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David Thodey appointed next CEO of Telstra Donald McGauchie resigns as Chairman; succeeded by Catherine Livingstone

David Thodey, Telstra's Group Managing Director of Enterprise and Government, was today appointed Chief Executive Officer of Telstra, effective upon the departure of current CEO Sol Trujillo. Separately, Donald McGauchie AO resigned as Chairman and from the Telstra board. Catherine Livingstone AO, a Telstra board director since 2000, will succeed Mr McGauchie as Chairman, effective immediately.

Mr Thodey, 54, has been a senior executive at Telstra for eight years. He joined Telstra from IBM where he was CEO of IBM's Australian and New Zealand operations. In his current position, he has been responsible for Telstra's corporate, government and large business customers in Australia, TelstraClear in New Zealand and Telstra's international sales division.

Mr Thodey said he was delighted to be appointed CEO of Telstra and looked forward to building on the strong foundation left by Mr Trujillo's four years at the helm.

"Telstra is a great Australian company with terrifically capable and committed people," Mr Thodey said. "This company plays an important role in Australia, keeping millions of people reliably in touch across this vast country and across the world.

"Our strategy remains unchanged: to continue to provide customers with world-class products and services. The key to Telstra continuing to win and to serve customers will be finishing our transformation that started nearly four years ago. Completing the transformation will enable us to deliver a superior customer experience and the financial outcomes that our shareholders expect."

Ms Livingstone said: "David Thodey's selection as CEO is testament to the depth of talent within Telstra's executive ranks. He was chosen from among an outstanding group of internal and external candidates.

"The board felt David has a unique combination of a fundamental grasp of technology and a deep appreciation of customer needs."

With the CEO selection process completed, Mr McGauchie resigned as Telstra Chairman and will leave the board immediately.

Mr McGauchie said it had been an honour to be Telstra Chairman for the past five years.

"Telstra's strength and ongoing performance are the paramount priority. It is my view that speculation on my tenure was a distraction to the business. Nothing should be allowed to get in the way of David and the management team getting on with the important job ahead of them.

"The board has every reason to be proud of what has been achieved during the past five years, as Telstra emerged from government ownership to become one of the leading telecommunications and media companies in the world. Many people are due recognition and thanks: Sol, the management team and our employees right across the company – and, of course, the board – for its recognition of the corporation's tremendous potential.

"I would also like to pay tribute to the internal candidates for the CEO's role and to Sol for ensuring we had a field of truly worthy candidates. Every board strives to achieve a succession plan worthy of the

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corporation. David Thodey's appointment is a demonstration of the depth of management talent in Telstra."

Ms Livingstone praised Mr McGauchie's strong leadership of Telstra over the past five years and thanked him for steering Telstra's board through the CEO selection process.

"Donald has made a tremendous contribution to the company over more than a decade, both at the board level and in his crucial role in the establishment of Telstra CountryWide," Ms Livingstone said. "Donald has a deep understanding of Telstra's importance to Australians, particularly those in regional and rural areas.

"Through his hard work and commitment, Donald led the board through the transition of Telstra to a fully privatised company. At the same time, the company was undertaking an extraordinarily complex transformation across the company's operations. Donald's was an extremely difficult job, handled with great care and professionalism."

Ms Livingstone also announced the board's appointment of Telstra's Chief Financial Officer, John Stanhope, as an executive director of the board.

"John Stanhope has unique experience within Telstra and is a very significant contributor to the executive team. We have recognised this with his appointment to the board," Ms Livingstone said.

It was also announced that Peter Willcox had tendered his resignation to the board due to his concern that the James Hardie judgment may cause embarrassment to the company.

However, the board has asked him to remain as a director until the AGM in November because of his valuable contribution to a number of vital current issues.

Peter has agreed to do so but will not stand for re-election at the 2009 AGM.

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