

Obligations of holders of instalment receipts

If you are allocated instalment receipts, you will become the owner of a beneficial interest in the shares and the Commonwealth will have a security interest in the shares to secure, amongst other things, the amount due on the final instalment.

The instalment receipts will be evidence that you hold the beneficial interest in the shares. However, the shares themselves will be held by the Trustee in accordance with the Trust Deed. The Trustee will hold the shares in trust for you as the owner of the beneficial interest and for the Commonwealth as the holder of a security interest. After you pay the final instalment on the due date in cleared funds, the instalment receipts will be cancelled, the Trustee will transfer the shares to you and you will become the registered holder of the shares. The Commonwealth will no longer have a security interest in them.

If you are allocated instalment receipts, you become legally bound to pay the final instalment when it is due. The Trustee will send you a reminder notice before the final instalment is due. If you sell the instalment receipts, and the transfer is registered by 4 November 1998, the purchaser assumes the liability to pay the final instalment.

If you do not pay the final instalment on time, you may have to pay interest on the amount due. The Trustee can then sell the shares relating to your instalment receipts to pay the outstanding debt (and any interest, costs, expenses, duties and taxes you may owe). If there is any balance from the sale, the Trustee will refund it to you. If there is a deficit, you will be liable to pay the outstanding amount.

This is a simplified and general description of some of the obligations of holders of instalment receipts. Further details are contained in Appendix 5 of the separate Appendices volume.

Rights of holders of instalment receipts and shareholders

Holders of instalment receipts will generally speaking have the same rights as shareholders. Both are entitled to receive notices, accounts and other documents required to be sent to shareholders, to attend meetings of shareholders (in person or by proxy, attorney or representative), to vote at such meetings, to receive dividends and, if they satisfy certain pre-requisites, to requisition and convene such meetings.

While management of Telstra is vested in Telstra's directors, the approval of shareholders is required for certain matters, for example, the election of directors, although the Board may fill casual vacancies and appoint additional directors after consultation with the Communications Minister, such directors to hold office only until the next annual general meeting. As the holder of at least two-thirds of the shares, the Commonwealth will have the power to control most decisions made by shareholders. Shareholders may transfer their shares subject to the requirements of Telstra's Articles of Association, the Telstra Act, the Corporations Law and the requirements of the ASX. If

Telstra is wound up, subject to any special rights attached to shares, shareholders are entitled to any surplus assets of the Company after paid up capital has been repaid, in proportion to capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively.

ASX quotation and over-allocation

If permission for quotation of the instalment receipts and shares is not granted by the ASX within 12 weeks after the date of issue of this document, or such longer period as the ASX allows, application moneys will be refunded in full.

In Australia and New Zealand, shares are being offered for sale by the Commonwealth directly. In other countries, the sale by the Commonwealth will initially be to the international underwriting syndicate which will resell instalment receipts representing the relevant shares (or corresponding interim ADSs) to end investors. The international underwriting syndicate may agree to sell to end investors up to 288.87 million more instalment receipts (or a corresponding number of interim ADSs) than the international underwriting syndicate will acquire from the Commonwealth as part of the international offering.

The international underwriting syndicate expects to satisfy any obligation to provide instalment receipts (or interim ADSs) to investors to whom they have over-allocated in one (or a combination) of the following ways:

- The international underwriting syndicate may exercise an option which the Commonwealth proposes to grant to them to acquire up to 288.87 million additional instalment receipts (or a corresponding number of interim ADSs), representing up to approximately 2.25% of Telstra shares (the 'Over-allotment Option'). The Over-allotment Option may only be exercised once within 30 days of allocation of shares in the international offering (the '30 day period'). The exercise price under the Over-allotment Option will be the same as the price at which the international underwriting syndicate will purchase shares under the international offering, which will essentially be the price to Institutional Applicants less a commission of 1.75% per share of the net present value of the institutional final price.
- The international underwriting syndicate may also purchase instalment receipts (or interim ADSs) on the ASX or on foreign markets or off-market to satisfy their obligations.

