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Disclosure Statement

7 July 2010

Genesis Energy's Statement of Corporate Intent 2010/11-2013

Genesis Energy's Statement of Corporate Intent 2010/11-2013 ('**SCI**') was tabled in Parliament yesterday.

Performance Targets

Genesis Energy expects an overall increase in financial performance compared to last year's 2009/10-2014 SCI due to increased earnings, lower emissions expenses and more favourable transitional arrangements under the Emissions Trading Scheme ('**ETS**') for the coal stockpile at the Huntly Power Station. Kupe oil and gas earnings are also expected to be higher due to higher projected oil prices. An expected delay of new power plant generation in the market is projected to result in higher wholesale revenue in 2011/12 and 2012/13 due to higher Huntly generation and wholesale prices.

As a result, return on equity is expected to be 2.8% in 2010/11 compared to 0.5% as projected in last year's SCI.

Genesis Energy's SCI performance targets are now shown over three years and include the Crown Ownership Monitoring Unit's new financial performance indicators which are to be applied across all State Owned Enterprises.

The financial projections in Genesis Energy's SCI are based on the position as at 1 July 2010 and do not take into account the asset transfers (which includes the sale of Meridian Energy's Tekapo A and B power stations to Genesis Energy) and hedge arrangements outlined in the Electricity Industry Bill currently before Parliament. In the event either or both measures proceed, the Board of Genesis Energy will revise the SCI in accordance with the State-Owned Enterprises Act 1986.

The Company will continue to review the role of Huntly Units 1 to 4 within its generation portfolio based on the ability to make a commercial return on these assets. Progress was made during the past financial year on achieving satisfactory commercial hedge arrangements for Huntly Units 1 to 4.

Hydro availability performance targets reflect major works on the first Rangipo Unit in 2010/11 and the replacement of a Tokaanu transformer and major works on a second Rangipo Unit in 2011/12.

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Commercial Valuation

The current commercial value of the Crown's investment, calculated as at 30 June 2010, now stands at $1,624 million which is an increase of $185 million compared to last year. The key reasons for this improvement in commercial value flow from an increase of $141 million in the value of the generation business (improved performance from older Huntly Units 1 to 4) and an increase of $104 million in the value of the Kupe oil and gas field. These results are partly offset by a reduction of $85 million in the value of the retail business due to lower volumes and prices.

Strategy and Investments

Genesis Energy expects capital expenditure of approximately $200 million over the next three financial years. The Company continues to invest in developing a pipeline of additional economic generation opportunities.

In the retail space, the Company's efforts are focused on improving customer service and satisfying customer expectations. Genesis Energy's loyalty program, website and smart meter roll-out are all ways the company is looking to enhance value for customers.

In 2010, Genesis Energy launched a major acquisition campaign into the South Island retail markets. Currently competitive offers are being targeted to customers in Dunedin, Christchurch and Queenstown.

The Kupe oil and gas field has been operating well since commercial operations began on 22 March 2010.

ETS

Genesis Energy will face a carbon price from 1 July 2010 under the ETS. This is a financial liability that will increase over time and remain a key issue for the company moving forward. The ability to recoup the cost of carbon from the retail market remains uncertain.

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