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## ASX Release

### **2015 Annual General Meeting Notice of Meeting**

**26 August 2015**

AGL Energy Limited is about to commence dispatch of the Notice of Meeting in respect of the Annual General Meeting to be held on 30 September 2015. A copy of the Notice of Meeting is attached, together with a copy of the shareholder voting form and the shareholder question form.

A handwritten signature in black ink, appearing to read 'P. Williams', is centered on the page.

Paul McWilliams  
**Company Secretary**

#### **Further inquiries:**

##### **Investors**

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#### **About AGL**

AGL is one of Australia's leading integrated energy companies. It is taking action to responsibly reduce its greenhouse gas emissions while providing secure and affordable energy to its customers. Drawing on over 175 years of experience, AGL serves its customers throughout eastern Australia with meeting their energy requirements, including gas, electricity, solar PV and related products and services. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, solar, landfill gas and biomass.

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Since 1837

AGL



## Notice of 2015 Annual General Meeting of Shareholders

AGL Energy Limited  
ABN 74 115 061 375  
Level 22, 101 Miller Street,  
North Sydney NSW 2060

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DATE

**30 September 2015**

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TIME

**10.30 AM**

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VENUE

**Melbourne Recital  
Centre, Melbourne**

## Location of AGM

### How to find the Melbourne Recital Centre

You can use the map below to find the nearest transport routes and the location of the AGM – Melbourne Recital Centre, 31 Sturt Street, Southbank, Melbourne.





**By Train**

Melbourne Recital Centre is a short walk from Flinders Street Station



**By Tram**

Melbourne Recital Centre is served by a number of trams



**By Car**

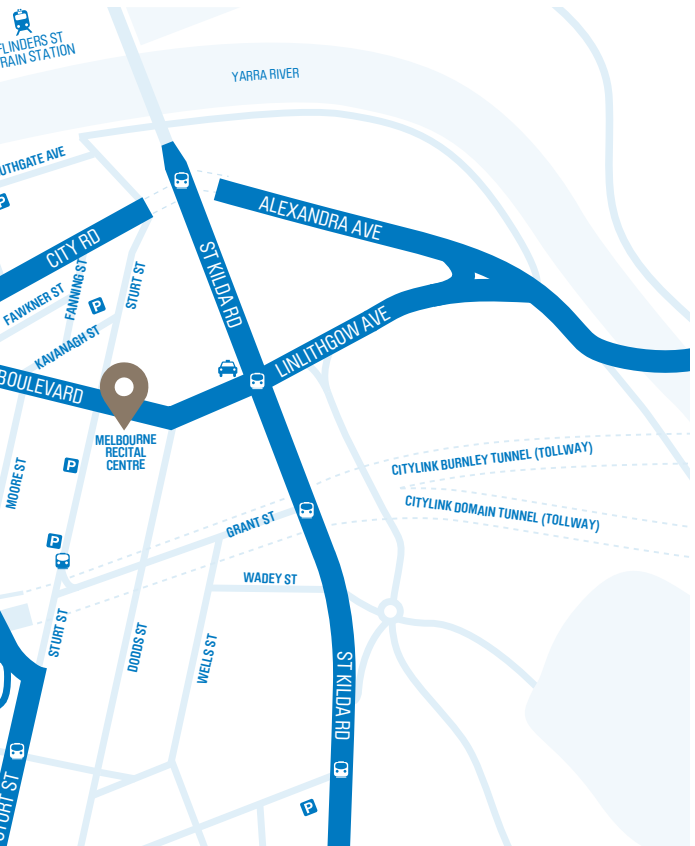
There are many car parks located within walking distance



**By Taxi**

Your taxi can enter from Sturt Street

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



## Chairman's Letter

Dear Shareholder

I am pleased to invite you to attend the 2015 Annual General Meeting of Shareholders, which has been scheduled as follows:

**Date:** 30 September 2015

**Time:** 10.30am

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

The business to be dealt with at the AGM is provided on pages 5 to 7 of this Notice of Meeting.

Please bring the enclosed Shareholder Voting Form with you to facilitate registration at 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 lodging your proxy appointment online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or by completing the enclosed Shareholder Voting Form and returning it in the envelope provided. Instructions on how to appoint a proxy are detailed on the back of the Shareholder Voting Form. Proxies must be received no later than 10.30am (Sydney time) on 28 September 2015 to be valid for the AGM. Proxies may be lodged online or returned by mail or by fax on 02 9287 0303.

