

**Minutes of the 2017 Annual Meeting of Shareholders of
Spark New Zealand Limited ("Spark")**

Date:	3 November 2017
Time:	10.00am
Venue:	South Level 4 Lounge at Eden Park in Auckland, online via the Virtual Annual Meeting portal at virtualmeeting.co.nz/spark2017 and by telephone from New Zealand by dialling 0800 448 986 or Australia by dialling 1800 572 288
Number of shareholders in attendance:	Physical: 73 voting attendees, 87 total attendees Online: 4 voting attendees, 50 total attendees
Apologies:	None

Preliminary

The Chairman, Mr Mark Verbiest:

- thanked shareholders for their attendance, noted that this would be his last Annual Meeting as Chairman of the Board, and declared the meeting open;
- noted Spark's decision to hold a hybrid physical and virtual Annual Meeting at a more convenient venue to improve flagging attendance;
- welcomed shareholders attending online and via phone;
- outlined the meeting agenda;
- introduced Simon Moutter, the Managing Director ("MD"), the directors and the Chief Financial Officer and noted the presence of Spark's auditors and lawyers and its new 'Future Director' Nagaja Sanatkumar;
- advised that the Company Secretary had confirmed the notice of meeting had been duly sent to all shareholders and other persons entitled to receive it;
- confirmed that the quorum required for the meeting (of at least two shareholders) was met;
- reported that proxies had been received in respect of approximately 1,251,098,083 shares, representing over 68.20% of the total number of shares, the highest number of proxies received to date;
- noted that the Chairman and all other directors would vote proxies for which they had been given discretion in favour of all four of the resolutions brought to the meeting; and

- noted that the financial statements for the 12 month period to 30 June 2017, together with the auditors' report, are set out in Spark's annual report, which was made available electronically to all shareholders on 18 August 2017.

Chairman's Address

The Chairman reflected on his six years as Chair and prior to that, his seven years as a member of Telecom's Management Team. He spoke about the journey the company had been through since demerger to appoint Simon Moutter as CEO and transform the business. He noted the significant decisions that have been made over the last five years and the revenue challenges that Spark faces to maintain its revenue due to the decline of its legacy services. He concluded that there is more reason to be optimistic about Spark now than there was for Telecom five years ago.

The tagline of the company's annual report – "the new pace of normal" was explained as a reference to the rapid advancement of technology and the need for the company to continue to transform itself faster than the world is changing around it. The Chairman said that the most effective way to do this was to radically digitise and simplify its products and services and make the best use of automation and artificial intelligence, not just to lower costs, but to enhance customer service. The Chairman noted Spark's achievements and its status as an emerging market leader in this space.

The Chairman mentioned Spark's ability to pay a dividend of 25 cents per share for FY17 despite market pressures, its intention to pay the same for FY18 and grow earnings over time to fully fund a total dividend per share of 25c or more. Prior market guidance was confirmed for FY18.

The importance of finding and retaining talent was discussed as well as the company's efforts to improve diversity and inclusion. The appointment of women to Board and senior management roles was noted as evidence of its success. The Chairman also introduced Spark's first Future Director, Nagaja Sanatkumar and welcomed the opportunity for the Board and Nagaja to learn from each other.

Spark's role for New Zealand and its desire to work with customers to solve problems and seize opportunities was described as the reason for Spark making its mission to unleash the potential for all New Zealanders. The Chairman said it was a privilege to serve in his role for the past 6 years and stated his belief that Spark is now ready for anything. He spoke about passing the baton to Justine Smyth and discussed her extensive experience in governance.

The Chairman ended by stating his belief that Spark will continue to play a major role in New Zealand's future in decades to come and that he looks forward to watching Spark's continued success as a shareholder and customer.

Comments from Justine Smyth

Ms Smyth thanked the Chairman for his service to the company and said it was an honour to step into the role of Chair in such an exciting period of transformation.

MD's Review

The MD welcomed shareholders and thanked the Chairman on behalf of the management team for his chairmanship of the Board. He commented that it would have been easier for Spark to take a risk averse approach, but it's done the opposite of that, which takes a brave Board and a skilful and bold Chairman.

