

**Minutes of the 2013 Annual Meeting of Shareholders of
Telecom Corporation of New Zealand Limited**

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| Date: | 8 November 2013 |
| Time: | 10.00am |
| Venue: | The Conference Centre, Level 2 Telecom Place, 167 Victoria Street West, Auckland |
| Apologies: | None |

Preliminary

The Chairman, Mr Mark Verbiest:

- thanked shareholders for their attendance and declared the meeting open;
- noted the deliberate changes to the layout and format of the Company's annual meeting to encourage a more direct and engaging conversation with shareholders;
- outlined the meeting agenda;
- introduced the Chief Financial Officer, Chief Executive Officer ("**CEO**") and Directors;
- advised that the Company Secretary had confirmed the notice of meeting had been duly sent to all shareholders and other persons entitled to receive it;
- confirmed that the quorum required for the meeting (of at least two shareholders) was met;
- reported that proxies had been received in respect of approximately 1.2 billion shares, representing over 60% of the total number of shares;
- noted that the Chairman and all other Directors would vote proxies for which they had been given discretion in favour of resolutions 1 to 4 set out in the notice of meeting; and
- noted that the financial statements for the 12 month period to 30 June 2013, together with the auditors' report, were set out in the Company's annual report, which was made available electronically to all shareholders on 23 August 2013.

Chairman's Speech

The Chairman remarked that Telecom unveiled a new strategy and commenced a transformational shift in the 2013 financial year. He stated that this had been driven by a number of market, industry and Telecom-specific factors, and noted the opportunity to tackle the transformation more quickly and decisively now that

Telecom had been freed from the demands of operational separation and the demerger from Chorus.

The Chairman stated that the Board was deeply involved with the CEO and his team in the development of the strategy which is aimed at Telecom becoming a growing New Zealand company and will involve Telecom completing the shift from a traditional fixed and mobile infrastructure Company to a future-oriented, competitive provider of communications, entertainment and IT services.

The Chairman remarked that the commencement of the change programme had been reflected in the Company's 2013 financial year results and then summarised the factors which had negatively impacted the Company's short-term operating margins and revenues in the 2013 financial year. The Chairman commented that the 2014 financial year will not get any easier, but outlined a number of factors which give the Board some confidence that the Company is on the right track.

The Chairman remarked that the Company has been reworking its remuneration approach to do more to incentivise the sort of performance that will be required to deliver truly superior shareholder returns within a three year timeframe. He noted that the Board yesterday agreed to proceed with some targeted one-off performance equity grants to the CEO and other senior Telecom managers, only exercisable in the event they achieve very challenging performance hurdles over the next three years. The Chairman then went on to describe the performance hurdles in more detail.

The Chairman noted his confidence in the CEO and his team, and opined that the Board has developed into a strong, cohesive group with a diverse mix of skills that fully backs the strategy, the CEO and his team.

The Chairman remarked that everything done by the Board is aimed at driving sustainable growth in shareholder value over time. He then reiterated comments made at the Company's full year results announcement that there are still a lot of moving parts in the Company and this makes the provision of EBITDA guidance within a narrow range difficult. The Chairman also stated that, subject to no adverse change in operating outlook, the Board expects to pay a dividend of 16 cents per share for the 2014 financial year.

The Chairman thanked Telecom's management and staff for their ongoing commitment, and thanked shareholders for their continued support and encouraged them to become Telecom customers (if they were not already).

CEO Update

The CEO remarked that when he took on the role of CEO of Telecom, he promised shareholders that he would listen, set a clear strategic direction, and begin to execute it. He stated that he was confident he had delivered on his promises.

The CEO commented that there had been incredible change in the industry and within the Company. He stated that, in line with Telecom's new overall strategy, the Company had adopted a multi-brand strategy. The CEO then discussed the Company's four key strategic priorities:

- Firstly, revolutionise customer experiences. This involves adapting to the new way in which customers want to deal with Telecom, by building an all data 24/7 anytime anywhere network, and transforming Telecom's plans and products.

