Chairman's Address

Welcome

I would now like to introduce my fellow directors to you. All have significant relevant experience, qualifications and skills. It is a small and hardworking board – many would say it is quite a demanding board but more accurately it is a board that believes in TrustPower and what it can achieve with disciplined hard work within an environment that supports innovation and leadership.

Firstly we must note that Sir Ron Carter is retiring as a TPW director. Of course we all know he won't be idle – he still has to deliver a Rugby World Cup win and solve all Auckland's super city issues as well as the raft of other roles he has.

Notably Sir Ron is a tireless champion of New Zealand and New Zealanders and what we can achieve. He has said 'the only limitations to being successful are those we self impose". In his career he has shown what can be achieved when we work hard and play to our strengths.

Unfortunately Sir Ron is unable to be with us today but on behalf of TrustPower's directors and management and shareholders I thank Sir Ron for his tireless efforts and his insights and for his guidance across a raft of issues and governance processes. We will miss that and we will have to work harder without it.

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Next I would like to introduce Mr Michael Cooney who will no doubt be familiar to many of you.

- Michael is Chairman and a Trustee of the Tauranga Energy Consumer Trust.
- Michael holds a law degree and is a partner in the local law firm Cooney, Lees and Morgan.

Next is Mr Marko Bogoievski.

- Marko is an Alternate Director for Mr Lloyd Morrison who is on medical leave of absence.
- Marko is a Chartered Accountant and holds a Bachelor of Commerce and Administration and an MBA from Harvard University.
- Marko is Chief Executive of Infratil Limited and is a director of a number of Infratil subsidiary companies.

Next is Mr Geoff Swier.

- Geoff holds a Masters of Commerce degree. He is a Director of the Melbourne based consulting firm, Farrier Swier and has over 20 years experience in micro economic reform in Australia and New Zealand focusing on the establishment of competitive energy markets and privatisation as well as the development of water industries in Australasia and Asia.
- Geoff has played a leading role in the State of Victoria electricity reforms and led policy and planning work for the reform of the Victorian gas industry in the 1990s.
- Geoff is a Director of TrustPower's Australian subsidiaries.
- Geoff was previously an associate member of the Australian Competition and Consumer Commission and a member of the Australian Energy Regulator.

Next to Geoff is Sam Knowles.

- Sam holds a Masters of Science degree (Hons)

- Sam is Chief Executive of Kiwibank and has considerable experience in the banking and insurance industry.
- Sam has been a senior manager for trading banks in New Zealand and Australia, specialising in areas including strategic planning, retail services, marketing and business development.

I would also like to introduce your newest director, Richard Aitken who, with your support, will add to the Board going forward. I will talk to Richard's background when we come to the resolutions and for now I will simply ask Richard to introduce himself.

I would also like to introduce your new Chief Executive, Vince Hawksworth.

Vince has 25 years experience in the energy sector initially in the mining sector in the United Kingdom but mostly in the energy sectors in New Zealand and Australia. Vince has had leading roles in both thermal and hydro generation as well as in energy retailing. Most recently as CEO of Hydro Tasmania, Vince has been deeply involved in hydro power including trading of hydro into the Australian electricity market and well as overseeing considerable wind energy development.

We will hear more from Vince shortly. Vince will also give an update on current developments and some key initiatives for your company going forward.

Now to return to the more formal business of reviewing the 2010 financial year.

Our 2010 results are summarised on this slide.

Financial Summary

Extracted from Audited Accounts	FY March 10 $m	FY March 09 $m	% Change
Operating Revenue	759.3	785.4	-3.3
Operating Costs	485.4	524.0	-7.4
EBITDAF	273.9	261.4	4.8
Depreciation and Amortisation	55.0	44.4	23.9
Impairment of assets	6.1	1.5	306.7
Fair Value (Gains) / Losses on Financial Instruments	(12.5)	19.6	N/A
EBIT	225.3	196.0	14.9
Net Interest	58.7	52.4	12.0
Tax	47.1	38.6	22.0
Net Surplus After Tax	119.4	105.1	13.6
Underlying Earnings After Tax	116.8	118.8	-1.7

For the year to 31 March 2010, TrustPower reported a consolidated profit after tax of $119.4million compared with $105.1 million for the previous year.

