

19 September 2012

TRUST DEED AMENDMENTS

Dear Stockholder

Telecom Corporation of New Zealand Limited ("TCNZ") and The New Zealand Guardian Trust Company Limited ("NZGT") have today agreed to amend the trust deed dated 25 October 1988 (as amended) under which Stock (eg. Telebonds and domestic commercial paper) is issued (the "Trust Deed").

The amendments, which have been approved by NZX, are as follows.

Securities Regulations 2009

The Trust Deed has been amended to include the following, which are required to be included by the Securities Regulations 2009:

- the form of the issuer;
- the governance requirements with which the issuer must comply;
- the frequency and content of the reports the issuer must provide to the trustee;
- the frequency, procedures, business to be conducted and voting rights for meetings of holders of debt securities; and
- the terms relating to the appointment and removal of the trustee and the trustee's powers and duties.

Consolidated Reporting

The Trust Deed has been updated to include substantially the reporting requirements with which TCNZ and TCNZ Finance Limited ("TCNZ Finance") (the current issuer under the Trust Deed) currently comply in accordance with a reporting waiver granted by NZGT on 31 October 2005 (and extended several times). Essentially this allows TCNZ Finance to provide NZGT with the financial statements of its consolidated group, rather than its guaranteeing group, for so long as certain conditions are met.

No Adverse Effects

TCNZ, TCNZ Finance and NZGT are of the opinion that the above amendments are, in relation to the Securities Regulations 2009 amendments, necessary to comply with applicable law, and, in addition in relation to the above amendments, appropriate and reasonable in all the circumstances, are not likely to have a materially adverse effect on the ability of the guaranteeing group to pay its liabilities due in the reasonably foreseeable future or to be or become materially prejudicial to the general interests of Stockholders, and do not adversely affect the interests of the Stockholders.

This notice is for your information only and no further action is required on your part.

You can obtain a copy of the Trust Deed from Telecom by contacting the Group Company Secretary at company.secretary@telecom.co.nz. You may also inspect the Trust Deed free of charge at Level 2, Telecom Place, 167 Victoria Street West, Auckland. In each case you will be required to provide your contact name and postal address.

Electronic versions of the Trust Deed can be found at: <http://investor.telecom.co.nz>

Yours faithfully

A handwritten signature in blue ink, appearing to read "Tristan Gilbertson".

Tristan Gilbertson
Group General Counsel and Company Secretary