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AGL

Australia's leading energy company

Paul Anthony, Managing Director & CEO

Nth America & UK Investor Conferences
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- Actual results may materially vary positively or negatively from any forecasts (where applicable) in this presentation. Before making or varying any investment in securities in AGL Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice

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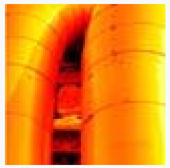
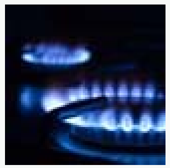
AGL Energy

Growing from a position of strength

- Australia's largest retailer of gas & electricity;
  - ~4.0m customer accounts across NSW, Victoria, South Australia, Queensland & Western Australia (includes 100% of JV's)
  - ~1.1m dual-fuel customer accounts (includes 100% of JV's)
  - 170 years of operational experience in the Australian energy market
- Diversified upstream generation & gas portfolio delivering natural hedge to retail customer base;
  - ~3,600MW of equity generation
  - ~4,200PJ of equity & contract gas with considerable depth & flexibility
- Comprehensive suite of *identified*, clean technology growth opportunities
  - ~1,300MW of renewable & clean burn gas generation projects under review
- S&P/ASX 50 company with market capitalisation of ~AUS$7 billion & BBB investment grade credit rating (Standard & Poor's)
- A leader in energy market consolidation & integration





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A focused energy company

Operational Snapshot

Retail Customer Accounts
2.0 M gas
2.0 M electricity
1.1 M dual-fuel
(includes 100% of JVs)

Generation
~3,600 MW equity capacity
~5,300 MW (includes 100% JVs & development projects)

Gas Reserves[2]
~3,320 PJs contracted gas
~890 PJs equity gas

New Generation Developments
~1,300 MW identified renewables & clean burn gas

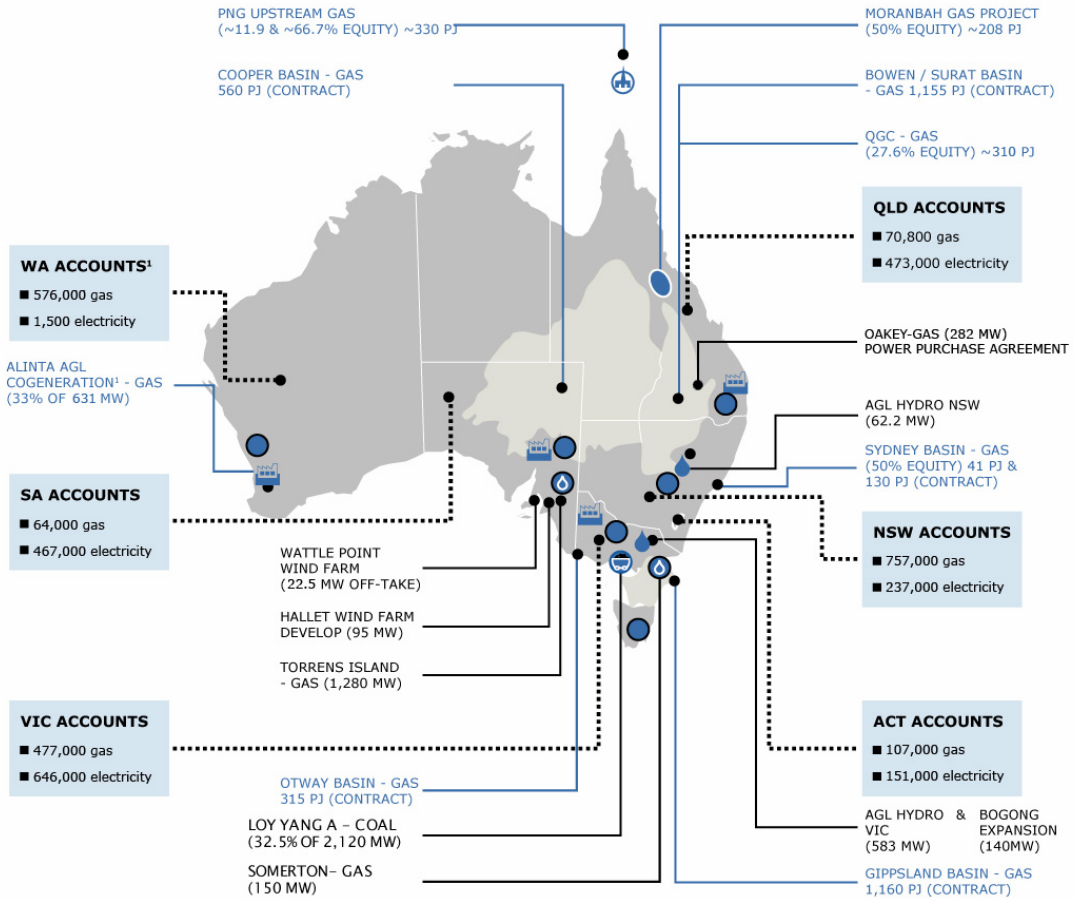
Energy Sales
Electricity ~41 TWh p.a.
Gas ~235 PJ p.a.

