

20 February 2015

Office of the Company Secretary

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Andrew Penn appointed new Chief Executive Officer of Telstra

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

Yours faithfully



Damien Coleman
Company Secretary

Andrew Penn appointed new Chief Executive Officer of Telstra

20 February 2015 – Andrew Penn will be the new Chief Executive Officer of Telstra, effective 1 May 2015, replacing David Thodey who today announced his retirement after almost six years as CEO.

Telstra Chairman Catherine Livingstone announced that Mr Penn, 51, who is Telstra's Chief Financial Officer and Group Executive International, had been selected by the Board to be Telstra's next CEO.

Mr Penn, a former Group CEO of AXA Asia Pacific, has more than 30 years' experience in Australia, New Zealand, Europe and across Asia-Pacific in roles including chief executive, finance, strategy and other executive positions.

"Andy is a seasoned executive in global markets with proven capability to lead organisations through significant transitions and major expansion," Ms Livingstone said.

"He has played a key role in developing Telstra's long-term growth strategy and we are delighted he will continue to lead Telstra's plans to increase customer advocacy, core business value and capitalise on new growth opportunities.

"It is testament to David Thodey that we were able to select the next chief executive from within the business."

Mr Penn said he was delighted to have been appointed CEO to build on Mr Thodey's transition of Telstra into a customer-focused organisation with significant opportunities in new businesses, domestic operations and overseas investments and partnerships.

"Telstra plays a critical role to provide leading technology solutions and service to our customers in the consumer, business and broader social environment," he said.

"The Telstra Board and leadership team has developed compelling plans to 2020, and beyond, which will expand our capability as an increasingly global connectivity company and position us for future growth."

Mr Thodey, 60, joined Telstra in 2001 as Group Managing Director of Telstra Mobiles and was appointed in December 2002 as Group Managing Director Telstra Enterprise and Government. He has served as CEO since May 2009.

Mr Thodey will continue to assist with Mr Penn's transition from 1 May until the end of the financial year and remain available to the business until late August.

Ms Livingstone paid tribute to Mr Thodey's tenure as CEO, during which the company's value more than doubled from below \$40 billion to a recent 14-year high above \$80 billion.

"David has been an outstanding chief executive for our customers, shareholders and employees. His passion for customer service and instigating true cultural change has had an enormously positive effect on our company, which has been reflected in our financial performance in recent years," she said.

"David has also taken a significant leadership role in the Australian business community, particularly during his involvement with the B20 last year."

Mr Thodey said his time as CEO had been focussed on developing a strong leadership team. He said Telstra's evolution as a customer-focused organisation and the completion of the National Broadband Network agreement with the Federal Government had been of historical importance for the company and the country.

"Our journey to being a world class customer service organisation is generational progress. We have achieved much change but there is a lot more to do," he said.

MEDIA RELEASE

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"We have provided customers with outstanding connectivity choices, a world class mobile network and new technology to make their lives easier. Andy is ideally placed to keep Telstra on that journey and I'm delighted he has been appointed."

On retirement, Mr Thodey will receive benefits in accordance with his contract of employment and terms of relevant incentive plans. The Board will permit Mr Thodey to retain a pro-rated amount of his FY15 long term incentive subject to performance conditions and restriction periods in the FY15 LTI plan, reflecting his contributions to the company's success up to the time he retires.

Mr Penn will be based in Melbourne. A summary of Mr Penn's remuneration and material terms of his contract of employment as CEO are attached.

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Ref number: 23/2015

Biography - Andrew Penn

Andrew (Andy) Penn is an experienced chief executive and chief financial officer with a career spanning more than 30 years, including 20 at AXA Asia Pacific in a variety of finance, strategy and executive roles.

Mr Penn joined Telstra in March 2012 as Chief Financial Officer. In May 2014, he added Group Executive International to his responsibilities.

He is responsible for Telstra's strategy, mergers and acquisitions, treasury, internal audit, risk management, tax, corporate planning, reporting and analysis, external reporting and investor relations as well as expanding Telstra's operations outside of Australia.

Prior to joining Telstra, Andy was with AXA Asia Pacific for 20 years. Andy held a variety of positions at AXA, including Group Chief Executive (2006-2011), Chief Executive Officer for Australia and New Zealand, Group Chief Financial Officer, Chief Executive for Asia and spent time based in Australia, Hong Kong, Thailand and Indonesia.

In addition to his business activities, Andy has contributed widely to not-for-profit and community organisations. He is Life Governor and Foundation Board member of Very Special Kids, a member of the Juvenile Diabetes Research Foundation Advisory Council, The Big Issue Advisory Group and an Amy Gillet Foundation Ambassador.

He is a passionate supporter of the visual arts and supports Telstra's programs with the National Gallery of Victoria, Museum of Contemporary Art and the National Aboriginal and Torres Strait Islanders Art Award.

Andy is a fellow of the Chartered Association of Certified Accountants, has an Masters of Business Administration from Kingston University, London and is a Graduate of Harvard Business School's Advanced Management Program.

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Summary of material terms of Employment Agreement dated 20 February 2015

Name	Andrew Penn
Position	Chief Executive Officer
Commencement date as CEO	1 May 2015. It is not a fixed term contract.
Fixed Remuneration	\$AUD 2,325,000 per annum inclusive of superannuation contributions.
Short Term Incentive (STI)	<p>Participation in Telstra's annual STI Plan.</p> <p>STI Incentive Opportunity at 100 % of Fixed Remuneration being \$AUD 2,325,000 per annum if performance targets are achieved but not exceeded. The maximum STI opportunity is 200 % of Fixed Remuneration if stretch targets are met.</p> <p>Telstra's current STI Plan rules provide for twenty five per cent of senior executives' actual STI payment to be provided as restricted shares. Half of the shares are restricted for one year and the other half are restricted for two years. During the restriction period, senior executives are entitled to earn dividends on and vote on their restricted shares.</p>
Long Term Incentive (LTI)	<p>Participation in Telstra LTI Plan as determined by the Board from time to time.</p> <p>As a continuing employee, Mr Penn's existing grants of performance rights under Telstra's current LTI plans will remain on foot, subject to satisfaction of the relevant performance conditions and restriction periods. The terms of these existing grants are summarised in Telstra's 2014 Annual Report.</p> <p>Any future grant of performance rights to Mr Penn under the LTI plan will be disclosed in future Annual Reports, and the grant will be subject to shareholder approval where required in accordance with applicable law.</p>
Notice Period	<p>6 months by Telstra.</p> <p>6 months by CEO.</p> <p>Nil in the case of serious misconduct.</p>
Termination payment	<p>6 months' Fixed Remuneration if Telstra gives notice.</p> <p>Treatment of any STI and LTI benefits on termination will be determined by the rules of those plans.</p> <p>No payment will be made on cessation of employment in excess of the amount lawfully payable under Part 2D.2 of the Corporations Act 2001 without shareholder approval.</p>
Post-employment restraint	A 12 month restraint provision applies.

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