

PROSPECTUS



Telstra Corporation Limited

(ABN 33 051 775 556)

(incorporated with limited liability in the Commonwealth of Australia)

Debt Issuance Program

Telstra Corporation Limited ("**Issuer**") may offer from time to time medium term notes and other debt instruments (together the "**Notes**") under the Debt Issuance Program ("**Program**") described in this Prospectus. This Prospectus supersedes the Prospectus dated 12 October 2006 and any previous prospectuses, offering circulars or supplements to it. Any Notes issued on or after the date of this Prospectus are subject to the provisions set out in it. This Prospectus does not affect any Notes already issued.

Subject to applicable laws, regulations and directives, the Issuer may issue Notes under the Program in any country including Australia (but not the United States). There is no limit on the amount of Notes that may be issued under the Program.

Application has been made to the Financial Services Authority in its capacity as competent authority under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**") ("**UK Listing Authority**") for Notes issued under the Program during the period of 12 months from the date of this Prospectus to be admitted to the official list maintained by the UK Listing Authority ("**Official List**") and to the London Stock Exchange plc ("**London Stock Exchange**") and for such Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Income Market ("**Market**") by the London Stock Exchange. The Market is a regulated market for the purposes of Directive 93/22 EC ("**Investment Services Directive**") and references in this Prospectus to the Notes having been "**listed**" means that those Notes have been admitted to trading on the Market and have been admitted to the Official List.

In relation to any Tranche (as defined under "Summary of the Program"), the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable on the Notes of the Tranche, the issue price and any other terms and conditions applicable to such Tranche which are not contained in the standard terms and conditions set out in this Prospectus will be set out in a final terms document ("**Final Terms**").

Application may also be made for Notes issued under the Program to be listed on any other stock exchange (including the ASX Limited ("**Australian Stock Exchange**") and the New Zealand Stock Exchange Limited) on which Notes may be listed from time to time as specified in the relevant Final Terms. However, unlisted Notes may also be issued under the Program. The relevant Final Terms in respect of the issue of any Notes will specify whether or not those Notes will be listed on a stock exchange and on which stock exchange, if any, the Notes are to be listed.

Prospective investors should consider the risks outlined in this Prospectus under "Risk factors" before making any investment decision in relation to the Notes.

Arranger

JPMorgan

29 August 2007

CONTENTS

Important notice	2
Financial information differences statement	5
Documents incorporated by reference	5
Summary of the Program	6
Risk factors	11
Corporate profile	22
Terms and Conditions of the Notes	43
Taxation	82
Clearing and settlement	88
Summary of provisions relating to Euro Notes while in Global Form	92
Sale and subscription	96
Form of Final Terms	101
General information	115

Important notice

Prospectus

This Prospectus (excluding the documents described under the heading “Documents incorporated by reference for all other purposes” below) is a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (“**Prospectus Directive**”) and is provided for the purpose of giving information with regard to the Issuer and its subsidiaries (taken as a whole) and the Notes for a period of 12 months from the date of this Prospectus.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, the Arranger, or any Dealer (as defined in the “Summary of the Program”) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such an offer. None of the Issuer, the Arranger, and any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Arranger or (when appointed) any Dealer to publish or supplement a Prospectus for such offer.

Responsibility

This Prospectus has been prepared by and issued with the authority of the Issuer. The Issuer accepts responsibility for all information contained in this Prospectus (as defined below). To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of that information. References in this Prospectus to the “Prospectus” are to this document and any supplements or replacement of it, any other documents incorporated in it by reference (see “Documents incorporated by reference” below) and, in relation to any Series of Notes, the relevant Final Terms for that Series and this Prospectus should be read and construed accordingly.

The only role of the Arranger, the Fiscal Agent, the Australian Registrar and the New Zealand Registrar (each as defined in the “Summary of the Program”) in the preparation of this Prospectus has been to confirm to the Issuer that the information as to their identity described below and their respective descriptions under the heading “Summary of the Program” are accurate as at the date of this Prospectus. J.P. Morgan Securities Ltd. has given and not withdrawn its consent to be named in this Prospectus as the Arranger. The Fiscal Agent, the Australian Registrar and the New Zealand Registrar have given and not withdrawn their consent to be named in this Prospectus as the Fiscal Agent, the Australian Registrar and the New Zealand Registrar respectively. Apart from these matters, the Arranger and (when appointed) the Dealers (as defined in the “Summary of the Program”) make no representation or warranty, express or implied as to and assume no responsibility or liability for the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Prospectus. The Arranger has not caused or authorised the issue of this Prospectus.

The Issuer having made all reasonable enquiries, confirms that the Prospectus contains all information with respect to the Issuer and its subsidiaries (taken as a whole) and the Notes that are material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Prospectus with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or its subsidiaries or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Prospectus misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and verify the accuracy of all such information and statements.

No independent verification

The Arranger has not independently verified the information contained in this Prospectus. Neither this Prospectus nor any other financial statement is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or (when appointed) the Dealers that any recipient of this Prospectus or any other financial statements should purchase any Notes nor does it constitute an offer or an invitation to subscribe for Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it considers necessary. Each potential investor should also have regard to the factors described under the section headed “Risk factors” below. The Arranger and (when appointed) the Dealers do not undertake to review the financial condition or affairs of the Issuer during the life of the Program nor to advise any investor or

potential investor in the Notes of any information coming to the attention of the Arranger or (when appointed) the Dealers relating to the Issuer.

Currency of information

Neither the delivery of this Prospectus nor any sale of Notes made in connection with this Prospectus at any time implies or should be relied upon as a representation or warranty that the information contained in this Prospectus concerning the Issuer and its subsidiaries is correct at any time subsequent to the date of the Prospectus or that any other information supplied in connection with the Program is correct as of any time subsequent to the date indicated.

Without limiting this general statement, the Issuer has given an undertaking to the Arranger and (when appointed) the Dealers to prepare a supplementary prospectus in certain circumstances as detailed in the section headed "Supplementary Prospectus" below.

No authorisation

No person has been authorised to give any information or make any representations not contained in this Prospectus in connection with the Issuer, its subsidiaries, the Program or the issue or sale of the Notes and, if given or made, that information or representation must not be relied upon as having been authorised by the Issuer or its subsidiaries or the Arranger or (when appointed) the Dealers.

Distribution

The distribution of this Prospectus and any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, its subsidiaries, the Arranger and (when appointed) the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction where action for that purpose is required, or pursuant to an exemption available in that jurisdiction, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, its subsidiaries, the Arranger and (when appointed) the Dealers (except as provided in the next sentence) which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that comply with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, all applicable restrictions. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus see "Sale and subscription" below.

No registration

The Notes have not been and will not be registered under the Securities Act of 1933 of the United States (as amended) ("**Securities Act**") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold, delivered or transferred within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act).

No offer

This Prospectus does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, its subsidiaries, the Arranger or (when appointed) the Dealers to any person to subscribe for, purchase or otherwise deal in any Notes nor is it intended to be used for the purpose of or in connection with offers or invitations to subscribe for, purchase or otherwise deal in any Notes.

Drawdown prospectus

The Issuer may agree with the Arranger and (when appointed) the Dealers that the Notes may be issued in a form not contemplated by this Prospectus or in accordance with terms set out in a separate prospectus specific to such Tranche, in which event a separate prospectus, if appropriate, will be made available describing the effect of the agreement reached in relation to those Notes.

Supplementary Prospectus

In the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes, the Issuer will prepare a supplement to this Prospectus or publish a new prospectus in accordance with the Prospectus Directive for use in connection with any subsequent issue of Notes. The Issuer has undertaken with the Dealers in the Dealer Agreement (as defined in "Sale and subscription" below) that it will comply with section 87G of the FSMA.

Stabilisation

In connection with the issue of any Tranche (as defined in “Summary of the Program” below), the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in the applicable Final Terms may, outside Australia and on a market operated outside Australia, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be concluded by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

References to currencies

In this Prospectus references to “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America, references to “**A\$**” and “**Australian Dollars**” are to the lawful currency of the Commonwealth of Australia, references to “**N.Z.\$**” and “**New Zealand dollars**” are to the lawful currency of New Zealand, references to “**£**” and “**Sterling**” are to the lawful currency of the United Kingdom, references to “**€**” and “**euro**” are to the single currency of those member states of the European Union participating in the Third Stage of European Economic and Monetary Union from time to time and references to “**C\$**”, and “**Canadian dollars**” are to the lawful currency of Canada.

Legislation under which Issuer formed

Telstra is a company limited by shares, incorporated and operating under the Corporations Act 2001 of the Commonwealth of Australia (“**Corporations Act**”).

Documents incorporated by reference

Documents incorporated by reference for Prospectus Directive purposes

This Prospectus should be read and construed in conjunction with the following documents which are incorporated into this Prospectus by reference, each of which has been previously published (or is published simultaneously with this Prospectus), and which have been approved by the Financial Services Authority or filed with it:

- (a) the audited accounts and consolidated accounts (each as defined in the Corporations Act) for the financial year ended 30 June 2007. This financial information has not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 ("**EU IAS**"); and
- (b) the audited and consolidated accounts for the financial year ended 30 June 2006. This financial information has not been prepared in accordance with EU IAS.

Any document incorporated by reference into the documents described at (a) and (b) above does not form part of this Prospectus.

Documents incorporated by reference for all other purposes

All announcements provided to ASX Limited under Telstra's continuous disclosure obligations required under the Corporations Act are incorporated by reference into this Prospectus for all purposes not regulated by the Prospectus Directive. The Issuer confirms that this information (unless expressly incorporated above under the heading "Documents incorporated by reference for Prospectus Directive purposes") does not need to be included to satisfy the requirements of the UK Listing Authority and does not form part of this Prospectus for the purposes of the Prospectus Directive.

Provision of documents incorporated by reference

A copy of this Prospectus may be downloaded from the following website:

www.telstra.com.au/abouttelstra/investor/treasury/foreign_documentation.cfm.

Documents incorporated by reference may be downloaded from the following websites:

www.telstra.com.au/abouttelstra/investor/annual_reports.cfm

www.telstra.com.au/abouttelstra/investor/asx_announcements.cfm

Financial information differences statement

As required by the Corporations Act, the Issuer's financial statements for the financial years ended 30 June 2006 and 30 June 2007 have been prepared under the Australian equivalent of the International Accounting Standards Board's International Financial Reporting Standards ("**IASB's IFRS**") ("**A-IFRS**"). There would be no significant differences if the Issuer's financial statements were prepared under IASB's IFRS as it is applied in the European Union rather than A-IFRS.

Summary of the Program

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area no civil liability attaches to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meanings in this summary.

Issuer:	Telstra Corporation Limited (ABN 33 051 775 556) (a corporation constituted with limited liability under the laws of the Commonwealth of Australia).
Risk factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Program. These are set out under “Risk factors” below, and include the risk that the Issuer’s results may be adversely affected by (a) government or regulatory intervention in the Issuer or the Australian telecommunications industry generally, (b) the failure of the Issuer’s transformation strategy, (c) the Issuer’s dependence on key vendors, (d) Telstra network or system failures, or (e) the sale of Telstra shares by the Future Fund. There are also certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program - see “Risk factors associated with the Notes” below.
Description:	Debt Issuance Program allowing for the issuance of medium term notes and other debt instruments.
Program size:	There is no limit on the amount of Notes that may be issued under the Program.
Arranger:	J.P. Morgan Securities Ltd.
Dealers:	There is currently no permanent Dealer panel under the Program. The Issuer may from time to time appoint Dealers either in respect of a particular Tranche or in respect of the Program. The Issuer may also terminate the appointment of any Dealer under the Program by giving at least 30 days’ notice. References in this Prospectus to “ Dealers ” are to all persons that are appointed as dealers in respect of the Program generally (and whose appointment has not been terminated) and to all persons appointed as a dealer in respect of a Tranche.
Fiscal Agent:	Deutsche Bank AG, London Branch.
Paying Agent (Europe):	Deutsche Bank Luxembourg S.A..
Australian Registrar:	Austraclear Services Limited (ABN 28 003 284 419).
New Zealand Registrar:	Computershare Investor Services Limited.
Method of issue:	The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche will be set out in the Final Terms.

Issue price:	<p>Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.</p> <p>The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.</p>
Form of Notes:	<p>The form of particular Notes will be determined by the Issuer and relevant Dealer(s) prior to their issue.</p> <p>The Notes may be issued in bearer form ("Bearer Notes") governed by the laws of England. Each Tranche of Bearer Notes will be represented on issue by a temporary global note which may, in certain circumstances be exchangeable into definitive notes or a permanent global note which, in turn, may be exchangeable into definitive notes in certain limited circumstances. Global Notes may be deposited on the issue date with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, <i>société anonyme</i> ("Clearstream, Luxembourg").</p> <p>Notes issued in the Australian domestic market ("Australian Domestic Notes") and the New Zealand domestic market ("New Zealand Domestic Notes") will be issued in uncertificated registered form only and under the laws of the Australian Capital Territory, Australia and New Zealand respectively. On their issue date they will be lodged in the Australian securities clearing and settlement system operated by Austraclear Limited ("Austraclear System") and the New Zealand securities clearing and settlement system operated by the Reserve Bank of New Zealand ("Austraclear New Zealand System") respectively.</p> <p>Notes issued in the Canadian domestic market ("Canadian Domestic Notes") will be issued in certificated registered form only and under the laws of England. Each Tranche of Canadian Domestic Notes will be represented on issue by a certificate or certificates, one certificate being issued in respect of each holder's entire holding of Canadian Domestic Notes of one Series. Canadian Domestic Notes which are held in a Clearing System will be registered in the name of a nominee of each Clearing System (or a common nominee) and the relative certificate(s) (a Registered Global Note) will be deposited on the issue date with the appropriate depository for a Clearing System or as the case may be, a common depository agreed by the Issuer and the relevant Dealer(s).</p>
Deed of Covenant:	Holders of Bearer Notes and Canadian Domestic Notes will have the benefit of a deed of covenant dated 12 October 2006 executed by the Issuer.
Australian Note Deed Poll:	Holders of Australian Domestic Notes have the benefit of an Australian Note Deed Poll dated 12 October 2006.
New Zealand Note Deed Poll:	Holders of New Zealand Domestic Notes will have the benefit of a New Zealand Note Deed Poll dated 12 October 2006.
Status:	Notes will be issued on an unsubordinated basis only. The Notes are direct, unsubordinated and (subject to Condition 6 ("Negative pledge") unsecured obligations of the Issuer and rank equally among themselves and at least equally with all other unsecured and unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law. The Issuer's obligations under the Notes are not guaranteed by the Commonwealth of Australia.
Ratings:	The Program is rated and Notes issued under the Program may be rated by a recognised rating agency as specified in the Final Terms for that Tranche.
Currencies:	Any currency indicated in the applicable Final Terms.

Negative pledge:	The Notes will contain a negative pledge provision as described in Condition 6 ("Negative pledge").
Cross default:	The Notes will contain a cross default provision as described in Condition 24.1(c) ("Event of Default").
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) as indicated in the applicable Final Terms, subject to such minimum and maximum maturities as may be allowed or required from time to time by relevant laws, regulations and directives.
Denomination:	<p>Notes may be denominated in the amounts agreed by the Issuer and the relevant Dealer in compliance with all relevant laws and specified in the relevant Final Terms, provided that the minimum denomination for Notes admitted to trading on an exchange in the European Economic Area ("EEA") or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or its equivalent in other currencies). The equivalent denomination for Notes denominated in an EEA currency other than euro must be calculated in accordance with the requirements (if any) in the relevant EEA State.</p> <p>Notwithstanding such minimum denomination, for so long as the relevant Notes are represented by a Global Note and the relevant clearing system(s) so permit the Notes are tradeable in the minimum authorised denomination of €50,000 and higher integrated multiples of €1,000 in excess thereof, up to and including €99,000 (or, if the relevant Notes are denominated in a currency other than euro, the equivalent minimum amount in such currency at the time of issue of such Notes and integral multiples in addition thereto as specified in the Final Terms). No definitive Notes will be issued with a denomination above €99,000 (or its equivalent in another currency).</p>
Fixed Rate Notes:	Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an ISDA Master Agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or, if specified in the relevant Final Terms, the 2006 ISDA Definitions, as amended and updated as at the issue date of the first Tranche of Notes of the relevant Series; or (ii) by reference to LIBOR, LIBID, LIMEAN, EURIBOR, BBSW or BKBM (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Final Terms. The margin (if any) relating to a floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.</p>
Zero Coupon Notes:	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in the currencies, and based on the rates of exchange specified in the relevant Final Terms.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to the index and/or formula specified in the relevant Final Terms.

**Interest Periods and
Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Redemption:

The relevant Final Terms will specify the basis for calculating the redemption amounts payable.

Redemption by instalments:

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Optional redemption:

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Tax redemption:

Except as provided in "Optional redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See Condition 16.2 ("Early redemption for taxation reasons").

Withholding tax:

All payments in respect of the Notes will be made free and clear of withholding taxes imposed in the Commonwealth of Australia, unless required by law. In that event, the Issuer will (subject to certain exceptions) pay such additional amounts as will result in the holders of Notes receiving such amount as they would have otherwise received had no withholding or deduction been required. See Condition 22 ("Taxation").

All payments in respect of New Zealand Domestic Notes will be made in full free and clear of withholding taxes imposed in New Zealand unless required by law.

Record Date:

In the case of Australian Domestic Notes, New Zealand Domestic Notes and Canadian Domestic Notes, the date for determining the person to whom a payment of interest shall be made is the close of business on:

- (a) in the case of Australian Domestic Notes, the eighth calendar day before the due date for payment;
- (b) in the case of New Zealand Domestic Notes, the tenth calendar day before the due date for payment; and
- (c) in the case of Canadian Domestic Notes, the fifteenth calendar day before the due date for payment.

Governing law:

The Euro Notes, the Canadian Domestic Notes and the Deed of Covenant will be governed by the laws of England. Australian Domestic Notes and the Australian Note Deed Poll will be governed by the laws of the Australian Capital Territory, Australia. New Zealand Domestic Notes and the New Zealand Note Deed Poll will be governed by the laws of New Zealand.

Issuer substitution

The Issuer may, without the consent of the Noteholders, substitute for itself as Issuer an affiliate of the Issuer in place of the Issuer as principal debtor of the Notes of any Series. Condition 31 ("Substitution of Issuer") sets out the pre-conditions to any substitution occurring. These include the unconditional and irrevocable guarantee of the substitute issuer's obligations by Telstra Corporation Limited, the maintenance of an equal or higher credit rating and usual enforceability legal opinions.

Listing and admission to trading:

The Issuer has made an application for Notes issued under the Program to be admitted on the Official List and to be admitted to trading on the Market. The Issuer may also make an application to list Notes issued under the Program on any other stock exchange, including the Australian

Stock Exchange. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Selling restrictions:

Each Dealer agrees to comply with all relevant laws, regulations and directives in each jurisdiction it purchases, offers, sells, distributes or delivers Notes. See the section headed “Sale and Subscription” below for specific selling restrictions for the United States of America, the European Economic Area, United Kingdom, Japan, Switzerland, New Zealand, Singapore, The Netherlands, Canada and the Commonwealth of Australia.

US selling restrictions

Regulation S, Category 2; TEFRA D unless otherwise specified in the Final Terms.

Use of proceeds:

The net proceeds of each issue of Notes under the Program will be used by the Issuer for its general corporate purposes.

Risk factors

Potential investors should consider the risks set out in this section entitled "Risk factors" together with the other information contained in this Prospectus. Each investor should also conduct its own research and consider its investment position prior to purchasing any Notes.

This section contains a description of what the Issuer considers to be the principal risk factors that are material to the Notes. They are not the only risks which the Issuer faces, they are only those which the Issuer considers to be material. It is possible that the Issuer is not aware of something that may present a risk or that a risk that it does not consider material is or becomes material. The Issuer accepts no liability for any loss suffered in relation to a risk not contained in this section.

These risk factors may not occur and the Issuer is not in a position to express any view on the likelihood of any one of these risks materialising. However, if any of these risks (or any other event not described below) were to occur, it is possible it could result in an investor losing the value of its entire investment or part of it.

*References to **we**, **us** and **Telstra** are references to the Issuer in this "Risk factors" section. Other terms used in this "Risk factors" section which are not specifically defined can be found in the Glossary at the end of the "Corporate profile" section.*

RISK FACTORS ASSOCIATED WITH THE ISSUER AND THE GROUP'S BUSINESS

The following describes some of the significant risks that could affect us. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. Some or all of these could materially adversely affect our business, profits, assets, liquidity and capital resources. These risks should be considered in conjunction with any forward-looking statements in this Prospectus and the cautionary statement regarding forward-looking statements in this Prospectus.

GOVERNMENT AND REGULATORY INTERVENTION

The regulatory environment continues to influence Telstra's ability to compete in the market and to maximise the value for customers and shareholders. For example, the Australian Competition and Consumer Commission ("**ACCC**") may further lower the price Telstra can charge on key products or widen the range of products offered via wholesale regulatory pricing resulting in lower profitability. Regulatory intervention may also jeopardise access pricing, network closures and access to customers. Further, government funding of competitors for major initiatives may reduce Telstra's incumbency advantage, revenue and profit.

We operate in a highly regulated environment that negatively affects our business and profitability. In particular, we believe that regulation limits our ability to pursue certain business opportunities and activities affecting the returns we can generate on our assets. We are required to give our competitors access to certain services and infrastructure in which we have invested significant shareholder funds, even though the competitors could have invested in developing their own capabilities but chose not to do so.

Telstra believes that regulation is the most significant ongoing risk to the company. There can be no assurances as to future policies, ministerial decisions or regulatory outcomes. These may be significantly adverse to our shareholders.

We are focused on building competitive advantage. This may however be undermined by adverse policies, decisions or regulatory outcomes.

We believe the current regulatory regime is value destroying. Regulatory reform is an issue with which management is seriously engaged and although recent history does not give us any indication that regulatory risks will be reduced, we are committed to seek regulatory reform on behalf of our shareholders.

We face substantial regulatory risks that we believe have, and will continue to have, substantial adverse effects on our operations and financial performance. The key risks include:

- **Access pricing:** The ACCC requires us to provide certain services to our competitors using our networks at a price based on the ACCC's calculation of the efficient costs of providing these services, or a retail minus avoidable cost basis for resale wholesale services. In many cases we believe that the ACCC proposes prices that are below our efficient cost of supply. The ACCC is yet to issue its final determinations on the prices it will allow us to charge for various wholesale services including unconditioned local loop service ("**ULLS**"), although it has recently begun to do so with respect to the spectrum sharing service ("**SSS**"). We believe that these are extremely important matters for the financial performance of our business. In June 2007, issued several draft final determinations in ULLS arbitrations to which we are a party, that propose to reduce the price from A\$17.70 to A\$14.40 per line per month in band 2 (metropolitan areas, where the greatest number of ULLS services will be provided). We are required by law to average our prices for a basic line rental service for all retail customers across

Australia, but the ACCC will not follow the same principle for wholesale customers, instead setting ULLS prices which differentiate between metropolitan and non-metropolitan areas (de-averaged prices), well below our estimates of the efficient costs. This will enable our competitors to target customers in higher density areas where access prices are low, leaving us to provide services to some customers in high cost, low density areas at the same retail price as in metropolitan areas. In addition, in July 2007 the ACCC issued a final determination in a SSS arbitration significantly reducing the monthly charge to A\$2.50 per service. The ACCC's final determination imposes an obligation on Telstra to reimburse one of Telstra's wholesale customers approximately A\$17 million. On 8 August 2007, Telstra filed in the Federal Court of Australia an application seeking judicial review of the ACCC's final determination. We believe such a low price will lead to accelerated growth in SSS enabling our competitors to provide broadband and VoIP services with greater growth opportunities while we are restricted to supplying basic access services. In addition, we believe such reduced access prices are likely to lead to a reduction in our retail prices.

- **Mandated access to Telstra networks:** A key part of our transformation strategy involves deploying next-generation networks, including our recently launched Next G™ wireless network. The ACCC may hold a public inquiry at any time into whether compulsory competitor access to the network should be required. We believe such compulsory competitor access would not be appropriate because of the wide availability of competing wireless networks. Were such access to be required this would deprive our shareholders of the benefits of the unique coverage of our network and we believe this would materially adversely affect our investment returns, earnings and shareholder returns, including dividends. This may undermine our commercial incentives to continue to invest in the Next G™ wireless network, for example, to increase data speeds.
- **Conduct regulation:** On 12 April 2006, the ACCC claimed that we engaged in anti-competitive conduct when we raised our wholesale basic access prices to allow greater recovery of our estimated costs of providing the service without a similar increase in retail prices, in breach of the TPA. The competition notice was subsequently found by the Federal Court to have been invalidly issued, and proceedings commenced by Optus Networks Pty Ltd in respect of this conduct have been discontinued. However, the ACCC may in the future regard other of our conduct to be a breach of the TPA. For example, a refusal by us to supply services to our competitors for what we believe to be normal commercial reasons may in the ACCC's view, be a breach of the TPA. We believe that should the ACCC allege that we have engaged in anti-competitive conduct, it will rely upon the potential for very large fines in an endeavour to have us modify what we believe to be normal commercial behaviour. We will defend our right to act in what we believe to be a normal commercial manner.
- **Wide ministerial and regulatory discretion:** The Communications Minister has broad and largely discretionary powers to impose and vary licence conditions and other obligations on us. For example, the requirement to operate separate retail, wholesale and network business units ("operational separation") places a burden on us with numerous restrictions imposed on the way we run our business. However, the real risk with operational separation lies in the power of the Communications Minister to determine the way we conduct our business by directing us to vary our operational separation plan, subject only to the aims and objectives of the legislation which are very broad. In addition, we are subject to retail price controls – for example, we are not allowed to charge residential customers for directory assistance (even customers of our competitors), but there is no such restriction on our competitors charging for these services. Also, we are obliged to make certain uneconomic services available in rural and remote areas, without receiving what in our opinion is a fair contribution to our costs from our competitors. Further, the ACCC has broad discretionary powers and is not subject to ministerial oversight or direction. Specifically, in relation to the shut-down of our CDMA network, the Minister has issued a draft carriers licence condition which if imposed may delay us from shutting down our CDMA network – which is being replaced by our Next G™ wireless network – thus delaying the cost-savings from shutting down the CDMA network.
- **Regulation constraining investment decisions:** We have announced our proposal to invest A\$4.1 billion to build a high-speed broadband network to 5 million homes in 5 capital cities and the Gold Coast using fibre to the node ("FTTN"). However, the Government has been unwilling to make the necessary legislative changes to protect this investment from the risk of regulated access at prices which do not afford a competitive return on the investment. The Government has now established an Expert Taskforce to establish criteria for, and to evaluate, competitive bids to build a metropolitan high-speed broadband network, including any required regulatory reform to facilitate the investment. A consortium of 9 competitors known as the G9 has announced that it will bid. We have said that we will participate, subject to the process fulfilling certain basic criteria that should apply to any competitive bid process. Those criteria include: that it be fair and balanced with independent probity procedures; timely, without more costly red tape and unnecessary delays; outcomes oriented, and to ensure that the winner has the capacity to deliver there should be minimum participation criteria (including demonstrated plans, capability, vendor relationships, funding, cost models, prices, and risk management); respectful of participants' intellectual property; conclusive, by selecting one proposal and not a concoction. There is a risk that a competing metropolitan broadband proposal will be selected, which will prevent us from

pursuing our proposal. This may significantly impact our fixed line copper network and business and may necessitate legal action to seek appropriate compensation for the confiscation of our network assets.

Because of these regulatory factors, there is a risk that we are, and could be, exposed to significant limitations, uncommercial imposts, penalties and compensation payments in relation to our current and future activities and assets. This may make it prudent on some occasions for us to cease, or choose not to engage in, business activities in which we might otherwise engage; or avoid, defer or abandon certain capital projects as has been the case to date with our FTTN project, where we chose to refrain from building this network because in our view the access price likely to be set by the ACCC would not enable us to earn a competitive return for our shareholders. These regulatory risks could therefore have an adverse effect on our ability to pursue certain business opportunities and activities and the returns we can generate on our assets, and could benefit our competitors. This may in turn adversely affect our financial performance.

We may not succeed in implementing our transformation strategy. Even if successfully implemented, our transformation strategy may not achieve the expected benefits, or may not be achieved within the intended time frame.

We have invested substantial capital and other resources in the development, streamlining and modernisation of our networks and systems and have embarked upon a substantial transformation of the company. Our transformation strategy involves a complex and fundamental change to our business, operations, networks and systems, and we are undertaking the transformation on an accelerated schedule. A transformation of this size, speed and complexity has not been achieved by any other telecommunications company around the world. There is a significant risk that we may not be successful in the implementation of our transformation strategy. In particular, there are substantial risks that:

- our next-generation technologies and network, including our recently launched Next G™ and Next IP™ networks, and IT support systems and processes will not function as anticipated;
- key vendors on which we are dependent may not perform as expected;
- customer take-up of and planned large-scale migration to our new products and services are significantly less than planned;
- extended delays and other execution problems in implementing our transformation strategy may develop;
- competitors may in time offer similar services and capabilities;
- our actual capital and operating costs turn out to be substantially greater than those budgeted; and
- delays or problems in transforming may disrupt Telstra's billing cycles and impact upon short-term cashflows where we currently depend upon 26 successful billing cycles per month to manage working capital requirements.

The occurrence of any or all of these risks may have a material adverse impact on our competitiveness, earnings and shareholder returns, including dividends. However, the Next G™ wireless network has been operational for nearly one year now. Performance to date has been satisfactory and although the volume of traffic will continue to grow, there is a very low risk of the Next G™ wireless network as currently deployed not functioning as anticipated. Additional features and developments (eg higher speeds) may not function as anticipated.

Our next-generation technologies and network and IT support systems may not function as planned and the timetable for implementation is aggressive.

Our next-generation technologies span across our fixed line and wireless networks, including our switching and transmission systems, as well as all our network and IT support systems and processes. We face significant risks that the technology may not be installed in a satisfactory manner, on time or within budget, and that the technology may not perform as expected and represented by our key vendors. The risks of non-performance include those relating to speed of transmission, quality of service, costs to deploy and operate the new networks and systems, the ability to create and effectively implement new product and service offerings and the capability to integrate applications and create seamless interfaces with front office order-entry systems and back office billing and customer support systems. As more customers are migrated to our next-generation networks and systems, some of these operational risks will increase. Any substantial delays in completing the new IT systems, or the customer migration, will lead to an extended period where we face the additional cost of operating old and new systems in parallel and delay the benefits from decommissioning the old systems.

One of the most complex and highest risk elements of our transformation strategy is the rationalisation of our network platforms and IT systems, including our operational support systems and business support systems. Our plan to cap or exit 65% of our network platforms by fiscal 2010 is on track, but much of the work to actually

migrate customers, remove platforms and realise benefits must come after deployment of the new platforms and is in the later years of the program. Similarly our plan to reduce the number of our IT systems is in its early stages and we are scheduled to deliver components of the work program in a series of releases over the next few years. If we are unable to simplify and rationalise our networks and systems or if we are substantially delayed in achieving this objective, we may not be able to achieve the full benefits of our transformation strategy.

Our transformation strategy also depends upon the installation of new support systems that we expect will allow us to price and sell services efficiently and bill and care for the customers who purchase them. The systems we are deploying are largely untested in the applications and the environments we intend for them. There is therefore substantial risk that our planned system installation and the migration of our customers to the new systems may not be successful or that we may not be able to integrate the systems supporting the multiple technologies and services we plan to operate. In addition, the migration of our CDMA customers off the CDMA network and onto other networks, including our Next G™ wireless network may be more costly or take longer than anticipated, leading to unanticipated costs in operating the CDMA network for longer than expected.

