

MEDIA RELEASE

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For immediate release

4 August 2015

Contact Energy Limited announces disposal by Origin Energy Limited

Origin Energy Limited (**Origin**) has informed Contact Energy Limited (**Contact**) that it has entered into an underwriting agreement for the sale of 389,314,921 ordinary shares (**Ordinary Shares**), representing all of the shares it controls in Contact (**Sale**). Origin's shareholding in Contact is expected to be sold to a broad range of Australian, New Zealand and international equity market institutional investors and New Zealand retail investors.

The Sale will be conducted by Origin and the underwriter in reliance upon clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013. Following this release, Contact will issue a notice under sub-clause 20(1)(a) of schedule 8 to the Financial Markets Conduct Regulations 2014.

Contact has sought a trading halt in respect of its Ordinary Shares on NZX while the Sale is undertaken. It is expected that the Sale will complete 5 August 2015.

Following confirmation from Origin that the Sale has been completed, Contact will request NZX lift the trading halt.

On completion of the Sale, Origin's indirect holding in Contact, which is held through Origin Energy Pacific Holdings Limited, Origin Energy Universal Holdings Limited and Origin Energy New Zealand Limited, would reduce from its current 53.09% to zero.

FY15 earnings guidance

Contact will report its results for the year ended 30 June 2015 on 17 August 2015. Contact expects EBITDAF¹ for FY15 to be approximately \$525 million with Underlying Earnings after Tax¹ approximately \$161 million and Free Cash Flow² of approximately \$363 million.

¹ EBITDAF and Underlying Earnings after Tax (UEAT) are non-Generally Accepted Accounting Principles (non-GAAP) profit measures. EBITDAF is calculated as statutory profit for the period before net interest expense, tax, depreciation, amortisation, change in fair value of financial instruments and other significant items. UEAT is statutory profit excluding items that do not reflect Contact's ongoing performance. The CEO monitors EBITDAF and UEAT as key indicators of Contact's performance and believes they assist investors in understanding the performance of the core operations of the business. Reconciliations of EBITDAF and UEAT to statutory profit are provided in Note 2 of Contact's financial statements.

² Free cash flow measures the cash generating performance of the business and represents cash available to fund distributions to shareholders and growth capital expenditure. Free cash flow is equal to cash flows from operating activities less stay in business capital expenditure and interest costs.

Dividend Policy

Contact has recently concluded that it can support increased distributions to shareholders and as a result has revised its distribution policy to target an average ordinary dividend equivalent to approximately 100% of Underlying Earnings after Tax (previously 80%). In the event that Free Cash Flow exceeds ordinary dividends Contact will make additional distributions.

ASX dual listing

Contact's Board of Directors has completed a review of the company's current share register and has determined that having a dual listing on the New Zealand Stock Exchange and the Australian Stock Exchange (**ASX**) will be in the best interests of all shareholders. Therefore, Contact has commenced the process of listing on the ASX which is expected to be completed within four to six weeks.

Changes to Contact Board of Directors

Contact announces the resignation of the following directors all effective upon completion of the sell-down by Origin:

Grant King

Karen Moses

David Baldwin

The Contact Board of Directors thanks Grant, Karen and David for their insightful and valuable contributions to the company over many years.

Contact has commenced the process of finding suitable replacement directors and will provide an update in due course. It is expected that Contact's new Chairman and Board members will be appointed before the Annual General Meeting pursuant to clause 70.2 of Contact's Constitution where they will be required to retire and offer themselves for election.

Phil Pryke, will assume the role of interim Chair until such time as a new Chairman is appointed. The interim Chair will continue to be supported by the remaining Directors Bruce Beeren, Sue Sheldon and Whaimutu Dewes.

Chief Executive Officer

For the past four years Dennis Barnes has been seconded to the role of Chief Executive Officer of Contact by his employer Origin. As part of the transitional arrangements agreed with Origin, the Contact Board of Directors are pleased to announce that Dennis' secondment has been extended to allow time for Dennis to be appointed as a permanent employee of Contact Energy Limited in the role of Chief Executive Officer.

Transitional Relationship Arrangement

Origin has provided Contact with support throughout its 11 years as majority owner. This has seen a number of related party transactions and contracting for shared services in areas such as LPG supply, project development and execution, and information technology procurement and hosting.

Contact and Origin have agreed a Transitional Relationship Arrangement that ensures the current operation of both companies is not adversely impacted by the Sale and details a timetable for the separation of shared arrangements.

Issuance of equity to Contact employees as participants of the Contact Equity scheme

As a result of a company change of control the options, performance share rights and deferred share rights in Contact's employee equity scheme become exercisable. There are 2.9 million performance and deferred share rights with a zero exercise price, and 13.5 million options with exercise prices ranging from \$5.22 to \$5.94 per option. Participants have the opportunity to exercise their awards up until the lapse date of the options/share rights.

"We thank Origin for their support over the last 11 years as we have reinforced Contact's position as a leading New Zealand-based energy company. Today marks the start of an exciting new phase in Contact's history. Our focus remains unchanged regarding the safe operation of our business, providing customers with the quality of service and products they expect and creating long-term value for our shareholders" said Phil Pryke, Contact's interim Chair.

ENDS

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Contact's Ordinary Shares have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (Securities Act) or the securities laws of any state or other jurisdiction of the United States. Contact's Ordinary Shares may not be offered or sold in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

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