TRISTAN GILBERTSON
Group General Counsel & Company Secretary

telecom[nz]

4 April 2012

Dear Shareholder

Telecom Corporation of New Zealand Limited DRP Share Buyback

This letter to shareholders is issued in accordance with the requirements of Section 65(2A) of the Companies Act 1993 and requires no further action on your part. The buyback detailed in this letter will not affect your shares in any way.

Telecom Corporation of New Zealand Limited ("Telecom", or the "Company") has recently undertaken a small on-market share buyback programme. This programme commenced on 21 March 2012 and was concluded on 27 March 2012. The shares were purchased to offset the number of shares that will be issued under Telecom's dividend reinvestment plan ("DRP"). The shares acquired under the buyback have been cancelled.

In respect of this buyback, Telecom advises that between 21 and 27 March 2012, the Company purchased a total of 6,871,300 ordinary shares (approximately 0.36% of the total ordinary shares on issue prior to the commencement of this buyback) at a total cost of $16,478,205 and at an average price of $2.3981 per share.

As the shares acquired under the buyback were purchased on-market via an independent stockbroker, the sellers of these shares are not known to the Company.

If you have any questions in relation to the buyback, please contact Telecom's investor relations team at investor-info@telecom.co.nz.

While the DRP share buyback programme is now complete as noted above, Telecom will continue an on-market share buyback of up to a maximum aggregate purchase price of NZ$300 million during the 2012 calendar year.

Yours sincerely

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