

## Notes to the Financial Statements (continued)

---

### 30. Parent entity information (continued)

#### Contingent liabilities and guarantees (continued)

##### Indemnities, performance guarantees and financial support

We have provided the following indemnities, performance guarantees and financial support through the Telstra Entity:

- indemnities to financial institutions to support bank guarantees to the value of \$279 million (2011: \$294 million) in respect of the performance of contracts;
- indemnities to financial institutions in respect of the obligations of our controlled entities. The maximum amount of our contingent liabilities for this purpose is \$189 million (2011: \$189 million);
- financial support for certain controlled entities to the amount necessary to enable those entities to meet their obligations as and when they fall due. The financial support is subject to conditions including individual monetary limits totalling \$108 million (2011: \$60 million) and a requirement that the entity remains our controlled entity;
- guarantees of the performance of jointly controlled entities under contractual agreements to a maximum amount of \$10 million (2011: \$10 million);
- guarantees over the performance of third parties under defeasance arrangements, whereby lease payments are made on our behalf by the third parties over the remaining terms of the finance leases. The lease payments over the remaining expected term of the leases amount to \$96 million (US\$98 million) (2011: \$106 million (US\$114 million)). In fiscal 2012, we exercised our early buyout option to terminate a portion of the leases that commenced in 1999. We still hold an early buyout option for the remaining leases; and
- during fiscal 1998, we resolved to provide IBM Global Services Australia Limited (IBMGSA) with guarantees issued on a several basis up to \$210 million as a shareholder of IBMGSA. We issued a guarantee of \$68 million on behalf of IBMGSA during fiscal 2000. During fiscal 2004, we sold our shareholding in this entity. The \$68 million guarantee is provided to support service contracts entered into by IBMGSA and third parties, and was made with IBMGSA bankers, or directly to IBMGSA customers. As at 30 June 2012, this guarantee remains unchanged and \$142 million (2011: \$142 million) of the \$210 million guarantee facility remains unused.

Upon sale of our shareholding in IBMGSA and under the deed of indemnity between shareholders, our liability under these performance guarantees has been indemnified for all guarantees that were in place at the time of sale. Therefore, the overall net exposure to any loss associated with a claim has effectively been offset.