

Mr Michael Fahey
Head of Group Finance
AGL Energy Limited
101 Miller Street
North Sydney
NSW 2060

14 August 2014

Dear Sir,

Report of Factual Findings

We have performed the procedures agreed with you to report factual findings for the purpose of assisting you in assessing, in combination with other information obtained by you, whether political donations made by AGL Energy Limited (“AGL”) in the period from 1 January 2007 to 30 June 2014 inclusive have been disclosed in accordance with the requirements of the *Election Funding, Expenditure and Disclosures Act 1981* (NSW) (“EFED”) and the *Environmental Planning and Assessment Act 1979* (NSW) (“EPAA”) (the “Purpose”).

1. Factual Findings

The procedures were performed solely for the Purpose as specified above. The procedures performed and the factual findings obtained are as follows:

Procedures Performed	Factual Findings
<p>1. Obtain from AGL management a summary of donations made and reported under the EFED and EPAA (for Gloucester Gas Project 3A and Gloucester Gas Project Pipeline Modification) including disclosure omissions.</p> <p>(“Summary of Reportable Donations”)</p>	<p>Obtained from AGL management and included at Appendix A.</p>
<p><i>For the items included in Table 1 of the Summary of Reportable Donations, perform the following procedures:</i></p>	
<p>2. Agree the Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations to the “Disclosure of Political Donations and Electoral Expenditure for a Political Donor” submitted by AGL to the Election Funding Authority for the following periods:</p> <ul style="list-style-type: none"> • 27 April 2004 to 31 December 2008 • 1 January 2009 to 31 December 2009 • 1 January 2010 to 30 June 2010 • 1 July 2010 to 30 June 2011 	<p>Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations agreed without exception.</p> <p>We identified additional amounts totalling \$6,250 where the date of donation is disclosed as prior to 19 December 2008 (the date AGL acquired the Gloucester assets) which have been included in the Disclosure of Political Donations and Electoral Expenditure for a Political Donor submitted by AGL to the Election Funding Authority for the period 27 April 2004 to 31 December 2008.</p> <p>We identified additional amounts totalling \$2,320 where the date of donation is disclosed as subsequent to 22 February 2011 (the date the Gloucester Project Part 3A application was determined) which have been included in the Disclosure of Political Donations and Electoral Expenditure for a Political Donor submitted by AGL to the Election Funding Authority for the period 1 July 2010 to 30 June 2011.</p> <p>We note that AGL did not submit a “Disclosure of Political Donations and Electoral Expenditure for a Political Donor” to the Election Funding Authority for the following periods:</p> <ul style="list-style-type: none"> • 1 July 2011 to 30 June 2012 • 1 July 2012 to 30 June 2013
<p>3. Agree the Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable</p>	<p>Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations agreed</p>

Procedures Performed	Factual Findings
<p>Donations to relevant invoice or other supporting documentation.</p>	<p>with the following exceptions:</p> <p>No supporting documentation was available for the following donations:</p> <ul style="list-style-type: none"> • \$12,500 made on 19 November 2008 to the Australian Labor Party (NSW Branch). Management have noted in the Summary of Reportable Donations that this was reported in error. • \$13,750 made on 6 June 2010 to the Australian Labor Party (NSW Branch). Management have noted in the Summary of Reportable Donations that this was reported in error. • \$750 made on 10 December 2010 to the National Party of Australia (NSW Division). <p>The amounts included in the Summary of Reportable Donations are exclusive of GST for the following donations:</p> <ul style="list-style-type: none"> • \$273 made on 5 September 2007 to the “Australian Labor Party (NSW Branch) Planning Forum” (GST inclusive amount is \$300) • \$273 made on 5 September 2007 to the “Australian Labor Party (NSW Branch) Water & Climate Forum” (GST inclusive amount is \$300) • \$12,000 made on 22 November 2007 to the “Australian Labor Party (NSW Branch) LBD 07-08 Executive Partner” (GST inclusive amount is \$13,200) <p>Supporting documentation took the form of a tax invoice, confirmation from the relevant political party, receipt, or employee expense claim.</p>
<p>4. Agree the Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations to the “Political donations disclosure statement” submitted to the NSW Government Department of Planning on 14 May 2010 in respect of planning application number MP08-0154 (“Political Donations Disclosure Statement Gloucester”).</p>	<p>Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations agreed to the Political Donations Disclosure Statement Gloucester.</p> <p>Amounts were identified totalling \$81,446 which were included in the Summary of Reportable Donations but were not included in the Political Donations Statement Gloucester.</p>

