

Investor Presentation

September 2011



Disclaimer

Forward-Looking Statements

This presentation includes forward-looking statements regarding future events and the future financial performance of Chorus, including forward looking statements regarding the Demerger, 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. Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements are discussed in the Scheme Booklet, including, in particular, in the section titled "Risks in relation to New Chorus, New Telecom and the Demerger". Except as required by law or the listing rules of the stock exchanges on which Chorus is listed, Chorus undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

Chorus uses Earnings Before Interest, Taxation, Depreciation and Amortisation ('EBITDA'), adjusted EBITDA and funds from operations ('FFO') when discussing financial performance. These are non-GAAP financial measures and are not prepared in accordance with International Financial Reporting Standards ('IFRS'). They are not uniformly defined or utilised by all companies in the telecommunications industry. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation, or considered a substitute for measures reported in accordance with IFRS. Management believes that these measures provide useful information as they are used internally to evaluate performance, analyse trends on cash-based expenses, establish operational goals and allocate resources. See slide 33 for a description of how these measures are calculated.

Basis of preparation of financial information

This presentation includes financial information about Chorus that has been prepared on several bases of accounting, including an historical special purpose (carve-out) basis and a pro forma basis. See slide 33 for more information about the basis of accounting.

The pro forma financial information in this presentation is not intended to and does not comply with Article 11 of Regulation S-X of the Rules and Regulations of the United States Securities and Exchange Commission in respect of pro forma financial information.

Not an offer of securities

This presentation is not an offer of securities. The securities to be issued in the Demerger have not been registered under the United States Securities Act of 1933 ("US Securities Act") and may not be offered or sold in the United States except in transactions that are exempt from or not subject to the registration requirements of the US Securities Act.

Key investment highlights

- #1** Leading national provider of New Zealand fixed line telecom infrastructure with significant fixed network build experience
- #2** Significant tangible asset backing with a strong brand in New Zealand
- #3** Stable long term demand trends
- #4** Improved regulatory framework and long term regulatory certainty on product set and product pricing, and aligned incentives with Government
- #5** High quality customer base of retail service providers
- #6** Cornerstone partner with the Government in the UFB Initiative with UFB capex supported by low cost Government capital
- #7** Solid and stable financial outlook with strong cash flow generation
- #8** Clear strategic objectives
- #9** Experienced management team with proven ability in rolling out and operating telecommunication networks
- #10** FY11 pro forma revenue of NZ\$1,050m and adjusted EBITDA of NZ\$676m¹

¹ Chorus pro forma FY11 EBITDA of NZ\$606 million adjusted for one off items of; NZ\$6 million in relation to Telecom's UFB proposal, one-off costs of NZ\$22 million in relation to the Canterbury earthquakes; and impairment charges of NZ\$42 million recognised on copper-based regulatory assets due to the combined effect of the move to a fibre-oriented world and regulatory developments.

Agenda

#1 Fixed line market overview

#2 Company overview

#3 Overview of the UFB Initiative and proposed regulatory framework

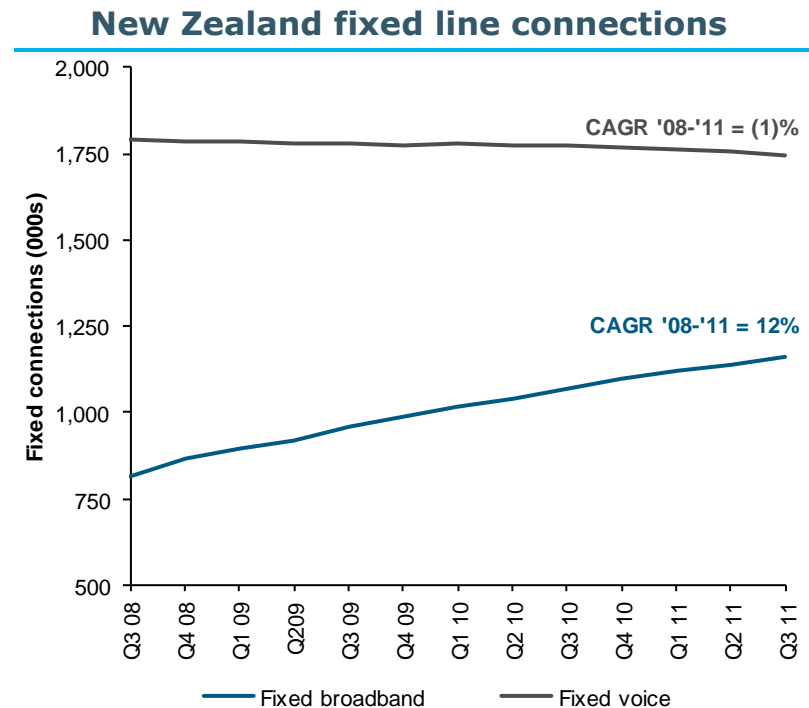
#4 Strategic priorities

#5 Financial overview

I. Fixed line market overview

Fixed line market overview

The fixed line market in New Zealand has historically experienced a gradual decline in fixed voice connections offset by steady growth in fixed broadband connections



- Slower rate of decline in fixed connections compared to comparable overseas markets
- Relatively low fixed-to-mobile substitution rates due to:
 - ✓ Free fixed line local calling
 - ✓ Absence of “unlimited” mobile usage plans
- Consistent growth in fixed broadband connections with current penetration rates of approximately 65%

