



NEW ZEALAND

Government Inflation-Indexed Bonds

INFORMATION MEMORANDUM

INFLATION-INDEXED BOND DESCRIPTION

New Zealand Government Inflation-Indexed Bonds (“the Bonds”) are denominated in New Zealand dollars with a fixed coupon paid quarterly in arrears. On maturity, the Principal and the Indexed Component of the Bonds are redeemable.

ISSUER

Her Majesty the Queen in right of New Zealand (“the Crown”).

RATING

As at the date of this Information Memorandum, the Bonds are rated AAA by Standard and Poor’s Ratings Group and are rated Aaa by Moody’s Investors Service.

CONTENTS

1.	Inflation-Indexed Bond Description.....	3
1.1	Description.....	3
1.2	Issuer.....	3
1.3	Registrar.....	3
1.4	Changes in Registrar.....	3
2.	Coupon Interest.....	4
3.	Consumer Price Index.....	5
4.	Fees and Taxation.....	6
4.1	Fees.....	6
4.2	Taxation.....	6
5.	Bond Tender Announcements, Procedures and Allocation.....	7
5.1	Registration of Tender Counterparties.....	7
5.2	Announcement of Bond Tender Composition and Results.....	7
5.3	Tendering Procedures.....	7
5.4	Bond Issuance Allocation.....	8
5.5	Bond Repurchase Allocation.....	8
5.6	Oversubscription.....	9
6.	Registration, Settlement and Transfer.....	10
6.1	Settlement Price for Bond Issuance and Bond Repurchase.....	10
6.2	Bond Issuance Settlement.....	11
6.3	Bond Repurchase Settlement.....	11
6.4	Form of Bonds.....	11
6.5	Registration of Bonds.....	11
6.6	Certificates of Title.....	12
6.7	Notices of Registration/Transfer.....	12
6.8	Register.....	13
6.9	Transfer of Bonds.....	13
6.10	Certification of Transfers (Markings).....	13
6.11	The Securities Act 1978.....	14
7.	Repayments.....	15
8.	Other.....	16
8.1	General.....	16
8.2	Bond STRIPS.....	16
8.4	Use of Information Memorandum.....	16
8.5	Privacy.....	16
9.	Glossary of Terms.....	17
11.	Directory.....	19

1. INFLATION-INDEXED BOND DESCRIPTION

1.1 DESCRIPTION

The Bonds are denominated in New Zealand dollars with a fixed coupon paid quarterly in arrears. On maturity, the Principal and the Indexed Component of the Bonds are redeemable.

1.2 ISSUER

The issuer of the Bonds is the Crown.

Pursuant to Part 6 of the Public Finance Act 1989 (“the Act”), the Minister of Finance has authorised the borrowing of money by way of the issue of Bonds. Bonds will be issued in terms of this Information Memorandum and Part 6 of the Act whereby Coupon Interest, Principal, the Indexed Component and any other money payable on the Bonds are a charge upon and payable out of the revenues of the Crown.

Bonds may be issued on behalf of the Crown by the New Zealand Debt Management Office (“NZDMO”) from time to time, subject to the applicable terms of this Information Memorandum, by tender, private placement, or otherwise.

1.3 REGISTRAR

The Registrar is Computershare Services Limited.

1.4 CHANGES IN REGISTRAR

The Crown reserves the right to appoint another party as the Registrar or for the NZDMO to perform those functions. In such circumstances, Bondholders will be advised of such a change.

2. COUPON INTEREST

Bonds bear Coupon Interest on their respective Principals and the Indexed Component at the Coupon Interest Rate. Coupon Interest payments for Bonds will be calculated on the following basis:

$$\text{COUPON INTEREST} = r \times Kt$$

where r and Kt are as defined under clause 6.1, *Settlement Price for Bond Issuance and Bond Repurchase*.

Coupon Interest is payable quarterly (a quarter of the annual amount) in arrears on each Coupon Interest Payment Date up to and including the Maturity Date.

The first Coupon Interest payment will be for a full quarter period and will be payable on the Coupon Interest Payment Date next following the issuance.

