LOY YANG INVESTMENT - INVESTOR BRIEFING
Greg Martin, Managing Director

AGENDA

GEAC Acquisition of Loy Yang Power

- Description of Asset
- Implied Purchase Price
- Ownership and Management Structure

AGL Investment

- Investment Summary
- Fit with Strategy
- Investment Funding

Conclusion

GEAC Acquisition of Loy Yang Power
Description of Asset

- Largest base-load electricity power generator in Victoria
  - Commissioned 1984-1988
- Adjacent coal mine
  - 1.8bn tonnes of reserves
  - 40+ years of fuel supply
  - Coal contract with Loy Yang B
- Lowest marginal cost generator in the NEM
- Output of 2,200 MW represents
  - 24% of Victoria's installed capacity
  - 5% of installed capacity in the NEM

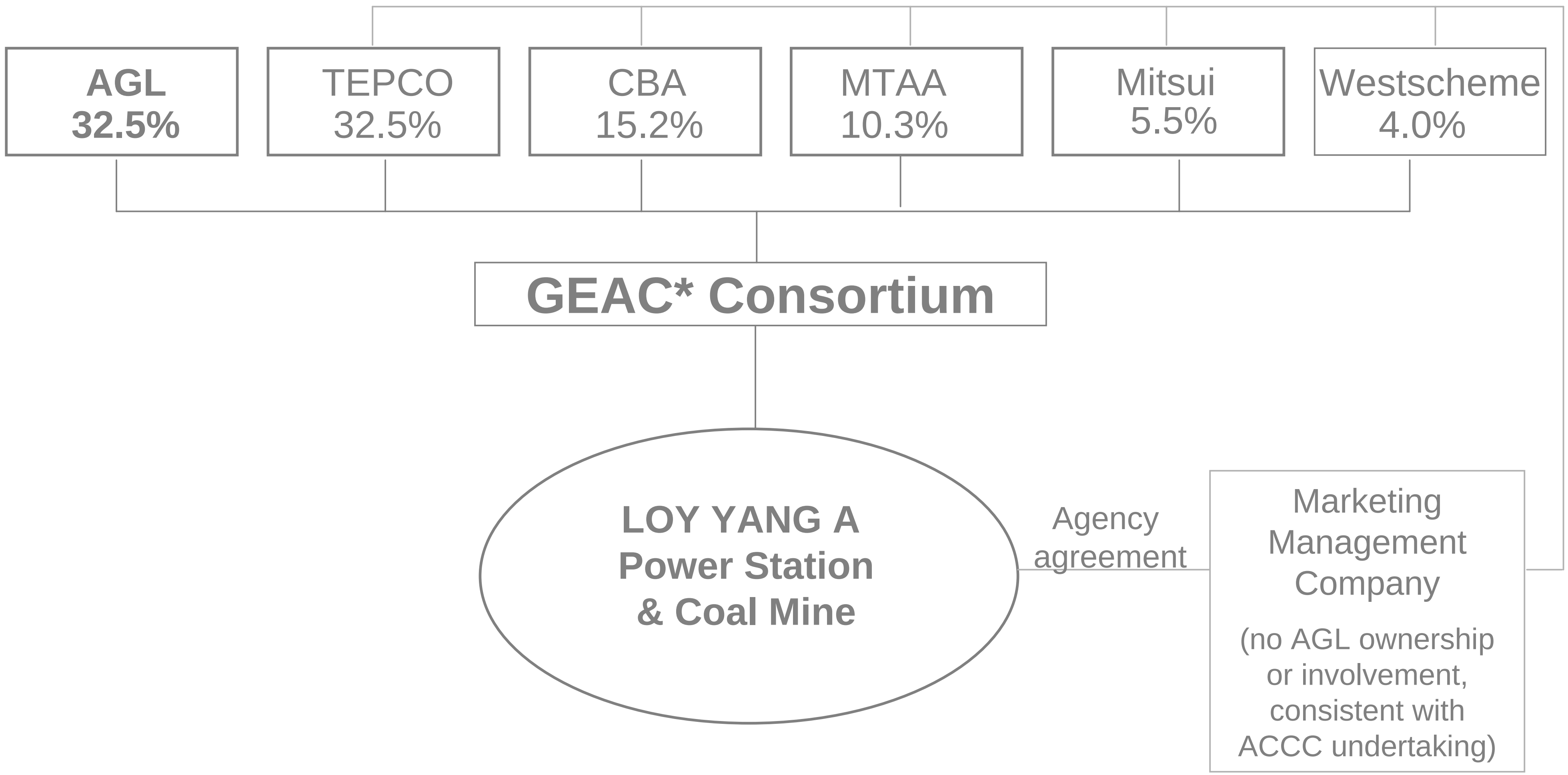
GEAC Acquisition of Loy Yang Power
Implied Purchase Price

