

6 September 2012

**Office of the Company Secretary**

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The Manager

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**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**Telstra's Securities Trading Policy**

Please find attached a copy of Telstra's revised Securities Trading Policy, for release to the market in accordance with ASX Listing Rule 12.10. The revised policy takes effect from 10 September 2012.

Yours faithfully



**Damien Coleman**  
Company Secretary

## SECURITIES TRADING POLICY

### Relevant Business Principle

TBP 1 Telstra conducts its activities ethically, in accordance with the law and its regulatory obligations, and in ways that are competitive, fair and honest

### Purpose

This policy provides a summary of the insider trading prohibition and sets out the specific requirements in relation to the buying, selling or otherwise dealing in Telstra shares or Securities in other companies.

### Application

This is a Company Policy of Telstra Corporation Limited and it applies to Telstra Directors, all Telstra employees and contractors and to any other person who is notified that this Company Policy applies to them.

All Telstra Directors, employees and contractors are required by law to comply with the insider trading prohibitions set out in paragraphs 1 and 2.

Paragraphs 4 to 17 of this policy only apply to Designated Persons which, for the purposes of this policy, specifically includes:

- a) Telstra Directors and other Key Management Personnel
- b) all Band A & B members of the Telstra Executive Team ("TET")
- c) all direct reports of Band A members of the TET
- d) all Group Financial Controllers and their direct reports
- e) all staff employed by:
  - i. Investor Relations Unit
  - ii. Mergers & Acquisitions
  - iii. Corporate Accounting
  - iv. Group Performance Reporting
  - v. Corporate Planning and Portfolio Management
  - vi. Office of the Company Secretary
  - vii. Strategy Planning
  - viii. Legal Services
  - ix. Taxation
- f) other persons specified from time to time by the CEO or CFO and GMD Finance & Strategy

(collectively referred to as "Designated Persons").

If you are not a Designated Person, you may also wish to adopt the practices set out in paragraphs 4 to 17, but are not required to do so.

## Policy

### Insider trading prohibition

1. If you have price-sensitive information relating to Telstra which is not generally available, it is illegal for you to:
  - a) buy, sell or otherwise deal in Telstra shares (including the exercise of employee options);
  - b) advise, procure or encourage another person (for example, a Closely Related Party or friend) to buy, sell or otherwise deal in Telstra shares; or
  - c) provide that Telstra information or 'tips' to any other person.
  
2. As a result of the job you perform for, or your association with, Telstra, you may obtain price-sensitive information relating to another company which is not generally available. For example, you may obtain information relating to:
  - a) a major customer or supplier contract;
  - b) a proposed acquisition by Telstra of assets or shares in another company; or
  - c) a proposed joint venture or partnership by Telstra with another company.

The insider trading prohibition described in paragraph 1 applies equally to the buying or selling of Securities of that other company where the information is price-sensitive to the other company (and not generally available), even though the information may not be price-sensitive to Telstra.

3. You must also ensure that information about Telstra does not "leak" outside Telstra and always enforce the need for confidentiality with external parties.

### Permitted dealings

4. If you are a Designated Person, you may only buy, sell or otherwise deal in Telstra shares during the following periods ('window periods'):
  - a) in the period between 24 hours and 1 month after the release of Telstra's half yearly results to the ASX;
  - b) in the period between 24 hours and 1 month after the release of Telstra's annual results to the ASX;
  - c) in the period between 24 hours and 1 month after the close of Telstra's Annual General Meeting;
  - d) at such other times as the Board of Telstra permits.
  
5. If you are a Designated Person, you must notify the Company Secretary by completing the Share Trading Notification Form:
  - a) before you buy, sell or otherwise deal in Telstra shares during a window period;
  - b) before a Closely Related Party buys, sells or otherwise deals in Telstra shares if undertaken with your knowledge, or as soon as practicable after such a dealing in Telstra shares has occurred; and
  - c) if the proposed purchase, sale or other dealing does not occur within the relevant window period as previously notified to the Company Secretary.

In your notification, you must declare that you do not currently possess any price sensitive information and that at the time of the dealing in Telstra shares, you will not be in possession of any price sensitive information relating to Telstra which is not generally available.

6. In addition to the notification requirement in paragraph 5, if you are a Band A member of the TET, you may only buy, sell or otherwise deal in Telstra shares during a window period if you have obtained the prior approval of the CEO or the CFO and GMD Finance & Strategy.

7. The insider trading prohibitions described in paragraph 1 continue to apply during all periods and must be complied with even where you have otherwise complied with this policy.

