

Capex materials escalators

| | Current Period (Actual) | | | | | Next Period | | | | | | |
|--|-------------------------|------|------|------|------|------------------------------|------|-----------------------|------|------|------|------|
| | | | | | | Assessment Period (Forecast) | | CPP Period (Forecast) | | | | |
| | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 |
| <i>FY08 = year ended 31 March 2008</i> | | | | | | | | | | | | |

Inputs

World Bank Commodity Price Forecast September 2012 (Nominal USD) - average of 12 months ending December

| | | | | | | | | | | | |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Crude oil, avg, spot | \$/bbl | 79 | 104 | 106 | 106 | 107 | 107 | 107 | 107 | 108 | 108 |
| Aluminium | \$/mt | 2,173 | 2,401 | 2,000 | 2,350 | 2,500 | 2,600 | 2,650 | 2,700 | 2,725 | 2,750 |
| Copper | \$/mt | 7,535 | 8,828 | 7,900 | 8,500 | 8,000 | 7,000 | 6,500 | 6,000 | 6,100 | 6,200 |
| Iron ore (main component of steel) | \$/dmt | 146 | 168 | 128 | 135 | 120 | 110 | 100 | 90 | 95 | 100 |

Source: World Bank, Development Prospects Group.
<http://www.worldbank.org/prospects/commodities>

Exchange rate forecast - financial year average

| | | | | | | | | | | | |
|-----|-------|------|------|------|------|------|------|------|------|------|------|
| USD | 1 NZD | 0.68 | 0.73 | 0.81 | 0.79 | 0.78 | 0.75 | 0.69 | 0.66 | 0.66 | 0.66 |
|-----|-------|------|------|------|------|------|------|------|------|------|------|

Source: NZIER September 2012 Quarterly Prediction

Material weightings by asset category

66 kV Underground cables

| | |
|--------|------|
| Copper | 100% |
|--------|------|

Other underground cables

| | |
|-----------|-----|
| Aluminium | 95% |
| Copper | 5% |

Overhead line conductors

| | |
|-----------|-----|
| Aluminium | 95% |
| Copper | 5% |

Transformers

| | |
|--------|-----|
| Steel | 45% |
| Copper | 50% |
| Oil | 5% |

Switchgear

| | |
|--------|-----|
| Copper | 75% |
| Steel | 25% |

Calculations

Conversion to Financial Year (75% of previous year + 25% of current)

| | | | | | | | | | | |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Crude oil, avg, spot | \$/bbl | 85.3 | 104.4 | 105.7 | 106.0 | 106.6 | 107.0 | 107.3 | 107.5 | 107.8 |
| Aluminium | \$/mt | 2,230 | 2,301 | 2,088 | 2,388 | 2,525 | 2,613 | 2,663 | 2,706 | 2,731 |
| Copper | \$/mt | 7,858 | 8,596 | 8,050 | 8,375 | 7,750 | 6,875 | 6,375 | 6,025 | 6,125 |
| Iron ore (main component of steel) | \$/dmt | 152 | 158 | 130 | 131 | 118 | 108 | 98 | 91 | 96 |

Conversion to NZD

| | | | | | | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|
| Crude oil, avg, spot | \$/bbl | 116.3 | 129.4 | 134.4 | 135.8 | 141.8 | 155.0 | 163.7 | 164.1 | 164.5 |
| Aluminium | \$/mt | 3,041 | 2,852 | 2,654 | 3,059 | 3,359 | 3,786 | 4,065 | 4,132 | 4,170 |
| Copper | \$/mt | 10,718 | 10,655 | 10,235 | 10,731 | 10,310 | 9,963 | 9,733 | 9,198 | 9,351 |
| Iron ore (main component of steel) | \$/dmt | 207 | 196 | 165 | 168 | 156 | 156 | 149 | 139 | 147 |

Conversion to NZD Index

| | | | | | | | | |
|------------------------------------|--|-------|-------|-------|-------|-------|-------|-------|
| Crude oil, avg, spot | | 1,000 | 1,010 | 1,055 | 1,153 | 1,218 | 1,221 | 1,224 |
| Aluminium | | 1,000 | 1,153 | 1,266 | 1,426 | 1,532 | 1,557 | 1,571 |
| Copper | | 1,000 | 1,049 | 1,007 | 973 | 951 | 899 | 914 |
| Iron ore (main component of steel) | | 1,000 | 1,019 | 948 | 944 | 902 | 845 | 891 |

Cumulative Percentage Change

| | | | | | | | | |
|------------------------------------|--|------|--------|--------|--------|--------|--------|--------|
| Crude oil, avg, spot | | 100% | 101.0% | 105.5% | 115.3% | 121.8% | 122.1% | 122.4% |
| Aluminium | | 100% | 115.3% | 126.6% | 142.6% | 153.2% | 155.7% | 157.1% |
| Copper | | 100% | 104.9% | 100.7% | 97.3% | 95.1% | 89.9% | 91.4% |
| Iron ore (main component of steel) | | 100% | 101.9% | 94.8% | 94.4% | 90.2% | 84.5% | 89.1% |

