

MERIDIAN ENERGY LIMITED

INVESTMENT STATEMENT

FOR THE OFFER OF RENEWABLE ENERGY NOTES or "RENS"

This document is an investment statement for the purposes of the Securities Act 1978. This investment statement is dated and has been prepared as at 19 December 2011. It is an important document and should be read in its entirety.

CONTENTS

IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with:
- the services the adviser can provide you with:
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

INTRODUCTORY INFORMATION

ABOUT MERIDIAN

Meridian is an electricity generator and retailer owned by the Crown. It is a "State enterprise" under the State-Owned Enterprises Act 1986. Meridian's core activities include managing and developing its electricity generation assets, wholesale trading and retailing of electricity and associated corporate functions.

Meridian has issuer credit ratings from Standard & Poor's of BBB+ (stable outlook) long term and A-2 short term. The RENs are rated BBB+ long term and A-2 short term. More information on Standard & Poor's credit ratings is set out in the Prospectus. The ratings are not a recommendation to buy, sell or hold the RENs and the ratings may be subject to revision or withdrawal at any time by Standard & Poor's.

Meridian is the largest electricity generator in New Zealand, generating just over one third of New Zealand's average annual electricity requirements over the year to 30 June 2011. Meridian is committed to renewable sources of electricity generation and has a strong commitment to operating its business in a sustainable manner.

SELLING RESTRICTIONS

This investment statement does not constitute an offer of RENs in any jurisdiction other than New Zealand. No action has been or will be taken by Meridian or the other Guaranteeing Group Members which would permit a public offering of RENs, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). No person may purchase, offer, sell, distribute or deliver any RENs, or have in its possession, or distribute to any person, any offering material (including this investment statement) or any documents in connection therewith, in any jurisdiction other than in compliance with all applicable laws and regulations.

By applying for RENs, each REN Holder indemnifies Meridian in respect of any loss, cost, liability or expense sustained or incurred by Meridian as a result of the REN Holder breaching the selling restrictions described above.

LEAD MANAGER

Westpac Banking Corporation, through its division of Westpac Institutional Bank is the Lead Manager for the offer of the RENs.

Westpac is one of the largest banks in New Zealand and Australia. Because of Westpac's long-standing presence and market share it has relationships (whether as banker, lender, mortgagee, adviser, investor, underwriter, fund manager or other service provider) with a wide cross section of the community in New Zealand and Australia. Westpac and/or its related companies may from time to time have relationships with Meridian and/or parties related to Meridian. Accordingly it is possible that: (1) Westpac may be a lender to Meridian; and (2) proceeds received by Meridian from this offer may be paid to Westpac and/or its related companies as compensation for services provided and/or pursuant to financing facilities.

This investment statement does not constitute a recommendation by the Lead Manager to subscribe for, or purchase, any RENs. To the maximum extent possible by law, the Lead Manager, its directors, officers, employees and agents:

- (a) do not accept any responsibility or liability whatsoever for any loss arising from this investment statement or its contents or otherwise arising in connection with the offer of RENs;
- (b) have not authorised or caused the issue of, or made any statement in, any part of this investment statement;
- (c) make no representation or warranty, express or implied, and do not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this investment statement.

The Lead Manager does not guarantee the repayment of RENs or the payment of interest thereon or any other aspect of RENs or obligations of the Guaranteeing Group Members.

DEFINITIONS

Capitalised terms used in this investment statement have defined meanings, which appear in the Glossary or in the relevant section of this investment statement in which the term is used. All references to \$ are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand.

ELECTRICITY INDUSTRY MARKETS AND OPERATIONAL STRUCTURE¹

New Zealand's electricity sector has four main components:

- generation (electricity production stations)
- transmission (the high voltage network known as the national grid)
- distribution (local lines companies)
- retail (electricity retail companies compete to buy wholesale electricity and compete to retail it to consumers)

Electricity market

New Zealand's electricity market is made up of wholesale and retail functions. Wholesale functions include bidding (purchasers), offering (generators), scheduling and dispatch (System Operator), pricing (Pricing Manager) and clearing and settlement (Clearing Manager). Retail functions include the registration of consumers, enabling consumers to switch easily between suppliers (Registry) and the counting of electricity purchases and sales (Reconciliation).

The electricity market is governed by the Electricity Industry Participation Code 2010 ("**Code**"), overseen by the Electricity Authority ("**Authority**").

¹ This description is adapted from the description contained in the Electricity Authority's website: www.ea.govt.nz/consumer/industry-overview/ as at 31 October 2011 and is subject to Crown copyright.

The Authority oversees the electricity market by ensuring adherence to the market rules and making recommendations for the Code. The Authority is also responsible for ensuring that the electricity industry and markets operate efficiently on a day-to-day and longer-term basis. To achieve this it has contractual market operation service provider agreements with a number of organisations for managing the operations.

The Authority also oversees industry governance, which includes consideration of any alleged Code breaches by industry participants and applications for exemptions to the Code. The Authority succeeded the Electricity Commission on 1 November 2010, as one of a number of sector changes introduced under the Electricity Industry Act 2010.

The spot market - the buying and selling of wholesale electricity is done via a 'pool', where electricity generators offer electricity to the market and retailers purchase electricity. This market is called the spot or physical wholesale market.

Industry Structure

Generation

Electricity in New Zealand is largely generated from hydro, gas, coal and geothermal resources with an increasing amount generated by wind. Electricity is produced at generation stations and connected at high voltage to the national electricity transmission network, called the national grid, at grid injection points ("GIPs").

Meridian is one of six generator companies that own and operate a majority of generating stations.

Transmission

The electricity transmission system is owned by state-owned enterprise Transpower New Zealand Limited. The grid is the physical hub of the electricity system, bringing electricity from remote generation sites to customers some distance away. High voltage electricity is transmitted across the grid from the GIPs to the points of distribution at the grid exit points ("GXP"). At the GXPs electricity is reduced to lower voltage at transformer substations for distribution on local networks to consumers.

The Authority has a contractual market operation service provider agreement with Transpower for management of the national grid.

Distribution

The lines companies own the local distribution networks throughout New Zealand. Those networks are connected to the national grid at the GXPs. Low voltage electricity is distributed via the local networks to end commercial and domestic consumers. Generally the lines companies sell their distribution or lines services to retailers who manage the electricity supply agreements with end consumers. Some commercial and industrial consumers contract directly with lines companies for lines services.

Retail

Meridian is an electricity retailer. A retailer is a company that buys wholesale electricity at spot prices from the wholesale market. The retailer's charges to an end user include the cost of the electricity supplied to the consumer as well as charges for transmission and lines services.

Consumers

Consumers are the end users of electricity. They can choose between retailers for electricity supply.

1 WHAT SORT OF INVESTMENT IS THIS?

Meridian has established a debt security programme under which it may from time to time issue securities ("**Securities**") denominated in New Zealand dollars. The Securities may take the form of bonds ("**Bonds**") with a term of more than 18 months, or short term notes ("**STNs**") with a term of 18 months or less. This offer is for STNs known as Renewable Energy Notes, or "**RENs**".

Over time, Meridian will offer RENs with different Terms and Interest Rates. The Terms and Interest Rates that are available at any time will be specified on www.meridianenergy.co.nz/investments and in the current Rate Card. Meridian may change the Interest Rate or the Terms that are available or cease offering RENs at any time without giving notice.

The RENs constitute direct, unsecured and unsubordinated debt obligations of Meridian. RENs are fixed rate interest bearing New Zealand dollar investments for a fixed period of 18 months or less. The RENs have been assigned an issue credit rating of BBB+ long term, A-2 short term by Standard & Poor's. More information on Standard & Poor's credit ratings is contained in the Prospectus.

RENs will be issued under, and be subject to, the provisions of the Trust Deed and the Supplemental Trust Deed for the RENs. Each REN will rank equally with each other REN and with all other unsecured, unsubordinated debt obligations of Meridian, except indebtedness preferred by law.

