



# *Simplified* **Disclosure Prospectus**

for an offer of interest bearing Capital Bonds



This Prospectus is a Simplified Disclosure Prospectus for an offer of Capital Bonds that will rank in priority to the ordinary shares of Contact Energy Limited which are listed on the NZSX.

Contact Energy Limited is subject to a continuous disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZDX and NZSX markets, which are operated by NZX.

Arranger, Joint Lead Manager  
and Organising Participant



Joint Lead Managers



Co-Manager







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# Contact Energy - *highlights*

Contact Energy is one of New Zealand's largest electricity generators and retailers and owns and operates geothermal, hydro and thermal electricity plants across New Zealand that support homes and businesses

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Contact Energy owns and operates  
**10 power stations**  
throughout New Zealand

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**166 MWs (gross)**  
of geothermal generation under construction

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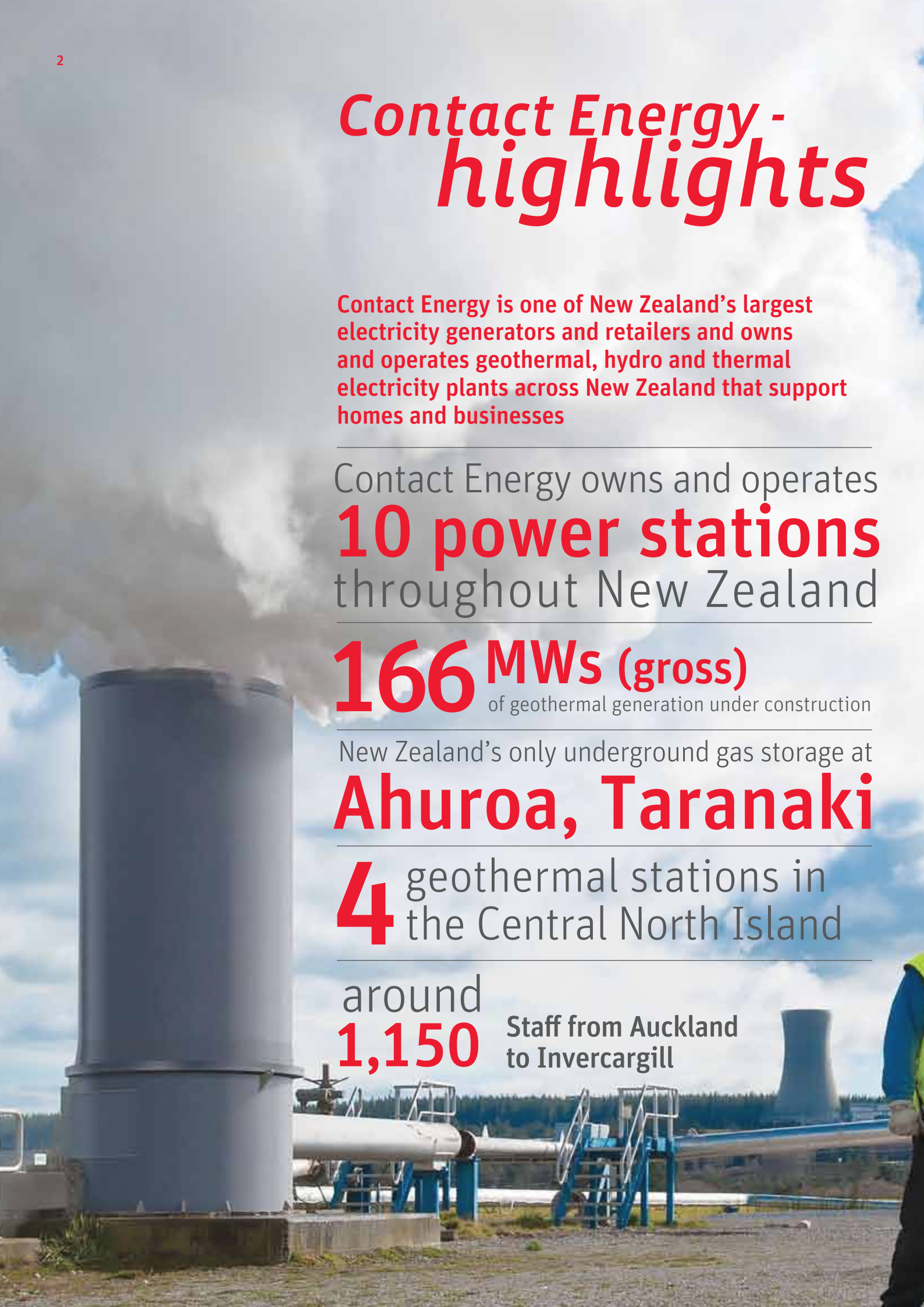
New Zealand's only underground gas storage at  
**Ahuroa, Taranaki**

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**4** geothermal stations in  
the Central North Island

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around  
**1,150** Staff from Auckland  
to Invercargill





Generates around **1/4**  
of New Zealand's electricity

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**Supplies 22%** of the New Zealand  
electricity retail market  
(as at 30 June 2011)

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**4** **thermal generation stations,**  
located in Taranaki, Auckland and  
the Waikato, provide capacity and  
backup to New Zealand's largely  
renewable generation

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**\$3.2** **billion** Contact Energy Group had  
net assets of  
as at 30 June 2011

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(Contact Energy had net assets of \$3.1 billion as at 30 June 2011. See Contact Energy audited financial statements for the year ended 30 June 2011).

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Contact Energy is one of New Zealand's largest publicly listed  
companies by market capitalisation and is widely held, with  
**around 79,000 shareholders**

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**560,000+ customers**  
across Contact Energy's electricity, gas and LPG businesses



# Letter to investors

Dear Investor

On behalf of Contact Energy we are pleased to present you with an opportunity to invest in Capital Bonds issued by Contact Energy.

The Offer is being made as part of Contact Energy's ongoing capital management strategy with the proceeds of the Offer to be used for general corporate purposes. The Capital Bonds will extend our term funding profile, provide increased financial flexibility, and further optimise our capital structure.

The Capital Bonds are unsecured, subordinated, redeemable, cumulative, interest bearing debt securities maturing on 15 February 2042 with Contact Energy having the right to redeem early on 15 February 2017 and any Interest Payment Date thereafter. The Capital Bonds will pay interest quarterly, with the Minimum Interest Rate to be announced prior to the Offer opening and the Interest Rate, which may be higher, to be confirmed shortly after the close of the Offer.

This Prospectus provides an overview of Contact Energy's operations, as well as details of, and important information in relation to, the Capital Bonds and the Offer. To ensure that an investment in the Capital Bonds meets your specific objectives, we recommend you read this Prospectus carefully and consult your financial adviser before making a decision. Additional information on Contact Energy and its performance is also available in our annual reports and our announcements through NZX, available on our website (at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)).

Contact Energy commends this offer of Capital Bonds to you as an investment opportunity with an attractive yield and looks forward to your participation.



**Grant King**  
Chairman  
Contact Energy



**Dennis Barnes**  
Chief Executive Officer  
Contact Energy

# Important information

## Prospectus

This Prospectus is a Simplified Disclosure Prospectus prepared in accordance with regulation 10 of, and schedule 12 to, the Securities Regulations.

This Prospectus is for an offer of unsecured, subordinated, redeemable, cumulative, interest bearing Capital Bonds issued by Contact Energy.

Applications to subscribe for Capital Bonds should be made using an Application Form which accompanies this Prospectus.

Capitalised terms are defined in the Glossary section on pages 45 to 48 or within the relevant section of this Prospectus.

All references in this Prospectus to dates and times are to New Zealand dates and times.

This Prospectus is prepared as at, and dated, 9 November 2011.

## Registration

A copy of this Prospectus, signed by or on behalf of the directors of Contact Energy, and which has endorsed, included or attached:

- the Disclosed Information referred to in the Statutory information section under the heading Information available under Contact Energy's continuous disclosure obligations on page 43;
- the latest annual financial statements of Contact Energy and the Contact Energy Group, for the year ended 30 June 2011;
- the Trustee's statement as set out on page 33; and
- the relevant authorities where an agent has signed this Prospectus on behalf of a Director,

(being the documents required by section 41 of the Securities Act) has been delivered to the Registrar of Financial Service Providers for registration as required by section 42 of the Securities Act.

## Risks and advice

This Prospectus is an important document and should be read carefully. Investors should consider the risks that are associated with an investment in the Capital Bonds, particularly with regard to their personal circumstances (including financial and tax issues). A summary of the principal risks associated with Contact Energy, the Contact Energy Group and the Capital Bonds is set out in the Risks section on pages 28 to 32.

If you are in any doubt as to how to deal with this Prospectus or as to the action you should take, please immediately contact a Primary Market Participant or your broker, solicitor, accountant or other professional adviser.

## Continuous disclosure

Contact Energy is subject to a continuous disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZDX and NZSX markets operated by NZX under the Securities Markets Act and the Listing Rules. Copies of that information are provided on Contact Energy's page on NZX's website ([www.nzx.com/companies/CEN](http://www.nzx.com/companies/CEN)). In addition, Contact Energy publishes an Annual Report and Half Year Report each year, periodic presentations and monthly operational data, all of which are available on Contact Energy's website ([www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)).

## Selling restrictions

The Capital Bonds are offered in New Zealand to New Zealand resident investors. This Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand. Contact Energy reserves the right to reject any application for Capital Bonds under the Offer that it believes comes from a person who is not a New Zealand resident investor.

This Prospectus is intended for use only in connection with the Offer and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register this Prospectus or permit an offering of the Capital Bonds to persons in any jurisdiction outside New Zealand.

This Prospectus is not to be sent or given to any person in circumstances in which the Offer or distribution of this Prospectus would be unlawful. The distribution of this Prospectus (including an electronic copy) outside New Zealand may be restricted by law. If you come into possession of this Prospectus, you should seek your own advice on any restrictions and observe them. Any failure to comply with such restrictions may contravene applicable securities laws. Contact Energy disclaims all liability to such persons.

In particular, the Capital Bonds have not been, and will not be, registered under the United States Securities Act 1933 as amended (US Securities Act) and this Prospectus does not constitute an offer of securities in the United States of America or to any "US person", as defined in Regulation S under the US Securities Act (US Person), or to any person acting for the account or benefit of a US Person.

Except as set out in this Prospectus, no person may purchase, offer, sell, distribute or deliver Capital Bonds, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Capital Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations.

Contact Energy and its directors accept no responsibility whatsoever for determining whether a person is able to participate in the Offer.

By applying for Capital Bonds, each investor agrees to indemnify Contact Energy and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions described above.

## Future performance and forward-looking statements

There are statements in this Prospectus that are "forward-looking statements". As these forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties (many of which are beyond the control of Contact Energy). These factors include (but are not limited to) those set out in the Risks section on pages 28 to 32. As a result, actual results and conditions may differ materially from those expressed or implied in this Prospectus.

Given these uncertainties, you should not place undue reliance on any forward-looking statements in this Prospectus. Under no circumstances should you regard the inclusion of such forward-looking statements in this Prospectus as a representation or warranty by Contact Energy, any other member of the Contact Energy Group or any of their respective directors, officers, employees, agents or any other person as to the achievement of the results expressed or implied by such forward-looking statements or that the assumptions underlying such forward-looking statements will in fact be correct.

The members of the Contact Energy Group, and their respective directors, officers, employees and agents disclaim any responsibility to update any such risk factors or publicly announce the result of any revisions to the forward-looking statements contained in this Prospectus to reflect future developments or events, other than where required to do so by the Securities Act, the Securities Regulations, the Financial Reporting Act 1993 or the Listing Rules.



### No guarantee

No person named in this Prospectus, nor any member of the Contact Energy Group, nor their respective directors, officers, employees or agents, nor any other person warrants or guarantees the Capital Bonds to be issued pursuant to the Offer, the future performance of the Capital Bonds or any return on any investment made pursuant to the Offer.

### Governing law

This Prospectus, the Offer and the contract formed on its acceptance are governed by the laws of New Zealand. Each applicant submits to the exclusive jurisdiction of the courts of New Zealand. All New Zealand legislation referred to in this Prospectus may be viewed online at [www.legislation.govt.nz](http://www.legislation.govt.nz).

### Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation in connection with the Offer not contained in this Prospectus may not be relied upon as having been authorised by Contact Energy, any other member of the Contact Energy Group, the Arranger, the Joint Lead Managers, the Co-Manager, the Trustee or any of their respective directors, officers, employees or agents.

This Prospectus does not constitute a recommendation by Contact Energy, any other member of the Contact Energy Group, the Arranger, the Joint Lead Managers, the Co-Manager, the Trustee or any of their respective directors, officers, employees or agents to subscribe for or purchase any Capital Bonds. Each recipient of this Prospectus must make its own independent investigation and assessment of the financial condition and affairs of Contact Energy before deciding whether or not to apply for Capital Bonds. To the maximum extent possible at law, none of Contact Energy, any other member of the Contact Energy Group, the Joint Lead Managers, the Co-Manager, the Arranger, the Trustee or any of their respective directors, officers, employees or agents accept any liability whatsoever for any loss arising from this Prospectus or its contents or otherwise arising in connection with the Offer.



# Offer highlights

<b>Issuer</b>	Contact Energy Limited.
<b>The Capital Bonds</b>	Unsecured, subordinated, redeemable, cumulative, interest bearing debt securities.
<b>Offer Amount</b>	\$150 million (plus up to \$100 million of oversubscriptions).
<b>Credit Ratings</b>	<p>Contact Energy's issuer credit rating is BBB (stable outlook) from both Standard &amp; Poor's and Fitch. These BBB (stable outlook) ratings were assigned by Standard &amp; Poor's on 22 December 2002 and by Fitch on 9 September 2009 and remain the current ratings.</p> <p>The Capital Bonds are expected to be assigned an issue credit rating of BB- by Standard &amp; Poor's.</p>
<b>Maturity Date</b>	15 February 2042.
<b>Early Redemption</b>	Contact Energy has the option to redeem the Capital Bonds on the First Reset Date (15 February 2017) and any Interest Payment Date thereafter. The Bondholders also have a right to require early redemption where there has been a Change of Control Event and an associated Rating Downgrade. These circumstances are more fully described in the Statutory information section under the heading Redemption on page 36.
<b>Reset Dates</b>	15 February 2017 and every five year anniversary thereafter.
<b>Interest Rate</b>	<p>The Capital Bonds will pay interest at a rate which will be reset approximately every five years. The actual interest rate that will apply to the Capital Bonds until 15 February 2017 had not been set when this Prospectus was registered. Before the Offer opens, Contact Energy will announce the minimum interest rate payable until 15 February 2017. The minimum interest rate will be at least 8.00% per annum. The actual interest rate for this period will either be this minimum interest rate or a higher rate (calculated as described below) and will be announced before the Capital Bonds are issued but after the Closing Date. Before submitting an application for Capital Bonds, investors should check the Minimum Interest Rate (which can be found on <a href="http://www.contactenergy.co.nz/web/investor/investor">www.contactenergy.co.nz/web/investor/investor</a> or on <a href="http://www.nzx.com/companies/CEN">www.nzx.com/companies/CEN</a> from the Opening Date).</p> <p>The Interest Rate for the period until the First Reset Date will be set at the higher of the Minimum Interest Rate and the sum of the Benchmark Rate (as at Rate Set Date) and the Margin. The Minimum Interest Rate and Margin will be set following the Bookbuild and announced on or before the Opening Date.</p> <p>On each Reset Date, the Interest Rate for the next five year period will reset to the Benchmark Rate on that date plus the Step-up Margin (initial Margin plus the Step-up Percentage of 0.25% per annum).</p> <p>A more detailed description of how the Interest Rate is determined is set out in the Statutory information section under the heading Interest on page 35.</p>
<b>Interest Payments</b>	Quarterly in arrears on 15 February, 15 May, 15 August and 15 November. The first Interest Payment Date is 15 February 2012 and interest will accrue from the date that Application Monies are banked.
<b>Deferral of Interest</b>	<p>Interest on the Capital Bonds will be deferred for up to five years in certain circumstances. If interest is deferred, Bondholders will not be paid any interest on the Capital Bonds for the period of deferral. Payment of interest must be deferred if Contact Energy's issuer credit rating assigned by Standard &amp; Poor's is BB or lower, Contact Energy is Insolvent or payment of the interest would cause Contact Energy to become Insolvent.</p> <p>Deferred Interest will itself accrue interest at the prevailing Interest Rate and that interest will compound on each Interest Payment Date thereafter. A deferral of interest payments under the Capital Bonds will not constitute an Event of Default.</p> <p>Deferred Interest must be paid if the circumstances which led to the deferral of interest no longer apply (and payment would not trigger a further deferral of interest) or five years have passed from the original date of deferral (whichever is the earlier), and failure to make such a payment when due will be an Event of Default. Failure to pay interest which is not Deferred Interest is an Event of Default.</p> <p>A more detailed description of deferral of interest is set out in the Statutory information section under the heading Deferral of interest on page 35. As Contact Energy's issuer credit rating could be relevant to a deferral of interest, investors should also refer to the Risks section under the heading Credit rating on page 31.</p>
<b>Change of Control</b>	<p>Contact Energy can redeem the Capital Bonds early in certain circumstances. One of these circumstances is a Change of Control Event. If a Change of Control Event occurs, Contact Energy has the right to redeem the Capital Bonds at the greater of the Principal Amount or market value, plus in each case, accrued and unpaid interest.</p> <p>Each Bondholder can require Contact Energy to redeem its Capital Bonds early in certain circumstances where there is a Change of Control Event but only where there is an associated Rating Downgrade. If a Change of Control Event occurs, and there is an associated Rating Downgrade, Bondholders will be sent a Holder Put Event Notice under which each Bondholder may elect to have their Capital Bonds redeemed by Contact Energy if Contact Energy does not exercise its option to redeem the Capital Bonds. The amount payable by Contact Energy in the case of such a redemption is the Principal Amount of the Capital Bonds plus accrued and unpaid interest.</p> <p>A Change of Control Event includes Origin Energy and/or any entity wholly-owned or controlled by Origin Energy obtaining ownership or control of 90% or more of the Voting Rights of Contact Energy.</p>
<b>Issue Price/Principal Amount</b>	\$1.00 per Capital Bond.
<b>Minimum Application</b>	Applications must be for a minimum of \$5,000 and in multiples of \$1,000 thereafter.
<b>Listing and Quotation</b>	NZDX <sup>1</sup> .

<sup>1</sup> Application has been made to NZX for permission to list the Capital Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, the Capital Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Prospectus. The NZDX is a registered market operated by NZX (which is a registered exchange) under the Securities Markets Act.

# Important dates

Minimum Rate Set Date	22 November 2011
Opening Date	23 November 2011
Closing Date	15 December 2011 (Midday)
Rate Set Date	16 December 2011
Issue Date	20 December 2011
Expected Date of Quotation on the NZDX	21 December 2011
First Interest Payment Date	15 February 2012
Interest Payment Dates	15 February, 15 May, 15 August and 15 November
First Call Date, First Reset Date and Step-up Date	15 February 2017
Second Reset Date (and equity content to minimal)	15 February 2022
Maturity Date	15 February 2042

These dates are indicative only and are subject to change. Contact Energy has the right in its absolute discretion and without notice to open or close the Offer early, to accept late applications, and to extend the Closing Date. If Contact Energy decides to extend the period of the Offer beyond 15 December 2011 allotments of further Capital Bonds may be made periodically until the Closing Date. If the Closing Date is extended, subsequent dates may be extended accordingly.

Investors are encouraged to lodge their applications as soon as possible after the Offer opens as interest on the Capital Bonds will accrue at the Interest Rate from the date Application Monies for the Capital Bonds have been banked into the trust account operated in respect of the Offer.

Contact Energy reserves the right to cancel the Offer and issue of Capital Bonds in which case all Application Monies received will be refunded (without interest) as soon as possible.





# Terms of the Capital Bonds

The following is a summary of the main terms of the Capital Bonds. Investors should also refer to the more detailed information in the other sections of this Prospectus, including the Statutory information section on pages 34 to 44.

<b>Issuer</b>	<p>Contact Energy Limited.</p> <p>A description of the Issuer is set out in the Issuer profile section on pages 14 to 25.</p>
<b>Status of the Capital Bonds</b>	<p>The Capital Bonds are unsecured, subordinated, redeemable, cumulative, interest bearing debt obligations of Contact Energy. The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Contact Energy, other than indebtedness ranking equally with, or subordinate to, the Capital Bonds. This means that in the event of the liquidation or winding up of the Issuer, Bondholders' rights to payment of any amounts owing under the Capital Bonds will rank after the claims of all other creditors of Contact Energy (other than those who have agreed to rank subordinate to, or equal with, the Bondholders) but prior to claims of Shareholders.</p>
<b>Credit Rating</b>	<p>Contact Energy has an issuer credit rating of BBB (stable outlook) from each of Standard &amp; Poor's and Fitch. This rating was first assigned by Standard &amp; Poor's on 22 December 2002 and by Fitch on 9 September 2009.</p> <p>Reflecting the subordinated nature of the Capital Bonds and the potential for deferral of interest, Standard &amp; Poor's is expected to assign an issue credit rating of BB- to the Capital Bonds.</p> <p>While Contact Energy currently has issuer credit ratings of BBB (stable outlook) from Standard &amp; Poor's and Fitch, there can be no guarantee that Contact Energy's issuer credit ratings will be maintained at this level whilst the Capital Bonds are outstanding. The credit ratings of Contact Energy and the Capital Bonds themselves may change over time, depending on, among other things, the business, operational and financial performance of Contact Energy and the wider Contact Energy Group.</p> <p>Credit ratings are not a recommendation to buy, sell or hold the securities issued by Contact Energy (including the Capital Bonds) and the ratings may be subject to revision or withdrawal at any time by Standard &amp; Poor's or Fitch.</p> <p>Further information concerning the issuer credit rating of Contact Energy and the issue credit rating of the Capital Bonds is described in the Risks section under the heading Credit rating on page 31.</p>
<b>Equity Content</b>	<p>Standard &amp; Poor's is expected to assign a "high equity content" (100%) to the Capital Bonds, meaning that the Principal Amount of the Capital Bonds and associated interest payments will not be included in the debt and total interest figures which Standard &amp; Poor's uses when calculating financial ratios for Contact Energy. However, the equity content assigned to the Capital Bonds by Standard &amp; Poor's is expected to be reduced to minimal (0%) at the date falling 20 years prior to the Maturity Date (15 February 2022).</p>
<b>Maturity Date</b>	15 February 2042.
<b>Interest Rate and Step-up</b>	<p>The Capital Bonds will carry a fixed rate of interest from the Issue Date until the First Reset Date, which will be set and announced on the Rate Set Date following the close of the Offer. The Interest Rate for the period until the First Reset Date will be no lower than the Minimum Interest Rate which will be announced by the Issuer on or before the Opening Date.</p> <p>On each Reset Date (15 February 2017 and every five year anniversary thereafter), the Interest Rate will reset to be the sum of the Benchmark Rate on that Reset Date and the Step-up Margin (being the Margin plus the Step-up Percentage of 0.25% per annum).</p> <p>A more detailed description of how the Interest Rate is determined is set out in the Statutory information section under the heading Interest on page 35.</p>
<b>Margin</b>	<p>The Margin will be the margin determined by the Issuer in consultation with the Joint Lead Managers on the Minimum Rate Set Date and is expected to be announced by the Issuer on or before the Opening Date.</p>
<b>Interest Payments</b>	<p>Other than for the first interest payment, interest is scheduled to be paid quarterly in arrears in equal amounts on each Interest Payment Date (15 February, 15 May, 15 August and 15 November of each year). Interest accrues on the Capital Bonds until (but excluding) the date on which they are redeemed.</p>
<b>First Interest Payment</b>	<p>The first interest payment will be made on the first Interest Payment Date (15 February 2012) in an amount that reflects the number of days from (and including) the date on which a Bondholder's Application Monies have been banked into the trust account operated in respect of the Offer to (but excluding) the first Interest Payment Date.</p>
<b>Interest to Original Subscriber</b>	<p>Interest payable on the first Interest Payment Date (15 February 2012) will be paid to the first registered Bondholder of the Capital Bonds regardless of any transfer of the Capital Bonds prior to the first Interest Payment Date. Interest payable on subsequent Interest Payment Dates will be paid to the Bondholder on the Register as at the applicable Record Date.</p>

