

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

TEL.NZ - Telecom Corp Of New Zealand Ltd Annual General Meeting

EVENT DATE/TIME: SEPTEMBER 27, 2012 / 10:00PM GMT



CORPORATE PARTICIPANTS

Mark Verbiest *Telecom Corporation of New Zealand Limited - Chairman*

Simon Moutter *Telecom Corporation of New Zealand Limited - CEO*

Murray Horn *Telecom Corporation of New Zealand Limited - Non-Executive Director*

Paul Berriman *Telecom Corporation of New Zealand Limited - Non-Executive Director*

CONFERENCE CALL PARTICIPANTS

Bruce Takle *BNV Associates - Director*

John Hawkins *New Zealand Shareholders' Association - Chairman*

Barbara Baraguana *Shareholder*

Trevor Kenneally *Shareholder*

Gary Jamieson *Shareholder*

PRESENTATION

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Ladies and gentlemen, good morning. I apologise in advance. I am still recovering from the flu, so if periodically you see me leaning to the side to have a swig of water, you'll understand why. Welcome to Telecom's annual general meeting for 2012. My name is Mark Verbiest and I'm Telecom's chairman. I declare the meeting open. I would like to introduce the others with me on the stage. To my immediate right is Tristan Gilbertson, Telecom's Group General Counsel and Company Secretary. To my far left is Nick Olson, our Chief Financial Officer. Whilst many of you may be familiar with the backgrounds of our directors, for the benefit of you all present, I'd like to introduce you to them and give you a little bit of detail about their experience.

To Tristan's right is Charles Sitch. Charles joined the Board in December 2011. He worked with international consulting firm McKinsey & Company between 1987 and 2010 and was a senior director of that firm for the last 10 years of his tenure. He's worked with CEOs and boards on strategy and operational turnarounds. He's a member of the Trinity College of Melbourne University, the Robin Boyd Foundation and a committee member of the Melbourne Cricket Club, which I'm sure Charles is especially proud of. He holds an MBA from Columbia Business School and a law degree and a commerce degree from Melbourne University.

Sitting next to Charles is Maury Leyland. Maury also joined the Board in December 2011. She has been a senior executive at Fonterra since 2005 and is currently Managing Director -- Strategy. Prior to joining Fonterra, she spent nine years with the Boston Consulting Group as a strategy consulting working with large New Zealand companies in New Zealand and Australia. She was previously a director of Transpower. Maury has also been a member of Team New Zealand during the successful 1995 America's Cup campaign in San Diego. She has a Bachelor of Engineering degree with first class honours from Auckland University.

Seated next to Maury is Kevin Roberts. Kevin joined the Board in August 2008. He has extensive international experience and brand marketing and customer satisfaction and a CEO for Saatchi & Saatchi worldwide. He is an honorary professor in the Faculty of Business and Economics at the University of Auckland and an honorary professor of Creative Leadership at Lancaster University. He's previously held senior management and marketing positions with Procter & Gamble, Pepsi Cola and Lion Nathan and he's also chairman of USA Rugby.

To my immediate left is our new Chief Executive Officer, Simon Moutter. Simon joined Telecom in mid-August of this year. Although he is well attuned to our business, having managed parts of the Telecom and previous roles, most recently as Chief Operating Officer, from 1999 until 2008. In the intervening years, he has been CEO of Auckland International Airport Limited, during which time that company achieved strong customer growth and a significant uplift in its share price. Simon has a master's degree in engineering from the University of Canterbury and a bachelor's degree of science from Massey University. He's standing for re-election at this meeting and you will hear from him shortly.

Sitting next to Simon is Paul Berriman. Paul was appointed to the Board in December 2011. He's the Chief Technology Officer of PCCW HKT, Hong Kong's largest telecommunications and media company. He has over 25 years' experience in telecommunications, particularly with respect to IP TV, mobile TV and media



SEPTEMBER 27, 2012 / 10:00PM GMT, TEL.NZ - Telecom Corp Of New Zealand Ltd Annual General Meeting

convergence. Prior to joining PCCW, he was Managing Director of management consultancy Arthur D Little in Hong Kong and was involved in telecommunications consultancy projects globally. Paul has a Bachelor of Science degree from the University of Salford, an MBA from the University of Hong Kong. He's a chartered engineer and a member of Intel Communication's Board of Advisors. He has been a member of Hong Kong's Regulators Advisory Committees for a number of years. He is standing for re-election at this meeting, so you will be hearing from him, as well, later on.

Sitting next to Paul is Justine Smyth. Justine also joined the Board in December 2011. She's a Director of Auckland International Airport Limited, a fellow Board member of the Financial Markets Authority, Chair of the New Zealand Breast Cancer Foundation and a former Deputy Chair of New Zealand Post Limited. She is also owner and Executive Director of a manufacturing and wholesale clothing company. Her prior roles included Group Finance Director at Lion Nathan and a partner of Deloitte. She's a chartered accountant and holds a Bachelor of Commerce degree from the University of Auckland.

Seated next to Justine is Murray Horn. Murray was appointed to the Board in July 2007. He chairs the government's National Health Board and has held a number of senior executive roles with ANZ Banking Group, including as head of the bank in New Zealand. He has also served as Secretary to New Zealand Treasury, served on a number of boards which has included there New Zealand Tourism Board. Murray has represented New Zealand at the OECD as a governor of the World Bank and as an Alternate Director of the International Monetary Fund. He received his doctorate from Harvard University in 1989 and has been awarded a number of academic honours in both New Zealand and the US. Our Telecom leadership team and auditors are seated in front of me.

Lastly, as I'm also standing for re-election at this meeting, please allow me to give you a little bit of my own background. I'll speak in a little bit more detail when it comes to my re-election later in the meeting. I was appointed to the Board as Chairman, immediately post demerger in December 2011. I'm also Chairman of Transpower New Zealand Limited and Willis Bond Capital Partners Limited, and I'm a Director of Freightways and a Board member of the Financial Markets Authority. I'm a consultant to my old law firm, Simpson Grierson, where I was a senior partner until the year 2000. From late 2000 to 2008, I was a member of Telecom's senior executive team, acting as Group General Counsel and also had executive responsibility for the International and Yellow Pages Group Business Divisions within Telecom. I received my law degree from Victoria University in Wellington. Ladies and gentlemen, with those introductions out of the way, let's now move to the formal part of the meeting.

