

ASX & SGX-ST Release



20 June 2016

TO: ASX Limited
Singapore Exchange Securities Trading Limited

Notice of Annual General Meeting

Attached are the following documents, which will be sent to shareholders today in relation to the 2016 Annual General Meeting of AusNet Services Ltd to be held on Thursday, 21 July 2016 at 10.00am (Melbourne time):

- Notice of Annual General Meeting;
- Proxy Form (send 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")

21 July 2016

The Annual General Meeting of AusNet Services Ltd will be held at **Meeting Room 219 Melbourne Convention and Exhibition Centre, 1 Convention Centre Place, South Wharf, Victoria, Australia** on **Thursday, 21 July 2016 at 10.00am.**





1 Financial Statements and Reports

To receive and consider the Company's financial statements and the reports of the Directors and the Auditor for the year ended 31 March 2016.

2 Election of Directors

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

- (a) *"That Mr Peter Mason, who retires in accordance with Article 10.1(c) of the Company's Constitution, and, being eligible, offers himself for election, be elected."*
- (b) *"That Mr Tan Chee Meng, who retires in accordance with Article 10.1(c) of the Company's Constitution, and, being eligible, offers himself for election, be elected."*

3 Remuneration Report

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

"That the Remuneration Report of AusNet Services Ltd for the year ended 31 March 2016 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

4 Grant of Performance Rights to Managing Director

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 accompanying this Notice."

5 Increase in Total Fee Pool of Non-Executive Directors

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

"That the total fee pool available for remuneration to Non-executive Directors of AusNet Services as remuneration for their services be increased by \$250,000 to \$2,250,000 per year."

6 Issue of Shares – Up to 10% Pro Rata

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 to a maximum of 10% of issued share capital, where the offer to issue Shares is made pursuant to a pro rata issue (as that term is defined in the ASX Listing Rules) and any underwriting thereof (or any other arrangement to make up the shortfall under a pro rata issue), and otherwise in the circumstances, for the period and on the terms and conditions described in the Explanatory Notes to this Notice."

7 Issue of Shares pursuant to Dividend Reinvestment Plan

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 and all other purposes, AusNet Services and the Directors of AusNet Services be given authority to issue new Shares pursuant to a dividend reinvestment plan and any underwriting thereof, for the period and on the terms and conditions described in the Explanatory Notes."

8. Issue of Shares pursuant to an Employee Incentive Scheme

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 and all other purposes, AusNet Services and the Directors of AusNet Services be given authority to issue new Shares pursuant to an employee incentive scheme, for the period and on the terms and conditions described in the Explanatory Notes."

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

20 June 2016

Information for Shareholders

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, 7 and 8 of the "Business" section of this Notice are all ordinary resolutions and each will be passed if at least 50% of votes cast by Shareholders 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 Shareholders at **7.00pm on Tuesday 19 July 2016** (Melbourne time). Transactions registered after that time will be disregarded in determining a Shareholder's 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 Shareholder 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 14 July 2016**. 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 4 (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 5 (Increase in Total Fee Pool 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 4 or item 5 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.

'KMP' means key management personnel which has the meaning ascribed in the Corporations Act and the accounting standards.

'Closely related party' has the meaning ascribed in the Corporations Act and 'associate' has the meaning ascribed in the ASX Listing Rules. 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 Shareholder and may be an individual or a body corporate.

The Shareholder, or the Shareholder'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, 19 July 2016** (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 deemed 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 4 and item 5).

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 4 and item 5.

If you leave your proxy form undirected on item 3, item 4 or item 5, 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 Shareholders

Corporate Shareholders 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 Shareholder'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 Shareholders to understand the items of business to be considered at the Meeting. These Explanatory Notes are important and should be read carefully by all Shareholders.

Item 1 Financial Statements and Reports

Whilst Shareholders are not required to vote on the financial statements and reports, Shareholders will be given a reasonable opportunity at the Meeting to raise questions on the financial statements and reports. Shareholders will also be able to ask the Auditor questions relevant to the audit of the financial statements and reports.

