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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TUESDAY 6 APRIL 2010



NZ Windfarms
POWERED BY NATURE

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TUESDAY 6 APRIL 2010

17 March 2010

Dear Shareholder,

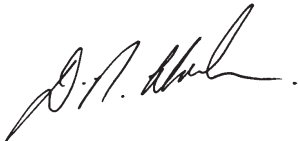
Please find enclosed:

- a) Notice of the special meeting of shareholders of NZ Windfarms Limited to be held on Tuesday 6 April 2010 at 4.00 pm.
The venue for the special meeting will be at the Hobson Room, 3rd Floor, Alexandra Park Function Centre, Alexandra Park Raceway, Greenlane Road West, Auckland.
- b) Agenda, notice of motion for ordinary resolution, explanatory notes and appendices.
- c) Proxy form along with a freepost envelope.
- d) Independent adviser's report and independent appraisal report.

PROXY FORM

If you are unable to attend the special meeting in person, please complete the proxy form and return it in the freepost 114982 envelope provided (Link Market Services, PO Box 384, Ashburton) or fax to 03 308 1311 to arrive no later than 4.00 pm on 4 April 2010.

Yours faithfully,



DEREK WALKER
Chairman

This is an important document and requires your immediate attention. You should read all of it and the accompanying documentation before deciding whether or not to vote in favour of the resolution referred to in the notice of special meeting.

If you have sold all your shares in the Company, you should immediately hand this notice of special meeting and the accompanying documentation to the purchaser, or to the person through whom the sale was made, to be passed on to the purchaser.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS cont.

Notice is given that a special meeting of the shareholders of NZ Windfarms Limited ("Company") will be held at the Hobson Room, 3rd Floor, Alexandra Park Function Centre, Alexandra Park Raceway, Greenlane Road West, Auckland on Tuesday 6 April 2010, commencing at 4.00 pm.

AGENDA

1. WELCOME
2. APOLOGIES AND PROXIES
3. APPROVAL OF ALLOTMENT OF SHARES TO VECTOR

The Company proposes to raise up to approximately \$31.4 million through a renounceable rights issue ("Rights Issue") of up to approximately 209,500,000 fully paid ordinary shares in the Company ("New Shares")¹ to holders of existing ordinary shares ("Existing Shares") on a pro-rata basis in the ratio of eight New Shares for every three Existing Shares held. The New Shares will be offered at a subscription price of \$0.15 per New Share. Only shareholders with a registered address in New Zealand will be eligible to participate.

While underwriting commitments may be obtained prior to the commencement of the Rights Issue, it is more likely that there will be no underwriter for the Rights Issue on commencement of the Rights Issue and registration of the prospectus and investment statement.

To the extent that there is a shortfall in the amount raised from the Rights Issue, the Company may fund some or all of the shortfall through the issue of New Shares to existing institutional and other eligible shareholders and/or investors (including the Company's three largest shareholders, Vector Limited ("Vector"), AMP Capital Investors (New Zealand) Limited and Tyndall Investment Management NZ Limited) pursuant to any underwriting commitments that the Company is able to obtain from such persons in respect of the Rights Issue.

It is intended that the issue of New Shares pursuant to any such underwriting commitments will be made in the circumstances contemplated by Listing Rule 7.3.4(d). That is, where the directors of the Company consider it equitable and in the interests of the Company to do so and:

- a) the price and terms and conditions of the issue of such shares are not materially more favourable to the persons to whom they are issued than under the terms of the Rights Issue (it is intended that the New Shares allotted under such underwriting commitments will be issued at an issue price of \$0.15 per New Share, that is at the same issue price per New Share as the issue price per New Share under the Rights Issue); and

- b) the issue is completed within three months of the close of the Rights Issue (it is intended that shares will be allotted under the Rights Issue and pursuant to any underwriting commitments at the same time).

The minimum subscription amount that must be raised through the Rights Issue and the underwriting commitments referred to above ("Capital Raising") is \$25,600,000. Subject to reviewing the Rights Issue documentation, Vector, the Company's largest shareholder as at the date of this notice of meeting, expects to take up its entitlement under the Rights Issue in full.

Shareholders are asked to consider and, if thought fit pass, the resolution set out on page 3 approving the Company allotting New Shares to Vector under the Capital Raising.

