

13 October 2015

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Chairman, Chief Executive Officer and Chairman of the Remuneration Committee - Annual General Meeting presentations

In accordance with the Listing Rules, I enclose the presentations of the Chairman, the Chief Executive Officer and the Chairman of the Remuneration Committee, which will be delivered today at the Telstra Corporation Limited 2015 Annual General Meeting.

Yours faithfully



Damien Coleman
Company Secretary

TELSTRA ANNUAL GENERAL MEETING 13 OCTOBER 2015

CHAIRMAN'S SPEECH

Welcome

Good morning ladies and gentlemen.

My name is Catherine Livingstone and I am the Chairman of your company.

On behalf of my fellow directors, I am pleased to welcome you to Telstra's 2015 Annual General Meeting, and also to extend a very warm welcome to the many shareholders joining us today online.

I would like to begin by acknowledging the traditional owners of the land on which we meet, the Wurundjeri people of the Kulin Nation, and pay my respects to their Elders, past and present.

We have a quorum and I declare the meeting open.

A Notice of Meeting has been distributed, setting out the business, and resolutions, to be considered at this meeting. I will take the Notice as read.

Process outline

There are 5 items of business on today's agenda:

- Presentations by myself and your Chief Executive Officer, Andrew Penn;
- Discussion of our 2015 financial statements and reports;
- Consideration of the election and re-election of Directors;
- Consideration of the proposed grant of Performance Rights to the CEO; and,
- Consideration of the Remuneration Report.

Voting on items three to five will be conducted by a poll, and that poll is now open.

If you need to leave the meeting early, you can vote by completing your voting card, and placing it in one of the ballot boxes near the exits.

I would now like to introduce Telstra's auditors.

Joining us today from EY is Steve Ferguson who is available to answer any questions you may have on the conduct of the audit, or on the auditor's report.

Joining me on stage are:

- Andrew Penn, Chief Executive Officer;
- Damien Coleman, Company Secretary;
- Warwick Bray, Chief Financial Officer;
- your Board; and,
- Trae Vassallo, who has been nominated, by the Board, for election at today's meeting.

I will shortly invite the Directors, standing for election, to introduce themselves individually.

But first I would like to acknowledge Directors Geoffrey Cousins and John Zeglis.

Mr Cousins and Mr Zeglis have announced their intention to retire from the Board, at the conclusion of today's meeting.

Both joined Telstra in 2006, and each has completed three terms, or nine years on the Board.

Mr Cousins and Mr Zeglis have played significant roles in helping to oversee the evolution of Telstra, through a period of substantial change in the telecommunications industry and, we thank them for their contribution.

I now would like to invite Mr Cousins and Mr Zeglis to address the meeting.

[Mr Cousins and Mr Zeglis address shareholders]

Again, on behalf of the Board and shareholders, thank you both for your commitment to Telstra over the last nine years.

I now would like to invite the Directors standing for election to introduce themselves.

[RH, MS, SV, TV introduce themselves]

I would like to take this opportunity to thank all of my fellow Directors for their contribution, and support, during the past year.

Leadership changes

Turning to leadership changes, shareholders you would be aware that David Thodey retired in May as Telstra's Chief Executive Officer.

In his six years as CEO, David took Telstra from, what was, a very challenging position, to one of strength.

His determination to instill a deep culture of customer advocacy is a powerful legacy.

While he is unable to be with us this morning, I would like to take this opportunity to thank David for his enormous contribution to Telstra.

The Board's appointment of Andrew Penn as CEO reflects a commitment to continuing our current strategic direction.

In his previous Telstra role, as CFO, Mr Penn was integral to developing this strategy.

He is also a seasoned executive in global markets, and has a proven ability to lead organisations through significant transition and growth.

I will talk further about Telstra's growth agenda shortly, but first I would like to make some brief remarks about this year's financial performance.

Delivering Strong Operational and Financial Performance

2015 was a year of ongoing momentum for your company, a year in which it again met its commitments.

It was a year that demonstrated the value, being created for shareholders, through a continued

focus on improving customer advocacy, driving value from the core business, and building new growth businesses.

In terms of our results, this was our first full financial year without the CSL Hong Kong mobile business, which was sold in May 2014.

As a consequence, our reported profit numbers appear lower on a comparative basis.

