AGL Energy Limited
2017 Annual General Meeting webcast transcript
27 September 2017

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Jerry Maycock : Good morning ladies and gentlemen. I'm Jerry Maycock. I'm your chairman. I'd like to welcome you to AGL's Annual General Meeting of shareholders. I'd like to start the meeting by acknowledging the traditional owners of the land on which we meet today, the Wurundjeri people of the Kulin Nation and pay our respects to their elder's past and present.

AGL's board and senior management are here to report to you today on the state of your company, its performance and accomplishments in the past year and the opportunities and challenges for the future. May I ask you to make sure that your mobile phones are turned off or switched to silent while the meeting is in progress.

I note that filming of the meeting is not permitted. I'll also ask you to note where the nearest exit is in the unlikely event that becomes necessary to evacuate the building. In the event of an emergency, you will hear two audible emergency alarms. The first alarm sounds like a beep, beep. On hearing this alarm, you should standby for instructions to evacuate.

The second alarm sounds like a whoop, whoop. On hearing this alarm, you should immediately begin to evacuate the building. Emergency exits are located either side of the stage. In the event of an emergency, please do not use the lifts. All emergency exits must remain unimpeded.

The notice convening this meeting has been sent to registered shareholders and the necessary quorum is present here today. I'll start by explaining the running order for today's meeting. Shortly, I will introduce the rest of the AGL directors then I'll make a few remarks about the financial results for the year just completed and about some other topic or matters.

Following which Andy Vesey, the AGL's CEO managing director will give you more details about the operational highlights and strategic achievements for the year and an update on our expectations for the year ahead. We will then attend to the formal business of the meeting. Between Andy and I, we will seek to answer many of the questions that shareholders have notified us off in advanced.

One specific question I can now respond to relates to the opportunity to provide shareholders with a discounted energy plan. I'm pleased to report that the company has looked at this question and will be able to extend an offer to shareholders. Those of you wishing to receive more information on that opportunity can log on to the investor centre on our website or if it's more convenient see one of our customer service representatives in the foyer outside after the meeting.

At the company's 2016 AGM, more than 25% of the total votes cast on the 2016 remuneration report were against the adoption of the report. The company and the board have engaged at length with various stakeholders since the 2016 AGL to seek to understand the concerns that led to that so called first strike.

This year we've made a number of changes to our remuneration practices and reporting to address the concerns raised in that year. We will deal with the results of those changes later in the meeting. You'll have the opportunity to speak on or ask questions about each item of business.

Please note that only person's holding yellow or red cards are entitled to ask questions at this meeting. Visitors holding a blue or green card are not eligible to vote or speak but are most welcome of course to listen. Please also note this AGM is being filmed for webcasting purposes.

I would now like to introduce your directors to you. A brief profile of each director and their relevant skills, qualification, experience and responsibilities is included on pages 12 to 13 of the annual report. I'll ask each director to stand briefly as I introduce them. They are firstly Belinda Hutchinson, John Stanhope, Diane Smith-Gander, CEO and managing director Andy Vesey, Peter Botten, Jacqueline Hey, Les Hosking and Graeme Hunt.

Graeme will, from the conclusion of today's meeting, be your new chairman. I'll have more to say about that later in the meeting. Also on the podium are the company secretary John Fitzgerald and the chief financial officer Brett Redman. Seated in the front row of the room are members of your company's executive team.

A brief profile of each of those team members is included on pages eight to nine of the annual report. Finally, AGL's external auditors Deloitte are here this morning, the senior audit partner Jason Thorne is in the room and he's available to answer any relevant questions you wished to ask later in the meeting and I thank him for attending today.

Turning now to our financial results for 2017. AGL's statutory profit after tax attributable to shareholders was $539 million. This compares with statutory loss after tax of $408 million in the previous financial year. The increase in statutory profit in financial year 17 was a result of strong underlying earnings growth,

the non recurrence of significant items that affected last year's result and a decrease in the movement in the fair value of financial instruments. The accounting value of those instruments is such that the true economic impact only occurs when the positions mature of which time they realised value is included in the profit and loss statement.

For many years, AGL has regarded underlying profit as the more useful measure of company performance. Underlying profit is simply calculated by excluding significant items of which there were none this year by the way, way and including the mark to mark market ... Sorry, and excluding the market to market impact of the large hedging positions positions and other financial instruments.

I'm pleased to report that underlying profit for the 2017 year was $802 million, up 14% on last year. This is the third consecutive year that underlying profit is increased by above 10% on the previous year. The final dividend of 50 cents per share which was 80% frank was paid on the 22nd of September 2017.

When added to the interim dividend of 41 cents per share, the total dividend for the year was 91 cents per share franked at 80%. This represents an increase in total dividends declared since last year of 23 cents a share an increase of 34%. The increase is consistent with the Board’s adoption in September last year of a dividend policy targeting a payout ratio of 75% of annual underlying profit and a minimum franking ratio of 80%.

This pleasing result was driven principally by the strong performance of AGL's thermal and renewable generation assets which have performed well in an environment of rising wholesale electricity prices. The company's strong financial performance has also been underpinned by continuing focus on cost discipline and operational execution.

It's important to note our operating assets can only generate revenue if they're efficiently maintained to be available for production as and when the market requires them. The board acknowledges and understands the prevailing customer and community concerns about energy security and affordability.

Consumer energy prices have risen significantly due to factors such as rising prices for the coal and gas that is needed to generate electricity. The abrupt closure of several non AGL coal fired power stations Hazlewood here in Victoria in March this year just five months after its owner announced its intention to close.

Lastly, continued uncertainty in government policy. The company has already implemented a range of industry living measures that are designed to ease the impact of higher prices especially for those customers that are in vulnerable economic circumstances or on low incomes.

We also continue to explore new ways of making energy more affordable for all customers including by reducing the complexity involved in comparing energy offers. Over the longer term, the company's strong financial position is enabling us to invest in solutions to deliver more reliable, affordable and sustainable energy.

Over time, we believe that this investment if supported by policy and regulatory settings which are clear and certain will help to ease the market pressures that have been driving higher prices to both gas and electricity. In April 2015, AGL announced as part of its Greenhouse Gas Policy a commitment to close its coal-fired power stations at the end of their respective operating lives.

In the case of the Liddell power station, this will be in 2022. In recent weeks, the federal government has expressed concern that Liddell's planned closure will result in a 1000 megawatt capacity shortfall in the National Electricity Market in 2022 and has proposed that AGL considered a continuation of Liddell's operations post that date the five years and or the sale of the plant.

When considering the future of Liddell, it's important to acknowledge that it is a plant that's already 45 years old and back at the time that AGL acquired it. The intention of the New South Wales government, its previous owner was to close the plant in 2022. AGL also announced in 2015 that Liddell would close in 2022 so we will consistent with the previous intention of the government.

At the end of its operating life and since this time, management has been working on the options to mitigate the impact of its closure which include new generation and the repurposing of the Liddell site. AGL has since acquiring Liddell in 2014 improved its reliability, however that has partly been achieved by derating the plant by approximately 15% to reduce stress on the equipment.

It is still likely to experience any unanticipated outages and will become less reliable as it approaches the end of its operating life in 2022 even with significant plan investment by the company of a $159,000,000 in the plant before it closes. Well, it maybe technically possible to extend the life of the power station, the cost of doing so in a way that ensures the plant is even moderately reliable as certain to be substantial.

On the other hand, the sale of such an asset would be challenging because it will be difficult to unbundle from AGL's wholesale portfolio and unbundle physically from the adjacent interconnected base load plant. The new owner will obviously need to pay AGL for the value of the asset in the period remaining life to 2022.

They would also need to make a highly complex and risky set of assumptions about a wide range of obligations up to and or beyond 2022. These would include fuel, another operating cost, capital cost, subsequent closure and rehabilitation cost as well as social cost. Nevertheless, the government has requested that AGL management present the whole board the continuation of the Liddell's operations post 2022 for five years and or the sale of the plant which we will consider.

In addition, AGL has committed to deliver a plan by early to mid December of the actions it will take to avoid the market shortfall once the Liddell coal-fired power station closes in 2022. Being the replacement of a significant portion of Liddell's capacity with new technology, these plants have been evolving since we originally announced the plant's closure giving seven years notice as I said in 2015 and will be compared with the sale or life extension options.

Later in this meeting, Andy Vesey will outline the broad architecture of the plan against which the alternatives of sale, life extension or closure will be evaluated. We thought it may be helpful to outline the objectives against which the board evaluates any large investment in the electricity asset such as this.

Most importantly, from our shareholder's perspective, the investment needs to fit within our strategic vision and have short and longterm financial returns that are sufficiently attractive. There are also a number of other objectives against which any major investment is also tested, including these.

Firstly, is the proposal consistent with the roles and system design of the National Electricity Market and other regulatory comments such as renewable energy targets. The risk from future changes to law or regulation acceptable and are any changes to those laws or regulations necessary to support the investment.

Secondly, will the proposal directly or indirectly benefit AGLs customers over time? Thirdly, is it consistent with AGLs commitments and obligations to a variety of national and international stakeholders including meeting AGL share of Australia's greenhouse gas reduction targets?

Lastly, is the investment robust against reasonably foreseeable changes in technology, customer behaviour, digital disruption and economic growth or dislocation? We are committed to responding to the federal government by early to mid December with the results of our deliberations including a more detailed explanation of our plan that will fill any gap in the market that may arise at the time Liddell is due to close in 2022. Of course, further work needs to be done on it before any investment decision is made in the ordinary course of business we would expect over the next year or so, but the Board does expect that funding required to execute such a plan will be within the company's capacity.

The Board's current expectation is that if a plan of this type and scale is implemented, it will meet the legitimate concerns of government and result in the delivery from 2022 and beyond of new, reliable, and low-emissions energy to mitigate any market shortfall that may arise as a result of Liddell closing. However, it's also important to emphasize that a greater degree of certainty in policy and regulatory settings will be critical if AGL and others in the industry are to invest the capital that's urgently required, on the one hand, to ensure existing plant reaches the end of their operating life safely, and, on the other hand, the new capacity needed when they close.

