

The Treasury

South Canterbury Finance Limited Information Release

Release Document

April 2011

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(i) - to protect trade secrets
- [3] 9(2)(b)(ii) - to avoid unreasonable prejudice to the commercial position of the person who supplied the information or who is the subject of the information
- [4] 9(2)(ba) - to protect information that is subject to an obligation of confidence, or that was or could be provided under legal compulsion, where making the information available would be likely to prejudice the supply of similar information and it is in the public interest for that information to continue to be supplied
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [7] 9(2)(h) - to maintain legal professional privilege
- [8] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [8] appearing where information has been withheld in a release document refers to section 9(2)(i).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: [1] [redacted]@forbar.co.nz]
Sent: Tuesday, 20 October 2009 4:47 p.m.
To: Stephen Reville
Subject: SCF
Attachments: Standstill.pdf; SCF_ Commitment Letter (5).pdf; forbarlogo.png

Stephen

Execution versions of US noteholder agreements attached FYI.

Regards

[1]

Managing Director



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COMMITMENT LETTER

October 17, 2009

South Canterbury Finance Limited
Southbury Group Limited
7 Sophia Street
Timaru 7940
New Zealand
Attention: Mr. Lachie McLeod, Chief Executive Officer

Re: South Canterbury Finance Limited

Gentlemen:

This agreement (the “**Commitment Letter**” or this “**Agreement**”) is entered into in connection with that certain Restructuring (as defined herein) by and among (i) South Canterbury Finance Limited, a New Zealand corporation (the “**Company**”); (ii) Southbury Group Limited, a New Zealand corporation (“**Southbury**”); and (iii) the undersigned holders (the “**Noteholders**”) of the Company’s notes (the “**Notes**”) issued pursuant to that certain Note Purchase Agreement dated as of April 2, 2008 (as in effect immediately prior hereto, the “**Note Agreement**”). All capitalized terms used herein and not defined herein have the respective meanings assigned to them pursuant to the Note Agreement or the Term Sheet (defined below). The Note Agreement, the Notes, the Debenture Trust Deed, the Global Certificate (as defined in the Collateral Agency Agreement), each other Collateral Document (as defined in the Collateral Agency Agreement) and each other document or instrument delivered in connection with or pursuant to the issuance of the Notes are hereby referred to, collectively, as the “**Transaction Documents**”.

Each of the Company and Southbury acknowledges and agrees that, in the absence of forbearances or waivers granted by the Noteholders concurrently herewith, the Company is in default of the Note Agreement, and Defaults and Events of Default exist and are continuing thereunder. Each of the Company and Southbury has requested from the Noteholders certain amendments to the Note Agreement and the other Transaction Documents, as further detailed herein.

In response to the Company’s and Southbury’s requests for amendments, and in reliance on their assurances and agreements made herein and elsewhere, each of the Noteholders can advise the Company that, subject to the satisfaction of any and all conditions precedent as are contained herein or in the Restructuring Amendments (as defined below), each of such Noteholders hereby agrees with the Company and its wholly-owned Subsidiaries, Southbury and

each other Noteholder, to restructure the Note Agreement and the other Transaction Documents (the restructuring of the Note Agreement and the other Transaction Documents is referred to herein as the “**Restructuring**”) and to employ commercially reasonable efforts to document the Restructuring in a timely manner, on the terms and subject to the conditions set forth herein and in the term sheet attached hereto as Exhibit A (the “**Term Sheet**”).

Southbury acknowledges and agrees that it is receiving valuable consideration for execution of the Commitment Letter, and for its role in the Restructuring, including by virtue of the benefits that are intended to accrue to it, and by virtue of detriments being suffered by the Noteholders at its request.

The Company, for itself and for each of its wholly-owned Subsidiaries, and Southbury, each agrees to the Restructuring and, without limiting the generality of such agreement, specifically agree as follows:

(1) The Company and Southbury each agrees to employ commercially reasonable efforts to document the Restructuring, on the terms and subject to the conditions set forth herein and in the Term Sheet.

(2) The Company and Southbury agree that, on the later of (x) 5 days after initial drafts of the definitive proposed documents are delivered to the Company and (y) October 31, 2009, and subject in both events to the final paragraph of section 3 of this Agreement:

(a) the Company and Southbury will complete the negotiation and documentation of the amendment and/or restatement of the Note Agreement and the other Transaction Documents to reflect the terms and conditions set forth in the Term Sheet, on terms and conditions reasonably acceptable to each Noteholder and the Company (as so documented, the “**Restructuring Amendments**”), and will execute and deliver the documents and instruments evidencing, and giving full effect to, such Restructuring Amendments to each Noteholder and each other party thereto. The Company confirms that, except as will be modified when the Term Sheet is documented pursuant hereto in the form of fully executed and delivered documents and instruments evidencing such Restructuring Amendments, the terms and conditions of the Note Agreement, the Notes and the other Transaction Documents remain in full force and effect, subject only to the terms and conditions contained in that certain Noteholder Standstill Agreement of even date herewith between the Company and each of the Noteholders (the “**Noteholder Standstill Agreement**”); and

(b) The Company and Southbury will take each action, satisfy each condition precedent, and satisfy each other obligation with respect to execution and delivery of documents, instruments and agreements, as is contained in the Restructuring Amendments. Such obligations will include, without limitation, (i) the execution and delivery of such amended or amended and restated, or additional, Collateral Documents as shall be requested by the Noteholders, (ii) the delivery by counsel to the Company of one or more legal opinions with respect to matters related to the Restructuring, and including without limitation, the Collateral Documents, as shall be reasonably agreed to by the Noteholders, (iii) procuring certain actions by the Trustee of the Company’s Debenture Trust Deed and (iv) payment of fees and expenses relating to the

Restructuring, including, without limitation, those fees and expenses identified in each of the Noteholder Standstill Agreement and in the Term Sheet.

(3) The Company and Southbury agree that, in the event that the Restructuring Amendments are not effective on October 31, 2009 (whether due to a failure by the Company to execute and deliver the Restructuring Amendments or any document, agreement or instrument contemplated thereby, due to any failure by the Company to deliver any other item, or to take any action, in connection with the Restructuring Amendments, or due to a failure of a condition contained in the Restructuring Amendments), then on such date (a) this Commitment Letter and the Term Sheet shall be deemed irrevocably withdrawn and of no force or effect whatsoever (other than to the extent that the Company and/or Southbury has obligations under them), (b) the Note Agreement (including all rights and obligations thereunder, without giving effect to this Commitment Letter or Term Sheet) shall be fully restored, and (c) any forbearances or waivers granted by the Noteholders concurrently herewith shall be deemed irrevocably withdrawn and of no force or effect whatsoever (including, without limitation, any forbearance or waiver contained the Noteholder Standstill Agreement) and the Defaults and Events of Default that exist and are continuing as of the date hereof shall be deemed fully restored and able to be relied upon by the Noteholders.

Notwithstanding the foregoing, if on October 31, 2009, the Restructuring Amendments are not and do not then become effective, and at such time no Default or Event of Default then exist other than the "Specified Defaults" (as such term is defined in the Noteholder Standstill Agreement), and provided that to and at such time the Company and Southbury have been working diligently and in good faith with their best efforts to conclude the documentation of the Restructuring Amendments on a timely basis, and that, through no fault of the Company's and Southbury's (whether by delay, refusal, frustration or otherwise) the Restructuring Amendments are not effective, then, in such case, the Noteholders shall exercise commercially reasonable discretion in determining whether, and by how much, to extend such date.

(4) Each of the Company and Southbury agrees that, prior to the effectiveness of the Restructuring Amendments, it will provide such information and reporting to the Noteholders and their legal and accounting advisors as is required to be provided by the terms of the Term Sheet and the Noteholder Standstill Agreement.

Each of the Company and Southbury irrevocably confirm that, as at the date of this Commitment Letter, it is able to pay its due debts (and will remain able to pay its due debts at all times while the Restructuring is being effected) and will not become unable to pay its due debts as a result of entering into this Commitment Letter or the Restructuring.

For the avoidance of doubt, the Company further agrees with each of the Noteholders that it will timely make all payments contemplated by and described in the Term Sheet and the Noteholder Standstill Agreement as an when indicated in the Term Sheet prior to execution and delivery of the Restructuring Amendments, including, without limitation, the payment of US\$45,000,000 in principal amount of the Notes, together with unpaid interest accrued with respect thereto, on October 23, 2009 (New Zealand), and the payment of US\$5,000,000 in

principal amount of the Notes, together with unpaid interest accrued with respect thereto, on October 30, 2009.