A more detailed explanation of the components of this transaction is set out in the explanatory notes starting on page 3, and the key terms of the Rights Issue and issue of New Shares under the potential underwriting commitments referred to above are set out in appendix 1. The explanatory notes also explain the rationale for the Rights Issue and its implications for the Company.

4. OTHER BUSINESS

¹ Based on the total number of voting securities on issue, and the voting securities held by shareholders on the Company's register, as at 5.00 pm on 16 March 2010 (being the last practicable Business Day prior to the date of this notice of meeting).

ATTENDANCE

All shareholders are entitled to attend and vote at the meeting or to appoint a proxy or corporate representative (in the case of a corporate shareholder) to attend and vote on their behalf, subject to the voting restrictions set out in the explanatory notes on page 6.

PROXIES

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder, and may be appointed by completing the form accompanying this notice of special meeting. The appointment of a proxy or representative does not preclude the shareholder from attending and voting at the meeting. If you wish, you may appoint 'The Chairperson of the Meeting' as your proxy or as an alternative to your named proxy. A shareholder may appoint Vector or an "associated person" (as defined in the Listing Rules) of Vector ("**Disqualified Person**") as his/her proxy to vote in relation to the shares held by that shareholder. However, where a shareholder appoints a Disqualified Person as his/her proxy, and leaves the "for" and "against" and "abstain" boxes blank, or completes the "discretion" box, that shareholder's vote will not be able to be exercised by the Disqualified Person. This is because Listing Rule 9.3.3 prohibits a Disqualified Person from exercising discretionary proxies.

The notice appointing a proxy or representative must be received not later than 4.00 pm on 4 April 2010 at Link Market Services Limited, 138 Tancred Street, Ashburton, PO Box 384, Ashburton 7740. Please note that 4 April 2010 is Easter Sunday. As New Zealand Post generally does not process or deliver mail between Good Friday (2 April) and Easter Monday (5 April), shareholders wishing to send their proxy forms by post are strongly encouraged to post their completed forms before Thursday 1 April 2010.

MOTION FOR ORDINARY RESOLUTION

Resolution

Proposed resolution requiring the approval of a simple majority of the votes of those shareholders entitled to vote and voting at the meeting or by proxy:

"That the Company issue a maximum of 83,754,768 New Shares to Vector Limited pursuant to the Rights Issue and any underwriting commitment obtained from Vector Limited in relation to the Rights Issue at an issue price of \$0.15 per New Share."

This resolution is required by rule 7.5 of the listing rules of NZX Limited ("**Listing Rules**") and rule 7(d) of the Takeovers Code ("**Code**"). In accordance with Listing Rule 9.3.1 and rule 17(2) of the Code, Vector and certain other persons may not vote on this resolution. Additional information is set out under "voting restrictions" on page 6.

STATEMENT FROM TAKEOVERS PANEL

The Takeovers Panel has granted the Company an exemption from the requirements of rule 16(b) of the Code, and has granted Vector an exemption from rule 7(d) of the Code to the extent that rule 7(d) requires this notice of special meeting to comply with rule 16(b) of the Code. However, notwithstanding the granting of these exemptions, shareholders should be aware that the Takeovers Panel is:

- neither endorsing nor supporting the accuracy or reliability of the contents of this notice of special meeting; and
- not implying that it has a view on the merits of the proposed issue of New Shares to Vector pursuant to the Capital Raising.

More information on the exemption is set out under "Code" on page 5.

EXPLANATORY NOTES

These explanatory notes set out more information on the transactions which are the subject of the resolution required from the shareholders of the Company, and on the relevant Listing Rules and the Code.

Capital Raising

The Company proposes to raise up to approximately \$31.4 million through a renounceable rights issue of up to approximately 209,500,000 New Shares² to eligible holders of Existing Shares on a pro-rata basis in the ratio of eight New Shares for every three Existing Shares. The New Shares will be offered at a subscription price of \$0.15 per New Share. Only shareholders with a registered address in New Zealand will be eligible to participate. Overseas shareholders will not be eligible to participate in the Rights Issue. The Company will arrange for the entitlements that such shareholders would otherwise obtain to be issued to a nominee who will endeavour to sell them, and to account to the overseas shareholders for the proceeds (net of costs) on a pro rata basis. The Company has engaged Goldman Sachs JBWere ("**GSJBW**") as lead manager and arranger in relation to the Capital Raising ("**GSJBW Engagement**").

