



29 October 2014

Listed Company Relations
NZX Limited
Level 2, NZX Centre
11 Cable Street
Wellington

Meridian Energy Limited Annual Shareholders' Meeting

Please find attached the following announcements that will be delivered at Meridian's annual shareholders' meeting today at 2pm in Wellington:

- (a) Chairman's address;
- (b) Chief Executive Officer's address;
- (c) the presentation to shareholders; and
- (d) a copy of Meridian's associated media release.

A copy of these announcements will be available on Meridian's website later today.

Yours faithfully

Jason Stein
Company Secretary

Chairman's Address: Chris Moller

It is now my pleasure to review Meridian Energy's 2014 annual result with you for the first time as a publicly listed company.

Indeed today is Meridian's first birthday, having listed on the NZX and ASX exactly one year ago to the day.

This marks a new phase in the Company's proud history.

We are the owner and operator of a number of New Zealand's iconic infrastructure assets as part of our hydro generation portfolio.

Our oldest asset, which is the Waitaki dam, was built during the great depression.

The photograph you can see is of the Waitaki dam construction and was taken in 1933, two years before the station began generating electricity.

Some 80 years later that dam still has total structural integrity, which is a testament to the innovation, commitment and workmanship of our forebears.

Our system of six hydro stations on the Waitaki River was fully completed in 1985 with the commissioning of the Ohau B and C stations.

These hydro assets, together with Manapouri, represent the core of our generation capability and will remain so for many decades to come.

We are also proud of our wind portfolio, which commenced with the construction of the prototype Brooklyn Wind Turbine here in Wellington in 1993.

The photograph shows the Brooklyn turbine generating electricity on a typical Wellington day.

Since then we have constructed 5 wind farms in just 10 years in New Zealand, as well as three wind farms in Australia and one in the Antarctic.

On average our hydro stations and wind farms produce approximately 30% of New Zealand's annual electricity requirements.

Consequently we are proud to be the largest generator of electricity in New Zealand and even more proud that that electricity is generated entirely from renewable sources, being water and wind.

Turning now to the year in review.

Without a doubt the Company's listing on both the New Zealand and Australian Stock exchanges on 29 October last year was the most notable single event of the year and marked a huge milestone in the Company's history.

Anybody that has been involved in the listing of a company knows that it consumes a significant amount of time and energy for the Board, Management and Staff.

The Meridian initial public offering was also the largest float in New Zealand's history and the largest IPO in Australasia last year.

Furthermore it was conducted under intense public scrutiny, not just because of its size, but also as a result of the political debate around the partial privatisation of State Owned Enterprises.

Notwithstanding, the IPO was executed without a hitch.

Accordingly I would like to acknowledge the work of Mark Binns, Chief Executive, Jason Stein, Legal Counsel and Company Secretary, Paul Chambers, Chief Financial Officer, Guy Waipara, General Manager External Relations and their respective teams on this superb achievement.

I also wish to thank Neal Barclay and his team, right around the country, for keeping the business operating smoothly whilst many of us were almost exclusively focussed on the IPO.

Similarly I extend my thanks for all of their help and support during the listing process to the Minister of Finance, Bill English, the then Minister of State Owned Enterprises, Tony Ryall, the Treasury Officials and the inevitable myriad of advisers that were involved on all sides of the transaction, given the size and complexity of the IPO.

Last, but definitely not least, I thank my Director colleagues for all of their hard work on the IPO.

Aside from reading draft after draft of the 226 page offer document, the Directors held 18 special Board meetings in respect of the IPO.

I also wish, to acknowledge my colleagues courage.

It is a daunting task to put one's name to a prospectus, especially when, (and for the avoidance of any doubt I am saying this largely facetiously) it essentially involves a two year weather forecast given the Company's dependence on rain and wind as its sources of fuel.

As a consequence of the IPO, we now have a broad based share register with, as at three weeks ago:

- more than 85% of our securities held by the New Zealand Government, New Zealand institutions and other New Zealand residents;
- 8% owned by institutions in the United Kingdom;
- 2% held by Australian institutions; and
- the remainder held in other jurisdictions including the United States and Asia.

Since listing, the amount of Instalment Receipts traded is 1.2 times the total number of issued securities, with the security holding of New Zealanders remaining unchanged at 85%.

The other major event for the year, which was a precursor to the IPO, was the completion of negotiations with New Zealand Aluminium Smelters to vary the terms of the contract for the electricity arrangements with the Tiwai Point Smelter.

After 13 months of intense and hard fought negotiations, this agreement was finally executed in August last year.

As was disclosed at the time of signing, New Zealand Aluminium Smelters does have termination rights in the future.

This has potential implications for all industry participants.

Mark Binns will expand on this important subject in his address.

I am not sure which was the hardest to achieve – the IPO or the Tiwai renegotiation – but what I do know is that it was a herculean effort by Mark and his team to pull off both transactions, with Mark also doing a quite exceptional job in leading the smelter negotiations.

From a financial point of view, it was pleasing and, if I am totally honest, a relief, to beat the forecasts contained in the prospectus on all major measures.

Again Mark will provide more detail about the results during his address.

The financial performance of the Company has enabled the Board to declare a dividend which, inclusive of the special dividend, was 24.3% ahead of the anticipated distribution in the prospectus forecast.

The ability of the Company to generate strong cash flows was one of the key attractions for investors when the Company was listed and, although the Directors will always be mindful of the need for adequate liquidity in the event of the Company encountering a period of poor inflows into our catchments, we are committed to ensuring that returns to investors remain attractive.

I will discuss this further at the end of my address.

On top of the dividends, investors have enjoyed a significant increase in the Instalment Receipt price which, as at the close of trading yesterday, was \$1.63, which is a 63% increase on the original issue price.

This, together with the dividends paid, means investors have to date achieved a total gross return of more than 80% on their original \$1.00 investment.

This makes Meridian the number one performing stock, as measured by total shareholder return, on the NZX 50 in the 12 months to 21 October 2014.

I hope that you consider that return to be a pleasing first birthday present.

However at the risk of spoiling the party, I trust Instalment Receipt holders have not forgotten that the second instalment of 50 cents per Instalment Receipt is due to be paid to the Crown by the 15th of May next year.

At least the good news is that the price of the Instalment Receipts since listing, together with the dividends already paid, significantly exceeds the 50 cents that is payable and that is even before the interim dividend that will be considered by the Board in February next year.

Our Management is already liaising with Treasury around the timetable for the payment of the 50 cents.

However I can assure you that you will be given plenty of notice of the impending payment and instructions as to how to make the required payment.

The key dates for this process are likely to be as follows:

- The record date for the obligation to pay 50 cents will be 4 May 2015. Accordingly, if you are the registered holder as at that date, you are required to pay the 50 cents.
- Notices will be sent to Instalment Receipt holders reminding them of their obligation around the 1st of April and again on the 6th of May 2015.
- The payment date will be no later than the 15th of May 2015.

Although this is the Crown's process, as the proceeds of the Instalment Receipts are theirs, Meridian's balance sheet remains very solid with the strong generation of positive cash flows during the year, from both earnings and the sale of surplus assets, which has allowed us to pay down debt, resulting in the debt maturity profile you can see on the graph.

As at the 30th of June 2014, net debt to EBITDAF was 1.5 times, prior to the payment of the final dividend.

This is a conservative position to be in and although we will always be exposed to some earnings volatility as a result of our reliance on the weather, the Board considered it appropriate to inform security holders at the time of the announcement of the full year results that it would consider capital management early in the new year, with a view to advising investors of our intentions, if any, in February next year when the interim results are announced.

As we expected, the announcement of our intention to consider this issue has enabled investors to provide feedback to us as to how any excess capital might be best returned to security holders.

In making any decision on this matter, the Board will need to take the interests of all security holders in to account and make a decision, which on balance, is the most beneficial to investors overall.

The election result was one of the potential events that could have negatively affected our views on this issue, given Labour's and the Greens' New Zealand Power proposal.

However this has now been resolved, at least for the term of the current Government.

In 2015 the new Health and Safety At Work Act will come into force and provide greater clarity around the obligations of employees and directors.

