Disclaimer and important information

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; and 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.

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Major expenditure remains subject to standard Board approval processes.

Statutory Profit and Underlying Profit

Statutory Profit is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.

Underlying Profit is Statutory Profit adjusted for significant items and changes in the fair value of financial instruments.

Underlying Profit has been presented with reference to the Australian Securities & Investments Commission's Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance. The Directors have had the consistency of the application of the policy reviewed by the external auditor of AGL.

Amounts presented as Statutory Profit/(Loss) and Underlying Profit are those amounts attributable to owners of AGL Energy Limited.

AGL Energy in action.

Results Highlights and Strategy Update

Andy Vesey
Managing Director and CEO

Review of Operations and Financial Results

Brett Redman
CFO

Market Update and Outlook

Andy Vesey
Managing Director and CEO

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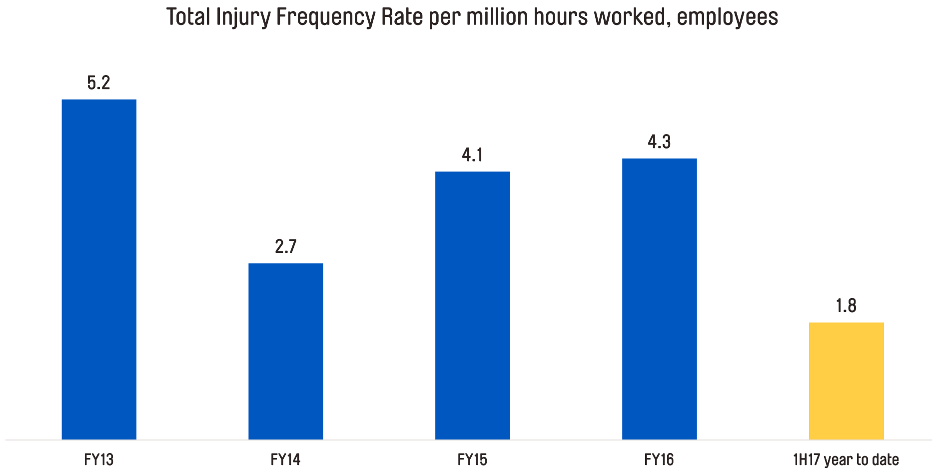
AGL Energy in action.

Improving safety outcomes year to date



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Interim results: delivering on our strategy

Five key areas of achievement

1. Strong result supports outlook

- Statutory Profit after tax $325m
- Underlying Profit after tax $389m, up 4%, driven primarily by wholesale electricity price and operating cost discipline
- FY17 Underlying Profit after tax expected in upper half of $720-800m guidance range
- Interim dividend 41 cents per share, in line with new dividend policy, up 9 cents

2. Transformation and productivity objectives on track

3. Progress on key uncertainties: Portland contract, industrial relations

4. Addressing key strategic imperatives: carbon and customer

5. Key growth and capital management initiatives under way

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Imperatives and objectives framing our activity

Strategic imperatives driving our agenda

- Prosper in a carbon-constrained future
- Build customer advocacy

Key objectives for strategy and decision-making

- From: mass retailing
  To: personalised retailing
- From: operator of large assets
  To: orchestrator of large and small assets
- From: high emissions technology
  To: lower emissions technology

Strategic framework to enable delivery

Embrace transformation	Drive productivity	Unlock growth

Strategic framework driving towards growth

	Embrace transformation	Drive productivity	Unlock growth
First-half achievements	> AGL Macquarie enterprise agreement resolved > Ongoing rollout of Lean, Agile and scenario planning	> Nyngan, Broken Hill asset sales > Continued progress on opex, working capital and sustaining capex reductions	> PARF new build projects progressing > Launch of Customer Experience Transformation program > New Energy "innovation accelerator"
Second-half priorities	> Resolve Portland smelter contract* > Resolve AGL Loy Yang enterprise agreement > Ongoing policy reform advocacy > Clarify rehabilitation position	> Complete Silverton asset sale* > Continuation of asset sale program > Completion of FY17 opex, working capital and sustaining capex reductions > Establishment of post FY17 productivity performance goals	> Deliver first Signature Moments > Additional New Energy initiatives > Launch WA gas retail > Continue LNG import facility FEED

* Executed in January 2017

Recapping our key growth initiatives

More advanced	PARF equity investments	> Solar Flagships and Silverton now sold to PARF (total 355 MW) > 350 MW Coopers Gap wind farm targeted for early FY18 financial close
	Customer Experience Transformation*	> $300m digitally enabled program underway > $22m spent to date; anticipated total FY17 investment of $75m
	Technology-led New Energy investments	> ~US$7m of Energy Impact Fund investment called to date > Virtual Power Plant ahead of key milestones
	Western Australia market entry	> Licence application lodged and gas supply agreements pending > Anticipated Underlying EBIT impact: FY18 $(15)m; FY19 breakeven
	LNG import facility	> Potential ~$200-300m development pending decision in 2018-19 > Currently assessing potential sites; selection expected mid CY17
	Large-scale peaking plant development	> Develop additional gas-fired and/or battery plant peaking capability > Highly contingent on market conditions and policy settings
	Expand data-driven retail offering	> Growing orchestration and technology/data capability provides opportunities to expand range of customer services
Less advanced	Developed markets offshore in retail transition	> Opportunity to expand core where risk profile and market type are consistent with existing business

* Previously referred to as Digital Transformation Program

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AGL Energy in action.

Transforming the customer experience

Progress report on milestone $300m program

Ramp-up phase

Initial uplift of core systems

Enhancement of key digital platforms: e.g. MyAccount portal, mobile app

Enablement of anytime customer access

Increased back-end automation, including system monitoring

More personalised digital experience

Benefits delivery

Ongoing development of **Foundational Capability** via investment in people, processes and technology

Digital Adoption and **Signature Moments** to drive channel mix shift to digital, churn reduction and customer growth

Operating cost reductions and customer growth deliver gross margin uplift

Project's nominal post tax IRR: 12%+

Investment to date: $22m

Total FY17 forecast investment: $75m

Further ~$225m investment applying agile methodology

FY17 — FY18 — FY19

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AGL Energy in action.

