

24 May 2019

Tony Narvaez Appointed as Managing Director of AusNet Services

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

Claire Hamilton
Company Secretary

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The Board of AusNet Services announced today that it has appointed Tony Narvaez as the new Managing Director of AusNet Services, effective 1 November 2019. Mr Narvaez is currently CEO of Endeavour Energy, the operator of the electricity distribution network for Greater Western Sydney, the Blue Mountains, the Southern Highlands and the Illawarra region of NSW, servicing over 2.4 million people.

Mr Narvaez will succeed Mr Nino Ficca, who will retire from the role upon Mr Narvaez's commencement.

The Chairman of AusNet Services, Peter Mason, welcomed the appointment of Mr Narvaez. Mr Mason said that "after completing a comprehensive search process, the Board is delighted that Tony will be joining AusNet Services as its next Managing Director."

"Tony has outstanding leadership qualities and capability and brings with him extensive experience in the Australian energy sector. He is ideally suited to lead the company to achieve our ambition for ongoing sustainable growth and strong financial performance while delivering value to our customers, communities and partners through our three regulated energy businesses and the growing portfolio of commercial energy services of our Mondo business."

Prior to his current role with Endeavour Energy, Mr Narvaez was CEO of United Energy and Multinet Gas and held senior executive roles at General Electric, ATCO and Verve Energy, spanning strategy, business development, commercial, operations, major projects and joint ventures in Australia, New Zealand, Papua New Guinea and Asia. Mr Narvaez holds a Bachelor's degree in Commerce and Economics, a Diploma in Financial Services (Energy Trading) and completed executive studies at Harvard Business School.

Mr Narvaez said, "I am excited by the opportunity to lead AusNet Services. The company has a great reputation and an exciting future. I look forward to working with the Board and leadership team to continue to shape the company's transformation program to ensure that AusNet Services remains in a strong position to navigate the challenges and capitalise on opportunities within the evolving energy environment."

Details of Mr Narvaez's key terms of employment as Managing Director are attached.

Mr Mason also acknowledged and reiterated the exceptional contribution of Mr Ficca to AusNet Services. "Under Nino's stewardship, AusNet Services has enjoyed a sustained period of excellent operational, safety and financial performance and growth, resulting in a strong balance sheet and returns to shareholders. The Board has also appreciated and valued Mr Ficca's extensive industry experience and knowledge."

Mr Ficca will assist in terms of handover to Mr Narvaez to facilitate an orderly transition for the company. Details of Mr Ficca's retirement arrangements will be announced in due course.

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Tony Narvaez – Summary of Key Terms of Employment as Managing Director

A summary of the key terms and conditions of Mr Narvaez's employment contract are as follows:

Commencement Date:	1 November 2019.
Term:	The appointment is ongoing with no fixed term.
Fixed Annual Remuneration (FAR)	\$1,150,000 (includes base salary and superannuation).
One-off incentive	Mr Narvaez will be eligible to receive an incentive of \$750,000, to compensate him for the incentives which he will no longer be eligible to receive from his current employer as a result of him commencing employment with AusNet Services. Mr Narvaez will be eligible to receive this incentive as follows: a) \$300,000 in cash (inclusive of any superannuation and less applicable tax) in the first pay cycle after the Commencement Date. b) \$450,000 to be delivered in the form of rights to acquire shares in AusNet Services Ltd. These rights will vest on the date which is 2 years after the date of grant (which is anticipated to be the Commencement Date). i) If Mr Narvaez ceases to be an employee of AusNet Services prior to vesting in circumstances of his resignation or termination for cause, his unvested rights will lapse immediately on cessation of employment (or upon him giving notice of resignation), subject to the Board determining otherwise. ii) The rights granted to Mr Narvaez will otherwise be subject to the terms of AusNet Services' Deferred Short-Term Incentive Plan rules as though they are 'Deferred Rights' under that plan and any other terms and conditions that apply to the relevant grant.
Short Term Incentive (STI):	Eligibility to participate annually in AusNet Services' STI Plan. In relation to FY20 (1 April 2019 – 31 March 2020): a) A target STI opportunity of 60% of FAR, pro-rated for the period of FY20 in employment with AusNet Services (being \$287,500). b) A maximum opportunity of 90% of FAR, pro-rated for the period of FY20 in employment with AusNet Services (being \$431,250). If the gateways required to be eligible for an STI award have been achieved (as determined by the Board), Mr Narvaez will be entitled to an award of at least the target amount (inclusive of superannuation and less any applicable tax), subject to the Board's overall discretion to determine otherwise.

	Two-thirds of any STI awarded will be paid in cash and the remaining one-third in deferred rights. Deferred rights are awarded in accordance with the applicable Deferred STI Plan rules at the relevant time (currently, these include a two-year deferral period).
Long Term Incentive (LTI) opportunity :	Eligibility to participate annually in AusNet Services' LTI Plan. In relation to FY20, an opportunity of 100% of FAR, pro-rated for the period of FY20 in employment with AusNet Services (being \$479,166.67) will be awarded, to be granted in the form of rights to acquire shares in AusNet Services. Any LTI rights granted will be subject to the terms of applicable LTI Plan rules at the relevant time.
Notice Period:	Either party may terminate the employment agreement by providing at least 6 months' written notice. AusNet Services may also terminate Mr Narvaez's employment without notice for cause.
Termination Entitlements:	AusNet Services may make a payment in lieu of notice, calculated based on FAR at the date of termination. Termination benefits payable are subject to restrictions in the Corporations Act (Cth) 2001. On termination, any entitlements held under the Deferred STI Plan or LTI Plan will be treated in accordance with the applicable plan rules. Details of these plans are set out in the company's Remuneration Report each year.
Post-Employment Restraints:	12 month post-employment non-competition and non-solicitation restraint provisions apply.
Relocation:	AusNet Services will provide Mr Narvaez with relocation costs of \$100,000 (less applicable taxes).
Other	The agreement also contains general provisions regarding confidentiality and intellectual property rights.