

ASX & SGX-ST Release



19 June 2015

TO: ASX Limited
Singapore Exchange Securities Trading Limited

AusNet Services Notice of Annual General Meeting

Enclosed is an announcement made by AusNet Services which is provided for the information of AusNet Services Holdings Pty Ltd noteholders.

Susan Taylor
Company Secretary

ASX & SGX-ST Release



19 June 2015

TO: ASX Limited
Singapore Exchange Securities Trading Limited

AusNet Services Notice of Annual General Meeting

Attached are the following documents, which will be sent to shareholders from today:

- Notice of Annual General Meeting;
- Proxy Form (sent to ASX shareholders); and
- Voting Instruction Form (sent to SGX-ST shareholders).

Susan Taylor
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

AusNet Services Ltd
ABN 45 603 317 559
("AusNet Services")

23 July 2015

The Annual General Meeting of AusNet Services Ltd will be held at **ANZ Pavilion, The Arts Centre Melbourne, 100 St Kilda Road, Melbourne, Victoria, Australia** on **Thursday, 23 July 2015 at 10.00am.**

*We
move
energy*

1 Financial statements and reports – Stapled Group

To receive and consider the Stapled Group's financial statements and the reports of the Directors of the Stapled Group and the Auditor for the year ended 31 March 2015.

2 Election and Re-election of Directors – AusNet Services

To consider and, if thought fit, to pass the following as separate ordinary resolutions:

- (a) *"That Mr Robert Milliner be elected as a Director of AusNet Services with effect from the close of the Meeting."*
- (b) *"That Mr Ho Tian Yee, who retires by rotation in accordance with the Directors' rotational schedule and, being eligible, offers himself for re-election, be re-elected."*
- (c) *"That Mr Tony Iannello, who retires by rotation in accordance with the Directors' rotational schedule and, being eligible, offers himself for re-election, be re-elected."*

In addition, to note:

"That Mr Ian Renard has informed the Chairman that he will retire with effect from the conclusion of the Meeting."

3 Remuneration report – Stapled Companies

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

"That the Remuneration Report of AusNet Services (Distribution) Ltd and AusNet Services (Transmission) Ltd for the year ended 31 March 2015 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors, the Stapled Companies or AusNet Services.

4 Appointment of Auditor – AusNet Services

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

"That KPMG, being qualified to act and having consented to do so, be appointed as the auditor of AusNet Services Ltd with effect from the close of the Meeting."

5 Grant of Performance Rights to Managing Director of AusNet Services

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

"That for the purposes of Listing Rule 10.14 and all other purposes, AusNet Services has approval to grant Performance Rights to the Managing Director and to procure the transfer of ordinary Shares in AusNet Services to the Managing Director upon the vesting and exercise of those Performance Rights, in accordance with the terms of AusNet Services' Long Term Incentive Plan and on the basis described in the Explanatory Notes to this Notice."

6 Increase in Maximum Aggregate Remuneration of Non-Executive Directors – AusNet Services

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

"That the aggregate maximum sum available for remuneration to Non-executive Directors of AusNet Services as remuneration for their services be increased by \$500,000 to \$2,500,000 per year."

7 Issue of Shares – AusNet Services

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

"That for the purposes of clause 3.10 of the constitution of AusNet Services, AusNet Services and the Directors of AusNet Services be given authority to issue new Shares, and to make or grant an offer, agreement or option which would or might require Shares to be issued, in the circumstances, for the period and on the terms and conditions described in the Explanatory Notes to this Notice."

Please refer to the accompanying Explanatory Notes, which form part of this Notice, for more information on the proposed resolutions.

By Order of the Board of AusNet Services Ltd.



Susan Taylor
Company Secretary

19 June 2015

Information for members

The accompanying Explanatory Notes form part of this Notice and should be read in conjunction with it. Unless the context requires otherwise, terms defined in the Glossary to the Explanatory Notes have the same meanings when used elsewhere in this Notice.

Required majority

The resolutions described in items 2, 3, 4, 5, 6 and 7 of the "Business" section of this Notice are all ordinary resolutions and each will be passed if at least 50% of votes cast by Members entitled to vote on the resolution are cast in favour of the resolution.

Voting and proxies

Eligibility to vote

For the purposes of determining entitlement to vote at the Meeting, Shares will be taken to be held by those registered as Members at 7.00pm on Tuesday 21 July 2015 (Melbourne time). Transactions registered after that time will be disregarded in determining Members' entitlement to vote at the Meeting.

