

Energy in  
action.®

## ASX statement

9 March 2009

Attached is a presentation to be made by Managing Director Michael Fraser during AGL's US Investor roadshow.



Paul McWilliams  
Company Secretary



# AGL Energy Limited

*...Australia's largest integrated renewable energy company...*

Michael Fraser  
Managing Director & CEO

Stephen Mikkelsen  
Chief Financial Officer

US Investor Roadshow  
March 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.
- › Was prepared with due care and attention and is current at the date of the presentation.
- › Actual results may materially vary from any forecasts (where applicable) in this presentation.
- › Before making or varying any investment in securities in AGL Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

# Agenda

- › **About AGL Energy – Background, Strategy & 1H09 Result Overview**
- › **Australian Energy Landscape & Renewable Policies**
- › **AGL Renewable Positioning & Portfolio Opportunities**
- › **Outlook & Way Forward**
- › **Supplementary Information**

- 
- » **US Investor Roadshow**
  - » March 2009
  - » AGL External



## About AGL Energy



# About AGL Energy

Australia's largest integrated renewable energy company.

- › Australia's largest natural gas & electricity customer base
- › A world class, scalable customer management & billing system (Phoenix SAP solution)
  - » Australian industry leading customer acquisition & service costs
- › Australia's largest private owner, operator & developer of renewable generation
- › Australia's largest contracted gas portfolio & emerging positions in new Coal Seam Gas (CSG) developments
- › Substantial generation portfolio with diversity across geography, fuel type & generation mix
- › Industry leading portfolio of renewable & thermal development projects
- › S&P/ASX50 stock with market capitalisation of ~AUD\$6 billion
- › BBB investment grade credit rating (Standard & Poor's)



» **US Investor Roadshow**

» March 2009

» AGL External



# AGL Energy Today – Asset Profile

## OPERATIONAL SNAPSHOT

### Retail Customer Accounts

- 3.22 million accounts
  - 1.42 million gas
  - 1.8 million electricity
  - 1.19 million dual-fuel

### Current Generation

- ~3,510 MW owned and / or operated
- ~220 MW renewable under construction

### New Generation Developments

- ~2,200 MW identified renewables
- ~5,200 MW identified gas

### Current Gas Reserves<sup>1</sup>

- ~3,100 PJ contracted gas
- ~680 PJ equity gas

### Energy Sales

- Electricity ~37 TWh p.a.
- Gas ~230 PJ p.a.

### Other

#### ActewAGL (Australia – ACT)

- 50/50 Joint Venture with Actew Corporation
- Australian Capital Territory's (ACT) leading multi utility offering electricity, natural gas, water, wastewater and telecommunication services

#### CSM Energy (Australia):

- 35% investment in coal mine methane extraction company

#### Torrens Energy (Australia – SA)

- 9.9% investment in Geothermal developer with associated Geothermal development agreement

#### Galilee Basin (Australia – QLD)

- Investment in CSG production pilot and exploration appraisal program in Galilee Basin
- 50% interest in exploration tenement ATP529P

1. 1 PJ (Petajoule) = ~0.95 BCF (billion cubic feet)

## QUEENSLAND

### Customer Accounts

- 83,600 gas
- 363,100 electricity

### Generation

- Yabulu – Gas – 121 MW (50% dispatch rights)
- Oakey – Gas – 282 MW (100% dispatch rights)
- Moranbah – Gas - 12 MW

### Upstream Gas

- Moranbah Project – 416 PJ (50% equity)
- Spring Gully – 6 PJ (various % equity)
- Bowen / Surat Basin – 1,164 PJ (contract)
- North QLD – 240 PJ (contract)



## NEW SOUTH WALES

### Customer Accounts

- 764,300 gas
- 318,100 electricity

### Generation

- AGL Hydro (62.2 MW)

### Upstream Gas

- Gloucester Basin (100% equity) – 175 PJ
- Sydney Basin (100% equity) 82 PJ

## ACT (ActewAGL)

### Customer Accounts

- 112,200 gas
- 155,700 electricity

## VICTORIA

### Customer Accounts

- 492,100 gas
- 659,900 electricity

### Generation

- AGL Hydro - 583.3 MW
- Bogong Expansion – 140 MW (under construction)
- Somerton – Gas - 150 MW
- Loy Yang A – Coal – 689 MW (32.5% equity)

### Upstream Gas

- Gippsland Basin – 931 PJ (contract)
- Otway Basin – 270 PJ (contract)

## SOUTH AUSTRALIA

### Customer Accounts

- 78,500 gas
- 463,700 electricity

### Generation

- Torrens Island – Gas - 1,280 MW
- Hallett 1 Wind farm - 94.5 MW (off take)
- Hallett 2 Wind farm - 71.4 MW (under construction)
- Wattle Point Wind Farm - 90.8 MW (off-take)
- Angaston – Diesel - 49 MW (off take)

### Upstream Gas

- Cooper Basin – 414 PJ (contract)

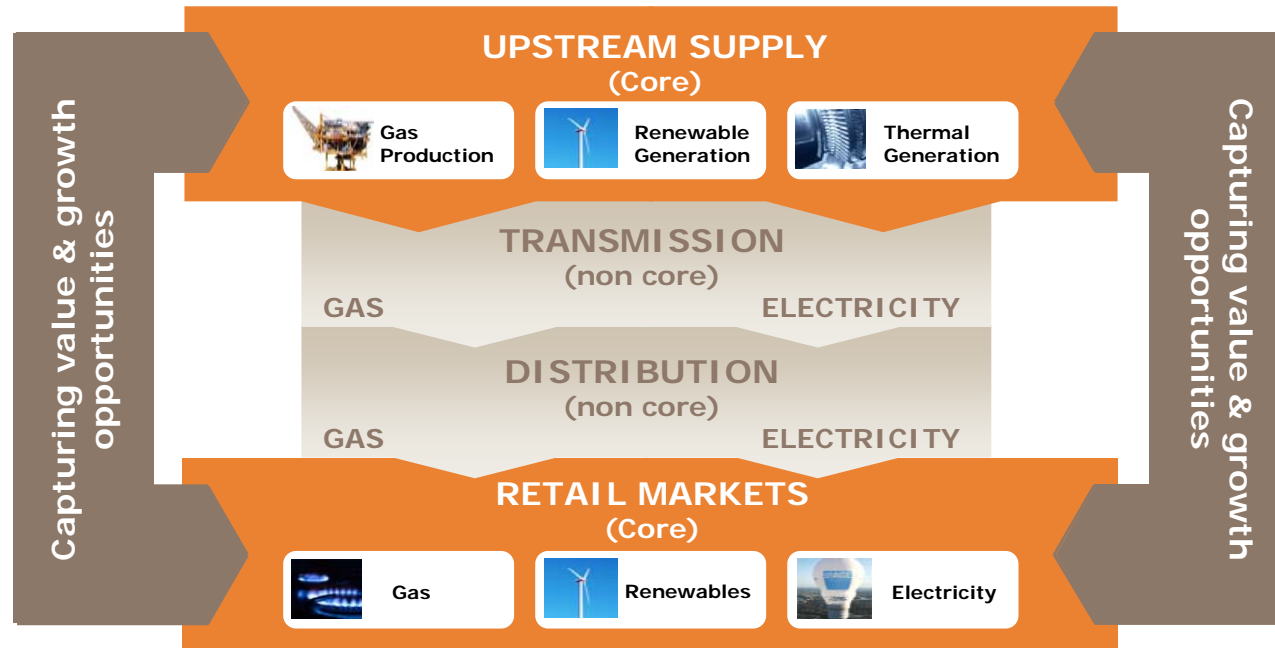
» US Investor Roadshow

» March 2009

» AGL External

# The 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 ~3,730 MW of capacity owned and/or operated (includes ~220 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

» US Investor Roadshow

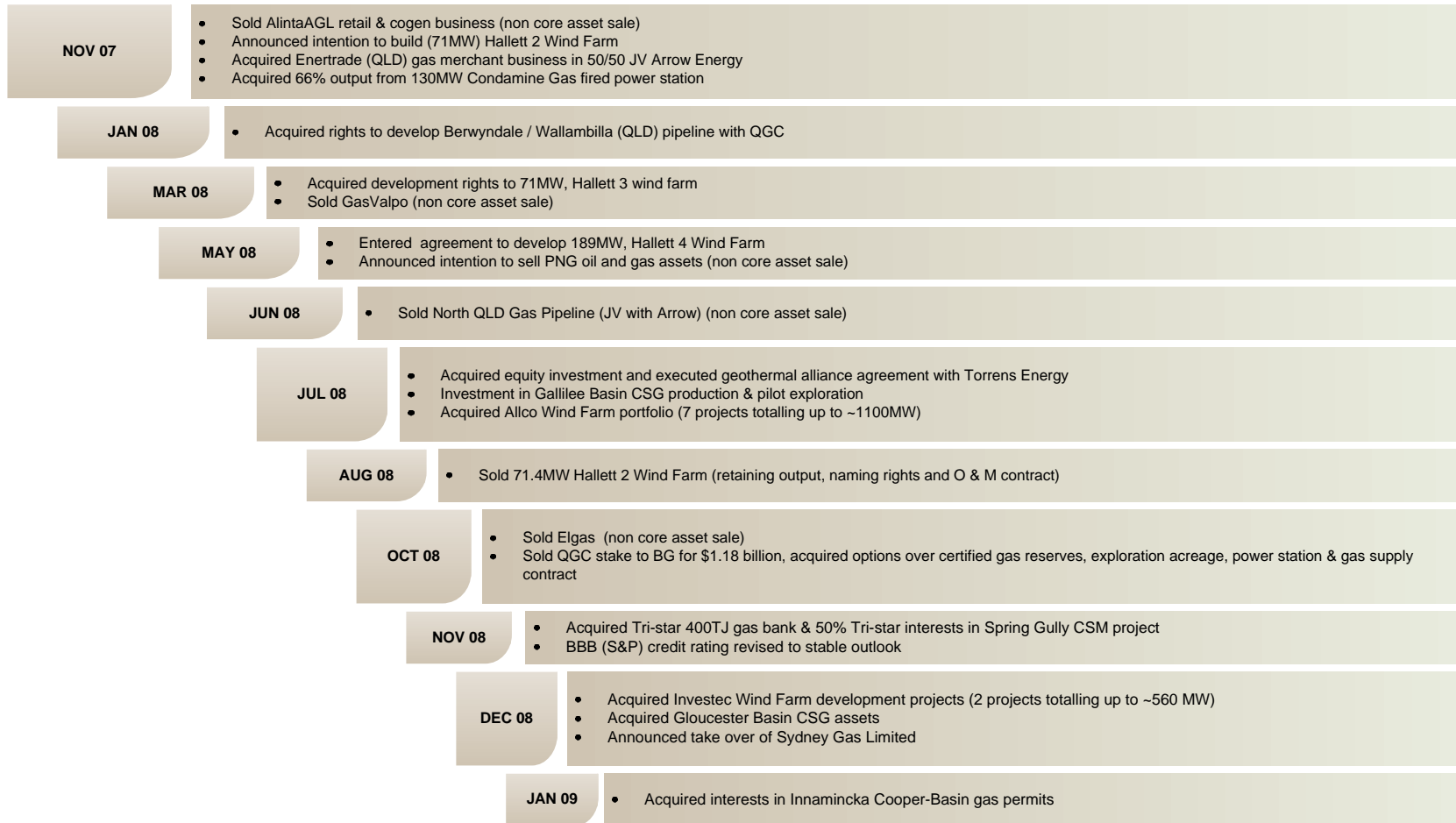
» March 2009

» AGL External



# The Integrated Strategy – In Action

Divesting non core assets, acquiring & creating long term growth opportunities.



» US Investor Roadshow

» March 2009

» AGL External

# 1H09 Result Highlights

Delivering on strategy, creating value & long term growth.

FINANCIAL	> Revenue:	\$2,977.7m,	↑ 5.1%
	> Operating EBIT from continuing operations:	\$322.7m,	↑ 10.2%
	> Statutory NPAT:	\$1,654.8m	
	> Underlying NPAT:	\$192.5m,	↑ 5.3%
	> Interim dividend 26 cps, fully franked – DRP in operation		
OPERATIONAL	> Maintaining retail margins (+0.1%), customer accounts (+1,900) & dual fuel (+10,000)		✓
	> Final core SAP (Phoenix) customer migration completed		✓
	> Hedge book continues to perform well, generation plant reliability & performance solid		✓
	> Strong wholesale gas portfolio performance		✓
	> Generation development projects on time and budget		✓
STRATEGIC	> Non core asset sales deliver \$1.5 billion after tax		✓
	> Balance sheet strength – reinstated BBB stable outlook, further growth capacity		✓
	> Deep portfolio of renewable and gas generation development projects		✓
	> Upstream gas acquisitions to deliver long term value and growth		✓
	> Phoenix focus now turns to Business Transformation Program and benefit realisation		✓

» US Investor Roadshow

» March 2009

» AGL External



# 1H09 Profit & Loss (excluding significant items & fair value movements)

Result in line with full year guidance.

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
Revenue	<b>2,977.7</b>	2,833.8	5.1%
Operating EBITDA	<b>443.9</b>	471.4	(5.8%)
Operating EBIT			
Retail	<b>145.7</b>	134.8	8.1%
Merchant	<b>211.9</b>	156.9	35.1%
Gas & Power Development (incl pro forma adjustment)	<b>34.5</b>	82.0	(57.9%)
Energy Investments	<b>30.5</b>	50.6	(39.7%)
Centrally managed expenses	<b>(63.5)</b>	(51.4)	23.5%
Total operating EBIT	<b>359.1</b>	372.9	(3.7%)
Less: Net finance costs	<b>(60.9)</b>	(94.4)	(35.5%)
<b>Profit before tax</b>	<b>298.2</b>	278.5	7.1%
Less: Income tax expense	<b>(105.7)</b>	(95.7)	-
<b>Underlying NPAT</b>	<b>192.5</b>	182.8	5.3%

» US Investor Roadshow

» March 2009

» AGL External



# Disciplined Capital Management

Well positioned for future growth opportunities.

