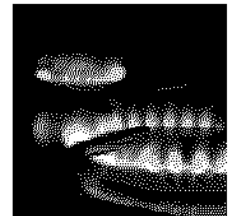
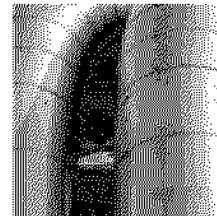
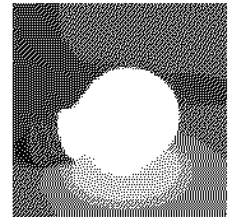
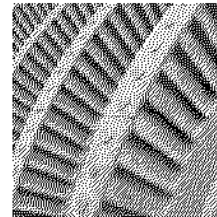




agl energy

positioned for growth

paul anthony, managing director & ceo



morgan stanley  
asia pacific summit

november 2006



# disclaimer

the information in this presentation:

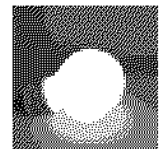
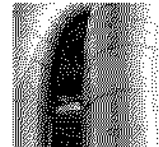
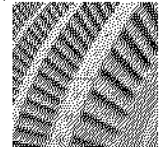
- is not an offer or recommendation to purchase or subscribe for securities in agl energy limited or to retain any securities currently held
- does not take into account the potential and current individual investment objectives or the financial situation of investors
- was prepared with due care and attention and is current at the date of the presentation

actual results may materially vary positively or negatively 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.

# introducing agl energy

## commencing from a position of strength

- Australia's largest retailer of gas & electricity
  - ~ 2.8m customers across NSW, Victoria, South Australia and Queensland
  - ~ 0.8m customers through JVs in the ACT (ActewAGL) & Western Australia (AlintaAGL)
- depth & breadth of operating experience in deregulated markets
- significant scale, brand strength & heritage
- strong opening financial structure offering growth funding flexibility & supporting increasing, sustainable shareholder returns
- extensive, existing asset portfolio with solid, identified growth opportunities in new carbon-constrained environment
- strong natural hedge to retail customer base with opportunity to grow through further integration upstream
  - electricity generation & upstream gas reserves
- S&P/ASX 50 company with market capitalisation of ~AUS\$5.5 billion



# a focused energy company

## Operational Snapshot

Retail Customers

2M Gas

1.6M Electric

1.3M Dual Fuel

(inc. JVs)

Generation

1,757 MW Equity

3,258 MW (inc. JVs)

