

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:

QUESTIONS	PAGE
1. What sort of investment is this?	10
2. Who is involved in providing it for me?	11
3. How much do I pay?	11
4. What are the charges?	12
5. What returns will I get?	12
6. What are my risks?	14
7. Can the investment be altered?	19
8. How do I cash in my investment?	20
9. Who do I contact with enquiries about my investment?	22
10. Is there anyone to whom I can complain if I have problems with the investment?	22
11. What other information can I obtain about this investment?	22

In addition to the information in this Investment Statement, 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 adviser¹ 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 relationship 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.

GENERAL INFORMATION

This Investment Statement is for an offer of unsecured, unsubordinated, fixed rate bonds (**Senior Bonds**) having an aggregate Principal Amount of up to \$100 million, with the right to accept oversubscriptions of up to \$50 million. The bonds are unsecured but referred to as Senior Bonds because they are not subordinated obligations of Vector. It does not mean that they

are secured or that they rank ahead of other unsubordinated obligations of Vector.

It is prepared as at, and dated, 1 May 2009.

Investors should note that other important information about the Senior Bonds and the Offer is available in the registered Prospectus and in the Trust Documents. Copies of the registered Prospectus may be obtained free of charge from:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna, North Shore City
or from

Vector Limited
Level 4, 101 Carlton Gore Road, Newmarket, Auckland
or by telephoning (09) 978 7788.

In addition, the Issuer, Vector Limited, publishes an annual report each year containing its independently audited financial statements and other performance and management information. This is available at Vector's website at www.vector.co.nz.

This Investment Statement is an important document and should be read carefully. If you are in any doubt as to how to deal with this Investment Statement please immediately contact an NZX Primary Market Participant or your sharebroker, solicitor, accountant or other financial adviser.

NZDX LISTING

Application has been made to NZX for permission to list the Senior Bonds 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 or the Prospectus.

OFFER IN NEW ZEALAND ONLY

This Investment Statement may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand. No action has been, or will be, taken by Vector which would permit an offer of the Senior Bonds, or possession or distribution of any offering material in connection with the Senior Bonds, in any other country or jurisdiction.

No person may purchase, offer, sell, distribute or deliver Senior Bonds, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Senior Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. By purchasing the Senior Bonds, each Bondholder is deemed to have indemnified Vector, the Joint Lead Managers and the Trustee for any loss suffered by any of them by reason of any breach of the above selling restrictions.

NON-RELIANCE

This Investment Statement does not constitute a recommendation by Vector, the Joint Lead Managers, the Trustee, or any of their respective directors, officers, employees or agents to subscribe for, or purchase, any of the Senior Bonds. Neither Vector, the Joint Lead 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 of Senior Bonds.

The Joint Lead Managers and Trustee have not independently verified the information contained in this Investment Statement. In accepting delivery of this Investment Statement, the recipient acknowledges that none of the Joint Lead Managers, the Trustee, nor their respective officers, employees, agents or advisers gives any warranty or representation of accuracy or reliability and they take no responsibility for it. None of them has 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 section or within the relevant section of this Investment Statement in which the term is used.

All references to \$ are to New Zealand dollars unless specified otherwise. All references to time in this Investment Statement are to the time in New Zealand.

¹ An investment adviser is defined in the Securities Act 1988 to mean (in summary) a person who gives investment advice (being recommendations, opinions or guidance in relation to acquiring or disposing of securities) to members of the public.

CONTENTS

Summary of Main Terms of the Offer	2
Description of the Vector Group	4
Summary Financial Information	8
Answers to Important Questions	10
Glossary	24
Application Instructions	27
Directory	33

Key Offer Dates

OPENING DATE*

4 May 2009

CLOSING DATE*

5.00pm 27 May 2009

EXPECTED INTEREST RATE SET DATE

27 May 2009

EXPECTED DATE OF INITIAL QUOTATION AND TRADING ON THE NZDX

29 May 2009

INTEREST PAYMENT DATES

15 April and 15 October in
each year until the Senior
Bonds are redeemed

FIRST INTEREST PAYMENT DATE (PAYABLE TO ORIGINAL SUBSCRIBER)

15 October 2009

MATURITY DATE

15 October 2014

* Vector reserves the right to vary the Opening Date
or Closing Date at its sole discretion.

SUMMARY OF 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 (in particular the section entitled "Answers to Important Questions" on pages 10 to 23).

Issuer

The issuer of the Senior Bonds is Vector Limited. Vector Limited is the only person legally liable to pay interest on the Principal Amount of the Senior Bonds (or any other amount payable in respect of the Senior Bonds).

Vector Limited is an energy infrastructure owner and manager. Vector Limited owns and operates the greater Auckland region's electricity network and, through wholly-owned subsidiaries, owns and operates gas transmission and distribution networks servicing towns and cities throughout the North Island. The Vector Group also holds long term entitlements to gas from New Zealand's major fields and provides energy metering services as well as owning or investing in a range of other technology businesses.

References to the Vector Group include Vector and its wholly-owned subsidiaries and other investments. Similarly, publications and announcements made by Vector, including those made to NZX pursuant to Vector's continuous disclosure obligations, will typically relate to the Vector Group.

For a more detailed outline of the Vector Group's activities – see 'Description of the Vector Group' on pages 4 to 7.

Instrument Description

The Senior Bonds are direct, unsecured, unsubordinated, fixed rate debt obligations of Vector ranking pari passu and without preference among themselves and pari passu with all other outstanding unsecured and unsubordinated obligations of Vector.

The Senior Bonds are unsecured but referred to as "senior" because Bondholders will rank ahead of subordinated creditors and shareholders of Vector in the event of a liquidation of Vector.

Joint Lead Manager, Arranger and Organising Participant

Goldman Sachs JBWere (NZ) Limited.

Joint Lead Managers

ABN AMRO Craigs Limited
ANZ, part of ANZ National Bank Limited
Forsyth Barr Limited

Registrar

Computershare Investor Services Limited.

Aggregate Principal Amount

Up to \$100,000,000 with the ability to accept oversubscriptions of up to \$50,000,000.

Credit Rating

BBB+ (Standard & Poor's).

A credit rating is not a recommendation to invest in the Senior Bonds and may be subject to revision, suspension or withdrawal at any time. Further information about the rating is available at www.standardandpoors.com.

Currency

New Zealand Dollars.

Issue Price

Par value of \$1.00 per Senior Bond, being the Principal Amount of each Senior Bond.

Minimum Application Amount

The minimum application amount in respect of the Senior Bonds is \$5,000 and multiples of \$1,000 thereafter.

Offer Period

The Offer will be open from the Opening Date (currently 4 May 2009) until 5pm on the Closing Date (currently 27 May 2009) or such earlier date that Vector may determine.

Who May Apply

The Senior Bonds are offered to New Zealand resident investors. As Senior Bonds will be allotted throughout the Offer Period, they will be allotted to applicants on a first come, first served basis.

All of the Senior Bonds may be reserved for subscription by clients of the Joint Lead Managers, institutional investors, NZX Primary Market Participants and other approved financial intermediaries (**Firm Allocations**). The aggregate number of Senior Bonds so reserved will be determined by Goldman Sachs JBWere (NZ) Limited as Joint Lead Manager, Arranger and Organising Participant in consultation with Vector, on or before the Opening Date. Senior Bonds will be allotted throughout the Offer Period.

Any application moneys received in respect of an application which is not accepted by Vector, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as reasonably practicable after Vector decides not to accept the application and, in any event, within 28 calendar days of the receipt of the application.

Instructions on how to apply for the Senior Bonds are contained on pages 11 under the heading "How much do I pay?"

Interest Rate

The Senior Bonds shall pay interest at the Interest Rate announced by Vector on the Interest Rate Set Date (or such earlier date as may be selected by Vector). The Interest Rate can be no lower than the Minimum Initial Interest Rate of 7.50% per annum.

The Senior Bonds will bear interest at the rate set on the Interest Rate Set Date as the higher of:

- the Minimum Initial Interest Rate; and
- the aggregate of the Five Year Swap Rate on the Interest Rate Set Date and the Interest Rate Margin of [YYY%] per annum,

or such higher rate as Vector may determine and advise to the market during the Offer.

Payment of Interest

Interest will be payable semi-annually in arrears in two equal instalments on 15 April and 15 October of each year, commencing on 15 October 2009 (each an **Interest Payment Date**). If interest falls due on a day other than a Business Day it will be payable on the next Business Day.

Interest payable on the First Interest Payment Date will accrue from the date on which a Bondholder's subscription moneys for the Senior Bonds have been received and processed until, but excluding, the First Interest Payment Date.

Interest payable on the First Interest Payment Date will be paid to the first registered holder of the Senior Bonds (regardless of any transfer of the Senior Bonds prior to the First Interest Payment Date).

A more detailed description of how the Interest Rate is determined is set out under the heading "*What returns will I get?*" in the section entitled 'Answers to Important Questions' on page 12.

Trustee

The Trustee for Bondholders is The New Zealand Guardian Trust Company Limited. The Trustee does not guarantee repayment of the Senior Bonds or the payment of interest on the Senior Bonds.

Use of Proceeds

The net proceeds from the sale of Senior Bonds will be used for general corporate purposes of Vector.

New Zealand Taxation

A description of the applicable New Zealand taxes is set out under the subheading "*What returns will I get?*" in the section entitled 'Answers to Important Questions' on pages 10 to 23.

Form of Senior Bonds

The Senior Bonds will be entered onto the Register maintained by the Registrar. No certificates of title in respect of the Senior Bonds will be issued to Bondholders. Title to the Senior Bonds passes by transfer and registration. Vector 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 Senior Bonds when they are redeemed.

Quotation on NZDX

Application has been made to NZX for permission to list the Senior Bonds on the NZDX 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 made in this Investment Statement.

It is intended that quotation of the Senior Bonds on the NZDX Market commence within a reasonable time, and in any event not later than 10 Business Days after the Closing Date (or such earlier date that Vector may determine).

NZX Waivers

NZX has granted waivers from NZDX Listing Rule 11.1.1, to enable Vector to decline to accept or register a transfer of

Senior Bonds:

- which have an aggregate Principal Amount of less than \$1,000 or a multiple thereof; or
- where the transfer would result in the transferor or the transferee holding Senior Bonds of an aggregate Principal Amount of less than \$5,000.

The conditions of the waivers include that Vector only allots Senior Bonds in minimum amounts of \$5,000 and multiples thereafter of \$1,000.

Maturity Date

The Maturity Date is 15 October 2014.

At maturity, the Issuer may elect to either:

- have the Senior Bonds redeemed for cash; or
- offer new terms for the roll over of the Senior Bonds.

Bondholders can elect to accept these new terms for some or all of their Senior Bonds. If no valid election is received by the Issuer, then the Bondholder will be deemed to have elected to redeem all of their holding of Senior Bonds for cash at maturity.

Notwithstanding a Bondholder's election, the Issuer retains the ability to redeem at maturity all of the Bondholder's Senior Bonds for cash.

Early Redemption

The Trust Documents allow Vector, at any time on or after 15 April 2011, to require redemption of all or part of the Senior Bonds on issue at the greater of a premium to the Issue Price and (if the Senior Bonds have been traded on NZDX for at least 5 of the 10 Business Days prior to the redemption date) the weighted average market price of the Senior Bonds on NZDX. If Vector wishes to redeem part only of the Senior Bonds on issue, it must do so on a pro rata basis.

In addition, in the case of a Tax Event, Vector may elect to redeem all of the Senior Bonds, without payment of a premium. Vector determines whether a Tax Event has occurred and is not obliged to seek an independent legal or tax opinion before determining that a Tax Event has occurred.

Further information about early redemption is set out under the heading "*Can the investment be altered?*" in the section entitled 'Answers to Important Questions' on page 19.

No Guarantee

For the purposes of the Securities Regulations 1983, Vector Limited is the "issuer" and, at the date of this Investment Statement, the "borrowing group" and is the sole obligor in respect of the Senior Bonds. No other party, including the Trustee, the Joint Lead Managers, or any of Vector Limited's subsidiaries guarantees Vector's obligations under the Senior Bonds.

No Underwriting

The Offer is not underwritten.

Governing Law

New Zealand.

DESCRIPTION OF THE VECTOR GROUP

The business overview set out in this section is a summary of the Group, comprising Vector Limited and its subsidiaries. References to “the Vector Group” include all subsidiaries of Vector Limited as at the date of this Investment Statement.

However, investors should be aware that the “borrowing group” as at the date of this Investment Statement for the purposes of the Securities Regulations is limited to Vector Limited itself as the only person legally liable to pay interest on and the Principal Amount of the Senior Bonds (or any other amount payable in respect of Senior Bonds).