On a guidance basis, however, where we exclude the CSL operating results, and the profit from its sale, our Total Income was up 6.6 per cent and EBITDA, was up 4.5 per cent.

Shareholders, there has been much commentary recently on whether big business pays its share of tax. I can report that, in the 2015 financial year, Telstra paid \$1.7 billion in Australian income tax. This represents approximately 2.5 per cent of the total Australian company tax revenue.

Capital management – creating value

On the back of our results, Telstra also continued to create shareholder value through a number of capital, and portfolio management activities.

The Board announced a further increase in the final dividend, to 15.5 cents per share, fully franked.

This brings the total dividend for the 2015 financial year to 30.5 cents per share. When combined with the off market share buyback, \$4.7 billion was returned to shareholders in the year.

In addition, Shareholders can now also elect to participate in our Dividend Reinvestment Plan, which we re-introduced in response to shareholder feedback.

More than 100,000 shareholders, representing 6 per cent of issued capital, chose to participate in the DRP for this recent dividend.

All shares required to fulfil the DRP were purchased on market, and no brokerage or other transaction costs were payable by shareholders.

NBN

I would like to turn, now, to the National Broadband Network.

The revised Definitive Agreements we reached with NBN Co, and the Federal Government, to support a multi-technology model for the NBN, have now come into effect.

In those areas where NBN Co has built its fibre-to-the-premises network, the migration of eligible services is taking place, and Telstra's copper and HFC network is being disconnected.

Last month, we started to progressively transfer to NBN Co, parts of Telstra's copper network, in readiness for the launch of its fibre-to-the-node products.

This activity represents a fundamental structural change, both in our industry and in the shape of Telstra's business.

Going forward, as an access seeker, as opposed to the network owner and operator, Telstra is

determined to become Australia's leading provider of consumer and business services on the NBN network.

Income from the NBN Definitive Agreements is also flowing through, with related income of \$811 million this year, up 27 per cent, on the year before.

This is offset, to some extent, by the one-off migration costs associated with connecting customers to the NBN, and then, as we go forward, we will need to pay network access charges to NBN Co, in relation to these customer connections. As at June 30 this year, we had 211,000 NBN customers.

Separate from the NBN Definitive Agreements, Telstra also receives additional revenue by completing work for NBN Co, such as Planning and Design Services.

Future environment

I would now like to make some broader comments about the accelerating rate of technology innovation, and describe how those rapid changes are influencing Telstra's future shape and direction.

Technologies are evolving rapidly, and the level of connectivity is growing exponentially, as broadband and wireless technologies become more embedded in our lives, and businesses.

Three key drivers underpin much of the change:

- Firstly, the rapid growth of video on connected devices;
- Secondly, the growth of the Internet of Things; and,
- Finally, the incredible power of cloud computing.

Firstly to video. Globally, mobile data traffic is expected to increase tenfold over the next five years. Three-quarters of that growth will be video, as the popularity of services like IPTV, and subscription video on demand, grows.

On Telstra's networks, video has already grown to over half of the traffic volumes on our fixed network, and is approaching half on our mobile network.

The second major driver of change is the rapid growth of the Internet of Things.

Increasingly, mobile internet connections are embedded in electronics, buildings, vehicles, and other machinery, to create a vast Internet of Things.

Already there are many more connected *things* in the world than connected *people*, and by 2030 it is expected that as many as 50 billion devices will be connected to the internet.

For example, the in-ground sensors in parking spaces detect when the permitted time limit has expired, and electronically notify the nearest parking officer.

The third driver of change is the rapid growth of cloud computing.

Cloud is where computing resources are moved off premises, typically to a data centre, and managed by a service provider.

Cloud's power and popularity comes from its affordable, scalable, IT infrastructure for customers ranging from multi-national corporations, to a single citizen wanting to back up their

photographs taken on a Smartphone.

Each of these technologies is driving change at a global scale.

Each is also influencing the future shape and direction of Telstra, as we build pathways to the future, through our investment in growth businesses, and enhanced focus on innovation.

New capabilities

I would like to comment in particular on three areas of investment – video, cloud and health.

In video, Telstra has invested in acquisitions in Silicon Valley, Stockholm and London to build an intelligent video platform in our Ooyala business.

