



NEWS RELEASE

11 July 2014

NZX: MRP

ASX: MYT

Mighty River Power Capital Bonds commence trading

Mighty River Power's Capital Bonds will commence trading on the NZX Debt Market today (12.00pm) at under Ticker MRP010 and will be quoted on a yield basis going forward.

Please find attached the welcome letter and terms and conditions that is being sent to bondholders following allotment, and the Capital Bonds allotment notice.

 www.mightyriver.co.nz

For further information:

Marie Winfield
Communications
T 0272 105 337

Anna Hirst
Head of Investor Relations
T 0275 173 470



Dear Bondholder,

▶ KEY DATES

- First interest payment date
11 October 2014
- Interest payment date
**11 January, 11 April, 11 July
and 11 October**



On behalf of our Board and management, I am pleased to welcome you as a bondholder of Mighty River Power – a company with a great New Zealand heritage, and a leader in this country's electricity industry.

Our core business is focused on harnessing natural resources to produce electricity. Every year the power stations we operate generate enough electricity for about 1 million New Zealand homes. We are proud to be more than 90% renewable and to have over 100,000 shareholders alongside the Crown as our majority owner. In addition, we now have raised \$300 million through our capital bond offer with strong support from investors in one of the largest debt issues of this type in New Zealand.

We supply electricity to about 1-in-5 homes and businesses across New Zealand, through our flagship brand Mercury Energy and other specialty brands. Our metering business, Metrix, the second largest meter provider in New Zealand, is building an important strategic platform with a growing network of 'smart' meters and services to electricity retailers and their customers. We are one of the world's largest geothermal power stations owners and we are applying our geothermal expertise to explore international growth opportunities.

Bondholder communications

Together with our focus on creating long-term value, our Board and Management are focused on providing you with timely, accurate and complete information. To help us do this, please ensure that you update your preferences on Computershare's investor centre, which enables us to send correspondence to you electronically – the most environmentally-friendly, efficient and cost-effective method of communication.

Visit our website at www.mightyriver.co.nz which is a good source of information about what's happening within the Company. You can view all regular investor communications, information on our latest operating and financial results, news and interest rate information.

Also enclosed with this letter is a summary of terms and conditions applying to Mighty River Power Capital Bonds.

Interest payments

Interest is scheduled to be paid quarterly in equal amount, on every January, April, July and October. The interest rate has been set at 6.9% per annum until 11 July 2019 and reset every five years.

I encourage you to keep your information, including your bank account details, up to date with **Computershare**, which maintains our bond register. Electronic payment is the best way for you to ensure that you receive interest payments safely.

Online: www.investorcentre.com/nz Phone: **+64 9 488 8777**

Yours sincerely





Thanks for sharing in our future.

➡ www.mightyriver.co.nz



Want to become a customer?

Join one of our retail brands today.

➡ www.mercury.co.nz

➡ www.globug.co.nz

➡ www.tinymighty.co.nz

➡ www.bosco.co.nz





Summary of terms and conditions of Capital Bonds issued 11 July 2014

KEY FEATURES

Issuer: Mighty River Power Limited Level 14, ANZ Centre 23-29 Albert Street Auckland 1010	Security: Unsecured, subordinated, interest bearing capital bonds	Maturity Date: 11 July 2044 unless redeemed earlier in accordance with the Capital Bond Conditions
Deferral of Interest: any time for up to five years at the sole discretion of Mighty River Power. A distribution stopper applies while deferred interest remains outstanding	Minimum Holding \$5,000	Registrar: Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna Auckland 0622
Initial Interest Rate: 6.9% per annum until, (but excluding) the first Reset Date	Interest Payment Dates: 11 January, 11 April, 11 July and 11 October of each year and ending on the Maturity Date	Reset Dates: 11 July 2019 and every fifth anniversary of that date

SUMMARY OF TERMS AND CONDITIONS

General

This statement is a summary only of the principal terms and conditions for the issue of interest bearing capital bonds (*Capital Bonds*) by Mighty River Power Limited (*Mighty River Power*). For full details see the terms and conditions of the Capital Bonds in the:

- Master Trust Deed dated 4 April 2003 between Mighty River Power and The New Zealand Guardian Trust Company Limited (*Trustee*) (*Master Trust Deed*); and
- Supplemental Trust Deed dated 6 June 2014 between Mighty River Power and the Trustee (*Supplemental Trust Deed*), (together, the *Trust Documents*).

