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28 October 2009

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Investor Day – slide presentations

In accordance with the listing rules, I attach a copy of the presentations to be delivered at Telstra's Investor Day for release to the market.

Regards

Carmel Mulhern
Company Secretary

NBN and Regulation Update

David Thodey, CEO

28 October 2009

Disclaimer

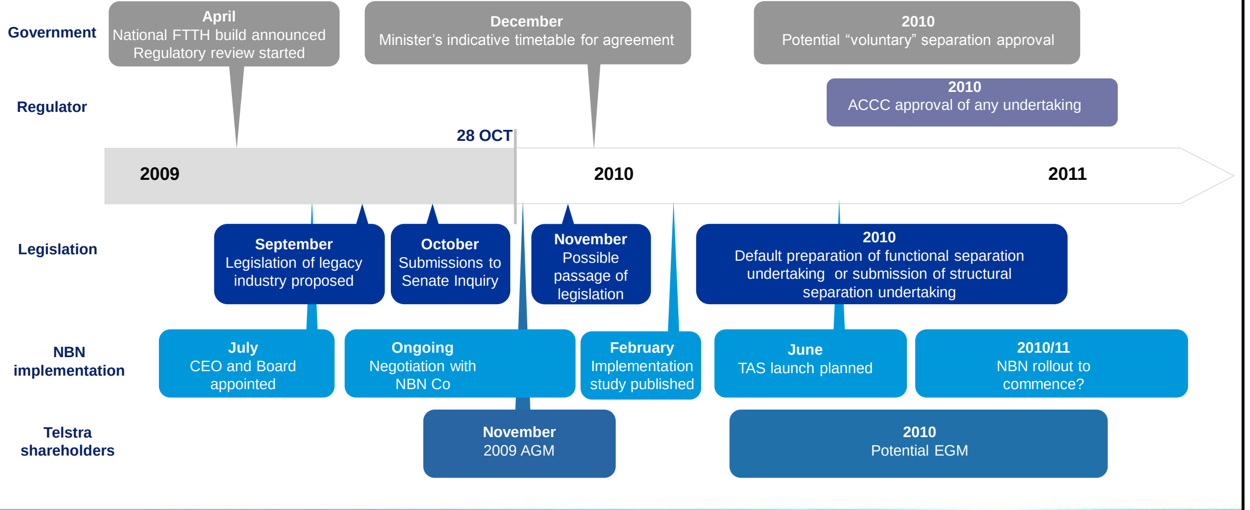
These presentations include certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking 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.

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.

Progress and commitment

- Telstra supports the Government's NBN vision
- Set up an NBN Engagement Group
- Extensive internal work to evaluate options for Telstra's involvement
- Engaging in active and constructive discussions with the Government and NBNCo for some time
- Deal must be in the best interests of the company and its shareholders - cannot agree to proposals that fail to give fair value for Telstra's assets

Potential timelines complex...



Issues complex…

Deployment issues

- Access services Telstra may provide
- Deployment services Telstra may provide
- Operate & maintain services Telstra may provide
- Structural and functional separation options
- 10% coverage area not addressed by fibre

Migration Issues

- Management processes
- Volume of migrations
- Positions of ONT termination devices
- Access to premises
- Service continuity
- Customer complaints
- IT systems
- Customer services exit requirements

Legislation & Regulation

- Response to proposed legislation
- Review of regulatory arrangements:
  - USO schemes
  - Customer Service Guarantee
  - Priority Assistance
  - Network Reliability Framework
  - Mass Service Disruptions

Legislation

- Telstra opposes the Bill in its current form
- Telstra believes that the legislation is unnecessary because it will:
  - impede the achievement of the NBN vision;
  - reduce competition, especially in the mobile and media markets;
  - harm consumers, particularly those in rural and remote Australia;
  - not necessarily result in industry reform;
  - provide the ACCC with expanded powers unparalleled in any other industry; and
  - destroy value for the 1.4 million shareholders that purchased Telstra shares from the Government over the past 12 years.
- If the Senate proceeds with the Bill it should at the very least defer debate and urge significant amendments

Telstra

NBN Financials Update

John Stanhope, CFO

28 October 2009

The NBN decision tree

Status Quo

		NPV Per share	Time	Financial consideration necessary?
Structural separation	Sell ULL	?	>1 year	✓
	Migrate customers	?	10 years	✓
Functional separation	BT-Style	>-10c	5 years	✗
	TCNZ-style	~-4c	>1 year	✗
	TLS proposal	-1c	6 months	✗
	No spectrum	?	>5 years	✗

NBN: Impact of Functional Separation

Increasing Separation

No Separation

	1	2	3	4	5
	Operational Separation	Operational Separation + Adjudicator	Operational Separation + Internal Contracts	'TCNZ style' Functional Separation	'BT style' Functional Separation
Cost:	0 cps	<1 cps	~1cps	~4cps	>10 cps
Time to Implement:	0 months	6 months	9 months	>1 year	5 years
	Current Position				

