

13 July 2004

The Manager

Company Announcements Office
Australian Stock Exchange
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SYDNEY NSW 2000

Office of the Company Secretary

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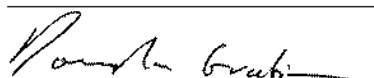
ELECTRONIC LODGEMENT

Dear Sir or Madam

Notice of Change of Interests of Substantial Holder

In accordance with section 671B of the Corporations Act, Telstra attaches a Notice of change of interests of substantial holder in relation to KAZ Group Limited.

Yours sincerely



Douglas Gratton
Company Secretary

Form 604

Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme **KAZ Group Limited**

ACN/ARSN **002 124 405**

1. Details of substantial holder (1)

Name **Telstra Corporation Limited ("Telstra") and each person set out in Annexure "A" ("Telstra Group")**
ACN (if applicable) **051 775 556**

There was a change in the interests of the substantial holder on **09/07/2004**

The previous notice was given to the company on **08/04/2004**

The previous notice was dated **08/04/2004**

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interest in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary	100,475,555	12.15%	828,542,400	100.00%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
09/07/04	Telstra	Relevant interest under section 608(1) of the Corporations Act. Telstra has acquired a relevant interest in all of the issued ordinary shares in KAZ Group Limited pursuant to the Scheme of Arrangement between KAZ Group Limited and the holders of ordinary shares in KAZ Group Limited, which was approved by the Federal Court of Australia, and became effective, on 09/07/2004. All of the KAZ Group Limited ordinary shares will on 19 July 2004 be transferred to Telstra Services Solutions Holdings Limited ACN 079 750 315 (a wholly owned subsidiary of Telstra). (A copy of the Scheme of Arrangement is attached in Annexure B.)	\$0.40 per ordinary share	828,542,400 ordinary shares	828,542,400
09/07/04	Telstra Services Solutions Holdings Limited	Telstra Services Solutions Limited has acquired a relevant interest under section 608(1) of the Corporations Act as the proposed transferee of all the issued ordinary shares in KAZ Group Limited, which transfer is to occur as a result of the abovementioned Scheme of Arrangement.	\$0.40 per share	828,542,400 ordinary shares	828,542,400

09/07/04	Telstra Group (excluding Telstra Services Solutions Holdings Limited)	Each member of the Telstra Group has acquired a relevant interest in all of the issued ordinary shares in KAZ Group Limited, pursuant to the operation of sections 12(2)(a) and 608(3) of the Corporations Act, as a consequence of being associates of Telstra and Telstra Services Solutions Holdings Limited	\$0.40 per ordinary share	828,542,400 ordinary shares	828,542,400
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4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Telstra*	Unknown	Telstra Services Solutions Holdings Limited	Relevant interest under section 608(1) of the Corporations Act. Telstra acquired a relevant interest in all of the issued ordinary shares pursuant to the Scheme of Arrangement between KAZ Group Limited and the holders of ordinary shares in KAZ Group Limited, which became effective on 09/07/2004.	828,542,400 ordinary shares	828,542,400
Telstra Services Solutions Holdings Limited	Unknown	Telstra Services Solutions Holdings Limited	Relevant interest under s608(1) of the Corporations Act as the person entitled to be registered as the holder of the shares pursuant to the abovementioned Scheme of Arrangement.	828,542,400 ordinary shares	828,542,400
Telstra Group (excluding Telstra Services Solutions Holdings Limited)	Unknown	Telstra Services Solutions Holdings Limited	Each member of the Telstra Group has a relevant interest under sections 12(2)(a) and 608(3) of the Corporations Act as associates of Telstra and Telstra Solution Services Pty Limited	828,542,400 ordinary shares	828,542,400

* Telstra also has a relevant interest in: (a) 50,187,778 ordinary shares as a result of an option deed dated 6 April 2004 between Telstra and Margaret Lyndsey Cattermole (a copy of which was attached as annexure B to Telstra's Notice of Substantial Holder dated 8 April 2004), and (b) 50,287,777 ordinary shares as a result of an option deed dated 6 April 2004 between Telstra and Pete Draney (a copy of which was attached as annexure C to Telstra's Notice of Substantial Holder dated 8 April 2004). These 100,475,555 ordinary shares are included in the 828,542,400 ordinary shares referred to in the above table.

