



THE AUSTRALIAN GAS LIGHT COMPANY

ABN 95 052 167 405

72 Christie Street

St Leonards NSW

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

14 September 2005

Dear Shareholder,

I am pleased to invite you to attend AGL's 2005 Annual General Meeting of Shareholders (AGM), which has been scheduled as follows:

Date: Tuesday 18 October 2005
Time: 10.30 am
Venue: City Recital Hall, Angel Place, Sydney

Map and transportation instructions (whether travelling by train, bus, car or taxi) follow, for your information.

If you are able to attend the AGM, please bring the attached proxy form with you to facilitate registration into the AGM.

If you do not plan on attending the AGM, you are encouraged to appoint a proxy to attend and vote on your behalf by completing and returning the enclosed proxy form in the envelope provided. Instructions on how to appoint a proxy are detailed on the back of the proxy form. Proxies must be received no later than 10.30 am on Sunday 16 October 2005 to be valid for the meeting. Proxies may be returned by mail or by fax on 02 9921 2465.

You are encouraged to let us know of any questions you may have which you would like raised at the AGM. Details of how to lodge those questions prior to the AGM are on the last page of this Notice.

I look forward to seeing you at the AGM.

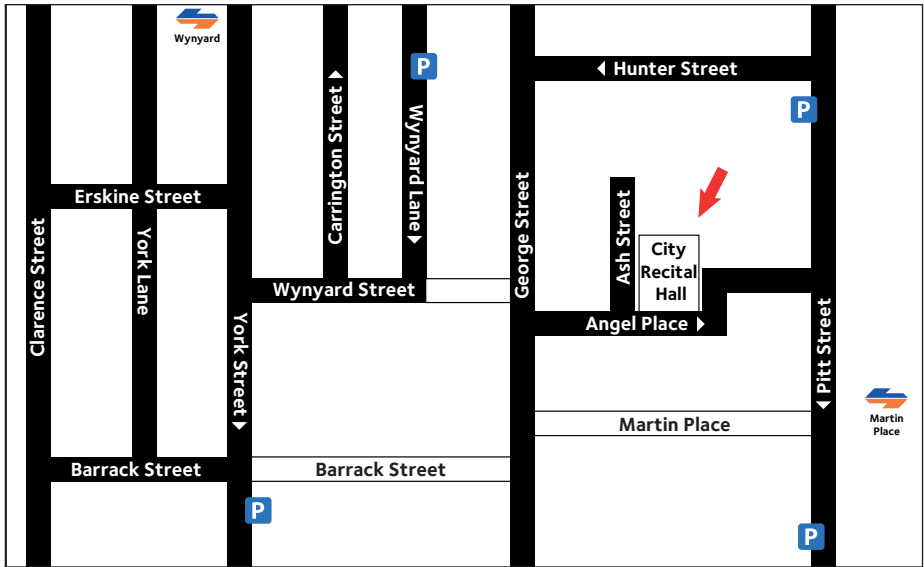
Yours sincerely

A handwritten signature in black ink that reads 'Mark Johnson'.

Mark Johnson
Chairman

How to find the City Recital Hall

You can use the map below to find the nearest transport routes and the location of the Meeting - The City Recital Hall, Angel Place, Sydney.



By Train

The City Recital Hall is a short walk from Wynyard Station and Martin Place Station.

By Car

There are many car parks located within walking distance.

By Bus

Bus interchanges are nearby at George and York Streets.

By Taxi

Your taxi can enter from George Street.

For more specific information about public transport routes and timetable, contact the State Transit Authority on 131500 or visit 131500.com.au

ORDINARY BUSINESS

1. To receive and consider the Annual Financial Report of the Company and the consolidated entity for the year ended 30 June 2005 and the Reports of the Directors and Auditor.
2. To receive and consider the Remuneration Report of the Company, for the year ended 30 June 2005 as set out in the Directors' Report section of the Annual Report. (Note that the vote on this resolution is advisory only and does not bind the Directors or the Company).
3. To elect Directors:
 - (a) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr David Craig, 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.'

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

'That Mr Graham Reaney, 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 Charles Allen, 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.'

SPECIAL BUSINESS

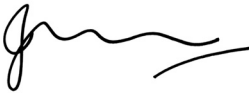
4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That the Company approves the acquisition of rights to acquire up to a maximum of 87,483 Ordinary Shares in The Australian Gas Light Company in respect of the financial year ended 30 June 2005, by Mr Greg Martin, the Managing Director of the Company, under and in accordance with The Australian Gas Light Company's Long-Term Incentive Plan.'

