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ASX release

AGL releases 2010 Sustainability Report market presentation

23 November 2010

Attached is AGL's 2010 Sustainability Report market presentation.

Michael Fraser AGL's Managing Director and CEO will host a webcast in relation to the Sustainability Report. Also presenting will be:

Mr Tim Nelson, Head of Economic Policy & Sustainability
Ms Sue Brown, AGL Environment Manager

Date: Tuesday, 23 November 2010
Time: 1400hrs to 1500hrs
Webcast: The briefing will be webcast live via the following link:

www.aglinvestor.com

Conference Call: The dial-in details are shown below:
Local Number (Australia): 02 8064 0614 (Conf ID: AGL)
International Toll Free: 1800 148 543 (Conf ID: AGL)

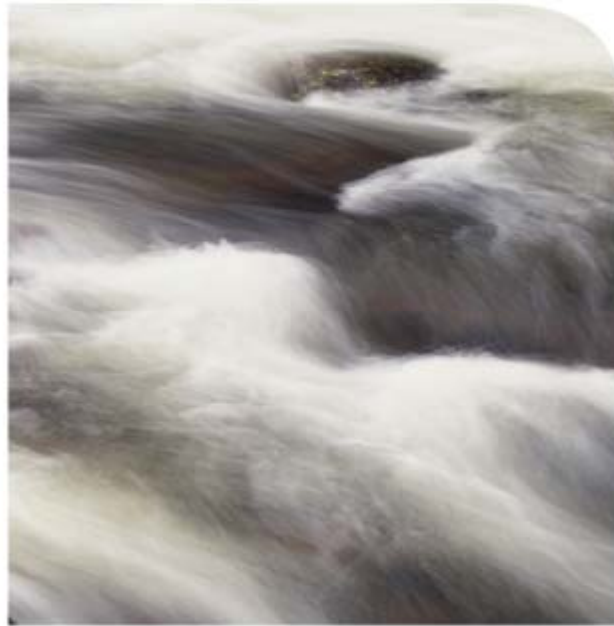
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About AGL

AGL is one of Australia's leading integrated energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 170 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has Australia's largest retail energy and dual fuel customer base. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. AGL is Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.



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This presentation is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in the United States or any other jurisdiction. Securities may not be offered or sold in the United States absent registration under the Securities Act of 1933 or an applicable exemption from registration.

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This presentation contains certain "forward looking statements". These forward looking statements are based on the beliefs of AGL's management as well as assumptions made by and information currently available to AGL's management, and speak only as of the date of this presentation. AGL can give no assurance that the forward looking statements in this presentation will not materially differ from actual results, and the inclusion of forward looking statements in the presentation should not be regarded as a representation by AGL or any other person that they will be achieved. The forward looking statements are by their nature subject to significant risks, uncertainties and contingencies, many of which are outside of AGL's control and are not reliably predictable. Should one or more of these risks, uncertainties or contingencies materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those contemplated in any forward-looking statements.

In addition, some of the financial data included in this presentation are "non-GAAP" financial measures under Regulation G under the Securities Exchange Act of 1934. Certain of these measures may not be comparable to similarly titled measures of other companies.

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Agenda

- › AGL's sustainability strategy
- › Overview of 2009/10 sustainability performance
 - » Economic
 - » Customers
 - » People
 - » Community
 - » Environment
 - » Climate change
- › Assurance

AGL's sustainability strategy

Michael Fraser
Managing Director and
CEO



Sustainability and energy markets

- › Sustainability has always been critical to AGL's success
 - » We have been operating since 1837
 - » We are a provider of an essential service
- › Today, energy policy makers are increasingly focused on three global issues:
 - » Climate change, energy security and customer hardship
- › AGL is at the forefront of the policy debate
 - » Price monitoring
 - » Price on carbon
 - » Energy efficiency
 - » Customer hardship

Sustainability blueprint

Economic	Climate Change	Environment
<p><u>Ongoing profitability</u></p> <p>2010/11 target: \$450 - \$480 million Underlying Profit</p> <p>Vision: Industry leading earnings profile based on sustainable business practices</p>	<p><u>Carbon risk</u></p> <p>2010/11 target: Emissions intensity > 50% below Australian average</p> <p>Vision: Emissions intensity significantly lower than the Australian electricity average</p>	<p><u>Environmental risk</u></p> <p>2010/11 target: Update, establish and monitor environment risks registers</p> <p>Vision: To have an environmental risk profile that is As Low As Reasonably Practicable (ALARP)</p>
<p><u>Sustainable growth</u></p> <p>2010/11 target: BBB credit rating</p> <p>Vision: Solid credit rating reflecting underlying cash-flow potential</p>	<p><u>Energy generation sources</u></p> <p>2010/11 target: 45% of operated generation capacity to be renewable</p> <p>Vision: Australia's largest renewable energy company</p>	<p><u>Water management</u></p> <p>2010/11 target: Continue to develop Water Management strategies for CSG projects</p> <p>Vision: To be recognised as a prudent and responsible user of water that seeks to minimise the adverse impact of its operations on local water resources</p>