The Company and Southbury acknowledge and agree that time is of the essence with respect to their agreement to consummate the Restructuring. This Commitment Letter and the Term Sheet supersede the prior “Draft Responsive Economic Proposal for Restructuring” delivered by the Noteholders’ counsel to the Company on or around October 13, 2009. This Commitment Letter may be executed in counterparts which, taken together, shall constitute an original. Delivery of an executed counterpart of this Commitment Letter by electronic mail or facsimile shall be effective as delivery of a manually executed counterpart thereof. This Commitment Letter shall be governed by, and construed in accordance with, the laws of the State of New York without respect to the laws of such jurisdiction that mandate the application of the laws of another jurisdiction. Each of the Company and Southbury hereby irrevocably waives any and all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Commitment Letter, the Restructuring or the actions of the Noteholders in the negotiation, performance or enforcement hereof. Each Noteholder reserves all of its rights to declare a Default or Event of Default under the Note Agreement and other Transaction Documents, and vigorously pursue all remedies, if the Company or Southbury fail to perform timely their obligations under this Commitment Letter.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Very truly yours,


**ING LIFE INSURANCE AND ANNUITY
COMPANY
ING USA ANNUITY AND LIFE INSURANCE
COMPANY
RELISTAR LIFE INSURANCE COMPANY
SECURITY LIFE OF DENVER INSURANCE
COMPANY**

By: ING Investment Management LLC, as
Agent

By:  _____

Name: Greg Addicks
Title: Vice President

**NATIONWIDE LIFE INSURANCE
COMPANY
NATIONWIDE LIFE AND ANNUITY
INSURANCE COMPANY**

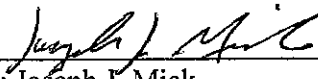
By: 
Name: Jeffrey William
Title: Authorized Signatory

AVIVA LIFE AND ANNUITY COMPANY
(Successor in interest to American Investors Life
Insurance Company and Aviva Life Insurance
Company)

By: Aviva Investors North America Inc.,
its authorized attorney-in-fact

By: 
Name: Roger D. Fors
Title: VP – Private Fixed Income

ASSURITY LIFE INSURANCE COMPANY

By: 
Name: Joseph J. Mick
Title: Senior Investment Analyst

**THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY**

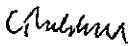
By: RA Strait
Name: Richard A. Strait
Title: Its Authorized Representative

ACCEPTED AND AGREED TO
AS OF THE DATE FIRST ABOVE WRITTEN:

SOUTH CANTERBURY FINANCE LIMITED,
a New Zealand corporation, for itself and
for each of its wholly-owned Subsidiaries

By: 
Name: **EDWARD ORAL SULLIVAN**
Title:

SOUTHBURY GROUP LIMITED,
a New Zealand corporation

By: 
Name:
Title: *Andrew James (unreadable)*

***SOUTH CANTERBURY FINANCE LIMITED
OUTLINE OF TERMS OF RESTRUCTURING***

This outline of terms of restructuring (the “**Term Sheet**”) does not represent a commitment, obligation or understanding on the part of the Noteholders (as defined herein) to, as applicable, (a) amend, waive or otherwise modify (including without limitation by way of restructuring, refinancing, termination, cancellation or exchange) any agreement, including without limitation the Notes or the Note Agreement (each as defined herein), or any term or provision thereof or of any agreement, instrument or document related thereto, (b) forbear from exercising remedies with respect thereto, or (c) take action, or refrain from taking action, with respect to the foregoing. No such party shall be so obligated unless and until all internal credit, board and other necessary approvals, as applicable, are sought and obtained, all definitive documentation is negotiated and executed and all conditions precedent are satisfied or waived.

The terms discussed herein are an integrated offer, are not divisible except as described herein, and are subject to the terms and conditions hereof. This term sheet does not include a description of all of the terms, conditions and other provisions that are to be contained in the definitive documentation governing such matters, which remain subject to discussion and negotiation to the extent not inconsistent with the specific matters set forth herein. This term sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions, and is intended to be entitled to the protections of Rule 408 of the United States Federal Rules of Evidence and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.

By its execution hereof, the Company (as defined herein) acknowledges and agrees that it will use reasonable commercial efforts to document and execute a transaction with the Noteholders (as defined herein) consistent with the terms set forth in this Term Sheet as soon as practicable and in any event on or prior to October 31, 2009. Time is of the essence in this undertaking. The Company acknowledges and agrees that, but for the existence of the Noteholder Standstill Agreement (as defined herein), it would be in default of its financial obligations in respect of the Notes, and further, that the Noteholder Standstill Agreement that serves to suspend action with respect to such defaults currently expires on October 31, 2009 (or earlier upon the occurrence of certain events). The Noteholders have no obligation to extend or modify the Noteholder Standstill Agreement, and shall have no obligation in respect of this Term Sheet or the restructuring contemplated hereby other than as contained in the executed and delivered commitment letter between the Company and the Noteholders (the “**Commitment Letter**”), to which this Term Sheet is attached.

All capitalized terms used herein and not defined herein have the respective meanings assigned to them pursuant to the Note Agreement and/or the Commitment Letter. Unless otherwise specified, all references to “\$” are references to US Dollars.

I. Transaction Participants:

- A. Company** South Canterbury Finance Limited (the “**Company**”, and together with all of its wholly-owned subsidiaries, the “**Group**”)
- B. Southbury** Southbury Group Limited (“**Southbury**”)
- C. Noteholders** Holders (the “**Noteholders**”) of the Company’s US\$70,000,000 8.04% Series A Senior Guaranteed Notes due 2013 and the Company’s US\$30,000,000 8.04% Series B Senior Guaranteed Notes due 2015 (collectively, the “**Notes**”) issued pursuant to that certain Note Purchase Agreement dated April 2, 2008 (the “**Note Agreement**”). The Noteholders are identified on the signature pages to the Commitment Letter.

- II. Standstill** Reference is made to that certain Noteholder Standstill Agreement, dated as of October 17, 2009, between the Company and the Noteholders (the “**Noteholder Standstill Agreement**”). Pursuant to the Noteholder Standstill Agreement, the Noteholders have agreed to forbear from exercising remedies in respect of certain Defaults or Events of Default under the Note Agreement (as set forth in the Noteholder Standstill Agreement, the “**Specified Defaults**”) until the earlier of October 31, 2009 or the date of any Waiver Termination Event (as defined in the Noteholder Standstill Agreement).

- III. Documentation/ Reaffirmation of Existing Obligations** The Company acknowledges and agrees that, in connection with the Restructuring, it shall (and shall procure that Southbury shall) enter into definitive documentation with the Noteholders on substantially identical terms to (or in amendment of) the existing Note Agreement and other related documents and instruments, in each case subject to changes required by the terms and conditions set forth below and such other customary, reasonable or reasonably desirable changes, in any case, as shall be required by the Noteholders. The Company irrevocably acknowledges that it has no basis upon which to challenge the Noteholders’ entitlements to any amounts referred to or provided by the Note Agreement.

IV. Representations and Warranties:

The Company shall represent and warrant to each Noteholder that each of the statements set forth in Section 3 of the Noteholder Standstill Agreement is true and correct as of the Effective Date (as defined herein).

The Company shall provide such representations and warranties as requested by the Noteholders (including, without limitation, certain representations and warranties similar to those contained in the Note Agreements), as well as such other representations and warranties relating to the terms of the Restructuring to be given as of the date the documents identified under heading III above become effective, in each case as determined by the Noteholders.

V. Covenants:

The covenants in the existing Note Agreement shall be included (or remain) in the final documentation of the Restructuring, subject to certain revisions, and additions, including those described below.

A. Financial Covenants:

The Company shall comply with the financial and negative covenants contained in Section 10 of the Note Agreement, provided that (i) the covenant contained in Section 10.1 (Merger) may be amended to permit the Company to undertake certain fundamental corporate transactions in connection with a proposed reorganization and capital-raising, (ii) the covenant contained in Section 10.6 (Liens) shall be adjusted to permit the incurrence of secured indebtedness with priority greater than the Notes, so long as the proceeds of such indebtedness are used directly to repay the Notes and (iii) the covenants contained in Section 10.8 (Financial Condition) shall be eliminated. The Noteholders reserve the right to include additional financial covenants after consultation with the Noteholders' financial advisor and with the agreement of the Company.

