

---

# Letter from the Chairman

---



31 August 2010

Dear Fellow Shareholder

I am pleased to invite you to the 2010 annual meeting of Telecom Corporation of New Zealand Limited to be held on Thursday 30 September at 10:00am (New Zealand time) in Hall C at the Christchurch Convention Centre, 95-97 Kilmore Street, Christchurch.

I will comment briefly on Telecom's performance during the year to 30 June 2010 at the annual meeting.

Rod McGeoch is retiring at the annual meeting after more than nine years as a director and is not seeking re-election. Rod McGeoch has been a board member at a time of profound change for our company and industry, including the move to operational separation and the advent of the Ultra Fast Broadband project. The board thanks Rod McGeoch for the dedication and enthusiasm he has brought to Telecom.

In accordance with the requirements of the relevant Listing Rules, Murray Horn is retiring by rotation and standing for re-election at the annual meeting. Shareholders will be asked to vote on his re-election as a director. The board unanimously supports his re-election. You can read about Murray Horn's background in the Explanatory Notes to the Notice of Annual Meeting attached to this letter.

Sue Sheldon was appointed as a director by the board on 21 June 2010 to fill a casual vacancy. In accordance with the requirements of the relevant Listing Rules, Sue Sheldon is retiring and is standing for election at the annual meeting. Shareholders will be asked to vote on her election. The board unanimously supports the election of Sue Sheldon. You can read about Sue Sheldon's background in the Explanatory Notes to the Notice of Annual Meeting attached to this letter.

Shareholders will also be asked to authorise the directors to fix the auditors' remuneration.

Telecom is inviting shareholders to submit questions prior to the annual meeting by completing the enclosed form 'Questions from Shareholders'. Please return this form by post or fax following the instructions on the form. Alternatively, you may email your questions to [telecomboard@telecom.co.nz](mailto:telecomboard@telecom.co.nz). We will attempt to address at the annual meeting as many of the more frequently asked questions we receive as practically

possible. Shareholders present at the annual meeting will also have the opportunity to ask questions during the meeting.

The board is recommending that you:

- Vote **in favour** of the resolution to authorise the directors to fix the remuneration of the auditors;
- Vote **in favour** of the resolution to re-elect Dr Murray Horn as a director; and
- Vote **in favour** of the resolution to elect Ms Sue Sheldon as a director.

If you cannot attend the annual meeting I encourage you to complete and lodge the enclosed proxy form (either by post or fax) so that it reaches Computershare Investor Services **by 10.00am (New Zealand time) on Tuesday, 28 September 2010**. Alternatively, you can complete a proxy form online by going to: <http://investor.telecom.co.nz>. You will need your shareholder number and FIN number to do this. If you do not have a FIN number, please contact Computershare at: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz) or 0800 737 100 (NZ toll free) or +64 9 488 8777. You will also be able to view and listen to the annual meeting live by webcast at: <http://investor.telecom.co.nz>.

Telecom's proxy form is enclosed. If you receive other proxy forms, please complete only one proxy form and ensure it is delivered to Computershare by the date and time indicated above.

For those shareholders who are attending the annual meeting, please bring the enclosed proxy form with you to assist with your registration. You are invited to join the board and senior management for light refreshments at the conclusion of the annual meeting. I look forward to seeing you then.

*Yours sincerely*

**Wayne Boyd**  
CHAIRMAN

---

# Notice of Annual Meeting of Shareholders

---



**NOTICE IS HEREBY GIVEN THAT** the annual meeting of shareholders of Telecom Corporation of New Zealand Limited ('Telecom') will be held in Hall C at the Christchurch Convention Centre, 95-97 Kilmore Street, Christchurch, New Zealand, on Thursday, 30 September 2010 at 10:00am (New Zealand time).

## **Items of Business**

- A The Chairman's introduction.
- B Addresses to shareholders.
- C Shareholder discussion.
- D Resolutions.

