



Market Announcement

24 March 2015

Spark NZ establishes employee share purchase scheme and amends Insider Trading Policy

Spark New Zealand Limited (“**Spark NZ**”) announced today it has obtained IRD approval to establish an employee share purchase scheme in accordance with sections DC 12 – 15 of the Income Tax Act 2007. The scheme will provide a simple and cost effective way for Spark NZ employees to acquire shares, giving employees a real stake in the future success of the company they work for.

Spark NZ has also amended its Insider Trading Policy as attached, to refer to the existence of the employee share purchase scheme.

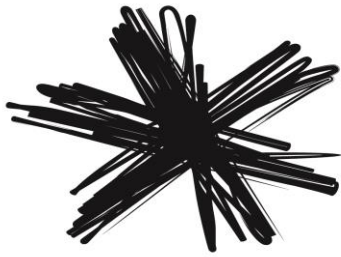
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Spark New Zealand

Insider Trading Policy

THIS POLICY APPLIES TO ALL DIRECTORS, OFFICERS AND EMPLOYEES OF ALL MEMBER COMPANIES OF THE SPARK NEW ZEALAND GROUP WHO INTEND TO DEAL IN SPARK NEW ZEALAND RESTRICTED SECURITIES.

More specific and stringent rules (Additional Rules for Restricted Persons) ("Additional Rules") also apply to dealing in Spark New Zealand Restricted Securities by directors and certain employees of the Spark New Zealand Group. The Additional Rules form part of this Policy and are set out in the Appendix.

Statement

Spark New Zealand Limited ("**Spark New Zealand**") is committed to complying with all legal and statutory requirements. New Zealand, Australian and United States legal requirements make it unlawful to deal in Spark New Zealand Restricted Securities while in possession of Inside Information.

No Restricted Person (as defined in the Additional Rules) or employee may deal in Spark New Zealand Restricted Securities, or the securities of any other issuers, or encourage others to do so, while in possession of Inside Information.

Confidential information should not be

disclosed to third parties unless those persons are covered by express or implied duties of confidentiality.

In this Policy:

- "**deal**" includes applying for, acquiring or disposing of Spark New Zealand Restricted Securities or agreeing to do so, whether as principal or agent.
- "**Spark New Zealand Restricted Securities**" means any Spark New Zealand or Spark New Zealand subsidiary shares, options, derivatives, debentures and American Depositary Shares.

Spark New Zealand Restricted Securities include:

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- ordinary shares of Spark New Zealand listed on the NZSX or ASX;
- Spark Finance Limited debt securities (including TeleBonds) listed on the NZDX or Luxembourg Stock Exchange;
- Spark New Zealand American Depositary Shares; and
- any other securities of Spark New Zealand or its subsidiaries, and any options, derivatives or other financial products issued or created over or in respect of any securities of Spark New Zealand or its subsidiaries.

The Insider Trading Policy applies to any dealing in which you are involved or instrumental, whether or not the Spark New Zealand Restricted Securities are held or received in your own name or that of your spouse, children, other relatives, associates, trusts of which you are a trustee or companies which you control.

Note that insider trading rules apply to securities in other companies as well – information you come across at Spark New Zealand could restrict your ability to deal in securities of other organisations.

Exception

Nothing in this Policy precludes a Restricted Person or employee in possession of Inside

Information from:

- receiving rights (zeps) under the Spark New Zealand Share Rights Scheme or the CEO Performance Rights Scheme; or
- acquiring Spark New Zealand shares through the exercise of rights under the Spark New Zealand Share Rights Scheme or the CEO Performance Rights Scheme; or
- acquiring Spark New Zealand shares through the vesting of restricted shares under the Spark New Zealand Restricted Share Scheme; or
- being issued redeemable ordinary shares under the Equity Incentive Scheme or the CEO Performance Equity Scheme, unless otherwise stated in the offer document in relation to an allocation of shares; or
- acquiring Spark New Zealand shares on the reclassification of redeemable ordinary shares under the Equity Incentive Scheme or the CEO Performance Equity Scheme; or
- acquiring Spark New Zealand shares under the Spark New Zealand Employee Share Purchase Scheme.

You **should** follow the guidance in this Policy to reduce any risk of liability for insider trading.

