

#### Note 48 – Share-based payment plans

The Parent Entity (AGL) has the following share-based payment plans:

- AGL Share Reward Plan;
- AGL Share Purchase Plan; and
- AGL Long-Term Incentive Plan.

##### AGL Share Reward Plan

The AGL Energy Limited Board of Directors approved the AGL Share Reward Plan (SRP) on 5 October 2006. Under the SRP, eligible employees may be invited on an annual basis to acquire up to \$1,000 worth of fully-paid ordinary shares in AGL for no consideration. The Board determines whether to make an offer of shares based on the consolidated entity's performance measured against specific performance hurdles set by the Board each financial year.

Eligible employees include full-time or permanent part-time employees who have completed 12 months continuous service (or such lesser period as the Board determines) and who have attained the age of 18 years. Casual employees and employees who are resident overseas can only participate at the Board's discretion. Employees participating in the AGL Long-Term Incentive Plan and the Directors of AGL are not eligible to participate.

The trustee of the SRP applies amounts contributed by entities in the consolidated entity in purchasing shares on behalf of participating employees in the ordinary course of trading on the ASX; or subscribing for shares on behalf of the participating employees. All shares acquired by the trustee are acquired at the market value of the shares.

Market value means in relation to a subscription for shares, the weighted average of the prices at which AGL's ordinary shares are traded on the ASX during the five business days up to and including the day on which the subscription occurs. Market value in relation to a purchase of shares means the price at which the shares are actually acquired in the ordinary course of trading on the ASX.

SRP shares may not be disposed before the earlier of three years after the date of acquisition or the date on which the participating employee ceases to be employed by the consolidated entity. During this period, the trustee is entitled to retain custody of share certificates or holding statements in respect of the SRP shares and to implement procedures to prevent any dealing with those shares.

SRP shares rank pari passu in all respects with all other shares and carry the same rights and entitlements, including dividend and voting rights, as those conferred by other shares.

Details of share movements in the AGL Share Reward Plan are set out below:

Grant date	Balance at beginning of the year Number	Granted during the year Number	Fair value per share \$	Distributed during the year Number	Balance at end of the year Number
<b>2011</b>					
22 September 2010	–	96,319	\$16.21	(12,566)	83,753
22 September 2009	97,309	–	–	(18,177)	79,132
22 September 2008	66,360	–	–	(12,460)	53,900
20 September 2007	48,195	–	–	(48,195)	–
	<b>211,864</b>	<b>96,319</b>		<b>(91,398)</b>	<b>216,785</b>
<b>2010</b>					
22 September 2009	–	111,909	\$13.57	(14,600)	97,309
22 September 2008	76,860	–	–	(10,500)	66,360
20 September 2007	57,519	–	–	(9,324)	48,195
	134,379	111,909		(34,424)	211,864

During the year, there were 1,579 eligible employees (2010: 1,533) who were each granted 61 ordinary shares in AGL (2010: 73). All shares granted were purchased on-market and the fair value per share is market value (as defined above).

The total expense recognised in the income statement as part of employee benefits expense during the year in relation to the AGL Share Reward Plan was:

	2011 \$m	2010 \$m
Employee benefits expense	1.5	1.5