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Companies Announcement Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney, NSW 2000
Australia

25 February 2013

Dear Sir/Madam,

CHORUS HALF YEAR RESULT: SUPPLEMENTARY DOCUMENTS

Further to the filing of the Appendix 4D, please find attached the following documentation for release to the market:

1. Media Release
2. Investor Presentation
3. NZX Appendix 1
4. NZX Appendix 7
5. Dividend Reinvestment Plan Offer Document

These documents will also be released to the New Zealand Stock Exchange (NZSX).

Yours sincerely

A handwritten signature in blue ink, appearing to read "Vanessa Oakley".

Vanessa Oakley
General Counsel & Company Secretary
Chorus Limited



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STOCK EXCHANGE ANNOUNCEMENT

25 February 2013

Chorus announces interim FY13 result

\$84m NPAT and 10cps dividend for six months

Updated CAPEX guidance for FY13 and UFB communal CAPEX

Chorus Limited today reported its financial result for the six months to 31 December 2012.

The fixed line communications infrastructure company reported net earnings before interest, tax, depreciation and amortisation (EBITDA) of \$331 million for the period, and a net profit of \$84 million after tax (NPAT).

The company's sound underlying earnings result is attributed to good growth in fixed line and broadband connections. Chorus reports growth of 10,000 fixed line connections to 1,793,000, and 36,000 new broadband connections to total 1,076,000. There was also 50% growth in fibre connections to 15,000.

Chorus Chief Executive, Mark Ratcliffe said that this demonstrated New Zealanders' demand for higher performing broadband services to meet their developing online needs.

While Chorus' earnings result is pleasing, Ratcliffe also said that the company faces challenging headwinds in its efforts to build New Zealand's fibre future.

"While we have made progress and reduced deployment costs for about 90% of our ultra fast broadband build areas, we did not anticipate the extreme costs in the remaining 10% of areas. This is specifically because of the significant variability in regional compliance requirements and civil work that is driving up the cost per premises passed," he said.

As a consequence of higher than expected costs in its Ultra-Fast Broadband (UFB) programme, Chorus updated its capital expenditure guidance:

- FY13 Gross CAPEX increased from \$560-\$610 million to \$640-\$690 million
- Total UFB communal CAPEX increased from \$1.4-\$1.6 billion to \$1.7-1.9 billion
- FY13 average cost per premises passed increased from \$2,500-\$2,700 to \$2,900-\$3,200

"We're on track to deliver fibre past 149,000 premises by 30 June 2013 and continue to introduce a steady stream of initiatives to gain operational and cost efficiencies across the UFB and RBI programmes. We are also rigorously pursuing alternative deployment approaches in particular areas to address the high cost of civil work," Ratcliffe said. Fibre related investment, principally for UFB and the Rural Broadband Initiative (RBI), accounted for \$290 million of capital expenditure for the six months, which is 85% of Chorus' gross capital expenditure for the six months to 31 December.

The company also faced on-going challenges with the current regulatory environment. Commenting on the recent Government announcement to bring forward the regulatory framework review, Ratcliffe said; "This is a positive step for the industry and for New Zealand, though there is a rigorous process to go through before we know the final outcomes."

"We're seeking a clearer, more aligned regulatory environment that delivers the right incentives to encourage the transition to our fibre network, and help New Zealand realise the productivity and economic benefits UFB and RBI can deliver," Ratcliffe said.

The Chorus Board approved a fully imputed interim dividend of 10.0 cents per share to be paid on 12 April 2013.

Following the 8 February announcement from the Minister of Communications and Information Technology, Chorus considers that it has sufficient near term certainty to announce its FY14 dividend guidance of a fully imputed dividend of 25.5 cents per share (subject to there being no material adverse change in circumstances, operating outlook or Chorus' guidance for expected total UFB communal build costs of \$1.7 to \$1.9 billion).

The Board currently expects to announce longer term dividend guidance when the outcomes from the Government's reviews have been announced. At that stage, Chorus will also have an updated view of how its capital expenditure programmes are tracking.

Results summary for the six months ending 31 December 2012:

- Chorus achieved EBITDA of \$331 million.
- Revenue has increased 2% to \$525 million.
- Chorus will pay a fully imputed dividend of 10.0 cents per share.
- Gross capital expenditure was \$341 million with 85%, or \$290 million, spent on fibre related projects.
- Fixed line connections increased by 10,000 to total 1,793,000.
- Continued growth in broadband with 36,000 new connections to total 1,076,000.
- Fibre connections increase of 50% to total 15,000.

Chorus Chief Executive, Mark Ratcliffe, and Chief Financial Officer, Andrew Carroll, will discuss the interim results at a briefing in Wellington from 10.00am (NZ time). The webcast will be available at www.chorus.co.nz/webcast.

ENDS

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Chorus Half Year Result, FY13

25 February 2013, Wellington

For six months ending
31 December 2012



Disclaimer

Forward-Looking Statements

- > This presentation may contain forward-looking statements regarding future events and the future financial performance of Chorus, including forward looking statements regarding industry trends, strategies, capital expenditure, the construction of the UFB network, credit ratings and future financial and operational performance. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Chorus' control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. No representation, warranty or undertaking, express or implied, is made as to the fairness, accuracy or completeness of the information contained, referred to or reflected in this presentation, or any information provided orally or in writing in connection with it. Please read this presentation in the wider context of material previously published by Chorus and released through the NZSX and ASX.
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Investment Advice

- > This presentation does not constitute investment advice or a securities recommendation and has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of Chorus.

An aerial photograph of a coastal city at sunset. The city is built on a hillside overlooking a large body of water. The sky is a mix of orange and blue, and the water reflects the light. In the foreground, there are residential buildings and a large church with a prominent steeple. A marina with many sailboats is visible in the middle ground. The city skyline is filled with various buildings, some with lights on. The overall scene is peaceful and scenic.

Mark Ratcliffe

Chorus CEO



Agenda

Mark Ratcliffe, CEO

- > Half year performance overview
- > Connection growth
- > RBI and UFB programmes
- > IT systems transition

Andrew Carroll, CFO

- > Financial results
- > Capex and UFB cost per premises passed, including guidance
- > Dividend guidance and Dividend Reinvestment Plan

Mark Ratcliffe, CEO

- > UFB initiatives and regulatory framework
- > Q&A

A sound underlying earnings result

- > Net Profit After Tax of **\$84 million**
- > EBITDA of **\$331 million**
- > Revenue of **\$525 million**
(an increase of 2% on prior six month period)
- > Growth in total fixed line connections to **1,793,000**
- > Fibre connections grew 50% to **15,000**
- > Broadband growth continues; **36,000** new connections

Facing challenging headwinds

- > Regulatory uncertainty
 - Draft UBA decision undermines the fibre vision
 - Welcome the Government's decision to bring forward the wider reviews to align policy to support fibre transition

- > UFB production line still work in progress
 - Continued roll out progress, but not yet standardised
 - Positive gains in most areas being offset by extreme **civil costs** in a small group of areas
 - Significant variability in regional compliance requirements
 - Initiatives will take more time for cost benefits to materialise

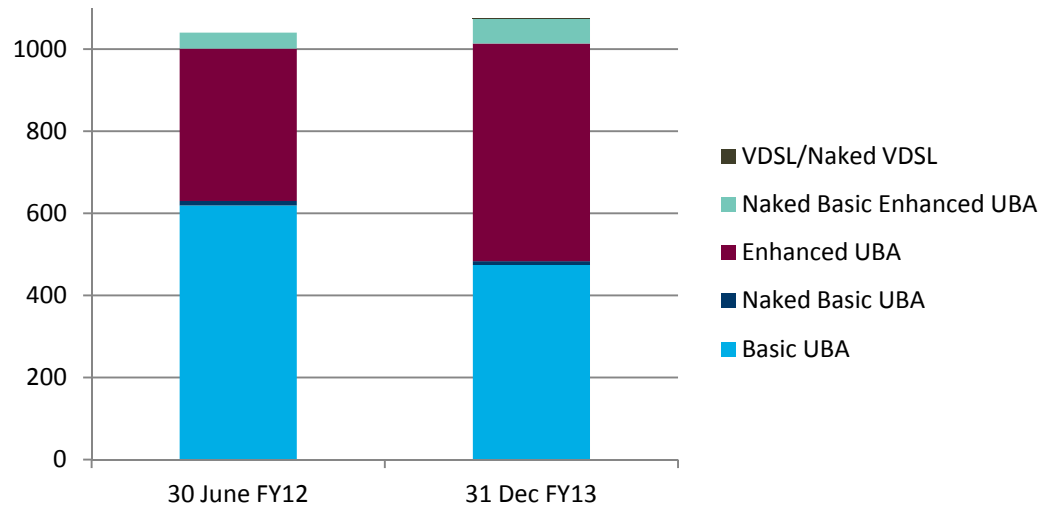
Fixed line connection growth

Fixed line connections	30 June 2012	31 Dec 2012
Baseband copper	1,585,000	1,559,000
UCLL	97,000	109,000
SLU/SLES	19,000	16,000
Fibre	10,000	15,000
Naked Basic/Enhanced UBA and Naked VDSL	50,000	72,000
Data services over copper	15,000	22,000*
Total fixed line connections	1,776,000	1,793,000

- > Real growth of **10,000** connections
- > * Allow for **7,000** lines previously omitted from data services over copper
- > Fibre connections increased by **50%**
- > **44%** growth in 'Naked' connections

