AGL Energy Limited
2008 interim results
6 months ended 31 December 2007

29 February 2008

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Agenda

Result overview	Michael Fraser, MD & CEO
Group financials	Stephen Mikkelsen, CFO
Operational review	Michael Fraser, MD & CEO
Outlook & way forward	Michael Fraser, MD & CEO
Supplementary information	

NOTE

This presentation should be read in conjunction with the AGL Energy Limited ASX Appendix 4D.

Result Overview

On track to deliver FY08 EBITDA and NPAT guidance

Financial

- $471.3m operating EBITDA, up 14.1% on pcp
- $372.9m operating EBIT, up 14.9% on pcp
- $182.8m underlying NPAT, down 6.5% on pcp
- Interim Dividend of 26 cps fully franked – DRP discount of 2.5% introduced – DRP to be underwritten
- On track to deliver FY08 EBITDA of $830m to $875m
- On track to deliver FY08 underlying NPAT of $330m to $360m

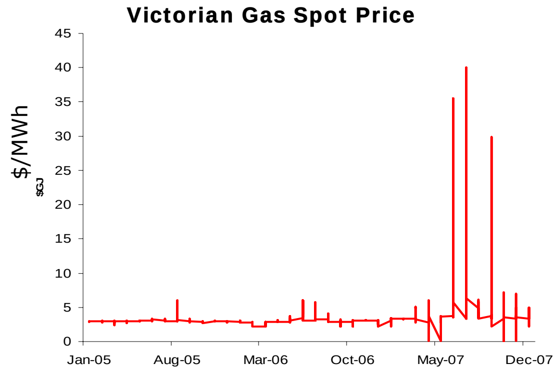
Operational

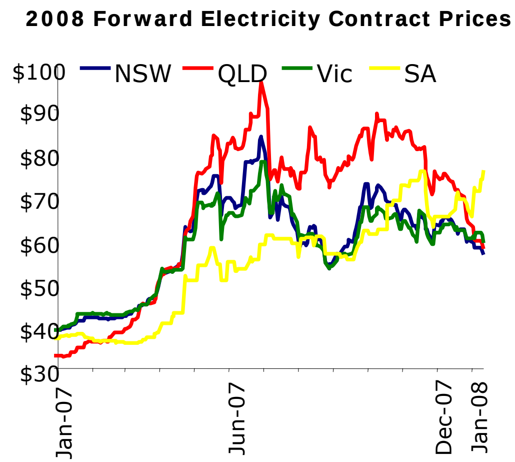
Retail
- Mass market margin stability amid competitive market conditions
- Improvements in cost to grow & cost to serve metrics
- Project Phoenix - successful conversion of first 1.3 million customers

Merchant
- Hedge book & generation portfolio performing extremely well
- Reduced PNG oil production

Strategic

Ongoing delivery of integrated strategy
- Ongoing construction of renewable generation portfolio on time & budget
- Hallett Hill (Hallett 2) wind farm development committed
- Macarthur wind farm Joint Venture Deed completed
- Sale of 33% stake in AlintaAGL
- Oakey & Yabulu generation transactions
- QSN & Berwyndale to Wallumbilla gas pipelines to commercialise Qld gas
- Acquisition of Enertrade gas merchant business





Result Overview – Financial

(excluding significant items & fair value movements)

6 months to $m	31 Dec 2007	Pro forma[1] 31 Dec 2006	Change %
Revenue	2,833.8	2,224.4	27.4
Operating EBITDA	471.3	412.9	14.1
Operating EBIT	372.9	324.5	14.9
Net finance costs	(94.4)	(28.1)	-
Underlying NPAT	182.8	195.6	(6.5)
Underlying basic EPS	42.2	45.8[2]	(7.9)
Interim dividend per share (cents)	26		
Franking %	100		

1. AGL Energy Limited (AGL) was formed October 2006 following the demerger from The Australian Gas Light Company. Accordingly pro forma numbers for the six months ended 31 December 2006 have been detailed throughout this presentation.
2. Underlying profit of $195.6m divided by weighted average number of shares on issue of 427.2m.

Group financials

Stephen Mikkelsen
Chief Financial Officer

Profit & Loss

(excluding significant items & fair value movements)

6 months to $m	31 Dec 2007	Pro forma 31 Dec 2006	Change %
Revenue	2,833.8	2,224.4	27.4
Operating EBITDA	471.3	412.9	14.1
Operating EBIT			
Retail	134.8	136.6	(1.3)
Merchant	238.9	197.6	20.9
Energy investments (GasValpo, ActewAGL, AlintaAGL & Elgas)	50.6	35.2	43.8
Corporate	(51.4)	(44.9)	(14.5)
Total operating EBIT	372.9	324.5	14.9
Less: Net finance costs	(94.4)	(28.1)	-
Profit before tax	278.5	296.4	(6.0)
Less: Income tax expense	(95.7)	(100.8)	-
Net profit after tax[1]	182.8	195.6	(6.5)

1. Note $182.8 million includes $11.6 million (after tax) relating to customer amortisation costs from the Powerdirect & SunGas purchase. AGL's NPAT guidance of $330 million to $360 million excludes the amortisation of customers costs. Excluding the customer amortisation cost from the half year to 31 Dec 2007 result increases NPAT to $194.4 million.

Significant Items[1]

6 months to $m	31 Dec 2007
Gain on disposal on investment in AlintaAGL	123.7
Impairment of property, plant & equipment	(42.7)
Impairment of research & development assets	(5.4)
Impairment of Chile assets	(37.0)
Phoenix Change program one-off costs	(10.4)
St Leonards head office relocation costs	(5.6)
Redundancy / termination costs	(8.8)
SunGas and Powerdirect integration costs	(1.9)
Significant items before tax	**11.9**
Less: Tax applicable	(14.9)
Income tax on derivative financial instruments consideration	26.1
Total net tax benefit	**11.2**
Significant items after tax	**23.1**

1. Full description of Significant Items detailed ASX Appendix 4D.

Operational Cash Flow Summary[1]

6 months to $m	31 Dec 2007
EBITDA	471.3
Equity accounted associates & joint ventures (net of dividends received)	(6.9)
Net finance costs	(91.9)
Tax paid	(57.9)
Working capital	(109.4)
Operating cash flow	205.3
Stay In Business (SIB) capex	(10.7)
Cash flow after SIB capex	194.6
Less: Dividends paid	(112.7)
Free cash flow	81.9

1. See slide 36 – Reconciliation of statutory cash flow to operational cash flow.

Capital Management

Modest debt refinancing requirements

	$m
Debt maturing within 12 months	759.5
Less: Undrawn facilities (mature Oct 09)	(450.0)
Minimum refinancing requirements	**309.5**

Active program underway to reduce debt by approximately $600 to $700 million in order to return ratio of FFO[1] to interest expense to 5x. To be achieved using a mix of DRP and disposal of non core assets.

Facilities[2] @ 31 Dec 2007 $m	Limit	Usage	Available	Maturity
Current				
Bridging loan facility	300	300	0	Jun 08
Working capital facility	250	190	60	Aug 08
Term facilities Tranche A	269.5	269.5	0	Oct 08
Non Current				
Term facilities Tranche B	633	633	0	Oct 09
Revolving credit facility	500	50	450	Oct 09
Term facilities Tranche C	887	887	0	Oct 11
Total debt facilities	2,839.5	2,329.5	510	
Guarantee facilities	744.2	718.4	25.8	Oct 08, 09 & 11, May 10
Cash (@ 31 Dec 2007)			62.4	

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1. Free Funds From Operations (FFO) calculated as EBITDA less equity accounted profits plus dividends received less tax.
2. Interest rate exposure against $1.1 billion of total facilities of $2.4 billion is fully hedged through until Oct 09.

