

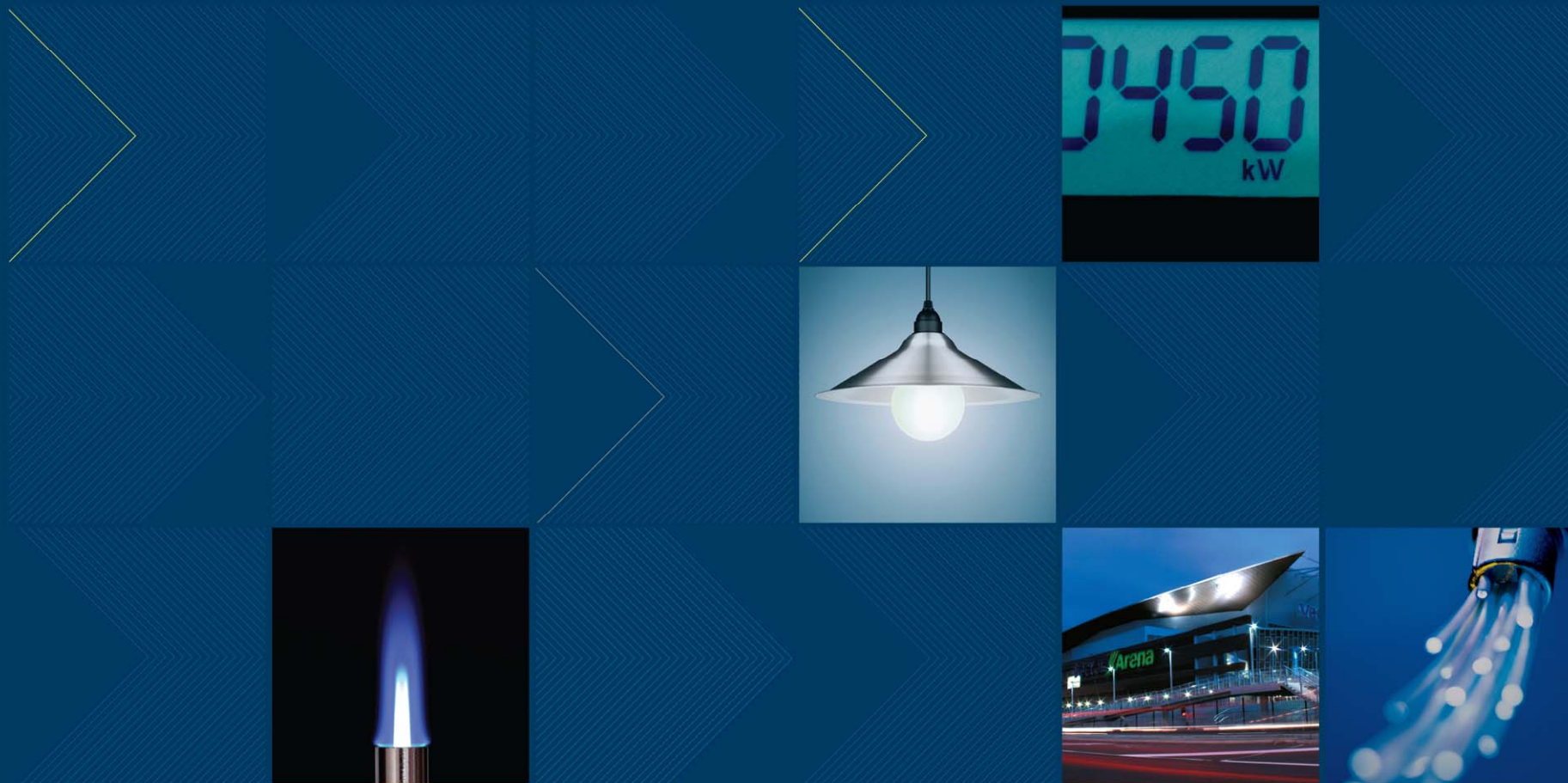


2010 Annual Meeting

Embargoed 2pm

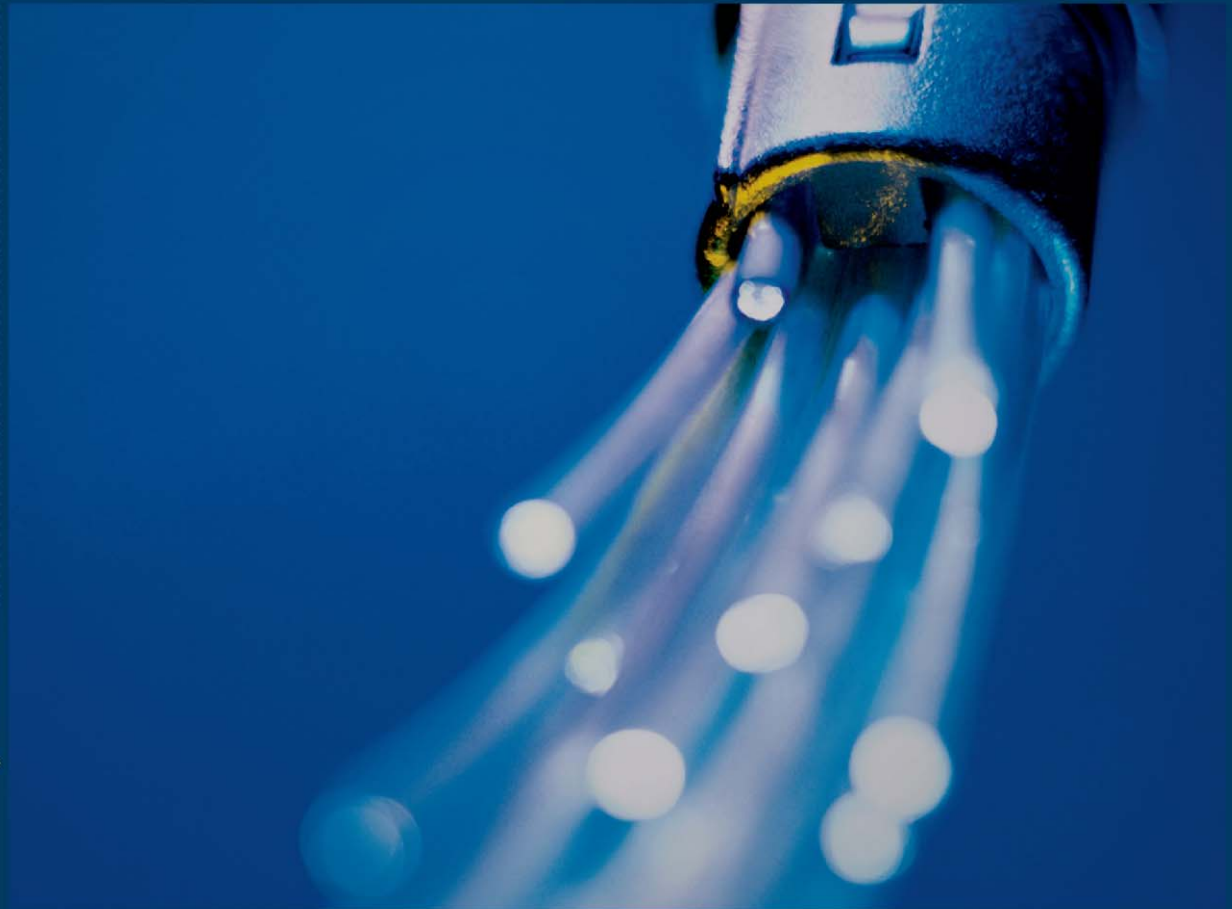
All numbers in this presentation are stated on a continuing operations basis