You are encouraged to let us know of any questions you may have before the AGM. Details of how to lodge those questions prior to the AGM are on page 17 of this Notice.

We look forward to seeing you at the AGM.

Yours sincerely



**Jeremy Maycock**

Chairman

24 August 2015

# Business of the AGM

## Ordinary Business

1. To receive and consider the Financial Report of AGL and the consolidated entity and the Reports of the Directors and Auditor for the financial year ended 30 June 2015.
2. To adopt the Remuneration Report for the financial year ended 30 June 2015, as set out in the Directors' Report section of the Annual Report. (Note – the vote on this resolution is advisory only and does not bind the Directors or AGL).

### Voting Exclusion

As required by the Corporations Act, no member of AGL's key management personnel, details of whose remuneration are included in the Remuneration Report, or a closely related party of any such member may vote on the resolution in Item 2 of Ordinary Business unless the vote is not cast on behalf of any such member or closely related party of any such member and:

- (i) the person voting votes as a proxy appointed by writing that specifies how the person is to vote on the proposed resolution in Item 2 of Ordinary Business; or
- (ii) the person voting is the Chair of the AGM who votes as a proxy appointed by writing that does not specify the way the Chair of the AGM is to vote on Item 2 of Ordinary Business and which expressly authorises the Chair of the AGM to vote on Item 2 of Ordinary Business even though that Item is connected directly or indirectly with the remuneration of a member of the key management personnel of AGL and even though the Chair of the AGM is a member of the key management personnel of AGL.

AGL will disregard any votes cast on Item 2 of Ordinary Business in contravention of this voting exclusion statement.

## 3. To elect Directors:

- (a) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That Leslie Hosking, a Director who retires by rotation at the close of the AGM in accordance with Clause 58 of AGL's Constitution and being eligible, is re-elected as a Director of AGL."
- (b) To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That John Stanhope, a Director who retires by rotation at the close of the AGM in accordance with Clause 58 of AGL's Constitution and being eligible, is re-elected as a Director of AGL."

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

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

## Special Business

### 4. Grant of Performance Rights to Andrew Vesey

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

“That in accordance with ASX Listing Rule 10.14, approval is given for the Company to grant to its Managing Director and Chief Executive Officer, Andrew Vesey, performance rights under the Company’s Long Term Incentive Plan in respect of the financial year ending 30 June 2016 on the terms set out in the Explanatory Notes which accompany this Notice of Meeting.”

#### Voting exclusion

Andrew Vesey must not cast, and must ensure that his associates do not cast, a vote (in any capacity) on the proposed resolution in Item 4 of Special Business except where there is a permitted proxy vote. A vote is a permitted proxy vote where it:

- (i) is cast by Andrew Vesey or an associate of Andrew Vesey as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; and
- (ii) is not cast on behalf of Andrew Vesey or an associate of Andrew Vesey.

As required by the Corporations Act no member of AGL’s key management personnel, details of whose remuneration are included in the Remuneration Report, or a closely related party of any such member may vote on the proposed resolution in Item 4 of Special Business unless:

- (i) the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed resolution in Item 4 of Special Business; or
- (ii) the person voting is the Chair of the AGM who votes as a proxy appointed by writing that does not specify the way the Chair of the AGM is to vote on Item 4 of Special Business and which expressly authorises the Chair of the AGM to vote on Item 4 of Special Business even though Item 4 is connected directly or indirectly with the remuneration of a member of the key management personnel of AGL and even though the Chair of the AGM is a member of the key management personnel of AGL.

AGL will disregard any votes cast on Item 4 of Special Business in contravention of this voting exclusion statement.

#### 5. Special Resolution requisitioned by shareholders to amend the Company's Constitution – not endorsed by the Board

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

That, at the end of Clause 31 'Notice' the following new sub-clause 31.5 is inserted: "That, (a) the board must prepare a business model that demonstrates sufficient diversification of the power generation and supply activities of the company to ensure continued profitability under pathways that limit the world to 2° C warming; and (b) include in future annual reporting to shareholders, at reasonable cost and omitting any proprietary information, information about ongoing power generation and supply chain emissions management benchmarked against that model".

