

FULL TAKEOVER OFFER BY
VECTOR LIMITED
to purchase all of the shares in
UNITEDNETWORKS LIMITED
made pursuant to the Takeovers Code

To accept this Offer see page 1

IMPORTANT

IF YOU ARE IN DOUBT AS TO ANY ASPECT OF THIS OFFER, YOU SHOULD CONSULT A MEMBER OF THE NEW ZEALAND STOCK EXCHANGE OR A FINANCIAL OR LEGAL ADVISOR.

IF YOU HAVE SOLD ALL YOUR SHARES IN UNITEDNETWORKS LIMITED, YOU SHOULD IMMEDIATELY HAND THIS OFFER DOCUMENT AND THE ACCOMPANYING ACCEPTANCE FORM TO THE PURCHASER, OR TO THE MEMBER FIRM OF THE NEW ZEALAND STOCK EXCHANGE OR OTHER AGENT THROUGH WHOM THE SALE WAS MADE, TO BE PASSED TO THE PURCHASER

SUMMARY OF OFFER

On [date] 2002 VECTOR Limited announced that it would make a full takeover offer for all of the shares in UnitedNetworks Limited. The key terms of the offer are:

- consideration of \$9.90 cash per share in UnitedNetworks Limited.
- conditional on receipt of acceptances for shares which take VECTOR Limited's voting rights to more than 70.19% of the voting rights in UnitedNetworks Limited together with various other conditions relating to the ongoing conduct of UnitedNetworks pending satisfaction of the minimum acceptance condition.
- Offer closes 5 p.m. on [30 days after date of offer] (unless extended).

The detailed terms of the offer are set out at pages [2 to 7] of this document.

HOW TO ACCEPT THIS OFFER

To accept the offer by VECTOR Limited, you should complete the Acceptance Form enclosed with this document, in accordance with the instructions set out on the Acceptance Form. Then deliver, mail or fax the Acceptance Form to:

VECTOR Limited
c/- Computershare Investor Services Ltd
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92 119
Auckland 1020
New Zealand

Facsimile: + 64(9) 488 8788

You may accept the offer in respect of all or any of your shares. If you have sold all or some of your shares, please refer to the instructions on page [13] of this document.

Your early response to the offer will assist in the processing of acceptances and may result in an earlier payment of the consideration.

If you cannot readily locate your FASTER Identification Number (*FIN number*), please complete and return the Form and complete the indemnity on the reverse of the Form.

IMPORTANT

**ACCEPTANCES MUST BE RECEIVED BY 5 P.M. ON [CLOSING DATE]
(UNLESS EXTENDED)**

**FULL TAKEOVER OFFER BY VECTOR LIMITED
TO PURCHASE ALL SHARES IN UNITEDNETWORKS LIMITED**

To: The Shareholders of UnitedNetworks Limited

Dear Shareholder

VECTOR Limited (*Offeror*) hereby offers to acquire, on the terms and conditions set out in this document (*this Offer*), all of the issued fully paid ordinary shares in UnitedNetworks Limited (*UnitedNetworks*).

All such shares are referred to in this Offer as *the Shares* and each of them singly is referred to as a *Share*.

This Offer is made subject to the following terms and conditions.

1 Consideration

- 1.1 The consideration offered for each Share is \$9.90 cash.
- 1.2 The consideration for the Offer will be sent to shareholders whose Shares are taken up under the Offer not later than 7 days after the later of:
 - (a) the date this Offer becomes unconditional; or
 - (b) the date on which an acceptance is received,but in any event not later than [closing date/unconditional date + 7 days], being the date not later than 7 days after the end of the Offer period first specified in paragraph 3.2 (i.e. assuming no extension to the Offer) and the last date for this Offer to be declared unconditional. If the Offer period is extended beyond [closing date/unconditional date] then payment of the consideration will be made not later than 7 days after the date on which an acceptance is received.
- 1.3 If the consideration for the Offer is not sent within the period specified in paragraph 1.2 to any shareholder whose Shares are taken up under the Offer, that shareholder may withdraw acceptance of the Offer by notice in writing to the Offeror, but only after the expiration of 7 days' written notice to the Offeror of that shareholder's intention to do so. This right to withdraw acceptance of the Offer will not apply if the shareholder receives the consideration during the 7 day period referred to in this paragraph.

