

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**" or "**Telstra**") may offer from time to time bonds, notes and other debt instruments (together the "**Notes**") under the Debt Issuance Program ("**Program**") described in this Prospectus. This Prospectus supersedes the Prospectus dated 9 September 2010 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 and, subject to certain restrictions referred to in this Prospectus, the United States. There is no limit on the amount of Notes that may be issued under the Program.

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**") has approved this document as a base prospectus issued in compliance with Directive 2003/71/EC ("**Prospectus Directive**") and the relevant implementing measures in the United Kingdom. Application has also been made 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 ("**UKLA 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 Regulated Market ("**Market**"). The Market is a regulated market for the purposes of Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments 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 UKLA 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**") substantially in the form set out on pages 106 to 120 inclusive of this Prospectus. The Final Terms for each Tranche of Notes to be admitted to the UKLA Official List and to the London Stock Exchange will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of such Tranche of Notes and is expected to be published via the Regulatory News Service of the London Stock Exchange.

The rating of certain Series of Notes to be issued under the Program may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a particular Series of Notes will be issued by a credit agency established in the European Union and registered under Regulation (EC) No. 1060/2009 ("**CRA Regulation**") will be disclosed in the applicable Final Terms. The credit ratings of the Issuer referred to in this Prospectus have been issued by Standard & Poor's (Australia) Pty Ltd, Moody's Investors Service Pty Limited and Fitch Australia Pty Ltd, none of which is established in the European Union or has applied for registration under the CRA Regulation.

Application may also be made for Notes issued under the Program during the period of 12 months from the date of this Prospectus for permission to deal in, and quotation for, the Notes on the Official List ("**Singapore Official List**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Such permission will only be granted when such Notes have been admitted to the Singapore Official List. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Singapore Official List and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Program or the Notes. The Notes will be traded in a minimum board lot size of S\$200,000 (or equivalent in another currency) for so long as the Notes are listed on the SGX-ST. The Final Terms for each Tranche of Notes to be admitted on the Singapore Official List will be delivered to the SGX-ST on or before the date of issue of such Tranche of Notes. There is no guarantee that an application to the SGX-ST for the listing of any Tranche of Notes will be approved. As at the date of the Prospectus, no application has been made to the SGX-ST. SGX-ST is not regulated for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

Application may also be made for Notes issued under the Program to be listed on any other stock exchange (including the Australian securities exchange operated by ASX Limited (ABN 98 008 624 691) ("**ASX**") and the debt market operated by NZX Limited) on which Notes may be listed from time to time as specified in the relevant Final Terms. 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. It is expected that, if listed, a particular Tranche of Notes will only be listed on one stock exchange as specified in the relevant Final Terms.

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

Arranger

BNP PARIBAS

24 October 2011

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Important notice

Prospectus

This Prospectus has not been, nor will be, lodged with the Australian Securities and Investments Commissions (“ASIC”) and is not a ‘prospectus’ or other ‘disclosure document’ for the purposes of the Corporations Act 2001 of Australia (“Corporations Act”). In addition, see the selling restrictions in “Sale and subscription” on pages 99 to 105 inclusive of this Prospectus.

This Prospectus is a base prospectus for the purposes of Article 5.4 of the 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 which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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 (as defined in the “Summary of the Program”), or any Dealer 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 has authorised, nor do any of them authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Arranger or 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. 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” on pages 6 to 8 inclusive of this Prospectus) 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 CMU Lodging 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. BNP Paribas has given and not withdrawn its consent to be named in this Prospectus as the Arranger. The Fiscal Agent, the CMU Lodging 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 CMU Lodging Agent, the Australian Registrar and the New Zealand Registrar respectively. Apart from these matters, the Arranger and the Dealers 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 and the Dealers have 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.

The SGX-ST takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

No independent verification

The Arranger and the Dealers have not independently verified the information contained in this Prospectus. Neither this Prospectus, nor any other information provided in connection with the Program or the Notes, 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 or a statement of opinion (or a report of either of those things) by the Issuer, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase any Notes or any rights in respect of any Notes nor does it constitute an offer or an invitation to subscribe for Notes. Each potential purchaser of Notes should determine (and will be deemed to have done so) for itself the relevance of the information contained in this Prospectus and make its own independent investigation of the financial condition and affairs of and its own appraisals of the creditworthiness of Telstra 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" on pages 15 to 27 inclusive of this Prospectus. The Arranger and 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 the Dealers relating to the Issuer. No advice is given in respect of taxation treatment of investors in connection with investment in any Notes and each investor is advised to consult its own professional adviser on the tax implications of an investment in any Notes in their particular circumstances.

Credit Ratings

There are references in this Prospectus to "credit ratings". A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the relevant credit rating agency. Each rating should be evaluated independently of any other rating.

Credit ratings may be made available only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act 2001 of Australia and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Accordingly, anyone who is not such a person is not entitled to receive the Prospectus and anyone who receives the Prospectus must not distribute it to any person who is not entitled to receive it.

The credit ratings of the Issuer referred to in this Prospectus have been issued by Standard & Poor's (Australia) Pty Ltd, Moody's Investors Service Pty Limited and Fitch Australia Pty Ltd, none of which is established in the European Union or has applied for registration under the CRA Regulation.

If a Series of Notes to be issued under the Program is rated, such credit rating may be specified in the Final Terms, irrespective of whether or not such credit rating is issued by a credit rating agency established in the European Union and registered under the CRA Regulation or otherwise.

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 the Dealers to prepare a supplementary prospectus in certain circumstances as detailed in the section headed "Supplementary Prospectus" on page 4 of this Prospectus.

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 the Dealers.

Distribution

THIS PROSPECTUS IS NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

The distribution of this Prospectus and any Final Terms and the offer or sale of Notes may be restricted in certain jurisdictions. The Issuer, its subsidiaries, the Arranger and 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 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 will result in compliance with any applicable laws and regulations and, as more particularly set out under the section headed "Sale and subscription - Summary of Dealer Agreement" on page 99 of this Prospectus, the Dealers have represented to the Issuer that all offers and sales by them will be made on the same terms. 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" on pages 99 to 105 inclusive of this Prospectus.

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. The 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), except pursuant to an effective registration statement or in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act, including, without limitation, in accordance with 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. For more information see "Sale and subscription - Selling Restrictions - United States of America" on pages 99 to 101 inclusive of this Prospectus.

No offer

Neither this Prospectus, nor any other information provided in connection with the Program or the Notes, is intended to (nor does it), constitute an offer or invitation by or on behalf of the Issuer, its subsidiaries, the Arranger or 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.

Forward-Looking Statements about Telstra

This Prospectus contains and incorporates by reference statements that constitute forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding Telstra's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Examples of these forward-looking statements include, but are not limited to (i) statements regarding future results of operations and financial condition, (ii) statements of plans, objectives or goals, including those related to products or services, and (iii) statements of assumptions underlying those statements. Words such as "may," "will," "expect," "intend," "plan," "estimate," "anticipate," "believe," "continue," "probability," "risk," and other similar words are intended to identify forward-looking statements, but are not the exclusive means of identifying those statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Telstra, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of Telstra and the environment in which it will operate in the future. These forward-looking statements speak only as of the date of this Prospectus. Telstra expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Prospectus, or incorporated herein by reference, to reflect any change in the expectations of Telstra with regard to such forward-looking statements or any change in events, conditions or circumstances on which any such forward-looking statement is based.

Drawdown prospectus

The Issuer may agree with the Arranger and the relevant Dealer(s) 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" on pages 99 to 105 inclusive of this Prospectus) 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" on pages 10 to 14 inclusive of this Prospectus), 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 New Zealand and on a market operated outside Australia and New Zealand, 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 ("**Commonwealth**" or "**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 currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended, references to "**C\$**", "**CAD**" and "**Canadian dollars**" are to the lawful currency of Canada, references to "**S\$**" and "**SGD**" are to the lawful currency of Singapore and references to "**RMB**" and "**Renminbi**" are to the lawful currency of the People's Republic of China ("**PRC**").

Terms capitalised but not defined in this section have the meaning given to them in the Terms and Conditions of the Notes which can be found on pages 39 to 81 inclusive of this Prospectus.

Documents incorporated by reference

Documents incorporated by reference for Prospectus Directive purposes

Full year results and operations review – June 2011

The sections of our “Full year results and operations review – June 2011”, and the sections of our Directors’ Report and Financial Report included in our 2011 Annual Report (“**2011 Annual Report**”), set out in the following table, shall be deemed to be incorporated in, and form part of, this Prospectus. These can be located in the 2011 Annual Report on the following pages:

	2011 Annual Report (Pages)
Full year results and operations review – June 2011	
Summary of financial information	4 to 10
Revenue and product profitability	11 to 22
Expenses	23 to 28
Major subsidiaries	29 to 31
Statement of financial position	32 to 33
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Income Statement	85
Statement of Comprehensive Income	86
Statement of Financial Position	87
Statement of Cash Flows	88
Statement of Changes in Equity	89
Notes to the Financial Statements (<i>including, without limitation, the summary of significant accounting policies on page 91 to 106 and the contingent liabilities and contingent assets note on page 167</i>)	90 to 213
Independent Auditor’s Report	215

The sections from pages 4 to 213 of the Financial Report included in the 2011 Annual Report contain the consolidated accounts (as defined in the Corporations Act) for the financial year ended 30 June 2011. This financial information complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. 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”).

2010 Financial Report

The sections of our audited consolidated full-year financial accounts of Telstra consolidated with its then controlled entities for the 12 months ended 30 June 2010 (“**2010 Financial Report**”), set out in the following table, shall be deemed to be incorporated in, and to form part of, this Prospectus. These can be located in the 2010 Financial Report on the following pages:

	2010 Financial Report (Pages)
Income Statement	2
Statement of Comprehensive Income	3
Statements of Financial Position	4
Statements of Cash Flows	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 to 125
Contingent liabilities and contingent assets note	79
Independent Auditor's Report	127

In addition to the above information, the descriptions of the profit contribution and operating income of operating groups in Telstra and its controlled entities set out in this Prospectus (see under the heading “Corporate Profile” on pages 29 to 38 inclusive of this Prospectus) should assist your understanding of the historical results of the current businesses of Telstra and its controlled entities.

ASX Announcements

The ASX announcements entitled “Telstra signs NBN Definitive Agreements” dated 23 June 2011, “Telstra SSU and Migration Plan” dated 1 August 2011, “ACCC Consultation on Telstra's SSU and Draft Migration Plan” dated 30 August 2011, “2011 Notice of AGM, EM and Shareholder Voting Form” and “Release of the Explanatory Memorandum - analyst presentation” dated 1 September 2011, “Transcript from Analyst Briefing” dated 2 September 2011, and “Chairman's Address to Shareholders”, “Telstra shareholders set to approve participation in NBN” and “Results of Annual General Meeting”, each dated 18 October 2011, shall be deemed to be incorporated in, and to form part of, this Prospectus.

Explanatory Memorandum to the 2011 Annual General Meeting

The document entitled “Explanatory Memorandum for the resolution under item 2 at the Annual General Meeting on 18 October 2011: Telstra's participation in the rollout of the National Broadband Network” (the “**NBN EM**”) shall be deemed to be incorporated in, and to form part of, this Prospectus. This document can be located as an annexure to the Telstra Notice of 2011 Annual General Meeting dated 1 September 2011.

Terms and Conditions

The Terms and Conditions set out on:

- pages 34 to 74 of the Prospectus dated 9 September 2010 relating to the Program;
- pages 28 to 68 of the Prospectus dated 23 September 2009 relating to the Program;
- pages 26 to 66 of the Prospectus dated 3 September 2008 relating to the Program;

- pages 43 to 81 of the Prospectus dated 29 August 2007 relating to the Program;
- pages 47 to 66 of the Prospectus dated 12 October 2006 relating to the Program;
- pages 67 to 101 of the Prospectus dated 23 September 2004 relating to the Program;
- pages 65 to 99 of the Prospectus dated 14 November 2003 relating to the Program; and
- pages 64 to 91 of the Prospectus dated 31 October 2001 relating to the Program,

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 documents does not form part of this Prospectus. Any information not mentioned in this section but included in the documents incorporated by reference is given for information purposes only.

Any sections of the 2011 Annual Report not set out in the table above, any information not forming part of the audited consolidated full-year financial accounts of Telstra consolidated with its then controlled entities for the 12 months ended 30 June 2010 and the auditor's report in respect of such consolidated full-year financial accounts, but included in the 2010 Financial Report, and any sections of the previous Prospectuses relating to the Program other than the Terms and Conditions set out on the pages listed above, are not incorporated in, and do not form part of, this Prospectus. Information in other parts of those documents is either covered elsewhere in this document or is not relevant.

Telstra will provide, without charge, upon the written request of any person, a copy of any or all of the documents which, or portions of which, are incorporated in this Prospectus by reference. Written requests for such documents should be directed to Telstra at its office set out at the end of this Prospectus. In addition, such documents will be available for inspection and available free of charge at the offices of the Fiscal Agent.

Interpretation of documents incorporated by reference

Documents expressed to be incorporated by reference above shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

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/download/document/tls804-agm-proxies-2011.pdf

www.telstra.com.au/abouttelstra/download/document/tls803-shareholders-approval-participation-in-nbn.pdf

www.telstra.com.au/abouttelstra/download/document/tls802-agm2011-speeches.pdf

www.telstra.com.au/abouttelstra/download/document/tls798-transcript-of-em-presentation-020911.pdf

www.telstra.com.au/abouttelstra/download/document/tls797-em-analyst-briefing.pdf

www.telstra.com.au/abouttelstra/download/document/tls796-annual-report-2011.pdf

www.telstra.com.au/abouttelstra/download/document/tls734-telstra-financial-results-for-the-year-ended-30-june-2010.pdf

www.telstra.com.au/abouttelstra/download/document/tls778-telstra-signs-nbn-definitive-agreements.pdf

www.telstra.com.au/abouttelstra/download/document/tls787-telstra-ssu-and-migration-plan.pdf

www.telstra.com.au/abouttelstra/download/document/tls794-ssu-mp-300811.pdf

www.telstra.com.au/abouttelstra/download/document/tls795-nom-em-voting.pdf

Internet Site Addresses

Internet site addresses in this Prospectus are included for reference only and the contents of any such internet sites are not incorporated by reference into, and do not form part of, this Prospectus.

Financial information differences statement

As required by the Corporations Act, the Issuer's financial statements for the financial years ended 30 June 2010 and 30 June 2011 have been prepared in accordance with the requirements of the Corporations Act and Accounting Standards applicable in Australia. The Issuer's financial statements also comply with International Financial Reporting Standards ("**IASB's IFRS**"). Management has reviewed the European Financial Reporting Advisory Group report and note 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.

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 and, in relation to any Notes, the applicable Final Terms. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Relevant Member of State no civil liability attaches to the Issuer in any such Relevant 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 limited by shares and incorporated with limited liability, and operating, under the Corporations Act).

Telstra is Australia's leading telecommunications and information services company, with one of the best known brands in the country. Telstra offers a full range of services and competes in all telecommunications markets throughout Australia, providing more than 8.3 million Australian fixed line and 12.2 million mobile services.

Risk factors: Certain factors may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Program or are material for the purpose of assessing the market risks associated with Notes issued under the Program. Investors should note that the risks relating to a particular issue of Notes includes risks relating to Telstra (including the risk that our financial performance could be adversely affected by Australian and offshore trading market conditions and/or related factors, including government and regulatory intervention, the success of our business strategy and competition from other telecommunications companies), the market generally (such as economic and political events), general risks relating to the Notes (such as redemption provisions, reinvestment risk and modification and substitution of conditions) and other legal and investment considerations.

Program size: There is no limit on the amount of Notes that may be issued under the Program.

Arranger: BNP Paribas.

Dealers: 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. The names of the Dealers participating in respect of a particular Tranche will be set out in the applicable Final Terms.

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.

CMU Lodging Agent: Deutsche Bank AG, Hong Kong Branch.

Australian Registrar: Austraclear Services Limited (ABN 28 003 284 419).

New Zealand Registrar: Computershare Investor Services Limited.

Method of issue:	<p>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.</p>
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 Program 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. (“Euroclear”) and Clearstream Banking, <i>société anonyme</i> (“Clearstream, Luxembourg”) or, in the case of Bearer Notes cleared through the Central Moneymarkets Unit Service (“CMU”), operated by the Hong Kong Monetary Authority (“HKMA”), a sub-custodian for the CMU.</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 (“Austraclear System”) operated by Austraclear Limited (“Austraclear”) and the New Zealand securities clearing and settlement system (“NZClear System”) operated by the Reserve Bank of New Zealand (“RBNZ”) respectively.</p> <p>Notes issued in the Canadian domestic market (“Canadian Domestic Notes”) will be issued in certificated registered form only and governed by 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. On their issue date they will be deposited with CDS Clearing and Depository Services Inc. (“CDS”) and will be registered in the name of a nominee of CDS. Canadian Domestic Notes may also clear in Euroclear and Clearstream, Luxembourg (if so agreed by the Issuer and 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 executed by the Issuer.
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 executed by the Issuer.
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 or any other government or by an governmental agency.

