



meridian

Release

Stock exchange listings: NZX (MEL) ASX (MEZ)

Meridian Energy launches fixed rate retail bond offer

6 March, 2017

Meridian Energy Limited (Meridian) announced today that it is offering up to NZ\$100,000,000 unsecured, unsubordinated fixed rate bonds (Bonds) to institutional and New Zealand retail investors, with the ability to accept up to \$50,000,000 oversubscriptions at Meridian's discretion.

Full details of the Bond offer are contained in the Terms Sheet, available through www.meridianenergy.co.nz/investors or by contacting the Joint Lead Managers, Co-Manager or an NZX Participant, and must be obtained by investors before they decide to acquire any Bonds.

The Bonds are expected to be quoted on the NZX Debt Market and have a long term credit rating of BBB+ from Standard & Poor's.

The Bonds have a maturity date of 20 March 2024 and the indicative margin for the Bonds is 1.50 to 1.60 percent per annum. The margin (which may be above or below the indicative margin) and interest rate will be set following a bookbuild process on 10 March 2017 and will be announced by Meridian via NZX shortly thereafter.

The offer will close on 10 March 2017 following the bookbuild process, with the Bonds expected to be issued on 20 March 2017.

There is no public pool for the Bonds, which will be reserved for the clients of Bank of New Zealand, Westpac Banking Corporation (acting through its New Zealand branch), Deutsche Craigs Limited and NZX participants.

Joint Lead Manager	Joint Lead Manager	Co-Manager
		
Phone: 0800 284 017	Phone: 0800 942 822	Phone: 0800 226 263

ENDS

Mark Binns
Chief Executive

Meridian Energy Limited

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Meridian Energy

RETAIL BOND OFFER PRESENTATION *March 2017*

Joint Lead Manager



Joint Lead Manager



Co-Manager



Important Notice

The offer of debt securities by Meridian Energy Limited (Meridian or the Issuer) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA).

The offer of Meridian's fixed rate bonds 2024 Bonds is an offer of unsecured, unsubordinated, fixed rate, interest bearing bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Meridian's \$75,000,000 bonds maturing on 16 March 2017 and \$150,000,000 bonds maturing on 14 March 2023 (together the "Existing Bonds") which are currently quoted on the NZX Debt Market under the ticker code MELO20 and MELO30 respectively. The 2024 Bonds are of the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

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/MEL.

The Existing Bonds are the only debt securities of Meridian's that are currently quoted and of the same class as the 2024 Bonds.

Investors should look to the market price of the Existing Bonds (MELO20 and MELO30) (which have a fixed interest rate of 7.55% and 4.53% per annum respectively) to find out how the market assesses the returns and risk premium for those bonds.

This document does not constitute a recommendation by the Issuer, Bank of New Zealand & Westpac Banking Corporation (together "Joint Lead Managers"), Deutsche Craigs Limited (Co-Manager), Trustees Executors Limited (Supervisor), nor any of their respective directors, officers, employees, affiliates or agents to subscribe for, or purchase, any of the 2024 Bonds.

This document is for preliminary information purposes only and is not an offer to sell or the solicitation of an offer to purchase or subscribe for the 2024 Bonds and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information in this document is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.

A terms sheet (Terms Sheet) has been prepared by the Issuer in respect of the offer of the 2024 Bonds, which sets out how 2024 Bonds may be applied for.

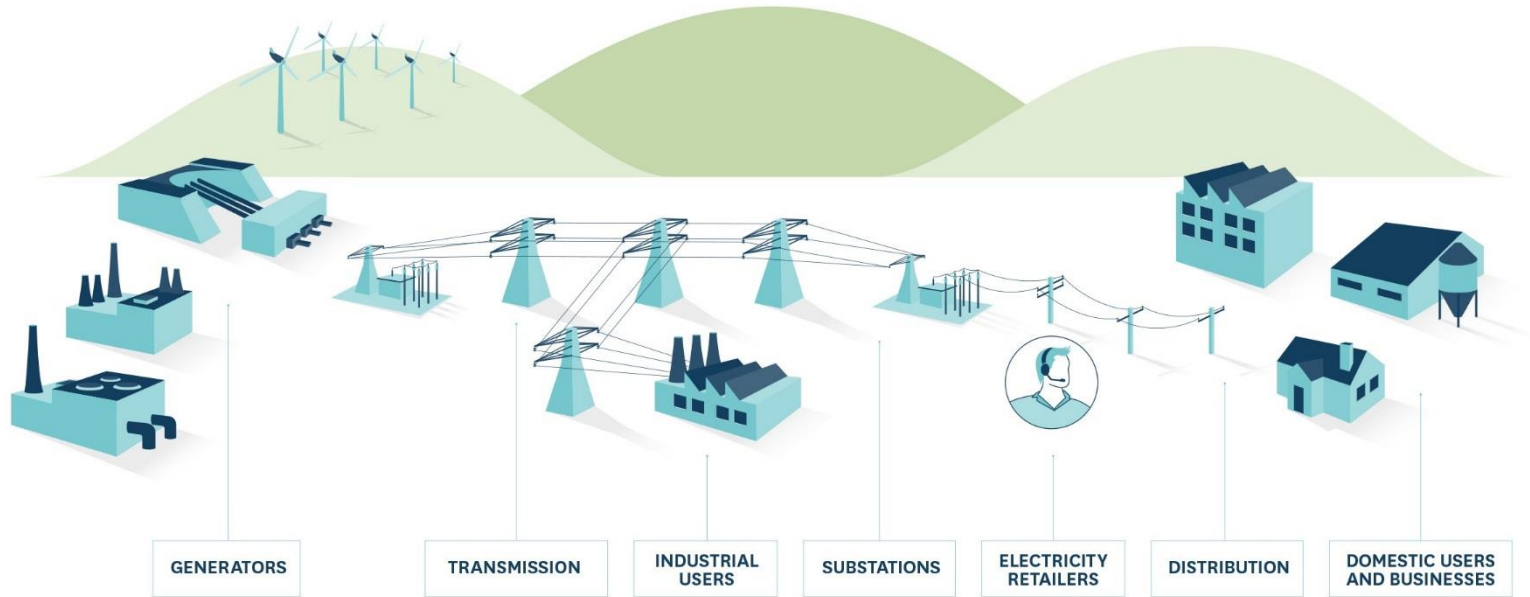
Application has been made to NZX for permission to quote the 2024 Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of the Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Agenda

- **New Zealand Electricity Market**
- **About Meridian**
 - The business
 - Generation assets
 - Retail business
 - Current strategic focus
 - Risk management
 - Recent financial performance
 - Capital management
 - Funding
 - Credit rating
- **The Offer**
 - Key terms, dates and process
- **Investment Highlights**