22 October 2010





Michael Stiasny, Chairman

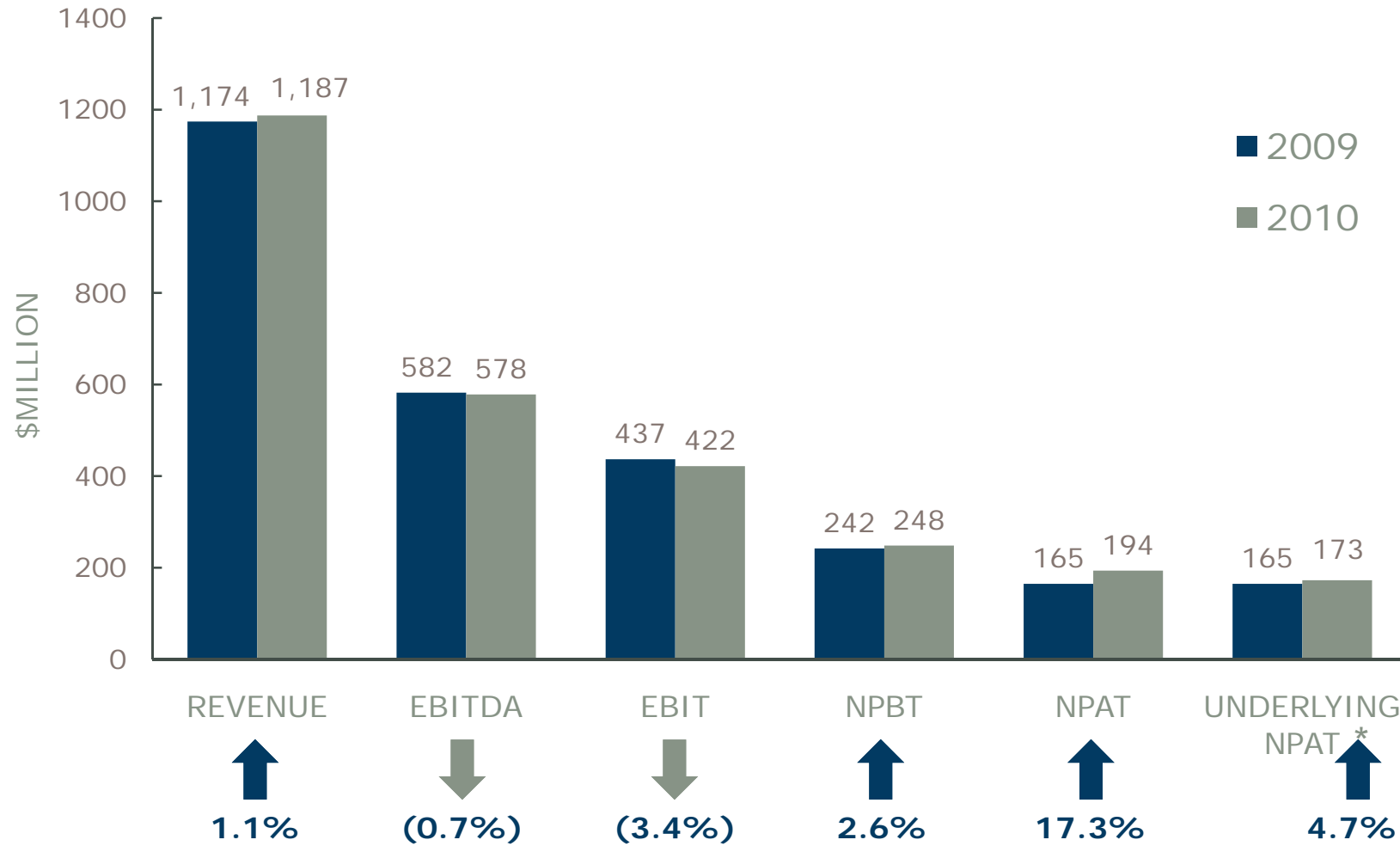


Outline



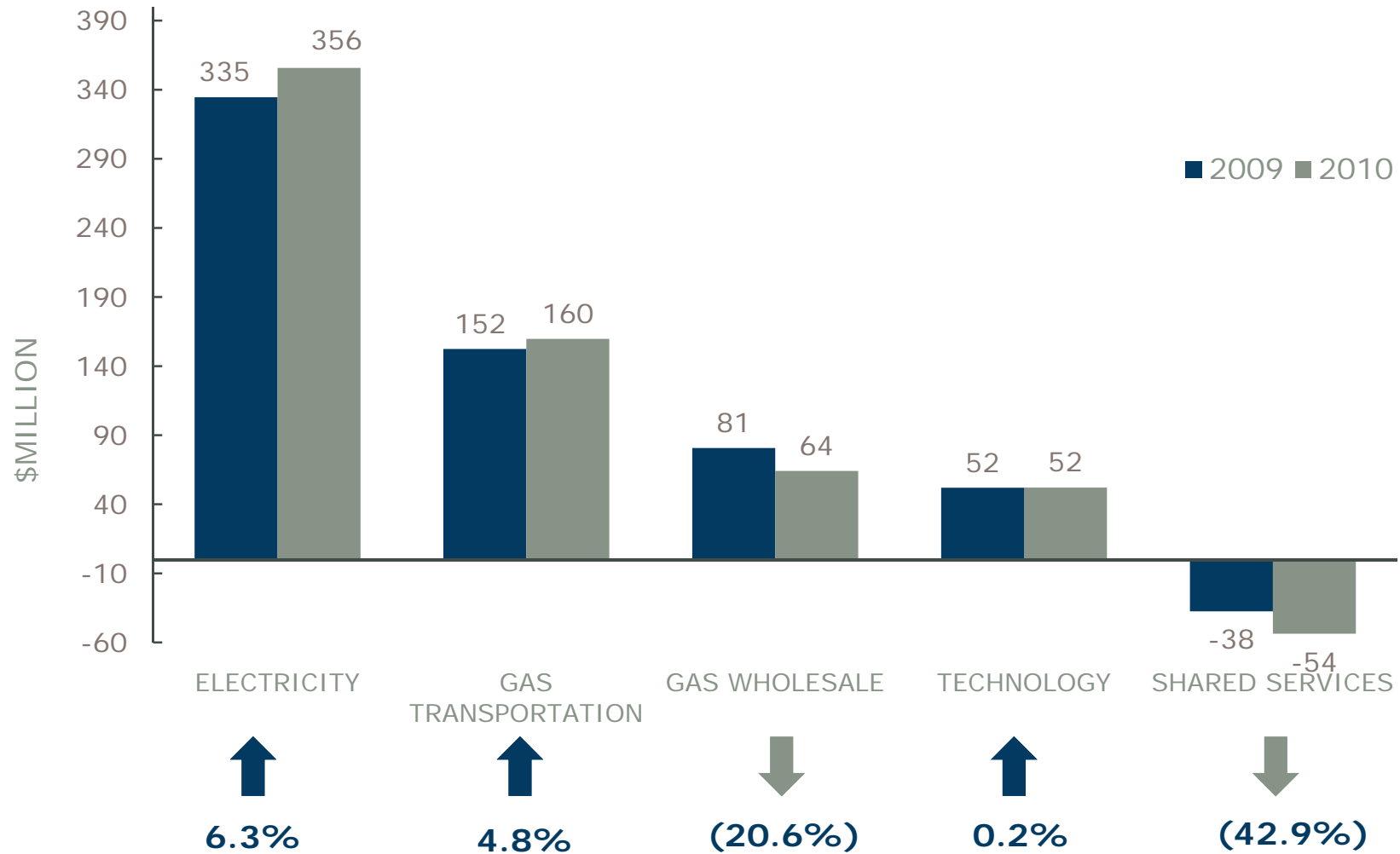
- Financial Results for the year ended 30 June 2010 and recent developments
- Financial Statements and Audit Report
- Resolutions
 - Re-election of Directors
 - Appointment and Remuneration of Auditor
 - Directors' remuneration
- General Business

Steady growth



* Excludes \$20.9 million one-off, non-cash decrease in deferred tax liability due to 2010 Government Budget

EBITDA by segment

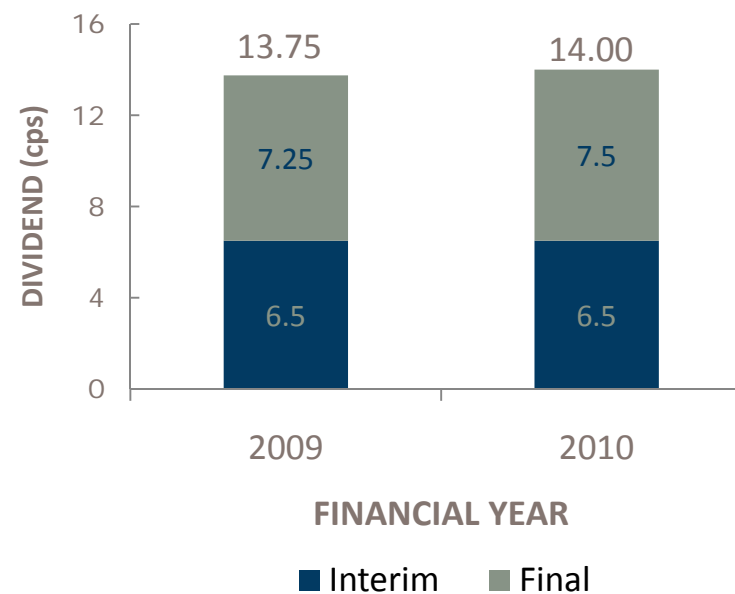


Dividend



- Full year dividend up 1.8% as a result of strong free cash flow
- 2010 dividend represents payout ratio of 51%* reflecting
 - view of growth options
 - current regulatory environment
- All dividends fully imputed

Declared dividend



* payout ratio of free cash flow after replacement capital expenditure

Recent developments



- S&P rating of BBB+ re-affirmed
- Vector makes short list for roll out of Ultra Fast Broadband Initiative
- Successfully priced US\$182 million (approximately NZ\$250 million) of unsecured notes in a private placement to US institutional investors
- Christchurch's earthquake update
- Operating statistics for the three months ended 30 September 2010 confirm Vector remains on track
- Commerce Commission released final consultation on input methodologies for electricity lines businesses today



