

# AGL Energy Limited

2009 Full Year Results  
12 months to 30 June 2009

*...delivering on profit, delivering on  
growth, delivering on strategy...*



Sydney

20 August 2009

# 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.
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- › Actual results may materially vary from any forecasts (where applicable) in this presentation.
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# Agenda

- › **Result Highlights** Michael Fraser, MD & CEO
- › **Group Financials** Stephen Mikkelsen, CFO
- › **Operational Review** Michael Fraser, MD & CEO
- › **Capital Expenditure Outlook** Stephen Mikkelsen, CFO
- › **Strategic Outlook** Michael Fraser, MD & CEO
- › **Supplementary Information**

## IMPORTANT NOTE:

This presentation should be read in conjunction with the  
AGL Energy Limited ASX Appendix 4E for the twelve months ended 30 June 2009.

- › **2009 Final Results** 12 months to 30 June 2009
- › 20 August 2009
- › AGL External



# Financial Year 2009 Highlights.

Delivering on profit, delivering on growth, delivering on strategy.

- › Improved safety performance and employee engagement
- › Result at top end of upgraded guidance range
- › BBB credit rating stable outlook re-instated following completion of \$3.2bn asset sale program
- › Balance sheet strength with growth capacity
- › Deep pipeline of strategic growth options
- › Market leading renewable portfolio to benefit significantly from Federal Legislation
- › Substantial gas reserves upgrade to deliver long term growth
- › Phoenix migration completed



# Financial Year 2009 Results

Delivering on profit, delivering on growth.

|             |   |                           |            |
|-------------|---|---------------------------|------------|
| FINANCIAL   | > Revenue:  | \$5,995.7m,               | ↑ 6.1%     |
|             | > Statutory NPAT:   | \$1,596.1m,               | ↑ 597.0%   |
|             | > Underlying NPAT (excluding customer amortisation):  | \$397.0m,                 | ↑ 11.6%    |
|             | > Underlying NPAT:  | \$378.8m,                 | ↑ 11.1%    |
|             | > Underlying EPS:   | 85.0 cps,                 | ↑ 8.6%     |
|             | > Net debt / (Net Debt + Equity):   | 7.8% (2008: 29.0%)        | ↓ 21.2ppts |
|             | > EBITDA / Net Interest:  | 8.4x (2008: 4.9x)         | ↑ 71.4%    |
|             | > Fully Franked, annual dividend:   | 54.0 cps (2008: 53.0 cps) | ↑ 1.9%     |
| OPERATIONAL | > Strong Merchant gas and electricity portfolio performance                                 |                           |            |
|             | > Substantial gas reserves upgrade +56% (2P) in 6 months                                    |                           |            |
|             | > Retail result impacted by higher transitional costs and incorrect QLD regulatory decision |                           |            |
|             | > Increasing retail gross margin per customer (+4.2%), dual fuel customers (+60,000)        |                           |            |
|             | > Renewable development projects on track   |                           |            |

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# Delivering on Integrated Strategy

Divesting non-core assets. Investing in core markets.

## FY08 BALANCE SHEET

| Assets (\$m)                 |                | Liabilities (\$m)         |                |
|------------------------------|----------------|---------------------------|----------------|
| Current Assets*              | 2,566.1        | Current Liabilities       | 1,725.0        |
| Non-Core Assets <sup>1</sup> | 950.1          | Net Debt                  | 2,037.9        |
| Core Assets                  | 5,872.9        | Non-current liabilities   | 646.3          |
| <b>Total Assets*</b>         | <b>9,389.1</b> | <b>Total Liabilities*</b> | <b>4,409.2</b> |
|                              |                | <b>Equity</b>             | <b>4,979.9</b> |

## NON-CORE DIVESTMENTS

|                     |   |
|---------------------|---|
| <b>PNG:</b>         | No control, non-core market               |
| <b>QGC:</b>         | No control, supply contract retained      |
| <b>Elgas:</b>       | No vertical integration                   |
| <b>NQ Pipeline:</b> | No ownership advantage, capacity retained |

## FY09 BALANCE SHEET

| Assets (\$m)         |                | Liabilities (\$m)         |                |
|----------------------|----------------|---------------------------|----------------|
| Current Assets*      | 1,850.6        | Current Liabilities       | 1,505.7        |
| Non-Core Assets      | 0.0            | Net Debt                  | 497.1          |
| Core Assets          | 6,561.0        | Non-current liabilities   | 563.1          |
| <b>Total Assets*</b> | <b>8,411.6</b> | <b>Total Liabilities*</b> | <b>2,565.9</b> |
|                      |                | <b>Equity</b>             | <b>5,845.7</b> |

## CORE MARKET INVESTMENTS

|                      |  |
|----------------------|--|
| <b>Renewables:</b>   | Hallett 1 commissioned<br>Hallett 2 in commissioning<br>Bogong in commissioning<br>Hallett 4 committed<br>Oaklands Hill committed<br>Torrens geothermal investment |
| <b>Upstream Gas:</b> | Gloucester control/core-market<br>Sydney Gas control/core-market<br>Galilee operator, core market<br>Innaminka operator, core-market                               |
| <b>Retail:</b>       | Phoenix migration completed  |

\*Current assets and total assets exclude cash. Net debt and total liabilities are net of cash.

1. Includes PNG, QGC, Elgas and NQP.

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# Group Financials

Stephen Mikkelsen  
Chief Financial Officer



# Profit & Loss (excluding significant items & fair value movements)

Result at top end of full year guidance range.

| 12 months to<br>\$m                                    | 30 Jun 2009    | 30 Jun 2008 | Change  |
|--|----------------|-------------|---------|
| Revenue  | <b>5,995.7</b> | 5,653.5     | 6.1%    |
| Operating EBITDA                                       | <b>793.1</b>   | 871.8       | (9.0%)  |
| Operating EBIT   |                |             |         |
| Retail   | <b>266.8</b>   | 271.7       | (1.8%)  |
| Merchant   | <b>447.3</b>   | 337.6       | 32.5%   |
| Upstream Gas (incl. pro forma adjustment) <sup>1</sup> | <b>16.3</b>    | 108.3       | (84.9%) |
| Energy Investments                                     | <b>44.0</b>    | 73.7        | (40.3%) |
| Centrally managed expenses                             | <b>(131.3)</b> | (98.1)      | 33.8%   |
| Total operating EBIT                                   | <b>643.1</b>   | 693.2       | (7.2%)  |
| Less: Net finance costs                                | <b>(94.0)</b>  | (175.9)     | (46.6%) |
| <b>Profit before tax</b>                               | <b>549.1</b>   | 517.3       | 6.1%    |
| Less: Income tax expense                               | <b>(170.3)</b> | (176.3)     | (3.4%)  |
| <b>Underlying NPAT</b>                                 | <b>378.8</b>   | 341.0       | 11.1%   |

1. PNG D&A \$27.0m (2008: \$10.0m).

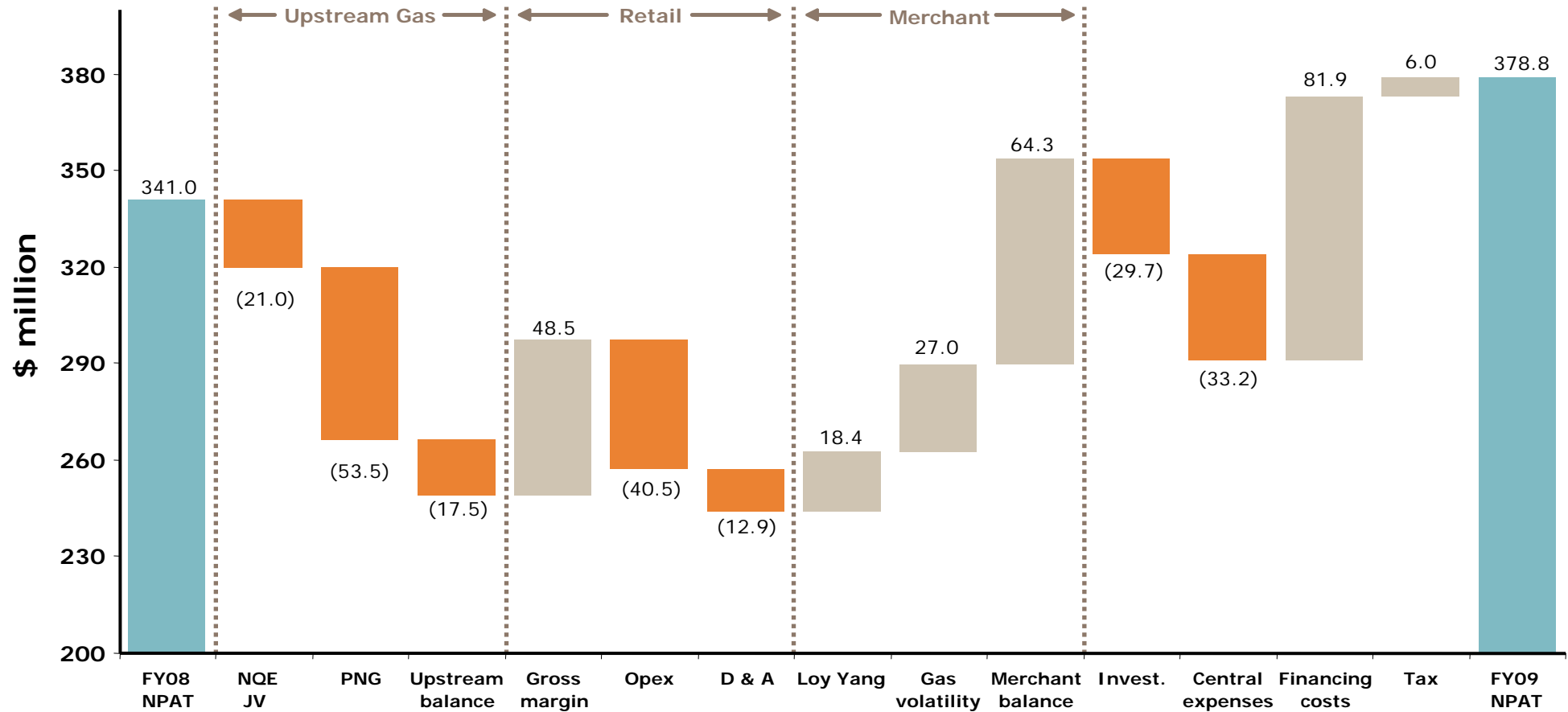
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# Group Underlying NPAT

Core business performing well.



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# Retail – Key Financial Metrics

Gross margin increase offset by process and billing issues.

| 12 months to<br>\$m            | 30 Jun 2009    | 30 Jun 2008    | Change        |
|--------------------------------|----------------|----------------|---------------|
| Electricity Revenue            | 3,475.2        | 3,298.0        | 5.4%          |
| Gas Revenue                    | 1,497.8        | 1,384.3        | 8.2%          |
| Other Revenue (Fees & Charges) | 50.9           | 53.8           | (5.4%)        |
| <b>Total Revenue</b>           | <b>5,023.9</b> | <b>4,736.1</b> | <b>6.1%</b>   |
| Cost of Sales <sup>1</sup>     | (4,412.5)      | (4,170.3)      | 5.8%          |
| <b>Gross Margin</b>            | <b>611.4</b>   | <b>565.8</b>   | <b>8.1%</b>   |
| Operating Costs (excl. D & A)  | (308.4)        | (270.8)        | 13.9%         |
| <b>Operating EBITDA</b>        | <b>303.0</b>   | <b>295.0</b>   | <b>2.7%</b>   |
| D & A                          | (36.2)         | (23.3)         | 55.4%         |
| <b>Operating EBIT</b>          | <b>266.8</b>   | <b>271.7</b>   | <b>(1.8%)</b> |

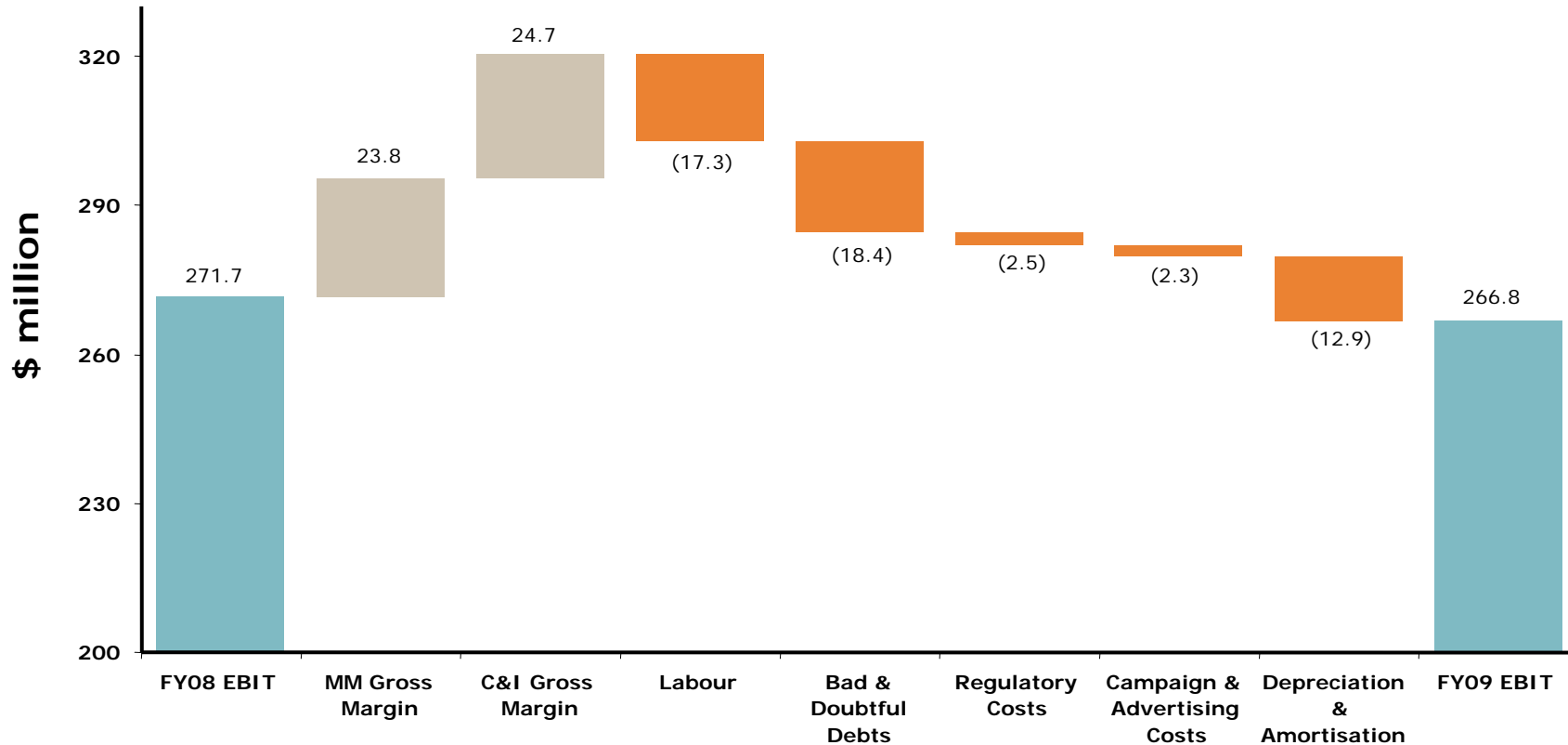
1. Includes \$2,073.5m electricity COGS (\$1,926.9m Jun 08) & \$735.0m gas COGS (\$687.3m Jun 08) transfer price from Merchant. Note: gas COGS was restated for Jun 08 to gross-up intra-segment revenue and COGS.