Delivering an NBN outcome

Shareholders come first

Constructive engagement

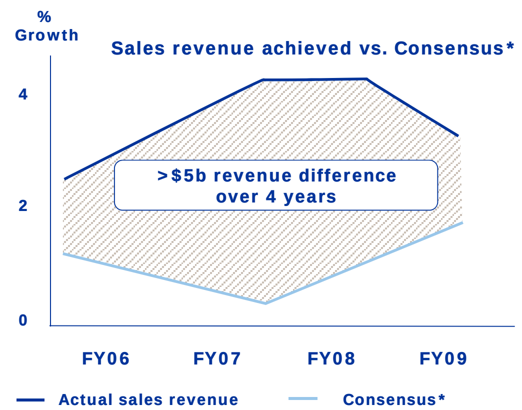
Transformation Closure

John Stanhope, CFO

28 October 2009

Transformation Benefits

Driving revenue above market expectations



* following Strategy Day, November 05

Delivering ongoing competitive advantage

Impact on FY05 to FY09 revenue CAGR

NEXT G NETWORK	Mobile Data	+39% to $2.0b
BIGPOND	Fixed Retail Broadband	+30% to $1.6b
NEXT IP NETWORK	IP Access	+32% to $0.7b

Transformation Achievements

Wireless

NEXT G NETWORK

- 99% population coverage
- Australia's largest and fastest national wireless broadband network

Wireline

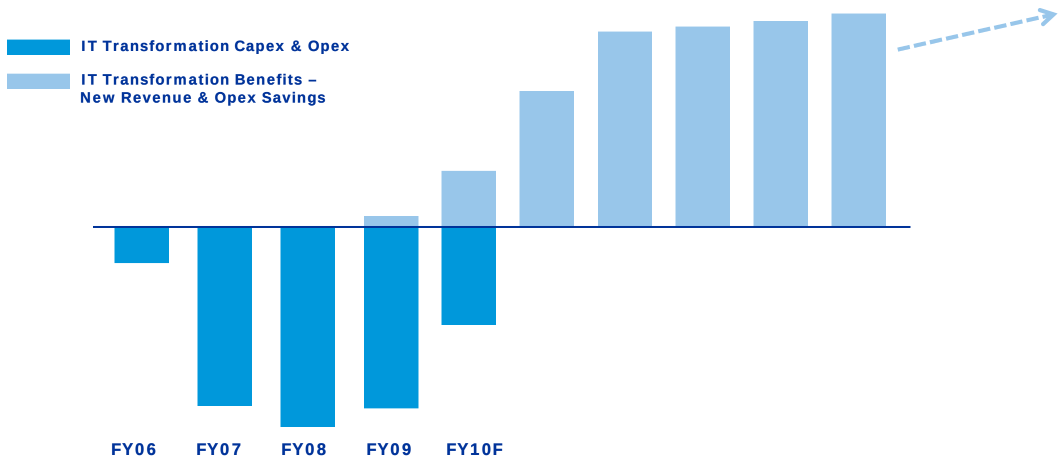
NEXT IP NETWORK

- One of largest national IP networks in the world
- 99.999% reliability

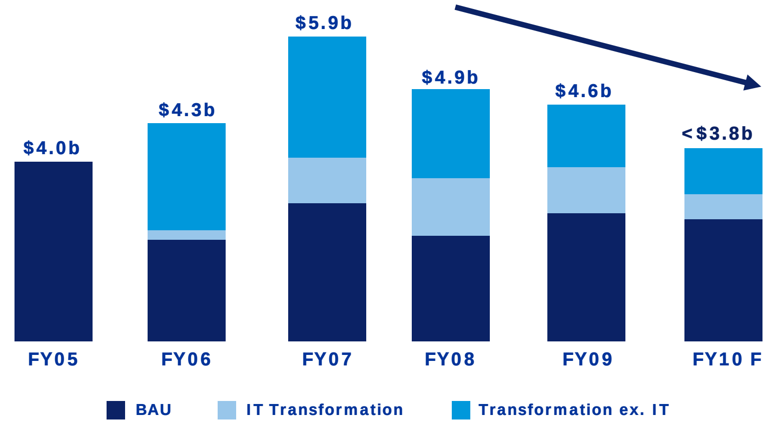
IT

- New CRM and billing platforms supporting consumer fixed, post paid mobile, pre-paid mobile, BigPond and pay TV products
- New fulfilment, activation, assurance and inventory platforms
- 10m+ customers on the new CRM and billing platforms
- 20m+ services on the new CRM and billing platforms
- 70m+ bills issued
- 13m+ orders processed

IT Transformation - The End Game!

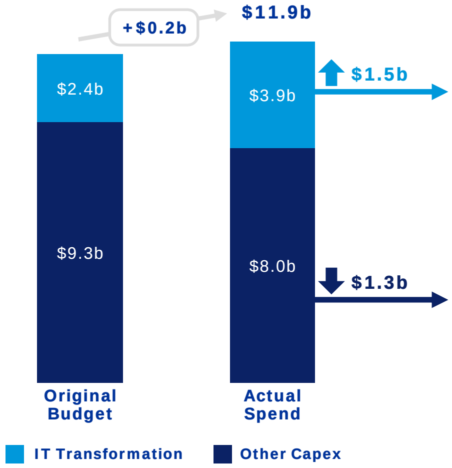


Operating Capex History



$12b invested in transformation

Transformation Capex: within $0.2b of original budget



IT Transformation Spend: +$1.5b

Changes to IT Transformation Plan: +$1.1b
- Additions to Program Scope (eg. EDW) +$0.5b
- BigPond +$0.35b
- Added Complexity [to support revenue growth] +$0.2b

Other Changes: +$0.4b
- Capitalised infrastructure: +$0.4b
- Adaptations: +$0.3b (Support ongoing BAU, Staged releases, other)
- Offsets: -$0.2b (PSTN related, other)

