



# Notice of 2018 Annual General Meeting of Shareholders

## Date

**Wednesday  
26 September 2018**

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## Time

**10.30am**

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## Venue

**Melbourne Recital Centre**  
31 Sturt Street  
Southbank, Melbourne, Victoria

AGL Energy Limited  
ABN 74 115 061 375  
Level 24, 200 George Street  
Sydney NSW 2000

# Chairman's Letter

## Dear Shareholder

I am pleased to invite you to attend the 2018 Annual General Meeting of Shareholders, which has been scheduled as follows:

Date: 26 September 2018

Time: 10.30am

Venue: Melbourne Recital Centre  
31 Sturt Street  
Southbank, Melbourne, Victoria

The business to be dealt with at the AGM is provided on page 5 of this Notice of Meeting.

Please bring the enclosed Voting Form with you to facilitate registration at the AGM.

If you do not plan to attend the AGM, you are encouraged to lodge your vote directly or alternatively, appoint a proxy to attend and vote on your behalf. You can do this online at [vote.linkmarketservices.com/AGL](http://vote.linkmarketservices.com/AGL) or by completing the enclosed Voting Form and returning it in the envelope provided. Instructions on how to vote directly or appoint a proxy are detailed on the back of the Voting Form. Voting Forms must be received no later than 10.30am (Sydney time) on 24 September 2018 to be valid for the AGM. Voting Forms may be lodged online or returned by mail or by fax on 02 9287 0309.

Enclosed with this Notice of Meeting is a Shareholder Question form, which provides an opportunity for you to ask questions ahead of the AGM. Details of how to lodge those questions are set out on the Shareholder Question form.

If you are unable to attend the AGM you may view our live AGM webcast via our website [agl.com.au/agm](http://agl.com.au/agm).

We look forward to seeing you at the AGM.

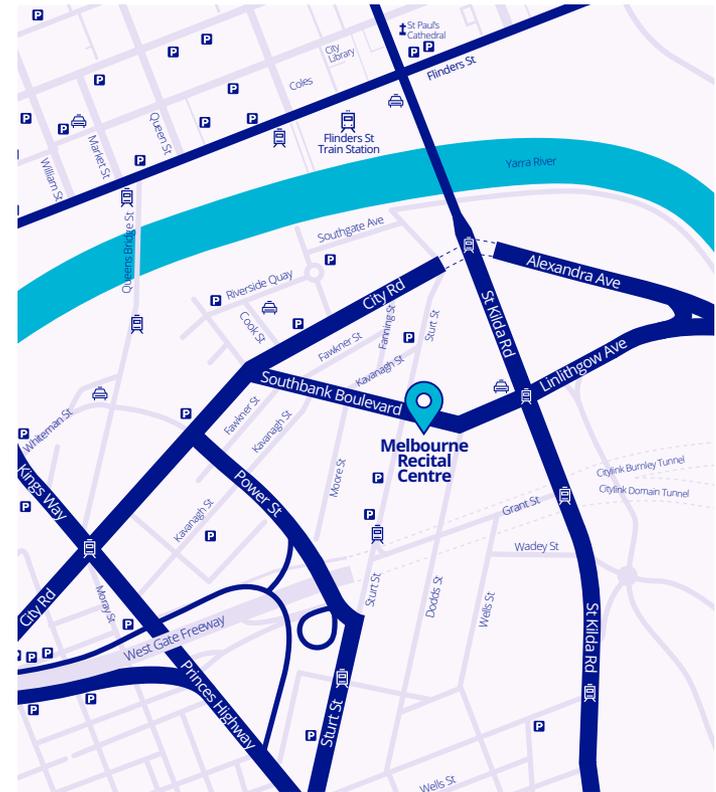
Yours sincerely



**Graeme Hunt**  
Chairman  
9 August 2018

## How to find the Melbourne Recital Centre

You can use the map below to find the nearest transport routes and the location of the AGM – Melbourne Recital Centre.



