



CABLE & WIRELESS OPTUS

THE MARKET

Telecommunications is one of the world's fastest growing market sectors and the Australian telecommunications market is one of the fastest growing on earth.

Australia has more mobile phone subscribers and more internet hosts per head of population than any other country in the world. Australia has a large foreign born population and has become more active in international trade, factors which account for a growth in long distance telephony of 8% per year over the past 5 years to June 1998.

Cable & Wireless Optus Limited has already laid an extensive cable network capable of carrying local calls in many areas of Sydney, Melbourne and Brisbane. The local call market is one in which very few Australian consumers have had a choice of suppliers before, and as the Local Call marketing drive rolls out during 1999, Cable & Wireless Optus expects to acquire a sizeable segment of the local call market in these cabled areas.

Cable & Wireless Optus is active in many other markets besides telephony. As owners of Australia's largest satellite fleet and with a high speed ATM based backbone network, the company is extremely active in the growing market of corporate data management. In 1998, for example, Cable & Wireless Optus carried more data than voice traffic on its international network for the first time in the company's history.

The company also competes in the premium TV market through Optus Vision and in the fast growing internet market through Optus Internet. Residential internet connection in Australia is said to be growing at a rate of 10% per month.

ACHIEVEMENTS

In only seven years, Cable & Wireless Optus has built a national telephony and communications network that spans Australia. From a base of zero in 1992, the company now supplies the needs of more than 1.2 million mobile digital customers and 1.9 million long distance customers.

Cable & Wireless Optus has a substantial investment in Australia and is continuing to invest in the future. The company's digital mobile network is supported by more than 1,400 digital base stations covering more than 92% of the population and the company intends to increase the size

LOOKING FORWARD TO THE FUTURE?

'yes'

OPTUS

'yes'

of this network to 2,000 base stations by the year 2000.

Cable & Wireless Optus also supplies services to around 90 of Australia's top one hundred companies, carries the ATM traffic of one of Australia's largest banks, manages and supplies the communications needs of the Australian Defence Force and the City of Brisbane and links all the universities in Australia in a single internet network.

Optus Vision operates as a fully equipped commercial television station, broadcasting exclusive material from a group of channel partners as diverse as the Walt Disney Corporation and Channel 7 Australia (for the Optus Vision Sports Channel).

HISTORY

The company was incorporated as Optus Communications P/L in 1992 for the express purpose of becoming Australia's alternative telephone company.

From the start, the name Optus was synonymous with competition in telephony. Optus Communications installed its own HFC fibre optic cable network, in many areas of Sydney and Melbourne in 1996 to carry Optus Vision Premium TV and local calls, developed its own extensive digital mobile network and invested in its own fleet of satellites for voice, video and data transmission.

On November 17, 1998, the company was listed on the Australian Stock Exchange as Cable & Wireless Optus Limited. Cable & Wireless Optus Limited is the only wholly publicly owned integrated telecommunications company in Australia and has also gained an international profile as the Australian arm of the international Cable & Wireless Group.

THE PRODUCT

The Cable & Wireless Optus product range is continually expanding to provide ever more sophisticated communication solutions.

The three most important new mass market product developments over the past year are:

The increasing availability of Optus Local Calls, which will be carried on the fibre optic cable network. More and more households in Sydney, Melbourne and Brisbane, who can already receive Optus Vision premium TV, will also have access to Optus local calls at competitive rates.

The introduction of the new internet product for both private and business use, offering internet connection which is simple, flexible and innovative.

The new range of prepaid Express products, now available for pay as you go access, offers the Cable & Wireless Optus customer a convenient new way to access mobile, internet and long dis-



tance services

In addition to these new product launches, Cable & Wireless Optus continues to introduce new and exciting customer services. One of the most important of these is Optimiser, a service which automatically reviews each customer's mobile phone expenditure, and recommends that customers change to a different rate plan if their past calling pattern indicates this is more economical for them

RECENT DEVELOPMENTS

The change in name and in status of Cable & Wireless Optus Ltd from a privately owned to listed company on November 17, 1998 marked the beginning of a new phase in the company's history.

However, the Company recognises the inherent strengths of the Optus brand, which has built up an enormous positive association among consumers. Cable & Wireless Optus will therefore continue to build and promote the Optus brand in all mass-market customer facing areas.

Cable & Wireless Optus is well positioned to be one of Australia's leading suppliers of integrated communication in telephony, internet, data and entertainment. It is arguably the only company in Australia that can supply all these needs from wholly owned resources.

On a corporate marketing level, leveraging a closer global working relationship with the Cable & Wireless Group will enable Australian business to access world best practice in data transmission and management. New data services include access to a global digital highway linking the world's business capitals. Importantly for our corporate clients, Cable & Wireless will take end-to-end responsibility for data transmission on this global network.

