The Treasury

New Zealand Aluminium Smelters (NZAS) Information Release September 2013

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: Juston Anderson [TSY]

Sent: Monday, 8 July 2013 5:09 p.m.

Macpherson; Duncan Small

Subject: Changes to Meridian's offer to Pacific Aluminium

Hi

Following up on the request from Ministers this afternoon, Meridian advise the following:

"There are a number of minor tweaks [to the deal offered to Pacific Aluminium, relative to the offer in March] in both directions, but the main thing that we have given is prudential cover. This is a significant benefit for them in providing unlimited prudential cover at zero cost. This can represent hundreds of millions of dollars of liquidity they do not need to find. NZAS experienced this sort of level of exposure earlier in the year as inflows dried up.

In exchange we have got some limited additional guarantees in period 2[2,5,6,7] and a couple more smelter call off options (at a cost of [2,5,6,7] if we ever want to exercise them) over the life of the contract.

Pac Al will probably characterise this [the prudential cover] as something we always owed them and that was illogical, but we do not see things that way."

Juston Anderson | Senior Analyst, Commercial Transactions Group | The Treasury

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