Retail – Key Financial Metrics

Focus on margin management

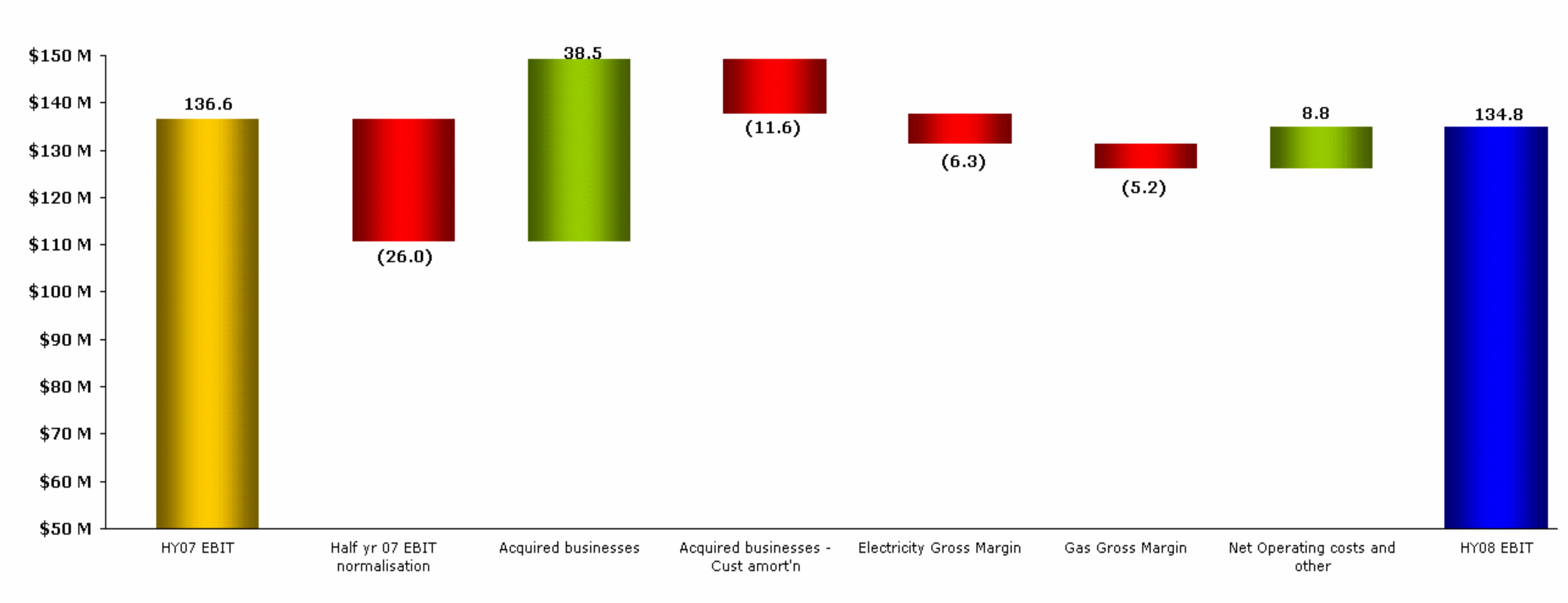
$m	6 mths to Dec 2007	(Pro forma) 12 mths to Jun 2007	6 mths to Jun 2007	(Pro forma) 6 mths to Dec 06
Revenue	**2,335.1**	3,808.0	2,093.7	1,673.4
Cost of Sales	**(2,082.6)**	(3,354.8)	(1,914.5)	(1,440.3)
Gross margin	**252.5**	453.2	179.2	233.2
Operating costs (ex. D & A)	**(103.2)**	(245.8)	(113.3)	(91.8)
EBITDA	**149.3**	207.4	65.9	141.4
D & A	**(14.5)**	(15.0)	(10.1)	(4.8)
EBIT	**134.8**	192.4	55.8	136.6
Customer Amortisation	**11.6**	4.9	4.9	-
Normalised EBIT	**146.4**	**197.3**	**86.7[1]**	**110.6[1]**
EBIT / Sales %	**6.3%**	**5.2%**	**2.9%[1]** **4.1%[2]**	**8.2%[1]** **6.6%[2]**

Margin stability v 1H06 on a normalised basis

1. Some unbilled revenue estimates & distribution charges calculated between demerger and 31 Dec 06 were found to be too high and too low respectively. These were identified and normalised in the second half of FY07. The result of the initial over and under estimates resulted in an inconsistent half on half split as evidenced by the previously reported 2.9% and 8.2% margins (historic AGL seasonality - 1st half result 55-60% of total annual result with 2nd half of 40-45% of total annual result).

2. Restated margins post normalisations – 1st half 57.5%, 2nd half 42.5%.

Retail – EBIT Drivers



- 1HFY07 normalisation – refer footnotes 1 & 2 on prior slide. Issue identified and adjusted in AGK accounts early 2HFY07.
- Acquired businesses – SunGas & Powerdirect – see supplementary slides.
- Electricity gross margin (excluding acquired businesses) decreased contribution driven by lower customer numbers & lower volume sales.
- Gas gross margin (excluding acquired businesses) decreased contribution driven by lower customer numbers, lower volume sales and milder weather.
- Net operating costs (excluding acquired businesses), decreased driven by a combination of Phoenix benefits, FTE reductions, processing efficiencies and other net cost improvements.

Merchant – Key Financial Metrics

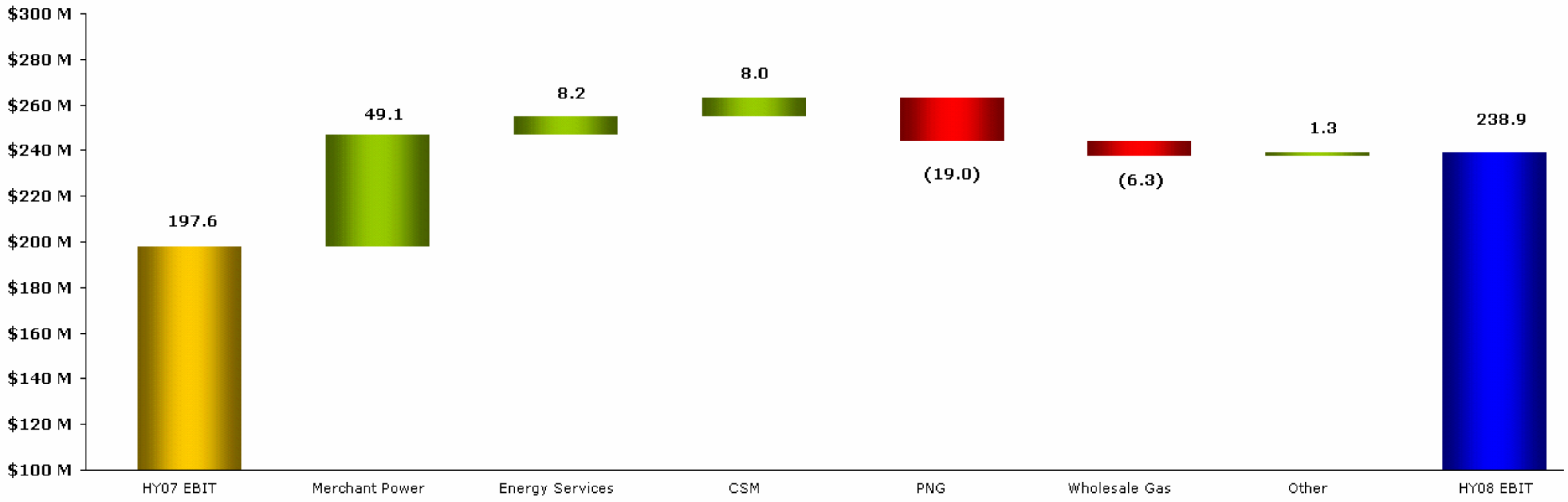
6 months to $m	Dec 2007	Pro forma Dec 06	Change %
Wholesale Energy EBITDA			
Merchant Power	**151.3**	99.3	52.4
GEAC	**16.0**	15.3	4.6
Wholesale Gas	**27.3**	33.6	(18.8)
Energy Services	**18.6**	9.4	97.9
Upstream Gas EBITDA			
PNG	**84.0**	100.7	(16.6)
CSM	**16.2**	6.1	165.6
Sundry	**0.4**	(0.9)	n/a
Operating EBITDA	**313.8**	263.5	19.1
D & A	**(74.9)**	(65.9)	(13.7)
Operating EBIT	**238.9**	197.6	20.9
Fair value changes	**(324.4)**	2.5	n/a
Reported EBIT	**(85.5)**	200.1	(142.7)

