

1 July 2016

The Manager

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**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**Telstra's Security Trading Policy**

In accordance with Listing Rule 12.10, please find attached Telstra's revised Securities Trading Policy which is effective 1 July 2016.

Yours faithfully



**Damien Coleman**  
Company Secretary

# SECURITIES TRADING POLICY

This policy will help you understand what you can and can't do relating to dealing in Telstra securities

## What you need to know

- If you have price-sensitive information about Telstra which is not generally available, it is illegal to buy or sell Telstra securities, encourage another person to do so or provide that information to another person who may use it for such purposes. Breaching insider trading laws may subject you to criminal and civil liability, including fines and imprisonment
- You must not deal in Telstra securities if your proposed dealing could be perceived by the market as you taking advantage of your position in an inappropriate way
- If you are a Designated Person, additional restrictions apply, including you can only buy or sell Telstra securities during specified trading windows and you must obtain approval or give notice before dealing in Telstra securities. It's essential that you know what to do if you propose to deal in Telstra securities

## Your Key Obligations

### Obligations that apply to everyone

01. There are two key obligations that apply to all Telstra Group directors, employees, contractors and their Closely Related Parties:

- a) you must not engage in insider trading in Telstra securities or securities of other companies that you know about through Telstra. Paragraphs 4 and 5 below explain what this means; and
- b) you must not deal if your proposed dealing could be perceived as you taking advantage of your position in an inappropriate way. We call this the market perception obligation and it is explained in paragraph 6 below.

### Additional Obligations of Designated Persons

02. If you are a Designated Person (described in paragraph 8 below), additional restrictions and obligations apply to you. These are explained in paragraphs 10 to 21 below. In particular, you can only deal in Telstra securities:

- a) during specified window periods; and
- b) after you have either notified the Company Secretary or obtained approval for the dealing.

The Designated Persons who need to obtain pre-approval (rather than just pre-notify) are specified in paragraph 13.

There are some limited exceptions to some of these obligations (but not the insider trading prohibition or market perception obligation). Those exceptions are explained in paragraph 30. In exceptional circumstances approval can be given to deal in Telstra securities in a way that's prohibited under this policy (see paragraphs 22-27).

### Additional Obligations of Telstra Equity Plan Participants

03. If you are an employee participating in a Telstra equity based remuneration plan, the specific hedging restriction described in paragraph 20 applies to you.

### Insider Trading Prohibition

04. If you have price-sensitive information about Telstra which is not generally available, it is illegal for you to:

- a) deal in Telstra securities;
- b) advise, procure or encourage another person (for example, a family member or friend) to deal in Telstra securities; or
- c) provide that information to any other person who may use it for the purpose of dealing in Telstra securities.

This is referred to in this policy as the “**insider trading prohibition**”. There are insider trading laws of countries other than Australia, so you may be subject to additional prohibitions if those laws apply to you.

05. As a result of the job you perform for, or your association with, the Telstra Group, you may obtain price-sensitive information about another company which is not generally available. For example, you may obtain information relating to:

- a) a major customer or supplier contract; or
- b) a proposed acquisition by Telstra of assets or shares in another company.

The insider trading prohibition applies equally to dealing in 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.

### **Market Perception Obligation**

06. Your dealings in securities can affect the Telstra Group's reputation. We expect you to consider how your proposed dealing in Telstra securities (or the securities of another company), could be perceived by the market, before you deal. You must not deal if your proposed dealing could be perceived by the market as you taking advantage of your position in an inappropriate way. This is referred to in this policy as the "**market perception obligation**".

### **Who is a Designated Person?**

07. You must understand whether you're a Designated Person because there are serious consequences for you and us if you don't comply.

08. Designated Persons are all Designated Employees and their Closely Related Parties.

Designated Employees are:

- a) Telstra directors and the Telstra company secretary
- b) all Band A & B members of the Telstra Executive Team ("TET") (which includes all executive Key Management Personnel)
- c) all direct reports of Band A members of the TET
- d) other persons specified from time to time by the Telstra CEO, Telstra CFO, the Telstra Company Secretary or Group Managing Director, Strategic Finance. These are the persons who we have identified may come into possession of price sensitive information about Telstra.