Gas Reserves

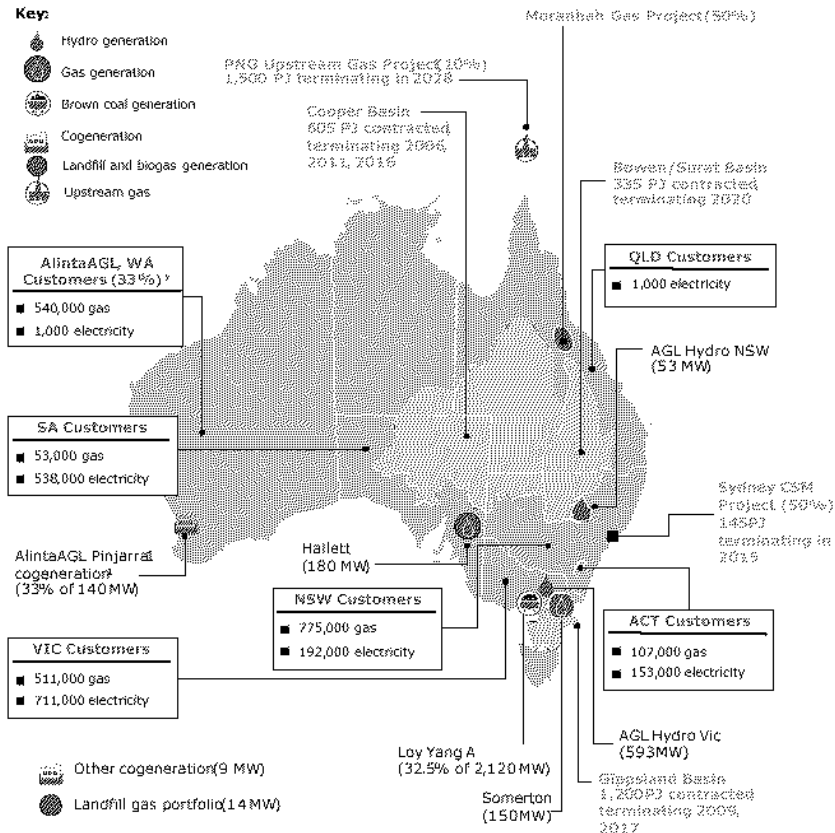
3,785 PJ's contracted

650 PJ's Equity Gas

New Generation

1,800-2,700 MW

under review

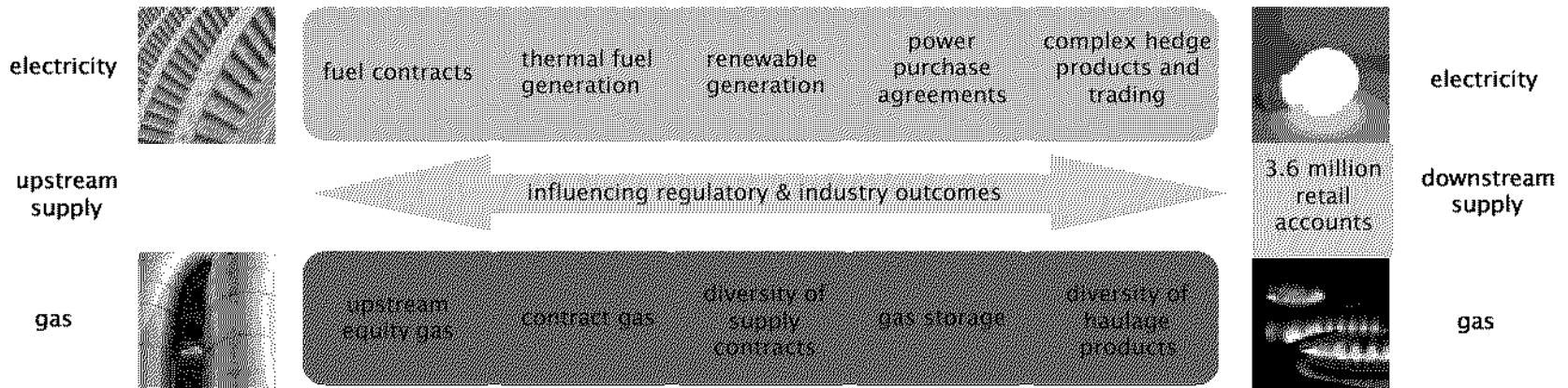


1. AGL Energy will initially have 33% of AlintaAGL with option to go to 100% over 5 years.

# the integrated strategy

## the 'four corners' approach

hunters & gatherers of value across gas & electricity chains



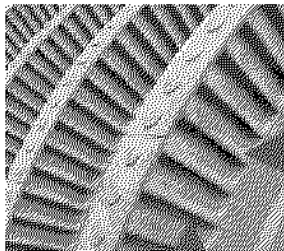
growth platform & skills to succeed across gas & electricity energy chains

# the integrated strategy

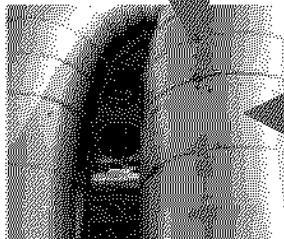
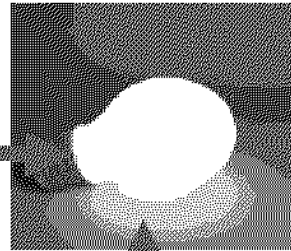
## the 'four corners' approach...in action

- ~2,700MW of new, clean burn generation projects under review
- further potential for acquisitive growth
- increasing upstream equity gas positions
  - PNG
  - Moranbah (Qld)
  - Sydney Basin

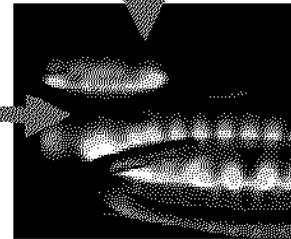
upstream supply  
electricity



downstream retail  
electricity



upstream supply  
gas



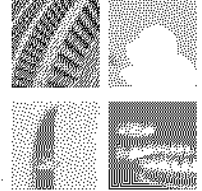
downstream retail  
gas

- bidding on 800,000 retail customers in Queensland
- opportunity to convert 540,000 WA gas customers to dual-fuel accounts
- significant success in converting existing customers to dual-fuel accounts
- new growth via recent acquisition of WA Retail (AlintaAGL JV)

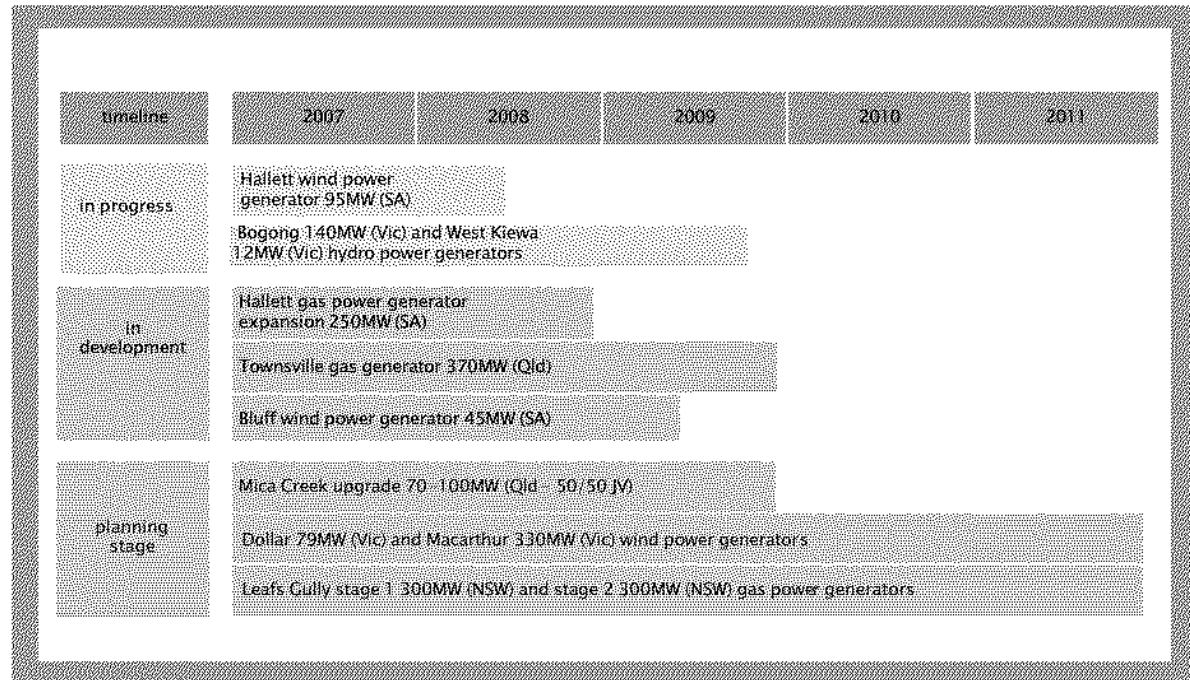
**growth platform & skills to succeed across gas & electricity energy chains**

