

ASX statement

1H09 result presentation – amendments

25 February 2009

AGL Energy Limited (AGL) advises amendments to slides 29 & 52 in today's 1H09 Interim Result presentation.

The amended slides are included in the attached full version of the 1H09 Interim Result presentation.



Paul McWilliams
Company Secretary

About AGL

AGL is Australia's largest integrated renewable energy company and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 170 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has Australia's largest retail energy and dual fuel customer base. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. AGL is Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.

AGL Energy Limited

2009 Interim Results
6 months to 31 December 2008

*...Delivering on strategy, creating value &
long term growth...*

Sydney

25 February 2009



Disclaimer

The information in this presentation:

- › Is not an offer or recommendation to purchase or subscribe for securities in AGL Energy Limited or to retain any securities currently held.
- › Does not take into account the potential and current individual investment objectives or the financial situation of investors.
- › Was prepared with due care and attention and is current at the date of the presentation.
- › Actual results may materially vary 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.

Agenda

- › **Result Highlights** Michael Fraser, MD & CEO
- › **Group Financials** Stephen Mikkelsen, CFO
- › **Operational Review** Michael Fraser, MD & CEO
- › **Strategic & Financial Outlook** Michael Fraser, MD & CEO
- › **Supplementary Information**

IMPORTANT NOTE:

This presentation should be read in conjunction with the
AGL Energy Limited ASX Appendix 4D for the six months ended 31 December 2008.

- » **2009 Interim Results** 6 months to 31 December 2008
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Result Highlights

Delivering on strategy, creating value & long term growth.

FINANCIAL	<ul style="list-style-type: none"> Revenue: \$2,977.7m, ↑ 5.1% Operating EBIT from continuing operations: \$322.7m, ↑ 10.2% Statutory NPAT: \$1,654.8m Underlying NPAT: \$192.5m, ↑ 5.3% Interim dividend 26 cps, fully franked – DRP in operation
OPERATIONAL	<ul style="list-style-type: none"> Maintaining retail margins (+0.1%), customer accounts (+1,900) & dual fuel (+10,000) ✓ Final core SAP (Phoenix) customer migration completed ✓ Hedge book continues to perform well, generation plant reliability & performance solid ✓ Strong wholesale gas portfolio performance ✓ Generation development projects on time and budget ✓
STRATEGIC	<ul style="list-style-type: none"> Non core asset sales deliver \$1.5 billion after tax ✓ Balance sheet strength – reinstated BBB stable outlook, further growth capacity ✓ Deep portfolio of renewable and gas generation development projects ✓ Upstream gas acquisitions to deliver long term value and growth ✓ Phoenix focus now turns to Business Transformation Program and benefit realisation ✓

Group Financials

Stephen Mikkelsen
Chief Financial Officer



Profit & Loss (excluding significant items & fair value movements)

Result in line with full year guidance.

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
Revenue	2,977.7	2,833.8	5.1%
Operating EBITDA	443.9	471.4	(5.8%)
Operating EBIT			
Retail	145.7	134.8	8.1%
Merchant	211.9	156.9	35.1%
Gas & Power Development (incl pro forma adjustment)	34.5	82.0	(57.9%)
Energy Investments	30.5	50.6	(39.7%)
Centrally managed expenses ¹	(63.5)	(51.4)	23.5%
Total operating EBIT	359.1	372.9	(3.7%)
Less: Net finance costs	(60.9)	(94.4)	(35.5%)
Profit before tax	298.2	278.5	7.1%
Less: Income tax expense	(105.7)	(95.7)	-
Underlying NPAT	192.5	182.8	5.3%

1. Full detail in Appendix 4D.

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Significant Items¹

Asset sales deliver substantial profits.

