

## Investment Highlights



### 100% RENEWABLE ENERGY GENERATION

- Generates electricity only from renewable resources – wind and water
- Recognised as a highly efficient operator of hydro assets when benchmarked against global peers<sup>6</sup>
- Operates a wind farm portfolio significantly more productive than international averages<sup>7</sup>
- Successfully built renewable projects offshore



### FUTURE GROWTH

- Two wind farms under construction: Mill Creek (New Zealand) and Mt Mercer (Australia)
- Proven capabilities in renewable developments to facilitate growth in New Zealand and Australia when market conditions are supportive

## Risks



**Risks of an investment in Meridian and risks faced by Meridian's operations, business and financial performance should be considered in an investment decision. Refer to the Offer Document for detailed information about these risks.**

## Find out more



For more information about Meridian's business please refer to the Offer Document.

6. Based on long run averages calculated by Meridian using data sourced from the GKS (Generation Knowledge Services) Benchmarking Survey, February 2013: a study of 419 stations (representing over 100,000 MW in total) primarily from North America but also with global representation.
7. Based on capacity factor: the ratio of the actual energy produced in a given period, to the hypothetical maximum possible. Meridian Energy's wind farm capacity factors are compared against average capacity factors by country for 2012. Navigant Research, World Market Update 2012.

## More Information and How to Apply

To view or receive an Offer Document, or for more information:

Go to [www.meridianshares.govt.nz](http://www.meridianshares.govt.nz)

Contact your broker or one of the advisers to the Offer listed below

Call **0800 90 30 90** (you can ask for an Offer Document to be mailed to you free of charge)

### RETAIL AFFILIATES OF THE JOINT LEAD MANAGERS



Telephone: 0800 289 763  
[www.craigsip.com](http://www.craigsip.com)

### NEW ZEALAND RETAIL MANAGER



Telephone: 0800 367 227  
[www.forsythbarr.co.nz](http://www.forsythbarr.co.nz)

### JBWere

Telephone: 0800 555 555  
[www.jbwere.co.nz](http://www.jbwere.co.nz)

### NEW ZEALAND RETAIL CO-MANAGERS



Telephone: 0800 269 476  
[www.anzshareandbondtrading.co.nz](http://www.anzshareandbondtrading.co.nz)



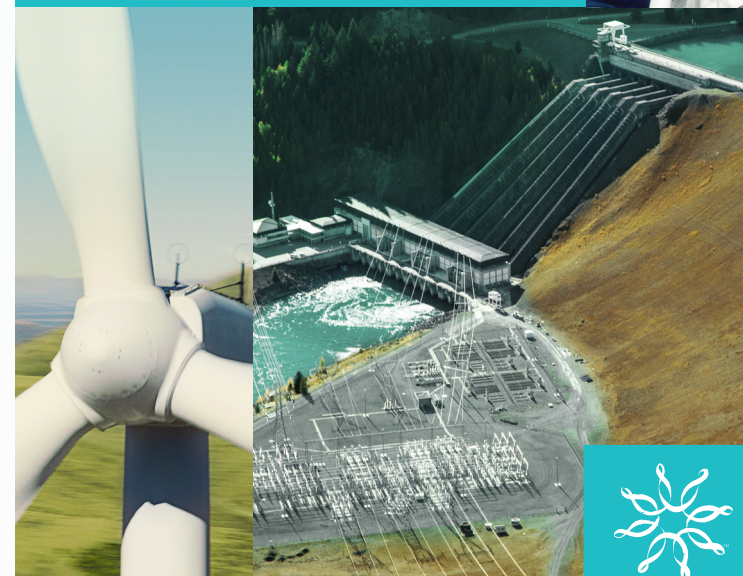
Telephone: 0800 742 737  
[www.macquarieprivatewealth.co.nz](http://www.macquarieprivatewealth.co.nz)



Telephone: 0800 272 732  
[www.asb.co.nz](http://www.asb.co.nz)

### Important notice

Applications for shares in Meridian must be made on the application form accompanying the Offer Document. Application has been made to NZX Limited for permission to list Meridian, and to quote initially the instalment receipts and then later its shares on the NZX Main Board, and all requirements of NZX Limited relating thereto that can be complied with on or before the date of this advertisement have been duly complied with. However, NZX Limited accepts no responsibility for any statement in this advertisement. NZX Limited has authorised NZX Firms to act on the Offer of shares in Meridian by the Crown. The NZX Main Board is a registered market operated by NZX Limited, which is a registered exchange, regulated under the Securities Markets Act 1988. Meridian's shares and the instalment receipts have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.