Other Capex Spend: -$1.3b

- Wireless Transformation: +$0.1b

- Wireline Transformation: -$0.5b
- Network Fixes & Platform Rationalisation: -$0.4b
- Revenue Acceleration: -$0.5b

IT Transformation Capex Movements

1. Scope reduction / program of work modification	-$0.2B
2. Use Siebel, Remedy, existing wireline for fulfilment and assurance	+$0.05B
3. Consolidate BigPond into the transformation	+$0.35B
4. Additional programs in scope (Enterprise Data Warehouse; Integrated Desktop; CCM; Network Planning; Sensis Integration, etc.)	+$0.5B
5. Significant ongoing BAU program of work	+$0.1B
6. Added complexity - dependencies, integration, data migration	+$0.2B
7. Stage major releases to limit risk (TR1, 1.1; TR2.2A, 2.2B; etc)	+$0.1B
8. Capitalised infrastructure	+$0.4B
TOTAL	+$1.5B

IT Transformation – what we said

2007 Investor Day

- *IT transformation capex will be in excess of $2.5B (increased by $200M in Nov 08)*
- *We expect savings of $300M to $400M by 2010*
- *The post-transformation run rate on IT capex will settle back around $500M despite increasing volumes*

FY09 Results Announcement

- *$250M of expected IT cost out will not occur in 2010.*
- *About $100M we won't get and there is about $150M that has been delayed*

Incremental IT Capability Benefits Summary

Functional Area	BENEFITS					
	09/10		10/11		11/12	
	Cost Saving $m	Revenue $m	Cost Saving $m	Revenue $m	Cost Saving $m	Revenue $m
CRM	21	88	50	260	79	413
Self Service, Identity Mgt	1	-	34	7	90	17
Sales Catalogue	5	18	10	70	15	127
Campaign Management	3	29	13	67	24	104
Credit Management	34	-	50	2	53	4
Usage Processing	4	2	19	10	37	30
IT Cost reduction	69	-	120	-	140	-
Other	22	11	59	19	74	23
Total	**159**	**148**	**355**	**435**	**512**	**718**
FY Benefit Total	**307**		**790**		**1,230**	

Customer Relationship Management

- Call Routing
- Single Customer View
- Integrated Agent Interface
- Customer Care Functions

Self Service, Identity Management

- Online Bill
- Self Serve Inquiry
- Online Ordering and Self-care

Sales Catalogue

- Enterprise Product Catalogue
- Product Data / Lifecycle Management

Campaign Management

- Data & Customer Insight
- Planning & Campaign Management
- Marketing Execution & Reporting

Credit Management

- Credit Assessment
- Collections

Usage Processing

- Usage

Cost Reduction

- Cost Reduction in Running IT

Other IT Transformation Capabilities

Billing	Sales Order Management	Number Management, Porting	Physical Network Inventory Management
Invoicing	Order Management, Service Catalogue & Sold Service	Customer Incident & Problem Management	Local Network Management
Payments	Activation Management	Trouble Ticketing Fault Management	Business Analysis

Learnings from the IT Transformation

- Maintain ongoing strategic investment in core platforms to avoid another “big bang” transformation.
- Never underestimate the complexity of the telecommunications IT infrastructure. The alignment of networks, products and customers is a significant challenge.
- Take the time necessary to drive simplification of process and data before transforming IT.
- Ensure you have the systems and processes in place to manage your customers and staff through the transition.

It’s now business as usual

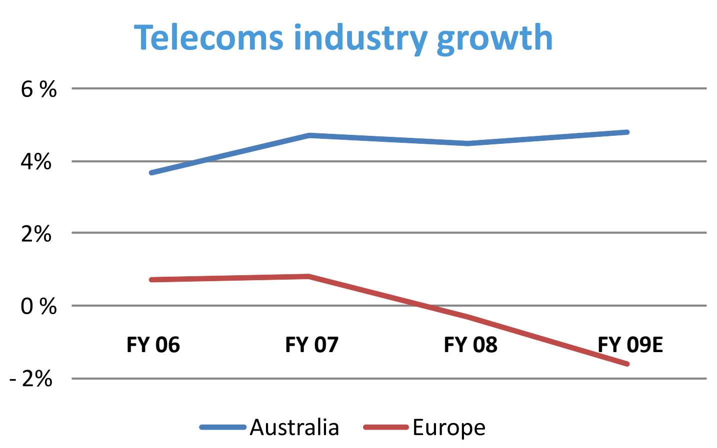
Telstra

Strategy Update

David Thodey, CEO

28 October 2009

Australian telecoms market is strong...



...but remains competitive

Note: Australia growth year to June, Europe year to December
Source: Credit Suisse Research, Telstra management estimates

Telstra

2

Global market trends

- Continued wireless growth
- Mobile and fixed broadband growth
- New fibre access and regulation
- Core network intelligence is essential
- Designing scalable networks
- Migration to new technologies
- Customer demand for end-to-end simplicity

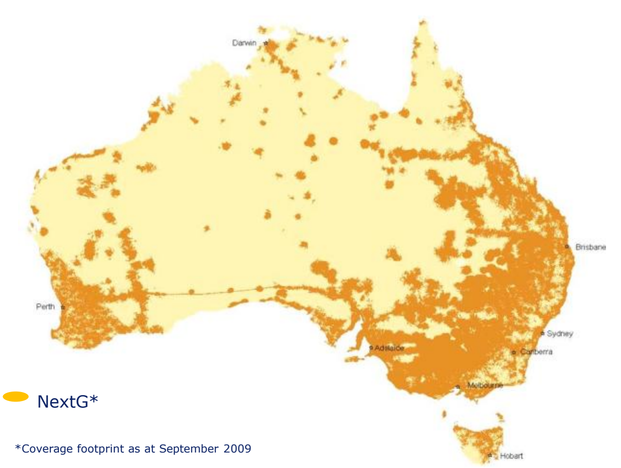
Network differentiation

New capabilities required of telcos

Telstra has the core assets needed to win

- Scale advantage
- Extraordinary customer access
- Deep engineering capability
- Unmatched products and brands