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# Retail – EBIT Drivers

EBIT impacted by transitional costs and incorrect QLD regulatory decision.



## Key drivers:

- > Gross Margin driven by increased tariffs in both C&I and mass market
- > Significant increase in operating expenditure due to transitional process and billing issues

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# Retail – Key Metrics Calculation

Most appropriate metrics for assessing the Retail business.

| 12 months to<br>\$m                                | 30 Jun 2009  | 30 Jun 2008  | Change         |
|--|--------------|--------------|----------------|
| Operating costs                                    | 308.4        | 270.8        | 13.9%          |
| Depreciation and Amortisation                      | 36.2         | 23.3         | 54.4%          |
| Less fees and charges                              | (50.9)       | (53.8)       | (5.4%)         |
| <b>Net operating expenditure</b>                   | <b>293.7</b> | <b>240.3</b> | <b>22.2%</b>   |
| Gross margin                                       | 611.4        | 565.8        | 8.1%           |
| Less fees and charges                              | (50.9)       | (53.8)       | (5.4%)         |
| <b>Gross margin less fees and charges</b>          | <b>560.5</b> | <b>512.0</b> | <b>9.5%</b>    |
| <b>Operating expenditure to gross margin ratio</b> | <b>52.4%</b> | <b>46.9%</b> | <b>5.5ppts</b> |

| 12 months to                                 | 30 Jun 2009     | 30 Jun 2008     | Change      |
|--|-----------------|-----------------|-------------|
| Mass Market Gross Margin                     | \$493.8m        | \$470.0m        | 5.1%        |
| Avg Mass Market Customer numbers             | 3,197.6         | 3,171.3         | 0.8%        |
| <b>Gross Margin per Mass Market Customer</b> | <b>\$154.40</b> | <b>\$148.20</b> | <b>4.2%</b> |

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# Merchant – Key Financial Metrics

Integrated portfolio continues to deliver increasing returns.

| 12 months to<br>\$m                  | 30 Jun 2009  | 30 Jun 2008 | Change  |
|--------------------------------------|--------------|-------------|---------|
| <b>Operating EBITDA</b>              | <b>502.0</b> | 388.8       | 29.1%   |
| D & A                                | (54.7)       | (51.2)      | 6.8%    |
| <b>EBIT</b>                          |              |             |         |
| Energy Portfolio                     |              |             |         |
| Wholesale Electricity                | <b>311.0</b> | 295.5       | 5.2%    |
| Wholesale Gas                        | <b>103.3</b> | 61.7        | 67.4%   |
| Eco-markets                          | <b>33.6</b>  | (0.9)       | NA      |
| Merchant Operations (excl. Loy Yang) | (97.0)       | (88.3)      | (9.9%)  |
| Loy Yang                             | <b>30.8</b>  | 12.4        | 148.4%  |
| Energy Services                      | <b>22.4</b>  | 28.6        | (21.7%) |
| Power Development <sup>1</sup>       | <b>51.1</b>  | 36.8        | 38.9%   |
| Sundry                               | (7.9)        | (8.2)       | (3.7%)  |
| <b>Operating EBIT</b>                | <b>447.3</b> | 337.6       | 32.5%   |

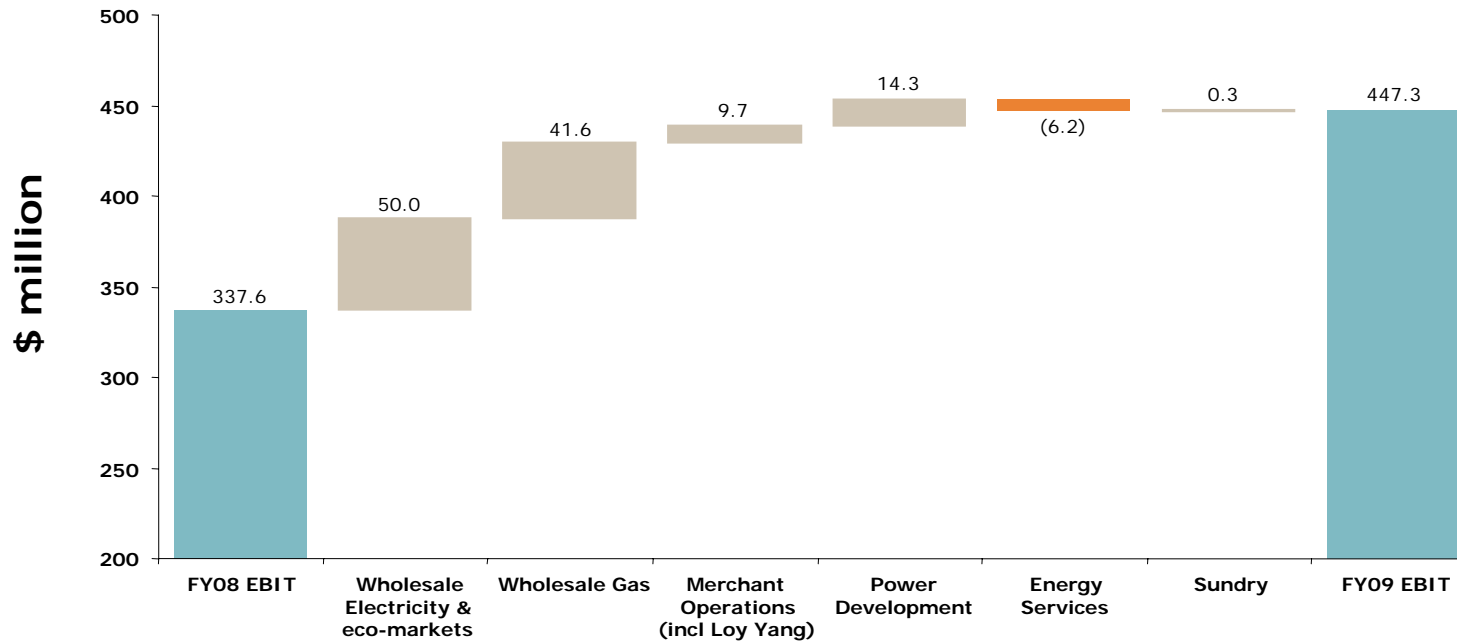
1. Includes development fees of \$54.6 million (2008: \$40.0 million).

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# Merchant – EBIT Drivers

Integrated portfolio continues to deliver increasing returns.



## Key Drivers:

- › Wholesale Electricity - effective portfolio management resulted in relatively lower net purchase costs and improved regulatory price outcomes
- › Eco-Markets driven by expanding market opportunities and effective portfolio management
- › Wholesale Gas - contribution from extreme Victorian pool prices in November 2008 and effective management of gas supply costs
- › Energy Services impacted by lower LPG prices
- › Solid second half contribution from Loy Yang

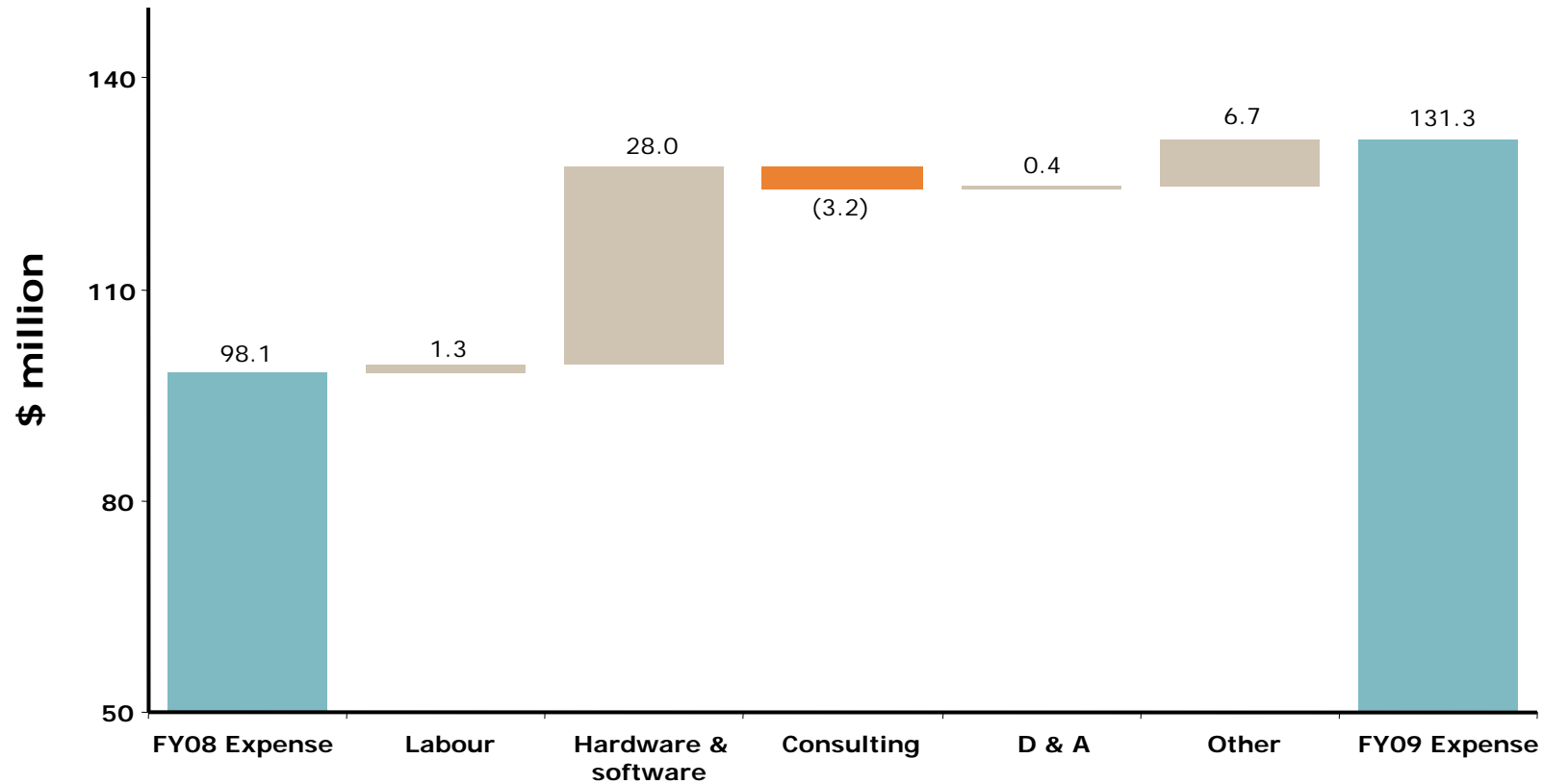
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# Centrally Managed Expenditure

Improved infrastructure and systems increase IT costs.



## Key drivers:

- » Hardware and software cost increases were due to infrastructure and application support outsourcing arrangements, including those related to Project Phoenix and additional Phoenix related license and support agreements

# Operational Review

Michael Fraser  
Managing Director & CEO



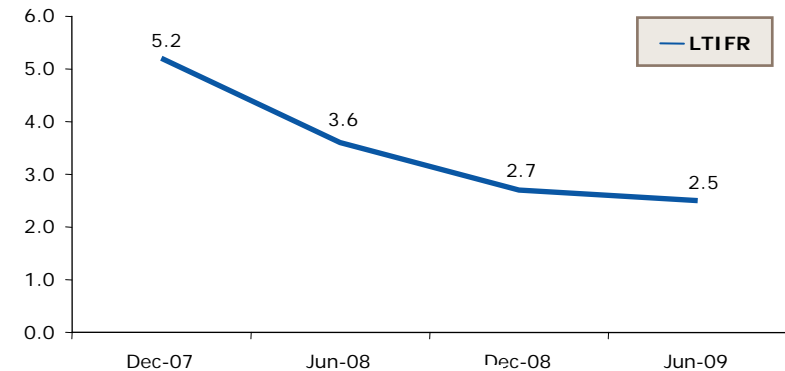


# People & Safety

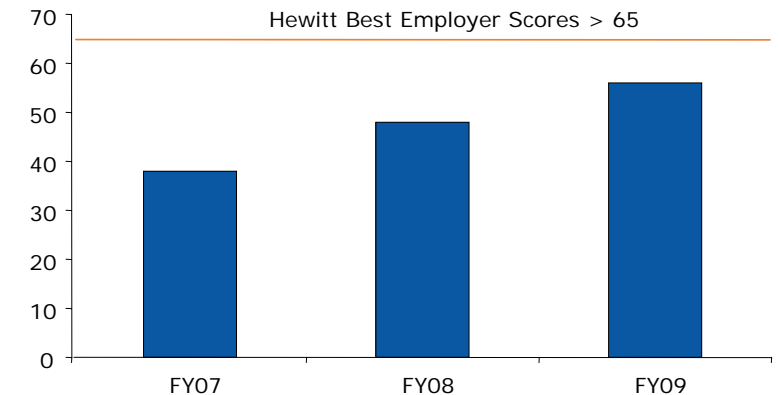
## Employee safety, engagement & capability – a strategic priority.