# electricity generation

## managing peak demand



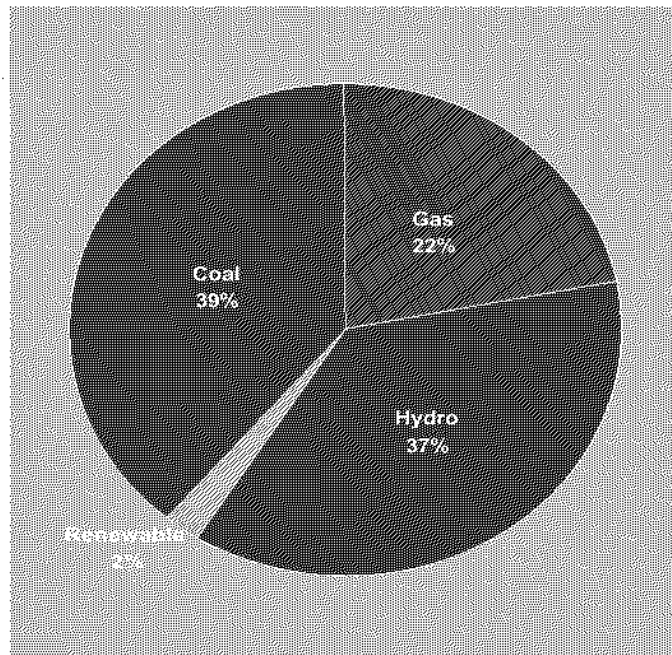
- strategic positions in power generation with focus on peak assets to balance downstream price risk and capture share of profit pool as it moves to upstream suppliers
- currently able to meet ~80%<sup>1</sup> of average and ~44%<sup>1</sup> of own peak demand
- organic generation projects identified to meet future peak demand needs
- new investments in gas-fired, hydro and wind to diversify portfolio and enhance future carbon footprint



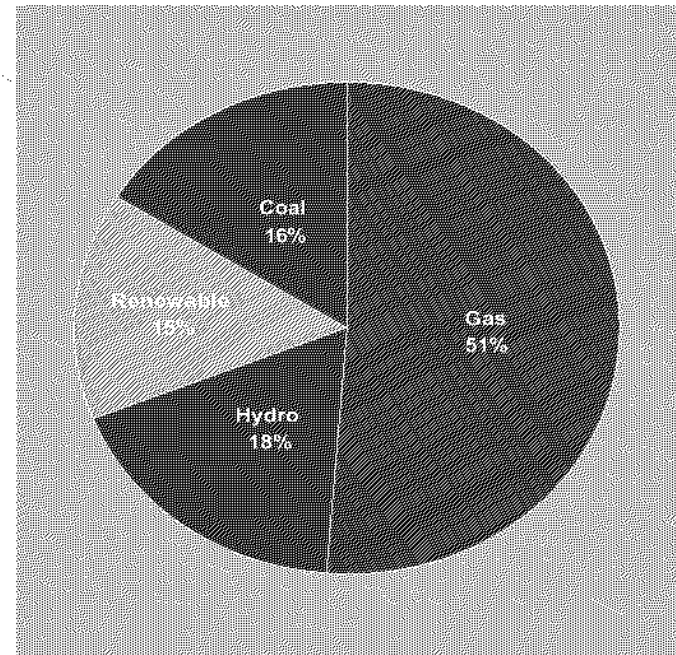
1. Equity generation coverage in key markets of Vic and SA.

# carbon effective generation

Current generation mix  
Total Equity MW = 1,757<sup>1</sup>



Potential generation mix post development projects  
Total Equity MW = 4,381<sup>1</sup>