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Sustainability blueprint

Customers	People	Community
<p><u>Customer experience</u></p> <p>2010/11 target: Establish new customer satisfaction score and target</p> <p>Vision: Top ranking energy company for customer satisfaction</p>	<p><u>Employee engagement</u></p> <p>2010/11 target: Engagement score > 65%</p> <p>Vision: Engagement score at 'best employer' levels</p>	<p><u>Community engagement</u></p> <p>2010/11 target: 100% implementation of community engagement plans</p> <p>Vision: Best practice local community engagement</p>
<p><u>Customers in hardship</u></p> <p>2010/11 target: Establish target for average level of debt of customers on Staying Connected</p> <p>Vision: Recognised industry leader in customer hardship policy</p>	<p><u>Organisational safety</u></p> <p>2010/11 target: 2.5 TIFR</p> <p>Vision: To have zero injuries</p>	<p><u>Community contribution</u></p> <p>2010/11 target: 15% participation rate for Employee Volunteering</p> <p>Vision: Social return on investment measured and at target levels.</p>

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Overview of 2009/10 sustainability performance

Michael Fraser
Managing Director and
CEO

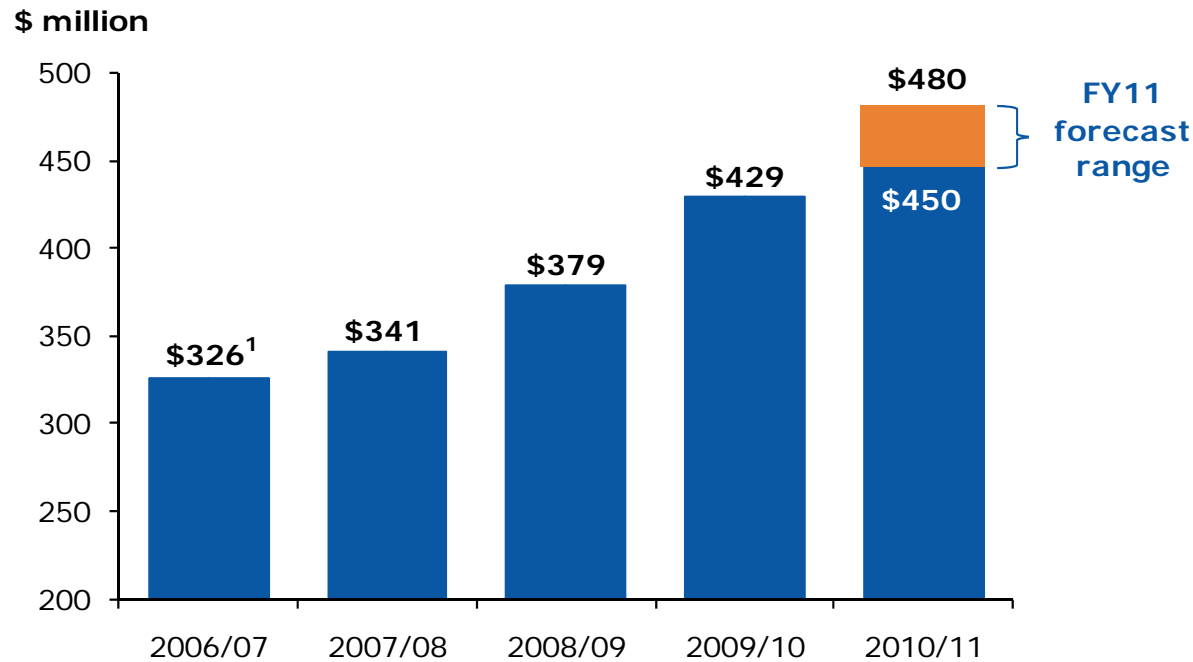


Economic



Ongoing profitability

Underlying Profit



1. Proforma adjusted.

Performance 2009/10

AGL delivered an Underlying Profit of \$428.9 million for 2009/10, representing a 13.2% increase compared to 2008/09.

The 2009/10 result was driven by a strong Retail Energy performance and reduced interest payments through lower debt levels.

