



MEDIA RELEASE

13 September, 2011

Telecom announces proposed changes to board and Chairman

Telecom has today announced the changes that will occur to its board if the proposed demerger is approved, including a new independent Chairman.

The information was released as part of the demerger scheme booklet published today, which provides shareholders with the information to enable them to vote on the demerger proposal.

Should the demerger proceed, professional director and former corporate lawyer Mark Verbiest will succeed Wayne Boyd as Telecom Chairman from the date of the demerger. Mr Boyd indicated last year that he would step down once the demerger transaction is concluded.

Mr Verbiest is also the Chairman of Transpower, along with being a director of other companies, including listed companies AMP NZ Office Limited and Freightways Limited.

In addition, he is a member of the board of Trustees of the Government Superannuation Fund Authority, and is a board member of the Financial Markets Authority.

"The board believes that Mark Verbiest is the right man to lead the stewardship of the interests of shareholders as Telecom addresses the opportunities and challenges after a demerger," said Wayne Boyd, Telecom Chairman.

"He has a solid background in telecommunications and corporate governance, combining institutional knowledge with significant experience gained across a wide range of sectors, including the private sector, Government bodies, and SOEs."

Between 2000 and 2008 Mr Verbiest was a member of Telecom's senior executive team, as General Counsel. Prior to that, he was a senior partner at Simpson Grierson, specialising in mergers and acquisitions and securities, competition and utilities-related law.

Other board changes

Subject to the demerger proceeding, from the date of the demerger Wayne Boyd and Ron Spithill will step down from Telecom's board, while Murray Horn and Kevin Roberts will stand for re-election at the Annual Meeting. In addition, Sue Sheldon will step down upon demerger in order to take up her role as Chairman of Chorus. Paul Reynolds will remain on the Telecom board.

In addition to Mark Verbiest, the board also proposes the following new Directors:

- Charles Sitch
- Justine Smyth
- Maury Leyland
- Paul Berriman

“I believe this will be a very strong, diverse, and highly skilled board,” said Wayne Boyd. “It provides the right balance of governance, strategy, understanding of technology and an exceptional depth and breadth of experience both in New Zealand and overseas.”

“I would also like to thank Ron and Sue for their outstanding contributions as Telecom board members, through a time of unprecedented change.”

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NEW DIRECTORS

Mark Verbiest:

Mark Verbiest is Chairman of Transpower New Zealand Limited and Willis Bond Capital Partners Limited, a director of AMP NZ Office Limited, Freightways Limited, Southern Cross Medical Care Society, a member of the board of trustees of the Southern Cross Healthcare Trust, Government Superannuation Fund Authority, a board member of the Financial Markets Authority and consultant to law firm Simpson Grierson. He was a member of Telecom's senior executive team from late 2000 through to June 2008 and, prior to 2000, a senior partner in Simpson Grierson specialising in mergers and acquisitions and securities, competition and utilities-related law.

Charles Sitch:

Charles Sitch retired from the international management consulting firm, McKinsey & Company, in 2010. He joined McKinsey & Company in 1987 and in 2000 became a senior director, primarily working with CEOs and Boards on strategy and operations turnarounds. His practice has been focused on telecommunications, consumer services, retail, banking, travel and entertainment. He is an advisory director of Bkk Investment Bank and since 2006 has been involved in various new business ventures. Charles holds a MBA from Columbia Business School and a LLB, BCom from Melbourne University.

Justine Smyth:

Justine Smyth is Deputy Chair of NZ Post Limited, Chair of The New Zealand Breast Cancer Foundation and a board member of the newly formed Financial Markets Authority. She is also owner and executive director of Lingerie Brands Limited. Justine chairs the Finance, Audit, Investment & Risk sub-committee of NZ Post Limited and her background includes Group Finance Director of Lion Nathan Limited and Partner of Deloitte. She has experience in governance, mergers & acquisitions, taxation and financial performance of large corporate enterprises and the acquisition, ownership, management and sale of small and medium enterprises.

Maury Leyland:

Maury Leyland is a director at Transpower. She has been a senior executive at Fonterra since 2005 and is currently leading the market build of Fonterra's new shareholders' market. Previous roles within Fonterra have included Programme Director of a major transformation programme, General Manager New Zealand Logistics and Associate Director Strategy and Growth. Prior to that, she spent 9 years with the Boston Consulting Group as a strategy consultant working with large companies in New Zealand and Australia. She was a member of both the

design and sailing team for Team New Zealand during the successful 1995 America's Cup campaign in San Diego. Maury is also a member of the Advisory Board for the Department of Engineering Science at the University of Auckland.

Paul Berriman:

Paul Berriman has been Chief Technology Officer of PCCW since May 2007, Hong Kong's largest telecommunications company, leading the Group's product and technology roadmap and strategic developments. He has over 25 years of experience in telecommunications, especially in IPTV, mobile TV, media convergence and quadruple-play. Prior to joining PCCW in 2002 as Senior Vice President, Strategy and Marketing, he was Managing Director of management consultancy Arthur D. Little in Hong Kong and was involved in telecommunications consultancy projects globally. Previously he also held executive, technical, engineering and operations management roles in Reuters and several major Hong Kong service providers including the Hong Kong Telephone Company and Hong Kong Telecom CSL. He holds a Bachelor of Science in Electroacoustics from the University of Salford in the UK, and a Master of Business Administration from the University of Hong Kong. He is a Chartered Engineer, a member of Intel's Communications Board of Advisors and was a member of the board of directors of the International Engineering Consortium. He is a fellow of the Hong Kong Institute of Directors since 1997 and has been a member of Hong Kong Telecom Regulator, OFTA's Technical Standards Advisory Committee for over 12 years.

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