**both current & potential generation portfolios are well structured to meet the future carbon constrained environment**

<sup>1</sup> Includes off-take arrangements

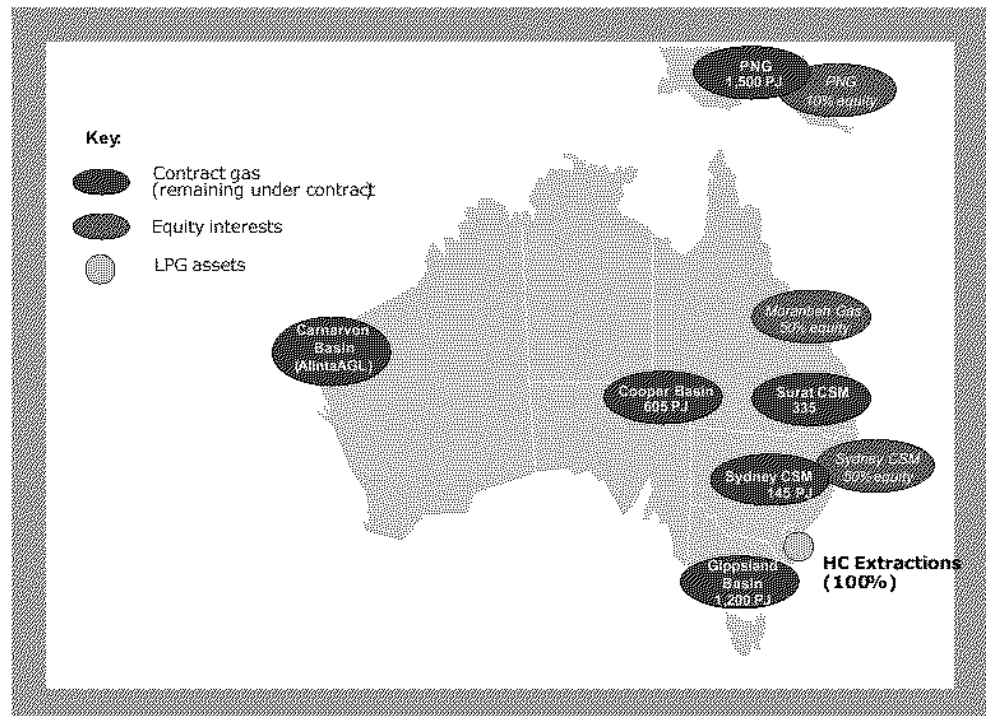


# upstream gas

## gas – the ‘spark-spread’ equation



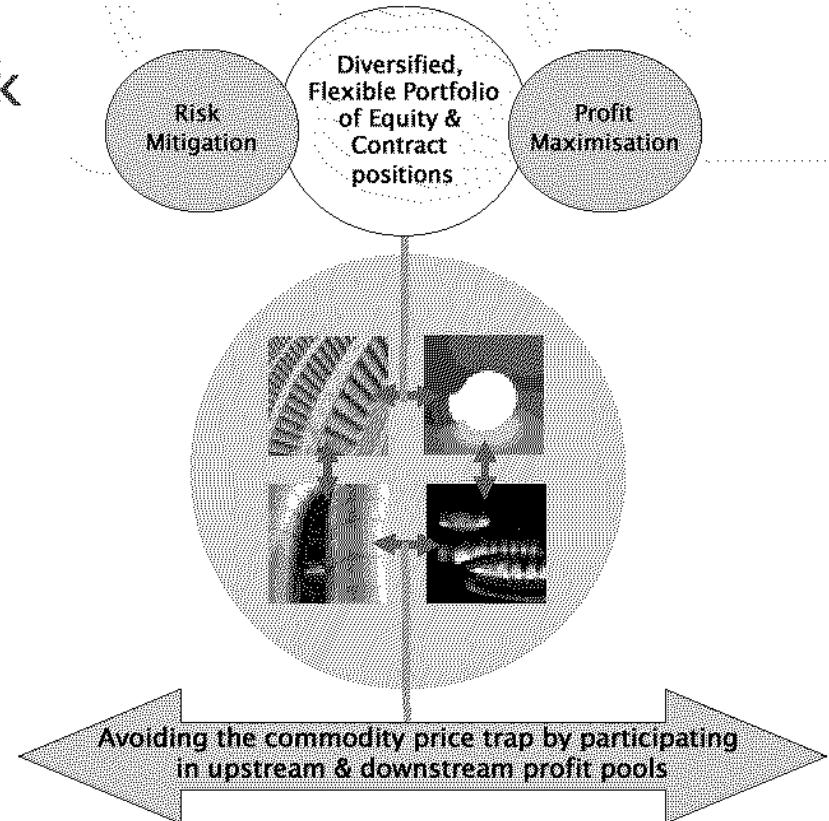
- extensive, contracted commercial reserves of upstream gas in Eastern Australia of ~ 3,785 PJ ensuring wholesale gas costs are maintained at competitive levels
- acquisitive growth opportunities to secure longevity and continuity of supply at lowest cost and to manage exposure of retail business
- educated player but not principal E&P participant (equity positions only – focus on producing assets not exploration)
- exploring storage and distributed generation technologies to enhance flexibility and diversity of fuel supply



# integration – the end game

## managing & mitigating risk

- leverage position as one of the largest purchasers of wholesale gas and electricity in Australia reducing cost of supply
- achieve appropriate balance between contract and equity supply
  - indicative portfolio targets of ~1/3<sup>rd</sup> equity gas & ~50 – 60% own, total generation load
- exploit scale and ingenuity to capture least cost-to-serve advantage
- use superior market insight to develop new innovative retail & wholesale products
- influence regulatory & industry outcomes



# png update

## the incremental approach

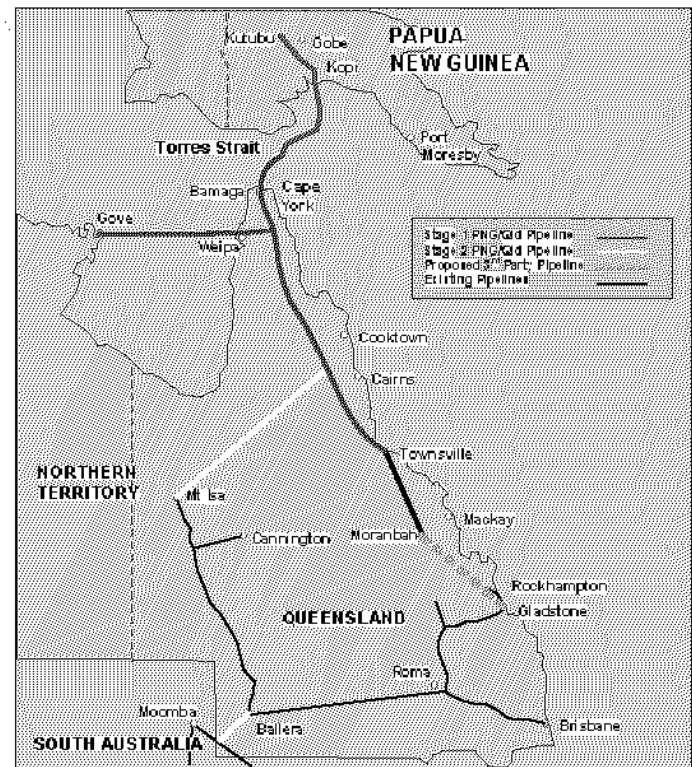
### png pipeline project

- lack of committed foundation load resulted in cessation of existing FEED
  - prior project structure did not meet agl energy investment return criteria
- currently exploring potential incremental build approach with upstream producers
- retain project development option
  - agl energy will not build pipeline if incremental approach proceeds