This means that, to the extent that the Over-allotment Option is not exercised, the Commonwealth will own more than two-thirds of Telstra. If the international underwriting syndicate has not acquired sufficient instalment receipts (or interim ADSs) by one of the above methods at the time for settlement of over-allocations in the international offering, it will have the right to borrow instalment receipts (or interim ADSs) from the Commonwealth or its nominees. Any borrowed instalment receipts must be returned within 37 days of allocation of shares using instalment receipts (or interim ADSs) acquired under one of the above methods.

The ability of the international underwriting syndicate to over-allocate and to purchase instalment receipts (or interim ADSs) on-market to satisfy over-allocations may in some circumstances

have a stabilising effect on the market price of instalment receipts (and interim ADSs). Any such bids on the ASX must not on any trading day be higher than the highest current independent bid on the ASX (or in the case of a bid placed when the ASX opens, than the highest current independent bid on any other securities exchange on which Telstra's shares are traded at the close on the preceding trading day) or the Institutional Applicant first instalment price. There is no guarantee at any time that the market price of instalment receipts (and interim ADSs) will not drop below the first instalment price.

If the Over-allotment Option is exercised, this will be disclosed to the ASX for public release, as will the level of exercise. The international underwriters will not disclose for public release the level of any over-allocations made by them or of purchases to satisfy any over-allocations. However, a bid on the ASX on behalf of the international underwriting syndicate for instalment receipts to satisfy over-allocations will be identified by a special broker number, '999'. Any 'stabilisation bid' will therefore be apparent to traders on the ASX.

Taxation

The taxation position for a particular individual can be complex. For example, the discussion below will not be applicable if you are a share trader. Further details are also contained in the Appendices. You should consult a professional adviser about your personal taxation circumstances.

Any dividends you receive while you hold instalment receipts will be treated for tax purposes as trust distributions rather than dividend distributions. You may still be eligible for the benefit of any franking credits attached to the dividends whether they are paid as trust distributions or dividend distributions. Once you become the registered holder of the share after you pay the final instalment, all dividends paid to you by Telstra will be treated for tax purposes in the same way as other dividends. You must declare both trust and dividend distributions as part of your income. The Australian Taxation Office requests that this income be shown at the dividend income label of your return of income.

If you sell an instalment receipt or a share for more than the original cost, the gain may be subject to tax. For capital gains tax purposes you will be regarded as having acquired the share at the time the Commonwealth accepted your application. The instalment receipt is evidence of your interest. However, the payment of the final instalment and the transfer of the share to you will not be treated as an acquisition by you for capital gains tax purposes. The cost base of an instalment receipt acquired under the Telstra Share Offer will be calculated and indexed from the date you pay the first instalment. The cost base of a share acquired under the Telstra Share Offer will be calculated and indexed from the dates you pay the first and final instalments. If you sell an instalment receipt or share for less than the original cost, you may incur a capital loss. A capital loss can only be offset against capital gains.

There may be tax consequences for you if the Trustee has to sell your shares because you do not pay the final instalment.

No stamp duty will be payable by you on the issue of instalment receipts, payment of the first instalment, or the transfer of shares to you on payment of the final instalment. All other transfers of instalment receipts and shares may attract Australian stamp duty applicable to marketable securities. If you trade on the ASX through a broker, stamp duty is payable as to 0.15% by the seller and 0.15% by the purchaser. Trading of instalment receipts on the

NZSE will not be subject to stamp duty. If you trade instalment receipts or shares off-market (including in New Zealand), stamp duty will be payable in the Australian Capital Territory by the purchaser at the rate of 0.3%. Stamp duty is calculated on the higher of the sale price or the value of the marketable security.

Legal and regulatory proceedings

Telstra is involved in a number of legal proceedings in the course of its business. Except for the proceedings described below, the Company is not a party to any legal or arbitration proceedings which, if adversely determined, could have a significant adverse effect on the Company's business or financial position taken as a whole. From time to time, governmental authorities or third parties may threaten legal proceedings against the Company. Telstra is not aware of any such threatened proceedings which would be reasonably likely to have a significant adverse effect on the Company's business or financial position taken as a whole.

