NZX: MRP	**ASX:** MYT

Mighty River Power announces share buyback programme

Mighty River Power has today announced that it will begin an on-market share buyback programme to purchase up to $50 million worth of shares as part of its capital management plans – reflecting the Board's view that the purchase of its own shares is in the best interests of the Company and its shareholders.

Mighty River Power Chair, Joan Withers, said the Board believed that the buyback, representing less than 2% of the Company's shares, was a prudent use of capital.

The purchase of up to 25 million ordinary shares may occur from 15 October 2013 and may continue until 14 October 2014[1].

"One of the Board's priorities as a listed company is maintaining an ongoing review of capital management as Mighty River Power transitions out of a period that involved significant capital investment.

"The Board's view is that a purchase of our shares, at this time and at current market prices, provides a return above the Company's cost of capital and will be value-enhancing for our shareholders. It is also preferable at this point in time to the other tools we have available to us such as a special dividend or a change in dividend policy."

Mrs Withers said the Board had taken into account the Company's out-performance against the FY2013 IPO forecast and the approximately $100 million lower than forecast capital expenditure in FY2013, which resulted in a stronger than expected year-end balance sheet, and the lower capital expenditure now planned for FY2014.

"We will be continuing to monitor capital management, taking into account the cash flows from our new Ngatamariki geothermal station and the Board's commitment to maintain the Company's current credit rating. Currently our dividend policy and IPO forecast provide for a 1 cent per share (8.3%) increase in fully imputed dividend from FY2013 to FY2014 to 13[2] cents per share (representing 71% of Free Cash Flow[3] and a gross dividend yield of 8.2% at market close 9 October 2013)."

Mighty River Power is forecasting an interim dividend of $72.8 million which equates to 5.2[2] cents per share to be paid in March 2014.

[1] Ordinary shares bought back will not be cancelled and will be held by the Company (as treasury stock).
[2] Dividend payment in cents per share based on the number of ordinary shares currently on issue of 1,400,000,094.
[3] **Free Cash Flow** is net cash provided by operating activities less re-investment capital expenditure (including accrued costs). Free Cash Flow is used by the Company as a measure of the level of cash available for debt repayments, growth capital expenditure and dividends.

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Mighty River Power is one of New Zealand's largest electricity companies – with its core business based on reliable, low fuel-cost electricity generation complemented by sales to homes and businesses.

The Company generates about 17% of New Zealand's electricity. It operates the nine hydro stations on the Waikato River, five geothermal power stations in the Central North Island and a multi-unit gas-fired station in Auckland. More than 90% of its electricity production is from renewable sources. Mighty River Power sells electricity through multiple channels and retail brands, including Mercury Energy, GLO-BUG, Bosco Connect and Tiny Mighty Power. Mighty River Power's metering business, Metrix, provides electricity retailers with advanced metering infrastructure solutions for their residential and commercial customers.

Mighty River Power is one of the world's largest geothermal power station owners, and has a successful track record in geothermal development, investing more than $1.4 billion in geothermal development since FY2006. The Company is applying this capability and experience – gained through domestic geothermal exploration, development, construction and operations – to invest in international growth opportunities.