As a responsible corporate citizen, AGL and your Board will continue to advocate for that policy certainty and work closely with government so that our customers and all consumers have access to clean, reliable, and affordable energy supply.

I'll now turn to the question of capital management. As I stated at last year's AGM, the Board's priorities when considering the efficient management of the company's capital position are to retain the capability to fund improvements to the core business and be able to take advantage of strategic growth opportunities as they arise. The Board's also focused on retaining the financial strength needed to withstand future shocks while also maintaining a strong liquidity position.

At last year's AGM we announced our intention to carry out an on-market buy back of up to 5% of issued share capital. I'm pleased to report that the company's strong cash earnings and liquidity has enabled the return of approximately 473 million to our shareholders in financial year 17 through this program. The buy back remains open until the 12th of October, however, as noted in our results announcement on the 10th of August this year, the company has a reduced focus now on buying back shares while it investigates the feasibility of potential growth opportunities both in Australia and, to the extent they exist, in similar deregulated English speaking markets overseas. Ascertaining the quality and extent of growth opportunities that may be available to the company will be a core focus for the Board during financial year 18.

As always, the company will be disciplined in assessing the feasibility of any growth opportunities and will continue to maintain its focus on protecting and enhancing the cooperations of a business and maintaining a strong balance sheet within the parameters of an investment grade credit rating.

I would now like to turn to the topic of Board renewal. Over the past two years, with the assistance of independent expert advice, the Board has devoted considerable time to identifying the collective skills and experience that the Board will require to continue overseeing the strategic direction and governance of the company. This valuable work has been used to assist with the identification and subsequent appointment to the Board of Diane Smith-Gander at last year's AGM and Peter Botten on the 21st of October, last year. The Board has been strengthened by the addition of Diane and Peter as Directors and each has already made an important contribution. The Board will continue to review its collective skills and experience on an ongoing basis so that AGL has the strong governance and strategic oversight necessary to deal with the challenges of today and the future.

Finally, I would like to deal with Chair succession. As foreshadowed at last year's AGM and announced to the ASX on the 21st of June, this year, I have decided to retire from the Board at the conclusion of this AGM after serving as a member of the AGL Board for 11 years and Chair for the last seven years. Following a rigorous succession planning and selection process, the Board has, in accordance with the company's constitution, elected Graham Hunt to succeed me as Chairman with effect from the end of this meeting.

Graham's been a Director since 2012 and has a deep understanding of AGL's strategy and of the operational governance policy and stakeholder priorities of the company. His appointment will support the continuity of strategy for AGL at a time of transformation in the energy industry. For my own part, I'm proud to have served as a Director and Chairman of AGL. The company has taken great steps in strategy, scale, and performance since its de-merger 11 years ago. Today, AGL is in a financially sound position delivering record returns to shareholders and has good prospects for the future. I thank you for the opportunity to serve as your Chairman and wish Graeme and my colleagues on the Board every success in the next chapter of the company's evolution.

It's now my pleasure to invite Andy Vesey, our CEO, Managing Director, to say more about AGL's operating performance, our strategic initiatives, and our earnings expectations for 2018. Following his address we will move to the formal business of the meeting. Thank you.

Andy Vesey: Thank you Chairman and good morning. I'm going to begin my presentation by playing a short video that summarizes AGL's strategy.

Video: Here at AGL, we've been supporting Australia's energy needs for over 180 years with more than 3.6 million customer accounts today. We operate the country's largest electricity generation portfolio, we're the leading ASX listed developer of renewable energy projects and we're committed to helping shape a sustainable energy future.

What's driving AGL today? Firstly, we need to prosper in a carbon constrained future and, secondly, we need to build customer advocacy and become more customer centric as the energy sector transforms. In support of these imperatives, we have four key objectives; to transition from being a mass retailer to a personalized retailer, from being an operator of large assets to an orchestrator of both large and small assets, from relying on coal-fired power to low-emissions technology, and from leveraging our business platforms in existing markets to leveraging those platforms in new geographies as well.

These goals are driving our strategy and decision making as we think about multi-decade transition in the energy sector. Some aspects of this transition are certain. The AGL business is in great shape, possessing a competitive advantage built upon our strong asset base, diverse customer portfolio, and strong financial position. This puts us in prime position to invest in change for tomorrow knowing we have the best possible foundation from today.

Other things are less clear because we live in a world where government policy, consumer take-up of new technologies and the outlook for energy demand are uncertain. We're well on our way though having already made a number of key decisions that demonstrate our commitment to our goal. Decisions like being the first Australian generator to set a timeframe for the closure of our coal-fired power stations, creating novel structures to incentivize investment in renewable energy and committing substantial funds to digital transformation and innovation.

As we think about how to allocate capital for growth, we're making choices that will help us manage risk and continue to provide value to our shareholders as we go.

It's an exciting time for us and for our industry. We know where we're heading long-term and we know we're well positioned to create value today and over time as transition occurs and we invest in growth. It's an exciting time for AGL and this is just the start of our story.

Andy Vesey: 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 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 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 of AGL investment during the year and we have the funding headroom in excess of $2 billion to support further investment. Finally, we provided guidance for underlying profit after tax in financial year 2018 between $940 million and $1 billion and $40 million. 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'm 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 to invest to replace the aging generation fleet just as gas prices were also rising. The disorderly withdrawal of non-AGL plants such as Northern in South Australia and Hazelwood here in Victoria exacerbated the problem. It placed additional stress on the remaining plants in the system while recreating extra demand and price pressure for black coal, the cost of which was already rising.

The good news is that I now believe we're entering a third phase. Spot electricity prices have moderated somewhat from the extreme highs earlier this year and forward prices, while not always a direct predictor of 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 incentivize investments 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% of our concession customers are benefiting from discounted plans and we have written to the remaining concession customers encouraging them to contact us about their plans. We have already communicated with 100% of our contactable hardship customers to offer a better deal with over 95% 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. As a result of proactive retention campaigns, we have seen a 150% increase in existing customers upgrading their energy plans.

We strongly support the Prime Minister's initiative to bring the industry together to agree to more actions 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 comparative rates. 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 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, providing 210 megawatts of flexible and efficient gas peaking capacity. This is a real example of how AGL is investing in new infrastructure, which over time will replace aging 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 in 2022 is the case for 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 two degrees Celsius above pre-industrialized levels. Now, coal represents 86% of AGL's electricity generation and is likely to remain an integral part of our business for several decades. AGL's position in low-cost, coal-fired power has been a driver of this company, of your 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 also Australia's biggest ground source emitter of CO2, therefore it's our obligation to you, our shareholders, to address this carbon risk through the transformation of our business. Since April 2015, we have been assessing options to replace Liddell. As we said at our results presentation in August, we expect to come to the markets with more details. Now, following a EMOS 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 in an email by early December and we are confident those plans will not only address the concerns raised but will also result in the development of new, reliable, and low-emissions energy supply.

We are designing our plan to mitigate the market impacts of Liddell's closure. It will address the eight terawatt hours a year of energy that Liddell provides and the one thousand megawatts reserved capacity shortfall AEMO has highlighted. In the interest 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 sight. For example, with gas-fired power or battery storage as I will discuss shortly. I want to emphasize that no one, no one has more to lose from failing to mitigate the market impacts 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 serve that contract and importantly, we also have the interests and the futures of our Liddell employees to consider. Repurposing the site will offer high quality jobs for decades to come.

This slide shows the details of how we are assessing the need to replace Liddell's energy and provide firm capacity. We believe the bulk of the eight 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 Cooper's Gap and Silverton projects already under construction. Other projects from our pipeline and other company's projects as well. Of course, the intermittency of wind and solar generation means additional firm, flexible, dispatchable capacity is also required.

We can provide the thousand 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 plant, and development of battery and demand response solutions. Through our 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 the Barker Inlet project we spoke of earlier as well as 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 at Liddell will take advantage of existing infrastructure as well as connections to the electricity grid. We're also examining the potential for gas development at Newcastle and elsewhere in New South Wales. We see batteries again at Liddell and demand response solutions providing up to a further 150 megawatts of capacity. Our plans will be flexible, enabling us to increase or decrease our 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. Of course, all our decisions will be subject to determining the best funding structures and our confidence in generating an appropriate return to you, our shareholders. This slide addresses when we believe 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. Upgrade to Bayswater can begin as early as 2019. Finally, we have 653 megawatts of renewables under development at Cooper's Gap and Silverton and more than three thousand megawatts of additional renewable projects in our development pipeline.

This map shows our current pipeline of projects to bring on new energy supply including $2 billion of projects already committed or in the feasibility stage. The committed projects, represented here in dark blue, are the Cooper's Gap and Silverton Wind Farms and the Barker Inlet Power Station. Projects in the feasibility stage are 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've mentioned, we are scoping additional potential sites for gas 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, new entrants are also developing new energy in capacity response to the market need.

Let me conclude by saying, we are confident that between our actions and those of the market, the impacts of Liddell's planned closure in 2022 will be mitigated. Now I hand the meeting back to the Chairman. Thank you.

Jerry Maycock : The notice of meeting set out six items of business and one contingent item of business, which links to the outcome, the contingent one that is, links to the outcome of the remuneration report resolution. The contingent item will not be put to the meeting if less than 25% of the votes cast on remuneration report resolution are against the remuneration report. You will have the opportunity to speak on or ask questions about each item of business that's put to the meeting. In all our six motions on which you'll be asked to vote and subject to the outcome of the remuneration report resolution, one motion in relation to the contingent item. In conducting the voting processes, we will seek to recognize both the interests of those of you who have taken the time and trouble to come here today and the interest of all shareholders in the company.

For your information, I advise that shareholders or their proxies registered and entitled to vote at this meeting, that is votes on the floor here today, represent 846,428 shares. That's about 1.3% of the issued capital of the company. To get a sense of the meeting, I will put each motion to the meeting and take an indicative show of hands after shareholders here today have heard the presentations and the discussion about each motion. We will then display details of the direct and proxy voting on each resolution after the vote from the floor. That is, all the votes that have been cast both here today and those received up to 48 hours before the meeting as required. It's important to note that the show of hands will be indicative only and that the formal voting outcomes will be determined by way of a poll on each resolution.

