MERIDIAN ENERGY LIMITED
ANNUAL PUBLIC MEETING

meridian

ANNUAL PUBLIC MEETING FOR THE YEAR ENDED 30 JUNE 2012

7 DECEMBER 2012

AGENDA

Chris Moller, Chair

- Introduction
- Overview
- 2012 Financial Performance
- Key Developments in 2012

Mark Binns, Chief Executive

- Health & Safety
- Key Drivers of 2012 Performance
- Strategy Execution
- Community & Environment
- Current Issues
- Outlook

Questions and Answers

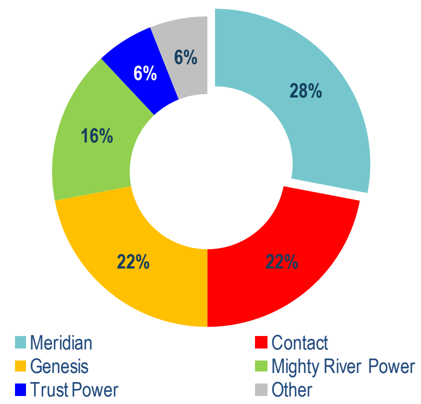
OVERVIEW OF MERIDIAN

- Largest generator in New Zealand – 28% of New Zealand's generation capacity
- Vertically integrated energy company
- Focuses on generating electricity from renewable sources
- Retails through two brands – Meridian and Powershop
  - 287,304 ICPs as at 30 June 2012
  - 15% of New Zealand ICPs[1]
- Owner and developer of offshore renewable generation

[1] Installation Control Points

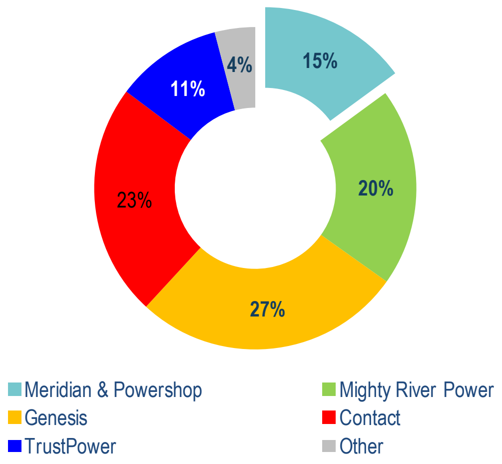
INSTALLED GENERATION CAPACITY (MW)

(Source: MED 2012 Energy Data File)



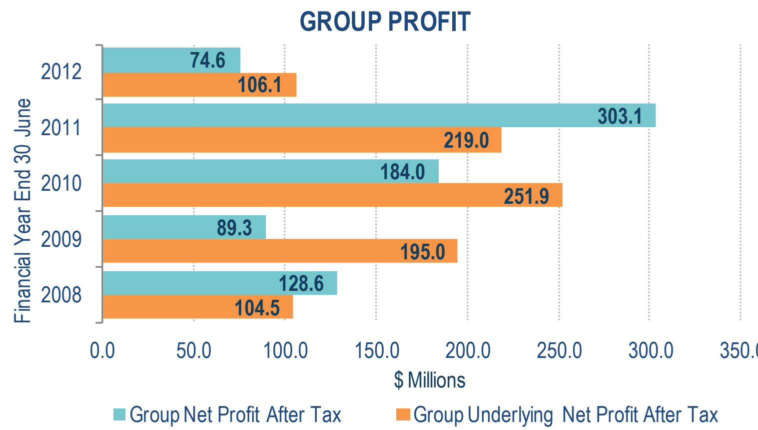
RETAIL ICPs - AS AT 30 JUNE 2012

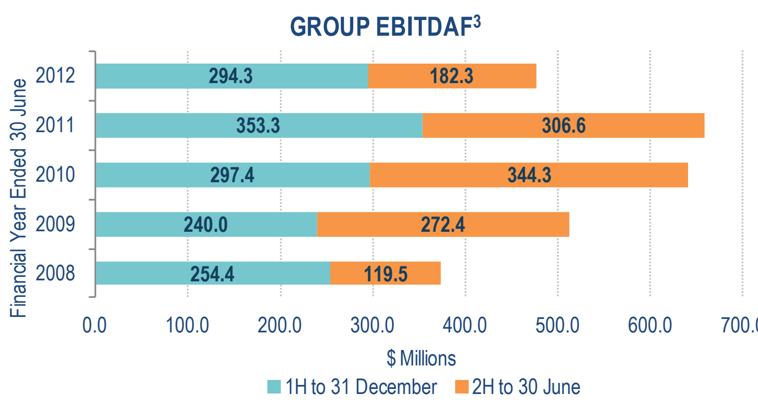
(Source: Electricity Authority)



