

## VECTOR LIMITED CAPITAL BONDS – ELECTION NOTICE

Vector Limited (**Vector**) has issued Capital Bonds (VCT070) subject to the terms of the trust deed dated 25 September 2002 (as amended) (**Trust Deed**). Under the Trust Deed, bondholders are entitled to make an election to keep or sell some or all of their Capital Bonds on each election date. The next election date is 15 June 2017.

### Election Notice

Vector advises that today it will post an Election Notice and explanatory notes to the registered address of each holder of Capital Bonds whose name appeared on the register on 28 April 2017. Copies of the Election Notice and explanatory notes are attached.

From 15 June 2017, the Capital Bonds will be subject to a new interest rate, and the next election date for the Capital Bonds will be 15 June 2022.

The election options available to New Zealand bondholders are to:

- keep all of their Capital Bonds; or
- keep all of their Capital Bonds and apply to purchase additional Capital Bonds through the resale facility to be established by Vector as part of the election process (the **Resale Facility**); or
- offer to sell some of their Capital Bonds through the Resale Facility and keep the balance of their Capital Bonds; or
- offer to sell all of their Capital Bonds through the Resale Facility.

If on 31 May 2017 a bondholder has a registered address outside New Zealand, all of that bondholder's Capital Bonds will be automatically offered for sale in the Resale Facility.

### Interest Rate

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 from 15 June 2017 will be the higher of either:

- 5.70 per cent per annum; or
- the five-year swap rate on 14 June 2017 plus the Issue Margin of 2.75 per cent 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 from 15 June 2017 is the Adjusted Interest Rate. The Adjusted Interest Rate is the aggregate of the:

- five-year swap rate on 14 June 2017; plus
- Issue Margin for the prior Bond Period (being an Issue Margin of 2.95 per cent per annum); plus
- Specified Margin (being 1.00 per cent per annum).

Vector has not made any decisions as to whether it will purchase or redeem any Capital Bonds which are placed by bondholders into the Resale Facility. Vector's ability to purchase or redeem any Capital Bonds is subject to it being satisfied it can comply with its obligations under the Replacement Security Deed Poll.<sup>1</sup>

### **Making of election**

New Zealand bondholders have until 5.00pm on Wednesday, 31 May 2017 to advise their election. If a bondholder does not return a correctly completed Election Notice to Vector and the bondholder's registered address is in New Zealand, that bondholder will be deemed to have elected to keep all of its Capital Bonds subject to the new interest rate and new election date.

Bondholders with a registered address outside New Zealand on 31 May 2017 should not complete an Election Notice. All Capital Bonds held by such bondholders will be automatically offered for sale in the Resale Facility.

### **Trading halt**

Trading in the Capital Bonds (VCT070) was suspended at close of business on Wednesday 26 April 2017. Trading in the Capital Bonds (VCT080) will commence on Friday 16 June 2017, being the business day immediately following the Election Date.

### **Interest payment**

Registered holders of Capital Bonds on 31 May 2017 will be entitled to receive all interest accrued, uncancelled and unpaid up to 15 June 2017.

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<sup>1</sup> Details of the Replacement Security Deed Poll are available at [www.vector.co.nz/investors/bonds](http://www.vector.co.nz/investors/bonds)

MEDIA RELEASE

3 May 2017



### **Potential disposal of Capital Bonds held by Vector**

As announced by Vector on 7 June 2012, Vector purchased and held for resale \$44,553,666 of Capital Bonds as part of the last Capital Bond election process completed on 15 June 2012. Vector is now considering selling some or all of these bonds, with settlement of any such sale to occur on 15 June 2017. Any such sale will occur outside of the Resale Facility and will not occur if there are unsold Capital Bonds in the Resale Facility immediately prior to 15 June 2017.

**ENDS**

### **About Vector**

Vector is New Zealand's leading multi-network infrastructure company which delivers energy and communication services to more than one million homes and businesses across the country.

Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with voting rights of 75.4%, is Entrust (formerly Auckland Energy Consumer Trust).

For further information, visit [www.vector.co.nz](http://www.vector.co.nz)

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