Source: IDC NZ Telco Tracker: March 2008 to March 2011

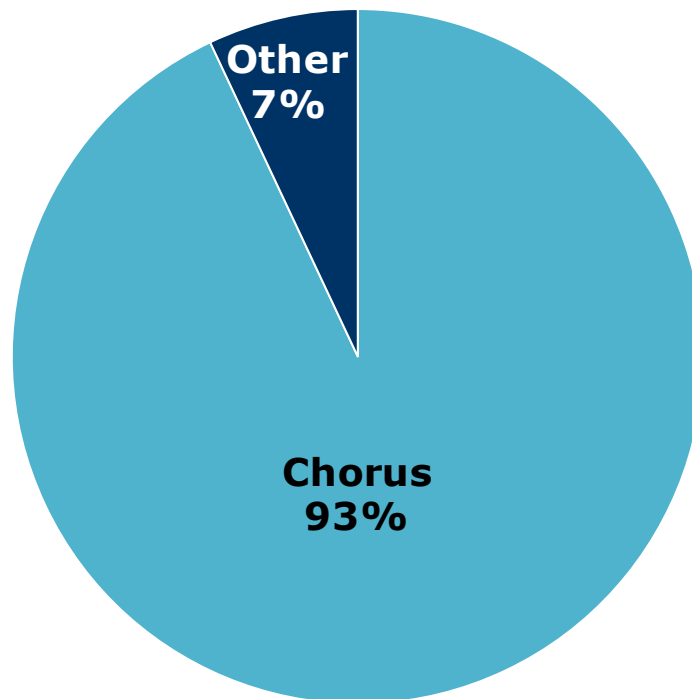
II. Company overview

Chorus is NZ's largest telecoms utility business

- Chorus owns and operates nationwide fixed line access network infrastructure comprising local exchanges, cabinets and approximately 1.8 million lines that connect NZ homes and businesses
- While Chorus can be considered a new entity post demerger, it has been operating as a separate independent operational business within Telecom since March 2008
- Upon Demerger, Chorus will:
 - ✓ Be a national provider of Layer 1 and Layer 2 wholesale local access network copper and fibre services to retail service providers
 - ✓ Provide a comprehensive range of backhaul and co-location services to retail service providers
 - ✓ Sell services to customers on an open access, non-discriminatory and equivalence of inputs basis (i.e. with exactly the same price and technical specification)
 - ✓ Have a significant asset base including over 130,000km of copper cables, 27,600km of fibre cables, 602 local telephone exchanges and 11,430 cabinets
 - ✓ Manage its copper and fibre network through provision of build, installation and maintenance services
 - ✓ Be the Government's cornerstone partner in the rollout of fibre infrastructure in 24 of the 33 UFB candidate areas, covering approximately 70% of the UFB coverage area, with potential to expand its role
 - ✓ Connect end-users (consumers, SMEs and corporates) and install certain equipment in their premises

Leading national provider of fixed line access

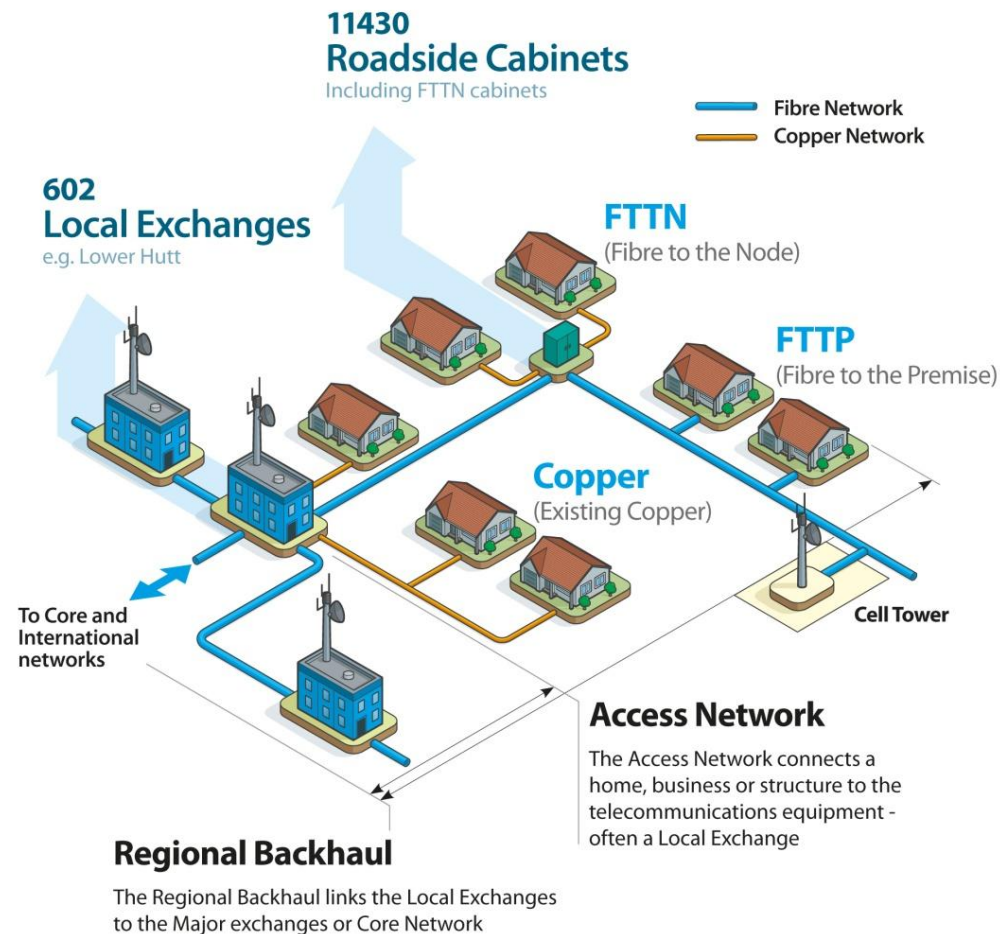
New Zealand fixed line connections



Source: Management estimates

- Chorus' fixed access network is employed by telecommunications service providers to deliver phone and internet services to New Zealanders
- New Zealand has approximately 1.8 million fixed connections
- Chorus currently has a market share of approximately 93% of the New Zealand fixed line access market
- Other providers include TelstraClear's HFC network and localised fibre operators including Citylink

