



meridian

News Release

Stock exchange listings: NZX (MELCA) ASX (MEZCA)

Meridian Energy monthly operating report for July

14 August, 2014

Attached is Meridian Energy Limited's monthly operating report for the month ending 31 July 2014.

Highlights this month include:

- Meridian's July 2014 monthly inflows were 140% of average
- National and South Island storage are now well above average levels
- Electricity demand in July 2014 was 2.3% higher than July last year
- Average market ICP switching rate remains above 20%

Annual Results

Meridian Energy Limited's annual results for the 12 months ended 30 June 2014 will be released on Monday, 18 August 2014.

Annual Meeting

Meridian Energy Limited intends to hold its Annual Meeting of shareholders in Wellington on Wednesday, 29 October 2014 at 2.00pm. Further details, including venue, will be advised in the Notice of Meeting.

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Important Notice for Investors: The securities of Meridian Energy Limited are represented by Instalment Receipts. Each Instalment Receipt carries a liability to pay a further instalment of NZ\$0.50 on 15 May 2015. When investors acquire the Instalment Receipts they assume the liability to pay the Final Instalment. It is the investor's responsibility to ensure that if they are on the register when the liability for the instalment arises, they can afford to pay the instalment. If an investor has a liability and does not pay the instalment, the Trustee can take action to recover the amount owing including costs and expenses.

Meridian Energy Limited (ARBN 151 800 396) A company incorporated in New Zealand 33 Customhouse Quay, PO Box 10840, Wellington 6143

www.meridian.co.nz

Monthly Operating Report

July 2014



meridian



July Highlights



In the month to 11 August 2014, national hydro storage increased from 111% to 133% of historical average

South Island storage now sits at 148% of average and North Island storage at 74% of average



Meridian's July 2014 monthly inflows were 140% of historical average

Meridian's Waitaki catchment storage continued to lift, sitting at 121% of average at the end of July 2014



Electricity demand in July 2014 was 2.3% higher than in July last year

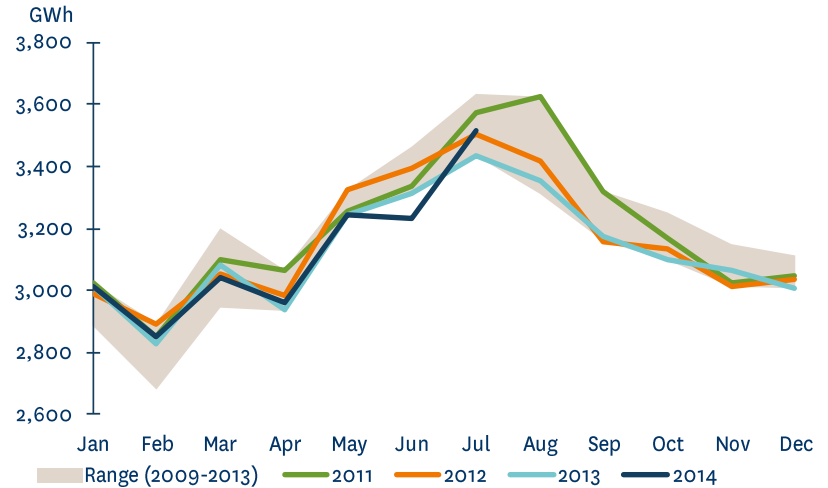
Demand in 2014 is flat compared to the same seven month period last year

