

17 February 2005

The Manager

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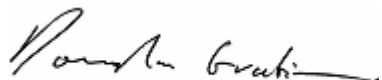
ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra Announces \$A500 million Domestic Bond Issue

In accordance with the listing rules, I attach an announcement for release to the market.

Yours sincerely



Douglas Gratton
Company Secretary

17 February 2005

56/2005

Telstra Announces \$A500 million Domestic Bond Issue

Telstra today announced plans for a possible \$A500 million, eight-to-nine year long-term bond issue in early March, targeted at domestic and offshore institutional investors.

Telstra's Chief Financial Officer, Mr John Stanhope, said Telstra was encouraged to return to the domestic market to meet identified investor demand for a new issue, following the strong performance of its recent \$A500 million 10-year bond issuance (maturing in April 2015) in November 2004.

Mr Stanhope said the proposed issue would fill a gap in Telstra's maturity profile and increase the proportion of its debt raised in the domestic market in-line with the company's objective to diversify funding sources.

Mr Stanhope said the domestic bond market was currently providing cost efficient financing compared with offshore markets and had the added advantage of straightforward execution without the need for currency swaps.

"The domestic market is one of the key planks in our funding strategy and the proposed new issue would further strengthen our range of benchmark lines and also help provide increased liquidity," Mr Stanhope said.

Mr Stanhope added that domestic investors were already well informed about Telstra's credit story from the November 2004 roadshow and Telstra's half year results released to the market on Thursday 10 February, 2005.

The proceeds of the issue will be used for general corporate funding purposes and to refinance maturing long-term debt.

Telstra has appointed Westpac Institutional Bank, National Australia Bank, RBC Capital Markets and TD Securities to manage the proposed issue.

Telstra is rated A+ (S&P), A1 (Moody's) and A+ (Fitch) and all ratings have a stable outlook.

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