This section should be read in conjunction with the other information contained in this Investment Statement.

Vector Limited

Vector is an infrastructure owner and manager. In particular, Vector owns and operates:

- the greater Auckland region’s electricity network;
- the Auckland region gas pipeline business; and
- the shared services that provide operational support to the wider members of the Vector Group.

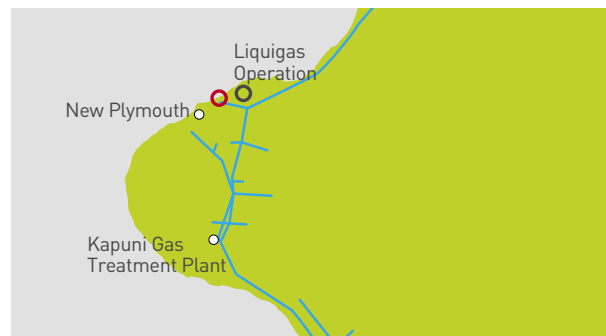
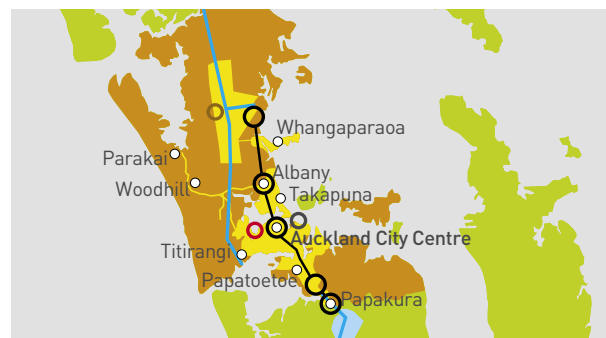
In addition, Vector owns or has investments in a number of subsidiaries, investments and joint ventures which comprise the members of the Vector Group and which, in turn:

- own and operate gas transmission and distribution networks servicing towns and cities throughout the North Island;
- hold long term entitlements to gas from New Zealand’s major fields as well as contractual commitments obtained through gas trading activities;
- provide energy metering services; and
- own or invest in a fibre-optic telecommunications network and a range of other investments.

KEY

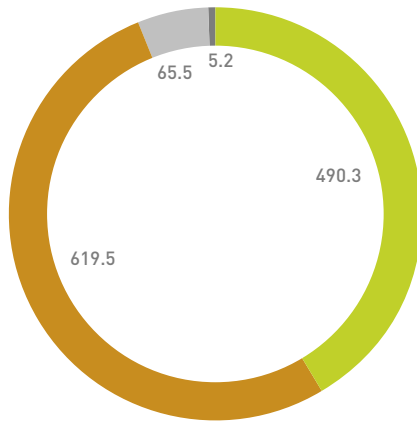
- Electricity networks
- Gas networks (indicative only)
- Electricity and gas networks (gas areas indicative only)
- Gas transmission pipelines
- OnGas LPG distribution centres
- Liquigas LPG depots
- Reticulated LPG networks (subdivision networks in these centres)
- Fibre-optic communications networks (indicative only)

COVERAGE AREA



VECTOR GROUP OPERATING REVENUE \$ MILLION

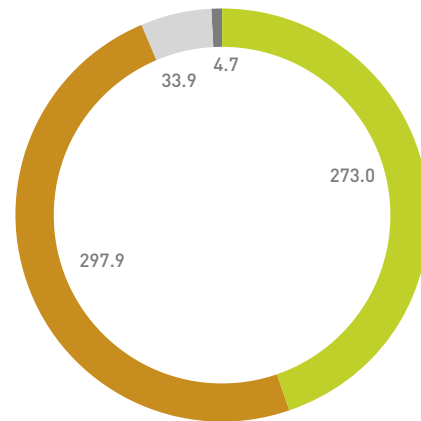
YEAR ENDED JUNE 2008 (EXCLUDING WELLINGTON ELECTRICITY NETWORK)



- ELECTRICITY
- GAS
- TECHNOLOGY
- OTHER

VECTOR GROUP OPERATING REVENUE \$ MILLION

HALF YEAR ENDED DEC 2008 (EXCLUDING WELLINGTON ELECTRICITY NETWORK)



- ELECTRICITY
- GAS
- TECHNOLOGY
- OTHER

Source: 2008 Annual Report, 2009 Interim Report

Overview of the Vector Group

Vector is a multi-network infrastructure company which owns and operates a range of energy and technology businesses and assets. The Group, with approximately 650 employees, operates in the country's largest metropolitan area, Auckland, as well as many high-growth centres across New Zealand. The Group supplies energy and services to many of New Zealand's largest industrial and commercial businesses.

Vector listed on the New Zealand Stock Exchange in 2005 when the Auckland Energy Consumer Trust (AECT) sold 24.9% of Vector through an initial public offering. Prior to the initial public offering, the AECT owned 100% of Vector. Following a recent buy back of shares by Vector, the AECT's current shareholding is 75.1% of the shares on issue.

Key Aspects of the Vector Group Portfolio

- Electricity networks servicing over 520,000 customers in the greater Auckland area. Vector has approximately a 26% share² of New Zealand's electricity distribution industry, with almost 90% of its electricity customers located in high density urban areas.
- Owns and operates a 2,286 km gas transmission network and operates the 313 km onshore Maui pipeline.
- Natural gas distribution networks servicing more than 148,000 customers in over 30 towns and cities in the North Island.
- Gas treatment plant in Taranaki.
- Liquefied petroleum gas (LPG) supply to approximately 23,000 customers throughout New Zealand.

- Electricity and gas metering services to approximately 817,000 homes and businesses throughout New Zealand.
- The provision of metering data services to more than 15,000 customers in New Zealand and Australia.
- Fibre-optic telecommunications networks in Auckland and Wellington, delivering high-speed broadband services, using primarily a wholesale business model.
- Utilitech, a multi-utility training business.
- 60.25% ownership in Liquigas Limited, a bulk LPG importer and wholesaler.
- 50% ownership in Advanced Metering Services, a joint venture with Siemens (N.Z.) Limited, providing energy metering services.
- 70% ownership in Stream Information, a metering services partnership providing advance metering services to commercial and industrial customers.
- 50% ownership of Kapuni Energy Joint Venture, a joint venture with Bay of Plenty Energy Limited, that owns and operates a 25MW co-generation plant at Kapuni, South Taranaki.
- 50% share in Treescap, one of the largest specialist tree and vegetation management companies in Australasia.
- 19.99% shareholding in NZ Windfarms Limited, a listed power generation company that sells sustainably generated electricity from wind turbines.

² Calculated on the basis of data published by the Electricity Commission.

Operational Overview

Electricity Operations

Vector is one of the largest distributors of electricity in New Zealand, servicing approximately 26% of the country's electricity connections, through the operation of the greater Auckland region's electricity network. Approximately 520,000 customers were connected to Vector's network in the greater Auckland region as at 31 December 2008. Approximately 51% of Vector's 17,000 plus km network in the Auckland region is underground.

During the six months ended 31 December 2008, Vector distributed 4,225 gigawatt hours (**GWh**) of electricity to customers on its Auckland region network compared to 4,267 GWh in the same period in 2007. During the year ended 30 June 2008, Vector distributed 8,268 GWh of electricity.

Gas Operations

The Vector Group has significant entitlements to natural gas reserves from three of New Zealand's largest fields, as well as contractual commitments obtained through gas trading activities, and is involved in natural gas transportation, processing, wholesaling and metering, as well as LPG wholesaling and retailing throughout New Zealand. The Vector Group uses its OnGas brand to promote the use and benefits of both natural gas and LPG throughout New Zealand.

The Vector Group owns and operates approximately 2,286 km of high pressure gas transmission pipelines and associated equipment in the North Island. In addition to Vector's own transmission pipelines, the Vector Group operates the 313 km onshore Maui pipeline and manages easements totalling approximately 900 km for petroleum product pipelines owned by other companies. In the six months ended 31 December 2008, the Vector Group transported 47.1 petajoules (**PJ**) of gas through its transmission system.

The Vector Group's natural gas distribution business is New Zealand's largest. It owns and operates more than 10,000 km of intermediate, medium and low pressure gas distribution networks located in over 30 towns and cities in the North Island. In the six months ended 31 December 2008, gas transported on the Vector Group's distribution networks amounted to 11.5 PJ. The number of customers connected to the Vector Group's network as at 31 December 2008 was 148,566.

The Vector Group holds long term entitlements to natural gas from New Zealand's major fields, and sells gas to electricity generators, gas retailers, petrochemical plants and industrial and commercial customers throughout the North Island. In the six months ended 31 December 2008, natural gas sales totalled 16.8 PJ.

The Vector Group produces gas liquids at its Kapuni Gas Treatment Plant. Those products (natural gasoline, LPG and CO₂) are sold to wholesalers at the plant gate and industrial, commercial and residential customers through the Group's subsidiary OnGas. Liquigas operates a wholesaling and tolling activity through storage and handling depots in New Plymouth, Auckland, Christchurch and Dunedin. In the six months ended 31 December 2008, gas liquid sales totalled 113,147 tonnes (includes Liquigas).

Technology Operations

The Vector Group owns and manages a range of technology businesses which complement and leverage off its energy assets. These include a fibre-optic telecommunications network and metering and energy management enterprises. The businesses include Vector Communications Limited and in the metering sector, NGC Metering Limited and Stream Information (70% owned by the Vector Group). In addition, Vector has a 19.99% shareholding in wind farm owner and developer, NZ Windfarms Limited.

Vector Communications' high speed fibre-optic networks are used in the control and monitoring of the Vector Group's electricity networks, and are an integral element in the next generation of network management. The Vector Group's network is also used to deliver high speed broadband services to business customers in the Auckland and Wellington regions. Vector Communications is currently building an extension to its Auckland fibre-optic networks as part of a commercial agreement with Vodafone, entered into in 2008.

Vector has had discussions with the Government outlining the way in which it could help achieve many of the goals identified in the Government's broadband initiative, by delivering open access, quality fibre broadband service. Vector believes that it is well placed to deliver this infrastructure if the arrangements with the Government meet Vector's investment criteria.

The Vector Group provides electricity meters for approximately 731,000 customers in the mass electricity market and approximately 11,000 complex time-of-use meters used for half-hourly data collection and management by commercial and industrial customers. The Vector Group also provides metering services to approximately 74,800 gas customers and data management services to a number of energy retailers, involving more than 15,000 electricity customers, in New Zealand and Australia.

In December 2007, Vector's subsidiary, NGC Metering Limited, and Siemens (N.Z.) Limited formed a 50:50 joint venture (**Advanced Metering Services**) to deliver advanced metering technology and operational services to customers throughout New Zealand.

Service Operations

Service operations include the Utilitech and TreescapE businesses. Utilitech offers comprehensive NZQA-accredited courses in the practical skills needed to maintain electricity and gas networks in addition to the skills required by other utilities. Courses are open to trainees from all utility companies and are held at Utilitech training centres in Auckland and Hamilton, or on site at workplaces around the country.

Vector owns a 50% shareholding in TreescapE, one of Australasia's largest specialist tree and vegetation management companies, with divisions throughout New Zealand and South-East Queensland. Customers include councils, utilities, government agencies, construction companies and developers.

Financial Overview

Annual result for year ended 30 June 2008 (these figures are for continuing operations and exclude the Wellington electricity network)

Total revenue for the Group, for the year ended 30 June 2008, was \$1,182 million, compared to \$1,146 million in the previous year. Earnings before interest and income tax were \$408 million compared to \$372 million in the previous year. Earnings before interest and income tax increased for electricity (18.7%) and gas transportation divisions (6.8%), but fell for gas wholesale (-0.9%) and technology divisions (-33.7%). Capital expenditure for the year was \$204 million compared to \$230 million in 2007. Total assets for the Group as at 30 June 2008 were \$5,344 million.

Interim results for half year ended 31 December 2008 (these figures are for continuing operations and exclude the Wellington electricity network)

For the six months ended 31 December 2008, total revenue for the Group was \$610 million, compared to \$611 million in the previous half year to 31 December 2007. Earnings before interest and income tax were \$243 million compared to \$213 million in the previous half year. Earnings before interest and income tax increased for electricity (9.9%), gas transportation (0.8%) and gas wholesale divisions (22.7%) but fell for the technology division (-6.9%). Capital expenditure for the six month period was \$99 million compared to \$92 million in 2007. Total assets as at 31 December 2008 were \$5,652 million.

On 24 July 2008, the Vector Group successfully concluded the sale of the Wellington electricity network to Cheung Kong Infrastructure Holdings Limited (CKI). The network was sold for \$785 million which represents a profit on sale of \$203 million.

