



THE MARKET

In a land as vast and as isolated as Australia, telecommunications play a vitally important role. Driven by our desire to be connected - be it within Australia or overseas - now more than ever, technology is driving the many and diverse ways Australians stay in touch.

The evolution of the mobile phone, from a device to simply talk and text, to a mini computer that can be connected to the Internet, has changed the way we communicate, educate and entertain ourselves. At the forefront of this technological and communication innovation is the pioneering Superbrand, Telstra.

The communications and media landscape continues to rapidly change and the historically distinct difference in the telecommunications and broadcasting sectors have become increasingly blurred. Consumers are faced with increased choice and flexibility in their consumption, along with a flood of innovations across a wide range of digital technologies and devices.

With the rollout of Australia's National Broadband Network, it's no wonder the telecommunications industry in Australia is one of the toughest in the world, with customer churn being a key business issue for all carriers.

ACHIEVEMENTS

In 2011, Telstra initiated a massive corporate rebrand whereby the brand was placed at the heart of the organisation and customers at the centre of everything they do.

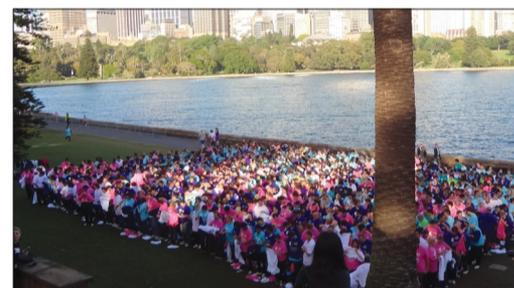
On September 18th 2011, Telstra re-launched its brand with a deliberate visual shift to a new colour spectrum device, accompanied by music and language that more effectively reflected the diversity of Telstra's people, products, services, and customers. From a significant shift in company culture, to a comprehensive shift in customer service and the way customers experience the brand, Telstra's new visual and verbal identity now conveys the essence of connection and the belief that 'life's better when we connect'.

As a result, according to Telstra's FY12 Brand Report prepared by Lewers Research, over one million new customers were open to considering Telstra, following the launch of the new Telstra brand. After 6 years at 46-48% consideration, Telstra closed FY12 at 60% consideration across the board. This increase in consideration led to what Brand Finance determined to be a \$294M uplift in brand value in FY12. The AMR RepTracker also reported Telstra to be the fastest moving brand of FY12, moving up 15 places. Subsequently,



the Telstra share price closed FY12 at a three year high.

However, it's not only an internal cultural change and new branding that is shifting the way Australians see Telstra. A series of important launches and events have helped reinforce the new direction, including:



The 4G Launch – When it launched, Telstra provided Australians with the largest and fastest 4G network. To date this is available in more than 100 metropolitan and regional locations across Australia, including all capital cities. As of December 2012, Telstra's 4G footprint covers more than 40% of the population, who have purchased over 820,000 4G devices. Using the creative platform, 'The fun has just begun' enabled a variety of communications channels to celebrate the launch. An integrated campaign used animated creative across print, television, online, outdoor, social and a PR stunt provided an entertaining way to deliver the key benefits of the network.

The 2012 Olympics Telecast – Leveraging Telstra's partnership with the Australian Olympic Committee, the program focused on reinforcing Telstra's role in connecting people to the things that are important to them. The TV commercial focused on the pride and energy of spectators, instead of simply profiling athletes - and resulted



in it being voted 'Australia's Favourite ad' by several media outlets. Facilitating a series of high definition TV links spanning 17,000KMS across the globe, Telstra enabled school children to engage in live video chats with athletes based in London during the Games. In addition, the brand's Hero Message service delivered over 80,000 messages to Australian Olympians and Paralympians.

Other landmark achievements in FY12 include a \$3.4B Net Profit After Tax, 1.6 million new domestic customers to the mobile network and 1.4 million customers on a bundled plan. During FY12 Telstra also launched its new competitive mobile plans to address its customer's changing needs.

HISTORY

Telstra touches the lives of Australians in so many ways and has been an important part of the nation's growth since Federation in 1901, when the Commonwealth Government established the Postmaster-General's Department (PMG). The PMG handled all Australia's postal and communications services until 1946, when the Overseas Telecommunications Commission was formed - a services monopoly linking Australia to the rest of the world.

In 1975 telecommunications and postal services were separated, giving rise to two statutory authorities - the Australian Postal Commission and the Australian Telecommunications Commission, which began trading as Telecom Australia.

By 1981 Telecom had launched the country's first mobile network as well as the car phone - driving telecommunications innovation forward. In 1993, Telecom renamed itself Telstra for international business trading, introducing the name to its domestic customers in 1995.