B. Supplemental Covenants

The Company shall comply with the supplemental and affirmative covenants contained in Section 9 and Section 10 of the Note Agreement, provided that certain covenants shall be subject to tightening and further restriction (including, without limitation, Section 10.1 (Transactions with Affiliates)).

C. Changes to Other Covenants

The Company shall comply with each of the other covenants and agreements (the “**Other Covenants**”) contained in the Note Agreement and other Transaction Documents, as such covenants shall be amended in the course of documentation of this Term Sheet. Such covenants to be so amended shall include, without limitation, financial reporting, prohibition on dividends and distributions (with permission for distributions in respect of perpetual preference shares of the Company listed on the NZX in an aggregate amount limited to NZ\$4,000,000 prior to payment in full of the Notes, and further provided that no Default or Event of Default shall exist at the time of any such distribution), restrictions on inter-company and related party transactions (including, without limitation, loans (and refinancings of loans) to employees), limits on sales of assets (including a limitation that, prior to repayment in full of the Notes and while no Default or Event of Default exists, the Company may sell property with an aggregate value of no more than 7.5% of Consolidated Total Assets, provided that the proceeds of any material sale of property shall be used to pay the Notes, either directly and immediately or by deposit into a segregated account for the benefit of the Notes to be used in the next scheduled amortization payment(s) of the Notes, and a permission for dispositions in the ordinary course of business on an arm’s length basis), limitation on payment of other Indebtedness of the Group other than upon the maturity thereof, and changes to Defaults, cross-Defaults and Events of Default to accommodate changes to the Note Agreements related to the Restructuring Amendments and any changes necessitated by the Company’s corporate restructuring proposal. For the avoidance of doubt, the rating trigger put option in Section 8.10 of the Note Agreement will be permanently waived and removed from the documentation, and the Change in Control in Section 8.11 shall be amended as required to permit ownership changes contemplated by the Company’s proposed corporate restructuring.

D. Noteholders’ Professionals:

For the avoidance of doubt, the Company shall continue to permit the Noteholders’ financial advisor and the other Noteholders’ professionals access to, discussion of and with and information with respect to the Company, the other Group members, Southbury and such other related matters as shall be requested by the Noteholders.

VI. Collateral/Guarantees:

A. Collateral:

The Company shall procure that the Trustee in respect of the Debenture Trust Deed shall take such steps as the Noteholders shall in good faith determine to be necessary or advisable to

confirm and assure the status of the security granted to secure the Notes and other obligations under the Note Agreement and hereunder, and that nothing in the Note Agreement, or these arrangements, is inconsistent with (or would constitute a breach under) the Debenture Trust Deed. The failure to procure the taking of such steps shall be an additional Event of Default.

B. Guarantees:

Each of the Company's subsidiaries shall enter into guarantees (or amended and restated guarantees) of the Notes in form and substance satisfactory to each of the Noteholders (the **"Guarantees"**).

VII. Payments:

A. Principal:

(I) The Company shall pay the following amounts of principal (in reduction of its existing, and now due, obligations under the Notes and Note Agreement) on or before the following dates (New Zealand time):

- US\$45,000,000 paid October 23, 2009
- US\$5,000,000 paid October 30, 2009
- US\$12,500,000 paid November 30, 2009
- US\$12,500,000 paid December 31, 2009
- US\$7,500,000 paid January 31, 2010
- US\$7,500,000 paid February 28, 2010
- US\$10,000,000 paid March 31, 2010 (final maturity)

Any prepayments of principal will be applied to the foregoing amortization schedule in the inverse order of maturity.

(II) In addition to the foregoing, Southbury shall be obligated to pay, and shall make payment of, the following amounts on or before the following dates:

- US\$5,000,000 paid January 31, 2010
- US\$5,000,000 paid February 28, 2010
- US\$5,000,000 paid March 31, 2010

The foregoing payments described in this clause (II) shall be the direct and legal, valid and binding primary obligation of Southbury, which are provided in consideration of the undertakings of and the detriments to the Noteholders in connection with the Restructuring. Such payments may be accelerated if not timely made or if an Event of Default otherwise occurs; such payments shall bear interest if not timely made at a rate equal to 12% per annum.

B. Southbury's obligations, etc.

The Company and Southbury shall provide warranties and representations, without qualification, with respect to such obligations of the Company and Southbury, and shall deliver a legal opinion of the Company's New Zealand counsel confirming the legality, validity, and binding nature of such obligations and that such obligations are enforceable in accordance with their terms. The failure of Southbury to timely make a required payment hereunder shall constitute an Event of Default.

Southbury shall covenant to the Noteholders (the violation of which shall constitute an Event of Default) whereby the minimum net worth of Southbury at any time shall be no less than NZ\$50,000,000 (such minimum level shall be reduced dollar-for-dollar (with appropriate currency conversions at such time) by the amount of each payment made by Southbury in respect of the Notes as contemplated hereby). The documentation of Southbury's obligations in respect of the Notes shall be evidenced in a commercially reasonable manner with the goal of clearly and efficiently setting forth the terms of the obligations, obtaining commercially-reasonable representations, warranties, assurances, covenants, and remedies, and addressing other commercially reasonable creditor concerns including enforceability, defenses, and like matters. Based on the Company's indications of fact it is not contemplated at this time that Southbury will be required to enter into the revised Note Agreements or similarly-broad documentation to evidence its obligations.

C. Make-Whole Amount:

For the avoidance of doubt, (a) in the case where the Notes are indefeasibly paid in full in accordance with the terms of the Restructuring (including receipt of all payments to be made by Southbury hereunder), then in that case the obligation of the Company and Southbury in respect of principal and Make-Whole Amount (as separate from interest, fees and similar amounts) shall be US\$115,000,000, and (b) in the case where the Notes are not indefeasibly paid in full in accordance with the terms of the Restructuring (due to a Default, Event of Default or otherwise), then in such case the obligation of the Company and Southbury in respect of principal and Make-Whole Amount (as separate from interest, fees and similar amounts) shall be equal to (i) the aggregate principal amount of the Notes not indefeasibly paid at such time plus (ii) the aggregate amount of Make-Whole Amount subject to the temporary waiver described hereunder (such amount accruing interest at the rate of 12% per annum from the date of accrual to the date of payment) plus (iii) any Make-Whole Amount accrued, crystallized or otherwise due or permitted to be due pursuant to the Note Agreements (such amount accruing interest at the rate of 12% per annum from the date of accrual to the date of payment).

For clarity, the parties confirm that the Make-Whole Amount shall be calculated in respect of the original coupon rate of the Notes (8.04% per annum).

- D. Make-Whole Amount (continued):** The Noteholders agree with the Company that the Make-Whole Amount, which is a contractual and agreed entitlement of the Noteholders, shall be subject to temporary waiver and further adjustment as follows: Any Make-Whole Amount accrued in accordance with the Note Agreements with respect to a payment (whether a mandatory amortization payment or an optional principal payment) made by the Company or Southbury prior to the occurrence of a Default or Event of Default, shall be deemed to be temporarily waived by the Noteholders. All payments described as obligations of Southbury made by Southbury prior to the occurrence of a Default or Event of Default shall be applied, first, to reduce the aggregate Make-Whole Amount that has been previously temporarily waived pursuant hereto, and thereafter, to the Notes for application as determined by the Noteholders. If no Default or Event of Default has occurred or exists on March 31, 2010, and without limitation the Company and Southbury make all payments required hereby, including the payment due on such date, then, in such case any unpaid Make-Whole Amount (including any previously-waived Make-Whole Amount) shall be permanently waived and extinguished. For the avoidance of doubt, the permanent waiver and extinguishment contemplated hereby will only become effective upon the payment in full of all amounts due hereunder, including the payment of US\$100,000,000 of principal amount by the Company and the payment of US\$15,000,000 by Southbury, together with all interest, fees and other amounts due pursuant hereto or pursuant to the Note Agreement. For the further avoidance of doubt, the Noteholders agree that they shall not be entitled to recover from the Company and Southbury in the aggregate together more than the aggregate amount that the Noteholders would have been entitled to receive pursuant to the Note Agreements if all amounts due in respect thereof were due and payable on the Effective Date (including, without limitation, all Make-Whole Amount) and thereafter bore interest at the rate of 12% per annum until paid in full.
- E. Interest:** Interest shall accrue on the Notes at a rate of 12.0% per annum, payable monthly in arrears, commencing on October 1, 2009. In the event that any payment is not received by the due date thereof, the Notes (including any overdue payment of interest) shall bear interest at a default rate equal to 15.0% per annum, payable on demand.