Tristan has confirmed to me that the Notice of Meeting has been sent to all shareholders and other persons entitled to receive it. The Company's constitution prescribes a quorum requirement of two shareholders. I think we have that quorum. Proxies have been appointed for the purposes of this meeting in respect of approximately 1.2 billion shares, representing 63% of the total number of shares on issue. This represents participation by a significant proportion of shareholders. I'd like to thank shareholders for their level of participation in today's meeting. We regard it as important. I intend to vote all undirected proxies I have personally received in favour of all resolutions 1 through 6. The financial statements for the 12 month period to 30 June 2012, together with the auditor's report are set out in the Company's annual report.

The annual report was made available on Telecom's website on the 24th of August. Spare hard copies are available in the registration area, if you don't have one and would like one. Ladies and gentlemen, this is my first annual meeting as Telecom Chairman and your first meeting as owners of what is essentially a very different business. The financial year just passed was arguably the most pivotal in Telecom's history. As you will be aware, the Company demerged as of 1 December 2011 fixed access network business owned by Chorus being split away following shareholders voting in favour of the demerger slightly earlier than December last year. Following demerger, the value of both Chorus and Telecom shares has increased which has meant you have enjoyed significant total shareholder returns in the last 12 months. Throughout the 2012 financial year and subsequently, we have continued to simplify Telecom's offerings, right-size the business to compete in a challenging market. The continued focus on cost and rationalisation makes sense given that the Company is now essentially a retail services provider.

To continue to do well for our shareholders, we must focus on winning customers with both our service and products. Looking back at the financial year '12, a rigorous focus on cost management and simplification has delivered a satisfactory financial result. Although year on year comparisons are difficult given the separation of Chorus, when adjusting for one off items, and despite all the distractions and leadership time dedicated to both the UFB tender process and the demerger process, the Company delivered largely flat earnings on a pro forma basis. Adjusted revenues allowing for one off items declined roughly 9% compared to the prior year. However this decline in revenue was offset by reductions in operating expenses which fell by more than 12% compared to the prior year.

Free cash flow generation of NZD656 million has improved significantly and the resulting dividend, NZD0.20, is the same level as last year when we had Chorus on board and that is a testament to the management's focus on costs and the commitment of the team to our business goals. At financial year end we had returned NZD169 million of surplus capital, as part of the ongoing share buyback which we announced at the start of this calendar year. Now, let me say, we sympathise with shareholders seeking to understand the complex financial statements provided to you in the annual report. Unfortunately, this is an inevitable consequence of the demerger. What we have endeavoured to provide meaningful adjusted comparisons to the prior year and I can assure you that the results for the current financial year and beyond should be a lot easier to follow.



We have also included a large amount of information in order to be transparent about the matters you should care about as investors and we are happy to answer any questions on the annual report when we come to question time later in the meeting. In the August announcement of our financial results for 2012, we noted our initial views on the financial outlook for the current year. In this we said the outlook was for a flat to low single digit percentage decline in our EBITDA. This outlook is being driven by our renewed competitive stance in order to hold our broadband market share, which we regard as essential for the long term health and future of our business. For the current financial year we also intend to pay 90% of adjusted net earnings as dividends and we expect imputation to be between 70% and 100%.

Just to clarify, it's less than 100%, because as a result of last year's demerger, lower tax was paid and therefore our imputation credit account has been reduced somewhat. We expect that to get back in balance and to be able to fully impute dividends probably at some -- in the 2014 financial year. Now, our view on the outlook is also prior to Simon completing a strategic review which we have asked him to deliver to us later this year. We expect to be able to talk about it early next year. A key benefit of the demerger was that it allowed for a reset of the regulatory environment and our ability to focus the Company on reshaping itself to take on the challenges and opportunities of a new operating environment. Telecom now competes on a more level playing field with other telecommunications providers.

Competition is high and the regulatory reset allows us to be more single minded on delivering for customers. It is this single-mindedness that will deliver the results that shareholders demand and the Company will do it as cost efficiently as possible.

With effectively a new company came largely a new board. Assuming you approve Simon Moutter executive directorship, and the re-election of myself and Paul Berriman, we will be at the helm over the coming year with stalwarts Murray Horn and Kevin Roberts, and new directors Charles, Justine and Maury. This is a very strong Board. A lot of care and thinking went into ensuring the Board would have the right balance of values and functional expertise, could draw on deep experience in the telecommunications market from both in New Zealand and overseas, and had a diverse skill set gained across a range of relevant industries. We are committed to driving the necessary change to ensure that Telecom can thrive now and into the future.

During the year we farewelled [sic] Wayne Boyd, who chaired and led your Company through a very difficult period. He left it in good heart and with a very sound platform to move forward, and we thank him genuinely for his leadership and wisdom. It would also be remiss of me not to mention outgoing CEO, Paul Reynolds. His five years at the Telecom helm were instrumental in seeing the business through a period of significant change. He came into Telecom at a difficult time, and more recently with Wayne Boyd, Paul's commitment to steering Telecom through winning the UFB tender for Chorus and the successful demerger should not be understated. It has led to a significant uplift in total shareholder returns.

And of course we usher in the new financial year by welcoming back Simon Moutter. We conducted an extensive international search. Simon stood out. Simon gets Telecom. He understands the demands of our shareholders and that going forward the customer is paramount. He also understands the importance of this Company to both the capital market in New Zealand and the country. He's pragmatic and he's ambitious in his hopes for Telecom.

His passion for this business is clear, and you will hear from him soon, and you would only have to have witnessed him getting around the business in the last few weeks with our staff to see how energised he is. Shareholders should feel enthusiastic about having Simon in the driving seat, given he did such an exceptional job at Auckland International Airport. We believe we are due an exciting and rewarding period under his leadership, and I do hope you have the chance to meet him today.

Customer focus. I keep mentioning it and it is the key to our success. The market will continue to be challenging and further industry consolidation will bring further competitive intensity. We understand that and we understand that we must strip out the clutter and maintain this relentless focus on the customer, on our core products and services in broadband, mobile and ICT in order to produce the returns that you seek, and ensure that we have a sustainable business for future growth.

