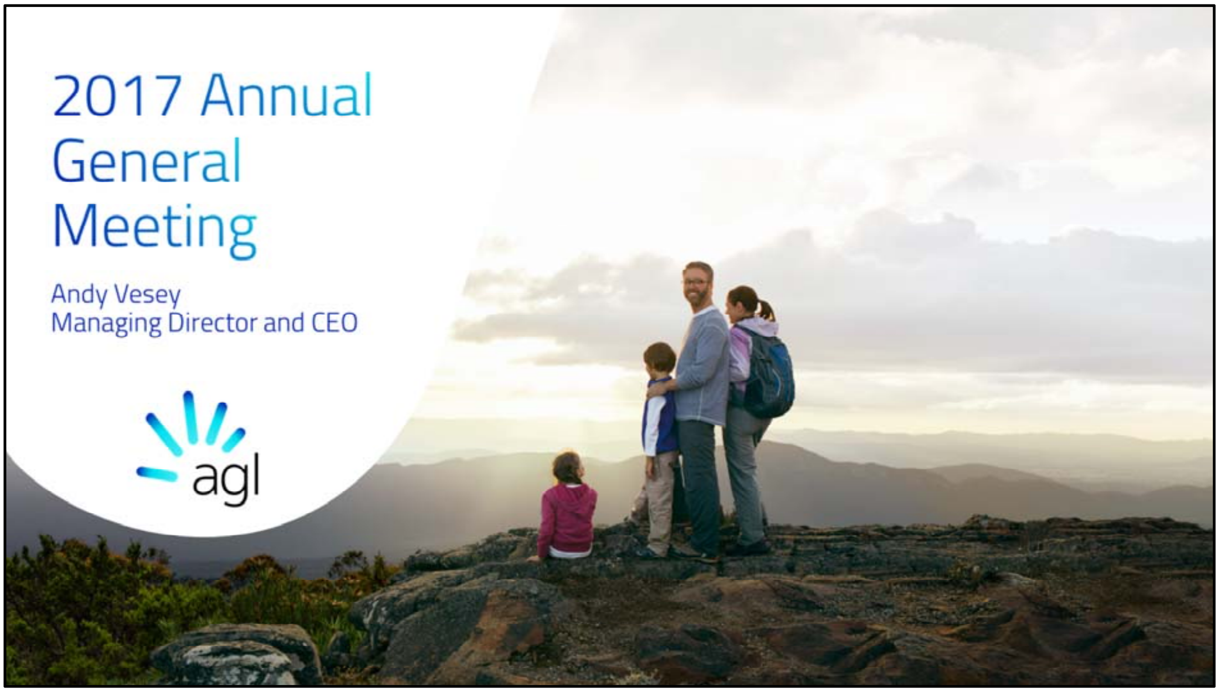
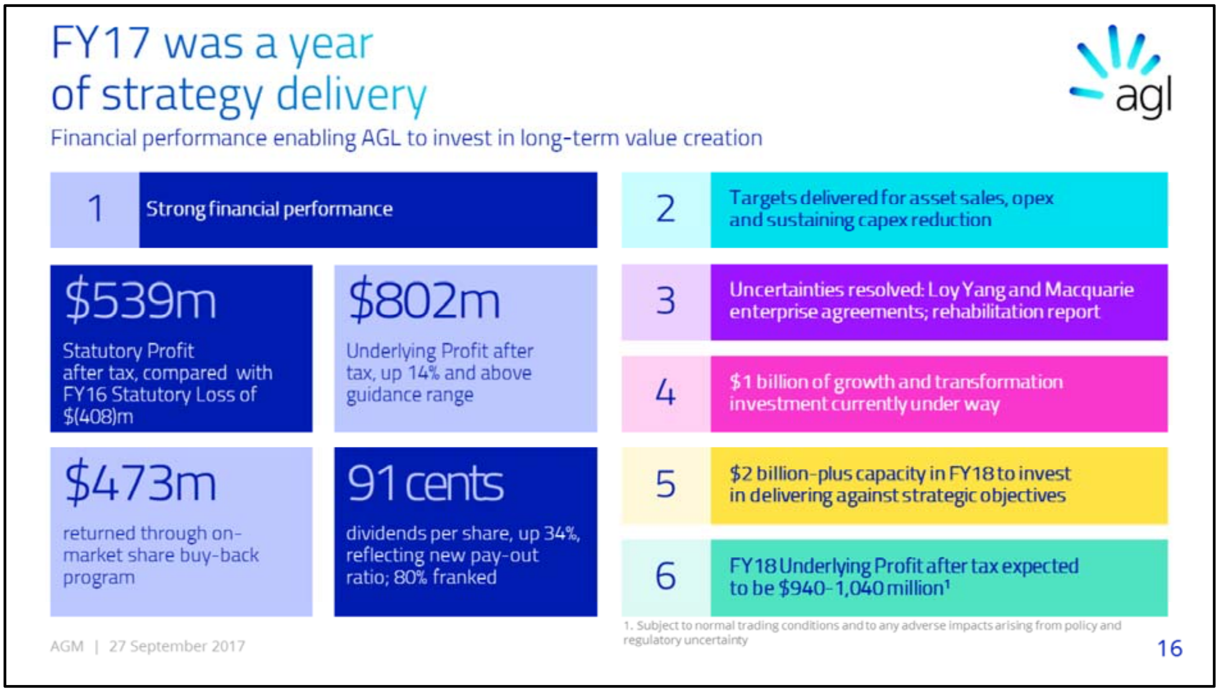