Significant asset base



- Chorus' network assets currently include:

- ✓ **Copper** – 602 telephone exchanges, 11,430 cabinets and approximately 130,000km of copper cables

- ✓ **Fibre** – approximately 27,600km of fibre optic cable and ~3,600 fibre-fed roadside cabinets

- Chorus will expand its fibre asset base by an estimated 20,000km through the UFB Initiative and the Rural Broadband Initiative

Well established product set and clear regulatory framework

- Chorus' products and services are well established and will predominantly be regulated and offered to its customers on an open access, non-discriminatory and equivalence basis

	Product Offering	Regulation Considerations
Fibre Products	<ul style="list-style-type: none"> A national provider of layer 1 and layer 2 (bitstream) wholesale fibre local access network 	<ul style="list-style-type: none"> Prices contractually agreed with CFH until 30 Dec 2019 No Layer 1 fibre unbundling until 30 Dec 2019
Copper Products	<ul style="list-style-type: none"> A national provider of layer 1 and layer 2 (bitstream) wholesale copper local access network 	<ul style="list-style-type: none"> Pre-demerger regulatory pricing framework remains in place Price and non-price terms largely regulated and governed by Standard Terms Determinations (STD) Rural and urban UCLL and SLU prices averaged from Nov 2014 UBA pricing fixed until 2014
Backhaul	<ul style="list-style-type: none"> Aggregation and transportation of customer access traffic from exchange or cabinet to "hand over" point 	<ul style="list-style-type: none"> Fibre and copper based products, with regulated price and non price terms
Co-Location	<ul style="list-style-type: none"> Rental of space in Chorus premises (mainly exchanges or cabinets) 	<ul style="list-style-type: none"> Regulated price and non price terms
Field Services	<ul style="list-style-type: none"> Network provisioning, maintenance and build out activities 	<ul style="list-style-type: none"> Not regulated

High quality customer base

- Chorus will have approximately 70 customers, approximately 84% of its pro forma revenues in FY11 being derived from the sale of its products and services to Telecom
- Chorus' customer base comprises Retail Service Providers (RSPs) and other access seekers who will consume services such as PSTN resale and wireless radio

New Zealand RSPs



Other access network customers



Proven track record in building and operating telecommunication networks

Fibre-to-the-node (FTTN) Project

- One of New Zealand's largest telecommunications projects
- 3 year project commenced in March 2008
- Deployment of 2,500km of fibre and installation of 3,600 fibre-fed roadside cabinets
- Approximately 750,000 customers to have ability to connect to faster broadband cabinets by end of 2011
- Deployment of fibre to the premise to around 5,800 sections in new housing developments

Chorus FTTN Project Delivery

- ✓ All objectives to be completed on time by 31 December 2011
- ✓ All objectives to be completed within the budget of NZ\$500m

Experienced Board of Directors

The Chorus Board has substantial telecoms and local market experience

- Chorus has operated independently since 2008 but has not had its own Board
- Chorus board members were drawn from both the Telecom board and external candidates

Sue Sheldon CNZM <i>Chairman</i> <i>Non-Executive Director</i>	<ul style="list-style-type: none"> • Member of the Telecom Board since June 2010. Current director of Contact Energy, Freightways, Paymark and the Reserve Bank of New Zealand • Former director of Smiths City Group, Wool Grower Holdings and Wool Industry Network and former president of the New Zealand Institute of Chartered Accountants
Prue Flacks <i>Non-Executive Director</i>	<ul style="list-style-type: none"> • Current director of Bank of New Zealand and Mighty River Power and a trustee of the Victoria University Foundation • Extensive specialist experience in commercial law and, in particular, banking and finance and securities law
John Hartley <i>Non-Executive Director</i>	<ul style="list-style-type: none"> • Extensive experience across a range of industries in senior executive and non-executive positions including chairman of SkyCity, CEO of Brierley NZ and Solid Energy and CFO of Lend Lease Australia • Current roles include Deputy Chair of ASB Bank, ASB Life and VisionFund International and is a director of Mighty River Power
Keith Turner <i>Non-Executive Director</i>	<ul style="list-style-type: none"> • Extensive experience in the electricity sector. Current chairman of Fisher and Paykel Appliances, deputy chairman of Auckland International Airport and director of Spark Infrastructure • Prior roles include CEO Meridian Energy for 9 years from its establishment in 1999
Anne Urlwin <i>Non-Executive Director</i>	<ul style="list-style-type: none"> • Over 20 years directorship experience across the energy, health, construction, regulatory, internet, infrastructure and banking sectors • Current Chairman of Lakes Environmental, Naylor Love Enterprises and a director of Meridian Energy and New Zealand Cricket
Clayton Wakefield <i>Non-Executive Director</i>	<ul style="list-style-type: none"> • Over 30 years experience across the banking, financial services, telecommunications and technology sectors. Current executive director and owner of Techspace Consulting Limited • Previous roles include Head of Technology and Operations at ASB Bank Limited, chairman and director of Electronic Transactions Services and chairman and director of Visa New Zealand

Management team with deep understanding of the business and fixed network deployment

