Energy in action.®

AGL

$900 million Renounceable Entitlement Offer

24 May 2012

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Disclaimer

This investor presentation (**Presentation**) has been prepared by AGL Energy Limited (ABN 74 115 061 375) (**AGL**). This Presentation has been prepared in relation to a pro rata renounceable entitlement offer of new AGL ordinary shares (**New Shares**), to be made to:

- eligible institutional shareholders of AGL (**Institutional Entitlement Offer**); and
- eligible retail shareholders of AGL (**Retail Entitlement Offer**),

under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by Australian Securities and Investments Commission (**ASIC**) relief obtained in relation to the entitlement offer (together, the **Entitlement Offer**).

Summary information

This Presentation contains summary information about AGL and its activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in AGL or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. The historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (**ASX**). This Presentation should be read in conjunction with AGL's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction (and will not be lodged with the U.S Securities Exchange Commission). Any decision to purchase New Shares must be made on the basis of the information to be contained in a separate offer document to be prepared and issued to eligible investors. The retail offer booklet for the Retail Entitlement Offer will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the retail offer booklet in deciding to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the retail offer booklet and the entitlement and application form. This Presentation does not constitute investment or financial product advice or any recommendation to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the New Shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements, and the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

Refer to Slide 66 for information on restrictions on eligibility criteria to exercise entitlements.

Disclaimer

Not investment advice

This Presentation has been prepared without taking account of any person's objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. AGL is not licensed to provide financial product advice in respect of AGL shares. Cooling off rights do not apply to the acquisition of AGL shares.

Investment risk

An investment in AGL shares is subject to known and unknown risks, some of which are beyond the control of AGL. AGL does not guarantee any particular rate of return or the performance of AGL. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

Financial data

All dollar values are in Australian dollars (A$) unless other stated.

Investors should note that this Presentation contains pro-forma financial information. In particular, a pro forma balance sheet has been prepared by adjusting the reviewed balance sheet of AGL as at 31 December 2011 to reflect the impact of the subordinated note offer announced by AGL on 28 February 2012 (**Note Offer**), the acquisition of Great Energy Alliance Corporation Pty Limited (**GEAC**), the debt restructure and the Entitlement Offer. The pro forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of AGL's views on its future financial condition and/or performance.

Investors should also note that this Presentation does not include financial statements of GEAC. While this Presentation includes a pro forma balance sheet of AGL as at 31 December 2011 to reflect the impact of the Note Offer, the acquisition of GEAC, the debt restructure and the Entitlement Offer, this pro forma financial information has been prepared by AGL in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Future performance

This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, coal and gas resources and reserves, coal and gas costs, future carbon prices, estimated mine life, the outcome and effects of the Note Offer, the debt restructure and the Entitlement Offer, cash generation and capital expenditure.

Disclaimer

The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of AGL, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risks" section of this Presentation for a summary of certain general and AGL specific risk factors that may affect AGL. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements, including the risk factors set out in this Presentation. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures.

The forward looking statements are based on information available to AGL as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), AGL undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that past performance, including past share price performance, of AGL cannot be relied upon as an indicator of (and provides no guidance as to) future AGL performance including future share price performance.

Gas Reserves

The statements in this Presentation relating to gas reserves and resources have been compiled by Mr Andrew Falkner, a full-time employee of AGL, who is qualified in accordance with ASX Listing Rule 5.11, and has consented to the form and context in which these statements appear. Reserves quotes here have been compiled in a manner consistent with the 2007 Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE). This document may be found at the SPE website.

Further information regarding AGL's interests in gas reserves as at 30 June 2011 may be found in AGL's Annual Reserves Report released to the ASX on 6 October 2011, including information on the calculation of reserves.

Coal Reserves and Resources

The statements in this Presentation relating to coal reserves and resource are based on information compiled by GHD Pty Ltd. Mr Ben Jansen and Mr Ted Waghorne are full-time employees of GHD Pty Ltd and have sufficient experience which is relevant to the type of deposit being reported on to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition)". Mr Ben Jansen (member No. 211633) and Mr Ted Waghorne (member No. 103329) are members of the Australasian Institute of Mining and Metallurgy, and have consented to the inclusion of the statements in the form and context in which these statements appear.

Disclaimer

Disclaimer

None of the underwriters, nor any of their or AGL's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. For the avoidance of doubt, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents have not made or purported to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, AGL, the underwriters and their respective advisers and affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, AGL, the underwriters and their respective advisers and affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to each underwriter, their advisers and affiliates, related bodies corporate, directors, officers, partners, employees and agents, take no responsibility for any part of this Presentation or the Entitlement Offer.

The underwriters and their respective advisers and affiliates, related bodies corporate, directors, officers, partners, employees and agents make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, and you represent, warrant and agree that you have not relied on any statements made by any of the underwriters, the advisers or any of their affiliates, related bodies corporate, directors, officers, partners, employees or agents in relation to the Entitlement Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Statements made in this Presentation are made only as the date of this Presentation. The information in this Presentation remains subject to change without notice. AGL reserves the right to withdraw the Entitlement Offer or vary the timetable for the Entitlement Offer without notice.

Table of Contents

- Transaction Overview 7
- Overview of Loy Yang A and Adjacent Coal Mine 15
- Acquisition Update 22
- Outlook & Summary 24
- Supporting Slides 30
- Key Risks 39
- Appendices:
  - Foreign Jurisdictions 55
  - Key Assumptions 67
  - Pro forma Adjustments 68

Transaction Overview

Transaction Summary

Equity funding to acquire remaining 67.5% of GEAC.

- Control of Loy Yang A (LYA) one of the lowest cost generators in Australia adding substantial scale, diversity and improved risk management capability to AGL's business
- Acquisition consistent with AGL's Integrated Strategy
- Net enterprise value of $3.1 billion for Great Energy Alliance Corporation (GEAC)
  - Full ownership of 2,210 MW baseload power station
  - Coal reserves of 2.5 billion tonnes[2]
- $900 million capital raising[1]
  - $850 million for GEAC acquisition
  - $50 million for general corporate purposes including renewable energy generation
- AGL will acquire the remaining 67.5% equity in GEAC for $448 million

Acquisition expected to be accretive to Underlying EPS from FY13[3]

1. Refer to Slide 9 for additional details about the Entitlement Offer including Offer price and discount to TERP
2. Refer to Slide 17 for further details on the coal reserves
3. Refer to Slide 67 for the key underlying assumptions

Entitlement Offer Overview

Offer size	> Fully underwritten 1 for 6 pro-rata accelerated renounceable entitlement offer with retail entitlements trading to raise approximately $900 million > Approximately 78 million new AGL ordinary shares to be issued (c.17% of issued capital)
Offer price	> $11.60 per new share » 22.3% discount to last closing price[1] of $14.93 per share » 19.7% discount to the TERP[2]
Institutional Entitlement Offer	> Institutional Entitlement Offer open from 10.00am (Sydney time) Thursday, 24 May 2012 to 12.30pm (Sydney time) Friday, 25 May 2012 > Institutional entitlements not taken up and entitlements of ineligible institutional shareholders will be placed into the Institutional Bookbuild to be conducted on Monday, 28 May 2012
Retail Entitlement Offer	> Retail Entitlement Offer open from Wednesday, 30 May 2012 to Tuesday, 19 June 2012 > Retail entitlements trade on the ASX from Tuesday, 29 May 2012 to Tuesday, 12 June 2012[3] > Retail entitlements not taken up and entitlements of ineligible retail shareholders will be placed into the Retail Bookbuild to be conducted on Friday, 22 June 2012
Ranking	> New shares issued will rank equally in all respects with existing shares from the date of allotment
Record date	> 7.00pm (Sydney time) on Tuesday, 29 May 2012

1. As at close Wednesday, 23 May 2012
2. The Theoretical Ex-Rights Price (TERP) is the theoretical price at which AGL shares should trade immediately after the ex-date for the entitlement offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which AGL shares trade immediately after the ex-date entitlement offer will depend on many factors and may not be equal to the theoretical ex-rights price
3. Refer to Slide 66 for information on restrictions on eligibility criteria to exercise entitlements

AGL

Offer Timetable[1]

Event	Date
Trading halt, Institutional Entitlement Offer opens	Thursday, 24 May 2012
Institutional Entitlement Offer closes	Friday, 25 May 2012
Institutional shortfall bookbuild	Monday, 28 May 2012
Existing shares recommence trading on ASX	Tuesday, 29 May 2012
Retail Entitlements commence trading on deferred settlement basis	Tuesday, 29 May 2012
Record Date for eligibility in the Entitlement Offer (7.00pm Sydney time)	Tuesday, 29 May 2012
Retail Entitlement Offer opens	Wednesday, 30 May 2012
Retail Offer Booklet despatched and Retail Entitlements allotted	Monday, 4 June 2012
Retail Entitlements commence trading on normal settlement basis	Tuesday, 5 June 2012
Settlement of the Institutional Entitlement Offer	Tuesday, 5 June 2012
Issue and quotation of new shares under the Institutional Entitlement Offer	Wednesday, 6 June 2012
Retail Entitlements trading on ASX ends	Tuesday, 12 June 2012
New Shares under the Retail Entitlement Offer commence trading on ASX on a deferred settlement basis	Wednesday, 13 June 2012
Retail Entitlement Offer closes (5.00pm Sydney time)	Tuesday, 19 June 2012
Retail shortfall bookbuild	Friday, 22 June 2012
Settlement of Retail Entitlement Offer	Thursday, 28 June 2012
Despatch of Holding Statements	Friday, 29 June 2012
Issue of New Shares under the Retail Entitlement Offer	Friday, 29 June 2012
New shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Monday, 2 July 2012

1. The timetable is indicative only and subject to change. All references to Sydney time. AGL reserves the right to vary these dates or to withdraw the Entitlement Offer at any time

Acquisition Rationale

A significant step in AGL's Integrated Strategy delivering full ownership of high-quality generation asset and substantial long-term, low-cost fuel reserves.

Substantial generation capacity	› AGL will have one of the largest and most competitive generation portfolios in Australia › Control of one of the lowest cost baseload generators in Australia (after cost of carbon) › Increases AGL controlled generation capacity by ~32% to 6,000 MW[1] › Adds scale and diversity to AGL's generation portfolio; improved risk management capability › 7 year extension of TEPCO technical services agreement
Long term dedicated fuel resource	› Coal reserves of 2.5 billion tonnes › Estimated mine life in excess of 50 years › Rising prices expected for competing fuel sources – gas & replacement black coal contracts › Fuel supply costs substantially locked in for life of power station › No recontracting risk and future optionality
EPS accretive	› Transaction expected to be accretive to Underlying EPS from FY13[2]
Cashflow positive	› LYA is expected to generate substantial cashflows from highly reliable generation with minimal fuel costs and over $1 billion of free carbon permits over the next 5 years › Enhances AGL's capacity to internally fund its growth, including renewable generation