The New Zealand electricity market



5 Major generators

1 Transmission grid operator

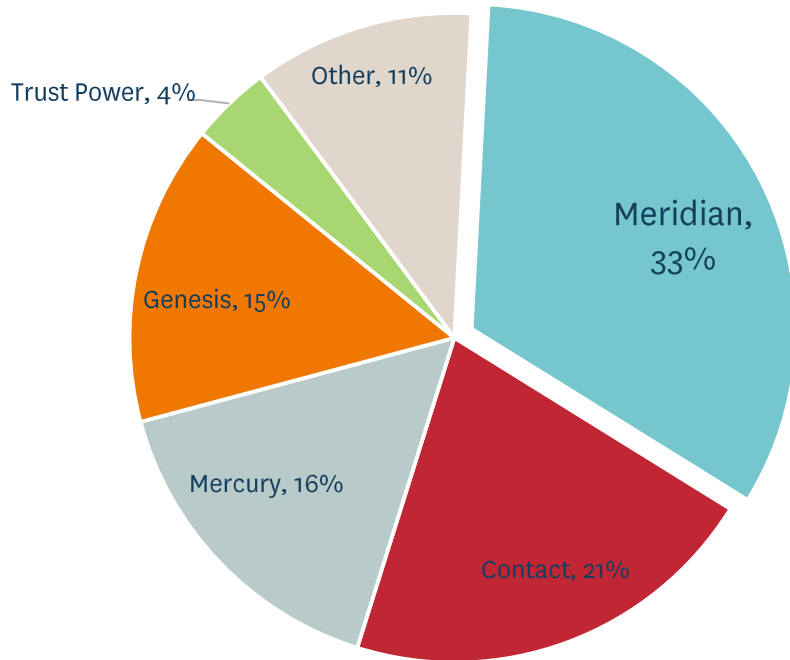
29 Distribution businesses

34 Electricity retail brands

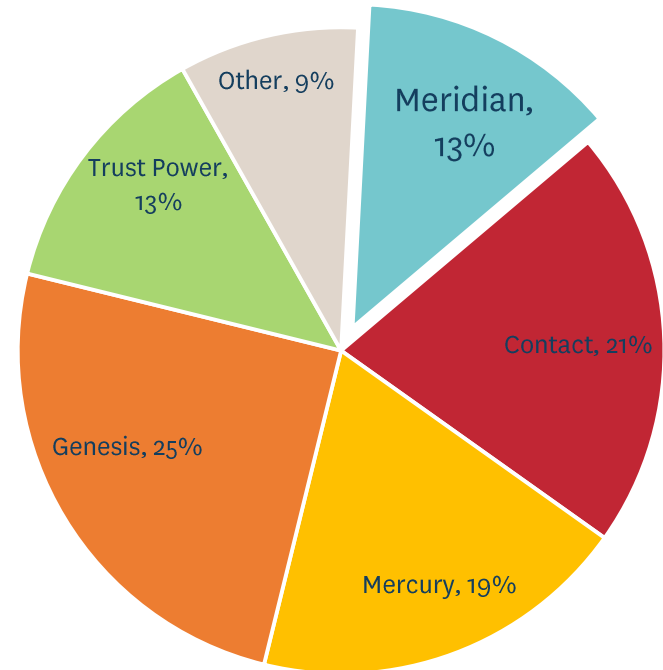
2 Million consumers

New Zealand electricity market structure

Generation market share by volume (GWh)



Retail market share by customer numbers (ICPs)



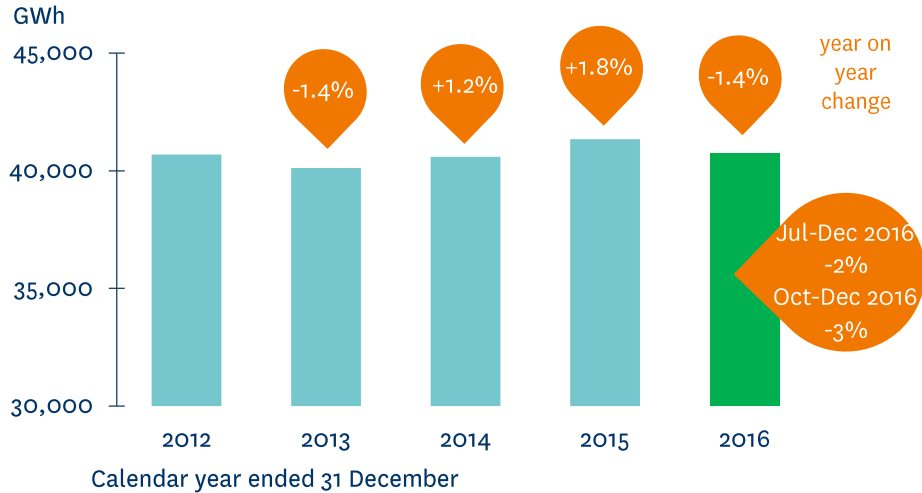
- Vertical integration is the dominant strategy

Source: Meridian (year ended 31 December 2016)

The New Zealand market

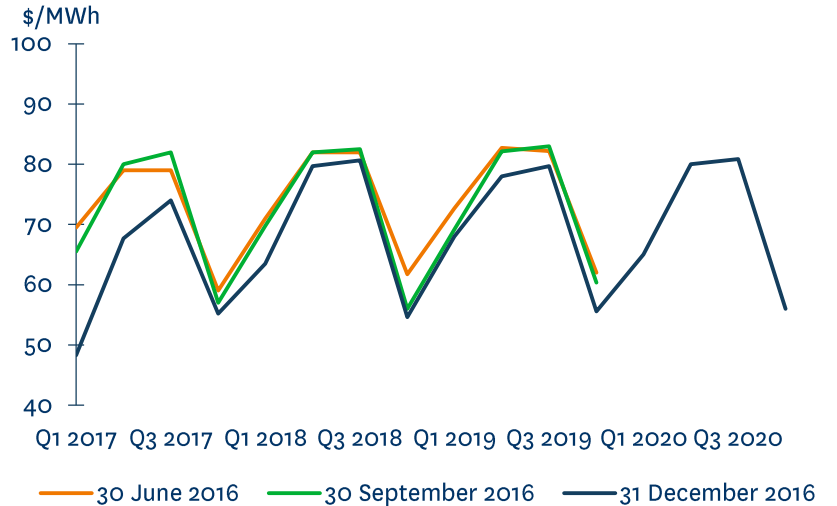
- Warm winter temperatures and high rainfall have eliminated demand growth in the last year, resulting in a decrease of 1.4% in national demand
- Decreased South Island irrigation load in the second half of 2016 had a significant impact on annual demand
- Forward ASX prices have softened during the last three months of 2016
- Largely a reflection of near-term national storage being high
- High retail competition and switching (dominated by premises moves) persist in the market