<b>Deferral of Interest</b>	<p>Payment of interest on the Capital Bonds will be deferred if the issuer credit rating assigned by the Rating Agency to Contact Energy is BB or lower, if Contact Energy is Insolvent or if Contact Energy would become Insolvent as a result of making the payment of interest. Deferred Interest will itself accrue interest at the prevailing Interest Rate and that interest will compound on each Interest Payment Date thereafter. A deferral of interest payments on the Capital Bonds will not constitute an Event of Default under the Trust Documents.</p> <p>The Issuer can continue to pay distributions on its ordinary equity and make payments on any other securities regardless of whether any Deferred Interest is outstanding.</p>
<b>Maximum Deferral Period</b>	<p>Deferred Interest must be paid if the circumstances which led to the deferral of interest no longer apply (to the extent that such payment would not trigger a further deferral of interest). Such payment must be made on the following Interest Payment Date.</p> <p>Notwithstanding any deferral of interest (or the continuance of the circumstances which led to the deferral of interest), all Deferred Interest not already paid must be paid on the day which is five years after the original date of deferral.</p> <p>More detail on deferral of interest and payment of Deferred Interest is set out in the Statutory information section under the heading Deferral of interest on page 35.</p>
<b>Mandatory Redemption by the Issuer</b>	<p>Contact Energy must redeem all of the Capital Bonds on the Maturity Date (15 February 2042).</p> <p>Contact Energy must also redeem the Capital Bonds if an Event of Default occurs and the Trustee (in its discretion or upon being directed by Bondholders by Extraordinary Resolution) declares the Capital Bonds to be due and payable by notice in writing to Contact Energy.</p> <p>The Events of Default are set out in full in the Supplemental Trust Deed and may be summarised as:</p> <ul style="list-style-type: none"> <li>• failure to pay interest within three Business Days of when it is due, except in circumstances where Contact Energy has deferred interest payments in accordance with the deferral of interest provisions;</li> <li>• failure to pay principal within two Business Days of when it is due;</li> <li>• failure by the Issuer to give to Bondholders and the Trustee notice no later than 100 days after the date of any Change of Control Event that gave rise to a Holder Put Event;</li> <li>• an insolvency event of Contact Energy occurs in the nature of the appointment of a liquidator, receiver, statutory manager, administrator or any analogous appointment, that is not removed or discharged within 30 days of such occurrence, or deregistration of Contact Energy;</li> <li>• the Issuer ceases to carry on all or substantially all of its business or operations unless the same has been previously approved by resolution of the Bondholders in accordance with the Master Trust Deed; and</li> <li>• any Capital Bond ceases to constitute, or the Issuer claims that any Capital Bond has ceased to constitute, the legal, valid and binding obligations of the Issuer, enforceable in accordance with its terms.</li> </ul> <p>More detail on the mandatory early redemption of the Capital Bonds by the Issuer is set out in the Statutory information section under the heading Mandatory redemption by Contact Energy on page 36.</p>
<b>Optional Early Redemption by the Issuer</b>	<p>Contact Energy may redeem:</p> <ul style="list-style-type: none"> <li>• all or some of the Capital Bonds on a Reset Date; or</li> <li>• all or some of the Capital Bonds on any Interest Payment Date after the First Reset Date; or</li> <li>• all of the Capital Bonds then outstanding at any time if a Tax Event, Rating Agency Event or Change of Control Event occurs; or</li> <li>• all of the Capital Bonds then outstanding if, immediately following redemption of Capital Bonds pursuant to a Holder Put Event Notice, the Principal Amount of Capital Bonds outstanding is less than \$75 million. This option to redeem is only exercisable for a period of 10 days after the end of the period in which the Bondholders' option to redeem is exercisable.</li> </ul> <p>For any partial redemption of the Capital Bonds at its option, Contact Energy must use its best endeavours to treat all Bondholders on a proportionate basis and there must remain at least \$75 million in Principal Amount of Capital Bonds outstanding after the partial redemption.</p> <p>More detail on the optional early redemption of the Capital Bonds by Contact Energy is set out in the Statutory information section under the heading Optional early redemption by Contact Energy on page 36.</p>

# Terms of the Capital Bonds (continued)

<b>Optional Early Redemption by Bondholders</b>	<p>The only circumstance in which Bondholders will have the option to require Contact Energy to redeem all of their Capital Bonds is if Contact Energy gives a Holder Put Event Notice and does not exercise its option to redeem the Capital Bonds. A Holder Put Event Notice must be given if there is a Change of Control Event and an associated Rating Downgrade.</p> <p>More detail on the optional early redemption of the Capital Bonds by Bondholders is set out in the Statutory information section under the heading Optional early redemption by Bondholders on page 36.</p>
<b>Payments on Redemption</b>	<p>If Contact Energy redeems the Capital Bonds on a Reset Date (even though a Reset Date will be an Interest Payment Date) or upon the occurrence of a Tax Event, a Rating Agency Event or a Holder Put Event (either at the election of Bondholders or where there is less than \$75 million in Principal Amount of Capital Bonds outstanding immediately following the redemption of Capital Bonds at the option of Bondholders pursuant to a Holder Put Event Notice), Contact Energy must pay to the relevant Bondholder the Principal Amount of the Capital Bonds plus any Deferred Interest payable plus any accrued interest not paid up to (but excluding) the date on which the redemption is to occur.</p> <p>If Contact Energy redeems the Capital Bonds early for any other reason, Contact Energy must pay an amount for each Capital Bond which is the greater of:</p> <ul style="list-style-type: none"> <li>the Principal Amount of the Capital Bond plus any Deferred Interest payable plus any accrued and unpaid interest up to (but excluding) the date on which the redemption is to occur; and</li> <li>the market price of the Capital Bond, being: <ul style="list-style-type: none"> <li>the volume weighted average price of the Capital Bonds traded on the NZDX market over the 10 Business Days prior to the 15th day before the announcement date of an early redemption, plus any accrued and unpaid interest up to (but excluding) the date on which the redemption is to occur; or</li> <li>where the Capital Bonds have not traded on the NZDX for at least half of the 10 Business Day period specified above, the average price of the Capital Bonds for that period will be determined by an independent adviser.</li> </ul> </li> </ul>
<b>Prior Ranking Debt and no Limitation on Issuing Further Debt</b>	<p>As at 30 June 2011, Contact Energy had total liabilities of \$2,458 million (including total borrowings of \$1,085 million and payables and accruals of \$414 million). The borrowings, payables and accruals and certain other liabilities of Contact Energy will rank ahead of the Capital Bonds in the event of the liquidation or winding up of Contact Energy. Contact Energy may also incur further debt obligations from time to time which may rank ahead of, or equally with, the Capital Bonds without the consent of Bondholders.</p> <p>More detail on the extent of the liabilities of Contact Energy that will rank ahead of the Capital Bonds in the event of the liquidation or winding up of Contact Energy is set out in the Statutory information section under the heading Consequences of insolvency on pages 41 and 42.</p>
<b>No Financial Covenants</b>	<p>There are no financial covenants contained in the Trust Documents applicable to the Capital Bonds to ensure Contact Energy meets minimum levels of financial performance.</p>
<b>Form of Capital Bonds</b>	<p>The Capital Bonds will be entered onto the register maintained by the Registrar. No certificates of title in respect of the Capital Bonds will be issued to Bondholders. Title to the Capital Bonds passes by transfer and registration. The Issuer and the Registrar will rely on the Register for the purpose of determining entitlements to interest payments on each Interest Payment Date (other than for the first Interest Payment Date as noted above) and for the repayment of the Principal Amount of the Capital Bonds when they are redeemed. These payments will be by direct credit only unless the Issuer determines otherwise.</p>
<b>No Guarantee</b>	<p>Contact Energy is the issuer of the Capital Bonds and the sole obligor in respect of the Capital Bonds.</p> <p>No payment in respect of the Capital Bonds (whether of principal, interest or otherwise) is guaranteed by any of Origin Energy, any subsidiary of Origin Energy or Contact Energy or by any other person.</p>
<b>Taxation</b>	<p>A description of the applicable New Zealand taxes is set out in the Statutory information section under the heading Taxation of returns on pages 37 and 38.</p>
<b>Risks</b>	<p>Investment in the Capital Bonds is subject to risks, which are summarised in the Risks section on pages 28 to 32.</p>
<b>Governing Law</b>	<p>New Zealand.</p>



# Terms of the Offer

The following is a summary of the main terms of the Offer. Investors should also refer to the more detailed information in the other sections in this Prospectus, including the Statutory information section on pages 34 to 44.

<b>The Offer</b>	The Issuer is offering for subscription \$150 million (plus oversubscriptions of up to \$100 million) in Principal Amount of Capital Bonds.
<b>Issue Price</b>	\$1.00 per Capital Bond.
<b>Minimum Application and Holding</b>	The minimum application amount in respect of the Capital Bonds is \$5,000 with multiples of \$1,000 thereafter. There is no minimum holding of Capital Bonds other than as prescribed by the Listing Rules.
<b>Who May Apply</b>	The Capital Bonds are offered in New Zealand to New Zealand resident investors. Contact Energy reserves the right to refuse all or any part of any application for Capital Bonds without giving a reason.
<b>Firm Allocations</b>	All of the Capital Bonds may be reserved for subscription by clients of the Joint Lead Managers, the Co-Manager, Primary Market Participants and other invitees to the Bookbuild under Firm Allocations. The aggregate number of Capital Bonds so reserved will be determined by the Issuer, in consultation with the Joint Lead Managers, on or before the Opening Date. However, Contact Energy, in consultation with the Joint Lead Managers, reserves the right to make further Firm Allocations after the Opening Date.  If there is a Public Pool, those applications will be accepted on a first come first served basis.
<b>How to Apply</b>	Full application instructions are set out in the Statutory information section under the heading Applications on page 34, in the Application instructions section on pages 49 and 50 and in the Application Form attached to this Prospectus.  If there is not a Public Pool, you must contact a Primary Market Participant or your financial adviser if you wish to apply for Capital Bonds.  If there is a Public Pool and you wish to apply for Capital Bonds through the Public Pool, you should complete the Application Form in accordance with the application instructions and lodge the Application Form (together with payment) in time for it to be received by the Registrar before Midday on the Closing Date.
<b>No Underwriting</b>	The Offer is not underwritten.
<b>Brokerage</b>	NZX has authorised Primary Market Participants to act in respect of the Offer. Applicants are not required to pay brokerage or any charges to the Issuer in relation to the Offer.
<b>Sale and Transfer</b>	Applicants should not attempt to sell any Capital Bonds until they know whether, and how many, Capital Bonds have been issued to them. None of the Issuer, the Joint Lead Managers, the Co-Manager or any other person accepts any liability should any applicant attempt to sell or otherwise deal with the Capital Bonds before the applicant receives their Holding Statement.
<b>Listing on the NZDX</b>	Application has been made to NZX for permission to list the Capital Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, the Capital Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Prospectus. NZDX is a registered market operated by NZX (which is a registered exchange), regulated under the Securities Markets Act.
<b>Arranger and Organising Participant</b>	Craigs Investment Partners Limited.
<b>Joint Lead Managers</b>	Craigs Investment Partners Limited, ANZ National Bank Limited, ASB Bank Limited and Forsyth Barr Limited.
<b>Co-Manager</b>	Westpac Banking Corporation, New Zealand Branch.
<b>Registrar and Paying Agent</b>	Computershare Investor Services Limited.
<b>Trustee</b>	The New Zealand Guardian Trust Company Limited.

# Issuer profile

The issuer profile set out in this section is a summary of the business of the Contact Energy Group. Investors should be aware that the Capital Bonds are being issued by Contact Energy Limited, the parent company of the Contact Energy Group. No subsidiary of Contact Energy Limited guarantees, or provides any other surety in respect of the Capital Bonds or any of Contact Energy Limited's obligations in relation to the Capital Bonds. Contact Energy Limited is the only person (as that term is defined in the Securities Act) legally liable to pay interest on the Bonds and the Principal Amount of the Bonds as at the date of this Prospectus.

Contact Energy is one of New Zealand's leading electricity generators and energy retailers, providing electricity, gas and LPG to approximately 560,000 customers nationwide.

Contact Energy has been in operation since 1996, when it acquired a portfolio of electricity generation and gas assets from the State-owned electricity generator, ECNZ (Electricity Corporation of New Zealand Limited). Contact Energy's ordinary shares were listed on the NZSX in May 1999 and Contact Energy remains one of New Zealand's most widely held companies with around 79,000 shareholders. In 2004, the Origin Energy Group (of which Origin Energy is the parent), became Contact Energy's majority shareholder. As at 30 June 2011 Origin Energy held or controlled 52.6% of the Shares.<sup>2</sup>

## Environment in which Contact Energy operates

In New Zealand, electricity is sold by five main generating companies (including Contact Energy) and a number of independent generators, either directly to end users under supply agreements or on the wholesale electricity market (see chart opposite). On the wholesale electricity market, electricity is purchased by retailers (including Contact Energy) and large industrial users.

Transpower owns the high voltage electricity transmission system in New Zealand. Transpower transports bulk electricity from where it is generated to cities, towns and some major industrial users and connects at grid exit points with 29 local electricity lines businesses which deliver that power to New Zealand's homes and businesses. Some larger major industrial users are directly connected to the high voltage electricity transmission system.

Electricity generation and retailing businesses such as Contact Energy are substantially prevented by the Electricity Industry Act 2010 from carrying on the business of electricity transmission and distribution.

Retail electricity supply in New Zealand is deregulated with any party able to offer to sell electricity in competition with other electricity retailers to any retail customer. While the extent of retail competition varies across the country, customers generally have a choice of retailers. Retail electricity tariffs are not subject to price regulation and vary across New Zealand.

<sup>2</sup> Neither Origin Energy nor any of its subsidiaries guarantees the Capital Bonds. Origin Energy's shares in Contact Energy are substantially held through Origin Energy New Zealand Limited.

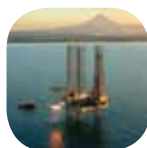


# Generation

Geothermal



Gas



Hydro



Coal



Wind



All electricity generated in New Zealand is sold to the wholesale or 'spot' market, effectively creating a single pool of electricity. Electricity generators compete with each other by offering their generation to the market at a certain price, with the cheapest power used first.



## Wholesale electricity market

The wholesale electricity market is the exchange through which electricity is bought and sold. This buying and selling occurs 24 hours a day, seven days a week at half hour intervals. Each half hour the price is set by the lowest priced bid for generation required to meet all demand.



## Electricity retailers

Electricity retailers purchase electricity from the wholesale market to sell to their residential, industrial and commercial customers. Contact Energy is both a generator and a retailer of electricity, as are a number of other New Zealand electricity companies.



## Transmission

Transpower transports power from areas of electricity generation to substations across the country through the national transmission grid.

## Substations

## Distribution

Lines companies move electricity from substations to residential homes and businesses.

Large business



Small business



Residential



# Customers





# Our generation fleet

– over 2,000 MW of power

## Current Generation

Contact Energy owns and operates a diverse electricity generation portfolio of 10 power stations throughout New Zealand including hydro power stations on the Clutha River in Central Otago, geothermal plants around Taupō, and gas-fired power stations in Taranaki, Auckland and the Waikato. In mid-2011 Contact Energy's Ahuroa gas storage facility and Stratford gas peaking plant entered commercial operation, providing flexibility to Contact Energy's gas portfolio. The Ahuroa gas storage facility enables Contact Energy to reduce the cost of its gas generation by injecting gas into storage, when use in gas-fired thermal generation or sale is not as profitable. As at 30 September 2011, approximately 17.6 PJ of gas was stored in the Ahuroa gas storage facility. The Stratford gas peaking plant can operate at short notice and is therefore more responsive to the market's need for capacity to back up other forms of generation.

Contact Energy produced 10,268 GWh of electricity in the year ending 30 June 2011.

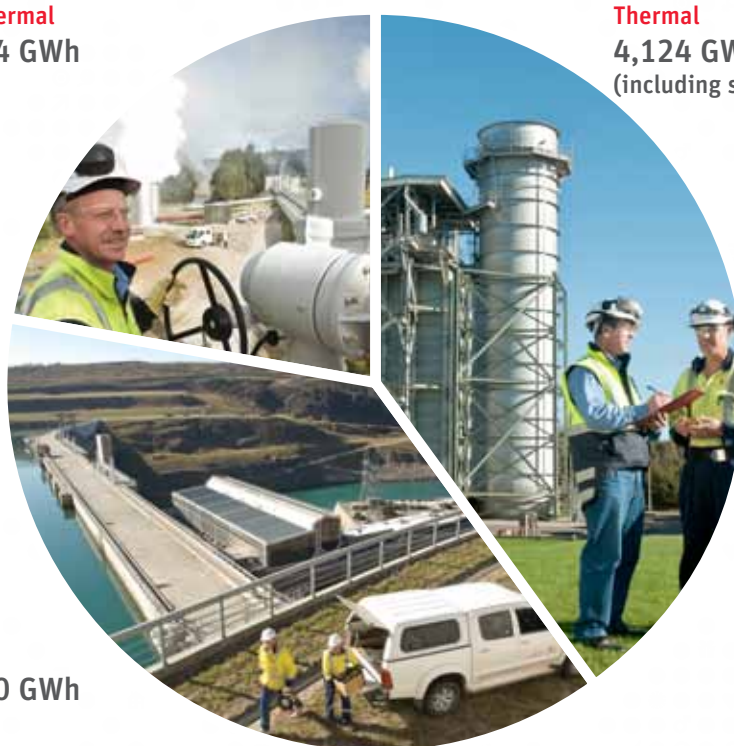
Contact Energy's generation by type for the year ended 30 June 2011

**Geothermal**  
2,284 GWh

**Thermal**  
4,124 GWh  
(including swaption)<sup>3</sup>

**Hydro**  
3,860 GWh

**Total generation: 10,268 GWh**



<sup>3</sup> Contact Energy has a contract with another generator (referred to as a "swaption") which allows Contact Energy to require the other generator to exchange the difference between a fixed price per MWh and the wholesale electricity price. This contract has a maximum capacity of 200 MW and expires on 31 December 2012.



# Individual power stations by fuel type

## Geothermal

In the year ended 30 June 2011, Contact Energy generated 2,284 GWh from its geothermal operations in the Taupō region, and has world-class expertise in development of geothermal energy projects. Contact Energy also owns and operates New Zealand's most iconic geothermal power station, Wairakei.



**Name: Wairakei** (Commissioned: 1958, 2005)  
Type: Flash steam / binary cycle  
Location: Wairakei, Waikato  
Capacity (MW): 172  
Generation for year ended 30 June 2011 (GWh): 1,377



**Name: Ohaaki** (Commissioned: 1989)  
Type: Flash steam  
Location: Ohaaki, Waikato  
Capacity (MW): 40  
Generation for year ended 30 June 2011 (GWh): 364



**Name: Poihipi** (Commissioned: 1996)  
Type: Flash steam  
Location: Wairakei, Waikato  
Capacity (MW): 55  
Generation for year ended 30 June 2011 (GWh): 361



**Name: Te Huka** (Commissioned: 2010)  
Type: Binary cycle  
Location: Taupo  
Capacity (MW): 23  
Generation for year ended 30 June 2011 (GWh): 182



 Existing power stations

 Strategic initiatives

 Offices



## Thermal

The burning of coal, gas or diesel in electricity generation plants provides reliable baseload and peaking generation. This is critical to maintaining New Zealand's electricity supply when hydrology or wind conditions mean that hydro or wind generation is not providing sufficient electricity.



**Name: Otāhuhu B** (Commissioned: 1999)  
Type: Combined-cycle turbine  
Location: Otāhuhu, Auckland  
Capacity (MW): 400  
Generation for year ended 30 June 2011 (GWh): 2,015



**Name: Te Rapa** (Commissioned: 1999)  
Type: Open-cycle turbine cogeneration  
Location: Te Rapa, Waikato  
Capacity (MW): 44  
Generation for year ended 30 June 2011 (GWh): 196



**Name: Stratford** (Commissioned: 1998)  
Type: Combined-cycle turbine  
Location: Stratford, Taranaki  
Capacity (MW): 377  
Generation for year ended 30 June 2011 (GWh): 1,392



**Name: Stratford** (Commissioned: 2011)  
Type: Peaker gas turbines  
Location: Stratford, Taranaki  
Capacity (MW): 200  
Generation for year ended 30 June 2011 (GWh): 14



**Name: Ahuroa gas storage** (Commissioned: 2011)  
Ability to store and extract gas as conditions require  
Location: Ahuroa, Taranaki  
Capacity: 17.6 PJ's stored as at 30 September 2011

## Hydro

Hydro generation has been a part of New Zealand's energy system for over 100 years and continues to provide the majority of New Zealand's electricity needs. Contact Energy's two large hydro dams on the Clutha River (the Clyde and Roxburgh power stations) provide New Zealand with generating capacity of 752 MW and form a critical part of New Zealand's hydro generation backbone.



**Name: Clyde** (Commissioned: 1992)  
Type: Conventional  
Location: Clyde, Otago  
Capacity (MW): 432  
Generation for year ended 30 June 2011 (GWh): 2,134



**Name: Roxburgh** (Commissioned: 1956-1962)  
Type: Conventional  
Location: Roxburgh, Otago  
Capacity (MW): 320  
Generation for year ended 30 June 2011 (GWh): 1,726

## Other

**Name: Otāhuhu A** (Commissioned: 1968)  
Fuel: Gas  
Type: Open-cycle turbine  
Location: Otāhuhu, Auckland  
Capacity (MW): Voltage support  
Generation for the year ended 30 June 2011 (GWh): N/A

**Name: Whirinaki** (Commissioned: 2004)  
Fuel: Diesel  
Type: Open-cycle turbine  
Location: Whirinaki, Hawke's Bay  
Capacity (MW): 155  
Generation for the year ended 30 June 2011 (GWh): 9  
Owned by the Crown

**Name: Oakey** (Commissioned: 2000)  
Fuel: Gas / Oil  
Type: Open-cycle gas turbine  
Location: Queensland, Australia  
Capacity (MW): 282  
25% owner

## Contact Energy's development projects

### Geothermal

**Name: Te Mihi**  
Location: North of Taupō  
Proposed capacity (MW): 166 (gross)  
Status: Under construction

**Name: Tauhara 2**  
Location: Near Taupō  
Proposed capacity (MW): 250  
Status: Consents granted

**Name: Taheke 8C**  
Location: Near Rotorua  
Status: Exploration

### Wind

**Name: Hauāuru mā raki**  
Location: West Waikato  
Proposed capacity (MW): 504  
Status: Consents granted

**Name: Waitahora**  
Location: Puketo Ranges, east of Dannevirke  
Proposed capacity (MW): 156  
Status: Consents granted

### Hydro

**Name: Hawea gates**  
Location: Lake Hawea, Otago  
Proposed capacity (MW): 17  
Status: Consents granted

**Name: Upper/Lower Clutha options**  
Location: Clutha River, Otago  
Proposed capacity (MW): 200-400  
Status: Under consideration

### Thermal

**Name: Ahuroa gas storage**  
Fuel: Gas  
Location: Ahuroa, Taranaki  
Status: Possible expansion

**Name: Otāhuhu C**  
Fuel: Gas  
Type: Combined-cycle turbine  
Location: Otāhuhu, Auckland  
Capacity (MW): 400  
Status: Consents granted

**Name: Stratford**  
Fuel: Gas  
Type: Combined-cycle turbine  
Location: Stratford, Taranaki  
Capacity (MW): 500  
Status: Consents granted

**Name: Otāhuhu A**  
Fuel: Gas  
Type: Open-cycle turbine  
Location: Otāhuhu, Auckland  
Capacity (MW): 120  
Status: Consents granted

## Offices

Contact Energy and its subsidiary Rockgas have offices from Auckland to Invercargill.

In addition to supplying electricity, Contact Energy supplies reticulated gas products across much of the North Island and reticulated LPG to customers in Christchurch, Wanaka and Queenstown.

## Generation development

Contact Energy has 1,947 MW of new generation projects consented and 166 MW (gross) under construction, including what Contact Energy believes to be some of the most advantageous gas-fired and geothermal power station development sites in New Zealand.

Contact Energy's strategy is three pronged: increase portfolio flexibility, lower the average cost of generation and grow market share.

In the 2011 calendar year, Contact Energy successfully commissioned its Ahuroa gas storage facility and Stratford gas peaking plant. With the flexibility these assets bring to Contact Energy's portfolio, its focus is now on developing low cost, baseload<sup>4</sup> generation and further flexible generation options for execution when market conditions are right.

At present, Contact Energy is developing options across four key energy sources: geothermal, gas, wind and hydro. Geothermal generation development is Contact Energy's number one investment priority due to Contact Energy's belief that geothermal generation represents New Zealand's lowest cost source of new generation, is the only currently viable form of renewable generation that does not depend on the weather and can produce large volumes of clean, baseload energy. Accordingly, Contact Energy has developed a number of geothermal projects that are expected to result in significant investment in new geothermal generation in the Taupō and Rotorua regions over the next few years. Highlights include:

- in May 2010, Contact Energy commissioned the 23 MW Te Huka geothermal binary plant near Taupō;
- in December 2010, Contact Energy received final resource consents from the Board of Inquiry to develop the 250 MW Tauhara 2 power station near Taupō;
- in February 2010 Contact Energy was chosen by The Proprietors of Taheke 8C and Adjoining Blocks Incorporation for the investigation and potential development of the Taheke geothermal field; and
- in February 2011, Contact Energy committed to the construction of the 166 MW (gross)<sup>5</sup> Te Mihi power station near Taupō. Work on the Te Mihi project commenced on a site approximately five kilometres from the Wairakei geothermal power station and the Te Mihi power station is expected to be brought into operation in 2013. Once completed, 45 MW of the existing Wairakei station will be decommissioned, resulting in a net increase in output from the power stations on the Wairakei geothermal resource of 114 MW.

<sup>4</sup> Baseload generation means the capability to generate on a continual basis.

<sup>5</sup> Te Mihi will be a 166 MW plant, but will produce approximately 159 MW due to approximately 7 MW of on site demand.