Accelerating innovation at AGL

New Energy progress scorecard

Key initiative	Details	1H17 output	Next steps
Connected home and digital apps	Solar Command 1.0 launched: real-time solar performance monitoring $6m expense incurred including investment in Solar Analytics	4,250 Solar Command customers signed up to market testing pilot	Develop, scale and iterate subsequent products (e.g. Solar Command 2.0)
Residential storage and orchestration	5 MW Virtual Power Plant launched Leverages US$20m Sunverge investment	175 packages sold and 31 installed to date (ahead of target) under pilot program	1,000 connected customers and 5 MW controllable load by end FY18 Learn and iterate proven concept
Energy Impact Partners	US$50m AGL investment commitment Portfolio to date: AutoGrid, Sense Labs, OpusOne	~US$7m of AGL US$50m commitment called to date	Identification of further targets for EIF investment and/or AGL acquisition

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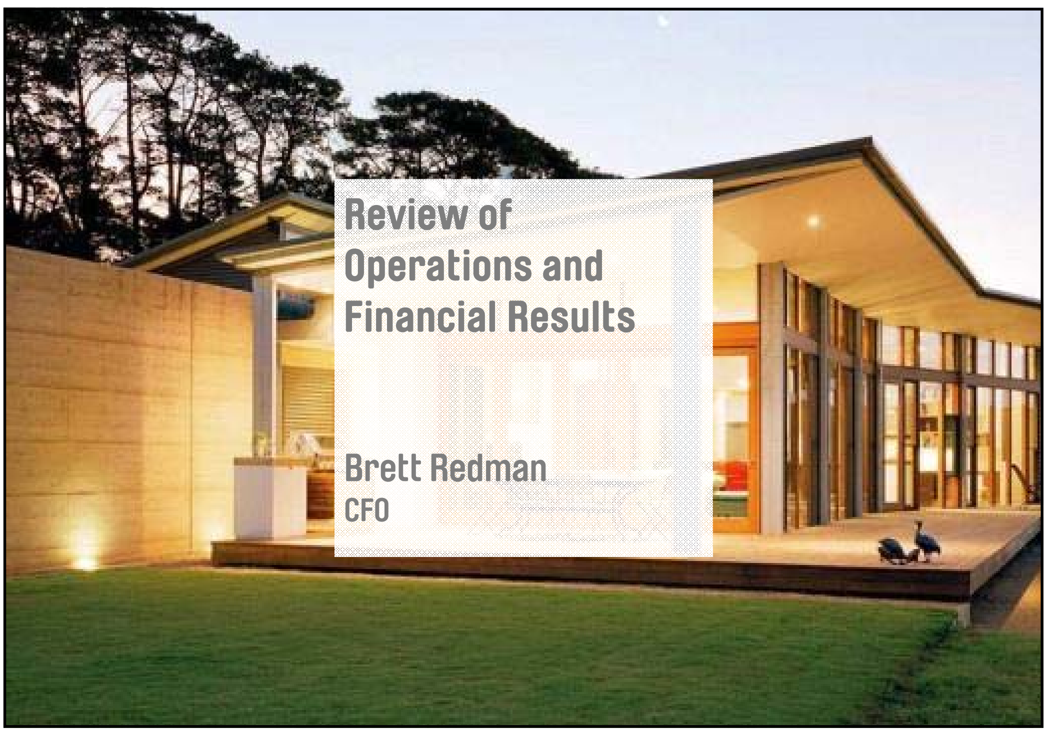
AGL Energy in action.



Strong performance supports dividend uplift

Solid profit growth; cash flow impacted by working capital movements

	1H17	1H16	Change
Statutory Profit/(Loss) after tax ($m)	325	(449)	↑ 172%
Underlying Profit after tax ($m)	389	375	↑ 4%
Statutory EPS (cents)	48.2	(66.5)	↑ 172%
Underlying EPS (cents)	57.7	55.6	↑ 4%
Statutory operating cash flow after tax ($m)	471	658	↓ 28%
Underlying cash flow from operations ($m)	699	866	↓ 19%
Dividend per share (cents)	41	32	↑ 28%
Return on equity (%, rolling 12 months)	8.9	7.9	↑ 1.0 pts

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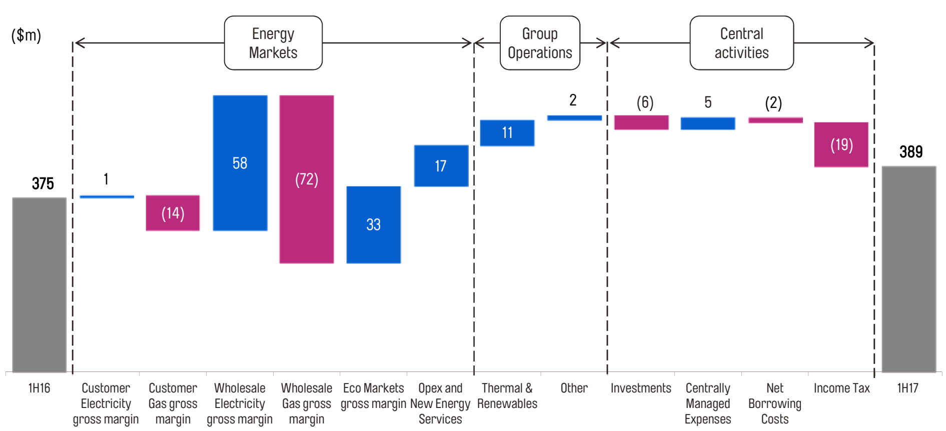
AGL Energy in action.