Mark Ratcliffe <i>CEO & Executive Director</i>	<ul style="list-style-type: none"> • CEO of Chorus since March 2008 • 20 years experience within Telecom across finance, marketing, product development, product management and IT
Ed Beattie <i>General Manager, Property & Network Operations</i>	<ul style="list-style-type: none"> • Over 30 years experience within Telecom building and maintaining fixed line and mobile telecommunications networks in New Zealand, including the recent deployment of the FTTN network • Responsible within Chorus for managing the performance of Chorus' fibre and copper network and maintaining its portfolio of network assets
Sarah Broadhurst <i>General Manager, Human Resources</i>	<ul style="list-style-type: none"> • Over 10 years experience in human resources in New Zealand and the UK in a wide range of industries • Responsible within Chorus for building organisational capability, culture and people management
Victoria Crone <i>General Manager, Sales & Marketing</i>	<ul style="list-style-type: none"> • Over 15 years experience in sales and marketing of telecommunications products • Responsible within Chorus for responsible for managing the product portfolio, customer management, business development, marketing, brand and communications
Chris Dyhrberg <i>General Manager, Network Build</i>	<ul style="list-style-type: none"> • Significant experience in network deployment including the copper unbundling and FTTN network • Responsible within Chorus for network investment, planning, capital management and the roll out of the ultra-fast broadband and rural broadband initiatives
Brian Hall <i>Acting Chief Financial Officer</i>	<ul style="list-style-type: none"> • Appointed Chorus Financial Controller and acting Chief Financial Officer in the interim • Over 20 years finance within Telecom across a variety of finance related roles • Prior experience includes senior audit manager with PriceWaterhouseCoopers
Vanessa Oakley <i>General Counsel & Company Secretary</i>	<ul style="list-style-type: none"> • Over 17 years experience in law and policy, mainly in relation to regulated telecoms infrastructure • Responsible within Chorus for legal and regulatory affairs, government relations, compliance, audit and risk
Ewen Powell <i>Chief Information Officer</i>	<ul style="list-style-type: none"> • Over 18 years industry experience managing technology, services and partnerships that combined operate a national communications network • Responsible within Chorus for technology and enterprise infrastructure and managing the systems platforms to deliver business and customer operations.
Nick Woodward <i>General Manager, Customer Services</i>	<ul style="list-style-type: none"> • Extensive experience across IT, sales and customer management roles in the financial and telecommunications industries throughout Europe and in the United States • Responsible within Chorus for managing operational business transactions between customers, suppliers and partners

III. Overview of the UFB Initiative and proposed regulatory framework

The UFB Initiative

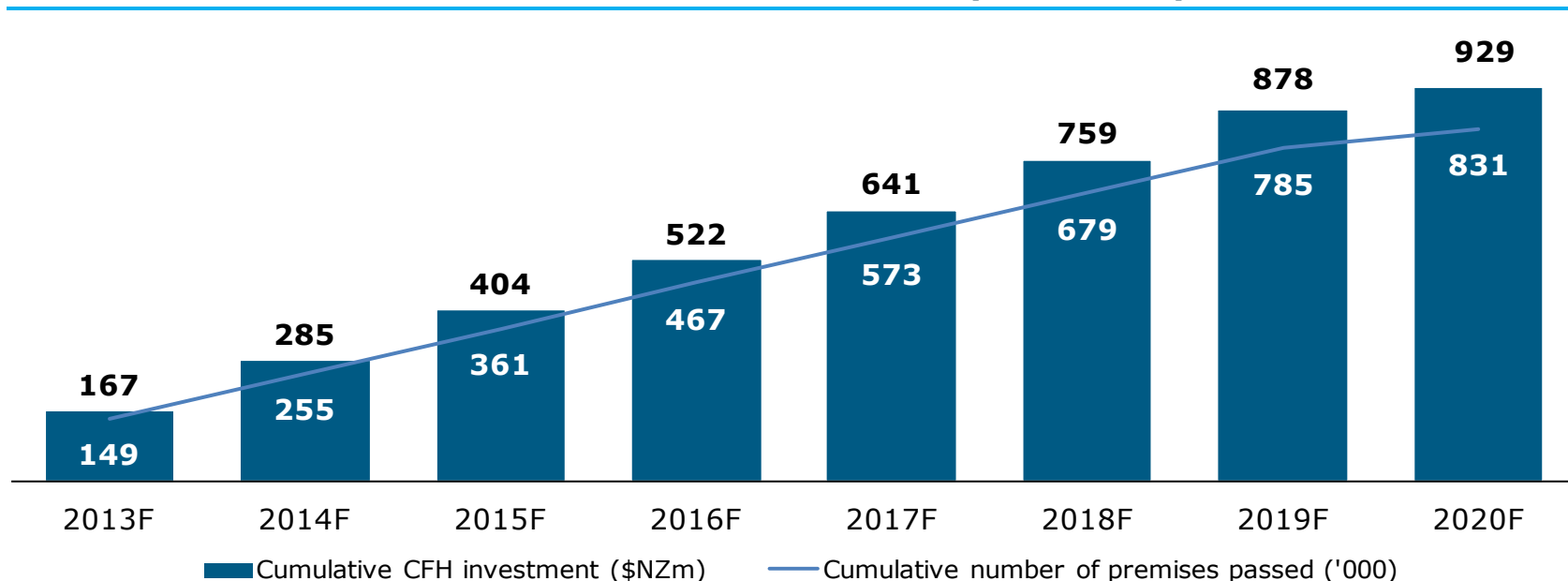
The Government's objective is to achieve the roll-out of the Ultra-Fast Broadband FTTP network to 75% of New Zealanders by 2019

- The Government has committed NZ\$1.35 billion of investment for UFB network deployment
 - Crown Fibre Holdings (CFH) has been established to manage the Government's investment
 - Chorus awarded 24 of the 33 candidate areas, including Auckland and Wellington, covering 830,900 premises
- Prioritised deployment to schools, hospitals, health service providers and businesses by 2015
- The network deployment comprises:
 - The UFB Network which will deliver fibre past premises; and
 - The connection of premises to the UFB Network as dictated by demand (including equipment installation)
- Minimum speeds of 30Mbps downstream and 10Mbps upstream
- Aligns interests of Chorus with the Government's UFB objectives

Chorus' cornerstone role in the UFB Initiative

- As the cornerstone UFB participant, Chorus will have access to approximately NZ\$929 million of the Government's UFB investment via the CFH Securities
- The Government, through CFH, is committed to invest progressively based upon the number of premises that have been passed by Chorus' fibre network

Forecast CFH investment in Chorus (NZ\$ million)¹



¹ Shows combined debt and equity CFH funding drawdown amounts. Note that warrants will also be issued with the equity component.