Merchant – EBIT Analysis

6 months to $m	Dec 2007	Pro forma Dec 2006	Change %
Revenue from Retail Business			
Electricity	**953.4**	547.5	74.1
Gas	**222.0**	194.4	14.2
External Revenue			
Generation revenue	**126.8**	25.0	407.2
Oil liftings revenue	**98.0**	123.8	(20.8)
ActewAGL[1]	**116.0**	80.0	45.0
Hallett development fee	**31.3**	20.5	52.7
External (3rd Party) revenue[2]	**122.0**	102.6	18.9
PNG oil infrastructure tariffs	**3.8**	2.4	58.3
Equity profits (LYA & QGC)	**19.5**	15.3	27.5
Total Merchant revenue	**1,692.8**	1,111.5	52.3
Costs of Goods Sold			
Electricity COGS	**(1,234.1)**	(448.3)	(175.3)
Electricity CFDs	**284.3**	(46.6)	n/a
Gas COGS	**(358.0)**	(299.1)	(19.7)
Gross margin	**385.0**	317.5	21.3
Operating costs	**(71.2)**	(54.0)	(31.9)
EBITDA	**313.8**	263.5	19.1
D & A	**(74.9)**	(65.9)	(13.7)
EBIT	**238.9**	197.6	20.9

1. ActewAGL Dec 2007: Electricity sales 78%, Gas sales 22%; Dec 06: Electricity sales 70%, Gas sales 30%.
2. External Revenue Dec 2007: Gas sales 54%, Other sales 46%; Dec 06: Gas sales 52%, Other sales 48%.

Merchant – EBIT Drivers



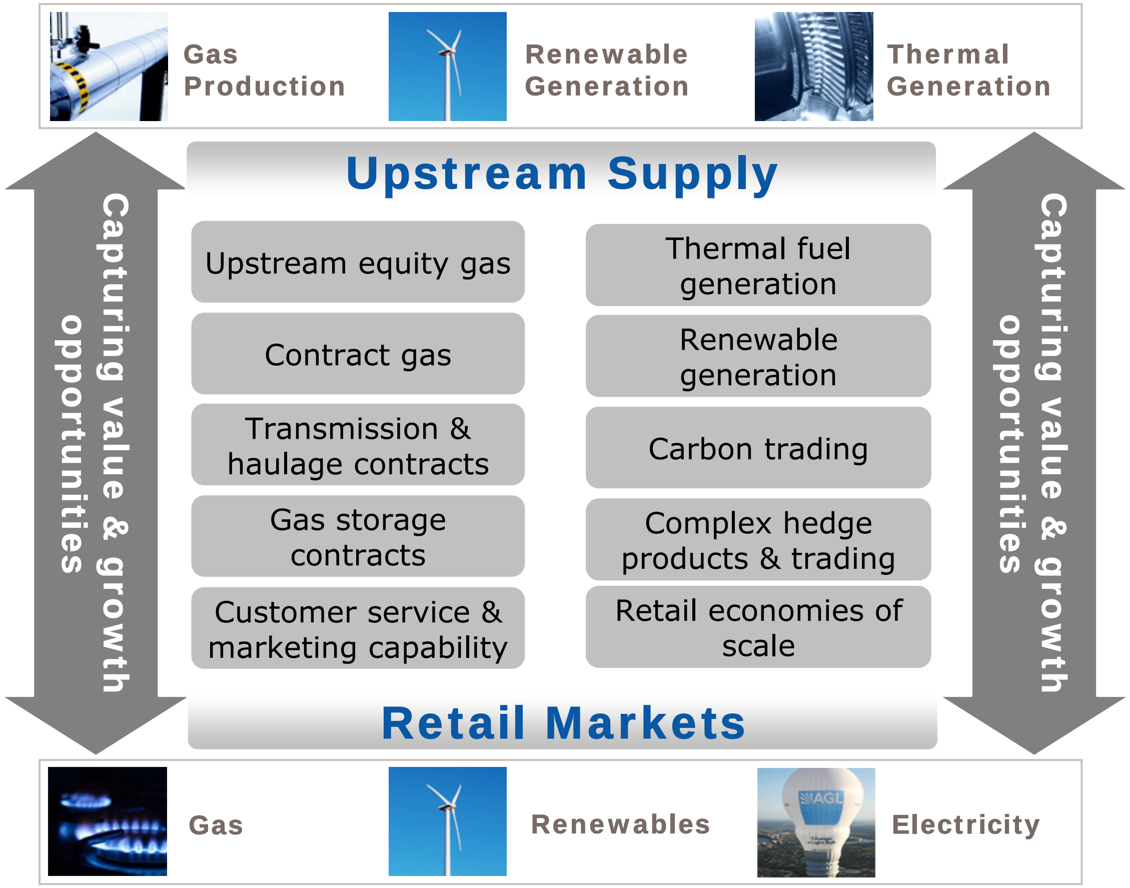
- Merchant Power increased contribution of $49.1 million driven by increased generation volumes, ongoing wind farm development fees & an actively managed hedge portfolio.
- Energy Services increased contribution of $8.2 million driven by benefits from Powerdirect acquisition.
- CSM increased contribution of $8.0 million driven by Queensland investments.
- PNG reduced contribution by $19.0 million driven by previously anticipated oil field production decline, adverse fx rate movements & higher unit operating costs.
- Wholesale Gas reduced contribution driven by increased spot gas prices during the winter of 2007.

Operational review

Michael Fraser
Managing Director & CEO

The Integrated Strategy

Building a world class customer focused energy company



- Drive retail economies of scale and enhance customer service capability ✓
- Leverage leading retail position to capture value and growth opportunities ✓
- Grow upstream gas and power generation portfolios
- Market leadership in renewables to benefit under a carbon constrained future

Retail - Capability Building

Project Phoenix is a four-year program which will deliver a whole-of-business customer management & billing platform. At completion, AGL will hold world class competitive market capability, at industry-leading cost to serve.

- **Capture full synergy benefits**
  - Release 1 delivered on time and budget.
  - 1.3 million VIC and SA customers now serviced from SAP platform.
- **Drive out operating costs**
  - Benefits released in line with plan.
  - Early cost to serve reductions captured, with bulk to be released after project completion.
- **Reduce IT complexity and cost**
  - Applications management outsourced to Tata Consulting Services & infrastructure/network management outsourced to IBM.
  - Legacy systems retirement plan on track.
- **Create the basis for differentiation**
  - Customer value segmentation being progressively developed in SAP application.
  - Deploying differentiated products & services by 1HFY09.

Retail – Investing in the Brand

Leveraging latent value in the AGL brand

- **Align advertising with sales**
  - AGL is lifting our investment in brand marketing to be consistent with our market position.
  - We are driving sales activity to maintain market leadership.
- **Integrated activity across business segments**
  - Brand positioning that leverages integrated energy company strategy.
- **Position carbon credentials**
  - Educate wider retail market of AGL market leading renewable portfolio.

