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Welcome



Welcome to the spring edition of Insight 2007, Computershare’s client newsletter which includes important industry updates and Computershare initiatives.

In this edition we explore a range of opportunities for companies to improve their annual reporting and promote broader self-service usage following the recent passing of the Simpler Regulatory System Act.

With a continual focus on providing certainty to our clients, we also present a number of interesting case studies, initiatives and developments of relevance to your business; including an update on the next phase of the Anti-Money Laundering legislation, how to interact with customers in the new Web era, the benefits of an employee share plan using a trust and the extension of our services to meet the specific needs of the global fund management community.

We hope you enjoy this edition of Insight 2007.

Regards,

Mark Davis
Group Regional Director - Australasia

The tide is turning: Don't miss the self-service wave

Self-service has been around for a number of years, most notably within the banking industry where customers have been encouraged to use more convenient and functional self-service channels.

Recognising the success that self-service has had in the banking industry in recent years, the securities industry has also sought to increase self-service levels among securityholders by introducing a number of user-friendly online and telephony based self-service tools.

However, despite the efficiency, accuracy, cost and environmental benefits that self-service offers both issuers and securityholders, a number of perennial and often frustrating barriers - including awareness, data security and a lack of perceived benefits - have stalled widespread uptake. The good news is that these barriers are now starting to clear.

A CHANGE IN INDUSTRY DYNAMICS

The Simpler Regulatory System (SRS) Act has proven a strong catalyst for driving behavioural change among securityholders, affording issuers with an ideal opportunity to increase awareness of the different self-service options available. For those unfamiliar with this legislation, the SRS Act enables issuers to amend the default delivery of annual reports to be via the company website, instead of printed documents.

As a large proportion of securityholders will now access annual reports online, there is an opportunity for issuers to reassess their investor communications

strategy, improve the quality of their company reporting and promote the use of electronic communications and self-service channels for a broader range of investor information and transactions.

A FRESH APPROACH TO REPORTING

Initial results from mandatory election mailings, where issuers notified securityholders in writing that a hard copy annual report was no longer the default option, indicate that on average approximately 10% of securityholders have elected to receive a printed copy of the statutory annual report - compared to 77% pre-mailing. Issuers that also provided an email capture option in the annual report election mailing have seen the amount of securityholders switching from paper to online communications increase by an average of 8.9% to 12.4%. The balance of securityholders took no action and defaulted to receiving online annual report notification in the AGM mail pack.

Consequently, your organisation's choice of annual reporting should be tailored to the preferred channel of the majority of your securityholder audience, and not purely to meet compliance obligations. If only a minority of your securityholders require a hard copy annual report, the presentation and usability of your online report becomes imperative.

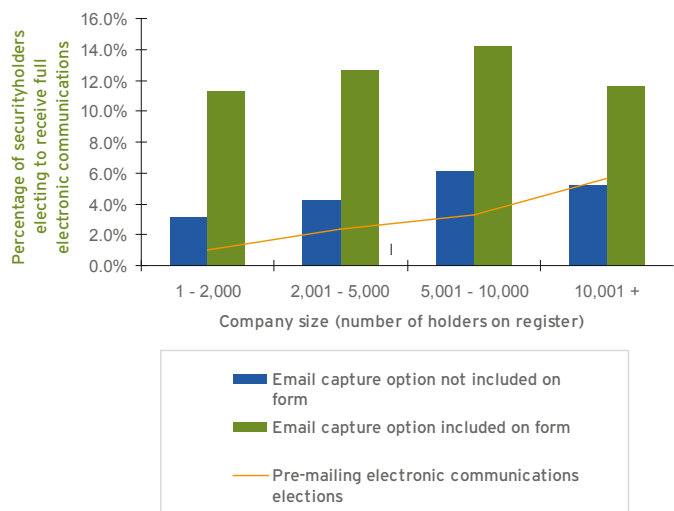
The most effective online annual reports combine intuitive on-screen navigation and readability, and provide a quick download option for viewing or printing at a later time. Online reports that fail to address these usability requirements, such as a large PDF files, can frustrate securityholders with slower

internet connections, resulting in them opting back in for hard copy reports.

