



Quarterly operating result announcement Meridian Energy Limited

Reporting Period

Three month period ending 31 December 2010

OPERATING STATISTICS	3 months to 31 Dec 2010 current quarter	3 months to 30 Sept 2010 previous quarter	3 months to 31 Dec 2009 prior quarter comparative	12 months to 30 June 2010 prior year comparative
Generation (GWhs)				
- Hydro generation	3,173	3,158	3,037	12,857
- Wind generation	245	228	301	1,005
Total generation	3,418	3,386	3,338	13,862
Avg Price per MWh Generated	\$54.54/MWh	\$46.24/MWh	\$41.66/MWh	\$48.33/MWh
Retail				
- Meridian Retail customers	179,247	180,237	186,200	185,262
- Powershop customers	24,024	19,937	6,837	16,440
Total Retail Customer Numbers	203,271	200,174	193,037	201,702
Powershop Contract Sales (GWh)	59	66	11	83
Meridian Contract Electricity Sales ¹ (GWh)	1,482	1,505	1,474	5,823
Meridian Spot Electricity Sales (GWh)	468	466	455	1,835
Avg Electricity Purchase Price	\$61.18/MWh	\$49.79/MWh	\$52.25/MWh	\$58.05/MWh

¹ Retail sales excludes volume sold to RTA Power (NZ) Ltd

Financial Results

Meridian's financial results for the six months ending 31 December 2010 will be announced in the week commencing 21 February 2011 and our interim report will be publicly available following tabling in Parliament.

Operating Commentary

Meridian's storage position at the close of the quarter, at 2,698GWh, was 144% of historical average. Inflows during this December quarter were 113% of historical average at 4,562GWh. The quarter reflected highly variable hydrology conditions, with a sustained period of low inflows and dry outlook followed by significant inflow events towards the end of December. Meridian's generation volumes increased slightly from the previous quarter.

Average daily wholesale prices fluctuated significantly during the quarter, reaching as high as \$236/MWh before falling as low as \$5/MWh in late December.

The contract position at the end of the quarter was 83.4%, also at similar levels to the last quarter with higher average generation prices.

Retail competition remains intense, with monthly market ICP churn continuing at similar levels to the September quarter. Meridian's total customer numbers increased by 3,097 during the quarter, with growth in Powershop and Meridian Retail North Island customers and a decline in the South Island.

The technology project to update our retail billing systems to the Velocity Gentrack system went live on the planned date within budget cost. The enhanced verification protocols of the new system revealed a much higher level of inaccuracy than anticipated in base customer data. The need for manual rectification of this data led to delays in billing for a number of our customers. As of today approximately 4,000 customers have outstanding bills.

The construction of the Te Uku wind farm near Raglan is progressing well, with 12 turbines now producing electricity. An official ceremony at the site will take place in February.

Outlook

National storage continues to track above average levels and this will continue to result in challenging trading conditions with wholesale spot prices expected to remain low in the short term.

Assuming mean inflows from this point on, we expect to achieve our key Statement of Corporate Intent financial performance measures (adjusted for the impact of the Tekapo A and B power station asset sale).

The Interim Report will be available on Meridian's web site www.meridianenergy.co.nz immediately following the results being tabled in Parliament.