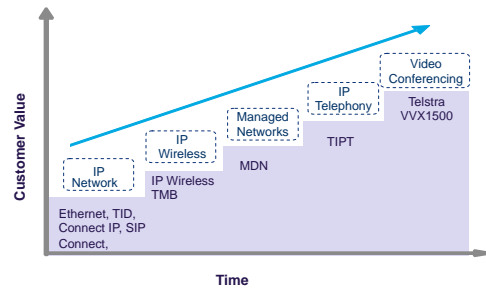


Customer Benefits

- 58% increase in service levels to AVL's major wholesale customers
- Business agility that supports their production cycles

TELSTRA TEMPLATE AND BLUE BETA | TELSPYVA

Signet Solution Escalator



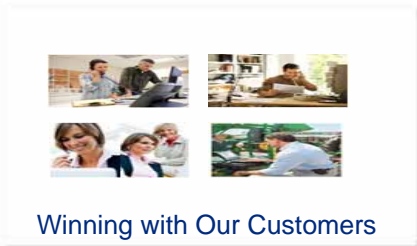
Customer Benefits

- Video conferencing has shaved a third from the travel budget
- Estimated extra 2000 hours a month from improved connectivity, speed & reliability

7

WE ARE EXECUTING OUR NAS STRATEGY

IT'S HOW WE CONNECT 



Continually building offers and capability to evolve with our Customers

8

TELSTRA TEMPLATE AND BLUE BETA | TELSPYVA



DELIVERING SERVICES TO A CONNECTED HOME

HUGH BRADLOW
CHIEF TECHNOLOGY OFFICER

IT'S HOW WE CONNECT 

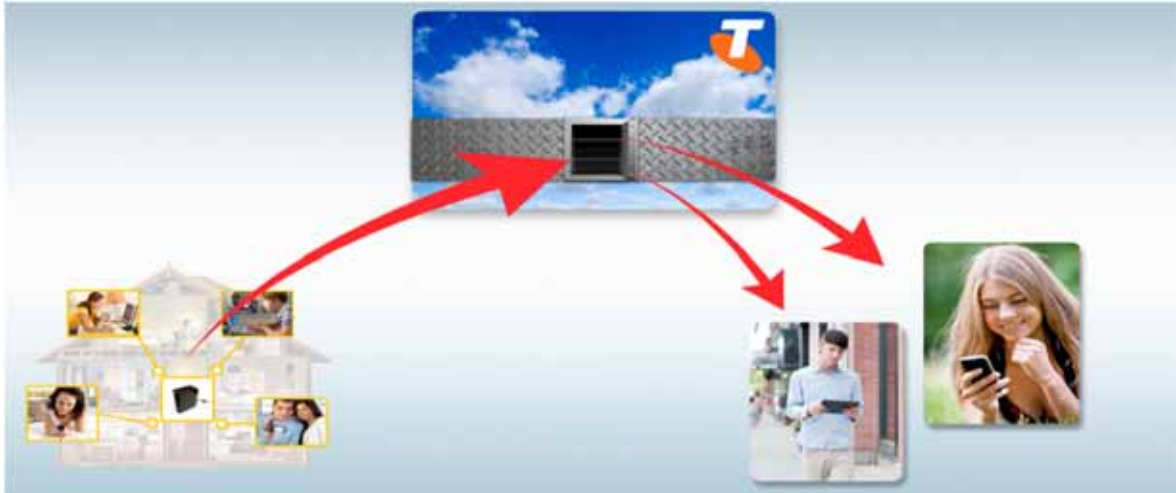
CONNECTED HOME

IT'S HOW WE CONNECT 



- Information Storage & Retrieval
- Monitoring & Automation
- Communication
- Entertainment