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 26.1(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 any minimum and maximum maturities prescribed 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:</p> <ul style="list-style-type: none">(a) the minimum denomination for Notes admitted to trading on a regulated market within 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 €100,000 (or its equivalent in other currencies as at the date of issue of the Notes); and(b) any issue or transfer is made in a manner which does not require disclosure to be made to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act.
	<p>Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) with a maturity of less than one year and 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 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other Specified Currencies).</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">(a) 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 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or, if specified in the relevant Final Terms, the 2000 ISDA Definitions, as amended and updated as at the issue date of the first Tranche of Notes of the relevant Series; or(b) 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.

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.

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. Interest accrual periods permit 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.
Change of control:	If the relevant Final Terms states that a change of control applies in respect of the Notes, the terms of that provision will be as set out in such Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating redemption amounts. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) with a maturity of less than one year and 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 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other Specified Currencies).
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 17.2 ("Early redemption for taxation reasons").
Withholding tax:	<p>All payments in respect of the Notes will be made free and clear of withholding taxes imposed in Australia, unless required by law. In that event, the Issuer will (subject to certain exceptions) pay such additional amounts as will result in the Noteholders receiving such amount as they would have otherwise received had no withholding or deduction been required. See Condition 24 ("Taxation").</p> <p>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.</p>
Record Date:	<p>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:</p> <ul style="list-style-type: none"> (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:

Euro Notes, 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.

Listing and admission to trading:

The Issuer has made an application for Notes issued under the Program to be admitted on the UKLA Official List and to be admitted to trading on the Market.

Application may also be made for Notes issued under the Program during the period of 12 months from the date of this Prospectus for permission to deal in, and quotation for, the Notes on the Singapore Official List of the SGX-ST. Such permission will only be granted when such Notes have been admitted to the Singapore Official List.

The Issuer may also make an application to list Notes issued under the Program on any other stock exchange, including the ASX and the debt market operated by NZX Limited. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Selling restrictions:

The offering, sale, delivery and transfer of Notes and the distribution of this Prospectus and any other materials in relation to any Notes are subject to 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" on pages 99 to 105 inclusive of this Prospectus for specific selling restrictions for the United States of America, the European Economic Area, United Kingdom, Hong Kong, Japan, Switzerland, New Zealand, Singapore, The Netherlands, Republic of Italy, Canada, Australia and the PRC.

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

Investors should consider the risks set out in this section entitled “Risk factors” together with all other information contained in this Prospectus (including any documents incorporated by reference in this Prospectus). Each investor should also conduct its own research, and consult its own financial, tax and legal advisers, as to the risks and investment considerations arising from an investment in the Notes, the appropriate tools to analyse such an investment and its suitability in the particular circumstances of such investor.

This section contains a description of what the Issuer considers to be principal risk factors that are material to an investment in the Notes. They are not the only risks which the Issuer faces, but are risks the Issuer considers may affect its ability to fulfil its obligations under the Notes. 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 and, in either case, prevents the Issuer from fulfilling those obligations. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Program, but the Issuer may be unable to fulfil its obligations under the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

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 in the Notes or part of it.

In this section, we, us, our, Telstra, Company and Telstra Group all mean Telstra Corporation Limited, an Australian corporation, and its controlled entities taken as a whole.

RISK ASSOCIATED WITH OUR BUSINESS

Risks associated with our business are relevant to investors because they may adversely affect the value of the Notes and our ability to fulfill our obligations under the Notes.

The Issuer is currently the ultimate holding company for all other companies and entities within the Telstra Group. The Issuer is not a subsidiary of, nor controlled by, any other company. Our business activities are dependent on the level of products and services required by our customers.

Market conditions are also subject to periods of volatility which can have the effect of reducing activity in a range of industry sectors which can adversely impact our financial performance. Volatility may also impact our ability to fund our business in a similar manner, and at a similar cost, to the funding raised in the past. Other risks associated with funding that we may face are over reliance on a particular funding source or a simultaneous increase in funding costs across a broad range of sources. Since the second half of 2007, global credit markets, particularly in the United States and Europe, have experienced difficult conditions and volatility. These challenging market conditions generate increased risks from decreased liquidity, reduced availability of borrowings, greater volatility, widening of credit spreads and lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments will affect our financial performance.

Our financial performance could be adversely affected by a worsening of general economic conditions in the markets in which we operate, as well as by Australian and offshore trading market conditions and/or related factors, including government and regulatory intervention, the success of our business strategy and competition from other telecommunications companies. Other risks faced by us include risks involved in our day to day operations, credit risk and market risk.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Telstra Group will be unable to comply with its obligations as a company with securities admitted to the UKLA Official List.

Government and regulatory intervention

We operate in a highly regulated environment that negatively affects our business and its 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 believe 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 business.

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

- **access pricing:** we are required to provide certain services to our competitors using our networks at a price based on the Australian Competition and Consumer Commission's ("**ACCC**") calculation of the efficient costs of providing these services. In many cases we believe that the ACCC proposes prices that are below our efficient cost of supply. On 20 July 2011 the ACCC determined final access prices for fixed-line wholesale services based on a regulated asset base access pricing model. These prices largely reflect interim access prices published by the ACCC in March 2011. The final prices result in a price reduction for our wholesale line rental product (which is one of a number of products which make up wholesale revenues for our national fixed network for delivering basic and enhanced telephone services (Public Switched Telephone Network or "**PSTN**")) from A\$25.57 (Homeline) and A\$26.93 (Businessline) per line per month to A\$22.84 per line per month nationally averaged. The other significant change was to move interconnection charges to a nationally averaged pricing structure rather than a geographically deaveraged approach. The key Band 2 price point for the unbundled local loop service (ULLS) increased slightly from \$16 per month to \$16.21 per month. The net result of the price changes is to reduce the amount of revenue we could otherwise receive from the provision of such services. On 18 April, the ACCC also made an interim access determination in relation to the declared domestic transmission capacity service ("**DTCS**") (the interim access prices set by the ACCC apply for the 2011 calendar year and vary depending on the location and type of service). The ACCC has commenced public inquiries in relation to the making of a final access determination for the DTCS service as well as the mobile terminating access service. The outcomes of the final access determinations could have a material impact on Telstra. There is no right to a merits review of ACCC decisions to require access or set prices and the ACCC may hold a public inquiry at any time into whether to mandate and regulate competitor access to our networks. The reforms set out in the section titled "Regulatory Reform" on page 19 of this Prospectus may also affect our access pricing;
- **mandated access to Telstra networks:** a key part of our strategy involves deploying next-generation networks and services, including our Telstra Next G™ wireless network. Regulatory change may require us to allow competitor access to our next-generation networks and services which could materially adversely affect our investment returns, earnings and financial performance;
- **conduct regulation:** the ACCC is empowered to regulate conduct in, amongst others, the telecommunications sector and may in the future regard our conduct to be a breach of applicable law. 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 law, and it may rely upon the potential for very large fines in an endeavour to have us modify what we believe to be normal commercial behaviour;
- **wide government and regulatory discretion:** Commonwealth government ministers and regulatory agencies have broad and, in some instances, discretionary powers to impose and vary licence conditions and other obligations on us;
- **potential functional separation and bar on acquiring new spectrum rights:** there is a risk that if the proposed transaction between us and NBN Co. Limited ("**NBN Co.**") in relation to our participation in the rollout of the National Broadband Network ("**NBN**") (see section entitled "National Broadband Network" on page 17 of this Prospectus) does not proceed, we will be subjected to a more intrusive form of functional separation than the operational separation regime that currently exists. If we do not elect to undergo voluntary structural separation, the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Act 2010 (Cth) ("**CCS Act**") provides that we must undergo mandatory functional separation and also that the Federal Minister for Broadband, Telecommunications and the Digital Economy ("**Communications Minister**") will have the power to implement a legislative prohibition preventing us from bidding for the next major release of wireless spectrum;
- **regulation constraining investment decisions:** our ability to invest in new technologies competitively will be constrained (i) unless legislation is enacted to protect our investment from the risk of regulated access at prices which do not afford a competitive return on our investment and (ii) if regulatory decisions are not made in a way that pays adequate regard to the desirability of encouraging new investment. As part of the pack of legislation introduced by the Commonwealth Government to establish the NBN, the Telecommunications Act 1997 (Cth) was amended in April 2011 to prohibit the operation of networks which are built, altered or extended after 1 January 2011 so that they become capable of supplying superfast carriage services to residential or small business customers without those networks being operated on a 'wholesale only' basis (ie structurally separated) and supplying a mandatory layer 2 Ethernet bitstream service to access seekers. These provisions will significantly impede our ability to invest in such networks in the future;

- **information disclosure:** regulation or regulators may require the disclosure of information in a manner which does not protect confidentiality and which will be damaging to our commercial interests and the security of our networks; and
- **potential increased consumer protection regulation:** the Australian Communications and Media Authority (“ACMA”) has conducted a wide-ranging inquiry into customer service in the telecommunications industry. It issued its Final Report on 9 September 2011, including its views on ways that the telecommunications industry could address the identified concerns as part of the review of the Telecommunications Consumer Protection Code. The ACMA also highlighted that if the telecommunications industry does not address these concerns satisfactorily in the Code, then the ACMA plans to issue regulation to address the concerns. Accordingly, there will be new rules introduced which impact the way that we interact with our consumer and small business customers as part of this process.

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. 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 operations, competitiveness and financial performance.

Further, changes in governmental policy and regulation may also have an impact on us. In addition to changes in laws and regulations, the policies and practices of the government and regulators may change and political and diplomatic developments may have an unexpected or adverse impact on market conditions generally or specifically affect our activities, business or practices.

National Broadband Network

In April 2009 the Government announced its intention to roll out the NBN. The Government has since taken significant steps to achieve this objective, including the introduction of legislation to support the rollout of the NBN.

NBN Co is now operating. It has commenced its rollout of the NBN and started to provide services in a small number of trial regions. In addition to the Government’s initiatives to roll out the NBN, the Commonwealth Parliament passed the CCS Act to require Telstra to undertake either:

- voluntary structural separation (for example, by ceasing to supply fixed line services to customers using a network it controls); or
- mandatory functional separation of its wholesale and retail operations (for example, by establishing separate business divisions and constraining dealings between them).

If Telstra does not elect to undergo voluntary structural separation, it is likely that Telstra would be prohibited from bidding for the next major release of wireless spectrum, which is considered necessary for Telstra to best continue the growth of its mobiles business.

The Government’s policy initiatives will result in a net loss of value of Telstra overall, irrespective of whether Telstra participates in the rollout of the NBN. Given this overall adverse effect, the Directors undertook an extensive assessment process to ensure the best outcome for Telstra and Telstra shareholders in these circumstances.

The Directors have determined that the best course of action is for Telstra to participate in the rollout of the NBN through the proposed transaction with NBN Co and the Commonwealth described in the NBN EM (the “**Proposed Transaction**”). This decision was made following consideration of the options realistically available to Telstra in light of the Government’s commitment to introduce the NBN, including options that did not involve participating in the rollout of the NBN. This process involved an assessment of the regulatory and commercial implications of each option, as well as extensive negotiations with NBN Co and the Government, to establish an acceptable basis for Telstra’s possible participation in the rollout of the NBN. The Directors have assumed that the Government will proceed with the rollout of the NBN irrespective of whether Telstra shareholders approve the proposed transaction. This assumption is consistent with public statements made by the Government.

On 23 June 2011, Telstra entered into agreements with NBN Co and the Commonwealth (referred to as the “**Definitive Agreements**”). The proposed transaction involves the implementation of the Definitive Agreements by Telstra (subject to various conditions precedent being satisfied or waived). The Definitive Agreements, together with regulatory undertakings given to the ACCC and associated Government policy commitments, create the framework for Telstra’s participation in the rollout of the NBN.

Under the Proposed Transaction (including the regulatory undertakings given by Telstra to the ACCC), Telstra will significantly change the way it operates certain parts of its fixed line business by disconnecting progressively copper services and HFC broadband services, commencing to acquire wholesale services from NBN Co. and providing NBN Co. with access to large volumes of certain types of Telstra's infrastructure. This will mean that Telstra will substantially rely on the NBN fibre network to offer fixed line services to premises in the geographic areas in which NBN Co. intends to roll out the NBN fibre network, or the premises which are passed or intended to be passed by the NBN fibre network within one or more rollout regions ("**NBN Fibre Footprint**").

Telstra will continue to retain and operate its Next G@ wireless network, Next IP™ core fibre network, backhaul fibre network and HFC cable network (for delivery of pay TV services). Telstra will also retain and operate its copper network and will continue to provide broadband services over its HFC cable network as relevant outside areas where the NBN fibre network has been deployed. Telstra will also retain ownership of the infrastructure accessed by NBN Co (except for lead-in conduits).

In return for its participation in the rollout of the NBN, Telstra will receive payments from NBN Co. and the Commonwealth, and will benefit from certain Government policy commitments.

The key commitments under the Definitive Agreements include:

- Telstra disconnecting progressively copper services and HFC broadband services that are provided to premises in the NBN Fibre Footprint as the NBN fibre network is rolled out;
- NBN Co. committing to key product features and prices in supplying Telstra with NBN Co.'s basic service offering on the NBN fibre network;
- Telstra providing NBN Co. with long-term access to large volumes of parts of its infrastructure (including dark fibre links, exchange rack spaces and ducts), as well as initial access to lead-in conduits (which will then be transferred by Telstra to NBN Co. as lead-in fibre is installed in the lead-in conduit); and
- the Commonwealth implementing a package of measures including: (i) increased funding for Telstra's provision of the Universal Service Obligation ("**USO**") services; (ii) funding for the retraining of certain Telstra staff and for certain customer migration costs; and (iii) arranging for NBN Co to conduct a public education campaign that informs end users about the nature and timing of the rollout of the NBN Fibre Network in their area.

In addition, the Government has made policy commitments to:

- implement reforms to the USO, including the establishment of the Telecommunications Universal Service Management Agency (TUSMA), which is to assume regulatory responsibility for the USO as the NBN Fibre Network is rolled out and to pay Telstra to provide the USO services; and
- make NBN Co responsible for installing fibre in new developments of 100 or more premises approved after 1 January 2011 as well as in smaller developments in areas that the NBN fibre network will reach within 12 months as it is being rolled out. This transfer of responsibility from Telstra to NBN Co is expected to allow Telstra to realise significant future cost savings.

While the Proposed Transaction is expected to provide benefits and opportunities for Telstra, it also involves a number of material risks and operational challenges.

These risks include the possibility that:

- the underlying assumptions made by Telstra in assessing the proposed transaction prove incorrect, including in relation to the advantages and disadvantages of the proposed transaction and the alternative options considered, and the speed and density of the rollout of the NBN Fibre Network;
- Telstra may not meet its obligations under the proposed transaction, such as meeting the agreed fitness standards for the infrastructure to be made available to NBN Co in the required timeframes;
- Telstra's transition from a vertically integrated provider of services on its own copper network and HFC cable network to becoming a reseller and user of services on the NBN fibre network is more costly or challenging than anticipated; and
- NBN Co may not be able to provide the services Telstra will rely on NBN Co for.

Commencement of the Definitive Agreements is subject to a number of conditions precedent, including Telstra shareholder approval, necessary tax rulings, and ACCC acceptance of Telstra's structural separation undertaking and approval of its draft migration plan.

Telstra shareholders approved Telstra's participation in the rollout of the NBN at Telstra's Annual General Meeting ("**AGM**") on 18 October 2011 (for details of the resolution see "Documents incorporated by reference" on pages 6 to 8 inclusive). An Explanatory Memorandum, which outlined the key reasons why the Directors recommended that Telstra shareholders vote in favour of the company's participation in the rollout of the NBN, is incorporated by reference to this Prospectus (see "Documents incorporated by reference" on pages 6 to 8 inclusive).

The Explanatory Memorandum includes an independent expert's report ("**IER**") from Grant Samuel & Associates Pty Ltd (ABN 28 050 036 372; Australian Financial Services Licence No. 240985) of Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 which concludes that the proposal is in the best interests of Telstra and its shareholders. The IER provides general financial product advice (as defined in the Corporations Act) only for Telstra shareholders in relation to the proposed transaction with NBN Co Limited and the Australian Commonwealth Government and in accordance with Australian legislative requirements. The IER was intended for no other reader and was prepared without taking into account the objectives, financial situation or needs of any individual shareholder. The IER should be read in conjunction with the Explanatory Memorandum as a whole.

