

AGL Energy Limited

*...Leading Australia's new
energy economy...*

Michael Fraser
Managing Director & CEO

Jeff Dimery
Group General Manager,
Merchant Energy

Europe & UK Investor Roadshow
September 2008



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.
- > Does not take into account the potential and current individual investment objectives or the financial situation of investors.
- > Was prepared with due care and attention and is current at the date of the presentation.
- > Actual results may materially vary from any forecasts (where applicable) in this presentation.
- > Before making or varying any investment in securities in AGL Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

Agenda.

- › **About AGL Energy – Background, Strategy & FY08 Overview**
- › **Australian Energy Landscape & Renewable Policies**
- › **AGL Renewable Positioning & Portfolio Opportunities**
- › **Outlook & Way Forward**
- › **Supplementary Information**

-
- › **Europe & UK Investor Roadshow**
 - › September 2008
 - › AGL External



About AGL Energy

- Background
- Strategy
- FY08 Overview



About AGL Energy.

Australia's largest integrated renewable energy company.

- > Australia's largest natural gas & electricity customer base
- > A world class, scalable customer management & billing system (Phoenix SAP solution)
 - » Australian industry leading customer acquisition & service costs
- > Australia's largest privately owned & operated renewable generation portfolio
- > Australia's largest contracted gas portfolio & emerging positions in new Coal Seam Gas (CSG) developments
- > Substantial generation portfolio with diversity across geography, fuel type & generation mix
- > Industry leading portfolio of renewable & thermal development projects
- > S&P/ASX50 stock with market capitalisation of ~AUD \$6 billion
- > BBB investment grade credit rating (Standard & Poor's)



- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



AGL Energy Today – Asset Profile.

OPERATIONAL SNAPSHOT

Retail Customer Accounts

- 3.2 million Accounts
 - 1.4 million gas
 - 1.8 million electricity
 - 1.18 million dual-fuel
- 0.26 million ActewAGL JV
- 0.35 million LPG (Elgas)

Current Generation

- 3,500 MW owned and / or operated
- 220 MW renewable under construction

New Generation Developments

- 3,100 MW identified and possible renewables
- 2,900 MW identified and possible gas

Current Gas Reserves¹

- 3,400 PJ contracted gas
- 799 PJ equity gas (excluding PNG)

Energy Sales

- Electricity ~39 TWh p.a.
- Gas ~232 PJ p.a.

Other

- ActewAGL (Australia – ACT)
 - 50/50 Joint Venture with Actew Corporation
 - Australian Capital Territory's (ACT) leading multi utility offering electricity, natural gas, water, wastewater and telecommunication services
 - 260,000 customers

Elgas (Australia):

- 50% investment in Australia's largest domestic marketer of LPG
- 350,000 customers

CSM Energy (Australia):

- 35% investment in coal mine methane extraction company

Torrens Energy (Australia – SA)

- 9.9% investment in Geothermal developer with associated Geothermal development agreement

Galilee Basin (Australia – QLD)

- Investment in CSG production pilot and exploration appraisal program in Galilee Basin
- 50% interest in exploration tenement ATP529P

1. 1 PJ (Petajoule) = ~0.95 BCF (billion cubic feet)

PNG

Upstream Gas

- ~ 3.6% equity in proposed LNG project
- Investment for sale, anticipated financial close by 31 December 2008



SOUTH AUSTRALIA

Customer Accounts

- 75,400 gas
- 449,700 electricity

Generation

- Torrens Island – Gas (1,280 MW)
- Hallett 1 Wind farm - (95 MW off take)
- Hallett 2 Wind farm - (71 MW under construction)
- Wattle Point Wind Farm (90.8 MW off-take)
- Angaston – Diesel (49 MW off take)

Upstream Gas

- Cooper Basin – 452 PJ (contract)

QUEENSLAND

Customer Accounts

- 73,100 gas
- 452,300 electricity

Generation

- Yabulu – Gas (242 MW – 50% AGL) Dispatch Rights
- Oakey – Gas (282 MW) Dispatch Rights
- Moranbah – Gas (12 MW)

Upstream Gas

- Moranbah Project (50% equity) – 277 PJ
- Bowen / Surat Basin – 1,612 PJ (Contract)
- QGC – (24.9% equity) 481 PJ

NEW SOUTH WALES

Customer Accounts

- 759,700 gas
- 286,500 electricity

Generation

- AGL Hydro (62.2 MW)

Upstream Gas

- Sydney Basin – (50% equity) 41 PJ & 113 PJ (contract)

ACT

Customer Accounts

- 110,000 gas
- 154,000 electricity

VICTORIA

Customer Accounts

- 500,700 gas
- 624,000 electricity

Generation

- AGL Hydro (583.3 MW) & Bogong Expansion (140MW)
- Somerton – Gas (150MW)
- Loy Yang A – Coal (32.5% OF 2,120 MW)

Upstream Gas

- Gippsland Basin – 968 PJ (contract)
- Otway Basin – 286 PJ (contract)

» Europe & UK Investor Roadshow

» September 2008

» AGL External

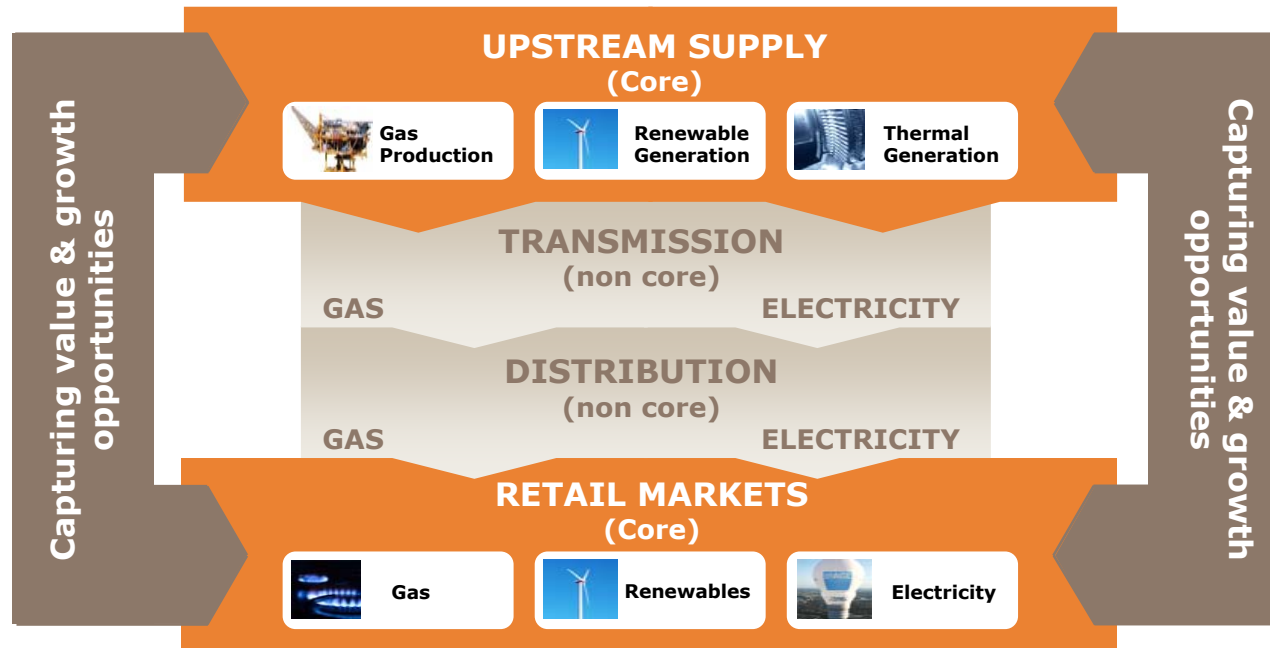


The AGL Integrated Strategy.

Balancing risk between upstream supply and retail markets, providing access to multiple profit pools.

Upstream Gas:

- > Direct ownership of ~2,000 PJ (2P) over the medium term
- > Essentially CSG strategy
- > Disciplined decision around trade-off between acquiring gas and EPS impacts
- > Will continue to contract if achieves superior outcome



Generation:

- > Currently ~3,700 MW of capacity owned and/or operated & under construction (~220 MW)
- > Medium term target of ~6,000 MW
- > Achieve 60-70% of load (capacity) internally covered to deliver desired portfolio outcomes

Market Leadership:

- > Potential base of 4 to 5 million customers given any participation in NSW privatisation
- > Customer base / channel to market important in leveraging upstream strategy & achieving retail economies of scale
- > Ultimate focus on managing and growing margin, not specific customer number targets

» **Europe & UK Investor Roadshow**

» September 2008

» AGL External



FY08 Result Overview.

Delivering on guidance, delivering on strategy.

Operational

Retail:

- > Margin growth (+0.6%), net customer account growth (+33,600) and dual fuel account growth (+50,000)
- > Driving down cost to serve customers

Merchant:

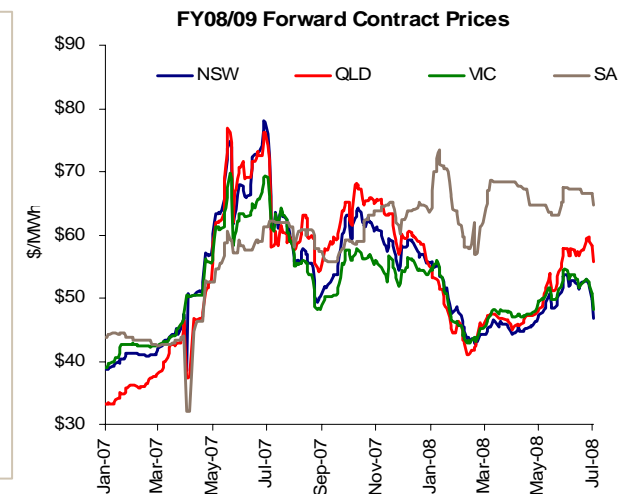
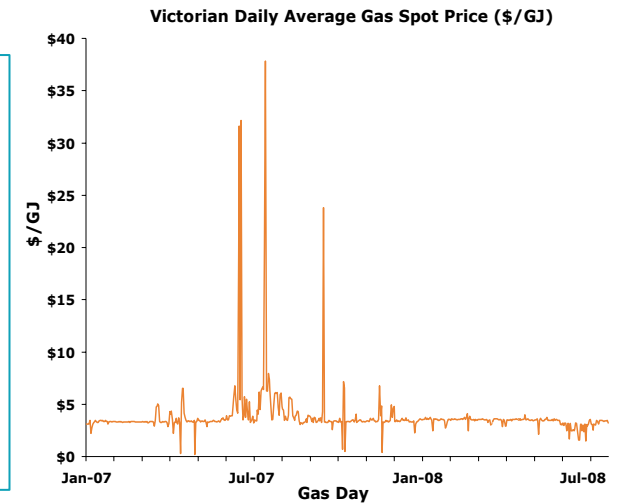
- > Hedge book continuing to perform extremely well
- > Growing generation portfolio continues to deliver strong performance
- > Wholesale gas book robust, delivering ongoing flexibility and diversity

Gas & Power Development:

- > Renewable developments on schedule and on budget
- > CSG investments and operations contribution growing
- > PNG investment undergoing formal sale process – highly competitive

Strategic

- > Non core asset sales completed: AlintaAGL, GasValpo & North QLD Pipeline,
- > Torrens Island Power Station acquisition completed and integrated
- > Continued growth in market leading renewable portfolio
- > Phoenix change program on track and delivering early benefits
- > Hallett 1 wind farm complete, Hallett 2 wind farm development committed, Hallett 3 wind farm and Hallett 4 wind farm development rights secured. Macarthur JV Deed completed
- > Oakey, Condamine & Yabulu generation transactions
- > QSN & Berwyndale to Wallumbilla gas pipelines to commercialise Qld gas
- > Enertrade merchant gas acquisition
- > **Post balance date:** Torrens Energy Geothermal alliance, Galilee CSG pilot & exploration, Allco wind farm development portfolio, Hallett 2 wind farm sale



» **Europe & UK Investor Roadshow**

» September 2008

» AGL External



FY08 Result Overview.