CFH Securities

The approximately NZ\$929 million investment available from the Government will be split 50/50 between CFH Debt and Equity Securities

CFH Debt Securities

- Unsecured
- Non-interest bearing
- Redeemed by Chorus in tranches from 30 June 2025 to 30 June 2036 at the latest
- If end-user fibre uptake in the Chorus candidate areas is less than 20% at 30 June 2020, the repayments from 30 June 2025 will be accelerated
- Additionally, CFH will be issued long term warrants per each tranche of equity securities with a strike price based upon a cumulative TSR of 16% per annum.

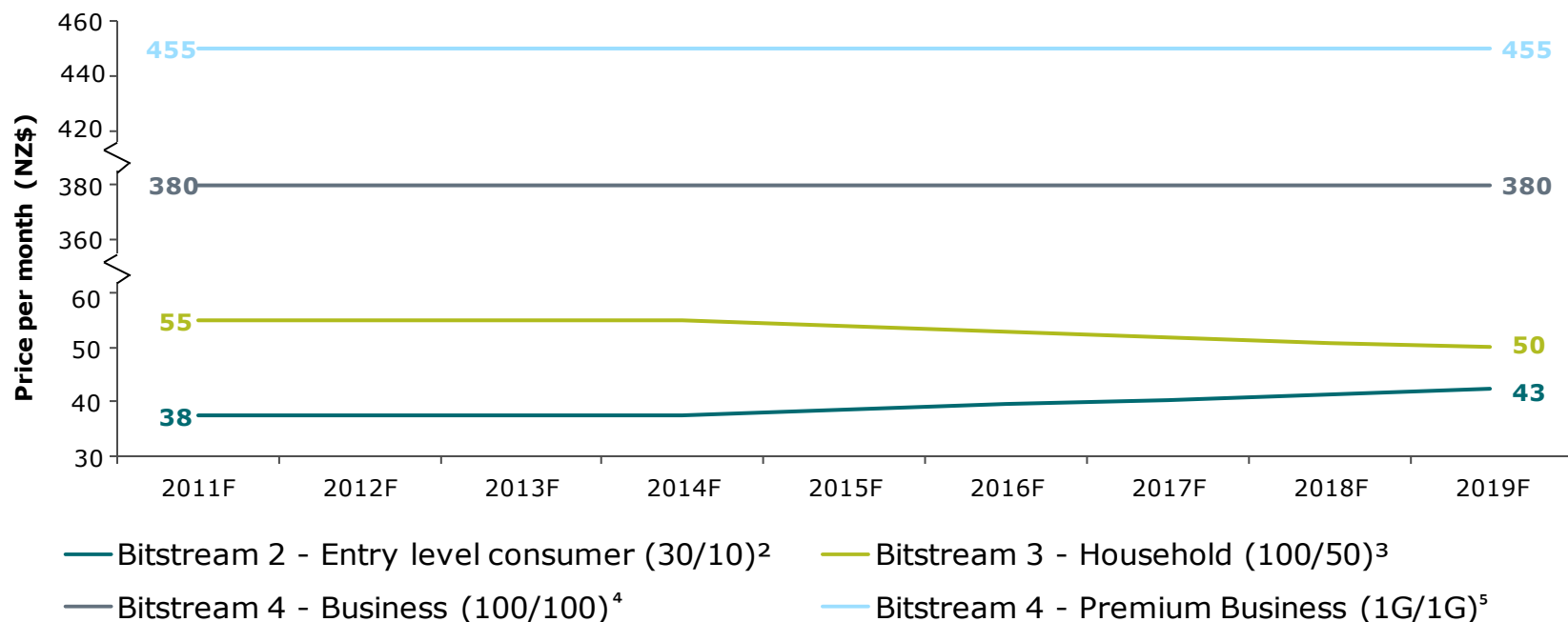
CFH Equity Securities

- No right to vote at shareholder meetings
- Attract no dividend payments before 2025
- From 30 June 2025 onwards, an increasing portion of the CFH Equity Securities will attract dividend payments
- If end-user fibre uptake is less than 20% at 30 June 2020, the portion of CFH Equity Securities that attract dividends increases at a faster rate

Contracted fibre pricing certainty

Within the CFH contract period, the price tracks for the core Chorus fibre products are agreed within the WSA¹. These price tracks are designed to enable the convergence of product offerings over time to stimulate fibre uptake

Key product price tracks



¹ The Wholesale Service Agreement sets the price path for fibre products, not copper products. All products are subject to regulation by the Commerce Commission. In the event the Commission regulates fibre prices below the contracted price paths, Chorus will be eligible to receive contractual compensation up to the value of NZ\$350 million by way of adjustments to the existing contractual arrangements, such as a deferral of repayments.

² Monthly price at commencement of \$37.50 (excl. GST). 30 Megabits per second downstream and 10 Megabits per second upstream.

³ Monthly price at commencement of \$55.00 (excl. GST). 100 Megabits per second downstream and 50 Megabits per second upstream.

⁴ Monthly price at commencement of \$380.00 (excl. GST). 100 Megabits per second downstream and 100 Megabits per second upstream.

⁵ Monthly price at commencement of \$455.00 (excl. GST). 1 Gigabit per second downstream and 1 Gigabit per second upstream.