- > Ongoing, holistic focus on safety in the workplace delivering improved results:
  - » HSE action plans linked to remuneration / incentives
  - » Continuing to build a safety first culture
- > Building upon improved employee engagement results:
  - » Revitalised induction & development programs
  - » Rigor & discipline in goal setting and targets
  - » Values workshops
  - » New recognition & reward program
- > Further depth & capability added to executive leadership team with appointments of Group GM Retail and Chief Economist / Group Head of Corporate Affairs

Lost Time Injury Frequency Rate



Employee Engagement



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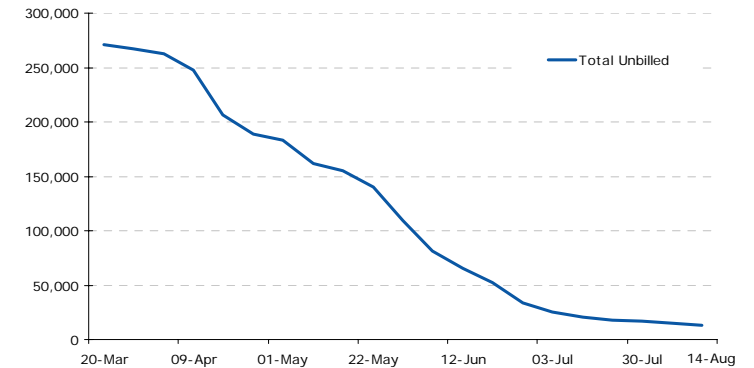
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# Retail – Transitional Cost Increases

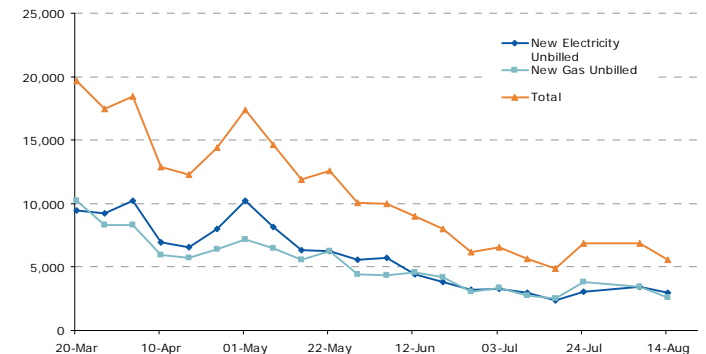
Rapid progress in reducing unbilled accounts.

| 12 months to \$m                           | 30 Jun 2009  | 30 Jun 2008  | Change         |
|--|--------------|--------------|----------------|
| Labour costs                               | 99.3         | 82.0         | 21.1%          |
| Doubtful debts expense                     | 57.3         | 38.9         | 47.3%          |
| Regulatory costs                           | 9.7          | 7.2          | 34.7%          |
| Other costs                                | 142.1        | 142.7        | (0.4%)         |
| <b>Operating Costs (excluding D&amp;A)</b> | <b>308.4</b> | <b>270.8</b> | <b>13.9%</b>   |
| Depreciation and Amortisation              | 36.2         | 23.3         | 55.4%          |
| Other fees and charges (cost recovery)     | (50.9)       | (53.8)       | (5.4%)         |
| <b>Net operating expenditure</b>           | <b>293.7</b> | <b>240.3</b> | <b>22.2%</b>   |
| <b>OPEX to gross margin ratio</b>          | <b>52.4%</b> | <b>46.9%</b> | <b>5.5ppts</b> |

### Billing Backlogs



### Unbilled Inflow per week



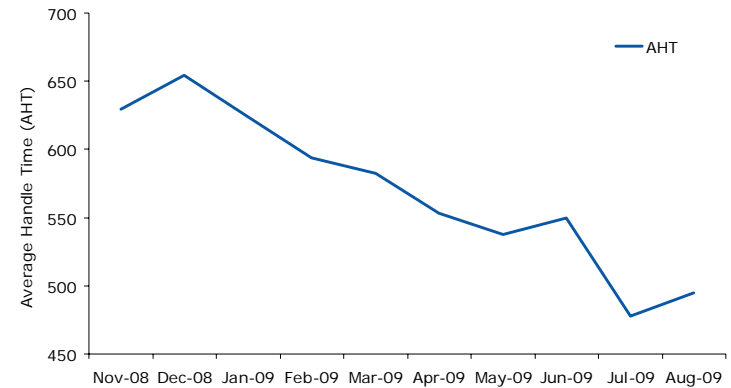
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# Retail – Improving Core Operations

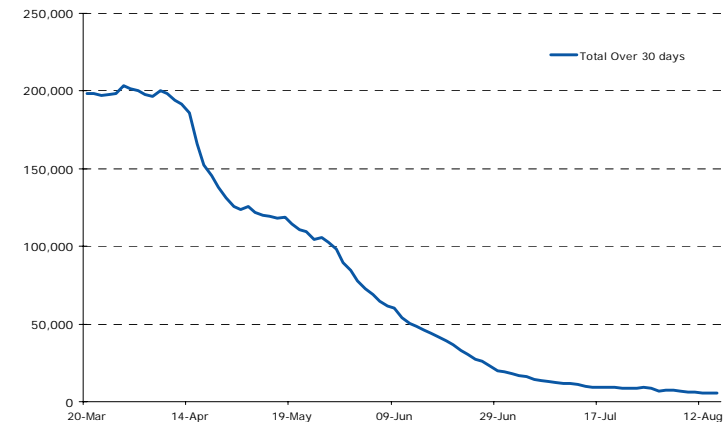
Good progress on improving productivity.

- › Ongoing productivity and billing performance improvements
  - › Average call handling times reduced (↓ 20%)
  - › Benefits to flow in reduced resources and improved customer experience
  - › Unbilled customers > 30 days overdue reduced significantly (↓ 98%)
  - › Benefits to flow in reduced doubtful debts
  
- › Focus on growing margins, reducing costs and leveraging customer insights
  
- › Opex to Gross Margin forecast for FY10 in range of 48% to 50%
  
- › Opex to Gross Margin target over the next three years is low 40s%

Average Call Handling Time



Aged Unbilled Summary (>30 days overdue)



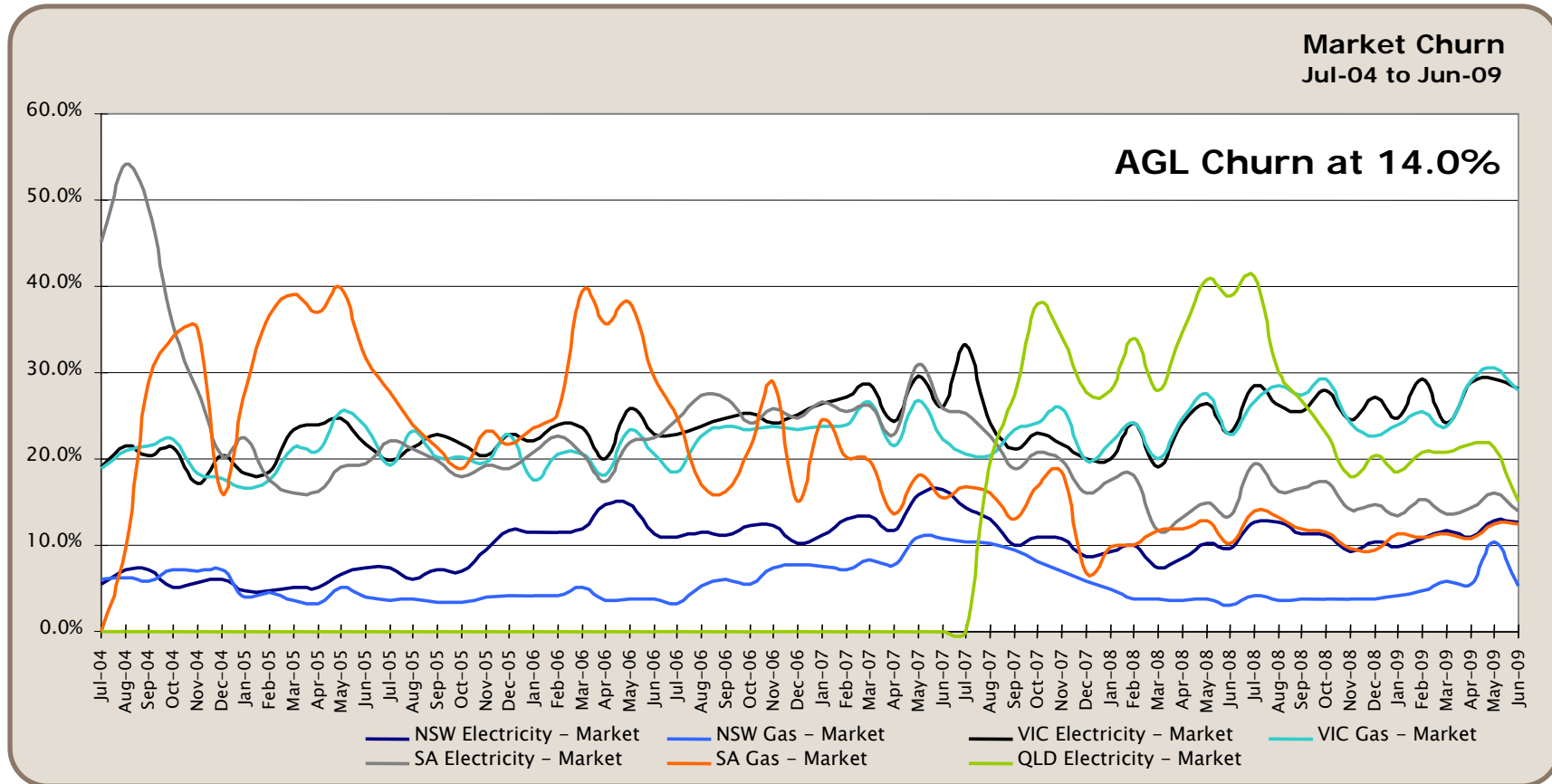
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# Retail – Market Churn

Customer numbers flat in challenging and transitional year.



**NOTE:** Queensland gas & electricity churn includes customers transferring from default to market contracts with the same retailer.

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# Merchant – Managing volatility

Strong performance in dynamic market conditions.

## Volatility increasing across markets

- › Lower underlying prices and higher peaks
- › Driven by weather, demand and changing generation mix

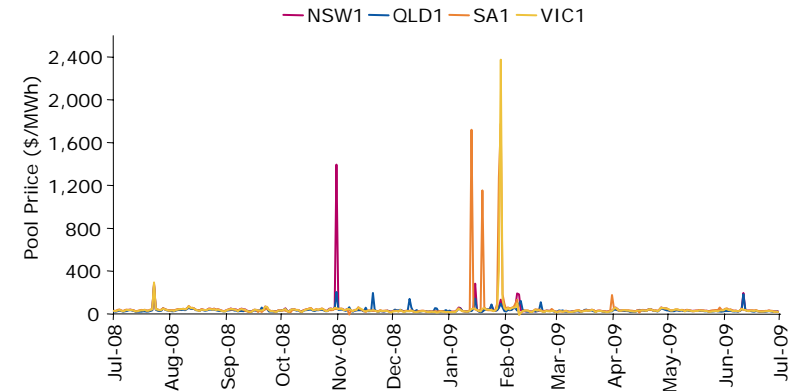
## AGL's Combined physical and financial portfolio maximises optionality

- › Greater control of cost of goods sold
- › Opportunity to capitalise on varying market conditions
- › Excellent generation plant performance

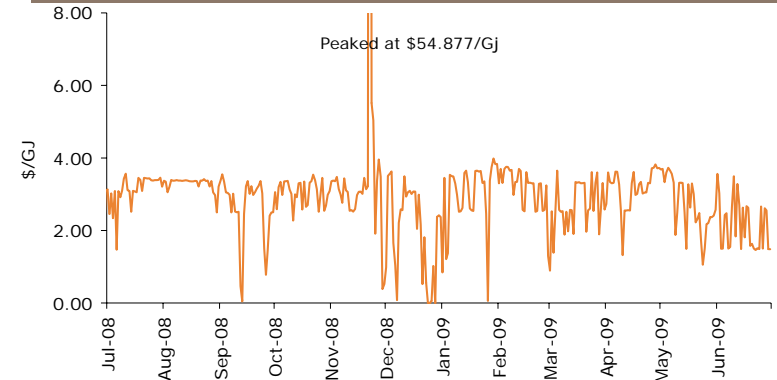
## All parts of the portfolio delivered value

- › Gas, electricity and eco-markets
- › EBIT result up 32.5%

FY09 Electricity Spot Prices (Daily Average)



Gas – Victorian Market Weighted Average Daily Price including Imbalance & Deviations



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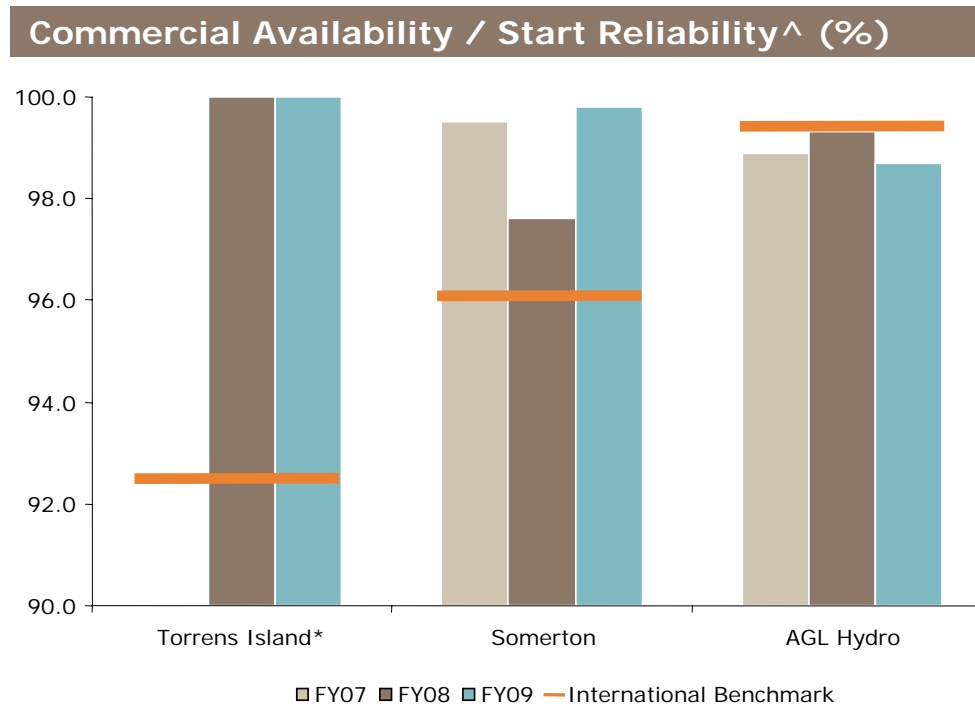
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# Merchant Generation

Excellent operational performance although drought impacts available capacity.