Ooyala's video capabilities extend to video production, broadcast planning, analytics and ad insertion. It now has more than 550 customers worldwide, including leading broadcasters and media companies.

Later this month we will also launch Telstra TV which will offer customers access to leading Subscription Video On Demand products alongside a selection of free-to-air and catch-up TV services, and the latest releases from BigPond Movies.

In cloud, we have significantly expanded our capabilities through the acquisition of Pacnet earlier this year.

Pacnet substantially increases the reach and scale of our operations in Asia, by enhancing our ability to offer connectivity, managed services and data centre services to carriers, multi-national corporations and governments in the region.

Combining Pacnet's extensive network of submarine fibre optic cables, and data centres, with ours, means Telstra now carries about one third of all lit data capacity in the region.

Our cloud business has grown 20-30 per cent per annum over the last 3 years.

Revenues in our Network Applications and Services business, which includes cloud services, were \$2.4 billion this year, up from \$1 billion five years ago.

In health, we are working to become Australia's leading provider of integrated eHealth solutions. Telstra Health, formally launched as a standalone business unit in October 2014, now offers connected solutions in primary, aged and residential care, hospitals, radiology, pharmacy, health analytics and telemedicine.

In summary, through applying new technologies, and particularly connected technologies, the shape of Telstra is changing, as we position the company for long term success in a dynamic, competitive and global industry.

Part of the community

I would like to turn now to the role Telstra plays in the community.

We think it is important that all Australians, irrespective of their age, income, ability or location, are able to enjoy the many benefits connectivity brings.

That is why we continue to support a range of national programs that address important social

issues including digital inclusion, cyber safety and social disadvantage.

The total benefit we provided, this financial year, in social and community contributions, including programs to support over one million vulnerable customers, was \$214 million.

This included \$6 million from the Telstra Foundation, which is supporting a range of programs including Code Club Australia, which helps young people learn computer coding, which is a critical skill in the digital age.

In the important area of Reconciliation, Telstra this year also launched a Reconciliation Action Plan, which aims to double the number of Aboriginal and Torres Strait Islander employees at Telstra, over the next three years; significantly expand our telehealth network in remote areas; and introduce new programs in cyber safety and digital literacy.

We have also made a significant commitment to infrastructure, with a co-investment, with the Northern Territory Government of \$30 million, over 3 years, to fund new mobile services and broadband, in remote communities.

Our ongoing focus on the environment also saw our total carbon emissions decrease by 1.3 per cent this year, despite data loads on our network increasing by 36 per cent.

Conclusion

In closing, I would like to take this opportunity to thank Mr Penn, his senior executives, and the entire Telstra team for their efforts in delivering the many achievements I have described this morning.

Looking forward, there is no doubt that disruptive digital technologies will continue to drive a global wave of change that will, increasingly, see everyone connected to everything, through smart technologies, smart devices and smart networks.

The challenge for Telstra – and indeed the challenge for Australia, as a nation – is to harness these many opportunities by focussing on innovation.

Telstra is innovating, in the way we add value to our products and services, and in the way we foster the new skills and mindsets, critical to success in a connected, digital future.

I will now hand over to your Chief Executive Officer Andrew Penn to comment on our operations for the year in more detail.

<ends>

CHIEF EXECUTIVE OFFICER'S SPEECH

INTRODUCTION

Thank you Chairman and good morning everybody.

In my first opportunity to address an annual general meeting of shareholders, I wanted to share with you three things this morning.

1. Firstly, an overview of last year's financial and operational performance, and the outlook for 2016;
2. Secondly, and building on the Chairman's comments, some reflections on what is driving change in our industry and how that will shape our future, particularly from a technology perspective; and,
3. Thirdly, to reassure you that as your new Chief Executive, our strategy remains unchanged. But we are lifting our level of aspiration to make Telstra a world class technology company. A world class technology company that empowers people to connect.

CUSTOMER SERVICE

I wanted to start by reflecting on the fact that in a period of incredible technological change, one thing remains more important than ever – customer service.

We have spent the last five years executing a significant transformation programme to put the customer at the heart of everything we do.

While we have made good progress, we have more to do.

We still experience too many instances where we do not deliver everything we should, too many instances, where we do not make it easy for our customers.

My commitment is to ensure we stay focussed on addressing this, on providing our customers with simple solutions at greater speed.