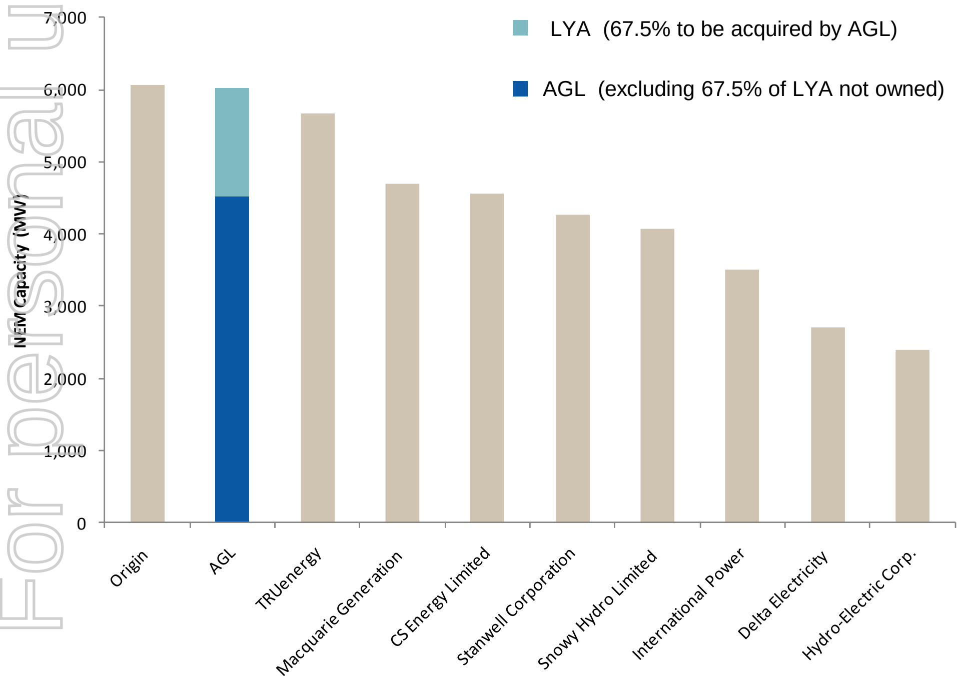
1. Includes ~ 560 MW of generation under construction including the Macarthur wind farm
2. Refer to Slide 67 for the key underlying assumptions and definition of Underlying EPS

Another step in AGL's Integrated Strategy

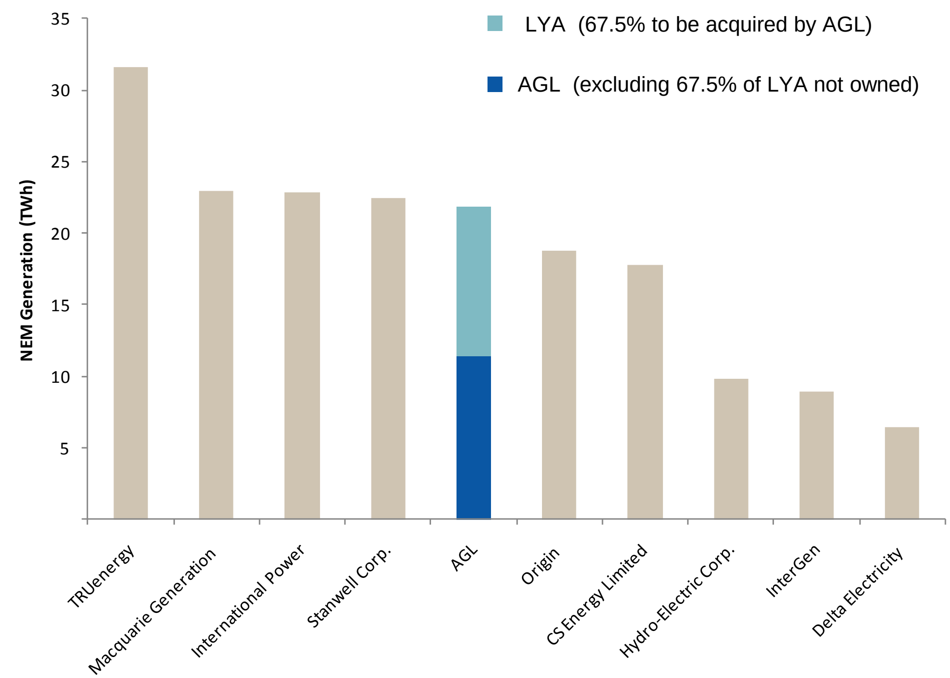
LYA acquisition will add scale and improve risk management capabilities.

- AGL generation capacity to increase by ~32% to ~6,000 MW
- Provides ownership of one of the lowest cost generators in the NEM
- Significantly improves coverage of retail load with owned and controlled generation

NEM Capacity by Participant[1]



NEM Generation Output by Participant[1]



Source: AEMO: Generators and Scheduled Loads, January 2012.
1. AGL includes ~560 MW of generation under construction including the Macarthur wind farm

Deal Metrics

Attractively priced energy resource and full ownership of baseload generation.

- Attractive implied value of power station based upon black coal comparison and recent NSW GenTrader deals
  - No value attributed to surplus coal reserves and resource
  - Rising prices expected for competing fuel sources – gas & replacement black coal contracts

Value of Power Station	$m	$/kW
Enterprise Value	3,126	1,421
Implied value of coal supply	(2,385)	
Implied value of power station	741	337

	Units	Brown Coal	Black Coal	Value Differen -tial
Value of Fuel Supply				
Expected generation to 2036[1]	TWh	372	372	
Coal required for expected generation	Mt	480	178	
Coal cost	$/t	6.0	45.0[2]	
Pre-carbon value of coal supply (NPV at AGL cost of capital)	**$m**	**(1,422)**	**(3,964)**	**2,542**
Cost of Carbon (Excl. Alcoa)				
Expected generation to 2036[1]	TWh	372	372	
Alcoa generation[3]	TWh	(157)	(157)	
Generation subject to carbon	TWh	215	215	
Carbon intensity	tCO2/MWh	1.25	0.92[4]	
Gross carbon permits requirement	m	269	198	
Free carbon permits	m	(40)	-	
Net carbon permit requirement	m	229	198	
Carbon price[5]	$/t	23.0	23.0	
Incremental carbon cost for brown coal vs. black coal (NPV at AGL cost of capital)	**$m**	**(3,730)**	**(3,333)**	**(397)**
Cash carbon assistance	**$m**	**240**	**-**	**240**
Implied net value of LYA coal supply				**2,385**

1. Term of analysis based on life of the Alcoa contract
2. Represents ex-mine cost of $31.0/t plus delivery to NSW coastal generators and royalty costs
3. Alcoa required to provide permits to Loy Yang A covering full carbon impact of relevant fuel burn
4. Based on the average sent-out carbon intensities of NSW black coal power stations (excluding Redbank) per ACIL Tasman, Calculation of energy costs for the 2011-12 BRCI, December 2010
5. Escalated at Federal Treasury price path to 2025 (price starts at $23/t and escalates at CPI+5%) and then at CPI

Valuation Upside

Conservative valuation approach.

- Substantial coal resource[1] provides long-term optionality
  - Approximately 6.5 billion tonnes of coal resource in excess of requirements for LYA and LYB power stations
  - TEPCO is developing expertise in brown coal technology and has a coal reservation agreement over 600 million tonnes of excess coal
- Only minimal synergy benefits with AGL's existing operations assumed
- Acquisition metrics assume Federal Treasury modelling of future carbon prices up to 2025 and then at CPI
  - Carbon prices below those assumed will be accretive to value

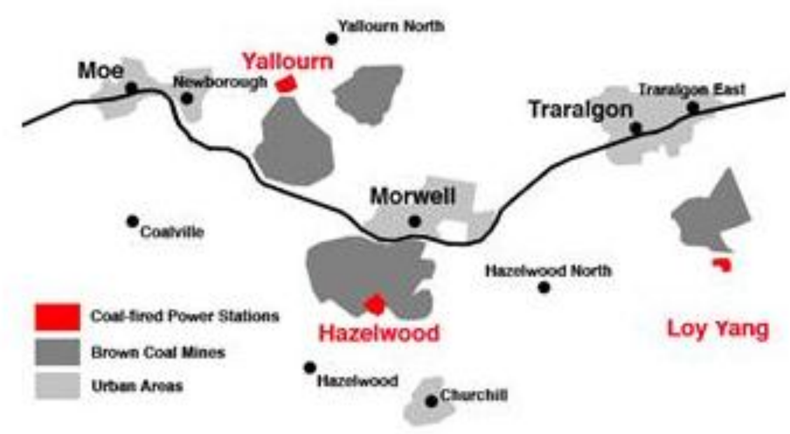
1. Refer Slide 35 for further details on the coal resource

Overview of Loy Yang A and Adjacent Coal Mine

Overview of Loy Yang A

Largest and least carbon intensive brown coal power plant in Australia.

- Victoria's largest power station, producing ~30% of the state's electricity
- Employs approximately 550 staff and up to 500 contractors during major outages
- TEPCO currently provide technical support and managerial services to LYA. TEPCO will continue to provide these services for at least a further 7 years



Plant Specifications	
Capacity	2,210 MW
Location	Traralgon, Victoria
No. of Units	1 ABB (Alstom) & 3 Kraftwerk Union (Siemens)
Commercial Operations Start	Jul 1984 – Mar 1988
Fuel Source	Adjacent and integrated mine
O&M	Maintained in accordance with whole-of-life plans cascading into 5 year, 1 year and 3 month asset maintenance plans
Generation (2010)	15,637 GWh sent-out
Availability Factor (2010)	93.9%
Carbon Intensity	1.28 tCO_2/MWh (at MEL Node) 1.25 tCO_2/MWh (sent-out)

Overview of Coal Mine

Loy Yang mine provides a secure and low cost coal reserve.

- Largest brown coal mine in Australia
  - Coal Reserves 2.5 billion tonnes[1]
  - Coal Resource ~7.7 billion tonnes[2]
- Coal mine reserves exceed LYA and LYB power stations' requirements
- Significant strategic benefits of ownership
  - Control of fuel source
  - No haulage requirement; only cost is cash cost to mine
  - Full flexibility on managing generation levels
  - No re-contracting risk
  - Full control and visibility over mine capex program

Loy Yang Mine	
Mine Type	› Open-cut configuration › Vertically integrated with LYA & LYB power stations
Annual Extraction	› 30-32 million tonnes
Coal Reserves - Mining Licence - Exploration Licence	 › 1.8 billion tonnes › 0.7 billion tonnes
Area - Mining Licence - Exploration Licence	 › 4,558 hectares › 1,670 hectares
Estimated Mine Life	› >50 years (at current usage)

Loy Yang Coal Reserve (million tonnes)

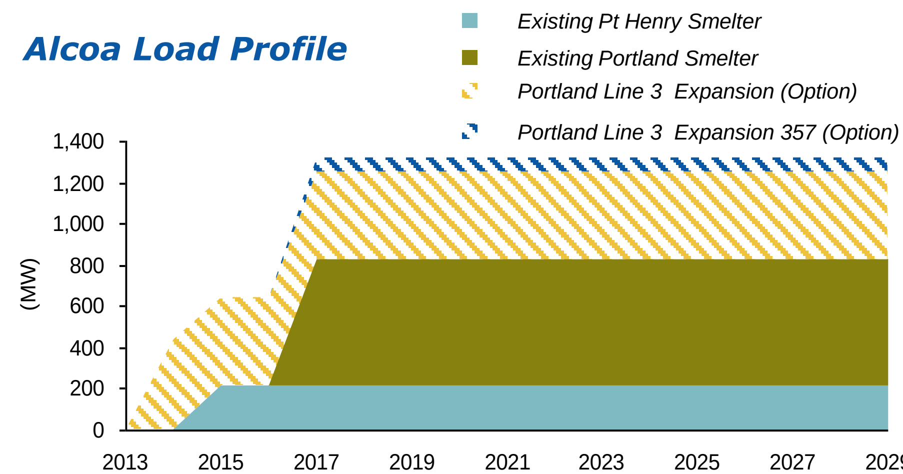
Area	Probable	Proven	Total
MIN5189/EL4683/EL4684	45	2,499	2,500[3]

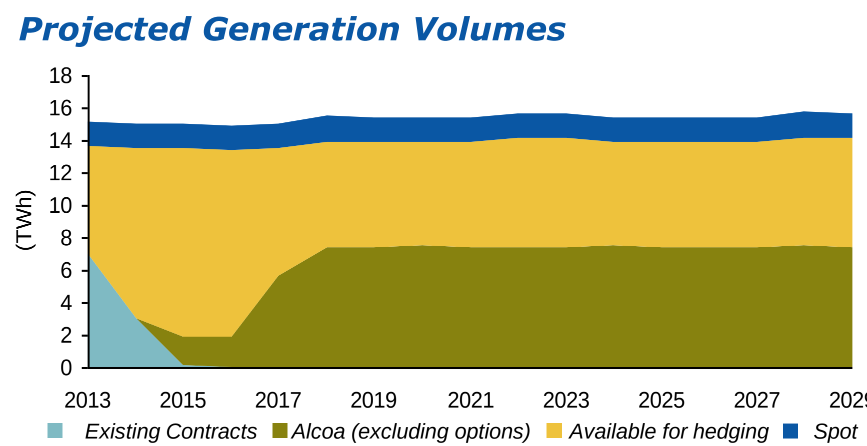
1. Coal reserves are estimated within a mine plan that spans both mining and exploration licence areas
2. Coal resource figures in this presentation are inclusive of the coal reserves
3. Total rounded down to nearest 100Mt

Alcoa Agreement

22-year agreement with Alcoa.

