26 May 2014

Office of the Company Secretary

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Mobile Update

In accordance with the Listing Rules, I attach a copy of the presentations to be delivered at Telstra's Mobile Update commencing at 1:30pm on 26 May 2014, for release to the market.

The speaking notes include an update on Telstra's mobiles operating performance to the end of March 2014.

Yours faithfully

Damien Coleman
Company Secretary

MOBILE UPDATE

Warwick Bray, Group Managing Director Product

Mike Wright, Group Managing Director Networks

Mark Buckman, Group Managing Director Media and Marketing

John Chambers, Executive Director Mobiles

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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 Annual Report dated 8 August 2013 and 2013 Debt Offering Circular lodged with the ASX and available on Telstra's Investor Centre website www.telstra.com/investor.

> 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.

> ® ™ Registered trademark and trademark of Telstra Corporation Limited (ACN 051 775 556) and its subsidiaries. Other trademarks are the property of their respective owners.
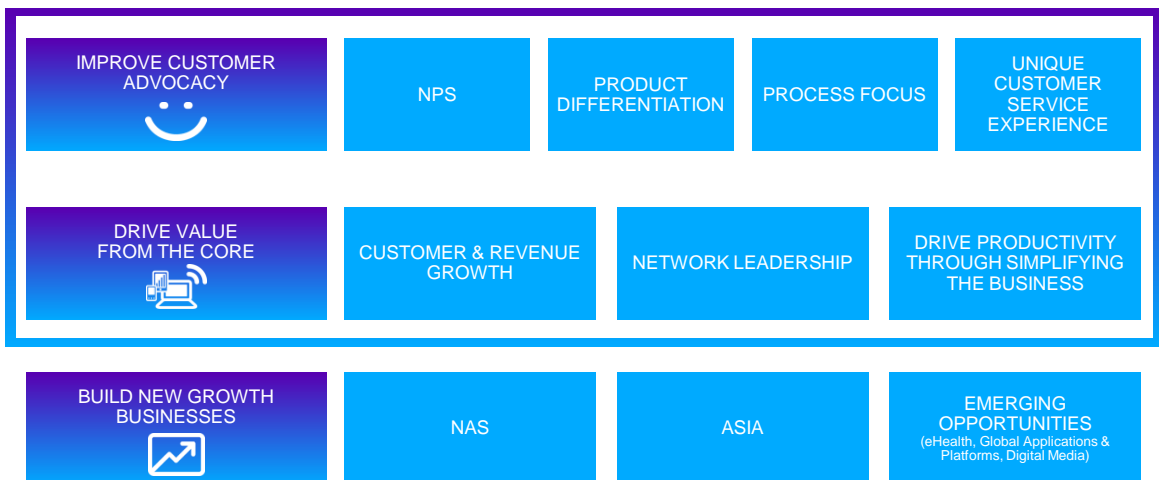
IT'S HOW
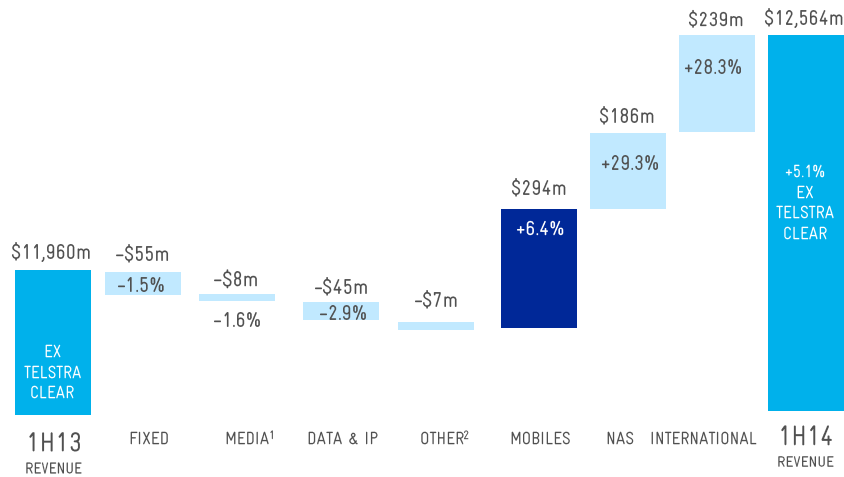WE CONNECT

WARWICK BRAY
GROUP MANAGING DIRECTOR PRODUCT

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FY14 KEY INITIATIVES

IMPROVE CUSTOMER ADVOCACY	NPS	PRODUCT DIFFERENTIATION	PROCESS FOCUS	UNIQUE CUSTOMER SERVICE EXPERIENCE
DRIVE VALUE FROM THE CORE	CUSTOMER & REVENUE GROWTH	NETWORK LEADERSHIP		DRIVE PRODUCTIVITY THROUGH SIMPLIFYING THE BUSINESS
BUILD NEW GROWTH BUSINESSES	NAS	ASIA		EMERGING OPPORTUNITIES (eHealth, Global Applications & Platforms, Digital Media)

