



Market Announcement  
Thursday, 31 July 2008

### **TrustPower Limited First Quarter Operating Results for the Three Months Ending 30 June 2008**

TrustPower's operating statistics for the quarter ending 30 June 2008 together with prior period comparatives are provided at the end of this announcement.

As previously advised to the market, a combination of very low inflows into hydro catchments during April to June and very low wind production during May contributed to generation production being 129 GWh or 22 per cent below long term expectation.

The Company's South Island storage lakes started the quarter well below average. As a result the Company did not have its usual flexibility to meet customer demand during the quarter. Consequently the Company purchased approximately 30 GWh from the spot market at very high prices. TrustPower's weighted average spot price of electricity purchased for the quarter was \$245 MWh versus \$64 MWh for the same period last year.

Hydro inflows returned to normal levels during late June and have continued during July to the extent that national hydro storage levels have improved from around 50 per cent of average to nearly 70 per cent of average.

Now that the winter period is well advanced, wholesale spot electricity prices have recently returned to normal levels as market participants become more confident that hydro storage is now at sufficient levels to meet remaining winter demand.

The financial impact of the difficult market conditions that the Company has experienced during the quarter has meant that Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movement of financial instruments ("EBITDAF") has, as advised in mid-June, been negatively impacted by between \$15 and 20 million for the first quarter. The Company, can now confirm that the outcome for the first quarter was at the lower end of this range. Nevertheless, the company expects strong EBITDAF growth for the year taking into account a full year contribution of Tararua Stage III and contributions from Deep Stream Hydro and Snowtown Wind Farm following commissioning of these projects.

The trading experience over this winter will be used to calibrate the Company's risk management strategies and assess resilience to future periods of extended drought and low wind production.

The 98 MW Snowtown wind project in South Australia is nearing completion. Thirty of a total of forty seven turbines are operating while a further four have been erected and are ready for testing. The Company expects to achieve full commissioning of the wind farm by the end of August which will be three months ahead of the original schedule.

Commissioning of the 6 MW Waipori hydro enhancement scheme has been completed. While this project's completion was delayed by a number of factors and was over budget, the Company expects that this development will provide useful additional hydro generation for the Waipori Scheme and will provide further hydro generation back-up to support TrustPower's ambition to develop a wind farm near to the site. This project earned carbon credits which will be realised at prices well in excess of those contemplated when project construction commenced.

TrustPower continues to progress consents for a number of renewable energy projects. By the end of 2008 the Company hopes to have completed resource consenting processes for close to 550 MW of hydro and wind generation in the South Island. Fully permitted wind sites in South Australia provide a further 260 MW of generation development opportunity.

**BJ HARKER**  
**CHAIRMAN**

	<b>3 Months June 2008</b>	<b>3 Months June 2007</b>	<b>12 Months March 2008</b>
Electricity customer numbers (000's)	222	219	222
Telecommunication services provided (000's)	28	16	26
Mass market sales (GWh)	531	514	2,029
Time of use sales (GWh)	658	633	2,511
<b>Total customer sales (GWh)</b>	<b>1,189</b>	<b>1,147</b>	<b>4,540</b>
Weighted average spot price of electricity purchased (\$/MWh)	245	64	73
North Island hydro generation production (GWh)	146	126	546
South Island hydro generation production (GWh)	189	245	926
Total hydro generation production (GWh)	335	371	1,472
Wind generation production (GWh)	115	113	546
<b>Total New Zealand generation production (GWh)</b>	<b>450</b>	<b>484</b>	<b>2,018</b>
Weighted average spot price of electricity generated (\$/MWh)	258	63	68
Resource consent non-compliance events (minor)	1	3	8
Staff numbers (full time equivalents)	389	397	393

TrustPower's operating statistics for the quarter ending 30 June 2008