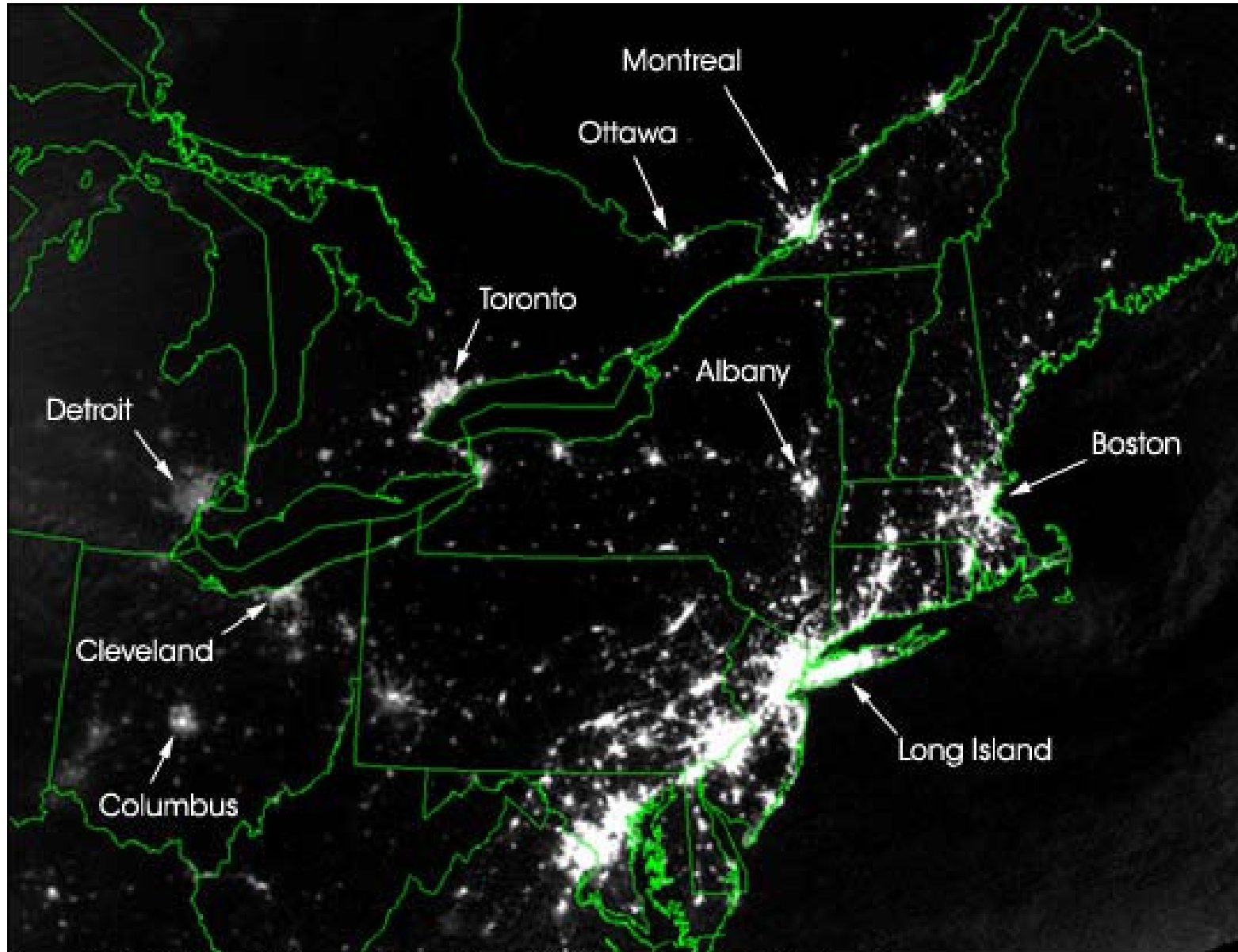


AMERICAN CHAMBER OF COMMERCE PRESENTATION
Greg Martin, Managing Director - 11 November 2003