Item 2 Election of Directors

The following two Directors have been appointed since the 2015 Annual General Meeting and accordingly, they each retire in accordance with Article 10.1(c) of the Company's Constitution. Being eligible, each of them offers himself for election.

According to the Directors' rotational schedule, no other Directors are due to retire at the 2016 Annual General Meeting.

2(a) Peter Mason AM

*Bachelor of Commerce (First Class Honours), University of New South Wales
Master of Business Administration, University of New South Wales
Honorary Doctorate, University of New South Wales*

Mr Peter Mason, a Non-executive Director, was appointed to the Board of AusNet Services Ltd on 18 March 2016 in accordance with Article 10.1(b) of the Company's Constitution. Pursuant to Article 10.1(c) of the Company's Constitution, Mr Mason retires at the conclusion of the Annual General Meeting following his appointment. Accordingly, Mr Mason offers himself for election at this meeting. Mr Mason has discharged the role of Chairman of AusNet Services since Mr Ng Kee Choe's retirement on 11 May 2016. If elected, Mr Mason will continue as Chairman.

Mr Mason is currently a Director of Singapore Telecommunications Ltd (SingTel), a Senior Advisor to UBS Investment Bank, a Trustee of the Sydney Opera House Trust, Chairman of The Centre for Independent Studies, Chairman of the Centre for International Finance and Regulation (CIFR), Chairman of the UBS Australia Foundation and a Director of The University of New South Wales Foundation.

Mr Mason was Chairman of AMP Limited from 2005 to May 2014 (Director from 2003), and Chairman of David Jones Limited from 2013 to 2014 (Director from 2007) and has been Chairman and a Director of a number of listed companies. Mr Mason has over 40 years' experience in investment banking. Mr Mason was a member of the Council of the University of New South Wales for 13 years. For 12 years he was a Director of the Children's Hospital in Sydney and Chairman of the Children's Hospital Fund for eight years. Mr Mason was appointed a Member of the Order of Australia for his contribution to the Children's Hospital.

2(b) Tan Chee Meng

*Bachelor of Engineering with Honours, University of Canterbury,
New Zealand
Master of Laws (First Class), University of Cambridge (UK)*

Mr Tan Chee Meng, a Non-executive Director, was appointed to the Board of AusNet Services Ltd with effect from 11 May 2016, in accordance with Article 10.1(b) of the Company's Constitution. Pursuant to Article 10.1(c) of the Company's Constitution, Mr Tan retires at the conclusion of the Annual

General Meeting following his appointment. Accordingly, Mr Tan offers himself for election at this meeting.

Mr Tan gained a Bachelor of Engineering with Honours from the University of Canterbury (New Zealand), a Bachelor of Laws with Honours from the National University of Singapore, and a Master of Laws (First Class) from the University of Cambridge (UK). He spent the initial years of his career as a civil engineer. Since becoming qualified to practise law, he has held the offices of Deputy Senior State Counsel and Deputy Public Prosecutor in both the civil and criminal divisions of the Attorney-General's Chambers, and Deputy Director of the Commercial Affairs Department in Singapore. Mr Tan left the Singapore Legal Service for private practice in 2007 and is currently the Deputy Chairman of WongPartnership LLP in Singapore.

Mr Tan is presently a Director of Singapore Power Limited where he is the Chairman of the Nominating Committee and a member of the Audit Committee. He also sits on the boards of The Arts House Ltd, Singapore Urban Redevelopment Authority, Jurong Town Corporation, TJ Holdings (III) Pte Ltd, St Gabriel's Foundation and All Saints Home. He has previously been a Director of the International Development & Consultancy Corporation Pte Ltd, PREMAS International Limited, Harry Elias Consultancy, CPG Corporation Pte Ltd, PowerGas Limited, SP Power Assets Limited, SPI (Australia) Assets Pty Ltd, National Council of Social Service, Mun Siong Engineering Pte Ltd and Mapletree Commercial Trust Management Ltd.

Recommendation:

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

Item 3 Remuneration Report

The Remuneration Report details the policies of the Company on the remuneration of Non-executive Directors, the Managing Director and key senior executives and is set out in the 2016 Statutory Annual Report. The 2016 Statutory Annual Report is also available on AusNet Services' website at www.ausnetservices.com.au.