Guidance

Insider Trading Policy

Fundamental Rule - No dealing may be done while in possession of Inside Information

This is the primary rule under the insider trading laws. If you have any Inside Information, it is illegal for you to:

- deal in Spark New Zealand Restricted Securities;
- procure, advise or encourage another person to deal in or hold Spark New Zealand Restricted Securities;
- procure, advise or encourage a person to procure, advise or encourage another person to deal in or hold Spark New Zealand Restricted Securities; or
- directly or indirectly communicate, or pass on the Inside Information to anyone else – including colleagues, family, friends, nominees, partners, and trusts or companies you control – knowing, or where you ought reasonably to have known, that the other person will or is likely to use that information to deal in, continue to hold, or procure, advise or encourage someone else to deal in, or hold, Spark New Zealand Restricted Securities.

This offence, called “insider trading”, can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Spark New Zealand, for any loss suffered as a result of illegal dealing.

The Insider Trading Policy restricts dealing in Spark New Zealand Restricted Securities. It does not replace your legal obligations. You should be aware that insider trading laws relate to a broad range of securities including interests in managed investment schemes, superannuation products, and other financial products which are able to be traded on a financial market. If you have inside information concerning securities (including the financial products described, for example, information about a third party you become aware of as part of a project involving Spark New Zealand) insider trading laws will apply to your conduct in relation to those securities. You should satisfy yourself of compliance with insider trading laws before making any decisions in relation to those securities.

What is “Inside Information”?

“**Inside Information**” is information that:

- is not generally available; and
- if it were generally available, a reasonable person would expect it to have a material effect on the price or value of securities.

Information is “**generally available**” if it is:

- readily obtainable; or
- made known to people who commonly invest in the securities (such as by NZX or ASX announcements) and since it was made known, a reasonable period for it

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to be disseminated among such persons has elapsed.

It does not matter how you come to know the Inside Information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function). Information includes rumours, matters of supposition, intentions or likely intentions of a person (including Spark New Zealand or its subsidiaries), and information, which is insufficiently definite to warrant disclosure to the public.

What are some examples of Inside Information?

The following list is illustrative only. Inside Information could include information, which has not been released to the market, concerning:

- an unannounced upcoming performance announcement, especially if it contains unexpected results;
- the unannounced imminent introduction of an important new product or service;
- a possible change in the strategic direction of Spark New Zealand;
- a possible acquisition or sale of any material assets or company by Spark New Zealand;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly

known;

- a possible change in Spark New Zealand's capital structure;
- a change in the historical pattern of dividends;
- executive management changes;
- a material legal claim by or against Spark New Zealand;
- major new regulation of Spark New Zealand or any of its businesses; or
- any other material and unexpected liability.

If you have knowledge of any of these matters or any other information likely to affect the price or value of Spark New Zealand Restricted Securities in the market, or you can procure a decision whether or not to deal in the Spark New Zealand Restricted Securities, you should not deal in those Spark New Zealand Restricted Securities until such matters become public knowledge and a reasonable period for the information to be disseminated has elapsed.

Short term dealing should be avoided

Short term dealing is buying and selling Spark New Zealand Restricted Securities over a very short time period (within a three month period). You should not engage in short term dealing unless there are exceptional circumstances discussed and approved by the Company Secretary. If you did this in relation to Spark New Zealand Restricted Securities it might give rise to

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allegations of insider trading, particularly if short term dealing is undertaken on a regular basis, in large amounts, or around important events which affect the price of the Spark New Zealand Restricted Securities. These events may not be expected or known by you, but if they do occur your short term dealing may be viewed adversely with the benefit of hindsight. Therefore, to reduce the risk of an allegation of insider trading, do not deal in Spark New Zealand Restricted Securities on a short-term basis.

Spark New Zealand Employees' Participation in the Spark New Zealand Dividend Reinvestment Plan (DRP)

Spark New Zealand employees who participate in the Spark New Zealand DRP should be aware that the acquisition of shares under the Spark New Zealand DRP while in possession of Inside Information is caught by the definition of dealing in Spark New Zealand Restricted Securities for the purposes of the Insider Trading regime.

If you have Inside Information you should cease your contributions to the DRP as soon as you become aware of that Inside Information by giving written notice to Link Market Services . You can recommence your contributions to the DRP once the information is no longer Inside Information (for example, once the Inside Information has been released publicly). Please note that

while we consider it important to be aware of potential Inside Information, it is likely that most Spark New Zealand employees will not have Inside Information and will be able to participate in the Spark New Zealand DRP without needing to cease contributions to the Scheme.

If in doubt, don't

The rules contained in this Policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading or it may give rise to the public drawing adverse inferences as to Spark New Zealand's conduct. If in doubt, don't.

Dealing/Issue/Exercise Periods

There are **no** 'safe' periods for dealing in Spark New Zealand Restricted Securities. You may **never** deal in Spark New Zealand Restricted Securities if you have Inside Information.