Shares listed on SGX-ST and deposited with CDP

If your Shares are listed on SGX-ST and deposited with CDP, you do not have the right to vote as a Member because your Shares are registered in the name of CDP. In order to vote, your voting instructions must be received by CDP by **5.00pm** (Singapore time) on **Thursday 16 July 2015**. Instructions on how to lodge your voting instructions with CDP are included in the CDP Voting Instruction Form accompanying this Notice. If you wish to attend the Meeting, please follow the procedures set out in the CDP Voting Instruction Form.

Voting Exclusions

AusNet Services will disregard any votes cast (in any capacity) on item 3 (Remuneration Report) by or on behalf of:

- (a) a member of the KMP whose remuneration is disclosed in the Remuneration Report; and
- (b) their closely related parties,

and any votes cast (in any capacity) on item 5 (Grant of Performance Rights to Managing Director of AusNet Services) by or on behalf of:

- (a) the Managing Director of AusNet Services; and
- (b) his associates,

and any votes cast (in any capacity) on item 6 (Increase in Maximum Aggregate Remuneration of Non-Executive Directors) by or on behalf of:

- (a) any Directors of AusNet Services; and
- (b) their associates,

as well as any votes cast as a proxy on item 3, item 5 or item 6 by a member of the KMP at the date of the Meeting and their closely related parties, unless the vote is cast:

- (a) as proxy for a person who is entitled to vote in accordance with a direction in the proxy form; or
- (b) by the Chairman of the Meeting as proxy for a person who is entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

'Closely related party' is defined in the Corporations Act and 'associate' is defined in the ASX Listing Rules and both terms include a spouse and certain other close family members, as well as any related companies controlled by KMP.

Appointing a Proxy

You can appoint a proxy to attend and vote on your behalf. A personalised proxy form accompanies this Notice.

A proxy need not be a Member and may be an individual or a body corporate.

The Member, or the Member's attorney who has not received any notice of revocation of the authority, must sign the proxy form.

Proxies given by a body corporate must be signed by a director, company secretary, sole director and sole company secretary or under the hand of a duly authorised officer or attorney.

If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes.

If you appoint two proxies to vote, neither proxy may vote on a show of hands if more than one proxy attends. On a poll, each proxy may only exercise votes in respect of those Shares or voting rights the proxy represents.

Lodging your proxy form

Completed and signed proxy forms (together with any power of attorney or other authority under which the appointment was signed or a certified copy of the authority) must be returned no later than **10.00am on Tuesday, 21 July 2015** (Melbourne time).

You can lodge your completed proxy form, letter of representation or power of attorney:

(a) in person to:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067
Australia

(b) by mail to:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne, VIC 3001
Australia
(A reply paid envelope is enclosed)

(c) by fax to:

Computershare Investor Services Pty Limited
1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

(d) online at:

AusNet Services' website at www.ausnetservices.com.au.

To use this facility you will need your proxy form as it contains your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) which is your Personal Identification Number (PIN) to verify the transmission. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions on the website. (Note: this facility is not available for attorneys.)

Proxy forms may also be delivered to AusNet Services' registered office at:

Company Secretary
AusNet Services
Level 31, 2 Southbank Boulevard
Southbank, VIC 3006
Australia

If you appoint a proxy or attorney, you may still attend the Meeting. However, if you vote on a resolution, the proxy or attorney is not entitled to vote as your proxy or attorney on the resolution. Accordingly, you will be asked if you wish to revoke your proxy if you register at the Meeting.

Undirected and directed proxies

You are encouraged to actively direct your proxy how to vote on each item of business by marking the appropriate boxes on the proxy form.

If you intend to appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting is appointed as your proxy by default, you can direct him how to vote on an item (for example, if you wish to vote 'for' 'against' or abstain from voting), or you can leave all of the boxes unmarked and give the Chairman of the Meeting your express authority to vote your undirected proxy as he sees fit (in which case the Chairman of the Meeting will vote in favour of all items of business, including item 3, item 5 and item 6).

If you intend to appoint another member of the KMP (such as one of the Directors) or one of their closely related parties as your proxy, please ensure that you direct them how to vote on item 3, item 5 and item 6.

If you leave your proxy form undirected on item 3, item 5 or item 6, KMP (other than the Chairman of the Meeting) and their closely related parties will not be able to vote your Shares on those items.

Corporate Members

Corporate Members who wish to appoint a representative to attend and vote at the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as that Member's representative. A form of authorisation may be obtained from Computershare.

Admission to Meeting

If you attend the Meeting, please bring your personalised proxy form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the Meeting, but representatives from Computershare will need to verify your identity.

Corporate representatives are requested to bring a copy of the letter of representation pursuant to which they were appointed.