Powershop Australia customer numbers now exceed 15,400

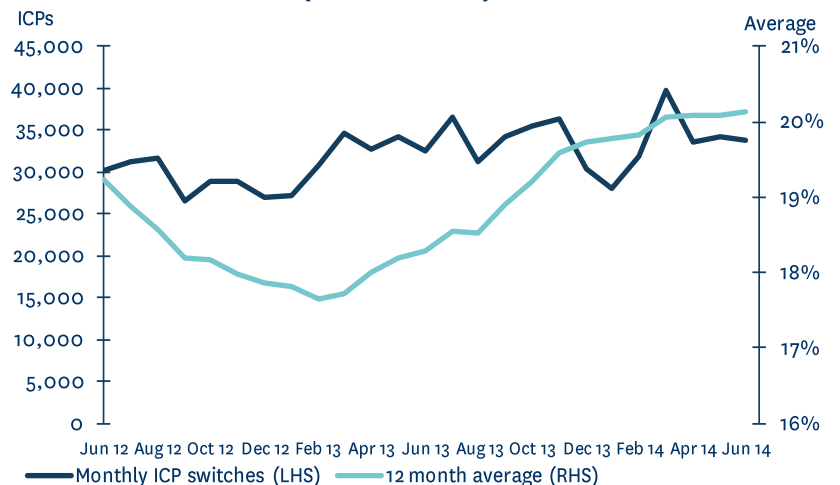
Market Data

- Demand in July 2014 was 2.3% higher than the same month last year
- Demand in 2014 is flat compared with the same seven month period last year
- New Zealand Aluminium Smelters' average load during July 2014 was consistent with the 572MW base quantity of the NZAS agreement
- The number of switches in June 2014 fell slightly from the previous month and was 4.1% higher than June 2013
- 12 month average switching rate of 20.1% at the end of June 2014

NATIONAL DEMAND

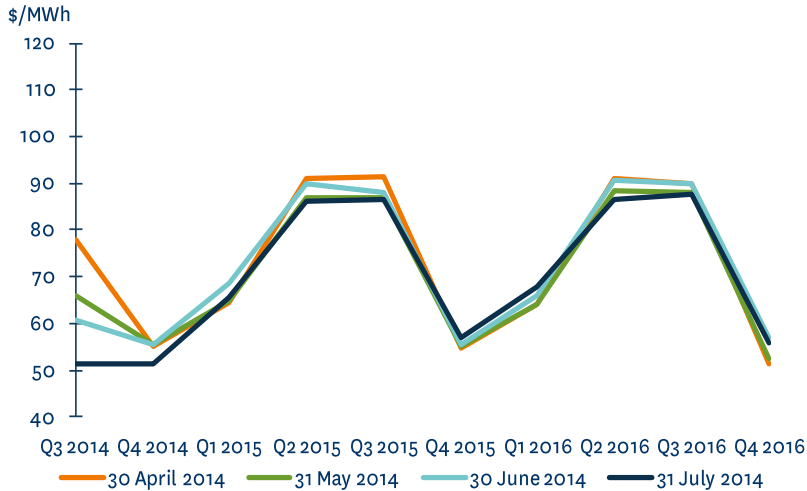


MARKET ICP SWITCHING (ALL RETAILERS)



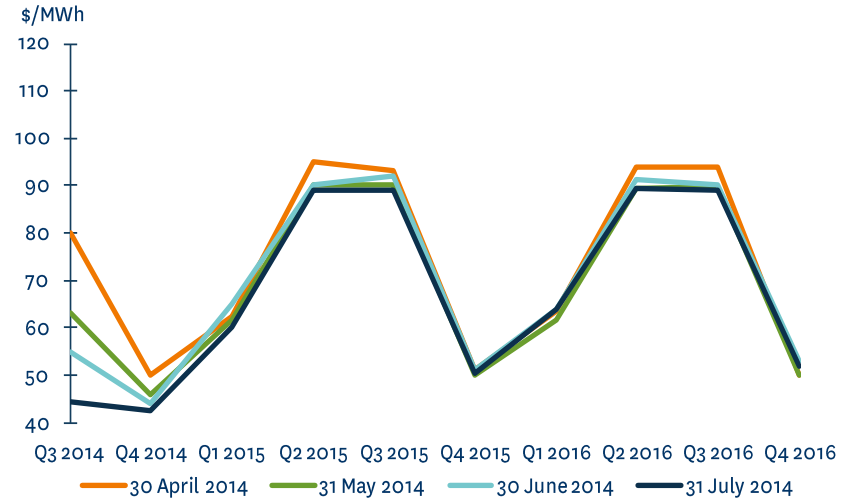
Market Data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