Even prior to the introduction of this legislation, the Board has always taken health and safety very seriously given the nature of the business in which Meridian operates.

This past year has been one of particular risk given we have built two wind farms, one in Australia and one in New Zealand, with all the safety risks inherent with large construction projects.

Both of these developments, which are shown in the photographs that you can see, have been delivered to the point where all turbines are operational, involving over 750,000 hours of construction work without any lost time injuries.

This is testament to the dedication of all of the teams ensuring that every activity on site is subject to intense health and safety scrutiny.

That said, accidents are only always a heartbeat away and we did suffer a lost time injury this year within our normal operations, the first for some 31 consecutive months.

Fortunately, it was a low severity incident at our West Wind Farm, which resulted in a lower back muscle strain.

The Board is very aware that statistics do not necessarily say anything about a company's underlying health and safety culture which, at the end of the day will dictate whether our employees, contractors and visitors to site are adequately protected from harm.

Accordingly during the year the Company engaged an independent consultant to conduct a full review of our safety processes, involving site visits, like the one shown in the photograph, and discussions with employees to gauge whether the Company was on track to ensure compliance with the new standards.

Such third party evaluations are invaluable for both Management and the Board and it was pleasing that the report highlighted the very positive attitudes to health and safety at the sites that were visited, while still pointing to areas where performance could be improved.

The Board is committed to ensuring that Meridian keeps safety at the forefront of all of our thoughts.

As you will be aware the whole issue of power prices is an emotive topic that has received a lot of media attention in the lead up to the election.

New Zealand's energy prices sit in the middle of the range of other OECD countries as shown in the graph that you can see.

In New Zealand there are 14 retailers selling electricity.

Economists will tell you that such conditions are perfect for driving vigorous competition, which is good for customers.

So, contrary to some misguided views, Meridian does operate in a fiercely competitive environment.

Indeed the Ministry of Business Innovation and Employment survey data for the 12 months to March 2014 showed a decrease in Meridian's electricity charges to residential customers.

However we will always seek to pass on the costs of transporting electricity across the grid and individual lines company networks, because they, not us, make the decisions on the levels of those costs, based on regulation by the Commerce Commission.

There are three key regulatory issues I wish to review for you.

These are:

- The New Zealand Power proposal;
- Transmission Pricing; and
- The Australian Renewable Energy Target Scheme.

At the time of publishing our prospectus, undoubtedly the most significant risk perceived by the Directors, and investors for that matter, was a Labour / Greens coalition coming to power, pardon the pun, in last month's election and implementing a total restructuring of the electricity market, with the introduction of a centralised buyer.

I do not need to dwell on what might have been.

However suffice it to say that the Board and Management remain of the view that such changes would have been exceptionally difficult to implement and, if they were, they had very little likelihood of producing any reductions in prices for consumers.

We are nevertheless cognisant of the fact that the industry needs to work harder to deliver greater transparency, including making it simpler for customers to compare retail offerings.

However balancing simplicity against meeting the diverse needs of customers is a challenge.

But nevertheless it is essential that the industry embraces this challenge in the retail market so as to avoid some of the current myths being perpetuated and political parties jumping to solutions that are not based on thorough analysis.

I will now turn to my second point regarding regulation.

As a number of investors will be aware, Meridian has supported the Electricity Authority's review of the transmission pricing methodology, which establishes how all transmission costs are paid for.

The core problem is that, while the inter-island HVDC link, which is shown in the photograph, is used by and benefits all consumers and generators across New Zealand, the costs are borne solely by the South Island generators, such as ourselves.

It is pleasing to see that the Electricity Authority has described this as similar to a selectively imposed transport cost, which is inefficient and that the overall transmission pricing methodology fails to meet the Electricity Authority's statutory objective of promoting efficiency and competition in the electricity industry for the long term benefit of consumers.

That said, change will not necessarily be embraced by all of our competitors and getting to a point of transition will take some time; but the good news is that change can only be positive for Meridian.

The final regulatory issue that I wish to canvass is possible changes to the Renewable Energy Target, commonly known as the RET, in Australia.

The Australian Government has received the final report from the Review Panel that it set up and the recommendations were for the Government to either close the Scheme to any new investment but to grandfather the existing investments; or, to modify the Scheme to increase the target in proportion with the growth in electricity demand.

Either outcome would be negative for the renewable industry in Australia.

However the impact on our existing generation assets from a financial perspective is impossible to assess until details of any proposed change are made public.

In addition it is possible that, in the end, there will be no significant changes to the RET and our operations in Australia as a consequence will not be materially affected.

Finally, before I hand over to Mark, can I thank you all for your support of Meridian, New Zealand's only major electricity generator and retailer 100% committed to renewable energy generation.

And to those of you that chose to support us at the time of the IPO, a special thank you for the confidence that you showed in us.

The Board and Management are delighted that you have enjoyed such strong financial returns over the first twelve months of Meridian's life as a publicly listed company and hope that you think the returns are a good first birthday present.

I would also like to thank my Board colleagues for all their work over what has been an extremely busy but rewarding year.

And on behalf of the Board, I would like to pay a tribute to Mark Binns, his Senior Leadership Team and every staff member of Meridian for what has been an utterly momentous year in this Company's proud history.

I hate to say it but it is a year that, if you measure it right across the spectrum of financial and major non-financial achievements, may never be exceeded.

But let me assure investors that we will still be striving our best to do so.

Now I would like you to sit back and enjoy a short video, which will hopefully give you a feel for the work involved in constructing one of our wind assets, Mill Creek, which, of course, is adjacent to the West Wind Farm and located on the hills around the coolest little capital city in the world, Wellington.

Thank-you.

CEO's Address – Mark Binns

Thank you Chris.

- Before I start I would like to introduce the senior management team at Meridian to you.
- Meridian seeks to “create a better energy future” and in doing so has committed to sustainability being at the core of our strategy. Our sustainability framework has 6 legs and I would like to incorporate my comments today within these headings.

Financial Sustainability

- I am sure that to some people, the concept of sustainability is associated only with environmental issues – it's not.
- Meridian needs to deliver a return to our shareholders that is fair and reasonable if it is to flourish over the long term. While I realise that there are some who would take issue with this, any company wishing to achieve long term success must balance the interests of all stakeholders and that includes shareholders.
- As Chris noted, it was very pleasing that Meridian outperformed its prospectus forecasts on all major financial metrics.
- The numbers are now nearly four months old but I think a couple of facets of the performance are worthy of further comment:
 - First, not only did we exceed our prospectus forecasts but we managed to marginally improve operating earnings or EBITDAF, against the 2013 year. This was despite having lower revenues from the Tiwai Point Smelter contract as a result of the renegotiation and having no revenues from our share in the Macarthur wind farm, which was sold just prior to the end of the previous financial year.
 - Furthermore, there were no network wide increases in energy prices to customers. So Meridian achieved this result by sticking to its knitting and controlling costs.
- The other number I would highlight is cashflow. It is a number that I always focus on – as one of my mentors in my early career said “profit is opinion – cash is real”.

- During the year nearly \$433M was generated from Operating Activities and \$62M from the sale of non core assets and the company's position in the U.S. It was this strong cash generation and control of capital expenditure that allowed the Board to declare a higher ordinary dividend and a small special dividend, which saw distributions to instalment receipt holders 24.3% higher than forecast in the prospectus.

I will come back to the topic of Financial Sustainability at the end of my presentation when we talk about the coming year.

