



KING COUNTRY ELECTRIC POWER TRUST

TRUST DEED

As amended 19th October 2011

KING COUNTRY ELECTRIC POWER TRUST

THIS DEED is made on the **18th** day of **June 1993**

BETWEEN KING COUNTRY ENERGY LIMITED a duly incorporated company with its registered office at Taumarunui (hereinafter called "the Company")

AND ("the Trustees")

WHEREAS

A. The King Country Electric Power Board ("the Board") has formed a registered private company limited by shares, King Country Energy Limited ("the Company"), in which the subscribers are:

KENNETH STUART STREET OF TAUMARUNUI, FARMER;
GORDON ROBERT HOPEFUL GOWER OF OHURA, FARMER;
PETER JOHN TILL OF TAUMARUNUI, BOARD MANAGER; AND
NORMAN JAMES ANNAND OF TAUMARUNUI, BOARD SECRETARY;

B. Pursuant to section 28 of the Energy Companies Act 1992 the Minister of Energy has approved the establishment plan prepared and submitted in respect of the Company which establishment plan provides for the allocation of Shares in the Company to the Trustees and the re-registration of the Company as a public company limited by shares;

C. The Company wishes to establish the King Country Electric Power Trust to enable the Trustees to acquire the Shares in the Company to be vested in the Trustees in accordance with the establishment plan.

D. The object of the Trust is to hold the Shares in the Company on behalf of the Consumers and to exercise the rights attaching to the ownership of the Shares and distribute to the Consumers in their capacity as owners, the benefits of ownership of the Shares in the Company including any dividends received by the Trust, and to carry out future ownership reviews involving public consultation in accordance with the terms of this Deed.

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions: In this Deed, unless the context otherwise requires:

- (a) "Act" means the Energy Companies Act 1992;
- (b) "Balance Date" means the 31st day of March or any other date adopted as at the end of the Financial Year from time to time by the Company;
- (c) "Bank" means the ANZ Banking Group (New Zealand) Limited, Bank of New Zealand, National Australia Bank (NZ) Limited, The National Bank of New Zealand Limited, Westpac Banking Corporation, any member of Trust Bank Group or any other bank listed in the register of registered banks referred to in section 69 of the Reserve Bank of New Zealand Act 1989;
- (d) "Board" means the King Country Electric Power Board constituted by section 10 of the Electric Power Boards Act 1925;
- (e) "Company" means King Country Energy Limited, and includes any successor company;
- (f) "Consumers" means persons, who at any appropriate date designated by the Trustees from time to time, are named in the records of the Lines Company as persons whose premises are connected to the Lines Company's lines network within the District, unless any such person who qualifies as a Consumer in accordance with this definition advises the Lines Company or the Trustees irrevocably in writing that he, she or it does not wish to be a Consumer for the purposes of this deed;
- (g) "this Deed" means this deed and includes the schedule and any amendments;
- (h) "Distribution Plan" means a plan for the distribution of the Review Shares prepared by the Trustees in accordance with Clause 4;
- (i) "District" means the extent of the area over which the Board was authorised to supply electricity pursuant to the licence granted to the Board under section 20 of the Electricity Act 1968, or such other area the Trustees determine at their sole discretion;
- (j) "Dividends" means, in relation to the Company, any distributions paid in cash by the Company to the Trustees as holders under this Deed of Shares in the Company;
- (k) "Electors" means at the first anniversary of the Termination Date, or at any earlier appropriate date designated from time to time by the Trustees, any person:

- (i) whose name appears on a roll of the electors of a Local Authority the whole or any part of whose district is situated within the District; and
 - (ii) whose electoral address is within the District;
- (l) "Financial Year" means any year or other accounting period ending on a Balance Date;
- (m) "Guidelines" means any document issued by the Trust from time to time which describes Consumers' rights of access to information from the Trust.
- (n) "Lines Company" means The Lines Company Limited, and includes any successor company;
- (o) "Lines Shares" means shares of the Lines Company;
- (p) "Local Authority" means a territorial authority within the meaning of the Local Government Act 1974;
- (q) "Other Shares" means shares in any company other than the Shares of the Company, and includes, for the avoidance of doubt, the Lines Shares;
- (r) "Public Consultative Procedure" means the procedure for consultation set out in Schedule 2;
- (s) "Review Shares" means the Shares and/or the Lines Shares, as the case may be;
- (t) "Shares" means shares of the Company;
- (u) "Termination Date" means the earlier of 1 January 2072 and the date upon which the trust is wound up in accordance with Clause 15;
- (v) "the Trust" means the electric power trust established by this Deed;
- (w) "the Trustees" means the trustees for the time being of the Trust;
- (x) "Trust Fund" means all the funds of the Trust described as "the Trust Fund" in Clause 6 and includes all capital and income for the time being held by the Trustees of the Trust;
- (y) "Trustee Act" means the Trustee Act 1956;
- (z) "Vesting Date" means the date upon which the Governor-General by Order in Council under section 47 of the Act vests the undertaking of the Board in the Company and the Shares in the Company in the Trustees.

- 1.2 Construction In this Deed, unless the context otherwise requires:
- (a) references to one gender include each other gender;
 - (b) references to the singular include the plural and vice versa;
 - (c) the headings and the index shall not affect the construction of the Deed;
 - (d) references to clauses are references to Clauses of the Deed and references to Schedules are references to schedules to this Deed;
 - (e) references to a statute include references to regulations, orders or notices made under or pursuant to such statute. References to any statute, regulation, order or other statutory instrument or by-law shall be deemed to be references to the statute, regulation, order, instrument or by-law as from time to time amended and includes substituted provisions that substantially correspond to those referred to;
 - (f) words, terms or expressions which are defined in the Act but are not defined in this Deed shall have the meaning attributed to them in the Act.
- 1.3 Perpetuity Period: For the purposes of the Perpetuities Act 1964 the perpetuity period applicable to this Deed shall be the period from the date of execution hereof until the first anniversary of the Termination Date.