Conducting the formal voting by poll will ensure that the views of all shareholders who wish to vote are represented, including those who have lodged proxies and direct votes in advance of today's meeting. Votes will be counted immediately following the meeting and the results will be notified to the ASX before the end of today and posted on the company's website. I'll open the polls now actually so that those of you who may need to leave early can vote by completing your voting card and placing it in one of the ballot boxes near the exits.

Three of the motions that shareholders will be asked to vote on relate to remuneration. I intend making a slight change in the order of business so that these three items can be considered together. After the meeting has had the opportunity to ask questions about the 2017 annual report, we'll move to the third item of business in the notice of meeting. This involves the re-election of Les Hosking and the election of Peter Botten as non-Executive Directors of the company. We will then move through remuneration related matters in consideration of the 2017 remuneration report, the proposal to grant share performance rights to the managing director under the long-term incentive plan, and the proposal to authorize termination payments being given to eligible Senior Executives. Finally, we will consider the proposed resolution to renew the proportional takeover provisions in the company's constitution.

Turning now to the first item of business.

Ladies and gentlemen, AGL has recently published its 2017 annual report, which contains full information about the company's financial and operating performance during the year. Under the constitution, it's not necessary to our shareholders to vote to adopt the account, however, the scope remains for you to raise issues or ask questions. A number of shareholders took the trouble to send us questions in advance. Many of these related to remuneration matters, which we'll deal with shortly. I'll now open the meeting for discussion. Could you please hold any questions that relate to remuneration until we get to those items of business? Microphones are available if any shareholder with a yellow or red voting card wishes to ask questions about the accounts or the Director's report.

In the interest of giving more shareholders the opportunity to speak, please refrain from lengthy statements and confine yourself to one question at a time. If there is more time available, I'll give you at least one other opportunity when others have finished. It will help in keeping a record of the proceedings if each speaker could announce his or her name and, where relevant, the name of the organization he or she represents.

I'll now open the meeting for questions, comments on our annual report. If you'd like to ask a question, please raise your hand and we'll get a microphone to you as soon as we can. I'll try and roughly keep the order as I pick up the hands going up. The gentleman in the cream, white jacket on the end of the row there please.

Speaker 4: Mr. Chairman, ladies and gentlemen, I have two questions One, regarding the remuneration culture, is how much dollars and cents cost the Board because you can run the United Nations with such a big board and how much money do you spend on a new method to reduce consumption or to increase efficiency on a, let's say, a special department for research and new technology? How much you spend on it? Secondly, if I'm allowed, you're very proud how you relate to the customers. I can tell you my own experience. For two years, I tried to get from origin to you and after hours and hours on the phone wasting money and time, I got to somebody which was asking me how much on each chapter before lunch, after lunch, pick up hours do I pay and is that marketing? Is that marketing? You cannot get to anybody so how you interact with your customers because you, even prior to the meeting, none of you I saw in the foyer to have a batch to talk to somebody as you. You are just another planet and another society which are blessed by God to be our leaders. Thank you.

Jerry Maycock : Thank you sir. Just starting from your last comment, it's our custom and practice each annual meeting to meet with shareholders after the meeting during the period of refreshments and we fully intend to do that again today so just to reassure you about that. In a minute I might just ask Andy to make a comment on how much money we're investing in efficiency measures. It's a rather difficult question to answer and he might also choose to make some comment about our customer service work and the investment we're making to improve the customer interaction processes that we have. In relation to the fees for Directors, firstly, bear in mind that not everybody on this table is a Director of the company. You've got members of management here as well assisting us. We're bound by a shareholder cap, shareholder approved cap, on fees. The company's secretary might know off hand what that currently is. It's 2.75 million cap, maximum. We're spending well below that per anum total Director's fees. That's for the Board fees, Committee fees, et cetera.

Andy, do you want to make a comment on, let's say, customer service matters generally and on efficiency programs?

Andy Vesey: Sure. Let me just say this, if you had a bad experience with us, let me apologize for that. That's not what we try to do. That's not our standard and we work very hard every day to provide the best service we can. I have to say that, are we able to achieve that in every case? Clearly, by your statements, no. All our calls are reviewed by management and we strive very hard to improve that and during the refreshment break where management will meet with you, I will make sure that our head of customer operations sitting in the front row seeks you out, gets your experience so that we can learn from that to assure that no other customer will have the same.

In terms of the research and development investment in new technologies, let me bracket it this way, we do have a business unit called New Energy that specifically is tasked with that. It's a direct report to me and to give you some size of the magnitude, if it's helpful, we spend, in terms of maintaining and investing in new technology demonstrating new opportunities for improving efficiency, the budget for that group alone is $37 million but it is also tasked to invest between $50 and $100 million a year in new technology to assure our customers and to assure you as shareholders that we are staying abreast of the latest technology so we can bring it to there.

We also invest in our current operations to improve efficiencies as well. In my remarks I talked about the ability to upgrade Bayswater but even before we upgrade it, we look at every opportunity to assume we get the most energy out of the steam that goes through that turbine. We've done the same thing at our Loy Yang plants and at Torrens as well. We have targeted those, even though I can't give you a specific breakout but I can assure you that we are very focused on investing in new technology and making sure that we do not miss opportunities to find ways of benefiting our customers and to making this a stronger company based on technology propositions.

Jerry Maycock : Thank Andy. Next question, the gentleman with the ... Down in the front with the jacket and the open shirt here.

Julian Vincent: Good morning, Mr Maycock, Mr Vesey, and the rest of the Board. My name's Julian Vincent. I'm here on my own accord but I'm also here with a statement that has been joined by a 126 other retail shareholders, holding collectively a position in the company worth $5.4 million. It relates to the comments about Liddell so I'll try not to overlap too much and if you'll indulge me another minute to get through the statement, that'd be appreciated.

In recent weeks our company has been criticized for its plan to close the Liddell Power Station in 2022. Pressure's been applied by the Prime Minister, his government, and the coal industry representatives to extend the life of the power station. We regard these criticisms as deeply unhelpful and the work of increasingly desperate protocol interests. As shareholders, we wish to affirm our support for the Board's decision to stand firm on closing Liddell by 2022 as part of our company's plan to transition from old polluting power to clean, renewable energy. We believe that this decision will protect shareholder value over the long-term. In 2022, Liddell will be 50 years old, its expected economic life well and truly over. Its age is already showing. The power station operating at a terrible utilization rate and creating an array of local environmental and health hazards.

Our company's already spent $143 million on Liddell to improve the liability and we have committed to spend another 159 million on upkeep by 2022. The FInkel review estimated refurbishment costs at five to $600 million. We applaud the substantial commitment our company's made to responsibly rehabilitating the Liddell site. It would be against our company's social and environmental responsibilities to pass on the site at the end of its life to a small operator who doesn't share our company's commitment to the communities in which we operate. We believe such a move would be perceived as cynical and opportunistic and that our company would stand to undo our hard fought gains on social license to operate if that sort of handover takes place.

Our company's made much of its role as a key player in the transition to a renewable energy powered Australia by building renewable energy and battery solutions and helping Australia phase out coal. If anything, the timeline for the closure of our [inaudible 00:56:58] other major generators, Bayswater and Loy Yang, is too long, committing the company to operating assets that will become increasingly expensive as they age, especially in comparison to renewable energy, which continues to fall in cost.

Finally, if our company's commitment to close coal power is intended to align with the company's business model, align our business model with the objectives of the Paris Climate Accord, we should be looking to get out of coal faster than the middle of the century and so we ask that the Board reaffirm its plans to retire Liddell in 2022. I have a copy of this which I would like to leave with you after the meeting please.

Jerry Maycock : Okay. Thanks Mr Vincent. I don't think that requires a response from me. I don't think you're expecting a response because I think we've set out pretty clearly in this area. Are you happy with that?

Julian Vincent: I'm happy with that. That's fine. If I may ask a very quick follow-up question about a separate topic about Crib Point.

Jerry Maycock : Yep.

Julian Vincent: This is obviously a very new proposal. Now that we're fortunate enough to have Peter Botten on the Board, is it attractive at all to AGL to look at potentially acquiring some of the gas feed stock from Oil search now that we have a mutual interest? I think that's the best way of putting it.

Jerry Maycock : Well, let me make it very clear that were such a possibility to exist, Mr Botten would have to decide whether he was conflicted here or conflicted at Oil Search before it was discussed. I think I'll take that as a question on notice. More seriously though, the work that we're doing on Crib Point, it is a feasibility stage so it's too soon to be very specific but it is seen by us at the moment as a potentially important option to increase supply of gas and you've seen that our transition plan does require access to reasonable amounts of gas and we see Crib Point as a possible alternative source and one well worth investing in feasibility study, although we're right in the middle of that and that involves a whole lot of work with the community and other stakeholders to do it properly but, thank you.

Down the front here, the lady right near the front.

Rachel: Hi. Good morning. Does our company actively measure…

Jerry Maycock : Sorry, could I get your name?

Rachel: Sorry. Rachel.

Jerry Maycock : Okay, Rachel, thank you.

Rachel: Does our company actively measure methane emissions across the entire gas field including migrator emissions or do we just use emission factors to estimate emissions?

Jerry Maycock : That's a very technical question, Rachel, and bear in mind that AGL is a relatively small producer of coal seam gas. We are a very small player in that space. I can't specifically answer it. I don't know whether Andy wants to attempt or I can ask Doug Jackson. Have you got a mic, Doug, or can you get a mic?

Rachel: I just have a follow-up. Yeah.

Jerry Maycock : Doug Jackson is Head of Operations at AGL and he might just give you a quick bit of feedback on that.

Doug Jackson: Thank you for the question. We do monitor fugitive gas emissions by annual leak detection testing at our Camden site where we do our gas production, storage, and we also do some spot testing there as well but we do actively measure for any gas emissions that aren't part of the process.