The execution of Contact Energy's geothermal options is expected to assist in reducing Contact Energy's average cost of generation and, over time, is expected to increase Contact Energy's generation market share, even if demand growth does not resume at levels consistent with long-term averages. This is because the variable cost of gas-fired thermal generation is expected to be higher than the total cost of new geothermal generation and, with the ability to store gas in the Ahuroa gas storage facility for use in the future, Contact Energy will be able to operate the Te Mihi power station instead of more expensive baseload gas-fired thermal generation.

In addition to geothermal development options, Contact Energy is also developing wind and hydro options and has what it believes to be some of the most advantageous gas-fired power station development sites in New Zealand for development when market conditions are able to support them.

Contact Energy currently holds resource consents for two wind development projects Hauāuru mā raki and Waitahora located in the Waikato and the southern Hawke's Bay, close to load centres, as well as consents for:

- a 17 MW hydro generation project at Contact Energy's control gates at Lake Hawea in Central Otago;
- a 400 MW combined-cycle gas power station and a 120 MW open-cycle gas power station at Contact Energy's Ōtāhuhu site; and
- a 500 MW combined-cycle project at Contact Energy's Stratford power station.

Additionally, Contact Energy is examining four hydro options on the Clutha River in the lower South Island, with a view to determining which, if any, to take to the consenting stage.

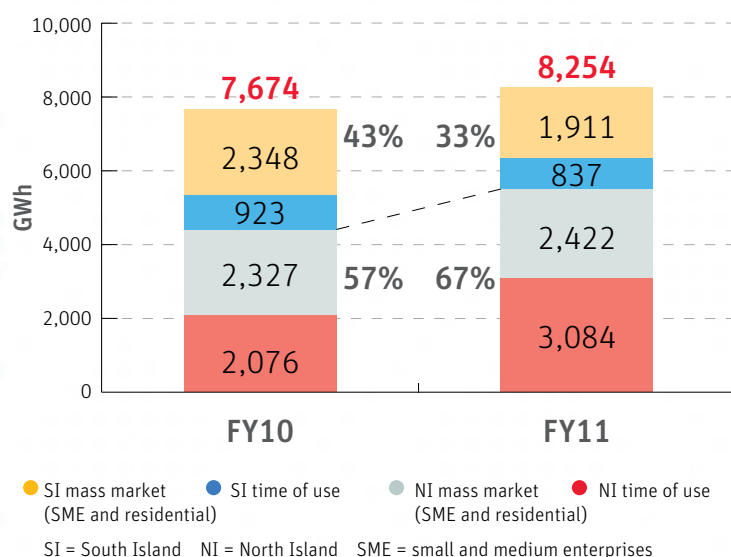
While Contact Energy believes that New Zealand can generate more of its electricity from renewable sources, gas-fired generation is expected to continue to have a pivotal role in ensuring New Zealand's security of supply. For this reason, Contact Energy is exploring options for a second set of gas-fired peakers at the Stratford power station and additional injection and extraction capacity in the Ahuroa gas storage facility.

Ultimately, final investment decisions to pursue any of these options are yet to be made and will be based on their economics, which will be affected by matters such as electricity demand and supply projections, future price path expectations, the cost of carbon, future gas costs and availability, and the long-term capital cost of new generation sources. Contact Energy considers that it is well positioned over the long term to respond to changes in any of these factors.

## Electricity retailing

Contact Energy is the second largest electricity retailer in New Zealand with approximately 447,000 customers and an estimated 22% of retail market share by customer numbers as at 30 June 2011. Contact Energy's main competitors are Genesis Power Limited, Mercury Energy (part of Mighty River Power Limited), Meridian Energy Limited and TrustPower Limited. Contact Energy supplies electricity to commercial and residential customers under the Contact and Empower brands.

Contact Energy's load split by customer type and island (sales)





In the year ended 30 June 2011, Contact Energy supplied 8,254 GWh to its mass market (small and medium enterprises and residential) and time of use customers. Contact Energy's access to its own generation significantly reduces the risks associated with purchasing electricity to supply Contact Energy's retail customer base. Once short-term hedges (being forward sales of electricity to other retailers) are taken into account, on average Contact Energy had approximately 12% of its generation exposed to the wholesale electricity price in the year ended 30 June 2011. Because of its thermal generation capacity, Contact Energy can vary the levels of its exposed generation depending on market conditions.

The stability of Contact Energy's retail revenue is also underpinned by a diversified customer base and its large proportion of residential customers, whose demands tend not to be significantly sensitive to fluctuations in economic activity. Notwithstanding such stability, Contact Energy experienced increased levels of customer losses in the year ended 30 June 2011, particularly in the last quarter. Since the release of an increased level of discount with the Online OnTime product in August 2011, Contact Energy has arrested and reversed the trend of net customer losses.

## **Gas supply and use**

Contact Energy acquires gas primarily for use in its thermal power stations and to supply its retail customer base. Contact Energy currently retails gas to approximately 59,500 customers with an estimated market share of 22% of the retail gas market in New Zealand by customer connections as at 1 October 2011.

Contact Energy also sells gas to other electricity generators and major customers. In the year ended 30 June 2011, Contact Energy utilised 30.1 PJ of gas for generation, sold 7.1 PJ of gas to wholesale customers and sold 2.8 PJ to its own retail customers. A further 5.8 PJ was injected into the Ahuroa gas storage facility and 2.0 PJ was paid for but not taken pursuant to Contact Energy's "take or pay" contractual obligations.

### **Contact Energy's gas use**

Contact Energy acquires gas from a number of contracted sources including gas from the Maui field and from OMV (sourced from the Pohokura field). Contact Energy's Ahuroa gas storage facility, an underground reservoir, has helped to provide flexibility to Contact Energy's gas supply portfolio by allowing Contact Energy to inject gas into the facility during periods of low wholesale electricity prices, for example when hydro lakes are full or when there is low demand.

The New Zealand gas supply outlook suggests that the market may be short of indigenous gas towards the middle to end of this decade. Contact Energy has developed generation options to provide flexibility in a range of gas supply and cost scenarios. See the Risks section under the heading Gas supply on page 29 for information on the gas supply risks Contact Energy faces.

## **LPG**

Contact Energy retails LPG through a wholly-owned subsidiary, Rockgas. In the year ended 30 June 2011, Rockgas was the largest LPG supplier in New Zealand, supplying approximately 47% of the LPG market by volume as at 30 June 2011.

Contact Energy is not a producer of LPG, but acquires the majority of its supply from New Zealand producers who extract LPG as a by-product from their gas and crude oil production. Contact Energy's principal supplier is Origin Energy which sources its LPG from the Kupe field.

In past years, with the decline of the Maui field, New Zealand has imported LPG to meet demand. However, with the Kupe field commencing production in 2009, imports of LPG have reduced, with imports only being required at certain times of the year.

Recently, there has been a decrease in LPG demand. Contributing factors include low economic growth, product substitution and the effects of the Christchurch earthquakes.

## Other energy assets

Contact Energy has interests in other energy assets including:

- a 25% interest in the 282 MW gas or distillate-fired open-cycle peaking Oakey power station in Queensland, Australia. Contact Energy provides operating and maintenance services to the power station under a 15 year contract which terminates in 2014;
- a lease to the Crown of the Whirinaki site in Hawke's Bay on which the Government has constructed a 155 MW diesel-fired power station to provide reserve generation. Contact Energy is contracted to operate the power station; and
- a geographically diverse metering business comprising approximately 133,000 gas metering installations and 217,000 electricity metering installations, each as at 30 June 2011. Approximately 47% of these gas and electricity metering installations are leased to other energy retailers, with the remainder used by Contact Energy customers.



## Selected financial information

Contact Energy is the sole obligor under the Capital Bonds and no other member of the Contact Energy Group guarantees or provides any other surety in respect of the Capital Bonds or any of Contact Energy's obligations in relation to the Capital Bonds. The selected financial information set out in the tables below contains financial and operational data for both Contact Energy and the entire Contact Energy Group over the financial years ending 30 June 2007 to 30 June 2011.

### Contact Energy Group

Selected financial information for Contact Energy Group*	For the year ended 30 June				
	2011	2010	2009	2008	2007
Revenue and other income (\$m)	2,230.8	2,164.4	2,220.1	2,756.7	1,998.0
Operating expenses (\$m)	(1,789.4)	(1,737.4)	(1,774.8)	(2,189.5)	(1,454.3)
EBITDAF (\$m)**	441.4	427.0	445.3	567.2	543.7
Underlying earnings after tax (\$m)***	150.9	149.8	158.7	230.4	231.3
Profit for the year (\$m)	150.3	154.7	115.6	234.7	239.7
Total assets (\$m)	5,643.5	5,147.8	5,026.2	4,836.6	4,585.3
Total liabilities (\$m)	2,407.9	2,371.0	2,366.6	2,215.6	1,964.0
- includes borrowings (\$m)	1,085.1	1,282.4	1,237.1	687.5	713.3
Net assets (\$m)	3,235.6	2,776.8	2,659.6	2,621.0	2,621.3
Operating cash inflow (\$m)	378.5	368.4	424.7	433.9	420.8
Investing cash (out)flow (\$m)	(436.3)	(442.3)	(466.3)	(223.6)	(282.7)
Financing cash in/(out)flow (\$m)	104.0	(104.7)	218.4	(387.4)	(240.9)
Gearing (%)	26.7	32.3	29.3	24.7	24.6
<b>Selected non-financial information</b>					
Generation by fuel source (GWh)					
- Hydro	3,860	3,760	3,543	3,504	3,639
- Geothermal	2,275	2,277	2,311	2,180	1,968
- Thermal	3,741	3,686	4,186	5,442	5,506
- Swaption	384	492	417	623	-
Total generation (GWh)	10,260	10,215	10,457	11,749	11,113
Average wholesale electricity price (\$ per megawatt hour)	49.69	53.62	57.55	110.50	53.75
Customer numbers (ICPs, thousands)					
- Electricity	447	477	479	520	513
- Gas	60	64	67	75	75
- LPG	59	58	54	51	49

\*\* Earnings before net interest expense, income tax, depreciation, amortisation, change in fair value of financial instruments and other significant items.

\*\*\* Underlying earnings after tax is a metric which management uses to assess Contact Energy's financial performance from ongoing operations. This provides additional information for stakeholders to determine the sustainability of Contact's profit. Underlying earnings after tax is calculated by taking Contact Energy's profit after tax and adjusting it to remove the effect of significant one-off items and the non-cash change in fair value of financial instruments, net of tax where applicable.

### Contact Energy Limited

Selected financial information for Contact Energy Limited*	For the year ended 30 June				
	2011	2010	2009	2008	2007
Revenue and other income (\$m)	2,000.8	1,894.4	1,881.5	2,419.9	1,832.5
Operating expenses (\$m)	(1,597.4)	(1,512.7)	(1,508.5)	(1,839.8)	(1,326.6)
EBITDAF (\$m)	403.4	381.7	373.0	580.1	505.9
Underlying earnings after tax (\$m)	123.7	132.5	107.1	241.6	207.6
Profit for the year (\$m)	123.3	171.1	61.7	246.0	216.0
Total assets (\$m)	5,602.8	5,106.9	4,974.2	4,785.0	4,550.9
Total liabilities (\$m)	2,457.8	2,393.5	2,394.6	2,190.0	1,966.0
- includes borrowings (\$m)	1,084.9	1,282.7	1,235.7	685.1	713.9
Net assets (\$m)	3,145.0	2,713.4	2,579.6	2,595.0	2,584.9
Operating cash inflow (\$m)	366.6	349.5	411.9	419.2	413.5
Investing cash (out)flow (\$m)	(423.0)	(423.2)	(452.3)	(207.3)	(278.4)
Financing cash in/(out)flow (\$m)	104.0	(104.5)	218.5	(387.4)	(240.9)
Gearing (%)	27.2	32.8	29.9	24.9	25.0

\* The selected financial information (with the exception of underlying earnings after tax and gearing for Contact Energy Limited) has been extracted from audited financial statements which have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. The audited financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities and with International Financial Reporting Standards. The underlying earnings after tax and gearing for Contact Energy have been calculated from information available in the audited statements. Where necessary, prior periods have been restated to reflect current accounting policies adopted by the Contact Energy Group. All amounts are stated in NZD. The selected financial information provided cannot be expected to provide as complete an understanding as provided by the full financial statements which are included in the Annual Report of Contact Energy available at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor).



## Financial performance

Contact Energy's revenue fluctuates from year to year depending on, among other factors, wholesale and retail electricity prices and electricity generation volumes.

During a wet year (when high water inflows or storage volumes lead to above average levels of hydro generation), wholesale electricity prices tend to be lower than average. The lower prices are principally due to higher amounts of low marginal cost hydro fuel that need to be used in generation, or risk being spilled for zero revenue, which places downward pressure on prices. During a dry year wholesale electricity prices tend to be higher reflecting the increased proportion of thermal generation which has a higher marginal cost than hydro generation.

FY08 was an example of a dry year, resulting in high wholesale electricity prices and increased revenues and profits. The past three years (FY09, FY10 and FY11) have seen lower revenues and underlying earnings as consecutive wet years have seen higher hydro generation across the market and wholesale electricity prices around half those seen in FY08. The negative impact of the wet year was compounded by the reduced flexibility in Contact Energy's gas contracts with the final expiration of previously flexible Maui gas contracts in FY09. In FY10 and FY11 in particular, the wet years meant Contact Energy was required to purchase more gas than it could profitably consume in its gas thermal plant or sell to customers.

FY09 profits were especially impacted by the outage of one of the high voltage electricity transmission lines linking the North and South Island, in combination with differing hydrological conditions in the two islands, which led to wholesale electricity prices materially separating between the North and South Island. This caused significant losses for Contact Energy. Lower customer levels in the South Island and developments in risk management systems have improved Contact Energy's mitigation of this risk, however this has impacted profits. This risk and impact will significantly reduce upon completion of the replacement high voltage electricity transmission line expected in late 2012.

During a wet year when thermal generation and wholesale electricity prices are lower, the retail electricity business acts to lessen the adverse impact on earnings. This occurs due to the greater stability of retail prices compared to wholesale electricity prices, and the potential to improve profits by increasing retail sales volume, subject to the pricing obtained.

The completion of the Ahuroa gas storage facility and the Stratford peaker plant add flexibility to Contact Energy's generation portfolio so that if wet conditions occur and less thermal generation is required the cost inflexibility associated with Contact Energy's gas contracts is better managed, whilst also increasing upside in dry conditions. Gas storage enables gas to be stored in an existing reservoir in periods of take-or-pay risk under existing gas contracts or when wholesale electricity prices are low, subject to reservoir capacity and injection capability. The Stratford peaker plant enables portfolio generation costs to be reduced and enables incremental generation volumes during high price periods. Contact Energy has also materially reduced its level of take-or-pay gas exposure (from 52 PJ per annum to 40 PJ per annum as of 1 January 2011) since the expiration of a significant contract.

## New investments and capital structure

The period reflected in the table on page 24 has seen substantial investment by Contact Energy in new assets, including the Ahuroa gas storage facility, Stratford peaker plant, Te Huka geothermal plant and the commencement of the development of the Te Mihi geothermal power plant.

Despite this significant investment, Contact Energy's balance sheet gearing in this period has been in the range of 25% to 33%, and was 27.2% at 30 June 2011.

Contact Energy is undertaking this offer of Capital Bonds to further optimise its capital structure through increasing financial flexibility and extending the term funding profile.

Contact Energy has had an investment grade issuer credit rating from Standard & Poor's since 1997, and has maintained a BBB credit rating since 2002. Contact Energy in 2011 raised equity to support its growth plans and its creditworthiness. Having an investment grade issuer credit rating has important benefits to Contact Energy when operating in the wholesale electricity and gas markets in terms of its ability to participate in certain markets, provision of credit support for contractual obligations and for its borrowing costs. Contact Energy regards an investment grade issuer credit rating as an important requirement to be a major participant in the New Zealand energy markets.

## Contact Energy's current intention regarding the Capital Bonds

Contact Energy expects that the Capital Bonds or an equivalent instrument will likely form part of its ongoing capital structure. Although the matters set out below do not form part of or alter the Conditions of the Capital Bonds and do not involve any obligations to or by the Trustee, Contact Energy has, as part of the process to seek to have the Capital Bonds assigned a "high equity content" status (see the heading "Equity Content" in the Terms of the Capital Bonds section of this Prospectus on page 10), notified Standard & Poor's of its intention regarding the Capital Bonds as they relate to its capital structure set out below.

Contact Energy intends (without thereby assuming a legal obligation) in the event of:

- a redemption of the Capital Bonds at Contact Energy's option; or
- a repurchase of Capital Bonds of more than:
  - 10% of the aggregate Principal Amount of Capital Bonds originally issued in any period of 12 consecutive months; or
  - 25% of the aggregate Principal Amount of Capital Bonds originally issued in any period of 10 consecutive years,

if the Capital Bonds are assigned an "equity credit" (or such similar classification then used by Standard & Poor's) at the time of such redemption or repurchase, that it will redeem or repurchase Capital Bonds only to the extent the aggregate Principal Amount of the Capital Bonds to be redeemed or repurchased does not exceed the net proceeds received by Contact Energy during the 360 day period prior to the date of such redemption or repurchase, from the sale or issuance by Contact Energy to third party purchasers of securities which are assigned by Standard & Poor's, at the time of sale or issuance, an "equity credit" that is equal to or greater than the equity credit assigned to the Capital Bonds to be redeemed or repurchased at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Capital Bonds).

The intention described above does not apply where Contact Energy's solicited corporate credit rating from Standard & Poor's is equal to or higher than the rating current as at the date of this Simplified Disclosure Prospectus, and Contact Energy believes that such rating would not fall below this level as a result of any such redemption or repurchase of Capital Bonds.

# Directors *and* Chief Executive Officer of Contact Energy

**Grant King**  
Chairman



Grant King joined the Contact Board in October 2004. He has been managing director of Origin Energy since its demerger from Boral Energy in February 2000 and was managing director of Boral Energy from 1994. Prior to joining Boral, he was general manager AGL gas companies. Grant King is a councillor of the Australian Petroleum Production and Exploration Association, a member of the Queensland Premier's Council on Climate Change, and Chairman of the Business Council of Australia Sustainable Growth Task Force. Grant is the Australian representative for the International Gas Union. He is a former director of Envestra Limited and former chairman of the Energy Supply Association of Australia Limited. He has a civil engineering degree and a Master of Management.

**Phil Pryke**  
Deputy Chairman and  
Independent Director



Phil Pryke was Chairman of the Board from its establishment in 1995 until October 2004 when Grant King was appointed Chairman. Phil is currently Chairman of Digital Performance Group Limited, and is a director of Goodman Group, Goodman (NZ) Limited, Goodman Property Aggregated Limited and Co-Investor Capital Partners Pty Limited. His previous roles include vice president, global sales and client solutions – Asia Pacific at Electronic Data Systems (EDS), chief executive of Nextgen Networks and chief executive officer of Lucent Technologies Australia Pty Limited. He holds an economics degree.

**David Baldwin**  
Director



David Baldwin joined Contact Energy in 2006 as chief executive officer before being appointed managing director in 2009, a position he held until April 2011. Prior to joining Contact Energy, he was based in Asia and the United States overseeing the energy asset interests of a United States-based investment fund. Before that, David held senior roles in Asia and the United States with MidAmerican Energy Holdings Company, a United States-based global energy company, and Shell in New Zealand and the Netherlands. He has recently taken up the new role as chief development officer for Origin Energy based in Sydney. He holds a Master of Business Administration and a chemical engineering degree.

**Bruce Beeren**  
Director



Bruce Beeren joined the Board in October 2004. With over 30 years' experience in the energy industry, he was the establishment chief executive officer of Victorian Energy Networks Corporation, the Victorian gas system operator, and held a number of senior management positions at Origin Energy (including finance director) and AGL, including chief financial officer and general manager, AGL Pipelines. He is a director of Origin Energy and Equisuper Pty Limited. He is a former director of NGC Holdings Limited, Envestra Limited, Coal & Allied Industries Limited, ConnectEast Group and Veda Advantage Limited (formerly called Baycorp Advantage Limited). He holds science and commerce degrees and a Master of Business Administration and is a fellow of CPA Australia and the Australian Institute of Company Directors.

**Whaimutu Dewes**

Independent Director



Whaimutu Dewes joined the Board as an independent director in February 2010. He has held numerous directorships in organisations including Television New Zealand Limited, the AMP New Zealand Advisory Board and deputy chairman of Sealord Group between 1992 and 2008. He is the chairman of Aotearoa Fisheries Limited and a director of Housing New Zealand Corporation. He is of Ngāti Porou and Ngāti Rangitihi descent and lives in Rotorua. He holds a Masters degree in public administration and degrees in arts and law.

**Karen Moses**

Director



Karen Moses joined the Board in October 2004. She is currently the executive director, finance and strategy of Origin Energy, and prior to this was Origin Energy's chief operating officer. She has over 30 years' experience in the energy industry in Australia and overseas. She is a director of the Australian Energy Market Operator Limited and a former director of Energy and Water Ombudsman (Victoria) Limited. She is a member of the Australian Institute of Company Directors and Chief Executive Women. She holds an economics degree and a diploma of education.

**Sue Sheldon**

Independent Director



Sue Sheldon joined the Board in March 2009 and is a professional company director. She is the Chairman of Freightways Limited and will chair the Board of Chorus Limited when it separates from Telecom Corporation New Zealand Limited. She is also a director of Telecom Corporation of New Zealand Limited, Paymark Limited and the Reserve Bank of New Zealand. She is a former deputy chairman of Christchurch International Airport Limited, a former director of Smiths City Group Limited and former chairman of the board of Trustees of the National Provident Fund. Prior to moving into her professional director role, she practiced as a chartered accountant. She is a former president of the Institute of Chartered Accountants of New Zealand and was made a Companion of the New Zealand Order of Merit for services to business.

**Dennis Barnes**

Chief Executive Officer



Dennis Barnes was appointed Chief Executive Officer in April 2011. Prior to joining Contact Energy, he was General Manager Energy Risk Management at Origin Energy, based in Sydney. He started with Origin Energy in 1998 and over that time has led sales, systems development, gas trading and generation operations departments. Dennis guided Origin Energy's significant and expanding operations in wholesale electricity markets. Before that, Dennis worked in a number of positions operating in international energy markets, including managerial roles at Scottish and English electricity companies.



# Risks

## Investment risks

There are a number of factors, specific to Contact Energy and of a general nature, which may affect the future operating and financial performance of Contact Energy, the ability of Contact Energy to make interest payments on the Capital Bonds and to redeem the Capital Bonds and the market value of the Capital Bonds prior to the Maturity Date.

The summary of risks presented below is not exhaustive. Changes in risk factors may offset each other to some extent or may be cumulative. In addition, this Prospectus does not take account of the personal circumstances, financial position or investment requirements of any one investor in particular. It is therefore important, that before making any investment decision investors give consideration to the suitability of an investment in the Capital Bonds in light of their investment needs, objectives and financial circumstances. You should read this Prospectus in its entirety and, if you are in any doubt as to the action to take, consult a Primary Market Participant or your broker, solicitor, accountant or other professional adviser before deciding whether to invest.

The principal risks for Bondholders are that:

- they may be unable to recover from Contact Energy or from a purchaser on the secondary market for the Capital Bonds (if one develops) all or any of the Principal Amount of the Capital Bonds; and/or
- they may not receive timely, full, or any, interest payments on the Capital Bonds.

These circumstances could arise if:

- there is a material deterioration in the operating performance of Contact Energy and, therefore, the financial performance or position of Contact Energy, including its ability to service its debt obligations; and/or
- Contact Energy becomes insolvent for any reason, or is placed into administration, receivership, liquidation or statutory management or otherwise becomes unable to pay interest due on, or other amounts in respect of, the Capital Bonds. The consequences of the insolvency of Contact Energy for Bondholders are described in the Statutory information section under the heading Consequences of insolvency on page 41.

The factors that may contribute to the material deterioration in the financial performance or insolvency of Contact Energy include those that are set out in this Risks section under the heading Material business risks relating to Contact Energy on pages 28 to 31.

Bondholders also face risks relating to the performance of the Capital Bonds in the secondary market (if one develops) and risks relating specifically to the Conditions of the Capital Bonds. A discussion of these risks is set out below in this Risks section under the heading Bond risks on pages 31 and 32.

## Material business risks relating to Contact Energy

Contact Energy's financial performance is dependent on a number of specific and interrelated factors, any of which could have a material adverse effect on Contact Energy's future results. Contact Energy has a risk management system to mitigate identified key risks to the business but not all risks may be identified or fully mitigated. In addition, Contact Energy regularly considers the cost of further risk mitigation and compares this to the likely cost of the risk itself.

If the National Government is re-elected in November 2011 it is expected that one or more of Contact Energy's current competitors will be partially privatised. Coincidentally with, and subsequent to, the privatisation process these competitors may have a higher public profile which may assist their customer retention and acquisition strategies.

## Macroeconomic conditions

Beginning in 2008, the world economy experienced a global financial crisis which resulted in a recession in a number of major economies. This has impacted, and continues to impact, on the New Zealand economy as well as others around the world. A subsequent recession, or other general economic downturn, may have direct and consequential adverse effects for Contact Energy. Possible consequences include:

- operational or development constraints caused by reduced availability and increased cost of funding and the provision of increased levels of financial support to meet contractual commitments;
- refinancing risks;
- increased risk of counterparties defaulting, including in relation to retail and wholesale customers, suppliers of goods and services and other contractors;
- reduced demand for electricity and gas;
- the risk of increased regulatory change as governments worldwide take action to address the economic downturn; and
- a risk that sufficient insurance cover will not be obtainable or will not be obtainable on terms that Contact Energy considers to be commercially feasible.

