

25 March 2009

VALIDITY AND ENFORCEABILITY OF CROWN WHOLESALE FUNDING GUARANTEE

I have acted as legal adviser to Her Majesty the Queen in right of New Zealand ("New Zealand") in connection with the Crown Wholesale Funding Guarantee ("the Guarantee") in respect of Kiwibank Limited ("the Principal Debtor") dated 24 March 2009.

I have examined the Guarantee, the Delegation from the Minister of Finance to the Secretary to the Treasury, and such further documents and matters of law as I have considered necessary or appropriate for the preparation of this opinion.

On the basis of the foregoing and subject to the qualifications and reservations below, I am of the opinion that:

1. New Zealand has full power and authority to execute, deliver and perform its obligations under the Guarantee;
2. all necessary action under New Zealand law has been duly taken by or on behalf of New Zealand and all necessary authorisations and approvals under New Zealand law have been duly obtained and are in full force and effect for the authorisation, execution, delivery and performance by New Zealand of the Guarantee;
3. the Guarantee has been duly authorised, executed and delivered as a Deed by the Secretary to the Treasury acting under delegation from the Minister of Finance and, pursuant to section 65ZD of the Public Finance Act 1989, the Guarantee constitutes valid and legally binding obligations of New Zealand enforceable against New Zealand in accordance with its terms;
4. the authorisation, execution, delivery and performance of New Zealand's obligations under the Guarantee do not violate any applicable law or regulation of New Zealand;
5. pursuant to section 65ZG of the Public Finance Act 1989 any payment under the Guarantee may be made without the need for further appropriation by Act of Parliament. Payment obligations under the Guarantee will represent direct and unconditional obligations of New Zealand and rank *pari passu* with all other general payment obligations of New Zealand without preference one above the other by reason of date of obligation, currency of payment or otherwise; and

6. New Zealand is not entitled to claim immunity from suit in any proceedings taken in the New Zealand courts in relation to the Guarantee. New Zealand is immune from enforcement against, or execution or attachment of, assets of New Zealand in New Zealand. An order for the payment of money made against New Zealand in proceedings in a court in New Zealand may be recovered, pursuant to the Crown Proceedings Act 1950 of New Zealand, by means of the Governor-General causing such money to be paid without the need for further appropriation by Act of Parliament.

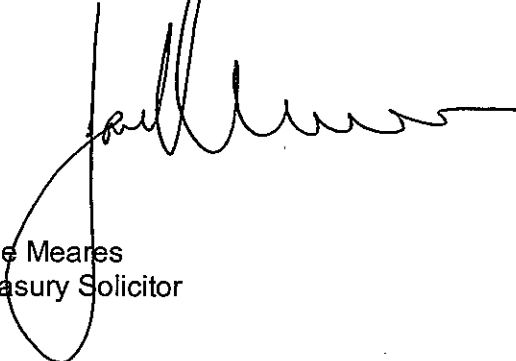
The foregoing opinion is subject to the following qualifications and reservations:

1. no execution or attachment or process in the nature thereof may be issued out of any court in New Zealand for enforcing satisfaction by New Zealand of any order made against New Zealand in any New Zealand or foreign court;
2. no remedy by way of injunction or an order for specific performance will be granted by any court in New Zealand against New Zealand but instead such court may make an order declaratory of the rights of the parties;
3. the courts in New Zealand will award a judgment in a foreign currency in respect of the Guarantee if, in terms of the Guarantee, such foreign currency is that which most properly expresses the plaintiff's loss;
4. a court in New Zealand will not enforce any provision of the Guarantee which is or may become illegal under the laws of another jurisdiction in which it is to be performed; and
5. I express no opinion on any laws other than the law of New Zealand as in force at the date of this opinion.

This opinion:

1. is addressed to the dealers appointed from time to time by the Principal Debtor in relation to the issue of debt securities in respect of which a Guarantee Eligibility Certificate (as defined in the Guarantee) has been issued by New Zealand under the Guarantee and may not be relied upon by any other person; and
2. is strictly limited to the matters stated herein.

Yours faithfully



Jane Meares
Treasury Solicitor