

XT announcement

Telecom CEO Paul Reynolds this afternoon announced a range of significant measures aimed at restoring customers' faith in XT following a series of major and unacceptable outages for tens of thousands of customers in recent weeks.

He also announced significant changes to the way in which the XT network will be managed, as a result of the unacceptable level of service.

"For too many of our customers, we have not lived up to the promises we made about XT when the network was launched," Dr Reynolds said.

"So that's why we are taking action on a broad range of fronts, covering the operation and management of the network, and customer offers.

"Alcatel Lucent CEO Ben Verwaayen has committed to providing the full global resources of his company to get these issues fixed," said Dr Reynolds.

XT loyalty recognition

For the next three months all XT customers from Taupo southwards during this week's outages who choose to stay with XT will receive a loyalty credit to their account.

For consumer on account customers this will amount to 33% of the customer's monthly plan charge including their Telecom Extras such as texting and mobile broadband plans. Customers can expect this credit to be applied from their next bill for a three month period. So on a One Rate 100 plan for \$49.95 per month, a customer's monthly plan cost will in effect reduce to \$33 per month.

For pre-paid customers we will apply a 33% bonus every time they top up over the next three months.

For business On Account SME customers and Gen-i enterprise and corporate clients this loyalty credit will amount to 50% of their monthly plan charges over the next three months.

We recognise that customers south of Taupo are unlikely to want to sign up to a longer term contract, so we are ensuring we have offers in store that are attractive.

Dr Reynolds said that Telecom people are now taking much stronger involvement in the day-to-day management of the operations of the XT network.

Operational management

“CIO David Havercroft will assume the responsibility for all network and IT operations from today, and CFO Russ Houlden will carry interim responsibility for our Shared Services operations and Technology Strategy.

“With these measures in place, and with the offers we have made to customers affected by the outages, Telecom is now working day and night to restore customers’ faith in XT,” said Dr Reynolds.

Financial guidance statement for markets

For the year ended 30 June 2010, Telecom now expects Adjusted Group EBITDA to be near the lower end of the -1% to +2% range reflecting continued impacts of the economic downturn and XT mobile outages, and Adjusted Group Net Earnings to be near the lower end of the NZ\$400m to NZ\$440m range subject to changes in tax legislation.