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MOBILES IMPORTANT TO TELSTRA'S GROWTH
REVENUE

$11,960m | −$55m | −$8m | −$45m | −$7m | $294m | $186m | $239m | $12,564m

EX TELSTRA CLEAR

−1.5% | −1.6% | −2.9% | +6.4% | +29.3% | +28.3% | +5.1% EX TELSTRA CLEAR

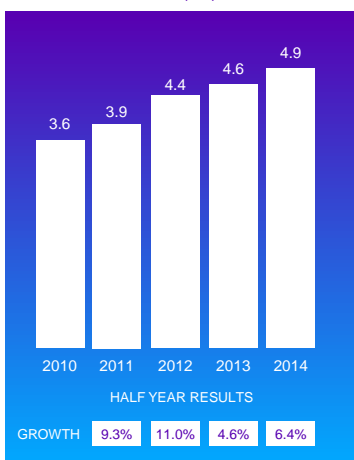1H13 REVENUE | FIXED | MEDIA[1] | DATA & IP | OTHER[2] | MOBILES | NAS | INTERNATIONAL | 1H14 REVENUE
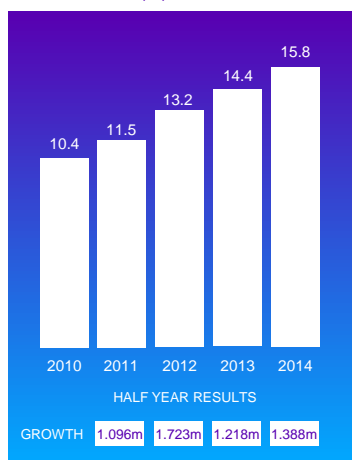
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1. Excludes Sensis discontinued operations
2. Other includes NBN Residual Deed, recoverable damages and miscellaneous sales revenue.
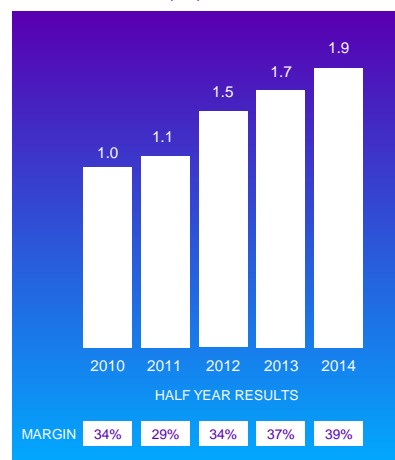
Page 5

CONTINUED GROWTH IN MOBILES
HALF YEAR RESULTS

MOBILE REVENUE ($B)

3.6 | 3.9 | 4.4 | 4.6 | 4.9

2010 | 2011 | 2012 | 2013 | 2014

HALF YEAR RESULTS

GROWTH | 9.3% | 11.0% | 4.6% | 6.4%

MOBILE SIOs (M)

10.4 | 11.5 | 13.2 | 14.4 | 15.8

2010 | 2011 | 2012 | 2013 | 2014

HALF YEAR RESULTS

GROWTH | 1.096m | 1.723m | 1.218m | 1.388m

MOBILE EBITDA ($B)

1.0 | 1.1 | 1.5 | 1.7 | 1.9

2010 | 2011 | 2012 | 2013 | 2014

HALF YEAR RESULTS

MARGIN | 34% | 29% | 34% | 37% | 39%

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CONTINUED GROWTH

FY13 & FY14 H1 REVENUE ($M)

MOBILES REVENUE ($ MILLIONS)	2012/13						2013/14	
	H1		H2		FY13		H1	
	DEC-12	PCP GROWTH	JUN-13	PCP GROWTH	JUN-13	PCP GROWTH	DEC-13	PCP GROWTH
Postpaid handheld	2,377	0.3%	2,427	5.4%	4,804	2.8%	2,495	5.0%
Prepaid handheld	351	7.7%	376	14.6%	727	11.2%	419	19.4%
Total handheld	2,728	1.2%	2,803	6.6%	5,531	3.8%	2,914	6.8%
Mobile broadband	576	16.8%	620	18.1%	1,196	17.5%	643	11.6%
Machine to Machine (M2M)	44	10.0%	46	15.0%	90	12.5%	47	6.8%
Satellite	7	0.0%	6	20.0%	13	8.3%	7	0.0%
Mobile services revenue - retail	**3,355**	**3.7%**	**3,475**	**8.6%**	**6,830**	**6.1%**	**3,611**	**7.6%**

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STRONG APRU TRENDS CONTINUE

FY13 & FY14 H1 ARPUs ($)

TELSTR A GROUP	2012/13						2013/14	
	H1		H2		FY13		H1	
	$	PCP $	$	PCP $	$	PCP $	$	PCP $
SIO ARPUs								
Postpaid Handheld	$58.88	-$4.50	$58.29	-$0.75	$58.80	-$2.71	$58.81	-$0.07
Postpaid Handheld ex MRO	$64.75	-$1.73	$65.39	$1.70	$65.33	-$0.09	$66.09	$1.34
Prepaid Handheld	$17.79	$1.03	$18.44	$1.77	$17.94	$1.07	$18.90	$1.11
Total Mobile Broadband	$29.75	-$2.75	$29.93	$0.09	$29.80	-$1.46	$29.60	-$0.15
Machine to Machine (M2M)	$8.66	-$0.94	$8.30	-$0.20	$8.46	-$0.63	$7.69	-$0.97
Satellite	$43.47	-$3.60	$39.46	$4.79	$41.32	$0.62	$40.43	-$3.04
Blended ARPU including interconnect and MRO	**$44.29**	**-$3.42**	**$43.47**	**-$0.47**	**$43.84**	**-$2.24**	**$43.35**	**-$0.94**

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TELSTRA MOBILE STRATEGY (FROM OCT 2013 INVESTOR DAY)