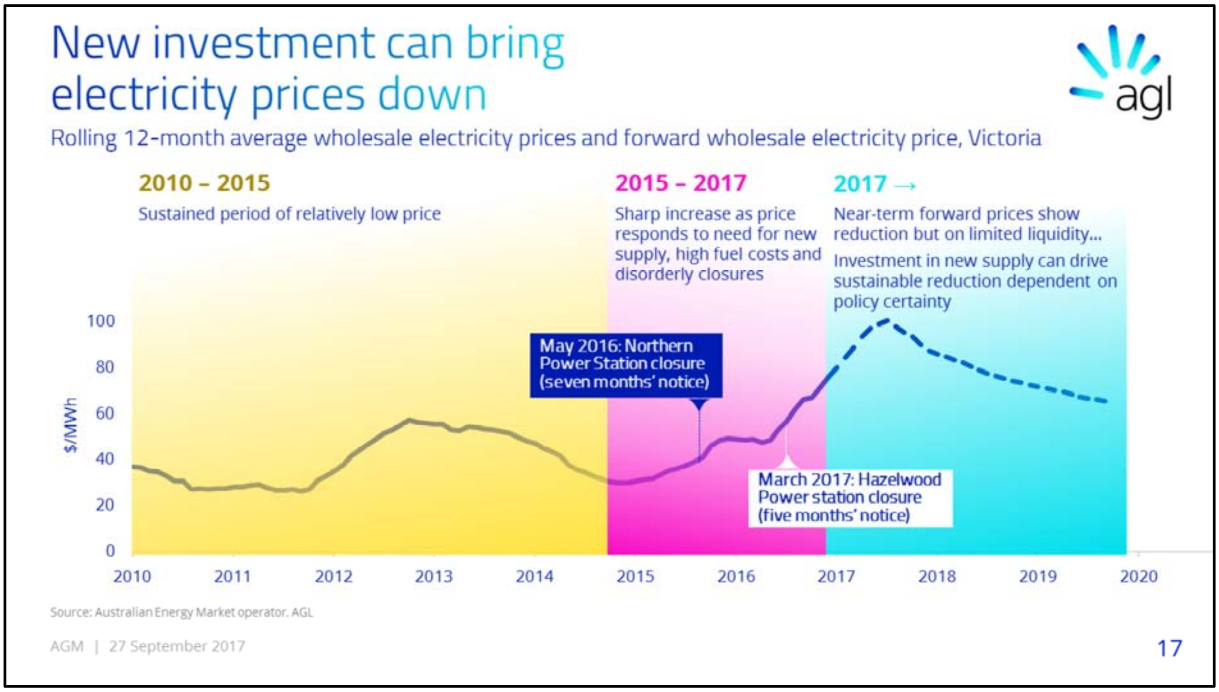



