

NEW ZEALAND POST GROUP FINANCE INVESTMENT STATEMENT

FOR AN OFFER OF UP TO \$200,000,000
UNSECURED SUBORDINATED NOTES
12 MARCH 2009



NEW
ZEALAND
POST
GROUP

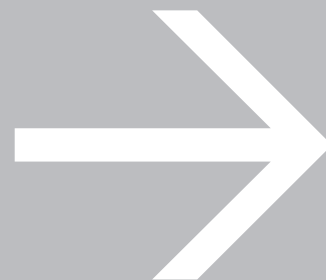
ARRANGER, ORGANISING PARTICIPANT
& JOINT LEAD MANAGER



JOINT
LEAD MANAGER



CO-
MANAGERS



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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|--|---------|
| → What sort of investment is this? | Page 34 |
| → Who is involved in providing it for me? | Page 34 |
| → How much do I pay? | Page 35 |
| → What are the charges? | Page 36 |
| → What returns will I get? | Page 36 |
| → What are my risks? | Page 38 |
| → Can the investment be altered? | Page 42 |
| → How do I cash in my investment? | Page 43 |
| → Who do I contact with enquiries about my investment? | Page 44 |
| → Is there anyone to whom I can complain if I have problems with the investment? | Page 44 |
| → What other information can I obtain about this investment? | Page 45 |

In addition to the information contained in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

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 one 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.



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IMPORTANT INFORMATION →

This is an Investment Statement for the purposes of the Securities Act 1978 and is dated and has been prepared as at 12 March 2009. It is an important document and should be read in its entirety.

Offer of Notes

This Investment Statement relates to an offer (“Offer”) of direct, unsecured, subordinated, redeemable, cumulative, interest bearing notes (“Notes”) by New Zealand Post Group Finance Limited (“Issuer”), a wholly owned subsidiary of New Zealand Post Limited (“New Zealand Post” or “Guarantor”). The Issuer’s obligations in relation to the Notes are guaranteed by New Zealand Post on an unsecured, subordinated basis (“Guarantee”).

Additional information about the Offer

Investors should note that other important information about the Notes and the Offer is available in the registered Prospectus and in the Trust Deed.

.....
Copies of the registered Prospectus and Trust Deed may be obtained free of charge from:

The Registrar:

.....
Link Market Services Limited
Level 16, 19 Victoria Street
P O Box 91976
Auckland 1142

or from the Issuer:

.....
New Zealand Post Group Finance Limited
Level 12, New Zealand Post House
7 Waterloo Quay
Wellington

Private Bag 39990
Wellington Mail Centre
Lower Hutt 5045

.....
or by phoning 0800 697 676

Offer only in New Zealand

This Investment Statement constitutes an offer of Notes to the public in New Zealand and to investors in other jurisdictions

where the Notes may be lawfully offered. No action has been or will be taken by the Issuer or New Zealand Post which would permit an offer of Notes to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Notes may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No Holder, or any other person, may purchase, offer, sell, distribute or deliver Notes, or have in his or her possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Notes, in any jurisdiction other than in compliance with all applicable laws and regulations. By purchasing the Notes, each Holder is deemed to have indemnified the Issuer, New Zealand Post, the Joint Lead Managers, the Co-Managers and the Trustee and their respective officers, employees, agents or advisers for any loss suffered by any of them by reason of any breach of the above selling restrictions.

NZDX listing

Application has been made to NZX for permission to list the Notes and all the requirements of NZX relating thereto that can be complied with on or before the date of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement.

Non-reliance

The Issuer is a wholly owned subsidiary of New Zealand Post, which is a State enterprise formed pursuant to and operating under the State Owned Enterprises Act 1986. As such, all of the shares of New Zealand Post are held by Ministers of the Crown and on behalf of the Crown. The Crown does not guarantee the Notes or any of the obligations of the Issuer or New Zealand Post.

This Investment Statement does not constitute a recommendation by the Issuer, New Zealand Post, the Joint Lead Managers, the Co-Managers, the Trustee, nor any of their respective directors, officers, employees or agents to subscribe for, or purchase, any of the Notes. None of the Joint Lead Managers, the Co-Managers, the Trustee nor any of their respective directors, officers, employees or agents accepts any liability whatsoever for any loss arising from this Investment Statement or its contents or otherwise arising in connection with the Offer.



The Joint Lead Managers, the Co-Managers and the Trustee have not independently verified the information contained in this Investment Statement. In accepting delivery of this Investment Statement, the recipient acknowledges that neither the Joint Lead Managers, the Co-Managers, the Trustee nor their respective directors, officers, employees, agents or advisers gives any warranty or representation of accuracy or reliability and they take no responsibility for it.

None of them shall have any liability for any errors or omissions (including for negligence) in this Investment Statement, and each recipient waives all claims in that regard.

Definitions

Capitalised terms used in this Investment Statement have defined meanings which appear in the Glossary from page 48.

Important Dates

| | |
|------------------------------------|---|
| Rate Set Date | 24 March 2009 |
| Opening Date | 25 March 2009 |
| Closing Date | 22 April 2009 |
| Issue Date | The Issuer intends to allot the Notes throughout the Offer period, with the final allotment of Notes to be made on the Final Issue Date |
| Final Issue Date | 24 April 2009 |
| Holding Statements Sent | 27 April 2009 |
| Expected Date of Quotation on NZDX | 27 April 2009 |
| Interest Payment Dates | 15 May and 15 November |
| First Interest Payment Date | 15 May 2009 |
| First Reset Date and Step-up Date* | 15 November 2014 |
| Maturity Date | 15 November 2039 |

* If there is a Successful Remarketing Process, the Step-up Date will be changed as part of that process.

These dates are indicative only and are subject to change. The Issuer has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, 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. Investors are encouraged to lodge their applications as soon as possible after the Offer opens as interest payments will accrue at the interest rate from the date subscription moneys for the Notes have been banked into the trust account operated in respect of the Offer.

THE NEW ZEALAND POST GROUP AT A GLANCE →

The Notes are guaranteed by New Zealand Post on an unsecured, subordinated basis. No other member of the New Zealand Post Group or any other person guarantees the Notes.

NEW ZEALAND POST

Delivers around 1 billion postal items a year to around 1.8 million delivery points.



→ **New Zealand Post** delivers to around 1.4 million homes and businesses, over 200,000 rural addresses and 220,000 private boxes. New Zealand Post maintains a network of more than 300 PostShops and 600 PostCentres throughout New Zealand to enable customers to access its services over the retail counter. New Zealand Post is also New Zealand's postal administration for the Universal Postal Union.

KIWIBANK

Launched in 2002. Over 2,000 customers are joining every week.



→ **Kiwibank** was launched in 2002 and has been trading profitably since its third year of operation. Kiwibank's services are available through the New Zealand Post retail network, the internet, mobile phones, and a network of automatic teller machines.

DATAMAIL GROUP

Comprises: Datamail, Converg, Kinetic¹²¹ and Communication Arts.



→ **The Datamail Group** consists of Datamail, Converg, Kinetic¹²¹ and Communication Arts. Datamail is New Zealand Post's core printing, mailing and information management business. It provides a variety of services to corporate clients. The Converg businesses operate in both Australia and New Zealand, helping their clients work more efficiently by providing business process solutions, including inbound response processing, accounts payable and mailroom services. Kinetic¹²¹ provides direct marketing services to its customers. Communication Arts is a design and print production house. It helps its clients deliver strategic branding and creative design across print and web media.



NEW
ZEALAND
POST
GROUP

EXPRESS COURIERS LIMITED

A 50:50 joint venture between New Zealand Post and DHL.



→ **Express Couriers Limited**, a 50:50 joint venture between New Zealand Post and DHL, provides express courier, logistics and transport services throughout New Zealand. It operates one of New Zealand's largest courier fleets, provides transport, bulk freight and warehousing, and logistics services.

EXPRESS COURIERS AUSTRALIA

A 50:50 joint venture between New Zealand Post and DHL.



→ **Express Couriers Australia Pty Ltd ("ECA")** is a joint 50:50 venture between New Zealand Post and DHL. ECA owns and operates the Couriers Please, Parcel Overnight Direct, Hills Transport, VicFast Couriers, Northern Kope Parcel Express and PEP Express Transport businesses. Established on 30 June 2008, and complemented by agency agreements in Queensland, Northern Territory and Tasmania, ECA provides local, regional and inter-state freight services throughout Australia.

DATAKOM GROUP

New Zealand Post owns 35% of the Datacom Group.



→ **New Zealand Post** owns 35% of Datacom Group, which is amongst New Zealand's largest locally owned full-service information technology companies. Datacom operates in New Zealand, Australia and parts of Asia.

THE NOTES AND THE OFFER AT A GLANCE →

The Notes ↓

| | |
|--------------------------------|--|
| Issuer | New Zealand Post Group Finance Limited. |
| Guarantor | New Zealand Post Limited. |
| Status of the Notes | Direct, unsecured, subordinated, redeemable, cumulative, interest bearing debt obligations of the Issuer. |
| Status of the Guarantee | Direct, unsecured, subordinated obligation of the Guarantor. |
| Credit Rating | New Zealand Post has been assigned an issuer credit rating of AA- by Standard & Poor's. The Notes have been assigned an issue credit rating of A by Standard & Poor's. |
| Interest Rate | The Notes will, until the First Reset Date (15 November 2014), accrue interest at the Interest Rate announced by the Issuer on the Rate Set Date. Thereafter, the Interest Rate will, unless changed as a result of a Successful Remarketing Process, be reset on each Reset Date to be the sum of the Benchmark Rate on that Reset Date plus the Step-up Margin. The Step-Up Margin is initially set at the Margin (announced by the Issuer on the Rate Set Date) plus 1.00% |
| Remarketing Process | The Issuer is entitled to conduct a Remarketing Process prior to the First Reset Date (15 November 2014) and each subsequent Reset Date. As part of a Successful Remarketing Process: <ul style="list-style-type: none">(i) a new Margin can be set;(ii) certain terms of the Notes can be changed;(iii) Holders submitting a Redemption Notice will have their Notes redeemed; and(iv) certain Holders submitting a Bid Notice will have their Notes redeemed. |
| Deferral of Interest | The Issuer may defer payment of interest on the Notes for a period of up to five years. Interest will accrue on any deferred interest at the applicable Interest Rate and will compound on each Interest Payment Date until paid. If a payment has been deferred for five years, then all unpaid deferred interest (and all interest accrued on the deferred interest) outstanding at that time is immediately due and payable. |

Distribution Stopper

For so long as there is any unpaid deferred interest on the Notes, New Zealand Post will be prevented from making a distribution or discharging any other payment obligation that ranks junior to the Guarantee. A similar restriction will apply to any other person (such as a subsidiary of New Zealand Post) that has issued securities with a guarantee by New Zealand Post that ranks junior to the Guarantee and where all or a substantial part of the proceeds of the issue have been provided to New Zealand Post. These restrictions will cease to apply if the Issuer pays all unpaid deferred interest (and all interest accrued thereon).

Redemption

The Issuer may choose to, or become required to, redeem some or all of the Notes prior to the Maturity Date as described in more detail under the headings *Mandatory Redemption by the Issuer* on page 11 and *Optional Redemption by the Issuer* on page 12.

The Issuer must redeem the Notes on the Maturity Date (15 November 2039).

The Offer**Issue Amount**

Up to \$150,000,000 with the ability to accept oversubscriptions of up to \$50,000,000.

Minimum Application Amount

\$5,000 and multiples of \$1,000 thereafter.

Interest on Subscription Money

Interest on the Notes will accrue from the date on which a Holder's subscription moneys for the Notes have been banked into the trust account operated in respect of the Offer.

Interest to Original Subscriber

Interest payable on the first Interest Payment Date (15 May 2009) will be paid to the first registered holder of the Notes regardless of any transfer of the Notes prior to the first Interest Payment Date.

Scaling

The Joint Lead Managers in consultation with the Issuer reserve the right to scale at their discretion.

LETTER TO INVESTORS →

Dear Investor

On behalf of the Board and management of New Zealand Post we are pleased to present New Zealanders with an opportunity to subscribe for Notes to be issued by New Zealand Post Group Finance Limited, a wholly owned subsidiary of New Zealand Post.

The first New Zealand Post Office was established in Russell in 1840, during the earliest days of our nation. In the 22 years since we became a State Owned Enterprise in 1987, our business has diversified significantly. Now, in 2009, New Zealand Post and its subsidiaries and associates, play a key role in New Zealand by providing a range of postal, banking, courier, transport, information technology and business process services. In addition, we operate in Australia through our Postal Services and Converga businesses and our investments in Express Couriers Australia and Datacom.

We have continued to enhance the economic value of our business over time, and have diversified from our original focus on postal services. We acquired a joint venture interest in Datamail in 1988. We now own 100% of that business and have significantly expanded its service offerings. We launched CourierPost in 1989, and formed a joint venture with DHL in the domestic courier market in 2005. In 2008, we formed another joint venture with DHL in the Australian courier and transport market, called Express Couriers Australia. In 2002, we launched Kiwibank, which has performed beyond original expectations in its first six years.

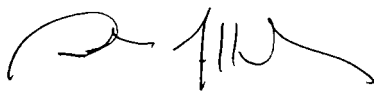
The proceeds from the issue of the Notes will be used for general corporate purposes including to repay maturing debt and to support the continued growth and development of the New Zealand Post Group.

This Investment Statement and the Prospectus set out the details of the Offer. If you require further information we recommend that you visit www.nzpost.co.nz/notes or approach your financial adviser for assistance.

On behalf of the Board and management of New Zealand Post we ask that you consider this offer of Notes and would welcome your participation.



Rt Hon James Brendan Bolger, ONZ
Chairman
New Zealand Post Limited



John Allen
Chief Executive
New Zealand Post Limited





SUMMARY OF THE MAIN TERMS OF THE OFFER

The following is a summary of the main terms of the Offer. Investors should also refer to the more detailed information in the other sections of this Investment Statement and in the Prospectus, including the section *“Answers to Important Questions”* in this Investment Statement.

| | |
|--------------------------------|--|
| The Offer | <p>The Issuer is offering for subscription up to 150,000,000 Notes (with the ability to accept oversubscriptions of a further 50,000,000 Notes).</p> <p>The Offer is available only to New Zealand resident investors and to investors in other jurisdictions where the Notes may be lawfully offered.</p> |
| Use of Proceeds | <p>The Issuer will use the proceeds of the Offer to make an unsecured, subordinated loan to New Zealand Post. New Zealand Post will use the proceeds of that loan for its general corporate purposes including to repay maturing debt (including \$75 million of senior bonds maturing in April 2009) and to support the continued growth and development of the New Zealand Post Group.</p> |
| Issue Price | <p>\$1.00 per Note.</p> |
| Issuer | <p>New Zealand Post Group Finance Limited, a wholly owned subsidiary of New Zealand Post.</p> |
| Guarantor | <p>New Zealand Post Limited.</p> |
| Status of the Notes | <p>The Notes constitute direct, unsecured, subordinated, redeemable, cumulative, interest bearing debt obligations of the Issuer.</p> |
| Status of the Guarantee | <p>The Guarantee constitutes direct, unsecured, subordinated obligations of New Zealand Post.</p> |
| Credit Rating | <p>New Zealand Post has been assigned an issuer credit rating of AA- by Standard & Poor's.</p> <p>The Notes have been assigned an issue credit rating of A by Standard & Poor's.</p> <p>The ratings are not a recommendation to buy, sell or hold the Notes and the ratings may be subject to revision or withdrawal at any time by Standard & Poor's. Any downward revision or withdrawal of the ratings may have an effect on the ability of investors to sell the Notes and the price at which the Notes may be sold.</p> |
| Reset Dates | <p>The First Reset Date is 15 November 2014. Subsequent Reset Dates will be each 5th anniversary of the First Reset Date or, if a Successful Remarketing Process has occurred, such other date or dates as may be set by the Issuer as part of that process.</p> |
| Step-up Date | <p>The Reset Date with effect from which the Step-up Margin first applies. This will be 15 November 2014, unless a Successful Remarketing Process has occurred prior to that date.</p> |

SUMMARY OF THE MAIN TERMS OF THE OFFER →

Maturity Date

15 November 2039.

Interest Rate

The Interest Rate for the period from (and including) the date on which a Holder's subscription moneys have been banked into the trust account for the Offer until (but excluding) the First Reset Date, will be announced by the Issuer on the Rate Set Date, following completion of the Bookbuild.

Unless there is a Successful Remarketing Process, the Interest Rate will be reset on each Reset Date to be the sum of the Benchmark Rate on that Reset Date plus the Step-up Margin.

If there has been a Successful Remarketing Process, the Interest Rate on the immediately following Reset Date will be the sum of the Benchmark Rate on that Reset Date plus the new Margin set by the Issuer as part of that process.

Benchmark Rate

The Benchmark Rate on a Reset Date will be determined by reference to the swap rates on the Reset Date for an interest rate swap for a term of five years, or such other term as may be set by the Issuer as part of a Successful Remarketing Process.

Step-up Margin

The Step-up Margin is equal to the Issue Margin plus the Step-up Percentage.

Step-up Percentage

The Step-up Percentage is 1.00% or such other rate as may be set by the Issuer as part of a Successful Remarketing Process.

Interest Payments

Other than for the first interest payment, interest will be payable semi-annually in arrears in equal amounts on 15 May and 15 November of each year (each an "**Interest Payment Date**"). The first interest payment will be made on 15 May 2009 in an amount that reflects the number of days from (and including) the date on which a Holder's subscription moneys have been banked into the trust account for the Offer to (but excluding) the first Interest Payment Date. Interest accrues on the Notes until (but excluding) the date on which they are redeemed or resold.

The Interest Payment Dates may be changed as part of a Successful Remarketing Process.

Interest to Original Subscriber

Interest payable on the first Interest Payment Date (15 May 2009) will be paid to the first registered holder of the Notes regardless of any transfer of the Notes prior to the first Interest Payment Date.

Deferral of Interest

The Issuer may defer any interest payment which is due to be paid on an Interest Payment Date for a period of up to five years from that Interest Payment Date ("**Deferred Interest Payment**"). A Deferred Interest Payment will itself accrue interest at the prevailing Interest Rate on the Notes and that interest will compound on each Interest Payment Date thereafter. If a Deferred Interest Payment, and all interest that has accrued thereon (together the "**Unpaid Deferred Interest**"), has not been paid in full by the fifth anniversary of the Interest Payment Date on which it was originally due, the Issuer must pay to the Holders in full all Unpaid Deferred Interest outstanding at that time.