Other

ELGAS:	50% investment, 500,000 customers across Australia
Gas Valpo, Chile:	Gas distribution ~600 km network length ~41,000 customers ~10 PJ load
CSM Energy:	35% investment in coal mine methane extraction

Map Key

- Hydro generation
- Gas generation
- Brown coal generation
- Other Cogeneration (15 MW)
- Landfill and biogas generation (40 MW)
- PNG Upstream gas



[1] AGL Energy has a 33% interest in AlintaAGL
[2] 1 PJ (Petajoule) = ~1 BCF (billion cubic feet)

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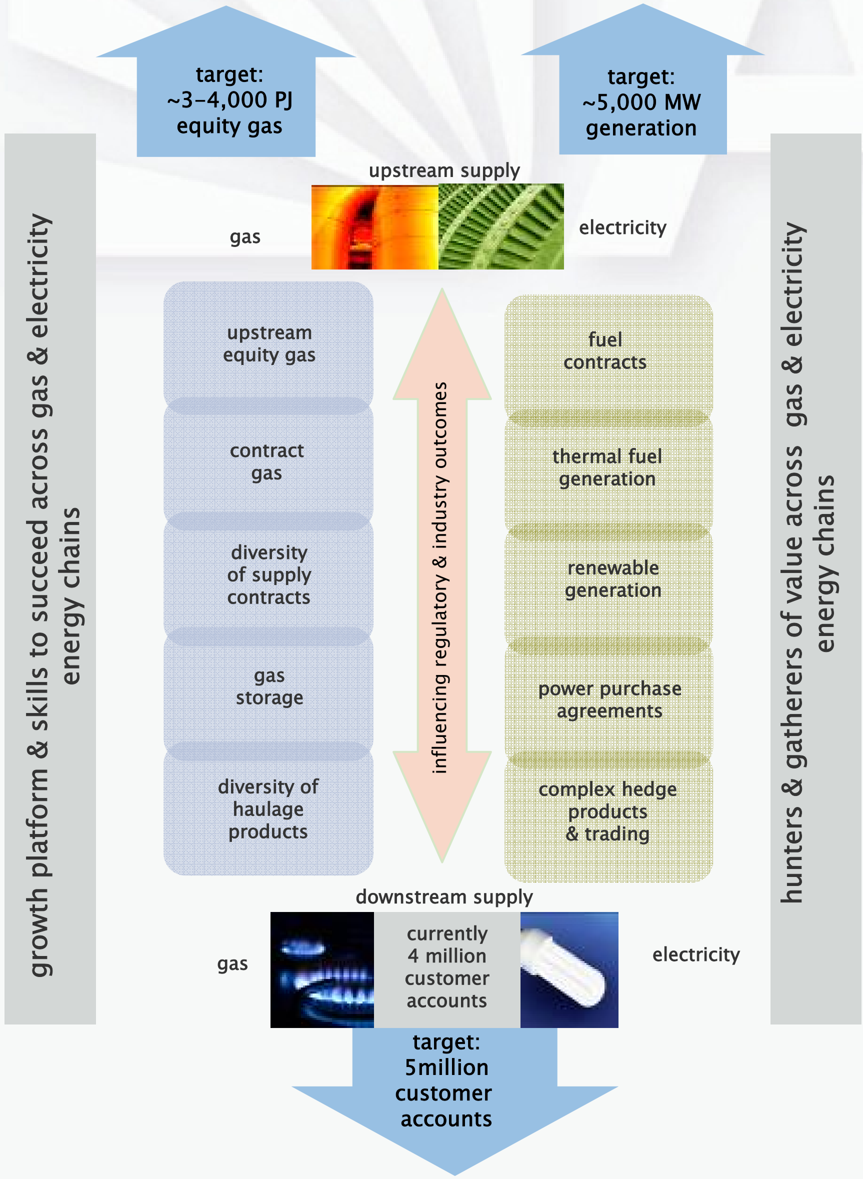
The integrated strategy

The 'four corners' big goal approach



- Driving consolidation in a fragmented market
- Exploiting first mover advantage – "win end game" to deliver ongoing, sustainable returns
- Deeper participation in profit pools of appreciating commodities (gas & electricity)
- Full integration across dual electricity & gas supply chains to mitigate against commodity price traps, enhance robustness of earnings, add optionality & extract value from supply chain links
- Structuring portfolio to benefit under a carbon constrained environment

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Delivering the integrated strategy

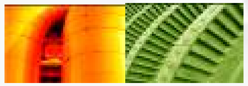
Strengthening the energy supply chain links in 2007

target: ~3-4,000 PJ equity gas

target: ~5,000 MW generation

upstream supply

gas



electricity

- Purchase 35% of CSM Energy (coal mine methane)
- Purchase 27.6% (310PJ) in QGC (csm)
- Developing PNG LNG proposal with JV partners
- Purchase 50% (208PJ) in Moranbah project (csm)
- Acquired additional Sydney Basin permit acreage

upstream equity gas

- Acquired 20 year, 740PJ GSA with QGC and;
- Acquired 10 year, 300PJ GSA with TIPS taking total contract gas portfolio to 3320PJs

contract gas

- QGC & TIPS GSA's deliver additional diversity of gas supply contracts across all major on shore basins & suppliers

diversity of supply contracts

- Secured WUGS gas storage agreement per TIPS

gas storage

- Facilitate build of QNS 'missing link' gas pipeline through EPIC GTA. Combined with existing GTA's provides additional diversity, security of supply and opportunity to commercialise QGC reserves

diversity of haulage products

influencing regulatory & industry outcomes

- Hallett 95MW Wind farm development
- Wattle Point (22.5MW) Wind farm off take agreement
- TIPS (300PJ) GSA (& WUGS storage)
- QGC (740PJ) GSA

fuel contracts

- Purchased 1,280MW Torrens Island Power Station (TIPS)
- Further 900MW clean burn gas generation in development stage

thermal fuel generation

- Building Hallett 95MW Wind farm
- Building 140MW Bogong Hydro Power Station
- Secured 71MW Hallett Hill Wind farm development rights
- Further 400MW of renewable generation in development stage

renewable generation

- Oakey 282MW power station – output & despatch rights strengthening Qld portfolio peak load risk management abilities

power purchase agreements

- Joined Chicago Climate Exchange providing liquid market to trade credits as well as gain broader carbon trading skills ahead of domestic market commencement

complex hedge products & trading

downstream supply

gas

electricity

- Purchased Sun Gas retail adding ~71,000 customer accounts in fast growth Qld market
- ~30,000 increase in dual-fuel customers in FY07