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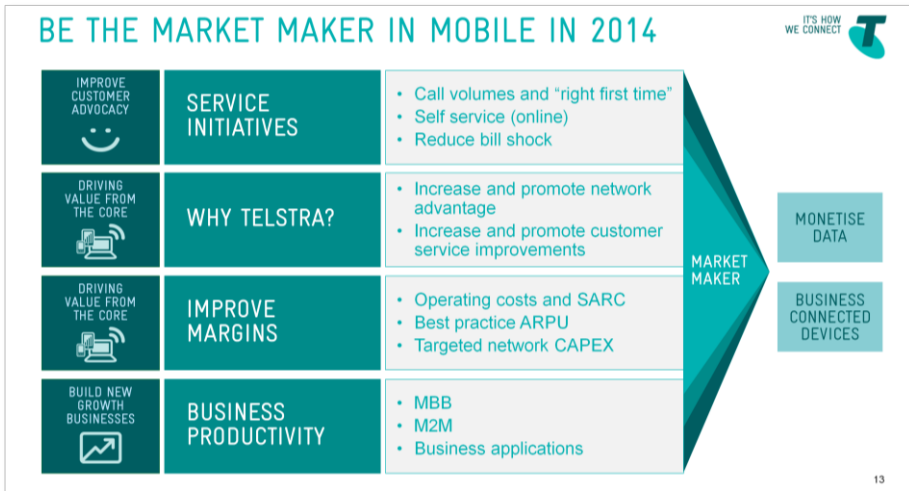
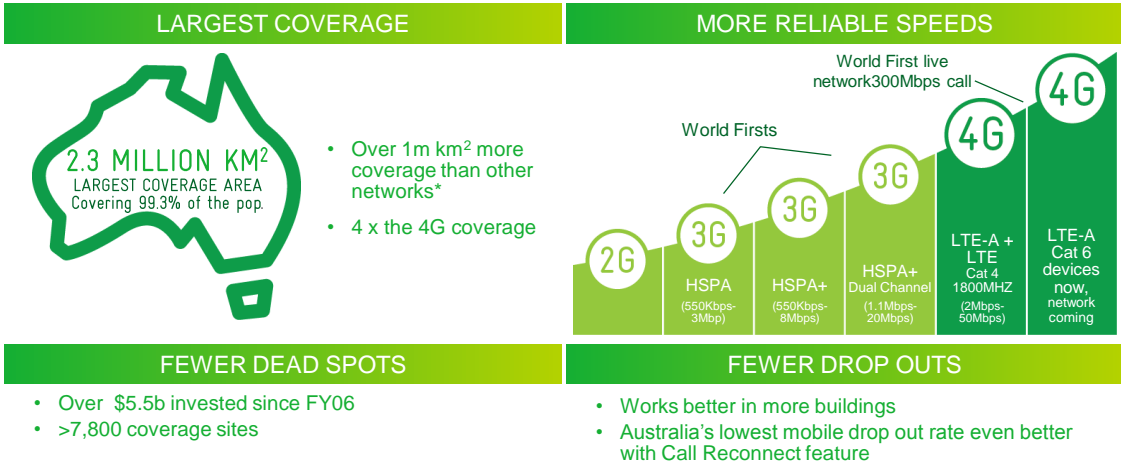# MIKE WRIGHT
GROUP MANAGING DIRECTOR NETWORKS

OUR MOBILE NETWORK IS UNMATCHED BY ANY OTHER MOBILE NETWORK ACROSS AUSTRALIA

LARGEST COVERAGE

2.3 MILLION KM^2
LARGEST COVERAGE AREA
Covering 99.3% of the pop.

- Over 1m km^2 more coverage than other networks*
- 4 x the 4G coverage

MORE RELIABLE SPEEDS

World First live network 300Mbps call

World Firsts

2G

3G
HSPA
(550Kbps-3Mbp)

3G
HSPA+
(550Kbps-8Mbps)

3G
HSPA+
Dual Channel
(1.1Mbps-20Mbps)

4G
LTE-A +
LTE
Cat 4
1800MHZ
(2Mbps-50Mbps)

4G
LTE-A
Cat 6
devices
now,
network
coming

FEWER DEAD SPOTS

- Over $5.5b invested since FY06
- >7,800 coverage sites

FEWER DROP OUTS

- Works better in more buildings
- Australia's lowest mobile drop out rate even better with Call Reconnect feature

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* Source: 21 November 2013 on optus.com.au

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OUR SPECTRUM ROADMAP TO MEET THE GROWING DEMAND FOR DATA

In the 2013 spectrum auction, we acquired double the amount of bandwidth in the 700 & 2500MHz spectrum bands compared to our nearest competitor. This additional spectrum will enable us to better manage the growing demand for data and continue to deliver a superior network experience well into the future.

4G

2G

**3G
850*
MHz**
2 x 10-15MHz

**3G
2100^**
2 x 10-15MHz

**4G
1800^**
2 x 15-20MHz

2011

**4G
700^**
2 x 20MHz

2015

**4G
2500^**
2 x 40MHz

2016

* Coverage breadth and depth
^ Capacity and performance under load

MORE CAPACITY > **FASTER SPEEDS** > **GREATER RELIABILITY**

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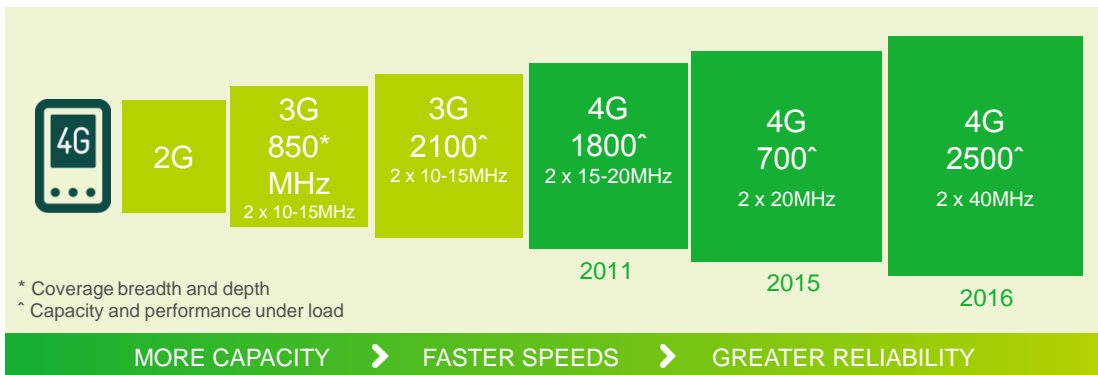
NOTE: 2500 IS ALSO REFERRED TO AS 2600
DIAGRAM NOT TO SCALE.