Vector announced an on-market buy back of its ordinary shares on 27 August 2008. The maximum number of shares to be acquired is 25 million and purchases have occurred from 1 September 2008 and will continue until 27 August 2009. As at 31 December 2008, 3,875,884 shares had been purchased for a total consideration of approximately \$8 million.

SUMMARY FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION FOR VECTOR LIMITED¹

	NZ IFRS 6 MONTHS 31 Dec 2008 \$000	NZ IFRS 12 MONTHS 30 Jun 2008 \$000	NZ IFRS 12 MONTHS 30 Jun 2007 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2007 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2006 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2005 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2004 \$000
Total revenue	322,317	674,289	657,888	657,888	741,021	618,387	565,377
EBITDA ²	186,372	342,081	331,048	331,048	472,087	364,001	336,285
Depreciation and amortisation	(42,070)	(95,042)	(95,087)	(133,751)	(113,133)	(108,063)	(108,599)
EBIT ³	144,302	247,039	235,961	197,297	358,954	255,938	227,686
Net finance costs	(103,576)	(249,403)	(203,584)	(204,951)	(193,117)	(172,737)	(140,043)
Impairment of investment in associate	(6,519)	-	-	-	-	-	-
Net surplus/(deficit) before income tax	34,207	(2,364)	32,377	(7,654)	165,837	83,201	87,643
Income tax (expense)/benefit	(8,836)	13,682	56,540	14,394	(35,945)	(40,488)	(31,763)
Net surplus after tax	25,371	11,318	88,917	6,740	129,892	42,713	55,880
Total assets	5,385,807	5,581,945	5,594,986	5,507,154	5,552,741	4,002,393	3,069,549
Total liabilities	3,887,866	3,902,402	3,726,348	3,627,688	3,555,018	3,075,264	2,128,722
Total equity	1,497,941	1,679,543	1,868,638	1,879,466	1,997,723	927,129	940,827
Dividends paid to shareholders	(67,500)	(130,000)	(125,000)	(125,000)	(113,600)	(49,100)	(32,200)
Dividends paid – cents per share	6.75	13.00	12.50	12.50	11.36	6.54	10.73

¹ Includes the Wellington electricity network operation up until its sale to Vector Wellington Electricity Networks Limited in May 2008.

² Earnings before interest, income tax, depreciation and amortisation.

³ Earnings before interest and income tax.

Summary Financial Information

As noted in the introduction to the section entitled 'Description of the Vector Group', Vector Limited is the issuer of the Senior Bonds and the "borrowing group" as at the date of this Investment Statement for the purposes of the Securities Regulations is limited to Vector Limited itself. **The summary financial information in this section relating to the Vector Group (comprising Vector Limited and its subsidiaries) is included for information purposes only.**

The information presented above for the five accounting periods ended 30 June 2008 has been extracted from the audited financial statements of Vector Limited for the periods ended 30 June 2004 to 30 June 2008. The auditor's reports on these financial statements were unqualified. The information presented above for the period ended 31 December 2008 is unaudited. The explanations of trends in the summary financial information are set out in the Prospectus along with impacts of the adoption of NZ IFRS. A brief summary of the explanations of the trends over the periods is provided below.

- Dividend income of \$110.7 million was received by Vector Limited in the 2006 period from its 100% owned subsidiary, NGC Holdings Limited.
- In May 2008, Vector Limited transferred \$628.6 million of assets and \$68.7 million of liabilities attributable to its Wellington electricity network to a 100% indirectly owned subsidiary, Vector Wellington Electricity Networks Limited.

- Vector Limited acquired a controlling 67.21% interest in NGC Holdings Limited in the 2005 period. This was funded by raising two bank loan facilities and the issue of pre-IPO equity securities. In the 2006 period Vector Limited acquired a 100% interest in NGC Holdings Limited. Additional financing costs were incurred in 2005 and 2006 due to the funding of the acquisition.
- An impairment loss of \$6.5 million was recognised in respect of Vector Limited's investment in its associate company, NZ Windfarms Limited in the 31 December 2008 period.
- In May 2007, Vector Limited restated its deferred tax liability, reflecting the change in the corporate tax rate to 30% by the Government effective from the 2008/2009 income year. This also impacted the income tax expense.
- Vector Limited's electricity and Auckland gas distribution assets were revalued to fair value as at 31 March 2006.
- In August 2005, 249.0 million additional ordinary shares were issued pursuant to Vector Limited's initial public offer.

SUMMARY FINANCIAL INFORMATION FOR THE VECTOR GROUP¹

	NZ IFRS 6 MONTHS 31 Dec 2008 \$000	NZ IFRS 12 MONTHS 30 Jun 2008 \$000	NZ IFRS 12 MONTHS 30 Jun 2007 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2007 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2006 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2005 \$000	PREVIOUS NZ GAAP 12 MONTHS 30 Jun 2004 \$000
Total revenue	619,819	1,329,267	1,307,141	1,352,923	1,132,990	870,955	572,205
EBITDA ²	319,874	640,011	605,268	609,979	578,644	466,134	341,051
Depreciation and amortisation	(70,192)	(154,902)	(146,625)	(241,007)	(215,890)	(158,898)	(111,749)
EBIT ³	249,682	485,109	458,643	368,972	362,754	307,236	229,302
Net finance costs	(104,067)	(254,709)	(230,776)	(230,348)	(228,521)	(193,432)	(141,033)
Share of net surplus							
from associates	318	1,114	656	-	-	-	-
Impairment of investment							
in associate	(6,519)	-	-	-	-	-	-
Net surplus before income tax	139,414	231,514	228,523	138,624	134,233	113,804	88,269
Income tax (expense)/benefit	(40,700)	(59,180)	8,985	(32,721)	(81,345)	(58,984)	(30,907)
Net surplus after tax	98,714	172,334	237,508	105,903	52,888	54,820	57,362
Gain on sale of Wellington electricity network (net of tax)	202,902	-	-	-	-	-	-
Operating surplus	301,616	172,334	237,508	105,903	52,888	54,820	57,362
Operating surplus attributable to minority interests	(5,247)	(7,907)	(4,203)	(4,203)	(7,820)	(14,050)	473
Operating surplus attributable to the shareholders of Vector Limited	296,369	164,427	233,305	101,700	45,068	40,770	57,835
Total assets	5,651,775	5,979,363	5,867,449	5,728,860	5,718,588	4,851,504	3,070,516
Total liabilities	3,660,179	4,078,039	3,931,318	3,825,819	3,792,674	3,805,932	2,125,305
Total equity	1,991,596	1,901,324	1,936,131	1,903,041	1,925,914	1,045,572	945,211
Dividends paid to shareholders	(67,500)	(130,000)	(125,000)	(125,000)	(113,600)	(49,100)	(32,200)
Dividends paid – cents per share	6.75	13.00	12.50	12.50	11.36	6.54	10.73

¹ Includes the Wellington electricity network operation up until its sale to Cheung Kong Infrastructure Holdings Limited in July 2008.

² Earnings before interest, income tax, depreciation and amortisation.

³ Earnings before interest and income tax.

The information presented above for the five accounting periods ended 30 June 2008 has been extracted from the audited financial statements of the Vector Group for the periods ended 30 June 2004 to 30 June 2008. The auditor's reports on these financial statements were unqualified. The information presented above for the period ended 31 December 2008 is unaudited. The explanations of trends in the summary financial information are set out in the Prospectus along with impacts of the adoption of NZ IFRS. A brief summary of the explanations of the trends over the periods is provided below.

- Operating revenue increased due to one-off contracts during the year ended 30 June 2007.
- On 24 July 2008 the Vector Group sold its Wellington electricity network to Cheung Kong Infrastructure Holdings Limited for \$785 million and a gain of \$202.9 million on the sale was recorded in the income statement for the period ended 31 December 2008.
- Vector Limited acquired a controlling 67.21% interest in NGC Holdings Limited in the 2005 period. This was funded by raising two bank loan facilities and the issue of pre-IPO equity securities. In the 2006 period Vector Limited acquired a 100% interest in NGC Holdings Limited. The acquisition increased the operating earnings as well as the financing costs.
- An impairment loss of \$6.5 million was recognised in respect of the investment in the associate company, NZ Windfarms Limited in the 31 December 2008 period.
- In May 2007, the Vector Group restated its deferred tax liability, reflecting the change in the corporate tax rate to 30% by the Government effective from the 2008/2009 income year. This also impacted the income tax expense.
- The Vector Group's electricity and Auckland gas distribution assets were revalued to fair value as at 31 March 2006.
- In August 2005, 249.0 million additional ordinary shares were issued pursuant to Vector Limited's initial public offer.

ANSWERS TO IMPORTANT QUESTIONS

What sort of investment is this?

The Senior Bonds

The Senior Bonds offered under this Investment Statement are debt securities and constitute direct, unsecured, unsubordinated, fixed rate debt obligations of Vector and will rank equally with all other unsecured and unsubordinated indebtedness of Vector, except indebtedness preferred by law.

The terms and conditions applicable to the Senior Bonds are contained in the Trust Documents.

Trustee

The Senior Bonds are issued pursuant to the Trust Documents. The Trustee holds on trust for the benefit of Bondholders the right to enforce Vector's obligations under the Senior Bonds.

The Trustee does not guarantee the payment of interest or principal of the Senior Bonds.

Interest

The Senior Bonds bear interest at a fixed rate (being the Interest Rate applicable to that Senior Bond). Interest is scheduled to be paid on the Senior Bonds semi-annually in arrears on each Interest Payment Date (being 15 April and 15 October of each year until and including the Maturity Date). The First Interest Payment Date for the Senior Bonds is 15 October 2009.

Interest payable on the First Interest Payment Date will accrue from the date of allotment (being the date on which a Bondholder's subscription moneys for the Senior Bonds have been received and processed) until the First Interest Payment Date, on which date interest will be paid to the original subscribers. Interest payable on each succeeding Interest Payment Date will accrue from the preceding Interest Payment Date until that Interest Payment Date.

A more detailed description of the Interest Rate which will apply to the Senior Bonds and how the Interest Rate is determined is set out under the heading "What returns will I get?" on page 12.

Redemption

The Principal Amount of the Senior Bonds will be repaid by the Issuer on the Maturity Date (15 October 2014).

At maturity, the Issuer may elect to either:

- have the Senior Bonds redeemed for cash; or
- offer new terms for the roll over of the Senior Bonds.

Bondholders can elect to accept these new terms for some or all of their Senior Bonds. If no valid election is received by the Issuer, then the Bondholder will be deemed to have elected to redeem all of their holding of Senior Bonds for cash at maturity.

Notwithstanding a Bondholder's election, the Issuer retains the ability to redeem at maturity all of the Bondholder's Senior Bonds for cash.

Bondholders have no right to require redemption of the Senior Bonds, except in the case of an Event of Default. This means that Bondholders have no ability to cash in their investment, except following an Event of Default or by selling their Senior Bonds in the secondary market (if one develops).

Early Redemption

The Supplemental Trust Deed allows the Issuer, at any time on or after 15 April 2011, to require redemption of all or part of the Senior Bonds on issue at the greater of a premium to the Issue Price and the weighted average market price of the Senior Bonds on NZDX. The redemption price payable for such early redemption will be the greater of:

- (a) the aggregate of the Principal Amount of the relevant Senior Bonds on the date of redemption together with any accrued interest and unpaid interest on the Senior Bonds redeemed and:
 - where the relevant Senior Bond is redeemed between 15 April 2011 and 15 April 2012 (each inclusive), 3% of the Principal Amount of the Senior Bond on the date of redemption;
 - where the relevant Senior Bond is redeemed between 16 April 2012 and 15 April 2013 (each inclusive), 2% of the Principal Amount of the Senior Bond on the date of redemption; and
 - where the relevant Senior Bond is redeemed after (but excluding) 15 April 2013 but prior to (and excluding) the Maturity Date, 1% of the Principal Amount of the Senior Bond on the date of redemption; and
- (b) the average price, weighted by volume, of all trades of the Senior Bonds through NZDX on the 10 Business Days prior to the date of redemption or, if the Senior Bonds have not been traded on NZDX on each of the 10 Business Days prior to the date of redemption, each Business Day on which the Senior Bonds have been traded on NZDX during the 10 Business Days prior to the date of redemption provided that the Senior Bonds have been traded on NZDX on at least 5 of the 10 Business Days prior to the date of redemption, provided further that, if the Senior Bonds have not been traded on NZDX on at least 5 of the 10 Business Days prior to the date of redemption, there will be deemed to be no market price for the Senior Bonds (in which case (a) above shall apply).

If Vector wishes to redeem part only of the Senior Bonds on issue, it must do so on a pro rata basis.