- Secondly, simplify the business. This involves creating sharper and simplified pricing in broadband and mobile, and a simplified way of working in the business to enable it to be more productive.
- Thirdly, win key markets. This involves having micro-segmented perspective, focussed on increasing the customer base of “big business” (through data centres, cloud, managed networks and ICT through Gen-i), “medium business” (through sophisticated IT offerings through Gen-i), “small and medium business” (through relaunched Telecom Business Hubs), mobile customers (through a Telecom brand refresh), and value conscious customers (through a relaunch of Skinny).
- Lastly, win the future. This involves setting up the business to follow global mega trends through sound investment (for example, through Telecom Digital Ventures) and divestment (for example, Davanti and Auldhouse), a focus on educating customers and technology enablement (for example, Tech in a Sec and Network for Learning), and ongoing network investment (for example, 4G, Ultra Mobile, Ultra Broadband, and nationwide WiFi hotspots).

The CEO observed that no other major company in New Zealand is moving as fast to change and prepare for the future, and noted that there has been a real shift in the pace of the organisation.

The CEO remarked that management has embraced an “owner’s mindset” in terms of decision-making, and noted learnings from other incumbent telecommunications companies with similar journeys to Telecom.

The CEO stated that both cost-out and growth is needed for the Company to succeed long-term and be competitive in the market without compromising shareholder returns.

The CEO concluded by making a personal statement of commitment to shareholders.

Director Updates

The Chairman invited the other Directors to speak briefly about why they serve on the Telecom Board.

Maury Leyland, Charles Sitch and Justine Smyth addressed the meeting first. The Chairman noted that these directors were up for re-election at the meeting and were also speaking in support of their respective elections. Murray Horn, Paul Berriman and Kevin Roberts then addressed the meeting.

Shareholder Discussion

The Chairman invited general questions from the floor.

A shareholder noted that the Telecom share price has been tracking downwards and asked the Chairman whether he was confident that it would start to track upwards again. The Chairman remarked that he would expect to see uplift in the share price as the Company’s overall turnaround/change programme is delivered.

Another shareholder asked about the value of the Southern Cross cable to Telecom, its capacity and pricing. The Chairman responded that the Southern Cross Cable continues to be a good investment for Telecom through the dividend

stream it generates. He also noted that there is a lot of life left in the Southern Cross cable and that there is potential for it to be upgraded in terms of capacity. The CEO added that while prices for the Southern Cross cable have dropped, volumes have increased.

A shareholder questioned whether Telecom has a research and development function that is supporting the Company's renewed focus on products and services (with the sentiment that Telecom is ensuring it is not being wasteful in terms of its resources). The CEO responded that the Telecom Digital Ventures team would be Telecom's equivalent to this function.

A shareholder challenged the length and complexity of the Annual Report. The Chairman responded that Telecom is subject to many different reporting requirements, including due to its registration with the US Securities and Exchange Commission.

A shareholder commented that, as a country, New Zealanders are "obsessed" with borrowing, and sought the Chairman's views on Telecom's borrowing practices. The Chairman responded that Telecom is committed to maintaining an appropriate capital structure for the business, including maintaining Telecom's A-band credit rating and an ability to access debt funding as desired.

A shareholder questioned what is being done by Telecom to engage younger customers using social media. The CEO responded that Telecom is already active on social media and that the Retail business unit has high ambitions for social media use in terms of promoting Telecom and its products and services.

A shareholder questioned Telecom's ability to attract talent, particularly in the IT sector (Xero was used as an example of a Telecom competitor in this regard). The CEO noted that Telecom draws talent from a different pool than Xero because Xero is a IT software developer whereas Telecom's focus is the management and delivery of different IT and telecommunications products and services. He remarked that he was not aware of any difficulty in attracting talent.

A shareholder questioned why, with the recent advent of Auckland's 'Super City', some of the outer areas of Auckland still pay for toll calls. The CEO responded that Telecom's customer base making toll calls from fixed lines is shrinking due to the growth in mobile, and that this is not an issue which is currently being considered given the low priced products available to customers to manage the cost of toll calls.

A shareholder noted that regulation affecting companies is topical given the recent decision of the Commerce Commission in relation to Chorus' copper pricing, and asked the extent of regulation affecting Telecom and whether this holds Telecom back. The Chairman and the CEO responded that the amount of Telecom-specific regulation is fairly minimal, but noted that the input cost disadvantage to which Telecom is subject to as a consequence of the Demerger will continue until the end of next year and that Telecom is also subject to some termination rate rules.

