



NEW ZEALAND

Government Kiwi Bonds

INVESTMENT STATEMENT DATED **19 May 2011**
FOR THE PURPOSES OF THE SECURITIES ACT 1978

IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

CHOOSING AN INVESTMENT

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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ENGAGING AN INVESTMENT ADVISER

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including—

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include—

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

WHAT SORT OF INVESTMENT IS THIS?

New Zealand Government Kiwi Bonds (“the Bonds”) are debt securities denominated in New Zealand dollars with a fixed interest rate. The Bonds will be issued in terms of Part 6 of the Public Finance Act 1989 whereby interest, principal and any money payable on the Bonds are a charge upon and payable out of the revenues of the Crown.

The Crown may from time to time issue Bonds branded as “Earthquake Kiwi Bonds”. All amounts raised by the issue of such Bonds will be applied towards meeting the costs to the Government of the recovery in Canterbury following the earthquakes of September 4 2010 and February 22 2011. Any Bonds branded as “Earthquake Kiwi Bonds” will be issued on the same terms as other New Zealand Government Kiwi Bonds.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

The Bonds are issued by Her Majesty the Queen in right of New Zealand (“the Crown”), through the New Zealand Debt Management Office of the Treasury (“NZDMO”).

Computershare Investor Services Limited (“Computershare”), acting as agent for the NZDMO, is the Issuing Agent and the Registrar. As Issuing Agent, Computershare is authorised to receive and deal with applications for the issue of Bonds.

Communications to Computershare should be addressed to The Registrar, Level 2, 159 Hurstmere Road, Takapuna, North Shore City 0622, Private Bag 92119, Auckland 1142, or Freephone 0800 655 494, Tel (09) 488 8777, Fax (09) 488 8787, or email enquiry@computershare.co.nz. The Crown’s address is c/- the Investor Relations Manager, New Zealand Debt Management Office, The Treasury, 1 The Terrace, Wellington 6011 or PO Box 3724, Wellington 6140, Tel (04) 917 6911, Fax (04) 472 2492 or email info@nzdm.govt.nz. Note that calls may be recorded for operational purposes.

New Zealand is a sovereign state whose constitutional history dates back to the signing of the Treaty of Waitangi in 1840. New Zealand has a market economy with sizeable manufacturing and service sectors that complement a highly efficient, export orientated agricultural sector.

HOW MUCH DO I PAY?

Full payment for the Principal amount of the Bonds applied for in any maturity (being a minimum of \$1,000) is required upon application. Unless otherwise agreed with the Registrar, payments must be made by cheque payable to “NZDMO Registry”. No Bondholder is permitted to hold more than \$500,000 of Bonds of any issue except as a result of reinvestment, including compounded interest, on maturity. Completed applications and the payment should be sent to The Registrar, Private Bag 92119, Auckland 1142.

Application forms are available from the Registrar or any other agent registered with the Registrar, including certain Registered Banks, NZX Firms, NZX Brokers, Chartered Accountants, Solicitors, Investment Advisers and Investment Brokers. The Crown reserves the right to decline any application or applications, to close any or all maturities of Bonds of any Issue, or to vary the Interest Rate applicable to Bonds available for issue at any time.

The offer of Bonds under this Investment Statement is made only to New Zealand residents. No offer or invitation is to be made under this Investment Statement in any jurisdiction outside New Zealand. No person may offer, sell or deliver any Bonds or distribute any documents (including this Investment Statement) to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction. Unless otherwise

agreed with the Crown, any person or entity purchasing Bonds will, by virtue of the purchase, be deemed to represent 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.

WHAT ARE THE CHARGES?

No charges are payable by you, but the Crown has the right to adjust the rate of interest on Bonds which are withdrawn early or are transferred to another person. See “Can the investment be altered?” for interest rate adjustments on early termination of Bonds.

Commission will be paid by the Crown, at the following rates, to any agent registered with the Registrar, on Bonds issued in response to applications bearing the agent’s stamp.

Term of Bonds	Commission Rates
Six Months	0.250 per cent of the Bonds’ face value
One Year	0.375 per cent of the Bonds’ face value
Two Years	0.500 per cent of the Bonds’ face value
Four Years	0.500 per cent of the Bonds’ face value

WHAT RETURNS WILL I GET?

You are entitled to repayment of the principal amount of your Bonds by the Registrar (acting on behalf of the Issuer) at the time or times agreed on at the time of investment.

Investors will receive Interest payments quarterly in arrears on each Interest Payment Date until the Maturity Date. Interest will cease to accrue on the Bonds from the Maturity Date.

