IT'S HOW WE CONNECT

14 December 2014

Office of the Company Secretary

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 08 8308 1721
Facsimile 03 9632 3215

The Manager

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

ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra signs revised NBN Definitive Agreements

In accordance with the listing rules, I attach a copy of the following documents for release to the market:

- Media Release
- Overview of the changes to Telstra's NBN Definitive Agreements
- Frequently Asked Questions
- Analyst Briefing Presentation
- Shareholder Letter

Yours faithfully

Damien Coleman
Company Secretary

MEDIA RELEASE

Telstra signs revised NBN Definitive Agreements

14 December 2014 – Telstra today signed revised definitive agreements with NBN Co and the Commonwealth to enable the rollout of the Government's multi-technology mix (MTM) National Broadband Network (NBN).

The agreements remain subject to a number of conditions precedent, including Australian Competition and Consumer Commission (ACCC) acceptance of a revised Migration Plan and receipt of acceptable rulings from the Australian Taxation Office.

The estimated net present value[1] (NPV) which the revised agreements are expected to deliver is equivalent, on a like for like basis, to the estimated NPV of the original agreements.

Chief Executive Officer David Thodey said: "We have achieved the key principle, agreed to by the parties, of maintaining the overall value of the original agreements.

"As a result, our shareholders have been kept whole in terms of the transaction they approved in October 2011."

As with the original agreements, the estimated value of the revised agreements is based on a range of dependencies and assumptions over the long term life of the agreements.

The main change to the original agreements relates to the approach taken to Telstra's copper and Hybrid Fibre Coaxial (HFC) networks. Under the original agreements, Telstra was required to progressively disconnect premises connected to its copper and HFC broadband networks as the NBN is rolled out. Under the revised agreements, Telstra will continue to disconnect premises. However, where NBN Co uses the copper and HFC networks to deliver an NBN service, Telstra will progressively transfer ownership, and the operational and maintenance responsibilities for the relevant copper and HFC assets, to NBN Co. The payment structure remains linked to the rollout of the NBN.

Telstra will continue to deliver Foxtel pay TV services through continued access to the HFC network negotiated with NBN Co.

Mr Thodey said the revised agreements included important protections for shareholders.

"We have retained existing shareholder protections and also negotiated new protections for shareholders in lieu of the protection that our continued ownership of the copper and HFC network assets provided under the original agreements," said Mr Thodey.

"We have also improved and simplified the agreements based on what we have learned working with the original agreements over the last three years, including removing some of the complexity and reporting processes."

Mr Thodey said it would be necessary to make changes to the Migration Plan to adapt it to the Government's MTM model.

[1] Approximately $11bn post tax NPV as at 30 June 2010

"The customer experience and continuity of service for retail and wholesale services moving from Telstra's networks to the NBN has been front of mind throughout the negotiation, and we will now work through these with industry and the ACCC.

"Importantly, we do not foresee any necessary changes to our Structural Separation Undertaking as we will continue to meet this commitment through the progressive disconnection of premises and transfer of ownership of our copper and HFC networks to NBN Co over time."

The Board has decided that no further shareholder approval is necessary as the estimated value of the original agreements, approved by shareholders in 2011, has been maintained and Telstra's existing commitment to structural separation remains.

Telstra continues to work with NBN Co on the delivery of its FTTN trial and remains in discussion with NBN Co on the provision of planning, design, construction and maintenance services by Telstra to NBN Co on commercial terms. These services would be separate and in addition to the revised agreements.

Additional information on the revised agreements is attached.

Media contact: Nicole McKechnie, +61 (0) 429 004617
Email: media@team.telstra.com
Ref number: 241/2014

The key changes to the original definitive agreements include:

	Original DAs (June 2011)	Revised DAs (Dec 2014)
Telstra estimate of value	Approximately $11bn post tax NPV as at 30 June 2010.	Value preserved on a like for like basis.
Copper & HFC Networks	Disconnected 18 months after an area is declared Ready for Service by NBN Co.	Rollout regions with FTTP, FTTN and/or HFC deployment: – Disconnected 18 months after an area is declared Ready for Service by NBN Co. – Ownership of relevant copper and HFC assets progressively transferred to NBN Co such that it owns them as at the Ready for Service date.
Disconnection payments	Progressive payments principally linked to the number of premises disconnected.	Payment construct preserved – progressive payments still linked to disconnection of premises.
Infrastructure Ownership Payments	Progressive payments for transfer of ownership of Lead In Conduits to NBN Co.	Progressive payments for transfer of ownership of various infrastructure assets are linked to progress of NBN rollout.
Infrastructure Access Payments & Transit Network and Exchange Racks	Transit network build. Large scale access to certain infrastructure including dark fibre, exchange space, and ducts.	Transit network build completed – no change. No change to dark fibre payments. Immaterial changes to exchange space access. Payments for ducts simplified and directly linked to progress of NBN rollout.
Total Infrastructure payments	Payment based on infrastructure volumes for the life of the contract.	Deliver equivalent NPV on a simplified basis.
Remediation obligations	Telstra responsible for all duct and pit remediation	NBN Co responsible for remediation of ducts and pits in FTTN and HFC regions. Provision by Telstra of credit to NBN Co for transfer of remediation obligation in FTTN and HFC areas. Telstra's remediation obligations within FTTP regions have been capped
Commonwealth Agreements	- TUSMA - Retraining Funding Deed - Information Campaign & Migration Deed	Minimal changes to Telstra's obligations to reflect MTM and learnings from delivery to-date. Include some protections for Telstra if the rollout date changes (See Shareholder protections below).
Shareholder protections	- Long-term contractual commitments from NBN Co for certain infrastructure - Provision for a rollout termination payment - Protection against automatic termination of certain elements of the Government package - Continued network operation pre-rollout (natural hedge)	Protections have been retained, with new protections agreed to cater for changes arising out of MTM: - Asset disposal provisions - Contractual protections for cessation of roll out after 75% of premises have been passed or are adequately served.
Structural Separation	Occurs as Telstra disconnects premises connected to the copper and HFC broadband networks as the NBN is rolled out.	No change.

Additional information

This attachment contains further detail regarding the revised Definitive Agreements Telstra has entered into with NBN Co and the Commonwealth.

- The key financial components of the revised arrangements under the Definitive Agreements and the value Telstra currently attributes to them.
- Overview of the changes to Telstra's NBN Definitive Agreements
- Frequently Asked Questions.

The information comprised in this document is, by its forward looking nature, subject to risks and uncertainties, assumptions and other important factors that could cause the actual results or performance to be materially different.

Financial summary of Revised Agreements

This section summarises the key financial components of the revised agreements and associated Government policy commitments, and provides an assessment of value attributed to them.

Telstra will continue to receive payments for disconnecting, progressively, copper-based Customer Access Network services and broadband services on its HFC Cable network that are provided to premises in the NBN fixed line footprint, over the duration of the NBN rollout (Disconnection Payments). The payment structure remains linked to the rollout of the NBN.