6 months to 31 Dec 2008 \$m	Pre Tax	Tax	After Tax
Divestment of PNG	926.6	(36.0)	890.6
Divestment of QGC	754.4	(247.5)	506.9
Divestment of Elgas	149.9	(29.0)	120.9
Divestment of North Queensland Pipeline	23.1	(9.5)	13.6
Other divestments	0.4	(0.1)	0.3
Demerger adjustments	(6.7)	15.8	9.1
Phoenix change program costs	(22.4)	6.7	(15.7)
Redundancy, termination & integration costs	(3.1)	0.9	(2.2)
Total significant items	1,822.2	(298.7)	1,523.5

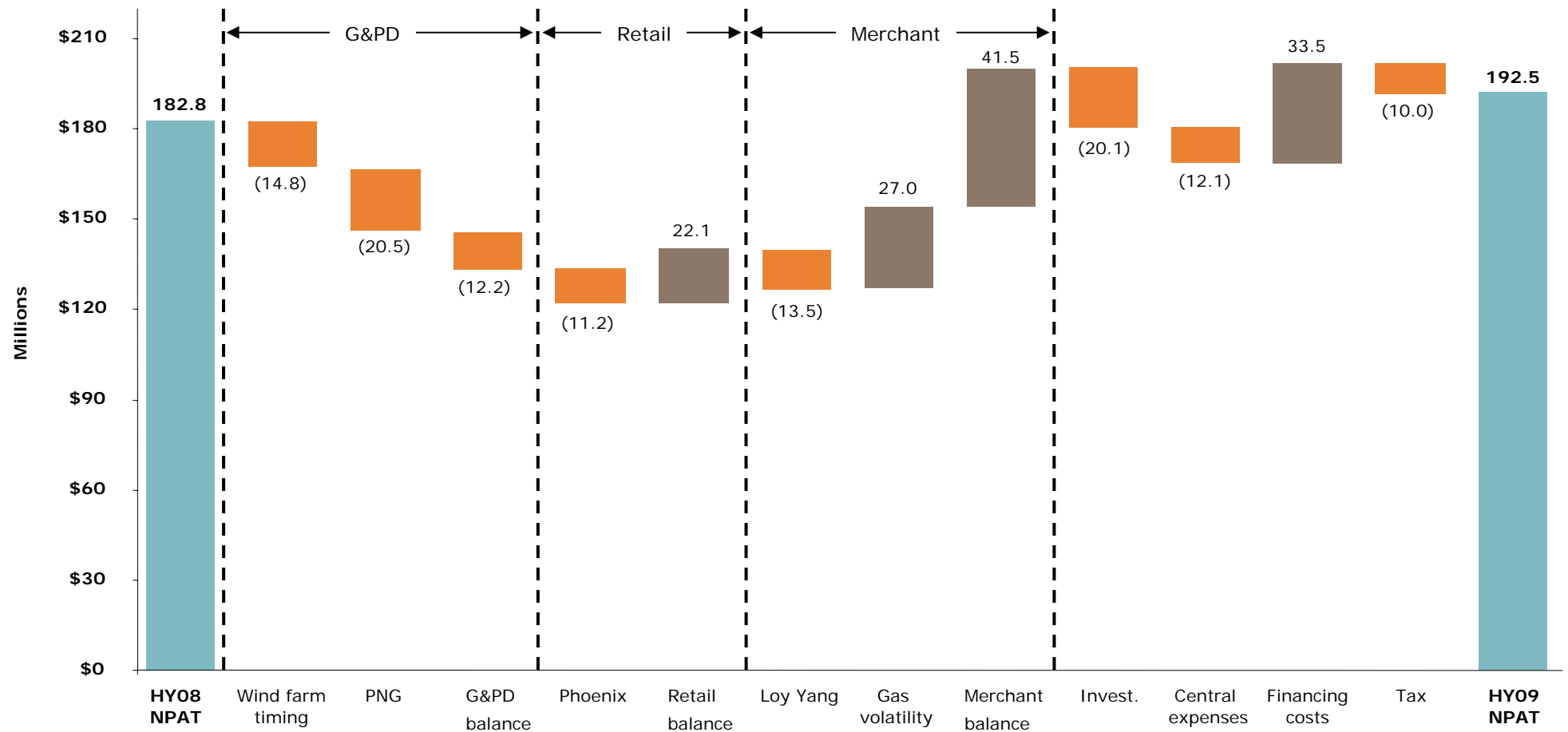
1. Full detail in Appendix 4D.

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Group Underlying NPAT

Core business performing well.



» 2009 Interim Results 6 months to 31 December 2008

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Operating Cash Flow Summary¹

Continued focus and improvement.

