

Broadband Access and Choice for rural and regional Australia

OPEL

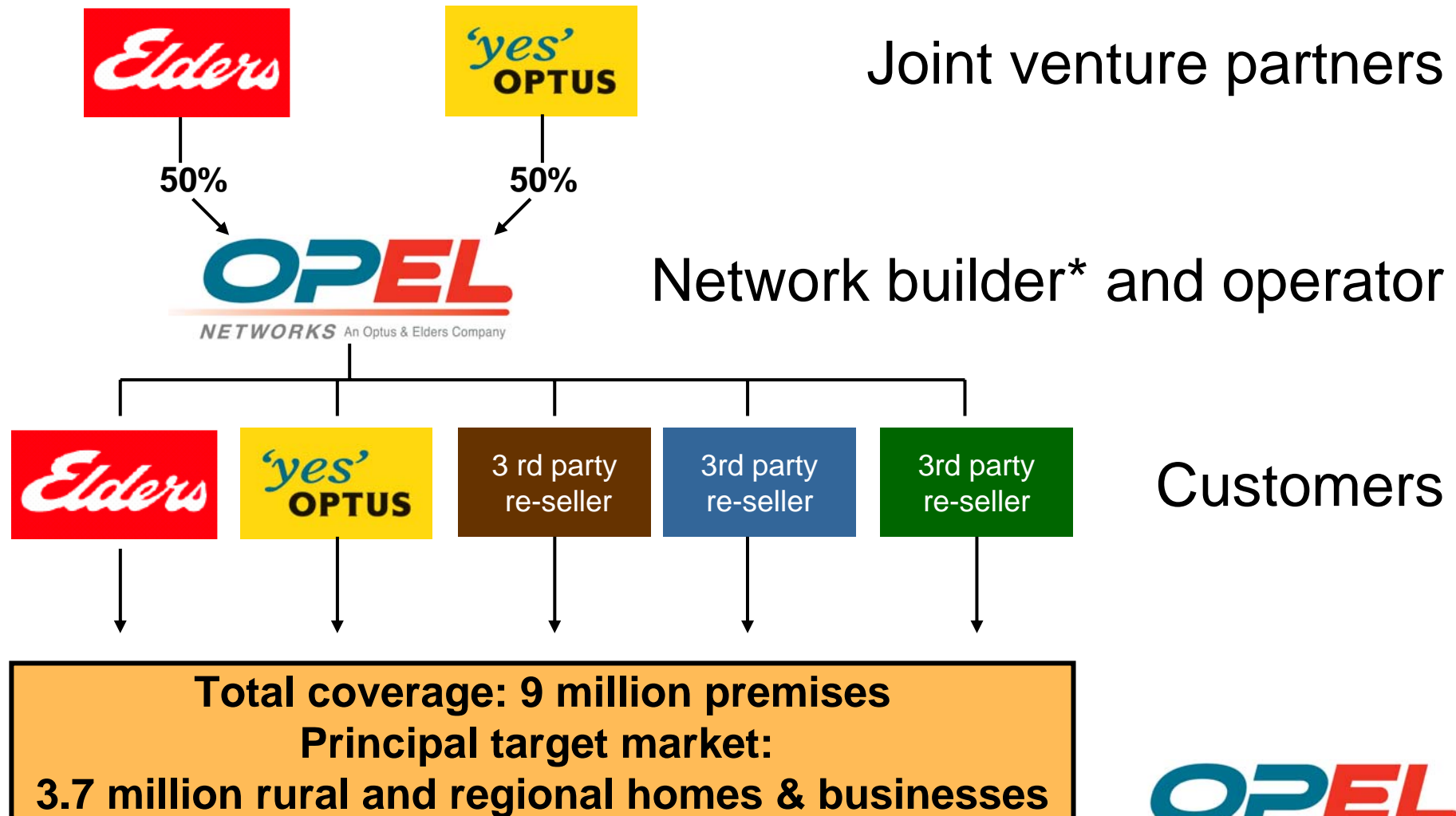
NETWORKS An Optus & Elders Company



Summary

- OPEL Networks a 50:50 JV between Elders and Optus is the sole successful tenderer for Broadband Connect Infrastructure Program
- Commonwealth to fund \$958 million for network to bring metro-comparable broadband to rural and regional Australia
 - \$600 million Broadband Connect Infrastructure + \$358 million further funding to extend coverage
- OPEL to match, chiefly through contributions in kind, to \$917 million
- OPEL to build and operate network
- OPEL to address 9 million homes and businesses
- OPEL will bring to rural and regional Australia:
 - accessible broadband through greater coverage
 - affordable and sustainable metro standard broadband service
 - increased choice and market reform/service benefits from introduction of competition

Structure



*Optus to be contracted to build network

Network Features

- Mixture of Wireless and ADSL 2+ technologies to meet varied needs of rural and regional users
 - 1361 wireless base stations
 - 312 DSLAMs + 114 Optus installed DSLAMs
 - 638,000 square kilometre footprint
- Cost effective – leveraging Optus & Elders existing infrastructure
- Local presence support of 400 Elders and 100 Optus outlets
- Pro-competition market reform – Access to backhaul capacity and CAN* means OPEL will enable retail competition and service benefits
- Future-proof – designed for economic scale-up for future requirements
- Rollout completed by July 2009

* Customer Access Network

Key financials

- Project cost estimated to be \$1215 million
- Government of Australia to contribute \$958 million
- OPEL expected to be self funding after initial financing
- No further capital contributions to OPEL anticipated
- Expect positive op. cash flow, positive earnings in year 3

OPEL, a 50:50 JV between Optus and Elders

- OPEL is a special purpose vehicle created for rural and regional telecom infrastructure
- OPEL is most logical agent for reform and improvement of rural and regional broadband
- OPEL will blend strengths and leadership position of its shareholders
