MEDIA STATEMENT – 12 April 2012

Chorus issues its first securities to CFH

Chorus has issued its first debt and equity securities to Crown Fibre Holdings (CFH), for some 3,400 premises passed with the new Ultra-fast Broadband (UFB) network in Auckland's Albany and Rosebank areas.

In line with its UFB agreement, Chorus expects to regularly issue securities to CFH as the fibre network becomes available for New Zealand homes and businesses to connect to.

Chorus received $3,893,994 from CFH and issued 1,946,997 equity securities and 1,946,997 debt securities for its first two UFB network stages. Chorus also issued 83,254 CFH warrants for nil consideration. Approximately $929m of funding is available to Chorus for the UFB network until the end of 2019.

Under Chorus' agreement with CFH, the number of securities that Chorus issues are calculated on the basis of $1,118 for each premise that it passes with the UFB network. These securities have an issue price of $1 and are issued on a 50:50 basis. For each premise passed, $559 of equity securities and $559 of debt securities are issued.

Further information regarding these securities is set out on pages 139 – 142 of the demerger scheme booklet dated 13 September 2011: http://media.corporate-ir.net/media_files/IROL/91/91956/SchemeBooklet.PDF

Chorus will issue many more securities to CFH over the next eight years and each time securities are issued the relevant stock exchange will be appropriately notified. As this now becomes a regular part of its UFB routine, Chorus will not issue further media statements announcing each subsequent issuance.

END.

For further information:

Robin Kelly
Chorus External Media Manager
Mbl: 027 655 5139
Email: robin.kelly@chorus.co.nz

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Chorus Limited ("**Chorus**")

ABN

152 485 848

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	CFH Equity Securities, CFH Debt Securities & CFH Warrants
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	1,946,997 CFH Equity Securities 1,946,997 CFH Debt Securities 83,254 CFH Warrants

3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	The CFH Equity Securities are redeemable preference shares carrying no right to vote at meetings of holders of ordinary Chorus Shares, but entitle the holder to a right to a repayment preference on liquidation. The CFH Debt Securities are unsecured, non interest bearing and carry no voting rights at meetings of holders of ordinary Chorus shares. The CFH Warrants are an option to acquire ordinary shares in Chorus on a specified exercise date at a set strike price. The terms of the issue for each of the CFH Equity Securities, CFH Debt Securities and the CFH Warrants are as set out in the Subscription Agreement. Further details are set out on pages 139 to 142 of the demerger Scheme Booklet dated 13 September 2011 and available at http://media.corporate-ir.net/media_files/IROL/91/91956/SchemeBooklet.PDF

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	**CFH Equity Securities** No. On a liquidation or winding up of Chorus, holders of CFH Equity Securities will have the right to repayment of the issue price ranking behind creditors of Chorus but ahead of the ordinary Chorus shares. The CFH Equity Securities will otherwise carry no right to share in the surplus assets of Chorus on winding up or liquidation. **CFH Debt Securities** No. The principal amount of each CFH Debt Security will consist of a senior portion, equal to the present value of the sum repayable on the CFH Debt Security, and a subordinated portion equal to the remainder or the face value. The senior portion will rank equally with all other unsecured, unsubordinated creditors of Chorus. The subordinated portion will rank below all other indebtedness of Chorus. On winding up, dissolution or liquidation of Chorus, no payment shall be made to holders of CFH Debt Securities in respect of the subordinated portion until all other indebtedness of Chorus is repaid in full. **CFH Warrants** N/a
5	Issue price or consideration	\$NZ1.00 per CFH Equity Security \$NZ1.00 per CFH Debt Security Nil per CFH Warrant
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Call notice issued by Chorus to Crown Fibre Holdings Limited ("**CFH**") on 11 April 2012 pursuant to the terms of the subscription agreement between Chorus and CFH dated 9 November 2011. The funds are to be used by Chorus in the construction of the Ultra-Fast Broadband network in New Zealand.

7	Dates of entering +securities into uncertificated holdings or despatch of certificates	11 April 2012 for each of the CFH Equity Securities, CFH Debt Security and the CFH Warrants

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)	385,082,123	fully paid ordinary shares

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)	1,946,997	CFH Equity Securities (unquoted)
		1,946,997	CFH Debt Security (unquoted)
		83,254	CFH Warrants (unquoted)

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	**CFH Equity Securities** To the extent they have not been redeemed, dividends will become payable on an increasing proportion of the CFH Equity Securities from 2025 onwards. The dividend rate on the CFH Equity Securities will be equal to a reference rate plus a margin of 6% per annum. Chorus is not obliged to declare any dividend on CFH Equity Securities in respect of any period, but if it does not make a scheduled dividend on the CFH Equity Securities it may not make any distribution on ordinary shares in until a subsequent dividend on the CFH Equity Securities is paid in full. The dividends payable on the CFH Equity Securities are non-cumulative. If at any time Chorus's credit rating is three notches or more below its initial rating, no dividends will be scheduled or payable on the CFH Equity Securities. Details of the dividends for the CFH Equity Securities are set out on pages 140 to 141 of the demerger Scheme Booklet dated 13 September 2011 and available at http://media.corporate-ir.net/media_files/IROL/91/91956/SchemeBooklet.PDF **CFH Debt Securities** N/a **CFH Warrants** N/a

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	n/a
12	Is the issue renounceable or non-renounceable?	n/a
13	Ratio in which the +securities will be offered	n/a

14	+Class of +securities to which the offer relates	n/a
15	+Record date to determine entitlements	n/a
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	n/a
17	Policy for deciding entitlements in relation to fractions	n/a
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	n/a
19	Closing date for receipt of acceptances or renunciations	n/a
20	Names of any underwriters	n/a
21	Amount of any underwriting fee or commission	n/a
22	Names of any brokers to the issue	n/a
23	Fee or commission payable to the broker to the issue	n/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	n/a
25	If the issue is contingent on +security holders' approval, the date of the meeting	n/a

+ See chapter 19 for defined terms.

26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	n/a
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	n/a
28	Date rights trading will begin (if applicable)	n/a
29	Date rights trading will end (if applicable)	n/a
30	How do +security holders sell their entitlements *in full* through a broker?	n/a
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	n/a
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	n/a
33	+Despatch date	n/a

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☐ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	
39	Class of +securities for which quotation is sought	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	

+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .... Date: 12 April 2012
(Company secretary)

Print name: Vanessa Oakley

== == == == ==

+ See chapter 19 for defined terms.