

MEDIA RELEASE

For immediate release

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Contact Energy announces on-market share buyback

Contact Energy Limited (Contact) has announced today that it plans to undertake an on-market share buyback of up to 25 million ordinary shares for an aggregate purchase price of up to NZ\$100 million during the remainder of the 2016 financial year. The ordinary shares will only be acquired on the NZX Main Board.

“With no near term plans for large capital investments, we have the capacity to return additional cash flow and we believe a share buyback is an efficient way of distributing funds to shareholders”, said Contact Chief Executive, Dennis Barnes.

In May 2015 Contact announced a revised distribution policy to target an average ordinary dividend equivalent to approximately 100% of Underlying Earnings after Tax (previously 80%). In the event that free cash flow exceeds ordinary dividends Contact will make additional distributions. The confirmation of the on-market share buyback is consistent with this policy.

The key principles under which the buyback will be executed are summarised below:

- Shares purchased by Contact will be cancelled on acquisition, and the number of shares on issue reduced accordingly.
- Contact will only buy shares through NZX’s Clearing House during normal trading hours (i.e. there will be no off-market transactions).
- Contact will adhere to an established set of principles that will ensure the buyback does not distort the market price for shares.
- Contact will keep shareholders fully informed and monitor compliance with its various information disclosure requirements throughout the buyback period.

Contact remains committed to maintaining an efficient capital structure and to an investment grade credit rating. The cash generated from the business, flexibility in the funding portfolio and current credit rating places Contact in a strong position to withstand variable market conditions.

First NZ Capital has been appointed to act as Contact’s broker in connection with the buyback.

ENDS

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