THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER.

TCNZ FINANCE LIMITED

(incorporated in New Zealand with limited liability)

(the "Company")

NOTICE OF MEETING

to the holders of its

CHF 200,000,000 4.375 per cent. fixed rate notes due 2012 (ISIN CH0043741690)

(the "Notes")

NOTICE IS HEREBY GIVEN that a meeting (the "Meeting" of holders of the Notes (the "Noteholders") convened by the Company will be held at the offices of Clifford Chance LLP at 10 Upper Bank Street, Canary Wharf, London E14 5JJ commencing at 11:45 a.m., London time, on 22 September 2011. The Meeting is being convened for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the trust deed dated 17 March 2000 (as supplemented from time to time) between the Issuer, the Guarantors and The Law Debenture Trust Corporation p.l.c. as trustee for the Noteholders (the "Trustee") in respect of the Notes (the "Trust Deed"), and constituting the Notes. Capitalised terms used but not defined in this Notice have the meanings given to them in the Trust Deed or the terms and conditions of the Notes (the "Conditions") contained in the First Schedule to the Trust Deed.

EXTRAORDINARY RESOLUTION

"That this meeting of the holders of the CHF 200,000,000 4.375 per cent. fixed rate notes due 2012 (ISIN CH0043741690) (the "Notes") issued by TCNZ Finance Limited (the "Company") and constituted by the trust deed dated 17 March 2000 (as supplemented from time to time) (the "Trust Deed") made by, among others, the Company in its capacity as issuer and the Law Debenture Trust Corporation p.l.c. as trustee (the "Trustee") for the Noteholders, hereby:

- 1. assents to the modification of the Conditions in the form set out in the draft supplemental trust deed presented to this Meeting (the "Supplemental Trust Deed") to provide for the insertion of an additional Condition obliging the Issuer to redeem all, but not some only, of the Notes on or prior to the Compulsory Early Redemption Date (as defined in the Supplemental Trust Deed) by giving no less than five Business Days' notice to the Noteholders in accordance with the notice provisions set out in the Supplemental Trust Deed, at an amount determined by reference to a fixed spread of 0 basis points (the "Fixed Spread Amount") above the Benchmark Rate calculated in the manner set out in the Supplemental Trust Deed together with accrued and unpaid interest on the Notes from, and including, the immediately preceding interest payment date for the Notes to, but excluding, the date fixed for early redemption. Capitalised terms used in this paragraph and not otherwise defined shall have the meanings given to them in the Supplemental Trust Deed;
- 2. sanctions every abrogation, modification or compromise of, or arrangement in respect of, the rights of the Noteholders appertaining to the Notes against the Company and the Guarantors, whether or not such rights arise under the Trust Deed, involved in or resulting from or to be effected by, the modifications referred to in paragraph 1 of this Extraordinary Resolution and its implementation;
- 3. waives any Event of Default (as defined in the Conditions) which may arise during the period between the date of the Meeting and the Compulsory Early Redemption Date as a result of the proposed Demerger (as defined in the Supplemental Trust Deed);

- 4. authorises, directs, requests and empowers the Trustee to:
 - (a) concur in the modifications referred to in paragraph 1 of this Extraordinary Resolution and, in order to give effect to and implement such modifications, on or shortly after the passing of this Extraordinary Resolution to execute the Supplemental Trust Deed in the form of the draft produced to this meeting and signed by the chairman of the meeting for the purpose of identification, with such amendments (if any) as may be requested by the Company and approved by the Trustee, in its sole discretion, or required by the Trustee; and
 - (b) concur in, and execute and do all such other deeds, instruments, acts and things as may be necessary, desirable or expedient, in the sole discretion of the Trustee, to carry out and give effect to this Extraordinary Resolution and the implementation of the modifications referred to in paragraph 1 of this Extraordinary Resolution;
- 5. discharges and exonerates the Trustee from all liability for which it may have become or may become responsible under the Trust Deed or the Notes or otherwise in respect of any act or omission in connection with this Extraordinary Resolution or its implementation; and
- 6. declares that the implementation of the modifications described in paragraph 1 of this Extraordinary Resolution shall be in all respects conditional upon granting of the Final Orders (as defined in the Supplemental Trust Deed) by the High Court of New Zealand on or before 31 December 2011."