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN (if applicable)	Nature of association
Not applicable	Not applicable

6. Addresses

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

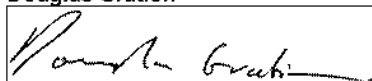
Name	Address
Telstra	Level 41, 242 Exhibition Street, Melbourne VIC 3000
Telstra Group (including Telstra Services Solutions Holdings Limited)	c/- Level 41, 242 Exhibition Street, Melbourne VIC 3000

Signature

print name **Douglas Gratton**

capacity **Company Secretary**

sign here



date **13/07/2004**

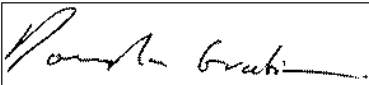
Company name	Country of Incorporation	Immediate %	Ultimate %
Parent Entity			
Telstra Corporation Limited	Australia		
Controlled Entities			
On Australia Pty Limited	Australia	100.00%	100.00%
Chief Entertainment Pty Ltd	Australia	100.00%	100.00%
Telstra Corporate Services Pty Limited	Australia	100.00%	100.00%
Telstra ESOP Trustee Pty Limited	Australia	100.00%	100.00%
Telstra Finance Limited	Australia	100.00%	100.00%
Telstra Growthshare Pty Ltd	Australia	100.00%	100.00%
Telstra International Limited	Australia	100.00%	100.00%
Telstra Media Pty Limited	Australia	100.00%	100.00%
Telstra Multimedia Pty Limited	Australia	100.00%	100.00%
Telstra Rewards Pty Ltd	Australia	100.00%	100.00%
Transport Communications Australia Pty Ltd	Australia	100.00%	100.00%
Network Design and Construction Limited	Australia	100.00%	100.00%
-NDC Global Holdings Pty Limited	Australia	100.00%	100.00%
NDC Telecommunications India Private Limited	India	96.00%	96.00%
PT NDC Indonesia	Indonesia	95.00%	95.00%
NDC Global Phillipines, Inc	Philippines	100.00%	100.00%
NDC Global Holdings (Thailand) Limited	Thailand	90.40%	90.40%
-NDC Global Services (Thailand) Limited	Thailand	51.00%	51.00%
NDC Global Services Malaysia Sdn.Bhd	Malaysia	100.00%	100.00%
-NDC Global Services Pty Limited	Australia	100.00%	100.00%
Sensis Pty Ltd	Australia	100.00%	100.00%
-Trader.com (Australia) Holdings Pty Limited	Australia	100.00%	100.00%
Trading Post Group Pty Limited	Australia	66.99%	66.99%
-Collectormania Australia Pty Ltd	Australia	100.00%	100.00%
-The Personal Trading Post Pty Limited	Australia	100.00%	100.00%
-Just Listed Pty Limited	Australia	100.00%	100.00%
-Ad Mag SA & NSW Pty Ltd	Australia	100.00%	100.00%
Ad Mag AGI Pty Limited	Australia	100.00%	100.00%
-Trader.com Australia Warranties Pty Limited	Australia	100.00%	100.00%
Warranty Direct (Australia) Pty Ltd	Australia	100.00%	100.00%
-The Melbourne Trading Post Pty Ltd	Australia	100.00%	100.00%
The National Trading Post Pty Ltd	Australia	100.00%	100.00%
Australian Retirement Publications Pty Ltd	Australia	100.00%	100.00%
-Auto Trader Australia Pty Ltd	Australia	100.00%	100.00%
WA Auto Trading Pty Ltd	Australia	100.00%	100.00%
Sydney Buy & Sell Pty Ltd	Australia	100.00%	100.00%
Sydney Auto Trader Pty Ltd	Australia	100.00%	100.00%
-Trader.com (Australia) Pty Limited	Australia	100.00%	100.00%
Trading Post Australia Pty Limited	Australia	100.00%	100.00%
Appraised Staff Agency Pty Ltd	Australia	100.00%	100.00%
Tradernet Pty Limited	Australia	100.00%	100.00%
Trading Post Classifieds Pty Limited	Australia	100.00%	100.00%
Trading Post On Line Pty Limited	Australia	100.00%	100.00%
Research Resources Pty Ltd	Australia	100.00%	100.00%
Queensland Trading Post Pty Ltd	Australia	100.00%	100.00%
Trading Post Marketing (QLD) Pty Ltd	Australia	100.00%	100.00%

