

STATEMENT TO THE BOARD OF AGL, 27 SEPTEMBER 2017

This statement is on behalf of 126 shareholders collectively holding a position in the company worth \$5.4 million.

In recent weeks our company has been criticised for its plan to close the Liddell power station in 2022. Pressure has been applied by the Prime Minister, his government and coal industry representatives to extend the life of the power station.

We regard these criticisms as deeply unhelpful and the work of increasingly desperate pro-coal interests. We, as shareholders, 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 fifty years old, its expected economic life well and truly over. Its age is already showing, with the power station operating at a terrible utilisation rate and creating an array of local environmental and health hazards. Our company has already spent \$143 million on Liddell to improve reliability, and we have committed to spend another \$159 million on upkeep before 2022. The Finkel Review estimated refurbishment costs at \$500-600 million.

We applaud the substantial commitment that our company has 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 smaller operator who doesn't share our company's commendable commitment to the communities in which we operate. We believe that such a move would be perceived as cynical and opportunistic, and that our company would stand to undo our hard-fought gains on its social license to operate, should such a handover take place.

Our company has 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 other major coal 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 dramatically fall in cost.

Finally, if our company's commitment to close coal power is intended to align the company's business model with the objectives of the Paris Climate Accord, we should be looking to "get out of coal" far sooner than the middle of the century.

We ask that the board reaffirm its plans to retire Liddell in 2022.

Sincerely,

[126 shareholder]