> Continuing impacts of drought: Eildon reduced capacity, Dartmouth off line.

<sup>^</sup> Commercial availability is used to measure Torrens Island whilst start reliability is used to measure Somerton and AGL Hydro. Commercial availability is the number of times the plant is available to operate when required. Start Reliability is the number of times the plant started successfully when asked to start.

\* FY07 data is not included for Torrens Island because it was not under AGL ownership.

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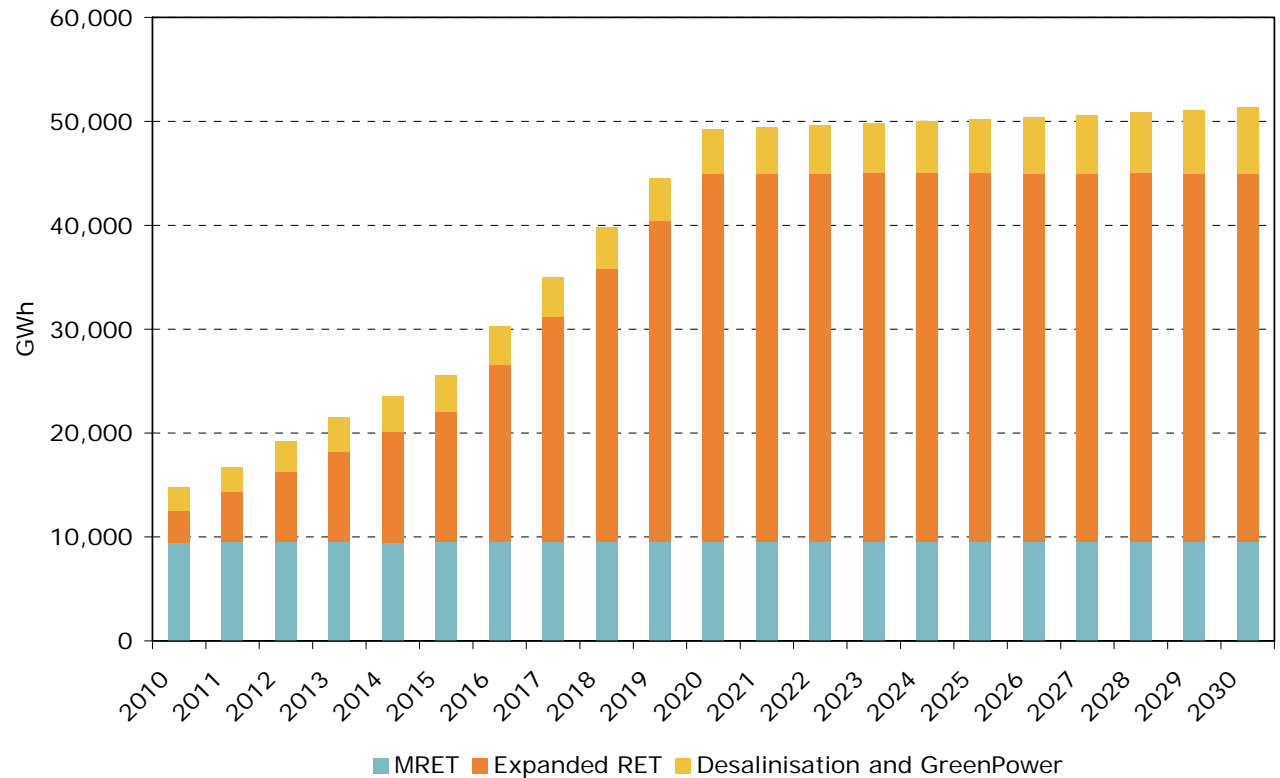
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# Required Renewables Growth

## Expanded Renewable Energy Target (RET) Drives Growth.

- › Federal Legislation requires an additional 35,500 GWh p.a. of renewable energy to meet the expanded target of 45,000 GWh p.a.
- › Desalination plants and greenpower forecast to add 4,000-5,000 GWh p.a. to market requirements
- › RET penalty increased to \$65 (\$93 pre-tax)
- › AGL's market leading portfolio to benefit from rising REC and electricity prices



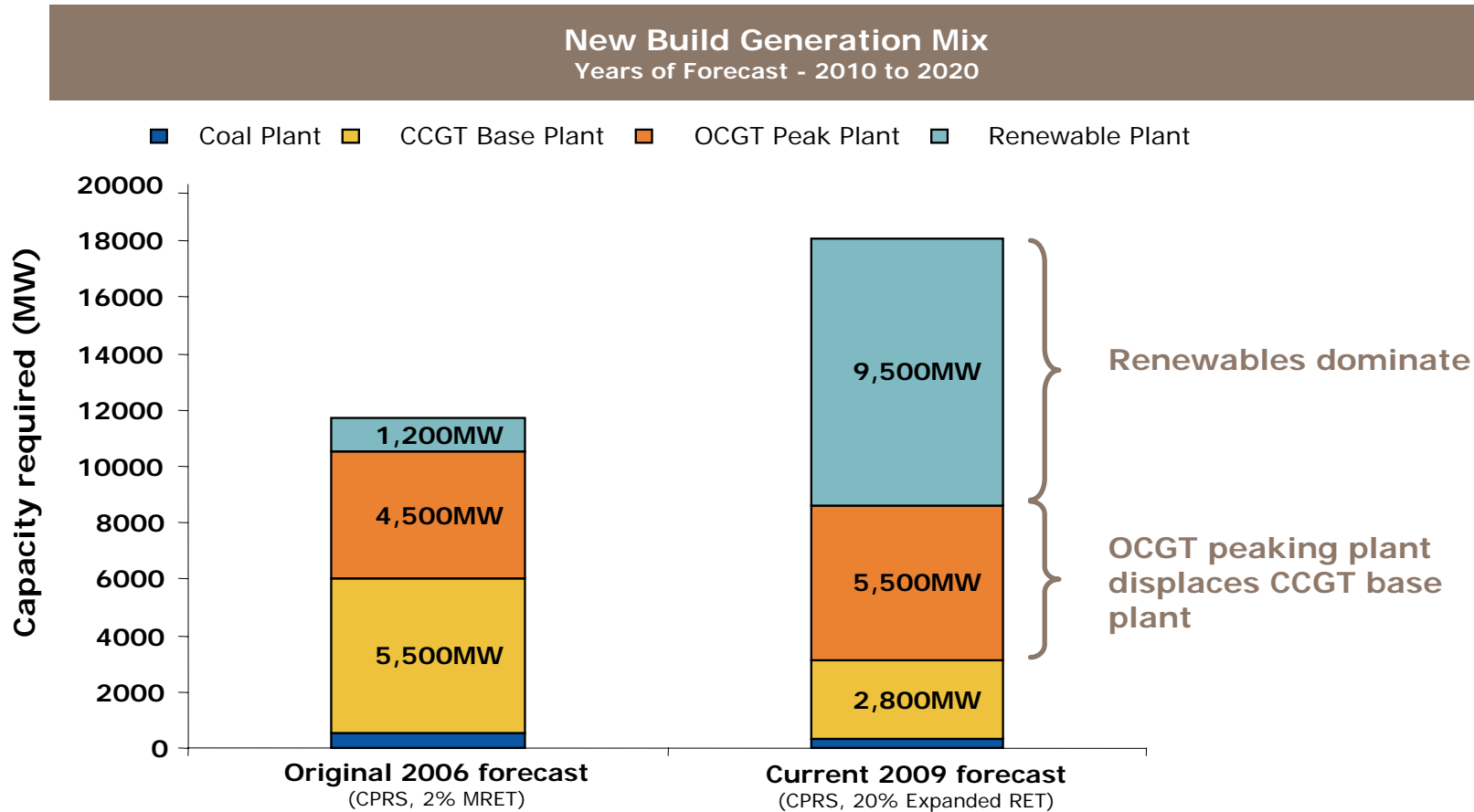
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# Impact of Renewable Policy Setting

Fundamental changes required to generation mix.



Source: AGL Greenhouse modeling

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# Generation

Continued build of market leading portfolio.

## Rapid deployment of renewables to deliver low carbon fleet

- > 140 MW Bogong: In Commissioning on schedule
- > 71 MW Hallett 2: In Commissioning ahead of schedule
- > 67 MW Oaklands Hill: Completion scheduled April / May 2011
- > 132 MW Hallett 4: Completion scheduled July / Aug 2011
- > 330 MW Macarthur: Permitted and negotiating EPC
- > 130 MW Barn Hill: Permitted and negotiating EPC
- > 55 MW Hallett 5: Permitted

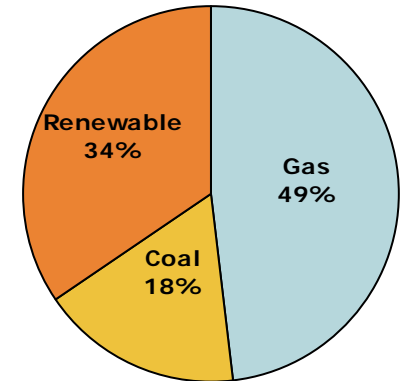
## Creating certainty of returns

- > Victorian Desalination Plant: Large (up to 800GWhpa) 27 year firm price renewable energy supply contract commencing 2011/2012
- > Hallett 4: Sale process on track delivering competitive off take and attractive development fees. Completion anticipated end Q1 FY10

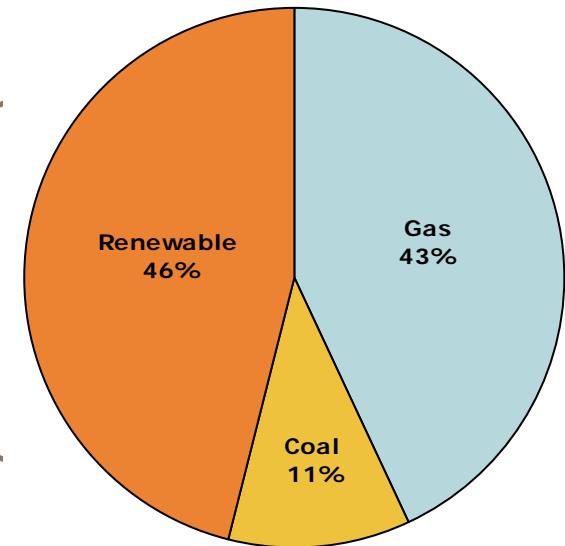
## Peaking generation in response to growing volatility

- > 360 MW Leafs Gully (NSW): Site permitted
- > 500 MW Tarrone (VIC): DA in progress

Current  
Generation  
Breakdown  
~3,940MW\*



Future  
Generation  
Target  
~6,000MW



\* Includes plant under construction.

# Upstream Gas – Substantial Reserves Upgrade

Creating value and future growth.

- › Upgrading reserves with further, material upside potential and optionality:
  - » Gloucester Basin 2P reserves upgraded 248PJ (142%) since acquisition
  - » Moranbah 2P reserves upgraded 220PJ over FY09
  - » Camden 2P reserves upgraded 47PJ
  - » Spring Gully 2P reserves upgraded 1PJ since acquisition
- › Total 2P reserves up 56% in 6 months

| AGL share of CSG reserves<br>(PJ) | As at 31 Dec 08 |              | As at 30 Jun 09 |              | Change     |            |
|-----------------------------------|-----------------|--------------|-----------------|--------------|------------|------------|
|                                   | 2P              | 3P           | 2P              | 3P           | 2P         | 3P         |
| Moranbah (50%)                    | 416             | 1,051        | <b>497</b>      | <b>1,079</b> | 19%        | 3%         |
| Gloucester (100%)                 | 175             | 370          | <b>423</b>      | <b>630</b>   | 142%       | 70%        |
| Camden (100%)                     | 82              | 108          | <b>129</b>      | <b>173</b>   | 57%        | 60%        |
| Spring Gully (various, small)     | 6               | 8            | <b>7</b>        | <b>9</b>     | 17%        | 13%        |
| <b>Total</b>                      | <b>679</b>      | <b>1,537</b> | <b>1,056</b>    | <b>1,891</b> | <b>56%</b> | <b>23%</b> |

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# Upstream Gas – Operating Activities

Building a diversified domestic gas portfolio.

## Gloucester Basin

- › Five production pilot wells drilled and currently on test
- › Substantial reserves upgrade achieved through exploration and appraisal programs

## Galilee Basin

- › Five pilot wells drilled; awaiting construction of water handling facility before being stimulated and completed

## Sydney Basin

- › **Camden:** Five wells drilled, including first dual SIS well; eight new connections completed
- › **Hunter:** Seven core holes completed; 2D seismic acquisition program completed

## Moranbah / Bowen Basin

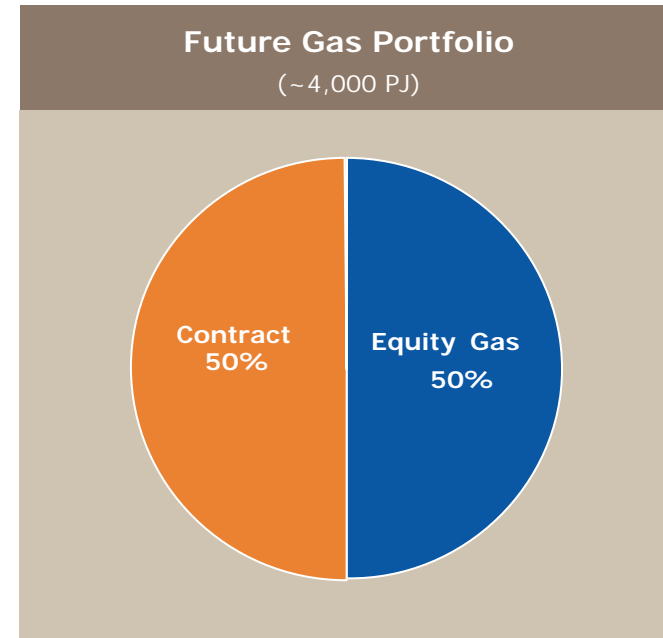
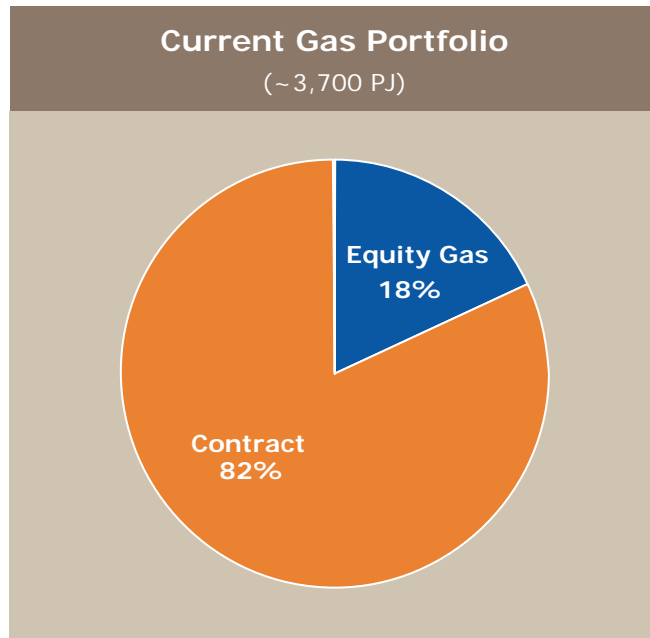
- › 34 new wells completed and connected
- › Six weeks scheduled maintenance of Yabulu Power Station



# Upstream Gas – Delivering Duration & Flexibility

Increasing self supply.