### Prohibited dealings

8. If you are a Designated Person, you are prohibited from:
- a) buying, selling or otherwise dealing in Telstra shares during any period that is not a window period or such other times as the Board of Telstra specifies from time to time ('blackout periods');
  - b) using Telstra shares as collateral in any financial transaction, including margin loan arrangements;
  - c) engaging in any stock lending arrangements in relation to Telstra shares; and
  - d) buying and selling (or otherwise dealing in) Telstra shares on a short-term trading basis,

#### **unless**

- i. you have obtained approval in accordance with this policy from:
    - o if you are a Director of Telstra (including the CEO), the Chairman;
    - o if you are the Chairman, the Board or the Chairman of the Audit Committee;
    - o if you are any other Designated Person, the CEO or the Company Secretary; or
  - ii. otherwise permitted under paragraph 10.
9. Prohibited dealings in Telstra's shares under paragraphs 8(b)-(d) would include:
- a) entering into a margin lending arrangement in respect of Telstra shares;
  - b) transferring Telstra shares into an existing margin loan account; and
  - c) buying and selling Securities within a 3 month period and entering into short-term arrangements, such as forward contracts.

10. Notwithstanding paragraphs 8(b)-(d), arrangements that you entered into prior to you becoming a Designated Person that would otherwise be prohibited under paragraph 8 are permitted to continue for a 12 month period from the date that you became a Designated Person or until the date of expiry of the relevant arrangement, whichever is the earlier to occur.

### Approval Requests

11. All requests for approval to purchase, sell or otherwise deal in Telstra shares during a blackout period, or to otherwise deal in Telstra shares in a way that is prohibited under this policy, must be made in writing by completing the [Approval Request Form](#) and must set out the circumstances of the proposed dealing and the reason why the approval is being sought ('Approval Request').
12. An Approval Request will only be granted:
- a) in exceptional circumstances;
  - b) where the Approval Request is accompanied by sufficient evidence that the proposed purchase, sale or other dealing in Telstra shares is the only reasonable course of action available in the circumstances; and
  - c) if you do not possess any price-sensitive information and you make a declaration to this effect.

Exceptional circumstances for these purposes include severe financial hardship, compulsion by court order or any other circumstance that is deemed by the Chairman, the Board, the Chairman of the Audit Committee, the CEO or the Company Secretary (as relevant) to be exceptional.

13. If an Approval Request is granted, you will be notified in writing (which may include notification via email). Upon receipt of approval, you must undertake the proposed purchase, sale or other dealing in Telstra shares **immediately but at least within 5 business days**. If the dealing is not undertaken **within 5 business days**, the approval will no longer have effect and you will need to make a new Approval Request for the proposed purchase, sale or other dealing in Telstra shares.

### Excluded dealings

14. Paragraphs 4, 5, 6 and 8 do not apply to:

- a) dealings which do not result in a change in beneficial control of Telstra shares eg. transferring a personal holding of Telstra shares to a personal superannuation fund;
- b) the following categories of passive trades:
  - i. acquisition of Telstra shares through participation in a Dividend Reinvestment Plan as an ordinary shareholder
  - ii. acquisition of Telstra shares through participation in a share purchase plan available to all retail shareholders
  - iii. acquisition of Telstra shares through a rights issue
  - iv. disposal of Telstra shares through the acceptance of a takeover offer
- c) a disposal of Telstra shares that is the result of a secured lender exercising their rights pursuant to an arrangement that was permitted under paragraph 10;
- d) a transfer of Telstra shares between a Designated Person and a Closely Related Party;
- e) a transfer of Telstra shares arising from the administration of a deceased estate; and
- f) participation in a share and/or share option plan operated by Telstra. However, where any Telstra shares granted to a Designated Person under a share and/or share option plan cease to be held under the terms of that plan, the Designated Person must only deal in those Telstra shares in accordance with this policy (including paragraphs 4, 5, 6, 8 and 15).

### Equity Plans

15. If you are a Designated Person and a participant in a Telstra equity plan, you:

- a) must ensure that you comply with the insider trading laws if, at any time, you elect to participate in any of these equity plans;
- b) must not enter into transactions in associated products which effectively operate to limit the economic risk of your security holdings allocated under the plans during the period the Securities are held on your behalf by the trustee of the relevant plan or prior to the date of exercise of any Securities (eg, options), unless approved pursuant to an Approval Request;
- c) must not exercise rights under these equity plans and sell (or otherwise dispose of your interest in) Telstra shares within the same window period, unless approved pursuant to an Approval Request.