There is a risk that our major customers' capacity requirements are in excess of our ability to supply, resulting in lost revenue, customers moving to competitors and possibly claims by customers against us.

Our IT systems are complex and there is a risk that our ability to support strategic priorities in customer service and growth products may be delayed by our transformation and the complexity of changing our systems.

We are dependent on key vendors which may not perform as expected.

We are dependent on many vendors to realise our transformation strategy, such as Accenture, Alcatel, Cisco, Ericsson, Siebel and IBM.

Our dependence on key vendors for the implementation of our next-generation technologies creates a number of risks, including risks that key vendors may not deliver or perform as promised or may fail, and the products we have chosen may be discontinued or become unsupported. Also, our ability to use other vendors, obtain contractual recourse or secure intellectual property rights should one of our chosen vendors fail to deliver or perform as promised may be limited. In addition, there may be a need for alignment between the vendors to deliver the total business requirement. There is a risk that issues between vendors outside of Telstra's domain may compromise the alignment and that the transformation strategy cannot be delivered.

Customer acceptance and take up of our new product and service offerings and our planned large-scale customer migration to new platforms, including in relation to Next G™ wireless network, may be significantly less than planned.

The success of our transformation strategy depends upon the large scale customer take-up of newly-created products and services enabled by our next-generation network capabilities, including continued elevated demand and use in relation to our Next G™ wireless network. No other major international telecommunications company has proven the commercial viability of creating and marketing the next-generation products and services we are planning to roll out. There is a substantial risk that we will not be able to create and develop appropriate or commercially attractive products and services that take advantage of these new network capabilities and meet market demand or that we will not develop appropriately tailored bundles of products and services compared to our competitors. Even if we do, there is a risk that customers will not purchase them in sufficient quantities or at high enough prices to recoup our investment.

The take-up of new next-generation products and services also depends on our ability to successfully migrate our substantial customer base to our new network platforms. There is a risk that we may be unable to migrate our customers to our new networks and systems successfully and that we experience excessive Churn of customers to other providers during the migration process. We may also be unable to suppress continuing demand for development of existing or legacy IT systems. The occurrence of any of these risks could also complicate the build and integration of new systems and hamper the application of sufficient resources to build and integrate the new systems and cause us to have to operate old and new systems for an extended period.

We may face extended delays and other execution problems in implementing our transformation strategy.

Our transformation strategy calls for more deployments of more network technologies and IT support systems than we have ever attempted or that any major telecommunications company worldwide has successfully accomplished. The risks of executing all aspects of these deployments and the integration process on time and on budget, with high quality results, are significant. The risks associated with any one such deployment increase significantly as multiple deployments are being pursued simultaneously, each dependent in some measure upon the others being performed. In addition, our transformation is being executed in a relatively short period by a company that has not experienced a transformation process on this scale or of this magnitude. There is substantial risk that our installation of these systems and the conversion of our embedded base of customers to them will take longer, be more expensive and cause more disruption than we anticipated, leading to lower sales,

higher costs and widespread customer dissatisfaction. The risks associated with the execution of our transformation strategy also include the lack of suitable personnel and resources to implement our transformation, an inability to transform business processes sufficiently to release the productivity benefits anticipated from deployment of new IT systems and targeted workforce reductions and the potential for industrial disputes, each of which could significantly delay the transformation or limit its effectiveness.

Competitors may in time offer similar services and capabilities.

We expect our competitors to continue to adapt their product offerings and technical capabilities. As a result, there is a risk that our ability to differentiate ourselves from our competitors on the basis of our planned next-generation technologies, network and IT support systems may be reduced, affecting our revenues, margins and profits. In addition, the relative advantages of our Next G™ wireless network's geographic and in-building coverage and speed may be offset by competitors offering similar services and capabilities. However, in this regard we note that any attempt by competitors to neutralise the competitive differentiation of this service would likely be met by long lead times, and would face significant practical and technical difficulties.

Our actual capital and operating costs may turn out to be substantially greater than budgeted.

Our transformation strategy is wide-ranging and very costly and has resulted in significant declines in our net income and our cash flow available for reinvestment or the payment of dividends. The following risks could cause additional costs and expenses, delays in the availability of new technology and new products and services, fewer than expected customers buying fewer new products at lower than expected prices, and asset write-downs. These risks could lead to us not generating profits or cash flow to the levels prevailing when the transformation began and could also result in a significant reduction in earnings and shareholder returns, including dividends. In addition, while our transformation strategy is designed to respond to current market changes through the modernisation of our networks and systems, future technology, regulatory and market changes may create the need for other network and systems changes and therefore require us to spend more than currently budgeted.

The success of our transformation strategy is highly dependent on our key personnel and the loss of one or more of these key personnel could materially impact the timely and effective implementation of this strategy.

The transformation strategy that we are now pursuing is an enormous enterprise formulated by our current senior management team and gives rise to a general staff retention risk as there are many key people upon whom the success of our transformation strategy is dependent. Given the breadth of the strategy and the significant undertakings associated with it, the loss of one or more of these key personnel, could have a material adverse impact on our ability to achieve some or all of the objectives of the transformation strategy and consequently our earnings and shareholder returns, including dividends.

We could experience difficulty in retaining and attracting skilled and experienced people.

As technology evolves we will need to attract, retain and train our workforce. The relevant skills are in short supply worldwide. There is a risk that an inability to attract and retain skilled and experienced people and hence to embrace new technology and retain our corporate knowledge could impact our ability to remain competitive.

Other human resources risks.

A pandemic may cause a number of staff to be unavailable for a period throughout a pandemic wave, resulting in a major impact on business and customer service.

Recent Workplace Relations changes may impact labour costs.

If we are not successful in addressing the decline in revenues from our traditional high-margin fixed line (PSTN) products and services and in increasing the revenues and profitability of our emerging products and services, our overall profitability will decline.

Our PSTN revenues declined by 4.1% in fiscal 2007. This decline will continue and may accelerate. The decline has been caused by increasing competition, substantial regulatory impacts and the continued growth and development of technologies that offer increasingly viable alternatives to our PSTN services. This trend is present across telecommunications markets globally, and it is expected to continue. PSTN revenues comprise a significant portion of our revenues and provide high margins and strong cash flows that enable us to invest in and develop our business. If we are unable to arrest or slow the rate of decline in our PSTN revenues or grow alternative revenue sources, manage costs and minimise margin erosion in newer lower-margin products and services, such as mobiles, Internet, IP solutions, advertising and directory services and pay TV bundling, our earnings and shareholder returns, including dividends, could be materially adversely affected.

Rapid technological changes and the convergence of traditional telecommunications markets with data, Internet and media markets expose us to significant operational, competitive and technological risks.

Rapid changes in telecommunications and IT are continuing to redefine the markets in which we operate, the products and services required by our customers and the ability of companies to compete in the telecommunications industry in Australia and elsewhere in the world. These changes are likely to broaden the range, reduce the costs and expand the capacities and functions of infrastructure capable of delivering these products and services. We are responding to current market changes through the modernisation of our networks and systems, including the deployment of our new nationwide Next G™ wireless network, but future technology and market changes may create the need for other network and systems changes at considerable cost for Telstra.

To address the continuing changes in converging telecommunications, data, internet and media markets, we may be required to devote considerable resources to enhancing our ability to deliver services required by these markets. There is a risk that competitors may leverage both their own and our infrastructure or deploy or develop technologies or infrastructure that provides them with a lower cost base or other operating advantages that may drive down market prices. This could give these competitors an advantage if we are unable to promptly and efficiently provide equivalent services.

Competition in the Australian telecommunications market could cause us to continue to lose market share and reduce our prices and profits from current products and services.

Competitor marketing, reduced barriers to entry and changes in customer preference may result in the decline of high margin products through increased product substitution (eg mobile to fixed or VoIP adding to the decline in usage of traditional high margin products). The growth in content and media competition may jeopardise Telstra's product revenues and may result in the loss of direct billing relationships with customers jeopardising multimedia revenue and cross selling. Wholesalers may reduce their resale of Telstra DSL and PSTN services with consequential revenue loss.

In particular, the entry of new (non traditional) competitors (such as online search and advertising companies) and the increasing competency of existing competitors may hinder the ability of Sensis (our advertising business) to defend existing revenues and grow multimedia revenues.

The Australian telecommunications market has become increasingly competitive since the Commonwealth introduced open competition on 1 July 1997. Although the overall market has experienced growth to date, we have lost substantial market share in some key markets particularly as a result of aggressive price competition, the development of new technologies and facilities by competitors, the market entry of non-traditional competitors with access to significant content and resources and increased regulatory action. In response to increased competition, we have lowered the prices of our products and services, particularly the prices for our local calls, national long distance calls and international telephone services and calls to and from mobile services.

There is also a risk that non-traditional competitors with greater access to content, substantial resources and/or alternative delivery platforms, such as Internet search engine and Internet trading companies, VoIP and media companies, may enter and compete effectively in our telecommunications markets.

We expect vigorous price and facilities or network-based competition to continue or accelerate. We also expect that our competitors will continue to market aggressively to our high value customers. The continued loss of market share or downward pressure on prices would have an adverse effect on our financial results in the market or markets in which this type of competition occurs.

The Commonwealth has awarded a A\$958 million subsidy to a joint venture between SingTel Optus and Elders called OPEL, to supply fixed and wireless broadband services to people living in regional, rural and remote areas in Australia, thus introducing increased facilities and network-based competition in these areas.

The award by the Commonwealth of the right to build FTTN in metropolitan and major regional centres to a competing proposal following the current Expert Taskforce may further accelerate the existing price and network based competition and loss of market share.

Our ability to pursue our strategy with some joint investments may be limited.

Some of our domestic and international activities are conducted through subsidiaries, joint venture entities and other equity investments. These include our interests in FOXTEL, REACH, our 3GSM 2100 network sharing partnership with Hutchison (3GIS), CSL and SouFun. Under the governing documents for some of these entities, certain key matters such as the approval of business plans and decisions as to capital invested and the timing and amount of cash distributions require the agreement of our co-participants. Our co-participants may have different approaches with respect to the investment and the markets in which they operate and on occasions we may be unable to reach agreement with them. Any dispute or disagreement from time to time with our partners may negatively affect our ability to pursue our business strategies.

In some cases, strategic or venture participants may choose not to continue their participation. In addition, our arrangements with our co-participants may expose us to additional investment, capital expenditure or financing requirements. There are also circumstances where we do not participate in the control of, or do not own a controlling interest in an investment and our co-participants may have the right to make decisions on certain key business matters with which we do not agree.

All of these factors could negatively affect our ability to pursue our business strategies with respect to the concerned entities or business objectives and the markets in which they operate.

Network and system failures could damage our reputation and earnings.

Our technical infrastructure is vulnerable to damage or interruption from a range of factors including floods, wind storms, fires, power loss, telecommunication failures, cable cuts and/or intentional wrongdoing. The networks and systems that make up our infrastructure require regular maintenance and upgrade that may cause disruption. The occurrence of a national disaster or other unanticipated problems at our facilities or any other damage to or failure of our networks and/or systems could result in consequential interruptions in service across our integrated infrastructure. Network and/or system failures, hardware or software failures or computer viruses could also affect the quality of our services and cause temporary service interruptions.

Our IT systems are also vulnerable to viruses, denial of service and other similar attacks which may damage our systems and data and that of our customers. Any of these occurrences could result in customer dissatisfaction and damages or compensation claims as well as reduced earnings.

Future sales of a substantial portion of our shares by the Future Fund could depress the market price for our shares and other equity interests.

In February 2007 the Commonwealth transferred its Telstra shares not sold in the Global Offering to the Future Fund, a Commonwealth investment fund. The Future Fund now has a substantial shareholding in Telstra of approximately 17%. The shares held by the Future Fund are subject to an escrow or lock-up period of two years (with certain exceptions). After the escrow period, the Future Fund will be free to sell down its shareholding over the medium-term to a level consistent with its investment strategy (at least below 20% of our issued share capital). Future disposals by the Future Fund of our shares or the perception that such disposals may occur could reduce our share price, and adversely affect the timing and effectiveness of our capital raisings which could have an adverse impact on our cost of capital.

The Finance Minister may issue directions in relation to any Telstra shares held by the Future Fund, including specifying how disposals, voting and other rights relating to the shares are to be exercised. While the current Government does not intend to issue directions specific to Telstra shares (except to impose the escrow and require the sell-down), a future Government might take a different approach, using its direction power to require the disposal or voting of the Telstra shares held by the Future Fund to pursue Government objectives. There is also the risk that the interests of the Future Fund and/or the Commonwealth may not be aligned with the interests of other shareholders and the Future Fund could take actions that we may not regard as being in the best interests of us or our shareholders.

Actual or perceived health risks relating to the emission of electromagnetic energy ("EME") by mobile handsets and transmission equipment could lead to decreased mobile communications usage.

While certain reports have suggested that EME emissions from mobile handsets and transmission equipment may have adverse health consequences, the overwhelming weight of scientific evidence is that there are no adverse health effects when wireless equipment is used in accordance with applicable standards. Nonetheless, any widespread perception of EME risks may lead to decreased mobile communication usage, which would decrease our wireless business.

There are limits on foreign ownership of our shares.

The Telstra Corporation Act 1991 imposes limitations on the ownership of shares by "foreign persons". Foreign persons and their "associates" may not in total have interests in more than 35% of our shares not held by the

Commonwealth, and no single foreign person and its associates may have an interest in more than 5% of our shares not held by the Commonwealth. If either of these limitations is exceeded, the person who acquired shares or instalment receipts which resulted in the limits being exceeded may be subject to fines.

Under the trust deed and our constitution, we and the trustee have the power to compel the sale of the shares or instalment receipts held by foreign persons or their associates that exceed these limits. We or the Commonwealth may also seek relief from the courts, which could include:

- directing the disposal of shares or instalment receipts;
- restraining the exercise of any rights attaching to shares or instalment receipts; and
- prohibiting or deferring receipt of sums payable on shares or instalment receipts.

We are in the process of deregistering from the SEC.

Following the adoption of new SEC regulations making it easier for foreign companies to terminate their SEC registration, we have delisted our ADRs from the New York Stock Exchange (“**NYSE**”) and have filed an application to deregister from the SEC. We expect our deregistration to be finalised in early September 2007.

Following the deregistration and delisting, we will no longer prepare annual reports on Form 20-F and instead will only be required to comply with the Australian reporting obligations. Investors should note that such disclosure obligations differ in certain material respects from our SEC ongoing reporting obligations. In addition, the public trading market for our ADRs on the NYSE will no longer exist.

OTHER RISKS

We also face other risks with respect to economic exposure to movements in market risks and the environment. In addition, the government of the Australian Capital Territory is seeking to charge rates on our infrastructure, which could lead to an additional cost burden on us if this practise were to spread.

CAUTIONARY STATEMENT REGARDING “FORWARD-LOOKING STATEMENTS”

Some of the information contained in this Prospectus may constitute forward-looking statements that are subject to various risks and uncertainties. These statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “estimate”, “continue”, “plan”, “intend”, “believe” or other similar words. These statements discuss future expectations concerning results of operations or of financial condition or provide other forward-looking information. Our actual results, performance or achievements could be significantly different from the results expressed in, or implied by, those forward-looking statements. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Prospectus are set forth above under the caption “Risk factors” and elsewhere in this Prospectus. Given these risks, uncertainties and other factors, you should not place an undue reliance on any forward-looking statement, which speaks only as of the date made.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAM

Risk factors associated with the Notes

This prospectus does not constitute a recommendation to make an investment in Notes issued under the Program (“**Notes Investment**”) nor is it a complete description of the risks or benefits of a Notes Investment. As such, any person making a Notes Investment must familiarise itself with the potential risks of a Notes Investment. This analysis must be completed with requisite skill, advice and in light of the investor's needs. Importantly:

- (a) it is the responsibility of the investor to ensure it is properly informed and has made an appropriate assessment of whether it should make a Notes Investment;
- (b) a Tranche or Series of Notes issued under this Program may have different risks to earlier or later Tranches or Series issued under the Program. The success or failure of any one Note Investment is not indicative of the success or otherwise of any other Note Investment. For example, certain Notes may be linked to variable factors outside the Issuer's or investor's control (such as Index Linked Notes) or may contain more complicated or less favourable terms. Risks associated with different types of Notes are discussed further below; and
- (c) this Prospectus has been prepared to meet the requirements of the Prospectus Directive for an issue of Notes admitted to trading on an exchange in the EEA or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive with a

minimum denomination of €50,000 and consequently has a lower level of disclosure than a prospectus prepared for an issue of securities with a denomination of less than €50,000.

Notes are unsecured

All Notes issued under the Program are unsecured. Because of this, no recourse can be had to any third party to recover amounts that are not recoverable from the Issuer. In addition, under Australian insolvency law certain claims are given mandatory preference to the claims of unsecured creditors by operation of law. In making a Notes Investment, the investor is therefore relying on the ability of the Issuer to repay and pay (as relevant) the redemption price for the Notes and the coupon due under the Notes at the time it is due. This may be prior to the designated maturity of the Notes and in any event there is no obligation on the Issuer to make provision or contingencies for these payments, whether they become due prematurely or at the time specified under the Notes.

Notes may be subject to price stabilisation

Notes may be subject to price stabilisation activities by the Stabilisation Manager(s) as detailed above under the heading "Important notice - Stabilisation" above. There is no guarantee that price stabilisation activities will occur, or that if they do, that they will be successful.

Changes during the term of the Note

It is possible that changes may occur during the term of a Note that may affect the value of the Notes or the return an investor will receive from the Notes. These changes may also affect the ability to transfer the Note on the secondary market. By way of example, these changes include:

- (a) **(change in Issuer's condition)**: a change in the financial condition or rating of the Issuer or a change to the Issuer's legal status, control or tax residence;
- (b) **(change in law)**: a change in law of the law governing the Note. A change in law may mean that rights under the Notes at the time of the issue are altered or cease to exist and may otherwise negatively impact on the ability of a Noteholder to enforce its rights as they existed at the date of issue. Although legal opinions are given in relation to the laws of certain relevant jurisdictions at the time of issue, these are for the benefit of the Dealers and not the Noteholders and speak to the relevant laws as at the date of issue and not subsequently. The advisers providing the legal opinions have no obligation to notify the Issuer, the Dealers or any Noteholder of any change in law that impacts on the Notes;
- (c) **(selling restrictions and taxation)**: summaries of certain selling restrictions and withholding and other tax treatments are detailed in this Prospectus (see the "Sale and Subscription" and "Taxation" sections below). These restrictions and treatments are summaries only and should be read as such. The laws on which these summaries are based may be changed at any time (see the preceding paragraph for further concerns relating to change in law). Where the law relating to taxation changes this may also trigger an early redemption of the Notes. In addition, there could be further restrictions now or in the future on the ability of a person to make a Notes Investment or to utilise that investment for collateral purposes. These types of issues are not intended to be and are not dealt with in the summaries detailed above;
- (d) **(waivers and amendments)**: regardless of whether there is any change in law, there may be waivers or amendments to the terms of the Notes prior to their maturity. These may or may not require the Noteholders' consent depending on the terms of the Notes and where consent is required, may be decided by a designated majority of Noteholders, meaning a particular Noteholder cannot necessarily resist an amendment or waiver of which it does not approve;
- (e) **(currency)**: it is possible that the currency of certain jurisdictions may change during the terms of the Notes (for example, the Euro may be adopted in the United Kingdom). Where this is the case, legislation in the jurisdiction implementing the new currency may specify the date on and rate at which the currency is redenominated. The currency in which Notes are issued or in which interest and principal amounts are paid may also be devalued, which will decrease the relative worth of the Notes Investment;
- (f) **(exchange controls)**: jurisdictions in which payments under the Notes are made or in whose currency payments under the Notes are denominated may introduce exchange controls which may prevent or limit exchange or use of the currency in which payments under the Notes are made;
- (g) **(interest rate conditions)**: where Notes have a fixed rate and there is a change in interest rate conditions such that similar notes delivering a higher return are available in the market, although this may not impact on the return the investor was expecting, it may impact on the ability of the investor to transfer or trade the Notes Investment;
- (i) **(Transparency Directive)**: if the implementation of the Transparency Directive (as defined below) imposes obligations on the Issuer that are unduly burdensome, the Issuer may decide to de-list the

Notes from the Official List of the UK Listing Authority and from trading on the Market and may procure admission to listing, trading and/or quotation on a different exchange located outside the European Union (see “General information - Transparency Directive” below);

- (j) **(default)**: the Issuer or any party to a Program Document (as defined in the Terms and Conditions of the Notes) (such as the Fiscal Agent, Paying Agent, Australian Registrar or New Zealand Registrar) may default on its obligations under the Notes or the Program Documents. In addition to impacting on the value and transferability of the Notes, it may also impact on the ability of the investor to recover the amounts it is due; and
- (k) **(rating)**: credit ratings of the Program, Notes (if rated) or the Issuer may change or be withdrawn. Further information in relation to ratings (including warnings as to reliance on them) is above (see “Summary of the Program” above).

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

If, following implementation of this Directive, a payment were to be made or collected through a Member State which has imposed a withholding system and tax, or in respect of tax, were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Ability to trade Notes

In addition to the risks discussed above in relation to limits on trading Notes, there is no obligation on the Dealers to effect secondary sales of the Notes nor, where a secondary market has been created, to ensure it stays active. Therefore, there may not be a market for the Notes or that market may not produce the return the investor anticipated.

Stub amounts

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €50,000 (or its equivalent) that are not integral multiples of €50,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Risks associated with the Program and different types of Notes

There is a variety of Notes that can be issued under this Program. In addition to those types of Notes described in the section headed “Summary of the Program” above, the Issuer may decide to issue a further type of Note. The Issuer can do this at any time, and it may be that the new Notes are more appropriate for a particular investor's needs than those the investor has purchased. Whether the Notes are of a type described in this Prospectus or a new type of Note, there is no requirement on the Issuer to inform Noteholders or those considering a Note Investment of the details of any further issue the Issuer may be contemplating, including any issue occurring simultaneously with or immediately following the issue for which the investor is subscribing.

An issue may not proceed

The Issuer may decide not to proceed with an issue of Notes under the Program. Where this is the case, the investor will have no rights against the Issuer in relation to any expense incurred or loss suffered.

Characteristics that may be controlled by the Issuer

Certain Notes may have characteristics or events that are controlled at the discretion of the Issuer. Examples of these types of Notes include where there is early redemption at the option of the Issuer or where the Issuer has the ability to change the interest rate from fixed to floating and vice versa, or the method of calculation of the interest rate. In addition, the Terms and Conditions of the Notes may also allow further logistical changes such as a change in the place of payment.

Where this is the case, the investor should assume that the Issuer would act in such a way as to maximise its return or improve its cost of funds and financial position. By way of example, where notes of a certain interest rate are subject to early redemption at the option of the Issuer, the Issuer may choose to redeem these Notes when it is able to issue other Notes or otherwise raise funds at a lower interest rate. This timing may not correlate to a time when the investor could reinvest its funds and earn the same or a higher rate of return. Similarly, if by changing from a fixed to floating rate (or vice versa) the Issuer is able to lower the coupon payments under the Notes, the Issuer may do so, subsequently lowering the return for the investor.

Notes with returns that are calculated with reference to a variable

Notes may have returns that are variable as a result of the method by which the coupon is calculated or of the way interest is paid. The most basic example of this are Notes where the interest rate is floating, and therefore subject to changes as a result of movements in the prevailing interest rate. More complex examples include Notes that are linked to the performance of an index or a third party's credit position or Notes where the currency of coupon payments can be changed or is different to the currency in which the Notes are issued. In these cases, the success or otherwise of the variable can impact significantly on the return under the Notes as well as the ability to trade the Notes on the secondary market. It should be expected that the value of the Notes and the secondary market for the Notes will decrease if the performance of the variable is less than anticipated. In addition, depending on the Terms and Conditions of the Notes, where the variable fails to meet a particular level of performance, amounts of principal and interest may be forfeited, reduced or paid in currencies other than that in which the amount is due.

Trading different types of Notes

It should be assumed that the market for trading different types of Notes varies even though they are issued under the same Program. By way of example, a zero coupon note may be more difficult to trade and its price more variable than a fixed interest rate note, and it may be more difficult to trade a zero coupon note that has just been issued than a zero coupon note nearer its redemption.

Investors may lose rights in relation to amounts paid or to be paid

Depending on the Terms and Conditions of the Notes, an investor may forfeit its rights to have amounts paid or repaid or to collect its return on its investment. For example, where Notes are paid for in instalments by the investor, such as partly paid Notes, a failure to pay later instalments may result in a loss of the initial instalments already paid. In addition, if Notes are in definitive bearer form then the inability of the investor to produce the Note or coupon may result in it not receiving payments of interest or being able to redeem its Notes for the redemption price. There are also time limits placed on the ability of a Noteholder to bring a claim for interest by both the Terms and Conditions of the Notes and applicable laws.

Corporate profile

Telstra Corporation Limited

Introduction

For these terms used in this section “Corporate profile”:

- **we, us, Telstra, the Company and the Telstra Group** – all mean Telstra Corporation Limited, an Australian corporation, and its controlled entities as a whole; and
- **Telstra Entity** is the legal entity, Telstra Corporation Limited.

Our fiscal year ends on 30 June. Unless we state differently, the following applies:

- **year** or a **fiscal year** means the year ended 30 June; and
- **2007** means **fiscal 2007** and similarly for other fiscal years.

All amounts are expressed in Australian dollars (“A\$”), unless otherwise stated.

General

We are Australia’s leading telecommunications and information services company offering a full range of services in these markets. We also operate in certain overseas countries.

Our main activities include the provision of:

- basic access services to most homes and businesses in Australia;
- local and long distance telephone calls in Australia and international calls to and from Australia;
- mobile telecommunications services;
- broadband access and content;
- a comprehensive range of data and Internet services (including through Telstra BigPond®, Australia’s leading internet service provider (“ISP”));
- management of business customers’ IT and/or telecommunications services;
- wholesale services to other carriers, carriage service providers (“CSPs”) and ISPs;
- advertising, search and information services through Sensis®; and
- cable distribution services for FOXTEL’s cable subscription television services.

One of our strengths in providing integrated telecommunications services is our extensive geographical coverage through both our fixed and mobile network infrastructure. This underpins the carriage and termination of the majority of Australia’s domestic and international voice and data traffic.

We own 50% of FOXTEL, and our international businesses include CSL New World Mobility Group, Hong Kong’s leading mobile operator, TelstraClear Limited (“**TelstraClear**”), the second largest full service carrier in New Zealand and Reach Ltd (“**REACH**”), a provider of global connectivity and international voice and satellite services, as well as SouFun Holdings Limited, a leading real estate and home furnishings website in China.

History and development of the Company

Our origins date back to 1901, when the Postmaster-General’s Department was established by the Commonwealth Government to manage all domestic telephone, telegraph and postal services, and to 1946, when the Overseas Telecommunications Commission was established by the Commonwealth Government to manage international telecommunications services. Since then, we have undergone many changes and been renamed several times as follows:

- the Australian Telecommunications Commission, trading as Telecom Australia, in July 1975;
- the Australian Telecommunications Corporation, trading as Telecom Australia, in January 1989;
- the Australian and Overseas Telecommunications Corporation Limited in February 1992;
- Telstra Corporation Limited in April 1993, trading internationally as Telstra; and
- trading domestically as Telstra in 1995.

We were incorporated as an Australian public limited liability company in November 1991. Following the opening of Australia's telecommunications markets to full competition in July 1997, we underwent a partial privatisation in November 1997 under which the Commonwealth sold approximately 33.3% of our issued shares to the public. Following the initial privatisation, those of our shares that are not held by the Commonwealth were quoted on the Australian Stock Exchange ("ASX") and on the New Zealand Stock Exchange.

In October 1999, the Commonwealth offered a further 16.6% of our issued shares to the public.

In November 2006 as part of the Global Offering, the Commonwealth completed a further sale of approximately 35.0% of our issued shares, taking its equity holding in us from 51.8% to 16.9%. The Commonwealth transferred its remaining shares into the Future Fund on 28 February 2007 (a Commonwealth investment fund set up to strengthen the Commonwealth's long-term finances by providing for its unfunded superannuation liabilities).

Brief description of the Telstra group

Telstra is the ultimate parent company for a significant number of Australian and foreign subsidiaries. A list of our controlled entities is provided in note 29 to our financial statements in our 2007 Financial Accounts. Our jointly controlled and associated entities are listed in note 30 to our financial statements in our 2007 Financial Accounts.¹

Long term management objectives*

In November 2005 Telstra released a set of long term management objectives covering the period up to 2010, which were updated in October 2006. The objectives are continually reviewed and adjusted as circumstances change. These are objectives, rather than commitments, of the company. These long term management objectives* are set out below.

Revenue Growth	2.0% to 2.5% per annum up to the fiscal year ending 30 June 2010
New product revenue	In excess of 30% sales revenue in respect of the fiscal year ending 30 June 2010
Cost growth	2.0% to 3.0% per annum up to the fiscal year ending 30 June 2010
EBITDA (\$)	2.0% to 2.5% per annum growth up to the fiscal year ending 30 June 2010
EBITDA margin	46% to 48% per annum by the fiscal year ending 30 June 2010
Workforce	Reduced by 12,000 by the fiscal year ending 30 June 2010
Capital expenditure	10% to 12% of revenue by the fiscal year ending 30 June 2010
Free cash flow**	A\$6 billion to A\$7 billion by the fiscal year ending 30 June 2010

* Based off fiscal year ending 30 June 2005

** Operating cash flow less investing cash flow

Products and services

We offer a broad range of telecommunications and information products and services to a diverse customer base. The following table shows our total income by major product and service category and as a percentage of total income for the last two fiscal years.

Income by product and service category, including the percentage of total income contributed by each product and service category

	Year Ended 30 June			
	2007		2006	
	A\$m	% of total	A\$m	% of total
PSTN				
Basic access	3,333	13.9	3,317	14.4
Local calls	845	3.5	1,023	4.4

¹ Please refer to page 5 to access the Financial Accounts from our Investor Relations website.

PSTN value added services	257	1.1	246	1.1
National long distance calls	808	3.4	913	4.0
Fixed to mobile	1,487	6.2	1,490	6.5
International direct	184	0.8	201	0.9
Fixed interconnection	276	1.2	309	1.3
Total PSTN products	7,190	30.0	7,499	32.5
ISDN products	749	3.1	806	3.5
Inbound calling products	413	1.7	414	1.8
Payphones	92	0.4	104	0.5
Customer premises equipment	318	1.3	274	1.2
Intercarrier access services	181	0.8	152	0.7
Other fixed telephony	317	1.3	318	1.4
Total fixed telephony	9,260	38.6	9,567	41.5
Mobiles				
Mobile services - retail	4,932	20.6	4,503	19.5
Mobile services - wholesale	51	0.2	36	0.2
Total mobile services	4,983	20.8	4,539	19.7
Mobile handsets	718	3.0	467	2.0
Total mobiles	5,701	23.8	5,006	21.7
Internet				
Narrowband	144	0.6	220	1.0
Retail Broadband	1,213	5.1	730	3.2
Wholesale Broadband	568	2.4	469	2.0
Other	20	0.1	18	0.1
Total internet	1,945	8.1	1,437	6.2
IP & data access				
Internet direct	157	0.7	143	0.6
Specialised data	796	3.3	884	3.8
IP access	443	1.8	342	1.5
Wholesale internet & data	231	1.0	215	0.9
Total IP & data access	1,627	6.8	1,584	6.9
Other products and services				
Business services and applications	1,053	4.4	1,055	4.6
Advertising and directories	1,835	7.7	1,711	7.4
CSL New World	1,000	4.2	830	3.6
TelstraClear	573	2.4	620	2.7
Offshore services revenue	348	1.5	295	1.3
Pay TV bundling	344	1.4	320	1.4
Other minor items	271	1.1	360	1.6
Elimination for wireless broadband	(284)	-1.2	(73)	-0.3
Total sales revenue	23,673	98.8	22,712	98.5
Other revenue ⁽¹⁾	36	0.2	22	0.1
Total revenue	23,709	99.0	22,734	98.6
Other income	251	1.0	328	1.4
Total income (excluding finance income)	23,960	100.0	23,062	100.0

⁽¹⁾ Other revenue excludes finance income, which is included in net finance costs.