Rachel: Right. Okay. Thank you. Given that and given you do ... given that Camden coal seam gas field will remain operational until 2023, what's our company going to do to limit the fugitive methane emissions?

Jerry Maycock : Well, I can ask Doug for further comment. Suffice to say that this is probably one of the most highly monitored and regulated assets that we have so you can rest assured, from a, let's say, governance point of view that we are very careful to comply with all the relevant requirements that are placed on us by government. Doug, anything to add to that?

Doug Jackson: Thank you. We've invested a fair amount of money and engineering expertise to reduce gas emissions at Camden, most notably including replacement of what used to be gas controlled systems to air systems with solar powered air compressors on each well head, conversion of our compression systems to instrument air as well instead of gas operated, so we've dramatically reduced any fugitive emissions potential from the Camden site.

Rachel: Right. Thank you. I just have one more question. We recently established the Hunter Energy Transition Alliance, a consortium of industry, government, and research institutions, can the Board please confirm if any coal mining companies are included in this alliance?

Jerry Maycock : I have no idea. Do you know Andy?

Andy Vesey: No. I don't. I'm just looking down -

Jerry Maycock : All right. We're looking down at the management team. I don't know is the short answer.

Andy Vesey: I think we can get that.

Jerry Maycock : Why don't we talk to you after the meeting and we'll get the answer for you?

Rachel: Great. Thank you.

Jerry Maycock : All right. Thank you Rachel. Next please. We better go left. I think we got a gentleman who's quick, quick to his feet here.

Rod McKenzie: Thank you Mr Chairman and thank you for meeting with the New South Wales Company Monitor earlier in the month. My name is Rod McKenzie. I'm from Australia Shareholder's Association. The ASA today has approximately 2.5 million proxies on behalf of our members and other shareholders who have trusted us with their proxies. This covers a total of 600 shareholders, which makes us today, the 13th largest holder of AGL shares.

In your report for bad and doubtful debts, the dramatic increase in electricity prices has already resulted in an increase in those debts. This has been exacerbated by a growing number of families living in rented premises. Is the Board concerned over that and, secondly, the company has lost one percent of their customers in part due to competition, has that trend continued post the report date? Thank you.

Jerry Maycock : Well, the short answer is yes, we're concerned whenever there's a possibility of a bad or doubtful debt. It is, as you say, somewhat inevitable as a result of increasing prices that that cost increases. We do everything we can to minimize it and, as Andy mentioned in his presentation, we're working very hard with disadvantaged families and low-income families to try and find ways of helping them meet their bills over time without creating a bad debt or disconnection issues. Yes, we're very much conscious of it. We follow it very closely. Sorry, what was the second question?

Andy Vesey: It's the one percent reduction of customers -

Jerry Maycock : Sorry, yes, the customer numbers. Yes, you're quite right, there was a decrease in customer numbers last year. That's not necessarily something we're overly concerned about although, as a general trend, we wouldn't like to see it continue and there are various reasons behind it but actually, the trend has since reversed somewhat so perhaps this year will show a slightly more encouraging result.

Stay over on the left hand side. We've got the lady in the dark clothing there. Thank you.

Manera: Hi, my name is Manera. You previously mentioned about the cost required to prolong the operating life of the Liddell coal-fired power station beyond its announced closer date. Can the Board provide a definite estimate of these costs to shareholders?

Jerry Maycock : The short answer is not an exact one at this stage. There have been various estimates. It's many hundreds of millions of dollars, we know that. It just depends is the short answer when you get closer to the point, you'll know more about the ... We'll be able to more accurately estimate those but it's a very substantial amount of money.

Manera: Another question related to the Liddell coal-fired power station. In early 2016, Lake Liddell adjacent to the Liddell coal-fired power station was closed to the public use due to the detection of a brain-eating amoeba, can the company provide an update on the state of the lake and what measures it will take post-closure of the power station to restore the lake to a state that it can be used by the public?

Jerry Maycock : Yeah. Thank you. It's an interesting question. That lake just, for those that don't know, is created specifically for cooling the Liddell Power Station and it had been custom and practice to, and is a private facility, it had become customary to allow nearby residents in the community to use it for recreation purposes. When we took over the plant, we did a lot more measuring. I suspect than, dare I say it, the previous owners may have done on water quality. We discovered the presence of this particular organism and, out of an abundance of caution, we decided that it was a risk we shouldn't expose the public to, even though, to my knowledge, there were no recorded incidents as a result of it being present.

We don't know and I don't know whether any of my colleagues want to venture an opinion on this, I suspect we don't yet know post-closure, how long it will take and whether that level of the presence of that particular organism will decline over it. One would expect that it would but we just don't know and probably won't know until the time but our rehabilitation plan for that site is to get that water into a condition where it can be a really valuable community asset in the fullness of time but I can't give you any specific timeline on that. Is that a fair statement Andy? Yep. Okay. Thank you.

Manera: Thank you.

Jerry Maycock : Thank you. The gentleman next to you please.

Keiran Jarreth: My name's Keiran Jarreth. Is AGL aware that new homes are being built as close as 300 meters from coal seam gas wells in Spring Farm near Camden? Has AGL communicated the health risks to new residents living so close to a coal seam gas well?

Jerry Maycock : Well, I'll ask Doug if he wants to add to this. I would find it surprising given the amount of public scrutiny that anyone doesn't know about the presence of the wells. Again, we don't necessarily control where houses are built because we don't own all the land. Doug, do you want to say anything about our community work in and around Camden?

Doug Jackson: Thank you for your question. Yes, we're certainly aware of the urban encroachment on what's been a long running gas field, especially most notably in Spring Farm. We do pay a lot of attention through our Triple C, Community Consultative Committee. We do a lot of work through that process including meeting with neighbours and door knocking as appropriate when things are going on at our operations of coming work, so it's a proactive process. We do keep the community involved to our activities and we have committed to shutting down Camden in 2023. We think we're staying true to that. We're decommissioning any of the existing wells that are no longer being used early as ahead of the program so that we can, by the end of 2022, be shut down in a way that helps the future growth of that area as we recognize it being an urban environment and less a production facility over time.

Keiran Jarreth: Thanks.

Jerry Maycock : Sir, you had another question? Yeah, one more.

Keiran Jarreth: Given that AGL's Powering Australian Renewables Fund was over subscribed and we are constantly hearing that investors are desperate to invest in renewables, will the company commit to expanding the fund progressively over the next five years? If so, to what extent?

Jerry Maycock : Well, certainly, it's been a very successful innovation and, as you say, it's fortunate that we've been able to fully populate that fund relatively quickly, or nearly fully populate it, so yes, it's entirely possible that we will not necessarily extend that particular fund but look at creating something similar.

It's too soon to say, I think, because we're not far enough into the process to elaborate exactly when, exactly how much. For the principle of it we're happy with and we think that what it achieves for our shareholders essentially is that AGL can maintain the access to the renewable energy but we share the equity risk on the project and we attract funding, which is a lower cost of capital than we have. That's what it achieves so, in principle, we think it's been very successful and we will certainly be looking at the prospect of replicating it.

Thank you. Where do we go here. The gentleman half way back.

Murray Newman: Murray Newman and I refer to page 74 of the annual report. You have a column there on the first item, the schedule order of affairs, I think there's an error on the column on the extreme right where you've got it ascended to the ordinary shares showing 50%. I think that should be shareholders. Also, the next item by the region, you show again in that extreme right hand column, just a percent and you don't say what that is of and I take it that it's a percent of the shareholders account, the percent of the holders. I was just wondering if that's true or not.

Jerry Maycock : Well, firstly, thank you for reading the report so carefully. I'm just trying to quickly see whether I can identify the problem.

Brett Redman: Chairman, I could ...

Jerry Maycock : Are you across this Brett?

Brett Redman: I'm happy to pick that up Chairman

Jerry Maycock : I'll ask our CFO to give you a response perhaps.

Brett Redman: I think of the two, the first comment on the top schedule, it says Percentage of Ordinary Shares. You're right in the sense it's an abbreviated, it should say shareholders. I think it was just a space issue where it's been abbreviated to say shares rather than shareholders. On the second table, there are four columns. The first two columns are absolute numbers and percentages of number of holders or shareholders and the right hand two columns are similar, they're the number of shares and the percentage of number of shares. I think if we go back, we'll have a look at that top table and perhaps not abbreviate it so much.

Jerry Maycock : There's an opportunity for improvement in our next year's report that we will take note of. Thank you. Can we swing back over to this side? Lady down in the front here.

Katherine Nadel: Hi. My name's Katherine Nadel. I firstly want to acknowledge AGL's commitment to de-carbonization and I appreciate how that commitment is factoring into the plans concerning the closure of Liddell and its possible replacement. My question is noting that to keep global warming well below two degrees requires us to phase out coal burning generation well before the middle of the century and we know that AGL's proposed closure date for Loy

Yang A is 2048, my question is under what circumstances would the Board consider bringing this closure date forward and what would inform that decision?

Jerry Maycock : Well, let me first say that our present policy is pretty clear that we're not going to extend the technical lives of our coal-fired plant. I guess we're silent about under which circumstances one might consider an earlier retirement and it would probably be largely on economic grounds I would suspect. It's not an ideological issue as far as we're concerned, it's a shareholder value question as well. Andy, do you want to add anything to that?

Andy Vesey: No, I think that's right. There's always been issue of concern with the Loy Yang plant at 2048 and whether that leads to the appropriate guide path to achieve the two percent but, I think, we set those really in consideration of the shareholder issues with stranded assets and the need to run those plants economically and so there's always this tension between managing the carbon risk and ensuring the appropriate return of the capital for our shareholders. Those dates were picked as those optimum points. What can change that? Well, when you think about 2048, a lot of things can change that, we just don't know what they are because they haven't emerged yet but I think there will always be issues of technology or regulatory intervention or other things that change the landscape or the basic assumptions that those decisions were based on. We have never said that ... We very firmly committed that those plants will not operate beyond those dates but we're open as the world changes each day to reassess the assumptions on which those decisions were made and to always do what's in the best interest of our shareholders whose capital is invested in those plants.

Katherine Nadel: Thank you.