If the Issuer elects to defer interest it must do so equally on all of the Notes.

Distribution Stopper

While any Unpaid Deferred Interest remains outstanding, the Guarantor must:

- (a) not pay any dividends or distributions to its ordinary shareholders or holders of any other securities, or discharge any payment obligations, that rank junior to the Guarantee, or redeem, repay, reduce, cancel, buy-back or acquire any of those securities or payment obligations; and
- (b) procure that, if:
 - i) the Guarantor has guaranteed the obligations of an issuer of securities; and
 - ii) all or a substantial proportion of the proceeds of the issue of those securities has been provided to the Guarantor; and
 - iii) the claims of the holders of the guarantee rank junior to the Guarantee,
 that issuer shall not pay any dividends or distributions to the holders of those securities or redeem, repay, reduce, cancel, buy-back or acquire any of those securities.

This restriction ceases to apply once all outstanding Unpaid Deferred Interest has been paid in full.

Mandatory Redemption by the Issuer

The Issuer must redeem all of the Notes on the Maturity Date, which is 15 November 2039.

The Issuer must redeem all of the Notes if an Event of Default occurs. The Events of Default are set out in full in the Conditions and may be summarised as follows:

- (a) the Issuer fails to pay any Unpaid Deferred Interest when due; or
- (b) the Guarantor breaches any of its obligations referred to under the heading *Distribution Stopper* above; or
- (c) the Issuer fails to pay all amounts due and payable to a Retiring Holder (defined below) on redemption of the Notes held by that Retiring Holder; or
- (d) the Issuer or the Guarantor is insolvent, is placed into liquidation or any analogous event occurs in respect of the Issuer or the Guarantor or a secured party, trustee, receiver, receiver and manager, administrator, inspector under any companies or securities legislation, or similar official is appointed in respect of the Issuer or, as the case may be, the Guarantor or the whole or any part of its assets.

If a Successful Remarketing Process occurs prior to a Reset Date, the Issuer must, with effect from that Reset Date, redeem or procure the sale of the Notes held by Holders (“Retiring Holders”) who provided a *Redemption Notice* or a *Bid Notice* specifying a margin higher than the new Margin. If the Remarketing Process is unsuccessful, Holders have no right to require redemption of their Notes but the Issuer may redeem some or all of the Notes under the Optional Redemption provisions described below.

SUMMARY OF THE MAIN TERMS OF THE OFFER →

Optional Redemption by the Issuer

The Issuer may redeem:

- (a) all or some Notes on a Reset Date;
- (b) all or some Notes on an Interest Payment Date if the Step-up Margin applies on that date;
- (c) all (but not some only) Notes if a Regulatory Event, Tax Event or Rating Agency Event occurs; and
- (d) all (but not some only) Notes if at any time there are less than 50,000,000 Notes on issue,

provided the redemption would not result in a breach of the Replacement Capital Covenant Deed. The Replacement Capital Covenant Deed is described on page 15.

Where some, but not all, of the Notes are redeemed, the Notes will be redeemed on a pro-rata basis.

The terms Regulatory Event, Tax Event and Ratings Agency Event are defined in full in the Conditions and are described below:

Regulatory Event – means the receipt by the Guarantor of an opinion from a reputable legal counsel that, as a result of any amendment, clarification of or change in the laws or any regulations of New Zealand, or any relevant administrative action which is effective or is announced on or after the first Issue Date, there is more than an insubstantial risk that the Issuer would be exposed to more than a minimal increase in its costs in respect of the Notes or the Guarantor would be exposed to more than a minimal increase in its costs in respect of the Guarantee.

Tax Event – means the receipt by the Guarantor of an opinion from a reputable legal counsel that, as a result of any amendment, clarification of or change in the laws, treaties or regulations affecting taxation in New Zealand or any political subdivision or taxing authority of New Zealand, or any relevant administrative action which is effective or is announced on or after the first Issue Date, there is more than an insubstantial risk that the Issuer would be exposed to more than a minimal increase in its costs in respect of the Notes or the Guarantor would be exposed to more than a minimal increase in its costs in respect of the Guarantee.

Ratings Agency Event – means the receipt by the Guarantor of advice from the Rating Agency that, as a result of a change in Rating Agency criteria, the Notes no longer meet the tests for receiving an Intermediate Equity Content (or higher) classification from the Rating Agency.

Payments on Redemption

On any redemption or resale of the Notes, the Issuer must pay to the relevant Holder the Principal Amount of the Notes and any accrued but unpaid interest (including Unpaid Deferred Interest) payable up to (but excluding) the date on which the redemption or resale is to occur.

Remarketing Process

In the period commencing six months prior to a Reset Date and ending 30 Business Days prior to that Reset Date (“**Invitation Period**”), the Issuer may issue an invitation (“**Remarketing Process Invitation**”) to each Holder to participate in a Remarketing Process and notify the Holders of the terms of the Notes which the Issuer proposes to vary if a Successful Remarketing Process is completed. Those terms may include a change to the Benchmark Rate, the Margin, the frequency and timing of Interest Payment Dates, the timing of the next Reset Date and the Step-up Percentage.

Remarketing Choice Notices

Upon receipt of a Remarketing Process Invitation, each Holder may give one of the following types of notices (“**Remarketing Choice Notices**”) to the Issuer:

- i) *Redemption Notice* – indicating that the Holder wishes to redeem his or her Notes if a Successful Remarketing Process occurs; or
- ii) *Hold Notice* – indicating that the Holder wishes to continue to hold his or her Notes irrespective of the outcome of the Remarketing Process; or
- iii) *Bid Notice* – indicating that the Holder does not wish to continue to hold his or her Notes if a Successful Remarketing Process occurs, unless the new Margin set as part of that process is at least equal to a rate specified by that Holder (which must be less than the Step-up Margin).

A Holder has 20 Business Days from the date of issue of the Remarketing Process Invitation to give a Remarketing Choice Notice to the Issuer and each notice will apply to all of the Notes held by a Holder at that time (but not some only). If a Holder does not give the Issuer a Remarketing Choice Notice within that period, the Holder is deemed to have given a *Hold Notice* for all of the Notes held by that Holder. The forms of the Remarketing Choice Notices will accompany the Remarketing Process Invitation.

Successful Remarketing Process

A Successful Remarketing Process occurs if, following the completion of the Remarketing Process, the Issuer sets a new Margin. The Issuer is able to do this if Holders holding at least 25% of Notes on issue at the time the Remarketing Process Invitation was issued provide either:

- (a) Hold Notices (and for this purpose deemed Hold Notices are not included); or
- (b) Bid Notices specifying a margin equal to or less than the new Margin.

The new Margin, together with the other revised terms specified in the Remarketing Process Invitation, will apply from (and including) the Reset Date immediately following the Successful Remarketing Process.

Mandatory Redemption Following a Successful Remarketing Process

If a Successful Remarketing Process occurs, the Issuer must redeem, or procure the sale of, the Notes held by Retiring Holders. The redemption must occur on the Reset Date immediately following the successful Remarketing Process. All other Holders will continue to hold the Notes at the new Margin and on the revised terms (if any) specified in the Remarketing Process Invitation.

Resale

Instead of redeeming the Notes held by a Retiring Holder, the Issuer may sell or procure the sale of the relevant Notes to a third party for a net amount that is no less than the amount that would have been paid to the Holder if the Notes were redeemed. The Issuer must redeem the Notes if the Issuer has not resold the Notes by the date on which the Notes would otherwise have been required to have been redeemed.

Unsuccessful Remarketing Process

If a Remarketing Process is unsuccessful or not conducted then the Issuer may elect to redeem some or all of the Notes and the Step-up Margin will apply to all Notes that remain on issue from the next Reset Date.

SUMMARY OF THE MAIN TERMS OF THE OFFER →

Remarketing Process Choices and Outcomes →

| Holder Action | Submit Redemption Notice | Submit Bid Notice | Submit Hold Notice or Do Nothing |
|--|---|--|---|
| Desired Outcome | Notes are Redeemed on the Reset Date. | Continue holding the Notes only if the new Margin is equal to or higher than a specified margin. | Continue holding the Notes. |
| Outcome if Remarketing Process is Successful | Notes are redeemed or resold on the Reset Date. | If the new Margin is equal to or higher than the specified margin, the Holder continues to hold the Notes and the new Margin and terms and conditions apply from the Reset Date. Otherwise the Notes are redeemed or resold on the Reset Date. | Holder continues to hold the Notes and the new Margin and terms and conditions apply from the Reset Date. |
| Outcome if Remarketing Process is Unsuccessful | Issuer can elect to redeem all or some of the Notes on the Reset Date. If the Notes are not redeemed the Margin increases to the Step-Up Margin and the Interest Rate is reset at the Reset Date. | | |

Replacement Capital Covenant Deed

It is New Zealand Post's intention that the Notes will constitute a permanent component of the capital structure of the New Zealand Post Group. Accordingly, the Issuer and New Zealand Post have entered into a Replacement Capital Covenant Deed with Trustees Executors Limited under which the Issuer has agreed, for the benefit of the Senior Lenders, that, if it elects to redeem all or some of the Notes it will, except in certain specified circumstances (which are described in the paragraph below) redeem the Notes with proceeds raised through the issue:

- i) by New Zealand Post of ordinary shares in accordance with the State Owned Enterprises Act 1986; or
- ii) by New Zealand Post or another issuer of other securities having substantially the same terms and conditions regarding maturity, ranking, deferral, replacement provisions, purchase and redemption and credit support as the Notes,

which attract an amount of equity content from the Rating Agency that is not less than the equity content assigned to the Notes when issued. That issue of new ordinary shares or securities ("**Replacement Securities**") must be made within a period of six months prior to the Redemption Date of the Notes to be redeemed.

New Zealand Post will not be required to issue, or procure the issue, of the Replacement Securities if:

- i) New Zealand Post has, at the time the Issuer intends to redeem the Notes, a credit rating of AA (Standard & Poor's) or higher;
- ii) the aggregate amount of senior indebtedness of the Issuer and New Zealand Post at that time is less than \$50,000,000;
- iii) a Ratings Agency Event or a Tax Event has occurred; or
- iv) the majority of the Senior Lenders have agreed that it is not required.

Form of Notes

The Notes will be entered onto the register maintained by the Registrar. No certificates of title in respect of the Notes will be issued to Holders. Title to the Notes passes by transfer and registration. The Issuer and the Registrar will rely on the Register for the purpose of determining entitlements to interest payments on each Interest Payment Date and for the repayment of the Principal Amount of the Notes when they are redeemed.

New Zealand Taxation

A description of the applicable New Zealand taxes is set out under the heading *New Zealand Taxation* on pages 46 to 47.

Offer Process

All of the Notes, including oversubscriptions, may be reserved for subscription by clients of the Joint Lead Managers, the Co-Managers, Primary Market Participants (as defined in the NZX Participant Rules) and other invitees to the Bookbuild ("**Firm Allocations**"). The aggregate number of Notes so reserved will be determined by the Issuer, in consultation with the Joint Lead Managers, on or before the Opening Date.

The Issuer will issue Notes throughout the Offer period. The Issuer, in consultation with the Joint Lead Managers, will determine the arrangements in respect of Notes which are not subject to Firm Allocations (if any) following the Bookbuild. Those arrangements will be announced by the Issuer before the Opening Date.

SUMMARY OF THE MAIN TERMS OF THE OFFER →

How to Apply

Instructions on how to make an application for Notes are set out under the heading *Where to send your Application Form and payment* on page 35, and in the Application Form attached to this Investment Statement. If you wish to apply for Notes you should complete the Application Form in accordance with the instructions.

Firm Allocation Applications

Applicants accepting a Firm Allocation through a NZX Firm (as defined in the NZX Participant Rules) or approved financial intermediary, need to return the relevant application form to that NZX Firm or other approved financial intermediary in time for it to be forwarded to and received by the Registrar no later than 5:00pm on the Closing Date.

Public Pool Applications

Public Pool applicants (being all applicants other than applicants in respect of Firm Allocations) must return the relevant Application Form so that it is received by the Registrar at the address set out below, no later than 5:00pm on the Closing Date:

Link Market Services Limited
Level 16, 19 Victoria Street
PO Box 91976
Auckland 1142

Alternatively, completed Application Forms may be lodged with the Joint Lead Managers or any of the Co-Managers (at the addresses set out in the Directory), or any other channel approved by NZX, but must be delivered in sufficient time to enable the Application Form to be forwarded to and received by the Registrar no later than 5:00pm on the Closing Date.

Institutional Applications

Applications from institutional investors must be lodged with the Joint Lead Managers in accordance with arrangements made with the Joint Lead Managers.

Minimum Application Amount

The minimum application amount in respect of the Notes is \$5,000, with multiples of \$1,000 thereafter.

Payment of the Issue Price

Applicants must pay for the Notes applied for by a personal cheque or, if the application is for Notes of an aggregate Principal Amount of \$500,000 or more, by direct credit, bank cheque or through the Austraclear system. Cheques should be in New Zealand dollars drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques should be made payable to "New Zealand Post Group Finance Note Offer" and crossed "Not Transferable" and must not be post-dated.

Refunds

If an application is not accepted in full by the Issuer, the relevant application money received with that application will be refunded no later than five Business Days after the Final Issue Date. Interest will not be paid on any application money which is refunded.

Brokerage

NZX has authorised Primary Market Participants to act in the Offer. Applicants are not required to pay brokerage for Notes under this Offer.

No Underwriting

The Offer is not underwritten.

| | |
|-------------------------------|---|
| Risks | Investment in the Notes is subject to risks, which are summarised under the heading <i>What are my risks?</i> on pages 38 to 42. |
| Sale and Transfer | Applicants should not attempt to sell any Notes until they know whether, and how many, Notes have been allotted to them. Neither the Issuer nor New Zealand Post accepts any liability should any person attempt to sell or otherwise deal with the Notes before the applicant receives his or her holding statement. |
| Listing on the NZDX | Application has been made to NZX for permission to list the Notes and all the requirements of NZX relating thereto that can be complied with on or before the date of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement. NZDX ticker code NZP has been reserved for the Notes. |
| NZX waivers | NZX has provided the following waivers to the Issuer in relation to the Notes: <ul style="list-style-type: none"> → A waiver to the prohibition on imposing restrictions on the transfer of securities contained in Listing Rule 11.1.1. The waiver means that a transfer of Notes may be refused if the transfer is not an integral multiple of 1,000 Notes and/or results in the transferor retaining, or the transferee holding, less than the minimum holding of 5,000 Notes (unless the transferor transfers all of his or her Notes). → A waiver to the requirement to make annual and half-yearly preliminary announcements within the timeframes set out in Listing rule 10.4. The waiver aligns the timeframes within which the Issuer must make preliminary announcements to NZX with the timeframes that apply to New Zealand Post as a State Owned Enterprise. → A waiver of the requirement to submit annual and half yearly reports within the timeframes set out in Listing Rule 10.5. The waiver aligns the timeframes within which the Issuer must submit its reports with the timeframes that apply to New Zealand Post as a State Owned Enterprise. |
| Arranger | ABN AMRO Craigs Limited. |
| Organising Participant | ABN AMRO Craigs Limited. |
| Joint Lead Managers | ABN AMRO Craigs Limited. First NZ Capital Securities Limited. |
| Co-Managers | ANZ, part of ANZ National Bank Limited. BNZ Capital, a division of Bank of New Zealand. Forsyth Barr Limited. |
| Trustee | Trustees Executors Limited. |

PROFILE OF THE ISSUER AND NEW ZEALAND POST →

New Zealand Post Group Finance

The Issuer, New Zealand Post Group Finance Limited, is a newly formed wholly owned subsidiary of New Zealand Post Limited. It is incorporated in New Zealand, with its registered office at Level 12, New Zealand Post House, 7 Waterloo Quay, Wellington.

As at the date of this Investment Statement, New Zealand Post Group Finance Limited's principal activity is the issuance of the Notes to investors in New Zealand and the on-lending of the proceeds to New Zealand Post for the general corporate purposes of the New Zealand Post Group, including the repayment of debt and to support the continued growth and development of the New Zealand Post Group.

New Zealand Post

New Zealand Post guarantees the obligations of the Issuer under the Notes on an unsecured, subordinated basis. No other member of the New Zealand Post Group or any other person guarantees the Notes.

However, because a significant amount of New Zealand Post's business is carried out by its subsidiaries and associates, and New Zealand Post derives income from, and commits capital to, its investments in these subsidiaries and associates the description below relates to the New Zealand Post Group as a whole, and not just New Zealand Post.

Business Overview for New Zealand Post

New Zealand Post is a State Owned Enterprise that provides a vital link between New Zealanders, their communities and businesses.

New Zealand Post has over 300 PostShops. More than 700,000 people visit them each week to send mail, pay bills and make financial transactions. New Zealand Post also operates over 600 PostCentres where customers can send mail and parcels. More than 30 million transactions are made in PostShops each year, from re-licensing a car to paying a phone or power bill.

Through its various investments, New Zealand Post has an interest in a diverse and expanding group of companies, covering a range of transport and communications solutions, banking and payment services, data management, and goods distribution and logistics services in New Zealand and Australia.

New Zealand Post's largest investment is in Kiwibank, which was successfully launched in 2002 and now has a branch presence in over 300 PostShops nationwide. It is continuing to grow rapidly, with around 2,000 customers joining Kiwibank every week.

State Owned Enterprise

New Zealand Post is a State Owned Enterprise and is 100% owned by Her Majesty the Queen in right of New Zealand (the "Crown"). Crown ownership is exercised through two shareholding Ministers, the Minister for State Owned Enterprises and the Minister of Finance. The shareholding Ministers are responsible for the appointment of New Zealand Post's Board of Directors.

The State Owned Enterprises Act 1986 requires the Board of Directors to prepare a Statement of Corporate Intent each year. The Statement of Corporate Intent sets out New Zealand Post's objectives, the nature and scope of its activities and certain financial and accounting-related information. The principal statutory objective of New Zealand Post, as set out in its Statement of Corporate Intent, is to operate as a successful business and specifically to achieve the following objectives:

- to operate an efficient, effective and profitable business and provide to the owners a commercial return on the capital employed;
- to be a good employer; and
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

A copy of the current Statement of Corporate Intent is available at www.nzpost.co.nz/notes or can be obtained directly from New Zealand Post.

