



**Australian Government**

**Australian Office of Financial Management**

## **A\$4,010,000,000 of Treasury Indexed Bonds due 20 September 2025**

### **Terms and Conditions of Issue**

These Terms and Conditions of Issue relate to the series of Treasury Indexed Bonds referred to above. It is supplementary to, and should be read in conjunction with the Information Memorandum for Treasury Indexed Bonds dated 29 September 2009.

The Issuer has prepared and has authorised the issue of this Terms and Conditions of Issue and Information Memorandum and accepts responsibility for the information contained in each of them.

These Terms and Conditions of Issue do not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation, and no action is being taken to permit an offering of the Treasury Indexed Bonds or the distribution of Terms and Conditions of Issue in any jurisdiction where such action is required.

The particulars to be specified in relation to the series of Treasury Indexed Bonds referred to above are as follows:

<b>Issuer</b>	Commonwealth of Australia
<b>Issuer Ratings</b>	Aaa (Stable) by Moody's Investor Services AAA (Stable) by Standard & Poor's
<b>Instrument</b>	Treasury Indexed Bonds
<b>Series Number</b>	CAIN407
<b>Face Value Amount</b>	A\$4,010,000,000
<b>Method of Distribution</b>	Syndicated Issue
<b>Pricing Date</b>	30 September 2009
<b>Settlement Date</b>	8 October 2009
<b>Maturity Date</b>	20 September 2025
<b>Coupon</b>	3.0% per annum paid quarterly in arrears

<b>Redemption Amount</b>	Greater of: <ul style="list-style-type: none"> <li>- the Face Value Amount; and</li> <li>- the Face Value Amount * <math>(K_n)/100</math></li> </ul> where $K_n$ is the final nominal value of principal as calculated on the Maturity Date.
<b>Issue Yield</b>	3.04%
<b>Issue Price</b>	99.554 clean + 0.149 accrued
<b>Coupon Payment Dates</b>	20 March, 20 June and 20 September and 20 December in each year commencing on 20 December 2009, to and including the Maturity Date. A full first coupon will be paid on 20 December 2009.
<b>Nominal Value of Principal for First Coupon Payment</b>	\$100.30
<b>Day Count</b>	Actual/Actual
<b>Business Days</b>	Sydney
<b>Business Day Convention</b>	Following, No Adjustment Business Day Convention
<b>Denominations</b>	Denominations of A\$1,000
<b>Record Date</b>	Close of business 7 calendar days prior to the coupon payment date.
<b>Registrar</b>	Reserve Bank of Australia
<b>Calculation Agent</b>	Reserve Bank of Australia
<b>Clearing System</b>	Austraclear, via a bridge to Euroclear and Clearstream
<b>Listing</b>	ASX listed
<b>ISIN</b>	AU0000XCLWP8
<b>Documentation</b>	Information Memorandum for Treasury Indexed Bonds dated 29 September 2009 (available on Australian Office of Financial Management website - <a href="http://www.aofm.gov.au">www.aofm.gov.au</a> )

**Non-resident Interest Withholding Tax**

Is payable unless an exemption currently applies, for example, under a tax treaty with another country. On 21 August 2009, the Australian Government announced that it will legislate to make Commonwealth Government Securities (which include Treasury Indexed Bonds) eligible for exemption from non-resident interest withholding tax under section 128F of the *Income Tax Assessment Act 1936*. The Government has introduced legislation during the 2009 Spring sittings of Parliament which conclude on 26 November 2009, with a view to receiving Royal Assent before the end of the year. This exemption will apply to interest paid after the day the bill receives Royal Assent.

**Joint Lead Managers**

Deutsche Bank AG Sydney Branch, RBS Group (Australia) Pty Limited and UBS AG Australia Branch

**Co-Managers**

Citigroup Global Markets Australia Pty Limited, JP Morgan Australia Limited and Westpac Banking Corporation Limited

**Selling Restrictions**

US Reg S, EEA, UK, Hong Kong and Japan

**Governing law**

Australian Capital Territory