2. DECLARATION OF TRUST

The Company hereby declares and directs and the Trustees declare and acknowledge as follows:

- 2.1 The trust established by this Deed as an electric power trust shall be known as the King Country Electric Power Trust. The name of the Trust may be changed from time to time by resolution of the Trustees that has received unanimous affirmative vote of all of the Trustees.
- 2.2 The sum of \$100.00 paid by the Company contemporaneously with execution of this Deed and all other monies or property of whatever kind hereafter paid, given, or transferred to or purchased or acquired by (or agreed to be transferred to or purchased or acquired by) the Trustees shall be held upon the Trust hereby declared and any accumulations of income therefrom and all monies, investments and property of whatever kind from time to time representing the same shall be held upon the Trust and for the purposes and with the powers, authorities and discretions hereinafter appearing.

3. OBJECTS

This Trust has been established to enable the Trustees:

- 3.1 On Vesting Date, to receive Shares in the Company vested in the Trustees by Order in Council made in accordance with section 47 of the Act.

- 3.2 If the Trustees so elect to subscribe for, purchase or otherwise acquire additional Shares in the capital of the Company.
- 3.3 To retain and hold such Shares until such time as following an ownership review held in accordance with Clause 4, or in accordance with clause 9.9, the Shares or a portion of them are sold, transferred or disposed of.
- 3.4 In the event of any sale, transfer or other disposition of such Shares to hold the proceeds of any sale, transfer or other disposition of such Shares upon the trust for capital in accordance with Clause 6.1.
- 3.5 To receive the Dividends and to distribute, pay, apply or appropriate the Dividends to or for the benefit of the Consumers in the manner provided in Clause 5 of this Deed.
- 3.6 Following the Termination Date to pay, apply and appropriate the capital of the Trust in the manner provided in Clause 6.2.
- 3.7 To encourage and facilitate the Company in meeting its objective of being a successful business by optimising the Company's return on its assets, and to distribute to Consumers in their capacity as owners, the benefits of ownership of the Shares and the Lines Shares.
- 3.8 To take any action which, in the opinion of the Trustees, is necessary or desirable to protect, maintain, or promote, the best interests of Consumers.
- 3.9 To purchase and/or hold Other Shares until such time as the Other Shares or a portion of them are sold, transferred or disposed of.

4. REVIEW

- 4.1 Within 36 months of the date of this Deed the Trustees shall prepare a report considering proposals and available options for the future ownership of the Review Shares. Such report shall contain the following detail:
 - (a) an analysis of the performance of the trust to the date of the report together with a discussion of the advantages and disadvantages of trust ownership;
 - (b) an analysis of the various ownership options considered including without limitation, a Review Share distribution to Consumers or Electors, a sale of Review Shares to the public, a sale of Review Shares to institutional investors and retention by the Trust;
 - (c) a comparison of the performance by the Company with the performance of other similar energy companies covered by the Energy Companies Act 1992 and subsequent legislation.
 - (d) the conclusions of the Trustees as to the most appropriate form of

ownership together with an indication whether the conclusions are unanimous and if the decision is not unanimous, a summary of the conclusions of the dissenting Trustees shall be included;

- (e) the matters contained in Clause 4.5 if a distribution of Review Shares is recommended.
 - (f) a summary of the professional advice (if any) obtained in respect of the preparation of the report; and
 - (g) a statement as to whether or not the Trustees have had regard to any views expressed by the public with respect to ownership.
- 4.2 The Trustees shall in respect of the report and no later than 1 month after the date of the report, implement the Public Consultative Procedure.
- 4.3 Following completion of the Public Consultative Procedure and in any event not later than 6 months after the report required by Clause 4.1 is complete, the Trustees shall, taking due account of the views expressed decide whether to:
- (a) retain the Review Shares in the Trust; or
 - (b) dispose of a portion of the Review Shares and retain the remainder in the Trust; or
 - (c) dispose of all of the Review Shares.
- 4.4 If the Review Shares are to be retained by the Trust the Trustees shall notify the public in accordance with Clause 13.
- 4.5 If the Review Shares or any portion of them are to be distributed the Trustees shall also prepare a Distribution Plan which shall contain the following details:
- (a) to whom the Review Shares are to be distributed;
 - (b) the time and manner in which the Review Shares are to be distributed; and
 - (c) whether the Review Shares are to be distributed to consumers without consideration, at a concessionary consideration to consumers or for proper consideration.
- 4.6 The Distribution Plan shall be notified to the public in accordance with Clause 13 and following notification the Trustees shall be obliged to comply with the requirements of and ensure that the Distribution Plan is implemented unless the Trustees are unable to do so as a result of matters beyond the reasonable control of the Trustees.
- 4.7 If following the initial review provided for in this Clause 4 any or all of the Review Shares are retained by the Trustees, the Trustees shall thereafter carry out a

review in accordance with Clause 4 at no more than five yearly intervals until the Termination Date so that the first such review commences five years after the completion of the first review.

