

Supplement dated 10 March 2010



**Telstra Corporation Limited
(ABN 33 051 775 556)**

Debt Issuance Program

This supplement (**Second Supplement**) to the prospectus dated 23 September 2009 (**Prospectus**) and supplemental prospectus dated 11 November 2009 (**First Supplement**) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the Debt Issuance Program (**Program**) established by Telstra Corporation Limited (**Issuer**). The purpose of this Second Supplement is to update the Prospectus for recent developments in relation to the “Documents incorporated by reference” section and the “Risk Factors” section of the Prospectus. Terms defined in the Prospectus have the same meanings when used in this Second Supplement.

This Second Supplement is supplemental to, and should be read in conjunction with, the Prospectus and the first Supplement. It has been prepared by and issued with the authority of the Issuer and has been approved by the Financial Services Authority in its capacity as competent authority under Part VI of the Financial Services and Markets Act 2000 as a supplement issued in compliance with the Prospectus Directive (Directive 2003/71/EC).

The Issuer accepts responsibility for all information contained in this Second Supplement. 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 Second Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Statements contained in this Second Supplement will, to the extent applicable and whether expressly, by implication or otherwise, be taken to modify and supersede statements incorporated in the Prospectus and the First Supplement. To the extent that there is any inconsistency between any statement in this Second Supplement (or any statement incorporated by reference into the Prospectus by this Second Supplement) and any other statement in the Prospectus or the First Supplement, the statement in this Second Supplement and so incorporated prevails.

Save as disclosed in this Second Supplement, or in any document incorporated by reference in this Second Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus, as supplemented by the First Supplement.

Investors should be aware of their rights under section 87Q (4) of the Financial Services and Markets Act 2000.

Supplementary Information

31 December 2009 Half Year Financial Report

On 11 February 2010, the Issuer published its unaudited consolidated financial results for the six months ended 31 December 2009 (“**December 2009 Half Year Financial Report**”). A copy of those interim unaudited financial statements has been filed with the UK Listing Authority and, by virtue of this Second Supplement, those interim unaudited financial statements are incorporated in, and form part of, this Prospectus.

The December 2009 Half Year Financial Report contains the “Income Statement”, “Statement of Comprehensive Income”, “Statement of Financial Position”, “Statement of Cash Flows”, “Statement of Changes in Equity”, “Notes to the Half-Year Financial Statements” (including “Basis of Preparation”), the “Contingent liabilities and expenditure commitments” and the “Independent

Review Report". These can be located in the December 2009 Half Year Financial Report on the following pages:

	Half Year Financial Report (Pages)
Income Statement	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Cash Flows	5
Statement of Changes in Equity	6
Notes to the Half-Year Financial Statements	7 to 22
Contingent liabilities and expenditure commitments	21
Independent Review Report	24

Any document incorporated by reference into the interim unaudited financial statements described above does not form part of the Prospectus for Prospectus Directive purposes.

Half year results and operations review - December 2009

The half year results and operations review - December 2009 of Telstra ("**December 2009 Half Year Results**") shall be deemed to be incorporated in, and to form part of, this Prospectus, except that the following sections will not be incorporated into, or form part of, this Prospectus:

- a) on page 10, the last sentence of the third paragraph, beginning "*Whilst we expect...*"; and
- b) on page 15, the last sentence of the second paragraph, beginning "*Beyond these factors...*".

The December 2009 Half Year Results contain the Summary financial information and analysis information. These can be located in the December 2009 Half Year Results on the following pages:

	December 2009 Half Year Results (Pages)
Summary financial information	2 to 7
analysis information	8 to 37

Any document incorporated by reference into the December 2009 Half Year Results does not form part of the Prospectus for Prospectus Directive purposes.

Documents Incorporated by Reference

Under the section of the Prospectus titled “Documents Incorporated by Reference” on page 7, before the sub-heading titled “Interpretation of documents incorporated by reference”, insert the following:

- **31 December 2009 Half Year Financial Report**

As stated above, the 31 December 2009 Half Year Financial Report shall be deemed to be incorporated in, and to form part of, this Prospectus.

- **December 2009 Half Year Results**

As stated above, the December 2009 Half Year Results shall be deemed to be incorporated in, and to form part of, this Prospectus, except that the following sections will not be incorporated into, or form part of, this Prospectus:

- a. on page 10, the last sentence of the third paragraph, beginning “*Whilst we expect...*”; and
- b. on page 15, the last sentence of the second paragraph, beginning “*Beyond these factors...*”.

- **ASX Announcement dated 30 November 2009: “Telstra organising for growth, innovation and customer service”**

The ASX Announcement dated 30 November 2009: “Telstra organising for growth, innovation and customer service” shall be deemed to be incorporated in, and to form part of, this Prospectus.

- **ASX Announcement dated 2 December 2009: “Potential IPO of Soufun Holdings Limited”**

The ASX Announcement dated 2 December 2009: “Potential IPO of Soufun Holdings Limited” shall be deemed to be incorporated in, and to form part of, this Prospectus.