To consider, and if thought fit, to pass the following ordinary resolutions:

### **Resolutions supported by the board**

1. *That the directors are authorised to fix the remuneration of the auditors, KPMG.*
2. *That Dr Murray Horn be re-elected as a director of Telecom.*
3. *That Ms Sue Sheldon be elected as a director of Telecom.*

- E Other business.

*By Order of the Board*

**Wayne Boyd**  
CHAIRMAN

31 August 2010

---

## RESOLUTIONS SUPPORTED BY THE BOARD:

### Resolution 1: Fix the remuneration of the auditors, KPMG

Pursuant to the Companies Act 1993, KPMG is automatically reappointed at the annual meeting as auditor of Telecom. The proposed resolution is to authorise the directors to fix the remuneration of the auditors, KPMG.

### Resolution 2: Re-election of director

Non-executive director Dr Murray Horn retires by rotation in accordance with the relevant Listing Rules and offers himself for re-election.

The board supports the re-election of Dr Murray Horn as a director.



**Dr Murray Horn** PhD (Harvard University); MCom (First Class Hons); BCom

NON-EXECUTIVE DIRECTOR

Independent

Term of Office: appointed director 1 July 2007 and elected at the 2007 annual meeting.

Board Committees: Chair of the Audit and Risk Management Committee; Member of the Nominations and Corporate Governance Committee.

Murray chairs the Government's National Health Board and its Capital Investment Committee. Murray previously held a number of senior executive roles with ANZ Banking Group, including leading the group's New Zealand operations. He was Secretary to the New Zealand Treasury and has served on a number of boards, including the New Zealand Tourism Board. He has represented New Zealand at the OECD, as a Governor at the World Bank and as an Alternate Director at the International Monetary Fund.

Murray received his doctorate from Harvard University in 1989 and has been awarded a number of academic honours in both New Zealand and the United States.

### Resolution 3: Election of director

Non-executive director Ms Sue Sheldon was appointed by the board on 21 June 2010 to fill a casual vacancy. Ms Sue Sheldon retires in accordance with the relevant Listing Rules and offers herself for election by the shareholders.

The board supports the election of Ms Sue Sheldon as a director.



**Ms Sue Sheldon** CNZM B Com. FCA

NON-EXECUTIVE DIRECTOR

Independent

Term of Office: appointed director on 21 June 2010.

Board Committees: Member of the Audit and Risk Management Committee; Member of the Human Resources and Compensation Committee.

Sue is a professional company director. She is a director of Contact Energy Limited, Freightways Limited, Smiths City Group Limited, Paymark Limited, Wool Growers Holdings Limited and the Reserve Bank of New Zealand.

Prior to moving into the professional director role, Sue practiced as a Chartered Accountant. She is a former President of the New Zealand Institute of Chartered Accountants and was made a Companion of the New Zealand Order of Merit for services to business.

---

---

# Explanatory Notes

---



Sue has previously held directorships in Meridian Energy Limited, Ngai Tahu Holdings Limited, Christchurch International Airport Limited and Asure New Zealand Limited, and is the former Chair of the National Provident Fund. She has extensive experience as both Chair and member of audit and risk committees. For some years Sue has been involved with the governance of Girl Guiding New Zealand, the leadership organisation for girls and young women.

## **Other Business**

To consider any other matter that may properly be brought before the meeting.

---

---

# Important Information

---



## Proxies

Any shareholder who is entitled to attend and vote at the annual meeting may appoint a proxy to attend and vote instead of him or her. To appoint a proxy you should complete and sign the enclosed proxy form and either return it by mail or fax. Alternatively, you can complete a proxy form online by going to <http://investor.telecom.co.nz>. You will need your shareholder number and FIN number to do this. If you do not have a FIN number, please contact Computershare at: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz) or 0800 737 100 (NZ toll free) or +64 9 488 8777.

