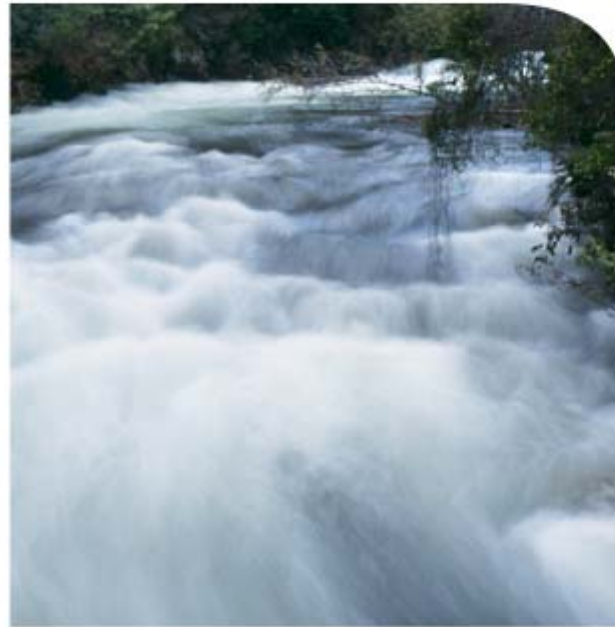




Image: Bogong Creek
Kiewa Hydro Scheme



2010 JPMorgan NY conference

Renewable energy fuels growth opportunities

Michael Fraser, Managing Director & CEO

September 2010



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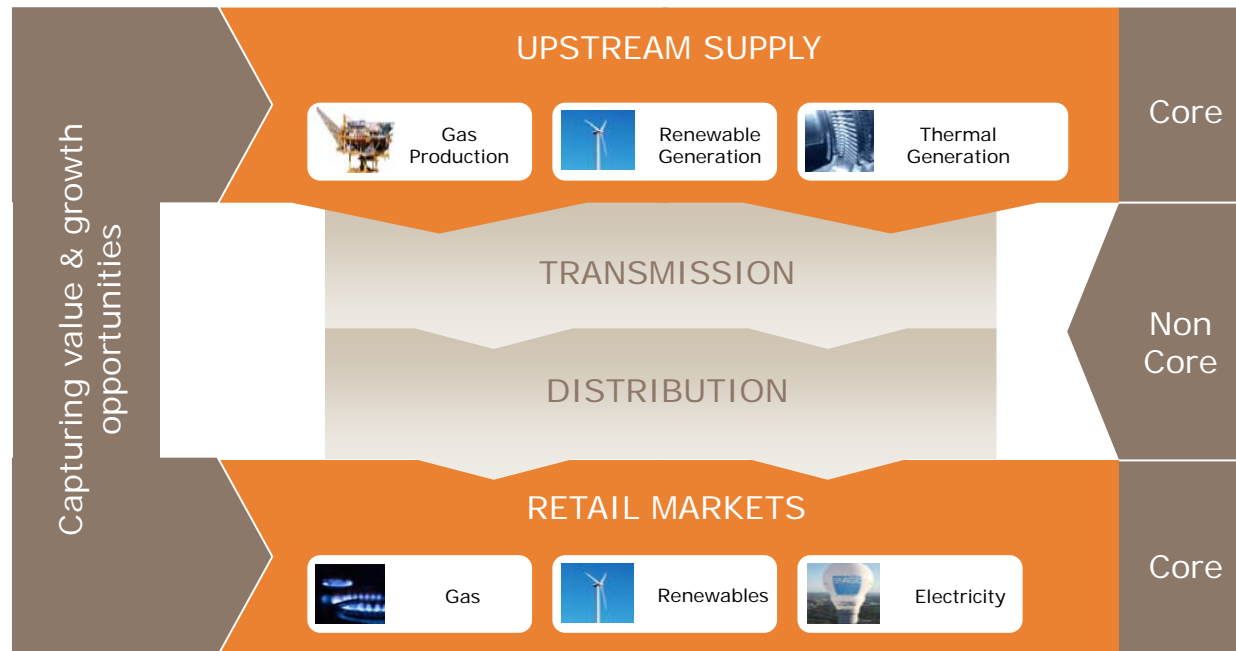


Integrated Strategy

Managing risk and improving returns

Upstream Gas:

- › Targeting ownership of ~2,000 PJ (2P)
- › Essentially CSG strategy
- › Measured acquisition of gas vs. EPS impacts
- › Will continue to contract if achieves superior outcome



Generation:

- › Currently ~4,228 MW of capacity owned and/or operated (includes ~672 MW under construction)
- › Medium term target of ~6,000 MW
- › Internally cover 60-70% of peak load to deliver desired portfolio outcomes

Market Leadership:

- › Focus on managing and growing margins
- › Leveraging upstream strategy & achieving retail economies of scale
- › Service platform capable of supporting 4 to 5 million customers

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Renewable Energy: Customer load drives opportunities

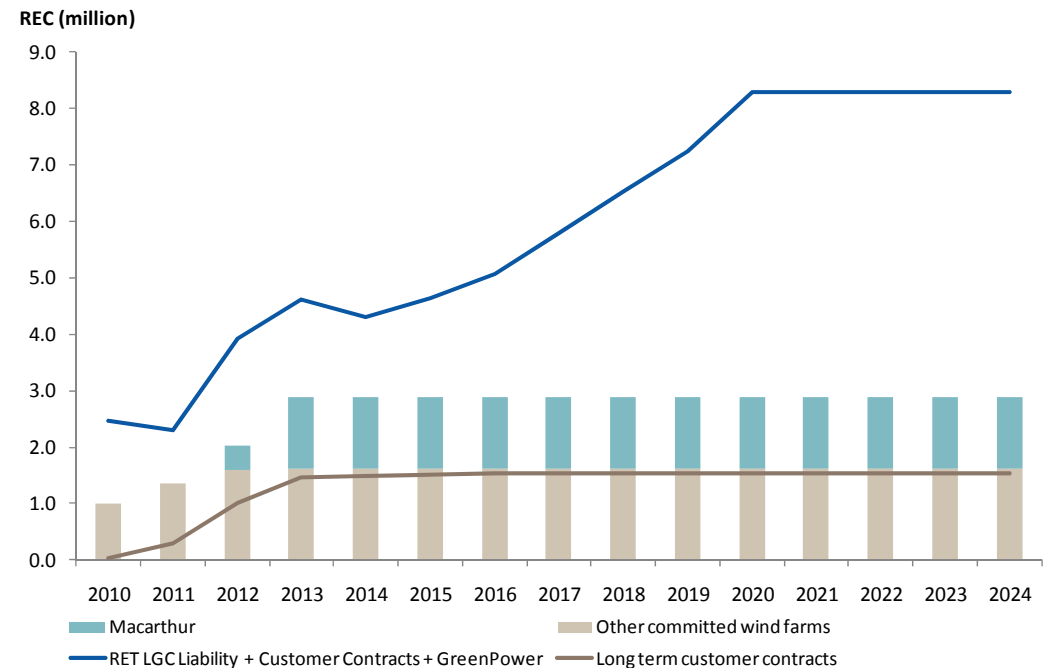
Obligations and opportunities reside with retailers.

- › Legislation reduced LRET requirement
- › Regulatory certainty for large scale projects
- › Penalty of \$93 per certificate
 - » Provides stimulus to invest
- › Enables staged build program
- › Latest wind turbine technology
 - » Increased energy generation

Long-term customer contracts

- › 20 – 27 year fixed price contracts
 - » Victorian Desal Plant: Up to 860GWh p.a.
 - » SA Desal Plant: Up to 500GWh p.a.
 - » Melbourne Water: Up to 180GWh p.a.
 - » **Total: Up to 1,540GWh p.a.**

AGL's RET Liability



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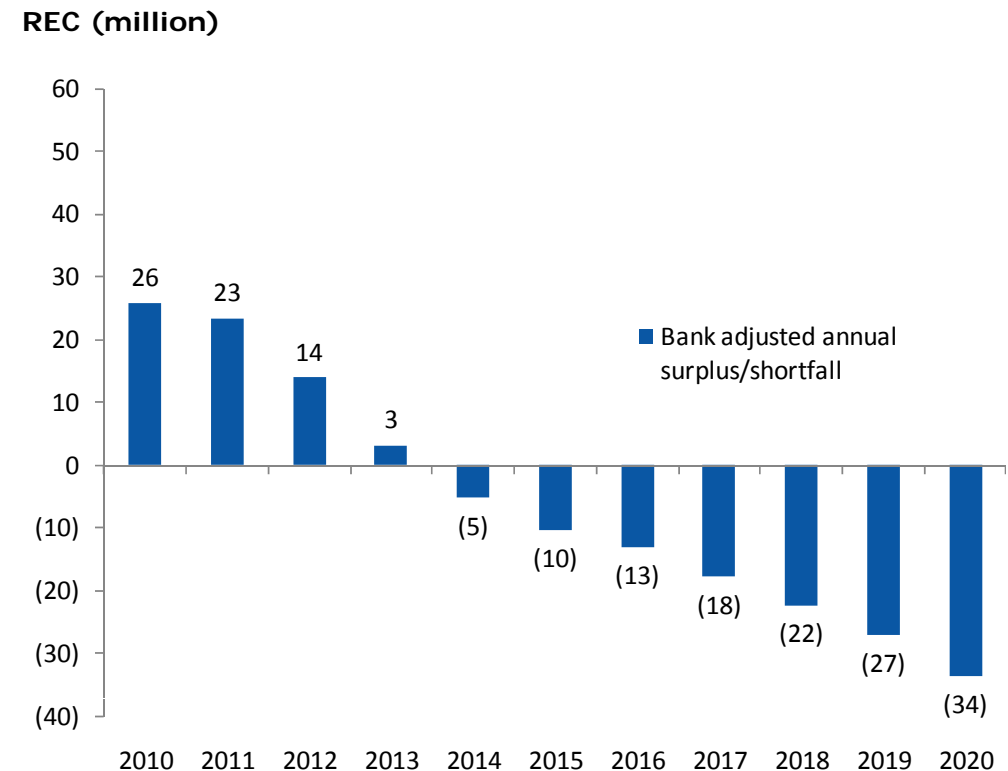


Renewable Energy: Demand legislated

Additional renewable generation required by 2014.