A shareholder also questioned, in relation to the Commerce Commission's decision on Chorus' copper pricing, whether (provided there was no Government intervention) this would be advantageous for Telecom. The CEO responded that Telecom is one of Chorus' largest customers so, in theory, lower Chorus prices could be advantageous for the Company. However, he noted that until there was real certainty around this Telecom would not be able to form an opinion as to whether there would be any real benefit for customers or shareholders.

There were no further questions.

Resolutions

The Chairman then moved to address each of the resolutions, and declared that a poll on each resolution would be conducted at the end of formal business. The Chairman noted that each resolution set out in the notice of meeting is to be considered as an ordinary resolution.

Resolution 1: That the directors are authorised to fix the Auditors' remuneration.

The Chairman briefly outlined the statutory audit fees for the 2013 financial year for Telecom's New Zealand, Australian and other overseas operations. He then confirmed the statutory audit fees for the 2014 financial year for Telecom's New Zealand and Australian related audits.

The Chairman put the resolution that the directors be authorised to fix the auditors' remuneration to the meeting. There were no matters for discussion or questions raised.

Resolution 2: That Ms Maury Leyland is re-elected as a director of Telecom.

The Chairman advised that the Board unanimously supported the re-election of Maury Leyland, and noted that Maury Leyland had earlier addressed the meeting in support of her proposed re-election.

The Chairman put the resolution to the meeting. There were no matters for discussion or questions raised.

Resolution 3: That Mr Charles Sitch is re-elected as a director of Telecom.

The Chairman advised that the Board unanimously supported the re-election of Charles Sitch, and noted that Charles Sitch had earlier addressed the meeting in support of his proposed re-election.

The Chairman put the resolution to the meeting. There were no matters for discussion or questions raised.

Resolution 4: That Ms Justine Smyth is re-elected as a director of Telecom.

The Chairman advised that the Board unanimously supported the re-election of Justine Smyth, and noted that Justine Smyth had earlier addressed the meeting in support of her proposed re-election.

The Chairman put the resolution to the meeting. There were no matters for discussion or questions raised.

Polls

The Chairman asked for the polls on all resolutions to proceed with the Company's auditors, KPMG, acting as scrutineers. The Chairman announced that the meeting would be closed on completion of the voting procedures.

The meeting (except for the vote counting and scrutineering) finished at approximately 11:20am.

The results of the polls were announced to the Exchanges later that day. All resolutions were passed.

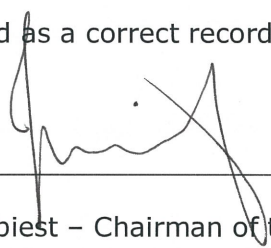
Details of the total number of votes cast in person or by a proxy holder on a poll were:

| Resolution | For | Against | Abstain |
|---------------------------------|---------------------------|----------------------|---------|
| 1. Fix auditors' remuneration | 1,152,524,108 (99.92%) | 909,208 (0.08%) | 617,336 |
| 2. Re-election of Maury Leyland | 1,151,541,038 (99.83%) | 1,910,373 (0.17%) | 599,241 |
| 3. Re-election of Charles Sitch | 1,145,099,492 (99.27%) | 8,387,305 (0.73%) | 563,855 |
| 4. Re-election of Justine Smyth | 1,144,994,378 (99.26%) | 8,495,403 (0.74%) | 560,871 |

Details of the manner in which shareholders directed their proxies to vote at proxy close (and included above) were:

| Resolution | For | Discretionary Board proxies | Discretionary other proxies | Against | Abstain |
|---------------------------------|---------------|-----------------------------|-----------------------------|-----------|---------|
| 1. Fix auditors' remuneration | 1,149,213,157 | 880,742 | 1,333,521 | 875,095 | 615,421 |
| 2. Re-election of Maury Leyland | 1,148,192,252 | 884,968 | 1,334,349 | 1,907,126 | 599,241 |
| 3. Re-election of Charles Sitch | 1,141,736,594 | 893,351 | 1,339,276 | 8,386,638 | 562,077 |
| 4. Re-election of Justine Smyth | 1,141,671,108 | 886,141 | 1,337,349 | 8,462,467 | 560,871 |

Confirmed as a correct record.



 Mr M Verbiest – Chairman of the Meeting

Dated: 6 December 2013