



MEDIA RELEASE

1 December 2011

Demerger of Chorus completed

Today's demerger of Chorus from Telecom New Zealand marks the creation of a stand-alone company focused on bringing fibre closer to more New Zealanders than ever before.

"Working together with communities and telecommunications providers, Chorus will develop the network and services to underpin New Zealand's fibre future," said Chorus CEO Mark Ratcliffe.

Chorus has been chosen by the Crown to build the Ultra-fast Broadband (UFB) network to 830,000 urban premises, as well as extend fibre further into rural New Zealand through the Rural Broadband Initiative (RBI).

By July next year, Chorus will have run the new UFB network past more than 43,000 homes, health facilities and businesses, as well as connect some 700 schools included within its first year UFB and RBI deployment plans.

Since March 2008, Telecom and Chorus have been operating as two operationally separate business units. "We're transitioning from being a Telecom business unit to a trusted supplier, maintaining and building the network which allows all Retail Service Providers to deliver the services their customers rely on," said Ratcliffe.

Chorus has today also established a European Medium Term Note programme. Under this programme, GBP235 million of Chorus bonds were exchanged for Telecom bonds. These Chorus bonds are listed on the Luxembourg Stock Exchange and mature in 2020 with a coupon rate of 6.75% per annum.

In addition, Chorus has also confirmed the appointment of its new Chairman, Board members and Executive Team from today, 1 December 2011.

As announced on 31 August 2011, Sue Sheldon has become Chairman, and she is joined on the board by new appointees Prue Flacks, Jon Hartley, Keith Turner, Anne Urlwin and Clayton Wakefield.

Mark Ratcliffe will continue his role as Chorus CEO, Andy Carroll has been appointed CFO, and he is joined on the Executive team by Ed Beattie, Sara Broadhurst, Victoria Crone, Chris Dyhrberg, Vanessa Oakley, Ewen Powell and Nick Woodward.

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Visit Chorus' website to learn more about the company and its UFB and RBI rollout:
<http://www.chorus.co.nz/>

Chorus' online map outlining its UFB candidate areas, the first year deployment plans and its business fibre area can be viewed at: <http://www.chorus.co.nz/ournetwork>

For further information:

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