The MD then discussed Spark's strategic shift from a traditional telco with international interests to a New Zealand-focused digital services company and the steps it has taken to reinvent itself.

The three focus areas of the company to achieve its 2020 targets were discussed as communicated in the strategy update of late June, being an increased emphasis on wireless, a commitment to improve the way it serves price-sensitive customers and simplification, digitisation and automation.

The MD explained that a significant factor in the company's focus on investment in wireless is the extremely competitive nature of the consumer fixed broadband market. Market commentary and pricing pressures were discussed including the trend for lower prices for more data, and the low profit margin once wholesale rates are paid and freebies in the offering are accounted for.

The MD opined that it was not sustainable for the wholesale charge to be almost three times larger than the retail mark-up. He also echoed concerns over market sustainability as raised in the IDC report. He noted that the number of broadband providers in the market and his assessment that there would be significant consolidation in the retail broadband industry over the next couple of years as the cost of acquiring customers by way of M&A is likely cheaper than through marketing efforts.

The MD spoke about how this market context has driven Spark's investment in wireless broadband, its general repositioning towards mobile and the expected increase in network capacity and speeds for rollouts of 4.5G and 5G. He spoke to Spark's low-priced unlimited mobile plan, the initial take-up and competitor reaction, and parallels to the US market.

The four key advantages of wireless broadband for medium-to-low data users were explained, being reliability, ease of installation, improved customer satisfaction and affordability.

The MD then commented on the proposed study into New Zealand's mobile market announced by the Commerce Commission and questioned whether there is any need for market intervention. He then noted the huge capex investment by Spark and its competitors, and suggested there should be some degree of profitability to encourage this level of investment to continue. He urged the Commerce Commission to conclude its review process quickly and consider early whether it can identify any genuine indicators of market failure that might justify further investigation.

The MD then discussed Spark's efforts to establish strength in new markets for digital services and to defend against and/or partner with global digital competitors. He noted specifically Spark's efforts and expectations to grow revenue in the areas of Platform IT, cyber security, analytics, media and internet of things.

Spark's investment in digital customer experience and service support was discussed as well as survey data indicating that most customers attempt to self-serve before picking up the phone. Spark's 'Tinkerbot' was mentioned as the company's first edition artificial intelligence robot which has helped to reduce call handling time and work effort and increase satisfaction levels amongst staff and customers.

The MD also mentioned Spark's progressive adoption of the "Agile" business model, mid-career re-skilling to help people adapt to a new environment and the need to put more work into ensuring technology creates a better life for everyone.

The MD concluded his review by saying that the future presents many challenges but also some big opportunities and then reiterating Spark's ambition to help New

Zealanders unleash their potential through the power of its technology and digital services.

Resolutions

The Chairman then moved to formal business. He explained the process for asking questions, from the floor, telephone and online platform. The Chairman addressed each of the resolutions, declared that a poll on each resolution would be conducted at the end of formal business and explained the process for voting by using the voting cards, Mobile App, telephone and online platform. The Chairman explained that all four resolutions were to be considered as ordinary resolutions.

Resolution 1: That the directors of Spark are authorised to fix the auditor's remuneration.

The Chairman explained the procedure for reappointment of auditors and clarified the date of KPMG's first appointment and Spark's auditor rotation policy. He outlined the statutory audit fees for the 2017 financial year and confirmed Spark NZ's statutory audit fees for the 2018 financial year.

The Chairman put the resolution, that the directors of Spark be authorised to fix the auditors' remuneration, to the meeting.

Questions from the floor

Question. A shareholder asked whether the auditors have been using efficient means to carry out the audit given the technology available, and whether they've considered scoping out some of the overseas companies.

Response. The Chairman confirmed that KPMG are employing a range of data analytics and other technology tools to help them carry out the audit. Mr Malcolm Downes, the outgoing lead audit partner from KPMG, explained that the UK firm of KPMG manages overseas audits where there is a statutory requirement to have one.

Resolution 2: That Mr Paul Berriman is re-elected as a director of Spark.

The Chairman advised that Mr Paul Berriman was retiring by rotation and seeking re-election and that the Board unanimously supported the re-election of Mr Berriman. The Chairman invited Mr Berriman to address the meeting.

