



November 19, 2012

Dear Retailer,

It is Optus' aim to reward channels that are selling and activating acquisition products. Consequently, Optus has reviewed the Margin which applies to the sales made by its Distributors of Optus Pre-Paid Mobile Vouchers.

As has previously been communicated, Boost branded prepaid mobile products will no longer be supplied on the Optus network after 20 January 2013. In the circumstances, any reference to Boost branded prepaid mobile products or rates relating to Boost branded prepaid mobile products in this letter will only apply until that date.

This letter is notice to you that Optus will be implementing a margin change for Optus, Virgin and Boost branded Pre-Paid Mobile Vouchers, to be effective from 17 December 2012.

RE: Continued Reinforcement of the Two Tiered Margin Structure for Optus / Boost branded / Virgin prepaid mobile products

This letter aims to give you more information on the Optus / Boost branded / Virgin two-tier structure as well as a clear understanding of the criteria needed to be met to qualify for the Higher Margin.

Two-Tiered Margin

Optus introduced a two-tier approach to recharge margin back in May 2006. We have recently checked compliance of this at an outlet level & adjusted margins accordingly. This Compliance check has been based off store purchases from either of our two Distributors for the 6 month period between 1 April 2012 and 30 September 2012.

The two tiered margin structure, payable in accordance with the terms of your agreement with epay as Optus' agent, consists of:

1. Base Margin – 4%

The Base Margin is payable to all outlets approved to sell Optus, Boost & Virgin Pre-Paid Mobile recharge. This Base Margin recognizes those outlets that sell recharge to their customers as a point of convenience & do limited volumes of acquisition products ("recharge outlets").

2. Higher Margin – 8%. (Base Margin of 4% + 4% Bonus Margin)

The 4% Bonus Margin is payable to those outlets that, in addition to selling recharge products, also promote and sell Optus and Boost branded acquisition products.

Bonus margin criteria:

1. Active account

- Retailer has an active account and signed Retailer Agreement with either one of our two authorised distributors: Jenlist Distributors and/or Yes Distribution.

2. Acquisition performance

- Retailer purchases an average of 6 Optus (including, until 20 January 2013 only, Boost branded)] pre-paid activation products (\$10, \$29.95 & \$40 Sim-Packs, Handsets or Mobile Broadband) per month within any 6 month review period. The next review period will be from 1 October 2012 to 31 March 2013.
- Ongoing ranging is required, the retailer needs to ensure they have stock of at least two Sim-Packs at any one time

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3. POS

- Retailer maintains minimum Point of Sale presence in store with two points of presence for any of the Pre-Paid Optus products (including until 20 January 2013 only, Boost branded prepaid products) or PPS calling card products.

To achieve the additional bonus margin please work closely with epay Networks and Optus' approved Distributors to comply with requirements.

The approved Distributors for Optus Pre-Paid Mobile Start up Kits, Handset bundles and physical recharge cards, and approved Point of Sale material are:

Jenlist Distributors on 1300 781 758 (email: sales@jenlist.com.au) or

Yes Distribution on 1300 730 343 (email: sales@ydirect.com.au).

If you are not receiving these products from these approved Distributors, you may be dealing with a non-authorized entity.

New customers are the key to our business success together. The above margin structure is designed to reflect this and reward those Retailers that support in this effort.

Compliance checking

PPS periodically checks compliance of outlets to the above criteria & adjusts margins accordingly. Adjustments based on the next review period will be implemented after 31 March 2013.

Thank you for all your support in helping make Optus the clear leader in the Australian Pre-Paid market.

Yours Sincerely

William Nyotoraharjo
Managing Director
Pre-Paid Services

Important Information – please read.

- Any margin changes will only be effected in consultation with an approved Distributor.
- Any Retailers moved to 4% margin will be entered into a central database & only approved Distributors will be able to assist the Retailer meet the set criteria to achieve bonus margin.
- In accordance with your agreement with epay as Optus' agent, all Retailers are entitled to sell Optus, Boost branded (until 20 January 2013 only) & Virgin Pre-Paid Mobile recharge vouchers directly to end user customers only. Selling these products to other stores, wholesalers or anyone else other than the end user customer, is a breach of that agreement & could result in termination of that agreement.
- Please note all capitalized terms in this letter have the same meaning given to them in the epay Distribution Terms and Conditions.
- The recent review that was conducted covered acquisition performance between 01/04/12 – 30/09/12 through our approved distributors.

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