NextG™ Network provides unrivalled coverage



NextG*

*Coverage footprint as at September 2009

Telstra has the core assets needed to win

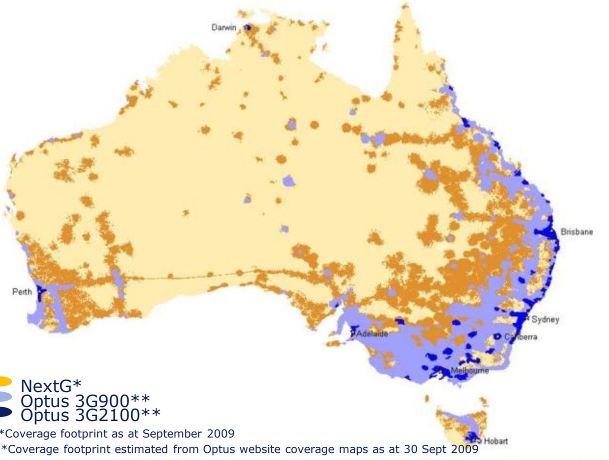
Scale advantage

Extraordinary customer access

Deep engineering capability

Unmatched products and brands

NextG™ Network provides unrivalled coverage



NextG*
Optus 3G900**
Optus 3G2100**

*Coverage footprint as at September 2009
**Coverage footprint estimated from Optus website coverage maps as at 30 Sept 2009

Telstra has the core assets needed to win

Scale advantage

Extraordinary customer access

Deep engineering capability

Unmatched products and brands

Telstra has the core assets needed to win

Scale advantage

Extraordinary customer access

Deep engineering capability

Unmatched products and brands

'New Telstra' must build new sources of differentiation

Today		Future
• Access networks with great coverage	→	• Scalable service delivery platforms above the access layer
• Reliable and resilient networks	→	• Highly secure networks, high-availability applications
• Broad portfolio and product bundles	→	• Integration where it matters – in the network, applications, services
• Deep internal network engineering capability	→	• Solution design and delivery capability, with deep partnerships
• Extensive customer access and reach	→	• Consistent customer experience, leveraging platform investments

Telstra strategy – your connection to the future

Telstra

"Create a world of solutions that are simple, easy and valued by our customers"

Sources of differentiation

- **Extraordinary customer access and interaction**
- **Unmatched portfolio of products and brands**
- **Clear scale advantage**
- **Deep engineering and design capability**

Strategic imperatives

INVEST
Invest to innovate and differentiate where it matters most

+

SATISFY
Consistently deliver a compelling customer experience to drive Telstra advocacy

GROW
Create **shareholder value**

Leveraging and growing the core – focussed on our customers

INVEST

1. **In building next generation infrastructure**
2. **Differentiation through integration**
3. **Growth in adjacent markets**

SATISFY

4. **Customers at the centre**
5. **Productivity and simplification**

GROW

6. **Growth in NextG™, NextIP™ and broadband**
7. **Grow in the Next Generation Home**
8. **Sensis advertising business**
9. **Selective growth in Asian assets**

1. INVEST in next generation infrastructure

Service delivery:

- Service Delivery Framework *(SDF)*
- Cloud computing infrastructure
- IP Multimedia Subsystem *(IMS)*
- Application-assured networking
- Content Delivery Network

Next generation of infrastructure will focus on enabling delivery of 'up the stack' services, apps and content

IT platforms:

- Customer care and billing ✓

Networks:

- Next IP™ ✓
- LTE ?
- Next G™ ✓

Transformation has delivered Telstra massive increase in network and IT capability

2. INVEST in differentiation via integration

Fixed	Wireless
Customer Service	Customer Service
Devices	Devices
Applications	Applications
Service Delivery Platform	Service Delivery Platform
Network: **NextIP™**	Network: **NextG™**

Telstra T-Hub™

Unified communications

Mobilising T-Suite

Fixed-Mobile Video Calling (with handover)

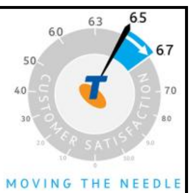
IP Multimedia Subsystem

3. INVEST in adjacent markets – network applications and services

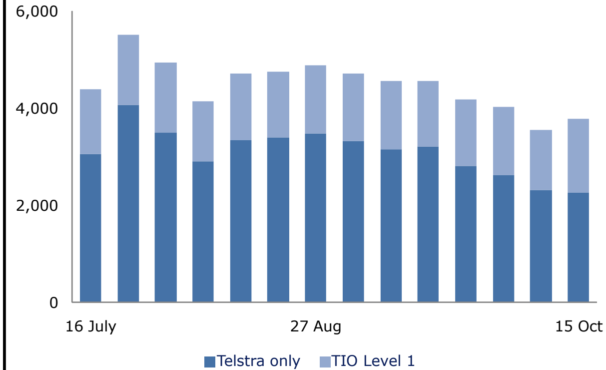
	Legacy networks 2006	Next Generation Networks (NGN) 2009	Evolving NGN 2012
Customer applications	Desktop/facilities Business Apps Communications IT storage LAN & Storage PBX	Desktop/facilities Business Apps	Desktop/facilities
		IT & Storage hosting LAN & Security management Video conferencing	Business applications Online applications Federation B2B/B2C Virtual computing LAN & Security management Unified Communications
Telstra provided	Voice – PSTN/ISDN Mobile – 2G/GPRS Data – Frame/ATM	IP Telephony Mobile – Next G/IP IP VPN – DSL/Ethernet	Mobile – Next G/IP IP VPN – DSL/Ethernet

