

VECTOR LIMITED
Company

THE NEW ZEALAND GUARDIAN TRUST COMPANY LIMITED
Trustee

DEED POLL RELATING TO CAPITAL BONDS

DEED POLL dated 3 November 2006

PARTIES

VECTOR LIMITED ("Company")

THE NEW ZEALAND GUARDIAN TRUST COMPANY LIMITED ("Trustee")

INTRODUCTION

- A. The Company has issued 307,205,000 unsecured subordinated Capital Bonds pursuant to the Capital Bonds Trust Deed (defined below).
- B. The Company is entering into this deed to provide certain covenants to the Trustee for the benefit of its Principal Senior Creditors.

DEED POLL

1. INTERPRETATION

1.1 Definitions: In this Deed Poll:

"**Bondholder**" means, at any time in relation to a Capital Bond, a person whose name is entered in the Register at that time as the holder of that Capital Bond.

"**Business Day**" means a day on which registered banks (as that term is defined in the Reserve Bank of New Zealand Act 1989) generally are open for business in Auckland.

"**Capital Bonds**" means the unsecured, subordinated capital bonds constituted by the Capital Bonds Trust Deed.

"**Capital Bonds Trust Deed**" means the Trust Deed dated 25 September 2002 between the Company and The New Zealand Guardian Trust Company Limited as amended from time to time.

"**Conditions**" means the terms and conditions from time to time applicable to the Capital Bonds being in the form set out in schedule 2 to the Capital Bonds Trust Deed, as the same may be amended from time to time and "**Condition**" means any of them.

"**Majority of Principal Senior Creditors**" means, at any particular time, a Principal Senior Creditor or group of Principal Senior Creditors whose aggregate Voting Amounts equal or exceed 50% of the aggregate Voting Amounts for all Principal Senior Creditors at that time.

"**Principal Senior Creditor**" means a Senior Creditor with an exposure to the Company in respect of financial accommodation made or committed to be made available to the Company of in excess of NZ\$20,000,000 (or its equivalent in any other currency or currencies).

"**Rating**" means the credit rating assigned to the Company by Standard & Poor's.

"**Redemption Right**" means:

- (a) the right of the Company to redeem a Capital Bond under and in accordance with Condition 4.3(a);
- (b) the right of the Company to purchase a Capital Bond in any Resale Facility under and in accordance with Condition 4.4(d), save where the purchase is contemplated solely to enable the Company to facilitate the operation of a Resale Facility and the Company immediately on-sells the purchased Capital Bond pursuant to a Resale Facility;
- (c) the right of the Company to redeem a Capital Bond under and in accordance with Condition 4.4(g); or
- (d) the right of the Company or any of its subsidiaries to purchase a Capital Bond under and in accordance with Condition 4.8.

"Register" means the register of Capital Bonds to be established and maintained in accordance with the Capital Bonds Trust Deed.

"Replacement Securities" means a debt or equity security described in clause 2.1(a)(ii).

"Standard & Poor's" means Standard & Poor's Australia Pty Limited or, if it ceases to provide credit ratings, such other provider of credit ratings determined by the Company.

"Senior Creditors" means all creditors of the Company in relation to obligations other than indebtedness owed by the Company to Bondholders in respect of Capital Bonds or obligations which are expressed to be subordinate to the obligations of the Company under or in relation to the Capital Bonds, or pari passu with such obligations.

"Trust Powers" means the trusts, powers, authorities or discretions vested in the Trustee by this Deed Poll.

"Voting Amount" means for any Principal Senior Creditor at any particular time, the aggregate of:

- (a) the principal amount of all indebtedness of the Company to that Principal Senior Creditor at that time (but for this purpose indebtedness in respect of any treasury product before its close out will not be taken into account); and
- (b) any then undrawn portion of committed facilities provided by that Principal Senior Creditor to the extent that this undrawn portion remains available and the Principal Senior Creditor remains obliged to provide it and such would, if utilised, give rise to a principal amount of indebtedness of the Company to that Principal Senior Creditor not already counted within paragraph (a) above (once again ignoring any indebtedness under any treasury product before its closeout),

and where any such amount is denominated in a currency other than New Zealand dollars, for the purpose of determining the Voting Amount such amount will be the New Zealand dollar equivalent of that foreign currency amount determined by the relevant Principal Senior Creditor by reference to prevailing spot rates of exchange.

