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**CORRS
CHAMBERS
WESTGARTH**
lawyers

9 September 2010

By fax: 1300 135 638

Sydney
Melbourne
Brisbane
Perth

Company Announcements Office
ASX Limited

Dear Sir/Madam

**Form 603 Notice of initial substantial holder – Archer Capital
VCLP GF1, LP**

We act for Archer Capital VCLP GF1, LP (**Archer**).

We **attach**, pursuant to section 671B(1)(a) of the *Corporations Act 2001* (Cth), an ASIC Form 603 (Notice of initial substantial holder) issued by Archer in relation to the shares in Keycorp Limited ACN 002 519 986.

Yours faithfully



Corrs Chambers Westgarth

Form 603**Corporations Act 2001
Section 671B****Notice of initial substantial holder**

To: Keycorp Limited
ACN/ARSN 002 519 986

1. Details of substantial holder (1)

Name Archer Capital VCLP GF1, LP and each member of the Archer Group set out in Annexure A
ACN/ARSN (if applicable) See Annexure A

The holder became a substantial holder on 8/9/2010

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Options to acquire fully paid ordinary shares.	16,144,389	16,144,389	19.90% based on 81,127,585 fully paid ordinary shares on issue

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Archer Capital VCLP GF1, LP	Relevant interest under section 608(1) Corporations Act – Archer Capital VCLP GF1, LP (Archer) has a call option to acquire 16,144,389 fully paid ordinary shares in Keycorp Limited in certain circumstances pursuant to an Option Deed dated 8/9/2010 between Telstra Corporation Limited and Archer (a copy of which is attached as annexure B).	16,144,389
Archer Group	Each member of the Archer Group has a relevant interest under section 9 and 608 of the Corporations Act as an associate of Archer.	As above

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Archer Capital VCLP GF1, LP	Telstra Corporation Limited	Telstra Corporation Limited (Archer or its nominated wholly-owned subsidiary will be entitled to be registered as holder if the option in respect of these shares is exercised)	16,144,389
Archer Group	As above	As above	As above

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Archer Capital VCLP GF1, LP	8/9/2010	Pursuant to an Option Deed attached as Annexure B		16,144,389
Archer Group	as above	As above		As above

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Archer Group	Under section 12(2) of the Corporations Act each member of the Archer Group is an associate of Archer and each other.

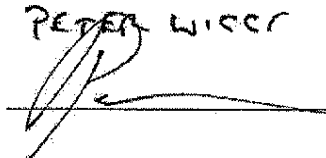
7. Addresses

The addresses of the persons named in this form are as follows:

Name	Address
Archer Capital VCLP GF1, LP	Suite 7, Pier 2/3, 13 Hickson Road Dawes Point NSW 2000
Telstra Corporation Limited	25/242 Exhibition Street, Melbourne VIC 3000

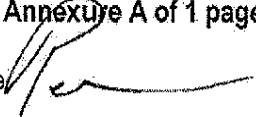
Signature

print name **PETER WISSE** capacity **DIRECTOR**

sign here  date **8/9/2010**

This is Annexure A of 1 page referred to in ASIC Form 603 – Notice of initial substantial holder

Signature



Name: PETER WISCO

Capacity: DIRECTOR

The Archer Group consists of the following:

Company	ACN / NSW ILP no. (as applicable)
Archer Capital VCLP GF 1, LP	NSW ILP0000015
Archer Capital 4C Pty Limited	116 173 696
GP-VCMP GF1 Pty Limited	119 457 126
GP-VCMP3 Pty Limited	108 785 468
ACN 108 372 498 Pty Limited	108 372 498
Archer Capital Holdings Pty Limited	107 527 435
Archer Capital Pty Limited	076 176 737
Archer Capital Services Pty Limited	108 143 353
Archer Capital 1A Pty Limited	076 514 344
Archer Capital 1B Pty Limited	076 514 442
Archer Capital 2A Pty Limited	097 117 729
Archer Capital 2B Pty Limited	097 117 701
Archer Capital 3A Pty Limited	108 655 018
Archer Capital 3B Pty Limited	108 655 009
Archer Capital Founders Pty Limited	076 514 228
Archer Capital VCMP 3, LP	NSW ILP0000005
Archer Capital VCLP 3, LP	NSW ILP0000006
Archer Capital 4A Pty Limited	123 463 749
Archer Capital 4B Pty Limited	123 463 810
Archer Capital GF 1A Pty Limited	123 463 721
Archer Capital GF 1B Pty Limited	123 463 730
Archer VCMP GF 1, LP	NSW ILP0000014