If the period for which interest is to be calculated is less than three months, interest will be calculated on the basis of a 365 day year and the actual number of days elapsed.

Interest payments are made in New Zealand and will be paid to the Bondholder registered on the Record Date, by crediting an account at any Registered Bank in New Zealand or crediting to the Principal amount (compounded).

If a bank account has not been provided, payment of interest and Principal will be withheld until account details have been provided. No interest will be paid on any amounts withheld.

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

The key factor that determines the returns is the applicable Interest Rate payable. The Interest Rate payable depends on the maturity of the Bonds. Interest rates are set periodically by the NZDMO from the moving averages of domestic wholesale rates.

Applicants whose application for Bonds was made at an interest rate which is higher than the applicable Interest Rate will be advised promptly. Unless written acceptance of the lower Interest Rate is received within 14 days after the giving of advice by the Issuing Agent, the application monies will be refunded in full, without interest. Where the Interest Rate has been increased before the Date of Commencement, the Bonds will be issued, without prior notification to the applicant, at the increased Interest Rate.

Her Majesty the Queen in right of New Zealand (“the Crown”) is the person legally liable to pay the returns to investors. No other person/persons are liable to pay the returns if the Crown is unable to repay all or any of your principal and/or interest when it becomes due.

The amount of returns on the Bonds is not quantifiable as at the date of this Investment Statement, and no amount of returns is promised.

TAXATION

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

Resident withholding tax ("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, unless the Bondholder advises the Registrar that NRWT should be deducted, the Issuer will pay Approved Issuer Levy on its own account and no NRWT will be deducted. If a Bondholder advises the Registrar that it does wish NRWT to be deducted then NRWT will be deducted at the applicable rate. The NRWT rate will vary 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.

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 payment of Approved Issuer Levy or as otherwise required.

WHAT ARE MY RISKS?

Because the Crown is the issuer of the Bonds and uses the proceeds of the Bonds for its general purposes (including, in the case of Bonds branded as "Earthquake Kiwi Bonds", in application towards meeting the costs to the Government of the recovery in Canterbury, as outlined under the heading "What sort of investment is this?" above), there are no particular investment risks that are relevant.

The only risk you have of not recovering the money you pay for the Bonds or not receiving interest payments is that the Crown could default on its obligations under the Bonds. This is a most unlikely event.

The Crown has never defaulted on its debt. Reflecting the Crown's creditworthiness, the Bonds are rated AAA by Standard and Poor's Ratings Group. Moody's Investors Service does not rate this type of retail debt. However, Moody's rates the Government's wholesale domestic currency debt as Aaa.

There are no circumstances in which you could be required to pay any more money for the Bonds than the amount paid when applying for the Bonds.

CONSEQUENCES OF INSOLVENCY

Although the Crown could in theory default on its obligations under the Bonds (see "What are my risks?" above), it cannot be put into liquidation or wound up. Accordingly, the provisions of general New Zealand law which give priority to certain creditors over other creditors in the liquidation or winding up of a debtor, do not apply to the Crown. Claims of all creditors of the Crown would be brought under, and governed by, the Crown Proceedings Act 1950.

CAN THE INVESTMENT BE ALTERED?

The Crown reserves the rights to close any or all maturities of Bonds of any issue or to vary the Interest Rate applicable to Bonds available for issue.

Bondholders may transfer some or all of their Bonds to any other person. Bondholders may request that some or all of their Bonds be repaid early. See “How do I cash in my investment?” for details.

The Interest Rate payable on any Bonds may be adjusted down by the Crown on early repayment. See “How do I cash in my investment?” for details.

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

HOW DO I CASH IN MY INVESTMENT?

EARLY REPAYMENT

A Bond may be repaid at any time after one month from the Date of Commencement on receipt by the Registrar of at least seven working days’ notice in writing from the Bondholder. The notice of repayment may be given in respect of either the total amount of the Bond or for a minimum of \$1,000. The balance of any Bonds of any issue held in the name of the Bondholder must not be less than \$1,000.

If your Bonds are repaid early, the interest paid to you will be adjusted for the Principal repaid. The adjustment will be calculated as the difference between the interest paid from the Date of Commencement to the date of early repayment, and the interest that would have been paid if the Interest Rate had been 2 per cent per annum lower. If there is insufficient interest due to be paid to meet the difference, an adjustment to the Principal being repaid will be made to recover any interest overpaid on previous Interest Payment Dates.

The notice of repayment must be signed by all Bondholders and corporate bodies should execute the notice in accordance with the provisions of the relevant statute.

