



Remuneration Report for the year ended 30 June 2011 (Audited)

This Report forms part of the Directors' Report for
the year ended 30 June 2011

Remuneration Report

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1. Introduction

The Directors present the Remuneration Report for Origin Energy Limited (Company) for Financial Year 2011 (FY2011).

Amongst the key issues to highlight for the current year is the comprehensive review undertaken of the Company's Long Term Incentive Plan (LTI Plan) and its operation, discussed in sections 5.4 and 5.8. This resulted in an expanded participating population and the confirmation of a continuing central role for Options within the LTI Plan, notwithstanding the significantly changed regulatory environment for equity arrangements.

The Remuneration Committee has again been active during the year in the public discussion on executive remuneration matters. The Board considers that the Government should discuss principles relating to proposed regulation of remuneration with the relevant stakeholders before preparing detailed draft legislation. In the past five years legislation has been introduced, in some cases with little consultation, adding to complexity and administrative costs. Where consultation has occurred, some of the issues raised by the Company have been accepted and in some cases contributed to improving the drafting of the original government proposals. The Board was pleased to see an attribution from its 2010 Remuneration Report quoted in a 'best practice' example recently distributed by the Australian Securities and Investment Commission (ASIC) on remuneration reporting. However, the Board remains concerned that the federal government has rejected recommendations from both the Productivity Commission and the Australian Prudential Regulatory Authority to remove cessation of employment as a taxing point for employee share plans. The Board agrees with the Productivity Commission's observations that there is "little rationale for ceasing tax deferral at termination of employment" and that the provision "is contrary to best practice governance promoted in Australia by the prudential regulator and overseas"¹. As noted by the Australian Securities Exchange (ASX), "a taxation policy that drives remuneration design and practices that are inconsistent with corporate governance policy is both inappropriate and counterproductive"². The Board will continue to urge change on this matter.

Whilst new laws concerning remuneration consultants and remuneration advice do not take effect until the Company's next reporting period, the Board has chosen to become an 'early adopter' and this year's Report contains relevant disclosures in section 3.2 Advisors to the Committee.

The Board's assessment is that the remuneration framework that is in place is robust and appropriate to the Company's circumstances and industry setting, such that adjustments during the year, despite extensive review, constitute fine tuning and enhancement rather than significant change.

¹ *Productivity Commission Inquiry Report No. 49 (Executive Remuneration in Australia) 19 December 2009, pages 339 and 341.*

² *Australian Securities Exchange (ASX), submission DD142 to the Productivity Commission's 2009 Inquiry into Executive Remuneration in Australia, page 9.*

2. Key terms

Throughout this Report, the following terms have the meaning indicated below:

Key management personnel

Key management personnel (KMP) is defined by *AASB 124 Related Party Disclosures* as all directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company and the consolidated entity. For the Company, these are the individuals listed in section 3.3 of this Report.

Directors

Executive Directors and Non-executive Directors.

Executive Management Team (EMT)

The Managing Director and managers who report to the Managing Director.

Executives

The EMT plus all those senior employees who have been invited to participate in the Company's LTI arrangements.

OCAT/PC (OCAT Ratio)

Operating Cash Flow After Tax (less interest tax shield) divided by Productive Capital. OCAT/PC is one of two performance metrics used to determine short-term incentive (STI) outcomes, the other being Underlying EPS (see below). Productive Capital excludes capital work-in-progress.

Underlying earnings per share (Underlying EPS)

Underlying profit (year-end Statutory Net Profit after excluded items) divided by the weighted average number of shares on issue.

3. Governance

3.1 Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on director and executive remuneration pay, policy and structure. The composition and functions of the Remuneration Committee are set out in the Remuneration Committee Charter which can be viewed or downloaded from the Company's website www.originenergy.com.au.

The Remuneration Committee comprises five Non-executive Directors with significant remuneration experience working within other board remuneration committees, and considerable experience with the Company's operations. The members are:

| Remuneration Committee | |
|------------------------|-------------------|
| Trevor Bourne | Independent Chair |
| Bruce Beeren | Non-executive |
| Gordon Cairns | Independent |
| Kevin McCann | Independent |
| Helen Nugent | Independent |

3.2 Advisors to the Committee

The Committee seeks advice from external advisors from time to time to assist in its deliberations. The table below summarises the advisors used during the reporting period. Those advisors who provided advice directly related to remuneration decisions for KMP during the period have been deemed by the Company to be "Remuneration Consultants" for the purpose of the recently approved executive remuneration legislation, and are listed below.

The Remuneration Consultants were selected by resolution of the Committee, and were commissioned and instructed by the Chairman of the Committee.

The appointment terms identified that all output be sent directly to the Committee through its Chairman, and prohibited the Consultant from providing such material or other information directly to management. The terms also required that any dialogue with management be limited to the provision or validation of factual and policy data, for example contractual provisions, entitlements, salary history and incentive eligibility. The terms also provided that no dialogue would be permitted between KMP and the Remuneration Consultant without written approval of the Chairman of the Committee. The appointment terms also required that the Remuneration Consultants provide, with their report, both a declaration of their independence from the KMPs to whom their recommendations relate, and also confirmation that the Committee's conditions for contact and dialogue had been observed. In this way, the Committee and Board were assured and are satisfied that the Remuneration Consultant's remuneration advice and recommendations were made free from undue influence from management generally and from KMP executives specifically.

All work undertaken by Guerdon Associates on behalf of the Company related to remuneration and was performed on behalf of the Committee, including those not deemed to be a remuneration recommendation under new legislation.

| Consultant | Remuneration and fees | recommendations | Other Advice and fees to the Company |
|-----------------------------|--|-----------------|--|
| Guerdon Associates | Market analysis and remuneration review material for Managing Director and EMT, and analysis and fees review for Non-executive Directors (\$84,662). | | Remuneration Report preparation assistance, LTI plan design issues and market practice, research on retention and STI deferral, data mining services, paymix analysis and general benchmarking (\$78,754). |
| Hewitt Associates Australia | Market analysis and remuneration review material for Managing Director and EMT (\$40,810). | | Benchmarking of selected non-KMP roles and non-remuneration related human resources services (\$21,105). |

3.3 Individuals covered by the Report

The detailed disclosures of the Report relate to the KMP of the Company as defined in section 1 and as listed below:

| | |
|--|--|
| Non-executive Directors | |
| Kevin McCann | Independent Chairman |
| John Akehurst | Independent |
| Bruce Beeren ⁽¹⁾ | Non-executive |
| Trevor Bourne | Independent |
| Gordon Cairns | Independent |
| Helen Nugent | Independent |
| Non-executive Director - former | |
| Roland Williams ⁽²⁾ | Independent |
| Executive Directors | |
| Grant King | Managing Director |
| Karen Moses | Executive Director, Finance & Strategy |
| Other KMP - current | |
| David Baldwin | Chief Development Officer (from 1 April 2011) Managing Director, Contact Energy (until 31 March 2011) |
| Dennis Barnes | Chief Executive Officer, Contact Energy (from 1 April 2011) ⁽³⁾ |
| Frank Calabria | Chief Executive Officer, Energy Markets |
| Paul Zealand | Chief Executive Officer, Upstream |
| Other KMP - former | |
| Andrew Stock | Executive General Manager, Major Development Projects (until 31 March 2011) ⁽⁴⁾ |
| Robbert Willink | Executive General Manager, Geoscience & New Ventures (until 30 June 2011) ⁽⁵⁾ |

(1) Mr Beeren was an Executive Director from March 2000 to January 2005.

(2) Retired 29 October 2010.

(3) Prior to 1 April 2011, Mr Barnes held the role of General Manager, Energy Risk Management, a non-KMP role.

(4) From 1 April 2011, Mr Stock holds the role of Director, Executive Projects, a non-KMP role.

(5) From 1 July 2011, Mr Willink holds the role of Director, Exploration Projects, a non-KMP role.

More broadly, the Report also describes the remuneration arrangements applying to Executives and all EMT as defined in section 1.

4. Corporate performance

Origin reported a Net Profit after Tax and Non-controlling Interests (“Statutory Profit”) of \$186 million for the year ended 30 June 2011, a decrease of 70% compared with \$612 million reported in the prior year. The key drivers for the change in Statutory Profit were impairments, a decrease in the fair value of financial instruments and transition and transaction costs primarily relating to the acquisition of Integral Energy and Country Energy retail businesses as part of the NSW privatisation process. These items contributed to charges to Statutory Profit of \$487 million and more than offset a 15% increase in profits associated with the underlying business from \$585 million in the prior year to \$673 million.

At an underlying level, the Company continued to build on the strong performance of the business in the prior year. Underlying EBITDA increased by 32% or \$436 million to \$1,782 million during the year, and operating cash flow after tax increased 64% to \$1,585 million. The Company has invested in valuable assets both through acquisitions (such as the NSW retail businesses of Country Energy and Integral Energy, and entering into the Eraring and Shoalhaven GenTrader Agreements) and through the development of internally generated projects (such as the Kupe Gas project in New Zealand, the Darling Downs Power Station and the Mortlake Power Station).

The Kupe Gas project and the Darling Downs Power Station made full year contributions in the 2011 financial year, while the NSW retail businesses and GenTrader agreements contributed for the four months from March 2011. Mortlake Power Station will contribute in the 2012 financial year.

The Company also continued a substantial exploration program including seven offshore and international wells, and a substantial seismic exploration program. Origin has actively managed its exposure across a number of these areas and recovered back costs in two areas through farmout arrangements. This contributed to a before tax exploration expense net of farmout receipts of \$118 million, compared with \$45 million in the prior year.

The following table outlines the Company’s performance over a number of key performance indicators:

| Performance Indicator | 2007 | 2008 | 2009 | 2010 | 2011 | Compound Annual Increase % ⁽¹⁾ |
|---------------------------------------|----------|----------------------|----------|----------|-----------|---|
| EARNINGS | | | | | | |
| Revenue | \$6,436m | \$8,275m | \$8,042m | \$8,534m | \$10,344m | 13 |
| Statutory Profit | \$457m | \$517m | \$6,941m | \$612m | \$186m | -20 |
| Statutory EPS - basic ⁽³⁾ | 53.1c | 57.4c | 768.8c | 67.7c | 19.6c | -22 |
| Underlying Profit | \$370m | \$443m | \$530m | \$585m | \$673m | 16 |
| Underlying EPS - basic ⁽³⁾ | 43.0c | 49.2c | 58.7c | 64.8c | 71.0c | 13 |
| OCAT Ratio | 13.7% | 12.3% | 10.4% | 10.9% | 13.0% | - |
| TSR | | | | | | |
| Dividends | 21.0c | 50.0c ⁽²⁾ | 50.0c | 50.0c | 50.0c | 24 |
| Share Price 30 June ⁽³⁾ | \$9.51 | \$15.43 | \$14.23 | \$14.52 | \$15.79 | 14 |
| Annual shareholder return | 38% | 66% | -5% | 5% | 12% | 17 |