Telstra will also receive payments for the transfer of lead-in conduits and certain copper and HFC assets (Infrastructure Ownership Payments) over the duration of the NBN rollout. Infrastructure Ownership Payments continue to be CPI adjusted and will be linked to the level of rollout progress.

As part of the original agreements, Telstra also committed to provide long term access to certain infrastructure, including dark fibre, exchange rack space, ducts and pits. Payments for the Transit Network, exchange racks and long term access to ducts and pits (Infrastructure Access Payments) are indexed to CPI, and will grow with the rollout and continue for a contracted average 30 year period.

As outlined in the table below Telstra anticipates the estimated post-tax net present value (NPV) as at 30 June 2010 of the revised agreements remains approximately $11.0 billion, which is consistent with its assessment of the estimated value attributable to the original agreements.

The value estimates are discounted to June 2010 to facilitate direct comparison with presentation of value from the original agreements. The approximate deal value assessment in the table below summarises the value under the revised agreements and associated Government policy commitments.

Consistent with Telstra's previous assessments of value attributable to the original agreements, in providing an assessment of the values below, a discount rate of 10% has been applied to the Disconnection Payments, Infrastructure Ownership Payments and the various components of Infrastructure Access payments. An 8% discount rate continues to be applied to the TUSMA Services, reflecting their lower risk profile.

Component	**Approx post-tax NPV ($bn)**[1]	**Discount rate applied**	**Cash flow modelling period**
Disconnection Payments and Infrastructure Ownership Payments[2]	4.0	10%	Approximately 10 years
Infrastructure Access Payments & Transit Network and Exchange Racks	5.0	10%	Average of 30 years
TUSMA Services[3]	0.7	8%	Up to 20 years
Housing Estate Fibre Provision Responsibilities	0.3	10%	Ongoing
Other Government Commitments	1.0	10%	Various over scheduled 10 year rollout
Approximate post-tax NPV of Revised Agreements	**11.0**		

Table footnotes:

1. The values in the above table are approximate values based on Telstra's best estimate of the likely NPV of long-term agreements and are subject to a range of dependencies and assumptions. The value of payments ultimately received by Telstra may vary from the amounts set out above and the variations could be material. Telstra's assessment of the approximate NPV of payments to be received under the revised agreements is based on NBN Co proceeding with a multi-technology model rollout completing in calendar 2020.
2. Infrastructure Ownership Payments are covered in the Infrastructure Services Agreement, and are included in the Disconnection Payments component of the table since they relate to assets associated with services that Telstra will not control as the NBN is progressively rolled out. This approach is consistent with prior disclosure of value of the original agreements.
3. The Telecommunications Universal Service Management Agency (TUSMA) is a Government entity through which the Government has implemented the Universal Service Obligation (USO) reform, and whose functions the Government proposes to absorb within the Department of Communications.

   Telstra's assessment of the value attributed to the various agreements with the Commonwealth and associated Government policy commitments comprises:

   - the value of payments to Telstra for delivery of certain public interest services such as the Universal Service Obligation and the Emergency Call Service (TUSMA Services);
   - cost savings as a result of the clarification of Telstra's USO responsibilities for the supply of infrastructure in new developments (Housing Estate Fibre Provision Responsibilities); and
   - various other payments to, or costs avoided by, Telstra under the Commonwealth agreements and associated Government policy commitments, such as for retraining and public information campaigns (Other Government Commitments).

Telstra expects to incur cash expenditure in line with the original arrangements, with the exception of duct and pit remediation. A remediation credit will be provided to NBN Co by Telstra over the rollout period, in return for a reduced duct and pit remediation obligation on Telstra. Overall, this new arrangement regarding the remediation credit is a value neutral outcome relative to Telstra's original remediation cost assumptions.

Overview of the changes to Telstra's NBN Definitive Agreements

On 23 June 2011 Telstra entered into agreements with NBN Co and the Commonwealth for Telstra's participation in the rollout of the National Broadband Network (**NBN**). The agreements became unconditional following Telstra shareholder approval in October 2011 and ACCC acceptance of Telstra's structural separation undertaking in March 2012. The agreements, together with the regulatory undertakings given to the ACCC and associated Government policy commitments, established the framework for Telstra's participation in the rollout of the NBN.

Following the Federal Election in September 2013, the Commonwealth Government, after considering NBN Co's Strategic Review report of 12 December 2013, provided NBN Co with a new Statement of Expectations under which the Government agreed that the NBN rollout should transition from a primarily fibre to the premises (**FTTP**) rollout model to the "multi-technology mix" (**MTM**) rollout model recommended by the Strategic Review. The MTM rollout includes the rollout of a fibre to the node (**FTTN**) network, a fibre to the basement (**FTTB**) network and a hybrid fibre coaxial cable (**HFC**) network as part of the overall design of the multi-technology mix NBN.

Telstra has agreed to support the MTM rollout by transferring relevant copper and HFC assets progressively from Telstra to NBN Co as the NBN is rolled out, on the basis that Telstra shareholders will be kept whole. This has required the renegotiation of the Definitive Agreements to make them fixed-line technology-agnostic, to provide for the transfer of relevant copper and HFC assets to NBN Co, and to ensure that Telstra has continuity of provision of services over the copper and HFC assets after they are transferred to NBN Co during the migration period, including for Pay TV.

The progressive disconnection of premises connected to the Telstra copper and HFC broadband networks, the progressive transfer of the relevant copper and HFC assets to NBN Co and the completion of the NBN under the revised Definitive Agreements will still result in the structural separation of Telstra that Telstra committed to in its Structural Separation Undertaking. The progressive nature of the MTM rollout will ensure that Telstra retains the 'natural hedge' of copper and HFC revenues in areas where NBN Co has yet to rollout the NBN. Telstra shareholders will be kept whole as the estimated net present value (**NPV**)[2] which the revised Definitive Agreements are expected to deliver is equivalent, on a like for like basis, to the estimated NPV of the original Definitive Agreements, and as NBN Co has agreed to reimburse Telstra for any direct, reasonable, substantiated and incremental costs it incurs as a result of the move by NBN Co from the FTTP rollout to the MTM rollout.[3]

Under the original Definitive Agreements, while Telstra was obliged to permanently disconnect premises connected to its copper and HFC broadband networks, it still retained ownership of them, and retained the ability to continue to operate and use the HFC network for the supply of Pay TV services. Given the progressive transfer by Telstra of relevant copper and HFC assets to NBN Co, Telstra has negotiated a series of new protections in relation to the disposal by NBN Co of those assets, and in relation to rollout cessation should that occur after 75% of premises in Australia have been passed or adequately served by the NBN.

Importantly, Telstra has negotiated value neutral continuity arrangements with NBN Co in order to ensure that it is able to maintain continuity of active services which it provides to wholesale and retail customers over the copper and HFC assets (including for the continued provision of Pay TV services over the HFC network) after they have been transferred to NBN Co and until those services are migrated to services provided over the NBN or Telstra otherwise ceases providing those services (including on a disconnection at the end of the migration period).

