



ASX & Media Release

Notice of Annual General Meeting and Voting Form

21 August 2020

Attached are the following documents relating to the 2020 Annual General Meeting of AGL Energy Limited be held at 10.30am (AEDT) on Wednesday, 7 October 2020:

- Notice of Annual General Meeting
- Voting Form

John Fitzgerald
Company Secretary

Authorised for release by AGL's Board of Directors.

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About AGL

Proudly Australian for more than 180 years, AGL supplies energy and other services to more than 3.8 million customer accounts. We're committed to making energy, alongside other essential services, simple, fair and transparent. AGL operates the largest electricity portfolio in the National Electricity Market made up of traditional coal and gas-fired generation, and renewables such as wind, hydro and solar. We also operate gas storage and production assets. We're focussed on developing flexible supply, building on our history as Australia's leading private investor in renewable energy, to support the transition to a new energy system. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

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Notice of Annual General Meeting

Wednesday, 7 October 2020
at 10:30am (AEDT)



Progress for life

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Chairman's Letter

AGL Energy Limited Annual General Meeting

Date: Wednesday, 7 October 2020

Time: 10.30am

Online Participation:
agmlive.link/AGL20

Dear Shareholder,

The health and safety of our people, shareholders and the communities in which we operate is of paramount importance to AGL. Accordingly, in light of the uncertainty and potential health risks created by the COVID-19 pandemic, and taking into consideration the actions taken by Governments to address these concerns, this year AGL's AGM will be held virtually.

This year, in response to the COVID-19 situation, we are pleased to offer shareholders the following ways of participating in the AGM online:

- **attending the meeting online.** The online platform will allow shareholders to view the meeting, and vote and submit questions in real-time. Instructions on how to do so are included in the Notice of Meeting and further details are published on the AGL website.

- **lodging a directed proxy or direct vote in advance of the meeting.** You can do this online at vote.linkmarketservices.com/AGL. 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 (AEDT) on Monday, 5 October 2020 to be valid for the AGM. Voting Forms may be lodged online or returned by mail or by fax on +612 9287 0309.
- **lodging questions in advance of the meeting.** Shareholder questions can be submitted online at vote.linkmarketservices.com/AGL.
- **watching a live webcast of the AGM.** The AGM will be available to view at agmlive.link/AGL20.

In the event that it is necessary for AGL to give further updates on the arrangements for the meeting, we will inform you through AGL's website and the ASX Market Announcements Platform. We will not be sending shareholders a hard copy of the Notice of Meeting by post ahead of the AGM. This approach is consistent with the relief provided by the Commonwealth Treasurer in response to the COVID-19 pandemic.

Business of the AGM

Brett Redman, CEO & Managing Director, and I will provide a brief presentation at the AGM before the formal items of business are considered. The most frequently asked questions from shareholders will be dealt with in these presentations or prior to the resolutions as appropriate. We 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.

The business to be dealt with at the AGM is provided on pages 2-3 of this Notice of Meeting. The Notice of Meeting includes two resolutions questioned by a small group of shareholders (Items 7(a) and 7(b)). The Board respects the rights of shareholders to put forward resolutions. However, the Board does not consider the requisitioned resolutions to be in AGL's best interests and recommends that shareholders vote against them for the reasons set out on pages 16 and 17.

With the Government guidance continually being updated in light of the changing circumstances, the Board is closely monitoring the situation and we ask that shareholders please monitor AGL's website for any updates to the arrangements for the AGM and consider providing an email address to receive communications or notifications directly.

I look forward to briefing you at the AGM.

Yours sincerely

Graeme Hunt, Chairman

21 August 2020

Business of the AGM

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

To receive and consider the Financial Report of AGL and its consolidated entities and the Reports of the Directors and Auditor for the financial year ended 30 June 2020.

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 2020, as set out in the Directors' Report section of the 2020 AGL 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 5 for details.

3. Election and Re-election of Directors

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

"That Peter Botten, 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 Mark Bloom, a Director who retires at the close of the AGM in accordance with Clause 56.2 of AGL's Constitution and being eligible, is elected as a Director of AGL."

4. Grant of Performance Rights under the AGL Long Term Incentive Plan to Brett Redman

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, Brett Redman, 124,139 performance rights under AGL's Long Term Incentive Plan in respect of the financial year ending 30 June 2021 on the terms set out in the Explanatory Notes which accompany the Notice of Meeting."

A voting exclusion applies to this resolution – see page 5 for details.

5. Approval of Termination Benefits for Eligible Senior Executives

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

"That approval is given for all purposes (including Part 2D.2 of the Corporations Act 2001 (Cth) (Corporations Act)) for the giving of benefits by the Company or a related body corporate to any current or future holder of a managerial or executive office in the Company or a related body corporate (as defined in section 200AA of the Corporations Act), in connection with that person ceasing to hold that office, on the terms set out in the Explanatory Notes which accompany this Notice of Meeting."

A voting exclusion applies to this resolution – see page 5 for details.

6. Special Resolution – Reinsertion of Proportional Takeover Provisions for a further 3 years

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

"That proportional takeover provisions in the form contained in Clause 12 of AGL's Constitution (as last approved by shareholders at the 2017 AGM) be reinserted for a period of three years from the date of the meeting."

Business of the AGM (continued)

The following resolutions are NOT SUPPORTED by the Board:

7. Resolutions Requisitioned by a Group of Shareholders

The resolutions in Item 7(a) and 7(b) were proposed by a group of shareholders holding approximately 0.024% of AGL shares.

Special Resolution – Amendment to the Constitution

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

"To amend the constitution to insert a new clause 32.4: Member resolutions at general meeting - The Members in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company's business and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company".

Coal Closure Dates

b. Subject to and conditional on the resolution in Item 7(a) being passed by the required majority, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"Shareholders affirm our company's commitment to decarbonisation and welcome the FY20 scenario analysis. Shareholders request that our company align the closure dates of the Bayswater and Loy Yang A coal-fired power stations with a strategy to limit the increase in global temperatures to 1.5°C above pre-industrial levels. Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company".

DIRECTORS' RECOMMENDATION

The Board unanimously recommends that shareholders **VOTE AGAINST** Items 7(a) and 7(b) for the reasons set out on pages 16 to 17 of the Explanatory Notes. Please note: The resolution in Item 7(b) is a contingent resolution and will only be put before shareholders at the meeting if Item 7(a) is first passed by special resolution. If the resolution in Item 7(a) is not passed, the contingent advisory resolution will not be put to the meeting.

The Chairman of the meeting intends to vote all available proxies **AGAINST** Items 7(a) and 7(b).

By Order of the Board



John Fitzgerald
Company Secretary
21 August 2020

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 22.

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 (AEDT) on Monday, 5 October 2020. This means that transfers of AGL shares registered after that time will be disregarded in determining entitlements to attend the AGM online and vote on the resolutions.

Voting on resolutions

Each of the resolutions set out in this Notice of Meeting will be decided by poll.

Online platform

Due to the COVID-19 situation, this year, shareholders (or their proxies) have the ability to attend the meeting and vote and ask questions in real-time using the online platform.

