



11 March 2010

Profit Distribution Plan – timeline and notice of amendment to terms and conditions

Contact Energy Limited is today mailing to shareholders buy back acceptance notices under the company's Profit Distribution Plan for the 2009/10 interim distribution.

Shareholders are reminded that if they wish to accept the buy back offer and receive cash, they must complete the buy back acceptance notice and return it by 12 noon on Thursday 25 March 2010. Shareholders wishing to retain their bonus shares need not take any action.

The buy back offer price will be the volume weighted average Contact share price for the period from 10-16 March (inclusive). This will be disclosed to NZX on 17 March 2010.

Due to a change in legislation affecting taxation for non-resident shareholders, the Board hereby provides notice to shareholders of a modification to the first paragraph of clause 8.2 of the Profit Distribution Plan terms and conditions, effective from 25 March 2010. A copy of the modified terms and conditions can be downloaded from the investor section of Contact's website www.contactenergy.co.nz/investor.

Louise Griffin
Communications Advisor
04 496 1567



11 March 2010

Dear Shareholder

2009/10 interim distribution

Contact Energy operates a Profit Distribution Plan (the Plan) under which shareholders receive distributions in the form of fully paid bonus shares and, at the same time, an offer from Contact to buy back all or a proportion of those bonus shares.

The Board has declared an interim distribution in respect of the 2009/10 financial year equivalent to 11.0 cents per share, fully imputed, to be paid on 30 March 2010 to all shareholders registered on 9 March 2010.

Unless you otherwise elect for your bonus shares to be bought back by the company, you will receive your distribution in the form of a non-taxable bonus issue of fully paid ordinary shares on 30 March 2010.

Enclosed is an offer from the company to buy back your bonus shares, if you so choose. The buy back offer enables you to receive the cash value of your dividends if you prefer to do so. Payments under the buy back process have imputation credits attached to the extent that these are available. If you opt to have your shares bought back, you will be in the same tax position as if the company had paid the dividend in cash.

Accordingly:

- If you want to retain your bonus shares, do nothing.
- If you want to receive cash, please complete the attached buy back acceptance notice and return it by 12 noon on Thursday 25 March 2010.

Questions and answers about the Plan, including an example of how to calculate the number of bonus shares to be issued to you, are set out on the back of this letter.

Notice of modification of Plan terms and conditions: Due to a change in legislation affecting taxation for non-resident shareholders, the Board has resolved, and hereby provides notice to shareholders of, a modification to the first paragraph of clause 8.2 of the Plan terms and conditions, effective from 25 March 2010. The modified paragraph, and what it may mean for you, is set out overleaf.

You can download a copy of the terms and conditions of the Plan from the Investor section of Contact's website at contactenergy.co.nz. If you would like to request a hard copy, or have any queries about the Plan, acceptance notice form or your shares generally, please contact our share registrar, Computershare Investor Services Limited, at contactpdp@computershare.co.nz or on +64 9 488 8777. If you have any other queries, please email us at investor.centre@contactenergy.co.nz or call on +64 4 499 4001.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Baldwin'.

David Baldwin
Managing Director



Contact Energy Limited Profit Distribution Plan

Am I getting shares or cash?

Shares. If you want to keep the shares, do nothing. If you want cash, or a proportion of cash, please send back the enclosed form by the due date.

How many shares will I get?

An example of the bonus issue calculation is as follows:

- Multiply the number of shares you currently hold by the distribution per share.
- Divide that by the volume weighted average share price for the five trading days following the record date (10 to 16 March inclusive).
- Round up to the nearest whole number.

The price in (b) above has not been determined as at the date of this letter. However, it will be announced to NZX and be available on Contact's website contactenergy.co.nz on 17 March 2010.

For example, if you hold 10,000 shares, the company declares a distribution amount of 10c per share and the volume weighted average share price over the relevant period is \$7.00, you will receive 143 bonus shares (10,000 x 10 cents ÷ \$7.00, rounded up to the nearest whole number).

When will the bonus shares be issued?

30 March 2010. If you retain bonus shares, you will receive a distribution statement advising that the bonus issue is not taxable and a revised holding statement. No entry is required in your New Zealand tax return in respect of bonus shares retained.

Will the bonus issue water down my investment?

No, because the bonus shares are issued proportionately to each shareholder. However, your proportionate shareholding in Contact may vary depending on whether you accept the buy back offer for your bonus shares and the number of other shareholders who accept the buy back offer for their bonus shares.