However, if issuance is in the period from the Record Date up to, but not including, the Coupon Interest Payment Date, the payment (which will only be for a full quarter period) will be made on the next succeeding Coupon Interest Payment Date.

Coupon Interest payments are domiciled for payment in New Zealand and will be paid to the Bondholder Registered on the Record Date by crediting an account at the relevant Registered Bank in New Zealand.

If a bank account has not been provided, Coupon Interest will be withheld until account details have been provided. No additional interest will be paid on any amounts withheld.

In the case where Bonds are held through Austraclear, Coupon Interest will be credited to the cash account of the participants.

The Registrar will accept instructions prior to the Record Date from Bondholders in regard to payment of Coupon Interest.

If the Coupon Interest Payment Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

Coupon Interest will cease to accrue on the Bonds from the Maturity Date.

3. CONSUMER PRICE INDEX

The index to be used for the purpose of calculating the Indexed Component of Bonds will be the All Groups Consumer Price Index ("CPI") as measured and published quarterly by Statistics New Zealand.

If the CPI is not published for any quarter or if publication is delayed until after the date when a Coupon Interest payment is determined, the CPI published for the previous quarter will apply in the interim. On subsequent publication of the actual CPI figure for that quarter, adjustment to the Indexed Component and the Coupon Interest payment will be made at the next Coupon Interest Payment Date.

If Statistics New Zealand ceases to publish the CPI and publishes another index which is a replacement of the CPI, that index will be used for the purposes of this Information Memorandum.

If Statistics New Zealand ceases to publish the CPI without publishing a replacement index, or if any changes were to be made to the index which, in the opinion of the Minister of Finance, constituted a change materially detrimental to the interests of Bondholders, the Crown would inform the Bondholders and offer them the right to redeem their Bonds at market-related prices as determined by the Crown.

Repayment to Bondholders who exercise such a right will be on a date specified by the Crown no later than six months from the date of publication of the last CPI made prior to such a change. In these circumstances, a notice setting out administrative arrangements for redemption and payment will be sent to Bondholders by the Registrar. In the event that Bondholders choose not to redeem their holdings under this provision, the quarterly Indexed Component adjustments to the Principal and Coupon Interest payments applying to Bonds not redeemed will be calculated according to an index to be announced by the Minister of Finance which will be deemed to be a replacement for the CPI.

If the reference base of the CPI is changed after Bonds are issued, the index used for the purposes of this Information Memorandum will be the CPI numbers expressed on the new base as published by Statistics New Zealand.

If a relevant CPI number is revised after the paying of Coupon Interest at a particular Coupon Interest Payment Date, a subsequent adjustment will be made to the Indexed Component and/or Coupon Interest payment to take account of any discrepancy at the next Coupon Interest Payment Date.

4. FEES AND TAXATION

4.1 FEES

The registration, transfer, Coupon Interest and Indexed Component payments, Principal repayment, issue of certificates of title and certifications of transfers of Bonds will be made free of any fees, duty, charges, deductions or levy, except to the extent required by law.

Fees are payable for Bonds separated into the Principal, the Indexed Component and the Coupon Interest component (Bond "STRIPS" (Separate Trading of Registered Coupon Interest and Principal Securities)) (refer clause 8.2).

4.2 TAXATION

Taxation is likely to affect returns to investors. Investors should consult a taxation advisor about the tax treatment of their investment. The following discussion is general in nature and may not apply to investors' individual circumstances.

RWT applies to payments of Interest to a New Zealand Resident or a person carrying on business through a Fixed Establishment in New Zealand. RWT will be deducted from the gross amount of Interest (or payments deemed by law to be Interest) unless the Bondholder has provided an RWT Exemption Certificate to the Registrar before the Record Date of the relevant Interest payment. The RWT Rate depends on the nature of the Bondholder, whether the Bondholder has provided their IRD number to the Registrar and (where an IRD number has been provided) an election made by the Bondholder. Current RWT Rates are published on www.ird.govt.nz.