Thank you, Chairman, and good morning.
I'm going to begin my presentation by playing a short video that summarises AGL's strategy.
[Video plays]




I trust you found the video a useful summary of our strategy.
Let me say that our continued strong financial performance positions us to invest for the long term and deliver on that strategy.
The chairman has covered the financial results in some detail.
So, I will add other highlights of the year including the completion of 1 billion dollars of asset sales and exceeding our targets to reduce opex and sustaining capex.
These targets are all about keeping our capital base agile in uncertain times.
We are also focused on resolving uncertainties where we can.
We put in place in new enterprise agreements at both AGL Loy Yang and AGL Macquarie.
We also confirmed our long-term rehabilitation provisions at all our sites with the publication of our results last month.
We began growth and transformation programs representing 1 billion dollars of AGL investment during the year and we have funding headroom in excess of 2 billion dollars to support further investment.
Finally, we provided guidance for Underlying Profit after tax in financial year 2018 of between 940 million and 1 billion and 40 million dollars.
This was subject to normal trading conditions and to any adverse impacts arising from policy and regulatory uncertainty.
That guidance is unchanged although we do note that the scrutiny of the energy sector by federal and state governments and regulatory bodies continues to increase.




I am going to use the rest of my time to outline in principle the options to mitigate the impact of the announced closure of the Liddell Power Station in 2022.

Let me start by discussing the drivers of wholesale power prices.

This chart shows average rolling 12-month wholesale electricity prices since 2010 combined with current forward prices to 2020 in Victoria.

There are three phases I want to point out.

Firstly, until 2015, prices remained relatively low because the market was balanced and was relying on fuels at relatively low prices.

Secondly, prices began to rise sharply, signalling the need for new investment to replace the ageing generation fleet, just as gas prices were also rising.

The disorderly withdrawal of non-AGL plant such as Northern in South Australia and Hazelwood here in Victoria exacerbated the problem.

It placed additional stress on the remaining plant in the system, while creating extra demand and price pressure for black coal, the cost of which was already rising.

The good news is that I believe we are now entering a third phase.

Spot electricity prices have moderated somewhat from extreme highs earlier this year.

Forward prices, while not always a direct predictor of the prices that will occur in the future, do indicate lower wholesale prices are achievable over time.

This is because the market is responding to the signal of high prices to bring on new generation investment.

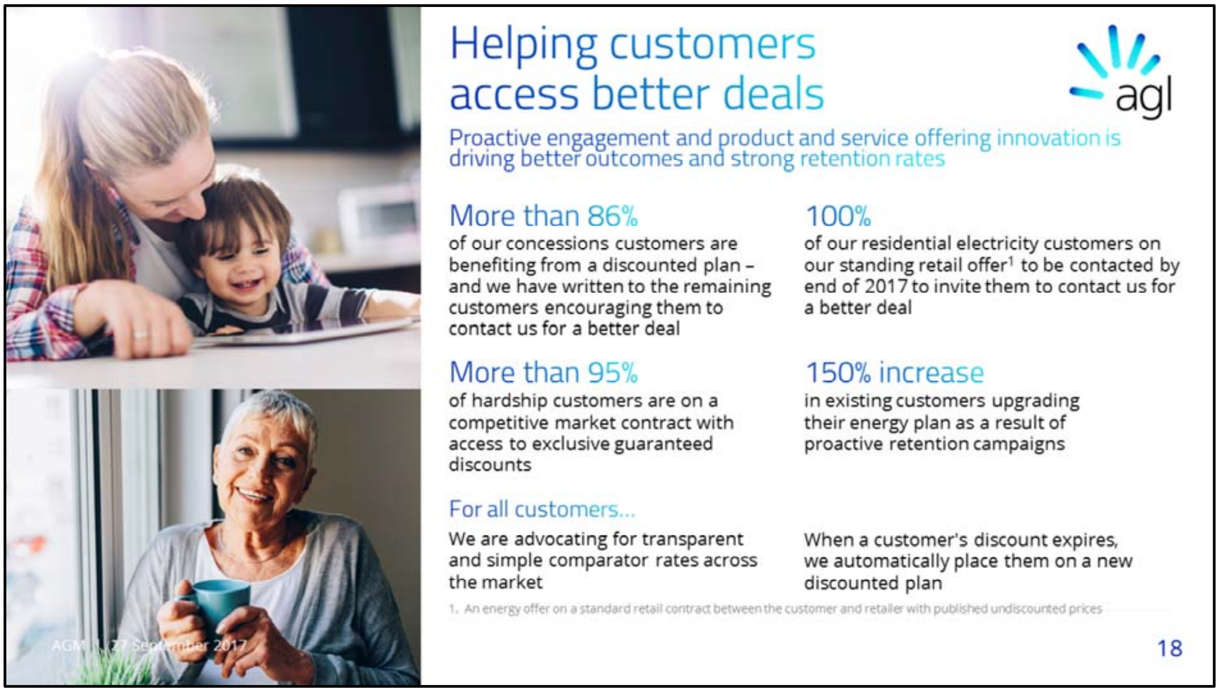
Indeed, more than 4.5 gigawatts of new wind and solar projects are currently under development in Australia.

