

## The CEO

Details of Mr Fraser's appointment and the terms of his Service Agreement are set out below.

### Terms of appointment

Mr Fraser was appointed Managing Director and CEO of AGL on 22 October 2007. His Service Agreement is open ended, with his appointment as Managing Director and CEO continuing until it is terminated.

### Termination conditions

AGL may terminate Mr Fraser's appointment:

> by giving him 12 months' notice in writing at any time;

or

> without notice in the event of any act which detrimentally affects AGL (such as dishonesty, fraud or serious or wilful misconduct in the discharge of his duties or unremedied, persistent, wilful or material breaches of the terms of his Service Agreement).

Mr Fraser may terminate his appointment:

> by giving AGL 12 months' notice in writing at any time;

or

> by giving AGL three months' notice in writing if he ceases to hold the most senior management role within AGL or ceases to report directly to the Board, or if the scope of his responsibilities or authorities is materially diminished (Fundamental Change). This right of termination must be exercised within six months after the Fundamental Change occurs.

If Mr Fraser's appointment is terminated by either party giving a period of notice, AGL may at any time before the end of that period of notice pay Mr Fraser an amount equal to that proportion of his TFR at the time which corresponds to the period of notice which has been forgone.

If Mr Fraser's appointment is terminated by AGL with 12 months' notice before the date on which AGL pays STIs in respect of a financial year, Mr Fraser is eligible to be paid a STI in respect of that financial year as follows:

- > if he is terminated as a result of unsatisfactory performance, a pro rata STI based on 50% of his STI opportunity
- > if he is terminated as a result of redundancy or total or permanent disablement, a pro rata STI based on 100% of his STI opportunity.

If Mr Fraser terminates his employment with AGL due to retirement or a Fundamental Change, a pro rata STI payment will be made based on 100% of his STI opportunity.

The circumstances in which all unvested SPRs granted to Mr Fraser under the old LTIP will vest (subject to the relevant performance conditions being met at the time of cessation of employment or waived by the Board under exceptional circumstances), and the positive balances of SPRs banked to Mr Fraser's notional SPR bank accounts under the new LTIP will vest, are as follows:

- (a) death;
- (b) total and permanent disablement;
- (c) termination of his employment by AGL without cause (either with or without notice);
- (d) termination of his employment with AGL by Mr Fraser giving three months' notice after the occurrence of a fundamental change (on the basis provided for in Mr Fraser's employment contract);
- (e) redundancy;
- (f) retirement; or
- (g) cessation of his employment with AGL in such other circumstances as the Board in its absolute discretion may determine.

All unvested SPRs under the old LTIP or banked SPRs under the new LTIP will lapse if Mr Fraser ceases employment with AGL for any other reason.

## Remuneration

Mr Fraser's remuneration consists of the components set out below.

### Total Fixed Remuneration

Mr Fraser's TFR, effective 1 September 2011, is \$2,080,000 a year.

During each year of the term of his appointment, the Board commissions an independent review of his TFR for the following year and decides whether to increase it, taking into account such matters as external market relativities. The details of the market remuneration information considered is described in Section 2 of this report.

Under no circumstances can Mr Fraser's TFR be reduced without his written consent.

### Short-Term Incentive

Mr Fraser is eligible to receive a maximum STI payment for the year ending 30 June 2012 of \$2,080,000.

Any STI will be determined in accordance with the STI Plan rules and is subject to the satisfactory completion by Mr Fraser of his performance objectives which relate to financial, customers, people management and strategic objectives.

One half of any STI will be paid in cash in September 2011, with payment of the balance deferred for 12 months.

Any deferred STI component is payable in the following circumstances:

- (a) death;
- (b) total and permanent disablement;
- (c) termination of his employment by AGL without cause (either with or without notice);
- (d) termination of his employment with AGL by Mr Fraser giving three months' notice after the occurrence of a fundamental change (on the basis provided for in Mr Fraser's employment contract);
- (e) redundancy;
- (f) retirement; or
- (g) cessation of his employment with AGL in such other circumstances as the Board in its absolute discretion may determine.

Otherwise the deferred STI component is forfeited.