Telstra has received a ruling from the ATO confirming the infrastructure access and disconnection payments which Telstra will receive from NBN Co under the Definitive Agreements will be assessable for income tax in accordance with our expectations. Subject to the tax ruling becoming binding, this will satisfy this condition precedent. The ruling will become binding once all other conditions precedent are satisfied or waived.

The critical condition precedent that remains to be satisfied for the transaction to commence is acceptance of Telstra's Structural Separation Undertaking ("**SSU**") and approval of the Migration Plan by the Australian Competition and Consumer Commission ("**ACCC**").

On 30 August 2011, the ACCC issued a consultation paper on Telstra's structural separation undertaking and draft migration plan. The consultation paper sets out the ACCC's preliminary assessment of these documents. The ACCC's assessment process in relation to Telstra's SSU is still under way, with the period for submissions in response to the ACCC's discussion paper having ended on 27 September 2011. Telstra continues to work closely with the ACCC on the SSU and Draft Migration Plan and expects to submit a revised SSU in the coming weeks.

Telstra continues to believe that none of the issues raised by the ACCC in relation to the SSU are insurmountable and that they can be resolved in a way consistent with our principle of protecting shareholder value. However, if any material changes occur, we will ensure that shareholders have an opportunity to consider and vote on them. In considering the materiality of any changes, we will take into account the costs associated with their implementation and the degree to which the proposed transaction will continue to deliver greater regulatory certainty than the best available alternative.

If the proposed transaction does not proceed, Telstra:

- will not receive payments from NBN Co on the scale anticipated under the proposed transaction or realise the value it has attributed to the key agreements between Telstra and the Commonwealth and associated Government policy commitments;
- would expect to undergo mandatory functional separation and incur significant separation costs; and
- would likely be prohibited from bidding for the next major release of wireless spectrum, which would be expected to have adverse consequences for Telstra's mobiles business.

In light of the above, the Directors of Telstra currently believe that Telstra's best course of action if the Proposed Transaction does not proceed would be to continue to operate its copper network and HFC cable network and upgrade these networks (where feasible) applying a least cost blended technology approach, in order to compete with the NBN.

Regulatory Reform

On 15 December 2010, the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Act 2010 ("**CCS Act**") was enacted.

The CCS Act makes significant changes to existing telecommunications regulation, including the requirements noted above as well as:

- reform of the telecommunications specific access and anti-competitive conduct regimes, including by abolishing the current negotiate/arbitrate model, and providing the ACCC with new upfront powers to make “access determinations” of price and non-price terms of access for regulated services; and
- reform of the current consumer safeguard framework impacting our USO (including payphone services), the Customer Service Guarantee and Priority Assist services, including giving new powers to the Communications Minister to introduce new minimum performance benchmarks for wholesale and retail telecommunications suppliers, and to the ACMA to issue infringement notices for certain breaches of telecommunications legislation. On 5 September 2011, the Communications Minister released a consultation paper in relation to a review of penalties that will apply to breaches of certain provisions of the telecommunications legislation.

If Telstra does not elect to undergo voluntary structural separation, the CCS Act provides that Telstra must undergo mandatory functional separation and also that the Communications Minister will have the power to implement a legislative prohibition preventing Telstra from bidding for the next major release of wireless spectrum.

The only way that Telstra can have certainty that it will avoid the Communications Minister implementing the legislative spectrum prohibition is to choose to voluntarily structurally separate, and to either:

- give further undertakings to divest its HFC cable network and its 50% equity interest in FOXTEL; or
- obtain waivers from the Communications Minister regarding the requirement to divest the HFC cable network and its FOXTEL interest.

Telstra has sought to address this by lodging a structural separation undertaking, which does not take effect unless the Communications Minister grants the divestiture waivers.

Both voluntary structural separation and mandatory functional separation are costly and complex initiatives and it is unlikely that Telstra would have chosen to implement either initiative had it not been required to do so by legislation.

While the CCS Act does not prescribe a form of structural separation, it broadly requires Telstra to cease supplying fixed line services to customers using a network it controls. Potential ways in which Telstra could implement structural separation include:

- changing its corporate structure (for example, by sale or demerger of some of its networks or businesses so that Telstra’s fixed networks (unless exempt) would be owned by a separate legal entity to its customer facing businesses); or
- participating in the rollout of the NBN by disconnecting progressively copper services and HFC broadband services, and ceasing to operate services on the copper network or provide broadband services on its HFC cable network within the NBN fibre footprint.

If Telstra decided to change its corporate structure, it would expect to incur significant separation and other costs depending on the form of separation implemented.

If Telstra participates in the rollout of the NBN, it would also incur costs (for example, to establish new reporting measures to apply in the interim period before full structural separation is achieved), but the impact of these costs would not be material.

Telstra proposes to participate in the rollout of the NBN and has submitted the Structural Separation Undertaking to the ACCC. If the ACCC accepts the structural separation undertaking, Telstra will undergo structural separation and avoid the implementation of the legislative prohibition under the CCS Act that would otherwise prevent it from bidding for the next major release of wireless spectrum.

If Telstra does not undergo voluntary structural separation, it must undergo mandatory functional separation. This would require Telstra to implement a separate business division for its retail businesses and another business division for its wholesale business and network services, and is likely to require new systems and processes to ensure (and demonstrate to any external oversight) that both:

- internal transactions (between Telstra’s retail and network/wholesale business divisions); and
- external transactions (between Telstra’s network/wholesale business and other retailers),

are conducted in an equivalent and transparent manner. While Telstra would retain ownership of its networks, the separate management, reporting and operating regimes would greatly restrict the flow and sharing of information, staff, functions and assets between the retail and network/wholesale business divisions.

If Telstra undergoes this form of separation, it would expect to incur approximately A\$1 billion of costs over the next five years. These costs would relate largely to establishing new IT systems and duplicating business processes to support and maintain separate business divisions.

If Telstra does not undergo voluntary structural separation, it is likely that Telstra would be prohibited from bidding for the next major release of wireless spectrum. This prohibition, if imposed, would significantly impair Telstra's ability to efficiently roll out the next stage of wireless technology needed to best meet expected growth in customer demand for high capacity mobile services and would have adverse consequences for the growth of its mobiles business.

Structural change and transition investment program

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. Recent industry change is driven by accelerated decline in PSTN revenues, fixed to mobile migration for both voice and data, higher expectations of customers as they use more complex products and services, higher demand for speed and data and the difficulty of monetising that demand, product mix shift to lower margin products and higher cost of goods sold, increasing competition due to wholesale price reductions and increased price-based competition and regulatory change due to the NBN and the CCS Act described above. These changes have resulted in lower revenue margins and made it challenging for us to develop new revenue streams.

We have put in place an extensive medium-term strategy to redefine and simplify key processes in the company to deliver less complexity, reduce expenditure, and provide more predictable and consistent outcomes that will also improve customer service. This is a significant project that will redefine the structures of the company and drive greater alignment across the business. We hope that these investments will create new revenue streams, and utilise our upgraded IT systems and networks to further improve customer service and satisfaction but there is no guarantee that we will be successful in completing this work and deriving the benefits of our strategy. In particular, there are risks that:

- extended delays and other execution problems in implementing our strategy may develop;
- customer take-up of our new products and services may be significantly less than planned;
- competitors may offer similar services and capabilities at prices lower than expected;
- our actual capital and operating costs may turn out to be substantially greater than those budgeted; and
- loss of key personnel may impact implementation or benefit realisation.

Competition

The telecommunications industry in Australia and internationally is competitive and subject to significant change. We face significant competition from local and international competitors, which compete vigorously for customers in the various markets and sectors in which we operate. The effect of competitive market conditions may adversely impact on our earnings and assets.

In particular:

- 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 financial performance will decline relative to that of our competitors;
- competition in the Australian telecommunications market and advertising market could cause us to lose market share and reduce our prices and profits from current products and services;
- the NBN and the CCS Act, in the longer term, could further accelerate the existing price and network based competition and the introduction of the NBN is expected to accelerate the decline in our fixed line voice revenues; and

- network and system failures could damage our reputation and earnings.

In order to compete effectively, we may be required to make significant expenditures. There is no assurance that such expenditures will help us maintain or grow market share or that such investment is adequate to address these issues.

Other operational risks

Concerns have been expressed by some that the emission of electromagnetic energy by mobile telephone handsets and transmission equipment may pose health risks at exposure levels below existing guideline levels. Actual or perceived health risks could lead to decreased mobile communications usage, future legal claims and calls for increased regulatory restrictions in relation to mobile handsets and transmission equipment. We rely on the expert advice of national and international health authorities such as the World Health Organisation (WHO) and the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) - an agency of the Commonwealth Department of Health and Ageing - for overall assessments of health and safety impacts.

Industry changes have created both opportunities and risks for us. In response to these developments, we have refined our business model including, for example, the move from print to digital media for Sensis. Such changes may adversely impact our ability to meet our financial objectives.

With the increasing competition for talent across the industry and as technology evolves, we are continuing to manage our ability to attract, retain and train our workforce. The relevant industry skills are in short supply worldwide. An inability to attract and retain skilled and experienced people as well as retain our corporate knowledge may impact our ability to remain competitive, and any increase in expenditures to recruit and retain skilled and experienced employees may adversely affect our profitability and net income.

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 upgrades that may cause disruption. The occurrence of natural disasters 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 complex and there is a risk that our ability to support strategic priorities in customer service and growth products may be delayed. Our IT systems are also vulnerable to viruses, denial of service and other similar attacks which may damage our systems and data and those of our customers. Any of these occurrences could result in customer dissatisfaction and damages or compensation claims, as well as reduced earnings.

The occurrence of any or all of these risks may have a material adverse impact on our operations, competitiveness and financial performance.

Subsidiaries, joint venture entities and other equity investments

Some of our domestic and international activities are conducted through subsidiaries, joint venture entities and other equity investments and, 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.

Where we have made equity investments or entered into ventures in countries other than Australia we may also be affected by the political, economic, regulatory and legal environments operating in those countries which are different from those in Australia. As a result, our international operations may be subject to numerous unique risks, including multiple and conflicting regulations, changes in regulatory requirements, foreign investment regulations, regulatory compliance interpretations and enforcement practices and changes in political and economic stability and fluctuations in exchange rates. These factors could materially and adversely affect our future revenues, operating results and financial condition.

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.

We have exposure to the equity markets through the defined benefit component of our superannuation fund as described in Note 24 of the financial statements in our 2011 Annual Report which is incorporated by reference into this Prospectus (see “Documents incorporated by reference” on pages 6 to 8 inclusive of this Prospectus). During the 2009 financial year, we recommenced making cash contributions to the Telstra Superannuation Scheme (Telstra Super). This occurred due to the reduction in the market values of investments triggering the funding deed we have with Telstra Super. This funding deed requires contributions to be made when the average vested benefits index (VBI) in respect of the defined benefit membership (the ratio of defined benefit plan assets to defined benefit members’ vested benefits) of a calendar quarter falls to 103 percent or below. For the quarter ended 30 June 2011, the VBI was 92% (30 June 2010: 86%). We have paid contributions totalling \$443 million for the year ended 30 June 2011 (30 June 2010: \$460 million). The contribution rate for the defined benefit divisions of Telstra Super, effective June 2011, is 24% (June 2010: 27%). We expect to contribute approximately \$441 million in fiscal 2012 which includes contributions to the defined benefit divisions at a contribution rate of 24% for the first half of fiscal 2012, which we expect to increase to 27% in the second half of fiscal 2010. The performance of the fund is subject to the prevailing conditions in the financial markets. Equity markets have exhibited substantial volatility since the beginning of fiscal 2012. We will continue to monitor the performance of Telstra Super and at the end of each calendar quarter we will reassess the VBI and our requirement to make employer contributions in light of actuarial recommendations.

International operations

We have made equity investments and entered into joint ventures in countries other than Australia, which may be affected by the political, economic, regulatory and legal environments of those countries which are different from those in Australia. As a result, our international operations may be subject to numerous risks, including multiple and conflicting regulations, changes in regulatory requirements, foreign investment regulations, regulatory compliance interpretations, enforcement practices, changes in political and economic stability and fluctuations in exchange rates. For example, in 2010, regulatory rulings that constrained the Wireless Application Protocol (“WAP”) market in China resulted in a \$133 million impairment charge against our Octave business in the PRC. These factors could materially and adversely affect our future revenues, operating results and financial condition, or 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.

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

In this section “Risk factors - Factors which are material for the purpose of assessing risks associated with Notes issued under the Program”, we, us, our and Telstra all mean the Issuer.

Risk factors associated with the terms of the Notes

The risks of a particular Note will depend on the terms of the relevant Note, but may include, without limitation, the possibility of significant changes in:

- (a) the values of the applicable currencies, commodities, interest rates or other indices or formulae;
- (b) the price, value, performance or any other applicable factor relating to one or more securities, assets or other property; or
- (c) the creditworthiness of entities other than Telstra.

Such risks generally depend on factors over which we have no control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant currencies, commodities, securities, assets or other property. Neither the current nor the historical price, value or performance of:

- (i) the relevant currencies, commodities, interest rates or other indices or formulae;
- (ii) the relevant classes of securities, assets or other property; or
- (iii) the relevant entities,

should be taken as an indication of future price, value or performance during the term of any Note.

Notes may be issued with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). Potential investors should be aware that:

- the market price of such Notes may be volatile;

- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Market and related risks

The value of an investment in the Notes may fluctuate due to various factors, including investor perceptions, worldwide economic conditions, interest rates, movements in the market price of other securities, debt market conditions and factors that may affect our financial performance and position. Notes may trade at a market price below their issue price.

In particular, the following risks may affect an investment in the Notes:

- our financial performance and rating:** a change in our financial condition or rating may impact on the market value and the transferability of the Notes;
- default risk:** if an event of default occurs under the Notes, or we (or any of our agents) fail to perform any obligation in relation to the Notes, such event or failure may impact on the value of an investment in the Notes, the transferability of the Notes and the ability of a holder to recover amounts due under the Notes;
- unsecured investment:** Notes issued under the Program are unsecured and, in making an investment in the Notes, an investor is relying on our general ability to repay principal and pay interest at the time it is due and fulfil our other obligations in connection with the Notes, without recourse to any particular asset or security;
- insolvency risk:** in the event that we become insolvent, insolvency proceedings will be governed by, or another jurisdiction determined in accordance with, Australian law. The insolvency laws of Australia or that other jurisdiction, and the treatment and ranking of Noteholders, other creditors and shareholders under those laws, may be different from the position if we were subject to the insolvency laws of an investor's home jurisdiction;
- market and liquidity risks:** Notes may have no established trading market when issued, and one may never develop (and, if a market does develop, it may not be liquid). There is no obligation on the Dealers to effect secondary sales of the Notes and investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes;
- interest rate risks:** an investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of such fixed rate Notes. Increases in relevant interest rates may adversely affect the market value of the Notes;

In addition, the market values of Notes issued at a substantial discount or premium to their nominal amount may fluctuate more in relation to general changes in interest rates than to prices for conventional interest-bearing securities;

- currency risk:** we will pay principal and interest on the Notes in the currency in which the Notes are denominated which may present risks if an investor's financial activities are denominated principally in another currency, as exchange rates may significantly change over the tenor of the Notes. In addition, government and monetary authorities may impose exchange controls or devalue or change currencies (as some have done in the past) in a manner that could adversely affect the market value of the Notes;

- (h) **non-payment of instalments:** Notes may be issued where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment;
- (i) **optional redemption risks:** an optional redemption feature is likely to limit the market value of Notes. During any period when we may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. We may be expected to redeem the Notes when our cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate;
- (j) **stub amounts:** In relation to Notes which have a denomination consisting of the minimum Specified Denomination (as defined in the Terms and Conditions of the Notes) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case an investor 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 the Notes such that its holding amounts to a Specified Denomination;
- (k) **stabilisation:** Notes may be subject to price stabilisation activities by the Stabilisation Manager(s) as detailed 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;
- (l) **clearing system risk:** as one or more Series of Notes will be held by, or on behalf of, Euroclear, Clearstream, Luxembourg, CMU, Austraclear or another clearing system, investors will have to rely on their procedures for transfer, payment and communication with us; and
- (m) **listing:** an application has been made for Notes issued under the Program to be admitted to the UKLA Official List and to be admitted to trading on the Market. Application may also be made for Notes issued under the Program during the period of 12 months from the date of this Prospectus for the listing of the Notes on Singapore Official List. No assurance can be given that once listed, quoted and/or traded on the London Stock Exchange, SGX-ST and/or any other applicable stock or securities exchange the Notes will at all times remain listed on that stock or securities exchange and it may not be possible to list the Notes on any stock or securities exchange.

