STOCK EXCHANGE ANNOUNCEMENT

28 February 2014

Telecom completes sale of AAPT to TPG Telecom Limited

Telecom is pleased to announce it has today completed the sale of AAPT for A$450 million to TPG Telecom Limited.

As announced at its investor strategy day in May 2013, Telecom's strategic ambition is to become a growing New Zealand company and a future-oriented, competitive provider of communication, entertainment and IT services delivered over its networks and the Cloud.

"The sale of AAPT was consistent with this strategy and with our desire to focus principally on our New Zealand operations and on the needs of New Zealand customers," said Telecom Chief Executive, Simon Moutter.

Following a period of cost reduction and operational improvement, AAPT has been focused on a revenue growth plan within business and wholesale markets, using its strong network capabilities.

"David Yuile and his management team have done an outstanding job during the last three years to simplify, stabilise and reshape the company," said Mr Moutter.

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