Delivering on guidance, delivering on strategy.

| | 12 months to \$m | 30 June 2008 | Pro forma ¹ 30 June 2007 | Change |
|-----------|-----------------------------------------|----------------|----------------------------------------|--------|
| Financial | Revenue | 5,653.5 | 4,773.9 | 18% |
| | Operating EBITDA | 871.8 | 747.2 | 17% |
| | Operating EBIT | 703.2 | 574.7 | 22% |
| | Net finance costs | (175.9) | (98.7) | 78% |
| | Underlying NPAT | 355.5 | 330.4 | 8% |
| | Underlying basic EPS (cents) | 81.6 | 78.4 | 4% |
| | Final dividend per share (cents) | 27.0 | 26.0 | 4% |
| | Total annual dividend per share (cents) | 53.0 | 35.5 ² | - |
| | Franking | 100% | 100% | - |

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External

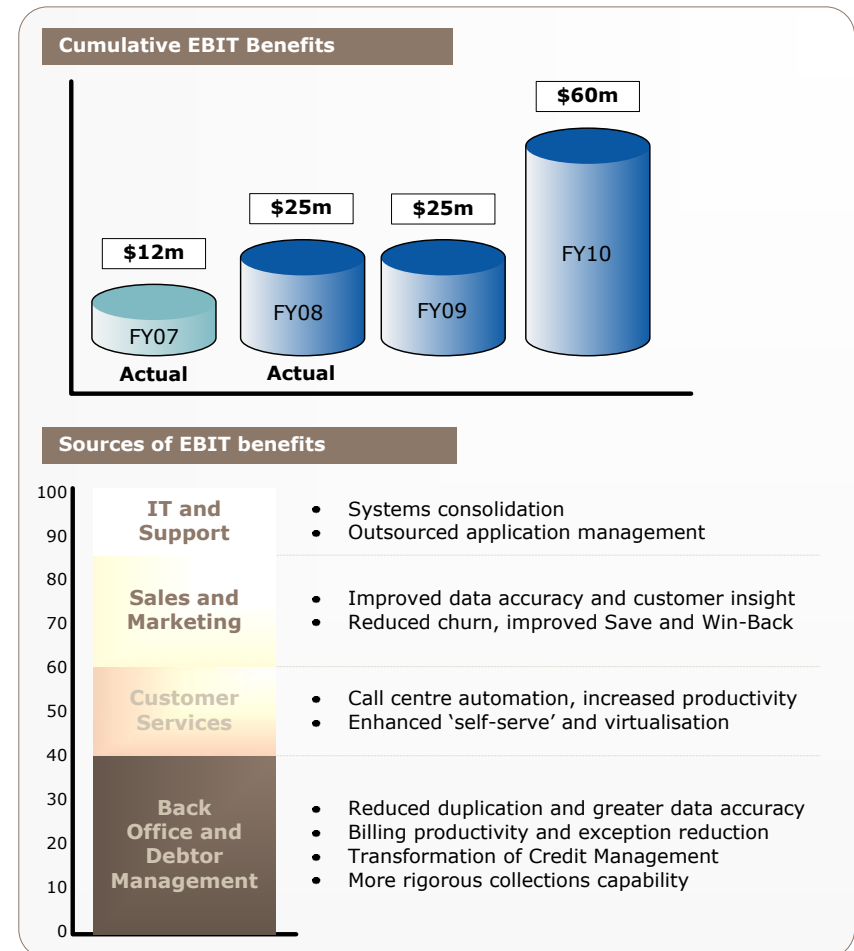
1. AGL Energy Limited (AGL) was formed October 2006 following the demerger from The Australian Gas Light Company. Accordingly pro forma numbers for the year ended 30 June 2007 have been detailed throughout this presentation.
2. Represents period from formation of AGL Energy Limited 26 October 2006 through to 30 June 2007.



Retail - Industry Leading Model.

Phoenix SAP solution delivers world class, competitive capability at industry-leading cost to serve.

- > **Capture full synergy benefits**
 - » Secure economies of scale moving to a single customer service and marketing platform
- > **Reduce IT complexity & cost**
 - » Retire multiple legacy applications – shift to strategic sourcing of IT infrastructure & applications management
- > **Drive margin growth**
 - » Capture operational & system-driven efficiencies – increase level of automated service delivery
- > **Create basis for differentiation**
 - » Build `single view of customer' capability – operationalise customer value segmentation – differentiate AGL's service & product offerings based on customer value & market profitability



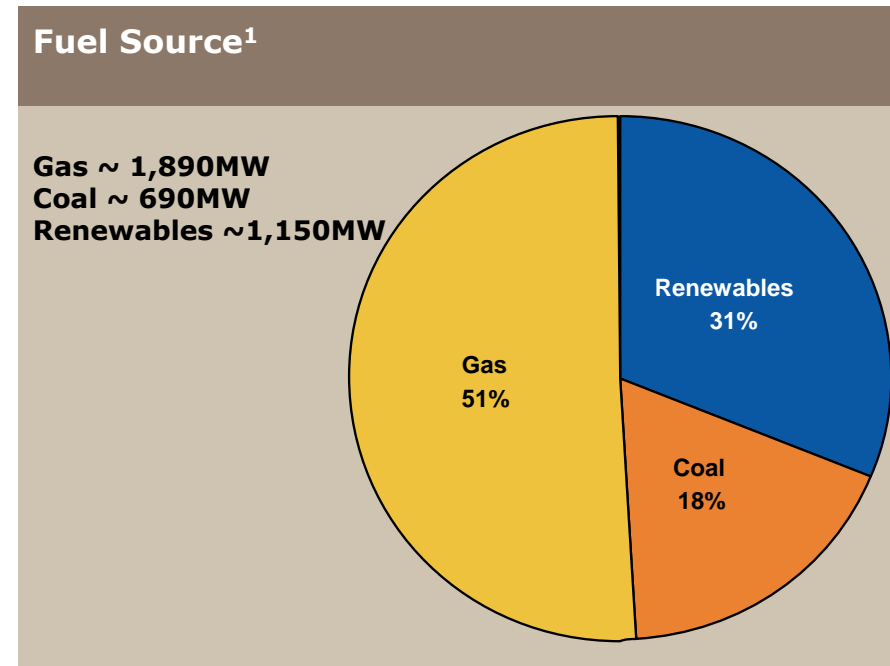
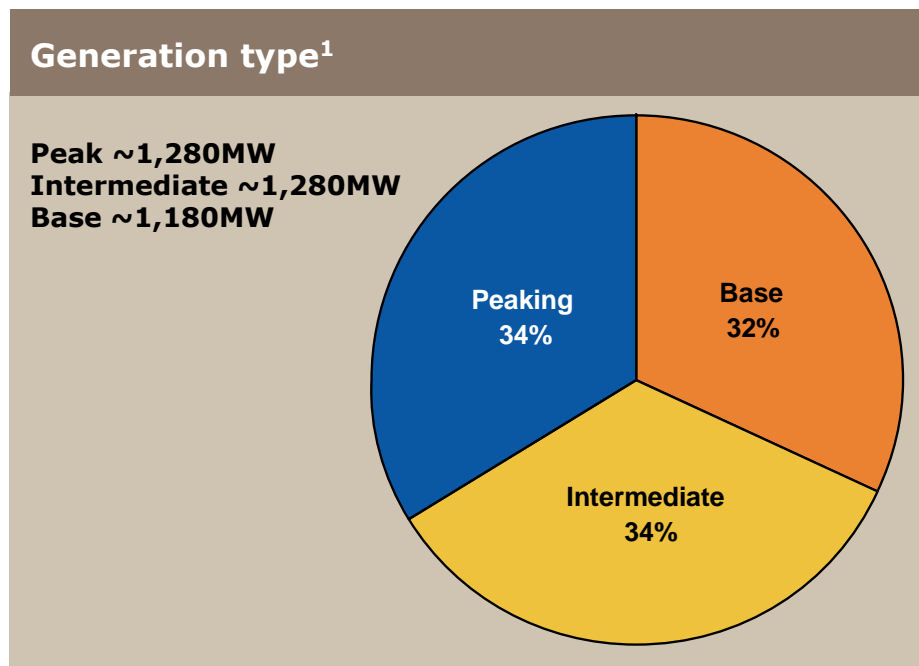
- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Generation – Building a Balanced Portfolio.

Diversity mitigates market risks & benefits from a carbon constrained future.

- › Diversity of fuel type - renewables, gas & coal
- › Diversity of generation type – base, intermediate & peak
- › Diversity of geography – across all NEM states/nodes



- › **Europe & UK Investor Roadshow**
- › September 2008
- › AGL External

1 = Owned & / or operated including plant under construction (~221MW)



Building a Competitive Upstream Gas Portfolio.

QGC (AGL equity 24.9%):

- › AGL 640 PJ, 20-year GSA commenced and is ramping up – AGL has a further 100 PJ option it has yet to exercise
- › QGC announced 2P reserves increase to 1,932 PJ

Moranbah (AGL acreage interest 50%):

- › Arrow announced 18% increase to 2P reserves at Moranbah
- › Integrating and leveraging recently acquired North Queensland Energy business

Sydney Basin (AGL acreage interest 50%):

- › **Camden:** Production gradually ramping up - well design moving to predominantly dual lateral SIS wells (15 of these wells are planned to be drilled over next 18 months)
- › **Hunter:** Core hole exploration drilling underway – accelerated certification program targeting 450-500 PJ 2P reserves in 2009 (AGL share 225-250 PJ)

| AGL Share of CSG Reserves (PJ) | | |
|--------------------------------|------------|--------------|
| | 2P | 3P |
| QGC (24.9%) | 481 | 1,427 |
| Moranbah (50%) | 277 | 867 |
| Camden (50%) | 41 | 54 |
| TOTAL | 799 | 2,348 |

- › **Europe & UK Investor Roadshow**
- › September 2008
- › AGL External

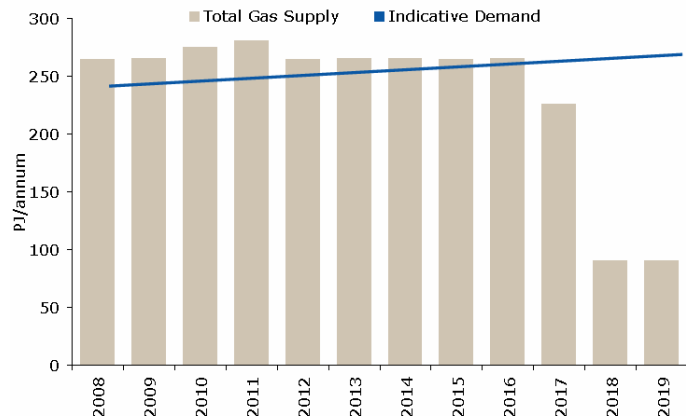


Wholesale Gas.

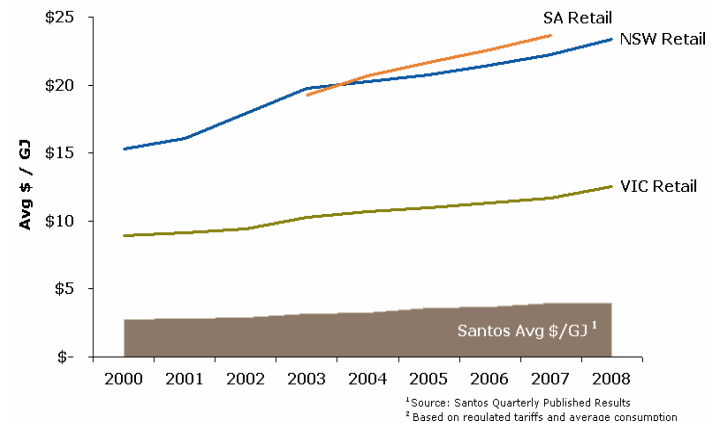
Portfolio duration, flexibility & mechanisms delivering margin maintenance.

- > Rolling buy long / sell short portfolio strategy: portfolio includes flexible ACQ 'up & down', MDQ, ToP, alternative delivery points, access to flexible storage & haulage providing market delivery optionality
- > Market price reviews, fixed price and capped contracts ensure ongoing, sustainable competitiveness
- > Independent arbitrators ultimately determine contract price with reference to 3rd party gas supply contracts:
 - » Formal arbitration underway for Origin contract, anticipate Cooper Basin contract to go to arbitration 1HFY09
- > Regulators reflect wholesale gas price escalation in tariffs if retailer can demonstrate prudent portfolio management:
 - » NSW IPART tariff increase 5.24% on 1 April 2008

AGL wholesale contracted gas supply



Retail Prices 'Rail Track' Wholesale Costs

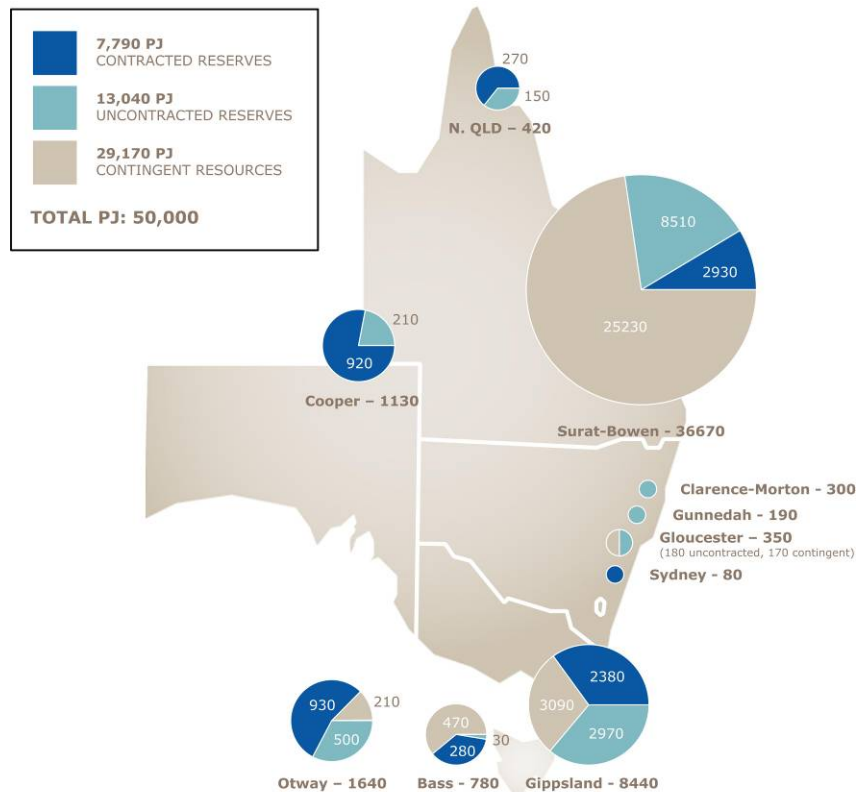


- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



East Coast Gas - Substantial Reserves & Duration.

