

28 February 2006

AdamDirect Price Change Notification

Dear Adam Internet Customer,

In November 2004, Adam Internet announced AdamDirect, Australia's first and only high density uncapped ADSL2+ network. This capability now delivers high speed broadband in 23 exchanges throughout Adelaide with six more to come in the next few months. During this time, Adam Internet has set the standard for aggressively priced next generation broadband that to this day hasn't been matched. When the pricing structure was set, there was no benchmark - to be blunt, it had never been done before and in retrospect, we almost got it right. What we didn't expect was the very high demand for this service as actual demand has exceeded forecast by over 500%. Whilst this provides significant economy of scale, the network infrastructure that was planned to meet demand for two years, as per industry practice, has actually lasted in some cases six months. By way of example, Modbury Exchange went "Active" and sold out of available ports in just 3 weeks – planned availability was 12 months. This has now been upgraded to meet demand as have all other Exchanges.

This letter is designed to inform you of Adam Internet's intention to increase the pricing of some services from 6 to 16 percent depending on plan type. The need to increase pricing has been caused by many factors but in summary, here are the main offenders:

- High demand for our services requiring constant upgrading of our core network beyond normal industry practice.
- The lack of regulatory intervention and a reluctance to allow innovative, cost effective broadband solutions by fair and equitable access to Telstra facilities, infrastructure and wholesale pricing.

This price change represents a small adjustment to ensure the estimate made in 2004 is updated to represent associated costs in 2006. Regardless of this increase, it is still the most aggressively priced, unmatched, next generation broadband offer that is offered by any Telecommunications Provider.

To ensure that Adam Internet continues to meet the needs of its customers it will offer three options regarding this change.

1. Do nothing and continue using the AdamDirect service. The new pricing for AdamDirect will commence on any billing occurring after the 31st March 2006. The new pricing is reflected in the table as follows:

AdamDirect ADSL2+				
Plan Name	Speed‡	Monthly Data	Current Cost	New Cost
Starter	24000k/1000k	500 MB	\$29.95	\$34.95
Light	24000k/1000k	5,000 MB	\$34.95	\$39.95
Medium	24000k/1000k	10,000 MB	\$39.95	\$44.95
Average	24000k/1000k	20,000 MB	\$49.95	\$54.95
Super	24000k/1000k	40,000 MB	\$59.95	\$69.95

‡24000k/1000k is the maximum possible speed of an AdamDirect service. As the distance from the exchange increases, the speed will decrease accordingly. This decrease is affected by the quality of your phone line, including the internal wiring of your house.

OR

Adam Internet Pty Ltd (ABN. 22 055 495 853)
 Postal Address: GPO. Box 121, Adelaide 5001
 Street Address: 282 Gilbert Street, Adelaide 5000
 Phone (08) 8423 4000 Fax (08) 8231 0223
 Email: info@adam.com.au

2. Maintain the current cost of your plan but have your plan changed to the Adam Home 256/64k plan. This is a good option for customers who are not overly concerned with the speed of their connection but rather the convenience to access the Internet via broadband. You can select this option by entering our secure area at <https://members.adam.com.au/specialchange> into prior to the 31st March 2006. Your plan will change on the next billing cycle after the cut-off date.

OR

3. Disconnect your AdamDirect service for the standard Disconnection Fee of \$90 plus \$62.50 being 50% of the retail cost if we supplied you a discounted modem at setup. Once these fees are paid including any outstanding monies and/or charges owed prior to the announcement of this Option, you will be released from any remaining commitment under your existing AdamDirect contract.

We understand that this increase changes your monthly commitment (as allowed for in our Terms and Conditions) and is not something that we do lightly but rather as a calculated measure to ensure the continued level of service and network availability that you expect as a customer.

**Please note that Option 2 and 3 are available only until the 31st March 2006.
You must notify us of your intent prior to this date otherwise do nothing and the new charges (Option 1) shall be deemed an authorised change by you.**

Important Update

CommunityNet To Go Public

Adam Internet is nearing completion of its initial ADSL2+ commitment of 24 Exchanges, with Coromandel Valley exchange expected to go active in the next 7 days. Once this Exchange becomes active, it will complete Adam Internet's initial round of upgraded Exchanges. This clears the way for Adam Internet's "CommunityNet" project to commence on the 3rd April 2006.

The CommunityNet concept provides Customers with the ability to exchange data/information to other members of their "Community" (i.e. connected to the same exchange) without incurring data charges for such usage.

This project will initially be a wide-scale public Beta Release with the "Community" being able to try, assist and encourage the use of this innovation through a "self-help" customer forum area on Adam Internet's website. Due to the Beta nature of this service, standard customer support will not extend to CommunityNet. The forum website will be released closer to the date at <http://communitynet.adam.com.au>.

Thank you for your continued support.

Greg Hicks
Chairman
Adam Internet