

9 March 2017

**HOSTILE TAKEOVER OFFER FROM SPARK
TEAMTALK RECOMMENDS SHAREHOLDERS - TAKE NO ACTION**

Dear Shareholder

You will shortly receive, or may have already received, a takeover offer document from Spark New Zealand Trading Limited (Spark), attempting to acquire your shares in TeamTalk Limited (TeamTalk) for 80c per share.

The TeamTalk directors are firmly of the view that the Spark offer is inadequate and significantly below fair value for TeamTalk.

TEAMTALK'S DIRECTORS ADVISE YOU TO DO NOTHING UNTIL YOU RECEIVE TEAMTALK'S TARGET COMPANY STATEMENT AND RECOMMENDATION.

THERE IS NO ADVANTAGE IN EARLY ACCEPTANCE OF THE SPARK OFFER AND THERE MAY BE DISADVANTAGES. THE SPARK OFFER MUST REMAIN OPEN UNTIL 22 APRIL 2017. IF YOU ACCEPT THE SPARK OFFER BEFORE HEARING THE FULL STORY YOU CANNOT CHANGE YOUR MIND.

The directors' preliminary view is that:

1. **SPARK IS ATTEMPTING TO CAPTURE THE UPSIDE BENEFITS OF TEAMTALK'S BUSINESS PLAN BEFORE IT IS IMPLEMENTED TO THE DETRIMENT OF TEAMTALK'S SHAREHOLDERS.**
2. **THE SPARK OFFER IS OPPORTUNISTIC.** It comes at a time when TeamTalk's newly appointed management team is making excellent progress on its turnaround strategy, as outlined in TeamTalk's interim results last week. TeamTalk's earnings are forecast to grow strongly over the next two years and reach a profit after tax in the range of \$4.1 million to \$5.6 million by 30 June 2018. TeamTalk has indicated previously that it will consider the resumption of dividends in the financial year starting 1 July 2017.
3. **THE SPARK OFFER IS WOEFULLY LOW.** Spark is attempting to capture TeamTalk's valuable assets and strong forecast profit growth for its own benefit - through a one-time cash pay-out to you. **FURTHERMORE, THE SPARK OFFER DOES NOT INCLUDE ANY VALUE FOR THE SYNERGY BENEFITS THAT TEAMTALK WOULD DELIVER TO SPARK, WHICH ARE LIKELY TO BE SIGNIFICANT.**

Spark has confirmed that **NONE** of TeamTalk's shareholders have currently agreed conditionally or unconditionally to accept the Spark offer.

THERE IS NO ADVANTAGE IN ACCEPTING THE SPARK OFFER EARLY. The offer cannot be closed early or withdrawn (except with the consent of the Takeovers Panel) and the offer price cannot be reduced. However, once given, your acceptance cannot be withdrawn.

TeamTalk shareholders who accept the Spark offer will not be paid unless and until the offer becomes unconditional which could be several months from now, if ever.

Grant Samuel has been appointed to provide an Independent Adviser's Report on the merits of the offer. Their report will provide an independent value range for TeamTalk's shares.

The directors of TeamTalk strongly advise shareholders to **TAKE NO ACTION** until you have received TeamTalk's Target Company Statement (TCS) which will contain additional and important information to assist you to decide how to respond to Spark's offer. The TCS, together with a recommendation from your directors and the Independent Adviser's Report, will be sent out by 23 March 2017.

Your directors fully understand their responsibility to act in good faith and in the best interests of all our shareholders by maximising value of all TeamTalk businesses and assets.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger Sowry'.

Roger Sowry
Chairman, TeamTalk Limited