- › Existing portfolio flexibility allows timely development of gas production projects
- › AGL will continue to be a significant contractor of wholesale gas
- › Anticipate recent acquisitions of Gloucester, Sydney Gas, Galilee & Innamincka interests together with ongoing wholesale contracting will satisfy supply requirements post 2017



- › **2009 Final Results** 12 months to 30 June 2009
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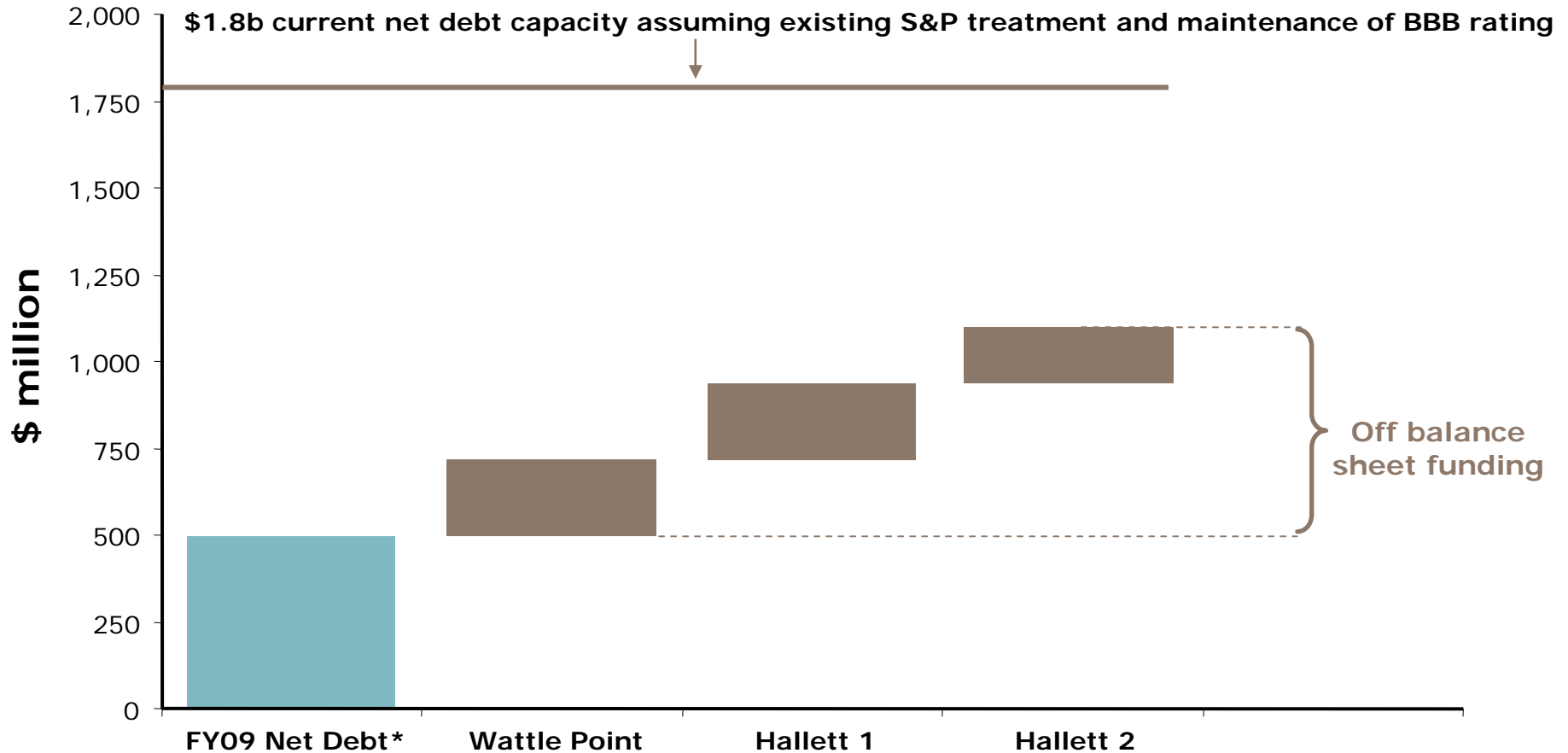
# Capital Expenditure Outlook

Stephen Mikkelsen  
Chief Financial Officer



# Disciplined Capital Management

Capacity to fund growth.

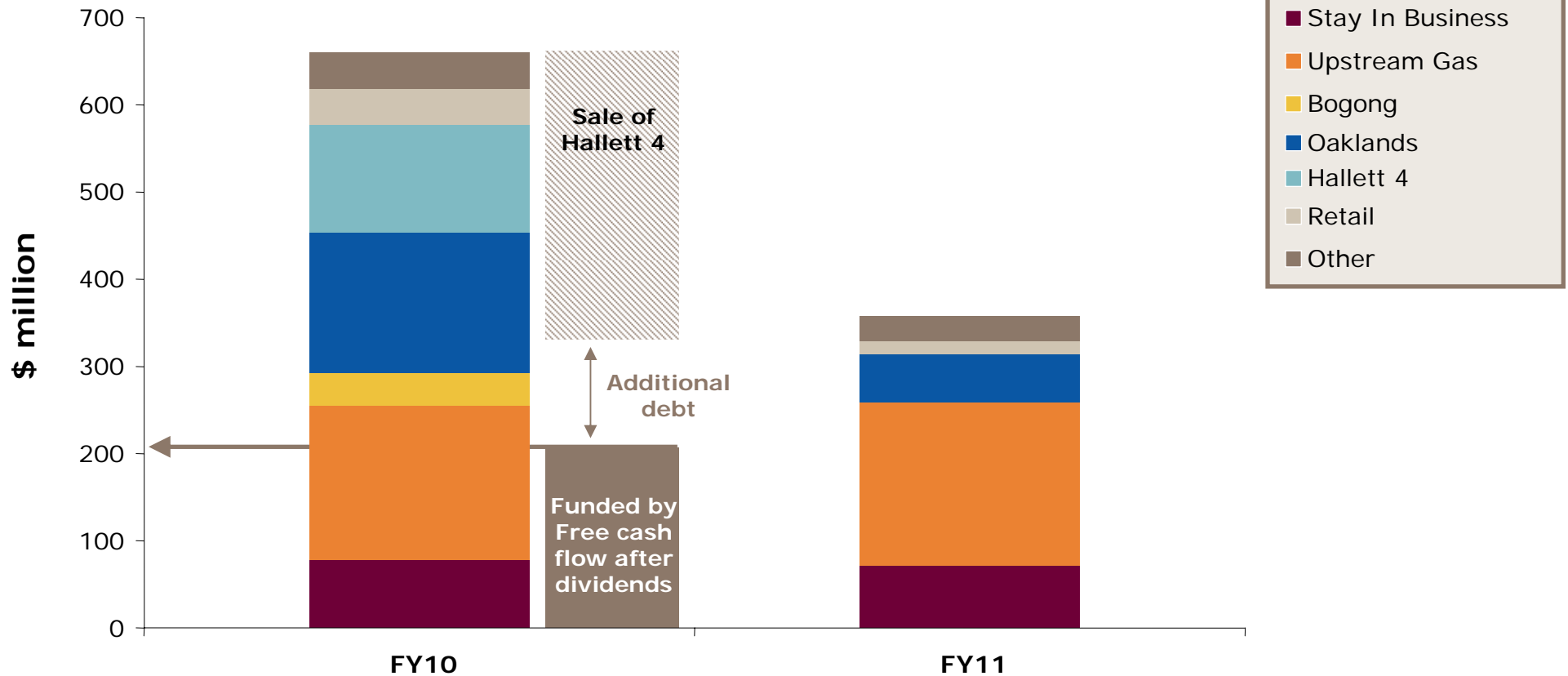


\* Includes ~\$130m of existing Hallett 4 on balance sheet funding.

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# Capital Expenditure Committed Projects

Investing for future growth.



- » 2009 Final Results 12 months to 30 June 2009
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# Strategic Outlook

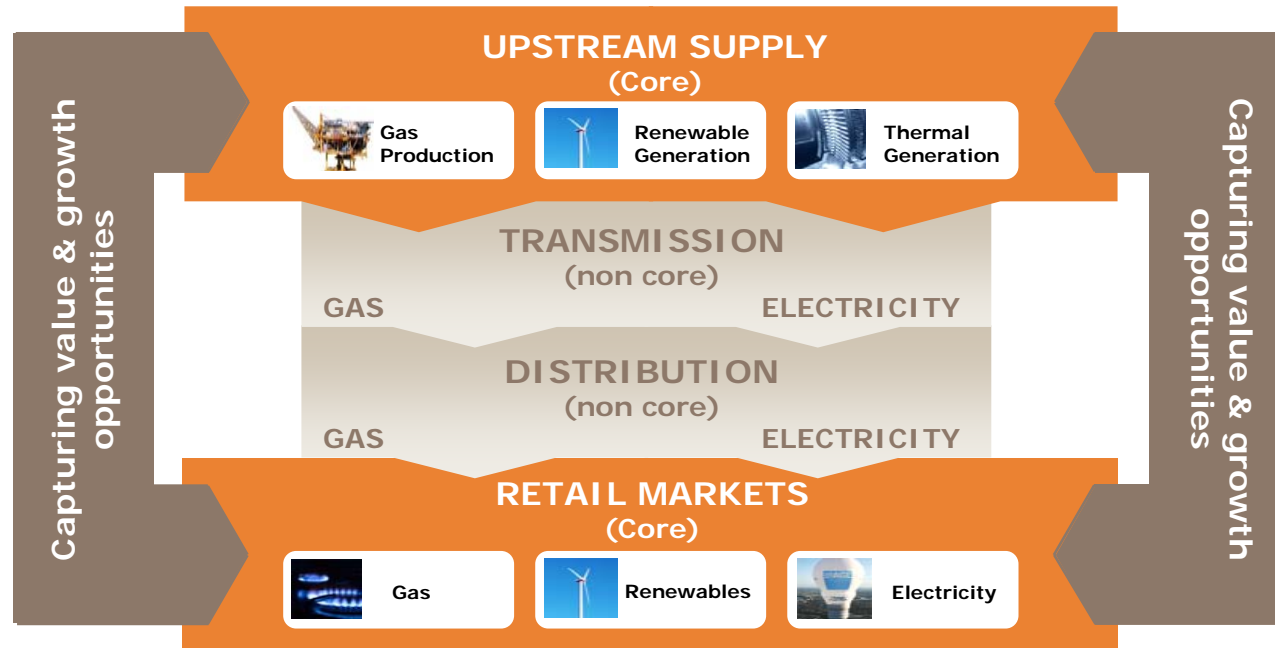
Michael Fraser  
Managing Director & CEO





# The AGL Integrated Strategy

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



## Upstream Gas:

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

## Generation:

- › Currently ~3,940 MW of capacity owned and/or operated (includes ~350 MW under construction)
- › Medium term target of ~6,000 MW
- › Achieve 60-70% of load (capacity) internally covered to deliver desired portfolio outcomes

## Market Leadership:

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

» 2009 Final Results 12 months to 30 June 2009

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# Renewable – Growth Pipeline

Market leading portfolio provides strategic depth and optionality.

| RENEWABLE GENERATION | Project                        | Nominal Capacity (MW) | Location        | Type         | Project Status                   | Definition |
|----------------------|--------------------------------|-----------------------|-----------------|--------------|----------------------------------|------------|
|                      | Bogong                         | 140                   | Victorian Alps  | Hydro        | Commissioning                    | Committed  |
|                      | McKay Creek Up Rate            | 10                    | Victorian Alps  | Hydro        | Commissioning                    | Committed  |
|                      | Hallett 2                      | 71                    | SA - Hallett    | Wind         | Commissioning                    | Committed  |
|                      | 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  |
|                      | Barn Hill                      | 130                   | SA - Hallett    | Wind         | DA Approved                      | Probable   |
|                      | Macarthur                      | 330                   | VIC - West      | Wind         | In Development, JV with Meridian | Probable   |
|                      | Hallett 3                      | 80                    | SA - Hallett    | Wind         | In Development                   | Probable   |
|                      | Hallett 5                      | 50                    | SA - Hallett    | Wind         | Permitted                        | Possible   |
|                      | Crows Nest                     | 150                   | QLD - Toowoomba | Wind         | Permitted                        | Possible   |
|                      | Worlds End                     | 180                   | SA - Burra      | 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                | 4 Projects totalling up to 720 | Various               | Various         | Under Review | Possible                         |            |

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# Upstream Gas – Growth Pipeline

Developing a portfolio with strategic depth and optionality.