Simon Mackenzie, Group Chief Executive Officer

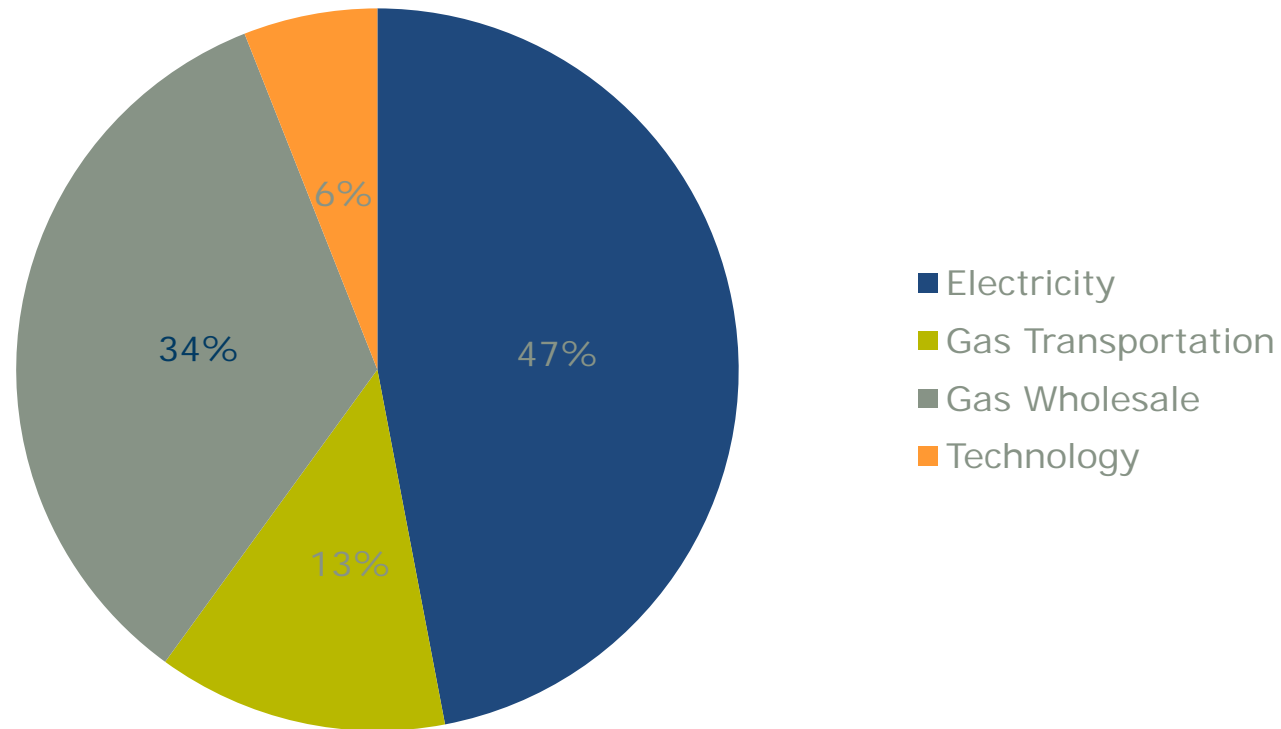


Revenue sourced from regulated assets



- Approximately 60% of revenues sourced from regulated sources

Revenue for year ended 30 June 2010

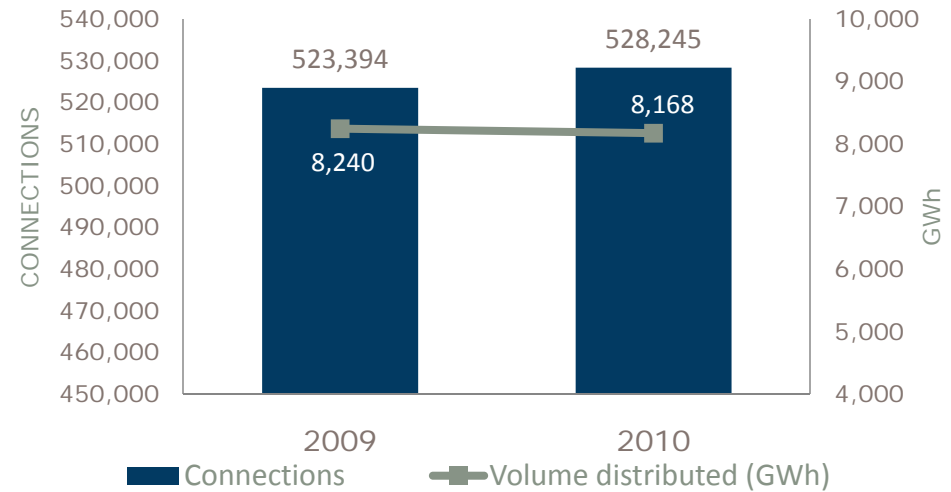


Electricity

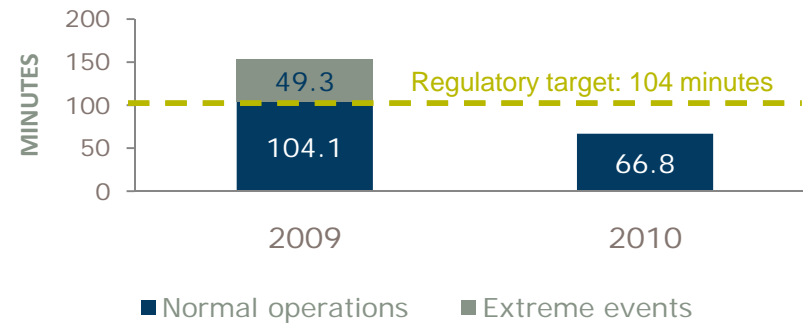


- 2010 volumes impacted by milder weather
- Increased network reliability in 2010
 - vegetation management
 - concerted effort of Vector employees and contractors
 - mild weather
 - technology upgrades

Electricity distribution



System Average Interruption Duration Index (SAIDI)