AGL recommends logging in to the online platform at least 15 minutes prior to the scheduled start time for the AGM using the instructions below:

- Enter the AGL voting link agmlive.link/AGL20 into a web browser on a mobile or online device;
- Shareholders will need their Securityholder Reference Number or Holder Identification Number; and
- Proxyholders will need their proxy code, which Link Market Services will provide via email no later than 24 hours prior to the AGM.

Online voting will be open between the commencement of the AGM at 10.30am (AEDT) on Wednesday, 7 October 2020 and the time at which the Chairman of the meeting announces the poll is closed. More information about online participation in the AGM is available in the AGM Online Guide at www.agl.com.au/agm.

Webcast

You can also view a live webcast of the meeting at agmlive.link/AGL20.

Shareholder voting & 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 online and vote at the AGM on the shareholder's behalf. A shareholder who is entitled to attend online 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 (and by the deadline set out in the section 'Lodging Your Voting Form' below). Direct voting is another way for shareholders to exercise their voting rights at this year's meeting.

Please note that a shareholder who has cast a direct vote may attend the meeting (through the online platform), but their online 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 (AEDT) on Monday, 5 October 2020**. 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 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 + 612 9287 0309

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 the Corporations Act authorising him or her to act as the shareholder's representative, which must be received by the Company in advance of the meeting.

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, 4 or 5, unless you direct them how to vote or the Chairman of the meeting is or becomes your proxy (see below).

Explanatory Notes (continued)

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 online.

If you provide a voting direction 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, 4 or 5, 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 6 and **AGAINST** Items 7(a) and 7(b).

Technical difficulties

Technical difficulties may arise during the course of the AGM. If there is a technical difficulty affecting any online participants, the Chairman of the meeting has discretion as to whether and how the meeting should proceed. In exercising this discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chairman considers it appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a direct vote or directed proxy by **10.30am (AEDT) on Monday, 5 October 2020** even if they plan to participate online.

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 as the proxy decides, 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 Brett Redman or any of his associates, regardless of the capacity in which the vote is cast; or
- 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:

- i. as proxy or attorney for a person entitled to vote on Item 4 in accordance with the directions on the Voting Form to vote on Item 4 in that way;
- ii. as proxy for a person entitled to vote on Item 4 by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as the proxy decides; or
- iii. by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Item 5

If any shareholder is a current or potential employee or director of AGL or a related body corporate and wishes to preserve their ability to receive benefits under this approval, then that Shareholder and their associates should not vote on the resolution. Further, AGL will disregard any votes cast on Item 5 as proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties, unless the vote is cast as proxy for a person entitled to vote on Item 5:

- 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 as the proxy decides, even though Item 5 is connected with the remuneration of AGL's KMP.

Business

Item 1 –

To receive and consider the Financial, Directors' and Auditor's Reports for the financial year ended 30 June 2020

The 2020 AGL Annual Report can be found on [AGL's website](#) and 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 2020 AGL Annual Report and the management and performance of AGL. You may also submit written questions in advance of the AGM at vote.linkmarketservices.com/AGL.

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 2020

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 2020 be adopted. The Remuneration Report is set out on pages 67 to 91 of the 2020 AGL Annual Report. The resolution is advisory only and does not bind the Directors or AGL. 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

The Directors unanimously recommend that shareholders **VOTE IN FAVOUR** of the adoption of the Remuneration Report.

Item 3 –

Election and re-election of Directors

a. Peter Botten

Qualifications: Bachelor of Science in Geology from the Royal School of Mines at London's Imperial College.

Term: Non-executive Director since 21 October 2016.

Independent: Yes.

Committees: Member of the Nominations Committee, the Safety, Customer & Corporate Responsibility Committee and the People & Performance Committee.

Directorships: Chairman of the Oil Search Foundation, NiuPower Limited, Hela Provincial Health Authority and the National Football Stadium Trust in Papua New Guinea, Council Member of the Australia PNG Business Council.

Experience: Peter was Managing Director of Oil Search Limited for 25 years from 1994 until February 2020. Peter oversaw the development of Oil Search Limited into a major Australian Securities Exchange-listed company. Peter has extensive worldwide experience in the oil and gas industry, holding various senior technical, managerial and board positions in a number of listed and government-owned organisations.

The Board supports the re-election of Mr Botten. The Directors consider Mr Botten's skills and experience, in particular Mr Botten's significant experience in the oil and gas industry and leadership experience, are valuable to the Board's existing skills and experience. Mr Botten also adds considerable value and leadership on the Committees on which he serves, including the Safety, Customer & Corporate Responsibility Committee and the People & Performance Committee.

DIRECTORS' RECOMMENDATION

The Directors (excluding Mr Botten) recommend that shareholders **VOTE IN FAVOUR** of the re-election of Mr Botten as a Director.

Business (continued)

b. Mark Bloom

Qualifications: Bachelor of Accounting (University of Witwatersrand, Johannesburg), Bachelor of Commerce (University of Witwatersrand, Johannesburg) and Chartered Accountant.

Term: Non-executive Director since 1 July 2020.

Independent: Yes.

Committees: Member of the Nominations Committee, Audit & Risk Management Committee and the Safety, Customer & Corporate Responsibility Committee.

Directorships: Director of Pacific Smiles Group Limited.

Experience: Mark has over 35 years' experience as a Finance Executive. Mark was CFO at ASX listed Scentre Group Limited from its formation in July 2014 until his retirement in April 2019. Prior to the formation of Scentre Group Limited, Mark was the Deputy Group CFO of Westfield Group for 11 years. Mr Bloom's executive career includes acting as CFO and an Executive Director at three listed entities in Real Estate (Westfield and Scentre Group – 16 years) and Insurance and diversified Financial Services (Liberty Life, South Africa and Manulife Financial, Toronto – 20 years). Mark has extensive experience in overseeing global and local finance and IT teams.

The Board arranged checks on Mr Bloom's character, experience, education, criminal record and bankruptcy history ahead of his appointment. The Board confirms that those checks did not reveal any information of concern. The Directors consider Mr Bloom's skills and experience, in particular significant financial experience, is valuable to the Board's existing skills and experience.

For the reasons above, the Directors support the election of Mr Bloom as a Director.

DIRECTORS' RECOMMENDATION

The Directors (excluding Mr Bloom) recommend that shareholders **VOTE IN FAVOUR** of the election of Mr Bloom as a Director.

Item 4 – Grant of Performance Rights under the LTIP to Brett Redman

Shareholder approval is being sought for the proposed grant of 124,139 Performance Rights to AGL's Managing Director and Chief Executive Officer, Brett Redman, under the LTIP in FY21.

Current remuneration package

The Remuneration Report, on pages 67 to 91 of the 2020 AGL Annual Report, sets out details of Mr Redman's current remuneration. Mr Redman's total current remuneration comprises:

- Fixed remuneration (FR) of \$1,650,000;
- Short Term Incentive eligibility, with a maximum opportunity of 100% of FR for FY21; and
- LTIP eligibility, with a maximum opportunity of 130% of FR for FY21.

AGL's LTIP

AGL's LTIP provides executives with the opportunity to earn variable awards through the achievement of company performance targets over the relevant performance period.

