



MINUTES OF THE TENTH ANNUAL MEETING OF BENEFICIARIES HELD AT THE ELLERSLIE EVENT CENTRE, 80-100 ASCOT AVENUE, ELLERSLIE ON MONDAY, 31 OCTOBER 2011 COMMENCING AT 7PM

Present

Trustees Mr W Kyd (Chairman), Mr W Cairns, Mr J Carmichael and Miss K Sherry
30 beneficiaries registered their attendance at the meeting.

In attendance

Mr I Ward, Executive Officer, Ms J Stevens (Assistant Secretary)

Apology

Mr Buczkowski (Deputy Chairman) (overseas)

The Chairman, Mr Kyd, opened the meeting, welcomed attendees and introduced the Vector Directors, Chairman, Michael Stiasny, Tony Carter, Hugh Fletcher, James Miller, Alison Paterson and Bob Thomson. He extended a very warm welcome to Simon Mackenzie, CEO of Vector Limited and congratulated him in particular on his handling of a difficult problem to repair the leak of the Maui gas pipeline. He noted that the engineers had done a magnificent job working around the clock, their efforts having been acknowledged by the government and the Minister, and thanked the company for repairing the leak as quickly as possible.

The Chairman noted Simon Mackenzie's outstanding efforts in managing the issue and keeping people fully informed throughout a difficult week and was very proud of Vector and what it has achieved.

He welcomed Shane Sampson, Acting Chief Financial Officer, Helen Keir, Group Public Affairs Manager, Nicholas Albrecht, Government Relations Manager, David Tompkins, Group General Manager, Asset Investment and Anna Hirst, Investor Relations Manager.

Mr Kyd also welcomed former trustees Coralie van Camp and Peter O'Brien, a former Chairman of the Trust.

Apologies

Apologies were received from Prime Minister John Key, Acting Minister of Energy, Hekia Parata, Dr Wayne Mapp, Hon Maurice Williamson, Hon David Parker, Mayor of Auckland Len Brown, Councillor Christine Fletcher, Vector Director Peter Bird, beneficiaries Peter Tillman and Kelvin Enting and former trustee and Trustee Director, Shale Chambers.

The Chairman welcomed the auditors, Chris Dixon and Vanessa Black of Grant Thornton, Peter Guise from accountants Staples Rodway and David Bigio, Legal Counsel.

Minutes

The minutes of the Ninth Annual Meeting of Beneficiaries held on 27 October 2010 and confirmed by Trustees on 31 August 2011, were tabled and received.

Chairman's Review

The Chairman in his annual review noted that the Trust investment in Vector had increased again this year, enabling the Trust to maintain the dividend amount paid to beneficiaries, despite increasing beneficiary numbers and a significant withholding tax obligation paid on behalf of beneficiaries. He added that the Trust continues to strictly control its operating costs, and incurred fewer costs regarding regulatory matters during the year under review.

Overhead Improvement Projects completed were outlined, noting however, that undergrounding had been put on hold pending a review of a number of factors including the non involvement of Chorus,

the Telecom utility business, the impact of the Christchurch earthquake and the difficulty of obtaining insurance for underground assets.

Appointment of Auditors

As recommended by the Trustees, it was

Moved: Mr Ward

Seconded: Mr O'Brien

That, in accordance with Section 158C (1) of the Electricity Act 1992, Grant Thornton be appointed as auditors of the Auckland Energy Consumer Trust for the ensuing year.

Carried

Remuneration of Auditors

Moved: Mr Miller

Seconded: Mr Bigio

That, in accordance with Section 158C (3) of the Electricity Act 1992, Trustees be authorized to fix the fees and expenses of the auditors for the ensuing year.

Carried

The Chairman then opened the meeting to those present to ask questions. The following were noted:

Impairment Testing

Note 16 of the Consolidated Financial Statements regarding impairment testing of assets was queried.

Mr Carmichael replied that Note 16 with regard to impairment testing is a note carried in Vector's accounts which explains how impairment testing is carried out and the reasonings and data that went into achieving the output.

The question was asked if other lines companies were fighting with the Commerce Commission? You are involved in a dispute with the Commerce Commission regarding what pricing you can charge. There is a conflict of interest and asked if Trustees' role was not that of protecting the consumer rather than encouraging Vector to spend \$17 million in litigation costs.

The Chairman replied that every power company is impaired. He referred to the 2007 Amendment to the Commerce Act which changes substantially the way in which costs are fixed, adding that it is extremely important that we value our fixed assets in a proper way. Vector has disagreed with the conclusions reached by the Commerce Commission and has filed appeals. The Trust supports the company in its appeals.

Undergrounding

A beneficiary commented that although you have indicated that you are not happy that undergrounding has been held up he is very happy because he does not see why he has to pay for undergrounding and that someone should get some of his dividend to fix their undergrounding problems. The value of each house in his street in Papakura had increased by at least \$5000 as a result of undergrounding. The Trust must protect and increase the value of Vector so that we get a bigger dividend; our main role for the Trust is to ensure that we have good directors on the Vector Board.

A question was asked if the board had considered inviting streets to tender for a contract to underground their street, each member being invited to contribute to the cost of undergrounding thereby moving their street to the top of the list.

Miss Sherry confirmed that there is the ability for any street to indicate if they wished to contribute to undergrounding and she offered to take this up with the Company.

Share Value

A beneficiary noted that he was pleased to see that the share market, although very small in New Zealand, understands the situation at Vector and that it is not really the share market doing it, but the shareholders deciding that Vector is a good investment. If you fail in that regard you will be failing as Trustees. He was very pleased to see you are doing well in that task and may that continue.

The Chairman thanked the beneficiary for his remarks.

There being no further business, the meeting concluded at 7.35pm.

Confirmed: Wameg King

Date: 13/12/11