



T R A N S P O W E R

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**COMU disclosure statement
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Review of Transpower New Zealand Limited's (Transpower) dividend policy

Further to the disclosure made on 23 March 2011, the Board of Directors of Transpower (Board) advised today that it has completed a review of its dividend policy.

The review assessed a range of factors, key among them being the highly regulated nature of Transpower's revenue and cash flows, and its current capital structure. The review concluded that Transpower's ongoing capital expenditure programme can continue to be funded prudently, while at the same time recommencing dividend payments to the Crown from fiscal 2011/12.

Under Transpower's new dividend policy, funds surplus to Transpower's financing and operating requirements will be distributed annually to Transpower's shareholders. The level of surplus funds will be determined by having regard to: a sustainable financial structure, with a focus on FFO/interest coverage; Group capital expenditure and working capital requirements; economic regulation; and forecast macroeconomic conditions.

Subject to the above considerations, target distribution over time is expected to average between 65% and 75% of free cash flow, after deduction of replacement and refurbishment capital expenditure.

Previously, Transpower has signalled that no dividend payments would be made before the 2012/13 financial year.

For further information, please contact:

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