In the case of a Tax Event, the Issuer may elect to redeem all of the Senior Bonds, without payment of a premium. The Issuer determines whether a Tax Event has occurred and is not obliged to seek an independent legal or tax opinion before determining that a Tax Event has occurred. Following the occurrence of a Tax Event the Issuer has the option to redeem all of the Senior Bonds for their Principal Amount plus accrued interest. The Issuer is not obliged to pay any early repayment premium if the Issuer elects to redeem the Senior Bonds due to the occurrence of a Tax Event, regardless of when redemption occurs. Bondholders do not have the option to redeem their Senior Bonds following the occurrence of a Tax Event.

NZDX Listing

Application has been made to NZX for permission to list the Senior Bonds and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement. Vector intends that quotation of the Senior Bonds on the NZDX Market will occur within a reasonable time, and in any event not later than 10 Business Days after the Closing Date (or such earlier date that Vector may determine).

Other Terms of the Offer

All of the terms of the Offer and the Senior Bonds, except those rights and obligations which are implied by law, are set out in this Investment Statement, the Prospectus and the Trust Documents which are available for inspection at Vector's registered office at Level 4, 101 Carlton Gore Road, Newmarket, Auckland, free of charge, or on payment of the applicable fee (if any) on the Companies Office website (www.companies.govt.nz).

Who is involved in providing it for me?

Issuer

The Issuer of the Senior Bonds is Vector Limited (**Vector**) which has its registered office at Level 4, 101 Carlton Gore Road, Newmarket, Auckland.

Trustee

The Trustee of the Senior Bonds is The New Zealand Guardian Trust Company Limited. The Trustee may be contacted at Level 7, Vero Centre, 48 Shortland Street, Auckland.

Registrar

The Registrar of the Senior Bonds is Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City.

Principal Activities of the Issuer

Vector was incorporated on 24 October 1990 and is an energy infrastructure owner and manager. Vector owns and operates the greater Auckland region's electricity network, the Auckland region gas pipeline business and

the shared services that provide operational support to members of the Vector Group.

Further information in respect of the business activities of Vector and the Vector Group is set out in the section of this Investment Statement entitled "Description of the Vector Group" on pages 4 to 7.

How much do I pay?

Issue price and minimum investment

The Issue Price of each Senior Bond is \$1.00 being the Principal Amount of each Senior Bond.

Applications to subscribe for Senior Bonds must be for Senior Bonds with an aggregate Principal Amount of \$5,000 and thereafter in multiples of \$1,000. Payment of the total application amount in full must accompany the application. An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Payments

Applicants must pay for the Senior Bonds applied for by a personal cheque or, if the application is for Senior Bonds of an aggregate Principal Amount of \$500,000 or more, by bank cheque or other method acceptable to the Joint Lead Managers. 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 "Vector Limited Senior Bonds Offer" and crossed "Not Transferable" and must not be post-dated.

Applicants who are members of the Austraclear System, or who are able to have payments made on their behalf through the Austraclear System, may settle their applications for Senior Bonds through the Austraclear System.

Where to send your Application

Applicants accepting a Firm Allocation from an NZX Primary Market Participant or approved financial intermediary must return the relevant Application Form to the offices of the NZX Primary Market Participant or 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.

Completed Application Forms, together with a cheque for payment, should be sent or delivered to:

Computershare Investor Services Limited

Postal address:

Private Bag 92119
Auckland 1142

Physical address:

Level 2
159 Hurstmere Road
Takapuna
North Shore City

Alternatively, completed Application Forms, together with a cheque for payment, may be lodged with any of the Joint Lead Managers (at the addresses set out in the directory), any NZX Primary Market Participant or any other channel approved by NZX, but must be delivered 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.

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

Applications

Vector reserves the right to refuse all or any part of any application without giving a reason.

Any application money received in respect of an application which is not accepted by Vector, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as reasonably practicable after Vector decides not to accept the application and, in any event, within 28 calendar days of the receipt of the application.

If Vector accepts an application in part, the balance of the application money (without interest) will be refunded as soon as reasonably practicable and, in any event, within 28 calendar days of the receipt of the application.

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

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 Senior Bonds.

What are the charges?

Applicants are not required to pay any fees or charges to Vector in relation to the Offer, other than the Issue Price of \$1.00 for each Senior Bond allotted to them under the Offer.

No brokerage is payable by any subscriber for Senior Bonds under the Offer, although brokerage may be payable if Senior Bonds are purchased or sold on the NZDX.

All fees or expenses payable to the Trustee or the Registrar in connection with the Issue will be payable by Vector.

The issue of the Senior Bonds is not underwritten.

What returns will I get?

Introduction

The information set out in this section should be read in conjunction with the information set out below under the headings "*What are my risks?*" and "*Can the investment be altered?*". Certain events could reduce or eliminate the returns intended to be derived from holding the Senior Bonds.

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

Key factors determining returns

The key factors that will determine the returns to Bondholders are:

- the fixed rate of interest attaching to the Senior Bonds;
- the price the Bondholder receives if the Bondholder chooses to sell the Senior Bonds on the secondary market;
- the performance by Vector of its obligations as issuer of the Senior Bonds, including the payment of interest on the Interest Payment Dates;
- early redemption of the Senior Bonds as a result of the occurrence of an Event of Default or a Tax Event or, at Vector's election, on or after 15 April 2011 (for further information see the information set out below under the heading "*Can the investment be altered?*");
- the new terms (if any) offered by the Issuer prior to the Maturity Date (including the new interest rate to apply to any Senior Bonds retained by the Bondholder), the election made by the Bondholder prior to the Maturity Date and whether the Issuer elects to redeem all of the Senior Bonds on the Maturity Date (notwithstanding an election made by the Bondholder to retain some or all of their holding of Senior Bonds); and
- each Bondholder's individual circumstances for tax purposes.

Interest Rate

Vector will pay interest on the Senior Bonds at the interest rate determined on the Interest Rate Set Date. Vector will announce the interest rate to NZX.

The Interest Rate determined on the Interest Rate Set Date will be the greater of:

- the Minimum Initial Interest Rate; and
- the aggregate of the Five Year Swap Rate on the Interest Rate Set Date and the Interest Rate Margin of XX% per annum,

or such higher rate as Vector may determine and advise to the market during the Offer.

The Interest Rate applicable to each Senior Bond will not change after that Senior Bond has been issued (irrespective of any circumstance which may arise, including a deterioration in the financial condition of Vector, or the withdrawal, downgrade or upgrade of the rating assigned to the Senior Bonds by Standard & Poor's).

Interest is scheduled to be paid by Vector on the Senior Bonds semi-annually in two equal instalments in arrears on each Interest Payment Date, being 15 April and 15 October in each year until and including the Maturity Date. If an Interest Payment Date falls on a day which is not a Business Day, the relevant payment will be made on

the next day which is a Business Day, without adjustment, interest or further payment as a result thereof.

Interest will be calculated on the Principal Amount of each Senior Bond for the relevant interest period. The first interest period for each Senior Bond will commence on (and include) the date of allotment (being the date on which a Bondholder's subscription moneys for the Senior Bonds have been received and processed). Interest paid for a broken period at the commencement or end of an investment will be calculated on a 365 day year basis.

The first interest payment for each Senior Bond will be paid to the original subscriber of that Senior Bond irrespective of any subsequent transfer before the First Interest Payment Date (interest to original subscriber, **ITOS**). After the First Interest Payment Date, interest will be payable on each Interest Payment Date to the Bondholder noted on the Register on each Record Date immediately prior to the relevant Interest Payment Date.

Taxation of returns

Your returns may be affected by taxes.

General

The Offer is made only to New Zealand residents. Therefore the tax information provided below is limited in application to New Zealand residents. **Should any Bondholder become non-resident, or a non-resident acquires any Senior Bonds, the investor should immediately notify the Issuer and seek their own specific advice.**

Important notice

The statements below are based on applicable tax legislation current at the date of this Investment Statement.

All references to taxation in this Investment Statement are of a general nature only under current legislation, and are not (and should not be construed as) legal or tax advice to any investor in Senior Bonds. Investors should consult their own taxation or other financial advisers concerning the taxation implications, in their particular circumstances, of owning and/or disposing of Senior Bonds.

Withholding tax

Resident Withholding Tax (**RWT**) will be deducted by the Issuer from interest, including any early repayment premium (if applicable), paid to or credited to Bondholders unless a Bondholder provides the Issuer with a valid certificate of exemption from RWT or evidence that they are not otherwise liable for RWT and the Issuer is otherwise satisfied that no deduction on account of RWT is required. Bondholders should provide their IRD numbers and copies of certificates of exemption (if applicable) as stipulated in the Application Form.

RWT will be deducted at the rates applicable at the time interest is paid. The current rates are:

- 39% where the Bondholder does not supply its IRD number to the Issuer;

- 19.5% where the Bondholder is a natural person or a trustee of a trust and the Bondholder supplies its IRD number to the Issuer;
- 33%, 39% or 19.5% where the Bondholder is a natural person or a trustee of a trust and the Bondholder elects for RWT to be deducted at either 33%, 39% or 19.5% and the Bondholder supplies its IRD number to the Issuer;
- 33% where the Bondholder is a company (other than a corporate trustee) and the Bondholder supplies its IRD number to the Issuer;
- 33% or 39% where the Bondholder is a company (other than a corporate trustee) and the Bondholder elects for RWT tax to be deducted at either 33% or 39% and the Bondholder supplies its IRD number to the Issuer.

Bondholders who are companies (other than corporate trustees) must notify the Issuer that they are a company.

The 39% rate may, at the election of Vector or the Registrar, reduce to 38% for interest paid in the 2010 income year (1 April 2009 to 31 March 2010). Further legislative change is expected to align the RWT rates with the personal tax rates, however, such amendments to the RWT rates are not likely to occur until at least the 2011 income year.

Joint Bondholders will be taxed at the highest applicable rate described above as if they were one person.

A tax credit for RWT deducted will be available against any tax liability of the Bondholder.

No transactional taxes such as Goods and Services Tax will be applicable to the issue, redemption, purchase or sale of the Senior Bonds.

Should any Bondholder become non-resident, or a non-resident acquire any Senior Bonds, the investor should immediately notify the Registrar. The Registrar will deduct or withhold any taxes or levies required by law to be deducted/withheld from any payment made to any non-resident Bondholder. For the avoidance of doubt, Vector may, in its discretion, elect to register the Senior Bonds for approved issuer levy (AIL) purposes.

The Issuer will not compensate or gross up for any taxes deducted or withheld on payments under the Senior Bonds. In addition, if in relation to any Senior Bond, the Registrar or the Issuer becomes liable to make any payment of, or on account of, tax payable by the relevant Bondholder, the Registrar and the Issuer are each indemnified by that Bondholder in respect of any such liability, and any moneys paid by the Registrar or the Issuer in respect of any such tax liability may be recovered by action from that Bondholder as a debt due to the Registrar or the Issuer and may be withheld from future payments to that Bondholder.

For many taxpayers withholding tax will not be the final tax liability (see below). Each Bondholder should include income from the Senior Bonds in their tax return and pay such further tax as is necessary.

Financial arrangements rules

The Senior Bonds are financial arrangements subject to the financial arrangements rules.

Cash-basis Bondholders

"Cash basis" Bondholders will be taxable on interest received on the Senior Bonds in the income year in which the interest is paid or credited. RWT deducted from the interest by the Issuer will be allowed as a credit against tax payable by the Bondholder on the interest. Broadly, a "cash-basis holder" is a natural person (other than a trustee) who, in an income year:

- derives income or expenditure under financial arrangements of \$100,000 or less; or
- has entered into financial arrangements the aggregate absolute value of which is \$1 million or less.

Provided that, in each case, in the particular income year, the difference between income calculated by applying a prescribed spreading method (see below) and income calculated on a cash basis is not greater than \$40,000.

Non cash-basis Bondholders

For Bondholders who are not "cash-basis holders", income in respect of the Senior Bonds must be spread over the term of the Senior Bonds using a spreading method prescribed in the financial arrangements rules (typically, on a yield to maturity basis). RWT deducted by the Issuer from interest on the Senior Bonds will be allowed as a credit against tax payable on the income recognised under the financial arrangements rules.

Maturity or transfer

Both cash-basis and non cash-basis Bondholders will be required to perform a base price adjustment in the income year in which the:

- Senior Bonds mature or are redeemed; or
- Bondholder transfers their Senior Bonds.

The base price adjustment is a "wash-up" calculation which brings to account any income which has not been accounted for over the term of the Senior Bonds.

