

NOTICE OF 2008 ANNUAL MEETING VECTOR LIMITED

Notice is hereby given that the 2008 Annual Meeting of Vector Limited will be held at the Guineas Room, Ellerslie Convention Centre, Auckland Racing Club, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand, on Thursday 23 October 2008, commencing at 1.30pm.

AGENDA

A. Ordinary Business

1. CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORTS

Reports from the Chairman and the Chief Executive in respect of the financial year ended 30 June 2008, including consideration of the financial statements and the audit report.
(see Explanatory Note 1.)

2. RE-ELECTION AND ELECTION OF DIRECTORS

In accordance with NZSX Listing Rule 3.3.8, Messrs Michael Stiassny and Shale Chambers and Ms Karen Sherry retire as directors by rotation. Being eligible, Mr Stiassny and Ms Sherry offer themselves for re-election.

Mr James Carmichael has been nominated for election by the Auckland Energy Consumer Trust ("AECT") in accordance with NZSX Listing Rule 3.3.2.

Accordingly, to:

Re-elect Mr Michael Stiassny;
Re-elect Ms Karen Sherry; and
Elect Mr James Carmichael,

as directors of the Company, all by way of separate ordinary resolutions.

A biography of each director offering himself or herself for re-election or nominated for election is contained in Explanatory Note 2.

3. APPOINTMENT AND REMUNERATION OF AUDITOR

To record that the Company's Auditor, KPMG, is automatically reappointed pursuant to section 200 of the Companies Act 1993 and to authorise, by way

of ordinary resolution, the directors to fix the Auditor's remuneration for the ensuing year.
(see Explanatory Note 3.)

4. DIRECTORS' REMUNERATION

In accordance with NZSX Listing Rule 3.5.1, to authorise, by way of ordinary resolution:

An increase, with effect from 1 October 2008, in the monetary sum per annum payable to the Chairman of the Board of \$40,000 plus GST (if any) per annum, from \$180,000 plus GST (if any) per annum to \$220,000 plus GST (if any) per annum; and

An increase, with effect from 1 October 2008, in the monetary sum per annum payable to each other director of the Company of \$20,000 plus GST (if any) per annum, from \$90,000 plus GST (if any) per annum to \$110,000 plus GST (if any) per annum.
(see Explanatory Note 4.)

B. General Business

To consider such other business as may properly be raised at the meeting.

By Order of the Board

Kerry Nickels
Company Secretary
[date] 2008

ORDINARY RESOLUTIONS: Ordinary resolutions are required to be approved by a simple majority of more than 50% of votes validly cast at the Annual Meeting.

SHAREHOLDERS ENTITLED TO ATTEND AND VOTE: Pursuant to section 125 of the Companies Act 1993, the Board has determined that, for the purposes of voting at the Annual Meeting, only those registered shareholders of the Company as at 5.00pm on Monday 20 October 2008, being a day not more than 20 working days before the meeting, shall be entitled to exercise the right to vote at the meeting.

PROXIES: Any person entitled to attend and vote at the meeting may appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company. You may appoint the "Chairman of the Meeting" as your proxy if you wish. A proxy form accompanies this Notice of Meeting. Proxy forms must be lodged at the office of the Company's share registry, Computershare Investor Services Limited, level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand (Private Bag 92119, Auckland 1020), not less than 48 hours before the meeting, being 1.30pm on Tuesday 21 October 2008.

The directors invite attendees at the Annual Meeting to join them for light refreshments at the conclusion of the meeting.

New Zealand Exchange Regulation ("NZXR") has granted the Company a waiver from NZSX Listing Rule 9.3.1 to the extent that the AECT would otherwise be prohibited from voting in favour of this resolution. The waiver was granted subject to the following conditions:

- The Company's Remuneration Committee commission an independent expert's report on the appropriate remuneration level for directors' remuneration.
- There is no distinction between the directors' fees payable to the directors who are trustees of the AECT and the other directors, based solely on whether or not a director is a trustee of the AECT.
- The independent members of the Company's Remuneration Committee provide a certificate to NZXR stating that:
 - the proposed directors' fees were set on an arm's length and commercial basis; and
 - the proposed level of director's remuneration is consistent with the level suggested in the independent expert's report.
- AECT provides written confirmation to NZXR that:
 - no trustee of the AECT who has been nominated to be elected as a director of the Company at this Annual Meeting or who is currently a director of the Company and will either continue to be a director immediately following the Annual Meeting or will

stand for re-election as a director of the Company at the Annual Meeting will take part in any decision of the trustees of the AECT on whether to abstain, or vote for or against, any resolution in respect of directors' remuneration; and

- neither the AECT nor any Associated Person of AECT (other than trustees of the AECT who are directors of the Company) will receive any direct or indirect benefit arising from Directors' remuneration payable by the Company.
- Details of the waiver, the conditions imposed by NZXR, the independent expert's recommendation and the Remuneration Committee's certificate, are included in this notice of meeting.