The RENs will be guaranteed by the companies that are from time to time guaranteeing group members under the Trust Deed ("**Guaranteeing Group Members**"). As at the date of this investment statement, the Guaranteeing Group Members are Meridian, 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 Limited, Meridian Wind Australia Holdings Pty Limited, Meridian Wind Australia Pty Limited, Mt Mercer Windfarm Pty Limited, Meridian Energy Australia Pty Limited, MEL Meridian Australia Partnership, Meridian Finco Pty Limited and Mt Millar Wind Farm Pty Limited. Other than this guarantee provided by the Guaranteeing Group Members, none of Meridian's directors, its subsidiaries, the Lead Manager, the Trustee, nor any of their respective directors, officers or employees, nor the Crown nor any other person, guarantees the payment of interest or any other amounts due under RENs or the amount of returns which investors may receive as REN Holders.

Meridian intends to use the proceeds raised by issuing RENs for the general corporate purposes of the Group.

2 **WHO IS INVOLVED IN PROVIDING IT FOR ME?**

Issuer

Meridian is the issuer of the RENs. Meridian's address is 33 Customhouse Quay, Queens Wharf, Wellington.

Meridian's address is current as at the date of this investment statement, but may change from time to time. Meridian's current address is available on www.business.govt.nz/companies/app/ui/pages/companies/938552.

Directors

The names of each of the current directors of Meridian are set out below:

John Herbert Bongard

Mary Monica Devine

Catherine Margaret Drayton

Anake Angus Murray Goodall

Christopher John David Moller

Stephen Reindler

Anne June Urlwin

Peter David Wilson

The directors of Meridian are current as at the date of this investment statement, but may change from time to time. A current list of directors is available on www.meridianenergy.co.nz/company/about-us/people/board-of-directors.

Trustee

The Trustee of the RENs is Trustees Executors Limited. The Trustee's address is Level 5, 10 Customhouse Quay, PO Box 3222, Wellington.

The address of the Trustee is current as at the date of this investment statement, but may change from time to time. The Trustee's current address is available on www.business.govt.nz/companies/app/ui/pages/companies/142877.

Registrar

The Registrar of the RENs is Computershare Investor Services Limited. The Registrar's address is Level 2, 159 Hurstmere Road, Takapuna, North Shore City, Private Bag 92119, Victoria Street West, Auckland.

Activities of Meridian

Meridian was incorporated in 1998 and began business in 1999, when the Electricity Corporation of New Zealand Limited was split into three separate State enterprises: Meridian, Genesis Power Limited ("**Genesis Energy**") and Mighty River Power Limited. In this process Meridian was allocated various South Island hydro assets. As a State enterprise Meridian must produce a Statement of Corporate Intent each year that sets out its objectives. Meridian's principal objective is to operate as a successful business and to be:

- as profitable and efficient as comparable businesses not owned by the Crown;
- a good employer; and
- an organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage those interests when able to do so.

The Crown does not guarantee any obligations of Meridian or the Group as a whole.

The National Party, which formed the Government following the election on 26 November 2011, has a policy of selling a minority stake in Meridian to other investors:²

"What we will do next...

Extend the mixed-ownership model

1. Sell a partial stake in five state-owned companies, but retain majority control

→ *Extend the successful mixed-ownership model to four state-owned energy companies – Mighty River Power, Meridian, Genesis, and Solid Energy – and ensure the government maintains at least 51% shareholding.*

→ *Reduce the Government's existing 75 per cent shareholding in Air New Zealand, while keeping majority control.*

...

We expect that Kiwis will own at least 85 to 90 per cent of each company – including the government's majority shareholding."

If this policy is implemented, it could result in Meridian not being a State enterprise under the State-Owned Enterprises Act 1986 such that the obligations set out above may not apply.

² National Party "Future Investment Fund" (2011) at page 3, extracted from http://www.national.org.nz/PDF_General/Future_Investment_Fund_policy.pdf 9 November 2011.

Generation

The Group generated 13,824 GWh of electricity in the year ended 30 June 2011 from its renewable hydro, wind and solar sources.

As at 30 June 2011, the principal generation assets of the Group were:

- Hydro power stations on the Waitaki river system in Canterbury and Otago;
- Manapouri power station in Southland (this lies 200 metres under Lake Manapouri in a world heritage area);
- Various wind farm assets including Te Uku near Raglan, Te Apiti in the Manawatu, West Wind in Wellington, White Hill in Southland and Mt Millar in Australia; and
- The CalRENEW-1 solar farm in California, USA operated by Meridian Energy USA.

As at 30 June 2011 the generation capacity of the Group consisted of:

- 2,268 MW of South Island hydro assets;
- 425 MW of wind assets in New Zealand and Australia; and
- 5 MW solar farm in California, USA.

Further details of the generation assets are set out in the table under "Assets" on page 10.

Meridian is required by law to sell all of its New Zealand generation output into the wholesale market and is prohibited from owning either transmission or distribution lines.

Changes to Generation

Macarthur Wind Farm - In August 2010 Meridian announced agreement on a 50/50 unincorporated joint venture with AGL, Australia's largest renewable electricity generator, to build the 420MW Macarthur wind farm in southwest Victoria. It will cost the joint venture approximately A\$1 billion to build and is due for completion in 2013. As at the date of this investment statement the Macarthur project is in the construction phase. The Macarthur Wind Farm is not part of the Guaranteeing Group.

Te Uku Wind Farm - This was commissioned in February 2011. It is on the Wharaurua Plateau, 30kms west of Hamilton and south east of Raglan. This 28 turbine wind farm has a generation capacity of 64MW.

Manapouri Hydro Power Station - In July 2010 Meridian received consent to a higher rate of water discharge from the station (the Manapouri Tailrace Amended Discharge or "MTAD" consent) which permitted the station to operate at a higher generation capacity (up to 830MW) subject to conditions and requirements being met. Meridian has worked through the monitoring, operational and other consent requirements of MTAD and determined that the practical operating capacity, given various constraints, is currently 800MW. On this basis Manapouri was offered at 800MW for the first time in November 2011 as part of the normal electricity market trading process.

The sale of the Tekapo A and the Tekapo B hydro power stations from Meridian to Genesis Energy as directed by shareholding Ministers under the Electricity Industry Act 2010 occurred on 1 June 2011 and resulted in a decrease of Meridian's ownership of New Zealand's hydro storage capacity and a reduction of Meridian's overall electricity generation output.

Meridian has expertise in managing, developing and constructing hydro assets and is leading the way in the development of large scale wind assets.

Assets

The Guaranteeing Group's assets as at the date of this investment statement are described below. None of the Guaranteeing Group's assets are charged as security for the RENs offered under this investment statement. The assets described below are not subject to obligations in favour of another person that modify or restrict the Guaranteeing Group's ability to deal with the assets.

Operational Generation Facilities	Commissioned	Generators	Capacity (MW)
<i>New Zealand Generation</i>			
Ohau A	1979	4	264
Ohau B	1984	4	212
Ohau C	1985	4	212
Benmore	1965	6	540
Aviemore	1968	4	220
Waitaki	1930's	6	90
Manapouri	1972	7	830
Total Hydro Generation		35	2,368
Te Uku - Raglan	2011	28	64
Te Apiti - Palmerston North	2005	55	90
White Hill - Southland	2007	29	58
West Wind - Wellington	2009	62	143
Total Wind Generation		174	355
<i>International Generation</i>			
Mt Millar (Wind) ³ - South Australia	2005	35	70
Crater Hill, Ross Island (Wind) ⁴ - Antarctica	2010	3	-
Total International Generation		38	70
Meridian Total Operational Generation		247	2,793

For further details including the location of the Generation Assets see the 2011 Annual Report at: www.meridianenergy.co.nz/company/investors/

³ Acquired from Transfield Services Infrastructure Fund in 2010.

⁴ These assets are leased to Antarctica NZ. For this reason the generation capacity is not included in the total capacity figure.