Revenues are derived from domestic and international sales as follows:

	Year Ended 30 June	
	2007 %	2006 %
Australia	91.7	92.3
Hong Kong	4.2	3.6
New Zealand	2.4	2.7
Other International	1.7	1.4

PSTN Products

PSTN includes basic access, local calls, value added services, national long distance, fixed to mobile and international direct.

Basic Access

Our Basic Access service includes installing and maintaining connections between customers' premises and our PSTN and providing basic voice, facsimile and Internet services. Basic Access does not include enhanced products like Integrated Services Digital Network ("ISDN") access and Asymmetric Digital Subscriber Line ("ADSL") services.

Along with basic access services, we provide handsets for sale and rental to help customers use our services more effectively. The latest rental phones have single button access to features such as 3-way chat, Messagebank®, call forward and short messaging service ("SMS"). We also develop products to assist our customers with disabilities. This ranges from the very popular "big button" phone to "Teletypewriter" and "TeleBraille" products.

Local calls (including PSTN value added services)

We provide local call services to more residential and business customers than any other service provider in Australia, generally charging for calls on an untimed fee basis. The geographical reach of our untimed local call zones, combined with our packages, access and pricing offers, extend the value of our local call service. In addition, we provide value added services such as voicemail, call waiting, call forwarding, call conferencing and call return.

National long distance calls

We are the leading provider of national long distance services for residential and business customers in Australia. This comprises national long distance calls made from our PSTN network to a fixed network. Calls are generally charged on a timed basis after a call connection fee. Call details such as duration, destination, time of day and day of the week generally determine charges which are also offered on a fixed or capped price basis. We also offer options that let customers choose between a range of offers to suit individual needs, including the recent addition of subscription plans with included features and calls.

Fixed to mobile

Fixed to mobile are calls made from our PSTN/ISDN to a mobile network and are charged on a timed basis after a call connection fee. Charges usually depend on the duration of the call and whether the call is to a Telstra mobile service. Calls made within a capped calling option are charged according to duration, time of day, day of week and terminating carrier. Capped calling offers predominantly apply to calls to Telstra mobiles.

International direct

We are the leading provider of international telephone services in Australia, offering international telephone services to more than 230 countries and territories. Calls are typically charged on a per second basis after a call connection fee, depending on the duration and destination of the call. REACH provides the connections we use to supply international services to both our retail and wholesale customers.

Mobiles

We offer a full range of 2G and 3G mobile services to our customers, including voice calling video calling, text and multimedia messaging, mobile broadband and a range of information, entertainment and connectivity services.

We continue to be the leading provider of mobile telecommunications services in Australia in terms of mobile revenue and the number of customers offering an expansive geographical coverage with our networks. The mobile telecommunications market in Australia is characterised by a significant degree of penetration and we estimate that market penetration as at 30 June 2007 was approximately 99 per cent.

During the past year, we have continued to see growth in 'non-voice' services in particular, reflecting a change in mobile usage behaviour with the new information, entertainment content, connectivity services and speeds seen on our Next G™ wireless network.

We are continuing to develop and expand our content services offering including FOXTEL by Mobile, music and content downloads to ensure customers are able to access a range of compelling services.

Next G™ Wireless Network

When Telstra announced the outcomes of its strategic review in November 2005 to rationalise technology and streamline operations, the wireless transformation component was the deployment of a third generation (3GSM) national voice and high speed broadband wireless network operating at 850 MHz.

Built in the record time of 10 months with our strategic partner Ericsson, Telstra's A\$1.1 billion investment the Next G™ wireless network is an important part of the company's transformation program.

As at June 2007, Telstra's Next G™ wireless network was Australia's fastest and largest national mobile network, offering video calling, content and features as well as super fast mobile internet services to around 98.8% of Australians and covers over 100 times more area than any other Australian 3G network. The Next G™ wireless network delivers wireless broadband over High Speed Packet Access ("HSPA") at 14.4 Mbps peak network downlink speeds across its entire coverage area and delivers advanced services including video calling and rich media content such as mobile TV (FOXTEL™ by Mobile), music and video downloads.

Since launch a wide range of handsets, data cards, personal digital assistants, data modules and desktop modems have become available. Using multi-band handsets, customers are able to access both our Next G™ wireless network as well as roam to a combination of other 2G and 3G networks around the world.

To reduce network duplication, Telstra will close down the CDMA network on 28 January 2008, continuing to use much of the infrastructure for the Next G™ wireless network. This will leave a single 3G based network technology built on a common GSM based technology platform and core. This single platform will lead to less network duplication, lower capital and operational costs and a single platform for the development of future products and services.

3GSM 2100

Our existing 3GSM 2100 MHz network supports 3G functionality such as video calling and higher speed data access within its coverage boundary whilst offering access to the GSM network and services outside of the 3G area. Our 3GSM 2100 MHz network sharing arrangement with Hutchinson covers over 50% of the Australian population in a number of mainland capital cities including Canberra.

The 3GSM 2100 MHz network frequencies provide additional spectrum and capacity in the higher traffic concentrations of the capital cities providing added capacity for the Next G™ wireless network.

GSM digital service

Our digital GSM network operates at 900 & 1800 MHz and supports voice and GPRS/EDGE data services across the entire network covering around 96% of the Australian population. We continue to maintain and support this network whilst modernisation and development of the core network associated with Next G™ means that GSM, 3GSM2100 and Next G™ will share a single core and associated products and systems.

Telstra Next IP™ Network

On 26 April 2007, Telstra unveiled the Telstra Next IP™ network - the largest fully integrated national Internet Protocol (IP) network in the world – the Telstra Next IP™ network and the Next G™ network. The new Telstra Next IP™ network, coupled with the Next G™ wireless network, creates a fully integrated world-class IP network.

The Telstra Next IP™ network uses a common IP/MPLS (Multi Protocol Label Switching) core that provides the most advanced VPN technology, which ensures that customers have complete separation of their IP network from the Internet and other customers. Telstra leads the industry in ensuring the integrity of our customer's traffic on our Telstra Next IP™ network.

The common IP/MPLS core is based on Cisco technology which is scalable up to 92 Terabits per second per node, and provides the reliability to deliver better IP performance. It is 77 times more scalable than the old core network with 99.999 per cent reliability.

The Telstra Next IP™ network also includes:

- Juniper Networks technology used for the new Virtual Private Network (VPN) edge, supporting a range of access services and traffic differentiation capabilities. The VPN Edge enables customers to treat IP traffic differently based on its particular service characteristics, for example voice and conferencing require priority treatment compared to e-mail traffic. Customers will have control of the relative prioritisation of their IP traffic, and Telstra will deliver this traffic accordingly.

- Alcatel-Lucent technology is used for the next generation Ethernet Aggregation, removing the need for point to point links or platform specific networks. Our Ethernet Aggregation will enable traffic to be collected from, and distributed to network node points (e.g., DSL nodes), and then connected to the IP core and to application platforms.
- Tellabs technology is used for the Multi Service Edge to deliver existing and new data services, supporting the transition from ATM/Frame Services to Ethernet.

CDMA digital service

Telstra's existing CDMA network currently spans more than 1.6 million square kilometres and covers around 98% of the Australian population. The CDMA network will remain in place until 28 January 2008.

Telstra Mobile Satellite

In 2002, we launched "Telstra Mobile Satellite", a hand-held mobile satellite voice and data service for people living, working or travelling in rural and remote Australia. The service operates off the "Iridium Low Earth Orbit" satellite system which provides global mobile satellite phone coverage wherever there is a clear view of the sky. We have a service partner agreement to sell the Iridium service.

BigPond®

We offer a range of Internet products and packages under our BigPond® brand. Telstra BigPond® Broadband provides broadband Internet services to consumer and small and medium business customers via hybrid fibre coaxial cable, satellite, ADSL and wireless technologies. Telstra BigPond® Dial-Up offers dial-up modem services to residential and small and medium business customers across Australia.

BigPond® Mobile Services

With BigPond® Mobile Services customers can browse and purchase a broad range of up-to-date information and entertainment. With a 3G video mobile, customers can get access to a great range of exciting 3D games, receive news bulletins, stock quotes or sport scores, download ringtones, find directions, watch music videos and send and receive emails.

Wireless Broadband Expansion

In August 2005, we introduced the BigPond® Wireless Broadband product and have expanded our CDMA 1xEVDO network to provide greater coverage for our wireless broadband customers. The BigPond® focus on the consumer market provides a valuable addition to the existing business oriented Telstra Mobile Broadband solution. These two products provide a comprehensive range of solutions for wireless broadband access. As we move towards closing our CDMA network, we plan to migrate customers from this service to the wireless broadband services provided over our new Next G™ wireless network.

Content services

Telstra BigPond® provides online and mobile content services (including BigBlog™ and BigPond® Movies, BigPond® Sport, BigPond® Games, BigPond® Kids, News and BigPond® TV). These services include music, movies, games, sports entertainment, video on demand and DVD rental offerings. All of these services are available from BigPond.com.

Internet and IP Services

In addition to our BigPond® services we provide new generation data and internet services including:

- Business Broadband, a suite of business grade internet solutions;
- IP Solutions;
- Business DSL, that offers a broadband data service with symmetric data rates and business grade service levels;
- Connect IP solution range which is a standardised, end-to-end, IP based WAN offering that integrates network management and data connectivity with CPE, allowing for seamless data transfer between customer sites; and

- IP Telephony, an open standard IP communications suite, which delivers hosted IP telephony and IP applications to our corporate customers.

Data services

We also provide data and specialised services, including ISDN, digital data services, voice grade dedicated lines, transaction/electronic funds transfer at point of sale ("**EFTPOS**") services and video and audio network services, as well as domestic and international Frame Relay and asynchronous transfer mode ("**ATM**") products.

Telstra Internet Direct also provides business customers with high quality dedicated internet access within Australia at access transmission rates up to one gigabyte per second ("**Gbps**").

We also provide wholesale internet access products for use by licensed carriers, ISPs and CSPs.

Other services

We offer other data services, in some cases with business partners, including:

- collaboration services that provide audio, video and web-based conferencing (including the Conferlink® product range);
- e-commerce solutions including e-trading, e-payments, EFTPOS/ATM network services and straight-through processing services;
- Online Customer Management Facility providing a self-service capability for customers to manage user access to their IP networks;
- Digital Video Network ("**DVN**") initiative allowing our media customers to share content such as news or sporting arena access; and
- Managed WAN including design, CPE sales and installation, network establishment and maintenance.

Advertising and directories

We are a leading provider of advertising and search services through our advertising business and wholly owned subsidiary, Sensis. Sensis' popular information services include Yellow™, White Pages®, Trading Post®, CitySearch® and Whereis®.

The Yellow™ print directory is Australia's leading business directory, while White Pages® print directory maintains its position as one of Australia's leading sources of personal business and government contact information. The Yellow™ and White Pages® print directories also feature comprehensive Information Pages, providing valuable information such as emergency and community services, activities and resources within the area of coverage. The Yellow.com.au and the White Pages® OnLine websites, together with the 1234, Call Connect and Directory Assistance voice services which allows users to be connected to the Yellow™ and White Pages® over the phone and our Mobile and Satellite navigation directory services extend the print directory's capabilities and the potential customer reach for our Yellow™ advertisers.

Whereis® maps and directions complement and combine with other Sensis products-including Yellow™ OnLine and White Pages® OnLine directories, and the CitySearch® site-to deliver location orientated services across Internet, satellite navigation and mobile channels.

The CitySearch® site provides editorial content, business listings and entertainment and event information in major cities around Australia.

The Trading Post® is an Australian icon that provides a convenient way for Australians to buy and sell motor vehicles and general merchandise. In addition to the print editions, the Trading Post® also has an online site located at tradingpost.com.au.

During fiscal 2007, Sensis has maintained its focus on innovating to make it easier for Australians to find, buy and sell. This has led to a wide range of new and enhanced products and services including:

- further enhancements to our leading portfolio of mobile search and information services on the Telstra 3G network. This portfolio now includes Yellow™ Mobile, Sensis® search, Whereis®, Trading Post® and Citysearch®;
- the launch of Carshowroom.com.au – a web site that connects new vehicle buyers and sellers using a unique personalised search service and innovative new features such as the love2drive video magazine;
- the launch of a new simplified portfolio of voice services and the addition of new information services on the 1234 voice service; and
- substantial enhancements to the whereis.com.au web site including the addition of photo maps (high resolution in many areas) and Yellow™ business content to enable map-based local search at whereis.com.au.

On 31 August 2006, we purchased a 51% shareholding in SouFun, a leading real estate and home furnishing website in China.

In September 2006, Sensis redefined its flagship local search service with the launch of a new contemporary brand – Yellow™. This new brand reflects the way in which Yellow™ content is now available in more ways and through more channels than ever before – including print, voice, online and mobile.

Sensis also launched an exciting new portfolio of Yellow™ services, including Home@Yellow™, Yellow™ Mobile and Yellow™ Offers.

Sensis also launched new support services for Yellow™ advertisers, including enhanced activity measurement for Yellow.com.au and a powerful new program designed to show advertisers how to get the most out of Yellow™.

Wholesale services (including inter-carrier services)

In addition to providing products for resale, we provide a range of other products specifically tailored for wholesale customers. These include:

- interconnection services, including originating and terminating access to our fixed and mobile networks, preselection services and access to our network facilities such as ducts, towers and exchange space;
- domestic and international transmission services;
- broadband, IP backbone and traditional data services; and
- both GSM and CDMA mobile products and services. Telstra Wholesale has advised customers of the closure of the CDMA network, with the intended closure date being 28 January 2008.

We also manage and deliver a wide range of customer processes for wholesale customers. These include product and service provisioning, ordering and activation, billing, fault reporting and end user and product transfer. In addition, we provide a range of efficient web-based business-to-business services to our customers.

Inbound calling products

We offer inbound call services including:

- Telstra Freecall® 1800, a reverse-charge call service used widely by small and large businesses to extend market reach and attract sales;
- Priority® One3, a shared-cost service offering a six digit national number used by larger businesses as a front-door to contact centres and franchise operations for service calls;
- Priority® 1300 services, a shared-cost service offering a 10 digit number, similar to the Priority® One3 service, where a short-number format is not required;

- Contact centre enablement services, including network-based speech recognition and interactive voice response solutions, computer telephony integration, call routing services and speech recognition;
- InfoCall® 190, a telephone premium-rate service where we bill the calling customer for both content and carriage on our bill and receive a fee from the content provider for these payment and carriage services; and
- Phone Words, an inbound number derived from the alphabetic translation of a number, provided by 1300 Australia Pty Ltd or other Phone Word provider.

ICT Solutions, Services and Outsourcing

KAZ, a wholly owned subsidiary, partners with Telstra in the market to service the ICT needs of our medium and large Enterprise and Government customers in Australian and Asia Pacific markets.

Payphones

We are the leading provider of payphones in Australia. As at 30 June 2007, we owned and operated approximately 25,000 public payphones. Our Universal Service Obligation (“**USO**”) requires us to make payphone services reasonably accessible throughout Australia including in non-metropolitan and rural areas.

Customer premises equipment

As part of our customer voice, data, mobile and service solutions, we provide customer premises equipment for rental or sale to our residential, consumer, business and Government customers. In relation to Telstra rental phones, modern new standard and “calling number display” rental phones are available, making phone and phones features easier to use.

We acquired the Converged Networks Group (“**CN**”) in March 2006. CN services the Western Australian market as Telstra Business Systems (“**TBS**”). CN’s principal product sets are Ericsson Enterprise (its core business) and Nortel. The acquisition allows us to operate in our own right as TBS in Western Australia – rather than employing CN as a franchised reseller.

Other sales and services

The principal components of operating revenue we record in other sales and services relate to information and connection services, external construction, customnet and spectrum and various other minor products and services.

Subscription television

We own 50% of FOXTEL, with Publishing & Broadcasting Ltd (“**PBL**”) and The News Corporation Limited (“**News Corporation**”) each owning 25%. The FOXTEL partners have committed, with very limited exceptions, to confine their involvement in the provision of subscription television services in Australia to participation in FOXTEL. PBL and News Corporation have made programming commitments to FOXTEL. Each of these commitments expires in November 2008.

FOXTEL is Australia’s leading provider of subscription television services, with over 1.3 million subscribers (including our resale subscribers and those receiving FOXTEL programming through Optus Television and others). FOXTEL markets its services to more than 5 million homes, split reasonably equally between those homes passed by our hybrid fibre co-axial cable (“**HFC**”) and those covered by a satellite distribution.

FOXTEL Digital™ offers customers access to around 120 digital channels, superior picture and sound quality, a comprehensive and easy to use electronic program guide (“**EPG**”), interactive sports and news applications and FOXTEL Box Office® (near video on demand). FOXTEL continues to enhance FOXTEL Digital™, launching new channels and interactive features, including additional news, sports and weather applications, as well as launching the FOXTEL iQ® in February 2005. The FOXTEL iQ® is a personal digital recorder (“**PDR**”) designed to change the way viewers watch television by enabling subscribers to record two programs simultaneously, even while watching a previously recorded program.

Under arrangements with the FOXTEL partners, FOXTEL may provide, in addition to subscription television services, a range of information and other services. FOXTEL currently only provides subscription television services.

We are the exclusive long-term supplier of cable distribution services for FOXTEL's cable subscription television services in our cabled areas and we receive a share of FOXTEL's cable subscription television revenues. We can independently, or through partnerships and alliances, provide a broad range of communications, data and information services to other parties using our broadband network.

FOXTEL has entered into various program supply arrangements, including some with minimum subscriber fee commitments. We also resell Austar United Communications Limited ("**AUSTAR**") subscription television services, which are eligible for inclusion in the Telstra Rewards Options plan. The bundling and reselling of both the FOXTEL and AUSTAR services broadens the range of telecommunication and entertainment services we offer to our customers. These arrangements allow us to provide a residential subscription television package to most areas in Australia regardless of geography.

International investments

Our major international investments include:

- **CSL New World Mobility Group**, Hong Kong's leading mobile operator of which we own 76.4%. CSL New World Mobility has retained all CSL and New World brands thereby addressing all mobile market segments.
- **TelstraClear**, our wholly owned subsidiary, is the second largest full service carrier in New Zealand. TelstraClear provides innovative voice, data, Internet, mobile resale, managed services and cable television products and services to the New Zealand market. New Zealand is a strategically important market for our trans-Tasman customers, and this investment enables these important customers to receive end-to-end services.
- **REACH**, a 50/50 joint venture with PCCW Limited ("**PCCW**"), which provides outsourcing services in support of Telstra's and PCCW's international voice and data services. REACH is also one of the world's top carriers of international voice traffic. REACH operates and maintains or uses voice and data switching platforms, satellite earth stations and a network of over forty submarine cable and international satellite systems, together with associated landing rights, backhaul, operating licences and bilateral agreements in most international markets.
- **SouFun**, a leading real estate and home furnishing website in China, in which we purchased a 51% holding on 31 August 2006 as part of our growth strategy for Sensis.

We also have a 46.9% equity interest in Australia-Japan Cable Holdings Limited, a network cable provider which owns and operates a fibre optic cable between Australia and Japan.

Directors

As at the date of this Prospectus, our directors were as follows:

Name	Age	Position	Year of initial appointment	Year last re-elected ⁽¹⁾
Donald G McGauchie	57	Chairman	1998	2005
Solomon D Trujillo ⁽¹⁾	55	Chief Executive Officer and Executive Director	2005	-
Geoffrey Cousins	64	Director	2006	-
Belinda J Hutchinson	54	Director	2001	2004
Catherine B Livingstone	51	Director	2000	2005
Charles Macek	60	Director	2001	2006
John W Stocker	62	Director	1996	2006
Peter J Willcox	61	Director	2006	2006
John D Zeglis	60	Director	2006	2006

⁽¹⁾ Solomon D Trujillo was appointed CEO on 1 July 2005.

A brief biography for each of the directors as at the date of this Prospectus is presented below.

Donald G McGauchie AO Chairman since July 2004

Director since September 1998. He is also Chairman of the Nomination Committee and a member of the Remuneration Committee. He is currently Director, Reserve Bank of Australia; Director, James Hardie Industries NV (2003-); Director, Nufarm Limited (2003-); Partner, C&E McGauchie - Terrick West Estate.

Solomon D Trujillo BSc, BBus, MBA, Hon Doctor of Law Degrees (University of Wyoming, University of Colorado)

CEO since July 2005

He is currently Director, Target Corporation (1994-); Member, World Economic Forum (2005-); Member, UCLA's School of Public Affairs (2000-); Trustee, Boston College; Director, Tomas Rivera Policy Institute (1991-).

Geoffrey Cousins

Director since November 2006

Director Insurance Australia Group Limited (2000-).

Belinda J Hutchinson BEc, FCA

Director since November 2001

She is also a member of the Audit Committee. She is currently Director, QBE Insurance Group Limited (1997-); Director, Coles Group Ltd (2005-); Director, St Vincent's and Mater Health Sydney Limited (2001-); Consultant, Macquarie Bank Limited (1997-).

Catherine B Livingstone BA (Hons), FCA, FTSE

Director since November 2000

She is also a member of the Audit Committee and the Technology Committee. She is currently Director, Macquarie Bank Limited (2003-); Director, Worley Parsons Ltd (2007-); Director Macquarie Graduate School of Management Pty Ltd (2007 -); Member, Business/Industry/Higher Education Collaboration Committee (BIHECC).

Charles Macek BEc, MAdmin, FAICD, FCPA, FAIM, SF Fin, FCA

Director since November 2001

He is also a Member of the Audit Committee and Nomination Committee and is Chairman of the Remuneration Committee. He is currently Director, Wesfarmers Ltd (2001-); Director, Living Cell Technologies Limited (2006-); Director, Racing Information Services Australia Pty Ltd (2007-) Director Orchard Funds Pty Ltd (2007 -); Chairman, Sustainable Investment Research Institute Pty Ltd (2002-); Chairman, Financial Reporting Council (FRC) (2003-); Member, New Zealand Accounting Standards Review Board and Member, Investment Committee of Unisuper Ltd.

John W Stocker AO, MB, BSc, BMedSc, PhD, FRACP, FTSE

Director since October 1996

He is also Chairman of the Audit Committee and Technology Committee. He is currently Chairman, Sigma Pharmaceuticals Ltd (2005-) and CSIRO (2007-); Director, Circadian Technologies Ltd (1996-); Director, Nufarm Limited (1998-); Principal, Foursight Associates Pty Ltd.

Peter J Willcox MA, FAICD

Director since May 2006

He is also a member of the Nomination Committee and the Remuneration Committee. He sits on the advisory board of CVC Asia Pacific (Australia) Limited.

John D Zeglis BSc Finance, JD Law

Director since May 2006

He is also a member of the Technology Committee. Director, Helmerich & Payne Corporation (1989-); Director, AMX Corporation; (2005-); Director, State Farm Automobile Insurance (2004-).

Conflicts

There are no potential conflicts of interest between any duties of any director to the Issuer and any private or other duty (including those listed above) of that director.

Resignations

During the year and through to the date of this Prospectus, no directors resigned or retired.

Company secretary

Douglas C Gratton - FCIS, BSc, LLB (Hons), GDip AppFin

Company secretary since August 2001¹

Before joining Telstra, Mr Gratton was a partner in a leading national law firm. He specialised in corporate finance and securities law, mergers and acquisitions and joint ventures and other commercial contracts, and played a key role in the T1, T2 and T3 privatisations. Mr Gratton also advised on telecommunication regulatory matters. Other

¹ A change to the position of Company Secretary is expected to occur on 7 September 2007. Douglas Gratton will resign from the Issuer at that time and the Board has approved the appointment of Carmel Mulhern, currently General Counsel Finance and Administration, effective from that date.

roles previously held in Telstra include deputy group general counsel and Infrastructure Services and Wholesale general counsel.

Senior executives

As at the date of this Prospectus the senior executives who are not directors are:

Name	Position	Year appointed to a GMD position	Year appointed to Telstra
Bruce Akhurst	Group Managing Director Telstra Media Services & CEO, Sensis	1999	1996
Geoff Booth	Group Managing Director, Telstra Country Wide®	2006	1973
Phil Burgess	Group Managing Director, Public Policy and Communications	2005	2005
Andrea Grant	Group Managing Director, Human Resources	2005	2005
Holly Kramer	Group Managing Director, Telstra Product Management	2005	2000
Kate McKenzie	Group Managing Director, Telstra Wholesale	2006	2004
Justin Milne	Group Managing Director, Telstra BigPond®	2005	2002
David Moffatt	Group Managing Director, Telstra Consumer Marketing & Channels	2001	2001
Michael Rocca	Group Managing Director Telstra Services	2002	1968
Deena Shiff	Group Managing Director, Telstra Business	2004	1998
John Stanhope	Group Managing Director, Finance & Administration and Chief Financial Officer	2003	1967
William Stewart	Group Managing Director, Strategic Marketing	2005	2005
David Thodey	Group Managing Director, Telstra Enterprise and Government	2001	2001
Greg Winn	Chief Operations Officer	2005	2005

A brief biography of each of the fourteen Group Managing Directors, including the seven key management personnel who are not directors as at the date of this Prospectus is as follows:

Bruce J Akhurst - LLB, BEc (Hons)

Bruce Akhurst is the Chief Executive Officer of Sensis. Bruce also has management responsibility for our digital media strategy, which includes our 50% interest investment in pay-TV company FOXTEL. In March 2005 Bruce was appointed Chairman of the FOXTEL board. As Chief Executive Officer of Sensis, he has responsibilities for driving the sustainable growth of the company and the continuing evolution of Sensis' highly successful advertising and search operations.

Geoff Booth

Geoff Booth was appointed Group Managing Director of Telstra Country Wide on 1 January 2006 after a 33-year career with Telstra. In addition to his role within Telstra, Geoff was recently appointed as the Chair of Telstra's Kids Fund and as a Director on the Telstra Foundation Board.

Phil Burgess - PhD

Phil Burgess was appointed Group Managing Director, Public Policy & Communications on 15 August 2005. As Group Managing Director, Phil is responsible for public policy, regulatory affairs, government relations, media relations, corporate communications and the Telstra Foundation. Phil also serves as a Visiting Professor of Policy Studies at UCLA's public policy school, where he teaches in the graduate program on communications and culture.

Andrea Grant – B.Ed, DipTch

Andrea Grant was appointed Group Managing Director, Human Resources on 31 October 2005.

Holly Kramer – BA(Hons), MBA Mktg (Hons)

Holly Kramer is the Group Managing Director, Telstra Product Management. She is Chair of the Australian Mobile Telecommunications Association (AMTA) and sits on the Boards of mNet Corporation and TelstraClear Limited.

Kate McKenzie – BA, LLB

Kate McKenzie was appointed Group Managing Director, Telstra Wholesale on 16 January 2006.

Justin Milne – BA

Justin Milne was appointed Group Managing Director of BigPond® in December 2005. He is responsible for driving the growth of BigPond's® brand and Telstra's new media portfolio including mobile and online content. These efforts have been recognised with several national awards including the 2006 "Kodak Gong" in the Telecommunications category; the 2005 and 2006 "email contact centre" and "isp sales call centre" of the year as judged by Global Reviews, and the 2005 "best ISP" award at the Australian Telecom Awards. Justin is a board member and past president of the Internet Industry Association.

David Moffatt - BBus (Mgt), FCPA

David Moffatt was appointed Group Managing Director of Consumer Marketing & Channels from 1 October 2003. The group is responsible for providing Broadband, mobile and fixed communications products and services to Australian consumers. It is also responsible for the management of Telstra shops, Dealers and Telstra's Consumer Call Centres. David is a Director of FOXTEL Pty Ltd.

Michael Rocca – MBA, DipEng, FAICD

Michael Rocca was appointed the Group Managing Director for the Telstra Services business unit in August 2002.

Telstra Services comprises 15,000 Telstra staff as well as an extensive contract workforce, and is the area of Telstra responsible for building, maintaining and operating of Telstra's Networks along with the end to end delivery of service to Telstra's customers.

Deena Shiff - B.Sc (Econ) Hons; B.A. (Law) Hons

Deena was appointed to the role of Group Managing Director, Telstra Business in January 2006.

Deena launched Business Broadband, a suite of broadband solutions built for Small to Medium Enterprises and has driven significant growth in Wireless Internet and in wireless data on handsets.

Also launched was the Telstra Business Channel Partner Accreditation Program which will enable Telstra Business to identify, train and support accredited channel partners who can sell and support business services and solutions.

Deena is the Telstra Business Awards Ambassador; an award which celebrates the achievements and enterprising spirit of businesses across Australia.

John Stanhope - B Com (Economics and Accounting), FCPA, FCA, FAICD, FAIM

John Stanhope was appointed to the role of Chief Financial Officer and Group Managing Director, Finance & Administration from 1 October 2003. He is responsible for finance, treasury, risk management and assurance, corporate planning, reporting and analysis, business services, investor relations and the Office of the Company Secretary. John is chairman of the Business Coalition for Tax Reform and was appointed to the Financial Reporting Council in 2006. He serves on the executive committee, and is immediate past president of the Group of 100. John is a director of Telstra Super, TelstraClear, Sensis, SouFun the Telstra Foundation, 3GIS and REACH, and is Chairman of CSL New World Mobility Ltd.

William J Stewart - B.Sc (Mathematics & Physics)

Bill Stewart was appointed Group Managing Director of Strategic Marketing in July 2005. Bill also is a board member of CSL New World Mobility Ltd and FOXTEL.

David Thodey - BA, FAICD

David Thodey was appointed to the position of Group Managing Director, Telstra Enterprise and Government in December 2002 and is now responsible for the Company's corporate, government and large business customers. David is the chairman of TelstraClear in New Zealand, and is also the chairman of the KAZ Group.

Greg Winn

Greg Winn was appointed Telstra's Chief Operations Officer (COO) on 11 August 2005. His responsibilities include Telstra Services, Product Management, Billing, Credit Management, Procurement, Strategic Supplier Relations and Network Engineering, Information and Wireless Technologies. Greg also manages the cross company Program Office.

For a full discussion of the remuneration and benefits paid by the Company to the directors and officers see the Remuneration Report in the Directors' report for 2007¹.

Conflicts

There are no potential conflicts of interest between any duties of any senior executives to the Issuer and any private or other duty (including those listed above) of that senior executive.

¹ Please refer to page 5 to access the Financial Accounts from our Investor Relations website.