- › Enhancements to RET scheme passed in June 2010
 - » Ensures the majority of 20% RET is satisfied by large scale renewable generation
- › AGL to satisfy its obligation via a mixture of:
 - » Purchasing RECs
 - » Self-build
 - » PPAs with third-party providers
- › AGL has contracted sufficient RECs to meet its Mass Market obligations out to 2014
- › Macarthur wind farm recently approved
 - › Increased size to 420 MW capacity

Forecast Industry LRET Balance

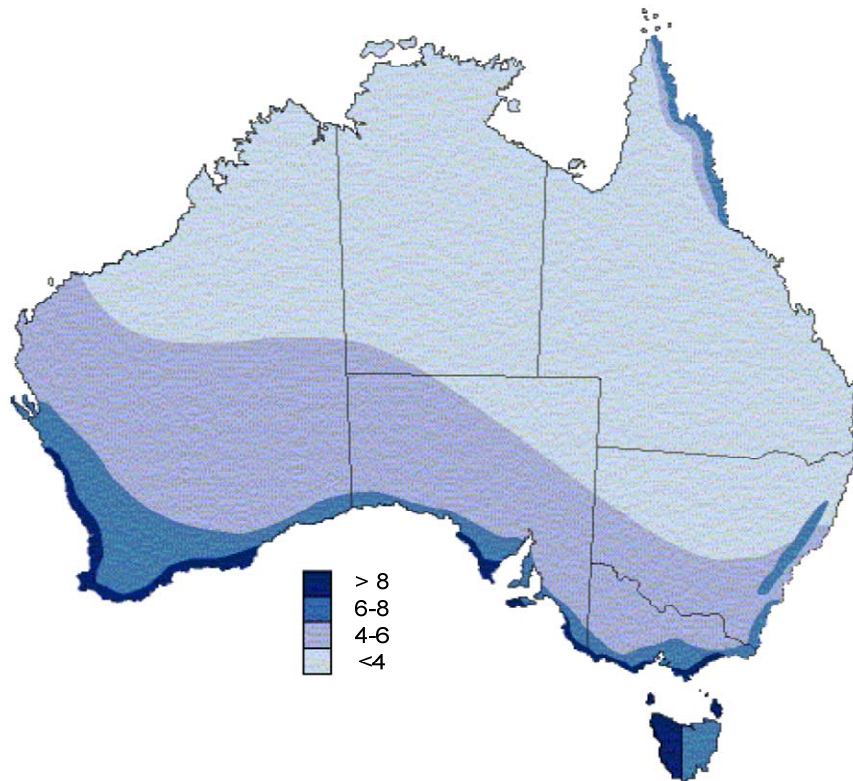


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Renewable Energy: World-class wind resource

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 have already been taken

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Renewable Energy: Strong growth pipeline

Provides strategic depth and optionality.

RENEWABLE GENERATION	Project	Nominal Capacity (MW)	Location	Type	Project Status	Definition
	Bogong	140	Victorian Alps	Hydro	Commissioned	Completed
	McKay Creek Up Rate	10	Victorian Alps	Hydro	Commissioned	Completed
	Hallett 2	71	SA - Hallett	Wind	Commissioned	Completed
	Hallett 4	132	SA - Hallett	Wind	Under Construction	Committed
	Werribee Expansion	2	VIC - Werribee	Biogas	Under Construction	Committed
	Oaklands Hill	67	VIC - West	Wind	Under Construction	Committed
	Hallett 5	52	SA – Hallett	Wind	Under Construction	Committed
	Macarthur	420	VIC - West	Wind	Under Construction	Committed
	Barn Hill	130	SA - Redhill	Wind	DA Approved	Probable
	Hallett 3	80	SA - Hallett	Wind	In Development	Possible
	Crows Nest	150	QLD - Toowoomba	Wind	Permitted	Possible
	Ben Lomond	150	NSW - Armidale	Wind	Landowner Agreements in Place	Possible
	Coopers Gap	300	QLD - Kingaroy	Wind	Landowner Agreements in Place	Possible
	Other	3 Projects totalling up to 600	Various	Various	Under Review	Possible

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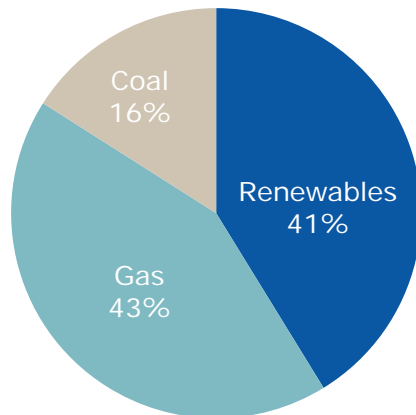


Gas Generation: Growth pipeline

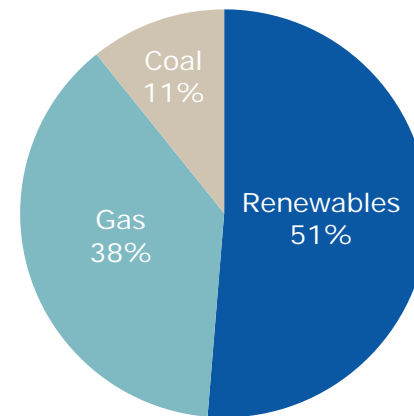
Gas Generation	Project	Nominal Capacity (MW)	Location	Project Status	Definition
	Dalton Stage 1	600	NSW	In development	Probable
	Tarrone Stage 1	600	VIC	In development	Probable
	Madeline Downs - Kogan	1,150	QLD	Site acquired freehold (350/800)	Possible
	Rosewood – Ipswich	360	QLD	Site under option, permitting ongoing	Possible
	Leafs Gully	360	NSW	In development	Possible
	TIPS Peaker Stage 1	700	SA	DA on public exhibition	Possible
	NQ Peaker	360	QLD	Site acquired freehold	Possible

Generation Mix

Current



Future



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Industry consolidation: NSW electricity privatisation

Opportunity for additional scale.

- › NSW privatisation timetable
 - » Data rooms opened 1 July 2010
 - » Bids due 1 November 2010
 - » Successful bids expected to be announced Late-2010
- › Potential opportunity to increase scale in both Retail & Generation
 - » 3 retailers with between 800,000 – 1.3 million customers
- › Only bid for assets if accretive to shareholders
- › Current intention is that any raising is expected to be a rights issue
 - » To favour existing shareholders
- › Maintenance of BBB credit rating



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Upstream Gas: Strategically positioned reserves

Strong reserve upgrade at Gloucester.

- › 2P reserves at Gloucester increase by 58%
- › 2P reserves entitlement up 21% (1,578PJ); 3P reserves entitlement up 7% (3,372PJ)
- › Initial reserves assessment expected at Hunter in 1H11

AGL share of CSG reserves	As at 30 Jun 10		As at 31 Dec 09		Change	
PJ	2P	3P	2P	3P	2P	3P
Moranbah (50%)	501	1,022	506	1,027	(1%)	-
Gloucester (100%)	669	832	423	630	58%	32%
Camden (100%)	154	201	126	170	22%	18%
Spring Gully (various, small)	8	10	7	9	14%	11%
Sub-Total	1,332	2,065	1,062	1,836	25%	12%
ATP 364P back-in rights (50%)*	246	1,307	246	1,307	-	-
Total	1,578	3,372	1,308	3,143	21%	7%

* Under a 50-year project agreement that commenced in 2000, AGL has no effective exploration rights (or ongoing cost obligations) within exploration tenement ATP 364P as these were assigned to Arrow Energy Limited. However, AGL is entitled to participate up to a 50% interest in any commercial development by contributing its share of past costs. Past costs are anticipated to be less than \$0.05/GJ.

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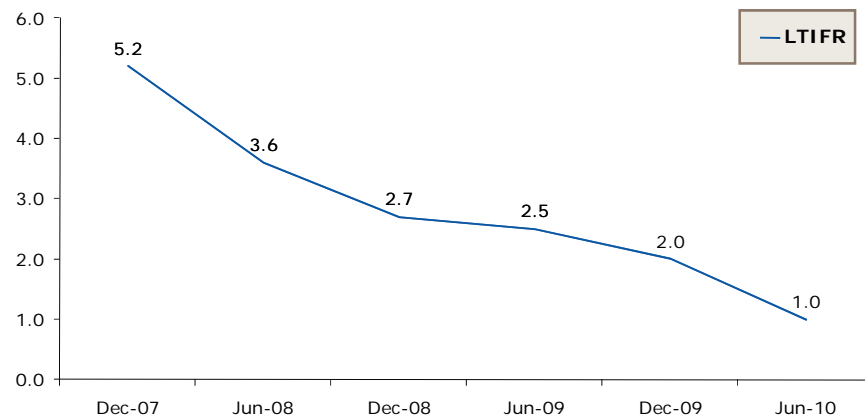
People & Safety

Continued improvement in safety performance and engagement.

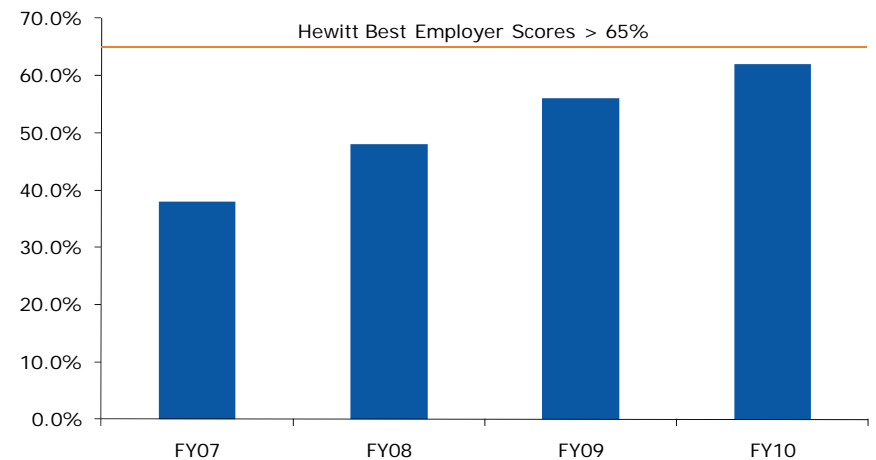
Delivering on our three people initiatives:

1. Attract, retain and develop talent
2. Enable a high performance culture
3. Continued improvement in safety performance

Lost Time Injury Frequency Rate



Employee Engagement



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Financial Ratios

Continued improvement across all key financial metrics.

- › BBB stable credit rating
 - » S&P rating affirmed in May 2010
- › Improved outcome in S&P's review of AGL's wind farm off-take agreements

As at	30 Jun 2010	30 Jun 2009
FFO / Interest cover (times) ¹	7.5	6.6
FFO / Interest cover S&P Adjusted (times) ²	5.4	5.4
Net Debt	420.4	497.1
Net debt / (Net debt + Equity)	6.7%	7.8%
EBITDA / Net Interest (times)	16.6	8.4

1. Adjustments as applied by Standard & Poor's excluding the notional adjustment for Operating Lease Agreements and wind-farm off-take agreements.