NATIONAL DEMAND



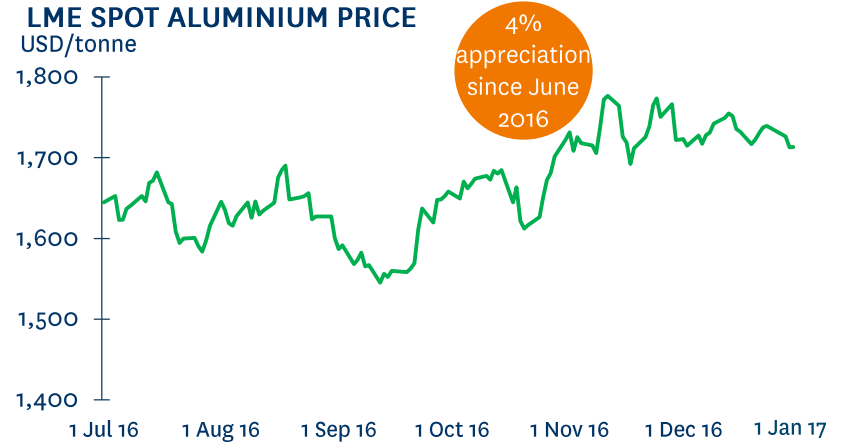
source: Electricity Authority

BENMORE ASX FUTURES SETTLEMENT PRICE



Tiwai Point smelter

- Price increased from 1 January 2017
- Contract now into NZAS perpetual 12-month termination right
- International aluminium market is improving, but remains difficult
- Positive sentiment on global demand and possible supply side discipline in China have driven a rally in spot prices
- However global demand growth is forecast to moderate
- USD spot aluminium prices have risen 4% since June 2016
- Depreciating NZD USD cross rate, down 3% since June 2016
- Meridian’s modelling suggests smelter remains cash positive after stay-in-business capex



source: London Metal Exchange



source: Thompson Reuters

Meridian Energy



About Meridian

- **Vertically integrated renewable energy generator and retailer**

New Zealand's largest generator from purely renewable resources – hydro and wind

Supplying more than 30% of New Zealand's electricity

Electricity retailer to over 366,000 customers in New Zealand and Australia

- **Seven hydro stations**

Flexible plant with New Zealand's largest hydro storage

Long life assets with low operating costs

Benchmark operational efficiency and low capital needs

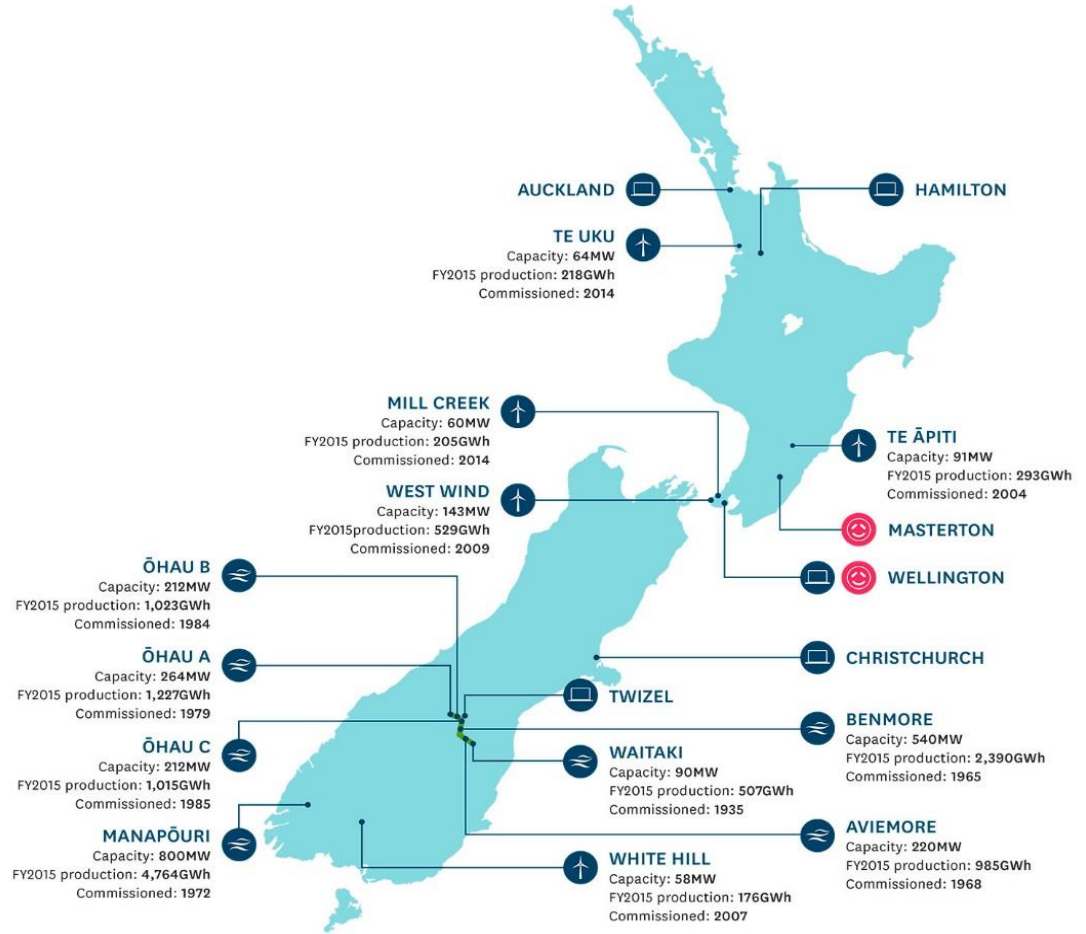
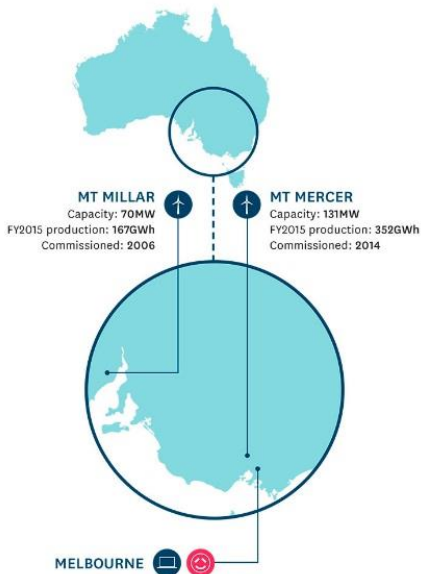
- **Seven wind farms**

