

X February 2008



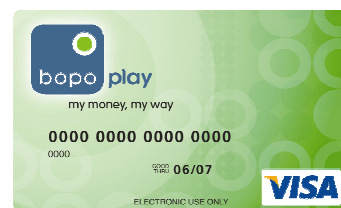
PRIVATE AND CONFIDENTIAL

First Name, Second Name

**Merchant Name**

Address

Suburb State Postcode



Dear (First Name),

## CHANGES TO THE BILL EXPRESS ELECTRONIC SERVICES SYSTEM

- ***Removal of the Marketing Subsidy***
- ***Increased processing fee for bopo product sales***
- ***Introduction of a NEW Reward program for Newsagent Customers using bopo***
- ***Extensive national advertising campaign to increase transactions in your shop***

Each year in Australia there are over 355 million bills issued. Around 45%, or 160 million of these bills, are paid in an over-the-counter transaction. While every month more and more Australians are choosing to use Bill Express to make payments, you can see there is huge potential for growth in over-the-counter payments through the Newsagency network.

With commissions of \$1.10 per bill for the first 250 bills, and \$0.605c per bill (both including GST) thereafter, there is considerable opportunity for not only revenue, but the increased foot traffic to your store. Bill Express has recruited the billers, with almost 400 national, state and local billers on board, and we now ask for your assistance to drive transaction growth.

Bill Express is committed to ensuring more Australians know about the Newsagent bill payment service and therefore growing the number of transactions via the network. This year we will be committing to an **extensive national advertising campaign** to grow the Bill Express and bopo brands and drive more customers to use the Newsagent service to pay bills and top-up bopo cards.

We also have exciting news about the bopo prepaid VISA card. From 1<sup>st</sup> January 2008, processing fees has been tripled to \$14.95.

Bill Express commenced marketing the bopo prepaid Visa card in 2007. The bopo card is now Australia's leading *prepaid VISA card*. It has been supported by a highly visible television, radio, newspaper and magazine advertising campaign. Just a few weeks ago bopo transactions hit the 1 million mark.

Bill Express electronic services are low overhead/high Gross Profit products with a simple sales process, no shelf space requirement, no inventory investment, no stock turn and no returns management.

We believe that the changes we are making will ensure that your business is able to maintain a competitive advantage, particularly in the face of a more aggressive Australia Post, while being able to offer your customers new products and services, and getting additional profits from bopo and any increase in the number of over-the-counter payments.

## Increased bopo processing fee

We want to see that you have more products through which you can make good returns for your efforts.

Effective from 1<sup>st</sup> January 2008 the processing fee on new bopo cards will be almost **tripled to \$14.95 per card**, including GST. This is a significant increase from the current \$5.00 per card, including GST. This new processing fee rate applies to both standard bopo cards (RRP\$14.95 – processing fee is \$14.95) and picture bopo cards (RRP\$24.95 – processing fee is \$14.95).

The considerable increase in processing fee for the bopo card recognises the counter space and merchandising effort required to stock the bopo brochures and provides you with an opportunity to increase your profits.

**Remember**, once your customers have their bopo card, they will visit to load the card with value and every time they do, you earn normal bill payment commissions per transaction.

2008 will again see an investment in **national marketing campaigns** for Bill Express and bopo, with the focus of increasing the number of bopo cards in the market.

***If you have run out of bopo “prepay now” envelopes, or want to stock up, email [feedback@billexpress.com.au](mailto:feedback@billexpress.com.au).***

In addition to the increase in bopo processing fee we are also offering you some new bopo benefits and features.

We are making a bopo card available **free** to you and your staff. Simply log onto the bopo website ([www.bopo.com.au](http://www.bopo.com.au)), enter the promotion code “*newsagent*” and order your card(s).

From 1 March 2008 we are also launching “*bopo Rewards*” for Newsagencies. This means that you can choose to join as a “*bopo Rewards*” partner and reward your customers who use a bopo card for payment in your store. This will allow you to compete against the major supermarket and service station reward programmes, and keeps your customers buying their newspapers, magazines, greeting cards, stationery and other needs in your store. You’ll get to choose the reward rate and you’ll also get additional rewards when a bopo card nominating you as the Primary Merchant, is used with other bopo rewards partners.

## New and existing billers

Currently Bill Express has almost 400 Billers and is continually adding more. Over 200 million bills are issued each year carrying the Bill Express logo promoting your Newsagency as a payment point. Last year we added **AGL, Vodafone, TRUenergy, Origin Energy** and **bopo** as Billers.

Attached is a table showing the major Billers in your state and the number of bills they issue each year. This shows the approximate number of bills paid at Australia Post.