Simplified regulatory regime

- The proposed regulatory changes were enacted on 30 June 2011 and are conditional on the Demerger of Chorus
- Chorus will enter into new, simplified, undertakings relating to the provision of services and pricing of the copper access network products and also for the provision of services on the fibre network

	Telecom pre Demerger	Chorus post Demerger
Operational Separation Undertakings 'three box' model¹	Yes	N/A
Accounting separation²	Yes	No
Independent Oversight Group	Yes	No
Ownership restrictions	Yes	Yes
Open access undertakings³	N/A	Yes
Obligations under the TSO⁴	Yes	Yes
Line of business restrictions⁵	No	Yes
Oversight of transitional and long term sharing arrangements between Chorus and Telecom	N/A	Yes
Aligned regulatory regime enabling long term fixed network investment	No	Yes

¹ The three box model is defined as the separation of the Chorus, Telecom Wholesale and Retail business units as per the Operational Separation Undertakings.

² Accounting separation was removed under the Telecommunication Amendment Act.

³ The new open access deeds of undertakings are primarily aimed at holding the principles of non-discrimination and equivalence. The draft open access deeds of undertakings currently provide that New Chorus is not required to have separate business units or internal trading.

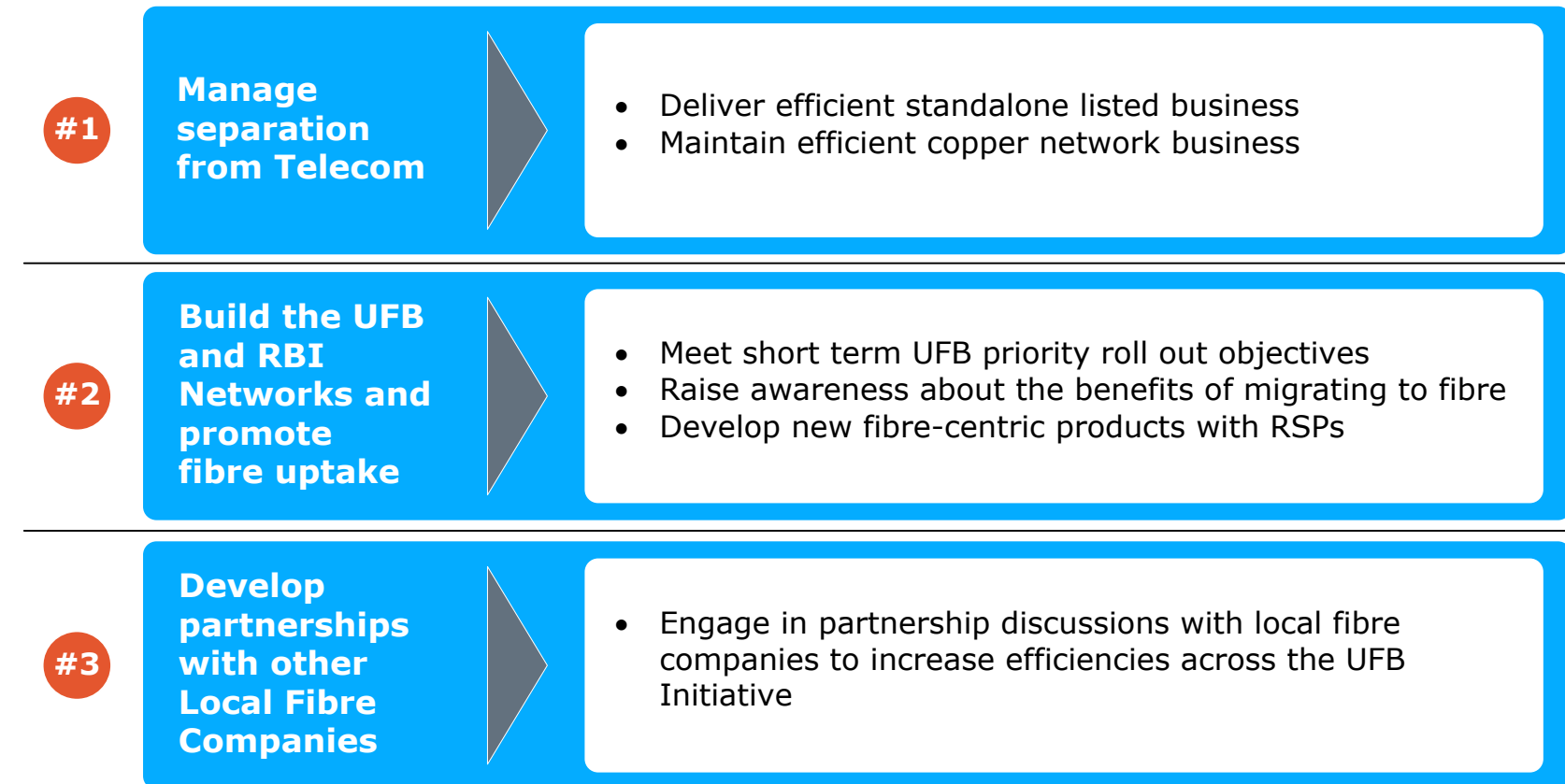
⁴ The Telecommunications Amendment Act requires a review of the TSO in 2013.

⁵ Chorus will be restricted to selling products and services only to non-end-users as per the register that will be kept by the Commerce Commission.