5. TRUSTS OF INCOME UNTIL DISTRIBUTION DATE

The Trustees shall stand possessed of the income arising from the Trust Fund upon the following trusts and with and subject to the following powers:

- 5.1 The Trustees shall from the net annual income derived by the Trust Fund first pay the cost of administering the Trust including remuneration and allowances payable to Trustees as hereinafter provided and costs incurred in pursuance of their duties.
- 5.2 The Trustees may subject to Clause 5.3 pay, apply or appropriate the whole or any part of the current net annual income derived by or credited to the Trust Fund in any Financial Year to or for or otherwise howsoever for the benefit of the Consumers or such one or more of them to the exclusion of the others or other of them in such manner and in such shares and proportions as the Trustees in their absolute and unfettered discretion shall consider proper.
- 5.3 The Trustees shall be authorised to retain any Dividend received for such period as they consider to be proper prior to payment, application or appropriation in accordance with Clause 5.2.
- 5.4 All the Consumers to whom any income is paid, applied or appropriated by the Trustees pursuant to the provisions of Clause 5.2, shall as from the date of such payment, application or appropriation take an absolute and indefeasibly vested interest in such income and as from such date the Trustees shall have no further obligations with respect to the application of such income.
- 5.5 The foregoing provisions as to vesting of income shall not operate to vest any part of the corpus of the Trust Fund in any of the Consumers.
- 5.6 Subject to the foregoing, so far as any part or parts of the income derived by or credited to or to be derived by or credited to the Trust Fund in any Financial Year is not paid, applied or appropriated to the Consumers pursuant to Clause 5.2 of this Deed, the same shall be accumulated by investing the same so that all such accumulations shall be held by the Trustees upon the same trusts and with the powers herein declared in respect of the income from the Trust Fund and so that the Trustees may at any time or times resort thereto and pay, apply or appropriate the whole or any part thereof as if it were income of the Trust Fund to or for the benefit of the Consumers.
- 5.7 Each Trustee in its capacity as a Consumer shall not withstanding the provisions of this Deed or any applicable rule of law or equity, be entitled to receive any benefits as a Consumer which may be distributed to Consumers in accordance with this Deed.
- 5.8 All payments made to Consumers unclaimed for one year having been sent to

any Consumer may be invested or otherwise made use of by the Trustees for the benefit of the Trust Fund and the Trustees shall be entitled to mingle the amounts of any unclaimed payment with other moneys forming part of the Trust Fund and to credit any income arising in any Financial Year from the investment of such unclaimed payments to the Trust Fund.

6. TRUSTS OF CAPITAL

6.1 Trusts prior to Termination Date: The Shares in the Company and Other Shares or the proceeds of sale or other disposition of such shares shall be held by the Trustees upon trust to pay, apply or allocate the same, on or before the Termination Date for the benefit of the Consumers, or to the extent that the shares are sold in order to raise funds for the Company, for the benefit of the Company in such manner and in such shares as the Trustees in their absolute and unfettered discretion consider fair and equitable.

6.2 Trusts from and after Termination Date: From and after the Termination Date the Trustees shall stand possessed of the corpus of the Trust Funds and the income thereof and any income previously derived by the Trustees that has not been paid, applied or appropriated in accordance with Clause 6.1 of this Deed, upon trust to pay, apply or appropriate the same to or for or otherwise howsoever for the benefit of the Consumers in such manner and in such shares as the Trustees shall in their absolute and unfettered discretion consider fair and equitable provided however that if the Trustees have not so paid, applied or appropriated any or all of such Trust Fund and income on the day before the first anniversary of the Termination Date the amount so remaining shall be paid in equal shares to Electors as at the first anniversary of the Termination Date.

7. APPOINTMENT, RETIREMENT AND PROCEEDINGS OF TRUSTEES

The Rules set forth in the Schedule hereto (with such amendments, deletions and additions thereto as may lawfully be made in manner therein appearing) shall upon the execution of this Deed govern the appointment, retirement and proceedings of the Trustees and associated matters.

8. GENERAL POWERS

The Trustees may exercise the powers, authorities, and discretions conferred by this Deed in addition to and not by way of limitation of the powers, authorities and discretions conferred upon the Trustees generally by the Trustee Act (except where otherwise specified in this Deed). In exercising the powers conferred by this clause and Clause 9 the Trustees shall be restricted to exercising their rights as a shareholder subject always to the provisions of this Deed and in particular Clause 4.

9. SPECIFIC POWERS

The Trustees shall have and may exercise either alone or together with any other person or persons the following powers, authorities and discretions:

9.1 To Appoint Directors: To appoint directors of the Company in the manner

provided by the Articles of Association of the Company.

- 9.2 To Appoint Secretary: To appoint and pay any person, who is not a Trustee, as secretary of the Trust and to remove such person and appoint replacement secretaries as they think fit.
- 9.3 To Employ: To employ and pay any person, firm, company or corporation to do any act of whatever nature relating to the Trust including the receipt and payment of money without being liable for loss incurred thereby.
- 9.4 To Appoint Custodian Trustee: To exercise the powers conferred by section 50 of the Trustee Act to appoint any corporation to be a custodian trustee of the Trust Fund.
- 9.5 To Invest: To invest or reinvest, in any form of investment authorised by this Deed or by law, all or any part of the Trust Fund, whether income or capital, not immediately required for the purposes of the Trust.
- 9.6 Bank Accounts: To open an account or accounts at any time or times in the name of the Trust at any Bank (and to overdraw any such account with or without giving any security) and in addition to the powers conferred by section 81 of the Trustee Act to make arrangements with any Bank for the Trustees or any two or more of the Trustees or any two other persons named in writing by all of the Trustees to operate upon any account from time to time opened or subsisting at that Bank.
- 9.7 Capital Income and Blended Funds: To determine whether any money for the purposes of this Deed is to be considered as income or capital and what expenses ought to be paid out of income and capital respectively and also to apportion payments and every such determination or apportionment shall be final and binding on all persons beneficially interested in the Trust Fund and income thereof.
- 9.8 Shareholders powers: Subject to the provisions of this Deed, to exercise as the Trustees in their absolute discretion think fit all the voting powers attaching to any Shares in the Company and Other Shares forming part of the Trust Fund.
- 9.9 Reorganisation, reconstruction, merger etc: To consider any recommendations made by the Directors on any proposal relating to any reconstruction or amalgamation or merger of the Company or any modification of the rights of shareholders or any reduction or subject to Clause 9.10 other dealing with such Shares and after giving due consideration to the recommendations of the Directors to make a decision in respect of any such proposal as the Trustees may consider shall be for the benefit of or in the interests of the Trust Fund.
- 9.10 Increase in Capital: To consider any recommendations made by the directors on any proposal to increase the capital of the Company.
- 9.11 Determining Questions: To determine all questions and matters of doubt which may arise in the course of the Trusteeship of this Trust.

