

Pricing Supplement dated 13 October 2016

Chorus Limited

Issue of EUR 500,000,000 1.125 per cent. Notes due 2023

Guaranteed by Chorus New Zealand Limited

under the U.S.\$2,000,000,000

Euro Medium Term Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Information Memorandum dated 28 September 2016. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Information Memorandum.

Full information on the Issuer, the Original Guarantor and the offer of the Notes described herein is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum. The Information Memorandum is available for viewing at Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and copies may be obtained from the registered office of the Issuer being Level 10, 1 Willis Street, Wellington 6011, New Zealand. The Information Memorandum and, in the case of Notes listed on the ASX, the applicable Pricing Supplement, will be made available through the ASX.

1. (i) Issuer: Chorus Limited
- (ii) Guarantor: Chorus New Zealand Limited
2. (i) Series Number: 2
- (ii) Tranche Number: 1
3. Specified Currency or Euro ("**EUR**")
Currencies:
4. Aggregate Nominal
Amount:
 - (i) Series: EUR 500,000,000
 - (ii) Tranche: EUR 500,000,000
5. Issue Price: 99.386 per cent. of the Aggregate Nominal Amount
6. (i) Specified EUR 100,000 and integral multiples of EUR

- Denominations: 1,000 in excess thereof up to EUR 199,000.
No Notes in definitive form will be issued with a denomination above EUR 199,000.
- (ii) Calculation Amount: EUR 1,000
7. (i) Issue Date: 18 October 2016
(ii) Interest Commencement Date: 18 October 2016
8. Maturity Date: 18 October 2023
9. Interest Basis: 1.125 per cent. Fixed Rate
(further particulars specified below)
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest or Redemption/Payment Basis: Coupon Step-up or Coupon Step-down in the event of Ratings Downgrade (further particulars specified below)
12. Put/Call Options: Issuer Call (further particulars specified below)
13. (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
(iii) Date of Board approval for issuance of Notes and Guarantee obtained: 6 October 2016
14. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note** Applicable Provisions
- (i) Initial Rate of Interest: 1.125 per cent. per annum payable annually in arrear
- (ii) Interest Payment Date: 18 October in each year, not adjusted, commencing 18 October 2017
- (iii) Business Day Convention: No Adjustment
- (iv) Additional Business Centre(s): Not Applicable

- (v) Fixed Coupon Amount: EUR 11.25 per Calculation Amount for any Interest Period in respect of which the Initial Rate of Interest applies. The Fixed Coupon Amount payable for any Interest Period following any Step-up Rating Change will be modified in accordance with Condition 7(e) (*Step-up rate of interest*).
- (vi) Broken Amount(s): Not Applicable
- (vii) Day Count Fraction: Actual/Actual (ICMA)
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: Not Applicable
- (ix) Ratings Downgrade Coupon Step-Up (Condition 7(e), including any subsequent Step-down Rating Change) Applicable
- (x) Ratings Downgrade Step-up Margin 1.25 per cent per annum.
- (xi) Minimum Volume Coupon Step-up (Condition 7(f)) Not Applicable
16. **Floating Rate Note Provisions** Not Applicable
17. **Zero Coupon Note Provisions** Not Applicable
18. **Variable-linked interest Note Provisions** Not Applicable
19. **Dual Currency Note Provisions** Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Call Option Applicable
- (i) Optional Redemption Date(s): Any time
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of: An amount equal to the product of the outstanding principal amount of the Notes to be redeemed and the higher of:

- such amount(s):
- (i) par (100 per cent.); and
 - (ii) the price (as determined by the Calculation Agent and expressed as a percentage and rounded up to four decimal places) at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding to their original maturity) on the Reference Date would be equal to the sum of the Gross Redemption Yield on the Reference Date of the Reference Bond and the Make-Whole Margin.

The Optional Redemption Amount plus accrued interest to the Optional Redemption Date shall be payable in accordance with Condition 11(c) (*Redemption at the option of the Issuer*).

"Calculation Agent" means Citigroup Global Markets Limited or any other independent financial adviser as may be appointed by the Issuer and notified to the Trustee;

"Gross Redemption Yield" means, with respect to the Notes and the Reference Bond, the yield expressed as a percentage and calculated in accordance with customary practice in pricing new issues of comparable debt securities paying interest on an annual basis;

"Reference Bond" means DBR 2.00 per cent. due Aug 2023;

"Reference Date" means the date three Business Days prior to the Optional Redemption Date; and

"Make-Whole Margin" means 0.25 per cent.

- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: Not Applicable
 - (b) Maximum Redemption Amount: Not Applicable
- (iv) Notice period: Not less than 30 nor more than 60 days' notice, per Condition 11(c) (*Redemption at the option of the Issuer*)

21. Put Option Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: Bearer Notes:
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
23. Additional Financial Centre(s) or other special provisions relating to payment dates: Wellington, Auckland, London
24. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
25. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made: Not Applicable
26. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not Applicable
27. Consolidation provisions: The provisions in Condition 19 (*Further Issues*)
28. Other terms or special conditions: Not applicable

DISTRIBUTION

29. (i) If syndicated, names of Dealers and underwriting commitments: Citigroup Global Markets Limited
Goldman Sachs International
The Hongkong and Shanghai Banking Corporation Limited
MUFG Securities EMEA plc
- (ii) Date of Subscription Agreement: 13 October 2016
- (iii) Stabilising: Citigroup Global Markets Limited

Manager(s) (if any):

30. If non-syndicated, name and address of Dealer: Not Applicable
31. Total commission and concession: 0.425 per cent. of the Aggregate Nominal Amount
32. U.S. Selling Restrictions: Regulation S, Category 2; TEFRA D applicable
33. Additional selling restrictions: Not Applicable

LISTING AND ADMISSION TO TRADING Australia

- (i) Listing and admission to trading Application is expected to be made by the Issuer (or on its behalf) for the Notes to be quoted on the Australian Securities Exchange with quotation effective on or about three business days following the Issue Date.
- (ii) Estimate of total expenses related to admission to trading A fee of A\$5,500 is payable for quotation of the Notes on the Australian Securities Exchange.

OPERATIONAL INFORMATION

34. ISIN Code: XS1505890530
35. Common Code: 150589053
36. Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. the relevant identification number(s): Not Applicable
37. Delivery: Delivery against payment
38. Names and addresses of initial Paying Agent(s): Citibank, N.A., London Branch
c/o Citibank, N.A., Dublin Branch
Ground Floor
1 North Wall Quay
Dublin 1
Ireland
39. Names and addresses of additional Paying Agent(s) (if any): Not Applicable

GENERAL

40. Private Bank Not Applicable

Rebate/Commission

41. The Aggregate principal amount of the Notes issued has been translated into United States dollars at the rate of EUR 1 = U.S.\$ 1.1061, producing a sum of: U.S.\$ 553,050,000
42. Ratings: The Notes to be issued are expected to be rated BBB by Standard & Poor's (Australia) Pty. Ltd. ("**Standard & Poor's**") and Baa2 by Moody's Investors Service Pty Limited ("**Moody's**").

Standard & Poor's and Moody's are not established in the European Union and have not applied for registration under the CRA Regulation. However, their credit ratings are endorsed by Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service Limited respectively pursuant to and in accordance with the CRA Regulation. Each of Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service Limited is established in the European Union and is registered under the CRA Regulation (and, as such is included in the list of the credit rating agencies published by the European Securities and Markets Authority on its website).

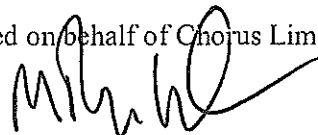
STABILISING

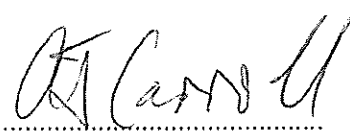
In connection with this issue, Citigroup Global Markets Limited (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

RESPONSIBILITY

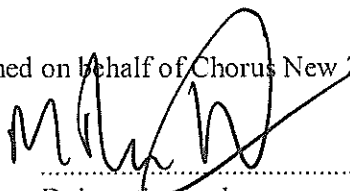
The Issuer and the Guarantor accept responsibility for the information contained in these Pricing Supplement.


Signed on behalf of Chorus Limited:

By: 
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Duly authorised

By: 
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Duly authorised

Signed on behalf of Chorus New Zealand Limited:

By: 
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Duly authorised

By: 
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Duly authorised