Retail - Driving Cost Efficiencies

Reducing cost to grow and cost to serve

6 months to	Dec 2007	Pro forma Dec 2006	Change %
Net Operating Expenditure (Excl. QLD Customer Amortisation) $m	106.1	96.6	
Net Operating Costs per Mass Market Account (average across 6 months)	**$33.37**	**$35.30**	**Down 5.5%**
Cost to Grow $m	25.4	23.2	
Cost to Grow per Acquisition / Retention[1]	**$72.31**	**$75.37**	**Down 4.1%**
Cost to Serve $m	80.8	73.5	
Cost to Serve per Mass Market Account[2] (average across 6 months)	**$25.40**	**$26.85**	**Down 5.4%**

- Reducing net operating costs per Mass Market account:
  - Cost to grow per acquisition / retention down 4.1% - more efficient use of sales channels to drive more market activity per dollar spent.
  - Cost to serve per mass market account down 5.4% - driving cost efficiencies through reduced labour costs and improved processes, even with increased customer accounts.

1. Cost to Grow per acquisition/retention = $\frac{\text{Costs to win and retain market contracts and transfer customers to AGL}}{\text{Contracts acquired + contracts retained}}$

2. Net Cost to Serve per account = $\frac{\text{Net Operating Costs – Cost to Grow}}{\text{Average Mass Market Customer Accounts}}$

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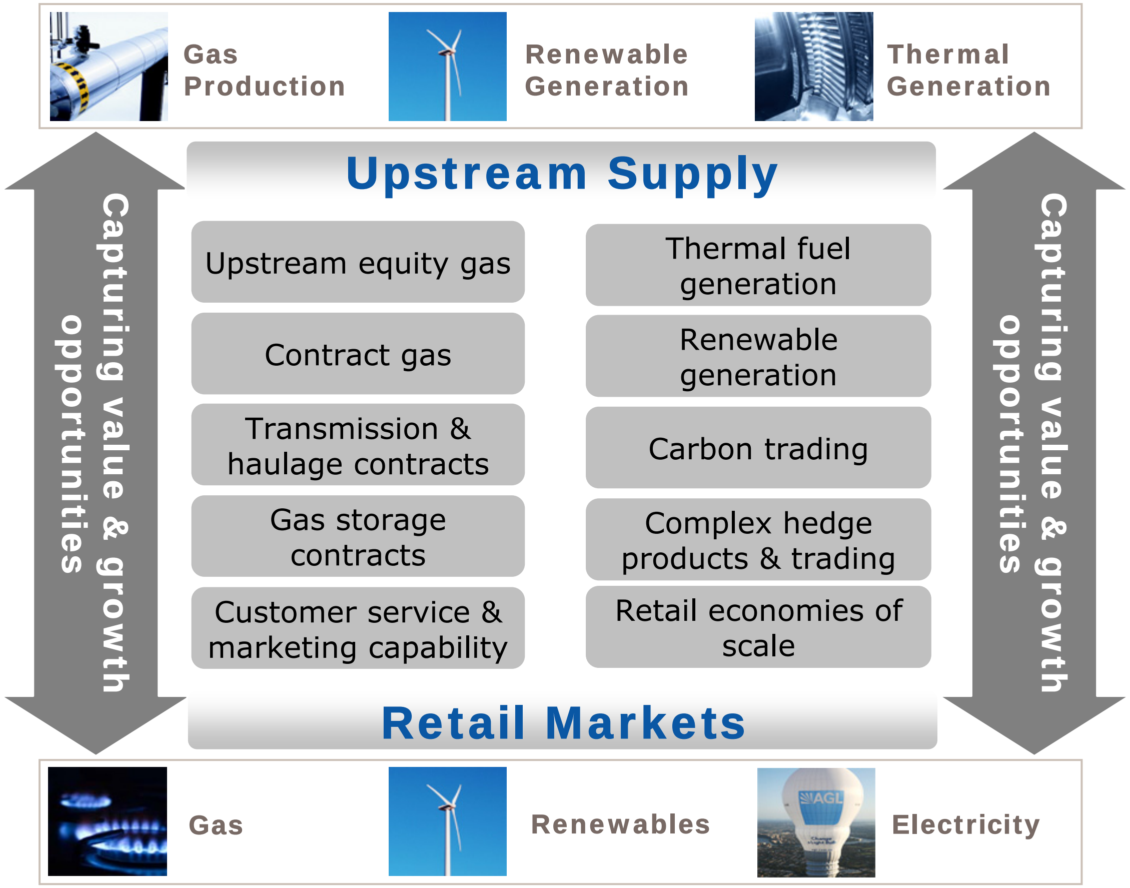
Retail – Account Billing Data

(as at 31 Dec 07)

		Gas	Electricity	Dual Fuel
VIC	Customer accounts	488,900	636,900	17,900
SA	Customer accounts	8,400	443,300	117,900
NSW	Customer accounts	751,300	251,600	323,400
QLD	Customer accounts	72,800	452,900	-
Total accounts (Net) 31 Dec 07		**1,381,400**	**1,785,700**	**1,159,200**
Total accounts (Net) 30 Jun 07		**1,370,100**	**1,817,700**	**1,126,900**
Change		**+11,300 +0.8%**	**-32,000 -1.8%**	**+32,200 +2.9%**

The Integrated Strategy

Building a world class customer focused energy company



- Drive retail economies of scale & enhance customer service capability.
- Leverage leading retail position to capture value & growth opportunities.
- Grow upstream gas & power generation portfolios. ✓
- Market leadership in renewables to benefit under a carbon constrained future. ✓

Merchant – Power Generation

Diversity across Renewables & Gas

Operational

Torrens Island Power Station

- Delivered ~60% increase in portfolio capacity on acquisition 2 July plus WUGS gas storage agreement & 300 PJ, 10 year GSA.
- Continued strong plant performance: increased reliability & reduced forced outages.
- Fully integrated into AGL portfolio.

Hydro

- Good rain & snow fall: Kiewa scheme +37% increase on pcp, Eildon +11% on pcp, Dartmouth flat on pcp.

Somerton

- Continues to deliver excellent reliability & start capability.

QLD Load Risk Management

- Oakey:282 MW - secured output & dispatch rights strengthening peak load risk management.
- Yabulu: 230 MW – secured dispatch rights strengthening base load risk management.
- Condamine: Agreement to purchase 66% of output from 130 MW plant strengthening Qld base load risk management.

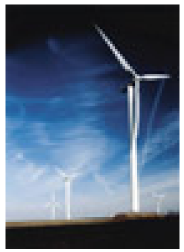
Developments

Bogong

- Construction on budget & 2 months ahead of schedule.

Wind Farms

- Brown Hill (Hallett 1): 94.5 MW nearing commissioning (Q2 FY08) on budget.
- Hallett Hill (Hallett 2): 71 MW wind farm committed.
- Macarthur: Joint Venture Deed executed to explore development of wind farm with a permitted generating capacity of up to 450 MW.



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Merchant – Upstream Gas

Securing & monetising gas

QGC
- LNG project adds material upside to AGL investment.
- No change to 540 PJ, 20 year GSA with 200 PJ option (100 PJ already exercised).
- No change to domestic gas marketing agreement.

