



Better energy future



January highlights



In the month to 11 February 2016, national hydro storage increased from 86% to 90% of historical average

South Island storage sat at 87% of average and North Island storage at 113% of average on 11 February 2016



Meridian's January 2016 monthly inflows were 85% of historical average

Meridian's Waitaki catchment storage decreased from 97% to 93% of historical average at the end of January 2016



National electricity demand in January 2016 was 3.4% lower than the same month last year

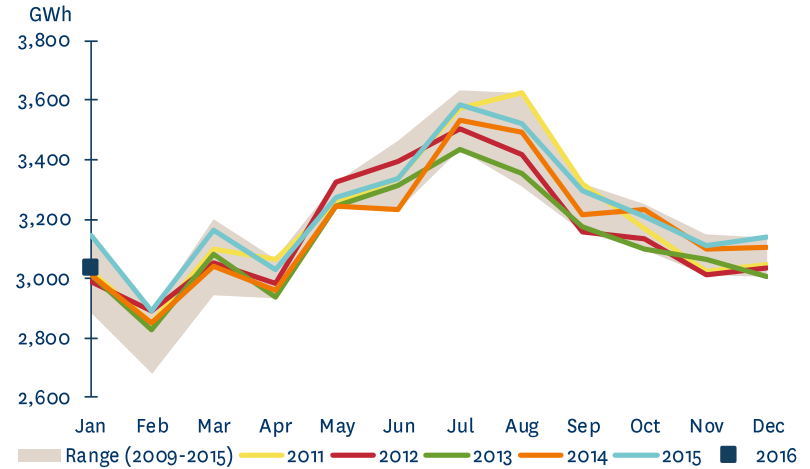
Driven by North Island demand growth and lower South Island irrigation with rainfall during January 2016

Meridian's retail sales volumes in January 2016 decreased by 13.9% compared to January 2015, largely as a result of lower South Island irrigation

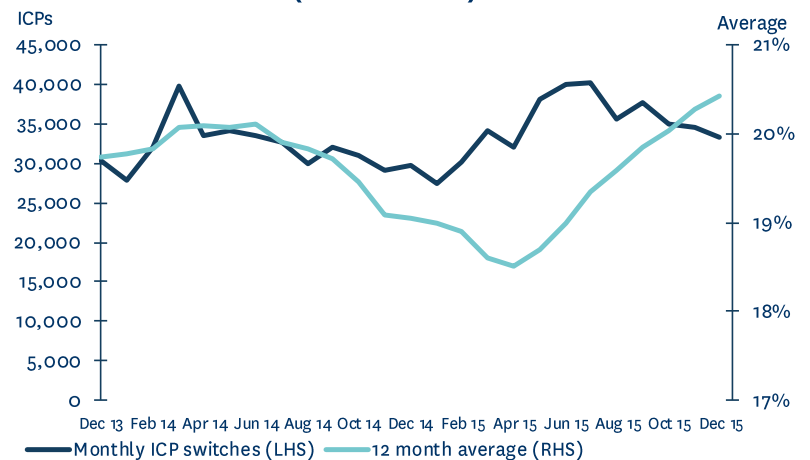
Market data

- National electricity demand in January 2016 was 3.4% lower than the same month last year
- This was driven continued North Island demand growth and lower South Island irrigation with rainfall during January 2016
- Demand in the last 12 months was 1.1% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load was at the 572MW base quantity of the NZAS agreement during January 2016
- The number of switches for all retailers in December 2015 was 3.9% lower than the previous month and 11.4% higher than December 2014
- The 12 month average switching rate for all retailers was 20.4% at the end of December 2015

NATIONAL DEMAND

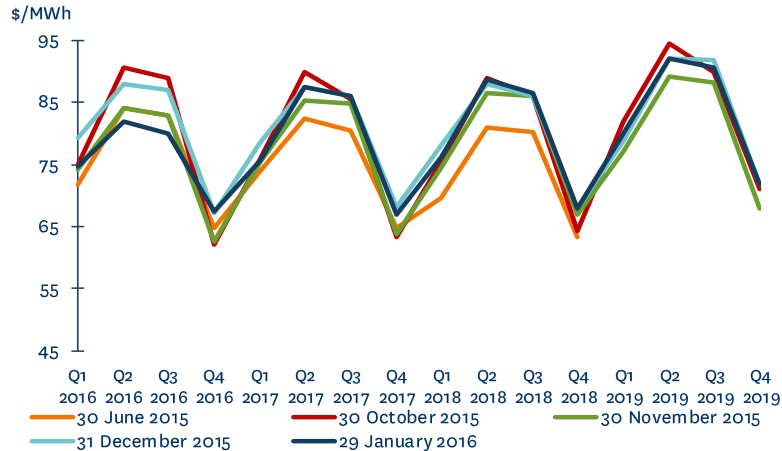


MARKET ICP SWITCHING (ALL RETAILERS)