### By Train

Melbourne Recital Centre is 10 minutes walk from Flinders Street Station



### By Car

There are many car parks located within walking distance



### By Tram

Melbourne Recital Centre, Melbourne is served by a number of trams



### By Taxi

Your taxi can enter from Sturt Street

For more specific information about public transport routes and timetables, contact Public Transport Victoria on 1800 800 007 or visit [ptv.vic.gov.au](http://ptv.vic.gov.au)

# Conduct of AGL's Annual General Meeting

Our Annual General Meeting (AGM) is intended to give Shareholders the opportunity to:

- hear presentations from the Chairman and Managing Director and Chief Executive Officer about the operations and performance of AGL and the outlook for the year ahead;
- consider and vote on the resolutions contained in the Notice of Meeting; and
- ask questions of the Board, management and the auditor on the Items of Business, the management of AGL, and the conduct of the audit and the Auditor's Report.

To achieve these objectives we will:

- webcast the AGM for the benefit of those Shareholders that are unable to attend in person. The AGM can be viewed live at [agl.com.au/agm](http://agl.com.au/agm). The webcast will be recorded and made available on AGL's website after the AGM. Please note that if you attend the AGM in person, you may be included in the webcast recording.
- give Shareholders the opportunity to ask questions prior to the AGM – please see the enclosed Shareholder Question form for details.
- allow a reasonable opportunity for Shareholders as a whole to ask questions or make comments at the AGM.

We ask that Shareholders:

- are courteous and respectful to all other Shareholders attending the AGM; and
- please keep questions brief to allow as many Shareholders as possible who wish to ask a question at the AGM an opportunity to do so.

Shareholders attending the AGM in person may also lodge their vote using their mobile phone or tablet device. Shareholders can download the LinkVote App from the Apple App Store or Google Play Store and use the app during the AGM to lodge their vote. The LinkVote App is available for download prior to the AGM and there will be share registry staff available at the AGM to assist Shareholders with any questions they may have on how to use the app. Paper voting cards will be available at the AGM for Shareholders who prefer not to use the app.

# Business of the AGM

## 1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of AGL and the consolidated entity and the Reports of the Directors and Auditor for the financial year ended 30 June 2018.

## 2. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"To adopt the Remuneration Report for the financial year ended 30 June 2018, as set out in the Directors' Report section of the Annual Report."*

Note – the vote on this resolution is advisory only and does not bind the Directors or AGL. A voting exclusion applies to this resolution – see page 12 for details.

## 3. Re-election of Directors

(a) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Graeme Hunt, a Director who retires by rotation at the close of the AGM in accordance with Clause 58 of AGL's Constitution and being eligible, is re-elected as a Director of AGL."*

(b) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That John Stanhope, a Director who retires by rotation at the close of the AGM in accordance with Clause 58 of AGL's Constitution and being eligible, is re-elected as a Director of AGL."*

## 4. Grant of Performance Rights under the AGL Long Term Incentive Plan to Andrew Vesey

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That approval is given for AGL to grant to its Managing Director and Chief Executive Officer, Andrew Vesey, 127,833 performance rights under AGL's Long Term Incentive Plan in respect of the financial year ending 30 June 2019 on the terms set out in the Explanatory Notes which accompany this Notice of Meeting."*

A voting exclusion applies to this resolution – see page 12 for details.

## By Order of the Board



**John Fitzgerald**  
Company Secretary  
9 August 2018

# Our Strategy

## Strategic Imperatives

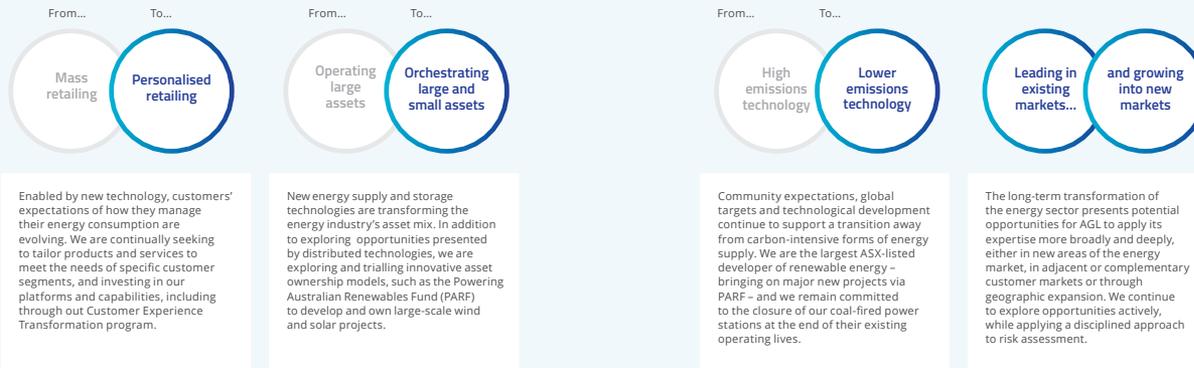
Our commitment to shape a sustainable energy future drives two strategic imperatives

