



19 March 2010

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

National Broadband Network ('NBN') Negotiations Update

In accordance with the listing rules, I attach a copy of an announcement for release to the market.

Regards

A handwritten signature in black ink, appearing to read 'Carmel' followed by a stylized flourish.

Carmel Mulhern
Company Secretary



NBN Negotiations Update

19 March 2010

There have been a number of recent media articles speculating on the status of Telstra's negotiations in relation to the National Broadband Network (NBN). These negotiations, which are focussed on the future of Telstra's fixed local access network and associated matters, are continuing. Telstra, the Government and NBN Co are approaching these negotiations on a "business-to-business" basis.

Currently there is a significant gap between Telstra and NBN Co on what each party considers to be an acceptable financial outcome and there are also a range of commercial matters that are yet to be agreed. In addition, Telstra is discussing ways in which the gap can be bridged, recognising that the Government has highlighted the national interest benefits of the NBN and reform of the telecommunications industry. Further, as Telstra has stated in its submissions to Government, a range of legislative changes and regulatory approvals will be needed for an agreement to be implemented.

Telstra remains engaged with the Government and NBN Co to achieve a timely outcome that is in the interests of the company and its investors.

As Telstra has noted, should an in-principle agreement be reached and the Telstra Board recommends a significant change to the nature or scale of Telstra's activities, then subject to the required regulatory approvals, the Board intends to seek shareholder approval for the full proposal. Telstra will continue to keep investors and the market informed.