



22 February 2017

**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.**

DEAR SHAREHOLDER,

### **Provision of Financial Assistance in connection with Meridian Energy Limited's Employee Share Scheme**

Under section 78(5) and 79 of the Companies Act 1993 ("the Act"), 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 eligible employees in connection with an Employee Share Scheme adopted by the Company.

#### **Meridian's Employee Share Scheme**

Meridian established an Employee Share Scheme ("**Myshare**") in May 2014 following the Company's listing on the NZX and ASX in October 2013.

Under the Myshare Meridian Plan Rules ("**Plan Rules**"):

- Each year an enrolment window opens where all New Zealand based permanent employees (of both parent and subsidiaries) are eligible to participate in Myshare under the Plan Rules.
- Those who wish to participate may invest a maximum of \$5,000 per annum and a minimum of \$500 per annum.
- Amounts are deducted on a monthly basis from participant's salaries and are used by the Myshare bare trustee and nominee, CRS Nominees Limited, to purchase shares at market price on behalf of participants.
- If participants remain employed within the group and retain ownership of their Meridian shares for three years then participants, at vesting are eligible for a cash bonus:
  - worth 25% of their original first year contributions; and
  - an additional 25% of their original first year contributions if Meridian's relative total shareholder return performance exceeds the median of an industry peer group.
- The cash bonus (less PAYE and Kiwisaver contributions) is then used to purchase Meridian shares on behalf of the participant (Award Shares). Under the Act this constitutes financial assistance.

#### **Board Resolutions**

The directors have authorised the Company providing financial assistance for the acquisition of Award Shares to the eligible employees participating in Myshare, in an amount up to **\$342,934** in aggregate (including general operating costs of the trustee).

The text of the resolutions of directors passed on 21 February 2017 authorising the Company to provide the financial assistance is as follows:

The Board resolves that:

1. The Company should provide financial assistance to employees participating in Myshare for the FY2015 Plan year of up to a maximum total of **\$342,934**.
2. The financial assistance will take the form of a cash bonus paid to the trustee to acquire Award Shares on behalf of participants.
3. The giving by the Company of the financial assistance is in the best interests of the Company.
4. The terms and conditions under which the financial assistance is to be given are fair and reasonable to the Company.
5. The giving of the financial assistance is of benefit to those shareholders not receiving the assistance and 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 Scheme, being assistance with staff retention and alignment of the interests of the Participants with the Company and its shareholders.

Accordingly, the Company is authorised to provide the financial assistance.

The grounds for the directors' conclusions in relation to the resolutions 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 employees, aligning the interests of employees with those of shareholders and provide incentives and rewards which reflect the performance and success of the Company.

## **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,

A handwritten signature in blue ink, appearing to be 'Mark Binns', written over a large, stylized circular scribble.

Mark Binns

Chief Executive