Where the Registrar is satisfied that the Bondholder is not a New Zealand Resident and does not carry on business through a Fixed Establishment in New Zealand the Registrar will deduct NRWT unless the Registrar agrees to a request from the Bondholder for Approved Issue Levy to apply. The NRWT rate payable varies depending on any double-tax agreement between New Zealand and the Bondholder's country of residence. Current NRWT rates are published on www.ird.govt.nz. However, if the Bondholder holds the Bond jointly with a New Zealand Resident, NRWT will be deducted at the applicable RWT Rate. If Approved Issuer Levy applies the Crown will pay that levy on its own account and no NRWT will be deducted.

The Issuer and the Registrar are entitled to rely upon information given by a Bondholder as to the Bondholder's residency and activities in New Zealand when making any withholding for RWT, NRWT or as otherwise required.

5. BOND TENDER ANNOUNCEMENTS, PROCEDURES AND ALLOCATION

Bonds may be issued by way of tender, private placement or otherwise. Bonds may be repurchased via tender, by reverse enquiry or otherwise.

The Crown or agencies of the Crown may, at any time, offer to purchase, beneficially, Bonds from any Person. Any Bonds so purchased, may be lent, retained, sold or cancelled at the discretion of the Crown.

The Crown reserves the right to issue Bonds with the same Maturity Date and Coupon Interest Rate as any other Bonds already on issue, from time to time and whether by tender or otherwise.

5.1 REGISTRATION OF TENDER COUNTERPARTIES

In order to buy Bonds from or sell Bonds to the Crown via tender, institutions (called "Tender Counterparties") must be registered for this purpose with the NZDMO.

An application form for registration and a copy of the current operating rules and guidelines for securities tendering (called the "Operating Rules and Guidelines") can be obtained on the NZDMO website at:

<http://www.nzdmo.govt.nz/securities/tendering>

The application form and the Operating Rules and Guidelines may be altered at the discretion of the NZDMO at any time.

5.2 ANNOUNCEMENT OF BOND TENDER COMPOSITION AND RESULTS

To announce the details of an upcoming tender, the NZDMO will make a Bond Tender Composition Announcement via a combination of electronic media and the NZDMO website at:

<http://www.nzdmo.govt.nz>

Tender details will include:

- the amount of Bonds to be offered (or repurchased as applicable);
- the Maturity Dates of the Bonds;
- the Coupon Interest Rate;
- the closing time and date for bids (or offers as applicable);
- the Settlement Date for the tender; and
- the time results are intended to be announced.

5.3 TENDERING PROCEDURES

Bids (to buy Bonds from NZDMO) or offers (to sell Bonds to NZDMO) must be submitted using the transmitting and committing functions of the Austraclear electronic tendering system.

Each bid or offer for Bonds must be of a minimum amount of \$1,000,000 (Principal) and in multiples of \$1,000,000 (Principal) thereafter.

Any bids or offers not received in multiples of \$1,000,000 will be truncated to the nearest multiple of \$1,000,000 (e.g. \$1,600,000 will be truncated to \$1,000,000).

Each bid or offer must state the Yield as a percent per annum.

The Yield is to be expressed to the second decimal place (e.g. 5.76%). Decimal places beyond two will be disregarded (e.g. 5.768% will be truncated to 5.76%).

Bids or offers must be transmitted and committed prior to the tender closing date and time as stated in the Bond Tender Composition Announcement for that tender.

The NZDMO may, at its discretion, accept telephone bids or offers where the NZDMO has reasonable grounds for believing that a technical fault or circumstances beyond a Tender Counterparty's control are preventing an electronic bid or offer from being placed. Further information on telephone tendering is contained in the Operating Rules and Guidelines available at:

<http://www.nzdmo.govt.nz/securities/tendering>

The NZDMO reserves the right to reject any bid or any offer, or part thereof, for any reason.

5.4 BOND ISSUANCE ALLOCATION

Allocations for each maturity will be made in ascending order of Yields bid and all Bonds will be issued at the highest Yield accepted in the tender or on such other basis as is specified in the Bond Tender Composition Announcement.