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[2] Approximately $11bn post tax NPV as at 30 June 2010
[3] Costs that Telstra incurs as a retail services provider will not be reimbursed.

The commitments by Telstra to support the MTM rollout by NBN Co have been documented in a series of amendments to the Definitive Agreements with NBN Co, as well as in a number of new agreements described below. These are:

- a Deed of Amendment and Restatement (**DAR**) which amends and restates the original Definitive Agreements;
- a Continuity Deed (**CD**) which provides Telstra with continuity services after it transfers relevant copper and HFC assets to NBN Co; and
- a number of ancillary letters and deeds which support the DAR and the revised Definitive Agreements.

In addition, the change in the NBN rollout to an MTM rollout and the proposed assumption of the functions of the Telecommunications Universal Service Management Agency (**TUSMA**) by the Department of Communications has required a number of changes to be made to the Definitive Agreements between Telstra and the Commonwealth.

In relation to regulatory matters, Telstra does not anticipate making any changes to its Structural Separation Undertaking (including the Interim Equivalence and Transparency Requirements) as a result of the amendments of the Definitive Agreements to support the MTM rollout. It will, however, submit a varied Migration Plan to the Australian Competition and Consumer Commission (**ACCC**) for approval under the Telecommunications Act 1997 (Cwlth). Approval by the ACCC of the varied Migration Plan is a condition precedent to the DAR (and consequently the revised Definitive Agreements) coming into full force and effect.

Implications of NBN Co's MTM migration approach

The original Definitive Agreements require Telstra to progressively disconnect premises connected to its copper and HFC broadband networks (except Pay TV services) as NBN Co rolls out its FTTP NBN. NBN Co has decided to progressively rollout its MTM NBN in a similar way to its FTTP only NBN rollout - that is rollout region by rollout region. As it does so, it will make decisions about the access technology (FTTP, FTTB, FTTN or HFC) which it intends to use to serve premises in each rollout region. These decisions by NBN Co, which will occur as part of the planning processes in the revised Definitive Agreements, will then trigger the transfer to NBN Co of relevant copper or HFC assets, and the transfer or licence of associated passive infrastructure (being infrastructure that supports the relevant copper and HFC assets) assets (or **API**), in the rollout region, which means that NBN Co will own those assets as at the Region Ready for Service Date for that rollout region. However, Telstra will continue to retain ownership of all exchange buildings, ducts, pits and some API.

Once NBN Co has declared a Region Ready for Service Date for a rollout region (which can be no more than 4,000 premises), then, as is currently the case:

- NBN Co can commence providing NBN services over the MTM NBN in that rollout region and the 18 month period for migration to the NBN in that rollout region will commence;
- Telstra's cease sale obligations under the Migration Plan will start shortly after that Region Ready for Service Date, which will prevent Telstra from selling new retail or wholesale services on Telstra's copper and HFC broadband networks to premises within the NBN fixed network footprint in that rollout region except in limited circumstances. During the 18 month migration period, end user migration to the NBN will be demand driven and triggered by an end user placing an order for an NBN service with their Retail Service Provider (**RSP**);
- following the Disconnection Date at the end of the 18 month migration period, Telstra will commence the mandatory disconnection of premises connected to its copper and HFC broadband networks that at that time have not migrated to the NBN (consistent with the current process under the

FTTP NBN rollout). Some services will be disconnected on a delayed timeframe (eg Special Services); while others will not be disconnected at all (eg services to non-Premises and Pay TV services); and

- although HFC assets have been transferred to NBN Co in a rollout region, Telstra can continue to provide carriage services to support Pay TV services over the HFC network. Telstra also can provide existing and new copper services to premises which are outside the NBN fixed line footprint in a rollout region but served by the same upstream copper assets transferred to NBN Co (called long copper tails).

New agreements

Deed of Amendment and Restatement (DAR)

Topic	Summary of 2014 DAR
Amendment of Definitive Agreements	Subject to the conditions precedents being satisfied, the DAR amends and restates the Implementation and Interpretation Deed (**IID**), the Infrastructure Services Agreement (**ISA**), the Subscriber Agreement (**SA**) and the Access Deed (**AD**).
Conditions precedent	The conditions precedent which need to be satisfied before the DAR comes into force include: • the receipt of an acceptable private ruling from the Australian Taxation Office for each of NBN Co and Telstra; • a requirement that the Migration Plan Principles to be issued by the Minister include a provision that prevents Telstra from being required to supply HFC services on a wholesale basis; • the ACCC accepting a variation to the Migration Plan (in a manner acceptable to Telstra and NBN Co) to enable the roll out of the MTM NBN; • the parties agreeing an operational plan to enable NBN Co to commence providing services over the HFC network; • NBN Co confirming that it continues to have arrangements in place to ensure that the cessation of supply, or the acquisition by Telstra, of certain products or services occurs in a non-discriminatory way; • the Minister making a legislative instrument under subsection 577BA(9) of the Telecommunications Act 1997 (Cwlth) in relation to the DAR, the revised Definitive Agreements and the CD; • NBN Co has begun , or is able to begin, offering FTTB services in multi-dwelling units (**MDUs**); • Telstra and the Commonwealth entering into an agreement for the provision of certain data by Telstra to the Commonwealth; • the NBN Co board passing a resolution that it is the intention of the board that NBN Co will roll out the NBN to 93% of the premises in Australia; and • the parties re-entering into the DAR, the CD and a FNN/ULL database hosting agreement following the acceptance of the Migration Plan by the ACCC.
Regulatory authorisations	In order to ensure that the DAR, the revised Definitive Agreements and the CD are authorised for the purposes of subsection 51(1) of the Competition and Consumer Act 2010 (Cwlth) for the term of those agreements:

	• the Minister will make a determination under subsection 577BA(9) of the Telecommunications Act 1997 (Cwlth) authorising the DAR, the revised Definitive Agreements and the CD; and • NBN Co and Telstra will re-execute the DAR, the CD, and a FNN/ULL database hosting agreement once the ACCC has approved the varied Migration Plan to ensure that the DAR, the revised Definitive Agreements and the CD obtain the permanent protection of subsection 577BA(8) of the Telecommunications Act 1997 (Cwlth).

Continuity Deed (CD)

Topic	Summary of 2014 CD
Provision of continuity services	The CD provides Telstra with licences of copper and HFC assets for the purposes of achieving service continuity for Telstra to service its retail and wholesale customers as those copper and HFC assets are progressively transferred to NBN Co.
Copper Continuity Licence	From the asset transfer date in each rollout region, Telstra licences parts of the copper network to support Telstra continuing to provide the following services: • PSTN, DSL, ULLS and LSS services provided to premises within the rollout region; • retail and wholesale special services provided to premises within the rollout region; • services provided to non-premises in the same geographic area as the rollout region; and • long copper tails providing services to premises and non-premises outside the rollout region.
HFC Continuity Licence	From the asset transfer date in each rollout region, Telstra licences parts of the spectrum on the HFC network. Telstra will only use this spectrum to: • continue to supply its own HFC broadband services during the migration period for the rollout region (after which time Telstra will acquire HFC broadband services from NBN Co under a Wholesale Broadband Agreement); and • supply Pay TV services (ie Foxtel and Setanta) to premises in the rollout region that were within the footprint of the Telstra HFC network at the time the HFC assets were transferred to NBN Co.
Charges	The copper and HFC licenses are provided by NBN Co at a charge (which can only be adjusted in limited circumstances: eg CPI), which has been calculated to be value neutral to Telstra.
Term	Copper continuity licences run for as long as Telstra supplies the copper services described above. Pay TV licences are provided until the HFC assets are no longer required by Telstra for the provision of Pay TV services to Foxtel.