2. Adjustments as applied by Standard & Poor's.

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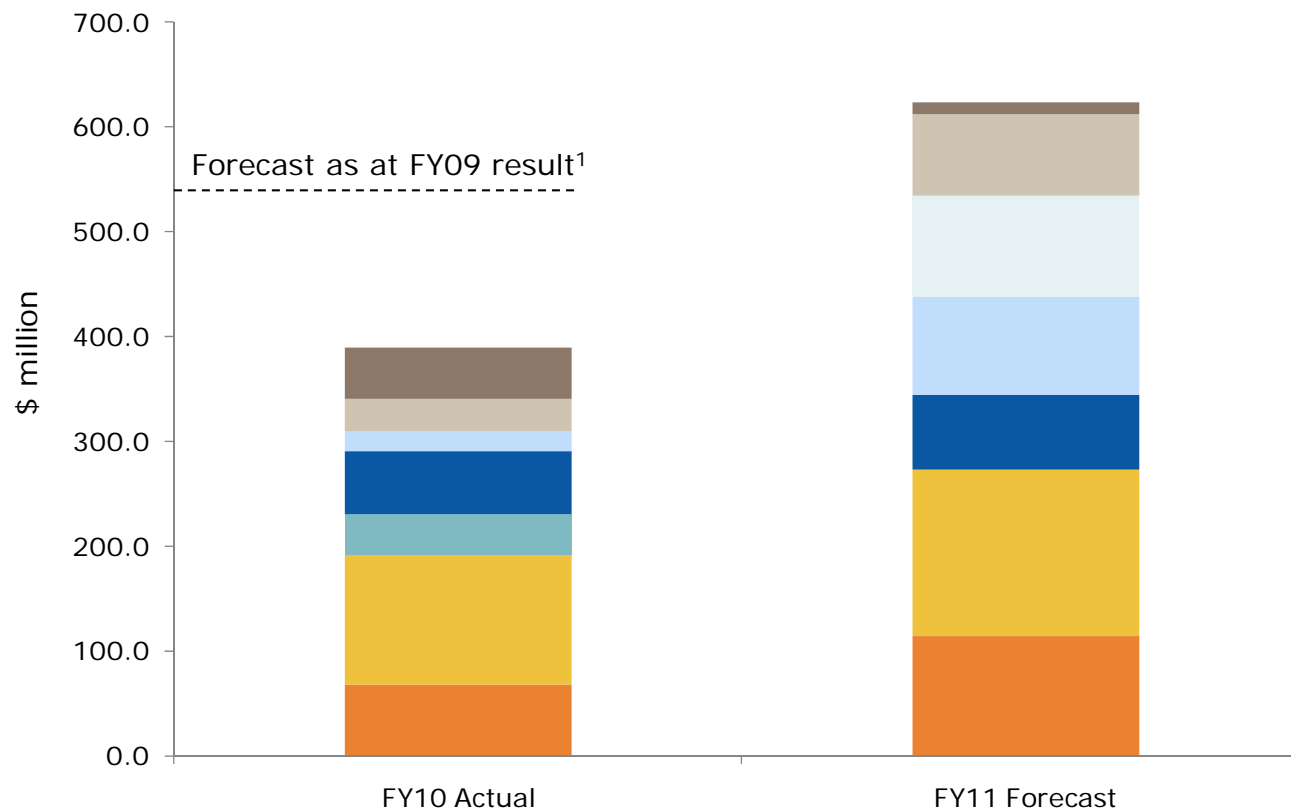
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Capital Expenditure

Strict investment discipline around capex decisions.



LEGEND

- Stay In Business
- Upstream Gas
- Oaklands
- Hallett 5
- Bogong
- Macarthur
- Retail
- Other

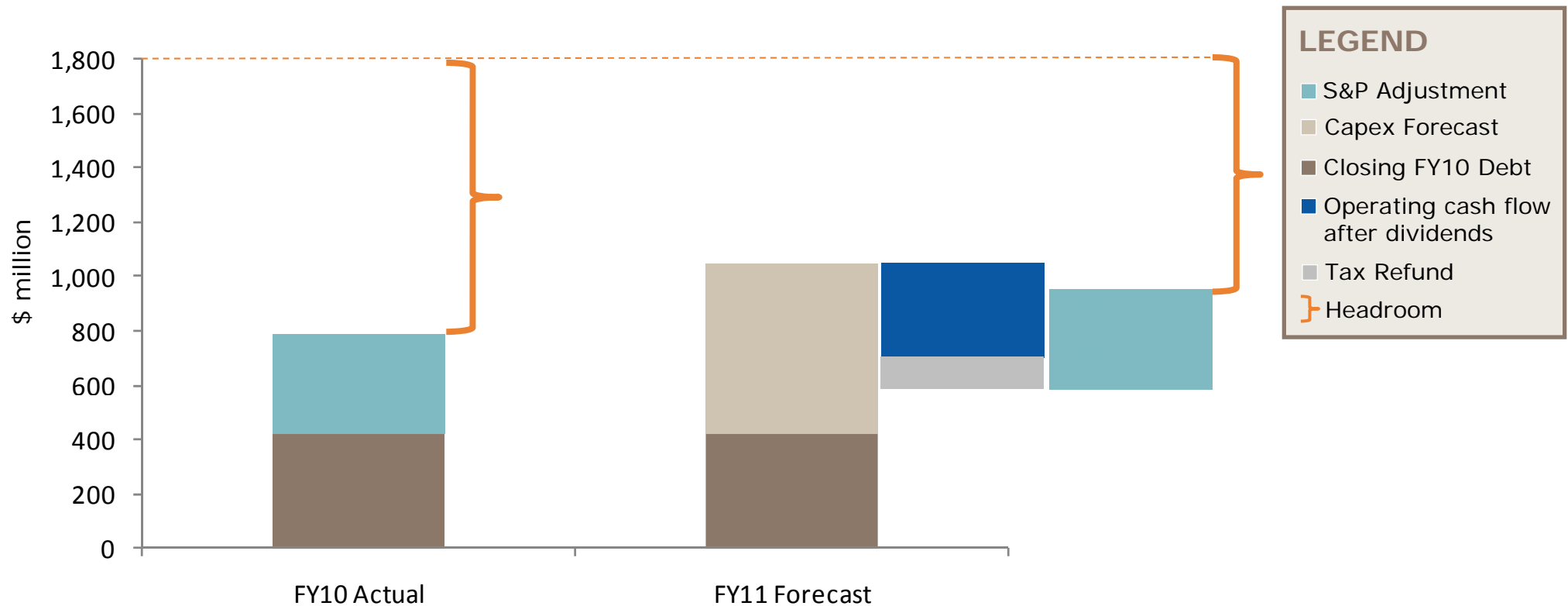
1. Net of Hallett 4 wind farm

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Debt Capacity

Ample headroom to fund organic growth.



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Underlying Operating Cash Flow¹

Strong cash generation continues.

12 months to \$m	30 Jun 2010	30 Jun 2009	Change
Statutory net cash provided by operating activities	390.0	235.4	
Cash flow relating to significant items	27.8	69.2	
Futures margin calls	5.9	66.8	
Increase in net green position	17.6	44.2	
Timing of Hallett 1 construction payments	-	32.0	
Underlying operating cash flow	441.3	447.6	
Income tax paid	189.0	61.7	
Underlying operating cash flow before tax	630.3	509.3	↑23.8%

1. See Supplementary Information for reconciliation of EBITDA to statutory cash flow.

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Return on Funds Employed

Strong internal focus on return on assets.

12 months to \$m	30 Jun 2010	30 Jun 2009	30 Jun 2008
Operating EBIT	652.1	643.1	693.2
Average Funds Employed	6,953.8	6,644.4	6,623.5
EBIT / Funds Employed	9.4%	9.7%	10.5%
Operating EBIT	652.1	643.1	693.2
Less: Upstream Gas EBIT	(5.5)	(4.9)	(19.4)
Less: Divested EBIT ¹	-	(35.6)	(125.4)
EBIT Adjusted	646.6	602.6	548.4
Average Funds Employed	6,953.8	6,644.4	6,623.5
Less: Assets under construction	(220.6)	(228.1)	(90.3)
Less: Upstream Gas Funds Employed	(993.2)	(747.1)	(572.6)
Less: Divested Funds Employed ¹	-	(215.6)	(727.4)
Average Funds Employed Adjusted	5,740.0	5,453.6	5,233.2
EBIT / Funds Employed Adjusted	11.3%	11.0%	10.5%