Additionally, full-colour glossy statutory annual reports may be an unnecessary expense, considering the audience for this type of report is generally sophisticated investors, advisors and analysts who are generally not interested in marketing aesthetics. Therefore producing your compliance report in black and white is a cost effective option worth considering.

Computershare's research also suggests that the majority of retail securityholders would prefer to receive a reader-friendly report, such as a Shareholder Review, instead of a statutory annual report. The size and format of the Shareholder Review reduces design, print and postage costs (compared to a full statutory annual report), while fulfilling the needs of a core group of securityholders who will opt-in for some form of printed report.

[To view Computershare's 2007 online annual report
CLICK HERE](#)



*Based on annual report election mailings for 171 Computershare client companies.

Figure 1. Annual report election mailing results

RAISING AWARENESS OF SELF-SERVICE OPTIONS

Encouraging securityholders to go online to access the annual report is only half the battle. While online they should be made aware of the broader self-service facilities available to them, and given a compelling incentive or benefit to use these channels.

In this way, a dedicated investor section on your corporate website is often beneficial. It can host corporate information, answer common company-specific queries and provide the ability for securityholders to view and update their holding information – all in the one place. By providing this convenience, issuers can maximise the potential for securityholders to manage many common functions using self-service channels.

An ideal opportunity to raise securityholder awareness of self-service and electronic communications options is via Computershare's Easy Update new securityholder pack facility. By introducing new securityholders to self-service and electronic communication channels from first contact, issuers can establish a perfect platform for achieving long term engagement and cost management benefits over the life of the investor relationship. Computershare's first-hand experience with the new online facility has seen over 70% of Computershare's new securityholder transactions (where self-service functionality was available) completed using the online Easy Update channel.

However, mere awareness of self-service options does not always equate to greater usage. Many individuals need a strong reason to change behaviour. Incentive-based communication strategies, such as a retail gift card reward or Computershare's eTree® environmental program, motivate securityholders to change their behaviour and lead

to a higher uptake of full electronic communications. Incentive campaigns such as eTree® resonate with community-minded investors, increasing response rates while improving company cost efficiency and CSR outcomes. Since 2004, eTree® has successfully migrated over 600,000 Australian investors to electronic channels.

Once a self-service relationship has been established, the door is opened for regular communications with securityholders via email to keep them engaged – ensuring self-service is the preferred choice of securityholders when they need to contact the registry in the future. Collecting email addresses at every opportunity is the best way to facilitate this.

In the end, migrating securityholders to self-service channels is about providing choice, and making the self-service experience as good, if not better, than traditional contact points.

SEIZING THE OPPORTUNITY

With the SRS legislation passed in June, it is not too late to adopt a strategy to help capitalise on this significant opportunity.

Contact your Relationship Manager today for expert advice on developing and delivering an appropriate and effective multi-channel investor communication strategy for your company.

Case study: Computershare

Background

Computershare's goal was to encourage a greater number of securityholders to utilise its Investor Centre online self-service channel.

Actions

In April 2007, Computershare increased the self-service options available to its securityholders via two initiatives; the Easy Update new securityholder pack facility, and enabling single holding transaction capability.

Results

In August 2007, 74% of all possible transactions were completed using Investor Centre – an increase of more than 58% since the initiatives were introduced, and more than 67% higher than Computershare's client average.

Consequently, Computershare's print fulfilment has already been reduced by over 5,000 forms.

