



TRANSPower NEW ZEALAND LIMITED

PRICING SUPPLEMENT NO. 11 FIXED RATE BONDS DUE 2025

Current at 26 February 2018

This Pricing Supplement sets out the key terms of an offer by Transpower New Zealand Limited (**Transpower**) for an offer of up to NZ\$75,000,000 (with the ability to accept up to NZ\$50,000,000 oversubscriptions at Transpower's discretion) fixed rate bonds (**Bonds**) under its master trust deed dated 18 March 2011 (as amended and restated from time to time) as modified and supplemented by supplemental trust deed (no. 6) dated 22 February 2018 (**Supplemental Trust Deed**) entered into between Transpower and The New Zealand Guardian Trust Company Limited (**Supervisor**) (together, **Trust Documents**).

IMPORTANT NOTICE

The offer of Bonds by Transpower is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The offer contained in this Pricing Supplement is an offer of Bonds that will have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Transpower's:

- NZ\$325,000,000 fixed rate bonds maturing on 30 November 2018 with an interest rate of 5.14%, which are quoted on the NZX Debt Market under the ticker code TRP010;
- NZ\$200,000,000 fixed rate bonds maturing on 6 September 2019 with an interest rate of 4.65%, which are quoted on the NZX Debt Market under the ticker code TRP020;
- NZ\$150,000,000 fixed rate bonds maturing on 30 June 2022 with an interest rate of 4.30%, which are quoted on the NZX Debt Market under the ticker code TRP030; and
- NZ\$100,000,000 fixed rate bonds maturing on 16 September 2022 with an interest rate of 4.069% which are quoted on the NZX Debt Market under the ticker code TRP040,

(together, **Quoted Bonds**). Accordingly, the Bonds are of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMC Regulations**).

Transpower is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/TRP.

Investors should look to the market price of the Quoted Bonds to find out how the market assesses the returns and risk premium for those bonds.

KEY TERMS

Issuer	Transpower New Zealand Limited
Description of Bonds	Unsecured, unsubordinated, debt obligations of Transpower
Type of Bonds	Fixed Rate Bonds
Purpose	The net proceeds from the issue of the Bonds are intended to be applied for the general corporate purposes of the Transpower group.

KEY TERMS continued

Bonds Rating	Issuer Rating	Expected Issue Rating
S&P Global	AA- (stable)	AA-
Moody's	Aa3 (stable)	Aa3
<p>The ratings referred to in this Pricing Supplement are not a recommendation to invest in the Bonds, and each rating may be subject to revision or withdrawal at any time by S&P Global or Moody's, as the case may be. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. Neither S&P Global nor Moody's has been involved in the preparation of this Pricing Supplement.</p>		
Issue Amount	Up to NZ\$75,000,000 (with the ability to accept up to a further NZ\$50,000,000 in oversubscriptions at Transpower's discretion).	
Interest Rate	<p>The aggregate of the Base Rate on the Issue Rate Set Date and the Issue Margin.</p> <p>The Interest Rate will be announced by Transpower via NZX on or shortly after the Issue Rate Set Date. The Interest Rate will not change after the Issue Rate Set Date.</p>	
Base Rate	<p>The semi-annual mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Lead Manager in accordance with market convention, with reference to the Bloomberg page 'ICNZ4' (or any successor page) on the Issue Rate Set Date, rounded to the nearest three decimal places (if necessary), with 0.0005 being rounded up.</p>	
Indicative Issue Margin	The indicative range of the Issue Margin is 0.85 to 0.95 per cent per annum for the Bonds.	
Issue Margin	<p>The Issue Margin (which may be above or below the abovementioned indicative range) will be determined by Transpower in consultation with the Lead Manager following a bookbuild process and announced via NZX on or shortly after the Issue Rate Set Date.</p>	
Principal Amount	NZ\$1.00 per Bond	
Issue Price	NZ\$1.00 per Bond	
Minimum Subscription Amount and Minimum Principal Amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.	
Lead Manager	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	
Opening Date	Monday, 26 February 2018	
Closing Date	2.00 pm on Wednesday, 28 February 2018	
Issue Rate Set Date	28 February 2018	
Issue Date and Allotment Date	Tuesday, 6 March 2018	
Expected date of initial quotation and trading on the NZX Debt Market	Wednesday, 7 March 2018	