Key terms of the proposed Rights Issue are set out in appendix 1. Further information in relation to the Rights Issue will be contained in a combined investment statement and short form prospectus that will be sent to shareholders, which when read together with the annual financial statements for the Company for the year ending 30 June 2009, and the Company's interim financial statements for the six months to 31 December 2009, should form the basis of a shareholder's decision whether to subscribe for, or renounce, their entitlements to New Shares.

² Based on the total number of voting securities on issue, and the voting securities held by shareholders on the Company's register, as at 5.00 pm on 16 March 2010 (being the last practicable Business Day prior to the date of this notice of meeting).

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS cont.

Potential Underwriting Arrangements

While underwriting commitments may be obtained prior to the commencement of the Rights Issue, given that the Company intends that the Rights Issue will open shortly after the shareholders meeting, it is more likely that there will be no underwriter for the Rights Issue on commencement of the Rights Issue and registration of the prospectus and investment statement.

To the extent that there is a shortfall in the amount raised from the Rights Issue, the Company may fund some or all of the shortfall through the issue of New Shares to existing institutional and other eligible shareholders and/or investors (including the Company's three current largest shareholders, Vector, AMP Capital Investors (New Zealand) Limited ("AMP") and Tyndall Investment Management NZ Limited ("Tyndall")) pursuant to any underwriting commitments that the Company is able to obtain from such persons in respect of the Rights Issue.

It is intended that the issue of New Shares pursuant to any such underwriting commitments will be made in the circumstances contemplated by Listing Rule 7.3.4(d). That is, where the directors of the Company consider it equitable and in the interests of the Company to do so and:

- a) the price and terms and conditions of the issue of such shares are not materially more favourable to the persons to whom they are issued than under the terms of the Rights; and
- b) the issue is completed within three months of the close of the Rights Issue.

The Company intends that:

- i) any New Shares allotted under any such underwriting commitments will be issued at an issue price of \$0.15 per New Share (that is, at the same issue price per New Share as the issue price per New Share for New Shares issued under the Rights Issue), and at the same time as the New Shares issued under the Rights Issue; and
- ii) the maximum subscription for Vector, AMP and Tyndall (the three current largest shareholders of the Company) individually under the Rights Issue and any underwriting commitments obtained from each of them, in aggregate, must not exceed an amount equal to two times their respective entitlements under the Rights Issue.

Under the terms of the GSJBW Engagement the Company will pay GSJBW certain fees, including a shortfall incentive fee equal to 2.75% of the aggregate subscription monies received from the allotment of shares under the Capital Raising. GSJBW is entitled to use all or any part of the shortfall incentive fee at its absolute discretion to facilitate uptake of the Capital Raising, which may include:

- a) paying a fee to new and existing institutional and other eligible shareholders to encourage their uptake of the Rights Issue; and

- b) soliciting partial or full underwriting commitments for any shortfall in the amount raised from the Rights Issue from existing institutional and other eligible shareholders and/or investors on commercial terms and arms length terms (as determined by GSJBW) at the same issue price per New Share as the issue price per New Share under the Rights Issue (with the maximum subscription for each of the three current largest shareholders under the Rights Issue and any underwriting commitment obtained from them being, in aggregate, an amount equal to two times their respective entitlements under the Rights Issue); and
- c) potentially paying a broker handling fee to market participants to facilitate investor uptake of the Rights Offer.

Minimum Subscription Amount

The minimum subscription amount that must be raised through the Rights Issue and the underwriting commitments referred to above is \$25,600,000. Subject to reviewing the Rights Issue documentation, Vector, the Company's largest shareholder as at the date of this notice of meeting, expects to take up its entitlement under the Rights Issue in full.

Resolution sought

As it is expected that the allotment of New Shares to Vector in accordance with the Capital Raising may cause Vector to hold more than 20% of the voting rights in the Company, approval of that allotment from the shareholders of the Company is required under the Code. It is not expected that the allotment of New Shares to AMP or Tyndall in accordance with the Capital Raising will cause either of them to hold or control (together with "associates" (as defined by the Code)) more than 20% of the voting rights in the Company and, accordingly, shareholder approval is not being sought for the potential allotments to either of them.