Transfer of Senior Bonds

If Bondholders transfer Senior Bonds, the price obtained for them may differ from the amount paid to purchase them. This is because changes in market interest rates can affect the market value of the Senior Bonds (see below under "What are my risks?").

The Issuer will not compensate Bondholders for any loss incurred if Bondholders choose to sell all or part of their holding of Senior Bonds.

Person legally liable to pay returns

The only person legally liable to pay interest on, and the Principal Amount of (or any other amount in respect of) the Senior Bonds is the Issuer.

No guarantee

For the purposes of the Securities Regulations 1983, Vector is the "issuer" and, at the date of this Investment Statement, the "borrowing group" and is the sole obligor in respect of the Senior Bonds. No other party, including the Trustee, the Joint Lead Managers, or any of Vector's subsidiaries guarantees Vector's obligations under the Senior Bonds.

What are my risks?

Investors should be aware that there are risks associated with an investment in Senior Bonds.

The principal factors which may, either individually or in combination, affect the future operating performance of Vector, and the ability of Vector to pay interest or the Principal Amount on the Senior Bonds are set out below. The summary of risks presented is not exhaustive and this Investment Statement does not take account of the personal circumstances, financial position or investment requirements of any one investor in particular. It is important therefore, that before making any investment decision, investors give consideration to the suitability of an investment in the Senior Bonds in light of their investment needs, objectives and financial circumstances. You should read this Investment Statement in its entirety and, if you are in any doubt as to the action to take, consult your NZX adviser, sharebroker, accountant or other professional adviser before deciding whether to apply for Senior Bonds.

The principal risks for investors in the Senior Bonds are that:

- they may not receive timely, or any, interest payments on the Senior Bonds;
- they may be unable to recoup their original investment amount; and/or
- Vector may be unable to repay the Senior Bonds, in part or in full, on the Maturity Date.

This could happen for a number of reasons, including if:

- Vector fails to make interest payments for any period (which, for example, may occur as a result of business and general economic risks, some of which are noted below under the heading "Business, Industry and Economic Risks");
- Vector transfers or otherwise disposes of all or a material part of its assets for less than a fair market price (including to other Vector Group members) such that it might not have sufficient assets to meet its obligations under the Senior Bonds in a liquidation or statutory management of Vector;
- Vector creates or permits to continue to exist any security over all or part of its assets to secure any indebtedness owing to any other creditors without at the same time or prior thereto securing the Senior Bonds equally and rateably therewith. If Vector were to do this the Bondholders' rights to repayment of any moneys owing in respect of the Senior Bonds will rank after the claims of those creditors in relation to the assets secured;

- there is a significant deterioration in the financial position of Vector. There are no financial ratios or covenants in the terms and conditions of the Senior Bonds, making it more difficult for Bondholders to assess the financial condition of Vector. Nor is the Trustee able to call an Event of Default in such a situation unless a payment default occurs in relation to the Senior Bonds, or an insolvency event occurs or indebtedness in excess in aggregate of \$20 million of Vector is not paid when due (or within the applicable grace period) or becomes due and payable prior to its stated maturity by reason of an event of default, cancellation or similar event;
- the price at which Bondholders are able to sell their Senior Bonds is less than the amount they have paid for them due to interest rate movements or for other reasons;
- Bondholders are unable to sell their Senior Bonds at all due to lack of demand or the Senior Bonds cease to be listed on the NZDX;
- Vector is placed in liquidation or receivership or becomes subject to statutory management. In this situation Bondholders could receive none, or only some, of the expected returns and the amount invested; or
- one or more members of the Group becomes insolvent and Vector is reliant on dividend income or payments made by that member of the Group.

Business, Industry And Economic Risks

The performance of Vector and the Vector Group may be influenced by the following factors:

Energy Supply And Demand Risks

Electricity generation and transmission

The Group's electricity network is reliant on sufficient energy being available for supply and sufficient transmission capacity being in place to deliver this energy to its network. There is a risk of insufficient supply due to a lack of investment in generation capacity, in addition to a risk of insufficient transmission capacity into Auckland. Accordingly, during peak demand periods (the middle of winter and the height of summer), there may be a risk of energy supply constraints into the electricity network which may place some revenue at risk.

Natural gas supply and demand

The depletion of major gas fields may result in a risk of reduced commercial supply of natural gas in New Zealand. While there are a number of other gas fields either in production or identified as prospects, ultimately New Zealand and the Group are dependent on oil and gas exploration companies to find, develop and produce gas. It is not possible to accurately predict the future gas position with certainty, or the extent to which such companies will continue to invest in gas exploration and production in New Zealand. Reduced supply of natural gas could adversely affect the Group's earnings and asset values in its gas wholesale, retail, distribution and transmission businesses.

Energy volumes and connections

Electricity and gas distribution and transmission revenue is comprised of fixed and variable components with the variable component being dependent on the volume of energy conveyed. Energy volumes can be affected by a number of factors including energy supply, network availability, climate, economic conditions, consumer trends and connection numbers. A number of major industrial customers are connected to the Vector Group's electricity and gas networks. Energy volumes related to these customers are at a risk from plant failure, significant downturn in their operations due to economic circumstances or plant closure due to international relocation. The fixed component of revenue is driven by the number of connections and customer contributions from new connections. These revenues are influenced by longer-term factors such as national and regional economic growth, migration and consumer trends, and can fluctuate markedly.

Variability in earnings can potentially be offset through the geographical spread of the Group's assets, having a customer base from a wider range of industries and to an extent by being involved in several energy sectors such as gas and electricity.

Regulatory Risks

Regulation risk – general

The Group's energy sector networks and communications assets are subject to ongoing Government attention, and are therefore exposed to potential policy or regulatory change over time. This includes price, quality and profit control allowing or removing entities' rights to operate in certain sections of the industry such as generation, retailing, transmission or distribution, and changes to the level of Government ownership within the industry.

Most recently, an announcement was made on 1 April 2009 that an immediate Ministerial review of the electricity sector had been launched. The Energy and Resources Minister stated that the review would have two phases. First, the review would look at regulatory and governance issues with a second phase addressing issues of electricity market performance to follow. The review also has the stated aim of drawing together a number of other reports in the electricity sector which are completed or underway.

Changes to current regulation or the introduction of further regulation represents both a risk and an opportunity to the Group. Management continually monitors and works with Government and regulatory agencies through established regulatory management capabilities, and by increasing the Group's exposure to non-regulated activities. There is also a risk of ongoing and increasing cost of compliance, which the Group monitors and seeks to manage cost effectively.

Electricity distribution regulatory risk

The electricity distribution industry is subject to regulation administered by two bodies, the Commerce Commission and the Electricity Commission. Electricity distribution

assets are subject to performance thresholds, focused on price and service quality, set by the Commerce Commission. Under the thresholds in place at the date of this Investment Statement, electricity lines businesses can increase their network prices in accordance with a CPI – 'X' formula. Vector's 'X' has been set by the Commerce Commission at zero, which means that the Vector Group is able to increase its network prices each year by approximately the rate of inflation for that year without breaching the threshold. Under the October 2008 amendment to the Commerce Act, the Commerce Commission is required to set default price-quality paths effective from 1 April 2010 and 5 yearly thereafter. These future regulatory resets represent a risk to the business in that they may result in revenue reductions. The Commerce Commission has yet to determine how it will determine the default price-quality paths but has recently expressed a preliminary view that it may defer resetting prices until 1 April 2011. The Commerce Commission's quality thresholds require no material deterioration in network reliability measures as well as meaningful engagement with customers. To ensure that the Vector Group continues to meet its quality threshold requirements, it has a comprehensive plan for asset management, network maintenance and capital investment.

Electricity businesses are also subject to the regulatory regime administered by the Electricity Commission which is required to achieve outcomes identified in the Electricity Government Policy Statement. The Electricity Commission is primarily focused on future investment in security of supply (transmission and generation), both of which are relevant to Vector. In relation to the electricity distribution industry, the Electricity Commission is tasked with achieving objectives related to improving overall industry performance. These include providing incentives to reduce conveyance losses; developing principles or model approaches for distribution pricing methodologies; developing model use of system agreements; and developing regulations to facilitate connection of distributed generation to distribution networks. These areas present both risks and opportunities for Vector, and it is not known as at the date of this Investment Statement what specific regulations or reforms may be made, or their potential impact on Vector.

In 2005, Vector voluntarily commenced a rebalance program to align returns earned on its different regional electricity distribution networks between consumer groups. Since then, Vector and the Commerce Commission have agreed in principle a more formal process for rebalances to occur under an administrative settlement. While Vector has completed the rebalance process it is yet to complete the associated compliance reporting to the Commerce Commission and there is a risk that the Commerce Commission may not be satisfied with Vector's price rebalancing and may wish for further action to be taken by Vector that may have a potential impact on the Vector Group.

Gas distribution regulatory risk

Vector's Auckland gas pipeline business is currently regulated under a Final Authorisation under Part 5 of the Commerce Act. The final authorisation required Vector to reduce its average charges by 3.7% from 1 January 2009 and limits subsequent price increases to CPI until 1 October 2012. The Commerce Amendment Act of 2008 provides for Vector's Auckland gas distribution network to become subject to regulatory arrangements from 1 October 2012 similar to those applicable to Vector's electricity distribution network.

Vector's other North Island gas distribution network will also become subject to price controls under the new Commerce Act regime. As with the electricity networks, they will become subject to default price-quality paths, with the ability to propose an alternative if the default arrangements do not adequately recognise company specific circumstances. Alternative proposals must comply with Commerce Commission-set input methodologies (which will be merits reviewable to the High Court). A potential risk to the Group is that the input methodologies are unfavourable and will either limit returns available or generate less favourable cash flow profiles.

Emissions Trading Scheme

Whilst legislation was passed in 2008 that provided a framework for an emissions trading regime that was designed to enable New Zealand to meet its obligations under the Kyoto Protocol, the regulatory requirements that are required to implement such a regime have yet to be finalised. In addition, it is considered likely that changes will be made to the legislation before any emissions regime is implemented. The costs associated with an emissions trading regime may affect the competitiveness of different carbon based fuels compared with other fuels.

Vector Communications' regulatory risk

Vector Communications' business is not directly regulated by the Commerce Commission, as it provides services that compete directly with Telecom. Vector Communications is, however, indirectly impacted by price regulation applicable to Telecom. In particular, if prices of Telecom's services are set too low, then this impacts on customer perceptions of what Vector's charges should be, or may make Vector's offerings less attractive. This risk is managed by Vector making appropriate submissions to the Commerce Commission on price regulation of Telecom's services.

The other regulatory risk that Vector seeks to manage is that the regulated access terms and conditions are more favourable to users connecting to or using Telecom's network. Vector seeks to manage this risk by monitoring the regulated terms and conditions for access and making appropriate submissions to the Commerce Commission.

Operating Risks

The operation of the Group's electricity and gas networks may be adversely affected by many factors, such as the under performance, breakdown or failure of equipment or processes, labour disputes and industrial accidents, and

the need to comply with the directives of central and local government authorities. The networks and production facilities of the Group are exposed to natural disasters and potential catastrophic events such as storms, flooding and other adverse weather conditions, earthquakes, volcanic activity or any other disaster (natural or man-made). Vector undertakes a variety of precautions to minimise the risk of any significant operational problems affecting its networks and gas processing facilities, including detailed contingency and business continuity planning and appropriate insurance cover in line with industry norms. As is commonly the case for energy companies, Vector also self insures certain of its operational risks where it is considered appropriate to do so.

Acquisitions and investments may not achieve expected benefits

Acquisitions and investments have contributed to the growth of the Vector Group and are likely to be an important factor of its future growth strategy. As such, the Vector Group will continue to consider opportunities for acquisition or investment as and when they arise. Some of these opportunities may be significant and may require additional funding. One example is any investment that may be made in conjunction with the Government's broadband initiative. In keeping with any proposal for acquisition or further investment, the Board is prepared to consider arrangements with the Government to deliver open access, quality fibre broadband services if they meet the Vector Group's investment criteria. Notwithstanding the assessment undertaken prior to making further investments in fibre-optic network assets, the Group may not be able to enhance its earnings as a result of such additional investment if the assumptions on which that additional investment is made are not realised. As with any other investment made by the Vector Group, such an outcome could adversely affect Vector's revenues, earnings or financial condition.

Outsourced contractors

The Group outsources certain of its field operations to external service providers and is therefore exposed to their performance and their ongoing sustainability. To manage this risk it has developed strategic relationships with those parties to ensure that it is aware of issues and is well placed to manage them as they arise. These relationships are backed by contractual arrangements and performance measurement structures.