Prosper in a carbon constrained future

Build customer advocacy

## Key Objectives

As we think about how to respond to the multi-decade transition underway in the energy sector, four key objectives shape our strategy and decision-making:



## Current Priorities

We enter FY19 with ongoing uncertainty on long-term industry policy and the development and uptake of new technologies. In the shorter-term, we are prioritising six key strategic areas



## Financial Targets

Our financial objectives reflect our commitment to deliver for shareholders in the short to medium term

**\$970 million to \$1,070 million**

Guidance for FY19 Underlying Profit after tax (subject to normal trading conditions)

**\$120 million**

Operating cost reductions in FY19 under the business optimisation program, plus target to return to FY17 levels by FY21

For more information on how AGL's remuneration framework aligns with company strategy, please see the Annual Report

## Capital Allocation Framework

Our Capital Allocation Framework reflects a disciplined approach to drive strong and sustainable outcomes for shareholders over time

### 1. Maintain balance sheet strength

consistent with Baa2 credit rating to enable optimal response to opportunities as they emerge

### 2. Maintain target dividend payout ratio

of 75% of Underlying Profit after tax, franked to 80%

### 3. Agile Capital approach

to drive improved return on equity over time amid rapidly evolving business environment:

- Optionality: maintain and maximise ability to pivot/exit as objectives evolve

- Quantum: AGL capital deployed only to level required to achieve strategic objectives
- Time to value: within appropriately short time-frame relative to uncertainty

### 4. Continued application of threshold hurdle rate

supported by ongoing analysis of cost of capital and appropriate risk adjustment for competing investment classes

### 5. Return excess cash to shareholders

if more accretive opportunities are not identified within reasonable time-frame

# Highlights

## Who we are

AGL is committed to helping shape a sustainable energy future for Australia. We operate the country's largest electricity generation portfolio, we're its largest ASX-listed investor in renewable energy, and we have more than 3.6 million customer accounts. Proudly Australian, with more than 180 years of experience, we have a responsibility to provide sustainable, secure and affordable energy for our customers. Our aim is to prosper in a carbon-constrained world and build customer advocacy as our industry transforms. That's why we have committed to exiting our coal-fired generation by 2050 and why we will continue to develop innovative solutions for our customers.

Underlying Profit after tax

\$1,023m

↑ 28%  
from FY17

Statutory Profit after tax

\$1,587m

↑ from \$539m  
in FY17

Proudly  
Australian

Over

180

years old

Statutory earnings per share

242.0 cents

Underlying earnings per share

156.0 cents

Over

42% women in senior  
leadership pipeline

↑ 4% from FY17

Over

3.6m

customer accounts

Return on equity

13%

↑ 2.8  
percentage points

Dividends declared

117.0 cents  
per share

↑ 29%  
from FY17

AGL developing over

\$2b

of electricity generation  
projects throughout Australia

\$50m

debt relief package for  
hardship customers  
announced in August 2018

# Explanatory Notes

These Explanatory Notes form part of this Notice of Meeting and should be read in conjunction with it. These Explanatory Notes have been prepared to provide Shareholders with important information regarding the Items of Business proposed for consideration at the AGM. Capitalised terms in this Notice of Meeting are defined in the Glossary on page 13.

## Determination of entitlement to vote

For the purpose of voting at the AGM, the Directors have determined that AGL Shares will be taken to be held by persons registered as Shareholders as at 7.00pm (Sydney time) on Monday, 24 September 2018. This means that transfers of AGL Shares registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

## Shareholder voting and proxies

### Appointing a proxy

Each Shareholder who is entitled to vote at the AGM may appoint a proxy, who need not be a Shareholder, to attend and vote at the AGM on the Shareholder's behalf. A Shareholder who is entitled to attend and cast two or more votes at the AGM may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise on a poll. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes that each may exercise, each may exercise half of the votes (disregarding fractions) on a poll.