Do the bonus shares rank equally with existing shares?

Yes. You can trade them on the open market in the usual way.

How do I get cash?

You have until 12 noon on 25 March 2010 to return the enclosed acceptance notice to Computershare.

What is the pricing period for the buy back price?

The five trading days from 10 to 16 March 2010 (inclusive). The buy back price will be announced to NZX and be available on Contact's website on 17 March 2010.

When will cheques be sent or direct credits made for shareholders who elect to have their shares bought back?

30 March 2010.

What is the tax situation on the bonus issue and buy back?

The bonus issue is proposed to be non-taxable from a New Zealand perspective because it is not a bonus issue in lieu of a dividend (i.e. you cannot elect whether to receive shares or cash – Contact is distributing shares only). Contact has not elected for the bonus issue to be a dividend (a taxable bonus issue). As the bonus issue is proposed to be non-taxable, the bonus shares do not have imputation credits attached to them nor do they have resident or non-resident withholding tax deducted from them.

You can elect to have the shares repurchased in the buy back, but that is a separate transaction. If you elect to have the shares bought back, then the cash payment is taxable as an ordinary dividend, and full imputation credits will be attached to the payment for the shares bought back.

Is the Plan open to investors outside New Zealand?

Yes. The Plan is open to all Contact shareholders. Australian shareholders should note that Contact is not licensed to provide financial product advice in relation to Contact shares and that no cooling off regime is available in respect of the sale of shares under the buy back.

Will Contact issue all future distributions as bonus shares? If I keep my bonus shares or elect cash now, am I stuck with that decision for the future?

Contact intends to operate the Plan again in the future, but retains the discretion not to do so and to pay cash dividends. If shares are issued and a buy back scheme offered, you will be given a fresh opportunity to choose. A previous election will not carry forward to the future – shareholders wishing to have their bonus shares bought back must make a fresh election at each distribution.

Modification to clause 8.2 of Profit Distribution Plan Terms and Conditions: New Zealand tax consequences for non-resident shareholders

Effective from 25 March 2010, the first paragraph of clause 8.2 of the Plan terms and conditions reads as follows:

8.2 Non-resident Shareholders

New Zealand tax consequences

Shareholders resident outside New Zealand who elect to sell their Bonus Shares via the off-market buy back offer by Contact will have the payment treated as a dividend for New Zealand tax purposes. The dividend will be subject to non-resident withholding tax (NRWT), at a rate of between 0 per cent and 30 per cent of the gross amount (subject to factors including the extent of the Shareholder's direct voting interest in the company, the extent of any tax treaty New Zealand has with the Shareholder's country of residence and the level of imputation credits attached to the dividend). Where applicable, Contact may elect to pay a supplementary dividend to compensate non-resident investors for the cost of the NRWT deducted from the redemption proceeds. Shareholders resident outside New Zealand who retain their Bonus Shares should have no New Zealand tax consequences as a result of the receipt of those Shares.

What does the change mean for me?

If you are a New Zealand resident shareholder, this change does not affect you.

If you are an overseas shareholder and choose to have Contact repurchase the bonus shares, the cash amount paid to you will be a dividend (for tax purposes) that will carry imputation credits:

- If you have less than 10 per cent direct voting interest in the company, the change should not affect you. A supplementary dividend will be paid if the tax rate for the dividend and related supplementary dividend is 15 per cent or more (after taking into account any amendment based on double tax agreements between New Zealand and your country of residence).
- If you have greater than 10 per cent direct voting interest in the company, you will no longer receive a supplementary dividend.
- If you indirectly own Contact shares through a New Zealand company, you may still receive supplementary dividends until 31 March 2011 regardless of your level of holding if certain elections are made.

Where a supplementary dividend is paid, both the ordinary dividend and the supplementary dividend will be subject to a maximum non-resident withholding tax (NRWT) of 15 per cent to the extent the ordinary dividend is fully imputed. Where a supplementary dividend is not paid, the ordinary dividend will not be subject to NRWT to the extent the ordinary dividend is fully imputed.



Profit Distribution Plan share buy back offer acceptance notice

Shareholder number: _____
 Number of shares held: _____
 Number of bonus shares to be issued: _____
 Buy back offer price: C _____
 Ratio: B _____

Formula:

B = the bonus issue ratio calculated at 11.0 cents per share ÷ C

C = the volume weighted average sale price for a share calculated on all sales of Contact shares taking place through the NZSX on the trading days from 10 to 16 March 2010 (inclusive). This will be notified to NZX and posted on Contact's website contactenergy.co.nz on 17 March 2010.