- **ASX Announcement dated 18 December 2009: “Telstra formalises Terms of Engagement with NBN Co”**

The ASX Announcement dated 18 December 2009: “Telstra formalises Terms of Engagement with NBN Co” shall be deemed to be incorporated in, and to form part of, this Prospectus.

- **ASX Announcement dated 2 March 2010: Letter to Shareholders “Update on NBN and Government Legislation”**

The ASX Announcement dated 2 March 2010: Letter to Shareholders “Update on NBN and Government Legislation” shall be deemed to be incorporated in, and to form part of, this Prospectus.

The abovementioned documents have been filed with the Financial Services Authority.

Any document incorporated by reference into the abovementioned ASX Announcements does not form part of the Prospectus for Prospectus Directive purposes. Any information not mentioned in the ASX Announcement but included in the documents incorporated by reference is given for information purposes only.

Changes to Risk Factors

The section of the Prospectus titled “Risk Factors” beginning page 13 is amended as follows:

- On page 15, under the sub-heading “National Broadband Network”, the two paragraphs (beginning “On 7 April 2009...”) are deleted in entirety and replaced with the words:

“In April 2009 the Government announced it would establish a new company (NBN Co.) to build and operate a NBN which is intended to connect 90 percent of Australian premises using fibre to the premises technology, with the remaining 10 percent to be connected using a combination of wireless and satellite technologies.

Until February 2010 the Government had maintained that the NBN would be a national, wholesale-only and open access network, which the Government envisages will take up to eight years to build. In late February 2010 the Government released exposure drafts of legislation detailing the line of business restrictions, governance and sale process arrangements for NBN Co and how NBN Co will be regulated. The explanatory materials for the exposure draft raise the possibility of NBN Co engaging in retail operations. In addition, the proposed bespoke nature of the access arrangements for NBN Co also raises the possibility of future asymmetric, and possibly more favourable regulation of NBN Co’s wholesale and retail operations when compared to regulation of our operations. These risks may be heightened by incentives that may be created for a future Government in this regard by the intended future sell down of the Government’s majority ownership of NBN Co after the NBN is built and fully operational. The Government has called for submissions on the exposure drafts of the NBN Co Bills to be lodged by 15 March 2010 and has indicated that it may amend the drafts before presenting them to Parliament.

The Government is conducting an implementation study on the NBN (which is expected to be finalised in early 2010) to determine the operating arrangements, detailed network design and ways to attract private sector investment.

On 18 December 2009 Telstra announced it had formalised Terms of Engagement with NBN Co to facilitate negotiation of Telstra’s potential participation in the roll out of the NBN. We remain engaged in complex talks with the Government and NBN Co and committed to try to find a mutually acceptable outcome, however, given the importance and complexity of the issues being discussed, it is too early to determine whether any final agreement between the parties will be reached or approved by all relevant stakeholders and regulators.

We are committed to working constructively with the Government to find the best possible solution for Australians. We welcome the NBN as an important nation-building initiative, however, there is a risk that the NBN may negatively impact on our business over the long term. The exact extent of that impact and of our participation in the NBN is unlikely to become clear before the conclusion of those negotiations. Telstra has made it clear that any deal with the Government in relation to Telstra’s participation in the NBN must be in the best interests of the company and its investors.”

- On page 15, under the sub-heading “Regulatory Reform”, the text in between that sub-heading and the sub-heading “Transformation of our Business” (beginning “The Bill follows the Government’s April 2009 discussion paper...”) is deleted in entirety and replaced with the words:

“On 15 September 2009, the Government introduced into Parliament the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2009 (the CSS Bill).

The CSS Bill proposes significant changes to existing telecommunications regulation, including:

- *steps to separate Telstra, giving Telstra the option of voluntarily structurally separating, or having the Government impose a strong functional separation*

framework on Telstra and deny Telstra access to spectrum required for the next generation of wireless services;

- *reform of the access and anti-competitive conduct regimes by abolishing the current negotiate/arbitrate model of resolving access disputes, and providing the ACCC with significantly increased new upfront price setting powers by making “access determinations” of price and non-price terms of access for regulated services; and*
- *reform of the current consumer safeguard framework impacting Telstra's Universal Service Obligation, Payphone services, the Customer Service Guarantee and Priority Assist services, including giving new powers to the Minister to introduce new minimum performance benchmarks for wholesale and retail telecommunications suppliers, and to the Australian Communications and Media Authority (ACMA) to issue infringement notices for certain breaches of telecommunications legislation.*

The CSS Bill also seeks to force Telstra to divest HFC cable and its interest in FOXTEL (along with structural separation) in order to avoid being excluded from spectrum for future generation mobile services unless these requirements are waived in the Minister's discretion.

The CSS Bill follows the Government's April 2009 discussion paper on regulatory reform. The CSS Bill is expected to be reintroduced into Parliament in March 2010 and may pass into law at or after that time.”