We expect major strides to the development of New Zealand's ultra-fast fibre network in the coming year. Telecom will be prepared. Significant investment has already been made, and once the network becomes available we will be in a position to offer competitive products. We have a strong Board, a new CEO in place, and a seasoned leadership team. With your support we will continue to deliver shareholder returns and ensure Telecom maintains a position of strength in the market.

Ladies and gentlemen, I'd now like to introduce Telecom's new CEO, Simon Moutter, to speak. Thank you.

Simon Moutter - Telecom Corporation of New Zealand Limited - CEO

Thank you, Mark, and good morning everyone. This week I'm completing my seventh week back as CEO of Telecom, and I can tell you it is great to be back. In some ways it felt a little bit like coming home, but in other ways there is so much that is fresh and new about the business, there's plenty for me to think about that's different. I've been away for nearly -- for around four years, and Telecom has changed enormously during that time.



A number of people have asked me why I came back to Telecom. Well that's an easy answer -- easy question to answer. I'm a passionate New Zealander and I believe that Telecom is one of New Zealand's most important companies. We connect New Zealanders to each other, we're fundamental to the business of everyday life, we connect New Zealand to the world and we power a modern economy in practically every business that contributes to it.

From our data networks which link up the biggest corporations, to a family showing off a new grandchild to the grandparents on Skype, Telecom is there and involved. We have an enormous opportunity ahead of us to completely reshape this Company and we'll do it by getting it right for our customers. And we'll be doing all we can to enable New Zealand to look to the future with confidence and excitement through the incredible power of the technology that Telecom provides. I came back because I believe I can add real leadership commitment to that exciting journey.

One of my first jobs after my arrival was to work with the team to report the Company's results for the previous financial year. As the financial year ended before I actually started in the role, our interim CEO, Chris Quin, took the lead on that announcement. And a brief summary is that while the Chorus demerger made direct comparisons with the previous year complex, the overall performance of the Company was satisfactory.

This is particularly so given the distractions of the year, which included in particular the Chorus demerger and the closure of the old CDMA mobile network. One of the highlights was that strong cost control meant that our free cash flow was very healthy. As Mark mentioned a moment ago, this enabled payment of the same level of dividend that shareholders received last year before the split. That's an excellent outcome for shareholders.

I'm now early on the path of re-shaping Telecom to thrive in this new environment where we are truly free to compete without the encumbrance of invasive regulation. And to that end, my first few weeks have been all about listening and learning. In my mind it's important that I come back to the Company with no preconceptions and take the time to understand exactly how Telecom works now, after such an extensive change. And many of my initial observations are positive, but it's also clear that there is much work to do.

The Company has many talented and passionate people who are keen to deliver great solutions and service to our customers, and that much is certain. In the smartphone network, Telecom has the leading mobile network in New Zealand, and we have a core transport network that's bigger, faster and more reliable than the competition's. Our Australian operations have improved significantly, and these are valued parts of the group now moving forward with clear strategies and a stable base to work from. And our systems and process are in better shape than when I left, although there's still plenty of scope for improvement.

Having said that, Telecom is now at the start of a long process of reshaping itself as it adapts to its fundamentally new operating environment, as we move to simplify the technology stack post the demerger. Telecom faces intense competition in every market which it operates, and as such I'm clear -- crystal clear -- that only one thing will determine if we are to be successful, and simply put that is how we deliver for our customers. In such an intensely competitive environment the only way Telecom will win is by providing compelling products and services to our customers more efficiently and effectively than our competitors. And if we do this, we will retain and grow customers and grow our business, and I'm confident if we do the job for our customers our shareholders will benefit.

As I said, during these early weeks I'm getting around the business listening and getting to know the Company again. There's no better way to take the pulse of an organization than to spend some serious face-to-face time with frontline staff and customers. I am hugely ambitious for Telecom, and I expect that everyone who works for me be just as ambitious. Our greatest opportunity is to repurpose the Company as a focused and agile provider of information, communication and technology services which make a huge difference to people's lives and businesses. And to achieve this I'm a big believer in the power of a single, clear plan that everyone understands. And once we've gathered the necessary information, we will deliver a new, strategic plan that puts Telecom back on a path to growth, and I expect to deliver this new plan early next calendar year.

While the detail is in the process of being nailed down, we already know some of the steps that we will need to take to achieve our goals for the Company. We must step up the drive to transform Telecom staff culture. It must be completely customer focused, and we must be agile enough to make quick decisions and take the lead in a dynamic and competitive retail market. We must tightly manage our cost base to ensure that we're efficient and focused only on delivering what matters for customers. Cost reduction can be achieved with simplified processes, and that will be another one of my core areas of interest. And we must have an ambitious plan for long term growth.

I was never motivated to come back to Telecom to manage a slow decline simply through cutting costs. Cost control will be an important part of what we do, of course, but I want and expect us to win in key markets, to be innovative enough to deliver growth through the revenue base as well. And I'm also very focused on ensuring that we have the right leadership capability across the organization to deliver on that.

As I said at the start, Telecom is an incredibly important company for New Zealand. Yet over the years it feels like Telecom has lost some of its emotional connection with many New Zealanders, and I think we have an enormous opportunity ahead of us to completely reshape this company and re-forge our deep links with the people of this country. And we will do this by getting it right for our customers and doing all we can to enable New Zealand to look to the future with confidence and



SEPTEMBER 27, 2012 / 10:00PM GMT, TEL.NZ - Telecom Corp Of New Zealand Ltd Annual General Meeting

excitement through the incredible power of the technology that Telecom provides. And there's no question in my mind that when we are successful in this mission we will also be delivering to you, on behalf of you, our shareholders.