### png gas project

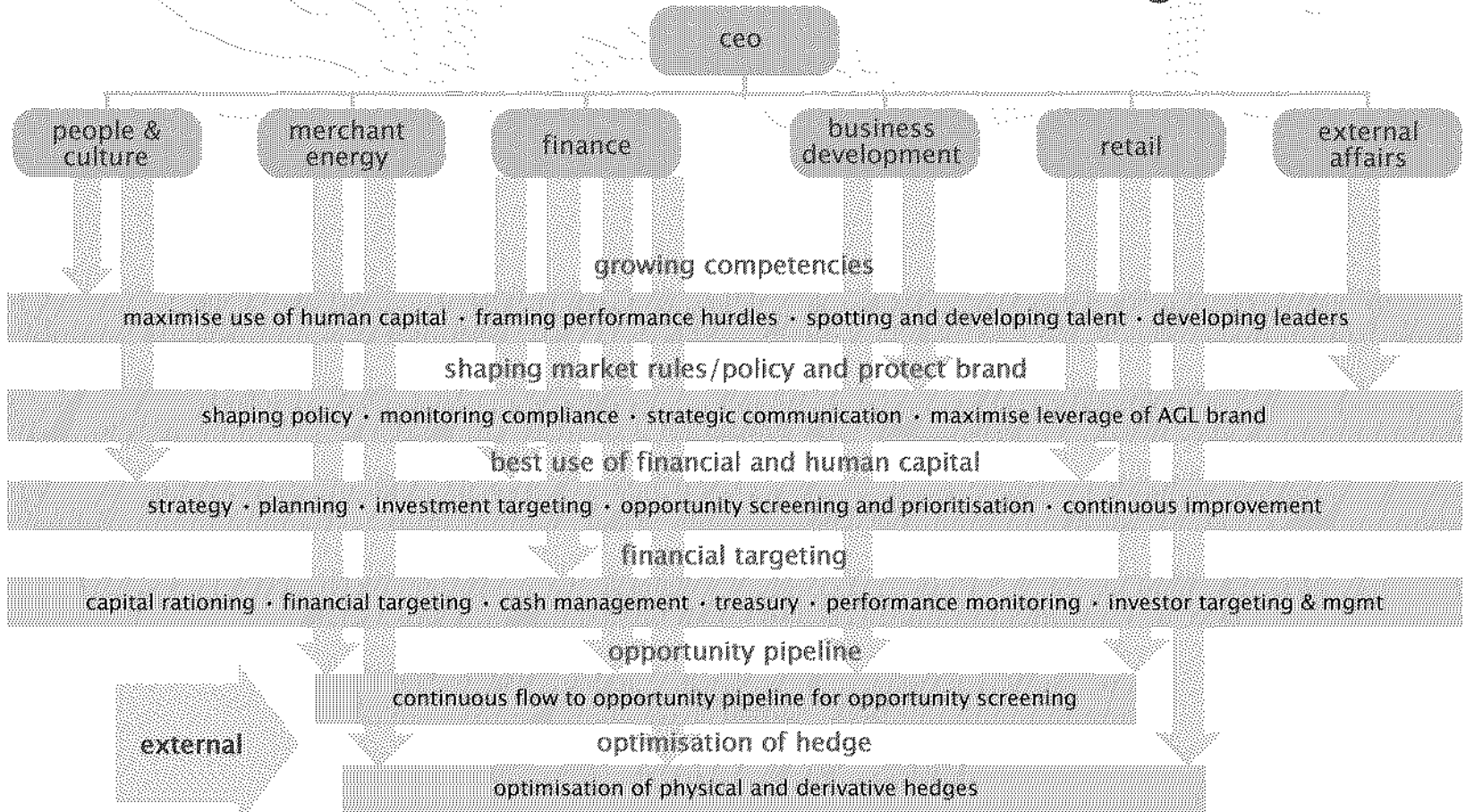
- no impact on carrying value of png upstream investment
- continues to deliver excellent returns against agl's initial investment of ~AUS\$560.0m

indicative incremental pipeline approach



# corporate structure

## breaking down silos



# key financials

## forecast income statement

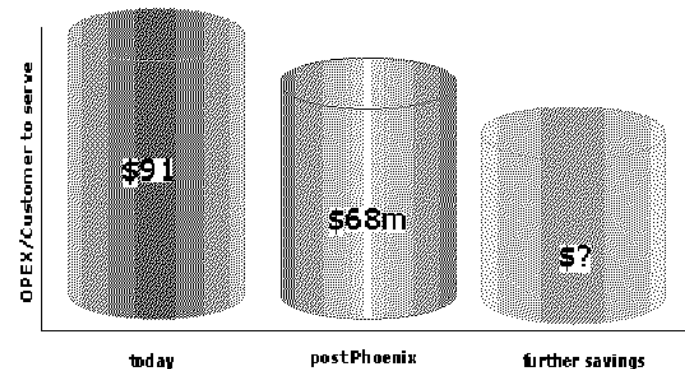
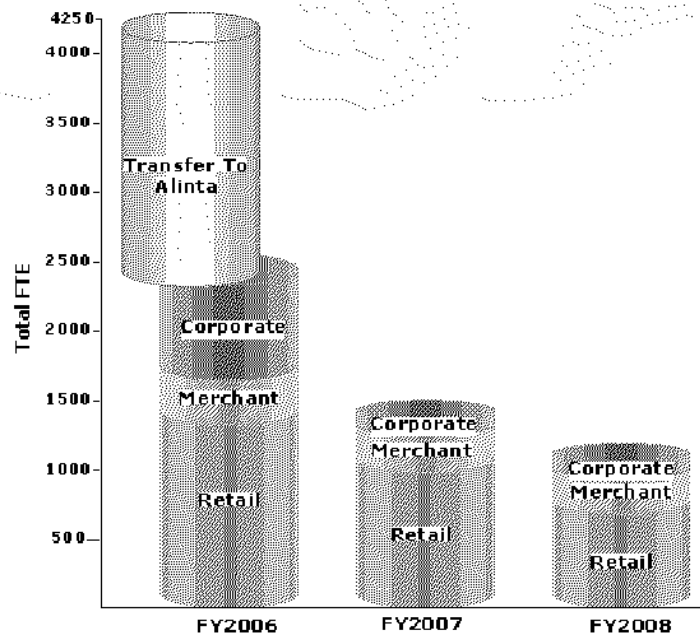
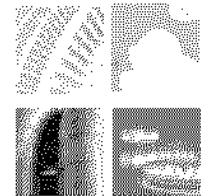
pro forma 30 June 2007

AUS\$ m

EBITDA	746
EBIT	573
Finance costs	-61
Profit before tax	512
Tax	-191
<b>Profit after tax</b>	<b>321</b>
<b>EPS (cents)<sup>1</sup></b>	<b>79.8</b>

<sup>1</sup> The EPS forecast for the year ending 30 June 2007 is based on weighted average shares outstanding of approximately 402.3 million following completion of the Recommended Proposal. Total shares on issue at Transaction Implementation Date, 377 million.