6 months to \$m	31 Dec 2008	31 Dec 2007
EBITDA (before significant items)	443.9	471.4
Equity accounted associates & joint ventures (net of dividends received)	4.6	(6.9)
Net finance costs	(69.1)	(91.9)
Tax refunded (paid)	59.3	(57.9)
Working capital and other non-cash movements	(140.0)	(176.3)
Net NEMMCO and futures margin calls	10.7	94.2
Operating cash flow	309.4	232.6
Stay In Business (SIB) capex	(19.8)	(10.8)
Cash flow after SIB capex	289.6	221.8
Less: Dividends paid	(81.5)	(112.7)
Free cash flow	208.1	109.1

1. See Supplementary Information for reconciliation of statutory cash flow to operational cash flow.

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Disciplined Capital Management

Well positioned for future growth opportunities.

- › October 09 maturities covered by cash reserves
- › Immediate debt capacity of ~A\$1.2b to A\$1.8b
- › Reinstated BBB stable credit rating

Facilities @ 20 Feb 2009 \$m	Limit	Usage	Available	Maturity
Current				
Revolving credit facility	500.0	-	500.0	Oct 09
Term facilities Tranche B	633.3	633.3	-	Oct 09
Non Current				
Term facilities Tranche A	222.5	222.5	-	Oct 10
Revolving credit facility	327.5	-	327.5	Oct 10
Term facilities Tranche C	886.7	886.7	-	Oct 11
Total debt facilities	2,570.0	1,742.5	827.5	
Cash	-	1,555.0	-	
Net Debt	-	187.5	-	

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Retail – Key Financial Metrics

Margins maintained during SAP transition.

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
EBITDA	161.3	149.3	8%
D & A ¹	(15.6)	(14.5)	7.6%
EBIT			
Electricity Revenue	1,675.0	1,619.0	3.5%
Gas Revenue	809.9	716.1	13.1%
Other Revenue (Fees & Charges) ²	25.4	24.1	5.4%
Total Revenue	2,510.3	2,359.2	6.4%
Cost of Sales ³	(2,205.7)	(2,082.6)	5.9%
Gross Margin	304.6	276.6 ²	10.1%
Operating Costs (ex. D & A)	(143.3)	(127.3) ²	12.6%
Operating EBIT	145.7	134.8	8.1%
Operating EBIT / Sales %	5.8%	5.7%	0.1%

1. Includes customer amortisation costs from SunGas & Powerdirect acquisitions of \$9.1m

2. Restated from 1H08 presentation to reflect grossed up figure including Other Revenue (Fees & Charges)

3. Includes \$1,023.2m electricity COGS (\$953.3m Dec 07) & \$400.7m gas COGS (\$352.1m Dec 07) transfer price from Merchant

» **2009 Interim Results** 6 months to 31 December 2008

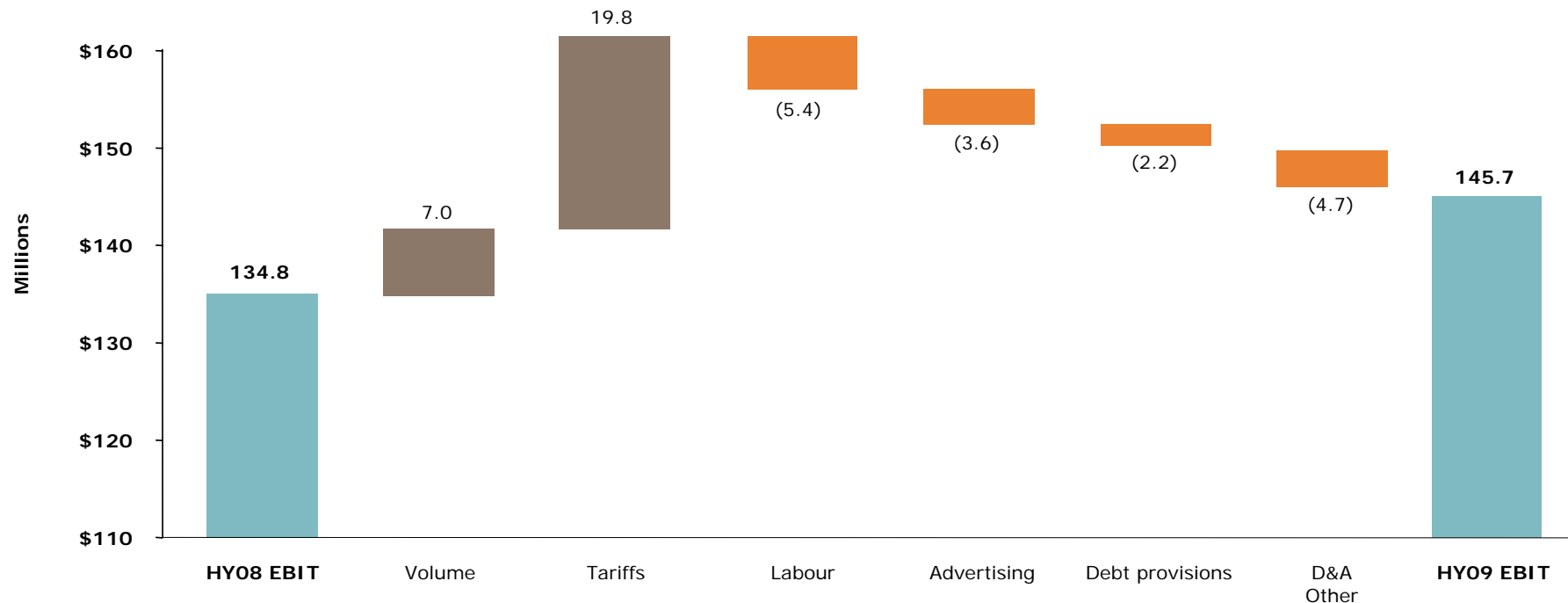
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Retail – EBIT Drivers