The LTIP 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

Performance Rights are granted under the LTIP and will vest upon the satisfaction of agreed performance conditions. Each Performance Right entitles Mr Redman to receive, upon vesting, one AGL share at no cost. Performance Rights have no entitlement to dividends or voting. AGL uses Performance Rights because they create share price alignment between Mr Redman and ordinary shareholders but do not provide Mr Redman with the full benefits of share ownership (such as voting rights and dividends) unless and until the Performance Rights vest.

In 2019, the performance period for the LTIP was extended from three years to four years to better reflect the long-term horizon of the business planning cycle. Therefore, in FY21 Mr Redman's Performance Rights will be tested against the performance conditions over a four year period commencing from 1 July 2020.

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

Business (continued)

Determination of the number of Performance Rights

The number of Performance Rights to be granted to the Managing Director and Chief Executive Officer is 124,139 Performance Rights.

The number of Performance Rights has been determined by dividing the face value of the Managing Director and Chief Executive Officer's annual LTIP opportunity (130% of FR (being \$1,650,000) by the volume weighted average price of AGL shares over the 30 calendar days up to 30 June 2020 (being \$17.279)).

The number of Performance Rights that ultimately vest for Mr Redman will depend upon the extent to which the performance conditions have been satisfied over the performance period. The maximum number of Performance Rights will only vest if the highest performance levels for each performance condition are achieved as outlined below. The outcomes of the LTIP offer will be included in the Remuneration Report for the relevant financial year (i.e. FY24).

Performance Conditions

The Performance Rights are subject to the achievement of three performance conditions, equally weighted, being relative Total Shareholder Return (TSR), Return on Equity (ROE) and carbon transition (CT) metrics.

The TSR and ROE measures have been used in AGL's LTIP 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 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, demergers and similar transactions that might occur over the relevant 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 explanation of the way AGL sets ROE targets under the LTIP is set out in the Remuneration Report on page 84 of the 2020 AGL Annual Report. The Board has approved a vesting range of 5% to 8% for the FY21 LTIP.

During FY20, the Board determined to add CT as a third performance condition to the LTIP. The inclusion of the CT performance condition was determined having regard to AGL's Climate Statement and AGL's commitment to reduce its carbon footprint and to facilitate the transition of AGL's generation fleet responsibly over time. The CT condition provides the focus for executives to deliver against AGL's commitments in the Climate Statement.

The CT condition includes three sub-metrics set out below, equally weighted, to ensure a balanced assessment of AGL's carbon transition.

- **Controlled emissions intensity** - measured as AGL's total greenhouse gas emissions (t CO₂-e) as a proportion of its total sent out generation (MWh)², drawn from data reported in accordance with the National Greenhouse and Energy Reporting Act 2007 (NGERS Data).
- **Controlled % of renewable and storage electricity capacity** - measured as the proportion of total owned, operated and controlled renewables and storage electricity capacity (MW) in AGL's total controlled generation capacity (MW), based on the registered capacity as per the Australian Energy Market Operator Registration and Exemption list.
- **The percentage of total revenue derived from green energy and carbon neutral products and services.**

The vesting ranges for the CT metrics are set out in the table below. The vesting ranges have been set to ensure they are achievable while holding AGL to account for the delivery of its existing carbon transition objectives, with threshold vesting reflecting full achievement of those plans and full vesting reflecting delivery significantly in excess of those plans.

At the end of FY20, AGL's controlled emissions intensity was 0.935, heavily driven by AGL Loy Yang and AGL Macquarie. By way of example, to achieve 100% vesting for this metric, AGL would need to increase its renewable footprint by 50% from today's generation level of approximately 4,200 Gwh's, which has been developed over the last ten years. With respect to AGL's controlled percentage renewable and storage electricity capacity, at the end of FY20 it was 22.5%. From this level to 100% vesting, as an example, AGL would need to significantly increase its gridscale batteries or a combination of gridscale and home batteries. To provide context, 100,000 new home batteries would have approximately a 3% impact to this metric (currently at approximately 1,700). The percentage of total revenue derived from green energy and carbon neutral products and services at the end of FY20 was 11.5%. From this level to 100% vesting, significant development and sale of carbon neutral products is required to transition AGL from carbon-heavy revenue. For example, for every additional \$100 million of carbon neutral revenue, the impact to this metric is approximately 1%.

Business (continued)

The number of Performance Rights that vest at the end of the performance period for each tranche will be determined as follows:

Performance Measure	Weighting	Measured Against	Outcome	Performance Rights vesting
Relative Total Shareholder Return (TSR)	33.33%	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
Return on Equity (ROE)	33.33%	Net profit after tax as % of capital shareholders have invested	<5%	0%
			5%	50%
			Between 5%-6.5%	Straight-line vesting from 50-90%
			Between 6.5%-8%	Straight-line vesting from 90-100%
			>8%	100%

Performance Measure	Weighting	Calculation	Outcome	Performance Rights vesting
Carbon Transition (CT)	11.11%	Controlled intensity in FY24	More than 0.895	0%
			0.895 to 0.845	Straight-line vesting from 50-100%
			Less than 0.845	100%
	11.11%	% Controlled renewable & storage capacity at 30 June 2024	Less than 28%	0%
			28% to 34%	Straight-line vesting from 50-100%
			More than 34%	100%
11.11%	% Green & carbon neutral products & services in FY24	Less than 15.5%	0%	
		15.5% to 20%	Straight-line vesting from 50-100%	
			More than 20%	100%

Cessation of employment

Except in limited circumstances, Mr Redman 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 Redman'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 Redman'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 Redman'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 LTIP awards being proposed for Mr Redman.

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, shares or rights to shares may only be issued to a director 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 Redman's participation in the LTIP in FY21.

If shareholder approval is not provided, then, subject to the achievement of the relevant performance and service conditions, it is intended that the LTIP awards will be provided to Mr Redman in cash at the end of the relevant performance periods, in each case equivalent in value to the LTIP award he would have received had shareholder approval been received.

Business (continued)

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 Redman under the LTIP:

- a. approval is being sought for the grant of 124,139 Performance Rights to Mr Redman because he is a Director of AGL;
- b. Mr Redman has previously been granted the following Performance Rights (at no cost) under the LTIP for prior year awards - 214,108 Performance Rights under the FY20 LTIP and 132,412 Performance Rights allocated over a four year period while acting as AGL's Chief Financial Officer;
- c. a voting exclusion statement is included in the Notice of Meeting;
- d. there is no loan applicable in relation to the acquisition of Performance Rights or the AGL Shares underlying them because Mr Redman is not required to make any payment for the Performance Rights or the AGL Shares underlying them;
- e. the Performance Rights are expected to be granted to Mr Redman in November 2020 (but in any event no later than 12 months after the date of the AGM) on the terms described in these Explanatory Notes;
- f. details of Performance Rights or AGL Shares issued to Mr Redman under the LTIP will be published in AGL's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14; and
- g. any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the LTIP after this resolution is approved and who were not named in the Notice of Meeting will not participate in the LTIP until approval is obtained under that rule.

