

ANNUAL PUBLIC MEETING 2011

TALKING POINTS

SLIDE 1: HOLDING SLIDE ON ENTRY

SLIDE 2: COVER SLIDE: JOAN WITHERS

SLIDE 3: WELCOME

CHAIR

Welcome and thank you all for joining us today.

I'm Joan Withers, Chair of Mighty River Power. Alongside me today is Chief Executive, Doug Heffernan and members of the Mighty River Power Board.

This is our first APM in Auckland and we are delighted to see so many of you here taking an interest in our company.

The year in review which ended on 30 June 2011 was a great year for Mighty River Power...a year where we not only delivered a very strong and creditable financial performance but also further progressed our strategic imperatives. The results demonstrate the strength and resilience of the company. They also reinforce the fact that this outcome has been built on a platform of a decade's worth of work which has progressively unlocked the Company's growth potential.

The format for today is that both Doug and I will present, and during my part of the presentation I will spend some time looking at those results for 2011 - Doug will then take you through our operational performance and some of the highlights of the year, along with providing a business overview, showing the key elements that drive the Company...

I will then talk about our earnings guidance for FY2012 and outline our focus for the future.

We'll take questions at the end and then we hope you will be able to stay and join us for some light refreshments but before we get into the presentation, there are a few housekeeping items to point out...

Fire exits

Facilities

SLIDE 4: A YEAR OF QUALITY AND FOCUS

This is a Company that any Chairperson would be proud to work for and that was certainly my sentiment when I assumed the role a little over two years ago...

As I said before, this year's result has been built from over a decade's worth of strong, consistent strategic focus and executional excellence and the Company has gone from strength to strength during the eleven year period since its inception.

Mighty River Power's track record of domestic growth and performance stands up against this country's very best commercial entities... it has delivered consistently good returns and growth in shareholder value

This success stems from a clear strategy, efficient use of capital, and a knowledge of, and focus on our competitive strengths

The evolution of the company over the past 11 years or so and the focus on renewable generation with a large and expanding geothermal component is what makes this company different from its competitors

Geothermal is a strength for Mighty River Power and we're leveraging our capabilities in this field to provide additional strength and security for New Zealand. We are creating a positive change for the Country's energy mix...and to an extent displacing fossil fuels in New Zealand's energy fuel portfolio... and we have in the past couple of years focused some attention on international opportunities to deliver similar benefits globally.

SLIDE 5: FINANCIAL HIGHLIGHTS

The release of our financial results, which are detailed in the Annual Report tabled in Parliament today, highlight the success of the year in review, but you can see the summary here...

- Energy margin up 22% driven by full year impact of Nga Awa Purua and strong sales portfolio performance
- EBITDAF up 35% to \$443.1 million
- NPAT up 50% to \$127.1 million
- Underlying earnings up 16% (\$22.6m) to \$162.2 million reflecting good cost control but higher interest costs (up \$40m) due to more debt
- Total Shareholder Return (TSR) of 11.4% included dividends and asset revaluations of \$412m

- Operating cash flow up 47% to \$292.8 million

Between 2007 and 2011, total shareholder returns grew about 86% - averaging more than 15% compound growth through a combination of increases the commercial valuation of the company and dividends paid to our shareholder. Our analysis based on published information indicates the company has outperformed our listed company peers over this period.

In 2011 we paid our shareholder total dividends of \$110.4million, up 28% on 2010.

SLIDE 6: STRONG PERFORMANCE

This slide comes directly from our Annual Report and shows that Mighty River Power is genuinely one of New Zealand's great corporate success stories. The graphs illustrate the significant improvement in the business across a number of measures.

EBITDAF is one of our key financial metrics and when you analyse the EBITDAF improvement over the longer term, the Company has achieved compound growth over 5 years of 7.8%pa.

Successful debt-refinancing – including a US private placement during the year means our average debt maturity extended from 5.4 to 6.4 years...this and the strong performance delivery contributed to the reinstatement of the S&P's BBB+/stable rating in early 2011, following a period from May 2010 when we were on negative watch.

