

3 Launch Speech Tuesday 15 April 2003

**Kevin Russell
Chief Executive Officer
Hutchison Telecommunications Australia Limited**

Good morning and welcome ladies and gentlemen.

Communications have come a long way over the years, today they go another significant step further.

Hutchison 3G Australia is introducing a suite of new mobile services into the Australian marketplace. The services are branded simply - 3.

Over the next 15 minutes I'll walk through who 3 is, introduce our services and answer that frequently asked question *"ah, but how much is this all going to cost me?"*

Now I'm going to ask for something from each of you today. Many of you have come here with expectations or preconceptions. I'm going to ask each of you to park those for the moment. Draw your own personal conclusions on the attractiveness of our offer and how it measures up to the competition. See how it feels for you.

To start, I'd like to give a little background on 3's pedigree.

Our global parent, Hutchison Whampoa, is a multinational, and one of the leading companies in Asia. In 1999 it was the most profitable company in the world. It operates in 41 countries, with 150,000 employees. At December 2002 HWL had cash and cash equivalents of A\$28 billion. The company is strong and it is successful. It is also a rock-solid supporter for our business in Australia.

Globally, Hutchison Whampoa is leading a new wave of growth in wireless multimedia services. Under the global 3 brand, Hutchison is launching its mobile offering in 9 markets with a combined population of 170 million. The markets are Australia, Austria, Denmark, Hong Kong, Israel, Ireland, Italy, Sweden and the UK. I am proud to say that Australia is in the lead group in this global rollout following only days behind Italy and the UK.

Today, 3 services are being introduced into Australia 1 to 2 years ahead of when our competitors believed possible. How could we achieve this? Through a combination of Hutchison global leverage on suppliers, our global development co-operation across time zones... and finally our single-minded determination and focus.

I strongly believe that these factors will sustain 3's service leadership in Australia long after this initial 1 to 2 year window.

Now, what exactly is 3 offering you today?

Well, first and foremost, we're NOT offering technology 2G, 2.5G, 3G, frankly, for consumers, the acronyms mean very little.

We are offering mobile services - services which have not been seen here before and will become a part of everyday life, much sooner than many would have you believe.

We're offering mobile video calling – first time ever in Australia, fresh video news, sport and comedy on demand, mobile video messaging complete with visuals and sound, the ability to have your emails read out to you on the move and, of course, we also offer the basics – voice, SMS, picture messaging and games.

From today, 3 customers can video call other 3 customers in Sydney and Melbourne, and in the UK and Italy. This will progressively expand to Brisbane, Adelaide and Perth in Australia, and overseas to Hong Kong and Sweden in the coming months.

Now, who would use video calling? Well, what about business travellers calling home? Children and relatives who live apart interstate, Australians with relatives in the UK, Italy and Hong Kong (3 of our 4 largest immigrant populations), Real Estate agents, builders, tradespeople, insurance assessors, in fact any person engaged in business with a visual aspect and who operates away from the office. These are logical examples. Then there are people who simply find communicating by video a far more enjoyable experience than non-visual voice.

Two weeks ago I sat at a dinner with a dozen Hutchison colleagues. Half of them had not used a 3 handset before. For the next two hours, these new users called every colleague they knew who had a 3 handset.

The atmosphere was fantastic. They laughed, joked and simply enjoyed the service. They would have enjoyed this experience with friends and families even more.

Other personal highlights for me - calling a colleague in Rome as he showed me the sights of the Coliseum and introduced me to his local café owner, speaking to my wife sailing on the harbour, calling Hong Kong last week and catching up with a group of ex colleagues all wearing masks, calling my best man in London from Balmoral Beach and helping him appreciate he's living in the wrong country, talking to my eldest son while he's at Taronga Zoo, calling my CFO, Dave Dyson, to catch the atmosphere at the Waratahs Crusaders game. The list goes on.

My frustration? I want more friends to call. Video calling is simply a better experience. Not in staged demos but in real life communicating with friends, family and colleagues. Video calling usage will snowball as many of us encourage friends to take up the service.

On content services today, 3 is video clips on news, sport, comedy, what's on and finance. The clips range in duration from 30 seconds to 2 minutes and are frequently refreshed. They can be accessed on demand when you spontaneously want them.

I have kept up with the war in Iraq more on 3 than any other news source. A similar experience for Australia's recent world cup cricket triumph, where I was catching up with the results and key highlights first thing in the morning for many of the games.

3 video is about snacks of information. A quick grab and update while you are on the move.

The video quality on a small screen is already very good and it will only get better.

Other content services include a rich suite of games, ringtones, weather, location maps and horoscopes.

Through the course of the year 3's offer will get stronger and stronger, as content suppliers recognise what really can be provided by 3. I expect a significant number of major new content opportunities to open up, locally and globally.

On messaging, we are offering a comprehensive suite of services covering video, picture, email, SMS and voice.