Investor Centre

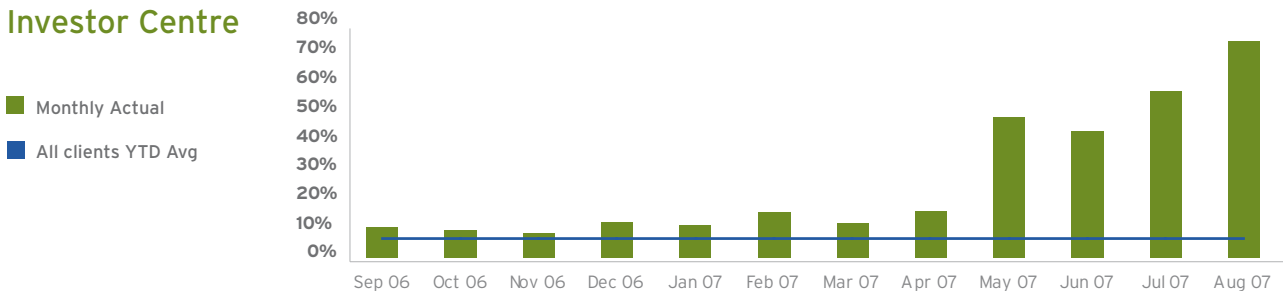


Figure 2. Investor Centre Usage, September 2006 – August 2007

Case study: Encouraging employee ownership ➤ Perilya Limited Employee Share Acquisition Plan

In July 2006, Australian based mining and exploration company Perilya gave all employees the opportunity to participate in an Employee Share Acquisition Plan (ESAP). According to Len Jubber, Managing Director and Chief Executive Officer of Perilya, the Plan was offered to employees to help foster greater employee ownership and commitment to the future success of the company.

Following initial consultation with employees to better understand their expectations, Perilya launched its ESAP using a mixture of hardcopy and online mediums, face-to-face presentations and a take-home CD Rom which explained step-by-step how the ESAP worked and the benefits it offered to employees and their families. For the more detailed and complex employee queries, a dedicated phone line was also made available by Computershare.

Each employee was allocated an initial gift of shares and also given the ability to salary sacrifice to acquire additional shares in the company.

"In the 12 months following the ESAP's launch, more than 700 employees became shareholders in Perilya and almost 60 per cent of employees also elected to salary sacrifice to acquire additional shares in the company." Len said.

The ESAP now ranks in the company's top 20 shareholders with more than 1.25 per cent of Perilya's issued share capital.

"The ESAP has been a great way to engage employees in the business...providing us with the opportunity to regularly communicate share price and dividend information, updates on the company's performance and other internal news."

"Going forward, we believe Perilya's future is very exciting, and our ESAP has been a great strategy for keeping all employees aligned to our goals".

Len Jubber, Managing Director and Chief Executive Officer.

Computershare assisted Perilya and its employees throughout the plan's implementation and beyond, using its experience and expertise to deliver a seamless solution incorporating: communications, plan documentation, purchasing of shares, trustee services, ongoing plan management and Web services.

For more information on Computershare's Employee Share Plan solutions, contact :

Matthew Reed > 02 8234 5235
matthew.reed@computershare.com.au





The advantages of employee share trusts

While there are many different ways to run and administer an employee share plan, over the last few years an increasing trend has developed towards the use of employee share trusts as the vehicle of choice when setting up a plan.

Daryl O’Callaghan, Director – Performance Improvement at PricewaterhouseCoopers explains why:

Firstly, employee share trusts deliver employers a number of key benefits, including:

- › providing an arms length vehicle for acquiring and holding shares in the company
- › assisting with meeting corporations’ law requirements
- › assisting with managing any insider trading issues
- › providing an efficient structure for giving effect to disposal restrictions/vesting conditions
- › providing the possibility for a price hedge
- › enabling easy recycling of shares
- › providing a single vehicle for the administration of various plans.

As a by-product, appropriately structured and operated employee share trusts also allow for tax deductibility of employee equity, both in terms of newly issued shares and on-market acquired shares.

HOW DO THEY OPERATE?

