IN THE AUSTRALIAN COMPETITION TRIBUNAL
AGL ENERGY LIMITED

of 2014

RE: PROPOSED ACQUISITION OF MACQUARIE GENERATION (A CORPORATION ESTABLISHED UNDER THE ENERGY SERVICES CORPORATIONS ACT 1995 (NSW))

ANNEXURE CERTIFICATE

This is the annexure marked "MB7" annexed to the statement of MARK TROY BROWNFIELD dated 21 March 2014

Annexure MB7

<table>
<thead>
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<th>Filed on behalf of (name &amp; role of party)</th>
<th>AGL Energy Limited</th>
</tr>
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<tbody>
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FY13 Highlights
Strong cash performance and profit growth.

- Statutory Profit of $388.7 million up 238.3%
- Underlying Profit of $598.3 million up 24.1%
- Underlying EPS of 108.8 cents per share up 8.8%
- Dividend per share up 3.3% to 63.0 cents per share fully franked
- Underlying Operating Cash Flow before interest and tax of $1.2 billion up 64.1%
- Provision for impairment of NSW gas projects of $343.7 million (pre-tax)
- Standard & Poors reaffirmed BBB credit rating
- Total injury frequency rate down by 31%
- Record level of employee engagement up 10%
- Successfully integrated Loy Yang A and completed Macarthur wind farm (420 MW)
- Improvement across all customer satisfaction measures
Acquisition of Australian Power & Gas (APG)
Delivers 10% growth in AGL’s customer base.

- Acquisition targeted to complete October 2013
- Acquisition increases AGL customer base to 3.85 million
  - APG’s largest customer base is in Victoria
  - NSW electricity customer base set to exceed 800,000
- AGL plans to:
  - Improve quality of service and product offering
  - Cease APG’s door knocking activities
  - Fully integrate within 12 months
  - Substantially lower cost to serve ($132/customer)
  - Deliver superior debtor management

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<thead>
<tr>
<th></th>
<th>Electricity</th>
<th>Gas</th>
<th>Total</th>
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<tbody>
<tr>
<td>Victoria</td>
<td>121</td>
<td>107</td>
<td>228</td>
</tr>
<tr>
<td>New South Wales</td>
<td>74</td>
<td>25</td>
<td>99</td>
</tr>
<tr>
<td>Queensland</td>
<td>22</td>
<td>4</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>217</strong></td>
<td><strong>136</strong></td>
<td><strong>353</strong></td>
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NSW electricity customer numbers

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
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<tr>
<td></td>
<td>400</td>
<td>500</td>
<td>700</td>
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> 2013 Annual General Meeting
> October 2013
> AGL External
Record level of retail competition begins to slow
Customer churn and discounts fall in first quarter of FY14.

- Record levels of competition in FY13 resulted in:
  - Retention activity increasing by 65%
  - Acquisition and retention costs increasing by $20 million
  - Downward pressure on margins which will flow through into FY14 results

- First quarter of FY14 has seen competition slow compared to first quarter of FY13:
  - Retention activity down 30%
  - Requested churn out down by 14%
  - Discounts reduce in all States

- All major retailers and a number of second tier retailers have now withdrawn from door knocking

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Regulatory pricing
Policy settings begin to improve

> SA government implemented price deregulation effective 1 February 2013
> Queensland announces deregulation effective 1 July 2015
> AEMC\(^1\) report to NSW government reaffirms that competition is effective
  » Recommendation for NSW Government to deregulate electricity and gas prices
  » Price monitoring and maintenance of consumer protections expected post deregulation
> Price deregulation will foster competition, investment and improved service for customers
> Deregulation removes a major risk from AGL's business
  » Adverse regulatory outcomes reduced FY13 EBIT by \(\sim$68\) million

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1. Australian Energy Market Commission
Wholesale gas portfolio
AGL’s gas portfolio provides substantial upside.

- AGL is extremely well placed with a long gas position in QLD
  - QLD sourced supply contracts in place to 2027
  - Existing supply contracts allow for additional QLD sales of up to 40 PJ p.a. from 2015
  - Good progress being made in large sales contract negotiations
- Majority of AGL’s existing gas supply contracts are now fixed
  - Approximately 85% of supply contracted at fixed prices with CPI escalation
  - Contracts subject to further market review confined to southern markets
- Rising gas prices in all east coast markets
  - Queensland market for FY15 forward now trading at $9-10 per GJ

1. Wholesale and C&I commitments do not include requirements for generation at Torrens Island Power Station and Somerton which will vary dependent upon wholesale gas and electricity prices.
Gloucester Gas Project
Targeting lowest cost gas supply into Sydney-Newcastle market.

- FEED underway:
  - WorleyParsons engaged
  - Geotechnical and survey work for the pipeline
- Cooperation Agreement entered into with Gloucester Council to undertake basin wide water study
- Conducting irrigation trial with produced water
- Work program underway to comply with conditions required to commence construction
  - State development approval 92 conditions
  - Federal EPBC approval 36 conditions
- Applications made for petroleum production licence and pipeline licence in December 2012
- Final investment decision target Q3 2014:
  - First gas target Q4 2016
  - Production target 20-30 PJ per annum

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Project Updates

Solar projects
- Total project cost of ~$440 million, with funding support provided by ARENA ($166.7 million) and the NSW Government ($64.9 million)
- Two sites: Nyngan, NSW (102 MW) and Broken Hill, NSW (53 MW), capacity factor of ~26-27%
- Construction to start at Nyngan in Jan 2014, with completion expected in mid 2015. Construction at Broken Hill to commence in Jun 2014, with commissioning in late 2015

Diamantina Power Station – Mount Isa (JV with APA)
- 242 MW CCGT and 60 MW OCGT (dual fuel) power stations
- CCGT operations targeted H1 2014
- 10.5 year gas supply contract commenced May 2013 for 138 PJ

Newcastle Gas Storage Facility
- 1.5 PJ storage capacity, 120 TJ/day re-injection rate
- Total project cost of ~$310 million
- Main LNG tank construction has commenced
- Completion targeted mid 2015

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Outlook
Solid operating performance to continue against backdrop of soft demand.

> 2014 Underlying Profit (after tax) expected to be between $560m - $610m\textsuperscript{1,2}
  > After adjusting for a change in accounting standards that came into effect on 1 July 2013, this guidance compares with an Underlying Profit of $585.4 million in FY13\textsuperscript{3}

> Key factors affecting FY14 Underlying Profit are:
  > Change in accounting standard (AASB119) for defined benefit superannuation funds reduces FY14 by \textasciitilde$10 million (FY13 comparative impact $12.9 million)
  > Record warm July to September lowers energy demand and reduces FY14 Underlying Profit after tax by $25-30 million
  > Aggressive competition and discounting in FY13, while abating, flows through into FY14 earnings
  > Continued strong underlying operating cash flow performance expected in FY14
  > AEMC recommends NSW deregulates electricity and gas prices
  > Good progress on large Queensland gas sales contracts
  > Major capital projects and APG integration on track

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1. Subject to normal market conditions
2. Includes APG from October 2013
3. Restated for AASB119