
Deed of Amendment in relation to Trust Deed

Telecom Corporation of New Zealand Limited
(*Telecom*)

The New Zealand Guardian Trust Company Limited
(*Trustee*)

Date: 19 September 2012

PARTIES

Telecom Corporation of New Zealand Limited (*Telecom*)

The New Zealand Guardian Trust Company Limited (*Trustee*)

BACKGROUND

- A Telecom and the Trustee are parties to a Trust Deed relating to the constitution and issue of unsecured Stock dated 25 October 1988, as amended from time to time (*the Trust Deed*).
- B The Trustee granted a waiver to Telecom pursuant to the Trust Deed, subject to certain conditions, with regard to specific provisions of the Trust Deed.
- C Telecom has requested in writing, and the Trustee has agreed, to incorporate the terms of the waiver in the Trust Deed and make other ancillary amendments to reflect the waiver within the terms of the Trust Deed.
- D The Trustee and Telecom also wish to amend the Trust Deed to provide for certain other amendments required by the Securities Regulations 2009.
- E Pursuant to clause 24.1 of the Trust Deed, the Trustee may concur with Telecom in making modifications or additions to the Trust Deed without the consent of Holders if (among other grounds and paraphrasing):
- 24.1.4 the modification is necessary to comply with the requirements or any modification of the requirements of any applicable law; and
- 24.1.6 in the Trustee's reasonable opinion, the modification is an appropriate and reasonable modification in all the circumstances in so far as they relate to this Deed and the Guaranteeing Group provided that any such modification is in the Trustee's reasonable opinion 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 become materially prejudicial to the general interests of Holders.
- F The Trustee is of the opinion that the amendments referred to in paragraph C above relating to the waiver satisfy the requirements of clause 24.1.6 of the Trust Deed.

- G Telecom and the Trustee are of the opinion that the amendments referred to in paragraph D above relating to the requirements of the Securities Regulations 2009 comply with the requirements of clause 24.1.4 of the Trust Deed.
- H The Trustee and Telecom are satisfied the amendments provided in this deed do not adversely affect the interests of Holders in terms of Regulation 3D of the Securities Regulations 2009.
- I The above amendments to the Trust Deed are set out in this deed.

BY THIS DEED the parties agree as follows:

1 DEFINITIONS AND CONSTRUCTION

1.1 Defined terms

In this deed, capitalised terms have the meanings given to them in the Trust Deed unless the context requires otherwise and:

Effective Date means the first date on which both of the following events have occurred:

- (a) this deed has been signed by both parties to it; and
- (b) the amendments to the Trust Deed (as contemplated by this deed) have been approved by NZX Limited.

Trust Deed means the trust deed entitled "Trust Deed relating to the Constitution and Issue of Unsecured Stock" dated 25 October 1988 between Telecom and the Trustee (as amended from time to time).

1.2 Construction

In the construction of this deed, unless the context requires otherwise:

Schedules: a reference to a clause or a schedule is to a clause or schedule of this deed, and a reference in a schedule to a clause is a reference to a clause in that schedule;

Defined Terms: words or phrases appearing in this deed with capitalised initial letters are defined terms and have the meanings given to them in this deed;

Documents: a reference to any document, including this deed, includes a reference to that document as amended or replaced from time to time;

Parties: a reference to a party to this deed or any other document includes that party's personal representatives/successors and permitted assigns;

Related Terms: where a word or expression is defined in this deed, other parts of speech and grammatical forms of that word or expression have corresponding meanings;

Schedule: the schedule forms part of this deed.

2 **AMENDMENT**

With effect from the Effective Date, the Trust Deed is amended to the extent and in the respects necessary for the terms of the Trust Deed to be as set out in the Schedule to this deed (to the intent that such Schedule represents a restated form of deed comprising the terms of the original Trust Deed as subsequently amended, including as amended by this deed).

3 **CONTINUATION**

As from the Effective Date:

- (a) the Trust Deed as amended by clause 2 of this deed will continue in full force and effect; and
- (b) all references in each other document between them to the Trust Deed will be a reference to the Trust Deed as amended by this deed.

4 **COUNTERPARTS**

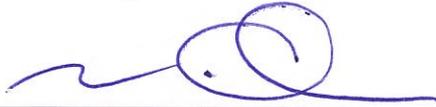
This deed may be signed in any number of counterparts all of which, when taken together, will constitute one and the same instrument. Once the parties have signed the counterparts, each counterpart shall be deemed to be as valid and binding on the party executing it as if it had been executed by all the parties.

5 **GOVERNING LAW**

This deed shall be governed by and construed in accordance with the laws of New Zealand.

EXECUTED AND DELIVERED as a deed.

Telecom Corporation of New Zealand Limited by:



Authorised Person



Authorised Person

in the presence of:

Name: *Sarah Gold*
Occupation: *Solicitor*
Address: *Auckland*

The New Zealand Guardian Trust Company Limited by:

Authorised Person

Authorised Person

in the presence of:

Name:
Occupation:
Address:

Telecom Corporation of New Zealand Limited by:

The New Zealand Guardian Trust Company Limited by:

Authorised Person

Authorised Person

Authorised Person

Authorised Person

in the presence of:

in the presence of:

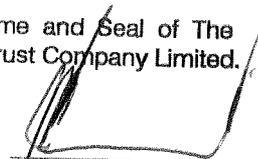
Name:
Occupation:
Address:

Name:
Occupation:
Address:

Executed under the Name and Seal of The
New Zealand Guardian Trust Company Limited.



Authorised Signatory



Authorised Signatory



Witness to both signatures:



Full Name



Residential Address



Occupation



Signature

SCHEDULE

Trust Deed Relating to the Constitution and Issue of Unsecured Stock

Telecom Corporation of New Zealand
Limited (Telecom)

The New Zealand Guardian Trust
Company Limited (Trustee)



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TRUST DEED RELATING TO THE CONSTITUTION AND ISSUE OF UNSECURED STOCK

THIS TRUST DEED is made as of the 25th day of October 1988, as amended and restated on 19 September 2012

PARTIES

Telecom Corporation of New Zealand Limited, a company duly registered under the Companies Act 1993 (*Telecom*)

The New Zealand Guardian Trust Company Limited, a company incorporated in New Zealand and having its registered office at Auckland (*Trustee*)

BACKGROUND

- A Telecom and/or any Guaranteeing Subsidiary may from time to time accept loans or deposits from, or issue bonds or other debt securities to, any Person or Persons.
- B The Directors of Telecom have resolved to enter into this trust deed to provide for the constitution and issue of Stock (including Bonds) in respect of certain indebtedness of the nature referred to in Recital A.
- C The Trustee has agreed for the consideration hereinafter expressed to act as Trustee for the benefit of the Holders (as herein defined) upon and subject to the terms and conditions of, and with the powers and authorities contained in, this Deed.

NOW THIS DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED as follows:

PART I

INTERPRETATION AND APPOINTMENT OF TRUSTEE

1 DEFINITIONS AND CONSTRUCTION

1.1 Location and Governing Law

This Deed shall be construed and take effect as a contract and declaration of trust made in New Zealand and shall be governed by and construed in accordance with the law of New Zealand.

1.2 Currency

All references to money in this Deed shall, unless the contrary is stated or necessarily implied, be deemed to be references to New Zealand currency.

1.3 Currency Conversion

Where for the purposes of any Stock or any provision of this Deed it is necessary to determine the New Zealand currency equivalent of a sum expressed in a foreign currency such sum shall for the purposes of this Deed, unless otherwise agreed in writing by the Trustee either generally or in any particular case, be converted to New Zealand currency on the basis of conversion employed in preparing the Latest



Balance Sheet or such other basis as is agreed from time to time with the Auditors, applied at or about the close of business in New Zealand on the day on which such calculation falls to be made, and any Stock which is payable in a foreign currency shall for the purposes of this Deed (but without affecting the nature or amount of the indebtedness of the Guaranteeing Group in respect of any such Stock or the terms and conditions of any Stock prescribing an alternative method of conversion) be treated as being of an amount equal to the New Zealand currency equivalent determined as aforesaid, provided always that in determining the New Zealand currency equivalent of any asset or liability in a foreign currency, account may be taken of any contract or arrangement in force for covering the risk of fluctuations between New Zealand currency and the foreign currency of the asset or liability (as the case may be).

1.4 **Defined Terms**

In this Deed and the Schedules hereto unless the context otherwise requires:

1st Rating Change has the meaning set out in Clause 3.2B;

2nd Rating Change has the meaning set out in Clause 3.2B;

Assets means, in respect of any corporation, all or any part of the present and future undertaking property and assets and revenues (including any right to receive revenues) of such corporation whatsoever and wheresoever and its issued but uncalled and called but unpaid capital;

Accommodation Stock means Stock issued in accordance with Clause 3.3(b);

Auditors means at any time the Person holding office as Telecom's auditor or (in the event of that Person being unable or unwilling to carry out any action required of him pursuant to the Deed) such firm of accountants as may be nominated or approved by the Trustee in consultation with Telecom;

Balance Sheet means (in relation to any of the Consolidated Group Members) a statement of financial position and statement of financial performance of the relevant Consolidated Group Member or (in relation to any group of Consolidated Group Members) a consolidated statement of financial position and statement of financial performance of the relevant group, prepared as at the end of its financial year or as at any other date (as the case shall be or the context shall require) in a manner that complies with the Financial Reporting Act which balance sheet if prepared at the end of the financial year has been audited by the Auditor and is accompanied by his report;

Bearer Bonds or *Bearer Stock* means Bonds or Stock represented by Certificates issued to bearer;

Bonds means Stock constituted by this Deed and for the time being outstanding in the form of bonds, and where the context permits or requires, refers also to the Principal represented by any such bonds;



Business Day means any day on which banks are open for the transaction of general banking business in Wellington, New Zealand and (but only as regards the provisions of this Deed relating to the time or manner of payments required to be made in respect of any Stock) in any other jurisdiction in which such payment is to be made pursuant to the terms of such Stock;

Certificate means, in respect of any Stock, any certificate, acknowledgement, receipt or other written evidence or indication issued by or on behalf of the Issuer thereof representing, or evidencing the issue of, that Stock, and which (without limitation) may comprise (i) a form of bond, note or other instrument or security; or (ii) a notice or acknowledgement of registration or entitlement;

Change of Control has the meaning set out in Clause 3.2A;

Change of Control Period has the meaning set out in Clause 3.2A;

Change of Control Put Notice has the meaning set out in Clause 3.2A;

Charge means any lien, pledge, charge, mortgage, hypothecation or other encumbrance or security interest, but does not include:

- (i) leases, bailments or reservations of title; or
- (ii) the rights of resumption conferred by Sections 27 to 27D of the State-Owned Enterprises Act (as inserted by the Treaty of Waitangi (State Enterprise Act 1988)) or any memorial recording such rights;

Class means:

- (i) in relation to Stock, each category of Stock which the Trustee determines on a reasonable basis should be treated as constituting a separate Class of Stock;
- (ii) in relation to Holders, the Holders of each such separate Class of Stock;

Companies Act means the Companies Act 1993;

Consolidated Group means Telecom and those entities which are consolidated with Telecom (including "in substance subsidiaries") for the purpose of the preparation of consolidated financial statements in compliance with the Financial Reporting Act, including NZ GAAP, and *Consolidated Group Member* means any one of them;

Coupon means a bearer coupon appertaining to any Bearer Stock and includes any replacement coupon;

Couponholders means the several persons who are for the time being the holders of Coupons;

debt security has the meaning ascribed thereto in the Securities Act;



Director means a director of Telecom (or, as the context may otherwise expressly or by necessary implication require, any Guaranteeing Subsidiary) for the time being, and includes an alternate director acting as a director of Telecom (or any Guaranteeing Subsidiary) and *Directors* means the directors (including any committee thereof) acting in accordance with the constitution of Telecom (or any Guaranteeing Subsidiary) for the time being;

EBIT means, in relation to the Consolidated Group or the Guaranteeing Group and any financial period, as the case may be, the aggregate amount on a consolidated basis of the earnings of the relevant group before charging interest and before charging or providing for income tax or any other tax, in each case in relation to that financial period and calculated in accordance with the Financial Reporting Act, including NZ GAAP, and excludes:

- (i) profits and losses derived on the sale of fixed assets or investments or revaluations;
- (ii) non-cash equity accounted profits and losses; and
- (iii) unrealised gains and losses resulting from foreign exchange, swaps, futures, options or similar transactions;

Effective Date has the meaning set out in Clause 1.7;

Event of Default means, subject to Clause 14.2, any of the events or circumstances set out in Clause 14.1;

Extraordinary Resolution means an Extraordinary Resolution of the Holders or any Class of Holders (as the case may require) as defined in the Fourth Schedule;

Financial Reporting Act means the Financial Reporting Act 1993;

Global Certificate means a Certificate for an amount of Stock (whether in registered or bearer form) which:

- (i) evidences or represents a global, aggregate or composite entitlement to, and/or may be divisible into, separate component parcels of such Stock; and/or
- (ii) against which interests or entitlements or dealings in respect of separate component parcels of such Stock may be separately transacted, registered, noted or recorded (whether through operation of any clearing system or otherwise); and/or
- (iii) which may be exchangeable in whole or in part for Certificates in definitive form representing separate component parcels of such Stock;

Guaranteeing Group means Telecom and the Guaranteeing Subsidiaries, and *Guaranteeing Group Member* means any of them;



Guaranteeing Subsidiary means at any time and from time to time any Subsidiary which has become a Guaranteeing Subsidiary in accordance with Clause 9, but does not include any Subsidiary which has been released from its obligations as a Guaranteeing Subsidiary in accordance with Clause 9, and *Guaranteeing Subsidiaries* shall be construed accordingly;

Holders means:

- (i) in respect of Registered Stock, the several Persons for the time being entered in the relevant Register as the holders of such Stock; and
- (ii) in the case of Bearer Stock, the several Persons for the time being holding Certificates in respect of such Stock;

and includes their personal representatives;

Issuer means, in relation to any Stock, the relevant Guaranteeing Group Member which is the issuer of such Stock;

in writing and *written* includes words written, printed, typewritten, lithographed, telexed, cabled or otherwise represented or reproduced in visible form by any other means;

Latest Financial Statements means, at any time and from time to time, in relation to any particular Consolidated Group Member or group of Consolidated Group Members, the then most recent periodic statement of financial position and statement of financial performance for that Consolidated Group Member or group (and, if for a group, on a consolidated basis) as at and for the period ending on the relevant date, that has been prepared and presented to the Directors, whether such comprises the Latest Balance Sheet or other audited accounts or unaudited management accounts;

Latest Balance Sheet means at any time the then most recent Balance Sheet which has been prepared in respect of the relevant Consolidated Group Member or group of Consolidated Group Members;

a reference to something having a *material adverse effect* on a Guaranteeing Group Member is a reference to it having a material adverse effect on:

- (i) that Person's ability to perform or comply in any material respect with its obligations under this Deed or on any Stock issued by it or on which it is liable;
- (ii) the financial condition of the Guaranteeing Group (taken as a whole);

Materiality Certificate means, where such phrase is employed in this Deed in relation to certain circumstances or occurrences and/or the Trustee's rights or powers in respect thereof, a certificate given by the Trustee in relation to those circumstances or occurrences stating that in its opinion (which shall for the purposes of this Deed be final and conclusive) such circumstances or occurrences are or are likely to



become materially prejudicial to the general interests of Holders and justify the relevant action taken or omitted or proposed to be taken or omitted, or the relevant request made or proposed to be made by the Trustee in respect thereof pursuant to the relevant provision(s) of this Deed;

Material Subsidiary has the meaning set out in Clause 9.4;

Moody's has the meaning set out in Clause 3.2A;

Non-Guaranteeing Subsidiaries means any Subsidiaries of Telecom which are not Guaranteeing Subsidiaries;

NZ GAAP means generally accepted accounting practice as defined in section 3 of the Financial Reporting Act;

outstanding means, in relation to Stock, all the Stock issued other than:

- (i) any Stock which has been repaid or redeemed pursuant to its terms and conditions; or
- (ii) any Stock in respect of which the date for repayment or redemption pursuant to its terms and conditions has occurred and the repayment or redemption moneys for which (including all interest accrued thereon to the date for such repayment or redemption) have been duly paid to or to the order of the Trustee or to any relevant paying agent and remain available for payment against presentation of Stock and/or Coupons as the case may be; or
- (iii) any Stock which has become void pursuant to its terms and conditions;
- (iv) any Stock which has been purchased and cancelled pursuant to its terms and conditions;

and (for certainty) it is declared that where any Certificate for Stock has been replaced in whole or in part by new Certificates issued in respect of such Stock then, to the extent so replaced and without prejudice to the Stock evidenced by such new Certificates, the original Certificate shall not represent outstanding Stock;