The vote on the adoption of the Remuneration Report 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.

The Remuneration Report presented in 2015 in respect of the former Stapled Group failed to receive more than the requisite 75% support from Shareholders. This year, for the first time, Shareholders have the opportunity to review and vote on the Remuneration Report for the newly formed stand-alone listed entity, AusNet Services Limited. Although the 'strike' received in 2015 in respect of the former Stapled Group is not a first strike against AusNet Services Limited (the new listed entity), the views of Shareholders, as expressed at the 2015 Annual General Meeting, have been taken into consideration throughout the year and in the Remuneration Report.

The Board is committed to ensuring that the remuneration structure for senior executives is closely aligned to the strategy and business objectives of the Company, with a focus on driving a performance culture and delivering results that are acceptable to Shareholders. It is the Board's objective to deliver a Remuneration Report which shows how the financial rewards for senior executives are aligned with the Company's short-term and long-term performance.

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

Recommendation:

The Board unanimously recommends that Shareholders vote in favour of resolution 3.

Item 4 Grant of Performance Rights to Managing Director – 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 Shareholders by an ordinary resolution.

ASX Listing Rule 10.15B provides that ASX Listing Rule 10.14 does not apply to the grant of Performance Rights 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 regarding related party transactions and considers that the financial benefit given by granting Performance Rights to Mr Ficca 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 Shareholder approval is not required under either section 208 of the Corporations Act, or under the Listing Rules.

Why is Shareholder approval being sought?

Notwithstanding that Shareholder approval is not considered to be required under the ASX Listing Rules or the Corporations Act, the Board has determined that, in the interests of transparency and good governance, Shareholders should be asked to approve the grant of 692,585 Performance Rights to Mr Ficca.

Details of the proposed FY2016 grant

The proposed 2016 grant to Mr Ficca is for 692,585 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 \$1,111,253, being 100% of Mr Ficca's fixed annual remuneration, by a Share price of \$1.6045. The Share price has been calculated based on the volume weighted average price (VWAP) over the 5 trading day period up to and including the trading day immediately preceding the grant date, 23 May 2016.

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 below. 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 2016 (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 the Company's 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 compliance 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 an 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. 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, if this resolution is approved, the maximum number of Performance Rights that may be granted to the Managing Director is 692,585.

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 2016 financial year will be provided in the Remuneration Reports for the years ending 31 March 2017 to 2019, respectively.

Recommendation:

The Board (other than the Managing Director) unanimously recommends that Shareholders vote in favour of resolution 4.

Item 5 Increase in Total Fee Pool of Non-Executive Directors

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 Shareholders excludes remuneration paid to executive Directors.

At present, the maximum aggregate amount of fees (total fee pool) that may be paid to the Non-executive Directors of AusNet Services is A\$2,000,000. Resolution 5 seeks Shareholder approval to increase this amount by A\$250,000 to A\$2,250,000 per year for the following reasons:

- (a) the Board wishes to provide headroom and flexibility to allow for temporary fluctuations in the size of the Board, if and when appropriate, and to manage Committee appointments, as part of its management of Board succession planning; and
- (b) the Board wishes to allow for some future increases in fees to maintain market competitiveness, and in line with market data, to reflect increasing demands on Non-executive Directors, with a view to attracting and retaining high quality Non-executive Directors with an appropriate range of skills, expertise and diversity.

The proposed increased pool reflects a maximum limit. The Board does not intend to increase fees to that limit.

Item 6 Issue of Shares – Up to 10% Pro Rata

Clause 3.10 of the Constitution of AusNet Services 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 Shareholders in general meeting. Such approval must be obtained no more than 18 months before the issue of any Shares, or the making or granting of an 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 in June 2015.

ASX Listing Rule 7.1 limits the number of Shares that AusNet Services may issue in any 12 month period (without Shareholder approval) to 15 percent of its issued capital. ASX Listing Rule 7.2 provides various exceptions to ASX Listing Rule 7.1 which, if satisfied, allow the issue of new Shares without prior approval of Shareholders.

