



COMMERCE COMMISSION

28 May 2008

Paul Reynolds
Chief Executive Officer
Telecom Corporation of NZ Ltd.
P O Box 570
Wellington

Dear Paul

Notification of material change in the scope of the Chorus business

Thank you for your letter of 31 March 2008, notifying the Commission and the Independent Oversight Group (IOG) that the scope of the Chorus business had materially changed from that set out in clause 13.1 of the Telecom Separation Undertakings (the "Undertakings").

Your letter of 31 March 2008 states that the scope of the Chorus business will now include (in addition to those items listed in clause 13.1 of the Undertakings):

"the field services activities of on-site installation, services, and maintenance of telecommunications plant and equipment, network design and build, and also physical network planning".

The Commission is interested in the impact this change in scope may have on the level of influence that Telecom Wholesale is required to have over any Telecom network assets (excluding assets controlled by Chorus) that are used to provide relevant Wholesale services. For instance, it will be important to understand the arrangements that are put in place to ensure that the actions of field service operators do not undermine the influence that Telecom Wholesale is required to have over assets such as DSLAMs.

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As you are aware, all matters regarding Telecom Wholesale's influence over Telecom network assets are required to be in writing under clause 44.2 of the Undertakings. The Commission would expect to be informed about these arrangements in due course.

Yours sincerely

A handwritten signature in blue ink, consisting of a large loop followed by a horizontal line extending to the right.

Dr Ross Patterson
Telecommunications Commissioner

Cc: The Chairman
Independent Oversight Group (IOG)
C/- IOG Support Office
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