



NEWS RELEASE

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Eastern Bay Energy Trust strongly rejects Marlborough claims

Former chairman and current deputy chairman of the Eastern Bay Energy Trust Kevin Hennessy has expressed astonishment at reports that Marlborough Lines had been given the impression that the trust would accept Marlborough's takeover offer for 51% of Horizon Energy, made in September 2009.

Marlborough Lines chairman David Dew is reported to have said: "We thought we were invited to make a takeover offer".

Today, Mr Hennessy said that there had been no attempt at confirmation of support from the trust, the majority owner of Horizon, and Marlborough Lines "with a degree of arrogance launched an ill-conceived bid and now want to blame others for their failure.

"I totally reject Mr Dew's comments and assertion that any indication or encouragement was given to Marlborough to make a takeover offer" said Mr Hennessy. "Quite the reverse was the case, as Marlborough was told very clearly that the trust wanted to maintain control of Horizon Energy as a long term strategic asset for the district.

"What I find interesting is that Mr Dew continues to make statements that they had our support in some way. That is quite wrong.

"Marlborough insisted on a meeting, and the trustees reluctantly agreed out of courtesy, with the understanding that we would listen to what they had to say. During that meeting in March 2009, Mr Dew stated that Marlborough still wanted a stake in the company and could make a takeover offer. The trustees made no response as we had already confirmed several times that our stance had not changed. Nothing the trustees said at that meeting could have indicated to Marlborough that the trust would accept an offer.

"It is also astounding that the board of Marlborough would commence a \$50 million takeover attempt incurring costs of several hundred thousand dollars, and potentially more due to their responsibility to also pay Horizon's costs if the bid failed, without getting some sort of confirmation of support for the bid from the trust. A letter or an e-mail would have cost very little, and indeed a simple phone call would have been prudent. But they did none of this" said Mr Hennessy.

"I am also aware that with a nearly 15% stake in Horizon, there is a suggestion Marlborough could have a director on Horizon's board or some other input into the company. The trustees of the Eastern Bay Energy Trust are very happy with the performance of the current board and have no plans to support any change" he said.

"The trust is also concerned about the ongoing cost to Horizon, due to the further legal action being mounted by Marlborough. The current legal action by Marlborough is against the Takeovers Panel and Horizon has been joined as second defendant. It appears the purpose of this action is to avoid reimbursing Horizon's takeover costs or to shift blame for the failed takeover to someone else. However, this ongoing legal action will inevitably be at some cost to Horizon and potentially will reduce dividends available for distribution to the Eastern Bay community.

"The Eastern Bay community is entitled to have Marlborough Lines provide verification of the statements made by its chairman that the trust gave encouragement to launch the failed takeover bid in September 2009. I also suggest that the beneficiaries of the Marlborough Electric Power Trust will be interested to know the extent of the cost to Marlborough Lines for the failed takeover bid and subsequent legal action" Mr Hennessy concluded.

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