Trading Post on the Net Pty Ltd	Australia	100.00%	100.00%
-Trading Post Group Pty Limited	Australia	33.01%	33.01%
-CitySearch Australia Pty Ltd	Australia	100.00%	100.00%
CitySearch Canberra Pty Ltd	Australia	100.00%	100.00%
-Sensis Holdings Pty Ltd	Australia	100.00%	100.00%
Invizage Pty Ltd	Australia	75.00%	75.00%
Telstra Services Solutions Holdings Limited	Australia	100.00%	100.00%
-Telstra CB.Com Limited	Australia	100.00%	100.00%
-Telstra CB.fs Limited	Australia	100.00%	100.00%
Telstra eBusiness Services Pty Limited	Australia	100.00%	100.00%
Australasian Insurance Systems Pty Ltd	Australia	100.00%	100.00%
DBA Ltd	Australia	100.00%	100.00%
Brokerlink Pty Ltd	Australia	81.33%	81.33%
DBA Computer Systems Pty Ltd	Australia	100.00%	100.00%
Unilink Group Pty Ltd	Australia	100.00%	100.00%
TRC Computer Systems Pty Ltd	Australia	100.00%	100.00%
-Telstra CB.net Limited	Australia	100.00%	100.00%
Telstra Communications Limited	Australia	100.00%	100.00%
-Telecom Australia (Saudi) Company Limited	Saudi Arabia	50.00%	50.00%
Telstra Holdings Pty Ltd	Australia	100.00%	100.00%
-Beijing Australia Telecommunications Consulting Services Company Limited	Technical China; People's Republic of:	100.00%	100.00%
-Telstra Global Limited	United Kingdom	100.00%	100.00%
PT Telstra Nusantara	Indonesia	100.00%	100.00%
Telstra Europe Limited	United Kingdom	100.00%	100.00%
Cable Telecom (GB) Limited	United Kingdom	100.00%	100.00%
Cable Telecom (Europe) Limited	United Kingdom	100.00%	100.00%
Cable Telecommunication Limited	United Kingdom	100.00%	100.00%
-Telstra Holdings (Bermuda) No 1 Limited	Bermuda	100.00%	100.00%
-Telstra Holdings (Bermuda) No 2 Limited	Bermuda	100.00%	100.00%
Telstra CSL Limited	Bermuda	100.00%	100.00%
Bestclass Holdings Ltd	Virgin Islands (British)	100.00%	100.00%
Hong Kong CSL Limited	Hong Kong	100.00%	100.00%
CSL Limited	Hong Kong	100.00%	100.00%
Integrated Business Systems Limited	Hong Kong	100.00%	100.00%
One2Free Personalcom Limited	Hong Kong	100.00%	100.00%
-Telstra IDC Holdings Limited	Bermuda	100.00%	100.00%
-Telstra Inc	United States	100.00%	100.00%
-Telstra India (Private) Limited	India	100.00%	100.00%
-Telstra International HK Limited	Hong Kong	100.00%	100.00%
-Telstra Japan Retail KK	Japan	100.00%	100.00%
-Telstra Singapore Pte Ltd	Singapore	100.00%	100.00%
-Telstra New Zealand Holdings Limited	New Zealand	100.00%	100.00%
TelstraClear Limited	New Zealand	100.00%	100.00%
Saturn Communications Limited	New Zealand	100.00%	100.00%
TelstraSaturn Holdings Limited	New Zealand	100.00%	100.00%
CLEAR Communications Limited	New Zealand	100.00%	100.00%
Telstra Media Holdings Pty Limited	Australia	100.00%	100.00%
-Telstra Enterprise Services Pty Limited	Australia	100.00%	100.00%
Telstra Limited	New Zealand	100.00%	100.00%

-Telstra Pay TV Pty Limited	Australia	100.00%	100.00%
Telstra New Wave Pty Ltd	Australia	100.00%	100.00%
-Customer Contact Technologies Pty Ltd	Australia	100.00%	100.00%
-Data & Text Mining Technologies Pty Ltd	Australia	100.00%	100.00%
-Hypertokens Pty Ltd	Australia	100.00%	100.00%
-Lyrebird Technologies Pty Ltd	Australia	100.00%	100.00%
Telstra OnAir Holdings Pty Ltd	Australia	100.00%	100.00%
-Telstra OnAir Infrastructure Holdings Pty Ltd	Australia	100.00%	100.00%
Telstra 3G Spectrum Holdings Pty Ltd	Australia	100.00%	100.00%

This is Annexure A of 3 pages referred to in the Form 604 Notice of change of interests of substantial holder.