The Company delivered Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movements on financial instruments of $273.9 million which was a 5 per cent increase on the previous year. The 5% improvement in EBITDAF does not flow straight through to NPAT as accounting depreciation levels increased following revaluation movements in book values.

As you can see there is also an effect from fair value changes on financial instruments which reflects changes in interest rates compared to what TPW had locked in through hedging instruments. This was a favourable movement over 2010, reversing previous year negative movements.

Additionally we took the decision to re-evaluate the direction we were going in for a replacement of the core customer information system and we therefore wrote off that portion of what we had spent that we judged to not have ongoing value.

Overall, and considering that we had a relatively dry year with below average rainfall, it was a very solid result.

The last ten years has seen hydro volumes tending to be below long term averages. This is not unusual in the long term hydrological record. Studies of possible biases associated with climate change tend to suggest that, if anything, we may experience a minor firming of production – we therefore see the last decade as being just a bit drier than average but not evidence of any negative trend.

TrustPower has paid dividends of 38cents per share for the 2010 Financial Year

Debt (including subordinated bonds) to debt plus equity was 34 per cent at year end unchanged from the previous year.

Your company continues to work hard at building a range of growth options in New Zealand and in Australia. Exclusively we have targeted low impact hydro developments and wind projects in locations with good wind resource, low connection costs and a high level of community acceptance.

The Board has approved a first stage development of the Mahinerangi Wind Farm adjacent to the Waipori Hydro Generation Scheme. Stage I will be a 36MW development including the installation of twelve 3MW Vestas V90 wind

turbines. The long term expected annual output from this initial stage of the wind farm is forecast to be 105 GWh. The construction is scheduled to be completed during September 2010 to April2011 with final commissioning and takeover of the wind farm scheduled for May 2011. The projected capital cost of the project, including capitalised interest, is expected to be around 75 million

In addition to Mahinerangi wind your company is also playing its part to see New Zealand make good use of its capital assets. I am referring to the initiative we have taken to use the existing pipes at our Highbank power station to be a conduit for irrigation supply for the Barhill Churtsey Irrigation area. This project is profitable for TrustPower and it also lowers the capital required to improve the productivity of the land.

New Zealand is in a very fortunate position in that we have amongst the best wind resources in the world and we have considerable hydro peaking already in place to firm up power on non windy days. Wind is a very competitive option for our energy needs and New Zealand has only a relatively modest increase in electricity prices to allow *all our growth in base energy* to come from renewable resources for quite some time.

Your company's approach is simple – to identify good sites for projects, to secure the consents and development rights and then to execute when market conditions reflect that more energy is needed and when we can get good competitive contracts and prices and warranties from suppliers. Our aim is not to get bigger but to *add shareholder value*. Mahinerangi is an excellent example of this approach.

TrustPower currently has consents for 440MW of wind farm development in the South Island and is well advanced with a further 118 MW of South Island hydro consents at Arnold and Wairau. The Environment Court confirmed the consent for the Arnold project and final conditions of consent are expected to be completed within the next two months. The Environment Court hearing for Wairau has been completed and a judgement is awaited.

Successive New Zealand Governments have done a good job of managing the gradual introduction of prices for carbon. In contrast, our nearest neighbour Australia, risks higher total costs from more piecemeal interventions and a proliferation of adhoc schemes. Across the board, there is support in Australia to cut greenhouse gas emissions by at least 5% below 2000 levels by 2020. Not many consider it possible to achieve this in an efficient low cost manner without a price on carbon.

TrustPower expects Australia to adopt a combination of carbon pricing and additional incentives for renewable energy. There is broad community and cross party support for wind energy and the Large Scale Renewable Energy Target is designed to support wind and other large scale renewables. TrustPower is established in Australia with the Snowtown windfarm and it has planning consent for up to another 214 MW of capacity at that site. We are also working to have further good quality wind development options and good progress is being made in reaching agreement with landowners for potential wind farm developments at a number of New South Wales, Victoria and South Australia sites.