The Listing Rules preclude an issuer from issuing securities without shareholder approval if there is a significant likelihood that the issue will result in any person or group of "associated persons" (as defined by the Listing Rules) materially increasing their ability to exercise, or direct the exercise of, effective control of the issuer. Depending on the level of participation by shareholders in the Rights Issue and the extent to which New Shares are allotted to underwriters under any underwriting commitments obtained by the Company in relation to the Rights Issue, Vector could, as a result of taking up its entitlement under the Rights Issue and subscribing for New Shares under any underwriting commitment obtained from it, potentially acquire the ability to exercise effective control. Accordingly, shareholder approval of the allotment to Vector is required.

These approvals are sought by way of the ordinary resolution to be considered at the special meeting. The relevant provisions of the Code and Listing Rules are discussed on page 5 below.

Rationale for Capital Raising

The proposed Capital Raising is being undertaken by the Company to fund completion of the Te Rere Hau wind farm project, repay the \$6.5m bridge loan facility provided by Vector in December 2009 and to fund the Company's ongoing working capital requirements. Without this capital the future of the Company as a going concern is uncertain. The Company has considered various options for obtaining the capital required and believes that the Rights Issue represents the most appropriate means of obtaining this capital.

Independent adviser's report and independent appraisal report

In accordance with the Code, the Company engaged Northington Partners to provide a report on the merits of the proposed allotment to Vector. The Company also engaged Northington Partners in accordance with the Listing Rules to provide an appraisal report on the proposed allotment to Vector. The report of Northington Partners is set out in appendix 3.

Northington Partners has concluded that the terms and conditions of the proposed allotment of New Shares to Vector are fair to those shareholders not associated with Vector.

Board recommendation

The independent directors of the Company ("Independent Directors") recommend that shareholders approve the resolution for the following reasons:

- the funding sought from the Capital Raising is critical to the future of the Company. The Company requires further capital to fund completion of the Te Rere Hau wind farm project, repay the \$6.5m bridge loan facility provided by Vector in December 2009 and to fund the Company's ongoing working capital requirements. Without this capital, the future of the Company as a going concern is uncertain;
- Vector's support for the Rights Issue through taking up its rights entitlement and possibly committing to underwrite a portion of any potential shortfall in the Rights Issue, up to a maximum number of shares equal to its entitlement under the Rights Issue is seen as critical to the success of the Capital Raising. Accordingly, the Independent Directors consider that it is in the Company's best interests to assist Vector in seeking shareholder approval as this would facilitate Vector's ability to participate in the Capital Raising;
- any increase in Vector's percentage shareholding in the Company will only arise if shareholders elect not to take up their entitlements in full under the Rights Issue. Accordingly, eligible shareholders have the opportunity to participate in the Rights Issue and to largely maintain their percentage holding of the Company; and
- the Independent Directors do not consider that approval of the resolution will detrimentally affect the interests of those shareholders not associated with Vector.

Messrs Stiassny and Mackenzie, given their positions as chairman and chief executive officer respectively of Vector, such that they are regarded as "interested" in the subject matter of the resolution, abstain from making any recommendation on the resolution.

WHY A RESOLUTION IS REQUIRED

Code

Under rule 6 of the Code, a person who holds or controls:

- a) no voting rights, or less than 20% of the voting rights, in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company unless, after that event, that person and the person's associates hold or control not more than 20% of the voting rights in the code company; or
- b) 20% or more of the voting rights in a code company may not become a holder or controller of an increased percentage of the voting rights in the code company.

There are a number of exceptions to this rule. These include where a person becomes the holder or controller of voting rights in a code company by allotment of shares that have been approved by an ordinary resolution pursuant to rule 7(d) of the Code.

The Company is a code company as it is party to a listing agreement with a registered exchange, being NZX Limited ("NZX").

As a result of the proposed allotment of New Shares under the Rights Issue and any underwriting commitment obtained from Vector in respect of the Rights Issue as referred to above, Vector may hold or control more than 20% of the voting rights in the Company. Accordingly, such allotment requires shareholder approval in accordance with rule 7(d) of the Code. (It is not expected that the allotment of any New Shares to AMP or Tyndall in accordance with the Capital Raising will result in either of them to hold or control (together with associates) more than 20% of the voting securities in the Company. Accordingly, shareholder approval is not being sought for the potential allotments to either of them.) If shareholders approve the resolution, then they are approving the potential issue of the New Shares to Vector under the Capital Raising for the purposes of rule 7(d) of the Code.

