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# *Merger of 3 and Vodafone Australia*

*Building Strength on Strength to  
Create Australia's Premier Mobile Company*



# *An Industry Defining Merger*

- **Creates a stronger mobile operator**
  - 6 million customers (includes MVNO customers)
- **Significantly enhanced scale and profitability**
  - Combined revenues of approximately A\$4 billion
- **Build on complementary strengths of both businesses**
  - Delivering leading propositions, products and services to Australian businesses and consumers
- **Value creation through cost savings**
  - Economies of scale across procurement, product development, IT, network, commercial operations and administrative expenses
  - NPV of opex and capex net synergies in excess of A\$2 billion
- **Earnings accretive**
  - Accretive to HTAL's adjusted earnings per share, as well as to the consolidated EBIT performance of Hutchison Whampoa's 3 Group



# Transaction Summary

## Structure:

- HTAL and Vodafone will merge their Australian mobile operations
- Combined company will be a 50:50 joint venture and will be renamed VHA Pty Limited (“VHA”)
- HTAL will remain listed and preserve ability to raise capital through public markets
  - Standard pre-emption and tag-along rights on sale or issuance of HTAL or VHA shares
- VHA will market its products and services under the Vodafone brand, but will retain exclusive rights to use the 3 brand in Australia during a transition period and thereafter
  - Vodafone will receive a brand fee of 1% p.a. of service revenues
- Vodafone to receive a A\$500m deferred payment structured as a shareholder loan to VHA

## Governance:

- Equal VHA board representation proportionate to shareholding

## Approvals:

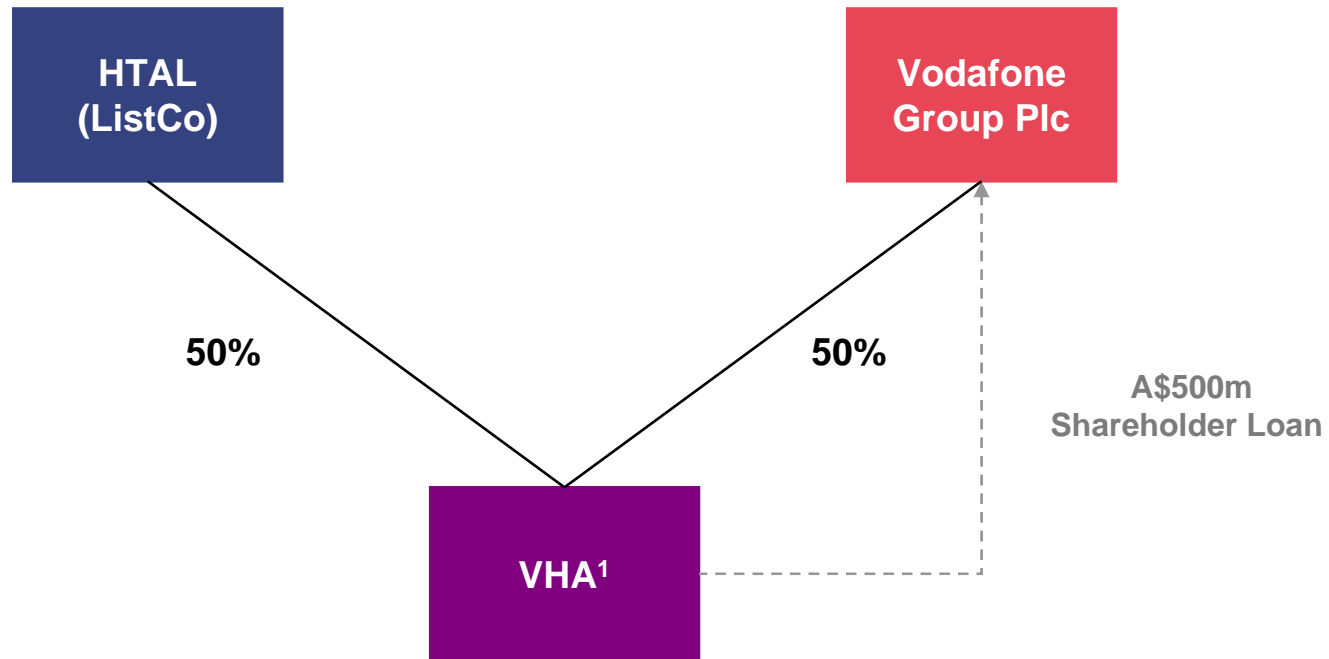
- Subject to HTAL shareholder and customary regulatory approvals (ACCC, FIRB)

## Timing:

- Completion by mid-2009, subject to approvals



# Structure



<sup>1</sup> Currently Hutchison 3G Australia Pty Limited ("H3GA"). VHA will own 100% of Vodafone Australia upon completion.



# Value Creation for All

## Australian Mobile Market

- Creates a strong competitor in the Australian market
- Deliver more competition, encouraging mobile operators to provide even better service and create new opportunities

## Customers

- Quality network coverage
- Extended range of products and services
- Focus on customer experience and an extended distribution network

## Employees

- Become part of a larger mobile operator with strong growth momentum and a track record of innovation

## Shareholders

- Joint ownership in a larger company with significant scale benefits
- Realise significant synergy value in excess of A\$2 billion<sup>1</sup>



<sup>1</sup> Net present value of opex and capex synergies, net of integration costs.

# *Experienced Management*

## Experienced Management Team with a Proven Track Record

- The Board will be comprised of no more than 10 members, with equal representation from both HTAL and Vodafone
- Chairman: Nick Read (CEO of Vodafone Asia-Pacific & Middle East Region)
- CEO: Nigel Dews (CEO of HTAL and H3GA)
- CFO: Dave Boorman (CFO of Vodafone Australia)
- Strong management team with deep experience in the Australian mobile market drawn from both companies



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There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to regulatory approvals that may require acceptance of conditions with potential adverse impacts; risk involving our ability to realise expected benefits associated with the transaction, the impact of legal or other proceedings; and continued growth in the market for mobile services and general economic conditions in Australia.

Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found by referring to the information contained under the heading "Principal Risk Factors and Uncertainties" in Vodafone Group Plc's Annual Report for the year ended 31 March 2008 and "Other Information – Forward-Looking Statements" in Vodafone Group Plc's Half-Year Financial Report for the six months ending 30 September 2008. No assurances can be given that the forward-looking statements in this document will be realised. Neither Vodafone nor any of its affiliates intends to update these forward-looking statements.

