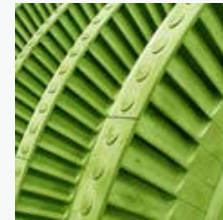


AGL

A Transforming Opportunity



AGL Briefing

January 9, 2007

The logo for AGL Energy Limited, featuring a stylized sunburst icon on the left and the letters 'AGL' in a large, bold, sans-serif font on the right.

disclaimer

The information in this presentation:

- is not an offer or recommendation to purchase or subscribe for securities in agl energy limited or to retain any securities currently held
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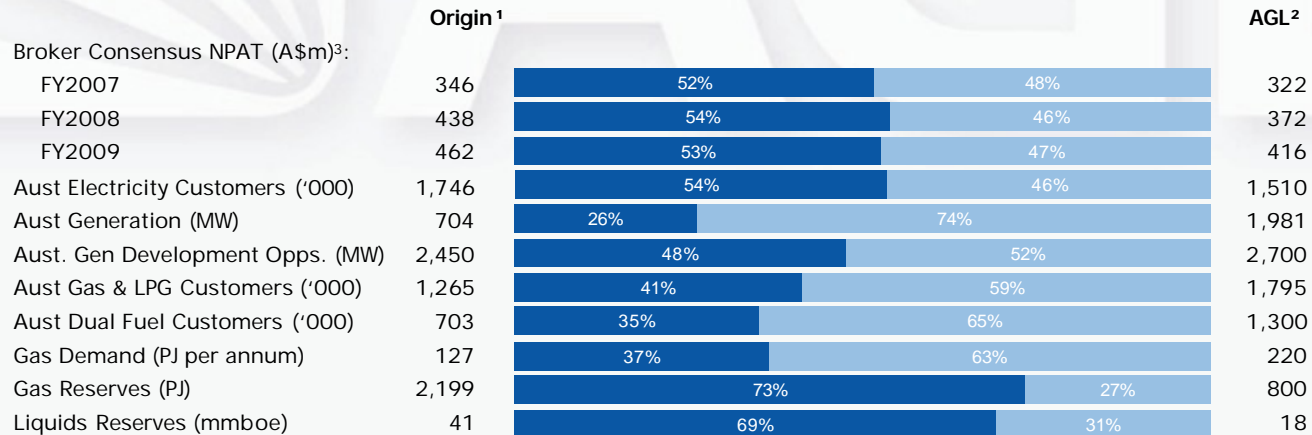
introduction

This presentation is to update the market in light of recent reporting. It has been developed without the benefit of input from Origin who are currently evaluating the proposal.

- AGL believes that the merger proposal offers unique potential to unlock significant value for both companies' shareholders. This incremental value would not be achievable by either company remaining stand-alone.
- AGL has proposed a merger of equals given the companies have the following features:
 - similar yet highly complementary business and geographic mixes
 - similar financial profiles and equity market scale
- The scale and nature of synergies are unique to this combination and are not clearly attributable to any one party (eg. removal of duplicated operating costs)
- While less common in Australia, in North America and Europe mergers of equals are common and typically mean transactions which:
 - are largely scrip based with share exchange ratios agreed with reference to historic share trading levels
 - result in both sets of shareholders each owning approximately 50% of the combined company
 - enable the financial benefits of the transaction to be shared equally amongst all shareholders
 - combine both boards of directors into one unified board
 - draw upon the best skills available from each management team
- Mergers of equal are often consummated at or close to a nil premium given they are viewed as a true merger, with no passing of control from one set of shareholders to another.

complementary profile

Origin and AGL have similar market caps and are highly complementary:



	Origin	AGL
Similar financial growth profiles:		
• EPS Growth (FY07 -FY09)	15.6%	13.7%
• Long term growth target	10-15%	10-15%
Similar financial leverage and credit positions:		
• Net Debt ⁴ / Market Equity	0.40x	0.26x
• Credit Rating (S&P)	BBB+	BBB

Source: IRESS, Bloomberg, Company Reports, ESC, ESCOSA, AGL estimates

Note: Equity accounted.

¹ Adjusted for customers acquired under Sun Retail sale process.

² Adjusted for customers acquired under Sun Gas sale process.

³ Broker consensus estimates from most recent published research reports. AGL research includes ABN AMRO, Citigroup, CommSec, Credit Suisse, Deutsche Bank, GSIJW, JPMorgan, Macquarie, Merrill Lynch, UBS. Origin research includes ABN AMRO, Citigroup, CommSec, Credit Suisse, GSIJW, Merrill Lynch, UBS.

