



11 August 2016

The Manager

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra announces \$1.5 billion share buy-backs

In accordance with the Listing Rules, I attach a copy of an announcement and Appendix 3C, for release to the market.

Yours faithfully

Damien Coleman
Company Secretary



Telstra announces \$1.5 billion share buy-backs

11 August 2016 - Telstra today announced it would return \$1.5 billion of capital to shareholders in the first half of FY17, comprising a \$1.25 billion off-market share buy-back and a \$250 million on-market share buy-back.

CEO Andrew Penn announced the buy-backs in conjunction with the company's full year results.

The buy-backs are expected to be funded from Telstra's surplus cash and accumulated profits (including from the recent sale of Autohome shares).

The buy-backs follow Telstra's announcement on 2 May this year of a \$1.5 billion capital management program.

The off-market share buy-back component of the capital management program will be conducted through a tender process ("Buy-Back Tender") and will be followed by the on-market buy-back.

Mr Penn said the buy-backs were the best way to achieve the objectives of Telstra's capital management framework.

"Telstra's current level of capital is more than what we need in the short to medium term so the return of surplus capital to shareholders is considered appropriate at this time," he said.

Mr Penn said shareholders who chose not to participate in the buy-backs and retain their Telstra shares were expected to benefit from improved earnings per share because the number of shares on issue would be reduced as a result.

Further information in relation to the Buy-Back Tender, including the expected timetable, is set out in the attached Appendix. Terms and conditions of the Buy-Back Tender will be contained in a Buy-Back Tender Booklet to be issued to shareholders and expected to be available at www.telstra.com/buyback on 24 August 2016.

The on-market share buy-back component of the capital management program will be conducted in the ordinary course of trading over the next 12 months. The exact amount and timing of the on-market buy-back will be dependent on business and market conditions. The on-market buy-back will be within the "10/12 limit" permitted under the Corporations Act.¹

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NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR ANY JURISDICTION IN WHICH SUCH DISTRIBUTION WOULD BE UNLAWFUL

¹ The "10/12 limit" for a company proposing a buy-back is 10% of the smallest number, at any time during the last 12 months, of votes attaching to voting shares of the company.

Appendix

Details of the Buy-Back Tender

The Buy-Back Tender will involve a tender process, under which Eligible Shareholders will be invited to tender their Shares to Telstra at specified discounts from 6% to 14% inclusive (at 1% intervals) to the Market Price² and/or as a Final Price Tender (which is the option of accepting the final Buy-Back Tender Price, no matter where in the discount range it is).

Eligible Shareholders may also select a Minimum Price below which Shares tendered by them will not be bought back.

Telstra will determine the final Buy-Back Tender Price as the lowest price at which it can buy-back the targeted amount of capital (\$1.25 billion for the Buy-Back Tender), based on the tenders received from all participating shareholders. For Eligible Shareholders who choose to participate in the Buy-Back Tender:

- if the Buy-Back Tender Discount is less than the discount they selected, shareholders will receive the lower Buy-Back Tender Discount; and
- if the Buy-Back Tender Discount is greater than the discount they selected, then those Shares will not be bought back.

Shareholders who successfully tender may be subject to scale back if the total value of Shares, tendered at or greater than the Buy-Back Tender Discount and/or as Final Price Tenders, exceeds Telstra's target buy back amount (approximately \$1.25 billion worth of Shares for the Buy-Back Tender). The scale back has been structured to ensure that Eligible Shareholders with small holdings will not be disadvantaged. Before applying any scale back, Telstra will first buy back a Priority Allocation which is expected to be 880 Shares³ from each shareholder who has successfully tendered Shares.

Additionally, shareholders who tender all of their Shares at one or more tender discounts equal to or greater than the Buy-Back Tender Discount and/or as a Final Price Tender, and who would be left with a holding of 350 Shares or less as a result of the scale back, will have their Tender(s) accepted in full without applying a scale back.

Shareholders will receive the fully franked dividend of 15.5 cents per share on any Shares held by them on 23 September 2016 even if they are subsequently successfully tendered under the Buy-Back Tender.

The Buy-Back Tender Price will have two components: a capital component of \$1.78 and a fully franked dividend component equal to the difference between the Buy-Back Tender Price and \$1.78.

It is likely that the Telstra share price on the ASX will be higher than the Buy-Back Tender Price as shareholders are being invited to tender Shares into the Buy-Back Tender at discounts of between 6% and 14% inclusive to the Market Price. However, for some Telstra shareholders, depending on their particular circumstances, the after-tax return from participating in the Buy-Back Tender may be greater than if they had sold their Shares on-market. The Buy-Back Tender will have different tax consequences for different shareholders. Shareholders should seek their own professional advice (including tax advice) about the implications of participation in the Buy-Back Tender in respect of their own individual circumstances.

While Telstra intends to buy back up to approximately \$1.25 billion worth of Shares for the Buy-Back Tender, it retains absolute discretion to vary the size of the Buy-Back Tender depending on demand and market conditions, including by choosing not to buy back any Shares.

The expected Buy-Back Tender timetable is outlined below.