Person includes an individual, a corporation sole, a company or any other body corporate, any association of Persons whether corporate or unincorporate, any state or government or department or agency thereof, and any legislative body authority or agency whether having separate legal personality or not;

Principal means:

- (i) in relation to any Stock other than Accommodation Stock, the amount (other than interest) payable on the redemption or repayment of such Stock inclusive of the premium (if any) payable on redemption or repayment in accordance with the conditions of issue thereof; and



- (ii) in relation to Accommodation Stock means the aggregate amount of all indebtedness (other than interest) from time to time owing or outstanding to the Holder as is described in the Certificate for such Stock;

Put Date has the meaning set out in Clause 3.2A;

Put Event has the meaning set out in Clause 3.2A;

Put Event Notice has the meaning set out in Clause 3.2A;

Put Period has the meaning set out in Clause 3.2A;

rating agency has the meaning set out in Clause 3.2A;

Rating Change has the meaning set out in Clause 3.2B;

Register means the register or registers of Stock kept pursuant to Clause 6 of this Deed or any one or more of them as the case may be;

Registered Holder means a Holder of Registered Stock;

Registered Address in respect of a Registered Holder means its address for the time being recorded in the Register;

Registered Stock means all Stock (other than Bearer Stock) held by Persons whose names are from time to time entered in the Register;

Registrar means, in respect of any Stock, the Person (whether it be the Issuer of such Stock or any other Person appointed by it for the purpose) which maintains the Register in respect of such Stock);

Relevant Announcement Date has the meaning set out in Clause 3.2A;

Relevant Person has the meaning set out in Clause 3.2A;

S&P has the meaning set out in Clause 3.2A;

Securities Act means the Securities Act 1978;

Securities Regulations means the Securities Regulations 2009;

State-Owned Enterprises Act means the State-Owned Enterprises Act 1986 of New Zealand;

Stock means any and all unsecured indebtedness, liabilities, obligations or debt securities (including without limitation Bonds and Accommodation Stock) of or issued by any Guaranteeing Group Member which is or are issued as Stock constituted by and with the benefit of this Deed from time to time outstanding, or a specified portion thereof as the case may require, and includes the Principal represented thereby;



Stock Moneys means at any time and in relation to the Stock all moneys payable on or in relation to the Stock to the relevant Holders pursuant to the terms and conditions thereof or of this Deed;

Subsidiary means any corporation which is a subsidiary of Telecom in terms of sections 5 to 8 (inclusive) of the Companies Act;

Substitute Rating Agency has the meaning set out in Clause 3.2A;

Total Amount in relation to Accommodation Stock means the total amount owing or outstanding in respect of all indebtedness liabilities or obligations covered by such Stock as referred to in the Certificate therefor;

the Trust Deed and *this Deed* means this Trust Deed (including the Schedules hereto) as originally executed and as it may from time to time be supplemented, modified or novated in accordance with the provisions in that behalf hereinafter contained, and when the context so admits includes any deed which is or is expressed to be supplemental to or collateral with this Deed and in particular shall include supplemental deeds executed by any of the Guaranteeing Subsidiaries in accordance with Clause 9;

Tangible Assets means all Assets that would be regarded as being tangible assets in accordance with the accounting principles and practices adopted in Telecom's Latest Balance Sheet with only such changes (if any) thereto as may have been approved by the Auditors;

Total Tangible Assets means, in respect of any particular Consolidated Group Member or group of Consolidated Group Members, the aggregate of the book values (determined in accordance with the principles and practices applied in the Latest Balance Sheet with only such changes (if any) thereto as may have been approved by the Auditors) of the Tangible Assets of such Consolidated Group Member or group (and, if for a group, on a consolidated basis) as at any time and from time to time valued and disclosed in the Latest Financial Statements of such Consolidated Group Member or group, and for the purposes of this definition the Trustee shall accept a certificate of any two Directors on behalf of them all as to any relevant matter that has occurred since the date of the Latest Balance Sheet of that Consolidated Group Member or group;

Trustee means The New Zealand Guardian Trust Company Limited or any other or substitute trustee or trustees for the time being hereof.

1.5 **Construction**

In the construction of the Deed:

- (a) *Headings*: The headings and marginal notes appear as a matter of convenience and shall not affect the construction of this Deed;
- (b) *Clauses*: In the absence of an express indication to the contrary, references to Parts, Clauses, sub-clauses, paragraphs and Schedules are to the parts, clauses, sub-clauses and paragraphs of, and schedules to, this Deed;



- (c) *Statutes*: References to any statute, statutory regulations or other statutory instrument shall be deemed to be references to the statute, statutory regulations or instrument as from time to time amended or re-enacted or, as the context permits, provisions substituted therefor for the time being in force, and in addition reference to any statute includes any statutory regulations or instruments from time to time made and in force under that statute;
- (d) *Agreements*: References to any deed agreement or other instrument shall be read as referring to such deed agreement or other instrument as from time to time modified supplemented or novated;
- (e) *Statutory Definitions*: Except where inconsistent with specific definitions thereof contained herein, words defined in the Companies Act, the Securities Act or the Financial Reporting Act shall have the same meanings in this Deed; and in the case of conflict the definitions in the Securities Act shall prevail over those in either of the other Acts and the definitions in the Financial Reporting Act shall prevail over those in the Companies Act;
- (f) *Singular*: The singular includes the plural and vice versa, and words importing any gender include the other genders;
- (g) *Joint and Several*: All obligations of Telecom and the Guaranteeing Subsidiaries under this Deed are joint and several;
- (h) *Successors and Assigns*: Each reference to a party to this Deed shall be read as a reference to that party and its successors and assigns.

1.6 **Accounting Terms**

Expressions that are utilised in connection with accounting functions or reporting or in the description of either thereof in this Deed shall bear the respective meanings accepted in respect of or ascribed to them in the preparation of the Latest Balance Sheet of Telecom.

1.7 **Effective Date**

This Deed shall become effective on the date (the *Effective Date*) specified in that regard by not less than 3 days prior notice in writing from Telecom to the Trustee. Until the Effective Date has occurred the provisions of this Deed shall not be effective and Telecom shall not issue any securities which are or purport to be Stock constituted by this Deed.

2 **APPOINTMENT OF TRUSTEE**

Telecom hereby appoints the Trustee, and the Trustee hereby accepts appointment, as trustee for the Holders in respect of the Stock on the terms and subject to the provisions of this Deed and applicable law, and with the rights, powers, duties and obligations in respect of any Stock conferred by this Deed or (save to the extent that it is affected by the express provisions of this Deed) by applicable law.



PART II

CONSTITUTION AND TERMS OF STOCK

3 CONSTITUTION AND ISSUE

3.1 General

Stock may be issued by any Guaranteeing Group Member as Issuer at any time and from time to time to such Persons, in such amounts, in such currencies and upon such terms and conditions (not being inconsistent with the provisions contained in this Deed) as it may from time to time determine.

3.2 Terms of Issue

Without limiting the generality of Clause 3.1, Stock may be issued either at par or at a premium or at a discount, and bearing such respective rates of interest (whether fixed variable or determined by a stated method) or without interest, and payable or redeemable at such respective times or periods or on demand and at par or at a discount or with payment of such premiums or allowances (whether fixed variable or determined by a stated method) or on conversion into debt securities of any Consolidated Group Member, and whether securing or evidencing indebtedness, liabilities or obligations of the Issuer for borrowed money or securing or evidencing other obligations or debt securities of the Issuer, in all cases as the Issuer may from time to time determine.

3.2A Redemption at the Option of the Holders of Stock (Change of Control)

(A) A "Put Event" will be deemed to occur if:

- (i) any person or persons acting in concert (within the meaning of Rule 6(2)(a) of the New Zealand Takeovers Code) (the "Relevant Person") at any time directly or indirectly acquires: (A) more than 50 per cent of the issued ordinary share capital of Telecom; or (B) such number of shares in the capital of Telecom carrying more than 50 per cent of the total voting rights attached to the issued share capital of Telecom that are normally exercisable at a general meeting of Telecom (such event being a "Change of Control"); and
- (ii) on the date (the "Relevant Announcement Date") of the first public announcement of the relevant Change of Control, the Stock carry from either Moody's Investors Service Limited ("Moody's") or Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("S&P") or any of their respective successors or any other rating agency (each a "Substitute Rating Agency") of equivalent international standing from whom a rating is procured by Telecom (each a "rating agency"):
 - (1) an investment grade rating (*Baa3/BBB-, or equivalent, or better*), and such rating from any rating agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*) or withdrawn and is not, within the Change of Control



Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such rating agency; or

- (2) a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*) or no credit rating, and no rating agency assigns, within the Change of Control Period, an investment grade credit to the Stock,

provided that if on the Relevant Announcement Date the Stock carry a credit rating from more than one rating agency, at least one of which is investment grade, then sub-paragraph (1) will apply.

- (B) If a Put Event occurs, the Holder of any Stock will have the option to require the Issuer to purchase (or procure the purchase of) such Stock on the date which is seven days after the expiration of the Put Period (the "Put Date") at 101% of the scheduled redemption amount of the Stock, together with interest accrued to but excluding the Put Date.
- (C) Upon Telecom becoming aware that a Put Event has occurred, Telecom shall immediately notify the Trustee and shall, and at any time upon the Trustee becoming similarly so aware the Trustee shall require Telecom to, give notice (a "Put Event Notice") to the Holders in accordance with Clause 29 specifying the nature of the Put Event and the procedure for exercising the option contained in this Clause 3.2A.
- (D) To exercise the option to require the purchase of a Stock under this Clause 3.2A, a Holder of Stock must, at the specified office of Telecom, at any time during normal business hours of Telecom falling within the period (the "Put Period") of 60 days after a Put Event Notice is given, deliver a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of Telecom (a "Change of Control Put Notice"). A Change of Control Put Notice, once given, shall be irrevocable. The Issuer shall purchase (or procure the purchase of) the Stock specified in the relevant Change of Control Put Notice on the Put Date unless previously redeemed and cancelled or purchased. Payment in respect of any Stock so purchased will be made on the Put Date by transfer to the bank account of the relevant Holder specified in the relevant Change of Control Put Notice.
- (E) If the rating designations employed by either Moody's or S&P are changed from those which are described in paragraph (ii) of the definition of "Put Event" above, or if a rating is procured from a Substitute Rating Agency, Telecom shall determine, with the agreement of the Trustee (in respect of which the Trustee shall be entitled to obtain and rely upon any expert advice pursuant to Clause 20.1), the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Clause 3.2A shall be read accordingly.



- (F) The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of, or could constitute, a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice thereof to the contrary, the Trustee may assume that no Put Event or Change of Control or such other event has occurred.
- (G) In this Clause 3.2(A), "Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 180 days after the Relevant Announcement Date.

3.2B **Step-up in Rate of Interest**

- (A) With effect from the date of each Rating Change, the interest rate applicable to each Class of Stock (other than zero coupon Stock) shall be adjusted to be equal to:
 - (i) in the case of a 1st Rating Change, the aggregate of the interest rate applicable to the Class of Stock as at 30 November 2011 plus 0.50% per annum; and
 - (ii) in the case of a 2nd Rating Change, the aggregate of the interest rate applicable to the Class of Stock as at 30 November 2011 plus 1.00% per annum.
- (B) If, in relation to a Class of Stock, a Rating Change occurs other than on a date on which interest is scheduled to be paid on the Class of Stock, the amount of interest that is payable on the next scheduled interest payment date for the Class of Stock shall be the amount reasonably determined by Telecom by reference to the different rates of interest that are applicable to the Class of Stock for each period from (and including) the immediately preceding interest payment date to (but excluding) the immediately succeeding interest payment date during which a different interest rate is applicable to the Class of Stock in accordance with this Clause 3.2B.
- (C) If a Rating Change occurs prior to the scheduled redemption date of any Class of zero coupon Stock, the scheduled redemption amount of the Class of zero coupon Stock shall be adjusted by an amount reasonably determined by Telecom that represents the equivalent economic effect of the increase in the interest rate that applies to Stock that bears interest.
- (D) Telecom shall notify the Trustee and the Holders in accordance with Clause 29 of the adjustment to the interest rate and the amount of interest payable to the Holders following that adjustment (or the adjustment to the scheduled redemption amount in the case of zero coupon Stock) as soon as reasonably practicable following each Rating Change.
- (E) Any reasonable determination by Telecom under this Clause 3.2B shall be final and (in the absence of manifest error) binding on all Holders.



(F) This Clause 3.2B applies only to Stock that is outstanding as at 30 November 2011.

(G) In this Clause 3.2B:

“1st Rating Change” means the first date on which the Stock carries a credit rating of BBB+ by S&P and Baa1 by Moody’s or the equivalent by a Substitute Rating Agency. For the avoidance of doubt, a 1st Rating Change shall occur if one of the rating agencies publicly announces a decrease in the credit rating of the Stock to BBB+ or Baa1 or equivalent (as applicable) and the Stock at that time carries a lower credit rating from the other rating agency.

“2nd Rating Change” means the first date on which the Stock carries a credit rating of BBB or worse by S&P and Baa2 or worse by Moody’s or the equivalent by a Substitute Rating Agency.

“Rating Change” means a 1st Rating Change or a 2nd Rating Change.

3.3 **Description and Nature**

Without limiting the generality of Clause 3.1, Stock may be issued in the form of or described or named as loan stock, debentures, bonds, notes, bills, savings, deposits or in such other form or under such other name or description as the Issuer shall determine, and:

(a) *Bonds*: It is acknowledged that Telecom intends following execution of this Deed and from time to time to issue Stock in the form of Bonds; and

(b) *Accommodation Stock*: Stock may from time to time be issued as Accommodation Stock as cover for and in order to render applicable the provisions of this Deed to any indebtedness, liabilities or obligations of any Guaranteeing Group Member to any Person, whether generally or in respect of any particular or particular class of arrangement or financial accommodation. For the purposes of this Deed “Accommodation Stock” shall be Stock issued under a Certificate describing it as such (which may be in the form set out the First Schedule) and describing the nature of the indebtedness, liabilities or obligations which such Stock is to cover.

3.4 **Provisions Applicable to Accommodation Stock**

Accommodation Stock shall for all purposes and on all occasions be deemed to be validly issued to each Holder thereof as cover for the indebtedness, liabilities and obligations expressed in the relevant Certificate to be covered by the Accommodation Stock so held and interest thereon. Notwithstanding that the amount owing to the Holder thereof may at any time be less than the nominal amount of the Accommodation Stock so held, such Holder shall not on that account be liable to make any payment to the Guaranteeing Group or to the Trustee in respect of the Accommodation Stock so held or be obliged to make any further advance or afford any further accommodation to the Guaranteeing Group except as may expressly be agreed between the Guaranteeing Group and such Holder. The nominal amount for which Accommodation Stock is issued shall be determinative of the Holder’s right to vote and (except as otherwise expressly provided in this Deed)



in all matters under this Deed, other than the right to participate *pari passu* with other Holders in distributions pursuant to the provisions of Clause 16 which shall be determined on the Total Amount of the Accommodation Stock as described in the Certificate therefor.

3.5 **Ranking of Stock**

The Stock shall rank *inter se pari passu* as to payment of the Stock Moneys evidenced thereby notwithstanding that it may be issued at different times or on different terms or in different forms or denominated in different currencies.

3.6 **Validity of Stock**

No Person holding any Certificate shall be concerned or obliged to enquire whether any Stock purporting to be evidenced by it has been issued in contravention of any provision of this Deed. All Stock issued for consideration, the Certificate for which indicates, or the entry on the appropriate Register for which indicates, or in respect of which other evidence indicates, that it has ostensibly been issued or was intended to be issued as Stock pursuant to the provisions of this Deed shall be validly issued and constituted by this Deed and entitled to the benefit of the provisions of this Deed notwithstanding that the issue of that Stock or any related security was in breach of any provision of this Deed. This clause shall not however prejudice or affect the Trustee's rights under or pursuant to this Deed against the Guaranteeing Group in relation to such breach.

4 **COVENANT TO PAY: MISCELLANEOUS PROVISIONS AFFECTING HOLDERS' RIGHTS**

4.1 **Covenant to Pay**

Each Issuer covenants with the Trustee that it will pay the Stock Moneys of the Stock issued by it as and when due and payable in accordance with the relative terms and conditions of the Stock to or to the order of the Trustee in the currency and manner in which the same is payable.