- › October 09 maturities covered by cash reserves
- › Immediate debt capacity of ~A\$1.2b to A\$1.8b
- › Reinstated BBB stable credit rating

Facilities @ 20 Feb 2009 \$m	Limit	Usage	Available	Maturity
<b>Current</b>				
Revolving credit facility	500.0	-	500.0	Oct 09
Term facilities Tranche B	633.3	633.3	-	Oct 09
<b>Non Current</b>				
Term facilities Tranche A	222.5	222.5	-	Oct 10
Revolving credit facility	327.5	-	327.5	Oct 10
Term facilities Tranche C	886.7	886.7	-	Oct 11
<b>Total debt facilities</b>	<b>2,570.0</b>	<b>1,742.5</b>	<b>827.5</b>	
<b>Cash</b>	-	<b>1,555.0</b>	-	
<b>Net Debt</b>	-	<b>187.5</b>	-	

» US Investor Roadshow

» March 2009

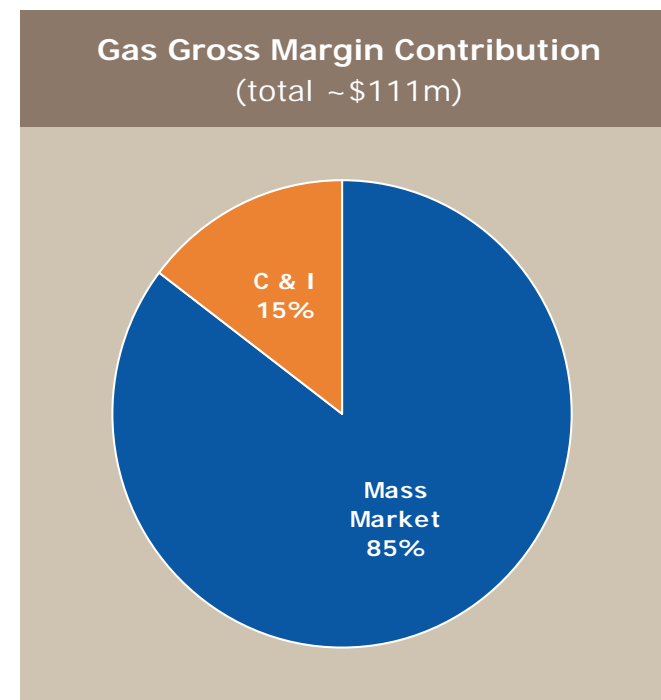
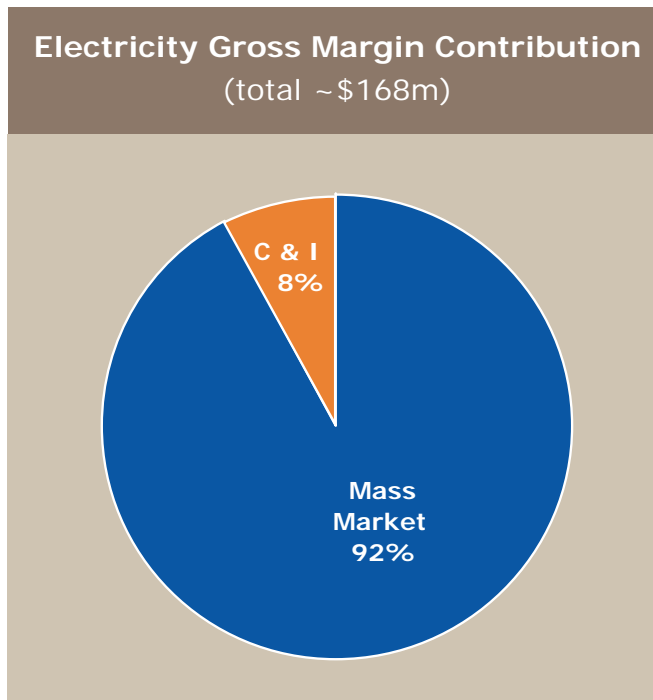
» AGL External



# Defensive Earnings Profile

Robust earnings during deteriorating economic conditions.

- » Majority of electricity & gas gross margin is derived from mass market customer base which historically has had limited volume impacts during economic downturns



- » US Investor Roadshow
- » March 2009
- » AGL External

# Upstream Gas

Strategic acquisitions to deliver upside growth & optionality.

- » Recent transactions deliver access & control over additional certified 2P reserves with further, material upside potential & optionality:
  - » Investment in Galilee Basin CSG production pilot & exploration program
  - » Entered into option agreement with BG Group
  - » Acquisition of Tri-Star gas bank and minor Spring Gully interests
  - » Acquisition of Gloucester Basin reserves & development program
  - » Takeover of Sydney Gas
  - » Farm-in to Innamincka tenements
  - » Take up of Moranbah / Bowen Basin tenements<sup>1</sup>

AGL Share of CSG reserves	As at 31 Dec 08		As at 30 Jun 08	
(PJ)	2P	3P	2P	3P
Moranbah (50%)	416	1,051	277	867
Camden (100% following Sydney Gas acquisition)	82	108	41 <sup>2</sup>	54 <sup>2</sup>
Gloucester (100%)	175	370	-	-
Spring Gully (various)	6	8	-	-
<b>Total</b>	<b>679</b>	<b>1,537</b>	318	921

1. Full back in rights to 50% of PL 223 & PL 224 for \$3.9m (representing 50% of past costs) - now responsible for 50% of future costs

2. AGL interest was 50% as at 30 Jun 08

» **US Investor Roadshow**

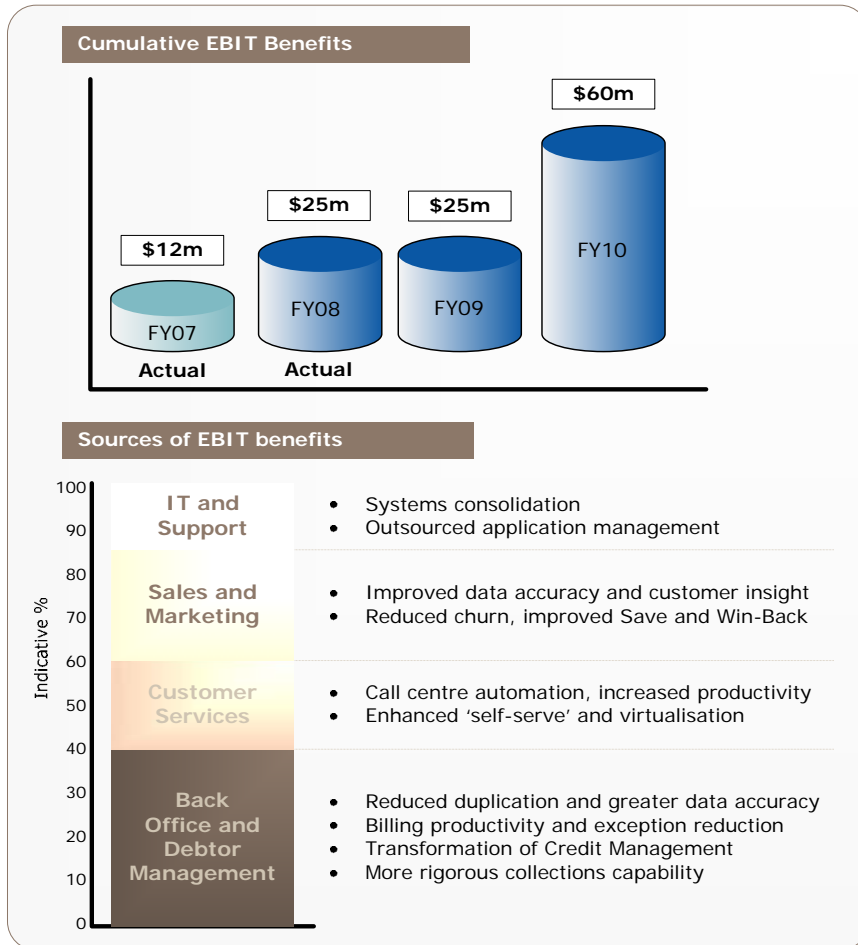
» March 2009

» AGL External



# Retail – Phoenix (SAP) Business Transformation

## Capturing Benefits.



- > Final core retail migration to SAP (Phoenix) completed Nov 2008:
  - » ~93% of total customer base now serviced out of SAP
- > Business Transformation Program now established to ensure optimisation, timing and delivery of SAP benefits.
- > Continue to target further \$35m of annualised benefits to be realised in FY10:
  - » FY09 period of operational and systems consolidation
  - » Transitional cost increases being incurred to achieve end project targets
- > Capex of \$164.4m following final core retail migration:
  - » Within 10% of enhanced scope estimate per previous guidance

» US Investor Roadshow

» March 2009

» AGL External

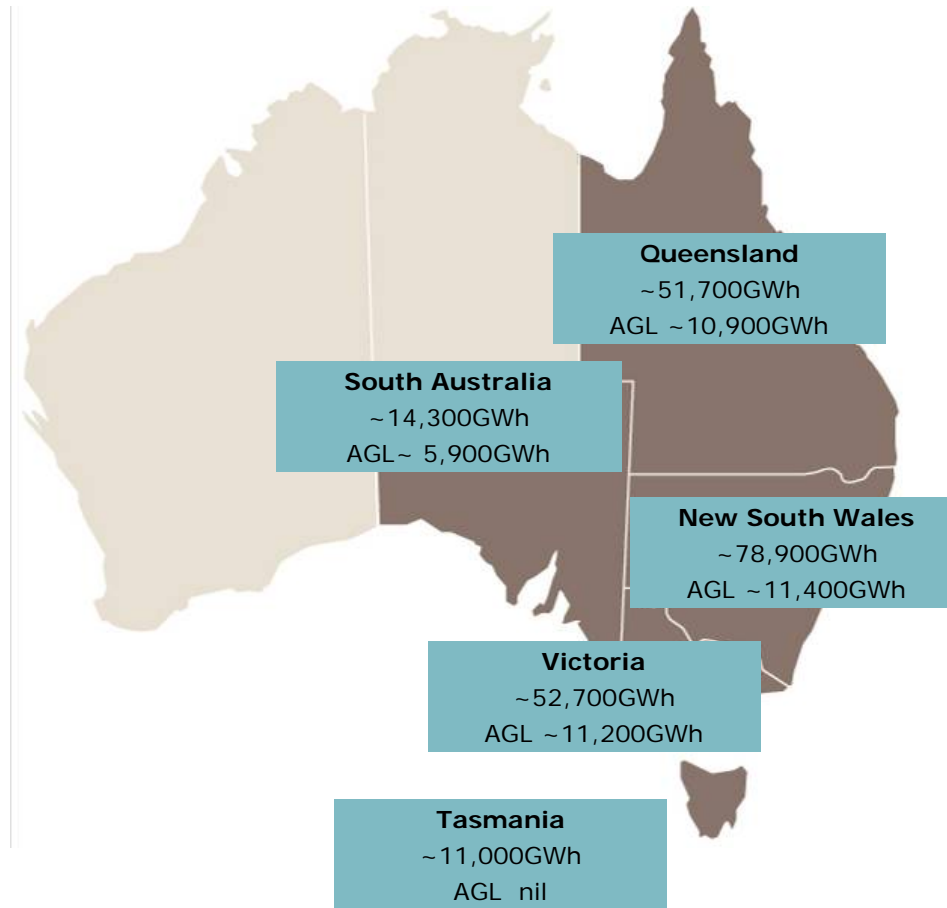
Australian Energy  
Landscape & Renewable  
Policies





# Australia's National Electricity Market (NEM)

- › National Electricity Market (NEM) began operating as a wholesale market for supply of electricity to retailers and end-users in 1998
- › World's longest interconnected power system – 4,000 km (2,500 miles)
- › Exchange between electricity producers & electricity consumers facilitated through pool - output from all generators aggregated & scheduled to meet demand.
- › Market operates with a price cap of \$10,000 per MWh (VoLL = Value of Lost Load)
  - » Dispatch price every 5 mins, 6 dispatch prices every 30 mins to determine spot price for each trading interval for each NEM region



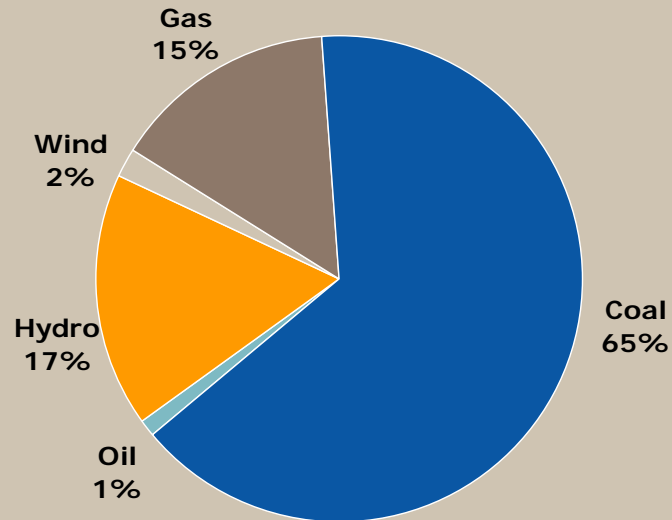
» **US Investor Roadshow**

- » March 2009
- » AGL External

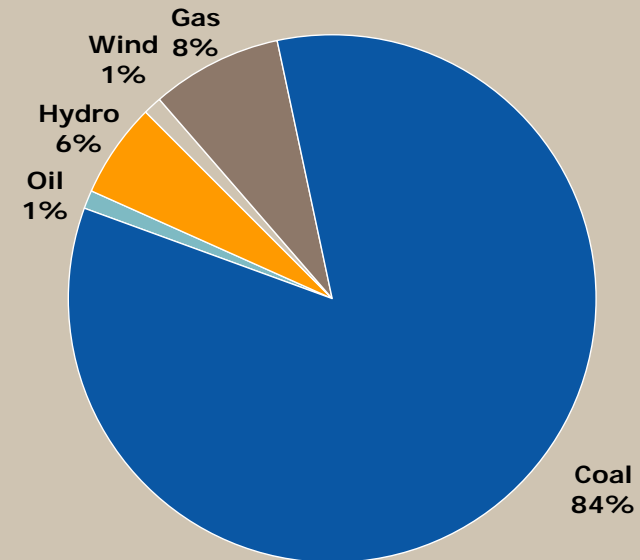
# Australian NEM Generation Mix

Coal dominates the current Australian landscape.

Generation Capacity: ~43,000 MW



Generation Output: ~210,000 GWh



- » US Investor Roadshow
- » March 2009
- » AGL External

# Proposed Renewable Legislative Changes.

Federal Government to legislate two schemes – Expanded RET & Carbon Pollution Reduction Scheme (CPRS).