Target 2010/11

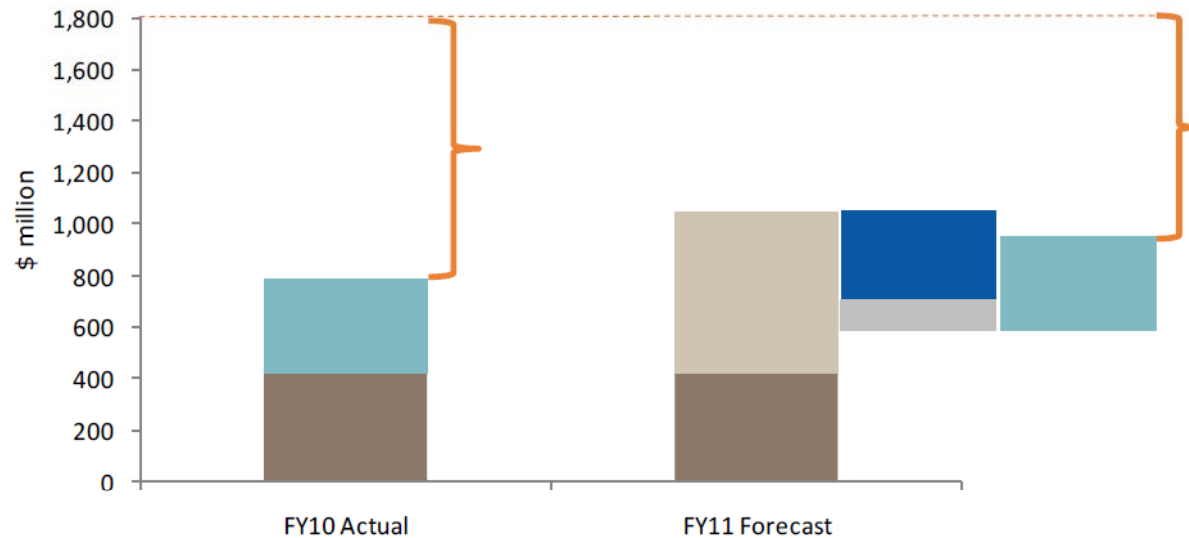
Underlying Profit:
\$450 - \$480 million

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Sustainable growth

Debt capacity



Performance 2009/10

In its annual review, S&P reaffirmed AGL's credit rating of BBB/stable.

Additionally, S&P reduced the amount required to be capitalised for the payment stream arising under wind farm Power Purchase Agreements from 100 percent to 50 percent.

Target 2010/11

Credit rating:
BBB

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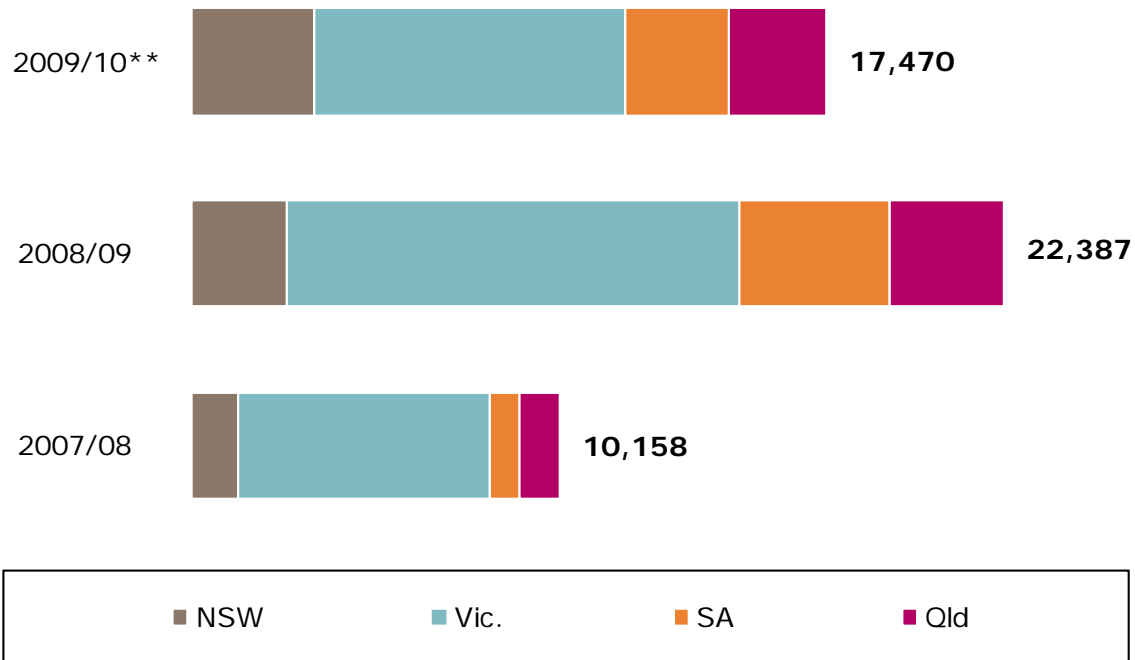


Customers



Customer experience

Ombudsman complaints*



NOTE:

* Reported figures represent complaints to the various state Ombudsman Offices that are provided to AGL for resolution. Enquiries, complaints referred to other agencies or instances where the customer has been advised by the Ombudsman to contact AGL directly are not included. All ActewAGL complaints are excluded.

** Data for 2009/10 includes Ombudsman complaints related to PowerDirect.

Performance 2009/10

Performance during 2009/10 has been consistently higher than the August 2008 benchmark score of -54.9 percent. NPS for the final quarter of 2009/10 was -47.3, slightly lower than the peak score in March 2010, which placed AGL in the second quartile for the first time since AGL's measurement of NPS commenced.