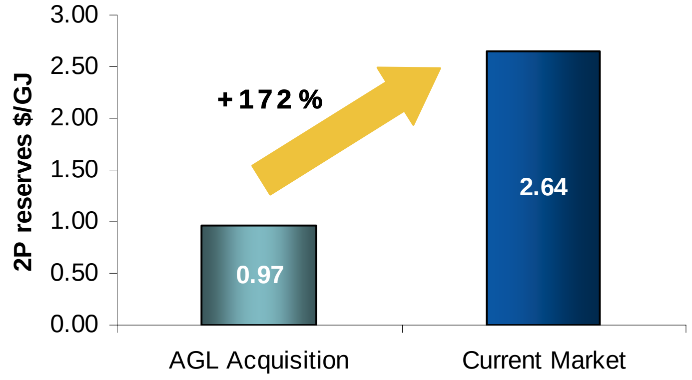
Moranbah
- 50/50 JV acquisition of Enertrade gas business.
- Natural extension of Moranbah CSM JV.
- Creates integrated energy business along Gladstone to Townsville corridor.

Sydney Basin
- Accelerated Hunter exploration program being reviewed with Sydney Gas, supported by AJ Lucas services.

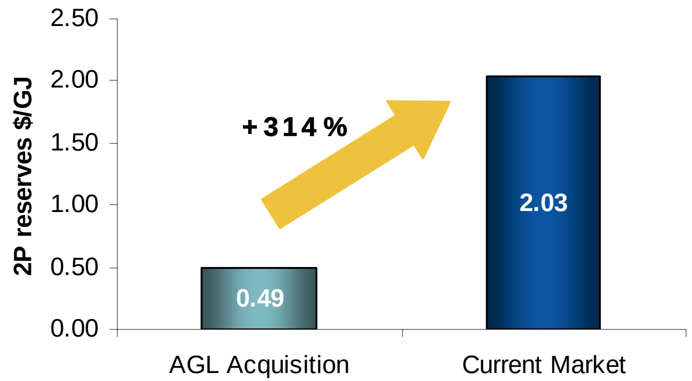
Pipelines
- **QSN:** pipeline linking Qld, Sth Aust & NSW markets, enables delivery of Qld gas into Moomba hub at prices below existing contracts.
- **NQGP (Enertrade):** optimising contractual mix to enhance value of merchant gas business acquired.
- **Berwyndale / Wallumbilla:** (post balance date)
- Rights to develop BWP pipeline, optimises ability to commercialise Qld gas to western Qld and southern markets.

All pipelines non-core and will be divested post portfolio enhancement benefits being achieved

QGC[1]



Arrow (Moranbah)[1,2]



1. As at 27 February 2008. Market capitalisation + net debt / 2P reserves
2. Investment is in Moranbah field

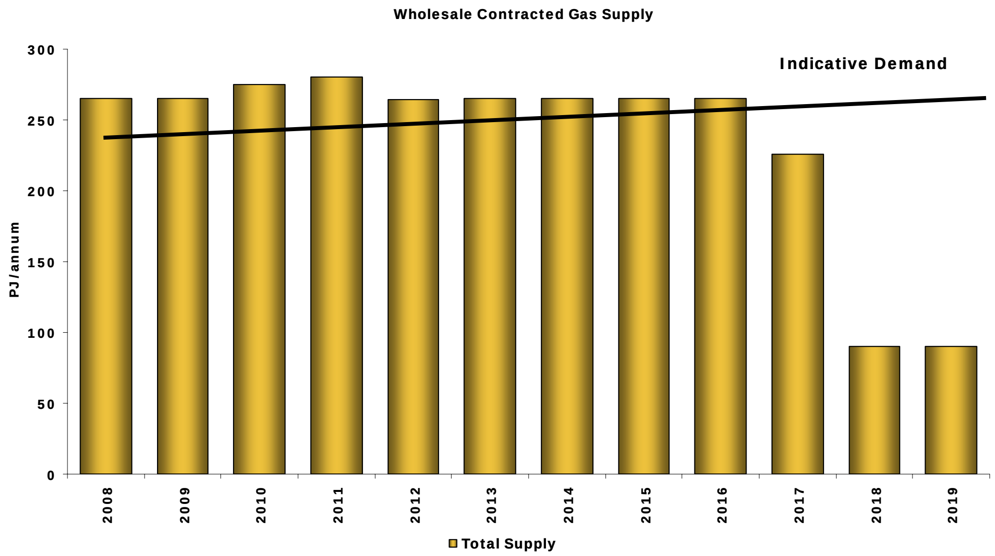
PNG

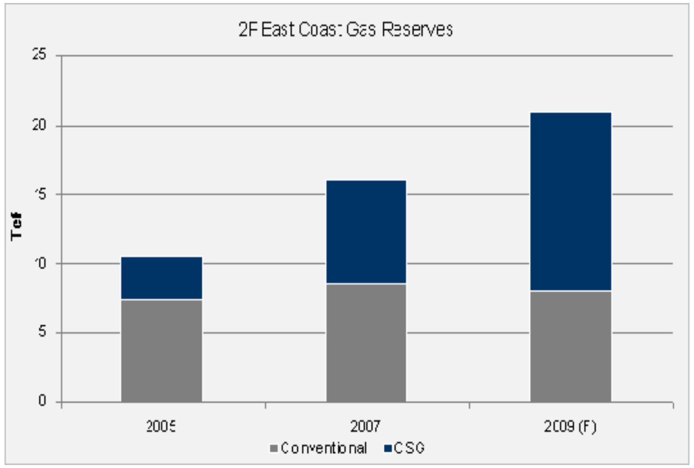
Non core – considering divestment options

- Adding value to gas.
  - Gas focus has moved to LNG Project
  - Working toward imminent FEED decision
- Oil production continues natural decline
  - Development drilling activity to increase over next 12 months
- FY08 expected production ~2.2 mmbbl
- ~92% production hedged over 2HFY08
- FY08 opening 2P reserves 13.0 mmbbl

Merchant – Wholesale Gas Portfolio

- Considerable portfolio flexibility: ACQ 'up & down', MDQ, ToP & flexible delivery points.
- Rolling buy long / sell short portfolio strategy.
- Pricing mechanism & flexibility ensures ongoing competitiveness.
- Independent analysis suggests ongoing rapid reserves growth in eastern Australia, predominantly driven by CSM.
    - Anticipated future CSM discoveries will satisfy ongoing domestic demand.





Source: Core Collaborative (2007)

Outlook & way forward

Michael Fraser
Managing Director &
CEO

The Integrated Strategy – Generation & Gas

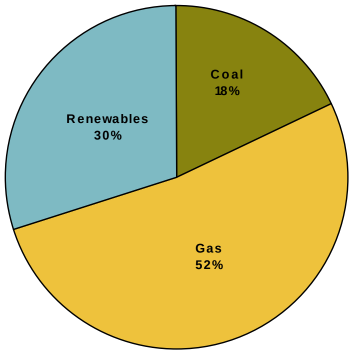
Generation	95 MW Brown Hill (Hallett SA) wind:	**On schedule & on budget, due for completion 2HFY08**
	140 MW Bogong (Vic) hydro:	**Ahead of schedule & on budget, due for completion 1HFY10**
	71 MW Hallett Hill (SA) wind:	**In construction, due for completion 1HFY10**
	330 MW Macarthur (Vic) wind:	**Project feasibility currently under review vs other development options**
	300 MW Leafs Gully (NSW) gas:	**Option over site secured & currently progressing permitting**
	600 MW Kogan (Qld) gas (peaker):	**Secured site, currently progressing permitting**
	Additional ~870 MW of identified renewable projects under review	
	Additional ~1250 MW of identified clean burn gas projects under review	
Upstream Gas	Camden JV (AGL 50%):	**Sales continuing to ramp up; development drilling program yielding good results; Hunter exploration program underway**
	Moranbah JV (AGL 50%):	**Targeting additional ~300 PJ (gross) certified 2P reserves in FY08; integrating and leveraging recently acquired North Queensland Energy businesses**
	QGC equity (AGL 27.6%):	**Announced alliance with BG Group targeting at least 7,000 PJ to feed 3-4 Mt pa LNG plant; AGL GSA sales commenced and ramping up**
	PNG Gas JV (AGL ~3%):	**Entered into cost sharing agreement to investigate ExxonMobil-led LNG project initiative; decision to enter FEED approaching**
	Additional:	**Actively investigating further domestic gas opportunities**