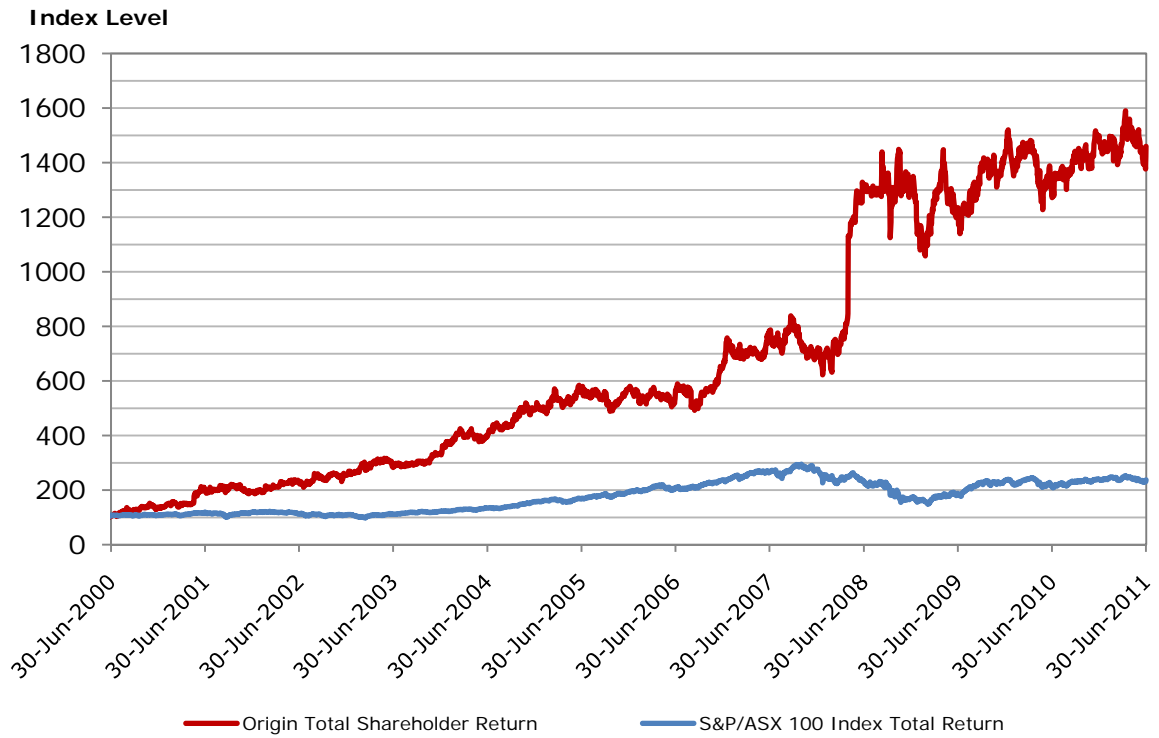
(1) Compound average growth rate between 30 June 2007 and 30 June 2011

(2) Includes additional dividend paid in November 2008

(3) Share Price and EPS have been restated for the bonus element of the Rights Issue completed in April 2011

From 30 June 2007 to 30 June 2011, the Company’s compound TSR was 16.8% per annum. This was significantly above the ASX 100 Accumulation Index, which decreased by 2.9% average annual compound over the same period.

Origin Energy Total Shareholder Return vs ASX 100 Total Return (indexed to 100 from 21/02/2000)



Source: Guerdon Associates

Total shareholder return (TSR) is defined as the growth in Company share price over the relevant performance period with dividends notionally reinvested on the ex-dividend date during the period. The share price is measured on a volume weighted basis for the three months preceding the relevant date.

5. Remuneration framework

5.1 Principles

The Company's remuneration strategy and policy are set by the Board and overseen by the Remuneration Committee.

The Committee's focus is to bring strong governance and risk management principles to remuneration practice that:

- has the appropriate mix of fixed pay and "at risk" reward;
- measures performance in both financial and non-financial terms; and
- has a significant deferred element that aligns the interests of management with shareholders in terms of long-term and sustainable performance.

5.2 Policy

The purpose of the remuneration policy is to manage an overall framework for rewards that is geared to achieve the following objectives:

Attract and retain talent

- Recognises and develops internal talent; and
- Builds and develops the capabilities and competencies of its people through opportunities for growth, development and promotion.

Motivate to achieve superior performance

- Rewards those who deliver outstanding performance.

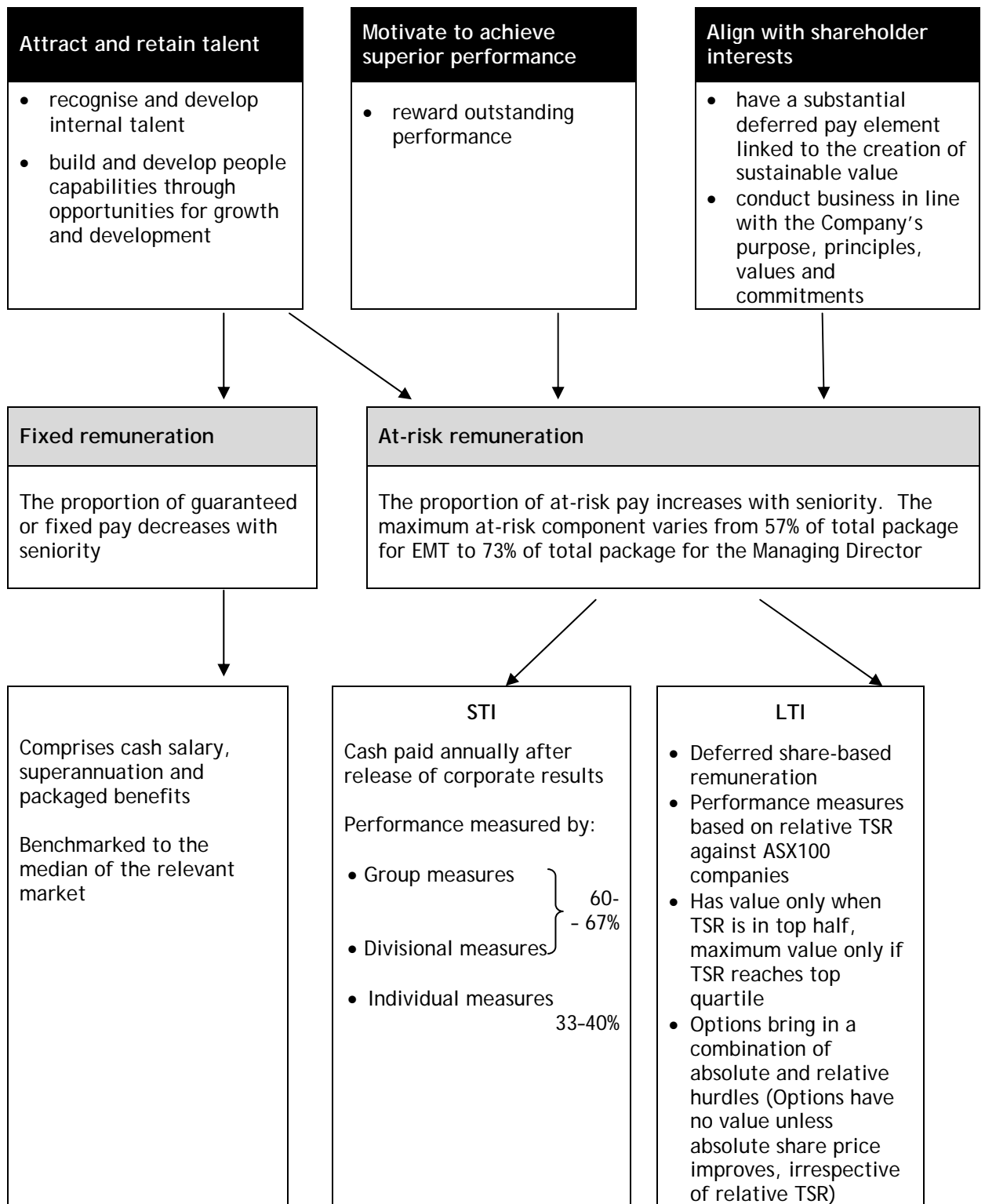
Align executives' and shareholders' interests

- Links reward to long-term and sustainable value creation while managing risk; and
- Transacts business consistently in ways that are aligned with the Company's purpose, principles, commitments and values.

To achieve these objectives the Board has set a remuneration policy that has a fixed component benchmarked to the median of the relevant market, guaranteeing fair pay for the role itself, and, through the addition of variable pay, the opportunity for aggregate remuneration (fixed plus variable) to be at the top quartile of the market if and when performance is outstanding.

The policy for variable pay is to have a mix of STIs (cash) and LTIs (deferred pay in the form of equity). The details are described in sections 5.7 and 5.8.

The diagram below provides a schematic representation of the policy implementation and remuneration arrangements as they apply to EMT:



5.3 Benchmarks

In addition to market data sourced through the Remuneration Consultants listed in section 3.2, the Company subscribes to published survey data and participates in industry forums. Through these multiple channels the Company maintains an ongoing monitor of trends and developments within broad and specific markets.

The Company attracts new staff from all major industry sectors, and exit analyses show that staff attrition is not industry specific. Therefore a benchmark representative of all industries is appropriate. The primary reference group is currently the Hay Group's "all organisations" benchmark.

The Company's analysis shows that the market is currently differentiated with some job sectors and specialist skills areas in high demand, and attracting a premium to the general market. For these roles, which include geosciences and some subsurface engineering and professional specialists, smaller "peer group" benchmarks are used.

For the most senior roles, external advice is sought at least annually to provide independent determinations of market positioning and relevant trends, as outlined in section 3.2.

| Pay element | Benchmarks |
|------------------------|--|
| Fixed Remuneration | <p>The majority of roles are benchmarked to Hay Group's 'all organisations' reference of over 400 companies. Approximately 11% of roles are benchmarked to specialist markets.</p> <p>In all cases the benchmark is the median of the relevant market.</p> |
| Aggregate Remuneration | <p>The reference point for aggregate remuneration (fixed plus variable), when expressed at the maximum opportunity level, is the 75th percentile of the relevant market. Accordingly, top performance is rewarded at levels reaching top market quartile.</p> |

5.4 Package summary

Aggregate remuneration is made up of four elements as summarised below:

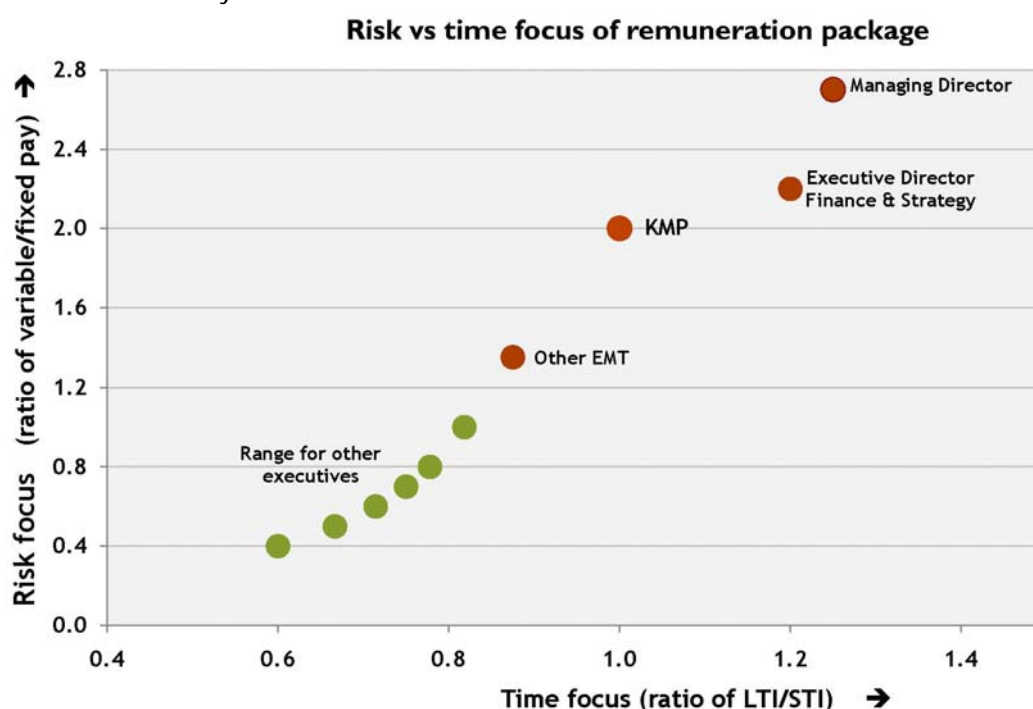
| Element | Description |
|--------------------|--|
| Fixed Remuneration | Executives are paid a fixed package amount which includes the minimum regulatory Company superannuation contribution. Executives may salary sacrifice from this package additional superannuation and/or benefits such as novated vehicle lease. |
| Benefits | Benefits include salary continuance insurance, total and permanent disablement and death cover, parking and fringe benefits. Some benefits are available through salary sacrifice from the fixed package and others are paid in addition to fixed package but counted towards aggregate. |
| STI | Cash-based, non-deferred, subject to four types of performance measures. Detailed in section 5.7. |
| LTI | Deferred pay, equity based, relative TSR hurdle (implicit absolute hurdle where Options used). Detailed in section 5.8. |

5.5 Remuneration mix

Having regard to the nature of the Company's business, the Board has determined that it is appropriate to have a significant portion of executive remuneration deferred.