2012 FINANCIAL PERFORMANCE

- Net Profit after Tax was $75m compared to $303m in FY 2011. Last year's result included the gain on sale of the Tekapo stations of $157m[1]
- Underlying NPAT[2] of $106m ($219m FY 2011) was impacted by the lowest level of inflows in 79 years
- EBITDAF[3] of $477m ($660m FY 2011) was $103m better than 2008 – the last significant (but less severe) dry year
- Cashflow from operating activities of $322m only $46m below FY 2011
- $71m of dividends paid relating to FY 2012
- Hydro generation volumes were 16% (1,824GWh) below 2011, whilst wind generation volumes were up 18%
- Retail performance improved by $5.90/MWh against a long term energy cost of $85/MWh





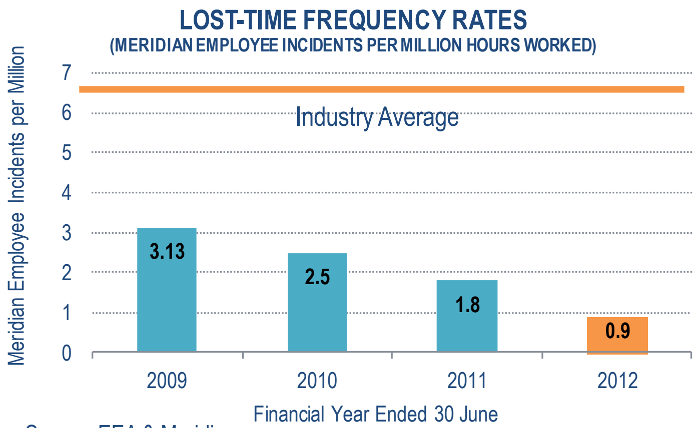
1 Tekapo A and B hydro power stations were sold to Genesis Energy Limited on 1 June 2011. These stations contributed 1,015 MWh in Meridian's FY 2011 result
2 Removing the effects of non-cash fair value movements, impairments and other one-off items
3 Earnings before interest, tax, depreciation, amortisation, change in fair value of financial instruments, impairments and gain/(loss) on sale of assets

KEY DEVELOPMENTS IN 2012

- Commencement of new Chief Executive
- IPO preparation
- Rio Tinto discussions
- Focus on core business
- Hayes wind and Mokihinui hydro projects exited
- Mill Creek and Mt Mercer wind projects approved