Continuing broadband growth

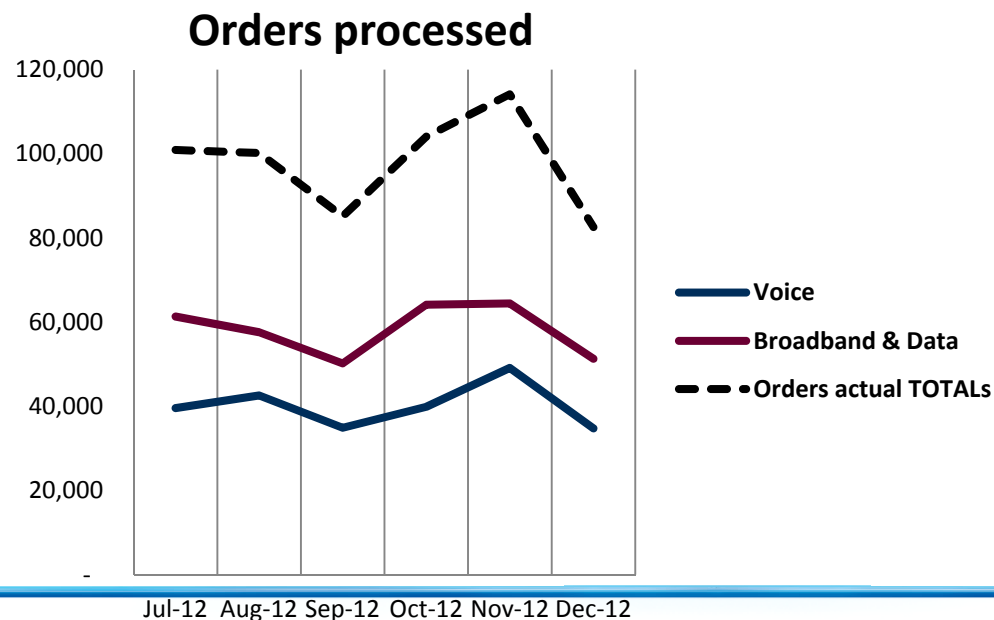
Broadband connections	30 June 2012	31 Dec 2012
Basic UBA	619,000	474,000
Naked Basic UBA	11,000	9,500
Enhanced UBA	371,000	530,000
Naked Enhanced UBA	39,000	60,500
VDSL/Naked VDSL	NM	2,000
Total broadband connections	1,040,000	1,076,000



> Copper lines with Chorus provided broadband increased from 59% to 61%

Growth and market activity

- > Fixed line and broadband growth drives small proportion of activity relative to ongoing activity 'behind the scenes'
- > **587,000 orders** processed by Chorus for voice, broadband, UCLL and data related activity over the six months
- > **254,000 truck rolls** in the same period





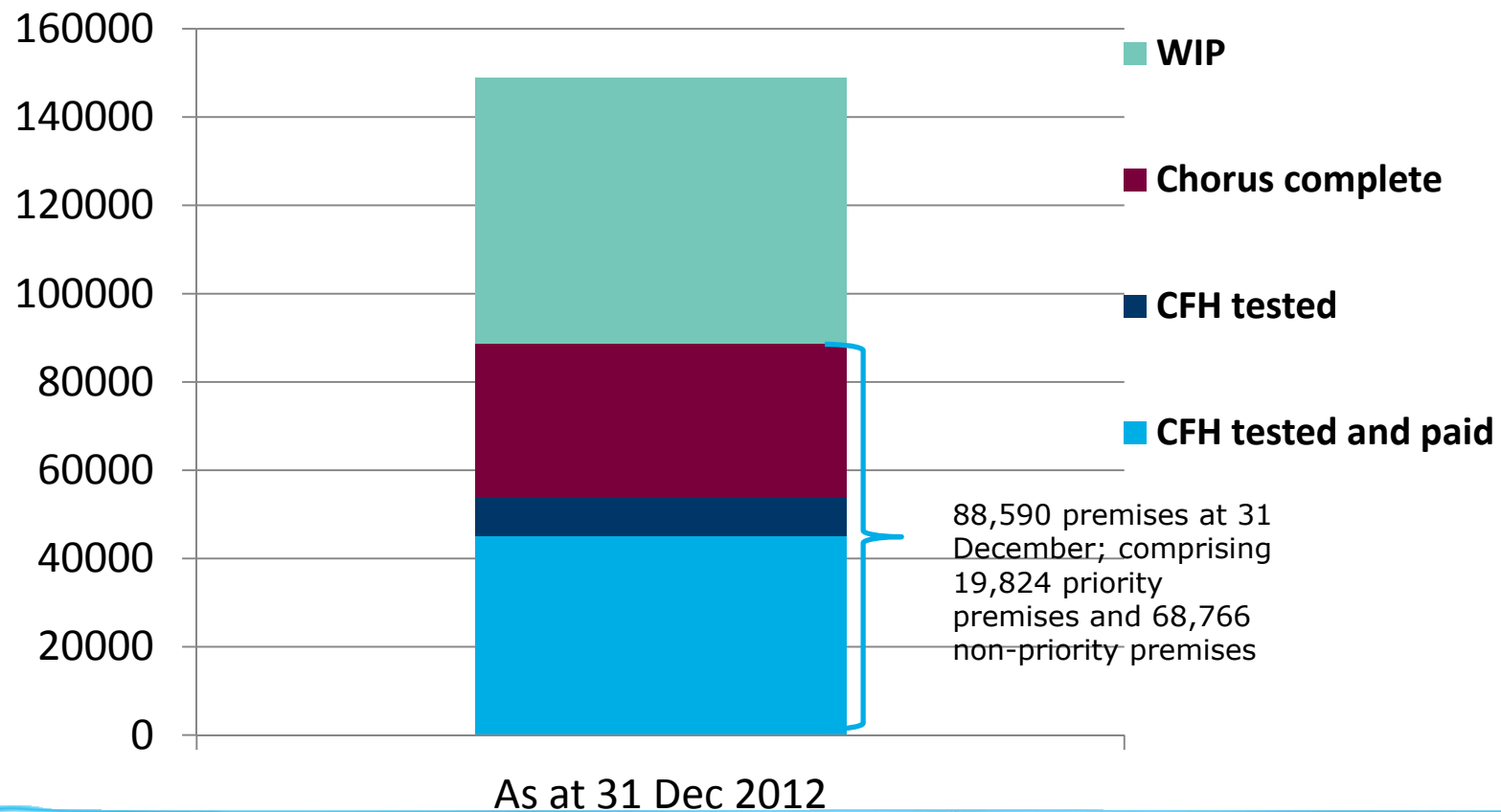
Deliver UFB and RBI agreements

- RBI**
- > 1,300km fibre laid
 - > 36,100 lines within reach of better broadband
 - > 634 schools

- UFB**
- > 2,000km of fibre laid
 - > 88,590 premises passed
 - > 335 schools
 - > FY13 Target: cumulative 149,000 premises passed

UFB rollout continuing at pace

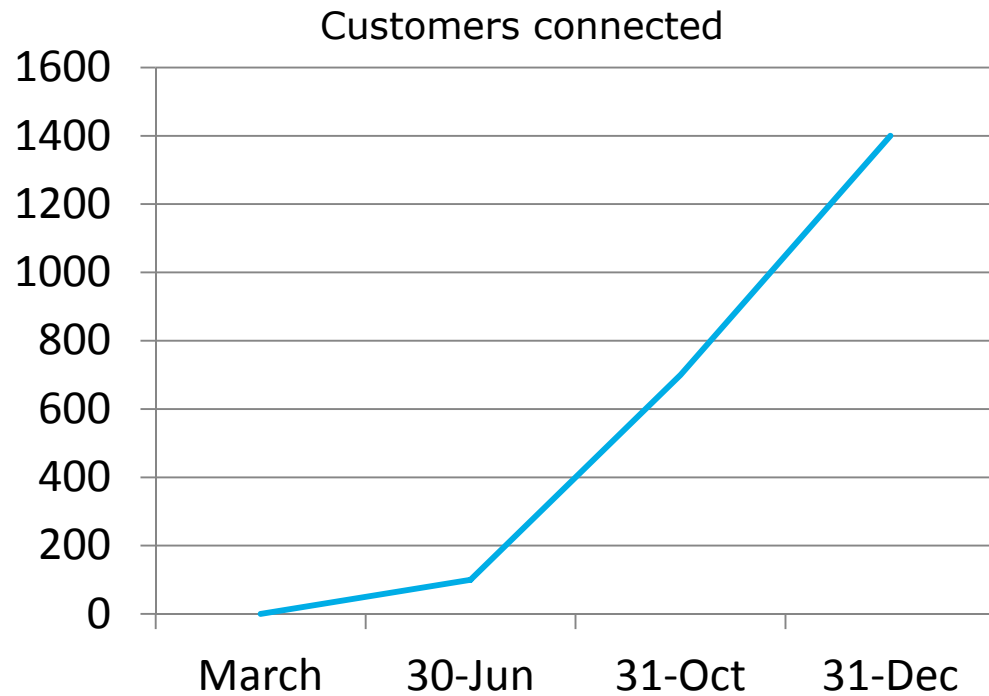
> Build **on track** for Year 2 cumulative target of **149,000** premises





Transition to a fibre world

- > ~95,000 customers within reach of Chorus' UFB network at 31 Dec
- > UFB uptake gains momentum with 1,400 connected



