



STOCK EXCHANGE LISTINGS: NEW ZEALAND (MCY) / AUSTRALIA (MCY)

MERCURY NZ LIMITED – TRANSITION TO FINANCIAL MARKETS CONDUCT ACT 2013 FOR ITS SHARES AND BONDS – MASTER TRUST DEED AMENDMENTS

23 August 2016 – Mercury NZ Limited (previously known as Mighty River Power Limited) (Mercury) has elected for the relevant requirements of the Financial Markets Conduct Act 2013 (FMCA) to apply to it in respect of its shares and outstanding bonds, with effect from today.

Accordingly, Mercury has amended the Master Trust Deed dated 4 April 2003 between Mercury and The New Zealand Guardian Trust Company Limited to comply with and reflect the FMCA and to make other minor or administrative amendments.

As required by the FMCA, a notice providing further details will be sent to Mercury's shareholders and bondholders. This notice is being provided today together with notice that Mercury's annual report is available.

Mercury NZ Limited

Tony Nagel

Company Secretary

ENDS

For further information:

Media – David Glendining 0272 105 337

Investors – Tim Thompson 0275 173 470

Attachments:

- Media release;
- Email Notice to shareholders;
- Email Notice to bondholders;
- Notice to shareholders (e-comms version);
- Notice to bondholders (e-comms version);
- Letter to shareholders (mail version);
- Letter to bondholders (mail version).

ABOUT MERCURY NZ LIMITED

At Mercury we're thinking boldly about the possibilities with energy and inspiring New Zealanders with our clean, green electricity and ideas – making energy wonderful. Renewable energy from Mercury's hydro and geothermal stations will power a brighter future for our country.

Visit us at: www.mercury.co.nz



SPECIAL DIVIDEND LIFTS MERCURY DISTRIBUTIONS TO \$252 MILLION

Today we released Mercury's annual results for 2016, the first reported under our new brand.

Our 2016 Annual Report is now available, including our commentary on the results, business priorities and outlook. Our news release and investor presentation are also available in our online [Investor Centre](#).

Highlights of the year ended 30 June 2016:

- 2.3% lift in operating earnings (EBITDAF) to \$493 million. Strong customer sales, record geothermal generation and hydro up 16% on FY2015
- Net profit after tax up \$113 million to \$160 million due to impairments in FY2015 and improved EBITDAF in FY2016
- 2% lift in FY2016 ordinary dividend to 14.3 cents per share, including a final fully-imputed ordinary dividend of 8.6 cents per share (8 cents net of Resident Withholding Tax¹) to be paid on 30 September 2016
- Special dividend of an unimputed 4 cents per share (2.68 cents net of Resident Withholding Tax¹) to be paid on 30 September 2016.

We are pleased to be returning \$252 million to our shareholders for the full year, underscoring the strength of our company in a period of significant change and progress for the business, including our rebrand to Mercury at the end of July. A clear highlight through the financial year was refocusing the business behind a single new Mercury brand and we now have all of our collective energy and strategy in alignment. We have had a great response and engagement from customers around our new brand and related initiatives since the launch.

It is also heartening to be reporting that the overall picture of the New Zealand electricity market remains healthy, with steady demand growth over the past two years and a well-balanced market. This is an extremely positive context, creating opportunities for us around advancing technology and renewable energy in the right regulatory conditions.

EBITDAF guidance for the current financial year (FY2017) is \$490 million, subject to any material events, significant one-off expenses or other unforeseeable circumstances including hydrological conditions. Ordinary dividend guidance has been issued at 14.6 cents per share, up 2% on FY2016.

Kind regards



Joan Withers | Chair, Mercury NZ Limited

¹ Assuming a tax rate of 33%, applicable to New Zealand residents only.

Please note recent changes to the Financial Markets Conduct Act 2013 (FMCA) that will apply to Mercury's shares and bonds. You can view our notice on the FMCA transition [here](#).

[Visit our website](#) or view our [privacy policy](#).

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MERCURY OPERATING EARNINGS UP 2.3% ON RENEWABLES ADVANTAGE

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- Net profit after tax up \$113 million to \$160 million due to impairments in FY2015 and improved EBITDAF in FY2016
- Mercury's BBB+ corporate credit rating reaffirmed by Standard & Poor's in December 2015.