This will also apply where you appoint a body corporate as your proxy. The body corporate will need to ensure that it appoints an individual as its corporate representative to attend and vote for that corporation at the Meeting. Attorneys are requested to bring a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required.

You will be able to register from **9.00am** (Melbourne time) on the day of the Meeting.

Webcast and your privacy

A live audio webcast of the Meeting will be available on AusNet Services' website at www.ausnetservices.com.au.

Attendees at the Meeting may be video recorded and the tapes may be viewed at the discretion of AusNet Services for security purposes.

Explanatory notes

These Explanatory Notes have been prepared to assist Members to understand the items of business to be considered at the Meeting. These Explanatory Notes are important and should be read carefully by all Members.

Item 1 Financial statements and reports – Stapled Group

The triple stapled structure comprising AusNet Services (Distribution) Ltd, AusNet Services (Transmission) Ltd and AusNet Services Finance Trust (“**Stapled Group**”) was in place throughout the financial year ended 31 March 2015.

On or around 18 June 2015, a corporate restructure was implemented, under which the triple stapled structure was replaced by a single new holding company, called AusNet Services Ltd. The companies and trust that formed part of the stapled structure are now wholly owned by AusNet Services.

There are no financial statements or reports for AusNet Services for the period ended 31 March 2015. Financial statements and reports for AusNet Services will be prepared and presented for the first time at the 2016 Annual General Meeting in respect of the financial year ending 31 March 2016.

At this Meeting, Members will consider the Stapled Group’s financial statements and the Directors’ and Auditor’s Reports for the Stapled Group for the year ended 31 March 2015.

Members are not required to vote on the financial statements and reports.

However, Members will be given reasonable opportunity at the Meeting to raise questions on the financial statements and reports. Members will also be able to ask the Auditor questions relevant to the audit of the financial statements and reports.

Item 2 Election and Re-election of Directors – AusNet Services

Mr Ian Renard has informed the Chairman of his intention to retire from the Board with effect from the conclusion of this Meeting. The Board notes with appreciation Mr Renard’s service and contribution to AusNet Services since he was first appointed to the Board in 2005.

In his place, the Board nominates Mr Robert Milliner for election to the Board with effect from the conclusion of the Meeting for a three year term.

Mr Ho Tian Yee and Mr Tony Iannello are current Directors of AusNet Services and were also members of the Board of the Stapled Group immediately prior to implementation of the corporate restructure.

While AusNet Services is a new entity, the remaining Directors of AusNet Services will continue to retire by rotation on the same schedule that applied to the Boards of the Stapled Companies prior to the corporate restructure.

Mr Ho and Mr Iannello both retire in accordance with the Directors’ rotational schedule and, being eligible, offer themselves for re-election to the Board of AusNet Services.

Mr Milliner offers himself for election to the Board of AusNet Services in accordance with clause 10.1(h) of the Constitution.

2(a) Mr Robert Milliner

*Bachelor of Commerce, University of Queensland
Bachelor of Laws (Hons), University of Queensland
Master of Business Administration, University of Western Australia
Advanced Management Program, Harvard Business School, USA*

A comprehensive process has been undertaken by the Board of AusNet Services to identify a suitably qualified candidate to fill the vacancy left by the retirement of Mr Ian Renard. It is proposed that Mr Robert Milliner be elected to the Board as an independent Non-executive Director with effect from the conclusion of the Meeting.

Mr Milliner has tabled his consent to act as a Director and offers himself for election at this Meeting.

According to clause 10.1(d) of the Constitution, if Mr Milliner is elected, he may hold office until the Annual General Meeting of AusNet Services in 2018, at which he is required by the Constitution to retire and may offer himself for re-election.

Mr Milliner is a Senior Adviser, International Affairs at Wesfarmers Limited, Senior Adviser at UBS and Senior Adviser to the ICC Secretary General. He is also Chairman of the Board of the Foundation for Young Australians and a director of the Australian Charities Fund. In 2013 and 2014 he was the B20 Australia Sherpa and coordinated the international business community’s recommendations to the 2014 G20.

From 2004-2011 he was Chief Executive Partner of law firm Mallesons Stephen Jaques (now King & Wood Mallesons) and retired from Mallesons in January 2012 after 28 years as a partner.

The following two Directors retire by rotation in accordance with the Directors’ rotational schedule and, being eligible, offer themselves for re-election to the Board of AusNet Services.

2(b) Mr Ho Tian Yee

Bachelor of Economics (Honours), Portsmouth University, UK

Mr Ho Tian Yee, a Non-executive Director, was appointed to the Boards of the Stapled Companies on 1 September 2008 and to the Board of AusNet Services on 14 April 2015. Mr Ho is a member of the Nomination Committee, the Remuneration Committee and the Issuing Committee.