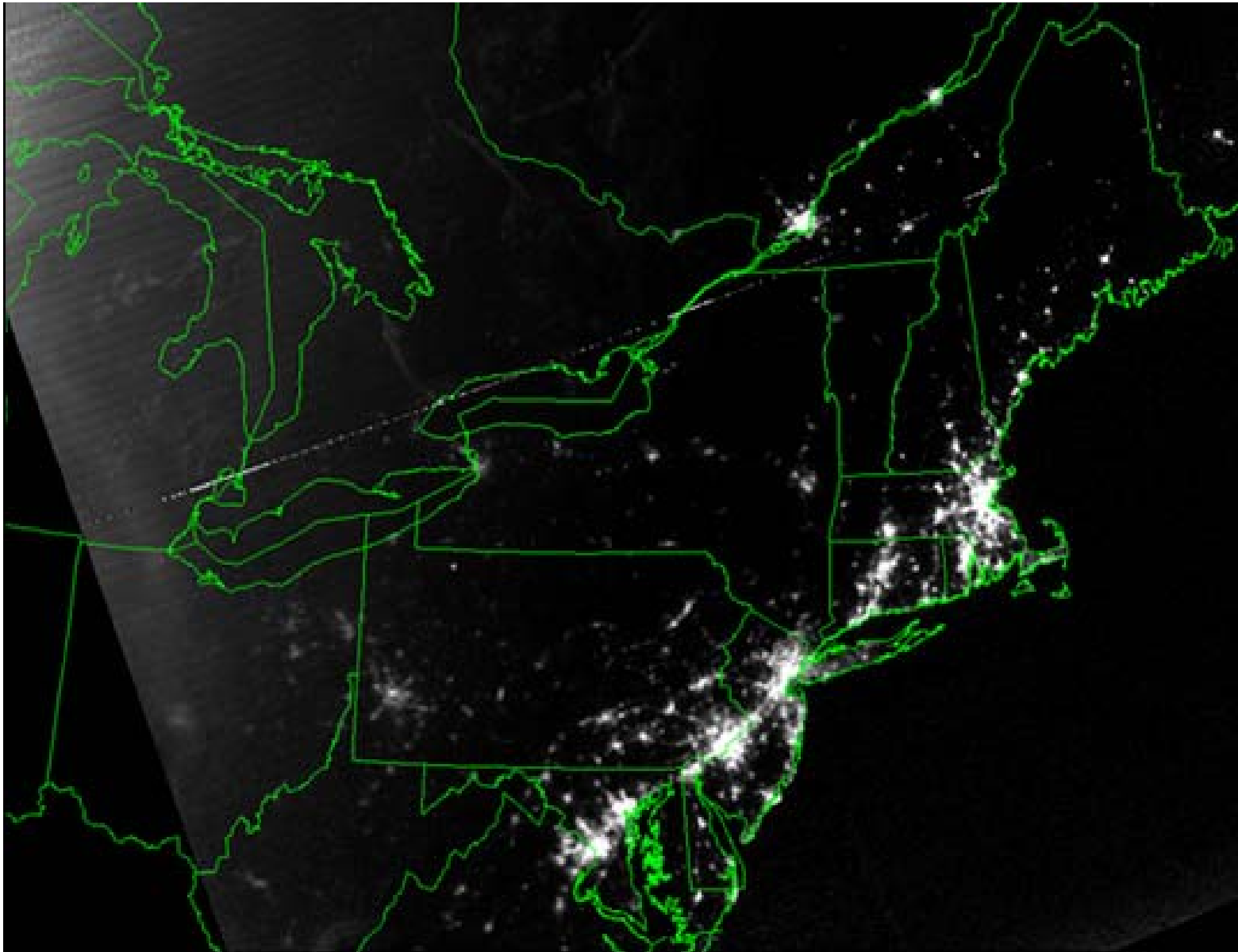


NORTH AMERICA - 14 AUGUST 2003



August 14, 2003 • 9:29 p.m. EDT • About 20 hours before blackout

NORTH AMERICA - 15 AUGUST 2003



August 15, 2003 • 9:14 p.m. EDT • About 7 hours after blackout

NORTH AMERICA - AUGUST 2003

Empire State Building looms over darkened city skyline



14 STEPS TO THE INCIDENT



AAP/Wall Street Journal

A series of interconnected events cascading to “System Black” ...

