

Minutes of the 2015 Annual Meeting of Shareholders of Spark New Zealand Limited

Date:	6 November 2015
Time:	10.00am
Venue:	The Conference Centre, Level 2 Spark City, 167 Victoria Street West, Auckland
Apologies:	None

Preliminary

The Chairman, Mr Mark Verbiest:

- thanked shareholders for their attendance and declared the meeting open;
- outlined the meeting agenda;
- introduced the Chief Financial Officer (“**CFO**”), Managing Director (“**MD**”) and directors;
- 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 1,062,786,081, representing over 51.42% of the total number of shares;
- noted that the Chairman and all other directors would vote proxies for which they had been given discretion in favour of all six of the resolutions brought to the meeting; and
- noted that the financial statements for the 12 month period to 30 June 2015, together with the auditors’ report, are set out in Spark NZ’s annual report, which was made available electronically to all shareholders on 21 August 2015.

Chairman’s Speech

The Chairman remarked on how different Spark NZ is from the old Telecom, exemplified by the virtual annual meeting trial (a first for an Australasian company). Spark NZ’s focus has shifted to data, mobile and ICT services, which is reflected in financial performance.

The Chairman identified that Spark NZ has continued to simplify its business and reduce costs. The Spark NZ brand is gaining market appeal, supported by successful specialty service brands. The Chairman then listed some new investments.

The Chairman reflected on the company's increased financial performance and market share. In particular, he reported:

- modest growth in FY15 after many years of decline;
- significant underlying improvement in free cash flow;
- an increase in dividend payment from FY14 by 3 cents to 20 cents per share in FY15;
- the Board's intention to increase annual dividends to 22 cents per share and special dividends to 3 cents per share (subject to no material changes in operating outlook);
- that the share buyback programme will, together with special dividends, assist to return gearing to more appropriate levels; and
- pleasing first quarter FY16 results.

The Chairman then remarked that while forward indicators are positive, there are challenges facing Spark NZ, such as: monetising the growth in demand for data; competition; and a challenging fibre order process putting pressure on customer service. Nonetheless, Spark NZ has the long term strategy, resources and leadership capability to promote confidence going forward.

The Chairman discussed the importance of providing appropriate incentives to create value for customers and shareholders. He described the two resolutions relating to proposed offers to the MD under two performance and incentive schemes, in order to align the MD's remuneration with actual company performance.

The Chairman commented on the diverse and relevant skills of the Spark NZ Board.

The Chairman thanked Spark NZ's management and staff for their ongoing commitment. He concluded by thanking shareholders for their continued support.

MD Update

The MD made general introductory comments, then proceeded to acknowledge that we are living in an increasingly technological world where demand for data and use of devices is increasing. Value is measured by digital customer experience rather than assets and it is critical to respond to this change to remain relevant in the market.

The MD reported that, since implementing a digital strategy in 2013, Spark NZ's market capitalisation has increased from \$4 billion to \$6 billion per annum and the company has transformed from a traditional telecommunications provider to a successful digital services provider with a retail mindset. Spark NZ now has a leaner, simpler organisational structure and product set, within which employees are encouraged to adopt an owners' mindset (as reflected by the creation of 'Spark Share' in 2015, Spark NZ's employee share purchase scheme).

The MD discussed the current shift in phase of the digital strategy, building from the levelled foundation created in the last 2.5 years. The company is continuing to invest in market-leading digital products and services and has established a Digital First Programme to capture the benefit of the developed technology and lead the market in digital customer experiences. Spark NZ is focussing on quality brands and services to drive revenue and continuing to evolve leading data networks and digital platforms, while maintaining disciplined management to reduce unit costs.

The MD reported on the success of the Spark NZ brand. Spark NZ is now a leading provider of data and cloud solutions, and close to becoming first in New Zealand in mobility. The company is an emerging leader in digital life and business services, and aiming to become the best-run and most efficient business in New Zealand. The MD commented that the decision to rebrand has been vindicated by these results and the Spark brand has much wider appeal, particularly to young people. Spark NZ has risen in reputation and advocacy indices, using the international Net Promoter Score (NPS) measure, across all key areas. Results show an increase in foot traffic and online activity driving sales performance. The multi-brand strategy is paying off with key flanking brands performing well, particularly Skinny mobile.

The MD remarked that the company is working hard to strengthen organisational capability. Learnings from the Turnaround Programme have been embedded and the company now operates with a strong performance culture. The MD noted that the company's re-engineering programme is nearly complete; a three-year, \$200 million exercise, impacting 1700 IT platforms without any significant failures. The new Digital First Programme is intended to harness these capabilities. The MD commented that Spark NZ is bordering on declaring itself world class in IT services.