Paragraph 15(c) does not apply where you exercise rights under an equity plan and elect to immediately sell those shares.

16. Members of the TET should undertake any dealings in Telstra shares cognisant of the share ownership requirements set out in the Executive Share Ownership Policy as well as this Policy and the insider trading prohibitions.

### Other dealings

17. The CEO or CFO and GMD Finance & Strategy may from time-to-time extend the operation of this Policy to apply to any other dealings in Telstra shares or to dealings in Securities of other specified companies with which Telstra may have a close relationship.

## Breach of Policy

If you do not comply with this Company Policy, you may face disciplinary action. This disciplinary action may involve a verbal or written warning or, in serious cases, termination of your employment or engagement with Telstra.

If you break the law you may also be personally liable.

Breach of the insider trading laws may subject you (or your family and friends) to:

- Criminal prosecution - penalties include heavy fines and imprisonment.
- Civil liability - you can be sued by another party or Telstra for any loss suffered as a result of illegal trading activities.

## References

- Approval Request Form
- Division 3 of Part 7.10 of the Act
- Share Trading Notification Form

## Definitions

Term	Definition
Act	The Corporations Act 2001 (Cth).
Closely Related Party	A closely related party of a Designated Person means: <ul style="list-style-type: none"> <li>(a) a family member who may be expected to influence or be influenced by the Designated Person's dealings in Telstra shares and may include a spouse (including a de facto partner), and a child or dependant of the Designated Person or the Designated Person's spouse; or</li> <li>(b) a company, trust or other entity that the Designated Person controls or significantly influences; or</li> <li>(c) the trustee of a trust or fiduciary arrangement of which the Designated Person is a beneficiary.</li> </ul>
Contractor	Any person, company or other contracting party engaged to provide services to or on behalf of Telstra under a contract of services, either directly or indirectly (for example, through a third party). This includes agency workers, consultants, agents and suppliers.
Dealing	Dealing in securities is a broad concept and covers more than simply buying or selling securities. It extends to exercising options over securities and entering into agreements to buy or sell securities.
Designated Persons	As defined in the Application section of this policy.
Generally available	In relation to information, means: <ul style="list-style-type: none"> <li>• it consists of a readily observable matter; or</li> <li>• it has been brought to the attention of investors through an announcement to the ASX, and the ASX has confirmed its receipt of this announcement;</li> <li>• has been released to the market.</li> </ul>



	<p>Examples of possible “readily observable matters” are:</p> <ul style="list-style-type: none"> <li>• New legislation to further restrict Telstra’s commercial activities is introduced into Parliament;</li> <li>• A large fire causes one of Telstra’s major data centres to be destroyed.</li> </ul>
Price-sensitive information	<p>Means information that is not generally available but, if generally available, would be likely to:</p> <ul style="list-style-type: none"> <li>• have a material effect on the price or value of the shares or</li> <li>• influence investors in deciding whether or not to buy or sell the shares.</li> </ul> <p>You may possess price-sensitive information as a result of the job you perform. Examples of possible price-sensitive information are:</p> <ul style="list-style-type: none"> <li>• the financial performance of Telstra</li> <li>• entry into or termination of a material contract (such as a major transactional joint venture or partnership agreement)</li> <li>• a material acquisition or sale of assets by Telstra</li> <li>• a proposed dividend or a change in dividend policy.</li> </ul>
Securities	<p>The definition of securities under the Act is very broad and includes:</p> <ul style="list-style-type: none"> <li>• ordinary shares</li> <li>• preference shares</li> <li>• options or performance rights</li> <li>• debentures</li> <li>• convertible notes.</li> </ul> <p>It also extends to financial products relating to securities issued by the Company (for example, warrants and other derivative products) whether or not the financial products are created by the Company or by third parties.</p>
Telstra shares	Securities (as defined above) issued by Telstra.
Tips	<p>Tips in this context refers to information that you provide to another person and you know, or ought reasonably to know, that the person may use the information to:</p> <ul style="list-style-type: none"> <li>• buy, sell or otherwise deal in Telstra shares</li> <li>• advise, procure or encourage another person (for example, their family members or friends) to buy, sell or otherwise deal in Telstra shares.</li> </ul>

### Approval

<b>Company Policy Owner:</b>	Andrew Penn, CFO & GMD Finance & Strategy
<b>Contact Person:</b>	Damien Coleman, Company Secretary