On 10 September 1997, Optus and two of its subsidiaries, Optus Networks Pty Ltd (Optus Networks) and Optus Vision, commenced proceedings in the Federal Court of Australia against Telstra, Telstra Media Pty Ltd (Telstra Media) and Sky Cable Pty Ltd (Sky Cable), a subsidiary of News Corporation. The claims made against Telstra and Telstra Media assert that Telstra has acted in breach of section 46 of the Trade Practices Act by taking advantage of a substantial degree of power in various markets for prohibited purposes. The asserted misconduct relates to an alleged refusal by Telstra to supply local call resale services and network access to Optus and an alleged refusal to implement local number portability. Optus also asserts that Telstra has engaged in predatory pricing of Broadband Network services for the purposes of, among other things, preventing Optus Networks and Optus Vision from entering and competing in the local call and pay television markets. Optus seeks declarations by the court that Telstra's conduct has been and remains in breach of section 46 of the Trade Practices Act, final orders restraining Telstra from continuing that conduct and a declaration that aspects of the broadband co-operation agreement between Telstra, Telstra Media and Sky Cable entered into in about March 1995 and subsequent arrangements between Telstra and News Corporation relating to the Broadband Network rollout obligations are void. Optus also claims unquantified damages including interest. Telstra believes that it has substantial defences to these claims and intends to defend the action vigorously. Nevertheless, at this early stage of the proceedings it is not possible on the information currently available to assess the effect of the proceedings. If, however, Optus is successful in the litigation, it could have a material adverse effect on Telstra's financial results, operations and competitive position.

Telstra is currently involved in significant litigation with four of its wholesale customers – AAPT, Pacific Star Communications Pty Ltd/SunNet Pty Ltd (Pacific Star Group), First Netcom Pty Ltd (First Netcom) and QAI Australia Ltd/Southern Cross Telco Pty Ltd (QAI). The proceedings against AAPT are currently being conducted in the Federal Court of Australia and involve a claim by Telstra for an amount of approximately \$99 million. AAPT has filed a defence denying the sum claimed and a cross-claim against Telstra seeking damages and other relief. In the cross-claim, AAPT asserts losses which it estimates to be in the order of \$300 million. Telstra commenced proceedings against the Pacific Star Group in March 1997 in the Supreme

Court of Queensland claiming an amount of approximately \$98 million, although this claim may be reduced as a result of amounts paid by the Pacific Star Group since the filing of the writ. The Pacific Star Group has filed an application in the Federal Court of Australia seeking damages and other relief against Telstra but to date the pleadings have not specified the damages being sought. Telstra's proceedings against First Netcom were commenced in April 1997 and are currently being conducted in the Federal Court of Australia and involve a claim by Telstra for approximately \$13.3 million, and a defence denying the sum claimed and a cross-claim by First Netcom seeking damages and other relief. Although the cross-claim does not specify the amount of the damages claimed, First Netcom has asserted that it estimates its losses to be up to approximately \$37 million. QAI commenced proceedings against Telstra in the Federal Court of Australia on 21 March 1997. QAI has indicated that it seeks an amount of approximately \$14 million based on a claim including alleged breaches of the Trade Practices Act, breach of contract and fiduciary duties and unconscionable conduct. Telstra has filed a defence and a cross-claim against QAI seeking an amount of approximately \$6.9 million. QAI has filed a defence to the cross-claim denying the sum claimed by Telstra. Telstra intends to amend its cross-claim to claim an amount of approximately \$5.5 million. The proceedings between Telstra and AAPT, Pacific Star Group, First Netcom and QAI generally involve claims by Telstra for substantial charges it believes remain unpaid for the provision by Telstra of telecommunications services and claims by the wholesale customers for substantial amounts. The wholesale customers dispute that the amounts claimed by Telstra or any amounts are owing by them, and typically contend that they are entitled to offset their claims against amounts claimed by Telstra. The wholesale customers typically allege that bills were not received, were inaccurate and/or that Telstra's billing and account management systems were defective in other ways. The wholesale customers' claims typically include claims for revenue allegedly foregone by reason of delayed on-billing of third-party customers and/or loss of customers and/or revenue from incorrect or delayed billing and include claims on the basis of alleged breaches by Telstra of the Telecommunications Act, Trade Practices Act, fiduciary duties and/or contract and/or unconscionable conduct. It is not possible on the information currently available to form a precise view as to the likely outcome of the various proceedings.

Telstra is endeavouring to implement procedures designed to reduce the likelihood that significant disputes over charges will arise in the future, including negotiating new contractual relationships and enhancing its systems and procedures. However, there can be no assurance that disputes with wholesale customers will not arise or be insignificant in the future.

