

Media Release

Telecom New Zealand Extends Commitment to 3

Sydney, 3rd August 2007 - Hutchison Telecoms (HTAL) today announced that Telecom New Zealand will strengthen its commitment to 3 with its plan to transfer its investment in Hutchison 3G Australia (H3GA) to a direct investment in HTAL, and expand opportunities to collaborate more closely on 3G operations.

Telecom will roll up its 19.94% investment in 3 operator and Hutchison subsidiary H3GA, to a 10% stake in Hutchison Telecoms – 3's listed Australian parent company - and take an option to increase this investment by a further 9.94% at any time before 31 December 2008, at strike prices of \$250 million to \$300 million, depending on when the option is exercised. The transaction is subject to documentation and various regulatory and shareholder approvals.

As part of the agreement to extend TCNZ's investment, Telecom will assign its 850 MHz spectrum licences including Brisbane, Adelaide and Perth to HTAL. Hutchison Telecoms also holds 850 MHz spectrum in Sydney and Melbourne.

Commenting on the announcement, Nigel Dews, Chief Executive Officer Hutchison Telecoms said, "Following TCNZ's investment in Hutchison Telecoms both companies will be able to benefit from far greater collaboration. Telecom's commitment to 3 and the innovation in 3G is clear and we look forward to opportunities to work more closely with TCNZ on both sides of the Tasman."

"With our investment and commitment to 3G in New Zealand, there are great opportunities for us to work with Hutchison Telecoms in Australia who are leading the market with 3," said Marko Bogoevski, Chief Financial Officer, Telecom New Zealand. "By extending our investment to the listed parent company, Telecom will benefit from a greater involvement in the developments in 3, as well as from the returns we expect from Hutchison Telecoms in years to come."

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For further information

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