It is essential that policy delivers the certainty to enable new investment to support these developments and facilitate a smooth transition to a reliable and affordable carbon-constrained future.

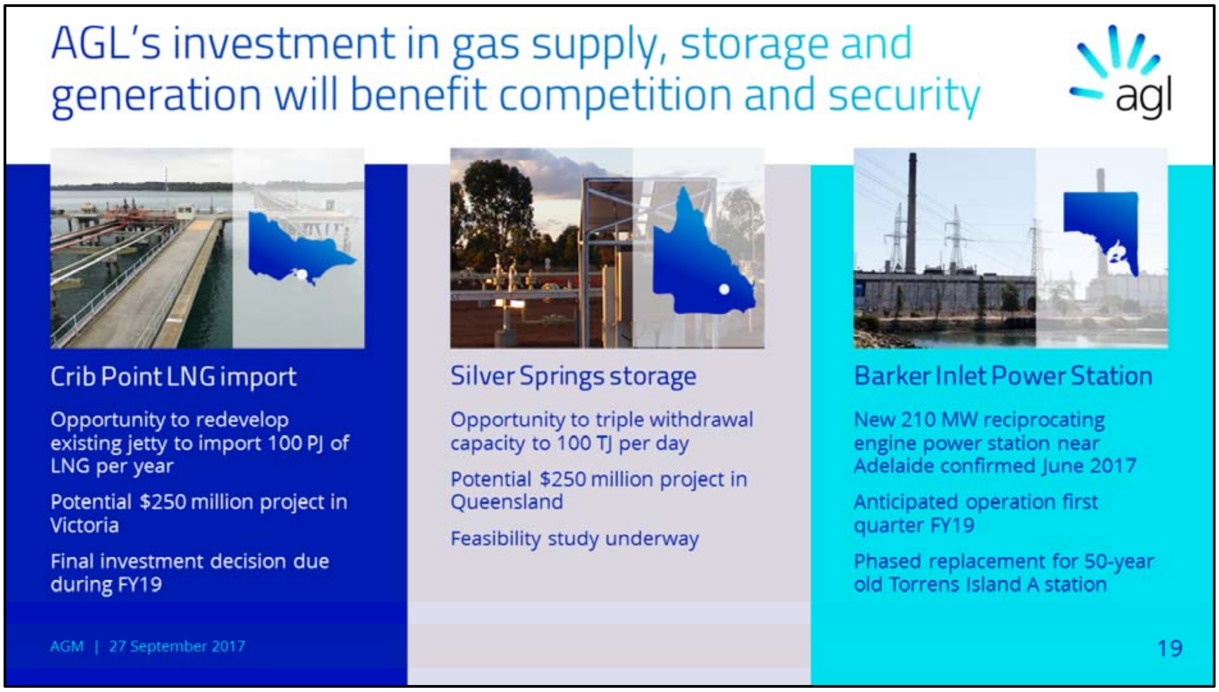
We are eager to work constructively with federal and state governments, regulators and all stakeholders to drive outcomes that support this future.

In particular, we support measures that would prevent the disorderly withdrawal of plant and would enable market mechanisms to incentivise investment in firm capacity.