## **Expanded Renewable Energy Target (RET) scheme** (Expanded RET previously called MRET)

- › Target to increase from 9,500 GWh in 2010 to 45,000 GWh in 2020
  - » Draft legislation has been released
  - » Legislation listed for consideration by Parliament Autumn sitting 2009

## **Carbon Pollution Reduction Scheme (CPRS)**

- › Scheme to commence on 1 July 2010 and operate on a financial year basis with annual compliance obligations
  - » To be a 'Cap & Trade' scheme - permits will be created and will reflect a cap on total Australian greenhouse gas emissions
  - » Businesses required to purchase permits for each tonne of greenhouse gasses emitted
  - » Scheme to have a price cap (i.e. penalty) for first 5 years
  - » The Government has announced the first three yearly targets (109%, 108% and 107% of 2000 levels) and a gateway for 2020 (85-95% of 2000 levels)
  - » Transitional assistance for coal generators to be determined through Electricity Sector Adjustment Fund
  - » Passage of draft legislation in mid 2009 and consultation on supporting regulations during 2009

---

» **US Investor Roadshow**

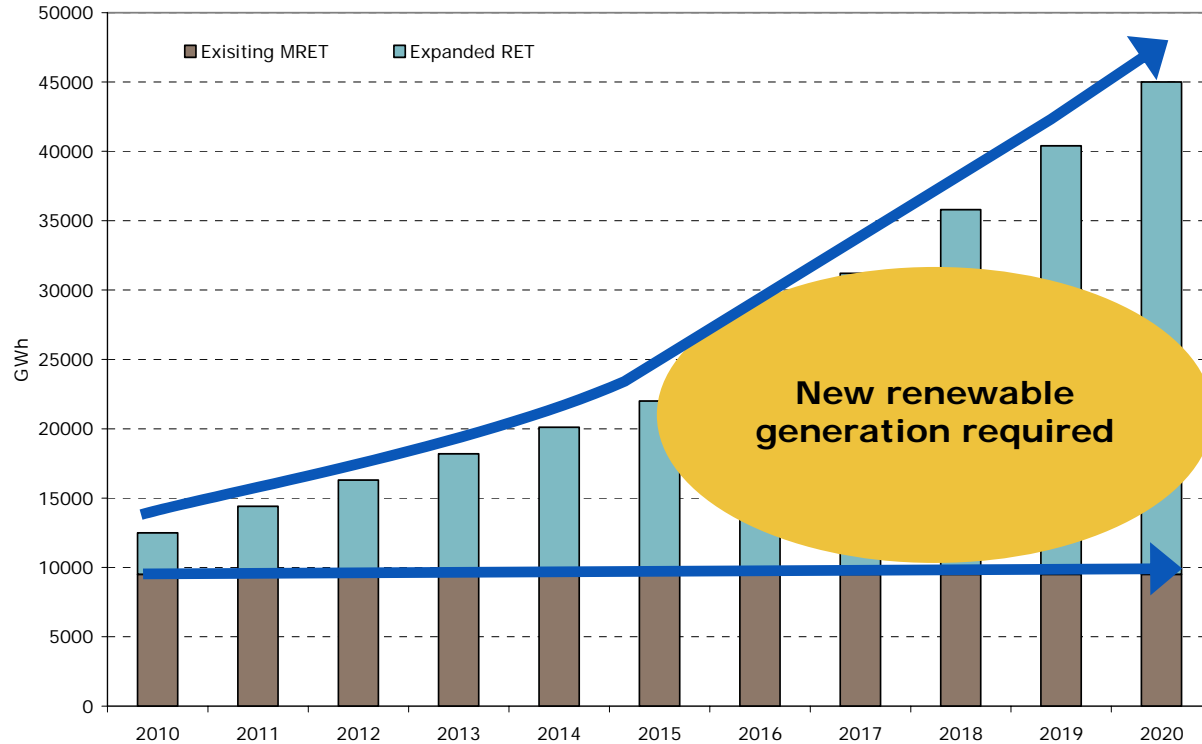
» March 2009

» AGL External



# Required Renewables Growth

Expanded Renewable Energy Target (RET) Drives Growth.



- > New federal Government Policy – by 2020 an additional 35,500 GWh p.a. of renewable energy required to meet the target of 45,000 GWh p.a.
- > If all new capacity is wind, implies ~12,000 MW of new renewable capacity
- > AGL's leading existing renewable portfolio & development options will deliver material upside via REC and black electricity price appreciation under Expanded RET & Carbon Pollution Reduction Scheme

» US Investor Roadshow

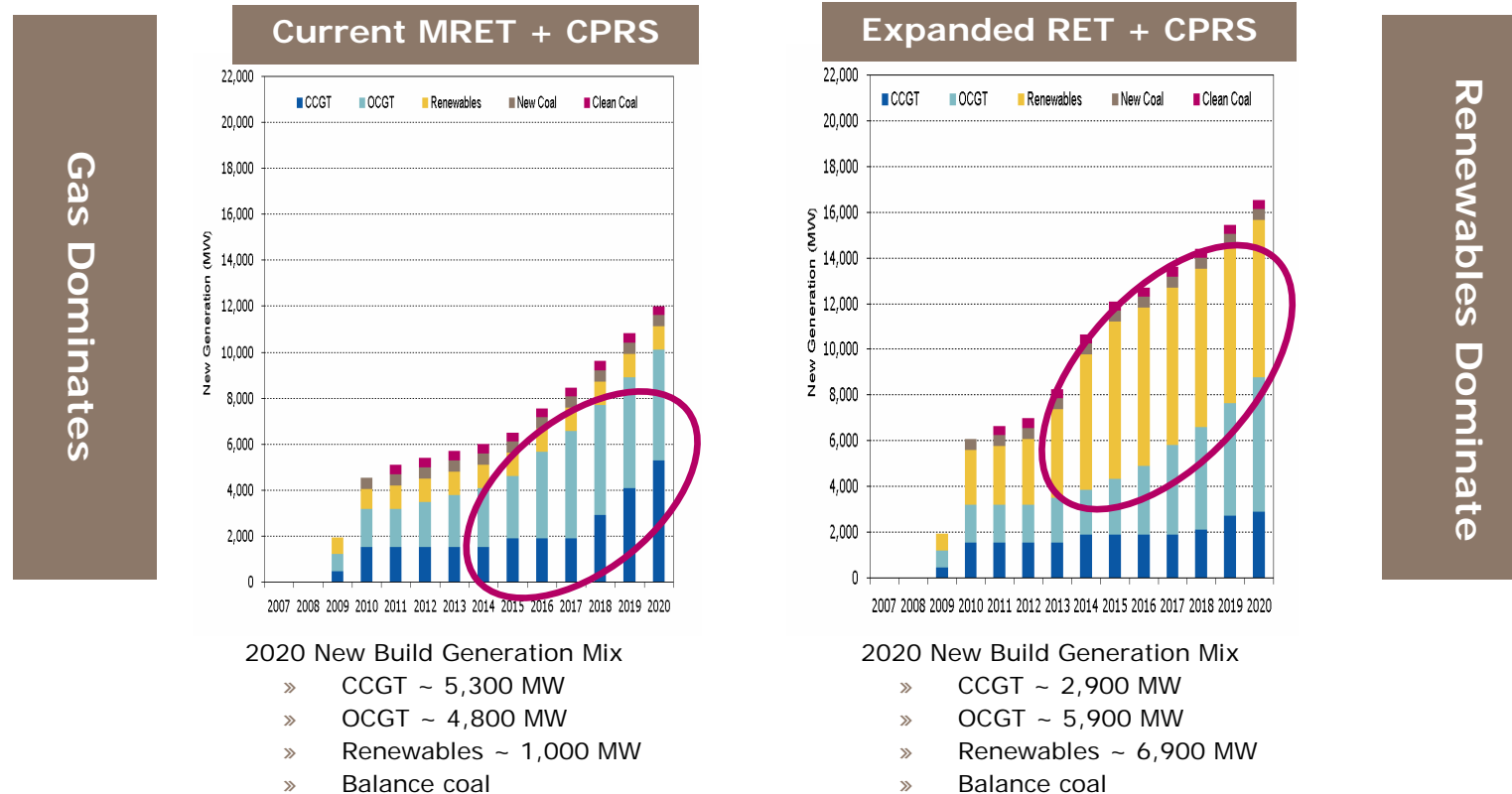
» March 2009

» AGL External

# Required Renewables Growth

Indicative new build generation mix dominated by renewables.

- › Investment in renewable generation under expanded RET displaces gas fired generation and moderates gas demand as a transitional fuel

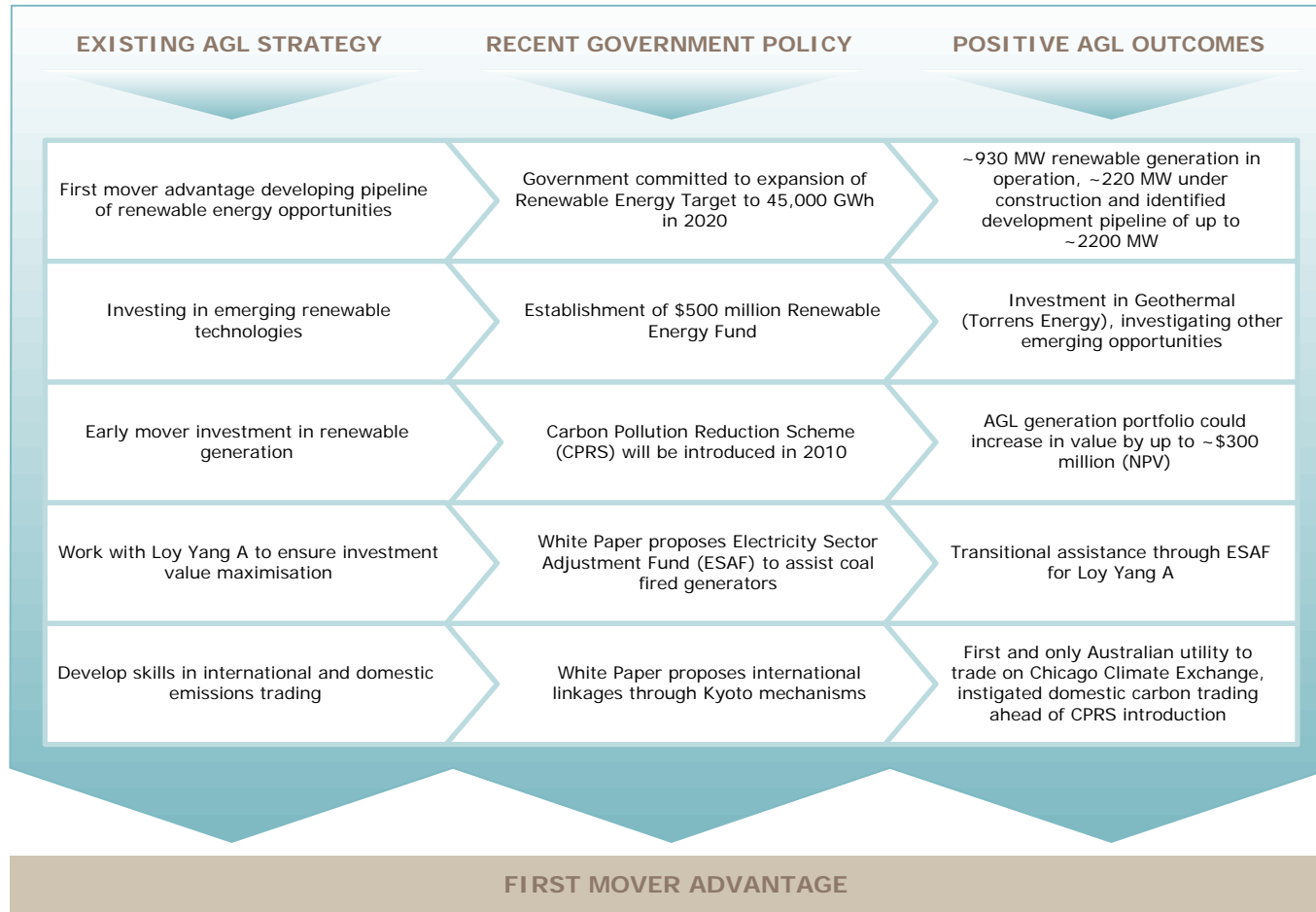


# AGL Renewable Positioning and Portfolio Opportunities



# Renewables & Carbon: First Mover Advantage

AGL's strategy benefits from recent Government announcements.



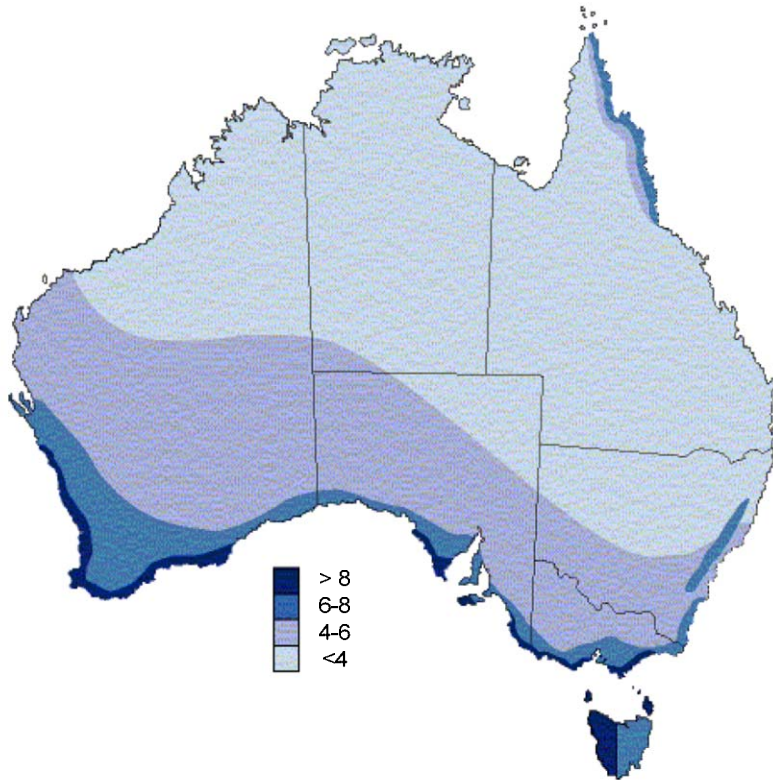
» US Investor Roadshow

» March 2009

» AGL External

# Australia - 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 are already accounted for in Tasmania, South Australia and Western Australia
- > AGL has achieved first mover advantage locking down identified sites with leading project economics

» **US Investor Roadshow**

» March 2009

» AGL External



# Renewable Generation – Growth Pipeline

Developing a portfolio with strategic depth and optionality.

	Project	Nominal Capacity (MW)	Location	Type	Project Status	Definition
Renewable Generation	Bogong	140	Victorian Alps	Hydro	Under Construction	Committed
	McKay Creek Up Rate	10	Victorian Alps	Hydro	Under Construction	Committed
	Hallett 2	71	SA - Hallett	Wind	Under Construction	Committed
	Hallett 3	80	SA - Hallett	Wind	In Development	Probable
	Hallett 4	132	SA - Hallett	Wind	In Development	Probable
	Oaklands Hill	63	VIC - West	Wind	In Development	Probable
	Hallett 5	50	SA - Hallett	Wind	Permitted	Possible
	Macarthur	330	VIC - West	Wind	JV with Meridian	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
Torrens Energy Geothermal Alliance (AGL 50% farming in)		Torrens Energy is sole-funding exploration and studies ahead of the first deep well planned to be drilled by AGL in FY10				

- › **Probable Projects:** Projects which are under development with an approved budget and pending final investment decision
- › **Possible Projects:** Projects where AGL holds rights to the sites and/or where the final investment decision is expected to be in excess of 12 months
- › **CAPEX:** Current AGL indicative installed capex for wind is approximately \$2.7m to \$2.9m / MW

## » US Investor Roadshow

- » March 2009
- » AGL External



# Gas Generation – Growth Pipeline

Developing a portfolio with strategic depth and optionality.