So what are the key elements driving Mighty River Power's success...

SLIDE 7: STRONG, HEALTHY RETAIL BASE

Firstly, looking to the sales side, we have a strong national retail business, with a 20% share of the Country's retail electricity market across our brands; Mercury Energy, Bosco Connect and Tiny Mighty Power

After being named a finalist in 2010, we were very proud that Mercury Energy was awarded Energy Retailer of the Year 2011 at the Deloitte/Energy News Energy Excellence Awards in August... that award is testament to the strong team and overall performance of the brand

SLIDE 8: LARGE AND FLEXIBLE GENERATION PORTFOLIO

Secondly, over the past decade, we've built a flexible and diverse generation portfolio and we now have the capacity to produce more than 8,000GWh per year – which would represent 20% of New Zealand's total electricity

96% of Mighty River Power's generation came from renewable sources in 2011 – hydro and geothermal

Our core hydro operations on the Waikato River produce on average 4,000GWh, and we also have 2,200GWh of base-load geothermal production, and of course we have support from our flexible multi-unit gas fired plant here in Auckland... so that means we are able to respond to opportunities on the wholesale market and manage electricity portfolio risk

SLIDE 9: RARE COMPETENCIES IN GLOBAL NICHE

We've grown and diversified our generation portfolio in New Zealand faster than any other company in the sector over the past decade, and are now ranked among the top 10 geothermal companies in the world

Our commitment to the \$466 million Ngatamariki geothermal project has underpinned this phase of our domestic geothermal development and will bring geothermal to over 40% of our domestic portfolio mix.

Mighty River Power is actively leveraging rare expertise and experience to tap international opportunities, which are not constrained by domestic demand

Doug will expand on some of those projects further but to date we have committed US\$250 million to offshore projects across eight reservoirs in 3 countries: US, Chile and Germany with US\$160m deployed at 30 June, and full deployment expected in the first quarter of 2012. Our current commitment to the GGE Fund is comparable to the scale of a single domestic geothermal development and represents less than 10% of our balance sheet.

SLIDE 10: ENDURING COMMERCIAL PARTNERSHIPS

A cornerstone to our performance is the support - both from and to - our operating communities and the relationships fostered with our stakeholders

Our commercial partnerships with Maori landowners have aligned economic, environmental, social and cultural interests, with the strength of our earnings and value of physical assets coming from intergenerational management of natural resources

Our engagement with communities encompasses our involvement with community and social agencies to provide direct assistance to our customers, to our ongoing support to the Starship Children's hospital through the Mercury Energy Star Supporters Club, and our long-standing partnership with NZ Rowing and the World Rowing Championships

SLIDE 11: STRENGTH AND GROWTH

So, as I said at the beginning, Mighty River Power's results for 2011 demonstrate the value of a clear, decade-long, strategy.

You'll hear from Doug and see in our Annual Report, that Geothermal has been a 'game-changer' for the company - as part of a strategic commitment to investment in new base-load generation in New Zealand... and to harness the niche opportunities offshore

The focus on strengthening and growing our earnings base has seen an asset value uplift during the year of \$412m

Alongside that, the expansion over the last couple of years in scale and quality of our retail sales base ahead of generation capacity coming to market has resulted in the strong operational performance we see today, and the strengthened earnings base

I'll hand over to Doug now to provide the insight into our key performance indicators and the outlook for 2012

SLIDE 12: COVER SLIDE – DOUG HEFFERNAN**CHIEF EXECUTIVE**

Thanks, Joan

SLIDE 13: PERFORMANCE HIGHLIGHTS

As you've heard from Joan, 2011 was a great year for Mighty River Power.

A highlight for the Company has to be the Deloitte / Energy News Energy Excellence Awards...Not only was Mercury Energy named retailer of the year, but Mighty River Power was the only company to be named a finalist in the two primary categories for the second year running; including Overall Energy Company, which we won in 2010

I'll go into further detail as we progress, but the overarching successes have been...