Finally, I'm conscious that we can only deliver through the great work of our Telecom team, and I would like to acknowledge all of their efforts over the last 12 months, particularly through the demerger process. To actually have increased our customer satisfaction during that time is testament to their abilities. The leadership team has done a great job ensuring we stayed focused on the customer during that transition, so thank you, team. And I would like to welcome Chris Quin to his new role heading Telecom retail, and acknowledge Alan Gourdie, who is leaving us today. Thank you, Alan. And thank you to all of our shareholders for being here. I look forward to meeting as many as I can after the meeting. Back to you, Mark.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you, Simon. Ladies and gentlemen, we now come to the matters requiring resolutions, which are outlined in the notice of meeting. For the sake of good order we will consider these specific resolutions first. There will be an opportunity to discuss other questions you may have later in the meeting. There will also be an opportunity to ask questions on each matter being put to shareholders. When I call for questions can I please ask that any person wishing to speak move to the microphone nearest to them and hand their attendance slip to the Telecom staff member so that they can read out your name prior to you asking a question.

I also ask in the interest of fairness to all shareholders attending, that anyone wishing to speak be as concise as possible and considerate to allow other shareholders wishing to ask questions to have adequate time. For the sake of good order, shareholders should speak once on a matter being put, and the questions raised should relate directly to the matters being considered. I would like to take this opportunity to remind everybody that this meeting is being webcast, so you will be able to be heard by an audience outside of this room.

Now, moving to the resolutions -- I propose to call a poll on each of these resolutions. The polls will be conducted at the end of the formal business of the meeting. Each resolution set out in the notice of meeting is to be considered as an ordinary resolution and, as such, must be approved by a simple majority of the votes cast by shareholders entitled to vote and voting on the resolution.

Firstly, we turn to matters relating to the Company's auditors, KPMG. The Companies Act sets out a procedure for the reappointment of auditors and, under that procedure, auditors are automatically reappointed. The motion before you concerns the fixing of the auditor's remuneration and seeks your approval that Directors be authorised to fix the auditor's remuneration.

Telecom's statutory audit fees for the financial year ended 30 June 2012 were just over NZD3 million plus disbursements. That relates to auditing our New Zealand, Australian and overseas operations. The fee for this year's statutory audit is yet to be finalised with KPMG. However, it is anticipated that the fee should be no greater than the fee paid for the year just passed.

I now propose that the Directors be authorised to fix the remuneration of the auditors, KPMG. Are there any questions for the Board regarding this motion? No. Thank you. The poll on authorising the Directors to fix the auditor's remuneration will be conducted at the end of formal business.

The next resolution concerns my own re-election as a Director of the Company, so I have asked Murray Horn, the chair of the audit committee, to chair this part of the meeting.

Murray Horn - Telecom Corporation of New Zealand Limited - Non-Executive Director

Thank you, Mark. The Board recommends Mark to you as a Telecom Director and unanimously supports his re-election. Mark has a solid background in telecommunications and corporate governance. He brings a wealth of institutional knowledge and significant experience gained across a wide range of sectors, including the private sector, government bodies and SOEs.

I now invite Mark to address the meeting on his proposed reappointment.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thanks, Murray. Ladies and gentlemen, I've served on this Board a brief time since the 1st of December 2011, some 10 months. It's been an action packed period, as you can imagine, for the new Board. We've bonded as a team as the Board of Directors, undertaken a comprehensive process and appointed a new CEO, assisted



management to come to grips with moving to a new operating environment and ensured that, through that transition, management stayed energised and committed to our customers, while continuing to deliver solid earnings and dividends to you, our shareholders.

It's been busy. It's been challenging. It's been fun and it's been a privilege. I hope, with your support, that that will continue.

In terms of my own experience I've had more than 30 years in and around listed companies in the capital markets. I've been involved with a multitude of companies and boards at a strategic and a transactional level and, as a result, I've also engaged with a wide stakeholder set.

In addition, as you know, until mid-2008 I spent just over seven years as a member of the senior executive of Telecom and, aside from running corporate centre groups, I also had responsibility for two business units.

So I have a strong understanding of this business but, most importantly, I have a passion for this business and wanting it to succeed as well. Most recently, in the last four years, I've predominantly undertaken roles as a Non-Executive Director and as Chairman, and undertaken some strategic assignments. I'm also on the Board of the Financial Markets Authority.

So I think I have a deep understanding of what a sustainable company, producing good returns, looks like. I recognise that good governance and a strong value set is required as a platform to achieve that. So, to that end, I believe I have the required attributes to continue as your Chairman and, therefore, seek your support to do so. Thank you.

Murray Horn - Telecom Corporation of New Zealand Limited - Non-Executive Director

Thank you, Mark. I now propose that Mark Verbiest be re-elected as a Director of the Company. Are there matters for discussion or questions concerning the motion in relation to Mark? Okay, we have one.

Unidentified Company Representative

Mr Bruce Takle from BNV Associates has a question.

Bruce Takle - BNV Associates - Director

This is like heading up, being hung sort of thing at the gallows. Anyway, c'est la vie. Mark, may I ask you two questions please, through the -- Kevin?

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Sure, yes.

Bruce Takle - BNV Associates - Director

I noticed you're tied up with the Yellow Pages, before we sold it to either the Canadians, was it, or the Americans, because I see that Yellow Pages has been a bit of a disaster after that. Also to the international side of things -- that did include the business in Australia at all.

The last -- second question I'd like to ask -- I hope you can hear me -- the last question -- how many shares have you got in Telecom? According to the book there you've only got less than 18,000 shares, but I might be completely wrong. There might be other things in trust and things; but tell me, through Mr Chairman, how many shares have you got in Telecom. Thank you sir, thank you.

Murray Horn - Telecom Corporation of New Zealand Limited - Non-Executive Director

Thank you. Mark?



Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you. Is this on?

Bruce Takle - BNV Associates - Director

Yes, we can hear you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Firstly, to answer your question, Telecom International does not include the Australian operations. It is the international wholesale business and also included our capital -- our interest in Southern Cross Cables, which I looked after during the whole stint at Telecom as an executive.

In relation to the Yellow Pages Group you are correct. Unfortunately, the value of that business has dropped, and I would say, therefore, that wasn't it a good decision we sold it when we did.

Bruce Takle - BNV Associates - Director

Yes.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

In relation to the number of shares I hold, the amount that is set out in the annual report is the correct number. That is my current holding of shares in Telecom.

Bruce Takle - BNV Associates - Director

So, will you buy more shares? If not, why not?