IV. Strategic priorities

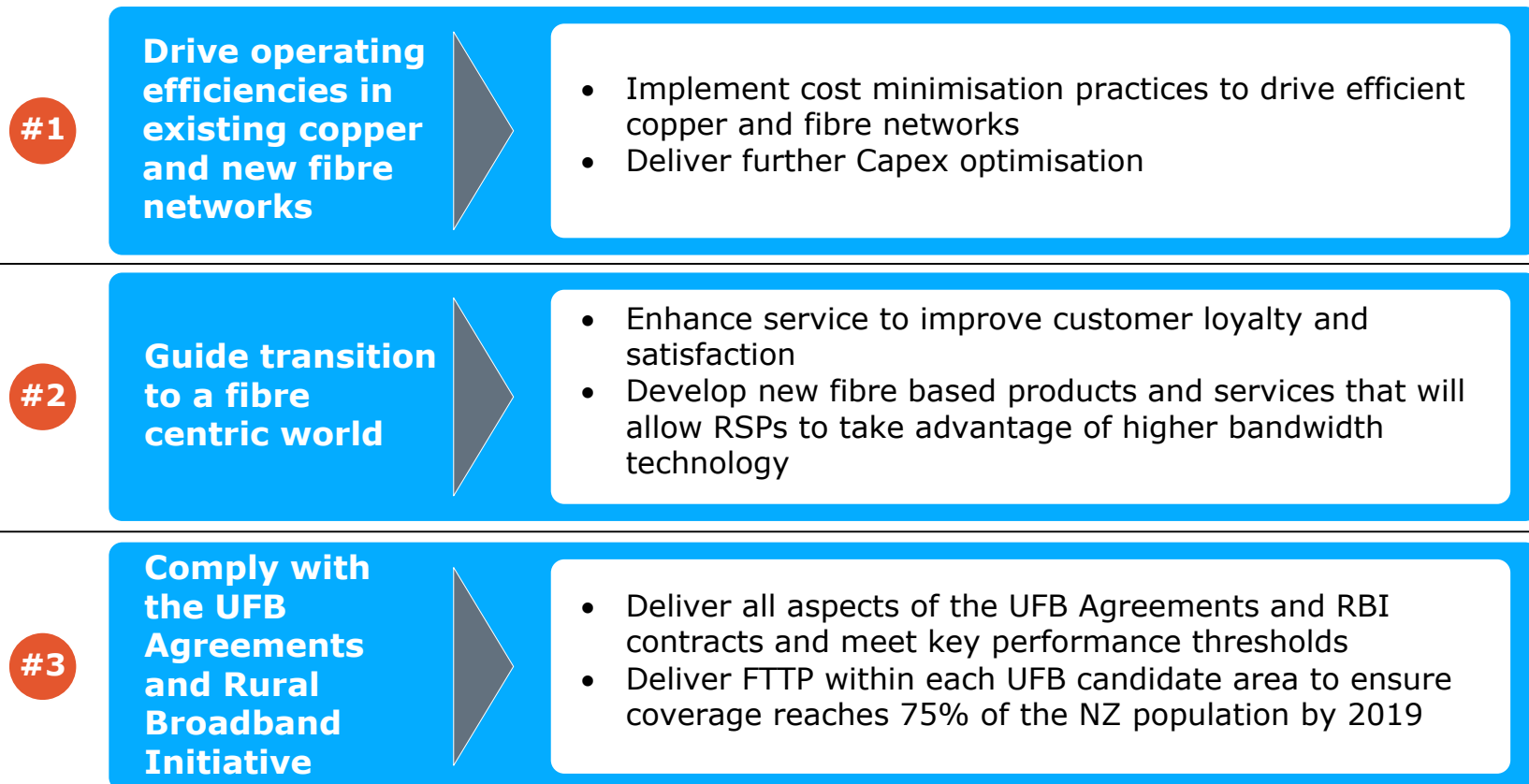
Chorus business strategy – shorter term

In the shorter term, Chorus will transition to a new business model focusing on efficient operation of the existing network infrastructure, achieving UFB deployment plan targets and creating momentum as the business shifts to a fibre-centric platform



Chorus business strategy – longer term

Over the longer term, Chorus' business strategy is to drive sustainable shareholder growth by enhancing its position as New Zealand's leading nationwide provider of telecommunications infrastructure



V. Financial overview

Summary financial information

P&L and cashflow

	<u>Pro forma¹</u>
<u>Y/E 30 June; NZ\$ million</u>	<u>2011</u>
Operating revenues and other gains	1,050
Operating expenses	(444)
EBITDA	606
Depreciation and amortisation	(320)
EBIT	286
Net interest expense	(102)
Income tax expense	(56)
Net earnings	128
EBITDA	606
Add: UFB costs	6
Add: asset impairments	42
Add: natural disaster costs	22
Adjusted EBITDA	676
Funds from operations (FFO)²	518
Cash flow from investing activities	(428)

Balance sheet

	<u>Pro forma¹</u>
<u>Y/E 30 June 2011; NZ\$ million</u>	<u>2011</u>
<i>ASSETS</i>	
Receivables and prepayments	11
Total current assets	11
Property, plant, equipment and intangibles	2,425
Total non-current assets	2,425
Total assets	2,436
<i>LIABILITIES AND EQUITY</i>	
Accounts payable, accruals, provisions, short-term derivative liabilities & taxation payable	54
Short term debt	1,700
Total current liabilities	1,754
Deferred tax liability	163
Long-term payables and provisions	97
Total non-current liabilities	260
Total liabilities	2,014
Total invested capital	422
Total liabilities and invested capital	2,436

¹ Prepared on an unaudited condensed pro forma basis, under which certain adjustments have been applied to the audited Historical carve-out financial statements as of and for the financial year ended 30 June 2011 to reflect certain transactions that are expected to take place as part of or in association with the Demerger

² FFO calculated as adjusted EBITDA less income tax expense and net interest expense.