Under an employee share trust arrangement the employer contributes funds to the trust, which are then used to acquire the necessary number of shares. The shares are either bought on-market or subscribed to from the relevant company.

Following registration of the shares in the trustee’s name, employees are then allocated a beneficial interest in the shares. Once certain conditions are met, the employee is then able to request the shares be transferred out of the trust into their name.

IS THE TRUSTEE TAXABLE?

In order to encourage the use of employee share trusts, the various tax acts contain a number of exemptions with respect to income tax, capital gains tax and fringe benefits tax.

The general rule in order for the trustee to take advantage of these various tax exemptions is that its sole purpose must be to acquire and hold shares on behalf of employees under an employee share plan.

Computershare, through its trust company CPU Share Plans Pty Limited (Australian Financial Services Licence No. 309884), provides trustee services dedicated to employee share plans. For further information, please contact:

Matthew Reed › 02 8234 5235
matthew.reed@computershare.com.au



A better fund administration solution is now available

As the market leader in registry and related services, Computershare has recently extended its service capabilities to meet the specific needs of the global fund management community.

For a number of years the Australian financial services market has been in need of a large-scale, cost-effective back office solution capable of handling the growing operational, regulatory and technical complexity of fund administration.

The lack of a suitable solution has meant that the majority of fund administration work has been managed in-house, placing an unnecessary cost and burden on fund managers. In addition, increasingly onerous compliance requirements, rapid advancements in technology and growing product complexity are making it ever more difficult for fund managers to focus on their core business needs. As such, the need for a trusted partner has never been greater.

Computershare Fund Services draws upon Computershare's renowned global technology and registry management expertise to deliver a streamlined unit registry and fund administration solution to retail and wholesale fund managers, friendly societies and custodians. Our solutions simplify the entire outsourcing process, removing the burden of further investment in technology and the hassle associated with legacy systems.

We provide solutions for the majority of back-office needs, including:

- > **Unit registry services** - transactions, distributions, commissions and a full reporting suite
- > **Investment administration** - portfolio valuation services for the full range of domestic and international assets, cash management reporting and integration with your custodian
- > **Unit pricing** - daily unit prices and validation
- > **Fund accounting** - reconciliation, management and statutory reporting, tax and BAS returns.

Over the past year we have invested heavily in improved systems and processes, including the recent acquisition of the Portfolio Server business and proprietary technology, which uniquely positions us to provide a level of service and efficiency currently unrivalled in the managed fund arena.

For more information on how Computershare Fund Services can deliver a flexible, efficient and regulatory compliant outsourced administration solution to give your company a genuine competitive edge, contact:

Simon Wunder > 03 9415 5403
simon.wunder@computershare.com.au

Chris Bain > 03 9415 5545
chris.bain@computershare.com.au





Case study: 2007 MS Readathon

FACTS

For over 28 years, MS Australia (MSA) has provided support for people living with Multiple Sclerosis (MS) through the MS Readathon initiative.

With more than 76,000 children across Australia participating in the MS Readathon in 2007, MSA sought the services of a provider with the broad capability and experience to deliver detailed mail collection, data entry and direct banking processes.

CRITICAL ACTION

Working collaboratively with MSA, Computershare tailored an efficient, accurate and risk free end-to-end solution incorporating: inbound mail collection, registration, print and despatch of payment forms, return mail handling, payment processing and daily reporting.

As payment options included both cash and cheque, Computershare was required to complete the bulk of these services in a highly secure environment.

RESULTS

Since April, more than 76,000 registrations and 44,000 payments have been processed, meeting all MSA deadlines for data transfer, production, return mail and processing.

Computershare’s contribution to the success of the 2007 MS Readathon is best summed up by Anthony Cammell, MS Readathon National Manager:

“The combination of professional service and standards, and extraordinary communication levels, has resulted in the seamless and successful execution

of the complex functional role Computershare has been contracted to supply.