Contact Energy Limited (Contact) proposes to issue to you on 30 March 2010 the number of fully paid ordinary shares (bonus shares) calculated using the formula set out above pursuant to Contact's Profit Distribution Plan (the Plan). Full details of the Plan are set out in the Plan terms and conditions (Plan Document). Pursuant to the Plan, Contact is offering to buy back all of the bonus shares, or such lesser proportion of the bonus shares as you indicate below, at the buy back offer price formula and otherwise on the terms and conditions set out in the Plan Document.

If you want to retain all of the bonus shares, you do not need to complete or return this form.

If you wish to take the buy back option, please tick one box only, sign and return this form (details overleaf). To be valid, your acceptance notice **MUST** be received **by 12 noon on 25 March 2010**.

- Full buy back acceptance** I/We elect to have Contact buy back all of the bonus shares calculated using the methodology specified above.
- Partial buy back acceptance** I/We elect to have Contact buy back the following percentage of the bonus shares calculated using the methodology specified above.

The percentage is _____ %.

Note: If you do not specify a percentage, your acceptance will be deemed to be for full acceptance.

I/We acknowledge receipt of, have read and agree to be bound by, the Contact Energy Limited Profit Distribution Plan terms and conditions. This acceptance is limited to the current buy back offer. The acceptance may be revoked by written notice at any time provided it is received before 12 noon on 25 March 2010. Otherwise, the acceptance, once made, is irrevocable.

Signature(s) _____ Signed _____ Signed _____ Date _____
Day Month Year

Receive cash distributions direct to your New Zealand bank account

If you have not already provided us with your New Zealand bank account details, we encourage you to do so. Having cash distributions directly credited to your account saves a trip to the bank to deposit the cheque and also adds the security of knowing that your cheque cannot go astray in the mail. You will still receive the company's distribution statement in the post, showing full details of your payments. If your bank account details do not appear below, or if your details have changed, to enable us to direct credit future payments to your New Zealand bank account, please complete the details below.

Current account details held

New Zealand bank account number _____
Bank Branch Account number Suffix

Account/other reference _____

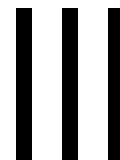
Account in the name(s) of _____

All joint holders must sign _____ Signed _____ Signed _____

Notes

1. This acceptance notice is not valid unless duly completed and signed.
2. If you are joint holders of shares, each of you must sign this form. If you are a company, this form must be signed on behalf of the company by a person acting under the company's express or implied authority.
3. If this acceptance notice has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with Computershare) and a certificate of non-revocation of the power of attorney must be produced with this form.
4. If you wish to accept Contact's offer to buy back bonus shares to be issued to you under the Plan as set out overleaf, please complete this acceptance notice and either:
 - send it by facsimile to +64 9 488 8787, or
 - scan and email it to contactpdp@computershare.co.nz, or
 - fold and seal where indicated and mail it (there is no charge for postage within New Zealand), or
 - deliver or courier it to Level 2, 159 Hurstmere Road, Takapuna, North Shore City,to Contact's share registrar, Computershare Investor Services Limited, so that it is received by no later than **12 noon New Zealand time on Thursday 25 March 2010**. Acceptances received after this time will not be effective. If there is insufficient time for the acceptance notice to be received by post, we suggest that you deliver it or send it by facsimile or email, in which case there is no need to return it by post as well.
5. If the address to which this form was sent is incorrect, please contact Computershare Investor Services Limited by faxing, emailing, mailing or delivering your new address details using the contact details set out in note 4 above.

FreePost Authority Number 216122



Contact Energy Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

Mailing instructions

1. If you are mailing this acceptance notice from within New Zealand, use this form as a reply paid envelope by following these directions:
 - Fold where indicated, with mailing address facing out.
 - Seal with tape.
 - Post at any New Zealand Post mailbox (no stamp required within New Zealand).
2. If mailing this acceptance notice from outside New Zealand, please follow these directions:
 - Fold where indicated.
 - Place the form in an envelope and affix the necessary postage from the country of mailing.
 - Mail to: Contact Energy Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand
3. If couriering this acceptance notice, fold and seal this form as per the instructions above and courier to:
Contact Energy Limited
C/- Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
North Shore City
New Zealand



Modification to Profit Distribution Plan Terms and Conditions: first paragraph of clause 8.2

Due to a change in legislation affecting taxation for non-resident shareholders, the first paragraph of clause 8.2 of the Profit Distribution Plan Terms and Conditions was modified effective from 25 March 2010.