# powering efficiency & effectiveness

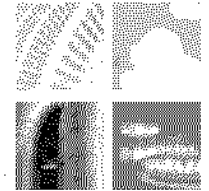


Ongoing savings of \$60–70m p.a. driven by 'project phoenix' retail process enhancement & systems consolidation with additional corporate cost savings yet to be quantified

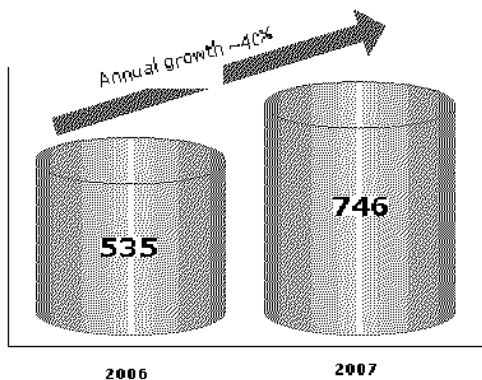
# earnings outlook

## strong earnings<sup>1</sup> growth to drive TSR

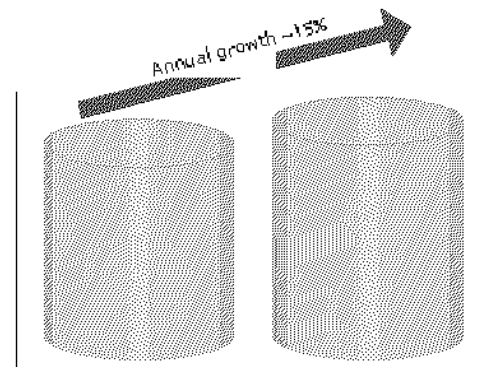
- strategy to target high growth energy sectors
- operating scale advantages
- value-adding growth opportunities
- identified, ongoing cost savings



EBITDA<sup>2</sup> (\$m)



earnings per share (cents)



1. forecast earnings are on a business as usual basis for new ACL's 30 June year end and do not incorporate projected earnings from potential acquisitions
2. profit from ordinary activities before finance costs, income tax expense, depreciation and amortisation and after pro forma adjustments

# in summary

## key benefits

diversified portfolio of assets across Australia with strong growth opportunities

- solid, identified growth opportunities in agl energy's leading retail, power generation and upstream equity gas portfolios

a focused business with expert management

- a focus on maximizing & sustaining shareholder returns (measured on a TSR basis)
- appropriate capital structure to support growth aspirations

ongoing cost savings and synergies

- identified, ongoing cost savings of \$60–\$70m p.a.
  - via retail energy process and system rationalisation (project phoenix)
- additional corporate cost savings (yet to be quantified) from organisational restructuring benefits

**agl energy – an attractive investment forecasting ~15% EPS growth over the medium term (3 - 5 years) with a targeted 60% dividend payout ratio, fully franked**

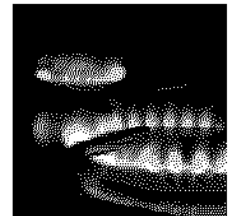
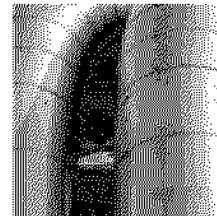
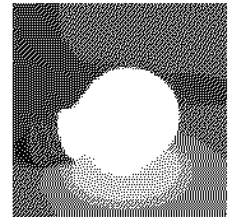
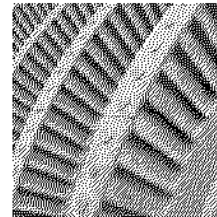




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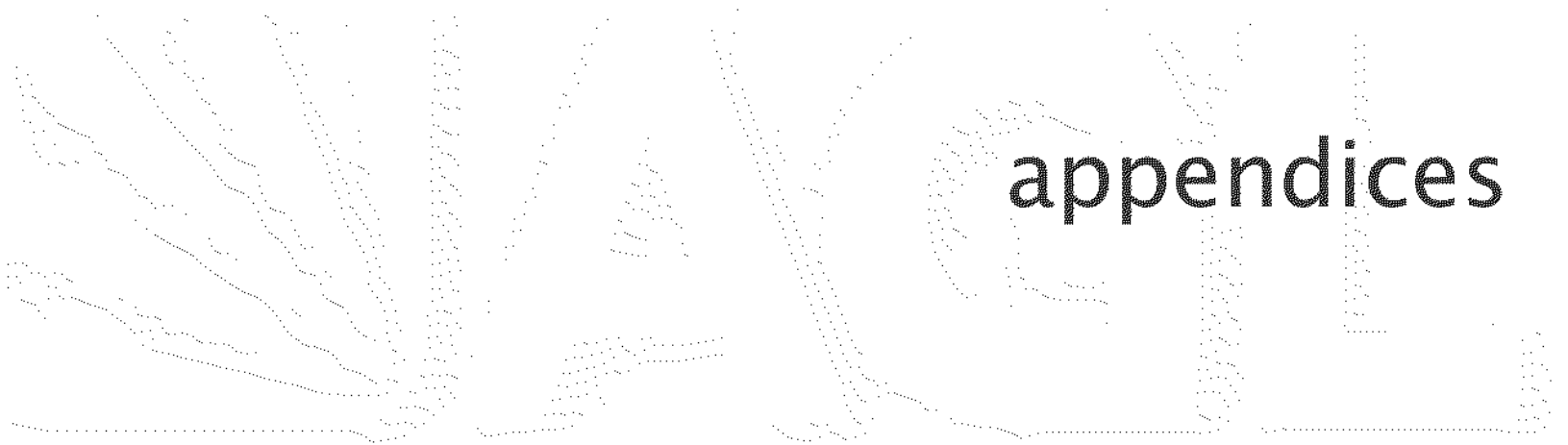


