

## FINANCIAL ASSISTANCE DISCLOSURE

**Under sections 78(5) and 79 of the Companies Act 1993, Contact Energy Limited (“Contact” or the “Company”) is required to make the following disclosure to all shareholders in respect of financial assistance to be provided by Contact in respect of an invitation to employees of Contact to participate in Contact’s employee share ownership plan, “Contact Share”.**

Contact established Contact Share by trust deed dated 12 September 2013 to enable employees to acquire ordinary shares in the Company. Contact Share has been approved by Inland Revenue as a share purchase scheme for the purposes of the Income Tax Act 2007. Under Contact Share, the trustee (Contact Energy Trustee Company Limited) will purchase \$1,000 of shares per participating employee on-market. Employees will contribute \$0.01 per share towards the cost of the shares. If any participating employee so requests, Contact will provide an interest free loan to the participant to fund that participant’s share of the acquisition cost. Any such loan will be for a term of three to five years.

Under the trust deed Contact has agreed to meet all of the trustee’s costs associated with Contact Share. The payment of such costs to the trustee and the provision of loans constitute the giving of financial assistance for the purpose of, or in connection with, the purchase of shares issued by the Company under section 76 of the Companies Act 1993.

The total amount of financial assistance to be provided in the 2017 financial year is approximately \$750,000 (including general operating costs of the trustee).

### Board Resolution

The full text of the Contact Board resolution of 12 August 2016 approving the financial assistance is set out below:

1. The Company should provide financial assistance to employees participating in the employee share ownership plan, “Contact Share”. The financial assistance will take the form of:
  - (a) payment of money to the trustee of the Contact Share Trust to enable the trustee to acquire shares of the Company on trust for such participants;
  - (b) possibly, interest free loans to Contact Share participants of an amount equal to the amount payable by that participant in respect of the shares offered to that participant; and
  - (c) payment of the operating costs of Contact Share.
2. Giving the financial assistance is in the best interests of the Company and is of benefit to those shareholders not receiving the assistance.
3. The terms and conditions under which the financial assistance is to be given are fair and reasonable to the Company and those shareholders not receiving the assistance.
4. The Company will, immediately after giving the financial assistance, satisfy the solvency test as defined in sections 4 and 77 of the Companies Act 1993.
5. The reasons for the directors’ conclusions are:
  - (a) giving the assistance is in the best interests of the Company, and is of benefit to those shareholders not receiving the financial assistance, because it increases the alignment of the interests of employees with the interests of the Company and, therefore, creates incentives for the participating employees to strive to ensure that the Company performs for the benefit of all its shareholders;
  - (b) the terms and conditions are fair and reasonable to the Company and to those shareholders not receiving the assistance because the costs of providing the financial assistance are relatively small and are outweighed by the benefit of the alignment of interests that is achieved under Contact Share, and the terms of any loans made under Contact Share are those stipulated by the Income Tax Act 2007;
  - (c) employee share ownership plans are considered to be normal practice in New Zealand, with many organisations providing share ownership plans to their employees to give their employees greater interest in the overall performance of the organisation; and
  - (d) immediately after giving the assistance, the Company will be able to pay its debts as they become due in the normal course of business and the value of the Company’s assets will be greater than the value of its liabilities including contingent liabilities.
6. In accordance with section 78(5) of the Companies Act 1993, the Company send to each shareholder of the Company a disclosure document complying with section 79 of the Companies Act 1993 before providing the financial assistance.

**ENDS**