A high-angle, close-up shot of a white wind turbine's hub and blades. The turbine is positioned on a lush green hillside. In the background, a vast blue ocean stretches to the horizon under a sky with scattered white clouds. Other wind turbines are visible in the distance. The overall scene is bright and clear, suggesting a sunny day.

Meridian Energy

MONTHLY OPERATING REPORT *January 2014*

January **Highlights**

Meridian continues to maintain comparatively high generation market share

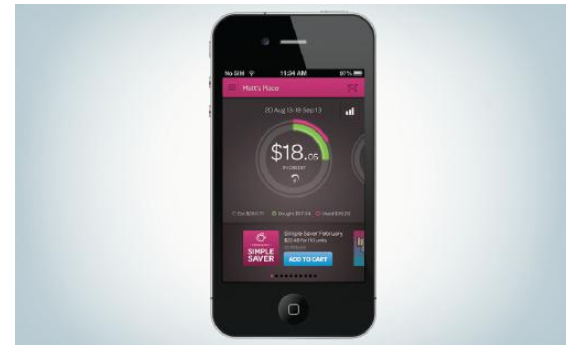


National hydro storage has fallen despite above average inflows into Meridian's catchments in January

Meridian Waitaki catchment storage sits at 115% of historical average at the end of January



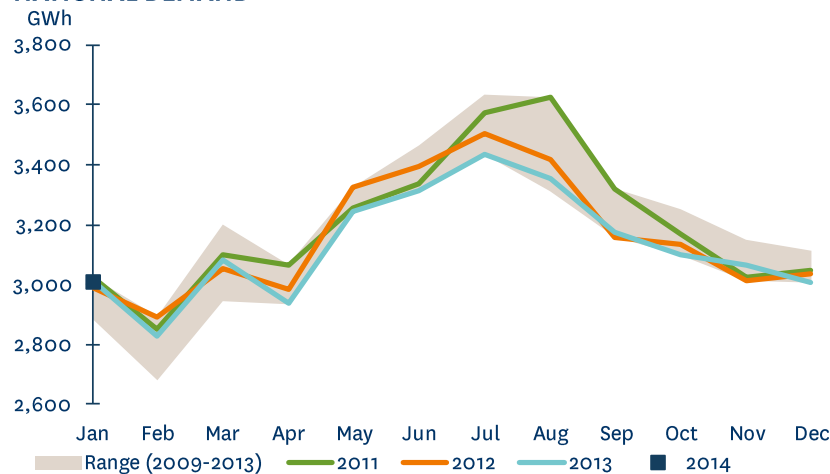
Meridian continues to experience higher retail contracted sales volumes and customer connections in the current financial year



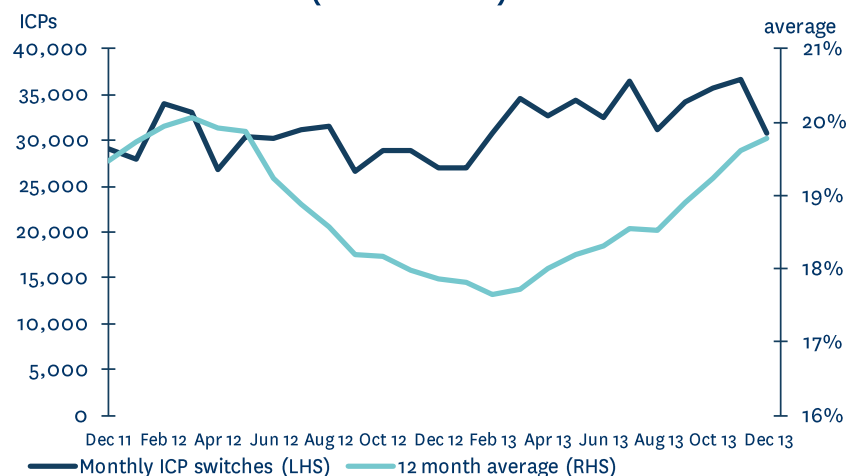
Market Data

- Flat annual demand in January 2014 compared to January 2013
- New Zealand Aluminium Smelters' average load during January 2014 was slightly below the 572MW base quantity of the NZAS Agreement
- December 2013 market switching numbers fell from very high levels in November 2013
- The number of switches in December 2013 was 14% higher than December 2012
- 12 month average switching rate of 19.8% at the end of December 2013

