

Monthly Operating Report

June 2015



meridian



June Highlights



In the month to 13 July 2015, national hydro storage increased from 103% to 111% of historical average

South Island storage now sits at 113% of average and North Island storage at 105% of average

Meridian's June 2015 monthly inflows were 157% of historical average

Meridian's Waitaki catchment storage increased from 101% to 109% of historical average by the end of June 2015

National electricity demand in June 2015 was 3.3% higher than the same month last year

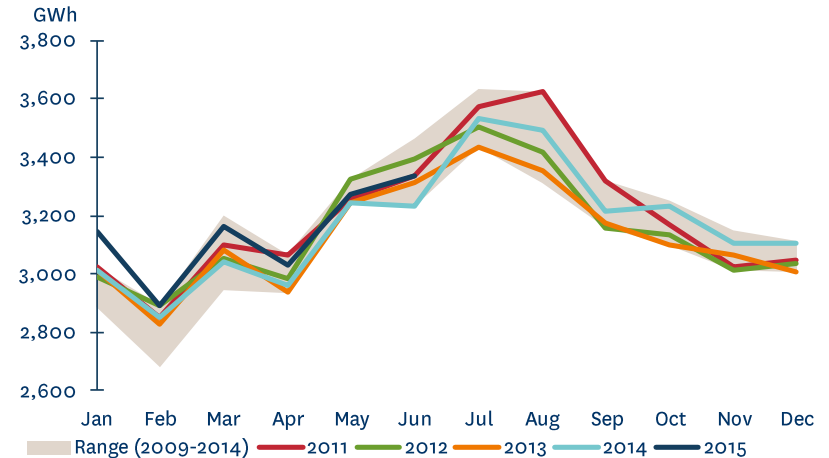
Demand in the last 12 months is 2.8% higher than the preceding 12 months

Inland Revenue has reached a final decision on tax treatment of hydro powerhouse structures. This will have a positive impact on Meridian's 2015 Net Profit after Tax, reversing previous years' impacts. The decision does not materially affect Meridian's 2015 cash flow position.

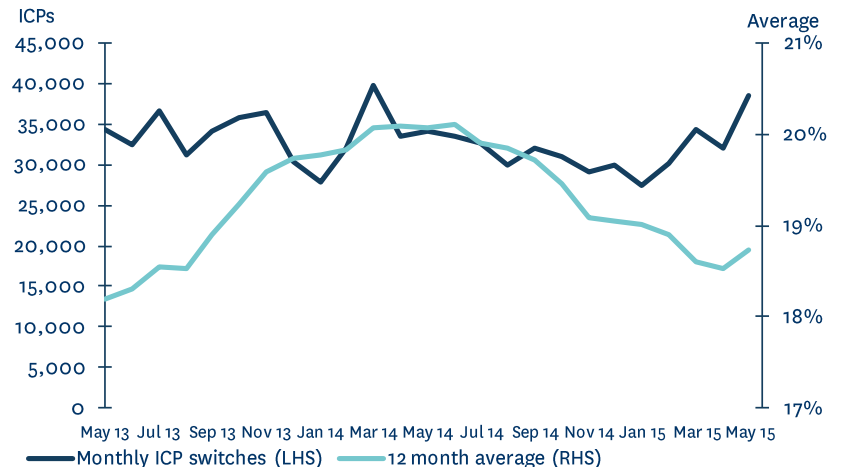
Market Data

- National electricity demand in June 2015 was 3.3% higher than the same month last year
- Demand in the 2015 calendar year is showing 2.7% growth compared with the same six month period last year
- Demand in the last 12 months is 2.8% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load during June 2015 was slightly above the 572MW base quantity of the NZAS agreement
- The number of switches for all retailers in May 2015 was 19.7% higher than the previous month and 12.9% higher than May 2014
- The 12 month average switching rate for all retailers was 18.7% at the end of May 2015