More than a decade of construction and operational experience

- **Future development options**



Meridian's generation assets



GENERATION ASSETS	OFFICES
HYDRO STATION	MERIDIAN
WIND FARM	POWERSHOP
WAITAKI HYDRO SCHEME	

Meridian Retail

- A retailer to around 276,000 homes, farms and businesses throughout New Zealand
- Converted 91,000 Australians to great kiwi customer service so far
- Offering choice through two different brands
- Have successfully delivered the first milestone in development of Powershop franchise for npower in the UK



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Progress on strategy



Maintaining an open market in which we can compete effectively

- TPM supplementary consultation paper released, implementation expected by April 2020 (latest)
- Election year focus unlikely to be on electricity market structure



Developing opportunities for earnings growth

- NZ wind options ready to meet expected new supply needs after 2019
- Powershop Australia launch in Queensland
- First Powershop UK milestone met

Progress on strategy



Protecting and maximising our generation asset and wholesale position

- NZAS back-to-back arrangements with other generators in effect
- Transmission grid resilient to a Tiwai exit
- Ability of HVDC to deliver energy into the North Island is robust



Growing retail value by making things easy for our customers and optimising our operations

- Two years through a \$24m redevelopment of core customer support systems
- Small/medium business focus delivering segment volume growth
- Commitment to EVs with tailored tariffs, fleet conversion and infrastructure partnerships

Risk Management

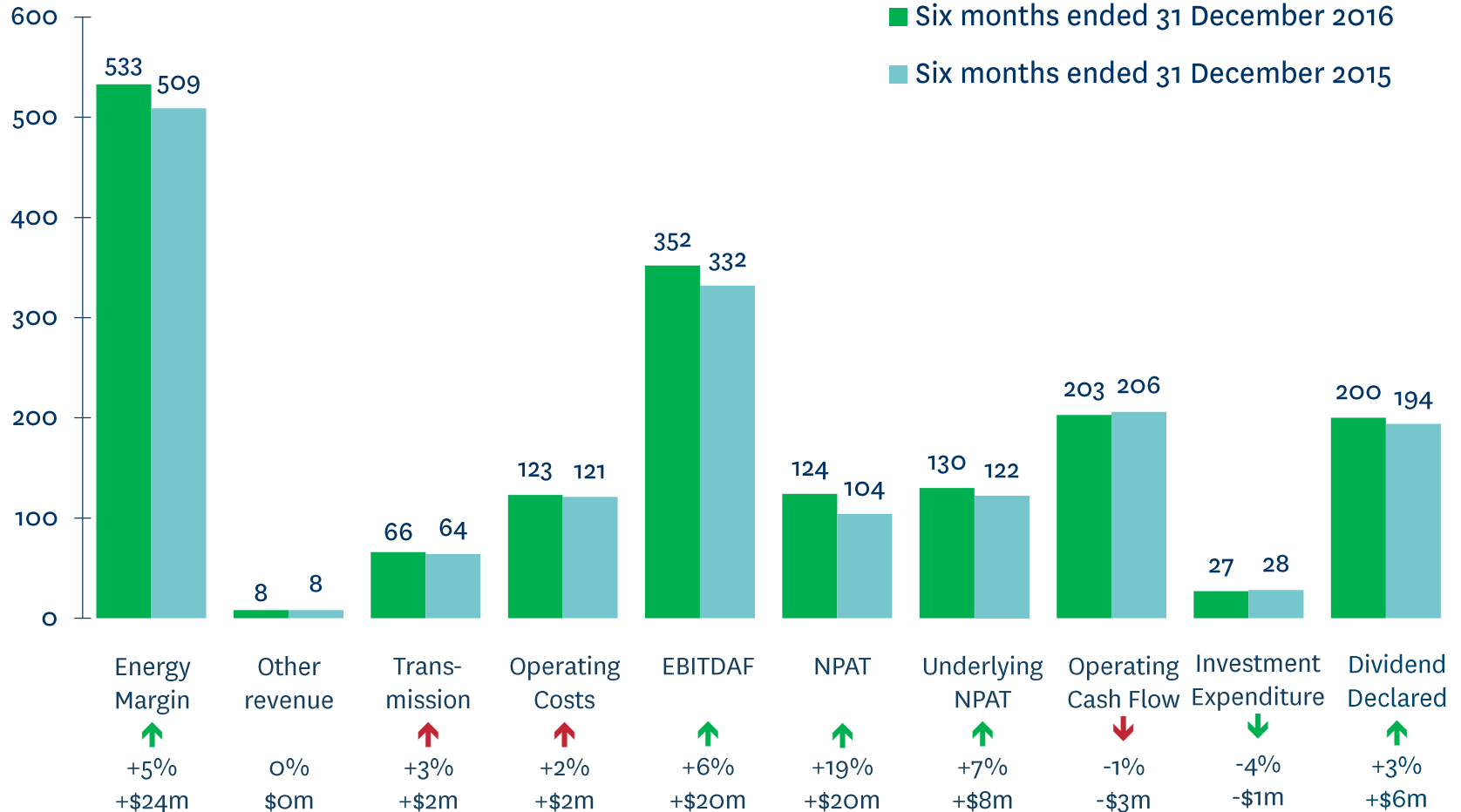
- Meridian operates an active risk management programme
- Key risks include:
 - Tiwai
 - Adverse hydrological conditions
 - Catastrophic events
 - Plant failure
 - Use of and access to water
 - Legislative and regulatory risks
- Details of Meridian's risk management structure are in Meridian's 2016 Annual Report, which can be found online at www.meridianenergy.co.nz



Financial performance - interim

FINANCIAL PERFORMANCE AGAINST PRIOR YEAR

\$M



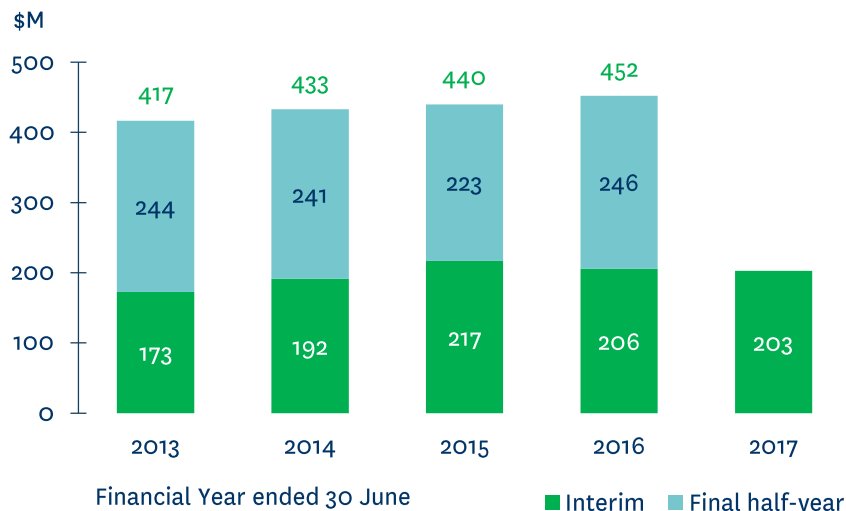
Key financial metrics

SUMMARY GROUP BALANCE SHEET	30 Jun	30 Jun	30 Jun	31 Dec
	2014	2015	2016	2016
	\$M	\$M	\$M	\$M
Total Assets	7,590	7,661	8,538	8,279
Total Liabilities	2,956	2,913	3,488	3,382
Equity	4,634	4,748	5,050	4,897
Debt	1,092	1,076	1,214	1,229
RATIOS & MULTIPLES				
Debt/(Debt+Equity) ¹	20%	18%	19%	19%
Net Debt/EBITDAF (x) ²	1.8	1.7	1.8	1.9
EBITDAF/Interest Cover (x) ¹	6.8	7.6	8.2	8.5