	$ bn
Implied Purchase Price	3.48
Non Recourse Debt	
•Senior	2.27
•CPI Bonds	0.38
•Junior	0.33
Cash	(0.12)
Net Debt	2.86
Equity Contribution	0.62

- Based on implied purchase price, GEAC will initially be 83% geared, expected to reduce to below 65% over the next 5 years
- Implied Purchase Price is approximately 8x's FY2005 EBITDA

The senior debt is approximately 75% hedged at an average rate of 7.5% for an average term of 5 years
The floating debt has an average margin of 3.0%

GEAC Acquisition of Loy Yang Power Ownership Structure



* GEAC: Great Energy Alliance Corporation Pty Ltd
CBA is the lead investor for MTAA, Mitsui and Westscheme

GEAC Acquisition of Loy Yang Power
Management Structure

- GEAC's Loy Yang power business comprises:
  - Loy Yang A power station and adjacent coal mine
  - Responsibility for plant and mine operation and maintenance
  - CEO is Ian Nethercote
- Loy Yang Marketing Management Company:
  - Comprising existing staff
  - Will manage the contracting, marketing and dispatch
  - AGL will have no shareholding or involvement
  - General Manager is Ken Thompson
- AGL through its GEAC Board membership participates in budget setting, financial & capital decisions, risk management policies and other key policy setting and monitoring

AGL Investment
Investment Summary

- AGL Investment

Estimated Book Value *	$210.2m

EPS impacts	
- FY 2004 & 2005	Neutral
- FY 2006	3 to 4 cents per share

Investment IRR (approx.)	
- Ungeared	12%
- Geared	18%

- Investment to be equity accounted
- AGL gearing increased from 39% to 41%
- AGL's "A" credit rating affirmed

* Net of recoverable transaction costs of $14.5m

AGL Investment
Fit with Strategy

- **Pursuing Growth Opportunities**
  - Organic growth initiatives in existing operations
  - Mid-stream pipeline opportunities
  - New Zealand value enhancing opportunities
  - Power generation and renewables opportunities

AGL Investment
Fit with Strategy (cont)

Positions of vertical integration where appropriate:

- Peaking generation integrated with retail business - Somerton, Hallett
- Acquisition/ expansion/ greenfields

Power generation investments:

- Earnings, portfolio and fuel diversification

Renewable Generation

- **AGL interests:**
  - Investments in landfill gas extraction and biogas
  - PPA for windfarms in SA and Vic
- **Further opportunities:**
  - Windfarm developments in NSW, SA and Vic

AGL Investment
Investment Funding

	Ownership %	Investment value	Acquisition discount	Cash equity invested	Capitalised transaction costs	Estimated book value
AGL	32.5	206	(6)	200	10.2	210.2
Other	67.5	427	(6)	421		
Total	100	633	(12)	621		

CONCLUSION

Attractively priced acquisition

- Attractive returns to shareholders
- Continuation of existing non-recourse financial structure
- Reduction in counterparty credit risk

Delivers on strategy

- Ownership interests in upstream power assets
- Partnering with experienced industry players
- Provides AGL with a natural income hedge