Background

The Company has convened the Meeting for the purpose of enabling Noteholders to consider and resolve, if they think fit, to pass the Extraordinary Resolution proposed in relation to the Notes.

In March 2009, the New Zealand Government announced its Ultra Fast Broadband ("UFB") initiative. The essence of the UFB initiative is to create partnerships between the New Zealand Government and private investors to deploy fibre network infrastructure. On 24 May 2011, the New Zealand Government announced that it had concluded negotiations with Telecom Corporation of New Zealand Limited ("Telecom") for its business unit "Chorus" to take a cornerstone role in the UFB initiative. Under the terms of the agreement "Chorus" is required to become a new, separately listed company to be known as Chorus Limited completely independent of Telecom (the "Demerger").

The Demerger will be implemented by way of a scheme of arrangement approved by the High Court of New Zealand. The implementation of the Demerger requires, among other things, that Telecom obtain approval of 75% or more of Telecom shareholders entitled to vote and voting on the arrangement. Assuming the Demerger proceeds, it will be implemented through the transfer of all of the Chorus Limited shares held by Telecom to eligible Telecom shareholders.

The Demerger could result in an Event of Default under the Conditions of the Notes and the Issuer is therefore seeking the approval of Noteholders to a waiver of any such Event of Default. At the same time, the Issuer is seeking the approval of Noteholders to pass an Extraordinary Resolution providing for the insertion of a new condition obliging the Issuer to redeem all, but not some only, of the Notes on or before the Compulsory Early Redemption Date (conditional upon the granting of Final Orders by the High Court of New Zealand in connection with the Demerger). The terms applicable to these proposals are set out in a consent solicitation memorandum dated 31 August 2011 (the "Consent Solicitation Memorandum"). Copies of the Consent Solicitation Memorandum are available upon request from the Tabulation Agent and the Swiss Proxy Agent.

The Trustee has not been involved in the formulation of the Extraordinary Resolution and the Trustee expresses no opinion on the merits of the Extraordinary Resolution or as to whether Noteholders would be acting in their best interests in approving the Extraordinary Resolution, and nothing in this Notice should be construed as a recommendation to Noteholders from the Trustee to vote in favour of, or against, the Extraordinary Resolution. Noteholders should take their own independent financial and legal advice on the merits and on the consequences of voting in favour of, or against, the Extraordinary Resolution, including as to any tax consequences. On the basis of the information set out in this Notice and the Consent Solicitation Memorandum, the Trustee has authorised it to be stated that the Trustee has no objection to the Extraordinary Resolution being put to Noteholders for their consideration.

General

Copies of (i) this Notice; (ii) the Consent Solicitation Memorandum; and (iii) the current draft of the Supplemental Trust Deed in respect of the Notes as referred to in paragraph 1 of the Extraordinary Resolution, are also available for inspection by Noteholders (a) on and from the date of this Notice up to and including the date of the Meeting, at the specified offices of the Tabulation Agent, the Swiss Proxy Agent and the Principal Swiss Paying Agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the Meeting and (b) at the Meeting and at the offices of Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ for 15 minutes before the Meeting. Any revised version of the draft Supplemental Trust Deed made available as described above and marked to indicate changes to the draft made available on the date of this Notice will supersede the previous draft and Noteholders will be deemed to have notice of any such changes (subject to no such amendment being permissible at any time after 12.45 p.m. (CET) on the fourth Business Day immediately preceding the date set for the Meeting).