Renewable Energy

- Being committed to only generate from renewable sources is at the core of our commitment to sustainability.
- While we realise that the retail electricity market is largely price driven, customer awareness of the benefits of supporting renewable generation is a point of difference Meridian owns. This is Meridian's advantage that will continue to grow as environmental awareness increases.
- During the year we commissioned all the turbines at the Mill Creek wind farm in Wellington and at the Mt Mercer wind farm in Victoria. In the case of Mill Creek this moved NZ as a whole to the point where it now produces about 76% of its electricity from renewable sources which places New Zealand in the top echelon of OECD countries.
- In the case of Australia, the renewable industry is, as Chris noted, going through a very difficult period. The industry is mired in uncertainty as the Australian Government goes through the political machinations of deciding what outcomes are practically deliverable from the review of the Renewable Energy Target scheme – a scheme which has supported more than \$A20B of renewable investment over the last 14 years and allowed Australia to reduce its reliance on coal generation. The Australian Government's recent modelling confirmed the findings of other studies in that the Renewable Energy Target does not increase net costs for consumers. Add to this the fact that the existing scheme is driving improvements in retail competition and giving consumers access to lower electricity bills – and it leaves us at a loss to understand what is driving moves to change the Scheme. However, I will come back to the implications that could flow from a change to the Scheme, in my comments on prospects for the coming year.
- Being renewables only, I do get questions as to why at grid scale we have committed to hydro and wind as our technology solutions. Usually there is an underlying question as to whether we are missing a trick with solar or potentially geothermal.
- With geothermal, we believe our wind options are competitive with the next likely geothermal option to be built. And while we would never say never to investment in geothermal, we do not have geothermal expertise and at this point we would prefer to develop the options in our wind pipeline.

- As to solar – let me be blunt – in the New Zealand environment without subsidies, grid scale solar is not competitive with wind. In a recent review of solar viability we came to the conclusion that wind was 3-4 times more cost effective. On our analysis (as shown on the chart behind me) using the International Energy Agency numbers AND assuming equipment and installation costs fall year-on-year by 5% p.a. – it will be no earlier than 2035 and probably 2045 before solar at utility scale becomes competitive with other renewable options in NZ – at current prices!
- As such we believe solar remains an important part of the renewable energy solution for New Zealand, but is not a likely game changer for generators and retailers but it will raise some interesting questions around how lines companies recover their costs.
- For further context, even if we had 1 million kiwi homes with solar panels by say 2040, this would amount to only 5% of the total electricity demand for the country. Very similar to where wind is now, an important part of the renewable energy mix, but not a revelation.
- Meridian's positioning in the residential solar segment has seen us capture around 70% of this market. As we move forward we have to balance our commitment to support solar customers in a way that is also commercially sustainable for Meridian. We will be reviewing our tariffs in this segment over the coming year to reflect this aim.
- Let me now turn to Water Stewardship.

Water Stewardship

- Water stewardship is at the core to our very existence. Ninety percent of our generation is through our 7 hydro stations. The guardianship of these assets, managing the water that flows through them and the environment that surrounds them is fundamentally Meridian's kaupapa – or our DNA.
- Under our existing consents we have the right to use the water in the Waitaki and Waiau hydro stations until 2025 and 2031 respectively.
- We do not take this for granted. We are mindful that there are others who have interests in the water and the environment through which it flows - be they cultural, environmental or economic. Primary amongst these are Ngai Tahu as tangatawhenua, with rights of guardianship and practical interests in mahinga kai and environmental stewardship.
- A group with interests that can potentially be at odds with those of Meridian, are agricultural users and we deal with these groups on an ongoing basis in both catchments. The pressure from more intensive agricultural use is always there and Meridian has found ways to work alongside many of these stakeholders. For

example, in the Mackenzie Country where we have a long standing agreement in place enabling access to a set amount of water for irrigation.

- Meridian has also financially supported the preparation of further design and feasibility work for the Hunter Downs irrigation scheme with the hope that a farmer led development, with a command area of 40,000 ha will be viable, using an intake below the Company's lowest dam on the Waitaki River. It is hoped that the directors of Hunter Downs Irrigation Limited will be in a position to make a final decision on this project in 2016.
- During the year, the Meridian team has worked with major stakeholders on the Waitaki River with an aim to agree a way forward with the water allocation plan for the river. Meridian and Ngai Tahu have an agreed position with respect to the proposed set of plan changes that would establish an important and mutually agreeable part of the framework for the renewal of Meridian's consents in 2025. A number of other key stakeholders including irrigators, also support key aspects of this important plan change. That said, it is important to note that there have also been a number of submissions opposing the proposed changes, and all parties will have the opportunity to be heard by Environment Canterbury in the New Year.
- In the Waitaki and Waiau we continue with our ecological restoration projects in both catchments. In the case of the Waiau, this is an 18-year partnership with the Waiau Enhancement Trust where more than 2000 hectares of wetlands, gullies and streams have been restored and 88 km of streams protected, through a riparian fencing project with local farmers. In the Waitaki, the 25 year Project River Recovery programme has delivered very positive environmental and ecological benefits to the braided river system and species in the upper river catchment.

Working Sustainably

- Working sustainably is not only an environmental imperative, it relates directly to our relationship and responsibilities to our employees.
- And foremost in this regard is our commitment that employees, contractors and visitors leave our sites in the same health and condition that they arrived.
- Getting the balance right to ensure processes and systems remain targeted and relevant is a constant challenge. In the current year, we are reviewing areas of our business where there is potential to seriously or fatally hurt people to ensure our processes are as robust as they can be. This focus is not new, but we believe there is an opportunity to re-energise our thinking to assure ourselves we are meeting our commitments.
- In terms of environmental performance, we have an extremely low carbon footprint for an electricity company. We are one of the few companies that monitors and sets targets to reduce the impact of corporate activities – including greenhouse gases and waste. In the last two years, we have reduced both targets by 8% and have initiatives to continue to deliver reductions.

Energy Solutions

- As part of our programme to provide customers with better energy solutions we will soon start to roll out smart meters to the remaining 130,000 customers that are still on old legacy meters. The project starts in November with the full roll out planned to be underway by April next year. The aim is to have 94% of customers on smart meters by June 2017.
- This will make meter reading far more efficient but more importantly it will provide the infrastructure to support more smart plans and services. These service offerings include more flexible pricing plans and allow greater engagement opportunities for customers who want to monitor and manage their electricity usage and costs.
- During the year the number of customers receiving electronic bills increased by 6% to 48% and an additional 14,000 residential customers signed up to MYMeridian, where they can manage account details, view their billing history and energy profile. Larger customers have been using the company's energy management tools and working with our business teams to significantly reduce usage and costs in their businesses.
- Our subsidiary, Powershop, continues to lead the industry pack with its online offering. Innovations this year include a mobile 'app' helping customers on the go to manage and purchase power from their phones. Powershop continues to provide

Meridian with a channel that serves a highly engaged customer segment interested in actively managing their energy profile.

Engaged Communities

- Engaging with communities, recognises the part we play as operator of some of this country's most iconic assets and as a retailer of electricity operating in every network region across New Zealand.
- Two years ago we were in the process of deciding how we should target our corporate giving. We were looking for something that would resonate with our brand and our people. We became aware of the work that KidsCan is doing in NZ schools providing targeted assistance to the kids who need it, and the extent of the problem that the country is facing - and as a result made the decision to become the principal sponsor. The connection with sustainability and NZ's long term future was clear to us and we recently made the decision to extend our involvement with this very worthwhile charity.
- Meridian's community fund programme has continued to deliver real benefits for projects close to our operating assets. These Funds, administered in collaboration with community representatives, are in place around all generation assets. The Funds provide assistance for projects that meet genuine community needs. In the last year we made our single largest contribution of \$100,000 towards a new medical centre in Twizel. In total we provided \$1.4 million to community projects and initiatives across New Zealand in the last financial year.
- Engaged communities is as much about our company culture as it is the initiatives we support. We support Meridian staff to get in behind a broad range of activities from working with organisations like Sustainable Coastlines, to clean up our "back yard" around the Makara coast, to supporting future rowing champions as part of our 15 year commitment to South Island rowing.