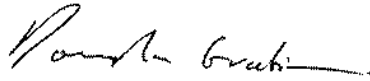
Name: Douglas Gration
Capacity: Company Secretary, Telstra Corporation Limited

Signature 

Date: 13 July 2004

Annexure B

This is Annexure B of 15 pages mentioned in the Notice of change of interests of substantial holder signed
by me and dated 13/07/2004



Douglas Gration, Company Secretary

"A"



Ordinary Scheme of Arrangement

Pursuant to Section 411 of the Corporations Act

BETWEEN: KAZ GROUP LIMITED (ACN 002 124 405) (KAZ)

**AND: THE HOLDERS OF FULLY PAID ORDINARY SHARES IN KAZ
GROUP LIMITED**

1. *Definitions and Interpretation*

1.1 *Definitions*

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

Business Day means a weekday on which trading banks are open for business in Sydney.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Limited.

Corporations Act means the Corporations Act 2001 (Cth).

Court means a court of competent jurisdiction under the Corporations Act.

Deed Poll means the Deed Poll dated 28 May 2004 executed by Telstra in favour of KAZ Shareholders.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date means 30 September 2004.

Implementation Date means the Business Day immediately following the Record Date.

KAZ Shareholder means each person who is registered in the Register as the holder of KAZ Shares.

KAZ Shares means fully paid ordinary shares in KAZ.

Marketable Parcel has the meaning given to that term in the ASX Market Rules.

Merger Implementation Agreement means the Merger Implementation Agreement dated 6 April 2004 between KAZ and Telstra relating to the implementation of the Transaction.

Record Date means 5.00 pm on the fifth Business Day following the Effective Date, or such earlier date as the parties may agree in writing.

Register means the KAZ register of members.

Scheme means this scheme of arrangement, subject to any alterations or conditions made or required by the Court pursuant to Section 411(6) of the Corporations Act.

Scheme Consideration means for each KAZ Share held at the Record Date, \$0.40 cash.

Scheme Meeting means the meeting to be convened by the Court pursuant to Section 411(1) of the Corporations Act.

Scheme Participants means each person who is a KAZ Shareholder as at the Record Date.

Second Court Date means the first day of the Second Court Hearing.

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Registry means person(s) operating the Register.

Telstra means Telstra Corporation Limited (ACN 051 775 556) and, other than in relation to a payment obligation, if reasonably requested by Telstra in writing to KAZ, shall be taken to be references to Telstra's nominee, Telstra Services Solutions Holdings Limited (ACN 079 750 315).

Transaction means the acquisition by Telstra of all of the KAZ Shares held by Scheme Participants by means of the Scheme.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.



- (a) The *singular* includes the plural and conversely.
- (b) A *gender* includes all genders.
- (c) Where a *word* or *phrase* is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a *person* includes a body corporate, an unincorporated body or other entity and conversely.
- (e) A reference to a *clause* or *schedule* is to a clause of or schedule to this Scheme.
- (f) A reference to any *agreement* or *document* is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by that other agreement or document.
- (g) A reference to any *legislation* or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (h) Mentioning anything after *include*, *includes* or *including* does not limit what else might be included.
- (i) A reference to *dollars* or *\$* is to Australian currency.
- (j) A reference to a particular time of day shall be a reference to that time in Sydney.
- (k) A word or expression to which a meaning is attributed in the Corporations Act shall bear that meaning.



1.3 **Business Day**

Except where otherwise expressly provided, where the day on which any act, matter or thing is to be done is a day other than a Business Day, such act matter or thing shall be done on the immediately succeeding Business Day.

2. **Preliminary**

- (a) KAZ is a public company registered in New South Wales and is a company limited by shares.
- (b) As at 20 May 2004, 828,039,925 KAZ Shares were on issue.

- (c) Telstra is a public company registered in Victoria and is a company limited by shares.
- (d) If the Scheme becomes Effective then:
 - (i) all the KAZ Shares will be transferred to Telstra, and Telstra will pay the Scheme Consideration to Scheme Participants in accordance with the provisions of the Scheme; and
 - (ii) KAZ shall enter the name of Telstra in the Register in respect of all the KAZ Shares.
- (e) Telstra has entered into a Deed Poll in favour of KAZ Shareholders pursuant to which it has covenanted to pay the Scheme Consideration in accordance with the terms of the Deed Poll.