Legal considerations relating to an investment in Notes

Legal considerations may restrict certain investments. The investment activities of certain investors are or may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult their legal advisers to determine whether and to what extent:

- (a) Notes are legal investments for it;
- (b) Notes can be used as collateral for various types of borrowing; and
- (c) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Changes in law and modifications to the terms and conditions of Notes

Changes in law, including a change to the Issuer's legal status, control or tax residence and changes to the law governing the Notes, may alter the rights of investors from those at the time of the issue and may impact on the ability of an investor to enforce its rights as they existed at the date of issue.

Further, changes in governmental policy and regulation may also have an impact on us. In addition to changes in laws and regulations, the policies and practices of government regulators may change and political and diplomatic developments may have an unexpected or adverse impact on the terms and conditions of the Notes.

The Notes also contain provisions for calling meetings of investors to consider matters affecting their interests generally. These provisions permit defined majorities to bind all investors including such investors who did not attend and vote at the relevant meeting and investors who voted in a manner contrary to the majority.

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 within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, 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). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has imposed a withholding system and an amount of, 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. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Credit Ratings

One or more independent credit rating agencies may assign credit ratings to the Notes to be issued by us under the Program. The rating(s) (if any) of the Notes will be specified in the applicable Final Terms. The rating(s) may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the market value of the Notes. (See also the information on credit ratings in “Summary of the Program” above).

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, cancellation, reduction or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act 2001 of Australia and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act 2001 of Australia, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located.

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.

Risks related to Notes denominated in Renminbi (“RMB Notes”)

Restrictions on cross-border Renminbi fund flows: There is limited availability of Renminbi outside of the PRC, which may affect the liquidity of the RMB Notes and Telstra’s ability to source Renminbi outside of the PRC to service the RMB Notes. As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC Central Government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to specified business customers. The People’s Bank of China (“**PBOC**”), the central bank of the PRC, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (“**Settlement Agreement**”), between the PBOC and Bank of China (Hong Kong) Limited (“**RMB Clearing Bank**”), to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements: (i) all corporations are allowed to open Renminbi accounts in Hong Kong; (ii) there is no longer any limit on the ability of corporations to convert Renminbi; and (iii) there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. However, individual customers continue to be limited in their ability to convert Renminbi to the amount of RMB 20,000 per person per day.

The current size of Renminbi-denominated financial assets outside the PRC is limited. As of June 2011, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB 553.6 billion. Only the RMB Clearing Bank has direct access to onshore Renminbi through the China Foreign Exchange Trading System in Shanghai to square open positions of authorised financial institutions. Pursuant to refinements to the arrangement for conversions of Renminbi conducted by participating authorised financial institutions with their customers for Renminbi cross-border trade settlement transactions promulgated by the Hong Kong Monetary Authority (“**HKMA**”) on 23 December 2010, participating authorised financial institutions should first utilise the Renminbi trade proceeds purchased from their customers to satisfy requests for Renminbi conversions for trade settlement transactions before purchasing Renminbi through the RMB Clearing Bank in the China Foreign Exchange Trading System. The HKMA will, as a standing arrangement, provide participating authorised financial institutions with Renminbi funds of RMB 20 billion through its currency swap arrangement with the PBOC for cross-border Renminbi trade settlements.

However, such institutions do not have direct Renminbi liquidity support from the PBOC. Telstra therefore cannot provide assurance that existing measures put in place by the PRC government, or changes to those measures, will not adversely affect the amount of Renminbi available outside of the PRC, or that such amounts will be sufficient to satisfy liquidity requirements.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. Telstra cannot provide assurance that new PRC regulations will not be promulgated or that the Settlement Agreement will not be terminated or amended in the future, which could further restrict the availability of Renminbi outside of the PRC. The limited availability of Renminbi outside of the PRC may affect the liquidity of the RMB Notes. To the extent that Telstra is required to source Renminbi in the offshore market to service the RMB Notes, Telstra cannot provide assurance that it will be able to source such Renminbi on satisfactory terms, if at all.

The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC: The Renminbi is not freely convertible at present. Despite a significant reduction in control by the PRC government over routine foreign exchange transactions under current accounts, the PRC government continues to regulate conversion between Renminbi and foreign currencies. Under a pilot scheme introduced in July 2009, participating banks in Hong Kong were permitted to engage in the settlement of Renminbi trade transactions. This pilot scheme was extended in June 2010 to cover 20 provinces and cities in the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide. Subject to limited exceptions, there is currently no specific PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items. Foreign investors may only remit offshore Renminbi into the PRC for capital account purposes, such as shareholders loans or capital contributions, upon obtaining specific approvals from relevant authorities on a case-by-case basis. Telstra cannot provide assurance that: (i) the PRC government will further liberalise control over cross-border Renminbi remittances in the future; (ii) the pilot scheme introduced in July 2009 will not be discontinued; or (iii) new PRC regulations will not be promulgated which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

The investment in the RMB Notes is subject to exchange rate and interest rate risks: The value of Renminbi against the Hong Kong dollar and other foreign currencies fluctuates. It is affected by changes in the PRC and international political and economic conditions and by various other factors. All payments of interest and principal with respect to the RMB Notes will be made in Renminbi. As a result, the value of such Renminbi payments in Hong Kong Dollar terms may vary with the prevailing exchange rates in the marketplace. For example, an investor purchasing the RMB Notes will be required to convert Hong Kong Dollars (or other relevant currency) to Renminbi at the then-current exchange rate. If the value of the Renminbi depreciates against the Hong Kong Dollar (or other relevant currency) between the date that a Noteholder purchases the Notes and the maturity date of the RMB Notes, the value of the Noteholders' investment will decrease accordingly.

In addition, the PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. From April 2006 to December 2007, the PBOC raised the benchmark five-year lending rate seven times from 6.39% to 7.83%. Beginning in September 2008, the PBOC decreased the benchmark five-year lending rate five times from 7.83% to 5.94% in December 2008. As of 7 July 2011, the benchmark five-year lending rate was 7.05%. The RMB Notes will carry a fixed interest rate. Consequently, the trading price of the Notes will vary with fluctuations in Renminbi interest rates. If a Noteholder attempts to sell the RMB Notes before the maturity date of the RMB Notes, he may not receive a value equivalent to his original investment.

Payments in respect of the RMB Notes will only be made to investors in the manner specified in the Notes. All payments to investors in respect of the RMB Notes will be made solely by (i) where the Notes are represented by global notes, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures (including those of the CMU, where such RMB Notes are cleared through the CMU), or (ii) where the RMB Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer will not be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

Investors should have (either alone or with the help of a financial adviser) sufficient knowledge and experience in financial and business matters to meaningfully evaluate the merits and risks of investing in the Notes and the information contained, or incorporated by reference, in this Prospectus and any applicable supplement or Final Terms as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their particular circumstances.

Each investor (either alone or with the help of a financial adviser) should also:

- (a) understand thoroughly the terms and conditions of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;

- (b) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect an investment in the relevant Notes and its ability to bear the applicable risks; and
- (c) have the expertise to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact on the investor's overall investment portfolio.

In addition, each investor should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes.

In addition, particular issues of Notes may not be an appropriate investment for investors who are inexperienced with respect to:

- (i) the applicable interest rate indices, currencies, other indices or formulas, or redemption or other rights or options;
- (ii) investments where the amount of principal and/or interest payable (if any) is based on the price, value, performance or some other factor and/or the creditworthiness of one or more entities; or
- (iii) investments where a currency of payment and the investor's currency are different.

Corporate profile

In this section “Corporate profile”, **we, us, our, Telstra, Company** and **Telstra Group** all mean Telstra Corporation Limited, an Australian corporation, and its controlled entities taken as a whole. Other terms used in this section which are not specifically defined can be found in the Glossary at the end of this section.

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
- **2011** means **fiscal 2011** and similarly for other fiscal years.

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

Introduction

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

Our origins date back to 1901, when the Postmaster-General’s Department was established by the Australian government to manage all domestic telephone, telegraph and postal services, and to 1946, when the Overseas Telecommunications Commission was established by the Australian government to manage international telecommunications services.

Since then, we have undergone many changes and were incorporated as an Australian public limited liability company in November 1991. Telstra Corporation Limited is now a company limited by shares, incorporated and operating under the Corporations Act. Following the opening of Australia’s telecommunications markets to full competition in July 1997, the Australian government progressively reduced its holding in us from 100 percent to 16.9 percent and in February 2007 transferred its remaining shares in us into the Future Fund (an Australian Government investment fund set up to strengthen the Australian government’s long-term finances by providing for its unfunded superannuation liabilities). From 15 August 2011, 0.8% or approximately 100 million of Telstra’s shares were held by the Future Fund.

As at 30 June 2011 Telstra Corporation Limited had on issue 12,443,074,357 fully paid ordinary shares. At the date of this Prospectus we are not, directly or indirectly, controlled by any of our shareholders.

Our shares are quoted on the Australian Stock Exchange and on the New Zealand Stock Exchange. We comply with the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations.

The business address for Telstra Corporation Limited and each of its directors and senior executives is:

The Company Secretary
Telstra Corporation Limited
Level 41, 242 Exhibition Street
Melbourne Vic 3000
Australia

Phone: +61(3) 8647 3887
+61(8) 8308 1721 (Switchboard)

The Telstra Group consists of a significant number of Australian and foreign subsidiaries. A list of Telstra’s controlled entities is provided in note 25, and our jointly controlled and associated entities are listed in note 26 of the financial statements in our 2011 Annual Report which is incorporated into this Prospectus by reference (see “Documents incorporated by reference” on pages 6 to 8 inclusive of this Prospectus).

Telecommunications and information services

Our main activities include the provision of:

- **mobile telecommunications services** - we offer third generation (3G including the Telstra Next G™ 3GSM MHz national wireless broadband network utilising both 850MHz and 2100MHz spectrum) 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. In September 2011, we announced the commercial launch of Australia’s first 4G LTE network, utilising 1800MHz spectrum and delivering services in the central business districts of all Australian capital cities and selected regional centres, in conjunction

with Australia's first commercial LTE device. We also offer second generation (2G) mobile services;

- **basic access services to most homes and businesses in Australia** - our basic access service includes installing and maintaining connections between customers' premises and our national fixed network for delivering basic and enhanced telephone services (Public Switched Telephone Network) and providing basic voice, facsimile and Internet services. Along with basic access services, we provide handsets and other devices (such as the Telstra T-Hub®) for sale and rental to help customers use our services more effectively;
- **enhanced products and value added services** - in addition to basic access services, we provide enhanced products like Integrated Services Digital Network ("ISDN") access to voice, data and video and Asymmetric Digital Subscriber Line ("ADSL") services and value added services such as voicemail, call waiting, call forwarding, call conferencing and call return;
- **long distance telephone calls in Australia and international calls to and from Australia** - we offer long distance telephone calls throughout Australia and international telephone services to more than 230 countries and territories. We also provide a comprehensive range of inbound calling products and services;
- **broadband access and content** - we offer a range of internet products and packages under our BigPond® brand, including BigPond® Broadband, which provides broadband internet services to consumer and small business customers via HFC cable, satellite, ADSL and wireless technologies and BigPond® mobile services, which allows customers to browse and purchase a broad range of up-to-date information and entertainment. With a 3G video mobile, customers can access games, receive news bulletins, stock quotes or sport scores, download ringtones, find directions, watch music videos and send and receive emails as well as access Mobile Foxtel from Telstra linear subscription general entertainment channels. Through a Telstra T-Box®, our customers can also access BigPond® internet TV channels, BigPond® movies and TV shows on demand, BigPond® videos on demand and YouTube. In June 2011, we launched Foxtel on T-Box to BigPond cable customers and so now some of our T-Box customers can subscribe to up to 30 linear channels as well as catch-up TV.
- **a comprehensive range of data and IP services** - in addition, we provide:
 - new generation data and internet services including business grade internet solutions;
 - Business DSL, which 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 Wide Area Networks ("WANs") offering that integrates network management and data connectivity with CPE, allowing for seamless data transfer between customer sites;
 - the Telstra Next IP™ network (a high performance national data network with coverage to over 95% of Australian businesses and seamless integration of the Next G™ wireless network);
 - IP Telephony, an open standard IP communications suite, which delivers hosted IP telephony and IP applications to our corporate customers; and
 - a number of other data and specialised services, including NAS (network applications and services), BigPond® Dial-Up (which offers dial-up modem and ISDN internet services to residential and small business customers across Australia), ISDN, digital data services, voice-grade dedicated lines, network 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 ATM products. Telstra Internet Direct also provides business customers with dedicated internet access within Australia at access transmission rates up to one gigabit per second ("Gbps"). We also provide wholesale internet access products for use by licensed carriers, ISPs and CSPs;
- **supply of equipment** - we are the leading provider of payphones in Australia and, as part of our customer voice, data, mobile and service solutions, we provide equipment for rental or sale

to our customers. We own and operate approximately 18,000 public payphones. Our USO requires us to make payphone services reasonably accessible throughout Australia including in non-metropolitan and rural areas (see also the “Regulatory Reform” section on page 19 of this Prospectus). 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 our rental phones, modern new standard and “calling number display” rental phones are available, making phones and phone features easier to use;

- **management of business/government customers network services** - we offer various business software solutions to our business customers, including:
 - T-Suite® applications;
 - accounting and human resources compliance solutions;
 - customer relationship management;
 - email, conference and message services; and
 - virus, spam and data protection;
- **wholesale services** to other carriers, carriage service providers and internet service providers. 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, and long distance pre-selection services;
 - access to our network facilities such as ducts, towers and exchange space;
 - Unconditioned Local Loop Service (“ULLS”) and Local Sharing Service (“LSS”);
 - domestic and international transmission services;
 - ADSL broadband, ethernet backbone and traditional data services; and
 - GSM-based mobile products and services;

We also manage and deliver a 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 web-based business-to-business services to our customers.

- **Directories, advertising and search services through Sensis Pty Ltd®** - these include the Yellow Pages® and White Pages® print and online directories, and the CitySearch® and Whereis® online sites. We are a leading provider of directories, advertising and search services through our advertising business and wholly owned subsidiary, Sensis. Sensis’ multichannel print and digital network includes Yellow Pages®, White Pages®, the 1234 and Call Connect voice services, the Whereis® mapping site and digital mapping solutions, the CitySearch website (which provides a range of editorial content, business listings and entertainment and event information in major cities around Australia), and quotify.com.au, a request for quote service; 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.

National Broadband Network

For important information on this Government initiative which affects our business see the “Risk Factors – National Broadband Network” section on pages 17 to 19] inclusive of this Prospectus and the NBN EM, incorporated by reference to this Prospectus on page 7, for more information.

Subscription television

We own 50 percent of FOXTEL, with Consolidated Media Holdings Ltd (formerly named Publishing & Broadcasting Ltd) and The News Corporation Limited each owning 25 percent. FOXTEL is Australia's leading provider of subscription television services.

FOXTEL announced on 11 July 2011 that it had entered into definitive agreements with AUSTAR and Liberty Global to acquire all of the issued shares in AUSTAR. The transaction remains subject to a number of approvals including from the Foreign Investment Review Board, ACCC, AUSTAR minority shareholders and the court. The transaction will be funded by a combination of FOXTEL bank debt and shareholder debt contributions in the form of subordinated shareholder notes. Our contribution will be up to \$450 million. The final amount will be determined following the satisfaction of relevant conditions precedent.

International investments

In international we continue to focus on driving value from our Asian assets. Telstra International ("**Telstra International**") is our new business unit and encompasses our international assets outside Australia and New Zealand. It includes CSL New World (CSLNW) which provides mobile services to the Hong Kong market, our mainland China business providing services in auto, IT and consumer electronics, and mobile value added service segments, and management of our global networks (including the Reach network assets from acquisition) and managed services business that has more than 1,300 points of presence throughout Australia, Asia Pacific, Europe and the US; and Various Chinese search and advertising businesses. While we continue to review all our Digital Media assets in China we did complete the successful exit of our SouFun business in calendar 2010.