Mr Ho is currently the Managing Director and principal shareholder of Pacific Asset Management (S) Pte Ltd, and an investment advisor to Blue Edge Advisors Pte Ltd. Mr Ho was previously the General Manager and Managing Director of Bankers Trust Company, Singapore. He currently serves as a non-executive director of DBS Group Holdings Ltd, DBS Bank Ltd and Fullerton Funds Management Company Limited. He is also a Board member of Singapore Power Limited.

Mr Ho’s skills and experience are valued by all Board members, particularly his contribution to capital markets, finance and governance issues. He is one of the Board members nominated by Singapore Power.

2(c) Mr Tony Iannello

*Bachelor of Commerce, University of Western Australia
Advanced Management Program, Harvard Business School, USA*

Mr Tony Iannello, an independent Non-executive Director, was appointed to the Boards of the Stapled Companies on 6 June 2006 and to the Board of AusNet Services on 14 April 2015. Mr Iannello is Chairman of the Audit and Risk Management Committee and member of the Nomination Committee, the Bushfire Litigation Committee and the Issuing Committee.

Mr Iannello is Chairman of Empire Oil and Gas NL, HBF Health Ltd and D'Orsogna Ltd. He is also a director of ERM Power Ltd and Water Corporation of WA. Mr Iannello was formerly Chairman of MG Kailis Group of Stapled Companies, Aviva Corporation Ltd and Energia Minerals Ltd. Mr Iannello was Managing Director of Western Power Corporation and previously held a number of senior executive roles at the Bank of Western Australia.

Mr Iannello continues to make an effective contribution to the Board, particularly in his roles as Chairman of Audit and Risk Management Committee and the Board committee considering acquisition prospects in the power industry. With recent changes to the Board, his continued membership of the Board is considered important in maintaining the appropriate balance of experience and expertise on the Board.

Recommendation:

The Board (other than a Director who is the subject of the relevant resolution in each case) recommends that Members vote in favour of resolutions 2(a), 2(b) and 2(c).

Item 3 Remuneration Report – Stapled Companies

There is no Remuneration Report for AusNet Services Ltd for the period ended 31 March 2015. A Remuneration Report for AusNet Services will be prepared and presented for the first time in respect of the financial year ending 31 March 2016.

In the meantime, Members will receive and be entitled to vote on the adoption of the Remuneration Report of the Stapled Companies for the year ended 31 March 2015 on an advisory basis.

The Remuneration Report details the policies of the Stapled Companies on the remuneration of Non-executive Directors, the Managing Director and key senior executives and is set out in the Stapled Group's 2015 Statutory Annual Report. The 2015 Statutory Annual Report is available on AusNet Services' website at www.ausnetservices.com.au. Each of the Stapled Companies has the same Remuneration Report.

The vote on the adoption of the Remuneration Report applies to both Stapled Companies, is advisory only and does not bind the Directors of AusNet Services. However, the Directors will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of AusNet Services.

Members will be given a reasonable opportunity at the Meeting to raise questions and make comments on the Remuneration Report.

Recommendation:

The Board recommends that Members vote in favour of resolution 3.

Item 4 Appointment of Auditor – AusNet Services

The Board appointed KPMG as the auditor of AusNet Services in 2014. In accordance with section 327A of the Corporations Act, KPMG holds that office in relation to AusNet Services until the close of its first annual general meeting. The Board is seeking Member approval for the appointment of KPMG as the auditor of AusNet Services with effect from the close of this Meeting.

KPMG has been the auditor of the Stapled Group since its appointment in 2006.

In accordance with s328B of the Corporations Act, the Company Secretary, Ms Susan Taylor, has nominated KPMG as auditor and KPMG has consented to the appointment. A copy of the nomination of KPMG as auditor is attached at the end of this Notice.

Recommendation:

The Board recommends that Members vote in favour of resolution 4.

Item 5 Grant of Performance Rights to Managing Director of AusNet Services

The Managing Director of AusNet Services is Mr Nino Ficca. ASX Listing Rule 10.14 states that a listed company must not permit a director to acquire shares under an employee incentive scheme without the prior approval of members by an ordinary resolution.

ASX Listing Rule 10.15B provides that ASX Listing Rule 10.14 does not apply where the terms of the relevant employee incentive scheme require that shares must be purchased on-market to satisfy the performance rights. ASX Listing Rule 10.15B applies to AusNet Services' Long Term Incentive Plan as the rules of that plan require on-market purchases.