Access to resources

Access to resources is a potential risk to the Group. Inability to source qualified staff or materials by the Group or its contractors could inhibit the Group's ability to deliver against its objectives and have a detrimental impact on costs. There is continuing strong demand for resources to develop infrastructure, both nationally and internationally. As a result, the Group faces pressure on costs of labour, materials and other key inputs, and lead times for equipment supply.

Customer contracts

The Group carries counterparty risk particularly through metering and supply and network access contracts with energy retailers and its direct customers which, in the event of significant customer loss or default, could have an adverse effect on its assets and trading performance. Energy retailer contracts impose prudential requirements on the retailers to provide cash deposits or bank bonds in the event that they do not have specified credit ratings or net asset values.

Gas trading

The gas trading business is undergoing a period of change as suppliers and customers adapt to the post-Maui market, and this could lead to greater volatility in reported profits between accounting periods than has been the case historically. The two main forms of risks that have developed in this market are short term and long term in nature.

In the short term, the combination of less flexible supply contracts and the requirement to balance on a daily basis means there is a risk for the Vector Group to either require short term balancing gas, usually at a premium price, or be cashed out for surplus gas at a discounted price.

The long term risk is inherent to operating in the gas market. Operating in the gas market generally requires entering into long term supply arrangements and then matching these off with sales contracts to large industrial/generator/petrochemical customers. There is a risk of "take-or-pay" exposure on upstream supply contracts where gas that the Group is obliged to pay for either cannot be onsold in the gas market or, where it is onsold, it is at a lower price.

LPG trading

During 2009, the Vector Group will assume obligations to uplift LPG produced from the Kupe Gas field. There is a risk that if sales were to fall away significantly, the Group would be unable to meet some of its obligations to uplift LPG.

Health, safety and environment

National and regional health and safety, and environmental laws and regulations, affect the Group's operations. These laws and regulations set various standards regulating certain aspects of health and safety, and environmental quality. They also provide for penalties and other liabilities for the violation of such standards. Liability could be imposed on the Group for damages or penalties following actual or potential injury or harm to an individual or individuals, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property or assets acquired by the Group, or non-compliance with laws or regulations. The Group endeavours to minimise these risks by taking steps to ensure compliance with all applicable laws and regulations and, where appropriate, carries insurance.

Interest rates

The Vector Group is exposed to cost increases through changes in interest rates. The Group has a well-developed treasury policy and controls in place to manage these exposures. However long-term increases in interest rates will have cost implications for the Group.

Cost increases from adverse exchange rate movements

The Vector Group sources materials and components from offshore. While it hedges all known foreign exchange positions, a significant adverse change in the exchange rate would have a medium term impact on its costs either through the capital expenditure undertaken directly by the Group or indirectly by its contracting partners.

Industry Risks**Fuel substitution**

Fuel substitution is a form of by-pass that has the potential to impact the Vector Group's electricity network, gas transmission and distribution networks and gas processing plant. In particular the electricity business could be impacted by fuel substitution associated with technological advances, for example, the development of distributed generation close to the customer base. Similarly, any material increase in the price of delivered natural gas, or a change in relativities between the delivered price of gas, electricity or a substitute, may result in conversions to other fuel types, and may have negative revenue implications for the Group.

Technology changes

The Group is exposed to technology change. The exposure is greatest in the short-term in its metering and communications technology businesses, but also longer term in the electricity and gas businesses. As a result, the Group's earnings and asset values could be adversely affected through technology rendering assets obsolete or uncompetitive. These risks are offset to some extent by the diverse portfolio of businesses owned by the Group. These risks are managed by monitoring international technology trends and developments and by forming relationships and partnerships with key industry leaders and using them as a part of a wider process to constantly monitor the environment.

General economic risks

Whilst the Vector Group operates predominantly in the New Zealand market and is primarily concerned with changes in domestic economic conditions, since mid-2007 the world economy has been experiencing a credit crisis which is impacting on the New Zealand economy and the future effects of which are as yet unknown. The credit crisis has, amongst other things, led to extreme volatility in global financial markets and heightened the prospects of global or regional recession. The associated economic downturn and its impact on New Zealand's trading partners, as well as businesses and consumers in this country, may have direct and consequential adverse effects for the Group. Amongst the possible adverse impacts of the credit crisis are:

- reduced availability and increased cost of debt financing which may impose operational constraints or limit development opportunities;
- heightened counterparty risk, including in relation to the Vector Group's customers, suppliers, joint venture partners and other contracting parties;
- reduced demand for electricity and gas impacting on the use of the Vector Group's transmission and distribution networks affecting both transmission and distribution revenues and contributions towards the cost of new connections; and
- an increased compliance burden as various regulatory agencies take steps to address the causes and/or effects of the credit crisis.

A further potential impact of the reduced demand for electricity is that it is difficult to gauge what the Commerce Commission will see as an appropriate rate of return which, in turn, will impact on electricity network price changes under the default price path methodology described above in this section under the sub-heading 'Electricity distribution regulatory risk'.

Risks related to Senior Bonds**Interest rate risk and taxes**

Bondholders may sell their Senior Bonds at any time prior to the date on which the Senior Bonds mature or are redeemed provided a buyer can be found. The amount received from the sale of Senior Bonds may differ from the amount paid for them. This is because changes in market interest rates after the date of acquisition or market perception of the credit risk associated with the Senior Bonds can affect their value. For instance, if market interest rates rise (fall) the value of your Senior Bonds can fall (rise). The proximity of the selling date to the next Interest Payment Date can also affect the value of Senior Bonds. Vector will not compensate Bondholders for any loss which may be incurred from any such sale or transfer.

Bondholders' returns on the Senior Bonds may also be affected by taxes (refer to the information set out under the heading "Taxation of returns" under the heading "What returns will I get?").

Further debt or other securities

There are no borrowing restrictions in relation to the Senior Bonds. As a result, Vector may, from time to time, and subject to the provisions of the Senior Finance Documents, create and issue further bonds or other securities and incur further indebtedness without the consent of the Bondholders. Bondholders do not have contractual rights under the Senior Finance Documents. Accordingly, Vector and other parties to the Senior Finance Documents may agree to take any action in respect of the Senior Finance Documents (including amending, waiving or removing any term thereof or cancelling or terminating any such agreement), without the consent of (or notice to) the Trustee or Bondholders.

Similarly, there are no restrictions on Vector disposing of its assets (whether to its subsidiaries, which do not guarantee the Issuer's obligations under the Senior Bonds, or to other persons). If this should occur then in a liquidation or statutory management of the Issuer, there may be insufficient assets to meet the Issuer's obligations under the Senior Bonds.

There is no restriction on the Issuer granting security over its assets in favour of other creditors. However, the Issuer has undertaken to the Trustee to the effect that if it shall create or permit to continue to exist any security over all or substantially all of its assets to secure any indebtedness it will at the same time or before then either (i) provide security for the Senior Bonds equally and rateably therewith to the satisfaction of the Trustee or (ii) provide such other security for the Senior Bonds as may be approved by an Extraordinary Resolution of the Bondholders.

Enforcement

The Trustee holds its rights under the Trust Documents for the benefit of the Bondholders. No Bondholder is entitled to enforce its rights directly against Vector unless the Trustee has declined to act because it has not been indemnified to its satisfaction or has failed to act, having become bound to do so in accordance with the Trust Documents and such failure is continuing.

The Trustee may decline to act, or to take further action, unless it is indemnified to its satisfaction for its costs and liabilities in doing so. However, Vector has made available to the Trustee a fund of \$100,000, which, if required, is available to be used by the Trustee for meeting costs and expenses incurred by it in relation to any payment default by Vector under the Senior Bonds.

The Principal Amount of the Senior Bonds (together with accrued interest and any other amounts) are able to be declared immediately due and payable by the Trustee only if an Event of Default (as described in the section entitled "How do I cash in my investment?" under the subheading 'Event of Default') has occurred and is continuing unremedied. A significant deterioration in the financial position of the Issuer will not of itself constitute an Event of Default in the absence of a payment default in relation to the Senior Bonds, the occurrence of an insolvency event (as described in the Events of Default listed in the section entitled "How do I cash in my investment?" under the subheading 'Event of Default'), or indebtedness in excess in aggregate of \$20 million of the Issuer is not paid when due (or within the applicable grace period) or becomes due and payable prior to its stated maturity by reason of an event of default, cancellation or similar event.

Consequences of Insolvency

No Bondholder will be liable to pay any further amounts to Vector or any other person in respect of the Senior Bonds if Vector becomes insolvent. However, in the event of insolvency of Vector, there is a risk that investors would not recover in full the amount of their investment or the returns referred to above. It is therefore foreseeable in

those circumstances that Bondholders would receive less than the amount they paid for their investment in Senior Bonds.

As the Senior Bonds are direct, unsecured, unsubordinated, fixed rate debt obligations of Vector, in a liquidation or statutory management of Vector, the Bondholders' rights to repayment of any moneys owing in respect of the Senior Bonds will rank after the claims of:

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

Claims of the Bondholders will thereafter rank equally with the claims of all other unsecured, unsubordinated creditors of Vector (after payment of any amounts due to the Trustee pursuant to the Trust Documents).

Bondholders will not, in any circumstance, be liable to pay money to any person as a result of the insolvency of Vector.

For the avoidance of doubt, the claims of Bondholders will rank ahead of claims of the holders of Vector's existing Capital Bonds and Vector's shareholders in their capacity as shareholders of Vector.

Can the investment be altered?

The terms of this Offer and the terms and conditions on which investors may apply for and acquire the Senior Bonds may be altered by an amendment to the Prospectus and the Trust Documents. Any such amendment that resulted in a material change to the terms and conditions of this Offer would be notified to investors. Details of any amendment to the Prospectus and the Trust Documents must be filed with the Companies Office.

On the Maturity Date, the Interest Rate payable on (and other terms applying to) any Senior Bonds that are to be rolled over by the Issuer may be set by the Board at their discretion and will be specified in the Maturity Notice.

Amendment to the Trust Documents

The terms and conditions of the Trust Documents, including the terms and conditions of the Senior Bonds, may be altered by the Issuer with the approval of the Trustee and, in certain cases, the approval of Bondholders. A limited number of amendments do not require Bondholder approval under the terms of the Trust Documents. However, in most cases, amendments must be approved by Bondholders by an Extraordinary Resolution.

As different classes of bonds have been issued from time to time by the Issuer (and may be issued in the future) any amendments to the Trust Documents may also require the approval of other classes of bondholders.

In addition, as noted above, the Trustee and the Issuer, may, without the consent of Bondholders, agree to alter the Trust Documents in certain limited circumstances specified in the Trust Documents. These circumstances include:

- amendments of a minor, administrative, formal or technical nature;
- amendments that are to correct a manifest error;
- amendments that are to comply with the requirements of (or the modification of the requirements of) any applicable law or any rules of any stock exchange, including the NZX;
- amendments that are necessary for the purposes of obtaining or maintaining quotation of the Senior Bonds on any stock exchange, including the NZDX;
- amendments in respect of any of the provisions of the Trust Documents relating to reporting to the Trustee, the Trustee's fees, expenses and indemnities or the exercise of the Trustee's powers; and
- amendments agreed to by the Trustee upon approval by an Extraordinary Resolution of Bondholders.

The above circumstances are also subject to the general requirement that the Issuer and Trustee must each be of the opinion that the amendment will not be materially prejudicial to the interests of Bondholders generally.

In addition the Trustee may temporarily vary (or in the case of (b) below, amend or waive) the provisions of the Trust Documents applicable to the Senior Bonds in each case for such period and on such terms as:

- may be deemed appropriate, provided that the Trustee shall be satisfied that the interests of the Bondholders generally will not be materially and adversely prejudiced thereby; or
- may be agreed by the Trustee (in a manner consistent with the relevant exemption) if:
 - the Issuer is granted an exemption, or an exemption is applicable to the Issuer, in relation to any obligation imposed on the Issuer by or pursuant to the Securities Act, the Companies Act or the Financial Reporting Act 1993 which is materially the same as or analogous to any obligation of the Issuer under the Trust Documents; and
 - two authorised officers of the Issuer (at least one of which is a director of the Issuer) certify that such amendment, temporary variation or waiver will not have a material adverse effect on the Issuer or be or become materially and as defined in the Trust Documents adversely prejudicial to the general interests of the Bondholders.

The Trustee may if it is satisfied that the interests of Bondholders generally will not be materially prejudiced, and shall if directed by an Extraordinary Resolution, waive, in whole or in part, for a specified period or indefinitely and on such terms and conditions (if any) as may be deemed expedient, any breach or anticipated breach by the Issuer of any term of a Trust Document.

Any such waiver or amendment will be binding on all Bondholders.