IP migration → *Move to cloud computing*

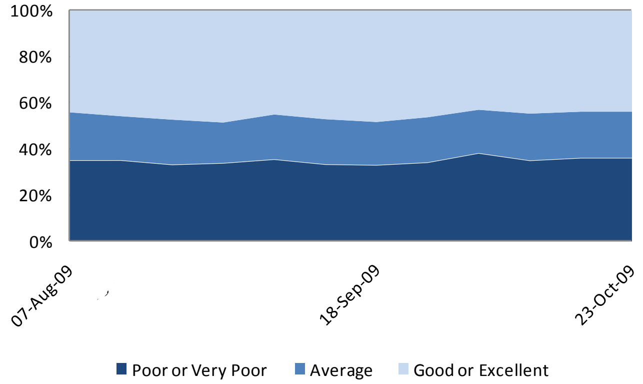
4. SATISFY the customer



Weekly complaint volumes

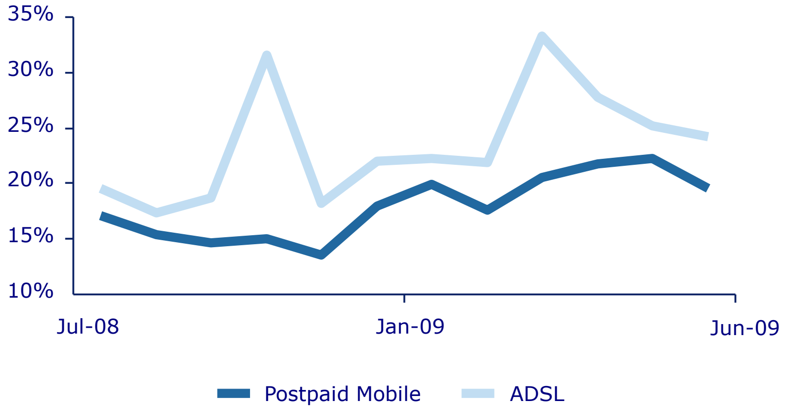


Satisfaction of transacting customers



Customer satisfaction will reduce churn

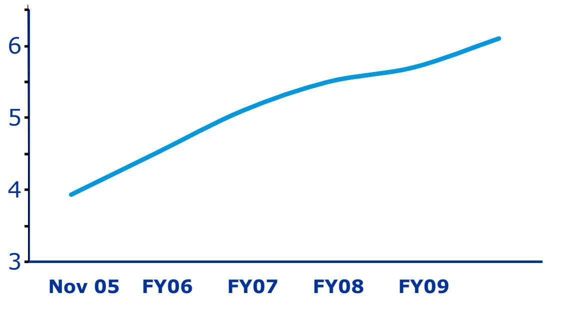
Consumer disconnects (annualised)



5. SATISFY customers through greater simplicity that will also drive productivity

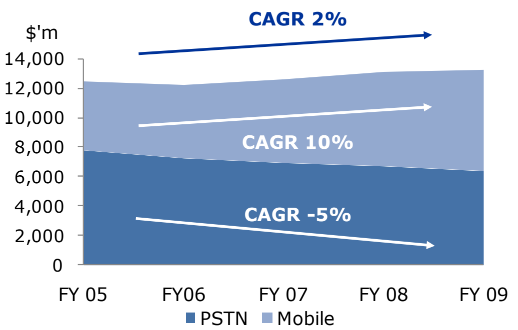
Field Workforce Productivity	**• 55% improvement since November 2005**
FoH Clearance	**• 11% improvement since November 2005**
Trouble Reports per 100 SIO	**• 12% improvement since November 2005**

Field Workforce Productivity (Activity Tasks per day)