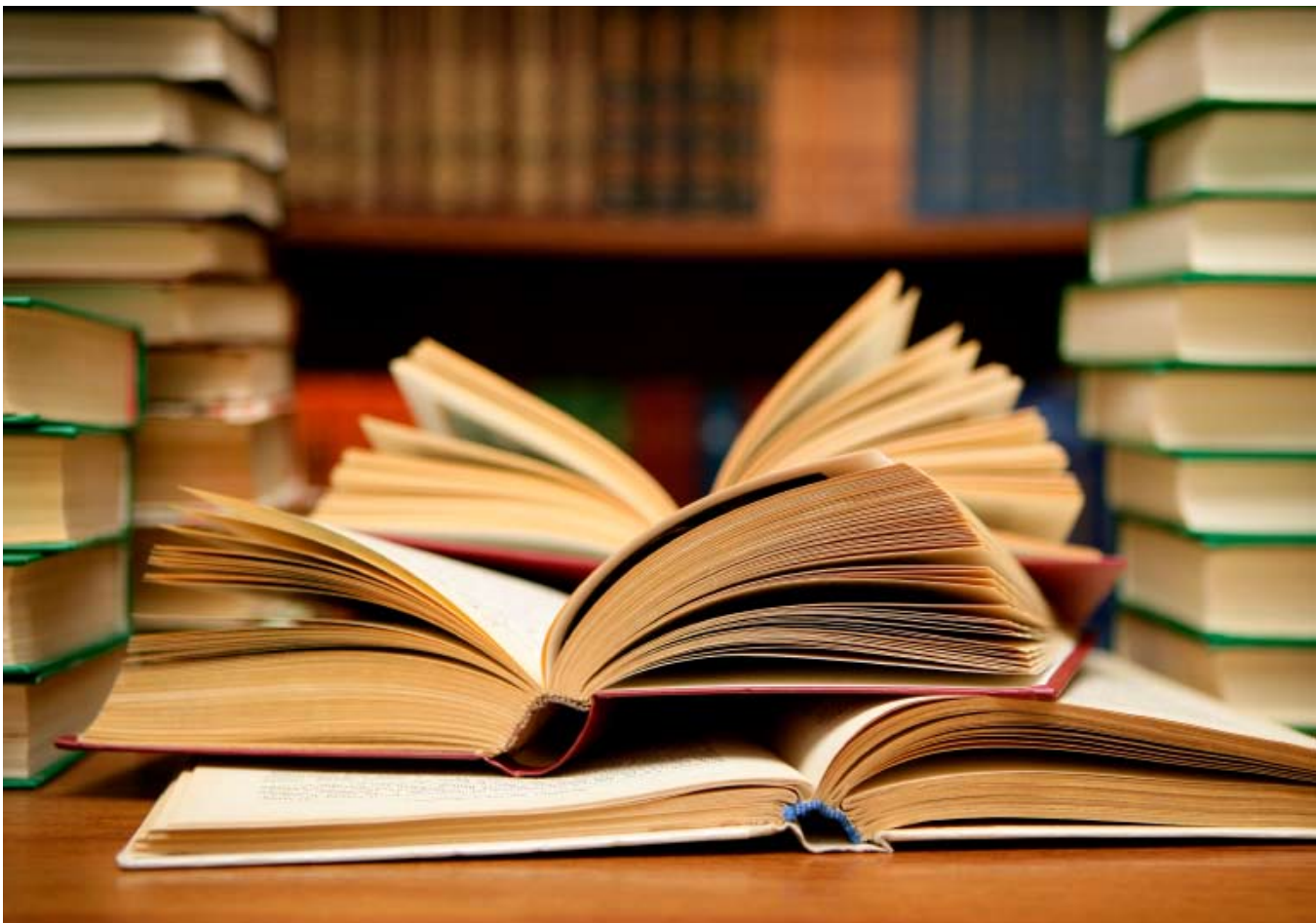
More importantly though we have partnered with a company that is investing in the reduction of our costs, demonstrably caring about our core purpose, and who shows a willingness to invest in our broader organisation and not merely in the business relationship.”