2 How to Accept this Offer

If you wish to accept this Offer, you need only to:

- 2.1 Complete the enclosed Acceptance Form in accordance with the instructions set out in the Acceptance Form; and
- 2.2 Return the completed Acceptance Form in the enclosed reply paid envelope as soon as possible, but in any event so as to be received by the Offeror not later than 5 p.m. on [closing date] (subject to paragraph 3.2 below). If the reply

paid envelope has been mislaid, please deliver, mail or fax your Acceptance Form to:

VECTOR Limited
c/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92 119
Auckland 1020
New Zealand
Facsimile: +64(9) 488 8788

You may accept this offer in respect of all or any shares you hold in UnitedNetworks. The Offeror may, in its discretion, treat any Acceptance Form as valid notwithstanding that it does not comply with this paragraph, and may, in its discretion, rectify any errors in, or omissions from, any Form, including inserting or completing details of the Shares held by the acceptor and filling in any blanks.

Acceptance of this Offer by each acceptor constitutes a contract between that acceptor and the Offeror on the terms and subject to the conditions of this Offer. Other than in the circumstances set out in paragraph 1.3 above, you may not withdraw your acceptance during the time this Offer is open for acceptance, whether or not there has been any variation of this Offer.

3 Terms of Offer

- 3.1 If this Offer does not become unconditional, the Offer will lapse and the Acceptance Form will be destroyed by Computershare Investor Services Limited after the lapse of this Offer.
- 3.2 Unless this Offer is totally withdrawn in accordance with the Takeovers Code and every person is released from every obligation incurred under the terms of it, or it lapses in accordance with its terms, this Offer remains open for acceptance until and including the closing date of 5 p.m. on [*closing date*] (being a period of at least 30 days from the date of this Offer), or such later closing date(s) as the Offeror may decide in accordance with the Takeovers Code (the *Closing Date*).
- 3.3 The latest date on which the Offeror can declare this Offer to have become unconditional is the date that is 30 days after the date of this Offer provided that if the Offeror receives acceptances in respect of Shares that, when taken together with any Shares already held or controlled by the Offeror confer 70.19% or more of the voting rights in UnitedNetworks, and the Offeror has not already withdrawn its Offer and the Offer has not already lapsed because of a failure to satisfy the conditions in paragraph 4.2, the Offer shall immediately become unconditional and the Offeror shall promptly notify that fact. If this Offer is not declared unconditional by or on the date that is 30 days after the date of this Offer, the Offer will lapse.
- 3.4 The enclosed Form of Acceptance and Transfer comprises part of this Offer. That Form duly completed may be treated by the Offeror as a valid acceptance of this Offer whether or not accompanied by the relevant FIN number.

- 3.5 This Offer is open for acceptance by any person who holds Shares, whether acquired on, before or after [date of Takeover Notice], upon production of satisfactory evidence of such person's entitlement to those Shares.
- 3.6 The Shares and all share options and other securities of the nature referred to in paragraphs 7.2 to 7.4 are to be acquired free from all liens, charges, mortgages, encumbrances and other adverse interests and claims of any kind whatever, but together with all rights, benefits and entitlements attaching to them at the date of this offer or which arise subsequently, including the right to all dividends and other distributions.
- 3.7 The Offeror may vary this Offer in accordance with the Takeovers Code.

4 Conditions

- 4.1 This Offer and any contract arising from acceptance of it is conditional on the Offeror receiving acceptances in respect of Shares that, when taken together with Shares already held or controlled by the Offeror, confer more than 70.19% of the voting rights in UnitedNetworks. The Offeror may not take up any shares under the Offer unless this condition is satisfied by the end of the offer period.
- 4.2 This Offer is also subject to the condition that during the period from 1 September 2002 up to the last date on which the Offer may become unconditional (or, the date on which the Offer is unconditional, if earlier), UnitedNetworks will not, without Offeror's prior written consent (not to be unreasonably withheld):
- (a) declare, pay, or make a dividend, bonus issue or other distribution of any kind (other than the interim dividend of 19 cents per share paid on 6 September 2002 but including, but not limited to, any distribution, or return of capital) upon or in respect of any Shares;
 - (b) issue or make an allotment of, or grant an option or right to subscribe for, shares, or equity securities of any class to any person, or agree to make such an issue or allotment or grant such an option or right;
 - (c) alter its share capital or any rights, privileges or restrictions, attaching to any Shares;
 - (d) alter its constitution other than to ensure compliance with the Listing Rules of the New Zealand Stock Exchange;
 - (e) make, or permit to be made, any new allocation to any person under any existing scheme for the purchase of shares in UnitedNetworks by employees or any other entitled person;
 - (f) acquire, or dispose of, or agree to acquire or dispose of, or grant or agree to grant any option or equitable interest in respect of a asset, for an amount in excess of \$100,000, otherwise than in the ordinary course of business;
 - (g) create or permit to arise any encumbrance over any assets except for purchase money security interests granted in relation to assets acquired in the ordinary course of business;