F. Additional Information related to Make-Whole Amount: Upon the occurrence of a Default or Event of Default, any and all waiver or deferral of Make-Whole Amount hereunder shall be deemed to be reversed, all Make-Whole Amounts shall revert and upon acceleration of the Notes (whether by the Noteholders or by operation of law or contract) shall crystallize and become due and payable in full; such amounts shall include all Make-Whole Amount calculated with respect to the outstanding principal amount of the Notes together with all temporarily-waived Make-Whole Amount as provided hereunder. The Trustee shall confirm the secured nature and priority of the Make-Whole Amount, and the absence of defaults in respect of the Debenture Trust Deed based on the mechanisms with respect to Make-Whole Amount described herein, at or prior to the Closing.

VIII. Fees and Expenses: In addition to its contractual obligations to pay fees and expenses pursuant to the Note Agreements and the Noteholder Standstill Agreement (which contractual obligations will continue on an accrual basis), the Company shall comply with all engagement letters and payment arrangements undertaken with respect to all such Noteholders' professionals, and the Company shall promptly pay all of the outstanding and on-going reasonable fees and expenses of the Noteholders.

IX. Effectiveness: This Term Sheet shall become effective upon the first date that each of the Company, for itself and the other Group members, and Southbury, execute and deliver a signature page to the Commitment Letter (the "**Effective Date**").

X. Miscellaneous:

A. No Waiver Each of the Group and Southbury acknowledges and agrees that no Default or Event of Default has been waived or released or shall be considered to have been cured by reason of the Noteholders entering into this Term Sheet and Commitment Letter or performing the terms hereof, including, without limitation, forbearing from the exercise of available remedies.

B. Waiver of Defaults on Effective Date With effect from the date of the definitive documentation giving effect to this Term Sheet, all historical Defaults and Events of Default shall be permanently waived.

- C. Counterparts** This Term Sheet and the Commitment Letter may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.
- D. Governing Law** This Term Sheet shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

NOTEHOLDER STANDSTILL AGREEMENT

NOTEHOLDER STANDSTILL AGREEMENT (this “**Agreement**”), dated as of October 17, 2009, among (i) **SOUTH CANTERBURY FINANCE LIMITED** (the “**Company**”), a New Zealand corporation, (ii) the undersigned holders of the Series A Senior Guaranteed Notes (as constituted from time to time, the “**Series A Noteholders**”) and (iii) the undersigned holders of the Series B Senior Guaranteed Notes (as constituted from time to time, the “**Series B Noteholders**”, and together with the Series A Noteholders, the “**Noteholders**”).

RECITALS:

A. Pursuant to that certain Note Purchase Agreement, dated April 2, 2008, between the Company and each of the “Purchasers” identified on Schedule A attached thereto (as may be amended from time to time, the “**Note Agreement**”), the Company issued (i) US\$70,000,000 in original principal amount of its 8.04% Series A Senior Guaranteed Notes, due April 2, 2013 (as amended from time to time, the “**Series A Notes**”) and (ii) US\$30,000,000 in original principal amount of its 8.04% Series B Senior Guaranteed Notes, due April 2, 2015 (as amended from time to time, the “**Series B Notes**”, and together with the Series A Notes, the “**Notes**”).

B. The Company, each of the Guarantors (as defined therein), Bank of New Zealand, as facility agent (the “**Agent**”), and the other lenders party thereto (collectively, the “**Lenders**”) entered into that certain Syndicated Multi-Currency Facilities Agreement, dated as of November 27, 2007 (as amended from time to time and as in effect immediately prior to the Effective Date, the “**Syndicated Facilities Agreement**”), pursuant to which the Lenders agreed to make certain loans to the Company from time to time on the terms and subject to the conditions set forth therein. The Company hereby represents and warrants that the Syndicated Facilities Agreement has been terminated and withdrawn and that no amounts are owing or payable with respect thereto.

C. The Company has informed the Noteholders that it has failed to perform certain of its obligations under the Note Agreement prior to the Effective Date and that, as a result of such historical failure to perform, certain Defaults and Events of Default have occurred or will occur under and in respect of the Note Agreement and the Notes. Such Defaults and Events of Default, to the extent that they exist and directly arise from failures of performance that occurred prior to the Effective Date, are herein collectively referred to as the “**Specified Defaults**”.

D. The Company has requested that the Noteholders temporarily waive their right to take action against the Company arising out of the Specified Defaults upon the terms and conditions set forth in this Agreement.

E. Subject to the terms and conditions hereinafter set forth, the Noteholders have agreed to the Company’s request to temporarily waive the Specified Defaults.

AGREEMENT:

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINED TERMS.

1.1 Defined Terms. As used herein, the following terms shall have the meanings set forth below or in the document or the Section of this Agreement referenced below. The terms used herein and not defined herein shall have the respective meanings ascribed to such terms in the Note Agreement.

“Agreement” -- Introduction.

“Capital Stock” -- means, as to any Person, any class of capital stock, share capital or similar equity interest of such Person and any and all warrants or options to purchase any of the foregoing.

“Claims” -- Section 7.8.

“Company” -- Introduction.

“Disposition” -- means with respect to any Person, any transaction in which such Person sells, conveys, transfers, leases (as lessor) or otherwise disposes of any of its property, including, without limitation, Capital Stock (including by way of a merger or consolidation of a Subsidiary of such Person with a third party or otherwise).

“Effective Date” -- Section 5.

“Lenders” -- Recital B.

“Note Agreement” -- Recital A.

“Noteholders” -- Introduction.

“Noteholders’ Financial Advisor” -- means PriceWaterhouseCoopers, or any such financial advisor that the Noteholders shall designate from time to time.

“Noteholders’ Professionals” -- Section 4.2.

“Notes” -- Recital A.

“Preferred Stock” -- means, as to any Person, any class of Capital Stock of such Person that is preferred over any other class of Capital Stock of such Person as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such Person.

“Released Parties” -- Section 7.8.

“Releasers” -- Section 7.8.

“Restricted Payment” -- means:

(a) the making or declaration of, or the incurrence of any liability to make or declare, any dividends or other distributions on Capital Stock of the Company or any of

its Subsidiaries (other than distributions in such stock and dividends and distributions made by a Subsidiary to the extent, but solely to the extent, that such dividends or distributions are payable to the Company);

(b) any optional or mandatory redemption, retirement, purchase or other acquisition, direct or indirect, of any Capital Stock of the Company or any Subsidiary (other than, with respect to any Subsidiary, in respect of Capital Stock of such Subsidiary owned legally and beneficially by the Company), now or hereafter outstanding;

(c) any payment of any amount by its terms (or pursuant to the terms of an agreement related thereto) subordinated in any manner to the Notes; and

(d) any payment to any Affiliate of any director fee, management fee, consulting fee or similar amount, other than salary and other similar compensatory arrangements in effect on the Effective Date and consistent with past practices and reasonable business judgment of the Company;

provided, however, that the payment of cash in respect of the redemption of Capital Stock of the Company tendered or transferred by the holder thereof to the Company, where the Company is bound by contractual or legal obligations existing before the Effective Date to so redeem such Capital Stock, shall not constitute a “Restricted Payment” to the extent that the amount of cash so paid by the Company constitutes the minimum amount of cash that the Company is legally and contractually bound to so pay.

“Retainer Letters” -- collectively, (i) the retainer letter dated September 8, 2009, signed by Special Counsel and countersigned by the Company, (ii) the retainer letter dated September 10, 2009, signed by Simpson Grierson and countersigned by the Company and Special Counsel, (iii) the retainer letter dated on or around October 2, 2009, signed by the Noteholders’ Financial Advisor and countersigned by the Company, and (iv) such other retainer letters as may hereinafter be signed by one of the Noteholders’ Professionals and countersigned by the Company in respect of fees and expenses payable by the Company in accordance with the Note Agreement, the Notes and this Agreement.

“Series A Notes” -- Recital A.

“Series B Notes” -- Recital A.

“Series A Noteholders” -- Introduction.

“Series B Noteholders” -- Introduction.