Record electricity generation... assisted by above average hydro conditions, but the stand out was the 96.5% availability of Nga Awa Purua – world leading achievement in its first full year after commissioning.

We held onto our 20% retail market share... despite intensive competition in the market – further fuelled by government funded initiatives such as the 'What's My Number' campaign. We saw a 1.5% increase in residential sales volumes as a result of our strategy since 2009 to build a nationwide retail base, attracting higher volume customers to the south of our traditional Auckland base.

As Joan touched on, the Company's domestic investment growth has continued with the commitment of up to \$466 million to the new geothermal plant at Ngatamariki... due to be commissioned in mid-2013

Our geothermal expertise is a great strength for the company, putting Mighty River Power – and New Zealand geothermal development – on the world stage. We've deployed US\$160 million of the total US\$250 million to projects across 8 reservoirs in the US, Chile and Germany... the first of which, Hudson Ranch Power 1 is due to come to market in 2012

To be named among the Top 10 global geothermal businesses opens up further opportunities, but brings a sense of pride to our company and our people.

SLIDE 14: VALUE FROM INTEGRATED PORTFOLIO

We achieved a record full year production as you can see from the right hand bar on the right hand graph..., with 96% of generation from renewable resources during the year... increases of 17% from hydro, and geothermal up 40%... Gas generation was down 45% and the decline and elimination of the tiny red bar, "Other", reflects the disposal of our last non-core landfill plant in July 2010.

Geothermal now accounts for nearly a third of our total generation production after steep increases over the last 4 years and will rise to 40% following the commissioning of Ngatamariki

While Geothermal was a 'game changer' for Company, the conversion and expansion of Southdown to a multi unit gas station 4 years ago and the strategic expansion of the scale and quality of our retail base ahead of new projects coming to market, were integral links in the Company's growth path

Since 2000, we've added 2,200 GWh of base-load geothermal generation to our portfolio; more than \$1 billion of investment.

Our residential customer base has grown since 2007 as you can see from the blue bars on the left hand graph through targeted expansion into new territories – mainly in the South Island, which I'll talk to more in the next slide. Alongside this, there's been a reduction in the last year of our small commercial base after very strong growth in the previous 2 years. Our volumes in the small commercial and residential market have grown by 22% over the last 4 years ... faster and larger than we anticipated.

SLIDE 15: RETAIL PERFORMANCE

During 2011, we've seen competition in the retail market right across the country like never before.

To combat that competition, our focus has been on customer quality, engagement & retention, and product innovation – and while residential customer numbers have fallen, sales volumes have increased.

Mercury Energy's ground-breaking 3 year fixed price residential plan was an industry first, with more than 73,000 residential customers – predominantly higher consumption households - choosing to lock in their electricity pricing.

2011 has seen expansion into new territories – Bosco Connect has grown to more than 20,000 customers by expansion into the Wellington apartment market, and its subsidiary, Tiny Mighty Power was very successful moving into the Wairarapa, Marlborough, and North Canterbury...

Improved debt management has helped counteract industry wide upward pressure on operating costs from high market churn... GLO-BUG continues to be an important tool in managing customer debt...a risk that we were well positioned to successfully manage in advance of the Global Financial Crisis.

Metrix, our metering business, is ahead of schedule in the deployment of smart meters across the Auckland customer base with more than 260,000 smart meters deployed at 30 June.

This radio mesh based network is an important strategic platform in New Zealand's largest consumer market... and it offers significant potential to assist energy retailers in implementing new services for their customers.

SLIDE 16: DIVERSE GENERATION PORTFOLIO

Delivering record electricity generation in a year of flat national demand has lifted our generation market share to approximately 17.5%. The portfolio has over the last few years demonstrated the benefits of:

- Firstly Diversity; with the growth in base-load generation, there is an increase in the base earnings of the Company irrespective of market conditions which is a big change from our initial years of operation; and secondly
- Flexibility; the conversion and expansion of Southdown to a multi-unit station with flexible gas supply means it acts as a complement to our Waikato hydro system. In periods when we have good hydrology the station is not used very much, and conversely when hydro conditions are weak, or market prices are high, Southdown can be run flat out.