The Crown does not guarantee the Notes or any of the obligations of the Issuer or New Zealand Post.

Corporate Strategy

New Zealand Post's Statement of Corporate Intent sets out a number of strategic themes that drive its commercial decisions across the wider New Zealand Post Group:

- to sustain the profitability of its postal business, both domestic and international, by responding to the emerging needs of its customers;
- to grow Kiwibank as a commercially successful business;
- to grow the profitability of the express, courier and logistics businesses;



NEW ZEALAND POST GROUP

GUARANTOR

NEW ZEALAND POST LIMITED

New Zealand Post

ISSUER

NEW ZEALAND POST GROUP FINANCE LIMITED

BANKING SERVICES IN NEW ZEALAND

KIWIBANK GROUP



kiwi bank

new zealand HOME LOANS
FINANCIAL FREEDOM for life's choices
(51%)

CUSTOMER COMMUNICATIONS AND ELECTRONIC DATA MANAGEMENT

THE ECN GROUP

DATAMAIL GROUP



the **ECNgroup**
www.theECNgroup.co.nz

DATAMAIL get thinking

DATA COM GROUP
(35%)



converga
powered by business

DATA COM

K
Kinetic ¹²¹

COM ARTS

COURIER AND LOGISTICS SERVICES

EXPRESS COURIERS LIMITED (50%)

EXPRESS COURIERS AUSTRALIA (50%)



Pace

couriers please

Roadstar

parcel overnight direct

CourierPost

VICfast
CORRECT

Contract Logistics

PEP
Express Transport System

HILLS TRANSPORT

NORTHERN KOPE PARCEL EXPRESS

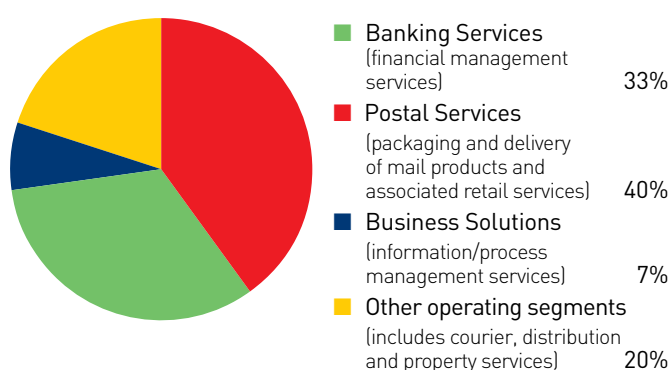
PROFILE OF THE ISSUER AND NEW ZEALAND POST →

- to optimise its retail network to enable future growth and to improve the experience for customers;
- to develop services that enable its customers to choose to interact electronically;
- to develop trans-Tasman and international connections and services that add value for New Zealand Post; and
- to create and deliver new, profitable, value-added services and solutions for its customers.

A key theme underlying the corporate strategy is that the postal business has and is expected to continue to exhibit a decline in volumes over time as a result of competition and electronic substitution. To mitigate against this, New Zealand Post has long pursued a diversification strategy to expand into complementary services, such as transport and communications services, goods distribution and logistics, data management and banking and payment services.

The success of New Zealand Post's diversification strategy is evident in the graph below showing that postal services now make up 40% of segment profits.

Segment profit



Note: Segment profit is from the unaudited accounts for the half year ended 31 December 2008 and is calculated on an after tax basis.

Corporate Responsibility

Over time, New Zealand Post's customers have become more interested in how it does business, and what steps it takes to support New Zealand communities, people and the environment. Customers are increasingly making purchasing choices based on how they perceive New Zealand Post's corporate responsibility. Programmes to reduce fuel and electricity consumption, and the waste sent to landfills not only support New Zealand's environmental and corporate responsibility, but also increase productivity and competitiveness. Activities in these and other areas were recognised in December 2008 when New Zealand Post received the Ethical Governance Award at the Deloitte/Management magazine Top 200 Awards.

New Zealand Post measures its corporate responsibility based on targets in relation to employee engagement, reductions in lost time injury frequency rate, reductions in greenhouse gas emissions, and participation in the international, independently audited Corporate Responsibility Index. Performance against corporate responsibility targets is disclosed in New Zealand Post's annual report.



OVER 300 POSTSHOPS
ENABLE KIWIS TO SEND
MAIL AND PAY MORE THAN
80 DIFFERENT BILLS.

New Zealand Post 



NEW ZEALAND POST →

AUCKLAND MAIL CENTRE - TE RIU O TAMAKI MAKAU RAU



NEW ZEALAND POST
DELIVERS TO AROUND
1.8 MILLION DELIVERY
POINTS

New Zealand Post 



TE PUNI MAIL CENTRE



The Business of New Zealand Post

Postal Services

New Zealand Post delivers around one billion postal items a year to around 1.4 million homes and businesses, over 200,000 rural addresses and 220,000 private boxes. New Zealand Post's business includes domestic and international postal services, rural delivery and electoral enrolment services.

The economics of the postal business are changing all the time. New Zealand Post has recorded declining international and domestic letter volumes as a result of electronic substitution, increased direct competition and a decline in economic activity. At the same time, New Zealand Post's costs of running its mail network are increasing as the number of delivery points continues to grow and the items delivered are heavier and bulkier. Reflecting this change, New Zealand Post recently introduced a new system of pricing in proportion to an item's size and weight, for letters and parcels, to better reflect the costs of handling each item. The price of a standard letter was maintained at 50 cents. Additionally, a new range of products called ParcelPost™ which are designed to appeal to the online community, was launched in 2008.

In the letters business, New Zealand Post has recently completed an \$85 million programme of investment, including in new automated equipment to sort mail. This has been accompanied by the introduction of new postcodes and an extensive campaign to inform businesses and consumers about their use.

Direct mail is an important growth opportunity for New Zealand Post's postal business. New Zealand Post's Mail Marketing Service team is working to embed the position of direct mail as a media brand by delivering insight and education-based services targeting New Zealand's largest advertisers and advertising agencies.

New Zealand Post also produces New Zealand stamps, and issues collectable coins on behalf of the Reserve Bank of New Zealand.

New Zealand Post represents New Zealand at the Universal Postal Union, a specialised agency of the United Nations that facilitates the flow of mail between borders. New Zealand Post also provides international postal services from Australia.

New Zealand Post's website is an integral part of its service offering to all of its customers. New Zealand Post is committed to continuing to offer new online services.

Under a memorandum of understanding with the Minister of Justice, New Zealand Post also provides electoral enrolment services on behalf of the Crown.

Retail Network

New Zealand Post's network of over 300 PostShops and over 600 PostCentres stretches from Te Kao in the far north to Halfmoon Bay, Stewart Island in the south, and from Tuatapere, in the west to Pitt Island in the east. The Retail Group is supported by around 3,500 employees and franchisees who work in their communities to provide a range of postal, banking and agency services.

New Zealand Post has a programme to refurbish PostShops and ensure they are in places where our customers want to shop and do business with us. The PostShop network enables New Zealanders to pay more than 80 different kinds of bills, buy foreign exchange and travel insurance, register for a personal IRD number, send mail, buy prepaid cards and undertake financial transactions with Kiwibank.

Regulatory framework

New Zealand Post is committed to providing a universal postal service throughout the country. Under its Deed of Understanding with the Crown, New Zealand Post has agreed to maintain a sizeable network of PostShops and PostCentres, a minimum number of delivery points throughout the country, and to provide access for other postal operators to its postal network. Currently, we have access arrangements with five competing postal operators.

New Zealand Post's Investments

New Zealand Post invests in subsidiaries, joint ventures and other companies to fulfil its strategic objectives. Set out below is a description of New Zealand Post's principal investments. New Zealand Post is the sole guarantor of the Notes. None of the other members of the New Zealand Post Group described below guarantee the Notes.

BANKING SERVICES →



\$36.8
MILLION
PROFIT IN
THE YEAR TO
30 JUNE 2008

kiwibank





Banking Services

New Zealand Post’s largest subsidiary is Kiwibank Limited. Kiwibank was launched in March 2002 and has grown significantly since then. Approximately 2,000 customers join Kiwibank every week.

Kiwibank offers a range of “low-fee” personal and business transactional banking accounts, savings accounts, term deposits, home loans, credit cards and revolving credit products. Additional products include insurance, personal loans, and technological innovations, such as mobile phone banking. Kiwibank intends to continue to add to its product suite, both organically and by investment.

Kiwibank operates extended banking hours, including weekends, in many of its outlets. Other distribution channels include its own network of around 300 ATMs, and telephone, mobile and internet banking. Kiwibank’s mobile banking service enables its customers to carry out virtually all transactions available via Kiwibank’s internet banking service using a mobile phone.

Kiwibank’s primary lending is to the New Zealand home loan market. Mortgage lending is serviced by a direct lending team in Wellington, a nationwide team of specialist mobile mortgage managers, business banking centres, banking consultants in PostShops and through the limited use of mortgage brokers. Kiwibank’s mortgage portfolio reflects its broad geographic spread. Kiwibank has been approved for the Government’s guarantee scheme for retail deposits.

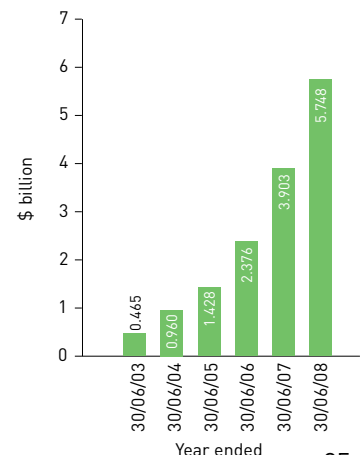
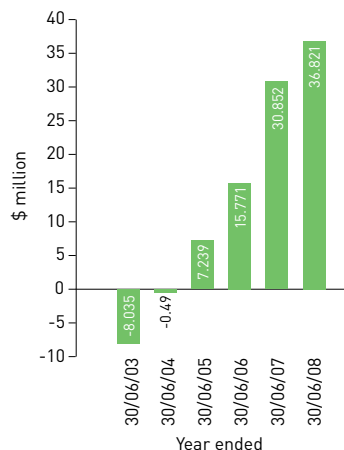
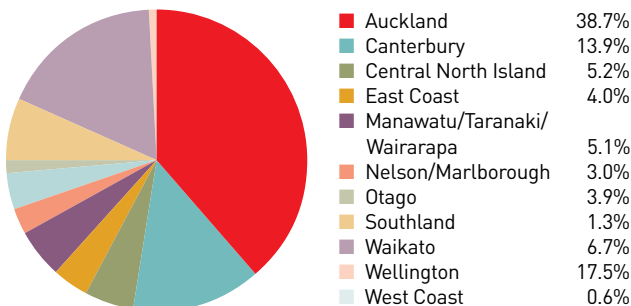
Kiwibank launched its first domestic subordinated bond issue in March 2007. This was followed by another successful domestic subordinated bond issue in September 2008. Both issues are excluded from the New Zealand Post guarantee of Kiwibank’s bank deposits and other senior borrowings (described on page 33 under the heading *Capital Structure*).

As shown below, as at 31 December 2008, 39% of Kiwibank’s mortgage portfolio by value was located in the Auckland region. As at 31 December 2008 the average mortgage outstanding was approximately \$176,000. For the majority of housing loan applications, Kiwibank has decentralised decision-making using automated application scoring systems. For the remainder of applications, decision-making is centralised. The proportion of accruing housing loans in arrears by greater than 30 days represents only 0.9% of Kiwibank’s total housing loans. Kiwibank continues to use lender’s mortgage insurance to manage the risk of loss on housing loans outside its standard lending criteria.

The service level and value proposition offered by Kiwibank, combined with its widespread distribution platform through the New Zealand Post network, has enabled Kiwibank to exhibit sustained growth since its launch in 2002. The bank achieved its target of making a profit in its third year of operation. In the financial year to 30 June 2008, it announced an audited after tax profit of \$36.8 million. For the half year ended 31 December 2008, Kiwibank announced an unaudited after tax profit of \$25.8 million. Kiwibank does not guarantee the Notes.

Numbers for the half year ended 31 December 2008 have not been audited.

Kiwibank’s mortgage portfolio as at 31 December 2008 **Kiwibank after tax profit** **Kiwibank total deposits**



CUSTOMER COMMUNICATIONS AND ELECTRONIC DATA MANAGEMENT →



HELPING ORGANISATIONS MANAGE COMMUNICATIONS AND DATA



THE NEW DATAMAIL FACILITY AT Highbrook in Auckland



Customer Communications and Electronic Data Management

Through New Zealand Post’s wholly owned subsidiaries Datamail and The ECN Group, and its minority shareholding in Datacom Group, a range of services are provided to help organisations manage their customer communications and electronic data. None of the Datamail Group, The ECN Group or Datacom Group guarantees the Notes.

Datamail Group

The Datamail Group comprises Datamail, Kinetic¹²¹, Communication Arts and Converga. Datamail is New Zealand Post’s core printing, mailing and information management business. It provides a range of services to corporate clients ranging from the management of electronic data, storage and retrieval via the internet or private networks, to the production and mailing of printed documents, such as statements, invoices and personalised policy documents. Kinetic¹²¹ provides direct marketing services to its customers. Communication Arts is New Zealand Post’s design and print production house. It helps clients deliver strategic branding and creative design across print and web media.

The Converga businesses operate in both Australia and New Zealand and help clients work more efficiently by providing business process solutions, including inbound response processing, accounts payable, mailroom, reprographic and reception services. Based either in its own premises, or the premises of a client, Converga works to streamline processes while delivering information and services that enable its clients to concentrate on their core businesses.



The ECN Group

The ECN Group (“ECN”) provides business to business electronic messaging, business process management and systems integration. Established in 1996, ECN now offers a broad suite of integration and messaging solutions across the Asia Pacific region. This expansion has included several acquisitions, notably of Infolink in 2004, and Australian eCommerce solutions provider TEDIS in 2005. ECN has operations in New Zealand, Australia and the Philippines.

Reachmedia

In November 2007, New Zealand Post and Australian company Salmat Limited entered into a 50:50 joint venture to form Reachmedia for the purpose of targeting the New Zealand unaddressed mail market. In creating the joint venture, the two companies merged two former standalone networks.

Datacom Group

New Zealand Post owns 35% of Datacom Group, which is amongst New Zealand’s largest locally owned full-service information technology companies. It offers information technology services to a range of public and private sector clients in New Zealand, Australia and parts of Asia.



COURIER AND LOGISTICS SERVICES →



EXPRESS COURIERS
LIMITED DELIVERS
AROUND 40 MILLION
ITEMS THROUGHOUT
NEW ZEALAND EACH YEAR





Courier and Logistics Services

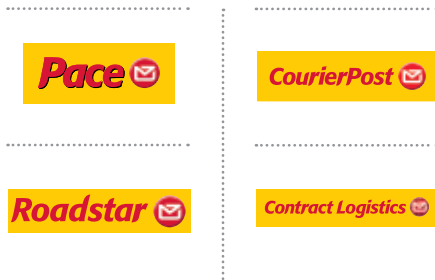
New Zealand Post operates courier and logistics services in New Zealand and Australia, through 50:50 joint ventures with DHL – Express Couriers Limited (“ECL”) in New Zealand and Express Couriers Australia Pty Limited (“ECA”) in Australia. None of ECL, ECA or any of their subsidiaries guarantee the Notes.

Express Couriers

ECL was formed in 2005 and operates the CourierPost, Pace, Contract Logistics and Roadstar brands. With one of New Zealand’s largest courier fleets of more than 650 couriers, CourierPost offers an extensive courier delivery network, with access to approximately 1.8 million delivery points. ECL has recently moved into a purpose-built facility in Highbrook, Auckland, to replace three of its existing sorting centres and has commenced operating a new parcel sorting system at that facility.

Pace offers same day urgent courier services in and to major centres nationwide. Pace’s fleet consists of vans, station wagons, motorcycles and bicycles, providing a choice of delivery solutions, which can be customised to meet customers’ specific requirements. Together, CourierPost and Pace deliver around 40 million items throughout New Zealand each year.

ECL’s Contract Logistics Group provides logistics consulting and management, warehousing and stock replenishment services to a broad range of customers from secure, best practice facilities. Tailored services include import/export documentation, inventory control, order fulfilment and distribution of orders throughout New Zealand and the world.



Roadstar Transport (acquired by ECL on 1 July 2007) specialises in the time-defined delivery of bulk, multi-package and heavyweight consignments throughout New Zealand. With a fleet of around 120 trucks, Roadstar delivers approximately 38,000 consignments a month nationwide. Roadstar also has technology products available to help customers manage their despatch processes.

Express Couriers Australia

ECA was formed in 2008 and services customers through its wholly owned transport businesses operating under the brands CouriersPlease, Parcel Overnight Direct, PEP Express Transport, Northern Kope Parcel Express, VicFast Couriers and Hills Transport.

Couriers Please offers local, regional and inter-state services. It has over 600 self-employed contractors and 150 staff with main branches in Sydney, Brisbane, Melbourne, Gold Coast, Adelaide and Perth.

Parcel Overnight Direct offers a door-to-door intra-state and inter-state transport service for bulk parcels and freight consignments for medium to large enterprises. It works with a select group of customers whose product profile and business strategy complements its model.

The four other ECA businesses provide state-based regional freight services.



FINANCIAL INFORMATION →

The financial information in this Investment Statement, in relation to the New Zealand Post Group, is intended to provide investors with an understanding of the financial performance of the New Zealand Post Group as a whole. Investors should be aware, however, that New Zealand Post is the sole guarantor of the Notes, and no other member of the New Zealand Post Group guarantees the Notes.

Annual Result for the Financial Year Ended 30 June 2008

In the financial year to 30 June 2008, the New Zealand Post Group reported a profit of \$110 million and revenue from operations of \$1,290 million. Earnings before interest, tax, depreciation and amortisation ("EBITDA") was \$205 million.

This result reflected the benefits of the New Zealand Post Group's diversified growth strategy and the strong performance of Kiwibank. The return on average shareholders' equity was 17.6%, compared with 15.7% in the financial year to 30 June 2007.

Profit also included other income before tax of \$19 million, compared with \$13 million in the previous financial year. The major contributor to that amount was a non-recurring gain of \$25 million from the sale of the Group's Australian courier and transport businesses into the Express Couriers Australia joint venture in June 2008. This gain, together with unrealised gains on the revaluation of investment properties, was partially offset by unrealised losses on financial instruments at fair value.