1. Divested assets include Elgas, Gasvalpo, AlintaAGL, PNG and QGC.

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FY10 Highlights

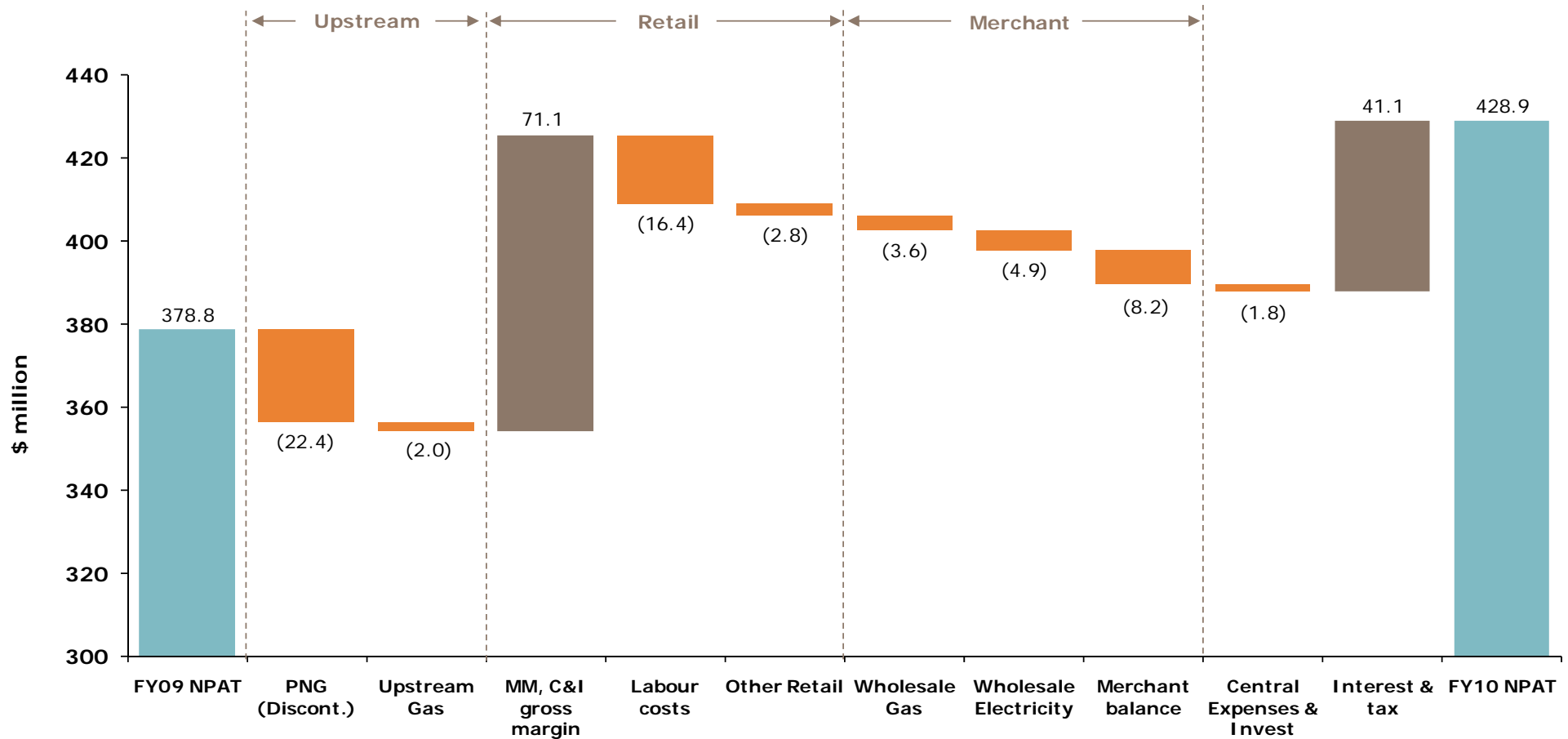
Retail underpinned strong result.

- › Underlying profit up 13.2%
- › Strong result from Retail Energy up 19.5%
- › Continued growth in customer numbers and margins
- › Gloucester/Camden 2P gas reserves up 49.9%
- › Significant improvement in underlying cash flow up \$121 million
- › Safety and employee engagement continue to improve
- › Tax refund from prior years of \$89.0 million
- › Full year dividends increased to 59.0 cents per share up 9.3%



Group Underlying Profit

Strong uplift in Retail gross margin.



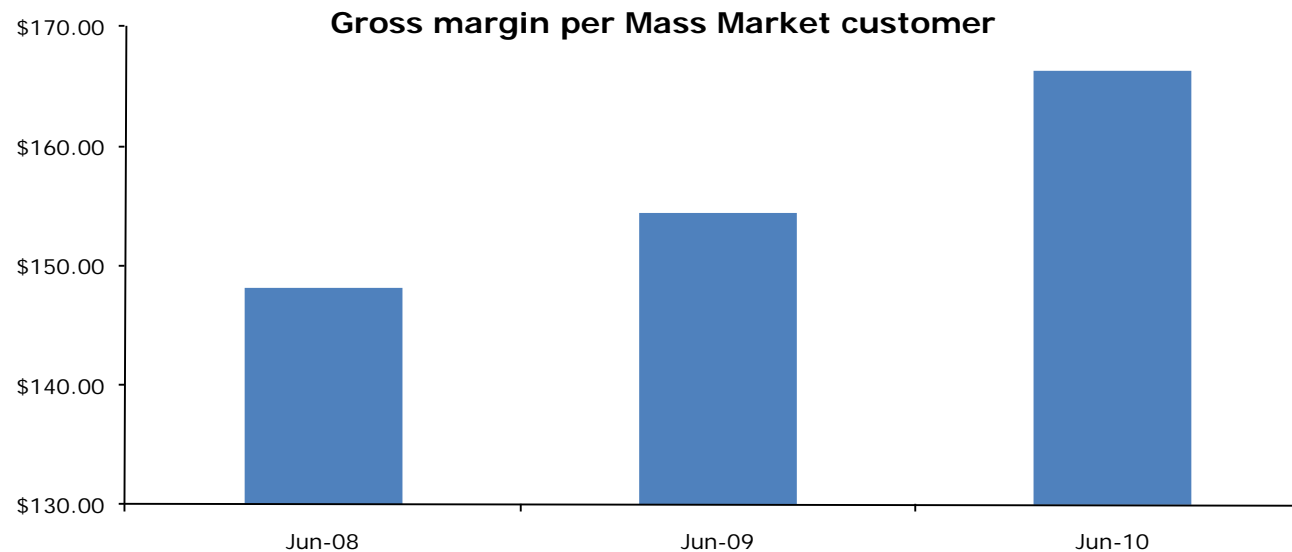
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Retail – Key Operating Metrics

Mass market margins improve but still don't deliver adequate returns.

12 months to	30 Jun 2010	30 Jun 2009	Change
Mass Market gross margin (\$m)	533.3	493.8	8.0%
Avg Mass Market customer numbers ('000)	3,205.6	3,191.9	0.4%
Gross margin per Mass Market customer	\$166.35	\$154.71	7.5%



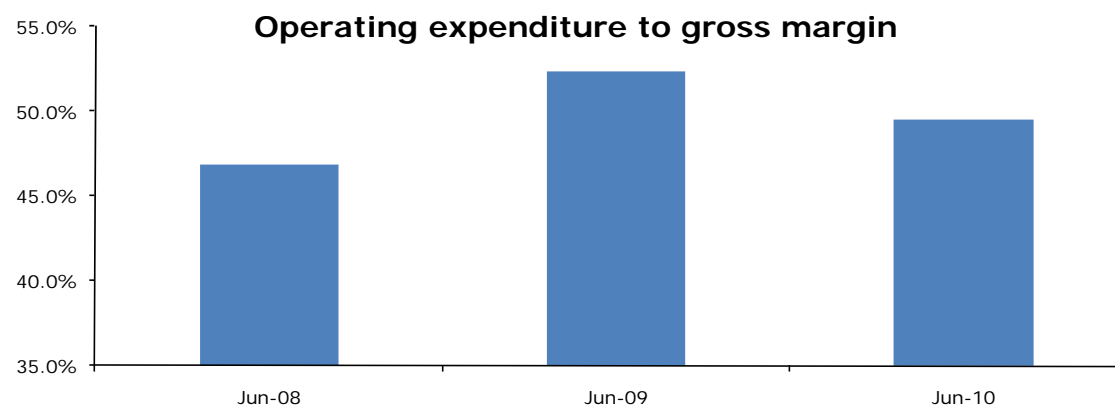
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Retail – Key Operating Metrics

Operating expenditure to gross margin improves to 49.5%.

12 months to \$m	30 Jun 2010	30 Jun 2009	Change
Operating costs	335.1	308.4	8.7%
Depreciation and amortisation	41.5	36.2	14.6%
Less fees and charges	(63.7)	(50.9)	25.1%
Net operating expenditure	312.9	293.7	6.5%
Gross margin	695.3	611.4	13.7%
Less fees and charges	(63.7)	(50.9)	25.1%
Gross margin less fees and charges	631.6	560.5	12.7%
Operating expenditure to gross margin ratio	49.5%	52.4%	2.9ppts



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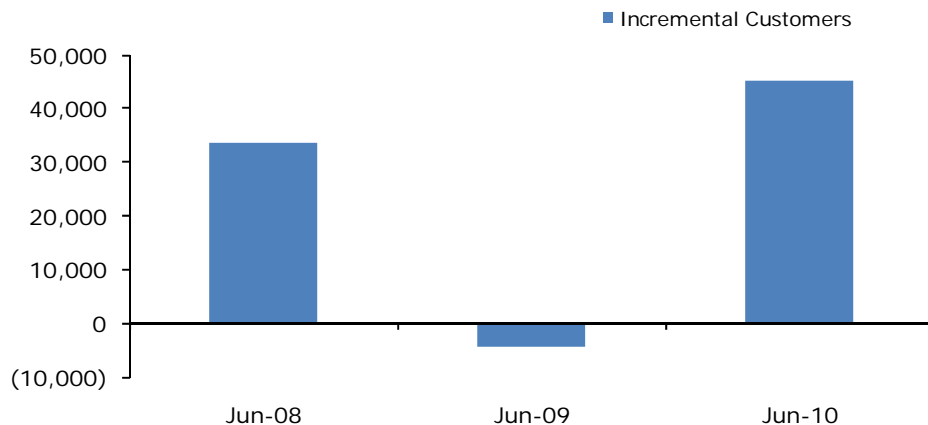


Retail – Delivering Customer Growth

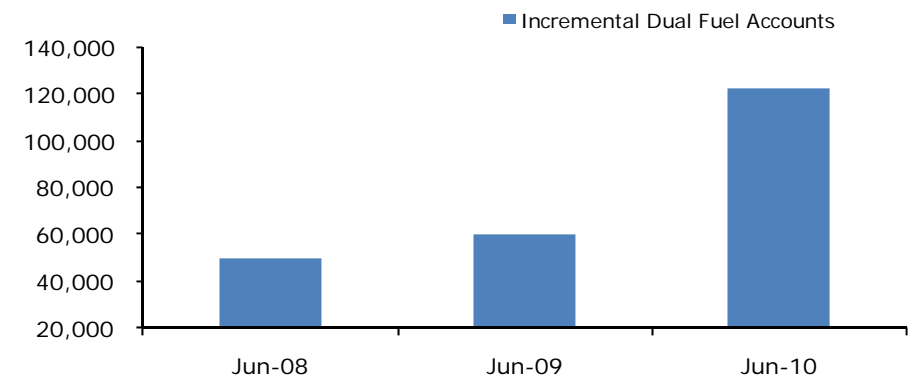
Accelerating growth in dual fuel customers.

