

Vector Capital Bonds

Summary Terms Sheet (key terms from 15 June 2017)

- **Minimum Interest Rate (if no unsold Bonds): 5.70% per annum**
- **New Election Date: 15 June 2022**
- **Issue Rating: BB+ (S&P)**

Set out below is a summary of the key terms and conditions of Vector's Capital Bonds that will apply from 15 June 2017. A copy of the full terms and conditions of the Capital Bonds can be obtained (free of charge) online on Vector's website at www.vector.co.nz/investors/bonds. In the event of any inconsistencies between this summary terms sheet and the full terms and conditions of the Capital Bonds (including those set out in the Election Notice dated 3 May 2017), the latter will prevail. Investors should consult the Trust Deed, or contact their financial adviser, for further information. Capitalised terms used below but not defined shall have the meaning given to those terms in the Trust Deed.

Issuer	Vector Limited (Vector or the Issuer).
Issuer Credit Rating	BBB (Stable) from Standard & Poor's and Baa1 (Stable) from Moody's.
Instrument	Capital Bonds (Capital Bonds) issued under a trust deed dated 25 September 2002 (as amended) (the Trust Deed).
Status	The Capital Bonds constitute unsecured, subordinated obligations of the Issuer and rank pari passu and without priority or preference among themselves.
Issue Credit Rating	The Capital Bonds are rated BB+ by Standard & Poor's. A credit rating is not a recommendation by any rating organisation to buy, sell or hold Capital Bonds and may be subject to revision or withdrawal at any time.
Term	The Capital Bonds are perpetual, subject to redemption by the Issuer in certain circumstances.
Total Capital Bonds on issue	NZ\$307,205,000.
Treasury Stock	NZ\$44,553,666 as at 28 April 2017.
Current Election Date	15 June 2017.
New Election Date	15 June 2022.
Interest Rate from 15 June 2017 to 15 June 2022	If all Capital Bonds offered for sale through the Resale Facility are sold or redeemed by Vector, the Interest Rate applicable to the Capital Bonds will be the greater of: • 5.70% per annum; and • the five year swap rate as at or about 3pm on 14 June 2017 plus the Issue Margin of 2.75% per annum. If any Capital Bonds offered for sale through the Resale Facility are not sold or redeemed by Vector, the interest rate payable by Vector on all Capital Bonds is the Adjusted Interest Rate. The Adjusted Interest Rate is the aggregate of: • the five year swap rate as at or about 3pm on 14 June 2017; plus • the Issue Margin for the prior Bond period from 15 June 2012 to 15 June 2017 (being an Issue Margin of 2.95% per annum); and • the Specified Margin (being 1.00% per annum).

Interest payments	Semi-annually in arrears in two equal payments.
Interest Payment Dates	15 December and 15 June.
Non-payment of interest	Any non-payment of interest (including cancellation of interest) will not give rise to any right to accelerate payment of any amount due under a Capital Bond nor constitute a default by the Issuer.
Discretion to cancel interest	The Issuer may at its discretion elect to cancel payment of all or any part of the interest due on an Interest Payment Date. The Issuer will not have any obligation to pay any cancelled interest at any time in the future.
Distributions to shareholders	If the Issuer has cancelled any interest payment, it may not pay any dividend or make any distribution on its shares unless the Issuer has paid either all interest that was cancelled since the last time two consecutive interest payments were made or the two consecutive interest payments immediately prior to the dividend/distribution.
Election Notice prior to next Election Date (and subsequent Election Dates)	The Issuer shall give the Bondholders prior to each Election Date an Election Notice specifying the New Conditions as to Interest Rate, Interest Payment Dates and new Election Date and any other modifications to the Conditions to apply to the Capital Bonds from that Election Date. Bondholders may elect to retain all or some of their Capital Bonds subject to the New Conditions, apply to purchase additional Capital Bonds through the Resale Facility, or offer to sell all or some of their Capital Bonds through the Resale Facility.
No Election Notice given	If the Issuer fails to give an Election Notice on an Election Date, the Issuer shall be deemed to have postponed that Election Date by a period of one year and for that year interest shall accrue at a fixed rate equal to the one year swap rate (calculated as if the Rate Set Date was the Business Day preceding the beginning of the extended period) plus the Issue Margin as at that date plus the Specified Margin (being 1.00% per annum).
Redemption of all Capital Bonds on an Election Date	The Issuer may elect to redeem all (but not some) of the Capital Bonds on any Election Date in cash for the Principal Amount plus any Accrued Interest.
Unsold Capital Bonds	The Issuer may redeem Capital Bonds which remain unsold under the Resale Facility on an Election Date for the Principal Amount of each Capital Bond. If the Issuer does not redeem all unsold Capital Bonds on an Election Date, all the unsold Capital Bonds will remain on issue and will be subject to the New Conditions, except that for the period until the next Election Date, the interest rate payable by the Issuer on all Capital Bonds (including all unsold Capital Bonds) is the Adjusted Interest Rate (refer section "Interest Rate from 15 June 2017 to 15 June 2022" above).
No Election Received	If the Issuer does not receive a properly completed Election Notice from a Bondholder which indicates which option the Bondholder has chosen, the Bondholder is deemed to have elected to continue to hold all of their Capital Bonds on the terms of the New Conditions until the next Election Date.
Denominations	Minimum denomination of NZ\$5,000 with multiples of NZ\$1,000 thereafter.
Trustee	The New Zealand Guardian Trust Company Limited.
Listing	The Capital Bonds are quoted on the NZX Debt Market and all the requirements of NZX Limited relating thereto have been duly complied with. However, NZX Limited accepts no responsibility for any statement in this Summary Terms Sheet. The NZX Debt Market is a licensed market operated by NZX Limited, a licensed market operator regulated under the Financial Markets Conduct Act 2013.