 - Optus: experienced network designer and builder, proven capability eg national GSM & 3G network, fibre and satellite
 - Elders: synonymous with rural Australia, local presence of 400 locations
- OPEL combines technical capability, financial strength and commitment to rural and regional Australia
- To be managed as independent joint venture
- OPEL will be an equity-accounted joint venture



OPEL and Elders telecommunications initiative

- **OPEL represents a major boost to Elders plans for telecommunications as new product stream**
- **Elders will be able to provide primary line fixed voice services**
- **OPEL network will give Elders secure access and quality suite of wholesale products for retail**
- **Satisfies FCL financial performance criteria**
 - Further reduces seasonal exposure
 - Will further advance Elders development as regional service provider (ie no longer just rural)

Australia's leading rural and regional service business.



Elders to be highly competitive in retail

As in Banking and Insurance Elders will enter rural and regional telecom with a highly competitive service proposition:

- competitive price
- unmatched local presence
- existing client relationships
- cost advantage through bundled service delivery
- superior synergies with related product

Products to be retail through branch network:

- Fixed voice
- Broadband
- Mobile

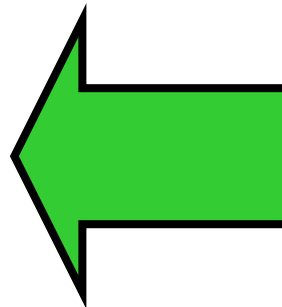
Australia's leading rural and regional service business.



Proven platform & synergistic business mix



+



Telecommunications

Real Estate.

Property
management.

Banking.

Insurance.

Farm services.

Australia's leading rural and regional service business.



Broadband Connect is good news for regional development

- Broadband Connect Infrastructure Program will be positive for Elders and rural and regional Australia
- Elders: communications platform which will support business improvement hitherto not possible
- Regional Communities: Broadband Connect will deliver infrastructure essential for business
- Economic development within regional communities holds flow on benefits for Elders:
 - telecom
 - real estate
 - financial services

Australia's leading rural and regional service business.