

4 August 2004

Office of the Company Secretary

The Manager

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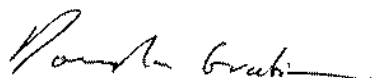
ELECTRONIC LODGEMENT

Dear Sir or Madam

Australia's first 3G network sharing to expand and accelerate customer access to world leading mobile services

In accordance with the listing rules, please find attached a media release and analyst briefing for release to the market.

Yours sincerely



Douglas Gratton
Company Secretary

Media Release



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Australia's first 3G network sharing to expand and accelerate customer access to world leading mobile services

Australians can look forward to greater competition and choice in third generation [3G] mobile services in 2005 under a new network sharing agreement struck between Telstra and Hutchison 3G Australia, a subsidiary of Hutchison Telecommunications (Australia) Ltd.

Telstra CEO, Dr Ziggy Switkowski, and Hutchison CEO, Mr Kevin Russell, today announced the signing of a Heads of Agreement to establish a 50/50 enterprise to jointly own and operate H3GA's existing 3G radio access network and fund future network development.

Under the agreement, the H3GA radio access network will become the core asset of the joint enterprise. In return for the 50 per cent ownership of the asset, Telstra will pay Hutchison \$450 million, under a fixed payment schedule, in four instalments, starting November 2004.

The joint enterprise will open opportunities for new revenues for Telstra and H3GA, stimulate growth in 3G service uptake and provide significant savings in 3G network construction capital expenditure and operating expenses such as site rental and maintenance.

Telstra will launch its 3G services to customers in 2005, utilising the entire H3GA network footprint of more than 2000 base stations covering Sydney, Melbourne, Brisbane, Adelaide and Perth.

Telstra and Hutchison expect to significantly increase the size of the network over the next three years, expanding into Canberra and other regional centres.

The joint enterprise unites two highly experienced companies, which will use their combined skills to develop and invest in leading technology to benefit customers.

The parties have agreed to maintain a world-best network and to adopt technological innovations as they occur to ensure the network remains at the cutting edge of 3G capability, allowing Australians to continue to enjoy the very best of global mobile services as they are being introduced.

This innovative initiative will deliver new competition in the mobiles market and expansion of the 3G footprint more quickly than would otherwise have been practical.

Telstra and Hutchison will each continue to own separate core networks, application and service platforms, and will conduct their retail 3G businesses independently and in competition with each other.

Decisions on network development will be made and funded jointly. The joint enterprise will utilise the existing spectrum holdings of both partners and will operate until the expiry of those spectrum licences in 2017 or later.

Telstra CEO, Dr Ziggy Switkowski, said the agreement supported Telstra's consistent view about the future appeal of 3G services and the Company's considered approach to the nature and timing of a sensible entry strategy into this market, adding that this announcement had no impact on Telstra's capital management program as announced on 21st June 2004.

Media Release



"Today's announcement reveals Telstra's strategy for the 3G business, and reinforces our belief in the future of wireless services and communications," he said.

"In light of announcements by Singtel/Optus and Vodafone that they intend to build their own 3G networks, this agreement recognises that the interests of the industry and the nation are best addressed through this type of infrastructure sharing arrangement."

Group Managing Director Telstra Wholesale, Telstra Broadband and Media, Mr Bruce Akhurst, responsible for negotiating this outcome on Telstra's behalf, said today: "This is a commitment to innovation and growth that strengthens competition where competition is most important - in consumer services."

"This new approach will ensure our customers enjoy world class 3G mobile services, despite the relatively small size of our market," he said.

Mr Russell said the agreement was an emphatic endorsement of the long-term future of 3G, with significant benefits in profitability and shareholder value.

"It makes compelling commercial sense for both organisations," Mr Russell said.

"This agreement with Australia's biggest mobile network operator validates the quality and cost of the 3G network infrastructure built by 3. It ensures that 3 customers will continue to be served by the best 3G network in Australia, in terms of depth and breadth of coverage, quality of service and leading edge capabilities.

"This network sharing provides a long-term infrastructure platform from which 3 can continue its market leadership in the delivery of new mobile products and services."

Under these arrangements, both companies will offer a range of competing products and services to customers including:

- Innovative multimedia content in news, sport, information and entertainment
- Advanced multimedia messaging,
- High speed music and video streaming
- Video calling with multiple parties
- Location based services, providing maps and directories
- Advanced business applications and messaging solutions

In 2005, both Telstra and Hutchison will offer customers the next wave of 3G handsets with features that include high-quality colour screens, digital camera and video capabilities and increased memory capacity.