TRANSFER OF BONDS

Bondholders are entitled to sell or transfer their Bonds to any person, at any time prior to the Record Date immediately prior to the Maturity Date, provided the principal of the Bonds registered in the name of the transferor or the transferee is not less than \$1,000. In the Crown’s opinion, there is no established market for sales of the Bonds.

REINVESTMENT OR REPAYMENT ON MATURITY

Bondholders will be notified by post to their last notified address, as recorded on the Register, of the pending maturity of their Bond approximately four weeks prior to Maturity Date, and offered reinvestment at the terms and conditions current at that time. Reinvestment of the Bonds will be made in accordance with the written application of the Bondholder and pursuant to the Investment Statement current at that time.

If no application for reinvestment is received by the Registrar, Bonds will be repaid on the Maturity Date. Bonds will be repaid in New Zealand 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. The Registrar will accept instructions prior to the Record Date from Bondholders in this regard. If the Maturity Date is not a Banking Day, repayment by direct credit will be made on the next succeeding Banking Day without payment of additional interest.

WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?

In the first instance, you should contact the Registrar with any inquiries about your investment, at:

The Manager, Fixed Interest Registry
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
North Shore City 0622
Or, Private Bag 92119
Auckland 1142

Freephone: 0800 655 494
Tel: (09) 488 8777
Fax: (09) 488 8787
Email: enquiry@computershare.co.nz

If your inquiry is not resolved, you may contact the Issuer, at:

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

Tel: (04) 917 6911
Fax: (04) 472 2492
Email: info@nzdmo.govt.nz

(Note that calls may be recorded for operational purposes)

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

If you have any complaints about or problems with your investment in the Bonds, you should contact the Manager, Fixed Interest Registry at Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City 0622, or Private Bag 92119, Auckland 1142, Freephone 0800 655 494, Tel (09) 488 8777, Fax (09) 488 8787, or email enquiry@computershare.co.nz. If you are not satisfied with the response you receive, you can contact the Crown, c/- Investor Relations Manager, New Zealand Debt Management Office, The Treasury, 1 The Terrace, Wellington 6011 or PO Box 3724, Wellington 6140, Tel (04) 917 6911, Fax (04) 472 2492 or email info@nzdmo.govt.nz. Note that calls may be recorded for operational purposes.

Complaints in relation to the Bonds can also be made to the Ombudsmen. The Ombudsmen can be contacted at Level 14, 70 The Terrace, Wellington 6011, or PO Box 10152, Wellington 6143, Telephone (04) 473 9533.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Further information about the Issuer is detailed in the Crown's financial statements. A copy of the Crown's financial statements and additional information, including the current applicable Interest Rates for the Bonds, can be obtained free of charge from the Treasury website www.treasury.govt.nz/government/financialstatements.

Investors can request free of charge a certificate which evidences title to their Bonds as recorded on the Register. They may also request free of charge a certified extract from the Register which confirms the details of their investment. Requests should be made to the Registrar, at the address or on the telephone number given above. Investors also receive quarterly advice of interest and an annual withholding tax deduction certificate.

A notice of registration for Bonds will be issued by the Registrar to the transferee following the registration of a transfer, or to the Bondholder following the registration of an application for Bonds. These notices do not constitute a certificate of title but merely advise the registration of Bonds. A notice will be issued by the Registrar to the transferor following the registration of a transfer of Bonds.

PRIVACY

Computershare, as Registrar and agent for the Crown and the NZDMO, collects and holds personal information about applicants for Bonds 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, fax (09) 488 8787 or email enquiry@computershare.co.nz. 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 Application Form may result in a delay in processing the application and further information being sought from the investor.

GLOSSARY

For the purposes of this Investment Statement, the following definitions apply:

Approved Issuer Levy	Has the meaning ascribed to that term in Part 6B of the Stamp and Cheque Duties Act 1971.
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 Kiwi Bonds covered by this Investment Statement.
Bondholder	Means, in respect of any Bond, the Person(s) whose name from time to time is entered in the Register as the holder of that Bond.
Computershare	Means Computershare Investor Services Limited.
Crown	Means Her Majesty the Queen in right of New Zealand.
Date of Commencement	Means, in respect of any Bond, the day on which the application monies are lodged to the account of the Issuing Agent.
Dollars and \$	Means the lawful currency of New Zealand.
Fixed Establishment	Has the meaning ascribed to that term in the Income Tax Act 2007.
Interest	Means a payment defined as such in the Income Tax Act 2007.
Interest Payment Date	Means the date three months after the Date of Commencement and each three months thereafter until Maturity Date. If there is no numerical equivalent of the Date of Commencement, the Interest Payment Date will be the last day in the relevant month.
Interest Rate	Means the current applicable Interest Rate as specified on the most recent Application for the Bonds available from the Registrar.
Investment Adviser	Means a Person who, in the course of the Person's business or employment, gives a recommendation or opinion to members of the public in relation to buying or selling (or not buying or selling) securities.
Investment Broker	Means a Person who, in the course of the Person's business or employment, receives money from a member of the public in order to buy securities.
Issue	Means all Bonds issued under the same Interest Rate options and Maturity Date options as specified on the Application for the Bonds which contains the same issue number.
Issuer	Means Her Majesty the Queen in right of New Zealand ("the Crown").
Issuing Agent	Means Computershare, acting as agent for the NZDMO.