Note: this special resolution has been requisitioned under section 249N of the Corporations Act by a group of approximately 120 shareholders holding less than 0.3% of the Company's ordinary shares on issue. **This resolution is not endorsed by the Board.**

The Board recommends that shareholders vote against this resolution because the substance of the matters covered in the resolution are already addressed by AGL as set out on pages 14 to 16 of the Explanatory Notes that accompany this Notice of Meeting. The Chairman of the AGM intends to vote undirected proxies **against** this resolution.

For this resolution to be passed, at least 75% of the votes cast by shareholders entitled to vote on the resolution must be voted in favour of the resolution.

By Order of the Board



**Paul McWilliams**  
Company Secretary

24 August 2015



## Explanatory Notes

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 9.

### Determination Of Entitlement To Vote

For the purpose of the AGM, the Directors have determined that shares will be taken to be held by persons registered as Shareholders as at 7.00pm (Sydney time) on 28 September 2015.

### Shareholder Voting

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

Each Shareholder who is entitled to vote at the AGM may appoint a proxy and 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. Except where the Directors have determined, prior to the AGM, that direct voting will not be permitted in relation to a particular resolution, a direct vote on a resolution by a Shareholder will, if a poll is demanded (but not on a show of hands), be effective to cast, at the AGM, the votes of the Shareholder as specified in the Shareholder Voting Form without the need for, or regardless of, any further action by the proxy and the proxy will therefore have no authority to vote on a poll on the resolution on the Shareholder's behalf.

A Shareholder Voting Form and, if the Shareholder Voting Form is not signed by the Shareholder, the Power of Attorney or other authority (if any) under which the Shareholder Voting Form is signed (or a certified copy of that Power of Attorney or other authority) must be received by AGL at least 48 hours before the time for holding the AGM – that is, by 10.30am (Sydney time) on 28 September 2015. Documents may be lodged with AGL by:

- (i) appointing a proxy online at the AGL Share Registry's website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or
- (ii) posting them in the accompanying reply-paid envelope to:  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 or

- (iii) sending them by fax to the AGL Share Registry on 02 9287 0309 or
- (iv) delivering them to the AGL Share Registry located at:  
Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

## 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 Company's Constitution and the Corporations Act authorising him or her to act as the Shareholder's representative.

## Glossary

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

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

**AGL Annual Report 2015** means the Annual Report of AGL for the financial year ended 30 June 2015.

**AGM** means the 2015 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.

**FY16** means the 12 months ending 30 June 2016.

**LTIP** means the current or proposed new AGL Long Term Incentive Plan, as the context requires.

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

**Remuneration Report** means the section of the Directors' Report contained in the AGL Annual Report 2015 entitled 'Remuneration Report'.

**SPRs** means share performance rights issued under the LTIP.

**TFR** means total fixed remuneration.

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

## Ordinary Business

### Item 1

#### To receive and consider the Financial, Directors' and Auditor's Reports for the financial year ended 30 June 2015

Shareholders have been notified that the AGL Annual Report 2015 can be found on AGL's website ([www.agl.com.au](http://www.agl.com.au)) under 'Investor Centre' and have been given the option of having a printed copy of the Report sent to them. The AGL Annual Report 2015 has been sent to those Shareholders who have requested it. During the discussion of this Item, there will be an opportunity for Shareholders to ask questions about, or comment on, the Report and the management and performance of AGL.

### Item 2

#### Adoption of the Remuneration Report for the financial year ended 30 June 2015

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 2015 be adopted. The resolution is advisory only and does not bind the Directors. However, the Directors will take into account the outcome of the vote when reviewing remuneration policies and practices. During discussion of this Item, there will be an opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report.

The Remuneration Report which forms part of the Directors' Report is set out on pages 57 to 73 of the AGL Annual Report 2015.

### Directors' Recommendation

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

### Item 3

#### Election of Directors

##### (a) *Leslie Hosking*

**Leslie Hosking, Age 70**

**Term:** Non-executive Director since November 2008.

**Independent:** Yes.

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

**Directorships:** Chairman of Adelaide Brighton Limited (commenced as a Director in 2003).

**Experience:** Les has over 30 years of experience in trading, broking and management in metals, soft commodities, energy and financial instrument derivatives in the global futures industry. He was previously a Director of Innovation Australia Pty Limited, Australian Energy Market Operator (Transition) Limited (**AEMO**), Managing Director and Chief Executive Officer of NEMMCo and a non-executive Director of NEMMCo.