- Purchased Powerdirect retail adding ~ 473,000 customer accounts including leading SME business across Qld, NSW, Vic & SA
- AlintaAGL JV adds ~ 576,000 customer accounts

target: 5million customer accounts

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2007 performance highlights

Financial

- $319.8m pro forma underlying (scheme booklet) NPAT
- $325.6m pro forma underlying (post acquisitions) NPAT
- Total FY07 dividend of 35.5 cps fully franked

Operational

- Business transformation & re-engineering nearing completion
  - ~40% / 880 FTE head count reduction
  - commensurate increase in key performance indicators (kpi's)
- Retail customer management & billing system on track & under budget
  - design & build complete, testing underway, scheduled live Q4 07

Strategic

- ~40% net increase in customer numbers to 4.0m
- ~110% / 1900MW net increase in equity generation to ~3600MW of which ~1000MW is renewable generation
- ~50% / 1400PJ net increase in equity & contract gas to ~4200PJ
- Additional ~400MW of renewable generation under review
- Additional ~900MW of clean burn gas generation under review

Execution of 'four corners' integrated strategy delivers:

- Business diversity & strength in extreme market conditions as evidenced by delivering FY07 scheme booklet forecast result; and
- Reaffirmation of 15% EPS target for FY08;
- Electricity hedge book value +$3.9 billion at balance date demonstrating depth & diversity of portfolio

✓ delivered scheme booklet guidance

✓ 39% increase in EBITDA to $715.9m

✓ 30% increase in EBIT to $550.1m

✓ acquisitions performing ahead of expectations

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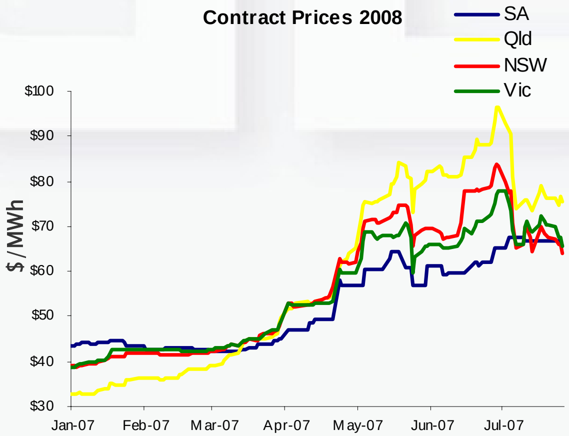
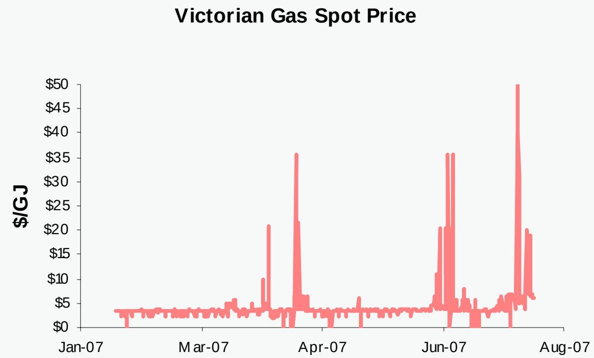
2007 performance highlights

Financial

12 months to	pro forma[1] underlying (scheme booklet) 30 June 2007	pro forma[1] underlying (post acquisitions) 30 June 2007
Revenue	4,172.6m	4,773.9m
EBITDA	715.9m	747.2m
EBIT	550.1m	574.7m
Profit after income tax	319.8m	325.6m
Less: Significant Items	(85.9m)	(88.7m)
NPAT (pro forma)	233.9m	236.9m
Underlying basic EPS pre significant items	79.5c[3]	77.3c[4]
Final dividend per share[2]	26.0c	
Franking %	100%	





1. AGL Energy Limited (AGL) statutory result (as per ASX Appendix 4E) for the year ended 30 June only reflects subsidiary companies in AGL during that year. Not all of these subsidiaries were in AGL for the full year (refer Note 14 of ASX Appendix 4E) as they were transitioning in at varying dates in preparation for demerger. Accordingly pro forma numbers for the year ended 30 June 2007 have been detailed in this presentation
2. The Directors have declared a final dividend of 26.0 cents per share for the year, fully franked. This dividend relates to earnings of AGL Energy Limited for the period 26 October 2006 until 30 June 2007. An interim dividend of 9.5 cents per share, fully franked, was paid by AGL Energy on 22 March 2007. A dividend of 25.5 cents per share, fully franked, was paid by The Australian Gas Light Company on 23 October 2006 in respect to earnings of The Australian Gas Light Company for the period 1 July 2006 to 25 October 2006
3. Based on weighted average shares of 402.3 million
4. Based on weighted average shares of 421.5 million

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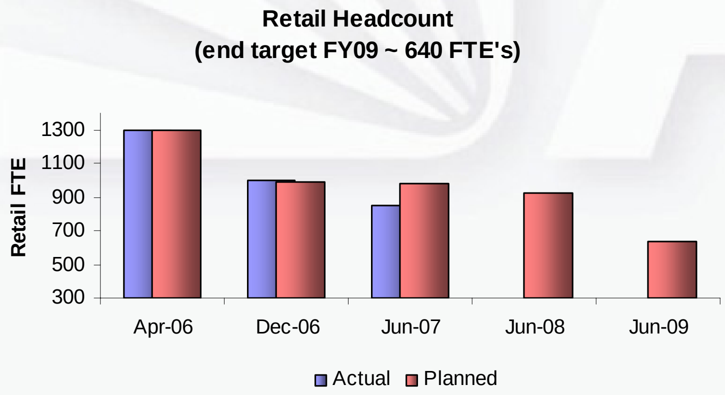
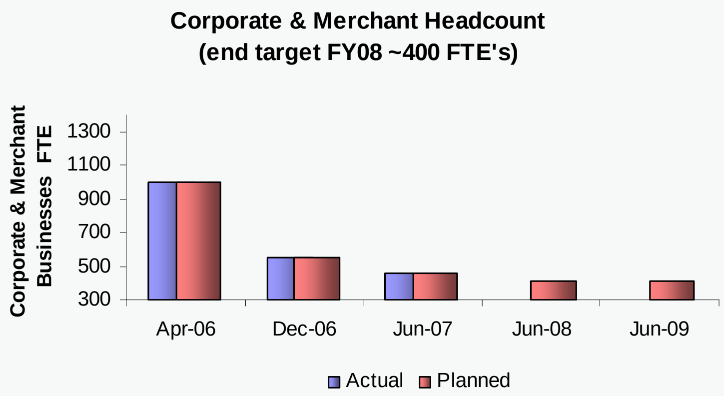
Delivering total business efficiency





headcount reduction 90% complete

improved business performance

Business re-engineering exercise nearing completion & delivering planned improvements in operational efficiency and effectiveness across entire business:

- Generation portfolio start reliability & availability continue to perform well
- Billing backlogs. Bills issued more than 4 days behind schedule have reduced from 56,500 at June 2006 to 17,200 at June 2007, representing a reduction of 70% year on year
- Consolidation. The consolidation of all back office functions into Melbourne has been completed with no detrimental impact on processes or service. This included the functions of Income Operations, Electricity Transfers, C&I Billing, Mass Market Billing and Data Operations and ~250 roles
- Customers with accounts in credit. Major improvements in reconciling and closing accounts with credit balances with 134,000 accounts now reduced to 13,000

Business transformation program & head count reduction nearing completion delivering improved efficiency & effectiveness across the business

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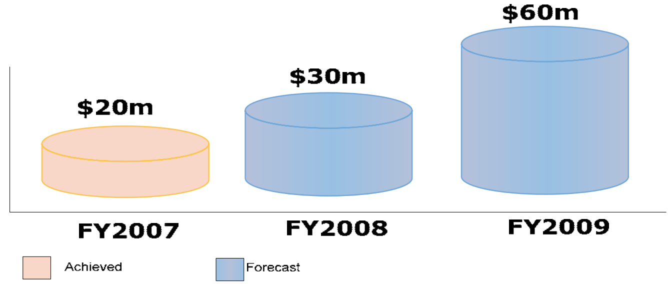
Delivering total business efficiency

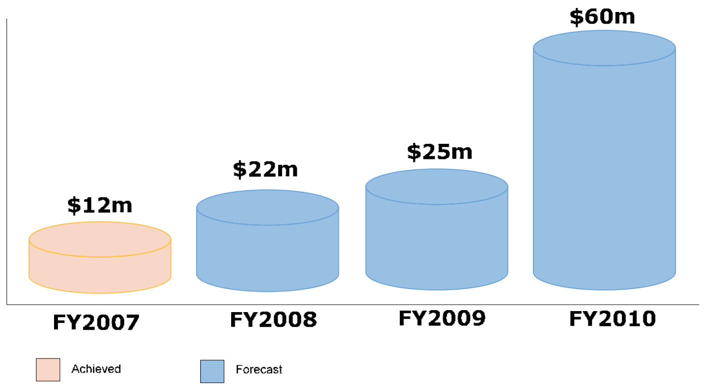
Project Phoenix & Corporate Cost outs

Cumulative Annualised Phoenix Cost Savings

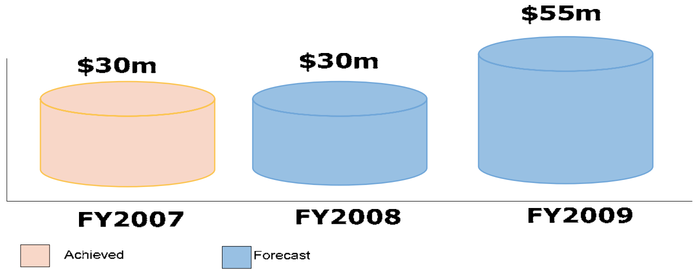


- Project Phoenix delivering against planned cost savings target – year to date annualised saving of ~$20m

Actual timing of $60 million savings

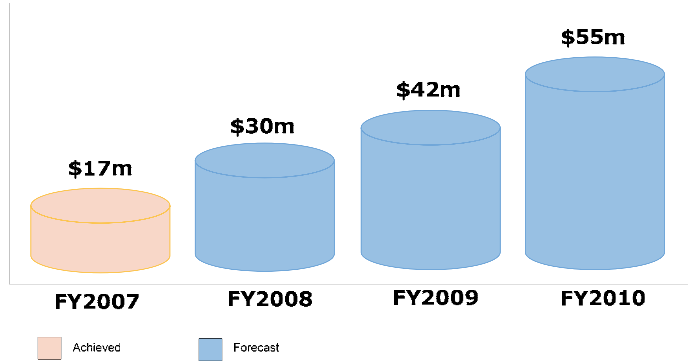


Cumulative Annualised Corporate Cost Savings



- Corporate cost savings delivering against plan – year to date annualised saving of ~$30m

Actual timing of $55 million savings



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Strengthening retail capabilities

Consumer understanding	Refocus customer research with group strategic priorities & ensure research is linked into business decisions
Marketing mix & spend	Realign marketing activities with group strategic priorities & direction
Health of brand	Prepare retail business for co-ordinated & supportive operation alongside AGL re-branding, deploy systems to track brand effectiveness & enhance web portal
Customer retention	Deploy procedures to effectively maintain customers in a competitive market, increase contracting rates & customer 'stickiness'
Acquisition	Increase cross sell rates across all product types & customer segments & improve field force capabilities / effectiveness
Call centre operations	Reduce repeat calls, reduce cost per call & enhance operational capabilities
Revenue assurance	Reduce revenue leakage & improve bad debt recovery

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Enhancing retail system efficiencies

On track & on budget

- Delivering a world class single, scaleable customer management & billing system with unassailable market leading cost to serve