# ABOUT THE MERIDIAN SHARE OFFER

New Zealand Government



meridian

The offer of shares in Meridian Energy Limited (**Meridian**) by the Crown is made on the terms and conditions set out in the combined investment statement and prospectus dated 20 September 2013 (the **Offer Document**).

## Investment Highlights



### ATTRACTIVE INSTALMENT RECEIPTS STRUCTURE

- Pay for shares in two instalments over 18 months while receiving any dividends in full
  - First instalment of \$1.00 per share
  - Final instalment capped at \$0.60 per share for New Zealand retail applicants<sup>1</sup>
- Enhanced dividend yield during the instalment receipt period. After that period your dividend yield will return to underlying levels for shares
  - Implied gross instalment yield of 13.4% for the first 12 months<sup>2</sup> (based on an implied gross share dividend yield for New Zealand retail applicants<sup>1</sup> of 8.4% - 8.9% in FY2014F<sup>2</sup>)



### POWERING NEW ZEALAND

- New Zealand's largest generator, producing approximately 30% of the country's electricity<sup>3</sup>
- New Zealand's largest hydro generator and largest wind farm operator<sup>4</sup>
- Over 270,000 connections to homes, farms and businesses through the Meridian and Powershop brands<sup>5</sup>



### PROVEN RESULTS

- High quality assets with low operating costs
- Strong and stable operating cash flows

1. Who continue to hold their instalment receipts in the same registered name until 4 May 2015.
2. Calculated as forecast dividends per share paid in the first 12 months from 1 November 2013 to 31 October 2014, grossed up for imputation credits forecast to be attached to these dividends at 72% of the corporate tax rate, divided by the first instalment of \$1.00 (in the case of the instalment yield) or the low point of the indicative price range of \$1.50 and the retail price cap of \$1.60 (in the case of the underlying yield). Forecast returns are calculated on instalment receipts being held continuously from listing. The Offer Document sets out the principal assumptions underpinning, and method of calculating, Meridian's forecast yields.
3. Calculated as the five year average, from FY2009 to FY2013, of Meridian's total generation (GWh) as a proportion of New Zealand's total generation. The Tekapo A and B stations, which were sold to Genesis Energy in June 2011, are excluded from Meridian's stated generation volumes.
4. Based on the five year averages (from FY2009 to FY2013) of each of Meridian's hydro generation and wind generation (GWh) as a proportion of New Zealand's total hydro generation and wind generation, respectively.
5. Based on installation control points (ICPs) per retailer as at 30 June 2013.

## Offer at a Glance

### KEY OFFER TERMS

<b>Instalment receipts</b> Pay for shares in two instalments. Get any dividends in full.	<ul style="list-style-type: none"> <li>Meridian shares are to be paid for in two instalments, with the first instalment payable on application and the final instalment payable 18 months later</li> <li>The instalment payment process reduces the up-front cash payment required</li> <li>Holders of instalment receipts will receive any dividends in full that are paid on shares between instalment payments</li> <li>This provides an enhanced dividend yield in the period prior to payment of the final instalment. After payment of the final instalment, your dividend yield will return to underlying levels for shares at the time</li> </ul>
<b>Indicative price range<sup>8</sup></b>	\$1.50 to \$1.80 per share (being the sum of the first instalment plus the final instalment)
<b>Retail price cap for NZ retail applicants</b>	\$1.60 per share
<b>First instalment</b>	\$1.00 per share
<b>Indicative final instalment<sup>9</sup></b>	\$0.50 to \$0.80 per share
<b>Maximum final instalment for NZ retail applicants</b>	\$0.60 per share
<b>Minimum investment amount</b>	1,000 shares (which is a minimum first instalment of \$1,000)  You will not pay brokerage fees on your application
<b>Crown shareholding following the Offer</b>	At least 1,307,130,000 (being at least 51% of the total number of shares on issue following the Offer)

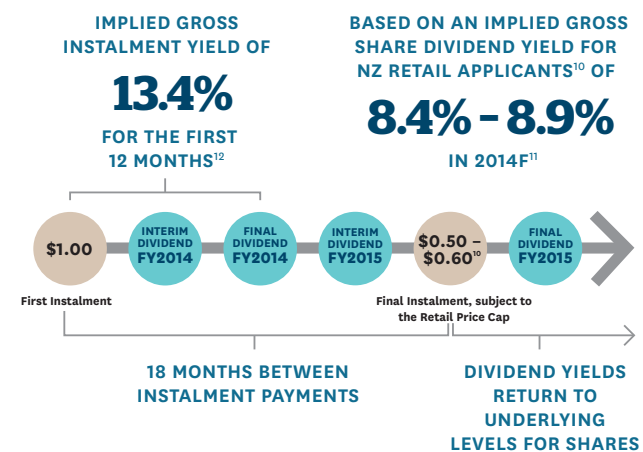
8. The final price payable under the institutional offer may be within, above or below the indicative price range. The final price payable by NZ retail applicants is subject to the retail price cap (for those who continue to hold their instalment receipts in the same registered name until 4 May 2015).

