



MARKET RELEASE

4 April 2017

Spark affirms its 80 cent offer price for TeamTalk, and that the conditions of its offer will not be waived should shareholders approve the proposed Farmside transaction

Spark New Zealand is today affirming that:

- Its offer price for 100% of TeamTalk's ordinary shares remains at 80 cents per share. This price is full and final for this offer;
- It has waived the condition requiring 90% shareholder acceptance, meaning Spark's offer will become unconditional as to the level of acceptances upon achieving more than 50% shareholder acceptance;
- In the event that TeamTalk shareholders vote to approve the proposal to sell a 70% share of the Farmside subsidiary to Vodafone at the Special Meeting on April 12th, Spark will not waive the conditions of its offer that would be breached, and Spark's offer will lapse.

Spark's Chief Financial Officer, David Chalmers, said "We have taken time to consider the Target Statement and Independent Adviser reports provided to shareholders.

"As New Zealand's largest digital services company, Spark has a strong insight into industry dynamics, and what the future shape of communication networks may be. We do not believe Grant Samuel's report adequately accounts for the market risks to the CityLink and TeamTalk Mobile Radio businesses over coming years.

"Spark needs to be disciplined in how we invest our shareholder's capital. We will not pay a significant premium for an unsubstantiated forecast that is light on detail and in our view is unlikely to be achieved. Our offer represents a premium of 78% over the last closing price before Spark issued its Notice of Intention, while the Independent Adviser believes that, at the mid-point of the range, the shares are worth more than four times the pre-Notice price.

"TeamTalk shareholders should carefully consider whether they prefer a clear exit path with Spark's offer, or to continue as an investor in TeamTalk and rely upon the Board and Management to deliver the turnaround they've talked about."

In the event shareholders vote to approve the Farmside transaction, Spark's offer will lapse and shareholders will no longer be able to accept Spark's offer. Spark would then seek alternative options to CityLink to achieve our Wellington metro fibre objectives.

In the event Spark's offer lapses, Spark wishes TeamTalk's Board, Management and shareholders well.



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