

Colleagues,

It has been announced this afternoon that Dr Ziggy Switkowski has been appointed Executive Chairman of NBN Co. I would like you to join me in welcoming Ziggy to the company. We have known one another for a good many years and you can be assured that with Ziggy at the helm NBN Co will be in good hands as the company makes the transition to meet the objectives set by the new Government.

The role of Executive Chairman is that of a full-time office holder who typically not only leads the Board and but also takes a hands-on role in a company's day-to-day management. As such, today will be my last day at NBN Co.

I wanted to let you know that it has been a pleasure and a privilege to have led NBN Co for the past four years. You can all feel proud of what you have achieved in that time. It's quite a list:

- Striking the deal with Telstra that paved the way for the widescale rollout and putting in place the regulatory framework for greater competition in retail telecommunications;
- Switching on fibre, fixed wireless and satellite connections right across the country. Close to 100,000 homes and businesses are now using the NBN across a wide range of products provided by more than 50 Retail Service Providers;
- Building a large proportion of the Transit Network which forms the backbone of the NBN. We now have over 30,000 kms of fibre lit and 69 of the 121 PoIs have been integrated, with the overall Transit project well on track to be delivered by our target date of June 2015;
- Making great progress in providing fibre services to MDUs. Last week alone we cabled more than 1,900 apartments in 250 separate buildings;
- Overcoming challenges in Greenfields, where we were instructed to deliver fibre services on demand at the request of developers anywhere in the country. The number of premises occupied and waiting for an NBN service had peaked at 3,800. Today it is below 800 and continues to be driven down by our New Developments team;
- The core IT systems needed to manage the rollout of the network and to operate a national telecommunications company are all in place and we continue to enhance these with new capabilities to meet our expanding product set and our growing business demands;
- The build of the network and its ongoing operation would not have been possible without the tireless efforts of all of our support functions - Facilities, Procurement, HR, Legal, Supply, Finance, Quality, Communications, Government Relations – and the many other areas whose work is essential to NBN Co's success

While our achievements have been many, we have also encountered some well-publicised setbacks – most notably in the rollout of the FTTP Access Network.

It is certainly true that some of our Delivery Partners have not been able to scale their activities as quickly as we had hoped and this part of the rollout is behind where we would like it to be. However, as a matter of principle I have never believed that the solution to this problem was to spend more taxpayers' money than is required for an efficient network build, even if doing so may have made life a bit easier for

management and myself. Rather, I would prefer that we take the time to calmly establish sustainable new construction models to add the construction capacity that we need.

As it turns out, there are hard-working contractors and subcontractors who are prepared to work for a reasonable rate and ensure they have the right people in the right place at the right time. We have been bringing more of these companies on board in recent months. I thank them and all our many other commercial partners for their efforts.

Overall – and despite what you may read in the newspapers – we are also still largely on budget. Attempting a business plan that looks 30 years into the future is always daunting, but everything we have learnt over the past four years gives me confidence that our forecasts for costs and revenues are realistic and achievable. In fact, if you account for the changes in scope of what NBN Co is required to deliver, the long term forecasts in our latest draft Corporate Plan are little different from those in the original 2010 Corporate Plan.

All of the hard work of the past four years will provide a solid foundation as the company transitions to a more flexible mix of technologies in order to deliver on the new Government's policy directives. Undoubtedly there will still be many challenges ahead, but the addition of Fibre to the Node to NBN Co's suite of technology solutions will allow the NBN to be built more quickly and at less cost to the taxpayer.

Finally, I would like to thank each of you for your hard work and dedication that has helped the company accomplish so much over the past four years.

We have taken a policy vision and turned it in to a successful wholesale telecommunications company with an ever growing base of satisfied end users. We have laid the foundations for better telecommunications for an entire continent for the next 30 years.

It's now your job, under the leadership of Ziggy, to build on those foundations.

I am immensely proud of your achievements and grateful for your friendship and counsel over these past four years. I look forward to watching your successes in the future and to signing up for my NBN service as soon as it is available in my area.

Kind regards,

Mike Quigley