

14 August 2006

Office of the Company Secretary

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra responds to media article regarding ULL access pricing.

Telstra notes the media commentary this morning regarding ULL Access Pricing. Telstra wishes to inform the market that after business hours on the evening of Friday 11 August 2006 it received advice from the ACCC that the ACCC had made an Interim Determination in respect of a ULLS Access Dispute with one of Telstra's lower volume ULLS wholesale customers at a price of \$17.70 per month in Band 2 (\$7.20 for Band 1 and \$34.20 for Band 3). There is no price determined for Band 4 as the Access Seeker concerned does not acquire ULLS in Band 4. These prices replace on an interim basis the current pricing (benchmarked at \$22 in Band 2) for this Access Seeker only.

Telstra's guidance provided on 10 August was clearly stated as being based on the then current price of \$22 (a price which remains current as of this morning in respect of the bulk of our ULLS lines). The ACCC may now follow this Interim Determination with other Interim Determinations in respect of other ULLS Access Disputes. Importantly, these would all be Interim Determinations by the ACCC, pending Final Determinations being made by the ACCC at a date or dates to be determined by the ACCC.

Once there is sufficient certainty on all necessary elements, Telstra will assess the impact on its business and review its market guidance, and make any related announcements at the appropriate time.

Yours sincerely



Fiona Mead
Assistant Company Secretary