Our major international investments include:

- **CSL New World Ltd** - the leading mobile operator in Hong Kong of which we own 76.4%, with approximately 3 million customers, providing full mobile services, including handset sales, voice and data products to the Hong Kong market;
- **REACH** - which provides outsourcing services in support of Telstra's and PCCW Limited's ("**PCCW**") international voice and data services. On 1 March 2011, Telstra and PCCW announced the completion of a restructuring of the REACH assets as part of an ongoing review of Telstra's Asian assets to drive shareholder value. The restructuring resulted in a division of the majority of REACH's international assets between Telstra and PCCW, which gave Telstra International greater control over the platform used to deliver end-to-end services, improving the quality of service offered to enterprise and global service provider customers. REACH will continue to manage the remaining joint assets, which are predominantly located in Hong Kong; and
- Various Chinese search and advertising businesses, including the Sequel businesses (Pcpop, IT168, Autohome and CHE 168), the Octave businesses (Sharp Point and ChinaM), LMobile and China Bar.

We also own TelstraClear - our wholly owned subsidiary, which provides voice, data, internet, mobile resale, managed services and cable television products and services to the New Zealand market as well as a 46.9 percent 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 are as follows:

Name	Age	Position	Year of initial appointment	Year last re-elected
Catherine B Livingstone	55	Chairman, Non-executive Director	2000	2011
David I Thodey	57	Chief Executive Officer; Executive Director	2009	-
John V Stanhope	60	Executive Director	2009	-
Geoffrey A Cousins	68	Non-executive Director	2006	2009
Russell Higgins AO	61	Non-executive Director	2009	-
John P Mullen	55	Non-executive Director	2008	2011
Nora L Scheinkestel	51	Non-executive Director	2010	-

Name	Age	Position	Year of initial appointment	Year last re-elected
John W Stocker AO	66	Non-executive Director	1996	2009
Steven M Vamos	53	Non-executive Director	2009	-
John D Zeglis	64	Non-executive Director	2006	2009

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

Catherine B Livingstone – AO, BA (Hons), Hon DSc (Murdoch), Hon DBus (Macquarie), FCA, FTSE, FAICD

Ms Livingstone joined Telstra as a non-executive Director in November 2000 and was appointed as Chairman in May 2009. She is the Chairman of the Nomination Committee and a member of the Remuneration, Audit, Technology and NBN Due Diligence Committees. She was Chairman of the NBN Committee whilst it was operative.

Experience:

Ms Livingstone is a Chartered Accountant and has held several finance and general management roles predominantly in the medical devices sector. Ms Livingstone was the Chief Executive of Cochlear Limited (1994 - 2000).

Directorships of other listed companies - current:

Director, Macquarie Bank Limited (2003 -), Macquarie Group Limited (2007 -) and WorleyParsons Ltd (2007 -).

Directorships of listed companies - past three years:

Nil

Other:

Current: Director, Future Directions International Pty Ltd (2007 -); Member, New South Wales Innovation Council (2007 -) and the Royal Institution of Australia (2009 -).

Former: Chairman, CSIRO (2001 - 2006); Chairman and Director, Australian Business Foundation (2000 – 2005); Director, Goodman Fielder Ltd (2000 – 2003), Rural Press Limited (2000 – 2003), Macquarie Graduate School of Management Pty Ltd (2007 - 2008) and Sydney Institute (1998 – 2005). Previously, also Member, Department of Accounting and Finance Advisory Board Macquarie University, Business/Industry/Higher Education Collaboration Committee (BIHECC) and Federal Government's National Innovation System Review Panel.

David I Thodey - BA

Mr Thodey became Chief Executive Officer and an executive director in May 2009.

Experience:

Mr Thodey joined Telstra in April 2001 as Group Managing Director of Telstra Mobiles. He was appointed to the position of Group Managing Director Telstra Enterprise and Government in December 2002 and was responsible for the company's corporate, government and large business customers in Australia, TelstraClear in New Zealand and Telstra's International sales division. Before joining Telstra, Mr Thodey was Chief Executive Officer of IBM Australia/New Zealand and previously held several senior executive positions in marketing and sales with IBM across Asia Pacific. He holds a Bachelor of Arts in Anthropology and English from Victoria University in New Zealand. Mr Thodey attended the Kellogg Post-Graduate School General Management Program at Northwestern University in Chicago.

Directorships of other listed companies - current:

Nil

Directorships of listed companies - past three years:

Nil

Other:

Current: Chairman of Sensis Pty Ltd (2009 –).

Former: Chairman, TelstraClear New Zealand (2003 – 2009); Chairman, Basketball Australia (2008 - 2010).

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

Mr Stanhope was appointed as an executive Director on 8 May 2009. He was appointed to the role of Chief Financial Officer (CFO) and Group Managing Director, Finance & Administration in October 2003. In July 2011 Mr Stanhope's title changed to Chief Financial Officer and Group Managing Director Finance.

On 29 June 2011 Mr Stanhope announced his retirement from the Company as CFO and Group Managing Director, Finance effective 31 December 2011.

Experience:

Since joining Telstra in 1967, Mr Stanhope has held a number of operational roles and a range of senior financial management positions, including Director, Finance. In this role, which he assumed in 1995, he contributed to the T1 and T2 share sales, cost reduction programs, growth strategies, debt raising, capital management and organisational restructures.

In his current role as CFO and GMD Finance, Mr Stanhope is responsible for finance; treasury; taxation, risk management and assurance; investor relations; corporate security and investigations, NBN Engagement and TelstraClear. He also managed Telstra's involvement in the Federal Government's T3 sale of Telstra shares.

Directorships of other listed companies - current:

Director, AGL Energy Limited (2009 -).

Directorships of listed companies - past three years:

Nil

Other:

Current: Chairman, TelstraClear Ltd (2009 -), Director, TelstraClear Ltd (2001 -), CSL New World Mobility Ltd (2004 -), Telstra Super Pty Ltd (1996 -), Sensis Pty Ltd (1998 -), Sequel Limited (2008 -), Octave Investments Holdings Limited (2009 -), Dotad Media Holdings Limited (2010 -), Foxtel Management Pty Ltd (2010 -), Foxtel Cable Television Pty Ltd (2010 -) and Melbourne International Jazz Festival (2009 -); Member, Financial Reporting Council (2006 -).

Former: Soufun Holdings Ltd (2007 - 2010) and Reach Ltd (2004 - 2007); Business Coalition for Tax Reform (2003 - 2010), G11 (2002 - 2011).

Geoffrey A Cousins

Mr Cousins joined Telstra as a non-executive Director in November 2006. He is a member of the Nomination and Remuneration Committees.

Experience:

Mr Cousins has more than 26 years experience as a company director. Mr Cousins was previously the Chairman of George Patterson Australia and is a former Director of Publishing and Broadcasting Limited, the Seven Network, Hoyts Cinemas group and NM Rothschild & Sons Limited. He was the first Chief Executive of Optus Vision and before that held a number of executive positions at George Patterson, including Chief Executive of George Patterson Australia.

Directorships of other listed companies - current:

Nil

Directorships of listed companies - past three years:

Nil

Other:

Current: Chairman, St. James Ethics Foundation (2010 -).

Former: Chairman, Cure Cancer Australia (2004 - 2007), Director, Insurance Australia Group Ltd (2000 - 2007), The Starlight Foundation (1988 - 1994) and Museum of Contemporary Art (1990 - 1994); Director, Globe International Limited (2001 - 2003), Sydney Theatre Company Ltd (1990 - 1996), St George Foundation Ltd (1989 - 1995) and The Smith Family (1988 - 1994); President, The Shore Foundation Ltd (1992 - 1994).

Mr Cousins was previously a consultant to the Prime Minister's Office.

Russell A Higgins - O, BEc, FAICD

Mr Higgins joined the Telstra Board as a non-executive Director in September 2009. He is a member of the Audit and NBN Due Diligence Committees. He was a member of the NBN Committee whilst it was operative.

Experience:

Mr Higgins is an experienced company director who has worked at very senior levels of both government and private sectors. He is Chairman of the Global Carbon Capture and Storage Institute, a global initiative to accelerate the worldwide development of carbon capture and storage technologies. From 2003 to 2004, he was Chairman of the then Prime Minister's Energy Task Force. Prior to that he was Secretary of the Department of Industry, Science and Resources.

Directorships of other listed companies - current:

Director, APA Group (2004 -) and Ricegrowers Limited (SunRice) (2005 -).

Directorships of listed companies - past three years:

Nil

Other:

Current: Chairman, Global Carbon Capture and Storage Institute (2009 -); Chair, CSIRO Energy Transformed Flagship Advisory Committee (2005 -); Director, St. James Ethics Foundation (2010 -).

Former: Chairman, Snowy Hydro-Electric Scheme (1992 - 1997), CRC for Coal in Sustainable Development (2004 - 2008), APEC Energy Working Group (1993 - 1997); Director, Australian Biodiesel Group (2006 - 2007), Export Finance and Insurance Corporation (1997 - 2002), CSIRO (1997 - 2002), Austrade (1997 - 2002), Australian Tourist Commission (1997 - 2002) and Australian Sports Commission (1997 - 2002).

John P Mullen

Mr Mullen joined Telstra as a non-executive Director in July 2008. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee.

Experience:

Mr Mullen has worked for over two decades in a multitude of senior positions with different multinationals. His corporate experience includes 10 years with the TNT Group, with two years as its Chief Operating Officer. From 1991 to 1994, he held the position of Chief Executive Officer of TNT Express Worldwide, based in the Netherlands. Mr Mullen joined Deutsche Post World Net (DPWN) as an Advisor in 1994, becoming Chief Executive Officer of DHL Express Asia Pacific in 2002 and Joint Chief Executive Officer, DHL Express in 2005. From 2006 to 2009, Mr Mullen was Global Chief Executive Officer, DHL Express. On 14 February 2011, Mr Mullen was appointed as the new Managing Director and Chief Executive Officer of Asciano Ltd.

Directorships of other listed companies - current:

Chief Executive Office and Executive Director, Asciano Ltd (2011 -).

Directorships of listed companies - past three years:

Director, Brambles Limited (2009 - 2011), MAp Airports Limited (2010 - 2011), Deutsche Post World Net, Board of Management, Germany (2005 - 2009) and Embarq Corporation USA (2006 - 2009).

Other:

Current: Member, Australian Graduate School of Management (2005 -)

Former: Chairman, National Foreign Trade Council (Washington D.C.) (2008 - 2010);

Director, International Swimming Hall of Fame (USA) (2005 - 2008).

Nora L Scheinkestel - LLB (Hons), PhD, FAICD

Dr Scheinkestel joined Telstra as a non-executive Director in August 2010. She is a member of the Audit Committee and Chairman of the NBN Due Diligence Committee.

Experience:

Dr Nora Scheinkestel is an experienced company director having served in a wide range of industry sectors and in the public, government and private spheres. Dr Scheinkestel is also an Associate Professor at the Melbourne Business School at Melbourne University and a member of the Takeovers Panel. Dr Scheinkestel's executive background is as a senior banking executive in international and project financing, responsible for the development and financing of major projects in Australasia and South East Asia. Her current consulting practice assists government, corporate and institutional clients in areas such as corporate governance, strategy and finance. In 2003, Dr Scheinkestel was awarded a centenary medal for services to Australian society in business leadership.

Directorships of other listed companies - current:

Director, AMP Limited (2003 -), AMP Capital Investors (2004 -), Orica Limited (2006 -) and Pacific Brands Limited (2009 -).

Directorships of listed companies - past three years:

Director, PaperlinX Ltd (2000 - 2009).

Other:

Former: Chairman, South East Water Limited (2002 - 2005) and Energy21 and Stratus Networks Gas Group (1997 - 1999); Director, IOOF Funds Management (1998 - 2001), Medical Benefits Fund of Australia Ltd (1997 - 2001), Hydro Tasmania (2001 - 2004), City West Water Ltd (1995 - 2002) and Docklands Authority (1998 - 2003), Newcrest Mining Limited (2000 - 2007), Mayne Pharma Limited (2005 - 2007), Mayne Group Limited (2005) and North Limited (1996 - 2000).

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

Dr Stocker joined Telstra as a non-executive Director in October 1996. He is Chairman of the Audit Committee and a member of the Technology and NBN Due Diligence Committees. He was a member of the NBN Committee whilst it was operative.

Experience:

Dr Stocker has had a distinguished career in pharmaceutical research and extensive experience in management of research and development, and its commercialisation including in his roles as Chief Executive of CSIRO (1990 - 1995) and subsequently, as Chief Scientist for the Commonwealth of Australia (1996 - 1999).

Directorships of other listed companies - current:

Director, Nufarm Limited (1998 -).

Directorships of listed companies - past three years:

Chairman, Sigma Pharmaceuticals Ltd (2005 - 2010).

Other:

Current: Principal, Foursight Associates Pty Ltd (1996 -).

Former: Chairman, Grape and Wine Research and Development Corporation (1997 - 2004), Sigma Company Ltd (1998-2005), CSIRO (2007 - 2010) and The Australian Wine Research Institute Ltd (2009 - 2010); Director, Cambridge Antibody Technology Group plc (1995 - 2006), Circadian Technologies Ltd (1996 - 2008).

Steven M Vamos - BEng (Hons)

Mr Vamos joined the Telstra Board as a non-executive Director in September 2009. He is also a member of the Remuneration and Nomination Committees and was a member of the NBN Committee whilst it was operative.

Experience:

Mr Vamos has over 30 years experience in the information technology, internet and online industry. He led Microsoft Australia and New Zealand from 2003 to January 2007 before moving to the United States to become the company's online business head of worldwide Sales and International Operations. Previously, he was Chief Executive Officer of ninemsn. Mr Vamos also worked for Apple Computer in the 1990s after spending 14 years in senior management roles at IBM Australia. He is the founding President of the Society for Knowledge Economics (SKE), a not-for-profit think tank that encourages new and better practices in leadership and management.

Directorships of other listed companies - current:

Nil

Directorships of listed companies – past three**years:**

Nil

Other:

Current: President, Society for Knowledge Economics (2005 -); Director, Egeneration Investments Pty Limited (1999 -).

Former: Chief Executive Officer, ninemsn (1998 - 2002); Vice President, Australia and New Zealand, Microsoft (2003 - 2007).

John D. Zeglis - BSc Finance, JD Law

Mr. Zeglis joined Telstra as a non-executive Director in May 2006. He is Chairman of the Technology Committee.

Experience:

Mr Zeglis has a legal background, and became partner with the law firm Sidley & Austin in 1978. He was General Counsel of AT&T from 1986 - 1998. His qualifications include a BSc in Finance from the University of Illinois, and a JD in Law from Harvard. Mr Zeglis has had a long and distinguished career in the US telecommunications sector. He joined AT&T in 1984, and was elected as President of AT&T in 1998 and Chairman and Chief Executive Officer of the AT&T Wireless Group in 1999. He continued as CEO of AT&T Wireless until retiring in November 2004 following the company's sale to Cingular Wireless.

Directorships of other listed companies - current:

Director, Helmerich & Payne Corporation (1989 -).

Directorships of listed companies - past three years:

Nil

Other:

Current: Director, The Duchossois Group (including AMX) (2011 -) and State Farm Automobile Insurance (2004 -).

Former: Director, Georgia Pacific Corporation (2001 - 2005); Sara Lee Corporation (1998 - 2000) and Illinois Power Company (1992 - 1996).

As at the date of this Prospectus 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.

Information about the senior executives of the Telstra Group who are not directors is set out in our 2011 Annual Report which is incorporated into this Prospectus by reference (see "Documents incorporated by reference" on pages 6 to 8 inclusive of this Prospectus).

Legal and Arbitration Information

Except as set out in the Parent Entity Information note to the financial statements on page 211 of our 2011 Annual Report under the headings Common law claims, and Optus Confidential Information, which is incorporated into this Prospectus by reference (see "Documents incorporated by reference" on pages 6 to 8 inclusive of this Prospectus), during the twelve months preceding the date of this Prospectus, there have been no governmental, legal or arbitration proceedings involving us (nor are any such proceedings pending or threatened of which we are aware) which may have, or have had, a significant effect on our financial position or profitability.

Recent developments

There have been no significant changes in our prospects, financial position or trading position since the date of our last published audited financial statements (being 30 June 2011 and as published in our 2011 Annual Report).

Except as may be described in this Prospectus (including as set out under "Risk Factors" on pages 15 to 27 inclusive of this Prospectus) or released to the ASX in compliance with the continuous disclosure requirements of the ASX Listing Rules, there are no known trends, uncertainties, demands, commitments or events, and no material contracts have been entered into, that are reasonably likely to have a material effect on our prospects for at least the current financial year or our ability to meet our obligations to holders in respect of the Note.

Credit rating

As at the date of this Prospectus, we have the following debt ratings for long-term unsubordinated unsecured obligations:

- Standard and Poor's (Australia) Pty Ltd: A;
- Moody's Investors Service Pty Limited: A2 (under review for possible downgrade); and
- Fitch Australia Pty Ltd: A.