- 9.12 Property: To acquire, sell, call in or convert any real or personal property in such manner and subject to such terms and conditions as the Trustees think fit.
- 9.13 Maintain Property: To maintain, manage, repair, improve and develop any real or personal property which, or an interest in, forms part of the Trust Fund in such manner as the Trustees think fit.
- 9.14 To Borrow: To borrow moneys on such terms and on such conditions and for such purpose as the Trustees think fit.
- 9.15 Appoint Attorney: At any time and for any period to appoint another person as an attorney of all or any of the Trustees anywhere in the world for all or any of the purposes of the Trust.
- 9.16 General: To do such other acts and things as the Trustees may in their absolute discretion consider incidental or conclusive to the attainment of the general purpose of the Trust.

10. POWERS OF INVESTMENT

- 10.1 The power to invest conferred to trustees by section 13A(1) of the Trustee Act is hereby excluded.
- 10.2 The Trustees may invest all or any of the Trust Fund held by them under this Deed, either alone or in common with any other person or persons, in all or any of the following investments:
- (a) Shares or other equity securities or debt securities of the Company and Other Shares;
 - (b) the stock, funds or other securities of the New Zealand Government;
 - (c) interest bearing deposit accounts with any Bank.
 - (d) Any other investments the Trustees think proper or expedient.
- 10.3 The Trustees may hold all or any part of the Trust Fund uninvested in accordance with Clause 10.2 for any period or periods for the purpose of:
- (a) accumulating sufficient funds for the purposes of investment; or
 - (b) holding sufficient funds to meet payments as they fall due.
- 10.4 Notwithstanding the provisions of section 13C of the Trustee Act and the likelihood that the Trustees will from time to time include persons whose profession, employment, or business is or includes acting as a trustee or investing money on behalf of others, it is hereby declared that the care, diligence and skill to be exercised by the Trustees in exercising any power of

investment shall not be that required of such persons by the said section 13C but shall at all times be the care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.

- 10.5 Notwithstanding anything in this Deed, no Trustee shall be liable for any breach of trust in respect of any duty to exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of others or that a prudent person engaged in a profession, employment or business that is or includes acting as a trustee or investing money on behalf of others would exercise in managing the affairs of others merely (in either case) because the investments of the Trust Fund are not diversified.

11. ADVICE OF COUNSEL

Without derogating from the generality of the foregoing powers, the Trustees are hereby further empowered to take and act upon the opinion of any barrister of the High Court of New Zealand of not less than seven years' standing whether in relation to the interpretation of this Deed or any other document or any statute, as to the administration of the trust declared and authorised by this Deed or by any other document without being liable to any person who may claim to be in any way beneficially interested in respect of any act done in accordance with such opinion provided that nothing in this clause shall prohibit the Trustees from applying to the Court should the Trustees think fit.

12. DUTIES OF TRUSTEES

The Trustees shall:

- 12.1 subject to clause 8, act as a diligent shareholder and in particular monitor the performance of the directors of the Company and exercise the rights of shareholders for the benefit of the Trust Fund and with due regard to the objective of the Company to be a successful business;
- 12.2 ensure that full and correct accounts of all financial transactions of the Trust and its assets and liabilities and funds are kept;
- 12.3 in each Financial Year, the Trustees shall hold an annual meeting of Consumers at which the Consumers shall appoint an auditor to hold office from the conclusion of that meeting until the conclusion of the next annual meeting of Consumers. The auditor must:
- (a) be a person who is qualified to act as an auditor under Section 199(1) of the Companies Act 1993 and, in selecting an auditor, the Consumers may seek the advice of the Auditor-General; and
 - (b) not be a Trustee, director, employee, or agent of the Trust or of the Company or otherwise disqualified from being an auditor under section 199(2)(b) and (d) of the Companies Act 1993;
- 12.4 within 4 months after the end of each Financial Year-

- (a) prepare financial statements in accordance with generally accepted accounting practice (within the meaning of section 3 of the Financial Reporting Act 1993, applied as if the Trust were a reporting entity) with respect to the affairs of the Trust for that Financial Year. The names and persons as organisations to whom distributions of income have been made and amounts so distributed shall be recorded in the records held at the office of the Trust, and
 - (b) submit those financial statements to an auditor for audit; and
 - (c) make available to the public in accordance with section 100 of the Electricity Industry Act 2010, those audited financial statements and the Auditors report on those financial statements;
- 12.5 (1) make the documents referred to in clause 12.4(c) available to the Public by making copies of them available:
- (a) for inspection at every office of the Trust (during ordinary office hours free of charge);
 - (b) for purchase at a reasonable price;
- (2) notify the fact that the copies are available (and where) by advertisement in the news section of two separate editions of each newspaper that is widely read by the Consumers;
- 12.6 within five months of the end of each Financial Year of the Trust, hold a public meeting in the district and at that meeting report on the operation of the Trust during the preceding Financial Year and on the Financial Statements of the Trust for that Financial Year. The Trustees shall give not less than 14 days notice in the news section of two separate editions of each newspaper that is widely read by Consumers of the holding of such a meeting;
- 12.7 make a copy of this Deed available to the public in accordance with clause 13 and in accordance with the provisions of the Guidelines."

13. INFORMATION TO THE PUBLIC

- 13.1 The Trustees shall comply with the provisions of the Guidelines established for the purpose of providing information to Consumers.
- 13.2 For the purpose of complying with any requirement under this Deed to make any document or information available to the public, it shall be sufficient for the Trustees to make such document or information available for inspection at any office of the Trust or any office of the Company or at any other place in the District during normal business hours on any business day.

