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24 September 2018

ASX ANNOUNCEMENT

APA Group (ASX: APA)
(also for release to APT Pipelines Limited (ASX: AQH))

CORRECTION TO REMUNERATION REPORT

APA Group (ASX: APA) has identified that the current termination payments of CEO and Managing Director, Mick McCormack, were incorrectly stated in the Remuneration Report contained within the Annual Financial Results lodged with the Australian Securities Exchange on 22 August 2018.

In particular, the Remuneration Report did not correctly describe the termination entitlements due to Mr McCormack on cessation of employment.

The terms of Mr McCormack's employment agreement, as varied in February 2013, are summarised in Attachment 1.

The section of the Remuneration Report dealing with the contractual arrangements of key management personnel (KMP) (being section 5.1) has been updated and is set out in Attachment 2. The termination payments were also not correctly stated in previous Remuneration Reports.

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Company Secretary
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About APA Group (APA)

APA is a leading Australian energy infrastructure business, owning and/or operating in excess of $20 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, apa.com.au

Attachment 1

Michael (Mick) McCormack – Summary of Key Terms of Employment Arrangement

A summary of the material terms and conditions of the employment agreement with Mr McCormack entered into in February 2013 are provided below. However, all remuneration amounts are at his present level.

1. Term

The appointment is ongoing with no fixed term.

2. Remuneration

Mr McCormack has an annual Total Package Opportunity of $5,012,500 as at 24 September 2018. There are three components to Mr McCormack's remuneration:

- Total Fixed Remuneration ("TFR") $2,005,000. This includes salary and superannuation contributions and is reviewed annually.
- STI Opportunity – 30% of Total Package Opportunity (currently $1,503,750 at target of 100%). Under the APA Total Package Opportunity Incentive (TPOI) Plan, Mr McCormack can be awarded between 0% and 150% of the STI Opportunity.
- LTI Opportunity – 30% of Total Package Opportunity (currently $1,503,750 at target of 100%). Under the APA TPOI Plan, Mr McCormack can be awarded between 0% and 150% of the LTI Opportunity.

3. Termination Provisions

Event	Consequences
CEO resigns Termination on notice by CEO (Resignation): The notice period is 12 months' notice.	APA may elect not to require the CEO to work all or part of his notice period and make a payment in lieu of that part of the notice period that the CEO is not required to work. Payment in lieu is equal to 100% or 105% of the CEO's total fixed remuneration (TFR) for the period not worked plus 100% or 105% of his STI and LTI Opportunities (pro-rated for the period not worked). The actual percentage will vary depending on whether the CEO's last day of employment falls before or after the annual review of remuneration. Should the CEO work any or all of his notice period, then actual performance will be used to determine STI and LTI for the period worked up to 30 June and thereafter, will be calculated at 100% or 105% of his STI and LTI Opportunities (pro-rated). The LTI component is paid out over three years after termination.
APA notice to terminate Termination on notice by APA: The notice period is 12 months.	Consequences, including as to payment during the notice period (or in lieu of notice) will be the same as set out immediately above.

Event	Consequences
APA notice to terminate for cause Termination without notice by APA for defined causes	Nil
[redacted]	
Restraint Termination date of employment: upon termination of employment due to expiry of the notice period, payment in lieu of notice or termination by the CEO for Good Reasons (see below).	The CEO is entitled to a "Restraint Payment" equal to 100% or 105% of his TFR plus 100% or 105% of his STI and LTI Opportunities. The actual percentage will vary depending on whether the CEO's last day of employment falls before or after the annual review of remuneration. The TFR and the STI components are paid on the termination date. The LTI component is paid out over three years after termination. This Restraint Payment is in consideration for the restraints summarised below. Where the termination of employment is by the CEO for Good Reasons (see below), the CEO will for a period of 12 months after termination consult with the Chairman in good faith before he takes up in that period any form of paid employment, business enterprise, directorships, consultancy arrangements or commercial enterprise which is or may be in competition with APA. Where the termination of employment is due to expiry of the notice period or payment in lieu of notice, the CEO also agrees to various other restraints for a period of 12 months after termination, including agreement not to poach APA clients, not to provide services that are similar to those provided by APA to APA clients, not to poach APA staff and not to carry on any competing business or advise competitors of APA.

The above amounts do not include statutory entitlements.

The CEO may terminate the agreement immediately if he is redeployed to a position of other than Managing Director and Chief Executive Officer. He may also terminate for breach and for a reduction in the overall value of his entitlements ("Good Reasons").

The employment agreement provides that the Executive Remuneration Clawback Policy only applies to the STI and LTI component of the termination benefits connected with notice of termination by the CEO or APA if any Australian legislation requires that they be subject to clawback or a company's clawback policy. That part of the Restraint Payment that relates to STI or LTI is not subject to clawback.

Attachment 2

Corrected Remuneration Report

This disclosure replaces section 5.1 of the Remuneration Report of Australian Pipeline Trust and its Controlled Entities for the year ended 30 June 2018.

5.1 Contractual arrangements

Remuneration arrangements for Executive KMP are formalised in individual employment agreements. Termination arrangements, in addition to normal statutory entitlements, are summarised in the table below.

	Contract type	Notice period	Additional payments on termination without cause	Payments on termination with cause
CEO/MD	Permanent	12 months' notice without cause by either APA or CEO/MD APA may provide payment in lieu of notice (note 1)	Restraint payment (note 2)	By APA - Nil By CEO/MD for Good Reasons (note 4) – Restraint payment (note 2)
Executive KMP other than CEO/MD	Permanent	Six months' notice without cause by either APA or KMP APA may provide payment in lieu of notice (note 3)	By APA: termination payment of 13 weeks' pay (note 3) By KMP: Nil	Nil

Notes:

1. APA may elect not to require the CEO to work all or part of his notice period and make a payment in lieu of that part of the notice period that the CEO is not required to work. Payment in lieu is equal to 100% or 105% of the CEO's total fixed remuneration (TFR) for the period not worked plus 100% or 105% of his STI and LTI Opportunities (pro-rated for the period not worked). The actual percentage will vary depending on whether the CEO's last day of employment falls before or after the annual review of remuneration. Should the CEO work any or all of his notice period, then actual performance will be used to determine STI and LTI for the period worked up to 30 June and thereafter, will be calculated at 100% or 105% of his STI and LTI Opportunities (pro-rated). The LTI component is paid out over three years after termination.
2. The CEO is entitled to a restraint payment equal to 100% or 105% of his TFR plus 100% or 105% of his STI and LTI Opportunities. The actual percentages will vary depending on whether the CEO's last day of employment falls before or after the annual review of remuneration. The TFR and STI components are paid on the termination date. The LTI component is paid out over three years after termination.

This restraint payment is in consideration of certain restraints which have been announced to the ASX.

3. Both the payment in lieu and the 13 weeks termination payments are calculated using the KMP's TFR. The 13 weeks' termination payment is inclusive of any statutory redundancy pay.
4. The CEO may terminate the agreement immediately if he is redeployed to a position of other than Managing Director and Chief Executive Officer. He may also terminate for breach and for a reduction in the overall value of his entitlements ("Good Reasons").