- (h) make any material or unusual change in any material business contract, other than in the ordinary course of business;
- (i) do anything which could result in the termination of any material business contract, or which would otherwise defeat or materially prejudice any of them, (other than in the ordinary course of business);
- (j) enter into any new material business contracts or arrangements, other than in the ordinary course of business;
- (k) change or agree to change, the remuneration or any of the other material terms of employment of any employee except for ordinary wage or salary increases in accordance with its established review policies or commence the employment of any person in the Business at a rate of remuneration in excess of \$60,000 per annum; or
- (l) enter into any arrangement or agreement or incur any commitment or liability in connection with the business having a value or involving an amount, or providing for payments over its term which are, in excess of \$100,000, or having a term of more than 12 months,

except, in all of the above cases, to the extent that UnitedNetworks has provided otherwise in any information, including answers to questions, disclosed to the Offeror or any of its associates or advisers by UnitedNetworks or its advisers, which is capable of being accessed by the Offeror at 4.59 pm (Auckland, New Zealand time) on Friday 6 September 2002 through the extranet based due diligence website established by Chapman Tripp Sheffield Young on behalf of UnitedNetworks. In the case of paragraphs 4.2(f) to (l), the entering into of the agreements with Powerco Limited and Hawkes Bay Network Limited as described in paragraph 10 of the Appendix to this Offer shall be excluded from the operation of this condition. Where this condition requires a preliminary determination before it may be invoked that a matter is material, unusual or not in the ordinary course of business, such preliminary determination must be made by a suitably qualified expert appointed by the Offeror but who is not an associate (as defined in the Takeovers Code) of the Offeror, prior to the Offeror being able to invoke this condition.

- 4.3 The condition contained in clause 4.2 has been inserted for the benefit of the Offeror and may be waived in whole or in part, by the Offeror at its absolute discretion. Any waiver or consent given by the Offeror in respect of any matter or thing shall apply only in accordance with its terms and shall not constitute a consent or waiver in respect of any similar matter or thing.
- 4.4 The conditions set out in paragraphs 4.1 and 4.2 are conditions subsequent, and acceptance of this Offer by the acceptor shall constitute a contract by that acceptor with the Offeror subject to those conditions.

5 Notices

5.1 Notice to UnitedNetworks, the Takeovers Panel and the New Zealand Stock Exchange:

- (a) declaring this Offer unconditional; or
- (b) advising that this Offer is withdrawn in accordance with the Takeovers Code or has lapsed in accordance with its terms,

in each case, will be deemed to be notice to all offerees.

5.2 Notice of any variation of the Offer will be sent to each offeree, UnitedNetworks, the Takeovers Panel and the New Zealand Stock Exchange in accordance with the Takeovers Code.

6 Method of Settlement

6.1 The Offeror will not acknowledge receipt of your acceptance of this Offer.

6.2 If:

- (a) this Offer is declared unconditional; and
- (b) the Acceptance Form is in order and accompanied by the relevant FIN number (or an indemnity acceptable in the opinion of the Offeror is given if the FIN is not available),

then a cheque for the amount payable to you will be posted in accordance with the authority contained in the Form by the date specified in paragraph 1.2.

6.3 The Offeror will present all Acceptance Forms to UnitedNetworks for registration as soon as possible following this Offer being declared unconditional.

7 Change of Circumstances

7.1 If, on or after 1 September 2002 UnitedNetworks declares or pays a dividend or makes any other distribution to its shareholders (other than the interim dividend of 19 cents per share paid on 6 September 2002), and the condition in clause 4.2(a) is waived by the Offeror, the cash consideration which would otherwise have been paid to such acceptors shall be reduced by an amount equivalent to the gross value of such dividend or the gross value of such other distribution in respect of the Shares accepted (in each case Inclusive of any imputation credits attached).