DIRECTORS' RECOMMENDATION

The Directors (excluding Mr Redman) recommend that shareholders **VOTE IN FAVOUR** of the grant of Performance Rights under the LTIP to Mr Redman.

Business (continued)

Item 5 – Approval of Termination Benefits for Eligible Senior Executives

Approval of Termination Benefits for Executives

Part 2D.2 of the Corporations Act restricts the benefits that can be given without shareholder approval to individuals who hold (or held in the previous three years) a managerial or executive office on leaving employment with AGL or its related bodies corporates (the Group).

The Group's policy in relation to termination benefits and entitlements is to treat ceasing employees fairly having regard to applicable laws and market practice, while balancing this with the need to avoid excessive termination payouts. Approval is being sought so that AGL can continue to give effect to this policy, while complying with the Corporations Act.

The termination benefits authorisation obtained at the 2017 AGM lapses at the end of the 2020 AGM, so AGL is seeking a further three year approval which would have effect until the conclusion of the 2023 AGM.

Who is approval being sought for?

Approval is sought for any current or future employees of the Group who:

- are or become members of AGL's KMP; and
- otherwise hold a managerial or executive office in AGL or a related body corporate (i.e. who serve as directors of subsidiaries),

at the time of their termination or at any time in the three years prior to their termination (Relevant Executives).

This approval does not cover Non-Executive Directors, who do not participate in AGL's incentive plans and are not entitled to receive any termination payments in connection with their retirement from the Board. Potential benefits upon termination for Non-Executive Directors are ordinarily limited to unpaid fees and entitlements and other non-material incidental benefits (eg retention of property such as phones or electronic devices).

Why is AGL seeking this approval?

AGL is seeking approval to preserve the flexibility of the Board to implement AGL's remuneration policy and framework (as set out in the Remuneration Report) in support of AGL's strategy. In particular, this approval will enable the Board to:

- deliver Relevant Executives the benefits to which they are contractually entitled;
- attract and retain future executives on market competitive terms; and
- ensure Relevant Executives are treated fairly on cessation of employment, having regard to their contribution to AGL and the circumstances in which they are ceasing employment.

In setting its remuneration policy and framework, and exercising specific discretions within the framework, the Board takes into account a range of factors, including the expectations of shareholders and other stakeholders, prevailing market practice and corporate governance standards, and the desire to appropriately reward and recognise an individual executive's contribution to AGL.

Shareholders are not being asked to approve any increase or changes to the existing remuneration arrangements and entitlements of KMP described in the Remuneration Report.

If approval is given, this does not guarantee that a Relevant Executive will receive the termination benefits described below, but preserves the discretion of the Board to determine the most appropriate termination package within the parameters of the approval and the Corporations Act.

If shareholder approval is obtained, the value of the approved benefits will be disregarded when calculating the Relevant Executives' termination benefits cap for the purposes of subsections 200F(2)(b) or 200G(1)(c) of the Corporations Act.

What are the benefits or entitlements for which approval is being sought?

The Company is seeking shareholder approval to provide benefits or entitlements to Relevant Executives, including to:

- pay amounts under employment agreements (such as payments in lieu of notice);
- accommodate the full range of leaver treatments provided for under the terms of incentive awards for Relevant Executives, some of which involve the exercise of discretion by the Board;
- pay any death and disablement benefits to which a Relevant Executive is contractually entitled upon cessation of their employment; and
- pay additional amounts, including amounts payable under applicable policy, laws or regulation and incidental benefits.

Business (continued)

Summary of AGL's leaving entitlements

To enable shareholders to meaningfully assess whether to approve this resolution, the summary below outlines the key categories of potential termination benefits that may become payable to Relevant Executives and the types of circumstances in which they may arise.

The summary is not intended to provide an exhaustive list of every benefit that could become payable to Relevant Executives in every potential termination scenario. Part of the reason AGL is seeking shareholder approval is to preserve a degree of flexibility for the Board to tailor the termination arrangements for Relevant Executives having regard to the circumstances of the Relevant Executive's cessation of employment and within the parameters imposed by:

- AGL's remuneration policy, as described in the Remuneration Report;
- the Relevant Executive's employment agreement;
- the terms of any equity awards granted to the Relevant Executive under AGL's incentive plans; and
- prevailing laws, regulations, market practice and governance expectations at the time the Relevant Executive ceases employment.

Agreement or plan	Treatment on cessation of employment
<p>Employment agreements</p>	<p>Employment agreements for Relevant Executives provide for notice periods of between 3 and 6 months and allow for payments in lieu of notice to be paid by the Group. Payments in lieu of notice are calculated by reference to the executive's fixed remuneration (including superannuation and the cost of other items such as novated vehicle lease payments).</p> <p>In addition, employment agreements provide for termination payments of up to 9 months' fixed remuneration where:</p> <ul style="list-style-type: none"> • a Relevant Executive terminates their employment in circumstances of a material diminution of their duties, status or responsibilities; or • except for the Managing Director and Chief Executive Officer, where AGL terminates their contract. <p>Any termination payment would be in addition to any payment in lieu of notice made to a Relevant Executive.</p> <p>Relevant Executives are generally not eligible for any contractual payments (including payments in lieu of notice), aside from statutory entitlements, where their employment is terminated for cause.</p>
<p>Incentive plans</p>	<p>In general, incentive awards made to Relevant Executives under AGL's incentive plans provide for more favourable cessation treatment in 'good leaver' scenarios. 'Good leavers' typically include those who cease employment due to death, retirement, redundancy, incapacity or other appropriate circumstances at the Board's discretion (which could include circumstances such as termination by mutual agreement).</p> <p>Short-term incentives (STI) AGL's STI awards are a combination of cash and deferred equity (currently in the form of Restricted Shares).</p> <p>In 'good leaver' scenarios, the Board may determine the treatment of a Relevant Executive's STI award, including:</p> <ul style="list-style-type: none"> • whether the Relevant Executive will remain eligible to receive a pro-rata STI award in respect of the financial year in which their employment ceased; • the application of performance criteria and vesting conditions and timing of assessment and determination of the award; • the composition of the award (eg all cash or a combination of cash and equity and whether deferral will apply); • whether deferral arrangements for deferred equity already on foot will continue to apply; and • whether any payment or vesting will remain at the end of the performance period or will be accelerated. <p>In other cessation scenarios, including termination for cause, all awards would generally lapse on cessation of employment.</p> <p>Long-term incentive (LTI) AGL's LTI awards are currently delivered in the form of performance rights.</p> <p>In 'good leaver' scenarios, the Board may determine the treatment of a Relevant Executive's unvested LTI awards in light of the circumstances, including whether some or all of the unvested performance rights:</p> <ul style="list-style-type: none"> • lapse; • remain on foot (ie continue subject to performance criteria); • are vested early; or • are assessed at a date determined by the Board. <p>Except in exceptional circumstances (such as death or total and permanent disability), the Board is likely to determine that only a pro-rata number of unvested LTI awards will remain on foot and the remainder will lapse.</p> <p>In other cessation scenarios, including termination for cause, all awards will generally lapse on cessation of employment.</p>

Business (continued)