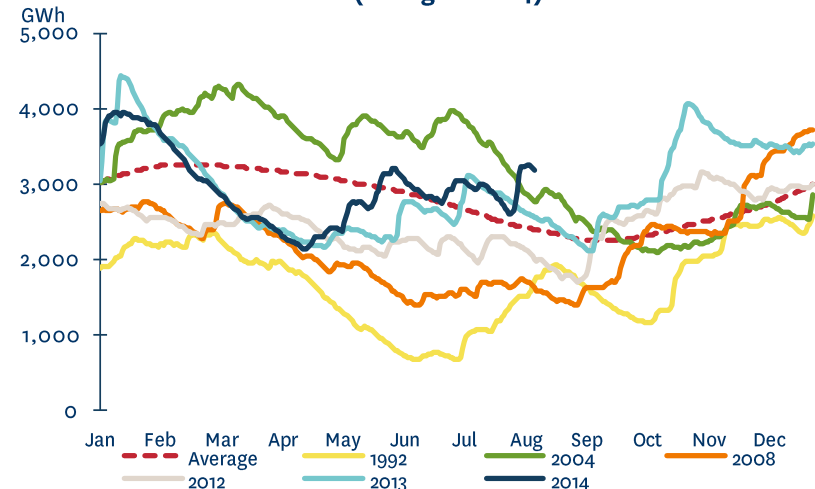


- Improved hydro storage saw 2014 ASX futures prices continue to drop
- National storage has risen from 111% of historical average on 11 July 2014 to 133% of average by 11 August 2014
- South Island storage has risen to 148% of historical average by 11 August 2014. North Island storage has risen to 74% of average

BENMORE ASX FUTURES SETTLEMENT PRICE

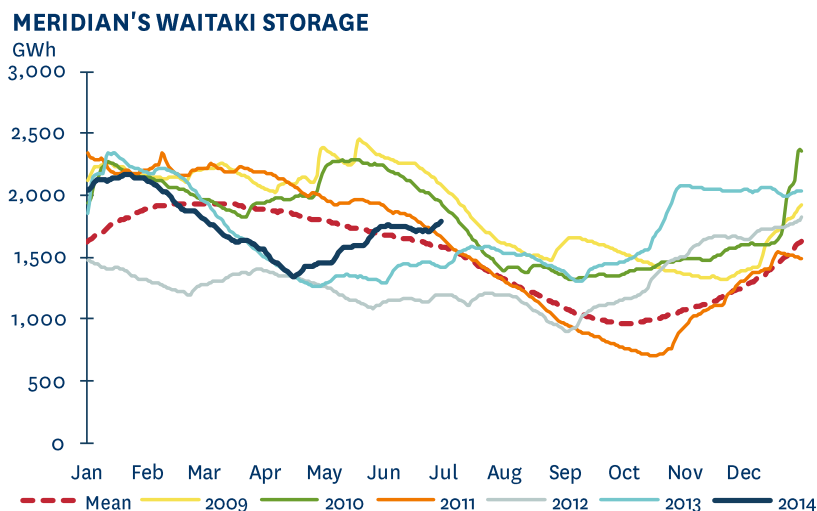
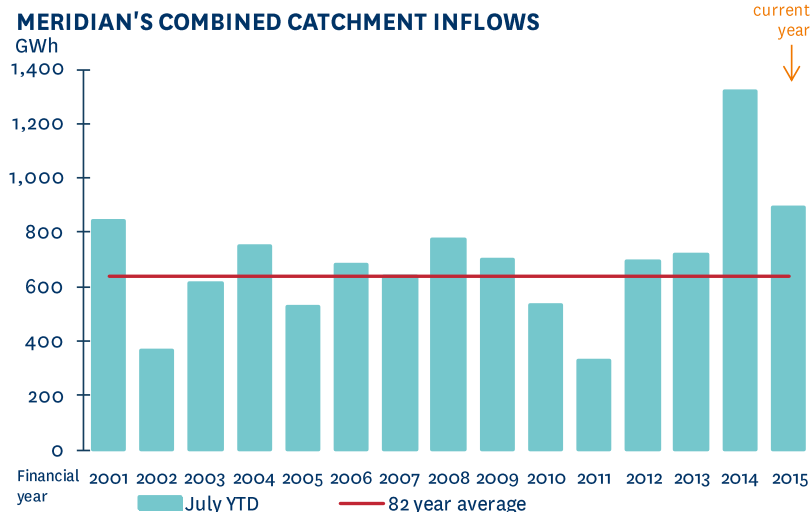