- On page 16, under the sub-heading “Transformation of our business”, in the final paragraph above the sub-heading “Competition” (beginning “*Our next generation wireline network...*”), in the first sentence the words “*for nearly three years*” in the 2nd line is deleted and replaced with the words “*since late 2006*”.
- On pages 17 to 18, under the sub-heading “Shares held by the Future Fund”, the text above the heading “Factors which are material for the purpose of assessing risks associated with Notes issued under the Program” (beginning “*The Future Fund may be subject to directions...*”) are deleted in entirety and replaced with the words:

“Approximately 10.9 percent of Telstra's shares are currently held by the Future Fund, an investment fund set up by the Commonwealth of Australia to provide for its unfunded superannuation liabilities. In August 2009, the Future Fund decreased its holding by approximately 5.5 percent from approximately 16.4 percent, in line with its investment strategies. At the time that it announced the sale of the 5.5 percent, the Future Fund stated that it would commit not to sell any additional Telstra shares for 180 days, other than through any opportunity under the Dividend Reinvestment Plan framework agreed with Telstra. That escrow period expired on 23 February 2010.

The Future Fund Board of Guardians (“Future Fund Board”) has previously noted that it expects to reduce its Telstra holding over the medium term, however, care would be taken to meet the requirements to maximise long term value with acceptable risk while avoiding causing abnormal volatility in the market. Future disposals by the Future Fund of our shares (or a perception that such disposals could occur) could reduce our share price and adversely affect the timing and effectiveness of capital raisings and could adversely impact our cost of capital.

The Commonwealth Government may give the Future Fund Board of Guardians (“Future Fund Board”) directions from the Government as to how disposals, voting and other rights relating to the shares may be exercised. On 25 November 2009, the Government announced that it was considering measures aimed at reinforcing the independence of the Future Fund Board from the Government. In particular, it stated that it would not be directing the Future Fund Board in relation to its Telstra shareholdings, including the exercising of its voting rights in relation to any

shareholder vote on structural separation (please refer to the paragraphs headed "Regulatory Reform" in this Part III-4) and would not discuss with the Board its intention in relation to the use of its voting rights. While this is the current Government's stated policy in relation to the Future Fund, this policy may change in the future. Further, if a new Government is elected, that new Government may have a different policy to the current Government.

There is the risk that the interests of the Future Fund and/or a Government 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 other shareholders."

Changes to Corporate Profile

The section of the Prospectus titled "Corporate Profile" beginning page 22 is amended as follows:

- The third bullet point on page 24, titled "SouFun" is updated by inserting the following after the words "growth strategy for Sensis":

"On 1 December 2009 the shareholders of SouFun Holdings Limited agreed to commence a process to prepare SouFun for an IPO in 2010. On that date, Telstra announced that it proposes to sell down its shareholding as part of that process".

- A sixth bullet point, following the fifth bullet point on page 24, which contains the following wording, is added:

***"Dotad"** - The Telstra group acquired a majority interest in Dotad Media Holdings Limited ("Dotad") on 23 February 2010. The subsidiaries of Dotad are engaged in the mobile advertising and related businesses in the People's Republic of China."*

- Under the heading "Directors" on pages 24 to 25, the sentence beginning "As at the date of this Prospectus..." is deleted and replaced with the following:

"As at 16 February 2010, our directors were as follows:

- Under the heading "Directors" on pages 24 to 25, the table that appears before the sentence beginning "A brief biography for each of the directors..." is updated as follows:

- (a) the sixth row, which contains details relating to Charles Macek, is deleted;
- (b) the ninth row, which contains details relating to John W Stocker, is amended so that the name in that row reads "John W Stocker AO"; and
- (c) footnotes (3), (4) and (5) are deleted.

- Under the heading "John V Stanhope B Com (Economics and Accounting), FCPA, FCA, FAICD, FAIM" on page 25, the following words are inserted after the words "AGL Energy Limited (appointed 2009)":

"and Melbourne International Jazz Festival".

- The sentence "Charles Macek has advised that he will not be standing for re-election at the AGM held on 4 November 2009." on page 25 is deleted and replaced with the following:

"Charles Macek retired at the AGM held on 4 November 2009."

- Under the heading "Russell Higgins AO B Ec, FAICD" on page 26, the following sentence is inserted at the beginning of the paragraph starting "Mr Higgins has worked...":

"He is also a Member of the Audit Committee and the NBN Committee".

- Under the heading "Steve Vamos B Eng (Hons)" on page 26, the following sentence is inserted at the beginning of the paragraph starting "Mr Vamos was a...":

"He is also a Member of the Audit Committee and the NBN Committee".

- After the paragraph beginning "Mr Vamos was a 30-year veteran..." on page 26, the paragraph beginning "There are no potential conflicts..." is deleted and replaced with the words:

"As at 10 March 2010 there are no potential conflicts of interest between any duties of any director or senior executive to the Issuer and any private or other duty (including those listed above) of that director or senior executive."