Retail and Wholesale Customers

Meridian purchases electricity from the wholesale market which, as at 31 October 2011, it on-sold to approximately 184,000⁵ industrial, commercial and residential customers throughout New Zealand, including the aluminium smelter at Tiwai Point, New Zealand's largest electricity user which consumes approximately 35% of Meridian's current electricity output. The majority of Meridian's customer load is currently located in the South Island, enabling Meridian to match its generation base with its source of demand.

Demand for electricity is reasonably constant throughout the year (with a winter peak) whereas Meridian's generation is more seasonal due to the nature of both wind and inflows to the lakes on which it has generation assets.

Other Activities

A description of the activities of the other Guaranteeing Group Members is as follows:

Company Name	Description of Activities
Three River Holdings No. 1 Limited	New Zealand Holding Company for Australian assets
Three River Holdings No. 2 Limited	New Zealand Holding Company for Australian assets
Meridian Wind Monaro Range Holdings Pty Limited	Australian Holding Company for the Mt Millar wind farm company
Meridian Wind Monaro Range Pty Limited	Australian Holding Company for the Mt Millar wind farm company
Meridian Australia Holdings Pty Limited	Australian Holding Company for the Mt Mercer wind farm company
Meridian Wind Australia Holdings Pty Limited	Australian Holding Company for the Mt Mercer wind farm company
Meridian Wind Australia Pty Limited	Australian Holding Company for the Mt Mercer Wind Farm
Mt Mercer Windfarm Pty Limited	Potential wind farm, located in Victoria
Meridian Energy Australia Pty Limited	General partner of the MEL Meridian Australian Partnership and operating company for the Australian business (including employing staff)
MEL Meridian Australia Partnership	Australian limited partnership funding entity for the purchase of the Mt Millar wind farm and for working capital
Meridian Finco Pty Limited	Funding and Treasury Company
Mt Millar Wind Farm Pty Limited	Electricity Generator – Mount Millar wind farm, located in South Australia

⁵ This does not include Powershop New Zealand Limited's customers.

Guaranteeing Group Members and Changes:

As at 30 June 2010 the Guaranteeing Group Members were Meridian, MEL Holdings Limited, MEL (West Wind) Limited, MEL (Te Āpiti) Limited, MEL (White Hill) Limited, MEL (Te Uku) Limited, MEL (Central Wind) Limited, and MEL (Mill Creek) 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 Limited, Meridian Wind Australia Holdings Pty Limited, Meridian Wind Australia Pty Limited, Mt Mercer Windfarm Pty Limited, Meridian Energy Australia Pty Limited (previously Meridian Renewables Pty Limited), MEL Meridian Australia Partnership, Meridian Finco Pty Limited and Mt Millar Wind Farm Pty Limited became Guaranteeing Group Members on 30 September 2010.

On 31 May 2011 Meridian and various subsidiary companies being - MEL Holdings Limited, MEL (West Wind) Limited, MEL (Te Āpiti) Limited, MEL (White Hill) Limited, MEL (Te Uku) Limited, MEL (Central Wind) Limited and MEL (Mill Creek) Limited were amalgamated. Meridian continued as a new amalgamated company.

Certain of Meridian's other subsidiaries (none of which is part of the Guaranteeing Group) are also involved in a number of wider, complementary and adjacent activities, such as:

- Providing dam engineering consultancy services to dam owners through Damwatch Services Limited;
- Providing expert advice for energy conversion plants through Energy for Industry Limited;
- Providing smart metering technology through Arc Innovations Limited;
- Providing electricity retailing online through Powershop New Zealand Limited;
- Solar energy production through Meridian's US subsidiary group; and
- Construction of the Macarthur wind farm (a large wind farm in Victoria, Australia) through an unincorporated joint venture through the Macarthur subsidiaries.

Strategy

Meridian's vision is to be the global reference company in renewable energy. Meridian's strategy is as an integrated generation and retail business, with specific focus on the development, construction and operation of hydro and wind based electricity generation facilities. Meridian is also investing to expand its business in electricity, through wind development in Australia; solar development in the US and the Pacific Islands; and in a number of new products and services areas via its subsidiary companies. Meridian believes it has a responsibility to do business in a sustainable manner which means caring for the environment, building enduring relationships with communities and customers and making its business as efficient as possible.

Emissions Trading Scheme ("ETS")

New Zealand ratified the Kyoto Protocol in 2002, which committed New Zealand to reducing its greenhouse gas emissions to a specified level for the period between 2008 and 2012. To encourage producers to reduce emissions and enable New Zealand to meet its Kyoto obligations, the Government introduced an Emissions Trading Scheme in September 2008. This scheme requires upstream emitters such as electricity companies to annually surrender a number of units equal to their level of emissions, for example from burning fossil fuels to generate electricity. Meridian is committed to generating electricity from renewable resources, rather than fossil fuels, and under the current ETS Meridian has no carbon credit obligations and, as such, is not a participant in the scheme. The ETS is not expected to be detrimental to Meridian's business.

Financial Performance

In the year to 30 June 2011 Meridian reported a consolidated net profit after tax for the Group of \$303.1 million. In the year to 30 June 2011 the consolidated net profit after tax for the Guaranteeing Group was \$335.0 million. These results included the net gain (net of tax) of \$157.4 million from the sale of Tekapo A and B power stations to Genesis Energy on 1 June 2011.

As at 30 June 2011 the assets of the Group totalled \$8,460.0 million and its total liabilities were \$3,528.7 million, and the assets of the Guaranteeing Group totalled \$8,608.9 million and its total liabilities were \$3,745.5 million.

The amounts of the total assets and total liabilities of the Meridian Group as at 30 June 2011 have been taken from Meridian's audited financial statements. The amounts of the assets and total liabilities of the Guaranteeing Group as at 30 June 2011 are derived from the pro forma statement contained in the Prospectus. The pro forma statement was prepared in accordance with the Securities Act (Meridian Energy Limited) Exemption Notice 2009. More information on the Securities Act (Meridian Energy Limited) Exemption Notice 2009 can be found in the Prospectus.

Other factors

The business of Meridian and the other Guaranteeing Group Members depends upon rainfall and, to a lesser extent, wind as fuel. As such, hydrology and other meteorological conditions can strongly affect profitability.

3 HOW MUCH DO I PAY?

Minimum Investment

The Issue Price of each REN is \$1. The minimum amount you can invest is \$2,000, and in multiples of \$500 thereafter. There is no limit on the maximum investment you may make.

Applications and Payment

Applications must be made on the Application Form contained in this investment statement, and in accordance with the instructions contained in this investment statement. Only New Zealand residents may

apply for RENs. This investment statement does not constitute an offer of RENs in any jurisdiction other than New Zealand.

You must pay for the RENs applied for in New Zealand dollars by direct credit or a personal cheque. Cheques must be drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques must be made payable to 'Meridian RENs Application Account', crossed 'Not Transferable' and must not be post-dated. Direct Credits must be made payable to 'Meridian RENs Application Account' 03-0502-0665416-00 and clearly identified with your name.

When you complete your Application Form, you must select (from the options available on www.meridianenergy.co.nz/investments and the current Rate Card) the Term and the Interest Rate that will apply to your investment. Meridian will confirm the Issue Date, the Maturity Date and Interest Rate that apply to your investment after accepting your application.

Meridian may, at any time and without notice, change the Interest Rate that is available for a particular Term. If this occurs and the Interest Rate that you have selected is no longer available when Meridian receives your application, then:

- (a) if the Interest Rate which is available at that time is higher than the Interest Rate that was selected by you in your application, Meridian will accept your application at the then higher applicable Interest Rate; or
- (b) if the Interest Rate which is available at that time is less than the Interest Rate that was selected by you in your application, Meridian will contact you within 14 days of receipt of your application to discuss whether you wish to continue with your investment at the then lower applicable rate or to have your application returned.

Where to send your Application Form and payment

Completed Application Forms, together with the completed cheque for payment (if payment is not made by direct credit) must be sent to the address of the Registrar set out in the Application Form.

Right to refuse applications

Meridian reserves the right to refuse any application or to accept an application in part only, without providing a reason. If Meridian refuses an application or accepts an application in part, all or the relevant balance of the application monies will be refunded as soon as practicable. No interest will be paid on any application monies that are refunded to the applicant.