As an illustration, last year hydro produced just short of 4,400 GWh which is about 400 GWh above long run average. With low wholesale prices, Southdown was not used as much as in previous years, saving significantly on gas costs. Indeed, this was the lowest ever annual production from Southdown.

SLIDE 17: FLEXIBLE GENERATION PORTFOLIO

Now I want to help put some colour to those terms “flexibility” and “diversity” by spending some time demonstrating some specific examples using this graph.

- Geothermal (green) is virtually flat through the year apart from the inspection outage for Nga Awa Purua in September;
- Hydro (blue) peaked in September/October during heavy rainfall and full Taupo conditions, and was also high in May/June/July to supply winter demand;
- Southdown (grey) ran for extended periods in only 3 months – July, August to cover low storage conditions in Taupo (the yellow line) and in December in response to higher wholesale prices.

One of the real benefits of our portfolio is the ability to effectively manage wholesale market risks. We have been successful for many years in doing this which is a tribute not just to our people but to the nature of the assets we have. However, our ability to utilise these strengths depends on an effective wholesale market where there are a number of sellers (generators) and buyers (customers, retailers). In circumstances where the national grid capacity is severely restricted these market conditions collapse, and prices can be unilaterally determined by 1 or 2 players – clearly not what one would call an effective market.

On Saturday 26 March such conditions prevailed. Major transmission outages were scheduled to facilitate Transpower’s new transmission lines between the central North Island and Auckland. Only one generation company had sufficient capacity north of this constraint to ensure supply was maintained and through controlling the prices at which it offered different amounts of capacity at its 6 power plants at Huntly it created wholesale prices of \$20,000/MWh – 400 times average levels on 2011.

The Electricity Authority has determined this was an Undesirable Trading Situation and reset prices to \$3,000/MWh. We agree with the Electricity Authority decision. Their ruling is however currently subject to legal challenge.

We believe there is clear evidence to support the ruling, which sets an important precedent in terms of market behaviour – a sustainable and competitive electricity market must encourage and allow customers and retailers to effectively manage their risk exposure to the wholesale market. Such conditions do not prevail when the market is severely compromised by transmission retraction. Strong and effective regulations are essential to preserve well functioning markets and to ensure investor and market participant confidence.

SLIDE 18: GEOTHERMAL - A STRENGTH FOR NEW ZEALAND

In a story that is largely invisible to most New Zealanders, Ministry of Economic Development figures show Geothermal has overtaken coal as the number 3 fuel source for electricity generation, providing over 13% –three times the amount of generation from wind. The increase in geothermal from around 5% in the early 2000s is largely due to Mighty River Power's leadership of the geothermal renaissance in New Zealand over the last decade.

Our displacement of thermal generation has reduced emissions by displacing more than 1 million tonnes of CO₂e over the year... building on the gains in previous years as geothermal displaced coal.

SLIDE 19: DEVELOPMENT

Our development strategy over the last decade has focused on the significant opportunities for domestic generation growth and fuel diversification, resulting in over \$1 billion of capital expenditure in the last 5 to 6 years primarily in Kawerau and Nga Awa Purua. That investment has largely underpinned and driven our operational performance and financial results for 2011.

Our commitment to the 82 MW geothermal project at Ngatamariki is the last major domestic project under that strategy and will lift overall geothermal investment to \$1.5 billion.

Energy security margins in New Zealand are now at very healthy levels and with benign demand conditions we expect weaker conditions for new investments over the next few years. The market is still adjusting to the addition of efficient base load renewable plant and the introduction of increased gas flexibility. Retirement of older, less efficient fossil fuel plants is inevitable but until that occurs, and demand begins to grow, conditions for significant additional investment domestically will remain weak.