| UPSTREAM GAS                          | Project   | Status  |
|---------------------------------------|---|---|
|                                       | Gloucester Basin (AGL 100%)   | Acquisition consolidated; advancing active exploration and appraisal program coordinated with land and approvals process; additional reserves certification planned for FY10/11 |
|                                       | Galilee Basin (AGL 50% farming in)  | Five-spot pilot test at Glenaras drilled and awaiting completion and construction of water handling facility; production testing to commence in FY10                            |
|                                       | Sydney Basin (AGL 100%)   | Camden: Development drilling to recommence in Aug 09; extraction of operational synergies post Sydney Gas consolidation   |
|                                       |   | Hunter: Community relations, land approvals and an ongoing exploration program to provide data for initial reserves certification in FY11                                       |
|                                       | Bowen Basin - North Queensland business (AGL 50%)   | Moranbah: Advancing successful appraisal and development program; production growth and additional reserves upgrade expected over FY10;   |
|                                       |   | North Queensland Energy: Long-term portfolio benefits of gas supply and electricity dispatch intact despite recent low electricity prices                                       |
|                                       | Cooper / Eromanga Basin – Innamincka (AGL 35.0 – 37.5% farming in)  | Drilling to assess CSG prospect due to commence in FY10   |
| CSG technical / operational resources | Technical team (54 people) spread across Camden, North Sydney, Gloucester and Brisbane locations; staff levels are adequate to address the expanded and extended operations                 |   |
| CSG infrastructure resources          | Resources for exploration and development drilling, as well as construction of processing, compression and pipeline facilities are in place or well advanced to deliver AGL's capex program |   |

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# Gas Generation – Growth Pipeline

Developing a portfolio with strategic depth and optionality.

| GAS<br>GENERATION | Project     | Nominal Capacity (MW)            | Location             | Type              | Project Status                   | Definition |
|-------------------|-------------|----------------------------------|----------------------|-------------------|----------------------------------|------------|
|                   | Leafs Gully | 360                              | NSW - Appin          | Gas Peaker        | Development Application Approved | Probable   |
|                   | Tarrone     | 500                              | VIC - West           | Gas Peaker        | In Development                   | Possible   |
|                   | NQ Peaker   | 360                              | Nth QLD - Townsville | Gas Peaker        | Site Acquired                    | Possible   |
|                   | SEQ 1       | 360                              | SE QLD - Ipswich     | Gas Peaker        | Site Secured                     | Possible   |
|                   | SEQ 2       | 1,150                            | SW QLD - Kogan       | Gas Peaker / CCGT | Site Acquired                    | Possible   |
|                   | ACT Peaker  | 500                              | ACT                  | Gas Peaker        | Pre-Feasibility                  | Possible   |
|                   | Other       | 4 projects totalling up to 2,010 | Various              | Gas Peakers       | Sites Secured                    | Possible   |

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# Retail – Growth from Core Operations

Focus on growing margins, reducing costs and leveraging customer insights.

|        | Initiative                    | Deliverable   |
|--------|-------------------------------|---|
| RETAIL | Financial                     | Improve Operating Expenditure / Gross Margin Ratio<br>Reduce doubtful debts   |
|        | Improve core service platform | Achieve best practice exception handling<br>Enhance customer experience, reduce Average Handling Time<br>Revitalise customer commitment |
|        | Segmented value propositions  | Leverage proprietary data<br>Implement predictive segment and value targeting<br>Value adding products & services                       |
|        | Customer needs and advocacy   | Ongoing customer research<br>Next generation of improvement initiatives   |
|        | Align brand & communications  | Shift brand from high awareness to preference<br>Focus customer communication on key "moments of truth"                                 |

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# Strategic Priorities

Disciplined growth underpinned by strong core operations.

- › Operational excellence in core Retail, Merchant and Upstream Gas businesses
- › Delivering on-going growth by:
  - » Expanding market leading renewables portfolio
  - » Proving up and developing additional gas reserves
  - » Developing gas generation portfolio
  - » Leveraging Phoenix platform in Retail
- › Integrated strategy supports delivery of sustainable shareholder returns in challenging economic conditions and through various market cycles
- › 2010 guidance at AGM in October 2009



## 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](http://www.agl.com.au)

Alternatively, contact:

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# Supplementary Information





# Operating EBITDA to Underlying Operating Cash Flow Reconciliation

| 12 months to<br>\$m  | 30 Jun 2009    | 30 Jun 2008    |
|--|----------------|----------------|
| Operating EBITDA   | 793.1          | 871.8          |
| Equity accounting  | (23.4)         | (13.4)         |
| Onerous gas contract                                       | (20.9)         | (20.9)         |
| Receivables  | (83.8)         | (48.3)         |
| Net green position   | (44.2)         | 51.5           |
| Other assets   | (20.4)         | (10.8)         |
| Inventories  | (8.3)          | (11.1)         |
| Net PNG oil & foreign exchange hedge payments              | (2.8)          | 1.3            |
| Creditors  | (29.1)         | (96.4)         |
| Net AEMO and futures margin calls                          | (66.8)         | (46.7)         |
| Timing of Hallett 1 construction payments                  | (32.0)         | 13.4           |
| Other  | 14.0           | (12.7)         |
| <b>Total Working Capital movements</b>                     | <b>(273.4)</b> | <b>(159.8)</b> |
| Net finance costs  | (109.1)        | (158.4)        |
| Tax paid   | (61.7)         | (104.6)        |
| <b>Operating cash flow after interest &amp; tax</b>        | <b>304.6</b>   | <b>414.7</b>   |
| <b>Cash flow relating to significant items</b>             | <b>(69.2)</b>  | <b>(60.1)</b>  |
| <b>Statutory net cash provided by operating activities</b> | <b>235.4</b>   | <b>354.7</b>   |

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# Underlying Operating Cash Flow<sup>1</sup>

| 12 months to<br>\$m                                      | 30 Jun 2009  | 30 Jun 2008  |
|--|--------------|--------------|
| Statutory net cash provided by operating activities      | 235.4        | 354.7        |
| Cash flow relating to significant items                  | 69.2         | 60.1         |
| Net AEMO deposits and futures margin calls               | 66.8         | 46.7         |
| Increase / (decrease) in net green position <sup>2</sup> | 44.2         | (51.5)       |
| Timing of Hallett 1 construction payments                | 32.0         | (13.4)       |
| <b>Underlying operating cash flow</b>                    | <b>447.6</b> | <b>396.6</b> |

1. See Supplementary Information for reconciliation of EBITDA to operating cash flow and operating cash flow summary.
2. Net movement of green assets and liabilities.

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# Energy Investments

| 12 months to<br>\$m            | 30 Jun 2009 | 30 Jun 2008 | Change  |
|--------------------------------|-------------|-------------|---------|
| <b>EBITDA</b>                  |             |             |         |
| ActewAGL                       | <b>27.9</b> | 26.0        | 7.3%    |
| Elgas <sup>1</sup>             | <b>10.6</b> | 15.6        | (32.1%) |
| GasValpo <sup>2</sup>          | -           | 18.3        | -       |
| AlintaAGL <sup>2</sup>         | -           | 13.6        | -       |
| Investments Other              | <b>5.5</b>  | 5.0         | 10.0%   |
| <b>Total EBITDA</b>            | <b>44.0</b> | 78.5        | (43.9%) |
| GasValpo depreciation          | -           | (4.8)       | -       |
| <b>Total EBIT contribution</b> | <b>44.0</b> | 73.7        | (40.3%) |

1. AGL disposed of its 50% ownership interest in Elgas on 2 October 2008 resulting in a pre-tax profit of \$149.9 million which has been classified as a significant item. The amount included above is a dividend received prior to the sale of Elgas.
2. AGL disposed of GasValpo and AlintaAGL on 30 April 2008 and 12 December 2007 respectively.

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# Significant Items<sup>1</sup>

| 12 months to 30 Jun 2009<br>\$m             | Pre Tax        | Tax            | After Tax      |
|---|----------------|----------------|----------------|
| Divestment PNG                              | 777.1          | 36.5           | 813.6          |
| Divestment QGC                              | 753.6          | (247.3)        | 506.3          |
| Divestment Elgas                            | 149.9          | (30.0)         | 119.9          |
| Divestment North Queensland Pipeline        | 23.1           | (9.6)          | 13.5           |
| Other divestments                           | (7.4)          | (16.3)         | (23.7)         |
| Gain in fair value of oil derivatives       | 160.8          | (85.8)         | 75.0           |
| Impairment of non-current assets            | (37.2)         | 11.2           | (26.0)         |
| Demerger adjustments                        | (16.1)         | 18.7           | 2.6            |
| Phoenix change program costs                | (49.5)         | 14.8           | (34.7)         |
| Redundancy, termination & integration costs | (3.6)          | 1.1            | (2.5)          |
| Onerous contract                            | (3.8)          | 1.1            | (2.7)          |
| <b>Total significant items</b>              | <b>1,746.9</b> | <b>(305.6)</b> | <b>1,441.3</b> |

1. Full detail in Appendix 4E, Section 2.

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# Disciplined Capital Management

- › Re-financed \$800m of debt which will mature in June 2012
- › Reinstated BBB stable credit rating

| Facilities @ 30 Jun 2009 \$m        | Limit          | Usage          | Available    | Maturity |
|-------------------------------------|----------------|----------------|--------------|----------|
| <b>Current</b>                      |                |                |              |          |
| Nil                                 | N/A            | N/A            | N/A          | N/A      |
| <b>Non Current</b>                  |                |                |              |          |
| Term facilities Tranche C           | 886.7          | 886.7          | -            | Oct 11   |
| Term facilities Tranche A           | 200.0          | 200.0          | -            | Jun 12   |
| Revolving credit facility Tranche B | 600.0          | 20.0           | 580.0        | Jun 12   |
| <b>Total debt facilities</b>        | <b>1,686.7</b> | <b>1,106.7</b> | <b>580.0</b> |          |
| <b>Cash</b>                         | -              | <b>623.1</b>   | -            |          |
| <b>Net Debt</b>                     | -              | <b>483.6</b>   | -            |          |

- › 2009 Final Results 12 months to 30 June 2009
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# Balance Sheet

| As at<br>\$m                  | 30 Jun 2009    | 30 Jun 2008 |
|-------------------------------|----------------|-------------|
| Current assets                | 2,473.7        | 3,160.4     |
| PPE and oil & gas assets      | 2,974.2        | 1,997.8     |
| Other non current assets      | 3,586.8        | 4,294.7     |
| <b>Total Assets</b>           | <b>9,034.7</b> | 9,452.9     |
| Current liabilities           | 1,505.7        | 1,725.0     |
| Total debt                    | 1,120.2        | 2,101.7     |
| Other non current liabilities | 563.1          | 646.3       |
| <b>Total Liabilities</b>      | <b>3,189.0</b> | 4,473.0     |
| <b>Net Assets</b>             | <b>5,845.7</b> | 4,979.9     |
| Contributed equity            | 4,030.3        | 3,971.6     |
| Reserves                      | 13.0           | 501.3       |
| Retained earnings             | 1,802.4        | 507.0       |
| <b>Total Equity</b>           | <b>5,845.7</b> | 4,979.9     |

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# Fair Value Reconciliation

| As at<br>\$m  | Net Assets     |              |                |
|---|----------------|--------------|----------------|
|   | 30 Jun 2009    | 30 Jun 2008  | Change         |
| Electricity derivative contracts                            | (48.2)         | 1,007.4      | (1,055.6)      |
| Oil derivative contracts                                    | -              | (247.5)      | 247.5          |
| Interest rate swap & foreign currency derivative contracts  | (22.8)         | 19.0         | (41.8)         |
| <b>Total net assets for derivative contracts</b>            | <b>(71.0)</b>  | <b>778.9</b> | <b>(849.9)</b> |
| <b>Change in derivative net asset value</b>                 | <b>(849.9)</b> |              |                |
| Premiums paid   | (196.9)        |              |                |
| Equity accounted fair value                                 | 4.1            |              |                |
| Less:   |                |              |                |
| Premium roll off  | 143.1          |              |                |
| <b>Total change in fair value</b>                           | <b>(899.6)</b> |              |                |
| Total change in fair value:                                 |                |              |                |
| Recognised in equity hedge reserve                          | (724.1)        |              |                |
| Recognised as a significant item relating to PNG asset sale | 160.8          |              |                |
| Recognised in profit and loss                               | (336.3)        |              |                |
| <b>Total change in fair value</b>                           | <b>(899.6)</b> |              |                |

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# Capital Expenditure

| 12 months to 30 Jun 2009<br>\$m | SIB         | Discretionary | Total        |
|---------------------------------|-------------|---------------|--------------|
| Merchant Energy                 | 35.9        | 263.2         | 299.1        |
| Upstream Gas                    | -           | 182.9         | 182.9        |
| Retail Energy                   | -           | 54.5          | 54.5         |
| Corporate Other                 | 10.2        | 5.4           | 15.6         |
| <b>Total</b>                    | <b>46.1</b> | <b>506.0</b>  | <b>552.1</b> |

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# Return on funds employed

| 12 months to 30 Jun 09                    | AGL Group                     | Retail               | Merchant               | Upstream Gas          |
|---|-------------------------------|----------------------|------------------------|-----------------------|
| Average Funds Employed <sup>1</sup> (\$m) | <b>6,644.4</b>                | 3,114.8              | 2,440.1                | 988.6                 |
| EBIT (\$m)                                | <b>670.1</b>                  | 266.8                | 447.3                  | 43.3                  |
| Return on EBIT / Funds Employed           | <b>10.1%</b><br>(2008: 10.6%) | 8.6%<br>(2008: 9.5%) | 18.3%<br>(2008: 14.4%) | 4.4%<br>(2008: 11.6%) |

1. Net assets less tax balances and derivative balances.

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# QGC & PNG Sales – Accounting

| QGC                          | \$m          |
|------------------------------|--------------|
| Disposal Consideration       | 1,175.8      |
| Carrying value of investment | (422.2)      |
| Pre tax profit on disposal   | 753.6        |
| Tax expense                  | (247.3)      |
| <b>Net profit after tax</b>  | <b>506.3</b> |

| PNG   | \$m          |
|---|--------------|
| Disposal Consideration (net of cost)                                    | 1,185.8      |
| Net Assets Disposed (book value)  | (492.0)      |
|   | 693.8        |
| Transfer from foreign currency translation reserve                      | 83.3         |
| Pre tax profit on disposal  | 777.1        |
| Tax expense   | (31.3)       |
| Reversal of previous write down of Deferred Tax Assets                  | 67.8         |
| <b>Net profit after tax</b> (excludes oil derivative fair value change) | <b>813.6</b> |