Security of supply given quantum of ongoing Eastern Australia gas reserves.



SOURCE: EnergyQuest (August 08), AGL estimates

Eastern Australia 2P gas reserves and contingent resources total 50,000 PJ of which only ~16% are contracted:

- > Further increases are likely, particularly CSG reserves and resources
- > Supply covers current domestic gas sales (~640 PJ pa) for over 70 years
- > Could cover potential domestic gas sales and LNG exports¹ of ~1,200 PJ pa for over 30 years

1. Based on three LNG trains.

- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External



PNG – Sale Process Update.

Strong interest in PNG divestment.

- > Process & indicative timing:
 - » Expressions of interest including non-binding bids closed 30 June 2008
 - » Binding offers due mid September 2008
 - » 30 to 45 day pre-emptive process follows
 - » Financial close by 31 December 2008
- > Financial details:
 - » Sale proceeds tax free in both PNG & Australia:
 - AGL investment held in PNG domiciled vehicle – no CGT payable in PNG
 - Australian tax system provides CGT exemption for active business investments in foreign countries
 - » ~2.2m bbl hedged at ~US\$66/bbl beyond 31 December 2008:
 - Position to be closed and netted against sale proceeds



- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External

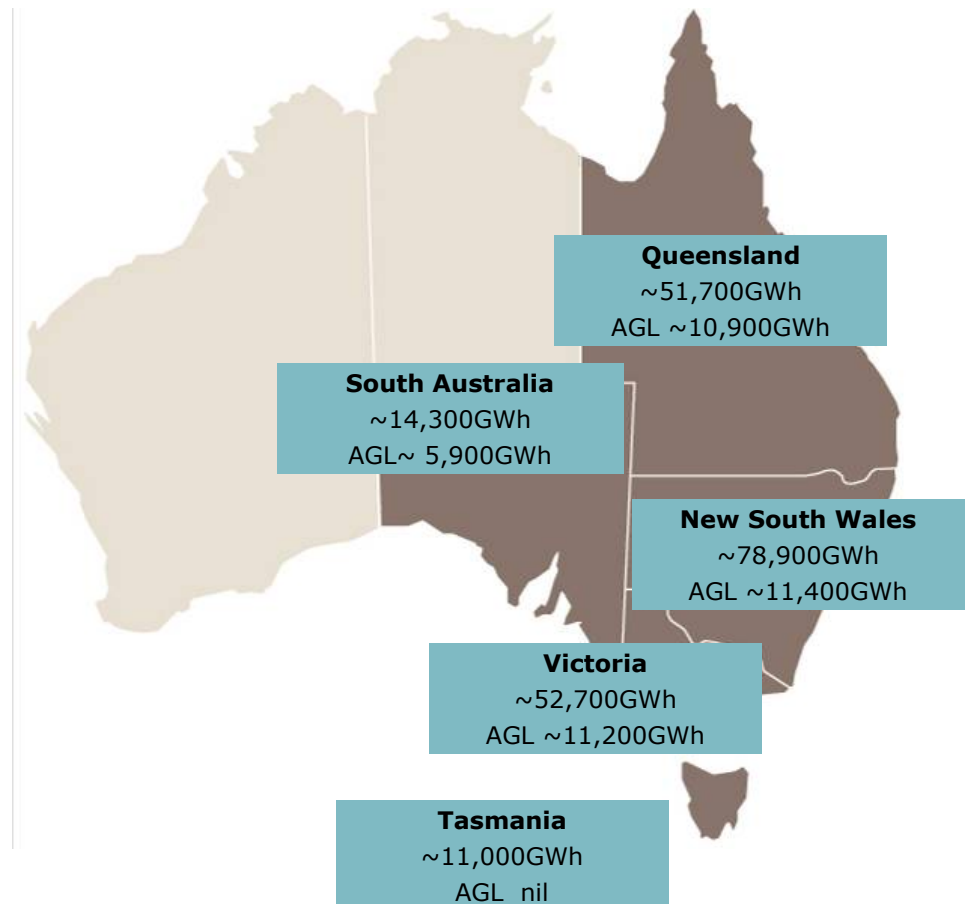


Australian Energy
Landscape & Renewable
Policies



Australia's National Electricity Market (NEM).

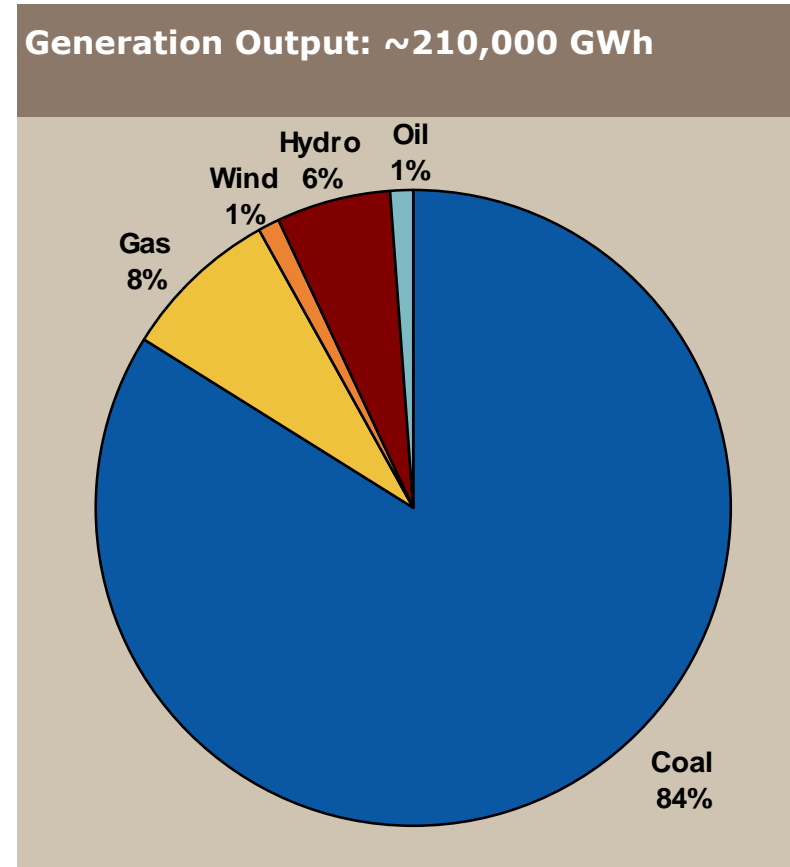
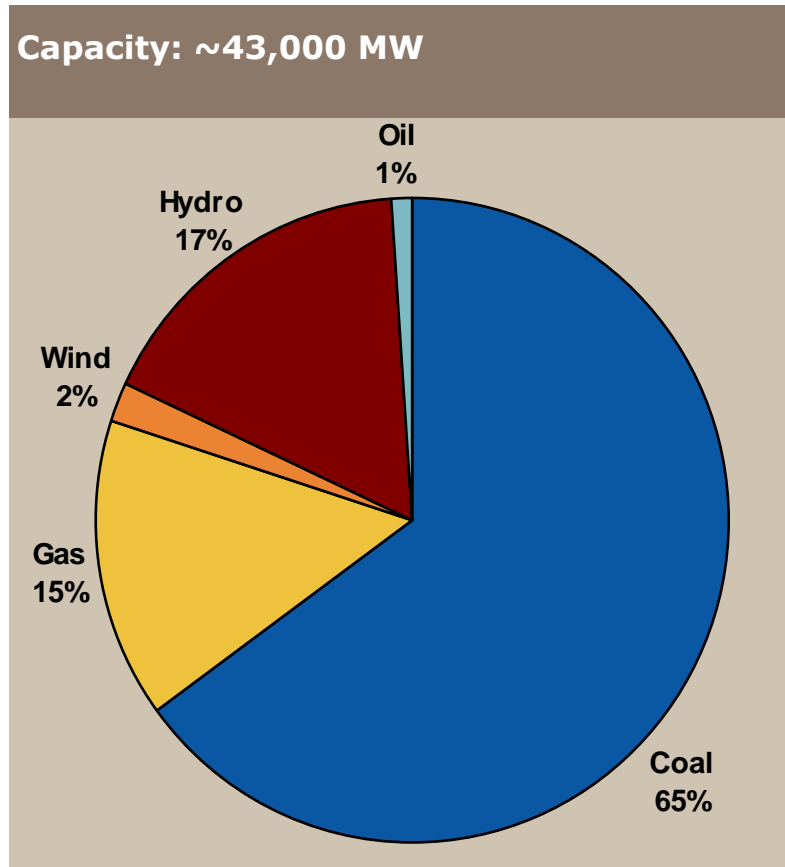
- > National Electricity Market (NEM) began operating as a wholesale market for supply of electricity to retailers and end-users in 1998
- > World's longest interconnected power system – 4,000 km (2500 miles)
- > Exchange between electricity producers & electricity consumers facilitated through pool - output from all generators aggregated & scheduled to meet demand.
- > Market operates with a price cap of \$10,000 per MWh (VoLL = Value of Lost Load)
 - » Dispatch price every 5 mins, 6 dispatch prices every 30 mins to determine spot price for each trading interval for each NEM region



- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External

Australian NEM Generation Mix.

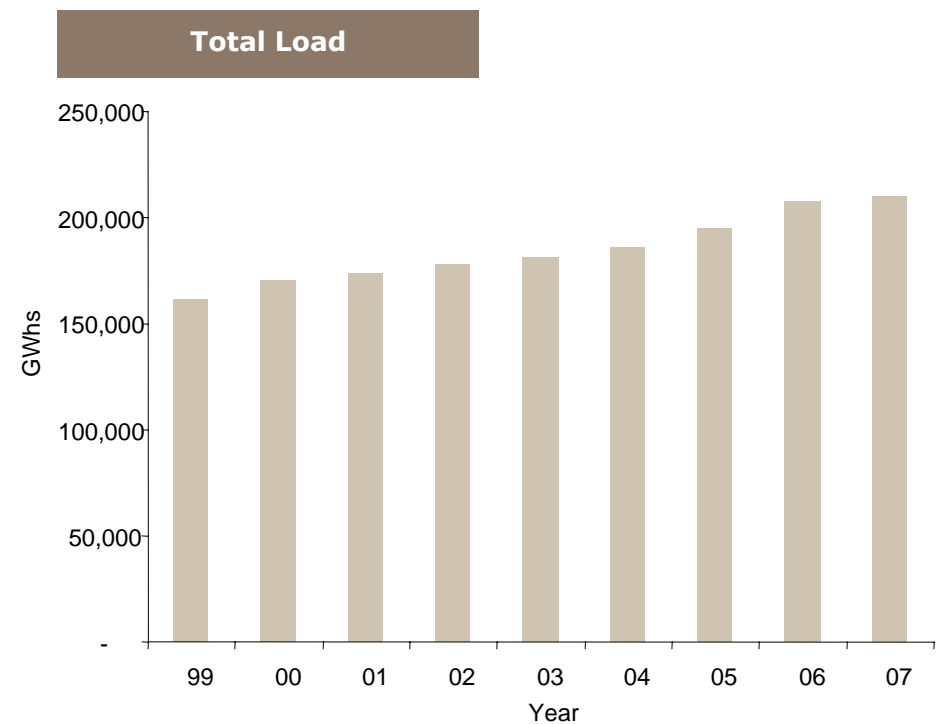
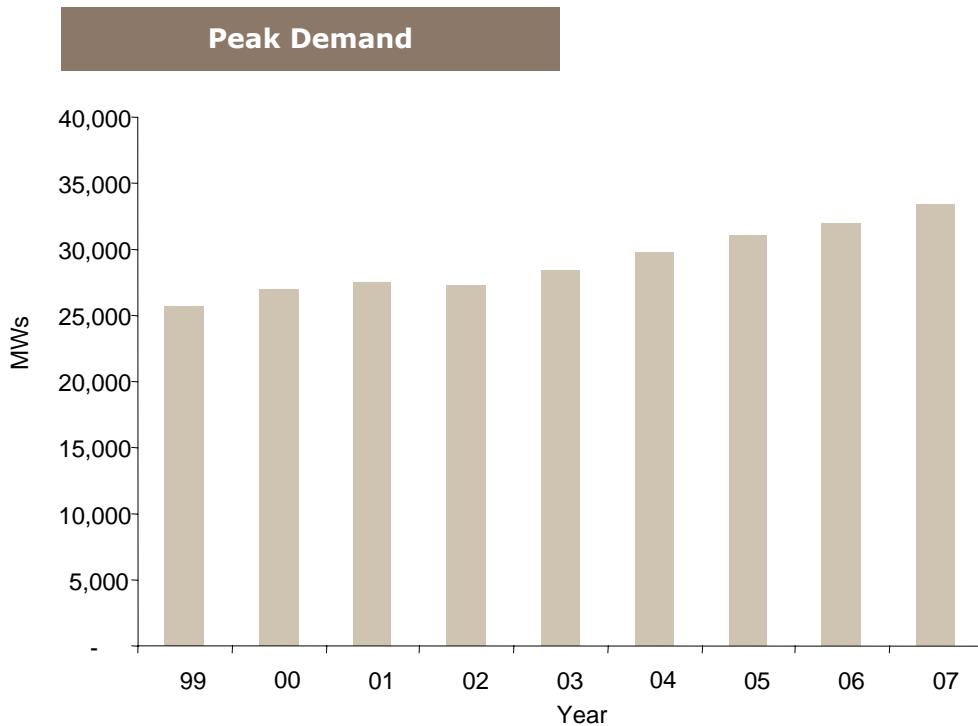
Coal dominates the current Australian landscape.



- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External

Australian NEM Generation Demand Growth.

Average growth in peak demand and total load of ~3% p.a.

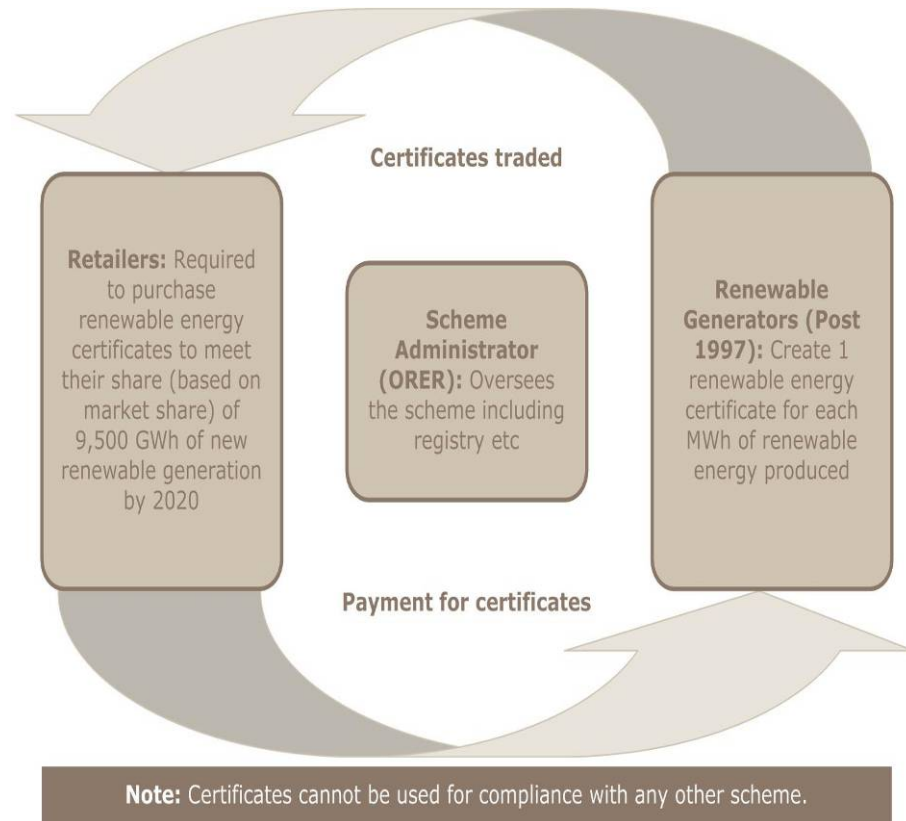


- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Current Renewable Legislative Landscape.

Disparate collection of state and federal based policies.



- > The Mandatory Renewable Energy Target (MRET) requires all retailers (& wholesale purchasers) to purchase set proportion of their energy from 'new renewable' generation (post 1997 – Renewable Power Percentage multiplied by sales)
- > By 2010, retailers in total required to purchase 9,500 GWh of new renewable generation
- > Retailers purchase Renewable Energy Certificates (RECs) to comply with their obligation – 1 REC equals 1 MWh of renewable generation
- > Retailers cannot use MWh of renewable energy to meet both GreenPower demand and obligations under MRET
- > Penalty charge is \$40 per MWh shortfall (tax effective \$57)

Proposed Renewable Legislative Changes.

Federal Government to legislate two schemes – Expanded RET & Carbon Pollution Reduction Scheme (CPRS).

Expanded Renewable Energy Target (RET) scheme (Expanded RET previously called MRET)

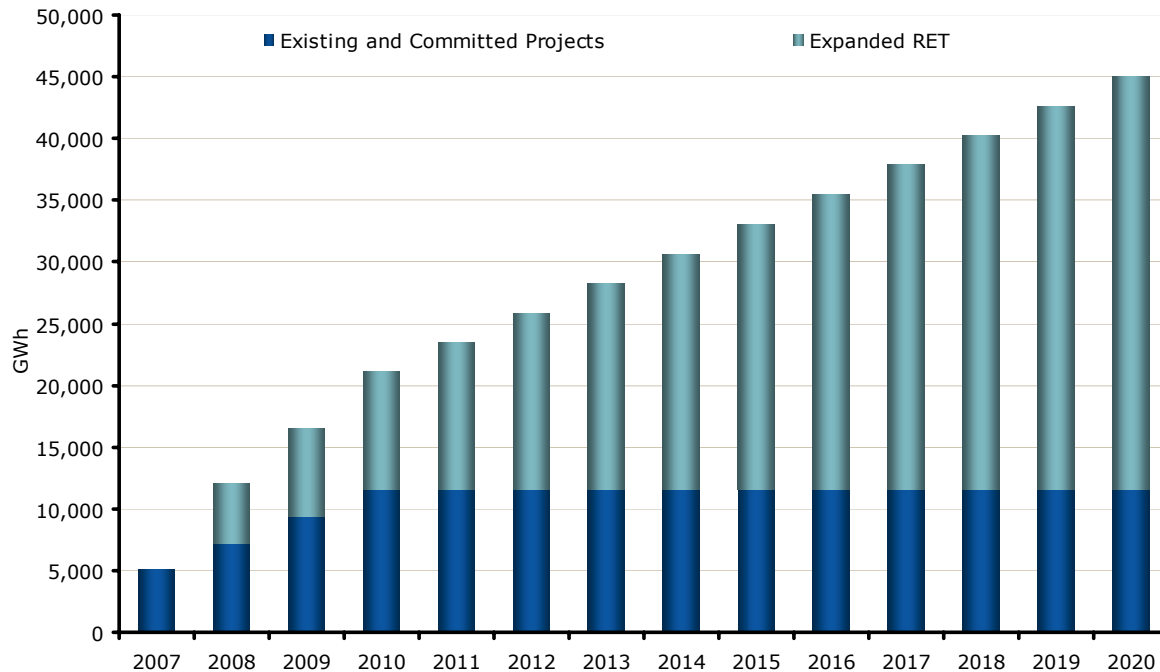
- > Target to increase from 9,500 GWh in 2010 to 45,000 GWh in 2020
 - » Awaiting details of trajectories to be adopted
 - » Legislation anticipated to go before Federal Parliament 2008/09

Carbon Pollution Reduction Scheme (CPRS)

- > Scheme to commence on 1 July 2010 and operate on a financial year basis with annual compliance obligations
 - » To be a 'Cap & Trade' scheme - permits will be created and will reflect a cap on total Australian greenhouse gas emissions
 - » Businesses required to purchase permits for each tonne of greenhouse gasses emitted
 - » Scheme to have a price cap (i.e. penalty) for first 5 years
 - » At commencement of scheme Government to announce minimum 5 years of firm targets and a further 10 years of gateways with 1 further firm yearly target announced each year
 - » Transitional assistance for coal generators to be determined through Electricity Sector Adjustment Fund
 - » Passage of draft legislation in mid 2009 and consultation on supporting regulations during 2009

Required Renewables Growth.

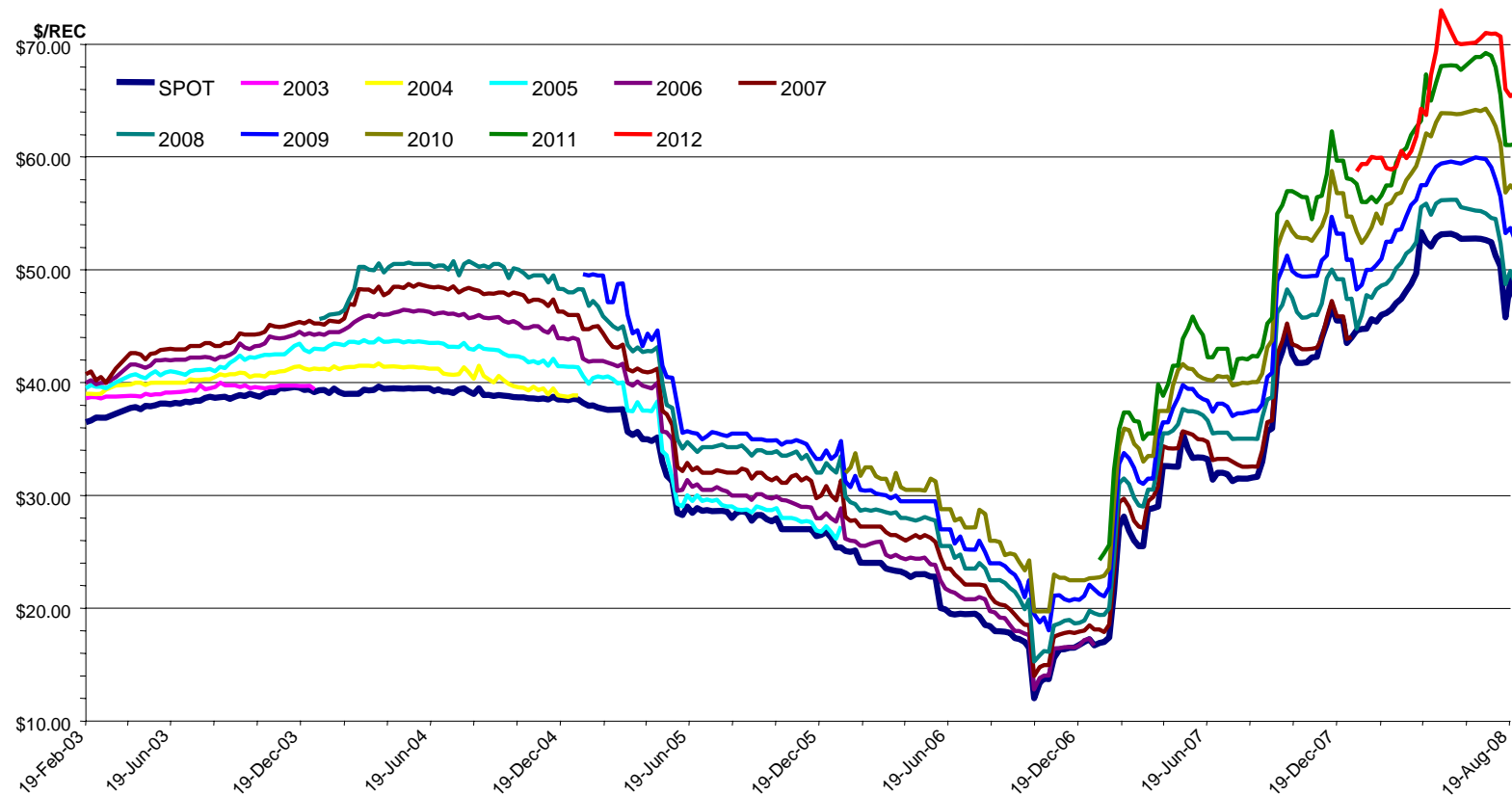
Expanded Renewable Energy Target (RET).



- > New federal Government Policy – by 2020 an additional 35,500 GWh p.a. of renewable energy required to meet the target of 45,000 GWh p.a.
- > If all new capacity is wind, implies ~12,000 MW of new renewable capacity
- > Total investment value of implied capacity ~\$27 billion:
 - » based upon 35% capacity factor & \$2.3 million per MW
- > Trajectory to reach target yet to be announced

Renewable Energy Certificates (RECs).

Expanded RET to put upward pressure on pricing.