No cooling-off

There is no cooling-off period in relation to the RENs. Consequently, once an application has been lodged, it cannot be withdrawn, unless Meridian determines otherwise in its sole discretion.

4 WHAT ARE THE CHARGES?

You will pay no fees or charges to invest in RENs. However, you may have to pay a brokerage fee or commission to the person who recommends your investment in RENs or who arranges your application for RENs.

5 WHAT RETURNS WILL I GET?

Overview

The information set out in this section should be read in conjunction with the information set out in the section 'What are my risks?' on page 18. Certain events could reduce or eliminate the returns intended to be derived from holding the RENs.

Nature of the returns

The returns you will receive on your RENs will depend on the Interest Rate applicable to your RENs, the term of your investment and any taxes applicable to the investment.

If you do not hold your RENs to their Maturity Date, the returns you receive on your RENs may be reduced. This is described in more detail below and in the section 'How do I cash in my investment?'.

It is not possible to quantify as at the date of this investment statement the exact amount of returns you will receive, and therefore no such amount can be promised by Meridian.

Payment of Interest

Interest will be calculated on the principal amount of each REN on a daily basis and is payable in arrears on each Interest Payment Date. The Interest Payment Dates are each of the last day of March, June, September and December that fall during the term of your investment, and on the Maturity Date or Early Repayment Date.

The amount of interest paid on each Interest Payment Date will vary as it will reflect the Interest Rate and the number of days from, and including, one Interest Payment Date (or the Issue Date, in the case of the first interest payment) to, but excluding, the next Interest Payment Date (or the Maturity Date or Early Repayment Date, in the case of the last interest payment).

Repayment of principal

The principal amount of each REN will be repaid by Meridian to you on the Maturity Date. Meridian is not obliged to repay the RENs prior to the Maturity Date. If Meridian (at its sole discretion) accepts a request by you to repay your RENs before their Maturity Date, the Interest Rate for the entire period of your investment will be reduced to 2% less than the Interest Rate applicable to the RENs as at the Issue Date. This is described in more detail in the section 'How do I cash in my investment?'.

Payments

Payments will be made to the person registered as the REN Holder as at the Record Date for the payment. Payments will be made to the bank account nominated by you on the Application Form or such other bank account as you may advise the Registrar in writing from time to time, provided notice is given prior to the Record Date for the payment. If no bank account is nominated or advised, then payments will be made by cheque to the address of the REN Holder recorded in the Register. If a payment date is not a Business Day, payment will be made on the next day which is a Business Day unless that day would be in the next calendar month, in which case payment will be made on the first day preceding the payment date which is a Business Day.

Key factors that determine returns

The key factors that determine the returns on your investment are:

- the Interest Rate and Term of your REN;
- whether your investment is held until the Maturity Date;
- the effect of taxes;
- fluctuations in the price of RENs if you transfer them to another person (there is no established market for the sale of RENs and in Meridian's opinion none is likely to develop, as described under the heading 'What are my risks?');
- the financial performance of Meridian; and
- the other risk factors described on page 18 under the heading 'What are my risks?'.

Taxation

The return on your investment will be affected by taxes. If a law requires Meridian to deduct an amount in respect of taxes from a payment under a REN, such that the REN Holder would not actually receive on the due date the full amount provided for under the REN, then Meridian will deduct the amount and pay it to the relevant authority. Meridian is not obliged to pay any additional amounts to the REN Holder in relation to any such deduction.

Under the Trust Deed, each REN Holder indemnifies Meridian in respect of any tax which Meridian or the Registrar becomes liable to pay on behalf of the REN Holder. Meridian may deduct any indemnity payment from future amounts payable.

The information set out below does not constitute taxation advice to any REN Holder. The information set out below is believed by Meridian to be correct as at the date of this investment statement. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the RENs. You should seek qualified, independent financial and taxation advice before deciding to invest. In particular, you should consult your tax advisor in relation to your specific circumstances.

Any reference to "interest" in this section of the investment statement shall be taken as a reference to interest as defined in the Tax Act.

New Zealand taxation implications for New Zealand resident REN Holders

Resident withholding tax

If you are either a New Zealand resident for tax purposes or you are engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand ("**Resident Holder**"), resident withholding tax ("**RWT**") will be deducted from the gross amount of interest paid to you in accordance with the provisions of the Tax Act.

If you are a Resident Holder, RWT of 33% will be deducted unless you supply your IRD number to the Registrar and (if you are an individual or hold the RENs as a trustee) elect for RWT to be deducted at a different rate.

If you are an individual or trustee Resident Holder that has supplied your IRD number to the Registrar, you may elect for RWT to be deducted at 33%, 30% or 17.5%. In addition, if you are a Resident Holder that is a trustee of certain testamentary trusts, or an individual (not acting as a trustee) that has a reasonable expectation at the time of the election that your income for the income year applicable to you (eg, 1 April 2011 to 31 March 2012) will be \$14,000 or less, and have supplied your IRD number to the Registrar, you may elect for RWT to be deducted at 10.5%. If the Commissioner of Inland Revenue determines that the rate you have elected is inconsistent with your marginal tax rate, the Commissioner may require RWT to be withheld at a different rate to that elected by you.

The RWT rate for interest paid to most companies is currently 28%. However, if a Resident Holder that is a company (not acting as a trustee) has not supplied its tax file number or has elected that a 33% RWT rate apply, RWT will be deducted at 33%.

Resident Holders should notify Meridian or the Registrar of any changes to their elected RWT rate as a result of changes to their particular circumstances. RWT will not be deducted by Meridian where you provide a copy of an appropriate certificate of exemption from RWT to the Registrar at least five Business Days prior to the Record Date for the relevant payment.

Non-resident withholding tax

If at any time a REN is held by a REN Holder who is not New Zealand tax resident and who is not engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand ("**Non-resident Holder**") non-resident withholding tax ("**NRWT**") will be deducted, where appropriate, at the rate required by law from payments made to such REN Holder. If Meridian is lawfully able to pay the approved issuer levy (as defined in section 86F of the Stamp and Cheque Duties Act 1971) in respect of any payment of interest to a Non-resident Holder, Meridian will pay the approved issuer levy to the appropriate authority and will deduct the amount paid from the interest payable to that Non-resident Holder in lieu of deducting NRWT at the rate otherwise applicable from that payment, unless that Non-resident Holder has elected for NRWT to be deducted instead.

Financial arrangements rules

Under the financial arrangements rules, gains on the disposal of RENs will be taxable to Resident Holders. Non-resident Holders may also be subject to tax on such gains. REN Holders should consult their own taxation advisors about the effect of taxes on their investment in any RENs.

Person legally liable to pay returns

The person legally liable to pay principal and interest on the RENs is Meridian. If Meridian fails to pay amounts that are due, the other Guaranteeing Group Members will be liable for making the payment upon demand by the Trustee.

Guarantee

The RENs are guaranteed by the companies that are from time to time Guaranteeing Group Members under the Trust Deed. As at the date of this investment statement, the Guaranteeing Group Members are

Meridian, 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 Limited, Meridian Wind Australia Holdings Pty Limited, Meridian Wind Australia Pty Limited, Mt Mercer Windfarm Pty Limited, Meridian Energy Australia Pty Limited, MEL Meridian Australia Partnership, Meridian Finco Pty Limited and Mt Millar Wind Farm Pty Limited.

The Guaranteeing Group Members each jointly and severally and unconditionally and irrevocably guarantee on an unsecured and unsubordinated basis to the REN Holders and the Trustee, the due and punctual payment by each other Guaranteeing Group Member of all moneys payable on or in relation to the RENs as and when the same shall become owing or payable in accordance with the terms and conditions of the RENs or under the Trust Deed, and the due observance and punctual performance of, and compliance by each other Guaranteeing Group Member with, its obligations under the RENs and the Trust Deed, to the REN Holders and the Trustee.

