

Information Memorandum



Australian Dollar Medium Term Note Programme

Issuer

Australian Postal Corporation

(a body corporate in existence by the Australian Postal Corporation Act 1989 of Australia)
(ABN 28 864 970 579)

Dealers

Australia and New Zealand Banking Group Limited

(ABN 11 005 357 522)

Commonwealth Bank of Australia

(ABN 48 123 123 124)

The date of this Information Memorandum is 14 October 2013

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Important Notice

Introduction

This Information Memorandum:

- relates to a medium term note programme (“**Programme**”) established by Australian Postal Corporation (ABN 28 864 970 579) (“**Issuer**” or “**Australia Post**”) under which medium term notes denominated in Australian dollars (“**Notes**”) may be issued by the Issuer from time to time; and
- has been prepared by, and issued with the authority of, the Issuer.

The Issuer accepts responsibility for the information contained in this Information Memorandum.

This Information Memorandum replaces the Information Memorandum dated 25 November 2011.

Terms and conditions of issue

Notes will be issued in series (each a “**Series**”). Each Series may comprise one or more tranches (each a “**Tranche**”) having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest).

Each issue of Notes will be made pursuant to such documentation as the Issuer may determine. A pricing supplement and/or another supplement to this Information Memorandum (each a “**Pricing Supplement**”) will be issued for each Tranche or Series of Notes. A Pricing Supplement will contain details of the initial aggregate principal amount, issue price, issue date, maturity date, details of interest payable (if any), together with any other terms and conditions not set out in this Information Memorandum that may be applicable to that Tranche or Series of Notes. The terms and conditions (“**Conditions**”) applicable to the Notes are included in this Information Memorandum and may be supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes.

The Issuer may also publish a supplement to this Information Memorandum (or additional information memoranda) which describes the issue of Notes (or particular classes of Notes) not otherwise described in this Information Memorandum. A Pricing Supplement may also supplement, amend, modify or replace any statement or information set out in this Information Memorandum.

Documents incorporated by reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. References to “**Information Memorandum**” are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- all amendments and supplements to this Information Memorandum prepared by the Issuer from time to time;
- the most recently published annual report of the Issuer from time to time which is publicly available on the internet at www.auspost.com.au and any subsequent interim financial statements of the Issuer from time to time which are publicly available on the internet at www.auspost.com.au; and

- in relation to each Tranche, the applicable Pricing Supplement and all documents issued by the Issuer and stated in the Pricing Supplement to be incorporated in this Information Memorandum by reference.

Any statement contained in this Information Memorandum shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement. Except as provided above, no other information, including information on the internet sites of the Issuer or in any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Investors should review, amongst other things, the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether or not to purchase any Notes.

Copies of documents incorporated by reference in this Information Memorandum may be obtained from the Issuer on request, including from its registered office.

References to internet site addresses

Any internet site addresses provided in this Information Memorandum are for reference only and the content of such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum, except as expressly stated in this Information Memorandum.

Role of Dealers and Agents

In connection with a Tranche of Notes, the Issuer may appoint one or more Dealers or Agents (each as defined in the section entitled “Summary of Programme” below). References in this Information Memorandum to a Dealer or to an Agent are to such persons as appointed by the Issuer from time to time. The only role of the Registrar (as defined in the section entitled “Summary of Programme” below) in the preparation of this Information Memorandum has been to confirm that the contact details for the Registrar set out below are correct as at the Preparation Date (as defined below). Apart from the foregoing, none of the Dealers or the Agents have:

- been involved in the preparation of this Information Memorandum;
- independently verified the information contained in this Information Memorandum; nor
- undertaken to review the financial condition or affairs of the Issuer or any of its affiliates at any time or to advise any holder of a Note of any information coming to their attention with respect to the Issuer or any of its affiliates.

Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of the Dealers and the Agents as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Issuer in connection with the Programme.

Intending purchasers to make independent investment decision and obtain tax advice

This Information Memorandum contains only summary information concerning the Notes. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a report of either of these things) by any of the Issuer, any Dealer or the Agents that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer;
- determine for themselves the relevance of the information contained in this Information Memorandum, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- consult their own tax advisers concerning the application of any tax laws applicable to their particular situation.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them and each investor is advised to consult its own professional adviser.

Selling restrictions

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, any Dealer, any Agent to any person to subscribe for, purchase or otherwise deal in any Notes.

In addition, the distribution and use of this Information Memorandum, including any Pricing Supplement, and any advertisement or other offering material, and the offer or sale of Notes may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. Accordingly, a person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes except if the offer or invitation complies with all applicable laws, regulations and directives.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Notes, see the section entitled “Selling Restrictions” below. In particular, each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should be aware:

- neither this Information Memorandum nor any other disclosure document in relation to the Notes has been, or will be, lodged with the Australian Securities and Investment Commission (“**ASIC**”) and no action has been taken which would permit an offering of the Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia (“**Corporations Act**”);
- this Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act;
- the Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (“**Securities Act**”); and
- the Notes may not be offered or sold at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer, the Programme or the issue or sale of the Notes and, if given or made, such information or representation must not be relied on as having been authorised by the Issuer, any Dealer, or any of the Agents.

Agency and distribution arrangements

The Issuer may pay any Dealer or Agent a fee for undertaking its role or reimburse it for certain expenses in respect of the Notes subscribed by such Dealer, or for such Agent's role as the case may be. The Issuer may also indemnify the Dealers against certain liabilities in connection with the offer and sale of Notes.

The Issuer, the Dealers and the Agents, and their respective subsidiaries, related bodies corporate, officers and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct at any time subsequent to the Preparation Date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the Preparation Date or that there has been no change (adverse or otherwise) in the financial conditions or affairs of the Issuer at any time subsequent to the Preparation Date. In particular, the Issuer is not under any obligation to any person to update this Information Memorandum at any time after an issue of Notes.

In this Information Memorandum, "**Preparation Date**" means:

- in relation to this Information Memorandum, the date indicated on its face or, if the Information Memorandum has been amended, supplemented or replaced, the date indicated on the face of that amendment, supplement or replacement;
- in relation to annual reports and any financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

Credit Ratings

There may be references to one or more credit ratings in a Pricing Supplement, another supplement to this Information Memorandum or a document which is deemed to be incorporated in this Information Memorandum by reference.

A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the relevant credit rating agency. Each rating should be evaluated independently of any other rating.

Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive the relevant document and anyone who receives the relevant document must not distribute it to any person who is not entitled to receive it.

Summary of the Programme

The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Notes, the applicable Conditions and any applicable Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit the provisions or features of this Programme which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to a particular Tranche or Series of Notes.

Issuer: Australian Postal Corporation (ABN 28 864 970 579).

Further information regarding the Issuer is set out in the documents which are deemed to be incorporated in this Information Memorandum.

Programme description: A non-underwritten medium term note programme under which, subject to applicable laws, regulations and directives, the Issuer may elect to issue medium term notes denominated in Australian dollars ("**Notes**") in the Australian domestic capital market in uncertificated registered form. There is no limit on the aggregate principal amount of Notes which may be issued by the Issuer under the Programme.

Programme Term: The term of the Programme continues until terminated by the Issuer giving 30 days notice to any Dealers then appointed to the Programme generally or, if no Dealers are then appointed to the Programme generally, at such time as the Issuer determines.

Dealers: Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
Commonwealth Bank of Australia (ABN 48 123 123 124)

Other Dealers may be appointed by the Issuer from time to time for a specific Tranche of Notes under a subscription agreement or other agreement incorporating the applicable terms of the Dealer Agreement dated 25 November 2011 ("**Dealer Agreement**"). A list of the Dealers for a specific Tranche of Notes can be obtained from the Issuer following the issue of those Notes.

Contact details and particulars of the applicable Australian Business Number and Australian financial services licence number for each of the above named Dealers are set out in the section entitled "Directory" below.

Registrars, I&P Agents and Calculation Agents (each an "**Agent**"): Details of the following persons will be specified in the applicable Pricing Supplement:

- (a) any registrar appointed by the Issuer to perform registry functions and establish and maintain a Register (as defined below) in respect of a Series ("**Registrar**");
- (b) any issuing agent or paying agent appointed by the Issuer in respect of a Series ("**I&P Agent**"); and

any person appointed by the Issuer for the purpose of calculating any amount or making any determination in respect of a Series ("**Calculation Agent**").

The Issuer has entered into an agreement entitled "The ASX Austraclear Registry and IPA Services Agreement" dated 1 July 2009 with Austraclear Services Limited (ABN 28 032 284 419) ("**ACSL**") for the provision of registry services. Where ACSL is the Registrar for a particular Series, details will be specified in the applicable Pricing Supplement.

The Issuer may terminate the appointment of any Agent, appoint additional or other persons to act in those roles or elect to have no Registrar, I&P Agent

or Calculation Agent. Where no person is appointed to act in a particular role, the role will be undertaken by the Issuer.

Form of Notes: Notes will be issued in registered uncertificated form and will be debt obligations of the Issuer which are constituted by, and owing under, the Note Deed Poll dated 25 November 2011, as amended or supplemented from time to time, or such other deed poll executed by the Issuer as may be specified in an applicable Pricing Supplement (each a “**Deed Poll**”). Notes take the form of entries in a register (“**Register**”) maintained by a Registrar.

The Issuer may from time to time issue Notes in a form not specifically contemplated in this Information Memorandum. Terms applicable to any other type of Note that the Issuer may issue under the Programme will be set out in the relevant Pricing Supplement or another supplement to this Information Memorandum.

Status and ranking: The Notes will be a direct, unconditional, unsecured and unsubordinated obligations of the Issuer. As among themselves, the Notes of each Series will rank *pari passu* and will be payable rateably without preference or priority with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer, except any such obligations as are mandatorily preferred by law.

