

TRISTAN GILBERTSON
Group General Counsel & Company Secretary



23 November 2011

Company Announcements Office
Australian Securities Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

SUBSTANTIAL SECURITY HOLDER – CHORUS LIMITED

1. We **enclose** a substantial security holder notice by Telecom Corporation of New Zealand Limited ("**Telecom**") in respect of Chorus Limited ("**Chorus**").
2. Chorus is currently a wholly-owned subsidiary of Telecom and has 100 ordinary shares on issue. Telecom acquired the ordinary shares in Chorus upon Chorus' incorporation on 1 July 2011.
3. Although the demerger of Chorus by Telecom is not scheduled to complete until 30 November 2011, the official quotation and deferred settlement trading of Chorus ordinary shares commenced on the ASX on 21 November 2011 and on the NZSX today.
4. As a result of the above, the substantial security holder notification regime under the Securities Markets Act 1988 (New Zealand) has commenced in respect of Chorus. Telecom is filing a substantial security holder notification because Telecom will hold legal and beneficial title to all of the ordinary shares in Chorus until the demerger of Chorus by Telecom on 30 November 2011. Following the demerger, Telecom will not hold a relevant interest in Chorus shares.

Yours faithfully,

Tristan Gilbertson
Group General Counsel & Company Secretary

Disclosure of beginning to have substantial holding

Section 22, Securities Markets Act 1988

To: NZX Limited

And: Chorus Limited

Date this disclosure made: 23 November 2011

Substantial security holder(s) giving disclosure

Name(s): Telecom Corporation of New Zealand Limited

Contact details: Tristan Gilbertson (Group General Counsel & Company Secretary), phone: +64 9 358 6935, email: company.secretary@telecom.co.nz

Date on which substantial security holder(s) began to have substantial holding: 23 November 2011 (upon Chorus Limited becoming a public issuer)

Summary of substantial holding to which disclosure relates

Class of listed voting securities: ordinary shares

Summary for: Telecom Corporation of New Zealand Limited

For this disclosure,—

- (a) total number held in class: 100
- (b) total in class: 100
- (c) total percentage held in class: 100%

Details of relevant interests currently in substantial holding

Details for: Telecom Corporation of New Zealand Limited

Nature of relevant interest(s): Registered holder and beneficial owner of securities. No relevant agreement or document is attached because the exemption in regulation 13 of the Securities Markets (Substantial Security Holders) Regulations 2007 applies.

For that relevant interest,—

- (a) number held in class: 100
- (b) percentage held in class: 100%
- (c) current registered holder(s) of securities: Telecom Corporation of New Zealand Limited
- (d) registered holder(s) of securities once transfers registered: Not applicable

Details of transactions and events giving rise to person beginning to have substantial holding

Details of the transactions or other events requiring disclosure under the instructions to this form:

Chorus Limited ("Chorus") is currently a wholly-owned subsidiary of Telecom Corporation of New Zealand Limited ("Telecom"). Until the demerger of Chorus by Telecom on 30 November 2011, Telecom will hold legal and beneficial title to all of the ordinary shares in Chorus. Following the demerger Telecom will not hold a relevant interest in Chorus shares.

Additional information

Nature of connection between substantial security holders: Not applicable

Address(es) of substantial security holder(s): Level 2, Telecom Place, 167 Victoria Street West, Auckland, 1142, New Zealand

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Act in relation to the securities to which this disclosure relates: Not applicable

Declaration

I, Tristan Gilbertson, declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.