KEY TERMS continued

Maturity Date	Thursday, 6 March 2025
Interest Payment Dates	6 September and 6 March in each year up to and including the Maturity Date. Interest will be paid by Transpower on the Bonds on each Interest Payment Date to the bondholders as at the relevant Record Date.
First Interest Payment Date	6 September 2018
Business Day	<p>A day (other than a Saturday or a Sunday) on which registered banks are generally open for business in Auckland and Wellington and which is also a “Business Day” within the meaning given to that term in the NZX Listing Rules.</p> <p>If an Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the due date for any payment to be made on that date will be the next following Business Day.</p>
Frequency of Interest Payments	Semi-annually in arrears in two equal payments.
Quotation	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market.
Ticker Code	NZX ticker code “TRP050” has been reserved for the Bonds.
ISIN	NZTRPD0050L1
New Zealand Registrar	Link Market Services Limited
Applications	<p>All of the Bonds have been reserved for clients of the Lead Manager, NZX participants, and other approved financial intermediaries and will be allocated to those persons by Transpower in consultation with the Lead Manager. There is no public pool for the offer. Accordingly, retail investors should contact the Lead Manager or their financial adviser for details of the application process for Bonds.</p> <p>In respect of any oversubscriptions or generally, any allotment of Bonds will be at Transpower’s discretion, in consultation with the Lead Manager. Transpower reserves the right to refuse all or any part of an application without giving any reason.</p> <p>Each investor’s financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place.</p>
Early Repayment	<p>After the occurrence of an event of default (as set out in the Trust Documents) in respect of the Bonds which is continuing unremedied, the Supervisor may, and must immediately upon being directed to do so by an extraordinary resolution (as defined under the Trust Documents) of bondholders of this series, declare the Principal Amount of the Bonds, together with accrued interest on the Bonds, to be immediately due and payable.</p> <p>If the Bonds are declared due and payable prior to the Maturity Date, interest will be payable at the Interest Rate from the most recent Interest Payment Date to and excluding the date of repayment.</p>
Further Issues	Transpower may from time to time without the consent of the bondholders issue further bonds so as to form a single class with the Bonds. Transpower may also undertake further borrowings or offers of debt securities, without bondholder consent, on such terms and conditions as Transpower may from time to time determine, and while any Bonds remain outstanding.

KEY TERMS continued

Repo-eligibility	Transpower intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for domestic market operations.
Selling Restrictions	The selling restrictions set out in the schedule to this Pricing Supplement apply.
No Crown Guarantee	No obligation of Transpower under or in respect of the Bonds is guaranteed by Her Majesty the Queen in right of New Zealand.
Governing Law	New Zealand

The dates and times set out in this Pricing Supplement are indicative only and are subject to change. Transpower has the right in its absolute discretion and without notice to close the offer early, to extend the Closing Date, or to choose not to proceed with the offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

The Supervisor accepts no responsibility for the information contained in this Pricing Supplement.

Any internet site addresses provided in this Pricing Supplement are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Pricing Supplement.

Copies of the Trust Documents will be made available by Transpower for inspection by any bondholder at the office of Transpower at the address below during usual business hours (or such office as Transpower may notify the bondholders from time to time). Copies can also be found on Transpower's website at www.transpower.co.nz/investors/investor-information.

Investors are personally responsible for ensuring compliance with all relevant laws and regulations applicable to them (including any required registrations). Investors should seek qualified independent financial and taxation advice before deciding to invest.

NZX Approval and Waiver

NZX has waived the requirement under NZX Listing Rule 11.1.1 to enable the inclusion of transfer restrictions in the Trust Documents permitting Transpower to decline to accept or register a transfer of Bonds if such transfer would result in the transferor holding or continuing to hold Bonds with a Principal Amount of less than NZ\$5,000 (other than zero) or if such transfer is for an amount of less than NZ\$1,000 or a multiple thereof. The effect of the approval is that the minimum holding amount in respect of the Bonds will at all times be NZ\$5,000 in aggregate and that Bonds can only be transferred in multiples of NZ\$1,000. Transpower will ensure that this Pricing Supplement is available on its website for as long as Transpower intends to rely on these transfer restrictions.