Further details about proxy voting are set out below.

### Direct Voting

Alternatively, a Shareholder may vote directly in accordance with the instructions contained on the Voting Form. If a Shareholder who is entitled to vote at the AGM appoints a proxy, they may specify the way that the proxy is to vote in relation to a resolution and indicate that the specification is to be regarded as a direct vote. A direct vote will enable Shareholders to vote on resolutions considered at the meeting by lodging their votes with the Company prior to the meeting. Direct voting is another way for Shareholders to exercise their voting rights without needing to attend the meeting.

Please note that a Shareholder who has cast a direct vote may attend the meeting, but their attendance will cancel the direct vote.

### Lodging your voting form

A Voting Form (and any Power of Attorney or other authority (if any) under which the Voting Form is signed, or a certified copy of that document) must be received by AGL at least 48 hours before the time for holding the AGM – that is, by **10.30am (Sydney time) on Monday, 24 September 2018**. Voting Forms received after this time will not be effective for the AGM.

Voting Forms may be lodged with AGL by:

- i. appointing a proxy online at the AGL Share Registry's website: **vote.linkmarketservices.com/AGL**
- ii. posting them in the accompanying reply-paid envelope to:  
AGL Energy Limited  
C/ Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235
- iii. sending them by fax to the AGL Share Registry on 02 9287 0309
- iv. delivering them by hand to the AGL Share Registry located at:  
Link Market Services Limited  
1A Homebush Bay Drive Rhodes NSW 2138

## Corporate representatives

A company wishing to appoint a person to act as its representative at the AGM must provide that person with a letter executed in accordance with AGL's Constitution and the Corporations Act authorising him or her to act as the Shareholder's representative.

## Directing your proxy how to vote

If you want to direct your proxy how to vote on a particular Item of Business please mark the appropriate box on the Voting Form.

If you mark the abstain box for a particular Item of Business you are directing your proxy not to vote on that Item.

If you do not mark any box on a particular Item of Business, you are directing your proxy to vote as he or she decides, subject to any voting exclusions that may apply to the proxy.

## Proxy voting by members of AGL's Key Management Personnel

If you appoint a member of AGL's KMP (which includes the Directors) as proxy, they will not be able to cast your vote on Items 2 or 4, unless you direct them how to vote or the Chairman of the meeting is your proxy (see below).

## The Chairman of the meeting acting as proxy

You may appoint the Chairman of the meeting as your proxy. The Chairman of the meeting will be deemed to be your proxy if you sign a Voting Form but do not name a proxy or if the person you appoint as proxy does not attend the AGM.

If you direct the Chairman how to vote on a particular Item of Business, the Chairman must vote in accordance with your direction on a poll.

If the Chairman of the meeting is or becomes your proxy and you do not give any voting instructions for Items of Business 2 and 4, then by completing and submitting the Voting Form you will be expressly authorising the Chairman to exercise the proxy as the Chairman sees fit in respect of those Items of Business even though those Items of Business are connected directly or indirectly with the remuneration of AGL's KMP.

The Chairman intends to vote undirected proxies **in favour** of Items 2 to 4.

## Voting exclusion statements

### Item 2

Item 2 is a resolution connected directly with the remuneration of members of AGL's KMP. The Corporations Act restricts KMP and their closely related parties from voting on these Items. A "closely related party" of a KMP is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

In accordance with these requirements, AGL will disregard any votes cast on the resolution in Item 2:

- i. by or on behalf of a member of AGL's KMP named in the Remuneration Report or their closely related parties, regardless of the capacity in which the vote is cast; or
- ii. as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties.

However, AGL will not disregard votes cast on Item 2 if they are cast as proxy for a person entitled to vote on those Items:

- i. in accordance with the directions on the Voting Form; or
- ii. by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy even though Item 2 is connected with the remuneration of AGL's KMP.

### Item 4

Item 4 is a resolution relating to the grant of Performance Rights to AGL's Managing Director and Chief Executive Officer under AGL's LTIP. AGL will disregard any votes cast on Item 4:

- i. in favour of the resolution by or on behalf of Andrew Vesey or any of his associates, regardless of the capacity in which the vote is cast; and
- ii. as a proxy by a person who is a member of AGL's KMP at the date of the AGM or their closely related parties.