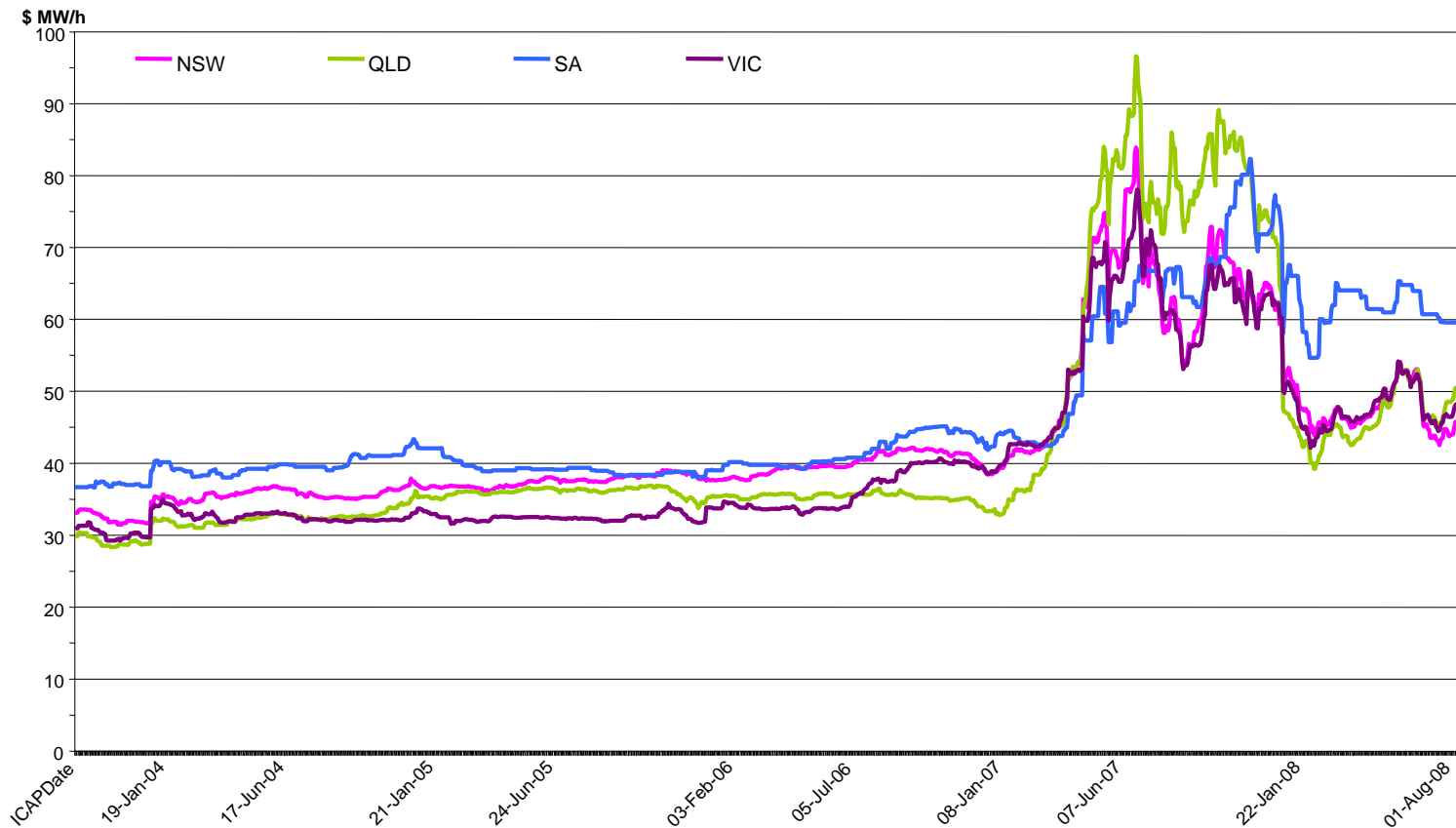
- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External

Source: AFMA price chart



Electricity Flat Forward Price Curve (Calendar year contract).

Carbon, coal pricing and electricity demand growth to drive pricing.



- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External

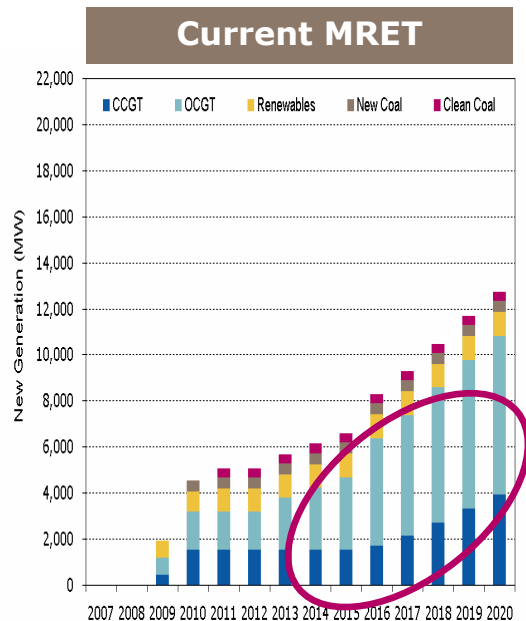
Source: ICAP



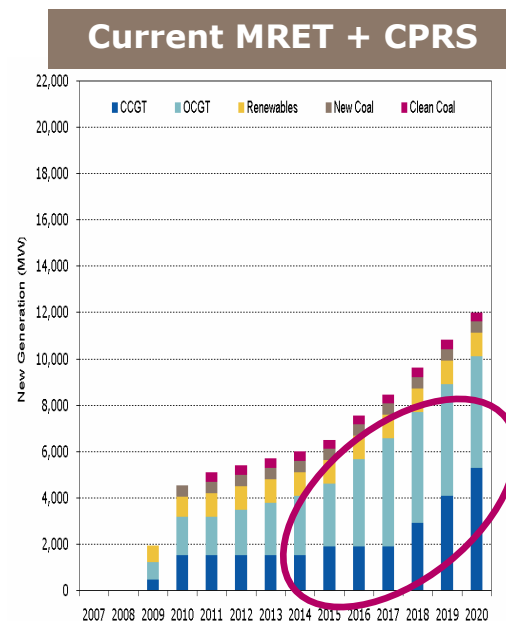
Required Renewables Growth.

Indicative new build generation mix dominated by renewables.

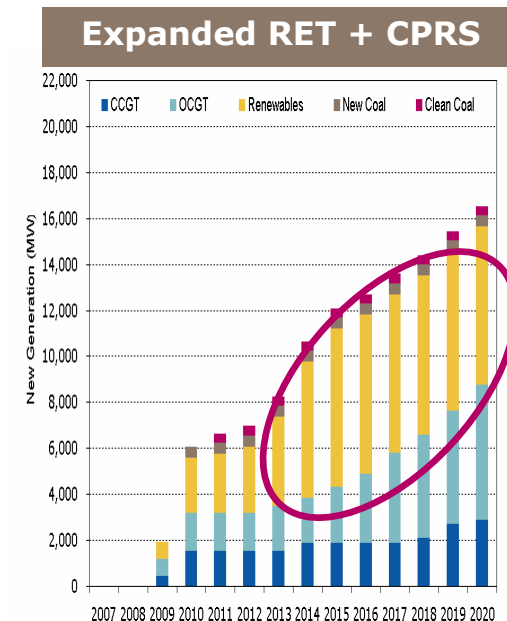
- › Investment in renewable generation under expanded RET displaces gas fired generation and moderates gas demand as a transitional fuel.



- › CCGT ~ 3,900 MW
- › OCGT ~ 6,900 MW
- › Renewables ~ 1,000 MW
- › Balance coal



- › CCGT ~ 5,300 MW
- › OCGT ~ 4,800 MW
- › Renewables ~ 1,000 MW
- › Balance coal



- › CCGT ~ 2,900 MW
- › OCGT ~ 5,900 MW
- › Renewables ~ 6,900 MW
- › Balance coal

Source: AGL Internal Modelling

- › **Europe & UK Investor Roadshow**
- › September 2008
- › AGL External

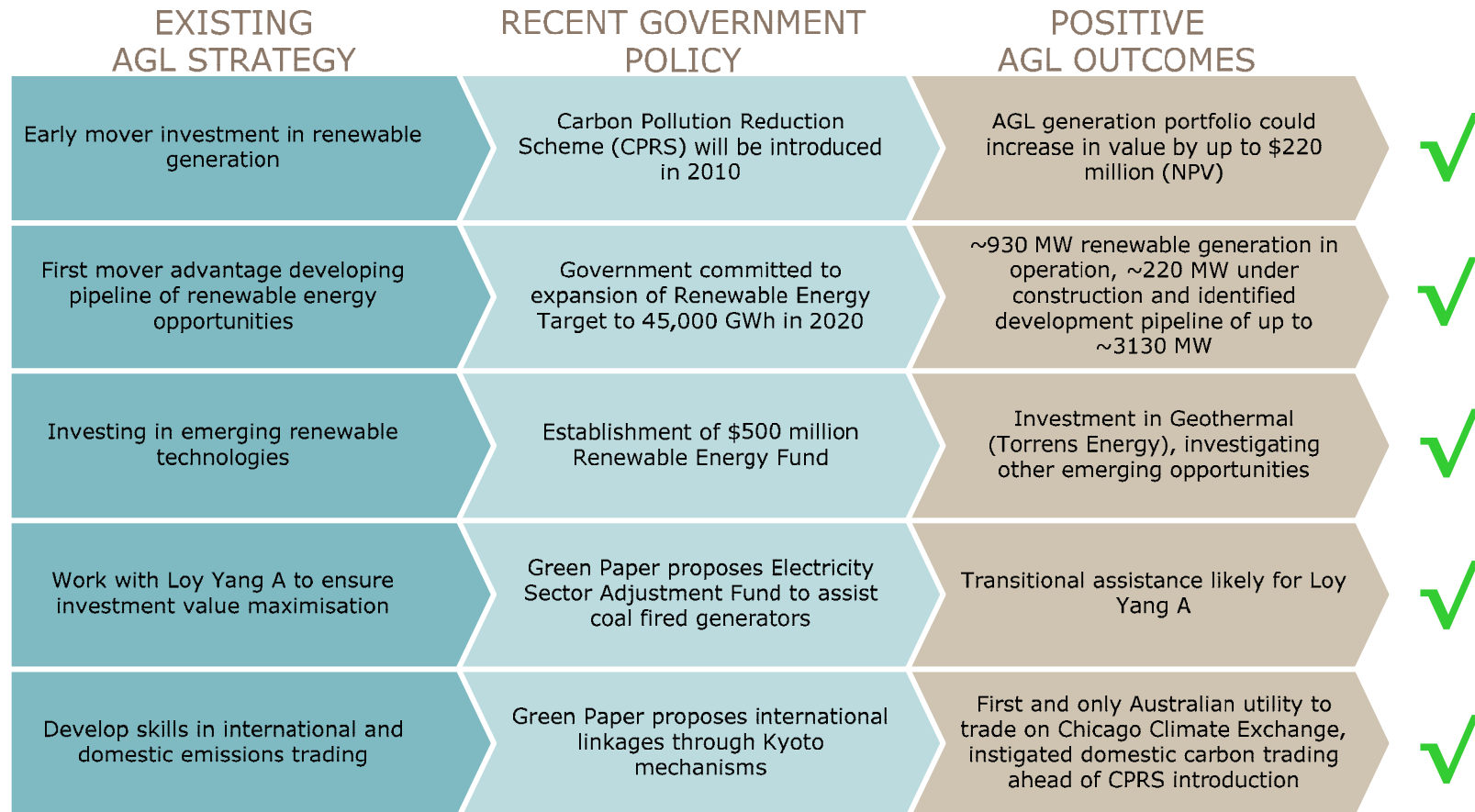


AGL Renewable Positioning and Portfolio Opportunities



AGL & Carbon – First Mover advantage.

AGL's existing strategy consistent with and benefits from recent Government announcements.

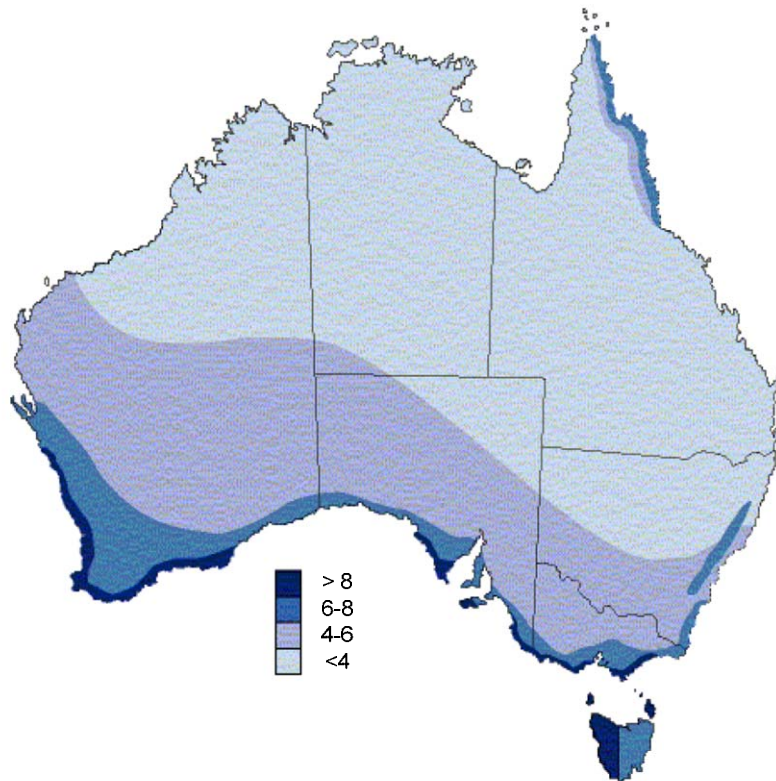


- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Australia - World Class Wind Resource.

Average wind speeds (metres per second)



Source: CSIRO

- > Wind resource is best in Tasmania and areas in Western Australia, South Australia and Victoria
- > NSW, Queensland and the Northern Territory have limited large scale wind potential
- > The best wind sites are already accounted for in Tasmania, South Australia and Western Australia
- > AGL has achieved first mover advantage locking down identified sites with leading project economics

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Renewable Growth Opportunities.

