



29 March 2022

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra outlines steps to finalise its legal restructure

In accordance with the Listing Rules, I attach a market release, authorised for lodgement by the CEO, for release to the market.

Yours faithfully,

Sue Laver
Company Secretary

Telstra outlines steps to finalise its legal restructure

Tuesday, 29 March 2022 – Telstra today announced the remaining steps required to finalise its proposed legal restructure over the course of 2022.

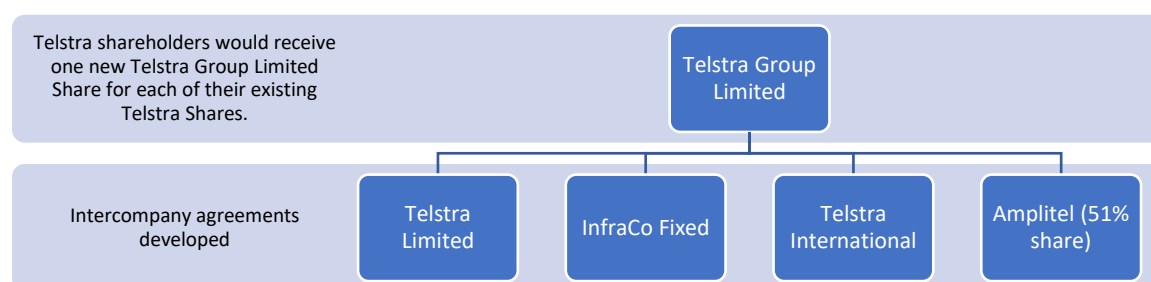
Background

Telstra's T22 strategy, announced in 2018, included the creation of a standalone infrastructure business, Telstra InfraCo, to improve the transparency and performance of Telstra's infrastructure assets, and the optionality to realise additional value from those assets.

Following the establishment of Telstra InfraCo, in 2020 Telstra proposed a legal restructure as the next step in creating potential opportunities to monetise its infrastructure assets and deliver additional value to shareholders.

The final proposed structure will result in a new holding company, Telstra Group Limited, with four main entities – InfraCo Fixed, Amplitel (InfraCo Towers), Telstra Ltd (ServeCo) and Telstra International.

Telstra's proposed legal structure



Progress to date

Telstra has made significant progress to date in achieving the objectives and implementation of its legal structure, including:

- Establishment of Amplitel as a standalone business and subsequent 49 percent sale, delivering net cash proceeds after transaction costs of \$2.8 billion.
- Steps to establish InfraCo Fixed as a standalone business, including intercompany Agreements developed between InfraCo Fixed and Telstra Limited to support strong and sustainable earnings for both entities.
- Passage of legislation by Parliament to reflect the restructure.
- Agreement with nbn co on:
 - Changes to the Definitive Agreements (originally signed in 2011) to ensure they continue to apply in the intended way once the restructure is implemented; and,
 - Additional certainty on Telstra's ability to realise value from InfraCo Fixed after the restructure is implemented.

The agreements with nbn co will not take effect until the proposed legal restructure completes. Further detail on the agreements will be provided to shareholders in a scheme booklet.

Remaining steps

Telstra is using a Scheme of Arrangement to implement key parts of the restructure as the most practical and efficient way to create the new Telstra Group. The restructure involves the transfer of assets and liabilities within entities of the Telstra Group, and the Scheme of Arrangement will enable those assets and liabilities to be transferred by order of the Court.



MARKET RELEASE

Once the new holding company is in place (and separate to the Scheme) Telstra intends to establish its international business under a separate subsidiary within the Telstra Group to keep that part of the business, including subsea cables, together as one entity.

The Scheme of Arrangement needs to be approved by the Court and Telstra shareholders through several steps that need to occur in sequential order. The specific timing of events is dependent on the Court process, with the estimated timeline set out below:

Key steps	Estimated Timing
First court hearing	Expected to occur in late August, after which the scheme booklet will be made available to shareholders
Scheme meeting (and shareholder vote)	Expected to occur before or at the 2022 Telstra AGM
Telstra Group Limited becomes new parent company and listed entity (through exchange of shares)	By end of October 2022, with final timing dependent on when the Scheme Meeting is held

The changes to the Definitive Agreements with nbn co require ACCC authorisation to ensure both parties' conduct under those agreements is authorised for competition law purposes. Authorisation by the ACCC is therefore required prior to the finalisation of the restructure.

As a consequence, the indicative timeline set out above is dependent on the outcome and timing of the ACCC's process. Telstra and nbn co will submit an application shortly so the ACCC can commence its authorisation process.

<ENDS>

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