The Notes are not guaranteed by the Commonwealth of Australia.

Issuance in Series: Notes will be issued in Series. Each Series may comprise one or more Tranches having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest). The Notes of each Tranche of a Series are intended to be fungible with the other Tranches of Notes of that Series.

Maturities: Subject to all applicable laws, regulations and directives, Notes may have any maturity as may be specified in an applicable Pricing Supplement or as may be agreed between the Issuer and the relevant purchasing Dealer.

Issue Price: Notes will be issued at the price specified in the applicable Pricing Supplement.

Interest: Interest may be at a fixed, floating or other variable rate and may vary during the lifetime of the relevant Series.

Denominations: Notes will be issued in the denomination that is specified in the applicable Pricing Supplement.

Clearing Systems: Notes may be transacted either within or outside any Clearing System (as defined below).

The Issuer may apply to Austraclear Ltd (ABN 94 002 060 773) (“**Austraclear**”) for approval for Notes to be traded on the clearing and settlement system operated by it (“**Austraclear System**”). Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Notes. The rights of a holder of interests in Notes held through the Austraclear System are subject to the rules and regulations of the Austraclear System.

On admission to the Austraclear System, interests in the Notes may be held through Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). In these circumstances and as at the date of this Information Memorandum, entitlements in respect of holdings of interests in the Notes in Euroclear would be held in the Austraclear System by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear, while

entitlements in respect of holdings of interests in the Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominees and/or custodians and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Note, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration summarised in the section headed "Transfer procedure" below.

Notes may also be traded on the settlement system operated by Euroclear or by Clearstream, Luxembourg or any other clearing system outside Australia specified in the applicable Pricing Supplement (each of the Austraclear System, Euroclear, Clearstream, Luxembourg, and any other clearing system specified in the applicable Pricing Supplement, a "**Clearing System**").

Title: Entry of the name of the person in the Register in respect of a Note in registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Note subject to correction for fraud or error.

Title to Notes which are held in a Clearing System will be determined in accordance with the rules and regulations of the relevant Clearing System. Notes which are held in the Austraclear System will be registered in the name of Austraclear.

No certificate or other evidence of title will be issued to holders of Notes issued in Australia unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law, regulation or directive.

Payments and Record Date: Payments to persons who hold Notes through a Clearing System will be made in accordance with the rules and regulations of the relevant Clearing System.

If Notes are not lodged in a Clearing System, payments will be made to the account of the registered holder noted in the Register as at 5.00 pm (Sydney time) on the relevant Record Date. If no account is notified, then payments will be made by cheque sent by post in accordance with the Conditions to the registered holder at its address appearing in the Register on the Record Date or in such other manner as the Issuer considers appropriate.

The Record Date is the close of business on the date which is eight days before a payment date or such other period specified in the applicable Pricing Supplement.

Redemption: Notes may be redeemed prior to scheduled maturity as more fully set out in the Conditions and the applicable Pricing Supplement.

Notes entered in a Clearing System will be redeemed through that Clearing System in a manner that is consistent with the rules and regulations of that Clearing System.

Selling restrictions: The offer, sale and delivery of Notes and the distribution of this Information Memorandum and other material in relation to any Notes are subject to such restrictions as may apply in any country in connection with the offer and sale

of a particular Tranche or Series of Notes. In particular, restrictions on the offer, sale or delivery of Notes in Australia, the United States of America, the United Kingdom, Japan, Hong Kong, Singapore and New Zealand are set out in the section entitled "Selling Restrictions" below.

Restrictions on the offer, sale and/or distribution of Notes may also be set out in the applicable Pricing Supplement.

Transfer procedure: Notes may only be transferred in whole.

Unless otherwise specified in the applicable Pricing Supplement, Notes may only be transferred if:

- (a) in the case of Notes to be transferred in or into Australia:
 - (i) the offer or invitation giving rise to the transfer of the Notes (A) is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency, and in either case, disregarding moneys lent by the transferor or its associates to the transferee), or (B) does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
 - (ii) the transfer is not to a "retail client" for the purposes of section 761G of the Corporations Act; and
- (b) at all times, the transfer complies with all applicable laws or directives of the jurisdiction where the transfer takes place.

Transfers of Notes held in a Clearing System, will be made in accordance with the rules and regulations of the relevant Clearing System.

Restrictions on the transfer of Notes may also be set out in the applicable Pricing Supplement in addition to, or in lieu of, the restrictions set out above.

Stamp duty: Any stamp duty incurred at the time of issue of the Notes will be for the account of the Issuer. Any stamp duty incurred on a transfer of Notes will be for the account of the relevant investors.

As at the date of this Information Memorandum, no Australian stamp duty is payable on the issue, transfer or redemption of the Notes. However, investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the transfer of Notes, or interests in Notes, in any jurisdiction.

Taxes: A brief overview of the Australian taxation treatment of payments of interest on Notes is set out in the section of this Information Memorandum entitled "Australian Taxation". However, investors should obtain their own taxation advice regarding the taxation status of investing in Notes.

Listing: It is not currently intended that Notes will be listed on any stock exchange.

Governing Law: The Notes and all related documentation will be governed by the laws of New South Wales.

Use of proceeds: The net proceeds realised from the issue of Notes will be used for the Issuer's general financing purposes.

Credit Rating: Notes issued under the Programme may be rated by one or more rating agencies. The credit rating of an individual Tranche or Series of Notes may be specified in the applicable Pricing Supplement for those Notes (or another supplement to this Information Memorandum). The credit rating of an individual Tranche or Series of Notes may not necessarily be the same as

the credit ratings of the Issuer.

A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive the relevant document and anyone who receives the relevant document must not distribute it to any person who is not entitled to receive it.

Investors to obtain independent advice with respect to investment and other risks:

This Information Memorandum does not describe the risks of an investment in the Notes. Prospective investors should consult their own financial, legal and tax advisers about risks associated with an investment in a particular Tranche of Notes and the suitability of investing in the Notes in light of their particular circumstances.

Corporate Profile

As the nation's oldest continuously running commercial organisation, Australia Post has a long history of serving the Australian community. Today, Australia Post is a progressive and commercial government business enterprise that is committed to providing accessible, reliable and affordable services for all Australians.

1 Australia Post's business

Australia Post is a government business enterprise ("**GBE**") incorporated under the provisions of the Australian Postal Corporation Act 1989 (Cth), as amended ("**APC Act**"). It operates pursuant to the APC Act and under the Commonwealth Authorities and Companies Act 1997 ("**CAC Act**").

Australia Post maintains a comprehensive system of corporate governance practices designed to provide appropriate levels of disclosure and accountability. These practices derive principally from the provisions of the APC Act, the CAC Act and the Governance and Oversight Guidelines for Commonwealth Government Business Enterprises (2011). The governance practices are also guided by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Financial statements, prepared in accordance with the requirements of the CAC Act, comply with Australian Accounting Standards (as issued by the Australian Accounting Standards Board) and International Financial Reporting Standards (as issued by the International Accounting Standards Board).

A completely self-funding business, Australia Post's profits are used for two purposes: 1) to return a dividend to its sole shareholder, the Federal Government; and 2) to reinvest in developing new products, services and capabilities so that the business can meet the changing needs of Australians.

Australia Post is charged with meeting a number of community service obligations that require it to provide an accessible, affordable and reliable letter service for all Australians, wherever they reside.

As at 30 June 2013, Australia Post employed more than 33,000 full-time and part-time staff; operated 4,429 retail outlets, served around one million customers through its physical and digital channels every business day and delivered an average of almost 20 million items each business day to around 11.2 million Australian delivery points.

Australia Post's core business areas comprise letters and associated services, retail products and agency services and parcels.

1.1 History

Australia Post's origins can be traced back to 1809, when former convict Isaac Nichols was appointed as the nation's first postmaster to the colony of New South Wales. The formal commercial origins of Australia Post lie in the first Postal Act of 1825, which enabled the New South Wales governor to fix postage rates and appoint postmasters outside of Sydney.

With the Federation of Australian colonies in 1901, a nationally integrated Postmaster General's Department (the "**PMG**") was established, with responsibility for the nation's mail and telephone services. This service operated until 1975 when the Federal Government separated responsibility for these services by dividing the PMG into the Australian Postal Commission (now Australia Post) and the Australian Telecommunications Commission (now Telstra).

In 1989, under the Australian Postal Corporation Act, Australia Post became a GBE with a board of directors and a charter to operate commercially, while meeting a range of community service obligations which prescribe a set of performance standards for the reserved letters service.

Australia Post has transformed its customer service culture in a continual process that began in the early 1990's, and introduced a series of major change programs that have resulted in a revamped retail network and state-of-the-art mechanised mail processing.

In April 2010, Australia Post commenced a transformation of its business structure to align it better with the needs of its customers. Future Ready is a five year renewal program which represents a transformation of the iconic organisation. The program will lay the foundations to create a more customer-focussed and financially-sustainable Australia Post.

Under the renewal program, a strong growth platform will be established that will see letter declines offset by the growth in parcels, retail and business-to-business express delivery. This will be done by building capability in the core business areas and establishing a customer-focused, accountable and high-performing workforce.

1.2 Products and services

As part of the Future Ready renewal program, Australia Post is now made up of three key strategic business units, each with profit and loss accountability: Parcel & Express Services, Retail Services and Communication Management Services. Collectively, these key strategic business units are responsible for delivering Australia Post's core products and services outlined below.

Letters, digital communications and data services

- Collecting, processing and distributing letters to the Australian community, and between Australia and overseas.
- Providing a secure digital communications platform, the Australia Post Digital MailBox, which can be used to receive mail, pay bills and store important documents online.
- Assisting businesses with the preparation, printing and lodgement of direct marketing documents and mailings.
- Offering customer acquisition and retention services by providing businesses with accurate and relevant address and profiling data.
- Providing inbound information management services including document imaging, data capture, automated document categorisation, mailroom management, online forms, workflow and electronic archive solutions.