Deep and diverse portfolio options.

| | Project | Nominal capacity (MW) | Location | Type | Earliest operational date | Project Definition | Status |
|----------------------|-----------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------------|-------------------------|-----------|
| Renewable Generation | Bogong | 140 | Victorian Alps | Hydro | Oct 09 | Under Construction | Committed |
| | Mackay Creek | 10 | Victorian Alps | Hydro | Oct 09 | Under Construction | Committed |
| | Hallett 2 | 71 | SA - Hallett | Wind | Jan 10 | Under Construction | Committed |
| | Hallett 3 | 117 | SA - Hallett | Wind | 2011 | In Development | Probable |
| | Hallett 4 | 189 | SA - Hallett | Wind | 2010 | In Development | Probable |
| | Hallett 5 | 53 | SA - Hallett | Wind | - | In Development | Probable |
| | Macarthur | 330 | VIC - West | Wind | 2010 | JV with Meridian Energy | Probable |
| | Crows Nest | 150 | QLD - Toowoomba | Wind | - | In Development | Probable |
| | Ben Lomond | 150 | NSW - Armidale | Wind | - | In Development | Probable |
| | Worlds End | 180 | SA - Burra | Wind | - | In Development | Possible |
| | Other | 10 Projects totalling up to 1963 | Various | Various | - | Under Review | Possible |
| | Geothermal (Torrens Energy) | | 9.99% cornerstone shareholding in TEY and Geothermal Alliance Agreement (GAA) to commercialise potential base load geothermal projects. Competitive heat flows comparable to Cooper Basin and permits located close to NEM transmission | | | | |

- › **Probable Projects:** AGL holds development rights or project under development
- › **Possible Projects:** AGL seeking to secure project development rights

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Generation & Upstream Gas Growth Opportunities.

Deep and diverse portfolio options.

| | Project | Nominal capacity (MW) | Location | Type | Earliest operational date | Project Definition | Status |
|----------------|--------------|-----------------------|----------------------|-----------------|---------------------------|---------------------------------|----------|
| Gas Generation | Leaf's Gully | 350 | NSW - Appin | Gas Peaker | 2011 | Permitting | Probable |
| | SEQ1 | 350 | SE QLD - Ipswich | Gas Peaker | 2011 | Site Secured, pre-feasibility | Probable |
| | SEQ2 | 350/800 | SW QLD - Kogan | Gas Peaker/CCGT | 2012 | Site acquired, pre-feasibility | Possible |
| | NQ Peaker | 350 | Nth QLD - Townsville | Gas Peaker | 2011 | Site acquired, pre-feasibility | Possible |
| | Other | 700 | Various | Gas Peakers | 2011 | Sites acquired, pre-feasibility | Probable |

| | | |
|--------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gas Upstream | Sydney Basin JV (AGL 50%) | Forward focus is now on developing prospective Hunter region |
| | Moranbah JV (AGL 50%) | Continuing to explore further development opportunities in North Queensland following Enertrade acquisition |
| | QGC equity (AGL 24.9%) | Equity investment provides optionality – ultimate strategy to acquire acreage interest (QGC or other) |
| | Galilee Basin | Investment in CSG production pilot and exploration and appraisal program in Central Queensland Galilee Basin. Farm in agreement over two stages to acquire 50% interest in exploration tenement ATP529P |
| | Gas Infrastructure | Rights acquired to develop Central Queensland pipeline with Arrow, QSN Link pipeline enables Queensland gas to be brought into New South Wales & South Australia markets in 2009, Berwyndale to Wallumbilla pipeline linking QGC gas to Wallumbilla. AGL facilitates infrastructure development – but is not a long term holder of these assets |
| | Additional | Actively investigating further domestic gas opportunities: production and exploration assets in Eastern Australia; seek leveraged entry positions into CSG and conventional gas sectors through gas off take contracts; investigating LNG peak plants and storage in South Australia, New South Wales and Queensland |

- > **Probable Projects:** AGL holds development rights or project under development
- > **Possible Projects:** AGL seeking to secure project development rights

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



AGL Carbon Solutions.

First mover advantage & differentiating in a developing market.



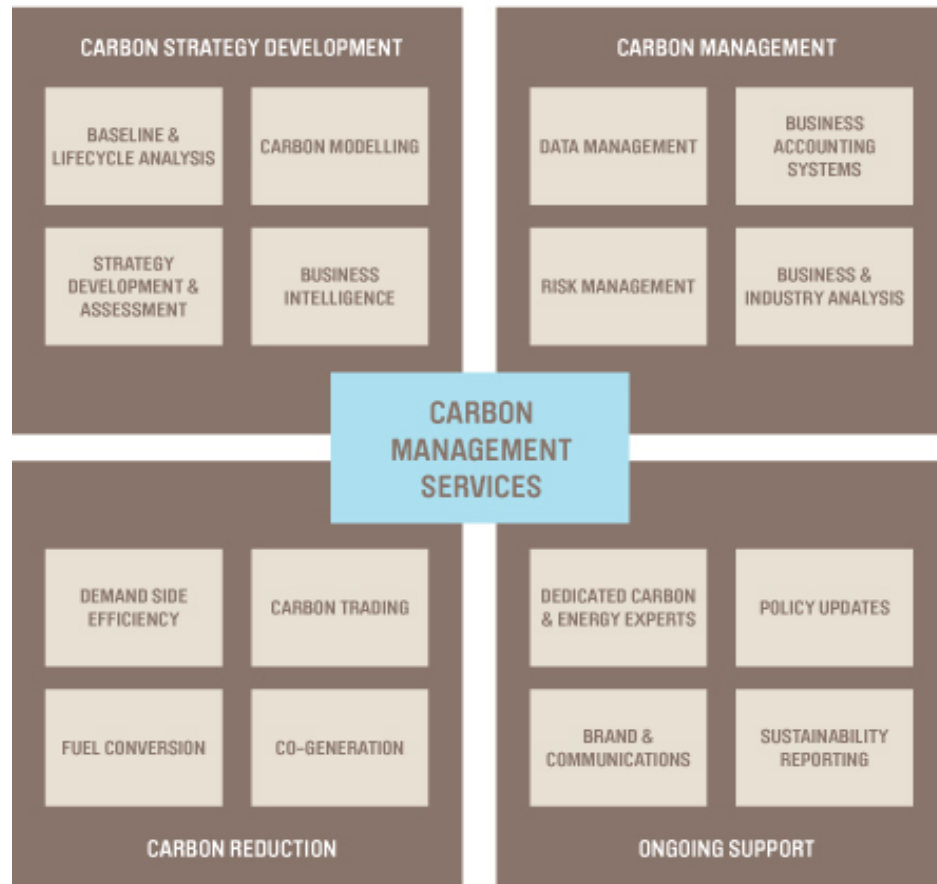
- > In preparation for a carbon constrained environment and to capitalise on AGL's industry leading IP, the AGL Carbon Solutions team has been created to drive strategy & business initiatives related to carbon markets & policy through thought leadership
- > Strategy & growth initiatives developed through:
 - > Anticipating & managing policy change
 - > Identifying opportunities to create new markets
 - > Leverage opportunities in existing markets
 - > Superior modelling of carbon & energy markets
- > Capitalisation of growth opportunities through:
 - > Engaging with key business units to deliver growth
 - > Enhancing organisation readiness for carbon markets
- > Achievement of opportunities will occur through the knowledge, skills and capabilities of AGL's expert Carbon Solutions team

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



AGL Carbon Management Services.

First mover advantage & differentiating in a developing market.



- » Carbon Management Services is a service offering to major emitters
- » Service offering leverages AGL's existing customer base, skills and expertise to deliver end to end carbon management solutions:
 - » Measurement & verification of emissions
 - » Development & implementation of strategies to reduce emissions
 - » Management of carbon liability
- » Development of CMS is a demonstration of the effectiveness of AGL Carbon Solutions in developing growth initiatives and the capability of AGL's existing business units to deliver these outcomes

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External

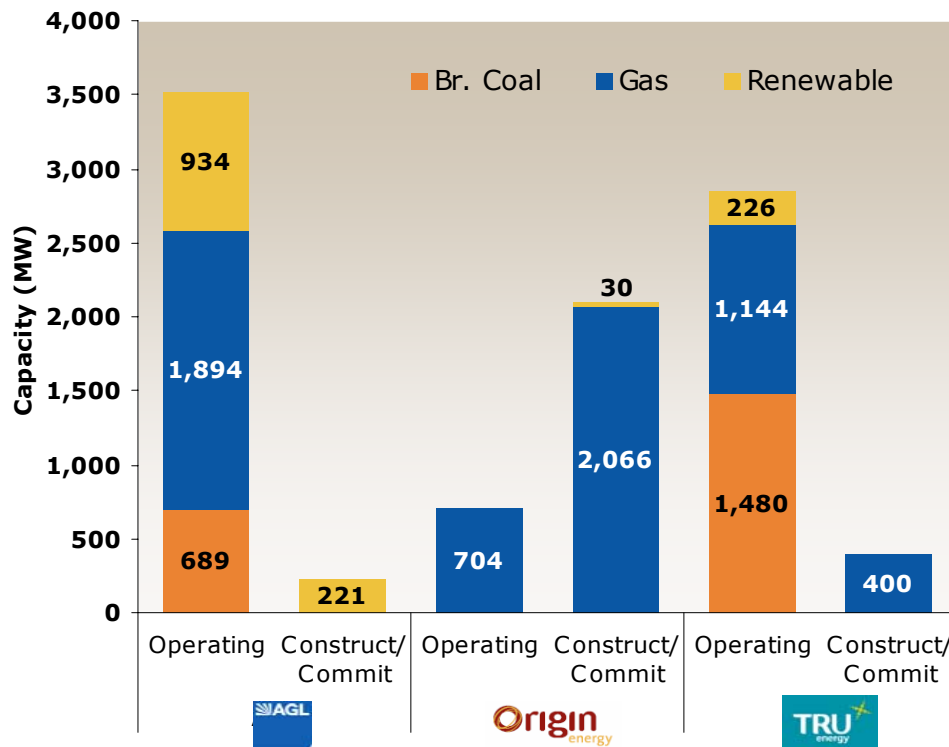
Outlook & Way
Forward.



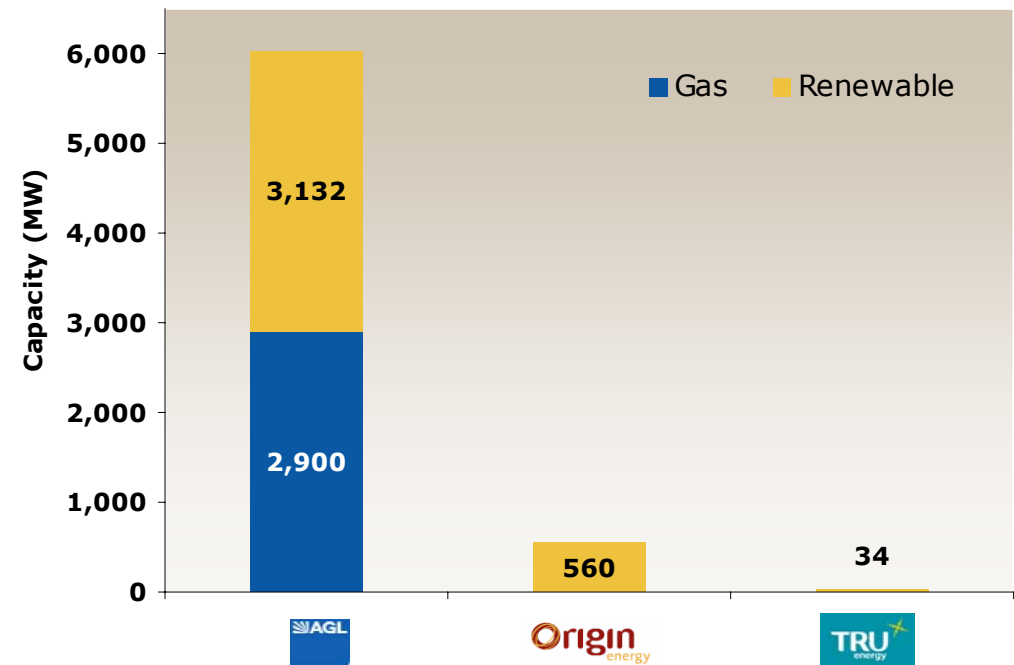
Industry Leading Generation Portfolio & Opportunities.

AGL's extensive renewable portfolio and development opportunities will deliver material competitive advantage in a carbon environment.

Generation - Operating & Committed



Generation - Development Opportunities



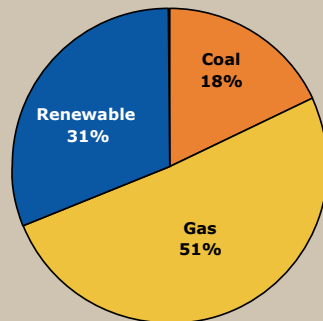
- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External



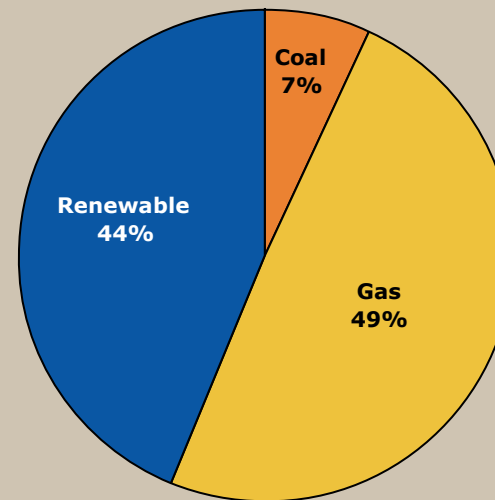
A Carbon Effective Portfolio.

Both the current & potential AGL generation portfolios are well positioned to deliver material upside in a carbon environment.

Current generation ~ 3,700 MW¹



Potential long term generation post development projects ~ 9,700 MW²



Post potential development projects

~49% of generation gas-fired

~44% of generation renewables

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External

1 = Owned & / or operated including plant under construction (~221MW)
2 = 1 + projects under consideration / development



Financial Outlook & Strategic Priorities.