Jerry Maycock : Thank you. Just behind you. Sorry, the lighting is terrible in here. The lady whose got her hand up just part way back there.

Pier: Good morning. Thank you for this opportunity for us shareholders to ask questions of the Board. My name is Pier. I've got two questions. Thank you. The first one is that the share of AGL sent out generation for renewables I've noted has declined from 8.9% two years ago to 8.7% last year to 7.6% this financial year. Why is this share declining and has the Board of our company set a target for sent out generation from renewables rather than capacity?

Jerry Maycock : I'll get Andy to come in. Partly, this is a percentage, right, so it depends also on how much we send out from the thermal facilities because that can clearly alter the mix and it'll also vary according to how hard the wind blows because most of it is wind as opposed to solar. Anything to add, Andy, from your side?

Andy Vesey: I think the premise is are we making predetermining the amount of energy that gets dispatched? The fact of the matter is that when you have renewable energy, when the wind is blowing and the energy is produced, it gets sent out. It's almost you use it when it's available so I can't comment directly to the percentages that we will require knowing all the bits and pieces but I think the question is we don't predetermine. When we have mostly wind, depending on how the wind's blowing, will determine how much is sent out and then anything that interrupts the evacuation of power from a wind site, any other disturbances or disconnection from the grid such as a system black event or some interruption, but to talk more specifically about whether we have any predetermined view on how much renewable energy we send out, no.

Pier: Okay. Thank you. I just got another question. Thank you. In June, the New South Wales Environmental Protection Authority commenced a prosecution in the Land and Environment Court after wastewater allegedly escaped during floods in June, 2016, though the EPA said there is no evidence of environmental damage, it's not a good look. Can the Board of our company reassure us, your shareholders, that wastewater from coal seam gas is protected from future flooding events, particularly beyond the closure of Camden in 2023?

Jerry Maycock : A couple of comments. One, yeah, we're very disappointed that that happened and we're disappointed that we're being prosecuted for it. Fortunately, there were no adverse environmental impacts. Once the Camden facility closes, there will be no water stored so it's as simple as that. The problem will not be a legacy issue post-2023 and yes, we have improved the robustness of the storage facilities in the meantime against what I would describe as reasonably foreseeable weather events. I suppose trying to say that natural disasters will never cause some sort of consequence is very hard to say because it depends on how severe the natural disaster is but, to the best of my knowledge, we've taken all reasonable steps to prevent that reoccurring.

Pier: Thank you.

Jerry Maycock : Further back near the end of the row there please.

Mary: Hello everybody. My name's Mary and I'm going to be a little bit controversial here because I'm hearing everybody talking. Now, I would just like to know why isn't AGL thinking of building clean coal powered stations? You're all into renewable. I understand this. It is good but the thing is there is no factories to store it. If AGL have got some plan that are being reduced. China is building clean coal power stations. Australia is not. The thing is the commercial up there is lovely but this December, when we are going to have blackouts, my concern is I've got my father-in-law that's 93 and the elderly and the sick and people that have got small children. When there is no power, I just hope people here that are so dead against it, we are just hurting Australia. We're hurting our people.

The thing is people aren't going to be very impressed when they see that over the Christmas, when you do that advertising about clean energy. We've got clean energy. The thing is what's going to happen when we've got no energy. When we come home after work, after working hard, and our power's not on. In the winter there are the sick and the elderly that if it's cold, they can put on an electric blanket, go to bed early, and do all of those things but in the heat you can't. The heat you can't and that's what ... I am quite disgusted that not only AGL but a lot of the other power companies aren't clear on what's happening around the world, other parts. We close our eyes. It's all renewable.now the things is, I'm not very educated, I left school at 15 but how can we store all this renewable energy when there is no batteries?

We're putting the cart before the horse. Let's, please, let's either build batteries that are going to last. South Australia are going to do some batteries. How long do they last? What two years, three years and going to build them again? Look, I think we're doing a lot of harm. We're doing a lot of harm. All the other countries, there are a lot of countries, and people said, "No, no, no, no." No, they are. China is. There's Canada. All over but AGL and all the other companies aren't. There's not one clean coal power station that's being opened.

Jerry Maycock : Okay.

Mary: That takes three or four years. I think it takes a bit of guts to actually say, "We're going to open it," and the thing is if AGL said to the government, "No, no, no, we're not going to sell Liddell but now we're going to close it down," trust me, you will get so many people that are going to be very annoyed with AGL because now it's like you've got them over a thing. I think you should sell it if you don't want to fix it up, sell it to somebody that will do it.

Jerry Maycock : Okay. I think we've got the drift of the claim. It's more a comment really than a question, I think, but in short, what we've tried to do this morning, using Liddell if you like as a case study, we've sought to demonstrate how its capacity can be replaced by non-coal generation and renewables. The thing really that needs to be understood is that the battery component of that is not to store large quantities of energy for long periods of time. It's really very short-term capacity to help during times of crisis. The one is South Australia that's being put in is exactly the same. It's really to restart the grid if there is a problem.

The gas component, which of course, is a lower emission technology, that's really there to support the renewables when the wind isn't blowing or the sun isn't shining so the intention of this mix of assets is in effect to replicate the capacity of a coal-fired power station. Now, why aren't we advocating or building so-called clean coal? This is purely an economic question and we just do not believe on the present numbers that by the time you designed, got approved, and built a clean coal-fired power station, assuming that our shareholders and our bankers were happy to fund it, we just don't believe it will be competitive because the cost of renewables, the cost of batteries, the cost of firming up the renewable capacity is coming down very steadily and I think the last thing our shareholders want us to do, frankly, is to spend billions of dollars on a new coal-fired facility only to find that in, let's say, eight years time or something, when it's available, it's not competitive.

	Those are the sorts of things we're thinking about. It's a fair question and I can assure you we monitor it very carefully but on the information we have right now, it would not be a wise use of shareholders funds to do that and we can mitigate the consequences of closure of existing plants through the sort of asset mixes that Mr Vesey explained earlier on. I think that's about all I can really respond with right now. I can't hear you, sorry.
Mary:	I understand but, how can I put it, what we're paying in our bills to lower the ...
Jerry Maycock :	The assumption that is being made here, with respect, is that a clean coal plant designed and built now -
Mary:	Yeah.
Jerry Maycock :	Is going to be cheaper than the renewables and firming capacity.
Mary:	Yes, correct.
Jerry Maycock :	That's not what we believe and that's why we're concerned about the shareholder value implications of such a move.
Mary:	Then how come China is building clean coal power stations and we're not?
Jerry Maycock :	I'm not going to get in to what drives decisions in China or India. They're very different -
Mary:	But Australia should.
Jerry Maycock :	Very different economics in Australia, let me assure you.
Mary:	No, it's a lot of green in Australia and we don't want it.
Jerry Maycock :	Thank you. Thank you.
Mary:	But trust me in a few years time, you'll say, "I remember that crazy lady that stood up. She was right. She was right."
Jerry Maycock :	Well, yep.
Mary:	Anyway -
Jerry Maycock :	I don't think it's a crazy question because a lot of people have similar concerns. We get that. I've tried to explain how we see it at the moment so thank you for your contribution.
Mary:	All right. The only thing is I just want to say, you gentlemen, when it's too hot, you'll go to your country properties and your house on the beach -

Jerry Maycock : Okay. There's no need to go down that route I don't think. Are there any other contributions otherwise we might think about moving ... Sorry sir.

Rod McKenzie: Thank you Mr Chairman. Rod McKenzie from Australian Shareholders again. Has the company made any donations to political parties over the past 12 months? If yes, what were the amounts to each party and do executives or non-executive directors attend political fundraising events at the company's expense? Thank you.

Jerry Maycock : Thanks, Mr McKenzie. The answer is no to both questions. Are there any other? I think we might ... Sorry sir. I didn't see your hand. Thank you. Then we might move on after this question I think.

John: My name's John... I'm from a public advocacy group in Latrobe Valley so my concerns about the Loy Yang mine. AGL's got current responsibilities for the mine as well as the power station Loy Yang A that it and also it supplies to Loy Yang B operated currently by Engie. The working life that Engie have indicated is longer than Loy Yang, that has been indicated for Loy Yang A and the question is, is the contract a design of the mine and it's progressive rehabilitation compatible with the longer term needs of Loy Yang B and if so, have the recent increase in capacity of Loy Yang B, are they compatible to the resource availability out of the Loy Yang mine?

Andy Vesey: Yes.

Jerry Maycock : Yes to both questions.

Okay, I think we'll move on. I think we've given a very reasonable opportunity for comment on the annual report so let's press on.

The next item of business, the third item of business, is the re-election of one director and the election of one director previously appointed by the Board. In accordance with the company's constitution, two directors are retiring at this AGM, myself, Jerry Maycock, and Les Hosking. Les Hosking is seeking re-election. In addition, Peter Botten, who joined the Board in October last year is standing for election at this Annual General Meeting. Each of Les and Peter will speak to you briefly about why they are seeking your approval to continue as a director of your company. I'll then open the meeting to questions before inviting shareholders to vote on the resolution relating to the candidates for election as a director.

Firstly, the re-election of Les Hosking. Les has been a director since 2008. He's Chair of the People and Performance Committee, a member of the Board's Audit and Risk Management Committee, and the Nominations Committee. He has many years of experience in trading, broking, and management in metals, soft commodities, energy, and financial instrument derivatives in the global futures industry. He'll cover his relevant background, his other current responsibilities, and a summary of his areas of expertise and interests. Les' fellow directors have considered the contributions he makes to the Board. All agree that Les is a valuable and respected contributor and unanimously support his re-election.

I'll now ask Les to speak to you about his candidacy.

Les Hosking: Thank you Chairman. Good morning ladies and gentlemen. I'm pleased to have the opportunity to speak to you today about my re-election to the Board. As discussed in the annual report, I've served on the Board since November 2008. This will be the last time I will seek re-election. My contribution to date has been supported by a business career initially over 30 years in global commodity and derivatives trading, followed by over 20 years as an Executive and a Director in the Australian energy industry. During those 50 years, I held positions as CEO of the Sydney's Future Exchange for 15 years, Director of the National Electricity Market Management Company, NEMMCO for 12 years including five years as Managing Director, and finally, as a non-Executive Director of the Australian Energy Market Operator, AEMO, for six years.