1.2 Miscellaneous:

- (a) The introduction to and headings in this Deed Poll are inserted for convenience only and shall be ignored in construing this Deed Poll.

- (b) Unless the context otherwise requires, words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (d) References to any party to this Deed Poll or any other document or any Principal Senior Creditor shall include its successors or permitted assigns.

2. COVENANT

2.1 The Company covenants to the Trustee for the benefit of the Principal Senior Creditors that it will not exercise a Redemption Right on or after 15 December 2006 (other than any redemption of Capital Bonds which it is required, under Condition 4.4(g) as at the date of this Deed Poll, to redeem on that date) unless:

- (a) Either:
 - (i) it reasonably believes, on due enquiry, that the exercise of the Redemption Right will not cause the Rating to fall from that applying one Business Day immediately prior the announcement of the exercise of the Redemption Right; or
 - (ii) the Company has raised funds during the 12 month period prior to the exercise of the Redemption Right through the issue of either:
 - (aa) ordinary shares in the Company; or
 - (bb) any security, whether debt or equity, having substantially the same terms and conditions regarding maturity, ranking, deferral, replacement provisions, purchase and redemption, in an amount which Standard & Poor's confirms is sufficient for those securities to carry the same equity credit weighting as are assigned to the Capital Bonds by Standard & Poor's on or about 15 December 2006; and
- (b) prior to the exercise of the Redemption Right, the Company delivers to the Trustee a certificate signed by not less than two directors of the Company on behalf of the directors of the Company stating that either sub-paragraph (a)(i) or (a)(ii) above applies and attaching an appropriate certificate from Standard & Poor's.

2.2 If the Company makes an issue of the kind referred to in clause 2.1(a)(ii)(bb) in order to satisfy the covenant in clause 2.1, the Company shall enter into a deed poll on substantially the same terms as this deed with respect to that new issue (including, without limitation, a provision substantially equivalent to this clause 2) as if the reference to the Capital Bonds were a reference to the new securities so issued.

2.3 Notwithstanding clause 2.1, the Company shall not exercise any Redemption Right prior to the interest payment date applicable to the Capital Bonds which falls in December 2011.

2.4 If as a result of the exercise of a Redemption Right, the Company is placed on credit watch or equivalent (including a revision of the outlook from positive to stable or from

stable to negative), the Rating will, for the purposes of clause 2.1(a)(i), be considered to have fallen.

2.5 If the Company breaches this clause 2, the Trustee shall be entitled to take any action legally available to it or to the Principal Senior Creditors as a result of that breach.

2.6 If the Trustee becomes aware of any breach by the Company of the provisions of this clause 2, the Trustee shall as soon as practicable give notice of that breach to the Principal Senior Creditors and convene a meeting of the Principal Senior Creditors to obtain their directions.

2.7 Any directions given to the Trustee must be given by a Majority of Principal Senior Creditors provided that the Trustee shall not be obliged to take any action:

- (a) unless it is first indemnified to its satisfaction pursuant to clause 6.4;
- (b) if, in the Trustee's opinion, such action would be materially prejudicial to the interests of the Bondholders; or
- (c) if, in the Trustee's opinion, such action would be unlawful,

and in any event, in the absence of any valid direction, the Trustee is not required to take any action.

2.8 No Principal Senior Creditor shall be entitled to enforce any rights or remedies directly against the Company unless the Trustee declines to do so under clause 2.7 or the Trustee has failed to enforce the rights and remedies of such Principal Senior Creditor having become bound to do so under the provisions of this Deed Poll and such failure is continuing for a period of longer than 60 days.

2.9 The Trustee need not convene a meeting if all Principal Senior Creditors agree and may act on written directions of a Majority of Principal Senior Creditors.