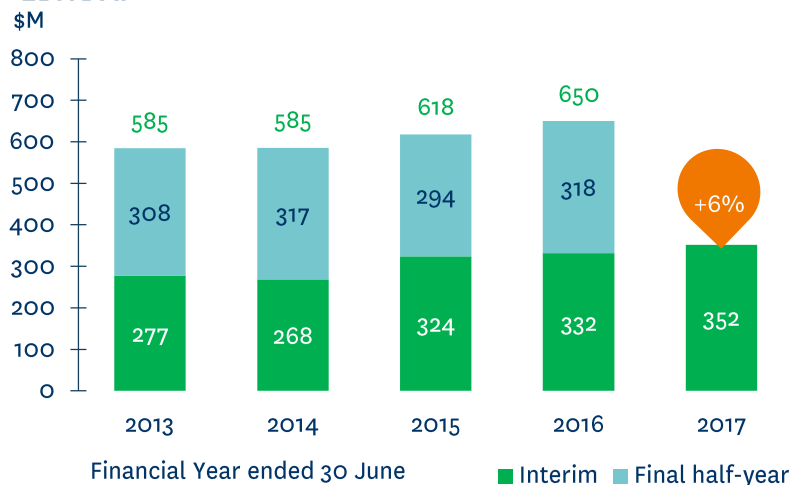
¹Per Guaranteeing Group (excludes certain Meridian entities)

²Per Standard and Poor's key metrics

CASH FLOW FROM OPERATING ACTIVITIES

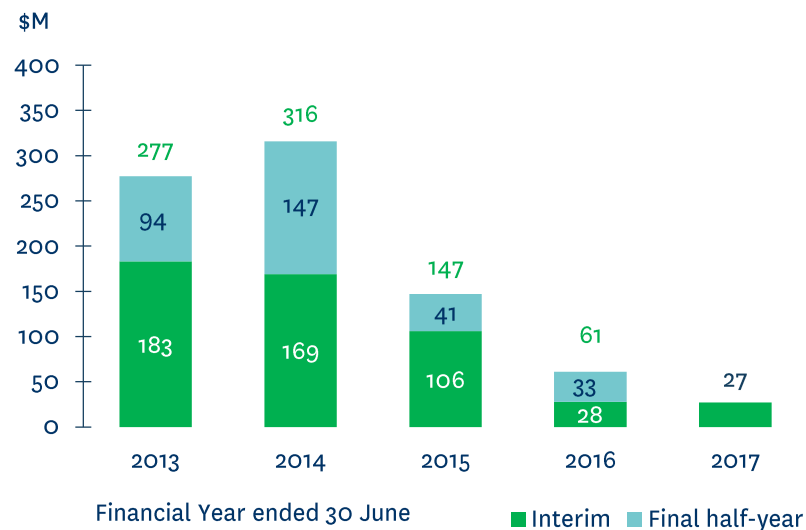


EBITDAF¹



¹Earnings before interest, taxation, depreciation, amortisation, changes in fair value of financial instruments, impairments and gain/(loss) on sale of assets

INVESTMENT EXPENDITURE



Dividend policy and capital management

- Dividend policy set to return 75%-90% of free cash flow
- In August 2015 Meridian's Board approved a capital management programme to return capital to shareholders
- The programme is targeting a progressive return of \$625m over 5 years, with capital management distributions of \$250m¹ since programme commenced in August 2015
- Programme will continue only on the basis that Meridian does not receive a termination notice from NZAS, or any material change to the company's financial position

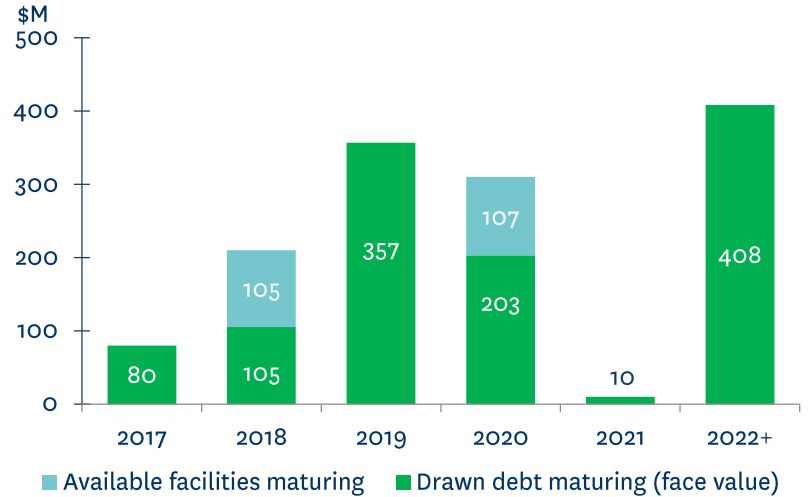


¹ Includes the December 2016 interim dividend declared

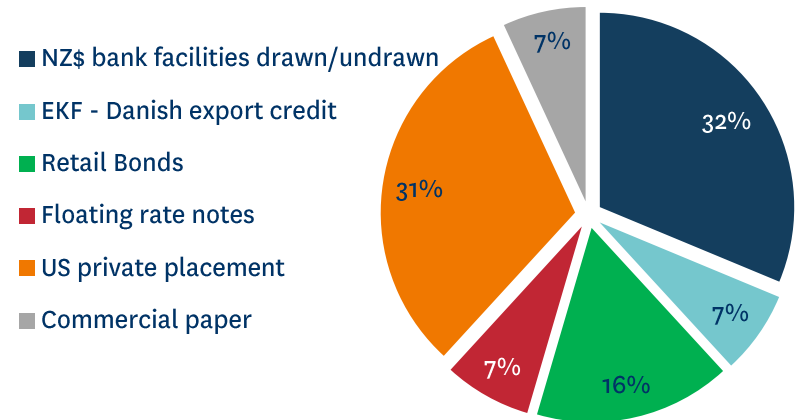
Funding

- Total borrowings as at 31 December 2016 of \$1,229m
- Committed bank facilities of \$620m as at 31 December 2016, of which \$307m were undrawn
- Minimum headroom required in addition to forecast requirements is \$200m
- 2017 retail bond issue proceeds primarily used for general corporate purposes including the refinance of a Mar-17 \$75m retail bond maturity
- Next capital market maturity is April 2019 (\$271m USPP)