RSPs trialling

24

RSPs in business market

~8

RSPs in residential market

~5

Types of connections

1,400

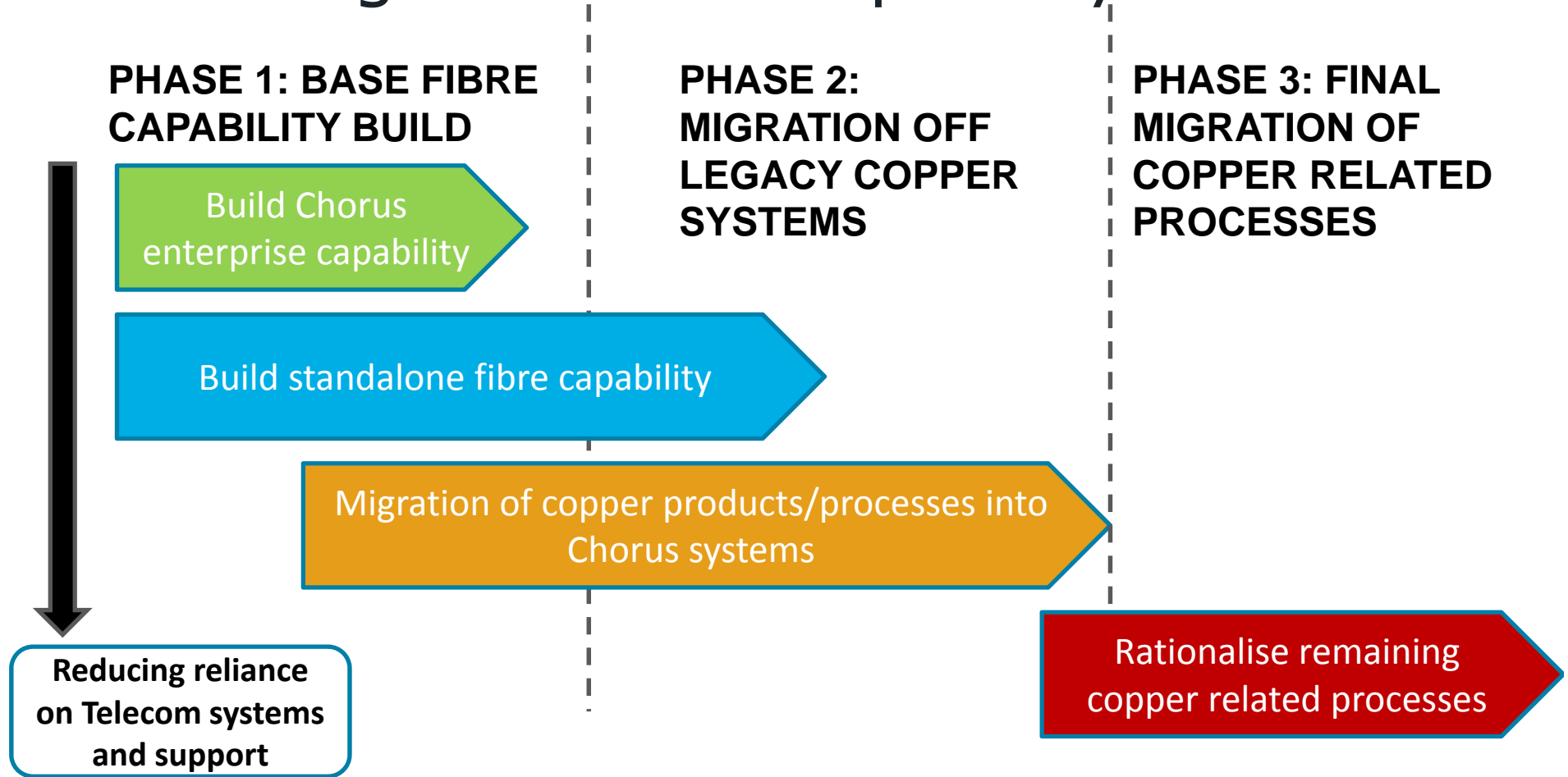
30Mbps down, 10Mbps up

850

100Mbps down, 50Mbps up

550

Building Chorus IT capability



NOTE: pace of transition subject to customer choices and regulatory settings

Andrew Carroll

Chorus CFO

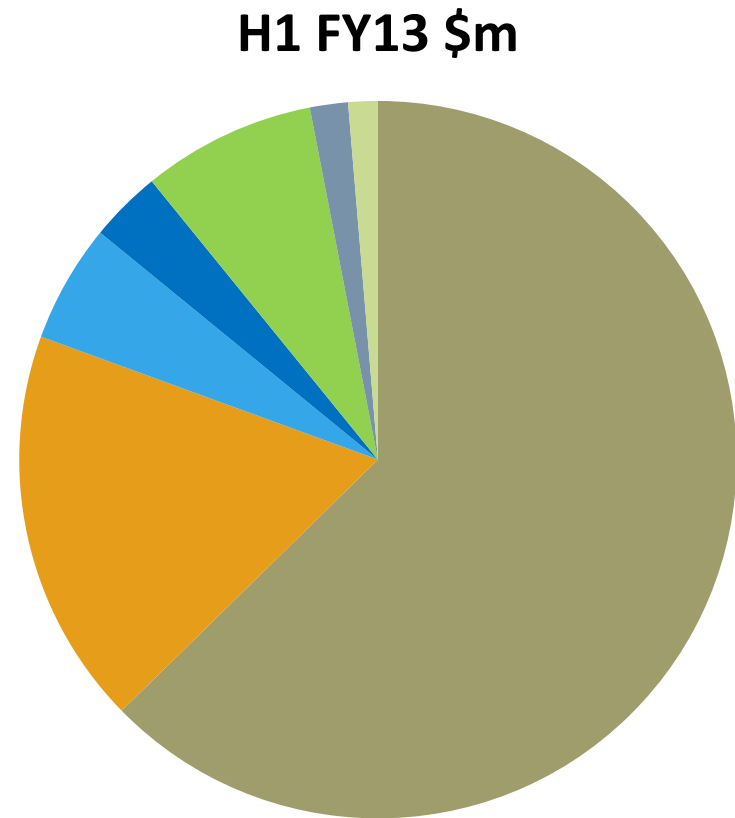


Income statement

	H1 FY13 (6 months) \$m	Prior 6 months (normalised) \$m
Operating revenue	525	514
Operating expenses	(194)	(185)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	331	329
Depreciation and amortisation	(160)	(161)
Earnings before interest and income tax	171	168
Net interest expense	(54)	(59)
Net earnings before income tax	117	109
Income tax expense	(33)	(31)
Net earnings for the period	\$84m	\$78m

H1 FY13 Revenue

Revenue category	H1 FY13 (6 months) \$m	Prior 6 months (normalised) \$m
Basic copper	329	340
Enhanced copper	94	76
Fibre	28	24
Value Added Network Services	17	15
Field Services	41	40
Infrastructure	9	13
Other	7	6
Total revenue	525	514



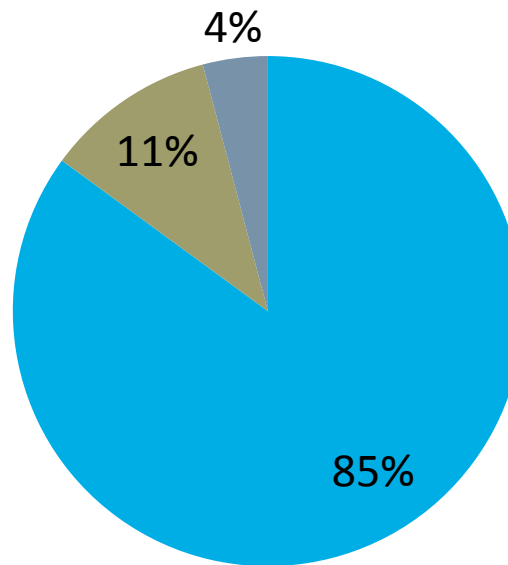
H1 FY13 Operating expenses

	H1 FY13 (6 months) \$m	Prior 6 months (normalised)
Labour costs	33	27
Provisioning	26	20
Network maintenance	50	44
Other direct costs	17	19
Electricity	6	10
Rents, rates and property maintenance	11	12
IT costs	24	26
Consultants	3	4
Other	24	23
Total operating expenses	194	185

H1 FY13 gross capex by category

Total capex of \$341m for six month period

Fibre capex	\$290m
UFB communal	187
UFB connections & fibre layer 2	11
Fibre products & systems	10
Other fibre connections & growth	23
RBI	59