## further information/contacts

a full range of information on AGL including a soft copy of the scheme booklet, prior AGL annual reports, presentations and financial results are available from our website [www.agl.com.au](http://www.agl.com.au)

alternatively, contact

**graeme thompson**  
head of investor relations  
agl energy limited  
phone: +61 2 9921 2789  
mobile: +61 (0) 412 020 711  
email: [gthompson@agl.com.au](mailto:gthompson@agl.com.au)



# appendices

- agl energy – financial year 2007 dividend makeup
- old agl – share price performance, pre demerger through until delisting
- agl & alinta – merger/demerger overview

# agl energy – fy07 dividends

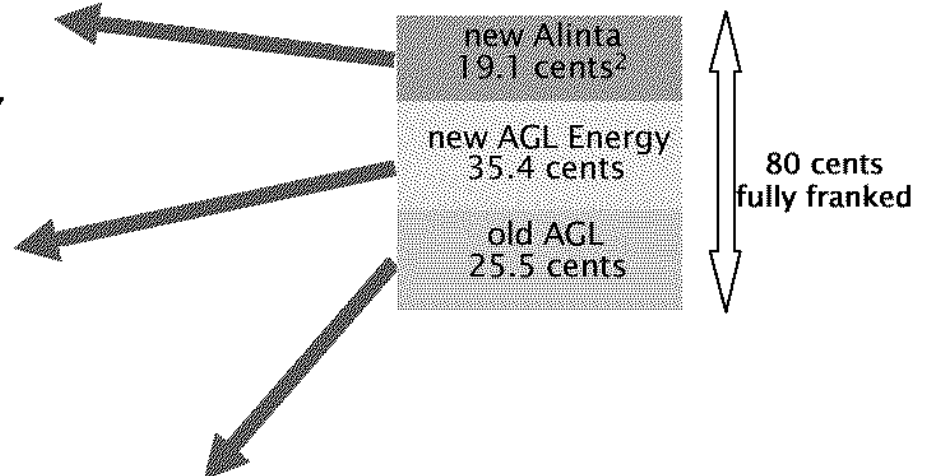
Indicative split & timing (subject to AGK & AAN board approvals) of forecast AGK 30 June 2007 financial year, 80.0cps fully franked dividend (for AGK shareholders on register at respective record dates).

Represents ~8 months of **new AAN** (Nov 06–Jun 07). Anticipated to be paid in accordance with existing Alinta financial calendar<sup>1</sup>

- Final div of ~4.8 cps payable Mar 07
- Interim div of ~14.3 cps payable Sept 07

Represents ~8 months of **new AGK** (Nov 06 –Jun 07). Anticipated to be paid in accordance with existing AGL financial calendar<sup>1</sup>

- Interim div of ~9.5 cps payable Mar 07
- Final div of ~25.9 cps payable Sept 07