- Long-term supply agreement with Alcoa
  - Commences in 2014 and concludes in 2036
  - Point Henry smelter load 210 MW
  - Portland[1] smelter load 610 MW
  - Option to increase their load by ~500 MW
  - Fixed ex carbon price with contractual carbon arrangements between the parties
- Point Henry smelter load under review by Alcoa
  - Outcome anticipated by end June 2012
  - The potential loss of Point Henry load is not expected to have a material adverse impact on the transaction[2]
- After allowing for the Alcoa load[3], LYA on a net basis adds ~1,150 MW baseload to AGL's generation portfolio





Source: AGL estimate.

1. Marubeni and CITI hold minority positions in Portland smelter
2. Refer to Section 3.2 of the "Key Risks" for further information
3. Excluding expansion options

Transitional Carbon Assistance

LYA to receive more than $1.25 billion in transitional carbon assistance[1].

- LYA transitional carbon assistance is expected to be paid over 5 years and total more than $1.25 billion. Key elements of the assistance include:
  - ~$240 million in cash prior to 30 June 2012
  - 40 million free carbon permits with a value of more than $1 billion
- Alcoa receives carbon cost assistance under Emissions Intensive Trade Exposed (EITE) program

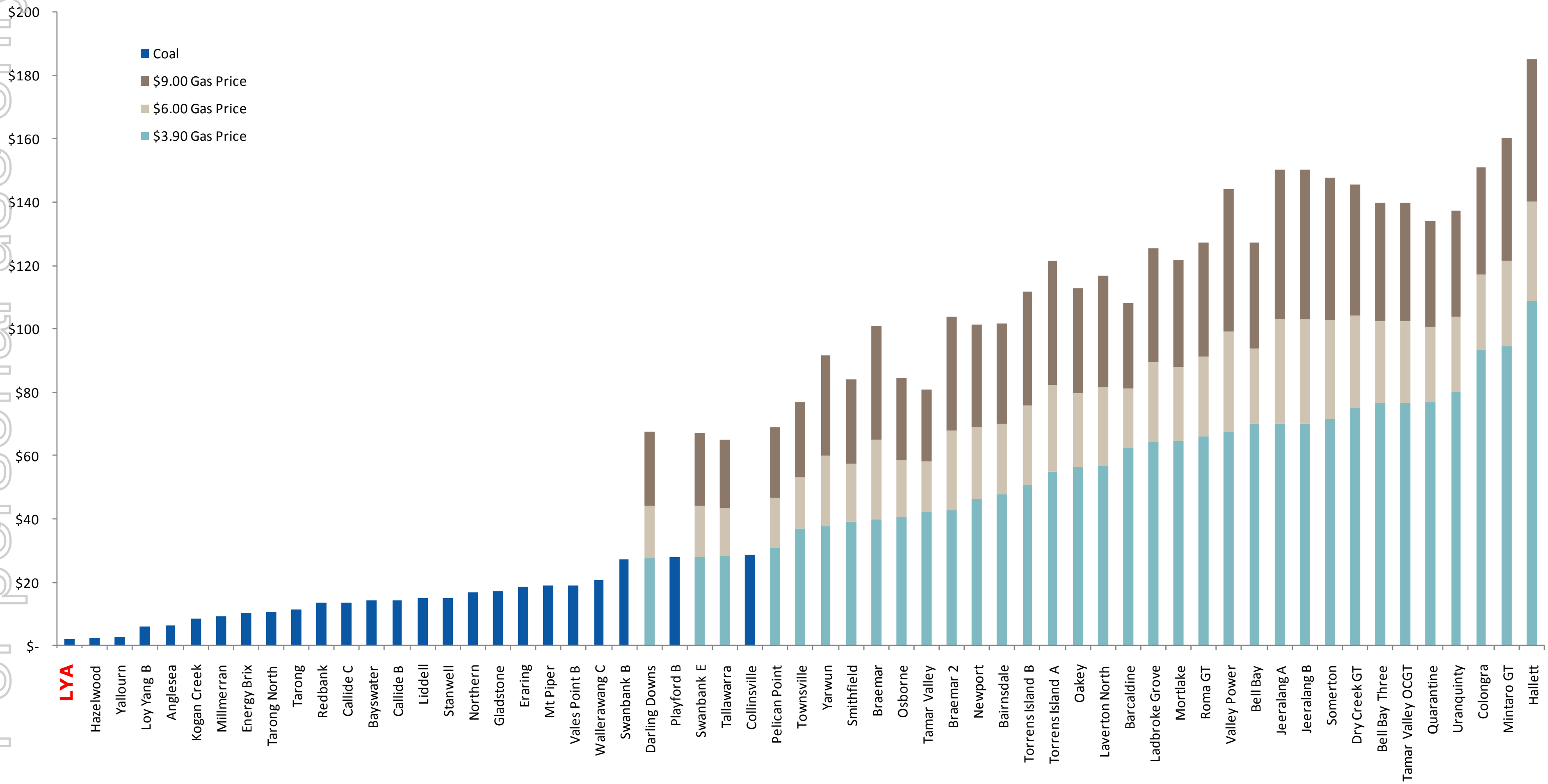
LYA Expected Transitional Carbon Assistance

	2012	2013	2014	2015	2016	2017
Cash	$240m	-	-	-	-	-
Free Permits	-	-	10m	10m	10m	10m
Permit Price[1]		$23/t	$24/t	$25t	$27/t	$29/t
Total Compensation	$240m	-	$240m	$250m	$270m	$290m

1. Based upon prices assumed in Federal Treasury modelling

SRMC[1] of Thermal Plant in the NEM[2] (excluding Carbon)

Prior to the introduction of Carbon, LYA has the lowest SRMC in the NEM.

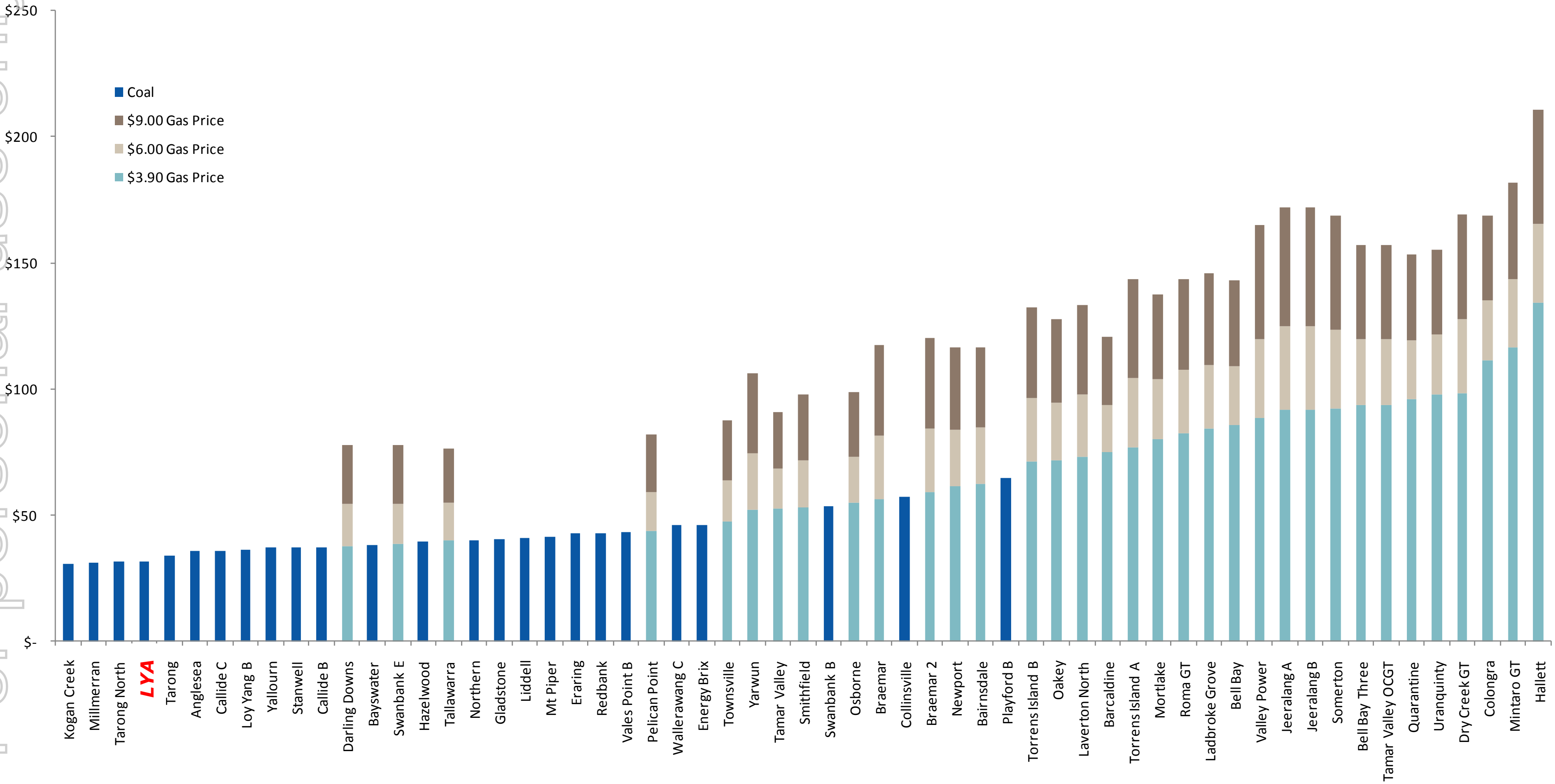


Source: Carbon Intensity, Thermal Efficiency and Fuel Cost as per 2009/2010 ACIL Tasman estimates

1. Short run marginal cost ($/MWh)
2. National Electricity Market

SRMC of Thermal Plant in the NEM (including Carbon)

Including Carbon costs LYA remains one of Australia's lowest cost generators.



Source: Carbon Intensity, Thermal Efficiency and Fuel Cost as per 2009/2010 ACIL Tasman estimates

Acquisition Update

Conditions Precedent

ACCC clearance paves way for removal of Federal Court Undertakings.

- On 24 May 2012, ACCC announced that it has cleared AGL's proposed acquisition of GEAC
- AGL proposes to apply to the Federal Court for removal of the 2004 undertakings that a separate entity would control the contracting, marketing and dispatch of LYA generation, and that AGL would not increase its interest in LYA above 35%
- AGL considers that there are compelling grounds for the Federal Court to approve the removal of the undertakings after the ACCC clearance

Conditions Precedent

Transitional carbon assistance payment expected prior to 30 June 2012.

- Federal Government has advised GEAC that it is entitled to receive a cash payment of $240.1 million of transitional carbon assistance
- AGL expects that this payment will be made, or GEAC will have an enforceable right to receive this payment, before 30 June 2012
- AGL will not complete the acquisition of GEAC until all outstanding conditions precedent have been satisfied
- AGL is confident that all conditions precedent are likely to be met in the coming weeks

Outlook & Summary

2012 Update

AGL reaffirms 2012 earnings guidance[1].