Business address

The business address for the Company and each of the above directors and officers is:

c/- the Company Secretary
Telstra Corporation Limited
Level 41, 242 Exhibition Street
Melbourne Vic 3000
Australia
Ph: +61(3) 9634 6400 or +61(8) 8308 1721 (Telstra Switchboard)

Directors' and senior executives' shareholdings in Telstra

As at 9 August 2007, the directors' and senior executives' shareholdings in Telstra are:

Directors

	Number of shares held		
	Direct interest	Indirect interest ⁽¹⁾	Total ⁽²⁾
Donald G McGauchie	32,173	80,159	112,332
Solomon D Trujillo	250,000	-	250,000
Geoffrey Cousins	-	1,747	1,747
Belinda J Hutchinson	40,576	197,857	238,433
Catherine B Livingstone	13,744	50,349	64,093
Charles Macek	1,554	106,728	108,282
John W Stocker	6,178	125,971	132,149
Peter J Willcox	-	48,023	48,023
John D Zeglis	16,500	5,355	21,855

- (1) Shares in which the director does not have a relevant interest, including shares held by director related entities, are excluded from indirect interests.
- (2) Some of the directors' holdings were instalment receipts purchased in the Telstra 3 Commonwealth share offering. Instalment receipts give rights to beneficial ownership of an ordinary share once the final instalment is paid. The final instalment is due by 29 May 2008.

Key management personnel

	Number of shares held		
	Direct interest	Indirect interest ⁽¹⁾	Total ⁽²⁾
Bruce Akhurst	4,880	-	4,880
Kate McKenzie	-	-	-
David Moffatt	364,722	-	364,722
Deena Shiff	5,680	-	5,680
John Stanhope	121,674	-	121,674
David Thodey	178,479	-	178,479
Greg Winn	-	-	-

- (1) Shares in which the key management personnel does not have a relevant interest, including shares held by director related entities, are excluded from indirect interests.
- (2) Some of the key management personnel's holdings were instalment receipts purchased in the Telstra 3 Commonwealth share offering. Instalment receipts give rights to beneficial ownership of an ordinary share once the final instalment is paid. The final instalment is due by 29 May 2008.

Legal proceedings

C7 litigation

In November 2002, Seven Network Limited and C7 Pty Limited ("**Seven**") commenced litigation against us and various other parties (the "**respondents**") in relation to the contracts and arrangements between us and some of those other parties relating to the right to broadcast Australian Football League and National Rugby League, the contract between FOXTEL and us for the provision of broadband HFC cable services ("**the Broadband Co-operation Agreement**") and other matters.

Seven sought damages and other relief, including that some of these contracts and arrangements are void. Seven also sought orders which would, in effect, require a significant restructure of the subscription television/sports rights markets in Australia. Expert reports filed by Seven were at one time used to suggest that Seven sought total damages of around A\$1.1 billion. However, some significant components of this expert evidence have since been ruled inadmissible by the trial judge and many of the facts on which Seven's loss claim is based are contested. In addition to denying liability at all, the respondents have filed expert reports to the effect that, even if liability were found to exist, damages should be assessed at a very significantly lesser amount. If Seven obtained any order for damages or legal costs affecting Telstra, the liability arising from that order may subsequently be apportioned between the relevant respondents, with Telstra bearing only a portion of the total liability. Final oral submissions were completed in early October 2006. Judgment was handed down on 27 July 2007, with the judge dismissing all of Seven's claims. The parties will be filing submissions in relation to costs in August and September 2007, and once final orders are entered, Seven may appeal the decision to the Full Federal Court. In light of the progress of this case to date, Telstra considers that it is unlikely to have any material effect on our overall business or financial position.

Shareholder class action

In January 2006, a shareholder commenced a representative proceeding in the Federal Court against us. The statement of claim alleges that we breached the Corporations Act and the ASX Listing Rules between 11 August and 6 September 2005 by failing to disclose to the ASX or in our fiscal 2005 full year accounts (1) that our CEO, Mr Trujillo had formed an opinion that there had been past deficiencies in operating expenditure and capital expenditure on telecommunications infrastructure, (2) that our CEO had forecast a significant and accelerating decline in our PSTN business, and (3) that we had communicated these matters to the Commonwealth. The claim seeks orders for compensation for the class of shareholders who bought shares between 11 August and 6 September 2005. The trial of the matter is due to commence on 26 November 2007 and is considered unlikely to have any material effect on our overall business or financial position. Telstra is vigorously defending the claim. Telstra does not consider that these proceedings could materially adversely affect its overall business or financial position.

Telstra v Commonwealth of Australia & Ors

On 24 January 2007, Telstra commenced proceedings in the High Court of Australia against the Commonwealth of Australia, the ACCC (the regulator) and 11 access seekers who, prior to 24 January 2007, had lodged access disputes with the ACCC in relation to the unconditioned local loop service ("**ULLS**") and/or the high frequency unconditioned local loop service ("**LSS**") declared by the ACCC pursuant to section 152AL of the TPA.

By this proceeding, Telstra claims that Part XIC of the TPA (the telecommunications specific access regime) is constitutionally invalid insofar as it applies to ULLS and/or LSS because, to this extent, it is a law with respect to the acquisition of property that does not provide "just terms". Telstra's claim is that its obligation under Part XIC of the TPA to supply ULLS and LSS to access seekers results in an acquisition of property because of the nature of those services and that the TPA does not provide "just terms" for these acquisitions.

Telstra is seeking relief in the form of declarations as to the constitutional invalidity of Part XIC of the TPA in respect of ULLS and/or LSS and administrative remedies quashing determinations made in, and prohibiting continuation of, the particular ULLS and/or LSS access disputes lodged with the ACCC by the 11 access seekers joined as defendants. All the named defendants are contesting Telstra's claim. As the proceedings concern a constitutional matter, all State Attorney-Generals have been notified and have the option of intervening. Currently, the Attorney-General for South Australia has decided to intervene in the proceedings (although yet to be confirmed, this is likely to be, generally, in support of the Commonwealth of Australia).

The parties have agreed a Stated Case document (agreed set of facts and questions) which has now been accepted for referral to the Full Court of the High Court of Australia. The matter will not be remitted to the lower Federal Court of Australia and, instead, will be heard in the High Court of Australia on a date to be set. The parties have been advised that the hearing date will not be before the November 2007 sittings of the High Court.

The current proceeding raises the question of invalidity in respect of the ULLS and LSS services and does not concern any claim for "just terms" compensation.

Telstra does not consider that these proceedings could materially adversely affect its overall business or financial position.

Competition notice regarding line access

In addition to the general requirements of trade practices law, a carrier must not engage in anti-competitive conduct in breach of the competition rule. A carrier may be in breach of the competition rule if it:

- contravenes general trade practices rules relating to anti-competitive conduct in respect of a telecommunications market (including the use of market power for an anti-competitive purpose); or
- has a substantial degree of market power and takes advantage of that power with the effect or likely effect of substantially lessening competition in any telecommunications market, taking into account other conduct with such an effect.

The ACCC can issue a Part A competition notice if it has reason to believe that a carrier has contravened the competition rule.

The ACCC can also issue a Part B competition notice which will be more detailed than a Part A notice; and it is the presumptive evidence of the information in it that can be used in court proceedings against the carrier.

Any person (including competitors) may apply at any time to the Federal Court for an injunction to restrain a contravention of the competition rule, whether or not a competition notice has been issued.

A carrier may be liable to pay penalties imposed by the Federal Court of up to A\$10 million plus A\$1 million per day of contravention or, if the contravention lasts for more than 21 days, up to A\$31 million plus A\$3 million per day (up to a maximum period of one year), and may also be liable for compensatory damages to affected competitors, if:

- it continues to engage in conduct that is the subject of a competition notice after the notice comes into effect; and
- the Federal Court finds that the conduct is in breach of the competition rule.

The amount of any penalty imposed by the Federal Court is likely to be significantly less than the maximums set.

In December 2005, we increased our prices for line access provided to our competitors without a similar increase in our retail prices, in order to price closer to our average costs of providing that access. The ACCC has argued that our conduct amounted to taking advantage of substantial market power which has or is likely to have the effect of substantially lessening competition in the retail market, and that therefore we were in breach of the competition rule. On 12 April 2006, the ACCC issued a competition notice against us to this effect. Optus Networks Pty Ltd (ACN 008 570 330) subsequently issued proceedings in the Federal Court which, in part, relied on the competition notice.

On 28 February 2007 the ACCC withdrew the competition notice. On 5 April 2007 the Federal Court found that the competition notice had been improperly issued as the ACCC did not accord us procedural fairness when issuing the notice. We are awaiting final order from the Court setting the competition notice aside. Following the Federal Court judgement on the validity of the competition notice, Optus Networks Pty Ltd discontinued its Federal Court proceedings which relied upon the notice.

We are also involved in routine litigation. Governmental authorities and other parties threaten and issue legal proceedings against us from time to time.

We do not consider that there are any current proceedings that could materially adversely affect our overall business or financial position.

Commonwealth as shareholder

In September 2005, the Commonwealth amended the Telstra Act by passing the Telstra (Transition to Full Private Ownership) Act 2005 (the "**Transition to Full Private Ownership Act**") to enable the Commonwealth to undertake a sale of all or part of its approximately 51.8% stake in Telstra.

Following completion of the Global Offering in November 2006, the Commonwealth transferred all of its remaining Telstra shares to the Future Fund in February 2007. Consequently, we are no longer required under the Telstra Act to provide the Commonwealth with certain information that we would not generally be required to disclose concurrently, if at all, to other shareholders. This information included:

- annual provision of our three-year corporate plan;
- interim financial statements, if requested by the Communications Minister; and
- reports regarding significant proposed events, including corporate restructurings, acquisitions and divestitures or joint venture and partnership activities.

We are also no longer required under the Telstra Act to keep the Communications Minister and the Finance Minister generally informed about our operations and to give them such information about our operations as they require.

The Communications Minister no longer has the power under the Telstra Act to give us, after consultation with our Board, such written directions as appear to the Communications Minister to be necessary in the public interest. The Commonwealth Auditor-General is no longer deemed to have been appointed as our auditor for the purposes of the Corporations Act. Ernst & Young has now replaced the Commonwealth Auditor-General as our auditor with effect from 12 December 2006. Our management is no longer required to appear before and provide information to Commonwealth appropriations-related Parliamentary committees.

Changes to Commonwealth control after close of the Global Offering

Under the amendments to the Telstra Act made by the Transition to Full Private Ownership Act, certain provisions in the Telstra Act have ceased to have effect or apply to us since the Commonwealth's ownership of Telstra fell below one of two particular ownership levels: less than 50% and 15%.

The Commonwealth's ownership of Telstra fell below 50% on completion of the Global Offering on 20 November 2006. As a result of this, Telstra lost its Australian capital gains tax ("**CGT**") exempt status on assets that we acquired before 20 September 1985. Accordingly, any future gains in the value of these assets after completion of the Global Offering will be taxable upon disposal of the asset by us. Since we do not currently intend to dispose of any material assets acquired before 20 September 1985, the loss of CGT exempt status for these assets is not expected to have a material impact on Telstra.

The legislative consequences of the Commonwealth's ownership of Telstra falling below 50% are not considered to have a material impact on Telstra but include:

- our employees who are members of the Commonwealth Superannuation Scheme ("**CSS**") ceasing to be "eligible employees" for the purposes of the Superannuation Act 1976, and being no longer entitled to contribute to the CSS; and
- the Commonwealth Auditor-General resigning as the company's auditor and being replaced by Ernst & Young.

The Commonwealth ceased to hold any ownership in Telstra when it transferred its remaining 17% (approximately) holding of Telstra Shares not sold as part of the Global Offering to the Future Fund on 28 February 2007. The main consequences of the Commonwealth's ownership of Telstra falling to 15% or less are:

- we are no longer subject to the obligations to provide financial and other information to the Commonwealth;
- we are no longer subject to the Communications Minister's power to direct us (as appears to the Communication Minister to be necessary, in the public interest); and
- we are no longer subject to the Finance Minister's power to direct us not to dilute the Commonwealth's equity in Telstra or to issue securities or financial products.

We are no longer required to appear before and provide information to Parliamentary committees.

The Commonwealth as regulator

We are currently regulated by the Commonwealth and its departments and independent agencies under a number of statutes including:

- the Telstra Act;
- the Telecommunications (Consumer Protection and Service Standards) Act 1999;
- the TPA; and
- the Telecommunications Act.

The Commonwealth has stated that the telecommunications regulatory regime is intended to promote the long-term interests of telecommunications consumers, including through promoting competitive telecommunications markets and encouraging economically efficient investment in infrastructure. The telecommunications regime also supports industry self-regulation and is intended to minimise the financial and administrative burdens on the telecommunications industry.

The Commonwealth believes that since the market was fully opened to competition in 1997, consumers have benefited through a wider range of services and significant reductions in prices.

The Commonwealth considers that the telecommunications industry is currently in transition to full competition and that appropriately targeted regulation is in place to facilitate this outcome. At the time of the publication of the T3 prospectus the Commonwealth regarded the regulatory legislation as settled and announced that it will review the telecommunications competition regulatory regime in 2009. However, the Commonwealth has since indicated that it will amend the regulatory legislation to facilitate investment as part of an Expert Taskforce established to manage the assessment process for proposals to roll out high speed broadband networks in metropolitan and major regional centers. The Commonwealth has also announced a review of the USO framework and cuts to telecommunications industry regulatory red tape.

The Commonwealth as customer

The Commonwealth is a major user of our services. The Commonwealth, as a result of telecommunications liberalisation, is increasingly seeking to take advantage of open competition when purchasing telecommunications services in such a competitive environment.

Glossary

1xRTT (One Times Radio Transmission Technology): a 3G development of CDMA technology for high speed packet switched data.

2G: Second Generation wireless telephone technology.

2.5G: technology designed to expand the bandwidth and data handling capacity of existing mobile telephony systems such as GSM using GPRS.

3G: third generation technology designed to further expand the bandwidth and functionality of existing mobile telephony systems beyond 2.5G.

3GIS: 3GIS Pty Ltd.

3GSM 2100: Third Generation Global System for mobile communications. It is the evolution of the GSM and CDMA 2G and 2.5G data and multimedia services.

ACCC: Australian Competition and Consumer Commission.

ADR: American depositary receipt.

ADSL (Asymmetric Digital Subscriber Line): a technology for transmitting digital information at a high bandwidth on existing phone lines.

ASX: Australian Stock Exchange Limited.

ATM (Asynchronous Transfer Mode): a high bandwidth, low delay, packet-based switching protocol that allows voice, video, text and data to be combined together into a single transmission network with different qualities of service.

CDMA (Code Division Multiple Access): a mobile telephone system based on digital transmission.

CEO: Chief Executive Officer.

Churn: the transfer of a customer's telecommunications service from one supplier to another. In the case of a transfer involving a resale arrangement, no disconnection occurs and a churn relates to a change in the legal entity responsible for a telecommunications service or account.

CitySearch®: Australian registered trade mark of CitySearch Australia Pty Ltd ABN 48 076 673 857.

Communications Minister: the Commonwealth Minister for Communications, Information Technology and the Arts.

Commonwealth: Commonwealth of Australia.

COO: Chief Operations Officer.

Corporations Act: Corporations Act 2001 (Cwth).

CPE: customer premises equipment.

CSL: CSL New World Mobility Limited.

DSL: digital subscriber line.

e-commerce: e-commerce includes buying and selling electronically over a network.

EDGE (Enhanced Data rates for GSM Evolution): sometimes referred to as a 2.75G technology, provides approximately double the current average GPRS speeds from 20-40kb/s downlink to 40-120kb/s downlink on the existing GSM networks.

EFTPOS: electronic funds transfer at point of sale.

EME: electromagnetic energy.

Ethernet: a local area network (LAN) protocol, Ethernet uses a bus topology and supports data transfer rates of 10 Mbps. It is one of the most widely implemented LAN standards.

Ethernet Aggregation: enables traffic to be collected from, and distributed to network node points, and then connected to the IP core and to application platforms. Ethernet Aggregation removes the need for point to point links or platform specific networks.

EVDO: (Evolution Data Optimised) additional service for mobiles supporting high speed packet data transmission.

Finance Minister: The Commonwealth Minister for Finance and Administration.

FOXTEL: subscription television provider in which Telstra holds a 50% share.

FOXTEL Box Office®: Australian registered trade mark of Twentieth Century Fox Film Corporation.

FOXTEL IQ®: Australian registered trade mark of Twentieth Century Fox Film Corporation
Global Offering: The offer of 2,150,000,000 shares of Telstra in a global offering by the Commonwealth.

Frame Relay: a simplified packet transport protocol used to connect local area networks ("LANs") over large distances. It offers high speed data transmission to customers connecting any number of sites to other national or international locations.

FTTN (Fibre to the Node): an access infrastructure that brings fibre close to the customer with the last few hundred metres to the customer premises being fed by copper. FTTN delivers telephony, broadband data and potentially television services to customer premises.

Future Fund: a Commonwealth investment fund set up to strengthen the Commonwealth's long-term finances by providing for its unfunded superannuation liabilities. The Future Fund Board is responsible for investment decisions and holds the Future Fund's investments (for and on behalf of the Commonwealth). The Future Fund Board is a separate legal entity from the Commonwealth. The Future Fund Board members are subject to duties similar to those of company directors.

Government: the Government of the Commonwealth of Australia.

Global Offering: The Government's three tranche sell-down of its shares in Telstra.

GPRS (General Packet Radio Service): a service that will allow compatible mobile phones and mobile data devices to access Internet and other data networks on a packet basis. The devices can remain connected to the net and send or receive data information and email at any time.

GSM (Global System for Mobile Communications): a mobile telephone system based on digital transmission.

HFC: hybrid-fibre coaxial.

ICT: information and communications technology.

IP: internet protocol.

ISDN (Integrated Services Digital Network): a digital service providing switched and dedicated integrated access to voice, data and video.

ISP (Internet Service Provider): an internet service provider provides the link between an end user and the internet by means of a dial-up or broadband service. An ISP is also likely to provide help desk, web hosting and email services to the end user. An ISP may connect to the internet via their own backbone or via services acquired from an internet access provider.

InfoCall®: Australian registered trade mark of Telstra Corporation Limited ABN 33 051 775 556.

IT: information technology.

MPLS: multi-protocol label switching.

Multi Service Edge: MSE provides convergent aggregation and termination for legacy based data services. The MSE supports the conversion of legacy traffic to Ethernet/IP allowing this traffic to be carried on the new generation IP/MPLS core and Ethernet Transport Networks.

New World: New World Mobility Holdings Limited.

Next G™ wireless network: our recently launched 3GSM 850 MHz national wireless broadband network.

Optus: Singtel Optus Pty Limited (ABN 90052833208).

Over-allotment Option: under the Global offering, the Commonwealth has granted an option to the Joint Global Co-ordinators to purchase additional shares representing up to 15% of the ultimate offer size to cover over-allotments, if any.

PSTN (Public Switched Telephone Network): our national fixed network delivering basic and enhanced telephone services.

Priority®: Australian registered trade mark of Telstra Corporation Limited ABN 33 051 775 556.

REACH: Reach Ltd, a 50:50 joint venture with PCCW Limited.

SEC: The United States Securities Exchange Commission.

Sensis: Telstra's advertising subsidiary.

Sensis®: Australian registered trade mark of Telstra Corporation Limited ABN 33 051 775 556.

Seven: Seven Network Limited and C7 Pty Limited.

SouFun: SouFun Holdings Limited.

Specified Denomination: the meaning given in the Terms and Conditions of the Notes.

Telecommunications Act: Telecommunications Act 1997 (Cwth).

Telstra or Telstra Group: Telstra Corporation Limited and its controlled entities as a whole.

Telstra Act: Telstra Corporation Act 1991 (Cwth).

TelstraClear: TelstraClear Limited.

Telstra Entity: Telstra Corporation Limited.

Telstra Freecall®: Australian registered trade mark of Telstra Corporation Limited ABN 33 051 775 556.

TPA: Trade Practices Act 1974 (Cwth).

Trading Post®: Australian registered trade mark of Research Resources Pty Ltd ABN 51 001 077 256.

US: United States of America.

USO (Universal Service Obligation): obligation imposed on carriers to ensure that standard telecommunications services are reasonably available to all persons in the universal service area.

VoIP: Voice over Internet Protocol.

VPN: virtual private network.

WAN: wide area network.

WAP: wireless application protocol.

White Pages®: Australian registered trade mark of Telstra Corporation Limited ABN 33 051 775 556.

Yellow™: trade mark of Telstra Corporation Limited ABN 33 051 775 556.

Whereis®: Australian registered trade mark of Telstra Corporation Limited ABN 33 051 775 556.

®: Australian registered trade mark of Telstra Corporation Limited ABN 33 051 775 556.

Terms and Conditions of the Notes

Contents

1	Introduction	44
2	Form	44
3	Denomination	45
4	Currency	45
5	Status	45
6	Negative pledge	46
7	Title	46
8	Title to Australian and New Zealand Domestic Notes	47
9	Transfers of Australian and New Zealand Domestic Notes	48
10	Transfers of Canadian Domestic Notes	49
11	Fixed Rate Notes	50
12	Floating Rate Note and Variable Interest Notes	50
13	Dual Currency Notes	53
14	Partly Paid Notes	53
15	General provisions applicable to interest	53
16	Redemption	54
17	Payments	57
18	Payments in respect of Definitive Bearer Notes	58
19	Payments in respect of Global Notes	59
20	Payments in respect of Australian Domestic Notes and New Zealand Domestic Notes	59
21	Payments in respect of Canadian Domestic Notes	60
22	Taxation	61
23	Time limit for claims	63
24	Events of Default	63
25	Agents	64
26	Replacement of lost or damaged Notes and Coupons	65
27	Meetings of Noteholders	65
28	Variation	66
29	Further issues	66
30	Notices to Noteholders	66
31	Governing law and jurisdiction	67
32	Third party rights	69
33	Interpretation	70

The following are the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive bearer form or definitive registered form, or incorporated

by reference in or otherwise apply to each Note in certificated registered form or uncertificated registered form, issued under the Program. The terms and conditions applicable to any notes in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of provisions relating to Euro Notes while in Global Form" below.

Part 1 Introduction

1 Introduction

1.1 Program

Telstra Corporation Limited (ABN 33 051 775 556) ("**Issuer**") has established a debt issuance program for the issuance of an unlimited principal amount of Notes.

1.2 Final Terms

Notes issued under the Program are issued in Series. Each Series may comprise one or more Tranches having one or more issue dates and on terms otherwise identical (other than in respect of the first payment of interest). Each Tranche is the subject of the Final Terms which supplements, amends or replaces these Conditions. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms prevails.

1.3 Issue documentation

Subject to applicable Directives, the Issuer may issue Notes under the Program in any applicable country including Australia, New Zealand, Canada and countries in Europe and Asia (but not the United States). Notes issued in bearer form or registered form into capital markets outside Australia, New Zealand and the United States will be issued under the Euro Fiscal Agency Agreement or a Registry Services Agreement and have the benefit of the Deed of Covenant. Notes issued in registered form into the Australian and New Zealand capital markets will be issued under the Australian Note Deed Poll and the New Zealand Note Deed Poll respectively. Notes issued in Canada and other jurisdictions outside the United States will be made pursuant to such other additional documentation as the Issuer considers appropriate and in agreement with the Program Documents and relevant Directives.

1.4 The Notes

All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Issuer or the relevant Agent.

1.5 Summaries

Certain provisions of these Conditions are summaries of the Euro Fiscal Agency Agreement, the Australian Registry Services Agreement, the New Zealand Registry Services Agreement and other Program Documents and are subject to their detailed provisions. The Noteholders and Couponholders are bound by, and are taken to have notice of, all the provisions of the relevant Agency Agreement applicable to them. A copy of the relevant Agency Agreement is available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Issuer and the relevant Agents.

1.6 Interpretation

Defined terms and interpretation provisions are set out in Condition 34 ("Interpretation"). References to Euroclear and/or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Euro Fiscal Agent or the relevant Registrar, whether specified in the applicable Final Terms or otherwise.

Part 2 Form, Denomination and Title

2 Form

2.1 Bearer or registered

- (a) Subject to paragraph (b), the Notes are issued as Bearer Notes or Registered Notes as specified in the applicable Final Terms.
- (b) The Euro Notes are issued as Bearer Notes.

2.2 Definitive Bearer Notes

Definitive Bearer Notes are serially numbered and (other than in the case of Zero Coupon Notes) are issued:

- (a) with Coupons attached;
- (b) if specified in the relevant Final Terms, with Talons for further Coupons attached; and
- (c) if repayable in instalments, with Receipts for the payment of the instalments of principal (other than the final instalment) attached.

2.3 Uncertificated Registered Notes and Global Notes

Uncertificated Registered Notes and Global Notes do not have Coupons, Talons or Receipts attached on issue.

2.4 Certificated Registered Notes

Canadian Domestic Notes are represented by certificates, each certificate representing one or more Notes registered in the name of the recorded holder of such Canadian Domestic Notes.

2.5 Zero Coupon Notes

In these Conditions in relation to Zero Coupon Notes, references to interest (other than in relation to interest due after the Maturity Date), Coupons, Couponholders and Talons are not applicable.

2.6 Exchange of Bearer Notes and Registered Notes not permitted

Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

3 Denomination

Bearer Notes may be issued in one or more Specified Denominations of €50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. Registered Notes may be issued in one or more Specified Denominations of €50,000 and integral multiples of €1,000 in excess thereof. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. The minimum denomination of any Euro Notes must be €50,000 (or its equivalent in other currencies). The equivalent denomination for Notes denominated in an EEA currency other than euro must be calculated in accordance with the requirements (if any) in the relevant EEA State.

4 Currency

The Notes may be denominated in any Specified Currency, subject to compliance with all applicable legal, regulatory and central bank requirements.

5 Status

5.1 Status of the Notes

The Notes constitute direct, unsubordinated and (subject to Condition 6 ("Negative pledge")) unsecured obligations of the Issuer.

5.2 Ranking of Notes

The Notes rank equally among themselves and at least equally with all other unsecured and unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.

6 Negative pledge

6.1 Negative pledge

So long as any Notes of any Series remain Outstanding the Issuer must not create or permit to subsist any Security Interest upon the whole or any part of its present or future property or assets to secure any:

- (a) Relevant Indebtedness; or
- (b) guarantee by the Issuer of Relevant Indebtedness of third parties, unless in each case:
 - (i) at the same time or prior thereto it secures the Notes equally and rateably with that Relevant Indebtedness; or
 - (ii) granting or procuring to be granted such other Security Interest in respect of its obligations under all Notes of all Series as may be approved by an Extraordinary Resolution of the Noteholders.

6.2 Associated definitions

In Condition 6.1 ("Negative pledge"):

Relevant Indebtedness means any obligation in respect of moneys borrowed or raised which is in the form of or evidenced by any note, bond, debenture, or other similar debt instruments which is, or are capable of being, listed, quoted, ordinarily dealt in or traded on any recognised stock exchange, over the counter or other securities markets.

Security Interest means any mortgage, charge, pledge, lien or other security interest (other than one arising by operation of law).

7 Title

7.1 Scope of this condition

This Condition 7 ("Title") does not apply to Australian Domestic Notes or New Zealand Domestic Notes.

7.2 Bearer Notes

Title to Bearer Notes, Receipts and Coupons passes by delivery.

7.3 Recognition of interests

Subject to Condition 7.4 ("Global Notes"), and except as otherwise required by law, the Issuer and the Euro Fiscal Agent must treat the bearer of any Bearer Note, Receipt or Coupon as the absolute owner of the Bearer Note, Receipt or Coupon.

This Condition applies whether or not a Note is overdue and despite any notice of ownership or writing on a Note or notice of any previous loss or theft of it.

7.4 Global Notes

For so long as a Bearer Note is represented by a Global Note held on behalf of a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer and the Euro Fiscal Agent must treat:

- (a) for the purposes of payment of principal or interest on the principal amounts of those Notes, the bearer of the relevant Global Note as the holder of the principal amount of those Notes in accordance with and subject to the terms of the relevant Global Note; and
- (b) for all other purposes, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of a Global Note as the holder of the principal amount of those Notes.

Any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Global Notes standing to the account of any person is conclusive and binding for all purposes, except in the case of manifest error.

7.5 Canadian Domestic Notes

- (a) Title to Canadian Domestic Notes passes upon registration in a register which the Issuer must procure to be kept by the Canadian Registrar in accordance with the provisions of the Canadian Registry Services Agreement.
- (b) Subject to Condition 10 ("Transfers of Canadian Domestic Notes") and except as otherwise required by law, the Issuer and the Canadian Registrar must treat the registered holder of any Canadian Domestic Note as the absolute owner of that Canadian Domestic Note for all purposes, whether or not such Canadian Domestic Note is overdue and notwithstanding any notice of ownership, theft or loss or any writing thereon made by anyone.

8 Title to Australian and New Zealand Domestic Notes

8.1 Defined terms

In this Condition 8:

- (a) **"Note"** means an Australian Domestic Note or a New Zealand Domestic Note, as the case may be;
- (b) **"Register"** means the Australian Register or the New Zealand Register, as the case may be; and
- (c) **"Registrar"** means the Australian Registrar or the New Zealand Registrar, as the case may be.

8.2 Registered form

Each Note takes the form of an entry in the Register. No certificate will be issued in respect of it, unless the Issuer determines that certificates should be made available or that they are required by law.

8.3 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) a separate and individual acknowledgment to the Noteholder by the Issuer of the indebtedness of the Issuer to that Noteholder;
- (b) an unconditional and irrevocable undertaking by the Issuer to the Noteholder to make all payments of principal and interest in respect of the Note in accordance with these Conditions; and
- (c) an entitlement to the other benefits given to the Noteholders under these Conditions in respect of the relevant Note.

8.4 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note, subject to correction for fraud or error.

8.5 Non-recognition of interests

Except as required by law, neither the Issuer nor the Registrar is required to recognise:

- (a) a person as holding a Note on any trust; or
- (b) any other interest in any Note or any other right in respect of a Note except an absolute right of ownership in the registered holder, whether or not it has notice of the interest or right.

8.6 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Issuer is not bound to register more than four persons as joint holders of a Note.

Part 3 Transfers

9 Transfers of Australian and New Zealand Domestic Notes

9.1 Defined terms

In this Condition 9:

- (a) **“Note”** means an Australian Domestic Note or a New Zealand Domestic Note, as the case may be; and
- (b) **“Registrar”** means the Australian Registrar or the New Zealand Registrar, as the case may be.

9.2 Transfers in whole

Notes may be transferred in whole but not in part.

9.3 Compliance with laws

Notes may only be transferred if:

- (a) in the case of Australian Domestic Notes, the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer does not constitute an offer or invitation for which disclosure is required to be made to investors pursuant to Part 6D.2 of the Corporations Act;
- (b) in the case of New Zealand Domestic Notes, the aggregate consideration payable by the transferee at the time of the transfer is at least N.Z.\$500,000 or the offer or invitation giving rise to the transfer does not constitute an offer or invitation to the public for which disclosure is required to be made to investors, and certain other requirements are required to be fulfilled, pursuant to the Securities Act 1978 of New Zealand; and
- (c) the transfer complies with any other applicable Directives.

9.4 Transfer procedures

Australian Domestic Notes must be entered in the Austraclear System. Unless New Zealand Domestic Notes are entered in the Austraclear New Zealand System, application for the transfer of New Zealand Domestic Notes must be made by the lodgment of a transfer form with the New Zealand Registrar. Transfer forms are available from the New Zealand Registrar. Each form must be:

- (a) duly completed;
- (b) accompanied by any evidence as the New Zealand Registrar may require to prove the title of the transferor or the transferor's right to transfer the New Zealand Domestic Note; and
- (c) signed by both the transferor and the transferee.

Notes entered in the Austraclear System or the Austraclear New Zealand System, are transferable only in accordance with the Austraclear Regulations or the Austraclear New Zealand Regulations, as the case may be.

9.5 Restrictions on transfers

Transfers will not be registered later than the close of business on:

- (a) in the case of Domestic Australian Notes, the eighth calendar day prior to the Maturity Date; or

- (b) in the case of New Zealand Domestic Notes, the tenth calendar day prior to the Maturity Date.