Agreement or plan	Treatment on cessation of employment
Payments under applicable policies, laws, regulation or market practice	Other benefits may be payable upon cessation in accordance with applicable policies, law, regulation or market practice. This would include any accrued leave, insurance and superannuation entitlements. Most of these benefits would not generally be considered 'termination benefits' under the Corporations Act and no shareholder approval would normally be required to make these payments. However, to the extent that any of these benefits would constitute a termination payment under the Corporations Act, the approval sought will operate to allow for the provision of the benefit to Relevant Executives on cessation of employment.
Redundancy	AGL's redundancy policy applies to all employees and generally provides for redundancy payments to be determined by reference to the number of years of service of the employee and the total remuneration of the employee as at the termination date. Benefits paid under the redundancy policy are generally exempt from the Corporations Act restrictions. It may occasionally be appropriate to provide a redundancy benefit which is not covered by the redundancy policy, for example service may include legacy or jurisdictional arrangements that differ from the standard policy.
Incidental benefits	Circumstances may arise where it will be appropriate for AGL to make small incidental payments to a Relevant Executive, such as allowing the Relevant Executive to retain certain property following termination (such as phones or other electronic devices) or making retirement gifts to recognise the contribution they made to the Group. Approval is sought to grant such benefits provided they are reasonable and not significant in the circumstances.

Note: Discretions may be exercised by the Board or the People & Performance Committee on behalf of the Board.

It can be reasonably anticipated that aspects of relevant employment agreements, incentive arrangements and AGL's policies will be amended from time to time in line with market practice and changing governance standards (including replacing existing equity plans or using a different form of equity). It is intended that this approval will remain valid for as long as these agreements, arrangements and policies provide for a treatment on cessation of employment consistent with the treatment outlined above. Any changes impacting KMP will be disclosed in AGL's Remuneration Report.

The amount and value of the termination benefits and entitlements that may be provided cannot be ascertained in advance as they will depend on a number of factors that will, or are likely to, affect that value, including:

- the circumstances in which the Relevant Executive ceases employment and the extent to which they served the applicable notice period;
- the Relevant Executive's base salary at the time they cease employment;
- the Relevant Executive's length of service with the Group and the portion of any relevant performance or vesting periods that have expired at the time they cease employment;
- the number of unvested equity awards held by the Relevant Executive prior to cessation of employment and the number that the Board determines to vest, lapse or leave on foot;
- AGL's share price when the value of any equity entitlements are determined and the terms of those entitlements;
- any other factors that the Board determines to be relevant when exercising a discretion (such as its assessment of the individual's performance up to the cessation date); and
- any changes in laws, regulation or market practice between the date that AGL or the relevant body corporate enters into an employment agreement with the Relevant Executive and the date they cease employment.

Approval is sought for a three-year period

If approval is obtained, it will be effective for a period of three years from the date the resolution is passed. This means that the approval will be effective:

- if the Board (or its delegates) exercise the discretions outlined above upon cessation of employment; and/or
- if the Relevant Executive ceases employment with the Group,

during the period beginning at the conclusion of AGL's 2020 AGM and expiring at the conclusion of AGL's 2023 AGM. If considered appropriate, the Board will seek a new approval from shareholders at AGL's 2023 AGM.

DIRECTORS' RECOMMENDATION

The Non-Executive Directors recommend that shareholders **VOTE IN FAVOUR** of the approval of termination benefits to Relevant Executives.

Business (continued)

Item 6 – Reinsertion of Proportional Takeover Provisions

Clause 12 of the Constitution contains proportional takeover approval provisions that prohibit AGL from registering a transfer of AGL shares under a proportional takeover bid unless the bid is approved by resolution passed by shareholders in general meeting.

Under the Corporations Act, proportional takeover approval provisions must be renewed every three years or they will cease to have effect. The provisions were last approved by shareholders at the 2017 AGM for a period of three years. If the proposed resolution is approved by shareholders, the proportional takeover provisions will be reinserted into the Constitution and have effect on exactly the same terms as the existing provisions until 7 October 2023.

A copy of AGL's Constitution is available on the AGL website at <https://www.agl.com.au/agl-constitution>.

Statement under the Corporations Act

The Corporations Act requires that the following information be provided to shareholders when they are considering the re-insertion of proportional takeover provisions in a constitution.

What is a proportional takeover bid?

A proportional takeover bid is a takeover bid where an offer is made to each shareholder of a company to acquire a specified proportion only of that shareholder's shares (that is, less than 100%). The specified proportion must be the same in the case of all shareholders.

The Corporations Act allows a company to provide in its constitution that if a proportional takeover bid is made, shareholders must vote on whether to accept or reject the proportional takeover bid and that decision will be binding on all shareholders. This provision allows shareholders to decide collectively whether a proportional takeover bid is acceptable in principle.

The effect of the proportional takeover provisions

The effect of the proportional takeover provisions in clause 12 of the Constitution is that if a proportional takeover bid is made for AGL, AGL must refuse to register a transfer of AGL shares giving effect to any acceptance of the bid unless the takeover bid is approved by shareholders in general meeting.

In the event that a proportional takeover bid is made, the Directors must convene a meeting of shareholders to vote on a resolution to approve the proportional takeover bid. For the resolution to be approved, it must be passed by a simple majority of votes at the meeting, excluding votes of the bidder and its associates.

If no such resolution is voted on at least 14 days before the last day of the takeover bid period, the resolution will be deemed to have been approved. This effectively means that shareholders may only prohibit a proportional takeover bid by passing a resolution rejecting the proportional takeover bid.

If the resolution is approved or deemed to have been approved, a transfer of AGL shares under the proportional takeover bid may be registered provided it complies with the other provisions of the Corporations Act and the Constitution.

If the resolution is rejected, the registration of any transfer of shares resulting from the proportional takeover bid is prohibited and the proportional takeover bid is deemed by the Corporations Act to have been withdrawn.

The Directors will breach the Corporations Act if they fail to ensure the resolution is voted on.

The proportional takeover provisions do not apply to full takeover bids and, if renewed, will only apply until 7 October 2023, unless again renewed by shareholders by passing a special resolution.

Reasons for proposing the resolution

Without the proportional takeover approval provisions, a proportional takeover bid may result in control of AGL passing without shareholders having the opportunity to dispose of all of their AGL shares to the bidder. This could result in control of AGL passing to the bidder without the payment of an adequate control premium and with shareholders left as a minority interest in AGL.

The proportional takeover provisions lessen this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed. The Directors consider that it is appropriate for shareholders to have this right.

No knowledge of any acquisition proposals

At the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in AGL.

Business (continued)

Review of proportional takeover provisions

The Corporations Act requires shareholders to be given a statement which retrospectively examines the advantages and disadvantages, for Directors and shareholders, of the proportional takeover provisions proposed to be renewed. A statement of advantages and disadvantages is set out below.

While the proportional takeover provisions in clause 12 of the Constitution have been in effect there have been no takeover bids for AGL, either proportional or otherwise. Accordingly, there are no actual examples against which to review the advantages or disadvantages of the existing proportional takeover provisions for Directors and shareholders of AGL. The Directors are not aware of any potential takeover bid that was discouraged by the proportional takeover provisions.