The New Zealand electricity industry has come a long way in the last decade. There have been a lot of challenges – we have had to adapt to the end of flexible and cheap gas, we have had to cope with several 1 in 100 dry winters, we have also had to learn some new things and unfortunately relearn some previous lessons. The industry had had to improve its management of dry years and we are in catchup mode when it comes to the capability and reliability of the transmission grid.

As we look forward what are the signs that the industry will deliver good outcomes in the most efficient manner?

Unfortunately just saying 'cheap electricity' is not the answer – fuel subsidies and distorted energy prices have not been a good answer for any country. So what are good outcomes?

Firstly for generation new investment – we now have five major companies all with project development teams all investing to assemble a collection of development options. It is easily forgotten that the market structure with its competing generators and developers has ensured that New Zealand has a very wide range of potential new projects and the market has coped very well with quite dramatic changes following on from the end of cheap flexible Maui gas and now with the move to a substantially renewable base.

Secondly, for security of supply, the industry has moved further to make sure that the commercial consequences on companies that commit to sell more energy than their portfolios can securely provide are more visible and more material. It is not always recognised that it is risk management and risk policy within companies that ultimately says 'if you want to sell more power you need to buy some more or you need to build new generation' – and hence power prices correctly align with new generation costs. Security of supply is illusionary without that.

The industry is now also structured to be highly competitive in retail and customers have very real competitive choices for where they buy their electricity.

But is the industry efficient?

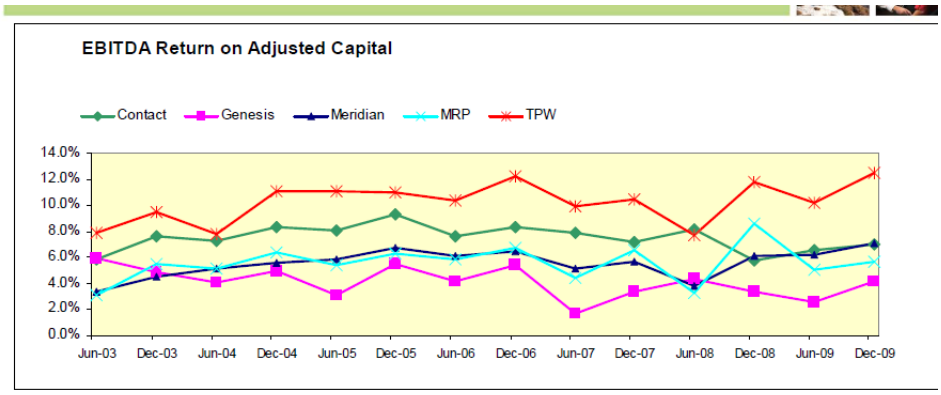
Are we likely to build the cheapest power stations first? Are the most efficient retailers with the lowest costs likely to grow while those with high costs have to fight to become more efficient?

These are harder but hugely important questions.

We think it is time to look hard at industry efficiency.

We should not forget that efficiency in use of capital and in operating costs was the reason for the reform of the sector in the first place.

Electricity generation is capital intensive. Do we have the right amount invested? Is it earning an adequate return? Are the companies with the lowest cost power projects better placed to attract the investment capital going forward. Capital efficiency only comes when the best companies attract the capital and grow ahead of others, until the others lift their game. So where are we in New Zealand? The slide below shows return on assets.



Returns below 5% are a flag to look at capital efficiency.

We may have a lot of structural bits right in New Zealand, and we have the overheads of managing a competitive market, but we can not have any confidence that we have an efficient industry.

All companies in the sector need to be under relentless pressure to use capital well (or investors should put it elsewhere) and under relentless pressure to have low operating costs.

Given the now solid structure and competitiveness of the market, it is time for us as country to ask ‘why not’ in respect to a 20% partial float of the Gentailer SOEs.

Control is solidly retained by Government, and the companies cannot be bought out, or taken over, or merged through any actions of others. But what we will have is listed share prices and, along with that, we will have the relentless pressure and judgement of investors and analysts. Overtime companies that are less efficient in their use of capital or in their operating costs will be judged for that by the market.

I will now hand over to Vince for his presentation.

Thank you