13.3 The Trustees shall, in a principal newspaper or newspapers circulating in the district, give not less than three days notice of the place at which, and the times when, such documents or information may be inspected by the public.

14. VARIATION TO TRUST DEED

14.1 This Deed may be altered or amended only by the unanimous resolution of the Trustees in writing provided however that no amendment shall be effective unless it has been subject to the Public Consultative Procedure.

14.2 Notwithstanding clause 14.1, no alteration or amendment may be made to this Deed that has the effect of limiting or restricting the obligations or powers of the Trustees under this Deed to;

(a) review proposals and available options for the ownership of the Review Shares held by the trustees, in accordance with Clause 4;

or

(b) sell, transfer or dispose of the Review Shares following an ownership review held in accordance with Clause 4.

15. WINDING UP OF TRUST

15.1 If the Trust no longer holds any equity security or debt security issued by the Company or a resolution to wind up the trust has not been passed by 1 January 2072, the Trustees shall pass the resolutions requiring the trust to be wound up. If the resolutions have not been passed by 1 July 2072 or six months after the date upon which the Trust ceased to hold any debt or equity securities of the Company (whichever is the earlier) the provisions of Clause 15.2 shall apply as if the resolution had been passed.

15.2 On the winding up of the Trust, all surplus assets after the payment of all costs, debts and liabilities shall be paid, applied or appropriated to or for or otherwise howsoever for the benefit of Consumers or Electors in accordance with Clause 6.2.

16. INTERESTED TRUSTEES

16.1 The Trustees shall not be employed in the service of or hold any office in, become a director of, or otherwise be involved in the management of the Lines Company.

16.2 A Trustee who in any way, whether directly or indirectly has a material interest in any contract or proposed contract or arrangement or dealing with the Trust (other than as a Consumer or as a member, officer, or employee of any firm, company or organisation that is a Consumer) shall disclose the nature of that interest at a meeting of the Trustees and such disclosure shall be recorded in the minutes of the meeting.

- 16.3 A Trustee required to disclose an interest by Clause 16.2 may be counted in a quorum present at a meeting but shall not vote in respect of the matter in which the Trustee is interested (and if the Trustee does so the vote shall not be counted) provided that the Trustee may be expressly permitted to vote by a unanimous vote of the other Trustees present given after the disclosure of the interest.
- 16.4 If any question shall arise at any meeting as to the materiality of a Trustee's interest or as to the entitlement of any Trustee to vote and such question is not resolved by the Trustee voluntarily agreeing to abstain from voting, such question shall be referred to the Chairperson of the meeting and his or her ruling in relation to any such Trustee shall be final and conclusive except in a case where the nature or extent of the interests of the Trustee concerned have not been fairly disclosed.

17. LIABILITY

- 17.1 No trustee acting or purporting to act in the execution of the trusts of this Deed shall be liable for any loss not attributable to his or her own dishonesty or to the wilful commission or omission by him or her of an act where such commission or omission is known by him or her to be a breach of trust and in particular no Trustee shall be bound to take or be liable for failure to take any proceedings against a co-Trustee for any breach or alleged breach of trust committed by such co-Trustee.
- 17.2 Every Trustee shall be chargeable only for such moneys as he or she shall actually have received although he or she may have joined in any receipt for money received by any other of them and shall not be answerable for the acts of any other Trustee nor for any loss which may arise by reason of any trust funds being lawfully deposited in the hands of any banker, solicitor or agent or for the sufficiency or insufficiency or deficiency of any security upon which any trust money or any part thereof may be invested or for any loss in the execution of any trust unless the same shall happen through his or her neglect or default.

18. INDEMNITY

Any Trustee, officer or employee of the Trust shall be indemnified out of the assets of the Trust for and in respect of any loss or liability which he or she may sustain or incur by reason of the carrying out or omission of any function, duty or power of the Trustees under this Deed and in respect of any expenses incurred by he or she in the management and administration of the Trust Fund unless such loss or liability is attributable to his or her dishonesty or to the wilful commission by him or her of an act known to him or her to be a breach of trust or to the wilful omission by him or her of any act when that omission is known by him or her to be a breach of trust.

IN WITNESS WHEREOF THIS Deed has been executed the day and year first hereinbefore written.

SIGNED by)

as a Trustee in the presence of:)

)

as a Trustee in the presence of:)

)

as a Trustee in the presence of:)

)

as a Trustee in the presence of:)

)

as a Trustee in the presence of:)

THE COMMON SEAL of)

KING COUNTRY ENERGY LIMITED)

was hereunto affixed)

in the presence of:)

Director

Director/Secretary

SCHEDULE 1

KING COUNTRY ELECTRIC POWER TRUST

RULES GOVERNING THE APPOINTMENT, RETIREMENT

AND PROCEEDINGS OF THE TRUSTEES

1. INTERPRETATION

These Rules are those referred to in Clause 7 of the Deed and accordingly:

- 1.1 Terms in these Rules to which are ascribed special meanings in the Deed have the meanings so ascribed to them, unless otherwise provided or the context otherwise requires.
- 1.2 These Rules shall be construed subject to the provisions of the Deed, and in the case of conflict between the provisions of these Rules and those of the Deed the provisions of the Deed shall prevail.