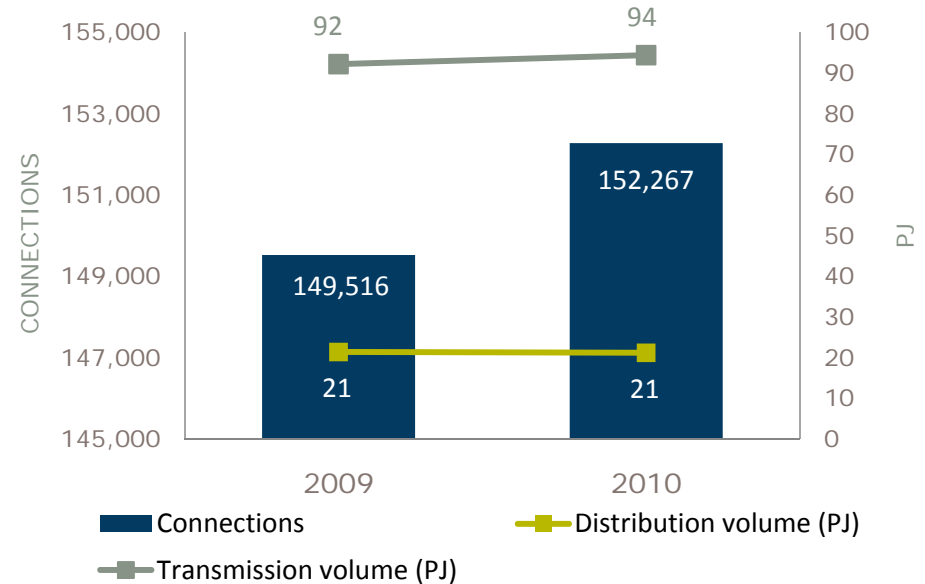


Gas transportation



- Connections up 1.8% in 2010 reflecting growth across all segments
- 2011 growth projects
 - connection of Stratford storage plant
 - Papakura upgrade
 - Edgcumbe pipeline relocation
- Working on solution for Northern Transmission pipeline constraints

Gas Distribution and Transmission



Regulation



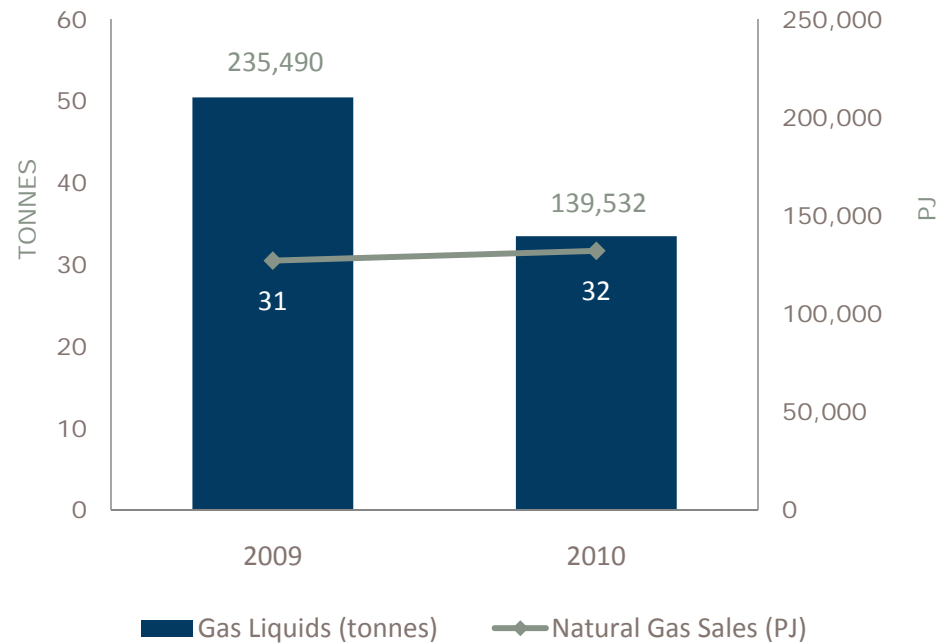
- Regulation has a major part to play in improving New Zealand's economic outlook – the right regime could promote growth and deliver on the Government's objectives
- Regulation must be an appropriate mix of theory and commercial reality – must be sense checked
- Need to attract offshore capital to New Zealand for investment
- Regulation must provide certainty and stability – consistent with Commerce Act amendments
- Regulation must provide the right balance between providing an appropriate commercial return and customer outcomes
- We expect incentives to do more – deliver more choice and better service to our customers
- Commerce Commission expected to release final input methodologies by the end of this year

Gas wholesale



- Long anticipated winding down of legacy contracts
- Liquigas moved to tolling business model
- Growing market share in higher margin cylinder business
- Redetermination issue appears to be over
- Expect neutral impact of ETS

Natural gas and gas liquids



Technology



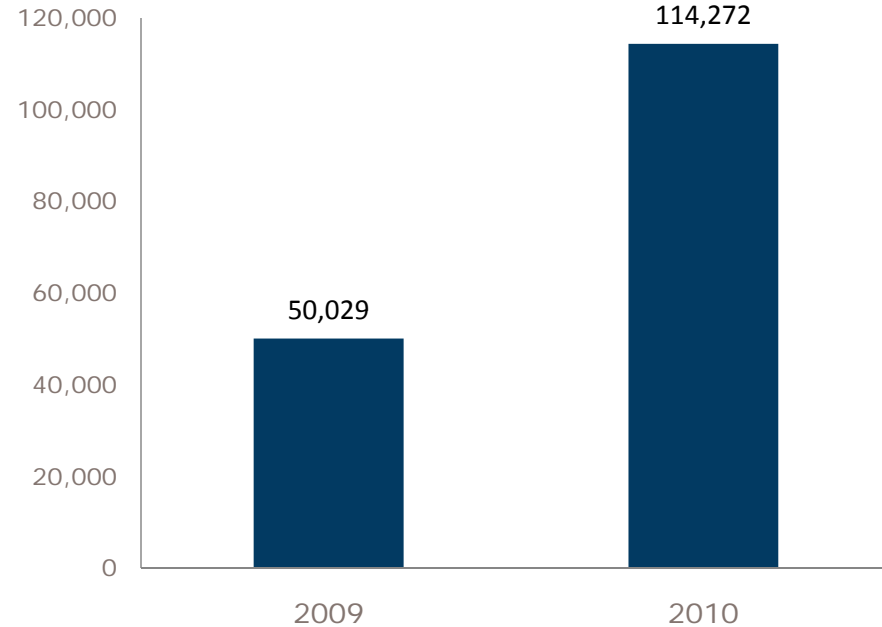
Metering

- Acquired AMS in January 2010 – improving processes and systems
- Continued smart meter growth