Accordingly, within the benchmark for aggregate remuneration, executive remuneration is weighted relatively highly to market in LTI, and packages comprise long-term equity elements at levels that go relatively deep into the organisation. Approximately 11% of the Company's employee base (excluding Contact Energy) participate in LTI arrangements (which are described in more detail at section 5.8).

The mix between the STI and LTI components is determined with reference to risk focus and time focus. The risk focus is measured as the ratio of (maximum) variable pay to fixed pay. It reflects an increasing proportion of pay at risk with increasing levels of responsibility. The time focus is measured as the ratio of LTI to STI; the higher the ratio the longer the time horizon and the higher the level of deferral. The graph below shows relationships effective from 1 July 2011:



The mixes are assigned such that there is a consistent relationship between the level of risk and time horizon, and that the time horizon is longer for higher levels of risk.

| Position | Maximum STI as % of Fixed | Maximum LTI as % of Fixed | Ratio LTI / STI | Ratio Variable / Fixed | Variable as % of Total |
|--|---------------------------|---------------------------|-----------------|------------------------|------------------------|
| Managing Director FY2012 | 120% | 150% | 1.25 | 2.70 | 73% |
| Managing Director FY2011 | 120% | 140% | 1.17 | 2.60 | 72% |
| Executive Director Finance & Strategy FY2012 | 100% | 120% | 1.20 | 2.20 | 69% |
| Executive Director Finance & Strategy FY2011 | 100% | 100% | 1.00 | 2.00 | 67% |
| Other KMP average FY2012 | 100% | 100% | 1.00 | 2.00 | 67% |
| Other KMP average FY2011 | 86% | 74% | 0.86 | 1.60 | 62% |
| Other EMT FY2012 | 72% | 63% | 0.88 | 1.35 | 57% |
| Other EMT FY2011 | 63% | 56% | 0.89 | 1.19 | 54% |
| Other Executives (FY2011 & FY2012) | 25-55% | 15-45% | 0.60-0.82 | 0.40-1.00 | avg41% |

The relatively high weighting of LTIs means that there is a significant level of deferred pay within the Company's executive remuneration packages. The Board considers that the Company's deferral is at an appropriate level that is competitive and aligned with value creation.

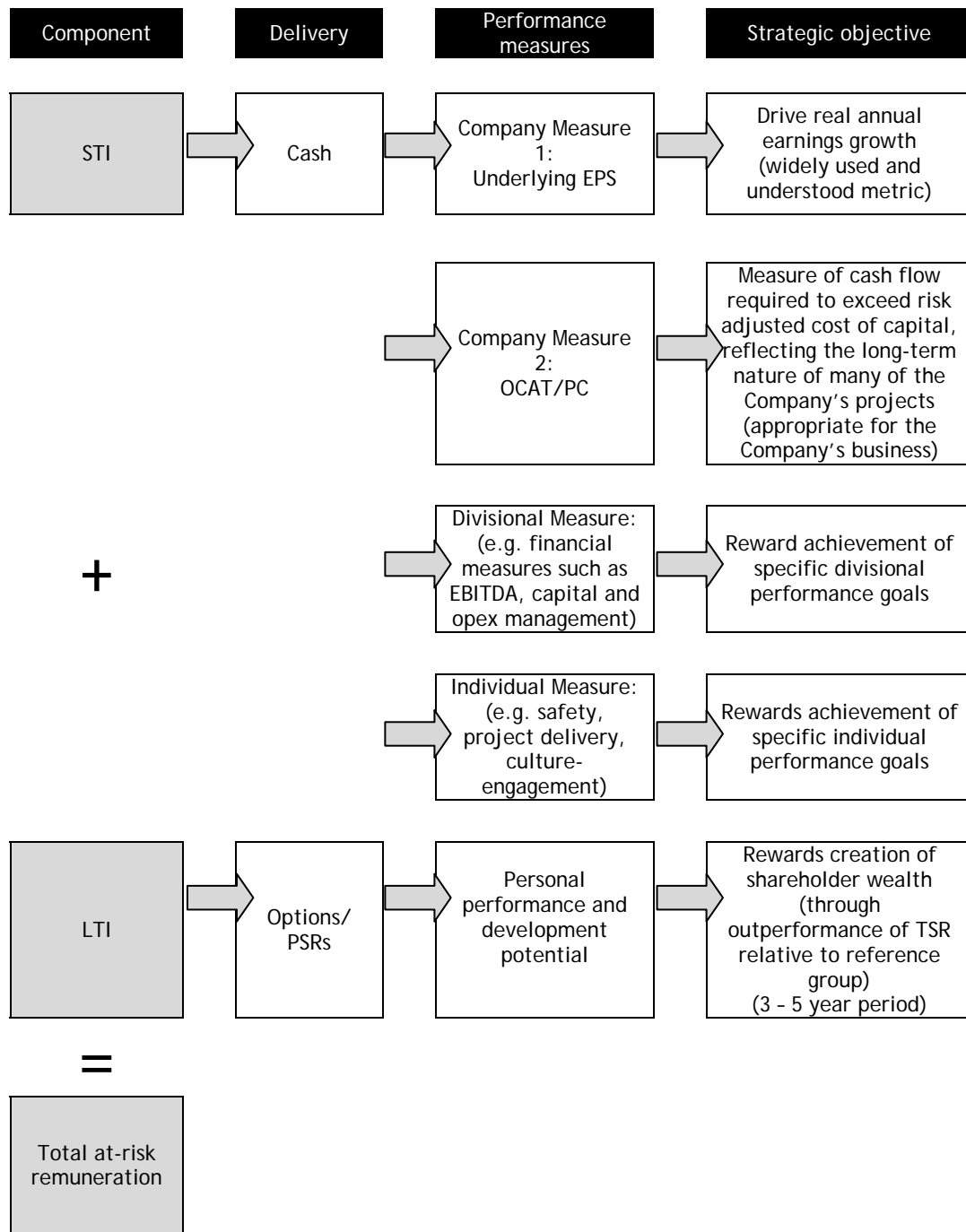
5.6 Link to strategic objectives and performance

The diagram below illustrates how the at-risk component of the Company's executive remuneration framework is structured to align with its strategic objectives.

There are five different types of performance measures applied, and maximum outcomes, therefore, require performance against a variety of measures.

As noted in section 5.2, the use of Options for the more senior roles means that there is effectively a combination of relative and absolute hurdles within the LTI component. The relative hurdle is provided through relative TSR, and there is an absolute hurdle in the sense that the share price must grow in absolute terms if the Options are to have any value.

The performance assessment commentaries in sections 5.7 and 5.8 provide further details of how the incentive plans are linked to performance outcomes.



5.7 Variable remuneration - STI

Details of the operation of STI arrangements are provided below:

| Parameter | Details | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|------------------------------------|--|----------|---------------------------|------------------------------------|--------------------------------|------|-----|---|------|------|------------------------------|-----|-----|---|--------|--------|--|--|--|---------------------------|--|--|---|-----|------|
| Performance Period | Annual. Payment is generally during September, after the performance reviews described below are completed and after the release of annual results. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opportunity Level | <p>The maximum opportunity level is expressed as a percentage of fixed remuneration, and is determined by the Executive's relative influence on company performance as described in section 4.</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Maximum STI as % of Fixed</th> <th>Target STI as % of Fixed</th> </tr> </thead> <tbody> <tr> <td>Managing Director</td> <td>120%</td> <td>72%</td> </tr> <tr> <td>Other KMP</td> <td>100%</td> <td>60%</td> </tr> <tr> <td>Other EMT (average)</td> <td>72%</td> <td>43%</td> </tr> <tr> <td>Other Executives</td> <td>25-55%</td> <td>15-33%</td> </tr> </tbody> </table> <p>"Target" performance outcomes represent 60% of the maximum level. This will remain unchanged in FY2012.</p> | | | Position | Maximum STI as % of Fixed | Target STI as % of Fixed | Managing Director | 120% | 72% | Other KMP | 100% | 60% | Other EMT (average) | 72% | 43% | Other Executives | 25-55% | 15-33% | | | | | | | | | |
| Position | Maximum STI as % of Fixed | Target STI as % of Fixed | | | | | | | | | | | | | | | | | | | | | | | | | |
| Managing Director | 120% | 72% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other KMP | 100% | 60% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other EMT (average) | 72% | 43% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Executives | 25-55% | 15-33% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payment Vehicle | Cash. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Performance Measures | <p>Three levels of performance measure are linked to strategic objectives as described in section 5.6, with relative weightings as shown below:</p> <table border="1"> <thead> <tr> <th></th> <th>Managing Director</th> <th>EMT (average of operational roles)</th> </tr> </thead> <tbody> <tr> <td>Group Financial Targets</td> <td></td> <td></td> </tr> <tr> <td> <ul style="list-style-type: none"> OCAT/PC (see section 1) Growth in Underlying EPS </td> <td>60%</td> <td>33½%</td> </tr> <tr> <td>Business Unit Targets</td> <td></td> <td></td> </tr> <tr> <td>Non-Financial e.g. safety performance, project delivery</td> <td>-</td> <td>33½%</td> </tr> <tr> <td>Financial (e.g. opex and capex management, cash flow, EBIT and EBITDA, margin and efficiency measures)</td> <td></td> <td></td> </tr> <tr> <td>Individual Targets</td> <td></td> <td></td> </tr> <tr> <td>Personal Key Performance Indicators which may be financial or non-financial and may include risk management, safety plans, culture and engagement and people measures</td> <td>40%</td> <td>33½%</td> </tr> </tbody> </table> <p>The STI can be reduced if safety targets are not achieved, or it may be increased or decreased in exceptional circumstances with Board approval.</p> | | | | Managing Director | EMT (average of operational roles) | Group Financial Targets | | | <ul style="list-style-type: none"> OCAT/PC (see section 1) Growth in Underlying EPS | 60% | 33½% | Business Unit Targets | | | Non-Financial e.g. safety performance, project delivery | - | 33½% | Financial (e.g. opex and capex management, cash flow, EBIT and EBITDA, margin and efficiency measures) | | | Individual Targets | | | Personal Key Performance Indicators which may be financial or non-financial and may include risk management, safety plans, culture and engagement and people measures | 40% | 33½% |
| | Managing Director | EMT (average of operational roles) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Group Financial Targets | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> OCAT/PC (see section 1) Growth in Underlying EPS | 60% | 33½% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Business Unit Targets | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-Financial e.g. safety performance, project delivery | - | 33½% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial (e.g. opex and capex management, cash flow, EBIT and EBITDA, margin and efficiency measures) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Individual Targets | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Personal Key Performance Indicators which may be financial or non-financial and may include risk management, safety plans, culture and engagement and people measures | 40% | 33½% | | | | | | | | | | | | | | | | | | | | | | | | | |