10 Transfers of Canadian Domestic Notes

10.1 Transfers of interests in Canadian Domestic Notes

Transfers of beneficial interests in Canadian Domestic Notes will be effected by the relevant clearing system agreed by the Issuer and the relevant Dealer(s) and, in turn, by other participants and, if appropriate, indirect participants in such clearing system acting on behalf of beneficial transferors and transferees of such interests.

A beneficial interest in a Canadian Domestic Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Canadian Domestic Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of the relevant clearing system and in accordance with the terms and conditions specified in the Canadian Registry Services Agreement.

10.2 Transfers of Canadian Domestic Notes in definitive form

A Canadian Domestic Note in definitive form may, upon the terms and subject to the conditions set forth in the Canadian Registry Services Agreement, be transferred in whole or in part in the Specified Denominations set out in the applicable Final Terms. In order to effect any such transfer:

- (a) the holder or holders must:
 - (i) surrender the Canadian Domestic Note for registration of the transfer of that Canadian Domestic Note (or the relevant part of that Canadian Domestic Note) at the specified office of the Canadian Registrar, with the form of transfer thereon duly completed and executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and
 - (ii) complete and deposit such other certifications as may be required by the Canadian Registrar; and
- (b) the Canadian Registrar must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Canadian Registrar may from time to time prescribe. Subject as provided above, the Canadian Registrar will, within three Business Days (being for the purpose of this Condition 10 a day on which banks are open for business in the place of the specified office of the Canadian Registrar) of receipt of the form of transfer (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Canadian Domestic Note in definitive form of a like aggregate nominal amount to the Canadian Domestic Note (or the relevant part of the Canadian Domestic Note) transferred. In the case of the transfer of part only of a Canadian Domestic Note in definitive form, a new Canadian Domestic Note in definitive form in respect of the balance of the Canadian Domestic Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

10.3 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer of Canadian Domestic Notes as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

10.4 Closed Periods

Neither the Issuer nor the Registrar is required:

- (a) in the event of a partial redemption of Canadian Domestic Notes under Condition 15 ("General provisions applicable to interest"):

- (i) to register the transfer of Canadian Domestic Notes (or parts of Canadian Domestic Notes) during the period beginning on the 15th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Canadian Domestic Notes called (in whole or in part) for redemption (both inclusive); or
 - (ii) to register the transfer of any Canadian Domestic Note, or part of a Canadian Domestic Note, called for redemption; or
- (b) to register the transfer of Canadian Domestic Notes (or parts of Canadian Domestic Notes):
 - (i) during the period of 10 Business Days immediately prior to any Record Date in respect of that Note; or
 - (ii) during the period commencing on the Record Date in respect of the final Interest Payment Date in respect of that Note and ending on such Interest Payment Date.

Part 4 Interest

11 Fixed Rate Notes

11.1 Application

This Condition 11 ("Fixed Rate Notes") applies to the Notes only if the relevant Final Terms states that it applies.

11.2 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount (or, if it is a Partly Paid Note, as specified in Condition 14.2 ("Interest Rate")) from (and including) the Interest Commencement Date at the Interest Rate. Interest is payable in arrears on each Interest Payment Date, subject as provided in Condition 17.4 ("Payments on business days").

11.3 Fixed Coupon Amount

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on that date will amount to the Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, will amount to the Fixed Coupon Amount for the relevant Specified Denomination.

11.4 Broken Amount

Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

11.5 No Fixed Coupon Amount or Broken Amount

Except in the case of Notes where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest will be calculated in respect of any period by applying the Interest Rate to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount the amount of interest payable in respect of such Fixed Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

12 Floating Rate Note and Variable Interest Notes

12.1 Application

This Condition 12 ("Floating Rate Note and Variable Interest Notes") applies to the Notes only if the relevant Final Terms states that it applies.

12.2 Interest on Floating Rate Notes and Variable Interest Notes

Each Floating Rate Note and Variable Interest Note bears interest on its outstanding principal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the Interest Rate. Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the relevant Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, after the Interest Commencement Date, subject, in each case, as provided in Condition 17.4 ("Payments on business days").

12.3 Interest Rate

The Interest Rate payable in respect of a Floating Rate Note and Variable Interest Notes must be determined in the manner specified in the applicable Final Terms.

12.4 ISDA Determination

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate. For the purposes of this condition, "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the Designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is either:
 - (i) if the relevant Floating Rate Option is for a currency other than Sterling, the second Business Day before the first day of that Interest Period; or
 - (ii) in any other case, as specified in the relevant Final Terms.

For the purposes of this definition, "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

12.5 Screen Rate Determination

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Notes for each Interest Period will be the quotation offered for the Reference Rate appearing on the Relevant Screen Page at the Relevant Time. However:

- (a) if there is more than one offered quotation displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, the Screen Rate is the rate calculated by the Calculation Agent as the arithmetic mean of the offered quotations. If there are more than five offered quotations, the Calculation Agent must exclude the highest and lowest quotations (or, in the case of equality, one of the highest and one of the lowest quotations) from its calculation; or
- (b) if an offered quotation is not displayed by the Relevant Time on the Interest Determination Date or if it is displayed but there is an obvious error in that rate, Screen Rate means:
 - (i) the rate the Calculation Agent calculates as the arithmetic mean of the Reference Rates that each Reference Bank quoted to the leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date; or
 - (ii) where the Calculation Agent is unable to calculate a rate under sub-paragraph (b)(i) because it is unable to obtain the necessary number of quotes, the rate the Calculation Agent calculates is the arithmetic mean of the rates (being the nearest

equivalent to the Reference Rate) in respect of an amount that is representative for a single transaction in that market at that time quoted by two or more institutions chosen by the Calculation Agent in the Relevant Financial Centre at the Relevant Time on the date on which those banks would customarily quote those rates for a period commencing on the first day of the Interest Period to which the relevant Interest Determination Date relates for a period equivalent to the relevant Interest Period to leading banks carrying on business in the Relevant Financial Centre in good faith at approximately 11:00am on that day and in an amount that is representative for a single transaction in the market at that time; or

- (c) if the relevant Final Terms specifies an alternate method for the determination of the Screen Rate Determination, then that alternate method will apply.

12.6 Index Linked Interest Notes

If the Index Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Interest Rate(s) applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

12.7 Maximum or Minimum Interest Rate

If the relevant Final Terms specifies a Maximum Interest Rate or Minimum Interest Rate for any Interest Period, then the Interest Rate for that Interest Period must not be greater than the maximum, or be less than the minimum, so specified.

12.8 Calculation of Interest Rate and interest payable

The Calculation Agent must, as soon as practicable on or after determining the Interest Rate in relation to each Interest Period, calculate the amount of interest payable for the relevant Interest Period in respect of the outstanding principal amount of each Floating Rate Note and Variable Interest Note.

The Calculation Agent will calculate the amount of interest payable on the Floating Rate Notes and Variable Interest Notes for the relevant Interest Period by applying the Interest Rate to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or a Variable Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

12.9 Calculation of other amounts

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount must be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

12.10 Notification of Interest Rate, interest payable and other items

The Calculation Agent must notify the Issuer, the relevant Registrar, the relevant Agent and the relevant Noteholders and any stock exchange or other relevant authority on which the relevant Floating Rate Notes or Variable Interest Notes are listed as soon as possible of:

- (a) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the relevant Interest Payment Date; and
- (b) any amendment to any amount, item or date referred to in paragraph (a) arising from any extension or reduction in any relevant Interest Period or calculation period.

The Calculation Agent must give notice under this Condition 12.10 as soon as practicable after such determination but (in the case of each Interest Rate, the amount of interest payable and Interest Payment Date) in any event not later than the fourth day of the relevant Interest Period. Notice must also be given promptly to Noteholders.

The Calculation Agent may amend any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period without prior notice but must notify each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Variable Interest Notes are listed and the Noteholders after doing so.

12.11 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions (including the Interest Rate for any Interest Period and the amount of interest payable for any Interest Period in respect of any Note) is, in the absence of manifest error, final and binding on the Issuer, each Noteholder, the relevant Registrar, the relevant Agent and the Calculation Agent.

13 Dual Currency Notes

13.1 Application

This Condition 13 ("Dual Currency Notes") applies to the Notes only if the relevant Final Terms states that it applies.

13.2 Interest Rate

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable must be determined in the manner specified in the applicable Final Terms.

14 Partly Paid Notes

14.1 Application

This Condition 14 ("Partly Paid Notes") applies to the Notes only if the relevant Final Terms states that it applies.

14.2 Interest Rate

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest accrues on the paid up principal amount of those Notes as specified in the applicable Final Terms.

15 General provisions applicable to interest

15.1 Late payment of Notes (other than Zero Coupon Notes)

Interest ceases to accrue as from the due date for redemption of a Note (other than a Zero Coupon Note) unless upon due presentation (in the case of a Bearer Note), presentation and surrender (in the case of a Canadian Domestic Note) or demand (in the case of an Australian Domestic Note or a New Zealand Domestic Note) payment of the Redemption Amount is not made, in which case interest continues to accrue on it (both before and after any demand or judgment) at the rate then applicable to the outstanding principal amount of the Note or any other default rate specified in the relevant Final Terms until the date whichever is the earlier of:

- (a) the date on which the relevant payment is made to the relevant Noteholder; or
- (b) the seventh day after the date on which the relevant Paying Agent or Registrar has notified the Noteholders that it has received all sums due in respect of the Notes up to such day (except to the extent that there is any subsequent default in payment).

15.2 Late payment of Zero Coupon Notes

If the Redemption Amount payable in respect of any Zero Coupon Note is not paid when due, the Redemption Amount is an amount equal to the sum of:

- (a) the Reference Price; and

- (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of:
 - (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
 - (ii) the day on which the Principal Paying Agent or Registrar has notified the Noteholders that it has received all sums due in respect of the Notes up to such day (except to the extent that there is any subsequent default in payment).

15.3 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent being rounded up to 0.00001 per cent);
- (b) all amounts denominated in any currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards (save in the case of Japanese Yen which will be rounded down to the nearest Yen);
- (c) all figures must be rounded to five significant figures (with halves being rounded up); and
- (d) all amounts that are due and payable must be rounded to the nearest sub-unit (with halves being rounded up).

Part 5 Redemption and purchase

16 Redemption

16.1 Scheduled redemption

Each Note is redeemable by the Issuer on the Maturity Date at its Final Redemption Amount unless:

- (a) the Note has been previously redeemed; or
- (b) the Note has been purchased and cancelled; or
- (c) the Final Terms states that the Note has no fixed maturity date.

16.2 Early redemption for taxation reasons

The Issuer may redeem the Notes in a Series in whole (but not in part) before their Maturity Date at their Early Redemption Amount (Tax) if the Issuer is required under Condition 22.2 ("Withholding tax") to increase the amount of a payment in respect of a Note.

However, the Issuer may only do so:

- (a) if the Issuer has given at least 30 days' (and no more than 60 days') notice to the Principal Paying Agent or the Registrar, as the case may be, and the Noteholders (which notice is irrevocable); and
- (b) if, before the Issuer gives the notice under paragraph (a), the Principal Paying Agent or the Registrar, as the case may be, has received:
 - (i) a certificate signed by two authorised officers of the Issuer; and
 - (ii) an opinion of independent legal advisers of recognised standing in the jurisdiction of incorporation of the Issuer,

that the Issuer would be required under Condition 22.2 ("Withholding tax") to increase the amount of the next payment due in respect of the Notes of that Series; and

- (c) if the Notes are Fixed Rate Notes, no notice of redemption may be given 90 days prior to the earliest date on which the Issuer would be obliged to pay the additional amounts of a payment in respect of the Notes then due; and
- (d) if the Notes to be redeemed are Floating Rate Notes or Variable Interest Notes:
 - (i) the proposed redemption date is an Interest Payment Date; and
 - (ii) no notice of redemption may be given more than 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay the additional amounts of a payment in respect of the Notes were then due.

16.3 Early redemption at the option of the Issuer (Issuer call)

If the Final Terms states that the Issuer may redeem all or some of the Notes before their Maturity Date under this Condition 16.3, the Issuer may redeem so many of the Notes specified in the Final Terms at their Early Redemption Amount (Call).

However, the Issuer may only do so if:

- (a) the Issuer has given at least 30 days' (and no more than 60 days') (or any other period specified in the relevant Final Terms) notice to the Principal Paying Agent or the Registrar, as the case may be, and the Noteholders; and
- (b) the proposed redemption date is an Early Redemption Date (Call).

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or Higher Redemption Amount, both as indicated in the applicable Final Terms. If only some of the Notes in the Series are to be redeemed, the Notes to be redeemed ("**Redeemed Notes**") will be selected no later than 30 days before the date fixed for redemption ("**Selection Date**"):

- (i) in the case of Redeemed Notes represented by Definitive Bearer Notes or Canadian Domestic Notes in definitive form, individually by lot in such European or Canadian city respectively as the Euro Fiscal Agent or Registrar specifies or identified in such other manner or in such other place as the Euro Fiscal Agent or Registrar may approve and deem to be appropriate and fair;
- (ii) in the case of Redeemed Notes represented by a Global Note, in accordance with the rules of the relevant Clearing System; and
- (iii) in the case of Australian Domestic Notes and New Zealand Domestic Notes, in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices and the need to ensure that the prepaid amount of any redeemed Notes must be an integral multiple of the Specified Denomination,

subject always to compliance with applicable laws and the requirements of any relevant listing authority, stock exchange and/or quotation system.

In the case of Redeemed Notes represented by Definitive Bearer Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 30.1(a) ("Form") not less than 15 days (or such shorter period as is specified in the applicable Final Terms) before the date fixed for redemption.

No exchange of the relevant Global Note is permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption under this Condition 16.3. The Issuer must notify the Noteholders of this restriction at least five days (or such shorter period as is specified in the relevant Final Terms) before the Selection Date.

16.4 Early redemption at the option of Noteholders (investor put)

If the relevant Final Terms states that the Noteholder may require the Issuer to redeem all or some of the Notes before their Maturity Date at their Early Redemption Amount (Put) under this Condition 16.4, the Issuer must do so if the following conditions are satisfied.

The conditions are:

- (a) the Noteholder has given at least 45 days' notice to the Issuer;
- (b) if the Notes to be redeemed are Definitive Notes, they are to be redeemed in whole;
- (c) if the Notes to be redeemed are Registered Notes, the amount of Notes to be redeemed is any multiple of their lowest Specified Denomination;
- (d) the Noteholder has delivered, to the specified office of the Principal Paying Agent or the Registrar, as the case may be, during normal business hours:
 - (i) if the Notes are in Definitive Form, the Notes to be redeemed; and
 - (ii) for all Notes, a completed and signed redemption notice (in the form obtainable from the specified office of the Principal Paying Agent, any Paying Agent or the Registrar); and
- (e) the notice referred to in paragraph (d)(ii) specifies:
 - (i) a bank account to which the payment should be made or an address to where a cheque for payment should be sent; and
 - (ii) if the Notes to be redeemed are Registered Notes, the Early Redemption Amount (Put) at which those Notes are to be redeemed and, if the Registered Notes are Canadian Domestic Notes and less than the full nominal amount of Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of the Registered Notes is to be sent subject to and in accordance with Condition 9 ("Transfers of Australian and New Zealand Domestic Notes") or Condition 10 ("Transfer of Canadian Domestic Notes") respectively.

A Noteholder may not exercise its option under this Condition 16.4 in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 16.2 ("Early redemption for taxation reasons") or Condition 16.3 ("Early redemption at the option of the Issuer (Issuer call)").

16.5 Calculation of Early Redemption Amounts

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption at any time before the Maturity Date of:

- (a) a Note (other than a Zero Coupon Note and a Variable Redemption Note but including any Instalment Note or Partly-Paid Note) is an amount equal to the sum of the outstanding principal amount and interest (if any) accrued on it;
- (b) a Zero Coupon Note is an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable; and
- (c) a Variable Redemption Note is an amount determined by the Calculation Agent that would on the due date for redemption have the effect of preserving for the Noteholder the economic equivalent of the obligations of the Issuer to make payment of the Final Redemption Amount on the Maturity Date.

Where the calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year must be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 16.5.

16.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined under Condition 16.5 ("Calculation of Early Redemption Amounts").

16.7 Partly Paid Notes

Partly Paid Notes will be redeemed at maturity in accordance with the provisions of the applicable Final Terms. In the case of Early Redemption, the Early Redemption Amount will be determined under Condition 16.5 ("Calculation of Early Redemption Amounts").

16.8 Effect of notice of redemption

Any notice of redemption given under this Condition 16 ("Redemption") is irrevocable and obliges the Issuer to redeem the Notes at the time and in the manner specified in the notice.

16.9 Purchase

The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased with those Notes. If purchases are made by tender, tenders must be available to all Noteholders alike.

16.10 Cancellation

All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries under Condition 16.9 ("Purchase") (and any unmatured Coupons attached to or surrendered with them) will be cancelled forthwith and may not be reissued or resold.

Part 6 Payments

17 Payments

17.1 Method of payment

Except to the extent these Conditions provide otherwise:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency; and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

17.2 Payments in U.S. dollars

Despite any Condition, if any amount of principal or interest in respect of Bearer Notes is payable in U.S. dollars, those U.S. dollar payments of principal or interest in respect of those Notes may be made at the Specified Office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with Specified Offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such Specified Offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of that principal and interest at all those Specified Offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) the payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

17.3 Payments subject to fiscal laws

Payments will be subject in all cases to all applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 22 ("Taxation").

17.4 Payments on business days

If the date for payment of any amount in respect of any Note is not a Payment Business Day, the Noteholder is not entitled to payment until the next following Payment Business Day in the relevant place and is not entitled to further interest or other payment in respect of such delay.

18 Payments in respect of Definitive Bearer Notes

18.1 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of:

- (a) principal in respect of a Definitive Bearer Note will be made only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Definitive Bearer Note;
- (b) interest in respect of a Definitive Bearer Note will be made only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of a Coupon;
- (c) instalments of principal in respect of a Definitive Bearer Note, other than the final instalment, will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt and the presentation of the Definitive Bearer Note to which it appertains; and
- (d) the final instalment of principal in respect of a Definitive Bearer Note will be made only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Definitive Bearer Note.

Each Definitive Bearer Note, Receipt, and Coupon which is required to be presented under these Conditions must be presented at the Specified Office of any Paying Agent outside the United States.

18.2 Validity of Receipts

Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer.

18.3 Unmatured Receipts

When a Definitive Bearer Note becomes due and repayable, all unmaturing Receipts relating to it (whether or not attached) are void and no payment is required to be made in respect of them.

18.4 Fixed Rate Notes and unmaturing Coupons

Fixed Rate Notes in definitive bearer form must be presented for payment together with all unmaturing Coupons appertaining to them (including Coupons falling to be issued on exchange of matured Talons).

If any unmaturing Coupons are not presented for payment in accordance with this Condition 18.4:

- (a) the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of that missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment; and
- (b) each amount of principal deducted under paragraph (a) will be paid against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not that Coupon would otherwise have become void under Condition 23 ("Time limit for claims")) or, if later, five years from the date on which that Coupon would otherwise have become due.

18.5 Fixed Rate Notes and unmaturing Talons

If a Fixed Rate Note in definitive bearer form becomes due and repayable before its Maturity Date, all unmaturing Talons appertaining to it are void and no further Coupons will be issued in respect of them.

18.6 Other Definitive Bearer Notes and unmatured Coupons and Talons

When any Floating Rate Notes or Variable Note in definitive bearer form becomes due and repayable, all unmatured Coupons and Talons relating to it (whether or not attached) are void and no payment or, as the case may be, exchange for further Coupons may be made in respect of them.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, any interest accrued in respect of that Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date is payable only against presentation and surrender of the relevant Definitive Bearer Note.

19 Payments in respect of Global Notes

19.1 Presentation of Global Note

Payments of principal and any interest in respect of Notes represented by any Global Note will be made:

- (a) against presentation or surrender, as the case may be, of that Global Note at the Specified Office of any Paying Agent outside the United States; and
- (b) otherwise in the manner specified in the relevant Global Note.

19.2 Records of payments

A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on that Global Note by the Paying Agent to which it was presented and that record is *prima facie* evidence that the payment in question has been made.

19.3 Holders of Global Notes entitled to payments

The holder of a Global Note is the only person entitled to receive payments in respect of Notes represented by that Global Note and:

- (a) the Issuer is discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid; and
- (b) each person shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular principal amount of Notes represented by a Global Note must look solely to Euroclear or Clearstream Luxembourg, as the case may be, for that person's share of each payment so made by the Issuer, or to the order of, the holder of such Global Note.

19.4 Registered Notes

This Condition 19 does not apply to Global Notes that are Registered Notes. Payment in respect of Australian Domestic Notes and New Zealand Domestic Notes are covered in Condition 20 and Canadian Domestic Notes in Condition 21.

20 Payments in respect of Australian Domestic Notes and New Zealand Domestic Notes

20.1 Defined terms

In this Condition 20:

- (a) “**Note**” means an Australian Domestic Note or a New Zealand Domestic Note, as the case may be;
- (b) “**Registrar**” means the Australian Registrar or the New Zealand Registrar, as the case may be; and
- (c) “**Registry Services Agreement**” means the Australian Registry Services Agreement or the New Zealand Registry Services Agreement, as the case may be.

20.2 Registrar is principal paying agent

The Registrar will act as principal paying agent for Notes under the Registry Services Agreement.

20.3 Method of payment - Notes in a Clearing System

If Notes are held in the Austraclear System or the Austraclear New Zealand System, payments of:

- (a) interest will be made to the person registered at the close of business on the relevant Record Date as the holder of such Note;
- (b) principal in respect of Australian Domestic Notes will be made to the persons registered at 10.00am on the payment date as the holder of such Notes; and
- (c) principal in respect of New Zealand Domestic Notes will be made to the persons registered at the opening of business on the payment date as the holder of such Notes,

in each case by crediting on the relevant payment date the amount then due to the account of the Noteholder in accordance with the Austraclear Regulations or the Austraclear New Zealand Regulations, as the case may be.

20.4 Method of payment - Notes not in a Clearing System

If Notes are not held in the Austraclear System or the Austraclear New Zealand System, payments of:

- (a) interest will be made to the persons registered at the close of business on the relevant Record Date as the holders of such Notes; and
- (b) principal will be made to the persons registered at 10.00am on the payment date as the holder of such Notes,

in each case subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made:

- (c) by cheques despatched by post on the relevant payment date at the risk of the Noteholder; or
- (d) at the option of the Noteholder by the Registrar giving irrevocable instructions for the effecting of a transfer of the relevant funds to an account in Australia or New Zealand, as the case may be, specified by the Noteholder to the Registrar; or
- (e) in any other manner in which the Registrar and the Noteholder agree.

In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Registrar gives irrevocable instructions for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder on the same day as the day on which the instructions are given.

If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Registrar is shown, to the satisfaction of the Registrar, not to have reached the Noteholder and the Registrar is able to recover the relevant funds, the Registrar may make such other arrangements as it thinks fit for the effecting of the payment.

21 Payments in respect of Canadian Domestic Notes

21.1 Defined terms

In this Condition 21:

- (a) **"Designated Account"** means the account maintained by a holder with a Designated Bank and identified as such in the Register;
- (b) **"Designated Bank"** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro;

- (c) **"Note"** means a Canadian Domestic Note;
- (d) **"Paying Agent"** means a Canadian paying agent appointed in respect of the Notes;
- (e) **"Register"** means the Canadian Register; and
- (f) **"Registrar"** means the Canadian Registrar.

21.2 Method of payment

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of that Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of that Note appearing in the Register at the close of business on the Record Date.

Notwithstanding the previous paragraph, if:

- (a) a Noteholder does not have a Designated Account; or
- (b) the nominal amount of the Canadian Domestic Notes held by a holder is less than C\$250,000 (or its approximate equivalent in any other Specified Currency),

payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below).

21.3 Determination

- (a) Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) before the Record Date at his address shown in the Register on the Record Date and at his risk. For so long as the Notes are in global form and registered in the name of a nominee of the relevant clearing system or upon application of the holder to the specified office of the Registrar not less than three Business Days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Note, the payment shall be made by transfer to the Designated Account on the due date in the manner provided in Condition 21.2 ("Method of payment"). Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each such Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal in respect of such Note.
- (b) Holders of Notes are not entitled to any interest or other payment for any delay in receiving any amount due in respect of any such Note as a result of a cheque posted in accordance with this Condition 21 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of such Notes.
- (c) None of the Issuer, the Registrar or the Agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

22 Taxation

22.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless required by law.

22.2 Withholding tax

If a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to withhold or deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below and to pay an amount equal to the amount deducted to the relevant authority in accordance with applicable law); and
- (b) subject to Condition 22.3 ("Withholding tax exemptions"), if the amount deducted or withheld is in respect of Taxes imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision of it, an additional amount is payable so that, after making the deduction and further withholding or deductions applicable to additional amounts payable under this paragraph (b), the Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no withholding or deductions had been required.

22.3 Withholding tax exemptions

Condition 22.2(b) ("Withholding tax") will not apply in relation to any payments in respect of any Note:

- (a) to a Noteholder (or a third party on its behalf) who is liable to such Taxes in respect of that Note by reason of its deriving payment in respect of it carrying on business at or through a permanent establishment of the Noteholder in the Commonwealth of Australia or its territories; or
- (b) more than 30 days after the Relevant Date except to the extent that a Noteholder would have been entitled to additional amounts under Condition 22.2(b) ("Withholding tax") on presenting the same, or making demand, for payment on the last day of the period of 30 days; or
- (c) on account of Taxes which are payable by reason of the Noteholder being an associate of the Issuer for the purposes of section 128F of the Tax Act; or
- (d) on account of Taxes which are payable to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to the Issuer or its agent or any tax authority where (in the case of Bearer Notes) the relevant Note is presented for payment or (in the case of Registered Notes) where the demand for payment is made; or
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) which is presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the EU; or
- (g) in such other circumstances as may be specified in the Final Terms.

22.4 New Zealand resident withholding tax exemptions

Each holder of a New Zealand Domestic Note who holds a certificate of exemption from New Zealand resident withholding tax under section NF 9 of the Income Tax Act 1994 (N.Z.) or section NF 9 of the Income Tax Act 2004 (N.Z.) must provide to the Issuer or the New Zealand Registrar either the original or a certified copy of that certificate, unless the holder is a registered bank under the Reserve Bank of New Zealand Act 1989.

The Issuer and the New Zealand Registrar may treat the holder of a New Zealand Domestic Note as not holding a certificate of exemption if:

- (a) the holder fails to comply with the above; or
- (b) the Issuer is otherwise not satisfied that the holder holds such a certificate.

The Issuer may require the holder of a New Zealand Domestic Note who claims any exemption from New Zealand non-resident withholding tax to provide such evidence as the Issuer may require to satisfy itself that the holder of a New Zealand Domestic Note has a right to any such exemption.

23 Time limit for claims

23.1 Time limit

A claim against the Issuer for a payment under a Note (whether in bearer or registered form), Receipt or Coupon (which in this Condition 23.1, does not include a Talon) is void unless presented for payment within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

23.2 Discharge of Issuer

The Issuer is discharged from its obligation to make a payment in respect of a Registered Note to the extent that:

- (a) the relevant Registered Note certificate (if any) has not been surrendered to the Registrar within; or
- (b) a cheque which has been duly despatched in the Specified Currency remains uncashed at the end of the period of:

10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

23.3 Void payments

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void under these Conditions.

Part 7 Default

24 Events of Default

24.1 Event of Default

An Event of Default occurs in relation to a Series of Notes if:

- (a) **(payment default)** the Issuer does not pay any amount in respect of the Notes of the relevant Series or any of them within five Business Days of the due date for payment; or
- (b) **(other default)** the Issuer does not comply with its other obligations under or in respect of the Notes of the relevant Series and, if the non-compliance can be remedied, does not remedy the non-compliance within 30 days after written notice requiring such default to be remedied has been delivered to the Issuer by a Noteholder; or
- (c) **(cross default)** any indebtedness in excess of A\$50,000,000 (or its equivalent in any other currency) of the Issuer in respect of money borrowed or raised is not paid within 10 Business Days of:
 - (i) its due date; or
 - (ii) the end of any applicable period of grace,whichever is the later; or
- (d) **(insolvency)** an Insolvency Event occurs in respect of the Issuer; or

- (e) **(administration)** a controller (as defined in the Corporations Act) is appointed in respect of a substantial part of the property of the Issuer; or
- (f) **(obligations unenforceable)** any of the Notes, the Deed of Covenant, the Australian Note Deed Poll or the New Zealand Note Deed Poll is or becomes wholly or partly void, voidable or unenforceable.

24.2 Associated definition

In Condition 24.1 (“Event of Default”):

“**Insolvency Event**” means the happening of any of these events:

- (a) except to reconstruct or amalgamate while solvent, the Issuer enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or proposes a reorganisation, moratorium or other administration involving any of them; or
- (b) the Issuer resolves to wind itself up or otherwise dissolve itself, except to reconstruct or amalgamate while solvent or an order is made by an Australian court that the Issuer be wound up or the Issuer is otherwise wound up or dissolved; or
- (c) the Issuer is or states that it is unable to pay its debts when they fall due; or
- (d) execution or other process issued on a judgment, decree or order of an Australian court in favour of a creditor of the Issuer for a monetary amount in excess of A\$50,000,000 (or its equivalent in any other currency) is returned wholly or partly unsatisfied.

24.3 Consequences of an Event of Default

If any Event of Default occurs and is subsisting in relation to the Notes of any Series or any of them, a Noteholder in that Series may by written notice addressed to the Issuer and delivered to the Issuer (with a copy to the relevant Agent) declare such Note to be immediately due and payable where upon it should become immediately due and payable at its Final Redemption Amount (together with all accrued interest (if any)) applicable to each Note held by the Noteholder to be due and payable immediately or on such other date specified in the notice.

Part 8 General

25 Agents

25.1 Role of Agents

In acting under the relevant Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

25.2 Appointment and replacement of Agents

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. Subject to Condition 25.3 (“Required Agents”), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor agents.

25.3 Required Agents

The Issuer shall:

- (a) at all times maintain a Euro Fiscal Agent and (for so long as there are any Australian Domestic Notes Outstanding) an Australian Registrar and (for so long as there are any New Zealand Domestic Notes Outstanding) a New Zealand Registrar and (for so long as there are any Canadian Domestic Notes Outstanding) a Canadian Registrar;
- (b) if a Calculation Agent is specified in the relevant Final Terms, at all times maintain a Calculation Agent;

- (c) if and for so long as the Notes are admitted to the Official List of the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of FSMA and to trading on the Market and admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system, maintain a Paying Agent having its Specified Office in London and/or in such other place as may be required by such listing authority, stock exchange and/or quotation system; and
- (d) maintain a Paying Agent in an EU member state that will not be obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with that Directive.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

26 Replacement of lost or damaged Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of:

- (a) the Euro Fiscal Agent, in the case of Bearer Notes;
- (b) the Registrar, in the case of certificated Registered Notes; and
- (c) if the Notes are then listed on any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system),

subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the relevant Agent may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

27 Meetings of Noteholders

27.1 Meetings provisions

The Meetings Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Noteholders of any Series to consider any matter affecting their interest, including the modification of these Conditions and the Deed of Covenant insofar as the same may apply to such Notes.

Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and must be convened by the Issuer upon the request in writing of Noteholders holding not less than 10% of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than 50% of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented. However, Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than 75% or, at any adjourned meeting, 25% of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting is binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

27.2 Resolutions binding

An Extraordinary Resolution passed at any meeting of the Noteholders of any Series is binding on all Noteholders of such Series, whether or not they are present at the meeting, and on all Couponholders relating to Notes of such Series.