Underlying Profit after tax up 4% to $389m

Wholesale Electricity and Eco Markets positively offset gas headwinds



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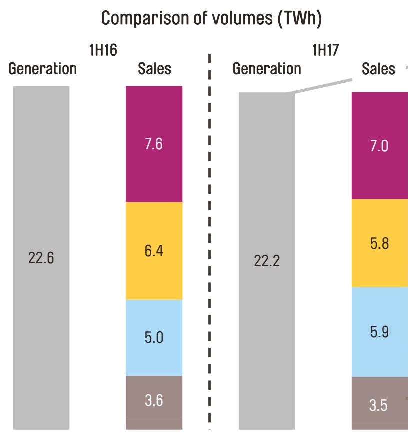
AGL Energy in action.

Electricity: lower generation and sales volumes

Lower sales volumes driven by mild winter weather



Generation volumes down 0.4 TWh
- Greater planned outage days at Bayswater
- Partly offset by reduction in forced outages at Liddell

Consumer customer sales volumes down 0.6 TWh
- Mild July/August weather
- Lower average customer numbers

Business customer sales volumes down 0.6 TWh
- Strategic customer acquisition and retention within competitive market

Wholesale customer volumes sales up 0.9 TWh
- Higher commercial load

Spot pool sales and generation losses broadly flat

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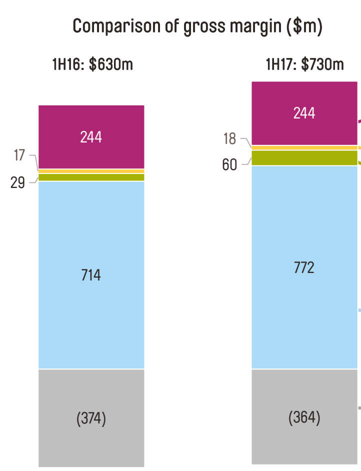
AGL Energy in action.

Electricity: margin driven by wholesale price

Strong physical portfolio delivering broadly flat generation costs



Consumer customers electricity margin flat
- Lower volume offset by disciplined and effective price management
- Increase in wholesale prices passed through

Business customers electricity margin up $1m
- Tight discipline to pass through rising wholesale prices

Eco Markets electricity margin up $31m
- Higher wholesale market prices for LGCs

Wholesale electricity margin up $58m
- Fuel costs steady benefitting from long-term position
- Phased pass-through of higher wholesale market prices to Consumer and Business customers

Group Operations (Thermal & Renewables) electricity margin up $10m
- Generation running costs flat reflecting cost discipline

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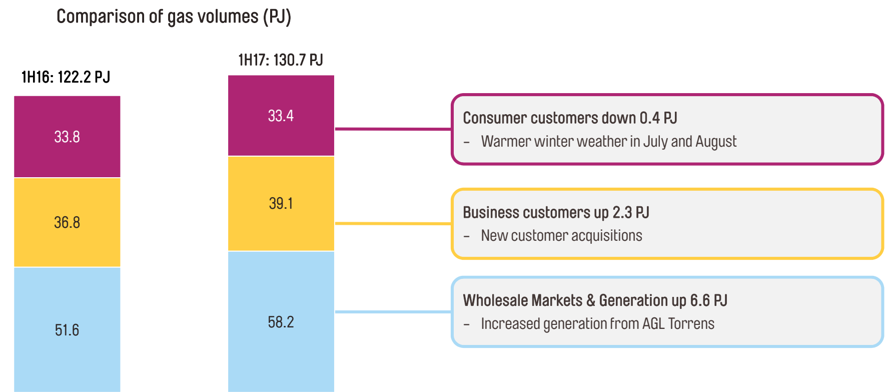
AGL Energy in action.

Gas: higher sales volumes

Higher AGL Torrens generation and business customer acquisitions



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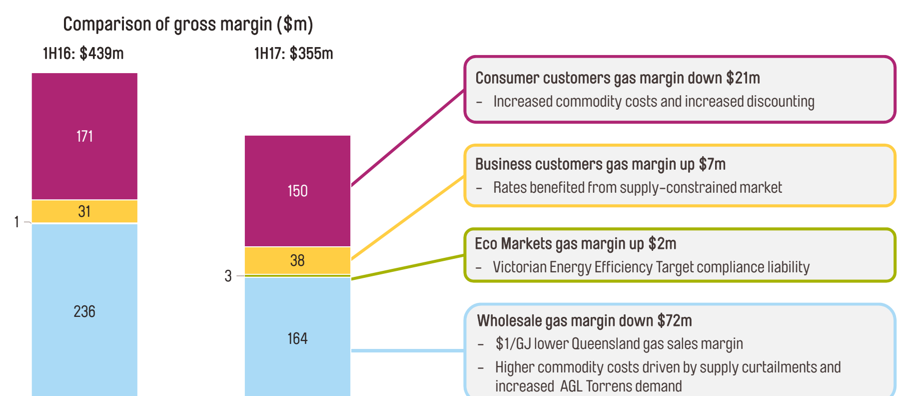
Gas: lower margin in line with guidance

Driven by Queensland wholesale sales, supply curtailment impact



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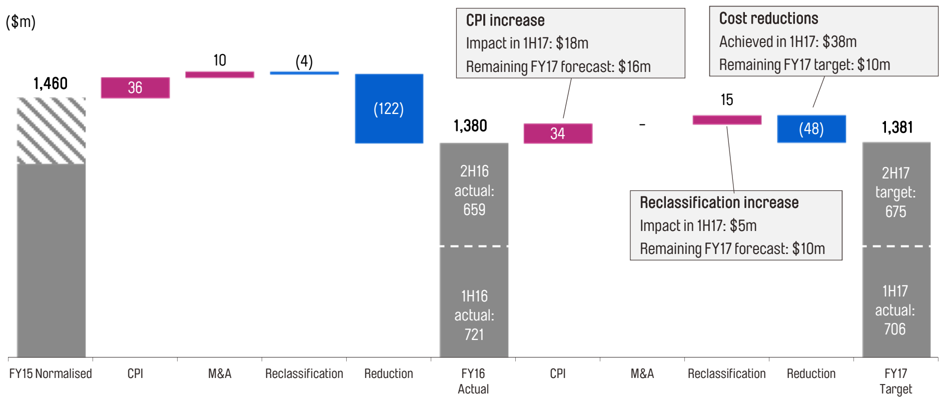
On track for targeted $170m opex reduction

Real operating expenditure savings of $38m delivered in 1H17



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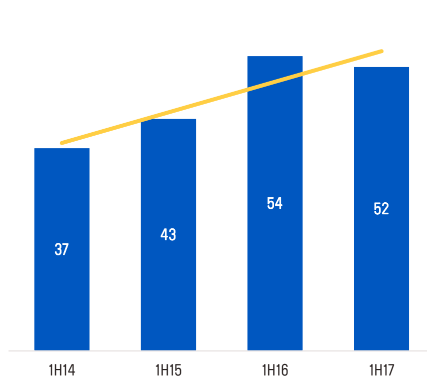
AGL Energy in action.

