



MEDIA RELEASE
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Telecom and Yahoo!7 confirm change of partnership

As part of their continued relationship, Telecom NZ and Yahoo!7 have today announced changes to the ownership of Yahoo!Xtra.

As part of the changes Telecom has sold its shares in Yahoo!Xtra to Yahoo!7. Yahoo!7 therefore owns 100 percent of Yahoo!Xtra. Prior to this agreement Telecom New Zealand owned 49 percent and Yahoo!7 owned 51 percent. The current commercial partnership for Yahoo!7 to support Telecom's broadband customer base will continue.

The Yahoo!Xtra business will rebrand to Yahoo! New Zealand with all Yahoo!Xtra staff remaining employed by Yahoo! New Zealand.

Alan Gourdie, Telecom Retail CEO, said in the coming months customers will notice changes to the branding on the site, however Yahoo!7 and Telecom remain firm partners. Yahoo! New Zealand will continue to deliver Telecom customers the same services as today such as Yahoo! Mail, Flickr and My Yahoo!

"The Yahoo!Xtra business has been extremely successful over the past few years. The internet is a fast moving industry and it makes sense for both businesses to evolve the ongoing relationship," says Mr Gourdie.

According to Greg Brown, Chief Financial Officer, Yahoo!7: "Yahoo!Xtra is already New Zealand's favourite homepage and is a profitable company. Telecom customers and all New Zealanders will be able to continue to access

the great local and international content along with the Yahoo! services that they have come to love.”

This sale is not material for Telecom NZ and does not result in any change to guidance.

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