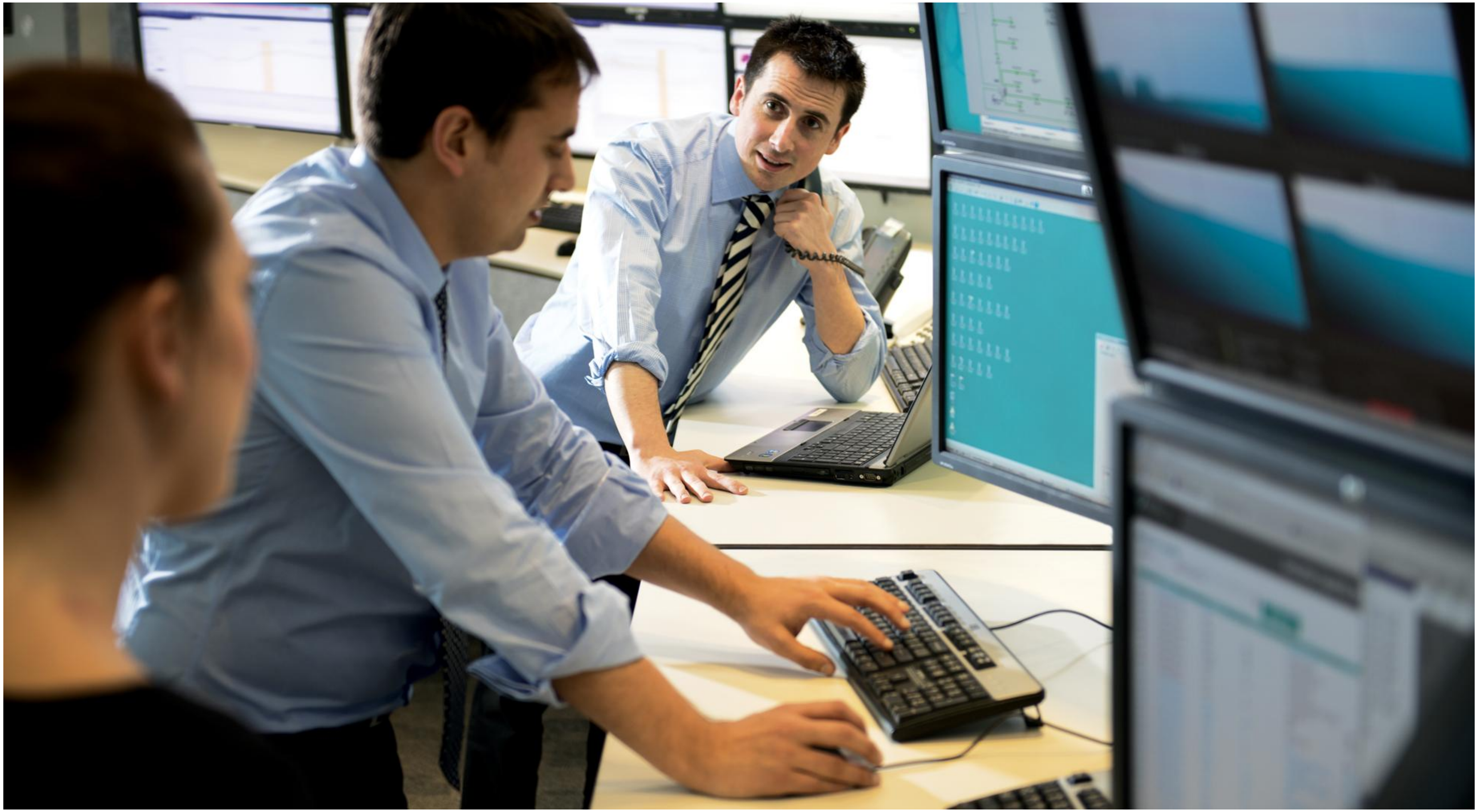
HEALTH & SAFETY

- Improved health and safety metrics that outperform industry benchmarks
- Culture of zero harm using the Zero Incident Programme
- Drug and Alcohol Policy embedded to support safe work practices on sites
- Implementation and accreditation of a Public Safety Programme to protect the public
- Engaged in the Staylive industry forum with other generators to collaborate on common safety challenges and share experiences