From a more general economic perspective, Contact Energy operates primarily in New Zealand. Changes in New Zealand's economic conditions may impact adversely on Contact Energy's performance. These include general changes in monetary and fiscal conditions affecting exchange and interest rates, inflation, costs of commodities, other input costs, prices, rates of economic growth, regulation, taxation and environmental laws, the industrial relations climate, the effects of natural disasters such as earthquakes and customer demands.

## Electricity generation asset performance and fuel

Contact Energy owns a variety of generation assets, and is therefore exposed to a number of operational risks associated with these assets including equipment failures and breakdowns, failure of information technology systems, contractor default, unplanned interruptions, unforeseen accidents, security breaches, discovery of any unidentified asbestos, loss of containment of water, gas and high pressure and temperature steam, and major catastrophic events.

Geothermal generation is particularly dependent on continued production of steam from the geothermal reservoirs. Performance of the reservoirs may be impacted by factors that may alter the physical state of the reservoir and the effectiveness of drilling programmes targeted at maintaining and growing geothermal output. In addition, there is a risk of a geothermal well 'blow out' resulting in significant loss of containment of geothermal fluid and potential asset damage.

Hydroelectric generation is particularly dependent on sufficient rain or snow falling in the catchment area. Contact Energy's two hydroelectric plants are both on the Clutha River and rely on the same catchment. Neither plant has significant water storage flexibility, so performance is dependent on the consistency and scale of water inflows.

## Resource consents and environmental risks

Contact Energy's ongoing operation of its generation assets relies on obtaining appropriate resource consents under the Resource Management Act 1991 and on operating in compliance with applicable environmental laws and consents. A failure to renew or maintain consents for Contact Energy's assets on appropriate terms, or to obtain consents at all, may adversely affect Contact Energy's financial performance. Contact Energy maintains systems to monitor its compliance with the conditions of its environmental consents.

Contact Energy also depends upon the existence of an appropriate resource management planning environment in each area where its generation assets are located. A change to district, regional or national planning policies or requirements that materially affects Contact Energy's ability to operate may adversely affect Contact Energy's financial performance. Contact Energy's new investments also depend on obtaining and renewing consents on acceptable terms under the Resource Management Act 1991.

Contact Energy could be held liable if it causes environmental damage or if it fails to comply with applicable environmental laws or consents. The imposition of a substantial penalty or liability on Contact Energy for environmental damage or non-compliance could have a material adverse effect on Contact Energy's financial performance and operations.

Considerable efforts are expended in managing these processes and compliance with the conditions of Contact Energy's environmental consents. There is a risk, however, that these systems may not ensure all required consents are held or prevent non-compliance.

#### Catastrophic events

A catastrophic event such as a major earthquake, breach of site security, landslide, volcanic eruption, fire, flood, explosion, transmission cable or pipeline failure or other disaster could adversely impact or cause failure of:

- Contact Energy's generation facilities;
- the production, processing or transmission of gas from the Pohokura or Maui fields resulting in an interruption of gas supplies to Contact Energy's thermal generation stations and/or causing Contact Energy to be unable to supply gas to its customers; and
- the significant transmission infrastructure upon which the electricity or gas sectors depend.

Contact Energy seeks to reduce risk through available mitigants such as appropriately balancing customer load and generation capacity and including risk margins in pricing. In addition, Contact Energy enters into insurance contracts to mitigate insurable risks where commercially feasible.

#### Wholesale electricity market

Contact Energy participates in the wholesale electricity market. This exposes Contact Energy to risks that can impact its financial performance and position.

As a generator of electricity, the output from Contact Energy's generation assets is offered into the wholesale electricity market and, if dispatched, Contact Energy receives the market price.

As Contact Energy typically produces more electricity than is required to meet the demands of its customer base, it is usually a net seller of electricity in the wholesale electricity market. Contact Energy's profitability is affected by the prices Contact Energy receives in the wholesale electricity market for the net electricity sold into that market and the costs of generating that electricity. Accordingly, Contact Energy is adversely affected on a net basis by low wholesale electricity prices.

New Zealand's wholesale electricity prices are influenced by a number of factors that are difficult to predict. Wholesale electricity prices are significantly affected by weather in the short term, with between 60% and 70% of the country's generation coming from hydro sources<sup>6</sup> and ambient temperature being a key driver of demand. Wholesale electricity prices tend to be driven up during cold or dry weather (the "cold" creating high demand and the "dry" causing lower available hydro supply) and, conversely, wholesale electricity prices tend to be lower during warm or wet weather (the "warm" resulting in low demand and the "wet" causing higher available hydro supply). Wholesale electricity prices may also be adversely affected by several other factors such as a significant reduction in demand, the availability of fuel and generation capacity in the wholesale electricity market, competitor behaviour (including the introduction of new generation into the market) and transmission system availability. This could affect both the volume of energy Contact Energy can generate as well as the price it receives for generation. Whether Contact Energy is adversely affected will depend on the specific circumstances and how those circumstances impact Contact Energy's portfolio.

Pricing in the New Zealand wholesale electricity market differs across the country, particularly during periods of significant transmission constraints, and so there is a potential mismatch between the wholesale electricity price that a generator receives for its generation output at one location and the wholesale electricity price that a retailer pays to buy electricity at another location to meet the needs of its customers at that point ("price separation"). Low wholesale electricity prices received by Contact Energy at a generation location and high wholesale electricity prices paid at a different retail location can have an adverse effect on the profitability of Contact Energy.

For example, the removal from service of one of the HVDC transmission lines in November 2007 and the subsequent restricted operation of this link has increased the probability of price separation between the North and South Islands. Contact Energy has exposure to this price separation in certain situations, such as when the South Island prices are higher than in the North Island, and this may have an adverse impact on Contact Energy where its customer load can at times be greater than its generation. Contact Energy seeks to manage this exposure through available mitigants including managing hydro storage levels at Lake Hawea, setting appropriate risk margins in its wholesale electricity prices, entering into energy derivative contracts that establish fixed prices for future quantities of electricity and seeking to ensure that over the medium term its customer acquisition strategy results in an appropriate location balance of customer load and generation capacity.

#### Demand

The volume of electricity, gas and LPG sold by Contact Energy is dependent on both wholesale and retail customer demand, which is influenced by a range of variables including energy usage in homes, businesses and industries (including a reduction in the number of energy intensive industries operating in New Zealand), technological advancement, energy efficiency schemes, economic conditions, energy prices and weather conditions.

Decreases in customer demand (or slower than forecast demand growth) are likely to reduce Contact Energy's revenue and profit.

#### Gas supply

Contact Energy purchases gas from third parties to operate its thermal power stations and supply its gas customers.

At 1 January 2011, total proven and probable reserves in New Zealand were 2,942 PJ from a range of gas fields. Production in 2010 from all fields was 198 PJ. Over 71% of New Zealand's gas reserves are at the Pohokura, Kupe and Maui fields.<sup>7</sup> The New Zealand gas supply outlook suggests that the market may be short of gas towards the middle to end of this decade. In the absence of significant new reserves being brought into production there is expected to be upward pressure on gas and therefore electricity prices.

Accordingly, Contact Energy is exposed to gas supply risk in relation to its gas-fired plants. Contact Energy is contracted for its expected requirements until approximately the end of 2014. Gas that it is contracted to buy, and which is not needed for its customers or thermal plants, is (subject to reservoir and injection capacity) injected into the Ahuroa gas storage facility, sold on the spot gas market (usually at less than cost price) or paid for but not taken. Contact Energy will seek to achieve greater flexibility in its gas contracting after 2014 when its supply agreements are renegotiated. There is some risk that fields do not perform in accordance with expectations and that available reserves are less than currently expected. In relation to the longer term risk of inadequate supply of gas within the New Zealand market, Contact Energy has the risk that there is insufficient fuel for its generation and retail needs if there is a sudden or unexpected failure or reduction in gas supply. In these circumstances, Contact Energy would have the option to develop infrastructure to support the importation of liquefied natural gas as a backstop which is expected to operate in conjunction with its gas storage investment. The expansion of Contact Energy's geothermal generation capability also mitigates gas supply risks.

Contact Energy is also exposed to the risk of gas field outages. Such a failure could, depending on the extent and nature of a failure, impact on Contact Energy's ability to generate electricity and sell gas. The Ahuroa gas storage facility mitigates this risk (to the extent that sufficient gas is held in storage at the relevant time) provided the facility itself and the related transmission system is not subject to an outage.

<sup>6</sup> 2011 Energy Data file published by the Ministry of Economic Development, available at: [www.med.govt.nz/upload/77238/EnergyDataFile.2011.pdf](http://www.med.govt.nz/upload/77238/EnergyDataFile.2011.pdf).

<sup>7</sup> 2011 Energy Data file published by the Ministry of Economic Development, page 68, available at: [www.med.govt.nz/upload/77238/EnergyDataFile.2011.pdf](http://www.med.govt.nz/upload/77238/EnergyDataFile.2011.pdf).

### Emissions Trading Scheme

Contact Energy has exposure to ETS liabilities through the operation of its thermal plants (and, to a much lesser extent, its geothermal plants), which in recent years have provided approximately 40% of Contact Energy's generation output.

Contact Energy is required to purchase emission units to satisfy its surrender obligations under the ETS. The price of units can vary, although under the current transitional period due to end on 31 December 2012, there is an effective price cap of \$25 per emissions unit, and one emissions unit needs to be surrendered in respect of each two tonnes of emissions. Contact Energy mitigates this risk by passing the cost through to customers, although the ability and the extent to do so depends on the competitive environment within the market. A review of the ETS was recently undertaken and the ETS Review Panel has published its recommendations to the Minister which include that both the cap and the two for one obligation be phased out over time. Depending on which recommendations the Government adopts there may be adverse cost implications for Contact Energy.

### Development of new generation

Contact Energy is developing and has developed a portfolio of new electricity generation and gas storage and supply options which are a driver of future earnings, cashflows and value.

Contact Energy is exposed to the risk that the cost of new projects (including Te Mihi) may be greater than expected at the time an investment decision is made, or that having made its investment decision, market conditions (especially retail and wholesale electricity prices and demand forecasts) do not develop as expected and/or competitors decide to add generation capacity, adversely altering the economics of a new project such that expected earnings, cashflow or value are not realised or contractors fail to meet contract obligations. Such outcomes could lead to a weakened financial position, including a lower credit rating.

Cost issues may be caused by a number of factors such as unforeseen movements in foreign exchange, delays in completion of the project and changes in its design or scope of the construction. Contact Energy seeks to manage these risks through a range of tools such as hedging of currency risks of capital commitments at the time of the investment decision and entering into, where possible, arrangements which fix the price of the project and place appropriate incentives on contractors to minimise delay and manage other factors which could affect the cost to Contact Energy.

The risk of competing projects is managed through the close monitoring of competitor activity.

### Information technology

Contact Energy's wholesale, generation and retail businesses rely on a number of key information technology applications. Any failure in these applications or the hardware that supports the applications may have an adverse effect on Contact Energy's business.

Contact Energy is in the process of implementing a substantial new enterprise-wide information management system for the retail business which is planned for completion by the end of 2012. As each stage of the implementation proceeds, Contact Energy develops detailed plans for managing the risk and cost of this implementation and to ensure continuity of the business through the transition. Delays in successful implementation would cause additional project costs, greater operational risk as legacy systems age further and become less reliable and delays in realising forecast operational and business benefits.

### Electricity and gas transmission & distribution

Contact Energy is reliant on external network providers to deliver electricity and gas to its customers, and fuel to its thermal power stations. A failure of any of these networks could, depending on the extent and nature of the failure, impact on Contact Energy's ability to generate electricity and sell energy to its customers.

Transmission constraints (both through Transpower's high voltage transmission network and local lines businesses' distribution networks) could reduce the quantity of electricity able to be supplied from cheaper generation sources or reduce the ability to reticulate electricity at all, resulting in high wholesale electricity price at nodes at which Contact Energy's customers are being supplied or non-supply of electricity.

Investments by Transpower to alleviate transmission constraints are now underway, which are expected to reduce transmission constraints. However, decisions depend on regulatory approvals and may impose new or increased costs to Contact Energy's business. Contact Energy may not necessarily be able to pass on those increased costs to its customers.

### Competitor behaviour

Contact Energy operates in the competitive wholesale and retail electricity, gas and LPG markets and Contact Energy's financial performance can be adversely affected by competitors' actions in these markets. In wholesale electricity markets, such action could result in higher or lower wholesale prices and increased or reduced volumes. In the retail markets, such action could result in customer churn, loss of customers and reduced margins. Consequently, the level of retail tariffs is important to the long term profitability of Contact Energy.

Current Government policy is to promote competition in the retail and business electricity markets.

### LPG risk

Contact Energy runs an LPG business, with operational activities spanning LPG bulk storage and bottling facilities, installation and maintenance of LPG reticulation networks and road transportation of LPG in bulk and bottled form. The nature of LPG as a highly flammable hydrocarbon product means that these activities are inherently high risk requiring active management through well defined operating procedures.

In addition, Contact Energy sources much of its supply of LPG from the Kupe field. Any failure at the Kupe field would affect Contact Energy's ability to supply LPG. Alternative arrangements (for example the importation of LPG) have been established to mitigate against this risk but there may be a time lag before these arrangements take effect on a large scale.

### Regulatory environment

Participants in the New Zealand energy industry are exposed to changes in the regulatory environment. These changes can affect the basis upon which Contact Energy provides energy and services to existing customers. In addition, the introduction of new legislation can impact the way the industry operates and produces energy and can result in the imposition of costs which may not be fully recoverable from the market, such as carbon or other fuel levies. Contact Energy and other New Zealand energy participants could be affected by (for example) restructuring of the industry, implementation of price controls, changes to the Resource Management Act 1991, changes to water allocation or policy, restriction of the use of water or other natural resources, restrictions on thermal generation or other regulatory changes. Contact Energy also has exposure to general regulatory changes, including in relation to tax or other business matters.



A comprehensive review of the electricity industry in 2009, and the subsequent passing of the Electricity Industry Act 2010, represents the most material change to this environment in recent years. The Electricity Industry Act 2010 replaced the existing regulator (the Electricity Commission) with an independent crown entity (the Electricity Authority) which has a mandate focused clearly on promoting competition, reliability and efficiency. The Electricity Industry Act 2010 also contains a number of specific matters for development by the Electricity Authority, which focus on providing increased options for managing energy and pricing of the risk of shortage of supply in the market or specific locations and creating incentives to avoid the need for public savings campaigns.

Some of the changes, such as those which provide appropriate signals of the real cost of providing a reliable and secure energy supply, are not expected to have a negative impact on Contact Energy. Others are aimed at promoting increased retail competition, and there may be a period of increased customer churn while the generators' and retailers' portfolios and risk profiles are adjusted to account for the regulatory changes. A separate review of transmission pricing is also underway; key to which (for Contact Energy) is a review of the manner in which Transpower's costs of HVDC assets are recovered from market participants. These costs are currently charged to the South Island generators, including Contact Energy.

#### **General risks associated with an investment in Contact Energy**

As part of ordinary business operations Contact Energy enters into contracts and interacts with a number of parties. As with any business, there is a risk that disputes may arise in relation to such contracts and interactions.

Like all businesses Contact Energy is at risk of fraud or other malfeasance by staff or contractual counterparties and mis-statements as to its financial condition or operations. These risks are managed by internal controls and audits.

## **Bond risks**

#### **Market and liquidity considerations**

It is intended that the Capital Bonds will be quoted on the NZDX. A secondary trading market for the Capital Bonds is expected to develop over time, but there can be no assurance of the liquidity of such a market. Even following the development of a secondary market, depending on market conditions and other factors, investors seeking to sell relatively small or relatively large amounts of Capital Bonds on the secondary market may not be able to do so at prices comparable to those that may be available to other investors.

In the absence of a liquid secondary market of the Capital Bonds, Bondholders may not be able to sell their Capital Bonds readily or at prices that will enable them to realise a yield, if any, comparable to that of similar instruments with a developed secondary market.

No investor should purchase Capital Bonds unless the investor understands and is able to bear the risk that the Capital Bonds may not be readily saleable, that the value of Capital Bonds will fluctuate over time and that such fluctuations may be significant and could result in significant losses to the investor. This is particularly the case for investors whose circumstances may not permit them to hold the Capital Bonds until maturity.

#### **Transfer risk**

If Bondholders transfer their Capital Bonds on the NZDX, the price at which they are able to sell their Capital Bonds on the NZDX may be less than the price paid for them. For example, if market interest rates go up, the market value of the Capital Bonds may go down, and vice versa.

The price at which Bondholders are able to sell their Capital Bonds on the NZDX will also be affected by a deterioration, whether real or perceived, in the creditworthiness of Contact Energy. Other factors affecting the price of the Capital Bonds independent of the creditworthiness of Contact Energy may include the time remaining to the maturity of the Capital Bonds, uncertainty about an early redemption of the Capital Bonds, the outstanding number of the Capital Bonds, the amount of, and demand for, Capital Bonds being sold in the secondary market from time to time, whether interest payments on the Capital Bonds have been deferred, any legal restrictions limiting demand for the Capital Bonds, the availability of comparable securities and the level, direction and volatility of market interest rates generally. Such factors will also affect the market value of the Capital Bonds. In particular, they may mean that Bondholders are unable to transfer their Capital Bonds for a price equal to their Principal Amount.

#### **Deferral of interest payments**

There is a risk that interest payments on the Capital Bonds will be deferred by Contact Energy for periods of up to five years, as described in the Statutory information section under the heading Deferral of interest on page 35.

#### **Credit rating**

Contact Energy currently has an issuer credit rating of BBB (stable outlook) from Standard & Poor's. This rating was first assigned by Standard & Poor's on 22 December 2002. An obligor rated 'BBB' by Standard & Poor's has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The Issuer has an issuer credit rating of BBB (stable outlook) from Fitch. This rating was first assigned by Fitch on 9 September 2009. A 'BBB' rating from Fitch indicates that expectations of default are currently low and the capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

Reflecting their subordination and deferral of interest features, the Capital Bonds are expected to be assigned an issue credit rating of BB- by Standard & Poor's. An obligation rated 'BB' by Standard & Poor's is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The addition of the minus (-) sign shows the relative standing of this issue credit rating within the BB issue rating category.

Fitch is not expected to rate the Capital Bonds.

Credit ratings may be subject to revision or withdrawal at any time by Standard & Poor's or Fitch.

Any withdrawal or downward revision of the credit rating of Contact Energy or the Capital Bonds may have an effect on the ability of investors to sell the Capital Bonds and the market price of the Capital Bonds (and therefore the proceeds received from a sale of the Capital Bonds). A key risk of the Capital Bonds is that a downward revision of Contact Energy's Standard & Poor's issuer credit rating of the Issuer to BB (three notches (i.e. BBB-, BB+ and BB) below the current issuer credit rating of BBB) or lower will trigger a mandatory deferral of interest payments under the Capital Bonds. For more information on the possible deferral of interest see the Statutory information section under the heading Deferral of interest on page 35.

Standard & Poor's periodically reviews Contact Energy's issuer credit rating, and any change to the issuer credit rating will likely result in a change to the issue credit rating of the Capital Bonds (which change may not necessarily be equivalent or proportionate). Standard & Poor's may review Contact Energy's issuer credit rating at any time. When determining a company's issuer credit rating, Standard & Poor's take a variety of qualitative and quantitative factors into account. Quantitative Factors include core credit protection metrics such as Funds from Operations (FFO) / debt and FFO / interest, which are driven by factors such as EBITDAF, tax, interest and debt levels. Failure by Contact Energy to achieve an improved level of EBITDAF compared to FY10 and FY11, or delays and/or cost overruns in the Te Mihi project are two key risks that would impact on these metrics and could cause a ratings downgrade, subject to any mitigating actions Contact Energy may take.

Ratings assigned by Standard & Poor's range from AAA to D. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. Standard & Poor's assigns outlooks, which may be "positive", "negative", "stable", or "developing", to its long-term credit ratings. A "positive" outlook means that the rating may be raised, while a "negative" outlook means it may be lowered. A "stable" outlook means that a rating is not likely to change. Outlooks typically have a six-month to two-year time frame and address trends or risks with the potential, but not the certainty, of maintaining, raising or lowering a credit rating sometime over that period. Further information about the ratings criteria used by Standard & Poor's is available on its website ([www.standardandpoors.com/aboutcreditratings/](http://www.standardandpoors.com/aboutcreditratings/)).

Ratings assigned by Fitch range from AAA to D. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. Fitch assigns outlooks, which may be "positive", "negative", "stable", or "developing", to its long-term credit ratings. A "positive" outlook indicates that the rating may be raised, while a "negative" outlook indicates it may be lowered. A "stable" outlook indicates that a rating is not likely to change. Outlooks indicate the direction a rating is likely to move over a one to two year period. They reflect financial or other trends that have not yet reached the level that would trigger a rating action, but which may do so if such trends continue. Further information about the ratings criteria used by Fitch is available on its website ([www.fitchratings.com/web\\_content/ratings/fitch\\_ratings\\_definitions\\_and\\_scales.pdf](http://www.fitchratings.com/web_content/ratings/fitch_ratings_definitions_and_scales.pdf)).

The credit ratings of Contact Energy or the Capital Bonds are not a recommendation to buy, sell or hold securities issued by Contact Energy (including the Capital Bonds).

#### **Redemption prior to the Maturity Date**

Although the Capital Bonds have a term of approximately 30 years, Contact Energy may choose to, or be required to, redeem the Capital Bonds early in certain circumstances.

Contact Energy must redeem the Capital Bonds in the circumstances outlined in the Statutory information section under the heading Mandatory redemption by Contact Energy on page 36 and may elect to redeem the Capital Bonds in the circumstances outlined in the Statutory information section under the heading Optional early redemption by Contact Energy on page 36.

If Contact Energy is entitled, or is required, to redeem any of the Capital Bonds, the method by, and date on which, Contact Energy elects or is required to do so (as set out in the Statutory information section under the heading Redemption on pages 36 and 37) may not accord with the preference of individual Bondholders. This may be disadvantageous in light of market conditions or a Bondholder's individual circumstances.

#### **No security, limitation on issuing debt or guarantors**

The Trust Documents do not create any security over the assets of Contact Energy, any of its subsidiaries or other entities in which Contact Energy has an interest. None of Contact Energy, any of its subsidiaries or other entity in which Contact Energy has an interest or any other person guarantees the obligations of Contact Energy under the Trust Documents in respect of the Capital Bonds.

Further, there are no limitations in the Trust Documents relating to:

- the creation of new mortgages or charges ranking in point of security ahead of, or equally with, the Capital Bonds;
- any ratio of liabilities, or class of liabilities, to assets, or to any class of assets, of Contact Energy; or
- any incurrence of further indebtedness or guarantees.

#### **Trustee's enforcement rights**

Investors should be aware that even if the right to seek repayment of the Capital Bonds is exercised following the occurrence of an Event of Default or a Holder Put Event, the Trustee has limited rights to enforce these rights given the subordinated nature of the Capital Bonds. For example, the Trustee has no ability to appoint a receiver with a view to recovering amounts due to Bondholders and is only entitled to file a conditional claim in the event of the liquidation of Contact Energy requiring repayment of the Capital Bonds after all prior ranking indebtedness has been repaid in full.

#### **Limited rights of Bondholders to enforce directly**

Bondholders have no direct enforcement rights and they may not bring proceedings directly against Contact Energy for the enforcement of any of their rights or remedies under the Trust Documents, unless the Trustee has failed to enforce such rights or remedies after having become bound to do so under the provisions of the Trust Documents. The terms of the Trust Documents are summarised in more detail in the Statutory information section under the heading Summary of the Trust Documents on pages 38 to 41 and a copy of the Trust Documents are available on request.

# Trustee's statement



9 November 2011

To: **The Directors  
Contact Energy Limited  
Level 1  
Harbour City Tower  
29 Brandon Street  
WELLINGTON**

Clause 9(3) of Schedule 12 to the Securities Regulations 2009 requires us to confirm that the offer by Contact Energy Limited ("Contact Energy") of the Capital Bonds (the "Bonds") set out in the simplified disclosure prospectus dated 9 November 2011 (the "Prospectus") complies with any relevant provisions of the:

- a) Master Trust Deed between Contact Energy and The New Zealand Guardian Trust Company Limited (the "Trustee") dated 23 February 2009 (as amended from time to time); and
  - b) Supplemental Trust Deed Series 3 between Contact Energy and the Trustee dated 9 November 2011;
- (together the "Trust Documents").

The relevant provisions of the Trust Documents are those which:

- a) entitle Contact Energy to constitute and issue under the Trust Documents the Bonds offered under the Prospectus; and
- b) impose any restrictions on the right of Contact Energy to offer the Bonds,

and are described in the "Provisions of the Trust Documents and other restrictions on Contact Energy" section of the Prospectus.

The Trustee's statement does not refer to any financial information, or to any material contained in the Prospectus which does not relate to the Trust Documents.

