

IMPORTANT NOTICE

The Depository Trust Company



B#: 7636-10
Date: November 17, 2010
To: All Participants
Category: Dividends
From: International Services
Attention: Operations, Reorg & Dividend Managers, Partners & Cashiers
Subject: Tax Relief – Country: New Zealand
Telecom Corporation of New Zealand CUSIP: 879278208
Record Date: 11/18/10 Payable Date: 12/10/10
EDS Cut-Off Date: 11/24/10

Participants can use DTC's Elective Dividend System (EDS) function over the Participant Terminal System (PTS) or TaxRelief option on the Participant Browser System (PBS) web site to certify all or a portion of their position entitled to the applicable withholding tax rate

Questions regarding this Important Notice may be directed to GlobeTax.

Important Legal Information: *The Depository Trust Company ("DTC") does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages.*

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.

Non-Confidential

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Telecom Corporation of New Zealand

has announced a second quarter interim cash dividend in respect to fiscal year 2010. BNY Mellon acts as Depositary for the company's American Depositary Receipt ("ADR") program.

Using DTC's Elective Dividend System ("EDS") function over the Participant Terminal System ("PTS"), Participants may certify all or a portion of their position entitled to the applicable withholding tax rates. Use of EDS will permit entitlement amounts to be paid through DTC.

On ADR pay date, all holders will receive this dividend net of the New Zealand statutory withholding tax of 30% with the possibility to reclaim as outlined in the below Eligibility Matrix:

DIVIDEND EVENT DETAILS	
COUNTRY OF ISSUANCE	NEW ZEALAND
ISSUE	TELECOM CORPORATION OF NEW ZEALAND
CUSIP#	879278208
DEPOSITARY	BNY MELLON
ADR RECORD DATE	11/18/2010
ADR PAY DATE	12/10/2010
ADR GROSS DIVIDEND RATE ON PAY DATE	TBD
ORD GROSS DIVIDEND RATE ON PAY DATE	NZD 0.035
RATIO	5 ORDs : 1 ADR
STATUTORY WHT RATE	30%

ELIGIBILITY MATRIX			
RATE DESCRIPTION	RECLAIM RATE	ELIGIBLE RESIDENTS	DOCUMENTATION REQUIRED
UNFAVORABLE - 30%	0%	NON-TREATY COUNTRIES	NONE
FAVORABLE - 15% RELIEF AT SOURCE	15%	AUSTRALIA, AUSTRIA, BELGIUM, CANADA, CHILE, CHINA, CZECH REPUBLIC, DENMARK, FIJI, FINLAND, FRANCE, GERMANY, INDIA, INDONESIA, IRELAND, ITALY, JAPAN, KOREA (REPUBLIC OF), MALAYSIA, MEXICO, NETHERLANDS, NORWAY, PHILIPPINES, POLAND, RUSSIAN, SINGAPORE, SPAIN, SOUTH AFRICA, SWEDEN, SWITZERLAND, TAIWAN, THAILAND, UNITED ARAB EMIRATES, UNITED KINGDOM, USA	NONE
EXEMPT - 0% RELIEF AT SOURCE	30%	ENTITIES THAT HAVE AN EXEMPTION FROM INCOME TAX STATUS AS INDICATED BY A SIGNED LETTER FROM TE TARI TAAKE	COPY OF EXEMPTION LETTER BY NOVEMBER 24, 2010
FAVORABLE - 15% POST-PAY DATE	15%	AUSTRALIA, AUSTRIA, BELGIUM, CANADA, CHILE, CHINA, CZECH REPUBLIC, DENMARK, FIJI, FINLAND, FRANCE, GERMANY, INDIA, INDONESIA, IRELAND, ITALY, JAPAN, KOREA (REPUBLIC OF), MALAYSIA, MEXICO, NETHERLANDS, NORWAY, PHILIPPINES, POLAND, RUSSIAN, SINGAPORE, SPAIN, SOUTH AFRICA, SWEDEN, SWITZERLAND, TAIWAN, THAILAND, UNITED ARAB EMIRATES, UNITED KINGDOM,	FILING COVER LETTER WITH SPREADSHEET CONTAINING BENEFICIAL OWNER DETAILS
EXEMPT - 0% POST-PAY DATE	30%	ENTITIES THAT HAVE AN EXEMPTION FROM INCOME TAX STATUS AS INDICATED BY A SIGNED LETTER FROM TE TARI TAAKE	FILING COVER LETTER WITH SPREADSHEET CONTAINING BENEFICIAL OWNER DETAILS AND EXEMPTION LETTER