Procedures Performed	Factual Findings
	<p>Of these amounts, \$40,496 relates to donations made prior to 19 December 2008 ((the date AGL acquired the Gloucester assets).</p> <p>We have included the detail of the items totalling \$81,446 in Appendix B.</p>
<p><i>For the items included in Table 2 of the Summary of Reportable Donations, perform the following procedures:</i></p>	
<p>5. Agree the Recipient Name, Date Donation Made and Amount or Value Made for each donation to the relevant invoice or other supporting documentation.</p>	<p>Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations agreed without exception.</p> <p>Supporting documentation took the form of a tax invoice, confirmation from the relevant political party, receipt, or employee expense claim.</p>
<p>6. Agree the Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations to the “Political donations disclosure statement” submitted to the NSW Government Department of Planning on 23 July 2014 in respect of planning application Gloucester Gas Project Pipeline Modification (“Political Donations Disclosure Statement Gloucester Modification”).</p>	<p>Recipient Name, Date Donation Made and Amount or Value Made for each donation in the Summary of Reportable Donations agreed to the Political Donations Disclosure Statement Gloucester Modification without exception.</p>
<p><i>For the items included in Table 3 of the Summary of Reportable Donations, perform the following procedures:</i></p>	
<p>7. For those items noted by AGL management as “Other Reported Donations - outside of Gloucester approval timeframes” in the Summary of Reportable Donations (“Other Donations”), agree the Recipient Name, Date Donation Made and Amount or Value Made for each item to the relevant invoice or other supporting documentation.</p>	<p>Recipient Name, Date Donation Made and Amount or Value Made for each item included in Other Donations in the Summary of Reportable Donations agreed to the relevant invoice or other supporting documentation without exception.</p> <p>Supporting documentation took the form of a tax invoice, confirmation from the relevant political party, receipt, or employee expense claim.</p>
<p>8. For those items noted by AGL management as “Donations made and not reported due to an administrative oversight” in the Summary of Reportable Donations (“Omitted Donations”), agree the Recipient Name, Date Donation Made and Amount or Value Made for each item to the relevant invoice or other supporting documentation.</p>	<p>Recipient Name, Date Donation Made and Amount or Value Made for each item included in Omitted Donations in the Summary of Reportable Donations agreed to the relevant invoice or other supporting documentation with the following exceptions:</p> <p>No supporting documentation was provided for the following donations:</p> <ul style="list-style-type: none"> • \$200 made on 15 July 2010 to the

Procedures Performed	Factual Findings
	<p style="text-align: center;">Australian Labor Party (NSW Branch)</p> <p>Supporting documentation took the form of a tax invoice, confirmation from the relevant political party, receipt, or employee expense claim.</p>

2. Responsibilities

AGL's Responsibility for the Procedures Agreed

You are responsible for the adequacy or otherwise of the procedures agreed to be performed by us. You are responsible for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you wish to draw on the subject matter.

Our Responsibility

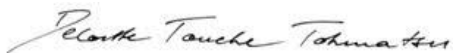
Our responsibility is to report factual findings obtained from conducting the procedures agreed. We conducted the engagement in accordance with Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*. We have complied with ethical requirements equivalent to those applicable to Other Assurance Engagements, including independence.

The agreed-upon procedures do not constitute either a reasonable assurance (audit) or limited assurance (review) engagement in accordance with the Auditing and Assurance Standards Board (AUASB) standards, and as such, we do not express any conclusion and provide no assurance in respect of the disclosure of political donations made by AGL in the period from 1 January 2007 to 30 June 2014 inclusive in accordance with the requirements of the *Election Funding, Expenditure and Disclosures Act 1981* (NSW) and the *Environmental Planning and Assessment 1979* (NSW). Had we performed additional procedures or had we performed a reasonable or limited assurance engagement in accordance with AUASB standards, other matters might have come to our attention that would have been reported to you.

