30 September 2011

Telebonds stockholders approve demerger extraordinary resolution

Telecom has today announced the results of the demerger consent vote relating to Telebonds and other NZ$ denominated stock issued by TCNZ Finance Limited (**Stock**).

A Stockholder meeting took place today to vote on an extraordinary resolution authorising and directing the trustee to approve the terms of the demerger.

The results are set out below:

For	Against	Abstain	Result	Pass / Fail
435,374,978	3,000	-	99.999% in favour	Pass

Given the extraordinary resolution has been passed, Telecom will now formally request the trustee to approve the terms of the demerger. The trustee has confirmed that it will act in accordance with the passed resolution.

Telecom currently has approximately NZ$541 million of Stock outstanding. It is proposed that the Stock remains with Telecom following demerger.

Under the terms of the trust deed relating to the Stock, the consent of the trustee for the Stockholders (The New Zealand Guardian Trust Company Limited) is required to approve the terms of the High Court approved scheme of arrangement providing for the demerger of Telecom. The trustee informed Telecom that it considered that was a matter for the Stockholders to vote on; accordingly the trustee will approve the terms of the demerger only if authorised to do so by an extraordinary resolution of Stockholders.

On 13 September 2011, Stockholders were sent a booklet and proxy form, including a request that they vote in favour of the extraordinary resolution.

ENDS

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