Further information

Further information about the Telstra Group is set out in the following documents:

- our 2011 Annual Report; and
- our 2010 Financial Report,

as incorporated by reference in, and forms part of, this Prospectus, (see “Documents incorporated by reference” on pages 6 to 8 inclusive of this Prospectus).

Glossary

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 wireless telephone technology designed to further expand the bandwidth and functionality of existing mobile telephony systems beyond 2.5G.

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

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

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

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.

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

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

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

REACH: Reach Ltd , related entities of Reach Ltd and other assets acquired by Telstra as part of the restructure of the joint venture with PCCW Limited.

Sensis: Telstra's directories and advertising subsidiary.

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

SouFun: SouFun Holdings Limited.

TelstraClear: TelstraClear Limited.

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

Yellow Pages®: Australian registered 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.

Terms and Conditions of the Notes

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The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provision of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Program.

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 36 (“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. References to CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the CMU Lodging Agent (and, where relevant, the Fiscal Agent), 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 and Registered Notes may be issued in one or more Specified Denominations as specified in the applicable Final Terms

In the case of Bearer Notes admitted to trading on a regulated market within the EEA or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the Bearer Notes will be issued in one or more Specified Denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

In the case of Registered Notes admitted to trading on a regulated market within the EEA or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the Registered Notes will be issued in one or more Specified Denominations of €100,000 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 €100,000 (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 <p>The Notes may be denominated in any Specified Currency, subject to compliance with all applicable legal, regulatory and central bank requirements.</p>
5	Status
5.1	Status of the Notes <p>The Notes constitute direct, unsubordinated and (subject to Condition 6 ("Negative pledge")) unsecured obligations of the Issuer.</p>
5.2	Ranking of Notes <p>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.</p>
6	Negative pledge
6.1	Negative pledge <p>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:</p> <ul style="list-style-type: none"> (a) Relevant Indebtedness; or (b) guarantee by the Issuer of Relevant Indebtedness of third parties, <p>unless in each case:</p> <ul style="list-style-type: none"> (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 <p>In Condition 6.1 ("Negative pledge"):</p> <p>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.</p> <p>Security Interest means any mortgage, charge, pledge, lien or other security interest (other than one arising by operation of law).</p>
7	Title
7.1	Scope of this condition <p>This Condition 7 ("Title") does not apply to Australian Domestic Notes or New Zealand Domestic Notes.</p>
7.2	Bearer Notes <p>Title to Bearer Notes, Receipts and Coupons passes by delivery.</p>

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 depository for Euroclear and Clearstream, Luxembourg, or a sub-custodian of the CMU, the Issuer and the Euro Fiscal Agent or the CMU Lodging Agent (as applicable) 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, Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear, of Clearstream, Luxembourg or of the CMU 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, Clearstream, Luxembourg or the CMU 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 Parts 6D.2 or 7.9 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 NZClear 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 NZClear System, are transferable only in accordance with the Austraclear Regulations or the NZClear 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

A Canadian Domestic Note 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 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, a new Canadian Domestic Note 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.

10.2 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.

10.3 Closed Periods

Neither the Issuer nor the Canadian Registrar is required:

- (a) in the event of a partial redemption of Canadian Domestic Notes under Condition 16 ("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 General

Notes may be either interest-bearing or non interest-bearing, as specified in the relevant Final Terms. Interest bearing Notes may bear interest at either a fixed rate or a floating rate. In relation to any Tranche of Notes, the relevant Final Terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues.

12 Fixed Rate Notes

12.1 Application

This Condition 12 ("Fixed Rate Notes") applies to the Notes only if the relevant Final Terms states that it applies.

12.2 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 15.2 ("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 18.4 ("Payments on business days").

12.3 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.

12.4 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.

12.5 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.

13 Floating Rate Note and Variable Interest Notes

13.1 Application

This Condition 13 ("Floating Rate Note and Variable Interest Notes") applies to the Notes only if the relevant Final Terms states that it applies.

13.2 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 18.4 ("Payments on business days").

13.3 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.

13.4 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.

13.5 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.

13.6 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.

13.7 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 Interest Rate, or be less than the Minimum Interest Rate, so specified.

13.8 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.

13.9 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.

13.10 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 13.10 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.

13.11 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.

14 Dual Currency Notes

14.1 Application

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

14.2 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.

15 Partly Paid Notes

15.1 Application

This Condition 15 ("Partly Paid Notes") applies to the Notes only if the relevant Final Terms states that it applies.

15.2 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.

16 General provisions applicable to interest**16.1 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).

16.2 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, in the case of Notes held through the CMU, the CMU Lodging 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).

16.3 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 percent being rounded up to 0.00001 percent);
- (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).

16.4 Change of control

If the relevant Final Terms states that a change of control applies in respect of the Notes, the terms of that change of control provision will be as set out in such Final Terms.

Part 5 Redemption and purchase

17 Redemption

17.1 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.

17.2 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 24.2 ("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, in the case of Notes held through the CMU, the CMU Lodging 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, in the case of Notes held through the CMU, the CMU Lodging 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 24.2 ("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.

17.3 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 17.3, 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, in the case of Notes held through the CMU, the CMU Lodging 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 Maximum 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 32.1(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 17.3. 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.

17.4 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 17.4, 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, in the case of Notes held through the CMU, the CMU Lodging 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, the CMU Lodging 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 17.4 in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 17.2 ("Early redemption for taxation reasons") or Condition 17.3 ("Early redemption at the option of the Issuer (Issuer call)").

17.5 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 17.5.

17.6 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 17.5 ("Calculation of Early Redemption Amounts").

17.7 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 17.5 ("Calculation of Early Redemption Amounts").

17.8 Effect of notice of redemption

Any notice of redemption given under this Condition 17 ("Redemption") is irrevocable and obliges the Issuer to redeem the Notes at the time and in the manner specified in the notice.

17.9 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 unmaturing Coupons are purchased with those Notes. If purchases are made by tender, tenders must be available to all Noteholders alike.

17.10 Cancellation

All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries under Condition 17.9 ("Purchase") (and any unmaturing Coupons attached to or surrendered with them) will be cancelled forthwith and may not be reissued or resold.

Part 6 Payments

18 Payments

18.1 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.

18.2 Payments in U.S. dollars

Notwithstanding any other 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.

18.3 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 24 ("Taxation").

18.4 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.

19 Payments in respect of Definitive Bearer Notes

19.1 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.

19.2 Validity of Receipts

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

19.3 Unmatured Receipts

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

19.4 Fixed Rate Notes and unmatured Coupons

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

If any unmatured Coupons are not presented for payment in accordance with this Condition 19.4:

- (a) the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of that missing unmatured 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 25 ("Time limit for claims")) or, if later, five years from the date on which that Coupon would otherwise have become due.

19.5 Fixed Rate Notes and unmatured Talons

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

19.6 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.

20 Payments in respect of Global Notes

20.1 Presentation of Global Note

Other than a Global Note held through the CMU, 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.

20.2 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.

20.3 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, Clearstream, Luxembourg or CMU as the beneficial holder of a particular principal amount of Notes represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or CMU, 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.

20.4 Registered Notes

This Condition 20 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 21 and Canadian Domestic Notes in Condition 22.

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

21.1 Defined terms

In this Condition 21:

- (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.

21.2 Registrar is principal paying agent

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

21.3 Method of payment - Notes in a Clearing System

If Notes are held in the Austraclear System or the NZClear 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 NZClear Regulations, as the case may be.

21.4 Method of payment - Notes not in a Clearing System

If Notes are not held in the Austraclear System or the NZClear 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.

22 Payments in respect of Canadian Domestic Notes

22.1 Defined terms

In this Condition 22:

- (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.

22.2 Payment of Principal

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of that the applicable Registered 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 above) 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).

22.3 Payment of Interest and Instalments

- (a) Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note 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 Registered Note appearing in the Register at the close of business on the Record Date at his address shown in the Register on the Record Date and at his risk. 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 Registered Note, the payment shall be made by transfer to the Designated Account on the due date in the manner provided in Condition 22.2 ("Payment of Principal") and all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application shall be made in the same manner 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 Registered 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 Registered Note as provided in Condition 22.2.
- (b) Noteholders 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 22 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.

23 Payments of amount in respect of Notes held through the CMU

In respect of a Global Note held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU as at the business day before the date for payment) and, save in the case of final payment, no presentation of the relevant Global Note shall be required for such purpose.

24 Taxation

24.1 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.

24.2 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 24.3 ("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.

24.3 Withholding tax exemptions

Condition 24.2(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 24.2(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 European Union; or
- (g) in such other circumstances as may be specified in the Final Terms.

24.4 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 for the purpose of the Income Tax Act 2007 (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.

25 Time limit for claims

25.1 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 25.1, 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.

25.2 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.

25.3 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

26 Events of Default

26.1 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.

26.2 Associated definition

In Condition 26.1 ("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.

26.3 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

27 Agents

27.1 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.

27.2 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 27.3 ("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.

27.3 Required Agents

The Issuer shall:

- (a) at all times maintain a Euro Fiscal Agent, CMU Lodging 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:
 - (i) are admitted to the UKLA Official List;
 - (ii) admitted to the Official List of Singapore Exchange Securities Trading Limited; and/or
 - (iii) 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 or Singapore, as the case may be, 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 a member state of the European Union 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.

28 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 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.

29 Meetings of Noteholders

29.1 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 percent 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 percent 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 percent or, at any adjourned meeting, 25 percent 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.

29.2 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.

30 Variation

30.1 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.

30.2 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.

30.3 Notice

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

31 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.

32 Notices to Noteholders

32.1 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 UKLA 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, CDS, CMU 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) it may be given 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 it may be given by publication in that newspaper.

So long as the Notes are represented by a Global Note and such Global Note is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as

required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note.

32.2 When effective

A notice given in accordance with Condition 32.1 ("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, CDS, CMU 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).

32.3 Couponholders

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

33 Substitution of Issuer

33.1 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 33 ("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 Substituted 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 24 ("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 32.1(a), 32.1(b) and 32.1(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.

33.2 Notice

Notice of any such substitution shall be promptly given to the Noteholders in accordance with Condition 32 ("Notice to the Noteholders").

33.3 Effective Date

A substitution under this Condition 33 takes effect on and from the date ("**Effective Date**") specified under Condition 32.2, which must be a date not earlier than 30 days after the date on which the notice is given.

33.4 Effect of substitution

On and with effect from the Effective Date:

- (a) 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
- (b) 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 26 ("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 33.1(e) above is or becomes invalid for any reason.

34 Governing law and jurisdiction

34.1 Governing law

The Bearer Notes and Canadian Domestic Notes and any non-contractual obligations arising out of or in connection with the Bearer Notes and the Canadian Domestic Notes are governed by 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**").

34.2 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, including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

34.3 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.

34.4 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 37 of the Companies Act 2006. 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.

34.5 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.

34.6 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.

35 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.

36 Interpretation

36.1 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, the CMU Lodging 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 Regulations means the regulations known as the “Austraclear Regulations” (as amended or replaced from time to time) together with any instructions or directions 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 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 “ASX Austraclear Registry and IPA Services Agreement” between the Issuer and the Australian Registrar dated 24 June 2009 in relation to the Australian Domestic Notes, or any replacement of it.

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) in relation to any matter not requiring payment of any sum, 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;
- (b) in relation to a day requiring payment of any sum 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;
- (c) in relation to a day requiring payment of any sum 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);
- (d) in relation to a day requiring payment of any sum 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);
- (e) in relation to a day requiring payment of any sum in Renminbi, a day on which: (i) in the case of Notes lodged with the CMU, the CMU is operating; and (ii) commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong and in each Additional Financial Centre (if any) (not being a Saturday, Sunday or public holiday in that place);
- (f) in relation to a day requiring payment of any sum in Singapore dollars, a day which banks are open for general banking business in Singapore and in each Additional Financial Centre (if any) (not being a Saturday, Sunday or public holiday in that place); and
- (g) in relation to a day requiring payment of any sum 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.

Additional conventions may be specified in the Final Terms. If no convention is specified in the Final Terms, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates.

Calculation Agent means the Euro Fiscal Agent, the CMU Lodging 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 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.

CDS means CDS Clearing and Depository Services Inc..

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

Clearstream, Luxembourg means Clearstream Banking, *société anonyme*.

CMU Instrument Position Report has the meaning given to such term in the CMU Rules.

CMU Lodging Agent means Deutsche Bank AG, Hong Kong Branch.

CMU Manual means the reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended from time to time.

CMU Member means any member of the CMU.

CMU Rules means all requirements of the CMU for the time being applicable to a CMU Member and includes (i) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU and the CMU Manual, (ii) all the operating procedures as set out in the CMU Manual for the time being in force in so far as such procedures are applicable to a CMU Member, and (iii) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual.

CMU means the Central Moneymarkets Unit Service operated by the HKMA.

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 and **Conditions** means 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 or CMU Lodging Agent (as applicable).

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:
- (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in such Calculation Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year; and
 - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
 - (A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year where:

"Determination Period" means the period from and including a Determination Date in any year but excluding the next Determination Date; and

"Determination Date" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

- (a) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (c) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (d) if "**30/360**" or "**360/360**" or "**Bond Basis**" is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (e) if "**30E/360**" or "**Eurobond Basis**" is so specified means, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (f) if "**RBA Bond Basis**" or "**Australian Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year;
- (g) if "**NZ Govt Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year; and
- (h) 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; and/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.

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, 12 October 2006 and 24 October 2011 between the Issuer and Deutsche Bank AG, London Branch, Deutsche Bank Luxembourg S.A and Deutsche Bank AG, Hong Kong Branch.

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.

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 26 ("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.

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.

HKMA means the Hong Kong Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66 of the laws of Hong Kong).

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 2006 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 or, if specified in the relevant Final Terms, the 2000 ISDA Definitions, as 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 and as set out in the Final Terms.

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 regulated market being a regulated market for the purposes of the markets in financial instruments directive (2004/39/EC) (MiFID).

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 Interest Rate has the meaning specified in the Final Terms.

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 Interest Rate has the meaning specified in the Final Terms.

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

New Zealand Domestic Note means a 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, a Canadian Domestic Note, or any negotiable bearer or registered bond, note or other debt instrument issued, or to be issued, under the Program the terms and conditions of which will be specified in the Final Terms.

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.

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

NZClear 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.

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 17.10 ("Cancellation"); or
- (d) Notes in respect of which a Noteholder is unable to make a claim as a result of the operation of Condition 25 ("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 28 ("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.

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 CMU Lodging 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 Renminbi, any day which is:
 - (i) a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong and such other principal financial centre as may be agreed from time to time by the Issuer and the relevant Dealer(s) are open for business; and
 - (ii) in the case of Notes lodged with the CMU, a day on which the CMU is operating;
- (c) if the currency of payment is not euro or Renminbi, 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.

Receiptholder 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.

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 (or, in the case of Notes held through the CMU, the CMU Lodging 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 which may include Australian Dollars (“A\$” or “AUD”), Canadian Dollars (“C\$” or “CAD”), Euro (“€”, “Euro” or “EUR”), Hong Kong Dollars (“HKD”), Japanese Yen (“JPY”), New Zealand Dollars (“N.Z.\$” or “NZD”), Renminbi (“RMB”), 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 or 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.

TARGET2 means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

TARGET Settlement Day means any day on which TARGET2 is open for the settlement of payments in euro.

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 terms and conditions (except that a Tranche may comprise Notes in more than one denomination).

UKLA Official List means 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.

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 Amount 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.

36.2 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.

36.3 Number

The singular includes the plural and vice versa.

36.4 Headings

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

36.5 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.

36.6 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 24 ("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 24 ("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 general summary of the taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “**Australian Tax Act**”) and any relevant regulations, rulings or judicial or administrative pronouncements, at the date of this Prospectus, of payments of interest and certain other amounts on the Notes to be issued by the Issuer under the Program and certain other matters.*

This summary applies to non-residents of Australia (other than non-residents acting at or through a permanent establishment in Australia) and Australian residents acting at or through a permanent establishment outside of Australia, is not exhaustive and should be treated with appropriate caution. In particular, the summary does not deal with the position of certain classes of Noteholders (including dealers in securities, custodians or other third parties who hold Notes on behalf of any other persons). Prospective Noteholders should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that and other Series of Notes.