That is my number one priority.

2015

Now let me recap on 2015.

There were many highlights:

- We welcomed 664,000 new retail mobile services. We now have 16.7 million retail mobile services in Australia. To give that number some context, it is more than there are working aged Australians;
- We also welcomed 189,000 new retail fixed broadband customers. And pleasingly more than 2/3rds of our broadband customers have chosen to bundle with other services from Telstra, such as entertainment;
- We rolled out 3,500 public WiFi hotspots. This is part of our \$100 million commitment to create the largest Wi-Fi network in Australia, with 16 million hot spots internationally through FON. We now have more than 180,000 customers on our WiFi network;

- We continued to build our capabilities in new businesses in e-Health, in cloud and software, and in our networks and services across the Asia-Pacific region;
- We acquired Pacnet, the largest privately owned intra-Asia network operator. The acquisitions added 29 data centres, 109 new points of presence and nearly 250,000 kilometers of submarine cable to our growing global network;
- We partnered with Telkom Indonesia to launch our joint venture to deliver Network Applications and Services in Indonesia;
- We completed 5 million service and installation jobs, answered 44 million calls to our service centres, and received almost 200 million unique visits to Telstra.com.
- Crucially we saw more of our customers become advocates for Telstra as we improved our Net Promoter Score by 5 points. We know we have more to do to improve customer service, but we made strong progress in 2015.

Turning to our financial performance.

On a reported basis:

- Total income for the year, excluding finance income, was up 1.2 per cent to \$26.6bn;
- EBITDA, was down 3.5 per cent to \$10.7bn; and
- Net Profit After Tax was down 5.8 per cent to \$4.3bn.

This was our first full financial year operating without CSL the Hong Kong mobile business which we sold in May 2014. This impacted our income and profit numbers on a comparative basis.

On a guidance basis and excluding CSL for comparative purposes, total Income was up 6.6 per cent to \$26.3 billion and EBITDA was up 4.5 per cent to \$10.8 billion.

Earnings per share increased 0.3 per cent to 34.5 cents per share and the Board declared a final dividend of 15.5 cents per share. This took the total dividend for the year to 30.5 cents, up 3.4 per cent.

In summary 2015 was a strong year for Telstra. A year in which we grew revenues, added fixed and mobile customer services, continued to invest in our network and returned \$4.7 billion to shareholders in the form of dividends and through the \$1bn off market share buy back.

These results give us confidence that our strategy is working.

- Our customer advocacy has improved.
- We continued to drive value from our core business; and
- We made important progress laying the foundations for growth in the future.

OUTLOOK

Our guidance for 2016 is to deliver mid single digit growth in total income and low single digit growth in EBITDA. Free cashflow is expected to be between \$4.6 billion and \$5.1 billion. Capital expenditure is expected to be around 15 per cent of sales to fund increased investment in our mobile network.

This guidance is based on wholesale product price stability and no impairments to investments. It excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Capex to sales guidance excludes externally funded capex.

In relation to wholesale pricing there have been two important decisions that have been made by the ACCC since we announced our results in August. I would like to update you on the expected impact of those decisions on our FY16 reported results, as these are not included in our guidance.

Firstly on 13 August the ACCC released its final decision in relation to wholesale prices for mobile terminating access services. We estimate that the net effect of this decision in FY16 will not be material on reported EBITDA but will result in a reduction in reported revenue of approximately \$350 million.

The second decision was last Friday when the ACCC released its final access determination for fixed line services.

Unfortunately the decision does not follow the ACCC's fixed pricing principles. These require your company to be able to recover from wholesale customers, the costs of the services we provide to them.

Any regulated entity should be concerned by this decision, especially in circumstances where the opportunity for a merits review has been removed.

Investors in infrastructure need a regulatory framework in which fixed pricing principles are followed, a regulatory framework where their costs are able to be recovered. Otherwise investment in important infrastructure is unlikely to be made.

We are particularly disappointed to see the ACCC depart from its draft decision in March. That decision correctly recognised the importance of providing price stability to the industry at this time of transition to the NBN.

The estimated reduction in reported revenue and EBITDA in FY16 of the ACCC's final access determination decision for fixed line services is expected to be up to \$80m.