A Carbon Effective Portfolio

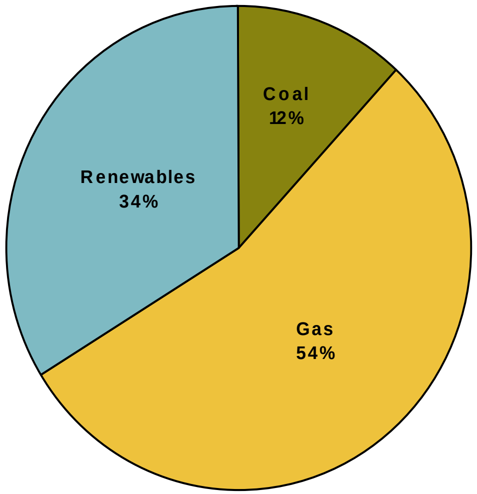
Both the current & potential AGL generation portfolios are well positioned to deliver material benefits in a carbon constrained environment

- AGL modelling indicates that under either permit allocation for disproportionate loss or no permit allocation, AGL's generation portfolio delivers positive NPV earnings outcomes due to its diversified nature.

Current generation ~ 3,800 MW[1]



Potential generation post development projects ~ 5,900 MW[2]



Post development projects

~54% of generation gas-fired

~34% of generation renewables

1 = Owned and / or operated including plant under construction (~316MW under construction)

2 = 1 + projects under consideration / development

Financial Outlook

Financial outlook

- On track to deliver FY08 guidance:
  - Operating EBITDA $830 to $875 million.
  - Underlying NPAT $330[1] to $360[1] million.
- Total FY08 annual dividend 52 to 55 cents per share, fully franked.

- Modest (calendar 2008) refinancing requirements of ~$310 million.
- Capital management initiatives to restore credit outlook.

- Retain previously advised FY09 guidance:
  - Operating EBITDA $870 to $915 million.
  - Underlying NPAT $360 to $390 million.

1. Underlying NPAT guidance of $330 million to $360 million excludes significant items, fair value adjustments to hedging contracts and customer amortisation charges. The NPAT result of $182.8 million includes customer amortisation charges of $11.6 million. Excluding this amortisation increases NPAT to $194.4 million.

Strategic Priorities & Conclusion

Strategic priorities

- Continued, disciplined roll out of integrated strategy:
  - Medium term targets:
    - ~1,500 to 2,000 PJ of upstream gas.
    - ~5,000 to 6,000 MW of generation.
    - ~4 to 5 million customers .
- Reshaping asset portfolio to maximise returns from integrated strategy in core markets

Conclusion

- Stable & strong core business:
  - Merchant: delivering excellent results in volatile wholesale markets, continuing to expand upstream generation & gas portfolios, well positioned to benefit under a carbon constrained environment.
  - Retail: maintaining margins in a competitive market, delivering ongoing cost efficiencies as Phoenix program takes effect, extensive branding & marketing exercise to maintain and grow market share.
- Ongoing deployment of integrated strategy enables delivery of sustainable shareholder returns in challenging market conditions.

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Further Information / Contacts

A range of information on AGL Energy Limited including ASX & Media Releases, Presentations, Financial 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

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Supplementary information

Energy Investments

6 months to $m	Dec 2007	Pro forma Dec 2006	Change %
EBITDA			
ActewAGL	15.2	11.3	34.5
Elgas	9.9	8.9	11.2
GasValpo	12.3	12.5	(1.6)
AlintaAGL[1]	13.6	2.7	n/a
Investments Other	2.5	2.7	(7.4)
Total EBITDA	53.5	38.1	40.4
Gas Valpo depreciation	(2.9)	(2.9)	-
Total EBIT contribution	50.6	35.2	43.8

1. AGL disposed of its 33% ownership interest in AlintaAGL on 12 December 2007 resulting in a pre-tax profit of $123.7 million.

Reconciliation

Statutory Cash flow to Operational Cash flow

6 months to **$m**	
Statutory net cash provided by operating activities	111.1
Deduct: receipts from NEMMCO deposits replaced by guarantees	(238.3)
Add: Futures margin calls	332.5
Operating cash flow	205.3

AGL

Balance Sheet

As at $m	31 Dec 2007	Pro Forma 31 Dec 2006
Current assets	**3,576.8**	1,386.7
PPE and oil and gas assets	**2,331.4**	1,686.2
Other non current assets	**4,291.0**	2,967.7
Total Assets	**10,199.2**	6,040.6
Current liabilities	**2,053.4**	927.3
Total debt	**2,390.9**	1,700.4
Other non current liabilities	**762.5**	277.6
Total Liabilities	**5,206.8**	2,905.3
Net Assets	**4,992.4**	3,135.3
Contributed equity	**3,858.3**	2,924.0
Reserves	**745.0**	46.9
Retained earnings	**389.1**	164.4
Total Equity	**4,992.4**	3,135.3

Fair Value Reconciliation

$m	Net Assets 31 Dec 2007	30 Jun 2007	Change
Electricity derivative contracts	**1,407.2**	3,965.3	(2,558.1)
Oil derivative contracts	**(117.3)**	(21.8)	(95.5)
Interest rate swap and foreign currency contracts	**18.3**	9.7	8.6
	1,308.2	3,953.2	(2,645.0)
Change in net assets	**(2,645.0)**		
Less derivatives acquired and assumed on acquisition	**128.1**		
	(2,516.9)		
Change in fair value:			
recognised in equity hedge reserve	**(2,192.5)**		
recognised in profit and loss	**(324.4)**		
	(2,516.9)		

AGL

Capital Expenditure

6 months to Dec 2007 $m	SIB	Discretionary	Total
Merchant Energy	6.0	92.0[1]	98.0
Retail Energy	0.8	32.2[2]	33.0
Corporate Other	3.9	2.6	6.5
Total	**10.7**	**126.8**	**137.5**

1. Includes $26.2 million Bogong, $25.4 million Hallett 2 (Hallett Hill) Wind Farm, $16.9 million Moranbah & PNG Oil Development $10.4 million

2. Includes $30.4 million Phoenix retail solution

Gas Sales Volume

6 months to PJ	Dec 2007	Dec 2006	Change %
Mass Market			
VIC	**17.3**	18.9	(8.5)
SA	**0.7**	0.8	(12.5)
NSW	**13.8**	14.6	(5.5)
QLD	**1.6**	0.0	n/a
Mass Market Total	**33.4**	34.3	(2.6)
C & I			
VIC	**17.1**	13.8	23.9
SA	**3.6**	3.6	-
NSW	**24.0**	25.3	(5.1)
QLD	**7.1**	0.0	n/a
C & I Total	**49.2**	42.7	15.2
Wholesale Customers & Generation[1]	**35.2**	**18.1**	**94.5**
Total	**117.8**	**95.1**	**23.9**

1. Includes 18.7 PJ of gas sales to internal generation

Electricity Sales Volume

6 months to GWh	Dec 2007	Dec 2006	Change %
VIC	**2,098**	2,174	(3.5)
SA	**1,457**	1,718	(15.2)
NSW	**1,054**	794	32.7
QLD PDA	**1,734**	-	n/a
QLD PDA SME	**1,043**	-	n/a
Mass Market	**7,386**	4,686	57.6
VIC	**2,929**	2,308	26.9
SA	**1,294**	1,306	(0.9)
NSW	**3,194**	1,797	77.7
QLD	**3,873**	324	n/a
C & I	**11,290**	5,735	96.9
Sub Total	**18,676**	10,421	**79.2**
ActewAGL	**1,469**	1,202	**22.2**
Total	**20,145**	**11,623**	**73.3**