3. Restriction on Distribution and Use of the Report

This report is intended solely for the use of AGL for the purpose set out above. As the intended user of our report, it is for you to assess both the procedures and our factual findings to determine whether they provide, in combination with any other information you have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter.

ASRS 4400 would ordinarily restrict distribution of this report to those parties that have agreed the procedures to be performed with us and have been identified in the terms of the engagement (since others, unaware of the reasons for the procedures, may misinterpret the results). However, we acknowledge that AGL may publish a copy of this report on its website. In this regard, we expressly disclaim and do not accept any responsibility or liability to any party other than AGL for any consequences of reliance on this report for any purpose.



DELOITTE TOUCHE TOHMATSU



G Coultas
Partner
Chartered Accountants
Sydney, 14 August 2014

Appendix A Summary of Reportable Donations

AGL Energy Limited acquired the Gloucester assets from AJ Lucas and Molopo on 19 December 2008

The Part 3A major project application was made on 6 August 2008 and was determined by the independent Planning Assessment Commission on 22 February 2011

The requirement to lodge a political donations statement did not apply to AGL (section 147(13) of the EP&A Act)

In any event, donations made by AGL for the period two years prior to the acquisition of the Gloucester assets until the Part 3A approval were disclosed as follows:

Table 1

Reportable Donations Made	Date Donation Made	Amount or Value Made	Reported under EFED		Reported under EP&A Act for Gloucester
			State	Federal	Date reported
Two years prior to acquisition of Gloucester					
Liberal Party of Australia (NSW Division) Millenium Forum 500 Club Membership	18/05/2007	\$550	\$550		-
Liberal Party of Australia (NSW Division) - Wentworth FEC ¹	21/05/2007	\$5,500		\$5,500	N/A
Australian Labor Party (NSW Branch) Planning Forum ²	5/09/2007	\$273	\$273		-
Australian Labor Party (NSW Branch) Water & Climate Forum ²	5/09/2007	\$273	\$273		-
Liberal Party of Australia New South Wales Division Millenium Forum	19/11/2007	\$11,000	\$11,000		-
Australian Labor Party (NSW Branch) LBD 07-08 Executive Partner ²	22/11/2007	\$12,000	\$12,000		-
Australian Labor Party (NSW Branch) LBD 08-09 Executive Partner	19/11/2008	\$12,500	reported in error ³		14/05/2010
Liberal Party of Australia (NSW Division) Millenium Forum	1/10/2008	\$11,000	reported in error ³		-
Post acquisition of Gloucester					
Australian Labor Party (NSW Branch) - Membership Fee	4/04/2009	\$13,750	\$13,750		14/05/2010
Liberal Party of Australia (NSW Division) - Membership Fee	26/02/2009	\$11,000	\$11,000		14/05/2010
Liberal Party of Australia (NSW Division) - Membership Fee	9/03/2010	\$11,000	\$11,000		14/05/2010
Australian Labor Party (NSW Branch) - Membership Fee	6/06/2010	\$13,750	reported in error ³		-
Australian Labor Party (NSW Branch) - Membership Fee	12/07/2010	\$13,750	\$13,750		-
Liberal Party of Australia (NSW Division) - O'Farrell fundraiser	12/08/2010	\$1,000	\$1,000		-
Liberal Party of Australia (NSW Division) - Policy Forum	17/09/2010	\$5,000	\$5,000		-
Liberal Party of Australia (NSW Division) - O'Farrell / Hazard fundraiser	5/11/2010	\$1,000	\$1,000		-
Liberal Party of Australia (NSW Division) - O'Farrell fundraiser	24/11/2010	\$5,000	\$5,000		-
National Party of Australia (NSW Division) - Gay fundraiser	10/12/2010	\$750	\$750		-
National Party of Australia (NSW Division) - campaign launch	8/02/2011	\$300	\$300		-

The Gloucester Gas Project modification application was lodged on 18 November 2013 and is currently pending approval

Donations made for the two years preceding 18 November 2013 until to-date are as follows:

Table 2

Reportable Donations Made	Date Donation Made	Amount or Value Made	Reported under EFED ⁴		Reported under EP&A Act for Gloucester
			State	Federal	Date reported
Two years prior to lodgement of project modification application					
Liberal Party (NSW Div) Millennium Forum Membership (Federal Account) ⁵	22/06/2012	\$11,000		\$11,000	23/07/2014
Liberal Party (NSW Div) Millennium Forum Membership (Federal Account) ⁵	22/06/2013	\$11,000		\$11,000	23/07/2014
Liberal Party (NSW Div) Federal campaign donation	8/08/2013	\$5,000		\$5,000	23/07/2014
Post lodgement of project modification application					
National Party (NSW Division)	26/02/2014	\$250	\$250		23/07/2014
Liberal Party (NSW Div) State Campaign donation	27/02/2014	\$3,000	\$3,000		23/07/2014
Liberal Party (NSW Div) Barry O'Farrell Event	4/03/2014	\$2,500	\$2,500		23/07/2014
National Party (NSW Div) Andrew Stoner Event	27/03/2014	\$5,250	\$5,250		23/07/2014
Liberal Party (NSW Div) Millennium Forum Membership (Federal Account) ⁵	23/06/2014	\$11,000		\$11,000	23/07/2014

Table 3

Other Reported Donations - outside of Gloucester approval timeframes					
Liberal Party (NSW Div) Millennium Forum Membership (Federal Account) ⁵	28/02/2011	\$11,000		\$11,000	N/A
Liberal Party (NSW Div) - Abbott dinner	18/03/2011	\$2,200		\$2,000	N/A
Liberal Party (NSW Div) - Baird breakfast	29/06/2011	\$120	\$120		N/A

Donations made and not reported due to administrative oversight					
Australian Labor Party (NSW Branch)	27/02/2009	\$50	not reported		not reported
Australian Labor Party (NSW Branch)	15/07/2010	\$200	not reported		not reported

¹ Payment reported as \$5,500, actual payment was \$1,500

² These payments were reported exclusive of GST. All other payments are reported inclusive of GST

³ 2 donations to the Labor Party and 1 to the Liberal Party were inadvertently reported twice in error.

⁴ Donations made in this period will be reported in AGL's annual Disclosure of Political Donations and Electoral Expenditure for a political donor which is due to be lodged not later than October 23, 2014

⁵ Federal donations are not required to be disclosed under NSW legislation (EP&A Act and EFED Act). Included here for clarity only.

Appendix B: Political Donations Statement Omissions

In accordance with procedure 4 above, we have included below the detail of items included in the Summary of Reportable Donations and not included in the Political Donations Statement Gloucester.

Recipient Name	Date Donation Made	Amount or Value Made
Liberal Party of Australia (NSW Division) Millennium Forum 500 Club Membership	18/05/2007	\$550
Liberal Party of Australia (NSW Division) - Wentworth FEC	21/05/2007	\$5,500
Australian Labor Party (NSW Branch) Planning Forum	5/09/2007	\$273
Australian Labor Party (NSW Branch) Water & Climate Forum	5/09/2007	\$273
Liberal Party of Australia New South Wales Division	19/11/2007	\$11,000
Australian Labor Party (NSW Branch) LBD 07-08 Executive Partner	22/11/2007	\$12,000
Liberal Party of Australia (NSW Division) Millennium Forum	1/10/2008	\$11,000
Total donations prior to 19 December 2008 (the date AGL acquired the Gloucester assets)		\$40,596
Australian Labor Party (NSW Branch) – Membership Fee	6/06/2010	\$13,750
Australian Labor Party (NSW Branch) - Membership Fee	12/07/2010	\$13,750
Liberal Party of Australia (NSW) Division – O’Farrell fundraiser	12/08/2010	\$1,000
Liberal Party of Australia (NSW) Division – Policy Forum	17/09/2010	\$5,000
Liberal Party of Australia (NSW) Division – O’Farrell/Hazard fundraiser	5/11/2010	\$1,000
Liberal Party of Australia (NSW) Division – O’Farrell fundraiser	24/11/2010	\$5,000
National Party of Australia (NSW Division) - Gay fundraiser	10/12/2010	\$750
National Party of Australia (NSW Division) – campaign launch	8/02/2011	\$300
Total donations subsequent to 19 December 2008 and prior to 22 February 2011		\$40,550
Total donations not included in the Political Donations Statement Gloucester		\$81,446