7.2 If, on or after 1 September 2002, UnitedNetworks makes any issue of shares or debentures or convertible notes or voting securities or grants any other rights or interests in its shares to its shareholders by way of capitalisation of any part of its profits or reserves, and the condition in clause 4.2(b) is waived by the Offeror, acceptors of this Offer will be bound to transfer such shares or debentures or convertible notes or other rights and interests to the Offeror, without any additional consideration.

7.3 If all or any of the Shares of UnitedNetworks are consolidated or subdivided or by UnitedNetworks on or after 1 September 2002, and the condition in clause 4.2(c) is

waived by the Offeror, then this Offer will be interpreted to take into account such consolidation or subdivision and will be deemed to be for the shares/securities resulting from such consolidation or subdivision and the consideration per Share provided for under paragraph 1.1 will be increased or reduced, as the case may require, in proportion to such consolidation or subdivision, and acceptors will be bound to transfer such consolidated or subdivided shares to the Offeror on the basis of the consideration so increased or reduced.

- 7.4 If UnitedNetworks makes any issue of shares to any person on or after the date of this Offer other than by way of capitalisation of any part of its profits or its reserves, and the condition in clause 4.2(b) is waived by the Offeror, then this Offer will be deemed to extend to and include such shares and the consideration payable for them will be as provided in paragraph 1.1 above.

8 Further Information

Further information relating to the Offeror, as required by Schedule 1 to the Takeovers Code, is set out in the Appendix, and forms part of this Offer.

9 Interpretation

In this document:

- 9.1 Any reference to the Takeovers Code means the takeovers code recorded in the Takeovers Code Approval Order 2000 (SR 2000/210).
- 9.2 Except if expressly defined in this document, or where the context requires otherwise, terms defined in the Takeovers Code shall have the same meaning in this document.
- 9.3 In the event of any inconsistency between this Offer and the requirements of the Takeovers Code, or any applicable exemption granted by the Takeovers Panel under section 45 of the Takeovers Act 1993, the Takeovers Code, or exemption (as applicable), shall prevail.
- 9.4 All sums of money referred to in this Offer are in New Zealand currency.
- 9.5 Any reference to time in this Offer is to New Zealand time.
- 9.6 This Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand.

10 Certificate

To the best of our knowledge and belief, after making proper inquiry, the information contained in this offer document is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Offeror under the Takeovers Code.

This Offer is dated at _____ this _____ day of _____ 2002

Chief Executive Officer
VECTOR Limited

Chief Financial Officer
VECTOR Limited

Director,
for and on behalf of the board of
directors of
VECTOR Limited

Director,
for and on behalf of the board of
directors of
VECTOR Limited

**APPENDIX: INFORMATION REQUIRED TO BE SPECIFIED IN TAKEOVER
NOTICE BY SCHEDULE 1 TO THE TAKEOVERS CODE**

1 Date

The Offer is dated [] 2002

2 Offeror and its Directors

Offeror: VECTOR Limited
101 Carlton Gore Road
Newmarket
Auckland

Directors of the Offeror:

Wayne Kelvin Forrest Brown
Margo Buchanan-Oliver
John Gregory Collinge
Douglas George Dell
Murray John Wells
Brian Kenneth Plimmer
Donald George McLaren

3 Target Company

UnitedNetworks Limited.

4 Advice Statement

The advice statement required under this paragraph is set out on the cover page of the offer document.

5 Offer Terms

The terms and conditions of the Offer are set out in paragraphs 3 and 4 on pages [3 to 5] of the offer document.

6 Ownership of Equity Securities of Target Company

No equity securities of any class of UnitedNetworks are held or controlled by:

- (a) the Offeror;
- (b) any related company of the Offeror;
- (c) any person acting jointly or in concert with the Offeror; or
- (d) any director of any persons described in paragraphs (a) to (c) above.

The persons listed in the table below hold or control an amount exceeding 5% of the shares of UnitedNetworks in the numbers and percentages shown beside their respective identities, to the knowledge of the Offeror.

	Number of shares held or controlled	Percentage of shares
UtiliCorp N.Z. Limited	106,327,668	70.2
UtiliCorp Takapuna Partners II Partnership ¹	53,298,251	35.2
P M Smith ²	108,894,368	71.9
R W Stanic ²	106,327,668	70.2
K G Stamm ³	16,200,000	10.7
UnitedNetworks Shareholders' Society ⁴	16,407,539	10.8

(being information disclosed in the most recent annual report and substantial security holder notices known to the Offeror. The percentage figures assume UnitedNetworks total voting securities are 151,469,342 Shares).