This is Annexure B of 14 pages (Option deed) referred to in ASIC Form 603 – Notice of initial substantial holder

Signature 

Name: Peter Miller

Capacity Director

Archer Capital VCLP GF1, LP

Telstra Corporation Limited

Option Deed

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Date

Parties

Archer Capital VCLP GF1, LP

Telstra Corporation Limited ACN 051 775 556

Background

- A Telstra is the legal and beneficial owner of Shares in Keycorp.
 - B Telstra has agreed to grant the Call Option to Archer on the terms and conditions set out in this deed.
-

Agreed terms

1 Interpretation

1.1 Definitions

In this document:

Archer means Archer Capital VCLP GF1, LP.

Archer Scheme means the proposed acquisition by Archer or its wholly owned subsidiary of 100% of the issued shares of Keycorp by scheme of arrangement.

Archer Takeover Bid means any takeover bid for Keycorp made by Archer or its wholly owned subsidiary in response to a Competing Scheme or Competing Bid.

ASX means ASX Limited ACN 008 624 691.

Business Day means a "Business Day" as defined in the Listing Rules.

Call Option means the option to purchase the Shares in Keycorp granted by Telstra in favour of Archer under clause 2.

Competing Bid means any takeover bid for Keycorp (or any other proposal relating to the acquisition of 50.1% or more of the shares in Keycorp) announced by a Third Party.

Competing Scheme means any scheme of arrangement proposed by Keycorp pursuant to which a Third Party proposes to acquire 50.1% or more of the shares in Keycorp.

Completion means completion of the transfer of the Shares under clause 2.6 of this deed to Archer or its Nominee.

Completion Date means, 5 Business Days after Archer exercises the Call Option

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Dividend means the \$0.02 dividend announced by Keycorp on 27 August 2010.

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset including but not limited to, any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power;

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to, any agreement to grant or create any of the above.

Exercise Period has the meaning given to it in clause 2.2.

Exercise Price means the greater of:

- (a) \$0.60 per Share if Completion occurs on a date when the Shares are trading cum-Dividend or \$0.58 per Share if Completion occurs on a date when the Shares are trading ex-Dividend; and
- (b) the Value offered under the highest Competing Scheme or Competing Bid announced on or prior to the date the Call Option is exercised.

Expiry Date has the meaning given to it in clause 2.2(b).

Keycorp means Keycorp Limited ACN 002 519 986.

Listing Rules means the official listing rules and requirements from time to time of the ASX.

Nominee means a wholly owned subsidiary nominated by Archer as purchaser of the Shares under clause 2.3(b)(ii).

Option Notice a notice from Archer to Telstra substantially in the form set out in schedule 1.

Shares means 16,144,389 fully paid ordinary shares in the capital of Keycorp held by Telstra.

Third Party means any party other than Archer or its related bodies corporate (as defined in the Corporations Act).

Telstra means Telstra Corporation Limited ACN 051 775 556.

Value means in relation to any consideration at any time:

- (a) if the consideration is a cash sum in \$A, that \$A value;
- (b) if the consideration is a cash sum not in \$A, the \$A amount which the recipient receives after converting the foreign currency into \$A, provided that the recipient must use its best efforts to achieve the best possible rate of exchange;
- (c) if the consideration is a security traded on the ASX or other recognised stock exchange, the volume weighted average price for that security for the 5 full trading days before the relevant date provided that if the securities received carry different accrued rights to those traded on the ASX (or other recognised stock exchange) on those trading days, as adjusted to take account of those different accrued rights; and
- (d) in any other case, the value in \$A:
 - (i) as agreed by the parties (acting reasonably); or
 - (ii) in the absence of agreement, as determined by an independent expert (acting as expert and not arbitrator and on behalf of both parties whose decision will be, in the absence of manifest error, final and binding on both parties) the identity of which is agreed by the parties.