- AGL reaffirms 2012 Underlying Profit[2,3] guidance of $470 million to $500 million
- AGL expects to pay the 2012 final dividend (fully franked) on the expanded share capital
- AGL customer numbers continue to grow in 2H12
- Customer service quality shows continued improvement
  - Contact Centre average call handling times drop by 100 seconds over past 9 months
  - Customer churn remains well below industry average
- Sale of Hallett 5 wind farm completed on 14 May 2012
- AGL has re-tendered for the Commonwealth Government's Solar Flagships Program
  - Proposal to develop 106 MW solar photovoltaic (PV) project at Nyngan, NSW and 53 MW PV project at Broken Hill, NSW

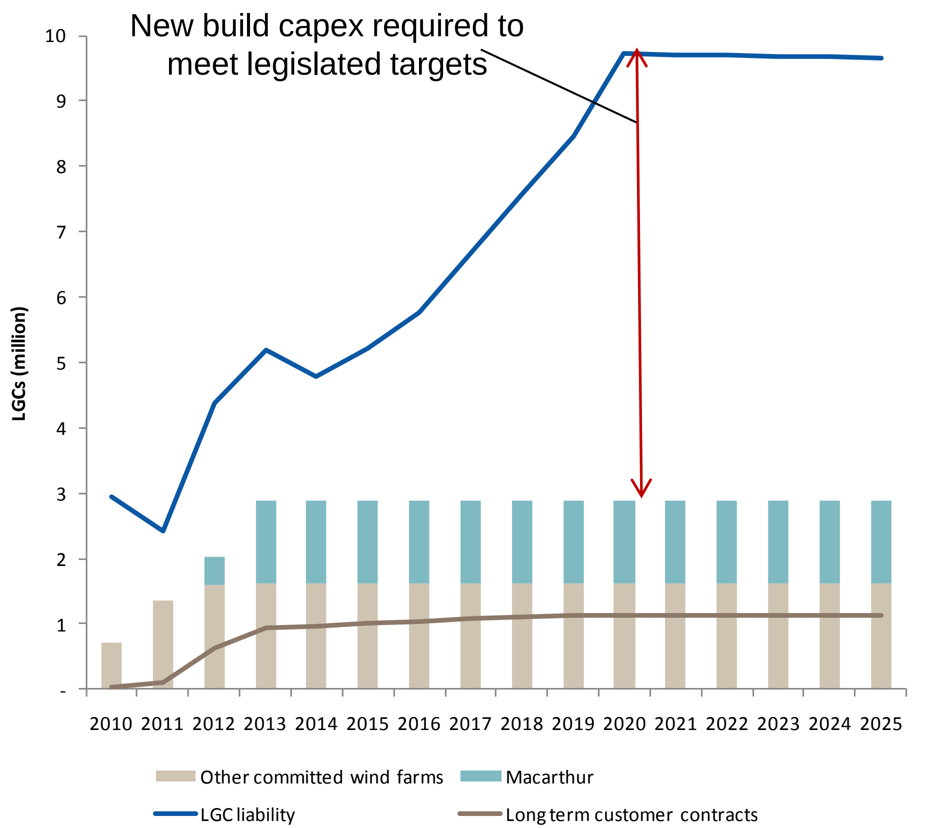
1. Investors should refer to the "Key Risks" section commencing on Slide 39
2. Refer to Slide 67 for definition of Underlying Profit
3. Assuming normal trading conditions

LYA cash flows enhance AGL's ability to fund growth

LYA cash flows to support build-out of renewable pipeline.

- LYA is expected to generate substantial incremental operating cashflows
- LYA acquisition will significantly enhance AGL's ability to fund renewable and other growth projects from internally generated sources
- AGL's Large-Scale Generation Certificates (LGC) liability requires capital expenditure on new renewable generation of $4-5 billion
  - AGL plans to self-supply 60-80% of this investment
  - Option to develop Silverton wind farm (up to 300 MW) announced 23 March 2012

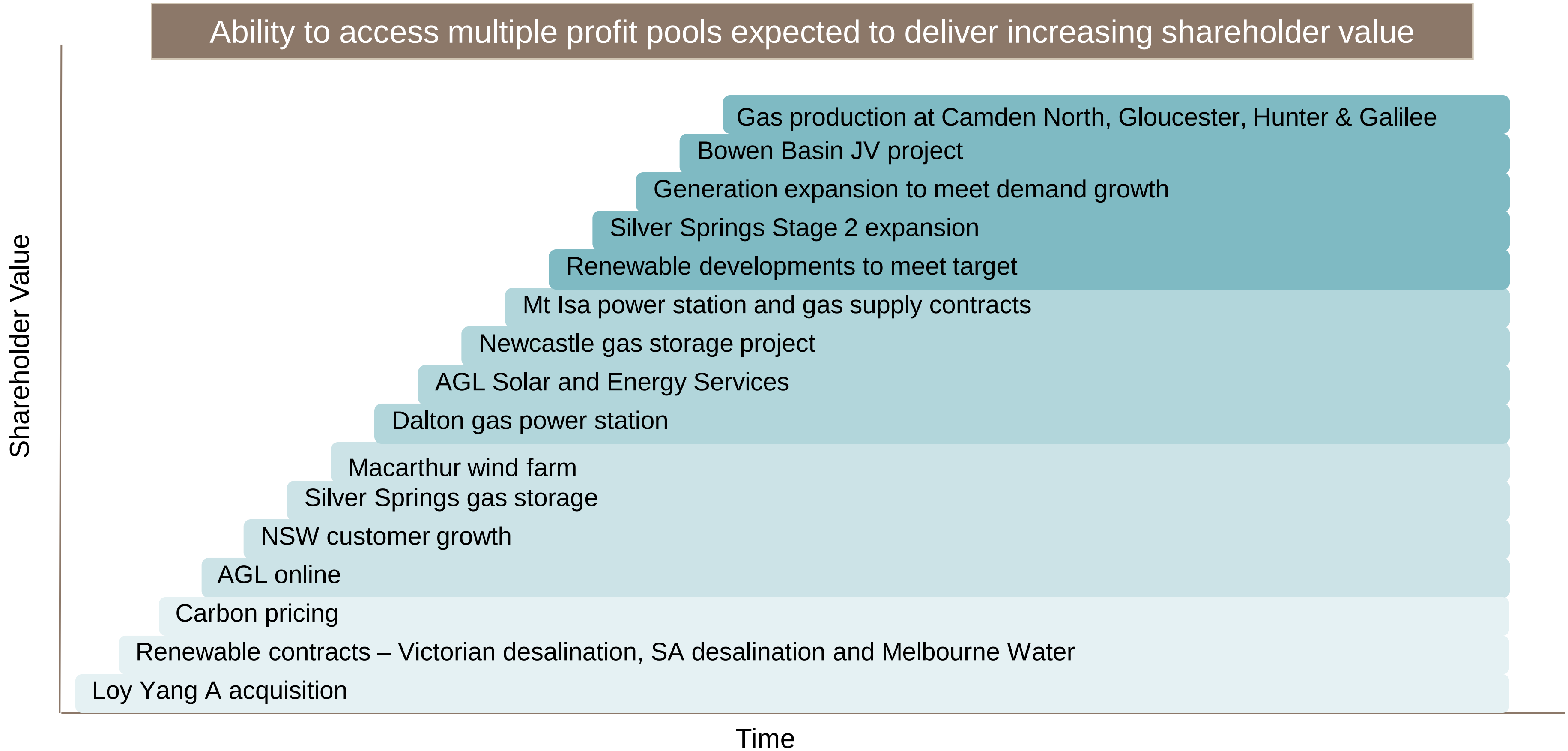
AGL LGC Liability



Source: AGL estimate.

AGL Growth Pipelines

AGL's integrated strategy and focus on long term shareholder value has created significant growth pipelines.



Summary

LYA acquisition represents a significant step in AGL's integrated strategy.

- Expected to be accretive to Underlying EPS[1] from FY13 and generate substantial future operating cash flows
- Increases AGL controlled generation capacity by ~32% to 6,000 MW[2], significant coverage of AGL's load
- Delivers full ownership of one of the lowest cost baseload generators in Australia
- AGL will have one of the largest and most competitive generation portfolios in Australia; improved risk management capability
- Large, low-cost fuel resource with long-term optionality
- Expected substantial cashflows to support future capital expenditure and growth pipeline, including renewable generation
- Funded by a high equity credit subordinate notes and equity raising
- Strong financial position post-completion of funding initiatives

1. Refer to Slide 67 for the key underlying assumptions
2. Includes ~ 560 MW of generation under construction including the Macarthur wind farm

Supporting Slides

AGL's Integrated Strategy

Acquisition of LYA is a significant step in AGL's growth.

- AGL's integrated strategy provides access to multiple profit pools and balances risk between upstream supply of energy and our customers' demand for energy
- Ownership of LYA will significantly increase AGL's supply portfolio and provide a reduction in its risk profile

Energy Production

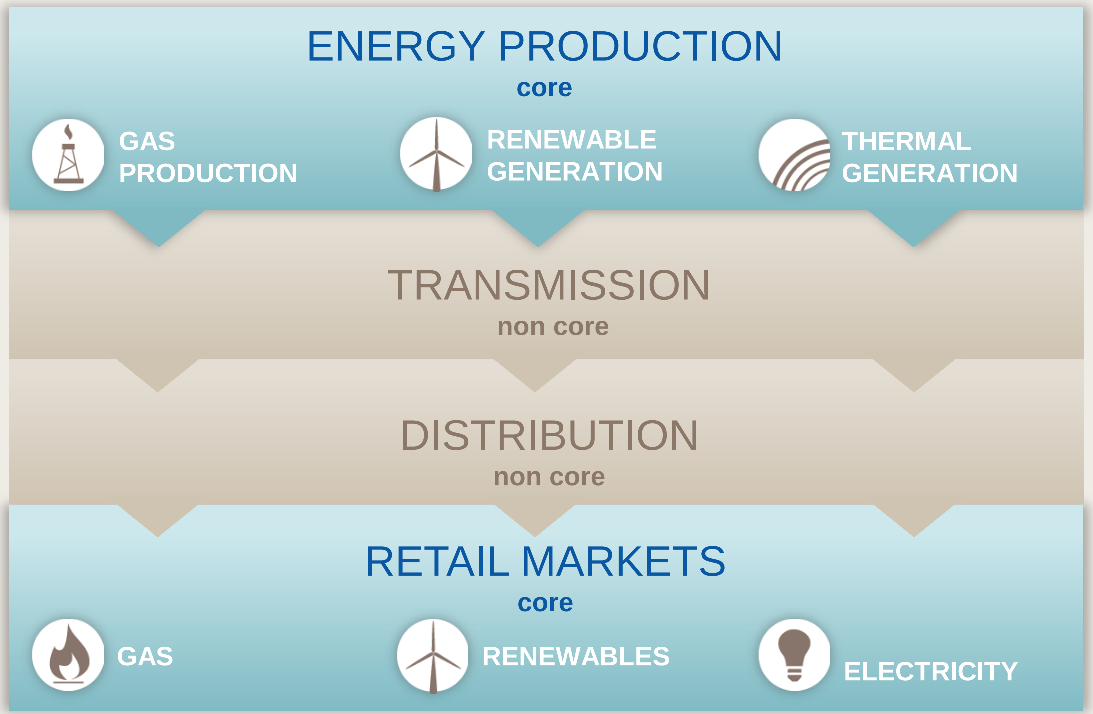
Strategic Objectives

Own or control energy production:

- Renewable generation 60-80% of mandated requirement
- Cost competitive baseload 20-40% of average demand
- Gas reserves 2,000PJ + (2P)
- Gas production of 40%-50% customer demand

Own or control capacity:

- Peak / intermediate generation of 80% - 120% of flexible demand
- Gas storage withdrawal capacity of 250TJ/day