If you would like to support the MS Readathon please contact:

Anthony Cammell, National Manager > 0411 450 655

For further information about Computershare’s solution, please contact:

Bill Gray, Sales Director > 03 9415 5141
bill.gray@computershare.com.au



Thought Leadership Series

Engaging customers in the era of Web 2.0

During August and September Computershare Communication Services held the first in what will become a regular series of Thought Leadership Forums focussing on various topics of interest and relevance to our clients. In this first series, David Schloeffel, Strategy Director for marketing communications consultancy Cubic Innovations, shared insights with key clients in Sydney, Melbourne and Perth about engaging customers in the new era of communications.

The key outtakes from David Schloeffel’s presentation were:

The communication landscape has changed dramatically and the rate of change is only increasing. Now, in what is termed the Web 2.0 or social networking era, the way customers interact is changing, not just online but across all mediums. This is having an impact on customer expectations when interacting with brands.

Web 2.0 includes a number of user-driven online services which rely on user collaboration, such as blogs, Web services, peer-to-peer networking, podcasts and online social networks.

According to David, the five lessons that marketers and communicators should apply to engage customers in this new era are:

1. Think environmentally and understand how your communication fits within your communication ecosystem

2. Set up meaningful customer feedback mechanisms and act upon the information you receive
3. Provide customers with marketing communications on their terms not yours
4. Forget about relationships, customers only want positive experiences with a brand
5. Let your customers take charge of your brand

To increase interactivity during the sessions, attendees were able to use Computershare’s IML keypads to provide instant feedback on the various issues presented.

For more information, contact:

Bill Gray, Sales Director > 03 9415 5141
bill.gray@computershare.com.au

David Schloeffel > 03 9935 8316
dschloeffel@cubicinnovations.com.au.

DEVELOPING PRODUCTS THAT DELIVER ADVANTAGE

Computershare is continually investing in innovative product development initiatives that enable us to deliver advantage to our clients and their stakeholders. If you have any ideas on how Computershare can deliver your business greater ingenuity or advantage through new initiatives or existing product enhancement, please contact our Product Development Team on 03 9415 5009 or askcomputershare@computershare.com.au



Case study: BHP Billiton launches its market-leading all employee global share plan

FACTS

BHP Billiton is the world's largest diversified resources company, with over 38,000 employees working in more than 100 operations across 30 countries.

In April 2007, the company launched its first all employee global share plan, Shareplus, a global purchase and matching plan that gives employees the opportunity to share in BHP Billiton's success.

CRITICAL ACTION

In six months from concept to delivery, the plan was successfully launched. Employees across the world were given the opportunity to contribute money to purchase shares and receive matched shares.

22,000 employees received information using Computershare's email broadcast system. Computershare also personalised, printed and mailed an additional 16,000 offer packs which were sent to employees without email addresses.

Enrolment was offered to all employees using Computershare's multilingual plan members' website and Interactive Voice Response (IVR) system.

RESULTS

By the end of the initial offer period, over 30% of BHP Billiton's employees had joined the plan and shares have been purchased over four stock exchanges across the world. This is the first opportunity for employees to join, and BHP Billiton is looking forward to being able to increase participation with each offer period.



“This was a huge and complex project, and to have launched the plan within the time frame is a fantastic achievement. Every member of the Computershare team provided a first-class service and I have received positive feedback from employees.”

Geraldine Pamphlett, Share Plans Manager, BHP Billiton



Anti-Money Laundering legislation update

The next phase of the Anti-Money Laundering (AML) Legislation is to be implemented in December, 2007. This phase includes an obligation for providers of designated services to ‘Know Your Customer’, which will involve collecting and verifying information about customers on a risk determined basis.