NZX has also granted Transpower a waiver from NZX Listing Rule 5.2.3 to enable Transpower to apply for quotation on the NZX Debt Market even though the Bonds may not initially be held by at least 100 members of the public holding at least 25% of the Bonds issued. The waiver has been granted for a period of six months from the quotation date of the Bonds. The effect of the waiver from NZX Listing Rule 5.2.3 is that initially the Bonds may not be widely held and there may be reduced liquidity in the Bonds. To the extent that there is a material reduction in the spread of the Bonds, Transpower will notify NZX accordingly.

Address details

Issuer	Registrar	Lead Manager
Transpower New Zealand Limited 22 Boulcott Street PO Box 1021 Wellington 6011	Link Market Services Limited PO Box 91976 Auckland 1142	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) PO Box 934 Auckland 1010

Schedule – Selling Restrictions

Part A - Initial Selling Restrictions

The Bonds may only be offered in New Zealand in conformity with all applicable laws and regulations in New Zealand. In respect of the initial offer of Bonds by Transpower under this Pricing Supplement (**Initial Offer**), no Bonds may be offered in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions set out below in this Part A. This Pricing Supplement may not 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 in that country or jurisdiction and the selling restrictions set out below in this Part A. For the avoidance of doubt, the selling restrictions set out below in this Part A apply only in respect of the Initial Offer.

United States of America

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of Transpower, the Lead Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in the Regulation S) in relation to the Bonds, and each of Transpower and the Lead Manager has complied and will comply with the offering restrictions in Regulation S.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Bonds of the Tranche of which such Bonds are part, as determined and certified by the Lead Manager, except in accordance with Rule 903 of Regulation S. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

“The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.”

Until 40 days after the completion of the distribution of all Bonds of the Tranche of which those Bonds are a part, an offer or sale of the Bonds within the United States by any Lead Manager or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

Relevant Member States of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by this Pricing Supplement in relation thereto to the public in that Relevant Member State except that an offer of Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall require Transpower or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of the Bonds to the public** in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to Transpower.

All applicable provisions of the FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

Japan

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in “*ha*” of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, **Japanese Person** shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

The Pricing Supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Bonds have not been and will not be offered or sold, or made the subject of an invitation for subscription or purchase and will not be offered or sold or be made the subject of an invitation for subscription or purchase. This Pricing Supplement or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (**SFA**) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to **professional investors** as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a **prospectus** as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMPO)**) or which do not constitute an offer to the public within the meaning of the C(WUMPO).

No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to **professional investors** as defined in the SFO and any rules made under the SFO.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)) in relation to the Bonds has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia. No person may:

- (a) make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distribute or publish, any Pricing Supplement, information memorandum, prospectus or any other offering material or advertisement relating to the Bonds in Australia,

unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- (ii) the offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws, regulations and directives; and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for the Bonds under this Pricing Supplement, each person to whom the Bonds are issued (an **Investor**):

- (a) will be deemed by the Issuer and the Lead Manager to have acknowledged that if any Investor on-sells the Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - (i) that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - (ii) the sale offer is received outside Australia; and
- (b) will be deemed by the Issuer and the Lead Manager to have undertaken not to sell those Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Bonds.

This Pricing Supplement is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

Switzerland

The Bonds shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and neither this Pricing Supplement nor any other solicitation for investments in the Bonds may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (**CO**) or of Article 3 of the Swiss Federal Act on Collective Investment Schemes (**CISA**) unless the legal and regulatory conditions imposed on a public offering under the CO or CISA are satisfied. This Pricing Supplement does not constitute a public offering within the meaning of Articles 652a, respectively 1156, of the CO and of Article 5 of the CISA and may not comply with the information standards required thereunder, and in particular with the guidelines on informing investors about structured products as published in September 2014 by the Swiss Bankers Association, as applicable.

The Bonds do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Bonds do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of the Issuer.

Part B - General Selling Restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction. This Pricing Supplement may not 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 in that country or jurisdiction. For the avoidance of doubt, this paragraph applies to initial and subsequent sales.

Indemnity

By its subscription or a purchase of the Bonds, each bondholder agrees to indemnify Transpower, the Lead Manager and the Supervisor and their respective directors, officers and employees for any expense, loss or liability sustained or incurred by Transpower, the Lead Manager or the Supervisor, as the case may be, as a result of the breach by that bondholder of the selling restrictions contained in the above paragraph.