Retail Markets

Strategic Objectives

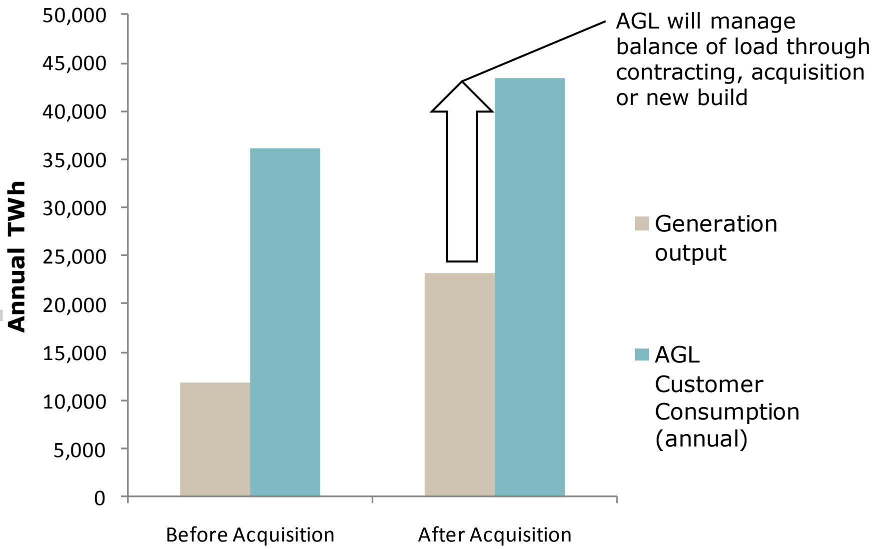
- Grow NSW electricity customer accounts to 800,000 to 900,000, creating national base of 3.6 to 3.7 million in medium term
- Maintain market share outside NSW focusing on high-value segments
- Improve margins and reduce costs ratios
- Develop additional products and services to leverage customer base

Acquisition improves coverage of customer load

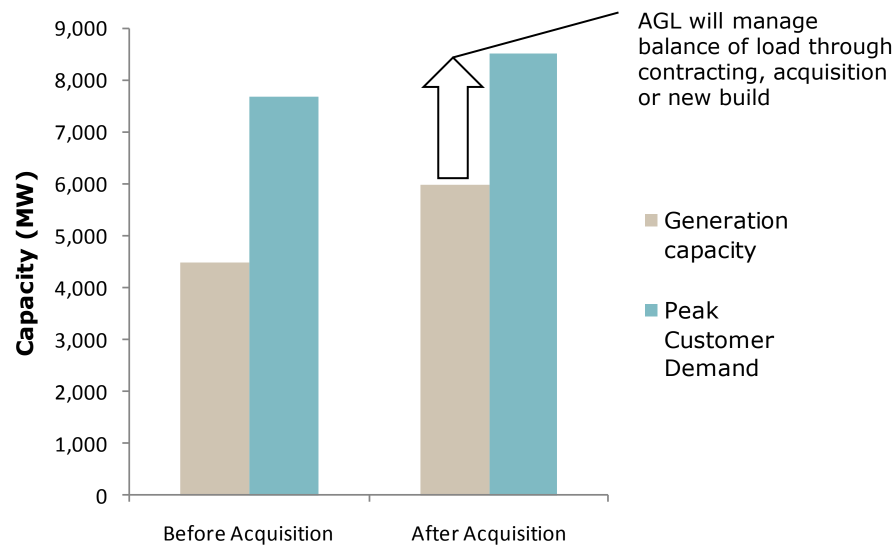
Further diversifies generation mix.

- Significantly increases AGL's owned and operated generation portfolio
- Provides ownership of one of the lowest cost generators in the NEM (before and after introduction of Carbon)
- Locks in highly competitive fuel source against backdrop of expected rising black coal and gas costs
- Significantly improves coverage of retail load with owned and controlled generation
- Improves diversity of generation portfolio

AGL Generation Output Profile[1,2,3,4] – FY11



AGL Capacity Profile[1,2,3,4] – FY11

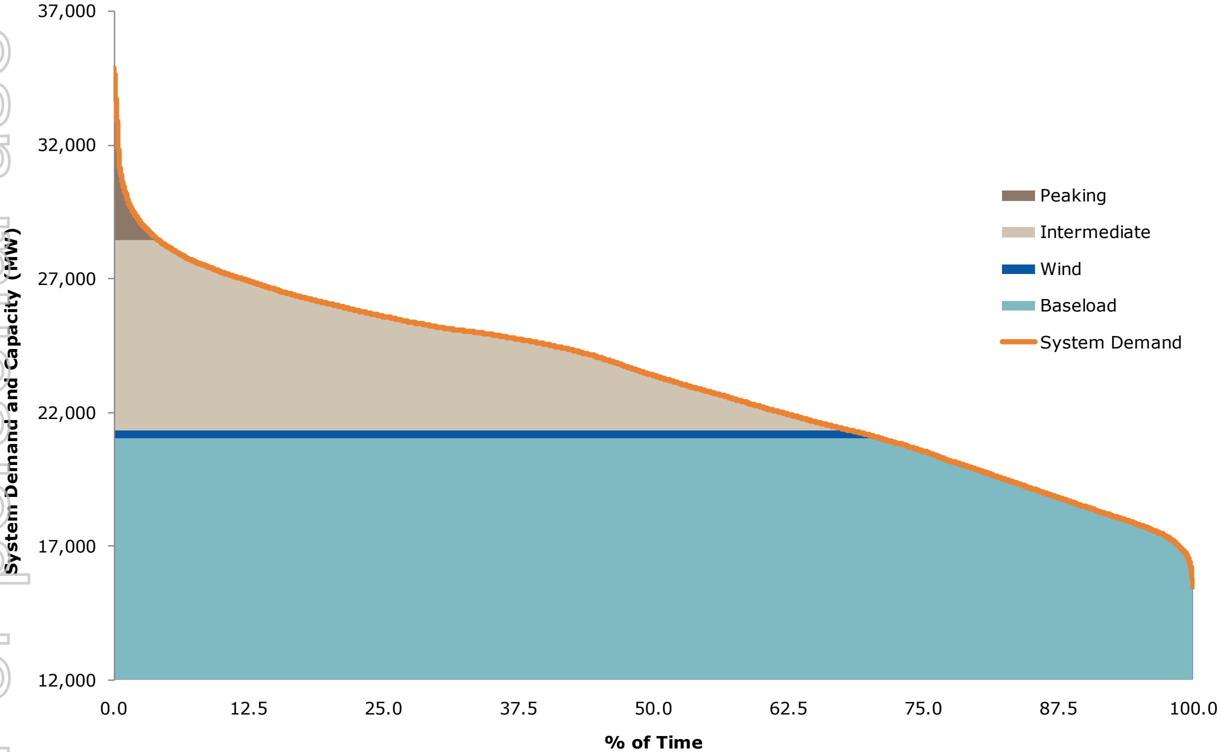


Source: Generators and Scheduled Loads, AEMO, January 2012 and AGL estimates
1. Includes ACTEWAGL
2. Before Acquisition includes 32.5% ownership of Loy Yang A
3. After Acquisition includes 823 MW load from Alcoa. Contract commences 2014 and ramps to 823 MW by 2016
4. Includes ~560 MW of generation under construction including the Macarthur wind farm

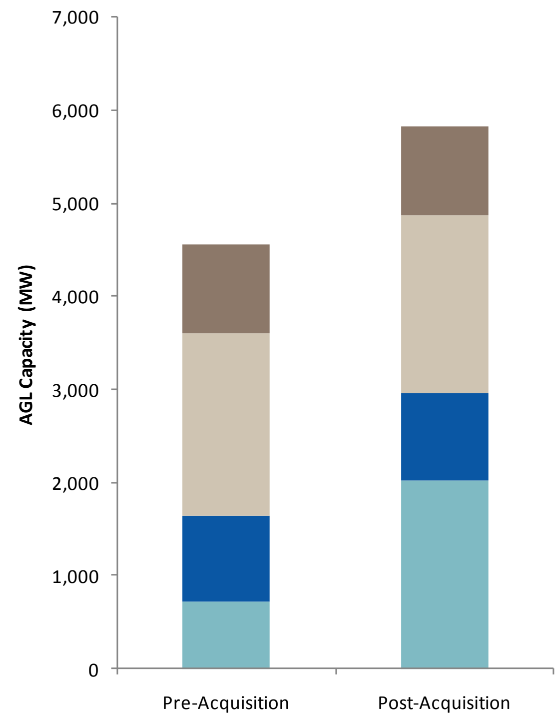
AGL Generation Portfolio

Acquisition increases AGL baseload generation to better match customer demand profile.

NEM Generation – 12 months ended 30 June 2011 [1]



AGL Generation Portfolio [2]

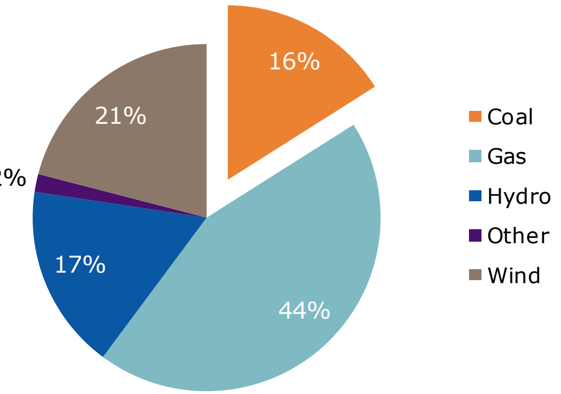


1. Source: AEMO data.
2. Source: AGL estimate: includes ~560 MW of generation under construction including the Macarthur wind farm

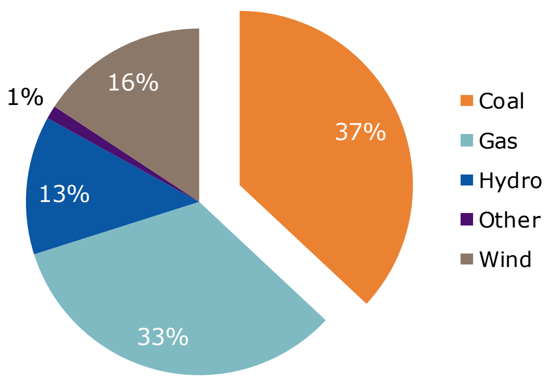
AGL Generation Portfolio by Fuel

Acquisition moves AGL carbon intensity slightly above the NEM average.

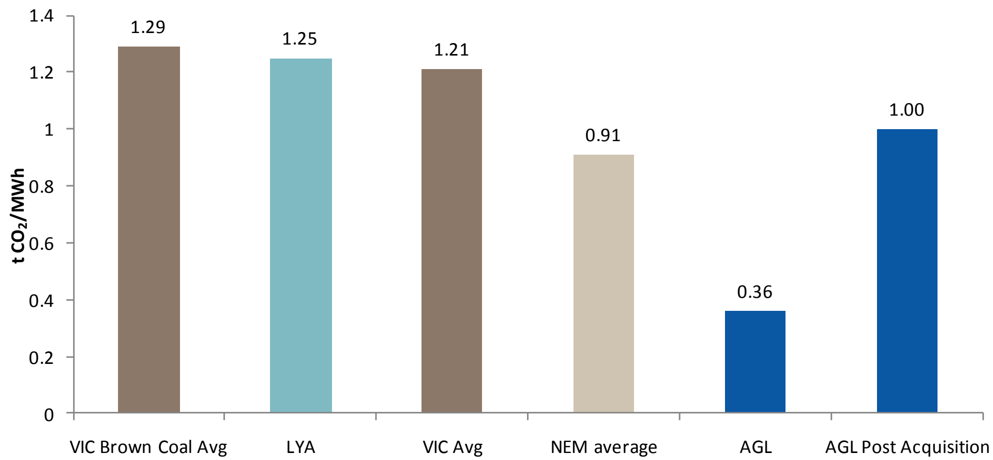
AGL generation capacity before acquisition[1]



AGL generation capacity after acquisition[1]



Relative carbon intensity (sent out)[2]



- LYA carbon intensity of 1.25 is the lowest of the major Victorian brown coal power stations
- AGL carbon intensity pre acquisition is 0.36, increasing to 1.00 post acquisition

1. Source: AGL Generation per Generators and Scheduled Loads, AEMO, January 2012. AGL includes ~560 MW of generation under construction including the Macarthur wind farm
2. Source: Carbon intensity per AEMO documents for period July 2011 to October 2011. AGL carbon intensity per AGL estimate as at 30 June 2011 which excludes all generation under construction

Overview of Coal Resource

Mine and Exploration Licence Areas contain substantial coal resource.