“Special Counsel” -- Bingham McCutchen LLP or such other law firm as the Required Holders may designate from time to time.

“Specified Defaults” -- Recital C.

“Syndicated Facilities Agreement” -- Recital B.

“Term Sheet” -- definition of “Waiver Termination Event” in this Section 1.1.

“Waiver Period” -- the period from and after the Effective Date until the Waiver Termination Date.

“Waiver Termination Date” -- 5:00 p.m. (New York time) on the earlier to occur of (i) October 31, 2009 and (ii) the date of the first occurrence of any Waiver Termination Event; provided that, if the date provided by the first paragraph of section 2 or the last paragraph of section 3 of the commitment letter attached to the Term Sheet is a later date, then the reference to October 31, 2009 above in this definition shall be deemed to be a reference to such later date.

“Waiver Termination Event” -- means any of the following:

(a) the failure by the Company to comply with any of the terms and provisions set forth in this Agreement;

(b) the failure of any representation or warranty in Section 3 to be true and correct;

(c) the occurrence of any Event of Default other than a Specified Default;

(d) any payment in respect of any Indebtedness of the Company or any Subsidiary (other than the payment at maturity of Securities (as defined in the Debenture Trust Deed));

(e) any remedies or enforcement action shall be taken in respect of the Debenture Trust Deed (or the occurrence of a default or event of default in respect thereof) or any other material Indebtedness of the Company or any Subsidiary;

(f) the tendering or transfer by holders of Company Capital Stock of such shares of Capital Stock to the Company (or a written notice indicating an intention by such holders to do so) other than in connection with the Company’s contemplated corporate reorganization and restructuring;

(g) the sale or transfer of any Capital Stock of, or equity interests in, the Company other than in connection with the Company’s contemplated corporate reorganization and restructuring; or

(h) the failure of the Company to make a payment of at least US\$45,000,000 in principal amount of Notes, plus interest accrued on such pre-paid Notes calculated as of the date of payment, on or before October 23, 2009 (New Zealand time);

(i) the failure of the Company to make a payment of at least US\$5,000,000 in principal amount of Notes, plus interest accrued on such pre-paid Notes calculated as of the date of payment, on or before October 30, 2009 (New Zealand time); or

(j) the failure of the Company or Southbury (as defined therein) to comply with the commitment letter and term sheet, dated as of October 17, 2009, entered into

between the Company, Southbury and each of the Noteholders (collectively, the “**Term Sheet**”).

1.2 Rules of Construction. All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words “hereof,” “herein,” and “hereunder” and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all Section references pertain to this Agreement. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles as in effect on the Effective Date. All references herein to “this Agreement” or to any other agreement or document shall, unless stated otherwise, be deemed to refer to this Agreement or such other agreement or document as the same may be amended from time to time. All references herein to sections or clauses of any other agreement or document shall, unless the context otherwise requires, be deemed to refer to such sections as they may be renumbered from time to time in connection with any amendment of the type referred to in the immediately preceding sentence of this Section. All references herein to any person shall be deemed to refer to such person and its lawful successors and assigns.

SECTION 2. TEMPORARY WAIVER.

2.1 Waiver Period. During the Waiver Period, provided that no Waiver Termination Event occurs, each of the Noteholders hereby agrees to temporarily waive its right to take any action arising out of any of the Specified Defaults. Upon the termination or expiration of the Waiver Period, each of the Noteholders shall be entitled to exercise all of its rights and remedies, including, without limitation, those arising under the Note Agreement or any document related thereto, or at law or equity. Nothing herein constitutes a waiver of any requirement that the Company pay the amounts owing in respect of the Notes and the Note Agreement, and the Company acknowledges that, other than the temporary waiver with respect to the Specified Defaults to the extent set forth herein, no Noteholder has committed to waive its right to take any action arising out of any Defaults or Events of Default, or waive the obligations of the Company to make any payments required under the Notes or the Note Agreement (including, without limitation, payment of any Make-Whole Amount), nor shall any Noteholder be obligated to forbear or suspend from exercising any remedies with respect to the Specified Defaults following the expiration or termination of the Waiver Period. Each of the parties hereto acknowledges and agrees (x) that during the Waiver Period, the Notes shall accrue interest at rate of 12% per annum in the absence of Defaults or Events of Default (other than Specified Defaults), and at a rate of 15% per annum during the existence of a Default or Event of Default (other than Specified Defaults), and (y) upon the expiration or termination of the Waiver Period, the Specified Defaults are, and shall continue to remain, outstanding under the Note Agreement unless otherwise waived by the Required Holders. The Noteholders reserve their respective rights, in their discretion, to exercise any or all of their rights and remedies under the Note Agreement as a result of the Specified Defaults upon the expiration of the Waiver Period. Upon the execution, delivery and effectiveness of restructuring documentation agreed by the Company, Southbury and the Noteholders, the waiver provided hereby with respect to the Specified Defaults in existence on the Effective Date shall be extended until the earlier of the existence of an additional Default or Event of Default or the new maturity of the restructured Notes.

2.2 Limited Effect of Temporary Waiver. Notwithstanding the temporary waiver set forth in Section 2.1, in interpreting any covenants or other provisions in the Note Agreement that provide greater restrictions or limitations on, or impose additional requirements on, the Company and/or its Subsidiaries after the occurrence of an Event of Default, as opposed to when no Event of Default exists, the Specified Defaults shall be deemed to exist and continue in effect for the limited purpose of causing such greater restrictions and limitations and such additional requirements to be in effect throughout the Waiver Period.

2.3 Payments During the Waiver Period. During the Waiver Period and notwithstanding anything in the Note Agreement to the contrary, the Noteholders hereby (i) temporarily waive any notice requirement set forth in Section 8.3 of the Note Agreement and (ii) temporarily waive any Make-Whole Amount that would ordinarily be due and owing under Section 8.3 of the Note Agreement in respect of principal prepayments of the Notes. Treatment of such Make-Whole Amounts shall be as provided for in the Term Sheet executed concurrently herewith. For the avoidance of doubt, optional principal prepayments shall be applied to the amortization payments with respect to the Notes as provided in the Term Sheet in the inverse order of maturity thereof.

SECTION 3. WARRANTIES AND REPRESENTATIONS.

To induce the Noteholders to enter into this Agreement, the Company hereby warrants and represents to the Noteholders, as of the Effective Date:

3.1 Organization, Existence and Authority of Company and Subsidiaries. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of New Zealand. The Company has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The Company represents and warrants that each of the Subsidiaries is a company duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Schedule 3.1 hereto sets forth a complete and correct list of all Subsidiaries of the Company, identifying as to each Subsidiary its jurisdiction of organization, whether or not such Subsidiary is a Subsidiary Guarantor under the Note Agreement, and the holder(s) of the Capital Stock of such Subsidiary as of the Effective Date.

3.2 Authorization, Execution and Enforceability. The execution and delivery by the Company and each Subsidiary of this Agreement and the performance by the Company and each Subsidiary of its obligations hereunder have been duly authorized by all necessary action on the part of the Company and such Subsidiary. This Agreement has been duly executed and delivered by the Company and each Subsidiary. This Agreement constitutes a valid and binding obligation of the Company and each Subsidiary, enforceable in accordance with its terms, except that the enforceability thereof may be:

(a) limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights generally; and

(b) subject to general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether

considered in a proceeding in equity or at law) and by limitations on the availability of specific performance, injunctive relief or other equitable remedies.

3.3 No Conflicts or Defaults. Neither the execution and delivery by the Company, or any Subsidiary, of this Agreement, nor the performance by the Company, or any Subsidiary, of its obligations hereunder, conflicts with, results in any breach in any of the provisions of, constitutes a default under, violates or results in the creation of any Lien upon any property of the Company, or any Subsidiary, under the provisions of:

- (a) any charter document or bylaws of the Company or any Subsidiary;
- (b) any material agreement, instrument or conveyance to which the Company, or any Subsidiary, may be bound or affected; or
- (c) any statute, rule or regulation or any order, judgment or award of any court, tribunal or arbitrator by which the Company, or any Subsidiary, or any properties of the Company, or any Subsidiary, may be bound or affected.

3.4 Governmental Consent. Neither the execution and delivery by the Company, or any Subsidiary, of this Agreement, nor the performance by the Company, or any Subsidiary, of its obligations hereunder, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of the Company, or any Subsidiary, as a condition thereto under the circumstances and conditions contemplated by this Agreement.