In 1995, British Telecom Australasia Pty Limited (BTA) commenced proceedings against the State of New South Wales (NSW) and Telstra arising out of BTA terminating a 1992 telecommunications and data network services supply agreement between BTA and NSW. Subsequently, British Telecommunication plc ('BT plc') made similar claims against Telstra and NSW. The pleadings of BTA and BT plc do not specify the amount of damages. BTA and BT plc have so far identified reliance losses/damages of approximately \$155 million and expectation damages of approximately \$380 million arising from their claims against Telstra and NSW. The allegations

include claims that Telstra misused market power, engaged in misleading and deceptive conduct and induced NSW to breach its obligations under the agreement. BTA has also claimed contribution and indemnity from Telstra for any damages awarded to NSW on its cross-claim against BTA for damages in the amount of \$497 million. Telstra and NSW have filed cross-claims against each other in relation to the amounts claimed by BTA and BT plc. It is not expected that a trial will commence before August 1998. Telstra believes that it has substantial defences to and intends to defend vigorously these claims. Telstra's management further believes BTA's claims are unlikely to have a material financial effect on Telstra.

Claims have been made against Telstra by a group of small businesses who refer to themselves as the Casualties of Telecom/Telstra (COTs). The COTs have made a total of 16 claims. Each claim asserts different losses, but the claims include claims for loss of revenue due to alleged poor standards of service, compensation for the alleged diminution in the capital value of their businesses, personal injuries, psychological damage and pain and suffering. As a result of the complaints made by the COTs, in 1994 AUSTEL conducted an investigation into Telstra's handling of the COTs' complaints. AUSTEL made a number of recommendations for improvements to Telstra's systems for handling complaints of service difficulties and recommended that Telstra and the COTs enter into an arbitration process. At present, 11 claims have been settled or have received an award from the arbitrator. Four claims remain in the arbitration process. One further claimant has received an award of \$600,000 (in addition to a previous payment of \$360,000) but has appealed against it to the Supreme Court of Victoria. For the 11 claims which have been resolved, the amount which each claimant was awarded or for which each claimant settled (including previous awards, which the claimants were entitled to retain) averaged approximately \$137,300. The five unresolved claims total \$27.7 million. In connection with the COTs claims, committees of the Senate have made enquiries of Telstra's handling of the COTs and related cases. While the total value of the outstanding claims and the amounts paid by Telstra pursuant to awards and settlements is unlikely to have a material financial effect on Telstra, the COTs cases have engendered substantial media coverage, much of which has been negative to Telstra.

Telstra and the Commissioner of Taxation are disputing the tax consequences of a number of items which date back to when Telstra first became subject to the Income Tax Assessment Act 1936. All issues other than the two referred to below are the subject of settlement offers. Although Telstra anticipates that settlement in respect of those offers will occur in the near future, there remains the risk that settlement will take longer than anticipated or not occur at all. Tax has been paid by Telstra on all disputed items. One issue in relation to which an in-principle agreement has not yet been reached is the appropriate opening value for tax depreciation purposes of plant and equipment owned by Telstra at 1 July 1990. Telstra has claimed the opening depreciated value as either being the historical cost of the plant or its notional written down value (based on depreciation rates applying before loadings which were available under income tax legislation). The matter has been referred to the Administrative Appeals Tribunal. The Treasurer has announced that the Government will introduce retrospective legislation which will prevent previously income tax exempt bodies, such as Telstra, from making claims concerning

depreciation of this kind. Until the detail of the legislation is known, Telstra will reserve its rights of appeal in the Administrative Appeals Tribunal. The other issue in relation to which an in-principle decision has not yet been reached is whether losses incurred on the disposal of certain non-trading stock inventory not held for resale by Telstra are allowable deductions. Telstra is presently seeking to settle the substantial part of this claim with the Commissioner. Any part of the dispute not settled is likely to proceed to the Administrative Appeals Tribunal.

The ACCC is responsible for administration of the general trade practices law, in addition to the new industry-specific provisions. From time to time the ACCC receives and investigates complaints from industry participants and consumers in relation to Telstra's practices. The ACCC then determines whether any enforcement action should be taken in response to these complaints. Investigations have the potential to affect Telstra's commercial practices.

