



Chorus Limited
Level 10, 1 Willis Street
P O Box 632
Wellington 6140
New Zealand
Email: company.secretary@chorus.co.nz

STOCK EXCHANGE ANNOUNCEMENT

15 December 2015

Standard & Poor's confirms Chorus 'BBB' rating – stable

Standard & Poor's has today confirmed Chorus' BBB rating with stable outlook.

Standard & Poor's announcement is attached.

ENDS

For further information:

Brett Jackson
Investor Relations Manager
Mobile: +64 (27) 488 7808
Email: brett.jackson@chorus.co.nz

RatingsDirect®

Bulletin:

New Zealand Commerce Commission's Decision Supports 'BBB' Rating On Chorus Ltd.

Primary Credit Analyst:

Paul R Draffin, Melbourne (61) 3-9631-2122; paul.draffin@standardandpoors.com

Secondary Contact:

Anthony J Flintoff, Melbourne (61) 3-9631-2038; anthony.flintoff@standardandpoors.com

MELBOURNE (Standard & Poor's) Dec. 15, 2015--Standard & Poor's Ratings Services today said that the New Zealand Commerce Commission's (NZCC) announcement of the Final Pricing Principles (FPP) that Chorus Ltd. can apply for its copper network services would have no impact on the 'BBB' ratings or stable outlook on Chorus. We consider the announcement to be supportive of the ratings on the group and the new pricing is likely to lift the company's annualized EBITDA by about NZ\$120 million from December 2015, compared with the current benchmark pricing. We note that no backdating of the FPP decision will be allowed.

Following this regulatory decision, we consider that Chorus remains comfortably positioned at the current rating, with debt to EBITDA expected to remain below 3.5x in the next few years, comfortably within our ratings tolerances of 4x. In addition, Chorus is expected to maintain adequate headroom within its debt-facility financial covenants, even if dividends are reinstated in 2016. We also consider the group is well positioned at the current rating to accommodate cost escalation risks associated with the Ultra-Fast Broadband rollout, fixed-to-mobile substitution risks, and longer-term regulatory risks. Furthermore, we view the group's financial policies to be supportive of the group's 'BBB' credit profile, which should help to temper the credit impact of future capital requirements or adverse regulatory decisions beyond 2020.

We have determined, based solely on the developments described herein, that no rating actions are currently warranted. Only a rating committee may determine a rating action and, as these developments were not viewed as material to the ratings, neither they nor this report were reviewed by a rating committee.

AUSTRALIA

Standard & Poor's (Australia) Pty. Ltd. holds Australian financial services licence number 337565 under the Corporations Act 2001. Standard & Poor's credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.