Margins maintained during SAP transition.



Key drivers:

- › Despite continued high levels of competitor activity, gross margin has improved by \$26.8 million through price changes and increased mass market gas volume during winter.
- › Increased net operating expenses largely due to transitioning to SAP resulting in productivity reductions, increased bad & doubtful debts and increased ombudsman costs.

Merchant – Key Financial Metrics

Integrated portfolio continues to deliver increasing returns.

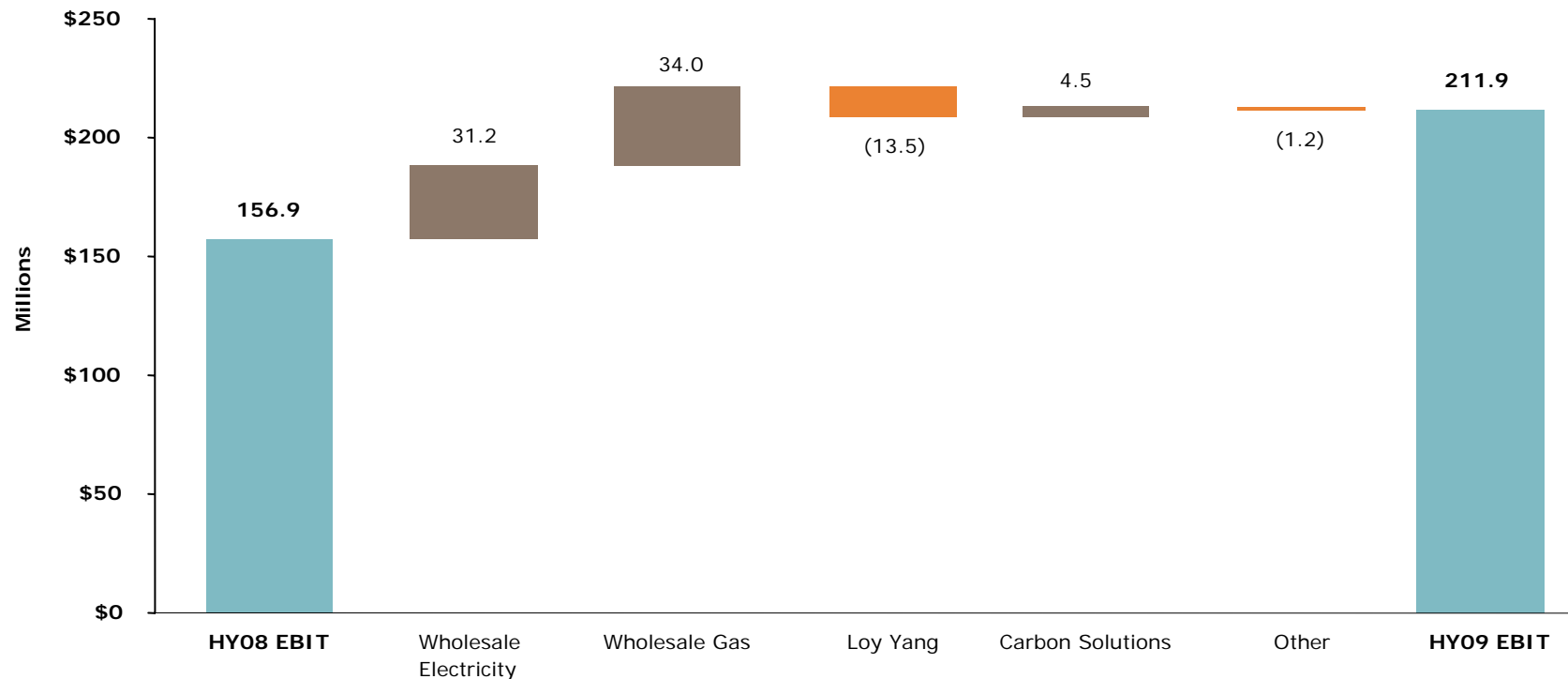
6 months to \$m	31 Dec 2008	31 Dec 2007	Change
EBITDA	239.8	182.9	31.1%
D & A	(27.9)	(26.0)	7.3%
EBIT			
Energy Portfolio and Merchant Operations			
Wholesale Electricity	182.9	151.7	20.6%
Wholesale Gas	61.3	27.3	124.5%
Merchant Operations	(48.6)	(48.2)	0.8%
Loy Yang A	2.5	16.0	(84.4%)
Energy Services	13.9	14.8	(6.1%)
Carbon Solutions	4.0	(0.5)	900%
Sundry	(4.1)	(4.2)	(2.4%)
Operating EBIT	211.9	156.9	35.1%

