

'yes' OPTUS

THE MARKET

The Australian telecommunications market has matured very rapidly over the past 3 – 4 years. More than one in two Australians already have a mobile phone and there are currently around 700 ISPs competing for the Australian dial up Internet dollar.

The market is growing ever more competitive. Last year, one of Optus' largest rivals, active in the mobile, long distance and Internet markets, went into liquidation. During the same period, two international competitors have entered the mobile phone market. Mobile phone number portability has been introduced, enabling customers to keep their existing number when moving between networks.

Optus continues to thrive, increasing its share of the mobile market, introducing new telecommunications packages in the home market and creating an ever more sophisticated range of products for the business, corporate and government sectors.

SingTel's acquisition of Optus has given the company a new owner who is publicly committed to Australia long-term and who is well advanced in building Asia's largest communications group. In the words of Optus CEO Chris Anderson, "Optus now has strong backing and is here to stay!"

SingTel's support for the Optus brand is particularly strong. The brand was recognised by SingTel as one of the company's prime assets, and the company will trade under the Optus brand in all markets in Australia.

ACHIEVEMENTS

In less than nine years, Optus has built a national telephony and communications network that spans Australia. From a base of zero in 1992, the company



is the fastest growing segment of the mobile phone market.

Optus is now Australia's third largest provider of dial up Internet access, with over 60 points of presence and more than 400,000 customers – an increase of 115 per cent in 12 months. Optus has become the sole owner of its Optus@Home high-speed cable Internet service, previously a joint venture.

In the PayTV market, Optus Television is experiencing its fastest rate of growth ever, driven by the launch of new channels and the best lineup of ethnic channels in the market.

In the business, corporate and government markets, Optus Business provides services to around 90 per cent of Australia's top one hundred companies. Optus also links all the universities in Australia in a single Internet network and provides specialised corporate services, such as an

Optus Online Office, offering completely outsourced IT solutions for small and medium size companies. Optus is also market leader in DSL high speed Internet connection through XYZed, its wholly owned wholesale DSL subsidiary.

HISTORY

Optus was established in 1992, winning the second carrier licence to become the first private sector company to challenge Telstra's monopoly on Australian telecommunications. The fledgling company rapidly accumulated a significant customer base of residential, business and corporate and government customers.

From the start, Optus was determined to be as self-sufficient as possible. The company developed its own extensive digital mobile network, installed its own HFC fibre optic cable to carry Optus Television and local calls, and invested in its own fleet of satellites for voice, video and data transmission.

In 1998, Cable & Wireless PLC, who had been a significant shareholder ever since the company started, became the majority shareholder and on November 17, the company was listed on the Australian Stock Exchange as Cable & Wireless Optus Limited.

The company performed profitably over the next two years, and grew from strength to strength, particularly in the mobile market. However, by 2000, Cable & Wireless PLC's long term strategy had shifted and CWO was no longer a core business.

On September 18, 2001, SingTel, the Singapore-based Asia Pacific regional telecommunications leader, became the new owner of Cable & Wireless



now supplies the telecommunications needs of five million Australians every day

Optus has a substantial investment in Australia and continues to invest in the future. The Optus mobile digital network is expanding every year and now connects more than 3.6 million customers, or 33.1 per cent of the total market. Optus is also market leader in the important pre-paid mobile market which

interactive distance learning program for the Ford Dealer network, delivered nationally by Optus Satellite. Other innovations for business include major e-business initiatives such as on-line procurement systems

Optus Business products and services have expanded far beyond telephony. The company has a joint venture with Microsoft and Compaq called

Optus and announced that the company would trade in Australia under the Yes Optus banner. CWO ceased trading on the Australian Stock Exchange and SingTel was listed, its first listing on any exchange outside Singapore.

Today, Optus is a significant member of a large and successful regional telecommunications group making its presence felt in Singapore, Australia, Hong Kong, India, Malaysia, Thailand, Indonesia, Taiwan and Korea.

THE PRODUCT

Optus is strongly challenging Telstra for leadership in the mobile phone market in Australia. The Optus mobile network is one of the company's most significant investments and Optus is committed to constantly improving coverage, call quality and data transmission capability for its customers.

In long distance telephony, Optus has introduced a pricing strategy that frees customers from the shackles of per minute calls, so they are free to call long distance for longer set time periods for a fixed amount. In local calls, Optus delivers competitive pricing and is also one of a handful of Internet service providers that can offer many customers a choice of dial up or high speed cable connection.

Optus services all shapes and sizes of Australian business, from home offices and small and medium



to new and existing Optus customers at a cost advantage. Optus was the first to provide this type of product packaging and tailoring through Choices, which include various combinations of Optus local and long distance calls, television, Internet and mobile products. 40 per cent of Optus customers are already signed up for multiple products.

RECENT DEVELOPMENTS

There is a revolution taking place in the mobile phone market and Optus is right at the centre of it. Text messaging has already led a significant shift

from voice traffic to data traffic on the Optus mobile network, with SMS text traffic increasing to an average of 65 million short text messages per month, compared to 9 million messages per month only 18 months ago

In the future, as Internet and mobile phone technologies begin to merge, mobile phones are set to become information providers, email senders and receivers and even electronic wallets. Optus was the first mobile network to provide WAP connection for mobiles in Australia and the Optus@Home product was the first high speed cable Internet service in Australia. Optus supplies a wide range of information and infotainment services to mobile customers through text and WAP mobile phone technology.