Changes to original agreements

Implementation and Interpretation Deed (IID)

Topic	Key 2014 changes to IID
Purpose	As is currently the case, the IID provides common clauses and definitions for the other Definitive Agreements. However, given the change in the nature of the Definitive Agreements to cater for Telstra's transfer of relevant copper and HFC assets to NBN Co, the IID has been amended to include the key provisions described below.
Cost Reimbursement	NBN Co has agreed to reimburse Telstra for costs incurred as a result of the shift from the FTTP rollout to the MTM rollout where those costs are direct, reasonable, substantiated and incremental, with the exception of costs incurred as a RSP.
Network Data and IT	Telstra has agreed to provide network data to NBN Co which NBN Co requires to enable it to undertake the MTM rollout. The parties have also agreed to either modify or create new IT interactions for the exchange of data between them, to support the undertaking by NBN Co of the MTM rollout.
Rollout Cessation	In addition to the existing protections (which will end once this new Rollout Cessation mechanism comes into force), the revised Definitive Agreements include a mechanism under which, if after 75% (but before 92%) of the premises in Australia have been passed or are adequately served, NBN Co ceases the rollout or there is a very slow rollout, Telstra is entitled to terminate the Definitive Agreements and claim compensation from NBN Co. Once rollout cessation occurs, Telstra's network preference and disconnection obligations shrink to the NBN fixed line footprint that exists at the time of the rollout cessation.
Asset Disposal	In order to give Telstra protection against a disposal by NBN Co of the copper or HFC assets that it acquires from Telstra, the parties have agreed restrictions on NBN Co's ability to dispose of those assets, particularly to large RSPs. The restrictions vary depending on when NBN Co proposes to dispose of the assets, and in certain circumstances require a proposed acquirer to enter into a direct agreement with Telstra as part of the proposed acquisition of those assets. These provisions will give Telstra the ability to appropriately protect its interests at the time.

Subscriber Agreement (SA)

Topic	Key 2014 changes to SA
MTM	The SA provides for the progressive disconnection of premises connected to Telstra's copper and HFC broadband networks as NBN Co rolls out the FTTP NBN. Telstra has agreed that the SA will continue to apply in relation to the MTM rollout as broadly described below.
Disconnection and PSAA entitlements	Telstra will continue to progressively disconnect premises connected to its copper and HFC broadband networks as NBN Co rolls out the MTM NBN, even where it is transferring those copper and HFC networks to NBN Co. The mechanisms for disconnection of premises connected to the Telstra copper and HFC broadband networks remain largely unchanged. The rights and obligations (eg disconnection obligations and the Per Subscriber Address Amount (**PSAA**) entitlements) of Telstra under the SA will operate in a neutral manner across each fixed line access technology deployed by NBN Co.
Region Ready for Service date	As is the case for the FTTP NBN, NBN Co cannot determine a Region Ready for Service date for a rollout region until it has passed 90 % of the premises in the fixed line footprint for the region. The definition of when premises are passed has been modified to cater for the MTM rollout and the different fixed line access technologies deployed by NBN Co.
Network preference	Obligations that previously applied to NBN Co's FTTP network (such as the network preference obligation) will now apply to the NBN Co fixed line network (FTTP, FTTN, FTTB and HFC). There are no material changes to the Service Substitution regime under the revised SA.
Operational Simplification	The parties have agreed a number of changes to the SA to simplify various operational processes and provide greater certainty to Telstra in respect of some operational aspects of the SA.

Infrastructure Services Agreement (ISA)

Topic	Key 2014 changes to ISA
Purpose	The original ISA gives NBN Co rights to access certain types of Telstra infrastructure to enable NBN Co to rollout the FTTP NBN. The parties have agreed to amend the ISA to: • provide for a common process by which NBN Co will interact with Telstra and obtain information from Telstra to enable NBN Co to plan, design, construct and use Telstra infrastructure or acquire certain Telstra network assets; • add new service modules under which NBN Co can acquire copper, HFC or API assets from Telstra; • amend existing service modules to support the MTM rollout (eg to ensure that NBN Co has the right to use Telstra ducts to install new copper cables, and the right to install NBN Co nodes in Telstra exchange buildings); and • simplify the operation of the ISA as a result of the change to the MTM rollout model.
Planning Annexure	The parties have agreed to adopt a consistent approach to how they interact in connection with the planning, design and construction by NBN Co of the MTM NBN. This annexure provides for, among other things: • Telstra to provide planning and other information to NBN Co about Telstra's duct, copper, HFC and API assets to enable NBN Co to undertake the MTM rollout; • Telstra to prepare and to provide to NBN Co, appropriate asset transfer documentation for the transfer of the relevant copper, HFC and API assets to NBN Co; and • certain once-off conditions to be satisfied by NBN Co before the process of transferring the relevant copper, HFC or API assets can commence. These include conditions around service activation, service assurance and service transfers to support the provision by NBN Co of continuity services for Telstra customers (as well as for Pay TV services over the HFC network) after the transfer of the copper and HFC assets to NBN Co.
Copper Access Service Module	This module: • provides for the transfer to NBN Co of ownership and responsibility for operations and maintenance of all copper network assets downstream of a network boundary point (typically a pillar or joint) nominated by NBN Co in a rollout region. These downstream copper network assets will include copper network assets serving premises and non-premises, as well as copper network assets serving locations outside the rollout region (which are known as long copper tails). Under the CD, NBN Co will provide Telstra with access to these copper network assets so that Telstra can continue to provide services to Telstra customers until they migrate to the NBN or Telstra otherwise ceases the provision of services over them (including on a disconnection at the end of the migration period); • grants NBN Co a right to access the copper network that NBN Co intends to acquire in a rollout region, to assist with NBN Co's design process and allow it to undertake any necessary pre-transfer construction works (eg standing up its FTTN nodes); and • provides for Telstra to provide certain works (such as the migration of special services which are not compatible with NBN Co's services) in order to support the FTTN/FTTB aspects of NBN Co's MTM rollout.