3. TERMINATION

3.1 This Deed Poll and the covenants contained in it shall continue until the last Capital Bond (or the last Replacement Security, not being an ordinary share in the capital of the Company, issued under this Deed Poll or under any replacement deed poll referred to in clause 2.1) ceases to be on issue.

3.2 This Deed Poll is irrevocable and shall remain in full force and effect until terminated in accordance with clause 3.1.

3.3 If this Deed Poll is terminated under clause 3.1 then, in addition and without prejudice to any other rights, powers or remedies, the Company shall be released from its obligations to further perform this Deed Poll save as provided for in clause 13.1.

4. REPRESENTATIONS AND WARRANTIES AND REPORTS

4.1 **Representations and warranties:** The Company represents and warrants to the Trustee, that:

- (a) **Status:** it is a company duly incorporated and validly existing under the laws of New Zealand;
- (b) **Power and authority:** it has:

- (i) the power to enter into and exercise its rights and perform and comply with its obligations under this Deed Poll; and
 - (ii) taken all necessary action to authorise the entry into of this Deed Poll and the performance of all its obligations under this Deed Poll; and
- (c) **Obligations:** this Deed Poll constitutes its legal, valid and binding obligations, enforceable in accordance with their respective terms, subject to insolvency laws affecting creditors' rights generally and to equitable principles of general application.

4.2 **Quarterly directors' certificate** The Company shall provide to the Trustee a certificate within 30 days of the end of each financial half-year signed by not less than two directors of the Company on behalf of the directors of the Company stating as at the end of the financial half-year:

- (a) the names of the Principal Senior Creditors and their respective Voting Amounts; and
- (b) details of any Redemption Rights exercised during that financial half-year.

4.3 **Changes to Principal Senior Creditors:** If during any financial half-year the names of the Principal Senior Creditors provided to the Trustee as at the end of the previous financial half-year are no longer correct, the Company shall promptly provide to the Trustee an updated certificate signed by not less than two directors of the Company on behalf of the directors of the Company stating the current Principal Senior Creditors.

4.4 **Notice of exercise of Redemption Rights:** The Company shall notify the Trustee of its intention to exercise any Redemption Right not less than 14 days prior to exercising the Redemption Right and provide details to the Trustee of the ordinary shares issued or relevant Replacement Securities.

5. APPOINTMENT OF TRUSTEE

5.1 The Company appoints the Trustee, and the Trustee accepts appointment, as trustee for the Principal Senior Creditors on the terms and conditions of this Deed Poll and implied by law, and with the rights, powers, duties and conferred by this Deed Poll or by applicable law.

5.2 The Trustee declares that it enters into this Deed Poll as trustee for the Principal Senior Creditors and agrees to hold the benefit of:

- (a) this Deed Poll;
- (b) the right to enforce the covenants of the Company in this Deed Poll; and
- (c) any other property the Trustee may receive or which may be vested in the Trustee in accordance with this Deed Poll,

in trust for the Principal Senior Creditors subject to and in accordance with this Deed Poll.

6. TRUSTEE'S FEES, EXPENSES AND INDEMNITIES

6.1 **Fees:** The Company shall pay to the Trustee such fees as may from time to time be agreed between them in writing.

6.2 **Expenses:** The Company shall pay all expenses (including legal fees on a full indemnity basis) reasonably incurred by or on behalf of the Trustee in connection with:

- (a) the preparation and signing of this Deed Poll;
- (b) the exercise of any Trust Power, including the taking of any expert advice deemed reasonably necessary or expedient by the Trustee;
- (c) the convening and holding, and carrying out of any directions or resolutions, of any meeting of Principal Senior Creditors in accordance with the terms and conditions of this Deed Poll; or
- (d) any waiver, consent or other action requested by the Company.

6.3 **Indemnity by the Company:** Without prejudice to the right of indemnity by law given to trustees, the Trustee shall be indemnified by the Company for all expenses, losses and liabilities reasonably sustained or incurred in carrying out the Trust Powers or otherwise for any action taken, or omitted to be taken, in accordance with the provisions of this Deed Poll, other than a claim arising out of a wilful default, gross negligence or wilful breach of trust.