3. Conditions Precedent to and Effectiveness of the Scheme

3.1 Conditions Precedent

The Scheme is conditional upon:

- (a) all of the conditions set out in clause 3.1 of the Merger Implementation Agreement having been satisfied or having been waived in accordance with the terms of the Merger Implementation Agreement prior to 6.00pm on the day prior to the Second Court Date; and
- (b) all necessary approvals under Section 411(4) of the Corporations Act.



3.2 Satisfaction of Conditions

- (a) The fulfilment of clause 3.1 is a condition precedent to the operation of the provisions of clause 4 of the Scheme.
- (b) KAZ and Telstra shall provide to the Court at the Second Court Hearing a certificate confirming whether or not all the conditions precedent in the Merger Implementation Agreement and this Scheme have been satisfied or waived.
- (c) The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date or such later date as KAZ and Telstra may agree in writing.

4. The Scheme

- (a) As soon as practical, following approval of the Scheme by the Court in accordance with Section 411(4)(b) of the Corporations Act, and in any

event by no later than 10.00 am on the Business Day following that approval, KAZ will lodge with ASIC an office copy of the Court order under Section 411(10) of the Corporations Act approving the Scheme. The Court order is taken to have effect on and from the time and date specified in that order.

- (b) On the Implementation Date:
- (i) all of the KAZ Shares (together with all rights and entitlements attaching to the KAZ Shares) will be transferred to Telstra without the need for any further act by any Scheme Participant (other than acts performed by KAZ or its directors or officers as attorney and agent for the Scheme Participants under clause 6(h));
 - (ii) KAZ will deliver to Telstra a duly completed and executed share transfer form or forms to transfer all of the KAZ Shares to Telstra;
 - (iii) the KAZ Shares together with all rights and entitlements attaching to the KAZ Shares as at that date will be transferred to Telstra; and
 - (iv) in consideration for the transfer of the KAZ Shares to Telstra, Telstra will pay, or procure the payment of, the Scheme Consideration to the Scheme Participants for each KAZ Share registered in the name of that Scheme Participant in accordance with the provisions of the Scheme.
- (c) Telstra will execute the share transfer form(s) referred to in clause 4(b) and will deliver the share transfer forms to KAZ for registration.
- (d) Immediately following receipt of transfer form(s) in respect of the KAZ Shares, KAZ shall enter the name of Telstra in the Register in respect of the KAZ Shares.
- (e) The Scheme Participants agree to the transfer of their KAZ Shares (together with all rights and entitlements attaching to their KAZ Shares) in accordance with the Scheme.
- (f) Upon the Scheme becoming Effective and until KAZ registers Telstra as the holder of all the KAZ Shares in the KAZ Register, each Scheme Participant:
- (i) is deemed to have appointed KAZ and each of its directors and officers (jointly and severally) as its attorney and agent (and



directed KAZ and each of its directors and officers (jointly and severally) in such capacity) to appoint Mark Andrew White or, failing him, Graeme Smith as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings, exercise the votes attaching to the KAZ Shares registered in its name and sign any shareholders' resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4(f)); and

- (ii) must take all other actions in the capacity of a registered holder of KAZ Shares as Telstra reasonably directs.

KAZ undertakes in favour of each Scheme Participant that it will appoint Mark Andrew White or, failing him, Graeme Smith as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with this clause 4(f).



Dealings in KAZ Shares

- (a) For the purpose of establishing who are Scheme Participants, dealings in KAZ Shares will only be recognised if:
 - (i) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant KAZ Shares by the Record Date; and
 - (ii) in all other cases, if registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date at the place where the Register is kept.
- (b) KAZ must register registrable transmission applications or transfers in respect of those dealings which are received on or before the Record Date at the place where the Register is kept provided that nothing in this clause 5(b) requires KAZ to register a transfer that would result in a KAZ Shareholder holding a parcel of KAZ Shares that is less than a Marketable Parcel.
- (c) KAZ will not accept for registration or recognise for any purpose any transmission application or transfer in respect of KAZ Shares received after the Record Date (except a transfer to Telstra pursuant to this

Scheme and any subsequent transfer by Telstra, or its successors in title).