These financial results were achieved in the face of a number of negative economic trends, including high fuel prices, an international credit crunch and generally declining consumer activity across the economy. In addition to the strong contribution from Kiwibank, New Zealand Post Group's performance was well supported by a higher than budgeted contribution by the Datamail Group. The traditional postal and retail businesses however were impacted by the economic slowdown during the second half of the financial year.

The Board of Directors of New Zealand Post declared total dividends of \$23.5 million relating to the financial year ended 30 June 2008.

Interim Result for the Half Year Ended 31 December 2008

In the half year to 31 December 2008, the New Zealand Post Group reported an unaudited profit of \$52.8 million, revenue from operations of \$656 million and EBITDA of \$103 million. Despite the challenging economic conditions, this result was only marginally down on the same period last year, where an unaudited profit of \$52.9 million was reported.

The result demonstrates the ongoing benefits of the diversification strategy as the various parts of the New Zealand Post Group are being impacted differently. The postal business of New Zealand Post has suffered an accelerated decline in international and domestic mail volumes as a result of the slow down in business activity. The express courier businesses, however, performed well as retailers increased their use of 'just-in-time' inventory management to reduce inventory levels, resulting in more frequent stock shipments. Kiwibank continued to grow strongly and perform well, with profitability increasing by 14% compared to the same period last year.

With the agreement of the shareholders, the Board of Directors of New Zealand Post declared a reduced interim dividend of \$6.9 million, compared to \$16.9 million, for the corresponding period in the previous year, to enable reinvestment into the business.

Summary financial information for New Zealand Post Group Finance Limited (the Issuer)

Financial statements for the Issuer have not been prepared as the Issuer has not commenced business, acquired an asset, or incurred a liability prior to the date of this Investment Statement. As a result, financial information for the Issuer has not been included, or referred to, in this Investment Statement or the Prospectus.

Summary financial information for New Zealand Post Limited (the Guarantor)

The following full year financial information for New Zealand Post has been extracted from audited financial statements of New Zealand Post. The interim financial information for the half year ending 31 December 2008 has not been audited.

| | NZ IFRS ² Half Year Ended 31 December 2008 \$000s | NZ IFRS ² Year Ended 30 June 2008 \$000s | NZ IFRS ² Year Ended 30 June 2007 \$000s | NZ FRS ² Year Ended 30 June 2006 \$000s | NZ FRS ² Year Ended 30 June 2005 \$000s | NZ FRS ² Year Ended 30 June 2004 \$000s |
|-----------------------------|---|--|--|---|---|---|
| Revenue from Operations | 415,088 | 784,652 | 754,976 | 731,072 | 772,256 | 772,552 |
| Expenditure | 393,341 | 744,213 | 706,787 | 679,462 | 709,825 | 727,731 |
| Other Income ⁽¹⁾ | 4,027 | 10,205 | 11,758 | 12,305 | 164,763 | 4,368 |
| Finance Costs (Net) | 6,283 | 6,189 | 4,543 | 786 | 1,047 | 5,141 |
| Profit Before Tax | 19,491 | 44,455 | 55,404 | 63,129 | 226,147 | 44,048 |
| Tax Expense | 4,898 | 10,684 | 16,879 | 17,433 | 21,617 | 24,974 |
| <i>Profit</i> | 14,593 | 33,771 | 38,525 | 45,696 | 204,530 | 19,074 |

Notes to the financial information

- ⁽¹⁾ On 31 December 2004 New Zealand Post Limited sold the assets of its courier businesses to ECL. On 1 January 2005 New Zealand Post Limited sold 50% of its ownership in ECL to DHL. This resulted in a gain of \$150.5 million, which is included in Other Income in the year ended 30 June 2005.
- ⁽²⁾ The financial information for the years ended 30 June 2004 to 30 June 2006 has been prepared under the previous New Zealand Financial Reporting Standards ("NZ FRS"). The financial information for the years ended 30 June 2007 and 30 June 2008, and the half-year ended 31 December 2008 has been prepared under New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"). A full reconciliation of the differences between the previous NZ FRS and NZ IFRS is detailed in note 31 of the 30 June 2008 financial statements included in the New Zealand Post 2008 Annual Report.

FINANCIAL INFORMATION →

Summary financial information for New Zealand Post Group (the Group)

The following full year financial information has been extracted from audited financial statements of the New Zealand Post Group. The interim financial information for the half year ending 31 December 2008 has not been audited.

| | NZ IFRS ³ Half Year Ended 31 December 2008 \$000s | NZ IFRS ³ Year Ended 30 June 2008 \$000s | NZ IFRS ³ Year Ended 30 June 2007 \$000s | NZ FRS ³ Year Ended 30 June 2006 \$000s | NZ FRS ³ Year Ended 30 June 2005 \$000s | NZ FRS ³ Year Ended 30 June 2004 \$000s |
|--|---|--|--|---|---|---|
| Revenue from Operations ⁽¹⁾ | 656,190 | 1,290,008 | 1,195,224 | 1,083,985 | 1,105,671 | 1,047,943 |
| Expenditure ⁽¹⁾ | 598,104 | 1,175,608 | 1,100,847 | 1,009,575 | 1,035,192 | 979,701 |
| Other Income ⁽²⁾ | 7,604 | 19,176 | 13,230 | 10,396 | 88,459 | 1,018 |
| Finance Costs (Net) | 5,119 | 12,818 | 5,744 | 3,272 | 4,068 | 8,454 |
| Share of net profit of associates and jointly controlled entities | 9,341 | 16,071 | 16,741 | 13,539 | 9,291 | 4,108 |
| Profit Before Tax | 69,912 | 136,829 | 118,604 | 95,073 | 164,161 | 64,914 |
| Tax Expense | 17,119 | 26,661 | 31,817 | 26,284 | 26,554 | 29,583 |
| (Profit)/Loss of Minority Interests | - | - | - | (133) | (374) | 1,192 |
| <i>Profit</i> | 52,793 | 110,168 | 86,787 | 68,656 | 137,233 | 36,523 |

Notes to the financial information

⁽¹⁾ Revenue from operations and expenditure are not directly comparable with the previous half-year. This reflects the fact that, before 1 July 2008, results for Couriers Please and Parcel Overnight Direct were consolidated in the results for the New Zealand Post Group, but have since been accounted for on an equity basis through the ECA joint venture.

⁽²⁾ On 31 December 2004 New Zealand Post sold the assets of its courier businesses to ECL. On 1 January 2005 New Zealand Post sold 50% of its ownership in ECL to DHL resulting in a gain on sale of \$78.6 million, included in Other Income in the year ended 30 June 2005. On 30 June 2008 the New Zealand Post Group sold its shareholding in NZP Australia Pty Limited, Couriers Please Pty Limited, Parcel Overnight Direct Pty Limited and Northern Kope Parcel Express Pty Limited to ECA. The Group purchased a 50% shareholding in ECA on 28 June 2008. The sale is subject to a performance-based purchase price adjustment in the current year. Included in Other Income was a gain on sale of \$24.8 million for the year ended 30 June 2008 and a gain on sale of \$4 million for the half year ended 31 December 2008.

⁽³⁾ The financial information for the years ended 30 June 2004 to 30 June 2006 has been prepared under NZ FRS. The financial information for the years ended 30 June 2007 and 30 June 2008, and the half-year ended 31 December 2008 has been prepared under NZ IFRS. A full reconciliation of the differences between the previous NZ FRS and NZ IFRS is detailed in note 31 of the 30 June 2008 financial statements included in the New Zealand Post 2008 Annual Report.

Capital Structure

New Zealand Post maintains a conservative capital structure, with one of its key objectives the maintenance of a AA- rating from Standard & Poor's. As at 30 June 2008, total assets were \$1,077 million, funded by a mix of shareholders' equity (\$643 million) and total liabilities of \$434 million. New Zealand Post's net debt to equity ratio as at 30 June 2008 was 26%.

New Zealand Post currently has two senior bond issues outstanding totalling \$175 million. The first \$75 million of bonds mature in April 2009. It is intended that those bonds will be repaid using the proceeds of the Notes. The other \$100 million of bonds mature in November 2011. In addition to these two bond issues New Zealand Post has a \$200 million commercial paper programme utilised to \$40 million as at 31 December 2008, supported by a \$50 million undrawn bank facility with the Bank of New Zealand, and a \$7 million overdraft facility with the Bank of New Zealand, and an uncommitted \$35 million facility with Kiwibank (drawn to \$10 million).

In addition to these direct borrowings New Zealand Post has also guaranteed the obligations of Kiwibank, including any payment obligation in respect of deposits made with Kiwibank ("**Kiwibank Guarantee**"). The Kiwibank Guarantee does not apply to Kiwibank's payment obligations under the March 2007 and September 2008 unsecured, subordinated bonds and any other obligation of Kiwibank expressed not to have the benefit of the Kiwibank Guarantee. The Kiwibank Guarantee is terminable by New Zealand Post giving three months notice. Termination of the Kiwibank Guarantee will not affect any payment obligations existing at the date of termination, which will continue to be guaranteed by New Zealand Post. The Kiwibank Guarantee has no expiry date and ranks senior to the Guarantee of the Notes.

New Zealand Post has also guaranteed a 50% share of ECL's \$100 million facility to Commonwealth Bank of Australia, and a US\$10 million facility provided to one of its wholly owned subsidiaries, Air Post Limited.

The Notes in New Zealand Post's Capital Structure

Standard & Poor's has assigned an issue rating of A to the Notes, and an Intermediate Equity Content upon their issue. However, the equity content assigned to the Notes will be reduced to minimal (0%) at the date falling 20 years prior to the Maturity Date.

It is New Zealand Post's intention that the Notes will constitute a permanent component of the capital structure of the New Zealand Post Group. Accordingly, the Issuer and New Zealand Post have entered into a Replacement Capital Covenant Deed with Trustees Executors Limited, which is described in more detail under the heading *Replacement Capital Covenant Deed* on page 15.

Dividend Policy

New Zealand Post's dividend policy is set out in its Statement of Corporate Intent. It is intended that funds surplus to New Zealand Post's investment and operating requirements will be distributed to its shareholders. The Statement of Corporate Intent states that net surpluses after tax generated by Kiwibank are to be retained by Kiwibank over the next three years to assist in funding its ongoing growth. The general policy is that the dividends are calculated as 60% of net profit after tax excluding Kiwibank's net profit after tax, and excluding any material unrealised fair value movements. However, New Zealand Post has varied the policy, so that for a two-year period ending 30 June 2010, dividends will be calculated as 30% of net profit after tax excluding Kiwibank net profit after tax, and excluding any material unrealised fair value movements. This is to enable a greater degree of profit to be reinvested in the business. After this period, the current intention is to return to the general policy.

ANSWERS TO IMPORTANT QUESTIONS →

What sort of investment is this?

The Notes offered under this Investment Statement are debt securities and constitute direct, unsecured, subordinated, redeemable, cumulative, interest bearing debt obligations of the Issuer. The Notes are guaranteed by New Zealand Post on an unsecured, subordinated basis.

Each Note will rank equally with each other Note. The rights and claims of Holders, in the event of the liquidation of the Issuer will be subordinated in right of payment to the claims of all other creditors of the Issuer other than creditors whose claims rank, or are intended or expressed to rank, subordinate to, or equal with, the obligations of the Issuer under the Notes. In addition, the rights and claims of Holders under the Guarantee, in the event of the liquidation of New Zealand Post, will be subordinated in right of payment to the claims of all other creditors of New Zealand Post other than creditors whose claims rank, or are intended or expressed to rank, subordinate to, or equal with, the obligations of New Zealand Post under the Guarantee.

A description of the Notes is contained in *Summary of the Main Terms of the Offer* on pages 9 to 17. The Notes are issued under, and are subject to, the Trust Deed.

Listing on the NZDX

Application has been made to NZX for permission to list the Notes and all the requirements of NZX relating thereto that can be complied with on or before the date of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement.

Who is involved in providing it for me?

Issuer

New Zealand Post Group Finance Limited is the Issuer of the Notes. The Issuer's address is:

New Zealand Post Group Finance Limited
Level 12, New Zealand Post House
7 Waterloo Quay
Wellington

Private Bag 39990
Wellington Mail Centre
Lower Hutt 5045

A directory of the parties involved with this Offer is contained inside the back cover of this Investment Statement.

Activities of the Issuer

The Issuer was incorporated as a limited liability company under the Companies Act 1993 on 27 February 2009. The Issuer has not carried on business prior to the date of this Investment Statement. The registered number of the Issuer is 2214658. The Issuer was incorporated for the purpose of issuing the Notes and participating in the Offer.

The Issuer will be required to accede as a "Guaranteeing Company" for the purpose of the Negative Pledge Deed. Under the Negative Pledge Deed, the Issuer will guarantee the indebtedness of New Zealand Post and each other Guaranteeing Company and will be subject to a number of covenants including restrictions on the Issuer creating security interests over all or any part of its assets, disposing of its assets, entering into transactions with related companies and altering the nature of its core business. New Zealand Post is subject to the covenants contained in the Negative Pledge Deed and guarantees the indebtedness of each other Guaranteeing Company. New Zealand Post and Datamail Limited are the only Guaranteeing Companies under the Negative Pledge Deed at the date of this Investment Statement.

The terms of the Negative Pledge Deed are described in more detail in the Prospectus. The Notes will not have the benefit of the guarantee and other undertakings contained in the Negative Pledge Deed. The obligations of the Issuer and New Zealand Post under the Negative Pledge Deed will rank senior to the Issuer's obligations under the Notes and New Zealand Post's obligations under the Guarantee.

Guarantor

The obligations of the Issuer in relation to the Notes are guaranteed on an unsecured, subordinated basis by New Zealand Post. No other member of the New Zealand Post Group guarantees the obligations of the Issuer in respect of the Notes. The terms of the Guarantee are described in more detail under the heading *What returns will I get?* on page 36.

The Issuer and the Guarantor are associated persons, the Issuer being a wholly owned subsidiary of the Guarantor.

The Guarantor's address is:

New Zealand Post Limited
Level 12, New Zealand Post House
7 Waterloo Quay
Wellington

Private Bag 39990
Wellington Mail Centre
Lower Hutt 5045

Activities of the Guarantor

New Zealand Post was incorporated under the Companies Act 1955 on 24 February 1987 and reregistered under the Companies Act 1993 on 1 October 1996. It commenced carrying on the postal business previously operated by the New Zealand Post Office and the Postmaster General on 1 April 1987. The registered number of New Zealand Post is 315766. New Zealand Post is a State Owned Enterprise with activities in the postal services sector. New Zealand Post also has interests in banking, information technology, courier and transport, and business process services.

A full description of New Zealand Post and the activities of New Zealand Post and the New Zealand Post Group is set out in *Profile of the Issuer and New Zealand Post* on pages 18 to 29.

Promoters

New Zealand Post and its Directors are promoters of the Offer. The Directors of New Zealand Post are:

- Rt Hon James Brendan Bolger, ONZ (Chairman)
- Kenneth George Douglas, ONZ (Deputy Chairman)
- Shale Chambers
- Philippa Jane Dunphy
- Professor Ralph Heberley Ngatata Love, PCNZM, QSO, JP
- Sara Maree Lunam
- James Harold Ogden
- Hon Stanley Joseph Rodger, CMG, JP
- Justine Gay Bronwyn Smyth

The Chairman of New Zealand Post, the Rt Hon James Brendan Bolger is also a Director and Chairman of Trustees Executors Limited.

The address of New Zealand Post and its Directors is:

| | |
|------------------------|------------------------|
| c/o Level 12, | Private Bag 39990 |
| New Zealand Post House | Wellington Mail Centre |
| 7 Waterloo Quay | Lower Hutt 5045 |
| Wellington | |

Trustee

Trustees Executors Limited is the trustee for the Notes. The Trustee holds, on trust for the benefit of itself and Holders, the right to enforce the Issuer's obligations in relation to the Notes and the benefit of the Guarantee. The Trustee does not guarantee the Notes. The Trustee's address is:

Trustees Executors Limited
Level 5, 10 Customhouse Quay
PO Box 3222
Wellington 6140

Registrar

Link Market Services Limited is the Registrar of the Notes. The Registrar's address is:

Link Market Services Limited
Level 16, 19 Victoria Street
PO Box 91976
Auckland 1142

How much do I pay?

Payments

The Issue Price of each Note is \$1.00. Applications to subscribe for Notes must be for a minimum Principal Amount of \$5,000 (and in multiples of \$1,000 thereafter). Payment of the total application amount in full must accompany the Application Form. There is no maximum amount of Notes you may apply for, but applications for less than \$5,000 will not be accepted.

Applications must be made on the Application Form contained at the back of this Investment Statement.

Applicants must pay for the Notes applied for by a personal cheque or, if the application is for Notes of an aggregate Principal Amount of \$500,000 or more, by direct credit, bank cheque or through the Austraclear system. Cheques should be in New Zealand dollars drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques should be made payable to "New Zealand Post Group Finance Note Offer" and crossed "Not Transferable" and must not be post-dated.

Where to send your Application Form and payment

Applicants accepting a Firm Allocation from a NZX Firm or other approved financial intermediary, must return the relevant Application Form to the offices of that NZX Firm or approved financial intermediary which has provided that Firm Allocation in time to enable the Application Form to be forwarded to and received by the Registrar no later than 5:00pm on the Closing Date.

Public Pool applicants (being all applicants other than applicants in respect of Firm Allocations) must return the relevant Application Form, together with a cheque for payment, so that it is received by the Registrar at the address set out below, no later than 5:00pm on the Closing Date:

Link Market Services Limited
Level 16, 19 Victoria Street
PO Box 91976
Auckland 1142

ANSWERS TO IMPORTANT QUESTIONS →

Alternatively, completed Application Forms, together with a cheque for payment, may be lodged with the Joint Lead Managers or any of the Co-Managers (at the addresses set out in the directory), or any other channel approved by NZX, but must be delivered in sufficient time to enable the Application Form to be forwarded to and received by the Registrar no later than 5:00pm on the Closing Date.

Applications from institutional investors must be lodged with the Joint Lead Managers in accordance with the arrangements made with the Joint Lead Managers.