09. Designated Employees must take all reasonable steps to ensure that their Closely Related Parties comply with this policy. Where this Policy requires your Closely Related Party to do an act (for example provide a notification or obtain approval), you must do that act on behalf of your Closely Related Party.

### **If I'm a Designated Person, when can I deal?**

10. If you're a Designated Person, you may only deal in Telstra securities during the following three periods each year and at such other times as the Telstra Board permits ("window periods"). The start of these three window periods is 10am (Sydney time) on the day following each of Telstra's half yearly results ASX release, Telstra's full year results ASX release and Telstra's Annual General Meeting. Each of these window periods ends at 4pm (Sydney time) 4 weeks after the start date.

11. The insider trading prohibition and market perception obligation continue to apply at all times including during window periods and even if you have given notification of a dealing or received approval to deal.

## Do I have to obtain approval or notify before I deal during a window period?

12. Certain Designated Persons must obtain approval and all other Designated Persons must notify the Company Secretary, before dealing in a window period.

### Approval Required

13. If you're any of the following persons, you may only deal in Telstra securities during a window period if you've submitted a Window Dealing Approval Request form and it's been approved by the person indicated below:

Designated Person requiring approval to deal	Approver
Telstra Directors (including the CEO) and their Closely Related Parties	Telstra Chairman
Telstra Chairman and his/her Closely Related Parties	Chairman of the Telstra Audit and Risk Committee
Band A members of TET (other than the CEO), other direct reports to the CEO (including the CEO's Chief of Staff and Executive Aides) and their Closely Related Parties	Telstra CEO
i. Band B members of TET (other than those reporting directly to the CEO) ii. direct reports to Band A members of TET iii. other persons specified from time to time by the Telstra CEO, Telstra CFO, the Telstra Company Secretary or Group Managing Director Strategic Finance iv. Closely Related Parties of any persons listed at i–iii above	Telstra Company Secretary
Telstra Company Secretary and his/her Closely Related Parties	Telstra Chairman

14. If a Window Dealing Approval Request is approved, you'll be notified by email. You must undertake your proposed dealing **within 2 business days** of the date of the approval. If the dealing is not undertaken **within 2 business days**, the approval will no longer have effect and you'll need to make a new Window Dealing Approval Request for your proposed dealing.

### Notification Required

15. If you're a Designated Person other than those specified in paragraph 13, you must notify the Telstra Company Secretary by completing the Securities Trading Notification Form before you deal in Telstra securities during a window period.

## If I'm a Designated Person, what else am I prohibited from doing?

16. If you're a Designated Person, you are prohibited from:

- dealing in Telstra securities during any period that is not a window period or such other times as the Telstra Board specifies from time to time ("**blackout periods**");
- using Telstra securities as collateral in any financial transaction, including entering margin loan arrangements in respect of Telstra securities or transferring Telstra securities to an existing margin loan account;
- engaging in any short selling or stock lending arrangements in relation to Telstra securities; and
- speculative dealing in relation to Telstra securities for short term gain. Buying and selling Telstra securities within a 3 month period and entering into short term arrangements such as forward contracts in respect of Telstra securities will always be considered speculative dealing and accordingly is prohibited. This does not prohibit exercising rights or options under an equity plan and subsequently selling the shares acquired.

17. Despite paragraph 16, if you entered an arrangement prior to becoming a Designated Person that would otherwise be prohibited under paragraphs 16b)-d), you are permitted to continue that arrangement for 12 months from the date that you became a Designated Person or until the date of expiry of the relevant arrangement, whichever occurs earlier.

## Hedging Prohibitions

18. There are two key hedging prohibitions:

- a) a general hedging prohibition that applies only to Designated Persons;
- b) a specific hedging prohibition that applies to Telstra equity based remuneration plan participants.

### General hedging prohibition for Designated Persons

19. Subject to paragraph 21, if you're a Designated Person, you are prohibited from entering into any hedging arrangement that limits the economic risk of holding Telstra securities.