Rule 16 of the Code includes prescriptive requirements in relation to the information that must be provided to shareholders before voting on any resolution under rule 7(d) of the Code. The Company is unable to comply with all of the requirements of rule 16(b) of the Code because it is not able to specify in this notice of special meeting the following matters:

- a) The number of New Shares that will be allotted to Vector under the Capital Raising.
- b) The percentage of the aggregate of all Existing Shares and all New Shares that the number that will be allotted to Vector will represent.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS cont.

- c) The percentage of all ordinary shares that will be held or controlled by Vector following the allotments under the Capital Raising.
- d) The percentage of all ordinary shares that will be held or controlled by Vector and its associates (in aggregate) following allotment under the Capital Raising.

These details will only be determined following the conclusion of the Capital Raising, and will depend on the extent to which shareholders exercise their rights entitlements. Accordingly, the Company and Vector have sought and obtained the Takeovers Code (NZ Windfarms Limited) Exemption Notice 2010 ("**Exemption Notice**"). Under the Exemption Notice, the Company has been granted an exemption from the requirements of rule 16(b) of the Code, and Vector has been granted an exemption from rule 7(d) of the Code to the extent that rule 7(d) requires this notice of meeting to comply with rule 16(b) of the Code. The Exemption Notice is subject to certain conditions:

- a) This notice of meeting must set out a summary of the terms and conditions of the Exemption Notice. This information is set out in these explanatory notes.
- b) This notice of meeting must set out full particulars of the Rights Issue and the fees and benefits under any underwriting arrangements. This information is set out in appendix 1.
- c) This notice of meeting must contain the information set out in paragraph (b) of appendix 2.
- d) This notice of meeting must contain the statement from the Takeovers Panel set out on page 3.
- e) This notice of meeting must be approved by the Takeovers Panel. This approval has been granted.
- f) The exemption does not apply:
 - i) if, immediately after the allotment of New Shares to Vector under the Capital Raising, the total percentage of voting securities in the Company held by Vector is greater than the maximum percentage that could be held or controlled by Vector as set out in paragraph b(vii) of appendix 2; or
 - ii) if there is an increase in the voting control of Vector, except as a result of the allotment of New Shares under the Capital Raising, between the date of this notice of special meeting and the completion of the Capital Raising; or
 - iii) if there is a change in the number of voting securities on issue, except as a result of an allotment of voting securities under the Capital Raising, between the date of this notice of special meeting and the completion of the Capital Raising.

Listing Rule 7.5

Listing Rule 7.5 provides that the Company may not, without the approval of an ordinary resolution, issue securities if there is a significant likelihood that the issue will result in any person, or

group of associated persons, materially increasing their ability to exercise effective control of the Company. For the provision to be applicable, the person or group of associated persons must be entitled to exercise not less than 1% of the votes attaching to the Company's securities before the issue. Vector holds 19.99% of the voting securities on issue in the Company prior to the Rights Issue.

Vector could hold up to 39.9% of the ordinary shares in the Company following completion of the Capital Raising (calculated on the basis that Vector exercises its full entitlement under the Rights Issue, no other entitlements are exercised other than to obtain the minimum subscription amount sought from the Capital Raising, and Vector underwrites any shortfall in the Rights Issue for an amount of New Shares that is equal to its entitlement under the Rights Issue). Approval is therefore sought for the allotment of New Shares to Vector for the purpose of Listing Rule 7.5.

Voting restrictions

Listing Rule 9.3.1 and rule 17(2) of the Code restricts Vector and its "associates" under the Code, and its "associated persons" under the Listing Rules, from voting in respect of the resolution.

Independent adviser's report and independent appraisal report

As required by rule 18 of the Code, the Company has commissioned an independent adviser's report on the issue of the New Shares pursuant to the Capital Raising.

The independent adviser's report is required by the Code because, as a result of the allotment of the New Shares, Vector may hold or control more than 20% of the voting rights in the Company. The Code requires that, where shareholders are being asked to give their approval under rule 7(d) of the Code, the directors must obtain a report from an independent adviser on the merits of the proposed allotment having regard to the interests of those persons who may vote to approve the allotment.