Applications may be refused

The Issuer reserves the right to refuse all or any part of any application without giving a reason including (but without limitation) where an applicant has not provided account details for payments by direct credit. Any application money received in respect of an application so refused, will be returned (without interest) to the applicant as soon as reasonably practicable and, in any event, within five Business Days of the Final Issue Date.

Where an applicant's payment for Notes is dishonoured, the Issuer may cancel any Notes issued to that applicant, and may pursue the defaulting applicant for damages suffered by the Issuer.

Applications cannot be withdrawn or revoked.

No cooling off

There is no cooling off period during which an investor can cancel his or her investment in the Notes.

What are the charges?

Investors are not required to pay any charges to the Issuer, New Zealand Post or any promoter in relation to the Offer.

Brokerage fees and charges are, however, likely to be payable on any subsequent transfer of any Notes effected through a broker or financial intermediary.

NZX Firms and approved financial intermediaries will be paid a brokerage fee of 0.75% of the Issue Price in respect of Notes allotted pursuant to each valid retail application submitted by that NZX Firm or financial intermediary bearing their stamp.

Approved participants in the Bookbuild will be paid a Firm fee of 0.50% of the Issue Price in respect of Notes allotted pursuant to valid applications submitted under Firm Allocations.

What returns will I get?

The information set out in this section should be read in conjunction with the information set out under the heading *What are my risks?* on pages 38 to 42. Certain events could reduce or eliminate the returns intended to be derived from holding the Notes.

Under the terms of the Notes, each Holder will be paid interest on each Interest Payment Date (unless the payment of interest is deferred, as described below), and will be paid the Principal Amount and any accrued but unpaid interest (including Unpaid Deferred Interest) on the redemption of his or her Notes.

Key factors that determine returns

The key factors that determine the returns on a Holder's investment are:

- the Interest Rate, which may vary over time;
- whether or not the Issuer defers the payment of interest on the Notes;
- whether or not a Holder's Notes are redeemed before the Maturity Date;
- each Holder's individual circumstances for tax purposes;
- fluctuations in the price of the Notes if sold on the secondary market, as described under the heading "*Transferring Notes*" on page 44; and
- the other risk factors described under the heading *What are my risks?* on pages 38 to 42.

It is not possible to quantify as at the date of this Investment Statement the exact amount of returns Holders will receive, and therefore no such amount can be promised by the Issuer.

Interest Rate

The Interest Rate for the period from (and including) the date on which a Holder's subscription moneys have been banked into the trust account for the Offer until (but excluding) the First Reset Date, will be announced by the Issuer on the Rate Set Date, following completion of the Bookbuild.

Unless there has been a Successful Remarketing Process, the Interest Rate will be reset on each Reset Date to be the sum of the Benchmark Rate on the Reset Date plus the Step-up Margin.

If there has been a Successful Remarketing Process, then the Interest Rate from the immediately following Reset Date will be the sum of the Benchmark Rate on that Reset Date plus the new Margin set by the Issuer as part of that process.

Interest Payments

Other than for the first interest payment, interest will be payable semi-annually in arrears in equal amounts on 15 May and 15 November of each year (each an “**Interest Payment Date**”). The first interest payment will be made on 15 May 2009 in an amount that reflects the number of days from (and including) the date on which a Holder’s subscription moneys have been banked into the trust account for the Offer to (but excluding) 15 May 2009. Interest accrues on each Note until the date on which the Note is redeemed.

Interest payable on the first Interest Payment Date (15 May 2009) will be paid to the first registered holder of the Notes regardless of any transfer of the Notes prior to the first Interest Payment Date.

The Interest Payment Dates may be changed as part of a Successful Remarketing Process.

Deferral of interest

The Issuer may defer any interest payment which is due to be paid on an Interest Payment Date for a period of up to five years from that Interest Payment Date. A Deferred Interest Payment will itself accrue interest at the prevailing Interest Rate on the Notes and that interest will compound on each Interest Payment Date thereafter. If a Deferred Interest Payment, and all interest that has accrued thereon (together, the “**Unpaid Deferred Interest**”), has not been paid in full by the fifth anniversary of the Interest Payment Date on which it was originally due, the Issuer must pay to the Holders in full all Unpaid Deferred Interest outstanding at that point in time.

If the Issuer elects to defer interest it must do so equally on all of the Notes.

Distribution Stopper

While any Unpaid Deferred Interest remains outstanding, the Guarantor must:

- (a) not pay any dividends or distributions to its ordinary shareholders or holders of any other securities or discharge any other payment obligations that rank junior to the Guarantee, or redeem, repay, reduce, cancel, buy-back or acquire any of those securities or payment obligations; and
- (b) procure that, if:
 - i) the Guarantor has guaranteed the obligations of an issuer of securities; and

- ii) all or a substantial proportion of the proceeds of the issue of those securities have been provided to the Guarantor; and
- iii) the claims of the holders of the guarantee rank junior to the Guarantee,

that issuer shall not pay any dividends or distributions to the holders of those securities or redeem, repay, reduce, cancel, buy-back or acquire any of those securities.

This restriction ceases to apply once all Unpaid Deferred Interest has been paid in full.

Repayment of Principal

The Principal Amount of each Note will be paid to each Holder on the Maturity Date of the Notes (15 November 2039), or earlier if the Issuer is required or elects to redeem the Notes before the Maturity Date. The circumstances in which the Notes may be redeemed are described under the heading *How do I cash in my investment?* on page 43 below.

On any redemption of the Notes (including at the Maturity Date), the Issuer must pay to the relevant Holder the Principal Amount of the Notes and any accrued but unpaid interest (including Unpaid Deferred Interest) payable up to (and including) the date on which the redemption is to occur.

Taxation of returns

Your returns will be affected by taxes. Please refer to *New Zealand Taxation* on pages 46 to 47.

Under the Trust Deed, each Holder indemnifies the Issuer, the Guarantor and the Registrar in respect of any tax which the Issuer, the Guarantor or the Registrar becomes liable to pay on behalf of the Holder (or any person who beneficially derives an interest under a relevant Note). The Issuer, the Guarantor or the Registrar may deduct any indemnity payment from future amounts payable in relation to the Notes.

Person legally liable to pay returns

The person legally liable to pay interest and the Principal Amount of the Notes is the Issuer.

Guarantee

The obligations of the Issuer in relation to the Notes are guaranteed, on an unsecured, subordinated basis, by New Zealand Post under the Trust Deed.

The Issuer and the Guarantor are associated persons, the Issuer being a wholly owned subsidiary of the Guarantor.

The Guarantor unconditionally and irrevocably guarantees, to Holders and the Trustee on an unsecured, subordinated basis, the due and punctual payment by the Issuer of the moneys

ANSWERS TO IMPORTANT QUESTIONS →

payable on or in relation to the Notes as and when those moneys become due and payable in accordance with the Trust Deed, and the due observance and punctual performance of, and compliance by the Issuer with, its obligations under the Trust Deed, to Holders and the Trustee.

In the event that the Issuer defaults in the due and punctual payment of moneys payable on or in relation to the Notes to Holders or the Trustee, the Guarantor has agreed, immediately upon demand by the Trustee (or Holders if the Trustee fails to enforce their rights when it becomes bound to do so), to pay all amounts then due and payable in respect of such moneys.

The Guarantee is not secured by any mortgage or other charge over the assets of the Guarantor. Other than the guarantee provided by the Guarantor, none of the Issuer's or the Guarantor's subsidiaries, the Joint Lead Managers, the Co-Managers, the Trustee, nor any of their respective directors, officers or employees, nor the Crown nor any other person, guarantees the payment of interest or any other amounts due under the Notes or the amount of returns which investors may receive as Holders of Notes.

What are my risks?

There are a number of factors, specific to the Issuer, New Zealand Post and the New Zealand Post Group, and of a general nature, which may affect the future operating and financial performance of the New Zealand Post Group, the ability of the Issuer to make interest payments on the Notes and to redeem the Notes, the ability of New Zealand Post to make payments under the Guarantee, and the market value of the Notes.

Prospective investors should note that the risk factors set out below may not be exhaustive, and should consider these risk factors in conjunction with other information disclosed in this Investment Statement. Each of the risks set out below could, if they eventuate, adversely affect the Issuer's and New Zealand Post's revenues, earnings or financial conditions and, as a result, the ability of the Issuer to meet its obligations under the Notes or the ability of New Zealand Post to meet its obligations under the Guarantee. Changes in variables affecting risk factors may offset each other to some extent or may be cumulative.

Prospective investors should carefully consider the factors in this section in order to appreciate the risks associated with an investment in the Notes. Prospective investors should carefully consider these factors in light of their personal

circumstances and seek professional advice from their NZX Firm adviser, accountant, lawyer or other professional adviser before deciding whether to invest.

Insolvency

The principal risks for Holders are that:

- they may be unable to recover from the Issuer all or any of the Principal Amount of the Notes; or
- they may not receive timely, or any, interest payments on the Notes; or
- they are unable to recover from New Zealand Post amounts payable under the Guarantee.

These circumstances could arise if the Issuer or New Zealand Post or both become insolvent for any reason, or are placed into administration, receivership, liquidation or statutory management, or are otherwise not able to meet their obligations as they fall due.

As the Notes are unsecured, subordinated debt obligations of the Issuer, in the liquidation or winding up of the Issuer, Holders' rights to payment of any amounts owing under the Notes will rank after the claims of:

- persons to whom preferential payments must be made (including creditors of the Issuer preferred by law);
- secured creditors (if any); and
- unsubordinated creditors.

Claims of Holders will thereafter rank equally with all unsecured, subordinated creditors of the Issuer (other than creditors whose claims rank, or are intended or expressed to rank, subordinate to the obligations of the Issuer under the Notes). As at the date of this Investment Statement, there are no secured creditors of the Issuer whose claims rank senior to the Holders' rights to payment of any amounts owing under the Notes. The obligations of the Issuer under the guarantee in the Negative Pledge Deed will rank senior to the Holders' right to payment of any amounts owing under the Notes.

Similarly, as the Guarantee is an unsecured, subordinated obligation of New Zealand Post, in the liquidation or winding up of New Zealand Post, Holders' rights to payment of any amounts owing under the Guarantee will rank after the claims of:

- persons to whom preferential payments must be made (including creditors of New Zealand Post preferred by law);
- secured creditors (if any); and
- unsubordinated creditors.

Claims of Holders under the Guarantee will thereafter rank equally with all unsecured, subordinated creditors of New Zealand Post (other than creditors whose claims rank, or are intended or expressed to rank, subordinate to the obligations of New Zealand Post under the Guarantee). Under the Negative Pledge Deed, the Guarantor agrees that it will not create or permit to subsist any mortgage, charge or other security interest over any of its assets, other than certain permitted security interest described in more detail below under the heading *Activities of the Issuer* on page 34.

The obligations of the Guarantor under:

- the guarantee in the Negative Pledge Deed;
- the Kiwibank Guarantee described on page 33; and
- the \$175 million of senior bonds, the \$200 million commercial paper programme (utilised as to \$40 million as at 31 December 2008), supported by the \$50 million undrawn bank facility with Bank of New Zealand, and the \$7 million overdraft facility with Bank of New Zealand and the \$100 million ECL facility with Commonwealth Bank of Australia, each as described under the heading *Capital Structure* on page 33.

will rank senior to the Holders' rights to payment of any amounts owing under the Guarantee.

Holder will not in any circumstances be liable to pay money to any person as a result of the insolvency of the Issuer or New Zealand Post.

The factors that may contribute to an insolvency of the Issuer or New Zealand Post are set out below under the heading *Risks related to the industry and the business of the New Zealand Post Group* on page 40.

Risks Specific to the Notes

Transfer risk

If a Holder transfers his or her Notes before they are redeemed (as described under the heading *How do I cash in my investment?* on page 43), the price at which they are able to sell their Notes may be less than the price paid for them. This is because changes in market interest rates and other factors can affect the market value of the Notes. For example, if market interest rates go up, the market value of the Notes may go down, and vice versa.

The price at which Holders are able to sell their Notes may also be affected by a deterioration, whether real or perceived, in the creditworthiness of the Issuer, New Zealand Post or the New Zealand Post Group, a lack of persons wishing to buy Notes, or the lack of an established market or demand for the Notes.

Market, liquidity and yield considerations

Depending on market conditions and other factors, investors seeking to sell relatively small or relatively large amounts of Notes may not be able to do so at prices comparable to those that may be available to other investors. Any secondary market for the Notes will also be affected by a number of other factors independent of the creditworthiness of the Issuer, New Zealand Post or the New Zealand Post Group. These factors may include the time remaining to the maturity of the Notes, the outstanding amount of the Notes, whether interest payments on the Notes have been deferred, the amount of such Notes being sold in the secondary market from time to time, any legal restrictions limiting demand for the Notes, the availability of comparable securities and the level, direction and volatility of market interest rates generally. Such factors will also affect the market value of the Notes.

No investor should purchase Notes unless the investor understands and is able to bear the risk that the Notes may not be readily saleable, that the value of Notes will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to the investor. This is particularly the case for investors whose circumstances may not permit them to hold the Notes until maturity.

Deferral of interest payments

There is a risk that interest payments on the Notes will be deferred by the Issuer for a period of up to five years, as described under the heading *What returns will I get?* on page 37 under the sub-heading *Deferral of Interest*.

Redemption or resale prior to the Maturity Date

Although the Notes have a term of 30 years, the Issuer may choose to, or be required to, redeem the Notes early in certain circumstances.

The Issuer must redeem or procure the sale of the Notes in the circumstances outlined below under the heading *Mandatory Redemption by the Issuer* on page 43 and may elect to redeem the Notes in the circumstances outlined below under the heading *Optional Redemption by the Issuer* on page 43.

If the Issuer is entitled to or is required to redeem or resell any of the Notes, the method and date by which the Issuer elects or is required to do so may not accord with the preference of individual Holders. This may be disadvantageous in light of market conditions or a Holder's individual circumstances. Holders have no ability to request the Issuer to redeem their Notes, other than as described under the heading *Remarketing Process* on page 42.

ANSWERS TO IMPORTANT QUESTIONS →

Ability to Vary the Terms of the Notes

If a Successful Remarketing Process occurs, the Issuer may change certain terms of the Notes as described in more detail below under the heading *Can the investment be altered?* on page 42.

These changes may not suit the needs or preferences of all Holders.

Credit Rating

The Guarantor of the Notes, New Zealand Post, has an issuer long term credit rating of AA-. This was first assigned by Standard & Poor's on 21 February 2001. The Notes were assigned an issue credit rating of A by Standard & Poor's on 12 March 2009. Ratings of BBB- and above are considered investment grade. Further detail regarding Standard & Poor's credit ratings is set out in the Prospectus.

The rating of New Zealand Post and the Notes may change over time, depending on, amongst other things, the business, operational and financial performance of New Zealand Post and the wider New Zealand Post Group. The Interest Rate will not be adjusted for any such changes in the credit rating of New Zealand Post or the Notes.

The ratings are not a recommendation to buy, sell or hold the Notes and the ratings may be subject to revision or withdrawal at any time by Standard & Poor's. Any downward revision or withdrawal of the rating of the Notes or New Zealand Post may have an effect on the ability of investors to sell the Notes, and the market price of the Notes (and therefore the proceeds received from a sale of the Notes).

No Limitation on Issuing Debt

The Issuer and New Zealand Post may from time to time issue additional notes or debt obligations which rank equally with, or ahead of, the Notes without the consent of Holders. Such securities may be issued on such terms as the Issuer or New Zealand Post, as the case may be, thinks fit.

The Issuer and New Zealand Post may also create mortgages, charges or other security interests over some or all of their assets, without the consent of Holders. Such security interests may be issued on such terms as the Issuer or New Zealand Post, as the case may be, thinks fit. Although the Issuer and New Zealand Post are not restricted from creating security interests over some or all of their assets under the Trust Deed, the Negative Pledge Deed restricts the circumstances in which the Issuer (when it accedes) or New Zealand Post may create security interests over their assets. The Notes do not receive the benefit of the covenants provided under the

Negative Pledge Deed, the terms of which are described in more detail in the Prospectus.

Limited rights of Holders to enforce directly

Holders are not able to enforce their rights under the Trust Deed (including the Guarantee) directly against the Issuer or the Guarantor unless the Trustee fails to do so having become bound to enforce those rights in accordance with the Trust Deed. The terms of the Trust Deed are summarised in more detail in the Prospectus and a copy of the Trust Deed is available on request, see *What other information can I obtain about this investment?* on page 45.

Risks related to the industry and the business of the New Zealand Post Group

Dependence on New Zealand economy

New Zealand Post's results may be influenced by the level and cyclical nature of business activity in New Zealand. New Zealand business activity is impacted by both domestic and international economic and political events. A weakening in the New Zealand economy may have an adverse effect on New Zealand Post's operations and future results.

Dependence on the global economy

New Zealand Post's results may be influenced by the level and cyclical nature of business activity globally. This manifests itself through inbound and outbound letter and parcel volume from New Zealand, and also the activities of New Zealand Post and the wider New Zealand Post Group in its Australian and other offshore businesses.

Declining Letter Volumes and Diversification Strategy

New Zealand Post has recorded declining international and domestic letter volumes as a result of electronic substitution, increased direct competition and a decrease in economic activity. At the same time, New Zealand Post's costs of running its mail network are increasing as the number of rural and urban delivery points continue to grow. These challenges are a key driver underlying New Zealand Post's diversification strategy which has seen it invest in a range of subsidiaries and joint venture operations to diversify its revenue streams. There is a risk, however, that revenues and earnings derived from its postal services activities will continue to decrease as a result of the declining letter volumes and that this will not be offset by corresponding increases in revenues, and cost saving initiatives within the New Zealand Post Group. There is also a risk that the revenues and earnings from New Zealand Post's diversification strategy are less than expected.

Regulatory Risk and Competitive Environment

The New Zealand postal market is exposed to risks from new laws and regulations. In particular, it is possible that New Zealand Post and other postal and courier operators could be affected by regulatory change, changes to the Postal Services Act 1998 or other intervention. It is not possible to predict what form (if any) such future changes might take. Neither the Issuer nor New Zealand Post is aware of any current regulatory proposal that would have a material adverse effect on them.

New Zealand Post and the New Zealand Post Group operate in competitive environments. There can be no assurance that these competitive environments will not change, whether through competition, by intervention or otherwise, and as a result have a material adverse effect on performance.