- Supply/Demand Balance
- Peak Electricity Demand
- Transmission System Constraints
- Complex Regulatory System
- Investment Signals

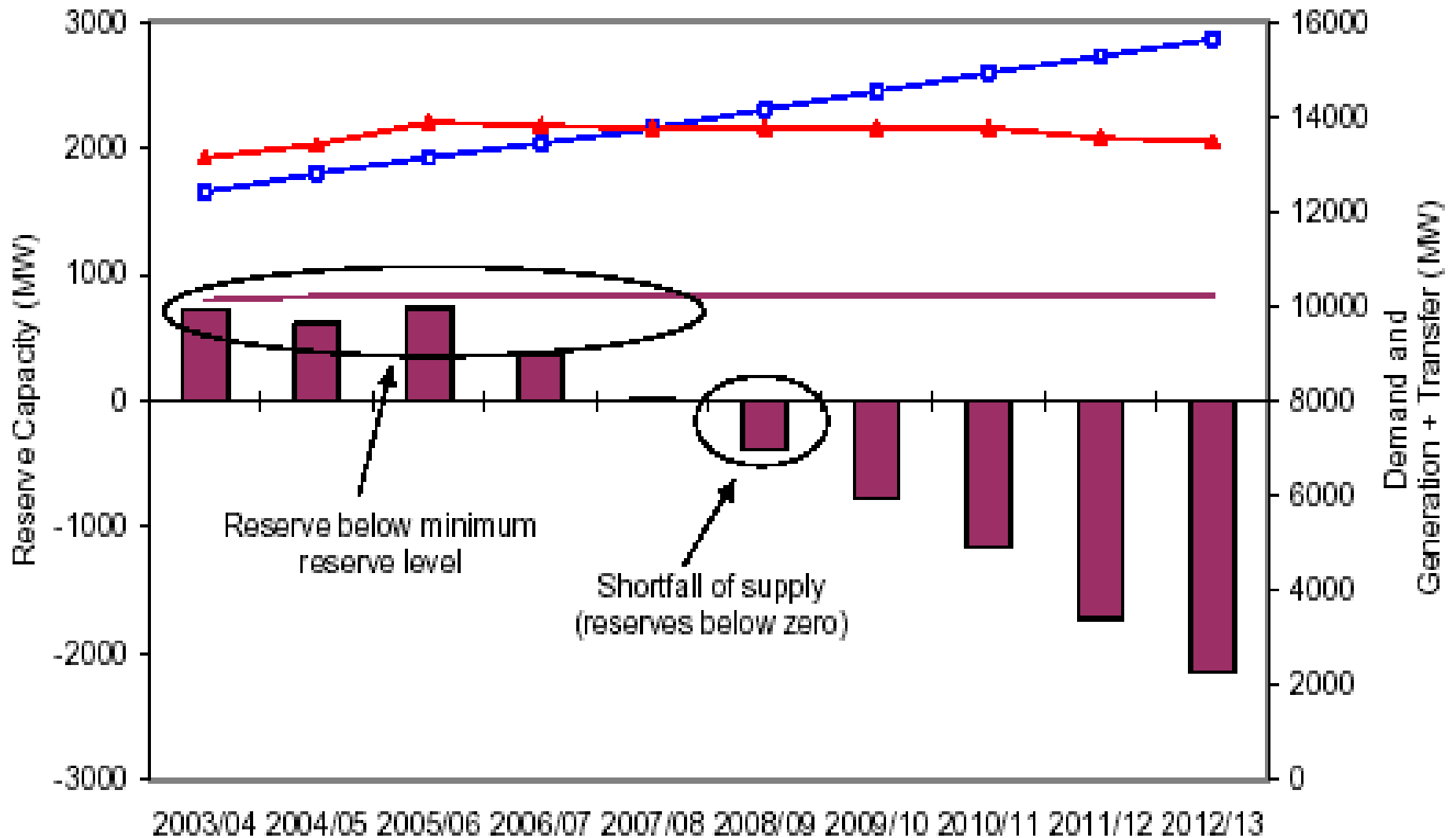


SUPPLY/DEMAND BALANCE

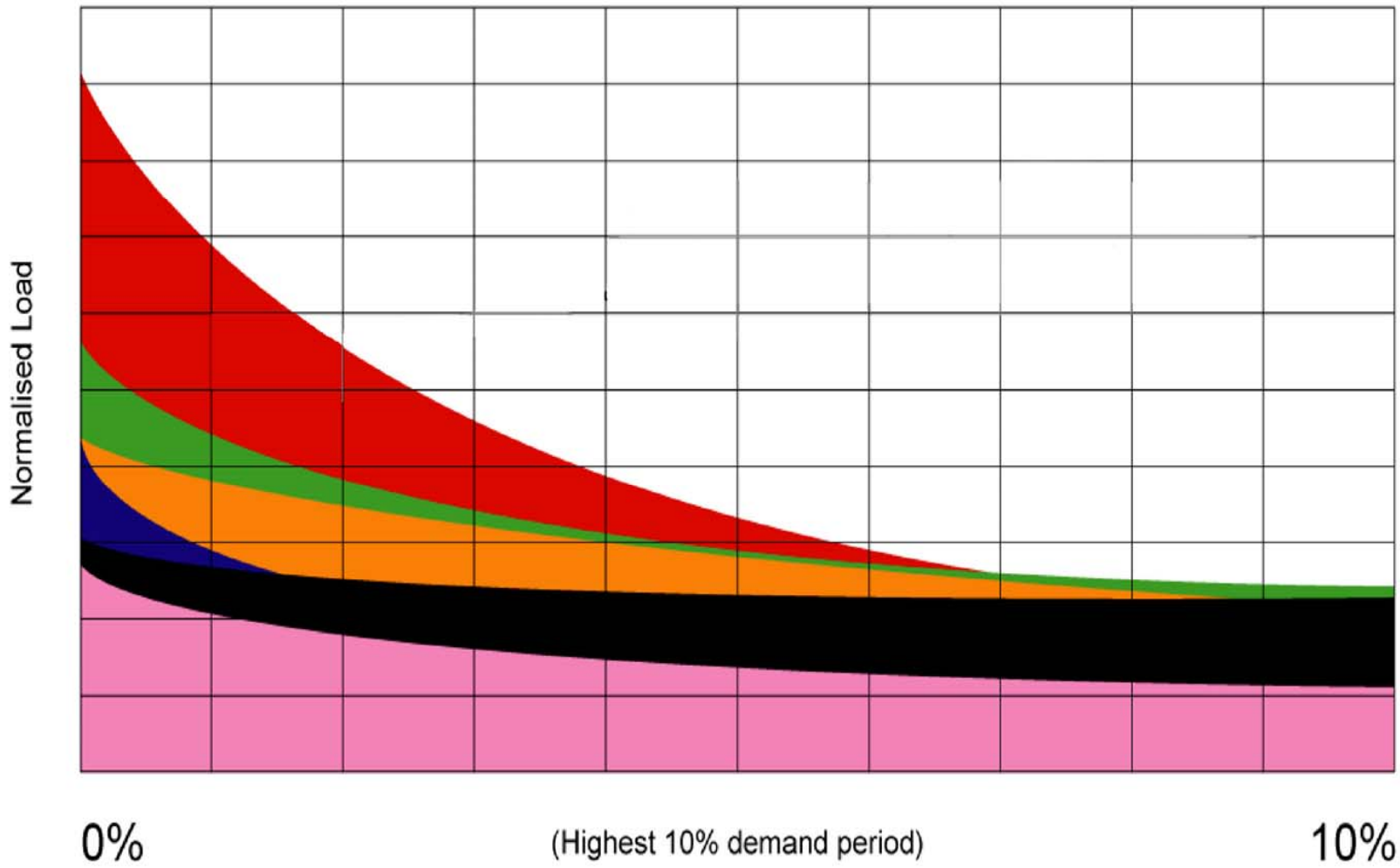
NEMMCO SOO - VIC & SA Supply / Demand Balance