CHARGES & DEADLINES					
FILING METHOD	BATCH	PAYMENT METHOD	DEPOSITARY SERVICE CHARGE	MINIMUM SERVICE CHARGE PER BENEFICIAL OWNER	FINAL SUBMISSION DEADLINE
RELIEF AT SOURCE	PAYMENT ON PAY DATE	EDS	\$0.0035 per ADR	\$0	11/24/2010
LONG FORM	ONGOING	CHECK	\$0.0050 per ADR	\$25	10/14/2014

DESCRIPTION OF VARIOUS DOCUMENTATION			
DOCUMENT NAME	DESCRIPTION	ORIGINAL / COPY	SIGNATURE REQUIREMENT
EXEMPTION LETTER	ISSUED BY THE INLAND REVENUE (TE TARI TAAKE), STATING THE FULL NAME OF THE TAX PAYER AND THAT THE ENTITY QUALIFIES FOR AN EXEMPTION FROM THE INCOME TAX IN NEW ZEALAND.	COPY ACCEPTED	TE TARI TAAKE REPRESENTATIVE
FILING COVER LETTER (SEE PAGE 4)	MUST BE ON DTC PARTICIPANT LETTERHEAD WITH PROPER INDEMNIFICATION, INDICATING SECURITY DETAILS, TOTAL NUMBER OF SHARES CLAIMED, AND BENEFICIAL OWNER SHARES, AS WELL AS RECLAIM RATE	ORIGINAL	DTC PARTICIPANT AUTHORIZED SIGNATORY

All Post-Pay Date Reclaims Filing Long Form:

U.S. residents and non-U.S. residents who have missed the relief at source deadline may file for a “long form” refund by submitting a claim to BNY Mellon / GlobeTax prior to the expiry of the right to claim as indicated above. That period expires four (4) years from the record date in which the dividend was paid. Tax reclaim requests are subject to a statute of limitation in the local market; claims received after the long form deadline indicated above will be filed on a best effort basis at the discretion of BNY Mellon / GlobeTax and success is not guaranteed.

CONTACT DETAILS	
PRIMARY CONTACT	SARAH MARTIN
DOMESTIC PHONE (U.S.)	1-800-915-3536
DOMESTIC FAX (U.S.)	1-800-985-3536
INTERNATIONAL PHONE	1-212-747-9100
INTERNATIONAL FAX	1-212-747-0029
EMAIL ADDRESS	SARAH_MARTIN@GLOBETAX.COM
COMPANY	BNY MELLON / GLOBETAX
STREET ADDRESS	90 BROAD STREET 16 TH FLOOR
CITY/STATE/ZIP	NEW YORK, NY 10004
ADDITIONAL CONTACTS	JENNY LIN

FREQUENTLY ASKED QUESTIONS (FAQs)

GENERAL QUESTIONS

QUESTION	ANSWER
DO I NEED TO SUBMIT A TAX REFUND APPLICATION?	NO. YOUR EDS ELECTIONS WILL BE USED IN PLACE OF THE TRADITIONAL TAX REFUND APPLICATION.
WHICH RESIDENTS ARE CONSIDERED ELIGIBLE?	RESIDENTS WHO HAVE A PERMANENT ADDRESS IN THE COUNTRY OF RESIDENCE WITH A TREATY WITH NEW ZEALAND ON THE PARTICIPANT'S BOOKS AND RECORDS.

RELIEF AT SOURCE QUESTIONS

QUESTION	ANSWER
DO I NEED TO PHYSICALLY SEND ANY DOCUMENTS TO BNY MELLON / GLOBETAX IN ORDER TO PARTICIPATE IN THE RELIEF AT SOURCE PROCESS?	YES, A COPY OF THE EXEMPTION LETTER BY 5PM ON NOVEMBER 24, 2010. ANYTHING RECEIVED AFTER THIS DEADLINE MAY NOT RECEIVE RELIEF AT SOURCE.
WILL I BE PAID THROUGH DTC FOR CLAIMS SUBMITTED THROUGH THE RELIEF AT SOURCE PROCESS?	YES.
ONCE I SUBMIT A RELIEF AT SOURCE CLAIM, HOW LONG WILL IT TAKE TO BE PAID?	RELIEF AT SOURCE CLAIMS ARE PAID ON THE ADR PAY DATE, THROUGH DTC.