3.5 No Defaults or Events of Default. After giving effect to the transactions contemplated by this Agreement, no Default or Event of Default (other than the Specified Defaults) or other default, event of default or failure of performance will exist under the Note Agreement, this Agreement, or any other credit agreement to which the Company or any Subsidiary is a party (including, without limitation, the Debenture Trust Deed). Immediately prior to giving effect to the transactions contemplated by this Agreement, those Defaults or Events of Default identified as “Specified Defaults” constituted the only Defaults or Events of Default that existed or may have existed at such time.

3.6 Disclosure. Except for the Specified Defaults, there is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been disclosed herein.

3.7 True and Correct Copies. The Company has delivered to the Noteholders or Special Counsel true and correct copies of the Debenture Trust Deed, as in effect on the Effective Date.

3.8 No Undisclosed Consideration. Except as expressly set forth herein, neither the Company nor any of its Subsidiaries has paid or will pay, directly or indirectly, any fee, charge, increased interest or other consideration to any creditor of the Company or any creditor of any Subsidiary as a condition to, or otherwise in connection with, the execution or delivery of this Agreement or in connection with any waivers, standstills or forbearances (including in respect of the Debenture Trust Deed).

3.9 Existing Indebtedness. Schedule 3.9 hereto sets forth a complete and correct list of all outstanding Indebtedness of the Company and the Subsidiaries as of the Effective Date in the same manner as set forth in Schedule 5.15 attached to the Note Agreement.

3.10 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Company after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Company or any of the Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain hereto, or to the Note Agreement, the Debenture Trust Deed or any of the transactions contemplated hereby or thereby, or (b) either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect.

3.11 Solvency. The fair value of the business and assets of each of the Company and each Subsidiary, exceeds, as of the Effective Date, the amount that will be required to pay the probable liabilities of such Person (including subordinated, contingent, unmatured and unliquidated liabilities), on existing debts as they may become absolute and matured, and as at each of the date of this Agreement and the Effective Date, each such Person is able to pay its due debts. No such Person, after the Effective Date, will be engaged in any business or transaction, or be about to engage in any business or transaction, for which such Person has unreasonably small assets or capital, and no such Person has incurred, or has any intent to, incur debts that would be beyond such Person's ability to pay as they mature.

SECTION 4. COMPANY COVENANTS AND AGREEMENTS.

From and after the Effective Date, and irrespective of the occurrence of a Waiver Termination Event, the Company shall comply with and be bound by the following covenants and agreements (provided that the provisions of this Section 4 shall be superseded by and extinguished at the time that the documentation implementing the restructuring contemplated by the Term Sheet is fully executed, delivered, effective and enforceable):

4.1 Inspection. The Company will, and will cause each of its Subsidiaries, officers, employees, outside accountants, and financial and other advisors and consultants to, at the Company's expense, permit representatives of any Noteholder (including, without limitation, the Noteholders' Professionals) to examine, copy and make extracts from its books, records, reports and other papers (excepting customer confidential information that is specifically identifiable with respect to individual customers), to visit and inspect any of its offices or properties, and to discuss its business and affairs with its officers, its outside accountants, and any financial or other advisor or consultant to the Company (and by this provision the Company authorizes said accountants, advisors and consultants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all to the extent reasonably requested by such Noteholder or the Noteholders' Professionals.

4.2 Fees and Expenses of Noteholders and Noteholders' Professionals. Without limiting anything set forth in the Note Agreement, the Company shall pay, within five (5) Business Days of receipt of any invoice and reasonably satisfactory backup materials, all actually incurred reasonable fees, expenses and disbursements of the Noteholders (including, but not

limited to, travel and related expenses of the Noteholders and the Noteholders' Professionals related to the Company). The Company shall make all payments required to be made by it pursuant to and in the manner set forth in, each of the Retainer Letters. The Company also agrees to the hiring and the continued employment by the Noteholders of their Special Counsel, and by their Special Counsel of the Noteholders' Financial Advisor, as well as local counsel in one or more applicable states or countries who can render advice and services in connection with local specific law or specialized issues of law (all such Persons, together with Special Counsel and the Noteholders' Financial Advisor, the "**Noteholders' Professionals**"). The Noteholders' Professionals shall be selected by the Noteholders in their reasonable discretion. The Company shall provide the Noteholders' Professionals with full onsite access to the Company's books and records and the opportunity to discuss the Company's financial condition, performance, financial statements and other matters pertinent to the Noteholders' investment in the Company with its officers, directors, independent accountants and any financial or other advisor or consultant to the Company (and this Section hereby constitutes permission and direction to such Persons to discuss and disclose such information) in order to permit the Noteholders' Professionals to fully investigate any matter that arises during their review of the financial information of the Company and its Subsidiaries. Except as otherwise agreed in writing, the Noteholders' Financial Advisor shall not have any duty to share its work product with, or accept instructions from, the Company or any other Person.

4.3 Additional Supplemental Covenants of the Company. From and after the Effective Date, and irrespective of the occurrence of a Waiver Termination Event, the Company shall not, and shall not permit any Subsidiary, to:

(a) enter into, directly or indirectly, any transaction or group of related transactions (including, without limitation, the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate;

(b) pay, defease or otherwise satisfy (in whole or in part) in any manner (whether by set-off, exercise of remedies or otherwise), any Indebtedness of the Company or any Subsidiary (other than the payment at maturity of Securities (as defined in the Debenture Trust Deed)), unless (a) such payment is in respect of Indebtedness that is maturing at such time and the principal of each Note of each Series is prepaid concurrently with such payment, defeasance or other satisfaction, such that each Noteholder receives its pro rata share thereof (calculated based on the specific facility being paid, defeased or otherwise satisfied, with any Make-Whole Amount in connection therewith being temporarily waived as further provided in the Term Sheet) or (b) all of such payments in the aggregate during the Waiver Period are in an amount less than NZ\$100,000;

(c) make, directly or indirectly, any Restricted Payment;

(d) create, incur or assume any Indebtedness, *provided* that (i) the Company and its Subsidiaries shall not be prohibited from issuing Securities (as defined in the Debenture Trust Deed) pursuant to the terms and conditions of the Debenture Trust Deed and (ii) the Company shall be permitted to incur additional Indebtedness so long as the net proceeds thereof are used directly and immediately to pay the Notes; or

(e) effectuate any Disposition except for (A) Dispositions in the ordinary course of its business at arm's length or on arm's length terms, (B) Dispositions of equipment, fixtures, supplies and materials no longer required in the operation of the business of the Company and its Subsidiaries that are obsolete, worn out or unusable with an aggregate value for all such property not in excess of NZ\$1,000,000, and (C) Dispositions of property where the proceeds thereof are used to pay the Notes, either directly and immediately or by deposit into a segregated account for the benefit of the Notes to be used in the next scheduled amortization payment(s) of the Notes, with an aggregate value of no more than 1.0% of Consolidated Tangible Assets.

4.4 Amendments to Agreements in respect of Indebtedness, etc. On and after the Effective Date, the Company shall not, without the written consent of the Required Holders, enter into any amendments of, or modifications or supplements to, any of its material agreements in respect of Indebtedness or securities, including the Debenture Trust Deed, or any related agreements, or enter into any other agreements with any of the parties to any thereof, or holders of Indebtedness secured by the Debenture Trust Deed, that would have the direct or indirect effect of any of the following: shortening the date of maturity of any loan or note or shortening the availability of any loan or facility for the extension of credit, increasing the stated principal amount of any loan or note or adding to such amounts, reducing or increasing the amount of availability in respect of a line of credit, adding to or making more onerous the conditions for extending credit or making loans in respect of credit, shortening the time or increasing the amount of payment of principal, interest or other amounts, increasing the interest rate or effective interest rate on any Indebtedness (whether by changing a contractual or default rate, changing a reference or base rate (other than normal fluctuations in such rate as may be contemplated by changes in an applicable reference rate) or by changing an interest rate spread above a reference rate), increasing the amount of or imposing additional fees or costs, or adding covenants or other restrictions or making more onerous existing covenants. For the avoidance of doubt (a) nothing in this Section shall be deemed to lower the threshold, or change the creditor composition required with respect to, amendments or modifications to the Note Agreement and (b) the Company may make payments of non-material amounts of Indebtedness in the ordinary course of its business consistent with past practice for its business convenience prior to the due date of such Indebtedness.