To balance what might appear to be a bias towards the administrative and supply side of my energy experience at NEMMCO and AEMO, plus nine years as a non-Executive Director of AGL, I've also, since 2003, been a non-Executive Director of an energy intensive consumer at Laid Right Unlimited, a cement manufacturer and building products supplier. For the last five years I've been Chairman of that company and, as a manufacturer in South Australia, I fully understand the price rises in gas and electricity. This background and experience has left me well placed to contribute to the evaluation and implementation of the strategic initiatives of AGL today, the consequent investment options and, importantly, improving the return on assets in what is, as we know, a very capital intensive business.

Over my period as a Director of AGL, two of the Board's very important decisions, in my view, were the acquisition of the assets of Loy Yang and Macquarie generation several years ago. The addition of generation to our portfolio vertically integrated AGL's operations in New South Wales and Victoria thereby considerably reducing our downstream supply risk. These decisions required AGL to take long-term view of the East Coast energy market in the face of increasingly complex and uncertain policy and market outlook. AGL shareholders are now seeing the benefits of these decisions while each state continues to benefit from stable, reliable, and secure electricity supply to customer.

AGL is now on a new path of transition to the new carbon constrained energy environment, which brings new challenges in ensuring reliability and security of supply during radical adjustments to the fuel mix, generation replacement distribution realignment, technology disruption, potentially significant redesign of the structure and rules of the markets for gas and electricity. I believe I'm well-equipped from both the operational and market space perspective to continue to contribute as an AGL Board member during what will be a very interesting and often contentious period of the energy market evolution.

As always, I will remain focused on seeking to increase the sustainable wealth of shareholders. Ladies and gentlemen, I'm pleased to offer myself for re-election as a Director of your company and thank you for your consideration.

Jerry Maycock : Thank you Les. You'll have the opportunity to vote on Les' re-election shortly but, firstly, let me move to the proposed election of Peter Botten.

Peter is seeking election as a non-Executive Director. He's been a Director since October last year. He's a member of the Board's Sustainability and Corporate Responsibility Committee and the Nominations Committee. He's currently Managing Director of ASX listed, Oil Search Limited. He will summarize his background for you. His extensive background in the oil and gas industry is particularly relevant to AGL. Peter's fellow Directors have considered the contributions he makes to the Board. All agree that Peter is a valuable and respected contributor and unanimously support his election. I'd now like to offer Peter the opportunity to speak to you on his candidacy.

Peter Botten: Thank you Chairman and good morning ladies and gentlemen. It's a real privilege and a pleasure for me to be here today to offer myself for election to the Board of your company. I was honoured to be asked to join the Board of AGL Energy and, if elected, I will continue to dedicate all the time needed to serve you as shareholders and apply my knowledge and experience to further building your company in a diligent and responsible way. I sincerely believe that I can add value to your company.

As a graduate Geologist from the Royal School of Mines Imperial College in London, my professional career has been dominated by my role as Managing Director of the listed company, Oil Search Limited. I've been Managing Director for 23 years and I am now, I believe, the longest serving CEO on the ASX. My tenure at Oil Search has seen the company grow from a market capitalization of around 250 million to one presently in excess of $10.5 billion, although, it's been as high as $14 billion during a period of higher oil prices. This has been achieved by judicious investment in the oil and gas sector, primarily in Papua New Guinea but also in the Middle East.

My experience includes operating major facilities in really challenging environments with a clear focus on safety, environmental, and social responsibility. I also have extensive experience in major project construction and development including the world scale, PNG/LNG project, operating significant parts of this project with Exxon Mobile. A core focus of my career has been appropriate risk analysis and capital management of investments in Oil Search's broad and growing portfolio of assets, along with an in-depth knowledge of gas and LNG markets locally and across the world.

A key to success of Oil Search, I believe, in the challenging operating environment that is Papua New Guinea has been the development and strong relationships with government at political and operational levels, building very strong relationships with the communities in which we operate and, more broadly, across the whole country. I believe these skills and experience are highly applicable to some of the challenges that AGL Energy now faces today. I also have extensive experience in dealing with shareholders in financial markets including major project financing and capital raisings. I really do have a passion for community engagement in playing an important role in social development in harmony with business objectives.

Before joining Oil Search, I had extensive technical and commercial experience in listed government and government owned energy companies in Europe and North America, Africa, Asia, and now, Australia. Other interests in my professional and personal portfolio include being Chair of the Oil Search Foundation, which provides health, education, and women's empowerment programs in Papua New Guinea. I'm also Chair of the Heli Provincial Healthy Authority, which is responsible for providing health services for over half a million people in the highlands of Papua New Guinea. I'm also involved with a number of other community-based and sports organizations as well as being on the council of the Australia PNG Business Council.

Ladies and gentlemen, thank you for your time this morning. I'm really passionate about providing my expertise and experience to the deliberations of your company and really do look forward to a long association with AGL Energy. Thank you.

Jerry Maycock : Thank you Peter. Ladies and gentlemen, I'll shortly put the motions to you that Les Hosking be re-elected and Peter Botten be elected as a Director of the company but before I do that I'd like to give you an opportunity to speak to either of those two motions. Anyone have a question or comment? Thank you sir. The yellow card raised.

John Donovan: Is it on? John Donovan, shareholder in my own right and also in my superannuation fund. I feel that Mr Hosking does not show financial commitment to the company as evidence by his low shareholding. Being appointed in 2008, by last year he had accumulated a grand total of 2,800 shares only. It's a commitment using today's prices of less than six and a half thousand dollars a year. You then splashed our last year only because you had to. That's not on this particular motion in front of us but the Chairman designater is just as bad. Now, your comments Mr Chairman for allowing non-committed Directors to be appointed or to continue. You've had to force them to put a little money in the game. I can only draw a conclusion that these Directors don't think much of AGL as an investment.

Jerry Maycock : Thank you for your comment. I might just be clear about our policy in this regard.

John Donovan: I know the policy but you are Chairman.

Jerry Maycock : Can I answer the question? Thank you. I'm just informing the other shareholders who may not be aware of the policy. We put in place a policy in late 2015 that requires, essentially, non-Executive Directors to hold shareholdings valued at not less than the total annual base fee that they receive. We gave them four years from the date of the introduction of that policy to meet its requirements and all the existing Directors are within the scope of those guidelines so fairly self-evidently, several of the Directors will need to acquire further shares during the next 12 months to be compliant with our policy. Not all listed companies, by any means, have such policies and there's a wide varieties of views about the merits or otherwise of Directors holding large shareholdings so it's by no means an uncontroversial measure but I can certainly assure you that all our Directors are fully committed to meeting the company's policy and I can't really say much more.

John Donovan: Yes, but you've been Chairman since 2010, Mr Hosking was appointed in 2008 so you've had the vast majority of his time to act and you've also had all the time for the Chairman designate.

Jerry Maycock : All I can say, sir, is that it's not custom and practice as far as I know on very many Boards at all for the Chairman to mandate that the other Directors buy a certain number of shares. I respect your opinion and I stated what our policy is. I don't think I can do much more than that. Thank you.

Are there any other ... The gentleman with the white jacket, sir, or the light colored jacket on the end.

Dale Riler: Mr Chairman, my name is Dale Riler. Only one issue. I appreciate the experience of the gentleman wants to continue on the Board but if you have a good look, the young senior are not our future. You have to renew with the new blood because some of ... I'm sorry, I'm on the same train, are not our future so the structure of the Board doesn't look good age wise. Thank you.

Jerry Maycock : Thank you sir. I certainly won't take that personally. I think the point should be made that in the past three years we've had a very substantial turnover of Directors on the AGL Board so, whilst we all look, let's say mature, that's because we work so hard on your behalf. Let me put it like that. Thank you for your comment. Any others? Mr McKenzie, you've had a fair crack but have another one.

Rod McKenzie: Sorry Mr Chairman, ladies and gentlemen, I had to write down the answer to that last question. I thought that was rather good that you're working very hard for the Board and that's why you all look elderly. Rod McKenzie from Australian Shareholders. In regard to Mr Hosking, we're voting against you this time. During your time on the Board you haven't demonstrated alignment with shareholders, you've spent nine years on the Board and you've only reached 52% of ASA's expectations in terms of your shareholdings. I know you've just changed the policy a couple of years ago but you've already been there nine years and we would have expected you would have had decent skin in the game over that time. Also, as Chairman of the People and Performance Committee, you've been responsible for the preparation and presentation of the remuneration report, which last year caused AGL to register first strike. This year, although some improvements have been made to the report, the ASA does not consider that you've taken sufficient notice of the concerns of ourselves and other shareholders. For these reasons we're unable to support your re-election. Thank you.

Jerry Maycock : Thank you, Mr McKenzie. We'll note your comments. Are there any other contributions before I put the motions? If not ... Okay.

Rod McKenzie: A further one now on Mr Botten. We think you're a quality candidate but we're not sure about your holding a role as a CEO unless perhaps you transitioning away from that full-time employment as CEO. We believe that there's potential for conflict between your two roles difficult energy environment. We also question the number of non-profit roles you hold and consider that your workload may be too heavy. We'd wonder whether or not Mr Botten could make a comment to the floor. Thank you.

Jerry Maycock : Well, let me just state, if I may, a couple of things. One is in relation to potential conflicts of interest. We have a protocol in place at Board level which ensures that Directors who may be conflicted are clearly delineated from the rest of the board if that happens, so I don't think that you need to be concerned about conflicts. We certainly haven't had any yet and there are none presently foreseen. In terms of Peter's workload, what matters to our shareholders and your board is Peter's commitment to this company, and all I can say in the nearly 12 months that he's been on the board, we have found no evidence that his commitment to the role is wanting. I'm a great believer in believing what someone does rather than what someone says, so all can say is that's been our experience and we've got no reason to believe that that wouldn't continue. Thank you for the question.