Target 2010/11

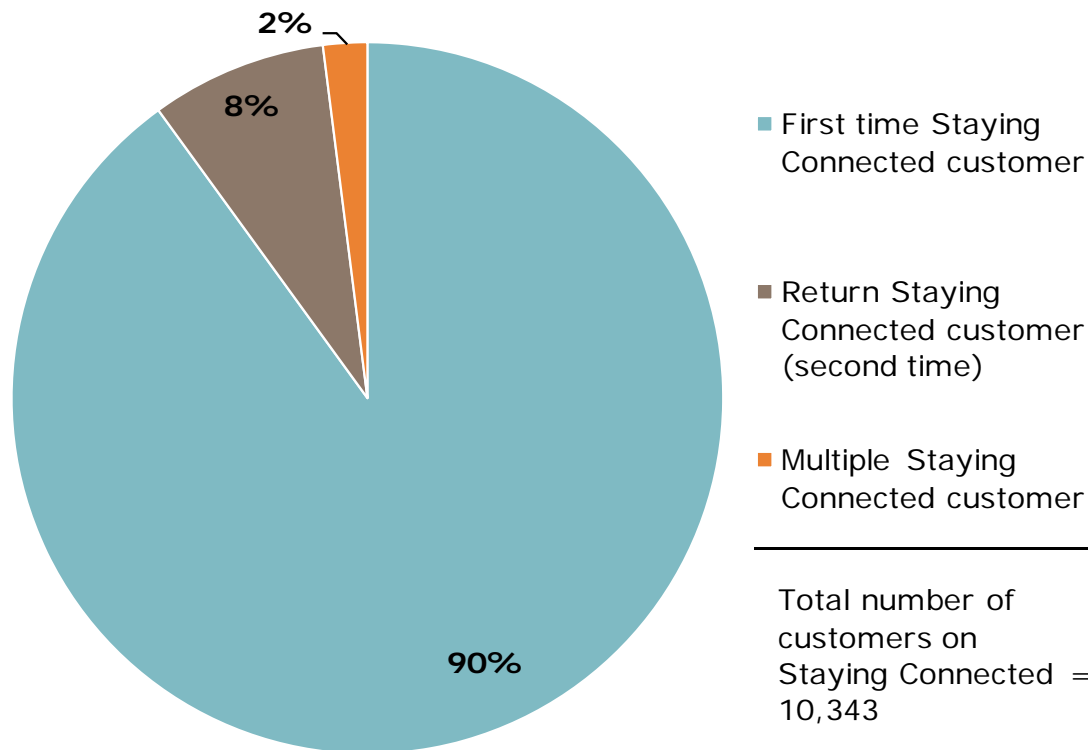
Establish new customer satisfaction score and target.

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Customer hardship

Staying Connected return customers



NOTE:

- Data is based on Staying Connected population as at 30 June 2010.

Performance 2009/10

The average level of debt of customers on Staying Connected is \$1,382.

Of the Staying Connected participants at 30 June 2010, 36% have been on the program for two or more years, and 10% of Staying Connected participants were customers returning to the program.

Target 2010/11

Average level of debt of customers on Staying Connected: Continue measurement and establish target.

People



Employee engagement

Employee engagement



NOTE:

- The 2009/10 survey was conducted in June 2010 with an overall response rate of 81%.

Performance 2009/10

AGL set a target to increase engagement by 7% compared to 2008/09, and exceeded this target with a 10.7% increase.