NOTES:

1. As part of a refinancing of various banking facilities, UtiliCorp N.Z. Limited (UNZ) has granted a specific security over 53,298,251 shares in UnitedNetworks to UtiliCorp Takapuna Partners II, a related entity of UNZ. In accordance with its obligations under that specific security, UNZ has transferred legal but not beneficial ownership of those 53,298,251 voting securities to Public Trust to be held by it as a custodian. UNZ has retained all distribution and voting rights in respect of those shares.
2. These interests arise out of the placement rights contained in the Restated and Amended Cornerstone Relationship Deed dated 13 October 2000 held by UnitedNetworks' independent directors over the sale of 106,327,668 shares held by or under the control of UtiliCorp. In addition Mr Smith has the joint power to control the disposition of 2,566,700 shares held under UnitedNetworks' employee share schemes in his capacity as a director of the corporate trustee of the employee schemes.
3. This interest arises out of shares held by the UnitedNetworks Shareholders' Society, Inc which is the trustee of the Waitemata Electricity Trust. Under certain conditions that chairman of UnitedNetworks for the time being has the ability to direct the voting of shares held by the trust.
4. This interest comprises beneficial ownership of 207,539 Shares and non beneficial ownership in relation to the 16,200,000 Shares the UnitedNetworks Shareholders' Society, Inc holds in its capacity as trustee of the Waitemata Electricity Trust.

7 Trading in Target Company Equity Securities

On 12 August 2002, UtiliCorp Takapuna Partners II Partnership (UTPII) and UtiliCorp N.Z. Limited (UNZ) each advised the New Zealand Stock Exchange that, as part of a refinancing of various banking facilities, UNZ has granted a specific security over 53,298,251 voting securities in UnitedNetworks to UTPII, a related entity of UNZ. In accordance with its obligations under that specific security, UNZ has transferred legal but not beneficial ownership of those 53,298,251 voting securities to Public Trust to be held by it as a custodian. UNZ has retained all distribution and voting rights in respect of those voting securities.

On 29 August 2002 Mr Smith, for nil consideration, acquired joint power to control voting rights in respect of 2,566,700 shares held under UnitedNetworks' employee share schemes in his capacity as a director (together with Mr Dan Warnock) of UnitedNetworks Employee Share Schemes Trustee Limited, the corporate trustee of

the employee schemes as a consequence of the appointment of that company as trustee of each employee share scheme.

Apart from the matters mentioned in the previous two paragraphs, no equity securities of UnitedNetworks have been acquired or disposed of by any of the persons described in subparagraphs (a) to (d) of paragraph 6 or any of the persons identified in the table in paragraph 6 to the knowledge of the Offeror during the 6 month period before the date of this Offer.

8 Agreement to Accept Offer

On [*Date of Agreement to accept offer*], Aquila, Inc. (*Aquila*), and UNZ entered into a binding agreement with the Offeror to unconditionally accept, or procure the acceptance of, the Offer in respect of all Shares held by them or under their control, conditional upon Aquila's banks consenting within four weeks of the date of that agreement to such acceptance of the Offer and conditional upon the independent directors of UnitedNetworks recommending the Offer, or otherwise allowing it to proceed by waiving the restrictions on disposals of shares contained in the Restated and Amended Cornerstone Relationship Deed dated 13 October 2000.

Aquila and UNZ have also undertaken to accept, or procure acceptance of, this Offer, within three Business Days of the date of this Offer. The terms of the agreement expressly provide that Aquila and UNZ are able to exercise and control the exercise of all voting rights relating to securities in UnitedNetworks held or controlled by them in whatever manner they see fit up until the time that such shares are transferred under this Offer. UNZ has given a warranty that it will have beneficial ownership of the Shares referred to in clause 6 of this Appendix on the date that it accepts this Offer.

9 Arrangements to Pay Consideration

- 9.1 The Offeror confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer (including debts arising under rule 49 of the Takeovers Code).
- 9.2 A statement setting out the rights of each offeree under rule 34 of the Takeovers Code, to withdraw its acceptance for non-payment by the Offeror of the consideration, is set out in paragraph 1.3 of the Offer document.

