

SUMMARY OF PRELIMINARY SIX MONTHS ANNOUNCEMENT

Name of Listed Issuer: Telecom Corporation of New Zealand Limited

For six months ended: 31 December 2010

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on unaudited accounts.

The financial information presented has been extracted from Telecom's Consolidated financial statements, which comply with New Zealand equivalents to International Financial Reporting Standards, as appropriate for profit-oriented entities.

CONSOLIDATED INCOME STATEMENT

Current six months NZ\$'000; Up/Down %; Previous Corresponding six months NZ\$'000

Total operating revenue and other gains (before adjusting items):	2,583,000; Down 3.3%; 2,671,000
EARNINGS BEFORE ADJUSTING ITEMS AND TAX:	250,000; Down 9.7%; 277,000
<i>Adjusting items for separate disclosure:</i>	
Gains	18,000; NM; Nil
Expenses	(16,000); NM; Nil
EARNINGS BEFORE INCOME TAX:	252,000; Down 9.0%; 277,000
Less income tax expense:	87,000; NM; 34,000
NET EARNINGS FOR THE PERIOD:	165,000; Down 32.1%; 243,000
Less minority interests:	1,000; Nil; 1,000
EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:	164,000; Down 32.2%; 242,000
Earnings per share:	9 cps; 13 cps
Second Quarter Dividend:	3.5 cps
Date Payable:	11 March 2011
Imputation tax credit on latest dividend:	1.5 cps

Short details of any bonus or rights issue or other item(s) of importance not previously released to the market:

Nil