Retail – SunGas & Powerdirect

6 months to $m	Dec 2007	Dec 2006
Revenue ($596m Powerdirect, $66.5 SunGas)	**662.5**	n/a
Cost of sales	**(605.5)**	n/a
Gross margin	**57.0**	n/a
Operating costs (ex. D & A)	**(17.2)**	n/a
EBITDA	**39.8**	n/a

Retail – Mass Market Key Indicators[1]

(includes SME)

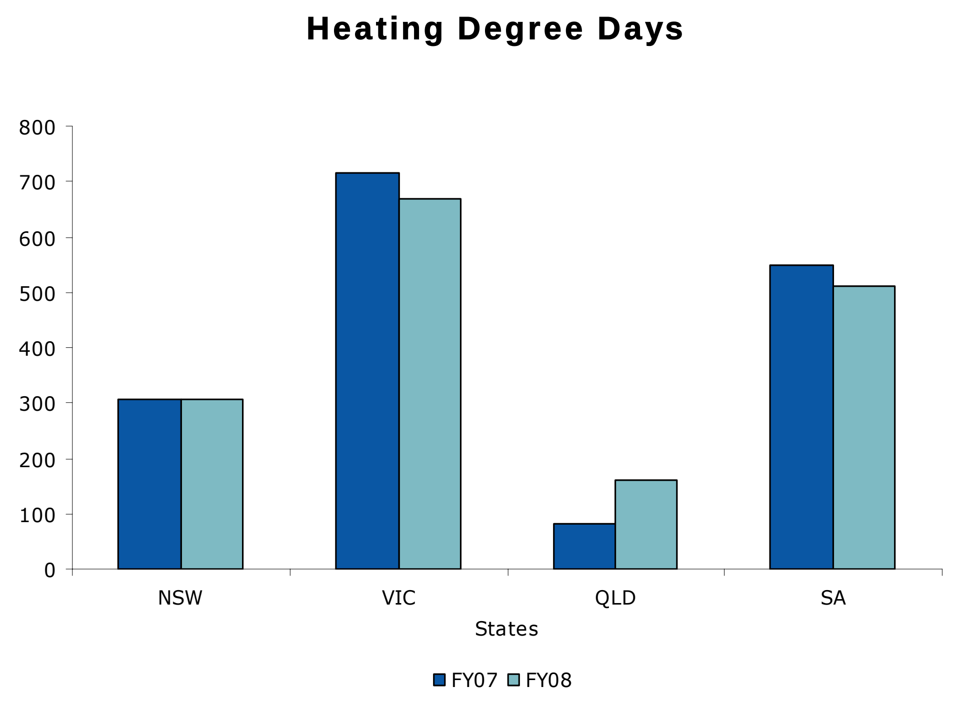
6 months to	Dec 2007	Dec 2006	Change %
Electricity			
Volume (GWh)	**7,386**	4,686	57.6
Mass Market Accounts ('000)	**1,780**	1,385	28.5
Revenue ($m)	**856.6**	577.8	48.2
Gross Margin	**141.2**	97.6[1]	46.5
Gross Margin %	**16.5%**	16.9%[1]	
6 months to			
Gas			
Volume (PJ)	**33.4**	34.3	(4.8)
Mass Market Accounts ('000)	**1,382**	1,323	4.5
Revenue ($m)	**474.7**	471.4	0.7
Gross Margin ($m)	**86.4**	82.8[1]	8.5
Gross Margin %	**18.2%**	17.6%[1]	

1. Adjusted to reflect revenue & network charge accounting normalisations of $26 million

Retail – C & I Key Indicators

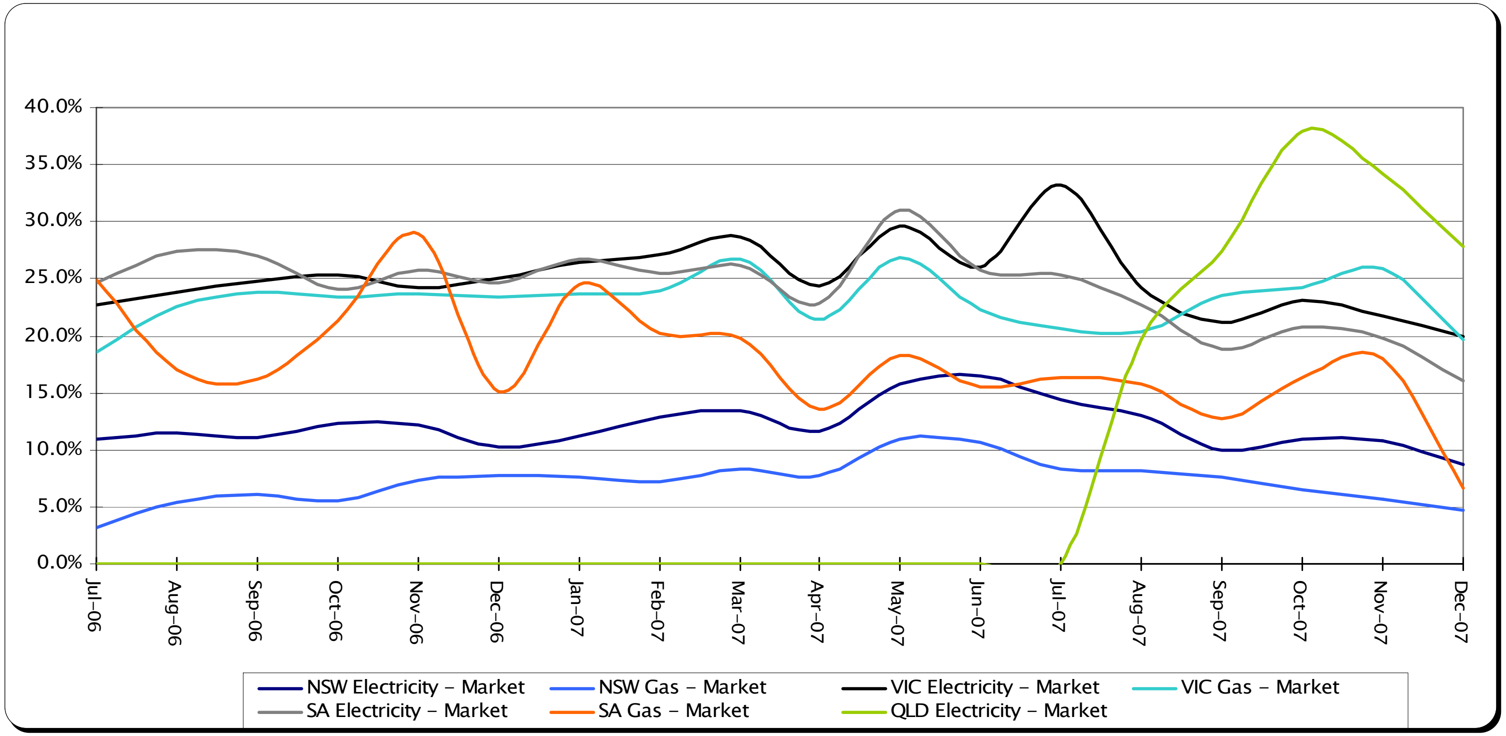
6 months to	Dec 2007	Dec 2006	Change %
Electricity			
Volume (GWh)	**11,290**	5,735	96.9
C & I Accounts ('000)	**11.2**	11.8	(5.0)
Revenue ($m)	**762.4**	430.8	77.0
Gross Margin ($m)	**10.1**	13.9	(27.1)
Gross Margin %	**1.3%**	3.2%	
12 months to			
Gas			
Volume (PJ)	**49.2**	42.7	15.0
C & I Accounts ('000)	**0.6**	0.9	(31.3)
Revenue ($m)	**241.4**	192.9	25.2
Gross Margin ($m)	**14.8**	12.9	14.9
Gross Margin %	**6.1%**	6.7%	(8.2)

Retail – Weather Impact



- Milder weather in VIC & SA and cooler weather in QLD compared with prior year.
- VIC had a very mild spring (warmer) & the 9th highest December temperatures on record.
- SA had above average temperatures for the majority of the period with a heatwave in December.
- QLD had persistent low night temperatures in July 2007.