The effect of clause 3.10 of the Constitution is that prior Shareholder approval is required to issue new Shares, even if the ASX Listing Rules would otherwise allow new Shares to be issued without such prior approval.

A resolution seeking securityholder approval for the issue of new securities in the Stapled Group for the purposes of Singapore law was proposed and passed at every annual general meeting of the Stapled Companies and the concurrent meeting of unitholders of the Trust since 2006. However, last year for the first time, this resolution was not passed. A subsequent specific resolution to conduct a dividend reinvestment plan was passed in October 2015.

Following the 2015 Annual General Meeting, the Company sought the views of the Company's two major Shareholders about the most effective and viable approach to its management of the Company's capital. Having regard to such discussions, the Directors have determined that resolution 6, together with resolutions 7 and 8, if approved, will deliver this outcome.

The terms of the approval sought under this resolution 6 place additional limits on the right of the Company to issue Shares. If Shareholder approval is provided under this resolution 6, the Company would be able to issue Shares, or and to make or grant an offer, agreement or option which would or might require Shares to be issued only to a maximum of 10% of its issued share capital, where the offer to issue Shares is made pursuant to a pro rata issue (as that term is defined in the ASX Listing Rules) and any underwriting thereof (or any other arrangement to make up the shortfall under a pro rata issue). The 10% maximum will be calculated based on the total number of Shares on issue as at the date that any such pro rata issue is first offered.

Resolution 6 seeks Shareholder approval to give authority to AusNet Services to:

- (a) issue Shares by way of rights issue, bonus issue 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 offers, agreements or options that might or would require Shares to be issued (including but not limited to warrants, debentures or other instruments convertible into Shares) 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) issue Shares under any offers, agreements or options referred to in paragraph (b) where those offers, agreements or options were made or granted while the authority provided under this resolution 6 was in force, notwithstanding that at the time the underlying Shares are issued, the authority conferred by this resolution 6 may have ceased,

providing that these actions are permitted under the ASX Listing Rules or otherwise permitted by the ASX, and the offer is made pursuant to a pro rata issue and results in an issue of Shares of no more than 10% of the issued share capital of the Company.

The approval extends to any underwriting (or any sub-underwriting) of the pro rata issue or any other arrangement to make up a shortfall under a pro rata issue, provided at all times the issue does not exceed the 10% limit referred to above. It is not uncommon for listed companies to seek to underwrite pro rata issues to provide some certainty that the desired level of funds is raised under the issue. In addition, it is not unusual for companies to operate shortfall facilities or other similar facilities to seek to place rights or shares not taken up under the pro rata issue to Shareholders who have taken up their rights, or other investors. The approval will allow for the issue of Shares pursuant to rights not taken up by Shareholders via underwriting, sub-underwriting and shortfall or similar facilities. AusNet Services is not currently proposing any issue of new Shares including that which would require additional approval under the ASX Listing Rules.

Resolutions 7 and 8 also seek Shareholder approval for the issue of new Shares in the circumstances specified in those resolutions. An issue of Shares pursuant to this resolution 6 does not include any Shares issued in the circumstances described in resolutions 7 or 8.

Unless revoked or varied at a subsequent general meeting of AusNet Services, the authority conferred by resolution 6 continues in force for a period of 18 months.

Recommendation:

The Board unanimously recommends that Shareholders vote in favour of resolution 6.

Item 7 Issue of Shares – Dividend Reinvestment Plan (DRP)

In addition to the approval sought under resolution 6, Shareholders are being asked to consider a proposed resolution to allow a DRP to be conducted for the half-year and full-year. The resolution, if passed, will give the Board the ability to issue new Shares under clause 3.10 of the Constitution for a period of 18 months, pursuant to a DRP or any underwriting thereof. Any such issue of Shares will remain subject to the ASX Listing Rules and the Corporations Act, and will not be counted in any determination of the number of any Shares issued pursuant to resolution 6.

The Company's DRP is considered a beneficial way for shareholders to reinvest dividends. The Company has operated a DRP since 2008. While, AusNet Services is not currently proposing to conduct an underwritten DRP, approval for underwriting of the DRP is sought to give AusNet Services the flexibility to do so if considered desirable.