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

I don't think that's really a matter for consideration at this meeting but, obviously, I would not be here and sitting here wanting to stay on as your Chairman if I didn't have confidence in this Company.

Bruce Takle - BNV Associates - Director

Mm, but you get fees; but would you get more shares too, I'm trying to say?

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

I'll look at that in the future.

Bruce Takle - BNV Associates - Director

Okay, good.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman



Thank you.

Bruce Takle - *BNV Associates - Director*

Thank you.

Murray Horn - *Telecom Corporation of New Zealand Limited - Non-Executive Director*

All right, there doesn't seem to be any other questions, so, ladies and gentlemen, the poll on the re-election of Mark will be conducted at the formal end of business. Mark.

Mark Verbiest - *Telecom Corporation of New Zealand Limited - Chairman*

Thanks Murray. Re-election of Paul Berriman -- Paul is also retiring by rotation, in accordance with the listing rules, and offers himself for re-election. The Board recommends Paul to you as a Director of Telecom and unanimously supports his re-election. He brings, clearly, a vast telecommunications experience at an international level in both the public and private sectors.

I invite Paul to address the meeting.

Paul Berriman - *Telecom Corporation of New Zealand Limited - Non-Executive Director*

Good morning, ladies and gentlemen. fellow shareholders. It's been a privilege to serve on the Telecom Board over the last 10 months, a time which the Company has been adjusting to significant changes and finding its place in the New Zealand new market structure.

What I've seen so far fills me with confidence. Telecom is well positioned to tackle the challenges ahead and, with your support, I wish to remain on the Board and see these challenges through.

I've been in telecoms all my working life, predominantly in Hong Kong, which lays claim to be one of the most densely competitive environments in the world for telecoms. My experiences in this market have given me the skills and experience needed to guide Telecom through its own highly competitive market and the hurdles it faces as a recently demerging incumbent.

For the last 10 years I've been helping the ex-incumbent operator in PCCW in Hong Kong, Hong Kong's largest integrated telecoms operator and, most recently, as its chief technology officer, since 2007. I've led the group's product and technology road maps, as well as strategic acquisitions and developments, including a highly successful broadband based pay TV service.

Prior to joining PCCW I was managing director of the management company, Arthur D. Little in Hong Kong, where I was involved in lots of local and international telecommunications consultancy projects.

As well as the executive positions, I'm a chartered engineer. I've been a fellow of the Hong Kong Institute of Directors since 1997, as well as serving on a number of other international industry and professional bodies.

My experience allows me a deep understanding of the telecommunications and media industries, and I know well the challenges facing Telecom and how it must be innovative and assertive in what products and services it brings to the rapidly changing New Zealand telecommunications market.

I believe I have the requisite skills and values to contribute to Telecom's Board and ensure the Company achieves its potential as New Zealand's leading telco. I also have the full support of my current organisation to be able to dedicate myself fully to the commitments required of a Telecom Board member.

With your support I look forward to continuing to devote myself to transitioning Telecom into its next phase, while maximising return to you shareholders. Thank you.



Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you, Paul. I now propose that Paul Berriman be re-elected as a Director of the Company. Are there any matters for discussion or questions concerning the motion relating to his re-election? No? Ladies and gentlemen, the poll on the re-election of Paul Berriman will be conducted at the end of formal business.

The re-election of Simon Moutter -- Simon was appointed Managing Director by the Board in August of this year. In accordance with the listing rules he must retire and stand for election at this meeting. The Board recommends to you Simon as a Telecom Director and universally -- and unanimously supports his re-election.

Simon's knowledge of the telecommunications industry in New Zealand is, obviously, deep and strong, and he is a proven CEO already of a significant listed company.

It is usual practice at Telecom that our Chief Executive Officer be appointed to the Board, and the Board considers that it is valuable that Simon be a Director. I now invite Simon to address the meeting on his proposed election.

Simon Moutter - Telecom Corporation of New Zealand Limited - CEO

Well, ladies and gentlemen, as I mentioned before, I'm early in my new phase here at Telecom and excited about re-establishing this Company as a leader in the key markets in providing value to shareholders.

In my short time on the job so far I've met many people in the business and many investors and shareholders as well, and I do have the support of our people and our leadership, and I hope I can count on your support too.

As CEO I do have the right mix of technical, operational and strategic capabilities to ensure that we get Telecom running as an efficient and successful business. As a member of the Board my insight and experience should be seen as valuable commodities to ensure that the Company is provided with robust strategic direction grounded in the realities of the day-to-day needs of the business.

As far as my experience goes, my credentials in the telco industry are already laid bare. I am well attuned to Telecom's business, having managed various parts of the Company at an executive level, and most recently I was chief operating officer in the business for the years leading up to 2008. My time as CEO of Auckland Airport, those years saw me take on another major listed company in New Zealand, reset the strategy for that business and deliver significant uplift in passenger volume growth retail outcomes in a strong performance for investors over those years.

Prior to my time at Telecom I spent 13 years in the electricity and gas industry where my various positions included being CEO of Powerco, one of New Zealand's largest electricity and gas network utilities. That industry also is where I learned a little bit about dealing with regulatory environments. My experience as a senior leader of three listed companies gives me the focus and strategic capabilities that I think will be a valuable addition to the Telecom Board.

I also see the importance of Telecom to New Zealand and the enormous opportunity ahead of us to craft this Company into the Telecom that New Zealanders can identify with and support. This vision and my values should be an important part of the discussion at the Board table and this is why I am seeking your support to remain a member of the Telecom Board. Thank you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you, Simon. I now propose that Simon Moutter be elected as a Director of the Company. Are there matters for discussion or questions concerning this motion on Simon's election? Just in the middle here?

Unidentified Company Representative

Mr Chairman, John Hawkins has got question for you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman



Thank you. Good morning, Mr Hawkins.

John Hawkins - New Zealand Shareholders' Association - Chairman

Morning, Mark. I'm also the chairman of the Shareholders' Association as well as being a shareholder of Telecom in my own right. The Shareholders' Association is not opposed per se to having managing directors. We note that at the airport Mr Moutter was in fact a CEO and not a managing director. One of the important things if you do have a managing director is that that person is subject to all the constraints of the Company's act in the same way as every other director and so that does have a moderating effect on some of the things that CEO's might otherwise -- or directions they might want to head off on.

