



2 October 2018

Dear Securityholder

CORRECTION TO FY18 REMUNERATION REPORT - SECTION 5.1

On 24 September 2018, APA Group (ASX:APA) announced via an ASX release that it had identified that the current termination payments of CEO and Managing Director Mick McCormack, were not correctly stated in the Remuneration Report contained within the FY2018 Annual Financial Results lodged with the ASX on 22 August 2018.

The error was inadvertent and I and the Board apologise unreservedly.

The ASX announcement attached supplementary disclosure to replace section 5.1 of the FY2018 Remuneration Report. That supplementary disclosure is attached to this letter.

As you would be aware from the Notice of Meeting, Securityholders will have the opportunity to vote on the Remuneration Report. That Remuneration Report will be the one published with APA's FY2018 Annual Financial Results but with section 5.1 replaced with the attached supplement.

Again, I and the Board apologise for the error in the originally published FY2018 Remuneration Report and any confusion that issuing a supplementary replacement of part of that Report may cause.

APA's Annual Meeting will be held on Thursday 25 October 2018, 10:30am at Sydney's InterContinental Hotel.

If you have any further questions regarding the above, please contact Jennifer Blake, APA's Group Head of Investor Relations on +61 2 9693 0097 or jennifer.blake@apa.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Fraser'.

Michael Fraser
Chairman
APA Group

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").