

TCNZ FINANCE LIMITED ANNOUNCES CONSENT SOLICITATION

31 August 2011

TCNZ Finance Limited acting through its Bermudan branch (the "**Issuer**") announces a consent solicitation in respect of its CHF 200,000,000 4.375 per cent. Notes due 2012 (ISIN CH0043741690) (the "**Notes**")

The Consent Solicitation is being made on the terms, and subject to conditions, contained in the consent solicitation memorandum dated 31 August 2011 (the "**Consent Solicitation Memorandum**"). Capitalised terms used in this announcement have the same meanings ascribed to them in the Consent Solicitation Memorandum.

The Issuer is soliciting consents (the "**Consent Solicitation**") from the holders of the Notes to pass an Extraordinary Resolution (the "**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 date falling 30 days after the granting of Final Orders in respect of the Demerger (as defined below) (the "**Compulsory Early Redemption Date**") by giving no less than five Business Days' notice to the holders of the Notes in accordance with the terms and conditions of the Notes (the "**Conditions**").

The Early Redemption Amount would be determined by reference to a fixed spread of 0 basis points above the Benchmark Rate, as calculated at or around 3.00 p.m. CET on the fourth Business Day prior to the date fixed for redemption. Accrued and unpaid interest on the Notes from, and including, the immediately preceding interest payment date for the Notes up to, but excluding, the date fixed for redemption will also be paid.

The Extraordinary Resolution will also provide for the waiver of 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 below).

The meeting (or any adjourned such meeting (the "**Meeting**")) to consider and if thought fit pass the extraordinary resolution will be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ at 11.45 a.m. (London time) on 22 September 2011. The Meeting has been convened pursuant to a notice of meeting dated 31 August 2011 (the "**Notice of Meeting**").

The deadline for submission of voting instructions is 12.45 p.m. (CET) on 20 September 2011 (the "Voting Deadline") and the Early Submission Deadline will be 5.00 p.m. (CET) on 14 September 2011, unless extended, re-opened or terminated as provided in this consent solicitation memorandum.

Holders of the Notes may, subject to (i) the delivery of a valid Early Voting Instruction in favour of the Extraordinary Resolution prior to the Early Submission Deadline, (ii) the Extraordinary Resolution being passed at the Meeting, (iii) and the satisfaction of certain other conditions, be entitled to receive an additional cash payment (the "**Early Consent Fee**") equal to CHF 25 per CHF 5,000 in aggregate principal amount of Notes, in respect of which such Early Voting Instruction is given.

The redemption of the Notes in the event that the Extraordinary Resolution is passed, is conditional upon the satisfaction of certain Consent Transaction Conditions, including the granting of Final Orders in respect of the Demerger by the High Court of New Zealand. Provided that the relevant conditions are satisfied or (where applicable) waived, the Issuer will redeem the Notes shortly after completion of the Demerger and, in any event, before the Compulsory Early Redemption Date.

Rationale

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 Consent Solicitation is being carried out in order to allow Telecom to manage the debt profiles of the Telecom and Chorus businesses following the Demerger. Implementation of the Demerger could also result in an Event of Default under the Conditions of the Notes and the Issuer is therefore seeking the approval of Noteholders to waive any such Event of Default. The Issuer has convened the Meetings 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.

Participating in the Consent Solicitation

Only Noteholders who (i) deliver, or arrange to have delivered on their behalf, valid Early Voting Instructions in favour of the Extraordinary Resolution by the Early Submission Deadline and (ii) do not seek to attend the Meeting (or any adjourned Meeting) in person or make any other arrangements to be represented at the Meeting, will be eligible for the Early Consent Fee.

Any Noteholder that separately seeks to appoint a proxy to vote at the Meeting (or any adjourned Meeting) on its behalf or attends the Meeting (or any adjourned Meeting) in person or makes other arrangements to be represented at the Meeting will not be eligible for the Early Consent Fee, irrespective of whether such Noteholder has delivered an Early Voting Instruction, or voted in favour of the Extraordinary Resolution.

Payment of the Early Consent Fee is conditional on the satisfaction (or waiver) of the Consent Transaction Conditions described in the Consent Solicitation Memorandum.

For further information:

A complete description of the procedures in relation to the Meetings, and the text of the proposed Extraordinary Resolution, is set out in the Notice of Meeting and the Consent Solicitation Memorandum.

Further details about the transaction can be obtained from:

The Dealer Managers:

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom
Tel: +44(0) 207 986 8969
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

Copies of the Consent Solicitation Memorandum and the Notice of Meeting are available to eligible persons upon request from the Tabulation Agent.

The Dealer Managers do not take responsibility for the contents of this announcement and none of the Issuer, the Guarantors, the Dealer Managers, the Swiss Proxy Agent, the Tabulation Agent, or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Consent Solicitation, or any recommendation as to whether holders of Notes should vote in respect of the Extraordinary Resolution. This announcement must be read in conjunction with the Consent Solicitation Memorandum and the Notice of Meeting. This announcement, the Notice of Meeting and the Consent Solicitation Memorandum contain important information, which should be read carefully before any decision is made with respect to the Consent Solicitation. If any holder of Notes is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

Jurisdictional Restrictions:

This announcement and the Consent Solicitation Memorandum do not constitute an invitation to participate in the Consent Solicitation in or from any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful under applicable securities laws. The distribution of the Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Consent Solicitation Memorandum comes are required by each of the Issuer, the Dealer Managers, the Swiss Proxy Agent and the Tabulation Agent to inform themselves about and to observe, any such restrictions.