Financial Sustainability - the Future

- Finally I would like to return to the theme of financial sustainability and talk about this current year.
- As you know the Company currently has a financial forecast for the current year in the market – courtesy of the prospectus. Being totally reliant on wind and water for fuel, these forecasts are more difficult for Meridian than most companies.
- For this reason, at the conclusion of this financial year we will not be issuing forecasts for following years. We will of course meet our NZX and ASX obligations and comment as and when the consensus view of analysts is materially different to our own forecasts.
- So where does this leave us with respect to this year – nearly 4 months in? The prospectus forecast is for operating earnings or EBITDAF of slightly over \$590M. On the basis that the consensus of analysts is currently \$607M and we would not consider altering guidance unless internal forecasts were more than 5% different from the published forecast – either up or down – we can say that we are currently comfortable with the consensus view of our 2015 EBITDAF number.
- However, I hasten to add we are only four months into the year. So lots can happen. For those of you who like to get into the detail, we publish monthly operating statistics on the website; the last report for the September month indicated that in the wholesale market Meridian's NZ generation volume was over 13% ahead of last year.
- However, storage in the key Waitaki catchment has declined over August and September and is now, as of today, below average.
- Understanding the changing risk position and adapting our book of contracted sales is core to how we manage our business. Accordingly, we are hoping for the “usual” spring inflows in November to top up our storage position – if these inflows do not materialise, we will need to adjust our contract book position.
- At a macro level, whether the owner of the Tiwai Point smelter exercises its right to give Meridian a termination notice with respect to our Electricity Contract on 1 July next year will be a key issue for Meridian and the industry as a whole.
- If a notice is given, then New Zealand Aluminium Smelters will either need to run the smelter unhedged to the electricity price, find another party that would enter into a similar contract, or close.
- We do not know what that decision may be, but we do understand the matter is getting careful consideration. While this decision will be decided on factors that are

important to the smelter and its shareholders, I do note that two key variables affecting Tiwai Point's profitability – the price of aluminium and the New Zealand dollar strength against the US dollar - have both trended positively since the contract was varied in August last year. In fact since that date through to Friday last week, the price of aluminium on the London Metal Exchange has appreciated by 10.3% and regional delivery premiums have increased considerably. The NZD/USD cross rate has stopped appreciating over this period and has actually declined by 1.1% with commentators picking further strengthening of the USD against most currencies over the next year or two.

- So on these factors at least the trading position of Tiwai Point appears to have improved and although forecasts are just that – forecasts – the metal forecasters we follow are predicting further increases in aluminium prices in 2015 based on supply and demand dynamics.
- Meridian's position with respect to Tiwai Point has not changed. We would like to see the operation continue but our drawn-out negotiations last year saw us provide pricing and contract conditions which represented the best offer that Meridian could table. Sixteen months on, our view remains unaltered.
- In the event of a termination notice, Meridian will monitor the supply response from its thermal competitors very closely. There will potentially be significant over supply in 2017 and thermal generation, at high marginal costs, will theoretically be required less and the economics of operation will become questionable.
- Meridian's response will be dependent upon how this supply side issue resolves itself and how it may want to replace the net change in its load or customer base.
- Given the low growth in total demand in NZ and the highly competitive market, we will remain focussed on keeping our costs under control and increasing our efficiencies to ensure the best outcome for the company and shareholders. This will include successfully commencing the roll out of smart meters to all customers and completing the sale of our metering business, Arc Innovations, to a Vector subsidiary – hopefully in December this year.
- Turning to our interests in Australia, the Renewable Energy Target scheme, has been in place since 2001 and currently underwrites the renewable industry there. When a decision as to whether to retain the scheme and in what form – is finally made we will have to look at the effect on the price Meridian receives for the energy it generates from its two wind farms, the likely price path into the future and whether we may need to adjust our carrying values, of these assets.
- At this point, until there is some certainty around the outcome it would be pure speculation to estimate the potential impact on book values. This is something that we will re-evaluate once we have greater certainty on the outcome for the scheme.

CONCLUSION

In conclusion – can I echo Chris' thoughts and thank shareholders who have supported us, particularly those who invested at the IPO. It has been a truly momentous year and I can assure you it is very satisfying being able to stand here and point to the fact that Meridian has been New Zealand's top performing stock in the NZX 50 over last 12 months.

It is going to be a very hard act to follow. All I can do is assure you that you have a focussed Management team that is not going to rest on its laurels.

THANK YOU.

Now I would like you to view this short video on KidsCan and hopefully get an appreciation for the assistance being provided to a cohort of young New Zealanders who we want to ensure get to make a valuable contribution to this country's future.

Better energy

MERIDIAN ENERGY LIMITED 2014 ANNUAL SHAREHOLDER MEETING



meridian



2014 annual shareholder meeting

- Introduction
- Welcome
- This meeting
- Introduction of the Board



Sequence of the meeting

- Chairman's address
- Chief Executive's review
- Questions relating to the management and operations of the company
- Resolutions and questions relating to the resolutions
- Close of the meeting
- Afternoon tea



Meeting procedure, process and voting

- Instalment Receipt holders do not have the right to exercise votes in person at the meeting
- Eligible Instalment Receipt holders were entitled to instruct the relevant Trustee as to the manner in which votes on the underlying Shares were to be exercised on a poll
- The Trustees will only exercise votes today in accordance with instructions they have received from eligible Instalment Receipt holders



Resolutions and results of voting

- Re-election of Mary Devine
- Re-election of Stephen Reindler
- Re-election of Chris Moller
- Results will be advised to New Zealand and Australian stock exchanges later today