2 Call Option

2.1 Call Option

- (a) In return for Archer paying to Telstra \$10.00 (receipt of which is acknowledged by Telstra) Telstra irrevocably grants the Call Option over the Shares to Archer in accordance with the terms of this deed.
- (b) If Archer exercises the Call Option then Telstra must transfer the Shares to Archer or the Nominee subject to the payment of the Exercise Price.

2.2 Exercise Period of the Call Option

The Exercise Period:

- (a) commences on the time and date upon which the last of the following conditions is satisfied:
 - (i) a Competing Scheme or a Competing Bid is announced; and
 - (ii) Archer announces an Archer Takeover Bid at a price equal to or greater than the higher of the Value offered under the Archer Scheme and the Value offered under the Competing Scheme or Competing Bid (as the case may be), which is unconditional or which would become unconditional if Telstra accepts the Archer

Takeover Bid in relation to the Shares and any other shares it holds in Keycorp as at the date of this deed, and

- (b) expires on the Expiry Date being the earlier of:
 - (i) 31 January 2011;
 - (ii) the implementation of the Archer Scheme; and
 - (iii) the close of the Archer Takeover Bid.

2.3 Exercise of the Call Option

- (a) Archer may only exercise the Call Option by delivering to Telstra at any time within the Exercise Period a completed and executed Option Notice.
- (b) By exercising the Call Option, Archer creates a contract for the sale and purchase of the Shares between Telstra and:
 - (i) itself; or
 - (ii) by duly completing the relevant part of the relevant Option Notice, a Nominee.

2.4 Lapse of Call Option

- (a) The Call Option automatically lapses on the Expiry Date.
- (b) If the Call Option lapses under clause 2.4(a) then, without prejudice to the rights of the parties already existing under this deed:
 - (i) this deed automatically terminates; and
 - (ii) neither party is liable to the other party for any damages, expenses, losses, actions, claims or demands arising out of the Call Option or in connection with this deed.

2.5 Parties bound

Upon delivery of an Option Notice under clause 2.3, Archer or the Nominee (as applicable), as buyer, and Telstra, as seller, are immediately bound under a contract for the sale and purchase of the Shares.

2.6 Completion of Share purchase

If Archer exercises the Call Option under clause 2.3:

- (a) Completion of the sale and purchase of the Shares must occur on the Completion Date at the time and place specified in the Option Notice, or any other time and place that Telstra and Archer or the Nominee (as applicable) may agree;
- (b) on Completion:
 - (i) if the Shares are not CHESS approved securities, Telstra must deliver to Archer or the Nominee (as applicable) a duly executed transfer form in respect of the Shares in registrable form, subject to stamping and the share certificates, if any, for the Shares; or

- (ii) if the Shares are CHES approved securities, Telstra must do all acts and things and execute and deliver to Archer or the Nominee (as applicable) all documents (including a document which is, or documents which are, a sufficient transfer of the Shares under Part 7.11 of the Corporations Act and the Corporations Regulations) as are or may be required to register as and make Archer or the Nominee (as applicable) the legal and beneficial owner of the Shares; and
- (iii) Archer or the Nominee (as applicable) must provide the Exercise Price in respect of the Shares to Telstra.

3 Voting or acceptance

The parties agree that nothing in this deed restricts the ability of Telstra to:

- (a) exercise the votes attaching to any Shares in Telstra's absolute discretion; or
- (b) accept any Archer Takeover Bid in respect of the Shares (which acceptance immediately terminates this deed),

prior to the exercise of the Call Option.

4 Termination

4.1 Archer termination

Archer may terminate this deed at any time and in the absolute discretion of Archer by notice in writing to Telstra.

4.2 Telstra Termination

Telstra may terminate this deed at any time and in the absolute discretion of Telstra by notice in writing to Archer if:

- (a) Keycorp does not announce an Archer Scheme within 5 Business Days after the date of this deed; or
- (b) a Competing Scheme is recommended by Keycorp or a Competing Bid is made for Keycorp, and:
 - (i) the Competing Scheme or Competing Bid offers Value that is higher than the Value offered by Archer under the Archer Scheme or Archer Takeover Bid (as the case may be); and
 - (ii) Archer does not announce an Archer Scheme or Archer Takeover Bid (or an increase to the Value offered under an Archer Scheme or Archer Takeover Bid) to at least match the Value offered under the Competing Scheme or Competing Bid within 5 Business Days after the announcement of the Competing Scheme or Competing Bid (or any increase to the Value offered thereunder).

