



meridian

Final terms sheet fixed rate bonds

MATURING 20 MARCH 2024



10 MARCH 2017

JOINT LEAD MANAGER



JOINT LEAD MANAGER



CO-MANAGER



Final terms sheet

10 MARCH 2017

This Terms Sheet sets out the key terms of the offer (“Offer”) by Meridian Energy Limited (“Meridian”) of \$150,000,000 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

Meridian Energy Limited
33 Customhouse Quay
Wellington Central
Wellington 6011

REGISTRAR

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

ORGANISING PARTICIPANT AND JOINT LEAD MANAGER

Westpac Banking Corporation
(ABN 33 007 457 141)
(acting through its New Zealand branch)
Westpac on Takutai Square
Level 8, 16 Takutai Square
Auckland 1010

JOINT LEAD MANAGER

Bank of New Zealand
Level 6, 80 Queen Street
Auckland 1010

CO-MANAGER

Deutsche Craigs Limited
Level 36
Vero Centre
48 Shortland Street
Auckland 1010

SUPERVISOR

Trustees Executors Limited
Level 5
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	\$150,000,000						
Opening Date	6 March 2017						
Closing Date	10 March 2017						
Rate Set Date	10 March 2017						
Issue Date and Allotment Date	20 March 2017						
Maturity Date	20 March 2024						
Interest Rate	4.88 per cent per annum, being the sum of the Issue Margin and the Base Rate.						
Issue Margin	1.50 per cent per annum.						
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	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.
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	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.
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	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.
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.