NATIONAL DEMAND

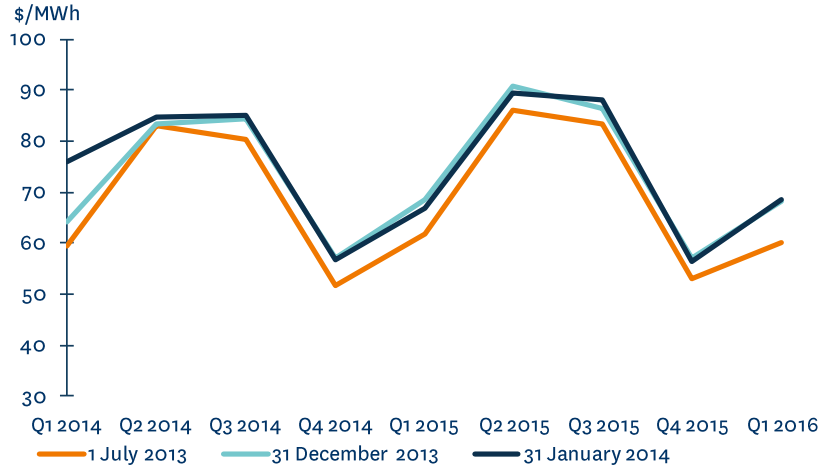


MARKET ICP SWITCHING (ALL RETAILERS)

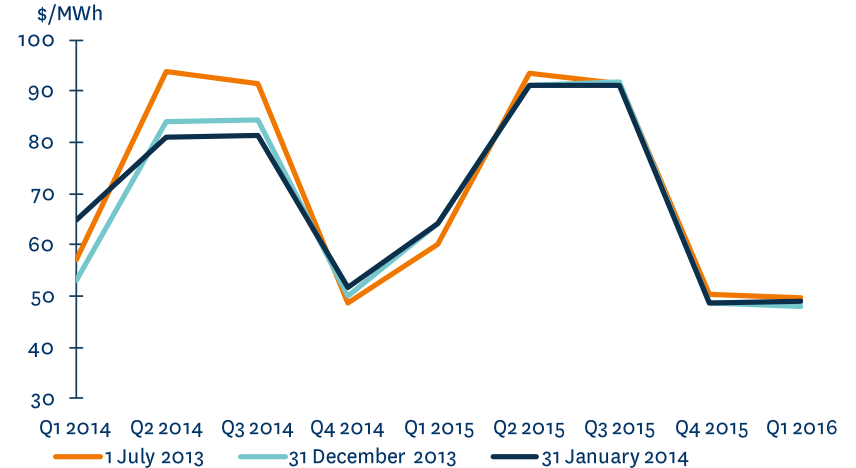


Market Data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

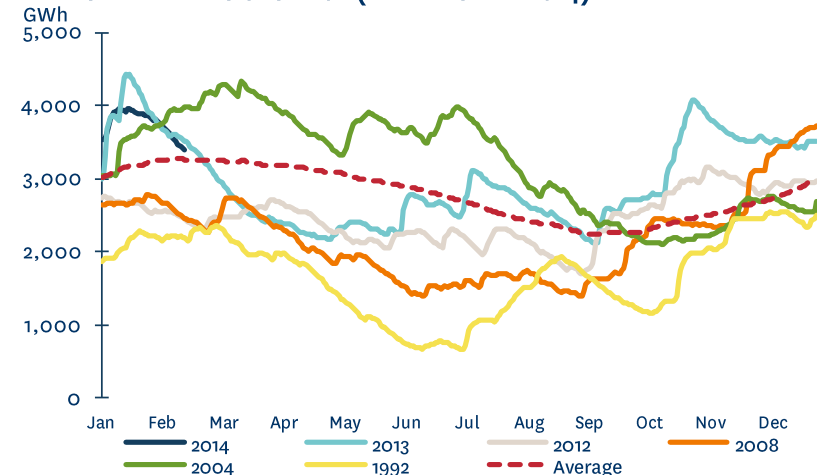


BENMORE ASX FUTURES SETTLEMENT PRICE



- Q1 CY2014 ASX futures prices increased as storage fell and hydro generation increased in response to several thermal plant outages
- National storage has fallen from 126% of average in mid January 2014 to 104% of average by 12 February 2014

