

News Release

8 February 2017

**SPARK PROPOSAL IS HOSTILE AND HIGHLY CONDITIONAL - TEAMTALK
RECOMMENDS SHAREHOLDERS NOT TO TAKE ANY ACTION**

TeamTalk Limited (NZX: TTK) directors recommend that shareholders do not sell their shares or enter into a commitment to accept any proposed offer from Spark New Zealand Trading Limited (Spark), pending further communication from the TeamTalk board.

Roger Sowry, Chairman of TeamTalk said: “The preliminary view of the directors of TeamTalk is that the proposal from Spark does not include significant synergy benefits if Spark were to acquire control of TeamTalk and does not represent fair value for our shareholders”.

“There is no certainty that Spark will proceed with a takeover offer and no certainty that 80 cents is the price they will offer. The terms of the offer contain over 30 separate conditions some of which are entirely outside the control of TeamTalk, so that even if an offer is forthcoming there is no certainty that it will result in a completed transaction.”

Spark made an initial indicative and conditional proposal to TeamTalk during 2016 at 60 cents per share (soon after TeamTalk’s previous CEO departed), which was rejected by the TeamTalk board as opportunistic.

Roger Sowry said: “During 2016, TeamTalk also received other indicative offer approaches for parts of TeamTalk. These various approaches highlight the strategic nature of TeamTalk’s assets and operations and the potentially higher value which may be available.”

In the last four months of 2016, TeamTalk appointed new management, including: CEO, Andrew Miller, CFO, Jason Bull, and Transformation Officer, John Fischer. They have made significant progress in re-setting the strategy and developing a new business plan for TeamTalk. Their focused initiatives are starting to deliver positive results, which will become more visible during 2017 and beyond.

On 7 February 2017, Spark issued a takeover notice advising that it intends to make an offer at 80 cents per share. Spark states in the takeover notice that “Spark requests that TeamTalk permit Spark to undertake due diligence of selected TeamTalk information” so it can decide whether or not to proceed with a takeover offer under the Takeovers Code.

Based on discussions with other parties, alternative offer approaches may re-surface at revised valuations. A sale of parts of TeamTalk could potentially deliver shareholders value significantly in excess of 80 cents per share.

Summary and next steps

The board of TeamTalk is working with its investment banking advisers, Cameron Partners, to consider the value maximising options for shareholders, including an offer for all, or parts, of TeamTalk. These will be considered against:

- the Spark proposal in its current or revised form; and
- the value that can be delivered to shareholders through execution of the standalone business plan under the new management team.

As part of this, TeamTalk will allow Spark to undertake limited due diligence, on the basis that any forthcoming takeover offer from Spark will need to appropriately value the new business plan and the synergy benefits that would accrue to Spark appropriately if it is to be supported by the board

The TeamTalk board advises shareholders do not sell their shares or enter into a commitment to accept any proposed offer from Spark New Zealand Trading Limited (Spark), pending further communication from the TeamTalk board.

In addition to Cameron Partners, TeamTalk has appointed Crengle Shreves & Ratner as its legal adviser to assist the TeamTalk board in evaluating and responding to any Spark offer and any other proposals that may be forthcoming.

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