PART 1 - CONSTITUTION OF THE TRUSTEES

2. APPOINTMENT OF TRUSTEES

- 2.1 The first Trustees were the persons signing the Deed as Trustees. One of these Trustees retired from office on 1 April 1994, two more retired on 1 April 1995 while the remaining two retired on 1 April 1996. From 1996 elections shall be every two years. On 1 April 1998 the Trustees appointed on 1 April 1994 and 1 April 1995 shall retire from office and on 1 April 2000 the Trustees appointed on 1 April 1996 shall retire from office. On 1 April each second year after 2000 the Trustees to retire shall (in addition to any under Rule 2.2) be those who have been longest in office since the last election (it being acknowledged that prior terms in office are not relevant). Accordingly each second year the number of Trustees to retire under this Rule shall alternate between three (as in 1998) and two (as in 2000).
- 2.2 The Trustees shall endeavour to ensure that at any time:
 - (a) at least one Trustee is elected from the Turangi area (being that part of the area currently covered by the Taupo District Council which falls within the District);
 - (b) at least one Trustee is elected from the Taumarunui area (being that part of the area currently covered by the Ruapehu District Council which falls within the District and lies north of a line passing through the point where the Maungaturuturu River crosses State Highway 4 to the top of Mt Ruapehu);

- (c) at least one Trustee is elected from the Ohakune area (being that part of the area currently covered by the Ruapehu District Council which falls within the District and lies south of a line passing through the point where the Maungaturuturu River crosses State Highway 4 to the top of Mt. Ruapehu).

In order to give effect to this objective, elections for trustees to the Trust shall be conducted in accordance with the following provisions:-

IN AN ELECTION TO ELECT TWO TRUSTEES:

- (d) If there are no nominations from an area requiring representation, as defined in this Schedule, Rule 2.2(a)(b)(c), and if the number of nominations for trustee does not exceed two, the returning officer shall declare as elected trustees the persons so nominated.

If the number of nominations exceeds two, all persons so nominated shall be candidates in a postal ballot which shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as trustees the two highest polling candidates.

further provided that

- (e) if there is only one nomination from an area, as defined in this Schedule, Rule 2.2(a)(b)(c), and that area will not otherwise have representation by a continuing trustee, and if there is only one other nomination for trustee, the returning officer shall declare elected as trustees the persons so nominated.

further provided that

- (f) if there is only one nomination from an area, as defined in this Schedule, Rule 2.2(a)(b)(c), and that area will not otherwise have representation by a continuing trustee, and there are two or more other nominations for trustee, the returning officer shall declare elected as trustees the person nominated for the area requiring representation, and a postal ballot of the remaining nominations shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as a trustee the highest polling candidate.

further provided that

- (g) if there are two nominations from an area, as defined in this Schedule, Rule 2.2(a)(b)(c), and that area will not otherwise have representation by a continuing trustee and if there are no other nominations for trustee, the returning officer shall declare elected as trustees the persons so nominated.

further provided that

- (h) if there are two or more nominations for an area, as defined in this Schedule, Rule 2.2(a)(b)(c), and that area will not otherwise have representation by a continuing trustee, and if there are other nominations for trustee, a postal ballot shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as trustees, the highest polling candidate for the area requiring representation, and the highest polling candidate from all other candidates.

further provided that

- (i) if there are nominations from two areas as defined in this Schedule, Rule 2.2(a)(b)(c), and those two areas will not otherwise have representation by a continuing trustee, the returning officer shall declare elected as trustees, the persons nominated for the areas requiring representation. If more than one person is nominated for an area, or areas, requiring representation, a postal ballot of the nominations for that area or areas, shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as trustees the highest polling candidate from each area.

further provided that

- (j) if all areas defined in this Schedule, Rule 2.2(a)(b)(c) are represented, and more than two persons are nominated, a postal vote shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as trustees the two highest polling candidates. If only two persons are nominated, the returning officer shall declare as elected the persons so nominated.

IN AN ELECTION TO ELECT THREE TRUSTEES

- (k) if there are no nominations for an area or areas requiring representation, as defined in this Schedule, Rule 2.2(a)(b)(c), and if the number of nominations for trustee does not exceed three, the returning officer shall declare elected as trustees the persons so nominated. If the number of nominations exceeds three, all persons so nominated shall be candidates in a postal ballot which shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as trustees the three highest polling candidates.

further provided that

- (l) if an area as defined in this Schedule, Rule 2.2(a)(b)(c), receives one nomination, and that area will not otherwise have representation from a continuing trustee, and if the number of other nominations from outside that area does not exceed two, the returning officer shall declare

elected as trustees the persons nominated.

further provided that

- (m) if two areas as defined in this Schedule, Rule 2.2(a)(b)(c), receive one nomination each, and those areas will not otherwise have representation by continuing trustees, and there is only one other nomination, the returning officer shall declare elected as trustees the persons nominated.

further provided that

- (n) if there are two or more nominations from an area, as defined in this Schedule, Rule 2.2(a)(b)(c), and that area will not otherwise have representation by continuing trustees, and if there is one nomination from a further area, which will not otherwise have representation by a continuing trustee and if there are other nominations, the returning officer shall declare elected as trustee the candidate singly nominated for the area requiring representation, and a postal ballot of all other nominations shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as trustees the highest polling candidate from the remaining area requiring representation, and the highest polling candidate from all candidates.

further provided that

- (o) if there are two or more nominations for an area, or areas, as defined in this Schedule, Rule 2.2(a)(b)(c), and that area or areas, will not otherwise have representation by continuing trustees, and if the total number of nominations exceed three, a postal ballot shall be taken in accordance with this Schedule, Rule 2.4 and 2.5. The returning officer shall declare elected as trustees the highest polling candidate from each of the areas requiring representation, and (if required) the highest polling other candidate or candidates, provided that not more than three trustees will be elected."

2.3 No later than 30 November in the year which precedes the year in which an election shall be held, nominations for election as a Trustee shall be invited from Consumers, and must be made to the Returning Officer no later than 20 January in the year the election is being held. A retiring Trustee shall be eligible for re-nomination.

2.4 No later than 1 March in each year in which an election is held, the Trustees shall arrange for a postal vote of Consumers to be held to elect the Trustees to replace the retiring Trustees.