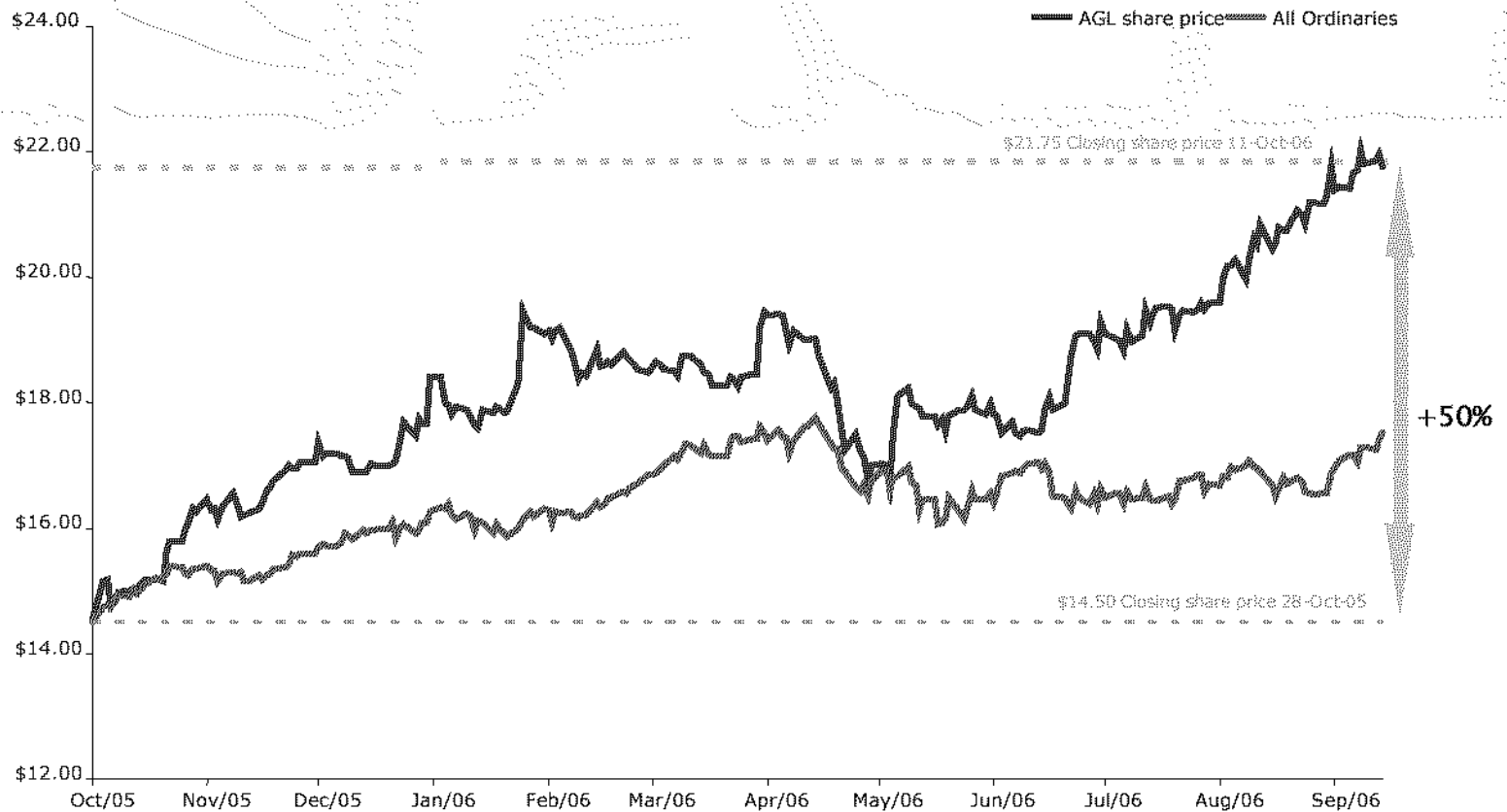


Transaction div of **25.5cps** paid 23 Oct (represented ~4 months of old AGL, July 06–Oct 06)

<sup>1</sup> AGK balance date 30 June & AAN balance date 31 December

<sup>2</sup> Cents per AGK share (existing AGL shareholders received 0.5775 new Alinta shares for each AGL share)

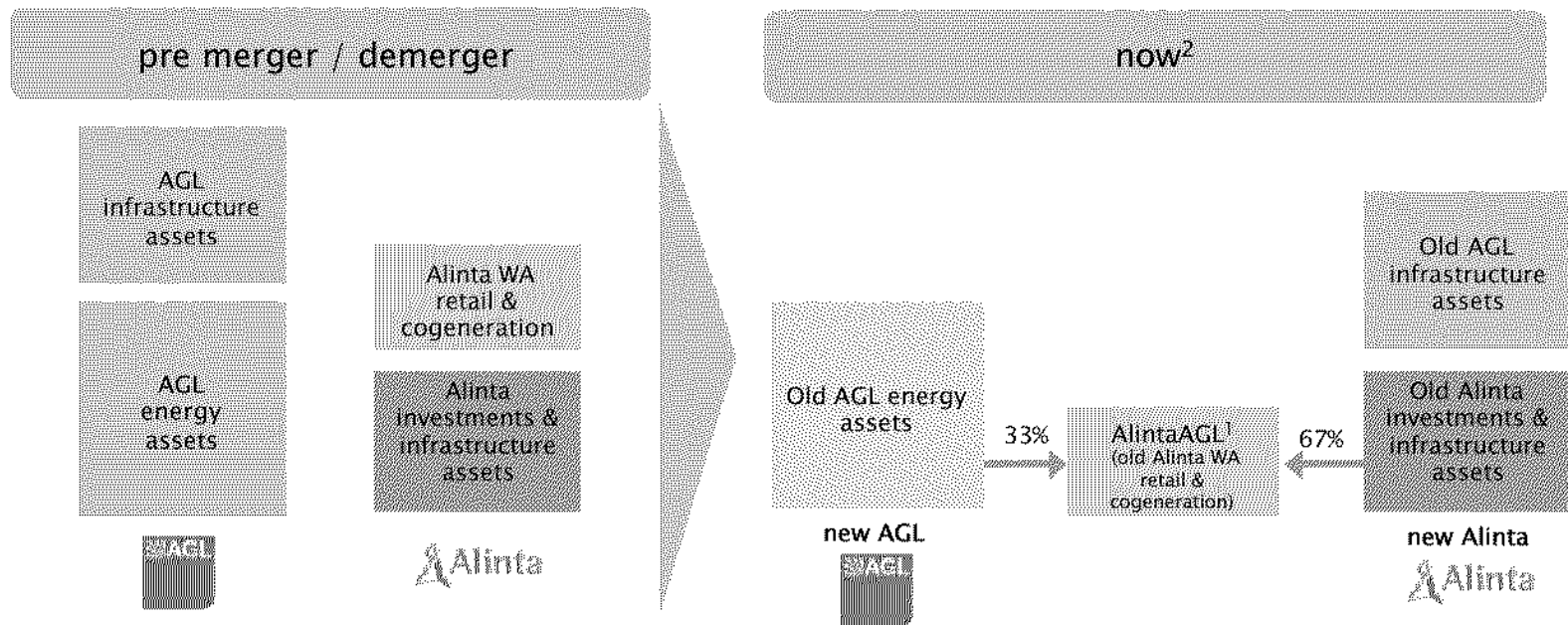
# old agl share price performance



# overview

## agl/alinta merger/demerger

- **agl energy** holds old agl's existing energy retail, power generation and upstream gas assets together with an initial 33% interest in Alinta's WA retail and cogeneration business (now AlintaAGL)<sup>1</sup>
- **new Alinta** holds the infrastructure assets and investments and asset management businesses of old Alinta and old AGL, plus an initial 67% interest in AlintaAGL<sup>1</sup>



1. agl energy holds a 33% interest in AlintaAGL with the option to move to 100% ownership in five years.
2. agl shareholders received 1 AGL energy share for each old AGL share and .5775 new Alinta shares for each old AGL share