The parties have discussed the agreement with the ACCC and sought informal clearance.

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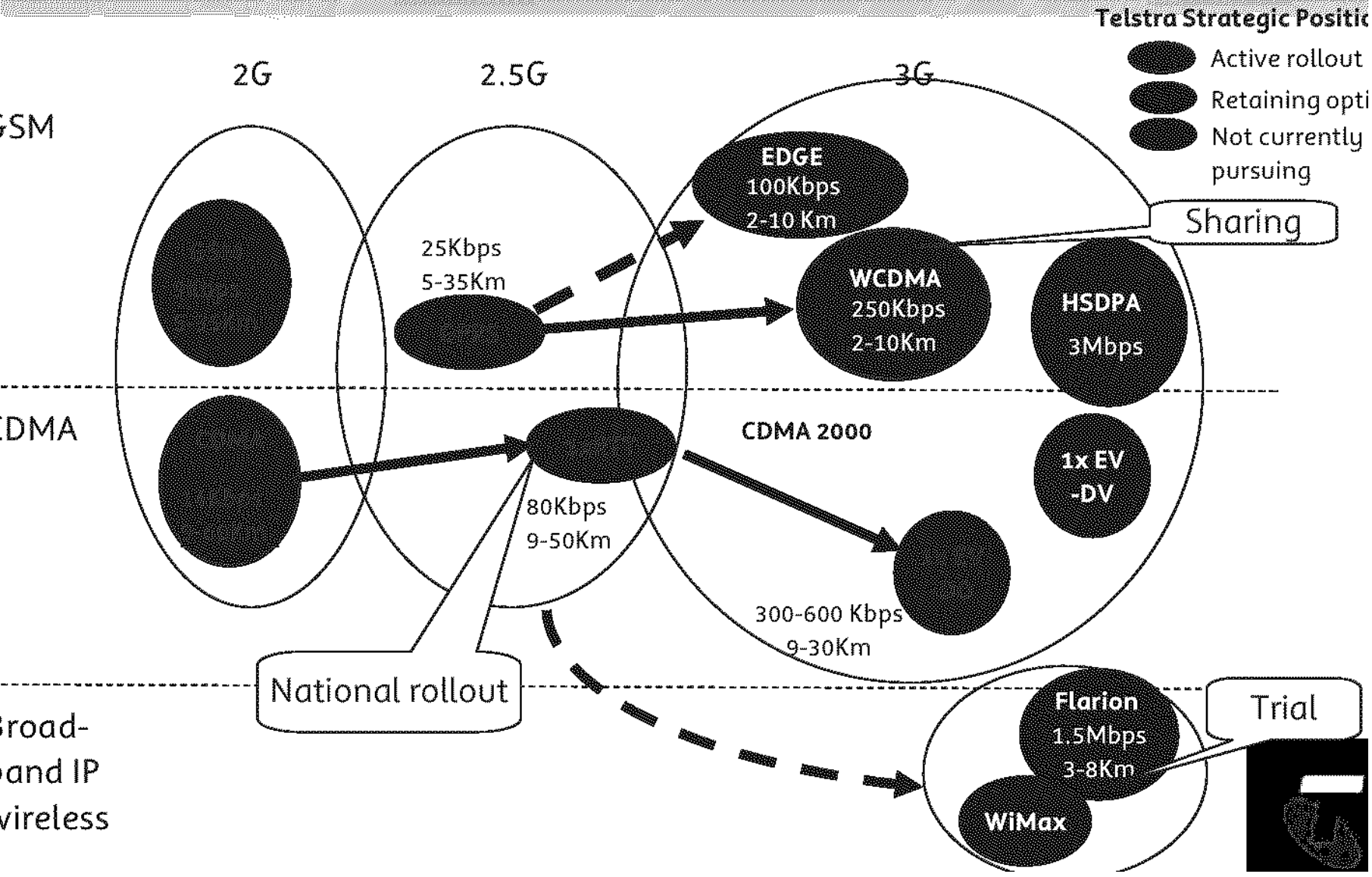
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3G Infrastructure Sharing with Hutchison 3G Australia



Telstra's 3G evolution path



Infrastructure Venture with Hutchison 3G Australia

- Signed Heads of Agreement with Hutchison to share 3G Infrastructure
- Hutchison and Telstra to provide separately branded 3G services
- consumers benefit from improved 3G coverage and increased 3G competition
- the introduction of 3G services by Telstra will lead to increased 3G penetration
- more efficient use of capital by investment in complementary networks rather than duplication
- Telstra to access handsets through Hutchison Whampoa's global handset sourcing arrangements
 - Handsets to be supplied without 3 Branding and loaded with Telstra's differing requirements (eg I-mode)