We are pleased to be reporting improved operating earnings and continued strong cash flows in a period of significant change and progress for the business, including our rebrand to Mercury at the end of July. A clear highlight through the financial year was refocusing the business behind a single new Mercury brand and we now have all of our collective energy and strategy in alignment. We have had a great response and engagement from customers around our new brand and related initiatives since the launch.

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Joan Withers | Chair, Mercury NZ Limited

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SAMPLE

DEAR SHAREHOLDER,

FINANCIAL MARKETS CONDUCT ACT TRANSITION

Mercury NZ Limited (formerly known as Mighty River Power Limited) has elected for the relevant requirements of the Financial Markets Conduct Act 2013 (FMCA) to apply to it in respect of its shares and outstanding bonds with effect from 23 August 2016. The main purposes of the FMCA are to promote confident and informed participation of businesses, investors, and consumers in the financial markets and to promote and support the development of fairness, efficiency, and transparency.

We look forward to seeing you at our Annual Shareholders' Meeting in Auckland on 3 November 2016.

Yours sincerely



Tony Nagel | Company Secretary
23 August 2016

SAMPLE

DEAR BONDHOLDER,

FINANCIAL MARKETS CONDUCT ACT TRANSITION

We are writing to you as a holder of bonds issued under the Master Trust Deed dated 4 April 2003 between Mercury NZ Limited (formerly known as Mighty River Power Limited) and The New Zealand Guardian Trust Company Limited (Supervisor). The addresses of Mercury and the Supervisor are detailed below.

Mercury has elected for the relevant requirements of the Financial Markets Conduct Act 2013 (FMCA) to apply to it in respect of its shares and outstanding bonds with effect from 23 August 2016. The main purposes of the FMCA are to promote confident and informed participation of businesses, investors, and consumers in the financial markets and to promote and support the development of fairness, efficiency and transparency. Accordingly, Mercury has amended the Master Trust Deed to comply with and reflect the FMCA and to make other necessary minor amendments.

You don't need to do anything in respect of these changes. If, however, you would like to read the amended Master Trust Deed, it is available at www.mercury.co.nz. You may also receive a free printed copy of the amended Master Trust Deed by emailing us at investor@mercury.co.nz within 15 working days.

Thank you for your continued support for our Capital Bonds.

Yours sincerely



Tony Nagel | Company Secretary
23 August 2016

MERCURY NZ LIMITED

Level 14, ANZ Centre
23-29 Albert Street
Auckland 1010

Attention: Tony Nagel,
Company Secretary

From 3 September 2016:
109 Carlton Gore Road
Newmarket
Auckland 1023

THE NEW ZEALAND GUARDIAN TRUST COMPANY LIMITED

Level 6, 191 Queen Street
Auckland 1010

Attention: Manager Corporate
Trusts, Auckland

SAMPLE

DEAR SHAREHOLDER,

ANNUAL/INTERIM REPORTS

Our Annual Report for the year ended 30 June 2016 is now available. You can find it on our website www.mercury.co.nz.

If you would like to receive a free printed copy of our Annual and Interim Reports each year, please tick the box and return this letter to us in the envelope provided within 15 working days.

We have not prepared a concise annual report for the 2016 financial year.

If you would like to receive all communications from us electronically, please provide your email address and return this letter to us in the envelope provided or email it to ecomms@computershare.co.nz.

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Tony Nagel | Company Secretary
23 August 2016

EMAIL COMMUNICATION

I would like all communications by email.

Email Address:

PRINTED COPY OF THE ANNUAL REPORT

I would like the 2016 Annual Report and any future reports mailed to me until I tell you I no longer want to receive these.

MERCURY NZ LIMITED

Level 14, ANZ Centre
23-29 Albert Street
Auckland 1010

From 3 September 2016:
109 Carlton Gore Road
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Auckland 1023

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Thank you for your continued support for our Capital Bonds.

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Tony Nagel | Company Secretary
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PRINTED COPY OF AMENDED MASTER TRUST DEED

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MERCURY NZ LIMITED

Level 14, ANZ Centre
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Attention: Tony Nagel,
Company Secretary

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