The Board has also considered the application of Chapter 2E of the Corporations Act to the issue of Performance Rights to Mr Ficca and considers that the financial benefit given by such grant of Performance Rights constitutes reasonable remuneration to Mr Ficca, given:

- (1) the circumstances of AusNet Services; and
- (2) Mr Ficca's role and responsibilities at AusNet Services, for the purposes of the exception contained in section 211(1) of the Corporations Act.

Therefore, it is the considered view of the Board that Member approval is not required under either section 208 of the Corporations Act, or under the Listing Rules.

Why is member approval being sought?

Notwithstanding that Member approval is not required under the ASX Listing Rules or the Corporations Act, the Board has determined that, in the interests of transparency and good governance, Members should be asked to approve the grant of 739,722 Performance Rights to Mr Ficca.

Details of the proposed FY2016 grant

The proposed FY2016 grant to Mr Ficca is for 739,722 Performance Rights. The grant represents the long term incentive component of the Managing Director's remuneration package. The total number of Performance Rights which Mr Ficca may apply for has been determined by dividing \$1,086,800, being 100% of Mr Ficca's fixed annual remuneration, by a Share price of \$1.4692. The Share price has been calculated based on the volume weighted average price (VWAP) over the 5 trading day period commencing on the date AusNet Services released its 2015 annual results.

Entitlements

Each Performance Right represents a right to receive one Share in AusNet Services, subject to the achievement of the performance measures, as set out on page 8 of this Notice. The Performance Rights are non-transferable, except in limited circumstances or with the consent of the Board.

Date of grant

The Performance Rights will be granted to Mr Ficca as soon as practicable after the Meeting and in any event within 12 months after the Meeting.

Performance measures

Performance Rights granted to Mr Ficca will be divided into three components, subject to separate performance measures, as follows:

- (1) 50% of Performance Rights will be subject to a performance hurdle relating to relative Total Shareholder Return (TSR), which is the TSR of AusNet Services over a three year performance period commencing on 1 April 2015 (Performance Period), when compared with the TSR of companies in the S&P/ASX 200 index at the commencement of the Performance Period. The TSR performance condition provides that no Performance Rights vest until AusNet Services' relative TSR performance achieves a percentile ranking of 50.1, at which point 35% of Performance Rights vest. Above the 50.1 percentile ranking, the number of Performance Rights that vest will be pro-rated on a linear basis between the 51st percentile and the 75th percentile. At the 75th percentile (or above), 100% of Performance Rights vest; and
- (2) 25% of Performance Rights will be subject to a performance hurdle relating to Earnings Per Share Growth (EPS Growth). The Board has set a target EPS Growth over the Performance Period of 5% per annum compound annual growth rate; and
- (3) 25% of Performance Rights will be subject to a performance hurdle relating to Return On Invested Capital (ROIC). The Board has set a three year average target ROIC of 5.28% for the Performance Period.

Allocation of Shares upon vesting of Performance Rights

Following testing of the applicable performance conditions and determination of the level of vesting of Performance Rights, one Share in AusNet Services will be allocated in relation to each Performance Right which vests. AusNet Services will cause to be transferred to Mr Ficca the number of Shares to which he is entitled. Any Performance Rights that do not vest following testing of the performance hurdles at the end of the Performance Period will lapse.

Trading restrictions

Shares allocated on vesting of Performance Rights will not be subject to any further trading restrictions, subject to complying with AusNet Services' Guidelines for Dealing in Securities.

Price payable for Shares

No amount will be payable in respect of the allocation of Performance Rights, or in respect of any Shares granted upon vesting of the Performance Rights.

Cessation of employment

If Mr Ficca ceases employment with AusNet Services before the end of the Performance Period, the treatment of his Performance Rights will depend on the circumstances of cessation as follows:

- (a) where Mr Ficca ceases employment due to resignation, termination for cause or poor performance, all unvested Performance Rights will lapse at cessation; and

- (b) where Mr Ficca ceases employment for any other reason prior to the Performance Rights vesting, the Board has discretion to determine the treatment that it deems appropriate in the circumstances.

Other information

The Long Term Incentive Plan is a new equity based long-term incentive plan that was adopted by the Stapled Group in or around March 2015 and which is now administered by AusNet Services under delegation from the Stapled Group. Therefore, no previous grants have been made to the Managing Director or his associates under the plan. There is no loan scheme in relation to the grant of Performance Rights. The Managing Director is the only Director of AusNet Services eligible to participate in the Long Term Incentive Plan.

As stated above, the maximum number of Performance Rights that may be granted to the Managing Director if this resolution is approved is 739,722.

Mr Ficca is prohibited from hedging the Share price exposure in respect of Performance Rights during the Performance Period applicable to those Performance Rights.