28 Variation

28.1 Variation of Notes and Conditions

The Notes, these Conditions and any Program Document may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error.

28.2 Variation of Program Documents

The parties to any Program Document may agree to modify any provision of it, but the Issuer is not permitted to make, and may not agree, to any such modification without the consent of the Noteholders unless:

- (a) it is of a formal, minor or technical nature; or
- (b) it is made to correct a manifest error; or
- (c) it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

28.3 Notice

Notice of any amendment or variation of the Notes, these Conditions or any Program Document shall promptly be given to the Noteholders.

29 Further issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes of any particular Series.

30 Notices to Noteholders

30.1 Form

A notice or other communication in connection with a Note to the Noteholder must be in writing and:

- (a)
 - (i) if the Note is a Bearer Note, it may be given, and as long as the Notes are listed on the Official List and admitted to trading on the Market it will be given, in an advertisement published in the Financial Times or if such publication is not practical, in a leading English daily newspaper having general circulation in Europe; or
 - (ii) (if permitted by the relevant listing authority, stock exchange and/or quotation system) in the case of Notes represented by a Temporary Global Note, a Permanent Global Note or a Canadian Domestic Note, it may be delivered to Euroclear and Clearstream, Luxembourg, or any other relevant Clearing System for communication by them to the persons shown in their respective records as having interests in those Notes; or
- (b) if the Note is an Australian Domestic Note, it may be given in an advertisement published in The Australian Financial Review or any other newspaper or newspapers circulating in Australia generally; or
- (c) if the Note is a New Zealand Domestic Note, it may be given in an advertisement published in each of the New Zealand Herald and The Dominion Post or any other newspaper or newspapers circulating in New Zealand generally; or
- (d) if the Note is a Registered Note (including an Australian Domestic Note or a New Zealand Domestic Note) by being sent by prepaid post (airmail if appropriate) or left at the address of

each Noteholder or any relevant Noteholder as shown in the relevant Register at the close of business on the day which is three Business Days prior to the dispatch of the relevant notice or communication; or

- (e) if the Final Terms for the Note specifies an additional or alternate newspaper then by publication in that newspaper.

30.2 When effective

A notice given in accordance with Condition 30.1 ("Form") will be taken to be duly given:

- (a) in the case of publication in a newspaper, on the date of first such publication has been made in all the required newspapers; or
- (b) in the case of delivery to Euroclear, Clearstream, Luxembourg or another Clearing System, on the fourth weekday after the date of such delivery; or
- (c) in the case of Registered Notes:
 - (i) in the case of a letter, on the fifth day after posting; and
 - (ii) in the case of a facsimile, on receipt by the sender of a successful transmission report; and
 - (iii) in the case of publication in a newspaper, on the date of publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

30.3 Couponholders

Couponholders are taken for all purposes to have notice of the contents of any notice given to the Noteholders.

31 Substitution of Issuer

31.1 Substitution

The Issuer may, without the consent of Noteholders at any time substitute for itself any company, being a Related Body Corporate of the Issuer, as principal debtor ("**Substituted Debtor**") in respect of all obligations arising from or in connection with the Notes or the Program Documents. The Issuer may only do this if:

- (a) the Substituted Debtor assumes all obligations of the Issuer under the Notes and all other relevant documents in connection with the Notes;
- (b) the Issuer and the Substituted Debtor have entered into such documents ("**Documents**") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder to be bound by these terms and conditions and the provisions of the Agency Agreement as the debtor in respect of the Notes in place of the Issuer (or of any previous Substituted Debtor under this Condition 31 ("Substitution of the Issuer"));
- (c) the Substituted Debtor has entered into a deed of covenant in favour of the Noteholders then represented by a Global Note or Registered Global Note certificate, as the case may be, on terms no less favourable than the Deed of Covenant then in force in respect of the Notes;
- (d) the Issuer or, as the case may be, the previous Substituted Debtor is not in default in respect of any amount payable under the Notes;
- (e) the Issuer irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substitute Debtor in respect of the Notes;
- (f) immediately after such substitution of the Issuer, no Event of Default will occur;

- (g) the Substituted Debtor has obtained all necessary authorisations and approvals for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents from the authorities in the country where the Substituted Debtor is incorporated, and the Issuer can transfer to, and the Substituted Debtor will be able to pay to, the Paying Agent in the currency required under the Notes all amounts necessary for the fulfilment of the payment obligations on or in connection with the Notes without withholding or deduction for or on account of any taxes, charges or duties of whatsoever nature;
- (h) the Substitute Debtor has agreed to indemnify each Noteholder against any Taxes imposed or arising on or in respect of any instrument effecting such substitution and, if the Substituted Debtor is resident for tax purposes in a territory ("**New Residence**") other than that in which the Issuer prior to such substitution was resident for tax purposes ("**Former Residence**"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that, following substitution, each Noteholder would have the benefit of an undertaking in terms corresponding to the provisions of Condition 22 ("Taxation"), with:
 - (i) the substitution of references to the Issuer with references to the Substituted Debtor (to the extent that this is not achieved by Condition 31(a), (b) and (c)); and
 - (ii) the substitution of references to the Former Residence with references to both the New Residence and the Former Residence;
- (i) there have been delivered to each Agent opinions of lawyers of recognised standing in Australia and of lawyers of recognised standing in the country of incorporation of the Substituted Debtor in a form acceptable to the Agents to the effect that the matters referred to in paragraphs (a), (b), (c), (d), (e), (g) and (h) above have been satisfied and that the Notes are legal, valid and binding obligations of the Substituted Debtor;
- (j) the Substituted Debtor has a credit rating from an internationally recognised rating agency at least equal to the higher of the credit rating of the Issuer immediately prior to the substitution or an investment grade credit rating, such rating agency having been informed of the proposed substitution;
- (k) the Notes have been assigned a credit rating from an internationally recognised rating agency at least equal to the higher of the credit rating of the Notes immediately prior to the substitution or an investment grade credit rating, such rating agency having been informed of the proposed substitution; and
- (l) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on such stock exchange.

31.2 Notice

Notice of any such substitution shall be promptly given to the Noteholders in accordance with Condition 30 ("Notice to the Noteholders").

31.3 Effective Date

A substitution under this Condition 31 takes effect on and from the date ("**Effective Date**") specified under Condition 30.2, which must be a date not earlier than 30 days after the date on which the notice is given.

31.4 Effect of substitution

On and with effect from the Effective Date:

- (m) the Substituted Debtor shall assume all of the obligations of the Issuer with respect to the Notes and all other relevant documents in connection with the Notes (whether accrued before or after the Effective Date); and
- (n) any reference in the Conditions and under all relevant Program Documents to:
 - (i) the Issuer shall from then on be deemed to refer to the Substituted Debtor; and

- (ii) the country in which the Issuer is domiciled as resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for tax purposes of the Substituted Debtor; and

In Condition 24 ("Events of Default") a further event of default is deemed to be included, such that an event of default shall exist in the case that the guarantee pursuant to Condition 31.1(e) above is or becomes invalid for any reason.

32 Governing law and jurisdiction

32.1 Governing law

The Bearer Notes and Canadian Domestic Notes are governed by, and shall be construed in accordance with, English law. The Australian Domestic Notes are governed by and shall be construed in accordance with the law of the Australian Capital Territory. The New Zealand Domestic Notes are governed by and shall be construed in accordance with the law of New Zealand (each of these laws being the law of a "Relevant Jurisdiction").

32.2 Jurisdiction

The Issuer agrees for the benefit of the Noteholders that the courts of the Relevant Jurisdiction have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "Proceedings" and "Disputes") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

32.3 Appropriate forum

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of the Relevant Jurisdiction being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

32.4 Process agent - England

The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Telstra Europe Limited at Telstra House, 21 Tabernacle Street, London EC2A 4DE or at any address of the Issuer in England at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer agrees, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Euro Fiscal Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Euro Fiscal Agent. Nothing in this paragraph affects the right of any Noteholder to serve process in any other manner permitted by law.

32.5 Process agent - New Zealand

The Issuer agrees that the process by which any Proceedings in New Zealand are begun may be served on it by being delivered to General Counsel, TelstraClear Limited, Smales Farm Office Park, corner Northcote and Taharato Road, Takapuna, Auckland or any other manner permitted by the laws of New Zealand.

32.6 Non-exclusivity

The submission to the jurisdiction of the courts of a Relevant Jurisdiction does not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

33 Third party rights

No person has any rights to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 of the United Kingdom.

34 Interpretation

34.1 Definitions

In these Conditions, the following expressions have the following meanings:

Accrual Yield has the same meaning as in the relevant Final Terms.

Additional Business Centre(s) means each city specified as such in the relevant Final Terms.

Additional Financial Centre(s) means each city specified as such in the relevant Final Terms.

Agency Agreement means:

- (a) the Euro Fiscal Agency Agreement;
- (b) the Australian Registry Services Agreement;
- (c) the New Zealand Registry Services Agreement;
- (d) the Canadian Registry Services Agreement; and
- (e) such other agency agreement as the Issuer may enter into in relation to an issue of Notes under the Program.

Agent means the Euro Fiscal Agent, each Registrar, each Paying Agent, each Calculation Agent and includes any successor, substitute or additional agent appointed under an Agency Agreement from time to time.

Austraclear means Austraclear Limited (ABN 94 002 060 773).

Austraclear New Zealand Regulations means the regulations known as the "Austraclear New Zealand System Rules" established by the Reserve Bank of New Zealand to govern the use of the Austraclear New Zealand System.

Austraclear New Zealand System means the system operated by the Reserve Bank of New Zealand in New Zealand for holding securities and electronic recording and settling of transactions in those securities between members of that system.

Austraclear Regulations means the regulations known as the "Regulations and Operating Manual" established by Austraclear to govern the use of the Austraclear System.

Austraclear System means the system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between members of that system.

Australian Domestic Note means a medium term registered debt obligation of the Issuer constituted by, and owing under the Australian Note Deed Poll, the details of which are recorded in, and evidenced by, inscription in the Australian Register.

Australian Note Deed Poll means any Australian note deed poll so entitled made by the Issuer in favour of Noteholders in relation to the Program.

Australian Register means a register, including any branch register, of Noteholders of Australian Domestic Notes established and maintained by or on behalf of the Issuer.

Australian Registrar means in relation to Australian Domestic Notes, Austraclear Services Limited (ABN 28 003 284 419) or such other person appointed by the Issuer pursuant to the Australian Registry Services Agreement to maintain the relevant Register in relation to Australian Domestic Notes and perform such payment and other duties as specified in that agreement.

Australian Registry Services Agreement means the agreement titled "Agency and Registry Services Agreement" between the Issuer and Austraclear Services Limited dated 31 October 2001 in relation to the Australian Domestic Notes.

Broken Amount has the meaning given in the relevant Final Terms.

Bearer Note means a Note which is in bearer form.

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in London and any Additional Business Centre specified in the applicable Final Terms, and:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Financial Centre; and
- (b) in relation to any sum payable in Australian dollars, a day which banks are open for general banking business in Sydney and Melbourne and in each Additional Financial Centre (if any) (not being a Saturday, Sunday or public holiday in that place);
- (c) in relation to any sum payable in New Zealand dollars, a day which banks are open for general banking business in Wellington and Auckland and in each Additional Financial Centre (if any) (not being a Saturday, Sunday or public holiday in that place); and
- (d) in relation to any sum payable in any other currency, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the Principal Financial Centre of the relevant currency and in each (if any) Additional Financial Centre.

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms, in relation to any date applicable to any Note, have the following meanings:

- (a) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (b) **Modified Following Business Day Convention or Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is the first preceding day that is a Business Day;
- (c) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day;
- (d) **FRN Convention, Floating Rate Convention or Eurodollar Convention** means that the date which numerically corresponds to the preceding date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding date occurred, provided however:
 - (i) if there is no such numerically corresponding day in the calendar month in which that date should occur, then that date is the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which case the date is brought forward to the first preceding day which is a Business Day; and
 - (iii) if the preceding date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

Calculation Agent means the Euro Fiscal Agent or any other person specified in the relevant Final Terms as the party responsible for calculating the Interest Rate and the amount of interest payable in respect of that Note for that Interest Period or such other amount(s) as may be specified in the relevant Final Terms.

Calculation Amount has the meaning given in the relevant Final Terms.

Canadian Domestic Note means a medium term registered debt obligation of the Issuer, issued in global form or, in certain limited circumstances in definitive form, in or substantially in the form set out in the Canadian Registry Services Agreement, the details of which are recorded in, and evidenced by inscription, in the Canadian Register.

Canadian Register means a register, including any branch register, of Noteholders of Canadian Domestic Notes established and maintained by or on behalf of the Issuer.

Canadian Registrar means in relation to Canadian Domestic Notes, such person appointed by the Issuer pursuant to a Canadian Registry Services Agreement to maintain the Canadian Register in relation to Canadian Domestic Notes and perform such payment and other duties as specified in that agreement.

Canadian Registry Services Agreement means any agreement between the Issuer and the Canadian Registrar in relation to the Canadian Domestic Notes.

Clearing System means Euroclear, Clearstream, Luxembourg, the Austraclear System, the Austraclear New Zealand System and any other clearing system designated as such in a relevant Final Terms.

Clearstream, Luxembourg means Clearstream Banking, société anonyme.

Common Depositary means, in relation to a Series of Notes, the common depositary for Euroclear and Clearstream, Luxembourg.

Condition means the correspondingly numbered condition in these terms and conditions.

Corporations Act means the Corporations Act 2001 of Australia.

Coupon means a bearer interest coupon appertaining to a Definitive Bearer Note (other than a Zero Coupon Note) in or substantially in the form set out in the Euro Fiscal Agency Agreement, or in such other form as may be agreed between the Issuer and the Euro Fiscal Agent.

Couponholders means, in respect of a Series, the holders of the Coupons and includes, where applicable, the Talonholders.

Day Count Fraction means, in respect of the calculation of an amount for any period of time ("Calculation Period"), the day count fraction specified in these Conditions or the relevant Final Terms and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (b) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

- (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months unless:
 - (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day is not considered to be shortened to a 30-day month; or
 - (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February is not considered to be lengthened to a 30-day month);
- (f) if "**30E/360**" or "**Eurobond Basis**" is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February is not considered to be lengthened to a 30-day month);
- (g) if "**RBA Bond Basis**" or "**Australian Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year;
- (h) if "**NZ Govt Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year; and
- (i) any other Day Count Fraction specified in the relevant Final Terms.

Deed of Covenant means any deed of covenant so entitled made by the Issuer in connection with the Program.

Definitive Bearer Note means a Bearer Note issued in definitive form in or substantially in the form set out in the Euro Fiscal Agency Agreement and having, where appropriate, Coupons, Talons or Receipts attached on issue in definitive form.

Directive means:

- (a) a law; or
- (b) a treaty, an official directive, request, regulation, guideline or policy (whether or not having the force of law).

Dual Currency Note means a Note in respect of which payments of principal or interest or both are made or to be made in such different currencies, and at rates of exchange calculated upon such basis or bases as indicated in the applicable Final Terms.

Early Redemption Amount (Call) means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

Early Redemption Amount (Put) means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

Early Redemption Amount (Tax) means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

Early Redemption Date (Call) means the date so described in the relevant Final Terms.

Early Redemption Date (Put) means the date so described in the relevant Final Terms.

Early Termination Amount means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms.

EEA means the European Economic Area.

EEA State means a Member State of the EEA which has implemented the Prospectus Directive.

EU means the European Union.

Euro Fiscal Agency Agreement means the euro fiscal agency agreement so entitled dated 31 October 2001, as amended and restated on 15 October 2002, supplemented on 14 November 2003 and amended on 23 September 2005 and 12 October 2006 between the Issuer and Deutsche Bank AG, London Branch and Deutsche Bank Luxembourg S.A.

Euro Fiscal Agent means, in relation to any Notes, the person appointed to act as issuing and principal paying agent, or any successor issuing and principal paying agent appointed, under the Euro Fiscal Agency Agreement and/or such other issuing and paying agent in relation to any Notes as may from time to time be appointed by the Issuer.

Euroclear means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

Euro Note means any Note admitted to trading on an exchange in the EEA or offered to the public in an EEA State in a manner that requires the publication of a prospectus under the Prospectus Directive, or that would require such publication if such Note were not an exempt offer further to Article 3(2) of the Prospectus Directive. "Offered to the public" means, for the purposes of this definition, the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that EEA State by any measure implementing the Prospectus Directive in that EEA State.

Event of Default means an event so described in Condition 24 ("Events of Default").

Extraordinary Resolution has the meaning given in the Meetings Provisions of the Euro Fiscal Agency Agreement, the Australian Note Deed Poll or other relevant Program Document.

Final Redemption Amount means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

Final Terms means, in respect of a Tranche, a Final Terms specifying the relevant issue details for that Tranche.

Financial Services and Markets Act means the Financial Services and Markets Act 2000 of the United Kingdom.

Fixed Coupon Amount has the meaning given in the relevant Final Terms.

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrears on a fixed date or fixed dates in each year and on redemption or on such other dates as indicated in the applicable Final Terms.

Floating Rate Note means a Note on which interest is calculated at a floating rate payable 1, 2, 3, 6, or 12 monthly or in respect of such other period or on such date(s) as specified in the applicable Final Terms.

Global Note means:

- (a) in respect of Bearer Notes, a Temporary Global Note or, as the context may require, a Permanent Global Note; and
- (b) in respect of Canadian Domestic Notes, a Registered Global Note.

Index Linked Interest Note means a Note in respect of which the amount payable in respect of interest is calculated by reference to an index or a formula or both as specified in the applicable Final Terms.

Index Linked Note means an Index Linked Interest Note or an Index Linked Redemption Amount Note, as the case may be.

Index Linked Redemption Amount Note means a Note in respect of which the amount payable in respect of principal is calculated by reference to an index or a formula or both as specified in the applicable Final Terms.

Instalment Amount means the amount so described in the relevant Final Terms.

Instalment Date means the date so described in the relevant Final Terms.

Instalment Note means a Note in respect of which the principal amount is payable in one or more instalments, as specified in the applicable Final Terms.

Interest Commencement Date means the Issue Date of the Notes or any other date so described in the relevant Final Terms.

Interest Determination Date means the date so described in the relevant Final Terms.

Interest Payment Date means each date so described in, or determined in accordance with, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date.

Interest Rate means each rate of interest (expressed as a percentage per annum) payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions or the relevant Final Terms.

ISDA Definitions means the 2000 ISDA Definitions (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) published by the International Swaps and Derivatives Association, Inc.

Issue Date means the date on which a Note is, or is to be issued, as specified or determined in accordance with the relevant Final Terms.

Issue Price means, in respect of a Note, the price at which such Note is issued as agreed between the Issuer and the relevant Dealers.

Issuer means Telstra Corporation Limited (ABN 33 051 775 556).

Margin means the margin specified in, or determined in accordance with, the relevant Final Terms.

Market means the London Stock Exchange's Gilt-Edged and Fixed Income Market.

Maturity Date means, in relation to a Note, the date specified in the relevant Final Terms as the date for redemption of that Note or, in the case of an amortising Note, the date on which the last instalment of principal is payable.

Maximum Redemption Amount has the meaning given in the relevant Final Terms.

Meetings Provisions means the provisions for the convening of meetings of, and passing of resolutions by, Noteholders set out in the Euro Fiscal Agency Agreement, the Australian Note Deed Poll, the Canadian Registry Services Agreement or such other Program Document as is specified from time to time.

Minimum Redemption Amount has the meaning given in the relevant Final Terms.

New Zealand Domestic Note means a medium term registered debt obligation of the Issuer constituted by, and owing under, the New Zealand Note Deed Poll, the details of which are recorded and evidenced by inscription in, the New Zealand Register.

New Zealand Note Deed Poll means any New Zealand note deed poll so entitled made by the Issuer in favour of Noteholders in connection with the Program.

New Zealand Register means a register, including any branch register, of Noteholders of New Zealand Domestic Notes established and maintained by or on behalf of the Issuer.

New Zealand Registrar means, in relation to New Zealand Domestic Notes, Computershare Investor Services Limited or such other person appointed by the Issuer pursuant to the New Zealand Registry Services Agreement to maintain the relevant Register in relation to New Zealand Notes and perform such payment and other duties as specified in that agreement.

New Zealand Registry Services Agreement means the agreement between the Issuer and the New Zealand Registrar in relation to New Zealand Domestic Notes, titled "New Zealand Registry Services Agreement" executed on or about 15 October 2002.

Note means an Australian Domestic Note, a New Zealand Domestic Note, or any negotiable bearer or registered bond, note or other debt instrument issued, or to be issued, under the Program.

Noteholder means, in respect of a Note:

- (a) the bearer for the time being of an outstanding Bearer Note, Coupon, Talon or Receipt; or
- (b) the person whose name is entered in the Register as the holder of a Registered Note; or
- (c) where there are joint holders of a Registered Note, the persons whose names appear in the Register as joint holders of the Note; or
- (d) for avoidance of doubt where a Global Note is entered into a Clearing System, the operator of that Clearing System or a nominee thereof or the Common Depositary, as the case may be.

Outstanding means in relation to the Notes of all or any Series, all of the Notes of such Series other than:

- (a) Notes which have been redeemed or satisfied in full by the Issuer; or
- (b) Notes for the payment of which funds equal to their aggregate outstanding principal amount are on deposit with the relevant Paying Agent on terms which prohibit the return of those Notes or in respect of which the relevant Paying Agent holds an irrevocable direction to apply funds in repayment of Notes to be redeemed on that day; or
- (c) Notes which have been purchased or cancelled in accordance with Condition 16.10 ("Cancellation"); or
- (d) Notes in respect of which a Noteholder is unable to make a claim as a result of the operation of Condition 23 ("Time limit for claims"); or
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued under Condition 26 ("Replacement of lost or damaged Notes and Coupons"); or
- (f) any Temporary Global Note to the extent that it has been exchanged for a Permanent Global Note or a Definitive Bearer Note and any Permanent Global Note to the extent that it has been exchanged for Definitive Bearer Notes in each case pursuant to its provisions, these Conditions or any relevant Program Document.

Participating Member State means a Member State of the EU which adopts the euro as its lawful currency in accordance with the Treaty.

Partly Paid Note means a Note in relation to which the initial subscription moneys are payable to the Issuer in two or more instalments.

Paying Agent means, in relation to any Notes, the Euro Fiscal Agent, the Australian Registrar, the New Zealand Registrar, the Canadian Registrar and any person appointed to act as paying agent, or any successor paying agent, appointed under the relevant Agency Agreement and such other paying agent in relation to any Notes as may from time to time be appointed by the Issuer.

Payment Business Day means:

- (a) if the currency of payment is euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of debt securities and for dealings in euro; and
 - (ii) a TARGET Settlement Day and a day on which dealings in euro may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of debt securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Permanent Global Note means a Global Note in permanent global form representing Bearer Notes of one or more Tranches of the same series in or substantially in the form set out in the Euro Fiscal Agency Agreement or in such other form as may be agreed between the Issuer, the Euro Fiscal Agent and the relevant Dealers.

Principal Financial Centre means:

- (a) in relation to euro, it means the principal financial centre of the Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (b) in relation to Australian dollars, it means either Sydney or Melbourne as selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (c) in relation to New Zealand dollars, it means either Wellington or Auckland as selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (d) in relation to any currency, the principal financial centre for that currency.

Principal Paying Agent means, in relation to any Notes, the person specified as such in the relevant Final Terms.

Program means the program for the issuance of Notes established by the Issuer and described in Condition 1.1 ("Program").

Program Documents means:

- (a) each Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Australian Note Deed Poll;
- (d) the New Zealand Note Deed Poll,

and any other agreement, deed or document which the Issuer acknowledges in writing from time to time to be a Program Document.

Prospectus Directive means Directive 2003/71/EC of the European Parliament.

Receipt means a payment receipt relating to the payment of principal on a Note in or substantially in the form set out in the Euro Fiscal Agency Agreement, or in such other form as may be agreed between the Issuer and the Euro Fiscal Agent.

Receipholder means, in respect of a Series, the holders of the Receipts.

Record Date means, in the case of payments of interest, the close of business in the place where the relevant Register is maintained on:

- (a) in the case of Australian Domestic Notes, the eighth calendar day before the relevant date for payment or any date so described in the relevant Final Terms;
- (b) in the case of New Zealand Domestic Notes, the tenth calendar day before the relevant date for payment or any date so described in the Final Terms; and
- (c) in the case of Canadian Domestic Notes, the fifteenth calendar day before the relevant date for payment or any date so described in the Final Terms.

Redemption Amount means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Call), the Early Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

Reference Banks means the institutions so described in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate.

Reference Price has the meaning given in the relevant Final Terms.

Reference Rate means the rate so described in the relevant Final Terms.

Register means:

- (a) in relation to Australian Domestic Notes, the Australian Register;
- (b) in relation to the New Zealand Domestic Notes, the New Zealand Register; and
- (c) in relation to Canadian Domestic Notes, the Canadian Register.

Registered Global Note means a Canadian Domestic Note in global form representing Canadian Domestic Notes of one or more Tranches of the same Series in or substantially in the form set out in the Canadian Registry Services Agreement or in such other form as may be agreed between the Issuer, the Canadian Registrar and the relevant Dealer(s).

Registered Note means:

- (a) an Australian Domestic Note;
- (b) a New Zealand Domestic Note;
- (c) a Canadian Domestic Note; or
- (d) such other Note issued in registered form which is specified as such in the applicable Final Terms.

Registrar means:

- (a) in relation to Australian Domestic Notes, the Australian Registrar;
- (b) in relation to New Zealand Domestic Notes, the New Zealand Registrar; and

- (c) in relation to Canadian Domestic Notes, the Canadian Registrar.

Registry Services Agreement means:

- (a) in the case of Australian Domestic Notes, the Australian Registry Services Agreement;
- (b) in the case of New Zealand Domestic Notes, the New Zealand Registry Services Agreement; and
- (c) in the case of Canadian Domestic Notes, such registry services agreement as agreed between the Issuer and the Canadian Registrar.

Regular Period means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Date means, in relation to any payment, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Relevant Financial Centre has the meaning given in the relevant Final Terms.

Relevant Screen Page means:

- (a) the page, section or other part of a particular information service (including, without limitation, the Reuters Monitor Money Rates Service) specified as the Relevant Screen Page in the relevant Final Terms; or
- (b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

Relevant Time means the time so described in the relevant Final Terms.

Reserved Matter means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirement relating to meetings or the majority required to pass an Extraordinary Resolution or to amend this definition.

Series means each original issue of a Tranche of Notes, together with the issue of any further Tranche of Notes, expressed to form a single Series with the original issue and the Notes comprising such Tranches being identical in every respect except for the Issue Date, Issue Price and Interest

Commencement Date of the Tranche and, in respect of the first interest payment (if any). A Series may comprise Notes in more than one denomination.

Specified Currency means the currency specified in the relevant Final Terms including Australian Dollars (“AUD”), Canadian Dollars (“C\$” or “CAD”), Euro (“Euro”), euro (“euro”), Hong Kong Dollars (“HKD”), Japanese Yen (“JPY”), New Zealand Dollars (“NZD”), Singapore Dollars (“SGD”), Sterling (“GBP”), and United States dollars (“USD”), or any other freely transferable and freely convertible currency.

Specified Denomination has the meaning given in the relevant Final Terms.

Specified Office means, in relation to a person, the office specified in the most recent Prospectus for the Program as such other address as is notified to Noteholders from time to time.

Specified Period has the meaning given in the relevant Final Terms.

Subsidiary means of another entity which is a subsidiary of the first within the meaning of part 1.2 division 6 of the Corporations Act or is a subsidiary of or otherwise controlled by the first within the meaning of any approved accounting standard.

“**sub-unit**” means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

Talonholders in respect of a Series, means the holders of the Talons.

Talons means the bearer talons (if any) appertaining to, and exchangeable in accordance with their provisions for the further Coupons appertaining to, a Definitive Bearer Note (other than a Zero Coupon Note) in or substantially in the relevant form set out in the Euro Fiscal Agency Agreement or in such other form as may be agreed between the Issuer and the Euro Fiscal Agent.

TARGET Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Tax Act means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as the context requires.

Taxes means taxes, levies, imposts, deductions, charges or withholdings and duties imposed by any authority (including stamp and transaction duties) (together with any related interest, penalties and expenses in connection with them).

Temporary Global Note means a Global Note in temporary global form representing Bearer Notes of one or more Tranches of the same Series, in or substantially in the relevant form set out in the Euro Fiscal Agency Agreement or in such other form as may be agreed between the Issuer and the Euro Fiscal Agent.

Tranche means a tranche of Notes specified as such in the relevant Final Terms issued on the same Issue Date and on the same Conditions (except that a Tranche may comprise Notes in more than one denomination).

Treaty means the Treaty establishing the European Communities, as amended by the Treaty on European Union.

Variable Interest Note means an Index Linked Interest Note or any other variable interest rate note other than a Floating Rate Note.

Variable Note means a Variable Redemption Note and Variable Interest Note.

Variable Redemption Note means an Index Linked Redemption Note or Dual Currency Note.

Zero Coupon Note means a Note which does not carry an entitlement to periodic payment of interest prior to the redemption date of such Note and which is issued at a discount to its face value.

34.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) anything (including an amount) is a reference to the whole and each part of it;
- (c) a document (including these Conditions) includes any variation or replacement of it;
- (d) law means common law, principles of equity, and laws made by any parliament and regulations and other instruments under those laws and consolidations, amendments, re-enactments or replacements of any of them);
- (e) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
- (f) the word "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority; and
- (g) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns.

34.3 Number

The singular includes the plural and vice versa.

34.4 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

34.5 References

Unless the contrary intention appears, in these Conditions:

- (a) a reference to a Noteholder is a reference to the holder of Notes of a particular Series and includes Couponholders, Talonholders and Receiptholders (if any);
- (b) a reference to a Note is a reference to a Note of a particular Series and includes:
 - (i) any Coupon, Receipt or Talon in relation to that Note; and
 - (ii) any replacement Note, Coupon, Receipt or Talon issued under the Conditions;
- (c) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons are taken to include references to Talons; and
- (d) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable.

34.6 References to principal and interest

Unless the contrary intention appears, in these Conditions:

- (a) any reference to "principal" is taken to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 22 ("Taxation"), any premium payable in respect of a Note, and any other amount in the nature of principal payable in respect of the Notes under these Conditions;
- (b) any reference to "interest" is taken to include any additional amounts in respect of interest which may be payable under Condition 22 ("Taxation") and any other amount in the nature of interest payable in respect of the Notes under these Conditions; and
- (c) if an expression is stated as having the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "Not Applicable" then such expression is not applicable to the Notes.

Taxation

Australian Taxation

*The following is a summary of the taxation treatment under the Income Tax Assessment Act 1936 and Income Tax Assessment Act 1997 of Australia (together, “**Australian Tax Act**”), at the date of this Prospectus, of payments of interest (as defined in the Australian Tax Act) on the Notes and certain other matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (such as dealers in securities).*

The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their taxation positions should consult their professional advisers on the taxation implications of an investment in the Notes for their particular circumstances. Prospective Noteholders should also be aware that the particular terms of issue of any Series of Notes may affect the taxation treatment of that Series of Notes.