4.2 **Pro Tanto Satisfaction**

Notwithstanding Clause 4.1 every payment to Holders of or on account of the Stock Moneys due and payable on the Stock in accordance with its relative terms and conditions shall be in satisfaction *pro tanto* of the indebtedness acknowledged and covenanted to be paid in Clause 4.1.

4.3 **Holder's Right to Sue**

No Holder shall be entitled to proceed:

- (a) directly against any Guaranteeing Group Member for the enforcement, observance or performance of any term or condition of the Stock held by such Holder or of this Deed unless the Trustee fails to so proceed having become bound to do so and such failure shall continue;
- (b) either against the Guaranteeing Group or against the Trustee, for the enforcement, observance or performance of any provision of this Deed that is solely for the benefit of the Trustee.



4.4 **Terms and Conditions**

The Stock shall be held by the Holders with the benefit of and subject to the following provisions terms and conditions (referred to in this Deed as the terms and conditions of or applicable to the relevant Stock):

- (a) such of the provisions of this Deed as are applicable thereto having regard to the Class of such Stock; and
- (b) the terms and conditions endorsed on or relating to the Certificates therefor and the terms and conditions specified to be applicable to such Stock in any deed prospectus or other document (whether supplemental to this Deed or not) issued or executed by the Issuer in relation to the issue, allotment or offering of such Stock;

and all such provisions terms and conditions shall be binding upon the Issuer and the Holder and all Persons claiming under or through them respectively. The Holders and all Persons claiming by or through them are deemed to have notice of all such provisions, terms and conditions.

4.5 **Identity of Holders**

The Holders are to be regarded as the beneficial owners of the Registered Stock registered in their names respectively, and of the Bearer Stock in respect of which they hold the relevant Certificate(s), and are to be regarded as exclusively entitled thereto and the Guaranteeing Group and all other Persons may act accordingly. The Guaranteeing Group shall not be bound to enter in the Register notice of any trust or, save as provided in the relevant Certificate or except as ordered by a Court of competent jurisdiction, to recognise any trust or equity affecting the ownership of any Stock or the money thereby represented.

4.6 **Exclusion of Equities**

Every Holder will be recognised by the Guaranteeing Group as entitled to the Stock held by it and to the Stock Moneys payable thereon free from any equity set-off or cross claim between the Guaranteeing Group and any prior holder thereof.

4.7 **Unclaimed Money**

Subject to the terms and conditions of the relevant Stock, any payment of any of the Stock Moneys:

- (a) sent or made by or on behalf of the Guaranteeing Group to a Registered Holder at its last Registered Address that shall be returned unclaimed; or
- (b) due to a Registered Holder whose address is unknown; or
- (c) payable in respect of any Bearer Stock and unclaimed six months after its due date;

shall be either retained by the Guaranteeing Group for such Holder or (if held by or on behalf of the Trustee) paid by or on behalf of the Trustee to the Guaranteeing Group (without prejudice to the rights of the Person entitled thereto in priority to the Guaranteeing Group) and, in either case, retained by the Guaranteeing Group for



such Holder until claimed without liability to invest the same or pay interest thereon. Any such amount for which payment is not claimed within five years from its due date shall be forfeited by the Directors of the Issuer for its benefit. After forfeiture of any such amount the Person who would otherwise have been entitled thereto shall become entitled to payment of a sum equal to the amount forfeited upon adducing evidence sufficient to satisfy the Directors that such Person would have been entitled thereto had the same not been forfeited.

4.8 **Receipt By Holders**

The receipt of the Holder, or in the case of joint Holders the receipt of any one of them, for the Stock Moneys from time to time accruing due in respect of any Stock shall be a good discharge to the Guaranteeing Group notwithstanding any notice (express or implied) any Guaranteeing Group Member may have of the right, title, interest or claim of any other Person to or in such Stock or the Stock Moneys payable in respect thereof.

4.9 **Stock Payable by Instalments**

If by the terms of issue thereof any of the Stock is to be paid for by instalments and the amount of any instalment is not duly paid to the Issuer on due date, the Issuer at any time thereafter before such instalment is paid but only after giving not less than fourteen (14) days' notice of its intention so to do may (subject to any provisions to the contrary in the terms and conditions of such Stock) either:

- (a) forfeit all instalments previously paid and cancel the allotment of the Stock in question; or
- (b) charge and sue for the recovery of such unpaid instalment and charge and sue for the payment of interest thereon, at a rate equivalent to the cost to the Issuer (as determined by the Issuer in its absolute discretion, its certification thereof to be conclusive in the absence of manifest error) of obtaining funds in an amount equivalent to the amount so unpaid, from the date that such instalment became due until the said instalment is paid.

A statutory declaration in writing that the declarant is a Director of the Issuer and that Stock has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to such Stock. The Issuer may sell or dispose of such Stock, may receive the consideration if any given for such Stock on any sale or disposition thereof, and may execute a transfer of such Stock in favour of or otherwise deliver or transfer such Stock to the Person to whom such Stock is sold or disposed of and such Person shall thereupon become and (as regards Registered Stock) be registered as the Holder of such Stock and shall not be bound to see to the application of the purchase money if any nor shall such Person's title to such Stock be affected by any irregularity or invalidity in the proceedings in relation to the forfeiture sale or disposal of such Stock.

4.10 **Purchase, Cancellation, Reissue**

Subject to any provisions to the contrary in the terms and conditions of the Stock:



- (a) *Purchase*: The Issuer or any other Consolidated Group Member may purchase Stock from any Person at any time on any market at any price; and
- (b) *Cancel or Reissue*: The Issuer may cancel any Stock so purchased and/or may re-issue any such Stock, but shall not be obliged to do so.

4.11 **Commissions**

The Guaranteeing Group shall be at liberty to pay a commission procurement fee or brokerage to any Person for subscribing, underwriting the subscription of, or obtaining subscriptions for, any Stock.

5 **CERTIFICATES**

5.1 **Certificates**

Subject to the terms and conditions of the relevant Stock, there shall be issued by or on behalf of the Issuer to every Holder a Certificate evidencing the relevant Stock held by it in such denominations and in such form and manner (not being inconsistent with the provisions of this Deed or any applicable law) as shall be determined by the Directors.

5.2 **Forms of Certificate: Global Certificates**

Without limiting the generality of Clause 5.1 and the ability to issue Certificates in any other form in compliance therewith:

- (a) Certificates for Accommodation Stock may be in the form set out in the First Schedule;
- (b) Certificates may be in the form of computer-generated records, receipts, statements or acknowledgements;
- (c) Certificates may be issued in the form of Global Certificates (whether temporary or not) or of such other nature or form as is necessary or expedient to meet the requirements of the terms and conditions of such Stock, the method or circumstances (including market) of the offer issue or allotment thereof, or the requirements of any applicable clearing system or secondary market in which such Stock may be traded.

The Trustee shall be supplied with a copy of any form of Certificate (other than a Certificate for Accommodation Stock issued in the form set out in the First Schedule or a Certificate the form of which has previously been supplied under this clause) as soon as practicable following the first issue of a Certificate in that form. Sufficient details shall be entered in the relevant Register as are necessary to identify in respect of all Stock entered thereon the respective forms of Certificate therefor if Stock represented by different forms of Certificate is entered thereon.

5.3 **Execution**

Certificates may be executed by or on behalf of the Issuer (including by the Registrar or any issuing agent on behalf of the Issuer) in any manner permitted by applicable law, and in compliance with any requirements of applicable law as regards the mode of execution. A Certificate may be executed by the affixing (manually or



by facsimile) of the Issuer's common seal or by the manual or facsimile signature of any Person authorised to execute it. Any Certificate bearing the facsimile signature of a Person authorised to execute it at the date of printing will be valid notwithstanding that the signatory may have ceased to be so authorised at the date of issue or at any time thereafter.

5.4 **Replacement Certificates**

With the consent in each case of the Holder concerned the Issuer may issue replacement Certificates in substitution for lost stolen damaged defaced destroyed or incorrect Certificates, balance Certificates where the indebtedness liabilities or obligation evidenced by a Certificate (whether a Global Certificate or otherwise) have been discharged in part, and Certificates for Registered Stock in substitution for Bearer Stock and vice versa, subject in each case to satisfactory indemnification and security therefor and to the relative terms and conditions of the Stock concerned.

6 **REGISTERS**

6.1 **Establishment and Maintenance**

Each Issuer shall establish and maintain in respect of the Stock issued by it a register or registers complying with all applicable laws, in which shall be entered the details required by any applicable law and such other details as the Issuer thinks fit or are required by Clause 5.2. Each Register will be kept in a form and manner enabling it to be conveniently and properly audited.

6.2 **Registrar**

Each Register shall be kept by a Registrar, which may be the Issuer itself (maintaining such Register among its general accounting records or separately) or any other Person (including any other Consolidated Group Member) appointed by the Issuer as Registrar in respect of the relevant Stock. Separate Registrars may be appointed in respect of separate classes or issues of Stock.

6.3 **Change of Address**

Each Holder (whether joint or several) other than Holders of Bearer Stock shall notify the Registrar forthwith of any change of its name or address and thereupon the relevant Register shall be altered accordingly.

6.4 **Inspection**

The Trustee may inspect the Register and take copies or extracts of the same at any reasonable time.

6.5 **Closure**

The Issuer may from time to time close the Register for any period or periods not exceeding in the aggregate thirty (30) days in any one year (or, if the relevant Stock is quoted on any stock exchange, a period not exceeding the times permitted by that stock exchange for listed debt securities), provided that the right of the Trustee to inspect and take copies of the Register shall not be prejudiced by such closure.



6.6 **Audit**

Each Register shall be kept to the reasonable satisfaction of the Trustee and audited by the Auditors in the ordinary course of any periodic audit of the Consolidated Group at least annually, or at any other time upon request by the Trustee which must be supported by a Materiality Certificate.

6.7 **New Zealand Statutory Requirements**

The Issuer shall:

- (a) comply with the provisions of Section 51 of the Securities Act as regards the maintenance and form of the Register, except (subject to Clause 6.7(c)) as regards Stock to which such provisions do not apply;
- (b) maintain each Register in Wellington or in some other place in New Zealand, except (subject to Clauses 6.7(a) and 6.7(c)) as regards Stock offered or issued solely or principally outside New Zealand where maintenance of the Register outside New Zealand is required by law or market convention;
- (c) in respect of Stock to which Section 51 of the Securities Act does not apply or the Register for which is kept outside New Zealand, ensure (subject however to the requirements of any other applicable law) that the Register therefor is in a form that complies substantially with the requirements of Section 51(2) of the Securities Act and that in respect of any Register kept outside New Zealand a copy updated at such intervals as are reasonably practicable is kept in New Zealand or that other arrangements to the reasonable satisfaction of the Trustee are made permitting the Trustee access to the information contained in such Register.

7 **TRANSFER OF STOCK**

7.1 **Transfer**

Registered Stock may be transferred by the Holders in accordance with such procedures and on the production of such transfer and other documentation as is determined by the Issuer to be appropriate either generally or for particular Classes of Stock. In any case the transferor of Registered Stock shall (notwithstanding any provisions to the contrary as contemplated in Clause 7.3) be deemed to remain the Holder until the name of the transferee has been entered in the Register.

7.2 **Death, Insanity or Bankruptcy of Holder**

Any Person becoming entitled to any Registered Stock as a consequence of the death, insanity or bankruptcy of a Holder may, upon producing such evidence as to its right or title as the Directors shall require, be registered as the Holder or may transfer such Stock in accordance with the provisions of this Deed. The executors or administrators of a deceased Holder (not being one of several joint Holders) shall be the only Persons recognised by the Guaranteeing Group and the Trustee as having any title to or interest in the Registered Stock so held by that Holder. In the event of the death of any Holder who held any Registered Stock jointly, the surviving joint Holder or Holders shall be the only Person or Persons recognised by the Guaranteeing Group and the Trustee as having any title to or interest in such Stock. The Guaranteeing Group may retain money which is payable upon any Registered



Stock to which this Clause 7.2 applies until a transmission or transfer of the Stock shall have been registered on such terms and conditions as it considers reasonable.

7.3 **Terms of Stock Prevail**

The above provisions of this Clause 7 shall (save as otherwise provided in the second sentence in Clause 7.1) be subject to any terms and conditions of the relevant Stock which restrict or prescribe procedures for the transfer thereof or which otherwise exclude or are inconsistent with such provisions.

PART III

CROSS GUARANTEES

8 GUARANTEES

Each Guaranteeing Group Member jointly and severally unconditionally guarantees to the Trustee the due and punctual payment of the Stock Moneys by each of the other Guaranteeing Group Members (including, without limitation, the Issuer thereof in its capacity as such), as and when the same shall become due and payable in accordance with the terms and conditions of such Stock or under this Deed, and each Guaranteeing Group Member hereby agrees that the following provisions of this Clause 8 shall have effect and apply to each of the Guaranteeing Group Members and their guarantees hereunder (and in this Clause 8 the expression "guarantee" shall include every guarantee given under or pursuant to this Deed).

8.1 **Payment**

Whenever any default has been made by any Guaranteeing Group Member in the payment of all or any part of the Stock Moneys when due and payable in accordance with the terms thereof or under this Deed, the Guaranteeing Group Members will forthwith pay such money upon demand by the Trustee;

8.2 **Liability Not Affected**

The liability of each Guaranteeing Group Member under this guarantee shall not be abrogated, prejudiced or affected by any of the following:

- (a) the granting of time, credit or any indulgence or other concession to any other Guaranteeing Group Member or other guarantor by the Trustee or any Holder or by any compounding, compromise, release, abandonment, waiver, variation, relinquishment or renewal of any securities, documents of title, assets or of any of the rights of the Trustee or any Holder against any other Guaranteeing Group Member or other guarantor or by anything done or omitted or neglected to be done by the Trustee or any Holder in exercise of the authorities, powers and discretions vested in it by this Deed or by any other dealing, matter or thing which but for this provision might operate to abrogate, prejudice or affect this guarantee;
- (b) the liability of any Guaranteeing Group Member or other guarantor ceasing from any cause whatsoever (including the release or discharge by the Trustee or the Holders);



- (c) any other person joining in this or giving any similar guarantee;
- (d) the liquidation or dissolution of the Issuer or any other Guaranteeing Group Member or any other guarantor;
- (e) any other Guaranteeing Group Member or other guarantor being incompetent to give this guarantee or any other guarantee or failing to become legally bound in whole or in part under any of them respectively;
- (f) any guarantee (including any guarantee given pursuant to this Deed) held or taken being void defective or informal;
- (g) any Subsidiary failing or being incompetent to become or remain a Guaranteeing Subsidiary;
- (h) any alteration, variation or addition to this Deed provided that any modification of the provisions of this Clause 8 made in accordance with the provisions of this Deed shall take effect accordingly;

or by any other dealing, matter or thing which but for this provision might operate to abrogate, prejudice or affect its respective guarantee;

8.3 **Principal Obligation**

This guarantee shall be a principal obligation and shall be treated as in addition to and not in substitution for or collateral to any other security or right which the Trustee or any of the Holders may have, and in particular shall be independent of any other right of the Trustee or the Holders to the intent that the guarantee hereunder may be enforced against the Guaranteeing Group Members or any of them without first having recourse to any such securities or rights and without taking steps or proceedings against the Issuer or any other Guaranteeing Group Member or other guarantor and notwithstanding that any other right or security may be in whole or in part unenforceable by reason of any rule of law or equity and notwithstanding the loss by the Trustee or any Holder of any other right or security and notwithstanding any laches, acts or omissions on the part of the Trustee or any Holder;

8.4 **Continuing Guarantees**

Subject to Clause 9, this guarantee is to be a continuing guarantee and shall be irrevocable and shall remain in full force and effect until the whole of the Stock Moneys have been paid or satisfied;

8.5 **Discretion as to Enforcement**

The Trustee may as regards all or any of the Guaranteeing Group Members determine from time to time whether it shall enforce or refrain from enforcing this guarantee and may from time to time make any arrangement or compromise with any one or more of the Issuer or the other Guaranteeing Group Members in relation to the premises which the Trustee may think expedient in the interests of the Holders;



8.6 **Payment in Gross**

All moneys from time to time received by the Trustee in reduction of the Stock Moneys from or on account of any Guaranteeing Group Member (including any dividends upon the liquidation of the Issuer or any other Guaranteeing Group Member) or other guarantor or from any other person or from the realisation of any security and capable of being applied by the Trustee in reduction of the Stock Moneys shall be regarded as payments in gross, without any right on the part of any one or more of the Guaranteeing Group Members to stand in the place of the Trustee in respect of or to claim the benefit of any moneys so received as against the Issuer or any Guaranteeing Group Member or other guarantor until the whole of the Stock Moneys have been paid or satisfied, so that in the event of any Guaranteeing Group Member or other guarantor going into liquidation the Trustee shall be entitled to prove against it for the whole of the Stock Moneys owing;