Unless revoked or varied at a subsequent general meeting of AusNet Services, the authority conferred by resolution 7 continues in force for a period of 18 months.

Recommendation:

The Board unanimously recommends that Shareholders vote in favour of resolution 7.

Item 8 Issue of Shares – Employee Incentive Scheme

In addition to the approval sought under resolutions 6 and 7, Shareholders are being asked to consider a proposed resolution to allow the Company to issue Shares to senior executives as part of an employee incentive scheme. The resolution, if passed, will give the Board the ability to issue new Shares under clause 3.10 of the Constitution for a period of 18 months, pursuant to an employee incentive scheme for senior executives of the Company.

AusNet Services does not currently operate an employee incentive scheme which involves the issue of new Shares. However, the Board considers it prudent to have the ability to develop such a scheme, should it be considered appropriate as part of the Board's ongoing consideration of the structure of executive remuneration.

Any such issue of Shares will remain subject to the ASX Listing Rules and the Corporations Act, and will not be counted in any determination of the number of any Shares issued pursuant to resolution 6.

Unless revoked or varied at a subsequent general meeting of AusNet Services, the authority conferred by resolution 8 continues in force for a period of 18 months.

Recommendation:

The Board unanimously recommends that Shareholders vote in favour of resolution 8.

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 specifying the voting instructions of persons whose Shares are listed on SGX-ST and deposited with CDP, which accompanies this Notice.

Company means AusNet Services.

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 a Dividend Reinvestment Plan of AusNet Services.

Explanatory Notes means the notes attached to the Notice of Meeting.

Meeting means the Annual General Meeting of AusNet Services to be held on Thursday, 21 July 2016 at 10.00am.

SGX-ST means Singapore Exchange Securities Trading Limited.

Share means a share in AusNet Services.

Shareholder means a holder of Shares 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.

Trust means AusNet Services Finance Trust, the responsible entity of which is AusNet Services (RE) Ltd (ABN 46 109 977 371).



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 368 103
(outside Australia) +61 3 9415 4229

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: 999999

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) on Tuesday, 19 July 2016**

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

IND

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 Meeting Room 219, Melbourne Convention and Exhibition Centre, 1 Convention Centre Place, South Wharf, Victoria, Australia on Thursday, 21 July 2016 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, 4 and 5 (except where I/we have indicated a different voting intention below) even though Items 3, 4 and 5 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, 4 and 5 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 2(a)	Election of Mr Peter Mason	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2(b)	Election of Mr Tan Chee Meng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Grant of Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Increase in Total Fee Pool of Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Issue of Shares – Up to 10% Pro Rata	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Issue of Shares pursuant to Dividend Reinvestment Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Issue of Shares pursuant to an Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 / / _____

Voting Instruction Form for CDP's Depositors ANNUAL GENERAL MEETING – THURSDAY 21 JULY 2016

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 Meeting Room 219, Melbourne Convention and Exhibition Centre, 1 Convention Centre Place, South Wharf, Victoria, Australia on Thursday, 21 July 2016 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 Peter Mason			
2(b) Election of Mr Tan Chee Meng			
3 Remuneration Report			
4 Grant of Performance Rights to Managing Director			
5 Increase in Total Fee Pool of Non-Executive Directors			
6 Issue of Shares – up to 10% Pro Rata			
7 Issue of Shares pursuant to Dividend Reinvestment Plan			
8 Issue of Shares pursuant to an Employee Incentive Scheme			
	Number of Shares to which this instruction relates		
	Securities Account Number to which this instruction relates		

¹ If 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

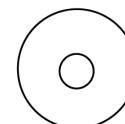
Dated this _____ day of _____ 2016

For Corporations:

 Signature of Director(s)/Secretary

 Signature of Director(s)/Secretary

Dated this _____ day of _____ 2016



Common Seal

Notes :

- 1) You may attend (in person) the Annual General Meeting on 21 July 2016, provided that you have notified AusNet Services in writing of your proposed attendance by no later than Tuesday, 19 July 2016 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, 14 July 2016 (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.