Further details of the Performance Rights granted to Mr Ficca under the Long Term Incentive Plan in the 2015 financial year will be provided in the Remuneration Reports for the years ending 31 March 2016 to 2018, respectively.

Recommendation:

The Board (other than the Managing Director) recommends that Members vote in favour of resolution 5.

Item 6 Increase in Maximum Aggregate Remuneration of Non-Executive Directors – AusNet Services

The Constitution provides that each Director is entitled to such remuneration from AusNet Services for his or her service as a Director as the Directors decide but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. The aggregate amount approved by Members excludes remuneration paid to executive Directors.

At present, the maximum aggregate amount of fees that may be paid to the Non-executive Directors of AusNet Services is A\$2,000,000. Resolution 6 seeks Member approval to increase this amount by A\$500,000 to A\$2,500,000 per year for the following reasons:

- (a) the Board wishes to provide headroom and flexibility to increase the size of the Board if and when appropriate, including for succession planning purposes; and
- (b) the Board wishes to allow for some future increases in fees to maintain market competitiveness and to reflect increasing demands on Non-executive Directors.

Recommendation:

The Board recommends that Members vote in favour of resolution 6.

Item 7 Issue of Shares – AusNet Services

Clause 3.10 of the Constitution provides that the Directors must not exercise any power to issue Shares, or to make or grant an offer, agreement or option which would or might require Shares to be issued, without the prior approval of AusNet Services in general meeting which must have been obtained no more than 18 months before the issues of the Shares, or the making or granting of the offer, agreement or option.

This provision was included in AusNet Services' Constitution to preserve the rights of securityholders of the Stapled Group that existed under certain Singapore securities regulations prior to the implementation of the corporate restructure on or around 18 June 2015.

ASX Listing Rule 7.1 limits the number of Shares that AusNet Services may issue in any 12 month period (without Member approval) to 15 percent of its issued capital. However, ASX Listing Rule 7.2 provides various exceptions to ASX Listing Rule 7.1. An issue of Shares that falls within an exception does not form part of the 15 percent limit under ASX Listing Rule 7.1.

Therefore, for the purposes of clause 3.10 of the Constitution, Member approval is sought to permit AusNet Services to issue Shares, and to make or grant an offer, agreement or option which would or might require Shares to be issued, on the same basis as is permitted under the ASX Listing Rules.

A resolution seeking securityholder approval for the issue of new securities in the Stapled Group for the purposes of Singapore law has been proposed and passed at every annual general meeting of the Stapled Companies and the concurrent meeting of unitholders of the Trust since 2006. AusNet Services intends to continue to seek approval annually for the purposes of clause 3.10 of the Constitution.

Resolution 7, if passed, would not constitute Member approval for the purposes of ASX Listing Rule 7.1. Should it become necessary to do so, AusNet Services will seek separate Member approval in accordance with the ASX Listing Rules.

AusNet Services is not currently proposing an issue of new Shares which would require approval under the ASX Listing Rules.

Provided that the issue, grant or offer of Shares and/or the making or grant of offers, agreements or options (collectively "Instruments") is permitted under the ASX Listing Rules, including ASX Listing Rules 7.1 and 7.2, or is otherwise permitted by the ASX, Resolution 7 seeks Member approval to give authority to AusNet Services to:

- (a) issue Shares by way of rights, bonus or otherwise at any time and upon such terms and conditions and for such purposes and to such persons as the Directors in their absolute discretion determine;
- (b) make or grant Instruments that might or would require Shares to be issued (including but not limited to warrants, debentures or other instruments convertible into Shares) and adjustments to the Instruments and any Shares to be issued pursuant to such adjustments, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors in their absolute discretion determine; and
- (c) (notwithstanding the authority conferred by resolution 7 may have ceased) issue Shares pursuant to any Instrument made or granted while the authority was in force.

In addition, at every annual general meeting of the Stapled Companies and the concurrent meeting of the unitholders of the Trust since 2008, approval has specifically been sought to give authority to issue stapled securities to an underwriter (if any) of the DRP. Likewise, in 2015, Member approval is sought to give authority to AusNet Services to issue Shares to an underwriter (if any) of the DRP.

Unless revoked or varied at a general meeting, the authority conferred by resolution 7 continues in force until the conclusion of the next Annual General Meeting of AusNet Services or the date by which that meeting is required by law to be held, whichever is the earlier.

Recommendation:

The Board recommends that Members vote in favour of resolution 7.