Potential advantages and disadvantages

The Corporations Act requires that shareholders be given a statement of the potential future advantages and disadvantages of the provisions in addition to retrospectively reviewing the provisions proposed to be renewed.

The re-insertion of the proportional takeover provisions will allow Directors to ascertain shareholders' views on a proportional takeover bid. Otherwise, the Directors consider that the proposed re-insertion of the proportional takeover provisions has no potential advantages or potential disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be approved or rejected.

The potential advantages of the re-insertion of the proportional takeover provisions for shareholders are:

- a. they give shareholders a say in determining whether a proportional takeover bid should proceed;
- b. they may discourage the making of a proportional takeover bid which may be considered to be opportunistic and may prevent control of AGL passing without the payment of an appropriate control premium;
- c. they may assist shareholders in not being locked in as a minority interest;
- d. they increase shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- e. knowing the view of the majority of shareholders may assist each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that bid.

Some potential disadvantages of the re-insertion for shareholders are that the proportional takeover provisions:

- a. may discourage the making of proportional takeover bids in respect of AGL and may reduce any speculative element in the market price of AGL's shares arising from the possibility of a takeover bid being made;
- b. may depress the share price or deny shareholders an opportunity of selling some of their AGL shares at a premium;
- c. may reduce the likelihood of a proportional takeover bid being successful; and
- d. may be considered to constitute an unwarranted restriction on the ability of shareholders to deal freely with their AGL shares.

However, the Directors do not perceive those or any other possible disadvantages as a justification for not re-inserting the proportional takeover provisions for a further 3 years and consider that the potential advantages of the proportional takeover provisions for shareholders outweigh these possible disadvantages.

DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that shareholders **VOTE IN FAVOUR** of the re-insertion of the proportional takeover provisions in clause 12 of AGL's Constitution.

Business (continued)

The following resolutions are NOT SUPPORTED by the Board

Item 7 – Resolutions Requisitioned by a Group of Shareholders

A group of shareholders representing approximately 0.024% of AGL shares has proposed the resolutions in Items 7(a) and 7(b) under section 249N of the Corporations Act and has requested that pursuant to section 249P of the Corporations Act, AGL give to shareholders the supporting statements set out in Appendix 1 and Appendix 2 to this notice.

a. Amendment to the Constitution

The Board respects the right of shareholders to requisition resolutions and has carefully considered the proposal to amend the Constitution. While the Board firmly believes in fostering engagement with AGL's shareholders and broader stakeholders, for the reasons outlined below it does not consider that the proposed resolution is necessary to achieve this and does not consider the proposed resolution to be in the best interests of the Company.

The proposed resolution seeks to amend the Constitution to include a new provision that would enable shareholders, by ordinary resolution, to express an opinion or request information about the way in which a power of the Company vested in the Board has been or should be exercised.

The Board and the Company are committed to understanding the views of AGL's stakeholders and making a genuine effort in responding to concerns which are raised. The Company considers that it has a proven track record of listening and responding to stakeholder concerns in a way that is cognisant of, and balances, the competing interests of its different stakeholder groups. The Board does not consider that the proposed constitutional amendment would enhance its ability to understand the views and sentiments of its shareholders and broader stakeholders.

The Company regularly assesses and refines its processes to enable its shareholders and broader stakeholder base to put forward their views on issues relating to the Company and its broader community impact. Shareholders are provided with a number of opportunities in which they can engage with the Company, including through AGL's investor relations program which seeks to support effective two-way communication with shareholders. AGL also holds regular investor briefings and asset tours, webcasts these events where practicable and provides all materials, archived recordings and transcripts via its website. Further, with respect to the AGM, shareholders are invited to submit questions before the meeting, which help the Company to understand shareholder issues and concerns, and address key areas of shareholder feedback. The Chairman also encourages shareholders at the AGM to ask questions and make comments about AGL.

The Board has the power to manage the business of AGL under the Constitution. It is important that the Board is able to make decisions that affect the business and affairs of AGL in the best interests of the Company as a whole. Shareholders are able to hold the Board to account for their decisions by voting on the appointment and removal of Directors at AGL's Annual General Meetings.

The Board also believes that the proposed amendment to the Constitution could have the effect of enabling groups of shareholders to promote their own interests, which do not take into account the interests of the Company as a whole.

For these reasons, the Directors recommend that shareholders vote AGAINST the proposed resolution.

DIRECTORS' RECOMMENDATION

The Directors recommend that shareholders **VOTE AGAINST** the resolution to amend the Constitution.

b. Coal Closure Dates

Resolution 7(b) is an "advisory resolution" and will only be presented at the meeting for consideration if Resolution 7(a) is passed by special resolution. If Resolution 7(a) is not passed, this Item will not be put to the meeting. However, the Company intends to allow a reasonable opportunity at the AGM for shareholders to ask questions on the subject matter of this Item.

The Board does not endorse the resolution and recommends that shareholders vote against it for the reasons set out below.

AGL is Australia's largest integrated electricity generator and retailer, as well as a major investor in renewable energy. AGL is also Australia's largest carbon emitter, and as such, AGL recognises that it must continue to evolve, innovate and adapt in order to continue to serve millions of Australian households and businesses.

As the global community responds to the risks of climate change, AGL recognises the large part it must play in the transition to a low carbon economy. AGL accepts the science as outlined by the Intergovernmental Panel on Climate Change (IPCC) and remains committed to the objectives of the Paris Agreement.

In recognition of the risks and opportunities posed by the transition under way in the energy sector, and consistent with AGL's commitment to decarbonise its business, AGL has been publishing reports under the Taskforce for Climate-related Financial Disclosure (TCFD) framework since 2018. The TCFD framework is useful because it recognises that the exact path of decarbonisation is unknown and it enables companies to use scenario analysis to consider the potential impacts upon its business in relation to a number of possible futures.

Business (continued)

In 2020, AGL extended its TCFD scenario analysis to 2050 and modelled four scenarios, including one ("Scenario A") that reflected current policy settings and closure schedules in Australia and one ("Scenario D") in which concerted action on climate change occurred to limit global temperature increases to no more than 1.5 degrees Celsius above pre-industrial levels. This analysis demonstrated that AGL's business was resilient to all scenarios, with many opportunities present, but that earlier closure of the AGL Loy Yang power station would be required in Scenario D than in all other scenarios modelled.

Resolution 7(b) requests that AGL commit to the earlier closure timetable modelled in Scenario D. This request is not consistent with the nature and purpose of the TCFD scenario analysis, which is to recognise that the future is uncertain, and to model a business' resilience to that uncertainty. It is not the objective of TCFD scenario analysis, nor AGL's policy, to commit unilaterally to outcomes of particular scenarios. This is especially the case when moving toward that scenario requires concerted and collaborative efforts across industry, regulators and society as a whole. For AGL to act unilaterally in making commitments outside of agreed policy settings would not only risk disadvantaging AGL shareholders, but also potentially disadvantage AGL's workforce at its thermal power stations relative to the workforce of the industry at large.

Consistent with the need to act despite this uncertainty, in June 2020 AGL released its Climate Statement. This statement recognises that AGL cannot predict how the energy and political landscape may change, but that the forces of customer demand, how communities act, and how technology evolves will be the determining factors in the pace of energy transition in Australia.