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

'That for the financial year commencing 1 July 2005 and in respect of each financial year thereafter and until otherwise determined by a resolution of Shareholders, the maximum aggregate remuneration payable to non-executive Directors of the Company by the Company and its wholly-owned subsidiaries shall be increased by \$300,000 to \$1,500,000 per annum and such amount, or such lesser amount as the Directors may determine, shall be divided among the non-executive Directors in such proportions and manner as the Directors may determine.'

By Order of the Board



Jane McAloon

Company Secretary
14 September 2005

DETERMINATION OF ENTITLEMENT TO VOTE

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 16 October 2005.

The Company will disregard any votes cast on Resolutions 4 and 5:

- (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.

PROXIES

Each Shareholder may appoint a proxy, who need not be a Shareholder, to attend and vote at the Meeting on the Shareholder's behalf. 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 may exercise half of the votes.

A proxy form and, if not signed by the Shareholder, the power of attorney or other authority (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority), 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 1837, St Leonards, NSW, 2065; 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 at 72 Christie Street, St Leonards.

EXPLANATORY NOTES

ORDINARY BUSINESS

Item 1

To receive and consider the Reports for the year ended 30 June 2005

The AGL Concise Annual Report 2005 has been sent to Shareholders (other than those who do not wish to receive it). The AGL Full Financial Report 2005 has also been sent to those Shareholders who have requested it. Both Reports can be found on the Company's website (www.agl.com.au) under 'Investor Centre'. During this Item, there will be an opportunity for Shareholders to ask questions about or comment on the Reports and the management and performance of the Company.

Item 2

Adoption of the Remuneration Report for the year ended 30 June 2005

The Company is required under the Corporations Act 2001 to include, in the business of its Annual General Meeting, a resolution that its Remuneration Report for the year ended 30 June 2005 be adopted. The resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report section of the Concise Annual Report. The Report:

- sets out the Company's policy in respect of remuneration paid to the Board, the Managing Director and senior leaders;
- explains how non-executive Directors' fees are determined within the aggregate limit approved by Shareholders;
- describes the elements of remuneration paid to the Managing Director and senior leaders, the links to Company and individual performance and the criteria used to assess performance;
- sets out the remuneration details for each Director and specified executives.

The Directors recommend that Shareholders vote in favour of Item 2.

Item 3

(a) David Craig BEc CA Age 50

Term: Non-executive Director since May 2005.

Independent: Yes.

Committees: Member of the Health, Safety and Environment Committee.

Experience: Currently the Chief Financial Officer (CFO) of the Australand Property Group. He was previously Global Transition Finance Leader for IBM's Business Consulting Services and Global CFO of PWC Consulting.



The Directors (excluding Mr Craig) recommend that Shareholders vote in favour of Item 3(a).

Item 3

(b) Graham Reaney BCom CPA Age 62

Term: Non-executive Director since 1988.

Independent: Yes.

Committees: Chairman of the Audit & Risk Management Committee, Member of the People and Performance, and Health, Safety and Environment Committees.



Directorships: Chairman of PMP Limited, a Director of St George Bank Limited and a Director of So Natural Foods Australia Limited.

Experience: Retired as Managing Director of National Foods Limited in 1996, prior to which he was Managing Director of IEL.

The Directors (excluding Mr Reaney) recommend that Shareholders vote in favour of Item 3(b).

Item 3

(c) Charles Allen AO MA MSc Age 69

Term: Non-executive Director since 1996.

Independent: Yes.

Committees: Member of the Audit & Risk Management and Health, Safety and Environment Committees.



Directorships: Chairman of Air Liquide Australia Limited and a Director of Amcor Limited and Earthwatch Australia.

Experience: Retired as Managing Director of Woodside Petroleum Limited in 1996. Within the last three years he was a Director and Chairman of National Australia Bank Limited.

The Directors (excluding Mr Allen) recommend that Shareholders vote in favour of Item 3(c).

Tony Daniels OAM Age 70

Mr Daniels, who has been a non-executive Director since 1999, will retire at the Meeting and will not be seeking re-election.