In the event that a Guaranteeing Group Member defaults in the due and punctual payment of moneys payable on or in relation to the RENs to the REN Holders or the Trustee, each Guaranteeing Group Member has jointly and severally agreed, immediately upon demand by the Trustee (or the REN Holders if the Trustee fails to enforce their rights when it becomes bound to do so), to pay all amounts then due and unpaid in respect of such moneys. REN Holders cannot make demand under the guarantee unless the Trustee has failed to do so after having become bound to do so in accordance with the Trust Deed.

The RENs are not secured by any mortgage or other charge over the assets of Meridian or any of the other Guaranteeing Group Members. Other than the guarantee provided by the Guaranteeing Group Members, none of Meridian's directors, its subsidiaries, the Lead Manager, the Trustee, nor any of their respective directors, officers or employees, nor the Crown nor any other person, guarantees the payment of interest or any other amounts due under RENs or the amount of returns which investors may receive as REN Holders.

The Guaranteeing Group Members (other than Meridian) are wholly-owned subsidiaries of Meridian.

6 WHAT ARE MY RISKS?

Risks

There are a number of risks, specific to Meridian and the Guaranteeing Group Members, and of a general nature, which may affect the future operating and financial performance of Meridian, the Guaranteeing Group Members and Meridian's other subsidiaries, the ability of Meridian to make interest payments on the RENs and to redeem the RENs, the ability of the other Guaranteeing Group Members to make payments, and the market value of the RENs.

Prospective investors should note that the risk factors set out below may not be exhaustive, and should consider these risk factors in conjunction with other information disclosed in this investment statement and the Prospectus. Each of the risks set out below could, if they eventuate, adversely affect Meridian's and each other Guaranteeing Group Member's revenues, earnings or financial conditions and, as a result, the ability of Meridian to meet its obligations under the RENs or the ability of any other Guaranteeing Group Member to meet its obligations. Changes in variables affecting risk factors may be cumulative.

Prospective investors should carefully consider the risks in this section in order to appreciate the risks associated with an investment in the RENs. Prospective investors should carefully consider these factors in light of their personal circumstances and seek professional advice from their NZX Firm adviser, accountant, lawyer or other professional adviser before deciding whether to invest.

Principal Risks

The principal risks for REN Holders are that they:

- may be unable to recover from Meridian all or any of the principal amount of the RENs; and/or
- may not receive timely, or any, interest payments in respect of the RENs; or
- are unable to recover amounts payable by the other Guaranteeing Group Members,

and therefore may not receive the returns described in this investment statement or in the Prospectus.

Risks related to the industry and the business of Meridian

The key risks affecting Meridian's business or financial performance, and therefore in determining Meridian's ability to make payments on the RENs, include risks that, if realised, would either reduce Meridian's revenue or increase its expenses. Meridian's revenue may reduce if:

- the price at which Meridian sells electricity into the wholesale market falls below the price now expected by Meridian in its current business and in its planning for new generation investments. This could be due to:
 - excess supply, for example a new, economical gas discovery supporting lower cost thermal generation or as a fuel in its own right; or
 - transmission constraints;
- low inflows to South Island hydro lakes results in Meridian's generation decreasing whilst the wholesale price at which Meridian purchases electricity increases;
- competitor activity or regulation results in a significant change to Meridian's portfolio of electricity and hedge contracts;
- New Zealand Aluminium Smelters Limited ceases smelting aluminium in New Zealand and:
 - at that time there is insufficient transmission in and out of the Southland area. This could result in transmission of electricity available from Meridian's Manapouri Power Station out of Southland being constrained, therefore reducing Meridian's generation revenue until that transmission is built; and/or
 - reduction in New Zealand's total demand has a significant detrimental effect on wholesale market prices;

- there is Government intervention in the electricity industry or in Meridian's business, whether formal, informal or threatened, in its role as regulator of the industry or Meridian's shareholder including intervention which:
 - reduces the current or future price of electricity or electricity hedge contracts below that now anticipated by Meridian; or
 - reduces or changes the composition of Meridian's assets;
- changes are made to the regulation or structure of the electricity industry including any changes which:
 - deprive Meridian of its current ability to mitigate its risks by integrating its generating and retailing businesses;
 - reduce the current or future price of electricity or electricity hedge contracts below that now anticipated by Meridian; or
 - other reduce Meridian's revenue;
- there is a downturn in the general state of the New Zealand economy;
- an earthquake or similar disaster affects Meridian's assets or those of its customers or Transpower. A major disaster could impact on Meridian, including reducing Meridian's generation capacity, reducing its customers' demand for electricity, affecting transmission or impacting on its ability to obtain insurance;
- there is a loss of generation due to an unplanned asset failure or a significant and prolonged planned outage of Meridian's or a third party's generating asset;
- constraints are imposed on the consents held by Meridian to use water at one of its hydro generation plants which reduce the quantity or flexibility of generation at that plant or reform occurs which re-allocates water from existing consent holders to other uses;
- the conditions of Meridian's hydro and wind generation environmental consents operate in a manner which prevents Meridian using the full capacity of its generation investments; or
- Meridian's customers or counterparties fail to meet their obligations in accordance with agreed terms. For example, Meridian relies on Genesis Energy to release water from its Tekapo A and B generating stations to Meridian's storage in Lake Pukaki in accordance with the water management agreement between those parties. If Genesis Energy breaches that agreement, Meridian's ability to generate electricity, and therefore its revenue, may decrease.

Meridian's expenses could increase if:

- the wholesale electricity price increases at nodes at which Meridian purchases electricity to supply its customers, including due to:

- a reduced level of storage in South Island hydro lakes;
- transmission constraints;
- a failure or outage of another wholesale market participant's or third party's assets that reduces electricity generation or increases demand for electricity;
- where other wholesale market participants act in a manner different to historic norms, for example, offering generation at extremely high prices in areas subject to transmission constraints; or
- where the electricity system operator has issued an island-wide instruction to disconnect demand in accordance with the Electricity Industry Participation Code 2010 and, as a result, wholesale electricity prices are amended in accordance with the Code.

Some of those customers purchase electricity at fixed prices so those prices cannot be increased commensurate with any wholesale price increase;

- a reduced level of storage in South Island hydro lakes results in a public conservation campaign under which consumers are asked to conserve electricity, in which case Meridian will be required to pay compensation to certain of its customers;
- there are changes to the amount or timing of Meridian's current or future capital or operating expenditure, including due to unplanned asset failure;
- there is an interruption of supply to the aluminium smelter at Tiwai Point for which Meridian is held liable (the company that supplies electricity to the aluminium smelter, RTA Power (NZ) Limited, is Meridian's major customer). The aluminium smelter is particularly sensitive to interruption in its supply of electricity and is likely to face significant re-start costs if it is without electricity for a long period of time;
- Meridian's operations damage third parties' property and Meridian is liable to compensate them; or
- Meridian is required to contribute more to the cost of Transpower's grid than Meridian now anticipates.

Generally these risks would need to be either extreme in their impact on Meridian or be combined with other risks before they would result in Meridian being unable to meet its debts when they fall due.

Risks specific to the RENs

Credit Rating

Meridian has issuer credit ratings from Standard & Poor's of BBB+ (stable outlook) long term and A-2 short term. The RENs have been assigned an issue credit rating of BBB+ long term, A-2 short term by Standard & Poor's. More information on Standard & Poor's credit ratings is set out in the Prospectus.

The ratings of Meridian and the RENs may change over time, depending on, amongst other things, the business, operational and financial performance of Meridian, the other Guaranteeing Group Members and

the Group as a whole. The Interest Rate that applies to the RENs will not be adjusted for any such changes in the credit rating of Meridian.

The ratings are not a recommendation to buy, sell or hold the RENs and the ratings may be subject to revision or withdrawal at any time by Standard & Poor's. Any downward revision or withdrawal of the rating of Meridian or the rating of the RENs may have an effect on the ability of investors to sell the RENs, and the market price of the RENs (and therefore the proceeds received from a sale of the RENs).

