

An aerial photograph of the Clyde Dam, showing the concrete structure, spillways, and the reservoir. The water is a deep blue-green color. The dam is surrounded by rocky terrain and some vegetation. The text is overlaid on the upper half of the image.

# **Terms Sheet Fixed Rate Bonds Maturing 15 November 2021**

**24 August 2015**

*Contact*





# Terms Sheet

## Fixed Rate Bonds

### Maturing

## 15 November 2021

24 August 2015

This terms sheet (**Terms Sheet**) sets out the key terms of the offer by Contact Energy Limited (**Contact**) of up to NZ\$100,000,000 with the ability to accept oversubscriptions up to NZ\$25,000,000 at the discretion of Contact of unsecured, unsubordinated, fixed rate, interest bearing bonds maturing on 15 November 2021 (**Bonds**) under its Master Trust Deed dated 23 February 2009 (as amended from time to time) as modified and supplemented by the Supplemental Trust Deed dated 21 August 2015 entered into between Contact and The New Zealand Guardian Trust Company Limited (**Supervisor**) (together, **Trust Documents**).

#### Important notice

The offer of debt securities by Contact is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Contact's NZ\$222,000,000 unsecured, unsubordinated, fixed rate, interest bearing bonds maturing on 15 May 2019 which are currently quoted on the NZX Debt Market under the ticker code CEN020 (**CEN020 Bonds**).

The Bonds are of the same class as the CEN020 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

The Issuer is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/CEN](http://www.nzx.com/companies/CEN)

The CEN020 Bonds (which have a fixed interest rate of 5.80% per annum) are the only debt securities of Contact that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the CEN020 Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

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#### ADDRESS DETAILS:

##### Issuer:

**Contact Energy Limited**

Harbour City Tower  
29 Brandon Street  
Wellington 6143

04 499 4011

##### Lead Manager & Organising Participant:

**ANZ Bank New Zealand Limited**

Level 7  
1 Victoria Street  
Wellington 6011

0800 269 476

##### Co-Manager:

**Forsyth Barr Limited**

Level 21  
157 Lambton Quay  
Wellington 6011

0800 367 227

##### Registrar:

**Link Market Services Ltd**

Level 7, Zurich House  
21 Queen Street  
Auckland 1010

09 375 5998



Issuer	Contact Energy Limited						
Description of Bonds	<p>The Bonds are unsecured, unsubordinated, fixed rate, interest bearing debt obligations of the Issuer ranking equally and without preference among themselves and equally with all other outstanding unsecured and unsubordinated indebtedness of Contact, except indebtedness preferred by law.</p> <p>The Supervisor, on behalf of the Bondholders, has the benefit of certain provisions of the deed of negative pledge and guarantee between Contact and certain of its subsidiaries dated 19 May 2005 (<b>Negative Pledge</b>). Among other things, the Negative Pledge provides that the Issuer will not grant any security interest in its assets except under certain limited exceptions set out in the Negative Pledge. The Bonds are not guaranteed by any person.</p>						
Financial Covenants	The ratio of consolidated unsubordinated group debt to consolidated unsubordinated group debt plus shareholders funds (all as described in the Negative Pledge) must not exceed 60%.						
Purpose	General corporate purposes and to partially refinance bridge facilities entered into to fund the special dividend paid on 23 June 2015.						
Lead Manager & Organising Participant	ANZ Bank New Zealand Limited						
Co-Manager	Forsyth Barr Limited						
Credit Ratings	<table><tr><td></td><td>Issuer Credit Rating</td><td>Issue Credit Rating</td></tr><tr><td>Standard &amp; Poor's</td><td>BBB (stable)</td><td>BBB</td></tr></table> <p>A rating is not a recommendation by any rating organisation to buy, sell or hold Bonds. The above credit ratings are current as at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.</p>		Issuer Credit Rating	Issue Credit Rating	Standard & Poor's	BBB (stable)	BBB
	Issuer Credit Rating	Issue Credit Rating					
Standard & Poor's	BBB (stable)	BBB					
Issue Amount	Up to NZ\$100,000,000 with the ability to accept oversubscriptions up to NZ\$25,000,000 at the discretion of the Issuer. The offer is not underwritten.						
Opening Date	24 August 2015						
Closing Date	28 August 2015						
Rate Set Date	28 August 2015						
Issue Date	4 September 2015						
Maturity Date	Monday, 15 November 2021						
Interest Rate	<p>The Interest Rate will be the sum of the Base Rate plus the Issue Margin.</p> <p>The Interest Rate will be announced by the Issuer via NZX on or shortly after the Rate Set Date and displayed on Contact's website at: <b><a href="http://www.contact.co.nz/corporate/investor-centre/investor-information/bond-information">www.contact.co.nz/corporate/investor-centre/investor-information/bond-information</a></b></p>						
Indicative Issue Margin	1.15 - 1.20 percent per annum						
Issue Margin	The Issue Margin will be determined by the Issuer in consultation with the Lead Manager following a bookbuild process and announced by the Issuer via NZX on or shortly after the Rate Set Date.						
Base Rate	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Lead Manager in consultation with the Issuer, according to market convention, with reference to Reuters page 'ICAPKIWISWAP1' on the Rate Set Date and expressed on a quarterly basis (rounded to 2 decimal places, if necessary, with 0.005 being rounded up).						