INFORMATION STORAGE & RETRIEVAL CONTENT ON MULTIPLE DEVICES



COMMUNICATION NEXT GENERATION CALLING



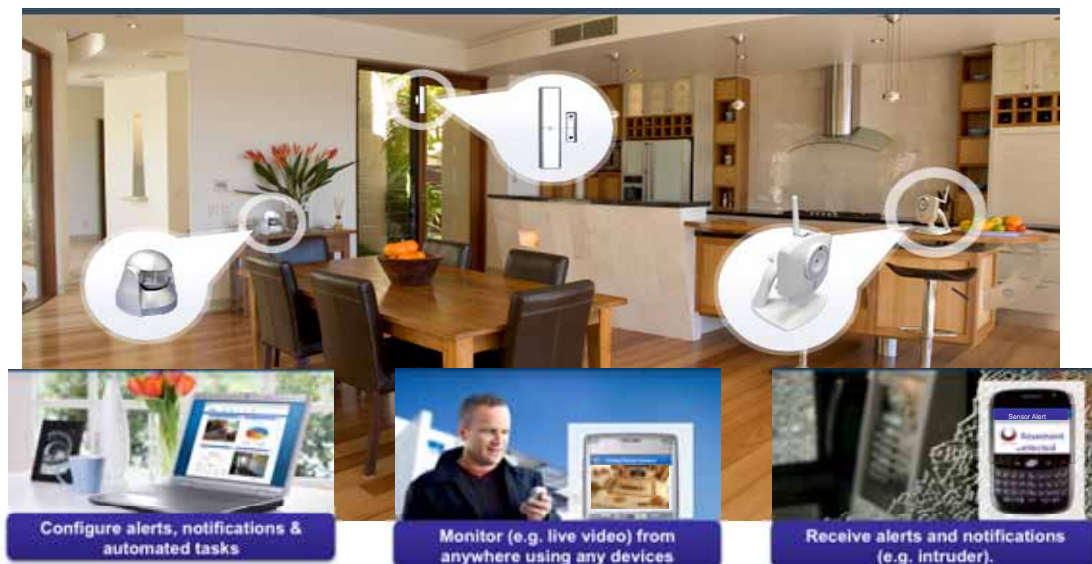
ENTERTAINMENT CONVENIENT & SOCIAL

IT'S HOW
WE CONNECT 



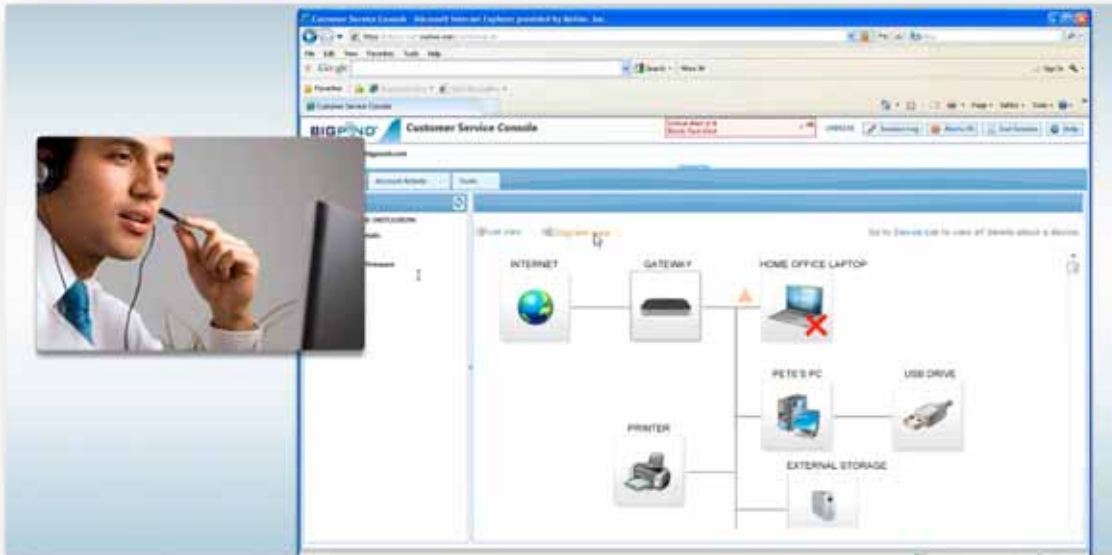
MONITORING & ALARMING TELSTRA INNOVATION PROJECT – HOME MONITORING

IT'S HOW
WE CONNECT 



SERVICE DELIVERY & SUPPORT

REMOTE AGENT HELP





NOVEMBER 2011 INVESTOR DAY TELSTRA MOBILE

MIKE WRIGHT & WARWICK BRAY



TELSTRA & AUSTRALIA'S NUMBER ONE MOBILE NETWORK ENGINEERED FOR DATA



**NEXT G® : SINGLE NATIONAL HYBRID HSPA/LTE
WBB NETWORK**

**COVERAGE TO OVER 2.1 MILLION SQ KM AND
OVER 99% OF POPULATION**

**SINGLE ALL IP CORE FOR SIMPLE TRAFFIC
MANAGEMENT AND MIGRATIONS**

WORLDS FIRST TRIPLE ACCESS CORE

**ALL IP TRANSPORT, TRFO REMOVED CIRCUIT
CALLING & ENABLED WORLD'S LARGEST HD-
VOICE FOOTPRINT**

**POLICY CONTROL ENABLER FOR VALUE BASED
DIFFERENTIATION**

OVER 85% OF CUSTOMERS NOW ON 3G

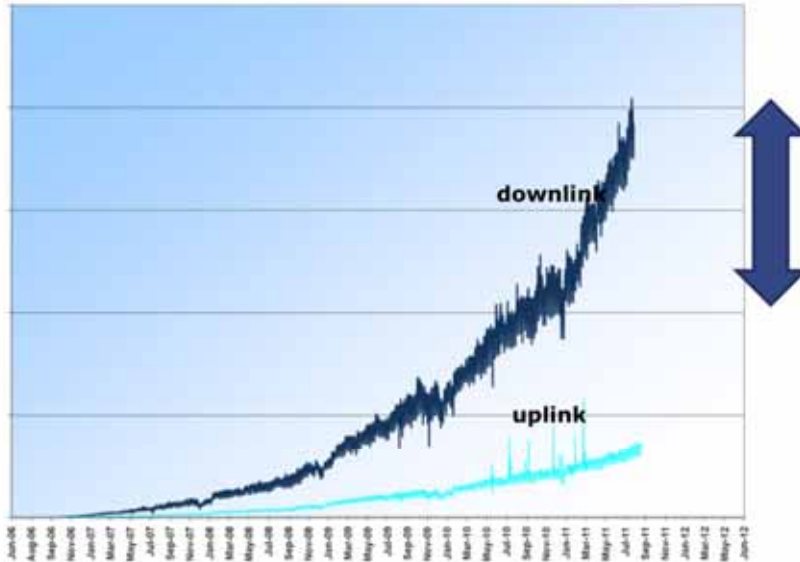
NO INVESTMENT IN 2G CAPACITY ~ 4 YEARS

ENABLER FOR REFORMING TO LTE 1800

DEMAND GROWTH CHALLENGES ARE SIMILAR TO MANY OTHER OPERATORS



Busy hour data throughput doubling every 12 months



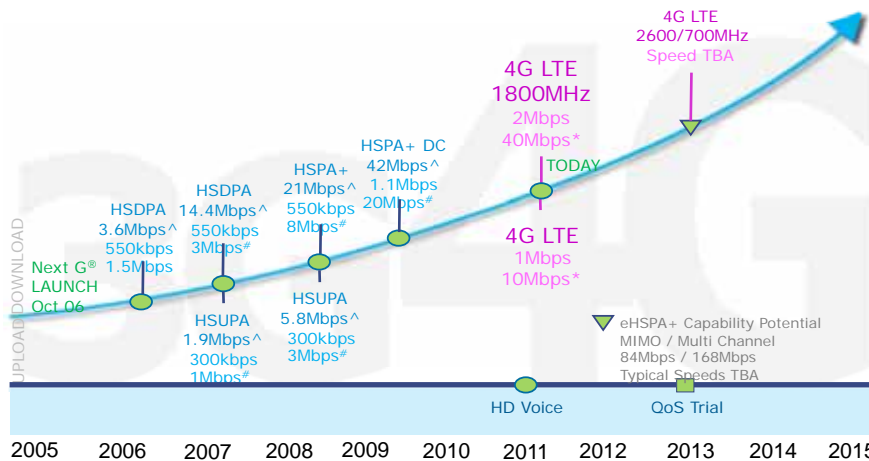
Leveraging our Technology Roadmap TODAY to manage demand and maintain user experience