At the corporate level, Optus is a leader in Internet and e-business solutions. Partnership with leading suppliers of hardware and software, such as Commerce 1 and Microsoft, delivers a comprehensive range of e-business services for

corporate and government clients.

Optus and Nokia, the world's most successful mobile phone manufacturer, have formed a partnership and purchased spectrum to build a 3rd Generation mobile network in Australia to provide direct connection from the mobile phone to the desktop, bringing the mobile office even closer to reality.

Fittingly for a company at the forefront of delivering e-solutions, Optus is fully committed to

e-enabling itself and has begun the process of taking more customer services and sales channels on-line though its newly revamped web site, www.optus.com.au.

PROMOTION

The success of Optus advertising begins with the human engineering of Optus products to meet deep and genuine consumer needs by making the newest technology accessible.

Thanks to the use of engaging nature metaphors, Optus advertising delivers information about these products through communications which are simple and explicit, yet do not insult the consumer's intelligence.

Research shows that the entire Optus customer base, from teenagers purchasing pre-paid mobiles to tradesmen, company executives and large corporates, can all relate to the animals and natural metaphors in the advertising, and respond to the advertising on both a rational and an emotional level.

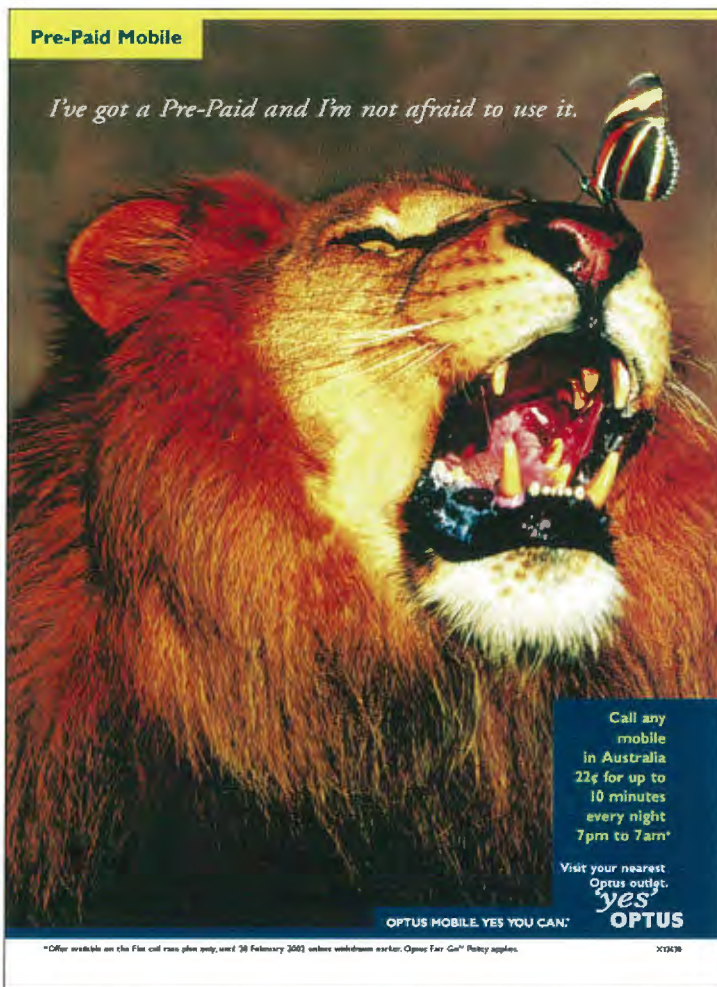
The mutuality of the relationship with customers has always been a cornerstone of the Optus marketing philosophy. Optus customers react very positively to well thought out programs of customer appreciation and rewards and customer retention rates have improved dramatically across the company.

BRAND VALUES

Optus looks at communications through the eyes of its customers. It is dedicated to providing solutions which are fair, honest, flexible and creative and the challenge is to deliver products and services which go beyond the customer's expectation.

The Optus brand has been built on the empowerment of customers to access and use the latest communications technology. The common consumer complaint about technology is that it forces users to do what it wants them to do. The Optus promise is that the technology will be packaged, priced and serviced to do what the user wants to do.

That is the power of Yes.



size companies to corporate and government leaders. In the business market, Optus leads through innovative packaging and through providing integrated voice, data, mobile, satellite and e-business solutions as well as the technology and service to make these solutions work.

Opus is also innovating in sales and distribution. Optus Choices is a marketing breakthrough enabling attractive combinations of Optus products, including Optus Television, to be offered

THINGS YOU DIDN'T KNOW ABOUT OPTUS

- Optus is currently leading the way in Australia in trialing full broadband interactive digital television with full return path capability.
- Optus has almost 5,000 high rise buildings connected directly to its network – around 1,000 per cent more than the next competitor. This lead puts Optus in a favoured position to supply services to these prime locations.
- Optus is a major sponsor of community events, helping to sustain the Australian communities which sustain it. Optus Sponsorships include major sporting bodies such as Tennis Australia, the Australian Brandenburg orchestra and community welfare initiatives such as the Kids Help Line.