



meridian

Release

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

Financial Assistance Disclosure Notice

19 August 2015

Under sections 78(5) and 79 of the Companies Act 1993, we are required to provide all shareholders with the following notice in respect of financial assistance that is being provided by Meridian Energy Limited ("Meridian" or the "Company") to certain executives in connection with a Long Term Incentive Scheme adopted by the Company.

Introduction

Meridian Energy Limited ("**Company**") has established an Executive Long Term Incentive Plan ("**Plan**") for the executive management team to enhance the alignment of interests between shareholders and those executives most able to influence the financial results of the Company.

Under sections 78(5) and 79 of the Companies Act 1993 ("**Act**"), we are required to provide all shareholders with certain information around the proposal by the Company to give financial assistance in connection with the Plan.

This notice sets out details of the proposal and the information required to be provided in accordance with the Act. This notice is for your information only and no action is required by you in relation to it.

Executive Long Term Incentive Plan

Under the Plan, participating executives ("**Participants**") purchase shares funded by an interest free loan from the Company, with the shares held on trust by the trustee of the Plan, Meridian LTI Trustee Limited ("**Trustee**").

Each Participant's securities will be beneficially owned by the Participant and held on trust by the Trustee in accordance with the rules of the Plan and the trust deed entered into by the Trustee and the Company for the vesting period.

The vesting of securities is subject to the Company and the Participant meeting certain criteria. Vesting of shares with a Participant at the conclusion of a three year vesting period is dependent on:

- the continued employment of the Participant through the three year period;
- the Company's absolute total shareholder return being positive; and
- the Company's total shareholder return relative to a benchmark peer group meeting certain criteria.

More information on the Plan can be found in the Remuneration section of the Meridian Energy Annual Report for the year ended 30 July 2015 at <http://www.meridianenergy.co.nz/investors/>

Board Resolutions

The directors have authorised the Company providing financial assistance for the acquisition of the Company's shares to the Participants identified in this disclosure notice, in an amount up to \$1,443,594 in aggregate.

The text of the resolutions of directors passed on 30 July 2015 authorising the Company to provide the financial assistance is as follows:

The Board resolves that:

1. The Company provide financial assistance by way of loans advanced to each Participant on the terms set out in the Plan up to the amount set out (in aggregate) in the Schedule.
2. The giving by the Company of the financial assistance is in the best interests of the Company.
3. The terms and conditions under which the financial assistance is to be given are fair and reasonable to the Company.
4. The giving of the financial assistance considered by this resolution is of benefit to those shareholders not receiving the assistance.
5. The terms and conditions under which the assistance is given are fair and reasonable to those shareholders not receiving the assistance.
6. The Board is satisfied on reasonable grounds that the Company will, immediately after the provision of the financial assistance, satisfy the solvency test set out in section 4 of the Act.
7. The Board considers that the Company will receive fair value in connection with the provision of the financial assistance through the receipt of benefits to the Company that will result from offering the employees participation in the Plan, being assistance with staff retention and alignment of the interests of the Participants with the Company and its shareholders.
8. Accordingly, the Company is authorised to provide the financial assistance.
9. The grounds for the directors' conclusions in relation to resolutions 1, 2, 3, 4, 5, 6 and 7 are that the giving of financial assistance by way of loans to the Participants and other benefits to be provided to the Participants under the Plan, will benefit the Company and its shareholders by attracting and retaining key executives, aligning the interests of participants with those of shareholders and providing executives incentives and rewards which reflect the performance and success of the Company.

SCHEDULE OF PARTICIPANTS

Chief Executive Officer
General Manager Markets & Production
Chief Financial Officer
General Manager Human Resources
General Manager Retail
General Manager Information and Communications Technology
Manager Wholesale Markets
General Counsel
General Manager External Relations

Amount of financial assistance (in aggregate) \$1,443,594

SHAREHOLDER RIGHTS

Section 78(7) of the Companies Act 1993 confers on shareholders and the Company certain rights to apply to the court to restrain the proposed assistance being given.

The financial assistance may be given by the Company not less than 10 working days nor more than 12 months after this document has been sent to each shareholder.

Yours sincerely,



Chris Moller

Chairman