So we see that as a very positive thing. However, it is our preference that CEOs should serve at least one year before they are taken on to the Board. I have discussed this matter with the chairman and we acknowledged the fact that both the chairman and Mr Moutter have worked extensively together before. We've given this matter some consideration and we feel that Mr Moutter will gel into the Board and therefore, although it goes against our general policy, in this particular instance we won't be opposing. Thank you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you for that, John. Might I add that at the Board every meeting we have a session, a non-executive session without Simon present, which is an appropriate check on just ensuring that we have the right balance between matters that involve Simon in his role as CEO and those that don't, and I also might say that it's been evident to me in the two meetings that Simon has already been at, that he truly understands the difference between being an executive when he's answering or commenting on things as an executive as opposed to being a director. He's able to separate that in his head, which is a credit to him, and it's very clear to me that he does get the difference from a governance point of view.

Well, if there are no questions in relation to this, ladies and gentlemen, the poll on the election of Simon Moutter will be conducted at the end of formal business. The next two resolutions concern Simon Moutter's remuneration arrangements, and shareholders may wish to speak or ask questions about these resolutions. Before I invite questions, allow me to give you some context regarding Simon's remuneration package.

The pay of a CEO will always seem considerable compared to an average New Zealand wage, but it is important to remember that the remuneration package of a CEO of Telecom reflects the complexity and challenge of leading one of New Zealand's largest and most complicated companies. It allows the Company to conduct a truly international search for its CEO, and attract the highest calibre candidates.

The Board has focused on ensuring that Simon's remuneration structure and that of his direct reports reflects Telecom's new operating environment, is linked to both the short and long-term performance of the Company and is better aligned to your interests, your shareholder interests, in the longer term.

In determining the CEO's remuneration package, the Board considered the scope and complexity, the high calibre of Simon, and we obtained external expert advice on best practice remuneration structures. We considered the business challenges facing the Telecom Group and market practice for the remuneration of chief executives of similar companies and with similar responsibilities in Australasia. In structuring this package, the Board aimed to create an appropriate balance between fixed and variable performance-based remuneration, ensuring that a significant proportion of Simon's remuneration is subject to his own personal and Telecom's performance.

To ensure alignment between the interests of shareholders and the CEO, and to enhance Simon's long-term commitment to Telecom, the Board further determined that a greater portion of his remuneration package would be delivered in equity, and it's more than previously, the result being that Simon's remuneration has a greater exposure to the long-term performance of Telecom.

The Board considers that Simon's package is appropriate for the CEO of Telecom post demerger. The revised incentive mix, as I've said, has enhanced alignment to shareholder interests by delivering a greater proportion in equity and reducing the annual cash bonus. Rest assured the Board will set challenging performance objectives that will be required to be met before any rewards under these incentives can be earned. The specific performance objectives will be those that are value creating for shareholders and align to shareholder interests. It is also important to note that the dollar values attributable to the proposed equity components are target value only. The actual value to be received could be considerably less if required performance is not achieved. Equally it could be more, but in that event shareholders should be reaping value as well.

The equity component of Simon's package, which you are being asked to vote on today, comprises firstly, an annual equity incentive award, which is proposed to be delivered in Telecom redeemable ordinary shares under the Performance Equity Scheme, and secondly, an annual long-term incentive delivered in the form of a grant of



share rights, subject to Simon achieving certain performance hurdles. We've also put forward a one-off grant of NZD750,000 worth of share rights. These are proposed to be made under the CEO Performance Rights Scheme.

The Board recommends that you vote in favour of both these resolutions. With that introduction, I will now move to the formal resolutions related to Simon's remuneration. May I remind you again that these resolutions relate solely to Simon's incentive schemes and for the sake of good order, at this point discussion at this point of the meeting should be confined to matters relevant to those schemes and these specific resolutions. There will be an opportunity to discuss remuneration more generally and any other questions that you may have later in the meeting.

Firstly, I propose that approval is given to the Board to issue up to one million shares in Telecom to Simon under the Performance Equity Scheme, between now and 27 September 2015, on the terms set out in the Explanatory Notes to the Notice of Meeting. Are there any matters of discussion or questions concerning the motion?

Ladies and gentlemen, a poll will be conducted on the issue of up to one million shares to Simon under the Performance Equity Scheme, and that poll will be conducted at the end of the formal business. I should note also that, in accordance with the listing rules, neither Simon nor any of his associated persons may vote on this resolution unless they are acting as a proxy for another shareholder who has given them express direction as to how to vote.

Resolution 6. This also concerns Simon's remuneration. I propose that approval be given to the Board to issue up to 2.5 million share rights to Simon Moutter during the period to 27 December -- sorry, 27 September 2015 under the Performance Rights Scheme, on the terms set out in the Explanatory Notes accompanying the Notice of Meeting. Are there any further matters for discussion or questions concerning the motion that have not been addressed already? Mr Hawkins?

John Hawkins - New Zealand Shareholders' Association - Chairman

Thank you, Mr Chairman. In terms of the long term incentive, we think there's some quite good moves in here. The vesting starts at the 50th percentile but normally in most companies the amount that vests is 50% of the incentive available, and we note that Telecom have reduced this to 40% and then there is a straight line run up to the 85th percentile of the comparative group before full vesting. Again, that is at a higher level than most companies and I think shareholders will see this as a statement of intent on the part of the Board around the previous perception that the Company was at times overly generous, without mentioning anyone by name.

We do have some reservations around the use of total shareholder return as the only measure. We think that is a rather blunt instrument and at times it does not measure the impact that the chief executive or the managing director has if the market as a whole is [against you] or in favour, you tend to go with the flow regardless of your own efforts, and we would like the Board to revisit this in due course and see if they can find a more subtle way of measuring the performance, perhaps with a package of measures, including comparative TSR.