No established secondary market

A person should not subscribe for RENs unless he or she intends to hold them to maturity. Meridian is not obliged to repay an investor's RENs before the Maturity Date. The RENs will not be listed. There is no established market for the sale of RENs and in Meridian's opinion none is likely to develop. It may therefore be difficult for you to sell your RENs. If you are able to sell your RENs, the price obtained for them may differ from the amount you paid to purchase them. If Meridian (at its sole discretion) accepts a request by you to repay your RENs before their Maturity Date, the Interest Rate on your RENs for the entire term of your investment will be reduced and Meridian will be entitled to deduct the amount of any overpayment of interest from the principal amount repayable to you. This is described in more detail in the section 'How do I cash in my investment?'

Transfer risk

If a REN Holder transfers his or her RENs before they are redeemed (as described in the sections 'What returns will I get?' and 'How do I cash in my investment?') the price at which they are able to sell their RENs may be less than the price paid for them. This is because changes in market interest rates and other factors can affect the market value of the RENs. For example, if market interest rates go up, the market value of the RENs may go down, and vice versa.

The price at which REN Holders are able to sell their RENs may also be affected by a deterioration, whether real or perceived, in the creditworthiness of Meridian, the other Guaranteeing Group Members or the Group, a lack of persons wishing to buy RENs, or the lack of an established market or demand for the RENs.

Market, liquidity and yield considerations

Depending on market conditions and other factors, REN Holders seeking to sell relatively small or relatively large amounts of RENs may not be able to do so at prices comparable to those that may be available to other REN Holders. Any secondary market for the RENs will also be affected by a number of other factors independent of the creditworthiness of Meridian, the other Guaranteeing Group Members or the Group. These factors may include the time remaining to the maturity of the RENs, the outstanding amount of the RENs, the amount of such RENs being sold in the secondary market from time to time, any legal restrictions limiting demand for the RENs, the availability of comparable securities and the level, direction and volatility of market interest rates generally. Such factors will also affect the market value of the RENs.

You should not purchase RENs unless you understand and are able to bear the risk that the RENs may not be readily saleable, that the value of RENs will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to you. This is particularly the case if your circumstances do not permit you to hold the RENs until maturity.

No limitation on issuing debt

Meridian may from time to time issue additional Securities or debt obligations which rank equally with, or ahead of, the RENs without the consent of REN Holders. Such further debt obligations may be issued on such terms as Meridian thinks fit.

REN Holders have very limited rights

The rights of REN Holders are limited by the Trust Deed. REN Holders are not able to enforce their rights under the Trust Deed (including the guarantee described above) directly against Meridian unless the Trustee fails to do so after having become bound to enforce those rights. Under the Trust Deed, REN Holders have no right to convene or attend a meeting of Holders of Securities unless:

- (a) a series of Bonds has been declared immediately due and payable and the event of default in respect of which the declaration was made is continuing unremedied, in which case REN Holders, or a class of REN Holders, may convene and attend a meeting of REN Holders, or a class of REN Holders, for the purposes of considering whether a direction is to be given to the Trustee to declare the RENs to be immediately due and payable;
- (b) Meridian, if required by law or otherwise considers it desirable, convenes a meeting of REN Holders.

Other than as described above, REN Holders have no ability to request or compel the Trustee to exercise any of its rights or powers.

In addition, REN Holders are bound by an Extraordinary Resolution of holders of Bonds except in very limited circumstances. This is described in more detail in the Prospectus and below under the heading 'Can the investment be altered?'

The duties of the Trustee are required to be construed and interpreted to take account of the special features of the RENs, including the limited rights of REN Holders described above. This is described in more detail in the Prospectus.

REN Holders will not be liable to pay more money in respect of a REN in excess of the amounts described under the headings 'How much do I pay?' and 'What are the charges?'

Consequences of insolvency

The RENs are direct, unsecured and unsubordinated debt obligations of Meridian. This means that in a liquidation of Meridian, REN Holders' rights to repayment of principal and interest in respect of the RENs will rank after the claims of:

- persons to whom preferential payments must be made (including creditors of Meridian preferred by law); and
- prior ranking creditors.

Claims of the REN Holders will thereafter rank equally with the claims of all other creditors of Meridian in respect of obligations expressed to rank equally with the RENs and ahead of Meridian's shareholders and other creditors in respect of obligations expressed to rank after the RENs.

Neither Meridian's nor any other Guaranteeing Group Member's liabilities are secured by mortgages or security interests over their property generally. Under the Trust Deed, Meridian and the other Guaranteeing Group Members agree not to create any security over their property, other than for specific exceptions. These exceptions are set out in the Prospectus. If Meridian or any other Guaranteeing Group Member has granted security over any of its property pursuant to one of these exceptions, the holder of that security will rank ahead of REN Holders in relation to any claim on the property subject to that security.

As the guarantee of Meridian's obligations in the Trust Deed is an unsecured, unsubordinated obligation of the Guaranteeing Group Members, in the liquidation or winding up of a Guaranteeing Group Member, REN Holders' rights to payment of any amounts owing in respect of the RENs under that guarantee will rank after the claims of:

- persons to whom preferential payments must be made (including creditors of the Guaranteeing Group Member preferred by law); and
- prior ranking creditors (if any).

Claims of the REN Holders under the guarantee will thereafter rank equally with the claims of all other creditors of the Guaranteeing Group Member in respect of obligations expressed to rank equally with the guarantee and ahead of the Guaranteeing Group Member's shareholders and other creditors in respect of obligations expressed to rank after the guarantee.

REN Holders will not, in any circumstances, be liable to pay money to any person as a result of the insolvency of Meridian.

7 CAN THE INVESTMENT BE ALTERED?

Once Meridian has accepted your application, the amount that you must pay for the RENs or the returns which you are entitled to receive on the RENs (other than as a result of Meridian accepting your request for early repayment) can only be altered by means of an alteration to the Trust Deed.

Each of the Trust Deed and the Supplemental Trust Deed is able to be amended without the consent of REN Holders if the amendment is of a minor or technical nature or is to correct a manifest error or is made to comply with applicable law or the NZX Listing Rules and Meridian's directors have resolved that, and the Trustee is of the opinion that, the amendment will not be materially prejudicial to the interests of holders of any Securities which are offered or sold to members of the public, including the RENs.

In addition, each of the Trust Deed and the Supplemental Trust Deed is able to be amended, without the consent of REN Holders, if the amendment has been approved by an Extraordinary Resolution of the holders of Bonds or relevant class of holders of Bonds. REN Holders are bound by an Extraordinary Resolution of Holders of Bonds unless the Extraordinary Resolution:

- (a) alters, or purports to alter, the amount or timing of payment of any amount under the RENs (including any principal amount, Interest Rate, Interest Payment Date or Maturity Date relating to the RENs);
- (b) approves, or purports to approve, the appointment of a successor Trustee;
- (c) amends, or purports to amend, the Trust Deed or a deed supplemental to the Trust Deed other than in accordance with the provisions of the Trust Deed; or
- (d) sanctions any scheme for the reconstruction of Meridian or for the amalgamation of Meridian with any other corporation where such sanction is necessary.

Under the Trust Deed, Meridian and the other Guaranteeing Group Members give certain covenants and undertakings for the benefit of holders of Securities (including the REN Holders). However the holders of Bonds have the power (by Extraordinary Resolution) to waive any breach or prospective breach of those covenants or undertakings. Any such waiver will be binding on the REN Holders except in limited circumstances, including if it affects the principal amount, Interest Rate, Interest Payment Dates or Maturity Date of any RENs.

No charges are payable by REN Holders if the Trust Deed or Supplemental Trust Deed is amended.

8 HOW DO I CASH IN MY INVESTMENT?

You will be repaid the principal amount of your RENs on the Maturity Date. Meridian is not obliged to repay the RENs prior to the Maturity Date.