I'm now going to put the two motions to you. As I said earlier, there will be a poll on each resolution. The poll has been open for some time and we'll count at the end of the meeting.

The first one is the motion to re-elect Les Hosking as a director of the company. Will those in favor of the motion please raise their yellow voting cards. Thank you. Those against. Thank you. The motion is carried on the floor. I think ... Are we going to put up the results now or after the second motion?

Andy Vesey: The results can be put up after the second motion.

Jerry Maycock : Okay. We'll show you the proxy voting in a minute. The next motion is to elect Peter Botten as the director of the company. Again will those of you in favour please raise your yellow voting cards. Thank you. Those against. Thank you. The motion is again carried on the floor. Again the formal vote will be collected by way of a poll, but I think we should be able to show you on the screen the proxy situation as it stands at the moment.

Thank you. We will now move to items two, four, and five remuneration items. The first of these concerns of the remuneration report of the company for the year ended 30th of June, 2017. The second concerns the granting of share performance rights to the acting director Andy Vesey and to the companies long term incentive plan. And the third relates to the approval of termination benefits which may be given to eligible senior executives.

The people and performance committee takes the lead in the boards oversight of AGL's remuneration policies. Les Hosking has been chairman of that committee since 2013 and before opening the meeting to questions, I'd like to invite Les to speak to aspects of our remuneration policy.

Les Hosking: Good afternoon this time Ladies and Gentlemen. AGL's remuneration report commences on page 32 of the annual report. It sets out AGL's policy in respect of remuneration paid to the board, the managing director and senior executives and describes the elements of remuneration paid to the managing director and senior executives. The links to the company and individual performance, and the criteria used to assess the performance. It also explains how non executive director fees are determined within the aggregate limit approved by the shareholders. Finally it sets out the remuneration details for each director and each of the specified executives.

Financial year 17 was a strong year for AGL. The total shareholder return was 42.4% compared with the 14.6% for the ASX100 accumulation index. The company delivered a record profit and returned approximately one billion dollars to shareholders through capital management initiatives including a 34% increase in dividends to 91 cents per share. The strong result reflected prevailing market conditions, the positive impact of past strategic initiatives and investments, as well as the strong performance by the management in executing to a high standard across all areas including operations, retail markets, risk management, cost management, industrial relations, and stake holder engagements.

The board is confident that executive pay for the financial year 17 is reflective of this high level of performance and the value delivered to shareholders. The Corporations Act on the remunerations report is advisory only. This means that companies are not directly bound by the results of the shareholder vote on this resolution. The remuneration report is predominantly a backward looking report which describes the remuneration practices actually adopted in the year just gone, However, that does not the mean that the result on the vote is ignored. Far from it. The practical reality is that the board pays very close attention to how shareholders vote on this resolution.

In the past year, the board, represented by myself as chair of People and Performance Committee and the chairman, Jerry Maycock, have been very active in engaging with shareholders and their advisors to fully understand their concerns about the companies approach to setting and reporting on executive remuneration. This follows the strike we received against the adoption of the remuneration report at last year’s AGM. A strike occurs when more than 25% of shares voted in relation to the company's remuneration report are voted against the adoption of that report. The board has taken shareholders concerns very seriously and has acted on these concerns in a considered manner. These actions are outlined in detail on page 32 of the report, but in summary include the following, improving the disclosure of how the board establishes, and then reviews the fixed remuneration of the managing director and CEO. Reducing the FY17 short term incentive target of the managing director and CEO by approximately $460,000, providing significantly more detail about the setting and calculation linked to short term incentives for key management executives, and improving the structure, transparency, and accessibility of the remuneration report.

In addition, the board has responded to specific concerns raised by shareholders about the remuneration of the managing director, Andy Vesey. It should be noted that Mr. Vesey's fixed remuneration is at the 73rd percentile and his total remuneration at the 60th percentile relative to a CEO peer group of ASX 11 to 50 companies. While the board considers that this level remuneration is appropriate, given Mr. Vesey's skills and experience is very appropriate, and his record of performance since joining the company in January of 2015, the board is nevertheless mindful of the need to strike a sensible balance between executive remuneration for performance and shareholder expectations. Consequently, the board has determined that Mr. Vesey will not receive an increase for his fixed remuneration for FY18. In doing so however, the board considers important to acknowledge that in the period between Mr. Vesey's commencement on the 12th of January, 2015 and the 30th of June, 2017, total shareholder return was 104.2%, with share prices having increased from $13.71 to $25.50 in that same period.

Ladies and gentleman, the board will continue to maintain focus on striking a balance for shareholders between setting remuneration for executives at levels which are commensurate with community expectations and the company’s performance, while also being sufficient to attract and retain talent that is required for AGL's future success. Late in the meeting, shareholders will be asked to approve a resolution granting 107,074 share performance rights to the managing director and CEO under the terms of AGL's long term incentive plan. The ASX listing rules require that shareholders approve the granting of share performance rights to any director including the managing director. AGL does not grant performance rights to it's non executive directors. Ladies and gentleman, the board has recommended these resolutions to you. Thank you.

Jerry Maycock : Thank you. Les, so let's now deal with these three resolutions one at a time. The first is that the remuneration report of AGL for the year ended 30th of June, 2017 has set out in the Director's report section of the annual report the adopted. Does any shareholder wish to speak to this motion? Mr McKenzie?

Rod McKenzie: Thank you, Mr Chairman. AGL received their first strike last year because of the serious implications arising from this. The ASA would have thought that a full review would have been undertaken by the Board. Unfortunately, this did not occur although limited consultations did occur. ASA still has concerns about executive performance payments. Results of this were heavily influenced by advantageous market conditions brought about by failure of government policy but remuneration is still excessive. In 2017, the CEO and other KMP received increases well in excess of CPI. The CEO, for instance, received 9.5% pay increase and the others around eight to 10%. AGL has still given no consideration to increasing the long-term incentive vesting period from three years to four years as per ASA guidelines.

Although there's been improved presentation for the performance measures, the non-financial measures still appear to be very soft, particularly for short-term incentives. All executives and key management personnel appear to have scored 100% on their STIs for financial year 17. If the performance measures were more stretching you would have expected that some executives would have only just met target and not out performance. On the return element has straight line vesting from commencement at the 50th percentile rising to 100% at the 75th percentile. We think this 50% percent payment for at the 50th percentile is half of the award for just average performance. We would like to see the hurdles there increase. Because ASA's concerns have not been considered in the review of this report, we're unable to support this motion.

Further, we'd like a table of actual remuneration included in the annual report. This is where shareholders can see the pay actually received by the CEO or KNP throughout the year. This includes equity when vested at face value not shown in the financial figures at fair value in the statutory Rem table. Equity at fair value is heavily discounted by Black Shoals or Monte Carlo methods. Thank you.

Jerry Maycock : Thank you, Mr McKenzie. As you know, we've had to agree to disagree with the ASA on a number of those matters. We'll correct one thing for the record. It's not correct that the executives all received 100% of their STI awards and it's set out in the annual report, in the remuneration report diagrammatically. Certainly, they received between target and stretch and that's simply because it was a very good year for shareholders so I don't think we should necessarily be making any apology for that. Thank you, Mr McKenzie. Are there any other contributions? Yes, the gentleman with his hand raised there.

Speaker 21: The Shareholder's Association stole some of my thunder. Bearing in mind the first strike last year, I would have thought that you would have been a little bit more cautious this year but it highlights, yet again, your own standards. I was going to give the example of the CEO's salary going up by almost 10% and then we find out today that the increase of … has been withdrawn or whatever but the Director's fees and Committee fee's, they all increased. Some by over 11%. You made sure everybody including yourself was on the gravy train. Unless you can persuade me, now, I certainly will be voting against the resolution before us for my holdings and my comments are made regardless of the statement on page 41 of the annual report.

Jerry Maycock : Okay. Well, I'm just going to take that as a comment. Thank you, sir. Any other contributions? If not, sorry. I beg your pardon, the lighting is not very good. I'm sorry. Please go ahead.

Speaker 22: I like to thank the company for what they have done and two, it is unbelievably big business because the times say everything is running on electricity. We switch on, we have light. We switch on, we can cook and so it goes all around and I say thanks for the work you do and for everything which is done and will be done.

Jerry Maycock : Thank you very much madam. That's very nice of you. Are there any others? Okay. In that case we will put the motion to you that the remuneration report of AGL for the year ended 30th of June, 2017 as set out in the Director's report section of the annual report be adopted. Will those in favour of the motion please raise their yellow voting cards? Thank you. Those against? It's still carried, not by a massive majority, but carried on the floor. Are we going to show the results as the end?

Andy Vesey: Next.

Jerry Maycock : Next? You mean now?

Andy Vesey: Right now.

Jerry Maycock : Okay. Here are the direct and proxy votes received prior to the meeting, just for your information. Okay. Thank you. Item four, approval of the CEO's participation in the financial year 2018 long-term incentive plan. The motion is that approval be given for the company to grant performance rights, share performance rights, to the CEO and Managing Director, Andrew Vesey, under the company's long-term incentive plan in respect to the year ending 30 June, 2018. Under the ASX listing rules, shareholder approval is required for a grant as Andy is a Director of the company. Such a resolution has been approved by shareholders in prior years.

We believe that the plan appropriately aligns AGL's executive remuneration with longer term shareholder value decisions. The CEO's employment contract entitles him to the opportunity to participate in such a plan. This resolution gives effect to that and the Directors other than Andy Vesey, who's excluded from voting given his interest in the resolution, recommend that shareholders vote in favor of the resolution. Does anyone wish to speak to this one? Yes, please, in the near center there.

Speaker 23: Hi, my name's Heather. I'm just wondering why we have to waste our time on having this sort of vote when, as it says in page, I think it's 18, of the notice that if we don't approve these performance rights, you're just going to pay Mr Vesey in cash anyway. Aren't we wasting our time?

Jerry Maycock : No, certainly not and you would understand, I think, madam, that there are certain mandated things that Boards have to do because the ASX listing rules tell us we have to do them so we don't have any discretion, we have to put this motion to you. I can't say that it's a waste of time. It's simply complying with our legal obligations. Are there any other comments? Yes, Mr McKenzie.

