

PLEASE READ

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# NOTICE OF 2016 ANNUAL MEETING

## VECTOR LIMITED

Notice is hereby given that the 2016 Annual Meeting of Vector Limited will be held in the Guineas Ballroom, Ellerslie Event Centre, Ellerslie Racecourse, 80 Ascot Avenue, Remuera, Auckland, New Zealand, on **Thursday 29 September 2016, commencing at 2.00pm** 

## AGENDA

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### A. ORDINARY BUSINESS

#### 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 2016, including consideration of the financial statements and the audit report. (See Explanatory Note 1, on page 3.)

#### RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with NZX Main Board Listing Rule 3.3.11, Peter Bird, Bob Thomson and Karen Sherry retire by rotation. Bob Thomson and Karen Sherry, being eligible, offer themselves for re-election. Peter Bird has decided not to stand for re-election. The Vector Board will consider a replacement in due course. The meeting will be asked to consider by way of separate ordinary resolutions:

1. To re-elect Bob Thomson, as a Director of the Company;
2. To re-elect Karen Sherry, as a Director of the Company.

A biography of each director offering himself or herself for re-election is contained in Explanatory Note 2, on page 3.

#### APPOINTMENT AND REMUNERATION OF AUDITOR

The meeting will be asked to consider by way of an ordinary resolution:

3. To record the automatic reappointment of the Auditor, KPMG, and to authorise the directors to fix the remuneration of the Auditor for the ensuing year. (See Explanatory Note 3, on page 3.)

### CONSEQUENTIAL CHANGE TO CONSTITUTION

To consider, and if thought fit, to pass the following special resolution:

4. To alter Vector Limited's constitution, in the form and manner described in the explanatory notes to the notice of annual meeting. (See Explanatory Note 4, on page 3)

### B. GENERAL BUSINESS

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

By Order of the Board



John Rodger  
General Counsel and Company Secretary  
30 August 2016

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**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.

**SPECIAL RESOLUTIONS:** Special resolutions are required to be approved by a majority of 75% of the 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 Friday 23 September 2016, 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), or at the Company's registered office, Level 4, 101 Carlton Gore Road, Newmarket, Auckland 1023, not less than 48 hours before the meeting, being 2.00pm on Tuesday 27 September 2016. Alternatively you can appoint a proxy online at [www.investorvote.co.nz](http://www.investorvote.co.nz). Online proxy appointments must be received by 2.00pm on Tuesday 27 September 2016. Please see your proxy form for further details. The chairman and directors intend to vote all discretionary proxies in favour of resolutions 1 to 4.

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

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## EXPLANATORY NOTES

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### 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 2016. Events occurring after 30 June 2016 will also be discussed.

#### ● EXPLANATORY NOTE 2 – RETIREMENT AND RE-ELECTION OF DIRECTORS

The NZX Main Board Listing Rules require that at least one third of the Company's directors 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 who have been longest in office since their last election.

Three directors are required to retire at this meeting. Peter Bird, Bob Thomson and Karen Sherry are the directors who are the longest in office and they retire by rotation at this Annual Meeting. Bob Thomson and Karen Sherry, being eligible, offer themselves for re-election. Peter Bird has decided not to stand for re-election. The Vector Board will consider a replacement in due course.

The Board has determined, in its view, that Bob Thomson is an Independent Director (as defined in the NZX Main Board Listing Rules) and Karen Sherry, who is a trustee of Entrust (the Company's majority shareholder) is not an Independent Director.

Pursuant to Listing Rule 3.3.5, on 15 July 2016 the Company issued a notice advising a closing date of 29 July 2016 for director nominations.

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

#### ▶ **Bob Thomson**

Bob Thomson was chief executive of Transpower Limited, and since 2004 has been an adviser to Energy Trusts of New Zealand Inc. 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.

#### ▶ **Karen Sherry**

Karen Sherry is a principal of the firm Bell-Booth Sherry where she specialises in commercial and trust law. She is a trustee and former chair of Entrust. She is the chair of Energy Trusts of New Zealand Inc. Karen is also a chartered fellow of the Institute of Directors in New Zealand.

#### ● EXPLANATORY NOTE 3 – APPOINTMENT AND REMUNERATION OF AUDITOR

Section 207T 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 207S 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 – CONSEQUENTIAL CHANGE TO CONSTITUTION

It is proposed that the Company's constitution be updated to reflect the recent change of name of the Company's 75.1% shareholder, "Auckland Energy Consumer Trust" (or "AECT") to "Entrust", and to update a legislative reference following enactment of the Financial Markets Conduct Act 2013. NZX Regulation has approved the changes.

A copy of the proposed altered form of constitution is available free of charge by contacting [investor@vector.co.nz](mailto:investor@vector.co.nz).