On 14 August 1997, the Communications Minister announced that he had engaged two consultants to investigate and report on the current billing practices between Telstra and other service providers. The inquiry will not touch upon any of the specific matters now the subject of litigation. It will focus on the impact any billing problems have had on particular end users and the steps required to resolve those shortcomings by reporting on the adequacy, timeliness and efficiency of service ordering and provisioning, customer transfer and billing systems and processes currently used by Telstra and other service providers and the impact of these on end users of telecommunications services. Telstra is bearing all costs associated with the inquiry. The consultants have undertaken interviews, some of the information gathering and sample selection. They have now identified a range of issues which merit further investigation, although it is not yet possible to be definitive about the conclusions the consultants are likely to reach. The issues identified at this stage principally relate to difficulties in communications between Telstra and service providers, inconsistency of processes and completeness of service level guarantees. Testing has yet to be undertaken to determine the significance of these issues and possible methods of improvement. The consultants' report is to be delivered to the Communications Minister later this year, although there may be some delays. The Government will examine the report and determine what action, if any, is required.

Interests

Directors', Executives', and Company's indemnities

The Commonwealth has indemnified Telstra's directors against civil liabilities they may incur through their participation in this offer, including liabilities arising from their signing of this document, and against certain costs and expenses. This indemnity does not apply unless the director has acted in good faith and without malice, fraud or recklessness and in a manner consistent with any request made by the Minister for Finance under section 8AQ of the Telstra Act. The Commonwealth has also given an indemnity to certain executives of Telstra in relation to their participation in roadshows and signing foreign offer documents, subject to certain limits. Subject to certain limits, Telstra itself is indemnified against such liabilities under

certain foreign laws. However, Telstra is not indemnified against such liabilities under Australian and New Zealand law.

The Minister for Finance has made requests of Telstra under section 8AQ of the Telstra Act to provide assistance to the Commonwealth in connection with the Telstra Share Offer.

Other interests of directors

No director or proposed director of Telstra and no firm in which the director or proposed director of Telstra is or was at the relevant time a partner has, or has had in the two years before lodgement of this document, an interest in the promotion of, or in any property proposed to be acquired by, Telstra.

No amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any director or proposed director of Telstra (or to any firm in which he or she is or was a partner), either to induce him or her to become, or to qualify him or her as, a director, or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of Telstra.

In accordance with past practice relating to Commonwealth asset sales, the Commonwealth Remuneration Tribunal has approved a one-off payment of additional remuneration to the directors of Telstra in recognition of their additional workload and responsibilities in the lead-up to the Telstra Share Offer. This additional remuneration will be payable by Telstra. The additional remuneration is approximately \$40,000 in the case of the Chairman of Telstra, \$30,000 in the case of the Deputy Chairman of Telstra and \$20,000 in the case of each of the other directors of Telstra.

Fees and commissions

The Commonwealth will pay a brokerage fee of 1.10% of the net present value of the final price paid by Public Applicants, to member organisations of the ASX (including the Joint Lead Managers and Australian Co-Lead and Co-Managers) for shares sold pursuant to applications lodged by them and bearing their stamp, excluding applications under the Institutional Offer or relating to a firm allocation of shares to that member. In the case of firm allocations, a fee of 1.45% will be paid to Stockbrokers. No brokerage will be payable on applications lodged as part of the Employee 'One for Four' Share Offer.

Commission will be payable to the Australian Joint Lead Managers and Australian Co-Lead and Co-Managers in respect of shares allocated to institutions under the Institutional Offer. In respect of shares allocated to Australian institutions, the Australian syndicate members will be paid collectively a commission of 0.8%, being 0.56% selling commission and 0.24% management fee, of the net present value of the institutional final price per share. In relation to bids submitted by Stockbrokers, the selling commission component will be paid to them. In respect of shares sold outside Australia, the international syndicate members will be paid collectively a commission of 1.75% per share of the net present value of the institutional final price.

