



MEDIA RELEASE

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SALARY FREEZE FOR TELECOM EXECS

Telecom New Zealand's CEO Paul Reynolds has announced today that Telecom's executive team, and most senior managers, will not receive pay increases this year, as the company sharpens its focus on managing costs in the current economic environment.

"Our executive team has unanimously agreed that this is a prudent and appropriate step," said CEO Paul Reynolds. "This salary freeze compliments our other initiatives to control costs, such as a significant reduction in consultant and contractor spend, the closure of Ferrit and the recently-announced proposal to increase off-shoring."

"While the impact of the economic recession on Telecom has been modest to date, we are starting to see signs of a slowdown in our customer facing business units. In this environment Telecom has a responsibility to marshal its resources carefully.

"In short, we have a responsibility to trim costs where we can, while preserving our investment programme and focusing our expenditure on delivering excellent customer service," Dr Reynolds said.

Dr Reynolds said that for other employees any pay increases over the next year are expected to be much lower than in previous years.

"The available pool of funding for our annual remuneration reviews has to be decreased in line with our overall priorities," Dr Reynolds said.

“In practice, this means any pay increases during this period are likely to be concentrated more in the frontline operational and customer delivery areas, and our lower paid staff.”

Today’s announcement covers Telecom’s leadership team in New Zealand and in Australia.

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