Key consumer metrics

Lower volume partly offset by cost discipline

	1H17	1H16	Change
Average consumer accounts ('000)	3,668	3,708	(1%)
Cost to serve per consumer account	$36	$37	(3%)
Cost to grow per account acquired/retained	$82	$95	(14%)
Gross margin per consumer account	$107	$112	(4%)
Net operating costs per consumer account	$56	$58	(3%)
Net operating costs/gross margin ratio	51.8%	51.8%	-

EBIT per customer ($)



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AGL Energy in action.

Working capital impact on cash flow

> Movement in futures margin calls to be offset by future benefit of rising wholesale prices
> Receivables impacts largely timing related including early collections in 2H16 reducing 1H17
> Objective for $200m reduction in underlying working capital remains on track (see slide 45)

($m)	1H17	1H16
Receivables	105	226
Creditors	(205)	(196)
Inventories	87	31
Net derivative premiums	(25)	(35)
Futures margin calls	(112)	(24)
Net movement in green assets and liabilities	9	8
Other	(31)	8
Total working capital movements	**(172)**	**18**

AGL Energy in action.

Sustainable cash position remains strong

($m)	1H17	1H16	Commentary
Operating expenditure	(706)	(721)	Significant reduction in 1H17; on track to achieve $170m real reduction target in FY17
Underlying EBITDA	924	885	Consistent with Underlying Profit growth
EBITDA/cash conversion	76%	98%	Short-term impacts from negative movements in working capital
Underlying cash flow from operations	**699**	**866**	**Reduction driven by short-term working capital impact**
Interest paid	(84)	(91)	Reduction due to lower average net debt
Tax paid	(144)	(96)	Higher tax payment due to asset sales
Sustaining capital expenditure*	(135)	(204)	Significant reduction in 1H17, on track to achieve $315m target in FY17
Dividends paid	(243)	(230)	FY16 final dividend of 36 cents per share paid in September 2016
Cash available	**93**	**245**	**Reduction driven by short-term working capital impact**
Disposals*	260	532	Sale of Solar assets in November 2016
Acquisitions/investments	(18)	(1)	Investments in PARF and Energy Impact Fund
Growth capital expenditure*	(93)	(89)	FY17 forecast: $240m driven by metering and Customer Experience Transformation
Share buy-back	(51)	-	On-market share buy-back of 0.4% of issued share capital to date

* Shown on accruals basis

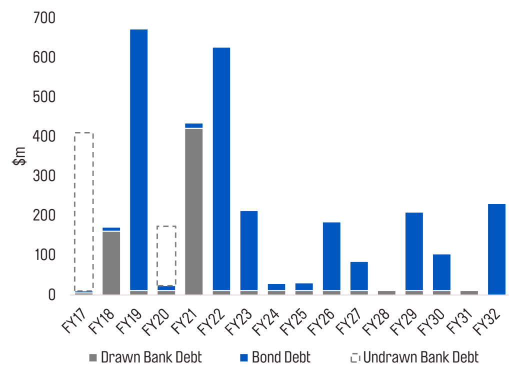
AGL Energy in action.

Balance sheet and liquidity position

Strong liquidity enabling capital management strategy

- Cash balance of $969m at 31 December 2016
- Net debt $2.6b, down $154m during 1H17
- Debt headroom ~$2b
- Moody's Baa2 credit rating, stable outlook
- $500m of Syndicated Term facility repaid February 2017
- Revolving facility maturing FY17 to be refinanced with September 2020 maturity
- On-market share buy-back to continue
  - 0.4% of issued share capital acquired to date
  - Further 4.6% of issued capital can be acquired to October 2017

Debt maturity profile (at 9 February 2017)



AGL Energy in action.

Update on rehabilitation review process

Anticipated completion in time for FY17 results

Current status

Review underway as part of periodic assessment of rehabilitation options and costs:

- Third-party assessment of all relevant sites
- AGL review of third-party findings
- Financial modelling of potential rehabilitation options

