

## Media Information

*Hong Kong, 15 April 2002* - The attached letter from Reach CEO, Alistair Grieve, was distributed to Reach staff today.

Dear colleague

We have now completed the integration of Telstra and PCCW's international businesses, which were merged to create Reach in February 2001, as well as integrating the businesses acquired from Level 3 last December.

During our first year of operation we have also looked very carefully at the best positioning for Reach within an extremely challenging marketplace. The outcome is the business strategy that has recently been communicated to all staff.

An important part of the strategy is the decision to do no further promotion of our retail business, while increasing our efforts to grow in the wholesale and outsourcing markets. We want to make it very clear that Reach will not compete with our customers at the retail level. We believe that approach will give us a significant competitive advantage over other industry players.

One of the benefits of integrating the three businesses is that economies of scale can be realised by the removal of duplication, and generally improved productivity. A recent review has identified areas where staff numbers are greater than is now necessary, and where skill sets are not well matched to our business objectives. Realignment is therefore necessary. Wherever we can, we will retrain and redeploy staff but the inescapable reality is that there will be redundancies.

The decision to deal quickly with the issue of staff redundancy was an extremely difficult one to make. I fully realise that it will come as a serious blow for those whose skills are no longer required, but I very much hope that everyone will understand the logic.

Everyone impacted by this decision will be notified today by their managers and advised of the various support mechanisms that are being put into place.

I would like to stress that these redundancies are being implemented as a consequence of Reach's new strategy and are not necessarily a reflection of the general abilities of the staff affected. Reach staff have made valuable contributions to the company's development and those efforts are recognised and acknowledged by the Board, myself and the Senior Management Team.

Please do not infer from this event that Reach is facing financial difficulties like so many of our peers in the industry. We are not; Reach is already well placed in relation to its competitors. These changes will ensure that there is no confusion about our business direction and they will make us even stronger, not weaker, in an extremely competitive market.

Ongoing developments will be communicated widely but, in the meantime, please direct any questions or concerns you may have to your line manager.

Alistair Grieve  
Chief Executive Officer

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## Notes for Editors

### *Reach employee and redundancy numbers*

- Reach employs approximately 1200 staff in 14 countries and territories
- Approximately 620 staff are currently employed in Hong Kong (i.e. approximately 51% of the total workforce)
- The balance of the 1200 employees work in the remaining 13 countries and territories
- 117 of the 620 staff will be made redundant in Hong Kong
- 112 redundancies are planned in the remainder of Reach's operations

### *Countries and territories in which Reach employs staff*

- Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, United Kingdom and the United States of America

### *Reach's redundancy compensation*

- Reach's redundancy packages are more generous than required either by Reach's contracts of employment or by the relevant local laws and regulations. Performance bonuses will be paid to all staff that met or exceeded their job requirements in 2001. Staff have already been given details of their bonus payments and these will be paid to those employees who are being made redundant as well as those staying in Reach

### *Support Services for redundant staff*

- All staff being made redundant will be offered assistance from an outplacement agency. The agency will provide the full range of outplacement services, including counselling, assistance in preparing to find new employment such as resume/cv preparation, writing job applications, job interview techniques as well as identifying suitable employment opportunities and access to an online career information database.

### *Reach's financial results for 2001 (annualised)*

- Reach's annualised revenue for the year ending 31 December 2001 was US\$1.396 billion, with US\$434 million EBITDA and total assets of US\$3.573 billion.

For further information about the company, please visit [www.reach.com](http://www.reach.com)

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