Operational costs

Any increase in the New Zealand Post Group's operational costs (in particular unforeseen operational cost increases) may have a material adverse effect on earnings. For example, if fuel, energy or labour costs were to increase, Group expenditure would rise and earnings may decrease.

Information technology

New Zealand Post is reliant on the efficient and uninterrupted operation of its information technology systems and those of third parties. Any failure of these systems could adversely affect New Zealand Post's financial performance and operations.

Exchange rate risks

In the ordinary course of business New Zealand Post enters into transactions denominated in foreign currency and therefore is exposed to exchange rate risk. New Zealand Post takes out foreign exchange cover for foreign currency transactions in accordance with its treasury policy.

ECA earn-out and claw-back

Prior to the ECA joint venture being formed, NZP Australia Pty Limited ("NZPA"), a wholly owned subsidiary of New Zealand Post, owned the Couriers Please business. As part of forming the joint venture, ECA acquired NZPA.

The purchase price paid by ECA remains subject to an 'earn-out' and 'claw-back'. If Couriers Please achieves greater than A\$6.7 million net profit before tax ("NPBT") for the year to 30 June 2009, an earn-out will apply (meaning ECA will be required to make a payment to New Zealand Post). If Couriers Please does not achieve greater than A\$6.7 million NPBT for the year to 30 June 2009, a claw-back will apply (meaning New Zealand Post will be required to repay part of the

purchase price received on the sale of NZPA). As at 31 December 2008, Couriers Please had achieved a NPBT result for the year to date which was on target to achieve a full year NPBT result of greater than A\$6.7 million.

There remains a risk, however, that Couriers Please will not achieve a NPBT of greater than A\$6.7 million for the year to 30 June 2009 and that, as a result, New Zealand Post will be required to repay an amount under the 'claw-back'. The maximum 'claw-back' amount that New Zealand Post may be required to pay under the claw-back mechanism is A\$25.75 million (including A\$12.9 million total gain on sale recognised to date).

Risks relating to New Zealand Post's investment in Kiwibank

Kiwibank is a substantial investment by New Zealand Post.

To date New Zealand Post has contributed \$275 million of capital to Kiwibank and is likely to be required to commit further capital. Kiwibank has not yet paid any dividends to New Zealand Post. In addition, New Zealand Post has guaranteed the obligations of Kiwibank under the Kiwibank Guarantee described under the heading *Capital Structure* on page 33.

Kiwibank is exposed to a variety of risks associated with the business of banking, the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to manage these risks could have an adverse effect on the financial performance, solvency and reputation of Kiwibank and consequentially New Zealand Post.

Credit risk

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of Kiwibank's businesses. Adverse changes in the credit quality of Kiwibank's borrowers and counterparties or a general deterioration in the economic conditions in New Zealand or globally, or arising from systemic risks in the financial systems, could affect the recoverability and value of its assets and require an increase in the allowance for impairment losses on credit exposures and other provisions of Kiwibank.

Market risk

The most significant market risks Kiwibank faces are interest rate, foreign exchange and bond price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect

ANSWERS TO IMPORTANT QUESTIONS →

income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the investment and trading portfolios of Kiwibank. Kiwibank has implemented risk management policies and procedures to mitigate and control these and other market risks to which it is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the financial performance and business operations of Kiwibank.

Operational risk

Kiwibank's business is dependent on its ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from theft, fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and business rules, equipment failures, natural disasters or the failure of external systems, for example, those of suppliers or counterparties. Although Kiwibank has in place risk controls and risk mitigation procedures, it is not possible to implement systems and procedures which eliminate all operational risks.

Liquidity risk

The inability of any bank, including Kiwibank, to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on such bank's ability to meet its obligations when they fall due.

Impact of regulatory changes

Kiwibank is subject to financial service laws, regulations, administrative actions and policies in the locations in which it operates. Changes in supervision and regulation could materially affect Kiwibank's business, the products and services offered or the value of its assets. Although Kiwibank works closely with the Reserve Bank of New Zealand and other regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of Kiwibank.

Competition in the banking industry

Kiwibank faces competition from both existing financial service providers and new entrants. Customers are able to choose from a number of providers in all of the areas of financial services provided by Kiwibank, including the residential lending market. Risks that may affect Kiwibank's ability to obtain new customers and retain existing customers, thereby affecting the profitability of Kiwibank, include, but are not limited to, the relative position of Kiwibank against its competitors in the:

- pricing and performance of products and services;
- convenience and ease of access to products and services;
- level and efficiency of service provided; and
- ability to develop new products and services to meet the changing needs of customers.

Can the investment be altered?

The terms and conditions on which applicants may apply for and acquire the Notes may be altered by an amendment to the Trust Deed by the Issuer, New Zealand Post, and the Trustee in accordance with the procedure set out below under the heading *Variation to the Trust Deed*. Amendments to the Trust Deed must be filed with the Companies Office.

In addition, the terms and conditions applying to the Notes may be altered through the Remarketing Process.

Remarketing Process

During the Invitation Period (being the period commencing six months prior to a Reset Date and ending 30 Business Days prior to that Reset Date), the Issuer may issue a Remarketing Process Invitation to each Holder to participate in a Remarketing Process and notifying Holders of the proposed terms that will apply to the Notes if a Successful Remarketing Process is completed. The terms which may be changed as part of a Successful Remarketing Process are the:

- i) Benchmark Rate;
- ii) Margin;
- iii) frequency and timing of Interest Payment Dates;
- iv) timing of the next Reset Date; and
- v) Step-up Percentage.

Those terms will become effective, if a Successful Remarketing Process is completed, from the immediately following Reset Date. If the Issuer does not issue a Remarketing Process Invitation within the requisite period or the Remarketing Process is not successful, the terms of the Notes will not be adjusted and, from the immediately following Reset Date, the Step-up Margin will apply to the Notes.

Upon receipt of a Remarketing Process Invitation, each Holder may give one of the following Remarketing Choice Notices to the Issuer:

- i) *Redemption Notice* – indicating that the Holder wishes to redeem his or her Notes if a Successful Remarketing Process occurs; or

- ii) *Hold Notice* – indicating that the Holder wishes to continue to hold his or her Notes irrespective of the outcome of the Remarketing Process; or
- iii) *Bid Notice* – indicating that the Holder does not wish to continue to hold his or her Notes if a Successful Remarketing Process occurs unless the new Margin set as part of that process is at least equal to a rate specified by that Holder (which must be less than the Step-up Margin).

A Holder has 20 Business Days from the date of issue of the Remarketing Process Invitation to give a Remarketing Choice Notice to the Issuer and each notice will apply to all of the Notes held by a Holder at that time (but not some only). If a Holder does not give the Issuer a Remarketing Choice Notice within that period, the Holder is deemed to have given a *Hold Notice* for all of the Notes held by that Holder. The forms of the Remarketing Choice Notices will accompany the Remarketing Process Invitation.

Successful Remarketing Process

The Issuer may set a new Margin if Holders holding at least 25% of Notes on issue at the time the Remarketing Process Invitation was issued provide Hold Notices (and for this purpose deemed Hold Notices are not included) or Bid Notices specifying a margin equal to or less than the new Margin. The new Margin, together with the other revised terms specified in the Remarketing Process Invitation, will apply from (and including) the immediately following Reset Date.

Variation to the Trust Deed

The Trustee may agree with the Issuer and New Zealand Post to modify the Trust Deed or the Conditions:

- (a) without the consent of Holders if, in the opinion of the Trustee:
 - (i) it is made to correct a manifest error;
 - (ii) it is made to comply with law or the Listing Rules;
 - (iii) it is of a formal or technical nature;
 - (iv) it is convenient for the purpose of obtaining or maintaining any quotation of the Notes on the NZDX; or
 - (v) it is not, and is not likely to become, materially prejudicial to the interest of Holders generally; or
- (b) if it is authorised by an Extraordinary Resolution.

Any such modification or addition will be binding on all Holders. No such modification or addition will be effective unless it is in writing and signed by the Issuer, New Zealand Post and the Trustee.

In addition, subject to any direction or request given by Holders, the Trustee may from time to time by notice in writing

to the Issuer and New Zealand Post waive in part or in whole, for a specified period or completely, and on such terms and conditions (if any) as it deems expedient, any breach or anticipated breach by the Issuer or New Zealand Post of any of the provisions of the Trust Deed or the Conditions, provided the Trustee is satisfied that the interests of Holders will not be materially prejudiced as a result. Any such waiver will not affect the rights of the Trustee and Holders in respect of any other breach, but will be binding on all Holders.

How do I cash in my investment?

Mandatory Redemption by the Issuer

The Issuer must redeem the Notes on the Maturity Date, which is 15 November 2039.

The Issuer must also redeem the Notes if an Event of Default occurs. The Events of Default are set out in full in the Conditions and are summarised under the heading *Mandatory Redemption by the Issuer* on page 11.

If a Successful Remarketing Process occurs, the Issuer must redeem, or procure the sale of, the Notes held by Holders who provided a *Redemption Notice* or a *Bid Notice* specifying a margin higher than the new Margin. A redemption of the Notes must occur on the Reset Date immediately following the Remarketing Process and a resale of the Notes must occur no later than that Reset Date.

Resale

Instead of redeeming the Notes held by a Retiring Holder, the Issuer may sell or procure the sale of the relevant Notes to a third party for a net amount no less than the amount that would have been paid to the Retiring Holder if the Notes were redeemed. The Issuer must redeem the Notes if the Issuer has not resold the Notes by the date on which the Notes would otherwise have been required to have been redeemed.

Optional Redemption by the Issuer

The Issuer may redeem:

- (a) all or some Notes on a Reset Date;
- (b) all or some Notes on a Interest Payment Date if the Step-up Margin applies on that date;
- (c) all (but not some only) Notes if a Regulatory Event, Tax Event or Rating Agency Event occurs;
- (d) all (but not some only) Notes if at any time there are less than 50,000,000 Notes on issue,

provided the redemption would not result in a breach of the Replacement Capital Covenant Deed. The Replacement Capital Covenant Deed is described on page 15.

ANSWERS TO IMPORTANT QUESTIONS →

Where some, but not all, the Notes are to be redeemed, the Notes will be redeemed on a pro-rata basis.

The terms Regulatory Event, Tax Event and Ratings Agency Event are defined in full in the Conditions and are described under the heading *Optional Redemption by the Issuer* on page 12.

Holder have no ability to request that the Issuer redeem their Notes other than as described under the heading *Remarketing Process* on page 42.

Transferring Notes

Holder are entitled to offer to sell and/or transfer their Notes at any time subject to the Conditions and applicable securities laws and regulations. Normal brokerage may be payable as described under the heading *What are the charges?* on page 36.

Applicants should not attempt to sell Notes until they know whether, and how many, Notes have been allotted to them. None of the Issuer, New Zealand Post, the Joint Lead Managers, the Co-Managers, the Trustee, nor any of their respective directors or employees, nor any other person, accepts any liability or responsibility should any applicant for Notes attempt to sell or otherwise deal with any Notes before receiving from the Registrar a statement recording the number of Notes (if any) allotted to them.

No transfer will be registered if registration would result in the transferee or the transferor holding less than 5,000 Notes. Subject to this minimum holding, transfers of Notes must be in multiples of 1,000 (except where the holder is a registered bank or Primary Market Participant (as defined in the NZX Listing Rules) in which case there shall be no minimum transfer amount).

As the Offer is the initial issue of Notes in New Zealand, there is currently no established market for the sale of Notes. There can be no assurance of a liquid secondary market for the Notes, although in the opinion of New Zealand Post an established market for Notes is likely to develop following completion of the Offer. Notwithstanding that opinion, investors may not be able to sell their Notes readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

Application has been made to NZX for permission to list the Notes and all the requirements of NZX relating thereto that can be complied with on or before the date of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement.

Who do I contact with enquiries about my investment?

Enquiries about the Notes can be directed to:

The Issuer at:

New Zealand Post Group Finance Limited
Level 12, New Zealand Post House
7 Waterloo Quay
Wellington

Private Bag 39990
Wellington Mail Centre
Lower Hutt 5045

Telephone: 04 496 4925

Facsimile: 04 496 4477

Email: notes@nzpost.co.nz

OR

The Registrar for the Notes at:

Head of Business
Link Market Services Limited
Level 16, 19 Victoria Street

PO Box 91976
Auckland 1142

DX: CP23524

Telephone for investor enquiries: 09 375 5998

Facsimile: 09 375 5990

Email: lmsenquiries@linkmarketservices.com

Website: www.linkmarketservices.com

Is there anyone to whom I can complain if I have problems with the investment?

Any complaints about the Notes can be directed to:

The Issuer at:

New Zealand Post Group Finance Limited
Level 12, New Zealand Post House
7 Waterloo Quay
Wellington

Private Bag 39990
Wellington Mail Centre
Lower Hutt 5045

Telephone: 04 496 4925
Facsimile: 04 496 4477

Email: notes@nzpost.co.nz

OR

The Registrar for the Notes at:

Head of Business
Link Market Services Limited
Level 16, 19 Victoria Street
PO Box 91976
Auckland 1142
DX: CP23524

Telephone for investor enquiries: 09 375 5998
Facsimile: 09 375 5990

Email: lmsenquiries@linkmarketservices.com
Website: www.linkmarketservices.com

OR

The Trustee for the Notes at:

Trustees Executors Limited
Level 5, 10 Customhouse Quay
PO Box 3222
Wellington 6140

Telephone: 04 495 0995
Facsimile: 04 496 2852

There is no ombudsman to whom complaints about the Notes can be directed.

What other information can I obtain about this investment?

Prospectus, financial statements, Trust Deed and annual reports

Additional information about the Issuer, the Guarantor and the Notes is contained or referred to in the Prospectus and the Trust Deed, both of which are available free of charge on request.

A copy of the Guarantor's most recent annual consolidated financial statements (for the financial year ended 30 June 2008), and other documents of, or relating to, the Guarantor and the Issuer (including the Prospectus and the Trust Deed) are filed on a public register which you may view on the Companies Office website (www.companies.govt.nz). Copies of the publicly-filed documents may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726. Copies of the Prospectus and the financial statements referred to above may also be accessed free of charge via the Guarantor's website at www.nzpost.co.nz/notes.

Ongoing reports to Holders

Notification of the availability of the Issuer's half yearly report (including unaudited financial statements for the first six months of each financial year) and of an annual report (including audited financial statements) and where they can be accessed electronically, will be sent by the Issuer to Holders who are registered on the relevant date after the end of each financial half year and year. Holders will have the right to request printed copies of these reports free of charge.

On-request information

Investors may also request copies of:

- the most recent financial statements of the Issuer required to be registered under the Financial Reporting Act 1993 and all documents that are required to be incorporated in, attached to, or accompany those financial statements;
- the most recent annual or half-yearly financial statements of New Zealand Post, together with all documents that are required to be incorporated in, attached to, or accompany those financial statements;
- the Trust Deed (incorporating any amendments thereto); and
- the registered Prospectus in respect of the Notes.
- this Investment Statement and any subsequent investment statement in respect of the Notes.

This information will be made available free of charge upon a request in writing being made to the Issuer (at the address specified above) or the Registrar (at the address specified above).

NEW ZEALAND TAXATION →

Introduction

The returns on the Notes will be affected by taxes. If a law requires the Issuer (which for the purposes of this section of this Investment Statement includes the Registrar acting on the Issuer's behalf) or the Guarantor to deduct an amount in respect of taxes from a payment to a Holder, or to pay an amount of any levy in respect of such a payment, then the Issuer or the Guarantor, as the case may be will deduct the amount for the taxes or levies and pay it to the relevant authority. Neither the Issuer nor the Guarantor is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Holder as a consequence of or otherwise in connection with such deduction.

The information set out below relates solely to New Zealand taxation and does not constitute taxation advice to any Holder. The information is believed by the Issuer and the Guarantor to be correct as at the date of this Investment Statement. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Notes. You should seek qualified, independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances.

All Holders (including those not resident in New Zealand for tax purposes) must give written notice to the Registrar (or, where applicable, to the custodian / nominee registered as the Holder in respect of Notes held on behalf of the beneficial owner) of their country of residence for taxation purposes and, if the Holder is not resident in New Zealand for tax purposes, whether the Holder is engaged in business in New Zealand through a branch or other fixed establishment in New Zealand. This requirement for written notice is satisfied for initial Holders where the relevant parts of the Application Form are completed by applicants.

New Zealand Income Tax Implications: Financial Arrangements Holders

For Holders who are New Zealand tax resident or who are not New Zealand tax resident but are engaged in business in New Zealand through a fixed establishment in New Zealand and are acquiring Notes for the purpose of that business ("Financial Arrangements Holders"), the Notes will be financial arrangements that are subject to the "financial arrangements rules" in the Income Tax Act 2007. Interest paid to Financial Arrangements Holders under the Notes will be income that is taxable at the Holder's applicable tax rate (with a credit for resident withholding tax ("RWT") deducted – see below under the heading *Resident withholding tax: Resident Holders*).

The timing of that income for Financial Arrangements Holders will be governed by the financial arrangements rules. The financial arrangements rules may require that interest income be spread over the life of the Notes using a spreading method prescribed in the financial arrangements rules. Financial Arrangements Holders that are "cash basis persons" for the purposes of the financial arrangements rules (which should include most individuals) may not be required to apply the spreading methods, but rather will be subject to tax on the interest in the year of receipt. Whether a Financial Arrangements Holder is a "cash basis person" will depend on their individual circumstances.

Corporate Investors may also become eligible to be "cash basis persons" in the future if the current tax bill before Parliament is passed in its current form.

The financial arrangements rules may cause Financial Arrangements Holders to derive income on the transfer of Notes held by them. For example, if a gain is made on the transfer of Notes by Financial Arrangements Holders to whom the financial arrangements rules apply, the "base price adjustment" performed under the financial arrangements rules will bring the gain to account for New Zealand tax purposes and will cause that gain to be included in their income.

Financial Arrangements Holders should ascertain whether New Zealand's provisional tax rules apply to their individual situations.