| Parameter | Details |
|------------------------|---|
| Performance Assessment | <p>Company goals and outcomes are approved by the Board. Division goals are set by the Managing Director and reviewed by the Remuneration Committee. EMT performance is assessed by the Managing Director, reviewed by the Remuneration Committee and approved by the Board. The Managing Director's performance is assessed and approved by the Board.</p> <p>For the period(s) during which Mr Baldwin or Mr Barnes were or are on secondment to Contact Energy their STI is assessed by its board.</p> |

| | | Maximum STI as % of Fixed Remuneration | Actual STI as % of Maximum STI ⁽¹⁾ | % of Maximum STI Payment Forfeited ⁽²⁾ | Actual STI Payment ⁽³⁾ |
|---|------|--|---|---|--------------------------------------|
| KMP Current (excluding Non- executive Directors) | | | | | |
| Grant King | 2011 | 120 | 76 | 24 | 2,100,000 |
| | 2010 | 120 | 72 | 28 | 1,820,000 |
| Karen Moses | 2011 | 100 | 95 | 5 | 1,140,000 |
| | 2010 | 100 | 78 | 22 | 900,000 |
| David Baldwin ⁽⁴⁾ | 2011 | 100 | 65 | 35 | 457,000 |
| | 2010 | 100 | 60 | 40 | 396,376 |
| Dennis Barnes ⁽⁵⁾ | 2011 | 100 ⁽⁶⁾ | 79 | 21 | 286,000 |
| | 2010 | - | - | - | - |
| Frank Calabria | 2011 | 100 | 95 | 5 | 843,000 |
| | 2010 | 100 | 81 | 19 | 605,000 |
| Paul Zealand | 2011 | 85 | 85 | 15 | 489,000 |
| | 2010 | 75 | 65 | 35 | 300,000 |
| KMP - former | | | | | |
| Andrew Stock | 2011 | 85 | 79 | 21 | 505,000 |
| | 2010 | 85 | 82 | 18 | 525,000 |
| Robbert Willink | 2011 | 75 | 62 | 38 | 295,000 |
| | 2010 | 75 | 74 | 26 | 340,000 |
| TOTAL | 2011 | | 80 | 20 | 6,115,000 |
| | 2010 | | 73 | 27 | 4,886,376 |

⁽¹⁾ In exceptional circumstances the Board may award more than the maximum to an individual provided that the maximum overall is not exceeded.

⁽²⁾ Where the actual STI payment is less than maximum potential, the difference is forfeited. It does not become payable in subsequent years.

⁽³⁾ 2011 STI constitutes a cash bonus granted for the year ended 30 June 2011, determined following the close of 2011 results and paid in September 2011. 2010 STI constitutes a cash bonus granted for the year ended 30 June 2010, determined following the close of 2010 results and paid in September 2010.

⁽⁴⁾ NZD/AUD annual average exchange rate 1.2947 - 1 July 2010 to 31st March 2011 (2010 full year 1.2362).

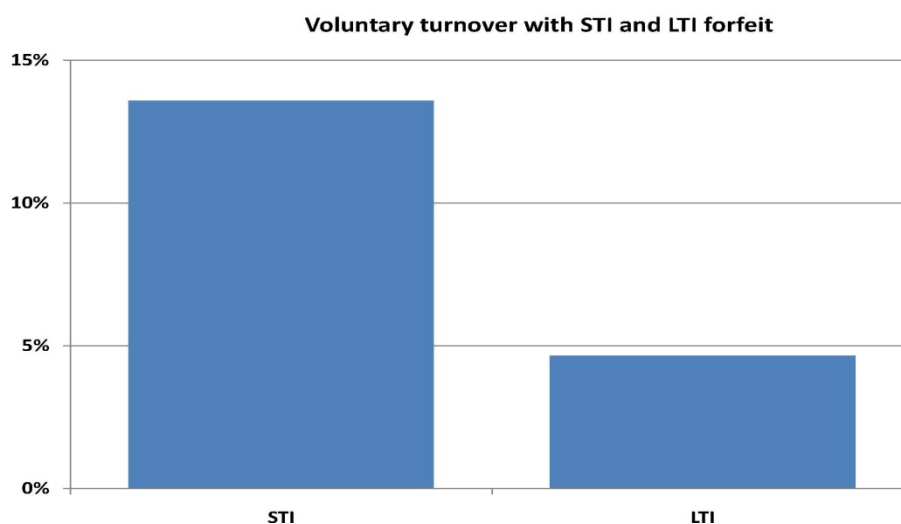
⁽⁵⁾ NZD/AUD annual average exchange rate 1.3269 - 1 April to 30 June 2011.

⁽⁶⁾ For the period as a KMP.

5.8 Variable remuneration - LTI

As disclosed in the 2010 Report, the Board determined to extend the operation of the LTI Plan from approximately 4% to 11% of the (non-Contact Energy) employee base in FY2012. This followed a review of market practices to ensure that the Company's remuneration remained competitive, and noting the retention effect observed where the LTI Plan operated.

The graph below shows the difference in voluntary turnover levels for FY2011 for resigning employees holding invested LTI equity (less than 5%) compared with those forfeiting annual STI awards (almost 13%).



In early 2011, the Board undertook a comprehensive review and updating of the LTI Plan which, until that time, had remained largely in the form of the 1994 plan developed by Boral Limited prior to the demerger creating the Company. This review modernised the administration and articulation of the Plan, reflecting recent regulatory changes and bringing the separate Options Plan and Performance Share Rights (PSR) Plan under a single 'umbrella' set of rules. The updated arrangements apply prospectively to new awards and do not impact on prior grants.

The LTI vehicles continue to be:

- (a) PSRs, which are the right to a fully paid share in the Company at no cost; and/or
- (b) Options, which are the right to a fully paid share in the Company upon payment of an exercise price determined by the volume weighted average market price for the Company's shares in the five business days leading up to and including the date of grant (i.e. the market price at issue).

The Board recognises that general market practice favours PSRs and similar instruments rather than Options. Tax changes in recent years make the advantages of Options more difficult to communicate to participants. Nevertheless, the Board considers that Options continue to serve a useful role in the Company's LTI mix, especially in the way they reward outperformance and provide additional shareholder alignment provided through the inherent absolute price hurdle in conjunction with the relative TSR hurdle.

Balancing these considerations, the Board concluded that Options currently remain appropriate for the most senior LTI participants (approximately one third of those who participate in the LTI plan) when used in combination with PSRs, but that the rollout to the next level of participation is more appropriate wholly in the form of PSRs. Where a combination of Options and PSRs is used, the split is approximately half (by fair value).

In addition, the Board determined that PSRs would be exercised automatically on achieving vesting hurdles. While Options will remain exercisable between vesting and expiry, subject to the Company's Dealing in Securities Policy, the Board also determined that additional

trading restrictions would apply to shares resulting from the exercise of Options through to the end of the next full “blackout” period (Closed Period) following exercise.

During its review the Board deliberated on the most appropriate reference group on which to base the performance hurdle. After consideration of a variety of comparator groups, the Board concluded that the ASX100 group of companies remains the most appropriate comparator for alternative investment choice for the majority of the Company’s stakeholders.

The question of re-testing was also reviewed. In 2007 the Board changed the Plan from continuous testing to one test at the end of Year 3 followed by two re-tests at the end of years 4 and 5. In confirming that two re-tests provided the right balance for the Company, the Board noted that reductions in the level of testing result in lower fair valuation of the rights involved, and therefore result in a corresponding increase in the number of rights that must be issued to maintain a given allocation value.

For FY2011 the maximum allocation value for 525 executives (including two Executive Directors) is \$34 million for all LTI awards. Actual awards are expected to be determined during September/October 2011. In terms of potential share issuance this equates to a maximum of approximately 0.78% of issued shares. Currently, the total number of shares held by all KMP (including Non-executive Directors) is set out in Table 9.6 and equates to approximately 0.45% of issued shares.

As disclosed in the 2010 Report, a Deferred Share Rights (DSR) Plan was introduced in early 2010 under the Employee Retention Plan. The governing rules for the DSR Plan have been incorporated into the new Plan rules. Further information regarding the operation of the Employee Retention Plan is discussed in section 6.

Details of the operation of the LTI Plan are provided below, and details of the grants made to the Executive Directors and Executives during the FY2011 are set out in section 9.4.

| Parameter | Details | | | | | | | | | | | | | | | | | | |
|---------------------------------------|---|--------------------------|---------------------------|--------------------------|-------------------|------|-----|---------------------------------------|------|-----|-----------|------|-----|---------------------|-----|-----|------------------|--------|-------|
| Performance period | 3 to 5¼ years. Grants are made annually after the performance reviews described below. | | | | | | | | | | | | | | | | | | |
| Opportunity level | <p>The maximum opportunity level is expressed as a percentage of fixed remuneration, and is determined by the Executive’s relative influence on company performance and risk versus time-focus as described in section 5.5.</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Maximum LTI as % of Fixed</th> <th>Target LTI as % of Fixed</th> </tr> </thead> <tbody> <tr> <td>Managing Director</td> <td>150%</td> <td>90%</td> </tr> <tr> <td>Executive Director Finance & Strategy</td> <td>120%</td> <td>72%</td> </tr> <tr> <td>Other KMP</td> <td>100%</td> <td>60%</td> </tr> <tr> <td>Other EMT (average)</td> <td>63%</td> <td>38%</td> </tr> <tr> <td>Other Executives</td> <td>15-45%</td> <td>9-27%</td> </tr> </tbody> </table> <p>“Target” performance outcomes represent 60% of the maximum level.</p> | Position | Maximum LTI as % of Fixed | Target LTI as % of Fixed | Managing Director | 150% | 90% | Executive Director Finance & Strategy | 120% | 72% | Other KMP | 100% | 60% | Other EMT (average) | 63% | 38% | Other Executives | 15-45% | 9-27% |
| Position | Maximum LTI as % of Fixed | Target LTI as % of Fixed | | | | | | | | | | | | | | | | | |
| Managing Director | 150% | 90% | | | | | | | | | | | | | | | | | |
| Executive Director Finance & Strategy | 120% | 72% | | | | | | | | | | | | | | | | | |
| Other KMP | 100% | 60% | | | | | | | | | | | | | | | | | |
| Other EMT (average) | 63% | 38% | | | | | | | | | | | | | | | | | |
| Other Executives | 15-45% | 9-27% | | | | | | | | | | | | | | | | | |

| Parameter | Details |
|-----------|---------|
|-----------|---------|

Payment vehicle

For approximately one-third of participants (those occupying the most senior roles in the Company) the payment vehicle is in the form of a 50/50 mix of PSRs and Options (half each by fair value).

For the remainder, the payment vehicle is in the form of PSRs.

While under secondment to Contact Energy during FY2011 Mr Baldwin and Mr Barnes participated in Contact Energy's long-term incentive arrangements for the period they are seconded (refer to Contact Energy's website - www.contactenergy.co.nz), in addition to their participation under the Company's LTI Plan. Their combined participation elements for any year remain within their individual overall maximum opportunity level.

Performance measures, testing and vesting

The hurdle is relative TSR assessed at the end of the performance period against the ASX100 group of companies (as at the date of grant). The degree to which the award vests is determined by the Company's percentile ranking against the following scale:

| <u>TSR Percentile Ranking</u> | <u>% of Award Vesting</u> |
|-------------------------------|---------------------------|
| <50 th | 0% |
| 50 th | 50% |
| 75 th or higher | 100% |

Between the 50th and 75th percentiles the percentage of award vesting increases proportionately on a straight line basis.