10 No Arrangements Between Offeror and Target Company

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror or any associates of the Offeror, and UnitedNetworks or any related company of UnitedNetworks, in connection with, in anticipation of, or in response to, the Offer, other than the agreement referred to in paragraph 8 of this Appendix, an agreement dated [*date of Aquila agreement*] between Aquila and the Offeror providing for the payment by Aquila to the Offeror of losses incurred by the Offeror in relation to debt funding to be made available to the Offeror in connection with the Offer, if Aquila does not secure the necessary bank consents within 4 weeks of the date of the agreement to enable the acceptance of this Offer by UNZ (in which event the Offer will lapse), an agreement dated [*date of asset sale agreement*] between UnitedNetworks and Powerco Limited

and Hawkes Bay Network Limited, associates of the Offeror, for UnitedNetworks to sell the electricity distribution assets (together with related liabilities and obligations) located in the Coromandel, Thames Valley, Eastern and Southern Waikato, Western Bay of Plenty, Tauranga, Rotorua and Taupo regions ("the Eastern Business") for the sum of \$785,000,000, subject to UnitedNetworks and Powerco shareholders approval, this offer being deemed unconditional, Hawkes Bay Network securing committed offers from its lending banks sufficient to enable it to settle under the agreement and no material adverse event occurring prior to settlement and an agreement dated [date of asset sale agreement] between UnitedNetworks to sell the gas distribution business (together with related liabilities and obligations) located in the Hawkes Bay, Horowhenua, Manuwatu, Palmerston North and Wellington regions ("the Central Gas Business") for the sum of \$220,000,000, subject to UnitedNetworks and Powerco shareholder approval, this offer being declared unconditional and no material adverse event occurring prior to settlement.

11 No Arrangements Between Offeror, and Directors and Officers of Target Company

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror or any associates of the Offeror, and any of the directors or senior officers of UnitedNetworks or of any related company of UnitedNetworks (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, the Offer.

12 Financial Assistance

If the Offeror acquires all of the Shares in UnitedNetworks and UnitedNetworks thus becomes a wholly owned subsidiary of the Offeror, UnitedNetworks (and its subsidiaries) may be required to give a guarantee and/or act as a borrower for the purpose of securing or refinancing indebtedness of the Offeror entered into in relation to this Offer.

If the Offeror does not acquire all of the Shares in UnitedNetworks pursuant to this Offer (including any subsequent compulsory acquisition) then it is proposed that UnitedNetworks will, following and subject to the Offeror declaring this Offer unconditional and the asset sales referred to in paragraph 10 of this Appendix above being settled, make a pro rata share buy back offer to all UnitedNetworks shareholders with the intention of distributing to the then UnitedNetworks shareholders (including the Offeror) who choose to participate in that buy back up to \$430 million in aggregate. It is intended that such buy back offer will occur after the Offer has closed.

13 Market Acquisitions of Securities

Neither the Offeror, nor any related company of the Offeror nor any director of such persons, has a present intention to acquire equity securities in UnitedNetworks under rule 36 of the Takeovers Code (which enables the Offeror, any related company of the Offeror, any person acting jointly or in concert with the Offeror, or any of the directors of any of them to, during the offer period, acquire equity

securities in UnitedNetworks outside the terms of the Offer in certain circumstances) but there is a possibility that any of them may do so.

14 Likelihood of Changes in Target Company

The material changes likely to be made by the Offeror in respect of the business activities of UnitedNetworks and its subsidiaries are:

The sale of the Eastern Business for \$785,000,000 and the sale of the Central Gas Business for \$220,000,000, under the agreements described in paragraph 10 of this Appendix.

In the event that the Offeror becomes entitled to invoke the compulsory acquisition provisions of the Takeovers Code, the Offeror proposes to promptly invoke those provisions and would then likely proceed to de-list UnitedNetworks from the New Zealand Stock Exchange and subsequently merge UnitedNetworks with the Offeror.

15 Pre-emption Clauses in Target Company's Constitution

There is no restriction on the right to transfer equity securities to which the Offer relates contained in the constitution of UnitedNetworks which has the effect of requiring the holders of the securities to offer the securities for purchase to UnitedNetworks or to any other person before transferring the securities.

However, under the Restated and Amended Cornerstone Relationship Deed dated 13 October 2000 between Aquila, UNZ and UnitedNetworks, the UnitedNetworks' independent directors are granted placement rights over the sale of certain shares held by or under the control of Aquila, or UNZ. On [Date of CRD waiver] the independent directors of UnitedNetworks granted Aquila and UNZ a waiver of those placement rights to enable them to enter into the agreement to accept this Offer and perform the agreement referred to at paragraph 8 of this Appendix.