I do have to say that we are opposed completely to the concept of re-testing if the incentive is not met in the first instance. Basically, as it stands, at a point in time if the incentive is not met Mr Moutter would have a further one year to meet that target. I'd be interested in the chair's comments as to the reasons for this. I note that shareholders don't get a second bite at the dividend the following year if they don't get something that satisfies them in the current year. So we would like the Board to reconsider that particular aspect going forward. I don't think we will oppose it at this time but we certainly would if that particular clause was to come up in the future. Thank you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you. Thank you, Mr Hawkins. Firstly, let me assure shareholders -- and it was a definitive signal in terms of the hurdles that we set in relation to these awards to Simon -- that we're not interested giving people excessive rewards for ordinary performance. We expect [up] performance, this Board does. Secondly, in relation to relative TSR as the only hurdle there is no perfect answer to this as we know but by the same token we were faced with a situation where, at least for this year, we're asking Simon to re-set strategy and it's very hard therefore with that in mind to actually think of another relevant hurdle that might make sense from the point of view of long term incentives.

Shareholders will note though that we have not expressed the hurdles for the following two years after this particular grant and will definitely take your comments into consideration, John. In relation to the issue about re-setting, re-setting is not uncommon. Other companies listed on the stock exchange top companies do include it. It is -- re-testing is there as a mechanism to note that sometimes these hurdles, because they are managed at a point in time, certain factors can occur around that time which cause issues.



That said, again we will take what you've said into consideration in relation to the two future awards to be made and I might say generally that the Board continues to have the issue of remuneration structures in Telecom under active consideration and to that end recently we did not approve any increases to the senior leadership teams base remuneration for the coming year. So again hopefully that gives you some comfort that the Board is definitely seriously aligned with shareholders. We absolutely want our people to succeed but to succeed by delivering value for all of you.

Ladies and gentlemen, the poll on the issue of up to 2.5 million shares to Simon Moutter under the performance rights scheme will be conducted at the end of formal business. As was the case with the last resolution neither Simon nor his associates persons may vote unless they have a specifically directed proxy given them express voting directions.

Ladies and gentlemen, we now turn to the part of the meeting where shareholders have the opportunity to raise questions and I open the floor to questions from shareholders.

This gentleman here? Sorry, we'll take number three first. It looks like you're ready.

Unidentified Company Representative

Mr Chairman, [Barbara Baraguana] has a question for you.

Barbara Baraguana Shareholder

My question is about CEO remuneration and incentive performance packages. What more can a man do than his best? A CEO with integrity and intelligence will do his utmost to serve his company, his shareholders and hopefully the customers out there many of whom these days are trying to cope with an income of about NZD25,000 a year. These incentive packages can almost seem like a bribe, as if you're asking him to do more than his utmost. All over the world there is protest, which should not be ignored, about these bonuses, et cetera and we are in financial crisis and it's one of the contributing factors. It's like a big bandwagon that's got rolling everywhere.

So my question is why can't Telecom take leadership in New Zealand? We in New Zealand have taken ethical leadership before and decided on what's right and why can't we say a remuneration package for a CEO of NZD1.35 million is very generous and accept that he will do his utmost? Thank you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you, Barbara. As I've said before let me assure shareholders that we are very attuned to this issue. The amounts that we're talking about are a lot of money but a lot of it is only delivered if value is delivered to you and as I've given you our commitment as a Board we are very focused around that. We've had a number of matters around remuneration under consideration. We've already started on that path.

We've put more into an equity component to better align and it's also very important to ensure that you understand that in order to attract the highest calibre candidates for these jobs we have to offer what is regarded in the market as competitive otherwise they just wouldn't come and they are not jobs that your average New Zealander could undertake. We certainly take your comments very seriously and as I say you have our commitment that we will ensure that the alignment to shareholders interests is there.

Number one?

Unidentified Company Representative

Mr Chairman, Trevor Kenneally has a question.

Trevor Kenneally Shareholder



Thank you and good morning to everyone. Actually I have three questions. The first one is you are looking to address your declining revenues by providing first class customer service and a reliable network and by cost cutting but delivering consistently on the basis is not going to grow earnings if you are simply going to be imitating your competitors products and services in every way. What is your point of difference going to be?

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

You're absolutely right and first and foremost though we have to get the basics right. We have to ensure that our platform to deliver service and products to customers is absolutely first rate and we expect that Simon when he delivers his strategy to us, and that will be communicated early next year, will address some of these issues. We are very focused on looking to where we can grow the top line and not just manage a declining business as Simon said earlier on.

Trevor Kenneally Shareholder

Okay. Content will be a major driver for growth. Will Telecom act as a distribution point only for content and such things as apps, mobile money, digital TV, et cetera or will you develop your own offerings?

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Very good question and that is front and centre in terms of some of the strategic choices that we will have to make and Simon is under no illusions that that is one of the key strategic choice issues that he will have to come forward with a recommendation on. What I can say is whatever we decide in that regard that we have all of the network capability on both fixed and mobile networks to be able to deliver whatever content is made available to New Zealanders and we honestly think that our network superiority will show through.

Trevor Kenneally Shareholder

Thank you and the last one, arguably you are first for business but last in the field when it comes to the youth market. What is your position in the market going forward in regards to the youth market? I notice that you don't provide figures around Skinny. This suggests to me that it's a flop.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Well to answer the last part first, Skinny is definitely not a flop. In fact, we are seeing massive uptake in recent months. What we don't do for competitive reasons is disclose what Skinny is doing in terms of mobile connections as against the rest of the mobile business but to answer your question about youth specifically, I'm going to throw this to Simon.

Simon Moutter - Telecom Corporation of New Zealand Limited - CEO

Skinny really is the first response targeted and it is a market which the Telecom brand itself finds some difficulty reaching into and so Skinny is a very deliberate attempt for the company to present itself to that youth customer base in an extremely different way. It's quite challenging for us boring old farts in corporate suits to get our head around the way they run that business but we let them operate from a different location and an extremely different style and, as Mark emphasised, that is so far working well and we will naturally continue to see where we go in increasing our efforts in reaching to that youth market, who are obviously going to be our customers of the future. So we agree with the need to be there.

Trevor Kenneally Shareholder

Thank you.

Unidentified Company Representative



Mr Chairman, I've got [Gary Jamieson] with a question for you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Mr Jamieson?

Gary Jamieson Shareholder

Yes, hi. Just recently the Company got a rather large fine. If I recall it was something like NZD20 million. What steps is the Company taking to improve its responsibilities under the governing Acts?