1 Interest withholding tax

An exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**IWT**”) is available under section 128F of the Australian Tax Act in respect of interest (as defined in section 128A(1AB) of the Australian Tax Act) paid on the Notes issued by the Issuer if the following conditions are met:

- (a) the Issuer is a resident of Australia (as defined for the purposes of the Australian Tax Act) or a non-Australian resident carrying on business at or through a permanent establishment in Australia (as defined for the purposes of the Australian Tax Act) when it issues the Notes and when interest is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) the Notes are debentures (as defined for the purposes of section 128F) that are debt interests (as defined in section 974-15 of the Australian Tax Act);
- (c) the Notes are issued in a manner which satisfies the public offer test in section 128F of the Australian Tax Act. In relation to debentures that are debt interests, there are five principal methods of satisfying the public offer test the purpose of which is to ensure that lenders in overseas capital markets are aware that the Issuer is offering Notes for issue. Only one method needs to be satisfied. In summary, the five methods are:
 - (i) offers to 10 or more unrelated financiers or securities dealers;
 - (ii) offers to 100 or more investors;
 - (iii) offers of listed Notes;
 - (iv) offers via publicly available information sources; and
 - (v) offers to the Dealers who offer to sell the Notes within 30 days by one of the preceding methods.

In addition, the issue of a global bond and the offering of interests in the global note by one of these methods should satisfy the public offer test;

- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
- (d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

Associates

An “associate” of an Issuer for the purposes of section 128F of the Australian Tax Act when the Issuer is not a trustee includes (i) a person or entity which holds more than 50 per cent of the voting shares in, or otherwise controls, the Issuer, (ii) an entity in which more than 50 per cent of the voting shares are held by, or which is otherwise controlled by, the Issuer, (iii) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust, and (iv) a person or entity which is an “associate” of another person or company which is an “associate” of the Issuer under any of the foregoing.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act, an “associate” does not include:

- (A) an onshore associate (ie an Australian resident associate who does not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia, or a non-Australian resident associate who holds the Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- (B) an offshore associate (ie an Australian resident associate who holds the Notes in the course of carrying on business at or through a permanent establishment outside Australia, or a non-Australian resident associate who does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia) who is acting in the capacity of:
 - (i) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme; or
 - (ii) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme.

Compliance with section 128F of the Australian Tax Act

Unless otherwise specified in any relevant Final Terms (or another relevant supplement to this Prospectus), the Issuer intends to issue Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act that are in effect at the date of the issue of the Notes.

Exemptions under recent double tax conventions

The Australian government has signed new or amended double tax conventions (“**New Treaties**”) with the United States and the United Kingdom (each a “**Specified Country**”).

In broad terms, the New Treaties exempt from IWT interest received by either:

- (a) the government of the relevant Specified Country, certain governmental authorities and bodies exercising governmental functions and the central bank in the Specified Country; or
- (b) a “financial institution” which is a resident of a Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term “financial institution” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, if:
 - (i) interest is paid under a “back-to-back loan” or an economically equivalent arrangement that is intended to have similar effect to a back-to-back loan; or
 - (ii) the indebtedness to which the interest relates is connected with a permanent establishment of the financial institution in Australia,

then interest received by such a financial institution will not qualify for this exemption.

Also, new double tax conventions have been agreed between Australia and each of France, Norway and Finland. These new conventions contain IWT exemptions similar to those in the New Treaties. The new conventions with France, Norway and Finland have not yet entered into force, nor has a date for their commencement been announced.

Section 126 of the Australian Tax Act

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45 per cent on the payment of interest on Notes in bearer form if the Issuer fails to disclose names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on Notes held by non-Australian residents who do not carry on business at or through a permanent establishment in Australia where the issue of those Notes has satisfied the requirements of section 128F of the Australian Tax Act or where IWT is payable. In addition, the Australian Taxation Office has confirmed that for the purpose of section 126 of the Australian Tax Act, the holder of debentures (such as the Notes in bearer form) means the person in possession of the debentures. Section 126 is therefore limited in its application to persons in possession of the Notes in bearer form who are residents of Australia or non-Australian residents who are engaged in carrying on business at or through a permanent establishment in Australia. Where interests in Notes in bearer form are held through Euroclear or

Clearstream, Luxembourg, the Issuer intends to treat the operators of those clearing systems as the holders of those Notes for the purposes of section 126 of the Australian Tax Act.

Payment of additional amounts

As set out in more detail in the relevant Terms and Conditions for the Notes and unless expressly provided to the contrary in the relevant Final Terms (or another relevant supplement to this Prospectus), if the Issuer is at any time compelled or authorised by law to deduct or withhold an amount in respect of Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Notes, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary to ensure that the net amounts received by the Noteholders after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required. If the Issuer is compelled by law in relation to any Notes to deduct or withhold an amount in respect of any withholding taxes, the Issuer will have the option to redeem those Notes in accordance with the relevant Terms and Conditions.

2 Other tax matters

Under Australian laws as presently in effect:

- (a) *income tax - offshore Noteholders* - assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payment of principal and interest to a Noteholder who is a non-Australian resident and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes; and
- (b) *income tax - Australian Noteholders* - Australian residents or non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia ("**Australian Holders**") will be liable to Australian income tax on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend on the taxation status of the particular Noteholder. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia. Such rules vary depending on the country in which that permanent establishment is located and whether Australia has concluded a double tax convention with that country; and
- (c) *gains on disposal or redemption of Notes - offshore Noteholders* - a Noteholder who is a non-Australian resident will not be subject to Australian income tax on gains realised during that year on the sale or redemption of the Notes, provided that:
 - (i) if the non-Australian resident is not a resident of a country with which Australia has entered into a double tax convention - such gains do not have an Australian source; or
 - (ii) if the non-Australian resident is a resident of a country with which Australia has entered into a double tax convention - the non-Australian resident does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia.

A gain arising on the sale of Notes by a non-Australian resident holder to another non-Australian resident where the Note is sold outside Australia and all negotiations are conducted and all documentation is executed outside Australia would not be regarded as having an Australian source; and

- (d) *gains on disposal or redemption of Notes - Australian Noteholders* - Australian resident Noteholders will be required to include any gain or loss on disposal or redemption of the Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia. Such rules vary depending on the country in which that permanent establishment is located and whether Australia has concluded a double tax convention with that country; and
- (e) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-Australian resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia. These rules do not apply in circumstances where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by the Noteholder; and
- (f) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority in it having power to tax, if held at the time of death; and

- (g) *stamp duty and other taxes* - no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes; and
- (h) *other withholding taxes on payments in respect of Notes* - section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") imposes a type of withholding tax at the rate of (currently) 46.5% on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("**TFN**"), (in certain circumstances) an Australian Business Number ("**ABN**") or proof of some other exemption (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then the requirements of section 12-140 do not apply to payments to a holder of Notes in registered form who is not a resident of Australia and not holding the Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of Noteholders in registered form may be subject to a type of withholding tax where the holder of those Notes does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate); and

- (i) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (j) *goods and services tax (GST)* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal or redemption of the Notes, would give rise to any GST liability in Australia; and
- (k) *debt/equity rules* - Division 974 of the Australian Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian income tax purposes, including for the purposes of dividend withholding tax and IWT. The Issuer intends to issue Notes which are to be characterised as "debt interests" for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be "interest" for the purpose of section 128F of the Australian Tax Act. Accordingly, Division 974 is unlikely to affect the Australian tax treatment of Noteholders; and
- (l) *additional withholdings from certain payments to non-residents* - section 12-315 of Schedule 1 to the Taxation Administration Act gives the Australian Governor-General power to make regulations requiring withholding from certain payments to non- Australian residents after 1 July 2003. However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible Minister is satisfied that the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations promulgated prior to the date of this Prospectus are not relevant to any payments in respect of the Notes. Any further regulations should also not apply to repayments of principal under the Notes as, in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored; and
- (m) *taxation of foreign exchange gains and losses* - Division 775 and 960 of the Australian Tax Act contain rules to deal with the taxation consequences of foreign exchange transactions. The rules are complex and will apply to the Issuer in respect of any Notes denominated in a currency other than Australian dollars as well as any currency hedging arrangements entered into in respect of such Notes. Nevertheless the Issuer ought to be able to manage its position under the rules so that the tax consequences are effectively the same as the commercial position (ie any net foreign exchange gains and losses recognised for tax purposes should be represented by similar cash gains and losses).

The rules may also apply to any Noteholders that hold Notes that are not denominated in Australian dollars and who are Australian residents or non- Australian residents in the course of carrying on business at or through a permanent establishment in Australia. Any such Noteholders should consult their professional advisors for advice as to how to tax account for any foreign exchange gains or losses arising from their holding of those Notes.

3 Recent developments

On 3 January 2007 the Australian Minister for Revenue and Assistant Treasurer issued an exposure draft of proposed new rules for the 'Taxation of Financial Arrangements'. The Minister subsequently issued updated versions of the exposure draft to deal with matters not covered in the initial draft. It is intended that the new rules (if enacted) would represent a new code for the taxation of receipts and payments in relation to financial arrangements. The new proposed Division 230 of the Australian Tax Act defines a 'financial arrangement' and sets out the seven methods (five of which are elective) for

bringing to account gains or losses on financial arrangements. These methods determine the tax-timing treatment of all financial arrangements covered by the proposed new rules.

It is proposed that Division 230 will apply to financial arrangements acquired on or after 1 July 2008 unless a taxpayer makes an election for it to apply to the income year commencing on or after 1 July 2007. Further, under transitional rules, a taxpayer may elect for the new rules to apply to all financial arrangements they hold at the start of the first applicable income year.

The proposed measures should not apply to Noteholders who are non-Australian residents and who do not hold their Notes in the course of carrying on business at or through a permanent establishment in Australia.

The exposure draft does not contain any indication as to how (if at all) the proposed rules are to relate to the imposition of IWT. However, the Government has given no indication that it intends the new rules to apply in a manner that overrides the section 128F exemption from IWT.

Comments on the updated exposure draft were due by 18 May 2007 and the Government has consulted with taxpayers and industry representatives with a view to developing the final legislation.

New Zealand Taxation

The following is a summary of the New Zealand taxation treatment at the date of the Prospectus of payments of interest on New Zealand Domestic Notes and certain other matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of holders of New Zealand Domestic Notes. Prospective holders of New Zealand Domestic Notes who are in any doubt as to their tax position should consult their professional advisers.

Under section NF 1(2) of the New Zealand Income Tax Act 2004 ("**New Zealand Tax Act**"), the resident withholding tax ("**RWT**") rules potentially apply to all interest paid to New Zealand residents (or non-residents engaged in business in New Zealand through a fixed establishment in New Zealand). Any payment of interest on New Zealand Domestic Notes to a New Zealand resident (or such non-resident with a branch in New Zealand) will be resident withholding income which is subject to the RWT rules.

Under section NF 9 of the New Zealand Tax Act, certain categories of persons can apply for certificates of exemption from RWT. Interest paid to holders of valid certificates of exemption is not subject to the RWT rules. For the Issuer to be satisfied that this exemption applies to the payment of interest on a New Zealand Domestic Note:

- (a) the Issuer must be satisfied that the holder of the New Zealand Domestic Note is a registered bank under the Reserve Bank of New Zealand Act 1989; or
- (b) the Issuer must have seen a copy of a certificate of exemption issued to the holder.

If the Issuer is not satisfied that the holder has a valid certificate of exemption, the Issuer will deduct RWT from the payment of interest on the New Zealand Domestic Notes. The rate of RWT deducted from the interest will normally be 19.5 per cent or 33 per cent if the holder is a company or unit trust (provided the holder has furnished its tax file number) but recipients can elect for a higher rate to be deducted.

If the holder is not:

- (a) tax resident in New Zealand; nor
- (b) engaged in business in New Zealand through a fixed establishment in New Zealand; nor
- (c) a resident of one of the following countries (which have double taxation agreements in effect with New Zealand at the date of the Prospectus): Australia; Belgium; Chile; China; Denmark; Finland; France; Germany; India; Indonesia; Ireland; Italy; Norway; Poland; Republic of Korea; Russia; South Africa; Spain; Switzerland; Taiwan; Thailand; The Netherlands; The Philippines; United Arab Emirates; the United Kingdom and the United States of America ("**Relevant DTA Countries**"),

the Issuer must deduct non-resident withholding tax ("**NRWT**") from the interest paid on the New Zealand Domestic Notes. If the interest is non-resident withholding income, it is excluded from resident withholding income and RWT does not have to be deducted.

The holder of a New Zealand Domestic Note must provide the Issuer with such evidence of the holder's residence in a Relevant DTA Country as the Issuer may require. If the Issuer is not satisfied as to the holder's residence in a Relevant DTA Country, the Issuer will deduct NRWT from the payment of interest on the New Zealand Domestic Notes.

As set out in more detail in Condition 22 ("Taxation") of the Notes, if the Issuer at any time is compelled by law to deduct or withhold an amount in respect of any withholding taxes, the Issuer shall make such deductions and there will be no grossing-up of the payment.

The Issuer has been advised that under New Zealand laws as presently in effect:

- (A) assuming the holder of a New Zealand Domestic Note is a New Zealand tax resident (or is engaged in business in New Zealand through a fixed establishment in New Zealand) and is the holder of a certificate of exemption from RWT, payment of principal and interest to that holder will not be subject to deduction of New Zealand resident withholding tax. However, such a holder will be subject to income tax, under the financial arrangements "accrual rules" in Part EH of the New Zealand Tax Act, in respect of any accruing (or realised) gains arising from investment in (or sale of) the New Zealand Domestic Note;
- (B) in the case of a holder of a New Zealand Domestic Note who is neither tax resident in New Zealand nor engaged in business in New Zealand through a fixed establishment in New Zealand nor a resident of a Relevant DTA Country, payment of interest will be subject to deduction of NRWT. That NRWT will be a final tax applied by New Zealand in respect of interest derived by such a holder. Such a holder may be, but is unlikely to be, subject to New Zealand income tax on any other gains derived from holding the Note, such as gains on sale;
- (C) as New Zealand does not impose any stamp duty (or similar issue or registration tax) and does not impose death duties, no New Zealand stamp duty or death duty will apply to any New Zealand Domestic Note or any holder of a New Zealand Domestic Note; and
- (D) New Zealand goods and services tax will not apply in respect of any payments made on a New Zealand Domestic Note.

The Austraclear New Zealand System will only pay interest on securities lodged in the Austraclear New Zealand System in gross.

Clearing and settlement

Euroclear

The Euroclear System was created in 1968 to hold securities for participants in Euroclear ("**Euroclear Participants**") and to effect transactions between Euroclear Participants through immobilisation of certificates and simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfer of securities and cash. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear System is operated by Euroclear Bank S.A./N.A. ("**Euroclear Operator**").

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the terms and conditions governing use of Euroclear, the related operating procedures of the Euroclear System and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transactions of securities and cash within Euroclear, withdrawal of securities and cash from the system and receipts of payments with respect to securities in the system. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only with Euroclear Participants themselves, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to interests in Global Notes held through Euroclear will be credited to the Euroclear cash accounts of Euroclear Participants to the extent received by the Euroclear Operator's depository, in accordance with the Euroclear Terms and Conditions. The Euroclear Operator will take any other action permitted to be taken by a holder of any Global Notes on behalf of a Euroclear Participant only in accordance with the Euroclear Terms and Conditions.

Clearstream, Luxembourg

Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") is incorporated under the laws of Luxembourg as a professional depository and provides, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities. As a professional depository, Clearstream, Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream, Luxembourg holds securities and provides clearing services for its participating organisations ("**Clearstream, Luxembourg Participants**"). Securities transfers are effected through book-entry changes in accounts of Clearstream, Luxembourg Participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg Participants are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg, Participant, either directly or indirectly.

Austraclear System (Australia)

Austraclear Limited began operation of the Austraclear System in Australia in 1984. Austraclear Limited is an unlisted public company owned by financial institutions and other market participants. It operates the national central securities depository to the Australian money market and registry for government, semi-government and private sector debt securities lodged with the Austraclear System. Through its proprietary Financial Transactions Recording and Clearance Systems ("**FINTRACS**") software, the Austraclear System electronically clears and settles most debt securities traded in the Australian money market and capital market.

The rights and obligations of Austraclear Limited and participants under the Austraclear System are created by contract, as evidenced through the Austraclear System Regulations and Operating Manual, User Guides and instructions and directions contained within the Austraclear System ("**Austraclear Rules**").

Under the Austraclear System, a wide range of eligible debt instruments may be "lodged" with Austraclear Limited and either immobilised in its vaults which are located in Austraclear Limited's branch offices in Sydney and Melbourne (if they are in physical form), or recorded on an electronic register. Through the Austraclear System, ownership of these "physical" or "discount" debt instruments (Paper Securities) and "non-physical" or "fixed interest" debt instruments (Non-Paper Securities) is transferred electronically via book-entry changes without the need for physical delivery. Real-time settlement of cash transactions is facilitated by a real-time gross settlement ("**RTGS**") system, operated by the Reserve Bank of Australia ("**RBA**") and linked to the Austraclear System.

The Austraclear System relies upon both parties to a transaction entering trade details into computer terminals that the System then matches before effecting settlement. As well as facilitating securities settlements the Austraclear System also provides members with the ability to make high-value funds transfers independent of the need for a corresponding securities transfer.

As transactions currently processed through the Austraclear System are made on a RTGS basis, the cash settlement of transactions in debt securities, will be settled individually on a real time gross basis through institutions' exchange settlement accounts (held at the Reserve Bank of Australia). A payment will be settled only if the paying institution has an adequate balance in the exchange settlement account. Once that payment is made, it is irrevocable in the sense it is protected from recall by the remitter or dishonour by the paying institution. This allows for true delivery versus payment to take place; that is, securities and cash transfers occur simultaneously, counterparties to the transaction will own either securities or cash and finality is immediate.

Austraclear New Zealand System

Since 1990, the Reserve Bank of New Zealand ("**RBNZ**") has operated the Austraclear New Zealand System in New Zealand out of its Financial Services Group. The Austraclear New Zealand System electronically clears and settles most debt and equity securities issued by the New Zealand Government, local authorities and other public and private sector issuers traded in the New Zealand money market and capital market.

The rights and obligations of the RBNZ as operator of the Austraclear New Zealand System and participants under the Austraclear New Zealand System are created by contract, as evidenced through the Austraclear New Zealand System Rules and the Austraclear New Zealand Operating Guidelines ("**Austraclear New Zealand Rules**").

Under the Austraclear New Zealand System, a wide range of eligible New Zealand dollar-denominated securities (debt instruments and equities) may be "lodged" with New Zealand Central Securities Depository Limited ("**NZCSD**"), a custodian that is wholly owned by the RBNZ, and recorded on an electronic register. Through the Austraclear New Zealand System, ownership of these debt instruments is transferred electronically via book-entry changes without the need for physical delivery. Real-time settlement of cash transactions is facilitated by a RTGS system, operated by the RBNZ.

The Austraclear New Zealand System relies upon both parties to a transaction entering trade details into computer terminals that the Austraclear New Zealand System then matches before effecting settlement. As well as facilitating securities settlements, the Austraclear New Zealand System also provides members with the ability to make high-value funds transfers independent of the need for a corresponding securities transfer.

As transactions currently processed through the Austraclear New Zealand System are made on a RTGS basis, all high-value and time critical inter-bank payments, including the cash settlement of transactions in debt securities, will be settled individually on a RTGS basis through the institutions' Austraclear New Zealand System cash account that clears through their respective banks' exchange settlement accounts. A payment will be settled only if the paying institution has an adequate balance in the exchange settlement account it maintains with the RBNZ. Once that payment is made, it is irrevocable in the sense it is protected from recall by the remitter or dishonour by the paying institution. This allows for true delivery versus payment to take place; that is, securities and cash transfers occur simultaneously, counterparties to the transaction will own either securities or cash and finality is immediate.

The Austraclear New Zealand System will only pay interest on securities lodged in the Austraclear New Zealand System in gross. As described in more detail above, under "New Zealand Taxation", interest paid to holders of valid certificates of exemption is not subject to the New Zealand RWT rules. In order for this exemption to apply to the payment of interest on a New Zealand Domestic Note, the New Zealand Registrar must have seen a copy of a certificate of exemption issued to the holder or if the New Zealand Domestic Note is held through a nominee member of the Austraclear New Zealand System, to the nominee. However, the RBNZ will allow a member of the Austraclear New Zealand System that is non-resident in New Zealand and does not hold a certificate of exemption from RWT to hold only New Zealand government securities.

Accordingly, in practice:

- (i) a holder of a New Zealand Domestic Note lodged in the Austraclear New Zealand System must provide evidence to the RBNZ that it is the holder of a certificate of exemption from RWT; or
- (ii) the holder must hold the New Zealand Domestic Note through a nominee member of the Austraclear New Zealand System that has itself provided that evidence to the RBNZ; or
- (iii) (where a New Zealand Domestic Note is traded from the Austraclear New Zealand System to either Euroclear or Clearstream, Luxembourg, in which case the New Zealand Domestic Note remains within the Austraclear New Zealand System (see below)), HSBC Nominees (New Zealand) Limited ("**HSBC**

Nominees”), which acts as agent for Euroclear, and ANZ Nominees Limited (“**ANZ Nominees**”), which acts as agent for Clearstream, Luxembourg, manage any related interest withholding tax that is legally required in relation to the relevant payment; in this case, each of Euroclear and Clearstream, Luxembourg is responsible for advising HSBC Nominees or ANZ Nominees, as the case may be, of the tax status of its holder as the beneficial owner of the New Zealand Domestic Note.

Cross-market trading - Austraclear System

The Austraclear System in Australia is a participant in the Euroclear System and the Clearstream, Luxembourg (each a “**Clearance and Settlement System**”). The Austraclear Australian Rules provide for members of the Austraclear System to lodge, take out (“**uplift**”) and record transactions in respect of entitlements to certain bonds, notes, certificates of deposit and commercial paper issued in the Euromarkets (“**Eurosecurities**”). Members of the Austraclear System will acquire an equitable interest (a “**Euroentitlement**”) in the rights which the Austraclear System acquires to the relevant Eurosecurities. A Euroentitlement will be lodged in the Austraclear System by the member arranging for the transfer of the Eurosecurities to the account of Austraclear System with the relevant Clearance and Settlement System. It will not be possible for members to subscribe for a Eurosecurity through the Austraclear System. Once a Euroentitlement is lodged with the Austraclear System the member can deal with the Euroentitlement in much the same way as other securities lodged with the Austraclear System.

The Austraclear System will establish a separate account in Australia through which it will receive and disburse payments to members who hold Euroentitlements. Payments received by the Austraclear System in respect of Eurosecurities relating to Euroentitlements will be paid by the Austraclear System to the relevant member for value on the same day that payment is made by the issuer of the related Eurosecurities.

Euroentitlements will be able to be uplifted from the Austraclear System by the Austraclear System transferring the related Eurosecurity to the account of another participant in the relevant Clearance and Settlement System.

At present the provisions do not provide for a two-way link. The provisions will only apply to securities issued in the Euromarkets. Accordingly, the new arrangements will not apply to instruments issued in the Australian domestic markets.

Cross-market trading - Austraclear New Zealand System

HSBC Nominees acts in New Zealand as the agent for Euroclear, and ANZ Nominees as the agent for Clearstream, Luxembourg for New Zealand dollar-denominated fixed interest and registered discount securities issued in the New Zealand domestic markets and initially lodged with the Austraclear New Zealand System. Unlike the Austraclear System in Australia, the RBNZ is not a participant in Euroclear or Clearstream, Luxembourg. If a security is traded from the Austraclear New Zealand System into Euroclear or Clearstream, Luxembourg, the security is transferred from the account of the relevant member of the Austraclear New Zealand System into the pool account of Euroclear or Clearstream, Luxembourg, as the case may be, within the Austraclear New Zealand System. Legal ownership of the security remains with NZCSD and only the beneficial entitlements to the security changes. That is, the security always remains lodged within the Austraclear New Zealand System and is not “uplifted” into Euroclear or Clearstream, Luxembourg. The relevant participant in Euroclear or Clearstream, Luxembourg acquires an equitable interest in the rights which Euroclear or Clearstream, Luxembourg acquires to the relevant security.

On advice from Euroclear or Clearstream, Luxembourg, HSBC Nominees or ANZ Nominees, as the case may be, enters and settles transactions in the Austraclear New Zealand System with its New Zealand member, then advises Euroclear or Clearstream, Luxembourg electronically via SWIFT. Any payments of funds are cleared by Euroclear’s or Clearstream, Luxembourg’s New Zealand bank.

At present, the Austraclear New Zealand System does not provide for a two-way link with Euroclear and Clearstream, Luxembourg. The Austraclear New Zealand System enables New Zealand Domestic Notes initially lodged within the Austraclear New Zealand System to be traded to Euroclear and Clearstream, Luxembourg accounts through their respective New Zealand agents. It is not possible at present for New Zealand dollar-denominated Eurosecurities initially lodged within Euroclear and/or Clearstream, Luxembourg to be traded into the Austraclear New Zealand System or to be subscribed through the Austraclear New Zealand System.

CDS Clearing and Depository Services Inc. (“CDS”)

CDS was formed in November 2006 pursuant to the restructuring of The Canadian Depository for Securities Limited (“**CDS Ltd**”). After the restructuring, CDS Ltd, founded in 1970, remains the holding company for CDS and two other operating subsidiaries. CDS is Canada’s national securities clearing and depository services organisation. Functioning as a service utility for the Canadian financial community, CDS provides a variety of computer automated services for financial institutions and investment dealers active in domestic and international capital markets. CDS participants (“**CDS Participants**”) include banks (including the Canadian Subcustodians (defined below)), investment dealers and trust companies and may include certain of the Dealer(s) when

appointed. Indirect access to CDS is available to other organisations that clear through or maintain a custodial relationship with a CDS Participant. Transfers of ownership and other interests, including cash distributions, in Notes in CDS may only be processed through CDS Participants and will be completed in accordance with existing CDS rules and procedures. CDS operates in Montreal, Toronto, Calgary, Vancouver and Halifax to centralise securities clearing functions through a central securities depository.

CDS is wholly-owned by CDS Ltd. CDS Ltd. is a private corporation, owned one-third by investment dealers, one-third by banks and one-third by trust companies through their respective industry associations. CDS is the exclusive clearing house for equity trading on the Toronto Stock Exchange and also clears a substantial volume of over the counter trading in equities and bonds.

Global clearance and settlement procedures

Initial settlement for Notes settling and clearing in CDS will be made in immediately available Canadian dollar funds.

Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in CDS. Investors may elect to hold interests in the Notes directly through any of CDS (in Canada), or (if so indicated in the applicable Final Terms) Clearstream, Luxembourg or Euroclear (in Europe) if they are participants of such systems, or indirectly through organisations which are participants in such systems. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective Canadian subcustodians, each of which is a Canadian schedule I chartered bank ("**Canadian Subcustodians**"), which in turn will hold such interests in customers' securities accounts in the names of the Canadian Subcustodians on the books of CDS.

Secondary market trading between CDS Participants will be in accordance with market conventions applicable to transactions in book-based Canadian domestic bonds. Secondary market trading between Clearstream, Luxembourg Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Transfers between CDS and Clearstream, Luxembourg or Euroclear

Links have been established among CDS, Clearstream, Luxembourg and Euroclear to facilitate the initial issuance of Notes and cross-market transfers of Notes associated with secondary market trading. CDS will be directly linked to Clearstream, Luxembourg and Euroclear through the CDS accounts of the respective Canadian Subcustodians of Clearstream, Luxembourg and Euroclear.

Cross-market transfers between persons holding directly or indirectly through CDS Participants, on the one hand, and directly or indirectly through Clearstream, Luxembourg Participants or Euroclear Participants, on the other, will be effected in CDS in accordance with CDS rules; however, such cross-market transactions will require delivery of instructions to the relevant clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. The relevant clearing system will, if the transaction meets its settlement requirements, deliver instructions to CDS directly or through its Canadian Subcustodian to take action to effect final settlement on its behalf by delivering or receiving Notes in CDS, and making or receiving payment in accordance with normal procedures for settlement in CDS. Clearstream, Luxembourg Participants and Euroclear Participants may not deliver instructions directly to CDS or the Canadian Subcustodians.

Because of time-zone differences, credits of Notes received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a CDS Participant will be made during subsequent securities settlement processing and dated the business day following the CDS settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream, Luxembourg Participants or Euroclear Participants on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream, Luxembourg Participant or a Euroclear Participant to a CDS Participant will be received with value on the CDS settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in CDS.

Summary of provisions relating to Euro Notes and Canadian Domestic Notes while in Global Form

*This summary relates to the issue by the Issuer of Notes in bearer form ("**Euro Notes**") pursuant to the Euro Fiscal Agency Agreement dated 31 October 2001 as amended and restated on 15 October 2002 as amended and restated or supplemented from time to time between the Issuer and the Fiscal Agent and Canadian Domestic Notes in registered form pursuant to a Canadian Registry Services Agreement and having the benefit of the Deed of Covenant dated 12 October 2006 executed by the Issuer. All capitalised terms that are not defined in this summary have the meaning given to them in the "Terms and Conditions of the Notes".*

1 Initial Issue of Notes

Upon the initial deposit of a Temporary Global Note or a Permanent Global Note with a common depository for Euroclear and Clearstream, Luxembourg ("**Common Depository**"), or the initial registration of a Global Registered Note in the name of CDS & CO. as nominee of CDS Clearing and Depository Services Inc. ("**CDS**") or in the name of a nominee for any other agreed clearing system, or a common nominee, and delivery of the relevant Global Note(s) to the appropriate depository, or a Common Depository, Euroclear, Clearstream, Luxembourg, CDS or such other agreed clearing system will credit each subscriber with a principal amount of Notes equal to the principal amount for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Notes issued in bearer form will initially be issued in the form of a Temporary Global Note or a Permanent Global Note as indicated in the applicable Final Terms, which in either case, will be deposited on or prior to the original issue date to a Common Depository.

Canadian Domestic Notes and other Notes issued in registered form which are held in CDS or any other agreed clearing system, will be registered in the name of a nominee for such system and the relevant Global Registered Note will be delivered to the appropriate depository or a Common Depository, as the case may be.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDS or any other clearing system as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg, CDS or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDS or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

3 Payments

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interest in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, have given a like certification (based on the certifications it has received) to the Fiscal Agent.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

Payments of principal, interest (if any) or any other amounts on Canadian Domestic Notes in global form will be made through CDS in accordance with its rules and procedures.

4 Exchange

4.1 Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Euro Fiscal Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Bearer Notes.

If:

- (a) a Permanent Global Note has not been delivered or its principal amount increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Bearer Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligations to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 12 October 2006 ("**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Bearer Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

4.2 Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Bearer Notes (i) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

If:

- (a) Definitive Bearer Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Bearer Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights under it (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

4.3 Partial exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Bearer Notes (a) if principal in respect of any Notes is not paid when due or (b) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

4.4 Registered Global Notes

Registered Global Notes will be exchangeable in whole (or in part if the Registered Global Note is held by or on behalf of CDS or any other agreed clearing system and the rules of such clearing system then permit) for definitive Registered Notes only in the limited circumstances set out in the Registered Global Note, at the cost and expense of the Issuer.

4.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note in bearer form may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any such Global Note, or the part of it to be exchanged, the Issuer will deliver, or procure the delivery of, a Permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange.

In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes or the definitive Registered Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the schedules to the Euro Fiscal Agency Agreement or the Canadian Registry Services Agreement, as the case may be. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

4.6 Exchange Date

“Exchange Date” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

5 Transfers

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, CDS or any other agreed clearing system as the case may be.

Interests in Global Notes in bearer form will be transferable in multiples of €50,000 (or its equivalent in other currencies) unless otherwise specified in the Final Terms.