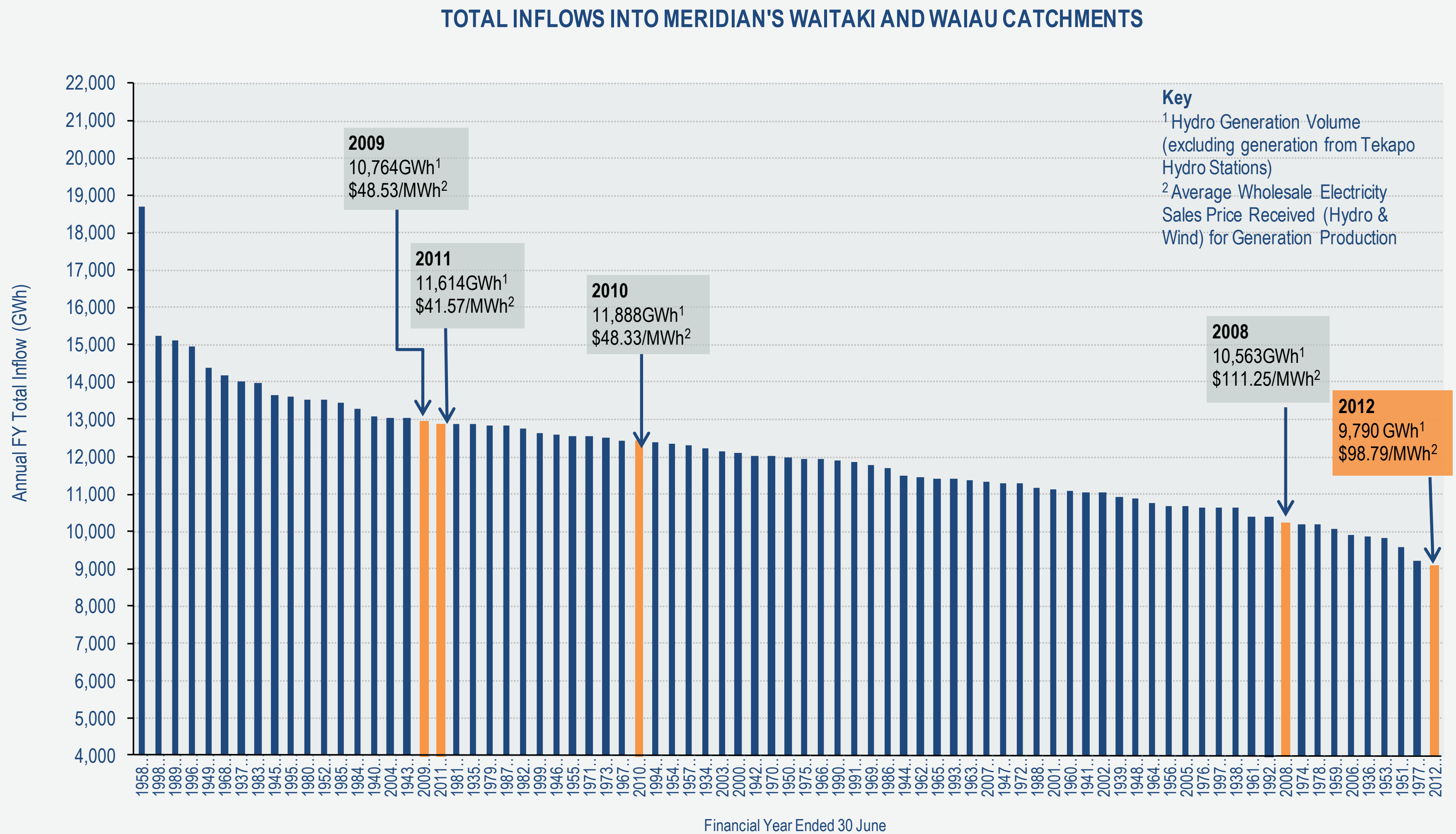


Source: EEA & Meridian

KEY DRIVERS OF 2012 PERFORMANCE



RECORD LOW INFLOWS

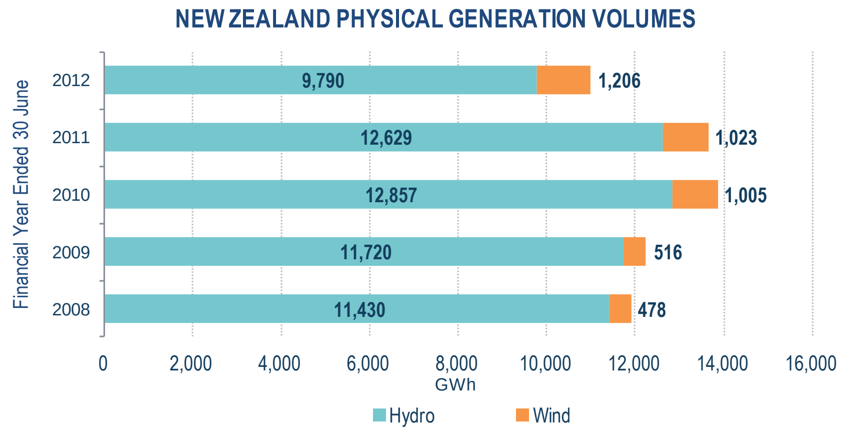


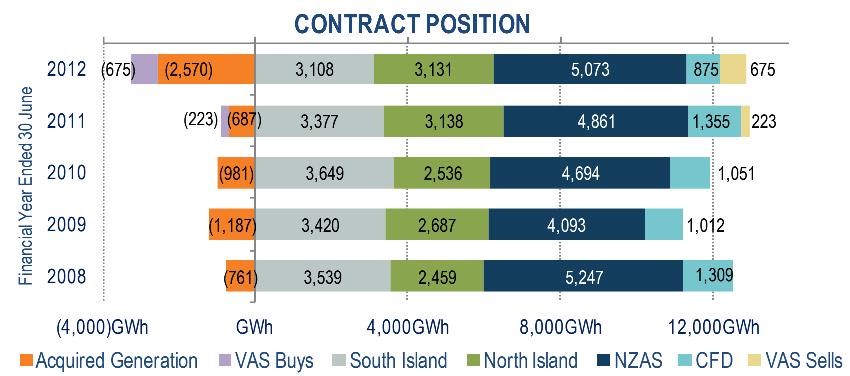
Combined record low inflows into the Waitaki and Waiau catchments – lowest in 79 years

PORTFOLIO RISK MANAGEMENT

Record low inflows managed by:

- Taking a conservative approach to hydro generation
- Using improved liquidity in the ASX market and increased sophistication of hedges traded over the counter
- Increasing the diversity of the generation portfolio with the contribution from wind production increasing by 183GWh from last year