Successful Tender Counterparties will be allocated principal amounts that are whole multiples of \$1,000,000 with the minimum allocation being \$1,000,000.

At the highest Yield accepted, Bonds will, if necessary, be allocated as far as practicable on a pro-rata basis in relation to the principal amount available at that Yield.

In the event that the number of bidders at the highest Yield multiplied by \$1,000,000 exceeds the principal amount available at that Yield, the NZDMO may either:

- increase the principal amount available at that Yield so that a minimum allocation can be issued by NZDMO on a pro-rata basis to each successful Tender Counterparty; or
- decrease the principal amount available at that Yield so that no allocation of Bonds is made at that Yield.

The NZDMO reserves the right to issue less than the maximum amount of Bonds offered for tender.

5.5 BOND REPURCHASE ALLOCATION

For the repurchase of Bonds by NZDMO, allocations for each maturity will be made in descending order of Yields offered.

Successful Tender Counterparties will be awarded allocations that are whole multiples of \$1,000,000 with the minimum allocation being \$1,000,000.

At the lowest Yield accepted, Bond repurchases will, if necessary, be allocated as far as practicable on a pro-rata basis in relation to the principal amount available at that Yield.

In the event that the number of sellers at the lowest Yield multiplied by \$1,000,000 exceeds the principal amount available at that Yield, the NZDMO may either:

- increase the principal amount available at that Yield so that a minimum amount can be repurchased on a pro-rata basis from each successful seller of Bonds to NZDMO; or
- decrease the principal amount available at that Yield so that no repurchase of Bonds by NZDMO is made at that Yield.

The NZDMO reserves the right to repurchase less than the maximum amount of Bonds it offers to repurchase in any tender.

5.6 OVERSUBSCRIPTION

The NZDMO reserves the right to accept oversubscriptions in any maturity offered for sale or repurchase, of up to 50 per cent of the amount offered for tender in that maturity. This is subject to the provision that the total amount of bids (or offers) accepted in all maturities does not exceed the total amount offered for tender, notwithstanding the provision made to exceed the total amount available in the allocation of bids (or offers) in Clause 5.4 (or Clause 5.5 as the case may be). Where Bonds are offered for issuance or repurchase in the same tender as other New Zealand Government securities (such as Treasury bills), there are no provisions to allow the oversubscription between Bonds and those other securities.

6. REGISTRATION, SETTLEMENT AND TRANSFER

6.1 SETTLEMENT PRICE FOR BOND ISSUANCE AND BOND REPURCHASE

The settlement price per N dollars of Principal shall be calculated on the basis of the following formula:

$$\text{SETTLEMENT PRICE PER \$N PRINCIPAL} = \left(\frac{\frac{1}{(1+i)^n} + r \left[c + \frac{1 - \frac{1}{(1+i)^n}}{i} \right]}{(1+i)^{\frac{a}{b}}} \right) \left(\frac{K_t \left(1 + \frac{p}{100} \right)^{-\frac{a}{b}}}{100} \right) \times N$$

Where N = the Principal of the Bond (\$)

r = the annual Coupon Interest Rate divided by four hundred, ie. the quarterly Coupon Interest Rate (%)

i = the Yield divided by four hundred, ie. the quarterly yield (%)

c = where the Settlement Date is after the Record Date and up to, but not including, the next Coupon Interest Payment Date "c" has the value of 0, otherwise "c" has the value of 1

n = the number of full quarter years between the next Coupon Interest Payment Date and the Maturity Date

a = the number of days from the Settlement Date to the next Coupon Interest Payment Date

b = the number of days in the quarter year ending on the next Coupon Interest Payment Date

K_t = the total value of the Principal and the Indexed Component at the next Coupon Interest Payment Date (whether or not there is an interest payment due). On a Coupon Interest Payment Date "next" refers to the following Coupon Interest Payment Date

$$K_{t-1} \left[1 + \frac{p}{100} \right] \text{ where}$$

K_{t-1} = the total value of the Principal and the Indexed Component at the previous Coupon Interest Payment Date