Independent testing of TSR is undertaken at the third anniversary of the grant and awards vest according to the ranking achieved. Any balance not vested at this test is carried forward and re-tested at the fourth anniversary (based on four years of performance). Vesting from the re-test occurs only to the extent that a higher percentile ranking than the first test is achieved. Similarly with a second re-test at the fifth anniversary (based on five years of performance), vesting again occurring only where a higher ranking is achieved. The total amount vested corresponds to the highest ranking achieved.

| Parameter | Details |
|---|--|
| <p>Allocation and performance assessment</p> | <p>Although LTI grants are subject to a performance hurdle in order to vest, the original allocation is also subject to a performance gateway.</p> <p>The annual LTI allocation is based on an assessment of the employee's actual and potential contribution and overall performance, which determines the proportion (if any) of the maximum potential grant. Tools such as the Company's performance management system and talent management system provide input to this process.</p> <p>The Managing Director's performance is assessed by the Board. The EMT is assessed by the Managing Director, reviewed by the Remuneration Committee and approved by the Board.</p> <p>In exceptional circumstances the Board may award more than the maximum to an individual.</p> <p>If the relevant performance conditions are satisfied at the end of the performance period, then the awards will vest and, in respect of:</p> <ul style="list-style-type: none"> (a) the PSRs that vest the executive will be allocated shares in the Company at no cost to the Executive; and (b) the Options that vest, those Options will become exercised upon payment of the exercise price, and the Executive will then be allocated shares in the Company. |
| <p>Equity grants</p> | <p>The number of Options and/or PSRs for each Executive is calculated by dividing the allocation value of the LTI award for that Executive by the independently-determined fair market value of the unit Option and/or PSR estimated at the date of grant. The fair value is calculated using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account market conditions and performance hurdles. Because the Options and the PSRs have different values, an Executive receiving a 50/50 mix by value will receive a different number of each.</p> <p>The recommended number of equity units for Executive Directors is recommended by the Board for approval by shareholders.</p> |

| Parameter | Details |
|--------------------------------|--|
| Exercise period and forfeiture | <p>Options and PSRs may only be exercised where the performance hurdle has been met, to the extent set out in the vesting table previously.</p> <p>Generally, unvested Options and PSRs lapse on cessation of employment or 5¼ years after grant. The Board has discretion to hold unexercised Options and PSRs “on foot” subject to their normal performance hurdles and other Plan conditions in exceptional circumstances (such as death, disability, genuine retirement, redundancy, Company-initiated transfer of employment, or other termination by the Company without cause).</p> <p>Unvested or unexercised Options and PSRs lapse 5¼ years after grant.</p> |
| Early vesting | <p>Early vesting may occur in limited circumstances, <i>subject to the performance hurdle being achieved</i>:</p> <ul style="list-style-type: none"> • On a person/entity acquiring 20% or more of the relevant interest in the Company pursuant to a takeover bid that has become unconditional, or on a person otherwise acquiring 20% or more of the a relevant interest in the issued capital of the Company; • On termination of employment due to death or permanent disability; • In other circumstances where the Board determines appropriate (note: such discretion has not been exercised by the Board to date and would require exceptional circumstances). |
| Hedging policy | <p>The Company’s policy has long required that employees not trade instruments or other financial products which operate to limit the economic risk of any securities held under any equity-based incentive schemes, while those holdings are subject to performance hurdles or are otherwise unvested.</p> <p>The Company Secretary monitors adherence to this policy. Non-compliance may result in summary dismissal.</p> |

5.9 Managing Director's remuneration details

Details regarding the Managing Director's remuneration arrangements are tabulated below:

| Element | Details |
|---------------------------|--|
| Fixed remuneration | <p>The Managing Director's fixed remuneration for FY2011 was \$2,300,000.</p> <p>The Board commissioned two external reports on chief executive remuneration which provided detailed benchmarks across a range of domestic and international peer groups. The Board concluded from the analysis that it was appropriate to increase the Managing Director's fixed remuneration to \$2,500,000 for FY2012.</p> |
| STI | <p>The Managing Director's maximum STI opportunity level is 120% of fixed remuneration (72% at target). This level will remain unchanged for FY2012.</p> <p>60% of the Managing Director's STI is determined on the Company performance measure and 40% on individual measures.</p> <p>Company performance for FY2011 was determined against two equally weighted measures, OCAT Ratio and growth in Underlying EPS (see section 1).</p> |
| LTI | <p>The Managing Director's maximum LTI opportunity level for FY2011 was 140% of fixed remuneration. Using the methodologies described at section 5.5, the Board has adjusted this opportunity level to 150% for FY2012.</p> <p>The Managing Director maintains a significant shareholding in the Company, as reflected in Table 9.6 of this Report and equivalent tables in prior Reports.</p> |

5.10 Contractual arrangements

The table below sets out the main terms and conditions of the employment contracts of the Managing Director and EMT.

| Name | Contract Duration | Notice Period | Termination Payments (subject to termination benefits legislation) |
|------------|-------------------------|---|--|
| Grant King | To 30 June 2014 | <ul style="list-style-type: none"> • 12 months either party • Immediate for misconduct, breach of contract or bankruptcy • 6 months extended illness | <ul style="list-style-type: none"> • Statutory entitlements only for termination with cause • Payment in lieu of notice at Company discretion • For Company termination "without cause", pro rata STI is payable |
| EMT | Ongoing (no fixed term) | <ul style="list-style-type: none"> • Up to 3 months either party • Immediate for misconduct, breach of contract or bankruptcy | <ul style="list-style-type: none"> • Statutory entitlements only for termination with cause • Payment in lieu of notice at Company discretion • For Company termination "without cause", pro rata STI is payable • For Company termination "without cause", payment equivalent to 3 weeks' fixed remuneration per year of service capped at 74 weeks; a minimum may also apply (generally 18-22 weeks) |

The above includes arrangements agreed prior to the amendments to the *Corporations Act 2001* (Cth) regarding termination payments which came into effect on 24 November 2009. Entitlements under pre-existing contracts are generally not subject to the new limits on termination payments. The new legislative provisions apply to KMP contract variations after 24 November 2009 and to agreements with KMPs appointed after 24 November 2009.

5.11 Gender pay equity

The Company pays particular attention to delivering a policy of equal pay for equal work. During its annual salary review processes it employs a number of checks and balances to detect persistent gaps or systemic bias. For some years it has maintained gender variation by grade within margins of plus or minus 2% with variation in both directions. A detailed study early in the year detected that the variation in new hires was less favourable. Accordingly, special focus has been paid to salary decisions during the early phases of hiring to eliminate such potential gaps.

Although pay equity exists on an equal pay for equal work basis, the Company has a structural imbalance in terms of gender distribution. This is a characteristic of the energy industry generally, manifested in a skew where females are over-represented in lower-graded jobs and under-represented in higher-graded jobs.

Targets established under the Company's diversity agenda include the maintenance of grade pay equity, and seek to improve the Company's gender distribution profile. The targets address the lowering of female turnover overall, and increasing the proportion of women in senior roles, especially those with operational accountabilities.

6. Employee Retention Plan

As part of the Company's ongoing operations, from time to time, the Board has approved deferred pay retention arrangements used primarily to reduce the risk of loss of employees who manage critical activities, occupy roles that are key to the delivery of operating or strategic objectives, or undertake functions requiring skills that are in short supply and actively sought in the market. The arrangements allow for the key employees to be provided with deferred equity (deferred share rights (DSR)) or deferred cash payment provided that they remain in employment to a nominated date (generally 2-4 years in the future) and achieve personal performance targets.

The DSRs Plan was approved by the Board in early 2010 to provide an equity grant as an alternative to cash. The governing rules for the DSR Plan have been incorporated into the new 'umbrella' LTI Plan rules. The period of deferral is four years and the equity would be time vested in equal amounts at the ends of the second, third and fourth year.

As at 30 June 2011, no DSRs had been issued, and the number of employees with deferred cash arrangements stood at 39 (2010: 31). It is expected, however, that the first DSRs will be issued early in FY2012, in a measured and targeted manner.

7. Employee Share Plan (ESP)

All permanent employees of the Company in Australia and New Zealand (other than Executive Directors) with more than one year of service are eligible to participate in the ESP. The Plan provides for an award of up to \$1,000 of shares in the Company if the Company meets specified financial and/or safety targets set by the Board. To be eligible to receive shares, annual performance measures which relate to targeted areas of Company-wide performance must be achieved. Shares awarded under the ESP must be held for at least three years following the award or until the employee ceases employment.

For the FY2011 a safety target was set for combined employee and contractor performance. The target was not met and therefore no shares will be awarded in respect of the year.

Other arrangements may apply for employees in operations outside Australia and New Zealand.

8. Non-executive Director remuneration

8.1 Policy

The Board's policy objectives with respect to Non-executive director fees are summarised below:

| Policy Objective | Methodology |
|--|---|
| Promote independence and objectivity | Non-executive Directors are paid fixed fees and are not dependent on the financial results of the Company for their remuneration. This principle allows independent and objective assessment of executive and Company performance |
| Attract and retain Directors who have the skills required by the Board and with a reputation for directorial skill and ability | Fees take into account the workload of the director on the Board and the Committees on which they serve. Fees are reviewed against companies of comparable market capitalisation to the Company |

Non-executive Directors are remunerated by way of base fees and Committee fees (inclusive of superannuation). Directors can elect to receive this in the form of participation in the shareholder-approved Non-executive Director Share Plan.

The level of fees paid is based on the scope of director responsibilities and the size and the complexity of the Company. Non-executive Directors' fees are not subject to performance. The Remuneration Committee considers the level of remuneration required to attract and retain Directors with the necessary skills and experience for the Board.

8.2 Non-executive Director fee structure

The table below shows the structure and level of Non-executive Director fees for the current year and as approved for the FY2012. The increase in fees to operate for FY2012 was determined following an external benchmarking review by Guerdon Associates. The Board's review of the report indicated that a market adjustment of 5% per annum should apply to base fees for the Chairman and Non-executive Directors, but that the Committee fees remained at an appropriate level and remain unchanged.

| Year ending 30 June | 2011 | 2012 |
|--|-----------|-----------|
| Board fees | | |
| Chairman ⁽¹⁾ | \$620,000 | \$651,000 |
| Director | \$180,000 | \$189,000 |
| Committee fees | | |
| <i>Audit</i> | | |
| Chairman | \$55,000 | \$55,000 |
| Member | \$28,000 | \$28,000 |
| <i>Remuneration</i> | | |
| Chairman | \$45,000 | \$45,000 |
| Member | \$20,000 | \$20,000 |
| <i>Health, Safety & Environment</i> | | |
| Chairman | \$40,000 | \$40,000 |
| Member | \$20,000 | \$20,000 |
| <i>Risk</i> | | |
| Chairman & members | - | - |
| <i>Nomination</i> | | |
| Chairman & members | - | - |

⁽¹⁾ The Chairman of the Board attends all Committee meetings but receives no additional fees for such attendance.

8.3 Non-executive Director Share Plan

The Non-executive Director Share Plan requires Non-executive Directors to hold a minimum of 10,000 shares in the Company within three years of appointment, and may salary sacrifice up to \$5,000 of fees per annum toward the acquisition of shares. Shares are acquired on-market by the Trustee of the Plan to be held for participating Non-executive Directors. The Trustee of the Plan may transfer to a Non-Executive Director a share acquired under the Plan after five years or upon retirement from office or death of the Non-executive Director.

No allocations were made under the Non-executive Director Share Plan during the reporting period. Participants with existing holdings under the Non-executive Director Share Plan took up their pro-rata entitlements in the Rights Issue during the year, these are included in the disclosures made in Table 9.6.