You may inspect the altered constitution at <https://vector.co.nz/governance>.

## NOTICE TO SECURITY HOLDERS

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Vector Limited (NZBN: 9429039215109), advises that it has elected to fully transition to the Financial Markets Conduct Act 2013 (**FMCA**) with effect from 31 October 2016. After that date, all of the requirements of the FMCA will apply to Vector. Vector is already governed by the FMCA for financial reporting, fair dealing and other requirements.

Vector is currently in the process of documenting a small number of necessary amendments to the trust deed governing its capital bonds, in connection with FMCA transition. Those changes are expected to be finalised by 31 October 2016. Upon those changes being finalised, bond holders will be able to obtain a copy of the amended trust deed electronically by visiting <http://vector.co.nz/bonds>. Furthermore, each capital bond holder has a right to receive, free of charge, a copy of the amended trust deed from Vector if they, within 15 working days of receiving this notice, request such a copy. If you wish to receive a copy, please contact Vector on [investor@vector.co.nz](mailto:investor@vector.co.nz). Those copies of the trust deed will be sent to bond holders who make such a request as soon as practicable following the amendments to the trust deed being finalised. The New Zealand Guardian Trust Company Limited will remain as trustee in respect of the capital bonds following FMCA transition.

The addresses of Vector and the Supervisor (the trustee) are as follows:

**Vector Limited**  
101 Carlton Gore Road  
Newmarket  
Auckland  
Attention: Company Secretary

**New Zealand Guardian Trust Company Limited**  
Level 6, 191 Queen Street  
Auckland  
Attention: Relationship Manager Corporate Trusts

## HOW TO GET THERE

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### Directions to Ellerslie Event Centre from the Southern Motorway:

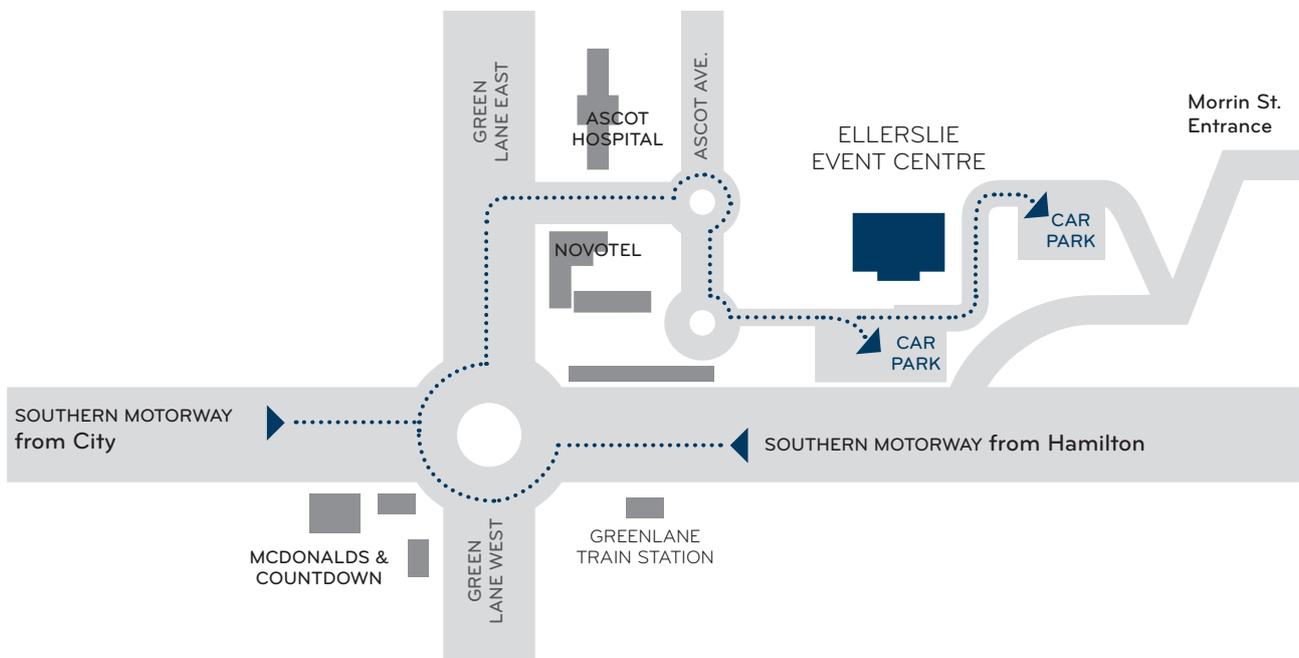
Ellerslie Racecourse is well sign posted from the Southern Motorway.

- ▶ 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.

The closest train station is the Greenlane train station.

### ELLERSLIE EVENT CENTRE LOCATION

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### WEBCAST OF ANNUAL MEETING

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