	Project	Nominal Capacity (MW)	Location	Type	Project Status	Definition
Gas Generation	Leafs Gully	360	NSW - Appin	Gas Peaker	In Development, Development application being assessed	Probable
	Tarrone	500	VIC - West	Gas Peaker	In Development	Probable
	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
	Condamine Option	Continuing to undertake technical and commercial due diligence - option expires 14 April 2009 (no interest payable if option not exercised)				

- › **Probable Projects:** Projects which are under development with an approved budget and pending final investment decision
- › **Possible Projects:** Projects where AGL holds rights to the sites and/or where the final investment decision is expected to be in excess of 12 months
- › **CAPEX:** Current AGL indicative installed capex for Open Cycle Gas Turbine (OCGT) plant (peaking) is approximately \$0.7m to \$0.9m / MW

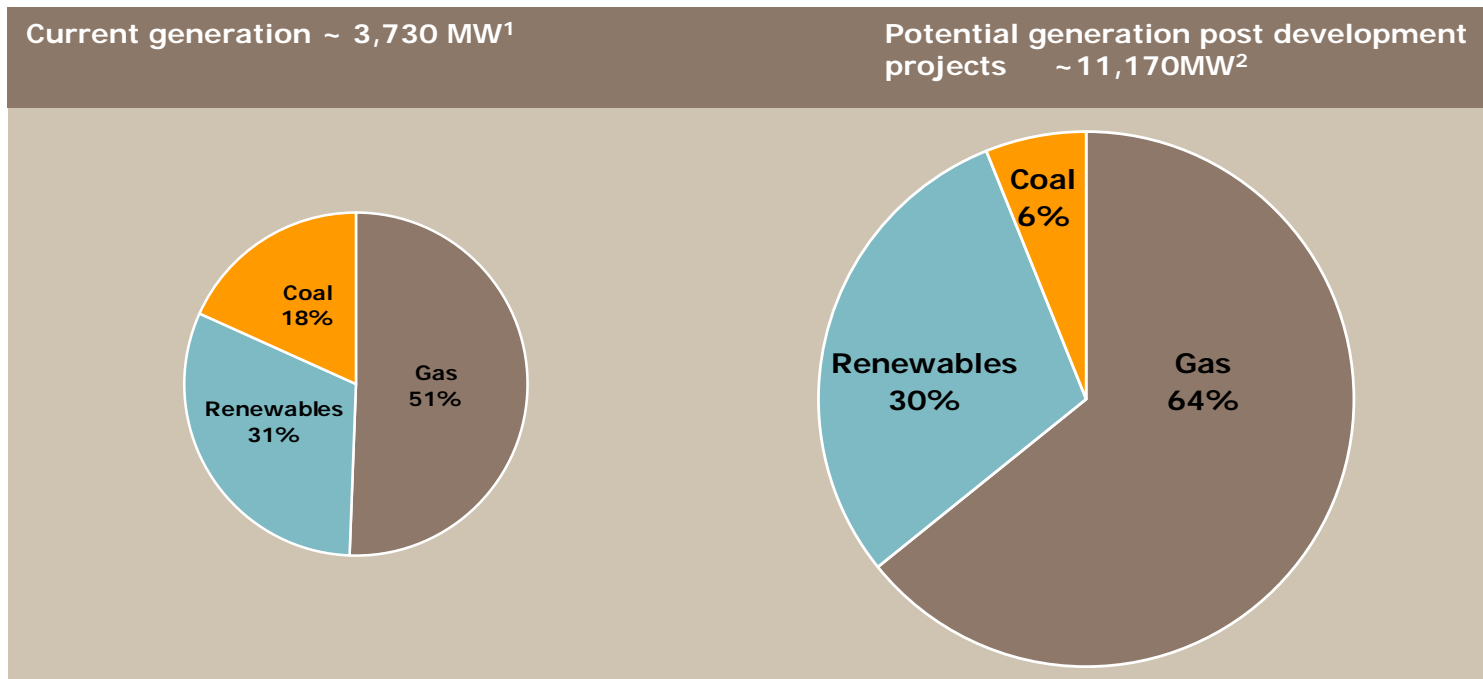
## » US Investor Roadshow

- » March 2009
- » AGL External



# A Carbon Effective Portfolio

Both the current & future AGL generation portfolios are well positioned to deliver material upside in a carbon constrained environment.



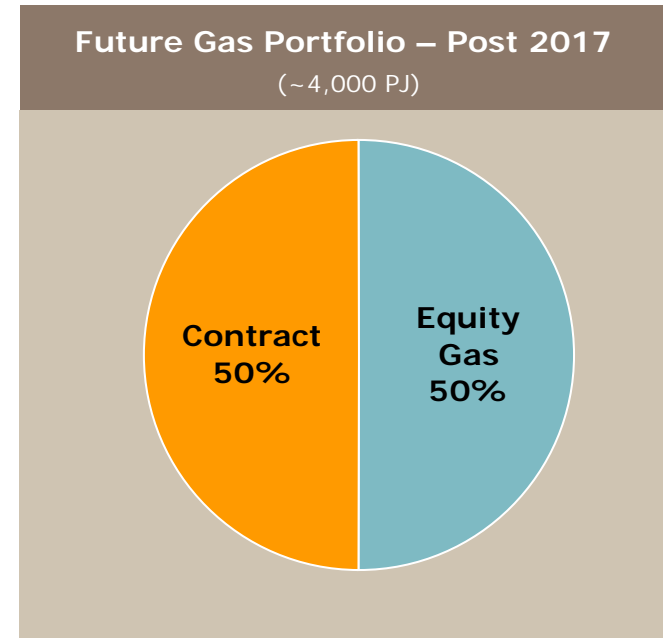
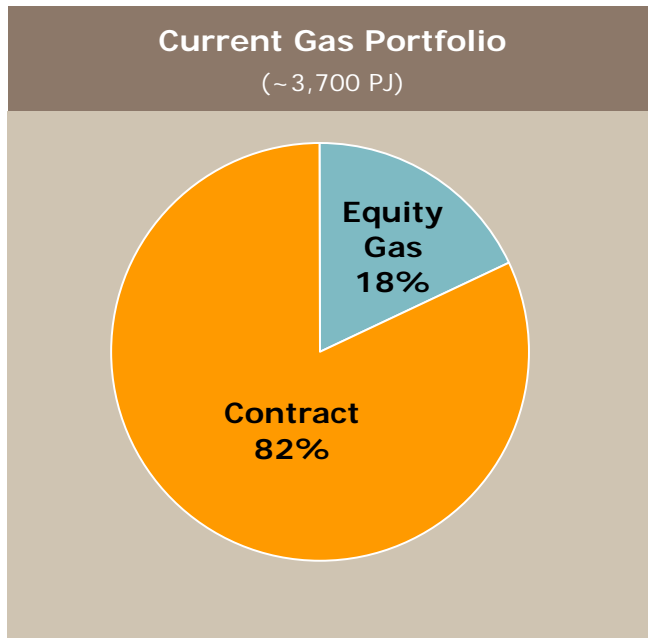
- » **US Investor Roadshow**
- » March 2009
- » AGL External

1 = Owned & / or operated including plant under construction (~221MW)  
2 = 1 + projects under consideration / development

# 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/Hunter, Galilee & Innamincka interests together with ongoing wholesale contracting will satisfy supply requirements post 2017



- › **US Investor Roadshow**
- › March 2009
- › AGL External

# Upstream Gas – Growth Pipeline

Developing a portfolio with strategic depth, duration and optionality.

Upstream Gas	North Queensland – Bowen Basin (AGL 50%)	Moranbah: Continuing development activities bolstered by reserves upgrade and AGL back-in to two petroleum leases North Queensland Energy: Ongoing portfolio benefits of gas supply and electricity dispatch rights
	Sydney Basin (AGL 100% post SGL takeover)	Camden: Development drilling set to maintain moderate production growth – working to consolidate Sydney Gas Limited (SGL) takeover and extract operational synergies Hunter: Exploring in areas of best prospectivity with the aim of achieving reserves certification by FY10
	Gloucester Basin (AGL 100%)	Working to consolidate acquisition and realise synergies through exploration and development concurrent with Hunter – updating reserves certification by end FY09
	Galilee Basin (AGL 50%)	Five-spot pilot test at Glenaras drilled and awaiting completion and construction of water handling facility – production testing to commence in 2009
	Innaminka – Cooper Basin (AGL 35 – 37.5% farming in)	Drilling to assess CSG prospect due to commence in 2009
	Lacerta / Polaris Option	Continuing to undertake commercial and technical due diligence – option expires 14 April 2009 (no interest payable if option not exercised)
	CSG technical / operational resources	Existing in-house technical team at Camden, North Sydney and Brisbane (40 people) has merged with an additional 14 people from Gloucester – AGL may also offer employment to some employees of SGL – staff levels are adequate to address the expanded and extended operations across the Sydney/Gloucester Basins and elsewhere
	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 100% of AGL's capex program over the forecast period

## » US Investor Roadshow

- » March 2009
- » AGL External



## Outlook & Way Forward



# Financial Outlook & Strategic Priorities

## Financial outlook

- › Reconfirm FY09 EBITDA guidance of \$775 million to \$820 million
- › Reconfirm FY09 underlying NPAT guidance of \$370 million to \$400 million:
  - » Excludes SunGas & Powerdirect customer amortisation charge of \$18.1m
- › Reconfirm dividend payout policy of ~60% of underlying NPAT, fully franked
  - » AGL currently scheduled to release FY09 result Thursday, 20 August 2009

## Strategic priorities

- › Ongoing, disciplined roll out of integrated strategy:
  - » Expansion of renewables portfolio
  - » Exploration and development of existing gas acreage and reserves
  - » Development of gas generation portfolio
  - » Delivering benefits of Phoenix Business Transformation Program
- › Integrated strategy supports delivery of sustainable shareholder returns in challenging economic conditions and through various market cycles

» **US Investor Roadshow**

» March 2009

» AGL External



## 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:

**Graeme Thompson**

Head of Investor Relations

AGL Energy Limited

phone: +61 2 9921 2789

mobile: +61 (0) 412 020 711

e-mail: [gthompson@agl.com.au](mailto:gthompson@agl.com.au)

- 
- » **US Investor Roadshow**
  - » March 2009
  - » AGL External





# Supplementary Information



# Significant Items

Asset sales deliver substantial profits.

6 months to 31 Dec 2008 \$m	Pre Tax	Tax	After Tax
Divestment of PNG	926.6	(36.0)	890.6
Divestment of QGC	754.4	(247.5)	506.9
Divestment of Elgas	149.9	(29.0)	120.9
Divestment of North Queensland Pipeline	23.1	(9.5)	13.6
Other divestments	0.4	(0.1)	0.3
Demerger adjustments	(6.7)	15.8	9.1
Phoenix change program costs	(22.4)	6.7	(15.7)
Redundancy, termination & integration costs	(3.1)	0.9	(2.2)
<b>Total significant items</b>	<b>1,822.2</b>	<b>(298.7)</b>	<b>1,523.5</b>

- » US Investor Roadshow
- » March 2009
- » AGL External



# Balance Sheet

As at \$m	31 Dec 2008	31 Dec 2007
Current assets	3,932.9	3,576.8
PPE and oil & gas assets	2,561.9	2,331.4
Other non current assets	3,752.6	4,291.0
<b>Total Assets</b>	<b>10,247.4</b>	<b>10,199.2</b>
Current liabilities	1,609.1	2,053.4
Total debt	1,756.0	2,390.9
Other non current liabilities	670.4	762.5
<b>Total Liabilities</b>	<b>4,035.5</b>	<b>5,206.8</b>
<b>Net Assets</b>	<b>6,211.9</b>	<b>4,992.4</b>
Contributed equity	4,010.0	3,858.3
Reserves	248.2	745.0
Retained earnings	1,953.7	389.1
<b>Total Equity</b>	<b>6,211.9</b>	<b>4,992.4</b>

- » US Investor Roadshow
- » March 2009
- » AGL External



# Operating Cash Flow Summary

Continued focus and improvement.

6 months to \$m	31 Dec 2008	31 Dec 2007
EBITDA (before significant items)	443.9	471.4
Equity accounted associates & joint ventures (net of dividends received)	4.6	(6.9)
Net finance costs	(69.1)	(91.9)
Tax refunded (paid)	59.3	(57.9)
Working capital and other non-cash movements	(140.0)	(176.3)
Net NEMMCO and futures margin calls	10.7	94.2
<b>Operating cash flow</b>	<b>309.4</b>	<b>232.6</b>
Stay In Business (SIB) capex	(19.8)	(10.8)
<b>Cash flow after SIB capex</b>	<b>289.6</b>	<b>221.8</b>
Less: Dividends paid	(81.5)	(112.7)
<b>Free cash flow</b>	<b>208.1</b>	<b>109.1</b>

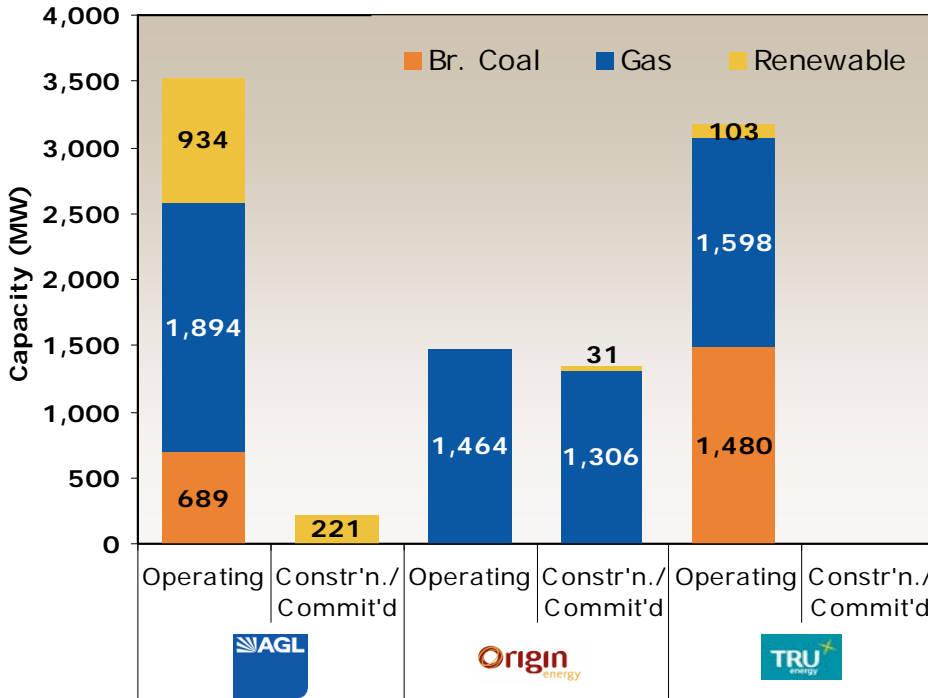
- » US Investor Roadshow
- » March 2009
- » AGL External



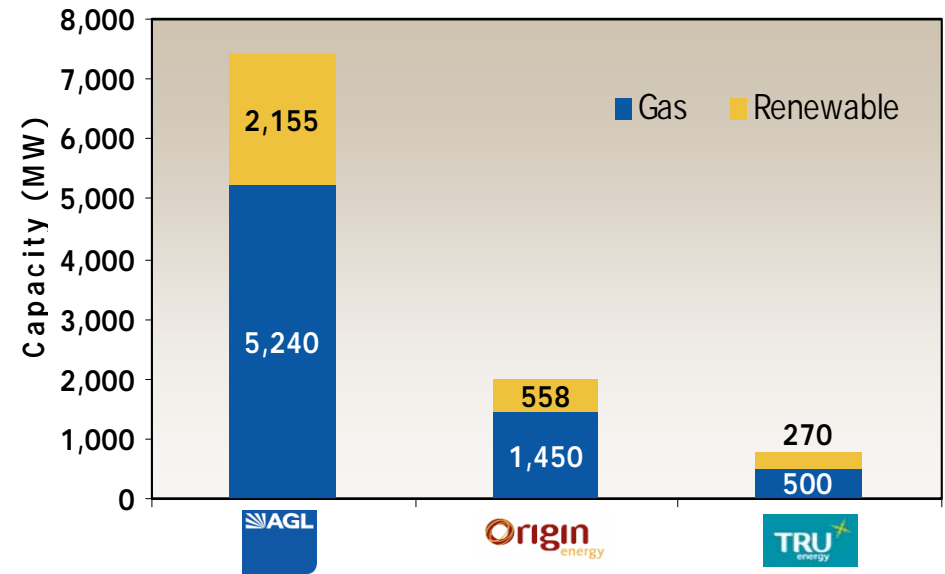
# Industry Leading Generation Portfolio & Opportunities

AGL's extensive renewable portfolio and development opportunities will deliver material competitive advantage in a carbon environment.