Looking to the future

- ongoing use of standards evolution & new spectrum
- Increased use of WiFi as part of home integration
- Use of HETNETS and small cell technologies where appropriate

LE 3

OUR ROADMAP: DELIVERING WORLD LEADING CAPACITY & PERFORMANCE



Australia's Fastest National Network getting Faster

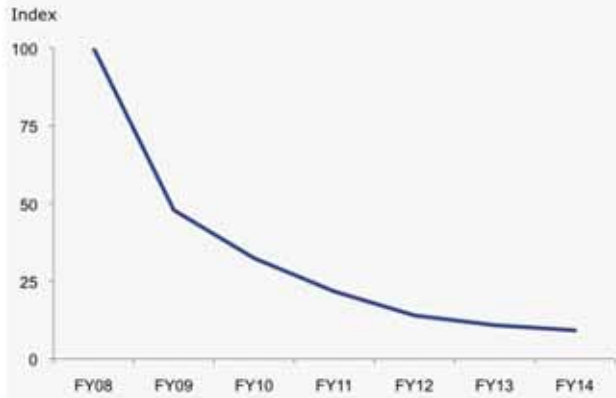
[^] 1.9, 3.6, 5.8, 14.4, 21, 42Mbps are technology rated peak downlink and uplink speeds. Typical customer speeds are lower as shown.
^{*} 4G LTE Speeds: With the Telstra BigPond 4G USB customers can experience typical download speeds of 2Mbps – 40Mbps, and typical upload speeds of 1Mbps – 10Mbps which are initially available in all capital CBD's (meaning within 5km from GPO) and associated airports, and approximately 80 regional locations (meaning 3km of regional town centre) covering an estimated 40% of the population by EOY11. When outside the 4G/LTE areas your Telstra/BigPond 4G USB will automatically switch over to Telstra's advanced High Speed Packet Access or HSPA enabled 3G network which is available across more than 2.1M sq km to 99% of the population.
[#] 3G HSPA Speeds: With capable devices, typical download speeds are 1.1Mbps – 20Mbps in all capital CBD's, airports, much of the associated metropolitan areas and many regional and other locations covering more than 60% of the population. Outside these areas, the remaining metropolitan areas and many other regional and rural locations typical download speeds are 550kbps to 8Mbps covering more than 93% of the population, and elsewhere 550kbps to 3Mbps. Typical customer upload speeds are 300kbps-3Mbps in all capital cities and major regional areas covering more than 90% of the population and elsewhere 300kbps-1Mbps. Note: Actual speeds vary due to factors such as location, distance from the base station, local terrain, user numbers, hardware & software configuration and download source/upload destination.
 For details on coverage areas visit: <http://www.telstra.com.au/mobile/networks/coverage/>

LE 4

MANAGING DEMAND & COST OF CAPACITY USING AN ADVANCED TECHNOLOGY ROADMAP

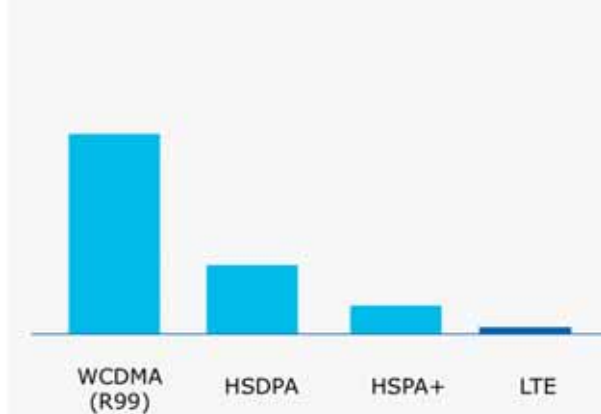


Relative Cost: Hybrid HSPA+/LTE



* Index based on Telstra derived network unit costs per MByte (excluding OSS/BSS)

Relative Technology Cost



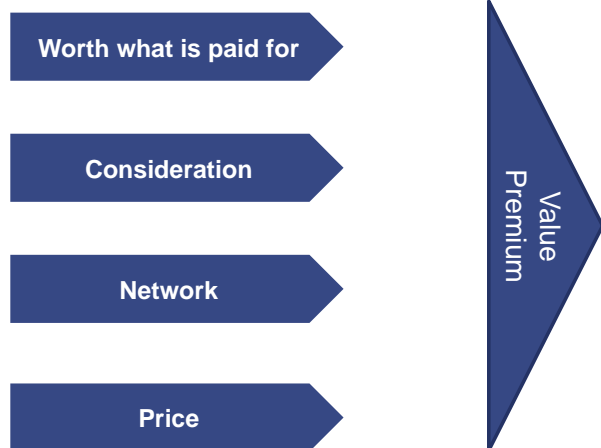
* Excludes trends from GPRS & EDGE as not carried on the Next G⁺ network

5

APPROACH TO DIFFERENTIATION



THE NETWORK ADVANTAGE UNDERPINS OUR APPROACH TO DIFFERENTIATION



Past

- 1.7 million new customers in FY 10/11
- Market share gains
- Value premium maintained

Future

- Increase network advantage
- Improve customer service
- Improve consideration

6

PRODUCT MIX INFLUENCE ON ARPU



ARPU IS MORE INFLUENCED BY PRODUCT PROLIFERATION THAN THE PAST; WE MANAGE ARPU BY PRODUCT & MARKET SEGMENT

	HANDHELD		MOBILE BROADBAND				FUTURE MOBILE PRODUCTS
	POSTPAID	PREPAID	POSTPAID	PREPAID	TABLETS	M2M	
CONSUMER	★	★	★	★	★		★
BUSINESS	★		★		★	★	★
ENTERPRISE	★		★		★	★	★