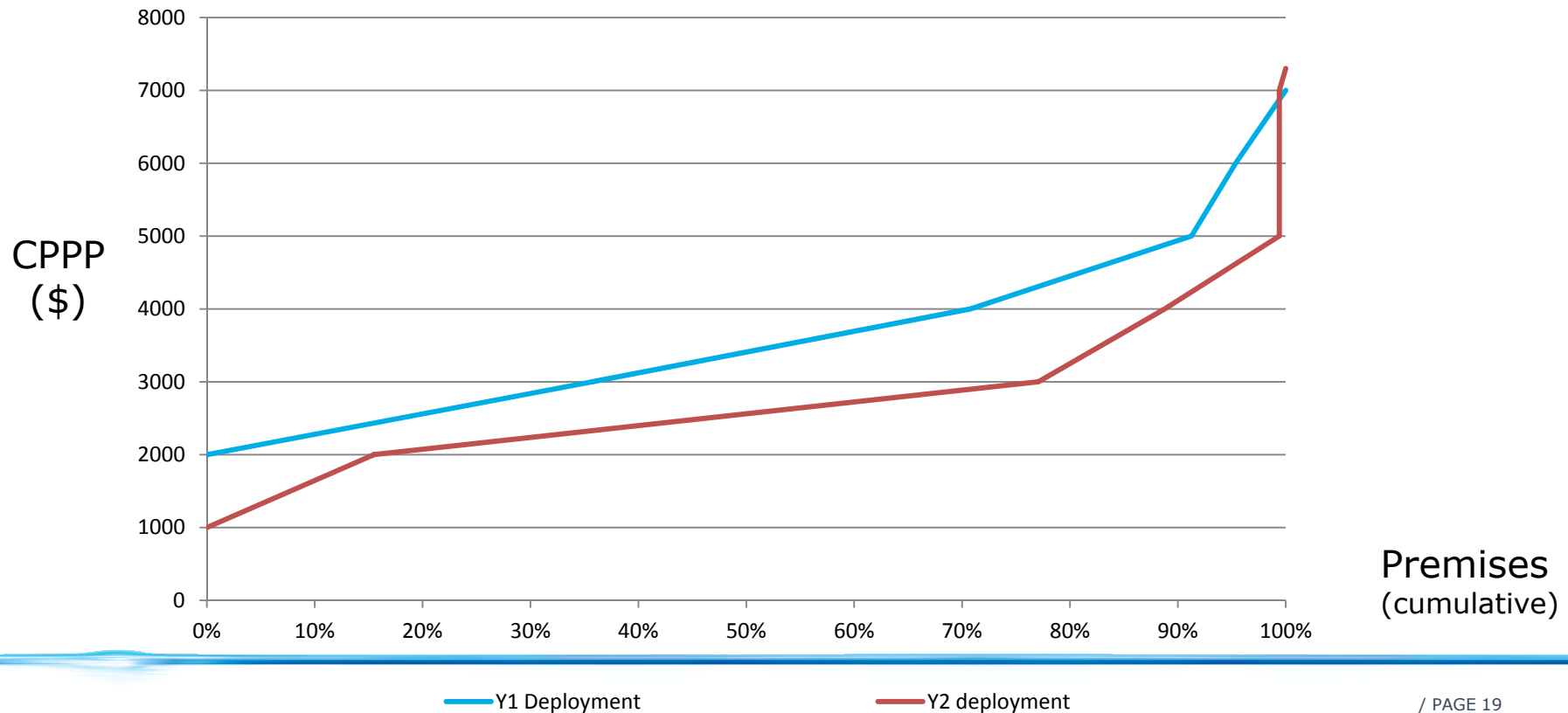


Copper capex	37
Network sustain	17
Copper connections	11
Copper layer 2	4
Product	5
Common capex	14
Information technology	7
Building & engineering services	6
Other	1

Note: capex amounts should not necessarily be doubled to develop an annual FY13 capex estimate because of seasonal, market and scheduling factors, particularly for UFB

CPPP: Good progress offset by a few

- > Large variance in build costs area by area from \$1,000 to \$8,000
- > Small number of areas (~10%) driving excessive costs (e.g. Ponsonby, Queenstown, Wellington CBD)
- > This is outweighing CPPP reduction from \$3,000 (Year 1) to \$2,700 (Year 2) in other areas



Cost per premises connected (CPPC)

- > Prior guidance of \$900 to \$1,100 (real)
- > 1,400 connections to date too few to evaluate trends or change guidance
- > UFB connections capex for FY13 includes:
 - marketing initiatives (e.g. trial offers)
 - training and programme establishment costs
 - non-standard installs

Changes to FY13 fibre capex

- > Service company billing for UFB work started in FY12 but completed in FY13 added **\$12m**. This increases Year 1 CPPP to \$3,500 from \$3,300.
- > Higher than expected cost per premises passed (CPPP) of \$2,900 at half year, **expect \$2,900 to \$3,200** for all Year 2 build, adding **~\$40-\$50m**
- > Expected school UFB capex of around **\$12m-\$15m** represents a bring forward of 'out of zone' schools previously planned for UFB in later years
- > Expected new school connection capex of around **\$10m** that is fully funded
- > RBI capex of around **\$12m-\$15m** expected to be brought forward and grant funded

	Total capex at 31 Dec (\$m)	CPPP
Cost to complete work commenced in Year 1	34	\$3,500 (all Y1)
Year 2 out of zone schools (incl WIP)	5	N/A
Year 2 work completed	72	\$2,900
Year 2 work in progress	76	N/A
UFB communal spend for H1 FY13	187	N/A

FY13 revised capex guidance

	Previous FY13 guidance \$m	Updated FY13 guidance (at 25 February 2013) \$m
Fibre capex	450 – 480	540 – 590
Copper capex	75 – 85	70 – 75
Common capex	35 – 45	30 – 35
Gross capex	560 – 610	640 – 690

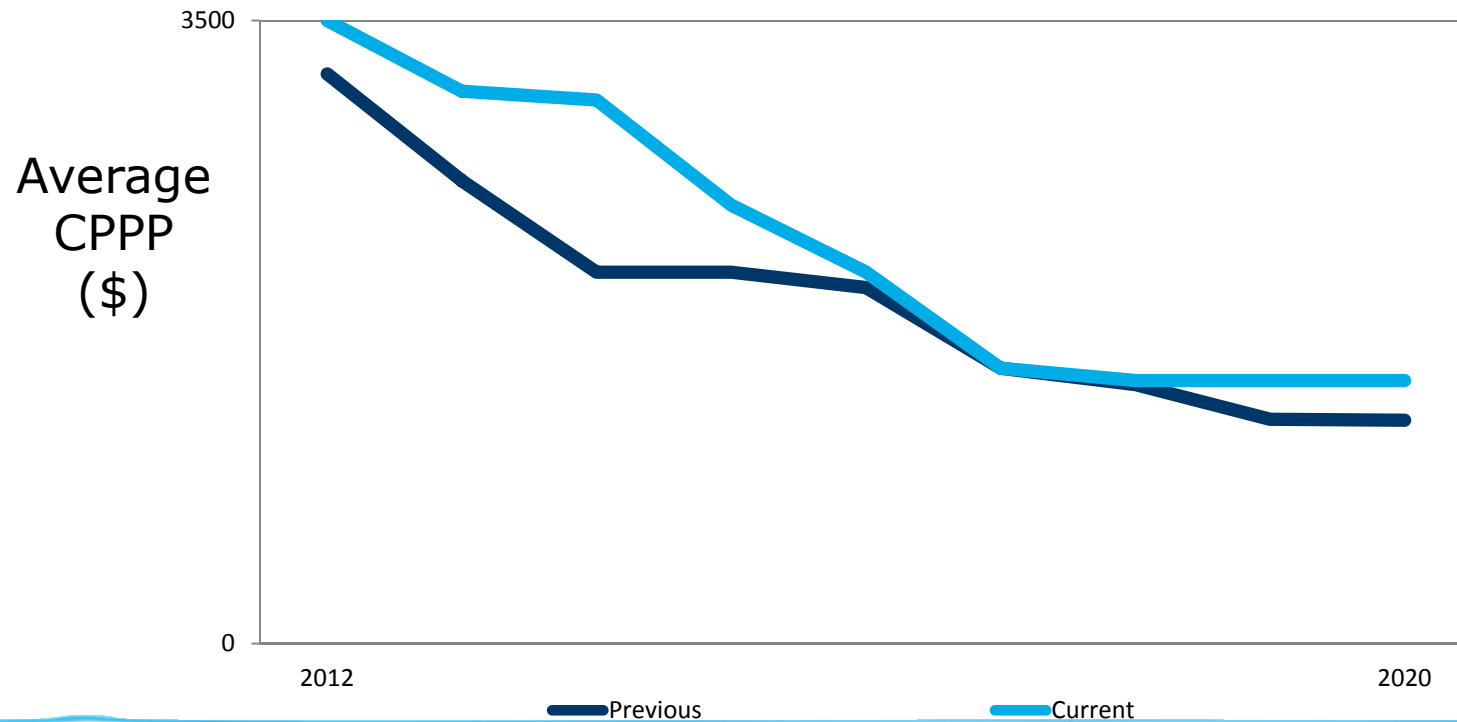
Revised capex guidance reflects:

- fibre capex trends as per previous slide
- modest efficiencies in other copper and common programmes

Note: The individual ranges presented above are not necessarily additive

Cost per premises passed

- > Update largely reflects cost impact of outlier areas (greater in first half of rollout)
- > Average CPPP by end of programme now forecast to be **\$1,300 to \$1,500**



UFB build metrics: updated view

	Current assessment	Previous assessment
Estimated cost of communal network (guidance)	\$1.7 to \$1.9 billion	\$1.4 to \$1.6 billion
<u>Less</u> contribution from CFH	<u>\$929m</u>	<u>\$929m</u>
Estimated net Chorus contribution	\$771m to \$971m	\$471m to \$671m
Estimated average cost per premise passed (total programme)	\$2,046 to \$2,287	\$1,685 to \$1,926
FY13 average cost per premises passed (guidance)	\$2,900 to \$3,200	\$2,500 to \$2,700

IT capex and opex outlook

- > FY13 IT capex spend currently \$55m-\$60m across fibre, copper and common capex categories
- > IT systems transition programme means capex and opex will grow in short term
- > Indicative planning suggests **additional combined capex and opex of \$50m to \$100m** over the next 4 years
- > This is incremental to the FY13 capex and opex 'base'
- > Total spend will be dependent on period over which two IT stacks are run in parallel and ability to extract savings from existing service providers
- > Pace of transition will also be influenced by customer choices and regulatory settings