Don't "tip" or encourage dealing by others

You should not either directly or indirectly advise or encourage any person to deal in Spark New Zealand Restricted Securities when you are in possession of Inside Information. You should take particular care not to "tip", which means to directly or indirectly communicate or cause to be communicated Inside Information to those

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who you know or suspect are likely to deal in or otherwise hold Spark New Zealand Restricted Securities or to procure others to deal in or otherwise hold Spark New Zealand Restricted Securities. You could be liable in respect of dealing by these people.

You cannot avoid the insider trading laws by dealing in Spark New Zealand Restricted Securities through companies or trusts you control. If the companies or trusts that you control deal in Spark New Zealand Restricted Securities while you have Inside Information, you will be deemed to have procured the company or trust to deal in Spark New Zealand Restricted Securities, exposing yourself and the company or trust to liability.

In addition, you should not deal in or procure, advise or encourage others to deal in, or tip, with respect to, securities of another company if you have Inside Information about that other company.

Spark New Zealand Inside Information should only be disclosed to other Spark New Zealand personnel on a "need to know" basis

Inside Information should not be freely discussed by employees other than for work purposes. The "need to know" rule is part of Spark New Zealand's general security policy. This will reduce the flow of Inside Information within Spark New Zealand and help lessen the risk of insider trading.

No Spark New Zealand Inside Information should be disclosed to third parties unless those third parties are covered by express or implied duties of confidentiality

Implied duties of confidentiality arise for example with respect to disclosure to legal advisers for the purposes of obtaining legal advice, on (say) a proposed acquisition of another company. Express obligations will arise where specific confidentiality agreements are entered into to cover disclosure in specific instances. You are also referred to Spark New Zealand's Market Disclosure Policy.

This policy applies whether the dealing is to be done in New Zealand or overseas and whether or not the dealing relates to Spark New Zealand's New Zealand or foreign securities

Remember - if in doubt consult the Company Secretary or your own legal adviser.

Ownership

This is a Managing Director Policy that is owned by the Company Secretary. It will be updated annually or as otherwise required or necessary.

Publishing Date

March 2015

Additional Rules for Restricted Persons

Application

These Rules are in addition to New Zealand and Australian legislative requirements and apply to:

1. All Directors of Spark New Zealand;
2. The Managing Director;
3. All members of the Leadership Team;
4. All direct reports to members of the Leadership Team;
5. To the extent not included above, all persons who manage a principal business unit, division or function of Spark New Zealand*;
6. All members of the CEO's Office (being support and advisory roles to the Managing Director) and all members of Group Finance;
7. All other people designated by the Spark New Zealand Company Secretary. Such designation may be by name, position or business group and shall be for such period of time as determined by Spark New Zealand's Company Secretary.

* If you are unsure as to whether these Rules apply to you, you should contact Spark New Zealand's Company Secretary.

Persons covered by these additional restrictions are called "**Restricted Persons**".

Employees and directors will be considered responsible for the actions of trusts and

companies controlled by them. In this respect, "control" is not to be construed in a technical way but by looking at how decisions are made in practice.

Black-out period

Restricted Persons are prohibited from dealing in any Spark New Zealand Restricted Securities during the following specific "black-out" periods:

- from Spark New Zealand's half-year balance date (31 December), until the first trading day after the release of half-year results to the Stock Exchanges;
- from Spark New Zealand's year end balance date (30 June), until the first trading day after the release of full-year results to the Stock Exchanges; and
- such other period as determined by the Company Secretary and notified to Restricted Persons.

Restricted Persons are not permitted to deal in any Spark New Zealand Restricted Securities during a black-out period unless the Company Secretary provides a specific exemption in exceptional circumstances.

Outside the black-out periods specified above, Restricted Persons who do **not** possess Inside Information may deal in Spark New Zealand Restricted Securities subject to the notification and consent

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requirements set out below.

Exceptional Circumstances may include:

(i) where the Restricted Person is in severe financial hardship; or (ii) where the Restricted Person is required by a court order or other court enforceable undertaking to transfer or sell Spark New Zealand Restricted Securities.

Please note that, subject to the exception in this Policy for acquiring, rights or shares under certain Spark New Zealand employee incentive schemes, if you possess Inside Information you must not deal in Spark New Zealand Restricted Securities at any time – regardless of these periods.