NATIONAL DEMAND

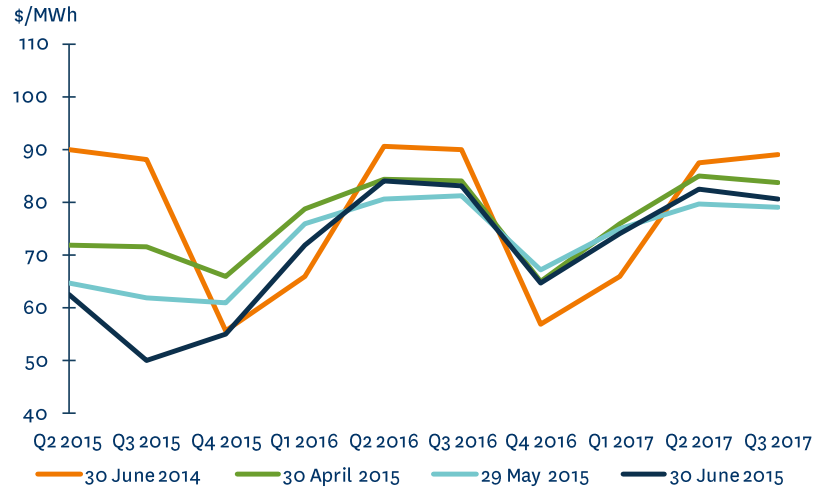


MARKET ICP SWITCHING (ALL RETAILERS)