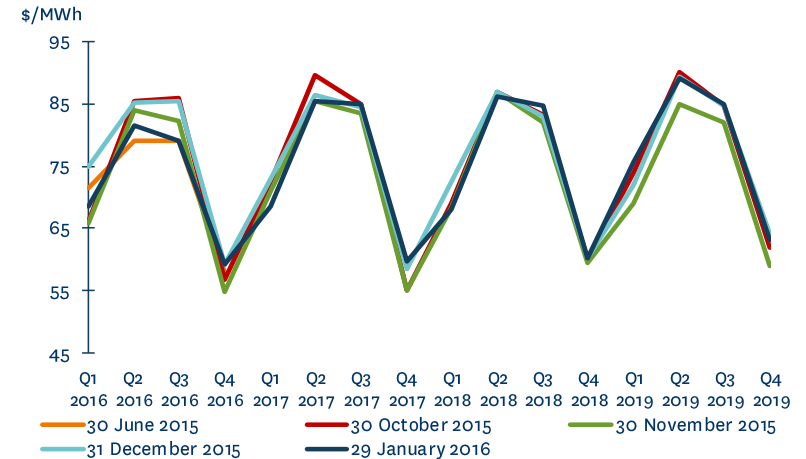


Market data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

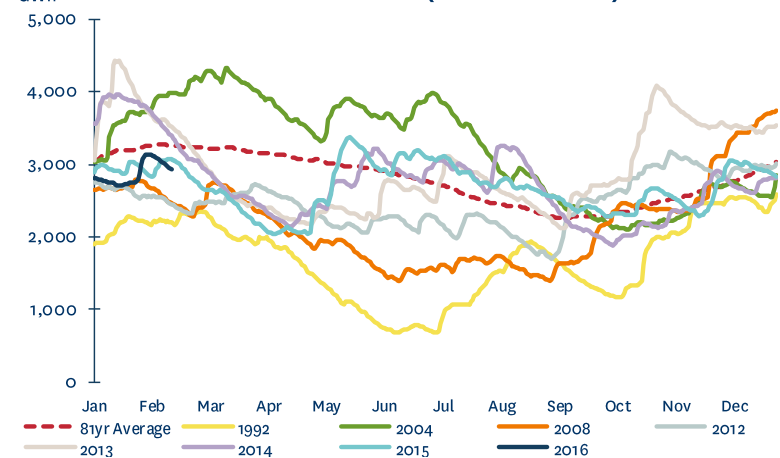


BENMORE ASX FUTURES SETTLEMENT PRICE



- January 2016 saw some upward movement in near-term ASX prices
- National storage increased from 86% of the 81 year average on 11 January 2016 to 90% of average on 11 February 2016
- South Island storage increased to 87% of historical average on 11 February 2016. North Island storage increased to 113% of average

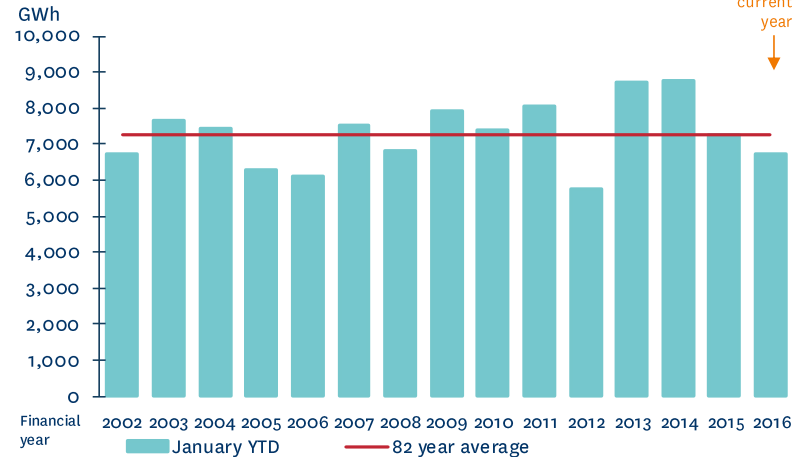
NATIONAL HYDRO STORAGE (11 FEBRUARY 2016)