K_{t-1} is equal to 100.00 at the Coupon Interest Payment Date on or prior to the earliest date on which the Bond may be settled at their first issue

K_t and K_{t-1} are rounded to two decimal places

p = the average percentage change in the CPI over the two quarters ending the quarter which is two quarters prior to that in which the next interest payment falls (for example, if the next interest payment is in February, p is based on the average movement in the CPI over the two quarters ended in the September quarter preceding)

$$= \frac{100}{2} \left[\frac{CPI_t}{CPI_{t-2}} - 1 \right] \text{ rounded to two decimal places where}$$

CPI_t is the CPI for the second quarter for the relevant two quarter period, and

CPI_{t-2} is the CPI for the quarter immediately prior to the relevant two quarter period.

The settlement price will be rounded to the nearest cent (0.01 to 0.49 of a cent being rounded down and 0.50 to 0.99 of a cent being rounded up).

Settlements during the period from the Record Date up to, but not including, the Coupon Interest Payment Date of any Bonds offered for tender will be on an ex-coupon interest basis. All other settlements will be on a cum-coupon interest basis.

If the average percentage change in the CPI for any relevant quarter period is negative, the Principal of the Bond will be adjusted downwards. Payments of Coupon Interest will be made on this reduced amount.

6.2 BOND ISSUANCE SETTLEMENT

Tender Counterparties that buy Bonds from the NZDMO must pay in full via Austraclear on the Settlement Date.

The NZDMO reserves the right to cancel any Bonds not fully paid for by a successful bidder after the expiry of the Settlement Date.

6.3 BOND REPURCHASE SETTLEMENT

Tender Counterparties that sell Bonds to the NZDMO must deliver the Bonds via Austraclear on the Settlement Date.

Any Bonds repurchased may be cancelled at the discretion of the NZDMO.

6.4 FORM OF BONDS

Bonds will be issued in Registered form, having a minimum Principal of \$1,000,000 and multiples of \$1,000,000 thereafter.

Subsequent to the issue of Bonds in a tender, the Bonds may be transferred to Persons in parcels having a minimum Principal of \$10,000 and multiples of \$1,000 thereafter. The issue of the Bonds will be effected and evidenced by particulars of the Bond being entered in the Register by the Registrar (refer clause 6.8).

6.5 REGISTRATION OF BONDS

Bonds may be held by individual Persons, or two or more Persons as joint tenants with right of survivorship. Organisations or trusts which are not incorporated should complete their applications in the full name(s) of the trustee(s). No notice of any trust in respect of any Bonds will be entered in the Register or receivable by the Registrar. Each Bondholder is to be regarded as the absolute beneficial owner of the Bonds Registered in its name and the NZDMO and the Registrar shall not be affected by any trust or other equity affecting any Bond, whether or not it is aware of the same.

If two or more Persons apply to be Registered as Bondholders as tenants in common, the Registrar may, after receiving an application from either Person and notifying the other Person(s) of its

intentions to do so, divide the Bonds into the share for which each Person is expressed to be entitled and register each Person as the holder of the Bonds representing the Person's share. If the Bonds cannot be divided into shares, where the minimum is \$10,000 and a multiple of \$1,000, the Registrar may refuse to accept the application.

6.6 CERTIFICATES OF TITLE

On application by any Bondholder, the Registrar will issue to the Bondholder a certificate of title certifying that the Bondholder is the Registered holder of the Principal of Bonds as referred to therein.

The certificate of title will be evidence of the ownership of the Bonds to which it relates by the Person named therein as the Bondholder.

The transfer, whether by delivery or otherwise, of any such certificate of title will not operate as a transfer of the legal interest of the Bondholder in the Bonds to which it relates. Any transfer of Bonds must be in such form as the Registrar prescribes and in accordance with clause 6.9 of this Information Memorandum.

The Registrar will enter in the Register particulars of the issue of every certificate of title to Bonds.

The Registrar will not record any dealing or repay any Bonds until the certificate of title has been cancelled.