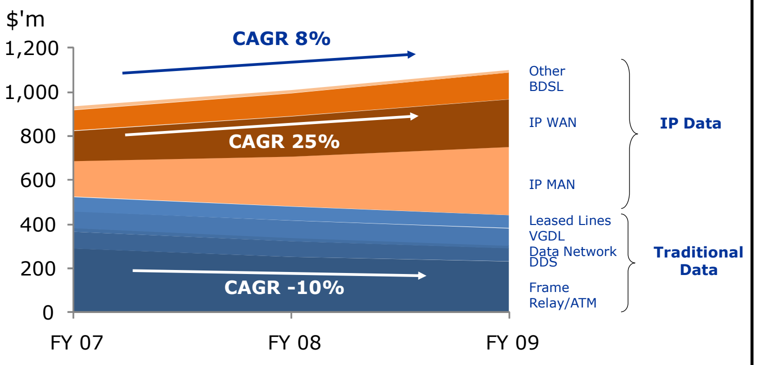


6. GROW through the transition to new services

Total Telstra PSTN and Mobile revenues

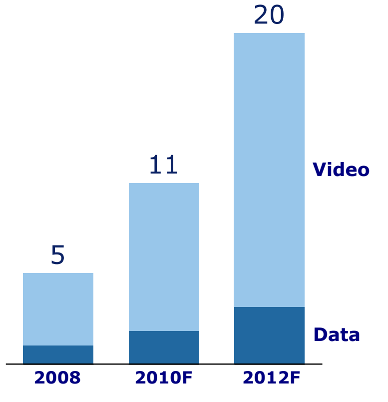


Data Revenues by Category



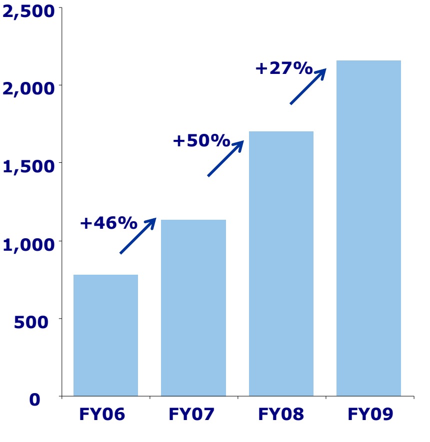
For example, broadband can GROW more

Global consumer traffic (exabytes/month)



An exabyte is equivalent to 1 billion gigabytes;
Source: Cisco, 2008; Cisco, 2009

Retail broadband revenue – Fixed & Mobile ($m)



Penetration (FY09)

Smartphones* 8%

WBB* 10%

Fixed Broadband 62%**

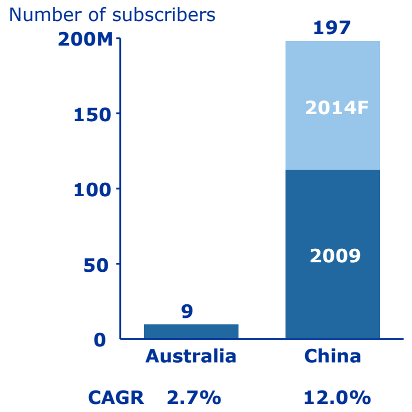
* Telstra per subscriber
** Market per household
^ Source: Management estimates, BofAML Global Wireline Matrix

7. GROW in the Next Generation Home

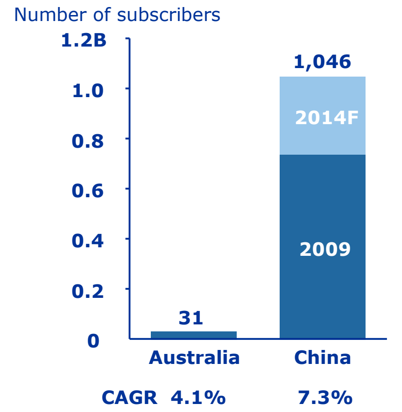
8. GROW Sensis – a core portfolio

9. GROW selectively in Asia

Internet subscribers



Wireless subscribers



Source: Ovum "Mobile voice and data forecast pack: 2009–14"; Ovum "Internet services forecast pack 2007-12"

Leveraging and growing the core

INVEST
- In building next generation infrastructure
- Differentiation through integration
- Growth in adjacent markets

SATISFY
- Customers at the centre
- Productivity and simplification

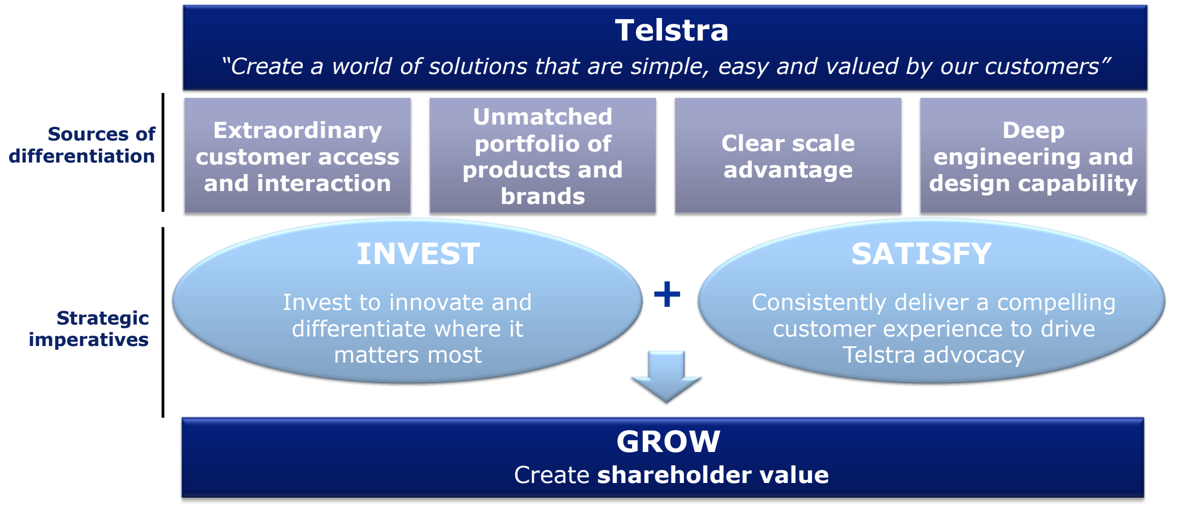
GROW
- Growth in NextG, NextIP and broadband
- The digital home
- Sensis advertising business
- Selective growth in Asian assets