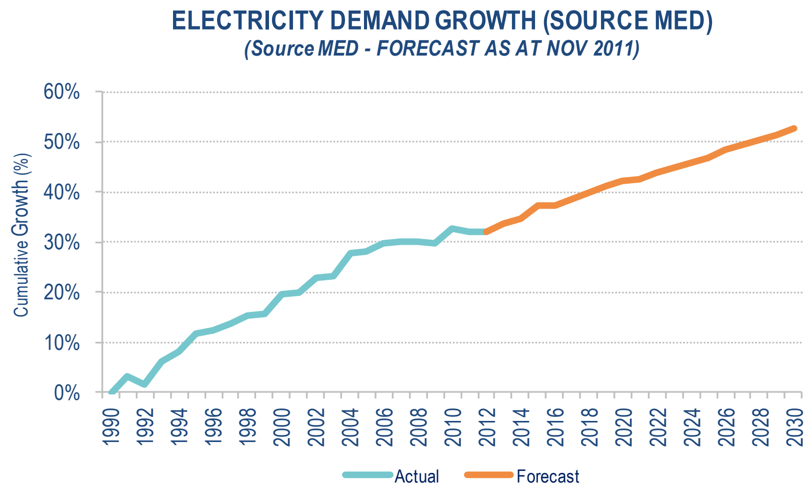


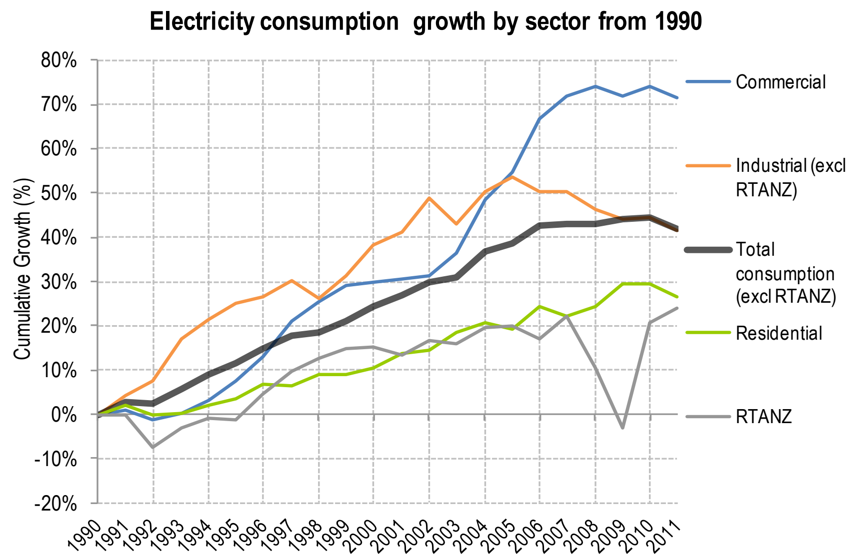


VAS = Virtual Asset Swaps with Mighty River Power and Genesis Energy

FLAT DEMAND GROWTH

- There has been low growth in demand for electricity over the last 5 years driven by global economic conditions
- Completed a review of the New Zealand development pipeline
- Exited Hayes wind and Mokihinui hydro projects
- Reviewed development team needs to be consistent with the external environment
- Focussed on maintaining a smaller pipeline of valuable renewable projects that can be executed in the medium term

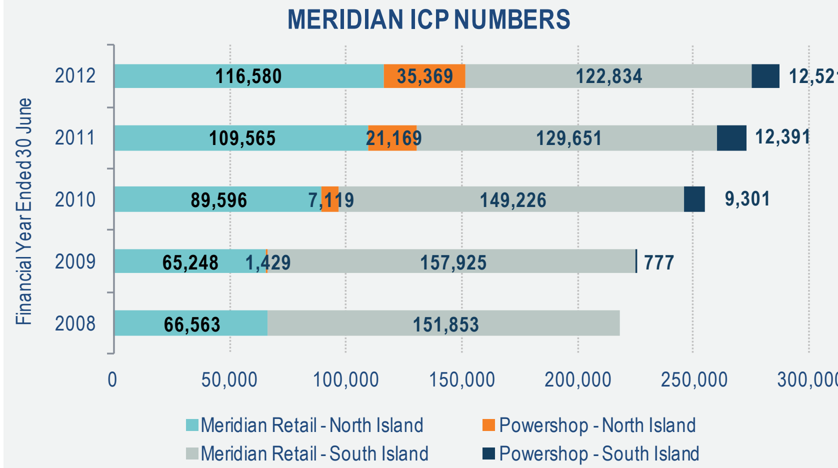




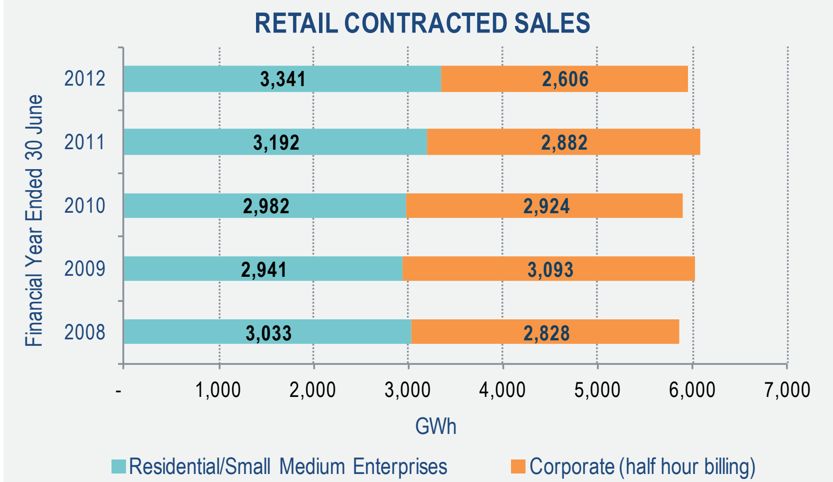
Source: Meridian analysis based on Meridian and MED data

IMPROVED RETAIL CONTRIBUTION

- Retail EBITDAF per MWh of contracted sales improved by $5.90 per MWh, assuming a fixed purchase price for electricity of $85/MWh
- Total ICPs increased 5% in a highly competitive market and despite measured acquisition activities due to reduced generation volumes
- Growth underpinned by strong customer satisfaction relative to competitors revealed by independent surveys
- Continued alignment of customer portfolio to generation profile and location
- Average increase in tariffs of 7%, which includes recovering increased distribution costs