Nomination of auditor

19 June 2015

The Directors
AusNet Services Ltd
Level 31, 2 Southbank Boulevard
Southbank, VIC 3006
Australia

Nomination of KPMG as auditor of AusNet Services Ltd

I, Susan Taylor, being a Member of AusNet Services Ltd, pursuant to section 328B of the Corporations Act 2001, nominate KPMG for appointment as auditor of AusNet Services Ltd at the next annual general meeting of AusNet Services Ltd.

Yours sincerely



Susan Taylor

Glossary

In these Explanatory Notes, and in the Notice, the following expressions have the following meanings unless stated otherwise or the context requires otherwise:

ASX means ASX Limited.

ASX Listing Rules means the listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

ATO means the Australian Taxation Office.

Auditor means KPMG.

AusNet Services means AusNet Services Ltd (ABN 45 603 317 559).

CDP means The Central Depository (Pte) Limited.

CDP Voting Instruction Form means the form accompanying the Notice to be used by persons whose Shares are listed on SGX-ST and deposited with CDP, to lodge voting instructions with CDP.

Computershare means Computershare Investor Services Pty Limited.

Constitution means the constitution of AusNet Services.

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

Director means a person appointed to perform the duties of a director of AusNet Services.

DRP means the distribution reinvestment plan of AusNet Services.

Explanatory Notes means this document.

Meeting means the Annual General Meeting of AusNet Services to be held on Thursday, 23 July 2015 at 10.00am.

Notice means the notice of the Meeting dated 19 June 2015.

SGX-ST means Singapore Exchange Securities Trading Limited.

Share means a share in AusNet Services.

Stapled Companies means AusNet Services (Distribution) Ltd (ABN 37 108 788 245) and AusNet Services (Transmission) Ltd (ABN 48 116 124 362).

Stapled Group means the Stapled Companies and the Trust (or, where the context refers to the responsible entity of the Trust, AusNet Services (RE) Ltd (ABN 46 109 977 371)).

Trust means AusNet Services Finance Trust (ARSN 116 783 914).

AusNet Services

Level 31
2 Southbank Boulevard
Southbank VIC 3006

Tel: **+61 3 9695 6000**

Fax: **+61 3 9695 6666**

www.ausnetservices.com.au

Locked Bag 14051
Melbourne City Mail Centre
Melbourne VIC 8001

Follow us on



@AusNetServices



Lodge your vote:



Online:

www.ausnetservices.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 AST
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

- Go to www.ausnetservices.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10.00am (Melbourne time) Tuesday, 21 July 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

A proxy need not be a member of the Company.

Signing Instructions for Proxy Forms

Individual: Where the holding is in one name, the member must sign.

Joint Holding: Where the holding is in more than one name, all of the members should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate member or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of AusNet Services Ltd hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of AusNet Services Ltd to be held at ANZ Pavilion, The Arts Centre Melbourne, 100 St Kilda Road, Melbourne, Victoria on Thursday, 23 July 2015 at 10.00am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 5 and 6 (except where I/we have indicated a different voting intention below) even though Items 3, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3, 5 and 6 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2a	Election of Mr Robert Milliner - AusNet Services	☐	☐	☐
Item 2b	Re-election of Mr Ho Tian Yee - AusNet Services	☐	☐	☐
Item 2c	Re-election of Mr Tony Iannello - AusNet Services	☐	☐	☐
Item 3	Remuneration Report - Stapled Companies	☐	☐	☐
Item 4	Appointment of Auditor - AusNet Services	☐	☐	☐
Item 5	Grant of Performance Rights to Managing Director of AusNet Services	☐	☐	☐
Item 6	Increase in Maximum Aggregate Remuneration of Non-Executive Directors - AusNet Services	☐	☐	☐
Item 7	Issue of Shares - AusNet Services	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Member(s)

This section must be completed.

Individual or Member 1

Sole Director and Sole Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / /
Date

AST

199780A

Computershare +

Voting Instruction Form for CDP's Depositors

ANNUAL GENERAL MEETING – THURSDAY 23 JULY 2015

Please read the notes overleaf before completing and signing this form. A copy of the Notice of Annual General Meeting is enclosed. Terms used in this Voting Instruction Form for CDP's Depositors are defined in the Glossary contained in the Explanatory Notes, unless otherwise indicated.

To: AusNet Services
c/o The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1597
Singapore 903147

I/We,

request you to appoint the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of AusNet Services Ltd to be held at ANZ Pavilion, The Arts Centre Melbourne, 100 St Kilda Road, Melbourne, Victoria, Australia on Thursday, 23 July 2015 at 10.00am (Melbourne time) and at any adjournment of the Meeting.