The Trustee confirms that the offer of Bonds set out in the Prospectus complies with any relevant provisions of the Trust Documents. We have given the above confirmation on the basis:

- a) set out above; and
- b) that the Trustee relies on the information supplied to it by Contact Energy pursuant to the Trust Documents, and does not carry out an independent check of the statements or the figures supplied to it in that information; and
- c) of the explanation of the Trustee's role under the heading "Duties and Powers of the Trustee" on page 38 of the Prospectus.

The Trustee does not guarantee the repayment of the Bonds offered, the payment of interest thereon (including any deferred interest) or any other aspect of the Bonds or any obligations of Contact Energy.

Signed for and on behalf of the Trustee  
**The New Zealand Guardian Trust Company Limited**

#### Corporate Client Services

15 Willeston Street, Wellington 6011  
PO Box 913, Wellington 6140, New Zealand  
Telephone: (04) 495 7914, Facsimile: (04) 499 1454  
Email: [ct-wellington@nzgt.co.nz](mailto:ct-wellington@nzgt.co.nz)

[www.guardiantrust.co.nz](http://www.guardiantrust.co.nz)



# Statutory information

The Offer is an offer of debt securities that rank in priority to the Shares (which are listed on the NZSX). Consequentially, the information in this section is provided in accordance with schedule 12 to the Securities Regulations.

## Names, addresses and other information

The issuer of the Capital Bonds is Contact Energy Limited, whose registered office is Level 1, Harbour City Tower, 29 Brandon Street, Wellington, New Zealand.

The directors of Contact Energy as at the date of this Prospectus are: Grant Alfred King, Phillip John Pryke, David Andrew Baldwin, Bruce Gerard Beeren, Whaimutu Kent Dewes, Karen Anne Moses and Susan Jane Sheldon.

There is no promoter in relation to the Offer.

The Trustee in respect of the Capital Bonds is The New Zealand Guardian Trust Company Limited, Level 3, Guardian Trust House, 15 Willeston Street, PO Box 913, Wellington, New Zealand.

## Experts and underwriters

No experts are named in this Prospectus.

The Offer is not underwritten.

## Main terms of Offer

### The Capital Bonds

The Capital Bonds offered pursuant to this Prospectus are debt securities. The Capital Bonds constitute unsecured, subordinated, redeemable, cumulative, interest bearing debt obligations of Contact Energy. The Capital Bonds are not Shares and no voting rights will attach to the Capital Bonds (other than the right to attend and vote at meetings of Bondholders). The Capital Bonds will rank equally and without preference among themselves, and will be subordinated to all other indebtedness of Contact Energy, except indebtedness ranking equally with, or subordinate to, the Capital Bonds. A brief description of the Capital Bonds is set out in the Terms of the Capital Bonds section on pages 10 to 12. A description of the main terms of the Offer is set out in the Terms of the Offer section on page 13. The Conditions of the Capital Bonds are contained in the Trust Documents. A summary of the principal provisions of the Trust Documents is set out in this Statutory information section under the heading Summary of the Trust Documents on pages 38 to 41.

### Trustee

The Trustee holds on trust for the benefit of Bondholders the right to enforce Contact Energy's obligations in respect of the Capital Bonds. None of the Trustee, its directors or officers guarantees repayment of the Capital Bonds or the payment of interest on the Capital Bonds.

### Maximum amount of securities being offered

Capital Bonds with an aggregate Principal Amount of up to \$150 million (plus oversubscriptions of up to \$100 million) are being offered by Contact Energy.

### Issue Price

The issue price of each Capital Bond is \$1.00, being the Principal Amount of each Capital Bond. The issue price must be paid in full on application for Capital Bonds under the Offer.

### Applications

Applications to subscribe for Capital Bonds must be for a minimum Principal Amount of \$5,000 and in multiples of \$1,000 thereafter. There is no maximum amount of Capital Bonds you may apply for, but applications for a Principal Amount of less than \$5,000 will not be accepted.

The Capital Bonds are offered in New Zealand to New Zealand resident investors. Applications to subscribe for Capital Bonds must be made on an Application Form contained at the back of this Prospectus in accordance with the instructions set out below and in the Application instructions section on pages 49 and 50.

All of the Capital Bonds may be reserved for Firm Allocations. The aggregate number of Capital Bonds so reserved will be determined by the Issuer, in consultation with the Joint Lead Managers, on or before the Opening Date. However, Contact Energy, in consultation with the Joint Lead Managers, reserves the right to make further Firm Allocations after the Opening Date.

If there is a Public Pool, applications for those Capital Bonds will be accepted on a first come first served basis.

If there is not a Public Pool, you must contact a Primary Market Participant or your financial adviser if you wish to apply for Capital Bonds. Applicants accepting a Firm Allocation from a Primary Market Participant or approved financial intermediary must provide a completed Application Form (with payment) to the office of that Primary Market Participant or financial intermediary in time to enable forwarding to the Registrar before Midday on the Closing Date (15 December 2011).

Application Forms from all other applicants must be mailed or delivered (with payment) so that they are received by the Registrar before Midday on the Closing Date (15 December 2011). The address details of the Registrar are:

Contact Energy Bond Issue  
C/- Computershare Investor Services Limited

Postal address: Private Bag 92119  
Auckland Mail Centre  
Auckland 1142

Physical address: Level 2  
159 Hurstmere Road  
Takapuna  
Auckland

Applications for Capital Bonds may also be submitted to any Primary Market Participant, the Organising Participant or any other channel approved by NZX, in time to enable forwarding to the Registrar before Midday on the Closing Date (15 December 2011).

Contact Energy reserves the right to refuse all or any part of any application for Capital Bonds without giving a reason including (but without limitation) where an applicant has not provided account details for payments by direct credit. An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Contact Energy reserves the right to accept applications which are received by the Registrar after the Closing Date, but has no obligation to do so.

By signing and submitting a valid Application Form with full payment, an applicant irrevocably offers to subscribe for and acquire the Principal Amount of Capital Bonds specified in the Application Form (or such lesser number which Contact Energy may determine) on the terms set out in this Prospectus, the Trust Documents and the Application Form, notwithstanding any changes to the Closing Date.

## Relationship with listed securities and ranking of securities

The Shares and Senior Bonds are currently listed on securities markets operated by NZX.

The Capital Bonds constitute unsecured, subordinated, redeemable, cumulative, interest bearing debt obligations of Contact Energy. The Capital Bonds will:

- rank equally and without preference among themselves; and
- be subordinated to all other indebtedness of Contact Energy (including the Senior Bonds), except indebtedness ranking equally with, or subordinate to, the Capital Bonds.

The Capital Bonds will rank in priority to the Shares, but after the Senior Bonds (and other senior debt), in respect of a liquidation of Contact Energy.

Contact Energy has other borrowings in addition to the Capital Bonds and Senior Bonds. Those borrowings, and their ranking in relation to the Capital Bonds, are described in this Statutory information section under the heading Consequences of insolvency on pages 41 and 42. Those borrowings are unsecured.

As at the date of the latest statement of financial position referred to in this Prospectus (being 30 June 2011) there were no securities (as that term is defined in the Securities Act) secured by a mortgage or charge over any assets of Contact Energy. Accordingly, as at 30 June 2011, there were no securities (as that term is defined in the Securities Act) secured by a mortgage or charge over any of the assets of Contact Energy ranking in point of security ahead of, or equally with, the Capital Bonds (which are unsecured) offered under this Prospectus.

Contact Energy may, from time to time, without the consent of the Bondholders:

- issue further bonds so as to form a single issue with outstanding Capital Bonds; and
- issue further bonds, or incur other debts, which rank equally with, or in priority to, the Capital Bonds (whether as to payment of interest, principal or otherwise).

There is no restriction, as between Contact Energy and Bondholders, on the amount of debt which Contact Energy may issue or guarantee.

Additional information in relation to the ranking of the Capital Bonds is set out in this Statutory information section under the heading Consequences of insolvency on pages 41 and 42.

## Issue expenses

The estimated amount of expenses of the Offer is \$4.8 million, based on an Offer amount of \$200 million and all of the Capital Bonds being reserved for Firm Allocations. That amount includes brokerage (as referred to below), issue management fees, legal and accounting fees, registry expenses, advertising expenses and expenses in respect of the printing and distribution of this Prospectus.

Contact Energy will pay Primary Market Participants and approved financial intermediaries brokerage of 1.00% of the aggregate Principal Amount of Capital Bonds allotted by Contact Energy pursuant to each valid application submitted by that Primary Market Participant or financial intermediary bearing its stamp.

Contact Energy will also pay approved participants in the Bookbuild a firm fee of 0.50% of the aggregate Principal Amount of Capital Bonds allotted pursuant to valid applications submitted under Firm Allocations.

## Returns

### Introduction

The information set out below in relation to returns on the Capital Bonds should be read in conjunction with the information set out in the Risks section on pages 28 to 32. Certain events could reduce or eliminate the returns intended to be derived from holding the Capital Bonds.

The returns to Bondholders comprise interest paid on the Capital Bonds and any capital appreciation realised on a sale of the Capital Bonds.

The Capital Bonds do not benefit directly from any capital growth in Contact Energy and Bondholders will not participate in any dividend, bonus issue, rights issue or any other distribution made in respect of the Shares.

### Key factors determining returns

The key factors that will determine the returns to Bondholders are:

- the Interest Rate (which may vary over time);
- Contact Energy's financial condition, financial performance and financial position to the extent that they affect:
  - Contact Energy's ability to pay interest on the Capital Bonds or repay the Principal Amount; or
- the price of the Capital Bonds on the secondary market (if one develops);
- the performance by Contact Energy of its obligations as the issuer of the Capital Bonds, including the payment of interest on the Interest Payment Dates and whether the payment of interest on the Capital Bonds is deferred;

- whether or not a Bondholder's Capital Bonds are redeemed before the Maturity Date and the circumstances of that redemption;
- the price of the Capital Bonds if a Bondholder chooses to transfer Capital Bonds or sell Capital Bonds on the secondary market (if one develops);
- each Bondholder's individual circumstances for tax purposes; and
- the other risk factors described in the Risks section on pages 28 to 32.

It is not possible to quantify, as at the date of this Prospectus, the exact amount of returns Bondholders will receive. Therefore, no amount of returns on the Capital Bonds is promised by Contact Energy.

### Interest

Contact Energy will pay interest on each Capital Bond at the applicable Interest Rate.

#### *Interest Rate from Issue Date until the First Reset Date*

The Interest Rate for the Capital Bonds for the period from (and including) the Issue Date until (but excluding) the First Reset Date (15 February 2017) will be set and announced on the Rate Set Date. The Interest Rate will be announced on Contact Energy's website (at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)) and released through NZX. The Interest Rate will be set at the higher of:

- the Minimum Interest Rate. The Minimum Interest Rate will be at least 8.00% per annum; and
- the sum of the Benchmark Rate and the Margin.

The Minimum Interest Rate and Margin will each be determined by Contact Energy in consultation with the Joint Lead Managers following completion of the Bookbuild on or before the Minimum Rate Set Date (22 November 2011) and announced on Contact Energy's website (at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)) and released through NZX on or before the Opening Date.

#### *Interest Rate following each Reset Date*

On each Reset Date, the Interest Rate will reset to be the sum of the Benchmark Rate on that Reset Date and the Step-up Margin.

The Step-up Margin is the sum of the Margin (set in the manner described above) and the Step-up Percentage. The Step-up Percentage is 0.25% per annum.

#### *Time of payment*

Other than for the first interest payment for a Capital Bond, interest is scheduled to be paid quarterly in arrears in equal amounts on each Interest Payment Date (15 February, 15 May, 15 August and 15 November of each year) to the Bondholder on the Register as at the Record Date. Interest accrues on the Capital Bonds until (but excluding) the date on which they are redeemed. If an Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the next day which is a Business Day, without adjustment, interest or further payment as a result thereof.

The first interest payment will be made on 15 February 2012 in an amount that reflects the number of days from (and including) the date on which a Bondholder's Application Monies have been banked into the trust account operated in respect of the Offer to (but excluding) the first Interest Payment Date. Interest payable on the first Interest Payment Date for any Capital Bond will be paid to the first registered holder of the Capital Bond (regardless of any transfer of the Capital Bond prior to the first Interest Payment Date).

#### *Deferral of interest*

Payment of interest on the Capital Bonds must be deferred if:

- the issuer credit rating assigned by the Rating Agency to Contact Energy is BB or lower;
- Contact Energy is Insolvent; or
- Contact Energy would become Insolvent as a result of making the payment of interest.

Deferred Interest will itself accrue interest at the prevailing Interest Rate on the Capital Bonds and that interest will compound on each Interest Payment Date thereafter. A deferral of interest payments on the Capital Bonds will not constitute an Event of Default under the Trust Documents.

All Deferred Interest must be paid if the circumstances which led to the deferral of interest no longer apply (to the extent that such payment would not trigger a further deferral of interest). Such payment must be made on the following Interest Payment Date. Notwithstanding the deferral of interest (or the continuance of the circumstances which led to the deferral of interest), all Deferred Interest not already paid must be paid on the day which is five years after the original date of deferral. In each case, payments shall be made to the persons registered as Bondholders on the Record Date in respect of that payment of interest.

Default Interest will not be payable in respect of Deferred Interest so long as it is deferred in accordance with the Conditions.

Contact Energy can continue to pay distributions on its ordinary equity and make payments on any other securities regardless of whether any Deferred Interest is outstanding.

#### **Repayment of Principal Amount**

The Principal Amount of each Capital Bond will be payable by Contact Energy to the person registered as the Bondholder on:

- the Maturity Date (15 February 2042); or
- such date (before the Maturity Date) on which Contact Energy is required or elects to redeem the Capital Bonds.

The circumstances in which the Capital Bonds may be redeemed are set out below.

#### **Redemption**

##### *Mandatory redemption by Contact Energy*

Contact Energy must redeem all of the Capital Bonds on the Maturity Date.

Contact Energy must also immediately redeem the Capital Bonds if an Event of Default occurs and the Trustee (in its discretion or upon being directed by Bondholders by Extraordinary Resolution) declares the Capital Bonds to be due and payable by notice in writing to Contact Energy.

The Events of Default are set out in full in the Supplemental Trust Deed and may be summarised as follows:

- failure to pay interest within three Business Days of when it is due, except in circumstances where Contact Energy has deferred interest payments in accordance with the provisions described in this Statutory information section under the heading Deferral of interest on page 35;
- failure to pay principal within two Business Days of when it is due;
- failure by Contact Energy to give to Bondholders and the Trustee notice no later than 100 days after the date of any Change of Control Event that gave rise to a Holder Put Event;
- an insolvency event of Contact Energy occurs in the nature of the appointment of a liquidator, receiver, statutory manager, administrator or any analogous appointment that is not removed within 30 days of such occurrence, or deregistration of the entity;
- the Issuer ceases to carry on all or substantially all of its business or operations unless the same has been previously approved by resolution of the Bondholders in accordance with the Master Trust Deed; and
- any Capital Bond ceases to constitute, or the Issuer claims that any Capital Bond has ceased to constitute, the legal, valid and binding obligations of the Issuer, enforceable in accordance with its terms.

##### *Optional early redemption by Contact Energy*

Contact Energy may redeem:

- all or some of the Capital Bonds on the First Reset Date;
- all or some of the Capital Bonds on any Interest Payment Date after the First Reset Date;
- all of the Capital Bonds then outstanding at anytime if a Tax Event, Rating Agency Event or Change of Control Event occurs; or
- all of the Capital Bonds then outstanding if, immediately following the redemption of Capital Bonds pursuant to a Holder Put Event Notice, the Principal Amount of Capital Bonds on issue is less than \$75 million.

This option to redeem is only exercisable for a period of 10 days after the end of the period in which Bondholders' option to redeem is exercisable.

For any partial redemption of the Capital Bonds at its option, Contact Energy must use its best endeavours to treat all Bondholders on a proportionate basis and there must remain at least \$75 million in Principal Amount of Capital Bonds outstanding after the partial redemption.

##### *Optional early redemption by Bondholders*

Each Bondholder may require Contact Energy to redeem all (but not less than all) of its Capital Bonds within 20 days of the date of any Holder Put Event Notice being given to it if Contact Energy does not exercise its option to redeem the Capital Bonds.

A Holder Put Event Notice must be given by Contact Energy to Bondholders and the Trustee not later than 100 days after the date of any Change of Control Event that gave rise to a Holder Put Event.

A Holder Put Event means that both:

- a Change of Control Event occurs; and
- either before or within 90 days after the date of that Change of Control Event a Rating Downgrade associated with that Change of Control Event occurs.

A Rating Downgrade occurs if, in relation to a Change of Control Event:

- Contact Energy ceases to hold an issuer credit rating from the Rating Agency; or
- the issuer credit rating assigned to Contact Energy is lowered by the Rating Agency (and for the avoidance of doubt, a change to the rating outlook does not constitute a change to the issuer credit rating) and the resulting issuer credit rating is lower than 'BBB'.

provided that no Rating Downgrade will occur by virtue of a particular withdrawal or lowering of Contact Energy's issuer credit rating unless the Rating Agency:

- confirms that the withdrawal or reduction was a result, in whole or in part, of the relevant Change of Control Event; and
- does not reinstate the rating that applied prior to the withdrawal or lowering by prior to the earlier of:
  - the 90th day after the date of the Change of Control Event; or
  - the date on which Contact Energy gives a Holder Put Event Notice.

This means that Bondholders have no ability to require Contact Energy to cash in their investment prior to the Maturity Date, except following an Event of Default or issuance of a Holder Put Event Notice.

##### *Payments on redemption*

If Contact Energy redeems the Capital Bonds on a Reset Date (whether or not an Interest Payment Date) or upon the occurrence of a Tax Event, a Rating Agency Event or a Holder Put Event (either at the election of Bondholders or where there is less than \$75 million in Principal Amount of Capital Bonds outstanding immediately following the redemption of Capital Bonds at the option of Bondholders pursuant to a Holder Put Event Notice), Contact Energy must pay to the relevant Bondholder the Principal Amount of the Capital Bonds plus any Deferred Interest payable plus any accrued interest not paid up to (but excluding) the date on which the redemption is to occur.

If Contact Energy redeems the Capital Bonds early for any other reason, Contact Energy must pay an amount for each Capital Bond which is the greater of:

- the Principal Amount of the Capital Bond plus any Deferred Interest payable plus accrued interest not paid up to (but excluding) the date on which the redemption is to occur; and
- the market price of the Capital Bond, being:
  - the volume weighted average price of the Capital Bonds traded on the NZDX market over the 10 Business Days prior to the 15th day before the announcement date of an early redemption, plus any accrued interest from then up to (but excluding) the date on which the redemption is to occur; or



- where the Capital Bonds have not traded on the NZDX for at least half of the 10 Business Day period specified above, the average price of the Capital Bonds for that period will be determined by an independent adviser. If an independent adviser is required, the Trustee shall select an appropriately qualified investment banker, chartered accountant or other professional adviser. The Issuer shall, within 5 Business Days thereafter, advise the Trustee whether or not it approves that adviser. The Issuer shall not unreasonably withhold its approval of any such adviser. If the Issuer does not approve an adviser, the Trustee shall select another until a suitable adviser is approved.

### Form of Payment

All payments in relation to a Capital Bond may be satisfied by:

- direct credit to the bank account nominated in writing (prior to the Record Date) by the Bondholder; or
- mailing a cheque to the address of the Bondholder.

### Person legally liable to pay returns

If a Bondholder sells Capital Bonds, the purchaser of the Capital Bonds will be legally liable to pay the purchase price of those Capital Bonds to that Bondholder.

Contact Energy is legally liable to pay all other returns on the Capital Bonds.

### Taxation of returns

#### Introduction

The returns on the Capital Bonds will be affected by taxes.

If Contact Energy (which for the purposes of this section of the Prospectus includes the Registrar acting on Contact Energy's behalf) or the Trustee is required to pay an amount in respect of taxes or approved issuer levy in respect of a payment to a Bondholder, then Contact Energy or the Trustee will deduct the amount for the taxes or approved issuer levy and pay it to the relevant authority. Neither Contact Energy nor the Trustee is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Bondholder as a consequence of or otherwise in connection with such deduction. If Contact Energy or the Trustee becomes liable to make any payment of or on account of tax payable by a Bondholder in relation to any Capital Bond, the Issuer and the Trustee is each indemnified in full by the Bondholder.

The information set out below is general in nature, relates solely to New Zealand taxation and does not constitute taxation advice to any Bondholder. The information is believed by Contact Energy to be correct as at the date of this Prospectus. Taxation laws are subject to change, and such changes may materially affect an applicant's tax position with respect to an investment in the Capital Bonds. Applicants should seek qualified, independent financial and taxation advice before deciding to invest. In particular, Applicants should consult their tax adviser in relation to their specific circumstances.

All Bondholders (including those resident outside New Zealand) must give written notice to the Registrar (or, where applicable, to the custodian/nominee registered as the Bondholder in respect of Capital Bonds held on behalf of the beneficial owner) of their country of residence for taxation purposes and, if not New Zealand tax resident, whether the Bondholder is engaged in business in New Zealand through a fixed establishment in New Zealand. This requirement for written notice is satisfied for initial Bondholders where the relevant parts of the Application Form are completed by applicants.

#### New Zealand income tax implications

In this section:

- Bondholders who are New Zealand tax resident are referred to as "Resident Bondholders".
- Bondholders who are not New Zealand tax resident but are engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as "New Zealand Branch Bondholders".
- Bondholders who are not New Zealand tax resident and who are not engaged in business in New Zealand through a fixed establishment are referred to as "Non-Resident Bondholders".

By acquiring Capital Bonds, Resident Bondholders or New Zealand Branch Bondholders will be deriving income that is taxable at the Bondholder's relevant tax rate with a credit for resident withholding tax (RWT) deducted, and may be required to spread that income under the "financial arrangements rules" in the Income Tax Act 2007.

For a New Zealand Branch Bondholder, the financial arrangement rules will only apply if they are acquiring Capital Bonds for the purpose of that business in New Zealand.

For many individual Resident Bondholders the spreading under the financial arrangement rules should also not apply if certain thresholds are satisfied so that they constitute "cash basis persons" for the purposes of the financial arrangements rules - but this can only be established by actual application of the financial arrangements rules to the individual circumstances of each Bondholder.

The financial arrangements rules can also cause Resident Bondholders or New Zealand Branch Bondholders who acquire the Capital Bonds for the purpose of that business in New Zealand to derive income on the transfer of Capital Bonds held by them. For example, if a gain is made on the transfer of Capital Bonds by those Bondholders to whom the financial arrangements rules apply, the "base price adjustment" performed under the financial arrangements rules will bring the gain to account for New Zealand tax purposes and will cause that gain to be included in their income.

Even where the financial arrangements rules do not apply Bondholders may still potentially be subject to New Zealand tax on any gains on sale of the Capital Bonds.

Bondholders should also ascertain whether New Zealand's provisional tax rules apply to their individual situations.

#### Resident withholding tax: Resident Bondholders and New Zealand Branch Bondholders

For Resident Bondholders and New Zealand Branch Bondholders, RWT will be deducted from the gross amount of interest paid or credited to them in accordance with the provisions of the Income Tax Act 2007. For some Bondholders, RWT will not be a final tax in relation to their Capital Bonds. Where this is the case, Bondholders should include income from the Capital Bonds in their tax returns and pay such further tax as is necessary.

As at the date of this Prospectus, the following RWT rates can apply to a Bondholder that is not a company:

- 10.5% (only where the Bondholder is an individual who has a reasonable expectation at the time of making the election that their income for the income year will be \$14,000 or less)
- 17.5%
- 30%
- 33%

A Resident Bondholder or New Zealand Branch Bondholder who supplies their IRD number to the Registrar is able to elect which of the above RWT rates apply to their individual circumstances. Applicants are urged to seek tax advice if they are uncertain as to which rate applies.

Where the Resident Bondholder or New Zealand Branch Bondholder's IRD number is not supplied to the Registrar, RWT will be deducted at a rate of 33% (or such higher maximum rate as specified in the Income Tax Act 2007) from all interest paid or credited to the Bondholder.

If the Bondholder is a company (unless the company is a trustee or a Maori authority) RWT of 28% will be deducted if the Bondholder's IRD number is supplied to the Registrar. Where the Bondholder's IRD number is not supplied to the Registrar, RWT will be deducted at a rate of 30% (or such higher maximum rate as specified in the Income Tax Act 2007) from all interest paid or credited to the Bondholder.

RWT will not be deducted where the Resident Bondholder or New Zealand Branch Bondholder provides a copy of a current RWT exemption certificate to the Registrar.

#### *Approved issuer levy and non-resident withholding tax: Non-Resident Bondholders*

Contact Energy has registered, or will register, the Capital Bonds with Inland Revenue for purposes of the approved issuer levy (AIL) regime. Unless otherwise agreed, Contact Energy will, in respect of payments made or credited to Non-Resident Bondholders pay AIL of 2% of the gross amount of the interest that would otherwise be subject to non-resident withholding tax (NRWT). The amount of the levy will be deducted from the interest otherwise to be paid or compounded to or for the benefit of the Non-Resident Bondholder.

As at the date of this Prospectus, the Taxation (International Investment and Remedial Matters) Bill which reduces the AIL rate to 0% on certain listed bonds has lapsed with the rise of Parliament prior to the election. If the Bill were to be passed in its current form, the Capital Bonds should satisfy the requirements for the 0% rate of AIL. Any such change in rate will only apply from the date the Bill receives Royal assent.