6 Conditions applicable to Global Notes

Each Global Note contains provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

- (a) *Meetings:* The holder of a Permanent Global Note or Registered Global Note shall (unless such Permanent Global Note or Registered Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of holders and, at any such meeting, the holder of a Permanent Global Note or Registered Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged.
- (b) *Cancellation:* Cancellation of any Note represented by a Permanent Global Note or Registered Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note or Registered Global Note.
- (c) *Purchase:* Notes represented by a Permanent Global Note or Registered Global Note may be purchased by the Issuer or any of its Subsidiaries at any time in the open market or otherwise and at any price.
- (d) *Issuer's call options:* Any option of the Issuer provided for in the Conditions of the Notes while such Notes are represented by a Global Note shall be exercised by the Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice is not required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes is required. If any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes are governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDS or any other clearing system (as the case may be).
- (e) *Investors' put option:* Any option of the holders provided for in the Conditions of any Notes while such Notes are represented by a Global Note may be exercised by the holder of such Global Note, giving notice to the Principal Paying Agent or Registrar, as the case may be, within the time limits relating to the deposit of Notes with the Principal Paying Agent or Registrar, as the case may be, substantially in the form of the notice available from the Principal Paying Agent or any Paying Agent or Registrar, as the case may be, except that the notice is not required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting for notation the Global Note to the Fiscal Agent or Registrar, as the case may be.

7 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and accordingly in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Temporary Global Note representing such Notes may be exchanged for any interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

Sale and subscription

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a Dealer Agreement dated 31 October 2001 as amended and/or restated from time to time ("**Dealer Agreement**") between the Issuer and the Arranger, the Notes will be offered by the Issuer to the Dealers. The Notes may be resold at prevailing market prices, or at related prices, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that may be jointly and severally underwritten by two or more Dealers.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes and to pay the Dealers certain fees and commissions. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States of America *Regulation S Category 2; TEFRA D*

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Regulation S provides a non-exclusive safe harbour from the application of the registration requirements of the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed and each subsequent Dealer appointed under the Program will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes,

- (a) as part of their distribution at any time or
- (b) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Euro Fiscal Agent or the Australian Registrar or the New Zealand Registrar or the Canadian Registrar (as the case may be) or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Euro Fiscal Agent or the Australian Registrar or the New Zealand Registrar or the Canadian Registrar (as the case may be) or the Issuer shall notify each such Dealer when all such Dealers have so certified),

within the United States or to or for the account or benefit of U.S. persons and only in accordance with Rule 903 of Regulation S, or if applicable, Rule 144A under the Securities Act, and such Dealer will have sent to each dealer to which it sells Notes during the relevant distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issue of Index Linked Interest Notes and Dual Currency Notes is subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers agree as a term of the issue and purchase of such Notes, which additional selling restrictions will be set out in the applicable Final Terms. The Dealers have agreed and each subsequent Dealer appointed under the Program will agree that they will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

European Economic Area

Unless otherwise stated in this “Sale and Subscription” section, in relation to each EEA State which has implemented the Prospectus Directive (each a “**Relevant EEA State**”), each Dealer has represented and agreed, and subsequent Dealer appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant EEA State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant EEA State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant EEA State:

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of:
 - (i) an average of at least 250 employees during the last financial year;
 - (ii) a total balance sheet of more than €43,000,000; and
 - (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;
- (d) at any time if the denomination per Note being offered amounts to at least €50,000; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that EEA State by any measure implementing the Prospectus Directive in that EEA State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant EEA.

United Kingdom

Each Dealer has represented and agreed, and each subsequent Dealer appointed under the Program will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(l) FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan, as amended (the “**Securities and Exchange Law**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

In connection with the initial placement of any notes in Switzerland, each Dealer has represented and agreed and each additional Dealer appointed under the Program will be required to agree, that the Notes have not been offered or sold and will not be offered or sold in Switzerland save for to a limited group of persons within the meaning of the Art. 652a(2) of the Swiss Code of Obligations of 30 March, 1911 (as amended).

Commonwealth of Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Program or the Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that, unless the relevant Final Terms provides otherwise, it:

- (a) has not offered or invited applications, and will not offer or invite applications for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Prospectus or any other offering material or advertisement relating to the Notes in Australia,

unless (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies) (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 of Australia, and (ii) such action complies with all applicable laws, regulations and directives, and (iii) does not require any document to be lodged with ASIC.

New Zealand

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes; and
- (b) it has not distributed and will not distribute, directly or indirectly, any offering materials or advertisement in relation to any offer of Notes,

in each case in New Zealand other than:

- (i) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- (ii) to persons who in all the circumstances can properly be regarded as having been selected otherwise than as members of the public; or
- (iii) to persons who are each required to pay a minimum subscription price of at least N.Z.\$500,000 for the Notes before the allotment of those Notes (disregarding any amounts payable, or paid, out of money lent by the Issuer or any associated person of the Issuer); or
- (iv) in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand (or any statutory modification or re-enactment of, or statutory substitution for, the Securities Act 1978 of New Zealand).

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended (the "**Securities and Futures Act**"). Accordingly, this Prospectus and any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor or other person falling within Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise than pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (b) where no consideration is or will be given for the transfer; or
- (c) where the transfer is by operation of law.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that any Notes with a maturity of less than 12 months will either have a minimum denomination of EUR 50,000 or be offered in the Netherlands to professional market parties as defined in the Dutch Financial Supervision Act (Wet op het financieel toezicht) (which came into force on 1 January 2007) and the decrees issued pursuant thereto.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that sales of the Notes by such Dealer in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of the Prospectus or any other document relating to the Notes in the Republic of Italy except:

- (1) to "**Professional Investors**", as defined in Article 31.2 of CONSOB Regulation No. 11522 of 2 July 1998, as amended ("**Regulation No. 11522**"), pursuant to Articles 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"); or

- (2) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971 of 14 May 1999, as amended.

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended ("**Decree No. 385**"), Decree No. 58, CONSOB Regulation No. 11522 and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB (the Italian Securities Exchange Commission) or the Bank of Italy.

Canada

The Notes will not be qualified for sale under the securities laws of any province or territory of Canada. Each Dealer has represented and agreed, and each new Dealer appointed under the Program will be required to represent and agree, that:

- (a) it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with the applicable securities laws;
- (b) it has not and will not distribute or deliver the Prospectus, or any other offering material in connection with any offering of Notes in Canada, other than in compliance with the applicable securities laws.

Additional selling restrictions in relation to Canada may be set out in the relevant Final Terms issued in respect of the issue of Notes.

General

Each Dealer has agreed and each new Dealer appointed under the Programme will be required to agree with the Issuer that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes and that it will not, directly or indirectly, offer, sell or deliver Notes or distribute or publish this document, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this document) in relation to the Notes in or from any country of jurisdiction except under circumstances that will to the best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes by it will be made on the foregoing terms.

The restrictions on offerings may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms applicable to each Series of Notes or in a supplement to this document.

Form of Final Terms

Set out below is a proforma Final Terms which, subject to completion and amendment, will be issued in respect of issues of Notes under the Program. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated []

Telstra Corporation Limited

(ABN 33 051 775 556)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the unlimited

Debt Issuance Program

Part A - Contractual Terms

Terms used in this document are deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [**date**] [and the supplemental Prospectus dated [**date**]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (“**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described in it for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [(as so supplemented)]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing on the Issuer’s website, www.telstra.com.au.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

Terms used in this document are deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [**original date**] [and the supplemental Prospectus dated [**date**]]. This document constitutes the Final Terms of the Notes described in it for the purposes of Article 5.4 of Directive 2003/71/EC (“**Prospectus Directive**”) and must be read in conjunction with the Prospectus dated 29 August 2007 [(as so supplemented)], which [together] constitute[s] a base prospectus for the purpose of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [**original date**] [and the Supplemental Prospectus dated [•]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated [**original date**] and the Prospectus dated 29 August 2007 [(as so supplemented)]. The Prospectuses [and the supplemental Prospectus(es)] [is] [are] available for viewing on the Issuer’s website, www.telstra.com.au.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. .]

[When completing any Final Terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

1 Issuer: Telstra Corporation Limited

2 (i) Series Number: []

(ii) Tranche Number: []

[If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible]

3 Specified Currency or Currencies: []

4 Aggregate Nominal Amount:

(i) Series: []

	(ii) Tranche:	[]
5	Issue Price:	[] per cent of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> <i>[in the case of fungible issues only, if applicable]</i>]
6	(i) Specified Denomination(s):	<p>[For so long as the Notes are in global form and Euroclear Bank S.A./N.V. ("Euroclear"), and Clearstream Banking, <i>société anonyme</i> ("Clearstream, Luxembourg") so permit, the Notes are tradeable in the minimum authorised denomination of €50,000 and higher integral multiples of €1,000, notwithstanding that no definitive notes will be issued with a denomination above €99,000.</p> <p><i>[N.B. Only applicable when Notes in bearer form are issued in Specified Denominations of €50,000 plus €1,000, or its equivalent in other currencies]</i></p> <p><i>[Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom, or whose issue otherwise constitutes a contravention of section 19 FSMA and which have a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other Specified Currencies).]</i></p> <p><i>[If the Notes admitted to trading on an exchange in the EEA or are offered to the public in an EEA State then the equivalent denomination for Notes denominated in an EEA currency other than euro must be calculated in accordance with the requirements (if any) in the relevant EEA State.]</i></p> <p><i>[For Australian Domestic Notes or New Zealand Domestic Notes, insert relevant denomination, typically A\$/NZ\$10,000.]</i></p>
	(ii) Calculation Amount:	<p><i>[If only one Specified Denomination, insert the Specified Denomination.</i></p> <p><i>If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.]</i></p>
7	(i) Issue Date:	[]
8	Maturity Date:	<p><i>[Fixed rate - specify date</i></p> <p><i>Floating rate - specify Interest Payment Date falling in the relevant month and year]</i></p>
9	Record Date	<p>In the case of payments of interest, the close of business in the place where the relevant Register is maintained on the fifteenth <i>[for Canadian Domestic Notes]</i> <i>[eighth]</i> <i>[for Australian Domestic Notes]</i> <i>[tenth]</i> <i>[for New Zealand Domestic Notes]</i> calendar day before the relevant date for payment or any date so described in the relevant Final Terms. <i>[Applicable to Canadian Domestic Notes, Australian Domestic Notes and New Zealand Domestic Notes only. Do not amend unless relevant Clearing System approves]</i></p>
10	Interest Basis:	<p>[Fixed Rate]</p> <p>[Specify reference rate +/- [] % Floating Rate]</p>

		[Zero Coupon]
		[Index Linked Interest]
		[specify other]
		(further particulars specified below)
11	Redemption/Payment Basis:	[Redemption at par]
		[Index Linked Redemption]
		[Dual Currency]
		[Partly Paid]
		[Instalment]
		[specify other]
		<i>[N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation will apply. This is not the only circumstance in which Annex XII will apply]</i>
12	Change of Interest or Redemption/Payment Basis:	[Specify details of any provision for change of Notes into another interest or redemption/payment basis]
13	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
14	(i) Status of Notes:	Senior
	(ii) [Date [Board] approval for issuance of Notes obtained:	[]
		<i>[N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes]</i>
15	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions	[Applicable/Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Fixed Rate[(s)] of Interest:	[] per cent per annum [payable annually/semi-annually/quarterly/monthly] in arrears.]
	(ii) Interest Payment Date(s):	[] in each year, [adjusted in accordance with [specify Business Day Convention and any applicable Additional Financial Centre(s) for the definition of Business Day]/not adjusted]. (Amend as applicable for any long or short coupons.) (Note that the Principal Financial Centre(s) for the Specified Currency are referred in the Condition 34.1)
	(iii) Fixed Coupon Amount[(s)]:	[] [per Calculation Amount]
	(iv) Broken Amount(s):	[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [].

- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]/[RBA Bond Basis]/[NZ Govt Bond Basis]/[Actual/365] [specify other]/ [If none of these options applies, give details]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
[Consider if day count fraction, particular for euro denominated issues, should be on an Actual/Actual (ICMA) basis.]
- 17 **Floating Rate Note Provisions** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate]
- (i) Interest Period(s)/ Interest Payment Date(s): [Specify dates (or if the Applicable Business Day Convention is the FRN Convention) applicable number of months.]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ (specify other) and specify whether [(adjusted)/(no adjustment)] Specify unless no adjustment is required in which case "no adjustment". If nothing is specified there will be No adjustment. Care should be taken to match the maturity date (as well as other key dates) of the Notes with any underlying swap transactions. Since maturity dates do not automatically move with business day conventions under ISDA, it may be necessary to specify "No adjustment") in relation to the maturity date of the Notes to disapply the applicable Business Day Convention.
- (iii) Additional Business Centre(s): [CHF] Zurich, Sydney, Melbourne
[GBP] London, Sydney, Melbourne
[AUD] Sydney, Melbourne
[EUR] TARGET, London, Sydney, Melbourne
[JPY] Tokyo, Sydney, Melbourne
[Not Applicable/give details]
(Note these are in addition to the Principal Financial Centre(s) for the Specific Currency referred to in the Condition 34.1.)
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ (specify other)]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Fiscal Agent]): []
- (vi) Screen Rate Determination:
- Reference Rate: [For example, LIBOR, EURIBOR or BBSW]
 - Interest Determination Date(s): [For example, second London business day prior to the start of each Interest Period of LIBOR other than sterling or euro LIBOR, first day of each Interest Period of sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period of EURIBOR or euro LIBOR.]
 - Relevant Screen Page: [In the case of EURIBOR, if not Reuters Page EURIBOR1, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately]
- (vii) ISDA Determination:
- Floating Rate Option: []

	- Designated Maturity:	[]
	- Reset Date:	[]
(viii)	Margin(s):	[+/-] [] per cent per annum
(ix)	Minimum Rate of Interest:	[] per cent per annum
(x)	Maximum Rate of Interest:	[] per cent per annum
(xi)	Day Count Fraction:	[]
(xii)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[Not applicable/ <i>give details</i>]
18	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>[If not applicable, delete the remaining sub-paragraph of this paragraph]</i>
	(i) [Amortisation/Accrual] Yield:	[] per cent per annum
	(ii) Reference Price:	[]
	(iii) Any other formula/basis of determining amount payable:	<i>[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 16.5 ("Calculation of Early Redemption Amounts")]</i>
19	Index Linked Interest Note Provisions	[Applicable/Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
	(i) Index/Formula/other variable:	<i>[Give or annex details]</i>
	(ii) Calculation Agent responsible for calculating the interest due (name and address):	[]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[]
	(iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[] <i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>
	(v) Interest or Calculation Period(s)	[]
	(vi) Specified Period(s)/Specified Interest Payment Dates:	[]
	(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ (<i>specify other</i>)]
	(viii) Additional Business Centre(s):	[Not Applicable/ <i>give details</i>]
	(ix) Minimum Rate of Interest:	[] per cent per annum

(x) Maximum Rate of Interest: [] per cent per annum

(xi) Day Count Fraction: []

20 **Dual Currency Note Provisions** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]

(i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []

(iv) Person at whose option Specified Currency/Currencies is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21 **Issuer Call Option** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]

(i) Early Redemption Date(s) (Call): []

(ii) Early Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): [] per Calculation Amount
[N.B. Consideration to be given to the calculation of the Early Redemption Amount (Call). It is likely to be based upon a make-whole amount which would be calculated in accordance with a formula that will need to be detailed on a case by case basis for each Series as specified in the Final Terms, having regard to the present value on the Early Redemption Date (Call) of the principal amount of the Notes and scheduled or anticipated interest on the Notes up to and including the original Maturity Date. The present value would be calculated by reference to a discount and benchmark rate, details of which to be attached as an annex to the Final Terms.]

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [] per Calculation Amount

(b) Maximum Redemption Amount: [] per Calculation Amount
[]

(iv) Notice period (if other than as set out in the Conditions): []

[N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agents]

22 **Investor Put Option** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of

this paragraph]

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): []

[N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agents]

23 **Final Redemption Amount** [[] per Calculation Amount/ (specify other)/ see Appendix.]

24 **Early Redemption Amount** [] *[If early redemption is variable linked (eg index linked) then additional information needs to be added to this section.]*

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25 **Form of Notes:** **[Bearer Notes/Australian Domestic Notes (in uncertificated registered form)/New Zealand Domestic Notes (in uncertificated registered form)/Canadian Domestic Notes (in certificated registered form)/[delete as applicable or specify other]]:**

[Temporary Global Note, which will be deposited with a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about the Issue Date and will be exchangeable for interests in a Permanent Global Note on or about the Exchange Date (a date not earlier than 40 days after the Issue Date) upon certification as to non-U.S. beneficial ownership which is exchangeable in whole, but not in part, for Definitive Notes in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note which will be deposited with a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about the Issue Date and will be exchangeable for interests in Definitive Notes on or about the Exchange Date (a date not earlier than 40 days after the Issue Date) upon certification as to non-U.S. beneficial ownership.] (N.B. In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes, such Notes may only be issued in denominations equal to, or greater than €50,000 (or equivalent) and integral multiples thereof.)

[Permanent Global Note which will be deposited with a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about the Exchange Date (a date not earlier than 40 days after the Issue Date) and will be exchangeable at the option of the bearer for Definitive Instruments on 45 days' notice in the

limited circumstances specified in the Permanent Global Note.] *[(N.B. Not applicable when the Issuer issues bearer Notes in Specified Denominations of €50,000 plus €1,000 or other integrals below €50,000, or its equivalent in other currencies)].*

In the circumstances specified in the terms and conditions of the Notes, interests in the Permanent Global Note will (subject as provided below) be exchangeable in whole, but not in part, for Definitive Notes in minimum Specified Denominations of *[insert Specified Currency]**[insert Specified Denomination in excess of €50,000]* and integral multiples of *[insert Specified Currency]**[insert Specified Denomination below €50,000]*. The holder's right to request the issue of a Definitive Note does not comply if the nominal amount requested is less than the minimum Specified Denomination.

If Definitive Notes are issued, (a) notwithstanding that some Definitive Notes may be in permitted Specified Denominations which are not integral multiples of *[insert Specified Denomination in excess of €50,000]*, Euroclear and Clearstream, Luxembourg will recognize only minimum Specified Denominations of *[insert Specified Denomination in excess of €50,000]* and integral multiples thereof, (b) trading in the Notes will be limited to Definitive Notes in denominations of *[insert Specified Denomination in excess of €50,000]* or integral multiples thereof, and (c) payments of principal and interest on the portion of any Definitive Note that is not an integral multiple of *[insert Specified Denomination in excess of €50,000]* will not be made through Euroclear or Clearstream, Luxembourg. In such circumstance, there may not be any trading market for Definitive Notes that are in Specified Denominations that are not *[insert Specified Denomination in excess of €50,000]* or integral multiples thereof, and payments of principal and interest on the portion of any Definitive Note that is not an integral multiple of *[insert Specified Denomination in excess of €50,000]* will be available only from the Issuer or its Paying Agent.]

26	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates]
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/give details] [Attach further provisions as necessary]
29	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/give details]
30	Notices:	[specify any other means of effective communications]
31	Consolidation provisions	[Not applicable/The provisions [in Condition 29 ("Further issues")] [annexed to this Final Terms] apply]
32	Governing law:	[English law/Australian Capital Territory law/New Zealand law/specify other]

33	Redenomination, renominatisation and reconventioning provisions:	[Not applicable/The provisions annexed to this Final Terms apply]
34	Other final terms or special conditions:	[Not Applicable/give details] <i>[For Zero Coupon Notes with a maturity of less than 365 days, Condition 6 ("Negative pledge") and Condition 24 ("Events of Default") should be disapplied.]</i> <i>[When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]</i>

DISTRIBUTION

35	(i) If syndicated, names [and addresses] of Managers [and underwriting commitments]:	[Not Applicable/give names, [addresses and commitments]] <i>[Addresses of Managers and details of underwriter only required if the Notes fall within Annex XII.]</i> <i>[If Notes fall within Annex XII, include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.]</i>
	[(ii) Date of [Syndication] Agreement:]	[] <i>[Only required if the Notes fall within Annex XII]</i>
	(ii) Stabilising Manager (if any):	[Not Applicable/give name]
36	If non-syndicated, name and address of Dealer:	[Not Applicable/give name and address]
37	U.S. Selling Restrictions	[Regulation S Category 2; TEFRA D][NB: TEFRA D rules should apply to issues of Notes unless it is agreed by the Issuer at the time of completion of the Final Terms that TEFRA C rules should apply or that TEFRA D rules should not be applied to a particular issue of Notes]
38	Additional selling restrictions:	[Not Applicable/give details]

POST ISSUANCE REPORTING

[If Notes fall within Annex XII, include a statement as to whether the Issuer intends to provide post issuance information and, where this is the case, specify what will be reported and where it can be obtained.]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [the London Stock Exchange's Gilt Edge and Fixed Interest Market] *[other market]* [and to admission to the Official List of the UK Listing Authority] of the Notes described herein pursuant to the Debt Issuance Program of Telstra Corporation Limited.

RESPONSIBILITY

Telstra Corporation Limited (as Issuer) accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [*specify source*]. [Telstra Corporation Limited (as Issuer) confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [***specify source***], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Telstra Corporation Limited (as Issuer):

By:
Duly authorised officer

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: [London/other (*specify*)/None]
- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [].] [Not Applicable.]
- [Where documenting a fungible issue need to indicate that original securities are already admitted to trading.]
- (ii) Estimate of total expenses related to admission trading: []

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []][Other: []]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider and it is not included in the Prospectus.]
- [The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.]

3. [NOTIFICATION

The UK Listing Authority [has been requested to provide/has provided] - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues* the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[Save as discussed in the Prospectus under “Subscription and Sale”, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests. This needs to include a description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest.*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

5. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) [Reasons for the offer []]

[This section 5 is only required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies and when the reasons for the offer are not making a profit and/or hedging certain risks.]

(See "Use of Proceeds" wording in the Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

(ii) [Estimated net proceeds]: []

[If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]

(iii) [Estimated total expenses]: []. *([If the Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is] only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.) [Include breakdown of expenses]*

6. TOTAL EXPENSES

Total Expenses: []

[If not included through section 5 above, include a statement as to the total expenses related to the admission to trading here.]

7. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*INDEX-LINKED NOTES ONLY*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Need to include information setting out the type of underlying and where information in relation to the underlying can be obtained, a description of market or settlement disruption events and adjustment rules.] [This section 8 is only required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained] [does not intend to provide post-issuance information.]

9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The borrower [intends to provide post-issuance information [specify what information will be reported and where it can be obtained] [does not intend to provide post-issuance information].

[This section 9 is only required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.]

10. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Austraclear [New Zealand] identification number: []
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, Luxembourg, Austraclear or Austraclear New Zealand and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Additional Agent(s) names and addresses (if any): []
- (vii) In the case of [Australian/New Zealand/Canadian] Domestic Notes:

[Australian/New Zealand/Canadian] Registrar: [] of [address]

The Note will be eligible for lodgement into the [Austraclear/Austraclear New Zealand] System/CDS Clearing and Depository Services Inc. (“CDS”)]

Distributions of principal and interest with respect to Notes held through the [Austraclear/Austraclear New Zealand System] will be credited to the cash accounts of members of the [Austraclear/Austraclear New Zealand System] in accordance with the regulations and the operating manual applicable to the [Austraclear/Austraclear New Zealand System.]

Interests in the Notes may be held through Euroclear and Clearstream, Luxembourg indirectly through institutions which are participants in Euroclear Bank S.A./N.V. and Clearstream Banking, Luxembourg. In such circumstances, [Westpac Custodian Nominees Limited/HSBC Nominees (New Zealand) Limited] (as nominee of Euroclear) or ANZ Nominees Limited (as nominee of Clearstream, Luxembourg) would hold the interests in the Notes in the [Austraclear/Austraclear New Zealand System]. [Austraclear Limited/NZCSD] will be [inscribed/registered] as the Holder of such Notes and will therefore be treated by the Issuer and the [Australian/New Zealand] Registrar as the absolute owner of such Notes.

Beneficial interests in the Notes held through CDS will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in CDS. Transfers of ownership and other interests, including cash distributions of principal and interest, in Notes held in CDS may only be processed through CDS participants and will be completed in accordance with existing CDS rules and procedures.

For so long as any of the Notes held through CDS are represented by a Registered Global Note, CDS & CO., or any other nominee appointed by CDS, shall be registered as the Holder of such Notes and the Issuer, the Canadian Registrar and any Paying Agent shall treat CDS & CO., or any other nominee appointed by CDS, as the sole owner or holder of such Notes for all purposes. Principal and interest payments on the Registered Global Note will be made on behalf of the Issuer by the Canadian Registrar and CDS will distribute the payment received.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their participants and the investors.

11. PUBLIC OFFER TEST COMPLIANT

The Notes [are issued/are not issued] in a manner which the Issuer intends to comply with the requirements of Section 128F of the Income Tax Assessment Act 1936 of Australia.

General information

Listing

The admission of the Program to listing on the Official List of the UK Listing Authority and to trading on the Market is expected to take effect on 31 August 2007. Any Tranche of Notes intended to be admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the Market will be so admitted to listing and trading upon submission to the UK Listing Authority and the Market of the relevant Final Terms and any other information required by the UK Listing Authority and the London Stock Exchange, subject to the issue of the relevant Notes. Prior to official listing, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction.

However, Notes may be issued pursuant to the Program which will not be admitted to listing, trading and/or quotation by the UK Listing Authority or the Market or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

Authorisations

The establishment of the Program was authorised as part of the borrowing Program approved on 19 October 2001. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Clearing of the Notes

The Notes (other than Australian Domestic Notes, New Zealand Domestic Notes and Canadian Domestic Notes) have been accepted and Canadian Domestic Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

US selling restrictions

Notes (other than Temporary Global Notes, Australian Domestic Notes, New Zealand Domestic Notes and Canadian Domestic Notes) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in such legend provide that a United States person who holds a bearer Note or Coupon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such bearer Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Settlement arrangements

Settlement arrangements will be agreed between the Issuer, the relevant Dealer(s) and the Fiscal Agent (if relevant) in relation to each Tranche of Notes.

Legal proceedings

There are no governmental, legal or arbitration proceedings involving the Issuer or any of its subsidiaries (and, so far as the Issuer is aware, no such proceedings are pending or threatened) that have or may have or have had during the twelve months prior to the date of this document, a significant effect on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

Updated Telstra Foreign Ownership Regulations

Telstra's constitution contains provisions designed to enable it to monitor and enforce its restrictions on certain foreign ownership stakes in Telstra under the Telstra Act. Following the adoption of our new constitution, Telstra released an updated version of Telstra's Foreign Ownership Regulations.

Financial information and accounts

Since 30 June 2007, the last day of the financial period for which the most recent audited financial statements of the Issuer have been prepared, there has been no significant change in the financial or trading position and no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole.

Independent public auditors have audited the Issuer's financial statements for the five fiscal years ended 30 June 2007 and unqualified opinions have been received. While the auditor for Australian financial reporting purposes was the Australian National Audit Office for the four year period ending on 30 June 2006, the auditor for filings outside Australia has been Ernst & Young for the fiscal years ended 30 June 2007, 30 June 2006, 30 June 2005, 30 June 2004, 30 June 2003, 30 June 2002 and 30 June 2001. No financial information in this Prospectus other than the financial statements incorporated by reference (see paragraph (a) and (b) of the section headed "Documents Incorporated by Reference" above) has been audited. Where in this Prospectus it indicates that the Issuer's financial statements have been audited, these statements will have been audited according to Australian auditing requirements. Australian auditing requirements have no significant departures from International Standards on Auditing.

Change of Auditor

Following the completion of the Global Offering the Auditor-General resigned as Telstra's auditor, as foreshadowed in the prospectus for the Global Offering. Ernst & Young have been appointed with effect from 12 December 2006 as Telstra's auditor, having acted as agent of the Auditor General to assist in performing independent external audit duties since fiscal 2000. Ernst & Young's appointment extends to the year ending 30 June 2009, subject to confirmation of their appointment at Telstra's 2007 annual general meeting.

New Constitution

At Telstra's annual general meeting held on 14 November 2006, its new constitution was adopted. One of the main reasons for amending the constitution was to reflect the change in the Commonwealth's ownership of Telstra.

Material Change

There has been no material adverse change in the prospects of the Issuer since 30 June 2007, being the date of the latest published audited financial statements of the Issuer. In addition, there have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

Program documents

For as long as the Program remains in effect or any Notes are outstanding, copies of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent, the Paying Agent, the Australian Registrar, the New Zealand Registrar, the Canadian Registrar (in relation to the documents set out in subparagraphs (a), (b), (c), (d), (f), (i), (l), (m) and (n) below only and only once any Canadian Domestic Notes have been issued) and from the principal office of the Issuer, namely:

- (a) the constitution of the Issuer;
- (b) the current Prospectus and any supplementary Prospectus in relation to the Program, together with any amendments;
- (c) any reports, letters or other documents referred to in this Prospectus;
- (d) the Deed of Covenant;
- (e) the Euro Fiscal Agency Agreement;
- (f) the Dealer Agreement;
- (g) the Australian Registry Services Agreement;
- (h) the New Zealand Registry Services Agreement;
- (i) the Canadian Registry Services Agreement;
- (j) the Australian Note Deed Poll;

- (k) the New Zealand Note Deed Poll;
- (l) the accounts and consolidated accounts of the Issuer beginning with the accounts for the years ended 30 June 2003, 30 June 2004, 30 June 2005, 30 June 2006 and 30 June 2007;
- (m) any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by a Noteholder (including, for this purpose, any person holding an interest in a Global Note) in respect of such Note); and
- (n) any documents incorporated into this Prospectus by reference (see "Documents Incorporated by Reference" above).

Transparency Directive

EU Directive 2004/109/EC ("**Transparency Directive**") was passed on 15 December 2004 and came into force on 20 January 2005. The Transparency Directive was implemented by Member States of the European Union. If the implementation imposes obligations on the Issuer that are unduly burdensome, the Issuer may decide to de-list the Notes from the Official List of the UK Listing Authority and from trading on the Market and may procure admission to listing, trading and/or quotation on such other exchange located outside the European Union.

In the event of a de-listing for this reason, the Issuer will notify the Market and the UK Listing Authority and notice of the de-listing will be published in accordance with Condition 30 ("Notices to Noteholders") as is agreed between it, the Arranger and relevant Dealers.

PRINCIPAL OFFICE OF THE ISSUER

Telstra Corporation Limited
242 Exhibition Street
Melbourne Victoria 3000
Australia
Tel: +61 (0) 3 9634 4000

REGISTERED OFFICE OF THE ISSUER

Level 41
242 Exhibition Street
Melbourne Victoria 3000
Australia
Tel: +61 (0) 3 9634 4000

ARRANGER

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ
United Kingdom

AUDITORS OF THE ISSUER

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000
Australia

FISCAL AGENT AND PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

AUSTRALIAN REGISTRAR

Austraclear Services Limited
20 Bridge Street
Sydney NSW 2000
Australia

NEW ZEALAND REGISTRAR

Computershare Investor Services Limited
Level 2
JD Edwards Building
159 Hurstmere Road
Takapuna
Auckland 1020
New Zealand

LEGAL ADVISERS

*to the Issuer as
to Australian and English law*

Mallesons Stephen Jaques
Level 50
Bourke Place
600 Bourke Street
Melbourne Victoria 3000
Australia

Mallesons Stephen Jaques
6th Floor
Alder Castle
10 Noble Street
London EC2V 7JX
United Kingdom

*to the Arranger
as to English law*

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

*to the Issuer
as to New Zealand law*

Bell Gully
Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

to the Issuer as to Canadian law

Stikeman Elliott LLP
Dauntsey House
4B Frederick's Place
London EC2R 8AB
United Kingdom