Guidance reiterated

Measure	FY 2010 Guidance
Revenue growth	•Low single digit
EBITDA growth	•Low single digit
EBITDA margin	•Maintained
EBIT growths	•Low single digit
FCF	•$6b

NOTE: Excludes the impacts of any Government regulatory review or NBN outcomes or any unexpected outcome from ACCC wholesale pricing determinations

Telstra strategy – your connection to the future



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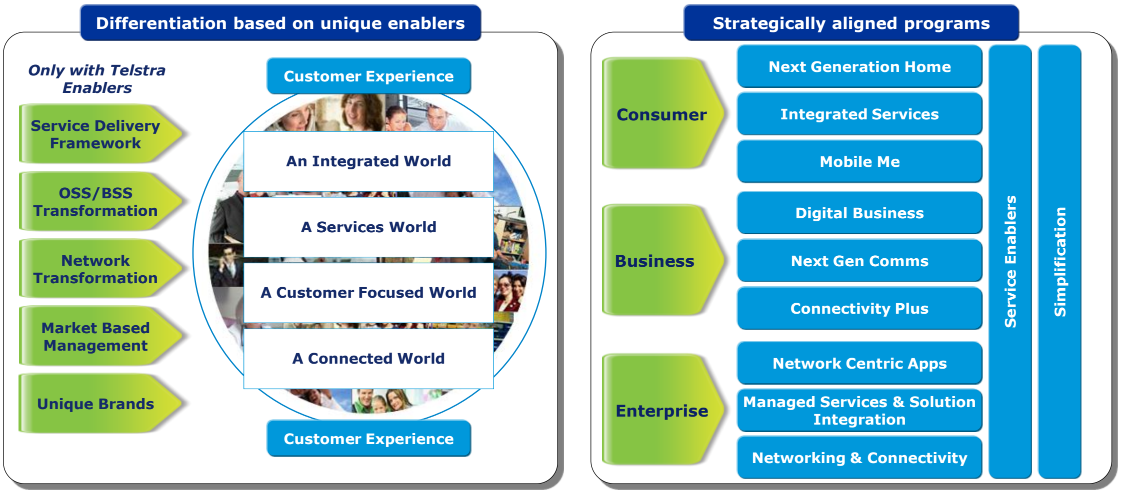
Product Roadmap Update

Holly Kramer, GMD Product Management

28 October 2009

TPM vision for differentiation



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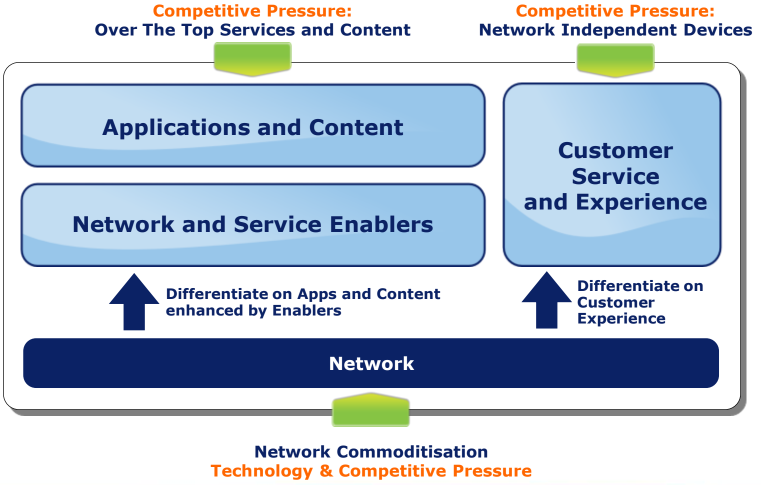
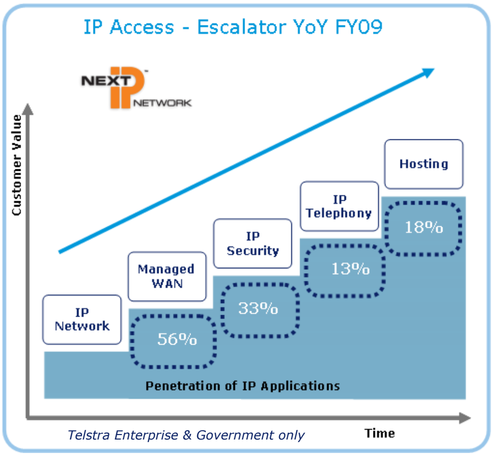
Differentiating beyond the access layer



Enterprise - Continuing to execute the IP Journey



2 Ground swell of commercial UC roll-outs

- **Woolworths:** *Telepresence*
- **PWC:** *HD Video Conf*
- **CBA:** *Cisco UC*
- **Aust Post:** *Cisco UC + Sip*
- **Coca-cola:** *Cisco UC*

1 A year of large managed network deals

- **CBA**
- **Coca-cola**
- **Tab Corp**
- **NSW Ed.**
- **Catholic Ed.**

3 Growing interest in cloud computing services

Anchor tenants:

- *Visy*

Pipeline:

- *30 qualified customers*

Business – Broadband anchor for Digital Business

Digital Business

T SUITE – Telstra Business Apps Online; Microsoft Online Services; Trimble; Xora

Next Gen Comms

Next IP Network; Windows Mobile; Microsoft Exchange Hosted Services; MyEmail; BlackBerry