Generation - Operating & Committed



Generation – Development Opportunities



\* Assumes 1,450 Permitted is Gas

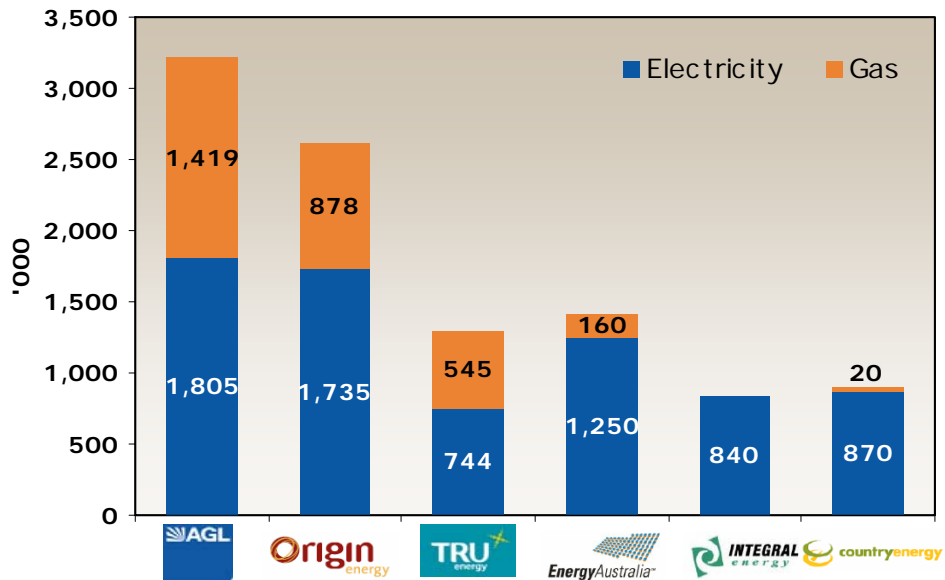
- » US Investor Roadshow
- » March 2009
- » AGL External



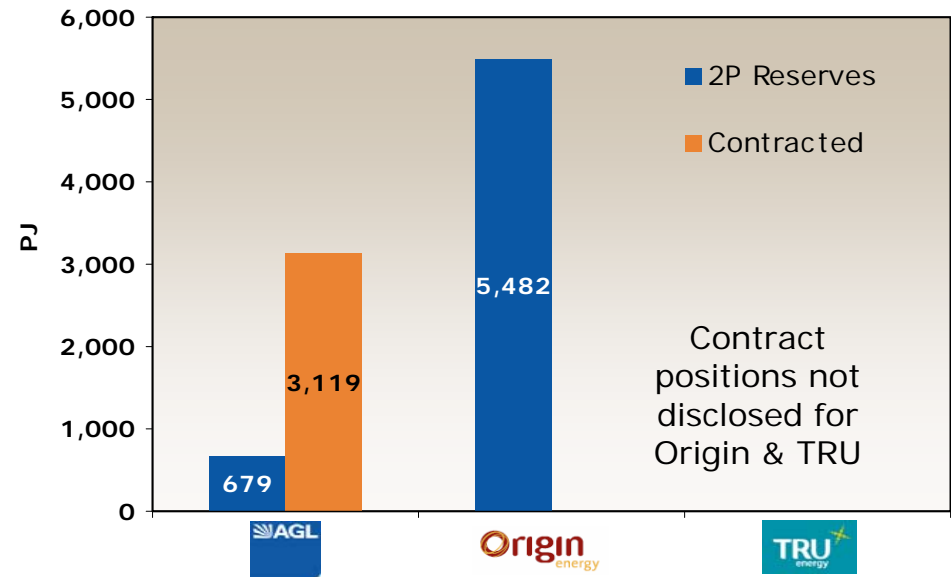
# Competitor Comparison

Customer numbers and gas reserves.

### Customer Numbers



### Gas Reserves (2P)



- > AGL, ORG and TRU - reported numbers Dec 08
- > EA, IE and CE are indicative as at June 08

» US Investor Roadshow

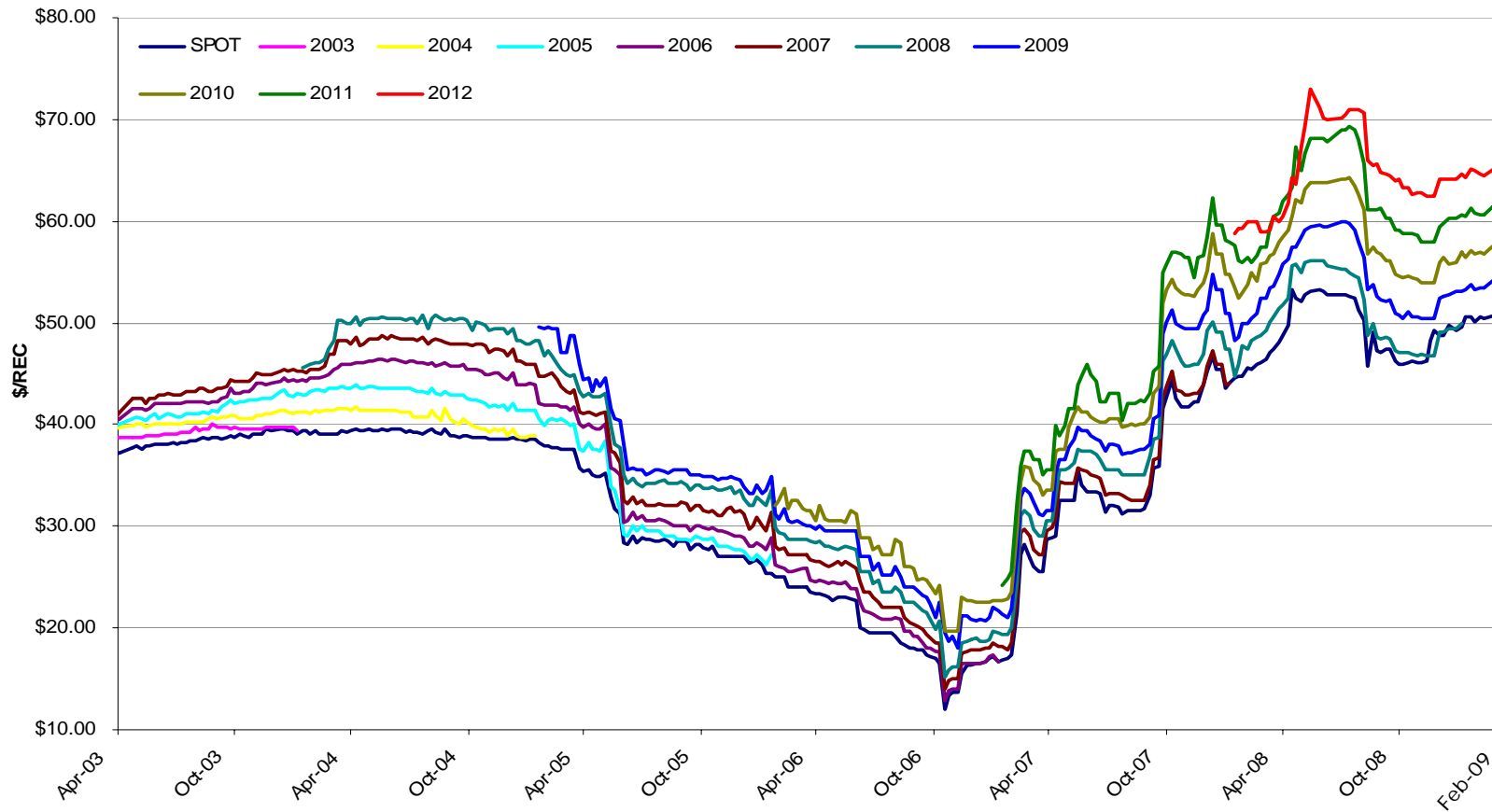
» March 2009

» AGL External



# Renewable Energy Certificates (RECs)

Expanded RET to put upward pressure on pricing



- » US Investor Roadshow
- » March 2009
- » AGL External

Source: AFMA price chart



# Electricity Flat Forward Price Curve (Calendar year contract)

Carbon, coal pricing and electricity demand growth to drive pricing.



Source: ICAP

- » US Investor Roadshow
- » March 2009
- » AGL External

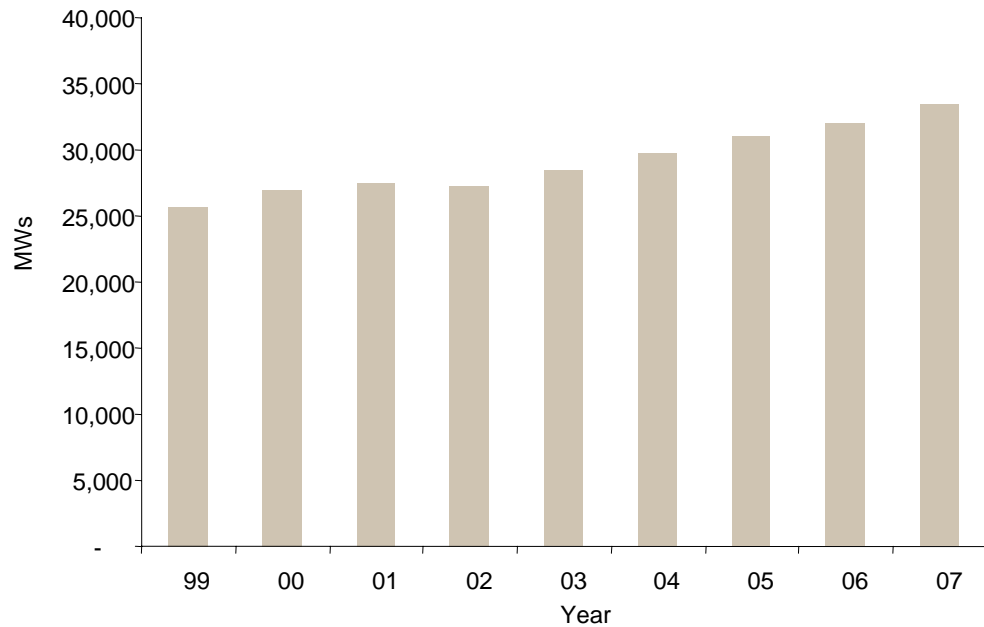




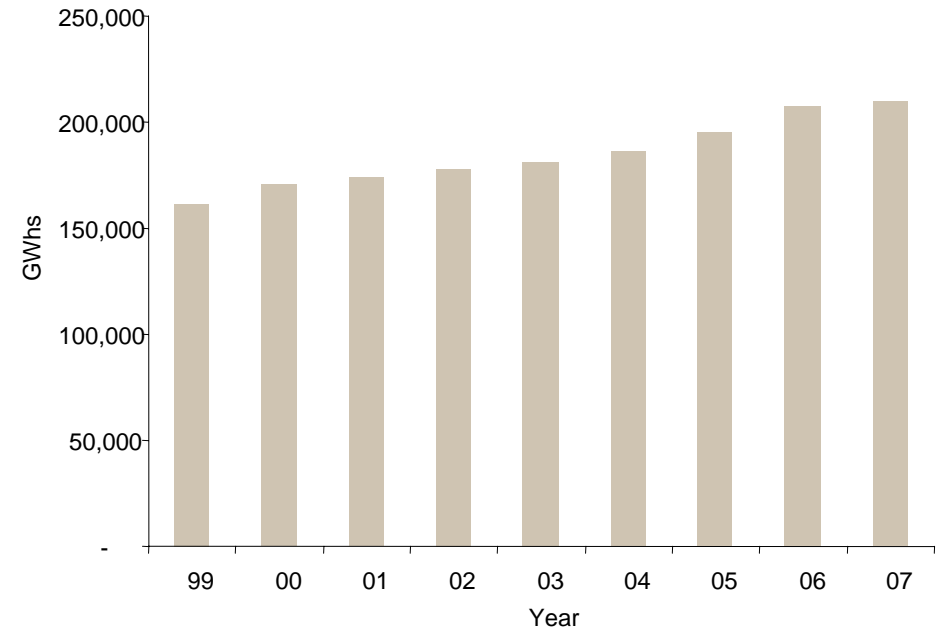
# Australian NEM Generation Demand Growth

Average growth in peak demand and total load of ~3% p.a.

## Peak Demand



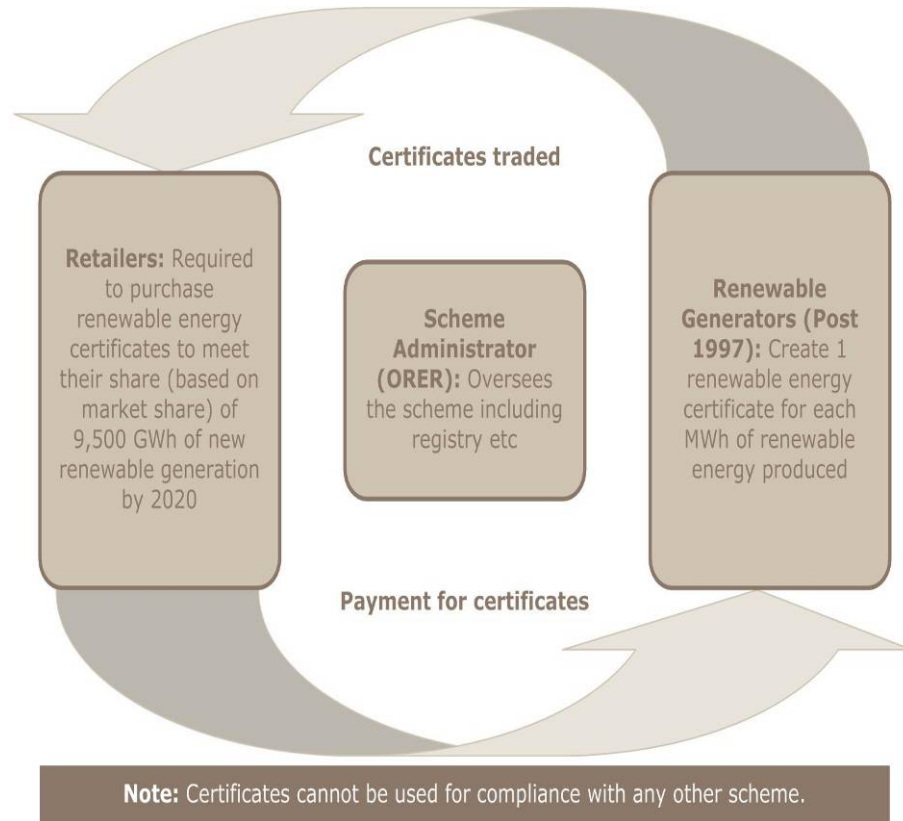
## Total Load



- » US Investor Roadshow
- » March 2009
- » AGL External

# Current Renewable Legislative Landscape.

Disparate collection of state and federal based policies.