Source: Meridian



FOCUS ON CORE BUSINESS

- Retail profitability improvements through better understanding of customer value and providing excellent service
- Mill Creek construction commenced, an ideally situated wind farm with low unit cost
- A strong focus on operational efficiency throughout the business
- Programme of rationalising non-core investments continues
- In June 2012 Meridian sold its shareholding in Whisper Tech's European joint venture
- Marketing the US solar business reflecting focus on Australasia
- Energy for Industry in a confidential sale process
- Disestablished the Business Development Unit responsible for managing these non-core activities

AUSTRALIAN GROWTH

- Construction of the Macarthur wind farm progressing to plan
- Foundations complete on all 140 turbines and first power has been exported. Full commissioning is expected in July 2013
- Mt Millar generation volumes increased by 9% over FY 2011
- Mt Mercer construction commenced (131MW wind farm 30km south of Ballarat, Victoria)
- Meridian is trialling the Powershop offering in Victoria

COMMUNITY & ENVIRONMENT

- Community Fund Programme granted $560,763 to community projects in FY 2012
- National sponsorship totalled $1.4 million, including the Royal NZ Ballet, South Island Rowing & Living Legends community tree planting
- Consecutive 2011 and 2012 Sustainable 60 Awards for work in the Waitaki community and overall environmental management
- Consecutive 2011 and 2012 Green Ribbon Awards from the Ministry for the Environment for work on restoring river habitats in the Waitaki and the Waiau rivers

WE ARE A SUSTAINABLE 60 AWARDS WINNER

2011 Green Ribbon Awards
Whatungaro He Tangata
Toitu He Whenua

Green Ribbon Awards
Whatungaro te Tangata
Toitu te Whenua

CURRENT ISSUES

NZAS Contract

- In 2007 Meridian and Rio Tinto subsidiary New Zealand Aluminium Smelters Ltd (NZAS) signed a contract that comes into effect on 1 January 2013. The new contract is a financial contract, which replaces the existing physical supply contract
- Rio Tinto has requested that Meridian consider s potential changes to the contract, the details of which are confidential
- Meridian has advised Rio Tinto of the parts of the contract it will consider amending and is currently waiting to hear back from Rio Tinto

Transmission Pricing

- The Electricity Authority has proposed a significant change to transmission pricing
- Meridian supports the proposal, it is consistent with its long-held position
- Substantial efficiency gains available from a better targeted methodology
- Meridian will suggest the proposal is appropriate but can be simplified without compromising the principles

OUTLOOK

Government Share Offer Programme

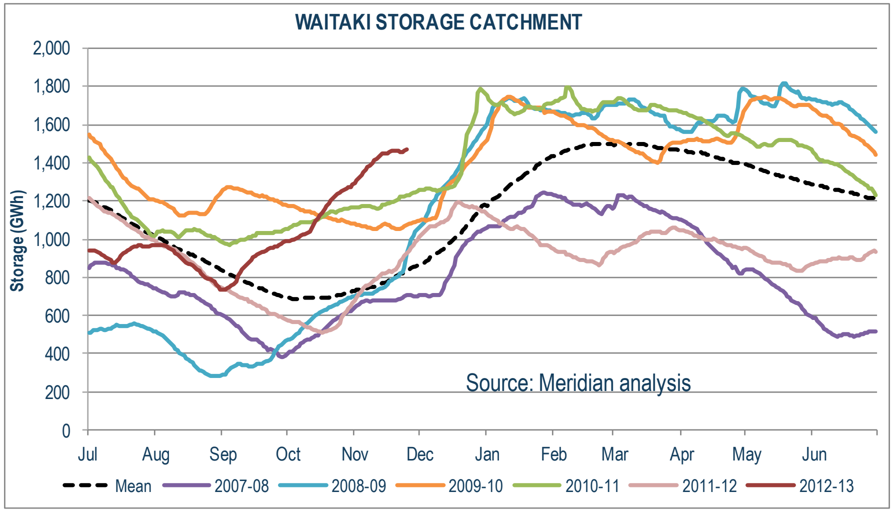
- Meridian is ready when the Government decides it wishes to proceed with the next SOE sale after Mighty River Power. We have undertaken a company-wide due diligence and have a team in place ready to engage with Treasury

Current performance

- Current performance has been influenced by increased hydro storage impacting wholesale prices, no growth in demand for electricity, increased transmission costs and costs associated with having acquired generation volumes via hedge contracts during the dry winter