SPECIAL BUSINESS

Item 4

Approval of the participation of Mr Greg 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 Plan 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 generally vest in three equal annual tranches over three 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 Greg 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 specified performance criteria will participate in the LTIP in respect of the financial year ended 30 June 2005. It is proposed in respect of this financial year to grant Mr Martin the right to acquire up to a maximum of 87,483 Shares. Those Shares will vest in three equal tranches progressively over the next three years. The first tranche would vest within twelve 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 87,483 Shares which would vest in three equal tranches over the next three years and no later than three years after the meeting.
- Any Shares acquired by Mr Martin will be acquired without cost or loan to him.
- Mr Martin is the only person participating in the LTIP whose participation is required to be approved by Shareholders in accordance with Listing Rule 10.14.
- Mr Martin is also the only person requiring approval by Shareholders to have participated in the LTIP since its last approval at the 2004 Annual General Meeting. Since that time he has acquired 40,157 Shares under the LTIP.
- 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 three years in accordance with the terms of the LTIP.

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. Entitlements to participate in the LTIP arise annually.

Performance Linkage

Allotment of Long Term Incentive is linked to Company performance as 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 five 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, and at the discretion of the Directors in other circumstances, 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 on the AGL website or from the AGL Share Registry upon request at no cost to Shareholders.

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 2005, up to a maximum of 87,483 Shares in the capital of the Company to vest in three equal tranches over the next three years and no later than three years after the Meeting.

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.

Item 5

Approval of Non-Executive Directors' Remuneration

The maximum annual remuneration which may be paid, in aggregate, to non-executive Directors of the Company and its wholly-owned subsidiaries was fixed, by Shareholders at the 2003 Annual General Meeting at \$1,200,000. This does not include the remuneration of the Managing Director. He is remunerated as an employee, not as a Director.

Under the Company's Constitution and ASX Listing Rule 10.17, the annual maximum remuneration may only be increased with the approval of Shareholders.

Individual non-executive Directors' fees are determined by the Board with reference to advice and data from AGL's remuneration specialists and from external remuneration advisers. The data and advice include market comparison of remuneration paid to non-executive Directors of companies in comparator groups across the ASX top 100 Companies, but specifically ASX Companies in the range of 21 to 50 by market capitalisation. The structure of the remuneration is a base fee plus a committee fee where applicable. Chairing a Committee attracts a higher fee. The Chairman of the Board receives no extra remuneration for participation in or chairing a Committee. Directors' fees are reviewed annually. There is no direct link between non-executive Directors' remuneration and the short-term results of AGL. Required Superannuation Guarantee contributions are provided from the Shareholder approved maximum aggregate fee pool.

The purpose of the proposed increase is to provide for:

- the possible appointment of an additional non-executive Director;
- scope for reasonable future increases in Directors' fees to continue to attract and retain Directors of the highest calibre, with the balance of skills and experience critical in the increasingly competitive, regulatory and legislative environment in which the Company operates.

It is not intended that the whole of the maximum amount of \$1,500,000 would be used immediately, or indeed within a single year.

[As each non-executive Director has an interest in this matter, the Directors do not believe it is appropriate to make a recommendation in relation to voting on Item 5.](#)

Questions from Shareholders

AGL aims to ensure Annual General Meetings and the Annual Report meet Shareholders' expectations. Your views are essential to this.

If you would like further information on AGL, or would like to ask a question of AGL or the Auditor at the Annual General Meeting, you may write to AGL at the addresses below.

Questions for the AGM should be relevant to the matters of the Meeting, and may include the financial reports, the motions before the Meeting, or general questions on AGL's performance, or questions to the Auditor.

Questions for the AGM must be received by 5.00pm Tuesday 11 October 2005

The Chairman of the Meeting will answer as many of the frequently asked questions as possible. The AGM will be webcast live at **www.agl.com.au** and a copy of the Chairman's speech will be available on the AGL website.

In accordance with the Corporations Act 2001, Shareholders will also be given a reasonable opportunity, as a whole, to:

- ask questions about, or make comments on, the management of the Company and the Remuneration Report at the Meeting; and
- ask the Auditor questions relevant to the conduct of the audit, the Auditor's Report, accounting policies adopted by the Company and the independence of the Auditor at the Meeting.

If you would like to make a suggestion or comment on the Annual Report please advise the Company in one of the following ways (this will allow us to incorporate your views into the content and design of future Annual Reports):

Write to the AGL Share Registry or the Company Secretary. You can use the enclosed reply paid envelope, or post to:

Locked Bag 1837
St Leonards NSW 2065

Fax to the AGL Share Registry on fax number 02 9921 2465

Email the AGL Share Registry on email address shareregistry@agl.com.au

Email the Company Secretary, Jane McAloon on email address jmcaloon@agl.com.au