■ Medium Growth Reserve Margin —□— Combined Medium Demand Forecast
—▲— Total Victoria-South Australia Generation + Transfer — Combined Minimum Reserve Level



PEAK ELECTRICITY DEMAND Load Shape Comparison



Alberta, CAN Singapore Victoria New Zealand California South Australia

TRANSMISSION SYSTEM CONSTRAINTS



NEM Electrical Interconnection Capacities

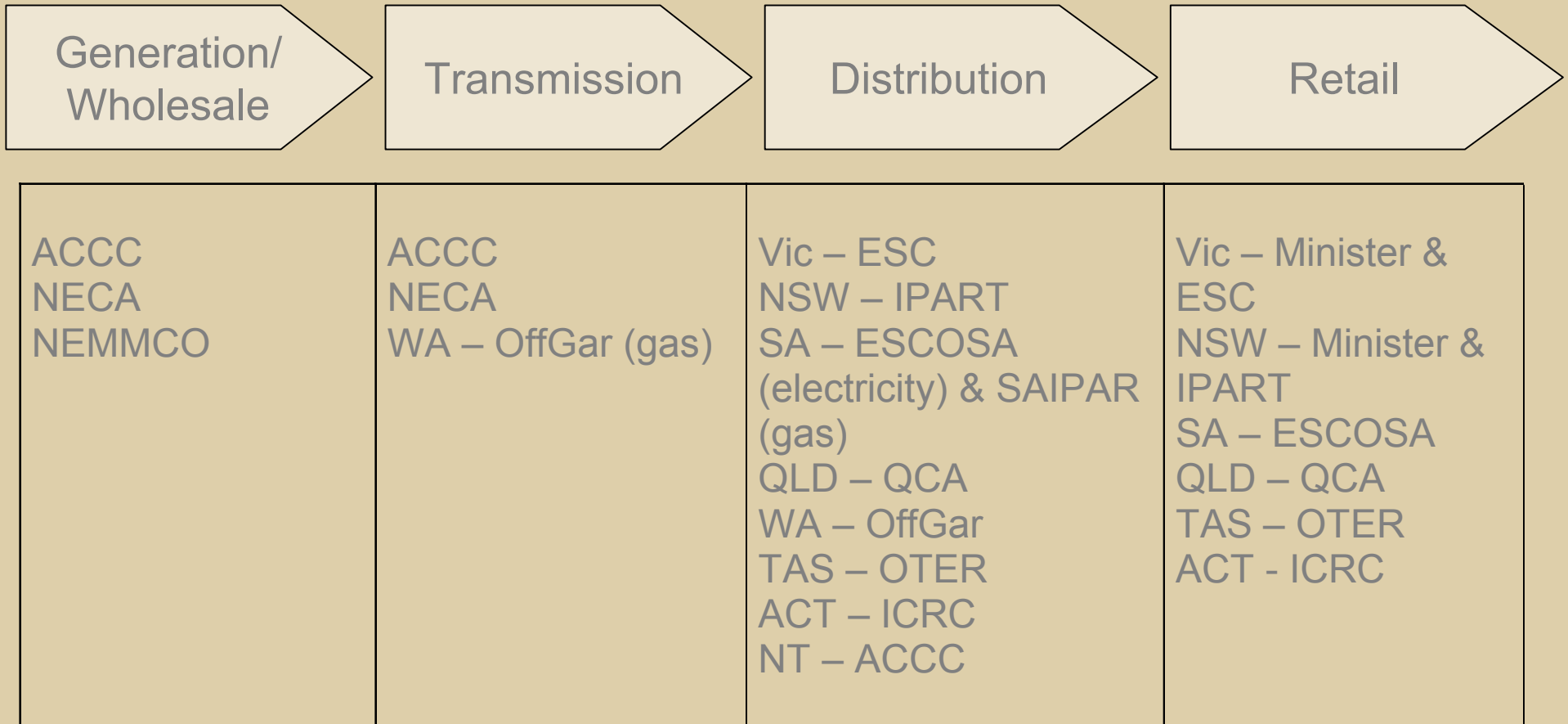
Unit = MW



Snowy to Victoria	1950s	1,900MW
Snowy to NSW	1950s	3,100MW
Heywood (Vic - SA)	1980	500MW/300MW
