



Media Release

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## Optus reaches landmark agreement with NBN Co on HFC network *A giant leap towards true competition*

Optus announced today that it had reached a landmark agreement with NBN Co on the migration of its Hybrid Fibre Coaxial Cable (HFC) customers to the National Broadband Network (NBN).

Under the agreement, Optus will begin the progressive migration of its customers to the NBN once the network is rolled out in an area and is ready to provide services to customers currently served by Optus' HFC network.

Optus estimates the total value of the agreement as approximately A\$800 million on a post tax net present value basis, with HFC customers migrated to the NBN following deployment of the network in HFC serving areas in accordance with the anticipated timetable. Payment will be received progressively on migration.

Optus and NBN Co expect that the initial migration of customers to NBN infrastructure will commence in 2014. The program is expected to take up to four years to be completed across Optus' entire HFC footprint. Optus will continue to supply services to customers using its HFC network until the NBN is built and customers have been migrated.

Paul O'Sullivan, Optus Chief Executive said, "Optus was born in competition. This deal supports the NBN to create a level playing field for all telcos. Australian consumers will be the winners.

"This agreement represents a fair deal for Optus. We intend to use the NBN to turbo-charge competition and to deliver the full potential of a 21<sup>st</sup> century digital life to customers," Mr O'Sullivan said.

Mike Quigley, NBN Co Chief Executive said, "A definitive agreement with Optus, Australia's second largest ISP, represents a significant step in the journey towards a true level playing field for retail broadband services".

The agreement is conditional on ACCC's approval and satisfactory rulings from the Australian Taxation Office. The agreement also contains various termination rights, including rights relating to agreeing an implementation plan and the market environment in which the NBN is expected to operate.

Optus will progressively decommission the parts of the HFC network that do not provide ongoing support for mobile infrastructure and business customers. Optus agrees to use only the NBN for the supply of fixed line services to residential and small business premises previously served by the HFC network.

The Commonwealth Government is providing a separate guarantee to Optus to back NBN Co's obligations.

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