However, AGL will not disregard votes cast on Item 4 if they are cast as proxy for a person entitled to vote on Item 4:

- i. in accordance with the directions on the Voting Form; or
- ii. by the Chairman of the Meeting pursuant to an express authorisation in the Voting Form to exercise the proxy even though Item 4 is connected with the remuneration of a member of AGL's KMP.

# Glossary

In this Notice of Meeting, the following terms have the respective meanings unless the context otherwise requires:

**AGL** means AGL Energy Limited ABN 74 115 061 375.

**AGL Annual Report 2018** means the Annual Report of AGL for the financial year ended 30 June 2018.

**AGL Share** means a fully paid ordinary share in AGL.

**AGM** means the 2018 Annual General Meeting of Shareholders.

**Board** means the Board of Directors of AGL.

**Company** means AGL Energy Limited ABN 74 115 061 375.

**Constitution** means the Constitution of AGL.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a Director of AGL.

**FR** means fixed remuneration.

**FY19** means the 12 months ending 30 June 2019.

**KMP** means key management personnel including the Directors and those executives who have the authority and responsibility for planning, directing and controlling the activities of AGL. The Remuneration Report identifies the KMP for AGL for the financial year ended 30 June 2018.

**LTIP** means the Long-term Incentive Plan, an incentive plan providing executives with the opportunity to earn variable rewards through the delivery of Shareholder value creation over a three year performance period.

**Notice of Meeting** means the notice pursuant to which the AGM is convened.

**Performance Right** means a right to receive one AGL Share in the future subject to meeting specified performance and/or employment conditions.

**Remuneration Report** means the section of the Directors' Report contained in the AGL Annual Report 2018 entitled 'Remuneration Report'.

**ROE** means Return on Equity, a metric calculating returns based on underlying profit after tax as a percentage of the capital Shareholders have invested.

**Shareholder** means a holder of AGL Shares.

**STIP** means the Short-term Incentive Plan, an incentive plan providing executives with the opportunity to earn variable rewards through the delivery of annual performance conditions.

**TSR** means the total return to a shareholder from holding a share (capital gains plus dividends) over a period of time.

**VWAP**, in relation to AGL Shares and in relation to a period of time, means the volume weighted average price at which AGL Shares traded on the ASX during that period of time.

## Item 1

### To receive and consider the Financial, Directors' and Auditor's Reports for the financial year ended 30 June 2018

The AGL Annual Report 2018 can be found on AGL's website ([agl.com.au](http://agl.com.au)) under "Investor Centre" and Shareholders have been given the option of having a printed copy sent to them. The AGL Annual Report 2018 has been sent to those Shareholders who have requested a copy.

During the discussion of this Item of Business, there will be an opportunity for Shareholders to ask questions about, or comment on, the AGL Annual Report 2018 and the management and performance of AGL. You may also submit written questions in advance of the AGM (see the enclosed Shareholder Question form for details).

AGL's auditor, Deloitte Touche Tohmatsu, will be available at the AGM to answer questions from Shareholders relevant to the audit, AGL's accounting policies, their Auditor's Report and their independence as auditor.

## Item 2

### Adoption of the Remuneration Report for the financial year ended 30 June 2018

AGL is required under the Corporations Act to include, in the business of its AGM, a resolution that its Remuneration Report for the financial year ended 30 June 2018 be adopted. The resolution is advisory only and does not bind the Directors. However, the Directors will take into account the outcome of the vote when reviewing AGL's remuneration policies and practices. During discussion of this Item of Business, there will be an opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report.

#### Directors' Recommendation

Acknowledging that each Director has a personal interest in his or her own remuneration from AGL, as described in the Remuneration Report, the Directors unanimously recommend the adoption of the Remuneration Report.

## Item 3

### Election of Directors

(a) Graeme Hunt  
**Graeme Hunt**, Age 61

**Term:** Non-executive Director since September 2012. Chairman since 27 September 2017.

**Qualifications:** MBA, BMET.

**Independent:** Yes.

**Committees:** Chairman of the Nominations Committee.

**Directorships:** Chairman of BIS Industries Limited, the National Resources Science Precinct and the Western Australian Energy Research Alliance.

**Experience:** Graeme has extensive experience in establishing and operating large capital projects. He was previously Managing Director of Broadspectrum Limited and Managing Director of Lihir Gold Limited. He has also held a number of senior executive positions in a 30 year career with the BHP Group.