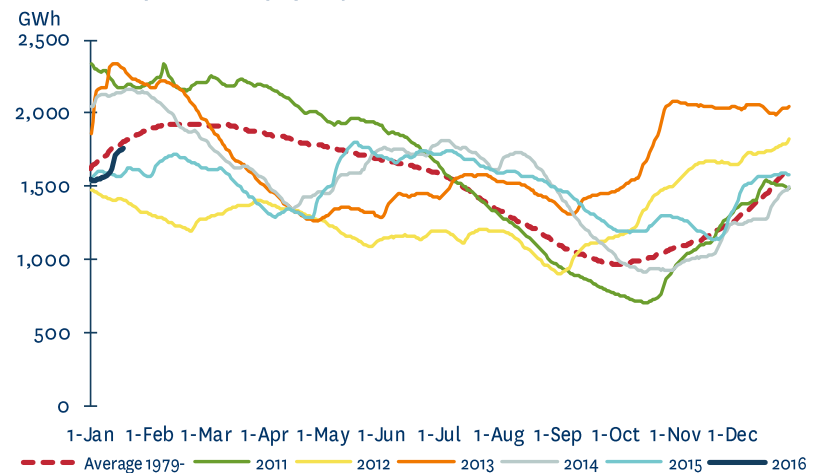
Meridian operating information

- January 2016 monthly inflows were 85% of historical average
- Meridian's Waitaki catchment storage moved from 1,579GWh to 1,758GWh during January 2016
- Waitaki storage at the end of January 2016 was 93% of historical average, compared with the position a month earlier, where storage was at 97% of historical average
- Waitaki storage at the end of January 2016 was 12% higher than the same time last year
- Storage in Meridian's Waiau catchment was largely unchanged at the end of January 2016

MERIDIAN'S COMBINED CATCHMENT INFLOWS



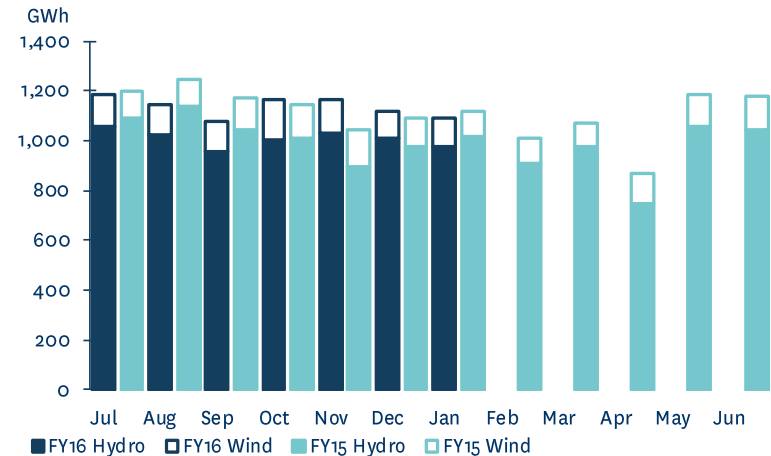
MERIDIAN'S WAITAKI STORAGE



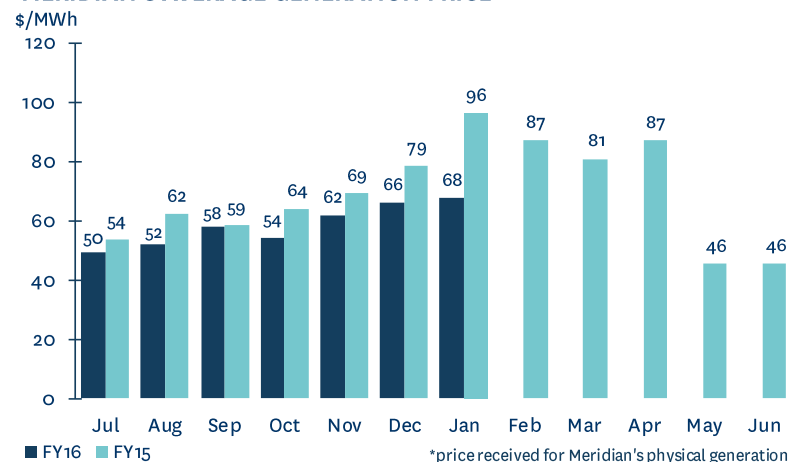
Meridian operating information

- Meridian's New Zealand generation in January 2016 was 1.9% lower than the same month last year, reflecting lower hydro generation and higher wind generation
- To date this financial year Meridian's New Zealand generation is 0.8% lower than the same period last year, reflecting higher wind generation and lower hydro generation
- The average price Meridian received for its generation in January 2016 was 29.6% lower than the same month last year
- The average price Meridian paid to supply contracted sales in January 2016 was 28.3% lower than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 14.8% lower than the same period last year