We do see the potential opportunity for some smaller scale geothermal developments and are actively working with existing and prospective partners with that intent....and after a lengthy process, resource consent has been granted for a wind development site at Turitea. Acknowledging the long lead times for such projects, we have lodged further application submissions for a development on the Puketoi Ranges and are advancing options for development at Cape Campbell in Marlborough

All three projects offer high quality wind generation potential to meet future growth in electricity demand. Our current assessment indicates these projects will be viable in the second half of this decade.

We'll look at the detail a little later, but significant progress has also been made on offshore geothermal projects through GeoGlobal Energy Fund.

SLIDE 20: DOMESTIC GROWTH – NGATAMARIKI

As I've previously stated, our commitment to Ngatamariki is an important milestone in our geothermal growth

The Ngatamariki steam field, is about 17km north of Taupo ... where site works have now commenced... a modern high technology drilling rig (the first of its kind in New Zealand) is now on site ... with plant commissioning targeted for mid 2013... and positive earnings contribution expected from FY2014.

SLIDE 21: INTERNATIONAL GROWTH – GLOBAL NICHE

There is increasing global interest in geothermal as the world awakens to the benefits that we here in New Zealand have long known about.... It is now regarded as the premium renewable because it runs continuously, not relying on backup sources, and is sustainable due to the modern techniques used to replenish and recharge the reservoirs through injection of the fluids after their use in the power stations.

Mighty River Power's geothermal experience and capabilities are rare – at the forefront of New Zealand's reputation as a global leader... as I mentioned earlier we are ranked among the top 10 geothermal companies in the world... a good example of where New Zealand companies can be leaders in small global niches.

This presents opportunities for growth through deployment of informed capital, which is significant for the Company given our strong expertise in what is a small market by global standards – some 0.3% of global electricity supply.

These opportunities allow Mighty River Power to leverage strategic capabilities and provide growth diversification to a development portfolio that is not dependent on a domestic demand recovery and the relatively high level of contestability for future generation projects in New Zealand.

SLIDE 22: GLOBAL GEOTHERMAL GROWTH OPPORTUNITY

The International market is growing much faster than the New Zealand electricity market – the global growth forecast for geothermal over the next 5 years alone equals the total existing capacity in the New Zealand market over the next 5 years.

This growth comes as countries seek expansion of their domestic generation from renewable sources, helped by Government incentives, consumer demand for green energy, and a push for greater energy independence (less importation of coal and gas).

Geothermal is, however, a complex business – its part science, part art... no two steam fields are exactly the same. For example, operating a plant on the Kawerau field is quite different to the Ngatamariki field because of the chemistry and nature of the geothermal resource.

This is why companies like Mighty River Power can create points of difference and why there are barriers to entry and economies of scale for specialised geothermal competencies and is a reason why we are now sought-after as a partner in international geothermal development.

What it also means is that a New Zealand company taking a global leadership in geothermal will create a long term demand for skilled people. These are high-value jobs and a good reason why we need to be encouraging more kids into science and engineering... linking these skills to capital will create opportunities for growth for our economy. In the past New Zealand has just been a supplier of skilled people, and a very good one, to the world, but the returns to New Zealand have been limited... our strategy is to leverage those skills with equity capital.

SLIDE 23: INTERNATIONAL GEOTHERMAL INVESTMENT

Our international investment decisions reflect a carefully risk assessed and prudent approach to opportunities... we've targeted markets where demand is not a limitation... where resources are as good or better than in New Zealand... where greater domestic fuel security using indigenous resources is a consideration...and where there are strong incentives to displace fossil and nuclear fuel ...

We've entered into projects that present lower risk and provide the potential for superior returns on capital than are available in New Zealand.