Stayer
Leaver
Joiner

Good V Bad
changes in ARPU

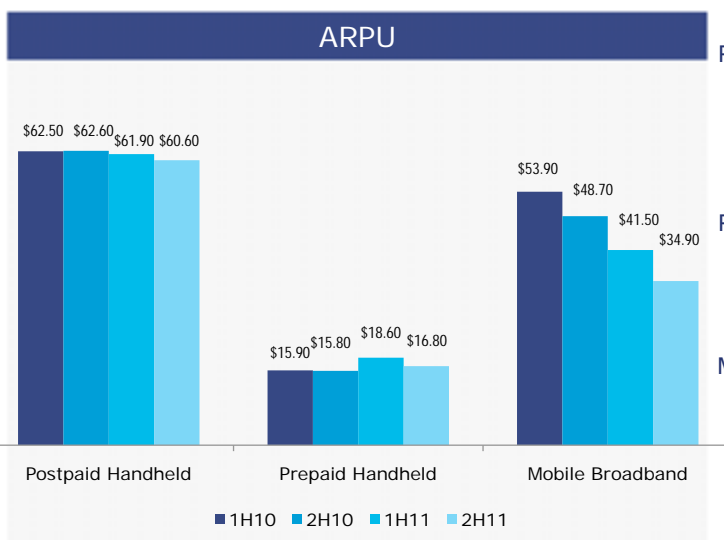
★ Represents product offered in category

7

CAUSES OF ARPU PROGRESSION



OUR ARPU DEVELOPMENT HAD DIFFERENT UNDERLYING CAUSES



Postpaid Handheld

- Most of the way through the old to new transition
- Benefitting from joiners and leavers
- Value and price premium in harmony

Prepaid Handheld

- Cap plans improve ARPU
- Recharge denomination advantage
- We are a challenger with low relative ARPU

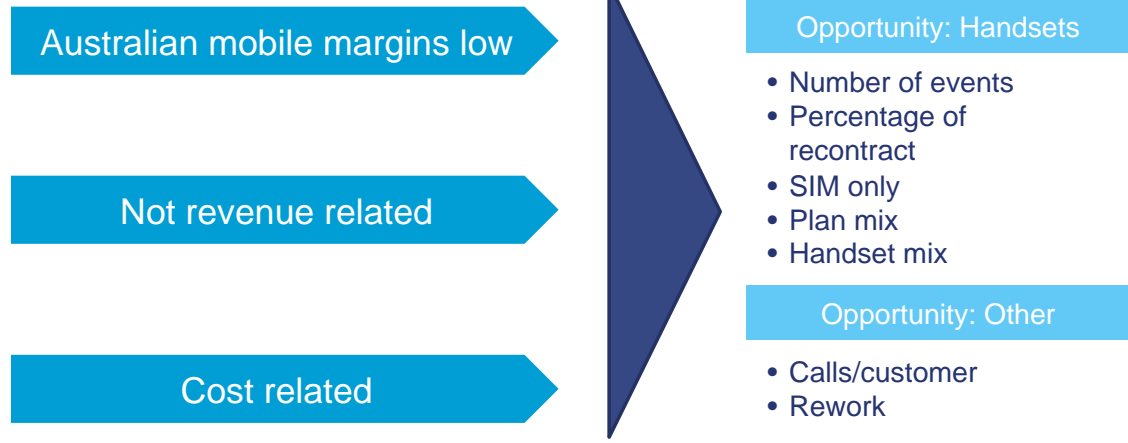
Mobile Broadband

- MBB revenue growth H2 2011 pcp: 14%
- Mix effects adverse
- Later adopters complement the fixed network
- Programmes in place for joiners; leavers; stayers

8

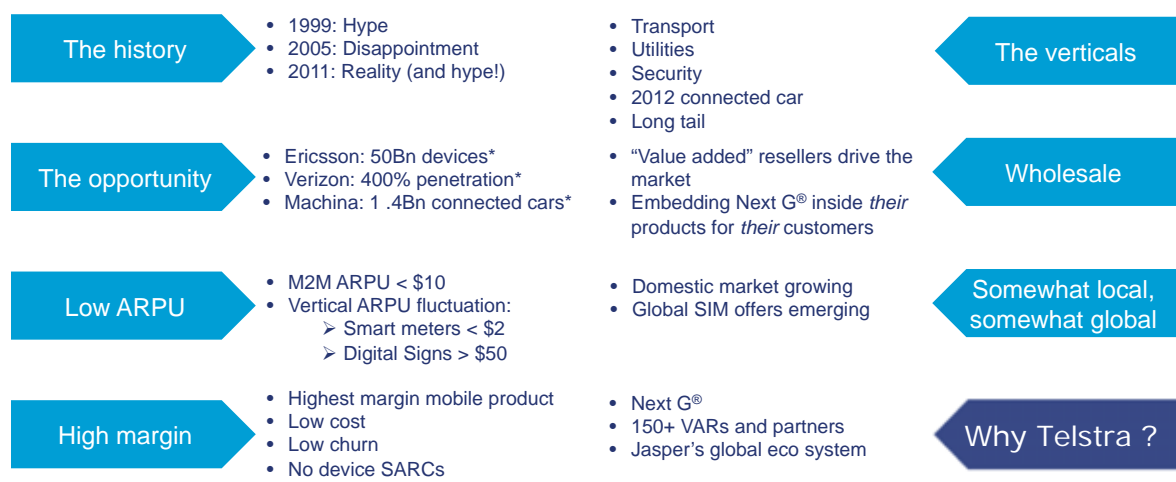
MOBILE PROFITABILITY

OUR MARGIN IS AN OPPORTUNITY



9

M2M IS A SIGNIFICANT GROWTH OPPORTUNITY



* By 2020

WE HAVE OPPORTUNITIES IN ALL PRODUCTS AND SEGMENTS



PRODUCT OPPORTUNITIES AND CHALLENGES

Post paid handheld

Pre paid handheld

Post paid mobile broadband

Pre paid mobile broadband

Network advantage; Marketing; LTE devices
Improved customer service
Online

CONCLUSIONS



We manage our value premium, price & ARPU closely

Our margin is an opportunity and we are making progress

In each of our 5 products we are winning. The challenges vary by product & segment (e.g. grow category V market share).

