Quarterly operating result announcement
Meridian Energy Limited

Reporting Period Three month period ending 30 September 2011

FINANCIAL STATISTICS	3 months to 30 Sep 2011 current quarter	3 months to 30 Jun 2011 previous quarter	3 months to 30 Sep 2010 prior quarter comparative	12 months to 30 Jun 2011 prior year comparative
Underlying Return on Equity[1]	18.2%	18.5%	21.9%	18.5%
EBITDAF per MWh[2]	$52.8/MWh	$55.4/MWh	$54.5/MWh	$47.7/MWh
Gearing[3]	19.9%	19.3%	23.1%	19.3%
EBITDAF Interest Cover (# of times)[4]	6.1	5.9	6.5	5.9

OPERATING STATISTICS	3 months to 30 Sep 2011 current quarter	3 months to 30 Jun 2011 previous quarter	3 months to 31 Sep 2010 prior quarter comparative	12 months to 30 June 2011 prior year comparative
Generation (GWh)				
- Hydro generation	2,848	3,119	3,158	12,629
- Wind generation	331	295	228	1,023
Total NZ generation	**3,179**	**3,414**	**3,386**	**13,652**
Avg Price per MWh Generated	$82.96/MWh	$39.65/MWh	$46.24/MWh	$41.57/MWh
Retail				
- Meridian Retail ICP's	241,728	239,216	238,204	239,216
- Powershop ICP's	38,270	33,560	19,675	33,560
Total Retail ICP's[5]	**279,998**	**272,776**	**257,879**	**272,776**
Powershop Contract Sales (GWh)	120	86	66	267
Meridian Contract Electricity Sales[6] (GWh)	1,490	1,329	1,505	5,807
Meridian Spot Electricity Sales (GWh)	428	451	466	1,796
Avg Electricity Purchase Price	$90.84/MWh	$44.77/MWh	$49.79/MWh	$51.65/MWh

[1] Using Underlying Profit/(Loss) after Tax – calculated as profit after tax excluding earnings from unrealised fair value movements on financial instruments and other one-off items net of tax. This return is calculated on a rolling 12 month basis.
[2] EBITDAF (earnings before interest, taxation, depreciation, amortisation and financial instruments) divided by generation volumes.
[3] Gearing calculated as Net Debt / (Net Debt+Equity).
[4] Calculated on a rolling 12 month basis.
[5] Excluding vacant ICP's.
[6] Retail sales exclude volumes sold to RTA Power (NZ) Ltd.

Operating Commentary

This quarter's operating conditions were notable for 12 weeks of below average inflows into the Waitaki catchment. Waitaki catchments inflows (including Lake Tekapo) were 87% of mean during the quarter compared with 113% in the same quarter last year. Waitaki storage fell 1,020GWh over the quarter to 876GWh which is 81% of the historic mean and 659GWh lower than the same quarter last year.

Meridian's generation volumes decreased from the previous quarter, reflecting more prudent management of lower inflows and the 1 June 2011 sale of the Tekapo assets to Genesis Energy.

Average wholesale prices rose during the quarter to be significantly higher than previous quarters as the result of more conservative water use by South Island hydro generators in response to lower inflows and increased thermal generation. Meridian's net contract position has increased to 88.0% by the end of the quarter, largely reflecting the prevailing dry conditions.

Retail competition remains intense, with monthly market ICP churn continuing at high levels before moderating slightly in September. Meridian's total ICP numbers increased by 7,222 during the quarter, with continued growth in Powershop and Meridian Retail North Island connections and further declines in South Island ICP's.

During the quarter price rises for Meridian's Christchurch residential customers were notified, the first in 2.5 years. While new pricing represents an average increase of 4.8%, Meridian's retail offerings remains very competitive.

In the first week of October, the Board of Meridian Energy was pleased to announce the appointment of Mark Binns as the company's new Chief Executive.

Outlook

We expect challenging wholesale conditions to continue with lower than average inflows since the quarter end coupled with a number of planned transmission outages and overlapping thermal outages.

High retail churn levels are expected to continue and while Meridian has achieved positive ICP growth during the quarter, we expect competition to remain intense.

The conditions experienced during the quarter have placed some pressure on our key SCI financial performance targets, with modelling suggesting a reduced probability of meeting plan. A favourable change in hydrology conditions will improve this outlook, assuming no material impacts from transmission constraints.