The attention of Noteholders is particularly drawn to the procedures for voting, quorum and other requirements for the passing of the Extraordinary Resolution at the Meeting or any meeting held following any adjournment of the Meeting, which are set out in "Voting and Quorum" below. Having regard to such requirements, Noteholders are strongly urged either to attend the Meeting or to take steps to be represented at the Meeting (including by way of submitting Early Voting Instructions in accordance with the procedures set out in the Consent Solicitation Memorandum) as soon as possible.

Voting and Quorum

Noteholders who have submitted and not revoked (in the limited circumstances in which revocation is permitted) a valid Early Voting Instruction, by which they have given instructions for the appointment of one or more representatives of the Tabulation Agent as their proxy to vote in favour of the Extraordinary Resolution to be proposed at the Meeting and any meeting held following any adjournment of the Meeting, need take no further action to be represented at the Meeting or any such adjourned meeting. Noteholders who have not submitted or have submitted and subsequently revoked an Instruction should take note of the provisions set out below detailing how such Noteholders can attend or take steps to be represented at the Meeting (references to which, for the purpose of such provisions, include, unless the context otherwise requires, any meeting held following any adjournment of such Meeting).

The provisions governing the convening and holding of a meeting of the Noteholders are set out in Third Schedule to the Trust Deed, a copy of which is available for inspection by the Noteholders as referred to above.

Each person (a "beneficial owner") who is the owner of a particular principal amount of the Notes through SIX SIS AG or a person who is shown in the records of SIX SIS AG as a holder of the Notes (a "Direct Participant"), should note that the Notes are held by SIX SIS AG. A beneficial owner will only be entitled to attend and vote at the Meeting in accordance with the procedures set out below and where a beneficial owner is not a Direct Participant it will need to make the necessary arrangements either directly or with the other intermediary through which it holds its Notes for the Direct Participant to complete these procedures on its behalf.

The Swiss Proxy Agent will provide information on the Consent Solicitation to the Swiss banking system as depositary banks for further instruction to Swiss investors. The depositary banks will block the Notes of the Noteholders which have submitted a Voting Instruction and deliver the instructions to the Swiss Proxy Agent. The Swiss Proxy Agent will collect such Voting Instructions and the deliver the aggregate voting instructions to the Tabulation Agent. Investors who hold their Notes through SIX SIS AG should contact the Swiss Proxy Agent for further information.

1. A Noteholder who wishes to attend and vote at the Meeting and any adjourned such Meeting in person must produce at the Meeting a valid Voting Certificate or Certificates issued by a Direct Participant.

A Noteholder may obtain a Voting Certificate in respect of its Notes from a Direct Participant by arranging for its Notes to be blocked in an account with the Direct Participant (unless the Note is the subject of a block voting instruction which has been issued and is outstanding in respect of the Meeting or any adjourned such Meeting) not less than 48 hours (as defined in the Trust Deed) before the time fixed for the Meeting (or, if applicable, any adjourned such Meeting) upon terms that the Notes will not cease to be so blocked until the first to occur of the conclusion of the Meeting or any adjourned such Meeting and the surrender of the Voting Certificate to the Direct Participant.

A Noteholder not wishing to attend and vote at the Meeting in person may either deliver the Voting Certificate(s) to the person whom it wishes to attend on its behalf or give a voting instruction in accordance with the standard procedures of the Direct Participant to, and require the Direct Participant to, include the votes attributable to its Notes in a block voting instruction issued by the Direct Participant for the Meeting or any adjourned such Meeting, in which case the Direct Participant shall appoint a proxy to attend and vote at the Meeting in accordance with such Noteholder's instructions.