Directlink (Qld-NSW)	2000	180MW
QNI (Qld - NSW)	2001	1000MW/750MW
Murraylink (Vic - SA)	2002	220MW
Basslink (Tas - Vic)	2005	600MW/300MW

COMPLEX REGULATORY SYSTEM

Australian Energy Regulatory Structure

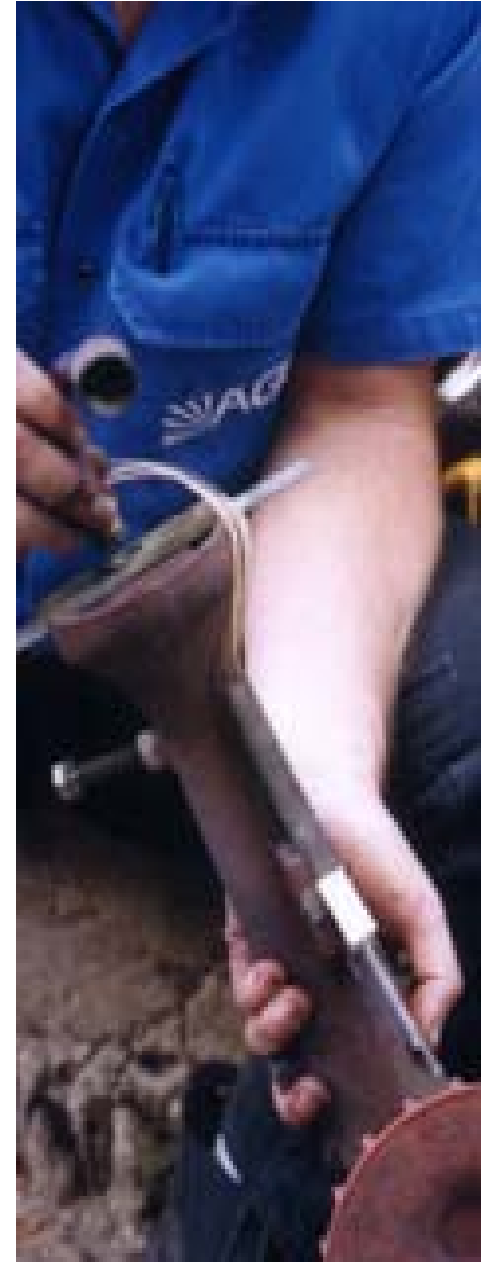


- **Transition from regulated tariffs to market based pricing**
- **Expected Outcomes:**
 - Provides safety net
 - Promotes competition
 - Reduces frequency of regulator reviews
 - Controlled and stable path for transition