Parcel services

- On-time international, domestic and express parcel delivery services.
- Cross-town courier services.
- Convenient delivery options including 24/7 parcel lockers and delivery choices.

Retail, agency and merchandise services

- Managing a vast retail network of 4,429 outlets, 2,561 of which are located in regional and rural areas.
- Providing trusted financial, government and identity services on behalf of 750-plus businesses and government bodies (Australia Post does not act as a financial services principal).
- Providing a secure business-to-business and business-to-customer payment gateway through the Internet, phone or customer software.
- Post office boxes and locked bags.
- Selling collectible items including stamps, coins and associated products and complementary retail products such as packaging, stationery and office products, communications, gifts, books and cards.

1.3 Australia Post's business partners

Contractors, franchisees and licensees

- Australia Post has more than 3,000 mail, courier and parcel contractors and 2,894 franchisees and licensees.

Joint ventures

- Sai Cheng Logistics International is a joint venture with China Post that provides supply chain management and logistics services between China, Australia and the rest of the world.

Associated companies

- Star Track Express Pty Limited and StarTrack Retail Pty Ltd are fully owned subsidiaries providing premium business-to-business and business-to-customer express freight and logistics services.
- SecurePay Pty Ltd offers a secure business-to-business and business-to-customer payment gateway via the Internet, phone or custom software.
- Decipha Pty Ltd offers business customers with mailroom and document workflow services.
- Post Logistics Hong Kong Pte Ltd provides freight forwarding services.
- Australia Post Digital Mailbox Pty Ltd provides a secure digital communications platform, the Australia Post Digital MailBox.
- Our Neighbourhood Pty Ltd acts as the trustee for an income tax exempt, deductible gift recipient public ancillary fund known as Our Neighbourhood Trust. The Trust's objectives include building healthy, inclusive and vibrant local communities. Its establishment and operation is regulated by the Income Tax Assessment Act and the Public Ancillary Fund Guidelines 2011.

1.4 Key facts about Australia Post

- 4,429 outlets, including 2,561 in rural and remote areas.
- 15,927 street posting boxes.
- Consistently exceeds its community service obligations, including letter delivery to 98 per cent of Australian addresses five days per week.
- Delivers an average of almost 20 million items each business day to around 11.2 million Australian delivery points.
- Second most trusted brand in Australia (2013 AMR RepTrak study).
- One of the most culturally and linguistically diverse workforces in Australia, representing 137 nationalities, speaking 65 languages.
- The oldest continuously running organisation in Australia.

1.5 Australia Post's Strategy

Australia Post has three enterprise strategies that support its Future Ready business transformation program:

- build a sustainable communications business physically and digitally;
- build a world-class parcels business with excellence in service performance; and
- offer trusted government, business and financial services for consumers, both physically and digitally.

These strategies are supported by two enabling enterprise capability programs:

- support the execution of the enterprise strategy and programs; and
- embed culture, align and engage the workforce to execute the strategy in a safe way.

Physical and Digital Communications

Like postal businesses worldwide, the impact of digital technology is being felt across the business – and it is continuing to drive rapid changes in customer behaviour in all of Australia Posts’ core markets.

In response, Australia Post is changing the way it operates and creating new services to meet the needs of its customers – today and into the future. The business is striving to offer customers greater choice and convenience about when and how they interact with Australia Post, in person or online, and increasingly around the clock. The Australia Post Digital MailBox offers a digital alternative to physical mail service where customers can receive mail, pay bills and store important documents securely online. The Digital MailBox can be accessed via any internet connected device, 24 hours a day. For Australian businesses and government organisations, the Australia Post Digital MailBox is a cost-effective digital channel for connecting with their customers and their constituents.

Australia Post will continue to deliver the mail – letters are the original reason it was established – and it remains committed to building a sustainable business that meets both the physical and digital communication needs of its customers.

A World Class Parcels Business

Australia Post is evolving from being a postal company to an ecommerce-driven parcels business that’s playing an important role in the digital economy. The growth of online shopping in Australia has created enormous opportunity for the parcels and ecommerce business. Australia Post has responded by developing new products and services to help businesses take advantage of the ecommerce boom.

In October 2012, Australia Post announced a \$2 billion investment program involving the upgrade of its national logistics network and creating a universal digital platform. The program will significantly expand the capacity of the parcels network to support the growth in parcel volumes and maintain a high level of service and reliability. In November 2012, Australia Post acquired the remaining half-share of AUX Investments Pty Ltd (the holding company of Star Track Express Pty Limited), from its former joint venture partner Qantas. This acquisition complements the existing courier and last mile delivery service, making Australia Post the end-to-end provider of parcel services across business-to-business, business-to-consumer and consumer-to-consumer markets.

Trusted Services for Consumers

Australia Post has an unrivalled retail network, including 2,561 outlets servicing regional and remote Australia. To keep pace with the changing needs of its customers, it is transforming this network and bringing the digital world into its stores.

Australia Post provides products and services on behalf of more than 750 business and government agencies, including identity services such as passport renewals and applications and financial services like banking and bill payments.

Australia Post is rolling out the next generation retail outlet, which will provide greater access, choice and convenience for its customers, including the launch of superstores. Australia Post's superstores bring together a range of new features and technologies including self-service terminals to pay bills and send domestic letters or parcels and online shopping zones. Each superstore also has secure areas that are accessible 24 hours a day, seven days a week to offer access to post office boxes, 24/7 Parcel Lockers and vending machines with packaging products and stamps. Financial, identity and travel services are also offered in dedicated areas within the superstore.

More detailed information and financial statements, including the notes thereto, are contained in Australia Post's Annual Report, which is incorporated by reference into this Information Memorandum. Australia Post's Annual Report is available on the internet at www.auspost.com.au.

Conditions of the Notes

The following are the Conditions which, as supplemented, amended, modified or replaced by the applicable Pricing Supplement, will apply to the Notes. References to a “**Pricing Supplement**” in these conditions (i) are to the pricing supplement containing details of the principal amount, issue price, issue date, maturity date, interest payable, together with any other applicable terms and conditions, be applicable to a Tranche or Series of Notes, and (ii) do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement in relation to a particular Tranche or Series of Notes. Terms used in the applicable Pricing Supplement will, unless the contrary intention appears, have the same meaning where used in these Conditions but will prevail to the extent of any inconsistency.

Each Holder, and each person claiming through or under each such Holder, is bound by, and is deemed to have notice of, the provisions of the Deed Poll and these Conditions (including the applicable Pricing Supplement). Each such person is also deemed to have notice of the Information Memorandum. Copies of each of these documents are available for inspection by the Holder during normal business hours at the Specified Office of the Issuer and the Registrar.

Part 1 Definitions

1 Interpretation

1.1 Definitions

Unless the contrary intention appears:

Additional Amount means an additional amount payable by the Issuer under Condition 12.2 (“Withholding tax”);

Agency Agreement means:

- (a) the agreement entitled “The ASX Austraclear Registry and IPA Services Agreement” between the Issuer and Austraclear Services Limited (ABN 28 003 284 419) dated 1 July 2009 as amended from time to time; and/or
- (b) any other agreement between the Issuer and an Agent in connection with any issue of Notes;

Agent means any Registrar, I&P Agent or Calculation Agent;

Austraclear means Austraclear Ltd (ABN 94 002 060 773);

Austraclear Regulations means the regulations known as the “Austraclear Regulations”, together with any instructions or directions (as amended or replaced from time to time), established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

Australian Tax Act means the Income Tax Assessment Act 1936 of Australia and, where applicable, the Income Tax Assessment Act 1997 of Australia;

Bank Bill Rate means, for an Interest Period, the average mid rate for Bills having a Tenor closest to the Interest Period as displayed at approximately 10.10 am on the “BBSW” page (or any replacement page) of the Reuters Monitor System on the first day of that Interest Period.

However, if the average mid rate is not displayed by 10.30 am on that day, or if it is displayed but the Issuer or the Calculation Agent determines that there is an obvious error in that rate, **Bank Bill Rate** means the rate determined by the Calculation Agent in good faith at approximately 10.30 am on that day, having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that Tenor at or around that time (including any displayed on the “BBSY” or “BBSW” page of the Reuters Monitor System).

The rate must be expressed as a percentage per annum;

Bill has the meaning it has in the Bills of Exchange Act 1909 of Australia and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act;

Business Day means:

- (a) a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney, Melbourne and any Relevant Financial Centre specified in the Pricing Supplement; and
- (b) if a Note is to be issued and lodged in a Clearing System, or a payment is to be made in respect of a Note held in a Clearing System, on that day, a day on which each Clearing System for the Note is operating;

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day. The following conventions, where specified in the Pricing Supplement have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next following day which is a Business Day unless that day falls in the next calendar month, in which event:
 - (i) that date is brought forward to the first preceding day that is a Business Day; and
 - (ii) each subsequent Interest Payment Date is the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Pricing Supplement after the preceding applicable Interest Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day; and
- (e) **No Adjustment** means that the relevant date must not be adjusted in accordance with any Business Day Convention.