This summary is not intended to be, nor should it be construed as legal or tax advice to any particular investor. Prospective Noteholders should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

1 Interest withholding tax

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies) including for the purposes of interest withholding tax (“IWT”) and dividend withholding tax. IWT is payable at a rate of 10 percent of the gross amount of interest paid by the Issuer to a non-Australian resident (other than a non-Australian resident acting at or through a permanent establishment in Australia) or an Australian resident acting at or through a permanent establishment outside Australia unless an exemption is available. For these purposes, interest is defined in section 128A(1AB) of the Australian Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts.

An exemption from IWT is available in respect of Notes issued by the Issuer if those Notes are characterised as both “debt interests” and “debentures” for the purposes of the Australian Tax Act and the requirements of section 128F of the Australian Tax Act are satisfied. The Issuer intends to issue Notes which will be characterised as both “debt interests” and “debentures” for these purposes and satisfy the requirements of section 128F of the Australian Tax Act.

The requirements for an exemption from IWT under section 128F of the Australia Tax Act in respect of the Notes are as follows:

- (a) the Issuer is a resident of Australia, or is a non-Australian resident carrying on business at or through a permanent establishment in Australia when it issues those Notes and when interest is paid;
- (b) those Notes are issued in a manner which satisfies the public offer test. In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue. 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 a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods.

The issue of any of those Notes (whether in global form or otherwise) and the offering of interests in any of those Notes by one of these methods should satisfy the public offer test, provided:

- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those 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 the Issuer for the purposes of section 128F, when the Issuer is not a trustee, includes (i) a person or entity which holds 50 percent or more of the voting shares of, or otherwise controls, the Issuer, (ii) an entity which is a subsidiary of, or 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 who 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 (see paragraphs (d) and (e) above) 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) only, a dealer, manager or underwriter in relation to the placement of the relevant Notes; or
 - (ii) a clearing house, custodian, funds manager, responsible entity of a registered scheme and, in the case of section 128F(6) only, paying agent.

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 the 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. If Notes are issued which do not satisfy the requirements of section 128F, further information on the material Australian tax consequences of payments of interest and certain other amounts on those Notes will be specified in the relevant Final Terms (or another relevant supplement to this Prospectus).

Exemptions under tax treaties

The Australian government has signed or announced new or amended double tax conventions (“**New Treaties**”) with a number of countries (each a “**Specified Country**”) which contain certain exemptions from IWT.

In broad terms, once implemented the New Treaties effectively prevent IWT applying to interest derived by:

- (a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and
- (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, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption).

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation. This listing is available to the public at the Federal Treasury’s Department’s website at:

<http://www.treasury.gov.au/contentitem.asp?pagelD=&ContentID=625>.

Notes in bearer form - section 126 of the Australian Tax Act

Section 126 imposes a type of withholding tax at the rate of (currently) 45 percent on the payment of interest on Notes in bearer form if the Issuer fails to disclose the names and addresses of the holders to the Australian

Taxation Office (“ATO”). Section 126 does not apply to the payment of interest on Notes in bearer form 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 or IWT is payable. In addition, the ATO has confirmed that for the purpose of section 126, 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 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, Clearstream, Luxembourg or the CMU, the Issuer intends to treat the operators of those clearing systems as the holders of those Notes for the purposes of section 126.

Payment of additional amounts

- (a) 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 required by law to deduct or withhold an amount in respect of Taxes imposed or levied by the Commonwealth of Australia or any political subdivision of it from a payment in respect of the Notes, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of those Notes 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. Among other exceptions, no additional amounts are payable in relation to any payment in respect of the Notes to, or to a third party on behalf of, a holder of the Notes who is liable for the taxes in respect of the Notes by reason of the holder of the Note being an associate of the Issuer for the purposes of section 128F(9) of the Australian Tax Act.

2 Other tax matters

Subject to paragraph 3, 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-resident of Australia 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;
- (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 generally be assessable for Australian tax purposes 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 upon the tax status of the particular Noteholder and the terms and conditions of the Notes. 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, which vary depending on the country in which that permanent establishment is located;
- (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:
 - (i) if the non-Australian resident is not a resident of a country with which Australia has entered into a double tax treaty - 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 treaty - 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 Notes are sold outside Australia and all negotiations are conducted, and documentation executed outside Australia would not generally be regarded as having an Australian source;

- (d) *gains on disposal or redemption of Notes - Australian Noteholders* - Australian Noteholders will generally 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, which vary depending on the country in which that permanent establishment is located;

- (e) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for IWT 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 trade or business at or through a permanent establishment outside Australia) or a non-resident of Australia who acquires them in the course of carrying on trade or 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 if the Notes had been held to maturity by a non-resident of Australia;
- (f) *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;
- (g) *TFN 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 percent 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 exception (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 those Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Notes in registered form may be subject to a withholding where the holder of those Notes does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);

- (h) *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;
- (i) *additional withholdings from certain payments to non-residents* - section 12-315 of Schedule 1 to the Taxation Administration Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents of Australia. 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 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;
- (j) *taxation of foreign exchange gains and losses* - Divisions 775 and 960 of the Australian Tax Act contain rules to deal with the taxation consequences of foreign exchange transactions.

These rules are complex and may apply to any Noteholders who are Australian residents, or non-Australian residents that hold Notes in the course of carrying on business at or through a permanent establishment in Australia, in respect of Notes that are not denominated in Australian dollars. 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; and

- (k) *garnishee notices* – the ATO has the power to issue notices requiring any person who owes, or who may later owe, money to a taxpayer who has a tax-related liability, to pay to the ATO the money owed to the taxpayer. If the Issuer is served with such a notice in respect of a Noteholder, then the Issuer will comply with that notice and is not required to pay any additional amount to the holder on account of the amount withheld and paid to the ATO.
- (l) *taxation of financial arrangements* – Division 230 of the Australian Tax Act contains tax timing rules for certain taxpayers to bring to account gains and losses from "financial arrangements". The rules do not apply to certain taxpayers or in respect of certain short term "financial arrangements". They should not, for example, generally apply to holders of the Notes which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their "financial arrangements". Potential holders of Notes should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

The rules in Division 230 do not alter the rules relating to the imposition of IWT. In particular, the new rules do not override the IWT exemption available under section 128F of the Australian Tax Act.

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 the New Zealand Income Tax Act 2007 ("**New Zealand Tax Act**"), resident withholding tax ("**RWT**") is potentially applicable to interest paid to New Zealand residents (or non-residents engaged in business in New Zealand through a fixed establishment, such as a branch, in New Zealand). Any payment of interest on New Zealand Domestic Notes to a New Zealand resident (or such non-resident with a fixed establishment in New Zealand) will be resident passive income which is subject to the RWT rules.

Under 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 RWT. 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 28 percent if the holder is a company or unit trust. Holders must furnish their tax file numbers to the Issuer.

Whether or not RWT is deducted, such a holder will be subject to income tax pursuant to the financial arrangements rules in Part EW of the New Zealand Tax Act in respect of the investment in the New Zealand Domestic Note. Australian withholding tax deducted from interest paid to a holder (if any) can reduce the amount of tax payable on income recognised under the financial arrangements rules.

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 ("**DTAs**") in effect with New Zealand at the date of the Prospectus): Australia; Austria; Belgium; Chile; China; the Czech Republic; Denmark; Finland; France; Germany; India; Indonesia; Ireland; Mexico; Norway; Republic of Korea; Russia; Singapore; 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 passive income, it is excluded from resident passive income and RWT does not have to be deducted. Any such 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.

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 and who is resident in a Relevant DTA Country must provide the Issuer with such evidence of the holder's residence in a Relevant DTA Country and entitlement to benefit under that DTA as the Issuer may require. If the Issuer is not satisfied accordingly, the Issuer will deduct NRWT from the payment of interest on the New Zealand Domestic Notes.

As set out in more detail in Condition 24 ("**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 will deduct the required withholding tax 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) 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

- (B) New Zealand goods and services tax will not apply in respect of any payments made on a New Zealand Domestic Note.

The NZClear System will only pay interest on securities lodged in the NZClear System in gross.

Clearing and settlement

Euroclear

The Euroclear System was created in 1968 to hold securities for participants in the Euroclear System ("**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 the Euroclear System 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.

Securities clearance accounts and cash accounts with Euroclear 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. Euroclear 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 Euroclear's depository, in accordance with the Euroclear Terms and Conditions. Euroclear 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, 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 began operation of the Austraclear System in Australia in 1984. Austraclear 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 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 and either immobilised in its vaults which are located in Austraclear'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 RBA). 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.

NZClear System (New Zealand)

Since 1990, the RBNZ has operated the NZClear System (previously called the Austraclear New Zealand system) in New Zealand out of its Financial Services Group. The NZClear 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 NZClear System and participants under the NZClear System are created by contract, as evidenced through the NZClear System Rules and the NZClear Operating Guidelines ("**NZClear Rules**").

Under the NZClear 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 NZClear 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 NZClear System relies upon both parties to a transaction entering trade details into computer terminals that the NZClear System then matches before effecting settlement. As well as facilitating securities settlements, the NZClear 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 NZClear 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' NZClear 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 NZClear System will only pay interest on securities lodged in the NZClear 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 NZClear System, to the nominee. However, the RBNZ will allow a member of the NZClear 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 NZClear 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 NZClear System that has itself provided that evidence to the RBNZ; or
- (iii) (where a New Zealand Domestic Note is traded from the NZClear System to either Euroclear or Clearstream, Luxembourg, in which case the New Zealand Domestic Note remains within the NZClear System (see below)), The Hongkong and Shanghai Banking Corporation (acting through HSBC Nominees (New Zealand) Limited ("**HSBC Nominees**")), which acts as agent for Euroclear, and JPMorgan Chase Bank, N.A. ("**JPM**"), 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 JPM, as the case may be, of the tax status of its holder as the beneficial owner of the New Zealand Domestic Note.

Central Moneymarket Unit Service

The CMU is a central depository service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the CMU Members of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Manual (published by the Central Moneymarkets Unit of the HKMA) as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the services is open to all members of the Hong Kong Capital Markets Association, "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong and 'exempt dealers' in securities under the Securities Ordinance (Cap. 333) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members.

Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging Agent will collect such certificates from the relevant CMU Members identified from a CMU Instrument Position Report obtained by request from the HKMA for this purpose.

An investor holding an interest in the CMU Instruments through an account with either Euroclear or Clearstream, Luxembourg will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

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 - NZClear System

HSBC Nominees acts in New Zealand as the agent for Euroclear, and JPM 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 NZClear 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 NZClear System into Euroclear or Clearstream, Luxembourg, the security is transferred from the account of the relevant member of the NZClear System into the pool account of Euroclear or Clearstream, Luxembourg, as the case may be, within the NZClear 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 NZClear 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 JPM, as the case may be, enters and settles transactions in the NZClear 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 NZClear System does not provide for a two-way link with Euroclear and Clearstream, Luxembourg. The NZClear System enables New Zealand Domestic Notes initially lodged within the NZClear 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 NZClear System or to be subscribed through the NZClear System.

CDS Clearing and Depository Services Inc. ("CDS") (Canada)

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 and Vancouver 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 with a sub-custodian for the CMU, or the initial deposit of a Registered Global Note with CDS Clearing and Depository Services Inc. and the initial registration of such Registered Global Note in the name of CDS & CO. as nominee of CDS (or any other nominee appointed by 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, the CMU 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 (including CDS) may similarly be credited through direct or indirect participants’ accounts 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 Registered Global Note will be delivered to the appropriate depository or a Common Depository, as the case may be.

2 Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraphs, 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 on the registered holder (as the case may be) of such Global Note in respect of each amount so paid.

If a Global Note is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled (in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes represented by such Global Note and such obligations of the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to the CMU Lodging Agent for his share of each payment so made by us in respect of such Global Note.

None of the Issuer, the Registrars or the Agents have any responsibility or liability for any aspect of the records of CDS or any other relevant clearing system 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. Holders of beneficial interests in Global Notes held through CDS will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent they are enabled by CDS to appoint proxies under and in accordance with the rules and procedures of CDS.

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 (other than Notes held through the CMU), 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.

Payments of principal, interest (if any) or any other amounts on Notes held through the CMU shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU).

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, the CMU 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, the CMU and/or any other relevant clearing system.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging Agent by the CMU) have so certified.

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, the CMU 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 (or, in the case of Notes cleared through the CMU, by the relevant account holders therein) giving notice to the Fiscal Agent (or, in the case of Notes cleared through the CMU, to the CMU Lodging 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, the CMU 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, the CMU 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 Exchange of 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.

A beneficial interest in a Canadian Domestic Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered 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 CDS and in accordance with the terms and conditions specified in the Canadian Registry Services Agreement.

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 (or in the case of Notes lodged with the CMU, the CMU Lodging 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, 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 (or, in the case of Notes cleared through the CMU, the CMU Lodging 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, the CMU or any other agreed clearing system as the case may be.

Interests in Global Notes will be transferable in multiples of €100,000 (or its equivalent in other currencies) unless otherwise specified in the Final Terms.

Transfers of beneficial interests in Canadian Domestic Notes will be effected by CDS in accordance with its rules and procedures and, in turn, by book entries made in the accounts of participants and, if appropriate, indirect participants in CDS acting on behalf of beneficial transferors and transferees of such interests.

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, the CMU 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, in the case of Notes held through the CMU, the CMU Lodging Agent) or Registrar, as the case may be, within the time limits relating to the deposit of Notes with the Principal Paying Agent (or, in the case of Notes held through the CMU, the CMU Lodging Agent) or Registrar, as the case may be, substantially in the form of the notice available from the Principal Paying Agent (or, in the case of Notes held through the CMU, the CMU Lodging 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, the Arranger and the financial institutions party thereto as Dealers, 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.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required. Neither the Issuer nor any Dealer represents that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Persons into whose hands this Prospectus comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute the Prospectus or such other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale or delivery by them of any Notes under any law, regulation or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Dealer shall have responsibility therefor. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

Each Dealer appointed under the Program 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.

In addition and unless the Final Terms otherwise provides, each Dealer appointed under the Program will be required to agree with the Issuer that, in connection with the primary distribution of the Notes which are specified in the relevant Final Terms as being Public Offer Test Compliant, it will not (directly or indirectly) sell Notes to any person in circumstances where employees of the Dealer directly involved in the sale, know or have reasonable grounds to suspect, the Notes (or an interest in or right in respect of the Notes) were being or would later be, acquired either directly or indirectly by an Offshore Associate (as defined in the Dealer Agreement) of the Issuer other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of those Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act.

Selling Restrictions

United States of America

Regulation S Category 2; TEFR A D (or TEFR A C if specified in the applicable Final Terms)

The Notes have not been and will not be registered under the 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 pursuant to an effective registration statement or in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act, including, without limitation, in accordance with 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. Terms used in this paragraph have the meaning given to them by Regulation S under 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 appointed under the Program will be required to agree that, except as permitted by the Dealer Agreement, it has not offered, sold, resold or delivered and will not offer, sell, resell 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 completion of the distribution 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.

In addition (in relation to Notes in bearer form with a maturity of more than one year):

- (a) except to the extent permitted under U.S. Treasury Regulation (“**D Rules**”):
 - (i) each Dealer has represented and covenanted that it has not offered or sold, and agreed that during the restricted period it will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and
 - (ii) represented and covenanted that it has not delivered and agrees and covenants that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) each Dealer has represented and covenanted that it has and agreed and covenanted that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each Dealer has represented and covenanted that it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period, each Dealer has either:
 - (i) repeated and confirmed the representations, covenants and agreements contained in clauses (a), (b) and (c) on its behalf; or
 - (ii) agreed and covenanted that it will obtain from such affiliate for the benefit of Telstra the representations, covenants and agreements contained in clauses (a), (b) and (c).

Terms used in clauses (a), (b), (c) and (d) have the meaning given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

In respect of Notes in bearer form where TEFRA C is specified in the applicable Final Terms, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents, covenants and agrees (1) that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly (including through an agent), such Notes within the United States or its possessions in connection

with their original issuance; and (2) that it has not communicated, and will not communicate, directly or indirectly (including through an agent), with a prospective purchaser if either the Dealer, its agent or such purchaser is within the United States or its possessions and will not otherwise involve its United States office or a United States possession office in the offer, sale, delivery, advertisement or promotion of such Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and U.S. Treasury Regulation section 1.163-5(c)(2)(i)(C).

Public Offer Selling Restriction Under the Prospectus Directive

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 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 any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant EEA State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 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; or
- (c) 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 (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 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, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant EEA State) and includes any relevant implementing measure in each Relevant EEA State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each 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.

Hong Kong

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 in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the “SFO”) other than (i) to “professional investors” as defined in that Ordinance and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued, or had in its possession for the purpose of issue, and will not issue, or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or other document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the applicable securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Law**”) and each 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 Japanese Person, or to others for re-offering or resale, directly or indirectly, in Japan or to a Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, “Japanese Person” means any resident of Japan as delivered under Item 5, Paragraph 1, Article 6, of the Foreign Exchange and Foreign Trade Central Law (Law Number 228 of 1949, as amended).