16 No Escalation Clause

There is no agreement or arrangement (whether legally enforceable or not) under which any existing holder of equity securities in UnitedNetworks will or may receive in relation to, or as a consequence of, the Offer any additional consideration or other benefit over and above the consideration set out in the Offer, or any prior holder of equity securities in UnitedNetworks will or may receive any consideration or other benefit as a consequence of the Offer.

17 Independent Adviser's Report

An independent adviser's report is not required under rule 22 of the Takeovers Code (which requires an independent adviser to report on fairness between different classes of securities, whether voting or non-voting) because UnitedNetworks' does not have any non-voting equity securities or more than 1 class of voting securities on issue at the date of this document. However, the directors of UnitedNetworks are required to obtain a report from an independent adviser on the merits of this Offer under Rule 21 of the Takeovers Code.

18 Additional Disclosures Required if Consideration Includes Securities

No securities have been offered by the Offeror as consideration under the Offer.

19 Certificate

To the best of our knowledge and belief, after making proper inquiry, the information contained in this offer document (including the Appendix) is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Offeror under the Takeovers Code.

Signed by the persons named below or their respective agents authorised in writing.

Patrick Strange
Chief Executive Officer
VECTOR Limited

Warwick Russell
Chief Financial Officer
VECTOR Limited

[Name]
Director
for and on behalf of and pursuant to
the resolution of the board of
directors of
VECTOR Limited

[Name]
Director
for and on behalf of and pursuant to
the resolution of the board of directors
of
VECTOR Limited

PLEASE NOTE**IF YOU HAVE SOLD ALL YOUR UNITEDNETWORKS LIMITED SHARES**

Please send this Offer and all enclosures (including the Acceptance Form) at once to the new UnitedNetworks Limited shareholder or the broker through whom you made the sale requesting that they be forwarded to the new UnitedNetworks Limited shareholder.

IF YOU HAVE SOLD SOME OF YOUR UNITEDNETWORKS LIMITED SHARES

Please alter the total holding on the Acceptance Form to the number of Shares which you have retained and forward the amended form in the reply paid envelope supplied to VECTOR Limited.

Upon receipt of the amended Form, VECTOR Limited will recalculate the amount of cash comprising your consideration to reflect the number of Shares sold by you.

Please also request the broker through whom you made the sale to advise the purchaser or purchasers of your Shares of this Offer and that copies of it are available from Computershare Investor Services Limited, Private Bag 92119, Auckland, New Zealand, and advise the Share Registrar of the number of Shares sold and the broker concerned.

IF YOU WANT TO ACCEPT THE OFFER FOR PART OF YOUR HOLDING

Please alter the total holding on the Acceptance Form to the number of Shares which you wish to sell and forward the acceptance form in the reply paid envelope supplied to VECTOR Limited, c/- Computershare Investor Services Limited, Private Bag 92119, Auckland, New Zealand.

ACCEPTANCE FORM

VECTOR LIMITED'S FULL TAKEOVER OFFER FOR ALL SHARES IN UNITEDNETWORKS LIMITED

Shareholder/Transferor (the *Transferor*)

HOLDER NUMBER

NUMBER OF FULLY PAID
ORDINARY SHARES HELD IN
UNITEDNETWORKS

TOTAL CONSIDERATION

By signing this form the Transferor for the consideration stated above hereby:

- (a) accepts the Offer dated [date] of VECTOR Limited (*Transferee*), for the shares described above in UnitedNetworks Limited (*UnitedNetworks*) held by the Transferor, subject to the conditions on which they are so held and transfers those shares to the Transferee; and
- (b) as set out on the reverse of this form enters into an indemnity in favour of and for UnitedNetworks and the Transferee, and appoints the Transferee the attorney of the Transferor,

and the Transferee hereby agrees (as evidenced by its execution of a form of agreement to which this form and those of other transferors shall be appended together comprising an instrument of transfer) to take the shares subject to the terms and conditions of that Offer. The Transferor hereby authorises the Transferee to use the Transferor's FASTER Identification Number (*FIN*) to transfer the shares to the Transferee. For this purpose my/our FIN is set out below. If you do not fill in the FIN, the indemnity overleaf will apply.