If no convention is specified in the Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates;

Calculation Agent means, in respect of a Note, the Registrar or any other person specified in the Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions;

Clearing System means:

- (a) the Austraclear System; or
- (b) any other clearing system specified in the Pricing Supplement;

Conditions means, in relation to a Note, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Note and references to a particular numbered Condition shall be construed accordingly;

Day Count Fraction means, in respect of the calculation of interest on a Note for any period of time ("**Calculation Period**"), the day count fraction specified in the Pricing Supplement and, if so specified:

- (a) if "**RBA Bond Basis**" or "**Australian Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non leap year divided by 365));
- (b) if "**Actual/Actual (ICMA)**" is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period, and (2) the number of Regular Periods normally ending in any year;
- (b) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and
- “**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;
- (f) if “**30E/360**” or “**Eurobond basis**” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and
- “**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;
- (g) if “**30E/360 (ISDA)**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;
- “**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- “**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- “**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and
- “**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; or

- (h) any other day count fraction specified in the Pricing Supplement;

Deed Poll means:

- (a) the deed poll entitled “Note Deed Poll” and dated 25 November 2011; and
- (b) such other deed poll that supplements, amends, amends and restates, modifies or replaces the deed poll referred to above, or which is otherwise acknowledged in writing to be a deed poll for the purposes of the Programme,

and in each case, executed by the Issuer;

Denomination means the notional face value of a Note specified in the Pricing Supplement;

Event of Default means the happening of any event set out in Condition 14 (“Events of Default”);

Extraordinary Resolution has the meaning given in the Meetings Provisions;

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date(s) and on redemption;

Floating Rate Note means a Note on which interest is calculated at a floating rate payable periodically as specified in the Pricing Supplement;

Holder means the person in whose name a Note is registered;

For the avoidance of doubt, where a Note is held in a Clearing System, references to a Holder include the operator of that system or a nominee for such operator or a common depositary for one or more Clearing Systems (in each case acting in accordance with the rules and regulations of the Clearing System or Clearing Systems).

I&P Agent means, in respect of a Note any person appointed by the Issuer to perform issue and paying agency functions on the Issuer’s behalf with respect to each Series or Tranche of Notes as required under these Conditions;

Information Memorandum means, in respect of a Note the information memorandum or other offering document referred to in the Pricing Supplement prepared by, or on behalf of,

and approved in writing by, the Issuer in connection with the issue of that Note and all documents incorporated by reference in it;

Interest Commencement Date means, in respect of a Note, the Issue Date of the Note or other date specified in the Pricing Supplement;

Interest Determination Date means each date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Payment Date means each date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the applicable Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the applicable Maturity Date;

Interest Rate means, for a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note specified in, or determined in accordance with, these Conditions and the Pricing Supplement;

Issue Date means the date on which a Note is, or is to be, issued specified in, or determined in accordance with, the Pricing Supplement;

Issue Price means the price specified in, or determined in accordance with, the Pricing Supplement;

Issuer means Australian Postal Corporation (ABN 28 864 970 579);

Margin means the margin specified in, or determined in accordance with, the Pricing Supplement;

Maturity Date means the date specified in, or determined in accordance with, the Pricing Supplement as the date on which the Notes are to be redeemed;

Meetings Provisions means the provisions relating to meetings of Holders and set out as a schedule to the Deed Poll;

Note means each medium term note specified in the Pricing Supplement and issued or to be issued by the Issuer, constituted by, and owing under, the Deed Poll, and the details of which are recorded in, and evidenced by entry in, the Register. All references to Notes must, unless the context otherwise requires, be read and construed as references to the Notes of a particular Series;

Offshore Associate means an associate (as defined in section 128F(9) of the Australian Tax Act) of the Issuer that is either:

- (a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia;

Programme means the Issuer's uncommitted programme for the issuance of Notes described in the Information Memorandum;

Record Date means the close of business in the place where the Register is maintained on the date which is eight days before the payment date;

Redemption Amount means the outstanding principal amount as at the date of redemption;

Redemption Date means such date on which a Note is redeemed prior to its Maturity Date in accordance with these Conditions;

Reference Banks means the institutions so described in the Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

Reference Rate means the rate specified in, or determined in accordance with, the Pricing Supplement;

Register means the register, including any branch register, of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement;

Registrar means, in respect of a Note:

- (a) Austraclear Services Limited (ABN 28 003 284 419); or
- (b) any other person appointed by the Issuer to establish and maintain the Register in respect of a Series of Notes on the Issuer's behalf from time to time;

Regular Period means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

Relevant Financial Centre means Sydney or any other centre specified as such in the Pricing Supplement;

Relevant Screen Page means:

- (a) the page, section or other part of a particular information service specified as the Relevant Screen Page in the Pricing Supplement; or
- (b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Relevant Tax Jurisdiction means Australia or, any political sub-division thereof;

Relevant Time has the meaning given in the Pricing Supplement;

Security Record has the meaning given to it in the Austraclear Regulations;

Series means an issue of Notes made up of one or more Tranches all of which form a single Series and are issued on the same Conditions except that the Issue Date and Interest Commencement Date may be different in respect of a different Tranche of a Series;

Specified Office means, in respect of a person, the office specified in the Information Memorandum or any other address notified to Holders from time to time;

Subsidiary has the same meaning as provided in section 9 of the Corporations Act;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official;

Taxes means taxes, levies, imposts, charges and duties (including withholding tax, approved issuer levy, stamp and transaction duties) imposed by any Tax Authority, together with any related interest, penalties, fines and expenses payable in connection with them, except if imposed on or calculated having regard to, the net income of the Holder;

Tenor of a Note means the number of days from and including its Issue Date, to but excluding, its Maturity Date; and

Tranche means an issue of Notes specified as such in the Pricing Supplement issued on the same Issue Date and on the same Conditions.

For the avoidance of doubt, any of these terms can be varied in the Pricing Supplement.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in these Conditions to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) an agreement, representation or warranty by two or more persons binds them jointly and each of them individually;
- (d) anything (including an amount) is a reference to the whole and each part of it;
- (e) a document includes any variation or replacement of it;
- (f) “**law**” means common law, principles of equity and laws made by parliament (and laws made by parliament include federal or state laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (g) a “**directive**” includes a treaty, official directive, request, regulation, guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply;
- (h) the “**Corporations Act**” is to the Corporations Act 2001 of Australia;
- (i) “**Australian dollars**” or “**A\$**” is a reference to the lawful currency of Australia;
- (j) a time of day is a reference to Sydney time;

- (k) if a notice must be given within a certain period of days, the day on which the notice is given, and the day on which the thing is to happen, are not to be counted in calculating that period;
- (l) the word “**person**” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (m) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- (n) the words “**including**”, “**for example**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

1.3 Number

The singular includes the plural and vice versa.

1.4 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

1.5 References to particular terms

Unless the contrary intention appears, in these Conditions:

- (a) a reference to an Agency Agreement is a reference to each Agency Agreement applicable to the Notes of the relevant Series;
- (b) a reference to an Agent is a reference to each Agent appointed to act in respect of Notes of the relevant Series;
- (c) a reference to a Note is a reference to a Note of a particular Series issued by the Issuer specified in the Pricing Supplement;
- (d) a reference to a Holder is a reference to the holder of Notes of a particular Series; and
- (e) a reference to a Pricing Supplement is a reference to the Pricing Supplement applicable to the Notes of the particular Tranche specified in that Pricing Supplement.

1.6 References to principal and interest

Unless the contrary intention appears, in these Conditions:

- (a) any reference to “principal” is taken to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (“Taxation”), any premium payable in respect of a Note, and any other amount in the nature of principal payable in respect of the Notes under these Conditions; and
- (b) any reference to “interest” is taken to include any other amount in the nature of interest payable in respect of the Notes under these Conditions.

1.7 Terms defined in Pricing Supplement

Terms which are defined in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions but if the Pricing Supplement gives no meaning or specifies that the definition is “Not Applicable”, then that definition is not applicable to the Notes.

Part 2 Introduction

2 Introduction

2.1 Programme

Notes are issued under the Programme.

2.2 Pricing Supplement

The Issuer will issue the Notes on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes. If there is any inconsistency between these Conditions and such Pricing Supplement, the Pricing Supplement prevails.

Notes are issued in Series. A Series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than, to the extent relevant, in respect of the issue price and the first payment of interest).

Copies of the Pricing Supplement are available for inspection or upon request by a Holder or prospective Holder during normal business hours at the Specified Office of the Issuer or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

2.3 Types of Notes

A Note is either a Fixed Rate Note, a Floating Rate Note or of another type specified in the Pricing Supplement.

2.4 Issue restrictions

Unless otherwise specified in the Pricing Supplement, Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Notes:

- (a) in or into Australia if:
 - (i) the aggregate consideration payable to the Issuer by the relevant subscriber is at least A\$500,000 (or its equivalent in an alternative currency, and in either case, disregarding moneys lent by the Issuer or its associates to the subscriber) or the offer or invitation for the issue of the Notes does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
 - (ii) the offer or invitation does not constitute an offer to a “retail client” for the purposes of section 761G of the Corporations Act; and
- (b) in all cases, if the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the issue takes place.

2.5 Denomination

Notes will be issued in the Denomination as specified in the Pricing Supplement.

2.6 Clearing Systems

If the Notes are held in a Clearing System, the rights of a person holding an interest in those Notes are subject to the rules and regulations of the Clearing System. The Issuer is not responsible for anything the Clearing System does or omits to do.

Part 3 The Notes

3 Form

3.1 Constitution

- (a) Notes are debt obligations of the Issuer constituted by, and owing under, the Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register.
- (b) Holders of the Notes are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Deed Poll.

3.2 Form

Notes are issued in registered form by entry in the Register.

3.3 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

4 Status and ranking

4.1 Status

Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

4.2 Ranking

As among themselves, the Notes of each Series will rank *pari passu* and will be payable rateably without preference or priority with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer, except any such obligations as are mandatorily preferred by law.

5 Title and transfer of Notes

5.1 Title

Title to Notes passes when details of the transfer are entered in the Register.