The Directors consider Mr Hunt's skills and experience, in particular Mr Hunt's considerable leadership experience in strategic and operational areas across a broad range of industries and complex operations, complement and are valuable to the Board's existing skills and experience. Mr Hunt, as Chairman of the Board, also adds considerable strength and leadership to the Board and its deliberations.

#### Directors' Recommendation

The Directors (excluding Mr Hunt) recommend that Shareholders vote in favour of the re-election of Mr Hunt as a Director.

(b) John Stanhope

**John Stanhope**, Age 67

**Term:** Non-executive Director since March 2009.

**Qualifications:** BCom (Economics and Accounting), FCPA, FCA, FAICD, FAIM, FAHRI.

**Independent:** Yes.

**Committees:** Chairman of the Audit & Risk Management Committee, Member of the Nominations Committee and the People & Performance Committee.

**Directorships:** Chairman of Australia Post, Port of Melbourne, The Bionics Institute of Australia and Melbourne Jazz Limited, Chancellor of Deakin University and Vice Chairman of the International Integrated Reporting Council.

**Experience:** John has many years of experience in senior positions in financial, communications and other commercial roles. He was previously a member of the Financial Reporting Council and a Director of RACV Ltd and of Telstra Corporation Limited.

The Directors consider Mr Stanhope's skills and experience, in particular Mr Stanhope's considerable financial and commercial expertise, complement and are valuable to the Board's existing skills and experience. Mr Stanhope also adds considerable strength and leadership to the Committees on which he serves, including as Chairman of the Audit & Risk Management Committee.

#### Directors' Recommendation

The Directors (excluding Mr Stanhope) recommend that Shareholders vote in favour of the re-election of Mr Stanhope as a Director.

## Item 4

### Grant of Performance Rights under the LTIP to Andrew Vesey

Shareholder approval is being sought for the proposed grant of 127,833 Performance Rights to AGL's Managing Director & Chief Executive Officer, Andrew Vesey, under the LTIP, the terms of which are outlined below.

#### Background

Under the terms of his service contract with AGL, Mr Vesey's current remuneration comprises:

- Fixed remuneration of \$2,300,000;
- Short-term Incentive Plan eligibility with a target of 100% of FR for FY19; and
- Long-term Incentive Plan eligibility, with a maximum opportunity of 120% of FR for FY19.

AGL's short-term and long-term incentive plans provide executives with the opportunity to earn variable awards through the achievement of individual and company performance targets over the relevant performance periods.

The current LTIP was approved by the Board in FY15, effective from FY16, and is designed to reward executives for long-term performance, encourage shareholding and deliver long-term value creation for Shareholders. It is the Board's view that the current LTIP supports these objectives.

Performance Rights are granted under the LTIP and will vest upon the satisfaction of agreed performance conditions. Each Performance Right entitles Mr Vesey to receive, upon vesting, one AGL Share. Performance Rights have no entitlement to dividends or voting.

#### Performance Conditions

AGL's FY19 LTIP is based on the achievement of two performance conditions, equally weighted, being relative Total Shareholder Return (TSR) and Return on Equity (ROE). These measures have been used since FY16, and were selected to focus participants on value creation for Shareholders through relative share price growth and improvement in earnings combined with efficient use of capital.

Relative TSR is a market based performance condition which measures the performance of AGL Shares relative to those of the constituent companies in the S&P/ASX 100 index (Peer Group). Relative TSR was selected as an LTIP measure because it provides a relative, external market performance benchmark against the Peer Group. Relative TSR essentially compares the returns a Shareholder would receive over a period through holding an AGL Share with the returns the Shareholder would have received by holding a security in the other constituent companies of this Peer Group. The Board has the discretion to adjust

the Peer Group to take into account certain events including takeovers, mergers, de-mergers and similar transactions that might occur over the performance period.

ROE assesses shareholder returns based on underlying profit after tax as a percentage of the capital shareholders have invested. ROE is used as a performance measure as it determines how effectively AGL is deploying shareholder capital. An increasing ROE indicates that an organisation is becoming more effective at generating profit on capital.

An explanation of the way AGL sets ROE targets under the LTIP is set out in the Remuneration Report on page 57 of the AGL Annual Report 2018. The Board has approved a vesting range of 10% to 14% for the FY19 LTIP.