<b>Issue Price</b>	NZ\$1.00 per Bond
<b>Interest Payments</b>	<p>Quarterly in arrear in equal payments.</p> <p>The interest paid on the first Interest Payment Date will be for the period from (and including) the Issue Date to the first Interest Payment Date. The interest for this period will be calculated based on the number of days in the period and a 365-day year, rather than being the equal quarterly payment made on the other Interest Payment Dates.</p> <p>Interest paid on the Bonds will be paid to the registered holder of the Bonds on the relevant Record Date.</p>
<b>Interest Payment Dates</b>	<p>15 February, 15 May, 15 August and 15 November each year up to and including the Maturity Date or such other dates in each year as determined by the Issuer with the prior written consent of the Supervisor and recorded in the register of the Bonds.</p> <p>The first Interest Payment Date is Sunday 15 November 2015. Accordingly, payment in respect of that Interest Payment Date will be made on Monday 16 November 2015 (being the next following Business Day).</p>
<b>Record Date</b>	10 calendar days before the relevant Interest Payment Date or Maturity Date or, if not a Business Day, the next following Business Day.
<b>Business Day</b>	<p>A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington.</p> <p>If an Interest Payment Date falls on a day that is not a Business Day, the due date for any payment to be made on that date will be the next following Business Day.</p>
<b>Minimum application amount</b>	Minimum application amount in respect of the Bonds is NZ\$5,000 with multiples of NZ\$1,000 thereafter.
<b>ISIN</b>	NZCEND0030L2
<b>NZX Debt Market Quotation</b>	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.
<b>NZX Debt Market Ticker Code</b>	OEN030
<b>Transfers</b>	The registered owner of a Bond may transfer that Bond at any time, subject to the terms of the Trust Documents and any applicable securities laws and regulations. Bonds may be transferred using any commonly used written instrument of transfer, by any method of transfer permitted by the NZX Debt Market Listing Rules or by any other means of transfer of marketable securities which is not contrary to law and which may be operated in accordance with the NZX Debt Market Listing Rules and which is approved by the Issuer.
<b>Expected date of initial quotation and trading on NZX Debt Market</b>	7 September 2015
<b>Repo-eligibility</b>	Contact intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations.
<b>Registrar and Paying Agent</b>	<p>Link Market Services Limited.</p> <p>The Bonds will be accepted for settlement within the NZClear system.</p>



