



AGL-Alinta Transaction: Taxation Update

11 December 2006

The Class Ruling referred to in AGL's Scheme Booklet dated 29 August 2006 is yet to be finalised by the Australian Taxation Office (ATO). The ATO has advised that some minor modifications will be made to the draft Class Ruling previously received although none of those modifications will change the conclusions reached regarding the tax implications for AGL Shareholders.

Following is an indicative update to the Table included on page 33 of Part 1 of the AGL Scheme Booklet dated 29 August 2006 setting out the expected relevant Capital Gains Tax (CGT) outcome for AGL Shareholders. While these details are not expected to change, they cannot be relied upon until after the ATO has published the final Class Ruling. This is expected to be no later than 31 January 2007.

Taxation Implications for Shareholders of the AGL – Alinta Transaction			
Date original (old) AGL Shares acquired	Is CGT payable as a result of the AGL – Alinta transaction?	What is the cost base of AGL Energy Shares and new Alinta Shares?	When were AGL Energy Shares and new Alinta Shares acquired for CGT purposes forward?
Pre-CGT (i.e. original AGL shares acquired before 20 September 1985)	No	\$15.40 per share	AGL Energy Shares 25 October 2006 new Alinta Shares 25 October 2006
Post-CGT (i.e. original AGL shares acquired after 19 September 1985)	No	AGL Energy share cost base = 72.03% x (old) AGL shareholding cost base pre the AGL – Alinta transaction new Alinta share cost base = 27.97% x (old) AGL shareholding cost base pre the AGL – Alinta transaction	AGL Energy Shares 25 October 2006 new Alinta Shares On the date original AGL Shares were acquired

For most Australian taxation resident AGL Shareholders, the cost base of their original (old) AGL Shares will be the amount paid for those shares less the capital return of 50 cents per AGL Share paid in April 2005.

Details of AGL Energy and new Alinta shareholdings were detailed on Holding Statements mailed to participating shareholders in October 2006. The demerger ratio as at the Scheme Record Date of 18 October 2006 was one (1) AGL Energy Limited share and 0.5775 new Alinta shares for each (old) AGL share held at such date.

In terms of original (old) AGL shareholding cost bases, shareholders should refer to their original share purchase documentation to ascertain cost base amounts. The share registry does not maintain or have access to specific prices at which shareholders purchased AGL shares on the Australian Stock Exchange.

AGL shareholders seeking specific taxation advice must contact their taxation accountant or other suitably qualified advisor. Both AGL Energy Limited and its Share Registry, Link Market Services Limited, are legally unable to provide such advice.