Technology

- Fibre network continues to grow
- Now delivering services in Christchurch
- New corporate customers

Smart Meters



Transpower agreement



- Signed conditional agreement with Transpower – demonstrates our success in finding joint solutions that benefit customers
- Provides Transpower access to Vector's infrastructure network assets
- Allows installation of high voltage cable circuit between Transpower's Penrose and Albany substations for North Auckland and Northland (NAaN) project to reinforce electricity supply
- \$53 million to be paid in two instalments in approximately June 2011 and June 2012



Renewables



- New Zealand's largest thin film panel installation at Hubbards Foods
 - nearly 228 square metres
 - generates enough energy for 3.5 households
 - provides the lighting for Hubbards warehouse
 - uses latest thin film solar panels which are more effective
 - easy to install and maintain with an estimated 25 year life

- Hobsonville point development
 - showcases integrated network solutions: electricity, gas, fibre and technology solutions such as smart meters
 - technologies demonstrated will be replicated in the 3,000 homes planned for the development
 - model that can be repeated and refined in other communities

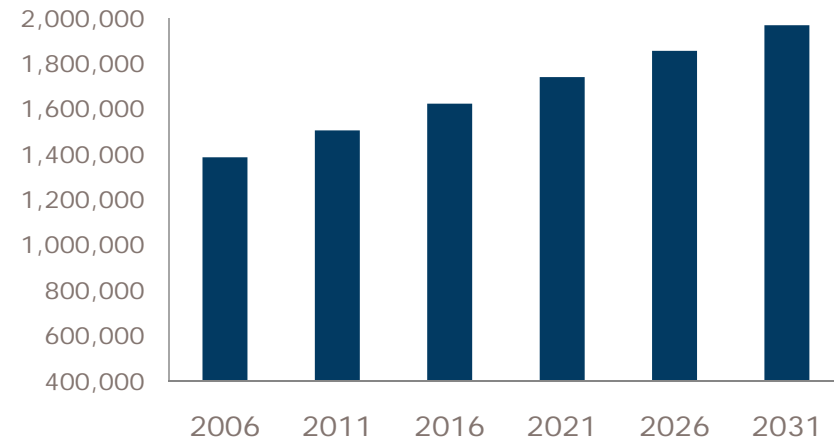


Growth opportunities



- Continued investment in our networks:
 - greater Auckland population continues to grow
 - \$2.5 billion of capex and maintenance across our networks in the next decade
- Smart meters
- Rural Broadband Initiative (RBI)
- Ultra Fast Broadband Initiative (UFBI)
 - CFH short-list announced 9 September

Greater Auckland Population Growth



Vector's fibre solution



Our solution is locally owned, simple, clean, fast and ultimatum free

Vector is an attractive partner for the Crown

- Readiness for and capability of rapid roll-out – no complex structural issues
- No legacy copper assets to contend with
- Deep knowledge of the utility space - fibre broadband is a utility
- Local community ownership and support
- Resources and capability – we are a fibre access business today

Fibre is an attractive proposition for Vector

- Ability to capture an appropriate commercial return on an increased asset base
- Leverage and extend the existing utility asset base
- Participation in the emerging regulated utility platform
- Playing a key role in enhancing the economic well-being of the greater Auckland region