PROMOTION

At Cable & Wireless Optus, the most valued clients are current clients. The company places a high value on ongoing customer service and the client relationship. At the same time, Cable & Wireless Optus is an aggressive player in the highly competitive communications market, actively seeking new customers on every level from major corporations through to home, business and residential accounts.

Cable & Wireless Optus is also a major sponsor of community events, helping to sustain the Australian communities which sustain it. Cable & Wireless Optus sponsorships include major sporting bodies such as Athletics Australia, support for cultural icons such as the Australian Brandenburg orchestra, major festivals, and community welfare initiatives such as the Kids Help Line.

1998 was a watershed year for Cable & Wireless Optus, for the

LOOKING FORWARD TO FREE MOBILE CALLS BETWEEN 8PM AND MIDNIGHT?



It's 'yes' Time at Optus. With calls between Optus Digital mobiles free for the first 20 minutes per call, within Australia. So now you can look forward to calling anyone you like, about anything you like, anywhere you like. And if that doesn't persuade you to join Optus, how about... Optimiser? Which means we check your account every four months to ensure you're on the best rate plan.



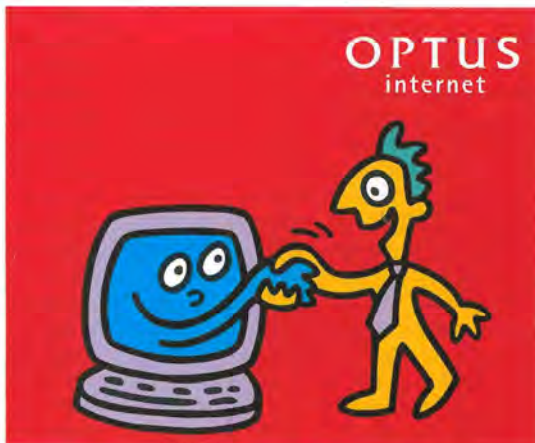
Flag Call? We don't charge you a call connection fee on any mobile call, whether it's local or national. Or Plan Flexibility? Which allows you to move between our most popular rate plans should your call pattern change. These are just some of the things you can look forward to when you join Optus Mobile Digital. Call us on 1800 500 725, or visit your nearest Optus outlet.



company was not only restructured and renamed, but also repositioned in marketing terms. As a result, Cable & Wireless Optus became the communications company which promised Australia more to look forward to, encouraging a sense of optimism which is highly appropriate for a company supplying a human need as basic as communication.

To launch the new creative platform, the advertising asked dozens of Australian children what they were looking forward to and then used their uncensored answers to construct a totally fresh TV launch which used the uninhibited honesty and imagination of children to make the point.

This was followed by a commercial featuring the future dreams of young women and a third featuring older men, each revealing their very individual and very human desires and thoughts.



Of course, Cable & Wireless Optus knows that they cannot simply theorise about the future of communications - they must also deliver it. Step one in the process was the announcement of "yesTime". This promotion allows owners of Optus digital mobiles to call each other free of charge within Australia for the first 20 minutes of a call, any night between 8 pm and midnight. "yesTime" is planned as the first of a new generation of communication and entertainment products designed to provide better solutions to consumer needs.

Another recent Cable & Wireless Optus initiative was the development of the pre-paid market under the Express sub-brand, offering customers the opportunity to pre-pay mobile, long distance and internet usage and is particularly useful to younger customers.

"yesTime" and Express are just the first two of many new generation Cable & Wireless Optus products which Cable & Wireless Optus will deliver in the future and which will be promoted in well integrated campaigns both above and below the line.

BRAND VALUES

Cable & Wireless Optus looks at communications through the customers' eyes. The company is dedicated to providing solutions which are fair, honest,

flexible and creative with delivery which goes beyond the customer's expectation.

Cable & Wireless Optus provides customers with something to look forward to.

THINGS YOU DIDN'T KNOW ABOUT CABLE & WIRELESS OPTUS

- To carry its local calls and TV programs, Cable & Wireless Optus has laid 22,000 kilometres of optic fibre cable servicing 2.1 million homes in Australian capital cities.
- Cable & Wireless Optus is the only telecommunications group in Australia which has its own satellites as well as its own fibre optic cable and mobile digital networks. There are currently four Cable & Wireless Optus satellites circling the earth and the Company is planning to have a fifth launched by 2001.
- Cable & Wireless Optus is a co-owner of 20 submarine cables which carry voice and data traffic to and from Australia, and will be the major shareholder in a new fibre optic cable linking Australia with the west coast of the USA via New Zealand.
- Cable & Wireless Optus designed and built a digital mobile system for the Century mine - the world's largest zinc mine - situated in the outback 200 km from Mount Isa.