Listing Rule 6.2.2 also requires this notice of meeting to include an appraisal report on the allotment of New Shares to Vector under the Capital Raising.

Northington Partners has prepared the independent adviser's report and a copy of that report is attached to this notice of special meeting as appendix 3. That report also serves as an appraisal report for the purposes of Listing Rule 6.2.2.

Meaning of an ordinary resolution

An ordinary resolution of the Company means a resolution approved by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution.

NZX approval

NZX Limited has approved this notice of special meeting.

APPENDIX 1

KEY TERMS OF RIGHTS ISSUE AND POTENTIAL UNDERWRITING ARRANGEMENTS

In considering the resolution, shareholders are reminded that for the purposes of the shareholders' meeting they are not being asked whether they would subscribe for the New Shares, but whether on the basis of the information provided, shareholders approve the matters referred to in the resolution.

Additional information will be contained in the combined short form prospectus and investment statement, which when read together with the annual financial statements for the Company for the year ending 30 June 2009 and the Company's interim financial statements for the six months to 31 December 2009, should form the basis of a shareholder's decision whether or not to subscribe for, or renounce their entitlements to, New Shares.

Key proposed terms of the Rights Issue are set out below:

Class of shares: Ordinary shares, ranking equally with existing shares in all respects.

Eligible shareholders: All persons registered as holders of ordinary shares ("**Existing Shares**") at 5.00 pm on 6 April^{**} 2010, other than a person with a registered address outside of New Zealand. Vector (of whom Mr Stiassny is a director, and Mr Mackenzie is chief executive officer) is an Eligible Shareholder.

Issue price per New Share: \$0.15, payable in cash in full on application.

Ratio of entitlements: Each Eligible Shareholder will be entitled to subscribe for eight New Shares for every three Existing Share held at 5.00 pm on 6 April^{**} 2010. The number of Rights (and therefore New Shares) to which Eligible Shareholders will be entitled will, in the case of fractional entitlements, be rounded up to the nearest whole number, and will, if less than 1,000 for an Eligible Shareholder, be increased to 1,000.

Maximum number of New Shares: Approximately 209,500,000.³

Maximum capital raised: \$31,423,679.³

Purpose of issue: To fund completion of the Te Rere Hau wind farm project, repay the \$6.5m bridge loan facility provided by Vector in December 2009 and to fund the Company's ongoing working capital requirements.

Record date for determining entitlements: 6 April 2010.^{**}

Opening date: 7 April 2010.^{**}

Letters of entitlement posted to shareholders: 9 April 2010.^{**}

Renounceable: Yes.

Rights trading period: 7 April 2010 to 27 April 2010.^{**}

Closing date: 29 April 2010.^{**}

Allotment date: 6 May 2010.^{**}

Overseas shareholders: A shareholder with a registered address outside of New Zealand will not be eligible to participate in the Rights Issue. The Company will arrange for the entitlements that overseas shareholders would otherwise obtain to be issued to a nominee who will endeavour to sell them, and to account to the overseas shareholders for the proceeds (net of costs) on a pro rata basis.

Potential underwriting arrangements

While underwriting commitments may be obtained prior to the commencement of the Rights Issue, it is more likely that there will be no underwriter for the Rights Issue on commencement of the Rights Issue and registration of the prospectus and investment statement.

To the extent that there is a shortfall in the amount raised from the Rights Issue, the Company may fund some or all of the shortfall through the issue of New Shares to existing institutional and other eligible shareholders and/or investors (including the Company's three current largest shareholders, Vector, AMP and Tyndall) pursuant to any underwriting commitments that the Company is able to obtain from such persons in respect of the Rights Issue.

It is intended that the issue of New Shares pursuant to any such underwriting commitments will be made in the circumstances contemplated by Listing Rule 7.3.4(d). That is, where the directors of the Company consider it equitable and in the interests of the Company to do so and:

- a) the price and terms and conditions of the issue of such shares are not materially more favourable to the persons to whom they are issued than under the terms of the Rights; and
- b) the issue is completed within three months of the close of the Rights Issue.