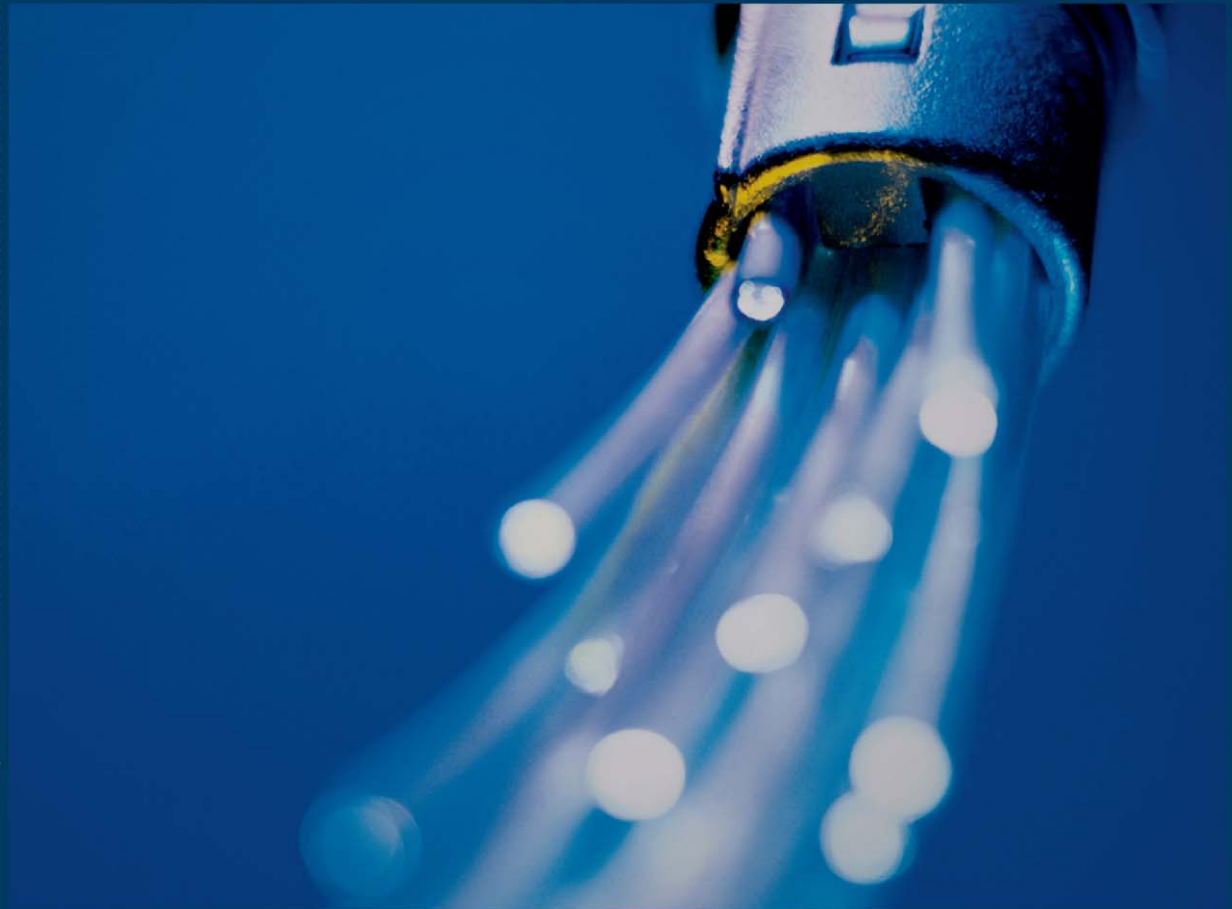
Outlook and summary



- Despite economic conditions, 2010 was another year of growth
- Strong financial position
- Networks continue to grow organically
- Vector is focused on growth opportunities and driving efficiencies in the business
- Vector remains on track for 2011 full year guidance given at the full year results announcement



Michael Stiasny, Chairman



Agenda



- 1. Financial statements and Audit Report**
2. Re-election of directors
3. Appointment and remuneration of Auditor
4. Directors' remuneration
5. General business



Alison Paterson,
Chair of Audit Committee



Agenda



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Re-election of Mr Peter Bird as a director



PROXY VOTING	#
For	42,355,011
Against	182,535
Abstain	137,710
Discretionary	751,609,373
Additional discretionary held by the Chairman	837,179

Re-election of Mr Michael Stiassny as a director >>

PROXY VOTING	#
For	41,286,243
Against	942,697
Abstain	469,784
Discretionary	751,610,843
Additional discretionary held by the Chairman	812,241

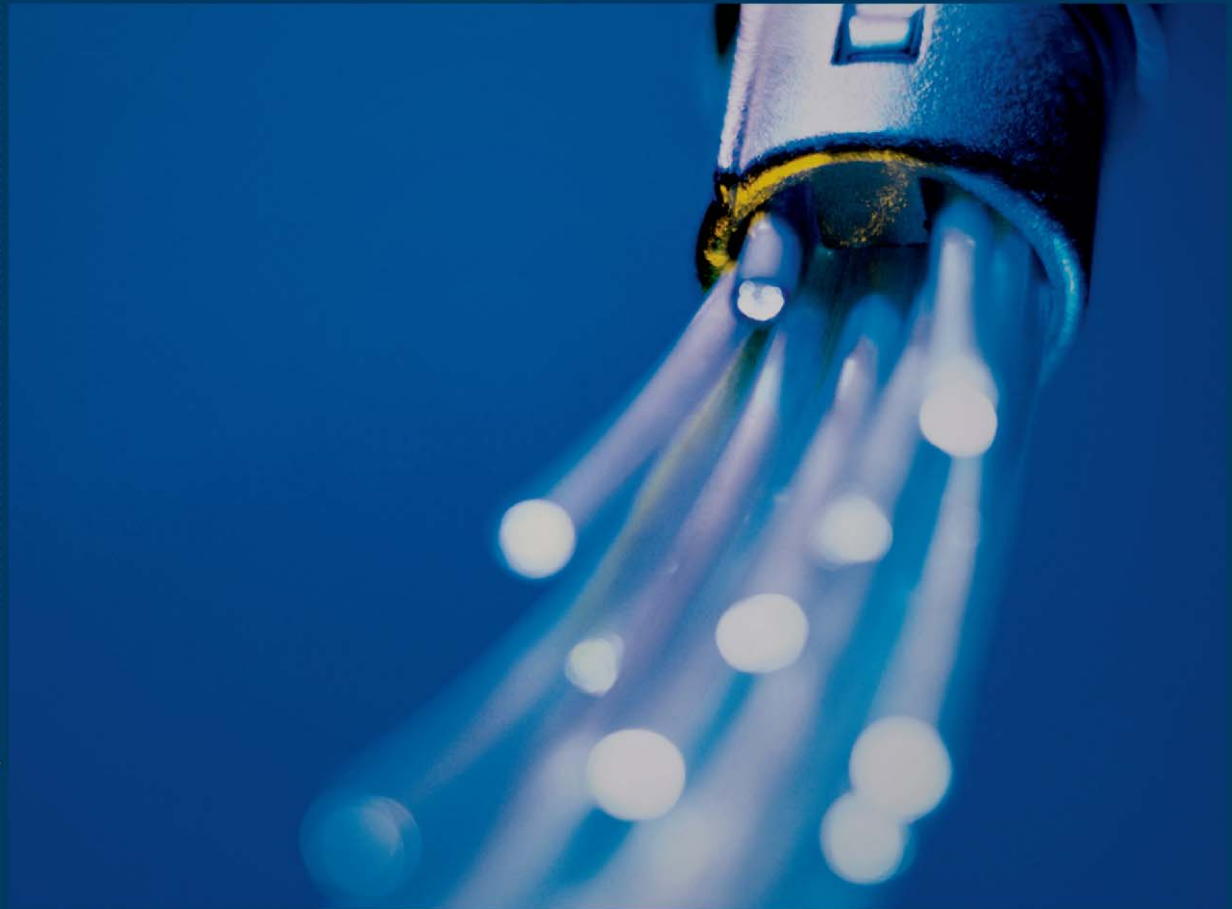
Re-election of Mr Bob Thomson as a director