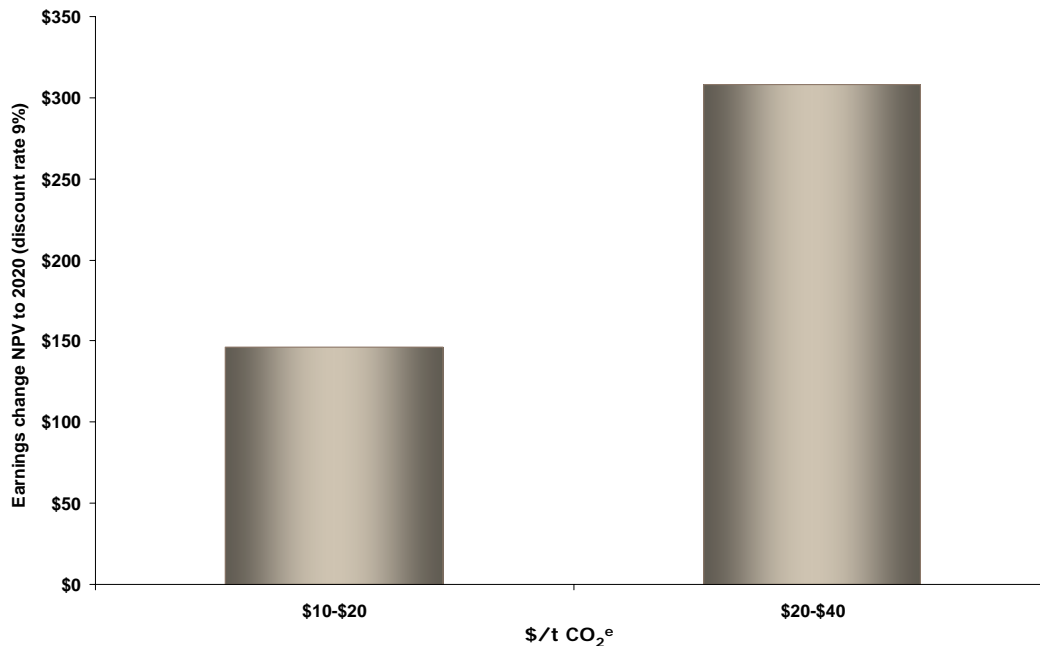


- > The Mandatory Renewable Energy Target (MRET) requires all retailers (& wholesale purchasers) to purchase set proportion of their energy from 'new renewable' generation (post 1997 – Renewable Power Percentage multiplied by sales)
- > By 2010, retailers in total required to purchase 9,500 GWh of new renewable generation
- > Retailers purchase Renewable Energy Certificates (RECs) to comply with their obligation – 1 REC equals 1 MWh of renewable generation
- > Retailers cannot use MWh of renewable energy to meet both GreenPower demand and obligations under MRET
- > Penalty charge is \$40 per MWh shortfall (tax effective \$57)

# Carbon Pollution Reduction Scheme – White Paper

AGL industry leading generation portfolio to benefit.

## Indicative AGL financial outcomes under CPRS<sup>1,2</sup>



Source: AGL Internal Modelling

1. Includes plant in operation (including Loy Yang A) plus renewable plant currently under construction and scheduled to be operational by 2010.
2. Outcomes Based upon CPRS 5% scenario (all abatement sourced from electricity sector) - pool price uplift reflects NEM average (discounted for peaking) - cost increases reflecting plant emissions intensity - outputs based on historical averages. **Includes permit allocation to Loy Yang A** - based upon calculation outlined in the CPRS White Paper (discounted to reflect equity share)

- > All indicators suggest measured start to Carbon Pollution Reduction Scheme (CPRS) in 2010
- > Forward AEU's currently trading around \$20 tCO<sub>2</sub><sup>-e</sup>
- > Transitional assistance to be determined through Electricity Sector Adjustment Fund
- > Expanded Renewable Energy Target policy likely to drive majority of abatement under CPRS 5%
- > Current AGL generation portfolio diversity to deliver immediate benefits under CPRS
- > AGL deep pipeline of renewable projects to add further value forward under CPRS

» **US Investor Roadshow**

» March 2009

» AGL External



# Carbon Pollution Reduction Scheme - White Paper

AGL industry leading generation portfolio to benefit.

Region	AGL Power Stations	Station Intensity	Regional Intensity	NPV Uplift (to 2020)
Queensland	Yabulu	0.5	1.040	<b>~ \$95 million<sup>2</sup></b>
	Oakey	0.7		
New South Wales	-	-	1.062	
Victoria	Somerton	0.7	1.31	
	AGL Hydro <sup>1</sup>	0		
	Bogong	0		
	Loy Yang A	1.2		
South Australia	TIPS	0.6	0.979	
	Hallett 1 & 2	0		

1. While some of the AGL Hydro plant are in New South Wales, they have been included in Victoria for simplicity
2. Outcomes based upon CPRS 5% scenario (all abatement sourced from electricity sector) - pool price uplift reflects NEM regional averages (discounted for peaking) - cost increases reflecting plant emissions intensity - outputs based on historical averages. **Excludes permit allocation to Loy Yang A.**

» **US Investor Roadshow**

» March 2009

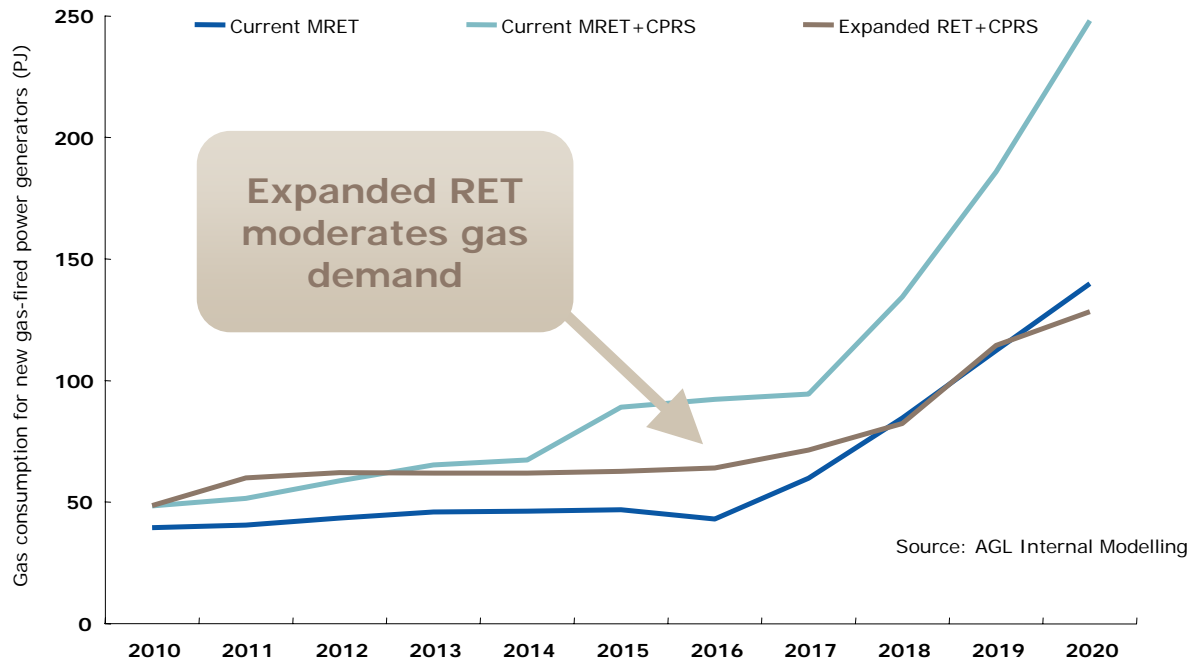
» AGL External



# New Build Gas Generation Moderated.

Gas demand materially moderated under combined CPRS and expanded RET policies.

## Indicative gas demand growth scenarios<sup>1</sup>



- › Expanded RET drives uptake of renewable generation at the expense/return of higher gas volume base load (CCGT) generation
- › Expanded RET diverts development to lower gas volume peak load (OCGT) gas generation

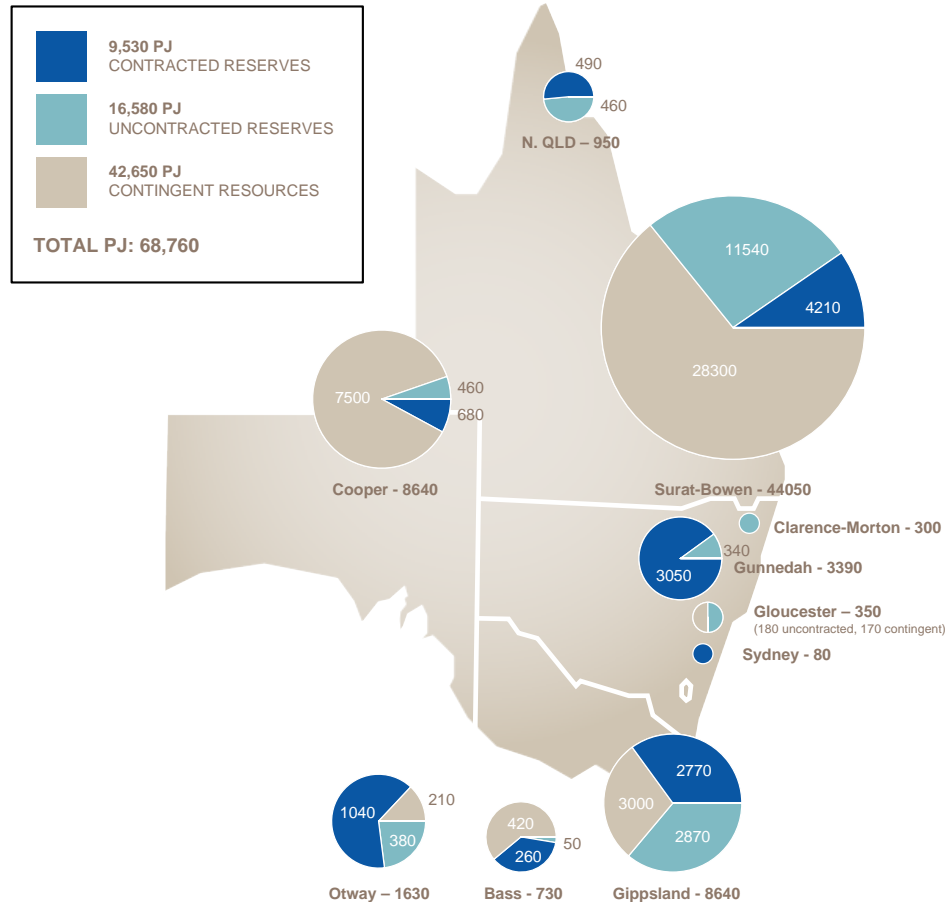
1. Utilisation of a least cost model of the National Electricity Market (NEM), publicly available assumption for new entrant and existing generators, in the absence of CPRS trajectories the second emission reduction trajectory published by the National Emissions Trading Taskforce ("States") is used, 150mt by 2020 adjusted to reflect the NEM.

### » US Investor Roadshow

- » March 2009
- » AGL External

# East Coast Gas - Substantial Reserves & Duration

Security of supply given quantum of ongoing Eastern Australia gas reserves.



Eastern Australia 2P gas reserves and contingent resources almost 70,000 PJ, of which only ~14% are contracted:

- > Further increases are likely, particularly CSG reserves and resources
- > Supply covers current domestic gas sales (~640 PJ pa) for over 100 years
- > Could cover potential domestic gas sales and LNG exports<sup>1</sup> of ~1,300 PJ pa for well over 40 years

SOURCE: EnergyQuest (March: 08), AGL estimates

1. Based on three LNG trains.

- » US Investor Roadshow
- » March 2009
- » AGL External



# Upstream Gas Interests – Permit Details

Basin	Project	Permits		Working Interest
		Exploration (Area km <sup>2</sup> )	Production (Area km <sup>2</sup> )	
Sydney	Camden Gas Project (Post SGL takeover)	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 (Post SGL takeover)	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)	-	50%
		-	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	Innaminka Dome CSG Prospect Conventional oil and gas targets	PEL103 (769)	-	37.5%
		PEL101 (619)	-	35%

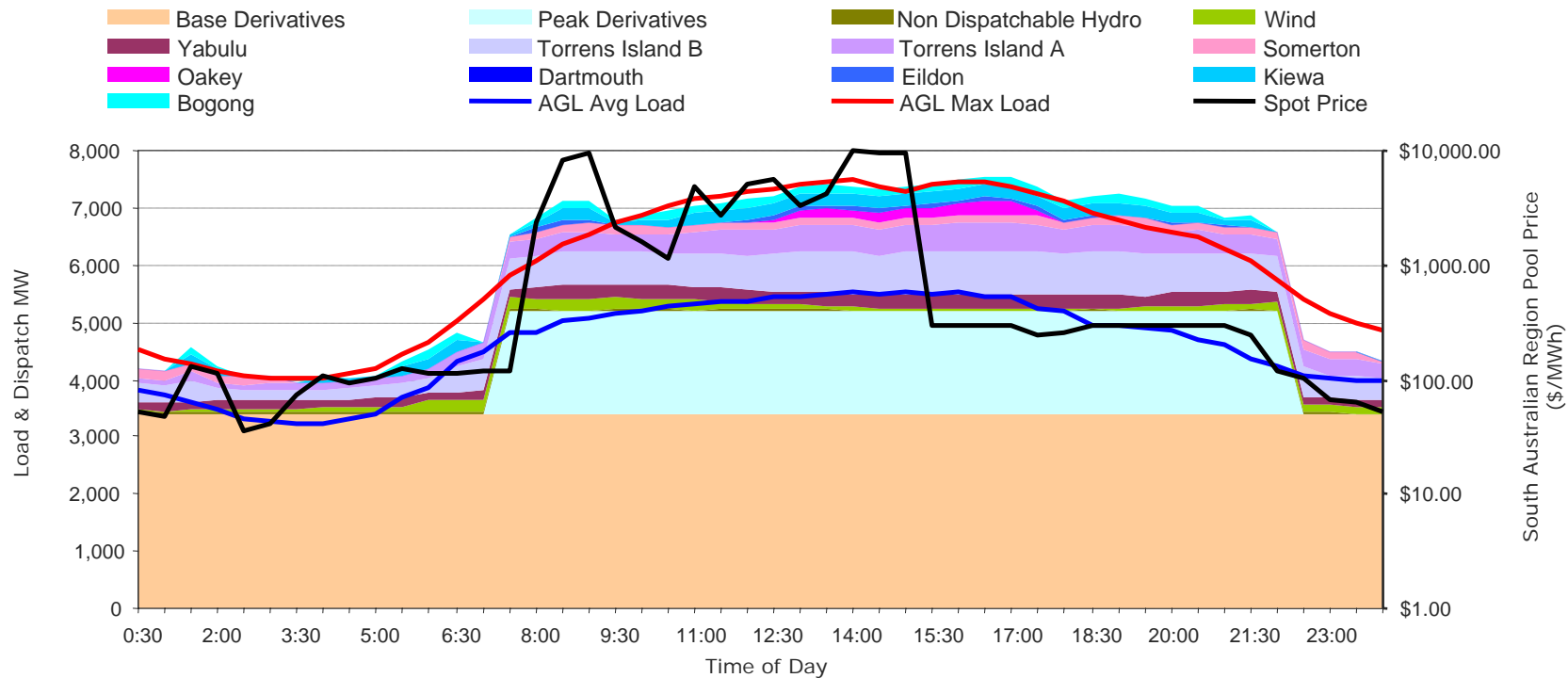
- » US Investor Roadshow
- » March 2009
- » AGL External

