



The Australian Gas Light Company

ABN 95 052 167 405

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of the Company will be held at the City Recital Hall, Angel Place, Sydney, on Tuesday 19 October 2004, at 10.30 am.

### ORDINARY BUSINESS

1. To receive and consider the Annual Financial Report of the Company and the consolidated entity for the year ended 30 June 2004 and the Reports of the Directors and Auditor.

2. To elect Directors:

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

‘That Mr M R G Johnson, a Director who retires by rotation at the close of the Meeting in accordance with Clause 58 of the Company’s Constitution and being eligible, is re-elected as a Director of the Company.’

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

‘That Mrs C J Hewson, a Director who retires by rotation at the close of the Meeting in accordance with Clause 58 of the Company’s Constitution and being eligible, is re-elected as a Director of the Company.’

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

‘That Mr M G Ould, a Director who was appointed to a casual vacancy until the close of the Meeting, in accordance with Clause 56 of the Company’s Constitution is re-elected as a Director of the Company.’

### SPECIAL BUSINESS

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

‘That the Company approve the acquisition of rights to acquire up to a maximum of 65,223 Shares in The Australian Gas Light Company in respect of the financial year ended 30 June 2004, by Mr G J W Martin, the Managing Director of the Company, under and in accordance with The Australian Gas Light Company’s Long-Term Incentive Plan.’

Head Office  
AGL Centre  
Cnr Pacific Highway and Walker Street  
North Sydney NSW 2060

By Order of the Board  
  
Jane McAloon, Secretary  
17 September 2004

**NOTE:**

- (a) For the purpose of the Meeting, the Directors have determined that shares will be taken to be held by persons registered as Shareholders as at 10.30 am on 17 October 2004.
- (b) The Company will disregard any votes cast on Resolution 3:
  - (i) by any Director of the Company; and
  - (ii) any associate of any Director of the Company.However, the Company will not disregard a vote if:
  - (i) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
  - (ii) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.
- (c) A Shareholder who is entitled to attend and cast two or more votes at the Meeting may appoint two proxies. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes.
- (d) A proxy form and the power of attorney or other authority (if any) under which the proxy form is signed (or a certified copy) must be received by the Company, at least 48 hours before the time for holding the Meeting. Documents may be sent to the Company by:
  - (i) posting them in the accompanying reply-paid envelope or posting them to The Australian Gas Light Company, Locked Bag 944, North Sydney, NSW, 2059; or
  - (ii) sending them by fax to the Company's Share Registry on (02) 9921 2465; or
  - (iii) delivering them to the Company's Head Office.

## EXPLANATORY NOTES

### SPECIAL BUSINESS

#### Item 3

#### **Approval of the participation of Mr G J W Martin, the Managing Director of the Company, in the Company's Long-Term Incentive Plan.**

The Company has established a Long-Term Incentive Plan (LTIP) as part of its remuneration system for key employees. The aim of the scheme is to drive sustainable and transparent performance by the Company in the long term.

Under the LTIP key employees, that is, those employees who have the capacity to make an impact on the long-term performance of the Company, are identified and rewarded if the Company achieves superior performance over a period of time as determined by the Directors. Participants in the LTIP may be entitled to receive rights to acquire ordinary shares in the Company (Shares) if certain designated performance criteria are met.

If a Participant in the LTIP received rights to acquire Shares under the LTIP, those rights will vest in equal annual instalments over 3 years from the date of the award of the rights. When rights vest, Shares will be allocated to the Participant in satisfaction of those rights. The rights do not attract the benefits of share ownership including dividend or voting entitlements prior to vesting.

#### **Participation by Mr G J W Martin in the LTIP**

Under Listing Rule 10.14 of the ASX Listing Rules, a director of a company may only participate in an employee share plan where such participation is approved by an ordinary resolution of the company in general meeting.

Mr Martin having satisfied the designated performance criteria will participate in the LTIP in respect of the financial year ended 30 June 2004. It is proposed in respect of this financial year to grant Mr Martin the right to acquire up to a maximum of 65,223 Shares. Those Shares will vest in equal tranches progressively over the next 3 years. The first tranche would vest within 12 months of Shareholder approval being given.

The following information is provided in compliance with Listing Rule 10.15A of the ASX Listing Rules:

- Under the terms of the LTIP Mr Martin is entitled to acquire up to a maximum of 65,223 Shares which would vest in equal tranches over the next 3 years and no later than 3 years after the meeting.
- Any Shares acquired by Mr Martin will be acquired without cost to him.
- Mr Martin is the only person participating in the LTIP whose participation is required to be approved by AGL Shareholders in accordance with Listing Rule 10.14.
- Details of any rights to acquire Shares under the LTIP will be published in each Annual Report of the Company relating to the period in which they have been granted and that approval for the rights to acquire Shares was obtained under Listing Rule 10.14.
- Any additional persons for whom Shareholder approval is required under Listing Rule 10.14 who may become entitled to participate in the LTIP and who are not named in this Notice of Meeting, must not participate in the LTIP until approval is obtained in accordance with Listing Rule 10.14.
- Mr Martin's right to acquire Shares under the LTIP will have effect from the close of this Meeting and will vest progressively over the next 3 years in accordance with the terms of the LTIP.

#### **Directors' View**

The Directors (other than Mr Martin who abstained by reason of his interest in the resolution) have resolved that it is in the best interest of the Company for Mr Martin to be permitted to participate in the LTIP and specifically to receive the right to acquire in respect of the financial year ended 30 June 2004, up to a maximum of 65,223 Shares in the capital of the Company to vest in equal tranches over the next 3 years.

Those Directors have also resolved that in their view the overall remuneration of Mr Martin, including Mr Martin's participation in the LTIP, is reasonable having regard to the circumstances of Mr Martin and the Company.

## **Summary of AGL Long-Term Incentive Plan**

### **Participants**

Those employees who have the capacity to make an impact on the long-term performance of the Company may be invited to participate in the LTIP. Entitlement to participate in the LTIP will arise annually.

### **Performance Standard**

The performance standard is the Company's performance set by Directors each year and measured by growth in economic profit. No allocation is made unless an earnings per share increase is achieved. The overall quantum of the LTIP is also subject to a maximum limit.

### **Right to Acquire Shares**

The LTIP will take the form of rights to acquire Shares at an acquisition price determined by the Company. The price will be calculated as the weighted average of the price at which shares were traded on the ASX during the 5 business days up to and including the announcement of the Company's financial results. The acquisition price will be paid by the Company or an associated company for this purpose.

Once an allocation has vested sufficient Shares will be allocated to the Participant to satisfy that allocation.

### **Losing the Entitlement**

If a Participant leaves the employment of the Company or an associated company before the Shares have vested for any reason other than as a result of retirement, ill health or death, the Participant will no longer be entitled to participate in the LTIP and will cease to be entitled to receive any Shares other than those which have already been acquired by the Participant.

### **Administration**

The Directors or a Committee of the Directors will supervise the administration of the LTIP.

### **Variation of Terms**

Subject to the requirements of the ASX Listing Rules from time to time, the Directors may at their discretion, vary the provisions of the LTIP.

### **Suspension or Termination**

The Directors have the right to suspend or terminate the LTIP at any time. Termination of the LTIP does not affect Participants who have become entitled to receive Shares.

### **Copies of LTIP**

Copies of the LTIP are available from the AGL Share Registry upon request at no cost to Shareholders.