PROXY VOTING	#
For	42,270,993
Against	243,115
Abstain	136,475
Discretionary	751,609,583
Additional discretionary held by the Chairman	861,642



Michael Stiasny, Chairman



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Appointment and remuneration of auditor



PROXY VOTING	#
For	42,322,563
Against	267,126
Abstain	101,902
Discretionary	751,605,430
Additional discretionary held by the Chairman	824,787

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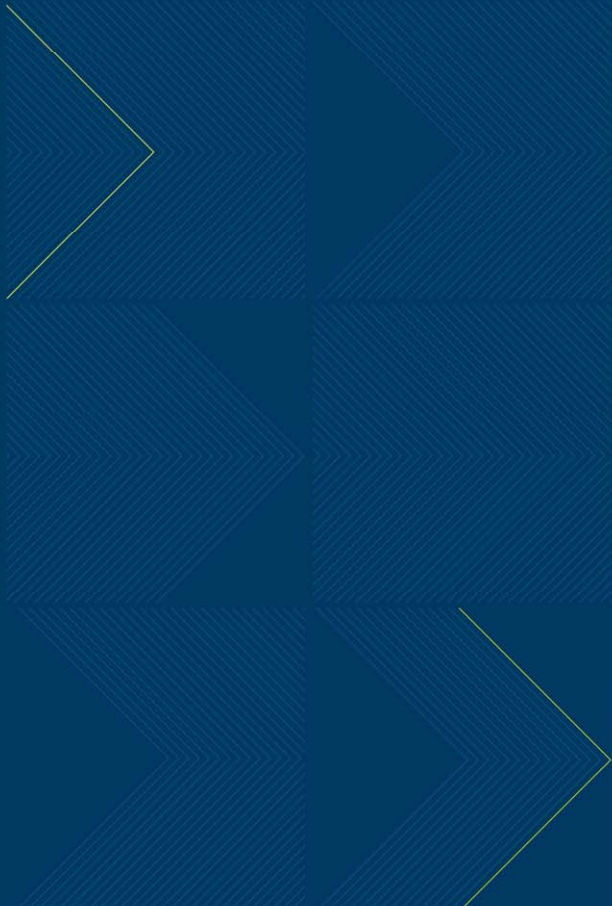
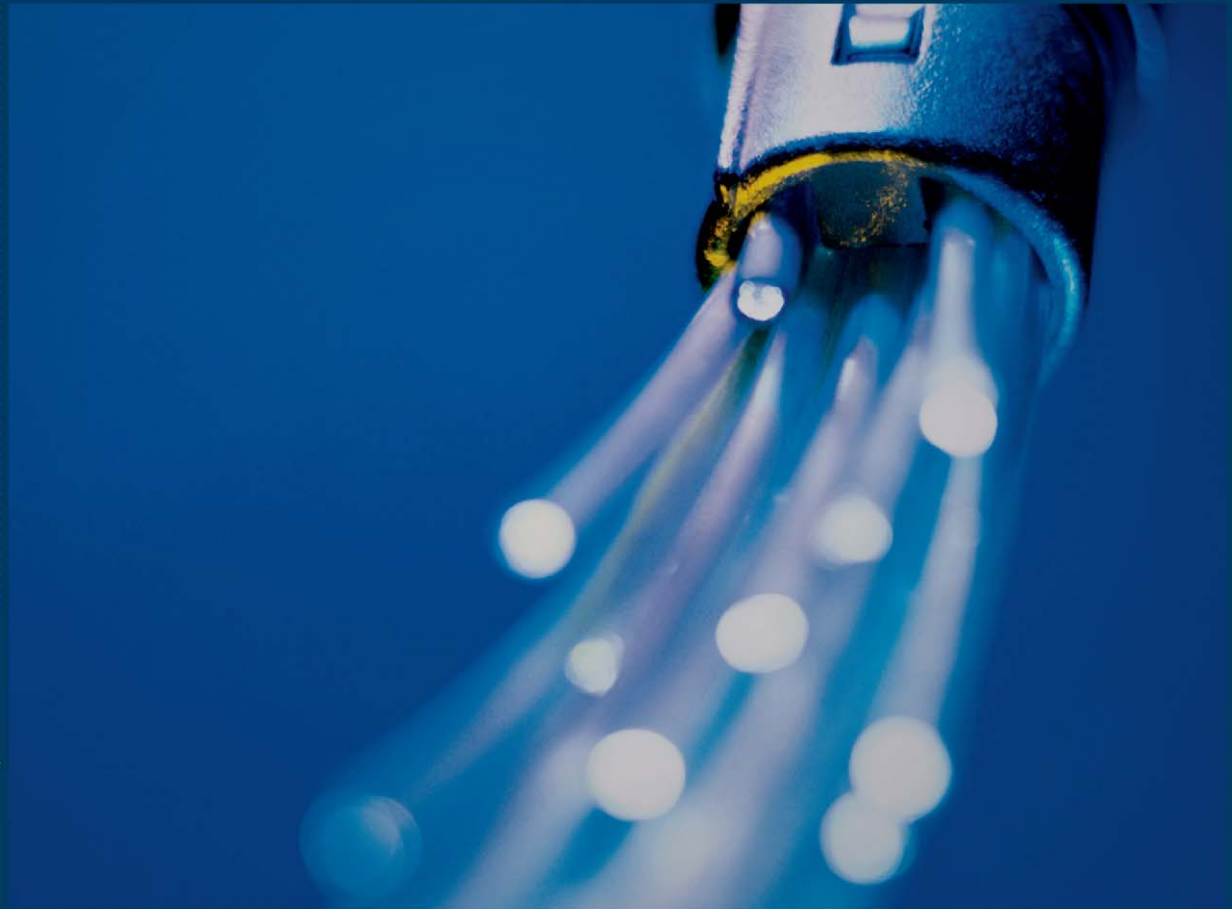
Directors' remuneration



PROXY VOTING	#
For	26,226,074
Against	16,178,403
Abstain	401,308
Discretionary	751,564,344
Additional discretionary held by the Chairman	751,679



Voting



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2010 Annual Meeting

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22 October 2010