The MD set out that Spark NZ is continuing to reorient itself for a data and digital services future, enabling New Zealanders to operate within a large scale data network. This data network is complemented by Spark NZ's service options, particularly cloud IT. For example, Spark NZ data centres support the national (electricity) grid, air traffic management systems and most of New Zealand's large banks, as well as providing desktop services for smaller businesses and the New Zealand Police. The MD added that Spark NZ is in the process of enhancing all digital platforms via Application Programming Interfaces (APIs), enabling other New Zealand business to utilise Spark NZ technology platforms.

The MD then turned to the company's financial performance for the 2015 financial year. He reported modest growth after years of decline, an increase in net earnings (by 16.1%) and EBITDA (by 2.8%) from continuing operations, and an increase in mobile market share with aspirations to surpass Vodafone within 12 months. The company has divested of three non-core legacy businesses generating \$169 million of cash flow and those returns are being passed back to shareholders via the share buyback programme and strong forecast dividends. The MD reiterated the Chairman's remark that the company has performed well in the first quarter of the 2016 financial year.

Lastly, the MD gave a high level summary of the long term aspirations of the company. Spark NZ strives to be recognised as a leader in providing digital experiences, the most valued brand in the home (looking to expand into healthcare and education), and the most important partner to New Zealand businesses. The company is seeking sustained revenue growth and an improved EBITDA margin which is ranked within the top global quartile, and to maintain capex in order to deliver a strong and rising dividend profile.

The MD concluded by stating the company's ambition of helping New Zealanders and New Zealand businesses succeed in an increasingly digitised world, and thanking Spark NZ shareholders for their ongoing advocacy and support in the community.

Resolutions

The Chairman then moved to formal business. He explained the process for asking questions, both from the floor and from the online platform. The Chairman addressed each of the resolutions and declared that a poll on each resolution would be conducted at the end of formal business. The Chairman explained that: resolutions 1 to 5 were to be considered as ordinary resolutions; resolution 6 had been withdrawn; and resolution 7 was to be considered as a special resolution.

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

The Chairman briefly outlined the statutory audit fees for the 2015 financial year for Spark NZ's operations. He then confirmed the statutory audit fees for the 2016 financial year for Spark NZ's audit.

The Chairman put the resolution that the directors be authorised to fix the auditors' remuneration to the meeting. There were no matters for discussion or questions raised.

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

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 introduced himself and briefly outlined his background and experience. He noted that he had witnessed significant growth in his time as a director of Spark NZ, and sought confidence from shareholders to continue as a director.

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 NZ.

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 made introductory comments and briefly outlined his background and experience. He praised the strategic decisions and success of the company over the last four years since demerger, and the efforts of the MD and management team. Mr Sitch welcomed the support of shareholders to elect him to serve in what will be his last tenure as a director.

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

Resolutions 4 and 5

Before putting resolutions 4 and 5 (which relate to performance and incentive scheme offers to Mr Simon Moutter) to the meeting, the Chairman spoke to the MD's overall remuneration package and summarised each of the three

components. He noted that almost two thirds of the MD's total potential remuneration is linked to annual financial performance or long term shareholder value, which aligns the MD's remuneration with actual company performance.

The Chairman declared that neither Mr Moutter nor any of his associated persons may vote on resolutions 4 and 5 (unless they are acting as a proxy for another shareholder who has given them express voting directions).

Resolution 4: That approval is given for the issue by Spark New Zealand to Mr Simon Moutter (Managing Director) during the period to 5 November 2018 of in total up to 1,000,000 shares in Spark New Zealand under the Managing Director Performance Equity Scheme (comprising redeemable ordinary shares and, where contemplated by the scheme, ordinary shares.

The Chairman put the resolution to the meeting. There was one shareholder question from the floor, which was unrelated to resolution 4. The shareholder asked how Spark NZ expected to increase profitability with activities centralised in the New Zealand market. The Chairman noted that the question did not relate to the resolution under consideration and briefly responded that the company has given guidance based on earnings growth and increasing digital services, as well as monetising current services.

Resolution 5: That approval is given for the issue by Spark New Zealand to Mr Simon Moutter (Managing Director) during the period to 5 November 2018 of in total:

- a. up to 1,250,000 ordinary shares in Spark New Zealand; and***
 - b. an associated interest-free loan up to \$3,000,000 to pay for the shares issued,***
- each under the Managing Director Long Term Incentive Scheme.***

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

Resolution 6: Withdrawn

Resolution 7: That approval is given for alterations to Spark New Zealand's constitution, in the form and manner described in the explanatory notes to the Notice of Annual Meeting.

The Chairman briefly outlined the proposed legislative and other minor changes to the constitution. He confirmed that all changes are of an administrative nature and that no substantive changes were being proposed.

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

Shareholder Discussion

The Chairman invited general questions from shareholders. There were three questions raised from the floor and two questions from the online platform.