The performance conditions are measured over a three year period commencing from 1 July 2018. The number of Performance Rights that vest at the end of that period will be determined as follows:

Performance Measure	Weighting	Measured Against	Outcome	Performance Rights vesting*
<b>Relative Total Shareholder Return</b>	50%	Constituent companies in the S&P/ASX 100	<50th percentile	0%
			50th percentile	50%
			Between 50th - 75th percentiles	Straight-line vesting from 50-100%
			>75th percentile	100%
Performance Measure	Weighting	Calculation	Outcome	Performance Rights vesting*
<b>Return on Equity</b>	50%	Net profit after tax as % of capital shareholders have invested	<10%	0%
			10%	50%
			Between 10% - 12%	Straight-line vesting from 50-90%
			Between 12% - 14%	Straight-line vesting from 90-100%
			>14%	100%

\* The overall vesting outcome is determined by applying a 50% weighting to each of the vesting percentages.

The outcome against the performance conditions will be assessed once at the end of the three year performance period and the Board will notify Mr Vesey of any Performance Rights that have vested at that point. Any Performance Rights which do not vest upon this assessment will lapse. Therefore, Mr Vesey will not receive any value if the performance conditions are not met, or the Performance Rights otherwise lapse.

## Determination of the number of Performance Rights

The total number of Performance Rights to be granted to Mr Vesey in respect of FY19 is 127,833. This is the maximum number of Performance Rights available to vest should the applicable performance conditions be met at maximum. This maximum number of Performance Rights has been determined by dividing \$2,760,000, being 120% of Mr Vesey's FR for FY19 of \$2,300,000, by the VWAP of AGL Shares traded on ASX during the 30 calendar days up to and including 30 June 2018 of \$21.5906.

As noted above, the number of Performance Rights that ultimately vest for Mr Vesey under the LTIP for FY19 will depend upon the extent to which the above performance conditions have been satisfied over the three year performance period. The maximum number of Performance Rights will only vest if the highest performance levels for each performance condition are achieved (relative TSR at or above the 75th percentile and ROE at or above 14%). The outcomes of the FY19 LTIP offer will be included in the Remuneration Report for the relevant financial year (i.e. FY21).

## Cessation of employment

Except in limited circumstances, Mr Vesey must be employed by AGL at the vesting date in order to be eligible to receive any AGL Shares upon satisfaction of the performance conditions. However, the Board has discretion to determine a different treatment if Mr Vesey's employment with AGL ceases due to death, redundancy, retirement, incapacity or other circumstances where the Board determines good leaver treatment is appropriate. In particular, the Board can allow some or all of Mr Vesey's unvested Performance Rights to remain on foot subject to performance conditions, can bring forward testing of the performance conditions or can waive the performance conditions.

In exercising these discretions, the Board would have regard to relevant circumstances, including the reasons for cessation, AGL's performance, Mr Vesey's contribution to AGL and prevailing market practice and stakeholder expectations.

## Clawback

The Board maintains the discretion to prescribe clawback events in which any unvested equity awards may be clawed back from executives, including the FY19 LTIP award being proposed for Mr Vesey.

Clawback events include where the executive has committed any act of fraud or gross misconduct in relation to the affairs of AGL, materially breached their obligations to AGL, or has hedged the value of, or entered into a derivative arrangement in relation to, an unvested equity award or where any unvested equity award has vested as a result of a material misstatement in the financial statements of AGL.

## Change of control

In circumstances where there is a likely or actual change in the control of AGL, the Board has discretion to determine how to treat unvested Performance Rights including whether to vest some or all of the Performance Rights.

## Shareholder approval

Under ASX Listing Rule 10.14, a Director may only acquire shares or rights to shares under an employee incentive scheme if the Director's participation has been approved by an ordinary resolution of shareholders. Approval from Shareholders is being sought in relation to Mr Vesey's participation in the LTIP in FY19, namely the 12 months ending 30 June 2019. If shareholder approval is not provided, it is intended that the FY19 LTIP award will be provided in cash and subject to the same performance and service conditions.