8.7 **Claims in Competition**

In the event of the liquidation of any Guaranteeing Group Member or any other guarantor, no other Guaranteeing Group Member will without the consent of the Trustee prove in such liquidation in competition with the Trustee, and each Guaranteeing Group Member hereby authorises the Trustee if it so elects to prove for all moneys which have been paid by such Guaranteeing Group Member hereunder or are otherwise owing to it and have not been repaid to it by the Issuer or any other Guaranteeing Group Member or any other guarantor and to retain and to carry to a suspense account and appropriate at the discretion of the Trustee any amount received until the Trustee shall have received one hundred (100) cents in the dollar in respect of the Stock Moneys. Each Guaranteeing Group Member hereby waives in favour of the Trustee all rights whatever against the Issuer and each other Guaranteeing Group Member and any other guarantor or other person or their or its estate and assets so far as necessary to give effect to anything contained in this guarantee;

8.8 **Non-Prejudice**

This guarantee shall not prejudicially affect, or be prejudicially affected by, any other right or guarantee now or hereafter held by the Trustee in respect of the Stock Moneys but such other right or guarantee shall be deemed to be collateral herewith and no Guaranteeing Group Member will as against the Trustee in any way claim the benefit or seek the transfer of any such right or any part thereof or any rights of recourse;

8.9 **Void or Voidable Payments**

If any payment made to any Holder or the Trustee by or on behalf of any Guaranteeing Group Member shall be avoided by law such payment shall be deemed not to have discharged or affected the liability of that or any other Guaranteeing Group Member therefor and in that event the Holder and the Trustee and the Guaranteeing Group Members shall be restored to the position in which each would have been and be entitled to exercise all the rights which each would have had if such payment had not been made;

8.10 **Suspension of Rights**

A Guaranteeing Group Member shall, in respect of any sums paid by it under this guarantee and in respect of any other rights which may accrue howsoever to it in



respect of any sum so paid, rank and be entitled to enforce the same only after all the Stock Moneys shall have been duly paid and satisfied;

8.11 **Trustee Under No Obligation to Marshal**

The Trustee shall not be under any obligation to marshal or appropriate in favour of any Guaranteeing Group Member or to exercise any right or power for the benefit of any such Guaranteeing Group Member until the Stock Moneys have been paid in full;

8.12 **Principal Debtor**

Although as between the Issuer and the other Guaranteeing Group Members the joint and several liability of the other Guaranteeing Group Members to the Trustee may be that of sureties only, nevertheless as between those other Guaranteeing Group Members and the Trustee the liability of each of those Guaranteeing Group Members shall be deemed to be the liability of a principal debtor and such liability shall not be affected or diminished by any of the matters hereinbefore mentioned or by any other act indulgence or omission which but for this present provision would or might have operated to release those Guaranteeing Group Members wholly or partly from their liabilities hereunder to the Trustee. The validity or effectiveness of the above provisions of this Clause 8 or any other provisions in relation to or affecting Guaranteeing Subsidiaries and/or Guaranteeing Group Members shall not be affected by the fact that at the date of execution of this Deed Telecom is the only Guaranteeing Group Member. Upon any other Person becoming a Guaranteeing Subsidiary such provisions shall apply and have full force and effect as regards the guarantee given by and otherwise in respect of such Person as a Guaranteeing Subsidiary and/or a Guaranteeing Group Member.

9 **JOINING OF GUARANTEEING SUBSIDIARIES**

9.1 **Joining of Guaranteeing Subsidiaries**

Subject to Clause 9.3, Telecom undertakes that it will from time to time and with all reasonable expedition after any company becomes a Material Subsidiary procure that such Material Subsidiary shall become a Guaranteeing Subsidiary. Telecom may on its own volition (without being under any obligation to do so) procure any Subsidiary which is not a Guaranteeing Subsidiary to become a Guaranteeing Subsidiary.

9.2 **Mode of Joining**

A Subsidiary shall become a Guaranteeing Subsidiary by executing and delivering to the Trustee a supplemental deed in or substantially in the form set out in the Second Schedule or in such other form as may be approved by the Trustee, whereby such Subsidiary guarantees payment of the Stock Moneys and agrees to be bound as a Guaranteeing Subsidiary hereunder.

9.3 **Release of Guaranteeing Subsidiary etc.**

Notwithstanding Clause 9.1 upon receipt of a certificate of two Directors of Telecom that:

- (a) there are sound commercial reasons why a Guaranteeing Subsidiary should cease to be a Guaranteeing Subsidiary or a Material Subsidiary should not be obliged to become a Guaranteeing Subsidiary; or



(b) that a Guaranteeing Subsidiary has ceased to be a Material Subsidiary;

and (in any such case) that either releasing such Guaranteeing Subsidiary from its guarantee and covenants hereunder or permitting such Material Subsidiary to remain a Non-Guaranteeing Subsidiary (as the case may be) will not in their opinion have a materially adverse affect on the Holders generally in the reasonably foreseeable future the Trustee shall (by the execution of appropriate release documentation to that effect) forthwith release such Guaranteeing Subsidiary from its guarantee and covenants as a Guaranteeing Subsidiary or Guaranteeing Group Member or permit such Material Subsidiary to remain a Non-Guaranteeing Subsidiary (as the case may be). A Guaranteeing Subsidiary which is at the relevant time an Issuer of outstanding Stock shall not be released hereunder unless arrangements satisfactory to the Trustee (which may include the substitution of another Guaranteeing Group Member as Issuer in respect of such Stock) have been made to the satisfaction of the Trustee.

9.4 **"Material Subsidiary" Defined**

A "Material Subsidiary" for the purposes of this Deed is a Subsidiary all of the shares of which are beneficially owned by Guaranteeing Group Members, but excluding:

- (a) any Subsidiary:
 - (i) the profits of which, before tax and extraordinary items, are not greater than 20 per centum of the consolidated profits, before tax and extraordinary items, of the Consolidated Group determined by reference to the Latest Financial Statements of the Subsidiary and the Consolidated Group; and
 - (ii) the Total Tangible Assets of which represent not greater than 20 per centum of the Total Tangible Assets of the Consolidated Group; or
- (b) any Subsidiary whose principal business is restricted to the business of a bank, finance company or other financial intermediary or insurance company, or (in the case of a Subsidiary incorporated outside New Zealand) the business of raising and/or investing funds, or any subsidiary of any such company.

PART IV

COVENANTS

10 **GENERAL COVENANTS**

Each Guaranteeing Group Member covenants with the Trustee that while any Stock Moneys remain outstanding under or in connection with this Deed:

10.1 **Authorisations**

It will obtain, make, do, fulfil and maintain in full force and effect all approvals, authorisations, consents, licences, registrations, notifications or other acts, conditions and things from time to time required under any applicable laws or regulations to enable it to enter into and perform its obligations under this Deed, to



ensure that such obligations are legally binding and enforceable, and to make this Deed admissible in evidence in the courts of New Zealand;

10.2 **Maintain Accounts**

It will keep proper accounting records in accordance with its obligations under the Financial Reporting Act (if applicable) and all other applicable laws or regulations;

10.3 **Attendance at Meetings**

It will permit the Trustee through its agent or attorney or representative to attend any general meeting of Telecom and to be heard at any such meeting which it so attends on any part of the business of the meeting which concerns the Trustee or the Holders;

10.4 **Conduct of Business**

It will carry on and conduct its business in a proper and efficient manner;

10.5 **Compliance with Obligations**

It will duly pay all its liabilities and comply with all other obligations lawfully binding on it in accordance with good commercial practice current at the relevant time;

10.6 **Compliance with Legislative Requirements**

It will (except to the extent exempted from compliance therewith) duly comply with all the requirements of the Financial Reporting Act, Companies Act and the Securities Act, and any other applicable legislation of New Zealand or otherwise imposing the same or equivalent requirements, on the Guaranteeing Group, with respect to the registration of this Deed and prospectuses (and amendments thereto) and other offering documents in terms of the Acts, the filing of reports, accounts and statements, the registration of charges, the keeping of registers and the keeping open of the same for inspection, and all other like matters, and will generally comply with the requirements of those Acts;

10.7 **Approval Of Prospectus**

It will not register a prospectus in respect of Stock pursuant to the Securities Act unless and until the Trustee has approved the form and content thereof;

10.8 **Auditors**

It will facilitate the compliance by the Auditors with their duties under this Deed and under the Securities Act;

10.9 **Notice of Breach**

It will immediately after becoming aware thereof give notice to the Trustee of the occurrence of any event or circumstance referred to in Clause 14.1.

11 **RANKING OF STOCK AND NEGATIVE PLEDGE**

11.1 **Ranking**

Each Guaranteeing Group Member covenants that under the law in force in New Zealand from time to time its indebtedness in respect of the Stock Moneys (whether as Issuer or as guarantor pursuant to Clause 8) will constitute unsecured unsubordinated indebtedness and will rank at least pari passu as to priority with all



of its other unsecured unsubordinated indebtedness according to the tenor and the terms of the Stock, except for indebtedness preferred by statute, operation of law or this Deed.

11.2 **Negative Pledge**

Subject to Clause 11.3 each Guaranteeing Group Member covenants with the Trustee that so long as any Stock remains outstanding it will not create or permit to exist any Charge over any of its Assets to secure any indebtedness or liabilities (direct or contingent), provided that this covenant shall not apply to, and the Guaranteeing Group Members shall be at liberty to create or permit to exist without breach hereof, any Charge:

- (a) *Operation of Law etc.*: arising by operation of law or statute in the ordinary course of business, or securing taxes or other governmental or regulatory levies, duties or imposts, or any charge in the nature of a contractor's, supplier's or vendor's lien, so long as (in each of the foregoing cases) the payment of the money secured thereby is not in default or the liability therefor of the Guaranteeing Group Member is being contested by appropriate proceedings; or
- (b) *Acquisition of Assets*: created over any Asset acquired, constructed or improved, for the sole purpose of financing or refinancing the cost of such acquisition, construction or improvement, or over the land upon which such Asset is situated; or
- (c) *Inherited Charges: Guaranteeing Subsidiaries*: over any Assets of a corporation which becomes a Guaranteeing Subsidiary after the date of this Deed which existed, or which such Guaranteeing Subsidiary was contractually bound to create or enter into, at the date it became Guaranteeing Subsidiary and which was not created in anticipation of such Subsidiary becoming a Guaranteeing Subsidiary; or
- (d) *Inherited Charges*: over any Assets acquired by any Guaranteeing Group Member after the date upon which it became a Guaranteeing Group Member, which existed at the date of, and was not created in anticipation of the acquisition thereof by the Guaranteeing Group Member(s) concerned; or
- (e) *Supplementary Charges*: created in discharge of an obligation to supplement any Charge permitted under Clauses 11.2(b), 11.2(c), 11.2(d) or 11.2(g); or
- (f) *Substitution*: created in substitution for any Charge otherwise permitted hereunder; or
- (g) *Project Charges*: over assets:
 - (i) of or relating to a specific project;
 - (ii) comprising cash, deposits, financial instruments or other monetary assets;



where (in either such case) such Charge does not extend to other assets of the Guaranteeing Group and is created to secure (in the case of paragraph (i)) indebtedness incurred in respect of that project or (in the case of paragraph (ii)) new borrowings or indebtedness undertaken or incurred to raise such cash or to acquire such deposits, instruments or other monetary assets, and in either case the giving of such Charge is consistent with ordinary banking or business principles or practices then current and applicable in the relevant market and/or jurisdiction in relation to indebtedness of that nature; or

- (h) *In Favour of Trustee*: in favour of the Trustee in respect of the Stock Moneys, or in favour of any other Person where the benefit of such Charge is extended equally and rateably to the Trustee in respect of the Stock Moneys; or
- (i) *Consent*: created with the prior written consent of the Trustee (after, if the Trustee so requires, approval by Extraordinary Resolution).

11.3 Charges Permitted

Notwithstanding Clause 11.2 and in addition to the Charges permitted by the provisions thereof, the Guaranteeing Group Member(s) may create or permit to exist any Charge of any nature over any of its or their Assets to secure any indebtedness if and to the extent that the aggregate principal amount of the indebtedness so secured by all such Charges (other than any Charge referred to in Clauses 11.2(a), 11.2(c) or 11.2(d) or any Charge attaching only to Assets which are not included in the Total Tangible Assets of the Consolidated Group) does not exceed 5 per centum of the Total Tangible Assets of the Consolidated Group.

PART V

RESOLUTIONS AND REPORTS FOR TRUSTEE

12 REPORTING

Telecom covenants with the Trustee that it will from time to time during the currency of this Deed:

12.1 Quarterly Reports

Within seventy days (or such further time as the Trustee may agree) after the end of each of its financial quarters furnish to the Trustee a true copy of a certificate signed by not less than two of the Directors on behalf of them all in or to the effect of the form set out in Part I of the Third Schedule or such other form as the Trustee may approve.

12.2 Reports

- (a) Within seventy days (or such further time as the Trustee may agree) after the end of the first half year of, and the end of, each of its financial years furnish to the Trustee a certificate signed by not less than two Directors of Telecom on behalf of them all stating the matters referred to in Part II of the Third Schedule.



- (b) Each certificate provided under Clause 12.2(a) after the end of Telecom's half year or financial year shall be accompanied by a copy of any Auditors' report in respect of the consolidated financial statements prepared in respect of the Consolidated Group for that financial year and half year if such report is then available to the Directors provided that Telecom shall not be obliged by virtue of this provision to procure the auditing of its accounts more frequently than annually.

12.3 Financial Statements

Forthwith after Telecom has authorised their publication (but in any case not more than four months after the end of Telecom's financial year) furnish annually to the Trustee copies of:

- (a) *Consolidated Group*: (i) copies of the consolidated financial statements prepared in respect of the Consolidated Group duly audited, and (ii) Telecom's annual report for the preceding financial year;
- (b) *Guaranteeing Group*: an unaudited pro forma statement showing the consolidated Assets of the Guaranteeing Group less the consolidated liabilities of the Guaranteeing Group, which statement must be signed by not less than two Directors of Telecom on behalf of them all; and
- (c) *Guaranteeing Subsidiary*: if requested by the Trustee (who shall give a Materiality Certificate in respect of such request) the Latest Balance Sheet of any Guaranteeing Subsidiary.

12.3A Guaranteeing Group Audit on Request

The Trustee may, if it considers it necessary or appropriate to safeguard Stockholders' interests in its discretion, after producing a Materiality Certificate, require Telecom to procure an audit of the Guaranteeing Group by a date agreed by Telecom and the Trustee both acting reasonably and having regard to the time of year and state of finalisation of accounts at the time the request is made.

12.4 Auditor's Report

- (a) Subject to Clause 12.4(b), at the same time as delivery of the report required under Clause 12.2(a) after the end of Telecom's financial year (but in any case not more than four months after the end of Telecom's financial year), furnish to the Trustee a report by the Auditors stating as of the end of such financial year:
 - (i) *Breaches*: whether or not in the performance of its duties as Auditors it has become aware of any breach of the provisions of this Deed or the terms of the Stock or any other matter which in its opinion is relevant to the exercise or performance of the powers or authorities conferred or imposed on the Trustee by the Companies Act, the Securities Act, this Deed or by law and if so giving particulars thereof and in particular (but without prejudice to the generality of the foregoing) whether it has objected to any of the principles and practices applied in the preparation of the Latest Balance Sheet as at the end of that financial year;



- (ii) *Investigation required*: whether or not its audit has disclosed any matter calling in its opinion for further investigation by the Trustee in the interests of the Holders and if so particulars thereof;
 - (iii) *Register*: whether or not each Issuer or the Registrar has duly maintained the Register;
 - (iv) *Director's Certificates*: that it has perused the certificates given by the Directors pursuant to Clauses 12.1 and 12.2 since the last report by the Auditors given pursuant to Clause 12.4 and that, so far as matters that it has observed in the performance of its duties as Auditors are concerned, the statements and information contained in such certificates are fairly stated and the information contained in paragraph 1 of the certificates given pursuant to Clause 12.1 is correct;
 - (v) *Material Changes*: whether it has knowledge of any material change during the immediately preceding financial year in the method of valuation of any part of the Assets or liabilities of the Consolidated Group or any member thereof; and
 - (vi) *Payments*: whether or not from normal audit tests it has conducted it is satisfied that all Stock Moneys have been paid or otherwise satisfied when due.
- (b) The Trustee may accept, in substitution for the report required by Clause 12.4(a), a report from the Auditors that the Trustee considers provides substantially the same information as that required by the report described in Clause 12.4(a).