Questions from the floor

Mr Miller asked about current customer levels. The Chairman invited the MD to answer the question. Mr Moutter responded that Spark NZ has 660,000 broadband customers (half of New Zealand's broadband customers), 2.2 million

mobile customers (around 30% to 40% of New Zealand), and holds about 15% of the IT services market, ranking Spark NZ first equal with one other New Zealand company in that fragmented market. The MD remarked that the company aims to be the biggest mobile provider and Mr Miller then asked what percentage of mobile customers Spark NZ holds. The MD noted that the company considers revenue share to be the most important measure (rather than connections) due to customer 'churn' and that Spark NZ currently holds approximately 43% market revenue share. Mr Miller asked how many competitors Spark NZ has. Mr Moutter responded that there are three networks and seven brands in the mobile market, around 80 competitors in the fibre and broadband markets, and approximately 20 to 30 significant competitors in IT services.

Mr Shroff asked whether Spark NZ is prepared with contingency plans for the network being taken down by cyber-attacks. The Chairman responded that the company considers cyber warfare to be a major risk and engages external consultants who run an involved and extensive programme to help to prevent cyber infiltration. He continued that the Spark NZ Board heard an update on the present state of the network in terms of cyber risks at their meeting the day before, and that the Audit & Risk Management Committee of the Board are updated six-monthly on the issue. The MD elaborated on the Chairman's comments and remarked that cyber security will be a large issue and ongoing process for the company going forward, as a provider of IT and security management services.

Mr Hawkins, Chairman of the New Zealand Shareholders' Association, asked whether Spark NZ's Skinny mobile business unit was profitable, and whether there is any evidence of the youthful customer base migrating to other (more profitable) brands. The CFO, Jolie Hodson, reported that Skinny does generate a profit, although this breakdown is not publically disclosed. She remarked that the Skinny business unit is important to the company as the New Zealand market is comprised of mainly prepaid customers. The CFO added that Spark NZ considers closely its multi-brand strategy and that the company does anticipate customers moving up the product set, however the current commercial shift is not disclosable.

Questions from the online platform

Mr Laing asked how important it is for staff to have 'skin in the game'. The Chairman responded that it is important and positive for staff to own a stake in the company. He referenced the 25% participation rate in 'Spark Share', Spark NZ's employee share purchase scheme, and the developed long term incentive structures in place. The Chairman commented that the Board is pleased with the overall incentive scheme structure and current participation levels.

Mr Avery noted the fundamental importance of customer advocacy and asked what measure Spark NZ would be using going forward. The Chairman responded that the company's preference is to use net promoter score (or NPS). The MD remarked that the company has shifted away from old satisfaction measures and is continuing to expand the coverage of NPS across the different business units. Spark NZ has benchmarked against the NPS scores of other great companies and set goals accordingly. The MD added that Spark NZ's new business units have achieved very high NPS scores since the roll out of the system.

Polls

The Chairman asked for the polls on all resolutions to proceed with Spark NZ's auditors, KPMG, acting as scrutineers. The Chairman 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 11.30am.

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:

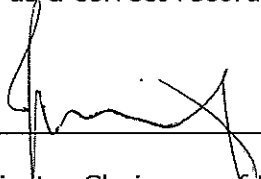
Resolution	For	Against	Abstain
1. Fix auditor's remuneration	1,060,847,585 (99.91%)	953,011 (0.09%)	3,359,377
2. Re-election of Paul Berriman	1,056,931,765 (99.46%)	5,761,867 (0.54%)	2,466,341
3. Re-election of Charles Sitch	1,055,516,898 (99.32%)	7,178,012 (0.68%)	2,465,063
4. Issue of shares to the Managing Director (Performance Equity Scheme)	1,043,643,842 (98.32%)	17,818,829 (1.68%)	2,855,731
5. Issue of shares and provision of financial assistance to the Managing Director (Long Term Incentive Scheme)	1,033,043,065 (97.33%)	28,387,232 (2.67%)	2,886,923
7. Alteration of constitution	1,060,803,016 (99.87%)	1,347,201 (0.13%)	3,000,394

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	1,056,953,538	841,188	1,648,108	3,343,247
2. Re-election of Paul Berriman	1,052,961,655	5,721,801	1,649,384	2,453,241
3. Re-election of Charles Sitch	1,051,524,639	7,099,479	1,707,233	2,454,730
4. Issue of shares to the Managing Director	1,040,573,366	17,568,334	1,813,930	2,826,611

(Performance Equity Scheme)				
5. Issue of shares and provision of financial assistance to the Managing Director (Long Term Incentive Scheme)	1,030,065,509	28,121,264	1,782,220	2,813,248
7. Alteration of constitution	1,056,511,248	1,343,167	1,967,305	2,964,361

Confirmed as a correct record.



Mr M Verbiest – Chairman of the Meeting

Dated: 7 December 2015