12

THE CRITICAL ROLE OF BRAND MARKETING

MARK BUCKMAN – CHIEF MARKETING OFFICER



IT'S HOW
WE CONNECT










WHY DID WE REVITALISE THE BRAND?

WE'RE THE MOST VALUED BRAND... BUT WE CAN BE EVEN BETTER

IT'S HOW
WE CONNECT



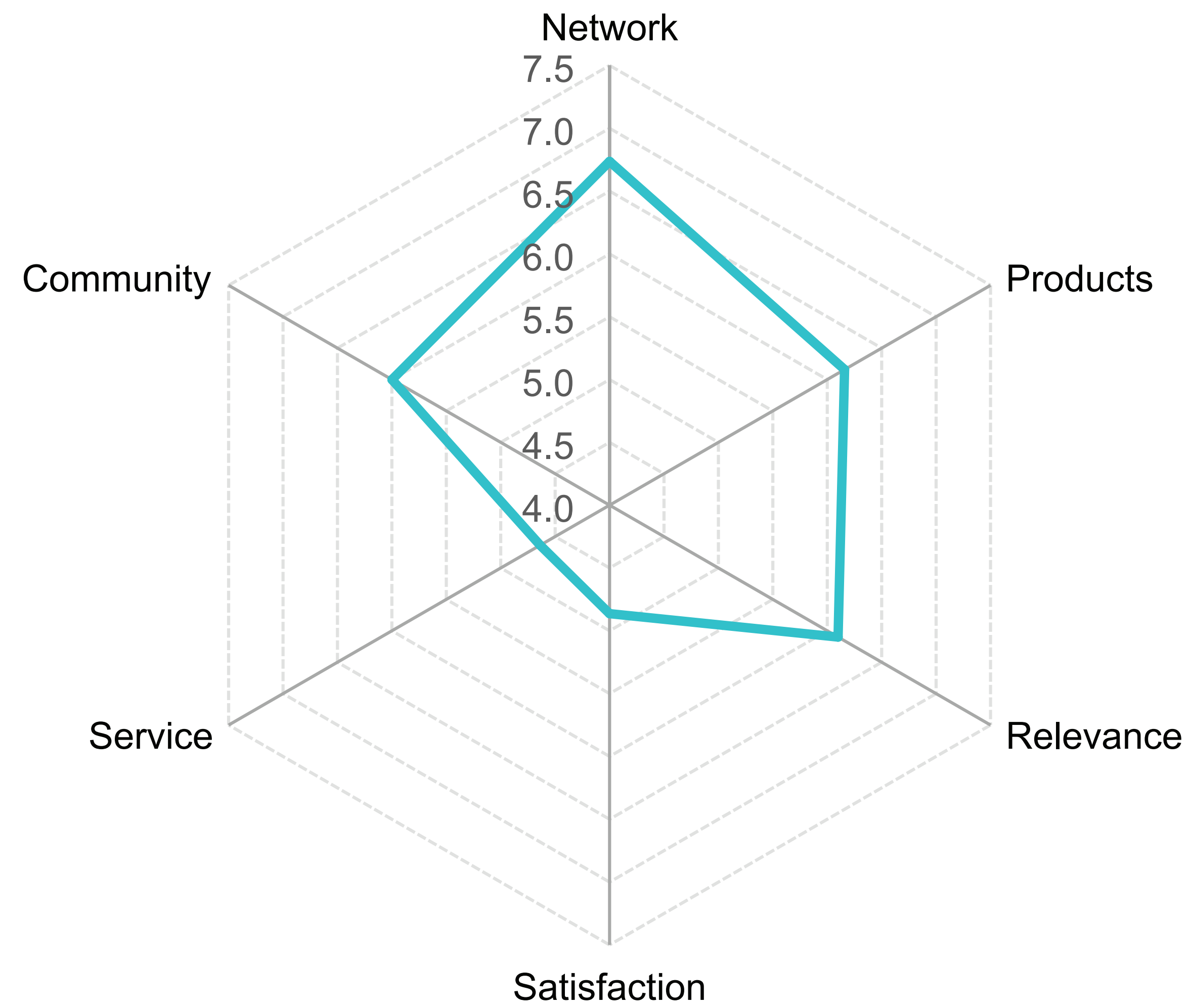
OUR BRAND VALUE¹

RANK	BRAND	SECTOR	VALUE ('000M)
1		Telecoms	9,700
2	Commonwealth Bank 	Banking / Financial	7,100
3		Banking / Financial	5,100
4		Banking / Financial	4,800
5	Woolworths  <small>the fresh food people</small>	Retail	4,600
6		Banking / Financial	3,200
7		Banking / Financial	3,100
8		Apparel	2,200
9		Banking / Financial	1,900
10	Harvey Norman	Retail	1,300

