

## Trustees Report to our Customer Beneficiaries

This year the Trustees have been monitoring the Company's customer relationships and public perceptions to which the Trust has previously expressed their dissatisfaction. In response, the Company has invested additional resources into identifying its range of customer value areas, and have proceeded to hold a number of public meetings with a view to understanding customer's concerns as well as to educate them on understanding and managing their demand levels. Trustees have attended a number of these meetings, and are pleased with how they have been presented and managed by the Company.

Again this year, the Trustees are comfortable with the financial results of the Company, as well as the performance of the Board of Directors. The Trust undertook its usual annual Director's performance reviews, and has spent a great deal of time this year interviewing prospective Directors for the Board. As has been the case in the past, the Trust is fortunate to be able to attract a large number of highly skilled people to Directorship vacancies. A key focus of the Trust is to ensure that the Board secures a wide range of commercial business skills, expertise and knowledge to encourage healthy debates on any issue that may arise. The Trust has resolved to appoint two Directors to the Board. Director's fees were increased by 3% at the Company's 2014 AGM. Trustees continue to enjoy a healthy and constructive relationship with the Directors.

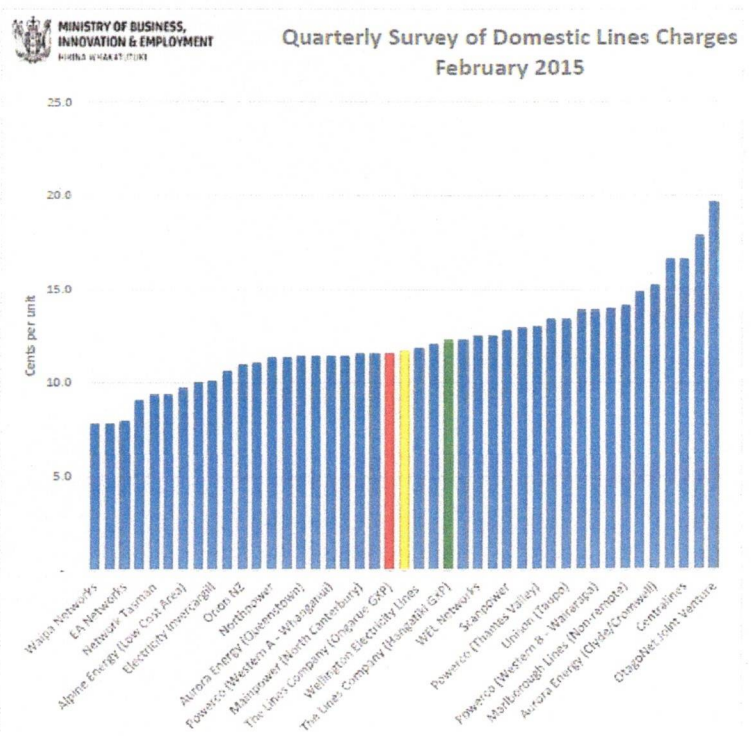
The national comparison of domestic consumers graph highlights the charges by the Company are mid-range in comparison to lines companies across New Zealand. The yellow bar is the New Zealand average for domestic lines charges as at February 2015. The red bar represents the average lines charges for customers from the southern TLC network, and the green bar for customers from the northern TLC network, of which almost all customers in the latter network are beneficial owners. The front cover of this Annual Report outlines the boundaries of the Northern and Southern TLC network areas.

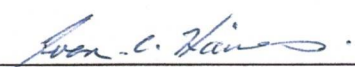
During the year the Trust undertook an Ownership Review, which is required every six years, and an "A" Trustee election which is to occur every three years. Seven nominations were received for three vacant positions, with Mark Ammon, Peter Kidd and Murray Loewenthal being successfully appointed to the positions until September 2017. The first role of the newly elected three Trustees is to appoint a further Trustee who is mainly selected for their commercial expertise. Interviews were undertaken and Marain Hurley of Otorohanga has been appointed to this position.

An Ownership Review was undertaken at the same time as the Trustee election. Similar to the previous three reviews, the outcome resulted in 93% of beneficial owners voting for retained Trust ownership. These results highlight confidence by beneficial owners in the decisions and operations of this Trust.

The Chairman and Trustees have been involved in 19 formal meetings during the year. These have included Trust, Company/Director, Regional Trusts and Electricity Trusts of NZ meetings. In addition, there have been a number of informal attendances at meetings involving customers and public meetings. The Trust also made a further capital distribution to its beneficiaries in December 2014 of \$4.5m.

National Comparison – Domestic Consumers



  
**Ivan C. Haines (Chairman)**  
 3<sup>rd</sup> September 2015

  
**Mark S. Ammon (Trustee)**  
 3<sup>rd</sup> September 2015