By end FY17

Outline community engagement and consultation strategy

AGL Board review of recommendations

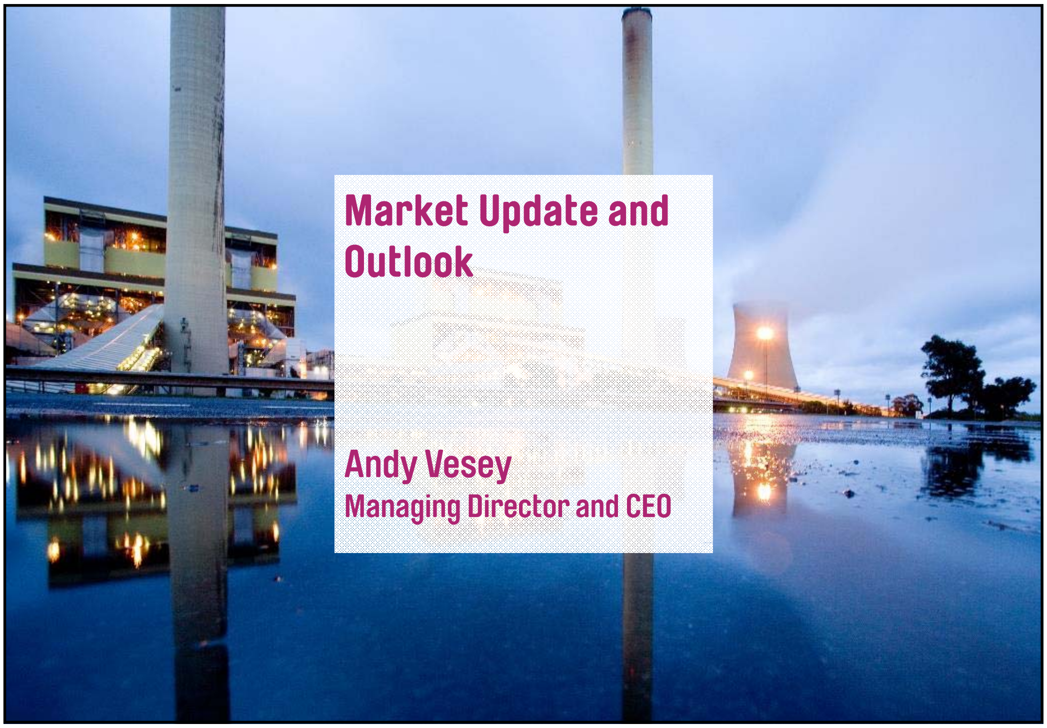
Finalise financial modelling

Financial impact

FY17 – balance sheet: corresponding non-cash adjustment in provision balance and asset value

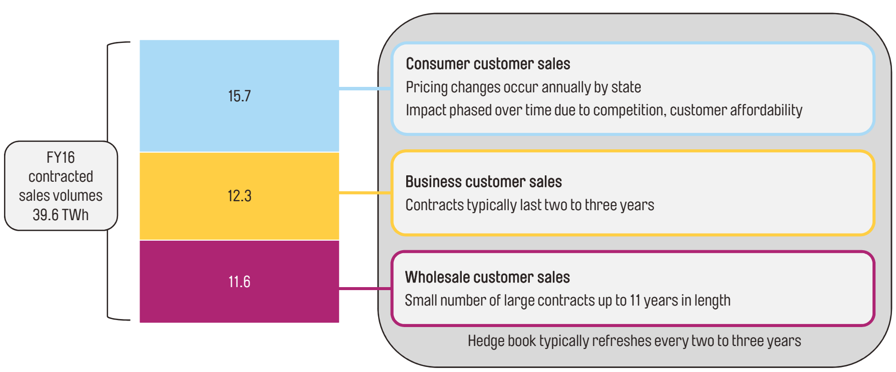
FY18 onwards – income statement: any change in provision and asset balance to affect depreciation charge and non-cash interest expense

AGL Energy in action.



Electricity: well positioned for rising curve

Pass-through of market prices varies according to segment



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AGL Energy in action.

Gas: multiple options to strengthen supply

Portfolio development to respond to dynamic, volatile market

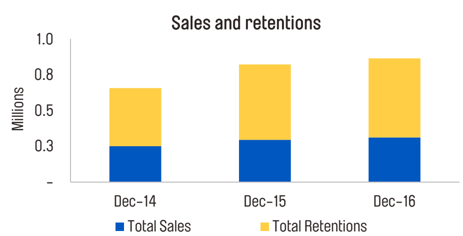
> Expectation remains for at least $100m Underlying EBIT impact on gas margin in FY17 from reduced Queensland gas margin, supply curtailment and other issues

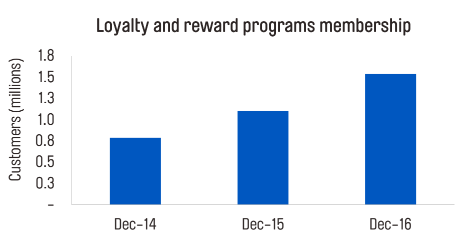
> Progress in FY17 to date to further strengthen AGL's supply portfolio:

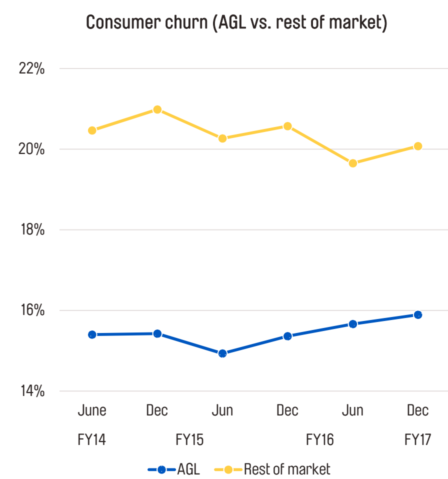
- Flexible transportation arrangements executed with Epic and APA during 1H17 enable bi-directional gas movement, supporting AGL to meet household and generation demand
- Binding heads of agreement with Cooper Energy's Sole project signed January 2017 expands supply by 12 PJ from CY19, pending project final investment decision
- Continued domestic engagement to source further competitive supply and leverage flexibility provided by strengthened storage position
- Feasibility study for LNG import terminal progressing; expected selection of final site mid CY17

AGL Energy in action.