Where any certificate of title to Bonds has been lost, destroyed, mutilated or rendered illegible, the Registrar, on receiving evidence to its satisfaction of the loss or destruction or, as the case may be, on the surrender of the mutilated or illegible certificate of title, may on such terms and subject to such conditions as the Registrar prescribes, issue a substitute certificate of title with the word "substitute" stamped or written thereon and will record the issue thereof in the Register.

Every such substitute certificate of title will have the same effect, to all intents and purposes, as the original certificate of title for which it was substituted.

6.7 NOTICES OF REGISTRATION/TRANSFER

Notices of registration for Bonds will be issued by the Registrar to the transferee following the registration of a transfer or issue of Bonds. These notices do not constitute a certificate of title, but, merely advise the registration of the Bonds.

A notice will be issued by the Registrar to the transferor following the registration of a transfer of Bonds.

6.8 REGISTER

The Registrar shall enter in the Register the following particulars of every holder of Bonds:

- name and address of the Bondholder;
- Principal and the Indexed Component of the Bonds held;
- Coupon Interest Rate payable on the Bonds;
- Coupon Interest Payment Dates of the Bonds;
- Maturity Date of the Bonds;
- such other particulars as may, from time to time, be required by the NZDMO; and
- such other particulars as may, from time to time, be considered necessary by the Registrar.

The Registrar may correct errors and remedy omissions in the Register and may call in any outstanding certificates of title for that purpose.

6.9 TRANSFER OF BONDS

The Bondholder may, by way of a form of transfer in such form as the Registrar prescribes, transfer to any other Person all or any of the Bonds of which it is the holder. Transfers must be in multiples of \$1,000 and no transfer may be made if, as a result thereof, the Principal of the Bonds Registered in the name of the transferor or the transferee would be less than \$10,000.

On production to the Registrar of a duly executed form of transfer accompanied by the certificates of title (if issued) and such other evidence as the Registrar may require to prove the authority of the Persons signing the same to sign on behalf of the transferor, the Registrar will enter in the Register the name of the transferee as the Registered holder of the Bonds to which the form of transfer relates.

When the right to any Bond is acquired by any Person in any manner other than by a form of transfer, the Registrar, on application by or on behalf of the Person entitled, and on being satisfied that the Person is entitled to be registered as the Bondholder, will enter the Person in the Register as the holder of the Bonds.

Upon registration of a form of transfer or other assignment on the Register, the transferee will be recognised as entitled to the Bonds.

No transfer will be registered in the period from the Record Date immediately prior to the Maturity Date, to the Maturity Date.

6.10 CERTIFICATION OF TRANSFERS (MARKINGS)

The Registrar may, on the application of a Bondholder, certify on a form of transfer of Bonds that the person named therein as transferor is entered on the Register as the Bondholder. Any such certification may be subject to such conditions as the Registrar prescribes.

Where a form of transfer of Bonds has been certified under this clause, the Registrar may refuse to record any dealing with the Bonds until the form has been produced to it and the certification thereon cancelled, or the certification has expired by virtue of its conditions, or the Bonds have matured.

The Registrar will enter in the Register particulars of every form of transfer certified under this clause.

6.11 THE SECURITIES ACT 1978

The initial wholesale offer of Bonds at tenders is made to Persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. As a consequence, the wholesale offer does not constitute an “offer to the public” as defined under the Securities Act 1978 (“the Securities Act”) and is not subject to the provisions of that Act.

When any Bonds are offered to the public in New Zealand for the first time, Tender Counterparties must make any such offer in strict compliance with all applicable provisions of the Securities Act and the conditions of any applicable exemption notice. These requirements are referred to in more detail in the Operating Rules and Guidelines.

Tender Counterparties that bid in each tender to buy Bonds undertake to comply with the requirements of the Securities Act, with the conditions of any exemption notice issued in respect of the Bonds and (without limiting the foregoing) with the requirements specified in the Operating Rules and Guidelines when on-selling Bonds to members of the public.

