STOCK EXCHANGE ANNOUNCEMENT

30 September 2010

Telecom confirms sale of AAPT Consumer Division

Telecom is pleased to confirm the sale of AAPT's consumer division to iiNet Limited ("iiNet") for A$60 million. The transaction has been completed following the receipt of iiNet shareholder approval.

When combined with the sale of Telecom's shareholdings in Macquarie Telecom and iiNet in July, Telecom generated approximately A$140 million of cash from these transactions.

The sales rationalise Telecom's non-core assets in Australia and allow management to focus on its network-centric wholesale and corporate businesses.

"As I have stated previously, Telecom is pleased with the cash generated by these transactions. We believe that AAPT will be well positioned for future growth through focus on its core strengths, which include operating its nation-wide network" said Telecom CEO, Paul Reynolds.

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