Consent

1. Before dealing in Spark New Zealand Restricted Securities (or having Spark New Zealand Restricted Securities dealt in your name or on your behalf), at any time, Restricted Persons must:

- notify the Company Secretary of their intention to deal in Spark New Zealand Restricted Securities and seek consent to do so (using the Dealing by Insiders Form);
- confirm that they do not possess Inside Information;
- confirm that there is no known reason to prohibit dealing in any Spark New Zealand Restricted Securities; and

- where Exceptional Circumstances exist and the Restricted Person wishes to deal inside a black-out period, specify the nature of the Exceptional Circumstances.

By way of example, consent is required should you wish to:

- acquire or dispose of Spark New Zealand shares or American Depositary Shares (including a disposal of shares that have been acquired through the exercise of rights (zepos) or the vesting of shares under a Spark New Zealand employee incentive scheme);
- deal in Spark Finance Limited debt securities (including TeleBonds) listed on the NZX or Luxembourg Stock Exchange;
- otherwise deal in Spark New Zealand shares or American Depositary Shares (e.g. gifting of shares to a family member, transferring shares to a trust); or
- participate in the Dividend Reinvestment Plan following the declaration of a dividend.

*N.B. All dealing involving:

1. *Spark New Zealand Directors; or*
2. *Greater than 100,000 shares/ options, must be approved by the Chairman of the Spark New Zealand Board. The completed Dealing by Insiders Form should be submitted to the Spark New Zealand Company Secretary.*

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Consent is **not** required should you:

- receive rights (zepos) as part of the Spark New Zealand Share Rights Scheme or the CEO Performance Rights Scheme;
- be issued redeemable ordinary shares under the Equity Incentive Scheme or the CEO Performance Incentive Scheme, unless otherwise stated in the offer document relating to an allocation of shares;
- acquire Spark New Zealand shares through the vesting of your restricted shares under the Spark New Zealand Restricted Share Scheme;
- acquire Spark New Zealand shares on the reclassification of redeemable ordinary shares under the Equity Incentive Scheme or the CEO Performance Equity Scheme;
- acquire Spark New Zealand shares by electing to exercise your rights (zepos) granted under the Spark New Zealand Share Rights Scheme or CEO Performance Rights Scheme (except where you wish to exercise more than 100,000 rights);
- acquire Spark New Zealand shares under the Spark New Zealand Employee Share Purchase Scheme;
- cease to participate in the DRP because you are in possession of Inside Information;
- acquire Spark New Zealand shares through a pro rata rights issue;

- dispose of Spark New Zealand shares through the acceptance of a takeover offer under the Takeovers Code; or
- dispose of Spark New Zealand shares through a pro rata share buyback or cancellation of shares by a scheme of arrangement.

Consent is also not required should your restricted shares or rights (zepos) or redeemable ordinary shares granted under a Spark New Zealand employee incentive scheme lapse or be forfeited or redeemed.

A consent is only valid for a period of 10 trading days after notification. Further consent is required for dealings in Spark New Zealand Restricted Securities which will be completed more than 10 trading days after a previous consent was given. A consent is automatically deemed to be withdrawn if the person becomes aware of Inside Information prior to dealing.

2. Permission will only be given if the Spark New Zealand Company Secretary or the Spark New Zealand Chairman, as appropriate, is reasonably satisfied as to the following:

- The decision to deal in the Spark New Zealand Restricted Securities has not been made on the basis of Inside Information;
- The information provided in the Dealing by Insiders Form is true; and

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- Exceptional Circumstances exist in the case of a Restricted Person seeking Permission to deal inside a black-out period.

3. Permission to deal, if it is granted, will be provided by way of letter, fax or email.

Notification of Dealing

Once dealing is complete this must be disclosed to Spark New Zealand's Company Secretary.

Hedging and other Dealings

Restricted Persons are prohibited from entering into hedging arrangements to limit their exposure in relation to "at-risk" remuneration (meaning unvested shares, options or rights issued or acquired under the Spark New Zealand employee incentive schemes where performance hurdles have not yet been achieved or other conditions have not yet been met). A Restricted Person shall not enter into any transaction (including any hedging or derivative transaction) which will limit that person's economic risk in relation to such unvested shares, options or rights.

Status of Rules

Failure to comply with these requirements will be treated seriously. Full and accurate disclosure of all relevant facts must be made when completing the Dealing by Insiders

Form.

These Additional Rules form part of the "Insider Trading Policy" which applies to all Directors, "officers" and employees.

Additional Disclosure Requirements for Directors and Officers

If you are:

1. a director of Spark New Zealand Limited or Spark Finance Limited;
2. the Managing Director; or
3. a direct report to the Managing Director,

you may have additional disclosure requirements if you deal in Spark New Zealand securities. Please see the Additional Disclosure Requirements for Directors and Officers for a detailed description of your legal obligations.