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Letter to KCE Shareholders

18 January 2016

KCE TAKEOVER OFFER UPDATE

Dear Shareholder

This letter is to update you on the takeover offer by Trustpower's wholly owned subsidiary, King Country Energy Holdings Limited, for the shares in King Country Energy Limited ("KCE") dated 30 November 2015 ("Offer").

The Offer was declared unconditional in all respects on 3 December 2015 and, as of close of business on Friday 15th of January 2016, King Country Energy Holdings Limited had received acceptances under the Offer representing more than 61% of KCE's shares.

In order to enable further KCE shareholders to accept the Offer, King Country Energy Holdings Limited has decided to extend the closing date of the Offer. The Offer will now close on **Friday 12th of February 2016**.

If you have not yet accepted the Offer, and wish to do so, you must complete the application form enclosed with the Offer in accordance with the instructions set out in the application form as soon as possible. Completed acceptance forms must be received by 11:59 pm on Friday 12th February 2016.

If you have lost your acceptance form, please contact Computershare Investor Services Limited on +64 09 488 8777 or by email to kingcountryenergy@computershare.co.nz.

If you have recently accepted the Offer, then you do not need to take any further action.

Under the Offer you will be paid \$4.78 per share in cash if acceptances are received for up to 70.2% of the shares in KCE. King Country Energy Holdings Limited will pay an additional 22 cents per share (making a total of \$5.00 per share in cash) if acceptances are received for 70.2%¹ or more of the shares in KCE.

If you accept the Offer, you will receive your payment in cash within seven days of your acceptance being received.

Trustpower wishes to note the following points:

- (a) The Independent Adviser, commissioned by the independent directors of KCE:
- i. has assessed the value of KCE's shares in the range of \$4.62 to \$5.90 per share. The offer price of \$4.78 (or \$5.00 if acceptances are received for 70.2% or more of KCE's shares, excluding those held by King Country Electric Power Trust) is within this range;
 - ii. noted that the Offer provides an opportunity for shareholders to realise cash for their investment in a thinly traded share;

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¹ Excluding any acceptances received in respect of shares held by the trustees of the King Country Electric Power Trust as at 31 October 2015 or thereafter.

- iii. noted that the Offer represents an exit opportunity for all shareholders which is not readily available on Unlisted as the shares are thinly traded and is at a premium price. The premia is noted as ranging from 14% to 23% over KCE's volume weighted average share price for the past year up to the announcement of the proposed offer;
 - iv. stated that in their view, the fact that Nova has accepted the proposed offer following an open and contestable sales process is a compelling indicator of the market value of a controlling interest in KCE;
 - v. noted that the Offer prices align with their assessment of the value of KCE's shares.
- (b) The Offer represents an opportunity for KCE shareholders to sell their shares in KCE without incurring brokerage fees. If you wish to remain invested in the energy sector several energy companies (including Trustpower) are listed on the New Zealand stock exchange.

The Offer represents a good opportunity for you to monetise your shares at a firm price, and I encourage you to consider it favourably.

Yours faithfully



Vince Hawksworth
Chief Executive Trustpower Limited