Completed

- Detailed design and build:
  - design, configuration & build of retail business processes, voice architecture, interfaces, reports & industry regulated enhancements
  - rationalisation of retail products & rates: ~1,100 to 78 strategic products & ~1,000 to 33 rate categories

Current

- Appointment of Applications Management Outsourcing (AMO) provider
  - appointed global firm of TATA Consultancy Services (TCA), delivering global intellect and experience
  - delivers ability to significantly reduce costs in running existing (non phoenix) AGL IT systems
- System testing & deployment preparation:
  - integration testing, industry market participant connectivity, data cleansing
  - workforce transition, organisational & process readiness, cut over readiness (5 trial conversions then 3 complete dress-rehearsals)

Next

- Two stage deployment:
  - release 1: Q4 2007 (mass market customers), release 2: Q2 2008 (mass market customers)
  - further releases (covering I&C customers and balance of mass market)

Removing seven disparate customer management & billing systems and building a single, strategic system

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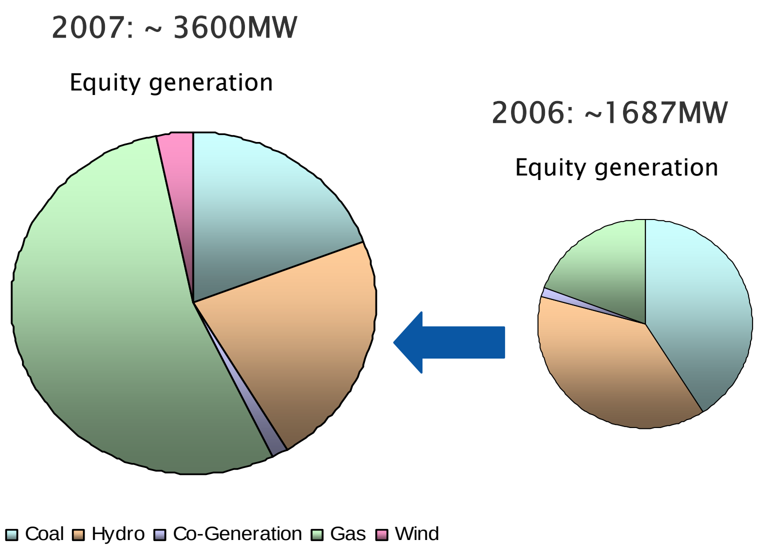
Building upstream generation

Material increases add robustness

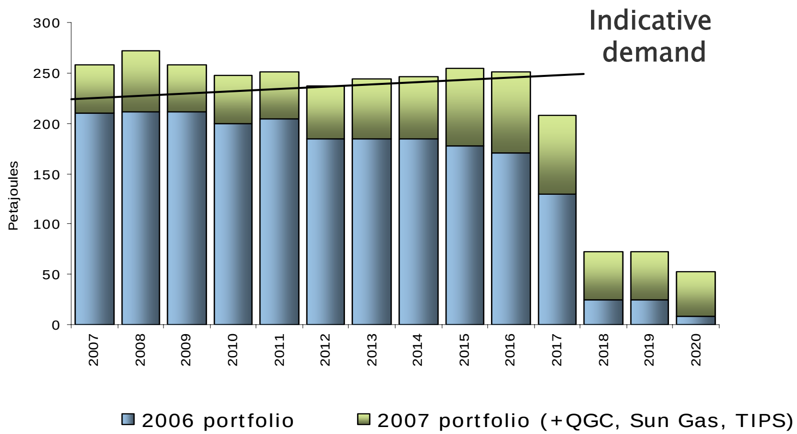


- Bogong Power Station
  - 140MW hydro plant under construction
- Sun Gas generation plants
  - additional 4 renewable & low carbon generation plants acquired with total capacity of 43MW
- Hallet Wind farm
  - creative $258m funding deal for 95MW wind farm retaining all output, green credits and O&M contract until 2033
- Torrens Island Power Station (TIPS)
  - 1,280MW intermediate and peak plant acquired for $417m
  - WUGS gas storage agreement
  - 300PJ, 10 year GSA
- Joined Chicago Climate Exchange (CCX)
  - access to liquid market for trading credits
  - delivers additional revenue
  - broadens trading knowledge base ahead of local carbon emissions trading market introduction
- Oakey 282MW output/dispatch rights
  - secured 7 year agreement strengthening Qld peak load risk management

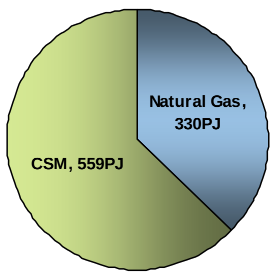
Deepening upstream gas

Material increases add robustness

Contract Gas 3320PJ



Equity Gas 889PJ



- Moranbah (Arrow)
  - 50% project stake for $93m
  - second largest single producing CSM project in Australia
  - no exploration risk with ‘back-in’ rights
- QGC
  - initial 27.6% equity stake for $327m
  - 740PJ, 20 year gsa & $22.5m gas market development fee
  - pricing below current average portfolio price
- Sydney Basin
  - grant of additional 21 year production lease
- CSM Energy
  - initial 35% equity stake for $3m
  - leverage to burgeoning coal mine methane (cmm) industry
  - right to 35% stake in all cmm projects pursued
- PNG LNG project study
  - exploring proposal with JV partners to deliver earlier commercialisation of gas reserves