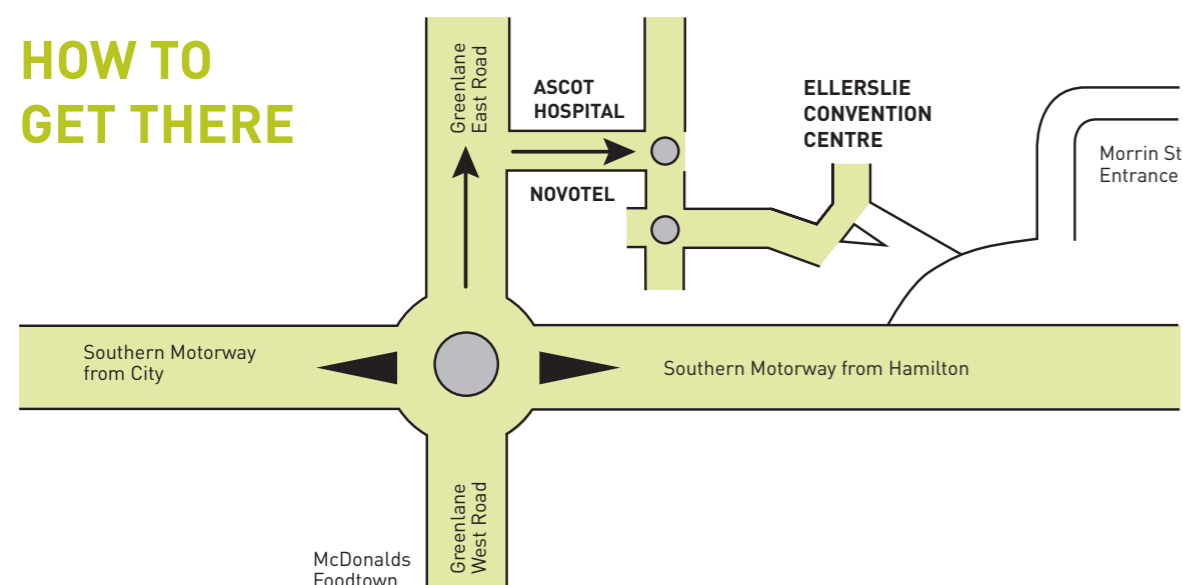
The Company has complied with all such conditions, and confirms that the independent members of the Remuneration Committee and the AECT have provided the required confirmations to NZXR.

NZXR has granted the above waiver on an ongoing basis, so that it applies to all resolutions pursuant to NZSX Listing Rule 3.5.1 provided that the above conditions are satisfied and the material facts on which the waiver is based, and NZSX Listing Rules 9.3.1 and 3.5.1, remain the same.

B. General Business

There will be an opportunity to raise relevant matters for discussion which have not otherwise been addressed during the course of the Annual Meeting.

HOW TO GET THERE



Directions to the Ellerslie Events Centre from the Southern Motorway

Ellerslie Racecourse is well sign posted from the Southern Motorway. The best exit is 'Greenlane'. At the roundabout turn left if travelling from the north on the motorway, or right if travelling from the south. At the first set of lights turn right. On your left will be Ascot Hospital and on your right, Novotel Hotel. Turn right at the first roundabout and left at the second roundabout and you will drive into the grounds of the racecourse. If you continue on through Ellerslie's main carpark, you will arrive at the Ellerslie Event Centre. The venue has free parking.

EXPLANATORY NOTES

A. Ordinary Business

EXPLANATORY NOTE 1 – CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORTS

The Chairman and the Chief Executive will each give a presentation in respect of the financial year ended 30 June 2008. Events occurring after 30 June 2008 will also be discussed.

EXPLANATORY NOTE 2 – RE-ELECTION AND ELECTION OF DIRECTORS

The NZSX Listing Rules require that at least one third of the Company's directors or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the annual meeting each year, but shall be eligible for re-election at that meeting. The directors to retire are those of the directors who have been longest in office since their last election.

With a current Board of eight directors, three directors are required to retire at this Annual Meeting. Messrs Michael Stiassny and Shale Chambers and Ms Karen Sherry, being the directors longest in office since their last election, will retire by rotation at this Annual Meeting. Being eligible, Mr Stiassny and Ms Sherry offer themselves for re-election. The Board has determined, in its view, that Mr Stiassny is an Independent Director (as defined in the NZSX Listing Rules) and that Ms Sherry is not an Independent Director.

Pursuant to NZSX Listing Rule 3.3.2, on 8 August 2008 the Company issued a notice advising a closing date of 22 August 2008 for director nominations. Mr James Carmichael was nominated for election by the AECT. The Board has determined, in its view, that Mr Carmichael would, if elected, not qualify as an Independent Director.