- (d) For the purpose of determining entitlements to the Scheme Consideration, KAZ will, until the Scheme Consideration has been paid, maintain the Register in accordance with the foregoing provisions of this clause 5 and the Register in this form will solely determine entitlements to the Scheme Consideration.
- (e) KAZ must procure that on the Record Date, details of the names, registered addresses and holdings of KAZ Shares of every Scheme Participant as shown in the Register at the Record Date are available to Telstra in such form as Telstra may reasonably require.
- (f) As from the Record Date (and other than for Telstra, or its successors in title), all share certificates and holding statements for the KAZ Shares will cease to have effect as documents of title, and each entry on the Register at that date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.



General Scheme Provisions

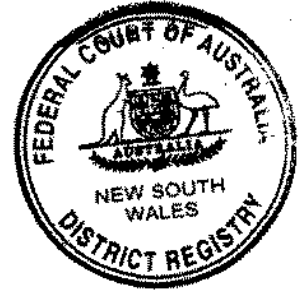
- (a) Should the Court propose to approve the Scheme subject to any variations, alterations or conditions, KAZ may, with the consent of Telstra, by its counsel or solicitor consent on behalf of all persons concerned to those variations, alterations or conditions to which Telstra has consented.
- (b) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to KAZ, it shall not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at KAZ's registered office or at its Share Registry.
- (c) The Scheme Participants agree to the transfer of their KAZ Shares to Telstra in accordance with the terms of the Scheme.
- (d) The Scheme Participants are deemed to have warranted to Telstra, and appointed and authorised KAZ as their attorney and agent to warrant to Telstra, that all their KAZ Shares (including any rights and entitlements attaching to those shares) which are transferred to Telstra under the Scheme will, at the date of the transfer of them to Telstra, be fully paid and free from all mortgages, charges, liens, encumbrances and interests

of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their KAZ Shares together with any rights attaching to such shares. KAZ undertakes in favour of each Scheme Participant that it will provide such warranty to Telstra on behalf of the Scheme Participant.

- (e) Telstra shall be beneficially entitled to the KAZ Shares (together with all rights and entitlements attached to the KAZ Shares) transferred to it under the Scheme pending registration by KAZ of Telstra in the KAZ Register as the holder of the KAZ Shares.
- (f) The Scheme Participants consent to KAZ doing all things necessary, expedient or incidental to the implementation of the Scheme.
- (g) KAZ will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under the Scheme.
- (h) Upon the Scheme becoming Effective, each Scheme Participant, without the need for any further act, irrevocably appoints KAZ and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to the Scheme including without limitation:
 - (A) a proper instrument of transfer of its KAZ Shares for the purposes of Section 1071B of the Corporations Act which may be a master transfer of all the KAZ Shares; and
 - (B) any instrument appointing Telstra as sole proxy for or, where applicable, corporate representative of each Scheme Participant as contemplated by clause 4(f).
- (i) The proper law of the Scheme is the law of the State of New South Wales. The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales.



"B"



Option Scheme of Arrangement

Pursuant to Section 411 of the Corporations Act

BETWEEN: KAZ GROUP LIMITED (ACN 002 124 405) (KAZ)

AND: THE HOLDERS OF OPTIONS IN KAZ GROUP LIMITED

1. *Definitions and Interpretation*

1.1 *Definitions*

ASIC means the Australian Securities and Investments Commission.

Business Day means a weekday on which trading banks are open for business in Sydney.

Corporations Act means the Corporations Act 2001 (Cth).

Court means a court of competent jurisdiction under the Corporations Act.

Deed Poll means the Deed Poll dated 28 May 2004 executed by Telstra in favour of KAZ Shareholders.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

End Date means 30 September 2004.

Implementation Date means the Business Day immediately following the Record Date.

KAZ Shareholder means each person who is registered in the Register as the holder of KAZ Shares.

KAZ Shares means fully paid ordinary shares in KAZ.

Merger Implementation Agreement means the Merger Implementation Agreement dated 6 April 2004 between KAZ and Telstra relating to the implementation of the Transaction.

Option means an option granted by KAZ to acquire a KAZ Share, subject to the terms upon which the option was granted.

Option Holder means each person who is registered in the register of option holders of KAZ as the holder of an Option at the Record Date.

