



Media Release

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Telstra

Two Year Lead for Telstra-Hutchison 3G Network

Telstra and Hutchison 3G Australia have signed binding agreements to establish a new partnership that will deliver a two-year lead on competitor 3G network rollout plans.

The partnership will enable Telstra to join Hutchison, currently Australia's only 3G mobile operator, from 1 July 2005.

A small administrative group, 3GIS, will own and operate Hutchison's existing W-CDMA radio access network and fund future network deployment under a network rollout plan agreed by Telstra and Hutchison.

Initial geographical coverage will reflect Hutchison's already existing 2000-base station 3G footprint in Sydney, Melbourne, Brisbane, Gold Coast, Adelaide and Perth.

3GIS will manage the Telstra-Hutchison infrastructure expansion first into Canberra and then into regional areas, giving it an established lead of more than two years on the SingTel-Vodafone 3G rollout plan.

Group Managing Director, Telstra Wholesale, Broadband and Media, Mr Bruce Akhurst, said today: "This agreement provides Telstra with access to a fully optimised, fully operational network across five capital cities from day one.

"Telstra will not only be offering customers 3G services well ahead of our major competitors but we will be doing so on a tried and tested, independent network," Mr Akhurst said.

"As well as superior network coverage and performance, we will be offering the latest handsets."

"The infrastructure partnership ensures Telstra and Hutchison will take a leadership position in 3G network coverage and performance, and we will work to ensure this continues for many years to come."

In return for 50 per cent ownership of the Hutchison 3G network assets, Telstra will pay Hutchison \$450 million, under a fixed payment schedule, in four instalments, starting December 2004.

Chief Executive of Hutchison, Mr Kevin Russell, said the network sharing agreement brought together the nation's most experienced mobile infrastructure operator and the nation's most experienced 3G operator.

"This partnership will have a clear edge from day one on both depth and quality of coverage," Mr Russell said.

"It will have outstanding in-building coverage and a superior geographical footprint," he said.

“That leadership will continue because the Telstra-Hutchison agreement mandates coverage expansion and adoption of 3G technology innovations as they emerge in the future.”

"As well, we will have superior network performance and operational stability from day one compared to the competition. We know from experience the challenges inherent in delivering a fully optimised, mature network.

“The competitive advantage we have established by having achieved a stable and sound technical platform will be evident for some time after our competitors launch. ”

The 3GIS partnership will be managed solely and exclusively by 3GIS Pty Limited. Mr Bob Dulhunty has been appointed as Chief Executive Officer of 3GIS Pty Limited.

Mr Dulhunty brings more than 30 years experience in the telecommunications industry working in senior executive positions at Telstra, Optus and Hutchison, including as Chief Technical Officer of the Hutchison Orange CDMA network and Operations Manager of Telstra data networks.

The Directors appointed to the 3GIS Board by Hutchison will be Hutchison Whampoa Group Finance Director, Mr Frank Sixt; Hutchison CEO, Mr Kevin Russell; and Telecom New Zealand Chief Financial Officer, Mr Marko Bogoevski. All three are Directors of Hutchison 3G Australia.

The Directors appointed to the 3GIS Board by Telstra will be Group Managing Director, Telstra Wholesale, Broadband and Media, Mr Bruce Akhurst; Telstra Chief Financial Officer & Group Managing Director, Finance & Administration, Mr John Stanhope; and Group Managing Director, Telstra Infrastructure Services, Mr Michael Rocca.

The Board will appoint the chairman on an annual basis, from each company in turn.

Telstra and Hutchison have agreed an infrastructure deployment plan for the next two years. The deployment plan, which will be reviewed on a half-year basis, includes expansion into regional areas. The first deployment will be into Canberra and is scheduled to be completed by the end of 2005.

Telstra and Hutchison will each continue to own separate core networks, application and service platforms, and will conduct their retail 3G businesses independently and in competition with each other.

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