If a Noteholder wishes the votes attributable to its Notes to be included in a block voting instruction for the Meeting or any adjourned such Meeting, then (i) the Noteholder must arrange for its Notes to be blocked in an account with the Direct Participant for that purpose and (ii) the Noteholder or a duly authorised person on its behalf must instruct a Direct Participant as to how those votes are to be cast in accordance with the procedures of the Clearing Systems, not less than 48 hours before the time fixed for the Meeting (or, if applicable, any adjourned such Meeting) and within the time limit specified by the Direct Participant upon terms that the Notes will not cease to be so blocked until the first to occur of (i) the conclusion of the Meeting or any adjourned such Meeting and (ii) not less than 48 hours before the time for which the Meeting is convened, the notification in writing of any revocation of a Noteholder's previous instructions to the Direct Participant, and the same then being notified in writing by the Direct Participant to the Issuer at least 24 hours (as defined in the Trust Deed) before the time appointed for holding the Meeting and such Notes ceasing in accordance with the procedures of the Direct Participant and with the agreement of the Direct Participant to be held to its order or under its control, and that such instruction is, during the period commencing 48 hours prior to the time for which the Meeting or any adjourned such Meeting is convened and within the time limit specified by the Direct Participant and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment.

2. The quorum required for the Meeting is one or more persons present holding Voting Certificates or being proxies or representatives and holding or representing in the aggregate not less than two-thirds of the aggregate nominal amount of the Notes for the time being outstanding. In the event such quorum is not obtained at the Meeting, the Meeting will be adjourned for not less than 13 clear days nor more than 42 clear days (subject to a notice period of at least 10 clear days). At any adjourned Meeting any one or more persons present holding Voting Certificates or being proxies or representatives and holding or representing at least one-third of the aggregate nominal amount of outstanding Notes will form a quorum.

Voting Certificates obtained and voting instructions given in respect of the Meeting in accordance with the procedures of the Clearing Systems, including pursuant to an Early Voting Instruction, (unless revoked in accordance with the procedures of the Clearing Systems) shall remain valid for such adjourned Meeting.

- 3. Every question submitted to a Meeting shall be decided in the first instance by a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Company, Telecom Corporation of New Zealand Limited, the Trustee or any person present holding a Voting Certificate or being a proxy or representative. On a show of hands every person who is present in person and produces a Voting Certificate or is a proxy or representative shall have one vote. On a poll every person who is so present shall have one vote in respect of each CHF 5,000 in nominal amount of Notes represented by the Voting Certificate so produced or in respect of which he or she is a proxy or representative.
- 4. In the case of equality of votes, the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder and/or as a proxy and/or as a representative.
- 5. To be passed at the Meeting, the Extraordinary Resolution requires a majority of consisting of not less than three-fourths of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll. If passed, the Extraordinary Resolution shall be binding on all Noteholders, whether or not present or represented at the Meeting at which it is passed and whether or not voting.

This Notice is given by TCNZ Finance Limited.

Noteholders should contact the following for further information:

The Dealer Managers

Citigroup Global Markets Limited

Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom

Tel: +44 207 986 8969

Attention: Liability Management Group email: liabilitymanagement.europe@citi.com

Credit Suisse Securities (Europe) Limited

One Cabot Square London E14 4QJ United Kingdom Tel: +44 20 7883 9198

Attention: Liability Management Group

email: liability.management@credit-suisse.com

The Swiss Proxy Agent

Credit Suisse AG Uetlibergstrasse 231 8070 Zurich Switzerland Tel: +41 44 333 49 73

+41 44 333 28 86

Attention: Transaction Advisory Group email: walter.huni@credit-suisse.com

joerg.nubbemeier@credit-suisse.com

The Tabulation Agent

Citibank, N.A. Citigroup Centre, Canada Square Canary Wharf London E14 5LB United Kingdom

Tel: +44 (0) 20 7508 3867 email: exchange.gats@citi.com

The Principal Swiss Paying Agent

The Royal Bank of Scotland NV, Amsterdam, Zurich Branch Lerchenstrasse 24 P.O. Box 2921 CH-8022 Zurich Switzerland

Tel: +41 44 286 12 09 Fax: +41 44285 56 18

email: katrin.aberegg@rbs.com

Dated: 31 August 2011