Customer retention despite competitive market







Source: Retail Transfer Statistical Data, Australian Energy Market Operator

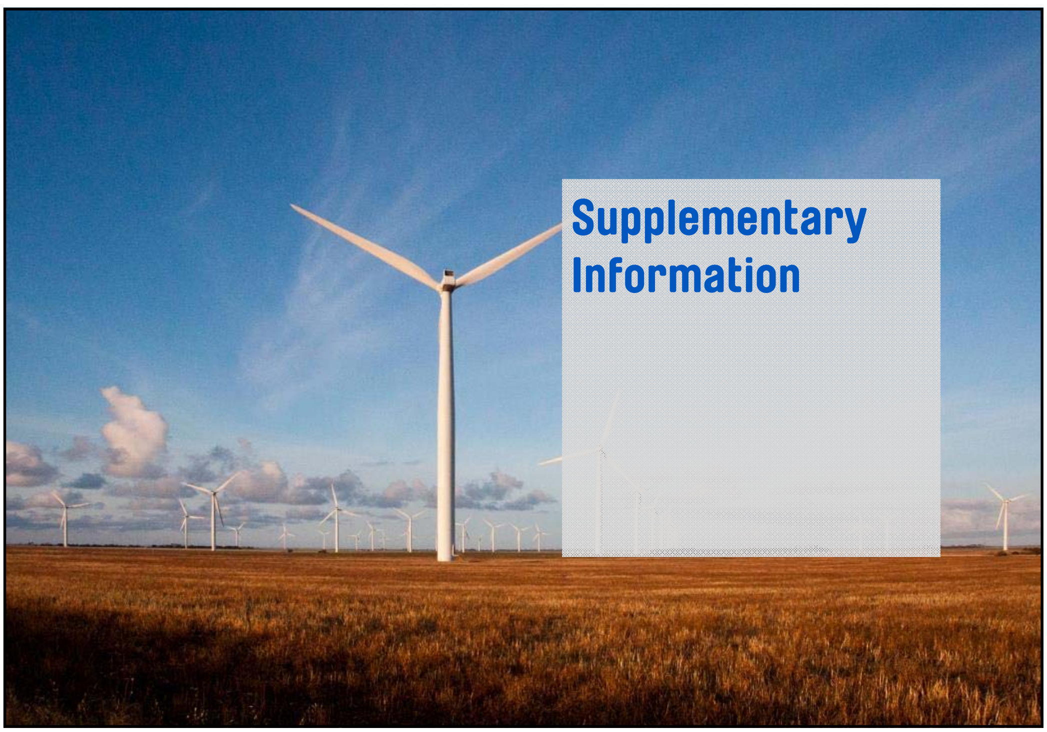
AGL Energy in action.

On track to deliver FY17 guidance

Underlying Profit after tax expected to be in the upper half of $720-800m guidance range, subject to normal trading conditions

- Electricity: impact of rising wholesale prices expected to continue
  - Forward curve points to sustained improvement
  - Impact phased over time due to competition, customer affordability and timing of contracted positions
- Gas: headwinds as previously flagged
  - Lower margin on rollover of Queensland wholesale contracts, mild July/August weather and supply issues
  - Resulting in $84m lower first-half gas margin; at least $100m lower margin FY17 vs. FY16
- Discipline around cost and price management to continue

AGL Energy in action.



Reconciliation of Statutory to Underlying Profit

($m)	1H17	1H16	Change
Statutory Profit/(Loss)	**325**	**(449)**	**774**
Adjust for the following after tax items:			
Significant items			
Restructuring costs	–	16	(16)
Natural Gas impairments	–	640	(640)
Changes in fair value of financial instruments	64	168	(104)
Underlying Profit	**389**	**375**	**14**

AGL Energy in action.

Underlying Profit summary

($m)	1H17	1H16	Change
Revenue	6,030	5,601	8%
Underlying EBITDA	924	885	4%
Underlying EBIT			
Energy Markets	1,214	1,191	2%
Group Operations	(416)	(429)	(3%)
Investments	11	17	(35%)
Centrally Managed Expenses	(124)	(129)	(4%)
Total Underlying EBIT	685	650	5%
Less: net finance costs	(116)	(114)	2%
Underlying Profit before tax	**569**	**536**	**6%**
Income tax expense	(180)	(161)	12%
Underlying Profit after tax	**389**	**375**	**4%**
Underlying EPS (cents)	**57.7**	**55.6**	**4%**

AGL Energy in action.

Energy Markets – Underlying EBIT

($m)	1H17	1H16	Change
Underlying EBITDA	**1,261**	**1,240**	**2%**
Depreciation and amortisation	(47)	(49)	(4%)
Customer EBIT	**230**	**230**	**–**
Consumer Electricity gross margin	244	244	–
Consumer Gas gross margin	150	171	(12%)
Business Electricity gross margin	18	17	6%
Business Gas gross margin	38	31	23%
Net operating costs	(220)	(233)	(6%)
Wholesale Markets EBIT	**985**	**966**	**2%**
Electricity gross margin	772	714	8%
Gas gross margin	164	236	(31%)
Eco-markets gross margin	63	30	110%
Net operating costs	(14)	(14)	–
New Energy Services EBIT	**(1)**	**(5)**	**(80%)**
Gross margin	5	6	(17%)
Net operating costs	(6)	(11)	(45%)
Underlying EBIT	**1,214**	**1,191**	**2%**

AGL Energy in action.

Group Operations – Underlying EBIT

($m)	1H17	1H16	Change
Underlying EBITDA	**(236)**	**(259)**	**(9%)**
Depreciation and amortisation	(180)	(170)	6%
Thermal	(346)	(338)	2%
Renewables	(18)	(37)	(51%)
Natural Gas	(26)	(27)	(4%)
Other Operations	(26)	(27)	(4%)
Underlying EBIT	**(416)**	**(429)**	**(3%)**

AGL Energy in action.

Reconciliation of EBITDA to cash flow

($m)	1H17	1H16
Underlying EBITDA	**924**	**885**
Equity accounted income	(12)	(15)
Onerous contracts	(20)	(22)
Gain on divestment	(21)	–
Working capital movements	(172)	18
Underlying operating cash flow before interest and tax	**699**	**866**
Net finance costs paid	(84)	(91)
Income tax paid	(144)	(96)
Underlying operating cash flow	471	679
Cash flow relating to significant items	–	(21)
Statutory net cash provided by operating activities	**471**	**658**
Investing cash flow	–	212
Financing cash flow	246	(1,023)
Movement in cash and cash equivalents	**717**	**(153)**
Cash conversion ratio	**76%**	**98%**

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AGL Energy in action.