3 customers can send short video messages to another 3 phone or, significantly, to any global email address. The messages are easy to record and easy to send.

Video messaging, again, is a far richer experience than SMS or picture messaging.

We believe mobile email will also take off. 3 customers can send emails from and receive email to their 3 handsets while they're out and about.

They can have emails read out to them whilst driving or on the move, and they can reply to an email with a voice message. How often has a basic email text response failed to carry the personal intonation of what you really wanted to say.

Beyond the new 3 services we are also offering a solid basic voice service. A strong voice offering with high quality sound remains core to any mobile service. When you review our pricing it will be clear that we are looking to stimulate voice usage.

Our launch service offering will be supported by two handsets. An NEC e606 and a Motorola A830.

The NEC e606 supports all launch services. The Motorola A830 supports all launch services, except video calling.

By the first week of May, we anticipate launching the NEC e808N, which matches the e606 functionality and introduces a larger screen and qwerty keyboard, a useful and attractive addition for those who do a lot of email or messaging.

Early in the third quarter of the year, we plan to introduce the Motorola A920 which will support all launch services, with touch screen and PDA functionality. The A920 is an all-in-one handset which offers the functionality of six types of devices: mobile phone, digital camera, digital video camera, modem, PDA and games device.

It is obvious that 3 services are more power intensive than today's voice offering. We will offer launch customers an additional battery and charger to ensure that there is no service inconvenience.

Now, where in Australia can you use 3?

First I should baseline our voice coverage. 3 voice and SMS services can be used anywhere in Australia where 3 or Vodafone, our voice roaming partner, have coverage.

On video coverage, today we are launching comprehensive coverage in metro Sydney and Melbourne. Estimated combined population of approximately 6 million people. Brisbane, Adelaide and Perth will launch in the third quarter of the year.

We will also offer international voice roaming services consistent with GSM today.

So, how much is this all going to cost? Well, the fact is, that we all expect the latest products and services to be expensive at first... do the words "*I'll wait for the price to come down*" sound familiar? At 3 we are trying to make the service affordable for everyone from day one.

We are launching today with a "First on 3" offer. Key price points include:

- Video calling within Australia will cost 50 cents per 30 seconds plus flagfall. Some mobile users pay a similar rate today for a mobile voice call. Video calling to the UK and Italy will cost 85 cents per 30 seconds plus flagfall. There is no minimum monthly usage commitment required.
- Customers can trial content at no charge for their first three bills. Thereafter, browsing weather, horoscopes, text stories, sports scores will all be free. Other content services will be "pay as you use". Video content downloads and games are 50 cents and ringtones are \$1.50. Monthly bills will be capped at \$25 for up to 20 ringtones and 200 downloads of each of video, pictures, games and maps.
- Messaging again will be charged on a usage basis:
 - SMS 15 cents – today's market approximates 25 cents
 - Picture message 25 cents – equivalent to SMS today, and compares to market rate of 75 cents
 - Video message 50 cents – same as a content download
 - Email – free for up to 500 emails per month until 31 December this year

Again, no minimum monthly usage commitment required.

- Now what about voice? Again no minimum monthly usage commitment. Three simple messages:
 - 15 cents for 30 seconds plus flagfall. 24 hours a day, 7 days a week. No restriction on peak time calling
 - 0 cents for the first 10 minutes to call another 3 customer. This also applies to calls to all Orange customers
 - calls to landlines and mobiles in Australia will be capped at a maximum of \$99 per month for up to 1000 minutes of usage

Some consistent themes to our pricing:

- Flexibility. No monthly commitment, pay for what you use
- Affordability. Priced to encourage service usage
- Savings. First on 3 customers will save on their voice bills today

Now handsets. Market estimates have ranged from \$1000 right up to \$3000.

The Motorola A830 will cost \$480, if paid for upfront

OR

\$20 per month for 24 months plus \$100 connection fee.

AND

Whichever option you choose, you will get \$20 per month of free video messages included.

The NEC e606 will cost \$768 if paid for upfront

OR

\$32 per month for 24 months plus a \$100 connection fee.

AND

Whichever option you choose, you will get \$32 per month of free video calls included.

The NEC e808N will cost \$912 if paid for upfront

OR

\$38 per month for 24 months plus a \$100 connection fee.

AND

Again, whichever option you choose, you will get \$38 per month of free video calls included.

The Motorola A920 pricing will be comparable to the NEC e808N. Remember, the A920 includes organiser functionality comparable to PDAs in addition to all other 3 capabilities.

Now, to conclude, one more important offer for those still wondering 'should I buy now ... or wait til later'.

The answer Buy now because NEC e606, e808N and Motorola A920 buyers are entitled to return their handset after 12 months of service and receive a \$300 upgrade credit to the cost of a brand new 3 handset.

So that's our First on 3 offer.

Where can you sign up?

Visit any of the brand new 3 shops which are opening today at 12 noon, and be welcomed to the world of 3.