For these purposes, the net present value means the amount of the first instalment plus the discounted amount of the final instalment. The discount rate used will be the lesser of 6% (semi-annual) or the Commonwealth Government Bond Rate. In addition, the Global Co-ordinators will receive a global co-ordination project management fee for acting as consultants

to the Commonwealth in connection with the Telstra Share Offer. Following completion of the offer the fee will be calculated using the present value of the gross proceeds to be received by the Commonwealth from the Telstra Share Offer and normalised for the movement of market indices. Based on the upper and lower levels of the indicative price range for the Institutional Offer and making certain assumptions about the allocation of shares as between the various parts of the Telstra Share Offer and market indices, it is estimated that this fee would be between \$24.7 million and \$32.4 million (representing between 0.21% and 0.23% of the present value of the gross proceeds), less net profits, if any, accruing to the Global Co-ordinators from stabilisation trading.

ASC modifications and exemptions

The ASC has modified sub-section 1024F(1) of the Corporations Law (as applied with modifications by regulation 7.12.08B of the Corporations Regulations) to permit the incorporation by reference of the separate Appendices volume in this Public Offer Document. The ASC has also granted various other modifications of, and exemptions from, the Corporations Law in connection with the Telstra Share Offer. Further details are contained in the separate Appendices volume.

Documents available for inspection

Copies of the following documents may be inspected during normal office hours free of charge for 12 months after 4 October 1997, at:

Telstra
242 Exhibition Street
Melbourne Victoria

- memorandum and Articles of Association of Telstra;
- memorandum and Articles of Association of the Trustee;
- employee share plan trust deed and loan scheme;
- Trust Deed;
- consents of persons named in this document;
- foreign ownership rules and procedures issued by the Trustee; and
- the material contracts referred to in this document and the separate Appendices volume.

The copies of material contracts identified in Appendix 5 of the separate Appendices volume deposited at the above address have been censored in reliance on the class order exemption granted by the ASC pursuant to sub-section 1084(2) of the Corporations Law dated 21 February 1994 (Class Order [94/183]). All information in these contracts relating to matters identified in Appendix 5 of the separate Appendices volume has been censored from the copies of these contracts. Disclosure of this information would have resulted in unreasonable prejudice to Telstra (other than by or as a result of breaching any undertaking given by Telstra to another person) due to the commercial sensitivity of that information and the competitive disadvantage which could be suffered by Telstra if that information were made public.

International underwriting conditions

A contract formed on acceptance of your application will be conditional on settlement under the international underwriting agreement. If settlement under the international underwriting agreement does not occur by 2 December 1997:

- the contract formed on acceptance of your application will be cancelled; and
- all conditional trades that have occurred since 17 November 1997 will be cancelled.

Whilst the international underwriting agreement has not yet been concluded, it may include rights of termination. If it does so, these rights could include, amongst other things, material adverse developments relating to Telstra, stock markets or banking systems. The international underwriting agreement is expected to be signed on or about 15 November 1997.

Materials in separate Appendices volume

The following is an indication of what material is contained in the separate Appendices volume:

Appendix 1 Telstra: the Company

Strategy; Organisation; Marketing and Customer Service; Products and Services; Global Alliance and International Investments; Network and Information Technology Alliances; Networks and Systems; Properties; Special Projects; Board and Management; Employees.

Appendix 2 Financial information

Selected Consolidated Financial and Statistical Data; Dividend Policy; Management's Discussion and Analysis of Financial Condition and Results of Operations; Selected Unaudited Adjusted Profit and Loss Statement Data; Investigating Accountant's Report; Consolidated Financial Statements.

Appendix 3 Industry environment

Industry Overview; Competition; Regulation.

Appendix 4 Relationship with the Commonwealth of Australia

The Commonwealth as Shareholder; The Commonwealth as Regulator; The Commonwealth as Customer.

Appendix 5 Additional information

Interests of Directors; Interests of Experts; Consents; Expenses of the Offer; Further Information about the Institutional Offer; ASC Modifications and Exemptions; ASX Waivers and Clarifications; Trustee Quotation Application and Agreement; Nature of Australian Trading Market; Description of Shares; Instalment Receipts and Trust Deed; Foreign Ownership and Exchange Controls; Taxation; Material Contracts; Indemnification of Directors and Officers.