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

**(b) John Stanhope**

**John Stanhope, Age 64**

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

**Independent:** Yes

**Committees:** Chair of the Audit and Risk Management Committee, a member of the People and Performance Committee, and the Nominations Committee.

**Directorships:** Chairman of Australia Post, a Director of The Bionics Institute of Australia, Melbourne Jazz Limited and a member of the Council of Deakin University.

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

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

**(c) Graeme Hunt**

**Graeme Hunt, Age 58**

**Term:** Non-executive Director since September 2012.

**Independent:** Yes

**Committees:** Member of the People and Performance Committee, the Safety, Sustainability and Corporate Responsibility Committee and the Nominations Committee.

**Directorships:** Managing Director of Transfield Services Limited (commenced as a Director in November 2012), Chair of the National Resources Science Precinct (commenced in February 2014) and President of the Australian Mines and Metals Association (commenced in March 2015).

**Experience:** Graeme brings to AGL extensive experience in establishing and operating large capital projects. He was previously a non-executive Director of Transfield Services Limited (May 2012 to November 2012), Managing Director of G.P. Hunt Associates Pty Ltd, Chief Executive Officer of Lihir Gold Limited and he has held a number of senior executive positions with the BHP Billiton Group.

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

## Special Business

### Item 4

#### Grant of SPRs under the new LTIP to Andrew Vesey

##### Andrew Vesey's service contract entitlement

- (1) Under the terms of his service contract with AGL, Mr Vesey is entitled to receive in respect of each year of his employment a notional grant of SPRs issued under an AGL long term incentive plan.
- (2) Mr Vesey's TFR is currently \$1.9 million. Under the terms of his service contract Mr Vesey's TFR is required to be reviewed annually by the Board. The Board may in its discretion increase Mr Vesey's TFR but may not decrease it without Mr Vesey's consent. In line with external benchmarking of Mr Vesey's TFR, his TFR will increase on 1 September 2015 to \$2.1 million.
- (3) A summary of the key terms of Mr Vesey's service contract is set out in the Remuneration Report which also contains details of his remuneration for the financial year ended 30 June 2015.

##### AGL LTIP arrangements

A long term incentive plan is an integral part of AGL's remuneration policy for AGL executives. As indicated in the Remuneration Report, the Board has decided to institute a new LTIP for FY16. The legacy share banking plan (the previous LTIP operated by the company) has been discontinued.

The new LTIP involves a grant of SPRs that are available to vest at the end of a three year performance period where applicable performance conditions are satisfied. In relation to the inaugural FY16 grant under the new LTIP, 50% of the SPRs will be subject to a relative total shareholder return (TSR) performance condition and the remaining 50% will be subject to a return on equity (ROE) performance condition.

The new LTIP is designed to generate long term value for AGL shareholders by linking the performance of AGL executives with the achievement of specific business and strategic goals.

While the full conditions of the new LTIP are yet to be finally determined, they will differ from the existing LTIP in that vesting will occur at the end of the three year period following the grant of the SPRs and will depend upon the extent to which the applicable performance conditions have been satisfied over that period.

Vesting of SPRs against the relative TSR performance condition will commence where AGL's TSR is ranked at the 50th percentile where 50% of the SPRs will vest and will continue on a straight line basis to the 75th percentile where 100% of the SPRs will vest. The applicable comparator group of companies for the purposes of assessing relative TSR is in the final stages of being settled, but will comprise approximately 25 companies within the ASX100 with an equity beta similar to AGL.

The ROE hurdle will be the average of the annual return on equity achieved over each of the three years following the issue of the SPRs. Vesting will occur where the average three year ROE exceeds 10%, at which 50% of the SPRs vest, 12% at which 75% of the SPRs vest and 15% at which 100% of the SPRs will vest. Outcomes between these average returns on equity will be measured on a straight line basis.

The Board has agreed a return measure, rather than an earnings based measure, because ROE focuses on both improving earnings and the efficiency of the use of capital. The Board will put in place measures to prevent the use of excessive financial leverage to achieve favourable ROE outcomes.