FASTER Identification Number (*FIN*):

Dated and executed the _____ day of _____ 2002

FOR AN INDIVIDUAL / ATTORNEY	FOR A COMPANY / BODY CORPORATE
<p>Signed by the Transferor(s)</p> <p>_____</p> <p>in the presence of:</p> <p>_____</p> <p>Name:</p> <p>Occupation:</p> <p>Address:</p>	<p>Signed by the Transferor(s) by:</p> <p>_____</p> <p>Director / Duly Authorised Person</p> <p>in the presence of:</p> <p>_____</p> <p>Name:</p> <p>Occupation:</p> <p>Address:</p>

NOTES AND INSTRUCTIONS FOR COMPLETION

- 1 **INTERPRETATION:** In this form references to the Transferor in the singular shall include the plural.
- 2 **TO ACCEPT THE OFFER:** Sign this form where marked "Signed by the Transferor(s)" and have your signature witnessed. Any person (including your husband or wife) may witness your signature and must add his or her occupation and full address in the space provided. Companies must sign in accordance with the Companies Act 1993.
- 3 **JOINT HOLDERS:** If the shares are registered in the names of joint holders, all must sign the form.
- 4 **POWER OF ATTORNEY:** If the form is signed under a power of attorney, the relevant power of attorney must be submitted with the form for noting and return, and the certificate printed overleaf must be completed. Where such power of attorney has already been noted by UnitedNetworks, then this fact must be stated under the signature of the attorney.
- 5 **ON COMPLETION:** Place the signed form in the enclosed reply paid envelope and post to the Transferee, c/- Computershare Investor Services Limited, Private Bag 92119, Auckland, New Zealand as soon as possible, but in any event so as to be received not later than [date] (subject to the Offer).
- 6 **PREVIOUS SALE:** If you have sold all your shares, please pass this form together with the offer documents to your sharebroker or the purchasers of such shares. If you have sold part of your shareholding, record that fact on this form by amending the number of shares noted as being held by you on the face of this form.
- 7 **SALE OF PART OF HOLDING ONLY:** If you want to accept the offer for part of your holding only, please alter the total holding (above) on this form to the number of Shares which you wish to sell before returning the form to the Transferee.

BY THE TRANSFEROR'S EXECUTION ON THE FACE OF THIS FORM, THE TRANSFEROR:

Hereby declares that, if your FASTER Identification Number (*FIN number*) is not completed on the front of this form:

- the Transferor is the holder of the shares described on the front of this Form;
- the Transferor has made a proper search for the FIN number but is unable to find it;
- the Transferor has not mortgaged, pledged, transferred or otherwise dealt with the shares and no other person holds any interest in the shares and they are the property of the Transferor absolutely; and
- the Transferor will indemnify UnitedNetworks and the Transferee against any costs, loss or damages arising through or in consequence of the transfer of the shares being registered by UnitedNetworks without production of the FIN number.

AND

1 Hereby enters into a Power of Attorney in favour of the Transferee as follows:

As from the time of the Offer being declared unconditional, I/we hereby irrevocably authorise and appoint the Transferee (with power of substitution by the Transferee in favour of such person/s as the Transferee may appoint to act on its behalf) as my/our attorney and agent to act for me/us and do all matters of any kind or nature whatsoever in respect of or pertaining to the shares referred to on the face of this form in UnitedNetworks and all rights and benefits attaching to them as the Transferee may think proper and expedient and which I/we could lawfully do or cause to be done if personally acting, including the transfer of shares to any person or persons whatsoever, the appointment of a proxy or proxies for any meeting of the shareholders of UnitedNetworks, attendance in person at, and voting at, such meeting, application to any court whatsoever and execution of all documents in my/our name/s which the Transferee may consider necessary for all or any of the foregoing purposes.

IF THIS FORM IS SIGNED UNDER POWER OF ATTORNEY, THE ATTORNEY(S) SIGNING MUST SIGN THE FOLLOWING CERTIFICATE:

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I/WE, _____
(Insert name of Attorney(s) signing)

of _____
(Address and Occupation)

HEREBY CERTIFY:

1. THAT by a Power of Attorney dated the _____ day of _____ the Transferor named and described on the face of this form (the *Donor*) appointed me his/her/its/their attorney on the terms and conditions set out in that Power of Attorney.
2. THAT I/we have executed the form printed on the face of this document as attorney under that Power of Attorney and pursuant to the powers thereby conferred upon me/us.
3. THAT at the date hereof I/we have not received any notice or information of the revocation of that Power of Attorney by the death (or winding up) of the Donor or otherwise.

Signed at _____ this _____ day of _____ 2002

Signature of Attorney(s)

NOTE: Your signature does not require witnessing