12.5 **Special Reports**

At the request of the Trustee (who shall give a Materiality Certificate in respect of such request) with all due expedition furnish (or cause to be furnished directly by the Auditors) to the Trustee:

- (a) *Balance Sheets*: Balance Sheets of the Guaranteeing Group (and, if specifically so requested by the Trustee, of any Guaranteeing Group Member or of the Consolidated Group) made up as at such date as may be required by the Trustee (but being a date not less than 32 nor more than 65 days subsequent to the date of the request) relating to the period from the end of the immediately preceding financial year up to the date as at which the aforesaid Balance Sheets are made up together with all documents and reports that may reasonably be required by the Trustee;
- (b) *Auditors' Report*: as soon as possible after delivery of Balance Sheets pursuant to Clause 12.5(a) above (including if required pursuant to this Deed of the Guaranteeing Group) a report by the Auditors setting out the information referred to in Clause 12.4 with such adaptations as may be necessary or such of that information as may be required by the Trustee; and/or



- (c) *Guaranteeing Group Audit*: a report specifying the entities required to constitute the Guaranteeing Group.

12.6 Notices etc

Furnish to the Trustee copies of any report notice or circular at the same time as they shall be publicly distributed to any stock exchange or to the Holders by any Consolidated Group Member;

12.7 Presentation of Reports

The certificates resolutions and reports of the Directors required pursuant to Clause 12 may be wholly or partly amalgamated in one or more documents or presented separately as the Directors may decide.

12.8 Guaranteeing Group Financial Ratio Requirements

Telecom shall be required to produce financial statements of the Guaranteeing Group in the circumstances set out in Clause 12.8(c) below.

- (a) When tested in accordance with Clause 12.8(b):
- (i) the EBIT of the Guaranteeing Group must be at least 90% of the EBIT of the Consolidated Group; and
 - (ii) the Total Tangible Assets of the Guaranteeing Group (excluding balances with other members of the Consolidated Group) must be at least 70% of Total Tangible Assets of the Consolidated Group,

provided that, if Telecom (or any other Guaranteeing Group Member that is, or is to be, an Issuer of Stock under the Trust Deed) (*Relevant Issuer*) elects (in its absolute discretion) to seek from the Financial Markets Authority an exemption from compliance with any provision of the Securities Act or the Securities Regulations that would otherwise require the Relevant Issuer to prepare, publish or provide audited financial statements for the Guaranteeing Group (*Relevant Disclosure* and *Relevant Exemption*), and

- (iii) the Relevant Issuer obtains the Relevant Exemption, and
- (iv) the conditions specified in, and applicable to, the Relevant Exemption impose a higher or more stringent equivalent percentage threshold than that specified in Clause 12.8(a)(i) and/or Clause 12.8(a)(ii) above,

then, from the date of the Relevant Exemption, Telecom must comply with the higher or more stringent equivalent percentage threshold specified in, and applicable to, the Relevant Exemption (in the place of the applicable percentage threshold specified in Clause 12.8(a)(i) and/or Clause 12.8(a)(ii) above).

- (b) For the purposes of this Clause 12.8, the above financial requirements are to be tested twice yearly, by reference to:



- (i) financial information contained in unaudited financial statements for the Consolidated Group in respect of the first half of Telecom's financial year; and
 - (ii) otherwise, financial information contained in the audited annual financial statements for the Consolidated Group.
- (c) If there is a failure to satisfy one or other of the requirements described in Clause 12.8(a)(i) and Clause 12.8(a)(ii) above:
- (i) Telecom shall have a period of 30 days from Telecom becoming actually aware of the same to take such steps or other action (or, if Telecom considers that the proposed steps or other action cannot be completed within such 30 day period and Telecom advises the Trustee accordingly within such 30 day period, Telecom shall have such additional period as may be agreed to by the Trustee) as will ensure that, if the relevant financial requirement were to be tested immediately after the taking of such step or action (by reference to the financial information referred to in Clause 12.8(b)), then such financial requirement would be satisfied; and
 - (ii) if at the end of the period provided for in (i) above Telecom has not taken appropriate remedial action, Telecom shall have a period of a further 60 days to deliver to the Trustee unaudited financial statements for the Guaranteeing Group for either the most recently ended first half year or financial year (as the case may require). The delivery of such financial statements in accordance with this (ii) shall be deemed to remedy the failure to comply with Clause 12.8(c)(i).

13 MISCELLANEOUS NOTIFICATION/REPORTING REQUIREMENTS

Each Guaranteeing Group Member covenants with the Trustee to:

13.1 Information

Give to the Trustee such oral or written information as it may reasonably require relating to the business, Assets or affairs of each Guaranteeing Group Member, the Guaranteeing Group or of Telecom and its Subsidiaries (in relation to the latter, taken as a whole); and

13.2 Records

At the request of the Trustee make available for the Trustee's inspection the accounting and other records which shall relate to the Stock, and give to the Trustee such information as it shall require with respect to all matters relating to such records;

provided that (i) no Guaranteeing Group Member shall be required to disclose information that is confidential or relates to any patent invention process project scheme idea arrangement trade or business secret or (subject to Clauses 12.1 and 12.2) information which it shall be either forbidden to disclose by any agreement with or direction of any stranger to this Deed which is not a related company (as



defined in Section 2(3) of the Companies Act) of Telecom or any of its Subsidiaries; and (ii) in any such case referred to in paragraph (i) upon request by the Trustee the relevant Guaranteeing Group Member shall provide to the Trustee evidence satisfactory to it that the information falls within any of the categories referred to in paragraph (i).

PART VI

DEFAULT AND ENFORCEMENT

14 EVENTS OF DEFAULT: ACCELERATION

14.1 Events of Default

Subject always to Clause 14.2 the Trustee may in its discretion and shall if directed to do by an Extraordinary Resolution of the Holders or in writing by Holders holding in aggregate not less than 20% of the Principal of the outstanding Stock, declare the Stock Moneys to be immediately due and payable upon the occurrence of any of the following events:

(a) *Default in Payment:*

- (i) Default is made for more than 5 Business Days after due date in the payment of the Principal of any Stock or for more than 14 days after due date in the payment of any other of the Stock Moneys, provided that, where in any such case such default is due to administrative failure in the banking system or to inadvertence, such default shall in any event have continued for not less than two Business Days following receipt of notice thereof by the Guaranteeing Group Member (which shall forthwith notify the Trustee of such default) from which such payment was due; or
- (ii) Default is made in payment of any other moneys due and payable under this Deed for 30 days after demand therefor in writing; or

(b) *Liquidation:* An order of a Court is made or an effective resolution is passed or legislation is enacted for the liquidation or dissolution without liquidation of any Guaranteeing Group Member or any analogous proceedings are taken in respect of any Guaranteeing Group Member, or any Guaranteeing Group Member ceases or threatens in writing to cease to carry on the whole or a substantial part of its business, except (in any of the foregoing cases):

- (i) for the purposes of a reconstruction or amalgamation the terms of which have been previously approved by the Trustee (such approval not to be unreasonably withheld or delayed); or
- (ii) where the relevant Guaranteeing Group Member is solvent at the relevant date and its Assets are to be distributed to another Guaranteeing Group Member; or



- (c) *Receiverships and Execution:* An encumbrancer takes possession or a receiver is appointed of the whole or any material part of the Assets or undertaking of any Guaranteeing Group Member, or a distress or execution in an amount exceeding \$10,000,000 (or its equivalent in any foreign currency) is levied or enforced upon or sued out against all or any material part of the Assets or undertaking of any Guaranteeing Group Member, except where the same is discharged or is contested by the Guaranteeing Group Member in good faith by appropriate proceedings. For the purpose of this Clause "materiality" shall be determined by reference to whether such event has a material adverse effect on the Guaranteeing Group taken as a whole; or
- (d) *Insolvency:* Any Guaranteeing Group Member is unable to pay its debts as they fall due, commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its general indebtedness or a material part thereof, or makes a general assignment for the benefit of or an arrangement or a composition with or for the benefit of its creditors;
- (e) *Cross Default:* Any indebtedness of any Guaranteeing Group Member of an amount exceeding \$10,000,000 (or its equivalent in any foreign currency) becomes due before its stated maturity by reason of default by any Guaranteeing Group Member, or is not repaid at maturity (or by the expiry of any applicable grace period), and (in either case) proper proceedings are being taken for its recovery or enforcement; or
- (f) *Other Defaults:* Any default on the part of a Guaranteeing Group Member shall occur under this Deed or under the terms of any Stock (other than a default specifically referred to above in this Clause 14.1) and such default continues:
 - (i) except in the case of defaults referred to in paragraph (ii) below, for more than 30 days (or such longer period as the Trustee may agree); or
 - (ii) in the case of a default in the provision of the reports required in accordance with Clauses 12.1 to 12.4 by the times therein specified, for more than 10 Business Days;

after receipt by such Guaranteeing Group Member of written notice from the Trustee specifying the default and requiring the same to be remedied.

14.2 **Restrictions on Action**

Notwithstanding Clause 14.1 no occurrence of the nature specified therein shall constitute an Event of Default and the Stock Moneys shall not become immediately due and payable unless such occurrence is continuing unremedied, and (in the case of Clauses 14.1(c) to 14.1(f) inclusive) the Trustee shall have certified to Telecom that in the Trustee's opinion such occurrence is materially prejudicial to the Holders, and (in any case) the Trustee shall have given notice to Telecom (which may be contained in the same document as the certificate referred to above) declaring such occurrence to be an Event of Default and the Stock Moneys to be due and payable.



15 TRUSTEE'S POWERS OF ENFORCEMENT

Upon and following the Stock Moneys becoming immediately due and payable pursuant to Clause 14, the Trustee may institute and pursue all such proceedings suits or other legal actions, execute any judgments obtained, exercise all such rights of set-off or other rights or remedies available at law, compromise and effect compositions, and for all or any of the purposes aforesaid may execute and do all such assurances and things as the Trustee may think fit on behalf of the Holders, to enforce payment of the Stock Moneys.

16 DISTRIBUTION OF FUNDS

All money received by the Trustee from any Guaranteeing Group Member upon and following the occurrence of an Event of Default and the Trustee declaring the Stock Moneys to be immediately due and payable shall (subject to payment or provision out of such funds of or for any debts or liabilities having priority to the Stock Moneys) be held and applied:

- 16.1 **First**, subject to any direction made by any Court in respect thereof, in payment or retention of all costs charges expenses and liabilities incurred and payments made by or on behalf of the Trustee under the provisions contained in this Deed and of all remuneration payable to the Trustee with interest thereon as herein provided;
- 16.2 **Secondly**, in or towards payment to the Holders *pari passu* in proportion to the Stock Moneys owing to them respectively and in the respective currencies in which owed or to the liquidator (if any) of the Guaranteeing Group Member concerned or to such other lawful claimants as the High Court of New Zealand on the application of the Trustee shall direct;
- 16.3 **Thirdly**, subject to the rights of any other creditors, in payment of the surplus (if any) of such money to the relevant Guaranteeing Group Member or as it shall direct.

17 MISCELLANEOUS PROVISIONS AS TO PAYMENT

17.1 Payment of Principal Before Interest

If the Trustee shall be of the opinion that in the general interests of Holders it is expedient to do so, payment may be made on account of Principal before interest or the whole of the interest has been paid.

17.2 Trustee's Powers to Postpone Distribution

If the amount of the funds at any time available under Clause 16 is less than ten per centum (10%) of the Stock Moneys owing, the Trustee may at its discretion invest those funds in accordance with Clause 18 and such investments with the resulting income thereof may be accumulated until the accumulations together with any other funds for the time being under the control of the Trustee and applicable for the purpose amount to a sum sufficient to pay ten per centum (10%) of the Stock Moneys as aforesaid and then such accumulations and funds shall be applied in the manner specified in Clause 16.

**17.3 Notice of Distribution**

The Trustee shall give not less than twenty eight (28) days' notice to the Holders of the day place and time fixed for any payment to them under Clause 16 and after the day so fixed the Holders shall be entitled to interest only on the balance (if any) of the money owing on the Stock held by them after deducting the amount (if any) payable in respect thereof on the day so fixed.

17.4 Production of Certificates on Payment by Trustee

Subject to the terms and conditions of the relative Stock, upon and against payment under any of the provisions of Clause 16 the Certificates for the Stock in respect of which such payment is made shall be produced to the Trustee who shall cause a memorandum of the amount and date of payment to be enfaced thereon but the Trustee may in any particular case dispense with the production and enfacement of a Certificate upon such indemnity or security being given as it shall think sufficient or without any indemnity and may in relation to any Stock in respect of which more than one payment is made, whether by instalments or otherwise, retain such Certificates produced after the first payment for the purposes of making subsequent payments on the Stock and may make subsequent payments in the same manner as the first payment without liability for doing so on this basis.

PART VII**PROVISIONS AFFECTING TRUSTEE****18 POWERS OF INVESTMENT**

Any money held by the Trustee subject to the trusts contained in this Deed may, at the Trustee's discretion, be invested in the name of the Trustee or its nominee in any investments permitted for the investment of trust funds as determined by the Trustee (including, if Telecom so requests, in the purchase or subscription for Stock) with power to vary such investments and from time to time to deal with or dispose of all such investments or any part thereof. The income arising from the investments made by the Trustee as aforesaid shall, unless and until the Stock Moneys have become immediately due and payable, belong to the Guaranteeing Group.

19 APPLICATIONS TO COURT

If after due inquiry the Trustee is of the opinion that the Guaranteeing Group is unlikely to be able to pay the Stock Moneys as and when due or that the provisions of this Deed are no longer adequate to give protection to the interests of any of the Holders then, having regard to any other powers or remedies available to it under this Deed or at law for the protection of the interests of Holders and to all other circumstances relevant to the general interests of Holders, the Trustee may in its discretion apply to Court pursuant to section 49 of the Securities Act for an order that the powers and trusts hereof be exercised under the direction of the Court and for any other order or direction in relation to the execution and administration of the powers and trusts hereof as may be available and the Trustee deems expedient, and the Trustee may assent to, approve of, or oppose any application to the Court made by any Holder and the Trustee shall be indemnified by the Guaranteeing Group



against all expenses and liabilities incurred in relation or incidental to any such application or proceedings in priority to the Stock Moneys.

20 **SUPPLEMENTAL POWERS OF TRUSTEE**

By way of relief to the Trustee additional to the provisions of the law relating to trustees and to facilitate the discharge of its duties hereunder but subject always to the provisions of section 62 of the Securities Act it is expressly declared that:

20.1 **Reliance on Advice**

The Trustee in relation to this Deed may without liability for loss, obtain accept and act on or decline and elect not to act on:

- (a) the opinion or advice of or any information obtained from any barrister, solicitor, valuer, stockbroker, surveyor, auctioneer, chartered accountant or other expert whether obtained by the Guaranteeing Group or by the Trustee or otherwise;
- (b) a certificate signed by any two Directors on behalf of the Directors as to any fact or matter prima facie within their knowledge or the knowledge of any Guaranteeing Group Member upon which the Trustee may in the exercise of any of the trusts powers authorities and discretions and provisions hereof require to be satisfied, or that any particular dealing transaction step or thing is expedient or commercially desirable and not detrimental to the interests of the Holders or any Class of Holders, as sufficient evidence of such fact or matter or the expediency or desirability of such dealing transaction step or thing;
- (c) the statements contained in any certificate or certificates or in any report or reports given pursuant to the provisions of this Deed, as conclusive evidence of the facts stated therein.

20.2 **Resolutions**

The Trustee shall not be responsible for acting or relying upon any resolution purporting to have been passed at any meeting of the Holders or any Class thereof in respect whereof a proper record has been made and which the Trustee believes to have been properly and regularly passed even though it afterwards appears that such resolution is not binding or valid by reason of a defect in the convening of the meeting or the proceedings thereat or otherwise howsoever;

20.3 **Application of Funds**

The Trustee shall not be responsible for the money subscribed by the applicants for or subscribers of the Stock or be bound to see to the application thereof;

20.4 **Custody of Documents**

The Trustee may place this Deed and any deeds and other documents of title relating to the Assets of the Guaranteeing Group to which the Trustee is entitled to possession with a banker or company whose business includes undertaking the safe custody of documents or any solicitor and make such arrangements as it thinks fit for allowing the Guaranteeing Group or its solicitors or Auditors access to or



possession of all or any of such deeds or documents whenever the Trustee deems it necessary or convenient so to do. The Guaranteeing Group agrees to pay all sums required to be paid in respect of such deposits of deeds and documents;

20.5 **Defects in Title: Validity of Certificates**

The Trustee shall not be bound or concerned to enquire into or be liable for any defects in the title of any Guaranteeing Group Member to its Assets whether such defects or failure might have been discovered upon an examination or enquiry or remedied or not, and shall not be liable to any Guaranteeing Group Member or any Holder for accepting as valid any Certificate or Coupon subsequently found to be forged or not authentic.