Appendix 6 Glossary

Glossary

Term	Meaning	Term	Meaning
ABN AMRO Rothschild	ABN AMRO Australia Hoare Govett Limited and Rothschild Australia Limited trading as ABN AMRO Rothschild	institution	a person to whom an 'excluded issue' may be made under section 66(2)(n) of the Corporations Law
ACCC	Australian Competition and Consumer Commission	Institutional Applicant	an applicant who is an Australian or New Zealand resident institution or a Stockbroker and includes an applicant who is treated as applying under the Institutional Offer
ADSs	American depository shares, each representing 20 shares in Telstra Corporation Limited	Institutional Offer	the invitation to Stockbrokers and to Australian and New Zealand institutions described in Appendix 5
AMPS	Advanced Mobile Phone System: a mobile telephone system predominantly based on analogue transmission	Interim ADSs	Interim American depository shares each representing 20 instalment receipts
Australian GAAP	Australian Accounting Standards and other mandatory professional reporting requirements, being Urgent Issues Group Consensus Views	ITU	International Telecommunication Union
Australian Joint Lead Managers, Co-lead Managers and Co-Managers	see Directory	JBWere & Son	Were Stockbroking Limited, trading as JBWere & Son
Australis	Australis Media Limited	Joint Global Co-ordinators	see Directory
Board	Board of Directors of Telstra	member of the Australian public	a natural person 18 years old or over, without a legal disability or company (including a person acting as trustee or for an unincorporated body) resident in Australia, but excluding an Institutional Applicant
Broadband Network	Telstra's hybrid fibre coaxial cable network used to deliver pay television, content and on-line services	OECD	Organisation for Economic Co-operation and Development
churn	total number of disconnections divided by the average number of customers for a period	Optus	Optus Communications Pty Ltd
Carrier	a licensed owner of specified transmission infrastructure used to supply telecommunications carriage services to the public and holding a Carrier licence in Australia	Pacific Access	Pacific Access Pty Ltd, 75% of which is owned by Telstra
Commonwealth	the Commonwealth of Australia and where the context so permits, includes the Government of Australia	PBX	Private Branch Exchange: telephone switch on a customer's premises seen as terminal equipment on the public network
Commonwealth's Financial Adviser	BZW Australia Limited	Public Applicant	an applicant who is a member of the Australian public, including a client of a Stockbroker and an eligible employee of Telstra, but excluding an applicant who is treated as applying under the Institutional Offer
Communications Minister	Minister for Communications, the Information Economy and the Arts	Reseller	non-carrier provider of telecommunications services who compete with Telstra and other Carriers
CPI-X Regulation	the price cap based on annual increase in the Consumer Price Index for the previous year, less a specified percentage (X) for certain Telstra services	Stockbroker	member organisation of the ASX
Credit Suisse First Boston	Credit Suisse First Boston Australia Limited	Telstra or the Company	Telstra Corporation Limited ACN 051 775 556 and/or its controlled entities, as appropriate
Financial Statements	the consolidated financial statements of Telstra	Telstra Act	<i>Telstra Corporation Act 1991</i> (Cth)
EBIT	earnings before interest income and expense, and income tax expense	Telstra Multimedia	Telstra Multimedia Pty Limited, a wholly owned subsidiary of Telstra
EBITDA	earnings before interest income and expense, income tax expense, depreciation and amortisation	Trade Practices Act	<i>Trade Practices Act 1974</i> (Cth)
Employee Offer Document	the offer document setting out details of the offers to eligible employees of Telstra	Trust Deed	the Trust Deed dated 28 September 1997 between the Commonwealth and the Trustee
IBM Global	IBM Global Services Australia Limited	Trustee	Telstra Instalment Receipt Trustec Limited
ISDN	Integrated Services Digital Network: a digital service providing switched and dedicated integrated access to voice, data and video	Universal Service Obligation	an obligation imposed on certain Carriers to ensure that standard telecommunications services are reasonably available to all persons in the universal service area

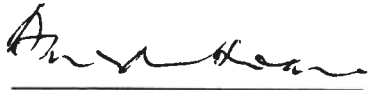
Seller's and directors' authorisation

This document is authorised by the Commonwealth and is signed for and on behalf of the Commonwealth by:



John Fahey, Minister for Finance

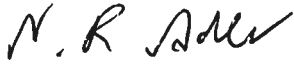
This document is authorised and signed by all the directors of Telstra:



