



TELECOM SEPARATION PLAN

**As provided to the Minister of
Communications on 19 December 2007 in
accordance with section 69J(3) of the
Telecommunications Act 2001**

- 1 Telecom is pleased to provide its amended separation plan in accordance with section 69J(3)(a) of the Telecommunications Act 2001.
- 2 Telecom's separation plan comprises the attached Undertakings.
- 3 Telecom is committed to meeting the implementation timeframes for these Undertakings. This means that the key operational requirements of the Undertakings, including the establishment of the ANS Unit, will be implemented by 31 March 2008, with the majority of the remaining operational requirements implemented by 1 July 2008.
- 4 In accordance with the Minister's determination, Telecom has sought an extension of the implementation timeframes for three matters:
 - (a) trading arrangements – the Undertakings require Telecom to implement internal trading arrangements for all Relevant Services that are supplied by the ANS Unit or the Wholesale Unit to another Telecom Business Unit. Because Telecom does not currently operate internal trading arrangements, implementing these arrangements will be a significant exercise – services will need to be identified, and appropriate terms of supply established. Telecom proposes focusing first on implementing trading arrangements for those Relevant Services that it provides Access Seekers and Telecom Business Units with. This will provide the necessary transparency for services that both Access Seekers and Telecom use. These trading arrangements will be in place by 1 July 2008. Telecom will use its best endeavours to implement trading arrangements for Relevant Services that the ANS Unit and the Wholesale Unit only provide to Telecom Business Units as soon as possible, but by no later than 31 December 2008;
 - (b) arrangements with contractors and agents – the Undertakings require Telecom to put in place arrangements to ensure that each of its subsidiaries, and all of their officers, Employees, agents and contractors (including those persons who operate any of Telecom's assets, perform functions or carry out activities in respect of Relevant Services that would otherwise be done by Telecom) comply with the Undertakings. Telecom has a large number of policies, agreements and other arrangements in place with these people, and it will be a significant task to review and update these arrangements. Telecom will use its best endeavours to put these arrangements in place as soon as possible, but by no later than 31 December 2008. If, despite Telecom using its best endeavours, it would be impractical or unreasonably expensive to put an arrangement in place by 31 December 2008, the Commission may agree a date after 31 December 2008 by which the arrangement must be in place, so long

as that later date does not undermine a robust operational separation of Telecom; and

- (c) service configuration systems – Telecom has a number of service configuration systems that contain information from across Telecom. These systems are complex, and were designed as integrated systems for Telecom as an integrated company. Some of Telecom’s service configuration systems were not designed to partition information from different areas in Telecom, and upgrading them to limit disclosure to or access by Employees in the ordinary course of providing customer service (except as expressly permitted by the Undertakings) will be complex and time consuming. Telecom has committed that, from Separation Day, information in those systems will only be used in accordance with the Undertakings. By 31 December 2009, Telecom’s service configuration systems will be upgraded so that they do not disclose ANS Unit and Wholesale Unit Customer Confidential Information to an Employee in the ordinary course of providing customer service, except as permitted by the Undertakings.