





Please read

Notice of 2013 Annual Meeting Vector Limited

Notice is hereby given that the 2013 Annual Meeting of Vector Limited will be held in the Guineas Rooms 1 & 2, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Remuera, Auckland, New Zealand, on Tuesday 22 October 2013, commencing at 2.00pm  



AGENDA

A. ORDINARY BUSINESS

1 ▶ CHAIRMAN'S AND GROUP CHIEF EXECUTIVE'S REPORTS

Reports from the Chairman and the Group Chief Executive in respect of the financial year ended 30 June 2013, 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 3.3.11, Peter Bird and Bob Thomson retire by rotation and being eligible, offer themselves for re-election. In accordance with Listing Rule 3.3.6, Jonathan Mason having been appointed a director by the directors retires and being eligible, offers himself for election.

Accordingly, to:

Re-elect Peter Bird;
Re-elect Bob Thomson;
Elect Jonathan Mason;

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

A biography of each director offering himself for re-election or 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 2013 in the monetary sum payable to the chairman of the board of directors of \$11,400 plus GST (if any) per annum, from \$189,900 plus GST (if any) per annum to \$201,300 plus GST (if any) per annum; and an increase, with effect from 1 October 2013 in the monetary sum payable to each other director of \$5,700 plus GST (if any) per annum, from \$94,950 plus GST (if any) per annum, to \$100,650 plus GST (if any) (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

Diane Green
Company Secretary
19 September 2013

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 Thursday 17 October 2013, 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 (or representative in the case of a corporate shareholder) 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 received 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 1142), not less than 48 hours before the meeting, being 2.00pm on Sunday 20 October 2013. Alternatively you can appoint a proxy online at www.investorvote.co.nz. Online proxy appointments must be received by 2.00pm on Sunday 20 October 2013. Please see your proxy form for further details.

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

■ EXPLANATORY NOTES

A. ORDINARY BUSINESS

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

The Chairman and the Group Chief Executive will each give a presentation in respect of the financial year ended 30 June 2013. Events occurring after 30 June 2013 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. Any director appointed by the directors during the year, is not included for the purposes of this calculation. The directors to retire are those of the directors who have been longest in office since their last election.

Two directors are required to retire at this meeting. Peter Bird and Bob Thomson are the director who are the longest in office and they retire by rotation at this Annual Meeting and, being eligible, offer themselves for re-election. The NZSX Listing Rules require that Jonathan Mason having been appointed as a director by the directors retires at the Annual Meeting, but shall be eligible for election at that meeting.

The Board has determined, in its view, that Peter Bird, Bob Thomson and Jonathan Mason are Independent Directors (as defined in the NZSX Listing Rules).

Pursuant to NZSX Listing Rule 3.3.5, on 22 August 2013 the Company issued a notice advising a closing date of 13 September 2013 for director nominations.

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

▶ Peter Bird

Peter Bird was, until June 2012, Executive Vice-Chairman of Rothschild's South East Asian global financial advisory business. His experience includes advising large corporates and governments on a range of issues including acquisitions and disposals, privatisation, project and acquisition financing, mutualisation, insolvency and debt restructuring. Peter has worked as an economic consultant, as an economic researcher in the energy sector and as an academic economist at Stirling University.

▶ Bob Thomson

Bob Thomson was chief executive of Transpower Limited, and has been an adviser to Energy Trusts of New Zealand Inc. since 2004. Prior to his appointment at Transpower, he held a range of senior management and engineering positions in the New Zealand Electricity Department and Electricity Corporation of New Zealand Limited. He was involved in the reform of the electricity industry, including being a board member of the Electricity Market Company Limited from 1994 to 1998. He is a Fellow of the New Zealand Institute of Engineers.

▶ Jonathan Mason

Jonathan Mason has extensive commercial experience having worked in financial management positions in the oil and gas, chemicals, forest products and dairy industries in the USA and New Zealand for International Paper, ExxonMobil Corporation, Carter Holt Harvey and Cabot Corporation. He is currently Chief Financial Officer at Fonterra, but is stepping down later this year. Jonathan also has experience as a Non-Executive Director on boards in both New Zealand and the USA and is currently a director of Zespri, and a trustee on the University of Auckland Endowment Fund and Business School Advisory Boards.

■ 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 by the Company at the Annual Meeting or 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 2013. 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 a monetary sum paid 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 the directors' remuneration including taking advice from independent expert remuneration consultants, dsd Consulting 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 2013, the monetary sum per annum payable to the Chairman of the board by \$11,400 plus GST (if any) from \$189,900 plus GST (if any) to \$201,300 plus GST (if any); and
- b) to increase with effect from 1 October 2013, the monetary sum per annum payable to each other director of the Company by \$5,700 plus GST (if any) from \$94,950 plus GST (if any) to \$100,650 plus GST (if any).