Some newsagents have expressed concerns that some Billers in their area are still not available. While we are always trying to recruit more Billers, the bopo prepaid Visa card provides you with a way to generate payment transactions as Bopo loads count as a bill payment and you earn commission. Current Bopo cardholders use bopo at **over 300 different types of merchants** including internet purchases of tickets, budgeting weekly shopping at local stores and booking accommodation

Bopo cardholders love the convenience of bopo, that they cannot spend what they don’t have, and that they can use it at millions of Visa locations around Australia and the world.

## National marketing strategy

The Australian Newsagents' Federation (ANF) has expressed concern about the aggressive and changing nature of the Australia Post retail offer. Currently Australia Post is the largest provider of bill payment transactions in the country, processing 158 million last year, and is the largest Western Union Money Transfer agent. Australia Post itself has said that it intends to refresh its retail offering, marketing their outlets as "*Part of Every Day*" and more aggressively targeting your business and your customers directly, and we are sure you have already noticed that its outlets now carry magazines, newspapers, greeting cards and stationery. More than half of Australia Post's customers visit their outlets specifically for an agency transaction such as paying a bill.

However we recognise, unlike the competition, local community Newsagents such as you provide **prompt, helpful and personal service** to your customers without having to queue. By having the Bill Express electronic services you can ensure your business meets all your customers' requirements with a competitive offer to Australia Post.

Bill Express is committed to ensuring more Australian's know about the Bill Express bill payment service in Newsagencies and therefore growing the number of transactions in your store. This year we will be committing to an **extensive advertising campaign** to grow the Bill Express and bopo brands and drive more customers to use the Newsagency service. We will work with Newsagents to test and refine the campaign to ensure we find the best way to drive customers to pay bills and load bopo cards at your Newsagency. We are interested in talking to any Newsagent about any local advertising campaign, permanent Bill Express signage opportunities and promotional ideas. **Email** [feedback@billexpress.com.au](mailto:feedback@billexpress.com.au) to register your interest.

Please note, with the implementation of this major national marketing strategy the monthly Marketing Subsidy paid to Newsagents will cease.

## Implementation

Firstly, the new bopo processing fees became effective from 1 January 2008.

Secondly, your February 2008 Recipient Created Tax Invoice (RCTI) generated by the Bill Express terminal will reflect the fact that all commissions and processing fees are being paid in full with no Marketing Subsidy off-set. If you are entitled to the DialTime rebate you will continue to receive this as per usual calculated on your January (and then each subsequent month's) sales volumes. There is no change to the Bill Express pre-purchased monthly advertising rebate which continues at a minimum of \$210.00 per month.

Please note that you now receive bill payment transaction commissions from your first transaction.

Finally, from 11 February 2008 we will charge for paper rolls for the Bill Express terminal. Paper rolls will be charged for at \$31.00 per carton of 24, including GST & including freight (per order).

A document is enclosed that clearly identifies the opportunities that Bill Express can bring to you. Table One identifies what your commissions and processing fees are; Table Two outlines how you can benefit from the updated commission and processing fee structure; and Table Three details which Billers you can accept payment for and the number of bills issued by each Biller.

We appreciate the hard work and support of the Newsagent network. We look forward to working closely with you to grow your business in 2008 and beyond. Please feel free to give us your thoughts and feedback, **or to order bopo "prepay now" sales envelopes**, email [feedback@billexpress.com.au](mailto:feedback@billexpress.com.au) or phone 1300 139 677.

Regards,  
**Bill Express Network**

## Bill Express commission structure

Table One

Electronic Services Transaction Type	Processing fees (incl. GST)
Processing fee for a new bopo cards (standard card \$14.95, picture card \$24.95 retail including GST)	\$14.95
bopo I.D. Validation (\$4.95 retail including GST)	\$4.95
bopo loads and web order payments	\$1.10 per transaction for the first 250 transactions, then \$0.605 per transaction
Bill Payments	
CityLink and Roam Account Payments	
MAS Renewals	
MAS New membership applications	\$2.92
Aurora EziKey	1%
CityLink and Roam Passes	\$0.55 per transaction

## How you can financially benefit

Table Two

Item	Activity			Monthly Revenue (inc. GST)		
	Low	Medium	High	Low	Medium	High
Processing of bopo cards	1/day	3/day	5/day	\$448	\$1,345	\$2,242
I.D. Validation	1/day	3/day	5/day	\$150	\$450	\$750
Bopo Loads and post-payments	1/day	3/day	5/day	\$33	\$99	\$153
Bill Payments and other payments	1/day	3/day	5/day	\$33	\$99	\$153
Profit on prepaid sales	Newsagent average			\$500		
Sub total				\$1,164	\$2,493	\$3,798
<b>Less</b> Bill Express Rental				\$545	\$545	\$545
<b>Plus</b> Minimum Bill Express pre-purchased advertising				\$231	\$231	\$231
<b>Plus</b> Maximum DialTime rebate				\$94	\$94	\$94
Profit				\$944	\$2,273	\$3,578

**Increased revenues that benefit the Newsagents shows profits of \$3,000 or more can be generated each month.**