## Further information required by ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the following further information to be disclosed in relation to Performance Rights which may be granted to Mr Vesey under the LTIP:

- a) In accordance with the shareholder approval obtained at the Annual General Meeting on 27 September 2017, 107,074 Performance Rights were granted to Mr Vesey on 3 November 2017. In accordance with the terms of the LTIP, no consideration was paid by Mr Vesey for those Performance Rights.
- b) No other Director or associate of a Director has acquired Performance Rights under the terms of the LTIP except for Mr Vesey.
- c) No Directors or associates of Directors are entitled to participate in the FY19 LTIP except for Mr Vesey.
- d) A voting exclusion statement is included in the Notice of Meeting.
- e) There is no loan applicable in relation to the acquisition of Performance Rights or the AGL Shares underlying them because Mr Vesey is not required to make any payment for the Performance Rights or the AGL Shares underlying them.
- f) The Performance Rights are expected to be granted to Mr Vesey in November 2018 (but in any event no later than 12 months after the date of the AGM) on the conditions described in these Explanatory Notes.

## Directors' Recommendation

The Directors (excluding Mr Vesey) recommend that Shareholders vote in favour of the grant of Performance Rights under the LTIP to Andrew Vesey.

# Questions from Shareholders

AGL welcomes your feedback and questions ahead of the AGM. Please see details on how to do this in the enclosed Shareholder Question form or via **[vote.linkmarketservices.com/AGL](https://vote.linkmarketservices.com/AGL)**.

The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

For personal use only



**AGL Energy Limited**

ABN 74 115 061 375

**LODGE YOUR VOTE**

**ONLINE**  
vote.linkmarketservices.com/AGL

**BY MAIL**  
AGL Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

**ALL ENQUIRIES TO**  
Telephone: +61 1800 824 513 (free call within Australia)



**X99999999999**

**VOTING FORM**

I/We being a member(s) of AGL Energy Limited (**Company**) and entitled to attend and vote hereby appoint:

**A VOTE DIRECTLY**

**elect to lodge my/our vote(s) directly (mark box)**

in relation to the Annual General Meeting of the Company to be held at **10:30am (AEST) on Wednesday, 26 September 2018**, and at any adjournment or postponement of the Meeting.

You should mark either "for" or "against" for each item. Do not mark the "abstain" box.

**OR**

**B APPOINT A PROXY**

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (AEST) on Wednesday, 26 September 2018, at Melbourne Recital Hall, 31 Sturt Street, Southbank, Melbourne, Victoria (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 2 & 4:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, then by submitting this Voting Form you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2 & 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

**VOTING DIRECTIONS**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

**Resolutions**

**For Against Abstain\***

**2** Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**3a** Re-election of Graeme Hunt

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**3b** Re-election of John Stanhope

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**4** Grant of Performance Rights under AGL Long Term Incentive Plan to Andrew Vesej

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**AGL PRX1801G**

For personal use only

STEP 1 Please mark either A or B

STEP 2

STEP 3



## HOW TO COMPLETE THIS SHAREHOLDER VOTING FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### VOTING UNDER BOX A - VOTE DIRECTLY

If you ticked the box under Box A you are indicating that you wish to vote directly. Please only mark either "for" or "against" for each item. Do not mark the "abstain" box. If you mark the "abstain" box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Box A and Box B, your vote may be passed to the Chairman of the Meeting as your proxy.

Custodians and nominees may, with the Share Registrar's consent, identify on the Voting Form the total number of votes in each of the categories "for" and "against" and their votes will be valid.

If you have lodged a direct vote, and then you attend the Meeting, your attendance will cancel your direct vote.

The Chairman's decision as to whether a direct vote is valid is conclusive.

### VOTING UNDER BOX B – APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

### PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Voting Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses, subject to any voting restrictions that apply to the proxy. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Voting Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Voting Form and the second Voting Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A VOTING FORM

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (AEST) on Monday, 24 September 2018**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

Voting Forms may be lodged using the reply paid envelope or:



#### ONLINE

[vote.linkmarketservices.com/AGL](http://vote.linkmarketservices.com/AGL)

Login to the Link website using the holding details as shown on the Voting Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Voting Form).



#### BY MOBILE DEVICE

Our voting website for mobiles is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the AGL Energy Limited voting link [vote.linkmarketservices.com/AGL](http://vote.linkmarketservices.com/AGL) into your phone. Login using the holder number and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile.



#### BY MAIL

AGL Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**