1. Source: 2009 Interbrand Best Australian Brands study. No other Telcos in top 20 brands.

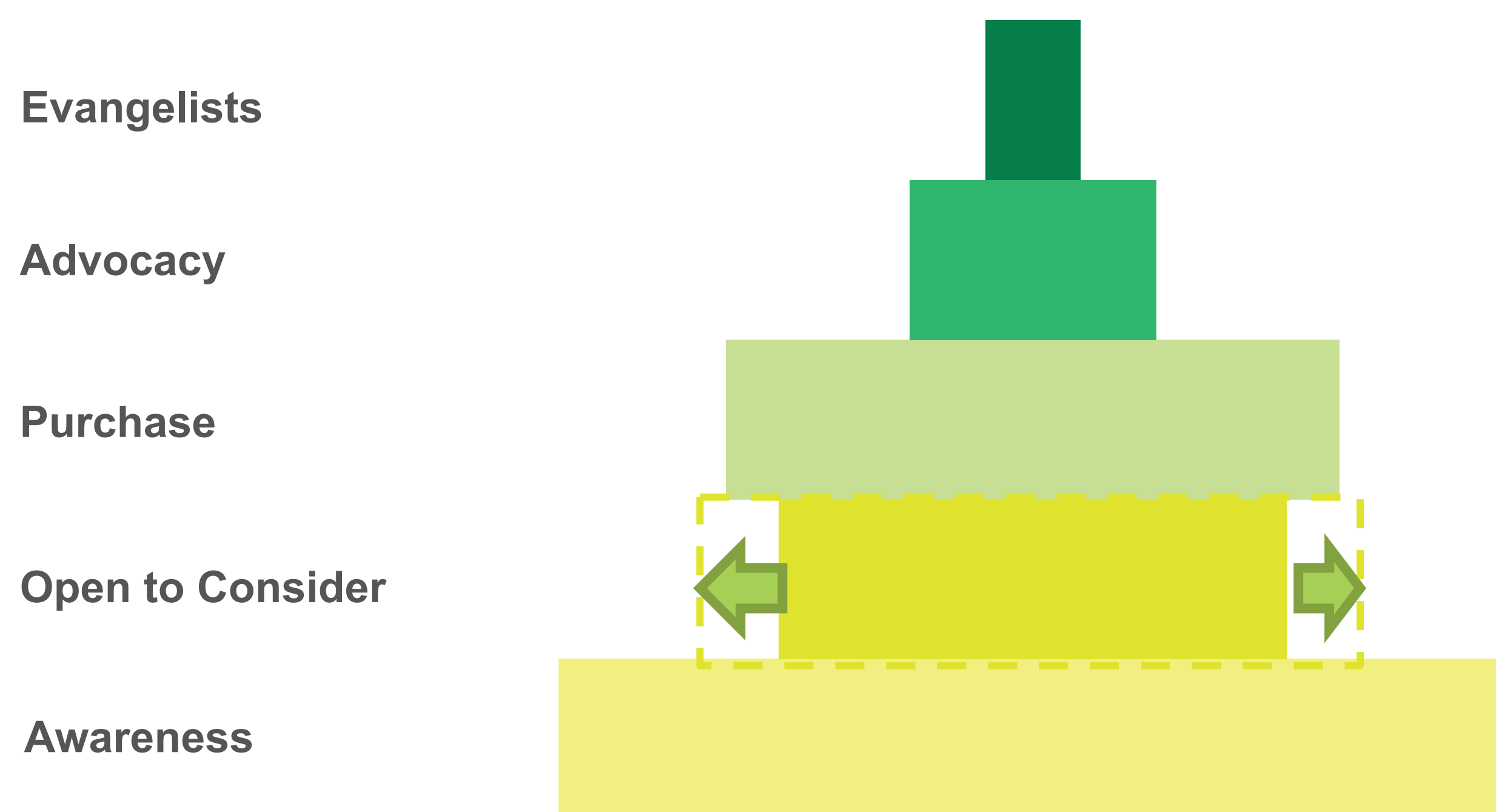
WHY DID WE REVITALISE THE BRAND? ...BUT WE CAN BE EVEN BETTER

OUR BRAND ATTRIBUTES



THE BRAND NEEDED TO REFLECT THE CHANGING FACE OF TELSTRA AND OUR TRANSFORMATION INTO A SALES AND MARKETING COMPANY

OUR BRAND HEALTH AT SEPTEMBER 18, 2011¹



Awareness of Telstra is strong. The anomaly in our brand pyramid is purchase is greater than consideration.

Currently, people buy from us more than they like us – we are making strong progress in bridging the gap.

Telstra has changed considerably and we needed people to “Re-think Telstra”.

Our aspiration is to drive consideration levels above purchase levels by FY15 without compromising preference.

1. New brand launched September 18, 2011.

WHEN DESIGNING THE NEW IDENTITY, WE HAD TO BE SURE THAT WE REPRESENTED A TRUE REFLECTION OF TELSTRA AND OUR BRAND ESSENCE OF CONNECTION

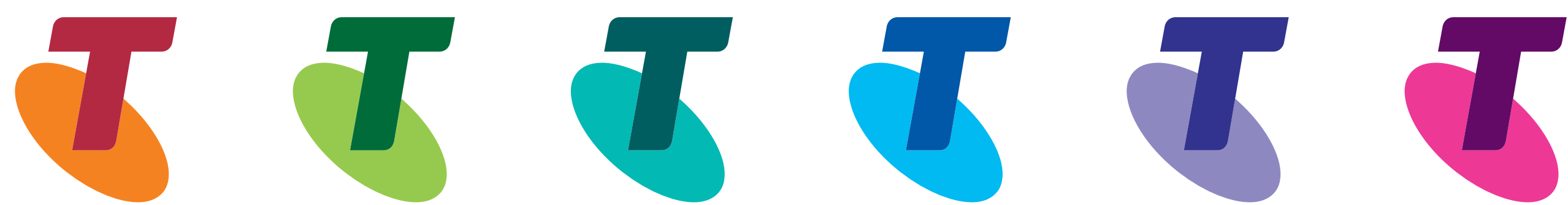
IT'S HOW
WE CONNECT



- 1. Show and tell people that Telstra is changing:** If the culture was becoming more customer centered, so should the brand identity. Customers had to live at the centre of the refreshed brand identity system. It must also engage and inspire employees.
- 2. Deliver to Telstra's Brand Essence:** Represent the essence of “connection” and make a connection with Telstra's myriad of customers on a rational and emotional level. Represent the vibrancy and diversity of Telstra's customers and their lives.
- 3. Get people to think differently about us:** Reverse the perceptions that Telstra is distant, cold, uncaring, expensive, not relevant and not connected to the world of its customers.
- 4. Connect all our messaging and get rid of fragmented marketing:** Cohesive brand experience for customers that is flexible enough to successfully express the brand across the diversity of customers, products, services and media.
- 5. Make a long term connection:** Launch with impact – deliver the disruption that is the first phase of Telstra's marketing strategy and ensure that the refreshed brand identity is built for the long term.