The Climate Statement includes AGL's target to achieve net zero emissions by 2050 and outlines the next steps in AGL's decarbonisation journey, including commitments to 1) offer customers the option of carbon neutral prices across all AGL products; 2) support the evolution of Australia's voluntary carbon markets; 3) continue to invest in new sources of electricity supply; 4) responsibly transition AGL's energy portfolio and 5) be transparent.

Consistent with the first commitment in the Climate Statement, AGL launched a new Carbon Neutral product on 1 July 2020 for all AGL electricity customers, from residential through to large commercial and industrial customers. This program will be expanded across all services AGL offers (including gas, broadband and phone services) by the end of FY21.

The commitment to build new generation continues AGL's strong track record of investing in renewables and the firming and storage capacity that will support the continued development of renewables. This has recently included AGL acting as co-investor, offtaker and operator in the Coopers Gap and Silverton wind farms, developing and operating the Barker Inlet gas-fired power station, and pursuing a leadership position in the development and operation of both grid-scale and residential batteries.

Additionally, as detailed in Item 4 of this Notice of Meeting, from FY21 AGL will be introducing carbon transition metrics as a third performance measure in AGL's Long Term Incentive Plan to provide a focus for AGL executives to progress the transition. AGL has taken a market leading position in this regard, being the first ASX50 organisation to link executive long-term variable pay to climate-related goals.

These initiatives are in addition to AGL's 2015 Greenhouse Gas Policy, which committed AGL to not extend the life of its coal-fired power plants. AGL's coal-fired power stations at Bayswater and Loy Yang A ensure energy reliability and security and provide AGL with the financial strength to progress the energy transition. AGL is committed to not extending the life of these coal fired power stations and closing them by no later than 2035 and 2048 respectively.

As these assets age and reach the end of their technical life, AGL will continue to run them responsibly and safely to supply affordable and reliable electricity to its customers. AGL will also support our people and local communities through change and remain flexible to how customers, community and technology shape the pace of the energy transition.

For these reasons, AGL does not consider that it is in the best interests of shareholders or other stakeholders for AGL to make firm commitments at this time to phase out coal power generation earlier than the existing planned closure dates. AGL considers it is in the best interests of shareholders for AGL to focus on delivering its commitments made in the Climate Statement and to continue to work constructively with industry, regulators and government on delivering an orderly transition to a decarbonised energy system.

DIRECTORS' RECOMMENDATION

The Directors recommend that shareholders **VOTE AGAINST** the resolution in relation to Coal Closure Dates.

Appendix 1: Resolution 7(a)

The shareholders who requisitioned the resolution in Item 7(a) have requested that the following statement accompany the resolution. The Board and AGL DO NOT endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. As a shareholder, the Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments.

The Constitution of our company is not conducive to the right of shareholders to place ordinary resolutions on the agenda of the annual general meeting (AGM). In our view, this is contrary to the long-term interests of our company, our company's Board, and all shareholders in our company.

Australian legislation and its interpretation in case law means that Australian shareholders are unable to directly propose ordinary resolutions for consideration at Australian companies' AGMs. In Australia, the *Corporations Act 2001* provides that 100 shareholders or those with at least 5% of the votes that may be cast at an AGM with the right to propose a resolution¹. However, section 198A specifically provides that management powers in a company reside with the Board².

Case law in Australia has determined that these provisions, together with the common law, mean that shareholders cannot by resolution either direct that the company take a course of action, or express an opinion as to how a power vested by the company's constitution in the directors should be exercised.

Australian shareholders wishing to have a resolution considered at an AGM have dealt with this limitation by proposing two part resolutions, with the first being a 'special resolution,' such as this one, that amends the company's constitution to allow ordinary resolutions to be placed on the agenda at a company's AGM. Such a resolution requires 75% support to be effective, and as no resolution of this kind has ever been supported by management or any institutional investors, none have succeeded.

It is open to our company's Board to simply permit the filing of ordinary resolutions, without the need for a special resolution. We would welcome this. Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and this right is enjoyed by shareholders in any listed company in the UK, US, Canada or New Zealand.

We note that the drafting of this resolution limits the scope of permissible advisory resolutions to those related to "an issue of material relevance to the company or the company's business as identified by the company" and that recruiting 100 individual shareholders in a company to support a resolution is by no means an easy or straightforward task. Both of these factors act as powerful safeguards against 'opening the floodgates' to a large number of frivolous resolutions.

ACCR urges shareholders to vote for this proposal.

¹ Sections 249D and 249N of the *Corporations Act 2001* (Cth).

² S198A provides that "[t]he business of a company is to be managed by or under the direction of the directors", and that "[t]he directors may exercise all the powers of the company except any powers that this Act or the company's constitution (if any) requires the company to exercise in general meeting."

Appendix 2: Resolution 7(b)

The shareholders who requisitioned the resolution in Item 7(b) have requested that the following statement accompany the resolution. The Board and AGL DO NOT endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

In 2015, AGL announced that it would close its three coal-fired power stations at the end of their operating lives: Liddell by 2022-23³, Bayswater by 2035 and Loy Yang A by 2048⁴.

Scenario Analysis

AGL's FY2020 scenario analysis⁵ shows that in order to limit global warming to 1.5°C above pre-industrial levels, AGL would have to close its three coal-fired power stations by approximately 2036. AGL's FY2016 scenario analysis modelled a similar decline in coal-fired generation⁶.

Electricity generation is the largest source of emissions in Australia, contributing approximately a third of the total⁷. AGL's generation assets contributed 8.1% of Australia's total emissions in FY2019 (43.1Mt of 532Mt); Liddell contributed 1.6%, Bayswater 2.7% and Loy Yang A 3.5%⁸. Coal-fired power contributes approximately 70% of grid-level generation (excluding rooftop solar) in the National Electricity Market (NEM)⁹.

The head of the International Energy Agency (IEA) said of Australia's coal-fired power stations, "if they don't retire early or if we don't use technology which decarbonises existing plants is the issue...if they continue to operate as they run then it is impossible. We can forget reaching these hard climate targets"¹⁰.

Carbon Intensity

In the year to 30 June 2019, the carbon intensity of AGL's operated generation assets was 0.95 tCO₂-e/MWh, compared to the average intensity in the NEM of 0.77 tCO₂-e/MWh¹¹.

Of AGL's power stations, Loy Yang A has the highest carbon intensity at 1.16 tCO₂-e/MWh, followed by Liddell at 0.92 tCO₂-e/MWh, and Bayswater at 0.88 tCO₂-e/MWh¹². Even after Liddell closes in 2022-23, the carbon intensity of AGL's generation assets will likely remain well above the average intensity in the NEM.

Capital Expenditure

³ AGL originally announced that Liddell would close entirely in 2022.