20.6 **Discretion as to Powers**

Save as herein otherwise expressly provided the Trustee shall as regards all trusts powers authorities and discretions vested in it by this Deed have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and as to the commencement, prosecution, variation, discontinuance or compromise of any action proceeding or claim and provided it shall have acted with reasonable care and diligence it shall not be responsible for any loss costs damages expenses or inconvenience that may result from the exercise or non-exercise thereof;

20.7 **Delegation**

The Trustee whenever it thinks expedient in the interests of the Holders may:

- (a) delegate at any time or times and to any Person or Persons any of the trusts powers or discretions vested in the Trustee by this Deed which cannot conveniently be exercised by it or through its employees upon such terms and conditions and under such regulations (including the giving of power to sub-delegate) as the Trustee may in the interests of the Holders think fit and (subject to the provisions of section 62(1) of the Securities Act) the Trustee shall not be responsible for any loss incurred by any misconduct or default on the part of any such delegate or sub-delegate;
- (b) instead of acting through its permanent employees in the carrying out of any of the trusts powers or discretions hereby vested in it employ an agent to transact all business and do all acts required to be done under this Deed including the receipt and payment of money;
- (c) delegate from time to time and at any time to any of its officers any of the trusts, powers, authorities and discretions vested in the Trustee by this Deed which owing to the place in which they are to be or may require to be exercised cannot conveniently be exercised by the Trustee.

20.8 **Indemnity of Trustee**

Without prejudice to the right of indemnity by law given to trustees and subject to section 62 of the Securities Act the Trustee and every attorney manager or agent or other person appointed by the Trustee hereunder or under any deed supplemental or collateral hereto shall be entitled to be indemnified out of any funds held by it pursuant to this Deed and in priority to the Holders:



- (a) in respect of all liabilities and expenses incurred by it or him in the execution or purported execution of the trusts hereof or of any powers authorities or discretions vested in it or him pursuant to this Deed; and
- (b) against all actions proceedings costs claims and demands in respect of any matter or thing done or omitted or in any way relating to this Deed;

other than any of the foregoing which arise out of a wilful or negligent default or breach of trust. The Trustee may retain and pay out of any money in its hands arising from the trusts of this Deed all sums necessary to effect such indemnity and also the remuneration and disbursements of the Trustee as herein provided.

20.9 **Other Dealings**

Nothing in this Deed shall be deemed to prohibit the Trustee or its holding company or any of its subsidiaries or any of the subsidiaries of its holding company (all hereinafter in this clause where the context permits being included in the expression *the Trustee*) or the directors or officers of the Trustee from being a Holder or a holder of shares or other securities of any Guaranteeing Group Member or any associated company of the Guaranteeing Group or from acting in any representative capacity for a Holder or any such holder of shares or other securities. In particular and without prejudice to the generality of the foregoing, it is expressly declared that the Trustee may so act on its own account or as executor, administrator, trustee, receiver, committee, guardian, attorney or agent or in any other fiduciary, vicarious or professional capacity. The acting in such capacity as aforesaid shall not be deemed a breach of any of the obligations hereby established or otherwise imposed or implied by law arising out of the fiduciary relationship between the Trustee and the Holders. The Trustee shall not by reason of its fiduciary capacity be in any way precluded from making any contracts or entering into any transactions with any Guaranteeing Group Member or any associated company of the Guaranteeing Group in the ordinary course of the business of the Trustee, or from undertaking any insurance, financial or agency service for any of them or from accepting or holding the office of trustee for the holders of any debentures or debenture stock or other securities (whether secured or unsecured) issued by any Guaranteeing Group Member or by any other company and the Trustee shall not be accountable either to the Guaranteeing Group Members or any other company or the Holders for any profits arising from any such contracts transactions or offices.

20.10 **Represent Holders**

The Trustee may at any time or times, either of the Trustee's own volition, or pursuant to any directions or in accordance with any policy given or indicated by any Holders or Class thereof, represent the Holders generally in any investigation, negotiation, action, transaction or proceedings affecting the interests of the Holders or that Class thereof.

21 **CHANGE OF TRUSTEE**

21.1 **Retirement of Trustee**

Subject to any limitation imposed by applicable statute the Trustee may retire at any time without assigning any reason therefor upon giving ninety (90) days' notice



in writing to Telecom of its intention so to do, provided that such retirement shall be conditional upon and not be effective until the appointment of a substitute trustee.

21.2 **Appointment of Substitute Trustee**

The power of appointing a substitute trustee in place of a trustee which has retired or has ceased to exist or to be qualified pursuant to applicable legislation for appointment as trustee hereunder, or which or is removed from office, shall be vested in Telecom (subject to obtaining the approval of the Holders by Extraordinary Resolution). In the event that Telecom within sixty (60) days of receiving notice of the Trustee's intention to retire or of its ceasing to exist or be qualified for appointment as trustee hereunder or its removal from office (as the case may be) fails to exercise the power hereby vested in it of appointing a substitute trustee or trustees then the Holders may by Extraordinary Resolution exercise such power to the exclusion of Telecom.

22 **TRUSTEE'S POWERS CUMULATIVE**

The powers authorities and discretions hereby conferred upon the Trustee shall be in addition to any powers authorities and discretions which may from time to time be vested in trustees by law and to any powers authorities and discretions which may from time to time be vested in the Trustee as a Holder.

23 **TRUSTEE'S REMUNERATION**

23.1 **Remuneration**

Telecom shall pay to the Trustee by way of remuneration for its services hereunder:

- (a) *Fee*: a periodic fee of such amount and at such times as may be agreed in writing from time to time; and
- (b) *Additional*: such additional fees for convening and attending meetings of Holders as shall be agreed;

provided that:

- (c) the Trustee may elect payment of remuneration determined by and commensurate with work actually required to be carried out by the Trustee hereunder in lieu of the above fees;
- (d) any failure to agree on any amounts payable to the Trustee under Clauses 23.1(a) to 23.1(c) shall be referred to arbitration in accordance with the Arbitration Act 1996 (excluding clauses 4 and 5 of the Second Schedule to that Act);

23.2 **Expenses**

Telecom will also pay all expenses (including travelling expenses) reasonably incurred by or on behalf of the Trustee in connection with the preparation and execution of this Deed and of any deed collateral or supplemental hereto and the exercise of any power or execution of any trust conferred on the Trustee hereunder



(including without limitation the taking of any expert advice reasonably deemed necessary by the Trustee).

23.3 **Payable on Demand**

All expenses incurred or payments made in the lawful exercise of the powers hereby conferred on the Trustee shall be payable on demand.

23.4 **Consents etc.**

Telecom will also pay on demand any reasonable charges made by the Trustee for work done by it in connection with any application under the trusts or provisions hereof for its consent to or approval of any thing act or matter.

PART VIII

MODIFICATION OF TRUST DEED AND SUBSTITUTION

24 **MODIFICATIONS**

The Trustee may concur with Telecom in making any modifications or additions to this Deed or to the terms and conditions of any Stock:

24.1 **No Consent**

Without the consent of the Holders if the same:

- (a) *Technicalities*: shall be made to correct a manifest error or is of a formal or technical nature; or
- (b) *Other Obligations*: is necessary to ensure that the tenor or nature of the obligations imposed upon any Guaranteeing Group Member hereunder correspond with or do not conflict with the obligations imposed on that Guaranteeing Group Member under or pursuant to the Securities Act, the Financial Reporting Act or the Companies Act or by any other applicable statutory provision; or
- (c) *Quotations*: shall be convenient for the purpose of obtaining or maintaining a quotation of any Stock on any stock exchange in New Zealand or elsewhere; or
- (d) *Applicable Law*: shall be made to comply with the requirements or any modification of the requirements of any applicable law; or
- (e) *Reporting*: is in respect of any of the provisions for reporting to the Trustee under this Deed or to Clauses 20 and 23; or
- (f) *Otherwise Appropriate*: is in the Trustee's reasonable opinion an appropriate and reasonable modification in all the circumstances in so far as they relate to this Deed and the Guaranteeing Group (as to which modifications which are necessary or convenient for complying with any practice of the New Zealand financial markets or for complying with banking practice, or are necessary convenient or useful for the purpose of any financial market,



banking or business practice or technique or method adopted by either the Guaranteeing Group or Persons which carry on similar business to the Guaranteeing Group, shall be prima facie deemed reasonable and appropriate), provided that any such modification or addition is in the Trustee's reasonable opinion not likely to have a materially adverse affect 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 Holders; or

24.2 **Extraordinary Resolution**

If the same shall be approved by an Extraordinary Resolution; or

24.3 **All Holders**

If the same shall be approved in writing by all the Holders (and such authorisation may be given in one or more documents in similar form).

25 **WAIVER**

25.1 **Temporary Variation**

In addition to and not in abrogation of or substitution for Clause 24 (but subject to any applicable law) the Trustee may temporarily vary the provisions of this Deed or the terms and conditions of any Stock in each case for such period and on such terms as the Trustee may deem appropriate provided that it shall be satisfied that the interests of the Holders generally will not be materially prejudiced thereby.

25.2 **Waivers**

Subject to any applicable law by notice to Telecom the Trustee may waive any breach or anticipated breach by any Guaranteeing Group Member of this Deed or of the terms and conditions of any Stock either wholly or in part for a specified period or indefinitely and on such other terms and conditions as it deems expedient provided that it shall be satisfied that the interests of the Holders generally will not be materially prejudiced thereby and provided further that no such waiver shall prejudice the rights of the Trustee or the Holders in respect of any other breach.

26 **CONSTRUCTION BY REFERENCE TO ANALOGOUS OBLIGATIONS AND EXEMPTIONS**

The Trustee acknowledges and the parties hereto declare that notwithstanding the provisions of this Deed any obligation of any Guaranteeing Group Member hereunder that is materially the same as or analogous to any obligation imposed upon that Guaranteeing Group Member by or pursuant to the Securities Act shall be construed subject to any relevant exemption granted or applicable to that Guaranteeing Group Member pursuant to the Act and to any modifications hereafter made to the Act and shall only be enforceable against the Guaranteeing Group Member to such extent.

27 **SUBSTITUTED OBLIGOR**

27.1 **Substitution**

The Trustee may agree, without the consent of the Holders, to the substitution in place of the Issuer of all or any Stock (*Relevant Stock*) (or of any previous



Substituted Obligor under this Clause 27), as the principal debtor under this Deed in respect of the Relevant Stock, of any other body corporate incorporated in any country in the world (in this Clause 27 called the *Substituted Obligor*), provided that:

- (a) *Trust Deed*: a trust deed is executed or some other form of undertaking is given by the Substituted Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of this Deed and the Relevant Stock with any consequential amendments that may be appropriate as fully as if the Substituted Obligor had been named in this Deed and on the Relevant Stock as the principal debtor in place of the Issuer (or of any such previous Substituted Obligor);
- (b) *Maintain rights*: arrangements are made satisfactory to the Trustee for the Holders of the Relevant Stock to have or be able to have the same rights mutatis mutandis against the Substituted Obligor as they have against the Issuer (or any such previous Substituted Obligor);
- (c) *Guarantees*: the Relevant Stock continues to carry the unconditional and irrevocable guarantee of the Guaranteeing Group Members (other than the Issuer) and in addition is unconditionally and irrevocably guaranteed by the Issuer on the same terms and conditions;
- (d) *Other requirements*: The Issuer (or any such previous Substituted Obligor) and the Substituted Obligor comply with such other reasonable requirements as the Trustee may direct in the interests of the Holders of the Relevant Stock, which may include a requirement that the Guaranteeing Group Members or any of them remain bound by all or certain of the provisions of this Deed in respect of the Relevant Stock in their capacities as guarantors thereof; and
- (e) *Approvals*: the Trustee is satisfied that:
 - (i) the Substituted Obligor has obtained all necessary governmental and regulatory approvals and consents necessary for its assumption of the obligations and liability as principal debtor under this Deed in respect of the Relevant Stock in place of the Issuer (or of any such previous Substituted Obligor);
 - (ii) where applicable the Guaranteeing Group Members and the Issuer have obtained all necessary governmental and regulatory approvals and consents necessary for the effectiveness of its or their guarantees referred to in Clause 27.1(c); and
 - (iii) such approvals and consents are at the time of substitution in full force and effect;

27.2 Release of Obligations

Any such agreement by the Trustee pursuant to Clause 27.1 shall to the extent so expressed operate to release the Issuer or previous Substituted Obligor (as the case



may be) from any or all of its obligations under this Deed in respect of the Relevant Stock. Not later than 14 days after the execution of any such documents as aforesaid and after compliance with the Trustee's said requirements, the Trustee shall give notice thereof to the Holders in the manner provided in Clause 29.

27.3 **Amendments**

Upon the execution of such documents and compliance with the said requirements the Substituted Obligor shall be deemed to be named in this Deed and on the Relevant Stock and any Coupons relating thereto as the principal debtor in place of the Issuer or any previous Substituted Obligor, and this Deed the Relevant Stock and the Coupons relating thereto shall thereupon be deemed to be amended in such manner as shall be necessary to give effect to the substitution and without prejudice to the generality of the foregoing any references in this Deed, in the Relevant Stock or in the Coupons relating thereto to the Issuer or any previous Substituted Obligor shall be deemed to be references to the Substituted Obligor.

27.4 **Solvency**

If any two directors or equivalent officers of the Substituted Obligor shall certify to the Trustee that the Substituted Obligor is solvent at the time at which the said substitution is proposed to be effected the Trustee shall not be bound to have regard to the financial condition profits or prospects of the Substituted Obligor or to compare the same with those of the Issuer or any previous Substituted Obligor;

27.5 **Interests of Holders**

In connection with any substitution in accordance with this Clause 27 the Trustee shall not have regard and shall be released from any obligation or duty it might otherwise have under this Deed or implied at law in relation to the exercise of any of its discretions or powers under this Clause 27 or to advising Holders in connection with any meeting of same, to have regard to the consequences of such substitution for individual Holders or Couponholders resulting from their being for any purpose domiciled or resident in or otherwise connected with or subject to the jurisdiction of any particular territory and the Trustee shall not be entitled to require nor shall any Holder or Couponholder be entitled to claim from the Issuer or any previous Substituted Obligor or from any other Guaranteeing Group Member any indemnification or payment in respect of any tax consequences of any such substitution upon individual Holders or Couponholders except to the extent already provided for by the terms and conditions of the Relevant Stock or the Coupons relating thereto.

27.6 **Trustee's Discretion**

The exercise or non-exercise of the Trustee's rights and powers under this Clause and the terms of any such exercise, shall be at the discretion of the Trustee which may refuse to exercise the same without the approval of an Extraordinary Resolution of the Holders of the Relevant Stock *provided that* where the Substituted Obligor is a Guaranteeing Group Member the Trustee shall not refuse to exercise its powers to agree to such substitution unless there is reasonable evidence indicating the likelihood that the Holders of the Relevant Stock will be materially prejudiced thereby.



PART IX

COUPONHOLDERS

28 COUPONS

28.1 General

Wherever the context permits and except as specifically provided in this Deed references to Stock include references to Coupons, references to Holders include references to Couponholders, and references to Stock Moneys include references to moneys payable in relation to any Coupon (but not so as to treat any such amount as Principal).

28.2 Notices

Neither the Trustee nor any Guaranteeing Group Member shall be required to give any notice to the Couponholders for any purpose under this Deed and the Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to Holders as provided in Clause 29.

28.3 Assumption as to Identity of Couponholders

Wherever the Trustee is required or entitled to exercise a duty power authority or discretion by reference to the interests of Holders pursuant to this Deed the Trustee may assume that each Holder is the holder of all Coupons appertaining to all Stock of which it is the Holder and shall incur no liability for acting upon such assumption.