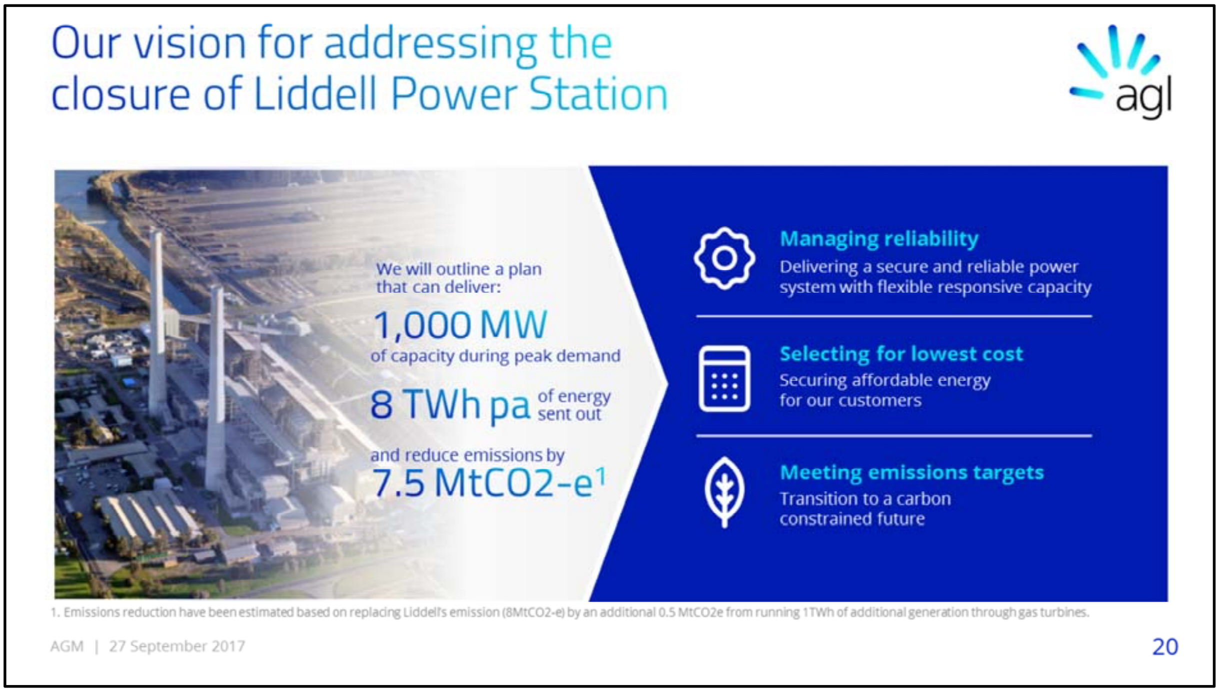
Combined with actions to address high gas prices, these measures can result in lower energy prices for consumers.