Computershare has recently communicated with clients on how we understand the legislation will impact them. We are also continuing to lobby the regulator (AUSTRAC) to have certain designated services excluded from the legislation where we consider the risk of money laundering or terrorism financing in those services to be disproportionate to the compliance obligations imposed.



For our listed clients, we have identified three equity management arrangements which we consider fall into this category - small holder sale, below marketable parcel sale and top-up facilities.

We are hopeful that AUSTRAC will agree with our submission and we will communicate further with clients in due course.

We are also continuing our efforts, along with other industry participants, to have issues of securities by listed Managed Investment Schemes (MIS) and issues of stapled securities, excluded from the legislation. There seems to be no reasonable basis for treating such issues in a different way from issues of securities by listed companies, which are excluded. We understand that this issue is still under consideration.

This uncertainty is clearly causing difficulties for organisations with their planning for AML implementation. Computershare is continuing its planning on the basis that all of the activities will be covered until advised otherwise, and we are well under way in making the necessary system and process changes. However, there will be increases to the costs associated with activities impacted by the legislation due to the additional processing time involved in carrying out the ‘Know Your Customer’ identification.

If you would like further information regarding this legislation, or would like to offer your support to Computershare’s efforts in lobbying regulators, please contact:

Martin Jones, Risk & Compliance > 02 8234 5129
martin.jones@computershare.com.au

YOUR DIVIDENDS CAN HELP THE COMMUNITY

Dividend donation is a simple and effective way to support your organisation’s chosen charities and involve securityholders in your CSR strategy.

Computershare securityholders have been given the option to donate all or part of their September dividend to the Computershare Change a Life Foundation.

Working in partnership with well-respected charities such as World Vision and CARE Australia, the Change a Life Foundation directs funds to projects that focus on poverty alleviation through sustainable development.

The Foundation’s latest project is funding the construction and development of a Sunrise Children’s Village for Cambodia’s orphans, in partnership with Geraldine Cox and the Australia Cambodia Foundation.

To find out how Computershare can help your organisation to develop a Community Giving Program, contact:

Dañelle Michael, Product Development Manager
> 03 9415 5009
danelle.michael@computershare.com.au



Securityholder service enhancements

We have recently introduced a number of innovative new self-service and eCommunications developments to improve our service to your securityholders.

1. ECOMMUNICATIONS ENHANCEMENT - PERSONALISED URLS

Securityholders who have elected to receive dividend notifications via email broadcast will now find it faster and more convenient to view their dividend statements online.

Through the introduction of personalised URLs (PURLs), securityholders simply follow the link then enter their postcode to view their statements, instead of entering their SRN/HIN. As an added security feature, SRN and banking details will be partially obscured to ensure the privacy of securityholder information.

2. IVR - COMPANY NAME SPEECH RECOGNITION

We have recently installed advanced speech recognition technology within our IVR functionality. This technology, which recognises a company name when spoken by the caller, ensures higher retention of calls within the IVR system and more accurate direction of callers to the appropriate staff member.

Initial trialling of this technology resulted in approximately 70% of calls being recognised, which has now grown to 79% following further fine-tuning.

Under the previous system, where callers entered the company name on their keypads, approximately 47% of calls were recognised, with the remainder forwarded to call centre operators for clarification.

3. ONLINE DECEASED ESTATE WIZARD

Solicitors and executors of deceased estates are now able to complete the bulk of their queries online via Investor Centre's Deceased Estates Wizard, greatly reducing the volume of incoming calls and outgoing correspondence (letters).

The Deceased Estates Wizard presents users with formatted questions that determine the required forms that need to be returned to Computershare, as well as any supporting documentation.

Additionally, by obtaining company codes, SRN/HINs and postcodes from users, the wizard automatically retrieves required information from our internal systems, reducing the number of questions the user is required to answer.