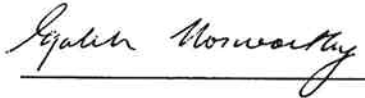
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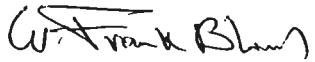
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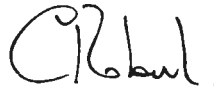
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Elizabeth A Nosworthy



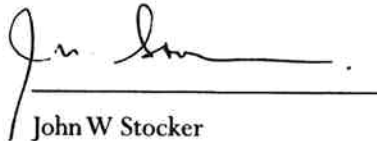
W Frank Blount



Christopher I Roberts



Anthony J Clark



John W Stocker



Michael H Codd



Stephen W Vizard



Malcolm G Irving

Directory

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Office of Asset Sales
Level 4
470 Northbourne Avenue
Dickson ACT 2602

TELSTRA CORPORATION LIMITED

Principal Office
Telstra Centre, 242 Exhibition Street
Melbourne Vic 3000
Company Secretary
Michael J Montalto

INVESTIGATING ACCOUNTANT

Price Waterhouse
215 Spring Street
Melbourne Vic 3000

LEGAL ADVISER TO THE COMMONWEALTH

Freehill Hollingdale & Page
Level 48, 101 Collins Street
Melbourne Vic 3000

LEGAL ADVISER TO TELSTRA

Mallesons Stephen Jaques
Level 28, Rialto, 525 Collins Street
Melbourne Vic 3000

INSTALMENT RECEIPT AND SHARE REGISTRAR

Coopers & Lybrand
Securities Registration Services
333 Collins Street
Melbourne Vic 3000

FINANCIAL ADVISER TO THE COMMONWEALTH

BZW Australia Limited
Level 21, 255 George Street
Sydney NSW 2000

LEGAL ADVISER TO THE JOINT GLOBAL CO-ORDINATORS

Allen Allen & Hemsley/Arthur
Robinson & Hedderwicks
2 Chifley Square, Sydney NSW 2000
530 Collins Street, Melbourne Vic 3000

INSTALMENT RECEIPT TRUSTEE

Telstra Instalment Receipt
Trustee Limited
c/- Morisons Solicitors
Level 1, 15 Torrens Street
Braddon ACT 2612

ACCOUNTING ADVISER TO THE COMMONWEALTH

Coopers & Lybrand
(Securities) Limited
333 Collins Street
Melbourne Vic 3000

Directory

JOINT GLOBAL CO-ORDINATORS

ABN AMRO Rothschild
Level 33
101 Collins Street
Melbourne Vic 3000

Credit Suisse First Boston
Level 27
101 Collins Street
Melbourne Vic 3000

JB Were & Son
Level 17
101 Collins Street
Melbourne Vic 3000

AUSTRALIAN JOINT LEAD MANAGERS

JB Were & Son
Level 17
101 Collins Street
Melbourne Vic 3000
1800 808 628

Ord Minnett Corporate Finance Limited
Level 25, Grosvenor Place
225 George Street
Sydney NSW 2000
(02) 9220 1513, (03) 9608 4003

AUSTRALIAN CO-LEAD MANAGERS

ABN AMRO Rothschild
Level 33
101 Collins Street
Melbourne Vic 3000
1800 640 363

County NatWest Securities Australia Limited
Level 15, Grosvenor Place
225 George Street
Sydney NSW 2000
(02) 9321 4000, (03) 9268 9111

Credit Suisse First Boston
First Pacific Stockbrokers Limited
Level 27
101 Collins Street
Melbourne Vic 3000
(03) 9280 1888, (02) 9394 4433

Merrill Lynch International
(Australia) Limited
Level 39
120 Collins Street
Melbourne Vic 3000
1800 032 283

AUSTRALIAN CO-MANAGERS

BT Securities Limited
Level 2, The Chifley Tower
2 Chifley Square
Sydney NSW 2000
1800 680 211

Deutsche Morgan Grenfell Australia Limited
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000
1800 810 272

HSBC James Capel Australia Limited
Level 18
101 Collins Street
Melbourne Vic 3000
1300 300 038

Macquarie Underwriting Limited
Level 19
20 Bond Street
Sydney NSW 2000
1800 621 656

Prudential-Bache Securities (Australia) Limited
Level 31
101 Collins Street
Melbourne Vic 3000
(03) 9226 6666

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