The Company intends that:

- i) any New Shares allotted under any such underwriting commitments will be issued at an issue price of \$0.15 per New Share (that is, at the same issue price per New Share as the issue price per New Share for New Shares issued under the Rights Issue), and issued at the same time as the New Shares issued under the Rights Issue; and
- ii) the maximum subscription for Vector, AMP and Tyndall (the three current largest shareholders of the Company) individually

³ Based on the total number of voting securities on issue, and the voting securities held by shareholders on the Company's register, as at 5.00 pm on 16 March 2010 (being the last practicable Business Day prior to the date of this notice of meeting).

^{**} Please note that these dates are indicative only and may change.

APPENDIX 1 cont.

under any underwriting commitments obtained from them must not exceed, in each case, the number of voting securities that is equal to their full entitlement under the Rights Issue (such that the maximum subscription under the Rights Issue and any underwriting commitments obtained from each of them, in aggregate, must not exceed an amount equal to two times their respective entitlements under the Rights Issue).

Under the terms of the GSJBW Engagement the Company will pay GSJBW certain fees, including a shortfall incentive fee equal to 2.75% of the aggregate subscription monies received from the allotment of shares under the Capital Raising. On the basis that aggregate subscription monies of \$31,423,679⁴ are received from the Capital Raising, the shortfall incentive fee payable would be \$864,151.17⁴.

GSJBW will be entitled to use all or any part of the shortfall incentive fee at its absolute discretion to facilitate uptake of the Capital Raising, which may include:

- a) paying a fee to new and existing institutional and other eligible shareholders to encourage their uptake of the Rights Issue (note, Vector, AMP and Tyndall are eligible shareholders and may benefit from this fee); and
- b) soliciting partial or full underwriting commitments for any shortfall in the amount raised from the Rights Issue from existing institutional and other eligible shareholders and/or investors on commercial and arms length terms (as determined by GSJBW) at the same issue price per New Share as the issue price per New Share under the Rights Issue; and
- c) potentially paying a broker handling fee to market participants to facilitate investor uptake of the Rights Offer.

⁴ Based on the total number of voting securities on issue, and the voting securities held by shareholders on the Company's register, as at 5.00 pm on 16 March 2010 (being the last practicable Business Day prior to the date of this notice of meeting).

APPENDIX 2

INFORMATION REQUIRED BY RULE 16 OF THE CODE

- a) Identity of the allottee: Vector Limited.
- b) Particulars of the voting securities to be allotted (calculated on the basis, and assumptions, set out below)⁵:
- i) The maximum number of voting securities that could be allotted to Vector under the Rights Issue is 41,877,334.
 - ii) The maximum number of voting securities on issue that could be allotted to Vector under the Rights Issue, as a percentage of the total voting securities on issue after the allotment of voting securities under the Rights Issue, is 16.8%.
 - iii) The maximum percentage of the total voting securities on issue that could be held or controlled by Vector after the allotment of voting securities under the Rights Issue is 23.1%.
 - iv) The maximum percentage of the total voting securities on issue that could be held or controlled by Vector and its associates after the allotment of voting securities under the Rights Issue is 23.1%.
 - v) The maximum number of voting securities that could be allotted to Vector under the Rights Issue and under any underwriting commitments that may be obtained from Vector in relation to the Rights Issue is 83,754,768.
 - vi) The maximum number of voting securities on issue that could be allotted to Vector under the Rights Issue and any underwriting commitments that may be obtained from Vector in relation to the Rights Issue, as a percentage of the total voting securities on issue after the allotment of voting securities under the Rights Issue and under any underwriting commitments that may be obtained from Vector in relation to the Rights Issue, is 33.6%.
 - vii) The maximum percentage of the total voting securities on issue that could be held or controlled by Vector after the allotment of voting securities under the Rights Issue and under any underwriting commitments that may be obtained from Vector in relation to the Rights Issue is 39.9%.
 - viii) The maximum percentage of the total voting securities on issue that could be held or controlled by Vector and its associates after the allotment of voting securities under the Rights Issue and under any underwriting commitments that may be obtained from Vector in relation to the Rights Issue is 39.9%.