9. Remuneration tables and additional remuneration disclosures

9.1 Remuneration Table for FY2011 and FY2010

| | Year | Short Term Benefits | | | | | Post Employment benefits | | | Other Long Term Benefits | Long Term Payments | Total Remuneration | % of Total Remuneration "At Risk" | % of Remuneration in Options and PSRs | |
|------------------------------|------|---------------------|----------------------------------|------------------------------------|------------------------------------|--------------------|--------------------------|----------------|--------------------------------------|--------------------------|--------------------|----------------------|-----------------------------------|---------------------------------------|--|
| | | Base Salary / Fees | Contact Energy Fees ¹ | Variable Remuneration ² | Non-Monetary Benefits ³ | Insurance Premiums | Total | Superannuation | NED Share Plan Benefits ⁴ | Total | Accrued LSL | | | | Retention, Options & Rights ⁵ |
| Executive Directors | | | | | | | | | | | | | | | |
| Grant King | 2011 | 2,255,664 | 102,343 | 2,100,000 | 34,857 | 17,487 | 4,510,351 | 44,336 | - | 44,336 | 130,454 | 2,975,141 | 7,660,282 | 66% | 39% |
| | 2010 | 2,059,048 | 107,857 | 1,820,000 | 12,200 | 13,592 | 4,012,697 | 40,952 | - | 40,952 | 52,500 | 1,915,458 | 6,021,607 | 62% | 32% |
| Karen Moses | 2011 | 1,166,584 | 71,640 | 1,140,000 | 13,110 | 9,771 | 2,401,105 | 32,506 | - | 32,506 | 47,839 | 953,493 | 3,434,943 | 61% | 28% |
| | 2010 | 1,108,802 | 72,804 | 900,000 | 13,398 | 8,329 | 2,103,333 | 40,000 | - | 40,000 | 28,750 | 1,523,000 | 3,695,083 | 66% | 41% |
| Executives | | | | | | | | | | | | | | | |
| David Baldwin ^{6,7} | 2011 | 774,879 | 21,240 | 457,000 | 3,050 | 5,573 | 1,261,742 | 3,804 | - | 3,804 | 2,587 | 421,781 ⁸ | 1,689,914 | 52% | 25% |
| | 2010 | 678,577 | - | 396,376 | - | 3,682 | 1,078,635 | - | - | - | - | 554,238 ⁸ | 1,632,873 | 58% | 34% |
| Dennis Barnes ⁶ | 2011 | 501,851 | - | 286,000 | 6,258 | 5,380 | 799,489 | 21,000 | - | 21,000 | 5,435 | 158,972 ⁸ | 984,896 | 45% | 16% |
| | 2010 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Frank Calabria | 2011 | 853,915 | - | 843,000 | 17,211 | 5,142 | 1,719,268 | 21,084 | - | 21,084 | 25,518 | 662,874 | 2,428,744 | 62% | 27% |
| | 2010 | 725,004 | - | 605,000 | 12,200 | 6,137 | 1,348,341 | 24,996 | - | 24,996 | 9,370 | 461,972 | 1,844,679 | 58% | 25% |
| Andrew Stock | 2011 | 755,255 | - | 505,000 | 19,101 | 28,492 | 1,307,848 | 23,412 | - | 23,412 | 38,668 | 453,434 | 1,823,362 | 53% | 25% |
| | 2010 | 718,040 | - | 525,000 | 4,333 | 30,320 | 1,277,693 | 31,960 | - | 31,960 | 18,750 | 377,766 | 1,706,169 | 53% | 22% |
| Robbert Willink | 2011 | 544,687 | - | 295,000 | 22,166 | 25,591 | 887,444 | 85,738 | - | 85,738 | 26,164 | 222,928 | 1,222,274 | 42% | 18% |
| | 2010 | 527,299 | - | 340,000 | 4,800 | 9,057 | 881,156 | 82,701 | - | 82,701 | -45,750 | 189,246 | 1,107,353 | 48% | 17% |
| Paul Zealand | 2011 | 627,189 | - | 489,000 | 14,455 | 8,380 | 1,139,024 | 43,902 | - | 43,902 | 11,805 | 267,951 | 1,462,682 | 52% | 18% |
| | 2010 | 566,771 | - | 300,000 | 6,133 | 7,905 | 880,809 | 49,896 | - | 49,896 | 7,746 | 220,418 | 1,158,869 | 45% | 19% |

| | Year | Short Term Benefits | | | | | Post Employment benefits | | | | Other Long Term Benefits | Long Term Payments | Total Remuneration | % of Total Remuneration "At Risk" | % of Remuneration in Options and PSRs |
|--------------------------------|------|---------------------|----------------------------------|------------------------------------|------------------------------------|--------------------|--------------------------|----------------|--------------------------------------|---------|--------------------------|--|--------------------|-----------------------------------|---------------------------------------|
| | | Base Salary / Fees | Contact Energy Fees ¹ | Variable Remuneration ² | Non-Monetary Benefits ³ | Insurance Premiums | Total | Superannuation | NED Share Plan Benefits ⁴ | Total | Accrued LSL | Retention, Options & Rights ⁵ | | | |
| Non-Executive Directors | | | | | | | | | | | | | | | |
| Kevin McCann | 2011 | 603,451 | - | - | 1,202 | 220 | 604,873 | 15,216 | - | 15,216 | - | - | 620,089 | - | - |
| | 2010 | 555,528 | - | - | 929 | 181 | 556,638 | 14,472 | - | 14,472 | - | - | 571,110 | - | - |
| John Akehurst ⁹ | 2011 | 174,784 | - | - | - | 220 | 175,004 | 25,216 | - | 25,216 | - | - | 200,220 | - | - |
| | 2010 | 126,697 | - | - | - | 181 | 126,878 | 12,232 | 26,767 | 38,999 | - | - | 165,877 | - | - |
| Bruce Beeren | 2011 | 211,451 | 84,689 | - | 1,333 | 220 | 297,693 | 15,216 | - | 15,216 | - | - | 312,909 | - | - |
| | 2010 | 188,528 | 86,556 | - | 1,053 | 181 | 276,318 | 14,472 | - | 14,472 | - | 28,313 | 319,103 | - | - |
| Trevor Bourne | 2011 | 229,784 | - | - | - | 269 | 230,053 | 15,216 | - | 15,216 | - | - | 245,269 | - | - |
| | 2010 | 198,528 | - | - | - | 181 | 198,709 | 14,472 | - | 14,472 | - | - | 213,181 | - | - |
| Gordon Cairns | 2011 | 199,784 | - | - | - | 220 | 200,004 | 15,216 | - | 15,216 | - | - | 215,220 | - | - |
| | 2010 | 149,507 | - | - | - | 181 | 149,688 | 13,346 | 32,565 | 45,911 | - | - | 195,599 | - | - |
| Helen Nugent | 2011 | 268,451 | - | - | - | 220 | 268,671 | 15,216 | - | 15,216 | - | - | 283,887 | - | - |
| | 2010 | 190,008 | - | - | 2,666 | 181 | 192,855 | 14,573 | 40,102 | 54,675 | - | - | 247,530 | - | - |
| Roland Williams | 2011 | 77,594 | - | - | - | 251 | 77,845 | 5,072 | - | 5,072 | - | - | 82,917 | - | - |
| | 2010 | 186,592 | - | - | - | 181 | 186,773 | 14,573 | 39,186 | 53,759 | - | - | 240,532 | - | - |
| Totals¹⁰ | 2011 | 9,245,323 | 279,912 | 6,115,000 | 132,743 | 107,436 | 15,880,414 | 382,150 | - | 382,150 | 288,470 | 6,116,574 | 22,667,608 | | |
| | 2010 | 7,978,929 | 267,217 | 4,886,376 | 57,712 | 80,289 | 13,270,523 | 368,645 | 138,620 | 507,265 | 71,366 | 5,270,410 | 19,119,564 | | |

Footnotes to Remuneration Table for FY2011 and FY2010

- (1) Mr King, Mr Baldwin, Mr Beeren and Ms Moses are the Company's nominees on the board of Contact Energy. Remuneration is converted to Australian dollars using an annual (1 July 2010 - 30 June 2011) average exchange rate of \$1.3028 (2010 - \$1.2362).
- (2) Variable remuneration includes the STI in respect of the reporting period based on achieving personal goals and satisfying specified performance criteria plus any discretionary amounts awarded for exceptional contributions. FY2011 STI constitutes a cash bonus granted for the year ended 30 June 2011, determined following the close of FY2011 results and paid in September 2011. FY2010 STI constitutes a cash bonus granted for the year ended 30 June 2010, determined following the close of 2010 results and paid in September 2010.
- (3) Non-monetary benefits include fringe benefits such as car parking and reportable fringe benefits.
- (4) Benefits under the Non-Executive Director's Share Plan (refer to section 8.3) or the fees sacrificed for application toward the purchase of such shares where ultimately the sacrifice has been returned as cash.
- (5) Includes restricted shares for Contact Energy fees; retention payments as set out in section 5; and the fair value of equity rights awarded. The fair value of the Options and PSRs is calculated at the date of grant using a Black-Scholes methodology with a Monte Carlo simulation model that takes into account hurdles. The fair value is allocated to each reporting period evenly over the period from date of grant to the first vesting test date. The value disclosed is the portion of the fair value of the Options/PSRs allocated to this reporting period. In valuing the Options/PSRs, market conditions have been taken into account.
- (6) During employment with Contact Energy, Mr Baldwin and Mr Barnes were paid in New Zealand currency. Remuneration is converted to Australian dollars using an annual average exchange rate of \$1.2947 (1 July 2010 to 31 March 2011) and \$1.3269 (1 April 2011 to 30 June 2011) (2010 - \$1.2362). Base salary includes holiday pay rate adjustments. Fixed remuneration and all or part of their variable remuneration is reimbursed by Contact Energy.
- (7) As Managing Director (up to and including 31 March 2011), Mr Baldwin did not receive any fees in his capacity as a director of Contact Energy nor was he a participant in the Contact Energy Directors' Share Scheme. Fees received have been in Mr Baldwin's capacity as director of Contact Energy subsequent to 1 April 2011.
- (8) Includes Options and restricted shares issues by Contact Energy, and Options and PSRs issued by the Company.
- (9) Mr Akehurst was appointed as a Non-executive Director on 29 April 2009.
- (10) All named KMP and Executive Directors are employed and remunerated by the Company and its controlled entities. All Non-executive Directors are remunerated by the Company.

Note: Fixed remuneration (as defined in section 5.4) is the sum of base salary, non-monetary benefits, and superannuation. Where an Executive's Fixed Remuneration was frozen during the reporting period, some variation may occur due to changes in the valuation of non-monetary benefits such as car parking, or changes in the package make-up (for example cash to superannuation or vice versa).