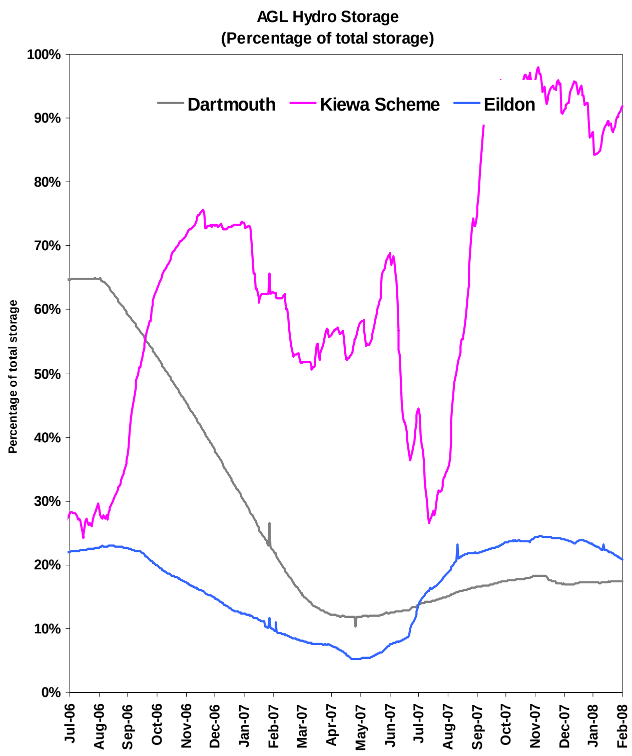
Retail – Overall Market Churn

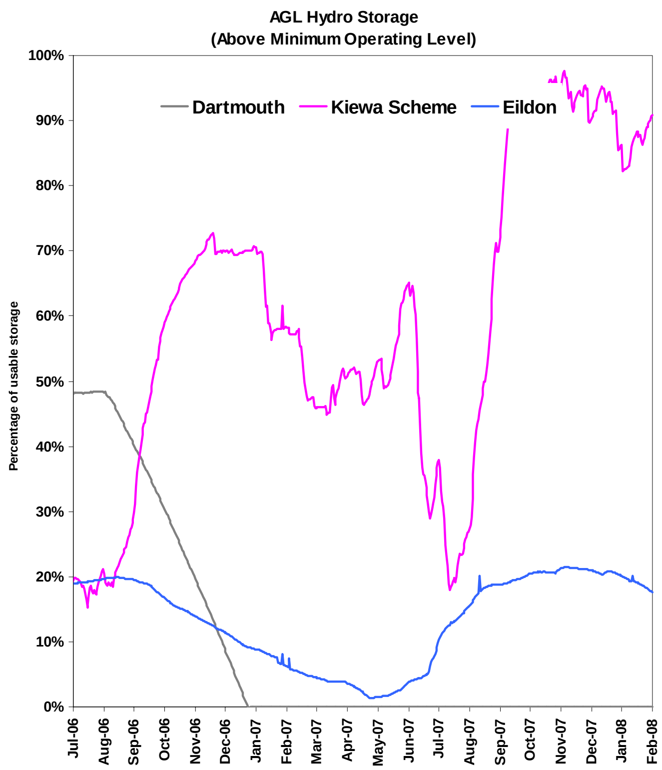


Merchant - Hydrology

Hydro benefiting from good rain & snow

- Full discretionary Kiewa Scheme (365MW including Bogong) inflows significantly higher than pcp.
- Eildon (135MW) operational, consistent water levels in recent months.
- Dartmouth (180MW) not anticipated to be operational until FY09.





Merchant – Generation Assets

6 months to Dec 2007 $m	TIPS	Somerton	Vic Hydro	NSW Hydro	QLD Gen	Other SA	Total
Pool Revenue	99.7	3.6	13.9	1.2	2.3	6.1	126.8
GWh	1,602.1	25.7	188.3	23.7	12.3	142.0	1,994.1
Net revenue $/MWh	62.2	141.0	74.1	50.5	186.6	43.3	63.6

- Pool revenue us the volume dispatched at the price received for the generation
- Qld Generation consists of the Oakey offtake arrangements
- Other SA is Wattle Point wind farm and Angaston offtake arrangements

NOTE: the above data **DOES NOT** include the portfolio benefits of AGL's expanded physical generation. Such things as reduced reliance on external party 'cap' purchases etc and the integration benefits to the portfolio of physical generation and derivative instruments are reflected across the entire Merchant Power result.

Merchant – PNG Financial

6 months to $m	Dec 2007	Dec 2006	Change %
Oil sales (post hedge)	**100.1**	127.4	(21.4)
Tariff / other income	**3.8**	2.4	58.3
Oil option amortisation	**(2.1)**	(3.6)	41.7
Total revenue	**101.8**	126.2	(19.3)
Operating costs	**(17.8)**	(25.5)	30.2
EBITDA	**84.0**	100.7	(16.6)
D & A	**(41.1)**	(38.8)	(5.9)
Operating EBIT	**42.9**	61.9	(30.7)
Fair value movements	**(3.7)**	5.6	(166.1)
Reported EBIT	**39.2**	67.5	(41.9)

Merchant – PNG Metrics

6 months to	Dec 2007	Dec 2006	Change %
Liftings (k bbl)	**1,207**	1,403	(14.0)
Production (k bbl)	**1,167**	1,235	(5.5)
Inventory (k bbl)	**63**	19	(231.6)
Post hedge oil price (US$ / bbl)	**72.0**	69.3	3.9
Unit operating (cash) expenses (A$ / bbl)	**17.2**	14.7	(17.0)
Unit D & A (A$ / bbl)	**35.2**	31.4	(12.1)
Exchange rate (EBIT YTD)	**0.8686**	0.7640	(13.7)
Effective tax rate	**63%**	55%	-

- 12 liftings occurred in 1HFY08 (vs 15 liftings in 1HFY07).
- Hedge position in 1HFY08 covered 98% of sales volume.
- Unit opex increased as a result of drilling activity & general industry trends.
- D&A rate was negatively impacted by 8% oil reserves downgrade as at December 2006, primarily at the Gobe Main field.

GEAC Profit & Loss[1]

6 months to $m	Dec 2007	Dec 2006	Change %
AGL Equity Share of Profit	**10.5**	9.6	9.0
AGL Loan note interest	**5.5**	5.7	(5.0)
Total Equity Result	**16.0**	15.3[2]	4.0

- Improvement in spot market & ongoing improvement in contract market.
- Recent non-AGL 15% shareholding change reflects underlying value of asset.
- Numbers exclude AGL's share of GEAC's fair value adjustments that arose from derivative financial instruments GEAC could not account for as hedges under AIFRS hedge definition.

1. Full details are available in GEAC statutory (ASIC) accounts.

2. Prior year reported result for GEAC was $16.5 million which included $1.2 million of fair value gains. As the current year result excludes fair value gains the prior year comparative has been adjusted accordingly.