Unless otherwise agreed with the NZDMO, any person or entity bidding to buy Bonds represents as a term of this initial wholesale offer that he, she, or it is not in a jurisdiction that does not permit the making of an offer or invitation of the kind contained in this document and is not acting for the account or benefit of a person within such a jurisdiction. In addition, as a term of the offer, any person or entity bidding to buy Bonds agrees that he, she or it will not offer, sell or deliver any Bonds or distribute any documents (including this Information Memorandum) to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

7. REPAYMENTS

Bonds are domiciled for repayment in New Zealand and will be repaid to the Bondholder Registered on the Record Date immediately prior to the Maturity Date by crediting an account at any Registered Bank in New Zealand.

If a bank account has not been provided, the Principal, Coupon Interest and the Indexed Component will be withheld until account details have been provided. No additional interest will be paid on any amounts withheld.

In the case where Bonds are held through Austraclear, repayments of the Principal, Coupon Interest and the Indexed Component will be credited to the cash account of the participants.

The Registrar will accept instructions prior to the Record Date from Bondholders in regard to repayment of the Bonds.

Payment will be made on the Maturity Date but, if the Maturity Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

Bonds are not repayable prior to the Maturity Date.

8. OTHER

8.1 GENERAL

No commission will be paid by the NZDMO on the Bonds issued or repurchased.

The Bonds issued or repurchased in accordance with this Information Memorandum are “Stock” within the meaning of section 2 of the Trustee Act 1956.

8.2 BOND STRIPS

(Separate Trading of Registered Coupon Interest and Principal Securities)

The NZDMO may, on application by Bondholders, permit the separation of Bonds into the Principal, the Indexed Component and the Coupon Interest components.

8.4 USE OF INFORMATION MEMORANDUM

This Information Memorandum is intended for use only in connection with the offer to issue Bonds to Tender Counterparties or to repurchase Bonds from Tender Counterparties, in New Zealand.

This Information Memorandum must not be distributed to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

8.5 PRIVACY

Computershare Investor Services Limited, as Registrar and agent for the Crown and the NZDMO, collects and holds personal information about Bondholders for the purposes of administering this investment. This information may be disclosed to the Crown and the NZDMO. Investors may request access to any personal information held about them by contacting the Manager, Fixed Interest Registry on 0800 655 494 or (09) 488 8777. Investors may also request correction of any personal information held about them. Depending on the nature of an investor's request, the Registrar may impose a charge for providing or correcting any personal information. Failure to provide the requested information on the tender form may result in a delay in processing the tender form and further information being sought from the investor.

9. GLOSSARY OF TERMS

For the purposes of this Information Memorandum the following definitions apply.

Approved Issuer Levy	Has the meaning ascribed to that term in Part VI of the Stamp Duty Act 1971.
Austraclear	Means the Austraclear New Zealand system which is a real-time settlement system operated in New Zealand by the Reserve Bank of New Zealand.
Banking Day	Means a day not being a Saturday or Sunday on which Registered Banks are open for general banking business in Wellington, New Zealand.
Bonds	Means the New Zealand Government Inflation-Indexed Bonds covered by this Information Memorandum.
Bondholder	Means, in respect of any Bond, the Person whose name from time to time is entered in the Register as the holder of that Bond.
Bond Tender Composition Announcement	Means an announcement made by the NZDMO pursuant to this Information Memorandum specifying details of Bonds to be offered for sale or to be repurchased.
Coupon Interest	Means the amount paid or due to be paid on the Coupon Interest Payment Date.
Coupon Interest Payment Dates	Means the date or dates on which Coupon Interest is to be paid on the Principal and Indexed Component and includes the Maturity Date.
Coupon Interest Rate	Means the interest rate payable in respect of the Bonds expressed as a percentage per annum.
Crown	Means Her Majesty the Queen in right of New Zealand.
Dollars and \$	Means the lawful currency of New Zealand.
Fixed Establishment	Has the meaning ascribed to that term in the Income Tax Act 2007 (as modified by any double taxation treaty to which New Zealand is a party).
Information Memorandum	Means this document.
Indexed Component	Means, in respect of Bonds maturing on 15 February 2016, the incremental adjustment, from 15 November 1995, to the Principal due to the CPI adjustment. In respect of Bonds maturing on another date, the incremental adjustment to the Principal due to the CPI adjustment will be made from the date specified in the Invitation to Tender.
Interest	Means a payment defined as such in the Income Tax Act 2007.
Maturity Date	Means the date, as specified in the Bond Tender Composition Announcement, on which the Bonds are to be repaid.
New Zealand Resident	Means a Person defined as Resident in New Zealand pursuant to the Income Tax Act 2007.

