

STOCK EXCHANGE ANNOUNCEMENT



4 September 2013

Telecom welcomes Government's 700 MHz radio spectrum auction details

Minister for Communications and Information Technology Amy Adams announced today the timing, reserve price and some implementation conditions for the auction of New Zealand's 700MHz "digital dividend" spectrum.

The auction is scheduled to start on 29 October 2013. This date will be confirmed after completion of the bidder registration process. The reserve price for each of the nine lots of 2x5MHz paired spectrum has been set at NZ\$22million.

Telecom welcomes the allocation of this spectrum and intends to be a bidder in the forthcoming auction. Telecom also welcomes the Government's acknowledgement of the significant investment required by mobile network operators to build the 4G LTE infrastructure required to utilise this spectrum.

The 700MHz band is an important resource if New Zealand is to make the most of 4G LTE technology, which will deliver significant benefits to New Zealanders in the shape of faster mobile broadband speeds and significant long-term economic benefit to the country. In particular, Telecom's ongoing and historically strong commitment to rural New Zealand will be strengthened through the use of the 700 MHz spectrum, as it enables better economics of coverage in less populous areas.

Although management rights for the spectrum will begin on 1 January 2014, deployment of this spectrum into Telecom's 4G LTE network will depend on 700MHz handset availability from global handset manufacturers. Current indications are that suitable devices will start becoming available in mid to late calendar 2014 at the earliest.

The Government's announcement can be found at the following link:
<http://beehive.govt.nz/release/radio-spectrum-auction-details-announced>

- ends -

For media queries, please contact:

Richard Llewellyn
Head of Corporate Communications
+64 (0) 27 523 2362

For investor relations queries, please contact:

Mark Laing
General Manager Investor Relations & Capital Markets
+64 (0) 27 227 5890