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# Gas Sales Volume

| 12 months to PJ                               | 30 Jun 2009  | 30 Jun 2008  | Change        |
|---|--------------|--------------|---------------|
| <b>Mass Market</b>                            |              |              |               |
| VIC   | 31.4         | 31.2         | 0.6%          |
| SA  | 1.8          | 1.5          | 20.0%         |
| NSW   | 27.2         | 26.0         | 4.6%          |
| QLD   | 2.6          | 2.8          | (7.1%)        |
| Mass Market Total                             | 63.0         | 61.5         | 2.4%          |
| <b>C &amp; I</b>                              |              |              |               |
| VIC   | 29.2         | 32.2         | (9.3%)        |
| SA  | 2.9          | 1.5          | 93.3%         |
| NSW   | 46.1         | 46.9         | (1.7%)        |
| QLD   | 13.7         | 14.1         | (2.8%)        |
| C & I Total                                   | 91.9         | 94.7         | (3.0%)        |
| Wholesale Customers & Generation <sup>1</sup> | 68.4         | 75.9         | (9.9%)        |
| <b>Total</b>                                  | <b>223.3</b> | <b>232.1</b> | <b>(3.8%)</b> |

1. Includes volumes sold to TIPS during FY09 27.4PJ (FY08 35.4PJ). Decrease due to lower generation.

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# Electricity Sales Volume

| 12 months to<br>GWh            | 30 Jun 2009   | 30 Jun 2008   | Change        |
|--------------------------------|---------------|---------------|---------------|
| <b>Mass Market</b>             |               |               |               |
| VIC                            | 5,055         | 5,232         | (3.4%)        |
| SA                             | 3,290         | 3,395         | (3.1%)        |
| NSW                            | 2,882         | 2,698         | 6.8%          |
| QLD                            | 3,576         | 3,316         | 7.8%          |
| Mass Market Total              | 14,803        | 14,641        | 1.1%          |
| <b>C &amp; I</b>               |               |               |               |
| VIC                            | 5,618         | 5,946         | (5.5%)        |
| SA                             | 2,579         | 2,516         | 2.5%          |
| NSW                            | 5,079         | 5,903         | (14.0%)       |
| QLD                            | 5,887         | 7,549         | (22.0%)       |
| C & I Total                    | 19,163        | 21,914        | (12.6%)       |
| <b>Total (excl. ActewAGL )</b> | <b>33,966</b> | <b>36,555</b> | <b>(7.1%)</b> |
| Purchased volume ActewAGL      | 2,916         | 2,844         | 2.5%          |

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## Retail – Mass Market Key Indicators (includes SME)

| 12 months to Electricity    | Jun 2009       | Jun 2008 | Change |
|-----------------------------|----------------|----------|--------|
| Volume (GWh)                | <b>14,803</b>  | 14,641   | 1.1%   |
| Mass Market Accounts ('000) | <b>1,793</b>   | 1,799    | (0.3%) |
| Revenue (\$m)               | <b>1,945.6</b> | 1,767.2  | 10.1%  |
| Gross Margin (\$m)          | <b>317.3</b>   | 304.0    | 4.4%   |
| Gross Margin                | <b>16.3%</b>   | 17.2%    | (5.2%) |
| 12 months to Gas            |                |          |        |
| Volume (PJ)                 | <b>63.0</b>    | 61.5     | 2.4%   |
| Mass Market Accounts ('000) | <b>1,395</b>   | 1,395    | 0.0%   |
| Revenue (\$m)               | <b>991.1</b>   | 912.2    | 8.6%   |
| Gross Margin (\$m)          | <b>176.6</b>   | 165.9    | 6.4%   |
| Gross Margin                | <b>17.8%</b>   | 18.2%    | (2.2%) |

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## Retail – C & I Key Indicators

| 12 months to Electricity | Jun 2009       | Jun 2008 | Change  |
|--------------------------|----------------|----------|---------|
| Volume (GWh)             | <b>19,163</b>  | 21,914   | (12.6%) |
| C & I Accounts ('000)    | <b>14.0</b>    | 13.2     | 6.1%    |
| Revenue (\$m)            | <b>1,529.6</b> | 1,530.8  | (0.1%)  |
| Gross Margin (\$m)       | <b>31.3</b>    | 15.2     | 105.9%  |
| Gross Margin             | <b>2.0%</b>    | 1.0%     | 100.0%  |
| 12 months to Gas         |                |          |         |
| Volume (PJ)              | <b>91.9</b>    | 94.7     | (3.0%)  |
| C & I Accounts ('000)    | <b>1.0</b>     | 0.9      | 11.1%   |
| Revenue (\$m)            | <b>506.7</b>   | 472.1    | 7.3%    |
| Gross Margin (\$m)       | <b>35.4</b>    | 26.8     | 32.1%   |
| Gross Margin             | <b>7.0%</b>    | 5.7%     | 22.8%   |

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# Retail – Customer Accounts (12 months to 30 Jun 2009)

| State  | Gas  | Electricity                                    | Total                 |
|--|--|--|-----------------------|
|  <b>VIC</b> | <b>472,600</b><br>(FY08: 487,500) <sup>1</sup> | <b>652,000</b><br>(FY08: 670,400) <sup>1</sup> | <b>1,124,600</b>      |
|  <b>SA</b>  | <b>85,000</b><br>(FY08: 75,400)                | <b>463,900</b><br>(FY08: 469,800) <sup>1</sup> | <b>548,900</b>        |
|  <b>NSW</b> | <b>752,300</b><br>(FY08: 759,700)              | <b>329,100</b><br>(FY08: 299,800) <sup>1</sup> | <b>1,081,400</b>      |
|  <b>QLD</b> | <b>86,400</b><br>(FY08: 73,100)                | <b>362,400</b><br>(FY08: 372,500) <sup>1</sup> | <b>448,800</b>        |
| <b>Total accounts (Net) 30 Jun 09</b>  | <b>1,396,300</b>                               | <b>1,807,400</b>                               | <b>3,203,700</b>      |
| Total accounts (Net) 30 Jun 08   | 1,395,700                                      | 1,812,500 <sup>1</sup>                         | 3,208,200             |
| <b>Change</b>  | <b>+600 (+0.0%)</b>                            | <b>-5,100 (-0.3%)</b>                          | <b>-4,500 (-0.1%)</b> |

|                                     |                                    |
|-------------------------------------|------------------------------------|
| <b>Dual fuel accounts 30 Jun 09</b> | <b>1,240,000</b><br><b>+60,000</b> |
|-------------------------------------|------------------------------------|

1. Following data cleansing for transferring customers to the SAP billing system, it was identified that customer account numbers for FY08 had been overstated by approximately 14,000. FY08 electricity numbers have also been restated to correctly allocate some Powerdirect customers from Queensland to the appropriate State.

# Retail – Cost to Serve

| 12 months to                                      | 30 Jun 2009    | 30 Jun 2008 | Change |
|---|----------------|-------------|--------|
| Net operating expenditure                         | 293.7m         | 240.3m      | 22.2%  |
| <b>Net operating cost per customer account</b>    | <b>\$91.47</b> | \$75.47     | 21.2%  |
| Cost to grow/retain                               | 60.7m          | 56.3m       | 7.8%   |
| <b>Cost to grow per account acquired/retained</b> | <b>\$73.39</b> | \$72.54     | 1.2%   |
| Cost to serve                                     | 233.0m         | 184.0m      | 26.6%  |
| <b>Cost to serve per customer account</b>         | <b>72.57</b>   | 57.80       | 25.6%  |

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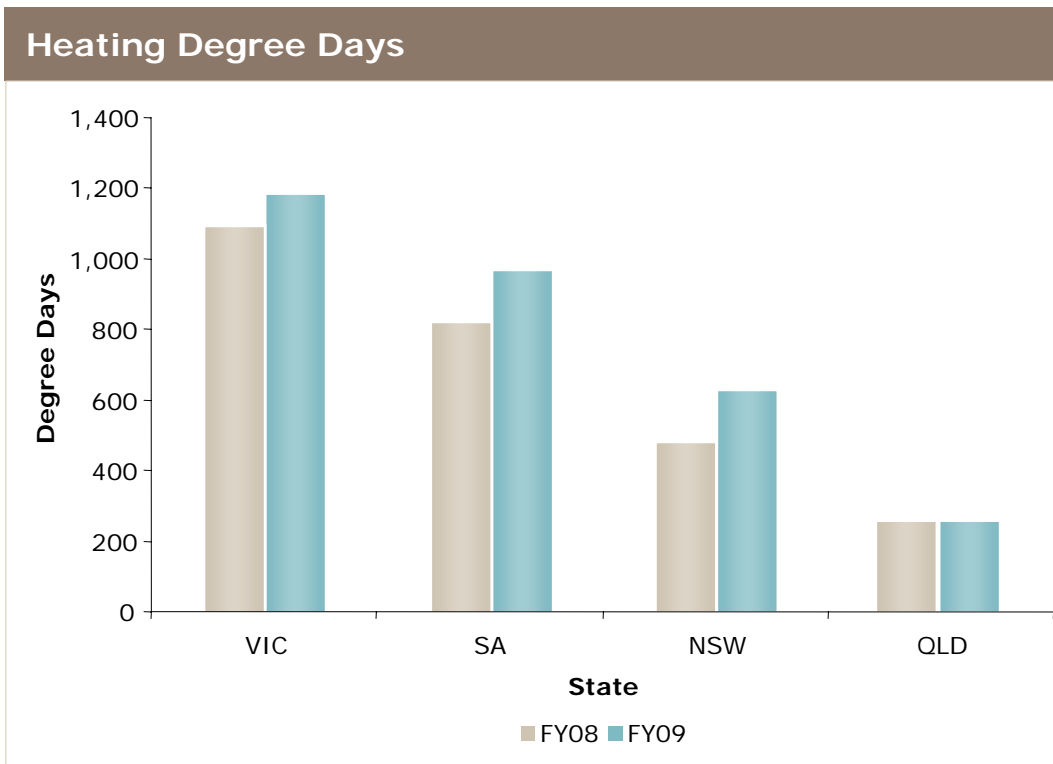


# Retail – EBIT / Sales Analysis

| 12 months to                  | 30 Jun 2009    | 30 Jun 2008 | Change     |
|-------------------------------|----------------|-------------|------------|
| Electricity revenue           | 3,475.2        | 3,298.0     | 5.4%       |
| Gas revenue                   | 1,497.8        | 1,384.3     | 8.2%       |
| Other fees and charges        | 50.9           | 53.8        | (5.4%)     |
| <b>Total revenue</b>          | <b>5,023.9</b> | 4,736.1     | 6.1%       |
| Cost of sales                 | (4,412.5)      | (4,170.3)   | 5.8%       |
| Gross margin                  | 611.4          | 565.8       | 8.1%       |
| Operating costs (excl D & A)  | (308.4)        | (270.8)     | 13.9%      |
| <b>EBITDA</b>                 | <b>303.0</b>   | 295.0       | 2.7%       |
| Depreciation and amortisation | (36.2)         | (23.3)      | 55.4%      |
| <b>EBIT</b>                   | <b>266.8</b>   | 271.7       | (1.8%)     |
| <b>EBIT / Sales (%)</b>       | <b>5.3%</b>    | 5.7%        | (0.4) ppts |

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# Retail – Weather Impact



- › NSW cold winter and early spring:
  - » Aug 08 lowest average maximum temperature since 1989 & lowest mean minimum temperature since 1951
- › VIC cold Aug 08:
  - » Temperatures well below the long term average
  - » Spring temperatures close to long term averages
  - » June 09 was cooler than the exceptionally warm June 08
- › SA PCP Sept 07 temperatures significantly above average, Aug 08 below average temperatures
- › SA June 09 was also cooler than the significantly warm June 08
- › Qld Aug 08 particularly cold:
  - » Oct 07 temperatures have been offset by a cool Jul 07 due to low overnight temperatures

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# Merchant - EBIT Analysis

| 12 months to<br>\$m                              | 30 Jun<br>2009   | 30 Jun 2008 | Change  |
|--|------------------|-------------|---------|
| Revenue from Retail Business                     |                  |             |         |
| - Electricity (COGS transfer price) <sup>1</sup> | <b>2,073.5</b>   | 1,926.8     | 7.6%    |
| - Gas (COGS transfer price) <sup>1</sup>         | <b>735.0</b>     | 687.3       | 6.9%    |
| External Revenue                                 |                  |             |         |
| - Generation Revenue                             | <b>299.0</b>     | 244.1       | 22.5%   |
| - ActewAGL <sup>2</sup>                          | <b>237.6</b>     | 226.9       | 4.7%    |
| - External (3rd Party) Revenue <sup>3</sup>      | <b>317.6</b>     | 184.9       | 71.8%   |
| - Wind Farm Development Fees                     | <b>54.6</b>      | 40.0        | 36.5%   |
| <b>Total Merchant Revenue</b>                    | <b>3,717.3</b>   | 3,310.0     | 12.3%   |
| Cost of Goods Sold                               |                  |             |         |
| - Electricity COGS <sup>1</sup>                  | <b>(2,318.9)</b> | (2,904.9)   | (20.2%) |
| - Electricity CFD's                              | <b>110.6</b>     | 849.0       | (87.0%) |
| - Gas COGS <sup>1,4</sup>                        | <b>(834.2)</b>   | (789.2)     | 5.7%    |
| - Green Certificates <sup>5</sup>                | <b>(103.9)</b>   | -           | -       |
| <b>Gross Margin</b>                              | <b>570.9</b>     | 464.9       | 22.8%   |
| Operating Costs                                  | <b>(99.7)</b>    | (88.5)      | 12.7%   |
| Equity Profits                                   | <b>30.8</b>      | 12.4        | 148.4%  |
| <b>EBITDA</b>                                    | <b>502.0</b>     | 388.8       | 29.1%   |
| D & A  | <b>(54.7)</b>    | (51.2)      | 6.8%    |
| <b>EBIT</b>                                      | <b>447.3</b>     | 337.6       | 32.5%   |

1. Prior and current year internal revenue and COGS are now reported on a grossed-up basis. Inter-company revenue & COGS within the same company had previously been reported on a net basis.
2. ActewAGL Jun 09: Electricity Sales 71%, Gas sales 29%; Jun 08: Electricity Sales 79%, Gas sales 21%.
3. External Revenue Jun 09: Gas sales 44%, Other sales 56%; Jun 08: Gas sales 61%, Other sales 39%.
4. Gas COGS includes \$126.2m (Jun 08: \$165.7m) of gas costs for gas fired generation which is reported in Wholesale Electricity EBIT.
5. Green certificate COGS in FY08 were embedded within Electricity COGS total of \$2,904.9 million.