The modified clause 8.2, effective from 25 March 2010, is set out below.

8.2 Non-resident Shareholders

New Zealand tax consequences

Shareholders resident outside New Zealand who elect to sell their Bonus Shares via the off-market buy back offer by Contact will have the payment treated as a dividend for New Zealand tax purposes. The dividend will be subject to non-resident withholding tax (NRWT), at a rate of between 0 per cent and 30 per cent of the gross amount (subject to factors including the extent of the Shareholder's direct voting interest in the company, the extent of any tax treaty New Zealand has with the Shareholder's country of residence and the level of imputation credits attached to the dividend). Where applicable, Contact may elect to pay a supplementary dividend to compensate non-resident investors for the cost of the NRWT deducted from the redemption proceeds. Shareholders resident outside New Zealand who retain their Bonus Shares should have no New Zealand tax consequences as a result of the receipt of those Shares.

Other tax consequences

Contact has not reviewed the domestic taxation consequences of the Plan for Shareholders who are resident outside New Zealand. Contact recommends that these Shareholders discuss the tax implications of the Plan in their home country with their tax advisors.

Profit distribution plan

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1. Introduction

1.1 Plan document

This document (*Plan Document*) contains the terms and conditions of the Contact Energy Limited (*Contact*) Profit Distribution Plan (the *Plan*).

Under the Plan, holders of ordinary shares in Contact (*Shareholders*) will receive distributions in respect of their shares in the form of bonus fully paid ordinary shares (*Bonus Shares*), together with an offer from Contact to buy back all of those Bonus Shares, or such lesser proportion as each Shareholder may specify.

1.2 Rationale

The Contact Board (the *Board*) has decided to implement the Plan:

- For capital management purposes, including the reduction in the amount of net cash outflow.
- To provide a structure which accommodates both those Shareholders who wish their share of profits to be retained as an investment in Contact, and those Shareholders who wish to receive their share of profits in cash.

The Board believes that the issue and offer to buy back Bonus Shares from Shareholders is in the best interests of Contact and Shareholders because:

- of the benefits outlined above;
- the Bonus Shares will be able to be bought back at their issue price so that Shareholders accepting a buy back offer in full will receive no less than (subject to any applicable withholding taxes) the amount per share that the Board has determined to distribute to Shareholders;
- Shareholders have the option whether or not to accept an offer to buy back their Bonus Shares, and may accept the offer in whole or in part, so each can decide whether to take back some of their return of Contact's profits in the form of cash or to continue to hold Bonus Shares;
- the payment to Shareholders who accept the offer to buy back their Bonus Shares will be treated as dividends and will have imputation credits attached to them. Such Shareholders are expected to be in the same New Zealand tax position as they would have been had Contact paid a cash dividend; and

- The Bonus Shares that are retained by Shareholders will not be treated as dividends and should not be subject to tax in New Zealand when issued. There may be taxation implications when Shareholders sell their Bonus Shares and/or for Shareholders outside New Zealand. See section 8 for further taxation information.

2. Bonus Share entitlement

2.1 General

The Board may, in its absolute discretion, determine to issue Bonus Shares in accordance with clause 2.2. The number of Bonus Shares to be issued to a Shareholder will be:

- based on the amount the Board determines is available to distribute in respect of each Contact share; and
- calculated on the basis of a set percentage of the market price of Contact shares, as determined in accordance with the formula set out in clause 2.2, which percentage will be determined from time to time by the Board in its absolute discretion. As at the date of this Plan Document, the percentage is 100 per cent.

2.2 Formula for calculation of number of Bonus Shares

The number of Bonus Shares to be issued to a Shareholder will be calculated in accordance with the following formula

$$N = S \times B$$

Where:

- N** is the number of Bonus Shares to be issued to a Shareholder
- S** is the number of shares held by the Shareholder on the record date for an issue of Bonus Shares (*record date*).
- B** is the bonus issue ratio determined in accordance with the following formula:

$$B = \frac{D}{C \times E}$$

- D** is the amount (expressed in cents and fractions of cents) determined by the Board to be distributed per share.