6.4 **Indemnity by Principal Senior Creditors:**

- (a) If contrary to clause 6.3, the Company fails to indemnify the Trustee, each of the Principal Senior Creditors jointly and severally agrees to indemnify the Trustee on demand.
- (b) The Trustee is not required to take any action or exercise any Trust Power or comply with any request or direction pursuant to this Deed Poll unless it has first been indemnified to its satisfaction against all expenses, losses and liabilities it may reasonably sustain or incur by so doing.

6.5 **Payments:** The fees, expenses, indemnities and other amounts payable under this Deed Poll to the Trustee shall be payable by the Company at the times agreed (or, in the absence of agreement, on demand).

7. TRUSTEE'S DUTIES AND POWERS

7.1 **Duties limited:** The Trustee has no duties or responsibilities to the Principal Senior Creditors except those expressly set out in this Deed Poll and in particular:

- (a) the Trustee shall have no duty to report to the Principal Senior Creditors unless it becomes aware of a breach by the Company of this Deed Poll;
- (b) the Trustee's responsibility in relation to a breach by the Company of this Deed Poll is limited to:
 - (i) reporting the breach to the Principal Senior Creditors;
 - (ii) convening a meeting of the Principal Senior Creditors to obtain their directions or otherwise obtaining directions from the Majority of Principal Senior Creditors; and
 - (iii) subject to clause 2.7, carrying out those directions.

7.2 **General powers:** The powers, authorities and discretions conferred on the Trustee by this Deed Poll shall be in addition to any powers, authorities and discretions which may

from time to time be vested in trustees by law and to any powers, authorities and discretions which may from time to time be vested in the Trustee as a Principal Senior Creditor.

7.3 **Investment:** Any moneys held by the Trustee which are subject to the trusts created by this Deed Poll may, at the discretion of the Trustee, be invested in the name of the Trustee or its nominee in any investment whatsoever, with power to vary such investments for others of a like nature and to deal with, or dispose of, such investments. The income (less any commissions properly payable to the Trustee) arising from all such investments made by the Trustee will belong to the person in respect of whom such moneys are held by the Trustee.

8. EXERCISE OF TRUSTEE'S POWERS

8.1 **Reliance:** The Trustee shall be entitled without liability for loss, to obtain, accept and act on, or to decline and elect not to act on:

- (a) any certificate from the directors of the Company provided under clause 2.1, 4.2 or 4.3 without further enquiry;
- (b) any communication or document (including any fax or email) reasonably believed by it to be genuine and correct; and
- (c) advice and statements of lawyers, accountants and other experts reasonably selected by it or the Company.

8.2 **Assume compliance:** The Trustee is under no obligation to the Principal Senior Creditors to monitor compliance by the Company with this Deed Poll. The Trustee is entitled to assume that the Company is complying with all its obligations under this Deed Poll until the Trustee has actual knowledge of non-compliance.

8.3 **Delegation:** The Trustee, whenever it thinks it expedient in the interests of the Principal Senior Creditors to do so, may:

- (a) delegate at any time to any person any of the Trust Powers which cannot conveniently be exercised by it or through its employees, upon such terms and conditions it thinks fit provided that any such delegation shall not relieve the Trustee of its responsibilities under this Deed Poll; and
- (b) authorise any person as it thinks fit to act as its representative at any meeting.

8.4 **Trustee's consent:** Any consent given by the Trustee for the purposes of this Deed Poll may be given on such terms and conditions (if any) as the Trustee thinks fit.

8.5 **Safe custody:** The Trustee may hold or place this Deed Poll and any other documents with any bank or any person whose business includes the undertaking of safe custody of documents or with any lawyer or firm of lawyers (in each case reasonably considered by the Trustee to be of good repute) and the Trustee is not responsible for or required to insure against any loss incurred in connection with that deposit.

8.6 **Fiduciary relationship:** The Trustee and any of its related companies and officers may (without having to account to the Company or any Holder) engage in any kind of business with the Company and its subsidiaries and may accept fees or other consideration for services without having to account to the Principal Senior Creditors.