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WE ARE PREPARING THE NETWORK FOR THE NEXT GENERATION OF 4G LTE–ADVANCED CARRIER AGGREGATION DEVICES

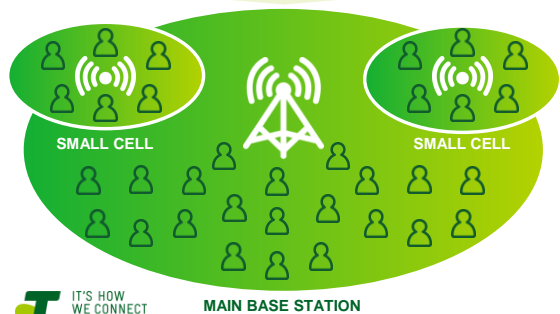| Category 3 (15MHz)	Category 4^ (20MHz)	Category 6 (40MHz)	Category 9 (60MHz)
4G LITE	4G LTE ADVANCED	4G LTE ADVANCED CARRIER AGGREGATION	
Available Today 1800MHz	**Available Today** 1800/900MHz	**2014 – H2** 1800 + 700MHz	**2-3 years** 1800 + 700 + ?MHz
Device Speed rating 100Mbps	**Device Speed rating** 150Mbps	**Device Speed Rating** 300Mbps	**Device Speed Rating** 450Mbps
Typical Speeds 2-50Mbps	**Typical Speeds** 2-50Mbps plus^	**Typical Speeds** TBA	**Typical Speeds** TBA

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^ CAT 4 rated devices are capable of utilising higher bandwidth resources in the 1800MHz band and therefore may be able to achieve typical 4G speeds that are even faster in areas where we have 20MHz of contiguous spectrum (Perth, Adelaide and Brisbane) and15MHz of contiguous spectrum (all 4G coverage areas except for Canberra where we have 10MHz).

Device speed rating is the nominal speed in the relevant standard for the device. Actual speeds experienced by a user will vary due to factors such as location, distance from the base station, local conditions, concurrent users, hardware and software configuration and download source/upload configuration. For more details on speed & coverage areas visit:
http://www.telstra.com.au/mobile/networks/coverage

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WE ARE DRIVING NETWORK EFFICIENCIES VIA NEW TECHNOLOGIES

SMALL CELL TECHNOLOGY

- We are trialling new "small cell" technology that can be deployed to provide a targeted capacity boost in high traffic areas such as CBDs and sporting stadiums.
- Small cells operate in harmony with surrounding cells.

LTE-BROADCAST (or eMBMS)

- LTE-B (also known as eMBMS) is an emerging technology that may allow efficient distribution of high bandwidth services to customers – Telstra has conducted world's first stadium trial .
- Opportunities extend to video broadcast, signage, mass M2M updates, software/OS updates, application updates, emergency alerts.

SMALL CELL   **SMALL CELL**

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MAIN BASE STATION

UNI-CAST - ONE TO ONE

CONTENT SERVER

MULTI-CAST - ONE TO MANY

CONTENT SERVER   **eMBMS GATEWAY**

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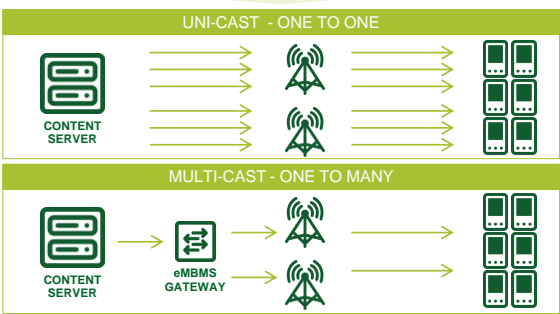
WE ARE INNOVATING TO PROVIDE SPECIALISED NETWORK SOLUTIONS

LTE ADVANCED NETWORK FOR ENTERPRISE SERVICES (LANES)

- LANES is a concept by Telstra that will provide dedicated capability supplemented with preferential data treatment on the Telstra Mobile Network where LTE is enabled.
- It allows us to provide dedicated telecommunications access to emergency services during a large scale incident.
- By providing dedicated access to the network for emergency services, we are looking to ensure that critical information could be shared in real time with and between emergency service operatives who need to make quick and accurate decisions in the field.

SKINET™

- Development of a potential Skinet™ network that might one day deliver high speed broadband connectivity to a range of aircraft-based applications that could extend from on-aircraft WiFi for passenger use to supporting a range of airborne remote monitoring and control applications
- Using a modified version of Telstra's 4G network, initial air trials have achieved a maximum data throughput of 15 Mbps*.

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* Represents total usable bandwidth available, individual customers speeds will be lower.