MERIDIAN'S NEW ZEALAND GENERATION



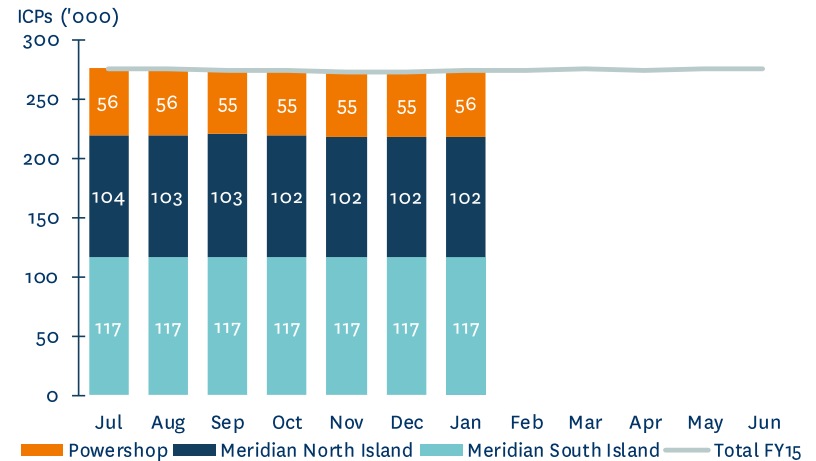
MERIDIAN'S AVERAGE GENERATION PRICE*



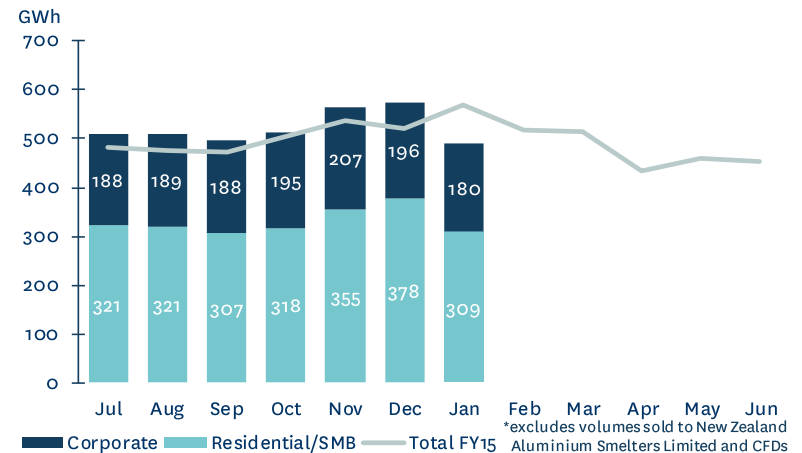
Meridian operating information

- Meridian's New Zealand customer connection numbers rose slightly during January 2016
- Retail sales volumes in January 2016 decreased by 13.9% compared to January 2015
- Compared to January 2015, residential/SMB sales volumes decreased by 14.7% (reflecting lower irrigation volumes) and corporate sales volumes decreased by 12.6% (churn in time of use customers)
- To date this financial year Meridian's retail sales volumes are 2.6% higher than the same period last year
- This reflects a 3.0% increase in residential/SMB sales volumes and a 1.8% increase in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian operating information

