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Office of the Company Secretary

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra to sell majority stake in Sensis

In accordance with the Listing Rules, I attach a copy of a media release, for release to the market.

Yours faithfully



Damien Coleman
Company Secretary

Telstra to sell majority stake in Sensis

Monday 13 January 2014 - Telstra today announced it had entered into an agreement to sell a 70 percent stake in its directories business, Sensis to US based private equity firm, Platinum Equity for A\$454million.

The sale excludes the voice services business and includes economic benefits to Telstra from services it will continue to provide to Sensis. Telstra will retain a 30 per cent shareholding with Sensis now valued at A\$649million.

Platinum Equity is a leading global private equity firm with a highly specialised focus on business operations and 18 years of success in acquiring and operating businesses which have been part of large corporate entities. Among the transactions Platinum Equity completed in 2013 were carve outs from AP Moeller Maersk, CBS, CheckPoint Systems, Emerson and Deutsche Post DHL.

Chief Executive Officer, David Thodey said he was committed to the new partnership and believed the agreement was the right strategic fit for both Telstra and Platinum Equity. He said the new partnership would maximise the value of the Sensis asset for Telstra shareholders.

"We have spent the last two years enhancing our print directories business with a rich set of digital directory offerings. Sensis is now the leading digital marketing services and directories business in Australia. To drive further momentum, we believe it is the appropriate time to introduce Platinum Equity, as a strategic partner," said Mr Thodey.

"Platinum Equity will operate Sensis as a separate entity, giving it the focus it needs to extend and enhance customer offerings and benefits in an agile digital world."

The transaction price is equal to a multiple of 2.4 times Sensis' FY14 forecast EBITDA after adjusting for the voice directories business (which is being retained by Telstra) and stand alone costs of operating the business. This is consistent with valuations for recent directories transactions globally.

The sale proceeds of A\$454million are incremental to Telstra's FY14 free cashflow guidance of A\$4.6billion to A\$5.1billion. Telstra expects to book an accounting loss on Sensis of approximately A\$150million subject to completion timing and adjustments. Approximately A\$100million is expected to be included in the December 2013 half year results with the balance accounted for on completion, which is expected in the second half of FY14.

Post completion Telstra will record its future share (30%) of Sensis net profit after tax in its EBITDA. The value of Telstra's retained shareholding incorporates the impact of debt financing for the acquisition.

Platinum Equity Chairman and CEO Tom Gores said he was pleased about the strong relationship his firm has developed with Telstra.

"We have had great collaboration with Telstra and we believe the partnership will provide Sensis a level of consistency that is good for the business as it transitions to a standalone enterprise," Mr. Gores said.

Mr. Gores said the Platinum Equity team looks forward to working with management to drive the business forward.

"We will empower management's focus on the core directories business while evaluating and pursuing prospective new strategic initiatives," added Mr. Gores.

Mr Thodey said Telstra had run a competitive sale process to select the right partner to maximise the value of the business.

"The fact that we have retained a 30 per cent stake in Sensis shows our belief it will continue to lead the market and deliver value to Telstra shareholders," said Mr Thodey.

"Sensis has been an important business for Telstra shareholders and the cash flow generated by Sensis over time has contributed significantly to our ability to invest in the growth of our core telecom businesses."

Sensis will continue producing and distributing the White Pages Directory as required under conditions of Telstra's Carrier Licence. Telstra will also continue to provide directory assistance (1223) services as required under conditions of Telstra's Carrier Licence. Voice services including the 1234 and 12456 services are a part of Telstra's core telecom offering and will continue to be operated by Telstra as an ongoing supplier to Sensis.

Following completion, Telstra will consider the net proceeds from this transaction, consistent with its capital management framework.

ENDS

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