Needless to say we are extremely disappointed in this decision and will be considering our options for appeal.

TECHNOLOGY CHANGE

On a more positive note let me move to the second topic I wanted to address this morning. That is the dramatic change we are seeing in our industry. Change that we believe brings great opportunity.

We operate in a marketplace of accelerating technological innovation and this is driving an ever-growing demand for connectivity.

As the Chairman mentioned earlier there are three significant forces behind this – the growth of mobile, the emergence of cloud computing and advancements in machine learning in conjunction with big data and the internet of things.

CONNECTED MOBILITY

20 years ago there were less than 100 million mobile devices in the world. Today there are more than 5 billion.

Today connected mobile devices like Smartphones and tablets are used for everything from emails to shopping, watching TV to banking and many other activities.

This trend is accelerating. Globally, mobile data grew nearly 70% in 2014.

And of course the new significant trend is the Internet of Things. Billions of connected devices from vending machines to household appliances, aircraft engines to agricultural machinery and cars.

I will return to connected things, or the Internet of Things in a moment but it is the fastest growing part of our mobiles business today.

And as a consequence of our investments in seeking to ensure our customers have the best network experience in Australia - faster downloads, fewer blackspots and greater reliability - mobiles is the largest part of our business today.

CLOUD

The second area of technology innovation the Chairman mentioned is the Cloud.

There are significant productivity and service benefits for organisations and enterprises from cloud computing.

That is why a recent Research study of large Australian companies showed 86% are now using Cloud in their production environment. It is also why it is one of the fastest growing parts of our business – more than 30% last year.

In fact Telstra is the leading provider of hybrid cloud solutions in Australia today.

ADVANCEMENTS IN MACHINE LEARNING

The third significant area of technology innovation is machine learning and its interface with big data and the internet of things.

Connected devices producing an exponential growth in the volume of data on digital networks and advanced algorithms are taking us into the world of machine learning.

Through these technologies, computers can now see and hear better than humans and can learn as we provide them with more data.

Software and devices can now be used to assist in diagnosis and treatments of a range of illnesses - including cancer - with speed and precision and at scale.

In future, many traditional service activities will be done by computers more quickly, more cheaply and more accurately.

It is these incredible global trends that are driving change in the shape and capability of our business.

These trends that underpin our decisions to invest in new opportunities such as our intelligent video platform Ooyala and Telstra Health.

Your company is at the intersection of so many of the exciting digital changes in the world today.

A WORLD CLASS TECHNOLOGY COMPANY

This brings me to the third and final topic of my address this morning which is how we are lifting the level of our aspiration to become a world class technology company.

The global technology shifts I discussed earlier are profound and I strongly believe technology innovation can bring enormous benefits. That is why I describe myself as a technology optimist.

As I said in my introduction, our strategy remains unchanged. But as the rate of technology innovation accelerates, we see great opportunity, great opportunity for those that embrace technology innovation and great opportunity for Telstra.

Telstra is no longer simply just a phone company - technology pervades everything we do today.

Our vision is that we now take this to the next level and become truly world class. A world class technology company that empowers people to connect with:

- World class customer service;
- World class technology; and,
- World class telecommunications networks.

I would like to finish on this last point of telecommunications networks.

The traditional worlds of technology and telecommunications are converging and network coverage and quality is crucial. There is no technology innovation today that does not rely on an underlying network of connectivity. That is why at Telstra we are committed to have the best networks.

For many years the foundation of Telstra's success has been our network excellence – this remains the heart and soul of our company.

We are already investing billions of dollars in our networks and this year we announced a further significant investment into our mobile network.

We will increase our total capital expenditure to 15% of sales for the next two years, providing more than another half a billion dollars for mobiles.

In total, over the three years to June 2017, we expect to have invested more than \$5bn into Telstra's leading mobile network.

We will continue to expand our 4G footprint to 99 percent of the population.

We will increase our overall footprint to more than 2.5m square kilometres which we believe is double that of our next nearest competitor.

We are committed to maintaining our mobile network leadership in Australia, committed to offering our customers better coverage, better call reliability, fewer dropouts and faster downloads.

Importantly we believe Telstra's network will be the best equipped to meet the explosion in video traffic that the Chairman has spoken about and which today is already challenging other networks.

And it is not just about the mobile network.