MARK BUCKMAN
GROUP MANAGING DIRECTOR MEDIA AND MARKETING

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MAKING THE MARKET FOR MOBILITY

DRIVING NETWORK LEADERSHIP AT NATIONAL AND LOCAL LEVELS

NATIONAL CAMPAIGNS	LOCAL AREA MARKETING

DIFFERENTIATING THROUGH NETWORK SUPERIORITY AND TO DRIVE THE IMPORTANCE OF NETWORK IN THE PURCHASE DECISION PROCESS

TARGETED LOCAL ACTIVITY SUPPORTING NETWORK UPGRADES AND CHALLENGING COMPETITOR ACTIVITY

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LEADING THE MARKET ON MOBILE PLAN INNOVATION

STAY CONNECTED (SEP 13)	DATA SHARE PLANS (OCT 13)	NEW PHONE FEELING (MAR 14)

SWAP YOUR MOBILE
SECURE YOUR DATA
STAYCONNECTED PLUS™

MAKE YOUR DATA
GO THE DISTANCE
WITH NEW DATA
SHARE PACKAGES
ALWAYS ON THE GO? NOW YOU CAN SHARE
YOUR MOBILE DATA ALLOWANCE BETWEEN YOUR
SMARTPHONE AND SIM-READY TABLET

Telstra New Phone Feeling™
Your old phone must be in good condition

NEW HANDSET ASSURANCE PROPOSITION	FIRST TO ENABLE MOBILE DATA ALLOWANCE TO BE SHARED ACROSS DEVICES	FIRST TO LAUNCH EARLY HANDSET UPGRADES

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OWNING KEY DEVICE LAUNCHES

ICONIC PHONE LAUNCH (SEP 13)	SAMSUNG GALAXY S5 (MAR 14)

JOIN IN THE CONVERSATION #TelstraFives
DOUBLE THE FUN, DOUBLE THE 4G COVERAGE

ICONIC PHONE LAUNCH   ICONIC PHONE LAUNCH

MY LIFE
POWERED BY
Samsung GALAXY S5
on the Telstra mobile network

UNIQUE EXPERIENCES SHOWCASING BENEFITS OF NEW DEVICES ON BEST NETWORK

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DEMONSTRATING WE CARE TO DRIVE ADVOCACY

OBJECTIVE: TO DEEPEN CUSTOMER ADVOCACY BY MOVING THE ORGANISATION
FROM A CULTURE OF SERVICE TO ONE OF CUSTOMER CARE

Personalised Service	Australia's Best Network	Peace of Mind	World Class Products
Our commitment is to make it easier for you to reconnect with the person you dealt with	Our commitment is to let you get the most out of your connected life	Our commitment is that everyone gets a fair go	Our commitment is that we will continue to bring you new plans and new benefits

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TELEVISION COMMERCIAL

NETWORK COMMITMENT CAMPAIGN

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WARWICK BRAY
GROUP MANAGING DIRECTOR MOBILE AND WIRELINE

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INNOVATIVE INITIATIVES TO IMPROVE NPS

INITIATIVES		OBJECTIVES	
DEVICE REPLACEMENT - STAYCONNECTED - NEW PHONE FEELING		NPS	↑
DIGITAL ENHANCEMENTS - IMPROVED 24/7 APP - MOBILE OPTIMISED PRE-PAID ACTIVATION		SERVICE CALLS/ CUSTOMER	↓
REDUCE BILL SHOCK - $130 VOICECAP & LOWER DATA CHARGE - SMS USAGE ALERTS		TIO COMPLAINTS	↓
BETTER SERVICE - THANKS PROGRAM - MY CUSTOMER, MY RESPONSIBILITY		CUSTOMER SATISFACTION & RETENTION	↑
IMPROVE PROCESSES - SALES & ACTIVATION - ASSURANCE			

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CREATING ONE OF THE WORLD'S LARGEST NATIONAL WI-FI NETWORKS

Telstra will create one of the world's largest Wi-Fi networks as part of a $100 million-plus strategy to increase connectivity in the places Australians live, work and visit including cafes, shops, sports grounds and transport hubs

2 Million Hotspots expected Nationwide
within five years

12 Million International Hotspots
with global WiFi provider FON

8000+Telstra Managed Hotspots
covering social precincts, shopping strips, business centers and transport hubs

Partner with Councils, Enterprises and Government
to use Telstra Wi-Fi to create smart cities

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MOBILE MARGINS OUTCOMES

SARC

UNIT SUBSIDIES	BYOD
MIX	NO. OF EVENTS • TENURE • PROPENSITY

MARGIN

PREPAY RECHARGE	BAD DEBT & REBATES
COST OF NON-QUALITY	NO. OF SERVICE CALLS

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WORKING WITH INDUSTRY SOLUTION PARTNERS IN M2M

| TRANSPORT / LOGISTICS | PUBLIC SAFETY & SECURITY | ENERGY & UTILITIES | RETAIL / FINANCIAL SERVICES | AGRICULTURE / ENVIRONMENT | INDUSTRIAL & MANUFACTURING | HEALTHCARE | BUSINESS SERVICES | CONSUMER ELECTRONICS |

SOLUTION & APPLICATION PROVIDERS	SYSTEM INTEGRATORS & DEVELOPERS	HARDWARE PROVIDERS / OEMS	M2M PLATFORM PARTNER	REFERRAL VALUE ADDED RESELLER PARTNERS
NAVMAN WIRELESS / Securatrak	WIPRO Experience the New / Tech Mahindra	SIERRA WIRELESS / NetComm Wireless	Jasper wireless	Ctrack / PROCON / m2mOne / IVCS / OUTPOST / OBSERVANT

IMPROVED FLEET MANAGEMENT AND PRODUCTIVITY WITH TELSTRA M2M

TELSTRA + NAVMAN WIRELESS FOR CAIRNS REGIONAL COUNCIL

COMPANY PROFILE

Cairns Regional Council covers an area of 1687 km^2 and a population of approximately 170,000 people. They manage a fleet of more than 600 vehicles including utes, cars, tractors mowers, line marking equipment, street sweepers and trucks. In one year this fleet of vehicles travelled 9.14 million kilometres, consuming 1.4 million litres of fuel, 16,500 litres of oil, 547 tyres and 194 batteries.