### Shareholder approval

Under ASX Listing Rule 10.14 a director may only acquire shares or rights to shares under an employee incentive scheme if the director's participation has been approved by an ordinary resolution of shareholders. Approval from shareholders is being sought in relation to Mr Vesey's participation in the new LTIP in FY16, namely the 12 months ending 30 June 2016.

### Information required by ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the following information to be disclosed in relation to SPRs which may be acquired by Mr Vesey under the new AGL LTIP:

- (a) The maximum number of SPRs to be granted to Mr Vesey in respect of FY16 is 158,093. This is the maximum number of rights available to vest should both performance conditions be met at maximum. This number of SPRs has been determined by dividing \$2,520,000 being 120% of Mr Vesey's TFR for FY16 of \$2,100,000, by the VWAP of AGL shares traded on ASX during the 30 calendar days up to and including 30 June 2015 of \$15.94. Mr Vesey's terms of employment provide for an LTIP grant of 120% of TFR.

The maximum number of SPRs that may ultimately vest for Mr Vesey under the new LTIP for FY16 will then be determined at the end of the three year period following the grant of the SPRs and will depend upon the extent to which the applicable performance conditions have been satisfied over that period.

- (b) The price (including a statement whether the price will be, or be based on, the market price) or the formula for calculating the price for each security to be acquired under the new LTIP for a financial year is the VWAP of AGL shares traded on ASX during the 30 calendar day period up to and including 30 June of the preceding financial year. The price of SPRs to be notionally granted to Mr Vesey in respect of FY16 is \$15.94.

- (c) No director or associate of a director has acquired SPRs under the terms of the new LTIP.
- (d) There are no directors or associates of directors entitled to participate in the proposed new LTIP except for Mr Vesey.
- (e) A voting exclusion statement is included in the Notice of Meeting.
- (f) There is no loan applicable in relation to the acquisition of SPRs or the AGL shares underlying them as no payment for SPRs or the AGL shares underlying them is required by Mr Vesey.
- (g) The SPRs are expected to be granted to Mr Vesey in October 2015 (but in any event no later than 12 months after the date of the AGM) on the conditions described in these Explanatory Notes.

### Directors' Recommendation

The Directors (other than Andrew Vesey) recommend that shareholders vote in favour of Item 4.

### Item 5

#### Special resolution requisitioned by shareholders to amend the Constitution – not endorsed by the Board

A group of approximately 120 shareholders holding less than 0.3% of the Company's ordinary shares on issue have proposed a special resolution under section 249N of the Corporations Act to amend the Company's Constitution to require the Board to prepare a business model that demonstrates sufficient diversification of the power generation and supply activities of the company to ensure continued profitability under pathways that limit the world to 2°C warming and to include in future annual reporting to shareholders, at reasonable cost and omitting any proprietary information, information about ongoing power generation and supply chain emissions management bench marked against that model.

The special resolution under section 249N of the Corporations Act has been published by AGL in this Notice of Meeting in the precise form provided by the requisitioning shareholders. The Board respects the right of shareholders to requisition a resolution to amend the Company's Constitution. However, the Board does not endorse the special resolution and the Board recommends that shareholders vote **against** this resolution for the reasons set out below.

The same group of shareholders have also requested AGL, under section 249P of the Corporations Act, to provide a statement to shareholders. The statement has been included in this Notice of Meeting in the precise form provided by the requisitioning shareholders. By publishing this statement, AGL does not make any representations as to its truth or accuracy and disclaims any liability as to its contents. The statement is included on pages 18 and 19 of this Notice of Meeting.

## Reasons why the Board recommends that shareholders vote against this resolution

The Board recommends that shareholders vote against the proposed special resolution because the substance of the matters referred to in the resolution are already addressed by the Board or AGL's management as part of routine business activities. Accordingly, the Board considers that it is not necessary for the Constitution to be amended to achieve the outcomes referred to in the special resolution.

AGL supports the Commonwealth Government's commitment to work toward a global agreement to limit warming to less than 2°C above pre-industrial levels (**2°C goal**). AGL released a revised Greenhouse Gas Policy (**Policy**) in April 2015 under which it committed to not extending the operating life of any of its coal-fired power stations.