HFC Access Service Module	This module: • enables NBN Co to acquire ownership and responsibility for operation and maintenance of HFC network assets in a rollout region. Under the Continuity Deed, Telstra has ongoing rights to use these assets to supply specified Pay TV and broadband services; • sets out NBN Co's commitment to acquire all of Telstra's HFC network; • grants NBN Co a right to access the HFC network in a rollout region to assist with NBN Co's design process and allow it to undertake any necessary pre-transfer construction works; and • provides for Telstra to repurpose the HFC spectrum it uses for broadband services to create space for NBN services over the HFC.
HFC Fibre Lines Access Service Module	This module provides for the grant of an exclusive licence by Telstra to NBN Co of certain fibre lines for use by NBN Co in providing HFC services.
Associated Passive Infrastructure Service Module	This module sets out the terms on which NBN Co will gain access to the passive infrastructure supporting Telstra's copper and HFC assets in connection with the transfer of the copper and HFC assets to NBN Co.
ISA Simplification	Given the change in the nature of the ISA to an agreement under which NBN Co will acquire relevant copper and HFC assets from Telstra, the parties agreed to simplify some of the original ISA arrangements. The material changes include: • the payment by NBN Co to Telstra of Infrastructure Access Payments for the provision of access to and use of ducts and duct infrastructure for use by copper and HFC assets transferred to NBN Co; • the payment by NBN Co to Telstra of Infrastructure Ownership Payments for the transfer to NBN Co of LICs, copper and HFC assets and relevant API; • the removal of the take or Take or Pay (TOP)/ Provide or Pay (POP) regime for ducts and LICs and the giving to NBN Co of greater flexibility on Access Rack Space orders; • changing the method of calculation of the Infrastructure Access Payments for rack spaces; and • changing the operation of Telstra's duct remediation obligations and limiting its liability for those obligations in return for the provision of a credit to NBN Co. However, no changes have been made to the payments by NBN Co to Telstra for dark fibre links.

Access Deed (AD)

Topic	Key 2014 changes to 2011 AD
Summary	The only material changes that have been made to the Access Deed have been to apply the 2011 BSO commitments which NBN Co made on the provision of NBN Co's layer 2 wholesale services (NEBS) provided over the NBN Co FTTP network, to the layer 2 wholesale services which NBN Co will offer over the FTTN, FTTB and HFC networks rolled out as part of its MTM rollout.

TUSMA Agreement

Topic	Key 2014 changes to 2011 TUSMA Agreement
Abolishment of TUSMA	Amendments have been made to the TUSMA Agreement for MTM and to deal with the Government's decision to abolish TUSMA and for the Department of Communications to assume the rights and obligations of TUSMA under the agreement when this occurs. These changes are mainly mechanical and will not impact Telstra's universal service obligation (**USO**) commitments under the TUSMA Agreement. Some limited changes also have been made to address operational issues which have arisen between Telstra and TUSMA.
Rollout cessation	The TUSMA Agreement has also been amended to provide certain protections for Telstra against possible additional separation costs in the event that the MTM rollout permanently ceases, or if there is a very slow MTM rollout, after 75% of premises in Australia are passed or adequately served.

Retraining Funding Deed

Topic	Key 2014 changes to 2011 Retraining Funding Deed
Changes for MTM	Amendments have been made for MTM, including to require Telstra to re-lodge a training plan addressing the impact of the NBN MTM rollout on its workforce.

Information Campaign and Migration Deed

Topic	Key 2014 changes to 2011 Information Campaign and Migration Deed
Changes for MTM	Amendments have been made for MTM and to improve the effectiveness of the public education campaign in the light of the experience in the initial FTTP rollout regions.

Commonwealth Guarantee

Topic	Key 2014 changes to 2011 Commonwealth Guarantee
No change	No changes have been made to the Commonwealth guarantee which continues on in force in accordance with its terms.

FREQUENTLY ASKED QUESTIONS

What is the main change to the agreements?

- The estimated net present value (NPV) (post tax as at 30 June 2010) which the revised agreements are expected to deliver is equivalent on a like for like basis to the estimated NPV of the original agreements.
- However, the agreements have been amended to accommodate the Government's desire to introduce a multi-technology model National Broadband Network.
- The main change to the original agreements relates to the approach taken to Telstra's copper and Hybrid Fibre Coaxial (HFC) networks. Under the original agreements, Telstra was required to progressively disconnect premises connected to its copper and HFC broadband networks as the NBN is rolled out. Under the revised agreements, Telstra will continue to disconnect premises. However, where NBN Co uses the copper and HFC networks to deliver an NBN service, Telstra will progressively transfer ownership and the operational and maintenance responsibilities for the relevant copper and HFC assets to NBN Co. The payment structure remains linked to the rollout of the NBN.

Why did the negotiation take so long?

- The original agreements were very complex so it took time to work through the detail.
- Rather than dealing with one fixed line technology i.e. FTTP we are now dealing with three fixed line technologies, and transferring ownership and operation of the copper and HFC networks between the parties. We wanted to be sure we got this right in the interests of our shareholders and our customers.

Previously you talked about the value of retaining ownership of the copper and HFC. Why has this changed?

- The original deal already provides that Telstra is restricted in its ability to use the copper and HFC broadband networks after customer disconnection.
- We have secured the right to continue to use the HFC network for the delivery of Pay TV including Foxtel.
- As the copper and HFC network assets are being transferred on a progressive basis, we retain our "natural hedge" which sees Telstra continue to receive revenue from its wholesale and retail fixed line businesses until a service is switched over to the NBN.
- Telstra's continued ownership of the copper and HFC networks provided us with some protection in respect of future changes in the NBN project. In light of this we have negotiated new protections should the rollout change at a later date.

Can you outline how the NPV, discount rate and value of all of the agreements have changed?

- The structure of payments from NBN Co remains linked to rollout. The disconnection payments have not changed and whilst the infrastructure payment mechanisms are now simplified, they remain linked to rollout progress.
- More broadly, we expect overall deal costs to be broadly neutral, with any incremental costs of supporting the MTM rollout being reimbursed by NBN Co (excluding costs incurred as a RSP).
- Just as it is under the original agreements, the value we receive will be partially determined by the speed of the rollout.

You previously explained the $11B post tax NPV amount was made up of $5b for infrastructure payments, $4B for disconnection payments and $2B for the Commonwealth Agreements. Is this still the case?

- Yes, the value remains broadly in the same proportions as the original agreements.

What costs will Telstra incur in order to implement the new agreements and how does that compare to the original agreements?

- As part of the revised agreements we have agreed that incremental costs incurred by Telstra to support the MTM rollout will be reimbursed by NBN Co. This does not include costs which we incur as a RSP, and which all RSPs have to bear.
- Our remediation requirements in FTTP areas have been reduced under the revised agreements with the total volume of remediation required for duct and pits capped. In return Telstra has agreed to provide a credit for the transfer of remediation requirements to NBN Co. Our remediation

obligations in copper and HFC areas have been transferred to NBN Co as they progressively take ownership of these assets.

Are you still selling the lead-ins to NBN and what is the value of that agreement?
- Yes and they transfer as the NBN rolls out. Payment for the lead-ins is included in the Infrastructure Ownership Payments.