Dividends

- > FY13 interim dividend of 10.0 cents per share, fully imputed
- > Supplementary dividend of 1.7647 cents per share payable to non-resident shareholders
 - Record date: 28 March 2013
 - Payment date: 12 April 2013
- > Following the 8 February announcement from the Minister, Chorus considers that it has sufficient near term certainty to announce its FY14 dividend guidance of a fully imputed dividend of 25.5 cents per share (subject to there being no material adverse change in circumstances, operating outlook or Chorus' guidance for expected total UFB communal build costs of \$1.7 to \$1.9 billion)
- > The Board currently expects to announce longer term dividend guidance when the outcomes from the Government's reviews have been announced. At that stage, Chorus will also have an updated view of how its capital expenditure programmes are performing

Dividend Reinvestment Plan

- > Plan is intended to increase flexibility for shareholders and provide Chorus with enhanced capital management.
- > The Board has currently set a 3% discount to the prevailing market price
- > Shareholders are eligible to participate in the Plan if they are resident in New Zealand or Australia
- > Offer document to be sent to eligible shareholders in time to enrol in the Plan before the FY13 interim dividend record date

Net Debt / EBITDA

- > Net debt to EBITDA expected to increase through build period
- > Calculation below reflects Standard & Poor's treatment
- > PV of CFH debt securities uses 8.5% discount. This differs from accounting treatment that uses market rate on call notice date
- > Smaller December month end cash balance will influence ratio for H1 FY13

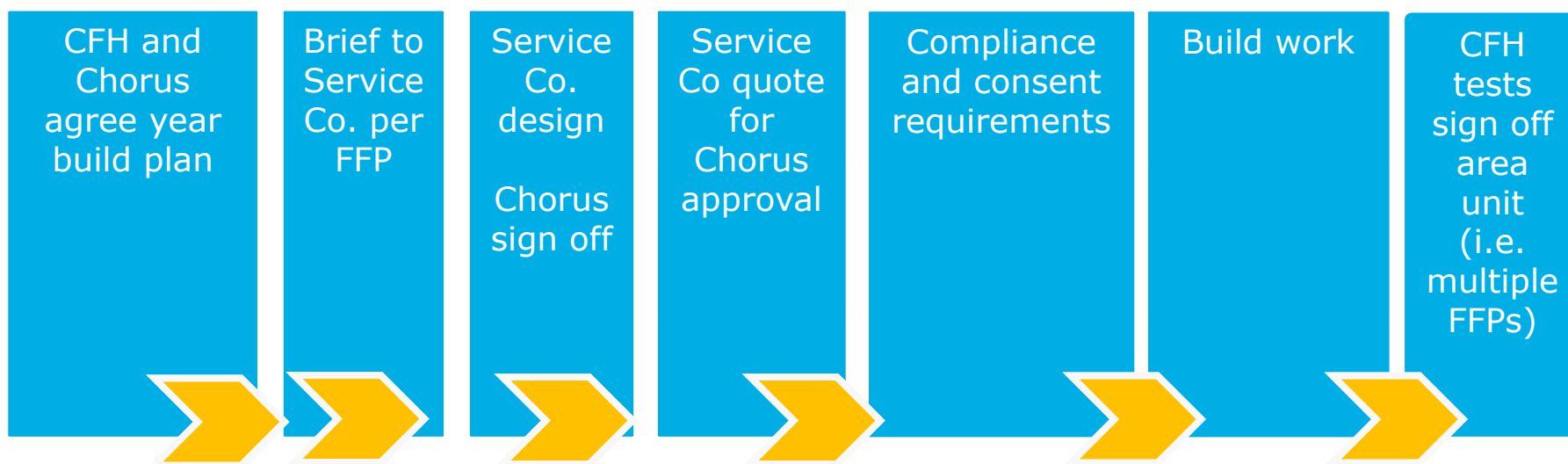
	As at 31 Dec 2012 \$m
Borrowings	1,792
+ PV of CFH debt securities (senior)	5
+ Net Finance leases	119
+ Operating leases	<u>17</u>
Sub total	1,933
- Cash	(46)
Total net debt	1,887
Net debt/EBITDA	2.8 times

Mark Ratcliffe

Chorus CEO



Moving to 'steady state' roll out



Roll out not yet optimal due to:

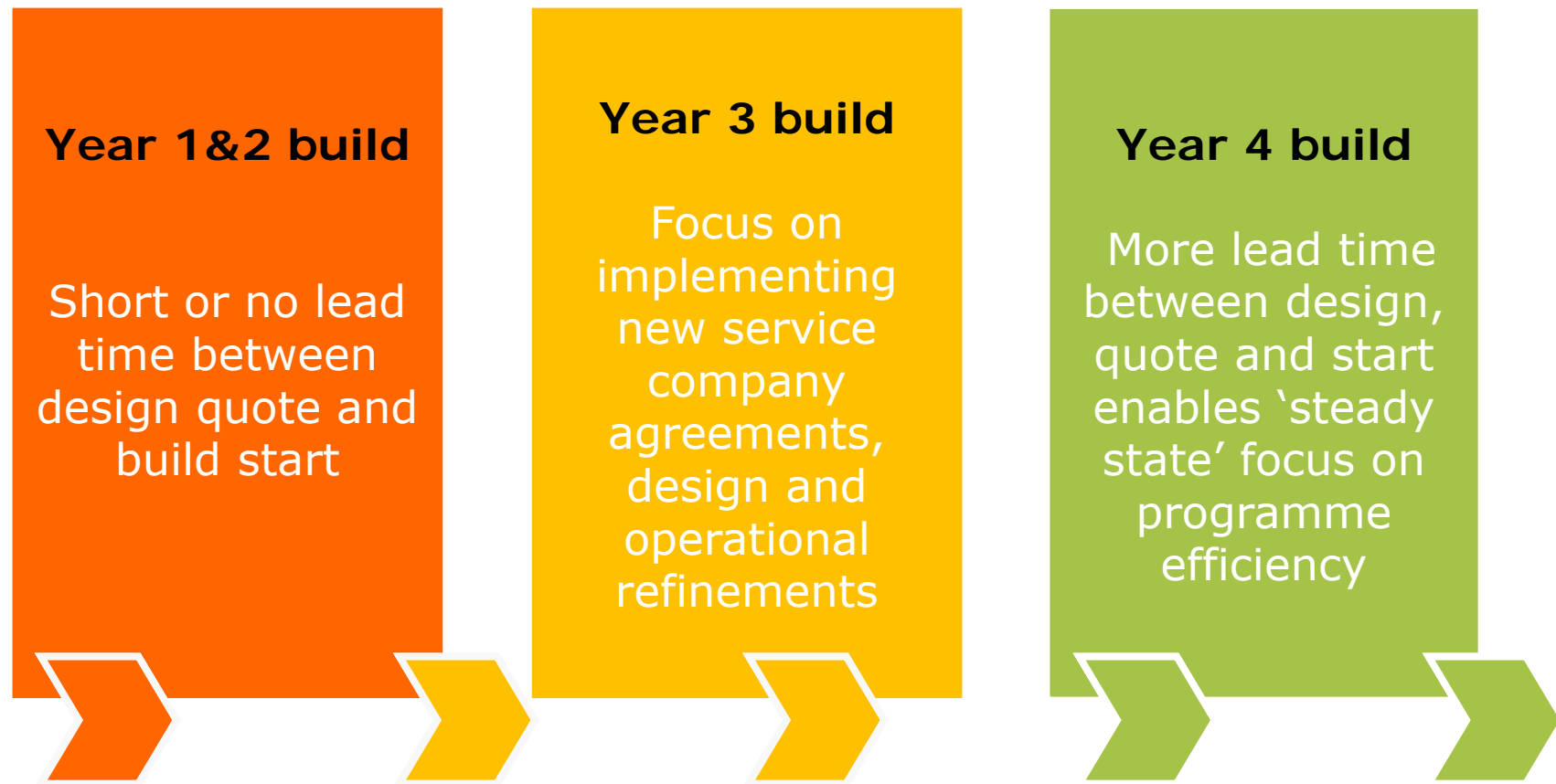
- > Condensed planning time
- > Service company contract models from previous framework
- > Variations in compliance requirements in outlier areas



Our plan for operational cost reduction

- > Moving to new service company contracts with targeted cost incentives and shared risk
- > Seek regional consistency in Council requirements and utilities code interpretations
- > New deployment techniques, including micro trenching and aerial deployment where economic
- > Reassess upcoming deployment plans based on known challenges
- > Introduce new network technology innovations
- > Organisational changes to integrate fibre deployment and connection functions

Moving to 'steady state' roll out



A scenic landscape featuring a paved road that curves through a lush, green environment. The road is flanked by tall grasses and dense trees. In the distance, rolling hills are visible under a bright, hazy sky, suggesting a sunrise or sunset. A white van is driving away on the road. The overall atmosphere is peaceful and forward-looking.

**Looking ahead:
Investment demands
underline the need for a
clear and stable regulatory
environment**

An aerial photograph of a coastal city at sunset. The city is built on a hillside overlooking a large body of water. The sky is a mix of orange and blue, and the water reflects the light. In the foreground, there are residential buildings and a large church with a prominent steeple. A marina with many boats is visible in the middle ground. The overall scene is peaceful and scenic.

Any questions?



Appendices

- > Appendix A: Indicative comparison of six months to 31 December 2012 results with six months to 30 June 2012 results
- > Appendix B: Revenue categories
- > Appendix C: Capex categories
- > Appendix D: Contributions to capex categories

Appendix A: Indicative comparison of six months to 31 December 2012 results with six months to 30 June 2012 results

- > This analysis is indicative only and provides a comparison between the results for the two periods. This Appendix has not been audited.
- > Given Chorus' limited history as a stand-alone business, there isn't a previous comparable period for ready comparison. The Indicative Income statement creates a somewhat comparable six month result for information purposes by using the unaudited results for the immediately preceding six month period.
- > The two periods provide some indicative relativities, but also have some limitations, including, the seasonality implicit in network maintenance costs (the worst of the weather was experienced in July 2012 with another weather event in December). The six months to 31 December 2012 also include one month of reduced revenues following the Commission's 3 December 2012 final UCLL decision.
- > The 30 June 2012 results have been normalised for the one-off insurance proceeds received in that period.