Following the opening of Australia's telecommunications markets to full competition in 1997, Telstra underwent a privatisation process. In 1997 the Commonwealth began selling parcels of the Telstra shares to local as well as international investors, which saw Telstra listed on the Australian, New Zealand and the New York Stock Exchanges.

In 2012, Telstra finalised the \$11 billion NBN Definitive Agreements with the Commonwealth-owned company NBN Co Limited to participate in the rollout of the Government's National Broadband Network, securing Telstra's future in the Australian and international fixed line telecommunications industry.

THE PRODUCT

Telstra offers customers a myriad of products and services across some of the country's largest organisations, Government departments, small businesses and consumers, including:

- Mobile Network Services
 - (3G / 4G – Including mobile voice and broadband)

- Fixed Networks
 - Next IP
 - Fixed broadband (ADSL, BDSL and cable)
- Mobile products
 - Smart Phone handsets
 - Tablets
- Fixed products
 - Broadband modems / gateways etc
- NBN Access
- Business Solutions
 - Business communications packages
 - Cloud Services
 - Business security and continuity
 - Network Application Services
- Pay TV

RECENT DEVELOPMENTS

Telstra's move to a customer-centric organisation has meant the introduction of several Customer Experience initiatives. These include a 24/7 call centre for consumer and small business sales and enquiries, weekend appointments for technicians to assist customers in a time-poor world and free calls to main customer support and sales lines. Other new initiatives include case management for residential customers moving house, new standards around responsiveness to questions, sales inquiries and complaints and a range of more competitive bundles and pricing plans.

PROMOTION

Outside of the brand's re-launch, Telstra's sponsorship portfolio is one of its most visible means of promotion and is divided into two parts - Sports and Arts/Community. Telstra has strong partnerships with leading Australian codes such as the AFL, NRL and Netball as well as the Australian Olympic and Paralympic Committees.



Telstra helps to connect Australians to a variety of cultural and community organisations through the use of technology. This part of the sponsorship portfolio ranges from bespoke music programs, to the Telstra Road to Discovery and involvement with The Australian Ballet, the Sydney Symphony and Surf Life Saving Australia.

BRAND VALUES

Telstra's organisational values go hand in hand with their brand. Together they represent who they are, what they stand for and where they are going. Their values of Service and Respect; Integrity and Trust; and Teamwork and Accountability underpin their brand essence of connection and their belief that 'life's better when we connect'. When developing the new Telstra brand it was their values that guided the decision to ensure their people and customers remained at the core. Telstra's values and culture are reflected in their new visual identity, which presents a vibrant Telstra that speaks to the diversity of their people, products, services and customers. Living the values help shape the way people, customers,

shareholders and the community interact and experience the Telstra brand.

CORPORATE SOCIAL RESPONSIBILITY

When the devastating floods of cyclone Yasi hit Queensland in early 2011, Telstra was quickly on the ground, assisting emergency service organisations and restoring services. Although the network impact was unprecedented, the technicians worked tirelessly to get the network back up and operating, with many employees going beyond the call of duty to restore services. Telstra's 'Boots & All' publication contains firsthand accounts of how its Operations Team took swift and decisive action and came up with some of the most innovative solutions to meet the many challenges. This included providing more than one million dollars in equipment grants to local sport and community clubs and donating \$825,000 to the Queensland Premier's Disaster Relief Appeal, with the help of its employees.

Outside of the Queensland flood support, Telstra invested \$239.8 million dollars into communities across Australia during 2011/12 with 92.2 per cent of this investment being focused on Digital Inclusion - a key pillar of its Sustainability Strategy.

The broad focus of Telstra's sustainability initiatives include the longstanding Access for Everyone and Connected Seniors programs, as well as other programs delivered by the Telstra Foundation and Telstra Indigenous Directorate. The prime objective of this assistance is to ensure all Australians enjoy the everyday benefits of being connected to modern communication technologies irrespective of age, income, ability, location or disadvantage. This Sustainability Strategy also stretches to the environment and accounts for a 36 per cent reduction in Telstra's Carbon Emissions Intensity. Through implementation of a variety of employee, design and infrastructure programs to minimize energy consumption and adopt renewable energy solutions and technologies, Telstra committed \$14 million to improve the energy efficiency of network facilities by the end of 2013.

THINGS YOU DIDN'T KNOW ABOUT TELSTRA

- In 2013 Telstra helped power the DEEPSEA CHALLENGE science program at sea expedition by facilitating the communications to the world from the Challenger Deep and throughout the ocean journey.
- Over the last decade, Telstra has provided benefits to the value of \$2 billion connecting low-income Australians through Access for Everyone Programs. Every month Telstra works in partnership with 2000 community organisations to enable more than 1.2 million low-income Australians to stay connected.
- In 2012 Telstra realised a 36% reduction in carbon emissions intensity. In addition, Telstra committed \$14 million to improve the energy efficiency of network facilities by the end of 2013.