NATIONAL HYDRO STORAGE (11 August 2014)



Meridian Operating Information

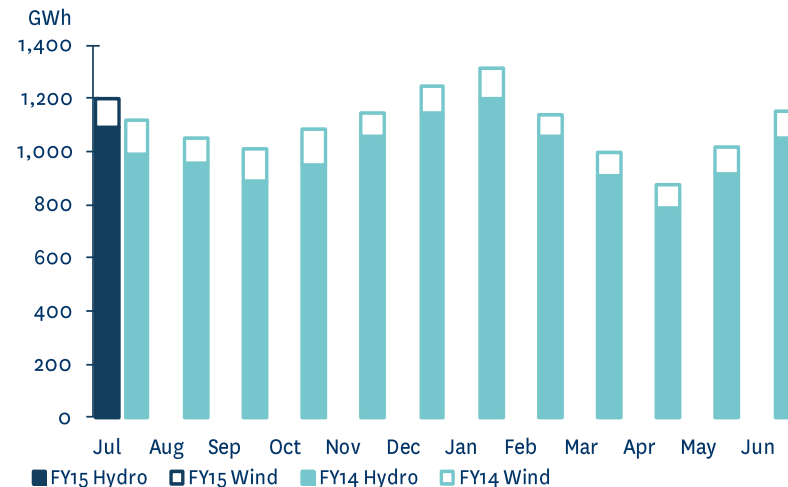
- July 2014 monthly inflows were 140% of historical average
- Meridian's Waitaki catchment storage at the end of July 2014 was 1,607GWh, which was 121% of historical average
- This 31 July 2014 storage level was 5% higher than at the same time last year



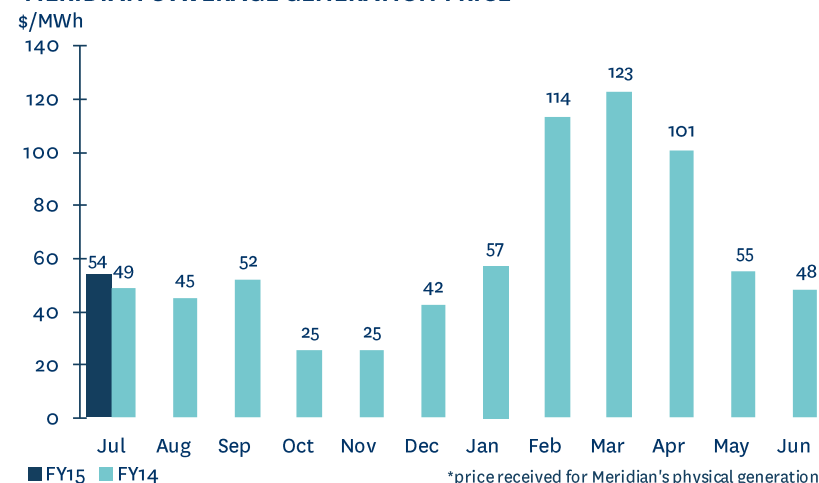
Meridian Operating Information

- Meridian's New Zealand generation in July 2014 was 7.6% higher than the same month last year
- The average price Meridian received for its generation in July 2014 was 11.2% higher than the same month last year
- The average price Meridian paid to supply contracted sales in July 2014 was also higher than the same month last year

