

The Australian Gas Light Company

INFORMATION SESSION FOR SHAREHOLDERS

ORDER OF PROCEEDINGS

6 October 2006 at 2 pm

Good afternoon Ladies and Gentlemen, I am your Chairman Mark Johnson. I would like to welcome you all to this Information Session for AGL Shareholders.

In years gone by we would have been here today for an Annual General Meeting of the company.

In fact if today was an AGM it would have been the 167th Annual General Meeting of The Australian Gas Light Company. Only one other Australian company can lay claim to having had more Annual General Meetings!

But we are not here today in that capacity. The timing of the Scheme Meeting held this morning, which many of you attended, means that, subject to Federal Court approval of the proposal to create AGL Energy and the merger of our infrastructure businesses with Alinta, AGL will not be holding an Annual General Meeting.

This is because AGL will no longer exist as a listed public company. Instead, by 25 October 2006, AGL Shareholders will be 100 per cent Shareholders in AGL Energy, or new AGL as the company will be known, and 44 per cent Shareholders in new Alinta.

Many of you voted at this morning's Scheme Meeting. We now have available the results of the voting on the two resolutions.

The first resolution was to vary the original Scheme as a result of the change to the consideration payable to AGL Shareholders because Gas Valpo is now to be owned by New AGL rather than New Alinta.

The results of the poll on that resolution was:

Votes For

- votes in favour which is % of all votes cast
- Shareholders by number in favour which is % of all Shareholders voting

Votes Against

- votes in favour which is % of all votes cast
- Shareholders by number in favour which is % of all Shareholders voting

Accordingly, the First Resolution was passed by the required majority.

The second resolution was to approve the amended Scheme.

The results of the poll on that resolution was:

Votes For

- votes in favour which is % of all votes cast
- Shareholders by number in favour which is % of all Shareholders voting

Votes Against

- votes in favour which is % of all votes cast
- Shareholders by number in favour which is % of all Shareholders voting

Accordingly, the Second Resolution was passed by the required majority.

At the Excluded Shareholder Meeting, Alinta voted in favour of both resolutions and accordingly each resolution was passed.

Although we do not yet have the results of the Alinta Scheme, we understand that the level of proxies in support of it is similar to the results for the AGL Scheme.

So, you should be receiving important correspondence from AGL's Share Registry during this next month about your Shareholdings. If you have any questions or wish to receive further information you should feel free to ring the Registry.

For those of you who are attending this Information Session as first time AGL Shareholders I extend a particularly warm welcome. Your investment in AGL has seen the number of Shareholders increase to just under 115,000 of which around 96% have Australian addresses.

The purpose of this Information Session is for the Board of your company to report to you today on the state of your company, its performance and accomplishments for 2005/2006.

As this is not an AGM you will not be required to vote on the usual matters considered at these meetings, but you will have the opportunity to ask questions on these matters including the 2006 Annual and Sustainability Reports which you received as you arrived this afternoon.

Before we go any further in proceedings let me introduce your Directors.

First, the non-executive Directors; starting on my left, we have:

Graham is Chairman of the Audit and Risk Management Committee.

Ron has been on the Board AGL for around 20 years and today is his last day as a Director of AGL.

He has served with distinction and the Board has benefited from his great experience and judgement, particularly in recent times.

Ron has had an outstanding career with accomplishments across a range of businesses in a number of countries.

We will miss his insightful contribution and on behalf of you all I wish Ron the very best in the future.

David joined the Board in 2005 and has made an enormous contribution in his relatively short time.

We are very disappointed that David has decided to leave the Board but with his recent appointment as the Chief Financial Officer of the Commonwealth Bank of Australia, you will understand this is a sensible decision.

We will miss David's contribution and on your behalf wish him the very best in the future. As with Ron, today is David's last day on the AGL Board.

Finally, we have Paul Anthony who joined us as CEO in April 2006, becoming Managing Director from May 2006.

As I said this morning, many of you are aware he played a pivotal role in the transaction to create new AGL and merge our infrastructure business with Alinta.

As a Board we are very pleased to have him leading your company.

We also have the AGL Leadership team here today, and I will be saying a few words about them a little later.

We also have representatives of Deloitte Touche Thomatsu here this morning.

The senior audit partner Greg Couttas is available to answer any questions on the audit of AGL's performance over the past financial year should you wish to ask.

Board succession is one of our highest priorities.

The significant level of corporate activity this year has meant that, until recently, we have not had certainty about the future of AGL.

Indeed, the internal task force to work on the demerger proposal was formed in February 2005 and obviously, to keep this confidential, we were unable to seek recruits to the board until recently.

The pressure for board renewal has been increased because, as I indicated earlier, both Ron Brierley and David Craig will retire at the conclusion of today's meetings.

We will miss their substantial contribution to the work of the Board and, on your behalf, we wish them well for the future.

We are however delighted to be able to welcome Sandra McPhee and Jerry Maycock as new directors to the AGL Energy Board.

We all believe Sandra and Jerry will bring to the Board additional skills and experience well suited to the needs of AGL Energy as it seeks to take advantage of a number of growth opportunities in the months and years ahead.

Because of long standing travel commitments, Jerry is not able to be here today, but we look forward to introducing him to you at AGL Energy's first AGM next year.

He is the Managing Director and Chief Executive Officer of Hastie Group Limited, a position he has held since 2004.

Previously, he held a number of senior management positions at Holcim Limited, a world leading construction materials company over a 20 year career with the company.

