15 November 2004

Office of the Company Secretary

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**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**Telstra Successfully Completes $750 Million Off-Market Share Buy-Back**

In accordance with the listing rules, I attach an announcement for release to the market together with Appendix 3F – Final Share Buy-Back Notice.

Yours sincerely

**Douglas Gration**
Company Secretary

Telstra Corporation Limited
ACN 051 775 556
ABN 33 051 775 556

# Media Release

15 November 2004 393/2004

## Telstra Successfully Completes $750 Million Off-Market Share Buy-Back

Telstra Corporation announced today the successful completion of its $750 million off-market share Buy-Back. A total of 185,284,269 shares were bought back at $4.05 per share, representing 3.0% of Telstra's non Commonwealth of Australia owned issued capital.

The final Buy-Back Price of $4.05 represented the lowest price in the tender range and was determined based on the overall level of shareholder support for the Buy-Back. For successful tenderers the price included a fully franked dividend of $2.55 per share and a capital component of $1.50 per share.

Telstra Chief Financial Officer, Mr John Stanhope, said the strong support for the Buy-Back was an excellent outcome for all shareholders, regardless of their participation.

"For shareholders whose shares have been bought back under the Buy-Back, part of the Buy-Back Price will include a fully franked dividend of $2.55 per share. For shareholders who did not participate in the Buy-Back, the Buy-Back Price is a very attractive price for Telstra to buy back its shares and thereby maximise earnings per share and enhance shareholder value for all shareholders," Mr Stanhope said.

It is not appropriate to compare the Buy-Back Price with a price at which shares may be sold on-market. An on-market sale is treated differently for tax purposes.

Mr Stanhope said in conducting an off-market tender process Telstra was asking shareholders to determine the Buy-Back Price.

"The very strong demand for the Buy-Back meant that Telstra was able to buy back the desired $750 million in stock at the lowest price in the tender range."

Telstra accepted tenders at $4.05 and Final Price Tenders, but the level of shareholder support for the Buy-Back required these tenders to be scaled back by 11.3%. The first 400 shares successfully tendered by each registered shareholder will be bought back in full before the scale back applies, as described in the Buy-Back documents. Telstra will not buy back any shares tendered at prices of $4.15 or above.

To ensure Telstra's smaller shareholders who offered all their shares into the Buy-Back at $4.05 or as Final Price Tenders are not disadvantaged, shareholders who would be left with 600 or less shares after the scale-back will have all their shares bought back in full. Accordingly, shareholders with 5,718 or less Telstra shares who tendered all of their shares into the Buy-Back at $4.05 or as Final Price Tenders will have all of their shares bought back in full.

# Media Release

As a result of the Buy-Back, the Commonwealth of Australia-owned issued capital has increased to around 51.8%. The Federal Government indicated it would not participate in the Buy-Back on 19 October, 2004.

Following discussions with the Australian Taxation Office, the Commissioner of Taxation has indicated that in the current circumstances the relevant tax value for the purposes of this buy-back should be determined using the Rebased Closing S&P/ASX 200 Telecoms Index (ex Telstra) rather than the S&P/ASX 200 Index.

On this basis, for the purposes of the Buy-Back, the Capital Gains Tax Value is $4.80, and therefore the deemed disposal price for tax purposes of shares sold under the Buy-Back is $2.25.

Mr Stanhope said that Telstra had recommended to all shareholders that they seek professional advice about the Buy-Back because the financial consequences of participating in the Buy-Back for each shareholder would depend on their individual circumstances.

"The Buy-Back is part of Telstra's three year capital management program, whereby Telstra plans to return $1.5 billion of capital to shareholders each year for the next 3 years, commencing with 2004/2005. The Buy-Back follows last year's successful $1 billion buy-back and 3 cents per share special dividend, which represented a total return to shareholders of around $1.4 billion. In addition to this year's $750 million Buy-Back, we reaffirm our intention of paying a special dividend of 6 cents per share with the 2004/2005 interim dividend in April 2005, which will represent a total return to shareholders of around $1.5 billion.

"The Buy-Back does not impact Telstra's ability to maintain foreseeable capital investment, undertake appropriate acquisitions, or fund other growth initiatives," Mr Stanhope said.

Payments and the mailing of notices to successful tenderers commence on 23 November 2004 and will be completed within the week.

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Telstra's national media inquiry line is 13 1639 and the Telstra Newsroom is located at:
www.telstra.com.au/newsroom http://www.telstra.com.au/newsroom

*Rule 3.8A*

# Appendix 3F

## Final share buy-back notice
## (*except* minimum holding buy-back)

Introduced 1/9/99. Origin: Appendices 7D and 7E. Amended 30/9/2001.



| Name of entity | ABN |
|---|---|
| TELSTRA CORPORATION LIMITED | 33 051 775 556 |

We (the entity) give ASX the following information.

## Description of buy-back

| | | |
|---|---|---|
| 1 | Type of buy-back | Selective buy-back on equal access buy-back conditions (as modified) |

## Details of all shares bought back

| | | |
|---|---|---|
| 2 | Number of shares bought back | 185,284,269 |
| 3 | Total consideration paid or payable for the shares | $750,401,289 |
| 4 | If buy-back is an on-market buy-back - highest and lowest price paid | highest price:<br>date:<br><br>lowest price:<br>date: |

+ See chapter 19 for defined terms.

# Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here: (Company secretary) Date: 15 November 2004

Print name: DOUGLAS GRATION

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