Target 2010/11

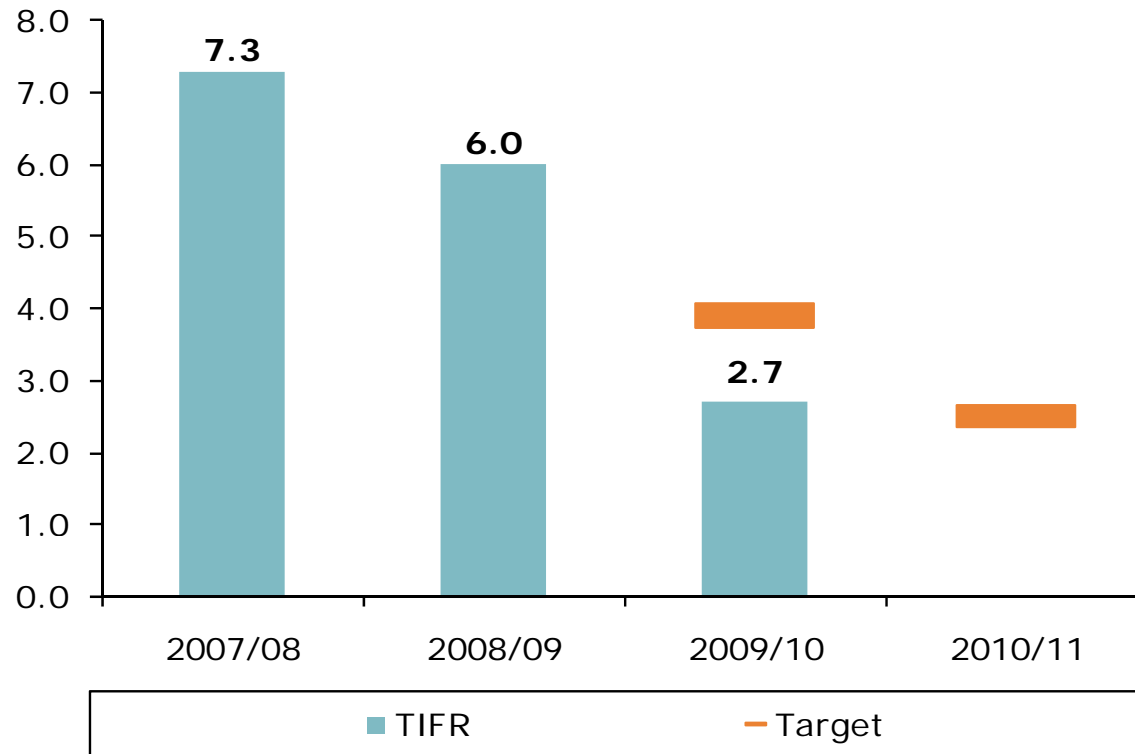
Engagement score at 'best employer' zone:
> 65%

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Organisational safety

Total injury frequency rate



NOTE:

- Total injury frequency rate (TIFR): Number of lost time cases and medical treatment cases per 1,000,000 exposure hours.

Performance 2009/10

In 2009/10, AGL performed better than the total injury frequency rate (TIFR) target of 3.9, achieving a result of 2.7.

The 2009/10 TIFR of 2.7 represents a 58% improvement on 2008/09 results.

Target 2010/11

Total injury frequency rate:
2.5

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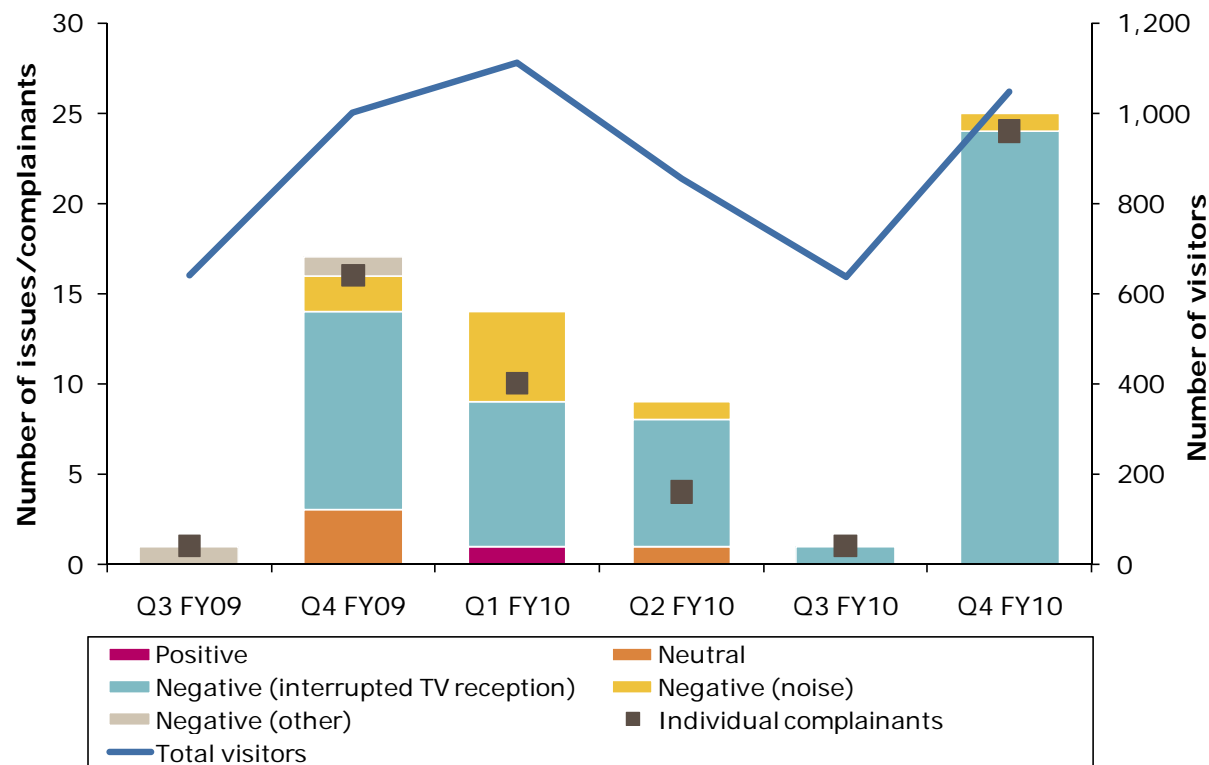


Community



Community engagement

Community feedback at Burra Information Centre



NOTE:

- Issues raised and noted in the community feedback register at Burra Information are categorised and counted. However, if an individual contacts AGL more than once on a specific issue (e.g. TV reception) they are listed as one complainant only and attributed to the quarterly period where the issue was first raised.