DEBT MATURITY PROFILE AS AT 31 DEC 2016



SOURCES OF FUNDING AS AT 31 DEC 2016



Credit rating and bond covenants

- Standard and Poor’s BBB+/Stable

Rating supported by strong market position as New Zealand’s largest electricity generator

Modest capital expenditure over the medium term absent any compelling investment proposition

Adequate headroom in credit metrics for the rating, expected to be managed through capital management subject to hydrological conditions, and positive free operating cash flow

Rating reaffirmed in Jul-2016

- Key Metrics

Debt/EBITDA

BBB+ Stable outlook

2.0-2.5X

BBB+ Downside scenario >

2.8x sustained basis

BBB+ Upside scenario <

2.0x commitment to maintain

31 December 2016

1.9 X

Meridian targets a long term credit rating of BBB+

- Bond Covenants – consistent across capital providers

31 December 2016

Debt/(Debt + Equity) =< 55% 19 %

EBITDA/Interest => 2.5X 8.5 X

The Offer



Key terms of the offer

Issuer	Meridian Energy Limited
Description of the Debt Securities	Direct, unsecured unsubordinated fixed rate bonds
Guarantee	The Bonds are guaranteed by various subsidiaries of Meridian, that are members of the Guaranteeing Group
Purpose	General corporate purposes
Issue Amount	Up to \$100,000,000 with the ability to accept oversubscriptions up to \$50,000,000
Maturity Date	20 March 2024
Interest Rate	Equal to the sum of the Base Rate plus the Issue Margin, on the Rate Set Date
Indicative Issue Margin	1.50% to 1.60% p.a
Interest Payments	Semi-annual in arrear in equal amounts on 20 March and 20 September of each year up to and including the Maturity Date, commencing 20 September 2017
Denominations	Minimum denomination of \$5,000 with multiples of \$1,000 thereafter

Key terms of the offer (cont.)

Issuer	Meridian Energy Limited
Listing	Application has been made to NZX to quote the 2024 Bonds on the NZX Debt Market under the code MELO40
Issue Credit Rating	BBB+ (Standard & Poor's)
Financial covenants	<p>The Trust Documents contain the following financial covenants:</p> <ul style="list-style-type: none"> (a) EBITDA / Interest => 2.5x (b) Debt / (Debt plus Equity) <= 55% (c) Minimum Equity NZ\$1,250,000,000 (d) Total Tangible Assets (TTA) of the Guaranteeing Group => 80% TTA of the Group. <p>(Refer to the Trust Deed for further detail including calculations and relevant testing periods)</p>
Negative pledge	Trust Deed contains a negative pledge. No Guaranteeing Group Member will create or permit to arise or subsist any Security Interest over its assets except under certain limited exceptions

Key dates and offer process

Date	
6 March (Monday)	Offer opens
6 – 8 March	Roadshow –Wellington, Auckland, Dunedin and Christchurch (plus conference call)
10 March (Friday)	Offer closes – bids due 12pm
10 March (Friday)	Allocations and rate set
20 March (Monday)	Issue Date
21 March (Tuesday)	Expected Quotation Date

Investment Highlights



Investment highlights



- New Zealand's largest hydro generator and wind farm operator
- 100% renewable, low operating cost generation
- Vertically integrated generation and retail operations
- Strong and stable operating cash flows

- Strong credit metrics supporting BBB+ credit rating
- Modest capital expenditure over the medium term
- Crown majority shareholding

Questions?



Disclaimer

The information in this presentation was prepared by Meridian Energy with due care and attention. However, the information is supplied in summary form and is therefore not necessarily complete, and no representation is made as to the accuracy, completeness or reliability of the information.

This presentation may contain forward-looking statements and projections. These reflect Meridian's current expectations, based on what it thinks are reasonable assumptions. Meridian gives no warranty or representation as to its future financial performance or any future matter. Except as required by law or NZX or ASX listing rules, Meridian is not obliged to update this presentation after its release, even if things change materially.

This presentation does not constitute financial advice. Further, this presentation is not and should not be construed as an offer to sell or a solicitation of an offer to buy Meridian Energy securities and may not be relied upon in connection with any purchase of Meridian Energy securities.

This presentation may contain a number of non-GAAP financial measures, including, EBITDAF, Underlying NPAT and gearing. Because they are not defined by GAAP or IFRS, Meridian's calculation of these measures may differ from similarly titled measures presented by other companies and they should not be considered in isolation from, or construed as an alternative to, other financial measures determined in accordance with GAAP. Although Meridian believes they provide useful information in measuring the financial performance and condition of Meridian's business, readers are cautioned not to place undue reliance on these non-GAAP financial measures.

The information contained in this presentation should be considered in conjunction with Meridian's annual report for the year ended 30 June 2016 and interim report for the 6 months ended 31 December 2016 available at:

<http://www.meridianenergy.co.nz/investors/>

All currency amounts are in New Zealand dollars unless stated otherwise.



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Terms sheet fixed rate bonds

MATURING 20 MARCH 2024



JOINT LEAD MANAGER



JOINT LEAD MANAGER



CO-MANAGER



Terms Sheet

6 MARCH 2017

This Terms Sheet sets out the key terms of the offer (“Offer”) by Meridian Energy Limited (“Meridian”) of up to \$100,000,000 (with the ability to accept oversubscriptions of up to \$50,000,000 at Meridian’s discretion) fixed rate bonds maturing on 20 March 2024 (“2024 Bonds”) under its master trust deed dated 1 December 2008 (as amended from time to time) (“Trust Deed”) as modified and supplemented by the supplemental trust deed dated 3 March 2017 (together, “Trust Documents”) entered into between Meridian and Trustees Executors Limited (“Supervisor”). Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Documents.

Important Notice

The offer of debt securities by Meridian 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:

- Meridian’s bonds maturing on 16 March 2017, which have a fixed interest rate of 7.55% per annum and are currently quoted on the NZX Debt Market under the ticker code MEL020; and
- Meridian’s bonds maturing on 14 March 2023, which have a fixed interest rate of 4.53% per annum and are currently quoted on the NZX Debt Market under the ticker code MEL030, (together the “Existing Bonds”).

Accordingly, the 2024 Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Meridian 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/MEL.

The Existing Bonds are the only debt securities of Meridian that are currently quoted and in the same class as the 2024 Bonds.