2.5 The postal vote shall be held in accordance with the following provisions:

- (a) Those eligible to vote shall be Consumers as at a date to be designated by the Trustees to be no later than 1 March in the year of the election;

- (b) On the basis of the records of the Lines Company the Trustees shall compile a roll of those entitled to vote which shall be made available for public inspection in accordance with Clause 13, and in preparing such roll the Trustees shall endeavour to ensure that a consumer with more than one connection appears only once on the roll and therefore may have only one vote;
- (c) The Trustees shall appoint a suitable person as a returning officer for the purposes of each election;
- (d) If the number of candidates does not exceed the number of vacancies to be filled, the candidate or candidates shall be duly elected as Trustees and the public shall be notified in accordance with Clause 13;
- (e) As soon as practicable but no later than 1 March in the year in which the election is to be held, the returning officer shall forward by post addressed to each Consumer eligible to vote, at the address shown on the roll, one voting paper in respect of the election of Trustees together with an envelope stamped and addressed to the returning officer;
- (f) Where the Consumer is not a natural person, the Consumer shall appoint a natural person to exercise the Consumer's vote on its behalf;
- (g) The returning officer shall specify a date, not less than two weeks after the posting of voting papers, for the close of voting. No vote shall be valid unless it is delivered to the returning officer by the date specified.
- (h) The returning officer shall not open any voting papers until the day after the date of the close of voting. On that day the returning officer shall open the papers and make arrangements for an official count of the votes. Any candidate for election as a Trustee shall be entitled to appoint a representative to attend the official count;
- (i) When all the voting papers have been dealt with the returning officer shall notify the public of the result in accordance with Clause 13. Subject always to Rule 2.3, where there is an equality of votes between candidates the returning officer shall determine by lot the candidate to be elected.

2.6 The following persons may not hold office as a Trustee:

- (a) a bankrupt who has not obtained a final order of discharge or whose order of discharge has been suspended for a term not yet expired, or is subject to a condition not yet fulfilled;
- (b) a person who has been convicted of any offence punishable by a term of imprisonment of 2 or more years;
- (c) a person who has been convicted of any offence punishable by imprisonment for a term of not less than two years and has been sentenced to imprisonment for that offence;

- (d) a person to whom an order made under section 135 of the Companies Act 1993 applies;
- (e) a person who is mentally disordered within the meaning of the Mental health (Compulsory Assessment and Treatment) Act 1992;
- (f) a person who is not a parliamentary elector for the purposes of the Electoral Act 1956;
- (g) a person who is holding office as a director of or is employed by the Lines Company;
- (h) a person who is not an Elector.

2.7 The number of Trustees shall be five.

2.8 Where by reason of any vacancy, the number of trustees is reduced below 5, the remaining trustees may appoint some other eligible person to be a trustee for the balance of the term of office of the trustee being replaced.

3. TERM OF OFFICE

Trustees (including the first Trustees) shall (subject to the provisions of Rule 8) hold office for a term from the date of their appointment or election until the date of their retirement in accordance with Rule 2.1.

4. REMUNERATION AND EXPENSES OF TRUSTEES

4.1 Remuneration: The Trustees shall be entitled in each Financial Year to such remuneration for their services as Trustees as may be reasonable having regard to their duties and responsibilities.

4.2 Expenses: The Trustee shall be entitled to be indemnified by and reimbursed for any expenses incurred by them in the exercise of their powers and duties under this Deed.

4.3 Payments to be made from Trust Funds: The payments of remuneration and expenses to the Trustees pursuant to Rule 4.1 or Rule 4.2 shall be paid out of the Trust Fund.

5. DELEGATION BY TRUSTEES

Any Trustee may, in any of the circumstances permitted by section 31 of the Trustee Act, exercise the powers under that section of delegating to any person, who has been approved by the other Trustees, during any period for which that Trustee may be absent from New Zealand or incapable of performing his or her duties as a Trustee, all or any trusts powers authorities and discretions vested in him or her as a Trustee of the Trust.

6. CHAIRPERSON

The Trustees may elect a chairperson at their meetings and determine the period for which the chairperson is to hold office. The chairperson (or in the absence of the chairperson, a Trustee elected by the meeting) shall take the chair at all meetings of the Trustees and shall have a casting as well as a deliberative vote.

7. QUORUM

A quorum at meetings of the Trustees shall comprise three Trustees. If for any reason the number of Trustees holding office is less than three, the quorum shall be the number of Trustees then holding office.

8. CESSATION OF TRUSTEESHIP

A Trustee shall cease to hold office if such Trustee:

- 8.1 by notice in writing to the secretary of the Trust or if there is no secretary to the then chairman, resigns his or her office;
- 8.2 refuses to act;
- 8.3 becomes of unsound mind or becomes a protected person under any statute for the time being in force;
- 8.4 becomes bankrupt or enters into a composition or assignment for the benefit of his or her creditors;
- 8.5 is absent without leave from three consecutive ordinary meetings of the Trustees.
- 8.6 is convicted of any indictable offence.

9. RECORDING OF CHANGE OF TRUSTEES

Upon every appointment, reappointment, retirement or cessation of office of any Trustee the Trustees shall cause an entry thereof to be entered in the minute book of the Trust.

10. VALIDITY OF PROCEEDINGS

All acts done by any meeting of Trustees or of a committee of Trustees or by any person acting as a Trustee shall (notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Trustee or person acting as aforesaid or that they or any of them were for any reason disqualified) be as valid as if such person had been duly appointed and was qualified to be a Trustee.

11. RESCISSION OR VARIATION OF RESOLUTIONS

Any resolution of the Trustees may be rescinded or varied from time to time by the Trustees at any ordinary or special meeting.

PART II - ADMINISTRATIVE PROVISIONS

12. ORDINARY MEETINGS

The Trustees shall meet at such intervals as they deem appropriate to the conduct of the affairs of the Trust.

13. SPECIAL MEETINGS

Three Trustees may at any time summon a special meeting for any reason deemed by them to justify the same.