Timing is subject to:

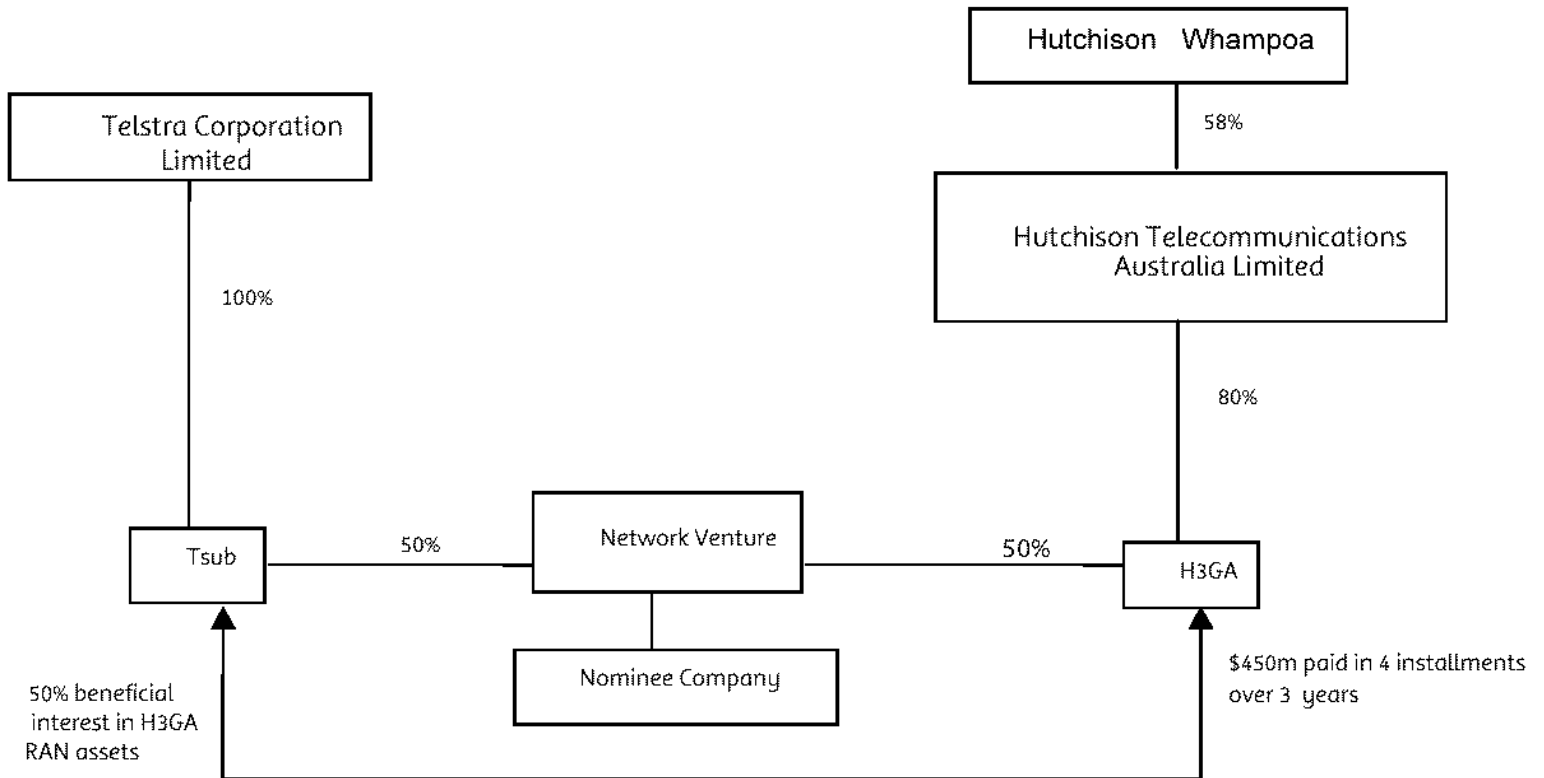
- Agreement is subject to ACCC informal clearance
- Signing of long form agreements - expected November 2004