⁴ AGL Energy, Greenhouse Gas Policy, April 2015

⁵ AGL Energy, Climate Statement and Commitments, June 2020

⁶ AGL Energy, Carbon Constrained Future, September 2016

⁷ Commonwealth of Australia, Quarterly Update of Australia's National Greenhouse Gas Inventory: June 2019

⁸ AGL Energy, FY19 Sustainability Data Centre, Operational Greenhouse Gas Footprint (Material Sites and Fuels)

⁹ The Australia Institute, National Energy Emissions Audit, June 2020

¹⁰ The Australian, 'Call to retire coal-fired power stations early', 21 July 2020

¹¹ AGL Energy, FY19 Sustainability Data Centre, Carbon Intensity of Operated Generation Assets

¹² Commonwealth of Australia, Clean Energy Regulator, Electricity Sector Emissions and Generation Data 2018-19

Appendix 2: Resolution 7(b) (continued)

The shareholders who requisitioned the resolution in Item 7(b) have requested that the following statement accompany the resolution. The Board and AGL DO NOT endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Since AGL's acquisition of Bayswater and Liddell, 'sustaining' capital expenditure has grown from \$154 million to an estimated \$592 million in FY2020, while spending on 'growth and transformation' has never been as high as it was in FY2013. 'Sustaining' capital expenditure has grown from 25% of total capital expenditure in FY2013 to 72% (estimated) in FY2020. Conversely, 'growth and transformation' capital expenditure has declined from 75% in FY2013 to 28% (estimated) in FY2020.

Capital expenditure AU\$m	2013	2014	2015	2016	2017	2018	2019	2020 (est)
Sustaining	154	255	368	390	301	483	551	592
Growth and transformation	454	262	426	139	217	295	388	234
Total	608	517	794	529	518	778	939	826

Source: AGL Energy Annual and Half-Year Reports, 2013-20

This allocation of capital expenditure suggests AGL is maintaining its coal-fired power stations at the expense of accelerating its transition.

Reliability and Safety

The age of AGL's three coal-fired power stations at retirement will be at or greater than 50 years:

	Start date	Scheduled closure date	Age at retirement (years)
Liddell	1971-73	2022-23	50-52
Bayswater	1985-86	2035	49-50
Loy Yang A	1984-88	2048	60-64

Since 2012, 10 coal-fired power stations have been retired from the NEM at an average age of 40 years¹³.

As coal-fired power stations age, reliability declines and the cost of maintenance increases. According to the Australian Energy Market Operator (AEMO), "the growing amount of renewable generation increases the variability in the system", increasing reliance on the remaining thermal generation fleet, "that have an increased risk of forced outages"¹⁴. Furthermore, "the reliability of the aging thermal generation fleet has deteriorated and the warming climate has increased the risk of extreme temperatures and high peak demands"¹⁵.

¹³ Jotzo et al, 'Coal transition in Australia: an overview of issues', September 2018

¹⁴ AEMO, 2019 Electricity Statement of Opportunities, August 2019

¹⁵ *ibid.*

Appendix 2: Resolution 7(b) (continued)

The shareholders who requisitioned the resolution in Item 7(b) have requested that the following statement accompany the resolution. The Board and AGL DO NOT endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Between December 2017 and December 2019, coal and gas-fired power stations in the NEM experienced 227 unscheduled outages, or breakdowns¹⁶. AGL accounted for 54 of those 227 breakdowns: 30 at Loy Yang A, 16 at Liddell and 8 at Bayswater¹⁷. Loy Yang A was the second-worst performing power station in the NEM by number of breakdowns, and Loy Yang A Unit 2 was the fourth-worst performing unit¹⁸.

Prior to its closure in March 2017, Victoria's work safety body required upgrades and repairs to multiple boilers at the 52-year-old Hazelwood coal-fired power station to meet health and safety standards¹⁹. Hazelwood's owner, Engie, ultimately could not justify the estimated \$400 million investment²⁰.

Air Pollution

Air pollution from coal-fired power stations has adverse public health impacts, contributing to heart disease, strokes, asthma attacks, low birth weight of babies, lung cancer and type 2 diabetes²¹. Research, partly funded by AGL, found that air pollution from NSW's five coal-fired power stations is estimated to lead to 98 early deaths every year²². Air pollution from Loy Yang A is likely to have similar adverse public health impacts.

Every year that AGL's coal-fired power stations remain open poses a risk across multiple issues: climate, grid reliability, worker safety and community health.

Accelerating the energy transition by bringing forward the closure dates of the Bayswater and Loy Yang A coal-fired power stations would protect the long-term interests of AGL shareholders.

ACCR urges shareholders to vote for this proposal.

¹⁶ The Australia Institute, Fossil fails in the Smart State, February 2020

¹⁷ *ibid.*

¹⁸ *ibid.*

¹⁹ Jotzo et al, 'Coal transition in Australia: an overview of issues', September 2018

²⁰ *ibid.*

²¹ Ewald, B., The health burden of fine particle pollution from electricity generation in NSW, November 2018

²² Environmental Risk Sciences Pty Ltd, Peer Review: Dr Ewald Report, 6 March 2019

Glossary

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

2020 AGL Annual Report means the Annual Report of AGL for the financial year ended 30 June 2020.

AGL means AGL Energy Limited ABN 74 115 061 375.

AGL Share means a fully paid ordinary share in AGL.

AGM means the 2020 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.

FY21 means the 12 months ending 30 June 2021.

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 2020.

LTIP means the AGL Long-term Incentive Plan, an incentive plan providing executives with the opportunity to earn variable rewards through the delivery of Shareholder value creation over the relevant 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 2020 AGL Annual Report 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.

STI means the AGL Short-term Incentive Plan, an incentive plan providing executives with the opportunity to earn variable rewards based on performance over a financial year.

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

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)

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 above by **10:30am on Monday, 5 October 2020**, 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:



ONLINE

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 reverse of this Voting Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your vote by scanning the QR code adjacent or enter the voting link vote.linkmarketservices.com/AGL into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

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

QR Code



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 online 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 and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted in accordance with the Board recommendations set out overleaf, including where the items 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. 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 online 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 print this form twice 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 online the appropriate "Certificate of Appointment of Corporate Representative" must be received by the company prior to the meeting 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.

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



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 on Wednesday, 7 October 2020**, 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

appoint 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 and email of the person or body corporate you are appointing as your proxy, noting that an email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

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 on Wednesday, 7 October 2020** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Items 2, 4 & 5: 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 Items 2, 4 & 5, even though the Items 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 all available proxies in **favour** of Items 2 to 6 inclusive.

The Chairman of the Meeting intends to vote all available proxies **against** Items 7(a) and 7(b).

The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each Item.

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

Board-endorsed Items.

The Board recommends shareholders vote **FOR** Items 2 to 6 inclusive

	Board Recommendation	For	Against	Abstain*
2 Remuneration Report	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(a) Re-election of Peter Botten	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(b) Election of Mark Bloom	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of Performance Rights under the AGL Long Term Incentive Plan to Brett Redman	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Termination Benefits for Eligible Senior Executives	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Reinsertion of Proportional Takeover Provisions for a further 3 years	FOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Non Board-endorsed Items.

The Board recommends shareholders vote **AGAINST** Items 7(a) and 7(b)

	Board Recommendation	For	Against	Abstain*
7(a) Amendment to the Constitution (<i>special resolution</i>)	AGAINST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7(b) Coal Closure Dates	AGAINST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* 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)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

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 PRX2001N