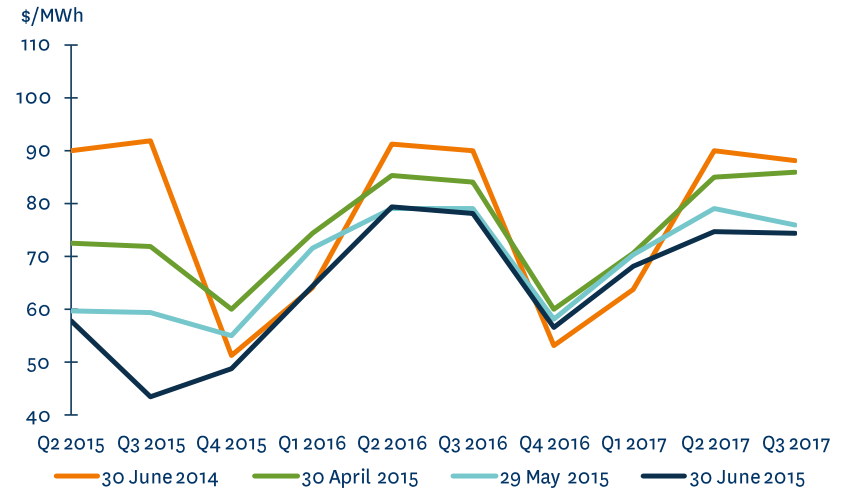


Market Data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

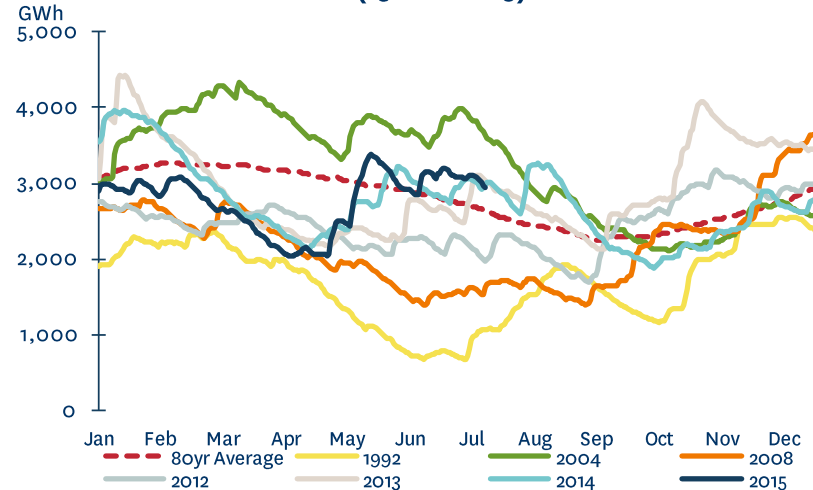


BENMORE ASX FUTURES SETTLEMENT PRICE



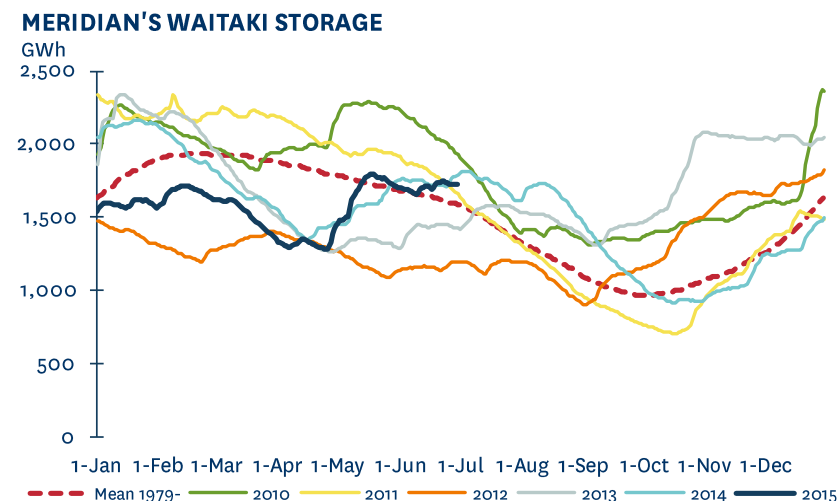
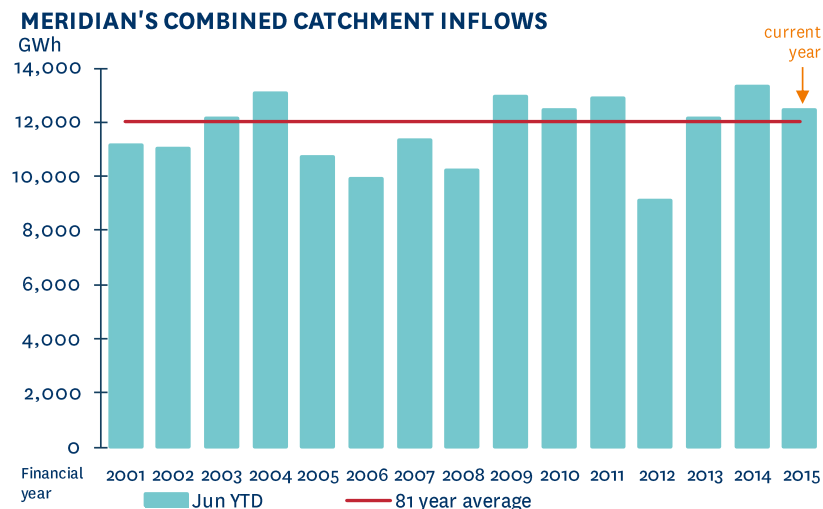
- June 2015 saw decreases in near-term ASX futures prices with higher national hydro storage
- National storage increased from 103% of the 80 year average on 10 June 2015 to 111% of average by 13 July 2015
- South Island storage increased to 113% of historical average by 13 July 2015. North Island storage decreased to 105% of average

NATIONAL HYDRO STORAGE (13 JULY 2015)



Meridian Operating Information

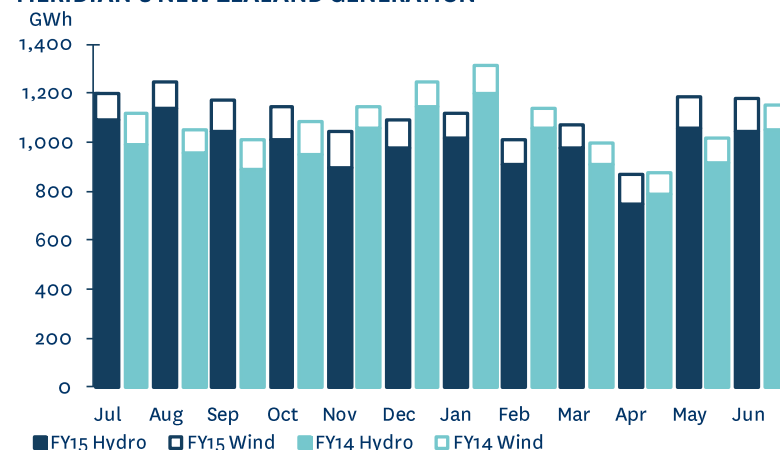
- June monthly inflows were 157% of historical average
- In the financial year ended 30 June 2015, inflows were 103% of historical average
- Meridian's Waitaki catchment storage moved from 1,707GWh to 1,724GWh during June 2015
- Storage at the end of June 2015 was 109% of historical average, compared with the position a month earlier, where storage was at 101% of historical average
- Waitaki storage at the end of June 2015 was 4% lower than the same time last year
- Storage in Meridian's Waiau catchment also rose during June 2015