Chorus capital requirements

Chorus will require capital to build out fibre networks and internal operating capabilities as well as for maintenance of both copper and fibre networks on an ongoing basis

Network build

- UFB Network total cost of deployment is estimated at NZ\$1.4 – 1.6 billion
 - c.NZ\$929 million to be funded by the New Zealand Government
 - c.NZ\$470 - 670 million to be funded by Chorus
- UFB average premise connection cost expected to be c.NZ\$900 – 1,000, in real terms
- RBI funded through direct New Zealand Government contribution of NZ\$48 million and the Telecommunications Development Levy of NZ\$252 million over six years

Business separation

- Investment in fibre based systems is required to support the operation of the UFB network
- Development of fibre based products and services will be required over the short to medium term

Network maintenance

- On an ongoing basis Chorus will have to maintain both the nationwide copper and fibre networks
 - While the Chorus UFB Network will cover 830,900 premises by the end of 2019, a significant number of premises will require a copper fixed line connection over the medium to long term

Capital structure and dividend policy

- Chorus has been assigned preliminary ratings by the following ratings agencies:
 - S&P: BBB / Stable
 - Moody's: Baa2 / Stable
- Targeting net interest bearing debt (inclusive of associated derivatives) to EBITDA that does not materially exceed 3.5 times¹ on a long run basis
- Dividend policy: expects to pay an FY12 dividend of 25 cps per annum²
 - The future dividend policy of Chorus remains a matter for the Chorus Board and may change over time
 - Subject to there being no material adverse changes in circumstances or operating outlook
 - Intends to impute dividends to the extent practicable
 - If at any time Chorus' credit rating falls below investment grade while CFH Debt Securities remain outstanding, Chorus will be prohibited from paying dividends without CFH's approval
- Proposed net interest bearing debt (inclusive of associated derivatives): approximately NZ\$1,700 million
 - Equivalent to interest bearing debt (inclusive of associated derivatives) to EBITDA of approximately 2.6 times at Demerger
 - Bridge facility of NZ\$2,000 million available at Demerger
 - Bond process for exchange of Telecom GBP EMTNs provides long dated debt maturity profile
 - Seeking to arrange syndicated bank facility of ~NZ\$1,000 million for up to 5 years

¹ For the purposes of this metric net debt includes the senior portion of CFH Debt Securities, but excludes the subordinated portion of CFH Debt Securities and the CFH Equity Securities.

² It is expected that the Demerger will occur part way through the 2012 financial year, and as a result the 2012 financial year dividend pay out will be prorated to reflect only the post-Demerger period. It is expected that Chorus' first dividend will be declared post 30 June 2012.

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¹ Chorus pro forma FY11 EBITDA of NZ\$606 million adjusted for one off items of: NZ\$6 million in relation to Telecom's UFB proposal, one-off costs of NZ\$22 million in relation to the Canterbury earthquakes; and impairment charges of NZ\$42 million recognised on copper-based regulatory assets due to the combined effect of the move to a fibre-oriented world and regulatory developments.

Appendix A: Additional financial information

Historical special purpose financials

Y/E 30 June; NZ\$ million	Historical special purpose financials ¹		
	2009	2010	2011
Operating revenues and other gains	1,164	1,152	1,133
Operating expenses	(365)	(407)	(494)
EBITDA	799	745	639
Depreciation and amortisation	(191)	(208)	(243)
EBIT	608	537	396
Income tax expense	(182)	(174)	(120)
Net earnings	426	363	276
EBITDA	799	745	639
Add: UFB costs			6
Add: asset impairments			42
Add: natural disaster costs			22
Adjusted EBITDA			709
Cash flow from operating activities	(285)	(221)	(226)
Cash flow from investing activities	(333)	(304)	(373)

¹ See page33 for more information on the basis of preparation.

Additional information regarding financial data

Special purpose historical financial information

The special purpose historical financial statements of Chorus represent the financial records for the businesses that will be held by Chorus at Demerger date. In preparing the special purpose financial statements, management has made a number of assumptions and estimates in order to apportion historical revenues and expenses of Telecom to Chorus. The special purpose financial statements reflect the assets, liabilities and results of the businesses that are expected to be held by Chorus as they were operated as part of Telecom. The special purpose financial statements are based on assumptions and estimates and do not represent what the results of operations, cash flows or financial position of Chorus would have been had it been a separate entity during the years presented.

Pro forma financial information

The Chorus pro forma financial statements have been derived from the Chorus special purpose financial statements and illustrate the estimated effect on the special purpose financial statements as at and for the year ended 30 June 2011 of certain aspects of the Demerger as if it had occurred on 1 July 2010 for the income statement and statement of cash flows, or on 30 June 2011 for the statement of financial position. You should refer to section 6.2 of the Scheme Booklet for information regarding the pro forma adjustments that are reflected in the Chorus pro forma financial statements.

The pro forma financial statements do not represent what the results of operations, cash flows, or financial position of Chorus may have been had not owned Chorus for the periods indicated, and does not project the results of operations, cash flows, or financial position of Chorus in the future.

The pro forma financial statements are not intended to and do not comply with Article 11 of Regulation S-X of the Rules and Regulations of the United States Securities and Exchange Commission in respect of pro forma financial information.

Non GAAP financial measures

This presentation includes the following non-GAAP financial measures:

- EBITDA – EBITDA is earnings before interest, tax, depreciation and amortisation. Chorus calculates EBITDA by adding back/(deducting) depreciation, amortisation, finance expense/(income), share of associates' (profits)/loss and taxation expense to net earnings/(loss) from continuing operations;
- Adjusted EBITDA – adjusted EBITDA is pro forma EBITDA adjusted to reflect the removal of certain one-off costs. The following one-off costs have been removed to determine adjusted EBITDA:
 - Costs of NZ\$6 million incurred in relation to Telecom's UFB proposal;
 - One-off costs of NZ\$22 million recognised in relation to the Canterbury earthquakes; and
 - Costs of NZ\$42 million of asset impairment charges on copper-based regulatory assets due to the combined effect of the move to a fibre-oriented world and regulatory developments
- Funds from operations – FFO is adjusted EBITDA less income tax expense and net interest expense