Switzerland

In connection with the initial placement of any notes in Switzerland, each 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) in relation to the Program or the Notes has been or will be lodged with ASIC. Each 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, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (ii) such action complies with all applicable laws, regulations and directives in Australia (including, without limitation, the licensing regulations in Chapter 7 of the Corporations Act) and does not require any document to be lodged with ASIC, and (iii) the offer or invitation is not made to a person in Australia who is a “retail client” for the purposes of Section 761G of the Corporations Act.

New Zealand

Each 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) to persons who are eligible persons within the meaning of section 5(2CC) of the Securities Act 1978 of New Zealand (or any statutory modification or re-enactment of, or statutory substitution for that Act) ("**NZ Securities Act**"); or
- (v) in other circumstances where there is no contravention of the NZ Securities Act.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer appointed under the Program will be required to represent and agree that the Notes have not been offered or sold and will not be offered or sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or 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, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, as amended ("**Securities and Futures Act**") (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, 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 pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each Dealer appointed under the Program will be required to acknowledge, that it will notify (whether through the distribution of this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of Notes or otherwise) each of the following relevant person(s) specified in Section 275 of the Securities and Futures Act, which has subscribed or purchased Notes, from or through that Dealer namely a person who is:

- (a) a corporation (which is not an accredited investor) as defined in Section 4A of the Securities and Futures Act 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,

that securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (a) to an institutional investor or a relevant person under Section 274 of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) of the Securities and Futures act (or Section 276(4) of that Act) and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (b) where no consideration is, or will be, given for the transfer;
- (c) where the transfer is by operation of law; or
- (d) as specified in Section 276(7) of the Securities and Futures Act.

Selling Restrictions Addressing Additional Securities Laws of The Netherlands

Each Dealer appointed under the Program will be required to represent and agree, that with effect from and including 1 January 2012 it 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 The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (a) such offer is made exclusively to legal entities which are qualified investors in The Netherlands as defined in the Prospectus Directive; or
- (b) standard exemption wording is disclosed as required by article 5:20(5) of the Dutch Financial Supervision Act (Wet op het financieel toezicht, the "**FMSA**"); or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA is not applicable,

provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the PD.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in the Netherlands has the meaning given to it above in the paragraph headed with "Public Offer Selling Restriction Under the Prospectus Directive".

Notwithstanding the above, Zero Coupon Notes may not, directly or indirectly, as part of their initial distribution (or immediately thereafter) or as part of any re-offering be offered, sold, transferred or delivered in The Netherlands. For purposes of this paragraph "Zero Coupon Notes" are Notes that are in bearer form (whether in definitive or in global form) and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Selling Restrictions Addressing Additional Securities Laws of the Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each of the Dealers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Prospectus and any other document relating to the Notes in the Republic of Italy except:

- (1) to "**qualified investors**", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Article 34-ter, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- (2) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this 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. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended 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 or the Bank of Italy.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

Canada

The Notes have not and will not be qualified for sale under the securities laws of any province or territory of Canada. Each 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 of any province or territory of Canada; and

- (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 of Canada or any province or territory of Canada.

Additional selling restrictions in relation to Canada may be set out in the relevant Final Terms issued in respect of the issue of Notes. Each Dealer will be required to agree that it will offer, sell and distribute such Notes only in compliance with such additional Canadian selling restrictions.

People's Republic of China

Each Dealer appointed under the Program will be required to represent and agree that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by all relevant laws and regulations of the PRC.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any Notes in the PRC to any person to whom it is unlawful to make the offer of solicitation in the PRC.

The Notes may not be offered, sold or delivered, or offered, sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly (i) by means of any advertisement, invitation, document or activity which is directed at, or the contents of which are likely to be accessed or read by, the public in the PRC, or (ii) to any person within the PRC, other than in full compliance with the relevant laws and regulations of the PRC.

Investors in the PRC are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, those which may be required by the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC laws and regulations, including, but not limited to, all relevant foreign exchange regulations and/or securities investment regulations.

General

The restrictions on offerings may be modified by the agreement of the Issuer and the Dealers following a change in or clarification of a relevant law, regulation, directive, request or guideline having the force of law in the country concerned or any change in or introduction of any of them or in their interpretation or administration. 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 pro forma 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 [•] 2011 [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]] and incorporated by reference into the Prospectus dated [•] 2011 and which are attached hereto. 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 [•] 2011 [(as so supplemented)], which [together] constitute[s] a base prospectus for the purpose of the Prospectus Directive. . The Prospectus[es] [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 section 87G of the FSMA.]

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: []

[In respect of Notes denominated in RMB, it should be noted that the Renminbi is not a freely convertible currency. All payments in respect of Notes will be made solely by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in banknotes or by transfer to a bank account in the PRC or anywhere

else outside Hong Kong). In addition, there can be no assurance that access to Renminbi funds for the purposes of making payments on the Notes or generally may remain or may not become restricted.]

- 4 Aggregate Nominal Amount:
- (i) Series: []
- (ii) Tranche: []
- 5 Issue Price: [] percent of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* *[in the case of fungible issues only, if applicable]*]
- 6 (i) Specified Denomination(s): []
- [Where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed: "€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."]*
- [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).]*
- [If the Notes are admitted to trading on a regulated market 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.]*
- [For Australian Domestic Notes or New Zealand Domestic Notes, insert relevant denomination, typically A\$/NZ\$10,000.]*
- (ii) Calculation Amount: *[If there is only one Specified Denomination, insert the Specified Denomination.*
- If there is more than one Specified Denomination or the circumstances specified in the notes to item 6(i) apply, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.]*
- 7 (i) Issue Date: []
- (ii) Interest Commencement Date: *[Issue Date/Specify other]*

8	Maturity Date:	<i>[Fixed rate - specify date Floating rate - specify Interest Payment Date falling in the relevant month and year]</i>
9	Record Date	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> [eighth] <i>[for Australian Domestic Notes]</i> [tenth] <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>
10	Interest Basis:	<p>[Fixed Rate]</p> <p>[Specify reference rate +/- []% Floating Rate]</p> <p>[Zero Coupon]</p> <p>[Index Linked Interest]</p> <p><i>[specify other]</i></p> <p>(further particulars specified below)</p>
11	Redemption/Payment Basis:	<p>[Redemption at par]</p> <p>[Index Linked Redemption]</p> <p>[Dual Currency]</p> <p>[Partly Paid]</p> <p>[Instalment]</p> <p><i>[specify other]</i></p> <p><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 No. 809/204 will apply. This is not the only circumstance in which Annex XII will apply and the Issuer will prepare and publish a supplement to the Prospectus]</i></p>
12	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for change of Notes into another interest or redemption/payment basis]</i>
13	Put/Call Options:	<p>[Investor Put]</p> <p>[Issuer Call]</p> <p><i>[(further particulars specified below)]</i></p>
14	(i) Status of Notes:	Senior
	(ii) [Date [Board] approval for issuance of Notes obtained:	<p>[]</p> <p><i>[N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes]</i></p>
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:	[] percent 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 36.1)
(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] [“Actual/365 (Fixed)” shall be specified for “Day Count Fraction” in respect of Notes denominated in Renminbi.]
(vi)	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 Following Business Day Convention applies. 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. [“Modified Following Business Day Convention” shall be specified for “Business Day Convention” in respect of Notes denominated in Renminbi and HKD.]
(vii)	Additional Business Centre(s):	[CHF] Zurich, Sydney, Melbourne [GBP] London, Sydney, Melbourne [AUD] Sydney, Melbourne [EUR] TARGET, London, Sydney, Melbourne [JPY] Tokyo, Sydney, Melbourne [RMB] Hong Kong, Sydney, Melbourne [[SGD] Singapore, 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 36.1.)
(viii)	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.]
(ix)	Calculation Agent	[insert]

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)/Specified Period: *[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 Following Business Day Convention applies. 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.
["Modified Following Business Day Convention" shall be specified for "Business Day Convention" in respect of Notes denominated in Renminbi and HKD.]
- (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
[RMB] Hong Kong, Sydney, Melbourne
[SGD] Singapore, 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 36.1.)
- (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]*
 - Relevant Financial Centre *[•]*
 - Relevant Time *[•]*

- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] percent per annum
- (ix) Minimum Rate of Interest: [] percent per annum
- (x) Maximum Rate of Interest: [] percent 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/give details]
- (xiii) Calculation Agent [•]

18 **Zero Coupon Note Provisions** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraph of this paragraph]

- (i) [Amortisation/Accrual] Yield: [] percent per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 17.5 ("Calculation of Early Redemption Amounts")]
- (iv) Additional Business Centre(s) [Not applicable/give details]
- (v) 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 Following Business Day Convention applies. 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.

["Modified Following Business Day Convention" shall be specified for "Business Day Convention" in respect of Notes denominated in Renminbi and HKD.]

19 **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]

- (i) Index/Formula/other variable: [Give or annex details]

- (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: []
[Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (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/ (specify other)]
[“Modified Following Business Day Convention” shall be specified for “Business Day Convention” in respect of Notes denominated in Renminbi and HKD.]
- (viii) Additional Business Centre(s): [Not Applicable/give details]
- (ix) Minimum Rate of Interest: [] percent per annum
- (x) Maximum Rate of Interest: [] percent 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) Day Count Fraction [•]
[“Actual/365 (Fixed)” shall be specified for “Day Count Fraction” in respect of Notes denominated in Renminbi and HKD.]
- (v) Person at whose option Specified Currency/Currencies is/are payable: []
- (vi) Additional Business Centres [Not applicable/give details]

- (vii) 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 Following Business Day Convention applies. 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.*
- [“Modified Following Business Day Convention” shall be specified for “Business Day Convention” in respect of Notes denominated in Renminbi and HKD.]*

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) Early Redemption Date(s) (Put): []
- (ii) Early Redemption Amount(s) (Put) 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.]

[If the Final Redemption Amount is linked to an underlying reference or security, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus which shall constitute a supplementary prospectus pursuant to the Prospectus Rule 3-4 and section 87G of the FSMA]

24 **Early Redemption Amount (Tax)** [] *[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)

25 **Early Termination Amount** [specify if any]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26 **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 Notes exchangeable for a Permanent Global Notes which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Notes]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Registered Global Note]

(N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6(i) includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000 in excess thereof up to an

including [€199,000].” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

- | | | |
|----|---|---|
| 27 | 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] |
| 28 | 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] |
| 29 | 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] |
| 30 | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | [Not Applicable/give details] |
| 31 | Notices: | [specify any other means of effective communications] |
| 32 | Consolidation provisions | [Not applicable/The provisions [in Condition 31 (“Further issues”)] [annexed to this Final Terms] apply] |
| 33 | Governing law: | [English law/Australian Capital Territory law/New Zealand law/specify other] |
| 34 | Redenomination, renominatisation and reconventioning provisions: | [Not applicable/The provisions annexed to this Final Terms apply] |
| 35 | Change of control: | [Not applicable/The provisions set out below apply.]

[If applicable, give details of change of control provision] |
| 36 | Other final terms or special conditions: | [Not Applicable/give details]

[For Zero Coupon Notes with a maturity of less than 365 days, Condition 6 (“Negative Pledge”) and Condition 26 (“Events of Default”) should be disapplied.]

[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.] |

DISTRIBUTION

- | | | |
|----|--|---|
| 37 | (i) If syndicated, names [and addresses] of Managers [and underwriting commitments]: | [Not Applicable/give names, [addresses and commitments]]

[Addresses of Managers and details of underwriter only required if the Notes fall within Annex XII.]

[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.]

[(ii) Date of [Syndication] Agreement:] [] *[Only required if the Notes fall within Annex XII]*

(ii) Stabilising Manager (if any): [Not Applicable/give name]

38 If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]

39 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]

40 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 regulated 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: [[Application has been made for the Note, to be listed on the] official list of the UK Listing Authority/ [official list of Singapore Exchange Securities Trading Limited] 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 [the Regulated Market of the London Stock Exchange plc/ [the Official List of Singapore Exchange Securities Trading Limited] specify relevant regulated market] with effect from [].] [Application is expected to be 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 Program generally or, where the issue has been specifically rated, that rating.]

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, cancellation, reduction or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating.

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act 2001 of Australia and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive the Prospectus and anyone who receives the Prospectus must not distribute it to any person who is not entitled to receive it.

[[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency] is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [insert the name of the relevant EU CRA affiliate that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert credit ratings agency].]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EU-registered credit ratings agency] is established in the European Union and registered under [CRA affiliate that applied for registration], which is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but is certified in accordance with such Regulation.]

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 Program 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 "Sale and subscription", 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 section 87G of the FSMA.)]

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] [Required for derivative securities to which Annex XII of the Prospectus Directive Regulation applies.]

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/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked or other variable linked 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. Need to include information setting out the type of underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation and where information in relation to the underlying can be obtained, a description of market or settlement disruption events and adjustment rules.] [Required for 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.] Required for derivative securities to which Annex XII of the Prospectus Directive Regulation applies.]

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.] [Required for 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]. [Required for derivative securities to which Annex XII of the Prospectus Directive Regulation applies.]

[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

ISIN Code: []

Common Code: []

CMU Instrument Number: []

Austraclear/NZClear identification number: []

Any clearing system(s) other than Euroclear, Clearstream, Luxembourg, CMU, Austraclear or NZClear and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Initial Agent's name and address: []

Additional Agent(s) names and addresses (if any): []

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/NZClear] System/CDS Clearing and Depository Services Inc. ("CDS")]

Distributions of principal and interest with respect to Notes held through the [Austraclear/NZClear System] will be credited to the cash accounts of members of the [Austraclear/NZClear System] in accordance with the regulations and the operating manual applicable to the [Austraclear/NZClear System.]

Interests in the Notes may be held through Euroclear, Clearstream, Luxembourg indirectly through institutions which are participants in Euroclear, Clearstream, Luxembourg. In such circumstances, [HSBC Custody Nominees (Australia) Limited/HSBC Nominees (New Zealand) Limited] (as nominee of Euroclear) or a nominee of a nominee of J.P. Morgan Chase Bank, N.A. (as custodian for Clearstream, Luxembourg) would hold the interests in the Notes in the [Austraclear/NZClear System]. [Austraclear/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 /are not] intended to be issued in a manner which satisfies 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 UKLA Official List and to trading on the Market is expected to take effect on 26 October 2011. Any Tranche of Notes intended to be admitted to listing on the UKLA Official List 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.

Application may be made to the SGX-ST for permission to deal in, and for quotation of, any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. There can be no assurance that such application will be approved.

So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore where the Notes may be presented or surrendered for payment or redemption in the event that a Note in global form representing the Notes is exchanged for Notes in definitive form. In addition, in the event that a Note in global form representing the Notes is exchanged for Notes in definitive form, announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive form, including details of the paying agent in Singapore.

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 Issuer may also apply to have the Notes accepted for clearance through the CMU. The relevant CMU instrument number will be specified in the relevant Final Terms.

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. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CMU is 55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. The address of any alternative clearing system will be specified in the applicable Final Terms.

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.

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 Corporation Act 1991 of Australia. 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 2011, 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 prospects, of the Issuer and its subsidiaries taken as a whole.

Ernst & Young, independent public auditors, have audited the Issuer's financial statements for the fiscal years ended 30 June 2010 and 30 June 2011 and unqualified opinions have been received. Ernst & Young's appointment extends to the year ending 30 June 2012. Ernst & Young is registered to carry out audit work by the Institute of Chartered Accountants in Australia.

No financial information in this Prospectus other than the financial statements incorporated by reference (see 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.

Material Change

There has been no material adverse change in the prospects of the Issuer since 30 June 2011, 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 2010 and 30 June 2011;
- (m) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only

be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity); and

- (n) any documents incorporated into this Prospectus by reference (see “Documents Incorporated by Reference” above).

Other issuance under the Program

The Dealer Agreement provides that Telstra may issue Notes in a form not contemplated by this Prospectus. If any such Notes are to be listed on the London Stock Exchange, Telstra will issue a replacement Prospectus describing the form (and terms and conditions) of such Notes.

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

BNP Paribas
10 Harewood Avenue
London NW1 6AA
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

CMU LODGING AGENT

Deutsche Bank AG, Hong Kong Branch
52nd Floor, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

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
3rd Floor
10 Old Broad Street
London EC2N 1DW
United Kingdom

*to the Arranger
as to English law*

Clifford Chance
28th Floor
Jardine House
One Connaught Place
Central
Hong Kong

*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