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

Contact details

ISSUER

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Wellington 6011

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ORGANISING PARTICIPANT AND JOINT LEAD MANAGER

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JOINT LEAD MANAGER

Bank of New Zealand
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Auckland 1010

CO-MANAGER

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Vero Centre
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Auckland 1010

SUPERVISOR

Trustees Executors Limited
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10 Customhouse Quay
Wellington 6011

LEGAL ADVISERS TO MERIDIAN

Russell McVeagh
Level 24
157 Lambton Quay
Wellington 6011

KEY TERMS OF THE BONDS

Issuer	Meridian Energy Limited						
Description	The 2024 Bonds are unsecured, unsubordinated, fixed rate interest bearing debt obligations of Meridian.						
Guarantee	The 2024 Bonds are guaranteed by various subsidiaries of Meridian that are from time to time Guaranteeing Group Members, as detailed below under “Financial Covenants”.						
Purpose	Meridian will use the net proceeds of the Offer for general corporate purposes.						
Credit Ratings	<table border="1"> <thead> <tr> <th></th> <th>Issuer Credit Rating</th> <th>Issue Credit Rating</th> </tr> </thead> <tbody> <tr> <td>Standard & Poor’s</td> <td>BBB+</td> <td>BBB+</td> </tr> </tbody> </table> <p>A rating is not a recommendation by any rating organisation to buy, sell or hold the 2024 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 Standard & Poor’s.</p>		Issuer Credit Rating	Issue Credit Rating	Standard & Poor’s	BBB+	BBB+
	Issuer Credit Rating	Issue Credit Rating					
Standard & Poor’s	BBB+	BBB+					
Issue Amount	Meridian is offering up to \$100,000,000 of 2024 Bonds with the ability to accept oversubscriptions of up to \$50,000,000 at Meridian’s discretion. The offer is not underwritten.						
Opening Date	6 March 2017						
Closing Date	Bids due by 12pm 10 March 2017						
Rate Set Date	10 March 2017						
Issue Date and Allotment Date	20 March 2017						
Maturity Date	20 March 2024						
Interest Rate	<p>The Interest Rate will be the sum of the Issue Margin and the Base Rate.</p> <p>The Interest Rate will be announced by Meridian via NZX on or shortly after the Rate Set Date.</p>						
Indicative Issue Margin	The indicative range for the Issue Margin is 1.50 – 1.60 per cent per annum.						
Issue Margin	The Issue Margin will be determined by Meridian in consultation with the Joint Lead Managers following completion of the book-build process and announced 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 Joint Lead Managers in consultation with Meridian, according to market convention, with reference to Reuters page ICAPKIWISWAP2 (or any successor page) on the Rate Set Date and rounded to 2 decimal places, if necessary, with 0.005 being rounded up.						
Interest Payments	<p>Interest will be payable semi-annually in arrear in equal amounts on 20 March and 20 September of each year up to and including the Maturity Date. The First Interest Payment Date will be 20 September 2017.</p> <p>If an Interest Payment Date is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and no adjustment will be made to the amount payable as a result of the delay in payment.</p>						
Record Date	5.00pm on the tenth calendar day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day or such other date as is advised by the Registrar to Holders from time to time.						
Issue Price	\$1.00 per 2024 Bond						
Minimum Application	The minimum application is \$5,000, with multiples of \$1,000 thereafter.						
Registrar	Computershare Investor Services Limited						

Early repayment	<p>The Holders of the 2024 Bonds have no right to require Meridian to redeem the 2024 Bonds early except through the Supervisor in the case of an Event of Default (as set out in the Trust Documents). If the 2024 Bonds are repaid early following an Event of Default, interest will be payable up to (but excluding) the date of repayment.</p> <p>Meridian does not have the right to redeem the 2024 Bonds early.</p>
Further indebtedness	<p>Meridian may, without the consent of the Holders of the 2024 Bonds, issue additional securities or other debt obligations on such other terms and conditions as Meridian may think fit.</p>
Financial covenants	<p>The Trust Documents contain the following financial covenants:</p> <ul style="list-style-type: none"> (a) the ratio of EBITDA of Meridian and all of its subsidiaries and associates (the “Group”) to Interest and Financing Costs of the Group must not be less than 2.5 to 1.0 (tested semi-annually by reference to any two of the three previous 12 month periods); (b) at all times Debt will not be more than 55% of the Debt plus Equity; (c) at all times Equity will not be less than \$1,250,000,000; and (d) at all times the Total Tangible Assets of the Guaranteeing Group will not be less than 80% of Total Tangible Assets of the Group. <p>As at the date of this Terms Sheet, the Guaranteeing Group Members are Meridian Energy Limited, Three River Holdings No. 1 Limited, Three River Holdings No. 2 Limited, Meridian Wind Monaro Range Holdings Pty Limited, Meridian Wind Monaro Range Pty Limited, Meridian Australia Holdings Pty Ltd, Meridian Wind Australia Holdings Pty Ltd, Meridian Energy Markets Pty Ltd, Mt Mercer Windfarm Pty Ltd, Meridian Energy Australia Pty Limited, Meridian Finco Pty Limited and Mt Millar Wind Farm Pty Ltd.</p>
Negative pledge	<p>The Trust Deed contains a negative pledge which provides that no Guaranteeing Group Member will create or permit to arise or subsist any Security Interest over its assets except under certain limited exceptions set out in the Trust Deed.</p>
How to apply	<p>All of the 2024 Bonds, including oversubscriptions, are reserved for clients of the Joint Lead Managers, the Co-Manager, institutional investors and other primary market participants invited to participate in the book-build. There will be no public pool for the offer. Accordingly, retail investors should contact a Joint Lead Manager, the Co-Manager, their financial adviser or any primary market participant for details on how they may acquire 2024 Bonds. You can find a primary market participant by visiting www.nzx.com/investing/find_a_participant.</p> <p>In respect of oversubscriptions or generally, any allotment of 2024 Bonds will be at Meridian's discretion, in consultation with the Joint Lead Managers. Meridian reserves the right to refuse all or any part of an application without giving any reason.</p> <p>Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the 2024 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>
ISIN	NZMELDT024C2
Transfers	<p>Holders are entitled to sell or transfer their 2024 Bonds at any time subject to the terms of the Trust Documents and applicable securities laws and regulations. Meridian may decline to register a transfer of 2024 Bonds for the reasons set out in the Trust Documents.</p> <p>The minimum amount of 2024 Bonds a Holder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. No transfer of 2024 Bonds or any part of a Holder's interest in a 2024 Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold 2024 Bonds with an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero).</p> <p>NZX has approved these transfer restrictions in accordance with NZX Debt Market Listing Rule 11.1.5 on the condition that Meridian will only allot the 2024 Bonds in multiples of \$1,000.</p>
Repo-eligibility	<p>Meridian intends to apply to the Reserve Bank of New Zealand for the 2024 Bonds to be included as eligible securities for domestic market operations.</p>