5 Representations and warranties

5.1 Telstra warranties

Telstra represents and warrants that as at the date of this deed and at the Completion Date:

- (a) it has full power and authority to enter into and perform its obligations under this deed;
- (b) the entry into and the performance by it of this deed does not and will not violate, breach or result in a contravention of its constitution or other constituent documents;
- (c) the Shares are fully paid;
- (d) it will not on or before 5 pm on the Expiry Date:
 - (i) deal with, sell or otherwise part with possession of any Share (other than to accept any Archer Takeover Bid);
 - (ii) create, or agree to create, any interest or Encumbrance, other than an Encumbrance in favour of Archer (or its Nominee) in respect of any Share; or
 - (iii) attempt to do anything listed in clause 5.1(d) in respect of any Share,without the prior written consent of Archer;
- (e) it is entitled to sell and transfer full ownership in the Shares free of any Encumbrance or adverse interest;
- (f) this option deed and any exercise of the Call Option by Archer constitutes Telstra's legal valid and binding obligations and subject to any necessary stamping is enforceable in accordance with its terms;
- (g) the right of Archer to exercise the Call Option is not affected by any illegality, irregularity or defect in or in respect of the issue of the Shares or by any circumstances rendering unenforceable, void, unlawful or invalid a transfer of any Share by Telstra to Archer (or any Nominee); and
- (h) the right of Archer, or if a Nominee has been nominated, the Nominee, to buy the Shares and receive a transfer of the Shares is not affected by any circumstances rendering unenforceable, void, unlawful or invalid a transfer of any Share by Telstra to Archer (or any Nominee).

5.2 Archer warranties

Archer represents and warrants in respect of itself that:

- (a) it has full power and authority to enter into and perform its obligations under this deed; and

- (b) the entry into and the performance by it of this deed does not and will not violate, breach or result in a contravention of any law regulation or authorisation or its constitution or other constituent documents.

5.3 Survival of representations and warranties

The representations and warranties given in this clause 5:

- (a) survive the execution of this deed; and
- (b) are regarded as repeated at Completion with regard to the facts and circumstances then subsisting.

6 Notices

6.1 General

A notice, demand, certification, process or other communication relating to this document must be in writing in English and may be given by an agent of the sender.

6.2 How to give a communication

In addition to any other lawful means, a communication may be given by being:

- (a) personally delivered;
- (b) left at the party's current delivery address for notices;
- (c) sent to the party's current postal address for notices by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail; or
- (d) sent by fax to the party's current fax number for notices.

6.3 Particulars for delivery of notices

- (a) The particulars for delivery of notices are initially:

Archer Capital VCLP GF1, LP

Delivery address: Suite 7, Pier 2/3 13 Hickson Road
Dawes Point NSW 2000

Postal address: Same as delivery address

Fax: +61 2 9241 3151

Attention: Timothy Spencer

Telstra Corporation Limited

Delivery address: 25/242 Exhibition Street, Melbourne VIC 3000

Postal address: Same as delivery address

Fax: +61 3 9663 5825

Attention: Scott E McGibbony

- (b) Each party may change its particulars for delivery of notices by notice to each other party.

6.4 Communications by post

Subject to clause 6.6, a communication is given if posted:

- (a) within Australia to an Australian postal address, three Business Days after posting; or
- (b) outside of Australia to an Australian postal address or within Australia to an address outside of Australia, ten Business Days after posting.

6.5 Communications by fax

Subject to clause 6.6, a communication is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

6.6 After hours communications

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

6.7 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this document may be served by any method contemplated by this clause 6 or in accordance with any applicable law.

7 General

7.1 Duty

- (a) Archer is liable for and must pay all duty (including any fine, interest or penalty except where it arises from default by the other party) on or relating to this document, any document executed under it or any dutiable transaction evidenced or effected by it.
- (b) If Telstra pays any duty (including any fine, interest or penalty) on or relating to this document, any document executed under it or any dutiable transaction evidenced or effected by it, Archer must pay that amount to Telstra on demand.

7.2 Legal costs

Except as expressly stated otherwise in this document, each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this document.

7.3 Amendment

This document may only be varied or replaced by a document executed by the parties.