All of AGL's coal-fired power stations will be decommissioned by 2050, commencing with the 2,200 MW Liddell power station by 2022. The Policy also committed AGL to:

- > improving the greenhouse gas efficiency of all operations over which it has control;
- > not building, financing or acquiring new conventional coal-fired power stations;
- > continuing to invest in new renewable and near-zero emission technologies;
- > making available innovative and cost-effective solutions for customers;
- > incorporating a forecast of future carbon pricing in all generation related capital expenditure decisions; and
- > continuing to be an advocate for effective long-term government policy to reduce Australia's greenhouse gas emissions in a manner consistent with the long-term interests of consumers and investors.

The Policy places AGL on a pathway so that its operations are consistent with a 2°C goal. AGL regularly discusses with its key stakeholders the means by which this can be demonstrated quantitatively through initiatives such as 'We Mean Business' facilitated by the WWF and the Carbon Disclosure Project.

Further, AGL's business model already anticipates the diversification of power supply required to achieve profitable growth while constraining emissions of harmful greenhouse gases.



AGL is Australia's largest private developer, owner and operator of renewable generation assets including hydro, wind, solar and landfill gas. Generation capacity from renewable sources exceeds 1,700 megawatts. In FY15, AGL commissioned the operation of a 102 MW solar farm at Nyngan in New South Wales. In FY16, AGL will commission a 53 MW solar farm at Broken Hill.

AGL has not built any of the major thermal power stations that it owns. The Torrens Island gas fired power station, the Loy Yang A brown coal fired power station and the Macquarie Generation black coal fired power stations were each built 30 years or more ago and continue to be essential in maintaining the supply of reliable, secure and affordable electricity to support Australian households and Australian businesses.

AGL also already reports extensively in respect of its sustainability activities. The 2015 Annual Report includes details of AGL's sustainability performance in FY15 measured against specific targets set in FY14. New targets for FY16 have also been approved by the Board and are included in the Annual Report. More comprehensive information about AGL's sustainability activities are set out in AGL's annual sustainability report. AGL's 2014 Sustainability Report recently won the Special Award for Sustainability Reporting at the 2015 Australasian Reporting Awards.

Taking into account AGL commitments under the Policy and its reporting activities described above, the Board does not consider that the proposed amendment to the Company's Constitution is required or is in the best interests of AGL and its shareholders.

**Accordingly, the Board recommends that shareholders vote against this resolution.**

The Chairman intends to vote available proxies against this resolution.

## Questions from Shareholders

AGL aims to ensure that 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 this AGM, you may lodge your questions online by visiting the AGL Share Registry's website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or by completing the enclosed form and returning it in the enclosed reply paid envelope.

**Questions for the AGM (including written questions to the Auditor) must be received at any of the addresses below by 5.00pm on Wednesday, 23 September 2015.**

The Chairman of the AGM will answer as many of the frequently asked questions as possible.

The AGM will be webcast live at [www.agl.com.au](http://www.agl.com.au) and a copy of the Chairman's address to the AGM will be available on the AGL website.

In accordance with the Corporations Act, Shareholders will also be given a reasonable opportunity at the AGM to ask:

- > questions about, or make comments on, the management of AGL and the Remuneration Report; and
- > the Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by AGL and the independence of the Auditor.

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

- > **Online** at the AGL Share Registry's website:  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)
- > **Write** to the AGL Share Registry or the Company Secretary by completing the enclosed form and sending it to the Share Registry in the enclosed reply paid envelope to:

**Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235**

or post to:

**Company Secretary  
AGL Energy Limited  
Locked Bag 1837  
St Leonards NSW 2065**

or fax to:

- > the AGL Share Registry on 02 9287 0309

## Statement pursuant to section 249P of the Corporations Act

This statement is provided to all AGL shareholders at the request of the Australasian Centre for Corporate Responsibility and other supportive shareholders.