Telstra Air, our nationwide Wi-Fi programme is providing our fixed broadband customers access to their home data allowance when they are away from home.

We will continue these investments in innovation, in network engineering and access technologies.

FUTURE SUMMARY

Technology is taking us into a world of rapid change, constant innovation and increasing competition.

But in the end this is about our customers – technology is simply a way to make their lives easier, their businesses better.

Which is why our vision is to make Telstra a world class technology company that empowers people to connect.

CONCLUSION

In conclusion, I would like to thank all of Telstra's staff for their dedication and hard work this year.

I would also like to thank the very capable senior management team for their determination to continually improve the business, to try new things and to build a culture where people feel valued when they come to work.

Last week I announced three new senior leaders being promoted to the executive team. A sign of the depth and diversity of talent within the organization and careful succession planning.

I would also like to thank the Chairman and the Board for their support and guidance since I assumed the role of CEO in May.

Finally my sincere thanks to my predecessor David Thodey, both for his great contribution during his career with Telstra and also for ensuring my smooth transition into the role.

This is an exciting time for Telstra.

We see a great future for your company as we work to make it not just a better company, but a world class technology company

Thank you again for your time this morning.

I will now hand back to the Chairman.

[ENDS]



ANNUAL GENERAL MEETING 2015



DISCLAIMER

- 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 13 August 2015 lodged with the ASX and available on Telstra's Investor Centre website www.telstra.com/investor.
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FINANCIAL PERFORMANCE – 2015

	FY14	FY15	GROWTH (reported basis)	GROWTH (guidance basis ¹)	GROWTH (guidance & ex-CSL basis ²)
Total income ³	\$26.3b	\$26.6b	1.2%	2.3%	6.6%
Earnings Before Interest Tax Depreciation & Amortisation (EBITDA)	\$11.1b	\$10.7b	-3.5%	2.0%	4.5%
Net Profit After Tax ⁴	\$4.3b	\$4.3b	-0.9%		
Basic earnings per share ⁴ (cents)	34.4	34.5	0.3%		

- Guidance basis assumed wholesale product price stability, no impairments to investments, excluded any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. The FY15 guidance baseline excluded the FY14 CSL profit on sale of \$561m from FY14 income and EBITDA.
 - Guidance and ex-CSL is on a guidance basis and excluding FY14 sales revenue from CSL operating of \$1,045m, profit on sale of \$561m and net EBITDA of \$822m (including profit on sale of \$561m and operating EBITDA of \$261m). CSL was divested in May 2014.
 - Total income excludes finance income.
 - NPAT and basic earnings per share from continuing and discontinued operations.
- IT'S HOW
WE CONNECT



2016 GUIDANCE¹

MEASURE	FY15 BASELINE	FY16 GUIDANCE
Total income	\$26.6b	Mid-single digit growth
EBITDA	\$10.7b	Low-single digit growth
Capex to sales	13.9%	~15%
Free cashflow	\$5.0b	\$4.6b - \$5.1b

- This guidance assumes wholesale product price stability and no impairments to investments, and excludes any proceeds on the sale of businesses, mergers and acquisitions and purchase of spectrum. Capex to sales guidance excludes externally funded capex.
- IT'S HOW
WE CONNECT



REMUNERATION COMMITTEE CHAIRMAN PRESENTATION

Thank you Catherine and good morning shareholders.

Our aim in preparing our Remuneration Report is to enable you, our shareholders, to understand the links between remuneration, company strategy and Telstra's performance, as well as the framework we have in place to provide effective governance over remuneration at Telstra.

To support this, we have sought to provide a comprehensive overview of our performance and remuneration outcomes, including additional voluntary disclosures, as well as a summary of our governance practices.

There are three significant items addressed in the report which will I mention before commenting on the outcomes for FY15:

- First, on David Thodey's retirement, all benefits he received were in accordance with his contract of employment and the terms of relevant incentive plans, with the exception that the Board exercised discretion to allow David to retain a pro-rated amount of his FY15 long term incentive subject to the performance conditions and restriction periods in the FY15 LTI plan. The Board considered this appropriate to reflect his contributions to the company's success up to the time he retired.
- Andy Penn's fixed remuneration as CEO of \$2,325,000 was set between the 25th percentile and median of the ASX20, which the Board considered appropriate for a new CEO. This is less than David Thodey's fixed remuneration at the time of his retirement.
- Finally, following a review, the Board decided to increase the Chairman's fee, to position it appropriately against the ASX20. Catherine Livingstone did not participate in this decision. No other changes were made to any of the Committee or non-executive Director fees.

