

MARKET RELEASE

18 December 2014

TGA CABLE CONSTRUCTION CONFIRMED

Spark New Zealand announced today that the three telecommunications companies planning to build a new submarine cable between New Zealand and Australia have confirmed their investment and a commencement of the project in early 2015.

Spark New Zealand, Vodafone and Telstra will invest approximately USD \$70 million on the new Tasman Global Access (TGA) Cable, which will significantly improve New Zealand's international broadband connectivity and resilience.

Spark New Zealand is contributing around USD \$32 million.

Further details of the partnership are outlined in a joint media release from Spark New Zealand and Vodafone. A copy of this release is attached.

- ENDS -

For media queries, please contact:

Richard Llewellyn
Head of Corporate Communications
+64 (0) 27 523 2362

For investor relations queries, please contact:

Mark Laing
General Manager Corporate Finance
+64 (0) 27 227 5890



Media release

18 December, 2014

Partners confirm plan to construct new trans-Tasman telecommunications cable starting early 2015

The three telecommunications companies planning to build a new 2,300km submarine cable between New Zealand and Australia have today confirmed their investment and a commencement of the project in early 2015.

Spark New Zealand, Vodafone and Telstra will invest approximately USD \$70 million on the new Tasman Global Access (TGA) Cable, which will significantly improve New Zealand's international broadband connectivity and resilience.

Both Spark New Zealand and Vodafone's trans-Tasman internet traffic has grown from just 10 percent of total international traffic in 2000 to 40 percent today. Trans-Pacific traffic has declined from 90 percent of all traffic in 2000 to 60 percent today, illustrating further the shift.

With New Zealand's international capacity requirements growing 60 percent year-on-year, the TGA Cable will support the future needs of consumers and the growth aspirations of New Zealand businesses.

Raglan, on New Zealand's West Coast, has been selected as the New Zealand landing station for the TGA Cable, providing important route diversity to the existing Southern Cross and Tasman 2 cables connecting New Zealand. Oxford Falls, Sydney, is the Australian landing station, provided by Telstra.

Spark New Zealand Managing Director, Simon Moutter, and Vodafone Chief Executive, Russell Stanners, jointly commented on behalf of the consortium:

"The partnership is a great outcome for all of New Zealand. As well as strengthened links into fast-growing Asian markets, the TGA Cable will enable New Zealand to better leverage the five main international cable systems currently serving Australia, and deliver important redundancy for New Zealand.

"We are seeing increased data content being provided from Australia-based servers by global companies and being accessed by New Zealand internet users. An additional cable connection with Australia will strengthen the business case for international data servers to be located in New Zealand, and improve access for Australian and other international businesses to New Zealand."

Australia enjoys good connectivity with Asia, which is achieving strong internet traffic growth in-line with global economic shifts.

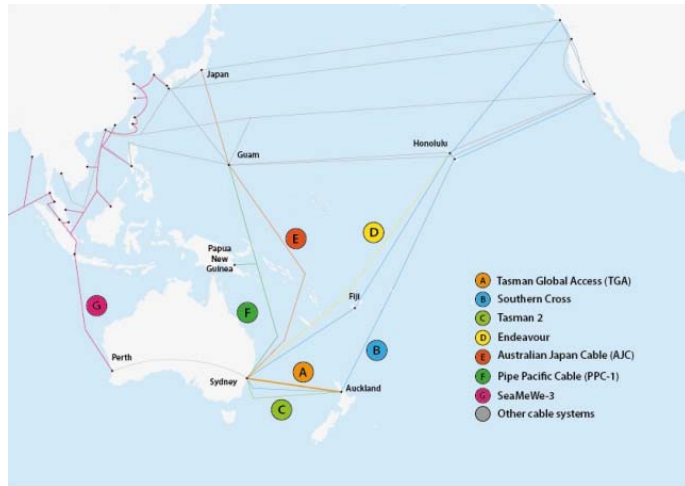
The project will begin early in 2015. Alcatel-Lucent has been selected as the cable laying contractor after a competitive tender process, and the TGA Cable is expected to be built and providing data traffic by mid-2016.

Spark New Zealand and Vodafone account for more than 70 percent of the New Zealand broadband market.

Further project details:

Design capacity: Two fibre pairs with total capacity of 20 terabits per second

Illustration: below – the Tasman Global Access Cable and key existing cable systems in Asia Pacific.



ENDS

For enquiries please contact:

Spark New Zealand

Richard Llewellyn

Head of Corporate Communications

027 523 2362

Richard.Llewellyn@spark.co.nz

For investor relations queries, please contact:

Mark Laing

General Manager, Corporate Finance

027 27 227 5890

Mark.Laing@spark.co.nz

Vodafone New Zealand

Brad Pogson

External Communications Specialist

0800 VF MEDIA

Vodafone.Media@vodafone.com

Telstra

Catherine Harris

General Manager, Corporate Media

+61 477 747 176

Catherine.harris@team.telstra.com