

**Minutes of the 2016 Annual Meeting of Shareholders of  
Spark New Zealand Limited ("Spark NZ")**

<b>Date:</b>	4 November 2016
<b>Time:</b>	10.00am
<b>Venue:</b>	The Conference Centre, Level 2 Spark NZ City, 167 Victoria Street West, Auckland and online via the Virtual Annual Meeting portal at <a href="http://virtualmeeting.co.nz/spark2016">virtualmeeting.co.nz/spark2016</a> .
<b>Number of shareholders in attendance:</b>	Physical: 98 voting attendees, 111 total attendees Online: 3 voting attendees, 27 total attendees
<b>Apologies:</b>	None

**Preliminary**

The Chairman, Mr Mark Verbiest:

- thanked shareholders for their attendance, both those attending in person and virtually via the online portal, and declared the meeting open;
- outlined the meeting agenda;
- introduced the Chief Financial Officer, 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 1,212,488,118 shares, representing over 66.19% 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 six of the resolutions brought to the meeting; and
- noted that the financial statements for the 12 month period to 30 June 2016, together with the auditors' report, are set out in Spark NZ's annual report, which was made available electronically to all shareholders on 18 August 2016.

**Chairman's Speech**

The Chairman reflected on the past financial year and the steps that Spark NZ have taken towards achieving their goals by growing customer numbers, revenues and

making an increasing contribution to New Zealand's future. It was noted that the past financial year was a turning point towards reaching these goals with the growth of mobile and IT services and Spark NZ's regained revenue leadership in the mobile market.

The Chairman commented on the operational focus of Spark NZ and the decision to invest in data network and digital service leadership, expand the 4G mobile network, begin a new international cable build and, importantly, complete a major upgrade of customer IT systems.

Recent leadership changes were then discussed, both on the Leadership Team and on the Board, and the Chairman thanked those who are moving on.

The Chairman went on to explain how Spark NZ is helping New Zealand. He identified that Spark NZ are focusing on innovation and start-ups through Spark Ventures and in the community through the Spark NZ Foundation. Special mention was made of the new initiative, Spark Jump, which brings heavily subsidised home broadband to New Zealand children. The Chairman spoke of his and the MD's trip to Israel which studied their highly successful innovation eco-system and considered how New Zealand could accelerate their own economic performance with this in mind.

Spark NZ's role as an employer was also discussed, where the Chairman stated that the company aims to set a standard for others to follow and encourages the best people to work at Spark NZ.

The Chairman linked back to the reason why Spark NZ wants to invest in the future of New Zealand; because digital technology can make a significant impact on the country's social and economic wellbeing which can unleash the potential of New Zealand companies on the world stage.

The Chairman then signalled that as a leader in the market, it was intended that Spark NZ's next annual meeting of shareholders would be a fully virtual meeting. This would facilitate potentially wider attendance, particularly as in recent years physical attendance had declined. The Chairman noted the company encouraged shareholders to actively engage with management and reminded shareholders that there is continuous disclosure via the stock exchange and media announcements. Further, the Chairman assured shareholders that should exceptional circumstances arise which require a physical meeting then Spark NZ would hold one.

The Chairman concluded his address by praising Spark NZ's people and thanking shareholders for their continued support.

### **MD Update**

The MD, Mr Simon Moutter, introduced the focus of his speech as Spark NZ's active role in New Zealand's digital future. Mr Moutter explained that Spark NZ aims to build on the foundation they have developed over the past three years and has put Spark NZ at the forefront of New Zealand's digital future by investing further in the things that matter to Spark NZ's customers and shareholders.

The MD outlined what Spark NZ have done, and are working on, in order to invest in New Zealand's digital future. Notably, the establishment of a pathway to 5G mobile, migration from copper to fibre and wireless broadband, noting the importance of this given the high number of customer service issues which arise from copper, focusing on Cloud IT and data analytics services, beginning to lay the

TGA cable to enhance international connectivity and looking ahead to digital service experiences, such as via the mobile app and virtualised software defined networking.