7.4 Waiver and exercise of rights

- (a) A single or partial exercise or waiver by a party of a right relating to this document does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

7.5 Rights cumulative

Except as expressly stated otherwise in this document, the rights of a party under this document are cumulative and are in addition to any other rights of that party.

7.6 Consents

Except as expressly stated otherwise in this document, a party may conditionally or unconditionally give or withhold any consent to be given under this document and is not obliged to give its reasons for doing so.

7.7 Further steps

Each party must promptly do whatever any other party reasonably requires of it to give effect to this document and to perform its obligations under it.

7.8 Governing law and jurisdiction

- (a) This document is governed by and is to be construed in accordance with the laws applicable in New South Wales.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

7.9 Assignment

- (a) A party must not assign or deal with any right under this document without the prior written consent of the other parties.
- (b) Any purported dealing in breach of this clause is of no effect.

7.10 Liability

An obligation of two or more persons binds them separately and together.

7.11 Counterparts

This document may consist of a number of counterparts and, if so, the counterparts taken together constitute one document.

7.12 Entire understanding

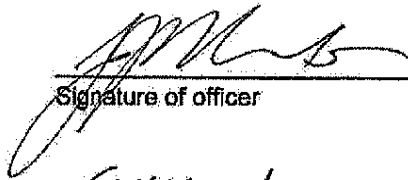
- (a) This document contains the entire understanding between the parties as to the subject matter of this document.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this document are merged in and superseded by this document and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this document; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

7.13 Relationship of parties

This document is not intended to create a partnership, joint venture or agency relationship between the parties.

Executed as a deed.

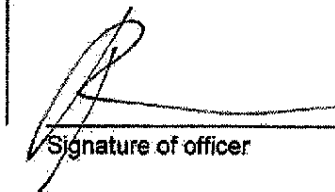
**Executed by Archer Capital VCLP GF1, LP,
by its general partner Archer VCMP GF1, LP,
by its general partner GP-VCMP GF1 Pty Ltd
in New South Wales**



Signature of officer

GREGORY JAMES MINTON

Full name of officer and office held
DIRECTOR

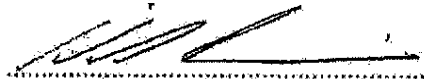


Signature of officer

PETER W. CARR - DIRECTOR

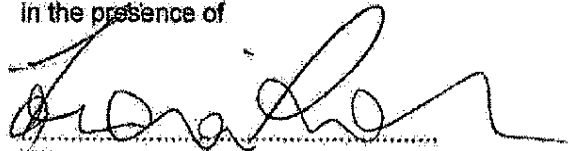
Full name of officer and office held
DIRECTOR

**Executed by Telstra Corporation
Limited by its attorney**


.....
Attorney

NEIL LEWIS
.....
Name of Attorney (print)

) in the presence of
)


.....
Witness

FIONA ROBSON
.....
Name of Witness (print)

Schedule 1

To: Telstra Corporation Limited

1 General

Any term used in this Option Notice which is defined in the option deed dated 7 September 2010 between Archer Capital VCLP GF1, LP (Archer) and Telstra Corporation Limited (Telstra) has the same meaning as in that deed.

[Use 2 or 3 below as applicable:]

2 Exercise by Archer

Under clause 2.3 of the deed, Archer gives notice that it exercises the Call Option and requires Telstra to sell all of the Shares to Archer.

3 Exercise by Nominee

Archer nominates ***[name of Nominee]*** (ABN/ACN ***[insert number]***) as Nominee under clause 2.3(b)(ii) of the deed to purchase the Shares specified below.

Under clause 2.3(b)(ii) of the deed, Archer gives notice that it exercises the Call Option and requires Telstra to sell all of the Shares to ***[insert name of Grantee's nominee]***.

The Nominee:

- (a) acknowledges that it has read the deed referred to above and agrees to be bound by its terms and conditions;
- (b) accepts its nomination as Nominee; and
- (c) exercises the option granted under clause 2.3 of the above deed to purchase the Shares specified above.

4 Completion

In accordance with the deed, the Completion Date is ***[insert date]*** and Completion is to take place at ***[insert time]*** on the Completion Date at the address set out below:

[insert address at which completion will take place]

Dated ***[insert date]***