Outlook for 2013

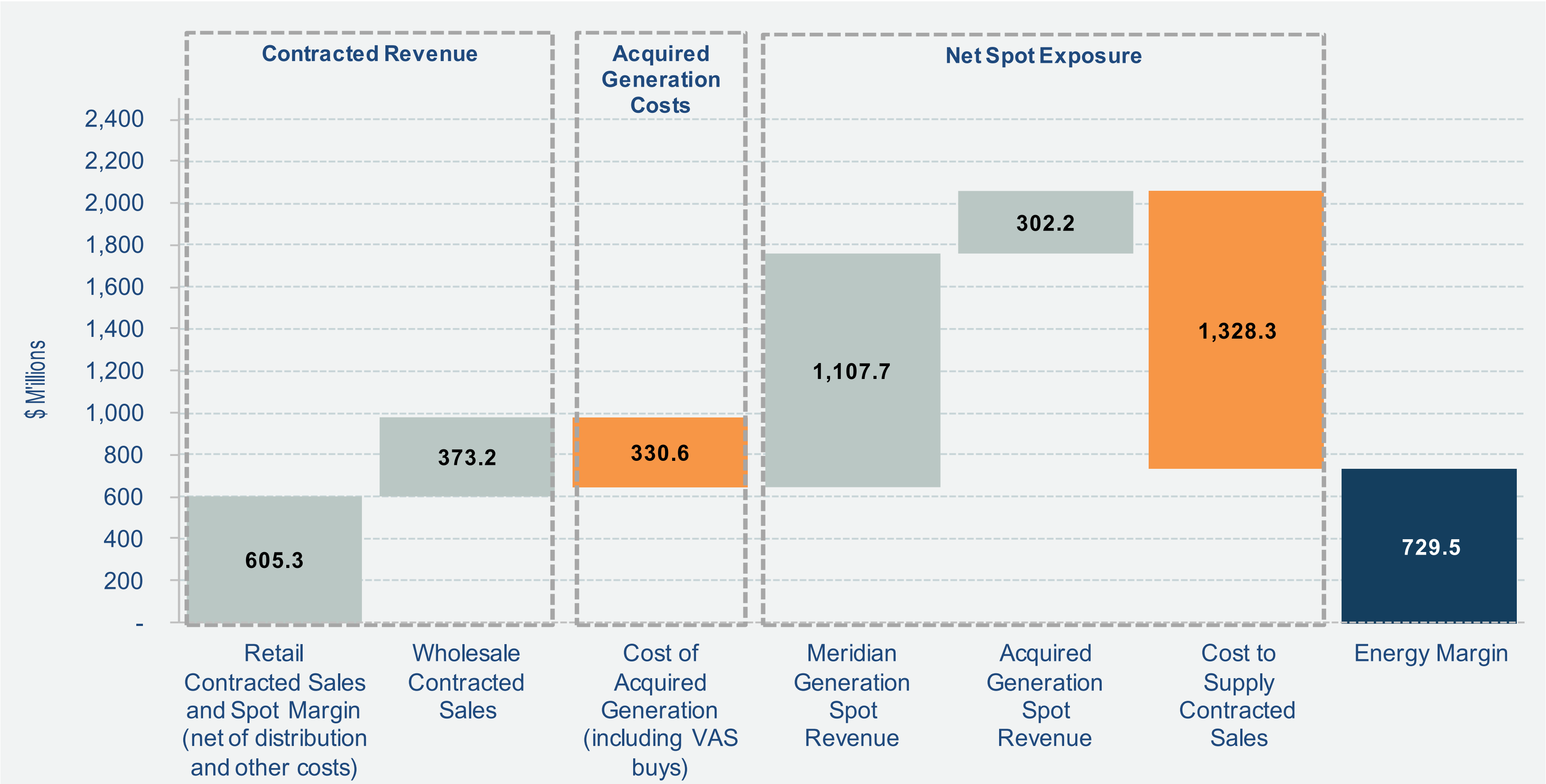
- Storage currently above average
- Previous Quarterly update indicated that EBITDAF for the 6 months to 31 December 2012 would be lower than last year. This is still the case
- Should inflows remain at normal levels for the balance of this financial year, an improved annual EBITDAF is in prospect
- An update on trading and hydrology conditions will be included in our reporting of our half year results