Performance 2009/10

AGL's Power Development group implemented a new Project Management Framework requiring community engagement plans to be developed as part of the communication plan for each new construction project.

All Power Development construction projects that commenced during 2009/10 have community engagement plans.

Target 2010/11

Implementation of Power Development and Upstream Gas community engagement plans: 100%

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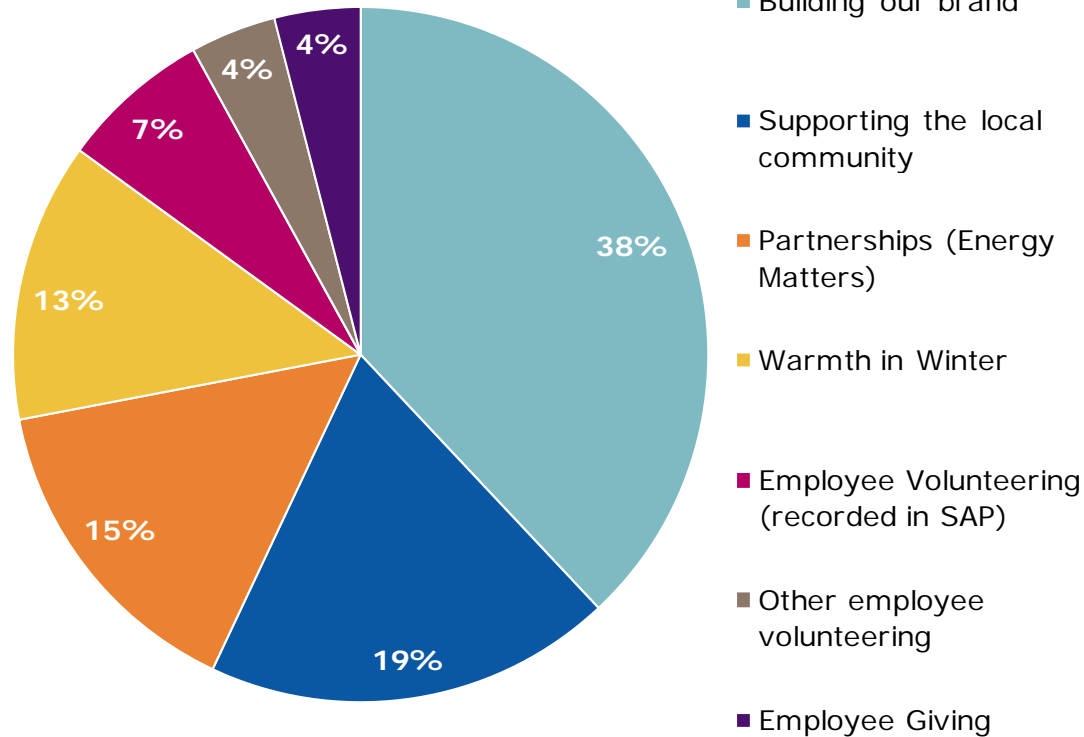
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Community contribution

Community contribution



NOTE:

- The level of community investment is measured using the London Benchmarking Group model which provides an independent and consistent framework for organisations to account for their community contributions.

Performance 2009/10

Using the London Benchmarking Group model, AGL's total community investment (including cash, staff volunteering and in kind contributions) in 2009/10 has been valued at \$1,665,598.

During 2009/10 AGL's Employee Volunteering participation rate was 11.8%.

Target 2010/11

Employee Volunteering participation rate:
15%

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Environment

Sue Brown
AGL Environment
Manager



Environmental risk

Noise

- › The generation of noise is an unavoidable characteristic of some of AGL's business activities, notably thermal generation of electricity, and drilling undertaken as part of coal seam gas (CSG) and geothermal projects.

Biodiversity and cultural heritage

- › Development of renewable and low-carbon energy generation assets and upstream gas expansion activities often involves construction of industrial plant and facilities on land that has value for reasons of biodiversity and cultural heritage, in addition to its commercial value.

Air

- › AGL has a portfolio of power generation plants some of which are fuelled by the combustion of a range of traditional and non-traditional fuels which results in the emission of combustion products to the atmosphere.

Waste

- › AGL's projects and operations produce a variety of different waste streams. Wastes represent resources that may not been used for their highest beneficial purpose.

Performance 2009/10

AGL's environmental risk profile indicates that the highest levels of residual environmental risks facing the business relate to groundwater, surface water and biodiversity.