9. The final instalment payable under the institutional offer may be within, above or below the range of \$0.50 to \$0.80 per share. The final instalment payable by NZ retail applicants is subject to the retail price cap (for those who continue to hold their instalment receipts in the same registered name until 4 May 2015).

### KEY INVESTMENT METRICS FOR NZ RETAIL APPLICANTS<sup>10</sup>

	FY2014F	FY2015F
<b>DIVIDEND YIELD ON SHARES</b>		
Implied gross dividend yield <sup>11</sup>	8.4% - 8.9%	9.2% - 9.8%
<b>DIVIDEND YIELD ON INSTALMENT RECEIPTS</b>		
<b>FIRST 12 MONTHS</b>		
Implied gross instalment yield	13.4% <sup>12</sup>	

### PAYMENT BY INSTALMENTS



The level of dividends is not guaranteed. Like an ordinary share, if you sell your instalment receipt, the return on your Meridian investment will also reflect changes in Meridian's market price.

10. For New Zealand retail applicants who continue to hold their instalment receipts in the same registered name until 4 May 2015.

11. Calculated as forecast dividends per share declared with respect to the earnings in the respective forecast financial year, grossed up for imputation credits forecast to be attached to the dividends (72% of the corporate tax rate in FY2014F and 73% in FY2015F), divided by the low point of the indicative price range of \$1.50 and the retail price cap of \$1.60.

12. Refer to footnote 2 for a description of how this is calculated.

## Key Offer Information

The Crown is offering to sell up to 1,255,870,000 shares in Meridian. This is up to 49% of the Meridian shares on issue and means the Crown will remain the majority shareholder following the Offer. This is the first opportunity for investors to own shares in Meridian.

### WHO CAN APPLY?

Shares are being offered to New Zealand retail investors, including the general public, as well as certain iwi and institutional investors in New Zealand, Australia and certain other overseas jurisdictions.

### PAY NO MORE THAN \$1.60 PER SHARE

A retail price cap of \$1.60 per share will apply for New Zealand retail applicants who receive an allocation in the Offer and continue to hold their instalment receipts in the same registered name for the 18 month period. This means that the final instalment payable by those applicants will be no more than \$0.60 per share, even if the final price determined by the Crown for institutional investors is higher.

### ALLOCATION BENEFITS FOR NEW ZEALANDERS

If the Offer is over-subscribed, applications for shares may be scaled back. In this event, New Zealanders will be placed at the front of the queue:

- Applications under the General Offer up to 1,000 shares (for which the first instalment will be \$1,000) will not be scaled
- Applications under the General Offer in excess of 1,000 shares will not receive less than 1,000 shares and corresponding instalment receipts

### WHAT YOU'LL NEED TO APPLY

An applicant for shares for whom the following information is provided with their application form, will qualify as an eligible New Zealand applicant:

- a valid New Zealand IRD number
- a valid New Zealand bank account
- a New Zealand address
- a declaration that the applicant is a New Zealand citizen or permanent resident.<sup>13</sup>

13. Or an equivalent declaration in respect of a company, partnership, trust or other legal person.

### KEY DATES

<b>Retail Offer opens</b> Applications are accepted from this date	30 September 2013
<b>Retail Offer closes</b> Applications are not accepted after this date	18 October 2013
<b>Pricing announced</b>	23 October 2013
<b>Allocations expected to be available</b>	25 October 2013
<b>Expected commencement of trading of instalment receipts<sup>14</sup></b>	29 October 2013
<b>Expected commencement of trading of shares<sup>15</sup></b>	30 April 2015
<b>Final date for payment of final instalment</b>	15 May 2015

### JOINT LEAD MANAGERS



14. On the NZX Main Board (conditional settlement basis) and on the ASX (conditional and deferred settlement basis).

15. On the NZX Main Board and on the ASX (both on a deferred settlement basis).