When is Telstra transferring the HFC and is it being handed over as a complete running network?
- We will progressively transfer HFC network assets as the NBN is rolled out. We are not transferring the HFC network across in its entirety at the outset.
- We will continue to use the HFC network to provide Foxtel's pay TV service.

How will voice services be provided over the HFC?
- How this is done is a question for NBN Co. We expect NBN Co will work collaboratively with the industry on this.

What protections are in place if the NBN rollout stops early?
- We have retained existing shareholder protections and also negotiated new protections for shareholders in lieu of the protection that our continued ownership of the copper and HFC network assets provided under the original agreements.

What happens if there is another change in Government policy?
- The Revised Agreements are technology neutral and provide NBN Co with flexibility on the fixed line technology they adopt as they roll out. So if the policy were to change again, NBN Co and the industry will have more flexibility to adapt to any changes.

What protections does Telstra have from NBN Co selling the HFC or Copper network?
- Telstra has secured asset disposal restrictions which will give us protections in the event of any proposed sale by NBN Co of the HFC and copper networks during and after the rollout of NBN.

Will this speed up the NBN rollout?
- The speed of the rollout will be driven by NBN Co.

As NBN Co will now own the HFC network, will Telstra still receive revenue for carrying Foxtel's services?
- There is no change to our agreements with Foxtel.

Why are you not asking shareholders for approval?
- The Board has decided that no further shareholder approval is necessary as the estimated value of the original agreements, approved by shareholders in 2011, has been maintained and Telstra's existing commitment to structural separation remains.

How did the Board reach its decision on the overall agreements?
- Our primary objective was to maintain the value of the original agreements for shareholders. We were also focussed on retaining a strong package of shareholder protections and minimising any additional regulatory risks.

Are there any regulatory / wholesale access conditions necessary that form part of this deal?
- We will need to receive approval from the ACCC on our varied Migration Plan which takes into account the MTM model.
- We do not foresee any need to change our Structural Separation Undertaking as our commitment to separate will continue to be met as we progressively disconnect premises connected to the copper and HFC broadband networks, and progressively transfer ownership of those relevant assets to NBN Co as the NBN is rolled out.

How long do you expect regulatory approval will take?
- We would hope to receive approval from the ACCC in a timely manner.

What form of approval is required from the ACCC?

- The ACCC will need to approve our varied Migration Plan.

Is there opportunity to gain additional value associated with the NBN network build?

- Telstra continues to work with NBN Co on the delivery of its FTTN trial and remains in discussion with NBN Co on the provision of planning, design, construction and maintenance services by Telstra to NBN Co on commercial terms. These services would be separate and in addition to the revised agreements.

What are the conditions precedent before the deal can take effect?

- The conditions precedent include ACCC approval of our varied Migration Plan and receipt of an acceptable private ruling from the ATO for each of NBN Co and Telstra.

When do you expect the tax ruling and other condition precedent to be satisfied?

- We hope to have all conditions precedent completed in the first half of next year.

What sort of speeds can I expect to get under a multi-technology model NBN?

- The speed tiers provided on the NBN over the different technologies is a matter for NBN Co, and will be finalised when NBN Co releases its FTTN and HFC based products in 2015.

TELSTRA
REVISED NBN AGREEMENTS

IT'S HOW WE CONNECT

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This presentation includes 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. For example, the factors that are likely to affect the results of Telstra include general economic conditions in Australia, exchange rates, competition in the markets in which Telstra will operate the inherent regulatory risks in the businesses of Telstra, the substantial technological changes taking place in the telecommunications industry, and the continuing growth in the data, internet, mobile, and other telecommunications markets where Telstra will operate. A number of these factors are described in Telstra's Annual Report dated 14 August 2014 lodged with the ASX and available on Telstra's Investor Centre website www.telstra.com/investor.

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BACKGROUND TO THE REVISED AGREEMENTS
RECOGNITION OF A MULTI-TECHNOLOGY MODEL

2011
NBN Definitive Agreements (DAs) executed

2012
DAs came into effect

2013
Multi Technology Model (MTM) introduced

2014

ORIGINAL AGREEMENTS
- Original agreements focussed on Fibre to the Premises (FTTP)

DELIVERY AGAINST ORIGINAL AGREEMENTS
- Original agreements finalised
- Federal election
- NBN Co strategic review completed, multi-technology rollout model introduced

REVISED AGREEMENTS
- Renegotiation of agreements
- Revised agreements signed, subject to conditions precedent

TELSTRA'S APPROACH TO RENEGOTIATION
OUR KEY OBJECTIVES ACHIEVED

TELSTRA MUST BE KEPT WHOLE

SHAREHOLDER PROTECTIONS

MINIMISING ANY ADDITIONAL REGULATORY RISK

ENABLING THE MTM MODEL
A CHANGE IN THE CONSTRUCT OF THE DEAL ON THE BASIS TELSTRA SHAREHOLDERS ARE KEPT WHOLE

PROGRESSIVE DISCONNECTION AND TRANSFER OF COPPER AND HFC ASSETS AS THE NBN ROLLS OUT[1]

MORE FLEXIBLE INFRASTRUCTURE USAGE, SIMPLIFIED PAYMENT MECHANISMS

COMMONWEALTH AGREEMENTS MODIFIED FOR MTM

SHAREHOLDER PROTECTIONS ADJUSTED FOR MTM

IT'S HOW WE CONNECT

Note 1: Telstra will continue to have access to the HFC network to deliver FOXTEL pay TV services

COPPER AND HFC
PSAA PAYMENT REGIME UNCHANGED

Disconnection	• Retain commitment to progressive structural separation — disconnect copper-based services and broadband premises on our HFC cable network inside the NBN footprint as it rolls out
Payment structure	• No change in payment stream[1] — PSAA[2] payments remain linked to the number of premises disconnected
Transfer of ownership of copper and HFC infrastructure	• Under the revised agreements, Telstra will transfer ownership of relevant copper and HFC assets to NBN Co - a progressive transfer as NBN Co rolls out - provided on an "as-is where-is" basis - operational and maintenance responsibilities for relevant copper and HFC assets transfer to NBN Co when transferred • Continued access to HFC to deliver FOXTEL pay TV services

IT'S HOW WE CONNECT

Note 1: As the current agreements already provide that Telstra is progressively restricted in its ability to use the copper and HFC network assets following disconnection, no incremental value to be received by Telstra for the transfer of ownership of copper and HFC under the revised agreements.
Note 2: Per Subscriber Address Amount

INFRASTRUCTURE
ESTIMATED VALUE PRESERVED

	ORIGINAL AGREEMENTS (FTTP)	REVISED AGREEMENTS (MTM)
Framework	• Large scale access to certain infrastructure including dark fibre, exchange space, lead-in-conduits (LICs) and ducts • Payment based on committed large volumes of usage and availability	• More flexible approach — uncapped infrastructure volumes to accommodate MTM • No change to dark fibre commitments • No material change to rack space commitments • No change to transit network commitments • Significantly reduced remediation obligations - NBN Co responsible for remediation of ducts and pits in FTTN and HFC regions - Telstra's remediation obligations within FTTP regions have been capped
Payment Structure	• Payment regime based on infrastructure volumes • Take-or-pay / provide-or-pay mechanisms	• Simplified mechanisms for calculating infrastructure payments — linked to rollout percentage • Delivers NPV equivalent payment profile and value (removal of "provide or pay risk") • Provision of credit to NBN Co for transfer of remediation obligation in FTTN and HFC areas