- › Customer numbers up 45,317 (+1.4%) to 3.24 million
- › AGL churn at 14.7%, better than market churn of 18.7%
- › Strong growth in Dual Fuel accounts, up 122,278 (+9.9%)

Incremental Customer Numbers



Dual Fuel Accounts



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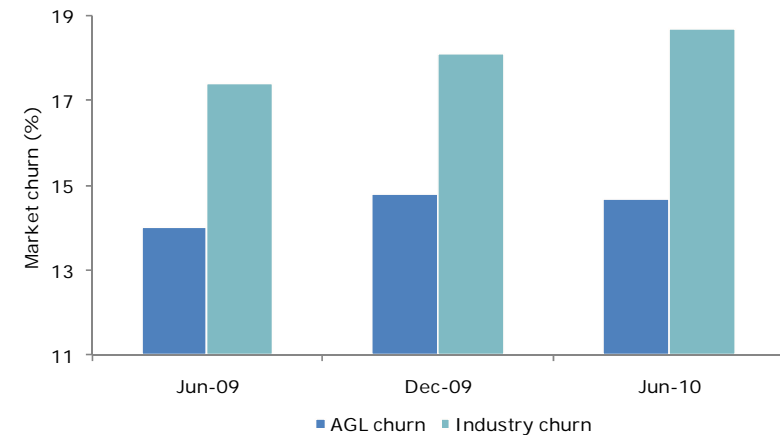


Retail – Improving Core Operations

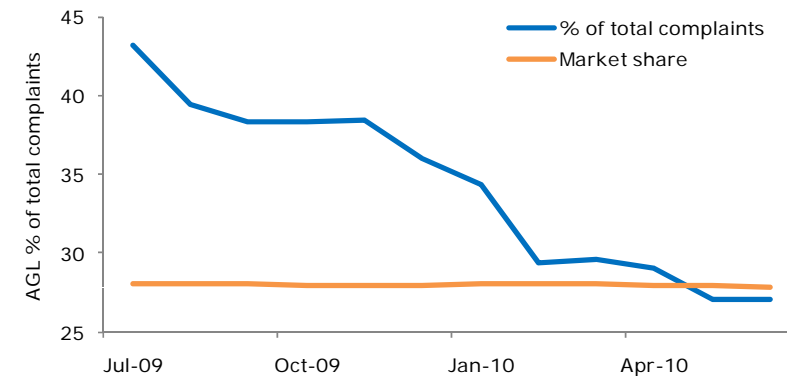
Good progress on Customer Service.

- › AGL market churn remaining steady while industry churn increased
 - » AGL churn 4 ppts below Industry average
 - » Victoria still the most competitive market in the world; all other states in the top 10
- › Effective AGL retention activity has reduced the impact of churn on gross margin and customer numbers
- › AGL share of Ombudsman complaints lower than customer market share due to
 - » Ongoing efforts to reduce unbilled accounts and improve timing and accuracy of SAP billing process
 - » Greater focus on achieving early complaint resolution and undertaking root cause analysis

AGL churn much lower than industry



AGL share of total Ombudsman complaints decreasing

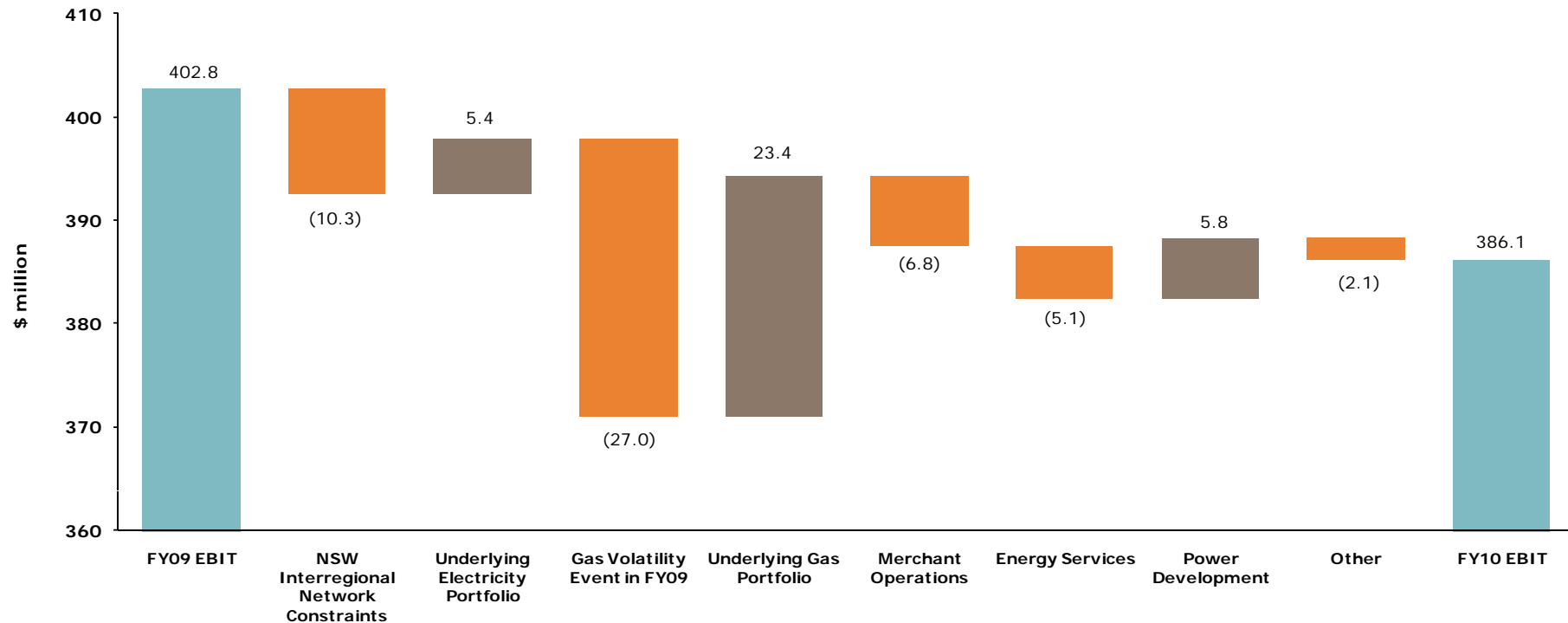


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Merchant – EBIT Drivers

Strong performance from underlying gas portfolio.



Key Drivers:

- › NSW Interregional Network Constraints – resulting in additional hedging costs during summer 2010.
- › Gas Volatility Event – FY09 included an LNG sales event of \$27.0 million arising from extreme Victorian pool prices in November 2008.
- › Underlying Gas Portfolio – effective management resulted in favourable gas purchase costs in FY10.

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Summary

Operational focus delivered continued profit growth.

- › Excellent performance by Retail Energy across full year
 - » Substantial improvement in customer service
 - » Sound platform for further growth
 - » Good improvement in cash collection
- › Merchant Energy delivered solid result
- › Upstream Gas delivers substantial reserves upgrade
- › Immediate balance sheet capacity of ~\$1 billion



Outlook 2011

Solid profit growth expected to continue in 2011.

- › Well-positioned for growth
 - » NSW privatisation
 - » Policy framework to deliver a lower carbon environment
- › Retail Energy expected to show solid improvement
 - » Impact of regulatory price reviews
 - » Further reduction in operating expenses to gross margin
 - » Continued improvement in customer service
- › Merchant Energy to deliver good improvement in 2011
 - » Generation flexibility at Dartmouth restored
 - » Bogong Hydro power station operational for 12 months
- › Upstream Gas to focus on additional reserve upgrades
- › Profit guidance at AGM 21 October 2010



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

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Supplementary Information



Significant Items¹

12 months to 30 Jun 2010 \$m	Pre Tax	Tax	After Tax
Impairment of non-current assets	(21.7)	6.5	(15.2)
Acquisition costs	(5.1)	0.7	(4.4)
Phoenix change program costs	(11.7)	3.5	(8.2)
Redundancy, termination and restructuring costs	(11.1)	3.3	(7.8)
Tax consolidation adjustment	-	85.5	85.5
Total significant items	(49.6)	99.5	49.9

1. Full detail in Appendix 4E, Section 1.

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Capital Expenditure

12 months to 30 Jun 2010 \$m	SIB	Discretionary	Total
Merchant Energy	46.1	159.0	205.1
Upstream Gas	-	123.2	123.2
Retail Energy	-	31.5	31.5
Corporate Other	22.0	7.9	29.9
Total	68.1	321.6	389.7

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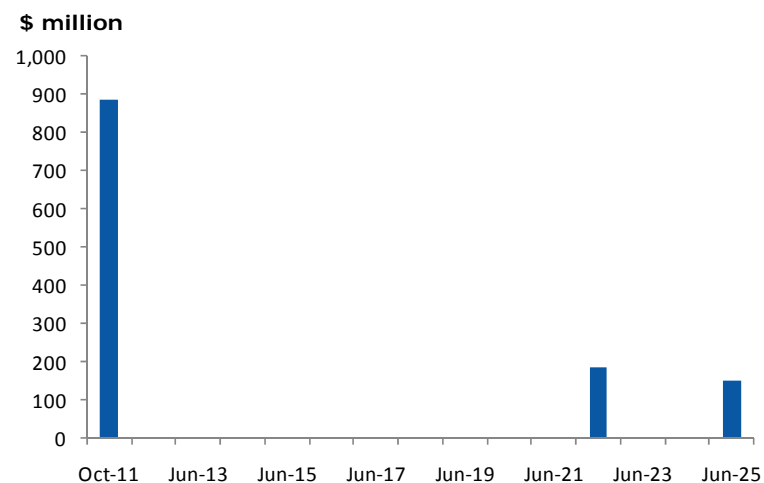


Debt Position

- › Successfully priced US\$300 million unsecured notes in United States Private Placement
- › Two tranches of 12 year and 15 year maturities
- › No group debt maturing until October 2011

Facilities @ 30 Jun 2010 \$m	Limit	Usage
Current		
Nil	N/A	N/A
Non Current		
Term facilities Tranche C	886.7	886.7
Revolving credit facility Tranche B	600.0	-
Total debt facilities	1,486.7	886.7
Cash	-	480.4
Net Debt¹	-	406.3

Debt Maturity Profile post US Private Placement



1. Excludes other items classified as borrowings including finance lease liabilities and customer deposits. Net debt including these items is \$420.4 million.