	January 2016 month	January 2015 month	December 2015 month	November 2015 month	7 months to January 2016	7 months to January 2015
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	489	568	574	563	3,653	3,651
Average retail contracted sales price (\$/MWh)	\$96.1	\$91.5	\$88.2	\$94.9	\$103.4	\$100.2
NZAS sales volume (GWh)	426	426	426	412	2,951	2,951
Sell side derivative volumes ² (GWh)	94	74	49	102	770	681
Wholesale contracted sales average price (\$/MWh)	\$53.5	\$53.6	\$50.4	\$51.7	\$51.3	\$51.0
Total New Zealand customer connections ³	274,433	274,052	274,101	274,146		
Powershop Australia customer connections ⁴	<i>not disclosed</i>	<i>not disclosed</i>	63,763	<i>not disclosed</i>		
New Zealand Generation						
Hydro generation volume (GWh)	980	1,020	1,013	1,033	7,066	7,183
Wind generation volume (GWh)	114	95	108	135	886	834
Total generation volume (GWh)	1,094	1,115	1,121	1,168	7,952	8,017
Average generation price ⁵ (\$/MWh)	\$67.9	\$96.4	\$66.3	\$62.1	\$58.6	\$68.7
Acquired generation volume ⁶ (GWh)	71	39	105	94	739	570
Cost of acquired generation (\$/MWh)	\$74.5	\$79.1	\$70.8	\$70.5	\$75.2	\$83.5
Acquired generation revenue average price (\$/MWh)	\$72.2	\$99.3	\$72.3	\$66.6	\$59.9	\$65.8
Future contract close outs (\$m)	(\$0.1)	(\$2.1)	(\$0.2)	(\$0.2)	(\$1.9)	(\$8.7)
Contracted sales supply volume (GWh)	1,009	1,110	1,086	1,096	7,543	7,412
Cost to supply contracted sales (\$/MWh)	\$72.3	\$100.8	\$70.7	\$69.0	\$62.5	\$73.8

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

MERIDIAN ENERGY LIMITED Monthly operating report for January 2016

Meridian operating information

Meridian operating information

	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	509	510	495	513	563	574	489					
Average retail contracted sales price (\$/MWh)	\$120.9	\$119.3	\$111.5	\$96.1	\$94.9	\$88.2	\$96.1					
NZAS sales volume (GWh)	426	426	411	426	412	426	426					
Sell side derivative volumes (GWh)	140	158	113	114	102	49	94					
Wholesale contracted sales average price (\$/MWh)	\$50.7	\$51.4	\$51.6	\$50.2	\$51.7	\$50.4	\$53.5					
Total New Zealand customer connections	276,366	275,479	275,875	275,048	274,146	274,101	274,433					
Powershop Australia customer connections	not disclosed	not disclosed	55,993	not disclosed	not disclosed	63,763	not disclosed					
New Zealand Generation												
Hydro generation volume (GWh)	1,060	1,021	954	1,006	1,033	1,013	980					
Wind generation volume (GWh)	123	124	124	157	135	108	114					
Total generation volume (GWh)	1,183	1,145	1,078	1,163	1,168	1,121	1,094					
Average generation price (\$/MWh)	\$49.7	\$52.2	\$58.0	\$54.5	\$62.1	\$66.3	\$67.9					
Acquired generation volume (GWh)	144	97	95	133	94	105	71					
Cost of acquired generation (\$/MWh)	\$82.2	\$84.7	\$83.6	\$62.0	\$70.5	\$70.8	\$74.5					
Acquired generation revenue average price (\$/MWh)	\$50.4	\$52.4	\$56.6	\$56.6	\$66.6	\$72.3	\$72.2					
Future contract close outs (\$m)	(\$0.1)	(\$0.9)	(\$0.1)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.1)					
Contracted sales supply volume (GWh)	1,093	1,120	1,050	1,090	1,096	1,086	1,009					
Cost to supply contracted sales (\$/MWh)	\$52.6	\$55.5	\$60.4	\$57.9	\$69.0	\$70.7	\$72.3					