Resident Withholding Tax: Resident Holders

For Holders who are Resident Holders (being Holders who are New Zealand tax resident or who are engaged in business in New Zealand through a fixed establishment in New Zealand), RWT will be deducted from the gross amount of interest paid or credited to them in accordance with the provisions of the Income Tax Act 2007. As at the date of this Investment Statement, RWT of 19.5% will be deducted if the Holder's IRD number is supplied to the Registrar, unless the Holder elects for RWT to be deducted at a rate of 33% or 39% (although it should be noted that the 19.5% rate is not available to a corporate Resident Holder, unless the Holder is acting as a corporate trustee or is a Māori authority). Where the Resident Holder's IRD number is not supplied to the Issuer, RWT will be deducted at a rate of 39% (or such other maximum rate as specified in the Income Tax Act 2007) from all interest paid or credited to the Holder. From 1 April 2009 the Issuer may deduct RWT at a rate of 38% where a 39% rate would have applied prior to that date.

Given the personal tax rate changes that became effective on 1 October 2008 (and will continue to come into effect on 1 April 2009, 1 April 2010 and 1 April 2011), RWT rates may no longer align with individual Resident Holders' personal tax rates, or with the corporate tax rate of 30%. Depending on the Resident Holder's level of annual income, electing a RWT rate lower than the Holder's personal tax rate may result in a requirement to file a tax return (or the provision of an income statement by Inland Revenue), to account for the tax shortfall. Conversely, if a Resident Holder elects a RWT rate higher than the Holder's personal tax rate, a tax return may need to be filed in order to obtain the relevant tax refund. Investors are encouraged to seek tax advice in this respect by reference to their particular circumstances.

RWT will not be deducted where the Resident Holder provides a copy of a current RWT exemption certificate to the Registrar.

Approved Issuer Levy and Non Resident Withholding Tax: Non Resident Holders

The Issuer has registered, or will register, the Notes with Inland Revenue for the purposes of the approved issuer levy ("AIL") regime. Unless otherwise agreed, the Issuer will, where it is lawfully able, deduct AIL (currently 2% of amounts treated as interest) from payments made or credited to Holders who are not Resident Holders ("Non-Resident Holders") – i.e. Holders who are not New Zealand tax resident and do not engage in business in New Zealand through a fixed establishment in New Zealand.

Non-Resident Holders may request by written notice to the Registrar that AIL not be deducted from interest paid or credited in respect of their Notes, and that non-resident withholding tax ("NRWT") be deducted instead, at the rate required by law (as reduced by any applicable double tax agreement, where the Non-Resident Holder provides satisfactory evidence to the Registrar of entitlement to such reduced rate).

If the Non-Resident Holder derives interest under the Notes jointly with one or more New Zealand tax residents, NRWT must be deducted from the interest paid or credited to the Non-Resident Holder at the applicable RWT rate, as reduced by any applicable double tax agreement (with evidence as discussed above).

GLOSSARY →

In this Investment Statement, unless the context otherwise requires:

| | |
|----------------------------------|---|
| Application Form | means the application form attached to this Investment Statement. |
| Austraclear System | means the securities clearing and settlement facility operated by the Reserve Bank of New Zealand and known as the Austraclear New Zealand System. |
| Benchmark Rate | means, on a Reset Date, for the period from (and including) that Reset Date until (but excluding) the next Reset Date, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest two decimal places, which is the average of the bid and offered swap rates displayed at or about 11am on the first day of the relevant period on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with a term equal to five years, or such other term as may be set by the Issuer for the relevant period as part of a Successful Remarketing Process. |
| Bookbuild | means the process conducted by the Joint Lead Managers before the Opening Date in which clients of the Joint Lead Managers or the Co-Managers, institutional investors and other approved participants are invited to lodge bids on the Notes. On the basis of those bids, the Issuer and the Joint Lead Managers will determine the initial Margin, the initial Interest Rate and the Firm Allocations. |
| Business Day | means any day (other than a Saturday or a Sunday) on which banks are generally open for business in Auckland and Wellington. |
| Closing Date | means 22 April 2009 or such other date that the Issuer may determine. |
| Conditions | means the terms and conditions of the Notes, contained in Schedule 1 to the Trust Deed. The conditions are also set out in full in the Prospectus. |
| Deferred Interest Payment | means an interest payment which the Issuer has elected to defer. The Issuer may defer the payment of interest on the Notes for a period of up to five years, as summarised under the headings <i>Deferral of Interest and Distribution Stopper</i> on page 37. |
| DHL | means Deutsche Post Beteiligungen Holding GMBH. |
| Dollars, NZ\$ and \$ | means the lawful currency of New Zealand. |
| Event of Default | has the meaning given to that term in the Trust Deed, as summarised under the heading <i>Mandatory Redemption by the Issuer</i> on page 43. |
| Extraordinary Resolution | is a resolution passed at a meeting of Holders at which at least 75% of Holders voting at the meeting, vote in favour of the resolution. A quorum for the purpose of passing an Extraordinary Resolution is two or more Holders (present in person or by representative) holding or representing at least 10% of the Principal Amount of the Notes. If a quorum is not present and the meeting is adjourned, a quorum at the adjourned meeting is two or more Holders present (in person or by representative). |

| | |
|--|--|
| Final Issue Date | means 24 April 2009. |
| First Reset Date | means 15 November 2014. |
| Holder | means a person whose name is recorded in the Register as the holder of a Note. |
| Interest Payment Date | means 15 May and 15 November in each year commencing 15 May 2009 until and including the Maturity Date, unless altered as a result of a Successful Remarketing Process. |
| Interest Rate | means, in relation to a Note, the rate of interest per annum payable on the Principal Amount of that Note. |
| Intermediate Equity Content | means Standard & Poor's has assigned an "intermediate" equity content to the Notes. Where such an equity credit content is assigned, Standard & Poor's will consider that the Notes comprise 50% debt and 50% equity when calculating its financial ratios for New Zealand Post. |
| Issue Date | means, in relation to a Note, the date on which it is issued under the Trust Deed. |
| Issuer | means New Zealand Post Group Finance Limited. |
| Margin | means, until there is a Successful Remarketing Process, the margin determined by the Issuer in consultation with the Joint Lead Managers and announced by the Issuer on the Rate Set Date and, after a Successful Remarketing Process, the margin set by the Issuer as part of that process. |
| Maturity Date | means 15 November 2039. |
| Negative Pledge Deed | means the deed entitled Negative Pledge and Cross-Guarantees dated 24 March 1997 between New Zealand Post and each of the Initial Guaranteeing Subsidiaries listed in Schedule 1, to which the Issuer will accede. |
| New Zealand Post | means New Zealand Post Limited. |
| New Zealand Post Group or Group | means New Zealand Post Limited, each of its direct and indirect subsidiaries, its associates and its jointly controlled entities. |
| Notes | means unsecured, subordinated, redeemable, cumulative, interest-bearing notes offered by the Issuer pursuant to this Investment Statement and the Prospectus. |
| NZDX | means the market for debt securities operated by NZX. |

GLOSSARY →

| | |
|---|---|
| NZX | means NZX Limited. |
| Offer | means the offer of Notes by the Issuer under this Investment Statement and the Prospectus. |
| Principal Amount | means, in relation to a Note, the amount (other than interest) payable on redemption or resale of that Note, being the amount recorded as such in the Register in respect of that Note. |
| Prospectus | means the prospectus for the Notes dated 12 March 2009. |
| Rate Set Date | means 22 April 2009 or such other date that the Issuer may determine following the Bookbuild upon which the Issuer will announce the initial Interest Rate and Margin. |
| Rating Agency | means Standard & Poor's (Australia) Pty Limited or any successor thereto. |
| Ratings Agency Event, Regulatory Event and Tax Event | each has the meaning given in the Trust Deed, as summarised under the heading <i>Optional Redemption of the Issuer</i> on page 12. |
| Record Date | means, in relation to a payment due on a Note, the tenth calendar day before the applicable Interest Payment Date, Redemption Date or Maturity Date and, if that Record Date is not a Business Day, the preceding Business Day. |
| Redemption Date | means, in respect of a Note, the date on which that Note is to be redeemed in accordance with clause 3 of the Conditions. |
| Register | means the register of Notes maintained by the Registrar. |
| Remarketing Process | means the process under which the Issuer may propose an alteration to the terms of the Notes, as described under the headings <i>Remarketing Process</i> , <i>Remarketing Choice Notices</i> , <i>Successful Remarketing Process</i> and <i>Mandatory Redemption</i> following a <i>Successful Remarketing Process</i> on pages 12 to 14. |
| Replacement Capital Covenant Deed | means the deed between the Issuer, the Guarantor and Trustees Executors Limited dated 12 March 2009, the terms of which are summarised under the heading <i>Replacement Capital Covenant Deed</i> on page 15. |
| Reset Date | means the First Reset Date and each fifth anniversary of the First Reset Date, or if a Successful Remarketing Process has occurred, such other date or dates (if any) as may be specified by the Issuer in the applicable Remarketing Process Invitation as the Reset Date or Reset Dates. |
| Retiring Holder | means, following a Successful Remarketing Process, any Holder who has provided a <i>Redemption Notice</i> or a <i>Bid Notice</i> specifying a margin higher than the new Margin set as part of the Remarketing Process. |

| | |
|---------------------------------------|--|
| Senior Lender | means each creditor that has made or committed to be made available to the Issuer or New Zealand Post, unsubordinated indebtedness (excluding exposures under treasury transactions prior to close out, indebtedness owing to a related party and trade indebtedness incurred in the ordinary course of business) in aggregate amount in excess of \$10 million. |
| Step-up Date | means the Reset Date with effect from which the Step-up Margin applies. |
| Step-up Margin | means the Margin plus the Step-up Percentage. |
| Step-up Percentage | means 1.00% or such other rate as may be set by the Issuer as part of a Successful Remarketing Process. |
| Successful Remarketing Process | means a Remarketing Process where the Issuer has received sufficient Hold Notices and Bid Notices in appropriate form and has set a new Margin in accordance with clause 4.4(a) of the Conditions. |
| Trust Deed | means the trust deed between the Issuer, the Guarantor and the Trustee dated 12 March 2009 which sets out, among other things, the terms and conditions on which the Notes are issued. |

APPLICATION INSTRUCTIONS AND APPLICATION FORM →

You should read this Investment Statement carefully before completing an Application Form.

General

Applications to subscribe for Notes must be made on the Application Form contained in this Investment Statement. Applications must be for a minimum of 5,000 Notes (\$5,000) and thereafter in multiples of 1,000 (\$1,000). Applications for Notes may only be lodged during the Offer Period, which is expected to open on 25 March 2009 and close at 5:00pm on 22 April 2009.

An Application Form will constitute an irrevocable offer by the Applicant to subscribe for and acquire the number of Notes specified on the Application Form (or such lesser number, which the Issuer may determine) on the terms and conditions

set out in this Investment Statement, the Prospectus and on the Application Form.

Please complete all the relevant sections of the Application Form using CAPITAL BLOCK LETTERS.

1. Investor Details

- Insert your full name(s), address and telephone numbers.
- Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per Application.
- Use the table below to see how to write your name correctly.

| Type of Investor | Correct way to write name | Incorrect way to write name |
|---------------------------------------|--|---------------------------------|
| Individual person | JOHN SMITH | J SMITH |
| More than one person | JOHN SMITH, MICHELLE SMITH | J & M SMITH |
| Company | ABC LIMITED | ABC |
| Trusts | JOHN SMITH, (JOHN SMITH FAMILY TRUST A/C) | SMITH FAMILY TRUST |
| Partnerships | JOHN SMITH, MICHAEL SMITH, (JOHN SMITH AND SONS A/C) | JOHN SMITH & SONS |
| Clubs and unincorporated associations | JOHN SMITH, (SMITH INVESTMENT CLUB A/C) | SMITH INVESTMENT CLUB |
| Superannuation funds | JOHN SMITH LIMITED (SUPERANNUATION FUND A/C) | JOHN SMITH, SUPERANNUATION FUND |

2. Application amount

- Complete the Principal Amount of Notes applied for. Note the minimum Principal Amount and minimum integral multiples for Notes that are stated in the Application Form.

Common Shareholder Number (CSN)

- If you have other investments registered under a Common Shareholder Number (CSN) you must supply your CSN in the space provided. The name and address details on your Application Form must correspond with the registration details under that CSN.

3. IRD Number and Resident Withholding Tax

- Provide your IRD number.
- Where applicable, elect the rate at which you wish resident withholding tax to be deducted by ticking the relevant box.
- Tick the relevant box if you hold a resident withholding tax (RWT) exemption certificate. If you hold a valid exemption certificate, please attach a photocopy of the exemption certificate and supply the expiry date. Please do not attach an original document.
- Complete country of tax residence and, if that is not New Zealand, tick the box if you carry on business in New Zealand through a fixed establishment (branch) in New Zealand.

4. Details for Payment of Interest and Principal (please complete only one option)

- Select whether you wish to receive payments of interest and principal in respect of the Notes into a nominated bank account or into a Cash Management Account with a financial intermediary.

5. Reporting

- If you would like to receive communications from the Issuer in the future by electronic means please provide your email address and tick the Electronic Reports box on the Application Form. Emails will be sent to you as appropriate providing links to New Zealand Post's website where you can access annual and half-year reports and advice of the link to the annual section 209 notice which the Issuer is required to send under the NZX Listing Rules. In addition you will be sent any other communications which the Issuer considers appropriate to be sent electronically.

- If you do not provide your email address you will receive the communications by mail.

6. Agreement of Terms

- Read the Application Form carefully and sign and date the form.
- The Application Form must be signed by the applicant(s) personally, or by two directors of a company (or one director if there is only one director, whose signature must be witnessed), or in either case by an attorney or duly authorised agent. If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form.
- If the Application Form is signed by an agent, the agent must complete the certificate of agent on the reverse of the Application Form. Joint applicants must each sign the Application Form.

Payment

- The Notes are issued at par value so the purchase price is an amount equal to the aggregate Principal Amount of the Notes for which you apply.
- Payment must be made in New Zealand dollars.
- Applicants must pay for the Notes applied for by a personal cheque or, if the application is for Notes of an aggregate Principal Amount of \$500,000 or more, by direct credit, bank cheque or through the Austraclear system.
- Personal cheques must be in New Zealand dollars and drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques must be made payable to "New Zealand Post Group Finance Notes Offer", crossed "Not Transferable" and must not be post-dated. If an Applicant's cheque is dishonoured, the Issuer will cancel that applicant's allotment of Notes and may pursue any other remedies available to it at law.
- Other than where otherwise required by law, interest earned on application money will be paid to the Issuer.

Delivery

- Applications received cannot be revoked or withdrawn.
- If you received a Firm Allocation from an NZX Firm or other approved financial intermediary, completed Application Forms should be sent with payment to that financial intermediary in time to enable it to be forwarded

APPLICATION INSTRUCTIONS AND APPLICATION FORM →

to and received by the Registrar no later than 5:00pm on the Closing Date.

- If you did not receive a Firm Allocation from a financial intermediary, completed Application Forms, together with payment for the Notes applied for, should be sent to the Registrar at the following address:

Link Market Services Limited
Level 16, 19 Victoria Street
PO Box 91976
Auckland 1142
DX Box: CP23524

Alternatively, completed Application Forms, together with a cheque for payment, may be lodged with the Joint Lead Managers or any of the Co-Managers (at the addresses set out in the directory), or any other channel approved by NZX, but must be delivered in sufficient time to enable the Application Form to be forwarded to and received by the Registrar no later than 5:00pm on the Closing Date.

- Applications from institutional investors must be lodged with the Joint Lead Managers in accordance with the arrangements made with the Joint Lead Managers.

Closing Date

This Offer is expected to close at 5:00pm on 22 April 2009. Applicants should remember that the Closing Date may be changed at the sole discretion of the Issuer. Changes will be advised by announcement. The Issuer reserves the right to refuse to accept applications received by the Registrar after 5:00pm on the Closing Date.

Personal information rights

Personal information provided by you will be held by the Issuer and the Registrar at their respective addresses shown on page 44 to 45 or at such other place as is notified upon request. This information will be used for the purpose of managing your investment. You have a right to access and correct any personal information about you under the Privacy Act 1993. You can also access your information at www.linkmarketservices.com. You will be required to enter your holder number and FIN.

APPLICATION FORM →

1. Investor details (please print in block letters)

| | | |
|------------------------------------|--|--|
| Title | First name(s) | Surname |
| | | |
| Title | First name(s) | Surname |
| | | |
| Title | First name(s) | Surname |
| | | |
| Company or Designated Account name | | |
| | | |
| Postal address | | Post code <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | | |
| Telephone number | Home <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"/> <input type="text"/> | Business <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"/> <input type="text"/> |
| | | |

2. Application amount

Principal Amount of the Notes applied for (minimum of \$5,000, and thereafter in multiples of \$1,000): \$

For instructions on how to complete and deliver this form see pages 52 to 54 of the Investment Statement and the instructions on the reverse of this form.

Cheques must be made payable to "New Zealand Post Group Finance Notes Offer" and crossed "Not Transferable". Payment must be made in New Zealand dollars and cheques must be drawn on a New Zealand financial institution. Cheques must not be post-dated.

Tick this box if you have any other investments registered at Link Market Services and complete your CSN number below.

If you hold any other securities under a CSN, please enter your CSN here:

Please note that if you supply a CSN but the name and address details on your Application Form do not correspond exactly with the registration details held by NZX under that CSN, your application will be deemed to be made without the CSN and a holder number will be allocated to you.

3. IRD number and resident withholding tax rate

If you are a New Zealand resident please enter your IRD number: - -

Resident withholding tax rate (tick one if applicable): 19.5% 33% 39% (Note: Companies (other than corporate trustees and Māori authorities) are unable to elect a 19.5% rate)

Tick this box if you hold a current resident withholding tax exemption certificate, and attach a copy of the certificate.

Country of tax residence

.....

Tick this box if you are not a New Zealand tax resident, but are engaged in business in New Zealand through a fixed establishment (branch) in New Zealand

4. Details for payment of interest and principal (please complete only one option)

| | | | | | | | |
|--|----------------------|----------------------|----------------------|---|--|--|--|
| Option 1: My Nominated New Zealand Bank Account Details | | | | Option 2: My Cash Management Account Details | | | |
| Account Name: | | | | Name of NZX Participant where Cash Management Account held: | | | |
| | | | | | | | |
| Bank | Branch | Account number | Suffix | Cash Management Account Client Account 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"/> | <input type="text"/> | | | |

5. Reporting

Tick this box and enter your email address details below if you would like to receive communications from the Issuer in the future by electronic means (rather than by mail), including advice of the link to the annual Section 209 notice that the Issuer is required to send.

Email

.....