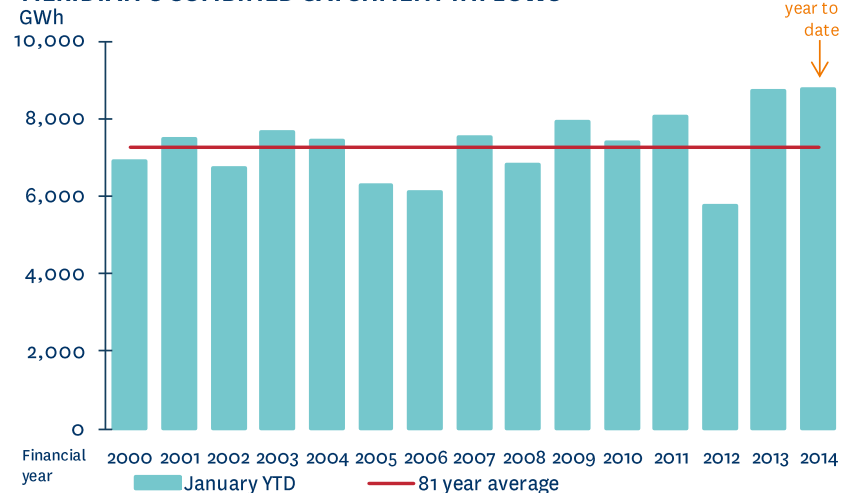
NATIONAL HYDRO STORAGE (12 FEBRUARY 2014)



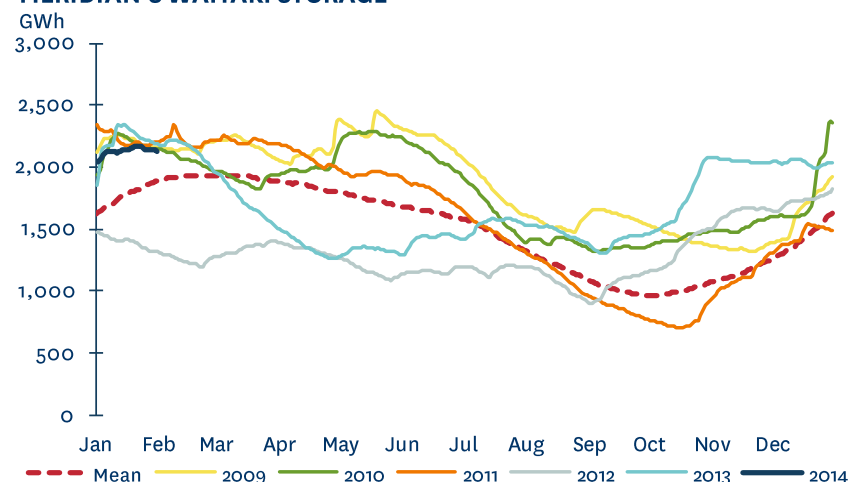
Meridian Operating Information

- January monthly inflows were at 113% of historical average
- To date this financial year inflows are 121% of historical average, representing the 9th highest July to January inflows on record
- Meridian's Waitaki catchment storage at the end of January was at 2,127GWh, which is 113% of historical average
- Storage has dropped to a lower level than the same time last year (-3%), reflecting January 2013 storage being boosted by that month having the 2nd highest January inflows on record