Meridian operating information

	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	481	475	474	505	538	521	568	519	514	434	460	479
Average retail contracted sales price (\$/MWh)	\$117.3	\$113.0	\$107.3	\$95.6	\$93.4	\$87.6	\$91.5	\$92.7	\$94.6	\$110.4	\$117.0	\$122.9
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	95	170	125	87	69	61	74	50	49	11	209	100
Wholesale contracted sales average price (\$/MWh)	\$50.2	\$50.7	\$50.7	\$50.4	\$51.0	\$50.4	\$53.6	\$53.6	\$52.1	\$49.8	\$49.0	\$51.0
Total New Zealand customer connections	276,413	275,410	274,821	274,319	273,970	273,572	274,052	274,673	275,488	274,881	275,360	276,446
Powershop Australia customer connections	not disclosed	not disclosed	21,776	not disclosed	not disclosed	28,353	not disclosed	not disclosed	35,138	not disclosed	not disclosed	48,208
New Zealand Generation												
Hydro generation volume (GWh)	1,095	1,141	1,046	1,010	894	979	1,020	907	977	745	1,057	1,043
Wind generation volume (GWh)	106	108	124	134	153	113	95	102	95	121	132	136
Total generation volume (GWh)	1,201	1,249	1,170	1,144	1,047	1,092	1,115	1,009	1,072	865	1,189	1,179
Average generation price (\$/MWh)	\$54.0	\$62.4	\$58.5	\$64.2	\$69.2	\$78.9	\$96.4	\$87.4	\$81.0	\$87.1	\$45.6	\$45.7
Acquired generation volume (GWh)	142	120	114	48	56	51	39	59	40	114	194	77
Cost of acquired generation (\$/MWh)	\$87.6	\$84.8	\$86.3	\$77.5	\$76.5	\$79.4	\$79.1	\$85.2	\$80.1	\$86.6	\$60.6	\$91.7
Acquired generation revenue average price (\$/MWh)	\$54.4	\$65.0	\$54.4	\$67.3	\$74.4	\$87.1	\$99.9	\$92.2	\$79.9	\$81.3	\$47.9	\$48.3
Future contract close outs (\$m)	(\$2.4)	(\$2.1)	(\$0.9)	(\$0.7)	(\$0.2)	(\$0.3)	(\$2.1)	(\$0.7)	(\$1.5)	(\$1.6)	(\$1.8)	(\$0.5)
Contracted sales supply volume (GWh)	1,022	1,083	1,053	1,060	1,046	1,037	1,110	984	1,001	866	1,132	1,024
Cost to supply contracted sales (\$/MWh)	\$57.9	\$70.7	\$60.4	\$68.2	\$73.2	\$84.0	\$100.8	\$91.0	\$83.2	\$91.2	\$48.7	\$48.7

Meridian operating information

	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	479	470	463	448	509	516	492	498	482	479	462	455
Average retail contracted sales price (\$/MWh)	\$114.7	\$120.8	\$109.1	\$97.8	\$91.7	\$85.6	\$98.4	\$92.2	\$91.9	\$112.1	\$116.0	\$118.4
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	38	29	36	82	129	122	97	88	80	53	57	88
Wholesale contracted sales average price (\$/MWh)	\$52.6	\$50.4	\$51.4	\$49.3	\$47.7	\$48.5	\$51.4	\$52.1	\$51.1	\$54.7	\$54.6	\$55.2
Total New Zealand customer connections	272,972	272,638	275,303	275,870	276,403	276,564	277,059	277,226	277,404	277,810	277,412	276,708
Powershop Australia customer connections	not disclosed	not disclosed	529	not disclosed	not disclosed	1,106	not disclosed	not disclosed	5,879	not disclosed	not disclosed	13,426
New Zealand Generation												
Hydro generation volume (GWh)	989	954	892	953	1,059	1,145	1,200	1,056	907	785	915	1,049
Wind generation volume (GWh)	127	98	117	132	86	99	113	86	90	93	103	100
Total generation volume (GWh)	1,116	1,052	1,009	1,085	1,145	1,244	1,313	1,142	997	878	1,018	1,149
Average generation price (\$/MWh)	\$48.6	\$45.2	\$52.3	\$25.4	\$25.5	\$42.5	\$57.1	\$113.5	\$122.9	\$100.9	\$55.1	\$48.0
Acquired generation volume (GWh)	157	158	119	82	77	71	28	21	123	165	146	121
Cost of acquired generation (\$/MWh)	\$87.5	\$86.6	\$83.7	\$76.7	\$68.7	\$83.7	\$83.0	\$86.4	\$87.3	\$90.1	\$89.2	\$90.4
Acquired generation revenue average price (\$/MWh)	\$52.9	\$55.0	\$60.3	\$40.0	\$61.1	\$49.4	\$104.4	\$72.3	\$116.4	\$90.3	\$59.2	\$49.0
Future contract close outs (\$m)	(\$2.4)	(\$1.0)	(\$1.6)	(\$0.3)	(\$0.2)	(\$0.1)	(\$0.3)	(\$0.9)	(\$0.8)	(\$0.1)	(\$0.9)	(\$2.1)
Contracted sales supply volume (GWh)	958	933	921	963	1,078	1,089	1,064	980	1,045	968	967	991
Cost to supply contracted sales (\$/MWh)	\$50.0	\$50.3	\$56.5	\$28.2	\$28.5	\$46.9	\$59.1	\$122.0	\$125.1	\$103.8	\$58.6	\$51.1

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
Contracts for Difference (CFDs)	an agreement between parties to pay the difference between the wholesale electricity price and an agreed fixed price for a specified volume of electricity. CFDs do not result in the physical supply of electricity
Customer connections (NZ)	number of installation control points, excluding vacants
FRMP	financially responsible market participant
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 Waiau 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
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mightly River Power. They do not result in the physical supply of electricity