IT STARTS WITH THE FULL SPECTRUM OF COLOURS...

LOGOS



SPECTRUM



RETAIL STORE



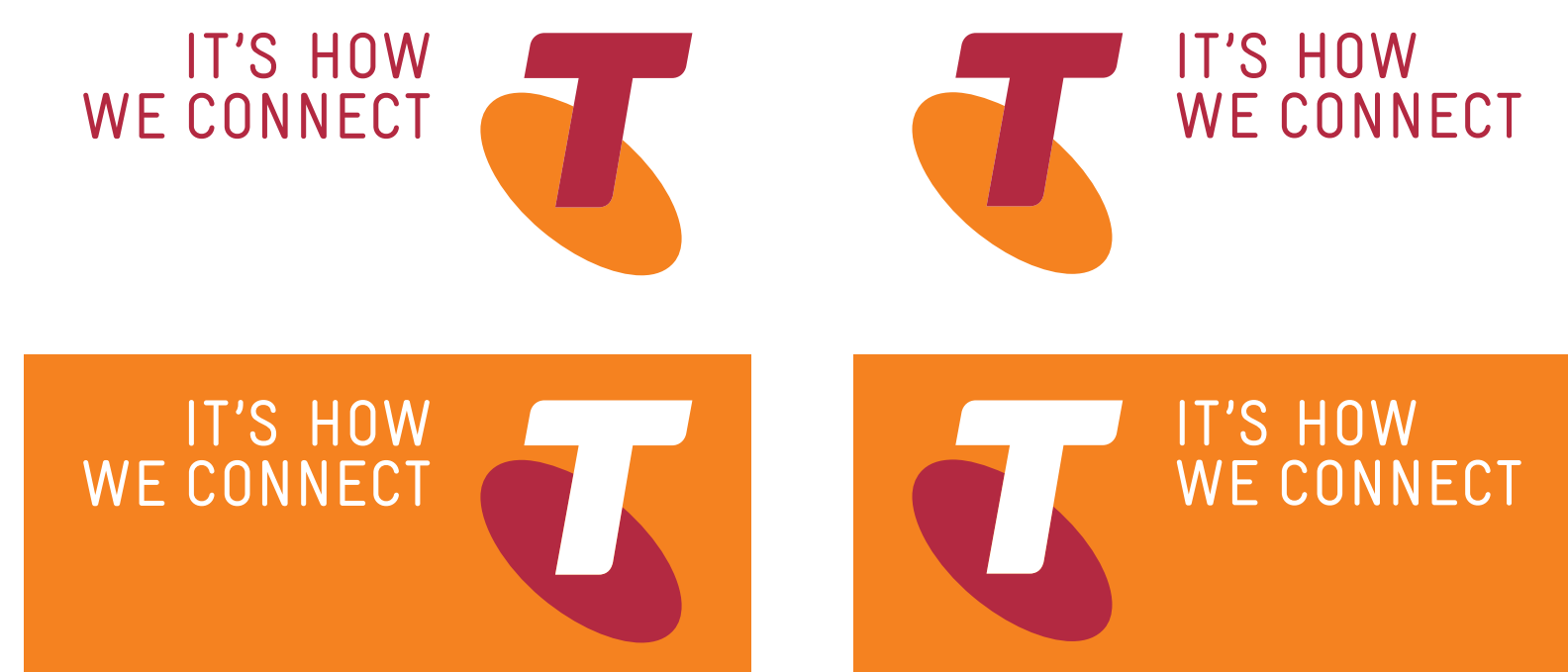
PHOTOGRAPHY



FLEET



LOCK-UP

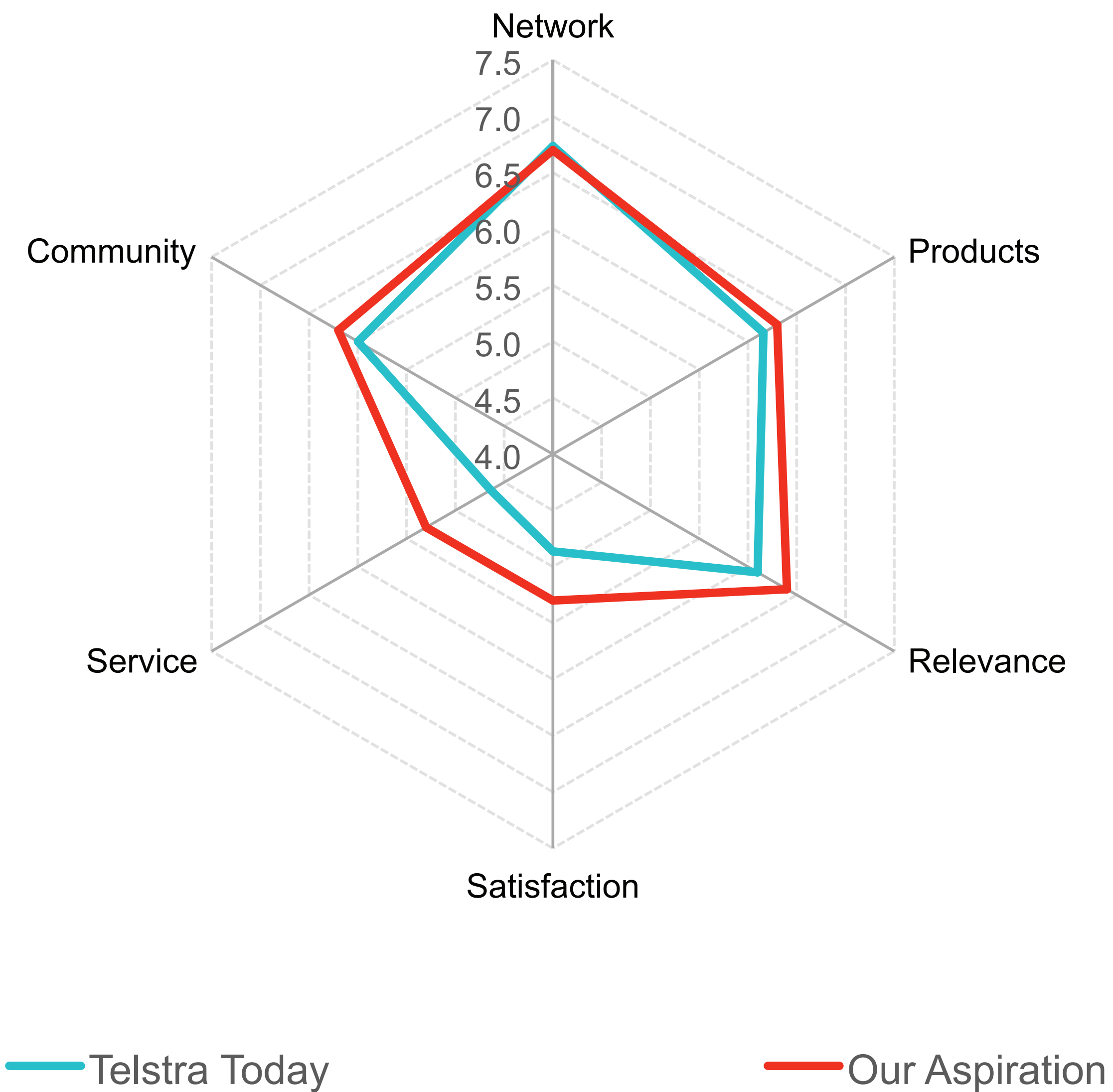


PARTNER LOGOS



SIX DIMENSIONS ARE BEING BENCHMARKED TO DRIVE CONSIDERATION AND SATISFACTION COMPETITIVELY