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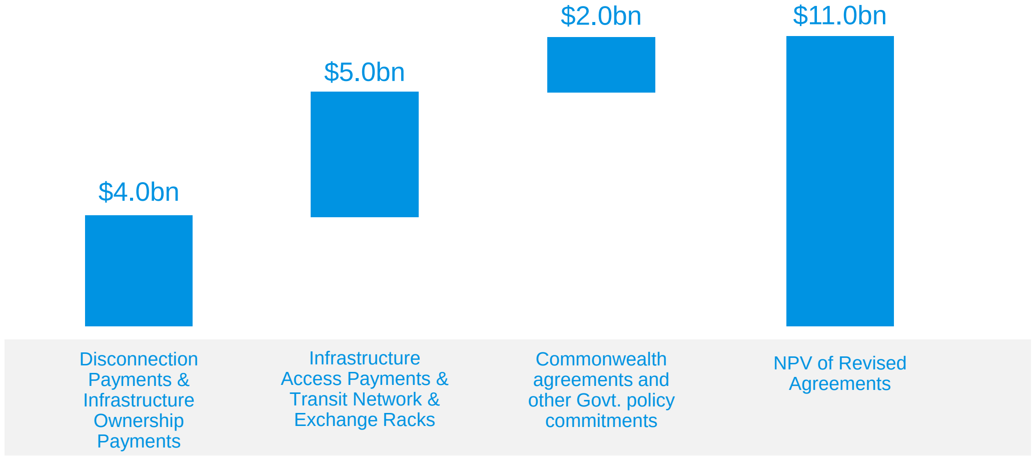
COMMONWEALTH AGREEMENTS
NO CHANGE IN ESTIMATED VALUE

USO[1] and public services obligations	• TUSMA[2] and industry funding model legislated in 2012 • Necessary changes to Telstra's obligations to reflect MTM and learnings from delivery to-date
Retraining Funding Deed	• Payment received in FY12 (~$100m) — to be fully recognised over the next approximately four to five years. • Training programs ongoing and will transition to reflect MTM and learnings from delivery to-date
Information Campaign and Migration Deed	• Payments received in FY12 (~$321m) — fully recognised in FY12-FY14 • Objectives unchanged • Necessary changes to reflect MTM and learnings from delivery to-date

IT'S HOW WE CONNECT

Note 1: Universal Service Obligation
Note 2: Telecommunications Universal Services Management Agency — the functions of TUSMA are to be transferred into the Department of Communications

REVISED DEAL VALUE[1]
WE EXPECT AN EQUIVALENT ESTIMATED VALUE TO THE ORIGINAL AGREEMENTS ON A 2010 POST-TAX NPV BASIS



Note 1: An approximate assessment of the post-tax net present value attributable to the revised agreements discounted to June 2010, to facilitate direct comparison with presentation of deal value from original agreements as presented at the time of signing the Definitive Agreements (23 June 2011). The approximate deal value assessment above summarises the value under the revised agreements and associated Government policy commitments only and does not include broader impacts to Telstra from the agreements. The values above are approximate values based on Telstra's estimate of the likely NPV of long-term agreements and are subject to a range of dependencies and assumptions.

IT'S HOW WE CONNECT

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THE VALUE EQUATION
EXPECTED PAYMENTS AND COSTS OF THE DEFINITIVE AGREEMENTS ARE BROADLY UNCHANGED

REVENUE MODEL PRESERVED

PAYMENT STRUCTURE	
DISCONNECTION PAYMENTS	No change
INFRASTRUCTURE PAYMENTS	Simplified payment mechanism (equivalent value) — directly linked to rollout
COMMONWEALTH AGREEMENTS	No material changes

OVERALL DEFINITIVE AGREEMENTS COSTS EXPECTED TO BE BROADLY NEUTRAL

- Remediation responsibilities capped
- Reimbursement of incremental costs to support MTM, (Retail Service Provider costs not reimbursed)

IT'S HOW WE CONNECT

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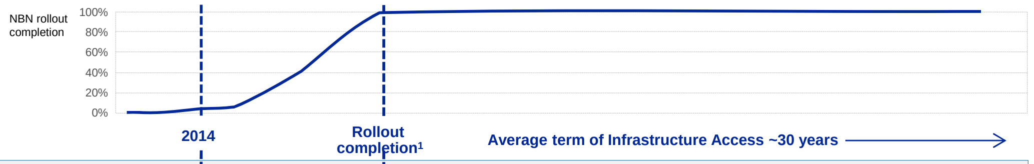
PAYMENTS REMAIN LINKED TO ROLLOUT
CONSISTENT WITH ORIGINAL AGREEMENTS

ILLUSTRATIVE NBN ROLLOUT PROFILE UNDER MTM



DISCONNECTION PAYMENTS (PSAA) — *Progressive disconnection of copper services and HFC broadband premises*

INFRASTRUCTURE OWNERSHIP PAYMENTS — *Transferring infrastructure — lead-in-conduits, relevant copper and HFC assets[2]*

TRANSIT NETWORK[3] — *Dark fibre links and exchange rack spaces for transit network*

EXCHANGE RACK SPACES (FOR ACCESS NETWORK) — *Rack spaces in Telstra exchange buildings for access network*

INFRASTRUCTURE ACCESS PAYMENTS — *Long term access to infrastructure – ducts and pits*

Ramp up of payment — Continuing payments stream

IT'S HOW WE CONNECT

Note 1: Illustrative rollout profile based on completion by year end 2020 (consistent with NBN Co Strategic Review Report)
Note 2: No incremental value to be received by Telstra for the transfer of the ownership of copper and HFC under the revised agreements
Note 3: Majority of dark fibre links and associated exchange space requirements for transit network completed June 2014

SUSTAINABILITY OF TELSTRA'S CASHFLOW

NO MATERIAL CHANGE RELATIVE TO ORIGINAL AGREEMENTS

- We retain our "natural hedge" prior to rollout completion
- Disconnection payments help offset the loss of fixed line earnings as NBN rolls out
- Long term cashflows arising from infrastructure related payments

The value of the revised agreements will be received over many years. As with the original agreements, their value is subject to a range of dependencies and assumptions over the life of the agreements.