Non-Resident Bondholders may request by written notice to the Registrar that AIL not be paid in respect of interest paid or credited in respect of their Capital Bonds, and that NRWT be deducted instead, at the rate required by law (as reduced by any applicable double tax agreement, where the Non-Resident Bondholder provides satisfactory evidence to the Registrar of entitlement to such reduced rate).

If the Non-Resident Bondholder derives interest under the Capital Bonds jointly with one or more New Zealand tax residents, NRWT must be deducted from the interest paid or credited to the Non-Resident Bondholder at the applicable RWT rate for the Resident Bondholder. In such cases, the Non-Resident Bondholder may be entitled to seek a refund of the NRWT to the extent that NRWT was deducted at a rate higher than that set out in an applicable double tax agreement.

## Guarantors

No person, whether Origin Energy, any of Origin Energy's subsidiaries, any of Contact Energy's subsidiaries or otherwise, guarantees, or provides any other surety in respect of, the Capital Bonds or any of Contact Energy's obligations in relation to the Capital Bonds.

## Provisions of the Trust Documents and other restrictions on Contact Energy

### Summary of the Trust Documents

The Capital Bonds will be issued pursuant to the Master Trust Deed dated 23 February 2009, as amended on 12 February 2010, and 9 November 2011 between Contact Energy and the Trustee and the Supplemental Trust Deed dated 9 November 2011 between Contact Energy and the Trustee. The Supplemental Trust Deed and the Master Trust Deed contain the Conditions of the Capital Bonds. The Trust Documents are available for inspection at the places indicated in this Statutory information section under the heading Access to information on page 44.

#### *Introduction*

The following is a summary of the principal provisions of the Master Trust Deed and the Supplemental Trust Deed. Applicants requiring further information should refer to the Master Trust Deed and the Supplemental Trust Deed. Bondholders are bound by, and are deemed to have notice of, the provisions of the Trust Documents relating to the Capital Bonds.

#### *The Trustee and the Bondholders*

The Trustee is appointed under the Master Trust Deed to act as trustee for the Bondholders and the holders of any other Series of bonds issued under the Master Trust Deed and any relevant supplemental trust deed.

The Trustee does not guarantee the payment of Interest or the Principal Amount of the Capital Bonds.

#### *Issue and form of the Capital Bonds*

The Master Trust Deed does not create any security over the assets of Contact Energy or any of its subsidiaries.

The Master Trust Deed provides that Contact Energy may issue bonds (including Capital Bonds) at such times, in such amounts, to such persons, on such terms and conditions and at the prices determined by Contact Energy. Without limiting the above, the Master Trust Deed provides that Contact Energy can issue bonds (including Capital Bonds) with a fixed principal amount or a principal amount that is to be calculated by reference to an index, and, where bonds (including Capital Bonds) are interest-bearing, that interest will be calculated by reference to a specific interest rate (which may be fixed or a margin over a base rate) or by reference to an index or both. In addition, the Master Trust Deed provides that bonds may be subordinated or unsubordinated as specified in the relevant supplemental trust deed.

#### *Covenants*

The Master Trust Deed contains a number of covenants by Contact Energy, including that for so long as any Capital Bonds are outstanding:

- it will comply with and perform all material obligations under the Agency Agreement and use all reasonable endeavours to ensure that the Registrar also does so;
- it will ensure that a Register is maintained in respect of the Series and give notice to the Bondholders of any resignation or removal of the Registrar and the appointment of any replacement Registrar promptly following such event;
- it will use all reasonable endeavours to cause the Registrar for the Series to keep the Register for that Series pursuant to the Agency Agreement;
- it will obtain, effect and promptly renew from time to time all material authorisations required under any applicable law to enable it to perform and comply fully with the Conditions for that Series or required on its part for the validity or enforceability of the Master Trust Deed and the supplemental trust deed for the Series;
- it will promptly notify the Trustee of the occurrence of any Event of Default;
- it will send copies to the Trustee of all notices given by it to Bondholders of the Series generally;
- it will maintain its corporate existence and will not merge, amalgamate or consolidate with any person (subject to certain exceptions); and
- it will comply with provisions of the Financial Reporting Act 1993, the Securities Act and the Securities Regulations applicable to the Capital Bonds.

Contact Energy has also undertaken to use reasonable endeavours to quote and maintain quotation of the Capital Bonds on the NZDX and to notify the Trustee of various matters, including any event requiring it to defer interest, any downgrade of its issuer credit rating, any prospective Change of Control Event notified to NZX, any actual Change of Control Event and any non-payment in respect of the Capital Bonds.

#### *Duties and powers of the Trustee*

The principal duties of the Trustee under the Master Trust Deed in relation to the Bondholders are summarised as follows:

- upon the occurrence of any Event of Default specified in the Supplemental Trust Deed which is continuing unremedied, the Trustee may in its discretion, and immediately upon being directed to do so by an Extraordinary Resolution passed by the Bondholders must, declare the Capital Bonds to be immediately due and payable by notice in writing to Contact Energy, exercise the powers of enforcement available to it and apply all monies received in accordance with the provisions of the Master Trust Deed;
- to receive regular financial and other reports provided to it by Contact Energy;
- to perform a number of functions relating to the ongoing administration of the Trust Documents, including in relation to the meetings of Bondholders, and the exercise of discretions or the giving or withholding of consents (as appropriate) relating to such administration and other matters out of the ordinary, such as making an application to the High Court of New Zealand under the Securities Act, the substitution of an obligor in place of Contact Energy in relation to the Capital Bonds and agreeing to modifications of the Trust Documents, all upon the terms set out in the Trust Documents; and
- on being satisfied that all Capital Bonds have been paid or provided upon the terms of the Trust Documents, to execute a deed of release of the Trust Documents.

In addition, the Trustee has a statutory duty pursuant to the Securities Act and the Securities Regulations to exercise reasonable diligence to:

- ascertain whether or not there has been any breach of the terms of the Trust Documents or of the terms of any offer of the Capital Bonds and to do all it is empowered to do to cause any such breach of those terms to be remedied (except where the Trustee is satisfied that the breach will not materially prejudice the interests of the Bondholders); and
- ascertain whether or not the assets of Contact Energy that are or may be available, are sufficient or likely to be sufficient to discharge the amounts of the Capital Bonds as they become due.

The Trustee receives the benefit of a general indemnity from Contact Energy for any expenses, losses or liabilities it reasonably sustains or incurs while acting as Trustee unless the claim arises out of wilful default, gross negligence or wilful breach of trust by the Trustee. The Trustee is not indemnified against liability for wilful default, gross negligence or wilful breach of trust where the Trustee has failed to show the degree of care and diligence required of it having regard to the powers, authorities and discretions conferred on it under the Trust Documents and the provisions of the Master Trust Deed.

The Trustee has absolute discretion as to the exercise or non-exercise of its powers in relation to the Capital Bonds. Under the Trust Documents, the Trustee may, amongst other things, in relation to the Capital Bonds:

- refrain from exercising any power until directed by an Extraordinary Resolution of Bondholders or the affected class of Bondholders;
- decline to act or exercise any power, take any action or comply with any request or direction (including direction by an Extraordinary Resolution of Bondholders) unless it has first been indemnified to its satisfaction against all reasonable expenses, losses and liabilities it may sustain or incur by so doing;
- represent and act on behalf of Bondholders in any matter concerning them generally;
- invest any monies held in its capacity as Trustee, in the name of the Trustee or its nominee, in any investment, with power to vary, deal with or dispose of such investment, and all income (less any commissions properly payable to the Trustee) arising from all such investments will belong to the person in respect of whom such monies are held by the Trustee;
- in the performance of its duties, act on, or decline to act on, certificates signed by or on behalf of Contact Energy, and the advice or opinion of professional advisers; or
- require Contact Energy to report to Bondholders on certain matters, convene meetings of Bondholders or otherwise seek directions from the Bondholders or a court of New Zealand.

The Supplemental Trust Deed records that the duties of the Trustee, as set out in clause 1 of schedule 15 to the Securities Regulations, will be construed and interpreted to recognise and take into account the following characteristics of the Capital Bonds:

- they are debt securities in relation to which no payment of any Principal Amount or interest can be compelled by Bondholders, except following the issuance of a Holder Put Event Notice (where the Issuer does not redeem the Capital Bonds), upon a declaration following an Event of Default or upon the Maturity Date, and which generally have certain characteristics analogous to shareholders' equity rather than debt securities;
- the Issuer may pay distributions on its ordinary equity and interest payments on any other securities, regardless of whether any Deferred Interest is outstanding;
- the Issuer may freely incur further indebtedness;
- the potential deferral of interest payments pursuant to the Conditions;
- the subordination in priority of the Capital Bonds to the claims of unsubordinated creditors;
- the limitations on the rights of the Bondholders and the Trustee on behalf of the Bondholders to compel or enforce payment of the Principal Amount or any interest or other amounts and the other limitations on the rights of the Bondholders and the Trustee (including in respect of any breach by the Issuer) provided in the Supplemental Trust Deed and the Conditions; and

- the limitations on the rights of the Trustee to interfere in the conduct of the Issuer's business,

and will, to the maximum extent possible, be limited accordingly.

Each Bondholder is deemed to have knowledge of and to have agreed and accepted that the duties and obligations of the Trustee under clause 1 of schedule 15 to the Securities Regulations are to be construed, interpreted and limited as provided above.

Without limiting the generality of the foregoing, the Trustee may and is entitled to assume without enquiry that until the Trustee receives a Holder Put Event Notice or actual notice of an Event of Default, the Capital Bonds are not and will not fall due for payment until the Maturity Date (although they may be redeemed before that date).

#### *Reporting*

Contact Energy covenants to supply to the Trustee various reports, certificates, annual and half-yearly financial statements and other information as to the financial condition of Contact Energy and its subsidiaries and as to compliance with the Trust Documents.

This includes a requirement that two directors of Contact Energy, on behalf of the Board, provide a report to the Trustee, following the end of each financial year and each financial half-year, as to various matters relating to Contact Energy and the Capital Bonds, including details of any matter that has arisen relating to Contact Energy which would materially and adversely affect the ability of Contact Energy to perform its obligations under the Master Trust Deed and the Capital Bonds, compliance by Contact Energy with the provisions of the Trust Documents, details of all Capital Bonds that have been repaid on maturity in the immediately preceding financial year or half-year and due maintenance of the Register for the Capital Bonds.

#### *Events of Default*

Upon the occurrence of any of the Events of Default, the Trustee may in its discretion, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders must, declare the Capital Bonds to be immediately due and payable by notice in writing to Contact Energy. However, none of the events listed in the definition of Event of Default in the Supplemental Trust Deed will constitute an Event of Default, and the Capital Bonds will not become immediately due and payable, unless the Event of Default is continuing unremedied.

The Events of Default are defined in the Conditions contained in the Trust Documents. A summary of the Events of Default is set out in this Statutory information section under the heading Mandatory redemption by Contact Energy on page 36.

#### *No enforcement by Bondholders*

Bondholders have no direct enforcement rights and they may not bring proceedings directly against Contact Energy for the enforcement of any of their rights or remedies under the Trust Documents, unless the Trustee has failed to enforce such rights or remedies after having become bound to do so under the provisions of the Trust Documents.

#### *Default Interest*

If any amount payable in respect of a Capital Bond is not paid on its due date, interest (Default Interest) will accrue on the unpaid amount at the rate determined by the Registrar to be the aggregate of 2%, the Benchmark Rate and the Margin (or Step-up Margin as the case may be) payable on the Capital Bond compounded monthly until the unpaid amount is paid. Default Interest shall not apply in respect of any interest payment that is deferred in accordance with the terms of the Capital Bonds.



### *Substituted Obligor*

Contact Energy may substitute any wholly-owned subsidiary (Substituted Obligor) in substitution for Contact Energy or a previous Substituted Obligor under the Trust Documents. Such substitution may only occur if a number of requirements are met, as set out in the Master Trust Deed. Those requirements include that:

- the consent of the Trustee has been obtained;
- the obligations of the Substituted Obligor under the Capital Bonds are guaranteed by Contact Energy;
- the Substituted Obligor becomes bound by all the Conditions of the Trust Documents for the Series and enters into agreements and documents that are satisfactory to the Trustee for that purpose;
- such amendments are made to the other documents in respect of the Offer as the Trustee may reasonably deem appropriate;
- two directors of the Substituted Obligor, on behalf of the Board of the Substituted Obligor, certify that the Substituted Obligor will be solvent immediately after such substitution;
- any public rating assigned to the Capital Bonds is maintained or increased;
- Contact Energy and the Substituted Obligor comply with such reasonable requirements as the Trustee may direct which the Trustee reasonably considers are in the interests of the Bondholders, which may include a requirement that Contact Energy remains bound by all or certain provisions of the Master Trust Deed in respect of the Capital Bonds;
- prior to the substitution being effected, the Substituted Obligor warrants and represents to the Bondholders that:
  - it has obtained all necessary authorisations;
  - the authorisations for the performance of its obligations under the Trust Documents are in full force and effect;
  - the obligations assumed by it are its legal, valid and binding obligations enforceable against it in accordance with their terms; and
- legal opinions have been delivered to the Trustee confirming that following such substitution:
  - the Trust Documents and the Capital Bonds will constitute legal, valid and binding obligations on the Substituted Obligor;
  - the Substituted Obligor is validly incorporated in its jurisdiction of incorporation;
  - all necessary authorisations are in full force and effect; and
  - amounts payable to any Bondholder will not be reduced by the existence of any applicable taxes except for such taxes in respect of which the Substituted Obligor has agreed to make compensating payments to the Bondholders.

### *Meetings*

The Master Trust Deed contains provisions for meetings of Bondholders and the matters that may be determined by ordinary or Extraordinary Resolutions.

Contact Energy must call a meeting of Bondholders, or a class of Bondholders, at the request in writing of the Bondholders of at least 10% of the aggregate Principal Amount of the Capital Bonds, or that class of Capital Bonds (as the case may be). The Issuer or the Trustee may convene a meeting of Bondholders at any time.

An Extraordinary Resolution passed at a meeting of Bondholders or a class of Bondholders properly convened and held is binding on all Bondholders, or all Bondholders of that class (as the case may be), whether or not they were present at such meeting. However:

- a resolution which affects a particular Bondholder only, rather than the rights of all Bondholders generally, or of a particular class of Bondholders generally, will not be binding on such Bondholder unless such Bondholder agrees to be bound by the terms of such resolution;
- a resolution which affects one class only of Capital Bonds is deemed to have been duly passed if passed at a properly convened and held meeting of the Bondholders of that class;

- a resolution which affects more than one class of Capital Bonds, but does not give rise to a conflict of interest between the Bondholders of any of the classes so affected, is deemed to have been duly passed if passed at a single properly convened and held meeting of the Bondholders of all classes so affected; and
- a resolution which affects more than one class of Capital Bonds and gives rise to a conflict of interest between the Bondholders of any of the classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Bondholders of each class so affected.

After the occurrence of an Event of Default and while it continues unremedied, Bondholders of a Series may by an Extraordinary Resolution direct the Trustee to declare the Principal Amount of Capital Bonds, together with accrued interest thereon, to be immediately due and payable by notice in writing to Contact Energy.

Bondholders (together with other holders of other affected Series) have the power exercisable by Extraordinary Resolution to agree, approve, authorise, ratify and sanction various acts, matters or things in relation to, or in connection with, the Trust Documents, the Capital Bonds and the exercise or performance by the Trustee of its powers, duties and discretions. For example, the Bondholders may, by an Extraordinary Resolution:

- sanction the release of Contact Energy from payment of all or any part of the Bond Monies;
- postpone or, with the agreement of Contact Energy, accelerate the Maturity Date of the Capital Bonds and suspend or postpone for a time the payment of interest on the Capital Bonds;
- sanction any exchange of Capital Bonds for other obligations or securities of Contact Energy or any other company;
- sanction any alteration, release, modification, waiver, variation or compromise or any other arrangement relating to the rights of the Bondholders against Contact Energy or its assets;
- assent to any amendment to the terms of the Trust Documents;
- sanction, assent to, release or waive any breach or default by Contact Energy or the Trustee under any of the provisions of the Trust Documents;
- sanction any scheme for the reconstruction of Contact Energy or for the amalgamation of Contact Energy with any other corporation where such sanction is necessary;
- subject to section 62 of the Securities Act, discharge, release or exonerate the Trustee from all liability in respect of any act or omission for which the Trustee has or may become responsible under the Trust Documents; and
- subject to the provisions of the Trust Documents, remove the Trustee and appoint, a new Trustee.

An Extraordinary Resolution is a resolution passed at a meeting of Bondholders (or a class of Bondholders) properly convened at which at least three-fourths of the persons entitled to vote and voting or, if a poll is properly demanded then not less than three-fourths of the eligible votes given on such a poll, voted in favour of the resolution. A quorum for the purpose of passing an Extraordinary Resolution is two or more Bondholders (present in person or by representative) holding or representing a majority in Principal Amount of the Capital Bonds or, in the case of a meeting of any class of Bondholders, of the Capital Bonds of the relevant class. If a quorum is not present and the meeting is adjourned, a quorum at the adjourned meeting is all Bondholders present (in person or by representative). Anything that may be done by Bondholders (or a class of Bondholders) by an ordinary resolution or an Extraordinary Resolution passed at a meeting of Bondholders (or that class of Bondholders) may be done by a resolution in writing signed by not less than 75% of Bondholders (or that class of Bondholders) having the right to vote on that resolution and holding in aggregate the right to cast not less than 75% of the votes which could be cast on that resolution.

### *Amendment of Trust Documents*

The terms and conditions of the Trust Documents may be altered with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution at a meeting of Bondholders (whether convened by Contact Energy or Bondholders) and, in limited circumstances, with the approval only of the Trustee and Contact Energy. A description of the requirements for an Extraordinary Resolution is set out in the preceding paragraph of this Prospectus.

In addition, the Trustee and Contact Energy may, without the approval of Bondholders, agree to alter the Trust Documents in the limited circumstances specified in the Master Trust Deed. These circumstances include amendments:

- of a minor, formal, administrative or technical nature;
- that are to correct a manifest error;
- that are to comply with the requirements or a modification of the requirements of any applicable law or any rules of any stock exchange in New Zealand or elsewhere;
- that are necessary for the purpose of obtaining or maintaining a quotation of the Capital Bonds on any stock exchange in New Zealand or elsewhere; and
- in respect of any of the provisions of the Trust Documents relating to reporting to the Trustee, the Trustee's fees, expenses and indemnities or the exercise of the Trustee's powers.

The above circumstances are also subject to the general requirement that Contact Energy and the Trustee must each be of the opinion that the amendment will not be materially prejudicial to the interests of Bondholders.

The Trustee may agree to amend or temporarily vary the Trust Documents or the Capital Bonds to reflect an exemption granted to Contact Energy, or an exemption that is applicable to Contact Energy, in relation to any obligation imposed upon Contact Energy by or pursuant to the Securities Act, the Financial Reporting Act 1993, the Securities Regulations or the listing rules of any stock exchange which is materially the same as or analogous to any obligation of Contact Energy under the Master Trust Deed or the Capital Bonds, provided two authorised officers of Contact Energy certify that such amendment, temporary variation or waiver will not have a material adverse effect on Contact Energy or be materially and adversely prejudicial to the general interests of Bondholders.

In addition, the Trustee may temporarily vary the provisions of the Trust Documents, or waive any breach or anticipated breach by Contact Energy, for such period and on such terms as:

- may be deemed appropriate provided that the Trustee is satisfied that the interests of the affected Bondholders generally will not be materially and adversely prejudiced; or
- may be agreed by the Trustee to reflect an exemption of the nature referred to above as an amendment that can be made without Bondholder approval.

Any amendment to the Trust Documents will be binding on all Bondholders and will only be effective if it is in writing and signed by Contact Energy and the Trustee.

#### *Supplemental Trust Deed*

The Supplemental Trust Deed contains provisions specific to the Capital Bonds to be issued under this Prospectus, although Contact Energy may elect to issue further Series of bonds on the same terms. It contains, as a schedule, the Conditions of the Capital Bonds. It also specifies that none of Contact Energy's subsidiaries guarantees Contact Energy's obligations under the Capital Bonds.

#### **Other Restrictions**

##### *Restrictions on new mortgages or charges or ratio of liabilities*

The Trust Documents do not create any security over the assets of Contact Energy or any of its subsidiaries or other entities in which Contact Energy has an interest. None of Contact Energy, any of its subsidiaries or other entity in which Contact Energy has an interest nor any other person guarantees the obligations of Contact Energy under the Trust Documents in respect of the Capital Bonds. Further, there are no limitations in the Trust Documents relating to:

- the creation of new mortgages or charges ranking in point of security ahead of, or equally with, any mortgage or charge securing the Capital Bonds; or
- any ratio of liabilities, or class of liabilities, to assets, or to any class of assets of Contact Energy.

#### *Borrowing Restrictions*

Except for the restrictions contained in the Deed of Negative Pledge (described below) there are no restrictions on the ability of Contact Energy to borrow that result from any undertaking given or contract or deed entered into, by Contact Energy. The Trust Documents do not contain any restrictions on the ability of Contact Energy to borrow or incur further indebtedness.

#### *Deed of Negative Pledge*

Contact Energy has entered into a Deed of Negative Pledge dated 19 May 2005 under which Contact Energy covenants in favour of certain Financiers that it will not grant any security interest over its assets, unless it is an exception permitted within the Deed of Negative Pledge.

Pursuant to the Deed of Negative Pledge, Contact Energy also covenants in favour of the Financiers (including obligees under Contact Energy's Existing Debt Obligations) that, among other things, the ratio of consolidated unsecured group debt to consolidated unsecured group debt plus consolidated shareholders' funds (all as described in the Deed of Negative Pledge) shall not exceed 60%.

The Deed of Negative Pledge, and the rights and obligations under it, do not apply to the Capital Bonds and neither the Trustee nor any Bondholder will be a Financier in respect of the Capital Bonds.

#### *Miscellaneous*

The Trust Documents also contain detailed provisions relating to procedures for holding meetings of Bondholders, transfer and registration of Capital Bonds and various other matters.

Because the Capital Bonds are to be registered (rather than bearer) bonds, the Trustee and Contact Energy are entitled to rely on the Register as the sole and conclusive record of the Capital Bonds held by a Bondholder, notwithstanding any discrepancy between the Register and any certificate issued in respect of any Capital Bonds. A certificate will not constitute a document of title and transfers must be effected using a registrable transfer form or by means of the NZX's settlement and transfer system. A transfer will not take effect until the transferee is registered as the holder of the Capital Bond.

The Trustee and Contact Energy are entitled to treat a person recorded in the Register as the absolute owner of the Capital Bonds it is recorded to own, and shall have no liability to any person for doing so.

#### *Trustee's statement*

The statement required to be made by the Trustee pursuant to clause 9(3) of schedule 12 to the Securities Regulations is set out in the Trustee's statement section on page 33.

## **Consequences of insolvency**

Bondholders will not be liable to pay any money to Contact Energy or any other person in respect of the Capital Bonds as a result of the insolvency of Contact Energy. However, in the event of the insolvency of Contact Energy, Bondholders could receive none, or only some, of the returns referred to in this Statutory information section under the heading Returns on pages 35 to 38. It is therefore foreseeable in those circumstances that Bondholders would receive less than the amount they paid for their investment in the Capital Bonds.

The Capital Bonds are unsecured, subordinated interest bearing debt obligations of Contact Energy. In a liquidation of Contact Energy, Bondholders' rights to payment of any amounts owing under the Capital Bonds will rank after the claims of all other creditors of Contact Energy, (other than those who have agreed to rank subordinate to, or equal with, claims of the Bondholders), including:

- persons to whom preferential payments must be made (including creditors of Contact Energy preferred by law);
- secured creditors (see below);
- obligees under the Existing Debt Obligations (see below); and
- other unsecured creditors of Contact Energy (which may include trade creditors of Contact Energy).

As at 30 June 2011, Contact Energy had total liabilities of \$2,458 million (including total borrowings of \$1,085 million, payables and accruals of \$414 million, liabilities under derivative financial instruments of \$226 million, provisions of \$58 million, deferred tax of \$673 million and other non-current liabilities of \$0.5 million). In a liquidation of Contact Energy, these total liabilities will have claims on the assets of Contact Energy that rank ahead of the Capital Bonds. As at 30 June 2011, the total borrowings of Contact Energy (i.e. the Existing Debt Obligations as at that date) included:

- \$US330 million of indebtedness under the US Notes (which have a notional equivalent of \$NZ\$587 million);
- \$550 million in principal amount of indebtedness under the Senior Bonds;
- \$100 million in principal amount of indebtedness under the Series 2 Notes; and
- committed facilities of \$450 million under Contact Energy's senior bank facilities with ANZ National Bank Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia, Westpac New Zealand Limited and KiwiBank Limited of which nil was drawdown as at 30 June 2011.

The amounts owed under the Existing Debt Obligations, particularly under the senior bank facilities, may vary. In particular, as the Te Mihi project progresses, the senior bank facilities and further new bank facilities may be drawdown.