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Balance Sheet

As at \$m	30 Jun 2010	30 Jun 2009
Current assets	2,208.5	2,473.7
PPE, E&E and oil & gas assets	2,997.1	2,974.2
Other non current assets	3,485.3	3,586.8
Total Assets	8,690.9	9,034.7
Current liabilities	1,532.5	1,519.0
Total debt	900.8	1,120.2
Other non current liabilities	457.7	549.8
Total Liabilities	2,891.0	3,189.0
Net Assets	5,799.9	5,845.7
Contributed equity	4,066.7	4,030.3
Reserves	(159.4)	13.0
Retained earnings	1,892.6	1,802.4
Total Equity	5,799.9	5,845.7

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Fair Value Reconciliation

As at \$m	Net Assets (Liabilities)		
	30 Jun 2010	30 Jun 2009	Change
Electricity derivative contracts	(474.3)	(48.2)	(426.1)
Interest rate swap & foreign currency derivative contracts	(7.2)	(22.8)	15.6
Total net liabilities for derivative contracts	(481.5)	(71.0)	(410.5)
Change in derivative net liability	(410.5)		
Premiums paid	(128.3)		
Equity accounted fair value	5.0		
Premium roll off	135.1		
Total change in fair value	(398.7)		
Recognised in equity hedge reserve	(221.3)		
Recognised in profit and loss	(177.4)		
Total change in fair value	(398.7)		

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Gas Sales Volume

12 months to PJ	30 Jun 2010	30 Jun 2009	Change
Mass Market			
VIC	28.1	31.4	(10.5%)
SA	2.0	1.8	11.1%
NSW	25.0	27.2	(8.1%)
QLD	3.2	2.6	23.1%
Mass Market Total	58.3	63.0	(7.5%)
C & I			
VIC	25.8	29.2	(11.6%)
SA	7.3	2.9	151.7%
NSW	39.0	46.1	(15.4%)
QLD	14.6	13.7	6.6%
C & I Total	86.7	91.9	(5.7%)
Wholesale Customers & Generation ¹	65.9	68.4	(3.7%)
Total	210.9	223.3	(5.6%)

1. Includes volumes sold to TIPS and Yabulu during full year Jun 10 23.4PJ (Jun 09 27.4PJ). Decrease due to lower generation at TIPS (4PJ).

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Electricity Sales Volume

12 months to GWh	30 Jun 2010	30 Jun 2009	Change
Mass Market			
VIC	4,931	5,055	(2.5%)
SA	3,404	3,290	3.5%
NSW	3,338	2,882	15.8%
QLD	3,406	3,576	(4.8%)
Mass Market Total	15,079	14,803	1.9%
C & I			
VIC	6,097	5,618	8.5%
SA	3,196	2,579	23.9%
NSW	5,397	5,079	6.3%
QLD	4,593	5,887	(22.0%)
C & I Total	19,283	19,163	0.6%
Total (excl. ActewAGL)	34,362	33,966	1.2%
Purchased volume ActewAGL	3,014	2,916	3.4%

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Retail – Mass Market Key Indicators (includes SME)

12 months to Electricity	30 Jun 2010	30 Jun 2009	Change
Volume (GWh)	15,080	14,803	1.9%
Mass Market Accounts ('000)	1,856	1,793	3.5%
Revenue (\$m)	2,208.9	1,945.6	13.5%
Gross Margin (\$m)	345.0	317.3	8.7%
Gross Margin	15.6%	16.3%	(0.7) ppts
Gross Margin per customer	\$188.93	\$176.90	6.8%
12 months to Gas			
Volume (PJ)	58.3	63.0	(7.5%)
Mass Market Accounts ('000)	1,368	1,388	(1.4%)
Revenue (\$m)	993.9	991.1	0.3%
Gross Margin (\$m)	188.3	176.6	6.6%
Gross Margin	18.9%	17.8%	1.1 ppts
Gross Margin per customer	\$136.47	\$125.87	8.4%

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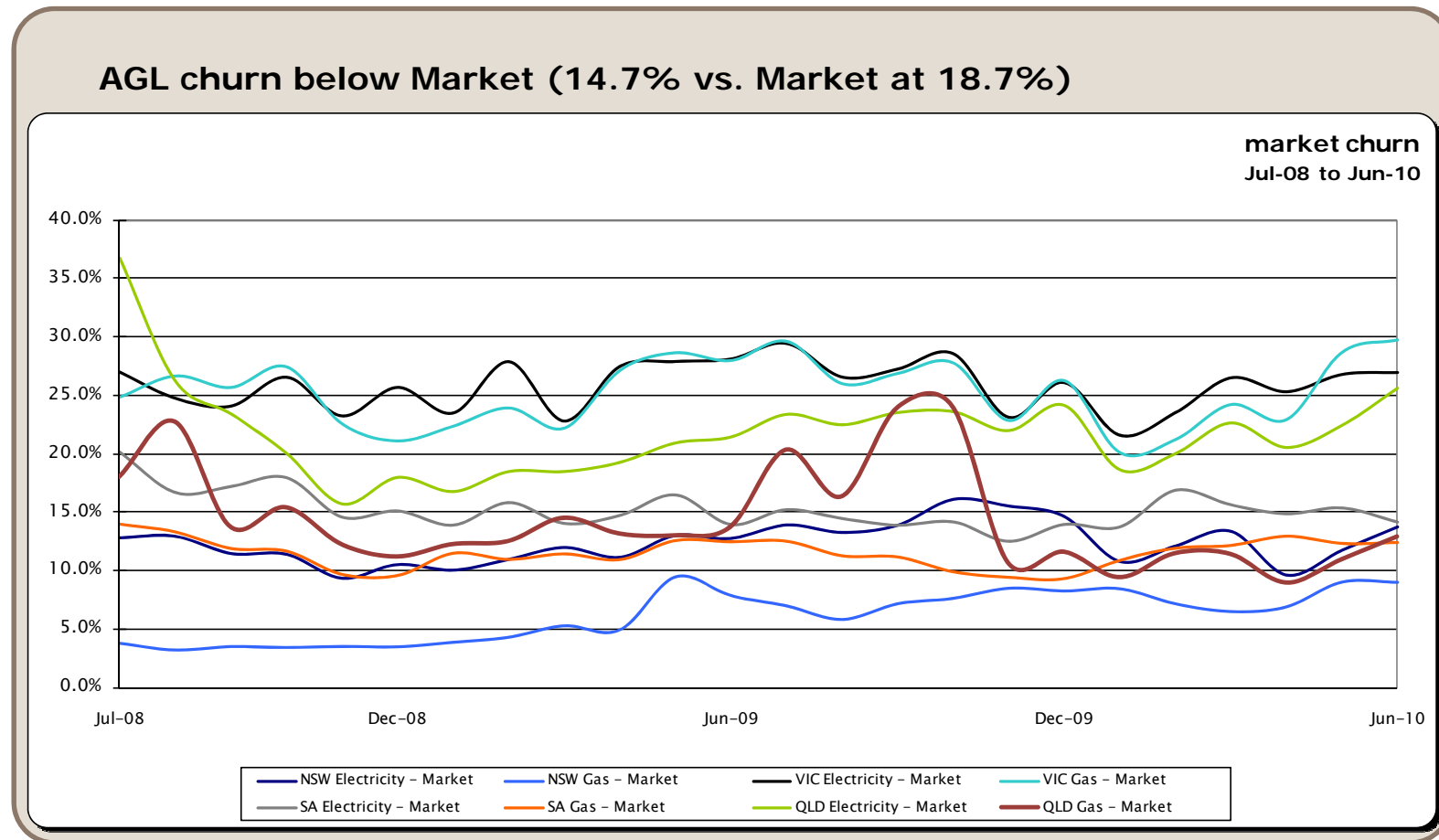
Retail – C & I Key Indicators

12 months to Electricity	30 Jun 2010	30 Jun 2009	Change
Volume (GWh)	19,283	19,163	0.6%
C & I Accounts ('000)	16.5	14.0	17.9%
Revenue (\$m)	1,801.1	1,529.6	17.7%
Gross Margin (\$m)	49.6	31.3	58.5%
\$ / MWh	\$2.57	\$1.63	94.0%
12 months to Gas			
Volume (PJ)	86.7	91.9	(5.7%)
C & I Accounts ('000)	1.0	1.0	0%
Revenue (\$m)	518.0	506.7	2.2%
Gross Margin (\$m)	48.8	35.4	37.5%
\$ / GJ	\$0.56	\$0.39	17.0%

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Retail – Market Churn



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Retail – Delivering customer growth

State	Period ¹	Gas	Electricity	Total
 Victoria	<i>FY10</i> <i>FY09</i>	<i>468,190</i> <i>472,678</i>	<i>642,588</i> <i>651,958</i>	<i>1,110,778</i> <i>1,124,636</i>
 South Australia	<i>FY10</i> <i>FY09</i>	<i>96,788</i> <i>84,955</i>	<i>477,879</i> <i>463,907</i>	<i>574,667</i> <i>548,862</i>
 New South Wales	<i>FY10</i> <i>FY09</i>	<i>726,692</i> <i>752,292</i>	<i>380,801</i> <i>329,100</i>	<i>1,107,493</i> <i>1,081,392</i>
 Queensland	<i>FY10</i> <i>FY09</i>	<i>77,454</i> <i>79,011</i>	<i>371,267</i> <i>362,391</i>	<i>448,721</i> <i>441,402</i>
Total accounts (Net)	<i>FY10</i> <i>FY09</i>	<i>1,369,124</i> <i>1,388,936</i>	<i>1,872,535</i> <i>1,807,406</i>	<i>3,241,659</i> <i>3,196,342</i>
Change		<i>(19,812)</i> <i>(1.4%)</i>	<i>+65,129</i> <i>+3.6%</i>	<i>+45,317</i> <i>+1.4%</i>

Dual fuel accounts	<i>FY10</i>	<i>1,362,074</i>
Change		<i>+122,278</i>

1. As a result of the Hansen Hub conversion and relevant customer account reconciliations following this, a downward adjustment has been made to the opening balance for the year of 7,400 in Queensland Gas for FY09.

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Retail – Cost to Serve

12 months to	30 Jun 2010	30 Jun 2009 ³	Change
Net operating expenditure	312.9m	293.7m	6.5%
Net operating cost per customer account	\$97.11	\$91.47	6.2%
Cost to grow/retain	77.5m	67.5m	14.8%
Cost to grow per account acquired/retained¹	\$86.84	\$81.63	6.4%
Cost to serve	235.4m	226.2m	4.1%
Cost to serve per customer account²	\$73.06	\$70.46	3.7%

- › Cost to grow per acquisition / retention increased due to a higher spend on customer sales and retention activities
- › Cost to serve per customer account up – labour cost increase due to maintaining low unbilled levels, increased sales and support for C&I customers and increased connections and transfers, and higher Ombudsman costs

1. Cost to grow per account acquired / retained = costs to win and retain market contracts and transfer customers to AGL DIVIDED by contracts acquired PLUS contracts retained.
2. Cost to serve per customer account = net operating costs LESS cost to grow DIVIDED by average customer accounts.
3. The cost to grow/retain has been adjusted to include all labour costs associated with growth and retention in 2010 and the prior corresponding period. The prior year impact of this change was a \$6.8 million increase in cost to grow/retain.