Background details of directors offering themselves for re-election, or nominated for election, at this Annual Meeting are set out below.

Michael Stiassny

BCOM, LLB, CA

Michael Stiassny is a chartered accountant and partner of KordaMentha in Auckland. He has significant experience in investigating accountant work, company restructuring, due diligence and insolvency. He is a director of a number of public and private companies, and Chairman of the New Zealand Racing Board. Michael is an Auckland Branch Committee Member for the Institute of Directors and a Fellow of the Institute of Directors.

Karen Sherry

MA(Hons), LLB(Hons)

Karen Sherry is a trustee and former chair of the Auckland Energy Consumer Trust, a principal of the firm Bell-Booth Sherry, deputy chair of Energy Trusts of New Zealand, a former trustee of Challenge Trust and a trustee of Auckland Healthy Houses Trust. She has been involved in the electricity industry since 1994 and was a director of Mercury Energy for six years. Karen specialises in commercial and trust law.

James Carmichael

BE, MIPENZ

James Carmichael is a trustee of the Auckland Energy Consumer Trust, a former director of Ranhill Power Berhad, a Malaysian public listed company and a former Regional Director (Asia-Pacific) for PowerGen UK plc. He has significant professional engineering experience in large power and infrastructural projects and strong corporate executive experience with extensive involvement in governance, business strategy and relationship management in local and international corporate and political environments.

EXPLANATORY NOTE 3 – APPOINTMENT AND REMUNERATION OF AUDITOR

Section 200 of the Companies Act 1993 provides that a company's auditor is automatically re-appointed unless there is a resolution or other reason for the auditor not to be re-appointed. The Company wishes KPMG to continue as the Company's auditor, and KPMG has indicated its willingness to do so.

Section 197(a) of the Companies Act 1993 provides that the fees and expenses of KPMG as auditor are to be fixed in such a manner as the Company determines at the Annual Meeting. The Board proposes that, consistent with past practice, the auditor's fees should be fixed by the directors.

EXPLANATORY NOTE 4 – DIRECTORS' REMUNERATION

This resolution seeks shareholders' approval for an increase in directors' remuneration with effect from 1 October 2008. NZSX Listing Rule 3.5.1 provides that no remuneration shall be paid to a director unless it has been authorised by an ordinary resolution of the Company's shareholders.

The current and proposed remuneration of directors is expressed as a monetary sum per annum payable to any person who from time to time holds office as a director, rather than as a monetary sum payable to all directors taken together. It establishes a separate level of remuneration for the Chairman of the Board, in recognition of the additional duties, responsibilities and obligations performed by that person.

The Board has undertaken a detailed review of directors' remuneration, including taking advice from an independent expert, Hay Group Limited, on the appropriate level of directors' remuneration, aimed at ensuring that the Company's director remuneration practices are consistent with market trends and its objective of attracting and retaining high calibre individuals as directors.

The Board proposes:

- (a) to increase, with effect from 1 October 2008, the monetary sum per annum payable to the Chairman of the Board by \$40,000 plus GST (if any) from \$180,000 plus GST (if any) to \$220,000 plus GST (if any); and
- (b) to increase, with effect from 1 October 2008, the monetary sum per annum payable to each other director of the Company by \$20,000 plus GST

(if any) from \$90,000 plus GST (if any) to \$110,000 plus GST (if any).

The proposed increase in remuneration reflects the following:

- (a) Directors' fees have not been increased since prior to the Company's Initial Public Offering and NZSX listing in 2005.
- (b) The Company wishes to offer competitive fees in order to attract and retain the highest quality directors.
- (c) Increasing governance requirements, including intensive regulatory attention on the Company's business and Government policy developments affecting infrastructure companies, have increased the workload on directors.
- (c) The per-director remuneration covers all of the services provided by directors to the Company, including service on Board committees.
- (d) Hay Group Limited recommend, based on a comparison of directors' remuneration for 12 of New Zealand's largest companies, that an appropriate level of directors' remuneration is within the following ranges:
 - Chairman \$200,000 - \$260,000
 - Non Executive Directors \$107,500 - \$124,200
 The proposed directors' remuneration is therefore consistent with the recommendation received from Hay Group Limited and is towards the lower end of the range recommended by Hay Group Limited.

For these reasons, the Board considers that the proposed increases in remuneration in respect of the Chairman of the Board and for each other director are justified and appropriate.

The provision for GST (if any) is included to take into account that, depending on individual circumstances, some directors' fees may include GST. This provision has no financial effect on the Company as any GST charged is available as a credit to the Company.

Under NZSX Listing Rule 9.3.1, directors and Associated Persons (as defined in the NZSX Listing Rules) of directors are precluded from voting in favour of this resolution. This does not however prevent a director who has been appointed as a proxy or voting representative by another person who is not disqualified from voting, from voting in respect of the shares held by that other person in accordance with the express instructions of that other person.