4.5 No Fees, etc. Neither the Company nor any Subsidiary has paid or will pay any fees, charges, premium, rate enhancements or any similar amounts with respect to (a) waivers or amendments to the Debenture Trust Deed or (b) waivers or amendments to any other material item or instrument of Indebtedness, other than as disclosed in writing to the Noteholders or the Noteholders' Professionals prior to the Effective Date.

4.6 Meetings. During the Waiver Period, the Company and its senior management and advisors shall make themselves available for such periodic meetings as the Noteholders may reasonably request, to take place at mutually convenient times, in person or by telephone with representatives of the Noteholders, the Noteholders' Financial Advisor, Special Counsel and any financial or other advisor or consultant to the Company, to discuss the Company's business operations and such other matters as such representatives may reasonably request.

4.7 Access to Company Advisors. The Company shall ensure free communication from any financial or other advisor or consultant to the Company to and from the Noteholders and the Noteholders' Professionals, provided that this covenant shall not require the Company's outside counsel to provide attorney-client privileged information or information constituting attorney work product.

4.8 Additional Financial and Other Information. The Company shall deliver such information and materials (in form and substance reasonably satisfactory to the Noteholders) as reasonably requested by the Noteholders and the Noteholders' Professionals.

4.9 Further Assurances. The Company will cooperate with the Noteholders and execute such further instruments and documents as the Noteholders shall reasonably request to carry out to their satisfaction the transactions contemplated by this Agreement.

SECTION 5. CONDITIONS PRECEDENT.

The temporary waivers granted in Section 2.1 shall not become effective unless all of the following conditions precedent shall have been satisfied (which satisfaction shall be conclusively presumed once each of the Noteholders shall have executed and delivered this Agreement) on or before October 20, 2009 (New Zealand time) (the date of such satisfaction being herein referred to as the "**Effective Date**"):

5.1 Execution and Delivery of this Agreement. The Company shall have executed and delivered to each Noteholder a counterpart of this Agreement.

5.2 No Default; Representations and Warranties True; Officer's Certificate. The warranties and representations set forth in Section 3 shall be true and correct on the Effective Date and no Default or Event of Default shall exist other than the Specified Defaults. A Responsible Officer of the Company shall have executed and delivered to the Noteholders its certification of the foregoing.

5.3 Authorization of Transactions. The Company shall have duly authorized the execution and delivery of this Agreement and each of the documents executed and delivered in connection herewith and the performance of all of its obligations contemplated by this Agreement.

5.4 Proceedings Satisfactory. All documents executed and delivered, and actions and proceedings taken, in connection with this Agreement shall be satisfactory to the Noteholders and Special Counsel. The Noteholders and Special Counsel shall have received copies of such documents and papers as they may reasonably request in connection therewith, in form and substance satisfactory to each of them.

5.5 Payment of Fees and Expenses. The Company shall have paid the fees and expenses of the Noteholders (including without limitation, the fees and expenses of the Noteholders' Professionals) that have been presented to the Company as of the Effective Date, including any fee retainer or other similar arrangement.

SECTION 6. NO PREJUDICE OR WAIVER; REAFFIRMATION.

6.1 No Prejudice or Waiver. Except as provided herein, the terms of this Agreement shall not operate as a waiver by the Noteholders of, or otherwise prejudice the Noteholders' rights, remedies or powers under, the Note Agreement, the Notes or applicable law. Except as expressly provided herein:

(a) no terms and provisions of any agreement are modified or changed by this Agreement; and

(b) the terms and provisions of the Note Agreement shall continue in full force and effect.

6.2 Reaffirmation of Outstanding Obligations, Ratification, etc.

(a) The Company and each Subsidiary Guarantor hereby adopts again, ratifies and confirms in all respects, as its own act and deed, the Note Agreement and the Notes and any document or instrument delivered pursuant to or in connection therewith and acknowledges (i) that all such instruments and documents shall continue in full force and effect and (ii) that as of the Effective Date, it has no claim or cause of action against any Noteholder (or any of its respective directors, officers, employees or agents) or any offset right, counterclaim or defense of any kind against any of its obligations, indebtedness or liabilities to any Noteholder nor does it have any intention of bringing any such claim or cause of action against any Noteholder in respect of the foregoing.

(b) This Agreement shall not, under any jurisdiction whatsoever, be deemed to be or be construed as a novation of the respective rights and obligations of the parties hereto under the Note Agreement or the Notes.

SECTION 7. MISCELLANEOUS.

7.1 Successors and Assigns. This Agreement shall be binding upon and enforceable by and against the parties hereto and their respective successors and assigns.

7.2 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

7.3 Duplicate Originals; Facsimile Signatures. Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument. This Agreement may be executed in one or more counterparts and shall be effective when at least one counterpart shall have been executed by each party hereto, and each set of counterparts which, collectively, show execution by each party hereto shall constitute one duplicate original. Facsimile signatures shall be deemed to constitute original signatures and shall be admissible into evidence for all purposes.

7.4 Waivers and Amendments. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the Required Holders.

7.5 Section Headings. The titles of the sections hereof appear as a matter of convenience only, do not constitute a part of this Agreement and shall not affect the construction hereof.

7.6 Survival. All warranties, representations, certifications and covenants made by or on behalf of the Company and/or the Subsidiaries herein or in any certificate or other instrument delivered pursuant hereto shall be considered to have been relied upon by the Noteholders and shall survive the execution of this Agreement, regardless of any investigation made by or on behalf of the Noteholders. All statements in any such certificate or other instrument shall constitute warranties and representations of the Company and/or the Subsidiaries as the case may be, hereunder.

7.7 No Third Party Beneficiaries. This Agreement shall be solely for the benefit of the parties hereto and their respective successors and assigns. No person not a party hereto, including, without limitation, any other creditor of the Company or the Subsidiaries, shall have any rights under, or as a result of the existence of, this Agreement.

7.8 Waiver and Release. For and in consideration of the agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the Company and each of its Subsidiaries, on its own behalf, and to the extent that it is lawfully able to do so, on behalf of its predecessors, successors, assigns, subsidiaries, affiliates and agents and all of their respective past, present and future officers, directors, trustees, shareholders, employees, contractors and attorneys, and the predecessors, heirs, successors, and assigns of each of them (collectively referred to in this Section 7.8 as the “**Releasors**”) do hereby jointly and severally fully RELEASE, REMISE, ACQUIT, IRREVOCABLY WAIVE and FOREVER DISCHARGE each of the Noteholders, together with their respective predecessors, successors, assigns, subsidiaries, affiliates and agents and all of their respective past, present and future officers, directors, trustees, shareholders, employees, contractors and professionals (including, without limitation, the Noteholders’ Professionals), and the predecessors, heirs, successors and assigns of each of them (the Noteholders and all of the foregoing being collectively referred to in this Section as the “**Released Parties**”), from and with respect to any and all Claims (as defined below).

As used in this Section 7.8, the term “**Claims**” shall mean and include any and all, and all manner of, action and actions, cause and causes of action, suits, disputes, controversies, claims, debts, sums of money, offset rights, defenses to payment, agreements, promises, notes, bonds, bills, covenants, losses, damages, judgments, executions and demands of whatever nature, known or unknown, whether in contract, in tort or otherwise, at law or in equity, for money damages or dues, recovery of property, or specific performance, or any other redress or recompense which have accrued, may have been had, or may be now possessed by or on behalf of any one or more of the Releasors against any one or more of the Released Parties for, upon, by reason of, on account of, or arising from or out of, or by virtue of, any transaction, event or occurrence, duty or obligation, indemnification, agreement, promise, warranty, covenant or representation, breach of fiduciary duty, breach of any duty of fair dealing, breach of confidence, breach of funding commitment, undue influence, duress, economic coercion, conflict of interest, negligence, bad faith, malpractice, violations of federal or state securities laws or the Racketeer Influenced and Corrupt Organizations Act, intentional or negligent infliction of mental distress,

tortious interference with contractual relations, tortious interference with corporate governance or prospective business advantage, breach of contract, deceptive trade practices, libel, slander, usury, conspiracy, wrongful acceleration of any indebtedness, wrongful foreclosure or attempt to foreclose on any collateral relating to any indebtedness, action or inaction, relationship or activity, service rendered, matter, cause or thing, whatsoever, express or implied, transpiring, entered into, created or existing from the beginning of time to the date of the execution of this Agreement in respect of the Notes or the Note Agreement, and shall include, but not be limited to, any and all Claims in connection with, as a result of, by reason of, or in any way related to or arising from the existence of any relationships or communications by and between the Releasors and the Released Parties with respect to the Notes, the Note Agreement and all agreements, documents and instruments related thereto, as presently constituted and as the same may from time to time be amended. However, the term “**Claims**” does not include any obligations arising after the date of this Agreement of the Released Parties under the Notes, the Note Agreement, this Agreement or any agreements, documents and instruments related thereto, as presently constituted and as the same may from time to time be amended.