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Retail – EBIT / Sales Analysis

12 months to \$m	30 Jun 2010	30 Jun 2009	Change
Total revenue	5,585.6	5,023.9	11.2%
Cost of sales	(4,890.3)	(4,412.5)	10.8%
Gross margin	695.3	611.4	13.7%
Operating costs (excl D & A)	(335.1)	(308.4)	8.7%
Operating EBITDA	360.2	303.0	18.9%
Depreciation and amortisation	(41.5)	(36.2)	14.6%
Operating EBIT	318.7	266.8	19.5%
Operating EBIT / Sales (%)	5.7%	5.3%	0.4 pts

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Merchant - EBIT Analysis

12 months to \$m	30 Jun 2010	30 Jun 2009	Change
Revenue from Retail Business			
- Electricity (COGS transfer price)	2,324.6	2,073.5	12.1%
- Gas (COGS transfer price)	725.5	735.0	(1.3%)
External Revenue			
- Generation Revenue ¹	361.5	321.6	12.4%
- ActewAGL ²	253.9	256.2	(0.9%)
- External (3rd Party) Revenue ³	361.0	299.7	20.5%
- Wind Farm Development Fees	57.0	54.6	4.4%
Total Merchant Revenue	4,083.5	3,740.6	9.2%
Cost of Goods Sold			
- Electricity COGS ⁴	(2,606.1)	(2,351.8)	(10.8%)
- Electricity CFD's	93.4	110.6	15.6%
- Gas COGS	(863.0)	(835.2)	(3.3%)
- Green Certificates	(155.7)	(103.9)	(49.9%)
Gross Margin	552.1	560.3	(1.5%)
Operating Costs	(102.3)	(99.7)	2.6%
EBITDA	449.8	460.6	(2.3%)
D&A	(63.7)	(57.8)	10.2%
EBIT	386.1	402.8	(4.1%)

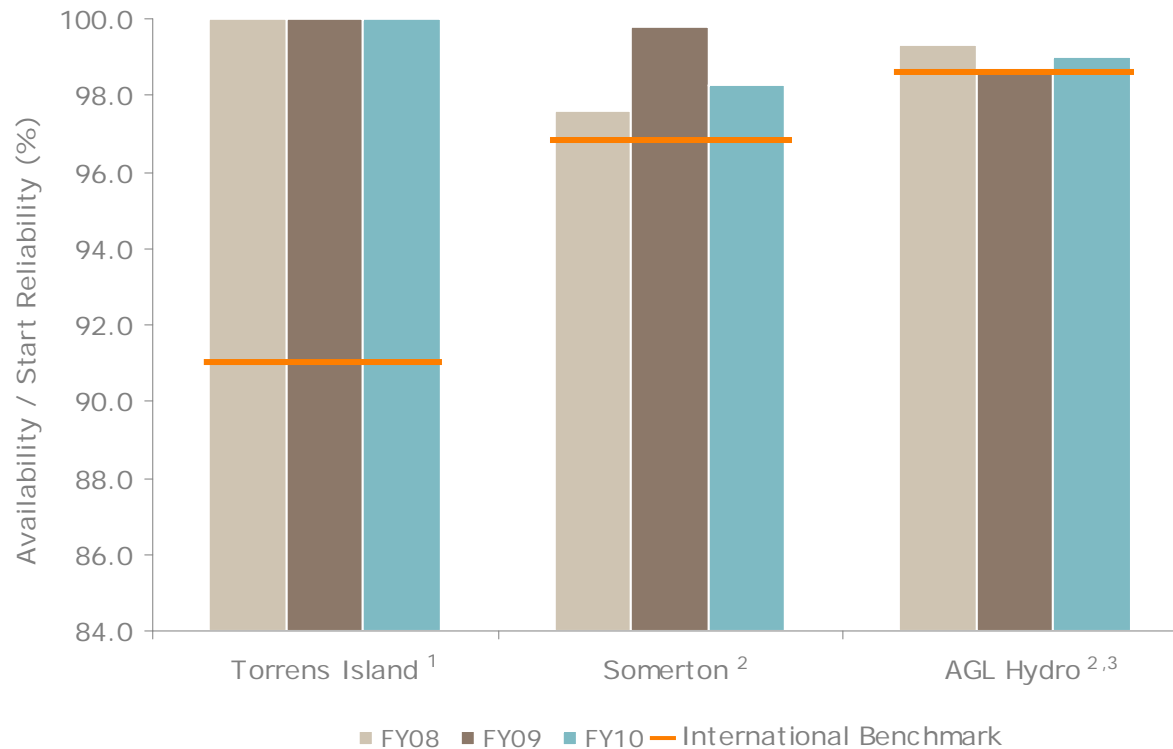
1. Generation revenue is pool revenue from owned generation assets.
2. ActewAGL June 10: Electricity sales 63%, Gas sales 30%; Other sales 7%; June 09: Electricity sales 66%, Gas sales 27%; Other sales: 7%.
3. External revenue June 10: Gas sales 45%, Green Certificate sales 36%, Other sales 19%; June 09: Gas sales 46%, Green Certificate sales 34%, Other sales 54%.
4. Electricity COGS includes \$113.5m (June 09: \$129.0m) of gas costs for gas fired generation (TIPS, Oakey, Somerton and Yabulu) which is reported in Wholesale Electricity EBIT.

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Merchant Generation

Commercial Availability / Start Reliability (%)



Operational performance of generation assets continues to exceed international benchmarks.

1. Commercial availability is used to measure Torrens Island performance, and represents the percentage of times the plant is available to operate when required.
2. Start reliability is used to measure the performance of Somerton and AGL Hydro. Start Reliability is the percentage of times the plant started successfully when asked to start.
3. NERC – North American Electric Reliability Council 5 Year average for Hydro facilities adjusted for the difference in operating regime between the North American fleet and AGL's fleet which operate as peaking plant which increases the frequency of starts and stops.

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Merchant - Wind Farm Generation

- › Hallett 2 commissioned 17 May 2010
- › High operational availability continued across portfolio

Twelve months to 30 June 2010	Unit	Wattle Point	Hallett 1	Hallett 2	Total
Capacity	MW	90.8	94.5	71.4	256.7
Availability	%	95.2	95.7	94.9	95.3
Generated Energy¹	MWh	206,690	328,530	244,800	780,020
Capacity Factor	%	31.7	40.7	39.8	37.3

Notes

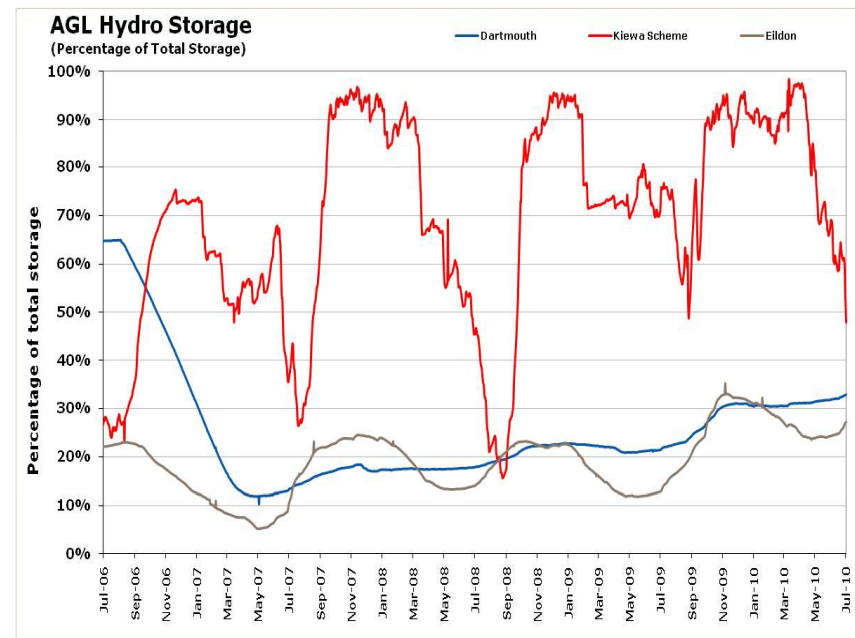
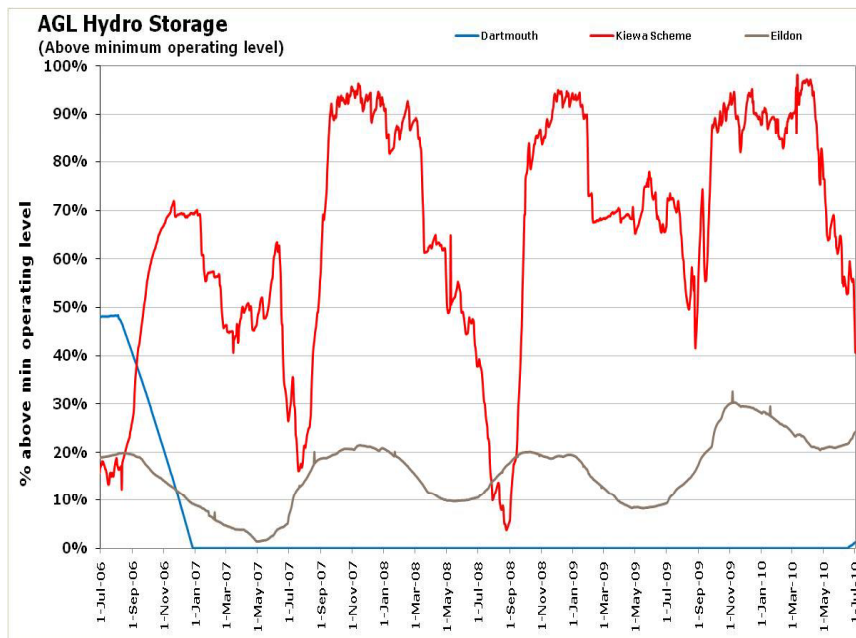
1. Energy generated at node.