Financial outlook

- > Existing FY09 underlying NPAT¹ guidance of \$360 to \$390 million remains unchanged
- > Further FY09 guidance (EBITDA & NPAT) to be provided at October AGM in accordance with policy announced December 2007:
 - » Enables more robust guidance following 1st quarter performance and post key winter trading months
- > Indicative dividend payout policy of ~60% of underlying NPAT
- > Non-core asset sales to have no material impact on FY09 underlying NPAT

Strategic priorities

- > Continued, disciplined roll out of integrated strategy.
- > Reshaping asset portfolio to maximise returns from integrated strategy in core markets
- > Continued strengthening of balance sheet with non core asset sales:
 - » On track to retain BBB credit rating
 - » Well positioned for future growth opportunities
- > Positioning to create value in a carbon constrained future
 - » Continue to exploit industry leading IP and progress development pipeline
- > Building world class retail capability.

1. Underlying NPAT guidance excludes fair value adjustments to hedging contracts and customer amortisation charges.

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Further Information / Contacts.

A range of information on AGL Energy Limited including ASX & Media Releases, Presentations, Financial Results, Annual Reports and Sustainability Reports is available from our website: **www.agl.com.au** or **www.aglinvestor.com**

alternatively, contact:

Graeme Thompson

Head of Investor Relations

AGL Energy Limited

phone: +61 2 9921 2789

mobile: +61 (0) 412 020 711

e-mail: gthompson@agl.com.au

-
- » **Europe & UK Investor Roadshow**
 - » September 2008
 - » AGL External



Supplementary
Information.



People & Safety.

A focus on employee engagement and safety.

- > Significant improvement in employee engagement over last 12 months as measured by independent Hewitt survey
- > Holistic approach to safety in the workplace and of employees:
 - » **Safe & Sustainable** – a key AGL value, elevating focus across business
 - » **HSE Committees** - 3 tiered approach – Board, Management & Staff
 - » **Life Guard Systems** – systematic framework for managing safety in accordance with key standards
 - » **“Look Think Act”** – three step risk assessment tool encouraging active employee safety actions
 - » **Fair treatment for all employees**

| Business Key Result Indicators | @30 Jun 08 | @31 Dec 07 | @30 Jun 07 |
|------------------------------------------------------|------------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) ¹ | 3.6 | 5.2 | 5.0 |
| Medical Injury Frequency Rate (MTIFR) ² | 3.4 | 4.0 | 2.0 |

1. Number of LTI in period x 1,000,000 DIVIDED BY man hours worked in period
2. Number of MTI in period x 1,000,000 DIVIDED BY man hours worked in period

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Profit & Loss.

(excluding significant items & fair value movements).

| 12 months to \$m | 30 June 2008 | Pro forma 30 June 2007 | Change |
|---------------------------------------------|----------------|---------------------------|--------|
| Revenue | 5,653.5 | 4,773.9 | 18% |
| Operating EBITDA | 871.8 | 747.2 | 17% |
| Operating EBIT | | | |
| Retail | 271.7 | 192.5 | 41% |
| Merchant | 300.8 | 280.1 | 7% |
| Gas & Power Development | 155.1 | 130.6 | 19% |
| Energy investments | 73.7 | 64.0 | 15% |
| Corporate | (98.1) | (92.5) | 6% |
| Total operating EBIT | 703.2 | 574.7 | 22% |
| Less: Net finance costs | (175.9) | (98.7) | 78% |
| Profit before tax | 527.3 | 476.0 | 11% |
| Less: Income tax expense | (176.3) | (150.4) | 17% |
| Net profit after tax | 351.0 | 325.6 | 8% |
| Add back pro forma adjustments ¹ | 4.5 | 4.8 | - |
| Underlying NPAT | 355.5 | 330.4 | 8% |

1. Net of \$14.5m customer amortisation and (\$10m) PNG D&A not recognised due to 'asset held for sale' per AASB5.

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Significant Items.

| 12 months to \$m | 30 June 2008 |
|--------------------------------------------------------------|---------------|
| QGC share of profits & deemed gain on dilution | 82.6 |
| Divestment of non core businesses | (34.0) |
| Impairment of non current assets | (83.1) |
| Demerger adjustments | (22.3) |
| Phoenix change program costs | (29.1) |
| Redundancy, termination & integration costs | (11.7) |
| Significant items before tax | (97.6) |
| Tax applicable | 134.1 |
| Income tax on derivative financial instruments consideration | 26.1 |
| Total net tax benefit | 160.2 |
| Significant items after tax | 62.6 |

- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External



Balance Sheet.

| As at \$m | 30 June 2008 | 30 June 2007 |
|-------------------------------|----------------|--------------|
| Current assets | 3,160.4 | 7,358.9 |
| PPE and oil and gas assets | 1,997.8 | 1,672.9 |
| Other non current assets | 4,294.7 | 5,075.7 |
| Total Assets | 9,452.9 | 14,107.5 |
| Current liabilities | 1,627.4 | 3,708.0 |
| Total debt | 2,101.7 | 2,447.7 |
| Other non current liabilities | 743.9 | 1,434.2 |
| Total Liabilities | 4,473.0 | 7,589.9 |
| Net Assets | 4,979.9 | 6,517.6 |
| Contributed equity | 3,971.6 | 3,858.9 |
| Reserves | 501.3 | 2,137.5 |
| Retained earnings | 507.0 | 521.2 |
| Total Equity | 4,979.9 | 6,517.6 |

- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External



Operating Cash Flow Summary.

| 12 months to \$m | 30 June 2008 |
|--------------------------------------------------------------------------|----------------|
| EBITDA (before significant items) | 871.8 |
| Equity accounted associates & joint ventures (net of dividends received) | (13.4) |
| Net finance costs | (158.4) |
| Tax paid | (104.6) |
| Working capital and other non-cash movements | (180.6) |
| Net NEMMCO and futures margin calls | 46.7 |
| Operating cash flow | 461.5 |
| Stay In Business (SIB) capex | (45.6) |
| Cash flow after SIB capex | 415.9 |
| Less: Dividends paid | (225.6) |
| Free cash flow | 190.3 |

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Capital Management.

Well positioned for future growth opportunities.

- › No refinancing requirements until October 2009
- › Strengthened balance sheet, debt reduced by \$697m from peak in FY08
- › Non core asset sales will add further balance sheet strength
- › On track to retain BBB stable credit rating

| Facilities @ 30 June 2008 | Limit | Usage | Available | Maturity |
|------------------------------|----------------|----------------|--------------|----------|
| Non Current (\$m) | | | | |
| Revolving credit facility | 500.0 | 340.0 | 160.0 | Oct 09 |
| Term facilities Tranche B | 633.3 | 633.3 | 0.0 | Oct 09 |
| Term facilities Tranche A | 222.5 | 222.5 | 0.0 | Oct 10 |
| Revolving credit facility | 327.5 | 0.0 | 327.5 | Oct 10 |
| Term facilities Tranche C | 886.7 | 886.7 | 0.0 | Oct 11 |
| Total debt facilities | 2,570.0 | 2,082.5 | 487.5 | |
| Cash | - | - | 73.2 | |
| Liquidity | - | - | 560.7 | |

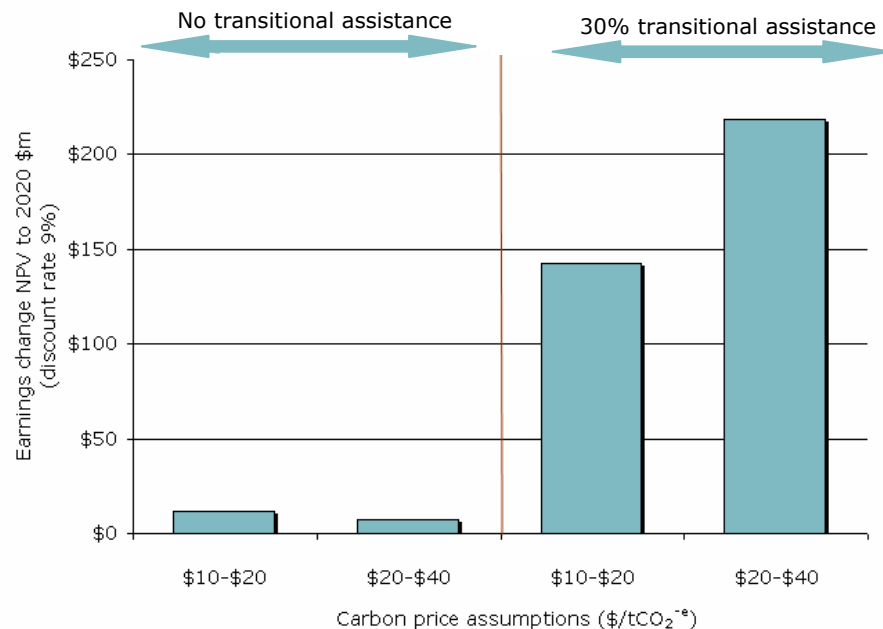
- › **Europe & UK Investor Roadshow**
- › September 2008
- › AGL External



Carbon Pollution Reduction Scheme – Green Paper.

AGL industry leading renewable portfolio to benefit.

Indicative AGL financial outcomes under CPRS^{1,2}



Source: AGL Internal Modelling

1. Includes plant in operation (including Loy Yang A) plus renewable plant currently under construction and scheduled to be operational by 2010.
2. Outcomes Based upon NETTS II emission profile until CPRS trajectory determined - pool price uplift reflects NEM average (discounted for peaking) - cost increases reflecting plant emissions intensity - outputs based on historical averages.

- > All indicators suggest measured start to Carbon Pollution Reduction Scheme in 2010
- > Forward AEU's currently trading around \$20 tCO₂^{-e}
- > Transitional assistance to be determined through Electricity Sector Adjustment Fund
- > Expanded Renewable Energy Target policy to drive majority of abatement under measured CPRS
- > New generation dominated by renewables until more aggressive trajectory adopted
- > Current AGL generation portfolio diversity to deliver immediate benefits under CPRS
- > AGL deep pipeline of renewable projects to add further value forward under CPRS

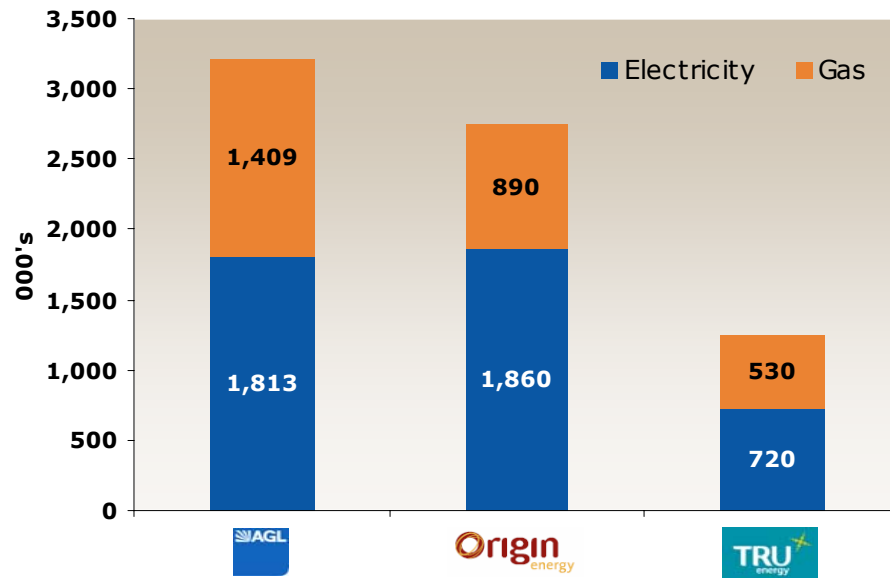
- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External



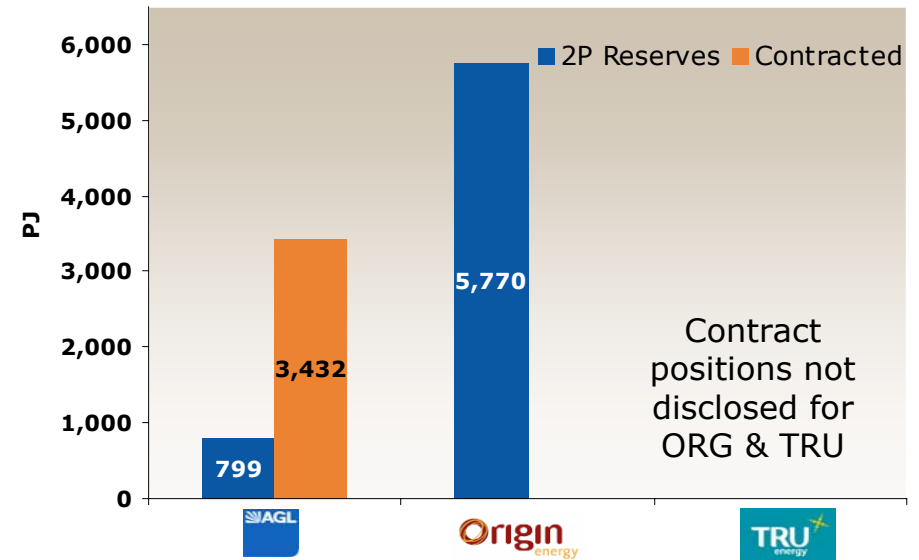
Competitor Comparison.