5.2 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an irrevocable undertaking by the Issuer to the Holder to:
 - (i) pay principal, any interest and any other amounts in accordance with these Conditions; and
 - (ii) otherwise to comply with the Conditions; and
- (b) an entitlement to the other benefits given to Holders under these Conditions in respect of the Note.

5.3 Ownership and non-recognition of interests

- (a) Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of such Note subject to correction for fraud or error.
- (b) No notice of any trust or other interest in, or claim to, any Note will be entered in a Register. Neither the Issuer nor the relevant Registrar need take notice of any trust or other interest in, or claim to, any Note, except as ordered by a court of competent jurisdiction or required by any applicable law or directive. This Condition 5.3(b) (“Ownership and non-recognition of interests”) applies whether or not a Note is overdue.

5.4 Joint holders

Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold that Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

5.5 Transfers

- (a) Holders may only transfer Notes in accordance with these Conditions.
- (b) Notes may be transferred in whole but not in part.

5.6 Conditions of transfer

Notes may only be transferred if:

- (a) in the case of Notes to be transferred in Australia:
 - (i) the offer or invitation giving rise to the transfer of the Notes (A) is for an aggregate consideration of at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the transferor or its associates to the transferee), or (B) does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act; and
 - (ii) the transfer is not to a “retail client” for the purposes of section 761G of the Corporations Act; and
- (b) at all times, the transfer complies with all applicable laws or directives of the jurisdiction where the transfer takes place.

5.7 Transfer procedures

- (a) Interests in Notes held in a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. If a Note is lodged in the Austraclear System, the Issuer and the relevant Registrar will only recognise the interest of Austraclear as the Holder while that Note is lodged in the Austraclear System.
- (b) Application for the transfer of Notes not held in a Clearing System must be made by the lodgment of a transfer form with the Registrar at its Specified Office. Transfer forms must be in the form available from the Issuer (or such other person as may be specified in the Pricing Supplement) and:
 - (i) each transfer form must be:
 - (A) duly completed and stamped (if applicable);

- (B) accompanied by any evidence the Registrar may require to establish that the transfer form has been duly executed; and
 - (C) signed by, or on behalf of, both the transferor and the transferee; and
- (ii) transfers will be registered without charge provided all applicable Taxes have been paid.

5.8 Other provisions applicable to transfers

- (a) Transfers of Notes which are not lodged in a Clearing System cannot be made between a Record Date and the relevant Interest Payment Date if a redemption of such Note is to occur during that period in accordance with these Conditions.
- (b) Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under these Conditions in respect of the transferred Note and the transferee becomes so entitled in accordance with Condition 5.2 (“Effect of entries in Register”).
- (c) A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.
- (d) A transfer of a Note to an unincorporated association is not permitted.
- (e) If a Holder transfers some but not all of the Notes it holds and the transfer form does not identify the specific Notes transferred, the relevant Registrar may choose which Notes registered in the name of Holder have been transferred. However, the aggregate principal amounts of the Notes registered as transferred must equal the aggregate principal amount of the Notes expressed to be transferred in the transfer form.

5.9 Austraclear as Holder

If Austraclear is recorded in the Register as the Holder, each person in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded is taken to acknowledge in favour of the Issuer, the Registrar and Austraclear that:

- (a) the Registrar’s decision to act as the Registrar of that Note is not a recommendation or endorsement by the Registrar or Austraclear in relation to that Note, but only indicates that the Registrar considers that the holding of the Note is compatible with the performance by it of its obligations as Registrar under the applicable Agency Agreement; and
- (b) the Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

Part 4 Interest

6 Fixed Rate Notes

This Condition 6 (“Fixed Rate Notes”) applies to the Notes only if the Pricing Supplement states that it applies.

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate. Interest is payable in arrear on each Interest Payment Date.

6.2 Fixed Coupon Amount

Unless otherwise specified in the Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the preceding Interest Period will be the Fixed Coupon Amount specified in the Pricing Supplement.

6.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period for which a Fixed Coupon Amount is not specified in the Pricing Supplement is calculated by multiplying the Interest Rate for that period, the outstanding principal amount of the Fixed Rate Note and the applicable Day Count Fraction.

7 Floating Rate Notes

This Condition 7 ("Floating Rate Notes") applies to the Notes only if the Pricing Supplement states that it applies.

7.1 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate. Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the Pricing Supplement, each date which falls the number of months or other period specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

7.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Note must be determined by the Calculation Agent in accordance with these Conditions.

7.3 Fallback Interest Rate

Unless otherwise specified in the Pricing Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 7.2 ("Interest Rate determination"), the Interest Rate for the Interest Period will be the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period.

7.4 Bank Bill Rate Determination

If Bank Bill Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the Bank Bill Rate.

7.5 ISDA Determination

If ISDA Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for

each Interest Period is the relevant ISDA Rate (as defined below) plus or minus (as indicated in the applicable Pricing Supplement) the Margin.

For the purposes of this Condition 7.5, “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for the Notes under an interest rate swap transaction if the Calculation Agent for the Notes were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions (as defined below) and under which:

- (a) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (b) the Designated Maturity is a period specified in the applicable Pricing Supplement;
- (c) the relevant Reset Date is as specified in the applicable Pricing Supplement; and
- (d) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction.

For the purposes of this Condition 7.5, “Floating Rate”, “Calculation Agent” (except references to “Calculation Agent for the Notes”), “Floating Rate Option”, “Designated Maturity”, “Reset Date”, “Period End Date”, “Spread” and “Floating Rate Day Count Fraction” have the meanings given to those terms in the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (“**ISDA Definitions**”).

7.6 Screen Rate Determination

If Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period will be:

- (a) the offered quotation; or
- (b) the arithmetic mean (rounded in accordance with Condition 8.6 (“Rounding”)) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 am (Sydney time) or such other time as is specified in the Pricing Supplement (“**Relevant Time**”) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations.

7.7 Linear Interpolation

If the Pricing Supplement states that “Linear Interpolation” applies to an Interest Period, the Interest Rate for that Interest Period will be determined through the use of straight line interpolation by reference to two Bank Bill Rates or other floating rates specified in the Pricing Supplement, one of which shall be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement) and the other of which shall be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

Part 5 **General interest provisions**

8 General provisions applicable to interest

8.1 Maximum or Minimum Interest Rate

If the Pricing Supplement specifies a “Maximum Interest Rate” or “Minimum Interest Rate” for any Interest Period then, the Interest Rate for the Interest Period must not be greater than the maximum, or be less than the minimum, so specified.

8.2 Calculation of Interest Rate and interest payable

- (a) The Calculation Agent must:
 - (i) in relation to each Interest Period for each Floating Rate Note, as soon as practicable after determining the Interest Rate, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of such Note; or
 - (ii) calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of each other Note.
- (b) Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Note by the applicable Day Count Fraction.
- (c) The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

8.3 Calculation of other amounts

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

8.4 Notification of Interest Rate, interest payable and other items

- (a) The Calculation Agent must notify the Issuer, the Registrar, the Holders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed of:
 - (i) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date; and
 - (ii) any amendment to any amount, item or date referred to in paragraph (i) arising from any extension or reduction in any Interest Period or calculation period.
- (b) The Calculation Agent must give notice under this Condition 8.4 as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate, the amount of interest payable and each Interest Payment Date by the fourth day of the Interest Period.
- (c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the Registrar, the Holders, each other Agent and each

stock exchange or other relevant authority on which the Notes are listed after doing so.

8.5 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of proven error, final and binding on the Issuer, the Registrar, each Holder and each other Agent.

8.6 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest four decimal places (with 0.00005 per cent. being rounded up to 0.0001 per cent.);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one Australian cent.

Part 6 Redemption and purchase

9 Redemption and purchase

9.1 Scheduled redemption

Each Note is redeemable by the Issuer on the Maturity Date at its Redemption Amount unless:

- (a) the Note has been previously redeemed;
- (b) the Note has been purchased and cancelled; or
- (c) the Pricing Supplement states that the Note has no fixed Maturity Date.

9.2 Early redemption for taxation reasons

The Issuer may redeem all (but not some) of the Notes of a Series in whole before their Maturity Date at the Redemption Amount and any interest accrued on it to (but excluding) the Redemption Date if, as a consequence of a change, or announced prospective change, in:

- (a) law or a binding judicial decision, ruling or determination; or
- (b) an administrative decision (with which the Issuer is required to, or habitually, comply) interpreting, applying or clarifying those laws or judicial decisions,

occurring after the issue date of the first Tranche of a Series of Notes the Issuer is required under Condition 12.2 ("Withholding tax") to increase the amount of a payment in respect of a Note.

However, the Issuer may only do so if:

- (i) the Issuer has given at least 30 days (and no more than 90 days) (or any other period specified in the Pricing Supplement) notice to the Registrar, the

Holders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed;

- (ii) before the Issuer gives the notice under paragraph (i), the Issuer has provided the Registrar with a copy of an opinion of an independent legal or tax adviser of recognised standing in the Relevant Tax Jurisdiction, that either of the circumstances set out in (a) or (b) above has arisen;
- (iii) in the case of Fixed Rate Notes, no notice of redemption is given earlier than 90 days before the earliest date on which the Issuer would be obliged to pay Additional Amounts; and
- (iv) in the case of Floating Rate Notes bearing a floating rate of interest:
 - (A) the proposed Redemption Date is an Interest Payment Date; and
 - (B) no notice of redemption is given earlier than 90 days before the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay Additional Amounts.