PART X

MISCELLANEOUS PROVISIONS

29 NOTICES

29.1 Notices

Any notice demand consent or request under this Deed shall be in writing and may be signed or given by or on behalf of any Guaranteeing Group Member, the Trustee, or any Holder (whichever party is the giver thereof) by such Person or by an officer employee agent attorney or solicitor thereof and may be given:

- (a) *To or By Holders:* to Holders of Bearer Stock in accordance with Clause 29.4, and to Holders of Registered Stock by prepaid letter addressed to their relative Registered Addresses, or in the case of a notice to a corporation or to the Trustee at its registered office or principal place of business; or
- (b) *Parties to this Deed:* by any party to this Deed to any other party (unless that other party has by 15 days written notice specified another address) by making or delivering it to that other party at the address shown below:

if to any Guaranteeing Group Member to:

Level 2,
Telecom Place,



167 Victoria Street West,
Private Bag 92028
Auckland 1142,
New Zealand

Facsimile No: (09) 303 3430
Attention: General Manager, Capital Markets

Copied to:
Facsimile No: (09) 303 3430
Attention: Company Secretary

if to the Trustee to:

Level 3
Guardian Trust House 15 Willeston Street
P O Box 913
Wellington
New Zealand

Facsimile No: (04) 499 1454
Attention: Manager, Corporate Trusts

29.2 Effectiveness

Notices given pursuant to this Deed shall be deemed to have been made or given:

- (a) *Delivery*: in the case of delivery, when received;
- (b) *Telephone/Telex etc*: in the case of telex facsimile and other telephone or mechanical transmission, when despatched; and
- (c) *Mail*: in the case of posting, on the second day following the date of posting;

provided that (except in the case of notices to or by the Holders of Stock) if any notice would be deemed made or given after 4.00 p.m. on any business day in the locality of the recipient (*local business day*) or on any day that is not a local business day such notice shall be deemed made or given at 9.00am on the next succeeding local business day.

29.3 Proof of Notice

In proving the making or giving of any notice:

- (a) *Execution*: it shall not be necessary to prove that any telex facsimile or telephonically or mechanically transmitted notice was manually or originally executed by the Person making or giving it;
- (b) *Addresses etc*: it shall be sufficient to prove that the notice was delivered or sent properly addressed encoded numbered and stamped or (as the case shall require) in the customary manner of the method of notification adopted;



- (c) *Joint Holders*: a notice to joint Holders shall be deemed to have been properly made or served on each Holder if made or given in accordance with this Deed to the Holder whose name stands first in the Register.

29.4 **Bearer Stock**

Subject to any applicable terms and conditions of the Stock in question, any notice may be given by any Guaranteeing Group Member to any Holder of Bearer Stock as follows:

- (a) *Conditions of issue*: in the manner (if any) provided in the terms and conditions of issue of the Bearer Stock or in the absence of any such provision by advertising the same once in daily newspapers having general circulation in Auckland, Wellington Christchurch and Dunedin, and any notice so advertised shall be deemed to be given on the day following that on which the last of such advertisements appears; and
- (b) *Other Legal Ways*: in any other manner permitted by law.

At the date of this Deed it is expected that notices under Clause 29.4(a) will be given in the New Zealand Herald, The Dominion Post, the Press and the Otago Daily Times respectively.

30 **MEETINGS OF HOLDERS**

30.1 **Convened by Telecom**

At the request in writing of the Trustee or of any Holder(s) holding at least 10 per centum in Principal amount of the Stock Telecom shall summon a meeting of the Holders or the Holders of any Class for the purpose of considering the Latest Balance Sheet of the Consolidated Group or any member thereof and of giving directions to the Trustee in relation to the exercise of its powers under this Deed and applicable law. Telecom may having first notified the Trustee of its intention to summon the meeting and the time and place thereof, summon a meeting of the Holders or any Class thereof for such purpose as Telecom considers appropriate.

30.2 **Convened by the Trustee**

At any time the Trustee (who shall give Telecom a Materiality Certificate in respect thereof) may summon a meeting of Holders or any Class of Holders to consider such business as shall be placed before such meeting.

30.3 **Other Rules**

Subject to compliance with any applicable laws, the Trustee may without the consent of the Holders agree with Telecom to the adoption of supplemental rules or procedures for meetings of Holders and/or variations to the rules and procedures applying to such meetings set out in the Fourth Schedule. Subject to the foregoing, meetings of Holders shall be conducted in accordance with the rules and procedures set out in the Fourth Schedule.



31 **RELEASE UPON PAYMENT**

Upon proof being given to the reasonable satisfaction of the Trustee that all of the Stock Moneys have been paid or satisfied or that provision for such payment or satisfaction has been made in accordance with the provisions of this Deed and upon payment or retention of all costs charges and expenses incurred by or payable to the Trustee in relation to this Deed and the remuneration of the Trustee and all other money payable hereunder the Trustee shall at the request and cost of Telecom execute a Deed of Release of this Deed and shall thereupon retire.

32 **SECURITIES REGULATIONS**

Pursuant to regulation 40 of the Securities Regulations, the provisions of Schedule 15 of the Securities Regulations are deemed to be contained in this Deed, but only for so long as, and to the extent that, they are deemed to be contained in this Deed by the Regulations.

For the purposes of regulation 39A of the Securities Regulations:

32.1 **Corporate Form**

Each Issuer is a company registered under the Companies Act or the Australian Corporations Act 2001 (as the case may be).

32.2 **Governance**

Each Issuer must comply with the governance requirements set out in its constitution (if any), this Deed, all applicable laws relating to governance matters and any relevant governance requirements of a stock exchange in relation to any Stock issued by that Issuer that is quoted.

32.3 **Periodic Reporting**

The frequency with which each Issuer must provide periodic reports to the Trustee and the contents of those reports is set out in Clause 12 of this Deed (subject to the Trustee's rights to require additional reporting pursuant to Schedule 15 of the Securities Regulations).

32.4 **Meetings**

The frequency of, the procedure for convening and holding, the business to be conducted at, and the voting rights at meetings of Holders is set out in Clause 30 of this Deed.

32.5 **Trustee**

The terms relating to the appointment and removal from office of the Trustee are set out in Clause 21 of this Deed. The powers and duties of the Trustee are set out in this Deed, including without limitation in Parts VI, VII, VIII and X of, and the Fourth Schedule to, this Deed.

IN WITNESS WHEREOF this Deed is executed by the parties on the date first written above.



of [Issuer]

by:

NOTES

- (1) All sums specified in this Certificate relate to New Zealand currency.
- (2) Attention is drawn to the Conditions endorsed hereon.

CONDITIONS

- 1 The holders of Accommodation Stock are entitled *pari passu* and rateably with the holders of all other Stock constituted by the said Trust Deed to the benefit of and are subject to the provisions of the said Trust Deed.
- 2 Subject as hereinbefore provided, each holder of Accommodation Stock shall as a condition precedent to receiving payment of the amount covered by its Stock Certificate or any part thereof after the Stock Moneys have been declared immediately due and payable produce this Certificate for endorsement to the Company or to the Trustee as the case may require PROVIDED ALWAYS that this Condition shall not preclude payment by the Issuer or by the Trustee with the consent of the Issuer without production of this Certificate if the Issuer or the Trustee so elects AND PROVIDED FURTHER that this Condition shall not apply if the Trustee requires payment to it of the said amount in accordance with the provisions of the said Trust Deed.
- 3 Subject to the provisions of the said Trust Deed the Issuer will only recognise the Registered Holder of any Accommodation Stock as the absolute owner thereof and except as ordered by a Court of competent jurisdiction or by statute required shall not be bound to take notice or see to the execution of any trust whether express or implied or constructive to which the Accommodation Stock may be subject and the receipt of the Registered Holder for the amount payable in respect thereof shall be a good discharge to the Issuer notwithstanding any notice it may have whether express or otherwise of the right title interest or claim of any other person to or in respect of the amount so payable. No notice of any trust express implied or constructive shall be entered on the Register in respect of any Accommodation Stock.



SECOND SCHEDULE

(Form of Supplemental Deed - Clause 9)

THIS SUPPLEMENTAL DEED is made this day of

BY

[] Limited a duly incorporated company having its registered office at [] (*the Subsidiary*)

The New Zealand Guardian Trust Company Limited a company incorporated in New Zealand and having its registered office at Auckland (*the Trustee*)

- A The Subsidiary is a subsidiary within the meaning of the Companies Act 1993 of Telecom Corporation of New Zealand Limited (*Telecom*).
- B Telecom and the Trustee have entered into a trust deed dated the 25th day of October 1988 (such trust deed, as from time to time modified supplemented or novated in accordance with its terms being referred to herein as the *Trust Deed*).
- C At the request of Telecom the Subsidiary wishes to execute this Deed (being a deed supplemental to the Trust Deed) in order to become a Guaranteeing Subsidiary as defined in the Trust Deed pursuant to provisions in that behalf therein contained.
- D The board of Directors of the Subsidiary, pursuant to the provisions of its Constitution has resolved that the Subsidiary guarantee the due payment by Telecom and each other Guaranteeing Group Member of all money from time to time owing under the Trust Deed AND that this Deed be accordingly executed as a deed in accordance with section 180(1)(a) of the Companies Act 1993.

NOW THEREFORE THIS SUPPLEMENTAL DEED WITNESSES as follows:

1 DEFINITIONS AND INTERPRETATIONS

To the extent to which the same are applicable, the definitions and provisions contained in Clause 1 of the Trust Deed shall apply to and be incorporated in this Supplemental Deed.

2 ACKNOWLEDGEMENT BY SUBSIDIARY

The Subsidiary hereby appoints the Trustee (and the Trustee hereby accepts appointment) on the same terms as set out in the Trust Deed and the Subsidiary acknowledges that Stock has been and will henceforth be taken up by the Holders on the condition and in part consideration that the Subsidiary will give or has given to the Trustee the guarantee hereinafter contained by way of security for the obligations constituted by the Trust Deed or intended so to be.



3 **GUARANTEE**

The Subsidiary hereby unconditionally and irrevocably guarantees, jointly and severally with each other Guaranteeing Group Member, to the Trustee the due and punctual payment of the Stock Moneys by each of the other Guaranteeing Group Members (including, without limitation, the Issuer thereof in its capacity as such) as and when the same shall become due and payable in accordance with the terms and conditions of such Stock or under the Trust Deed, and the Subsidiary hereby agrees that all of the provisions of Clause 8 of the Trust Deed shall be incorporated in this Supplemental Deed and shall have effect and shall apply to this guarantee.

4 **INCORPORATION OF TERMS**

Pursuant to Section 14 of the Property Law Act 2007 it is declared that there shall be deemed to be incorporated in this Supplemental Deed all the covenants, undertakings, powers, obligations and other provisions of the Trust Deed and the schedules thereto relating to or affecting the Guaranteeing Subsidiaries or Guaranteeing Group Members in the same manner and to the same extent as if the same had been mutatis mutandis set out in full in this Supplemental Deed and made applicable to the Subsidiary, and the Subsidiary accordingly covenants, jointly and severally with each other Guaranteeing Group Member, in favour of the Trustee to duly perform and observe and be bound by the said covenants, undertakings, powers, obligations and other provisions imposed on or relating to or affecting it by or under this Deed or the Trust Deed or by the terms and conditions of any Stock.

5 **GOVERNING LAW**

This Supplemental Deed shall be governed by and construed in accordance with the laws of New Zealand.

IN WITNESS WHEREOF the Subsidiary has duly executed this Supplementary Deed the day and year first above written.

Executed and delivered as a Deed
Signed for and on behalf
of [Subsidiary]
by:



Executed under the name and seal of
**The New Zealand Guardian Trust
Company Limited** in the presence of

Authorised Signatory

Authorised Signatory



THIRD SCHEDULE

PART I

(Quarterly Directors' Report Clause 12.1)

TO: The New Zealand Guardian Trust Company Limited

This certificate is given to you in your capacity as the Trustee under the Trust Deed dated 25 October 1988 (as amended and restated from time to time) entered into between Telecom Corporation of New Zealand Limited (*Telecom*) and yourself as Trustee, pursuant to Clause 12.1 thereof. Terms defined in the Trust Deed have the same meanings herein.

1 The Directors of Telecom note and certify to the Trustee, on behalf of all the Directors of Telecom, that as at the close of business on [* here insert the last day of the last preceding financial quarter] (the *reporting date*) by reference to the Latest Financial Statements as at the reporting date:

- (a) The aggregate Principal amount of the outstanding Stock was [\$];
- (b) The amount of the Consolidated Group's Total Tangible Assets was [\$];
- (c) The aggregate of the principal amounts secured by Charges on the Assets of the Guaranteeing Group was:
 - (i) Charges referred to in Clauses 11.2(a), 11.2(c) and 11.2(d) of the Trust Deed [\$];
 - (ii) Other Charges [\$];

As to charges referred to in Clause 11.2(a) of the Trust Deed the above certification refers only to Charges of which the Directors who are members for the time being of the Audit and Finance Committee of the board of Directors of Telecom are actually aware; it is possible that other Charges of this nature may have been created or arisen.

- (d) The aggregate amount of the Consolidated Group's liabilities (being the amounts shown as liabilities on the Consolidated Group's consolidated balance sheet comprised in the Latest Financial Statements in accordance with NZ GAAP) was [\$].
- 2 The Directors of Telecom have resolved that they are satisfied that:
- (a) The Stock that was issued in the quarter that ended on the reporting date was issued without breach of the Trust Deed; and
 - (b) Having received such reports projections certificates and assurances as they consider necessary and having regard to the financial position of the Guaranteeing Group (including contingent liabilities) as a going concern which such Directors are satisfied will be the case over the relevant period, the



anticipated trading and transactions during the next twelve months, and the sources of finance arranged or capable of being arranged during such twelve months, the Guaranteeing Group will be able to meet all its liabilities (including, maturing Stock and interest thereon) as they fall due or are anticipated to become payable during such twelve months.

This certificate is signed by two Directors on behalf of all of the Directors:

PART II

(Semi-Annual Directors' Certificate pursuant to Clause 12.2(a))

Such certificate shall detail in relation to the Guaranteeing Group, as at the close of business on the last day of the preceding financial half-year (the *reporting date*), by reference to such management or other accounts and information as the Directors consider appropriate, any matters that since the reporting date of the last of such certificates (or, in the case of the first of such certificates, since the Effective Date) have in their opinion occurred to adversely affect the interests of the Holders generally and without prejudice to the generality thereof stating to the best of their knowledge and belief after having made all due enquiries whether or not:

- (a) *Payments*: the Guaranteeing Group has duly observed and performed all the covenants conditions agreements and provisions binding upon it under this Deed including the payment of all Stock Moneys on their due dates;
- (b) *Accounting*: there have been any material changes in any accounting method or method of valuation of Assets or liabilities;
- (c) *Losses*: any material trading or capital loss shall have been sustained by the Guaranteeing Group or any Member thereof and if so particulars thereof;
- (d) *Other material matters*: any matters which since the reporting date referred to in the last of such certificates (or, in the case of the first of such certificates, since the Effective Date) have occurred that in the Directors' opinion will materially and adversely affect the interests of the Holders and if so particulars thereof;
- (e) *Nature of business*: there shall have been any material change in the nature of the business of Telecom or of the Consolidated Group or Guaranteeing Group (taken as a whole) and if so particulars of that change;
- (f) *Breaches*: there shall have been any material breach of the provisions of this Deed or of the terms of any Stock;
- (g) *Future liabilities*: any circumstances are known to them that materially adversely affect the ability of the Consolidated Group or of the Guaranteeing Group to pay its liabilities due within the next six months;
- (h) *Contingencies*: any material contingent liabilities shall have been incurred by any Guaranteeing Group Members (other than in the ordinary course of business) and if so the amount thereof;



(Financial statements pursuant to Clause 12.3)

[In the case of the reporting date immediately following the end of its financial year, to be provided forthwith after Telecom has authorised their publication (but in any case not more than four months after the end of Telecom's financial year)] Attached are:

- (i) a copy of the audited consolidated financial statements for the Consolidated Group and Telecom's annual report, in each case for the immediately preceding year, each as required to be furnished to the Trustee under clause 12.3(a) of the Trust Deed; and
- (ii) a copy of the Auditor's report in respect of the consolidated financial statements for the Consolidated Group for the immediately preceding year, as required to be furnished to the Trustee under clause 12.2(b) of the Trust Deed; and
- (iii) a copy of the Auditor's report required to be furnished to the Trustee under, and stating the various matters specified in, clause 12.4 of the Trust Deed; and
- (iv) a copy of the unaudited pro forma statement showing the consolidated Assets of the Guaranteeing Group less the consolidated liabilities of the Guaranteeing Group required to be furnished to the Trustee under clause 12.3(b) of the Trust Deed.