However if Meridian (at its sole discretion) accepts a request by you to repay your RENs before their Maturity Date, the Interest Rate applicable to those RENs for the entire Term will be reduced to 2% less than the Interest Rate ("**Original Interest Rate**") applicable to the RENs as at the Issue Date, such that upon any such early repayment, you will be repaid:

- (a) the principal amount of your RENs;

plus

- (b) any accrued interest at the Original Interest Rate from (and including) the Interest Payment Date immediately preceding your request to (but excluding) the date nominated by Meridian for the early repayment of your RENs ("**Early Repayment Date**");

less

- (c) an amount equal to 2% per annum of the principal amount of your RENs, calculated on a daily basis from (and including) the Issue Date of your RENs to (but excluding) the Early Repayment Date.

Reinvestment/repayment on the Maturity Date

Meridian will notify you by mail not less than 14 days before the Maturity Date of your RENS, advising you of the details of your maturing investment. At the same time (unless Meridian has ceased offering RENS at that time,) you will be asked whether you wish to:

- (a) reinvest the principal amount of your RENS and if so, to select (from the options available at that time on www.meridianenergy.co.nz/investments and in the current Rate Card) the Term and the Interest Rate that will apply to your reinvestment; or
- (b) have the principal amount of each of your RENS repaid to you on the Maturity Date; or
- (c) reinvest the principal amount of your RENS, as set out in (a) above, and apply to invest more money in multiples of \$500 upon the reinvestment of your RENS.

If, by 12:00 noon on the Maturity Date of your RENS, the Registrar has not received any instructions from you, your investment will, subject to Meridian's right to refuse described below, be reinvested in RENS for the same term to maturity as your initial investment (at the relevant Interest Rate specified at the time of reinvestment on www.meridianenergy.co.nz/investments and in the current Rate Card).

If you anticipate being away prior to your investment maturing, you may contact the Registrar beforehand to advise your instructions in relation to your maturing investment.

Meridian reserves the right to refuse to reinvest any amounts or to accept any application for further investment. If Meridian refuses to reinvest any amount the relevant portion of the principal amount of your RENS will be repaid to you on the Maturity Date. If Meridian refuses to accept any application for further investment, whether in whole or in part, the relevant balance of the application monies will be refunded to you as soon as practicable. No interest will be paid on any application monies that are refunded to the applicant.

The Terms and Interest Rates that are available at any time will be specified on www.meridianenergy.co.nz/investments and in the current Rate Card.

Transfer of RENS

You are entitled to sell or transfer your RENS at any time subject to the terms of the Trust Deed and applicable securities laws and regulations. The Trustee may decline to register a transfer of RENS for the reasons set out in the Trust Deed.

Applicants should not attempt to sell RENS until they know whether, and how many, RENS have been allotted to them. Neither Meridian nor any of its directors or employees or any other person accepts any liability or responsibility should any applicant for RENS attempt to sell or otherwise deal with any RENS before receiving a statement recording the number of RENS (if any) allotted to them.

The minimum amount you can transfer is \$500, and integral multiples of \$500 thereafter. However, no transfer of RENS or any part of a REN Holder's interest in a REN will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold RENS with an aggregate principal amount of less than the minimum holding of \$2000.

Meridian and the Registrar will be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document, and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless Meridian or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

In Meridian's opinion, there is no established market for the sale of RENs, and none is likely to develop.

9 **WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?**

Any inquiries in relation to the RENs can be directed to:

The Registrar
Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Victoria Street West
Auckland 1142

Telephone for investor inquiries: 0800 222 029
Facsimile: (09) 488 8787
Email: meridian@computershare.co.nz

or

The Issuer
Group Treasurer
Meridian Energy Limited
33 Customhouse Quay
Queens Wharf
Wellington

Telephone: 0800 635 736
Facsimile: (04) 381 1201

10 IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Any complaints about the RENs can be directed to:

The Registrar

Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Victoria Street West
Auckland 1142

Telephone for investor inquiries: 0800 222 029

Facsimile: (09) 488 8787

Email: meridian@computershare.co.nz

or

The Issuer

Group Treasurer
Meridian Energy Limited
33 Customhouse Quay
Queens Wharf
Wellington

Telephone: 0800 635 736

Facsimile: (04) 381 1201

If a REN Holder is not satisfied with the response they receive, the REN Holder may direct the complaint to the Trustee at the following address:

Trustees Executors Limited
Level 5
10 Customhouse Quay
PO Box 3222
Wellington

Telephone: (04) 495 0995

Facsimile: (04) 496 2952

At the date of this investment statement there is no ombudsman to whom complaints may be made in respect of RENs.

Meridian is exempt from the requirement to be a member of an approved dispute resolution scheme and accordingly complaints cannot be made to an approved dispute resolution scheme.

11 WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Additional information about the RENs and Meridian can be found at www.meridianenergy.co.nz/investments and is contained or referred to in the Prospectus, the Trust Deed, the Supplemental Trust Deed and in Meridian's most recent annual report (which contains Meridian's financial statements).

You may obtain a copy of the Prospectus, the Trust Deed, the Supplemental Trust Deed, Meridian's most recent annual report (which contains Meridian's financial statements) and all documents required to be registered with Meridian's financial statements, the annual or half-yearly consolidated financial statements of the Meridian group, and all documents and information required to be incorporated in, be attached to or accompany those financial statements, and further copies of this investment statement free of charge at www.meridian.co.nz/investments or, on request, during normal business hours at Meridian's office at:

Meridian Energy Limited
33 Customhouse Quay
Queens Wharf
Wellington

Telephone: 0800 635 736
Facsimile: (04) 381 1201

or from

The Registrar
Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Victoria Street West
Auckland 1142

Telephone for investor inquiries: 0800 222 029
Facsimile: (09) 488 8787
Email: meridian@computershare.co.nz

A copy of Meridian's most recent annual report can be obtained free of charge on Meridian's website at: <http://www.meridianenergy.co.nz/company/investors/>

A copy of the Prospectus, the Trust Deed and the Supplemental Trust Deed are also filed on a public register at the Companies Office of the Ministry of Economic Development and are available for public

inspection during normal business hours or may be inspected on the Ministry of Economic Development's website – www.business.govt.nz/companies. A fee may be payable.

GLOSSARY

Application Form means the application form attached to this investment statement.

Authority means the Electricity Authority created under the Electricity Industry Act.

Bonds means the Bonds as defined in, and issued under, the Trust Deed.

Business Day means a day (other than a Saturday or Sunday) on which registered banks are generally open for business in Wellington and Auckland.

Code means the Electricity Industry Participation Code 2010 created under the Electricity Industry Act.

Early Repayment Date has the meaning given to it on page 25.

Electricity Industry Act means the Electricity Industry Act 2010.

Extraordinary Resolution has the meaning given to it in the Trust Deed.

Genesis Energy means Genesis Power Limited.

Group means, at any time, Meridian and each of its subsidiaries and its associates (as determined by generally accepted accounting practice), and "**Group Member**" means a member of the Group.

Guaranteeing Group Members means the companies that are from time to time Guaranteeing Group Members under the Trust Deed. As at the date of this investment statement, the Guaranteeing Group Members are Meridian, 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 Limited, Meridian Wind Australia Holdings Pty Limited, Meridian Wind Australia Pty Limited, Mt Mercer Windfarm Pty Limited, Meridian Energy Australia Pty Limited, MEL Meridian Australia Partnership, Meridian Finco Pty Limited and Mt Millar Wind Farm Pty Limited.

GW means gigawatt. One gigawatt is equal to one million kilowatts.

GWh means GW hours.

Interest Payment Dates means each of the last day of March, June, September and December that falls during the term of your RENs, and the Maturity Date or Early Repayment Date.

Interest Rate means the interest rate applicable to your RENs, as recorded in the Register. Meridian will confirm the Interest Rate to you after accepting your application.

Issue Date means the date your RENs are issued to you. Meridian will confirm the Issue Date to you after accepting your application.

Issue Price means \$1.

Lead Manager means Westpac Banking Corporation, a division of Westpac Institutional Bank.

Maturity Date means the maturity date applicable to your RENs, as recorded in the Register. Meridian will confirm the Maturity Date to you after accepting your application.

Meridian means Meridian Energy Limited.

MW means megawatt. One MW is equal to 1,000 kilowatts.

MWh means megawatt hours.

Prospectus means the registered prospectus for the STNs and the Bonds.