9.3 Early redemption at the option of Holders (Holder put)

If the Pricing Supplement states that a Holder may require the Issuer to redeem all or some of the Notes of a Series held by the Holder before their Maturity Date, the Issuer must redeem the Notes specified by the Holder at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the amount of Notes to be redeemed is a multiple of their Denomination;
- (b) the Holder has given at least 30 days' (and no more than 90 days') (or any other period specified in the Pricing Supplement) notice, to the Issuer and the Registrar by delivering to the Specified Office of the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Registrar, together with any evidence the Registrar may require to establish title of the Holder to the Note;
- (c) the notice referred to in paragraph (b) specifies an account in Australia to which the payment should be made or an address to where a cheque for payment should be sent;
- (d) the Redemption Date is an Early Redemption Date (Put) specified in the Pricing Supplement; and
- (e) any other condition specified in the Pricing Supplement is satisfied.

Any notice given by a Holder under this Condition 9.3 is irrevocable.

A Holder may not require the Issuer to redeem any Note under this Condition 9.3 if the Issuer has given notice that it will redeem the Note under Condition 9.2 ("Early redemption for taxation reasons") or Condition 9.4 ("Early redemption at the option of the Issuer (Issuer call)").

9.4 Early redemption at the option of the Issuer (Issuer call)

If the Pricing Supplement states that the Issuer may redeem all or some of the Notes of a Series before their Maturity Date under this Condition 9.4, the Issuer may redeem so many of the Notes specified in the Pricing Supplement at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date.

However, the Issuer may only do so if:

- (a) the amount of Notes to be redeemed is a multiple of, their Denomination;
- (b) the Issuer has given at least 30 days' (and no more than 90 days') (or any other period specified in the Pricing Supplement) notice to the Registrar, each Holder and any stock exchange or other relevant authority on which the Notes are listed;
- (c) the proposed redemption date is an Early Redemption Date (Call) specified in the Pricing Supplement; and
- (d) any other condition specified in the Pricing Supplement is satisfied.

9.5 Partial redemptions

If only some of the Notes are to be redeemed under Condition 9.4 ("Early redemption at the option of the Issuer (Issuer call)"), the Notes to be redeemed will be specified in the notice and selected by the Issuer:

- (a) in a fair and reasonable manner under the circumstances of the proposed redemption and having regard to prevailing market practice; and
- (b) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the Notes are listed.

9.6 Redemption on Change of Control

If the Commonwealth of Australia ceases to hold more than 50% of the Issuer's capital or voting power or both and, as a result, the Issuer's long term local currency debt rating is downgraded to below "A+" (or its equivalent) by the Standard & Poor's Rating Group (or its successors or another rating agency of domestic or international standing and recognition), then upon a Holder electing to give written notice of the Issuer not less than 10 Business Days prior to an Interest Payment Date, the Issuer shall redeem that Holder's Notes on the next Interest Payment Date at their outstanding principal amount (plus any accrued but unpaid interest).

9.7 Effect of notice of redemption

Any notice of redemption given under this Condition 9 ("Redemption and purchase") is irrevocable.

9.8 Late payment

If an amount is not paid under this Condition 9 ("Redemption and purchase") when due, then interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Holder.

9.9 Purchase

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Purchases may be made by tender offers. Tender offers are subject to applicable law in any relevant jurisdiction. Notes purchased under this Condition 9.9 may be held, resold or cancelled at the discretion of the Issuer and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law or requirement of any stock exchange or other relevant authority on which the Notes are listed.

Part 7 Payments

10 General provisions

10.1 Summary of payment provisions

Payments in respect of Notes will be made in accordance with Condition 10.3 ("Payments on Business Days").

10.2 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of Condition 12.2 ("Withholding tax").

10.3 Payments on Business Days

If a payment:

- (a) is due on a Note on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the applicable Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue in accordance with these Conditions.

10.4 Waiver

The Issuer waives any right it has in any jurisdiction to pay an amount other than Australian dollars.

11 Payments on Notes

11.1 Payment of principal

Payments of the principal in respect of a Note will be made to each person registered at 10.00 am on the payment date as the holder of a Note (or to the first person registered in the case of joint holders).

11.2 Payment of interest

Payments of interest in respect of a Note will be made to each person registered at the close of business on the Record Date as the holder of that Note (or to the first person registered in the case of joint holders).

11.3 Payments to accounts

Payments in respect of the Note will be made in Australia and:

- (a) if the Note is held in the Austraclear System, by crediting on the payment date, the amount due to:
 - (i) the account of Austraclear (as the Holder) in Australia previously notified to the Issuer and the Registrar; or

- (ii) if requested by Austraclear, the accounts of the persons in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with Austraclear Regulations; and
- (b) if the Note is not held in the Austraclear System, by crediting on the payment date, the amount then due under each Note to an account previously notified by the Holder to the Issuer and the Registrar.

11.4 Payments by cheque

If a Holder has not notified the Registrar of an account to which payments to it must be made by the close of business on the Record Date, payments in respect of the Note will be made by cheque sent by prepaid registered post on the payment date, at the risk of the Holder, to the Holder (or to the first named joint holder of the Note) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the Business Day immediately following the payment date and, no further amount will be payable by the Issuer in respect of the Note as a result of the Holder not receiving payment on the due date.

12 Taxation

12.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

12.2 Withholding tax

Subject to Condition 12.3 (“Withholding tax exemptions”), if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Holder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this Condition 12.2, each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

12.3 Withholding tax exemptions

No Additional Amounts are payable under Condition 12.2(b) (“Withholding tax”) in respect of any Note:

- (a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of the person having some connection with a Relevant Tax Jurisdiction other than the mere holding of such Note or receipt of payment in respect of the Note;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any Tax Authority;

- (c) presented for payment (to the extent that presentation is required) or otherwise arranging to receive payment more than 30 days after the relevant payment date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment (to the extent that presentation is required), or otherwise arranging to receive payment, on the thirtieth such day;
- (d) to, or to a third party on behalf of, a Holder who is an Offshore Associate of the Issuer and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;
- (e) to, or to a third party on behalf of, an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate tax file number, an Australian business number or other exemption details; or
- (f) in such other circumstances as may be specified in the Pricing Supplement.

13 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within ten years (in the case of principal) or five years (in the case of interest and other amounts) from the date on which payment first became due.

Part 8 Events of Default

14 Events of Default

14.1 Events of Default

Unless otherwise specified in the Conditions, if any of the following events occurs and is continuing (each an “**Event of Default**”), such Event of Default shall be an acceleration event in relation to the Notes of any Series, namely:

- (a) (**non-payment**) default has been made for a period of 5 Business Days or more in the payment of interest on, or principal of, the Notes or any of them;
- (b) (**other obligations**) the Issuer has been in default in the performance of any other obligation in respect of the Notes which default is incapable of remedy, or, if capable of remedy, is not remedied within 30 days after written notice requiring such default to be remedied has been delivered to the Issuer by the Registrar or a Holder;
- (c) (**cross acceleration**) the Issuer has been called upon to repay an aggregate amount of not less than A\$50,000,000 (or its equivalent in any other currency) prematurely due to default, any other loan or indebtedness, or a security interest granted therefor has been enforced on behalf of or by the creditors entitled thereto.

For the purposes of this Condition 14.1(c) “**security interest**” means any mortgage, pledge, lien charge or other security interest howsoever created or arising (other than any lien or pledge arising in the ordinary course of business of in respect of the payment of any claim or liability payment of which is being contested in good faith and nothing in this definition is affected by the definition of “security interest” in section 12 of the Personal Property Securities Act 2009 of Australia);

- (d) (**arrangement or compromise**) except to reconstruct or amalgamate while solvent, if the Issuer enters into, or resolves to enter into, a scheme or arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any

class of its creditors or proposes a reorganisation, moratorium or other administration involving any of them;

- (e) **(winding up)** the Issuer is wound up, dissolved or otherwise ceases to exist or irrevocably resolves to wind itself up or otherwise dissolve itself, except to reconstruct or amalgamate while solvent or an order is made by an Australia court that the Issuer be wound up;
- (f) **(insolvency appointment)** an external administrator, liquidator, controller or person having similar or analogous powers (however described) is appointed in respect of, or to otherwise deal with, all or a substantial part of the assets of the Issuer;
- (g) **(cessation of business)** the Issuer has stopped payment generally or ceased or threatened to cease to carry on its business or has disposed or is contractually obliged to dispose of the whole or substantially the whole of its business whether by a single transaction or a series of transactions and whether related or not, other than for the purpose of a reconstruction or amalgamation, while solvent;
- (h) **(judgment against Issuer)** a judgment or award is obtained and not set aside or satisfied within 15 Business Days against the assets of the Issuer, in an amount exceeding A\$75,000,000 unless and for so long as the Issuer is diligently pursuing in good faith an appeal from the judgment or award unless that judgement or award would, if it were not being appealed, have a material adverse effect on the Issuer's ability to comply with its payment obligations under the Notes; or
- (i) **(invalidity)** any Note becomes wholly or partially void, voidable or unenforceable or is claimed to be so by the Issuer or anyone on behalf of the Issuer.

14.2 Consequences of an Event of Default

If any Event of Default occurs and continues unremedied in relation to the Notes, then a Holder may give written notice to the Issuer (with a copy to the Registrar) requiring repayment on the third Business Day following receipt of such notice and each Note held by it shall accordingly become due and payable at its Redemption Amount on that date, together with any interest accrued to the date of repayment.

14.3 Notification

If an Event of Default occurs, the Issuer must promptly after becoming aware of it notify the Registrar, the Holders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed of the occurrence of the Event of Default.

Part 10 General

15 Agents

15.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any Holder except that, any funds received by an applicable Agent may, pending their application in accordance with the relevant Agency Agreement, be held by such Agent on trust for the benefit of the persons entitled to them.

15.2 Appointment and replacement of Agents

Each Agent for the Notes is specified in the Pricing Supplement. Subject to Condition 15.4 (“Required Agents”), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

15.3 Change of Agent

Notice of any change of an Agent or its Specified Offices must promptly be given to the Holders by the Issuer or the Agent on its behalf.