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Merchant – Hydrology

- › 52.6% of Hydro capacity is now linked to drought resistant Kiewa Scheme
- › Eildon can deliver 80MW of generation out of 120MW capacity
- › Dartmouth has had good inflows over the last 12 months. Re-commissioning works are underway to have the plant operational prior to the summer period. Current dam storage level has reached 34% of capacity with 90MW to 100MW of generation capacity (out of total 180MW) expected over summer



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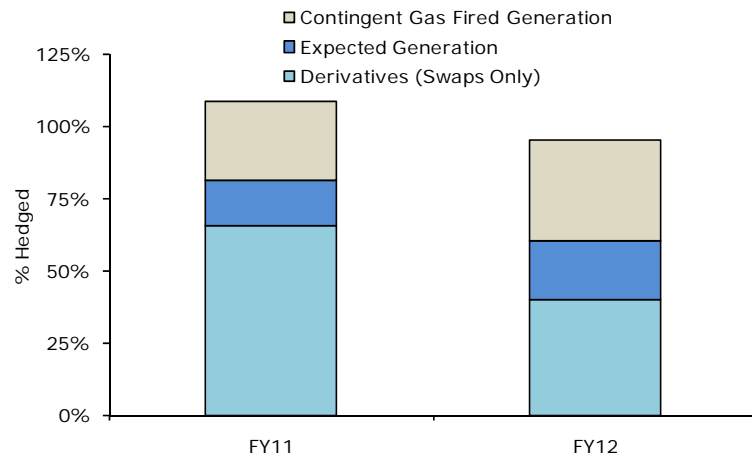
Merchant - Electricity Hedging: Policy

- › AGL Risk Management Policy is set by the Board and establishes the requirements for the management of wholesale risk
- › Clearly defined and approved commodity and transaction limits
- › Counter party credit limit tier allocation
- › Market price risk is contained with requirements for hedging based upon physical limits and financial limits:
 - » **Physical Limits:** Appropriate hedges to meet minimum fraction of expected energy load
 - » **Financial Limits:** Additional limits defined on basis of detailed economic analysis of portfolio dynamics of load, hedge contracts, generation and volatile prices:
 - › Earnings at Risk limits are established as the worst outcome expected 1 year in every 10

Merchant - Electricity Hedging: Position

Physical

AGL Energy Hedge Position - All States

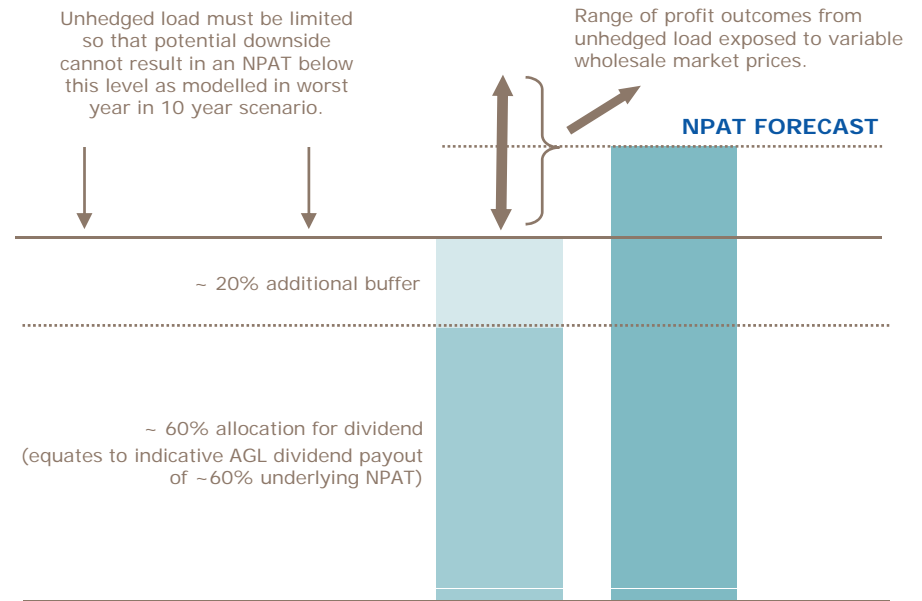


Key Points

- › Positions across all states and time periods have been aggregated
- › Reference load is average annual energy (in MWh) for 100% of (C&I Contracted Load + Expected Mass Market Load)
- › Expected Generation represents AGL's internal estimate of the amount of energy likely to be generated based on pool price, fuel cost and hydrology assumptions
- › Contingent Gas Fired Generation is the maximum amount of energy that AGL's portfolio could generate if required
- › Position does not include AGL's passive investment in Loy Yang A

Financial

Satisfying Financial Risk Limits

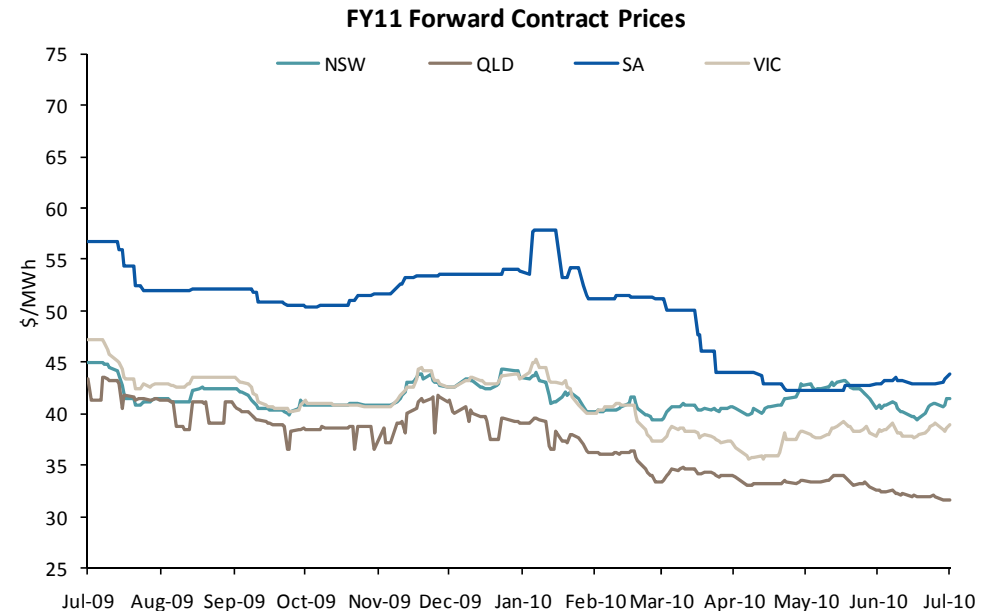


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Merchant – Wholesale Electricity Prices

- › A relatively mild 2009 winter and declining spot prices across the NEM resulted in the forward curve being sold off in all states
- › Hot weather in NSW in December combined with a constraint on a physical line caused spot volatility which rallied the forward curve leading into 2010
- › A heat wave in VIC and SA in January saw the forward curve testing 6-month highs, however milder temperatures from then on saw the forward curve once again being sold off
- › Underlying (less than \$300/MWh) spot prices have continued to decline since summer, assisted by new generation coming online in NSW and QLD. This has driven the forward curve to near 3-year lows



Upstream Gas – Key Financial Metrics

12 months to \$m	30 Jun 2010	30 Jun 2009	Change
Operating EBITDA	26.6	101.2	(73.7%)
D & A	(21.1)	(44.3)	(52.4%)
Pro forma D & A adjustment ¹	-	(27.0)	na
EBIT			
PNG Upstream Investment (net of pro forma adjustment)	-	22.4	na
Upstream Gas			
Queensland / South Australia	4.7	7.3	(35.6%)
New South Wales	4.3	1.2	258.3%
Equity Investments	(2.2)	2.3	(195.7%)
Sundry	(1.3)	(3.3)	(60.6%)
Operating EBIT	5.5	29.9	(81.6%)

1. Prior period includes AGL's interest in oil and gas exploration and production in Papua New Guinea, sold on 18 December 2008.

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Upstream Gas Interests – Permit Details

Basin	Project	Permits		Working Interest
		Exploration (Area km ²)	Production (Area km ²)	
Sydney	Camden Gas Project	PEL 2 (6,696)	-	100%
		PEL 5 (400)	-	100%
		-	PPL 1 (48)	100%
		-	PPL 2 (1)	100%
		-	PPL 4 (55)	100%
		-	PPL 5 (103)	100%
		-	PPL 6 (7)	100%
	Hunter Gas Project	PEL 4 (5,076)	-	100%
		PEL 267 (4,913)	-	100%
Gloucester	Gloucester Gas Project	PEL 285 (1,018)	-	100%
Bowen	Moranbah Gas Project	ATP 364P (4,494)	-	99%*
		-	PL 191 (220)	50%
		-	PL 196 (38)	50%
		-	PLA 222 (108)	50%
		-	PL 223 (166)	50%
		-	PL 224 (70)	50%
		-	-	-
	Spring Gully Project	ATP 592P (1,738)	-	0.75%
		-	PL 195 (257)	0.75%
		-	PL 203 (259)	0.75%
		-	PL 204 (220)	0.0375%
Galilee	Galilee Exploration Project	ATP 529P (5,949)	-	50%**
Cooper / Eromanga	Conventional oil and gas targets	PEL 101 (154)	-	35%**
		PEL 103 (177)	-	37.5%**
		PEL 103A (56)	-	37.5%**

* Under a 50-year project agreement that commenced in 2000, AGL has no effective exploration rights (or ongoing cost obligations) within exploration tenement ATP 364P as these were assigned to Arrow Energy Limited. However, AGL is entitled to participate up to a 50% interest in any commercial development by contributing its share of past costs. Past costs are anticipated to be less than \$0.05/GJ.

** Working interests reflect AGL's final position after respective farm-in programs are completed.

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Energy Investments

12 months to \$m	30 Jun 2010	30 Jun 2009	Change
EBIT			
ActewAGL	30.4	27.9	9.0%
Elgas ¹	-	10.6	-
Loy Yang	45.1	30.8	46.4%
Investments Other	6.2	5.5	12.7%
Total EBIT	81.7	74.8	9.2%

1. AGL disposed of its 50% ownership interest in Elgas on 2 October 2008.

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Loy Yang A: Financial Performance

12 months to \$m	30 Jun 2010	30 Jun 2009	Change
Generation Volume (GWh)	15,518	14,911	4.1%
Average Price (\$/MWh) ¹	\$42.62	\$40.46	5.3%
Sales Revenue ²	715.7	655.7	9.2%
Other Revenue	21.7	23.0	(5.7%)
Expenses	(264.7)	(243.7)	8.6%
Depreciation	(112.7)	(112.2)	0.4%
Borrowing costs	(252.4)	(257.3)	(1.9%)
Profit (loss) after tax before fair value changes	107.6	65.5	64.3%
AGL share of profit (loss) after tax before fair value	35.0	19.6	78.6%
Interest on loan note	10.1	11.2	(9.8%)
Operating EBIT	45.1	30.8	46.4%

1. Weighted average price based on Generation Revenue and Generation Volume.
2. Sales Revenue includes revenue from generation, mining and infrastructure services.

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