BUSINESS CHALLENGE

The council had identified fleet as being a major cost within their organisation. They needed a solution that would boost productivity through fleet optimisation, reducing fleet size and reduce costs in fuel and maintenance.

The council's Green Fleet Program has set a target of reducing key fleet metrics by 10% within 3 to 5 years. This equates to capital savings in the order of $3M - $6M pa and operational savings of $1M pa.

WHY TELSTRA & NAVMAN WIRELESS

- The superiority of the Telstra Mobile Network: the largest coverage, fewer dead spots and more reliable speeds.
- Navman Wireless is a proven market leader in Australia with one of the most accurate vehicle tracking devices.
- Local support with easy, efficient implementation.

Cairns Regional Council has developed an overarching Fleet Strategy and a specific "Green Fleet Program" focused on optimising our fleet ownership metrics including cost, environmental impact, service delivery and safety. The Navman Fleet Management solution is at the core of achieving our program goals. *Gary Everson, Fleet Manager Cairns Regional Council*

IMPROVING BUSINESS PRODUCTIVITY THROUGH CONNECTED TABLETS

SALES FORCE	TRADES PEOPLE	FIELD FORCE
• Mobile access to CRM tools • Collaboration • Access to Collateral • Expenses • Analytics • Training	• Job Dispatch & Management • Mobile digital forms • Invoicing	• Logging work & issues • Rich data (GPS / Photography) • OH&S Monitoring

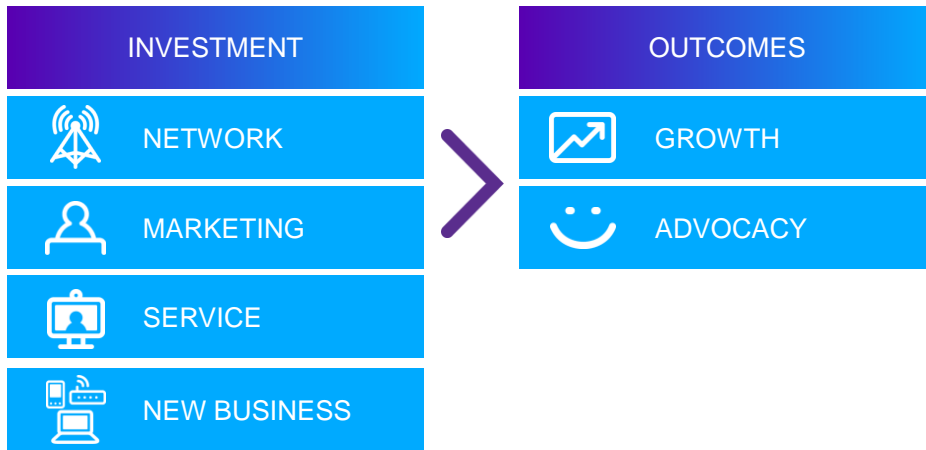| aris mobile productivity for teams	canvas	GeoOP	kony
ARISapp Empower your mobile teams in real time	**CANVAS** Escape the paper chase	**GeoOP** Job Dispatch and Management	**KONY** Same App, Any Screen
Launched May 2013	Launched May 2013	Launched June 2013	Launched Dec 2013

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MOBILE BUSINESS APPS TO INCREASE PRODUCTIVITY AND REDUCE COSTS

TELSTRA + ARIS FOR STRIKEFORCE

COMPANY PROFILE	BUSINESS CHALLENGE	WHY TELSTRA & ARIS
Strikeforce AMC is a third party sales and merchandising company with field team of 800 people across Australia & NZ that service retail outlets including hardware, supermarkets, mass merchants, electrical.	Field staff unable to access real-time content such as video & descriptive instructions required to install point of sale displays. Business was communicating to staff via a 10+ page printed weekly newsletter resulting in significant costs.	Deployed tablets with Aris Mobile Business Application connected to the Telstra Mobile Network • Saved 40% of time in stores from improved data collation • Reduced full time labour by 1 day per week – 1800 hrs /year • Eliminated cost of 1m printed newsletters per year • Improved client experience • Simplified asset management through Airwatch "Our vision is to benchmark ourselves against the best in the world and strive for best practice. Our relationship with Telstra allows us to stay at the cutting edge of technology and drive constant improvement." *Michael Bartholomew, Chief Executive Officer – Strikeforce AMC*

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CONCLUSION

INVESTMENT	OUTCOMES
NETWORK	GROWTH
MARKETING	ADVOCACY
SERVICE	
NEW BUSINESS	

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Slide 4: FY14 KEY INITIATIVES

Our Corporate Strategy continues to be Improve Customer Advocacy, Drive Value from the Core and Build New Growth Businesses

The mobility business is the largest part of our core business and we continue to grow our share of the market, continue to improve advocacy and building new businesses which are adjacent to mobiles

Slide 5: MOBILES IMPORTANT TO TELSTRA'S GROWTH

Mobiles remains a key driver of growth contributing almost half of the total revenue increase in 1H14.

Slide 6: CONTINUED GROWTH

Continued growth in mobile is reflected in revenues, SIOs and EBITDA

- Revenues increased by 6.4% on previous half

- SIOs increased by 1.4M over the same period

- EBITDA margin increased by 2 percentage points to 39%

- In that time, we've also extended the number of 4G devices in market. As at end of Dec 13, we have 2.95M 4G enabled handsets, over 400K 4G enabled tablets and over 840K 4G data devices

Slide 7: CONTINUED GROWTH

Mobile retail service revenue grew 7.6%, reflecting strong growth across most segments but especially in pre-paid and mobile broadband

- Mathematically, the stabilisation of our ARPUs have allowed the impact of our increased subscriber base to flow directly into revenues

Slide 8: STRONG ARPU TRENDS CONTINUE

Our ARPU has been stabilising. ARPU is influenced by the value we create for customers. The provision of value to customers allows us to charge steady prices which in turn flow to ARPU.

