media release

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REANNZ announces capacity agreement with Pacific Fibre

**REANNZ and Pacific Fibre agree key terms for a long-term, ground-breaking international capacity service for the NZ research, education and innovation communities**

REANNZ and Pacific Fibre announced today that they have agreed Key Commercial Terms for a substantial contract to supply international capacity on the new Pacific Fibre cable system.

Donald Clark, REANNZ CEO, said “We are excited to secure an anchor tenancy providing long-term capacity for the research, education and innovation communities in New Zealand. Pacific Fibre will provide us with effectively unconstrained capacity to Australia and the USA from mid-2014, allowing us to collaborate with the rest of the world on an equal footing.”

REANNZ is investing its own operational funding, along with NZ$15 million that the Crown granted to support a capacity purchase on a new submarine cable system. This commitment is a result of a recent, open tender process.

Pacific Fibre’s CEO Mark Rushworth said “REANNZ is our first announced customer, and we are delighted to be working with the REANNZ team and the KAREN community. We couldn’t be more aligned with their goals. We are helping REANNZ offer extremely high capacity connections to the community, and that capacity will grow over time. The proposal also more than meets the Crown’s requirement for one new cable - as we will be providing two.”

The deal will see the amount of capacity available to KAREN subscribers rise from today’s 1Gb/s to an initial 40Gb/s and then to 160Gb/s over time. This step change is possible due to the superior economics of the new cable system and through restricting the use of the capacity to the KAREN community.

“At current market rates, the value of the capacity commitment is over NZ$400 million, though obviously we are paying far less than that,” said Donald Clark. “This is a long term commitment, and one that recognises our support for the Crown’s policy goals of increased international cable competition at the right stage in the market process.”

REANNZ and Pacific Fibre are now negotiating a final contract based on the signed Key Commercial Terms. As with all major transactions REANNZ enters into, this process will be subject to the approval of REANNZ shareholders.

Neither party is disclosing additional information about the deal until contracting is completed.

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**About REANNZ**

REANNZ (Research and Education Advanced Network New Zealand Ltd) is the Crown-owned company that owns and operates the high-speed, unrestricted broadband network for the New Zealand education, research and innovation communities - KAREN (Kiwi Advanced Research and Education Network).

REANNZ acts as an expert purchaser of networks and services. As a not-for-profit membership organisation, we work on behalf of our community for the good of our community, aggregating demand to procure the best and most cost effective networks and services from the market to meet their specialist needs. REANNZ connects over 110 members at more than 150 member sites.

www.karen.net.nz.

**About Pacific Fibre**

Pacific Fibre was founded in 2010 and is intending to construct one of the longest and most technically advanced undersea cable systems. The Pacific Fibre cable will connect Australia and New Zealand to the United States, using leading and proven industry technology to achieve the fastest and most efficient route. Employing 40G technology, Pacific Fibre’s cable will, upon installation, deliver 5.12 Tbt/s of design capacity and, like all modern cable systems, should be capable of significant future increases in design capacity. Pacific Fibre is headquartered in Auckland, New Zealand. The Pacific Fibre shareholders include a number of successful entrepreneurs with proven track records, including Sam Morgan, Rod Drury, Sir Stephen Tindall, David Kirk MBE, and early Facebook investor Peter Thiel.