The Capital Bonds are issued pursuant to the Trust Documents and the registered Simplified Disclosure Prospectus. A copy of each of the Trust Documents is available for inspection by request at the registered office of Mighty River Power, at the office of the Trustee and on the Companies Office website at www.companies.govt.nz.

Capitalised terms not defined in this statement have the meanings given to them in the Trust Documents or the Simplified Disclosure Prospectus.

Status and ranking of Capital Bonds

The Capital Bonds are unsecured, subordinated, redeemable, cumulative, interest bearing debt obligations of Mighty River Power. The Capital Bonds will rank equally among themselves and will be subordinated to all other indebtedness of Mighty River Power, other than indebtedness ranking equally with, or subordinate to, the Capital Bonds.

Mighty River Power is the issuer and the sole obligor in respect of the Capital Bonds. None of the Crown, any subsidiary of Mighty River Power or any other person guarantees the Capital Bonds.

Interest

The Capital Bonds will pay a fixed rate of interest at the Interest Rate specified above from the Issue Date until (but excluding) the First Reset Date, being 11 July 2019. The Interest Rate will be reset every five years.

Interest is scheduled to be paid quarterly in arrear in equal amounts on each Interest Payment Date (11 January, 11 April, 11 July and 11 October of each year). Interest accrues on the Capital Bonds until (but excluding) the date on which they are redeemed.

During the period commencing six months before each Reset Date and ending 20 Business Days before each Reset Date, Mighty River Power may propose (through an Election Process) that new terms and conditions (including a new Interest Rate and Margin) apply to the Capital Bonds from that Reset Date if a Successful Election Process occurs.

If the Capital Bonds are not redeemed or repurchased on a Reset Date, and no Successful Election Process has been undertaken, the Interest Rate for the next five year period will reset to the sum of the Swap Rate on that Reset Date and the Margin which will increase by the Step-up Percentage (provided that the Step-up Percentage has not already been added to the Margin).

Discretionary deferral of interest

Mighty River Power may defer payment of interest on the Capital Bonds at any time for up to five years at its sole discretion by notifying Bondholders. Where an interest payment has not been paid on its due date, notice of its deferral is deemed to have been given.

Deferred Interest will itself accrue interest at the prevailing Interest Rate and that interest will compound on each Interest Payment Date after the date on which the interest was deferred. A deferral of interest payments will not constitute an Event of Default under the Trust Documents, unless the interest is not paid by the day which is five years from the original date of deferral.



If a Deferred Interest Payment, and all interest that has accrued on it, has not been paid in full by the day which is five years from the date of deferral, Mighty River Power must pay to Bondholders in full all unpaid Deferred Interest outstanding at that time.

While any Deferred Interest is outstanding, Mighty River Power must not make any distributions or pay any dividends to its shareholders or provide financial assistance for the acquisition of its Shares or other securities that rank equally or lower than the Capital Bonds.

Maturity Date

The Capital Bonds will mature on 11 July 2044 unless redeemed earlier in accordance with the Conditions.

Optional early redemption by Mighty River Power

Mighty River Power may redeem:

- all or some of the Capital Bonds on any Reset Date; or
- all or some of the Capital Bonds on any Interest Payment Date after a Reset Date if a Successful Election Process has not been undertaken in respect of that Reset Date; or
- all or some of the Capital Bonds on the occurrence of a Tax Event or Rating Agency Event; or
- all of the Capital Bonds if the outstanding amount of the Capital Bonds is less than \$100 million.

Mandatory redemption by Mighty River Power

Mighty River Power must redeem all of the Capital Bonds on the Maturity Date (11 July 2044). Mighty River Power must also redeem the Capital Bonds if an Event of Default occurs.

The Events of Default are set out in full in the Conditions and may be summarised as:

- failure to pay interest when it is due, except where interest payments are deferred in accordance with the optional deferral of interest provisions;
- failure to pay the Principal Amount when it is due;
- an insolvency event of Mighty River Power or Mighty River Power is deregistered;
- failure by Mighty River Power to pay the Repurchase Price for the Capital Bonds in accordance with a Successful Election Process; and
- Mighty River Power makes a distribution to its shareholders or a holder of any security or obligation ranking equally with or behind the Capital Bonds while any Deferred Interest is outstanding.

No general right for Bondholders to require early redemption

Bondholders have no right to require Mighty River Power to redeem their Capital Bonds before the Maturity Date, except following an Event of Default.