NZX quotation	Meridian will take any necessary steps to ensure that the 2024 Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the 2024 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.
NZX Debt Market Ticker Code	MEL040
Expected Date of Initial Quotation on the NZX Debt Market	21 March 2017
Selling restrictions	The selling restrictions set out in the schedule to this terms sheet apply.
Organising Participant	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)
Joint Lead Managers	Bank of New Zealand Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)
Co-Manager	Deutsche Craigs Limited
Supervisor	Trustees Executors Limited
Governing Law	New Zealand
NZX Waivers	<p>NZX has granted Meridian a waiver in respect of the 2024 Bonds from NZX Debt Market Listing Rule 5.2.3 (as modified by NZX's ruling on NZX Debt Market Listing Rule 5.2.3 issued on 29 September 2015) to enable Meridian to apply for quotation on the NZX Debt Market even though the 2024 Bonds may not initially be held by at least 100 members of the public holding at least 25% of the 2024 Bonds issued. The waiver has been granted for a period of six months from the quotation date of the 2024 Bonds. The effect of the waiver from NZX Debt Market Listing Rule 5.2.3 is that initially the 2024 Bonds may not be widely held and there may be reduced liquidity in the 2024 Bonds. To the extent that there is a material reduction in the spread of the 2024 Bonds, Meridian will notify NZX accordingly.</p> <p>NZX has also granted Meridian a waiver from NZX Debt Market Listing Rule 7.11.1 to allow allotment of the Bonds to occur within six business days after the Closing Date.</p>

The dates set out in this Terms Sheet are indicative only and are subject to change. Meridian has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

Copies of the Trust Documents are available at Meridian's website at www.meridianenergy.co.nz/investors.

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.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Meridian, visit www.nzx.com/companies/MEL.

Schedule - selling restrictions

Part A - initial selling restrictions

The Bonds may only be offered in New Zealand in conformity with all applicable laws and regulations in New Zealand. In respect of the initial offer of Bonds by Meridian under this Terms Sheet (**Initial Offer**), no Bonds may be offered in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions set out below in this Part A. 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 set out below in this Part A. For the avoidance of doubt, the selling restrictions set out below in this Part A apply only in respect of the Initial Offer.

No action has been or will be taken by Meridian which would permit an offer of Bonds to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

By purchasing the Bonds, each Holder agrees to indemnify Meridian in respect of any loss, cost, liability or expense sustained or incurred by Meridian as a result of the breach by the Holder of the selling restrictions.

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 except that an offer of Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- (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 Joint Lead Manager or Joint Lead Manager(s) nominated by Meridian 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 Meridian or any Joint Lead Manager or the Co-Manager 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 (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each 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 Meridian.

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

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.

Singapore

This Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore. 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 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 Securities and Futures Act (Chapter 289 of Singapore) (**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 Section 275(1A) of the SFA, and in accordance with the 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 subscribed or purchased in reliance on an exemption under Section 274 or Section 275 of the SFA, the Bonds shall not be sold within the period of six months from the date of the initial acquisition of the Bonds, except (i) to an institutional investor (as defined in Section 4A of the SFA), (ii) to a relevant person (as defined in Section 275(2) of the SFA), or (iii) to any person pursuant to an offer referred to in Section 275(1A) of the



SFA, unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (SFR).

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (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 trustee 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) of that corporation 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 or to a relevant person (defined in Section 275(2) of the SFA);
 - (2) (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
 - (3) where no consideration is or will be given for the transfer;
 - (4) where the transfer is by operation of law;
 - (5) as specified in Section 276(7) of the SFA; or
 - (6) as specified in Regulation 32 of the SFR.

Hong Kong

This Terms Sheet has not been and will not be registered with the Registrar of Companies in the Hong Kong Special Administrative Region of the People's Republic of China (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 (SFO) and any rules made under the SFO; 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 (C(WUMP)O) or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

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 SFO and any rules made under the SFO.

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) the offer, invitation or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;
- (iv) such action complies with all applicable laws, regulations and directives; and
- (v) 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 Meridian and each of the Joint Lead Managers 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 Meridian and each of the Joint Lead Managers 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.

Switzerland

The Bonds may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange Ltd. (SIX Swiss Exchange) or on any other stock exchange or regulated trading facility in Switzerland. This Terms Sheet does not constitute a prospectus within the meaning of, and has been prepared

without regard to the disclosure standards for issue prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Swiss Exchange Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Terms Sheet nor any other offering or marketing material relating to the Bonds or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Terms Sheet nor any other offering or marketing material relating to the offering, Meridian or the Bonds have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Terms Sheet will not be filed with, and the offer of Bonds will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of Bonds has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Bonds.

Part B - general 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. No offering document or other offering material in respect of the Bonds may 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. No action has been or will be taken by Meridian which would permit an offer of Bonds to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

By purchasing the Bonds, each Holder is deemed to have indemnified Meridian in respect of any loss, cost, liability or expense sustained or incurred by Meridian as a result of the breach by the Holder of the selling restrictions contained in the above paragraph.



meridian

Release

Stock exchange listings: NZX (MEL) ASX (MEZ)

Notice pursuant to clause 20(1)(a) of schedule 8 of the Financial Markets Conduct Regulations 2014

6 March 2017

Meridian Energy Limited ("**Meridian**") gives notice under clause 20(1)(a) of schedule 8 of the Financial Markets Conduct Regulations 2014 ("**Regulations**") that it proposes to make an offer for the issue of fixed rate bonds due 20 March 2024 ("**New Bonds**") in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The main terms of the offer and the New Bonds are set out in the attached Terms Sheet. Except for the interest rate and maturity date, the New Bonds will have identical rights, privileges, limitations and conditions as Meridian's fixed rate bonds maturing on 16 March 2017 which are quoted on the NZX Debt Market under the ticker code MEL020 and Meridian's fixed rate bonds maturing on 14 March 2023 which are quoted on the NZX Debt Market under the ticker code MEL030 (together the "**Existing Bonds**") and therefore are of the same class as the Existing Bonds for the purposes of the FMCA and the Regulations. The Existing Bonds have been continuously quoted on the NZX Debt Market over the preceding 3 months.

As at the date of this notice, Meridian is in compliance with:

- (a) the continuous disclosure obligations that apply to it in relation to the Existing Bonds; and
- (b) its financial reporting obligations (as defined in the Regulations).

As at the date of this notice, there is no excluded information required to be disclosed for the purposes of the Regulations.

As at the date of this notice, there is no other information that would be required to be disclosed under a continuous disclosure obligation or which would be excluded information required to be disclosed for the purposes of the Regulations if the Existing Bonds had had the same redemption date or interest rate as the New Bonds being offered.

ENDS

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Meridian Energy Limited

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