



● PLEASE READ.....

Notice of 2014 Annual Meeting Vector Limited

Notice is hereby given that the 2014 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 Wednesday 22 October 2014, commencing at 2.00pm ●▶

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● AGENDA.....

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 2014, including consideration of the financial statements and the audit report. (see Explanatory Note 1.)

RE-ELECTION AND ELECTION OF DIRECTORS

In accordance with NZX Main Board Listing Rule 3.3.11, Karen Sherry, Hugh Fletcher and James Carmichael retire by rotation and being eligible, offer themselves for re-election. The meeting will be asked to consider by way of separate ordinary resolutions:

1. To re-elect Karen Sherry, as a Director of the Company;
2. To re-elect Hugh Fletcher, as a Director of the Company;
3. To re-elect James Carmichael, as a Director of the Company;

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

APPOINTMENT AND REMUNERATION OF AUDITOR

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

4. 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.)

B. SPECIAL BUSINESS

The meeting will be asked to consider by way of special resolution that the constitution of Vector Limited be altered by adopting the amendments to the constitution in the form tabled at this meeting and signed by the Chairman of the Annual Meeting for the purpose of identification. The resolution will be:

5. To approve the proposed changes to Vector's constitution
(see Explanatory Note 4.)

C. GENERAL BUSINESS

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

By Order of the Board

Diane Green
Company Secretary
13 September 2014

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 RESOLUTION: Special resolutions are required to be approved by a special majority of 75% 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 Friday 17 October 2014, 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 Monday 20 October 2014. Alternatively you can appoint a proxy online at www.investorvote.co.nz. Online proxy appointments must be received by 2.00pm on Monday 20 October 2014. Please see your proxy form for further details. The chairman and directors intend to vote all discretionary proxies in favour of resolutions 1 to 5.

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 2014. Events occurring after 30 June 2014 will also be discussed.

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

The NZX Main Board 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.

Three directors are required to retire at this meeting. Karen Sherry, Hugh Fletcher and James Carmichael are the directors who are the longest in office and they retire by rotation at this Annual Meeting and, being eligible, offer themselves for re-election.

The Board has determined, in its view, that Hugh Fletcher is an Independent Director (as defined in the NZX Main Board Listing Rules) and that Karen Sherry and James Carmichael, who are trustees of Auckland Energy Consumer Trust (the Company’s majority shareholder) are not Independent Directors.

Pursuant to Listing Rule 3.3.5, on 22 August 2014 the Company issued a notice advising a closing date of 12 September 2014 for director nominations.

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

▶ Karen Sherry

Karen 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 the Auckland Energy Consumer Trust. She is the chair of Energy Trusts of New Zealand Inc. and a director of SPCA Auckland Inc.

▶ Hugh Fletcher

Hugh Fletcher is a former chief executive officer of Fletcher Challenge Limited and is a director of Insurance Australia Group Limited and Rubicon Limited. He is also non-executive chair of IAG New Zealand Limited and a trustee of The University of Auckland Foundation.

▶ James Carmichael

James Carmichael is a trustee of the Auckland Energy Consumer Trust and an executive of Energy Trusts of New Zealand Inc. His significant international energy sector experience includes responsibility for multi-billion-dollar energy assets and acquisition strategy for Power-Gen International Limited and thermal and hydro power generation investment decisions for Ranhill Power Berhad.

● 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 – CHANGES TO VECTOR’S CONSTITUTION

Vector’s constitution was last amended in 2006. The NZX Main Board/Debt Market Listing Rules (“**Listing Rules**”) have been amended four times since 2006, with the most recent amendments taking effect from 1 January 2014. This special resolution seeks shareholder approval of amendments to Vector’s constitution consistent with the amended Listing Rules. The clause references below are references to the clause numbers in the proposed amended constitution. In particular it is proposed that:

- ▶ definitions set out in the constitution be amended to align with definitions set out in the Listing Rules;
- ▶ where the numbering of rules in the Listing Rules has changed, references to those rules’ numbers in the constitution be updated;
- ▶ clause 2.4 be amended to align with the amended wording of rule 3.1.2. Rule 3.1.2 now permits clause 2.4 to provide that a failure to comply with the Listing Rules, or clauses of the constitution corresponding with the Listing Rules, does not affect the validity of Vector’s actions, transactions, contracts or other matters (except in certain circumstances). The same concept is currently reflected in clause 2.4, but it is applicable only to some of the Listing Rules, and some of the constitutional provisions reflecting the Listing Rules;
- ▶ clauses 4.1 and 4.2, which restrict Vector’s ability to issue shares and other equity securities without the consent of Auckland Energy Consumer Trust, be amended to expressly also apply in respect of issues of securities which may be converted into shares or other equity securities. These amendments are proposed as the amended definition of “Equity Security” in rule 1.6.1 of the Listing Rules no longer covers convertible securities;