- c) The issue price for the allotment will be \$0.15 per New Share, which is payable upon the subscription for the New Shares (expected to be on or about 6 May 2010).
- d) The reasons the Company is issuing and allotting the New Shares are as follows: to fund completion of the Te Rere Hau windfarm project, repay the \$6.5m bridge loan facility provided by Vector in December 2009 and to fund the Company's ongoing working capital requirements.
- e) The allotments to Vector Limited under the resolution, if approved, will be permitted under rule 7(d) of the Code as an exception to rule 6 of the Code.
- f) The following statement has been provided by Vector:

Vector and the Company entered into a subscription agreement dated 27 April 2007. Under the subscription agreement Vector agreed to subscribe for such number of shares in the Company's May 2007 capital raising so as to give Vector a 19.99% shareholding in the Company. The terms of the agreement included a restriction on the Company from raising further capital by the issue of shares or other equity securities (as defined in the Listing Rules) prior to 27 April 2010, except:

- under Listing Rule 7.3.1(a), unless approved by a special resolution of holders of each class of equity securities whose rights or entitlements may be affected by that issue;
- under Listing Rule 7.3.4 (which permits certain pro-rata offers including rights issues);
- under Listing Rule 7.3.6 (which relates to certain employee share issues), provided the issue and employee share scheme are approved by special resolution of holders of each class equity securities whose rights or entitlements may be affected by that issue; or
- under the Company's executive share option scheme as described in the Company's prospectus and investment statement dated 9 May 2007.

Other than the subscription agreement referred to above, and the potential underwriting commitments that may potentially be obtained from Vector referred to in this notice of meeting, there are no agreements or arrangements (whether legally enforceable or not) that have been, or are intended to be, entered into between Vector and any other person (other than between Vector and the Company in respect of the matters referred to in paragraphs (a) to (e) above) relating to the allotment, holding or control of the voting securities to be allotted, or to the exercise of voting rights, in the Company.

⁵ The information contained in this subparagraph (b) has been prepared in accordance with the requirements of the Takeovers Code (NZ Windfarms Limited) Exemption Notice 2010.

APPENDIX 2 cont.

- g) The report from an independent adviser that complies with rule 18 of the Code is set out in appendix 3 to this Notice of Special Meeting.
- h) The directors of the Company make the following statement for the purposes of rule 19 of the Code:
- v) that no arrangements are made under which any person other than Vector agrees to underwrite the Rights Issue; and
- vi) the total number of the Company's voting securities on issue as at 5.00 pm on 16 March 2010 (being the last practicable Business Day prior to the date of this notice of meeting), with no adjustment being made for fractional entitlements or the scaling of shareholders entitlements to a minimum holding.

The Independent Directors recommend that shareholders approve the resolution, and the issue of New Shares under the Capital Raising to Vector, for the reasons set out on page 5.

Messrs Stiassny and Mackenzie, given their positions as chairman and chief executive officer respectively of Vector, such that they are regarded as "interested" in the subject matter of the resolution, abstain from making any recommendation on the resolution.

Assumptions and basis of calculations:

The numbers and percentages referred to in paragraphs (b)(i) to (b)(iv) above have been calculated on the following basis:

- i) that Vector exercises its full entitlement under the Rights Issue;
- ii) that shareholders of the Company exercise sufficient entitlements under the Rights Issue so that, after taking into account the exercise of the entitlement referred to in paragraph (i), the Rights Issue raises the minimum subscription amount exactly;
- iii) that no other entitlement under the Rights Issue is exercised;
- iv) that no arrangements are made under which any person (including Vector) agrees to underwrite the Rights Issue; and
- v) the total number of the Company's voting securities on issue as at 5.00 pm on 16 March 2010 (being the last practicable Business Day prior to the date of this notice of meeting), with no adjustment being made for fractional entitlements or the scaling of shareholders entitlements to a minimum holding.

The numbers and percentages referred to in paragraphs (b)(v) to (b)(viii) above have been calculated on the following basis:

- i) that Vector exercises its full entitlement under the Rights Issue;
- ii) that shareholders of the Company exercise sufficient entitlements under the Rights Issue so that, after taking into account the exercise of the entitlement referred to in paragraph (i), the Rights Issue raises the minimum subscription amount exactly;
- iii) that no other entitlement under the Rights Issue is exercised;
- iv) that Vector subscribes for the maximum number of voting securities that it is permitted or required to subscribe for under any underwriting commitments that may be obtained in relation to the Rights Issue;

APPENDIX 3

**INDEPENDENT ADVISER'S REPORT AND
INDEPENDENT APPRAISAL REPORT**

Please find appendix 3 enclosed separately.



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