Maturity Date	Means the date which is either six months, one year, two years or four years (depending on the term selected on the Application for the Bonds) after the Date of Commencement. If there is no numerical equivalent of the Date of Commencement, the Maturity Date will be the last day in the relevant month.
NRWT	Means 'non-resident withholding tax' and 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 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 Interest is calculated.
Record Date	Means close of business on the tenth day before the relevant Interest Payment Date or, if this is not a Banking Day, the next preceding Banking Day.
Register	Means the Register of Bonds maintained by the Registrar and "Registered" has a corresponding meaning.
Registered Bank	Has the meaning ascribed to that term in the Reserve Bank of New Zealand Act 1989.
Registrar	Means Computershare 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' and 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.
Tax	Means any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a government agency.



For more information
or enquiry call
NZDMO Registry
on Freephone
0800 655 494

The strong base for investment growth.

Kiwi Bonds issued in terms of the Investment Statement dated 19 May 2011 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 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 neither the Crown nor the Registrar shall 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 of \$1,000 or more, the Registrar may refuse to accept the application.

APPLICATION FOR NEW ZEALAND GOVERNMENT KIWI BONDS



Attach
Cheque
Here

To: NZDMO Registry, Private Bag 92119, Auckland 1142

Cheque made payable to “NZDMO Registry”

SURNAME

FIRST NAMES

Commission Agent's Stamp

DIRECT BROKING LIMITED
P.O. Box 1790, WELLINGTON
 Authorised Trading Participant and
 Delivery and Settlement Participant
 NZX Firm
 DBLW

Date application Received ____/____/____

1

2

3

Mr/Mrs/Miss/Ms	Date of birth	/	/	
	Occupation			
Mr/Mrs/Miss/Ms	Date of birth	/	/	
	Occupation			
Mr/Mrs/Miss/Ms	Date of birth	/	/	
	Occupation			
Postal Address	Telephone Numbers			
	Business			
	Home			
Do you currently have New Zealand Government Securities? <input type="checkbox"/> Yes <input type="checkbox"/> No				
If yes please quote Investor No: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>				
IRD NUMBER	<input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>	NB: If exempted from resident withholding tax, please attach a copy of the exemption certificate, if not previously provided to the Registrar.
TAX RATE	<input type="checkbox"/> 10.5%	<input type="checkbox"/> 17.5%	<input type="checkbox"/> 30%	<input type="checkbox"/> 33%

I/We hereby apply for Kiwi Bonds upon the terms and conditions as set out in the Investment Statement dated 19 May 2011.

INVESTMENT DETAILS

Minimum investment \$1,000

Terms	Interest rates offered (per annum)	Amount
	\$1,000 – \$500,000	
Six months	2.25%	\$
One year	2.50%	\$
Two years	3.00%	\$
Four years (Earthquake Kiwi Bond)	4.00%	\$

(Interest rates effective from 19 May 2011)

METHOD of investment payment

☐ Compounding quarterly and paid on maturity ☐ paid quarterly

Payment Authority

Name of bank account

Bank		Branch		Account No.				Suffix	

I hereby authorise the Registrar to pay to the above bank account, **ALL Interest and redemption proceeds** which hereafter may become payable in respect of **ALL NEW ZEALAND GOVERNMENT SECURITIES** I hold as recorded in the **Register** and to accept their receipt as a full and sufficient discharge, such order to remain in force until revoked by me in writing.

I/we agree that any personal information about me/us received by the Registry may be used by it to offer or provide me/us with information concerning securities issued by the Crown. I/we acknowledge that I/we have the right of access to and the correction of that information pursuant to the Privacy Act 1993.

I/we confirm that I/we have received a copy of the New Zealand Government Kiwi Bonds Investment Statement dated 19 May 2011.

PLEASE SIGN HERE

1 2 3

Date / /

For use by the Registrar

										/	/														
Number						Reg			Loan			Date			Amount					Comm code				Acq	