Chairman's address



Highlights

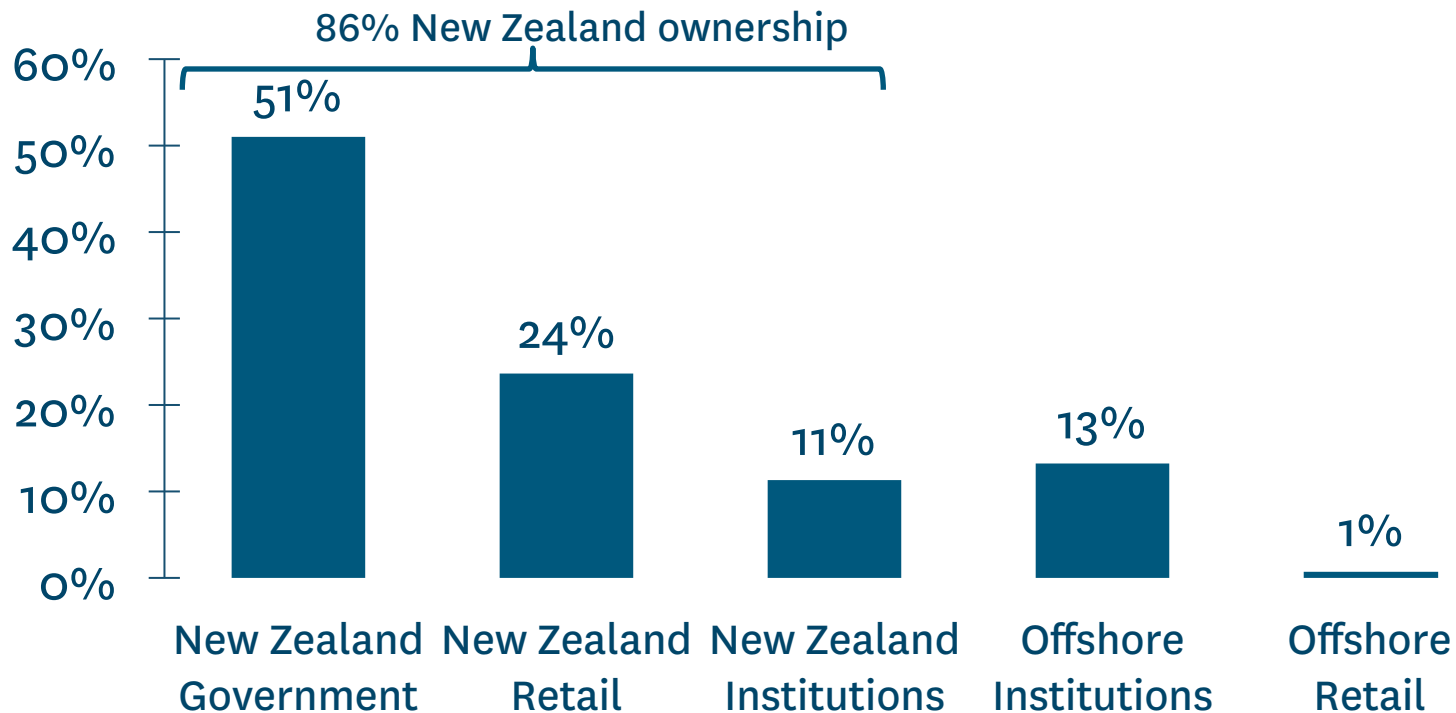


Highlights



Highlights

MERIDIAN OWNERSHIP



Highlights

2014 financial performance

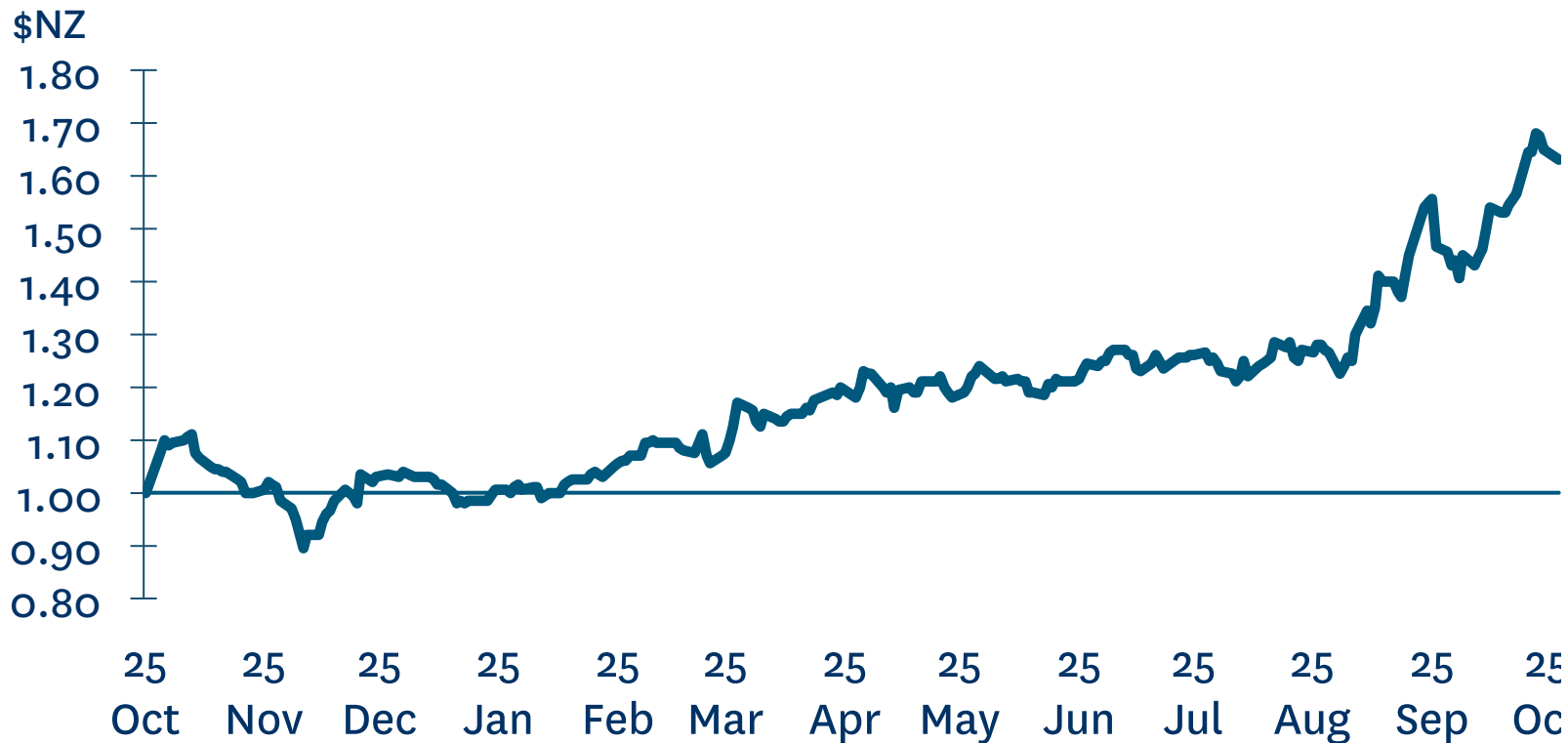
13.01 cents per share
Total dividend
24% higher than prospectus