Sandra McPhee has extensive experience as a non-executive director, and as a senior executive in consumer facing industries including aviation, retail and tourism, most recently with Qantas.

Sandra is a director of Coles Myer Limited, Australia Post, Perpetual Limited, the Art Gallery of New South Wales and St Vincent's & Mater Health Limited.

I am now going to ask her to tell you a little about her experience and what she brings to your company.

The corporate activity over the past year has required a significant and willing contribution from all Board members.

In addition to the usual 8 meetings in a year, we had 17 special board meetings and around 60 teleconferences. Whilst these demands are not always placed on Directors there are inevitably in business very busy times like AGL has experienced.

I think the record shows that your Board pulled together and worked most effectively with AGL management.

As I mentioned earlier, work on the demerger started more than eighteen months ago.

Since that time, the company has been involved in an intense level of corporate activity.

The successful outcome – the recommended proposal considered by shareholders this morning - would not have been possible without the exceedingly hard work, dedication and skill of the AGL management group.

They worked with similarly talented and dedicated team of legal, financial and investment banking advisers, to be able to present shareholders with this outcome.

On your behalf I recognize the pressure the management group has worked under and the great service they have performed in the interests of the shareholders of this company.

All your directors look forward to continuing to work effectively towards the creation of additional longer term Shareholder value in New AGL.

As I said earlier, we have the AGL Leadership Team with us today.

AGL has good people, hard working, well skilled and dedicated to improvement, as I hope I have made clear.

They are also Shareholders in your company.

Part of their rewards are linked directly to improvements in the returns they earn for the Shareholders in AGL through the Company's Long Term Incentive Plan.

Together AGL employees constitute one of the largest Shareholders in the Company.

I think this alignment of their interests with yours is very important to AGL's success, which brings me to the subject of remuneration.

We must balance Shareholders' interests with fair remuneration practices and these are key to motivating, attracting and retaining employees.

You may recall the Board undertook at the last AGM to review the long term incentive structure.

We consulted shareholders and remuneration experts. The very clear view was a preference for a system based on total shareholder return (TSR), rather than economic profit.

The strong view of the market is that TSR is a preferred proxy for Shareholder value creation, and should be used in determining the quantum of long term incentive which is actually available to participants.

We took that into account in designing our new Long Term Incentive Plan.

In our original demerger, and in the Scheme you voted on today, New AGL's Long Term Incentive Plan provides share performance rights which become available to participants on the achievement of AGL performance, measured on relative Total Shareholder Return, measured against other ASX Top 100 companies.

In our view share ownership best aligns the short and long term interests of senior management and Shareholders.

We believe this new Scheme design achieves this alignment and is consistent with our general remuneration objectives.

Over the past year AGL's Total Shareholder Return – increase in market value plus dividends – was 28 per cent.

The compound annual growth rate in TSR over the past four years was 17 per cent.

The Remuneration Report contains very detailed information about our approach.

It includes the specifics of senior executive contracts and how the various components are measured, and you will see that the Audit Report includes confirmation of the compliance of the Remuneration Report.

In this year's Annual Report we have tried to give you comprehensive operating and financial information, which we hope you found sensible and relevant.

The Annual Report of the Company, the Independent Audit Report and the Concise Financial Report for the 12 months ended 30 June 2006 were posted to you in early September.

A copy of the Concise Annual Report was given to you on your arrival.

You will have also been given a copy of AGL's third Sustainability Report.

In it we report on our performance against last year's goals as well as setting new goals for ourselves.

I think the Sustainability Report shows that we have been ambitious for AGL and remain so for New AGL.

We will always strive for excellence in our business activities and the way we work with all our stakeholders for the benefit of Shareholders.

Last year was a period of a great deal of hard work.

But, as the AGL Annual Report shows, a lot of value was created, not just in the corporate restructuring.

We continued to reinvest in the Company, and defended and grew our existing core businesses at the same time as we considered ways to increase Shareholder value in the longer term.

The demerger was considered in detail at the Scheme Meeting this morning and I do not intend to say anything further about this matter at this Information Session.

The purpose of today is to report to you on overall company performance for the year, some of the key achievements and challenges we faced, and what we see as the key matters for New AGL as we look ahead.

The Managing Director will now tell you more about the performance of AGL as part of his review of the Company's operations over the past year. So I will hand pass to Paul.

Thank you Paul.

OPEN THE SESSION FOR DISCUSSION

So, I now open the session for discussion. If any Shareholder wishes to speak or ask questions about the accounts or the Directors' Report, microphones are available.

Thank you.

CONCLUSION

It is indeed a momentous day in AGL's history.

We can reflect with pride on the achievements of AGL over the past 169 years.

The Company, first established by private interests in 1837, has grown to become Australia's leading integrated energy company with the largest energy customer base in the country.

By recommending a fundamental change to the structure and direction of AGL, your Board is looking to enhance and grow Shareholder value to a level that is more compatible with the changing demands of the external environment in which AGL operates.

Over the years, Ron Brierley has probably done as much as anyone else to bring change to AGL.

As he leaves the board, I would like to offer him the opportunity of expressing his opinion on the condition in which he leaves the company.

We are proud to have been associated with AGL as Directors and Shareholders. It only remains for me, on behalf of the Board and, I hope, on behalf of all of you to

thank everyone at AGL for the results achieved in 2005/2006.

We look forward to seeing you at the Annual General Meeting for New AGL Energy next year. I declare the Information Session closed and thank you for your attendance. You might like to join us for tea and coffee.

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