9.2 Details of equity grants

The table below lists the position of all current grants of equity-based incentive grants made to Directors and Executives. No terms of equity-settled share-based transactions (including Options and PSRs granted as compensation to a KMP) have been altered or modified by the issuing entity during the reporting period or the prior period except as footnoted below.

| No of Options and PSRs Outstanding | Exercise Price ⁽¹⁾ | First Exercise Date | Expiry Date | Vested | Number Exercisable ⁽²⁾ | Percentage Exercisable ⁽³⁾ |
|------------------------------------|-------------------------------|-----------------------------|--------------|--------|-----------------------------------|---------------------------------------|
| 922,000 | \$6.04 | 11 Sept 2009 ⁽⁴⁾ | 11 Sept 2011 | Yes | 922,000 | 100 |
| 50,000 | \$8.51 | 26 June 2010 ⁽⁴⁾ | 26 June 2012 | Yes | 50,000 | 100 |
| 300,000 | \$9.86 | 28 Sept 2010 ⁽⁴⁾ | 28 Sept 2012 | Yes | 300,000 | 100 |
| 169,000 | Nil | 28 Sept 2010 | 28 Dec 2012 | Yes | 169,000 | 100 |
| 1,085,000 | \$9.86 | 28 Sept 2010 | 28 Dec 2012 | Yes | 1,085,000 | 100 |
| 503,660 | Nil | 30 Sept 2011 | 30 Dec 2013 | No | - | 90 |
| 1,233,500 | \$15.84 | 30 Sept 2011 | 30 Dec 2013 | No | - | 90 |
| 452,510 | Nil | 28 Sept 2012 | 28 Dec 2014 | No | - | 69 |
| 1,177,000 | \$14.58 | 28 Sept 2012 | 28 Dec 2014 | No | - | 69 |
| 154,370 | Nil | 6 Nov 2012 | 6 Feb 2015 | No | - | 79 |
| 412,000 | \$15.47 | 6 Nov 2012 | 6 Feb 2015 | No | - | 79 |
| 4,322 | Nil | 10 May 2013 | 10 Aug 2015 | No | - | 58 |
| 11,600 | \$14.89 | 10 May 2013 | 10 Aug 2015 | No | - | 58 |
| 791,731 | Nil | 1 Oct 2013 | 31 Dec 2015 | No | - | 77 |
| 2,191,027 | \$14.91 | 1 Oct 2013 | 31 Dec 2015 | No | - | 77 |

- (1) Adjustments to the exercise price of Options (in accordance with ASX Listing Rule 6.22) and to the number of unvested PSRs granted in FY2011 and for prior years were made during the reporting period as a result of the Rights Issue allotment.
- (2) The performance conditions are described in section 5.8.
- (3) The number of equity instruments exercisable is indicative. The number has been calculated by comparing the Company's TSR to the relevant performance group and applying the performance conditions noted in section 5.8 as at 30 June 2011. The number of Options and PSRs that become exercisable will be determined at the test date and may be different from that indicated here.
- (4) Under the previous LTI Plan rules that applied to these awards early vesting occurred as a result of the announcement on 30 April 2008 by the BG Group that it proposed to acquire more than 20% of the Company's shares.

9.3 Analysis of movements in Options and PSRs

A summary of the movement in FY2011, by value, of Options and PSRs over ordinary shares in the Company (and Options and Restricted Shares in Contact Energy in the case of Mr Baldwin) held by the KMP is provided in the table below.

| | | Value of Options and PSRs | | |
|--------------------------------|-----------------|---------------------------|--------------------------|-----------------------|
| | | Granted ⁽¹⁾ | Exercised ⁽²⁾ | Lapsed ⁽³⁾ |
| | | \$ | \$ | |
| Non-Executive Directors | | | | |
| Kevin McCann | | - | - | - |
| John Akehurst | | - | - | - |
| Bruce Beeren | | - | - | - |
| Trevor Bourne | | - | - | - |
| Gordon Cairns | | - | - | - |
| Helen Nugent | | - | - | - |
| Executive Directors | | | | |
| Grant King | Options | 1,570,227 | 3,945,000 | - |
| | PSRs | 1,501,295 | 1,539,000 | - |
| Karen Moses | Options | 614,204 | 1,278,180 | - |
| | PSRs | 587,240 | - | - |
| Other KMP - current | | | | |
| Dennis Barnes ⁴ | Options | 101,478 | 155,100 | - |
| | PSRs | 97,029 | 170,390 | - |
| | Contact Options | 59,161 | - | - |
| | Contact PSRs | 59,161 | - | - |
| David Baldwin ^{5,6,7} | Options | 500,701 | - | - |
| | PSRs | 475,892 | - | - |
| | Contact Options | 269,175 | - | - |
| | Contact PSRs | 269,175 | - | - |
| Frank Calabria | Options | 440,662 | 1,692,290 | - |
| | PSRs | 421,289 | 368,245 | - |
| Paul Zealand | Options | 154,814 | 223,520 | - |
| | PSRs | 148,007 | 246,400 | - |
| Other KMP - former | | | | |
| Andrew Stock | Options | 238,339 | 1,322,680 | - |
| | PSRs | 227,875 | 371,300 | - |
| Robbert Willink | Options | 134,387 | - | - |
| | PSRs | 128,498 | 229,100 | - |

(1) The allocated value of Options and PSRs granted in the year is the fair value calculated at grant date using a binomial option-pricing model which has been independently calculated by Mercer. The value disclosed is the total value of the Options and PSRs. This amount is allocated to remuneration (See section 9.1) over the vesting period (i.e. from 1 October 2010 to 1 October 2013).

(2) The value of Options and PSRs exercised during the year is calculated as the market price of the Company's shares on the ASX as at the close of trading on the date the Options and PSRs were exercised, after deducting the price paid to exercise the Option or PSR.

(3) No Options or PSR's lapsed during the year.

(4) Based on an exchange rate of 1.3269.

(5) Based on an exchange rate of 1.2947.

(6) Mr Baldwin's securities were issued under the Contact Energy Employee Long-term Incentive Scheme when he was Managing Director of Contact Energy. Mr Baldwin also received director's fees from Contact Energy in his capacity as a director, subsequent to 1 April 2011 (following the end of his secondment to Contact Energy). Mr Baldwin will not be granted any further securities in Contact Energy under the employee Long-term Incentive Scheme but will retain existing securities subject to exercise hurdles and vesting requirements.

(7) Mr Baldwin's participation in the Employee Long-term Incentive Scheme: Mr Baldwin has participated in Contact Energy's Long-term Incentive Scheme since its inception in 2006. Following the completion of his secondment to the role of Managing Director on 31 March 2011, Mr Baldwin will not be issued any further securities under the Contact Energy Scheme but will retain existing securities subject to exercise hurdles and vesting requirements (this is permitted under the Restricted Share Plan Rules and Share Option Scheme Rules). Contact Energy relied on NZSX Listing Rule 7.3.9 to allow Mr Baldwin to continue to participate in the Long-term Incentive Scheme following his appointment as Managing Director. On 23 July 2009, NZX Regulation granted a waiver in respect of NZSX Listing Rule 7.6.4(b)(iii) to allow Mr Baldwin to continue to receive financial assistance under the Long-term Incentive Scheme. The full version of the waiver can be found on Contact Energy's website.

9.4 Numbers of Options and PSRs granted, vested and lapsed and associated fair value

Options and PSRs over ordinary shares of the Company (and Options and PSRs in Contact Energy in the case of Mr Baldwin and Mr Barnes) granted or vested to the KMP are set out below.

| KMP | Type | No Granted during the year | Grant Date | Fair Value ⁽¹⁾ | Exercise Price ⁽³⁾ | Vesting Date ⁽⁴⁾ | Expiry Date ⁽⁴⁾ | % Vested in Year | % Forfeited in Year ⁽⁵⁾ | No of Options & PSRs Vested in year to 30 June 2011 |
|--------------------------------|---------------------|----------------------------|-----------------------|---------------------------|-------------------------------|-----------------------------|----------------------------|------------------|------------------------------------|---|
| Non-executive Directors | | | | | | | | | | |
| Kevin McCann | | - | - | - | - | - | - | - | - | - |
| John Akehurst | | - | - | - | - | - | - | - | - | - |
| Bruce Beeren | | - | - | - | - | - | - | - | - | - |
| Trevor Bourne | | - | - | - | - | - | - | - | - | - |
| Gordon Cairns | | - | - | - | - | - | - | - | - | - |
| Helen Nugent | | - | - | - | - | - | - | - | - | - |
| Roland Williams | | - | - | - | - | - | - | - | - | - |
| Executive Directors | | | | | | | | | | |
| Grant King | Options | 371,212 | 28/10/10 | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | 300,000 |
| | PSRs | 130,434 | 28/10/10 | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | 100,000 |
| | PSRs ⁽²⁾ | 11,316 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |
| Karen Moses | Options | 145,202 | 28/10/10 | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | 140,000 |
| | PSRs | 51,020 | 28/10/10 | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | 51,000 |
| | PSRs ⁽²⁾ | 3,759 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |
| Other KMP - current | | | | | | | | | | |
| Dennis Barnes | Options | 23,990 | 28/10/10 | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | 30,000 |
| | PSRs | 8,430 | 28/10/10 | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | 11,000 |
| | PSRs ⁽²⁾ | 610 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |
| | Contact Options | 106,082 | 1/10/10 | \$0.56 | \$4.31 | 1/10/13 | 30/11/15 | - | - | - |
| | Contact PSRs | 23,574 | 1/10/10 | \$2.51 | Nil | 1/10/13 | 30/11/15 | - | - | - |
| David Baldwin | Options | 118,369 | 28/10/10 ⁶ | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | - |
| | PSRs | 42,424 | 28/10/10 ⁶ | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | - |
| | PSRs ⁽²⁾ | 797 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |
| | Contact Options | 470,946 | 1/10/10 | \$0.57 | \$4.41 | 1/10/13 | 30/11/15 | - | - | - |
| | Contact PSRs | 104,655 | 1/10/10 | \$2.57 | Nil | 1/10/13 | 30/11/15 | - | - | - |

| KMP | Type | No Granted during the year | Grant Date | Fair Value ⁽¹⁾ | Exercise Price ⁽³⁾ | Vesting Date ⁽⁴⁾ | Expiry Date ⁽⁴⁾ | % Vested in Year | % Forfeited in Year ⁽⁵⁾ | No of Options & PSRs Vested in year to 30 June 2011 |
|---------------------------|---------------------|----------------------------|------------|---------------------------|-------------------------------|-----------------------------|----------------------------|------------------|------------------------------------|---|
| Frank Calabria | Options | 104,166 | 28/10/10 | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | 64,000 |
| | PSRs | 36,602 | 28/10/10 | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | 23,500 |
| | PSRs ⁽²⁾ | 2,669 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |
| Paul Zealand | Options | 36,599 | 28/10/10 | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | 44,000 |
| | PSRs | 12,859 | 28/10/10 | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | 16,000 |
| | PSRs ⁽²⁾ | 1,031 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |
| Other KMP - former | | | | | | | | | | |
| Andrew Stock | Options | 56,345 | 28/10/10 | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | 64,000 |
| | PSRs | 19,798 | 28/10/10 | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | 23,500 |
| | PSRs ⁽²⁾ | 1,772 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |
| Robbert Willink | Options | 31,770 | 28/10/10 | \$4.23 | \$14.91 | 1/10/13 | 31/12/15 | - | - | 40,000 |
| | PSRs | 11,164 | 28/10/10 | \$11.51 | Nil | 1/10/13 | 31/12/15 | - | - | 14,500 |
| | PSRs ⁽²⁾ | 864 | 17/06/11 | Nil ⁽²⁾ | Nil | Various | Various | - | - | - |

⁽¹⁾ All values in Australian currency

⁽²⁾ Adjustment grants made during the reporting period to adjust for dilution to the number of unvested PSRs granted in FY2011 and for prior years as a result of the Rights Issue allotment and intended to maintain original allocation value.

⁽³⁾ Post-adjustment exercise price of Options in accordance with ASX Listing Rule 6.22 as a result of the Rights Issue.

⁽⁴⁾ The adjustment PSRs granted as a result of the Rights Issue have the same Vesting Dates and Expiry Dates as their corresponding original allocations of the same tranche. For example, adjustment PSRs for the FY2011 grant have a Vesting Date of 1 October 2013 and an expiry date of 31 December 2015.

⁽⁵⁾ The percentage forfeited in the year represents the reduction from the maximum number of Options available to vest due to the highest level performance criteria not being achieved.

⁽⁶⁾ Inclusive of 106,000 Options and 38,078 PSRs issued 22 June 2011 on the same terms and conditions as granted 28 October 2010.

No Options or PSRs have been granted since the end of the reporting period. Options and PSRs were provided at no cost to the recipients.

Options and PSRs expire on the earlier of their expiry date or within six months of notice of resignation of employment. The Options and PSRs are exercisable no earlier than three years after grant date. In addition to a continuing employment service condition, the ability to exercise Options and PSRs is conditional on the consolidated entity achieving certain performance hurdles. Details of the performance criteria are included in the LTI information in section 5.8 (and, for Contact Energy, refer to Contact Energy's website - www.contactenergy.co.nz). For Options and PSRs granted in the current year, the earliest exercise date is 1 October 2013.