- Coal Resource of ~7.7 billion tonnes
- High quality resource with thin overburden
- Coal mine reserves exceed LYA and LYB power stations' requirements
- Substantial surplus coal resource available for potential development
- Exploration Licence adjacent to mine enables efficient expansion and extraction
- Commercial opportunities to develop resource potential
  - Coal reservation agreement with TEPCO over 600 million tonnes of coal

Loy Yang Coal Resource (million tonnes)

Area	Inferred	Indicated	Measured	Total
MIN5189	120	950	4,020	5,090
EL4683 EL4684	70	650	1,980	2,700
Combined	190	1,600	6,000	7,700[1]

Loy Yang Power tenements

Tenement	Type	Issue Date
MIN5189	Mining Licence	6/05/1997
EL4683	Exploration Licence	14/12/2005
EL4684	Exploration Licence Application	Not yet granted

1. Total rounded down to nearest 100Mt

AGL

Pro forma AGL Combined Balance Sheet

As at ($m)	AGL Reported 31 December 2011[1,3]	Pro forma Note Offer Adjustments[3]	Pro forma AGL Post Note Offer Balance Sheet[3]	Pro forma Acquisition Balance Sheet[3]	Pro forma Acquisition Adjustments[3,4]	Pro forma AGL Equity Offer Adjustments[4]	Pro forma Debt Restructure Adjustments[4]	Pro forma Combined Balance Sheet
Current assets								
Cash and cash equivalents	200.3	631.5	831.8	408.0	(300.0)	881.1	(1,251.9)	569.0
Other current assets	2,058.9		2,058.9	69.2	-	-	-	2,128.1
Total current assets	**2,259.2**	**631.5**	**2,890.7**	**477.2**	**(300.0)**	**881.1**	**(1,251.9)**	**2,697.1**
Non-current assets								
Investments accounted for using the equity method	179.6		179.6	-	(146.6)	-	-	33.0
Exploration and evaluation assets	675.2		675.2	-	-	-	-	675.2
Oil and gas assets	474.5		474.5	-	-	-	-	474.5
Property, plant and equipment	2,502.9		2,502.9	2,338.2	-	-	-	4,841.1
Intangible assets	3,158.3		3,158.3	-	-	-	-	3,158.3
Other financial assets	138.7		138.7	739.2	(120.5)	-	-	757.4
Deferred tax assets	-		-	668.4	-	-	-	668.4
Other non-current assets	18.6		18.6	26.6	-	-	-	45.2
Total non-current assets	**7,147.8**	**-**	**7,147.8**	**3,772.4**	**(267.1)**	**-**	**-**	**10,653.1**
Total assets	**9,407.0**	**631.5**	**10,038.5**	**4,249.6**	**(567.1)**	**881.1**	**(1,251.9)**	**13,350.2**
Current liabilities								
Trade and other payables	687.2		687.2	70.6	-	-	-	757.8
Borrowings	-		-	565.0	-	-	(482.3)	82.7
Other financial liabilities	346.1		346.1	-	-	-	-	346.1
Other current liabilities	260.9		260.9	537.9	-	-	-	798.8
Total current liabilities	**1,294.2**	**-**	**1,294.2**	**1,173.5**	**-**	**-**	**(482.3)**	**1,985.4**
Non-current liabilities								
Borrowings	1,135.7	631.5	1,767.2	2,371.3	38.0	-	(646.6)	3,529.9
Other financial liabilities	61.0		61.0	123.0	-	-	(123.0)	61.0
Other non-current liabilities	516.2		516.2	193.8	-	-	-	710.0
Total non-current liabilities	**1,712.9**	**631.5**	**2,344.4**	**2,688.1**	**38.0**	**-**	**(769.6)**	**4,300.9**
Total liabilities	**3,007.1**	**631.5**	**3,638.6**	**3,861.6**	**38.0**	**-**	**(1,251.9)**	**6,286.3**
Net assets	**6,399.9**	**-**	**6,399.9**	**388.0** [2]	**(605.1)** [2]	**881.1**	**-**	**7,063.9**
Equity								
Issued capital	4,291.4		4,291.4		-	881.1	-	5,172.5
Reserves	(14.8)		(14.8)		39.3	-	-	24.5
Retained earnings	2,123.3		2,123.3		(256.4)	-	-	1,866.9
Total equity attributable to owners of AGL Energy Limited	**6,399.9**	**-**	**6,399.9**		**(217.1)** [2]	**881.1**	**-**	**7,063.9**

1. Source: AGL Energy Limited Appendix 4D for the half year ended 31 December 2011
2. The total of column "Pro forma Acquisition Balance Sheet" and "Pro forma Acquisition Adjustments" reflects the accounting entries required for the acquisition of GEAC. These have been separated here for clarity
3. Extracted from sections 5.3 and 5.6.2 of the AGL Energy Subordinated Notes prospectus
4. Further description of the Pro forma adjustments is set out on Slide 68

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Accounting on acquisition

Fair value adjustments on acquisition to be booked as significant items.

- Selling shareholders receive $448 million made up of:
  - $200 million up front cash payments
  - 15 year deferred payment streams
- Equity (100%) value of $598 million made up of:
  - $150 million for the fair value of AGL's existing 32.5% equity (based upon the purchase price as per the requirements of acquisition accounting)
  - $448 million for other shareholder equity 67.5%
- As at 31 December 2011 acquisition accounting would result in a significant item loss of $256 million made up of:
  - $117 million from fair valuing AGL's existing 32.5% equity to $150 million
  - $39 million GEAC interest rate swap hedge reserve previously equity accounted
  - $100 million transaction costs being mainly stamp duty

Acquisition Funding

Equity raising completes funding program.

- AGL expects that upon completion of funding AGL's BBB rating will be reaffirmed
- LYA acquisition to be funded by:
  - $650 million high equity credit subordinated note (completed 4 April 2012)
  - $850 million equity by way of an Entitlement Offer
- Raising additional $50 million for general corporate purposes including renewable energy generation

Loy Yang A acquisition	
Enterprise value	3,126
Plus: Transaction costs	100
Less: Existing AGL share	(150)
Cash transitional carbon assistance	(240)
Net funding required	**2,836**
Subordinated note – high equity credit	650
Equity[1]	850
Retained and restructured debt	1,336
Total sources	**2,836**

1. Excludes $50 million raised for general corporate purposes

Key Risks

Key Risks

1.0 Introduction

Investors should be aware that there are risks associated with an investment in AGL.

Some of the principal factors which may, either individually or in combination affect the future operating performance of AGL are set out below. Some are specific to an investment in AGL, the New Shares and the proposed increased ownership of GEAC, and others are of a more general nature.

The summary of risks below is not exhaustive, and this Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that AGL is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of AGL, the New Shares and/or GEAC.

It is important therefore for Shareholders and investors before taking up the Entitlement Offer or investing in AGL, to read and understand the entire Presentation and to carefully consider these risks and uncertainties. You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

Key Risks (cont.)

2.0 Risks associated with AGL

The future operating performance of AGL and the value of the investment in the New Shares may also be affected by risks relating to AGL's business. Some of these risks are specific to AGL while others relate to the general industry in which AGL operates and economic conditions. Where practicable, AGL seeks to implement risk mitigation strategies to minimise the exposure to some of the risks outlined, although there can be no assurance that such arrangements will fully protect AGL from such risks. Failure to effectively mitigate these risks could result in a reduction in AGL's profit margins and a deterioration in AGL's financial condition.

2.1 Electricity market

AGL is exposed to the risk of significant financial loss arising from exposure to volatility and variability in the wholesale electricity market.

Underperformance in the wholesale electricity market would largely result from a failure to manage an appropriate and profitable balance between energy supply and demand. Components of this risk include:

Downturn in consumption – Levels of energy usage may be adversely affected by a number of economic, social, environmental and specific industry conditions outside AGL's control. Levels of energy usage may also be affected by future technological developments allowing customers to better manage their energy needs, or by customers reducing energy consumption in response to high energy prices. A general economic downturn may reduce the business activity and energy usage of some customers. Industrial customers may be sensitive to factors specific to their own industry, some of which may lead to a reduction in their energy consumption;

Credit risk – AGL's financial performance is partially dependent on counterparties to contracts satisfying their contractual obligations (whether financial or otherwise). There is a risk that AGL's counterparties may be unable to meet their obligations and there is no guarantee of AGL being able to obtain damages sufficient to compensate it in full for its losses arising as a result;

Key Risks (cont.)

Energy supply – AGL partially relies on electricity generated from electricity generation assets that it owns or controls to manage the wholesale cost of electricity. There is a risk that some of these assets may not be available for use when required due to machinery break down, fire, adverse weather, industrial relations disputes, natural disasters, catastrophic events or other unplanned outages; and

Price risk – AGL operates in wholesale electricity markets and as such has direct and indirect exposure to wholesale electricity prices. AGL generates electricity from owned and controlled assets as well as managing electricity price risk via contracts. Wholesale electricity prices can vary significantly between half hour pricing intervals, and are influenced by many independent factors, including electricity generation costs, weather, customer demand and behaviour, competitive behaviour of retailers and generators, availability of supply, actions of the market operator, and interpretation of the market rules by the market operator as well as by changes in market rules. AGL's Merchant Energy business also procures additional hedge cover through contracts with third parties to manage this exposure, however there is also the risk that the hedges may not be effective or may not provide a balanced position with respect to AGL's exposure to price risks.

2.2 Gas market

AGL is exposed to the risk of significant financial loss arising from exposure to physical wholesale gas markets (including risks of failure to receive and/or failure to supply) as well as exposure to market prices. AGL has a substantial gas portfolio requirement – for its customers, and for its own electricity generation requirements. Some of the risks associated with this portfolio are:

The inability to supply gas to meet market and own requirements – there is a risk that natural gas supplies may be interrupted unexpectedly due to problems at the gas fields or processing plants, or at the pipelines connecting the gas fields to AGL's markets;

Key Risks (cont.)

Forecasting risk and the ability to balance gas supply and demand and contract requirements;

Development of upstream reserves – changes in commodity prices as well as fiscal and other regulations could adversely affect the economic viability of reserves development and production. Other risks include undeveloped reserves and resources not proceeding to development or developed reserves not being ultimately recovered, production volume and operating cost uncertainty, operational integrity of sub-surface equipment and surface processing, storage and pipeline infrastructure, and end-of-life remediation costs that exceed what has been provided for;

Price risk – AGL is exposed to pricing risk through its long term gas supply arrangements, which have price review clauses at regular intervals over the term of the contracts;

Non-compliance with regulation/operating rules and contractual requirements in complex wholesale gas market operations – the price of gas sold to some residential and small commercial and industrial customers is fixed by regulation; and

Counterparty risk and contract management (price, supply and haulage) – there is a risk that AGL's counterparties may be unable to meet their obligations and there is no guarantee of AGL being able to obtain damages sufficient to compensate it in full for its losses arising as a result.

Key Risks (cont.)