Rate Card means the rate card published by Meridian from time to time that specifies the Terms and Interest Rates that are currently available. The Rate Card is available from the Registrar and at www.meridianenergy.co.nz/investments.

Record Date means in relation to a payment, the 10th day before the due date for that payment or, if that day is not a Business Day, the immediately preceding Business Day.

Register means the register of RENs maintained by the Registrar.

Registrar means Computershare Investor Services Limited.

REN Holder means the holder of a REN, as determined in accordance with the Trust Deed.

RENs means STNs issued under the Trust Deed and the Supplemental Trust Deed, known as Renewable Energy Notes and offered for subscription under this investment statement.

Securities means the STNs and Bonds.

STNs means the Short Term Notes as defined in, and issued under, the Trust Deed. The RENs are a type of STN.

Supplemental Trust Deed means the supplemental trust deed dated 1 December 2008 made by Meridian, the other Guaranteeing Group Members and the Trustee in respect of the RENs.

Tax Act means the Income Tax Act 2007 or any successor Act.

Term means the term to maturity of the RENs as specified on www.meridianenergy.co.nz/investments and on the Rate Card.

Trust Deed means the trust deed dated 1 December 2008 made by Meridian, MEL Holdings Limited, MEL (West Wind) Limited, MEL (Te Āpiti) Limited, MEL (White Hill) Limited and the Trustee, as supplemented by the supplemental deeds dated 1 December 2008, 6 October 2009, 18 January 2010 and 30 September 2010.

Trustee means Trustees Executors Limited.

Application Instructions

1. Complete details

- Insert your title, full name(s), address and telephone numbers.
- Applications must be in the name(s) of natural persons, companies or other legal entities.
- Applications by a minor, trust, fund, estate, business, firm or partnership, club or other unincorporated body cannot be accepted unless they are made in the individual name(s) of the person(s) who is (are) the legal guardian(s), trustee(s), proprietor(s), partner(s) or office bearer(s) (as appropriate).
- Insert your IRD number.
- Tick the relevant box for New Zealand resident withholding tax.
- An application for RENs must be for a minimum aggregate Principal Amount of \$2,000 and in multiples of \$500 thereafter.
- Insert the New Zealand bank account into which you wish payments of interest and principal to be deposited.

2. Signing

- Read the Application Form carefully and sign (and date) the form.
- The form must be signed by the applicant(s) personally, or by two directors of the company (or one director if there is only one director), or (in either case) by an attorney or agent.
- If the Application Form is signed by an attorney, an original or certified copy of the relevant Power of Attorney must be lodged with the Application Form (originals will be returned). The attorney must complete the certificate of non-revocation below. If the Application Form is signed by an agent, an original or certified copy of the relevant agency agreement must be lodged with the Application Form (originals will be returned). The agent must complete the certificate of non-revocation below.
- Joint applicants must each sign the Application Form.

3. Payment

- Payment of the total application amount in full must accompany the Application Form.
- Payment must be made in New Zealand dollars for immediate value either with a cheque drawn on a New Zealand bank or by direct credit.
- Cheques must be made out in favour of 'Meridian RENs Application Account', crossed 'Not Transferable' and must not be post-dated.
- Direct Credits must be made payable to 'Meridian RENs Application Account' 03-0502-0665416-00 and clearly identified with your name.

4. Delivery

- Applications cannot be revoked or withdrawn.
- Application Forms may be mailed or delivered to the Registrar: Computershare Investor Services Limited, Private Bag 92119, Victoria Street West, Auckland 1142, or faxed to the Registrar at 09 488 8787, or emailed to the Registrar at meridian@computershare.co.nz.
- Meridian Energy Limited may accept or reject any application without giving any reason.

Application Form

I/we have received the Meridian Energy Limited Investment Statement dated 19 December 2011. Please invest my/our funds as set out below subject to the terms and conditions of the Investment Statement, the Trust Deed and the current Prospectus.

Investor details

Investor Mr/Mrs/Miss/Ms/Dr/Trustee First names in full _____
(please circle)

Surname _____ Date of birth / / _____

Joint investor Mr/Mrs/Miss/Ms/Dr/Trustee First names in full _____
(please circle)

Surname _____ Date of birth / / _____

Company/Club/Society/Trust (if applicable) _____

Address _____

City or town _____ Post code _____

Email address _____ Phone no. (hm) () _____

Phone no. (mobile) () _____ Phone no. (wk) () _____

City or town _____ Post code _____

Tax details

Note: If IRD number is not provided, resident withholding tax (RWT) must be deducted at 38%.

INVESTOR IRD NUMBER

Computershare Holder Number or CSN

Note: Include only if you have an existing Holder Number or CSN

NZ residents: please indicate your choice of RWT rate below.

If exempt, please provide copy of exemption certificate.

10.5% 17.5% 30.0% 33.0% or Exempt

Non-residents:

Please indicate your choice of NRWT or AIL below

NRWT AIL

Investor instructions

Principal Amount: \$ _____ Interest Rate: _____ % p.a. Term: _____ Months
(min \$2,000 and multiples of \$500 thereafter) (see rate card) (see rate card)

Please invest my funds in RENs as detailed. Meridian Energy Limited may change the Interest Rate or the Terms that are available or cease offering RENs at any time without giving notice and may accept or reject all or part of this application without giving any reason.

Method of payment (tick one)

Cheque attached for \$ _____ Payment of \$ _____ by direct credit
 to 'Meridian RENs Application Account' 03-0502-0665416-00
 Date of direct credit: _____
 Investor reference: _____

Payment instructions Please enter the details of the bank account into which all payments of interest and principal are to be made.

Account Name: _____ Bank: _____ Branch: _____

Bank Branch Account Suffix

Signatures

Existing investor(s) Send additional application form

Signature _____ dated / / _____
 Signature _____ dated / / _____
 Signature _____ dated / / _____

Advisor/Broker details

- Do you have an Advisor/Broker? Yes / No
- If yes, my Advisor/Broker for this investment is:

Office use
Ref no. _____
Date _____

PLEASE SEE OVERLEAF FOR MORE INFORMATION

Certificate of Non-Revocation of Power of Attorney/Agent Please select representation Power of Attorney Agent

Complete this section if you are acting on behalf of someone for whom you hold Power of Attorney/Agent.

I, (Name of Attorney/Agent)
of (Address & Occupation of Attorney/Agent)

Hereby certify

1. That as Attorney/Agent of under a deed/agreement dated
given to me by him/her/them. Day Month Year
 2. That I have executed the application for RENs on the face hereof as Attorney/Agent under the said Power of Attorney/agreement and pursuant to the powers thereby conferred on me.
 3. That at the date hereof I have not received any notice of the revocation of that appointment by the death or liquidation of the donor or otherwise.
- Signed at
Day Month Year
- Signature

Delivery

- Applications cannot be revoked or withdrawn.
- Application Forms may be mailed or delivered to the Registrar: Computershare Investor Services Limited, Private Bag 92119, Victoria Street West, Auckland 1142, or faxed to the Registrar at 09 488 8787, or emailed to the Registrar at meridian@computershare.co.nz.
- Meridian Energy Limited may accept or reject any application without giving any reason.

Directory**Issuer**

Meridian Energy Limited
33 Customhouse Quay
Queens Wharf
Wellington
Telephone: 0800 635 736
www.meridianenergy.co.nz/investments

Lead Manager

Westpac Banking Corporation
Level 15, PWC Tower
188 Quay Street
Auckland

Legal Advisors to the Issuer

Russell McVeagh
Vodafone on the Quay
157 Lambton Quay
PO Box 10-214
Wellington

Registrar

Computershare Investor Services Limited
159 Hurstmere Road
Takapuna
North Shore City 0622
Private Bag 92119
Victoria Street West
Auckland 1142
Telephone for investor inquiries: 0800 222 029

Trustee

Trustees Executors Limited
10 Customhouse Quay
PO Box 3222
Wellington

Legal Advisors to the Trustee

Simpson Grierson
HSBC Tower
195 Lambton Quay
PO Box 2402
Wellington