⁴ Net debt of Origin and AGL adjusted to include debt associated with acquisitions of Sun Retail and Sun Gas respectively. Origin net debt partly consolidated (pro forma for Origin's 51.4% interest in Contact Energy).

creation of an integrated energy major

A merger of equals between Origin and AGL would position the combination as Australia's leading integrated energy company of world class status, capable of making the scale of investments required in Australia's growing energy sector.

- Creation of an Australian owned energy market champion, a leading:
 - integrated energy market participant in Australia
 - energy retailer in Australia
 - producer of Australian coal seam methane
 - LPG supplier in Australia, New Zealand and the Pacific Islands
 - developer/provider of Australian renewable energy
 - natural gas producer in South East Australia
- Significant portfolio of organic growth opportunities throughout Australia
- Material improvement in EPS growth and quality of earnings
- Improved platform from which to pursue other domestic and international development and acquisition opportunities

the benefits to both sets of shareholders of this combination are very significant

significant combination benefits

Combining AGL and Origin's operations offers:

- An enhanced channel to market
 - combined customer base will create an enhanced channel to market with greater scale
 - significant opportunity to improve efficiency by exploiting AGL's Phoenix initiatives to enhance customer offering and reduce cost to serve
- Portfolio enhancement to mitigate commodity risk
 - combined load profiles will reduce the cost of hedging due to increased scale and geographic diversity
 - greater physical risk mitigation: AGL's electricity demand ~5,200MW peak, generation capacity 1,981MW (including equity in JVs); Origin's electricity demand ~5,500MW peak, generation capacity 704MW (including equity in JVs)¹
- Accelerate monetisation of gas reserves
 - AGL's gas demand 220PJ (FY06), 2P gas reserves 800PJ; Origin's gas demand 127PJ (FY06), 2P gas reserves 2,199PJ²
- Enhanced capital efficiency
 - optimised capex – no need to build new power plants simply to monetise gas
 - gains in capital efficiency due to increased scale and cost-out opportunities

creating Australia's leading energy major (top ASX 20) and a company of world class scale and status

¹ Australian electricity demands and generation of AGL/Origin not adjusted for divestments to meet ACCC requirements

² Australian gas demands and gas reserves of AGL/Origin not adjusted for divestments to meet ACCC requirements

benefits to both sets of shareholders

The unique benefits are only available to both sets of shareholders via a merger of AGL and Origin due to the distinct complementary business profiles of the two entities:

- Removal of duplicated effort and resources alone will deliver savings of circa \$150m per annum

Additional benefits:

- Significant reductions in cost to serve of combined entity due to economies of scale and utilisation of AGL's new single billing and CRM systems
- Nationwide customer portfolio delivering wholesale market economies of scale and hedging diversification benefits
- National generation portfolio enhancing physical risk mitigation and facilitating a coordinated and timely development program for new generation
- Utilising AGL's extensive channel to market to accelerate monetisation of Origin's gas reserves without the need for additional capital expenditure
- Greater scale and diversity should improve capital market ratings and financing efficiency
- Merging the entities would be strongly EPS accretive for both sets of shareholders >10% per share

Combining the two entities would unlock shareholder benefits in excess of \$150m per annum, only available by merging these two entities

turbocharge the integrated strategy

hunters and gatherers of value across the energy supply chains



fuel contracts

thermal fuel generation

renewable generation

Power purchase agreements

Complex hedge products and trading



Australia's leading energy retailer



upstream equity gas

contract gas

diversity of supply contracts

gas storage

diversity of haulage products



building combined growth platforms and skills to succeed across the gas and electricity energy chains

approach

A true merger of equals which recognises benefits that are available only due to the unique business profiles of AGL and Origin:

- Scrip based nil-premium MOE, with AGL and Origin shareholders each owning circa 50% of the merged entity
- In true MOE style, selection of management from both companies, combined board of directors
- A considered ACCC proposal has been developed by AGL. The proposal has yet to be discussed with the ACCC or have the benefit of Origin's input. The proposal:
 - creates a strong stand-alone NEM generator/retailer
 - offers a significant walk-in integrated national energy company with a substantial gas and electricity customer base
 - may utilise an IPO to maintain independence and maximise value of the divestment
 - ACCC issues are not expected to fundamentally impact the value creation or strategic rationale of the merger