Early redemption

The Trust Documents allow Vector, at any time on or after 15 April 2011, to require redemption of all or part of the Senior Bonds on issue at the greater of a premium to the Issue Price and the weighted average market price of the Senior Bonds on NZDX.

In the case of a Tax Event, the Issuer may elect to redeem all of the Senior Bonds, without payment of a premium. The Issuer determines whether a Tax Event has occurred and is not obliged to seek an independent legal or tax opinion before determining that a Tax Event has occurred. Following the occurrence of a Tax Event the Issuer has the option to redeem all of the Senior Bonds for their Principal Amount plus accrued interest. The Issuer is not obliged to pay any early prepayment premium if the Issuer elects to redeem the Senior Bonds due to the occurrence of a Tax Event, regardless of when redemption occurs. Bondholders do not have the option to redeem their Senior Bonds following the occurrence of a Tax Event.

For further information see the details in the section entitled "Early Redemption" under the heading "*What sort of investment is this?*".

Upon the occurrence of an Event of Default under the Trust Documents that is continuing, the Trustee may, and upon being directed to do so by an Extraordinary Resolution of Bondholders, must declare the Senior Bonds to be immediately due and payable. The Trustee may, in its discretion, declare the Senior Bonds to be immediately due and payable and demand early repayment of the Senior Bonds following an Event of Default.

If the Senior Bonds are repaid prior to the Maturity Date, the returns the Bondholders will receive will be different from the returns they would have received if the Senior Bonds are repaid on their Maturity Date.

How do I cash in my investment?

Maturity Date

The Principal Amount of the Senior Bonds will be repaid by the Issuer on the Maturity Date (15 October 2014). However, the Issuer does have the option of redeeming the Senior Bonds before the Maturity Date on the basis described above under the heading "Early redemption" which is part of the section entitled "*Can the investment be altered?*".

Redemption by Bondholders

Bondholders have no right to require early redemption of the Senior Bonds except in the case of an Event of Default. This means that Bondholders have no ability to cash in their investment, except following an Event of Default or by selling their Senior Bonds in the secondary market (if one develops).

Event of Default

Upon the occurrence of any of the Events of Default set out in the Trust Documents, the Trustee may, and upon being directed to do so by an Extraordinary Resolution of Bondholders (which requires a 75% majority of Bondholders) must, declare the Senior Bonds (together

with accrued interest and all other amounts due and owing to Bondholders) to be immediately due and payable. However, none of the events listed in the definition of an Event of Default in the Trust Documents, will constitute an Event of Default, and the Senior Bonds will not become immediately due and payable, unless an Event of Default is continuing unremedied and the Trustee has given a notice to the Issuer declaring the Senior Bonds to be immediately due and payable.

The Events of Default are listed in the Trust Documents. In summary, the Events of Default include the following events:

- the Issuer fails to pay any amount of principal or early repayment premium (if applicable) in the manner and currency required within 2 Business Days after its due date;
- the Issuer fails to pay any amount of interest due in the manner and currency required within 5 Business Days after its due date;
- the Issuer fails to pay any other amount payable by the Issuer under the Trust Documents within 10 Business Days of a valid demand being made on it;
- the Issuer commits any breach of, or omits to observe, any of its undertakings or obligations under any of the Trust Documents (other than those referred to in the above paragraphs) and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days after the earlier to occur of the Issuer becoming aware of the breach or omission and the date the Trustee has given notice of that breach to the Issuer; or
- any representation, undertaking, warranty or statement made by the Issuer in any of the Trust Documents or in any notice, certificate, statement or other document contemplated by or made or delivered pursuant to any of the Trust Documents shall prove or have been incorrect in any material respect when made; or
- a receiver, liquidator or provisional liquidator or administrator is appointed in respect of, or an encumbrancer takes possession of, or exercises its powers, in respect of the whole or any material part of the assets of the Issuer;
- any recommendation is made by the Securities Commission for the appointment of a statutory manager in respect of the Issuer or the Issuer is declared at risk pursuant to the provisions of the Corporations (Investigations and Management) Act 1989;
- the Issuer is declared, or becomes, bankrupt or insolvent or is unable to pay its debts when they fall due, or similar; or

- indebtedness in excess in aggregate of \$20 million (or its equivalent in any other currency) of the Issuer is not paid when due or within the applicable grace period in any document relating to such indebtedness or becomes due and payable prior to its stated maturity by reason of an event of default, cancellation or prepayment event or similar (whatever called).

Transfer of Bonds

Bondholders are entitled to sell or transfer their Senior Bonds at any time subject to the terms of the Trust Documents and applicable securities laws and regulations.

Senior Bonds may be transferred using a transfer document in any commonly used form acceptable to the Registrar or by means of the FASTER system operated by NZX.

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

Transactions in respect of any listed Senior Bonds on the NZDX Market can be made by contacting an NZX Primary Market Participant and supplying the appropriate FASTER identification number, along with the Bondholder number for the Senior Bonds in the case of a sale of Senior Bonds.

A Bondholder may transfer part of its interest in a Senior Bond. However, no transfer of Senior Bonds or any part of a Bondholder's interest in a Senior Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold Senior Bonds with an aggregate Principal Amount of less than \$5,000 or the transfer is for Senior Bonds with an aggregate Principal Amount of less than \$1,000 or for integral multiples other than \$1,000.

It is expected that there will be a secondary market for the Senior Bonds. However, Vector gives no assurances as to the existence or characteristics of such secondary market.

Brokerage at applicable rates is likely to be payable by a Bondholder on any transfer of the Bondholder's Senior Bonds effected through an NZX Primary Market Participant.

Who do I contact with enquiries about my investment?

Any enquiries about the Senior Bonds can be directed to:

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
North Shore City
Private Bag 92119
Auckland 1142
Telephone: +64-9-488 8777
Facsimile: +64-9-488 8787
Email: enquiry@computershare.co.nz

or to:

**Company Secretary
Vector Limited**

Level 4, 101 Carlton Gore Road
PO Box 99882
Newmarket
Auckland 1149
Telephone: +64-9-978 7788
Facsimile: +64-9-978 7799

If you wish to make further enquiries on purchasing and selling Senior Bonds, or to get an update on your investment, please contact your usual investment adviser or:

Goldman Sachs JBWere (NZ) Limited

Level 38, Vero Centre
48 Shortland Street
PO Box 887
Auckland 1001
Telephone: 0800 555 555
Facsimile: +64-9-357 3248

ABN AMRO Craigs Limited

ABN AMRO Craigs House
158 Cameron Road
PO Box 13 155
Tauranga 3141
Freecall: 0508 226 226

ANZ, part of ANZ National Bank Limited

Level 7, 1 Victoria Street
PO Box 540
Wellington 6140
Freecall: 0800 269 476

Forsyth Barr Limited

Level 21, Vodafone on the Quay
157 Lambton Quay
PO Box 5266
Wellington 6145
Freecall: 0800 367 227

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

Any complaints about the Senior Bonds can be directed to:

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
North Shore City
Private Bag 92119
Auckland 1142
Telephone: +64-9-488 8777
Facsimile: +64-9-488 8787
Email: enquiry@computershare.co.nz

or to:

**Company Secretary
Vector Limited**

Level 4, 101 Carlton Gore Road
PO Box 99882
Newmarket
Auckland 1149
Telephone: +64-9-978 7788
Facsimile: +64-9-978 7799

If you are not satisfied with the response you receive you may direct your complaint to the Trustee:

The New Zealand Guardian Trust Company Limited

Level 7, Vero Centre
48 Shortland Street
PO Box 1934
Auckland 1140
Telephone: +64-9-377 7300
Facsimile: +64-9-377 7477

Attention: Relationship Manager – Corporate Trusts

There is no ombudsman to whom complaints about the Senior Bonds may be made.

What other information can I obtain about this investment?**Prospectus, Trust Documents and Financial Statements**

Additional information about the Senior Bonds and Vector is contained or referred to in other sections of this Investment Statement, the Prospectus, the Trust Documents and in the financial statements of Vector.

Inspection of Documents

Copies of the Prospectus, the Trust Documents, Vector's most recent financial statements and the material contracts referred to in the Prospectus may be inspected, without charge, during normal business hours at Vector's registered office at Level 4, 101 Carlton Gore Road, Newmarket, Auckland.

These documents and other documents of, or relating to, Vector are also filed on a public register which can be accessed on the Companies Office website at www.companies.co.nz. Where relevant documents are not available on the Companies Office website, copies may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

Ongoing Reports

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

Vector is also required to make half-yearly and annual announcements to NZX, and such other announcements as are required by the Listing Rules from time to time. These announcements can be viewed on Vector's website at www.vector.co.nz and on the NZX website at www.nzx.com.

On Request Information

Bondholders may request from Vector the following documents (together with any other information required to be made available by statute or by applicable NZX Listing Rules):

- (a) the most recent half-yearly report and annual report of the Vector Group (together with annual audited financial statements or half-yearly unaudited financial statements, as appropriate) and all documents that are required to be incorporated in, attached to, or accompany, those financial statements;
- (b) this Investment Statement and the Prospectus or any subsequent investment statement or registered prospectus in respect of the Senior Bonds;
- (c) the Trust Documents;
- (d) the material contract referred to in the Prospectus; and
- (e) any other information that may be requested under regulation 23A of the Securities Regulations 1983.

This information will be made available to Bondholders, free of charge, upon a request in writing being made to Vector at its registered office at Level 4, 101 Carlton Gore Road, Newmarket, Auckland.

GLOSSARY

Advanced Metering Services	means the Advanced Metering Services Limited, the 50:50 joint venture with Siemens (N.Z.) Limited, providing energy metering services
AECT	means the Auckland Energy Consumer Trust
Application Form	means the Application Form attached to this Investment Statement
Auditor	means KPMG
Board	means the board of directors of Vector
Bondholder	means a registered holder of Senior Bonds
Business Day	means a day (other than a Saturday or Sunday) on which registered banks are open for business in Auckland and Wellington
Capital Bonds	means the capital bonds issued by Vector pursuant to the trust deed dated 25 September 2002 (as amended) between Vector and the Trustee
Closing Date	means 5.00pm on 27 May 2009, or the date on which subscriptions are sooner received and accepted for the maximum aggregate Principal Amount of the Senior Bonds, or such other date as Vector determines
CPI	means the Consumer Price Index published by Statistics New Zealand
EBIT	means earnings before interest and income tax
EBITDA	means earnings before interest, income tax, depreciation and amortisation
Event of Default	has the meaning given to that term in the Trust Documents as summarised on page 20 of this Investment Statement
Extraordinary Resolution	means a resolution that is either: <ul style="list-style-type: none"> (a) passed at a duly convened meeting of holders of Senior Bonds by a majority consisting of not less than three-fourths of the persons voting thereon upon a show of hands or, if a poll is duly demanded, by the majority consisting of not less than three-fourths of the votes given on such poll; or (b) in writing and signed by not less than 75% of Bondholders having the right to vote on the resolution and holding in aggregate Senior Bonds conferring the right to cast not less than 75% of the votes which could be cast on that resolution
FASTER	means the Fully Automated Screen Trading and Electronic Registration System operated by NZX
Firm Allocations	means Senior Bonds reserved for subscription by clients of the Joint Lead Managers, institutional investors, NZX Primary Market Participants and other approved financial intermediaries
First Interest Payment Date	means 15 October 2009
Five Year Swap Rate	means the interpolated mid-market yield for an interest rate swap for a term equal to five years based on Reuters Monitor Screen page FISSWAP (or its successor) at 10.45am on the relevant day (and rounded to the nearest two decimal places) or, if no such rate is displayed, the rate determined by Vector to be the nearest practicable alternative

