

21 October 2010

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra and VHA to conclude joint venture

I attach two media statements for release to the market.

Regards

A handwritten signature in black ink, appearing to be "C. Mulhern", followed by a period.

Carmel Mulhern
Company Secretary

Telstra and VHA to conclude joint venture

21 October 2010 – Telstra and Vodafone Hutchison Australia today announced their network joint venture using the 2100MHz mobile phone spectrum would conclude in 2012.

The joint venture was created in 2004, before the launch of the Next G™ network which operates on the superior 850MHz spectrum.

The change is not expected to impact Telstra's earnings in FY10/11 or FY11/12. Telstra expects an annual EBITDA improvement of more than \$50m per annum from FY13/14 to FY16/17 as a result of the decision. Telstra does not anticipate any asset impairment as a result of this agreement as the assets will continue to be utilised.

Telstra Chief Marketing Officer Kate McKenzie said there would be no change for the vast majority of Telstra mobile customers because the Next G™ network was not impacted.

"There is no change for customers on the Next G™ network and no change for customers in regional and rural Australia," Ms McKenzie said. "The exit of the joint venture will go unnoticed by most of the customers still using the earlier network because their handsets will automatically roam to the GSM network for voice calls and SMS."

From 2012 affected customers will be unable to use their handsets for 3G services such as video calling or Mobile FOXTEL and mobile browsing speeds will slow when in metropolitan areas. Few customers on the 2100MHz network use their phones for such services, with only 158 watching Mobile FOXTEL and 1500 placing video calls in recent months.

"The coverage, speeds and services available on the Telstra Next G™ network are far superior to the 2100MHz network so it made little sense to continue investing in the joint venture."

"We will encourage customers using the earlier 2100MHz network to upgrade their handsets before 2012 so they can take advantage of faster data speeds, wider network coverage and mobile content available on Next G™."

When the agreement concludes, Telstra's share of the network assets will be incorporated into the Telstra Next G™ network to increase network capacity into the future.

The nominal end date for the partnership is 31 August 2012, but this may be brought forward to a date from 1 January 2012 if certain conditions are met.

Telstra will write directly to affected customers with more information about the change and their options.

To find out more, please see the frequently asked questions at www.telstra.com.au/earlier3G or call Telstra on 125 111. Telstra Business customers can call their Account Executive or 13 2000.

Media contact: Craig Middleton – 0400 931 772
www.telstra.com.au/abouttelstra/media-centre/

Reference: 384/2010

	Next G™ network	2100MHz network
Speeds	Typical download speeds of 1.1Mbps to 20 Mbps and typical upload speeds of 300 kbps to 3 Mbps using the Ultimate USB device in all capital CBDs, selected metropolitan hubs, more than 100 regional and rural areas.	Typical download speeds of 550kbps to 1.5Mbps in the CBD and metropolitan areas of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra and some associated satellite cities.
Coverage	More than 2.1 million square kilometres plus more than 1 million sq km out to sea	Less than 9000 square kilometers
Base stations	More than 7000	Approximately 2700
Devices	38 mobile handsets and smartphones available as of 1 October 2010	With the exception of the LG watch phone sold to 23 customers, Telstra has only supplied shops and dealers with Next G™ compatible devices since April 2007.
Services connected	More than 10 million	Less than 170,000. Of these only a fraction will be impacted by the change. 158 customers who have these devices use Mobile FOXTEL™ from Telstra and only 1500 have recently made a video call.



VHA and Telstra Announce Change to 3G Network Share in 2012

Sydney, 21 October 2010 – Vodafone Hutchison Australia (VHA) and Telstra Corporation (TLS) today announced that their 2004 radio access network sharing joint venture agreement for the shared 2100MHz 3G network (known as the 3GIS network), will conclude in 2012.

The change will allow both businesses to focus on their own separate network strategies.

The 3GIS network will continue to operate normally until 2012. Following the conclusion of the agreement, network assets and the spectrum from the 2100MHz network will be incorporated into other networks that Telstra and VHA operate.

There is no immediate impact for customers.

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