Turning to the remuneration outcomes for senior executives for FY15, our remuneration philosophy is based on linking financial rewards directly to employee contributions and company performance.

The overall structure and philosophy of our approach to remuneration remained consistent this year.

As you have heard this morning, Telstra continued to perform well in FY15 across key measures, including financial results and customer service.

The remuneration outcomes for FY15 therefore reflect the strong performance of the business and the value created for shareholders over the past four years.

To summarise the key outcomes under our incentive plans this year:

- For the FY15 Short Term Incentive (or STI), all Senior Executives participated in the same STI Plan, with the exception of the Group Executive - Telstra Wholesale who, for regulatory reasons, participates in a standalone plan.

Senior Executives received an average of 61% of the maximum opportunity available based on the assessment of financial, customer advocacy and individual performance.

The performance measures of this plan were Free Cashflow, EBITDA, Total Income, our customer advocacy Net Promoter Score (NPS) and individual performance objectives.

The Board selected these performance measures as it believes they are a critical link between achieving the outcomes of our business strategy and increasing shareholder value.

- For the Long Term Incentive (or LTI), the performance period for the FY13 LTI Plan concluded on 30 June 2015. The outcome was that 85.5% of the maximum opportunity vested as Restricted Shares.

Under this plan there were two performance measures – Relative Total Shareholder Return (or RTSR) and Free Cashflow Return on Investment.

If I could make a brief comment on this structure before going on to the outcome for this year.

This incentive plan recognises both the importance of a market based return measure, and the central role of long term free cash flow generation in creating shareholder value. The feedback we have received from the overwhelming majority of institutional shareholders is that they support this structure for the LTI.

The results of the two plan measures were that the Telstra RTSR ranked at the 72nd percentile of the comparator group and Telstra achieved a Free Cash Flow Return on Investment outcome of 20.5%, which exceeded the target of 19.3% for the FY13 LTI plan.

The reported value of these Restricted Shares reflects the fact that Telstra's share price increased by more than 66% over the three year performance period.

The shares allocated to executives under this plan are subject to a further Restriction Period ending in August 2016.

Consistent with prior years, the Board has determined remuneration outcomes under our incentive plans to ensure there were no windfall gains or losses due to the timing of the NBN roll out, and by adjusting for non recurring items such as spectrum purchases and acquisitions and divestments.

This year, in determining the outcome of the Free Cash Flow measure under the LTI plan there were larger adjustments for these items than in prior years, due to the number of significant events over the plan performance period. These included FY15 investments in mobile spectrum we now use for 4G services, and the divestment in FY14 of significant businesses including the CSL mobiles business in Hong Kong and a majority stake in Sensis.

The adjustments also included the variance between the actual NBN rollout and our assumptions in the FY13 three year plan.

For this plan period the actual roll out by NBN Co was less than 25 per cent of that assumed in the plan.

The NBN related adjustments had both positive and negative impacts for senior executive remuneration across different incentive plans as a result of the Board's resolve to ensure that there are no windfall gains or losses for management.

In large part as a result of the size of the adjustments this year, we have received feedback from some shareholders relating to the level of detail we provided when explaining the outcome under the cash flow performance measure this year.

The Board takes the feedback provided through this advisory vote very seriously in reviewing our remuneration practices.

While we understand that a full reconciliation of these calculations would assist shareholders in assessing how the Board determined the outcome, there are some adjustments, including those made to ensure there are no windfall gains or losses due to the timing of the NBN rollout, for which we do not release the detail because of the commercial in confidence nature of that information.

We do, however, explain our approach in the Remuneration Report. The calculations we made, and the Remuneration Report itself, were also subject to review by our external auditors.

We believe that shareholders can take confidence from the fact that the outcome of this cash flow measure, vesting at 80%, is aligned with the shareholder return measure, vesting at 91%. This alignment is, in our view, consistent with the central role of long term free cash flow generation in creating shareholder value.

Thank you shareholders and thank you Catherine.