# Delivering The Natural Hedge

## Rebalancing retail load & generation capabilities.

- › Physical / owned intermediate & peak generation cover extreme price risk periods
- › Equity investment in Loy Yang A provides natural financial hedge

Indicative AGL load 29 January 2009 & overlaying ~220mw renewables under construction



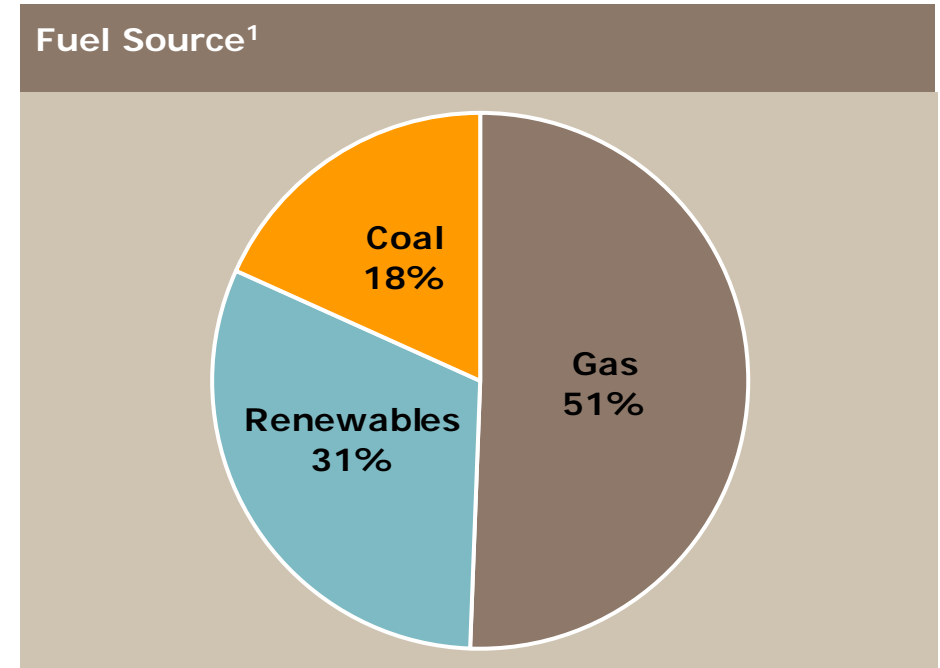
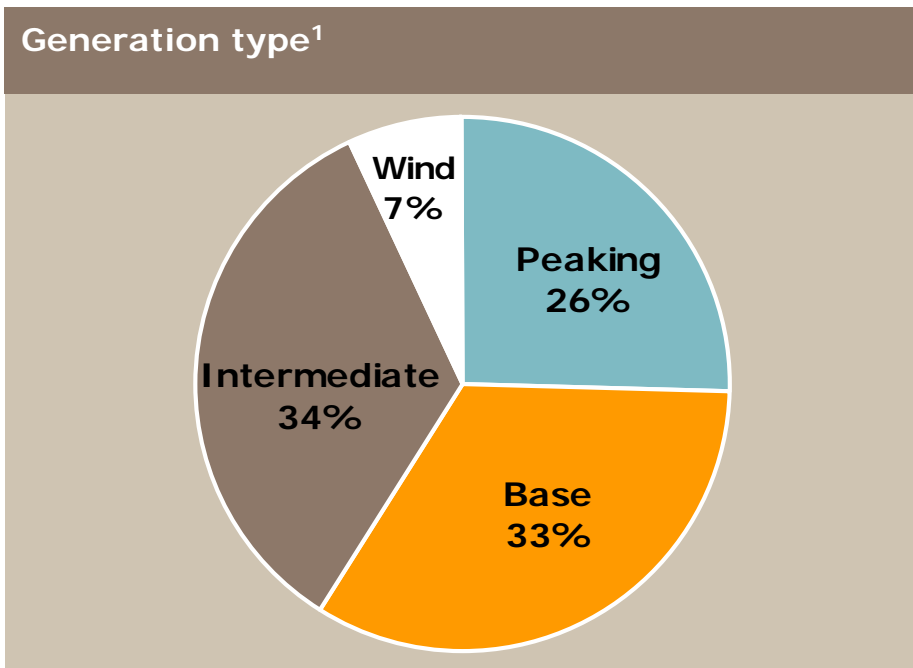
- › US Investor Roadshow
- › March 2009
- › AGL External



# Generation – Building a Balanced Portfolio

Diversity mitigates market risks & benefits from a carbon constrained future.

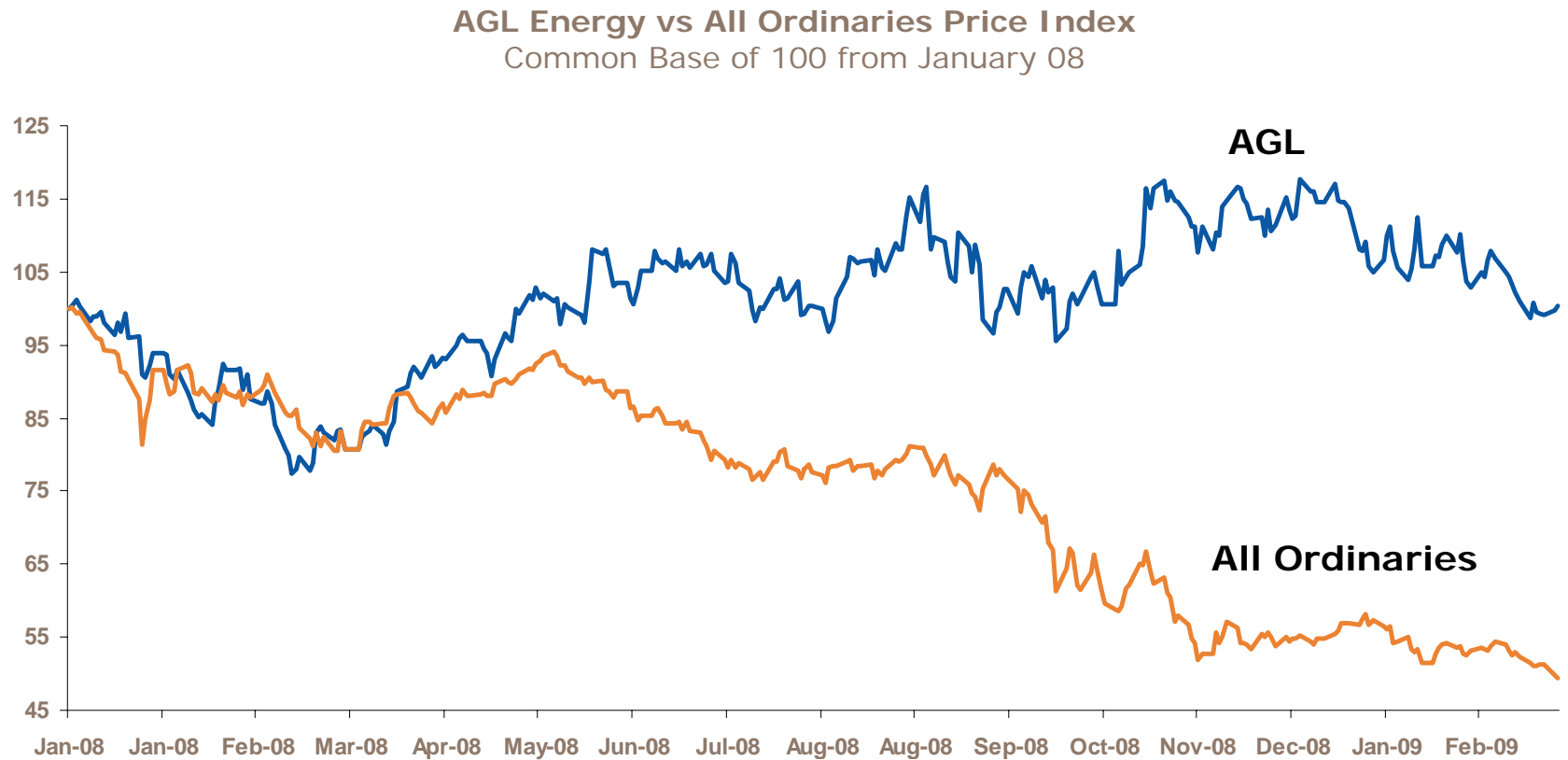
- › Diversity of fuel type - renewables, gas & coal
- › Diversity of generation type – base, intermediate & peak
- › Diversity of geography – across all NEM states/nodes



# Share Price

Solid performance in a bear market.

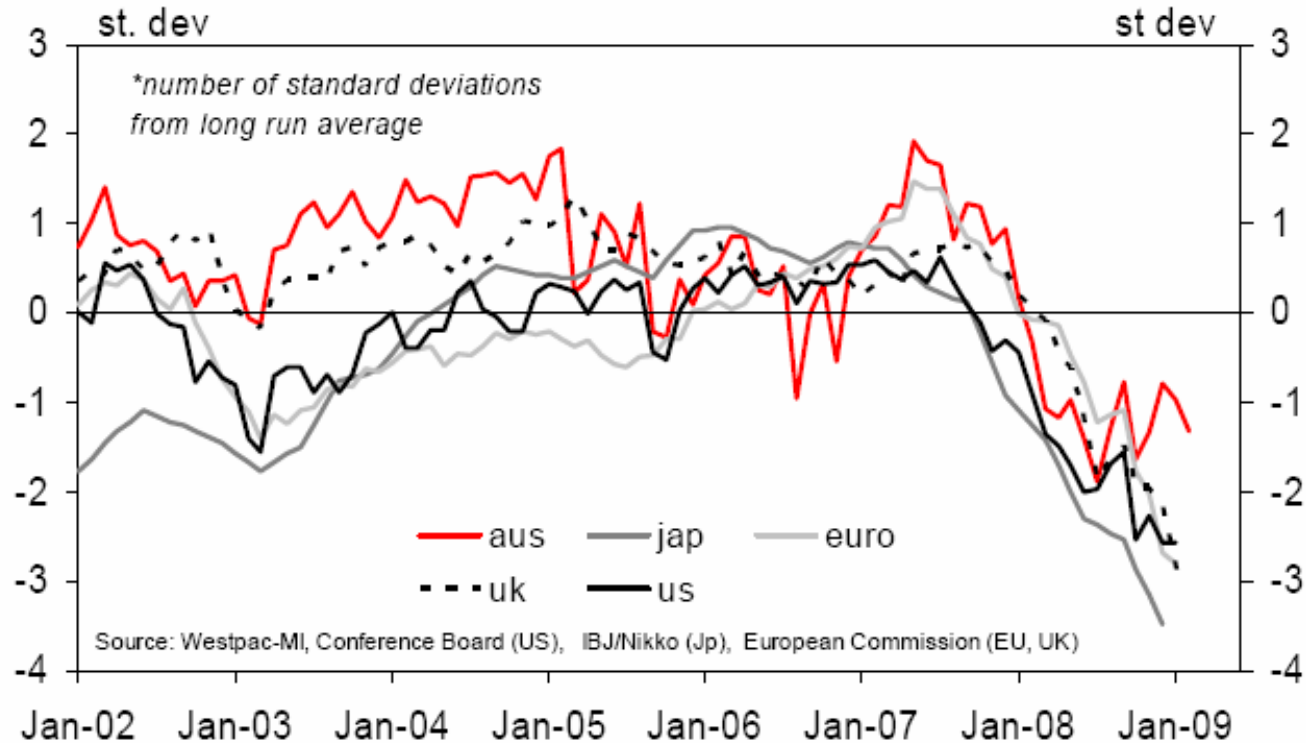
Market Resilience



- » US Investor Roadshow
- » March 2009
- » AGL External

# Economic Indicators - Australia

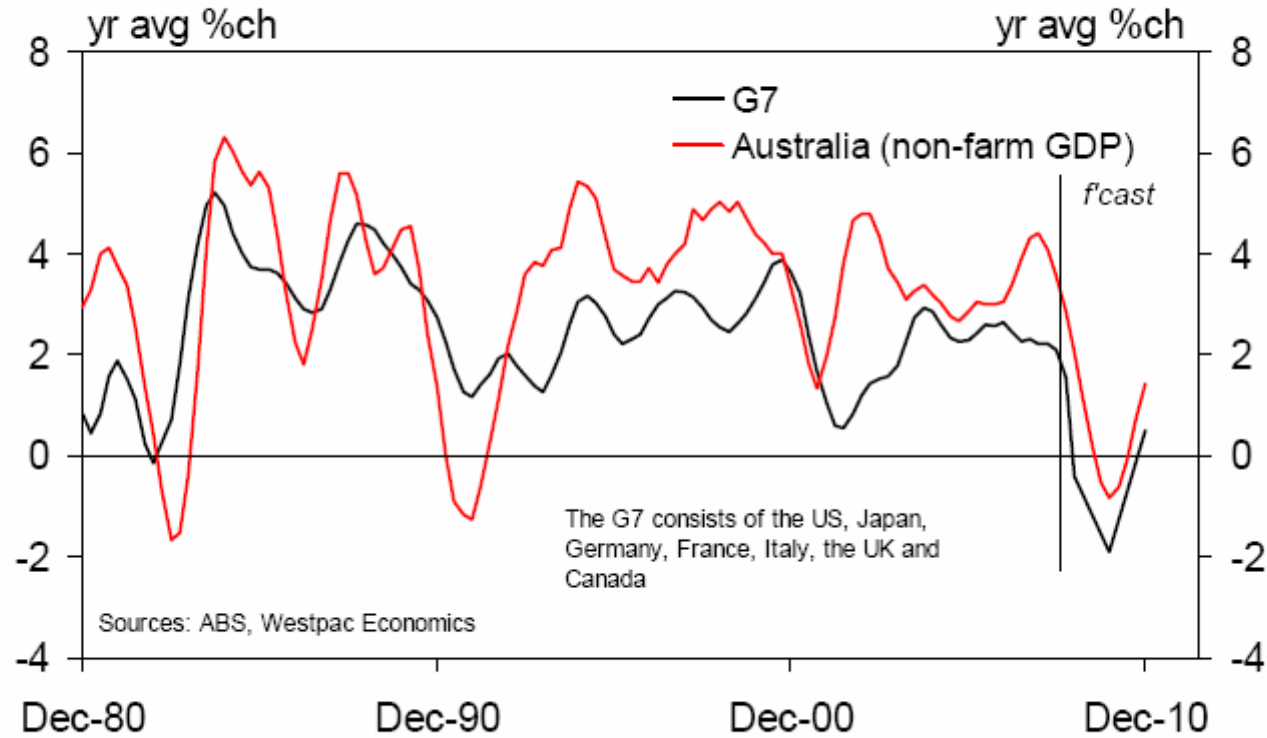
Consumer sentiment: Australia v's others.