Rod McKenzie: Thank you again, Mr Chairman. The ASA acknowledges the contribution that Mr Vesey has made to AGL but in this particular case, we feel as per the Rem report, the hurdles appear too low and the performance rights are measured over a three year time period rather than a four year time period so the ASA will be voting undirected proxies against this resolution. Thank you.

Jerry Maycock : Thank you sir. Right in the centre down in the front here please.

Rasi Adep: Rasi Adep, just speaking on behalf of me and my shareholding. I'm coming from a public sector as a senior bureaucrat. I can that politicians and bureaucrats in the public sectors salary is to be cut by 50%. Just in terms of AGL have come a long way in terms of I'm a regular user of AGL for my business and personally. They've come a long way, I think. It should be applauded what Mr Vesey has done at a time of great noise from ideology and politics, stood up and what is right for the shareholders, customers, and also future of Australia. I applaud this.

Jerry Maycock : Thank you. Thank you for your comments sir. Any other contributions to this discussion? If not I will put the motion to you. It is that approval be given for AGL to grant it's CEO and Managing Director, Andy Vesey, 107,074 performance rights under the company's long-term incentive plan in respect to the financial year ending 30th of June, 2018 on a term sent out in the notice of the meeting. Would those in favour of the motion please raise their yellow voting cards? Thank you. Those against? That motion is also carried in the floor and we should be able to see the proxy and direct votes received before the meeting on your screen. Will, as with all the other resolutions, of course, be a poll after the meeting.

The last of the three remuneration related items is the approval of termination benefits for eligible senior executives. It comes down as the provision of termination benefits, which may be provided to certain senior executives of AGL, including the Managing Director, when their employment with AGL ceases. The benefits that shareholders are being asked to approve include the exercise of discretion under the company's long term incentive plan and short term incentive plan, payments in lieu of notice, contractual termination payments, and payment of superannuation benefits. A key point that I want to emphasise to shareholders is that you are not being asked to approve any new or additional benefits. All the benefits and entitlements are already embodied in AGL's existing policies and reflected in the executive's contracts of employment. Shareholder approval is being sought because the Corporations Act limits the amount of benefits that may be paid to certain directors and senior executives of the group on termination of employment without shareholder approval.

Broadly, termination benefits are restricted to one year's average base salary unless shareholders approve otherwise. Shareholder approval for the potential termination benefits for certain AGL senior executives was previously obtained at the 2014 AGM and was effective for a three year period. If this resolution is passed, the shareholder approval will be effective for a further three years. In the absence of shareholder approval, AGL will become restrained in its flexibility to apply its remuneration framework as intended. While contractual termination payments and amounts payable to AGL senior executives in lieu of notice do not exceed 12 months fixed remuneration, executives also participate in the long term incentive plan and short term incentive plan.

In circumstances where departing executives are what is known as good leavers, the board may exercise discretion under those plans so that awards do not automatically lapse and determine that alternative treatment is appropriate in the circumstances. Examples of good leavers are bonafide retirements, redundancies, permanent disablement, or death. The board would only exercise such a discretion when considered appropriate in all the circumstances. In exercising these discretion, the board would have regard to relevant circumstances including the reasons for cessation of employment, AGL's performance, the relative executive's contribution to AGL, prevailing market practice, and stakeholder expectations. The provisions may also apply to payments by superannuation fund to a relevant executive in certain circumstances.

It's important to note that approving this resolution does not guarantee that an executive will receive any of the termination benefits described in the notice of meeting. However, the approval will preserve the flexibility of the board to implement AGL's remuneration policy and framework in support of our strategy. It will also enable the board to deliver to executive benefits to which they are contractually entitled, attract and retain executives of market competitive terms and ensure executives are treated fairly on cessation of employment. All the directors other than Andy Vesey, who is excluded from voting, given his interest in the resolution, recommend that shareholders vote in favour of these resolutions. Does anyone wish to speak to this motion? Sir?

Speaker 25: Thank you Mr. Chairman. I'm concerned with one aspect of this extremely short tenure that people who in the company actually have. Of the eight people listed as members of the Executive Team as listed in the annual report, where the actual year of commencement is advised, the actual tenure as an employee of AGL is less than three and half years. This in my mind, highlights the inadequate grooming of people within AGL, and certainly does not warrant retirement benefits.

Jerry Maycock : Yes, okay, I'm not quite sure how to answer that. I mean, certainly there has been a recent amount of turnover at the senior levels, it's certainly not true to say that none of the senior executives were not previously in the company, so there have been a number promoted within the company. The point about retirement benefits, this is simply a question, again, a compliance issue. For example someone is in the long term incentive scheme, which has a three year vesting period, when they retire, or made redundant or have to leave for whatever genuine reason, the question is, what happens to the value of those long term incentives if they've yet to vest?

Is it equitable that they lose all invested benefits if they are a good leaver from the company? We think not. That would be one example of why we need to see shareholder approval for such a situation. So, all I can say is that this is again one of those resolutions which essentially we're required to put to shareholders because the rules around what constitutes 12 months pay are not very crystal clear in the legislation so for the avoidance of doubt, we choose to do it this way. It's the same resolution that was put and approved shareholders three years ago and I can certainly tell you that the board has exercised it's discretion very judiciously in that three year period. Are there any other comments?

If not, I will put this motion to you, which is that approval be given for the company to pay benefits to eligible senior executives of AGL in connection with their retirement from any office or position with the company. Will those in favor of the motion please raise their yellow voting cards? Thank you. Those against? Again, the motion is carried on the floor and we should see on the screen the results of proxy and direct votes received prior to the meeting.

Thank you. We now move on to item six, renewal of proportional takeover provision in AGL's constitution. This item of business concerns a proposal to refresh for a further period of three years, a provision in AGL's constitution relating to proportional takeover bids for the company. The provision, clause 12 of the constitution, was included in the constitution and approved by shareholders at the annual general meeting in 2011 and further approved by shareholders at the annual meeting in 2014. The effect of clause 12 is that shareholders must be given the opportunity to approve at a meeting of shareholders a proportional takeover bid before any such bid can proceed. A proportional takeover bid is an offer by a third party to acquire a specific proportion but less than 100% of each shareholders shares. In this circumstance shareholders face the risk that control of AGL could pass to the bidder without the payment of adequate control premium. The board does not think this is in the shareholders best interests and the inclusion of clause 12 lessens this risk of this happening.

It's a requirement of a corporation's act with the provision such as clause 12 be renewed every three years. If the proposed resolution is approved by shareholders, clause 12 will continue to have effect until 27 September, 2020. If it's not approved, clause 12 will cease to have effect after the 23rd of October, this year. The resolution proposed is a special resolution, that means it will be passed if at least 75% of the votes cast by shareholders are in favour of the resolution. The Directors unanimously recommend that shareholders vote in favour of the resolution. Would anyone like to speak to this motion? If not, I will put it to you.

Those in favour of the motion please raise their yellow voting cards. Thank you. Those against. Thank you. The motion's carried on the floor and, again, we'll see on the screen the previously received votes.

Speaking briefly to the contingent item of business. As you would have seen on the screen when you cast your votes on the remuneration report, the mathematics made it very clear that the vote against the remuneration report was considerably less than 25% so, as a result, it's not necessary for us to put the contingent resolution to you today.

Ladies and gentlemen, we've completed the formal part of the meeting but before closing it, I would like to take this opportunity to invite your Chair-elect, Graham Hunt, to briefly address shareholders.

Graham Hunt: Good afternoon. I'll be brief because I recognize that I stand between you and refreshments outside and it is well into the afternoon. Firstly, I'd just like to express how honoured I feel to be chosen to become the next Chairman of your great company. I'm very humbled by the opportunity and very much look forward to working with your board and the management team to steward the next stage of your company's future. My main task this afternoon, however, is to publicly acknowledge the tremendous contribution that Jerry Maycock has made to your company. In his 11 years on the board, which commenced at the same time as the merger of AGL into the form that it is today, seven of which he has held the position of Chairman. His leadership and considered stewardship has delivered a lot for you, the shareholders of the company.

The total shareholder returns have outperformed the ASX 200 index by 40 percentage points. AGL's market cap has grown from approximately $6 billion to more than $15 billion. Underlying profit has almost doubled from $432 million in financial year 11 to $802 million in financial year 17. AGL has transformed from basically a retail business with less than four thousand megawatts of generation to an integrated generator, the retail business of more than 10 thousand megawatts of generating capacity and 3.6 million customer accounts.

Jerry, thank you on my personal behalf for your efforts more than a decade to this company and your role of leading this board. Certainly, through all of my time on the board and I know I share the views of my fellow board colleagues that you will be missed. I'd like to ask everyone that's present today to acknowledge Jerry's contribution in the usual way. Thank you.

Jerry Maycock : I was obviously getting carried away. Thank you, Graeme, first of all for your comments and thank you ladies and gentlemen for your applause. The company secretary has reminded me that for the formal record I did need to read something in relation to the resolutions that have been dealt with so I'll do that if you just bear with me for a minute.

We'll now take the formal poll as I indicated at the beginning of the meeting. Deloitte will be scrutineers for the polls. Please indicate your vote for or against each resolution on the yellow voting card you received when you registered this morning. Note there are six resolutions and I ask that you mark a vote for or against each of them. Representatives of our share registry, Link Market Services, will collect your completed voting cards and I'm sure if you have any questions about how to complete them, they will also help you with that. I've shown you the individual proxy votes received for each resolution. Just for your reference we've now aggregated all those and put them on the screen on one slide. I also need to advise the meeting that I intend to vote all discretionary votes available to me as Chair of the meeting in favour of each resolution put to you.

I think that really is the end and the polls will remain open for another 10 minutes. Results of each poll will be provided to the ASX by close of business today and they'll also be posted on the company's website. It only remains for me on behalf of the board to thank you for attending and demonstrating your interest in AGL by taking part in this meeting. I declare the meeting closed and invite you to join us for refreshments outside. Thank you.