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SHAREHOLDER PROTECTIONS
PROTECTIONS ADJUSTED FOR MTM

DEAL CONSTRUCT	CORE PROTECTIONS FROM ORIGINAL AGREEMENTS MAINTAINED	INCREMENTAL CONTRACTUAL PROTECTIONS
Long-term infrastructure commitments	NBN Co commitment to Basic Service Offering to 2017	**Technology agnostic**
Continued network operation pre-rollout (our "natural hedge")	Rollout Termination Payment up to $500m (between 20% and 75% rollout)	**Contractual protections for cessation of rollout (beyond 75% rollout)**
Commitment to progressive structural separation	Commonwealth policy commitments	**Asset disposal provisions**
	+	**Simplified processes**

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NEXT STEPS
REVISED AGREEMENTS REMAIN SUBJECT TO CONDITIONS PRECEDENT

DEC 2014

- NBN Co approval
- Cabinet approval
- Telstra Board approval
- Revised Agreements executed

Satisfaction of the Conditions Precedent including ACCC acceptance of a varied Migration Plan in a form acceptable to Telstra and NBN Co; and receipt of an acceptable private ruling from the Australian Taxation Office regarding the intended tax treatment of elements of the revised transaction

Revised Agreements become effective

IT'S HOW WE CONNECT

15 December 2014

Dear Shareholder

Telstra signs revised NBN agreements

You will recall that following the Federal Election last year, the newly elected Government determined the design of the National Broadband Network (NBN) would be modified to use a range of technologies, including a copper based Fibre to the Node network and Hybrid Fibre Coaxial (HFC), instead of the previous Government's predominantly Fibre to the Premises approach. This change resulted in the need to renegotiate aspects of our NBN agreements to support this multi-technology mix NBN.

On 14 December, 2014 we signed revised Definitive Agreements with NBN Co and the Commonwealth to enable the rollout of the multi-technology model NBN.

The agreements remain subject to a number of conditions precedent, including ACCC acceptance of a varied Migration Plan in a form acceptable to Telstra and NBN Co, and receipt of an acceptable private ruling from the Australian Taxation Office regarding the intended tax treatment of elements of the revised transaction.

Importantly, the key principle agreed to by the parties of maintaining the overall value of the original agreements, approved by shareholders in October 2011, has been achieved.

The estimated net present value (NPV) which the revised agreements are expected to deliver is equivalent, on a like for like basis, to the estimated NPV of the original agreements. For this reason, your Board is satisfied that shareholders have been kept whole and accordingly, approved the revisions to the agreements that shareholders approved in October 2011.

As with the original agreements, the estimated value of the revised agreements is based on a range of dependencies and assumptions over the long term life of the agreements.

The main change to the original agreements relates to the approach taken to Telstra's copper and Hybrid Fibre Coaxial (HFC) networks. Under the original agreements, Telstra was required to progressively disconnect premises connected to its copper and HFC broadband networks as the NBN is rolled out. Under the revised agreements, Telstra will continue to disconnect premises. However, where NBN Co uses the copper and HFC networks to deliver an NBN service, Telstra will progressively transfer ownership and the operational and maintenance responsibilities for the relevant copper and HFC assets to NBN Co. The payment structure remains linked to the rollout of the NBN.

Telstra will continue to deliver Foxtel pay TV services through continued access to the HFC network negotiated with NBN Co.

We have retained existing shareholder protections and also negotiated new protections for shareholders in lieu of the protection that our continued ownership of the copper and HFC assets provided under the original agreements.

In addition, we have improved and simplified the agreements based on what we have learned working with the original agreements over the last three years, including removing some of the complexity and reporting processes.

A summary of the main changes to the original agreements is attached.

The customer experience and continuity of service for retail and wholesale services moving from Telstra’s networks to the NBN has been front of mind throughout the negotiation, and we will now work through these with industry and the Australian Competition and Consumer Commission.

Importantly, we do not foresee any necessary changes to our Structural Separation Undertaking. We will continue to meet this commitment through the progressive disconnection of premises and transfer of ownership of our copper and HFC networks to NBN Co over time.

We also continue to work with NBN Co on the delivery of its Fibre to the Node trial and remain in discussion with NBN Co on the provision of planning, design, construction and maintenance services on commercial terms. These services would be separate to and in addition to the revised agreements.

The Board has decided that no further shareholder approval is necessary as the estimated value of the original agreements, approved by shareholders in 2011, has been maintained and Telstra’s existing commitment to structural separation remains.

More information about the revised agreements has been released to the ASX and is available at Telstra’s Investor Relations website www.telstra.com.abouttelstra/investor.

As always, we welcome your feedback. This can be provided via email to investor.relations@team.telstra.com or via post to the Investor Relations Department, Telstra, 242 Exhibition Street, Melbourne, VIC 3000.

Yours sincerely

C B Livingstone

Catherine B Livingstone AO
Chairman

David Thodey

David I Thodey
Chief Executive Officer

The key changes to the original definitive agreements include:

	Original DAs (June 2011)	Revised DAs (Dec 2014)
Telstra estimate of value	Approximately $11bn post tax NPV as at 30 June 2010.	Value preserved on a like for like basis.
Copper & HFC Networks	Disconnected 18 months after an area is declared Ready for Service by NBN Co.	Rollout regions with FTTP, FTTN and/or HFC deployment: – Disconnected 18 months after an area is declared Ready for Service by NBN Co. – Ownership of relevant copper and HFC assets progressively transferred to NBN Co such that it owns them as at the Ready for Service date.
Disconnection payments	Progressive payments principally linked to the number of premises disconnected.	Payment construct preserved – progressive payments still linked to disconnection of premises.
Infrastructure Ownership Payments	Progressive payments for transfer of ownership of Lead In Conduits to NBN Co.	Progressive payments for transfer of ownership of various infrastructure assets are linked to progress of NBN rollout.
Infrastructure Access Payments & Transit Network and Exchange Racks	Transit network build. Large scale access to certain infrastructure including dark fibre, exchange space, and ducts.	Transit network build completed – no change. No change to dark fibre payments. Immaterial changes to exchange space access. Payments for ducts simplified and directly linked to progress of NBN rollout.
Total Infrastructure payments	Payment based on infrastructure volumes for the life of the contract.	Deliver equivalent NPV on a simplified basis.
Remediation obligations	Telstra responsible for all duct and pit remediation	NBN Co responsible for remediation of ducts and pits in FTTN and HFC regions. Provision by Telstra of credit to NBN Co for transfer of remediation obligation in FTTN and HFC areas. Telstra's remediation obligations within FTTP regions have been capped
Commonwealth Agreements	- TUSMA - Retraining Funding Deed - Information Campaign & Migration Deed	Minimal changes to Telstra's obligations to reflect MTM and learnings from delivery to-date. Include some protections for Telstra if the rollout date changes (See Shareholder protections below).
Shareholder protections	- Long-term contractual commitments from NBN Co for certain infrastructure - Provision for a rollout termination payment - Protection against automatic termination of certain elements of the Government package - Continued network operation pre-rollout (natural hedge)	Protections have been retained, with new protections agreed to cater for changes arising out of MTM: - Asset disposal provisions - Contractual protections for cessation of roll out after 75% of premises have been passed or are adequately served.
Structural Separation	Occurs as Telstra disconnects premises connected to the copper and HFC broadband networks as the NBN is rolled out.	No change.