15.4 Required Agents

The Issuer must:

- (a) at all times during which Notes are outstanding, maintain a Registrar; and
- (b) if a Calculation Agent is specified in the Pricing Supplement, at all times maintain a Calculation Agent in respect of the Notes.

16 Meetings of Holders

The Meetings Provisions contain provisions (which have effect as if incorporated in these Conditions) for convening meetings of the Holders of any Series to consider any matter affecting their interests, including any variation of these Conditions.

17 Variation

17.1 Variation with consent

Unless Condition 17.2 (“Variation without consent”) applies, any Condition may be varied by the Holders of the Series by Extraordinary Resolution in accordance with the Meeting Provisions.

17.2 Variation without consent

Any Condition may be amended without the consent of the Holders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a proven error;
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision and, in the reasonable opinion of the Issuer, is not materially prejudicial to the interests of the Holders;
- (d) is to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (e) only applies to Notes issued after the date of amendment.

18 Further issues

The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same Conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes of that Series.

19 Notices

19.1 Notices to Holders

All notices and other communications to the Holders must be in writing and sent by prepaid post (airmail if appropriate) to or left at the address of the Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the notice or communication) and may also be:

- (a) given by an advertisement published in *The Australian Financial Review* or *The Australian*; or
- (b) if the Pricing Supplement specifies an additional or alternate newspaper, given by an advertisement published in that newspaper.

19.2 Notices to the Issuer and the Agents

All notices and other communications to the Issuer or an Agent must be in writing and may be sent by prepaid post (airmail if appropriate) to or left at the Specified Office of the Issuer or the Agent.

19.3 When effective

Notices and other communications take effect from the time they are taken to be received unless a later time is specified in them.

19.4 Receipt - publication in newspaper

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers.

19.5 Receipt - postal

A notice or other communication sent by post is taken to be received five days after posting.

20 Governing law

20.1 Governing law

Notes are governed by the law in force in New South Wales.

20.2 Jurisdiction

The Issuer irrevocably and unconditionally submits, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of New South Wales and the courts of appeal from them. The Issuer waives any right it has to object to an action being brought in the courts of New South Wales including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

20.3 Serving documents

Without preventing any other method of service, any document in any action may be served on the Issuer or a Holder by being delivered or left at their registered office or principal place of business.

Form of Pricing Supplement

The Pricing Supplement to be issued in respect of each Tranche of Notes will be substantially in the form set out below.

Series No.: [●]

Tranche No.: [●]



Australian Postal Corporation
(ABN 28 864 970 579)

Australian Dollar Medium Term Note Programme

Issue of
[A\$ [●]] [*Aggregate Principal Amount of Notes*]
[*Title of Notes*] due [●] (“Notes”)

The date of this Pricing Supplement is [●] (“Pricing Supplement”).

This Pricing Supplement (as referred to in the Information Memorandum dated [●] in relation to the above Programme) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with the terms and conditions of the Notes contained in the Information Memorandum dated [●] (“Conditions”) and the Note Deed Poll dated [●] made by the Issuer. Unless otherwise indicated, terms defined in the Conditions have the same meaning in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

- 1 Issuer : Australian Postal Corporation
- 2 Type of Notes : [Fixed Rate / Floating Rate / *specify other*]
- 3 Method of distribution : [Private / Syndicated Issue]
- 4 Lead Manager[s] : [*Specify*]
- 5 Dealer[s] : [*Specify*]
- 6 Registrar : [Austraclear Services Limited (ABN 28 864 970 579) / *specify other*]

7	I&P Agent	:	[[●] (ABN [●]) / <i>specify other</i>]
8	Calculation Agent	:	[[●] (ABN [●]) / <i>specify other</i>]
9	Details of Series (Fungibility with other Tranches)	:	[Not applicable / <i>specify if Tranche is to form a single Series with an existing Tranche or Series, specify date on which all Notes of the Series become fungible (if no specific future date, specify the Issue Date)</i>]
10	Principal amount of Tranche	:	[<i>Specify</i>]
	Aggregate principal amount of Series	:	[<i>Specify</i>]
11	Issue Date	:	[<i>Specify</i>]
12	Issue Price	:	[<i>Specify</i>]
13	Denomination[(s)]	:	[A\$ / <i>specify other</i>]
14	Maturity Date	:	[<i>Specify</i>]
15	Record Date	:	[As per the Conditions / <i>specify</i>]
16	Condition 6 (Fixed Rate Notes) applies	:	[Yes / No] [If "No", delete following Fixed Rate provisions]
	Fixed Coupon Amount	:	[<i>Specify</i>]
	Interest Rate	:	[<i>Specify</i>]
	Interest Commencement Date	:	[Issue Date / <i>specify</i>]
	Interest Payment Dates	:	[<i>Specify</i>]
	Business Day Convention	:	[Following Business Day Convention / Preceding Business Day Convention / No Adjustment / <i>specify other</i>]
	Day Count Fraction	:	[Actual/Actual (ICMA) / Actual/365 (Fixed) / <i>specify other</i>]
17	Condition 7 (Floating Rate Notes) applies	:	[Yes / No] [If "No", delete following Floating Rate provisions]
	Interest Commencement Date	:	[Issue Date / <i>specify</i>]
	Interest Rate	:	[<i>Specify method of calculation</i>]
	Interest Payment Dates	:	[<i>Specify dates or the Specified Period</i>]
	Business Day Convention	:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / <i>specify other</i>]
	Margin	:	[<i>Specify (state if positive or negative)</i>]
	Day Count Fraction	:	[<i>Specify</i>]

Fallback Interest Rate	:	[Specify / Not applicable]
Interest Rate Determination	:	[Specify if Bank Bill Rate Determination, ISDA Determination or Screen Rate Determination] applies (Condition 7.4, Condition 7.5 or Condition 7.6)
<i>[If Bank Bill Rate Determination applies, specify the following (otherwise delete provision)]</i>		
Bank Bill Rate	:	As per Condition 7.4 / specify any variation to the Conditions]
Maximum and Minimum Interest Rate	:	[Specify / Not applicable]
Default Rate	:	[Specify (In the case of interest-bearing Notes, specify rate of interest applying to overdue amounts (if different to usual Interest Rate)]
Rounding	:	[As per Condition 8.6 / specify]
Relevant Financial Centre	:	[Applicable / Not applicable]
Linear Interpolation	:	[Applicable / Not applicable] [If applicable, provide details]
<i>[If ISDA Determination applies, specify the following (otherwise delete provision)]</i>		
Floating Rate Option	:	[Specify]
Designated Maturity	:	[Specify]
Reset Date	:	[Specify]
<i>[If Screen Rate Determination applies, specify the following (otherwise delete provision)]</i>		
Relevant Screen Page	:	[Specify]
Relevant Time	:	[Specify]
Reference Rate	:	[Specify]
Reference Banks	:	[Specify]
Interest Determination Date	:	[Specify]
18	Condition 9.3 (Holder put) applies	: [Yes, the Notes redeemable before their Maturity Date at the option of the Holders / No] [If "No", delete following Holder put provisions]
	Early Redemption Date(s) (Put)	: [Specify]

- Minimum / maximum notice period for exercise of Holder put : [Specify]
- Relevant conditions to exercise of Holder put : [Specify]
- 19 Condition 9.4 (Issuer call) applies : [Yes, the Notes redeemable before their Maturity Date at the option of the Issuer / No]
[If “No”, delete following Issuer call provisions]
- Early Redemption Date(s) (Call) : [Specify]
- Minimum / maximum notice period for exercise of Issuer call : [Specify]
- Relevant conditions to exercise of Issuer call : [Specify]
- 20 Minimum / maximum notice period for early redemption for taxation purposes : [As per Condition 9.2 / specify]
- 21 Additional conditions : [Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included]
- 22 Clearing System[(s)] : [Austraclear / specify others]
- 23 ISIN : [Specify]
- 24 [Common Code] : [Specify]
- 25 [Selling Restrictions] : [Specify any variation to the selling restrictions set out in the Information Memorandum]
- 26 Listing : [Not applicable / “Australian Securities Exchange” / specify details of other relevant stock exchange]
- 27 [Credit ratings] : [Specify]

[A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.]

Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this Pricing Supplement and anyone who receives this Pricing Supplement must not distribute it to any person

who is not entitled to receive it.]

28 [Additional Information] : [Specify]

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

CONFIRMED

Executed by Australian Postal Corporation

By:

Name:

Title:

Date:

Selling Restrictions

Subject to the terms and on the conditions contained in the Dealer Agreement, the Notes will be offered by the Issuer to the Dealers.

The Issuer is entitled under the Dealer Agreement to appoint one or more Dealers as a dealer for a particular issue of Notes. The Notes may be resold at prevailing market prices, or at related prices, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer.

1. General

Each Dealer will be required to represent and agree that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes and that it will not directly or indirectly offer, sell, resell, reoffer or deliver Notes or distribute or publish this Information Memorandum, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this Information Memorandum) in relation to the Notes in or from any country or jurisdiction except under circumstances that will to the best of its knowledge and belief result in compliance with any applicable laws, regulations and directives, and all offers, sales and deliveries of Notes by it will be made on the foregoing terms.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by the Issuer and the Dealers to comply with all applicable laws, regulations and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under any applicable law, regulation or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and neither the Issuer nor any Dealer shall have responsibility therefor. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In these selling restrictions “directive” includes a treaty, an official directive, request, regulation guideline or policy (whether or not having the force of law) with which responsible participants in the relevant market generally comply.

In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in Australia, the United States of America, the United Kingdom, the European Economic Area, Japan, Hong Kong, Singapore and New Zealand as set out below.

2. Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Notes has been, or will be, lodged with ASIC. Each Dealer will be required to represent and agree, that unless the relevant Pricing Supplement (or another supplement to this Information Memorandum) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

- (b) has not distributed or published, and will not distribute or publish, this Information Memorandum or any other offering material or advertisement relating to any Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a “retail client” for the purposes of section 761G of the Corporations Act;
- (iii) in connection with the invitation, offer or sale of the Notes, such action complies with any other applicable laws, regulations or directives in Australia; and
- (iv) such action does not require any document to be lodged with ASIC.

3. United States of America

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered, sold, delivered or transferred within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or in transactions exempt from, or not subject to, the registration requirements of the Securities Act.

Each Dealer will be required to represent and agree that it will not offer, sell or deliver the Notes:

- (a) as part of their distribution at any time; and
- (b) otherwise until 40 days after completion of the distribution of all Notes of the Tranche of which those Notes are a part, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the Lead Manager,

within the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of the Securities Act.

Each Dealer will also be required to represent and agree that (i) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, (ii) it, its affiliates and any persons acting on its behalf or their behalf have complied and will comply with the offering restrictions requirement of Regulation S and (iii) it will have sent to each distributor to which it sells Notes during the distribution compliance period a confirmation or other notice substantially to the following effect:

“The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the “Securities Act”) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which the Notes covered hereby are a part, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the Lead Manager, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.”

Until 40 days after the completion of the distribution of all Notes of the Tranche of which those Notes are a part, an offer or sale of Notes within the United States of America by any Dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Terms used in the preceding paragraphs under this heading have the meanings given to them by Regulation S.

4. **United Kingdom**

Each Dealer will be required to represent and agree that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom;
- (b) in relation to such Notes:
 - (i) it is a person whose ordinary activities involve acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold, and will not offer or sell, any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

5. **Public offer Selling Restriction under the Prospectus Directive**

Unless otherwise stated in this “Selling Restrictions” section, in relation to each Member State of the European Economic Area (“**EEA State**”) which has implemented the Prospectus Directive (each, a “**Relevant EEA State**”), each Dealer will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant EEA State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum in relation thereto to the public in that Relevant EEA State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant EEA State:

- (a) at any time to legal entities which are qualified investors as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant EEA State means the communication in any form and by any

means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that EEA State by any measure implementing the Prospectus Directive in that EEA State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant EEA State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

6. Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 as amended, the “**Financial Instruments and Exchange Act**”) and, accordingly, each Dealer will be required to represent and agree that it has not offered or sold, and will not offer or sell, any Notes directly or indirectly in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws and regulations of Japan. For the purposes of this paragraph, “**Japanese Person**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

7. Hong Kong

The Notes have not been authorised by the Hong Kong Securities and Futures Commission.

Each Dealer will be required to represent and agree that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong by means of any document, any Notes other than:
 - (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“**Securities and Futures Ordinance**”) and any rules made under that Ordinance; or
 - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) unless it is a person permitted to do so under the applicable securities laws of Hong Kong, it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, (in each case, whether in Hong Kong or elsewhere) any advertisement, invitation, or other offering material or other document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance.

8. Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended (“**Securities and Futures Act**”).

Each Dealer will be required to represent and agree that it will not offer or sell the Notes, nor make the Notes the subject of an invitation for subscription or purchase, nor will it circulate or distribute the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly to persons in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act;
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each Dealer will be required to represent and agree to notify (whether through the distribution of this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes or otherwise) each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes from and through that Dealer, namely a person who is:

- (i) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (A) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or any person arising from an offer referred to in Section 275(1A) or Section 276(7) of the Securities and Futures Act;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the Securities and Futures Act; or
- (E) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

9. New Zealand

Each Dealer will be required to represent and agree, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes; and
- (b) it has not distributed and will not distribute, directly or indirectly, any offering materials or advertisement in relation to any offer of Notes,

in each case in New Zealand unless:

- (i) the aggregate consideration payable is not less than NZ\$500,000, for New Zealand Notes offered on or before 30 November 2014, or the aggregate consideration payable is not less than NZ\$750,000 for New Zealand Notes offered on or after 1 December 2014 (in either case disregarding any amount lent by the offeror or any associated person of the offeror);

- (ii) in relation to New Zealand Notes offered in New Zealand on or before 30 November 2014, the New Zealand Notes are transferred to persons whose principal business is the investment of money or who in the course of and for the purposes of their business, habitually invest money within the meaning of the Securities Act 1978 of New Zealand or in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand (provided that the New Zealand Notes may not be transferred to “eligible persons” within the meaning of the Securities Act 1978 of New Zealand); or
- (iii) in relation to New Zealand Notes offered in New Zealand on or after 1 December 2014, to wholesale investors within the meaning of the Financial Markets Conduct Act 2013 of New Zealand.

Australian Taxation

Australian taxation

*The following is a summary of the withholding tax treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “**Australian Tax Act**”), the Taxation Administration Act 1953 of Australia and any relevant rulings, determinations and regulations, at the date of this Information Memorandum, of payments of interest on the Notes to be issued by the Issuer under the Programme and certain other matters. It is not exhaustive and should be treated with appropriate caution. In particular, the summary does not deal with the position of certain classes of holders of Notes (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons).*

Prospective holders of Notes should also be aware that particular terms of issue of any Series may affect the tax treatment of that and other Series of Notes. Information regarding taxes in respect of Notes may also be set out in the applicable Pricing Supplement.

The summary is not intended to be, nor should it be construed as, legal or tax advice. Prospective holders of Notes are urged to satisfy themselves as to the overall tax consequences of purchasing, holding and/or selling Notes and should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

1. Interest withholding tax

The Australian Taxation Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies) including for the purposes of interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**IWT**”) and dividend withholding tax. The Issuer intends to issue Notes which will be characterised as both “debt interests” and “debentures” for these purposes.

In the case of “debt interests” such as the Notes, IWT is payable at a rate of 10% of the gross amount of interest paid by the Issuer to a non-Australian resident (other than a non-Australian resident who derives the interest income in carrying on business at or through a permanent establishment in Australia) or an Australian resident who derives the interest income in carrying on business at or through a permanent establishment outside Australia, unless an exemption is available.

An exemption from IWT is available in respect of interest paid on Notes to be issued by the Issuer under the Programme if (a) the requirements of section 128F of the Australian Tax Act are met, or (b) the requirements of an applicable double tax convention are satisfied.

Unless otherwise specified in any applicable Pricing Supplement (or another relevant supplement to this Information Memorandum), the Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

2. Section 128F exemption from IWT

The exemption from IWT under section 128F of the Australian Tax Act is available in respect of interest paid on the Notes issued by the Issuer if the following conditions are met:

- (a) the Issuer remains a resident of Australia and a company when it issues those Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined for these purposes to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) those Notes are issued in a manner which satisfies the public offer test in section 128F of the Australian Tax Act. In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue.

Only one of the methods needs to be satisfied. In summary, the five principal methods are:

- offers to 10 or more unrelated financiers or securities dealers;
- offers to 100 or more investors;
- offers of listed Notes;
- offers via publicly available information sources; and
- offers to a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods.

The issue of any of those Notes (whether in global form or otherwise) and the offering of interests in any of those Notes by one of these methods should satisfy the public offer test;

- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and
- (d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

Associates

An “associate” of the Issuer for the purposes of section 128F of the Australian Tax Act includes (i) a person or entity which holds a majority of the voting shares of, or otherwise controls, the Issuer, (ii) an entity in which a majority of the voting shares are held by, or which is otherwise controlled by, the Issuer, (iii) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust, and (iv) a person or entity who is an “associate” of another person or company which is an “associate” of the Issuer under any of the foregoing.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (c) and (d) above), “associate” does not include:

- (A) an onshore associate (ie an Australian resident associate who does not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia, or a non-Australian resident associate who holds the Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- (B) an offshore associate (ie an Australian resident associate who holds the Notes in the course of carrying on business at or through a permanent establishment outside Australia, or a non-Australian resident associate who does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia) who is acting in the capacity of:
 - (i) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme; or

- (ii) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme.

Exemptions under recent double tax conventions

The Australian government has signed new or amended double tax conventions (“**New Treaties**”) with a number of countries (each a “**Specified Country**”).

In broad terms, once they have entered into force, the New Treaties effectively prevent IWT being imposed on interest derived by:

- the government of the relevant Specified Country, and certain governmental authorities and agencies in the Specified Country; or
- a “financial institution” which is a resident of a Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term “financial institution” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation.

Payment of Additional Amounts

As set out in more detail in the Conditions for the Notes, and unless expressly provided to the contrary in the applicable Pricing Supplement (or another relevant supplement to this Information Memorandum), if the Issuer is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by a Relevant Tax Jurisdiction (as defined in the Conditions) in respect of the Notes, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary to ensure that the net amounts received by the holders of those Notes after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required. If the Issuer is compelled by law in relation to any Notes to deduct or withhold an amount in respect of any withholding taxes, the Issuer will have the option to redeem those Notes in accordance with the Conditions.

3. Other tax matters

Under Australian laws as presently in effect:

- (a) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (b) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes;
- (c) *other withholding taxes on payments in respect of Notes* - section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“**Taxation Administration Act**”) imposes a type of withholding tax at the rate of (currently) 46.5% (with an increase to 47% from 1 July 2014) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (“**TFN**”), (in certain circumstances) an Australian Business Number (“**ABN**”) or proof of some other exception (as appropriate).

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, then the requirements of section 12-140 do not apply to payments to a holder of Notes in registered form who is not a resident of Australia and not holding those Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Notes in registered form may be subject to a withholding where the holder of those Notes does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);

- (d) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (e) *goods and services tax (“GST”)* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia.

Directory

Issuer

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Commonwealth Bank of Australia

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Registrar

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