C is the volume weighted average sales price for a share (expressed in cents and fractions of cents) calculated on all sales of Contact shares which took place through the main board equity market operated by New Zealand Exchange Limited (NZSX) on the five trading days immediately following the record date. If no sales of shares occur during the five trading days following the record date then the average sales price shall be deemed to be the first sale price for a Contact share which took place on the NZSX after the record date as determined by New Zealand Exchange Limited.

Any average sale price so determined may be reasonably adjusted by the Board to allow for any bonus or dividend or other distribution expectation. If, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the average sale price so determined, the Board may make such adjustment to that sale price as it considers appropriate.

E is the percentage determined by the Board from time to time, in its absolute discretion. As at the date of this Plan Document the percentage is 100 per cent.

In this Plan the product of $C \times E$ is referred to as the “*strike price*”.

2.3 Fractional entitlements

Where the number of Bonus Shares to be issued to a Shareholder as calculated in accordance with the formula in clause 2.2 includes a fraction, then the number of Bonus Shares to be issued shall be rounded up to the nearest whole number.

2.4 Date of issue of Bonus Shares

The Bonus Shares will be issued on a date determined by the Board.

2.5 Terms of issue and ranking of additional shares

The Bonus Shares will be issued on the terms set out in this Plan Document and, subject to the rights of termination, suspension and modification set out in clause 7, will not be issued on any other terms and will all be subject to the same rights as each other. The Bonus Shares will, from the date of issue, rank equally in all other respects with each other and with all other ordinary shares on issue as at that date.

2.6 Overseas shareholders

The Board may, in its absolute discretion, elect to issue Bonus Shares in respect of Contact shares held by Shareholders whose address is outside New Zealand to a nominee if the Board considers that the issue of Bonus Shares to those Shareholders would risk breaching the laws of places outside New Zealand. In such circumstances, Contact will procure that the nominee accepts the buy back offer in respect of the Bonus Shares pursuant to clause 3.

3. Buy back offer

3.1 Offer to all Shareholders

Contact will offer all Shareholders the right to elect to have their Bonus Shares bought back for cash by Contact.

3.2 Buy back offer price

Contact will offer to buy back each Bonus Share at the strike price for the issue of that Bonus Share, as determined pursuant to clause 2.2.

3.3 Available options

Shareholders may elect to participate in the buy back of Bonus Shares by exercising one of the following options:

- (a) if a Shareholder elects full participation, Contact will buy back all of that Shareholder's Bonus Shares; or
- (b) if a Shareholder elects partial participation, the percentage of Bonus Shares nominated by that Shareholder will be bought back.

If a Shareholder does not wish to participate in a buy back of Bonus Shares under the Plan and wishes to retain the Bonus Shares issued to them, that Shareholder is not required to do anything.

4. Method of acceptance

4.1 Acceptance notice

To participate in the buy back of Bonus Shares a Shareholder must:

- (a) complete the acceptance notice provided by Contact (or such other form of election as Contact decides, in its absolute discretion, to accept) (the *Acceptance Notice*) in accordance with the instructions on that Acceptance Notice; and

- (b) forward the completed Acceptance Notice to the address specified in that notice or to such other person or address as Contact may determine, by the closing date specified in the Acceptance Notice.

Contact may, in its absolute discretion, accept an election in writing it reasonably believes is from a Shareholder otherwise than on an Acceptance Notice, and will have no liability to a Shareholder as a result of acting in good faith in accordance with such election.

4.2 Acceptance limited to current Bonus Share issue

The Acceptance Notice in respect of a buy back offer under the Plan will only apply to that particular offer to buy back Bonus Shares. If permitted by the terms of the Acceptance Notice the acceptance may be revoked. Otherwise the acceptance, once made, is irrevocable.

5. Payment of buy back proceeds and bought back Bonus Shares

5.1 Payment of buy back proceeds

Contact will buy back, and pay the purchase price to a Shareholder in respect of, Bonus Shares in accordance with a valid Acceptance Notice received from a Shareholder pursuant to clause 4 on the date that such Bonus Shares are issued pursuant to clause 2.4.

5.2 Bought back Bonus Shares might be treasury stock

Subject to the restrictions contained in the Companies Act 1993, and Contact's constitution, Bonus Shares that are bought back by Contact may not be cancelled, and may instead be held as treasury stock, in the absolute discretion of the Board.

