

An opportunity to invest in Genesis Energy, a State-Owned Enterprise and one of New Zealand's largest energy companies with quality long term assets, a substantial retail customer base and strong operating cashflows.

Generation

- A diverse portfolio of hydro, wind and thermal electricity generating assets that in 2010 and 2009 produced 17.4% and 19.0%¹ respectively of New Zealand's annual electricity needs and provides the flexibility to respond to market conditions.
- Operates the largest thermal generation asset base in New Zealand, with 1,448MW at Huntly, as well as 509MW of renewable generation assets.
- Committed to developing new generation capacity for the future, and is developing a portfolio of new generation options to position it to further grow and renew its generation assets over the coming decades.

Retail

- More than 650,000 electricity, natural gas and LPG connections. The largest electricity retailer in New Zealand with a 27.2%² market share.
- More than 94% of customers North Island based, providing a good match for North Island generation assets.
- Innovation with the rollout of advanced metering services to over 139,000 customers (as at 28 February 2011) and upgraded customer information systems.
- Currently growing its retail business in the South Island.

Kupe

- 31% stake in the Kupe oil and gas field, which at peak flow is expected to meet approximately 15% of New Zealand's annual gas demand and approximately 50% of New Zealand's LPG demand for the next 15 to 20 years³.
- Commercial production commenced in March 2010.
- Genesis Energy has contracted to purchase all the natural gas produced by the Kupe joint venture and retains a 31% interest in the light crude oil and LPG.

Financial

- Investment grade rating of BBB+ (negative outlook) by Standard & Poor's.
- Total assets of \$2.590 billion, total liabilities of \$1.125 billion and shareholders' equity of \$1.465 billion as at 31 December 2010⁴.
- Revenue of \$1.895 billion and operating cash flows of \$243 million for the year ending 30 June 2010.
- Over \$1 billion of investment in new assets in recent years.



Acquisition of the Tekapo A and B power stations

The acquisition of Tekapo A and B provides an exciting growth opportunity for Genesis Energy.

- Significantly increases Genesis Energy's renewable asset base - 185MW added to the existing 509MW.
- Brings more diversity to the generation portfolio.
- Reduces the carbon intensity of Genesis Energy's generation portfolio.
- Builds on Genesis Energy's expertise in hydro asset management.
- Provides a generation base that supports the development of a South Island retail customer base.
- Adds assets which are not easily replicated.
- Have a lower operating cost per unit of electricity generated than thermal assets (as is common with all hydro assets).
- Expected to increase Genesis Energy's share of annual electricity generation in New Zealand by approximately 2%.
- Funded with the proceeds of this offer of Capital Bonds and bank debt.
- Acquisition expected to be completed in June 2011.

¹ Derived from the Electricity Authority's centralised data set, as at April 2011, see <http://www.ea.govt.nz/industry/modelling/cds/centralised-dataset-web-interface/generation-by-plant/>.

² Source: Electricity Authority, Retailer Market Share, see <http://www.ea.govt.nz/industry/market/statistics-reports/incumbent-retailer-market-share/>. ³ Media release concerning the opening of the Kupe oil and gas project by the Minister of Energy and Resources dated 18 March 2010. ⁴ Taken from the unaudited interim statement of financial position for the Genesis Energy Group for the 6 months ended 31 December 2010.



The Capital Bonds at a glance

An Investment Statement in relation to the Capital Bond issue has been prepared by Genesis Energy. For information about the offer and to obtain a copy of the Investment Statement, please contact your financial adviser.

Offer Highlights

Issuer	Genesis Power Limited, trading as Genesis Energy ("Genesis Energy").
Description	Unsecured, subordinated, redeemable, cumulative, interest bearing capital bonds ("Capital Bonds").
No Crown guarantee	The Crown does not guarantee the Capital Bonds or any other obligations of the Issuer.
Offer Amount	\$225,000,000 plus up to \$50,000,000 of oversubscriptions.
Credit Rating	Genesis Energy's Issuer Credit Rating is BBB+ (negative outlook) from Standard & Poor's ("S&P"). The Capital Bonds are expected to be assigned an Issue Credit Rating of BB-.
Equity credit	S&P has indicated it will assign a High Equity Content (100%) to the Capital Bonds until 15 July 2021.
Maturity Date	15 July 2041.
Early Redemption	Other than in certain limited circumstances the Capital Bonds cannot be called prior to the first Reset Date (15 July 2016). The Capital Bonds can then be called on any subsequent Interest Payment Date. The Redemption Price will be at par if called on a Reset Date or upon the occurrence of a Tax Event, a Rating Agency Event or a Holder Put Event, and at the higher of par or market value if called for any other reason.
Reset Dates	15 July 2016 and every 5 years thereafter.
Interest Rate	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 5 year Swap Rate (as at Rate Set Date) and the Margin. The Minimum Interest Rate and Margin will be set following a bookbuild process. The Minimum Interest Rate will be no less than 8.50% per annum. On each Reset Date the Interest Rate for the next five year period will reset to the then five year Swap Rate plus the Step-up Margin (initial Margin plus the Step-up Percentage of 0.25%).
Interest Payments	Quarterly in arrears on 15 January, 15 April, 15 July and 15 October. The first interest payment date is 15 July 2011 and interest will accrue from the date that application monies are banked.
Deferral of interest	Payment of interest must be deferred if Genesis Energy's Issuer Credit Rating falls three notches to BB+ or lower or Genesis Energy is insolvent or payment of the interest would cause Genesis Energy to become insolvent. Deferred Interest is cumulative and accrues interest at the applicable Interest Rate. Deferred Interest must be paid the earlier of (i) Genesis Energy's Issuer Credit Rating returning to BBB- or (ii) five years has passed (otherwise an Event of Default).
Change of Control	Issuer call option at greater of par or market (plus accrued interest) upon a Change of Control. Investor put option at par (plus accrued interest) if a Change of Control occurs and there is an associated downgrade in Genesis Energy's Issuer Credit Rating to less than BBB+.
Issue Price	\$1.00 per Capital Bond.
Minimum Holding	The minimum holding for the Capital Bonds is \$5,000 and applications must be for a minimum of \$5,000 and in multiples of \$1,000 thereafter.
NZDX Listing	NZDX ¹ .

Key Dates²

Minimum Rate Set Date	14 April 2011	First Interest Payment Date	15 July 2011
Opening Date	15 April 2011	Interest Payment Dates	15 Jan, 15 Apr, 15 Jul, 15 Oct
Closing Date	18 May 2011	First Reset Date	15 July 2016
Rate Set Date & Issue Date	23 May 2011	Loss of Equity Credit	15 July 2021
Anticipated NZDX Quotation	24 May 2011	Maturity Date	15 July 2041

¹ Application has been made to NZX for quotation of the Capital Bonds on the NZDX market. However, the Capital Bonds have not yet been approved for trading and NZX accepts no responsibility for any statements in this flyer or the Offer Documents. NZX is a registered exchange, regulated under the Securities Markets Act 1988. ² Key dates are subject to change at the Issuer's discretion.