9.5 Options and PSRs holdings and transactions

Movement, during the reporting period, in the number of Options and PSRs over ordinary shares in the Company (and, for Mr Baldwin and Mr Barnes, Options and PSRs over and restricted shares in ordinary shares in Contact Energy) held directly, indirectly or beneficially by the KMP including their related parties are set out in the Table below:

| | Year | Type ⁽¹⁾ | Held at Year Start | Granted during the year ⁽²⁾ | Vested and Exercised | Lapsed | Held at Year End | Vested During Year | Vested & Exercisable at Year End |
|--------------------------------|------|---------------------|--------------------|--|----------------------|--------|------------------|--------------------|----------------------------------|
| Non-executive Directors | | | | | | | | | |
| Kevin McCann | 2011 | - | - | - | - | - | - | - | - |
| | 2010 | - | - | - | - | - | - | - | - |
| John Akehurst | 2011 | - | - | - | - | - | - | - | - |
| | 2010 | - | - | - | - | - | - | - | - |
| Bruce Beeren | 2011 | - | - | - | - | - | - | - | - |
| | 2010 | Options | 275,000 | - | 275,000 | - | - | - | - |
| Trevor Bourne | 2011 | - | - | - | - | - | - | - | - |
| | 2010 | - | - | - | - | - | - | - | - |
| Gordon Cairns | 2011 | - | - | - | - | - | - | - | - |
| | 2010 | - | - | - | - | - | - | - | - |
| Helen Nugent | 2011 | - | - | - | - | - | - | - | - |
| | 2010 | - | - | - | - | - | - | - | - |
| Executive Directors | | | | | | | | | |
| Grant King | 2011 | Options | 1,497,000 | 371,212 | 500,000 | - | 1,368,212 | 300,000 | 300,000 |
| | | PSRs | 358,000 | 141,750 | 100,000 | - | 399,750 | 100,000 | - |
| | 2010 | Options | 1,700,000 | 297,000 | 500,000 | - | 1,497,000 | - | 800,000 |
| | | PSRs | 250,000 | 108,000 | - | - | 358,000 | - | - |
| Karen Moses | 2011 | Options | 717,000 | 145,202 | 162,000 | - | 700,202 | 140,000 | 351,000 |
| | | PSRs | 129,000 | 54,779 | - | - | 183,779 | 51,000 | 51,000 |
| | 2010 | Options | 822,000 | 115,000 | 220,000 | - | 717,000 | - | 373,000 |
| | | PSRs | 87,000 | 42,000 | - | - | 129,000 | - | - |

| | Year | Type ¹ | Held at Year Start | Granted during the year ² | Vested and Exercised | Lapsed | Held at Year End | Vested During Year | Vested & Exercisable at Year End |
|----------------------------|------|---------------------------|--------------------|--------------------------------------|----------------------|--------|------------------|--------------------|----------------------------------|
| Other KMP - current | | | | | | | | | |
| Dennis Barnes | 2011 | Options | 63,000 | 23,990 | 30,000 | - | 56,990 | 30,000 | - |
| | | PSRs | 23,500 | 9,040 | 11,000 | - | 21,540 | 11,000 | - |
| | | Contact Options | - | 106,082 | - | - | 106,082 | - | - |
| | | Contact PSRs | - | 23,574 | - | - | 23,574 | - | - |
| | 2010 | Contact Restricted Shares | - | - | - | - | - | - | - |
| | | Options | 45,000 | 18,000 | - | - | 63,000 | - | - |
| | | PSRs | 17,000 | 6,500 | - | - | 23,500 | - | - |
| | | Contact Options | - | - | - | - | - | - | - |
| | | Contact PSRs | - | - | - | - | - | - | - |
| | | Contact Restricted Shares | - | - | - | - | - | - | - |
| David Baldwin | 2011 | Options | 60,000 | 118,369 | - | - | 178,369 | - | - |
| | | PSRs | 23,000 | 43,221 | - | - | 66,221 | - | - |
| | | Contact Options | 779,156 | 470,946 | - | - | 1,250,102 | - | - |
| | | Contact PSRs | - | 104,655 | - | - | 104,655 | - | - |
| | 2010 | Contact Restricted Shares | 133,070 | - | - | - | 133,070 | - | - |
| | | Options | - | 60,000 | - | - | 60,000 | - | - |
| | | PSRs | - | 23,000 | - | - | 23,000 | - | - |
| | | Contact Options | 525,547 | 253,609 | - | - | 779,156 | - | - |
| | | Contact Restricted Shares | 88,342 | 44,728 | - | - | 133,070 | - | - |
| | | | | | | | | | |
| Frank Calabria | 2011 | Options | 401,000 | 104,166 | 196,000 | - | 309,166 | 64,000 | 64,000 |
| | | PSRs | 78,500 | 39,271 | 23,500 | - | 94,271 | 23,500 | - |
| | 2010 | Options | 399,000 | 92,000 | 90,000 | - | 401,000 | - | 196,000 |
| | | PSRs | 43,500 | 35,000 | - | - | 78,500 | - | - |
| Paul Zealand | 2011 | Options | 103,000 | 36,599 | 44,000 | - | 95,599 | 44,000 | - |
| | | PSRs | 38,500 | 13,890 | 16,000 | - | 36,390 | 16,000 | - |
| | 2010 | Options | 65,000 | 38,000 | - | - | 103,000 | - | - |
| | | PSRs | 24,500 | 14,000 | - | - | 38,500 | - | - |

| | Year | Type ¹ | Held at Year Start | Granted during the year ² | Vested and Exercised | Lapsed | Held at Year End | Vested During Year | Vested & Exercisable at Year End |
|---------------------------|------|-------------------|--------------------|--------------------------------------|----------------------|--------|------------------|--------------------|----------------------------------|
| Other KMP - former | | | | | | | | | |
| Andrew Stock | 2011 | Options | 448,000 | 56,345 | 187,000 | - | 317,345 | 64,000 | 158,000 |
| | | PSRs | 64,500 | 21,570 | 23,500 | - | 62,570 | 23,500 | - |
| | 2010 | Options | 393,000 | 55,000 | - | - | 448,000 | - | 281,000 |
| | | PSRs | 43,500 | 21,000 | - | - | 64,500 | - | - |
| Robbert Willink | 2011 | Options | 87,000 | 31,770 | - | - | 118,770 | 40,000 | 40,000 |
| | | PSRs | 33,000 | 12,028 | 14,500 | - | 30,528 | 14,500 | - |
| | 2010 | Options | 62,000 | 25,000 | - | - | 87,000 | - | - |
| | | PSRs | 23,500 | 9,500 | - | - | 33,000 | - | - |

- (1) Contact Energy offers a combination of share options and performance share rights under its current LTI Scheme to ensure incentives align participating employees' performance with shareholders' interests, in both favourable and unfavourable share market conditions. Following a review of the Contact Energy Employee Long-term Incentive Scheme in 2010, no further restricted shares have been issued since the 1 October 2009 grant date. Performance share rights (issued under the Contact Energy Share Option Scheme) replaced restricted shares from October 2010. The Restricted Share Plan is now grand-parented but restricted shares issued prior to October 2010 are still held by participants and remain subject to exercise hurdles and vesting criteria. Contact Energy's LTI Scheme for participating employees now consists of a Share Option Scheme under which both share options and performance share rights are issued. Details of the Scheme are set out below (along with historical details of restricted shares that remain on issue under the now grand-parented Restricted Share Plan).
- (2) PSRs granted during the year include the 2011 LTI grants as well as those granted as adjustment for dilution from the Rights Issue.

9.6 Equity holdings and transactions

The table below represents the movement during the reporting period in the number of ordinary shares of the Company (and, in the case of Mr Baldwin and Mr Barnes, Contact Energy) held directly, or indirectly or beneficially by the KMP, including their related parties:

| | Year | Held at Year Start | Purchases ⁽¹⁾ | Received on Exercise of Options | Received on Exercise of PSRs ⁽³⁾ | Sales | Held at Year End |
|--|------|-----------------------|--------------------------|---------------------------------------|---|-----------|---------------------|
| Non-executive Directors⁽²⁾ | | | | | | | |
| Kevin McCann | 2011 | 286,245 | 62,767 | - | - | - | 349,012 |
| | 2010 | 277,382 | 8,863 | - | - | - | 286,245 |
| John Akehurst | 2011 | 14,750 | 56,450 | - | - | - | 71,200 |
| | 2010 | 2,000 | 12,750 | - | - | - | 14,750 |
| Bruce Beeren | 2011 | 1,235,020 | 124,995 | - | - | - | 1,360,015 |
| | 2010 | 960,020 | - | 275,000 | - | - | 1,235,020 |
| Trevor Bourne | 2011 | 46,822 | 6,682 | - | - | - | 53,504 |
| | 2010 | 45,372 | 1,450 | - | - | - | 46,822 |
| Gordon Cairns | 2011 | 53,939 | 29,421 | - | - | - | 83,360 |
| | 2010 | 48,089 | 11,850 | - | - | 6,000 | 53,939 |
| Helen Nugent | 2011 | 31,059 | 7,145 | - | - | - | 38,204 |
| | 2010 | 25,953 | 5,106 | - | - | - | 31,059 |
| Executive Directors | | | | | | | |
| Grant King | 2011 | 939,939 | 566,672 | 500,000 ⁴ | 100,000 | 1,000,000 | 1,106,611 |
| | 2010 | 909,958 | 29,981 | 500,000 | - | 500,000 | 939,939 |
| Karen Moses | 2011 | 220,000 | 4,927 | 162,000 ⁴ | - | 165,000 | 221,927 |
| | 2010 | 198,586 | - | 220,000 | - | 198,586 | 220,000 |
| Other KMP - current | | | | | | | |
| Dennis Barnes | 2011 | 22,794 | 13,005 | 30,000 ⁵ | 11,000 | 17,131 | 59,668 |
| | 2010 | - | - | - | - | - | - |
| David Baldwin | 2011 | - | 10,000 | - | - | - | 10,000 |
| | 2010 | - | - | - | - | - | - |
| Frank Calabria | 2011 | 90,993 | 44,976 | 196,000 ⁶ | 23,500 | 121,000 | 234,469 |
| | 2010 | 90,973 | 20 | 90,000 | - | 90,000 | 90,993 |
| Paul Zealand | 2011 | 91,140 | 31,788 | 44,000 ⁵ | 16,000 | - | 182,928 |
| | 2010 | 91,120 | 20 | - | - | - | 91,140 |
| Other KMP - former | | | | | | | |
| Andrew Stock | 2011 | 448,068 | 56,534 | 187,000 ⁷ | 23,500 | 112,440 | 602,662 |
| | 2010 | 448,048 | 20 | - | - | - | 448,068 |
| Robbert Willink | 2011 | 415,470 | 85,402 | - | 14,500 | 100,900 | 414,472 |
| | 2010 | 413,693 | 1,777 | - | - | - | 415,470 |

(1) All existing participants in the plan took up their entitlements during the reporting period.

(2) Includes shares acquired by participants of the Non-executive Director Share Plan as a result of their take-up of the pro-rata entitlements under the Rights Issue during the reporting period. There were no allocations under the Plan.

(3) No amount was paid for the shares acquired on exercise of vested PSRs.

(4) Exercise price per share of \$7.21.

(5) Exercise price per share of \$10.32.

(6) 86,000 shares had an exercise price per share of \$7.21, 110,000 shares had an exercise price per share of \$6.50.

(7) 123,000 shares had an exercise price per share of \$7.21, 64,000 shares had an exercise price per share of \$9.86.