AGL is focusing on reducing the likelihood of adverse impacts to these environmental segments.

Target 2010/11

Update, establish and monitor environmental risk registers for significant power generation and CSG projects.

Water management

<u>Consumed water</u>	<u>Produced water</u>	Performance 2009/10
33% potable water 67% groundwater 368 ML	Water produced from coal seam gas projects 98 ML	In recognition of the priority given to the need to understand and manage the water issues associated with coal seam gas projects, during 2009/10 AGL recruited a hydro geologist into the Upstream Gas business, supplementing existing resources, to provide technical advice on groundwater-related matters.
<u>Managed water</u> *		
Seawater used to cool the Torrens Island Power Station 562,300 ML	Water passed through hydro power stations 466,500 ML	Target 2010/11 Continue to develop Water Management Strategies for coal seam gas projects.
<small>* Non-consumptive use</small>		

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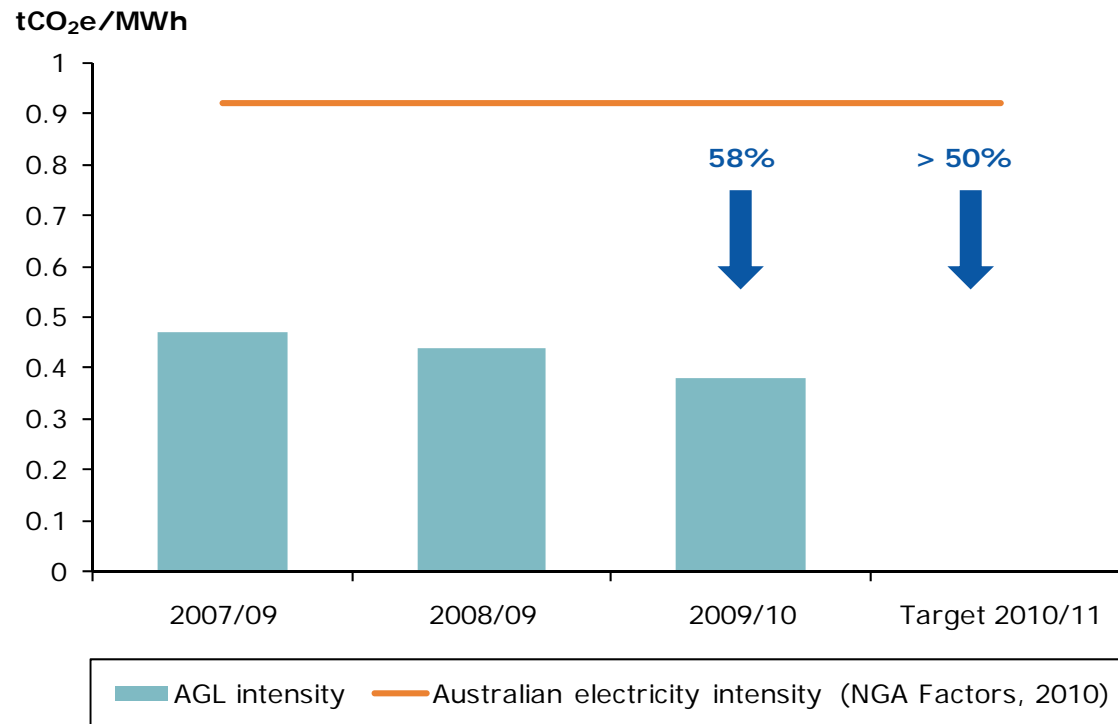
Climate change

Tim Nelson
Head of Economic Policy
and Sustainability



Carbon risk

Carbon intensity of operated generation portfolio



NOTE:

- These figures relate to the sent-out GHG intensity (scope 1 & 2) of assets over which AGL has operational control, regardless of who owns the asset. Assets where AGL has rights to the electricity output only are not included.

- Australian electricity intensity figure is from the National Greenhouse Accounts (NGA) Factors published by the Dept of Climate Change and Energy Efficiency, July 2010 (latest estimate is 0.92 tCO₂e/MWh).

Performance 2009/10

The carbon intensity of AGL's operated portfolio fell in 2009/10, after reaching a plateau over the last two years.

AGL's intensity is currently 58% below the Australian electricity average.

