



Special meeting to vote on sale of Wellington electricity network



Michael Stiasny
Chairman

Directors

- Bob Thomson Independent Director
- Hugh Fletcher Independent Director
- Shale Chambers AECT Trustee
- Karen Sherry AECT Trustee
- Alison Paterson Independent Director

- Simon Mackenzie Group Chief Executive Officer
- Kerry Nickels Company Secretary

Today's programme

- Sale of Wellington electricity network
 - NZX requirement for shareholder approval – 50% of market capitalisation
 - Vector constitution requirement for shareholder approval – 15% of market capitalisation
 - Value of this transaction 37% of Vector market capitalisation
 - Wellington network less than 15% of group EBITDA and book value of assets



Simon Mackenzie
Group Chief Executive Officer

Network sale

- Unsolicited approaches in August last year
- Board commissioned Goldman Sachs JBWere to commence review
- Options considered
 - Full sale
 - Management contract
 - Partial sale
 - Retain asset

Network sale criteria

Value drivers

- Network Age
- Maintenance and capital expenditure
- Potential for growth
- Regulation
- Overlap with other assets

Network sale criteria

Wellington network

- Average asset age 32 years
- 1.2% increase in demand over last five years
- Mainly new commercial buildings
- Regulated asset
- No overlap with other distribution networks

Auckland network

- Average asset age 24 years
- 4.1% increase in demand over last five years
- Mixture of residential and commercial
- Regulated asset
- Overlap with other distribution networks

Telecommunications

- Fibre-optic network and options retained

Network sale - summary

- Network age
- Potential for growth
- Regulation
- Lack of overlap

**Conclusion – asset sale is
best outcome for
shareholders**

Network sale - summary

\$785m valuation represents

- Normalised EBITDA* multiple of 9.8 times
- Approximately \$195m profit on sale**

**based on FY09 EBITDA projections*

***Post Wellington rebalancing*

Vector strategy

- Not just an electricity lines company

Electricity distribution

Gas processing

Transmission

LPG

Gas distribution

Gas sales

Fibre-optic communications

Smart metering and renewables

Vector key areas of focus

- Operational excellence
- Regulatory and customer outcomes
- Cost efficiency
- Disciplined Growth

Sale conditions

- Conditional on CKI approval
- Conditional on Vector shareholder approval
- Conditional on Overseas investment office approval
 - Board advised that network is not a Strategic Asset
 - Not sited on sensitive land or subject to unusual claims
- Hutchison Infrastructure Holdings Ltd approval
- Deadline 1 October 2008
- Vector to provide transition services

Financial benefits of sale

- Earnings accretive
- Analysts estimates of value \$600 - \$700m
- Price offered \$785m
- ODV multiple 1.96x
- EBITDA* multiple 9.8x
- Proceeds used to retire debt

**Post Wellington rebalancing*

Sale not motivated by debt refinancing

- Vector gearing 62.%
 - EMTN issue
 - Standard and Poor's
 - Profit on sale
 - No current acquisition plans
- Average for size and sector
- Positively received by European Tier 1 investors
- BBB+, stable (reaffirmed)
- \$195m (approx)



Michael Stiasny
Chairman

Resolution

"To approve the sale by Vector Metering Data Services Limited of the shares in Vector Wellington Electricity Limited to Wellington Electricity Distribution Limited pursuant to an Agreement for the Sale and Purchase of all of the shares in Vector Wellington Electricity Limited dated 25 April 2008 between Wellington Electricity Distribution Network Limited, Cheung Kong Infrastructure Holdings Limited, Vector Metering Data Services Limited and Vector Limited."

Results to be announced to NZX following the conclusion of this meeting

Proxy voting position

Proxy Voting	
For	807,809,312
Against	1,371,169
Abstain	0
Discretionary	249,820
Additional discretionary held by the Chairman	1,184,194



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