I/We direct that my/our proxy vote as indicated:

BUSINESS

	For	Against	Abstain ¹
2(a) Election of Mr Robert Milliner – AusNet Services			
2(b) Re-election of Mr Ho Tian Yee – AusNet Services			
2(c) Re-election of Mr Tony Iannello – AusNet Services			
3 Remuneration Report – Stapled Companies			
4 Appointment of Auditor – AusNet Services			
5 Grant of Performance Rights to Managing Director of AusNet Services			
6 Increase in Maximum Aggregate Remuneration of Non-Executive Directors – AusNet Services			
7 Issue of Shares – AusNet Services			
	Number of Shares to which this instruction relates		
	Securities Account Number to which this instruction relates		

¹If you mark the Abstain box for a particular item, you are directing your proxy [not](#) to vote on your behalf on a poll.

TO BE COMPLETED IF YOU WISH TO GIVE VOTING INSTRUCTIONS:

For Individuals:

Signature of Direct Account Holder

Signature of Direct Account Holder

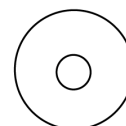
Dated this _____ day of _____ 2015

For Corporations:

Signature of Director(s)/Secretary

Signature of Director(s)/Secretary

Dated this _____ day of _____ 2015



Common Seal

Notes :

- 1) You may attend (in person) the Annual General Meeting on 23 July 2015, provided that you have notified AusNet Services in writing of your proposed attendance by no later than Tuesday, 21 July 2015 at 10.00am (Melbourne time) and you have provided AusNet Services with your name, address and details of your shareholding as evidence that your Shares are deposited with CDP at that time. Such written notification should be addressed to the Company Secretary, AusNet Services, Level 31, 2 Southbank Blvd, Southbank, Victoria 3006 Australia or by facsimile to +61 3 9695 6666. If you attend the Annual General Meeting, you have the same right to speak at the Annual General Meeting as a Member. However, you do not have any right to vote, be counted in a quorum, or enjoy any other rights of the kind typically enjoyed by Members.
- 2) Your Shares are registered with CDP. As CDP is not allowed under the constitution of AusNet Services to appoint more than 2 proxies, you are not able to attend and vote or appoint your own proxies to attend the Annual General Meeting, and can only request CDP to appoint the Chairman of the Annual General Meeting as your proxy to attend and vote on your behalf in accordance with the voting instructions herein. CDP will not appoint a proxy other than the Chairman of the Annual General Meeting to attend and vote in accordance with the voting instructions herein.
- 3) You must return this Voting Instruction Form for CDP's Depositors, duly completed, to AusNet Services c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1597 Singapore 903147 by 5pm on Thursday, 16 July 2015 (Singapore time) (the "Receipt Date").
- 4) You should complete each box for the resolutions set out in the "Business" section of this form, including the number of Shares to be voted "for" or "against" or "abstain". The total number of Shares represented should not exceed your total shareholding.
- 5) If CDP, on behalf of AusNet Services, does not receive your specific instructions by the Receipt Date, it will not vote or take any action with respect to your Shares at the Annual General Meeting.
- 6) You should indicate your Securities Account Number to which the number of Shares to which this instruction relates, in the box provided. If the Securities Account Number is not provided, this form will be deemed to be incomplete and AusNet Services and CDP are entitled (but not obliged) to disregard your voting instruction.
- 7) If you wish to give voting instructions on your Shares, this form must be signed by you or your attorney duly authorised in writing or, if you are a corporation, executed under your common seal or under the hand of your attorney duly authorised in writing. In the case of joint holders, all joint holders must sign this form. The Power of Attorney or other authority appointing the attorney or a notarially/duly certified copy of that Power of Attorney or other authority must be attached to this form if it is signed by an attorney.
- 8) If, as at the Receipt Date, your total shareholding exceeds the total number of Shares to which any voting instruction relates, CDP will forward your voting instructions only in respect of the Shares in respect of which any voting instruction relates.

If, as at the Receipt Date, your total shareholding is less than the total number of Shares to which any voting instruction relates, CDP will forward your voting instructions only in respect of your total shareholding as at the Receipt Date, provided that any instruction which requires CDP to split the Shares between votes "for" or "against" or "abstain" in respect of any resolution set out in the "Business" section of this form shall be invalid. For example, if on the Receipt Date, your total shareholding is 10 Shares but your voting instruction relates to 20 Shares, CDP will forward the voting instructions in respect of 10 Shares if the votes are either wholly for or wholly against or wholly abstaining in respect of a resolution set out in the "Business" section of this form. If you have split your Shares into votes for and against the resolution, CDP will not be able to allocate the Shares amongst the split votes and will accordingly treat the voting instruction as invalid.