Following this, the MD explained how Spark NZ have improved their ability to move at pace and adapt to change. The growth of Lightbox and the role of the media in Spark NZ's future was discussed. It was noted that Spark NZ are open to 'bolt-on' mergers or acquisitions in the future which linked in to Spark NZ's focus on long term growth. The MD explained that Spark NZ is targeting consistent earnings growth, sustainable business performance and a steadily rising dividend profile.

Further, the MD elaborated on how Spark NZ are growing their people, with a focus on diversity and inclusion throughout the business to best reflect the market Spark NZ serves. The MD commented that Spark NZ is taking the lead on driving a higher-skilled, higher-wage economy which Spark NZ are encouraging, in particular by the introduction of Spark Pay.

The MD discussed how Spark NZ are actively contributing to NZ communities through Givealittle, supporting education and encouraging innovation. Mr Moutter detailed his trip to Israel and his personal focus on filling the investment gap in Research and Development Investment.

The MD then discussed the focus on developing leadership and governance internally with a focus on actively renewing the Leadership Team to ensure the right mix of people and skills are leading the business to execute Spark NZ's strategy.

The MD also commented on how Spark NZ are protecting the enablers of success through excellent risk and crisis management, world-class cyber security measures, a proactive best practice health and safety approach and great technology performance. Spark NZ's contribution to the environment was also explained.

The MD concluded by stating that he is confident Spark NZ will continue to deliver for customers, for New Zealand and ultimately for shareholders by successfully executing Spark NZ's strategy.

## **Resolutions**

The Chairman then moved to formal business. He explained the process for asking questions, both from the floor, including by way of the Mobile app, 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 all six resolutions were to be considered as ordinary resolutions.

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

The Chairman outlined the statutory audit fees for the 2016 financial year and confirmed Spark NZ's statutory audit fees for the 2017 financial year.

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 Simon Moutter is re-elected as a director of Spark NZ.***

The Chairman advised that Mr Simon Moutter was offering himself for re-election as his term as an executive director cannot exceed five years, and that the Board unanimously supported the re-election of Mr Moutter. The Chairman reminded shareholders they had heard from Mr Moutter earlier.

The Chairman put the resolution to the meeting. There were two questions from shareholders. A shareholder who attended in person raised concern about Mr Moutter's view of small shareholders and queried his employment status within Spark NZ. Mr Moutter and the Chairman explained that as Managing Director, Mr Moutter is a Spark NZ employee and also an executive director elected to the Board by the shareholders, and noted that small shareholders are considered important and any issues raised by small shareholders are always responded to.

Another shareholder from the floor queried the five year component of the resolution and the Chairman discussed the application of the relevant NZX Listing Rule to explain this.

***Resolution 3: That Ms Justine Smyth is re-elected as a director of Spark NZ.***

The Chairman advised that Ms Justine Smyth was retiring by rotation and seeking re-election and that the Board unanimously supported the re-election of Ms Smyth. The Chairman invited Ms Smyth to address the meeting.

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

***Resolution 4: That Mr Ido Leffler is re-elected as a Director of Spark NZ New Zealand.***

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

The Chairman put the resolution to the meeting. There was one question from the floor where a shareholder questioned Mr Leffler's lack of ownership of Spark NZ shares. Mr Leffler confirmed he did not own any shares to date because he wanted to ensure he was conflict free, but intended to purchase in the next three months.

***Resolution 5: That Ms Alison Gerry is elected as a Director of Spark NZ New Zealand.***

The Chairman advised that Ms Alison Gerry, who had been appointed to the Board since the 2015 Annual Meeting, was retiring and seeking election and that the Board unanimously supported the election of Ms Gerry. The Chairman invited Ms Gerry to address the meeting.

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

***Resolution 6: That Ms Alison Barrass is elected as a Director of Spark NZ New Zealand.***

The Chairman advised that Ms Alison Barrass, who had been appointed to the Board since the 2015 Annual Meeting, was retiring and seeking election and that the Board unanimously supported the election of Ms Barrass. The Chairman invited Ms Barrass to address the meeting.

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

### **Shareholder Discussion**

The Chairman invited general questions from shareholders. There were a number of questions/comments raised from the floor and one question from the online platform.