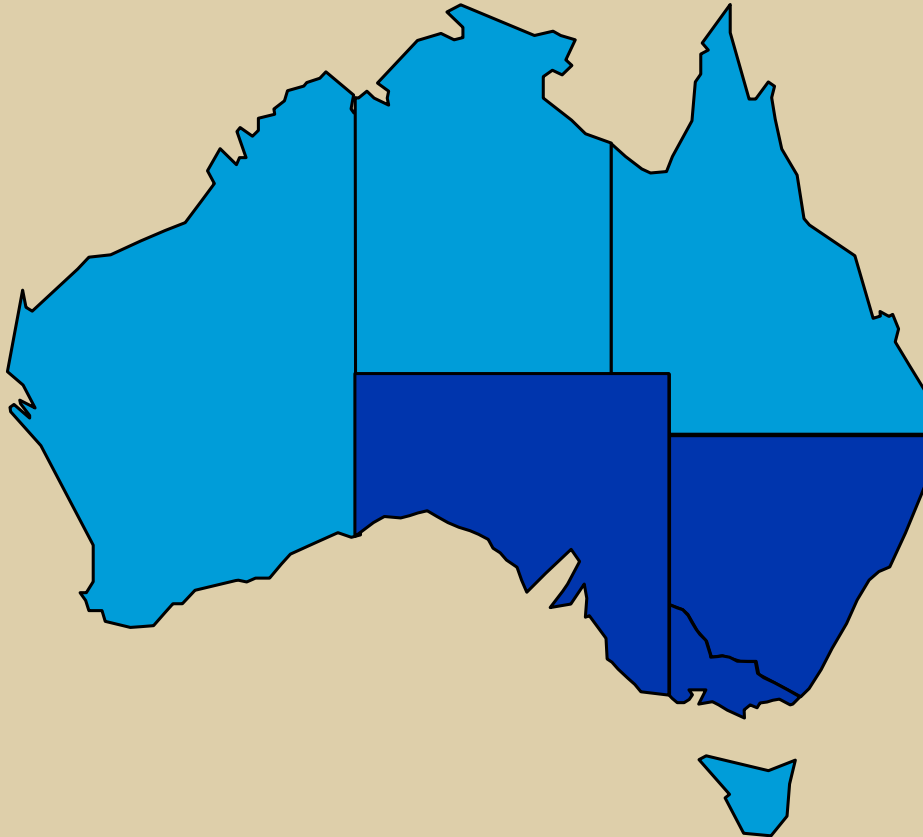
Clarity & certainty is key to reinvestment ...

- Portfolio of Businesses Across the Energy Value Chain
- Positions of Market Leadership in Retail Energy
- Power Generation:
 - Greenfields
 - Brownfields
 - Investments in existing plants