\$433m
Operating cash flow
4% higher than last year

6.7%
EBITDAF ahead of prospectus

Highlights

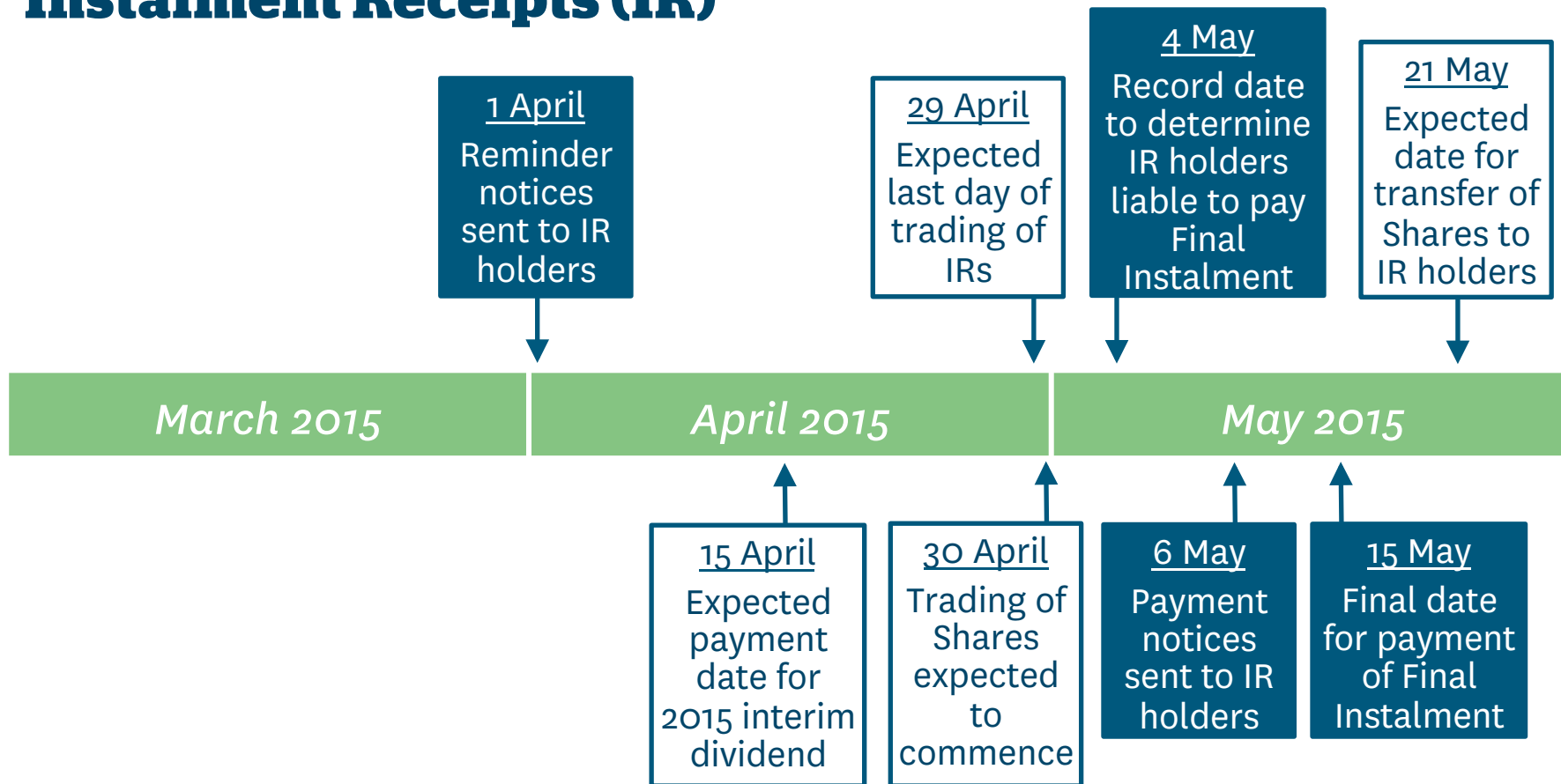
MERIDIAN'S INSTALMENT RECEIPT PRICE



Source: NZX

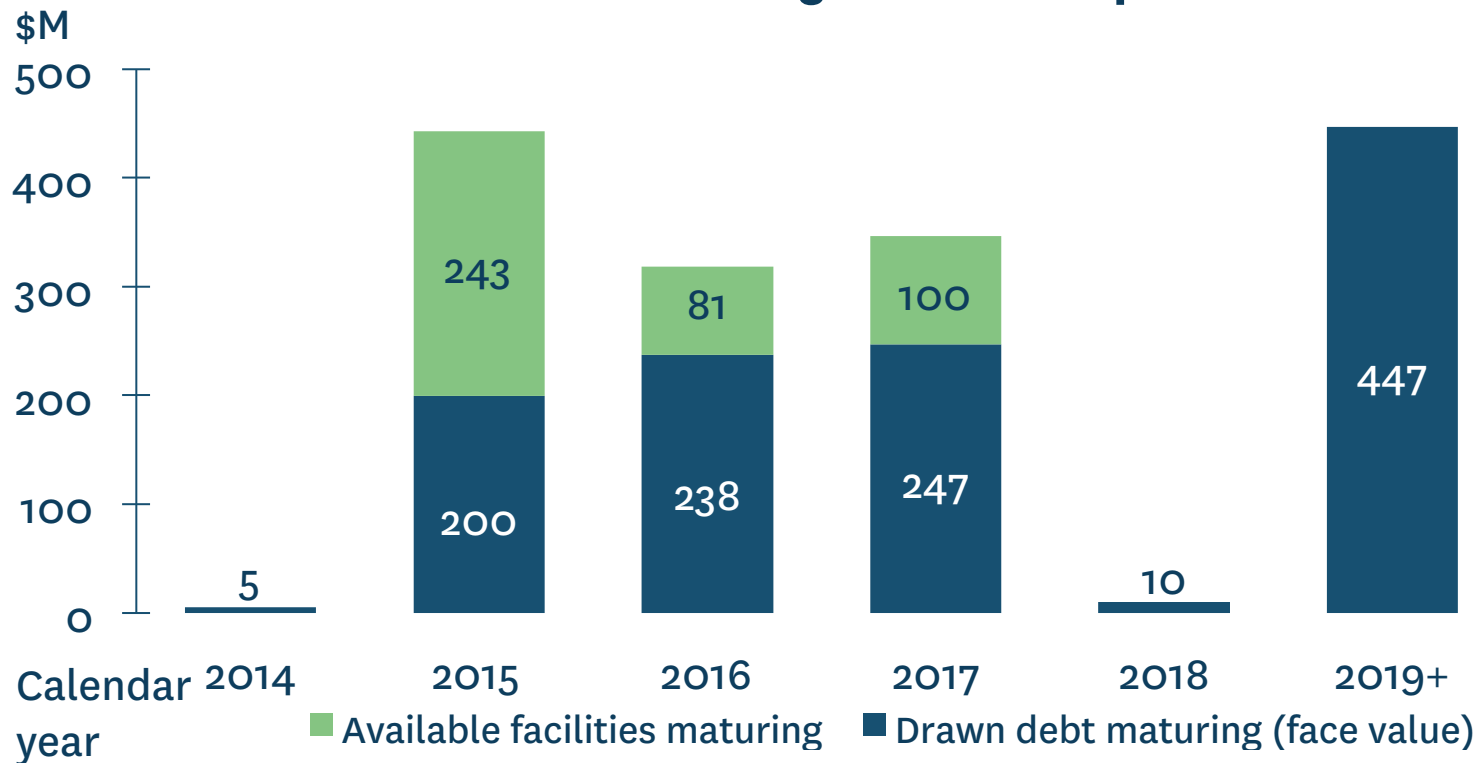
29 October 2014

Instalment Receipts (IR)



Capital management

DEBT MATURITY PROFILE AS AT 30 JUNE 2014



Source: Meridian

29 October 2014

Health and safety



Health and safety

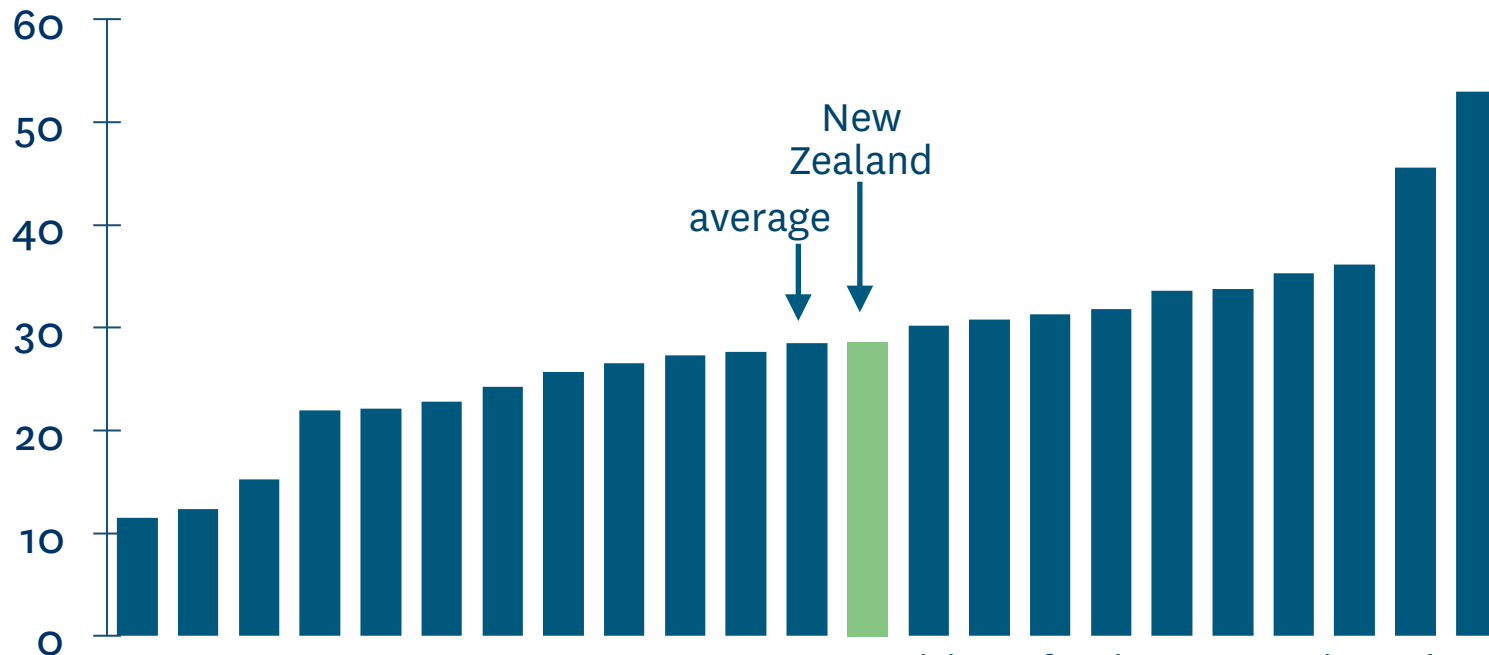


Power pricing

OECD RESIDENTIAL ELECTRICITY PRICES

Real NZ c/KWh

2011 dollars



Source: Ministry of Business, Innovation and Employment

Regulatory environment

“Electricity market extremely competitive”

“Buyer beware the Meridian float”

“Meridian Energy hits at new post float low”

“Energy stocks soar after election result”