Connectivity Plus

Telstra Business Broadband; Next G Network

Connect IP

Router + BDSL Access + WAN port + Security & WWW + Management

Partnership update

Announced November 2008

Hosted / Managed — Microsoft; Cisco

Small business — Large enterprise & government

15 products launched → **18 products planned**

	Delivered	Planned (eg's)
Applications	✓ Hosted UC: *IP Tel + OCS* ✓ Mgd UC: *Cisco Call Mgr* ✓ Mgd UC: *Cisco + OCS* ✓ Hybrid: *IP Tel + Cisco* ✓ Telepresence B2B ✓ Webex w/ Telstra Audio ✓ T-Suite + MSFT Online	• Telepresence B2B international • HD video conference interoperability • Mgd Cisco contact centre • Digital media streaming • Hosted MSFT OCS • Webex w/ Telstra Video
Mobility	✓ Mobile Email: Outlook ✓ Device mgmt: Win Mob ✓ UI customisation: Win Mob	• Webex mobile client • Mobile UC: - *Cisco Mobile Extn* - *IP Tel + OCS mobile*
Networking	✓ Mgd network security ✓ Mgd content security ✓ Mgd access control ✓ Mgd LAN / WAN ✓ SIP connect w/ Cisco	• Application monitoring & control • Consolidated security management • Data centre optimisation

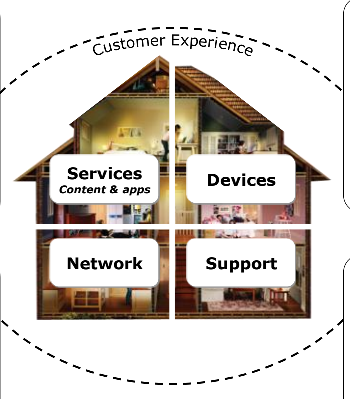
Building the Next Generation Home

Content & communications

MyInbox

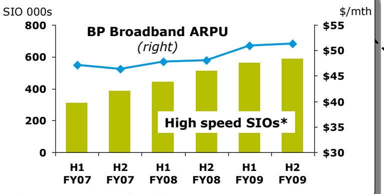
MyEmail

MySync



Increasingly connected devices

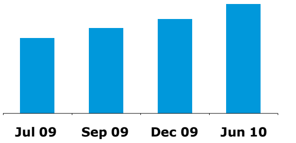
Higher speeds drive ARPU



*Customers on >2Mbps plans

Single view of customer

>10m customers on new platforms



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Telstra T-Hub

The Home Phone Re-invented

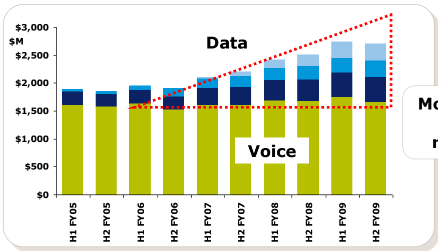
A touch screen device for the home with:

- *Enhanced calling*
- *BigPond address book & calendar*
- *BigPond and Sensis content*
- *Popular internet services*

T·HUB

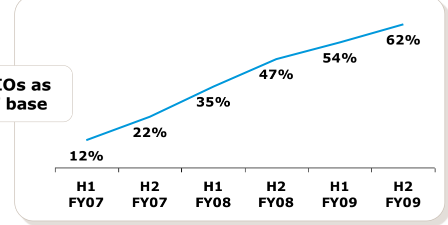
Telstra

Next G network differentiation continues



Mobile voice & data revenues

3G SIOs as % of base



WBB innovation

Easy to use interfaces

Apps & Services

Comprehensive wireless broadband portfolio

Prepaid Wireless Broadband	BigPond Wireless Broadband	Telstra Mobile Broadband	TMB with Basic Fleet	Enterprise Mobile Broadband	Enterprise Mobile Broadband Plus
					Global reach
			Fleet management	Fleet management	Fleet management
Budget flexibility	Email, unmetered content and value-add services	Internet VPN capable	Internet VPN capable	Private VPN	Enhanced security
		Business grade broadband	Business grade broadband	Business grade broadband	Business grade broadband
Next G Access: Speed, Coverage, Reliability	Next G Access: Speed, Coverage, Reliability	Next G Access: Speed, Coverage, Reliability	Next G Access: Speed, Coverage, Reliability	Next G Access: Speed, Coverage, Reliability	Next G Access: Speed, Coverage, Reliability

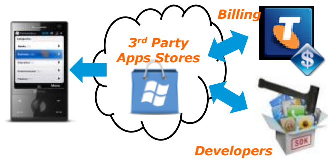
Consumer | **Business** | **Enterprise & Government**

Extending wireless leadership

Speed leadership

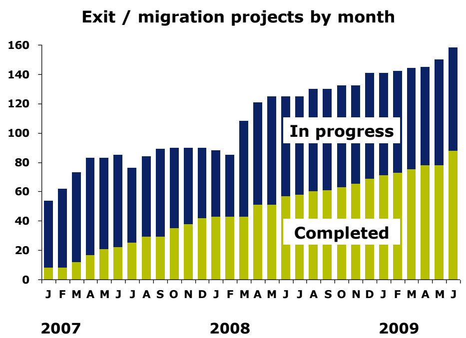
New markets

New apps



Discipline in exits and migrations

Growing volume of successful exits



Embedded in lifecycle management processes

Next Generation Networks, IT & Billing

Product Lifecycle Management

- Commercial
- Technical
- Customer

Product Catalogue

In summary

INVEST	**Innovating and differentiating with unique investments**
SATISFY	**Delivering on our commitments to our customers**
GROW	**Realising growth from this strategy**