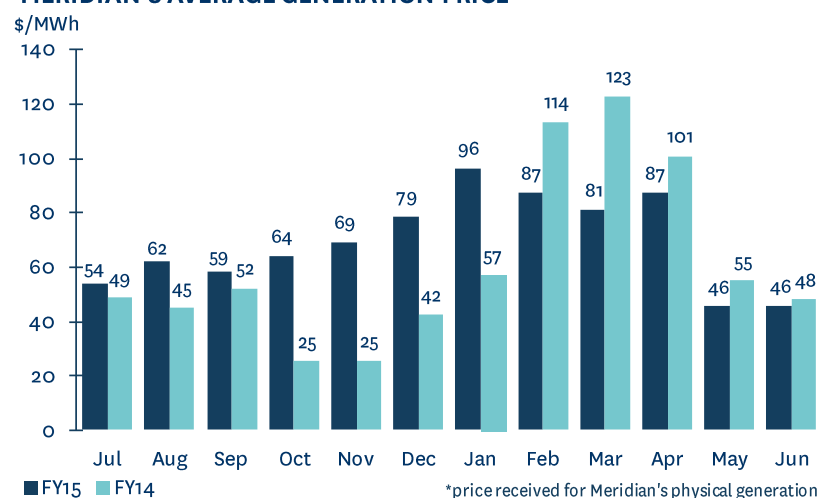
Meridian Operating Information

- Meridian's New Zealand generation in June 2015 was 2.6% higher than the same month last year
- In the financial year ended 30 June 2015, Meridian's New Zealand generation was 1.4% higher than the same period last year
- This reflected flat hydro generation and a 14.2% increase in wind generation
- The average price Meridian received for its generation in June 2015 was 4.9% lower than the same month last year
- The average price Meridian paid to supply contracted sales in June 2015 was 4.8% lower than the same month last year
- For the financial year ended 30 June 2015, the average price Meridian received for its generation was 13.3% higher than last year

