

STOCK EXCHANGE ANNOUNCEMENT

3 November 2020

Commerce Commission releases final IM decisions reasons paper and final determination for the financial loss asset

The Commerce Commission has released its final IM decisions reasons paper and final determination of the financial loss asset provisions.

These decisions establish the rules that will apply to establish Chorus' financial losses from 2011 – 2021. They are the second tranche of IM decisions, the first of which was released on 13 October 2020. Both tranches establish the rules for price quality and information disclosure regulation that will apply to Chorus from 1 January 2022.

While today's decision on WACC and CIP financing reflect very slight improvements in the post implementation decision of 13 October, overall the Commission's decisions simply do not reflect commercial reality and the true level of cost or risk that was faced in building the UFB network.

The final views today, and range of changed views from the Commission during this process, send extremely poor signals to investors in New Zealand's infrastructure and future public private partnerships. They signal that real commercial risk may be assumed away with hindsight.

We will continue to review the decisions to date in totality and work with the Commission through the price quality process to encourage outcomes that will support incentives to continue to invest and innovate for the benefit New Zealand consumers.

Authorised by:

David Collins
Chief Financial Officer

ENDS

For further information:

Steve Pettigrew
Head of External Communications
Mobile +64 (27) 258 6257
Email: Steve.Pettigrew@chorus.co.nz

Brett Jackson
Investor Relations Manager
Phone: +64 4 896 4039
Mobile: +64 (27) 488 7808
Email: Brett.Jackson@chorus.co.nz