



NEW ZEALAND

Government Treasury Bills

INFORMATION MEMORANDUM

TREASURY BILL DESCRIPTION

New Zealand Government Treasury Bills (“the Bills”) are denominated in New Zealand dollars and are sold at a discount to face value and carry no coupon. The Bills are redeemable at face value on maturity.

ISSUER

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

RATING

As at the date of this Information Memorandum, the Bills are rated A-1+ by Standard and Poor’s Ratings Group and are rated P-1 by Moody’s Investors Service.

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1. TREASURY BILL DESCRIPTION

1.1 DESCRIPTION

The Bills are denominated in New Zealand dollars and are sold at a discount to face value and carry no coupon. The Bills are redeemable at face value on maturity.

1.2 ISSUER

The issuer of the Bills 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 the Bills. The Bills will be issued in terms of this Information Memorandum and Part 6 of the Act whereby Interest, Principal and any other money payable on the Bills are a charge upon and payable out of the revenues of the Crown.

Bills 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 Investor 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, Billholders will be advised of such a change.

2. FEES AND TAXATION

2.1 FEES

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

2.2 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.

On maturity, the difference between the discount price at which the Bills were issued and the Principal will be "Interest" for Tax purposes. 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 Billholder 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 Billholder, whether the Billholder has provided their IRD number to the Registrar and (where an IRD number has been provided) an election made by the Billholder. Current RWT Rates are published on www.ird.govt.nz.

Where the Registrar is satisfied that the Billholder 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 Billholder for Approved Issue Levy to apply. The NRWT rate payable varies depending on any double-tax agreement between New Zealand and the Billholder's country of residence. Current NRWT rates are published on www.ird.govt.nz. However, if the Billholder holds the Bill 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 Billholder as to the Billholder's residency and activities in New Zealand when making any withholding for RWT, NRWT or as otherwise required.

3. BILL TENDER ANNOUNCEMENTS, PROCEDURES AND ALLOCATION

Bills may be issued by way of tender, private placement or otherwise. Bills 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, Bills from any Person. Any Bills so purchased, may be lent, retained, sold or cancelled at the discretion of the Crown.

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

3.1 REGISTRATION OF TENDER COUNTERPARTIES

In order to buy Bills from or sell Bills 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.

3.2 ANNOUNCEMENT OF BILL TENDER COMPOSITION AND RESULTS

To announce the details of an upcoming tender, the NZDMO will make a Bill 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 Bills to be offered (or repurchased as applicable);
- the Maturity Dates of the Bills;
- the closing date and time for bids (or offers as applicable);
- the Settlement Date of the tender; and
- the time results are intended to be announced.

3.3 TENDERING PROCEDURES

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

Each bid or offer for Bills 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 on the tender closing date, prior to the tender closing time, as stated in the Bill 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.

3.4 BILL ISSUANCE ALLOCATION

For the issuance of Bills, allocation for each maturity will be made in ascending order of Yields bid.

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, Bills 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 amount available at that Yield so that no allocation of Bills is made at that Yield.

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

3.5 BILL REPURCHASE ALLOCATION

For the repurchase of Bills 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, Bill 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 Bills to NZDMO; or
- decrease the principal amount available at that Yield so that no repurchase of Bills by NZDMO is made at that Yield.

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

3.6 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 3.4 (or Clause 3.5 as the case may be). Where Bills are offered for issuance or repurchase in the same tender as other New Zealand Government securities (such as government bonds), there are no provisions to allow the oversubscription between Bills and those other securities.

4. REGISTRATION, SETTLEMENT AND TRANSFER

4.1 SETTLEMENT PRICE FOR BILL ISSUANCE AND BILL REPURCHASE

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

$$\text{SETTLEMENT PRICE PER \$N PRINCIPAL} = \frac{N}{1 + \left(i \times \frac{n}{365} \right)}$$

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

i = the Yield divided by one hundred

n = the number of full days from the next Settlement Date until the Maturity Date

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).