Debt facilities at 31 December 2016

Debt facility ($m)	Limit	Usage	Maturity
Syndicated revolving facility	400	–	Jun-17
Syndicated term facility[1]	650	650	Feb-18
Revolving bilateral facility	150	–	Dec-19
Club facility term	410	410	Jun-21
A$600m medium-term notes	600	600	Nov-21
USPP US$165m	186	186	Sep-22
USPP US$135m	152	152	Sep-25
USPP A$50m	50	50	Dec-26
CPI bonds	164	164	May-27
USPP US$150m	198	198	Dec-28
USPP US$70m	93	93	Dec-29
ECA Macarthur amortising facility	161	161	Jun-31
USPP US$175m	231	231	Dec-31
Subordinated notes[2]	650	650	Jun-39
Total debt facilities	**4,095**	**3,545**	
Less: cash[1]		969	
Net debt		**2,576**	

1. On 8 February 2017, $500m of cash was utilised to repay a portion of the Syndicated term facility, reducing the balance of the facility to $150m.
2. The first call date on the Subordinated notes is 8 June 2019.

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AGL Energy in action.

Electricity sales volumes

GWh	1H17	1H16	Change
Consumer			
New South Wales	2,792	3,002	(7%)
Victoria	1,812	1,928	(6%)
South Australia	1,157	1,406	(18%)
Queensland	1,262	1,284	(2%)
Consumer total	**7,023**	**7,620**	(8%)
Business			
New South Wales	2,346	2,020	16%
Victoria	1,649	2,050	(20%)
South Australia	1,100	1,326	(17%)
Queensland	710	1,043	(32%)
Business total	**5,805**	**6,439**	**(10%)**
Wholesale total[1]	**5,880**	**4,999**	**18%**
Electricity sales volume total	**18,708**	**19,058**	**(2%)**

1. Includes purchased volumes sold to ActewAGL during 1H17 of 1,599 GWh (1H16 1,343 GWh)

AGL Energy in action.

Gas sales volumes

PJ	1H17	1H16	Change
Consumer			
New South Wales	10.8	11.7	(8%)
Victoria	19.1	18.9	1%
South Australia	2.1	1.8	17%
Queensland	1.4	1.4	–
Consumer total	**33.4**	**33.8**	**(1%)**
Business			
New South Wales	13.2	12.3	7%
Victoria	14.5	12.0	21%
South Australia	1.7	2.4	(29%)
Queensland	9.7	10.1	(4%)
Business total	**39.1**	**36.8**	**6%**
Wholesale Customers & Generation[1]	**58.2**	**51.6**	**13%**
Gas sales volume total	**130.7**	**122.2**	**7%**

1. Includes volumes sold to Torrens Island and Diamantina power stations during 1H17 of 23.6 PJ (1H16 22.1 PJ)

AGL Energy in action.

Customer numbers

('000)	31 Dec 2016	30 Jun 2016	Change
Consumer Electricity			
New South Wales	811	808	3
Victoria	637	636	1
South Australia	398	408	(10)
Queensland	401	395	6
Total Consumer Electricity	**2,247**	**2,247**	**–**
Consumer Gas			
New South Wales	666	674	(8)
Victoria	536	533	3
South Australia	132	132	–
Queensland	80	79	1
Total Consumer Gas	**1,414**	**1,418**	**(4)**
Total Consumer accounts	**3,661**	**3,665**	**(4)**
Total Business Customer accounts	**16**	**16**	**–**
Total Customer accounts	**3,677**	**3,681**	**(4)**
Dual fuel accounts	1,971	1,962	9

AGL Energy in action.

Consumer Market key indicators

	1H17	1H16	Change
Electricity			
Volume (GWh)	7,023	7,620	(8%)
Average Consumer accounts ('000)	2,250	2,260	(0%)
Revenue ($m)	1,897	1,980	(4%)
Gross margin ($m)	244	244	–
Gross margin	12.9%	12.3%	0.6 pts
Gross margin per customer ($)	108	108	–
Gross margin per MWh ($)	34.7	32.0	8%
Gas			
Volume (PJ)	33.4	33.8	(1%)
Average Consumer accounts ('000)	1,418	1,447	(2%)
Revenue ($m)	755	756	(0%)
Gross margin ($m)	150	171	(12%)
Gross margin	19.9%	22.6%	(2.7 pts)
Gross margin per customer ($)	106	118	(10%)
Gross margin per GJ ($)	4.49	5.06	(11%)

AGL Energy in action.

Business Market key indicators

	1H17	1H16	Change
Electricity			
Volume (GWh)	5,805	6,439	(10%)
Revenue ($m)	775	826	(6%)
Gross margin ($m)	18	17	6%
Gross margin	2.3%	2.1%	0.2 pts
Gross margin per MWh ($)	3.14	2.72	15%
Gas			
Volume (PJ)	39.1	36.8	6%
Revenue ($m)	290	268	8%
Gross margin ($m)	38	31	23%
Gross margin	12.8%	11.6%	1.2 pts
Gross margin per GJ ($)	0.97	0.84	15%

AGL Energy in action.

Generation portfolio

Asset	State	Type	Status	Capacity (MW)	Carbon intensity (tCO_2e/MWh)	1H17 sent out generation (GWh)
Bayswater	NSW	Coal	Owned	2,640	0.94	7,715
Liddell	NSW	Coal	Owned	2,000	0.94	4,888
Loy Yang A	VIC	Coal	Owned	2,210	1.28	7,135
Total coal				**6,850**		**19,738**
Torrens Island	SA	Gas steam turbine	Owned	1,280	0.62	1,375
Yabulu	QLD	CCGT	Controlled dispatch	122	0.51	112
Somerton	VIC	OCGT	Owned	160	1.04	11
Other	Various	Gas/diesel	Various	88	0.71	161
Total oil and gas				**1,650**		**1,658**
Macarthur	VIC	Wind	Controlled dispatch	420	0.00	542
Hallett	SA	Wind	Controlled dispatch	350	0.00	582
Wattle Point	SA	Wind	Controlled dispatch	91	0.00	118
Oaklands Hill	VIC	Wind	Controlled dispatch	63	0.00	102
VIC hydro	VIC	Hydro	Owned	734	0.01	489
NSW hydro	NSW	Hydro	Owned	54	0.00	32
NSW solar	NSW	Solar	PARF	156	0.01	174
Other	Various	Landfill and bio-gas	Various	47	0.09	80
Total renewables				**1,915**		**2,119**
Generation portfolio at 31 December 2016				**10,415**	**0.94**	**23,515**
NEM industry average					**0.87**	

Note: the difference between sent out generation of 23,515 GWh and pool generation volume of 22,205 GWh (as disclosed in the Operating and Financial Review) is due to marginal loss factor, nonscheduled generation and auxiliary usage.