### Hedging prohibition for Equity Plan participants

20. Subject to paragraph 21, if you are an employee and participate in a Telstra equity based remuneration plan you must not enter into any hedging arrangement that limits the economic risk of holding Telstra securities allocated to you under these equity plans prior to the vesting or exercise of those securities or while they are subject to a trading restriction. You must also ensure that your Closely Related Parties do not enter into such hedging arrangements.

### Pre-existing Hedging Arrangements

21. If you have any hedging arrangements in effect prior to 1 July 2015 or prior to becoming a Designated Person that would otherwise be prohibited under paragraphs 19 or 20, you may, in certain limited circumstances, be permitted to continue such arrangements for a limited period.

## Approval of prohibited dealings in exceptional circumstances

22. In exceptional circumstances, you may be granted approval to deal in Telstra securities in a way that's prohibited under this policy.

23. Exceptional circumstances for these purposes include severe financial hardship, compulsion by court order or any other circumstance that is considered to be exceptional by the relevant approver.

24. All requests for approval to deal in Telstra securities in a way that is prohibited under this policy, must be made in writing by completing the Exceptional Dealing Approval Request form and must set out the circumstances of the proposed dealing and the reason why the approval is being sought.

25. An Exceptional Dealing Approval Request must be approved by:

Person requiring Exceptional Dealing approval	Approver
Telstra Directors (including the CEO) and their Closely Related Parties	Telstra Chairman
Telstra Chairman and his/her Closely Related Parties	Chairman of the Telstra Audit and Risk Committee
Band A members of TET (other than the CEO), other direct reports to the CEO and their Closely Related Parties	Telstra CEO
Telstra Company Secretary and his/her Closely Related Parties	Telstra Chairman
Any other person	Telstra Company Secretary

26. An Exceptional Dealing Approval Request will only be granted:

- a) in exceptional circumstances;
- b) where the Exceptional Dealing Approval Request is accompanied by sufficient evidence that the proposed dealing in Telstra securities 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.

27. If an Exceptional Dealing Approval Request is granted, you will be notified by email. You must undertake your proposed dealing **within 2 business days** of the date of the approval. If the dealing is not undertaken **within 2 business days**, the approval will no longer have effect and you will need to make a new Exceptional Dealing Approval Request for your proposed dealing.

### Conditions of any Approval or Refusal

28. Any approval of a Window Dealing Approval Request or an Exceptional Dealing Approval Request:

- a) can be given or refused in the approver's discretion without giving any reasons;
- b) can be withdrawn at any time before you deal if new information becomes available or there is a change in circumstances;
- c) can be subject to any conditions in the approver's discretion;
- d) is final and binding on you; and
- e) is not an endorsement of the proposed dealing. You remain responsible for your investment decisions and your compliance with the law (including the insider trading prohibition) and this policy.

29. Any refusal of a Window Dealing Approval Request or Exceptional Dealing Approval Request may potentially be price-sensitive information. Any such refusal is confidential and you must not disclose the fact that your request has been refused to any other person without the consent of the Telstra Company Secretary.

### Excluded Dealings

30. The obligations and restrictions relating to window periods, approvals, notifications and prohibited dealings (set out in paragraphs 10,13,15 and 16) don't apply to the following (but the insider trading prohibition and the market perception obligation continue to apply):

- a) dealings which don't result in a change in beneficial interest of Telstra securities e.g., transferring a personal holding of Telstra securities to a personal superannuation fund;
- b) the following categories of passive trades:
  - i. acquisition of Telstra securities through:
    - a) a dividend reinvestment plan as an ordinary shareholder;
    - b) a share purchase plan available to all retail shareholders;
    - c) a rights issue;
  - ii. disposal of Telstra securities arising from the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- c) a disposal of Telstra securities as a result of a secured lender exercising their rights pursuant to an arrangement that was permitted under paragraph 17;
- d) a transfer of Telstra securities between a Designated Employee and their Closely Related Party;
- e) a transfer of Telstra securities arising from the administration of a deceased estate;
- f) applying for or acquiring Telstra securities under an equity plan operated by Telstra (including by exercise of options or rights). However, where any Telstra securities granted to a Designated Person under an equity plan cease to be held under the terms of that plan (for example, Telstra securities that are acquired following the exercise of options or rights or that are released from restriction), the Designated Person must only deal in those Telstra securities in accordance with this policy; and
- g) indirect and incidental trading that occurs when a Designated Person deals in units or shares of a managed investment scheme, listed investment company, exchange-traded fund or similar investment vehicle that is managed by a third party and that happens to hold Telstra securities as part of its portfolio.