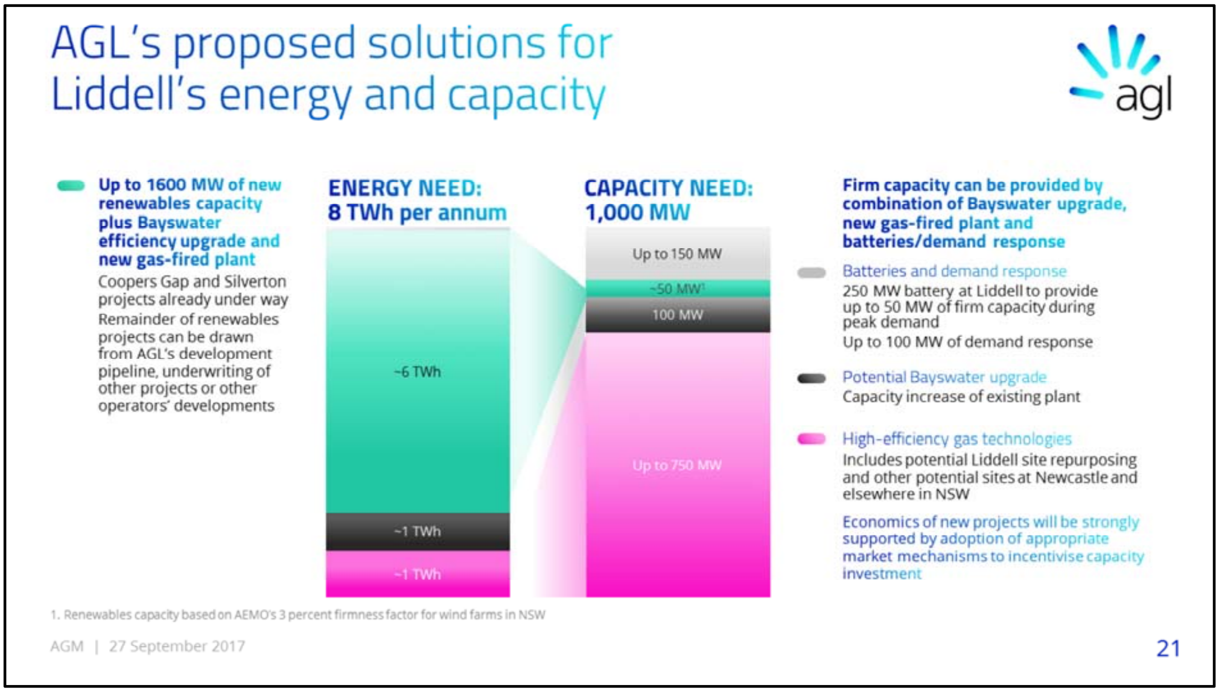

In the meantime, however, we are helping customers access better deals.
I am pleased to say that our engagement efforts are driving improved outcomes for consumers and strong retention rates for AGL.
More than 86 per cent of our concession customers are benefiting from a discounted plan and we have written to the remaining concession customers encouraging them to contact us about their plans.
We have already communicated with 100 percent of our contactable hardship customers to offer a better deal, with over 95 percent now on competitive market contracts with access to exclusive guaranteed discounts.
By the end of the year we will have contacted all of our residential electricity customers on our standing retail offer asking them to contact us.
And, as a result of proactive retention campaigns, we have seen a 150 percent increase in existing customers upgrading their energy plans.
We support strongly the Prime Minister’s initiative to bring the industry together to agree to more action to address issues of affordability for the most vulnerable in our community and make energy offers easier to understand and compare.
That’s why we are advocating for the development of transparent and simple comparator rates.
And, let me say for the record, we do not put customers whose discounts have expired back on non-discounted plans; we put them on new discounted plans.
Put simply, we want our customers to get a fair deal and understand their energy use.
This supports our strategic imperative of building customer advocacy.