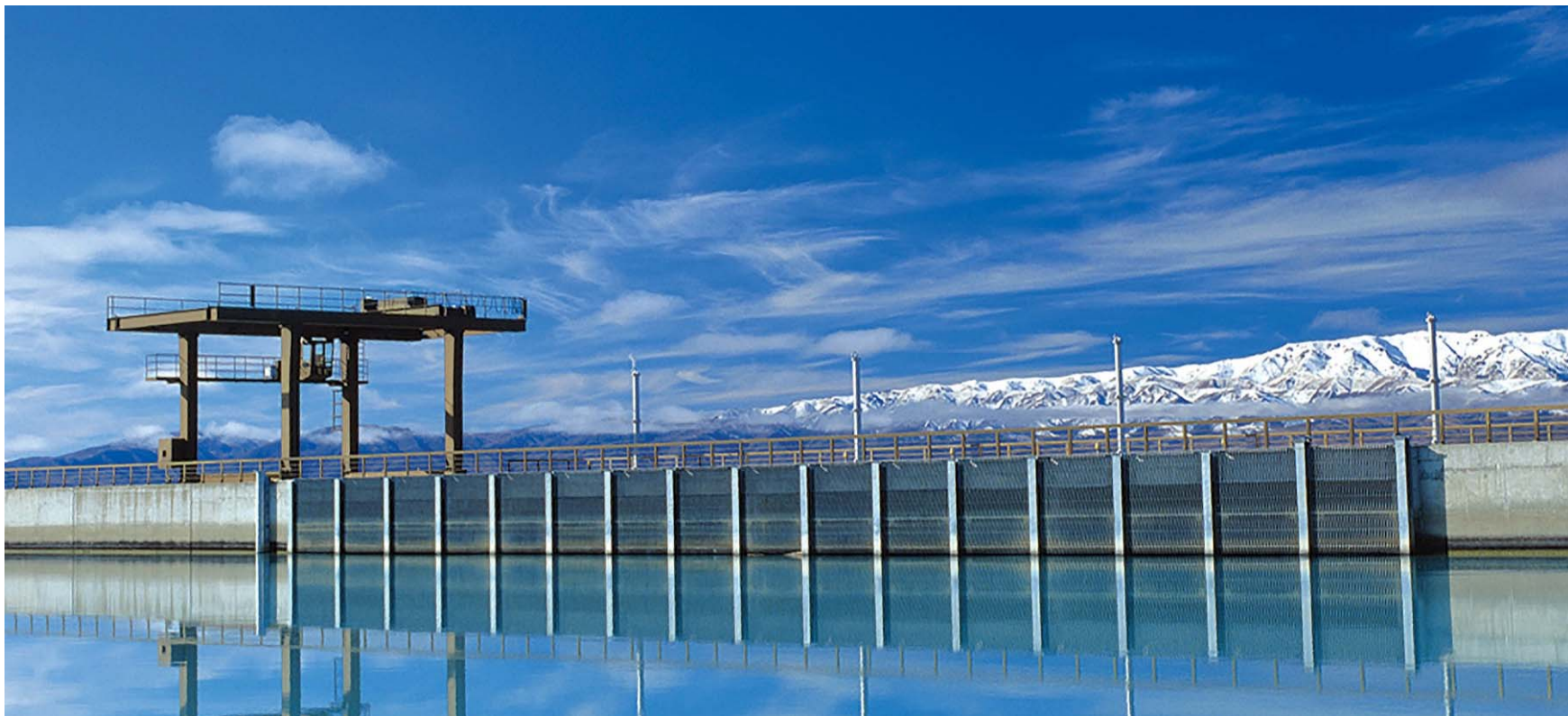
Regulatory environment



Regulatory environment



Conclusion



Chief Executive's review



Sustainability framework



Water stewardship



Engaged communities



Renewable energy



Working sustainably



Energy solutions



Financial return

Financial return



Financial return

OPERATING EARNINGS (EBITDAF)