FOURTH SCHEDULE

MEETINGS OF HOLDERS

1 CONVENING

- 1.1 References in this Schedule to *Holder*s shall include only the Holders comprising the Class or Classes for which any meeting is convened except where the context indicates otherwise and "Stock" shall be construed accordingly. References in this Schedule to "regulations" are references to the provisions of this Schedule.

Appointed Time means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

Proxy Closing Time means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

- 1.2 The Trustee or Telecom or any other Issuer may at any time convene a meeting of all or any Class of Holders. Telecom or any other Issuer shall whenever required to do so pursuant to clause 30 of the Trust Deed or by the Securities Act convene a meeting of the Holders.
- 1.3 Notwithstanding the provisions of regulation 1.2 above the Trustee shall not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred;
- 1.4 Before Telecom or any other Issuer convenes a meeting it shall advise the Trustee in writing of the place day and hour of the meeting and the nature of the business to be transacted, and it shall obtain the prior approval of the Trustee to the draft of the documents to be sent to the Holders in respect of such meeting, and if the Trustee shall so require Telecom or the other Issuer shall include with the documents sent any statement which the Trustee requires to make in relation to the meeting and the matters to be dealt with at such meeting.

2 PLACE

Meetings shall be held in the city or town at which the registered office of Telecom is situated or at such other place as the Trustee approves.

3 NOTICE

- 3.1 Notice of every meeting shall be given in the manner provided in the Trust Deed (namely in clause 29) to the following:
- (i) every Registered Holder entered in the Register as at the close of business on a Business Day selected by Telecom which is within the period of the fifteenth and tenth Business Days prior to the date of despatch of the Notice;



- (ii) every personal representative or assignee in bankruptcy of any such Registered Holder who is deceased or insolvent;
- (iii) the Holders of Bearer Stock; and
- (iv) the Trustee, if Telecom or any other Issuer has convened the relevant meeting and vice versa.

3.2 Fourteen days' notice at least of every meeting shall be given. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice shall specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it shall not be necessary to specify in the notice the terms of the resolution to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution.

3.3 The accidental omission to give notice to or non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any meeting.

4 **QUORUM**

4.1 No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

4.2 The quorum for passing an Extraordinary Resolution of Holders shall be Holders present in person or by Representative holding or representing a majority in nominal amount of the Stock or (in the case of a meeting of any Class of Holders) of the Stock of the relevant Class.

4.3 The quorum for the transaction of any business at a meeting of Holders other than the passing of an Extraordinary Resolution shall be Holders present in person or by Representative holding or representing at least 10% in nominal amount of the Stock or (in the case of a meeting of any Class of Holders) of the Stock or the relevant Class.

4.4 If within half an hour (or such shorter period as the chairman of the meeting may select and the Trustee shall approve) from the Appointed Time a quorum is not present the meeting if convened upon the request of Holders shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than seven (7) days thereafter and to such place as may be appointed by the chairman and at such adjourned meeting then the Holders present shall (regardless of their number or the amount of Stock held or represented by them) be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

4.5 Notice of such adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given to those Holders entitled to receive notice of the original meeting and otherwise in the same manner (except in respect of the period of notice) as of an original meeting and such notice shall state that the Holders present at the adjourned meeting whatever their number and whatever the amount



of Stock held or represented by them shall form a quorum. No notice shall be required of any other adjourned meeting.

5 **RIGHT TO ATTEND AND SPEAK**

Any director, officer or solicitor of the Trustee and any other person authorised in that behalf by the Trustee and any Director or the Secretary or Auditor or solicitor of Telecom or the other Issuer or any other person authorised in that behalf by Telecom or the other Issuer may attend any meeting and all such persons shall have the right to speak at the meeting.

6 **CHAIRMAN**

A person nominated in writing by the Trustee shall preside as chairman at every meeting and if no such person is nominated or if at any meeting the person nominated is not present within fifteen minutes after the time appointed for holding the meeting the Holders present and eligible to vote thereat shall choose one of their number to be chairman and failing such choice Telecom or the other Issuer may appoint the chairman.

7 **ADJOURNMENT**

- 7.1 The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place.
- 7.2 No business shall be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

8 **PERSON ON REGISTER**

In the case of Registered Stock the persons registered as Holders in the Register at Proxy Closing Time and no other person or persons shall be recognised and treated as the legal holders of the Stock specified in the Register whether such persons are or are not in fact the beneficial owners of such Stock.

9 **AUTHORITY TO VOTE**

- 9.1 The following persons shall except as may be otherwise provided by regulation 13.8 of this Fourth Schedule be exclusively entitled to vote in person or by Representative in respect of the Stock or Class thereof in respect of which the meeting is convened:
- (a) in the case of Registered Stock the persons registered as Holders in the Register at Proxy Closing Time or the personal representative or assignee in bankruptcy of any such Holder, or their respective Representatives;
 - (b) in the case of Bearer Stock, the bearers of the relevant Certificates therefor or their respective Representatives;



- 9.2 For the purposes of this Fourth Schedule a Representative need not be a Holder and shall be entitled to attend meetings of Holders, be counted in a quorum, vote, join in any demand for a poll and exercise all such other powers in relation to the Stock, in respect of which he or she has been so appointed or nominated as though he or she were in relation thereto the Holder present in person.
- 9.3 *Closure of Register:* For the purpose of establishing voting entitlements at a meeting the Register shall be closed as of the close of business on the business day immediately preceding the day on which the Proxy Closing Time falls and shall remain closed until after the relevant meeting has been closed or adjourned.
- 9.4 *Representative:* For the purpose of this Fourth Schedule, a "Representative" shall be:
- (a) in the case of Registered Stock, a proxy or an attorney or a corporate representative appointed in the manner referred to in regulations 10, 11 or 12 as the case may be;
 - (b) in the case of Bearer Stock, a person appointed in the manner set out in regulation 9.5 or in such other manner as may be prescribed in the terms and conditions of such Stock and endorsed on the relevant Certificate or as may be approved by the Trustee and notified to the Holders in the notice of meeting given pursuant to regulation 3.1.

The Trustee or any officer of the Trustee may be appointed a representative of a Holder.

- 9.5 *Voting Authorities for Bearer Stock:* Subject to the relevant terms and conditions of the Stock, Holders of Bearer Stock may appoint Representatives in the following manner:
- (i) Holders of Bearer Stock, upon presentation of their Bearer Stock Certificate to any registered bank in New Zealand or the Trustee (at any of their respective branches), may request such bank or the Trustee, as the case may be, to issue a voting authority (*a Voting Authority*) in respect thereof; and
 - (ii) such bank or the Trustee may issue to such Holder a Voting Authority in the following form, or in such other form as the Trustee shall determine, namely:
- TO: TELECOM CORPORATION OF NEW ZEALAND LIMITED VOTING AUTHORITY
for the Meeting of Holders of Stock to be held on or any adjournment thereof.

Serial Number(s) of Stock Certificate(s):

Nominal amount of Bearer Stock:



The Undersigned certifies that the above Bearer Stock Certificate(s) have been deposited with the undersigned and will not be released except upon surrender of this Voting Authority in exchange for the relevant Certificate(s).

SIGNED on behalf of: _____

Authorised Signatory

Voting Authorities shall be valid only for the specific Meeting to which they refer or any adjournment thereof.

10 PROXIES

10.1 The holders of Registered Stock may appoint proxies.

10.2 An instrument of proxy shall be in the following form or a form as near thereto as circumstances admit or in such other form as the Trustee shall approve and need not be witnessed:

I/We, OF
..... being a Holder/s of \$...... in nominal amount of Stock of Telecom Corporation of New Zealand Limited hereby appoint
..... of or failing him
..... of or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the meeting of Holders of Stock of Telecom to be held on , and at any adjournment thereof.

I/We authorise my/our proxy to vote

*in favour of/against the resolution(s).

Signed this day of .

Signature of Holder(s).....

*Strike out whichever is not desired. If neither "in favour of" nor "against" is struck out, the proxy will vote as he thinks fit.

10.3 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a company signed by an officer or attorney so authorised or by any director,



secretary, general manager, investment manager or other person who appears to the Trustee to have authority to sign the instrument.

- 10.4 A person appointed to act as a proxy need not be a Holder and a holder of a proxy shall have the right to speak at the meeting.
- 10.5 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by [a Notary Public] or in such other manner as the Trustee shall approve shall be deposited at such place as the Trustee, or Telecom or the other Issuer with the approval of the Trustee, may in the notice convening the meeting direct (or if no such place is appointed then at the registered office of Telecom) not later than Proxy Closing Time and in default the instrument of proxy shall not be treated as valid provided that the Trustee may in its discretion accept and treat as valid an instrument of proxy delivered late or in such other form satisfactory to the Trustee.
- 10.6 A proxy shall unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates. Notwithstanding any provision contained in an instrument of proxy no instrument of proxy shall be valid after the expiration of twelve months from the date of its execution but this provision shall not be construed to apply to the appointment of an attorney or representative otherwise than by an instrument of proxy.
- 10.7 An instrument of proxy in favour of the chairman of the meeting (howsoever expressed) shall be valid and effectual as though it were in favour of a named person and shall constitute the person who chairs the meeting for which the proxy is used (whether an adjournment of not) the lawful proxy of the appointer.
- 10.8 A person appointed proxy shall have the right to demand or join in demanding a poll and shall (except to the extent to which the proxy is specially directed to vote for or against any proposal) have the power generally to act at the meeting for the Holder concerned.
- 10.9 A vote give in accordance with the terms of an instrument of proxy or power of attorney or authority as referred to in regulation 12.1 (or other form approved by the Trustee) shall be valid notwithstanding the previous death or insanity or liquidation of the principal, or revocation of the proxy or power of attorney or authority (or of the authority under which the proxy power of attorney or authority was executed), or the transfer of the Stock in respect of which the vote is given, provided that no intimation in writing of such death insanity liquidation revocation or transfer is received by Telecom at its registered office before the commencement of the meeting or adjourned meeting at which the proxy power of attorney or authority is used.



11 ATTORNEYS

Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney shall be entitled to produce evidence of his appointment at any time before the Appointed Time of the meeting or adjourned meeting or for the taking of a poll at which he proposes to vote, or at such meeting or adjourned meeting. Such Attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

12 CORPORATE REPRESENTATIVES

A person authorised by the Holder being a company to act for it as its representative at any meeting or any adjourned meeting shall be entitled to exercise the same powers on behalf of that company as that company could exercise if it were an individual Holder. A person so authorised shall be entitled to produce evidence of his appointment or authority at any time before the Appointed Time of the meeting or adjourned meeting or for the taking of a poll at which he proposes to vote, or at such meeting or adjourned meeting.

13 VOTING

- 13.1 A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or the Trustee or any representative of the Trustee or by one or more Holders holding or representing not less than 5 per centum in nominal amount of the Stock for the time being outstanding or (as the case may be) of the appropriate Class of Stock. Unless a poll is so demanded a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 13.2 If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 13.3 In case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the votes (if any) to which he may be entitled as a Holder or on behalf of Holders.
- 13.4 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.



- 13.5 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
- 13.6 On a poll votes may be given either personally or by Representative. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 13.7 On a show of hands each person present at the meeting and entitled to vote (whether personally or by Representative) shall have one vote only. On a poll every Holder who is present in person or by Representative shall be entitled to one vote for every nominal \$1.00 of Stock of which he is the holder PROVIDED ALWAYS THAT any Stock for the time being held by Telecom or any related company (as defined in Section 2(3) of the Companies Act) of Telecom shall not whilst so held confer any right to vote.
- 13.8 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative shall be accepted to the exclusion of the votes of the other joint Holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

14 **EXTRAORDINARY RESOLUTION**

- 14.1 The expression "Extraordinary Resolution" when used in this Deed means a resolution passed at a meeting of Holders duly convened and held in accordance with the provisions herein contained, at which at least three-fourths of the persons voting at the meeting upon a show of hands, or if a poll is duly demanded then at least three-fourths of the votes given on such a poll, voted in favour of the resolution and the expression "Extraordinary Resolution" referring to any Class of Holders shall have a corresponding meaning in relation to meetings of such Class.
- 14.2 Without limiting the rights powers and discretions conferred on the Trustee by the Trust Deed and subject to regulation 15 below and in particular to the proviso to regulation 15.1 below, a meeting of Holders shall in addition to all other powers which by the Trust Deed are specified as exercisable by Extraordinary Resolution have the following powers exercisable by Extraordinary Resolution namely:
- (a) power to sanction either unconditionally or upon any conditions the release of the Issuer or any other Guaranteeing Group Member from the payment of all or any part of the Stock Moneys;
 - (b) power to sanction the exchange of Stock for or the conversion of Stock into shares, stock debentures, debenture stock or other obligations or securities of the Issuer or any other Consolidated Group Member or any other company formed or to be formed;
 - (c) power to postpone the day when the Stock shall become payable and to suspend or postpone or, with the concurrence of the Issuer, to accelerate the payment of interest on Stock;



- (d) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against the Issuer and/or any other Guaranteeing Group Member howsoever such rights shall arise;
- (e) power to assent to any alteration or addition to the provisions contained in the Trust Deed or the terms or conditions attaching to the Stock proposed or agreed to by the Issuer and to authorise the Trustee to concur in and execute any supplemental trust deed embodying any such alteration or addition;
- (f) power to give any sanction, assent, release or waiver of any breach or default by the Issuer and/or any other Guaranteeing Group Member under any of the provisions of the Trust Deed;
- (g) subject to section 62 of the Securities Act power to discharge, release or exonerate the Trustee from all liability in respect of any act of commission or omission for which the Trustee has or may become responsible under the Trust Deed;
- (h) power to sanction any scheme for the reconstruction of the Issuer or any other Guaranteeing Group Member or for the amalgamation of any such person with any other company where such sanction is necessary;
- (i) subject to the provisions of the Trust Deed power to remove any Trustee and to approve the appointment of or appoint a new Trustee;
- (j) power to authorise the Trustee to concur in and execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

15 **EXTRAORDINARY RESOLUTION**

15.1 An Extraordinary Resolution passed at a meeting of Holders duly convened and held in accordance with the regulations contained in this Fourth Schedule shall be binding upon all the Holders whether present or not present at the meeting and each of the Holders and the Trustee (subject to the provisions of its indemnity contained in the Trust Deed) shall be bound to give effect thereto accordingly and the passing of any such resolution shall as between the Trustee and the Holders be conclusive evidence that the circumstances justify the passing thereof the intention being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the passing of such resolution PROVIDED ALWAYS THAT a resolution which affects either a particular Holder or a particular Class of Holders only as opposed to the rights of the Holders generally shall not be binding on such Holder or Class of Holders (as the case may be) unless such Holder agrees, or such Class of Holders agree as provided in regulation 17.1 below or otherwise, to be bound by the terms of any such resolution.

15.2 A meeting of any Class of Holders shall (without limiting the other powers exercisable by any such meeting) have power by Extraordinary Resolution:



- (a) to sanction any compromise or arrangement proposed to be made between the Issuer and/or the other Guaranteeing Group Members and the relevant Class of Holders affected;
- (b) to sanction any alteration, abrogation, modification or waiver of the rights of the relevant Class of Holders affected against the Issuer and/or the other Guaranteeing Group Members.

16 **MINUTES**

Minutes of all resolutions and proceedings at every meeting shall be made by the Trustee or if the Trustee shall not be present at any meeting by some person appointed by the chairman of such meeting and duly entered in books from time to time provided for that purpose by the Trustee at the expense of Telecom and any such minutes as aforesaid if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceeding had or by any persons appointed by the said chairman of the meeting for the purpose or by the chairman of the next succeeding meeting of Holders shall be prima facie evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to be duly passed and had. Copies of such minutes shall be furnished by the Trustee to Telecom as early as possible after the holding of the meeting to which they refer.

17 **CLASS**

A resolution which in the opinion of the Trustee affects one Class of Holders only (and which does not affect any other Holders) shall be deemed to have been duly passed if passed at a separate meeting of the Holders of Stock of that Class and all the preceding provisions of this Fourth Schedule shall apply to such meetings mutatis mutandis as though references therein to Stock and Holders were references to the Stock of the Class in question and to the Holders of such Stock respectively.

*** End of Schedules ***

**The Common Seal of Telecom
Corporation of New Zealand Limited**
was hereunto affixed in the presence of:

Director

Director/Secretary



**The Common Seal of The New Zealand
Guardian Trust Company Limited** was
hereunto affixed in the presence of:

Authorised Signatory

Authorised Signatory