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

We have a -- and have had for quite some time, a zero tolerance policy in relation to compliance with statutes such as the Commerce Act. The matter that you refer to, it was a legacy matter that was well over 10 years old and the court gave its judgement in relation to that matter. Telecom has taken the pain and it serves as a salutary message to us and the whole of the management team going forward that we have to maintain focus on legislative compliance.

Gary Jamieson Shareholder

Thank you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Ladies and gentlemen, as there appear to be no further questions we will now conduct -- oh apologies, there is one. Yes? Sorry?

Unidentified Company Representative

Mr Chairman, Bruce Takle from B&B Associates Limited has a question.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Bruce?

Bruce Takle - BNV Associates - Director

To the yak, yak yak again, c'est la vie; just a few little questions, please, I'd like to mention. First of all, you mentioned that the evidence -- sorry, the profits could be down a little bit or could be very flat sort of thing, where we might get NZD0.20 next year for a dividend, I don't know. But just a couple of things I'd like to say to do with that. My friend there, young Kevin Roberts, a good rugby fellow there, Rugby League fellow like myself, talked about the tight five in rugby, tight five. Young Kevin often mentioned about that, a good lad from up north. We've got eight directors. Should we back it back to five? Do we need eight? I mean, it's a small little business now compared to what it was before. Eight back to five and young Kevin, we'll vote for you, Kevin. Secondly, to the lady Barbara (inaudible) she's mentioned about NZD25,000. Well, of course a lot of people are living like that sort of thing. But that's -- such is life. I'm an old fart, as you said over there but I also, I am also a grandfather and I've got six grandchildren and a couple of children and I believe also -- thanks young Kevin, up north by gum -- I believe the young people for the market for, the young people, youth. Now here, come the revolution off with their heads, we've meetings at 10 in the morning. Okay, I was here about five minutes late. I came by the Link bus. But look, most of us have to work during daytime. Why can't we have the meetings at 5:30 or 6:00 after work, at evening and we can have a meeting with a bit of a little food to go with it, something, or if the worst even the weekend? But even now, you're only about 70% full up. We could have a lot more younger people there who people will buy our products, or buy our shares, from but make it that meetings that the young people could come after work.



SEPTEMBER 27, 2012 / 10:00PM GMT, TEL.NZ - Telecom Corp Of New Zealand Ltd Annual General Meeting

Have I got any idea that -- or not? Are you voting for me or not? I'm not too sure but anyway that's what I wanted to say. I mean that from my heart and as young Barbara mentioned, think of the other blokes, not just yourself, come the revolution, off with their heads. Thank you.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

Thank you for those comments. Firstly, in relation to board size, as I said earlier we -- there was quite an exercise that was undertaken to shape the new Board. Unlike what many companies may do, in the case of Telecom and it was the same with Chorus, literally we went back to square one and we actually looked at what capabilities did we need around the table. So there no given in terms of starting positions or incumbency or anything else. We literally started with a fresh piece of paper; what should this look like?

I think we've got the right configuration now. We have got the full skillset and experience that shareholders should want and indeed the total cost of individual director remuneration is actually reduced as compared to what the old Board was. So I think we're configured correctly.

In relation to the meeting time, we are prepared to look at that and we'll look at it for next year. I might add though that young people -- I can certainly speak for my own sons, so I regard myself as an old fart funnily enough. My guys are in their twenties. They do everything online and they participate online. So I don't think it's just a question of meeting time, it's the difference in demographics and what our investor base, particularly of younger smaller shareholders, may look like going forward. And that's something else that we have to consider, just as much as we do in terms of how we deliver to them as a customer set. But I take your point and, as I say, we're very happy to look at the meeting time going forward.

Alright ladies and gentlemen, as there are no further questions we'll now conduct the polls on the matters described -- sorry? Is there one?

Bruce Takle - BNV Associates - Director

Sorry. I know you guys want to get the coffee, tea and buns and things but I'm -- about the directors, surely you have consultants if you have to, you know that you're going to have to take the tight five sort of thing. And the other thing too with the -- as I say, my kids are the same age or slightly older. Grandkids are a bit younger. But if you ask -- have meetings at different times, if you don't ask you don't get. If you don't ask, you don't get, young Kevin told me once. If you don't ask, you don't get. Ask them to come to a meeting after 6:00, you'd be surprised how many might come, okay? Thanks.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

As I've said we'll definitely--

Bruce Takle - BNV Associates - Director

Okay.

Mark Verbiest - Telecom Corporation of New Zealand Limited - Chairman

--look at that for next year.

Ladies and gentlemen, as there are no further questions we will conduct the polls on the matters described in the Notice of Meeting. The Company auditors will act as scrutineers for the polls. Please use the voting paper that accompanied your copy of the Notice of Meeting, which is the same form from which your attendance slip was removed when you entered the meeting room.

Please complete your voting paper by ticking for against or abstained in the appropriate place on the form for each resolution and sign the form. Do not tick the proxy discretion box. If you are having difficulty, please raise your hand and we'll get someone to come and assist you. Ballot boxes and collectors will be available to you at the conclusion of the meeting and are situated at the back of the room and to the side aisles. Voting papers should be placed in the ballot boxes on your way out of the room.



SEPTEMBER 27, 2012 / 10:00PM GMT, TEL.NZ - Telecom Corp Of New Zealand Ltd Annual General Meeting

Ladies and gentlemen, can I thank you for your attendance at our Annual General Meeting. We will announce the results of the polls to the stock exchanges and media after this afternoon. If you have any questions about Telecom products and services then we're only too happy to talk. Our Telecom customer service representatives have a desk outside in the registration area. If you prefer, you can complete the query form that's available at their desk and leave it with the staff and a Telecom person will contact you with -- in relation to any questions that you might have raised.

Thank you again for your attendance today. I now invite you to meet with us, the directors, the leadership team, the auditors and have some light refreshments. They will be served in the room to the left of the foyer as you head towards the front entrance to the building. Once again, can I remind you to sign your voting papers and place them in the ballot boxes on your way out.

Thank you. The meeting will close on completion of the voting procedures. Thank you.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

© 2012 Thomson Reuters. All Rights Reserved.