#### ***Questions from the floor***

A shareholder voiced his concerns about Spark NZ's intention to move to a fully virtual annual meeting, in particular that it would be unfair to smaller shareholders. The Chairman responded by explaining the Board's rationale in making the decision, noting declining shareholder attendance when there are no contentious matters and reiterating the Board's commitment to holding a physical forum should an issue arise of significant concern.

Another shareholder asked about the impact of the proposed Sky/Vodafone merger on Spark NZ's market share. The Chairman replied by noting that the merger is subject to approval from the Commerce Commission, and that Spark NZ shares some of the Commerce Commission's concerns with the proposed merger. The Chairman gave an assurance that whatever the outcome is of that process Spark will continue to compete very hard and will seek to win and grow market share on the basis of superior service offerings, customer experience and value to customers

Mr John Hawkins, the Chair of the Shareholders' Association, raised concerns about the proposed fully virtual annual meeting, specifically that it would be a retrograde step which would disenfranchise shareholders who are uncomfortable with technology. The Chairman addressed Mr Hawkins' concerns around technology, and gave an assurance that he will continue to engage with the Shareholders' Association throughout the year to discuss this point further.

Mr Hawkins also had a query regarding network outages and Xtra. Mr Moutter acknowledged that Spark has had a number of service issues that have to be resolved, and that Spark has been working extremely hard to deal with those issues.

A shareholder also made a statement regarding the unacceptable quality of customer service to which Mr Moutter responded, clarifying that the vast majority of the time the company does deliver, noting that there are systems to identify customers with recurring issues, but acknowledging that Spark NZ has some way to go to resolve these issues.

Mr Hawkins then requested confirmation that customer service is part of Spark NZ's short term incentive program. The Chairman replied affirmatively and noted that Spark NZ is using net promoter score as a key measure.

Comments and queries followed from several shareholders regarding the proposed fully virtual annual meeting, to which the Chairman responded.

A shareholder asked about the expected revenue and earnings growth. The Chairman reconfirmed the guidance previously given to the market of 0-3% of revenue growth which will also flow through to earnings.

Finally, a shareholder commended the Board on their work which the Chairman thanked him for.

### **Questions from online**

A shareholder asked whether Spark NZ considered leasing the Mayoral Drive carpark instead of selling it. The Chairman confirmed that various options were considered including leasing, but that the option of sale was chosen as the most appropriate of those considered..

### **Polls**

The Chairman asked for the polls on all resolutions to proceed with Spark NZ'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 11.35am.

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:

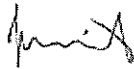
<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1. Fix auditor's remuneration	1,212,213,480 (99.93%)	826,075 (0.07%)	2,042,986
2. Re-election of Simon Moutter	1,212,715,645 (99.92%)	978,269 (0.08%)	1,398,929
3. Re-election of Justine Smyth	1,209,799,132 (99.68%)	3,925,665 (0.32%)	1,368,046
4. Re-election of Ido Leffler	1,210,779,433 (99.76%)	2,893,081 (0.24%)	1,416,027
5. Election of Alison Gerry	1,209,783,804 (99.68%)	3,913,341 (0.32%)	1,395,698
6. Election of Alison Barrass	1,212,663,005 (99.92%)	912,436 (0.08%)	1,458,070

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

<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Discretionary proxies</b>	<b>Abstain</b>
1. Fix auditor's remuneration	1,207,647,501	826,075	1,973,810	2,040,732
2. Re-election of Simon Moutter	1,208,230,158	923,239	1,944,046	1,390,675

3. Re-election of Justine Smyth	1,205,237,148	3,901,933	1,983,245	1,365,792
4. Re-election of Ido Leffler	1,206,229,280	2,846,331	2,006,373	1,406,134
5. Election of Alison Gerry	1,205,158,049	3,908,671	2,035,593	1,385,805
6. Election of Alison Barrass	1,208,133,407	900,322	2,031,549	1,422,840

Confirmed as a correct record.




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05/12/2016 7:17 a.m.

Mr M Verbiest – Chairman of the Meeting

Dated: 5 December 2016