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## **STOCK EXCHANGE ANNOUNCEMENT**

14 May 2014

### **Chorus Accelerate delivers step change to New Zealand's broadband capability**

Chorus has today announced a new set of broadband products designed to deliver greater speeds, enhanced HD video capability, more choices for the telecommunications industry and a clear path to fibre.

The *Chorus Accelerate* product range offers commercial copper and fibre products. These products will be available alongside the standard regulated products, allowing the industry to choose the products that best meet their needs.

"The *Chorus Accelerate* range is a direct response to feedback from our customers," said Mark Ratcliffe, Chorus CEO. "We know that our customers have been asking us for greater speeds, products that give them the confidence to market value-added HD video services, more choices and better value. *Chorus Accelerate* gives them all of this and more."

"*Chorus Accelerate* is an integrated portfolio of products. Each product provides a logical step towards the fibre future, as well as ensuring that New Zealanders enjoy the best possible broadband today. Chorus Accelerate also makes it much easier and better value for more end users to make the switch to Chorus UFB fibre as soon as it is available in their area."

### **Investment in infrastructure**

*Chorus Accelerate* will be powered by a multi-million dollar investment in core Chorus infrastructure.

Chorus has today announced an investment in the Alcatel-Lucent 7950 Extensible Routing System (XRS) to handle the high growth in bandwidth demand in our network and the additional capacity required to support the *Chorus Accelerate* range.

The XRS network switch can handle up to 16 terabits of data per second, which enables Chorus to provide service commitments for both new copper and fibre services.

Chorus is the first communications infrastructure provider in the Asia Pacific region to invest in this world leading solution. This additional capability builds on the \$500m investment made in fibre to the node.

## **New fibre products**

Chorus will launch three new product groups for fibre.

*Fibre 100* will be priced at the initial wholesale price of \$40 per 100/20 connection, making it the de facto entry level fibre plan.

Chorus will also introduce *Fibre 200* – a range of 200Mbps fibre products for end users who demand some of the fastest broadband speeds in the world, along with *Fibre Business*, which includes a 1Gbps product available across Chorus' fibre footprint.

"Fibre is the long term solution for broadband in New Zealand, and our new products clearly set it apart from the copper-based products in terms of speed and value. Starting with a wholesale price of \$40 for *Fibre 100* is a conscious decision to make it the most attractive option for both the industry and end users as soon as fibre is available in our UFB areas."

*Chorus Accelerate Fibre* products will also be slightly over-specified for their speeds, meaning that Retail Service Providers can be confident that if they pay for 100Mbps as a wholesale product, the end user will see 100Mbps.

## **Boosted copper**

Chorus is also offering more choices for the telecommunications industry on its copper network. The new copper products support a clear migration path to fibre by expanding HD video capability.

"We know that the more bandwidth and better services people enjoy the more they want, and we are confident that better copper will also mean more end user demand for fibre," continued Mark Ratcliffe.

"We also know that our customers are very focused on developing video services and these products will give them the confidence to market their new video services with the assurance that the Chorus network will deliver the experience that end users will love."

The two new copper products are *Boost HD* and *Boost VDSL*.

*Boost HD* includes a service commitment that there will be enough bandwidth available in the Chorus network that the service Chorus provides to its industry customers will allow for an HD video stream at all times. The service commitment applies to data over the Chorus network, and RSPs will also need to provide adequate throughput to ensure their customers receive an ideal HD video experience.

*Boost VDSL* is a VDSL-based product that includes a "fibre ready" installation that will get the wiring within a property ready for fibre for an easier upgrade once fibre is available. The fibre ready installation will only be available in Chorus UFB areas. Both *Boost* products require capable lines.

Around 90% of the Chorus broadband capable lines will be *Boost HD* capable, and around 60% will be *Boost VDSL* capable.

*Boost HD* will be priced at the discounted wholesale rate of \$44.98 until 1 December, the same as a standard broadband connection today. *Boost VDSL* will be priced at the wholesale rate of \$49.98.

Chorus will review both prices upon completion of the Commerce Commission's Final Pricing Principle reviews for UBA and UCLL scheduled to be done by 1 December 2014. Chorus expects that both Boost products will be priced at an appropriate premium to regulated Unbundled Bitstream Access (UBA) products.

### **Customer choice and speed to market**

Chorus also remains committed to delivering its regulated broadband products and reiterated its previous commitment that it will not throttle the regulated broadband service to an unusable level in order to artificially create demand for commercial products.

"Customers will be free to choose the products that best meet their needs, whether they are from the regulated or the commercial product set," said Mark Ratcliffe. "We are excited to offer a new range of commercial products that we believe respond to our customers' needs in a dynamic and commercial way. Providing commercial products in addition to the regulated products also means we can move much more quickly to meet our customers' needs as the industry evolves."

Chorus will immediately commence a 60 day consultation period with the industry to finalise the technical details of the product descriptions.

The company is set to launch the new fibre products on 1 July 2014 and the new copper products on 1 September 2014, subject to market demand.

This announcement has also been released to the NZX.

### **ENDS**

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## Key products

Product	Current monthly whole price (before GST)	Description	Availability
Unbundled Bitstream Access (UBA)	\$44.98	Regulated copper broadband product	100% of broadband capable lines
Boost HD	\$44.98 Chorus' intention is that both Boost products will be priced at an appropriate premium to regulated UBA, and will be reviewed once the FPP processes are complete. In the interim, Boost HD is discounted to the regulated price.	Commercial copper broadband product with a service commitment to deliver HD video	Approx. 90% of broadband capable lines
Boost VDSL	\$49.98 Chorus' intention is that both Boost products will be priced at an appropriate premium to regulated UBA, and will be reviewed once the FPP processes are complete. In the interim, Boost HD is discounted to the regulated price.	Commercial copper broadband product using VDSL technology and including "fibre ready" installation in Chorus UFB areas	Approx. 60% of broadband capable lines
Fibre 100	\$40 for 100/20* \$45 for 100/50* \$50 for 100/100*  * Increasing by \$1 per year until 2020	Commercial entry level fibre optic products	Where Chorus fibre is available
Fibre 200	\$55 for 200/20 \$60 for 200/100 \$65 for 200/200	Commercial high end fibre optic products	Where Chorus fibre is available
Fibre Business	\$175 for 200/200 \$275 for 1000/1000	Business commercial fibre optic products with additional features that are appropriate for businesses	Where Chorus fibre is available