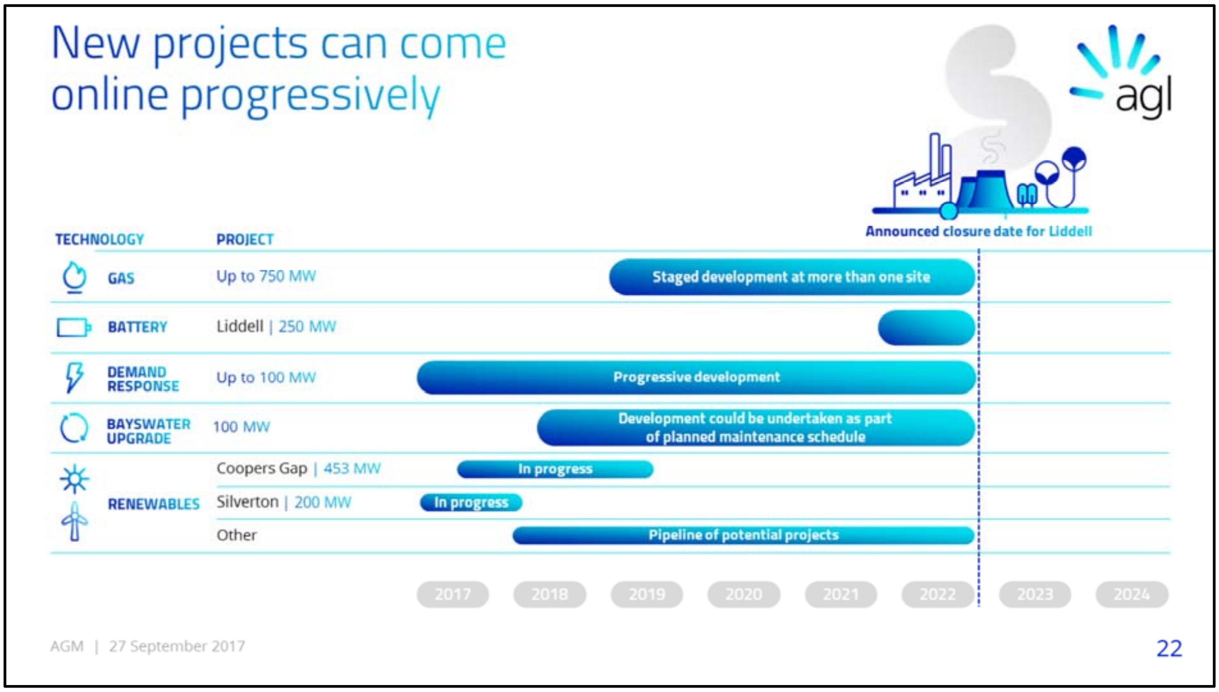

Affordability and energy security ultimately require improved energy supply.
That's why we're investing in gas infrastructure – to support more efficient electricity generation, create new sources of competitive supply and put downward pressure on prices.
We are working towards a final investment decision during financial year 2019 on our proposed 250-million-dollar project to import LNG at Crib Point here in Victoria.
This will potentially bring 100 petajoules a year of additional gas supply to Eastern Australia – enough to supply Victoria's entire residential demand.
This means more competition and less reliance on a small number of existing sources of supply.
We are proposing to expand our gas storage facility at Silver Springs in Queensland, which will provide greater flexibility in our gas market operations nationally.
And our Barker Inlet Power Station in South Australia will be operational in the first quarter of financial year 2019.
This will come at a cost to AGL of 295 million dollars, providing 210 megawatts of flexible and efficient gas peaking capacity.
This is a real example of AGL investing in new infrastructure which, over time, will replace ageing and increasingly unreliable and expensive plant, in this case the Torrens Island A station, which is now 50 years old.