Indicative income statement

	31 December 2012 (six months)	30 June 2012 (six months)	Change
	\$m	\$m	%
Operating revenue	525	514	2.1
Operating expenses	(194)	(185)	4.9
EBITDA	331	329	0.6
Depreciation	(128)	(127)	
Amortisation	(32)	(34)	
EBIT	171	168	1.8
Finance costs (net)	(54)	(59)	
Income tax	(33)	(31)	
NPAT	84	78	7.7

Operating revenue

	31 December 2012 (six months)	30 June 2012 (six months)	Change
	\$m	\$m	%
Basic copper	329	340	(3.2)
Enhanced copper	94	76	23.7
Fibre	28	24	16.7
Value added services	17	15	13.3
Infrastructure	9	13	(30.8)
Field services	41	40	2.5
Other	7	6	16.7
Total operating revenues	525	514	2.1

- > Total operating revenues have increased slightly on the previous six month period, with the trend of migration from basic copper to enhanced copper continuing. Fibre revenues have continued to grow along with carrier network services. Infrastructure revenues have reduced as one-off (up front fees) are charged when an exchange is unbundled, and the pace of exchange unbundling has reduced during the period.

Operating expenses

	31 December 2012 (six months)	30 June 2012 (six months)	Change
	\$m	\$m	%
Labour costs	(33)	(27)	22.2
Provisioning	(26)	(20)	30.0
Network maintenance	(50)	(44)	13.6
Other network costs	(17)	(19)	(10.5)
Information technology costs	(24)	(26)	(7.7)
Rent and rates	(5)	(5)	-
Property maintenance	(6)	(7)	(14.3)
Electricity	(6)	(10)	(40.0)
Insurance	(2)	(3)	(33.3)
Consultants	(3)	(4)	(25.0)
Other	(22)	(20)	10.0
Total operating expenses	(194)	(185)	4.9

- > Total operating expenses have increased during the period as the business continued to grow, labour costs have increased as additional people have joined during the period, while provisioning and network maintenance costs have increased, partly as a result of the weather during the period and service company overheads. The majority of other costs have decreased period on period.

Depreciation and amortisation

	31 December 2012 (six months)	30 June 2012 (six months)	Change
	\$m	\$m	%
Depreciation	(128)	(127)	0.8
Amortisation	(32)	(34)	(5.9)
Total depreciation and amortisation	(160)	(161)	(0.6)

- > Total depreciation and amortisation have decreased slightly during the period. Depreciation expense has increased reflecting the significant capital expenditure programme, partially offset by a slightly larger credit of the government grant. Amortisation of software and other intangible assets is lower reflecting the short lives of this type of asset.

Finance costs

	31 December 2012 (six months)	30 June 2012 (six months)	Change
	\$m	\$m	%
Finance income	3	4	(25.0)
Finance expense	(57)	(63)	(9.5)
Finance costs (net)	(54)	(59)	(8.5)

- > Finance income in the one month to 31 December 2011 included a gain on cross currency interest rate swaps which reversed prior to entering into a hedging relationship on 14 February 2012. Therefore, simply removing the one month December 2011 from the seven months to June 2012 does not create a comparable period to that ended 31 December 2012. When the \$11 million gain is excluded from the June 2012 comparison a reduction in finance expense is recorded, which reflects the largely fixed interest expense on debt.

Appendix B: Revenue categories

Basic Copper	<ul style="list-style-type: none">• core regulated products that are earlier technology or products with limited scope for further development e.g Baseband copper (UCLFS), Basic UBA, Naked UBA, UCLL, SLU, SLES
Enhanced Copper	<ul style="list-style-type: none">• products enhanced to deliver higher speed capability and better customer experience e.g. Enhanced UBA, VDSL2, Baseband IP, HSNS Lite Copper
Fibre	<ul style="list-style-type: none">• existing business fibre and new UFB services. Also includes UFB backhaul and direct, or 'dark', fibre
Value Added Network Services	<ul style="list-style-type: none">• products and expertise for higher value or specialist services. Includes carrier network services which provide connectivity across backhaul links
Field Services	<ul style="list-style-type: none">• field force in provisioning, maintaining and installing copper or fibre products
Infrastructure	<ul style="list-style-type: none">• services that provide access to Chorus' network assets, principally exchange co-location space.

Appendix C: Capex categories

Fibre capex categories

UFB communal	<ul style="list-style-type: none">• cost of building UFB network along street to pass premises
UFB connections & fibre layer 2	<ul style="list-style-type: none">• UFB connections are subject to demand via RSPs• Layer 2 electronics
Fibre products & systems	<ul style="list-style-type: none">• Fibre- related product and system development
Other fibre connections & growth	<ul style="list-style-type: none">• Demand driven by greenfield & business fibre growth.• Regional backhaul to enable RSP traffic• Fibre lifecycle investment
RBI	<ul style="list-style-type: none">• Layers 0, 1 - network duct and fibre; Layer 2 cabinet electronics• Expect total 5 year programme to cost around \$270 - 280 million. Spend weighted to front end of programme

Copper capex categories

Network sustain

- Upgrading or replacing plant (e.g. poles, cabinets, cables) where risk of failure or degraded service
- Proactive network replacement more cost effective than reactive maintenance

Copper connections

- Demand for copper connections for residential / business customers (e.g. infill housing, new buildings)

Copper layer 2

- Demand driven layer 2 investment in broadband capacity and growth. Expected to reduce slowly as customers migrate to fibre

Product fixed

- Largely RSP driven investment in copper-related products

Common capex categories

Information technology

- Investment in future Chorus IT platforms, in part to meet June 2014 deadline to move from Telecom enterprise systems

Building and engineering services

- Spend for growth and plant replacement (e.g. power, air conditioning) at Chorus exchange, building and remote sites

Other

- Items such as office accommodation and equipment

Appendix D: Contributions to capex

UFB

- CFH funds up to \$929 million over course of programme, at a rate of \$1,118 per premise

RBI

- Government grant funding of ~\$225 million over 5 years to cover most layer 0 and 1 capex spend
- Layer 2 is not covered by the grant
- Grant is payable on completion of build work
- Annual grant around 80 - 85% of annual RBI capex spend

Other

- Central & local government contribute to cost (often 100%) when requesting Chorus to relocate or rebuild existing network.

Chorus Limited	
Results for announcement to the market	
Reporting Period	Six months to 31 December 2012
Previous Reporting Period	Seven months to 30 June 2012

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$525,000	Down 14%
Profit (loss) from ordinary activities after tax attributable to security holder.	\$84,000	Down 18%
Net profit (loss) attributable to security holders.	\$84,000	Down 18%

Interim Dividend	Amount per security	Imputed amount per security
	10.0cps	3.889cps

Record Date	28 March 2013
Dividend Payment Date	12 April 2013

Audit	This report is based on unaudited condensed consolidated interim financial statements
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Comments:	Refer press release. This report should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended 31 December 2012 as contained in the half year report attached.
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Net tangible asset per security	\$1.03
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Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant
details on additional pages,

1

Full name of Issuer **CHORUS LIMITED**

Name of officer authorised to make this notice **ANDREW CARROLL** Authority for event, e.g. Directors' resolution **DIRECTORS' RESOLUTION**

Contact phone number **(04) 498 9331** Contact fax number **(04) 499 7070** Date **25 / 2 / 2013**

Nature of event
Tick as appropriate

Bonus Issue If ticked, state whether. Taxable / Non Taxable Conversion Interest Rights Issue Renounceable
Rights Issue non-renounceable Capital change Call Dividend If ticked, state whether: Interim Full Year Special DRP Applies

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form.*

Description of the class of securities **ORDINARY SHARE** ISIN **NZCNU0001S2**
If unknown, contact NZX

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities ISIN
If unknown, contact NZX

Number of Securities to be issued following event: Minimum Entitlement Ratio, e.g. ① for ② for

Conversion, Maturity, Call Payable or Exercise Date Enter N/A if not applicable Treatment of Fractions

Strike price per security for any issue in lieu or date Strike Price available. Tick if *pari passu* OR provide an explanation of the ranking

Monies Associated with Event*Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.**In dollars and cents*

Amount per security (does not include any excluded income) **\$0.100** Source of Payment **RETAINED EARNINGS**

Excluded income per security (only applicable to listed PIEs)

Currency **NZD** Supplementary dividend details - NZSX Listing Rule 7.12.7 Amount per security in dollars and cents **\$0.017647**

Total monies **\$38,508,212** Date Payable **12 April, 2013**

Taxator.*Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price \$ Resident Withholding Tax **\$0.006944** Imputation Credits (Give details) **\$0.038889**

Foreign Withholding Tax \$ FWP Credits (Give details)

Timing

(Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm

For calculation of entitlements:

28 March, 2013**Application Date**

Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week

12 April, 2013**Notice Date**

Entitlement letters, call notices, conversion notices mailed

Allotment Date

For the issue of new securities Must be within 5 business days of application closing date.

OFFICE USE ONLY

Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:



Chorus Dividend Reinvestment Plan

Choose to have Chorus reinvest all or part of your future dividends in additional Chorus shares. It's a cost effective and convenient way for you to increase your investment in Chorus.