Output

Asset category indices

| | | | | | | | | |
|--------------------------|--|------|--------|--------|--------|--------|--------|--------|
| 66kV Underground cables | | 100% | 104.9% | 100.7% | 97.3% | 95.1% | 89.9% | 91.4% |
| Other underground cables | | 100% | 114.7% | 125.3% | 140.4% | 150.3% | 152.4% | 153.8% |
| Overhead line conductors | | 100% | 114.7% | 125.3% | 140.4% | 150.3% | 152.4% | 153.8% |
| Transformers | | 100% | 103.4% | 98.3% | 96.9% | 94.2% | 89.0% | 91.9% |
| Switchgear | | 100% | 104.1% | 99.2% | 96.6% | 93.9% | 88.5% | 90.8% |

| FY08 = year ended 31 March 2008 | Current Period (Actual) | | | | | Next Period | | | | | | |
|---------------------------------|-------------------------|------|------|------|------|------------------------------|------|-----------------------|------|------|------|------|
| | | | | | | Assessment Period (Forecast) | | CPP Period (Forecast) | | | | |
| | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 |

Labour

LCI (average for financial year)

| | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|
| 1,000 | 1,021 | 1,041 | 1,061 | 1,089 | 1,112 | 1,136 | 1,161 |
|-------|-------|-------|-------|-------|-------|-------|-------|

Change in LCI

| | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|
| 2.10% | 1.92% | 1.97% | 2.61% | 2.16% | 2.16% | 2.16% |
|-------|-------|-------|-------|-------|-------|-------|

Source: NZIER September 2012 Quarterly Prediction

Index from 2013

| | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|
| 1,000 | 1,019 | 1,039 | 1,066 | 1,089 | 1,113 | 1,137 |
|-------|-------|-------|-------|-------|-------|-------|

Cumulative change in LCI

| | | | | | | |
|------|---------|---------|---------|---------|---------|---------|
| 100% | 101.92% | 103.93% | 106.64% | 108.94% | 111.29% | 113.69% |
|------|---------|---------|---------|---------|---------|---------|

Canterbury construction labour

Change in index

| | | | | | |
|------|------|------|------|------|------|
| 7.5% | 7.5% | 7.5% | 5.0% | 5.0% | 5.0% |
|------|------|------|------|------|------|

Index from 2013

| | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|
| 1,000 | 1,075 | 1,156 | 1,242 | 1,304 | 1,370 | 1,438 |
|-------|-------|-------|-------|-------|-------|-------|

Cumulative change in index

| | | | | | | |
|------|---------|---------|---------|---------|---------|---------|
| 100% | 107.50% | 115.56% | 124.23% | 130.44% | 136.96% | 143.81% |
|------|---------|---------|---------|---------|---------|---------|

CPI

CPI (average for financial year)

| | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|
| 1,160 | 1,177 | 1,199 | 1,225 | 1,252 | 1,279 | 1,307 | 1,335 |
|-------|-------|-------|-------|-------|-------|-------|-------|

Change in CPI

| | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|
| 1.42% | 1.91% | 2.17% | 2.17% | 2.17% | 2.17% | 2.17% |
|-------|-------|-------|-------|-------|-------|-------|

Source: Reserve Bank September 2012 Forecast

Index from 2013

| | | | | | | |
|------|------|------|------|------|------|------|
| 1000 | 1019 | 1041 | 1064 | 1087 | 1110 | 1134 |
|------|------|------|------|------|------|------|

Cumulative change in CPI

| | | | | | | |
|------|---------|---------|---------|---------|---------|---------|
| 100% | 101.91% | 104.12% | 106.38% | 108.69% | 111.04% | 113.45% |
|------|---------|---------|---------|---------|---------|---------|

PPI

PPI (average for financial year)

| | | | | | | | |
|-------|-------|-------|-------|-------|-------|---------|---------|
| 1,039 | 1,061 | 1,093 | 1,129 | 1,170 | 1,208 | 1,246.5 | 1,286.4 |
|-------|-------|-------|-------|-------|-------|---------|---------|

Change in PPI

| | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|
| 2.09% | 3.04% | 3.32% | 3.65% | 3.20% | 3.20% | 3.20% |
|-------|-------|-------|-------|-------|-------|-------|

Source: NZIER September 2012 Quarterly Prediction

Indexed to 2013

| | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|
| 1,000 | 1,030 | 1,065 | 1,103 | 1,139 | 1,175 | 1,213 |
|-------|-------|-------|-------|-------|-------|-------|

Cumulative change in PPI

| | | | | | | |
|------|---------|---------|---------|---------|---------|---------|
| 100% | 103.04% | 106.46% | 110.35% | 113.88% | 117.53% | 121.30% |
|------|---------|---------|---------|---------|---------|---------|