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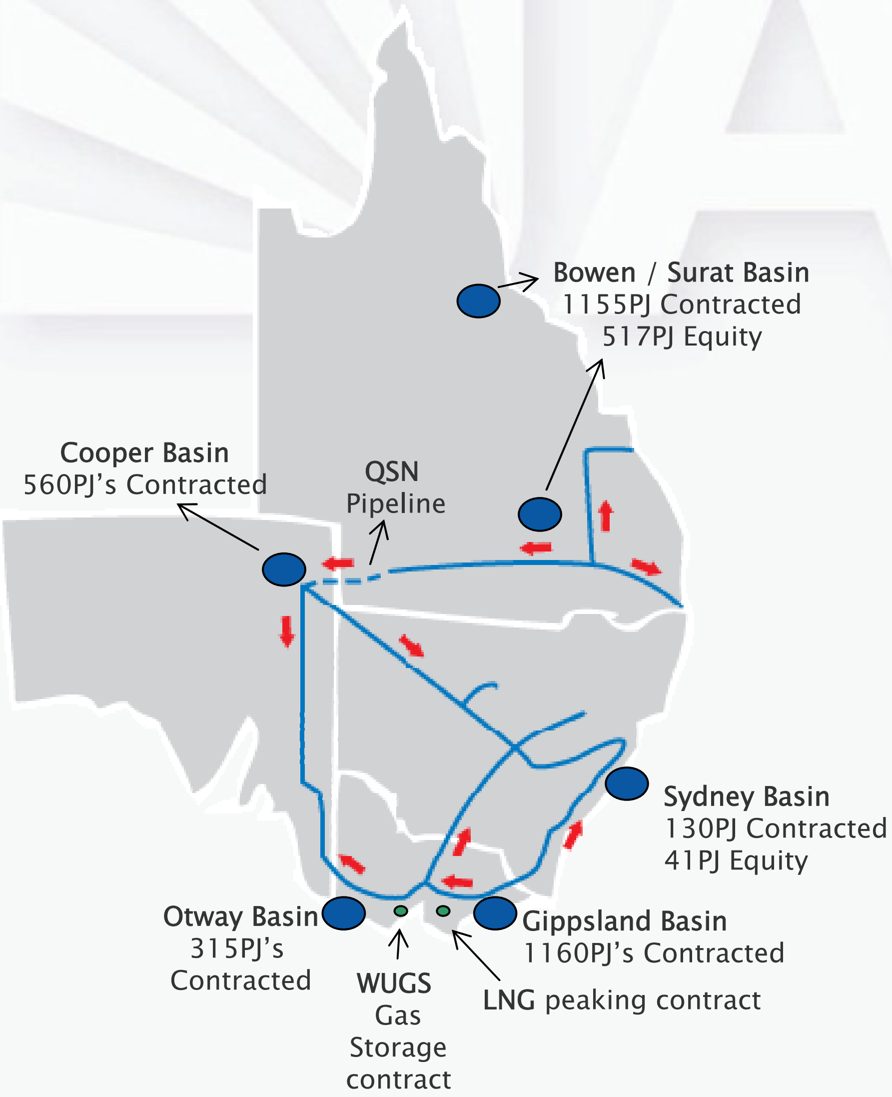
Delivering gas to market

Market leading depth & diversity



- Considerable flexibility within equity & contract gas portfolio
  - ACQ 'up & down', MDQ, ToP & flexible delivery points
- Rolling buy long / sell short portfolio strategy
- Pricing mechanism & flexibility ensures ongoing competitiveness
- QSN pipeline & associated GTA deliver missing link
  - market leading diversity & security of supply
  - opportunity to commercialise QGC reserves
- Peak management demand tools
  - multiple contracts, storage (WUGS), LNG (Gasnet/APT), TIPS to oil, line pack, 'park & loan', demand side management

The largest portfolio of contract gas in Australia ~3,300 PJ and a growing East Coast Australia equity gas portfolio of ~560 PJ (~890PJ including PNG)

Growth projects

A market leading portfolio of identified projects

Generation	95MW Hallett (SA) wind:	Ahead of schedule & on budget, due for completion 1H08
	140MW Bogong (Vic) hydro:	Ahead of schedule & on budget, due for completion 2H09
	600MW Kogan (Qld) gas:	Secured site, currently progressing permitting Targeting commissioning Q2 2010
	330MW Macarthur (Vic) wind:	Project feasibility currently under review vs other development options
	300MW Leafs Gully (NSW) gas:	Option over site secured & currently progressing permitting
	71MW Hallett Hill (SA) wind:	Development options acquired, final investment decision due 2008
Upstream Gas	Camden JV gas (AGL 50%):	Sales at 5.5 PJ pa (gross); Plant capacity up to ~13PJ pa (gross); active drilling program underway
	Moranbah equity gas (AGL 50%):	Targeting additional ~150PJ certified 2P reserves (net) in FY08
	QGC equity gas (AGL 27.6%):	Recently upgraded 2P reserves by 20%; targeting additional 2,000PJ certified 2P reserves (QGC 100% basis) over next 24 months
	PNG equity gas (AGL 3.3%):	Entered into cost sharing agreement to investigate ExxonMobil-led LNG project initiative; decision to enter FEED by early next year

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In summary

The 'four-corners', integrated robust business model

Financial	Delivered FY07 result under extreme market conditions & volatile weather occurrences Delivered FY07 result against backdrop of strategic acquisitions/investments which by their inherent nature (gas for use in later years) placed additional short term pressure on earnings target Delivered FY07 result in line with Scheme Booklet forecast for underlying business
Operational	Business re-engineering & associated cost reductions delivering improved business performance as measured across a range of KPI's, ultimately to deliver $55m pa of sustainable cost savings Project Phoenix progressing to schedule and budget, ultimately to deliver $60m pa of sustainable costs savings and market leading cost to serve
Strategic	Four-corners strategy delivering superior market integration; – ~40% (net) increase in customer numbers to 4.0m – ~50% (net) increase in equity gas to ~ 900PJ taking total equity & contract gas portfolio to ~4200PJ – ~110% (net) increase in equity generation to ~3600MW (across base, intermediate & peaking) and robust hedge book (+$3.9billion marked to market @ 30 Jun) Market leading balance & flexibility across upstream and downstream gas & electricity energy chains