2.3 Environmental markets

AGL is exposed to the risk of significant financial loss arising from exposure to volatility and variability in existing and emerging environmental markets or from not meeting mandatory liabilities. AGL is required to comply with a range of regulations intended to reduce carbon emissions and increase the proportion of renewable electricity generation. In general, the costs of complying with climate change regulations, including the renewable energy target, are recovered from customers. However, there is a risk that retail price regulation, market forces and contract terms limit the ability of AGL to fully pass these costs through to customers. In addition to the Clean Energy Act that is due to commence on 1 July 2012, there are many other state, national and international markets and obligations, the most material being:

- the Renewable Energy Target (RET);
- Large-Scale Renewable Energy Target Scheme (LRETS);
- Small-Scale Renewable Energy Scheme (SRES); and
- National Greenhouse & Energy Reporting (NGER).

2.4 Regulatory environment

AGL is required to comply with a number of regulatory obligations, predominantly of an operational nature, covering matters such as billings, disconnections and call centre performance. There is a risk that AGL may fail to comply with its regulatory obligations which, in extreme circumstances, could lead to the imposition of fines and penalties or the loss of operating licences. AGL is also exposed to regulated pricing. The three main components to this risk are:

- compliance with legislative and licence obligations;
- AGL's influence over regulated pricing; and
- AGL's exposure to regulated pricing.

Key Risks (cont.)

Given AGL's exposure to regulated pricing and the risk that it may not be able to influence regulated pricing decisions, AGL may not be in a position to fully respond in a timely manner (if at all) to movements in pricing in wholesale electricity and gas markets. There is a risk that AGL's potential revenues are limited or reduced or that its costs are increased as a result of regulatory pricing or compliance with its regulatory obligations.

2.5 Energy policy

AGL's financial performance could be affected by changes to legal, regulatory, fiscal or other policies adopted by various regulatory authorities. Future changes in such policies or laws are unpredictable and are beyond AGL's control. Changes in law or regulatory policy could adversely affect one or more of AGL's businesses and could require AGL to incur substantial costs to ensure compliance. AGL's ability and capacity to influence and respond to policy and regulation is therefore a key risk that is dependent on AGL's ability to:

- influence, and adapt to, energy and related policy;
- secure licences and permits required for growth projects; and
- influence market design.

2.6 Operating in a competitive market

AGL's retail activities are in fully contestable markets, where customers are able to choose from a number of alternative retailers. The level of customer "churn", when customers switch between retailers, may be affected by a range of factors including the marketing activities of AGL and other retailers, customer service experience and electricity prices. There is also a risk of new competitors entering into the market which may further increase AGL's exposure to customer churn.

Key Risks (cont.)

2.7 Authorisations and permits

If AGL does not obtain the necessary permits and/or licences for upstream gas and power development projects, there is a risk that the assets will not be built or will be materially delayed, and existing assets will be impaired. There are a number of authorisations and permits that will be required for current infrastructure development projects, including the Dalton power station, Newcastle gas storage facility and Diamantina power station. Various licences and approvals will be required for ongoing and future development of AGL's upstream investments in the Moranbah Gas Project joint venture, Silver Springs Project (including gas storage), Galilee exploration joint venture, Camden Gas Project, Hunter Valley exploration and Gloucester Gas Project.

2.8 Refinancing

AGL's existing debt tranches will need to be refinanced on their respective maturity dates. AGL may incur increased borrowing costs, or may even be unable to refinance with new debt if its credit profile has deteriorated materially, or if there are reductions in debt market liquidity at or around the time that AGL needs to refinance its various debt tranches. Whether this occurs will depend on numerous factors, some of which are outside AGL's control, such as the prevailing economic, political and capital market conditions and credit availability.

2.9 Other financing risks

Other risks in relation to AGL's debt financing include exposure to adverse movements in market interest rates. Although AGL has interest rate swap contracts and other hedging instruments in place, these may not provide a complete hedge. AGL is also obliged to adhere to covenants in its debt facilities, including financial undertakings. If AGL's performance is materially below expectations, there is a risk that it may not comply with its borrowing covenants which may result in it being required to repay its debt facilities earlier than their scheduled maturities.

Key Risks (cont.)

2.10 Litigation and legal matters

AGL is exposed to the risk of claims by gas and electricity users, native title claims, tenure disputes, environmental and occupational health and safety claims, industrial disputes and third party losses resulting from transmission disruptions, amongst other claims. AGL is not currently a party to any litigation the outcome of which is likely to have a material adverse effect on its business or financial position.

2.11 Control

AGL has a number of investments in which it does not have a controlling interest which means that AGL cannot exercise full control of those investments.

2.12 Change in credit rating

AGL has obtained a credit rating from a rating agency which could be reviewed, suspended or downgraded. The rating agency could also change the methodology by which it rates AGL. AGL's cost of funds, margins, access to capital markets, access to the national electricity markets and other aspects of its performance (including requirements to provide credit support under material contracts) may be also affected if it fails to maintain its credit rating.

2.13 Acquisitions

AGL regularly examines new acquisition opportunities, where the acquisitions would complement or enhance AGL's existing operations. When and whether acquisitions are made will depend on a number of factors, including availability of opportunities and the attractiveness of those opportunities, market conditions, funding requirements and integration issues. There can be no assurance that AGL will successfully identify, acquire and integrate such businesses. Furthermore, there is no guarantee that any acquisition will perform as expected or that AGL will be able to realise expected synergies. Acquisitions may also expose AGL to unanticipated business risks and liabilities. The process of integrating new businesses into AGL's existing operation may result in unforeseen operating difficulties and may require significant management, financial or personnel resources that would otherwise be available for on-going development or expansion of existing operations. If any of these occur, it may have a material adverse impact on AGL's financial position and performance.

Key Risks (cont.)

3.0 Risks associated with proposed increased ownership of GEAC

The future operating performance of AGL and the value of the New Shares may also be affected by risks relating to AGL's proposed increased ownership of GEAC. Some of these risks are specific to GEAC while others relate to the general industry in which AGL and GEAC operate and economic conditions.

3.1 Industrial relations

Over the life of the plant, industrial relations disputes resulting in plant outages and/or a significant increase in labour costs will remain a risk. Loy Yang Power has recently reached an in-principle agreement with the various unions on a new Enterprise Bargaining Agreement. Formal certification of the agreement is expected via Fair Work Australia in the coming weeks.

3.2 Closure of Alcoa plant

In March 2010, Alcoa announced that it had entered into base-load electricity hedging agreements (EHAs) with Loy Yang A to power smelters at Point Henry (Geelong) and Portland. The contracts take effect in 2014 for Point Henry and 2016 for Portland out to 2036. Alcoa has indicated that the Point Henry smelter load is under review. An outcome is anticipated by the end of June 2012. Point Henry is the smaller of the two smelters representing 210 MW out of approximately 820 MW. While the potential loss of the Point Henry load is not expected to have a material adverse impact on the transaction as 210 MW equates to less than 2% of Victoria's electricity generation capacity of 12,461 MW, it is expected that there would be a short term impact on Victorian market prices.

3.3 Carbon legislation amended or repealed

A change in the Federal government could result in the Clean Energy Act being amended or repealed. The longer the legislation remains enacted it is expected to become more embedded in the Australian business environment and less likely to be repealed. It is expected that the repeal of carbon legislation would be likely to result in an uplift in the value of GEAC. Another possible outcome is the lowering of the carbon price which would increase the economic value of GEAC. There would be a decrement to the economic value of GEAC in the event of the carbon price exceeding the prices assumed in the Treasury modelling for a sustained period.

Key Risks (cont.)

3.4 Receipt of carbon assistance

Under the Clean Energy Act, GEAC is entitled to apply for coal-fired electricity generation assistance (cash payments and free carbon units) from the Commonwealth Government in respect of the first five years of the scheme. There is a risk that the Commonwealth Government does not pay the assistance or the amount is less than expected. The transaction is conditional on GEAC having received or having an enforceable right to receive the first coal-fired electricity generation assistance payment of approximately $240 million.

3.5 Access to fuel supplies and mine production

Coal mining operations may be restricted by increasing environmental regulations. Mine production may be adversely impacted by changes to operation costs and conditions, equipment failures, mine flooding and geological uncertainties. These risks could adversely impact GEAC's ability to generate electricity.

3.6 Energy supply

AGL partially relies on electricity generated from electricity generation assets that it owns or controls to manage the wholesale cost of electricity. There is a risk that some of these assets may not be available for use when required due to machinery breakdown, fire, adverse weather, industrial relations disputes, natural disasters, catastrophic events or other unplanned outages. AGL, through its 32.5% stake, is currently exposed to the risk of GEAC not being able to supply energy when required. An increase in the ownership of GEAC increases the magnitude of this potential risk.

3.7 Lack of expertise in running coal fired power stations

AGL does not have experience running a coal fired power station or coal mine. TEPCO, who currently provides this expertise to GEAC, has agreed to provide technical services to AGL for an initial period of seven years.

Key Risks (cont.)

3.8 Removal of Federal Court undertakings

To comply with a series of undertakings given to the ACCC and the Federal Court of Australia at the time AGL acquired its stake in GEAC in 2004, the output from Loy Yang A is sold to the market via a separate trading company, Loy Yang Marketing Management Company Pty Ltd, which is owned by LYMH which is owned by all GEAC shareholders excluding AGL. A condition precedent for the purchase of GEAC and LYMH to proceed is for the ACCC not to oppose the transaction and the Federal Court of Australia undertaking being discharged or varied to allow the acquisition to proceed. Based upon the ACCC decision released on 24 May 2012, to clear the acquisition of GEAC, AGL proposes to apply to the Federal Court of Australia for the removal of these undertakings. There is a risk that the Federal Court of Australia does not agree to the removal of these undertakings. If the court does not agree to removal of the undertakings, AGL may be unable to complete the transaction.

3.9 Incorrect acquisition assumptions

There is a risk that the GEAC Acquisition may not be completed or that GEAC will fail to perform in line with the acquisition assumptions.

If the acquisition of GEAC is not completed, AGL retains the flexibility to use the net proceeds to fund future acquisitions and other development projects, consistent with AGL's integrated strategy, that are expected to commence over the next 2 – 3 years.

In particular, statements in this Presentation regarding the impact of the GEAC Acquisition on EPS and AGL's credit profile are based on certain assumptions including:

- the first full year of ownership of GEAC is 30 June 2013;
- spot and contract wholesale electricity prices are materially the same as those implied by recent forward curves;
- generation volumes and plant availability are consistent with prior years and there are no material unplanned plant outages;
- a price on carbon of $23.00 per tonne commences on 1 July 2012;
- transition assistance of approximately $240 million is received from the Federal Government before 30 June 2012;

Key Risks (cont.)

- AGL raises approximately $650 million of Subordinated Notes[1];
- AGL raises approximately $900 million under an Equity Offer;
- the margins paid by GEAC on its borrowing following the acquisition will more closely reflect AGL credit risk;
- GEAC's tax losses continue to be available to the AGL and GEAC groups; and
- depreciation is consistent with the Pro forma Acquisition Balance Sheet shown on Slide 36.

If the above assumptions are not met then the impact of the GEAC Acquisition on EPS and AGL's credit profile may differ from that shown in this presentation, potentially adversely.

4.0 Risk associated with the New Shares

4.1 Risk of dividends not being paid

The payment of dividends by AGL is announced at the time of release of AGL's half year and full year results as determined by the Board from time to time at its discretion, dependent on the profitability and cash flow of AGL's business. While AGL has a stated dividend policy, circumstances may arise where AGL is required to reduce or cease paying dividends for a period of time.

4.2 Investment in Equity Capital

There are general risks associated with investments in equity capital. The trading price of shares in AGL may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;

1. AGL successfully completed its Subordinated Note issue on 4 April 2012.

Key Risks (cont.)

- changes in interest rates and the rate of inflation;
- changes in government regulation and policies;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

No assurances can be given that the New Shares will trade at or above the Offer Price. None of AGL, its Board or any other person guarantees the market performance of the New Shares.