Responsible 3G investment to provide services to

CONSUMERS



Venture Structure

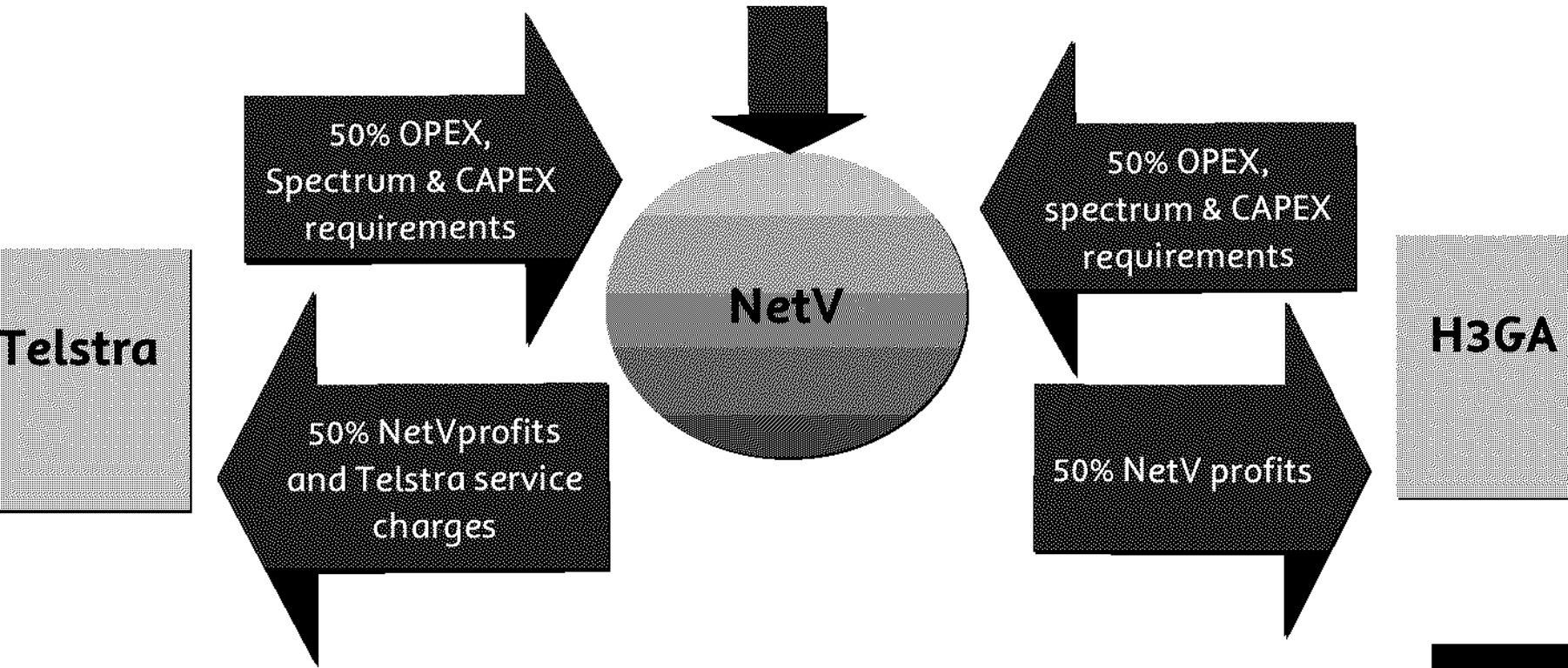


Strategic alliance for technology evolution



NetV Ongoing Cash Flows

Revenue from NetV
wholesale arrangements



Strategic alliance for technology evolution



Financial Impact on Telstra

- Initial outlay of AUD\$450m plus \$114 million for the Core network over three years.
- No impact on Telstra's capital management programme announced on 21 June 2004
- 3G spend is additional to the AUD\$3 billion per annum domestic capital expenditure guidance
- WCDMA spend easily accommodated within Telstra's target financial parameters of:
 - Net debt to net debt and equity: 45% to 55%
 - Debt servicing: 1.3x to 1.7x
 - Interest coverage >8x
- NetV will be equity accounted

A compelling model for 3G evolution



Outlook for the Mobiles Market

- **The Australian mobiles market will continue to gather competitive momentum**
- **Provision of superior coverage, excellent content and great service over appealing devices is key**
- **Timely evolution into 3G is mandatory to retaining and attracting customers while defending revenue**
- **Sharing arrangement with Hutchison offers cost effective entry into the 3G sphere**
- **Detail of consumer offerings to be provided closer to launch in 2005**

Telstra is well positioned for the future