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Outlook & way forward

Financial outlook

- FY08 forecast underlying profit on business as usual basis (including results from investment in QGC and acquisition of Sun Gas, Powerdirect & TIPS) of $380 – $400 million
- Equates to EPS range of 88–92 cents, delivering on stated 15% target
- AGL currently anticipates FY08 underlying profit at upper end of range
- Dividend payout ratio of approximately 60% (on underlying EPS basis)

Strategic way forward

- Continued, disciplined roll out of the 'four corners' strategy:
  - targeting ~3,000–4,000PJ of equity gas
  - targeting ~5,000MW of equity generation
  - targeting ~5 million customer accounts
  - AlintaAGL: buyer at the right price/right structure, seller at the right price

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Further information / contacts

A range of information on AGL Energy Limited including asx & media releases, presentations, the inaugural 2007 financial year results as well as historical 'The Australian Gas Light Company' scheme booklets, annual reports, sustainability reports, presentations and financial results are all available from our website: www.agl.com.au or www.aglinvestor.com alternatively, contact:

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Supplementary information




Profit & loss[1,2] (excluding significant items & fair value adjustments)

12 months to $m	Pro forma (scheme booklet) 30 June 2007	Pro forma (post acquisitions) 30 June 2007
Revenue	4,172.6	4,773.9
Expenses	(3,456.7)	(4,026.7)
EBITDA	715.9	747.2
EBIT		
Retail	203.5	192.5
Merchant	375.1	410.7
Energy Investments (GasValpo, ActewAGL, AlintaAGL & Elgas)	64.0	64.0
Corporate	(92.5)	(92.5)
Total EBIT	550.1	574.7
Less Finance costs[3]	(82.4)	(98.7)
Profit before tax	467.7	476.0
Less: Income tax expense[4]	(147.9)	(150.4)
Net profit after tax	319.8	325.6

1. AGL Energy Limited (AGL) statutory result (as per ASX Appendix 4E) for the year ended 30 June only reflects subsidiary companies in AGL during that year. Not all of these subsidiaries were in AGL for the full year (refer Note 14 of ASX Appendix 4E) as they were transitioning in at varying dates in preparation for demerger. Accordingly pro forma numbers for the year ended 30 June 2007 have been detailed in this presentation
2. AGL has elected to report financial results externally as it reports and manages its business internally. Accordingly the numbers reported in this presentation are on the same basis as reported in the original scheme booklet (dated 29 August 2006) with regard transfer pricing for wholesale energy costs between the merchant energy and retail energy business units. Under these transfer pricing arrangements the benefit flowing from AGL's gas and electricity trading activities are retained in the merchant energy business unit. The transfer pricing methodology previously adopted by The Australian Gas Light Company (i.e. old AGL) in its external profit reporting to market and as detailed in the 'management vs statutory reconciliations/commentary' in the demerger scheme booklet release presentation (29 August 2006) and in the supplementary scheme booklet (dated 21 September 2006) are redundant
3. Finance costs are calculated by combing the actual interest expense post demerger to 30 June 2007 ($90.9 million) with the additional scheme booklet interest from 1 July to demerger ($7.8 million)
4. Tax expense is calculated by taking the effective tax rates and applying this to the pro forma EBIT results by business unit

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Significant items

12 months to $m	Pro forma 30 June 2007
IT asset write off	(22.7)
Project write offs	(4.5)
Demerger costs	(52.2)
Redundancy / restructuring costs	(34.3)
PNG feed costs	(7.4[1])
Significant items before tax	**(121.1)**
Less tax applicable	35.2
Significant items after tax	**(85.9)**

1. Differs to 31 Dec 06 due to costs associated with finalisation of JV

Statutory cash flow summary

Period $m	6 months Jan–Jun 07
EBITDA	379.0
Equity accounted associates & joint ventures	(18.5)
Net finance costs	(47.1)
Tax paid	(58.0)
Working capital	(25.4)
Operating cash flow	230.0
Stay In Business (SIB) capex	(9.5)
Cash flow after SIB capex	220.5
Less: dividends paid	(35.8)
Free cash flow	184.7

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Balance sheet

	As at 30 June 2007 $m
Current Assets	7,275.5
PPE and Oil and gas Assets	1,606.7
Other Non Current Assets	5,225.3
Total Assets	14,107.5
Current Liabilities	3,733.6
Total Debt	2,400.0
Other Non Current Liabilities	1,456.3
Total Liabilities	7,589.9
Net Assets	6,517.6
Contributed Equity	3,858.9
Reserves	2,137.5
Retained Earnings	521.2
Total Equity	6,517.6

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Debt funding

debt 30 June 07	$m
AGL Energy Limited	2,375
GasValpo	25
Gross Borrowings	2,400
Less: Cash	(280)
Net Borrowings	**2,120**

- BBB (S&P) long term rating maintained
- FFO interest cover: 5.8 times[1]
- Gearing: 24.9% [2]

facilities[3] 30 June 07 ($m)	limit	usage	available	maturity
Term facilities Tranche A	380	380	0	Oct 07
Term facilities Tranche B	633	633	0	Oct 09
Term facilities Tranche C	887	887	0	Oct 11
Revolving credit facility	500	475	25	Oct 09
Bridging loan facility	300	0	300	Jun 08
Total debt facilities	**2,700**	**2,375**	**325**	
Guarantee Facilities	921	820	101	Aug 07, May 10, Oct 09 & 11

1. Pro forma basis, 12 month period, assuming AGL Energy debt in place from 1 July 06. FFO calculated as : EBITDA less equity accounted profits plus dividends received less tax

2. Net debt / net debt + equity

3. Interest rate exposure against $1.1 billion of total facilities of $2.4 billion is fully hedged through until Oct 09

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Statutory to pro forma reconciliation