It deals with the content of the Annual Report. Currently, in aggregate, fossil fuel companies are estimating with 90% certainty that they will be able to extract freely (for subsequent sale and combustion) over three times more carbon than is compatible with the internationally agreed ceiling. This inconsistency between financial accounting, physical reality and political intent is referred to as the 'unburnable carbon bubble'. It is akin to a traditional speculative bubble because all investor's expectations cannot be met. As the bubble bursts it is likely fossil fuel reserves and other fossil fuel specific assets like coal fired power stations will become stranded, ie written down in value prior to the end of their economic life.<sup>1</sup>

Since our purchase of Macquarie Generation we have become the largest carbon emitter in Australia. We have 3 potential sources of exposure to 'unburnable carbon bubble' risk:

- > compression of the profit margin on operations stemming from local or international price or regulatory changes;
- > immediate on balance sheet loss resulting from write-downs of generating assets or reserves. We own brown coal and gas reserves and black and brown coal power stations;
- > reputational exposure – in particular, the risk that our company becomes seen as 'part of the problem' and that results in loss of custom, diminished credibility and influence on public policy and diminished attractiveness as an employer.

The International Energy Agency (IEA) has calculated that globally, energy sector carbon intensity needs to decline by 6% by 2020, 43% by 2035 and 64% by 2050 to hold global warming to the agreed 2° C.

Carbon intensity of energy supply is exceptionally high in Australia by world standards – 35% above the world average.<sup>2</sup> Likewise the Australian power grid is exceptionally carbon intensive by world standards – 54% above world average. If Australia adopted public policy intended to ensure carbon intensity fell to world average by 2035 it would have to drop 57%.

Our company has 'had a policy' on carbon emissions dating back to 2010.<sup>3</sup>

It contained 7 commitments, none of which involved any quantitative target for emissions or emissions intensity. In 2012 our board did set a quantitative target, "From next year, AGL's target will be for investments in new generation capacity to have a combined intensity lower than 0.7 tCOe/MWh."<sup>4</sup> There is no mention of this target on the 'Greenhouse and Energy' page of the 2014 Sustainability Performance Review<sup>5</sup> nor in recent Annual Reports.

In stark contrast to the 2012 target, during the period 2011 to 2014 our company's greenhouse gas emission intensity from power generation actually tripled from 0.32 to 0.97.<sup>6</sup> In September 2014 we purchased Macquarie Generation owner of the Liddell and Bayswater black coal fired power stations in NSW which in 2013/14 had a combined estimated emissions intensity of 1.02, further increasing our company's overall intensity.<sup>7</sup> In April 2015 we revised our Greenhouse Gas Policy.<sup>8</sup> It now contains nine commitments but, again, none of them involve any quantitative targets for emissions or emissions intensity reductions. It also contains no reference to the 2012 emissions intensity target.

Norway's Parliament recently approved a decision to divest the country's sovereign wealth fund from companies deriving more than 30% of their income from coal fired power generation. Our company falls into this category.

Norway's sovereign wealth fund is not alone. Response to climate change is assessed by international investor groups such as members of the UN PRI<sup>9</sup> as well as international responsible investment ratings agencies. Companies in industries like ours, which score well, are positioned to prosper in a 2° C constrained world. For example, they have targets for emissions reductions. In our view it is in the interests of all shareholders that our board positions our company in this manner. For example, our company could set target(s) to significantly reduce our emissions and/or emissions intensity and report performance against those targets to shareholders in Annual Reports.

**This statement is provided to all AGL shareholders at the request of the Australasian Centre for Corporate Responsibility and other supportive shareholders.**

*This statement was prepared by a group of approximately 120 shareholders holding less than 0.3% of the Company's ordinary shares. The statement is required to be provided to shareholders pursuant to section 249P of the Corporations Act. This statement has been included in this Notice of Meeting in the precise form provided by the requisitioning shareholders. By publishing this statement, AGL does not make any representations as to its truth or accuracy and disclaims any liability as to its contents.*