- » US Investor Roadshow
- » March 2009
- » AGL External

# Economic Indicators - Australia

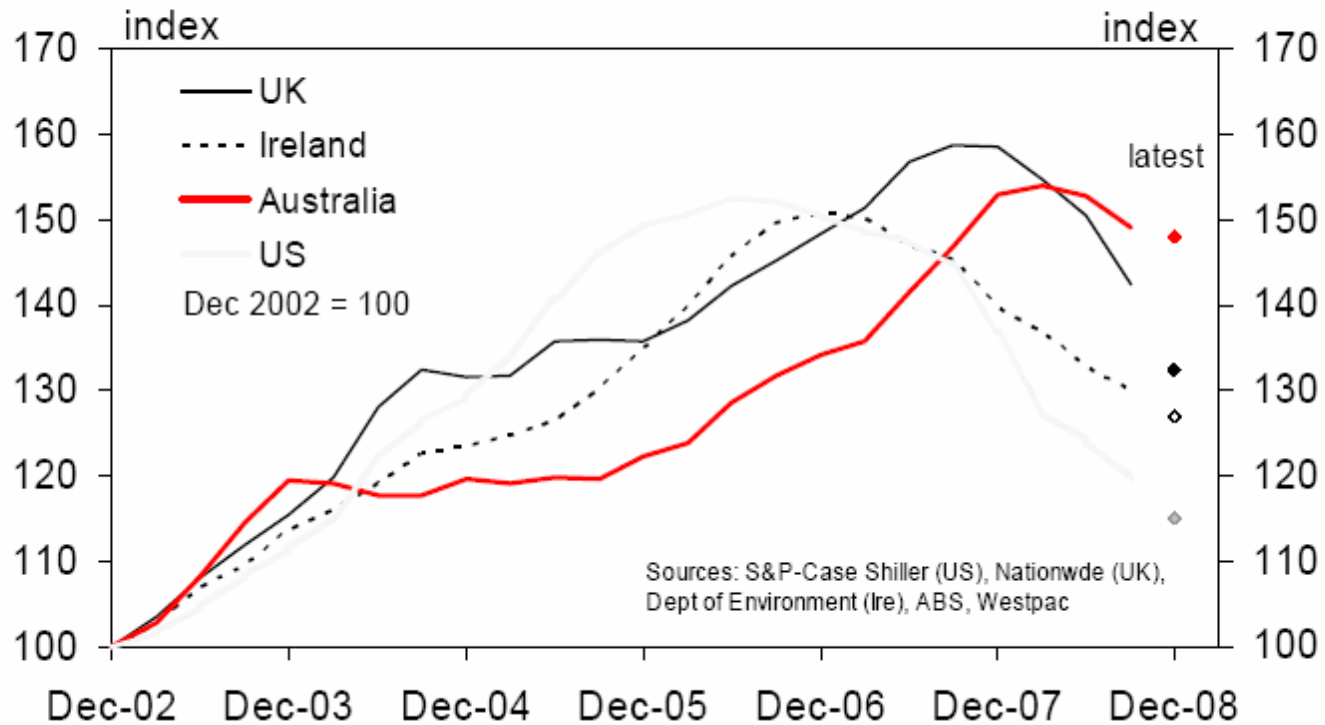
Growth: Australia v's G7.



- » US Investor Roadshow
- » March 2009
- » AGL External

# Economic Indicators - Australia

House prices: international comparison.



- » US Investor Roadshow
- » March 2009
- » AGL External

# Economic Indicators - Australia

AUD / USD over last 12 months.

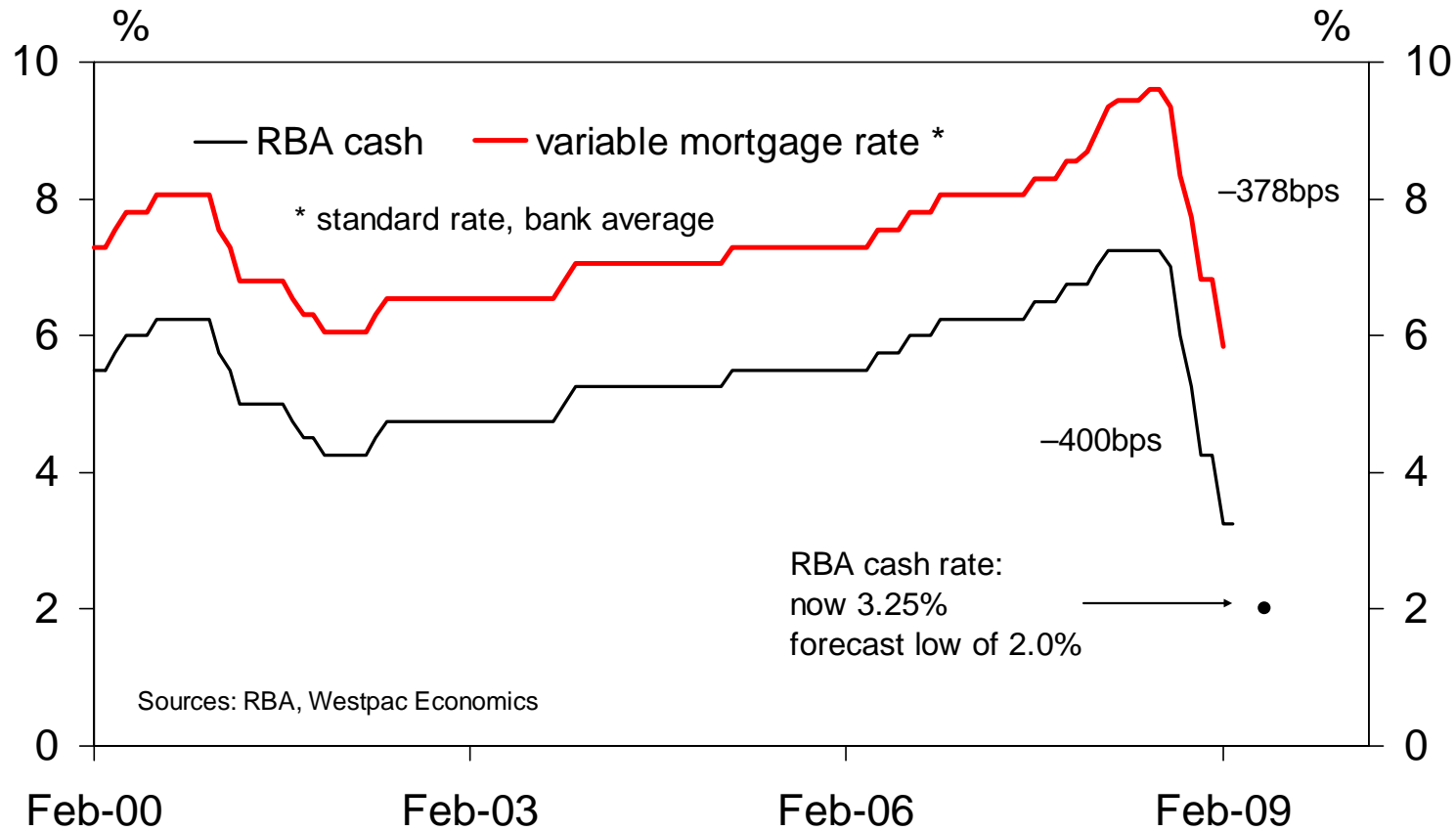


- » **US Investor Roadshow**
- » March 2009
- » AGL External



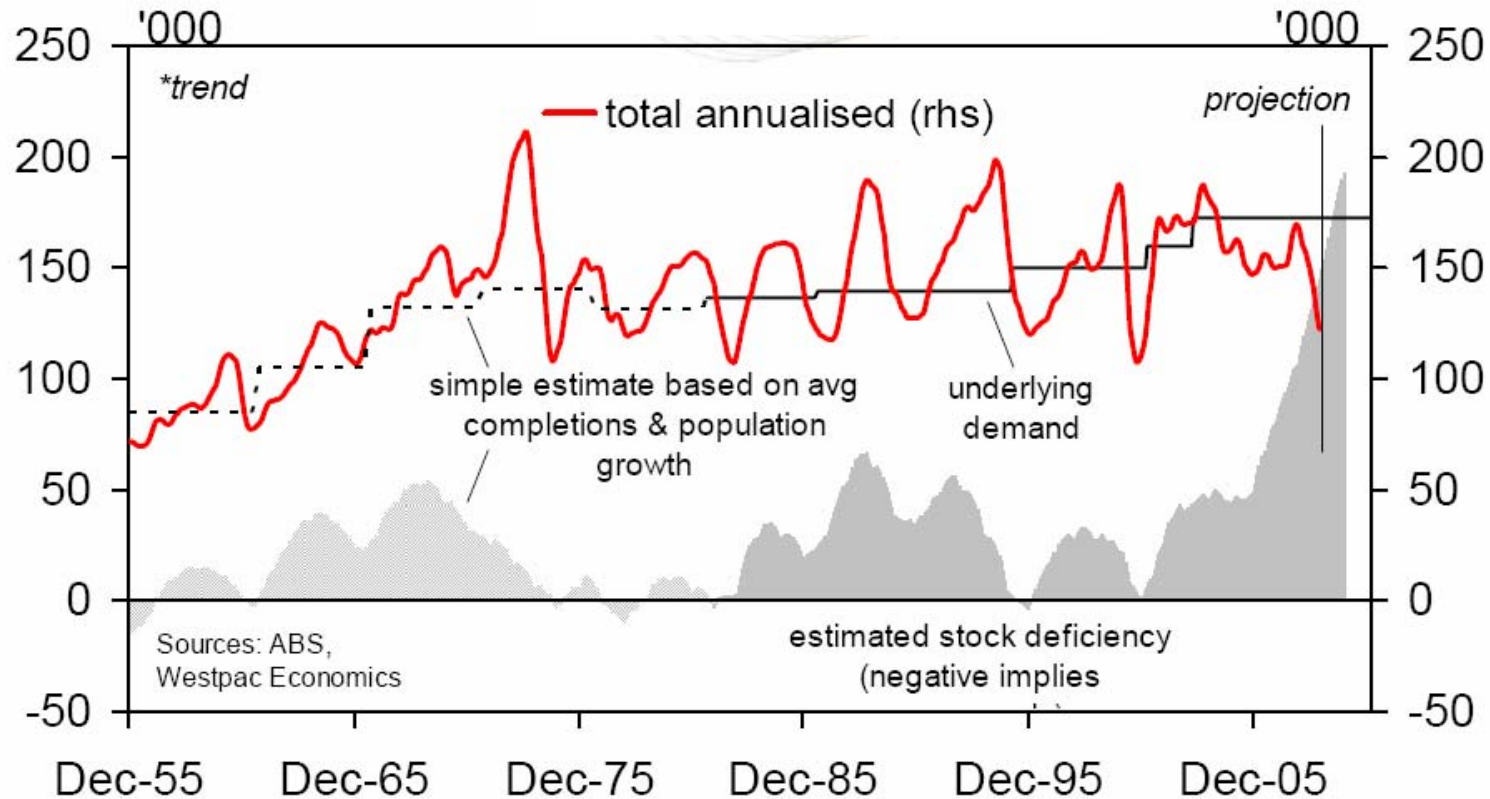
# Economic Indicators - Australia

RBA rate cuts flowing through.



# Economic Indicators - Australia

Australia's housing stock deficiency.

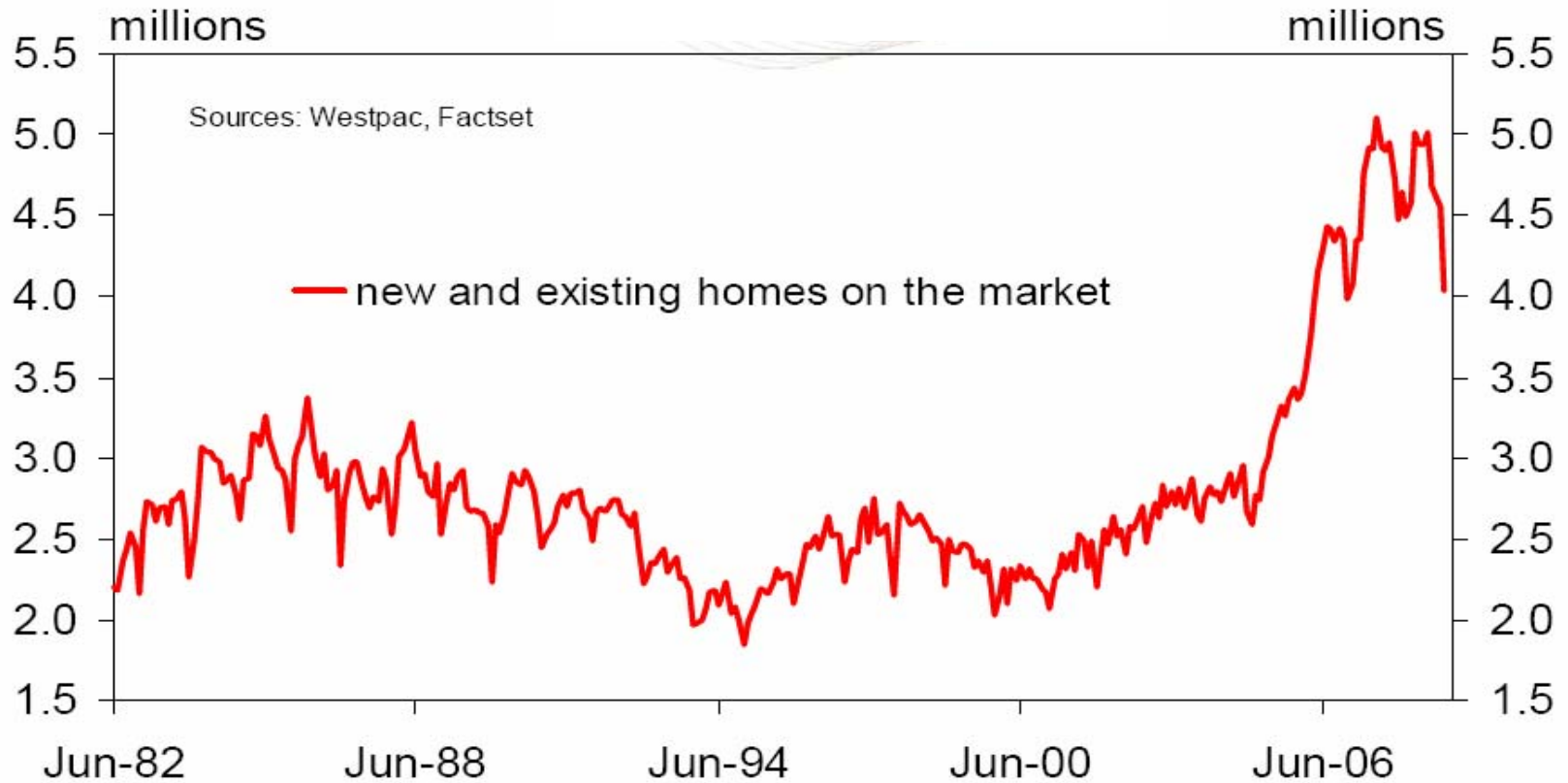


- » US Investor Roadshow
- » March 2009
- » AGL External



# Economic Indicators

Overhang of US homes for sale.



- » US Investor Roadshow
- » March 2009
- » AGL External