



M2 Telecommunications Group Ltd

Dividend Reinvestment Plan Summary

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Plan Highlights

The M2 Telecommunications Group Ltd (M2) Dividend Reinvestment Plan (Plan) provides a convenient way for all M2 shareholders to invest their dividends in new fully paid ordinary shares in M2 (Shares).

The main features of the Plan include:

- > **Full or partial participation** - Under the Plan, you may elect to have dividends on some or all of your Shares automatically reinvested in additional Shares. If you elect partial participation you can nominate the number of Shares that will participate in the Plan. Any additional Shares allocated under the Plan will also participate in the Plan.
- > **Participation is entirely optional** - You may join, vary your participation, or withdraw from the Plan at any time, subject to adequate notice being given. Shareholders who do not apply to participate in the Plan will continue to receive their dividend in cash (paid by cheque or direct credit to their nominated bank account).
- > **Shares may be allocated at a discount** - Shares may be allocated under the Plan at a discount to the market price, as determined and announced by the directors from time to time.
- > **Shares issued or transferred** - Shares allocated under the Plan may, at the directors' discretion, be existing Shares transferred to participants, or new Shares issued to participants.
- > **No additional costs** - Shares allocated to you under the Plan are free of brokerage, commission or other transactional costs.
- > **Share rank equally** - Shares allocated under the Plan rank equally with existing Shares from the date of allocation.
- > **Treatment of residual amounts** - Where the Plan entitlement formula results in a fraction of a Share, the value of that fraction will be carried forward in your Plan account and added to your next dividend for the purposes of calculating your Share entitlement.
- > **Dividend statement** - A dividend statement, providing details of your participation in the Plan, any residual amount carried forward in your Plan account, and details of any movements in your shareholding balance, will be forwarded to you at the time of the dividend payment.
- > **Joining Plan** - To join the Plan, you need to complete the application provided with this brochure and return it to M2's Share Registry at the address shown on the form.

Questions and Answers

Who can participate?

All shareholders who have addresses in Australia or New Zealand can participate in the Plan. The directors have determined that it is currently impracticable for participation in the Plan to be offered to shareholders whose addresses are in countries other than Australian and New Zealand.

Is participation optional?

Yes. The decision is entirely yours.

How do I choose to participate?

To participate you will need to complete and return the application provided with this brochure. An application can also be obtained by downloading the form from the M2 website, www.m2.com.au or by contacting M2's Share Registry, Link Market Services on 1300 554 474.

When will my participation begin?

Participation will begin with the first dividend payment after receipt of your application form. The form must be received by the record date to be effective for that dividend.

Do I have to participate for all of my Shares?

No. You can elect to participate for all or part of your shareholding, or you may choose not to participate at all. If you elect to participate in respect of part of your shareholding you can nominate the number of Shares that will participate in the Plan. Any additional Shares allocated under the Plan will also participate in the Plan.

Your dividend entitlement on any Shares not participating in the Plan will be paid by cheque or direct credit as currently applies to your holding.

Can I stop participating or vary the level of my participation?

Yes. You can vary the level of your participation or withdraw from the Plan at any time by completing an appropriate form which can be downloaded from the M2 website, www.m2.com.au or by contacting M2's Share Registry, Link Market Services on 1300 554 474. Forms will be effective from the next dividend payment, but to be effective for that dividend the form must be received by the record date for the relevant dividend.

How much will the Shares allocated to me cost?

Shares will be allocated at the adjusted market price, which is the average of the daily volume weighted average market price per Share sold on the ASX during the five consecutive trading days commencing on the next trading day after the relevant record date, less any discount the directors may determine from time to time and announce to the ASX. You should note that the adjusted market price is set after the record date, which is the deadline for you to lodge, vary or withdraw your application. This means you will not know the adjusted market price when you commit to participate in the Plan but you will know the discount, if any, to be applied.

How many Shares will I receive?

The amount of the dividends in your Plan account will be divided by the adjusted market price to determine the maximum number of Shares to be allocated (rounding down to the nearest whole number). Any cash balance remaining in your Plan account will be carried forward to the next dividend.

Will there be any costs?

No brokerage, commission or other transaction costs will be payable by participants in respect of Shares allocated under the Plan.

Will Shares allocated under the Plan rank equally with other Shares?

Yes. The Shares allocated under the Plan will rank equally with other issued Shares.

Will Shares allocated under the Plan participate in the Plan?

Yes. Any additional Shares allocated to you under the Plan (for both full and partial participation) will also participate in the Plan.

When will I receive a dividend statement?

After each allocation of shares under the Plan, a dividend statement will be forwarded to you showing relevant information, including:

- > the number of shares participating in the Plan held as at the record date;
- > the amount of the latest dividend;
- > the number of shares allocated under the Plan in relation to that dividend and the price at which those shares were allocated;
- > the residual cash balance carried forward in your Plan account; and
- > the new total holding of Shares participating in the Plan, including shares allocated to you under the Plan.

Can I sell my shares when I choose?

You can sell any or all of your Shares at any time. However, should you sell all of your shares and not give M2 a form to withdraw your participation in the Plan, your participation will be deemed to have ceased on the date on which the last transfer is registered by M2.

Questions and Answers

What about taxation?

Dividends reinvested under the Plan will be treated in the same way as dividends received on Shares which are not participating. M2 takes no responsibility for the taxation consequences of shareholders participating in the Plan, and recommends you obtain professional taxation advice.

What happens if I have more than one shareholding?

If you hold Shares in different registered holdings, then you will need to submit a separate application or appropriate form to vary or terminate for each shareholding.

Can the Plan be modified, suspended or terminated?

The Plan may be modified, suspended or terminated by one month's notice which, at the discretion of the directors, may be given by an announcement to the ASX or by notice in writing to holders of Shares.

What happens to the residual cash balance in my Plan account if I end my participation in the Plan or sell my shares or M2 terminates the Plan?

In the event of termination of participation in the Plan, any residual balance in your Plan account at that time will be paid to a charity or charities selected by the directors.

Where can I find further information on the Plan?

You can obtain the full Terms and Conditions of the Plan free of charge by:

- > downloading them from the M2 website (www.m2.com.au);
- > calling M2's Share Registry, Link Market Services on 1300 554 474; or
- > emailing M2 via investor@m2.com.au