31. Directors must notify the Telstra Company Secretary by before dealing in reliance on an exclusion listed in paragraph 30.

### Telstra Executive Share Ownership Policy

32. The Telstra CEO, Group Executives and Group Managing Directors should undertake any dealings in Telstra securities in compliance with the share ownership requirements set out in the Telstra Executive Share Ownership Policy as well as this Policy and the insider trading prohibition.

### Other Dealings

33. The Telstra CEO or Telstra CFO may from time-to-time extend the operation of this Policy to apply to any other dealings in Telstra securities or to dealings in securities of other specified companies with which Telstra (or another Telstra Group entity) may have a close relationship.

## Where to get help

34. It's vital that you understand the restrictions and obligations that apply to you relating to dealing in Telstra securities. If you're in any doubt or have any queries regarding this Policy, contact the Telstra Office of the Company Secretary or the Finance & Strategy legal team.

## Definitions

Term	Definition
Closely Related Party	<p>a) A family member who may be expected to influence, or be influenced by, your dealings in Telstra securities and may include a spouse (including a de facto partner), and your or your spouse's child or dependant; or</p> <p>b) A company, trust or other entity that you control or significantly influence; or</p> <p>c) The trustee of a trust or fiduciary arrangement of which you are a beneficiary, other than a Telstra Group company.</p>
deal or dealing	Dealing in securities is a broad concept and covers more than simply buying or selling securities. It also includes entering into agreements to buy or sell securities and may, in some circumstances, include the exercise of options.
equal access buy-back	Includes a selective buy-back which does not require shareholder approval as a result of a modification by ASIC of the Corporations Act.
equity based remuneration plan	Any plan pursuant to which securities are provided as an element of remuneration. It includes the short term incentive and long term incentive equity plans for Bands A, B and C executives and any grant of performance rights, performance shares, retention shares or restricted shares but excludes the general employee equity plans for non-TET employees and the Telstra Employee Share Ownership Plan 99.
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 a reasonable period has elapsed.</li></ul>
Key Management Personnel	Telstra Directors (including the Telstra CEO) and those executives with authority and responsibility for planning, directing and controlling the activities of Telstra and the Telstra Group, directly or indirectly.
price sensitive information	Information that is not generally available but, if generally available, would be likely to: <ul style="list-style-type: none"><li>• have a material effect on the price or value of the securities or</li><li>• influence investors in deciding whether or not to buy or sell the securities.</li></ul>

Term	Definition
	<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 (or another Telstra Group entity)</li> <li>• entry into or termination of a material contract (such as a major transactional joint venture or partnership agreement) by Telstra (or another Telstra Group entity)</li> <li>• a material acquisition or sale of assets by Telstra (or another Telstra Group entity)</li> <li>• a proposed dividend or a change in dividend policy.</li> </ul>
securities	<p>The definition of securities 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 Telstra (for example, warrants and other derivative products) whether or not the financial products are created by Telstra or by third parties.</p>
Telstra	Telstra Corporation Limited.
Telstra Group	Has the meaning given in the Application section of this Company Policy.

Breach of policy	Application
<p>If you don't follow this Company Policy, you could face disciplinary action. In serious cases this may include termination of your employment or engagement.</p> <p>If you break the law you may also be personally liable.</p> <p>Breach of the insider trading laws may subject you (or your family and friends) to:</p> <ul style="list-style-type: none"> <li>• Criminal prosecution - penalties include heavy fines and imprisonment;</li> <li>• Civil liability - you can be sued by another party or Telstra for any loss suffered as a result of illegal trading activities</li> </ul>	<p>This is a Company Policy of Telstra, its controlled entities and any other entity notified that this Company Policy applies to it (collectively "Telstra Group"). It applies to all directors, employees and contractors of each member of the Telstra Group and to any other person notified that this Company Policy applies to them.</p>