Payments on redemption

If Mighty River Power redeems the Capital Bonds the amount paid will be:

- if the redemption occurs on the Maturity Date, a Reset Date (including following a Successful Election Process), following a Tax Event, an Event of Default or because less than \$100 million of Capital Bonds are outstanding, the Principal Amount of the Capital Bonds plus any Deferred Interest plus any accrued and unpaid interest; or
- if the redemption occurs following a Rating Agency Event or on an Interest Payment Date other than a Reset Date (and not following a Tax Event), the higher of:

- the Principal Amount of the Capital Bonds plus any Deferred Interest plus any accrued and unpaid interest; or
- the market price of the Capital Bond.

Election Process

Mighty River Power may offer new terms and conditions (*New Conditions*) to Bondholders prior to each Reset Date through an Election Process. Those terms may include a change to the Interest Rate, the Margin, the timing of the next Reset Date and the Step-up Percentage.

Bondholders can accept or reject the New Conditions. Bondholders who do not respond or make an election will be deemed to have accepted the New Conditions.

A Successful Election Process will only occur if Mighty River Power elects to repurchase (or procure the repurchase) or redeem all Capital Bonds held by Bondholders who reject the New Conditions.

If the Election Process is not successful, the existing terms and conditions will continue to apply (including for any Bondholders who have accepted the new terms and conditions).

Mighty River Power has complete discretion to decide whether or not a Successful Election Process has occurred.

Register and transfer of the Capital Bonds

The Capital Bonds are registered securities. The Trustee and Mighty River Power are entitled to rely on the Register as the sole and conclusive record of the Capital Bonds held by a Bondholder.

Bondholders are entitled to sell or transfer their Capital Bonds at any time, subject to the terms of the Trust Documents and any applicable securities laws and regulations. Capital Bonds may be transferred using a transfer document in any commonly used written instrument of transfer, by any method of transfer permitted by NZX for securities quoted on the NZX Debt Market or by any other means of transfer of marketable securities which is not contrary to law and the Listing Rules and which is approved by Mighty River Power.

Mighty River Power may refuse to accept or register a transfer if the Principal Amount being transferred is not a multiple of \$1,000 and/or if such transfer would result in the transferor or transferee holding Capital Bonds with an aggregate Principal Amount of less than \$5,000 of Capital Bonds unless the transfer is by a New Zealand registered bank or a Primary Market Participant.

Meetings of Bondholders

The Trust Documents contain provisions for meetings of Bondholders and the matters which may be determined by ordinary or Extraordinary Resolutions.

Except where an Extraordinary Resolution affects either a particular Bondholder or a particular Series only, as opposed to the rights of holders generally, an Extraordinary Resolution passed at a meeting of Bondholders or a class of Bondholders is binding on all Bondholders, whether or not they were present at such meeting.

After the occurrence of an Event of Default and while it continues unremedied, Bondholders may by an Extraordinary Resolution direct the Trustee to declare all monies payable in respect of the Capital Bonds, to be immediately due and payable by notice in writing to Mighty River Power.

Payments made on Business Days

If any payment falls due on a day that is not a Business Day, that payment will instead be made on the next day that is a Business Day. No additional interest will be paid as a result of this adjustment to the day on which payment is made.

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11 July 2014

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Mighty River Power Limited – Notice of Allotment of Capital Bonds (MRP010)

Mighty River Power Limited (*Mighty River Power*) announces that it has allotted 300,000,000 Capital Bonds pursuant to the offer of Capital Bonds contained in the Simplified Disclosure Prospectus dated 6 June 2014 (*SDP*). The following information is provided in accordance with Listing Rule 7.12.1:

Issuer	Mighty River Power Limited
Class of security issued	Unsecured, subordinated, interest bearing capital bonds
ISIN	NZMRPDG001C6
Number of MRP010 bonds issued	300,000,000
Issue price	\$1.00 per bond
Payment in cash	Yes
Amount paid up	Paid in full
Percentage of the total class of MRP010 bonds issued	100%
Reason for issue	The net proceeds of the issue will be used for general corporate purposes, including the repayment of bank debt and extending the average term of Mighty River Power's funding profile
Authority for issue	Resolutions of Mighty River Power's board of directors
Terms of the issue	As set out in the SDP, the Supplemental Trust Deed dated 6 June 2014 and the Master Trust Deed dated 4 April 2003.
Total number of MRP010 bonds in existence after the issue	300,000,000
Issue date	11 July 2014



 www.mightyriver.co.nz

For further information:

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