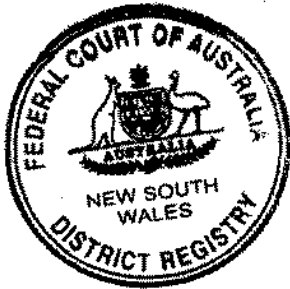
Ordinary Scheme means the scheme of arrangement between KAZ and KAZ Shareholders.

Record Date means 5.00 pm on the fifth Business Day following the Effective Date, or such earlier date as the parties may agree in writing.

Register of Option Holders means the KAZ register of option holders.

Scheme means this scheme of arrangement, subject to any alterations or conditions made or required by the Court pursuant to Section 411(6) of the Corporations Act.

Scheme Consideration means for each Option held at the Record Date, the offer price set out in the last column of the following table:



Option type	Number issued	Expiry date	Strike price	Offer price
Employee Options issued on Float (tranche 2)	1,175,010	18/04/2005	\$0.166	\$0.255
Employee Options issued on Float (tranche 3)	1,625,628	18/04/2006	\$0.166	\$0.265
Executive Options issued on Float (tranche 2)	430,596	18/04/2005	\$0.166	\$0.255
Executive Options issued on Float (tranche 3)	517,002	18/04/2006	\$0.166	\$0.265
Ausdata Options FY 2001	45,000	03/09/2004	\$0.570	\$0.025
Ausdata Options FY 2002	30,000	02/09/2005	\$0.570	\$0.085
Director/Employee Options (prospectus)	840,000	03/09/2004	\$0.790	\$0.010
Non-Executive Director Options (prospectus)	1,800,000	09/03/2006	\$0.166	\$0.265
Change Management Acquisition Options (tranche 3)	277,500	01/10/2004	\$0.166	\$0.245
Change Management Acquisition Options (tranche 4)	277,500	01/04/2005	\$0.166	\$0.250

Option type	Number issued	Expiry date	Strike price	Offer price
Change Management 2001 Incentive Options	240,000	03/09/2004	\$0.166	\$0.245
Change Management 2002 Incentive Options	240,000	16/08/2005	\$0.770	\$0.050
Change Management 2002 Incentive Replacement Options	240,000	16/08/2005	\$0.167	\$0.255

Scheme Creditors means each person who is registered in the Register of Option Holders as the holder of Options at the Record Date.

Scheme Meeting means the meeting to be convened by the Court pursuant to Section 411(1) of the Corporations Act.

Second Court Date means the first day of the Second Court Hearing.

Second Court Hearing means the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Registry means person(s) operating the KAZ register of members.

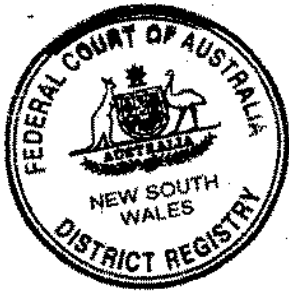
Telstra means Telstra Corporation Limited (ACN 051 775 556) and, other than in relation to a payment obligation, if reasonably requested by Telstra in writing to KAZ, shall be taken to be references to Telstra's nominee, Telstra Services Solutions Holdings Limited (ACN 079 750 315).

Transaction means the acquisition by Telstra of all of the KAZ Shares held by Scheme Participants by means of the Scheme.

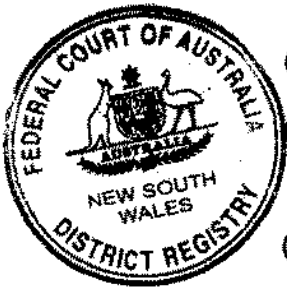
1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules of interpretation apply unless the context requires otherwise.

- (a) The **singular** includes the plural and conversely.
- (b) A **gender** includes all genders.
- (c) Where a **word** or **phrase** is defined, its other grammatical forms have a corresponding meaning.



- (d) A reference to a *person* includes a body corporate, an unincorporated body or other entity and conversely.
- (e) A reference to a *clause* or *schedule* is to a clause of or schedule to this Scheme.
- (f) A reference to any *agreement* or *document* is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by that other agreement or document.
- (g) A reference to any *legislation* or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (h) Mentioning anything after *include*, *includes* or *including* does not limit what else might be included.
- (i) A reference to *dollars* or *\$* is to Australian currency.
- (j) A reference to a particular time of day shall be a reference to that time in Sydney.
- (k) A word or expression to which a meaning is attributed in the Corporations Act shall bear that meaning.



