



Media Release

20 April, 2011

Rural NZ set to receive world-class broadband

Telecom and Vodafone today said that both companies were delighted that their joint proposal had been selected by the Government to deliver the Rural Broadband Initiative (RBI), bringing world-class broadband to rural New Zealanders.

"From the outset we've believed our proposal, which over-delivers on the Government's RBI objectives, could deliver the most benefit to rural New Zealand. Not only does this deliver broadband access, but rural Kiwis will see a significant expansion of mobile voice, SMS and data coverage," said Vodafone CEO, Russell Stanners.

Mark Ratcliffe, CEO of Telecom's network business Chorus, said now that each company's commercial agreement with the Government has been signed, work would get under way immediately.

"Because we're able to build on significant existing infrastructure, capability and experience we can achieve a whole lot in a very short period of time. Within the first year we will have connected around 500 rural schools to fibre."

The RBI will provide 100Mbps services to 95 percent of rural schools, and a minimum 5Mbps broadband service to over 80 percent of rural households, within six years.

Telecom and Vodafone are building open access infrastructure. All RBI-funded fibre and wireless components will be available on an equivalent basis to access seekers and wholesale customers, so any party can offer services over the new infrastructure.

Through the extension of Telecom's existing fibre infrastructure and the building of open-access infrastructure, approximately 750 rural schools and six hospitals will have the benefit of 100Mbps connections.

Vodafone is building an additional 154 cell towers which, when linked to the Telecom fibre network, will deliver high speed broadband services wirelessly. Each tower's infrastructure will allow open access for other operators to co-locate on.

Both Telecom and Vodafone will be making significant investments of their own, to complement the \$285 million of government funding.

Rural customers will have not only faster data services but also a much wider choice of technologies and suppliers for these services.

Both companies will now begin a period of engagement with rural stakeholder groups before build work begins in July.

Minister for Communications and IT, Steven Joyce, with Mark Ratcliffe and Russell Stanners, will hold a media briefing today, with details to follow.

Note: This agreement does not cause any changes to Telecom's EBITDA or Capex guidance.

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For more information about the Rural Broadband Initiative, please go to the following sites which will be available from later today.

www.telecom.co.nz/rural-broadband

www.vodafone.co.nz/rural-broadband