A Telstra enquiry line in relation to the Buy-Back Tender will be available from 11 August 2016. Shareholders who have enquiries may contact Telstra's Share Registry information line on + 61 1300 88 66 77 (0800 835 787 within New Zealand) or visit www.telstra.com/buyback.

² Market Price means the volume weighted average price of Telstra ordinary shares on the ASX over the five trading days leading up to and including the Closing Date, excluding certain trades, calculated to four decimal places as determined by Telstra on Friday, 30 September 2016.

³ Subject to scale back to a lesser number as is required to ensure that Telstra is able to buy back only the number of Shares it determines to buy back.

The Buy-Back Tender is open to residents of Australia and New Zealand. Certain shareholders are not eligible to participate, directly or indirectly, in the Buy-Back Tender, including any (i) person who is located or resident in the United States, (ii) U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended), or (iii) agent, fiduciary or other intermediary acting on a nondiscretionary basis for a principal giving instructions from within the United States, or (iv) person who has a registered address in Canada.

Buy-Back Tender Timetable

Event	Date
August 2016	
Announcement of the Buy-Back Tender	Thursday, 11 August
Last day that Shares can be acquired to be eligible to participate in the Buy-Back Tender and as a consequence may be eligible for Buy-Back Tender franking entitlements	Wednesday, 17 August
Buy-Back Tender Ex-entitlement Date: the date that Shares commence trading on ASX on an ex-Buy-Back Tender basis	Thursday, 18 August
Buy-Back Tender Record Date: determination of Eligible Shareholders entitled to participate in the Buy-Back Tender	Friday, 19 August
Dividend Ex-entitlement Date: the date that Shares commence trading on an ex-entitlement basis for the FY2016 final dividend	Wednesday, 24 August
Dividend record date: determination of shareholders entitled to receive the FY2016 final dividend	Thursday, 25 August
Dividend Reinvestment Plan (DRP) election date: last date shareholders can elect for some or all of their shares to participate in the DRP	Friday, 26 August
September 2016	
Distribution of Buy-Back Tender Documents to shareholders is expected to be completed	Friday, 2 September
Tender Period opens	Monday, 5 September
Payment date for FY2016 final dividend	Friday, 23 September
Tender Period closes: Tenders must be received by the Registry no later than 7.00pm (Australian Eastern Standard Time)	Friday, 30 September
Shareholders should note that 30 September is a public holiday in Victoria	
October 2016	
Buy-Back Tender Date: Buy-Back Tender Price and scale back (if any) determined and Buy-Back Tender Contracts entered into	Monday, 3 October
Buy-Back Tender proceeds paid to successful shareholders and updated holding statements to be dispatched	Commencing Tuesday, 11 October

While Telstra does not anticipate any changes to these dates and times, it reserves the right to vary them. Any change in date or time will take effect from the time it is authorised by Telstra and will be publicly announced as soon as practicable following Telstra's authorisation. Telstra may also decide not to proceed with the Buy-Back Tender and may vary the size of the Buy-Back Tender.

Shareholder enquiries

A Telstra enquiry line in relation to the Buy-Back Tender will be available from 11 August 2016. Shareholders who have enquiries may contact Telstra's information line on 1300 88 66 77 within Australia, 0800 835 787 within New Zealand or +61 1300 88 66 77 if you are calling from outside Australia and New Zealand, or visit www.telstra.com/buyback.

Important Notices

Capitalised terms in this announcement have the same meaning as will be contained within the Buy-Back Tender Booklet.

Not for distribution or release in or into, or to any person located or resident in, the United States.

This media release does not constitute, or form part of, any offer or invitation to sell, or any solicitation of any offer to purchase securities in any jurisdiction, nor shall it or the fact of its distribution be relied on in connection with any contract thereof. No indications of interest in the Buy-Back Tender are sought by this media release.

Neither the Buy-Back Tender nor the subsequent on-market share buy-back is being made, or will be made, directly or indirectly in or into the United States, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or by use of any facilities of a national securities exchange of, the United States. Shares may not be tendered in the Buy-Back Tender or the subsequent on-market share buy-back by any use, means, instrumentality or facility from or within the United States or by any: (i) person who is located or resident in the United States; (ii) U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended); (iii) agent, fiduciary or other intermediary acting on a nondiscretionary basis for a principal giving instructions from within the United States, or (iv) person who has a registered address in Canada. American Depositary Receipts representing Shares of Telstra may not be tendered in the Buy-Back Tender and will not be subject to the subsequent on-market share buy-back.

Buy-Back Tender documents, including the booklet describing the terms and conditions of the Buy-Back Tender and tender forms, when issued, and any other documents or materials relating to the Buy-Back Tender or the subsequent on-market share buy-back are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Shares in the Buy-Back Tender or subsequent on-market share buy-back resulting directly or indirectly from a violation of these restrictions will be invalid.