1.3 *Business Day*

Except where otherwise expressly provided, where the day on which any act, matter or thing is to be done is a day other than a Business Day, such act matter or thing shall be done on the immediately succeeding Business Day.

2. *Preliminary*

- (a) KAZ is a public company registered in New South Wales and is a company limited by shares.
- (b) As at 20 May 2004, 7,738,236 Options were on issue.
- (c) Telstra is a public company registered in Victoria and is a company limited by shares.
- (d) If the Scheme becomes Effective then:
 - (i) Scheme Creditors will have their Options cancelled; and

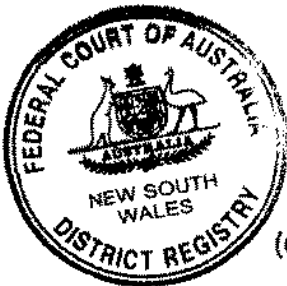
- (ii) in consideration of the cancellation of each Option Telstra will pay the Scheme Consideration in accordance with the provisions of this Scheme.
- (e) Telstra has entered into a Deed Poll in favour of KAZ Shareholders pursuant to which it has covenanted to pay the Scheme Consideration in accordance with the terms of the Deed Poll.

3. Conditions Precedent to and Effectiveness of the Scheme

3.1 Conditions Precedent

The Scheme is conditional upon:

- (a) all of the conditions set out in clause 3.1 of the Merger Implementation Agreement having been satisfied or having been waived in accordance with the terms of the Merger Implementation Agreement prior to 6.00pm on the day prior to the Second Court Date; and
- (b) the Ordinary Scheme becoming Effective, provided that this condition may be waived in whole or in part by Telstra in its absolute discretion by notice in writing given to KAZ within 5 Business Days of the date on which the Ordinary Scheme is rejected by the Ordinary Scheme Participants; and
- (c) all necessary approvals under Section 411(4) of the Corporations Act.



3.2 Satisfaction of Conditions

- (a) The fulfilment of clause 3 is a condition precedent to the operation of the provisions of clause 4 of the Scheme.
- (b) KAZ and Telstra shall provide to the Court at the Second Court Hearing a certificate confirming whether or not all the conditions precedent in the Merger Implementation Agreement and this Scheme have been satisfied or waived.
- (c) The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date or such later date as KAZ and Telstra may agree in writing.

4. The Scheme

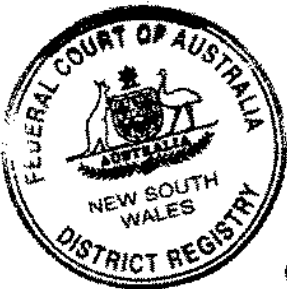
- (a) As soon as practical following approval of the Scheme by the Court in accordance with Section 411(4)(b) of the Corporations Act, and in any event by no later than 10.00 am on the Business Day following that

approval, KAZ will lodge with ASIC an office copy of the Court order under Section 411(10) of the Corporations Act approving the Scheme. The Court order is taken to have effect on and from the time and date specified in that order.

- (b) On the Implementation Date, the debts and claims evidenced by the Options and all of the rights and obligations pertaining to the Options shall be cancelled by KAZ and extinguished and thereupon each Scheme Creditor will become entitled to his or her Scheme Consideration.

5. **General Scheme Provisions**

- (a) Should the Court propose to approve the Scheme subject to any variations, alterations or conditions, KAZ may, with the consent of Telstra, by its counsel or solicitor consent on behalf of all persons concerned to those variations, alterations or conditions to which Telstra has consented.
- (b) Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to KAZ, it shall not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at KAZ's registered office or at its Share Registry.
- (c) The Scheme Creditors agree to the cancellation of their Options in accordance with the terms of the Scheme.
- (d) The Scheme Creditors consent to KAZ doing all things necessary, expedient or incidental to the implementation of the Scheme.
- (e) KAZ will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under the Scheme.
- (f) Each Scheme Creditor, without the need for any further act, irrevocably appoints KAZ and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary or expedient to give effect to the Scheme.
- (g) From the Effective Date, Options shall not be capable of being exercised, notwithstanding any term upon which the Option was granted.



- (h) KAZ will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Options received after the Effective Date.
- (i) The proper law of the Scheme is the law of the State of New South Wales. The parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales.