Offer Document

FEBRUARY 2013

Dear shareholder

As announced at Chorus Limited's (Chorus) half year result on 25 February 2013, the Board has approved the implementation of a Dividend Reinvestment Plan (the Plan).

This booklet provides details of the Plan, so that you can decide if you'd like to participate. If you do not wish to participate in the Plan you do not need to do anything, and you will continue to receive all future dividends as cash.

How the Dividend Reinvestment Plan works

The Plan enables eligible shareholders to choose to have Chorus reinvest all or part of their future dividend entitlements in additional Chorus shares (rather than receiving cash payments). This provides a cost effective and convenient way for shareholders to increase their investment in Chorus:

- There are **no charges for participation** in the Plan
- Shares purchased via the Plan **do not incur brokerage fees**.
- Additional shares are purchased at a **discount to the prevailing market price**.
The Board has currently set this discount at 3%.

Further details are provided in the terms and conditions attached.

Why is Chorus implementing a Dividend Reinvestment Plan?

The Plan is intended to increase flexibility for shareholders and provide Chorus with enhanced capital management. A number of shareholders have previously expressed an interest in being able to participate in such a plan and the Board is also conscious that the demerger process in late 2011 means Chorus has a significant number of small shareholders who wish to grow their holdings.

Who can participate in the Plan?

Shareholders are eligible to participate in the Plan if they are **resident in New Zealand or Australia**. Chorus has elected **not** to offer participation under the Plan to shareholders who are resident outside of New Zealand or Australia. This is because of the costs and requirements involved in ensuring the Plan's compliance with laws of additional jurisdictions.

This document is important. If you do not understand it, or are in any doubt as to how to act, you should consult your financial adviser.

This is an Offer Document complying with the New Zealand Securities Act (Dividend Reinvestment) Exemption Notice 1998.

Any person residing outside New Zealand or Australia who participates in the Plan through a New Zealand or Australian resident nominee will be deemed to represent and warrant to Chorus that they can lawfully participate through their nominee.

How do you enrol in the Plan?

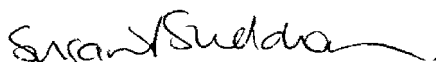
Please read the enclosed information carefully. You should consult your own financial adviser if you have any questions.

If you do wish to enrol in the Plan you can either:

- a. Go to www.investorcentre.com/nz, select 'Payments enquiry' and log in. Then select 'Update my details' and click on 'Reinvestment plans' in the dropdown box. Select Chorus Limited in the holding line and follow the instructions. You will need your CSN/ Investor Number and FIN to log in. If you don't have this information available you can email enquiry@computershare.co.nz or phone +64 9 488 8777; or
- b. Complete the enclosed Participation Notice and return it in the enclosed pre-paid envelope.

When do you need to enrol in the Plan by?

If you wish to have your next dividend entitlement reinvested via the Plan, you will need to enrol in the Plan before the next scheduled record date for a Chorus dividend payment.



Sue Sheldon
Chairman

Questions and answers

1. **How do shareholders participate in the Plan?**

Read this offer document and then confirm participation by either enrolling online or returning the enclosed form in the envelope provided. If you wish to have your next dividend entitlement reinvested via the Plan, you will need to enrol in the Plan before the next scheduled record date for a Chorus dividend payment.

2. **What does it cost to participate?**

There are no costs charged for eligible shareholders to participate in the Plan. Shares acquired under the Plan do not incur brokerage or commission costs and are issued at a discount to the prevailing market price.

3. **How many shares do shareholders need to have to participate?**

There is no minimum shareholding requirement.

4. **Can I reinvest just some of my dividends?**

Yes, shareholders can choose between full or partial participation in the Plan.

5. **What price will shareholders pay for the shares?**

The price of shares is based upon a discount to the volume weighted average sale price of Chorus shares sold on the New Zealand Stock Exchange on each of the first five days following the date fixed by the Board for determining entitlement to the relevant dividend payment. The Board has initially set this discount at 3%, although the Board can change, suspend or cancel the Plan at its sole discretion.

6. **Can shareholders still sell shares when they want?**

Yes, shares can be sold at any time when shareholders participate in the Plan.

7. Can shareholders opt out of the Plan in the future?

Yes. If shareholders choose to join the Plan, they can opt out of it in the future by informing Chorus' share registrar, Computershare.

8. Can the Plan be changed or cancelled?

Yes, Chorus' Board can change, suspend or cancel the Plan at its sole discretion. If that occurs, notice will be given to all participants.

9. Are there any tax implications?

For New Zealand and Australian income tax purposes, dividends reinvested in shares under a dividend reinvestment plan are generally treated in the same manner as a cash dividend. Chorus will provide details of the dividend, taxes withheld and credits available so shareholders can complete their tax return. It is recommended that each shareholder contact their professional tax adviser for more information about their specific circumstances. Refer to clause 15 of the Terms and Conditions.

Terms and Conditions

1. Introduction

The Plan enables Shareholders to reinvest the net proceeds of cash dividends payable or credited on all or some of their Shares by acquiring further fully paid Shares. The terms and conditions of the Plan (the “Terms and Conditions”) as determined by the Board are set out below.

Words defined on page 14 of this Offer Document have the same meaning in these Terms and Conditions.

2. Participation in the Plan

- (a) Subject to these Terms and Conditions, Chorus offers to all Shareholders the right to elect to participate in the Plan.
- (b) Chorus may, in its absolute discretion, elect not to offer participation under the Plan to Shareholders who are resident outside New Zealand or Australia if Chorus considers that to do so would risk breaching the laws of places outside New Zealand or Australia. The Board may, in its sole discretion, elect to amend this policy at any time.
- (c) If Chorus does amend this policy, then shareholders who apply to participate in the Plan and who reside outside New Zealand or Australia will represent and warrant to Chorus that the offer of the Plan and their participation in it would not breach any laws in their country of residence.
- (d) Any person residing outside New Zealand or Australia who holds Shares through a New Zealand or Australian resident nominee should not allow their nominee to participate in the Plan if participation in respect of their Shares would be contrary to the laws of their country of residence.
- (e) Any person residing outside New Zealand or Australia who participates in the Plan through a New Zealand or Australian resident nominee will be deemed to represent and warrant to Chorus that they can lawfully participate through their nominee.
- (f) Chorus accepts, and shall have, no responsibility for determining whether a person is able to participate in the Plan under laws applicable outside of New Zealand or Australia.
- (g) Additional Shares to be issued to a Shareholder under the Plan will be issued on the terms set out in this Offer Document and subject to the same rights as Shares acquired by all other Shareholders who participate in the Plan.

- (h) Normal cash dividend payments will be paid out to those Shareholders not participating in the Plan and on a Participant's Non-Participating Shares, and will not be reinvested in further Shares.
- i) Each time a Share is issued (or transferred) to a Participant under the Plan, the Participant will be deemed to have warranted to Chorus that the Participant is legally entitled to be issued (or transferred) that Share and that such issue (or transfer) does not result in the Participant or any other person breaching any law or provision in Chorus' constitution.

3. Participation Notice

- (a) Election to participate in the Plan must be made on the prescribed Participation Notice, which accompanies this Offer Document.
- (b) Participation will commence in relation to the net proceeds of cash dividends payable or credited on the first Record Date after receipt by the Registrar of a correctly completed Participation Notice, subject to any termination of the Plan becoming effective before then.

4. Degree of Participation

- (a) Participation may be either full or partial.
- (b) In the case of full participation in the Plan, these Terms and Conditions will apply to the cash dividends payable or credited in respect of all the Participant's Shares from time to time registered in the Participant's name, until such number of Shares participating in the Plan is varied or participation in the Plan is terminated in accordance with clause 10 of these Terms and Conditions.
- (c) Partial participation applies only to the number or percentage of Shares nominated by the Participant in a Participation Notice, as varied from time to time in accordance with clause 10 of these Terms and Conditions. However, if at the relevant Record Date the number of Shares held by the Participant is less than the number of Participating Shares, then the provisions of the Plan will only apply to such lesser number of Shares.
- (d) If the Participation Notice does not indicate the degree of participation, it will be deemed to be an application for full participation provided it is otherwise correctly completed and signed.
- (e) A Participation Notice will not attach to the Shares in respect of which it has been given but will be personal to the Shareholder giving it.
- (f) Any Shares over which Chorus has a lien or charge under the Constitution or other requirements of law, for a sum which is presently payable, will not be eligible to participate in the Plan.

5. Operation of the Plan

- (a) By accepting this offer, each Participant directs Chorus to apply the net proceeds of every cash dividend payable or credited on the Participating Shares held by the Participant on the relevant dividend's Record Date as payment for the Shares to be issued to the Participant, in accordance with the Plan.

Such direction shall continue until the Participant or Chorus terminates the Participant's participation in the Plan in accordance with these Terms and Conditions and shall not apply during any period in which Chorus suspends the Plan or after Chorus has terminated the Plan.

Notice of termination of, or variation in, participation in the Plan must be received prior to 5pm on the relevant Record Date (New Zealand time) to be effective for a particular dividend.

The number of Shares to be issued to the Participant in each case will be determined in accordance with clause 6 of these Terms and Conditions.

- (b) The Board will, on the day that a Participant would have otherwise received the net proceeds of cash dividends on Participating Shares, either issue new Shares or arrange the transfer of existing Shares to the Participant in accordance with clause 6 of these Terms and Conditions.
- (c) Additional Shares issued to the Participant under the Plan will, from the date of allotment, rank equally in all respects with all other fully paid Shares.
- (d) Additional Shares acquired by the Participant under the Plan will be registered on the register where the Participant already holds Shares.