AGL Energy in action.

Breakdown of FY17 opex saving target: $170m

($m)	1H17 actual	FY16 and 1H17 actual	FY17 target
Group Operations	**7**	**55**	**77**
Maintenance optimisation	3	23	29
Procurement	1	19	29
Labour and contractor	2	15	13
Other	1	4	6
Additional generation	–	(6)	–
Energy Markets	**26**	**68**	**66**
Labour and contractor	8	23	14
Campaign and channel costs	7	15	32
Other	11	30	20
Centrally Managed Expenses	**5**	**37**	**27**
Labour and contractor	1	13	10
IT contract costs	1	9	9
Insurance	3	7	4
Other	–	8	4
Total operating cost savings achieved/targeted	**38**	**160**	**170**

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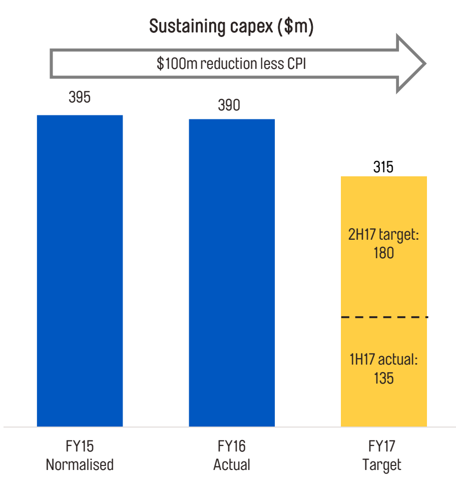
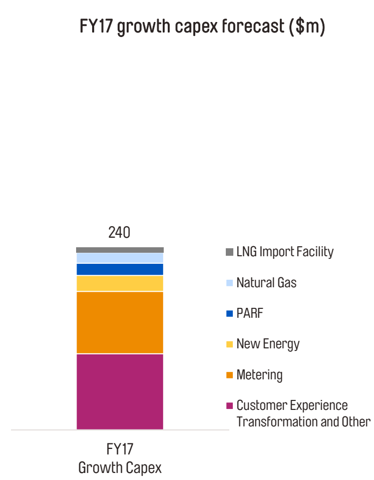
Capital expenditure targets update





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Working capital targets update

($m)	1H17 actual	FY16 and 1H17 actual	FY16 and FY17 target
Optimise coal stockpile at AGL Macquarie	12	33	42
Excess gas bank to be naturally consumed	83	66	21
Reduce surplus large scale generation certificates and other green assets	12	40	64
Consumer credit and billing initiatives	(51)	(11)	81
Total working capital reduction	**56**	**128**	**208**

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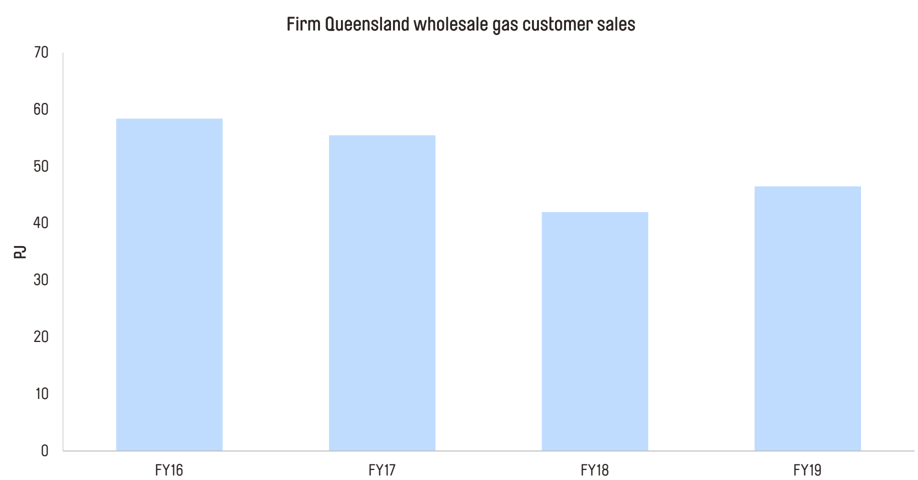
Queensland wholesale gas



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Wholesale contracting

AGL's Wholesale Markets Risk Management Policy (Policy) is approved by the Board and establishes the requirements for managing risks arising from wholesale energy markets.

The Policy clearly defines permitted contracting activities, limits and counterparty credit management requirements.

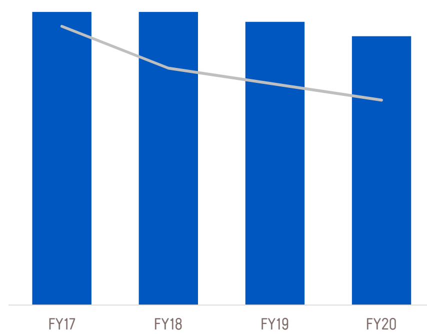
Limits for exposure to market price risk are in place to manage profit, cash flow and dividends. Activities to monitor exposure include:

> Electricity: retail load, generation, contracts monitoring; earnings-at-risk simulation analyses, limits and stress testing of the portfolio.

> Gas and oil: position monitoring of contract exposures, production risks and customer demand. The aspects of the gas portfolio exposed to oil price risk is managed using sensitivity and stress test analyses in conjunction with limits.

> Environmental: position monitoring of contract exposures, production risks and customer demand.

Electricity hedged positions (all regions)



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AGL Energy in action.

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AGL Energy FY17
Interim Results
Half year ended 31 December 2016
9 February 2017