4.2 BILL ISSUANCE SETTLEMENT

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

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

4.3 BILL REPURCHASE SETTLEMENT

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

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

4.4 FORM OF BILLS

Bills 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 Bills in a tender, the Bills may be transferred to Persons in parcels having a minimum Principal of \$10,000 and multiples of \$1,000 thereafter. The issue of the Bills will be effected and evidenced by particulars of the Bill being entered in the Register by the Registrar.

4.5 REGISTRATION OF BILLS

Bills 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 application in the full name(s) of the trustee(s). No notice of any trust in respect of any Bills will be entered in the Register or receivable by the Registrar. Each Billholder is to be regarded as the absolute beneficial owner of the Bills Registered in its name and the NZDMO and the Registrar shall not be affected by any trust or other equity affecting any Bill, whether or not it is aware of the same.

If two or more Persons apply to be Registered as Billholders 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 Bills into the share for which each Person is expressed to be entitled and Register each

Person as the holder of the Bills representing the Person's share. If the Bills 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.

4.6 CERTIFICATES OF TITLE

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

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

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 Billholder in the Bills to which it relates. Any transfer of Bills must be in such form as the Registrar prescribes and in accordance with clause 4.9 of this Information Memorandum.

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

The Registrar will not record any dealing and the NZDMO will not repay any Bills until the certificate of title has been cancelled.

Where any certificate of title to Bills 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.

4.7 NOTICES OF REGISTRATION/TRANSFER

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

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

4.8 REGISTER

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

- name and address of the Billholder;
- Principal of the Bills held;
- Maturity Date of the Bills;
- 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.

4.9 TRANSFER OF BILLS

The Billholder 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 Bills 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 Bills 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 Bills to which the form of transfer relates.

When the right to any Bill 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 Billholder, will enter the Person in the Register as the holder of the Bills.

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

No transfers will be registered on the Maturity Date.

4.10 CERTIFICATION OF TRANSFERS (MARKINGS)

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

Where a form of transfer of Bills has been certified under this clause, the Registrar may refuse to record any dealing with the Bills 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 Bills have matured.

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

4.11 THE SECURITIES ACT 1978

The initial wholesale offer of Bills 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 Bills 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 Bills undertake to comply with the requirements of the Securities Act, with the conditions of any exemption notice issued in respect of the Bills and (without limiting the foregoing) with the requirements specified in the Operating Rules and Guidelines when on-selling Bills to members of the public.

Unless otherwise agreed with the NZDMO, any person or entity bidding to buy Bills 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 Bills agrees that he, she or it will not offer, sell or deliver any Bills 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.

5. REPAYMENTS

Bills are domiciled for repayment in New Zealand and will be repaid to the Billholder 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 will be withheld until account details have been provided. No additional interest will be paid on any amounts withheld.

In the case where Bills are held through Austraclear, Principal repayments will be credited to the cash account of the participants.

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

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.

Bills are not repayable prior to the Maturity Date.

6. OTHER

6.1 GENERAL

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

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

6.2 USE OF INFORMATION MEMORANDUM

This Information Memorandum is intended for use only in connection with the offer to issue Bills to Tender Counterparties or to repurchase Bills 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.

6.3 PRIVACY

Computershare Investor Services Limited, as Registrar and agent for the Crown and the NZDMO, may collect and hold personal information about Billholders 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.

7. 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 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.
Bill Tender Composition Announcement	Means an announcement made by the NZDMO pursuant to this Information Memorandum specifying details of Bills to be offered for sale or to be repurchased.
Bills	Means the New Zealand Government Treasury Bills covered by this Information Memorandum.
Billholder	Means, in respect of any Bill, the Person whose name from time to time is entered in the Register as the holder of that Bill.
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.
Interest	Means a payment defined as such in the Income Tax Act 2007.
Maturity Date	Means the date, as specified in the Bill Tender Composition Announcement, on which the Bills 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.
NZDMO	Means the New Zealand Debt Management Office of the Treasury.
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 Bill.
Record Date	Means close of business on the day before the Maturity Date or, if this is not a Banking Day, the preceding Banking Day.
Register	Means the Register of Bills 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 Bill 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 to or re-enactment of that legislation or legislation passed in substitution for it.

8. 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 Bills 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, Hurstmere Road
Takapuna
North Shore City 0622
Or
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