ENERGY SALES & MARKETING

Market leading energy retailer

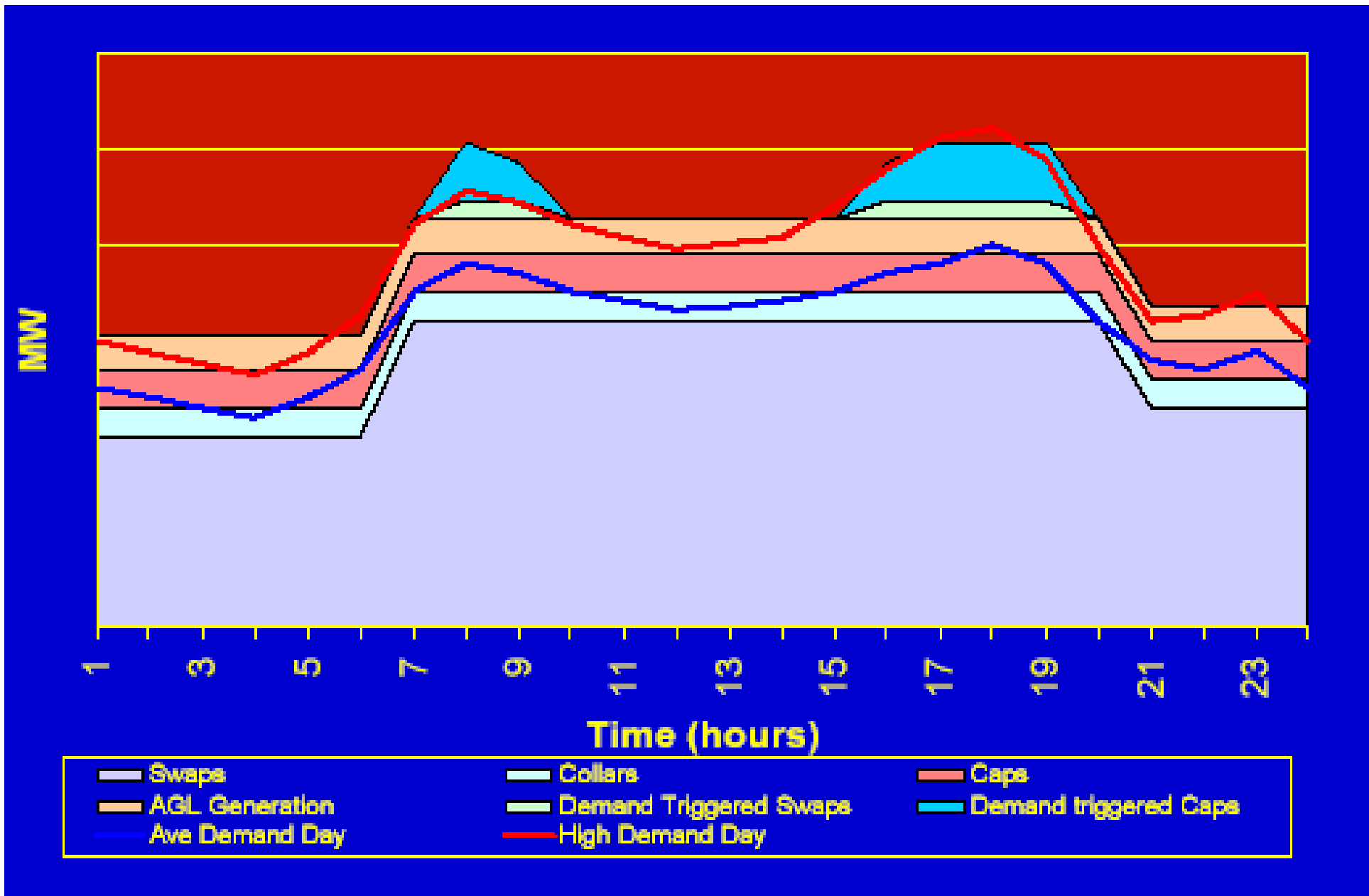


	Gas	Electricity
Customer numbers*	1.4million	1.7million
Energy Sales	155.2PJ	21 208 GWh

* Includes ActewAGL customers



WHOLESALE ELECTRICITY Typical Portfolio Structure



Two distinct elements:

- Vertical integration positions with control of trading/dispatch
- where appropriate
- Stand-alone power generation investments

Benefits:

- Earnings diversification
- Portfolio diversification
- Additional growth opportunities

Another plank in AGL's business platform ...

PEAKING POWER GENERATION



Somerton (Vic)

- Peaking operation
- 150 MW
- Gas fired

Hallett (SA)

- Peaking operation
- 180 MW
- Gas/distillate fired

Benefits:


- Enhancing the retail electricity business
- Wholesale electricity risk mitigation



Further investment as demand grows ...

- Conditional Share Sale Agreement signed - extension to Dec 2003
- Vendor bank extension to 12 Feb 2004
- AGL investment of \$200m for 35% stake
- Lowest cash operating cost base load generator in the NEM
- 40 plus years fuel supply

Loy Yang investment is aligned with AGL strategy:

- 
- Increased investment in important part of energy chain
 - Earning appropriate return on investment in lowest cost base load generator



An attractive investment opportunity...

LOY YANG POWER

Proposed Arrangements & Status



- AGL interest up to 35%
- Arms - length trading relationship
- Dispatch & Marketing by Agent
- AGL has no interest in Agent
- AGL participates in budget setting, financial and capital decisions, risk management policies and other key policies at investment level
- Federal Court hearing commences 18 Nov 2003
- Outcome anticipated by 19 Dec 2003



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