6. Additional Share Entitlement

- (a) The number of Shares to be issued under the Plan as fully paid (or transferred) to a Participant in return for a cash dividend will be calculated in accordance with the following formula:

$$N = \frac{PS \times D + B}{P}$$

Where:

N is the number of additional Shares which the Participant will receive;

PS is the number of Participating Shares;

D is the net proceeds per Share from Chorus (expressed in cents and decimals of cents, including any tax refunds and after deduction of any New Zealand withholding or other taxes, if any) of cash dividends paid or credited on each Share and which would otherwise have been paid to a Shareholder in cash if the Shareholder had not elected to participate in the Plan;

B is the amount, if any, held to the order of the Participant under the Plan in accordance with paragraph 6(e) below as a result of rounding Share entitlements when the Plan last operated; and

P is the volume weighted average sale price (expressed in cents and decimals of cents), for a Share, calculated on all price setting trades of Shares which took place through the NZSX over a period of five Business Days commencing on the Ex Date (less a discount (if any) at the discretion of the Board, as contemplated by paragraph 12(a)(i) of these Terms and Conditions).

- (b) If no sales of Shares occur during such period then the volume weighted average sale price will be deemed to be the sale price for a Share on the first price setting trade of Shares on the NZSX which takes place after such period.
- (c) Any volume weighted average sale price so determined may be reasonably adjusted by the Board to allow for any bonus or dividend or other distribution expectation. If, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the volume weighted average sale price so determined, the Board may make such adjustments to that sale price as it considers reasonable.
- (d) Where the number calculated in accordance with the preceding formula is not a whole number, then the number of Shares a Participant receives will be rounded down to the nearest whole number of Shares.
- (e) Any net proceeds per Share as described in the definition of "D" in clause 6(a) above which are not applied to acquire a part of a Share because of clause 6(d) above shall be held to the order of the Participant and applied under the Plan on the Participant's behalf the next time the Plan operates.

Should the Participant:

- (i) terminate his or her participation in the Plan, under clause 10(a)(ii) of these Terms and Conditions; or
- (ii) cease to be a shareholder of Chorus,

any amount above NZ\$2.00, which at the time is held to the order of the Participant under this clause 6(e), will be paid in cash to the Participant on the next dividend payment date. Amounts of NZ\$2.00 or less which are held to the order of the Participant at that time shall be forfeited.

7. Statements to Participants

Chorus will send to each Participant, promptly after each dividend payment date, a statement detailing in respect of that Participant:

- (a) the number of Participating Shares as at the relevant Record Date;
- (b) the amount of cash dividend reinvested in respect of Participating Shares and the amount of dividend paid in cash on the Non-Participating Shares (if applicable);

- (c) the amount of any taxation deduction made;
- (d) the number of Shares the Participant has received under the Plan;
- (e) advice as to the amount of any taxation credits;
- (f) advice as to the amount held to the order of the Participant under the Plan; and
- (g) such other matters as are required by law with respect to dividends and/or their reinvestment.

Participants should contact the Registrar if they need to change their contact details.

8. No Brokerage or Commission Costs to Participants

No brokerage or commission costs will be payable by Participants in respect of the Shares they receive under the Plan.

9. Source of Additional Shares

Additional Shares to be acquired by Participants under the Plan may, at the Board's discretion, be:

- (a) new Shares issued by Chorus; or
- (b) existing Shares acquired by Chorus or its nominee or agent and transferred to Participants; or
- (c) any combination of (a) and (b) above.

10. Variation or Termination of Participation

- (a) A Participant may, at any time, by giving written notice to the Registrar and subject to any additional requirements determined by Chorus in its discretion:
 - (i) increase or decrease the number or percentage of Participating Shares participating in the Plan; or
 - (ii) terminate participation in the Plan.
- (b) Such alteration or termination will take effect immediately upon receipt by the Registrar of the written notice; provided that any notice received between a Record Date and the corresponding dividend payment date will take effect on the day following such dividend payment date.
- (c) If a Participant dies, receipt by the Registrar of a notice of death in a form acceptable to Chorus will be treated as notice under clause 10(a)(ii) of these Terms and Conditions. Death of one of two or more joint holders will not automatically terminate participation.

11. Non-Participating Shares Transferred First

Where a Participant with partial participation disposes of part of his or her holding of Shares and that Participant has elected to participate in the Plan in respect of a specified number of Shares, then, unless the Participant advises the Registrar otherwise:

- (a) the Shares disposed of will be deemed to be the Participant's Non-Participating Shares; except
- (b) if the number of Shares disposed of is more than the number of the Participant's Non-Participating Shares, the balance will be attributed to Participating Shares.

12. The Board's Discretion on Termination, Suspension and Modification

- (a) In addition to any other clauses in these Terms and Conditions granting the Board discretion, the Board may also in its sole discretion resolve:
 - (i) that the price at which additional Shares are to be issued under the Plan shall contain a discount to market price;
 - (ii) that participation in the Plan will not apply to the whole or a part of the net proceeds of any cash dividend and that the applicable part will be paid out in cash and not be reinvested;
 - (iii) that a Participation Notice will cease to be of any effect;
 - (iv) that the terms and conditions of the Plan be modified, suspended or terminated. If the Plan is modified, then a Participation Notice will be deemed to be a Participation Notice under the Plan as modified unless such Participation Notice is subsequently changed or withdrawn by the Participant; and
 - (v) in the event of the subdivision, consolidation or reclassification of Shares into one or more new classes of Shares, that a Participation Notice will be deemed to be a Participation Notice in respect of the Shares as subdivided, consolidated or reclassified unless such Participation Notice is subsequently changed or withdrawn by the Participants.
- (b) Notice of any modification, suspension or termination by Chorus under clause 12(a)(iv) will be given to all Participants.
- (c) However, no such modification or termination by Chorus under clause 12(a)(iv) will be made during the period commencing on a date 21 days before a Record Date for the purposes of determining entitlement to a dividend and ending on the date of payment of that dividend.
- (d) Notwithstanding clauses 12(b) and (c), Chorus may at any time, without the need of any notice:
 - (i) modify or terminate the Plan to comply with any applicable law, the listing rules of any stock exchange on which Shares are listed, or any provision of the Constitution; and
 - (ii) make minor amendments to the Plan where such amendments are of an administrative or procedural nature.

13. Stock Exchange Listing

Chorus will apply for Shares which may be issued under the Plan to be quoted on the NZSX and the Australian Securities Exchange promptly after they have been issued. NZX and the Australian Securities Exchange accept no responsibility for any statement in this Offer Document.

14. No Inside Information

At each time the price for Shares is set under clause 6 of these Terms and Conditions, Chorus is required to, and will, ensure that it has no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Shares if the information were publicly available.

15. Taxation

The taxation consequences for each Shareholder should they elect to participate in the Plan will differ depending upon their particular circumstances. Accordingly, each Shareholder should consult their own tax adviser as to the taxation implications of the Plan. Chorus does not accept any responsibility for the financial or taxation effects of a Shareholder's participation or nonparticipation in the Plan.

16. Information for Australian Shareholders

- (a) The offer of Shares under the Plan does not require disclosure for the purposes of section 708 of the Corporations Act 2001 (Cth).
- (b) Australian resident Shareholders should note that Chorus is not licensed to provide financial product advice in relation to the Shares offered under the Plan. There is no cooling-off regime that applies in respect of the issue of Shares under the Plan.

17. Governing Law

The Plan and its operation and these Terms and Conditions will be governed by the laws of New Zealand.

18. Available Information

Copies of Chorus' most recent Annual Report and financial statements complying with the Financial Reporting Act 1993 are available online at: <http://chorus.co.nz/financial-reports>.

A hard copy is also available free of charge on request from:

Chorus Limited
Level 9 Datacom House
68-86 Jervois Quay
P O Box 632
Wellington 6140
New Zealand

Email: company.secretary@chorus.co.nz

Website: www.chorus.co.nz

19. Registrar's Address

The contact details of the Registrar are as follows:

Computershare Investor Services Limited
Private Bag 92119
Level 2, 159 Hurstmere Road, Takapuna,
Auckland 0622
New Zealand

Phone: 0-9-488 8777

Fax: 0-9-488 8787

Email: enquiry@computershare.co.nz

Definitions

The following words have these meanings in this Offer Document:

Board: Chorus' Board of Directors.

Business Day: A day on which NZX is open for trading.

Chorus: Chorus Limited

Constitution: Chorus' constitution.

Ex Date: The second Business Day before the relevant Record Date, unless NZX determines otherwise.

Issue: In the case of existing Shares, includes transfer where the context requires.

Non-Participating Share: A Share registered in the name of a Participant, the dividends on which are not subject to the Plan, and in respect of a particular Record Date, the Non-Participating Shares that are not participating in the Plan on that date.

NZSX: The main board equity security market operated by NZX.

NZX: NZX Limited.

Participant: Any eligible holder of Shares who has completed (and has not withdrawn) a Participation Notice which has been accepted by Chorus.

Participating Share: A Share registered in the name of a Participant, the net proceeds of cash dividends on which are subject to the Plan, and in respect of a particular Record Date, the Participating Shares participating in the Plan on that date.

Participation Notice: The Participation Notice accompanying this Offer Document as approved by Chorus (or such amended or replacement version thereof as Chorus may approve).

Plan: The Chorus Dividend Reinvestment Plan established by the Board pursuant to the Constitution on the terms and conditions set out in this Offer Document, as amended from time to time.

Record Date: The date and time fixed by the Board for determining entitlement to the relevant dividend.

Registrar: Computershare Investor Services Limited.

Shares: Ordinary Shares in Chorus.

Shareholders: Holders of Shares.