8.7 **Confidentiality:** Unless ordered to do so by law or court order, the Trustee shall not be required to disclose to any Principal Senior Creditors any information made available to the Trustee by the Company.

9. REPLACEMENT OF TRUSTEE

9.1 **Resignation or removal of Trustee:** Subject to the appointment and acceptance of a successor Trustee as provided in this clause 9:

- (a) the Trustee may resign at any time by giving not less than 30 days' written notice to the Company;
- (b) the Company may remove the Trustee from office by giving not less than 30 days' written notice to the Trustee; or
- (c) a majority by value of the Principal Senior Creditors may by written resolution remove the Trustee from office by giving not less than 90 days' written notice to the Company and Trustee.

9.2 **Appointment of new Trustee:** Upon such a notice of resignation or removal being given, the Company will, subject to clause 9.3 have the right to appoint a successor Trustee.

9.3 **Failure to Appoint Trustee:** If a successor Trustee has not been appointed by the Company or has not accepted an appointment within 60 days after any notice under clause 9.1, then the retiring Trustee may, on behalf of the Company, appoint a successor Trustee.

9.4 **Successor Trustee:** Upon the acceptance of any appointment under this clause 9 by a successor Trustee:

- (a) the successor Trustee will succeed to, and become vested with, all the rights, powers and obligations of the retiring Trustee under the Transaction Documents and, as from that time, the retiring Trustee shall be discharged from its rights, powers and obligations; and
- (b) the retiring Trustee must transfer to the successor Trustee all moneys, investments, property and books held by the Trustee under this Deed Poll.

9.5 **Execution of documents:** Upon the acceptance of any appointment under this clause 9 by a successor Trustee, the successor Trustee shall execute all such documents which are necessary or appropriate and in such form as may be required by the other parties to the Transaction Documents, such that the successor Trustee is bound by all the covenants on the part of the Trustee under this Deed Poll from the date of such appointment. Any appointment of a successor Trustee has no effect until such documents are executed by the successor Trustee.

9.6 **Notice:** The Company shall notify all Principal Senior Creditors of the appointment of any new trustee as soon as reasonably practicable following such appointment.

10. LIABILITY OF TRUSTEE

10.1 **Trustee not indemnified:** No provision of this Deed Poll shall have the effect of exempting the Trustee from, or indemnifying the Trustee against, liability for wilful breach of trust where the Trustee fails to show the degree of care and diligence

required of the Trustee having regard to the Trust Powers and the provisions of this Deed Poll.

- 10.2 **Duty of care:** Notwithstanding any other provision of this Deed Poll, the Trustee does not assume any duty of care to the Company, any creditors of the Company or any other person other than the Principal Senior Creditors (subject to and in accordance with this Deed Poll) in exercising the Trust Powers, and shall not be liable to any person (including the Company and any Principal Senior Creditors) in any way except for wilful default, gross negligence or wilful breach of trust where the Trustee has failed to show the degree of care and diligence required of it having regard to the provisions of this Deed Poll.

11. AMENDMENTS TO DEED POLL

- 11.1 Subject to complying with all applicable laws and with the consent of the Trustee the Company may, without the authority, consent, assent or approval of any Principal Senior Creditor, amend or add to this Deed Poll where the amendment or addition is, in the opinion of the Company:

- (a) made to correct a manifest error;
- (b) made to comply with any law or the NZSX Listing Rules;
- (c) of a formal or technical nature; or
- (d) not, and is not likely to become materially prejudicial to Principal Senior Creditors generally.

- 11.2 For the purposes of clause 11.1(d), any amendment or addition to this Deed Poll which is required to be made to enable the Company to receive intermediate equity treatment for the Capital Bonds from Standard & Poor's will be deemed not to be prejudicial to the interests of the Principal Senior Creditors.

- 11.3 Without limiting clause 11.1, the Company may amend or add to this Deed Poll without the prior approval of the Trustee if the amendment or addition has been approved by a Majority of Principal Senior Creditors.