QUESTIONS AND ANSWERS

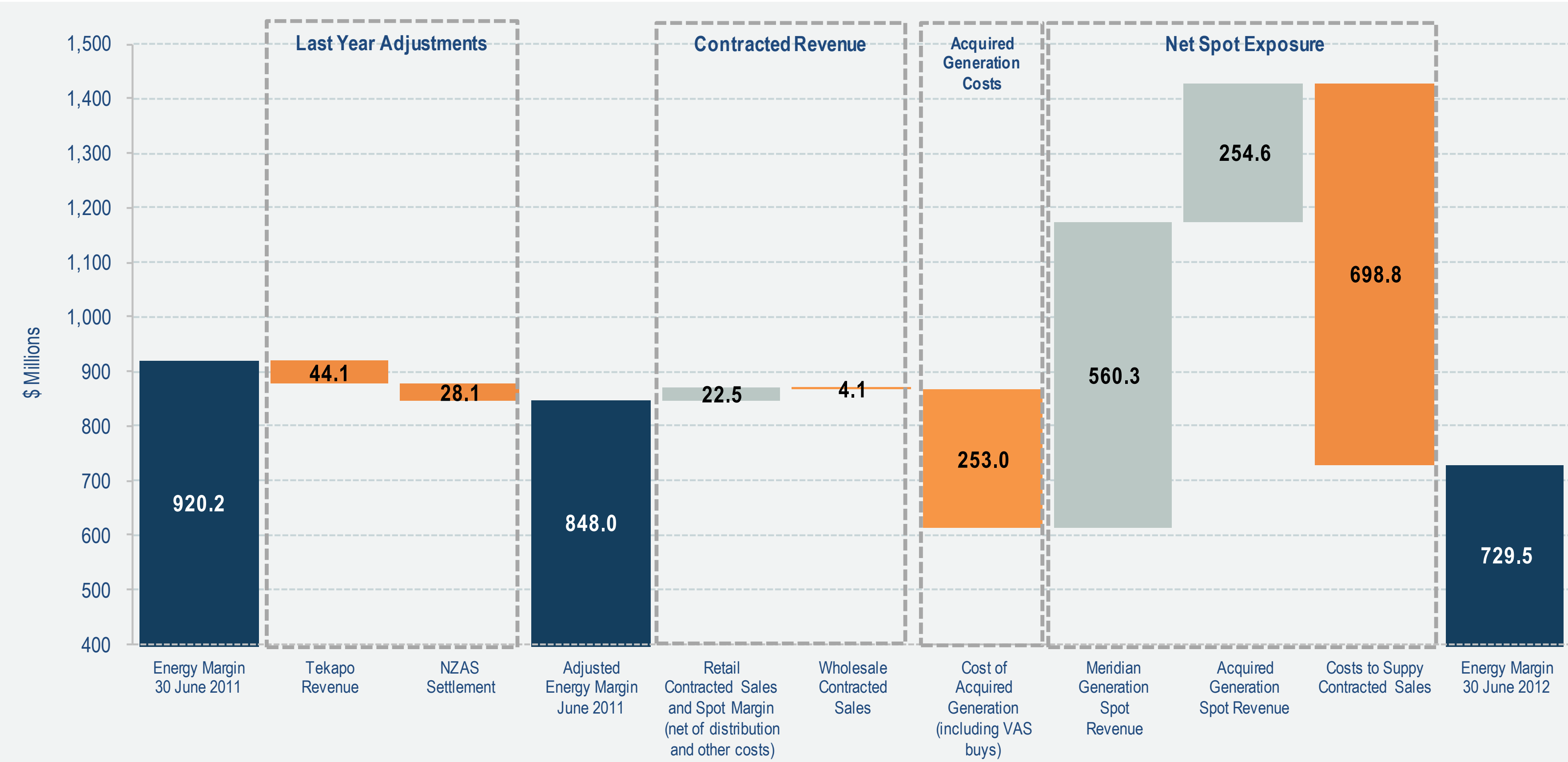
APPENDIX: FINANCIAL SUMMARY

NZ ENERGY MARGIN (Wholesale and Retail – 2012 Analysis)



Energy margin comprises revenues received from customers (retail and wholesale) and generation less the energy and network distribution costs to service our customers

NZ ENERGY MARGIN (Wholesale and Retail – 2011 to 2012)



Low inflows have driven an increase in acquired generation to supplement reduced generation volumes, while a 138% increase in wholesale electricity prices drove increases in both generation revenue and contracted supply costs

FINANCIAL SUMMARY

$ Millions	JUNE 2012	JUNE 2011	% CHANGE
Wholesale and Retail Energy Margin	**729.5**	920.2	(21%)
International and Other Segment Energy Margin	**33.7**	30.1	12%
Group Energy Margin	**763.2**	950.3	(19%)
Dividends and Other Revenue	**27.3**	42.6	(36)%
Energy Related Expenses (Non-core)	**-**	(10.7)	-
Transmission (HVDC and ancillary charges)	**(86.7)**	(84.2)	(3%)
Employee & Other Operating Expenditure	**(227.2)**	(238.1)	5%
EBITDAF	**476.6**	659.9	(28%)
Group Net Profit After Tax (NPAT)	**74.6**	303.1	(75%)
Group Underlying Net Profit After Tax[1]	**106.1**	219.0	(52%)

Key Metrics	JUNE 2012	JUNE 2011	% CHANGE
EBITDAF per MWh Generated	**42.62**	47.74	(11%)
Funds from Operations (FFO) Interest Cover (# of times)	**4.3**	4.9	(12%)
Net Debt / (Net Debt plus Equity) Gearing	**25.0%**	19.3%	(5.7%)
Underlying Return on Average Equity (excl. Revaluations)	**10.7%**	18.5%	(7.8%)

Record low hydrology conditions experienced during the year were the dominant driver of reduced profitability, however improvements were realised in underlying profitability of the retail segment and in our international and subsidiary segments

DISCLAIMER

- This presentation may contain projections or forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties
- Actual results may differ materially from those stated in any forward-looking statements based on a number of important factors and risks
- Although Meridian may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realised
- Furthermore, while all reasonable care has been taken in compiling this presentation, Meridian cannot guarantee it is free from errors
- Any estimates or figures used in this presentation should not be interpreted or relied upon for the purpose of any investment decisions

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