MERIDIAN'S COMBINED CATCHMENT INFLOWS



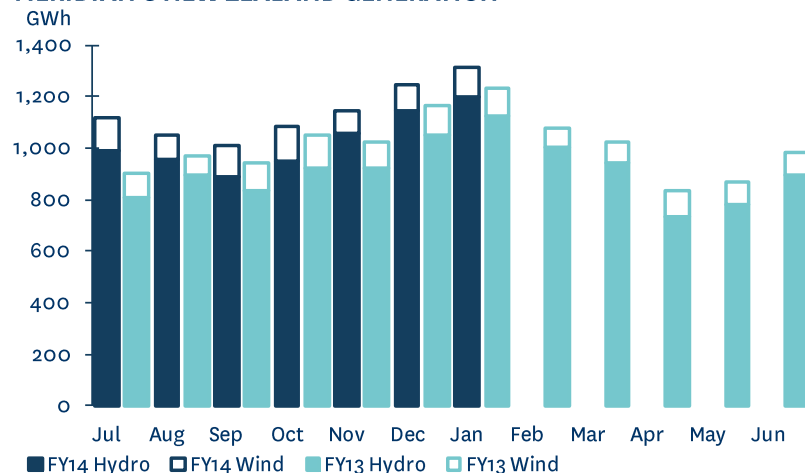
MERIDIAN'S WAITAKI STORAGE



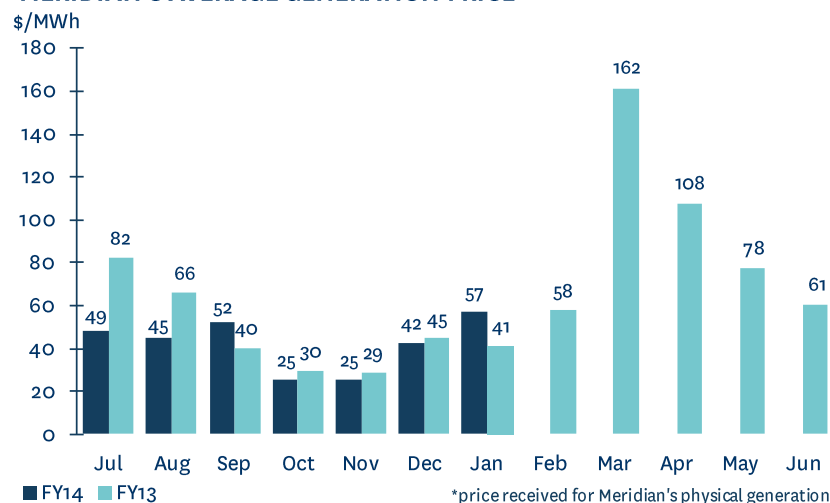
Meridian Operating Information

- Meridian's New Zealand generation in January was 7% higher than the same month last year
- To date this financial year Meridian's New Zealand generation is 9% higher than the same period last year
- Meridian continued to maintain comparatively high weekly generation market share during January
- The average price Meridian received for its generation in January was 39% higher than the same month last year
- The average price Meridian paid to supply contracted sales in January was 34% higher than the same month last year