5.3 Liens or charges over shares

Where a Shareholder elects to have their Bonus Shares, or a proportion of them, bought back by Contact under the Plan and at the time of that buy back Contact has a lien or charge over shares of that Shareholder (whether by virtue of Contact's constitution or otherwise), Contact may apply the amount payable to the Shareholder under that buy back towards payment of any amount then due and owing by that Shareholder to Contact in respect of that Shareholder's shares.

6. Shareholder statements

Contact will send to each Shareholder a statement setting out how to calculate the number of Bonus Shares to be issued and/or proposed to be bought back, and a statement of Bonus Shares issued and/or bought back following completion of the Bonus Share issue and any buy back, each in such form as it thinks fit (subject to any legal requirements).

7. Termination, suspension and modification

7.1 Termination, suspension or modification

The Board may at any time and from time to time in its sole discretion:

- terminate or modify the Plan;
- suspend the operation of the Plan or any part of the Plan for any reason including (without limitation) if:
 - (i) it ceases to be satisfied that a particular buy back of Bonus Shares is in the best interests of Contact, or ceases to be satisfied that the terms of the buy back offer are fair and reasonable to Contact; or
 - (ii) it becomes aware of information that is material to an assessment of the value of shares that will not be disclosed to Shareholders and as a result of which the terms of a particular buy back offer would be unfair to Shareholders accepting the offer; or
- resolve that the price at which Bonus Shares are to be issued shall be at no discount to the market price, or shall be at a different discount to the market price than was previously applied; or
- resolve that an Acceptance Notice will cease to be of any effect.

7.2 Prior notice

Prior notice of any modification, suspension or termination of the Plan by the Board will be given to all Shareholders.

8. Taxation

The statements below in relation to taxation are based on New Zealand taxation laws current at the date of this Plan Document. They are for guidance only, and Contact recommends that Shareholders consider their own tax position and seek their own tax advice if necessary.

8.1 New Zealand Shareholders

Bonus Shares should not be subject to tax on issue irrespective of the Shareholder's marginal tax rate or whether they hold their shares on revenue or capital account. The proceeds of the buy back of Bonus Shares paid to New Zealand Shareholders will be treated as a dividend for tax purposes and will be taxable to the Shareholder at their respective marginal tax rates. Where Contact attaches imputation credits to such proceeds, the resident withholding tax liability will be reduced by the amount of the imputation credits. The taxation consequences for New Zealand resident Shareholders who retain their Bonus Shares and then subsequently sell them on-market will depend on whether they hold their shares on revenue or capital account. Shareholders who hold their shares on capital account should not be taxable upon sale of the Bonus Shares on-market. A Shareholder who holds shares on revenue account should be taxable on the sale proceeds of the shares, and should be entitled to a deduction for a part of the cost of their total shareholding in Contact. Contact recommends these Shareholders discuss the calculation of the taxable gain with their tax advisors.

8.2 Non-resident Shareholders

New Zealand tax consequences

Shareholders resident outside New Zealand who elect to sell their Bonus Shares via the off-market buy back offer by Contact will have the payment treated as a dividend for New Zealand tax purposes. The dividend will be subject to non-resident withholding tax (NRWT), at a rate of between 0 per cent and 30 per cent of the gross amount (subject to factors including the extent of the Shareholder's direct voting interest in the company, the extent of any tax treaty New Zealand has with the Shareholder's country of residence and the level of imputation credits attached to the dividend). Where applicable, Contact may elect to pay a supplementary dividend to compensate non-resident investors for the cost of the NRWT deducted from the redemption proceeds. Shareholders resident outside New Zealand who retain their Bonus Shares should have no New Zealand tax consequences as a result of the receipt of those Shares.

Other tax consequences

Contact has not reviewed the domestic taxation consequences of the Plan for Shareholders who are resident outside New Zealand. Contact recommends that these Shareholders discuss the tax implications of the Plan in their home country with their tax advisors.

9. Costs

There are no charges for participation in the Plan. No brokerage costs will be incurred by Shareholders on the issue or buy back of Bonus Shares.

10. Governing law

The Plan Document and the Plan, and its operation, will be governed by the laws of New Zealand.

Australian resident Shareholders should note that Contact is not licensed to provide financial product advice in relation to Contact shares. No cooling off regime is available in respect of the sale of Contact shares under the buy back.

Hong Kong resident Shareholders should note that the contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

11. Other information

Copies of Contact's most recent interim and annual reports can be downloaded from the company's website: www.contactenergy.co.nz or can be requested in writing to the addresses set out on the back cover of this document.



contact[™]

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