12 months to	30 June 2007 $m
STATUTORY PROFIT AFTER TAX –Jun 07	410.5
Add statutory interest expense	132.2
Add statutory tax expense	180.6
STATUTORY PROFIT BEFORE INTERTEST & TAX (EBIT)	723.3
Add EBIT for subsidiaries from 1 Jul 06 to date acquired by AGL Energy	182.2
Add significant items not included in pro forma EBIT	121.1
Less Fair Value adjustments (ineffective hedges before tax)	(451.9)
Pro forma EBIT excluding Fair Value	574.7
Less Powerdirect, Sun Gas and QGC EBIT	(24.6)
PRO FORMA EBIT	550.1
Less pro forma interest expense	(82.4)
Less pro forma tax expense	(147.9)
PRO FORMA PROFIT AFTER TAX	319.8

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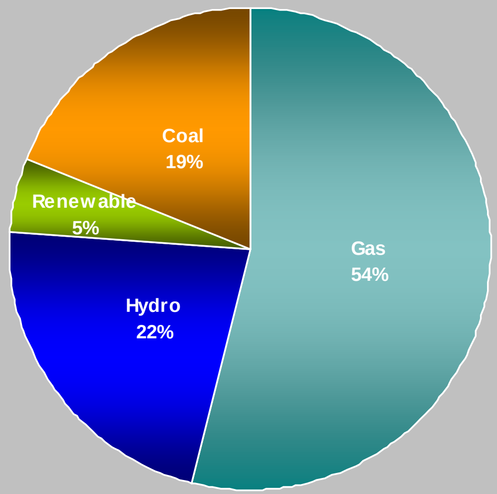
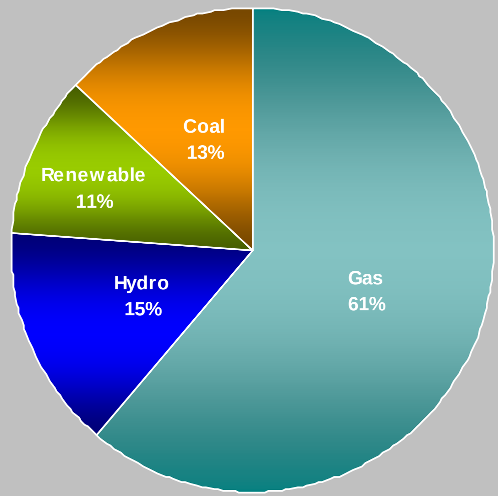
Merchant – carbon effective generation

A leading renewable position

Current generation ~ 3,600MW [1]



Potential generation post development projects ~ 5,300[2]



Post development projects

~61% of generation clean-burn, gas-fired

~26% of generation renewables & hydro

Both the current & potential AGL generation portfolios are well structured to deliver ongoing benefits in a carbon constrained environment

1 = Equity generation (includes Wattle Point off take 22.5MW & Oakey output & despatch rights 282MW) and plant under construction (360MW)

2 = 1 + 100% of JV's & development projects

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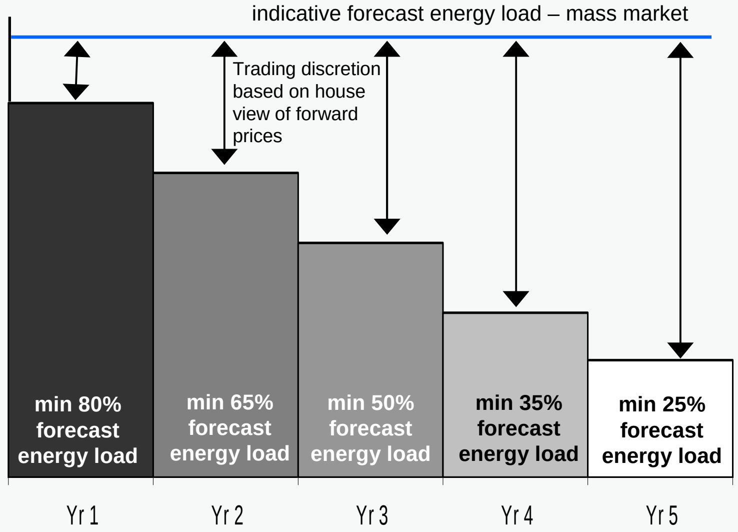
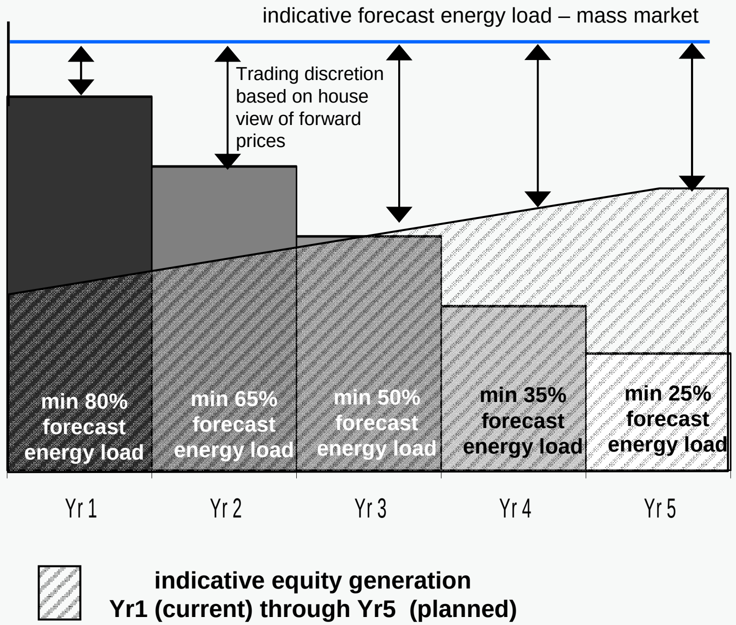
Merchant – mitigating price movements & capturing profit pools

Indicative hedging approach for mass market

- A balance of own generation coupled with prudent forward hedge planning
- Intra year cover of ~90% or more of forecast load





As equity generation increases the need for derivative hedge cover decreases delivering increased portfolio robustness through market cycles