MERIDIAN'S NEW ZEALAND GENERATION



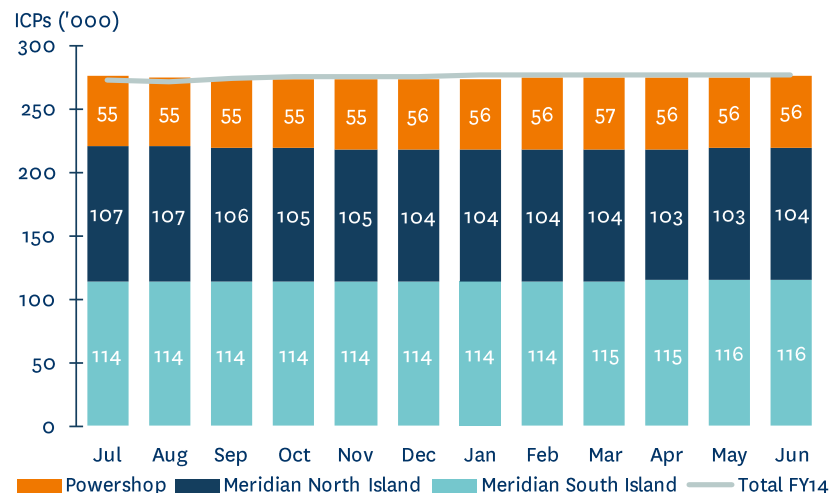
MERIDIAN'S AVERAGE GENERATION PRICE*



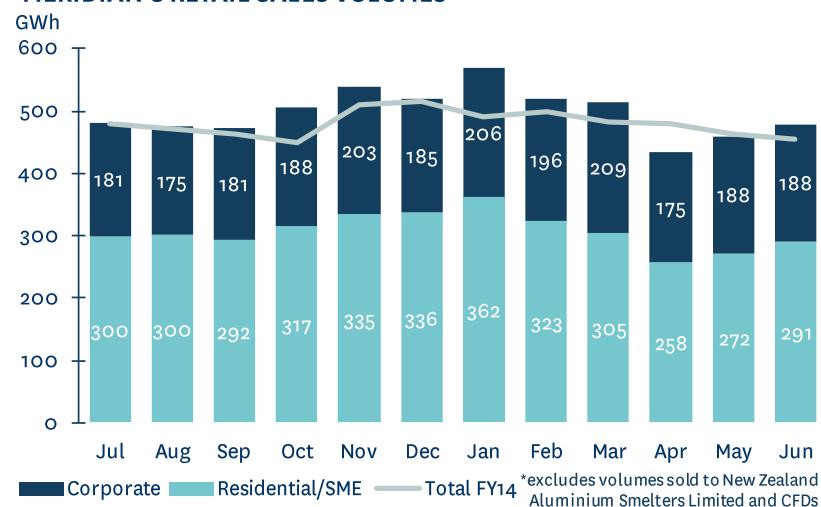
Meridian Operating Information

- Meridian's New Zealand customer connection numbers increased 0.4% during June 2015
- During the financial year ended 30 June 2015, Meridian's New Zealand customer connection numbers decreased 0.1%
- Retail sales volumes in June 2015 increased by 5.4% compared to June 2014
- Compared to June 2014, residential/SME sales volumes increased by 4.0% and corporate sales volumes increased by 7.6%
- For the financial year ended 30 June 2015, Meridian's retail sales volumes were 3.7% higher than last year
- This reflected an 8.2% increase in residential/SME sales volumes and a 2.9% decrease in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian Operating Information

	June 2015 month	June 2014 month	May 2015 month	April 2015 month	12 months to June 2015	12 months to June 2014
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	479	455	460	434	5,967	5,754
Average retail contracted sales price (\$/MWh)	\$122.9	\$118.4	\$117.0	\$110.4	\$102.9	\$103.7
NZAS sales volume (GWh)	412	412	426	412	5,011	5,011
Sell side derivative volumes ² (GWh)	100	88	209	11	1,100	898
Wholesale contracted sales average price (\$/MWh)	\$51.0	\$55.2	\$49.0	\$49.8	\$51.0	\$51.5
Total New Zealand customer connections ³	276,446	276,708	275,360	274,881		
Powershop Australia customer connections ⁴	48,208	13,426	<i>not disclosed</i>	<i>not disclosed</i>		
New Zealand Generation						
Hydro generation volume (GWh)	1,043	1,049	1,057	745	11,911	11,903
Wind generation volume (GWh)	136	100	132	121	1,421	1,245
Total generation volume (GWh)	1,179	1,149	1,189	865	13,332	13,148
Average generation price ⁵ (\$/MWh)	\$45.7	\$48.0	\$45.6	\$87.1	\$68.2	\$60.2
Acquired generation volume ⁶ (GWh)	77	121	194	114	1,054	1,269
Cost of acquired generation (\$/MWh)	\$91.7	\$90.4	\$60.6	\$86.6	\$80.2	\$85.6
Cost to supply contracted sales (\$/MWh)	\$48.7	\$51.1	\$48.7	\$91.2	\$72.8	\$65.0

1. Contracted sales volumes and volume weighted average price received from contracted customers less distribution costs

2. Excludes the sell-side of virtual asset swaps

3. Meridian Retail and Powershop New Zealand installation control points (ICPs), excluding vacants

4. Financially responsible market participants, excluding vacants

5. Volume weighted average price received for Meridian's physical generation

6. Excludes the buy-side of virtual asset swaps

Glossary

Acquired generation volumes	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
Average generation price	the volume weighted average price received for Meridian's physical generation
Average retail contracted sales price	volume weighted average electricity price received from retail customers, less distribution costs
Average wholesale contracted sales price	volume weighted average electricity price received from wholesale customers, including NZAS
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
Cost of acquired generation	volume weighted average price Meridian pays for derivatives acquired to supplement generation
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales
Customer connections (NZ)	number of installation control points, excluding vacants
GWh	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
Historic average inflows	the historic average combined water inflows into Meridian's Waitaki and Manapouri hydro storage lakes over the last 81 years
Historic average storage	the historic average level of storage in Meridian's Waitaki catchment since 1979
HVDC	high voltage direct current link between the North and South Islands of New Zealand
ICP	New Zealand installation control points, excluding vacants
ICP switching	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
MWh	megawatt hour. Enough electricity for one average New Zealand household for 46 days
National demand	Transpower's Daily Demand reporting, adjusted for embedded generation from Meridian's Te Uku, White Hill and Mill Creek wind farms
NZAS	New Zealand Aluminium Smelters Limited
Retail sales volumes	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
Sell side derivatives	sell-side electricity derivatives excluding the sell-side of virtual asset swaps