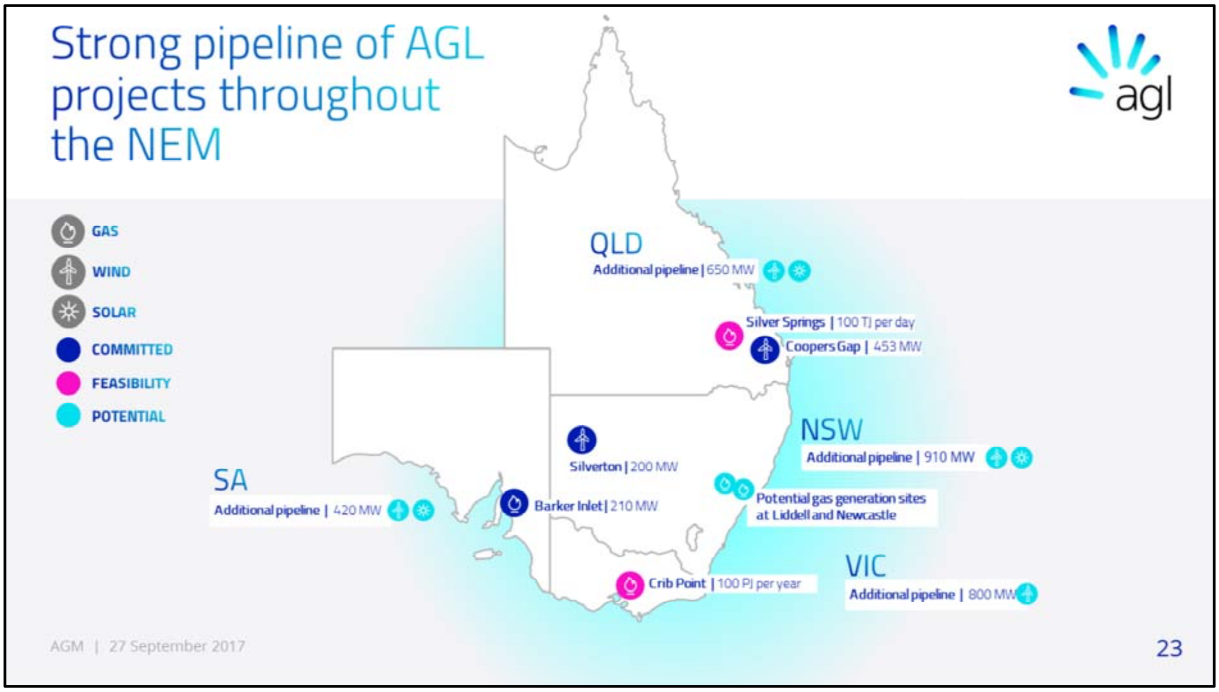

This brings me to Liddell.
We announced in April 2015, as part of our Greenhouse Gas Policy, a commitment to close our conventional coal-fired power stations at the end of their operating lives, which is 2022 in the case of Liddell.
AGL's commitment reflected community expectations and the Federal Government's agreement a few months later to work towards limiting global warming to less than 2 degrees Celsius above pre-industrial levels.
Now, coal represents 86 percent of AGL's electricity generation and is likely to remain an integral part of our business for several decades.
And AGL's position in low-cost coal-fired power has been a driver of the company's strong financial performance as wholesale electricity prices have risen in recent times.
But our commitment to exit coal does not hide from these facts: it acknowledges them directly.
Our near-term business model depends on reliable coal-fired power and we are Australia's biggest ground source emitter of $CO_2$.
Therefore, it's our obligation to you our shareholders to address carbon risk through the transformation of our business.
So, since April 2015, we have been assessing options to replace Liddell.
And as we said at our results presentation in August, we expect to come to market soon with more details.
Now, following AEMO's report earlier this month, we have been talking to the Federal Government about the issue.
We have committed to present our plans to the Prime Minister and AEMO by early December.
We are confident those plans will not only address concerns raised, but also result in the development of new, reliable and low-emissions energy supply.
We are designing our plan to mitigate the market impact of Liddell's closure.
It will address the 8 terawatt hours a year of energy that Liddell provides and the 1,000-megawatt reserve capacity shortfall AEMO has highlighted.
In the interests of reliability, affordability and meeting our obligations to reduce carbon emissions, we must begin the process of renewal now.
The good news is that there are attractive opportunities to repurpose the site, for example with gas-fired power or battery storage as I will discuss shortly.
I want to emphasise that no-one has more to lose from failing to mitigate the market impact of Liddell's closure than AGL.
We have more than 2.2 million electricity customers nationally and our generation operations exist to manage the price risk we take on behalf of those customers.
In addition, we are contracted to supply the Tomago smelter near Newcastle, which is Australia's largest single consumer of energy.
We need adequate capacity to service that contract and, importantly, we also have the interests and futures of our Liddell employees to consider.
Repurposing the site would offer high-quality jobs for decades to come.




This slide shows the detail of how we are assessing the need to replace Liddell's energy and provide firm capacity.
We believe the bulk of the 8 terawatt hours of energy needed to match Liddell's output can come from new renewables projects, as we believe this is the most cost-effective option.
That would include our Coopers Gap and Silverton projects already under construction, other projects from within our pipeline, and other companies' projects as well.
And, of course, the intermittency of wind and solar generation means additional firm, flexible, dispatchable capacity is also required.
We can provide the 1,000 megawatts of capacity needed through a combination of upgrades to the Bayswater power station that adjoins Liddell, construction of new high-efficiency gas-fired power plants and development of battery and demand response solutions.
We see batteries at Liddell, as well as demand response solutions, providing up to a further 150 megawatts of firm capacity.
Through our planned maintenance program, we will be able to upgrade Bayswater to add around 100 megawatts of efficient capacity at the site.
Our gas projects would comprise reciprocating engine technology like at Barker Inlet or other high-efficiency gas technologies.
Our projects to increase gas supply will support the economics of these projects, which we believe will comprise up to 750 megawatts of new capacity.
Gas development again at Liddell would take advantage of existing infrastructure as well as the connections to the electricity grid.
We are also examining the potential for gas development at Newcastle and elsewhere in New South Wales.
Our plans will be flexible, enabling us to increase or decrease our own investment depending on the broader response of the market to price signals and policy certainty.
Before we present our final plans to the Federal Government and AEMO, we have more work to do on refining the technical scope of these plans.
And of course, all our decisions will be subject to determining the best funding structures and our confidence in generating an appropriate return for you, our shareholders.




This slide addresses when we believe the different components of our plan can be deployed.
Highly efficient, flexible gas plant can be quick to develop and, given its modular design, installed in stages.
We believe initial capacity would begin to be constructed from 2019 and up to 750 megawatts would be in place at various sites by the time of Liddell's announced closure.
We will deploy both grid-scale batteries, as well as residential batteries combined with orchestration technology to enable customers to participate in and benefit financially from demand response.
Upgrades to Bayswater can begin as early as 2019.
Finally, we have 653 megawatts of renewables under development at Coopers Gap and Silverton and more than 3,000 megawatts of additional renewables projects in our development pipeline.




This map shows our current pipeline of projects to bring on new energy supply, including two billion dollars of projects already committed or in the feasibility stage and others with the potential for development.
The committed projects, in dark blue, are the Coopers Gap and Silverton wind farms and the Barker Inlet Power Station.
Projects in the feasibility stage, in dark pink, are the Crib Point LNG import jetty and the Silver Springs gas storage project.
Two sites in New South Wales are highlighted as potential for our gas development, Liddell and Newcastle.
As I have mentioned we are scoping additional potential sites for gas projects elsewhere in New South Wales.
We have numerous additional wind and solar projects under assessment throughout the market, which are not shown here.
And this, of course, is just AGL's pipeline.
Our competitors, other operators and new entrants are also developing new energy and capacity in response to the market need.
Let me conclude by saying we are confident that between our actions and those of the market. the impact of Liddell's planned closure in 2022 will be mitigated.
And now I hand the meeting back to your Chairman.
Thank you.