Mr Berriman spoke about the development of the 'internet of things', the importance of 5G to satisfy demand for data, and the challenges and opportunities that arise from this.

The Chairman put the resolution to the meeting. There were no matters for discussion or questions raised.

Resolution 3: That Mr Charles Sitch is re-elected as a director of Spark.

The Chairman advised that Mr Charles Sitch was retiring by rotation and seeking re-election, and that the Board unanimously supported the re-election of Mr Sitch. The Chairman invited Mr Sitch to address the meeting.

Mr Sitch spoke about the exponential demand for data capacity, the advances in telecommunications over the last 50 years and how technology is affecting other industries.

The Chairman put the resolution to the meeting. There were no matters for discussion or questions raised.

Resolution 4: That the maximum annual remuneration able to be paid to all of the non-executive directors of Spark taken together be increased from \$1,500,000 to \$1,630,000.

The Chairman explained that the NZX Listing Rules and Spark's Constitution require that the maximum amount of remuneration that can be paid to all the non-executive directors taken together must be authorised by ordinary resolution of shareholders. He noted that this fee pool was last increased in 2003, commented on Spark's transformation and performance since demerger and its desire to attract and retain the highest level of talent.

The Chairman put the resolution to the meeting.

Questions from the floor

Question. A shareholder commented that the directors must have been overpaid fourteen years ago and voiced her dissatisfaction with rising remuneration of directors and CEOs. She also questioned the link between high pay and high performance and expressed her view that executive remuneration should be proportionate to the actual time spent on Spark matters and the pay of others working in the company. Lastly, she encouraged others to vote against the resolution.

Response. The Chairman clarified that at the time of demerger, all directors' fees were adjusted downwards and since then, the fees have only been increased two or three times for very modest amounts after benchmarking analysis. The Chairman also spoke to Spark's initiative for the 'Spark wage' which guarantees a minimum rate for staff and access to medical and other insurance benefits not previously available. The Chairman concluded by saying that the directors were conscious of having relative remuneration and that the rate of shareholder return received by Spark's shareholders in the last five or six years compares favourably with other companies.

Question. A shareholder asked for the cost of the EY benchmarking report and commented that he did not have an issue with the increased fee pool. Upon being told that it was roughly \$10,000, he said this was modest but the directors could have done without it due to how successful the Board's performance has been.

Response. The Chairman thanked the shareholder for his comments and clarified that the stock exchange guidelines do suggest that external advice and analysis is obtained and where this is done, it is presented to shareholders. He also commented that Spark had undertaken its own analysis on different bases to ensure that the increase is appropriate and consistent with the guidelines issued by proxy advisors.

Question. A shareholder commented that he wasn't concerned about Spark's proposed increase to non-executive directors' fees, but he was concerned about excess CEO remuneration generally which could perhaps be controlled by keeping non-executive directors' fees down. He said the situation was better in New Zealand than other countries, and was not saying that Spark's MD was paid excessively, but he still wanted the Board to control costs and prevent excessive CEO remuneration.

Response. The Chairman thanked the shareholder for his comments.

The Chairman put the resolution to the meeting.

Shareholder Discussion

The Chairman invited general questions from shareholders. There were no questions from the phone, one question from the online platform and several questions/comments raised from the floor.

Question from online

Question. A shareholder explained that they had poor access to broadband and lack of mobile access where they live, and commented that they were disappointed not to hear more about rural initiatives to improve basic telecommunications infrastructure.

Response. The MD responded that there was a lot being done for rural New Zealand and that Spark independently invests heavily in growing rural coverage. He also spoke to the joint efforts with government, Vodafone and Two Degrees for Rural Broadband Initiative Number Two and suggested the shareholder investigate the use of a WISP if initiatives were not likely to improve coverage at the shareholders' location.

Questions from the floor

Question. A shareholder voiced concern over cyber risk and a perceived increase in risk that arises from sharing data with global technology companies like Google and Facebook. She also thanked Spark for having a physical meeting and providing shareholders with an opportunity to see the Board face to face and learn more about technology and Spark's product offering.