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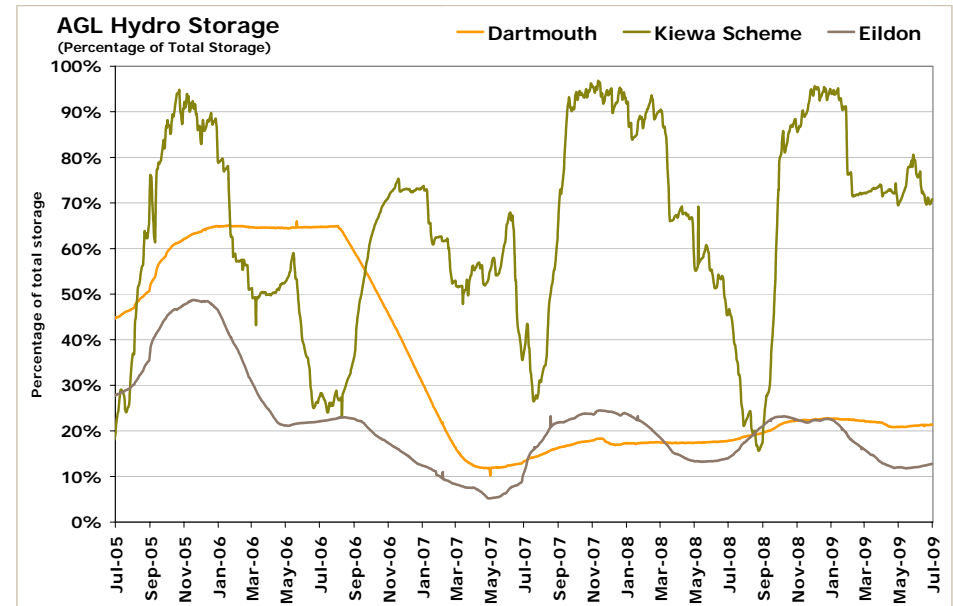
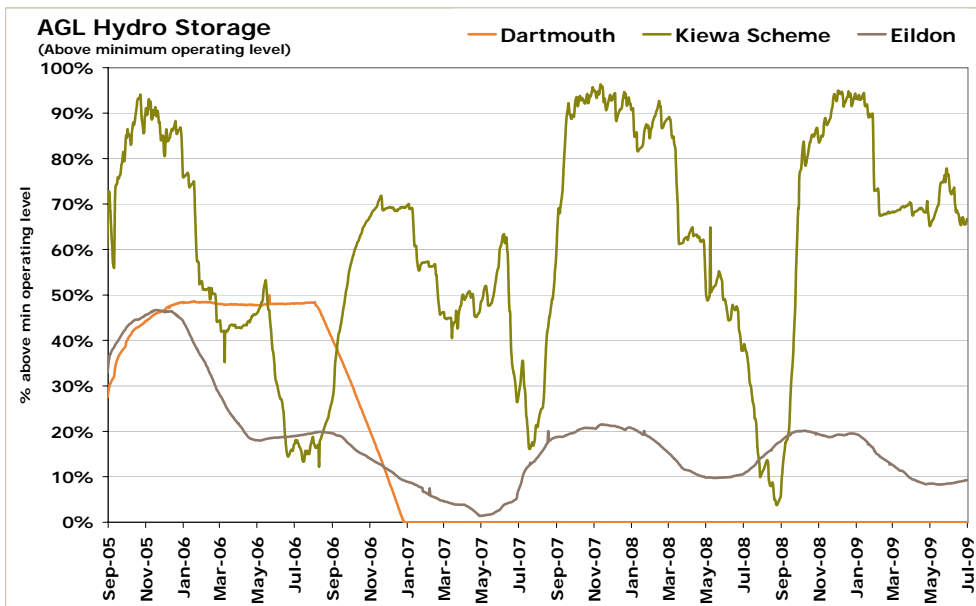
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# Merchant – Hydrology

- › Post Bogong 52.6% of Hydro capacity linked to drought resistant Kiewa Scheme
- › Rocky Valley is being utilised to cover AGL's winter position during the morning and evening peak periods. The scheme's water management plan is to maintain enough water to cater for the Bogong commissioning program which is due to commence in September 2009
- › Eildon (135MW) dam is operational with restricted generation output capability
- › Dartmouth (180MW) is not anticipated to be operational within the next 3 year horizon



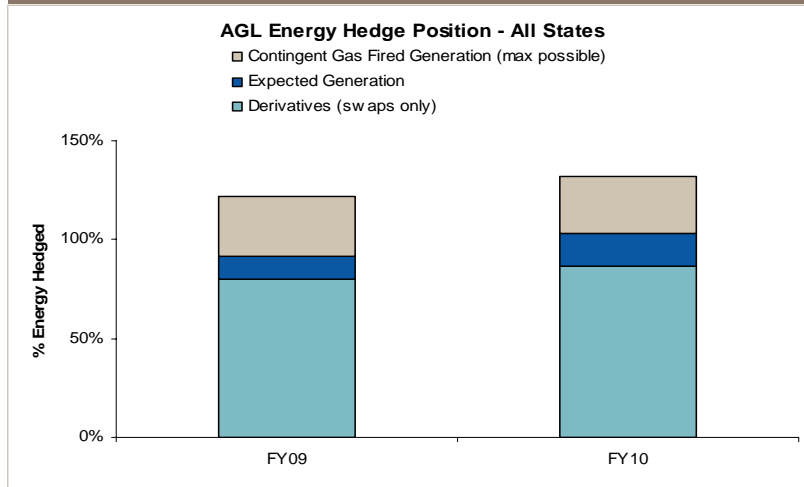
- › **2009 Final Results** 12 months to 30 June 2009
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# Merchant - Electricity Hedging: Policy

- › 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

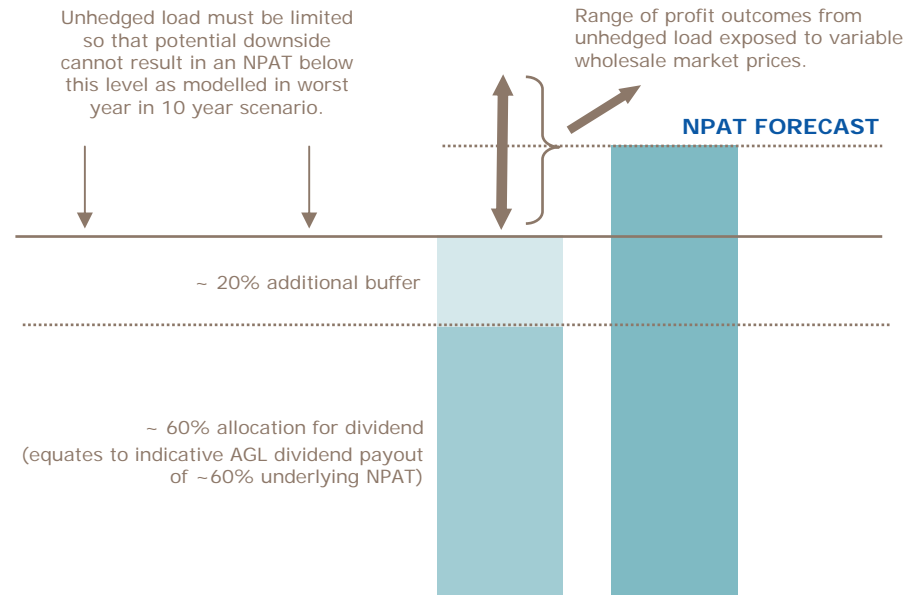


### Key Points

- > 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

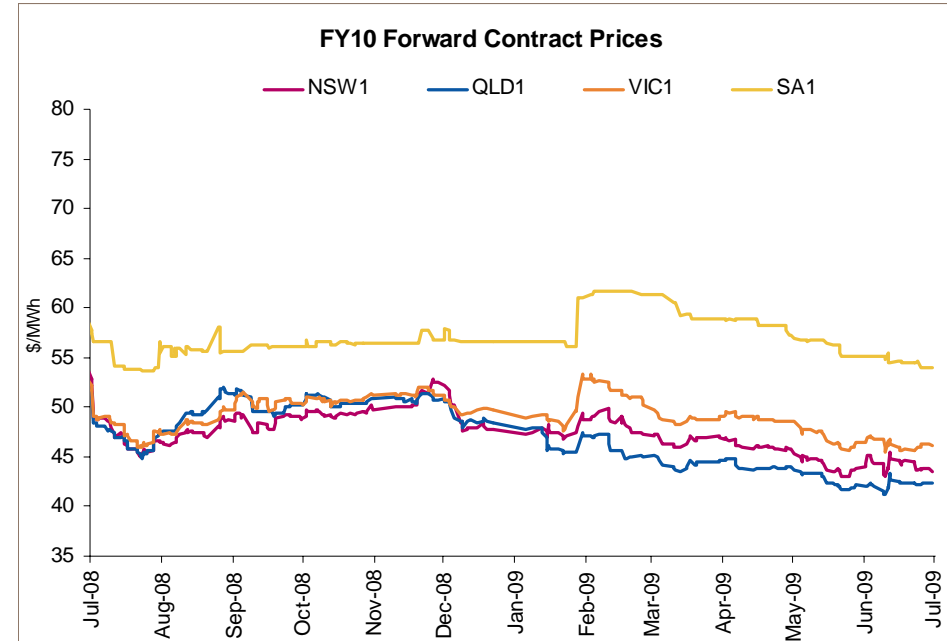
### Satisfying Financial Risk Limits



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# Merchant – Wholesale Electricity Prices

- › Benign summer weather led to downward pressure on the forward curve driven by spot market outcomes
- › Relatively solid underlying prices stabilised the forward curve during April
- › Excess generation coming back on-line in May following maintenance-related outages combining with mild weather drove spot prices down, creating downward pressure on the forward curve
- › Victorian market at a premium over New South Wales due to refinancing uncertainty amongst generators, South Australian market relatively illiquid



# Upstream Gas – Key Financial Metrics

| 12 months to<br>\$m                                   | 30 Jun 2009  | 30 Jun 2008 | Change  |
|---|--------------|-------------|---------|
| <b>Operating EBITDA</b>                               | <b>63.7</b>  | 196.3       | (65.8%) |
| D & A   | (20.4)       | (78.0)      | (70.0%) |
| Pro forma D & A adjustment                            | (27.0)       | (10.0)      | 170.0%  |
| <b>EBIT</b>   |              |             |         |
| PNG Upstream Investment (net of pro forma adjustment) | <b>22.4</b>  | 75.9        | (70.5%) |
| Upstream Gas  |              |             |         |
| Queensland / South Australia                          | <b>(6.8)</b> | 23.4        | NA      |
| New South Wales                                       | <b>1.2</b>   | 1.4         | (14.3%) |
| Equity Investments                                    | <b>2.7</b>   | 6.6         | (59.1%) |
| Sundry  | <b>(3.2)</b> | 1.0         | NA      |
| <b>Operating EBIT</b>                                 | <b>16.3</b>  | 108.3       | (84.9%) |

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# Upstream Gas Interests – Permit Details

| Basin             | Project  | Permits                                |                                       | Working Interest |
|-------------------|--|--|---------------------------------------|------------------|
|                   |  | Exploration<br>(Area km <sup>2</sup> ) | Production<br>(Area km <sup>2</sup> ) |                  |
| 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           | Glenaras Pilot Project   | ATP 529P (5,949)                       | -                                     | 50%**            |
| Cooper / Eromanga | Conventional oil and gas targets<br>Innamincka Dome CSG Prospect | PEL 101 (619)                          | -                                     | 35%**            |
|                   |  | PEL 103 (383)                          | -                                     | 37.5%**          |

\* AGL has nil effective exploration rights, which have been granted exclusively to Arrow Energy; AGL is entitled to participate up to a maximum. 50% interest in any commercial development by contributing its share of past costs.

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

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# Loy Yang A: Profit & Loss

| 12 months to<br>\$m                    | 30 Jun 2009 | 30 Jun 2008 | Change |
|--|-------------|-------------|--------|
| AGL Equity Share of Profit             | 19.6        | 2.3         | 752.2% |
| AGL Loan Note Interest                 | 11.2        | 10.1        | 10.9%  |
| <b>Total Equity Result<sup>1</sup></b> | <b>30.8</b> | 12.4        | 148.4% |

1. Excludes prior period adjustments and fair value changes

- › Revenue grew by 9% largely due to an improvement in the sold contract positions offset by lower generation and a reduction in the pool price achieved as evidenced in the table below. Operating expenses grew by 6% driven by higher labour costs, maintenance costs and depreciation, offset by reduced interest expense 5.0% from favourable interest rate movements
- › As at 30 June 2009 Loy Yang investment book value ~\$277.3m comprising ~\$106.0m equity investment at cost, ~\$57.1m equity share of profits, ~\$109.6m loan note outstanding and \$4.6m accrued interest

## Average Victorian Reference Pool Price

| Period                  | \$ / MWh |
|-------------------------|----------|
| Year ended 30 June 2008 | 46.79    |
| Year ended 30 June 2009 | 41.82    |

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# Loy Yang A: Financial Performance

| 12 months to<br>\$m  | 30 Jun 2009    | 30 Jun 2008 | Change |
|--|----------------|-------------|--------|
| Generation Volume (GWh)  | <b>14,911</b>  | 15,484      | (3.7%) |
| Average Price (\$/MWh) <sup>1</sup>                            | <b>\$40.46</b> | \$35.40     | 14.3%  |
| Sales Revenue <sup>2</sup>                                     | <b>655.7</b>   | 599.6       | 9.4%   |
| Other Revenue  | <b>23.0</b>    | 15.8        | 45.6%  |
| Expenses   | <b>(243.7)</b> | (229.5)     | 6.2%   |
| Depreciation   | <b>(112.2)</b> | (105.0)     | 6.9%   |
| Borrowing costs <sup>3</sup>                                   | <b>(257.3)</b> | (270.9)     | (5.0%) |
| Profit (loss) after tax before fair value changes <sup>4</sup> | <b>65.5</b>    | 10.0        | 555.0% |
| AGL share of profit (loss) after tax before fair value         | <b>19.6</b>    | 2.3         | 752.2% |
| Interest on loan note  | <b>11.2</b>    | 10.1        | 10.9%  |
| <b>Operating EBIT</b>  | <b>30.8</b>    | 12.4        | 148.4% |

1. Weighted average.
2. Sales Revenue includes revenue from generation, mining and infrastructure services.
3. Prior period change reflects adjustments post year end.
4. Excludes fair value changes.

» **2009 Final Results** 12 months to 30 June 2009

» 20 August 2009

» AGL External