Customer numbers and gas reserves.

Customer Numbers



Gas Reserves (2P)

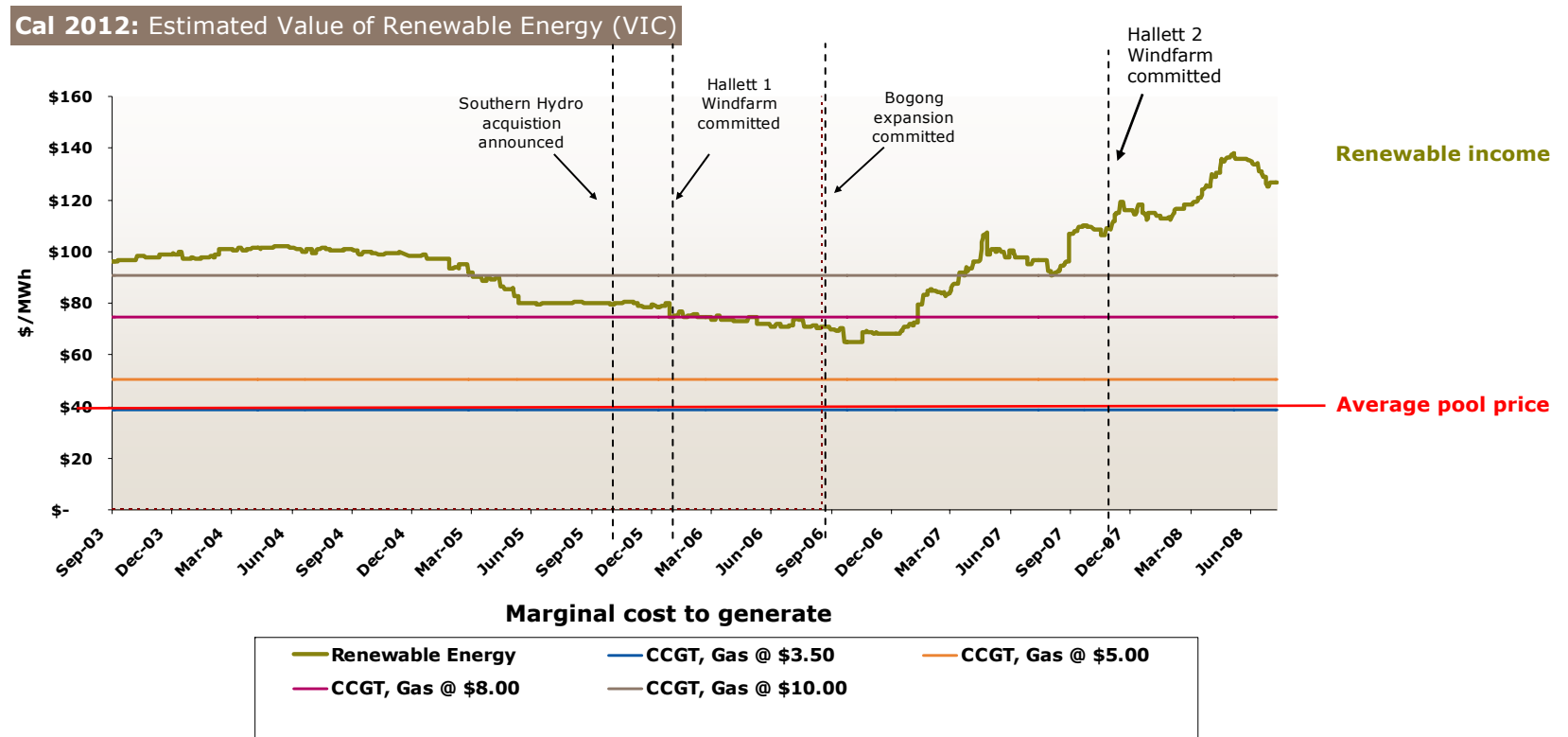


- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External



Renewable Generation - Competitive With Gas.

Zero Emissions, minimal marginal cost & little upward pressure on price for existing assets.



- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External



Current Renewable Legislative Landscape – State.

Disparate collection of state and federal based policies.

New South Wales (NSW)

- › NSW Greenhouse Gas Abatement Scheme (GGAS)
 - » Targeting a 60% reduction in state CO₂^{-e} levels by 2050, year 2000 level by 2025

Victoria (VIC)

- › Victorian Renewable Energy Target (VRET) & Victorian Energy Efficiency Target (VEET)
 - » Targeting a 60% reduction in state CO₂^{-e} by 2050

Queensland (QLD)

- › Queensland 18% Gas Scheme
 - » Targeting a 60% reduction in state CO₂^{-e} by 2050

South Australia (SA)

- › South Australia Residential Energy Efficiency Scheme (SAREES)
 - » Targeting a 60% reduction in state CO₂^{-e} by 2050, year 1990 levels by 2020

Western Australia (WA)

- › Targeting a 60% reduction in state CO₂^{-e} by 2050

Australian Capital Territory (ACT)

- › Greenhouse Gas Reduction Scheme (GGAS)
 - » Targeting a 60% reduction in state CO₂^{-e} by 2050, year 2000 levels by 2025

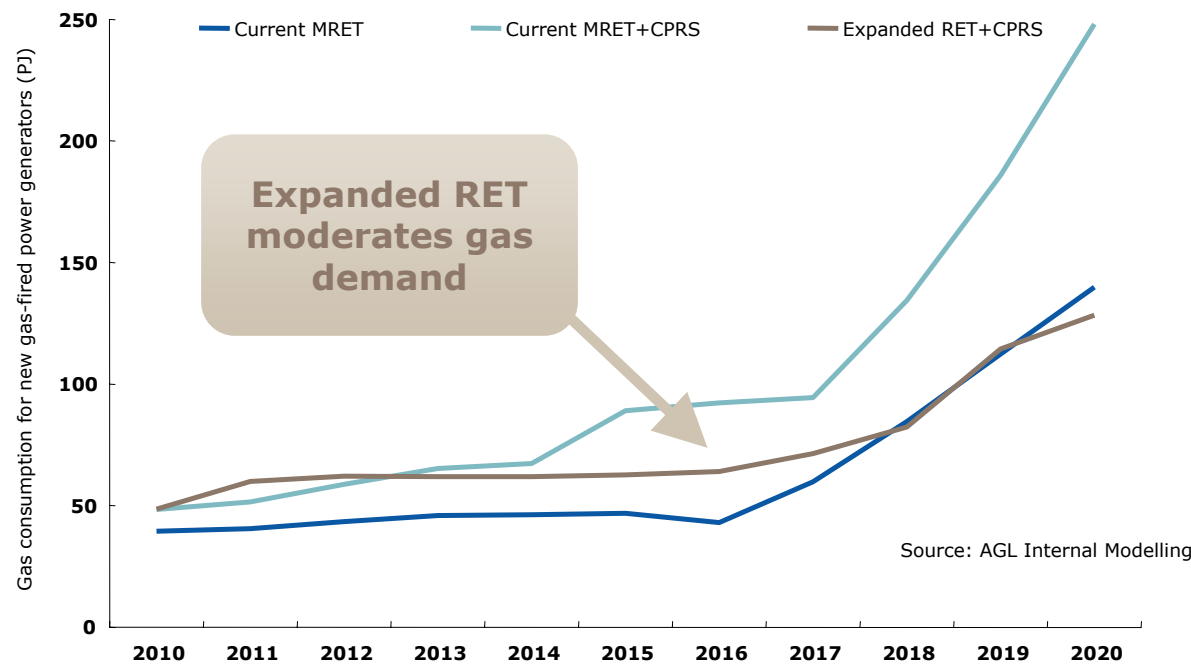
-
- » **Europe & UK Investor Roadshow**
 - » September 2008
 - » AGL External



New Build Gas Generation Moderated.

Gas demand materially moderated under combined CPRS and expanded RET policies.

Indicative gas demand growth scenarios¹



- > Expanded RET drives uptake of renewable generation at the expense/return of higher gas volume base load (CCGT) generation
- > Expanded RET diverts development to lower gas volume peak load (OCGT) gas generation

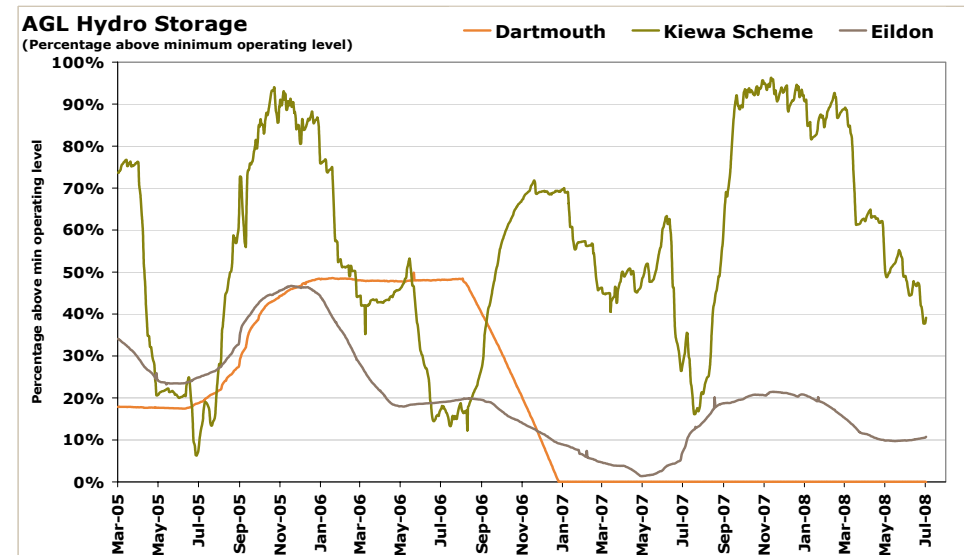
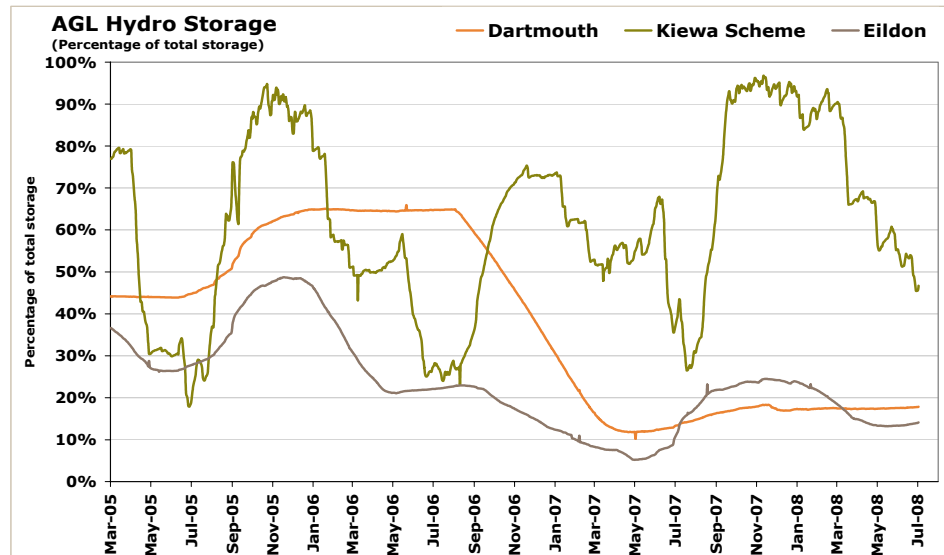
1. Utilisation of a least cost model of the National Electricity Market (NEM), publicly available assumption for new entrant and existing generators, in the absence of CPRS trajectories the second emission reduction trajectory published by the National Emissions Trading Taskforce ("States") is used, 150mt by 2020 adjusted to reflect the NEM.

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External



Hydrology.

- › Full discretionary Kiewa Scheme (~400MW including Bogong) inflows significantly higher than pcp. Rocky Valley dam (Kiewa Scheme) drawn down through July to manage available storage for spring snow melt.
- › Eildon (135MW) operational, consistent water levels in recent months.
- › Dartmouth (180MW) not anticipated to be operational until FY10.
 - » Investigating opportunities to reduce head intake height enabling generation at lower storage levels



- » Europe & UK Investor Roadshow
- » September 2008
- » AGL External

PNG Interests.

- » PNG assets offered for sale comprise an 11.9% interest in the PDL2 (Kutubu area) licence and a 66.7% interest in the PDL4 (Gobe area) licence. These licence interests encompass the following field and unit interests:

| PDL2 Interests | |
|----------------------------------------------|--------------|
| Kutubu (Agogo, Iagifu, Hedinia, Usano) (oil) | 11.9% |
| Moran Unit (oil) | 5.2% |
| South East Mananda (oil) | 11.9% |
| South East Hedinia (gas) | 11.9% |
| PL2 Oil / Condensate Pipeline | 11.9% |
| PDL4 Interests | |
| Gobe (oil) | 66.7% |
| South East Gobe Unit (oil & gas) | 27.3% |
| PL3 Oil Pipeline and Gobe Common Facilities | 47.0% |
| PNG LNG Project Unit | |
| Kutubu, Moran, Gobe (gas) | 3.6% |

- » **Europe & UK Investor Roadshow**
- » September 2008
- » AGL External