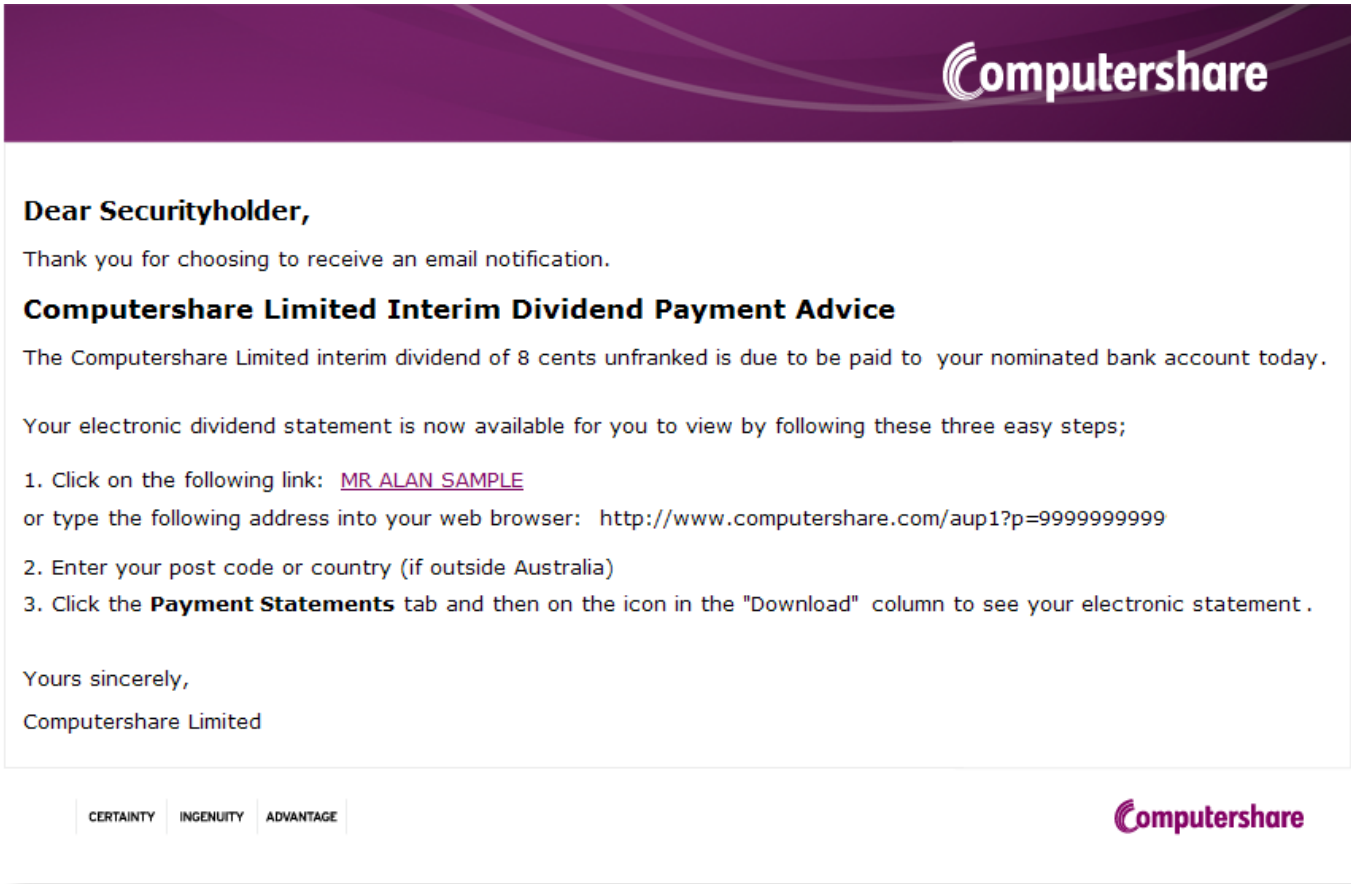


Figure 3. Dividend notification email example