If you appoint a proxy you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as s/he sees fit. If you wish to give your proxy discretion then you must mark the appropriate boxes on the form to grant your proxy that discretion. If you do not tick any box for a particular resolution, or the form is otherwise unclear, then your instruction will be to abstain.

If you wish to mail the proxy form then please send it to the Share Registrar, Computershare Investor Services Limited, Private Bag 92119, Auckland, 1142 using the freepost envelope incorporated into the form. Alternatively, New Zealand-based shareholders may fax the form to 09 488 8787 and overseas shareholders may fax it to +64 9 488 8787.

**THE COMPLETED PROXY FORM MUST BE RECEIVED BY THE SHARE REGISTRAR NO LATER THAN 10.00AM (NEW ZEALAND TIME) ON TUESDAY, 28 SEPTEMBER 2010.**

Telecom's proxy form is enclosed.

## Voting

Voting entitlements for the annual meeting will be determined as at 5.00pm (New Zealand time) on Wednesday, 29 September 2010. Registered shareholders at that time will be the only persons entitled to vote at the annual meeting and only the shares registered in those shareholders' names at that time may be voted at the annual meeting.

## Questions

To provide the opportunity to ask questions of the board, Telecom is offering the facility for shareholders to submit questions in advance of the annual meeting. Questions should relate to matters that are relevant to the annual meeting, including matters arising from the financial reports, general questions regarding the performance of Telecom, and questions of the auditors. The Chairman will answer as many of the most frequently asked questions as practically possible during the annual meeting. To assist in processing your questions please complete the enclosed form, 'Questions from Shareholders' and return it by post or fax following the instructions on the form or email your questions to: [telecomboard@telecom.co.nz](mailto:telecomboard@telecom.co.nz).

## Webcast

The annual meeting will be webcast live on the internet, go to: <http://investor.telecom.co.nz>. The webcast will also be archived on the website after the meeting.

## Minutes of the previous meeting

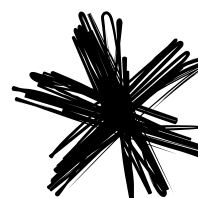
The minutes of last year's annual meeting and the archive of the webcast are also available on <http://investor.telecom.co.nz>.

## Annual Report and Corporate Review

The 2010 Annual Report and the 2010 Corporate Review are available on Telecom's website. Go to: <http://investor.telecom.co.nz>.

---

# Important Information



telecom<sup>nz</sup>

## Directions for shareholders attending the annual meeting

Please use the map below to find the Christchurch Convention Centre and the nearest parking.

### Driving Directions

#### TRAVELLING FROM NORTH MOTORWAY, BELFAST:

- Head south on Main North Road towards the city centre
- Turn off at Cranford Street lights
- Continue onto Sherbourne Street
- Turn right at Beazley Avenue lights
- Turn left at the 1st set of lights onto Colombo Street
- Turn right onto Kilmore Street
- Christchurch Convention Centre is on your right.

#### TRAVELLING FROM SOUTH MOTORWAY, HORNBY:

- Head east on Main South Road towards the city centre
- At the Sockburn roundabout, take the 3rd exit onto Blenheim Road
- Continue onto Moorhouse Avenue
- Turn left at lights at Hagley Avenue
- Continue onto Oxford Terrace
- Turn left at Montreal Street
- Turn right at Gloucester Street
- Turn left at Colombo Street
- Take the 2nd left onto Kilmore Street
- Christchurch Convention Centre is on your right.



Limited metered car parking is available behind the Convention Centre on Peterborough Street or in the Convention Centre or Crowne Plaza Hotel car parks.

If you have any questions, or for more information, please call Telecom Investor Relations on:

Australia..... 1800 123 350  
Canada ..... 1800 280 0398  
Hong Kong..... 800 962 867  
New Zealand..... 0800 737 500

Singapore..... 800 641 1013  
United Kingdom ..... 0800 960 283  
United States..... 1800 208 2130