Response. The MD commented that Spark had 140 staff working in cyber security and the Chairman noted that this area was a key focus for the Audit & Risk Management Committee and for the business.

Question. A shareholder commented on the importance of email communication and asked for an update on Sparks' email platform migration from Yahoo to SMX. He also asked whether Spark had sought to target Vodafone customers who had been left without an email provider when Vodafone decided to discontinue its service.

Response. The MD noted that Yahoo had at the beginning, been a very good provider at but its poor cyber risk management had later been exposed. He said it was a difficult decision to continue to provide a service where there is no direct revenue for it, but despite this Spark made the decision to support its customers and migrate the service to SMX, where Vodafone took an alternative approach. The MD said that Spark had sought to use the opportunity and did welcome aboard some Vodafone customers, but explained that it was not a large opportunity.

Question. A shareholder asked whether it was possible to have a back-up battery for the wireless home line to prevent loss of phone connection during a power cut.

Response. The MD explained that there is currently no solution for the devices and then spoke to the improvements made to cell sites so these sites can recover much more quickly from power outages and last longer on batteries.

Question. A shareholder commented on the increase in spam emails that are slipping through filters since Spark's email migration.

Response. The Chairman noted that Spark was aware of the issue and that it was a continuing battle to keep up with organised offshore fraudsters.

Question. A shareholder asked whether it was possible to provide a more specific timeframe for the rollout of 5G.

Response. The Chairman said that his guess was early 2020's but that was just a guess. He noted that it was difficult to predict as setting the standards is critical and has not been completed. Mr Berriman concurred.

Question. A shareholder asked why he couldn't use his unused local mobile data overseas.

Response. The Chairman suggested the shareholder speak to customer services present at the meeting. He also explained that Spark relies on overseas partners for roaming services where it would be unrealistic to transfer unused capacity from Spark to one of those partners. The MD concurred.

Question. A shareholder thanked Spark for a fantastic meeting, said that he had enjoyed Mr Sitch's address and that he thought physical meetings were needed not just to see the Board but to understand more about the company. He then spoke about multiple meetings being held on the same day and asked whether Spark had considered share buy-backs as an alternative to dividends.

Response. The Chairman thanked him for his comments and confirmed that the company had periodically considered share buy-backs and had continuous capital management assessments. He explained that buybacks can be difficult as the announcement of a buyback can increase the share price and reduce its effectiveness. He then concluded by saying that the Board thinks the capital settings are appropriate for now and payment of a special dividend is a more efficient and stable way of returning excess cash to shareholders.

Polls

The Chairman asked for the polls on all resolutions to proceed with Spark's auditors, KPMG, acting as scrutineers. The Chairman thanked all for their attendance and announced that the meeting would be closed on completion of the voting procedures.

The meeting (except for the vote counting and scrutineering) finished at approximately 11.45am.

The results of the polls were announced to the Stock Exchanges later that day. All resolutions were passed.

Details of the total number of votes cast in person or by a proxy holder on a poll were:

Resolution	For	Against	Abstain
1. Fix auditor's remuneration	1,251,305,963 (99.86%)	1,812,130 (0.14%)	772,996
2. Re-election of Paul Berriman	1,249,896,299 (99.77%)	2,872,730 (0.23%)	1,122,060
3. Re-election of Charles Sitch	1,249,844,868 (99.77%)	2,915,306 (0.23%)	1,130,915
4. Increase to the non-executive directors' fee pool	1,219,686,104 (97.64%)	29,498,314 (2.36%)	1,577,080

Details of the manner in which shareholders directed their proxies to vote at proxy close (and included above) were:

Resolution	For	Against	Discretionary proxies	Abstain
1. Fix auditor's remuneration	1,246,031,148	1,812,130	2,481,809	772,996
2. Re-election of Paul Berriman	1,244,642,492	2,853,730	2,479,801	1,122,060
3. Re-election of Charles Sitch	1,244,567,381	2,897,306	2,502,481	1,130,915
4. Increase to the non-executive directors' fee pool	1,217,765,034	29,426,437	1,242,467	1,559,847

Confirmed as a correct record.



Mr M Verbiest – Chairman of the Meeting

Dated: 4 December 2017