Interest Rate	means the rate set on the Interest Rate Set Date as the higher of: (a) the Minimum Initial Interest Rate; and (b) the aggregate of the Five Year Swap Rate on the Interest Rate Set Date and the Interest Rate Margin (rounded to two decimal places if necessary), or such higher rate set by Vector
Interest Rate Margin	[XX]% per annum
Interest Rate Set Date	means 27 May 2009 or such earlier date as set by Vector
Interest Payment Date	means 15 April and 15 October in each year, commencing on 15 October 2009 (or if that day is not a Business Day, the next Business Day)
Investment Statement	means this investment statement dated 1 May 2009 in relation to the Senior Bonds
Issue Price	means the Principal Amount of \$1.00 per Senior Bond
Issuer	means Vector Limited
Joint Lead Managers	means Goldman Sachs JBWere (NZ) Limited, ABN AMRO Craigs Limited, ANZ, part of ANZ National Bank Limited and Forsyth Barr Limited
Listing Rules	means the listing rules of the NZDX
Maturity Date	means 15 October 2014
Maturity Notice	means the notice provided by the Issuer prior to the Maturity Date detailing the election of Bondholders to have their holding of Senior Bonds redeemed for cash or rolled over on new terms
Minimum Initial Interest Rate	means 7.50% per annum
Negative Pledge	means the negative pledge deed dated 13 October 2004 by Vector in favour of certain beneficiaries
NZ GAAP	means generally accepted accounting practice as defined in section 3 of the Financial Reporting Act 1993
NZ IFRS	means New Zealand equivalents to International Financial Reporting Standards
NZX	means New Zealand Exchange Limited
NZX Primary Market Participant	means an entity designated as such by the NZX Participant Rules
NZDX	means the debt security market operated by NZX
Offer	means the offer of Senior Bonds set out in this Investment Statement
Offer Period	means the period on and from the Opening Date until 5pm on the Closing Date or such earlier date that Vector may determine
Prospectus	means the registered prospectus dated 1 May 2009 relating to the Offer
Opening Date	means 4 May 2009, or such other date as Vector determines
Organising Participant	means Goldman Sachs JBWere (NZ) Limited
PJ	means petajoule
PPI	means the Producers Price Index published by Statistics New Zealand
Principal Amount	means, in relation to a Senior Bond, the amount (other than interest and any prepayment premium) payable on redemption or repayment of such Senior Bond as recorded in the Register

Record Date	<p>means:</p> <p>(a) in respect of any payment, 5.00pm on the tenth day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day</p> <p>(b) in respect of any redemption or roll-over of Senior Bonds at maturity, the date of the Maturity Notice, which Maturity Notice must be given not more than 60 and not less than 30 Business Days before the Maturity Date</p>
Register	means the register of Senior Bonds to be established and maintained in accordance with the Trust Deed
Registrar	means Computershare Investor Services Limited
RWT	means Resident Withholding Tax
Securities Act	means the Securities Act 1978
Securities Regulations	means the Securities Regulations 1983
Senior Bonds	means the unsecured, unsubordinated Senior Bonds offered under this Investment Statement and constituted by the Trust Documents
Senior Finance Documents	means the arrangements entered into by Vector with certain financiers, including the Negative Pledge
Standard & Poor's	means Standard & Poor's Australia Pty Limited
Tax Event	<p>means:</p> <p>(a) an amendment to, or change in, or announced proposed change in the laws of New Zealand;</p> <p>(b) a judicial decision interpreting, applying or clarifying those laws; or</p> <p>(c) an administrative pronouncement or action that represents an official position, including a clarification of an official position, of the New Zealand Government or the Department of Inland Revenue,</p> <p>which amendment or change is adopted or which proposed change, decision, pronouncement or action is announced or which action or clarification occurs on or after the Issue Date, following which any payment on the Senior Bonds becomes or is proposed to become subject to a withholding or deduction or other cost (or, as the context requires, the amount of any withholding or deduction or other cost required to be made would be increased) in respect of any taxes, assessments or other governmental charges</p>
Telecom	means Telecom Corporation of New Zealand Limited
Treescape	means Tree Scape Limited which provides tree and vegetation management services
Trustee	means The New Zealand Guardian Trust Company Limited
Trust Documents	<p>means:</p> <p>(a) the master trust deed dated 19 October 2005 between Vector and the Trustee; and</p> <p>(b) the Supplemental Trust Deed dated 30 April 2009 between Vector and the Trustee</p>
Utilitech	means Utilitech, a division of Vector, which provides specialist training for the utilities and construction sectors
Vector	means Vector Limited
Vector Group (or the Group)	means Vector and its subsidiaries and other investments

APPLICATION INSTRUCTIONS

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

Firm Allocation

Applications for Senior Bonds must be for a minimum Principal Amount of \$5,000 of Senior Bonds and thereafter in multiples of \$1,000.

Applications for Senior Bonds may be lodged from the Opening Date of the Offer on 4 May 2009. The Offer will remain open until 5.00pm on 27 May 2009 or such other date as Vector may determine in accordance with this Investment Statement.

An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the number of Senior Bonds specified on the Application Form (or such lesser number which Vector may determine) on the terms and conditions set out in this Investment Statement and on the relevant Application Form.

Applications cannot be withdrawn or revoked.

The Application Form

Please complete all relevant sections of the Application Form using CAPITAL BLOCK LETTERS. Vector may accept any Application Form not correctly completed as being valid, and may correct errors and omissions, in its sole discretion.

- A. Full Name Details: Enter your FULL NAME. Up to three applicants may apply jointly. You should refer to the section on the back of the Application Form under the heading "Form of Registrable Names" for the correct form of name that can be registered. Applications using the wrong form of name may be rejected.
- B. Postal Address Details: Enter your POSTAL ADDRESS for all correspondence. All communications to you from Vector (statements of holding, periodic reports, correspondence etc) will be mailed to person(s) at the address as shown. For joint applicants, only one address is to be entered.
- C. Telephone Numbers: Please enter your TELEPHONE NUMBER(S) and contact name in case we need to contact you in relation to your application.
- D. Value of Senior Bonds Applied For: Please enter the TOTAL VALUE of Senior Bonds that you wish to apply for. Applications must be for a minimum of \$5,000 and thereafter in multiples of \$1,000.

E. Interest Payments: If you currently receive interest or dividend payments from Computershare Investor Services Limited (**Computershare**) by direct credit, and wish the interest from the Senior Notes to be direct credited to the same account, then do not complete the Interest Payment section. If you would like your interest payments direct credited to your bank account or broker cash management account, please tick the appropriate box and enter your details and attach an encoded bank deposit slip for that account.

F. IRD Number: Please enter your IRD NUMBER and elect the rate at which you wish resident withholding tax to be deducted by ticking the relevant box. For joint applicants, please fill in the IRD number of the first named applicant or the beneficiary of the trust (for application by trustees).

Indicate by ticking the appropriate box whether or not you hold a resident withholding tax exemption certificate.

If you hold a certificate, Vector will not be obliged to deduct resident withholding tax on interest payments, if it has not seen the relevant certificate. A copy of the certificate must be attached to the Application Form.

G. Common Shareholder Number: If you currently have a Computershare shareholder number or a Common Shareholder Number, please enter it in the box provided.

H. Declaration and signature: Read the declaration carefully and SIGN the Application Form. It must be signed by applicants personally. Companies or other bodies corporate must sign in the same way as they would sign a formal deed or other formal legal document. Applications may, in either case, be executed by an attorney or an authorised agent. If your 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 Application Form. If your Application Form is signed by an authorised agent, the agent must complete the certificate of non-revocation of agent on the Application Form. Joint applicants must all sign the Application Form.

Payment

Payment in full of the aggregate Issue Price of the value of Senior Bonds applied for must accompany the Application Form. Payment must be made by a cheque drawn on a New Zealand bank, for New Zealand dollars, for immediate value. Post-dated cheques will not be accepted. Please ensure that the total of the cheque equals the amount payable. Make the cheque payable to "Vector Senior Bond Offer" and cross it "Not Transferable".

Your cheque will be banked upon receipt into a designated bank account pending allotment of Senior Bonds. Banking does not constitute confirmation of allotment of any Senior Bonds.

Sufficient cleared funds should be held in your account as cheques returned unpaid are likely to result in your application being rejected or your allotment being cancelled. In addition, the Issuer may pursue the defaulting applicant for any damages suffered as a result of the payment being dishonoured.

Staple your cheque to the Application Form. Institutional investors must pay in immediately cleared funds.

Delivery

Applicants accepting a firm allocation from an NZX Primary Market Participant need to return the completed Application Form (with payment) to the office of the Primary Market Participant which has provided that firm allocation in time to enable forwarding to the Registrar prior to the Closing Date (5.00pm 27 May 2009).

Application Forms from other applicants must be mailed or delivered (with payment) to arrive before the Closing Date (5.00pm 27 May 2009) to:

Vector Senior Bonds Offer
c/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
North Shore City
Private Bag 92119
Auckland 1142

Those applicants may also lodge an application with any Primary Market Participant, the Organising Participant or any other channel approved by NZX but must deliver it in time to enable the Application Form to be forwarded to the Registrar before the Closing Date.

Please lodge your Application Form **AS SOON AS POSSIBLE**.

Terms and conditions

By signing this Application Form

I/We agree to subscribe for Senior Bonds upon and subject to the terms and conditions of the Investment Statement, this Application Form and the Trust Documents and I/we agree to be bound by the provisions thereof.

I/We confirm that I/We have read and understood the Investment Statement and I/we confirm that this Application Form was distributed with that document.

I/We acknowledge that Vector may decline any application in whole or in part.

I/We declare that all details and statements made by me/us in this Application Form are complete and accurate.

I/We acknowledge that an application cannot be withdrawn or revoked.

Form of Registrable Names

Note that ONLY LEGAL ENTITIES are allowed to hold Senior Bonds. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to Vector. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms or registrable names below.

Type of investor

- Individual – Use given name in full, not initials.
- Company – Use company title, not abbreviations.
- Trusts – Do not use the name of the trust, use the trustee(s) personal names. All trustees must apply as joint applicants.
- Deceased Estates – Do not use the names of deceased, use executor(s) personal names.
- Clubs / Unincorporated Bodies – Do not use names of clubs etc, use office bearer(s) personal names.
- Superannuation Funds – Do not use name of fund, use name of trustee.

Certificate of Non-Revocation of Power of Attorney

I, of hereby certify that
by Power of Attorney dated the day of

appointed me his / her / its attorney on the
terms and conditions set out in the Power of Attorney.

I have executed the application for Senior Bonds printed on the face of this 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 by the death or liquidation of the donor or otherwise.

Signed at this day of 2009

Certificate of Agent (only complete this section if this Application Form is signed by an agent of the applicant)

I, of hereby certify that
 has appointed me his / her / its agent for the purpose of signing this application for

Senior Bonds.

I have executed the application for Senior Bonds printed on the face of this form as agent under that authority 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 my powers as agent by the death or liquidation of the donor or otherwise.

Signed at this day of 2009

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Senior Bonds.

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At the date of this certificate, I have not received any notice or information of the revocation of my powers as agent by the death or liquidation of the donor or otherwise.

Signed at this day of 2009

DIRECTORY

REGISTERED OFFICE OF VECTOR

Level 4, 101 Carlton Gore Road
Newmarket
PO Box 99882
Auckland 1149
Telephone: +64-9-978 7788
Facsimile: +64-9-978 7799

DIRECTORS OF VECTOR

Michael Stiassny (Chairman)
Peter Bird
James Carmichael
Tony Carter
Hugh Fletcher
Alison Paterson
Karen Sherry
Bob Thomson

REGISTRAR

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna, North Shore City
Private Bag 92119
Auckland 1142
Facsimile: +64-9-488 8787
Investor Enquiries: +64-9-488 8777
Email: enquiry@computershare.co.nz

TRUSTEE

The New Zealand Guardian Trust Company Limited

Level 7, Vero Centre
48 Shortland Street
PO Box 1934
Auckland 1140

AUDITORS

KPMG

KPMG Centre
18 Viaduct Harbour Avenue
PO Box 1584
Auckland 1140
Telephone: +64-9-367 5800
Facsimile: +64-9-367 5875

SOLICITORS FOR VECTOR

Bell Gully

Vero Centre
48 Shortland Street
PO Box 4199
Auckland 1140
Telephone: +64-9-916 8800
Website: www.bellgully.com

JOINT LEAD MANAGER, ARRANGER AND ORGANISING PARTICIPANT

Goldman Sachs JBWere (NZ) Limited

Level 38, Vero Centre
48 Shortland Street, PO Box 887
Auckland 1001
Freecall: 0800 555 555
Telephone: +64-9-357 3200
Facsimile: +64-9-357 3248

Level 8, The State Insurance Tower
1 Willis Street
Wellington 6001
Freecall: 0800 555 554
Telephone: +64-4-471 6260
Facsimile: +64-4-471 6261

Level 1, HSBC House
141 Cambridge Terrace
Christchurch 8001
Freecall: 0800 555 553
Telephone: +64-3-364 5610
Facsimile: +64-3-364 5611

Website: www.gsjobw.co.nz
Email: nzclientservice@gsjobw.co.nz

JOINT LEAD MANAGERS

ABN AMRO Craigs Limited

ABN AMRO Craigs House
158 Cameron Road
PO Box 13 155
Tauranga 3141
Freecall: 0508 226 226

ANZ, part of ANZ National Bank Limited

Level 7, 1 Victoria Street
PO Box 540
Wellington 6140
Freecall: 0800 269 476

Forsyth Barr Limited

Level 21, Vodafone on the Quay
157 Lambton Quay
PO Box 5266
Wellington 6145
Freecall: 0800 367 227