- 1 See <http://igcc.org.au/Resources/Documents/Climate-Change-Investment-Solutions-GuideFINAL.pdf> Annex A p 31.
- 2 This reflects Australia's reliance on coal. In tonnes CO<sub>2</sub>e/ MWh brown coal generation intensity is typically 1.2 (Loy Yang A) to 1.5 (Hazelwood); black coal is typically 1 (Eraring); CCGT gas generation is typically 0.5 (Darling Downs), renewables are zero or near zero. See ACIL Allen Consulting Emission Factors 2014 at [www.aemo.com.au](http://www.aemo.com.au)
- 3 See [http://www.agl.com.au/-/media/AGL/About%20AGL/Documents/How%20We%20Source%20Energy/CSG%20and%20the%20Environment/Camden/Northern%20Expansion/V3\\_Appendix%20H.pdf](http://www.agl.com.au/-/media/AGL/About%20AGL/Documents/How%20We%20Source%20Energy/CSG%20and%20the%20Environment/Camden/Northern%20Expansion/V3_Appendix%20H.pdf) p 14.
- 4 See <http://2012.aglsustainability.com.au/files/assets/basic-html/page68.html>
- 5 See <http://agl2014.sustainability-report.com.au/environment/greenhouse-and-energy>
- 6 See the graph entitled 'Carbon intensity of operated generation assets' at <http://agl2014.sustainability-report.com.au/data-centre/environment>.
- 7 See Fig 18 of ACIL Allen Consulting Emission Factors 2014 at [www.aemo.com.au](http://www.aemo.com.au)
- 8 See [http://www.agl.com.au/-/media/AGL/About%20AGL/Documents/Media%20Center/Corporate%20Governance%20Policies%20Charter/1704015\\_GHG\\_Policy\\_Final.pdf](http://www.agl.com.au/-/media/AGL/About%20AGL/Documents/Media%20Center/Corporate%20Governance%20Policies%20Charter/1704015_GHG_Policy_Final.pdf)
- 9 See <http://igcc.org.au/Resources/Documents/Climate-Change-Investment-Solutions-GuideFINAL.pdf> p 15.




**LODGE YOUR VOTE**

 **ONLINE**  
www.linkmarketservices.com.au

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

 **BY FAX**  
+61 2 9287 0309

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

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



**X99999999999**


**VOTING FORM**

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

**STEP 1** Please mark either A or B

**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, 30 September 2015**, and at any adjournment or postponement of the Meeting.

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

**OR B APPOINT A PROXY**

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am on Wednesday, 30 September 2015 at Melbourne Recital Centre, 31 Sturt Street, Southbank, Melbourne, Victoria (the Meeting)** and at any postponement or adjournment of the Meeting.

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


**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business except Resolution 5, where undirected proxies are intended to be voted against that item of business.**

**VOTING DIRECTIONS**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

**STEP 2**

Resolutions	For	Against	Abstain*	For	Against	Abstain*
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4 Grant of SPRs under the new LTIP to Andrew Vesey	<input type="checkbox"/>	<input type="checkbox"/>
3(a) Re-election of Leslie Hosking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Special resolution requisitioned by shareholders to amend the Company's Constitution	<input type="checkbox"/>	<input type="checkbox"/>
3(b) Re-election of John Stanhope	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
3(c) Re-election of Graeme Hunt	<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.

**STEP 3**

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

Shareholder 1 (Individual)  Joint Shareholder 2 (Individual)  Joint Shareholder 3 (Individual)   
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

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



## 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

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

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

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

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

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

### VOTING UNDER BOX B – APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. 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 intentions set out in Box B of Step 1, including where the Resolutions 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 and vote on a poll. If you wish to appoint a second proxy, an additional Voting Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

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

### SIGNING INSTRUCTIONS

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

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

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

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

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

### CORPORATE REPRESENTATIVES

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

### LODGEMENT OF A VOTING FORM

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Monday, 28 September 2015**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

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



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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



#### BY MOBILE DEVICE

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

#### QR Code



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



#### BY MAIL

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



#### BY FAX

+61 2 9287 0309



#### BY HAND

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

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

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

**LODGE YOUR QUESTIONS**

-  **ONLINE**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)
-  **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)



**X999999999999**

Please use this form to submit any questions about AGL Energy Limited (“the Company”) that you would like us to respond to at the Company’s 2015 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company’s auditor it should be relevant to the content of the auditor’s report, or the conduct of the audit of the financial report.

This form must be received by the Company’s share registrar, Link Market Services Limited, by **5:00pm on Wednesday, 23 September 2015**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company’s auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

**My question relates to (please mark the most appropriate box)**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report              | <input type="checkbox"/> Sustainability/Environment        | <input type="checkbox"/> Other              |
| <input type="checkbox"/> My question is for the auditor   | <input type="checkbox"/> Future direction                  |   |

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|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report              | <input type="checkbox"/> Sustainability/Environment        | <input type="checkbox"/> Other              |
| <input type="checkbox"/> My question is for the auditor   | <input type="checkbox"/> Future direction                  |   |

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**QUESTIONS**