LONG FORM QUESTIONS

QUESTION	ANSWER
HOW LONG DOES IT TAKE FOR PAYMENT ON LONG FORM CLAIMS?	APPROXIMATELY 6-8 MONTHS.
DO I NEED TO PHYSICALLY SEND ANY DOCUMENTS TO BNY MELLON / GLOBETAX IN ORDER TO PARTICIPATE IN THE LONG FORM RECLAIM PROCESS?	YES, PLEASE SEE THE ELIGIBILITY MATRIX ON PAGE 1.
DOES THE LONG FORM PROCESS HAVE A MINIMUM POSITION REQUIREMENT PER BENEFICIAL OWNER?	NO, THERE IS A MINIMUM FEE OF \$25 PER BENEFICIAL OWNER PER DIVIDEND PAY DATE.
WHAT WILL THE FEE BE IF A BENEFICIAL OWNER'S CLAIM IS FOR LESS THAN \$50?	AS A COURTESY, BNY MELLON WILL SPLIT THE RECOVERED FUNDS 50/50 FOR ANY BENEFICIAL OWNER RECLAIMING LESS THAN \$50.
WILL I BE PAID THROUGH DTC FOR CLAIMS SUBMITTED THROUGH THE LONG-FORM PROCESS?	NO, YOU WILL BE PAID BY CHECK.

IF PARTICIPANTS DO NOT CERTIFY THROUGH EDS FOR THE FAVORABLE RATES, THEY WILL RECEIVE THE DIVIDEND WITH 30% WITHHELD.

AS PER NEW ZEALAND TAX LAW, BY USING THE EDS FUNCTION, THE PARTICIPANTS CERTIFY THAT THEY WILL BE ABLE TO PROVIDE ADDITIONAL DOCUMENTATION WHEN REQUESTED BY THE NEW ZEALAND TAX AUTHORITY WITHIN THE TIMEFRAMES SPECIFIED DURING AN AUDIT.

FAILURE TO PROVIDE SUCH DOCUMENTATION WILL HOLD THE PARTICIPANTS LIABLE FOR ANY ADDITIONAL TAX, INTEREST, AND/OR PENALTIES.

**COVER LETTER REQUIRED FOR NEW ZEALAND TAX RECLAIM FILINGS
THIS DOCUMENT MUST BE PREPARED ON THE DTC PARTICIPANT'S LETTERHEAD**

[DATE]

BNY Mellon
c/o Globe Tax Services, Inc.
90 Broad Street - 16th Floor
New York, NY 10004 - 2205
Attn: Depositary Services - New Zealand

Enclosed please find withholding tax reclamation documents which we have submitted on behalf of our client (s) who have had excess tax withheld on New Zealand ADRs. We, (**DTC PARTICIPANT NAME**), also identified as DTC participant number (#####), hereby state that each beneficial owner cited below held the respective amount of shares on the ADR record date of **November 18, 2010** for the security **Telecom Corporation of New Zealand**.

Below is the list of beneficial owners and their holdings, which total (**TOTAL NUMBER OF ADRs CITED BELOW**) ADRs. Exemption letters (if applicable) are enclosed. The ratio is **1** ADR to **5** Ordinary Shares. The information is as follows:

<u>Name of Beneficial Owner</u>	<u>Country of Residence</u>	<u># ADRs held</u>	<u># ORD Shares</u>	<u>Refund Amount</u>	<u>% Rate</u>
1.					
2.					
3.					
4. (please attach additional pages if necessary)					

We ask that BNY Mellon, as Depositary, validate these excess withholding tax refund requests for the above-mentioned beneficial owner(s). Please contact the undersigned at (**SIGNATORY'S TELEPHONE NUMBER**) should you have any questions.

Sincerely,

[Signature of authorized DTC participant signatory]

[NAME AND TITLE OF AUTHORIZED DTC PARTICIPANT SIGNATORY]

PAYMENT ADDRESS:

Indemnification

Participants will be fully liable for all withholding taxes and any claims, penalties or interest to the New Zealand Tax Authority, including without limitation, any foreign exchange fluctuations associated with such funds at the time due or payable. BNY Mellon shall not be liable for the failure to secure any refund. This is not tax advice. Please consult your tax advisor.