\$M



2013 actual

2014 actual

2014 prospectus
forecast

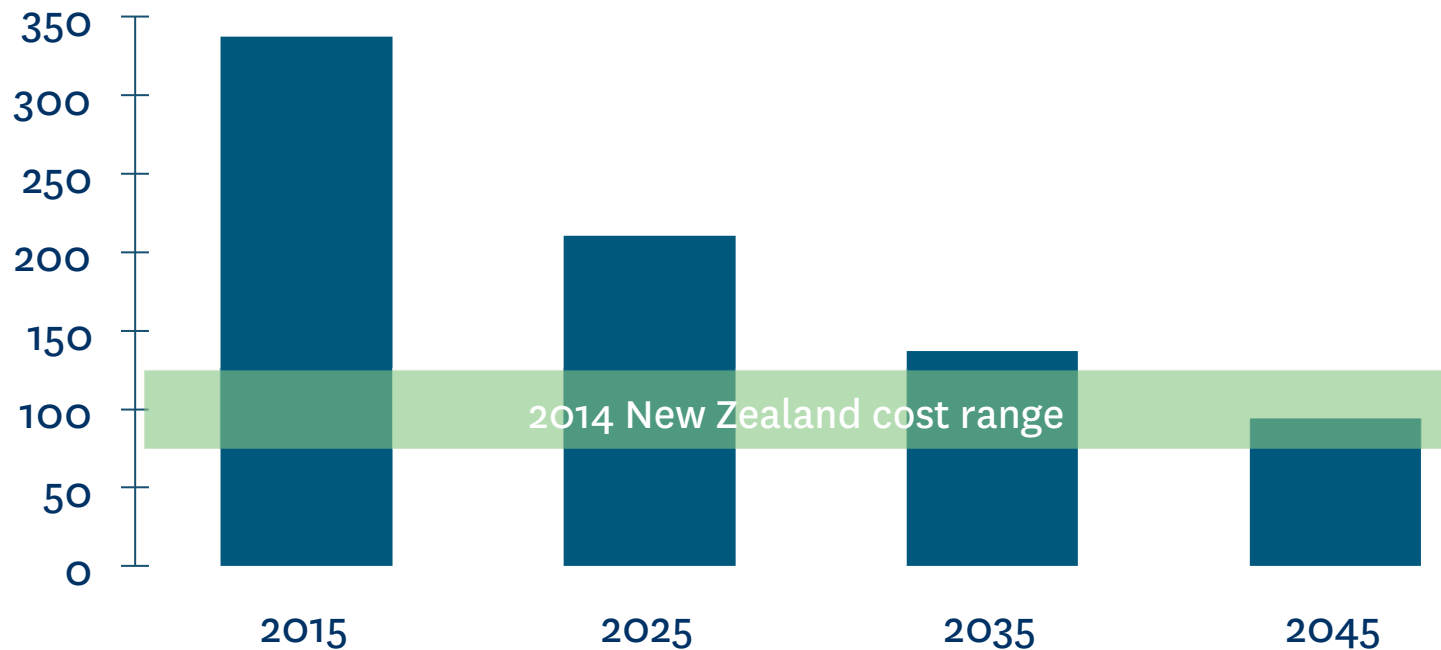
Renewable energy



Renewable energy

NEW ZEALAND GRID SCALE SOLAR COSTS

\$NZ/MWh

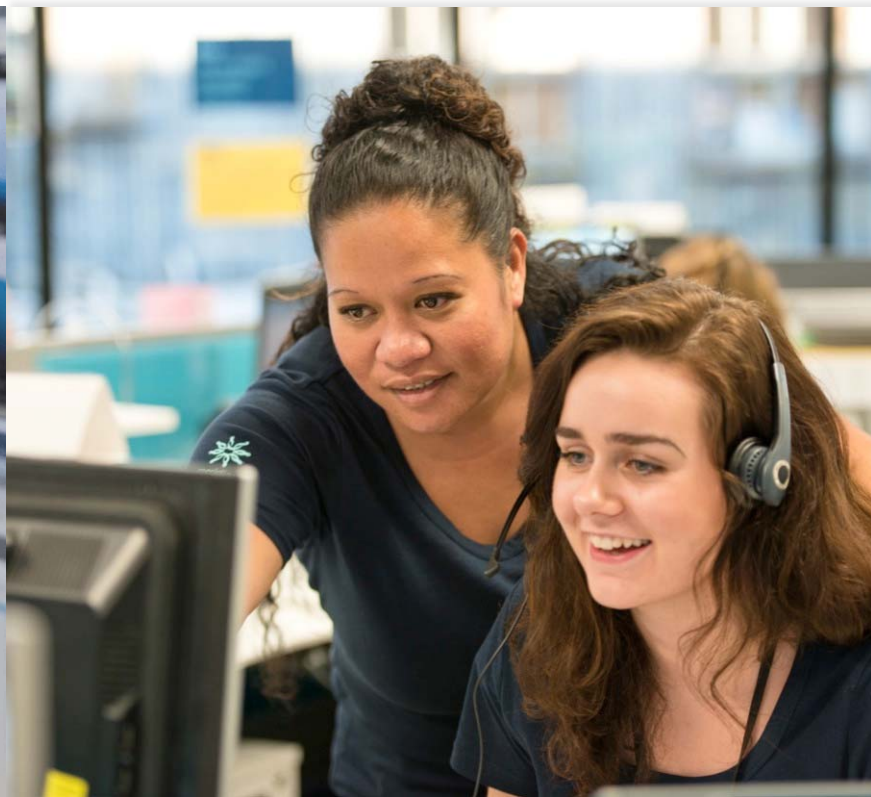


Source: IEA, Meridian estimates

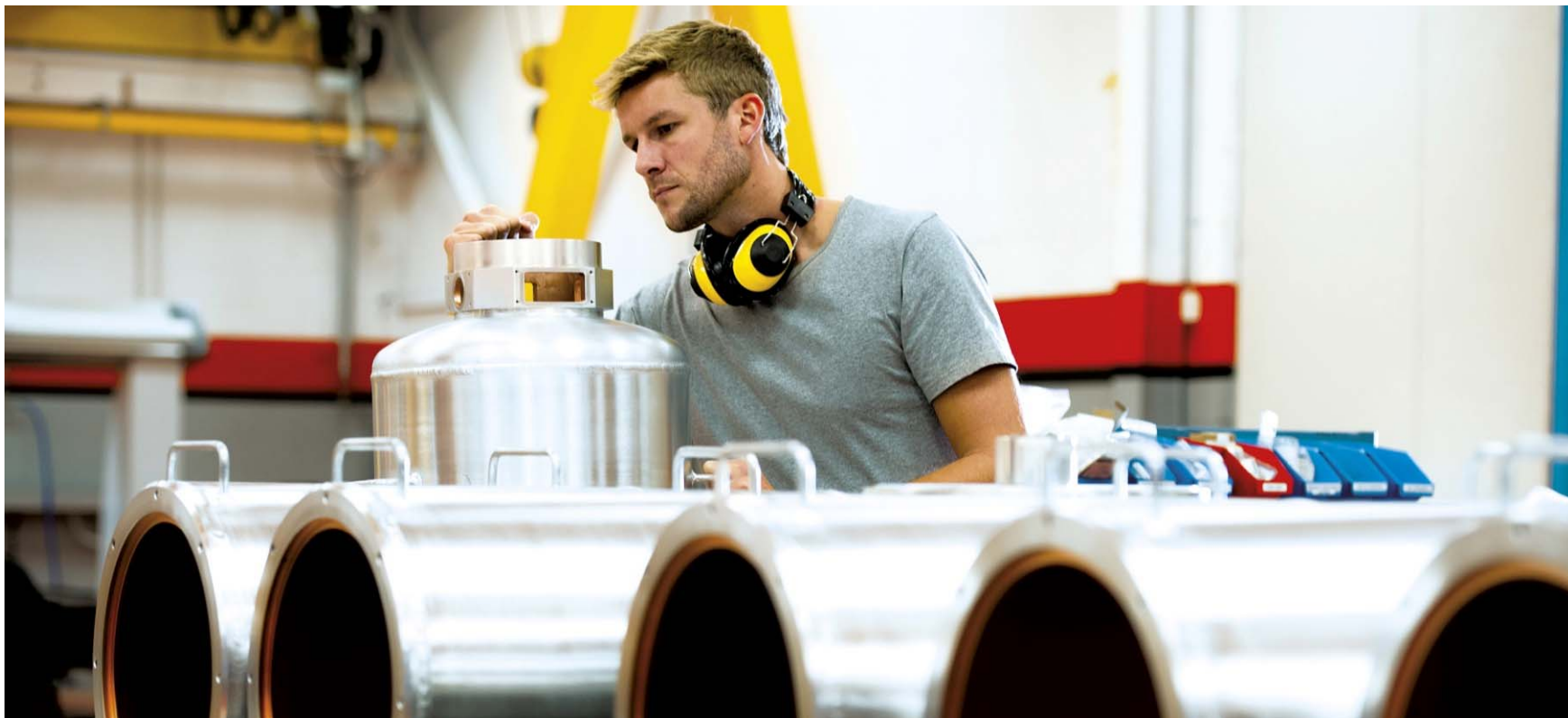
Water stewardship



Working sustainably



Energy solutions



Engaged communities



Future financial sustainability



Future financial sustainability



Future financial sustainability



General questions



Written questions received

- CEO key performance indicators (KPI's)
- Electric vehicles
- Waitaki river flows

Formal resolutions



Resolution 1: Re-election of Chris Moller

- That Chris Moller, who retires by rotation and is eligible for re-election, be re-elected as a director of the Company

Resolution 2: Re-election of Mary Devine

- That Mary Devine, who retires by rotation and is eligible for re-election, be re-elected as a director of the Company

Resolution 3: Re-election of Stephen Reindler

- That Stephen Reindler, who retires by rotation and is eligible for re-election, be re-elected as a director of the Company

Closing



Disclaimer

The information in this presentation was prepared by Meridian Energy with due care and attention. However, the information is supplied in summary form and is therefore not necessarily complete, and no representation is made as to the accuracy, completeness or reliability of the information. In addition, neither the company nor any of its directors, employees, shareholders nor any other person shall have liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

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The information contained in this presentation should be considered in conjunction with the audited consolidated financial statements for the year ended 30 June 2014, which are available at:

<http://www.meridianenergy.co.nz/investors/reports-and-presentations/annual-reports/>

All currency amounts are in New Zealand dollars unless stated otherwise.



meridian

News Release

Stock exchange listings: NZX (MELCA) ASX (MEZCA)

Building on a strong year

29 October, 2014

Meridian celebrated a year of milestones at its Annual Shareholder Meeting in Wellington today, including posting the highest total shareholder return of all companies on the New Zealand stock exchange NZX50 in its first year as a listed company.

Delivering on its commitment to investors, Meridian declared total dividends 24.3% ahead of prospectus forecast in the year to June 2014.

Following on from the pleasing 2014 financial year, Meridian has made a solid start to the 2015 financial year.

Despite mixed inflows in the first quarter of the 2015 financial year, Meridian has increased generation by 13.9% compared to the same quarter last year.

"The competitive market in New Zealand had a slight impact on customer numbers during the quarter, however retail sales volumes were 1.3% higher than the same quarter last year," says Meridian Energy Chief Executive Mark Binns.

"In Australia, where we launched Powershop last year, we are still experiencing steady growth," says Mr Binns.

Meridian is preparing to launch a pilot of its smart meter roll out next month, with the target of 130,000 smart meter installations by June 2017, which will provide customers with the ability to better manage and monitor their electricity usage.

For media queries, please contact:

Paul Clearwater
External Communications
027 282 0016

For Investor Relations queries, please contact:

Owen Hackston
Investor Relations Manager
021 246 4772

Important Notice for Investors: The securities of Meridian Energy Limited are represented by Instalment Receipts. Each Instalment Receipt carries a liability to pay a further instalment of NZ\$0.50 on 15 May 2015. When investors acquire the Instalment Receipts they assume the liability to pay the Final Instalment. It is the investor's responsibility to ensure that if they are on the register when the liability for the instalment arises, they can afford to pay the instalment. If an investor has a liability and does not pay the instalment, the Trustee can take action to recover the amount owing including costs and expenses.

Meridian Energy Limited (ARBN 151 800 396) A company incorporated in New Zealand 33 Customhouse Quay, PO Box 10840, Wellington 6143

www.meridian.co.nz