CORE BRAND ATTRIBUTES

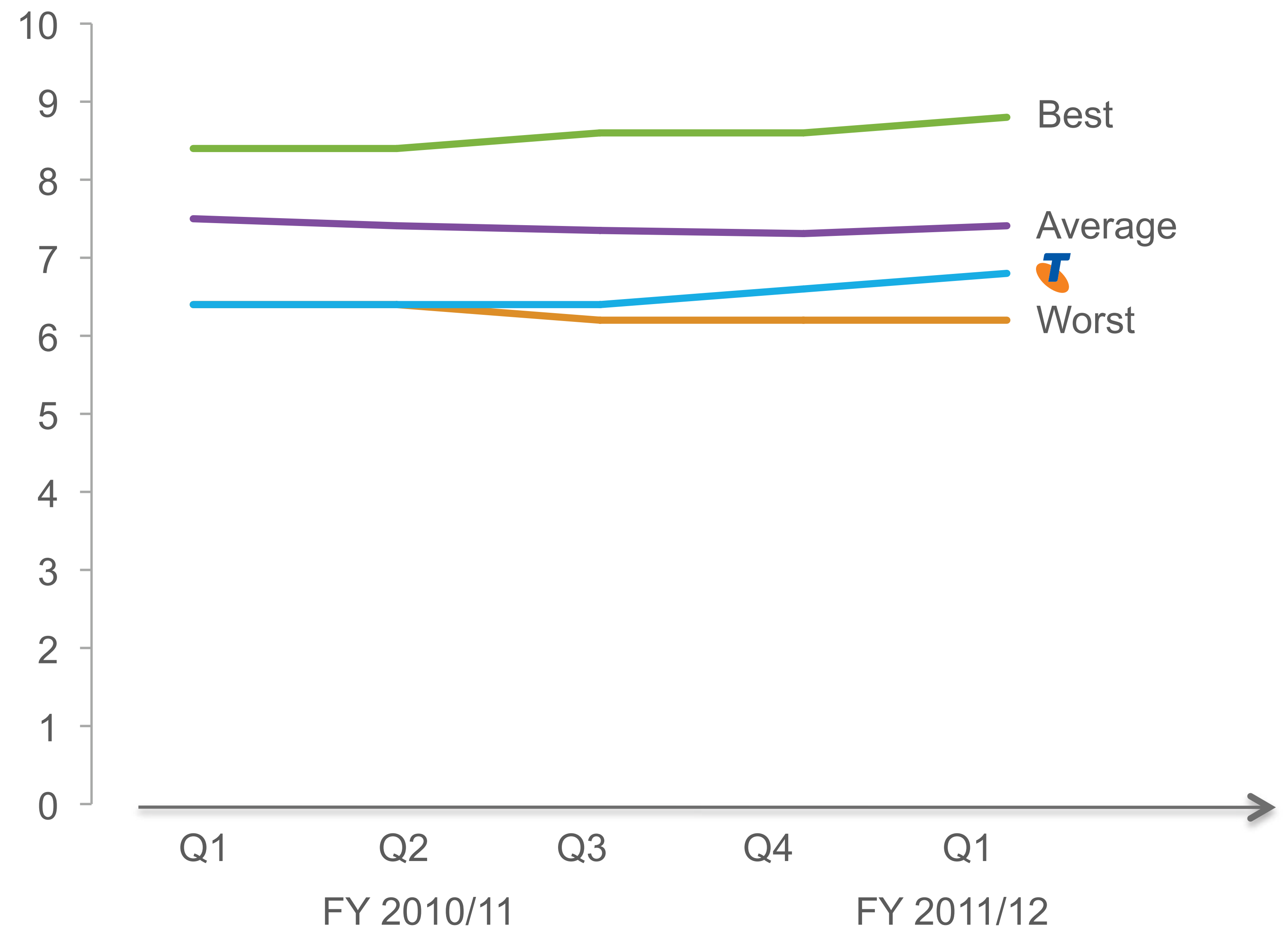


BRAND METRICS ARE A KEY DRIVER IN CUSTOMER SATISFACTION

IT'S HOW WE CONNECT



CUSTOMER SATISFACTION SCORES FROM 01/07/10 – 30/09/11



CONSIDERATION FOR THE TELSTRA BRAND HAS GROWN SIGNIFICANTLY FOLLOWING THE BRAND RELAUNCH

