



9 March 2005



Dear

We are writing to advise you of a very exciting strategic opportunity that the Board of Directors has resolved to pursue. This week, we announced our intention to merge with one of South Australia's largest credit unions, CPS Credit Union (SA) Limited, to form Community CPS Australia Limited. The strategy of the Credit Union is to move to a national presence, while maintaining a strong local focus in the communities in which we operate.

Both organisations have shared a long and successful history of cooperation, extending some 30 years. These linkages were established many years ago, drawing upon a common heritage of servicing Commonwealth Public Service employees.

Today, both organisations have expanded, servicing a broader cross-section of members in the community, through a wide range of financial products and services. The two organisations have similar goals and strategies in serving members.

In the face of increasing competition, both credit unions have successfully upheld traditional credit union values and objectives. Importantly, both are clearly focused on the objective of creating and returning value to members.

The Directors of both credit unions were strongly of the view that above everything else, the merger must be beneficial to members. There are a number of benefits that will flow from the merger of the combined credit unions. Community CPS members will gain:

- continued representation of five Directors, to be represented on the Board of Community CPS Australia Limited, which will have 10 Directors (Board Meetings will be held on a reciprocal basis between Adelaide and Canberra);
- access to accounting and taxation services through credit union owned businesses;
- financial planning and advisory services;
- access to funds nationally, through the Australia Post's Giropost service;
- a new and proven retail banking computer system, which will enable us to deliver services more efficiently; and
- access to a larger range of award winning products and services.

The merger, which is expected to take place 1 October 2005, will be subject to due diligence investigations, regulatory endorsement and member approval. All staff will be employed by Community CPS Australia Limited.

The merger will provide all members with greater access to innovative and award winning products. It will also allow us to build upon our ongoing commitment to personalised service.

If approved, the merger will see Community CPS Australia Limited become one of the nation's largest and most influential credit unions, with more than 140,000 members, 400 employees and managing a combined \$1.4 billion in assets.

Initially, the operations of both credit unions will continue as normal and plans for expansion of our retail network in the ACT and NSW are well underway.

We believe this strategic opportunity places both organisations in a very solid direction and it will deliver positive benefits to the members and enhance our future competitive position.

We want to ensure that members have every opportunity to raise any questions with us and to that end, we have established a special link on our website, www.cpsact.com.au, for this purpose. Alternatively, you can contact Community CPS in the following ways:

Email	merger@cpsact.com.au
Post	Merger Community CPS Locked Bag 1000 Mawson ACT 2607
Telephone	(02) 6286 0555
Fax	(02) 6286 0504

We look forward to sharing this exciting transition with all CPS members.

Yours sincerely



Gary Green
Community CPS Chairman



Robert Keogh
Community CPS Chief Executive