- There is a big improvement in postpaid handheld in 2H13 when viewed from an ex MRO perspective and it is a very pleasing result to see it improve again in 1H14 to over $66

_____
Check against delivery

- The ARPU improvements also show that the mass market has been very receptive to our data offerings with many choosing to continue to consume data on our quality network after their limit has been reached. With data packs and plan upgrades being the preferred methods followed by excess usage.

- It is also pleasing to see prepaid ARPU improving as customers migrate to the prepaid encore product

Into the second half of this financial year, the mobile market continues to slow. However postpaid handheld churn remains steady at 10.5% year to date.

In addition, our postpaid ARPU (ex MRO) continues to improve and YTD at the end of Q3 was $66.10, growing 2.2% ($1.42) versus the same period last year.

Slide 9: TELSTRA MOBILE STRATEGY

We've espoused our aspiration to be the market maker in mobiles in 2014 at our October 2013 investor day and we've continued to execute on our strategy based on this goal. I will now hand over to Mike and Mark to talk about how we've enhanced the "Why Telstra" proposition through continuing to increase and promote our network advantage and customer service improvements

Slide 11: OUR MOBILE NETWORK IS UNMATCHED BY ANY OTHER MOBILE NETWORK ACROSS AUSTRALIA

The Telstra Mobile Network is unmatched in Australia

- Largest coverage
  - 2.3 million square kilometres
  - 99.3% of the population
- More reliable speeds
  - Sustained innovation and clever use of spectrum delivering up to 50Mbps today and roadmap to 450Mbps peak speeds in future
- Fewer dead spots
  - Over $5.5 billion invested since FY06
  - More than 7800 coverage sites
- Fewer drop outs
  - New Call Reconnect feature further improved our mobile drop out rate, now below 0.4%

Demand continues to grow
- New devices, including tablets
- Increased interest in M2M and Internet of Things

Slide 12: OUR SPECTRUM ROADMAP TO MEET THE GROWING DEMAND FOR DATA

Spectrum is the oxygen of our network and our strategy around its use has helped us get ahead of the market

_____
Check against delivery

- The use of low frequency spectrum is fundamental to our strategy
  - Delivers more speed, more capability and greater reliability
- We secured the largest allocation of APT700MHz spectrum at last year's auctions and have great plans
  - This spectrum will do to 4G what 850MHz did for 3G
  - Greater breadth, range, depth and performance

Unlike previous spectrum evolutions, we will be ready to go with APT700MHz

- We've been looking forward to this and have worked tirelessly with the global industry to be ready
- Handsets will be available at launch along with a roadmap for dongles

More countries are coming on board to drive further demand for new, compatible devices

Slide 13: WE ARE PREPARING THE NETWORK FOR THE NEXT GENERATION OF 4G LTE-ADVANCED CARRIER AGGREGATION DEVICES

We are preparing for the next generation of devices and mobile technology

- Spectrum aggregation available today and a key piece in future technology evolution
  - Testing Cat 6 and Cat 9 devices with aggregated spectrum to unlock even greater peak speeds
- High peak speeds give us the capacity to manage large numbers of users on our network while maintaining a superior experience

Slide 14: WE ARE DRIVING NETWORK EFFICIENCIES VIA NEW TECHNOLOGIES

Through the strength of our network, we explore and create new opportunities

- Driving network efficiencies through new technologies
  - Small cell technology – HetNets – for use in limited areas of the networks with very high concentration of users and very high localised demand
  - LTE Broadcast for efficient distribution of high bandwidth services to customers – successful world first trial with Cricket Australia and Channel 10 at Melbourne Cricket Ground

Slide 15: WE ARE INNOVATING TO PROVIDE SPECIALISED NETWORK SOLUTONS

Developing new business markets and product concepts for Telstra

- LANES capability for emergency service organisations
- SkiNet technology connecting commercial aircraft to land-based base stations for in-flight broadband of up to 15Mbps

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Slide 17: MAKING THE MARKET FOR MOBILITY

In marketing and communicating we aim to:

Make the market for mobility

We are doing this by:

- Demonstrating clear market leadership in mobility across all classes, making the market for data
- Bringing to life our innovation in the delivery of content, services & devices through Australia's best mobile network
- Showcasing our commitment to caring for our customers - to continually improve the customer experience

Slide 18: DRIVING NETWORK LEADERSHIP AT NATIONAL AND LOCAL LEVELS

Network is a key driver of choice and customers have responded strongly to our network campaigns

Communication Aim:

- Showcase the superiority of the Telstra mobile network

Strategy:

- A coordinated, national, strategic marketing, advertising and PR campaign that focuses on network superiority
- Key message localised to suburb, town, region
- Simple, fun creative style with all media working together to provide single message and creative look and feel.

Slide 19: LEADING THE MARKET ON MOBILE PLAN INNOVATION

- Communicating mobile plan innovation, simply and consistently across three major campaigns:
  - Stay Connected
  - Data Share Plans and
  - New Phone Feeling

- Each address 'pain points' in a customer's life such as increased data use, desire for device upgrade prior of end of contract

Stay connected

- For a small monthly fee, Stay Connected offers customers the ability to; Swap or replace their Telstra mobile or tablet with a same or similar device up to twice a year in the event a customer does not have access to a handset

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- Get help with setting up, fixing problems and integrating their device with their home network.

Datashare plans

- A strong announcement which explains how customers can share their smartphone's data allowance with your other devices with new Data Share Package.