14. NOTICE OF MEETINGS

Notice in writing of every meeting whether ordinary or special shall be delivered or sent by post to each Trustee by the secretary (or other person acting under the direction of the Trustees) or (in the case of a special meeting) by or under the direction of the persons summoning it at least 7 days before the date of the next meeting. No notice shall be necessary for adjourned meetings except to Trustees not present when the meeting was adjourned.

15. CONTENT OF NOTICE

Every notice of meeting shall state the place, day, and hour of the meeting and every notice of a special meeting shall state the matters to be discussed at that meeting. Notice of any general or special meeting may be abridged or waived if all the Trustees who are for the time being in New Zealand consent in writing to such abridgement or waiver.

16. ADJOURNMENT

If a quorum is not present within thirty minutes after the time appointed for any meeting the Trustee or Trustees present may adjourn the meeting. Any meeting may be adjourned by the chairperson upon the adoption of a resolution for its adjournment.

17. COMMITTEES

The Trustees may from time to time appoint any one or more members of their body to be a committee for making any inquiry, for superintending or transacting any business of the Trust, for the investment and management of the Trust Funds or any part thereof, or for the performance of any duty or function which in the opinion of the Trustee will further the purposes and objects of the Trust. Subject to these Rules and to any directions from time to time given by the Trustees every such committee may regulate its own procedure so that a quorum at any meeting of the committee shall comprise a majority of its members for the time being.

18. MINUTES

- 18.1 A Minute Book shall be provided and kept by the Trustees and all proceedings of the Trustees shall be entered in the Minute Book.
- 18.2 Any such minute if purporting to be signed by the chairperson of the meeting at which the proceedings were had or by the chairperson of the next succeeding meeting shall be evidence of the proceedings.
- 18.3 Where minutes have been made in accordance with the provisions of this Rule of the proceedings at any meeting of Trustees then until the contrary is proved the meeting shall be deemed duly held and convened and all proceedings at that meeting to have been duly convened.

19. RESOLUTIONS IN WRITING

A resolution in writing signed by all the Trustees or by all the members of a committee shall be as effective for all purposes as a resolution passed at a meeting of the Trustees or of such committee as the case may be duly convened, held and constituted. Such resolution may consist of several documents in the form, each signed by one or more of the Trustees or members of the committee, as the case may be.

20. MEETINGS BY TELEPHONE

For the purposes of these Rules the contemporaneous linking together of a number of the Trustees or members of a committee ("the participants") not less than a quorum together with the secretary or a person acting secretarially shall be deemed to constitute a meeting and all the provisions in these Rules as to meetings shall apply to such meetings by telephone so long as the following conditions are met:

- 20.1 All the participants for the time being entitled to receive notice of a meeting shall be entitled to notice of a meeting by telephone and to be linked by telephone for the purposes of such meeting. Notice of such meeting may be given by telephone;
- 20.2 Each of the participants taking part in the meeting by telephone, and the secretary or person acting secretarially, must be able to hear each of the others taking part at the commencement of the meeting;
- 20.3 At the commencement of the meeting each participant must acknowledge his or her presence for the purpose of such meeting to all the others taking part;
- 20.4 A participant may not leave the meeting by disconnecting his or her telephone without having previously obtained the express consent of the chairperson of the meeting and shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting by telephone unless having obtained the express consent of the chairperson to leave the meeting as aforesaid;

20.5 A minute of the proceedings at such meeting by telephone shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the chairperson of the meeting and by the secretary or person acting secretarially.

21. BANK ACCOUNTS

Bank accounts in the name of the Trust shall be opened and kept with a bank or banks to be from time to time selected by the Trustees. All sums of money received on account of the Trust shall be forthwith paid into the credit of such account or accounts unless otherwise expressly ordered by the Trustees. All negotiable instruments and all receipts for money paid to the Trust shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Trustees from time to time determine.

22. EXECUTION OF DOCUMENTS

All documents required to be executed by the Trustees shall be deemed to be validly executed and binding on the Trust if these documents have been entered into and executed by the authority of the Trustees previously given and signed by at least two Trustees and countersigned by the secretary or by another Trustee or any other person approved by the Trustees for the purpose.

23. GENERAL POWERS

Subject to the provisions of the Deed and of the preceding Rules the Trustees shall have the power to do all acts and things which they may consider proper or advantageous for accomplishing the purposes and objects of the Trust.

PART III - AMENDMENT TO RULES

24. AMENDMENTS

24.1 The Rules set forth in Part II of the Schedule being administrative provisions may be rescinded, amended or added to by the unanimous resolution of the Trustees.

24.2 No such resolution shall be effective unless notice thereof shall have been given in the notice convening the meeting and no such rescission, amendment or addition shall conflict with any of the provisions of the Deed or the Act.

SCHEDULE 2
KING COUNTRY ELECTRIC POWER TRUST
PUBLIC CONSULTATIVE PROCEDURE

In respect of any provision of this Deed which requires the Trustees to implement a Public Consultative Procedure, the Trustees shall:

- (a) Place notice of the proposal before a meeting of the Trustees;
- (b) Give notice of the proposal to the public in accordance with clause 13 of the Deed;
- (c) In every notice given under paragraph (b) of this Schedule, specify a period within which persons interested in the proposal may make submissions on the proposal to the Trustees.
- (d) Ensure that any person who makes written submissions on the proposal within the period specified in the notice under paragraph (b) of this Schedule is given a reasonable opportunity to be heard by the Trustees;
- (e) Ensure that every meeting at which submissions are heard or at which the Trustees deliberate on the proposal are open to the public;
- (f) Make all written submissions on the proposal available to the public; and
- (g) Ensure that the final decision in relation to the proposal is made at a meeting of the Trustees which is open to the public.

The period specified pursuant to paragraph (c) above shall not be less than one month and no more than three months.