We have a very exciting time ahead in the US ... the first of our international projects – the 49.9 MW Hudson Ranch I project in the Imperial Valley in Southern California is owned by Energy Source in a co-investment by GGE with 2 private equity funds – is due to be commissioned in Q2 2012

The plant uses the same technology as Kawerau and Nga Awa Purua and Energy Source has already won two awards; *2010 Project Finance Magazine North American Geothermal Deal of the Year Award*, and the *2011 Geothermal Energy Association Environmental Stewardship Award*

Mighty River Power people have been involved in many aspects from the strategy formulation, through to project delivery... illustrating first-hand the leveraging of informed capital.

In southern Chile, at the Tolhuaca field, GGE has commenced production-scale, multi-well exploration drilling to confirm commerciality of resource in early 2012... further north at Puchuldiza, we're progressing with scientific analysis, permitting and land access arrangements and will be drilling there in early 2012.

Development opportunities are well advanced on the Weilheim prospect in Germany... 3D geophysical surveys have been conducted, with drilling expected to begin later in 2012

There are significant opportunities for further equity investment in each of markets where GGE operates

SLIDE 24: OUR PEOPLE

The continued commercial success of our business is underpinned by the capability and performance of our employees

We place emphasis and focus on increasing employee engagement across the Company...Building leadership capabilities and driving a high-performance culture...

Regular surveys help to target initiatives and strengthen culture and we've implemented a new performance management programme which will provide employees with clearer expectations and a recognised channel for effective performance based conversations

Health and Safety is an absolute priority... 2011 shows improved Health & Safety performance, particularly relating to contractors.... LTIFR down to 0.26, and TRIFR down to 1.06.

SLIDE 25: OUR COMMUNITY

Our business model is based around commercial partnerships and relationships with those who have direct and indirect interests in the wonderful natural resources New Zealand has available. These partnerships and the support of our communities are fundamental to our business value and values.

Our unique geothermal partnerships with Maori land trusts, have kaitiakitanga as a foundation, and it is incredibly important to them and us to protect the natural resource and deliver enhanced economic outcomes.

Our ongoing partnership with Rowing New Zealand helps to foster world-class rowing talent for this country. During the year we assisted to deliver the 2010 World Rowing Championships, working closely with organisers, not only as a sponsor, but also to ensure optimal water levels and flow conditions for the competition.

The Mercury Energy Star Supporters Club raised over \$550,000 for Starship Foundation... donations from our customers and the Company allowed The Starship Foundation to purchase much needed heart equipment and transport systems used in its air ambulance.

Our Mercury Energy Community Relations programme continues to go from strength to strength: we have built positive relationships within the community and with social agencies some of whom are here today so we can provide collaborative assistance to customers who at times struggle to manage their energy budget.

I'll now hand back to Joan who will advise on our earnings guidance for FY12 before we take questions.

SLIDE 26: FY2012 EARNINGS GUIDANCE**CHAIR**

Our operating earnings guidance for FY2012 measured at the level of EBITDAF (– Earnings before interest tax, amortisation, depreciation and financial instruments) is assessed to be in the range of \$430 million to \$450 million. This compares with operating earnings of \$443.1 million in FY2011. The FY11 result as you have heard was assisted by 10% higher than average hydro production. Normalising for average hydrology offsets an otherwise underlying earnings growth.

So to be clear, our guidance reflects our forward view of wholesale and retail markets, and normalised hydrology.

SLIDE 27: OUTLOOK AND FORECAST**CHAIR**

So to conclude we have entered 2012 with confidence and a number of opportunities ahead of us. The year will see a continued focus on our core business strengths and a determination to identify opportunities to deliver shareholder value benefits from our rare global position in geothermal

Mighty River Power is a company in great shape and good heart. We have a strong management team, excellent performance and ready to rise to the challenge of the many opportunities for growth in front of us.

I would like to take the opportunity to extend my thanks to Doug, his senior executive team and all our Mighty River Power staff for the fantastic job they have done during the year. I would also like to thank my fellow directors for their wisdom, support and extraordinary dedication to governing this company.

SLIDE 28: QUESTIONS**CHAIR**

On behalf of Mighty River Power, I'd like to thank everyone for taking the time to join us today and now open the floor to questions...