6. Agreement of terms

I/We irrevocably apply for the Principal Amount of Notes shown above (or such lesser number as the Issuer may allocate and allot to me/us) on the terms and conditions set out in the Investment Statement dated 12 March 2009, the Trust Deed dated 12 March 2009 and this Application Form. I/We agree to be bound by the Trust Deed (as amended from time to time) and confirm that the information that I/we have given on this Application Form is true and correct.

Signature(s) of applicant(s) (refer to the terms and conditions of application overleaf)

| | |
|-----------|--|
| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | |
| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | |
| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | |

7. Terms and conditions of application

- By signing (or authorising an attorney or agent to sign) this Application Form:
 - the applicant acknowledges that this form was distributed with the Investment Statement; and
 - the applicant acknowledges that he/she/it has read and understood the statements made in the Investment Statement relating to the Privacy Act 1993 in the section of the Investment Statement entitled "Application Instructions".
- Applicants must pay for the Notes applied for by a personal cheque or, if the application is for Notes of an aggregate Principal Amount of \$500,000 or more, by direct credit, bank cheque or through the Austraclear system. Personal Cheques must be in New Zealand dollars and drawn on a New Zealand branch of a financial institution and submitted with the completed Application form. Cheques must be made payable to "New Zealand Post Group Finance Notes Offer", crossed "Not Transferable" and must not be post-dated. If an Applicant's cheque is dishonoured, the Issuer will cancel that applicant's allotment of Notes and may pursue any other remedies available to it at law.
- An application received by the Registrar cannot be withdrawn or revoked by the applicant.
- The Issuer reserves the right to decline any application, in whole or in part, without giving any reason. The Issuer may decide not to accept any applications whatsoever.
- Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within five Business Days of the Final Issue Date. Interest will not be paid on application money refunded to applicants.
- Holding statements for the Notes will be dispatched to successful applicants as soon as practicable after allotment, but in any event within five Business Days of the Final Issue Date.
- Applications must conform with the application instructions in the section of the Investment Statement entitled "Application Instructions".
- A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address.
- Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out below. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out below.
- Terms defined in the Investment Statement have the same meaning in this Application Form.
- This Application Form, the Offer and any contract arising out of its acceptance are governed by New Zealand law.

8. Certificate of non-revocation of power of attorney

Only complete this section if this Application Form is to be signed by an attorney of the applicant.

I, _____ (Name of attorney)

of _____ (Address and occupation of attorney)

hereby certify that:

- By a power of attorney dated

_____ (Name and occupation of person for whom attorney is signing)

of _____ (Address of person for whom attorney is signing)

(the "Donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

- I have executed this Application Form as attorney under that power of attorney and pursuant to the powers thereby conferred upon me.
- At the date of this certificate, I have not received any notice or information of the revocation of that power of attorney, whether by the death or dissolution of the Donor or otherwise.

Signature of attorney

Signed at _____ this _____ day of _____ 2009

9. Certificate of agent

Only complete this section if this Application Form is to be signed by an agent of the applicant.

I, _____ (Name of agent)

of _____ (Address and occupation of agent)

hereby certify that:

- By appointment of agent dated

_____ (Name and occupation of the Principal)

(the "Principal") appointed me his/her/its agent for the purposes of signing this Application Form.

- I have executed this Application Form as the Principal's agent in accordance with the authority granted to me by the Principal.
- At the date of this certificate, I have not received any notice or information of the revocation of my powers as agent or the authority granted to me by the Principal, whether by the death or dissolution of the Principal or otherwise.

Signature of agent

Signed at _____ this _____ day of _____ 2009

THIS APPLICATION FORM CONSTITUTES AN OFFER TO ACQUIRE THE NOTES DESCRIBED ABOVE AND IT FORMS PART OF THE INVESTMENT STATEMENT DATED 12 MARCH 2009

APPLICATION FORM

1. Investor details (please print in block letters)

| | | |
|------------------------------------|--|--|
| Title | First name(s) | Surname |
| | | |
| Title | First name(s) | Surname |
| | | |
| Title | First name(s) | Surname |
| | | |
| Company or Designated Account name | | |
| | | |
| Postal address | | Post code <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | | |
| Telephone number | Home <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"/> <input type="text"/> | Business <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"/> <input type="text"/> |
| | | |

2. Application amount

Principal Amount of the Notes applied for (minimum of \$5,000, and thereafter in multiples of \$1,000): \$

For instructions on how to complete and deliver this form see pages 52 to 54 of the Investment Statement and the instructions on the reverse of this form.

Cheques must be made payable to "New Zealand Post Group Finance Notes Offer" and crossed "Not Transferable". Payment must be made in New Zealand dollars and cheques must be drawn on a New Zealand financial institution. Cheques must not be post-dated.

Tick this box if you have any other investments registered at Link Market Services and complete your CSN number below.

If you hold any other securities under a CSN, please enter your CSN here:

Please note that if you supply a CSN but the name and address details on your Application Form do not correspond exactly with the registration details held by NZX under that CSN, your application will be deemed to be made without the CSN and a holder number will be allocated to you.

3. IRD number and resident withholding tax rate

If you are a New Zealand resident please enter your IRD number: - -

Resident withholding tax rate (tick one if applicable): 19.5% 33% 39% (Note: Companies (other than corporate trustees and Māori authorities) are unable to elect a 19.5% rate)

Tick this box if you hold a current resident withholding tax exemption certificate, and attach a copy of the certificate.

Country of tax residence

.....

Tick this box if you are not a New Zealand tax resident, but are engaged in business in New Zealand through a fixed establishment (branch) in New Zealand

4. Details for payment of interest and principal (please complete only one option)

| | | | | | | | | | |
|--|---|---|--|--------|---|---|---|--|---|
| <p>Option 1: My Nominated New Zealand Bank Account Details</p> <p>Account Name:</p> <p>.....</p> <table border="0"> <tr> <td>Bank</td> <td>Branch</td> <td>Account number</td> <td>Suffix</td> </tr> <tr> <td><input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></td> <td><input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></td> <td><input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></td> <td><input type="text"/> <input type="text"/> <input type="text"/></td> </tr> </table> | Bank | Branch | Account number | Suffix | <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"/> <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"/> <input type="text"/> <input type="text"/> | <input type="text"/> <input type="text"/> <input type="text"/> | <p>Option 2: My Cash Management Account Details</p> <p>Name of NZX Participant where Cash Management Account held:</p> <p>.....</p> <p>Cash Management Account Client Account Number:</p> <p><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"/> <input type="text"/> <input type="text"/> <input type="text"/></p> |
| Bank | Branch | Account number | Suffix | | | | | | |
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5. Reporting

Tick this box and enter your email address details below if you would like to receive communications from the Issuer in the future by electronic means (rather than by mail), including advice of the link to the annual Section 209 notice that the Issuer is required to send.

Email

.....

6. Agreement of terms

I/We irrevocably apply for the Principal Amount of Notes shown above (or such lesser number as the Issuer may allocate and allot to me/us) on the terms and conditions set out in the Investment Statement dated 12 March 2009, the Trust Deed dated 12 March 2009 and this Application Form. I/We agree to be bound by the Trust Deed (as amended from time to time) and confirm that the information that I/we have given on this Application Form is true and correct.

Signature(s) of applicant(s) (refer to the terms and conditions of application overleaf)

| | |
|-----------|--|
| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
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| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
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| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | |

7. Terms and conditions of application

- By signing (or authorising an attorney or agent to sign) this Application Form:
 - the applicant acknowledges that this form was distributed with the Investment Statement; and
 - the applicant acknowledges that he/she/it has read and understood the statements made in the Investment Statement relating to the Privacy Act 1993 in the section of the Investment Statement entitled "Application Instructions".
- Applicants must pay for the Notes applied for by a personal cheque or, if the application is for Notes of an aggregate Principal Amount of \$500,000 or more, by direct credit, bank cheque or through the Austraclear system. Personal Cheques must be in New Zealand dollars and drawn on a New Zealand branch of a financial institution and submitted with the completed Application form. Cheques must be made payable to "New Zealand Post Group Finance Notes Offer", crossed "Not Transferable" and must not be post-dated. If an Applicant's cheque is dishonoured, the Issuer will cancel that applicant's allotment of Notes and may pursue any other remedies available to it at law.
- An application received by the Registrar cannot be withdrawn or revoked by the applicant.
- The Issuer reserves the right to decline any application, in whole or in part, without giving any reason. The Issuer may decide not to accept any applications whatsoever.
- Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within five Business Days of the Final Issue Date. Interest will not be paid on application money refunded to applicants.
- Holding statements for the Notes will be dispatched to successful applicants as soon as practicable after allotment, but in any event within five Business Days of the Final Issue Date.
- Applications must conform with the application instructions in the section of the Investment Statement entitled "Application Instructions".
- A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address.
- Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out below. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out below.
- Terms defined in the Investment Statement have the same meaning in this Application Form.
- This Application Form, the Offer and any contract arising out of its acceptance are governed by New Zealand law.

8. Certificate of non-revocation of power of attorney

Only complete this section if this Application Form is to be signed by an attorney of the applicant.

I, _____ (Name of attorney)

of _____ (Address and occupation of attorney)

hereby certify that:

- By a power of attorney dated

_____ (Name and occupation of person for whom attorney is signing)

of _____ (Address of person for whom attorney is signing)

(the "Donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

- I have executed this Application Form as attorney under that power of attorney and pursuant to the powers thereby conferred upon me.
- At the date of this certificate, I have not received any notice or information of the revocation of that power of attorney, whether by the death or dissolution of the Donor or otherwise.

Signature of attorney

Signed at _____ this _____ day of _____ 2009

9. Certificate of agent

Only complete this section if this Application Form is to be signed by an agent of the applicant.

I, _____ (Name of agent)

of _____ (Address and occupation of agent)

hereby certify that:

- By appointment of agent dated

_____ (Name and occupation of the Principal)

(the "Principal") appointed me his/her/its agent for the purposes of signing this Application Form.

- I have executed this Application Form as the Principal's agent in accordance with the authority granted to me by the Principal.
- At the date of this certificate, I have not received any notice or information of the revocation of my powers as agent or the authority granted to me by the Principal, whether by the death or dissolution of the Principal or otherwise.

Signature of agent

Signed at _____ this _____ day of _____ 2009

THIS APPLICATION FORM CONSTITUTES AN OFFER TO ACQUIRE THE NOTES DESCRIBED ABOVE AND IT FORMS PART OF THE INVESTMENT STATEMENT DATED 12 MARCH 2009

APPLICATION FORM →

1. Investor details (please print in block letters)

| | | |
|------------------------------------|--|--|
| Title | First name(s) | Surname |
| | | |
| Title | First name(s) | Surname |
| | | |
| Title | First name(s) | Surname |
| | | |
| Company or Designated Account name | | |
| | | |
| Postal address | | Post code <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | | |
| Telephone number | Home <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"/> <input type="text"/> | Business <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"/> <input type="text"/> |
| | | |

2. Application amount

Principal Amount of the Notes applied for (minimum of \$5,000, and thereafter in multiples of \$1,000): \$

For instructions on how to complete and deliver this form see pages 52 to 54 of the Investment Statement and the instructions on the reverse of this form.

Cheques must be made payable to "New Zealand Post Group Finance Notes Offer" and crossed "Not Transferable". Payment must be made in New Zealand dollars and cheques must be drawn on a New Zealand financial institution. Cheques must not be post-dated.

Tick this box if you have any other investments registered at Link Market Services and complete your CSN number below.

If you hold any other securities under a CSN, please enter your CSN here:

Please note that if you supply a CSN but the name and address details on your Application Form do not correspond exactly with the registration details held by NZX under that CSN, your application will be deemed to be made without the CSN and a holder number will be allocated to you.

3. IRD number and resident withholding tax rate

If you are a New Zealand resident please enter your IRD number: - -

Resident withholding tax rate (tick one if applicable): 19.5% 33% 39% (Note: Companies (other than corporate trustees and Māori authorities) are unable to elect a 19.5% rate)

Tick this box if you hold a current resident withholding tax exemption certificate, and attach a copy of the certificate.

Country of tax residence

.....

Tick this box if you are not a New Zealand tax resident, but are engaged in business in New Zealand through a fixed establishment (branch) in New Zealand

4. Details for payment of interest and principal (please complete only one option)

| | | | | | | | |
|--|----------------------|----------------------|----------------------|---|--|--|--|
| Option 1: My Nominated New Zealand Bank Account Details | | | | Option 2: My Cash Management Account Details | | | |
| Account Name: | | | | Name of NZX Participant where Cash Management Account held: | | | |
| | | | | | | | |
| Bank | Branch | Account number | Suffix | Cash Management Account Client Account Number: | | | |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | | | |

5. Reporting

Tick this box and enter your email address details below if you would like to receive communications from the Issuer in the future by electronic means (rather than by mail), including advice of the link to the annual Section 209 notice that the Issuer is required to send.

Email

.....

6. Agreement of terms

I/We irrevocably apply for the Principal Amount of Notes shown above (or such lesser number as the Issuer may allocate and allot to me/us) on the terms and conditions set out in the Investment Statement dated 12 March 2009, the Trust Deed dated 12 March 2009 and this Application Form. I/We agree to be bound by the Trust Deed (as amended from time to time) and confirm that the information that I/we have given on this Application Form is true and correct.

Signature(s) of applicant(s) (refer to the terms and conditions of application overleaf)

| | |
|-----------|--|
| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | |
| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | |
| Signature | Date <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| | |

7. Terms and conditions of application

- By signing (or authorising an attorney or agent to sign) this Application Form:
 - the applicant acknowledges that this form was distributed with the Investment Statement; and
 - the applicant acknowledges that he/she/it has read and understood the statements made in the Investment Statement relating to the Privacy Act 1993 in the section of the Investment Statement entitled "Application Instructions".
- Applicants must pay for the Notes applied for by a personal cheque or, if the application is for Notes of an aggregate Principal Amount of \$500,000 or more, by direct credit, bank cheque or through the Austraclear system. Personal Cheques must be in New Zealand dollars and drawn on a New Zealand branch of a financial institution and submitted with the completed Application form. Cheques must be made payable to "New Zealand Post Group Finance Notes Offer", crossed "Not Transferable" and must not be post-dated. If an Applicant's cheque is dishonoured, the Issuer will cancel that applicant's allotment of Notes and may pursue any other remedies available to it at law.
- An application received by the Registrar cannot be withdrawn or revoked by the applicant.
- The Issuer reserves the right to decline any application, in whole or in part, without giving any reason. The Issuer may decide not to accept any applications whatsoever.
- Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within five Business Days of the Final Issue Date. Interest will not be paid on application money refunded to applicants.
- Holding statements for the Notes will be dispatched to successful applicants as soon as practicable after allotment, but in any event within five Business Days of the Final Issue Date.
- Applications must conform with the application instructions in the section of the Investment Statement entitled "Application Instructions".
- A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address.
- Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out below. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out below.
- Terms defined in the Investment Statement have the same meaning in this Application Form.
- This Application Form, the Offer and any contract arising out of its acceptance are governed by New Zealand law.

8. Certificate of non-revocation of power of attorney

Only complete this section if this Application Form is to be signed by an attorney of the applicant.

I, _____ (Name of attorney)

of _____ (Address and occupation of attorney)

hereby certify that:

- By a power of attorney dated

_____ (Name and occupation of person for whom attorney is signing)

of _____ (Address of person for whom attorney is signing)

(the "Donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

- I have executed this Application Form as attorney under that power of attorney and pursuant to the powers thereby conferred upon me.
- At the date of this certificate, I have not received any notice or information of the revocation of that power of attorney, whether by the death or dissolution of the Donor or otherwise.

Signature of attorney

Signed at _____ this _____ day of _____ 2009

9. Certificate of agent

Only complete this section if this Application Form is to be signed by an agent of the applicant.

I, _____ (Name of agent)

of _____ (Address and occupation of agent)

hereby certify that:

- By appointment of agent dated

_____ (Name and occupation of the Principal)

(the "Principal") appointed me his/her/its agent for the purposes of signing this Application Form.

- I have executed this Application Form as the Principal's agent in accordance with the authority granted to me by the Principal.
- At the date of this certificate, I have not received any notice or information of the revocation of my powers as agent or the authority granted to me by the Principal, whether by the death or dissolution of the Principal or otherwise.

Signature of agent

Signed at _____ this _____ day of _____ 2009

THIS APPLICATION FORM CONSTITUTES AN OFFER TO ACQUIRE THE NOTES DESCRIBED ABOVE AND IT FORMS PART OF THE INVESTMENT STATEMENT DATED 12 MARCH 2009



DIRECTORY

Issuer

New Zealand Post Group Finance Limited

Level 12, New Zealand Post House
7 Waterloo Quay
Wellington

Private Bag 39990
Wellington Mail Centre
Lower Hutt 5045

Arranger, Organising Participant and Joint Lead Manager

ABN AMRO Craigs Limited

ABN AMRO Craigs House
158 Cameron Road
PO Box 13 155
Tauranga 3141

Joint Lead Manager

First NZ Capital Securities Limited

Level 10, Fujitsu Tower
282-292 Lambton Quay
PO Box 3394
Wellington 6140

Co-Managers

ANZ, part of ANZ National Bank Limited

Level 7, 1 Victoria Street
PO Box 540
Wellington 6145

BNZ Capital, a division of Bank of New Zealand

Level 6, 125 Queen Street
PO Box 995
Auckland 1140

Forsyth Barr Limited

Level 21, Vodafone on the Quay
PO Box 5266
Wellington 6145

Registrar

Link Market Services Limited

Level 16, 19 Victoria Street
PO Box 91976
Auckland 1142

Trustee

Trustees Executors Limited

Level 5, 10 Customhouse Quay
PO Box 3222
Wellington 6140

Legal Advisers to the Issuer and New Zealand Post

Russell McVeagh

Vodafone on the Quay
157 Lambton Quay
PO Box 10214
Wellington 6011

Legal Advisers to the Trustee

Morrison Daly

45 Johnston Street
PO Box 10341
The Terrace
Wellington 6143

Auditor

The Auditor-General is the auditor of New Zealand Post and the New Zealand Post Group. The Auditor-General has appointed Karen Shires, with the assistance of PricewaterhouseCoopers, to carry out the audit of the financial statements of New Zealand Post attached to the Prospectus.

PricewaterhouseCoopers

119 The Terrace
PO Box 243
Wellington 6140

