

Notes to the Financial Statements (continued)

27. Employee share plans (continued)

Telstra Growthshare Trust (continued)

(a) Short term incentive (STI) plans (continued)

Vested incentive shares are released from trust on the earliest of:

- five years from the date of effective allocation;
- when the minimum level of executive shareholding has been achieved and the Board approves removal of the five year restriction period;
- upon the ceasing of employment by the executive; or
- a date the Board determines (in response to an actual or likely change of control).

Once the vested incentive shares are released from trust, they will be transferred to the executive.

(ii) Summary of movements and other information

Allocations of Telstra's shares have been made in the form of incentive and deferred incentive shares under our STI plans and are detailed in the following table:

	Incentive shares ([^])	
	Number	Weighted average fair value ([*])
Outstanding as at 30 June 2010	1,172,308	\$4.36
Forfeited	(68)	\$4.77
Exercised	(191,749)	\$4.42
Outstanding as at 30 June 2011	980,491	\$4.35
Granted	893,678	\$3.11
Forfeited	(206,734)	\$3.11
Exercised	(416,965)	\$4.35
Outstanding as at 30 June 2012 (#)	1,250,470	\$3.67
Exercisable as at 30 June 2012	-	-

([^]) Incentive shares includes both incentive shares and deferred incentive shares. The weighted average share price for incentive shares exercised during the financial year was \$3.11 (2011: \$2.84).

(^{*}) The fair value of incentive shares and deferred incentive shares for the CEO and other senior executives granted is based on the market value of Telstra shares on allocation date. The fair value of deferred incentive shares for executives (other than the CEO and other senior executives), is based on the market value of Telstra shares on grant date.

(#) The number outstanding includes incentives shares and deferred incentive shares that are subject to a restriction period. These amount to 1,250,470 as at 30 June 2012.