New Phone Feeling

- Customers pay an extra $10 per month to get the latest phone on a new handset plan after a year.
- The creative idea is based around the emotion associated with getting a new phone, showcasing the excitement and joy people experience.

Slide 20: OWNING KEY DEVICE LAUNCHES

Making 'memorable moments' out of big device launches:

- Demonstrate we are first to market and 'own the market' for new devices launches
- Create engaging launch events that cut through a highly competitive marketplace and deliver customers with the ultimate experience
- In doing so we gain the lion's share of editorial coverage pre, during and post launch

Slide 21: DEMONSTRATING WE CARE TO DRIVE ADVOCACY

Each of the previous campaigns work to create a cumulative effect to demonstrate to our customers that 'we care'.

- We're committed to showing our customers how much we care about helping them connect to the people and things they love

The idea is about showing Telstra's commitment to care for our customers' experience, so much so that 'we want to be famous for it'.

- We have a series of advertisements using this concept
- Each focuses on different advocacy points (Australia's Best Network, Personalised Service, Peace of Mind, world Class Products)
- All campaigns roll out over the coming months and will help us tell the story of change that is sweeping through Telstra.
- This is presented from a perspective of Telstra team members in an authentic, warm and human way – with a celebrity twist.
- In the case of Network message we have much loved Aussie rocker, Jimmy Barnes

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Slide 22: TV COMMERCIAL

Television Commercial

Network Commitment Campaign

Slide 24: INNOVATIVE INIATIVES TO IMPROVE NPS

The biggest influence on NPS is our network, however, we are also pursuing a range of innovative initiatives to deliver on our customer service proposition

- Launched StayConnected, our handset swap or replace service offering options to swap or replace an eligible handset up to twice a year for a fee as well as 2GB of contacts, photos and videos so you can still retrieve your important information if you no longer have access to your handset
- New Phone Feeling gives our customers the option to update from an eligible handset payment and mobile plan to the latest model on a new 24 month handset and mobile plan in 12 months rather than 24 months, for those customers who want to have the latest and greatest in gadgets
- We have also made a number of digital enhancements to make our customer interaction with Telstra a simpler and more pleasant experience.
- Reduced our bill shock through our Mobile Accelerate plans which have a $130 voice cap as well as a 70% reduction in excess data charge from 10c to 3c / MB. We've reduced our excess data rate significantly from the $2 / MB from 2 years ago
- Enhanced SMS usage alerts for domestic data usage as well as roaming
- Creating a more friendly experience through Thanks! Initiative, $10 movie tickets and discounted events for our loyal customers and as part of the broader Brilliant Connected Advocacy Program
- Under my customer my responsibility a customer can deal with the same customer service representative until his/her problems are resolved
- We are also continuing to improve processes especially around sales activation and assurance.

Slide 25: CREATING ONE OF THE WORLD'S LARGEST NATIONAL WI-FI NETWORKS

A very recent example of a tangible action to deliver better services is our plan to create one of the world's largest WiFi networks

- Creating 2 million hotspots nationwide within five years
- Access to 12 million international hotspots
- We will also create 8000+ Telstra managed hotspots in busy social precincts such as shopping strips, business centres and transport hubs
- Partner with councils, enterprises and government and use Telstra WiFi to create smart cities

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Slide 26: MOBILE MARGINS OUTCOMES

On the financial front, we will continue to focus on mobile margin outcomes

- Promote BYOD as alternative to unit subsidy
- The mix effect due to the increased uptake in high-end post-paid plans is negative for SARC but overall positive for margins
- The need for credit rebates has also declined as we improve processes and have rationalised our excess charges and roaming rates
- We will also continue implementing process improvements to reduce cost of non-quality and the number of service calls

Slide 27: WORKING WITH INDUSTRY SOLUTION PARTNERS IN M2M

We are also building new businesses through M2M and Business Mobility

- Strategy for M2M is to focus on vertical solutions with the key verticals being Transport / Logistics ; Public Safety & Security; Energy & Utilities; Retail / Financial; and Agriculture (Health is largely addressed by the Telstra Health unit)

Slide 28: IMPROVED FLEET MANAGEMENT AND PRODUCTIVITY WITH TELSTRA M2M

One of the instances where Telstra has utilised M2M to help businesses improve their productivity is with the Cairns Regional Council:

- Cairns Regional Council has established a Green Fleet program to better manage their fleet of vehicles and reduce cost and carbon footprint.
- The targets of the program are optimistically set at a reduction of key fleet metrics by 10% within 3 to 5 years. This would equate to dollar savings in the order of $3M to $6M p.a. and reduce carbon emissions by over 1000 tonnes p.a.

Slide 29: IMPROVING BUSINESS PRODUCTIVITY

Our strategy for business mobility is to improve productivity through connected tablets and innovative apps

Slide 30: MOBILE BUSINESS APPS TO INCREASE PRODUCTIVITY AND REDUCE COSTS

A great example of how mobility apps and Connected Tablets are enabling our customers to be more productive and profitable is Strikeforce

- Strikeforce is a leading sales and retail merchandising provider servicing retail outlets like supermarkets who specialise in account management, in store sales, merchandising and field communication with a mobile workforce of 800

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- The biggest challenge faced by Salesforce prior to adopting tablets and mobile applications was field staff were unable to access real-time content such as video & descriptive instructions required to install point of sale displays. The business was also communicating to staff via a 10+ page printed weekly newsletter resulting in significant costs in postage and man hours for collation.

Slide 31: CONCLUSION

We've covered financials as well as what we're doing to drive continued growth and advocacy: through a superior network, exciting marketing campaigns, providing a better service, continuing to grow our new business segments

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Check against delivery