Target 2010/11

Intensity compared to Australia electricity average:
> 50% below

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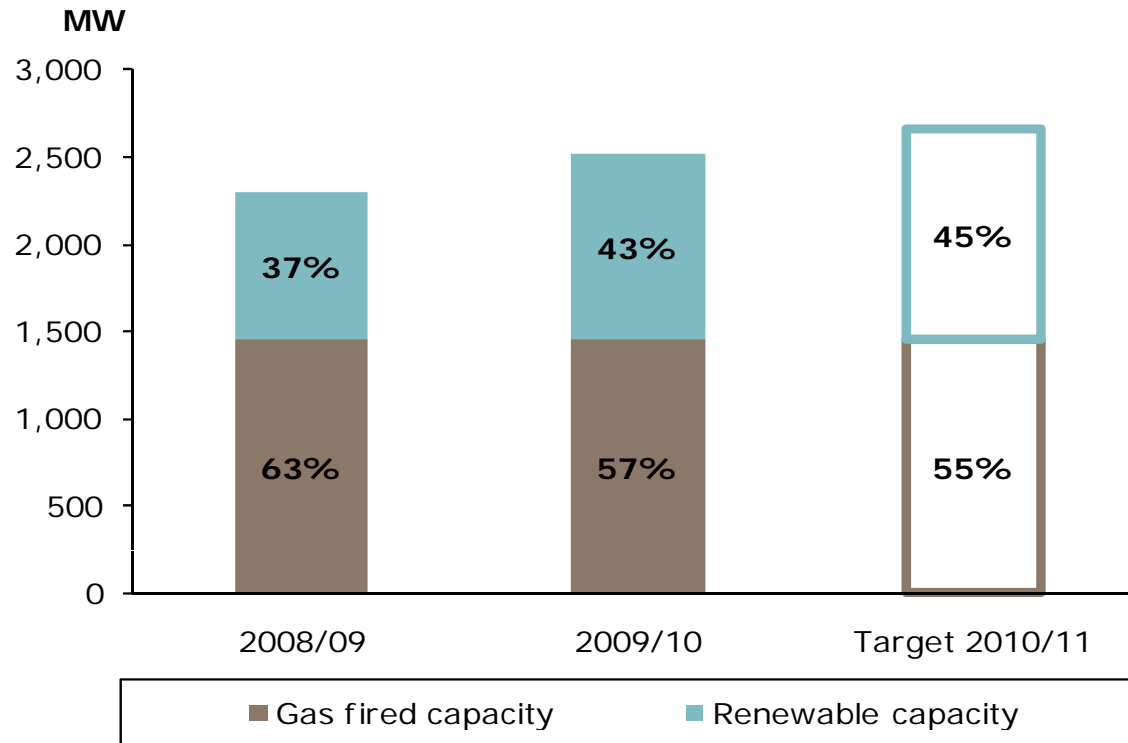
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Energy generation sources

Installed capacity of operated electricity generation



NOTE:

- These figures relate to the capacity of electricity generation assets over which AGL has operational control, regardless of who owns the asset. Assets where AGL has the rights to the electricity output only are not included.
- The 2010/11 target is based on AGL Hallett 4 Wind Farm (132 MW) commencing commercial operation.

Performance 2009/10

A further 223.5 MW of renewable energy generation projects commenced commercial operation in 2009/10.

The deployment of Bogong Hydro Power Station and the AGL Hallett 2 Wind Farm increased AGL's operated renewable capacity by almost 20% to 1,073 MW.

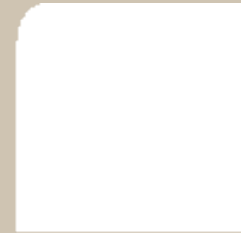
Target 2010/11

Renewable proportion of operated generation capacity:
45%

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External
recognition



AGL recognised as an industry leader

Dow Jones Sustainability World Index	AGL is a constituent company in the Dow Jones Sustainability World Index (DJSI World) 2010/11, and the Asia Pacific Dow Jones Sustainability Index (DJSI Asia Pacific) 2010/11.
FTSE4Good Index	AGL is a constituent company in the FTSE4Good Index Series.
Carbon Disclosure Leadership Index	AGL is included the Carbon Disclosure Project's 2010 ASX 200 / NZX 50 Carbon Disclosure Leadership Index, and in the Carbon Performance Leaders list.
Awards	<p><u>ACCA Australia Sustainability Reporting Awards 2009</u></p> <ul style="list-style-type: none"> – Best report in the energy and utilities sector, and – Joint winner for the best ASX Top 50 listed company. <p><u>NSW Government Green Globe Awards 2010</u></p> <ul style="list-style-type: none"> – Business Sustainability and Climate Change Leadership. <p><u>AIRA Awards 2009</u></p> <ul style="list-style-type: none"> – Best Environmental, Social and Governance Disclosure by an Australasian Company.

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Assurance



Assurance

Independent Assurance provided by Net Balance Management Group to the AA1000 2008 Assurance Standard

- › A 'Type 2 – Moderate Level' of assurance was undertaken which both assesses how well AGL meets the AA1000 2008 AccountAbility Principles of Inclusively, Materiality and Responsiveness, as well as testing the reliability reported information.
- › *“Overall it is Net Balance’s opinion that the information presented within the report is fair and accurate. The report was found to be a reliable account of AGL’s sustainability performance during the reporting period”.*

Alignment with Global Reporting Initiative (GRI) Guidelines

- › Report meets the requirements of a “A+” application level.

Questions



Further information.

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