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- ▶ clause 34.2 be amended for consistency with rule 9.1.3. Clause 34.2 sets out exceptions to clause 34.1 (which provides that Vector and its subsidiaries may not enter into certain major transactions without shareholder approval) and which reflect the wording of part of rule 9.1.3 of the Listing Rules. The suggested amendment aligns the wording of subclause 34.2(b) with that of paragraph (b) of rule 9.1.3 of the Listing Rules (which records that transactions with banks, such as borrowing, are not subject to Listing Rule 9.1.1, which clause 34.1 of the constitution is based on) and adds an exception (corresponding with the wording of the new paragraph (c) of rule 9.1.3 of the Listing Rules) for an issue by Vector of securities for cash which does not change the essential nature of the business of Vector. Vector has been advised that clause 34.1 without this amendment should not restrict such bank borrowings, or such issues of securities, however, in light of the fact that NZX Limited has considered it necessary to amend rule 9.1.3 of the Listing Rules to clarify the scope of its application, Vector wishes to do the same in respect of clause 34.2;
 - ▶ clause 37.2, which relates to the service of notices on shareholders who have supplied only an address outside New Zealand, and which mirrors rule 6.3.2 of the Listing Rules (which has been amended to allow service to an electronic address), be deleted, as rule 6.3.2 of the Listing Rules is deemed by clause 2.2 of the constitution to be incorporated in the constitution.

If any of the proposed amendments is inconsistent with the NZX Main Board Listing Rules, the NZX Main Board Listing Rules (as amended by any waiver or ruling granted to Vector) will prevail.

The NZX Main Board Listing Rules can be found at www.nzx.com.

The proposed amendments are set out in a marked-up copy of Vector's constitution that will be tabled at the meeting and is available for inspection at Vector's registered office, Level 4, 101 Carlton Gore Road, Newmarket, Auckland 1023. The proposed amendments have been approved by NZX Limited in accordance with rule 6.1 of the Listing Rules.

The special resolution to alter Vector's constitution is required by section 106(1)(a) of the Companies Act 1993. Accordingly, Vector is required by clause 2 of schedule 1 of that Act to state in this notice that, because the proposed alterations to its constitution

do not impose or remove a restriction on the activities of the Company, shareholders who vote against the resolution will not, if the special resolution is passed, have the right, under section 110 of that Act, to require the Company to purchase their shares in accordance with section 111 of that Act.

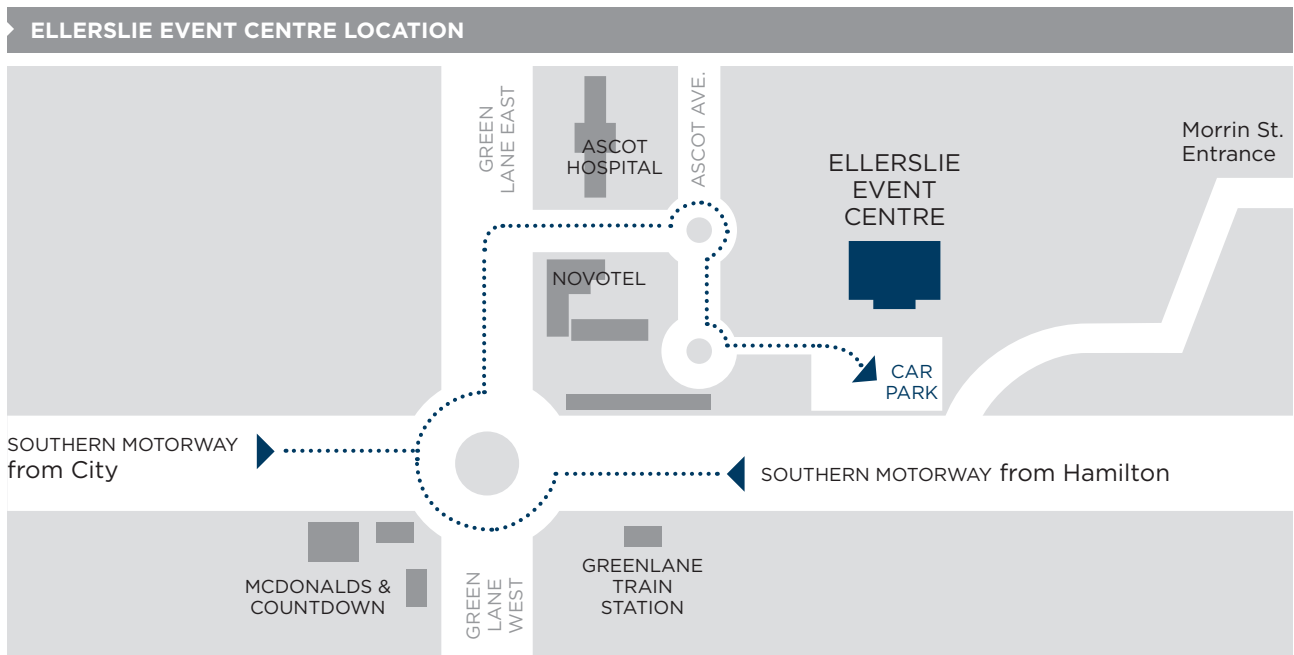
● HOW TO GET THERE.....

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.

The closest train station is the Greenlane train station.



● 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/annualmeeting2014>



www.vector.co.nz