NRWT	Means 'non-resident withholding tax' as that term is defined in the Income Tax Act 2007.
Person	Includes an individual firm, company, corporation or unincorporated body of persons or any state or Government or any agency thereof (in each case, whether or not having separate legal personality).
Principal	Means the face, or nominal, amount of the Bond on which the Indexed Component and Coupon Interest are calculated i.e. the par value.
Record Date	Means close of business on the 10th day before the relevant Coupon Interest Payment Date or the Maturity Date or, if this is not a Banking Day the preceding Banking Day.
Register	Means the Register of Bonds maintained by the Registrar and "Registered" has a corresponding meaning.
Registered Bank	Has the meaning given to that term in the Reserve Bank of New Zealand Act 1989.
Registrar	Means Computershare Investor Services Limited acting as agent for the NZDMO.
Resident	Means a Person defined as Resident in New Zealand pursuant to the Income Tax Act 2007.
RWT	Means "resident withholding tax" as that term is defined in the Income Tax Act 2007.
RWT Exemption Certificate	Means an original or certified copy of an RWT exemption certificate issued under the Tax Administration Act 1994.
RWT Rate	Means the tax rate for Resident Withholding Tax Purposes as set out in the Income Tax Act 2007.
Settlement Date	Means the value date for transfer of ownership as notified in the Bond Tender Composition Announcement.
Tax	Means any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a Government Agency.
Yield	Means the rate of return expressed as an annual percentage.

In this Information Memorandum, any reference to legislation includes, where appropriate, a modification or re-enactment of that legislation or legislation passed in substitution for it.

11. DIRECTORY

For Issuer information contact:

The Investor Relations Manager
New Zealand Debt Management Office
The Treasury
1 The Terrace
Wellington 6011
New Zealand
Or
PO Box 3724
Wellington 6140
New Zealand

Tel: 64-4 917 6911
Fax: 64-4 472 2492
Email: info@nzdmo.govt.nz

(Note that calls may be recorded for operational purposes)

For information relating to the issuance or repurchase of Bonds contact:

The Head of Portfolio Management
New Zealand Debt Management Office
The Treasury
1 The Terrace
Wellington 6011
New Zealand
Or
PO Box 3724
Wellington 6140
New Zealand

Tel: 64-4 917 6071
Fax: 64-4 472 2492
Email:
NZDMOTender@treasury.govt.nz

(Note that calls may be recorded for operational purposes)

To register as a Tender Counterparty contact:

The Head of Risk Policy and Technology
New Zealand Debt Management Office
The Treasury
1 The Terrace
Wellington 6011
New Zealand
Or
PO Box 3724
Wellington 6140
New Zealand

Tel: 64-4 917 6075
Fax: 64-4 472 2492
Email:
NZDMOTender@treasury.govt.nz

(Note that calls may be recorded for operational purposes)

For tender settlement information contact:

The Transactional Services Manager
New Zealand Debt Management Office
The Treasury
1 The Terrace
Wellington 6011
New Zealand
Or
PO Box 3724
Wellington 6140
New Zealand

Tel: 64-4 917 6259

Fax: 64-4 472 2492

Email:

NZDMOTender@treasury.govt.nz

(Note that calls may be recorded for operational purposes)

For registry information and general enquiries contact:

The Manager, Fixed Interest Registry
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
North Shore City 0622
Private Bag 92119
Auckland 1020
New Zealand

Tel: 64-9 488 8777

Freephone: 0800 655 494

Fax: 64-9 488 8787

Email: enquiry@computershare.co.nz