<b>Early Repayment</b>	<p>You have no rights to require the Issuer to redeem the Bonds early except through the Supervisor in the case of an Event of Default (as set out in the Trust Documents). The Issuer does not have the right to redeem the Bonds early.</p> <p>In the case of an Event of Default (as set out in the Trust Documents) which is continuing unremedied, the Supervisor may declare, and may be directed by an Extraordinary Resolution (as defined in the Trust Documents) of the Bondholders to declare, the principal amounts of the Bonds, together with any accrued interest, to be immediately due and payable.</p>
<b>Supervisor</b>	The New Zealand Guardian Trust Company Limited
<b>Governing Law</b>	New Zealand
<b>NZX Waivers</b>	<p>NZX has granted the Issuer a waiver from NZX Debt Market Listing Rule 5.2.3 to enable the Issuer to apply for quotation on the NZX Debt Market even though the Bonds may not initially be held by at least 500 members of the public holding at least 25% of the Bonds issued. The waiver has been granted for a period of one year from the quotation date of the Bonds. The effect of the waiver from NZX Debt Market Listing Rule 5.2.3 is that initially the Bonds may not be widely held and there may be reduced liquidity in the Bonds. To the extent that the Bonds meet the spread requirements of NZX Debt Market Listing Rule 5.2.3, the Issuer will notify NZX accordingly.</p>
<b>Who May Apply &amp; How to Apply</b>	<p>All of the Bonds including any oversubscriptions will be reserved for institutional investors and clients of the Lead Manager, the Co-Manager and other Primary Market Participants invited to participate in the bookbuild.</p> <p>There will be no public pool for the Bonds.</p> <p>Retail investors should contact the Lead Manager, the Co-Manager, their financial advisor or any Primary Market Participant for details on how they may acquire Bonds. You can find a Primary Market Participant by visiting <a href="http://www.nzx.com/investing/find_a_participant">www.nzx.com/investing/find_a_participant</a></p> <p>Any allotment of Bonds will be at the Issuer's discretion, in consultation with the Lead Manager. The Issuer reserves the right to refuse to make any allotment (or part thereof) without giving any reason. The Issuer may deal with oversubscriptions (if any) in its sole discretion.</p> <p>Applications cannot be withdrawn or revoked. Applications may be scaled in the event of oversubscriptions.</p> <p>The Issuer in consultation with the Lead Manager reserves the right to scale at its discretion.</p> <p>Each investor's financial advisor will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant as well as the costs and timeframes for putting such arrangements in place.</p>
<b>Selling Restrictions</b>	It is a term of the offer of the Bonds that the selling restrictions included in this Terms Sheet apply.

The dates set out in this Terms Sheet are indicative only and the Issuer, in conjunction with the Lead Manager, may change the dates set out in this Terms Sheet. The Issuer has the right in its absolute discretion and without notice to close the offer early, to extend the Closing Date, or to choose not to proceed with the offer. If the Closing Date is changed, other dates (such as the Issue Date and the Maturity Dates) may be changed accordingly.

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Copies of the Trust Documents will be made available by the Issuer for inspection during usual business hours by any Bondholder at the Issuer's registered office listed above (or such office as the Issuer may notify the Bondholders from time to time).

Investors should seek qualified, independent financial and taxation advice before deciding to invest. Investors will be personally responsible for all tax return filing obligations in respect of their investment in the Bonds, compliance with the financial arrangements rules (if applicable) and payment of provisional or terminal tax (if required) on interest derived.

The Supervisor accepts no responsibility for the information contained in this Terms Sheet.

For further information regarding the Issuer, visit [www.nzx.com/companies/CEN](http://www.nzx.com/companies/CEN)



## SELLING RESTRICTIONS

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Terms Sheet. This Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Terms Sheet.

Without limiting the generality of the above, the following selling restrictions apply in respect of each relevant jurisdiction:

### Relevant Member States of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Terms Sheet in relation thereto to the public in that Relevant Member State other than:

- a). to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b). to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by Contact for any such offer; or
- c). in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall require Contact or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of the Bonds to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

### United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to Contact.

All applicable provisions of FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

### Singapore

This Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (**SFA**). Accordingly, this Terms Sheet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds to be issued by Contact as contemplated by this Terms Sheet may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the applicable conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- a). a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b). a trust (where the Supervisor is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- 1). to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- 2). where no consideration is or will be given for the transfer;
- 3). where the transfer is by operation of law;
- 4). as specified in Section 276(7) of the SFA; or
- 5). as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.



## Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)) in relation to the Bonds has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia. No person may:

- a). make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- b). distribute or publish, any Terms Sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Bonds in Australia,

unless:

- i). the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- ii). the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- iii). such action complies with all applicable laws, regulations and directives; and
- iv). such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for the Bonds under this Terms Sheet, each person to whom the Bonds are issued (an **Investor**):

- a). will be deemed by Contact, the Lead Manager and the Co-Manager to have acknowledged that if any Investor on-sells the Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
  - i). that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
  - ii). the sale offer is received outside Australia; and
- b). will be deemed by Contact, the Lead Manager and the Co-Manager to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Terms Sheet is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

## Hong Kong

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document, other than (a) to **professional investors** as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a **Prospectus** as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to '**professional investors**' as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## Japan

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, **Japanese Person** shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## Indemnity

By its subscription for the Bonds, each Bondholder agrees to indemnify Contact, the Lead Manager, the Co-Manager and the Supervisor and each of their respective directors, officers and employees for any loss, cost, liability or expense sustained or incurred by Contact, the Lead Manager, the Co-Manager or the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out above.