



## **For Immediate Release**

### **REACH's Data Inventory Fully Utilised by Shareholder Growth**

10 January 2005, HONG KONG -- REACH, the Asian-focused international wholesale carrier, said today that its entire data inventory will be consumed by its shareholders' needs.

REACH's shareholders, PCCW and Telstra, have enjoyed significant traffic growth in recent years. Consequently, they have provided forecasts for data capacity requirements which will absorb virtually all of REACH's existing inventory for the foreseeable future.

The company will continue to provide voice and satellite services to all customers in addition to PCCW and Telstra.

Economic conditions in the wholesale data market have changed in recent years. Under these conditions, REACH could not expect to generate acceptable returns from data sales at anticipated price points if REACH were to invest in additional data capacity for sale to third parties.

Against this economic backdrop, REACH has no plans to expand its capacity other than to meet the needs of its shareholders.

There will be no impact to PCCW and Telstra customers whose traffic is carried via the REACH network.

Existing third party data contracts will be honoured and REACH will work closely with its data customers to ensure a managed migration process.

REACH was created by Telstra and PCCW in early 2001 to exploit synergies and cost efficiencies between their respective international wholesale businesses. These synergies have been achieved, and will continue to be enjoyed by REACH's shareholders, as well as voice and satellite customers.

REACH is the largest voice carrier in Asia, a Top 10 global voice carrier, and it will seek to maintain this position in 2005. It is also strengthening its voice business with an order to upgrade and expand its voice switches in the US and UK.

REACH will also maintain the satellite business, leveraging its substantial satellite assets. The company owns four satellite earth station centres in the region, including Asia's largest teleport complex located in Hong Kong.

This is the right strategy for REACH as it continues to operate in a market that requires significant restructuring for long term viability and future infrastructure investment.

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## **About REACH**

REACH is an Asian-focused international wholesale carrier of combined voice, IPLC and IP data services. It is also one of the world's top ten carriers of international voice traffic. REACH's services include an extensive portfolio of voice, data, IP and satellite connectivity solutions. REACH has interests in more than 40 submarine cable and satellite systems (including Asia's largest teleport), and operating licences and landing rights in most major markets including Hong Kong, Japan, Korea, Taiwan, Singapore, Australia, North America and Europe. REACH is headquartered in Hong Kong, with a significant presence in Australia and substantial businesses across Asia, North America and Europe. For further information, please visit [www.reach.com](http://www.reach.com)

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