The Existing Debt Obligations are unsecured but have the benefit of the Deed of Negative Pledge. In addition, although Contact Energy's borrowings are unsecured, Contact Energy has granted, or is subject to, security interests over certain of its assets as permitted under the Deed of Negative Pledge. Any secured obligations will have claims on the assets secured that rank ahead of the Capital Bonds.

Bondholders' rights to payment of any amounts owing under the Capital Bonds will rank equally among themselves (after payment of any amounts due to the Trustee pursuant to the Trust Documents) and with all other subordinated creditors of Contact Energy (other than creditors whose claims rank subordinate to the obligations of Contact Energy under the Capital Bonds). As at the date of this Prospectus, Contact Energy has no creditors whose claims on the assets of Contact Energy rank, or are expected to rank, equally with or subordinate to the obligations of Contact Energy under the Capital Bonds.

In a liquidation of Contact Energy, the claims of Bondholders will rank ahead of claims of Shareholders.

## Alteration of securities

The terms of the Capital Bonds can be altered in certain circumstances. Contact Energy also reserves the right to vary the dates of the Offer including the Opening Date and Closing Date, at its sole discretion. If the Closing Date is varied, subsequent dates referred to in the timetable in the Important dates section on page 9 may change correspondingly. The terms of the Offer and the terms and conditions on which investors may apply for and acquire Capital Bonds may be altered by an amendment to this Prospectus and, if required, the Master Trust Deed or the Supplemental Trust Deed. Details of any amendment to this Prospectus, the Master Trust Deed or the Supplemental Trust Deed must be filed with the Registrar of Financial Service Providers.

The terms and conditions of the Trust Documents may be altered. A summary of how the Trust Documents may be altered is set out in this Statutory information section under the heading Amendment of Trust Documents on pages 40 and 41.

### Substituted Obligor

The Trustee may, without the consent of the Bondholders, agree to any wholly-owned subsidiary of Contact Energy taking the place of Contact Energy under the Trust Documents in substitution for Contact Energy or a previous Substituted Obligor. Such substitution may only occur if a number of requirements are met, as set out in the Master Trust Deed. Further detail regarding this possible substitution is set out in this Statutory information section under the heading Substituted Obligor on page 40.

## Early termination

### On market purchase by Contact Energy

Contact Energy may purchase Capital Bonds from any person at any time on market or by private treaty at any price. Any Capital Bonds purchased by Contact Energy will be deemed to be immediately cancelled.

### Redemption

Contact Energy may in certain circumstances redeem Capital Bonds before their Maturity Date. These circumstances are described in this Statutory information section under the heading Redemption on pages 36 and 37. In addition, Bondholders may, following receipt of a Holder Put Event Notice, require Contact Energy to redeem Capital Bonds before their Maturity Date if Contact Energy does not exercise its option to redeem the Capital Bonds. The circumstances in which a Holder Put Event Notice must be given are described in this Statutory information section under the heading Optional early redemption by Bondholders on page 36.

No early termination charges or switching or sale charges are payable by a subscriber to Contact Energy or any associated person (as defined in the Securities Act) of Contact Energy.

## Right to sell securities

Bondholders are entitled to sell or transfer their Capital Bonds at any time, subject to the terms of the Trust Documents and any applicable securities laws and regulations. Capital Bonds may be transferred using a transfer document in any commonly used form acceptable to the Registrar or by means of the settlement and transfer system operated by NZX.

Application has been made to NZX for permission to list the Capital Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, the Capital Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Prospectus. NZDX is a registered market operated by NZX (which is a registered exchange) under the Securities Markets Act.

As at the date of this Prospectus, there is no established secondary market for the Capital Bonds. On the basis that permission is expected to be granted to list the Capital Bonds on the NZDX, Contact Energy considers that a secondary market for the Capital Bonds will develop following completion of the Offer. However, Contact Energy gives no assurance as to the existence or liquidity of such secondary market. A summary of the risks involved with selling Capital Bonds on the secondary market (if one develops) is set out in the Risks section under the headings Market and liquidity considerations and Transfer risk on page 31.

Applicants should contact their broker or financial adviser if they wish to sell or transfer Capital Bonds.

Applicants should not attempt to sell their Capital Bonds until they know whether, and how many, Capital Bonds have been issued to them. None of Contact Energy, the Joint Lead Managers, the Co-Manager, the Trustee, nor any of their respective directors, officers, employees or agents, nor any other person, accepts any liability or responsibility should any applicant for Capital Bonds attempt to sell or otherwise deal with any Capital Bonds before receiving from the Registrar a Holding Statement recording the number of Capital Bonds (if any) issued to them.

Contact Energy may direct the Registrar to refuse to register any transfer of Capital Bonds where the Trust Documents, the Listing Rules or any applicable legislation permits or requires Contact Energy to do so.

No charges are payable to or by Contact Energy on any sale of Capital Bonds. However, brokerage at applicable rates is likely to be payable by a Bondholder on any transfer of their Capital Bonds effected through a Primary Market Participant or other financial intermediary.

If Bondholders transfer any Capital Bonds, the price obtained for them may differ from the amount paid to subscribe for or purchase them. Factors which may affect the price at which a Bondholder is able to sell Capital Bonds are set out in the Statutory information section under the heading Key factors determining returns on page 35 and the Risks section on pages 28 to 32.



Contact Energy will not compensate Bondholders for any loss they incur if they choose to sell Capital Bonds.

### Other terms of Offer and securities

All of the terms of the Offer and the Capital Bonds being offered are set out in this Prospectus, except for those:

- implied by law; or
- which are set out in a document that has been registered with a public official, is available for public inspection, and is referred to in this Prospectus.

Copies of announcements made by Contact Energy through NZX are available on NZX's website (at [www.nzx.com/companies/CEN](http://www.nzx.com/companies/CEN)). You are encouraged to monitor Contact Energy's announcements through this website.

In addition to this Prospectus, the following information that is material to the Offer has been disclosed by Contact Energy through NZX prior to registration of this Prospectus in accordance with Contact Energy's obligations under the Listing Rules (i.e. the Disclosed Information). This is not a list of all announcements made by Contact Energy. Copies of all announcements referred to below have been filed with NZX and the Registrar of Financial Service Providers. The announcements are also available on Contact Energy's website (at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)) and on NZX's website (at [www.nzx.com/companies/CEN](http://www.nzx.com/companies/CEN)).

### Information available under Contact Energy's continuous disclosure obligations

Contact Energy, as a listed issuer whose shares are quoted on NZSX, is subject to the continuous disclosure obligations of the Listing Rules (which are "continuous disclosure provisions" for the purposes of section 19D of the Securities Markets Act). As such, Contact Energy is required to immediately notify NZX of any information concerning Contact Energy of which Contact Energy is or becomes aware and which a reasonable person would expect to have a material effect on the price of Contact Energy's ordinary shares, subject to certain exceptions.

#### Disclosed Information

Monthly Operational Data for month ending 30 September 2011	21 October 2011
New facilities and construction reflect year of change	19 October 2011
Notice of Meeting and Annual Report	21 September 2011
Monthly Operational Data for month ending 31 August	20 September 2011
Monthly Operational Data for month ending 31 July	30 August 2011
Contact's investment in portfolio flexibility seeing results Contact's full year results	22 August 2011
SSH Notice - (Origin Energy New Zealand Limited)	11 August 2011
Presentation to the 7th Australia – New Zealand Climate Change and Business conference	3 August 2011
Monthly Operational Data for month ending 30 June	26 July 2011
May 2011 Operational Data Available	21 June 2011
Investor Offsite Presentation	21 June 2011
Contact issues shares under entitlement offer	9 June 2011
Contact successfully undertakes shortfall bookbuild	8 June 2011
Contact shareholder entitlement offer closes	2 June 2011
Contact Energy opens \$400 million development in Taranaki	31 May 2011
Hauāuru mā raki final decision released	27 May 2011
Monthly Operational Data for month ending 30 April 2011	16 May 2011
Contact launches entitlement offer to support future growth	28 April 2011
Monthly Operational Data for month ending 31 March 2011	20 April 2011
Contact Energy Half Year Report now available	31 March 2011
Monthly Operational Data for month ending 28 February 2011	24 March 2011
Hauāuru mā raki draft decision released	25 February 2011
Monthly Operational Data for month ending 31 January 2011	23 February 2011
Contact Energy announces its results for the 6 month period to 31 December 2010, and announces that it has committed to the construction of the 166 megawatt Te Mihi geothermal project	22 February 2011

## Financial statements

The most recent audited financial statements for Contact Energy and the Contact Energy Group for the financial year ended 30 June 2011 that comply with, and have been registered under, the Financial Reporting Act 1993 (together with the accompanying audit report) are contained in Contact Energy's 2011 Annual Report. Those financial statements, which were notified to NZX on 22 August 2011, and were registered at the Ministry of Economic Development Business Service Centre on 2 November 2011, together with Contact Energy's Annual Reports for the preceding financial years, are available on Contact Energy's website (at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)).

## Access to information

Copies of the Disclosed Information and Contact Energy's 2011 Annual Report may be obtained, free of charge, from Contact Energy's website (at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)) or Contact Energy's page on NZX's website (at [www.nzx.com/companies/CEN](http://www.nzx.com/companies/CEN)).

Copies of the Disclosed Information and Contact Energy's 2011 Annual Report are also filed on a public register at the Companies Office of the Ministry of Economic Development and are available for public inspection (including at [www.business.govt.nz/companies](http://www.business.govt.nz/companies)). Where relevant statutory filing documents are not available on the Companies Office website, copies may also be obtained (on payment of a fee) by telephoning the Companies Office on 0508 266 726.

Alternatively, the Disclosed Information and Contact Energy's 2011 Annual Report may be inspected, without charge, during normal business hours by making a request at Contact Energy's registered office at Level 1, Harbour City Tower, 29 Brandon Street, PO Box 10742, Wellington.

In addition to the Disclosed Information, further information about Contact Energy is contained or referred to in Contact Energy's financial statements and the documents lodged with NZX prior to the date of registration of this Prospectus, being 10 November 2011, pursuant to Contact Energy's obligations under the "continuous disclosure provisions" of the Listing Rules (also referred to in section 19D of the Securities Markets Act). These documents are available free of charge, from Contact Energy's website (at [www.contactenergy.co.nz/web/investor/investor](http://www.contactenergy.co.nz/web/investor/investor)) or Contact Energy's page on NZX's website (at [www.nzx.com/companies/CEN](http://www.nzx.com/companies/CEN)).

## Other material matters

There are no additional material matters relating to the Offer of Capital Bonds other than those set out in:

- this Prospectus;
- the NZX announcements referred to in this Statutory information section under the heading Information available under Contact Energy's continuous disclosure obligations on page 43 (the Disclosed Information); and
- the audited financial statements for Contact Energy and the Contact Energy Group for the year ended 30 June 2011.

## Directors' statement

In the opinion of the directors of Contact Energy, after due enquiry by them, Contact Energy is in compliance with the requirements of the continuous disclosure provisions that apply to it.

## Signatures

This Offer Document has been signed by each of the directors of Contact Energy (or by their authorised agents) on 9 November 2011.

SIGNED by the directors of Contact Energy Limited

  
Grant Alfred King (Chairman)

  
Phillip John Dyke

  
David Andrew Baldwin

  
Bruce Gerard Beeren

  
Whaimutu Kent Dewes

  
Karen Anne Moses

  
Susan Jane Sheldon

# Glossary

The following definitions apply throughout this Prospectus unless the context requires otherwise:

<b>“\$”, “NZ\$” or “dollars”</b>	New Zealand dollars, unless expressly stated otherwise.
<b>Application Form</b>	the application form which accompanies this Prospectus to be completed by applicants when applying for Capital Bonds.
<b>Agency Agreement</b>	the registry and paying agency agreement between Contact Energy and the Registrar.
<b>Application Monies</b>	money received by Contact Energy from applicants who have applied for Capital Bonds under the Offer.
<b>Arranger</b>	Craigs Investment Partners Limited.
<b>Associate</b>	has the meaning given to that term in the Takeovers Code.
<b>Benchmark Rate</b>	the rate per annum expressed on a percentage yield basis (adjusted to a quarterly equivalent rate as necessary), and rounded up to the nearest two decimal places, which is the average of the bid and offered swap rates displayed at or about 11:00am New Zealand time on the Rate Set Date (in the case of interest to the First Reset Date) or relevant Reset Date on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with a tenor equal to the period from the applicable date to the next Reset Date. If such rate does not appear on page FISSWAP, the relevant Benchmark Rate shall be the average of the mid point of the bid and offered swap rates quoted by three registered banks in New Zealand which usually quote rates on the relevant screen page (as selected by Contact Energy) at or around 2:00pm New Zealand time on the Rate Set Date or relevant Reset Date for an interest rate swap with a tenor equal to the period from the applicable date to the next Reset Date (adjusted to a quarterly equivalent rate as necessary) rounded up to the nearest two decimal places.
<b>Board</b>	the board of directors of Contact Energy.
<b>Bondholder</b>	a person whose name is recorded in the Register as the holder of a Capital Bond.
<b>Bond Monies</b>	at any time, the Principal Amount, Interest and other monies payable on the Capital Bonds and all other monies payable to the Trustee or to any Bondholder, at that time under or pursuant to the Trust Documents.
<b>Bookbuild</b>	the process conducted by the Joint Lead Managers before the Opening Date in which: <ul style="list-style-type: none"> <li>(i) the Joint Lead Managers, the Co-Manager, institutional investors and other approved financial intermediaries lodge bids for the Capital Bonds; and</li> <li>(ii) on the basis of those bids, Contact Energy, in consultation with the Joint Lead Managers, will determine the Minimum Interest Rate, the Margin and the Firm Allocations.</li> </ul>
<b>Business Day</b>	means a day (other than a Saturday or Sunday) on which registered banks are generally open for business in Wellington and Auckland, except that in the context of the Listing Rules, it means a day on which the NZDX is open for trading.
<b>Capital Bonds</b>	the bonds offered pursuant to this Prospectus.
<b>Change of Control Event</b>	the occurrence of one or more of the following: <ul style="list-style-type: none"> <li>(i) an offer is made to acquire all or some of Contact Energy's ordinary shares and the offer is, or becomes, unconditional and the offeror (and its Associates) holds or controls more than 50% of the Voting Rights of Contact Energy;</li> <li>(ii) a court approves a scheme of arrangement which, when implemented, will involve a non-pro-rata change in shareholdings and result in a person (and its Associates) holding or controlling more than 50% of the Voting Rights of Contact Energy;</li> <li>(iii) an amalgamation occurs between Contact Energy and another party which results in a person (and its Associates) holding or controlling more than 50% of the Voting Rights of the surviving entity;</li> <li>(iv) any other circumstance or event arises which results in a person (and its Associates) holding or controlling more than 50% of the Voting Rights of Contact Energy; or</li> <li>(v) Origin Energy and/or any entity wholly-owned or controlled by Origin Energy increases its ownership or control of the Voting Rights of Contact Energy to greater than or equal to 90%,</li> </ul> <p>provided that paragraphs (i) to (iv) above shall not apply if as a result of the relevant offer, scheme of arrangement, amalgamation or other circumstance Origin Energy and/or any entity wholly-owned or controlled by Origin Energy holds or controls more than 50% but less than 90% of the Voting Rights of Contact Energy.</p>
<b>Closing Date</b>	15 December 2011 or such other date as may be determined by the Issuer.
<b>Co-Manager</b>	Westpac Banking Corporation, New Zealand Branch.
<b>Conditions</b>	the terms and conditions of the Bonds as set out in Schedule 1 to the Supplemental Trust Deed.
<b>Contact Energy</b>	Contact Energy Limited.
<b>Contact Energy Group</b>	Contact Energy and its subsidiaries.
<b>control</b>	has the meaning given to that term in the Takeovers Code.



<b>Deed of Negative Pledge</b>	the deed of negative pledge and guarantee entered into by Contact Energy and certain of its Subsidiaries on 19 May 2005.
<b>Deferred Interest</b>	any interest that Contact Energy has deferred (as described in more detail in the Statutory information section under the heading Deferral of interest on page 35), together with any accrued but unpaid interest on such deferred interest.
<b>Disclosed Information</b>	is the information described in the Statutory information section under the heading Information available under Contact Energy's continuous disclosure obligations on page 43.
<b>EBITDAF</b>	earnings before net interest expense, income, tax, depreciation, amortisation, change in fair value of financial instruments and other significant items.
<b>ETS</b>	the New Zealand emissions trading scheme.
<b>Event of Default</b>	has the meaning given to that term in the Supplemental Trust Deed, as summarised in the Statutory information section under the heading Mandatory redemption by Contact Energy on page 36.
<b>Existing Debt Obligation</b>	the existing debt obligations of Contact Energy which are summarised in the Statutory information section under the heading Consequences of insolvency on page 41.
<b>Extraordinary Resolution</b>	<p>(i) a resolution passed at a meeting of Bondholders (or a class of Bondholders, if applicable) properly convened, at which at least three fourths of the persons entitled to vote and voting upon a show of hands or, if a poll is properly demanded, not less than three fourths of the eligible votes given on such a poll voted in favour of the resolution; or</p> <p>(ii) a resolution in writing signed by not less than 75% of Bondholders (or a class of Bondholders, if applicable) having the right to vote on that resolution, holding in aggregate Capital Bonds conferring the right to cast not less than 75% of the votes which could be cast on that resolution.</p>
<b>Financier</b>	a person to whom the benefit of the Deed of Negative Pledge is extended (which includes the Trustee (but not in relation to the Capital Bonds)).
<b>Firm Allocations</b>	Capital Bonds reserved for clients of the Joint Lead Managers, the Co-Manager, Primary Market Participants and other approved financial intermediaries, as determined by Contact Energy in consultation with the Joint Lead Managers.
<b>First Call Date</b>	the first day on which Contact Energy has the option to redeem Capital Bonds other than as a result of the occurrence of a Tax Event, Rating Agency Event, Change of Control Event or following the issuance of a Holder Put Event Notice.
<b>First Reset Date</b>	15 February 2017.
<b>Fitch</b>	Fitch Ratings Australia Pty Limited.
<b>FY</b>	financial year, being the year ended or ending on 30 June.
<b>GWh</b>	gigawatt hour.
<b>Holder Put Event</b>	<p>(i) a Change of Control Event occurs; and</p> <p>(ii) either before or within 90 days after the date of that Change of Control Event a Rating Downgrade associated with that Change of Control Event occurs.</p>
<b>Holder Put Event Notice</b>	notice of a Holder Put Event given by the Issuer to Bondholders and the Trustee following the occurrence of a Holder Put Event in accordance with the Trust Documents.
<b>Holding Statement</b>	a statement of holding of securities complying with Listing Rule 11.2.
<b>HVDC</b>	Transpower's high voltage transmission line between the North Island and South Island.
<b>Insolvent</b>	that the Issuer is not able to pay its debts as they fall due.
<b>Interest Payment Date</b>	15 February, 15 May, 15 August and 15 November of each year.
<b>Interest Rate</b>	in relation to a Capital Bond offered under this Prospectus, the prevailing rate of interest per annum payable on the Principal Amount of that Capital Bond.
<b>Issue Date</b>	20 December 2011.
<b>Issuer</b>	Contact Energy Limited.
<b>Joint Lead Managers</b>	Craigs Investment Partners Limited, ANZ National Bank Limited, ASB Bank Limited and Forsyth Barr Limited.
<b>Listing Rules</b>	the NZSX/NZDX Listing Rules of NZX.
<b>LPG</b>	liquefied petroleum gas.
<b>Margin</b>	the margin, expressed as a percentage rate per annum, determined by Contact Energy in consultation with the Joint Lead Managers by no later than the Minimum Rate Set Date and announced on or before the Opening Date.
<b>Master Trust Deed</b>	the deed between Contact Energy and the Trustee dated 23 February 2009, as supplemented on 23 February 2009, 12 April 2010 and 9 November 2011 and amended on 12 February 2010, and 9 November 2011.

<b>Maturity Date</b>	15 February 2042.
<b>Minimum Interest Rate</b>	the rate determined by Contact Energy in consultation with the Joint Lead Managers following completion of the Bookbuild on or before the Minimum Rate Set Date and announced on or before the Opening Date.
<b>Minimum Rate Set Date</b>	22 November 2011.
<b>MW</b>	megawatt.
<b>NZSX</b>	the main board equity security market operated by NZX.
<b>NZDX</b>	the debt security market operated by NZX.
<b>NZX</b>	NZX Limited.
<b>Offer</b>	the offer of Capital Bonds by Contact Energy under this Prospectus.
<b>Opening Date</b>	23 November 2011.
<b>Organising Participant</b>	Craigs Investment Partners Limited.
<b>Origin Energy</b>	Origin Energy Limited.
<b>Origin Energy Group</b>	Origin Energy and its subsidiaries.
<b>PJ</b>	petajoule.
<b>Primary Market Participant</b>	has the meaning set out in the NZX Participant Rules.
<b>Principal Amount</b>	in relation to a Capital Bond, the amount (other than interest) payable on redemption or repayment of that Capital Bond, being the amount recorded as such in the Register in respect of that Capital Bond.
<b>Prospectus</b>	this simplified disclosure prospectus for the Offer, dated 9 November 2011.
<b>Public Pool</b>	the Capital Bonds which are not subject to Firm Allocations (if any).
<b>Rate Set Date</b>	16 December 2011.
<b>Rating Agency</b>	Standard & Poor's (Australia) Pty Limited or its successors.
<b>Rating Agency Event</b>	the receipt by Contact Energy of advice from the Rating Agency that, as a result of a change in criteria, the Capital Bonds will be assigned a lower equity content classification by the Rating Agency than that assigned to the Capital Bonds as at the Issue Date.
<b>Rating Downgrade</b>	<p>in relation to a Change of Control Event:</p> <p>(i) Contact Energy ceasing to hold an issuer credit rating from the Rating Agency;</p> <p>(ii) the issuer credit rating assigned to Contact Energy being lowered by the Rating Agency (and for the avoidance of doubt, a change to the rating outlook does not constitute a change to the issuer credit rating) and the resulting issuer credit rating is lower than 'BBB',</p> <p>provided that no Rating Downgrade will occur by virtue of a particular withdrawal or lowering of Contact Energy's issuer credit rating unless the Rating Agency:</p> <p>(iii) confirms that the withdrawal or reduction was the result, in whole or in part, of the relevant Change of Control Event; and</p> <p>(iv) does not reinstate the rating applied prior to the withdrawal or lowering prior to the earlier of:</p> <p>(a) the 90th day after the date of the Change of Control Event; or</p> <p>(b) the date on which Contact Energy gives a Holder Put Event Notice.</p>
<b>Record Date</b>	10 calendar days before the relevant Interest Payment Date or if that tenth day is not a Business Day, the preceding Business Day or such other date as may be required by NZX.
<b>Register</b>	any register of Capital Bonds maintained by the Registrar.
<b>Registrar</b>	Computershare Investor Services Limited.
<b>Reset Date</b>	the First Reset Date and each five year anniversary of the First Reset Date.
<b>Rockgas</b>	Rockgas Limited.
<b>Securities Act</b>	the Securities Act 1978.
<b>Securities Markets Act</b>	the Securities Markets Act 1988.
<b>Securities Regulations</b>	the Securities Regulations 2009 made pursuant to the Securities Act.
<b>Senior Bonds</b>	the retail fixed rate bonds issued by Contact Energy pursuant to an investment statement dated 23 February 2009 and a prospectus dated 23 February 2009 maturing on 15 May 2014.

<b>Series</b>	has the meaning set out in the Master Trust Deed.
<b>Series 2 Notes</b>	the wholesale fixed rate bonds maturing in April 2017.
<b>Shareholder</b>	a registered holder of Shares.
<b>Shares</b>	ordinary shares in Contact Energy.
<b>Standard &amp; Poor's</b>	Standard & Poor's (Australia) Pty Limited or any successors.
<b>Step-up Margin</b>	the sum of the Margin and Step-up Percentage.
<b>Step-up Percentage</b>	0.25% per annum.
<b>subsidiary</b>	has the meaning given to that term in the Companies Act 1993.
<b>Substituted Obligor</b>	a wholly-owned subsidiary of Contact Energy which, subject to the approval of the Trustee and a number of the other requirements set out in the Master Trust Deed, takes the place of Contact Energy under the Trust Documents in substitution for Contact Energy or a previous Substituted Obligor.
<b>Supplemental Trust Deed</b>	the supplemental trust deed dated 9 November 2011 executed under the Master Trust Deed.
<b>Tax Event</b>	the receipt by Contact Energy of an opinion from a reputable legal counsel or other reputable tax adviser acceptable to the Trustee that, as a result of any amendment, clarification or change in the laws, treaties or regulations affecting taxation in New Zealand or any political subdivision or tax authority of New Zealand which is effective or is announced on or after the Issue Date (as defined in the Master Trust Deed) of the Capital Bonds, the interest payable on the Capital Bonds, including interest which has been deferred, is not fully deductible under the New Zealand Income Tax Act 2007 or its successor legislation.
<b>Takeovers Code</b>	the Takeovers Code approved by Takeovers Code Approval Order 2000 (SR 2000/210).
<b>Transpower</b>	Transpower New Zealand Limited.
<b>Trust Documents</b>	the Master Trust Deed and the Supplemental Trust Deed.
<b>Trustee</b>	The New Zealand Guardian Trust Company Limited.
<b>US Notes</b>	Contact Energy's existing US dollar denominated senior notes maturing between February 2013 and April 2018.
<b>Voting Rights</b>	has the meaning given to that term in the Takeovers Code.