4.3 Risks associated with renouncing rights under the Offer

Prices obtainable for retail entitlements may rise and fall over the entitlement trading period. If you sell your entitlements at one stage in the retail entitlement trading period, you may receive a higher or lower price than a shareholder who sell their entitlements at a different stage in the retail entitlement trading period or through the retail shortfall bookbuild.

If you are a shareholder and renounce your entitlement by doing nothing under the entitlement offer, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.

The ability to sell entitlements under a bookbuild and the ability to obtain any value for them will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion on the underwriters, will, if accepted result in otherwise acceptable allocations to clear the entire book.

To the maximum extent permitted by law, AGL, the underwriters and any of their respective related bodies corporate, affiliates, directors, officers, employees or advisers, will not be liable, including for negligence, for any failure to procure any proceeds for entitlements offered under the bookbuild.

Key Risks (cont.)

There is no guarantee that there will be a viable market during, or on any particular day in, the rights trading period, on which to sell retail entitlements on ASX.

You should note that if you sell, or do not take up, all or part of your entitlement, then your percentage shareholding in AGL will be diluted by not participating to the full extent in the entitlement offer and you will not be exposed to future increases or decreases in AGL's share price in respect of the shares which would have been issued to you had you taken up all of your entitlement.

The tax consequences from selling entitlements or from doing nothing may be different. Before selling entitlements or choosing to do nothing in respect of entitlements, you should seek independent tax advice and may wish to refer to the tax disclosure contained in the retail offer booklet which will provide further information on potential taxation implications for Australian shareholders.

Appendices:

Foreign Jurisdictions

Key Assumptions

Pro forma Adjustments

Foreign Jurisdictions

This Presentation does not constitute an offer of entitlements or New Shares of AGL in any jurisdiction in which it would be unlawful. Entitlements and New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This Presentation constitutes an offering of entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the Provinces) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such entitlements and New Shares. This Presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this Presentation, the merits of the entitlements or New Shares or the offering of entitlements or New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

AGL, and the directors and officers of AGL, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon AGL or its directors or officers. All or a substantial portion of the assets of AGL and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against AGL or such persons in Canada or to enforce a judgment obtained in Canadian courts against AGL or such persons outside Canada.

Foreign Jurisdictions (contd.)

Any financial information contained in this Presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Presentation are in Australian dollars.

Statutory rights of action for damages or rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the entitlements or the New Shares purchased pursuant to this Presentation (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against AGL if this Presentation or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against AGL. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this Presentation contains a misrepresentation, a purchaser who purchases the entitlements or the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against AGL, provided that (a) AGL will not be liable if it proves that the purchaser purchased the entitlements or the New Shares with knowledge of the misrepresentation; (b) in an action for damages, AGL is not liable for all or any portion of the damages that AGL proves does not represent the depreciation in value of the entitlements or the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the entitlements or the New Shares were offered.

Foreign Jurisdictions (contd.)

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the entitlements or the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the entitlements or the New Shares as any discussion of taxation related maters in this Presentation is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this Presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the entitlements or the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

European Economic Area - Germany and Netherlands

The information in this Presentation has been prepared on the basis that all offers of entitlements or New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of entitlements or New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

Foreign Jurisdictions (contd.)

a)to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

b)to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

c)to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of AGL or any underwriter for any such offer; or

d)in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of entitlements or New Shares shall result in a requirement for the publication by AGL of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This Presentation is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 *et seq.* of the General Regulation of the French Autorité des marchés financiers ("AMF"). The entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Presentation and any other offering material relating to the entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (*cercle restreint d'investisseurs*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Foreign Jurisdictions (contd.)

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This Presentation has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this Presentation or to permit the distribution of this Presentation or any documents issued in connection with it. Accordingly, the entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this Presentation being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the entitlements or the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to entitlements and New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance).

No person allotted entitlements or New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.
The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

Foreign Jurisdictions (contd.)

Ireland

The information in this Presentation does not constitute a prospectus under any Irish laws or regulations and this Presentation has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Italy

The offering of the entitlements and the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the entitlements or the New Shares may be distributed in Italy and the entitlements and the New Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

•to Italian qualified investors, as defined in Article 100 of Decree no.58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and

•in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the entitlements and the New Shares or distribution of any offer document relating to the entitlements and the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

•made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and

•in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Foreign Jurisdictions (contd.)

Any subsequent distribution of the entitlements or the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such entitlements or New Shares being declared null and void and in the liability of the entity transferring the entitlements or New Shares for any damages suffered by the investors.

Japan

The entitlements and New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of entitlements or New Shares is conditional upon the execution of an agreement to that effect.

New Zealand

This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The entitlements and New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of AGL with registered addresses in New Zealand to whom the offer of entitlements and New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Foreign Jurisdictions (contd.)

Other than in the entitlement offer, entitlements and New Shares may be offered and sold in New Zealand only to:

•persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or

•persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of AGL ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this Presentation.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except:

a)to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);

b)any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (*No. Finanstilsynet*) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;

c)to fewer than 100 natural or legal persons (other than "professional investors"); or

d)in any other circumstances provided that no such offer of entitlements or New Shares shall result in a requirement for the registration, or the publication by AGL or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

Foreign Jurisdictions (contd.)

Singapore

This Presentation and any other materials relating to the entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of entitlements or New Shares, may not be issued, circulated or distributed, nor may the entitlements or New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Presentation has been given to you on the basis that you are (i) an existing holder of AGL's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Presentation immediately. You may not forward or circulate this Presentation to any other person in Singapore.

Any offer is not made to you with a view to the entitlements or New Shares being subsequently offered for sale to any other party.

There are on-sale restrictions in Singapore that may be applicable to investors who acquire entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the entitlements or the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) *om handel med finansiella instrument*). Any offering of entitlements or New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Foreign Jurisdictions (contd.)

Switzerland

The entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Presentation has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Presentation nor any other offering or marketing material relating to the entitlements or the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Presentation nor any other offering or marketing material relating to the entitlements or the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Presentation will not be filed with, and the offer of entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Presentation is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the entitlements nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has AGL received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the entitlements or the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the entitlements or the New Shares, including the receipt of applications and/or the allotment or redemption of the entitlements or the New Shares, may be rendered within the United Arab Emirates by AGL.

No offer or invitation to subscribe for entitlements or New Shares is valid or permitted in the Dubai International Financial Centre.

Foreign Jurisdictions (contd.)

United Kingdom

Neither the information in this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the entitlements or the New Shares. This Presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the entitlements and the New Shares may not be offered or sold in the United Kingdom by means of this Presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to AGL.

In the United Kingdom, this Presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Presentation or any of its contents.

Foreign Jurisdictions (contd.)

United States

Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Entitlements and New Shares are not being offered to persons in the United States, except to persons that are either (A) "qualified institutional buyers" ("QIBs"), as such term is defined in Rule 144A under the U.S. Securities Act, acting for their own account or for the account or benefit of other QIBs or (B) a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) under the U.S. Securities Act) for which they have, and are exercising, investment discretion. Neither the entitlements nor the New Shares may be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Other jurisdictions

The entitlements and the New Shares may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

Restrictions on Eligibility Criteria to Exercise Entitlements

The entitlements may only be exercised by eligible shareholders, persons with addresses in Australia or New Zealand and certain categories of investors in Canada, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, Norway, Singapore, Sweden, Switzerland, United Arab Emirates and the United Kingdom. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase entitlements on ASX, or take up entitlements purchased on ASX. It is the responsibility of purchasers of entitlements to inform themselves of the eligibility criteria for exercise. If holders of entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the entitlements. In the event that holders are not able to take up their entitlements, those entitlements will be sold into the retail shortfall bookbuild and holders may receive no value for them. Further details on restrictions on eligibility criteria to exercise entitlements will be included in the retail offer booklet to be lodged with ASX on or about Wednesday, 30 May 2012.

Key Assumptions

Impact of GEAC Acquisition on Earnings.

Underlying Profit is the Statutory Profit adjusted for significant items and changes in fair value of financial instruments. Underlying Profit has been presented with reference to the Australian Securities and Investments Commission Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance and the Directors have had the consistency of the application of the policy reviewed by the auditors of AGL. Statutory Profit contains a number of items that do not portray the ongoing performance of the business. Underlying Profit excludes the impact of these items to provide a better understanding of business performance.

To reflect the impact of acquisition accounting and one-off items, the EPS impact has been calculated on an adjusted basis (**Underlying EPS**). Underlying EPS is calculated by adding back to reported EPS the non-recurring significant items and fair value movement. The AGL Directors believe that Underlying EPS is a better measure to illustrate the underlying performance of the acquisition, and allows for more relevant comparison of financial performance between financial periods.

Key assumptions used to determine the impact of the GEAC Acquisition on EPS are set out in the bullet points below. This information is intended to assist investors in assessing, where relevant, the reasonableness and likelihood of the assumptions occurring and is not a representation that the assumptions will occur. Potential investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing this information, and that this may have a positive or negative impact on AGL's financial performance. Investors are advised to review the key assumptions in this section in conjunction with section on Key Risks commencing on Slide 39.

- The first full year of ownership of GEAC is the year ending 30 June 2013.
- Spot and contract wholesale electricity prices are materially the same as those implied by recent forward curves.
- Generation volumes and plant availability are consistent with prior years and there are no material unplanned plant outages.
- A price on carbon of $23.00 per tonne commences on 1 July 2012.
- Transition assistance of approximately $240 million is received from the Federal Government before 30 June 2012.
- AGL raises approximately $650 million of Subordinated Notes[1].
- AGL raises approximately $900 million under an Equity Offer.
- The margins paid by GEAC on its borrowing following the acquisition will more closely reflect AGL credit risk.
- Depreciation is based on the property, plant & equipment balance per the Pro forma Acquisition Balance Sheet set out in Slide 36.

1. AGL successfully completed its Subordinated Note issue on 4 April 2012.

Pro forma Adjustments

Description of Pro forma Adjustments

The Pro forma Adjustments in preparation of the Pro forma AGL Combined Balance Sheet, are summarised below:

(a) Pro forma Acquisition Adjustments

The Pro forma Acquisition Adjustments assume the acquisition of the remaining 67.46% of GEAC as at 31 December 2011 for a purchase consideration of $448 million. In accordance with AASB 3 Business Combinations, the fair value of derivative contracts and loan notes held between AGL and GEAC have been extinguished on acquisition.

The adjustments reflect the derecognition of AGL's existing equity accounted investment in GEAC ($146.6 million) and the extinguishment of the loan note receivable from GEAC ($120.5 million) upon acquisition of the remaining equity in GEAC. The reduction in cash of $300 million reflects $100 million of transaction costs expensed upon acquisition and $200 million of cash consideration paid on completion. Borrowings have been increased by $38 million, being the net of a $210 million reduction reflecting the extinguishment of the loan note liability due to the other shareholders settled as part of the purchase consideration and a $248 million increase representing the fair value of the deferred purchase consideration liability.

The adjustment to retained earnings of $256.4 million reflects the remeasurement of AGL's existing 32.54% equity to fair value and the difference between that fair value and AGL's carrying value at the date of acquisition being recorded in the income statement, as well as the recycling of AGL's share of the GEAC hedge reserve of $39.3 million into retained earnings in accordance with the step acquisition accounting requirements of AASB 3.

(b) Pro forma AGL Equity Offer Adjustments

The equity offer is expected to raise gross proceeds of $900 million.

The payment of transaction costs directly related to the Equity Offer of $18.9 million (before tax) has been recorded as an offset against the amount of equity raised.

(c) Pro forma Debt Restructure Adjustments

The Pro forma Debt Restructure Adjustments assume that immediately following acquisition AGL will pay down $1,128.9 million of GEAC's debt plus out of the money swaps of $123 million as at 31 December 2011.