



Market Announcement

20 October 2016

Redemption of Trustpower Bonds

Trustpower Limited (**Trustpower**) has the following four series (**Series**) of NZX Debt Market quoted bonds on issue (**TPW Bonds**):

Series	NZDX Code	Amount	Maturity	Coupon	Ranking
Series 1	TPW090	\$65m	15/12/16	8.00%	Senior
Series 2	TPW100	\$75m	15/12/17	7.10%	Senior
Series 3	TPW110	\$140m	15/09/19	6.75%	Subordinated
Series 4	TPW120	\$105m	15/12/21	5.63%	Senior

The terms of the TPW Bonds are set out in a master trust deed dated 30 October 2009 (as amended by a deed of amendment dated 25 July 2012) (**MTD**) between Trustpower as issuer and Trustees Executors Limited (**Trustee**) as trustee, and in separate "Series Supplements" for each Series of TPW Bonds dated 26 November 2009 (Series 1), 17 September 2010 (Series 2), 25 July 2012 (Series 3) and 17 November 2014 (Series 4) (together the **Bond Documents**).

In accordance with clause 8.1(c) of the Master Trust Deed and clause 3.6 of each Series Supplement, Trustpower is electing to redeem the TPW Bonds of each Series.

The redemption date for the TPW Bonds is 28 October 2016 (the **Redemption Date**).

Deloitte (the Independent Advisor selected by the Trustee in accordance with the terms of the MTD) has calculated the redemption price (excluding accrued interest and excluding any required withholdings or deductions) for each Series of TPW Bonds (as set out in the third column in the table below) and Trustpower has calculated the accrued interest and total redemption amount payable for each Series of TPW Bonds (excluding any required withholdings or deductions), as follows:

Series	NZDX Code	Redemption price per TPW Bond (excluding accrued interest)	Accrued Interest payable on the redemption date of 28 October 2016	Total redemption amount payable (before withholdings or deductions)
Series 1	TPW090	\$1.0071	0.0094	\$1.0165
Series 2	TPW100	\$1.0391	0.0084	\$1.0475
Series 3	TPW110	\$1.0771	0.0080	\$1.0851
Series 4	TPW120	\$1.0764	0.0066	\$1.0830

Exchange Offer and Priority Pool Offer

As mentioned in our NZX announcement dated 14 September 2016, holders of Series 1 Bonds may elect to participate in a priority pool for an offer of new bonds to be undertaken by Bay Energy Limited (**New Trustpower**). The terms of that offer are discussed in a product disclosure statement dated 14 September 2016 (**PDS**), which is available at www.trustpower.co.nz/bonds and also on the NZX website (www.nzx.com/markets/NZSX/securities/TPW/announcements) or by contacting a Joint Lead Manager (details below) or other financial adviser, and must be obtained by investors before they decide to acquire any bonds. As the priority pool is only available to holders of Series 1 Bonds, each participating Series 1 Bondholder will receive one new New Trustpower bond for each Series 1 Bond they hold, and there will be no scaling. The priority pool for that general offer closes at 5pm on 27 October 2016.

Holders of Series 2 Bonds, Series 3 Bonds and Series 4 Bonds may elect to exchange their TPW Bonds for new bonds to be issued by New Trustpower that have the same interest rate, maturity date and ranking as the TPW Bonds they currently hold. The details of that exchange offer for the Series 2 Bonds and Series 4 Bonds are set out in the PDS and there is another PDS for the subordinated bonds that New Trustpower will offer in exchange for the Series 3 Bonds. For investors that elect to exchange, their TPW Bonds will be cancelled and New Trustpower undertakes to issue a corresponding New Trustpower bond following the implementation of the demerger for each TPW Bond that is to be exchanged.

The subordinated bonds PDS is also available at www.trustpower.co.nz/bonds and on the NZX website (www.nzx.com/markets/NZSX/securities/TPW/announcements) or by contacting a Joint Lead Manager or other financial adviser, and must be obtained by investors before they decide to acquire any bonds. The exchange offer also closes at 5pm on 27 October 2016.

Should an investor have any questions regarding the offer of New Trustpower bonds please contact Computershare on (09) 488 8777 or by email at trustpower@computershare.co.nz, a Primary Market Participant, a Joint Lead Manager or a financial adviser.

Ends

For further information please contact:

Joint Lead Managers:

Deutsche Craigs Limited
0800 226 263

Bank of New Zealand
0800 284 017

Forsyth Barr Limited
0800 367 227