

18th December 2006

ASX Announcement

PIPE and VSNL sign MoU on International Fibre Capacity

PIPE Networks Limited (ASX:PWK) today announced it has signed a Memorandum of Understanding (MoU) with VSNL International Pte Ltd. to work together to rapidly improve Australia's international transmission capacity by constructing a new submarine cable linking Australia to Guam. Under the MoU PIPE Networks and VSNL International are looking to leverage each others key capabilities in an endeavour to increase international capacity and competition in the Australian marketplace.

PIPE Networks is Australia's largest peering provider interconnecting over 90 Internet and content service providers. On signing the MoU, PIPE Networks Managing Director, Mr Bevan Slattery stated that "our customers are expressing frustration that despite the boom in broadband and corresponding increase in demand for international internet capacity, there has been little movement in terms of the unit cost. The result is that a number of our major customers have approached us with indicative capacity requirements should we be able to provide an alternative. Today we are announcing that we are rapidly working towards creating that alternative."

"Our agreement with VSNL International is about leveraging our ability to aggregate demand within the Australian marketplace and VSNL International's ability to assist us in building and operating the cable as well as interconnecting it to any point on the VSNL International global network"

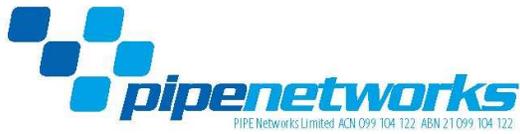
The agreement provides PIPE Networks the ability to leverage VSNL International's vast global network, existing network infrastructure facilities (including cable landing stations) and most significantly access their intellectual property and expertise in building owning and operating submarine cable systems.

VSNL International will in turn benefit from having this new cable directly interconnected with its global network, enabling a significant improvement in service offering's to Australia

"There's a lot to do before this cable proceeds and the first thing we will do is turn those expressions of interest into committed requirements. Our objective is to secure enough medium and long term revenue from customer contracts, such that we will cover a sustainable portion of the early year costs - that's something that is key to ensure the long term credibility of a this new private cable ." Mr Slattery said.

PIPE Networks is responsible for arranging the necessary funding and structure of the cable vehicle and will not proceed with the project until its strict investment philosophy is satisfied.

The MoU is the first major milestone towards the commencement of construction of the new submarine cable linking Australia to Guam, and so on to Asia and the USA.



Whilst the design of the cable is still to be finalised, it is expected that 640Gb/s of capacity will be lit initially with further upgrades being capable to push this to between 4 and 8 terabits per second.

VSNL International is a wholly owned subsidiary of India's Videsh Sanchar Nigam Limited (VSNL) and will be providing expertise in submarine cable systems as well as access to critical infrastructure and onward connectivity from the planned Guam landing station. VSNL International also brings an established international product set and knowledge of customer requirements to maximise demand for this new route into Australia.

About PIPE Networks

PIPE Networks is a public listed company (ASX: PWK), headquartered in Brisbane, with offices in Sydney, Melbourne, Adelaide and Hobart.

PIPE Networks provides network infrastructure services for Australian clients, and has three lines of business: The Company operates the nation's largest Internet Exchange, with a network across six capital cities serving some of Australia's largest content and internet service providers. PIPE Networks also builds and operates one of Australia's largest metropolitan fibre optic networks, offering clients in Sydney, Brisbane, Melbourne, Adelaide and Perth access to the company's "Dark Fibre" service.

In addition, PIPE Network clients trust in the company's ability to provide secure sites for their IT equipment, giving them more options for primary, backup or disaster recovery sites. As a young, agile company, PIPE Networks is able to foresee and quickly respond to client needs.

About VSNL International

VSNL International, the international arm of Videsh Sanchar Nigam Limited ("VSNL") (NYSE: VSL), is a leading global communications service provider offering a comprehensive portfolio of next-generation Carrier and Enterprise solutions, including Voice, Mobile, Data and Ethernet.

VSNL International owns and operates one of the world's largest international mobile, voice and data networks providing global reach to over 240 countries and territories. In addition, VSNL International owns the world's largest designed global backbone capacity network, spanning across 4 continents and comprises of major ownership in 206,356km of terrestrial network fibre-optic networks and sub-sea cables. It is also one of the largest carriers of wholesale voice globally.

VSNL and VSNL International are a part of the Tata Group, a \$22 billion global conglomerate comprising 93 operating companies. VSNL International is headquartered in Singapore with regional offices in the North America, Europe and Asia Pacific.

Visit VSNL International at www.vsnlinternational.com or its parent company, VSNL, at www.vsnl.co.in

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