# Application instructions

You should read this Prospectus carefully before completing the Application Form.

An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the Principal Amount of Capital Bonds specified in the Application Form (or such lesser number which the Issuer may determine) on the terms and conditions set out in this Prospectus, the Trust Documents and the Application Form notwithstanding any changes to the Closing Date.

An Application Form cannot be withdrawn or revoked by the applicant once it has been submitted.

The Issuer's decision on the aggregate Principal Amount of Capital Bonds to be allotted to an applicant and as to whether to accept or reject an Application Form, or to treat it as valid, will be final.

## The Application Form

Please complete all relevant sections of the Application Form using BLOCK CAPITAL LETTERS. The Issuer may accept any Application Form not correctly completed as being valid, and may correct errors and omissions, in its sole discretion.

- A. **Full name details:** Enter your FULL NAME. Up to three applicants may apply jointly. Note that ONLY LEGAL ENTITIES are allowed to hold Capital Bonds. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to Contact Energy. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described below.

### Type of investor

- Individual - use given name in full, not initials.
- Company - use company title, not abbreviations.
- Trusts - do not use the name of the trust, use the trustee(s)' personal names. All trustees must apply as joint applicants.
- Deceased estates - do not use the names of deceased, use the executor(s)' personal names.
- Clubs / Unincorporated bodies - do not use names of clubs etc, use the office bearer(s)' personal names.
- Superannuation Funds - do not use name of fund, use name of trustee.

Applications using the wrong form of name may be rejected.

- B. **Contact details:** Enter your POSTAL ADDRESS for all correspondence. All communications to you from the Issuer (Holding Statements, periodic reports, correspondence etc) will be mailed to the person(s) at the address as shown. For joint applicants, only one address is to be entered.

Enter your EMAIL ADDRESS if you would like to receive those communications that the Issuer considers appropriate to be sent by electronic means. If you do not provide your email address you will receive the communications by mail. If necessary, the Registrar may contact you at your email address (if one is provided) regarding your application.

Tick the relevant box if you wish to receive communications from the Issuer by electronic means (where possible).

Please enter your TELEPHONE NUMBER(S) and contact name in case we need to contact you in relation to your application.

- C. **Principal Amount of Capital Bonds applied for:** Please enter the TOTAL Principal Amount of Capital Bonds that you wish to apply for (minimum of \$5,000, and thereafter multiples of \$1,000). Each Capital Bond has a Principal Amount of \$1.00.
- D. **Interest and Principal Amount payments:** Please complete only one option by ticking the appropriate box to select the method of payment for all interest and Principal Amount when they become payable.

If you currently receive interest or dividend payments from the Registrar (Computershare Investor Services Limited) by direct credit, and wish payments in respect of the Capital Bonds to be direct credited to the same account, then do not complete section D of the Application Form.

If you wish to be paid by direct credit and the Registrar does not already hold your bank account details or you wish to have your payments credited to another bank account, please tick the box in respect of Option 1 and enter the details of the account.

If payment to your cash management account is selected, please tick the box in respect of Option 2, insert the name of the Primary Market Participant which holds your cash management account and provide your cash management client account number.

- E. **IRD number:** Please enter your IRD NUMBER and elect the rate at which you wish resident withholding tax to be deducted by ticking the relevant box. For joint applicants, only one IRD number is required.

Indicate by ticking the relevant box whether you hold a resident withholding tax exemption certificate. If you hold an exemption certificate, the Issuer will still be obliged to deduct resident withholding tax on interest payments if it has not seen the relevant certificate. A copy of the certificate must be attached to the Application Form.

- F. **Common shareholder number:** If you currently have a Common Shareholder Number (CSN), please enter it in the box provided.

- G. **Contact Energy Shareholders/Bondholders:** If you are a Shareholder or a holder of Senior Bonds, please tick the relevant box provided.

- H. **Declaration and signature:** Read the declaration and the terms and conditions on the Application Form carefully and SIGN and DATE the Application Form. The Application Form must be signed by the applicant(s) personally, or by two directors of a company (or one director if there is only one director, whose signature must be witnessed), or in either case by an attorney or duly authorised agent.

If the Application Form is signed by an attorney, a copy of the power of attorney document is required to be lodged unless already held by Computershare, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form. If the Application Form is signed by an agent, the agent must complete the certificate of non-revocation of agent on the reverse of the Application Form.

Joint applicants must each sign the Application Form.

## Payment

Except for applicants settling through the NZClear system, payment in full of aggregate Principal Amount of Capital Bonds applied for must accompany the completed Application Form.

Payments must be made in New Zealand dollars and will only be accepted as follows:

- personal cheque drawn on and payable at any bank in New Zealand;
- bank cheque issued by and payable at any bank in New Zealand;
- bank draft drawn on and payable at any bank in New Zealand; or
- direct debit from an account of any bank in New Zealand to the New Zealand dollar trust account established by Contact Energy (details of which are set out in the Application Form). If you chose the direct debit option you must tick the box authorising the Registrar to direct debit the bank account nominated in the Application Form, on the day the Application is received by the Registrar, for the Principal Amount of Capital Bonds applied for on the Application Form (or such lesser Principal Amount of Capital Bonds in respect of which your application is accepted). You cannot specify a direct debit date. The bank account must be with a New Zealand registered bank and you must ensure that the bank account details are correct and that the account you nominate is a transactional account eligible for direct debit transactions. By signing the Application Form you confirm that the person(s) giving the direct debit instructions has/have the authority to operate the bank account. If requested, a direct debit authority form and conditions will be provided to you by the Registrar.

If the application is for Capital Bonds of an aggregate Principal Amount of \$500,000 or more, payment must be made by bank cheque or any other method approved by the Arranger and Organising Participant.

Cheques will be banked upon receipt into a New Zealand dollar trust account established by Contact Energy pending allotment of Capital Bonds. The banking of application monies does not constitute confirmation of allotment of any Capital Bonds or acceptance of an offer to subscribe for Capital Bonds.

Processing of applications under the Offer and the banking of cheques will take place on the day of receipt by the Registrar (or the first business day after that day if it is not a business day). Application Monies received will be held in trust until the Capital Bonds are allotted under the Offer. Receipts for payment will not be issued. The Capital Bonds issued under the Offer in respect of valid applications received before the Closing Date are expected to commence trading on the NZDX on 21 December 2011. Holding Statements in respect of those Capital Bonds are expected to be issued on 28 December 2011.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your application being rejected or your allotment being cancelled. In addition, the Issuer may pursue the defaulting applicant for any damages suffered as a result of the payment being dishonoured.

Institutional investors must pay in immediately cleared funds.

#### **Delivery**

Applicants who have accepted a Firm Allocation from a Primary Market Participant or approved financial intermediary need to return a completed Application Form (with payment) to the office of that Primary Market Participant or financial intermediary in time to enable forwarding to the Registrar prior to Midday on the Closing Date (15 December 2011).

Application Forms from other applicants must be mailed or delivered (with payment) to arrive prior to Midday on the Closing Date (15 December 2011) to:

Contact Energy Bond Offer

C/- Computershare Investor Services Limited

Postal address: Private Bag 92119  
Auckland Mail Centre  
Auckland 1142

Physical address: Level 2, 159 Hurstmere Road  
Takapuna  
Auckland

Applicants may also lodge an Application Form (with payment) with any Primary Market Participant, the Organising Participant or any other channel approved by NZX in time to enable forwarding to the Registrar prior to Midday on the Closing Date.

Please lodge your Application Form **AS SOON AS POSSIBLE**. Applicants should remember that the Closing Date may be changed at the sole discretion of the Issuer.

The Issuer reserves the right to accept applications which are received by the Registrar after the Closing Date but has no obligation to do so.

The Issuer may accept or reject any application without giving any reason. The Issuer will refuse to accept applications which are for less than the minimum amount specified above.

Contact Energy reserves the right to cancel the Offer and issue of Capital Bonds at any time before allotment of Capital Bonds, in which case all Application Monies received will be refunded (without interest) as soon as possible.

Any Application Monies received in respect of an application which is not accepted in full or part by Contact Energy (whether because of late receipt or otherwise), will be refunded (without interest) as soon as practicable and, in any event, within 14 calendar days of the receipt of the application. If Contact Energy accepts an application in part, the balance of the Application Monies will be refunded (without interest) as soon as practicable and, in any event, within 14 calendar days of the receipt of the application.

Where an applicant's payment for Capital Bonds is dishonoured, Contact Energy may cancel the Capital Bonds issued to that applicant, and may pursue the defaulting applicant for damages suffered by Contact Energy.



## Contact Energy Limited Application form

Broker's stamp

Adviser's code

### Please complete this form using BLOCK CAPITAL LETTERS

This Application Form is for an offer of Capital Bonds by Contact Energy Limited (**Contact Energy**), under the simplified disclosure prospectus (**Prospectus**) dated 9 November 2011. Please read the Prospectus carefully. Capitalised words used in this Application Form have the same meaning given to them in the Prospectus.

Applicants who have accepted a Firm Allocation from a Primary Market Participant or approved financial intermediary need to return a completed Application Form together with payment of the Application Monies payable in respect of the Capital Bonds applied for, to the office of that Primary Market Participant or financial intermediary in time to enable forwarding to the Registrar prior to midday on the Closing Date (15 December 2011). All other completed Application Forms, together with payment of the Application Monies payable in respect of the Capital Bonds applied for, must be received by the registrar, Computershare Investor Services Limited (**Computershare**) (by post) Private Bag 92119 Auckland 1142 or (by hand) Level 2, 159 Hurstmere Road, Takapuna, Auckland by midday on the Closing Date (15 December 2011).

### A. Full name details (see "Full name details" and Type of investor" on page 49)

Applicant #1:	Title	First name(s)	Surname
Joint applicant #2:	Title	First name(s)	Surname
Joint applicant #3:	Title	First name(s)	Surname
Corporate name	Legal name		

### B. Contact details

Number and street:			
Suburb:	City:	Postcode:	
Email address:			
Home phone:	Mobile phone:	Work phone:	

☐ Tick this box and ensure your email address is entered above if you would like to receive communications from Contact Energy in future by electronic means (rather than by mail).

### C. Principal Amount of Capital Bonds applied for

Total Principal Amount (\$) of Capital Bonds applied for  
(Minimum of \$5,000, and thereafter in multiples of \$1,000)

\$

You may choose only ONE of the payment options below. please tick the box next to your selected option (✓)

☐ **Option 1:** Please direct debit my bank account stated below for the Total Principal Amount of Capital Bonds applied for above. By ticking this box and signing this Application Form, I agree that Computershare is authorised to direct debit my account for the Total Principal Amount of Bonds applied for (or such lesser Principal Amount in respect of which my application is accepted).

Direct debit the following account

Bank	Address		
Account:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Bank	Branch	Account No. Suffix

PLEASE CONFIRM WITH YOUR BANK THAT THIS ACCOUNT CAN BE DIRECT DEBITED.

☐ **Option 2:** Please find attached my payment by cheque or bank draft made payable to Contact Energy Limited.

☐ **Option 3:** Payment will be made by NZClear System as arranged with Computershare (**authorised institutional investors only**). NZClear Mnemonic:

### D. Interest and Principal Amount payments

(please complete only one option by ticking the appropriate box to select the method of payment for all interest and principal when they become payable)

If you currently receive interest or dividend payments from Computershare by direct credit, Computershare will pay interest on the Capital Bonds to the same account unless you indicate otherwise.

☐ **Option 1:** Payment to another nominated New Zealand bank account

Pay by direct credit to the following account

Bank	Address		
Account:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Bank	Branch	Account No. Suffix

☐ **Option 2:** Payment to my cash management account with my broker

Pay by direct credit to my cash management account

Broker	Cash management account number
--------	--------------------------------

### E. IRD number

Current IRD number:

Elect resident withholding tax rate (refer to the Statutory information section under the heading *Taxation of returns* on pages 37 and 38 of the Prospectus) (tick one):

☐ 10.5% ☐ 17.5% ☐ 28%\* ☐ 30% ☐ 33% ☐ EXEMPT\*\*

\*Only available if applicant is a company. \*\*If exempt from resident withholding tax please attach a copy of the Certificate of Exemption.

### F. Common Shareholder Number

If you currently have a Common Shareholder Number, please insert it here



## G. Contact Energy Shareholders/Bondholders

☐ Tick this box if you are a Contact Energy Shareholder

☐ Tick this box if you are a Contact Energy Bondholder

## H. Declaration and signature

I/We hereby apply for Capital Bonds as set out above. I/We agree to accept the investments as applied for or any lesser amount that may be issued to me/us. I/We agree to be bound by the terms and conditions of Capital Bonds, the Trust Documents, this Application Form and by the provisions of the Prospectus dated 9 November 2011, a copy of which I/we have received.

I/We declare that all details and statements made by me/us in this Application Form are complete and accurate. I/We certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you.

In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this Application Form, Capital Bonds will be held jointly as joint tenants. I/We have taken this Application Form from the Prospectus, which I/we have read and understood. I/We acknowledge that an application cannot be withdrawn or revoked by the applicant once it has been submitted. **Please read the whole of this Application Form before signing.**

Signature	Applicant/director #1:	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	
Signature	Applicant/director #2:	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	
Signature	Applicant/director #3:	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	

## Certificate of non-revocation of power of attorney (only complete this section if you are acting as attorney of the applicant)

I	Name	of	Address
1. By the deed dated the	Day	day of	Month/Year
Name of person for whom attorney is signing			

appointed me his / her / its attorney on the terms and conditions set out in that deed.

2. I have executed this Application Form as attorney under that appointment and pursuant to the powers thereby conferred upon me.

3. At the date of this certificate, I have not received any notice of any event revoking the power of attorney.

Signed at	Location	this	Day	day of	Month	2011
Signature of attorney						

\*A copy of the relevant power of attorney document must accompany this form unless already held by Computershare.

## Certificate of agent (only complete this section if you are acting as agent of the applicant)

I	Name	of	Address
hereby certify that:	1. Name of person for whom agent is signing		

has appointed me his/ her / its agent for the purpose of signing this Application Form;

2. I have executed this Application Form as agent under that authority and pursuant to the powers thereby conferred upon me; and

3. at the date of this certificate, I have not received any notice or information of the revocation of that appointment.

Signed at	Location	this	Day	day of	Month	2011
Signature of agent						

INFORMATION: Any personal information provided by applicants subscribing for Capital Bonds will be held by Contact Energy or the Registrar at the addresses shown in the Directory on the inside back cover of this Prospectus or such other place as is notified. This information will be used for the purposes of managing your investment in Contact Energy. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

SELLING RESTRICTIONS: The Capital Bonds are offered in New Zealand to New Zealand resident investors. The Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand. Contact Energy reserves the right to reject any application for Capital Bonds under the Offer that it believes comes from a person who is not a New Zealand resident investor. The Prospectus is intended for use only in connection with the Offer and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register the Prospectus or permit an offering of the Capital Bonds to persons in any jurisdiction outside New Zealand. The Prospectus is not to be sent or given to any person in circumstances in which the Offer or distribution of the Prospectus would be unlawful. The distribution of the Prospectus (including an electronic copy) outside New Zealand may be restricted by law. If you come into possession of the Prospectus, you should seek your own advice on any restrictions and observe them. Any failure to comply with such restrictions may contravene applicable securities laws. Contact Energy disclaims all liability to such persons. In particular, the Capital Bonds have not been, and will not be, registered under the United States Securities Act 1933 as amended (**US Securities Act**) and the Prospectus does not constitute an offer of securities in the United States of America or to any "US person", as defined in Regulation S under the US Securities Act (**US Person**), or to any person acting for the account or benefit of a US Person. Except as set out in the Prospectus, no person may purchase, offer, sell, distribute or deliver Capital Bonds, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Capital Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. Contact Energy and its directors accept no responsibility whatsoever for determining whether a person is able to participate in the Offer. By applying for Capital Bonds, each investor agrees to indemnify Contact Energy and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions described above.



## Contact Energy Limited Application form

Broker's stamp

Adviser's code

### Please complete this form using BLOCK CAPITAL LETTERS

This Application Form is for an offer of Capital Bonds by Contact Energy Limited (**Contact Energy**), under the simplified disclosure prospectus (**Prospectus**) dated 9 November 2011. Please read the Prospectus carefully. Capitalised words used in this Application Form have the same meaning given to them in the Prospectus.

Applicants who have accepted a Firm Allocation from a Primary Market Participant or approved financial intermediary need to return a completed Application Form together with payment of the Application Monies payable in respect of the Capital Bonds applied for, to the office of that Primary Market Participant or financial intermediary in time to enable forwarding to the Registrar prior to midday on the Closing Date (15 December 2011). All other completed Application Forms, together with payment of the Application Monies payable in respect of the Capital Bonds applied for, must be received by the registrar, Computershare Investor Services Limited (**Computershare**) (by post) Private Bag 92119 Auckland 1142 or (by hand) Level 2, 159 Hurstmere Road, Takapuna, Auckland by midday on the Closing Date (15 December 2011).

### A. Full name details (see "Full name details" and Type of investor" on page 49)

Applicant #1:	Title	First name(s)	Surname
Joint applicant #2:	Title	First name(s)	Surname
Joint applicant #3:	Title	First name(s)	Surname
Corporate name	Legal name		

### B. Contact details

Number and street:			
Suburb:	City:	Postcode:	
Email address:			
Home phone:	Mobile phone:	Work phone:	

☐ Tick this box and ensure your email address is entered above if you would like to receive communications from Contact Energy in future by electronic means (rather than by mail).

### C. Principal Amount of Capital Bonds applied for

Total Principal Amount (\$) of Capital Bonds applied for  
(Minimum of \$5,000, and thereafter in multiples of \$1,000)

\$

You may choose only ONE of the payment options below. please tick the box next to your selected option (✓)

☐ **Option 1:** Please direct debit my bank account stated below for the Total Principal Amount of Capital Bonds applied for above. By ticking this box and signing this Application Form, I agree that Computershare is authorised to direct debit my account for the Total Principal Amount of Bonds applied for (or such lesser Principal Amount in respect of which my application is accepted).

Direct debit the following account

Bank	Address		
Account:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Bank	Branch	Account No. Suffix

PLEASE CONFIRM WITH YOUR BANK THAT THIS ACCOUNT CAN BE DIRECT DEBITED.

☐ **Option 2:** Please find attached my payment by cheque or bank draft made payable to Contact Energy Limited.

☐ **Option 3:** Payment will be made by NZClear System as arranged with Computershare (**authorised institutional investors only**). NZClear Mnemonic:

### D. Interest and Principal Amount payments

(please complete only one option by ticking the appropriate box to select the method of payment for all interest and principal when they become payable)

If you currently receive interest or dividend payments from Computershare by direct credit, Computershare will pay interest on the Capital Bonds to the same account unless you indicate otherwise.

☐ **Option 1:** Payment to another nominated New Zealand bank account

Pay by direct credit to the following account

Bank	Address		
Account:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Bank	Branch	Account No. Suffix

☐ **Option 2:** Payment to my cash management account with my broker

Pay by direct credit to my cash management account

Broker	Cash management account number
--------	--------------------------------

### E. IRD number

Current IRD number:

Elect resident withholding tax rate (refer to the Statutory information section under the heading *Taxation of returns* on pages 37 and 38 of the Prospectus) (tick one):

☐ 10.5% ☐ 17.5% ☐ 28%\* ☐ 30% ☐ 33% ☐ EXEMPT\*\*

\*Only available if applicant is a company. \*\*If exempt from resident withholding tax please attach a copy of the Certificate of Exemption.

### F. Common Shareholder Number

If you currently have a Common Shareholder Number, please insert it here

## G. Contact Energy Shareholders/Bondholders

☐ Tick this box if you are a Contact Energy Shareholder

☐ Tick this box if you are a Contact Energy Bondholder

## H. Declaration and signature

I/We hereby apply for Capital Bonds as set out above. I/We agree to accept the investments as applied for or any lesser amount that may be issued to me/us. I/We agree to be bound by the terms and conditions of Capital Bonds, the Trust Documents, this Application Form and by the provisions of the Prospectus dated 9 November 2011, a copy of which I/we have received.

I/We declare that all details and statements made by me/us in this Application Form are complete and accurate. I/We certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you.

In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this Application Form, Capital Bonds will be held jointly as joint tenants. I/We have taken this Application Form from the Prospectus, which I/we have read and understood. I/We acknowledge that an application cannot be withdrawn or revoked by the applicant once it has been submitted. **Please read the whole of this Application Form before signing.**

Signature	Applicant/director #1:	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	
Signature	Applicant/director #2:	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	
Signature	Applicant/director #3:	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	

## Certificate of non-revocation of power of attorney (only complete this section if you are acting as attorney of the applicant)

I	Name	of	Address
1. By the deed dated the	Day	day of	Month/Year
Name of person for whom attorney is signing			

appointed me his / her / its attorney on the terms and conditions set out in that deed.

2. I have executed this Application Form as attorney under that appointment and pursuant to the powers thereby conferred upon me.

3. At the date of this certificate, I have not received any notice of any event revoking the power of attorney.

Signed at	Location	this	Day	day of	Month	2011
Signature of attorney						

\*A copy of the relevant power of attorney document must accompany this form unless already held by Computershare.

## Certificate of agent (only complete this section if you are acting as agent of the applicant)

I	Name	of	Address
hereby certify that:	1. Name of person for whom agent is signing		

has appointed me his/ her / its agent for the purpose of signing this Application Form;

2. I have executed this Application Form as agent under that authority and pursuant to the powers thereby conferred upon me; and

3. at the date of this certificate, I have not received any notice or information of the revocation of that appointment.

Signed at	Location	this	Day	day of	Month	2011
Signature of agent						

INFORMATION: Any personal information provided by applicants subscribing for Capital Bonds will be held by Contact Energy or the Registrar at the addresses shown in the Directory on the inside back cover of this Prospectus or such other place as is notified. This information will be used for the purposes of managing your investment in Contact Energy. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

SELLING RESTRICTIONS: The Capital Bonds are offered in New Zealand to New Zealand resident investors. The Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand. Contact Energy reserves the right to reject any application for Capital Bonds under the Offer that it believes comes from a person who is not a New Zealand resident investor. The Prospectus is intended for use only in connection with the Offer and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register the Prospectus or permit an offering of the Capital Bonds to persons in any jurisdiction outside New Zealand. The Prospectus is not to be sent or given to any person in circumstances in which the Offer or distribution of the Prospectus would be unlawful. The distribution of the Prospectus (including an electronic copy) outside New Zealand may be restricted by law. If you come into possession of the Prospectus, you should seek your own advice on any restrictions and observe them. Any failure to comply with such restrictions may contravene applicable securities laws. Contact Energy disclaims all liability to such persons. In particular, the Capital Bonds have not been, and will not be, registered under the United States Securities Act 1933 as amended (**US Securities Act**) and the Prospectus does not constitute an offer of securities in the United States of America or to any "US person", as defined in Regulation S under the US Securities Act (**US Person**), or to any person acting for the account or benefit of a US Person. Except as set out in the Prospectus, no person may purchase, offer, sell, distribute or deliver Capital Bonds, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Capital Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. Contact Energy and its directors accept no responsibility whatsoever for determining whether a person is able to participate in the Offer. By applying for Capital Bonds, each investor agrees to indemnify Contact Energy and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions described above.

# Directory

## Issuer

### Contact Energy Limited

#### Registered Office of Contact Energy

Level 1, Harbour City Tower  
29 Brandon Street  
PO Box 10742  
Wellington

(04) 499 4001

[www.contactenergy.co.nz](http://www.contactenergy.co.nz)

#### Directors of Contact Energy

Grant Alfred King  
Phillip John Pryke  
David Andrew Baldwin  
Bruce Gerard Beeren  
Whaimutu Kent Dewes  
Karen Anne Moses  
Susan Jane Sheldon

## Legal Advisers to the Issuer

### Bell Gully

171 Featherston Street  
PO Box 1291  
Wellington

(04) 915 6800

## Trustee

### The New Zealand Guardian Trust Company Limited

Level 3, Guardian Trust House  
15 Willeston Street  
PO Box 913  
Wellington

(04) 495 7900

## Registrar

### Computershare Investor Services Limited

Level 2, 159 Hurstmere Road  
Takapuna  
Auckland  
Private Bag 92119  
Auckland

(09) 488 8777

## Arranger, Joint Lead Manager and Organising Participant

### Craigs Investment Partners Limited

Craigs Investment Partners House  
158 Cameron Road  
PO Box 13 155  
Tauranga 3141

0800 226 263

[www.craigsip.com](http://www.craigsip.com)

## Joint Lead Managers

### ANZ National Bank Limited

Level 7, 1 Victoria Street  
PO Box 540  
Wellington 6011

0800 269 476

### ASB Bank Limited

Level 28  
ASB Bank Centre  
135 Albert Street  
PO Box 35, Shortland Street  
Auckland 1140

0800 272 633

### Forsyth Barr Limited

Level 9, Forsyth Barr House  
The Octagon  
Dunedin 9054

0800 367 227

## Co-Manager

### Westpac Banking Corporation, New Zealand Branch

Level 8, 16 Takutai Square  
PO Box 934  
Auckland 1140

0800 489 222