For the purposes of this announcement, "United States" means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Forward looking statements

This media release contains forward looking statements, including statements regarding the implementation of the Buy-Back Tender and its effects on our business and securities. The results and effects of the Buy-Back Tender may differ materially from those expressed in, or implied by, these forward looking statements. Factors that could cause or contribute to such differences include the number of Shares bought back, the final Buy-Back Tender Price and the general trading and economic conditions affecting our business. We do not undertake any obligation to revise these forward looking statements to reflect any future events or circumstances.

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Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
Telstra Corporation Limited (the Company)	33 051 775 556

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	Two types of buy-back are to be conducted: (a) a selective buy-back on equal access buy-back conditions (as modified by ASIC) (Buy-Back Tender); and (b) an on-market buy-back.
2	⁺ Class of shares/units which is the subject of the buy-back (eg, ordinary/preference)	Ordinary
3	Voting rights (eg, one for one)	One for one
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully paid
5	Number of shares/units in the ⁺ class on issue	12,225,655,836

⁺ See chapter 19 for defined terms.

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|---|---|---|
| 6 | Whether shareholder/unitholder approval is required for buy-back | In respect of the Buy-Back Tender: No. An ASIC modification will be obtained pursuant to section 257D(4) of the Corporations Act 2001 (Cth) |
| | | In respect of the on-market buy-back: No. The on-market buy-back will be within the “10/12 limit” permitted under the Corporations Act 2001 (Cth). |
| 7 | Reason for buy-back | As part of the Company’s capital management program |
| 8 | Any other information material to a shareholder’s/unitholder’s decision whether to accept the offer (<i>eg, details of any proposed takeover bid</i>) | <p data-bbox="691 696 1380 831">See announcements of full year results date 11 August 2016 and accompanying announcements including announcement titled “Telstra announces \$1.5 billion share buy-backs”.</p> <p data-bbox="691 875 1380 976">See also information publicly disclosed by the Company through the ASX on or prior to the date of this notice.</p> <p data-bbox="691 1021 1380 1155">Further information will be provided in respect of the Buy-Back Tender in a buy-back booklet to be lodged with the ASX prior to its dispatch to shareholders.</p> |

On-market buy-back

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|----|---|---|
| 9 | Name of broker who will act on the company’s behalf | Deutsche Securities Australia Limited |
| 10 | Deleted 30/9/2001. | N/A |
| 11 | If the company/trust intends to buy back a maximum number of shares - that number | <p data-bbox="691 1514 1324 1615">No specific number of shares, but the number of shares required to achieve up to approximately \$250 million in value.</p> <p data-bbox="691 1693 1324 1760">The Company reserves the right to suspend or terminate the on-market buy-back at any time.</p> |
| | Note: This requires a figure to be included, not a percentage. | |

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|----|---|---|
| 12 | If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention | <p>On-market buy-back to commence no earlier than 3 October 2016 and ending within 12 months from the date of this announcement.</p> <p>The Company will only buy back shares at such time and in such circumstances as are considered beneficial to the efficient capital management of the Company.</p> <p>The Company reserves the right to suspend or terminate the on-market buy-back at any time.</p> |
| 13 | If the company/trust intends to buy back shares/units if conditions are met - those conditions | N/A |

Employee share scheme buy-back

- | | | |
|----|---|-----|
| 14 | Number of shares proposed to be bought back | N/A |
| 15 | Price to be offered for shares | N/A |

Selective buy-back

- | | | |
|----|--|-----|
| 16 | Name of person or description of class of person whose shares are proposed to be bought back | N/A |
| 17 | Number of shares proposed to be bought back | N/A |
| 18 | Price to be offered for shares | N/A |

⁺ See chapter 19 for defined terms.

Equal access scheme

19	Percentage of shares proposed to be bought back	The percentage of shares to be bought back is not presently known and will depend on the final Buy-Back Tender price and the amount determined by the Company to be bought back. The target size of the Buy-Back Tender is approximately A\$1.25 billion. The Company may, at its discretion, vary the size of the Buy-Back Tender. The Company also retains the discretion to repurchase a lesser amount of shares than indicated or no shares at all. In any event, the Company will buy back less than 10% of the smallest number, at any time during the last 12 months, of votes attaching to voting shares of the Company.
20	Total number of shares proposed to be bought back if all offers are accepted	The total number of shares to be bought back is not presently known and will depend on the final Buy-Back Tender price and the amount determined by the Company to be bought back. The target size of the Buy-Back Tender is approximately A\$1.25 billion. The Company may, at its discretion, vary the size of the Buy-Back Tender. The Company also retains the discretion to repurchase a lesser amount of shares than indicated or no shares at all. In any event, the Company will buy back less than 10% of the smallest number, at any time during the last 12 months, of votes attaching to voting shares of the Company.
21	Price to be offered for shares	The price will be determined by a tender process, as detailed in an announcement dated 11 August 2016 and outlined in a buy-back booklet which is expected to be lodged with the ASX on or around 24 August 2016.
22	+Record date for participation in offer Cross reference: Appendix 7A, clause 9.	19 August 2016 (unless you are a TESOP 99 shareholder, in which case, 23 September 2016).

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.

2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here: Date:
(Company secretary)

Print name: Damien Coleman

⁺ See chapter 19 for defined terms.