- 11.4 Any amendment or addition to this Deed Poll must be in writing.

12. NOTICES

- 12.1 **Writing:** Each notice or other communication to be given or made under this Deed Poll must:

- (a) **Writing:** be given or made in writing by fax or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to:
 - (i) the Company or the Trustee at the initial addresses or fax numbers, and marked for the attention of the person (if any), set out in clause 12.2 or such other address from time to time designated by the recipient to the other for the purposes of this Deed Poll; and

(ii) to the Principal Senior Creditors, at the addresses or fax numbers, and marked for the attention of the person (if any), notified to the Trustee from time to time by the Company.

(c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:

(i) (if given or made by letter) when left at the address of the recipient or five Business Days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or

(ii) (if given or made by fax) upon production of a transmission report by the machine from which the fax was sent which indicates that the fax was sent in its entirety to the fax number of the recipient,

provided that any notice or communication received or deemed received after 5 pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

12.2 **Initial address and numbers:** The initial address, fax number and person (if any) designated for the purposes of this Deed Poll, are set out below:

(a) **The Company:**
Vector Limited
101 Carlton Gore Road
PO Box 99882
Newmarket
Auckland
Facsimile No: +64 9 978 7799
Attention: Group Treasurer

(b) **The Trustee:**
The New Zealand Guardian Trust Company Limited
Level 7, Vero Centre
48 Shortland Street
Auckland

Facsimile No: +64 9 377 7477
Attention: Relationship Manager - Corporate Trusts

13. STAMP DUTY

13.1 The Company shall pay all stamp, documentary, transaction, registration and similar taxes (if any), which may be payable in connection with the signing, delivery, registration, performance, exercise of any right under, or enforcement or variation of, this Deed Poll.

14. MISCELLANEOUS

14.1 An invalid provision in the Deed Poll shall not affect the remaining provisions of this Deed Poll.

14.2 The Company may not assign or transfer any of its rights or obligations under this Deed Poll.

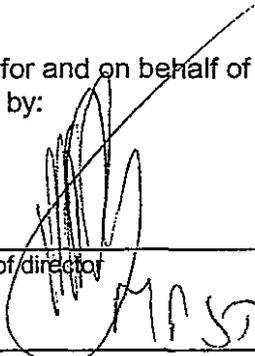
- 14.3 No delay in acting, or failure to act, by the Trustee is a waiver of any of the Trustee's rights, and the Trustee shall not be liable to any person for any such delay or failure.
- 14.4 A certificate of the Trustee as to any amount or fact which might reasonably be expected to be within the Trustee's knowledge shall be prima facie evidence of that amount or fact.
- 14.5 The rights, powers and remedies of the Company, the Trustee and the Principal Senior Creditors under this Deed Poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this Deed Poll.
- 14.6 The Company will promptly do all things and execute all further documents necessary to give effect to this Deed Poll.
- 14.7 This Deed Poll may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, but all of which shall constitute the same instrument.

15. GOVERNING LAW

- 15.1 This Deed Poll shall be governed by and construed in accordance with the laws of New Zealand.
- 15.2 The Company and Trustee irrevocably submit to the non-exclusive jurisdiction of the courts of New Zealand.

EXECUTION

SIGNED for and on behalf of **VECTOR LIMITED** by:



 Signature of director

 Name of director



 Signature of director

 Name of director

EXECUTED under the name and seal of
THE NEW ZEALAND GUARDIAN
TRUST COMPANY LIMITED by two
authorised signatories in the presence of:



[Handwritten signature]

Signature of authorised signatory

MICHAEL REX KNOWLES

Name of authorised signatory

[Handwritten signature]

Signature of authorised signatory

~~BRYAN DAVID CONNOR~~

Name of authorised signatory

WITNESS TO BOTH SIGNATURES

FULL NAME: KAREN ANNE DONALD

Signature of witness

RESIDENTIAL ADDRESS: 69A HAMLIN RD

MT WELLINGTON

Occupation

OCCUPATION: RECEPTIONIST

SIGNATURE: *[Handwritten signature]*

City/town of residence