The Company, and each Subsidiary, hereby represents and warrants to the Released Parties that:

- (a) it has the full right, power, and authority to execute and deliver this Agreement containing this Section 7.8 without the necessity of obtaining the consent of any other party;
- (b) it has received independent legal advice from attorneys of its choice with respect to the advisability of granting the release provided herein, and with respect to the advisability of executing this Agreement containing this Section 7.8;
- (c) it has not relied upon any statements, representations or promises of any of the Released Parties in executing this Agreement containing this Section 7.8, or in granting the release provided herein;
- (d) it has not entered into any other agreements or understandings relating to the Claims;
- (e) the terms of this Section 7.8 are contractual, not a mere recital, and are the result of negotiation among all the parties; and
- (f) this Section 7.8 has been carefully read by, and the contents hereof are known and understood by, and it is signed freely by, the Company and each Subsidiary.

The Company and each Subsidiary covenants and agrees not to bring any claim, action, suit or proceeding regarding or related in any manner to the matters released hereby, and the Company and each Subsidiary further covenants and agrees that this Section 7.8 is a bar to any such claim, action, suit or proceeding.

All prior discussions and negotiations regarding the Claims have been and are merged and integrated into, and are superseded by, this Section 7.8. The Company acknowledges that no representation or warranty of any kind or character has been made to the Company by any one or

more of the Released Parties or any agent, representative or attorney of the Released Parties to induce the execution of this Agreement containing this Section 7.8. The Company understands, agrees and expressly assumes the risk of any fact not recited, contained or embodied in this Section 7.8 which may hereafter turn out to be other than, different from, or contrary to, the facts now known to the Company or believed by the Company to be true, and further agree that this Section 7.8 shall not be subject to termination, modification, or rescission, by reason of any such difference in facts.

7.9 Acknowledgement. The Company acknowledges that (a) except as expressly set forth herein, none of the Noteholders has agreed to (and none has any obligation whatsoever to discuss, negotiate or agree to) any other restructuring, modification, amendment, waiver or forbearance with respect to the Notes or the Note Agreement; (b) no understanding with respect to any other restructuring, modification, amendment, waiver or forbearance with respect to the Notes or the Note Agreement shall constitute a legally binding agreement or contract, or have any force or effect whatsoever, unless and until reduced to writing and signed by authorized representatives of each party hereto; (c) the execution and delivery of this Agreement has not established any course of dealing between the parties hereto or created any obligation or agreement of any Noteholder with respect to any future restructuring, modification, amendment, waiver or forbearance with respect to the Note Agreement or the Notes; and (d) the Noteholders have heretofore properly performed and satisfied in a timely manner all of their respective obligations, if any, to the Company and each Subsidiary, if any, under any of the Note Agreement or the Notes.

7.10 Indemnification. The Company agrees to indemnify each of the Noteholders and their affiliates, and their respective representatives, affiliates, directors, officers, trustees, employees, agents and professionals from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation, litigation or other proceedings) relating to, or in connection with, this Agreement, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the person to be indemnified). Without limiting the generality of the foregoing, the Company agrees to pay currently the expenses reasonably and necessarily incurred by the Noteholders relating to any such investigation, litigation or other proceedings (including, without limitation, the fees and expenses of legal counsel) in advance of the final disposition thereof, unless a court of competent jurisdiction finally determines that the Company is not obligated to provide such current payment in respect of such investigation, litigation or proceeding.

7.11 Tolling of Statutes of Limitation. The parties hereto agree that all applicable statutes of limitation in respect of the Note Agreement are tolled as of the Effective Date and shall continue to be tolled and shall not begin running until the Waiver Termination Date.

7.12 Notices. All notices and communications to the Company and the Noteholders shall be sent to the addresses and in the manner specified in the Note Agreement. A copy of all notices and communications to any Noteholder shall simultaneously be delivered to:

Bingham McCutchen LLP
One State Street
Hartford, Connecticut 06103
Attention: Scott Falk
Phone: 860.240.2763
Fax: 860.240.2800
E-mail: scott.falk@bingham.com

7.13 Directly or Indirectly. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, including actions taken by or on behalf of any partnership or limited liability company in which such Person is a general partner or managing member, as applicable.

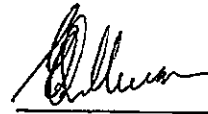
7.14 Entire Agreement. This Agreement, the Note Agreement and the Notes, as amended to the date hereof, embody the entire agreement and understanding between the Noteholders and the Company and supersede all prior agreements and understandings relating to the subject matter hereof and thereof.


7.15 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[Remainder of page intentionally left blank. Next page is signature page.]

Accepted and Agreed:

SIGNED for and on behalf of
**SOUTH CANTERBURY FINANCE
LIMITED**
in the presence of

)
) 
) Director
EDWARD ORAL SULLIVAN


Director/Authorized
Signatory

Signature

ALLAN JAMES HUBBARD

Full Name

Address


Occupation

Acknowledged and Agreed:

All Subsidiaries (including Subsidiary Guarantors):

SIGNED for and on behalf of
FACE FINANCE LIMITED
in the presence of

)
) 
) Director
EDWARD ORAL SULLIVAN


Director/Authorized
Signatory

Signature


ALLAN JAMES HUBBARD

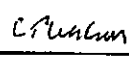
Full Name

Address

Occupation

SIGNED for and on behalf of
FLEXI LEASE LIMITED
in the presence of

)
) 
) Director
EDWARD ORAL SULLIVAN


Director/Authorized
Signatory

Signature


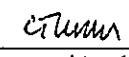
ALLAN JAMES HUBBARD

Full Name

Address

Occupation

SIGNED for and on behalf of
**HELICOPTER NOMINEES
LIMITED**
in the presence of

) 
) Director
EDWARD ORAL SULLIVAN
) 
Director/Authorized
Signatory
ALLAN JAMES HUBBARD



Signature

Full Name

Address

Occupation

SIGNED for and on behalf of
HORNCHURCH LIMITED
in the presence of

) 
) Director
EDWARD ORAL SULLIVAN
) 
Director/Authorized
Signatory
ALLAN JAMES HUBBARD



Signature

Full Name

Address

Occupation

SIGNED for and on behalf of
SCFG SYSTEMS LIMITED
in the presence of

) 
) Director
EDWARD ORAL SULLIVAN
) 
Director/Authorized
Signatory
ALLAN JAMES HUBBARD


Signature

Full Name

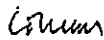
Address

Occupation

SIGNED for and on behalf of
SOUTHBURY INSURANCE LIMITED
in the presence of

)
) 
) Director

EDWARD ORAL SULLIVAN


Director/Authorized
Signatory

Signature

ALLAN JAMES HUBBARD

Full Name

Address

Occupation

**ING LIFE INSURANCE AND ANNUITY COMPANY
ING USA ANNUITY AND LIFE INSURANCE COMPANY
RELISTAR LIFE INSURANCE COMPANY
SECURITY LIFE OF DENVER INSURANCE COMPANY**

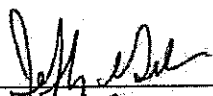
By: ING Investment Management LLC, as Agent

By: 

Name: Greg Addicks

Title: Vice President

**NATIONWIDE LIFE INSURANCE COMPANY
NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY**

By: 
Name: Jeffrey Gillian
Title: Authorized Signatory

AVIVA LIFE AND ANNUITY COMPANY
(Successor in interest to American Investors Life
Insurance Company and Aviva Life Insurance Company)

By: Aviva Investors North America Inc.,
its authorized attorney-in-fact

By: 
Name: Roger D. Fors
Title: VP – Private Fixed Income

ASSURITY LIFE INSURANCE COMPANY

By: Joseph J. Mick

Name: Joseph J. Mick

Title: Senior Investment Analyst

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: RA Strait

Name: Richard A. Strait
Title: Its Authorized Representative