

networktasman

Your consumer-owned electricity distributor

24 March 2016

Ms Gwenny Davis
Chairperson
Network Tasman Trust
c/o Craig Anderson Ltd
P O Box 3115
Richmond

Network Tasman Limited

52 Main Road, Hope 7020
PO Box 3005
Richmond 7050
Nelson, New Zealand

Tel: 64 3 989 3600

Freephone: 0800 508 098

Fax: 64 3 989 3631

Email: info@networktasman.co.nz

Website: www.networktasman.co.nz

Dear Gwenny,

We write with regard to the recent ownership review which the board has commissioned. This review has been carried out by an independent consultant, Key Business Partners (KBP) of Christchurch. We attach for the trustees' information eight copies of the report prepared by the consultant. As you are aware the board is required to compare the performance of the company under trust ownership with the performance of companies under other forms of ownership.

The board has considered the report and agrees with the conclusion that Trust ownership is preferred.

The report concludes that the company is in "robust shape". It examines trends over time as well as benchmarking with other lines companies with regard to network reliability, costs, pricing and financial performance. KBP finds that Network Tasman performs well on all of these measures. It notes that operating costs have increased in recent years, but highlights that a significant contributor to this is the acquisition from Transpower of the high voltage transmission assets in Golden Bay/Motueka. The report finds that NT is successfully diversifying into complementary lines of business. It concludes that while evolving technologies present uncertainty, the company is well-placed to consider its best approach for the future.

The board of the company recommends to the trustees that the ownership of the company remain in its present consumer trust ownership. We believe the attached report confirms that the company is performing well in terms of consumer service, pricing and reliability and that there is no alternative form of ownership which would provide consumers with greater benefits than trust ownership.

Yours faithfully

Network Tasman Limited



John McCliskie
Chairman