MERIDIAN'S NEW ZEALAND GENERATION



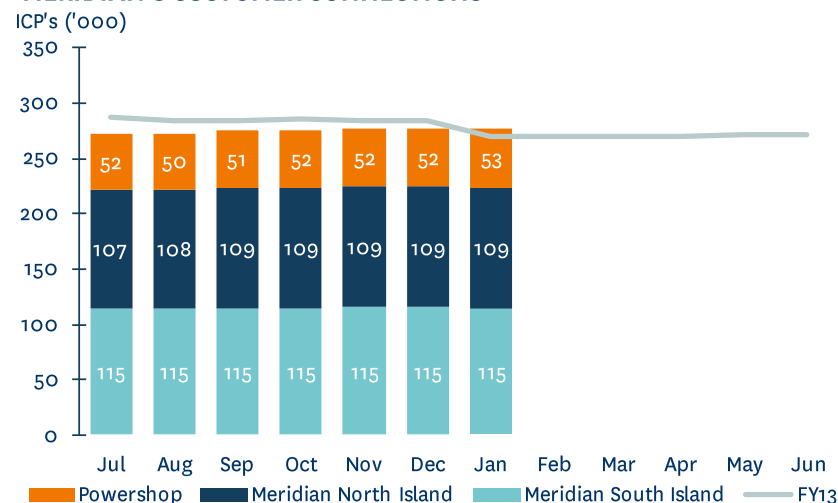
MERIDIAN'S AVERAGE GENERATION PRICE*



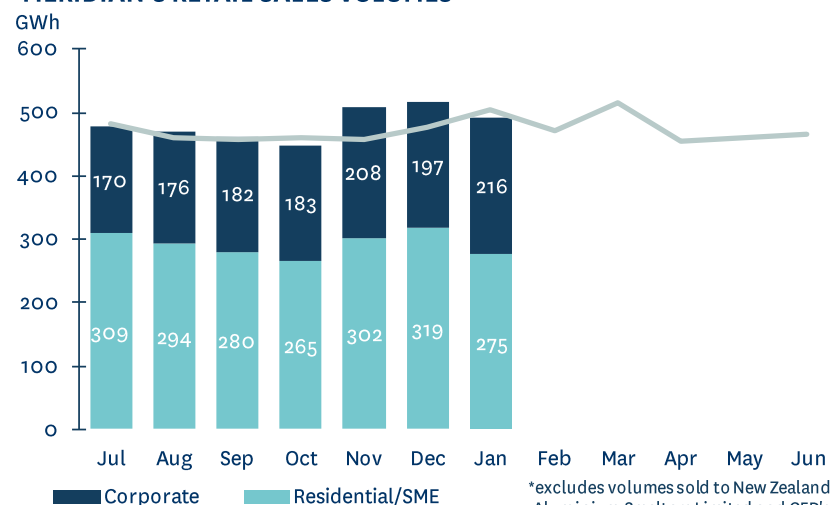
Meridian Operating Information

- Meridian's customer connection numbers have increased by 1.8% since June 2013, reflecting growth in Meridian North Island (+2.8%) and Powershop (+3.5%) customer connection numbers
- In December 2012, Meridian's customer connection numbers dropped by around 14,000, reflecting Energy Direct NZ's decision to operate as an independent retailer at that time
- To date this financial year Meridian's retail sales volumes are 2.4% higher than the same period last year
- Lower irrigation load and higher Corporate & Industrial load this month combined to reduce retail sales volumes by 2.4% compared to January 2013

MERIDIAN'S CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian Operating Information

	January 2014 month	January 2013 month	December 2013 month	November 2013 month	7 months to January 2014	7 months to January 2013
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	492	504	516	509	3,377	3,298
Retail contracted sales average price (\$/MWh)	\$98.4	\$94.5	\$85.6	\$91.7	\$102.2	\$106.7
NZAS sales volume (GWh)	426	426	426	412	2,951	2,826
Sell side derivatives volumes ² (GWh)	97	123	122	129	532	612
Wholesale contracted sales average price (\$/MWh)	\$51.4	\$60.9	\$48.5	\$47.7	\$50.1	\$56.2
New Zealand customer connections ³	277,059	269,548	276,564	276,403		
New Zealand Generation						
Hydro generation volume (GWh)	1,200	1,125	1,145	1,059	7,192	6,558
Wind generation volume (GWh)	113	107	99	86	773	724
Total generation volume (GWh)	1,313	1,232	1,244	1,145	7,965	7,282
Average generation price ⁴ (\$/MWh)	\$57.1	\$41.1	\$42.4	\$25.5	\$42.5	\$46.5
Acquired generation volume ⁵ (GWh)	28	71	71	77	693	1,101
Cost to supply contracted sales (\$/MWh)	\$59.1	\$44.1	\$46.9	\$28.5	\$45.5	\$50.3

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 Installation control points (ICPs), excluding vacants

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

5. 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
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Manapouri hydro storage lakes
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales
Customer connections	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	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
NZAS	New Zealand Aluminium Smelters Limited
Retail contracted sales average price	volume weighted average electricity price received from retail customers, less distribution costs
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
Wholesale contracted sales average price	volume weighted average electricity price received from wholesale customers, including NZAS