MERIDIAN'S NEW ZEALAND GENERATION



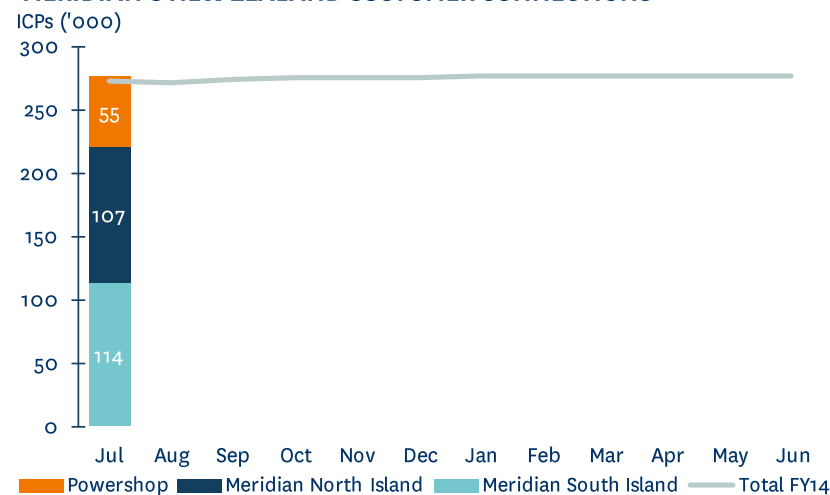
MERIDIAN'S AVERAGE GENERATION PRICE*



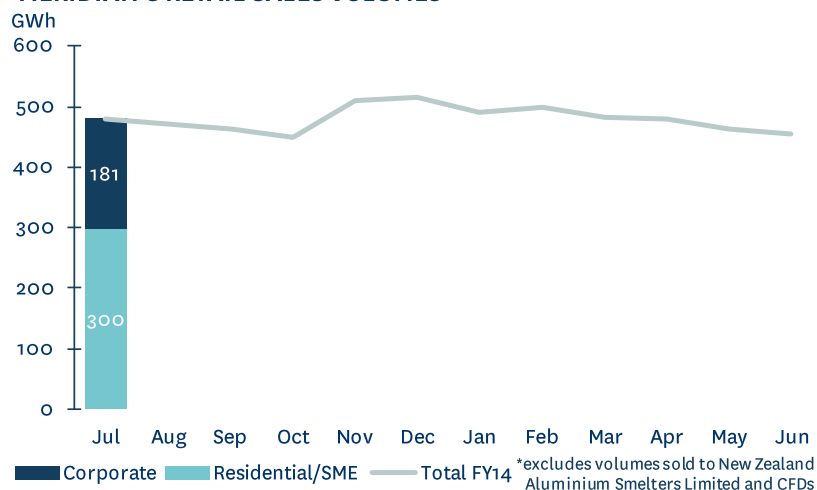
Meridian Operating Information

- Meridian's New Zealand customer connection numbers fell slightly during July 2014
- Powershop Australia customer numbers now exceed 15,400, with another 3,000 in the process of switching in
- Retail sales volumes in July 2014 rose slightly compared to July 2013
- Residential/SME sales volumes fell 3.1% compared to July 2013, offset by 6.6% higher Corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian Operating Information

| | July 2014 month | July 2013 month | June 2014 month | May 2014 month |
|---|--------------------|--------------------|--------------------|-------------------|
| New Zealand Contracted Sales¹ | | | | |
| Retail contracted sales volume (GWh) | 481 | 479 | 455 | 462 |
| Average retail contracted sales price (\$/MWh) | \$117.3 | \$114.7 | \$118.4 | \$116.0 |
| NZAS sales volume (GWh) | 426 | 426 | 412 | 426 |
| Sell side derivative volumes ² (GWh) | 95 | 38 | 88 | 57 |
| Wholesale contracted sales average price (\$/MWh) | \$50.2 | \$52.6 | \$55.2 | \$54.6 |
| Total New Zealand customer connections ³ | 276,413 | 272,972 | 276,708 | 277,412 |
| Powershop Australia customer connections ⁴ | 15,415 | 444 | 13,426 | 11,435 |
| New Zealand Generation | | | | |
| Hydro generation volume (GWh) | 1,095 | 989 | 1,049 | 915 |
| Wind generation volume (GWh) | 106 | 127 | 100 | 103 |
| Total generation volume (GWh) | 1,201 | 1,116 | 1,149 | 1,018 |
| Average generation price ⁵ (\$/MWh) | \$54.0 | \$48.6 | \$48.0 | \$55.1 |
| Acquired generation volume ⁶ (GWh) | 142 | 157 | 121 | 146 |
| Cost of acquired generation (\$/MWh) | \$88.1 | \$87.5 | \$90.4 | \$89.2 |
| Cost to supply contracted sales (\$/MWh) | \$57.9 | \$50.0 | \$51.1 | \$58.6 |

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 Manapouri 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 |
| Customer connections (Australia) | number of financially responsible market participants, 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 |