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► **The proposed increase in remuneration reflects the following:**

- a) Directors' fees have not been increased since 1 October 2010.
- b) The Company wishes to offer competitive fees in order to attract and retain the highest quality directors.
- c) Increasing governance requirements and regulatory requirements on the Company's business continue to increase the workload on directors.
- d) The per-director remuneration covers all of the services provided by directors to the Company, including service on Board committees.
- e) dsd Consulting Limited recommended, based on a comparison of directors' remuneration of a number of New Zealand's largest companies, an increase in current directors' fees of 6%.

The proposed directors' remuneration is therefore consistent with the recommendation received from dsd Consulting 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 respect 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.

NZX Market Supervision (NZXMS) has granted the Company a waiver from NZSX Listing Rule 9.3.1 to the extent that the Auckland Energy Consumer Trust (the AECT) would otherwise be prohibited from voting in favour of this resolution. The waiver was granted subject to the following conditions:

- a) The Company's Remuneration Committee commission an independent expert's report on the appropriate remuneration level for directors' remuneration.
- b) 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.

- c) The independent members of the Company's Remuneration Committee provide a certificate to NZXMS stating that:
 - i) the proposed directors' fees were set on an arm's length and commercial basis; and
 - ii) the proposed level of directors' remuneration is consistent with the level suggested in the independent expert's report.
- d) The AECT provides written confirmation to NZXMS that:
 - i) 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
 - ii) neither the AECT nor any Associated Person of the 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.
- e) Details of the waiver, the conditions imposed by NZXMS, 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 have provided, and the AECT has been requested to provide, the required confirmation to NZXMS.

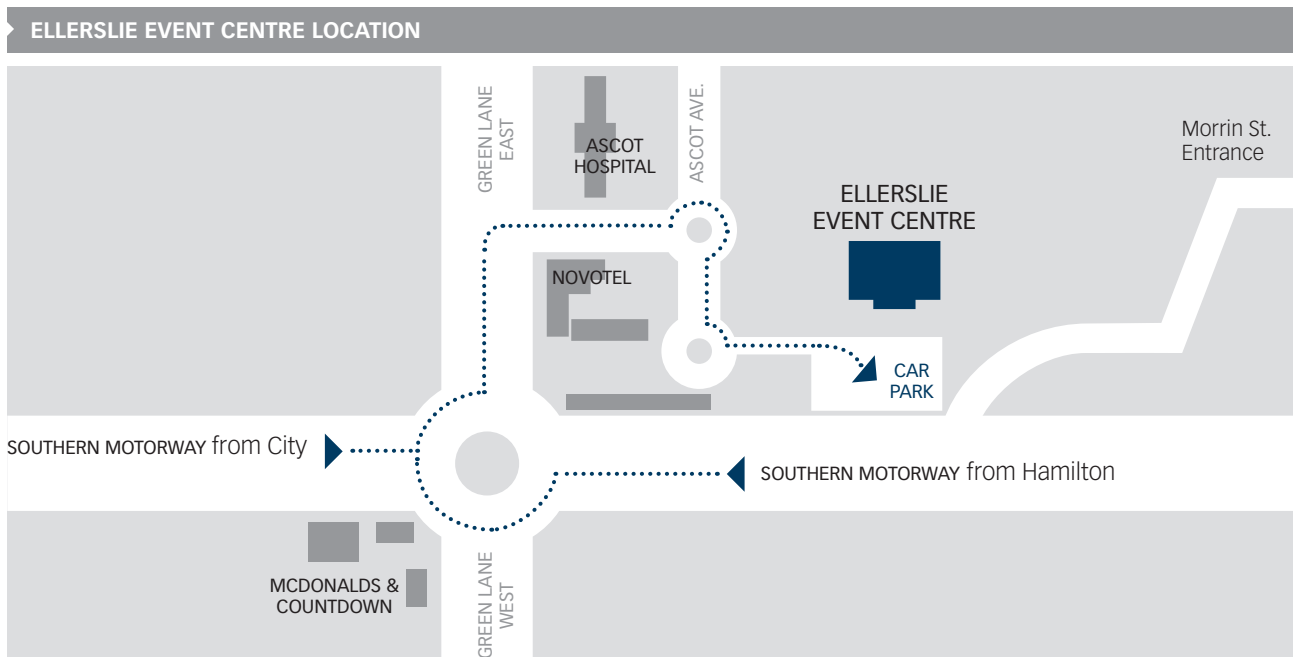
NZXMS has granted the above waiver on an ongoing basis, so that it applies to all resolutions pursuant to NZSX Listing Rule 3.5.1 provided that the above conditions are satisfied and the material facts on which the waiver is based, and NZSX Listing Rules 9.3.1 and 3.5.1, remain the same. While NZSX Listing Rule 3.5.1 has been amended to provide listed issuers with an option to satisfy director fees by the issue of shares, rather than payment in cash, the Company has decided not to take up that option. Accordingly, the rule remains the same in the manner that it applies to resolution 4 and NZXMS has confirmed the waiver continues to apply.

■ HOW TO GET THERE

DIRECTIONS TO ELLERSLIE EVENT 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.



■ WEBCAST OF ANNUAL MEETING



If you are unable to attend the annual meeting, but would still like to follow its proceedings, then visit: <http://vector.co.nz/agm-2013>



www.vector.co.nz

