

**TRANSPOWER**

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**Disclosure announcement
 3 September 2012**

Summary Terms Sheet for an issue of NZ\$300,000,000 Bonds

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| Issuer | Transpower New Zealand Limited | |
| Lead Managers | ANZ Bank of New Zealand | |
| Organising Participant | ANZ | |
| Instrument | NZ\$ unsecured, unsubordinated debt obligations ("Bonds") issued pursuant to the Master Trust Deed dated 18 March 2011 (as amended from time to time) as amended and supplemented by Supplemental Trust Deed (No. 1) dated 17 November 2011 as amended and restated on 17 August 2012 and Supplemental Trust Deed (No. 2) dated 17 August 2012 | |
| Purpose | General corporate purposes, including capital expenditure requirements of the Transpower Group. | |
| Issue Credit Rating | AA- Standard & Poor's A1 Moody's | |
| Launch Date | Tuesday, 28 August 2012 | |
| Closing Date | 12.00pm, Friday 31 August 2012 | |
| Issue Size | NZ\$300,000,000 | |
| | TRANCHE 1 Floating Rate Bonds | TRANCHE 2 Fixed Rate Bonds |
| Tranche Size | NZ\$100,000,000 | NZ\$200,000,000 |
| Interest Rate Set Date | Not applicable | 31 August 2012 |
| Issue Date | Monday, 3 September 2012 | Thursday, 6 September 2012 |
| Maturity Date | Thursday, 3 December 2015 | Friday, 6 September 2019 |
| Issue Margin | 0.90 per cent per annum | 1.25 per cent per annum |
| Interest Rate | Equal to the Base Rate plus 1.10 percent per annum | 4.65 per cent per annum being equal to the Base Rate on the Rate Set Date plus the Issue Margin for the tranche |
| Issue Yield | Not applicable | Equal to the Interest Rate |
| Base Rate | In relation to an Interest Period: (a) the rate determined by the Agent as | The semi annual mid market swap rate for an interest rate swap of a term matching the |



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| | <p>the FRA settlement rate as displayed at or about 10.45am on the first day of that Interest Period (including the Issue Date in relation to the first Interest Period) on the Reuters Monitor Screen page BKBM (or its successor page) for bank bills having a term of three months;</p> <p>(b) if there is no such rate for bank bills having a term of three months, then the rate determined by the Agent as the average (and ignoring the highest and lowest rates quoted) of the rates quoted to the Agent for the relevant Bonds by each of the Reference Banks (as defined in the Master Trust Deed) (or such one or more of them as are quoting) as being its buy rate for bank bills at or about the time on that date; or</p> <p>(c) if the Base Rate cannot be determined pursuant to paragraphs (a) or (b) above, the rate per annum reasonably determined by the Agent to be the nearest practicable equivalent for that Interest Period,</p> <p>in each case, rounded to the nearest 4 decimal places (if necessary) with 0.00005 being rounded up.</p> | <p>period from the Issue Date to the Maturity Date as calculated by the Lead Managers according to market convention, with reference to the Reuters page 'ICAPKIWISWAP1' on the Interest Rate Set Date</p> <p>Rounded, if necessary, to the nearest 2 decimal places with 0.005 being rounded up</p> |
| Interest Payments | Calculated on the number of days in the relevant interest period, from (and including) the preceding Interest Payment Date (being, the Issue Date in respect of the first interest period) to (but excluding) the subsequent Interest Payment Date | Semi-annually in arrears in two equal payments |
| Interest Payment Dates | 3 March, 3 June, 3 September and 3 December in each year up to and including the Maturity Date | 6 March and 6 September in each year up to and including the Maturity Date |
| First Interest Payment Date | Monday, 3 December 2012 | Wednesday, 6 March 2013 |
| Business Day Convention | Modified Following Adjusted | Following Unadjusted |
| Day Count Convention | Act/365 (fixed) | Act/Act |
| Listing | The Bonds will not be listed on any exchange | <p>Application has been made to NZX for permission to list the Bonds on the NZDX and all the requirements of NZX relating to that application that can be complied with on or before the date of distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet.</p> <p>NZX is a registered exchange, and NZDX is a registered market, each regulated under the</p> |



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| | | Securities Markets Act 1988. |
| Ticker Code | Not applicable | NZX ticker code "TRP020" has been reserved for the Bonds |
| ISIN | NZ519D1215L3 | NZTRPD0020L4 |
| Registry Security Code | TRP1215 | TRP020 |
| NZClear | TP1215 | TRP020 |
| Fungibility | The Floating Rate Bonds will be fungible with the floating rate bonds issued on 30 November 2011 under Pricing Supplement No. 1 dated 17 November 2011 and will together form one tranche | Not Applicable |
| Capital Price | 100.6099% | Par (100%) |
| Accrued Interest | Nil | Nil |
| Issue Price | 100.6099% | Par (100%) |
| Principal Amount | NZ\$1.00 per Bond | |
| Settlement Price Formula | RBNZ pricing formula | Not Applicable |
| Record Date | 10 calendar days before the Interest Payment Date or, if that day is not a Business Day, the preceding Business Day. | |
| Business Days | Auckland and Wellington | |
| Denominations | Minimum denomination of NZ\$5,000 with multiples of NZ\$1,000 thereafter | |
| Registrar and Paying Agent | Link Market Services Limited The Bonds will be accepted for settlement within the NZClear system | |
| Documentation | Supplemental Trust Deed (No. 1) as amended and restated Supplemental Trust Deed (No. 2) Pricing Supplements No. 3 and No. 4 Simplified Disclosure Prospectus | |
| Repo-eligibility | Application will be made to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for Domestic Market Operations | |
| Governing Law | New Zealand | |
| Selling Restrictions | The Bonds are not intended to be offered for sale or subscription in any jurisdiction other than New Zealand. No action has been taken by the Issuer which would permit an offer of Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than in New Zealand). The Issuer has done or will do all things necessary to ensure that the public offering in New Zealand complies with all applicable New Zealand laws and regulations. Bonds may not be offered or sold except in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No offering document in respect of any Bonds may be published, delivered, or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations. | |



For further information, please contact: Rebecca Wilson, Corporate Communications Manager, 04 590 6695; 021 578 608



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