



MEDIA RELEASE

Freeonline attracts two U.S. Venture Capitalists Investors to Close Second Round Funding at \$125 Million Valuation

Melbourne, 22 December 1999. FreeOnline, Australia's leading and largest free Internet access provider closed a \$15 million second-round capital raising today. In a significant endorsement of its business model and underlying innovative patent-pending technologies, it has attracted two major international, and two additional Australian corporate investors.

BancBoston Capital and PSINet Ventures led the international investors and have invested a total of \$8 million, with Flinders Capital, National Australia Bank, joining first round lead investor Australasian Media & Communications Fund (AMCF) and some private investors contributing an additional \$7 million.

Since launching its offering in August, FreeOnline has exceeded its forecast and has over 80,000 registered users in three cities using its innovative access portal technology. Clearly the category leader in Australia, FreeOnline's rapid growth in four months reflects the emerging trend of content-sponsored Internet access. Last week, AOL, Yahoo, Wal-mart and K-mart all announced free Internet access services in the US, adopting a similar strategy to FreeOnline's co-branded service with the National Australia Bank, launched last month.

Sydney Low, the Group Chief Executive Officer of Freeonline said "We have significant discussions under way in Japan, China, US, UK and Europe to launch FreeOnline style services, tailored to the local market. Australia has seen us prove the technology and business model for a rapid globalisation of the company. In the first half of 2000, we are targeting several international deals that could see us offering services to over 10 \$125 million consumers in the US alone."

Robin S. Higham, Managing Director of BancBoston Capital Asia-Pacific, said "Freeonline's value proposition is to be the leading infomediary and dominant player in the emerging on-line targeted marketing industry. FreeOnline offers a solution to companies throughout the world seeking to develop an online consumer franchise."

FreeOnline is considering floating its Australian operations in 2000. By that time, it is aiming to be the No. 3 Internet access provider in Australia, and the No. 1 channel for B2C Business to Consumer – e-commerce.

Flinders Capital's Associate Director Tom Elliott, describes FreeOnline as "the next Australian Internet company to make a significant global impact" following the footsteps of LookSmart International. "Both companies were born global, and have management teams with the experience to take it to international markets in Internet time."

BancBoston Capital is the US\$1.5 billion private equity arm of Fleet Boston Financial Corporation, providing later stage capital options from equity sponsorship to co-investment and mezzanine capital for buyouts, recapitalisations and expansion of mid-size companies in a wide range of industries across the globe.

PSINet Ventures is a division of internet super carrier PSINet Inc., which is headquartered in suburban Washington, DC, and listed on NASDAQ (symbol: PSIX) with a market cap over US\$3.5 billion. PSINet is a major presence in the international Internet community, with more than 800 points-of-presence, and operations in United States, Canada, Europe, Latin American and Asia.

National Australia Bank is the third largest company on the Australian stock exchange and has co-branded Internet access service with FreeOnline which enables access to the Bank's Internet banking service.

Flinders Capital and AMCF (the first round institutional investor in the company) are leading early stage venture capital firms in Australia.

About FreeOnline.com.au Pty Limited and Sharinga Networks IncFreeOnline is the largest Free Internet Access Service provider and the fastest growing ISP in the Southern Hemisphere. Utilising its proprietary online access technologies, the Sharinga Network, it is the leading ISP working with corporate partners including the National Australia Bank and Australia Post. The company is creating the next generation of corporate sponsored online services for consumers and businesses. Sharinga Networks Inc is currently finalising the launch of its services for ISPs in the USA, Western Europe, India and China.

About Lucent TechnologiesLucent Technologies, headquartered in Murray Hill, N.J., USA, designs and delivers the systems, software, silicon and services for next-generation communications networks for service providers and enterprises. Backed by the research and development of Bell Labs, Lucent focuses on high-growth areas such as optical and wireless networks; Internet infrastructure; communications software; communications semiconductors and optoelectronics; Web-based enterprise solutions that link private and public networks; and professional network design and consulting services. For more information on Lucent Technologies, visit its Web site at [/](#).