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Merchant – EBIT Drivers

Integrated portfolio continues to deliver increasing returns.



Key Drivers:

- › Wholesale Electricity benefited from lower pool costs resulting in lower net purchase costs and higher regulatory wholesale cost allowances.
- › Wholesale Gas includes higher Victorian Pool income driven by the supply constraints experienced in November 2008.
- › Loy Yang experienced lower average pool prices, increased operating expenses driven by higher labour costs and increased interest expense.

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Gas & Power Development – Key Financial Metrics

Significant progress in restructuring upstream gas portfolio.

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
EBITDA	70.4	130.9	(46.2%)
D & A	(8.9)	(48.9)	(81.8%)
Pro forma adjustment	(27.0)	-	-
EBIT			
PNG Upstream Investment (net of pro forma adjustment)	22.4	42.9	(47.1%)
Upstream Gas			
Queensland / South Australia	(4.5)	4.2	(207.1%)
New South Wales	0.7	0.7	-
Wind Farm Development Fees ¹	16.5	31.3	(47.3%)
Equity Investments	2.4	3.5	(31.4%)
Sundry	(3.0)	(0.6)	400%
Operating EBIT	34.5	82.0	(57.9%)

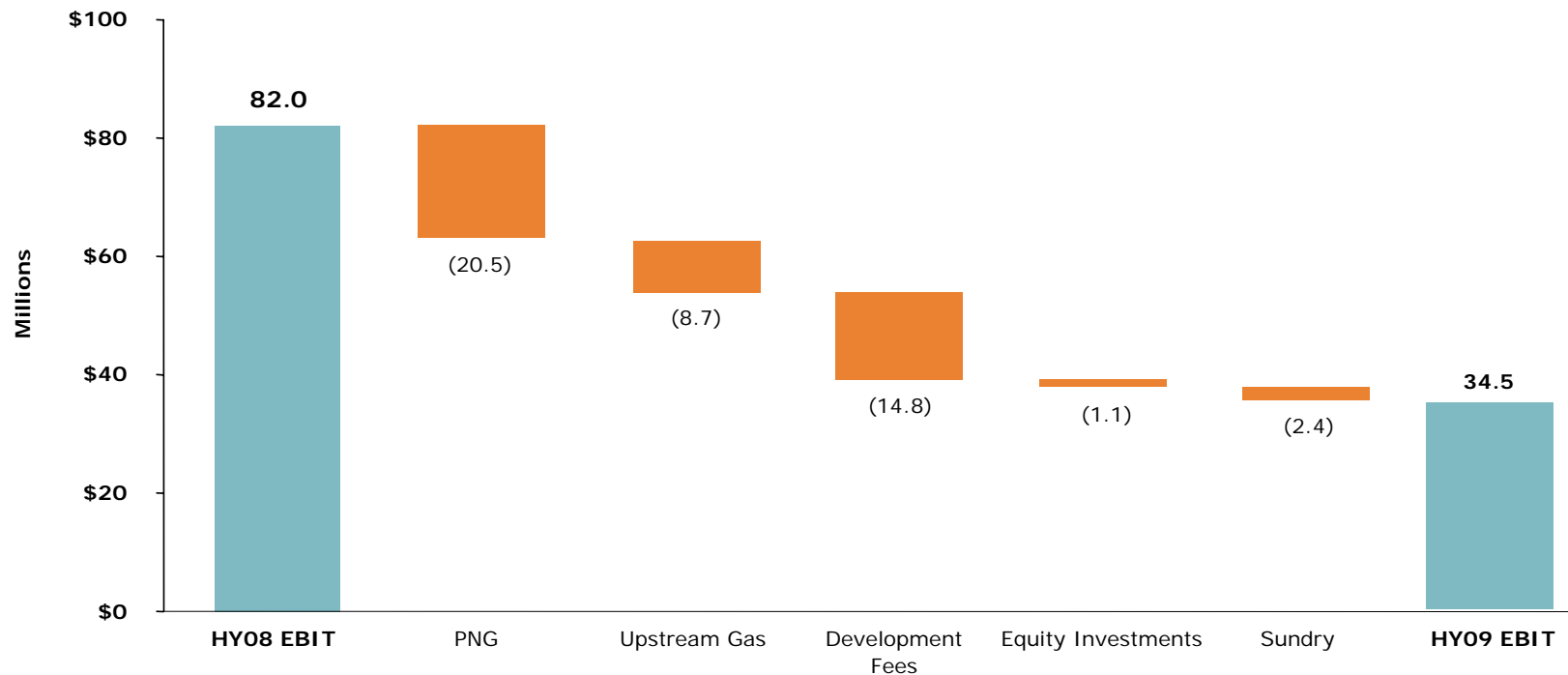
1. FY09 Wind Farm Development Fees currently anticipated to be in line with FY08 of \$40m

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Gas & Power Development – EBIT Drivers

Significant progress in restructuring upstream gas portfolio.

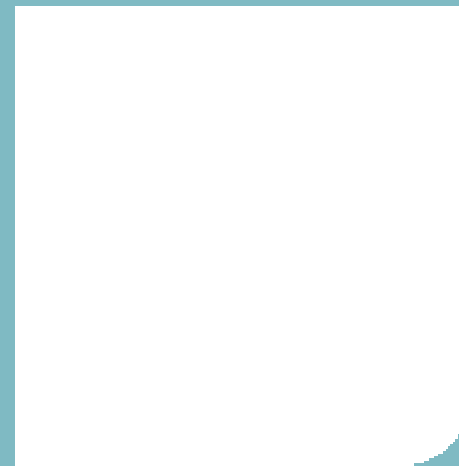


Key drivers:

- » Upstream gas includes impact of higher gas transportation charges post sale of NOGP & lower revenues including impact of Yabulu shut down for major outage / to increase capacity
- » Development fees booked in the half relate to income recognised to date on the development of Hallett 2 wind farm.

Operational Review

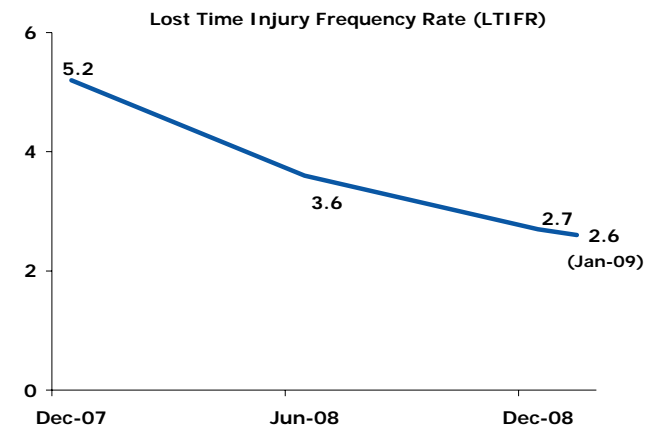
Michael Fraser
Managing Director & CEO



People & Safety

Employee safety, engagement & capability – a strategic priority.

- › Ongoing, holistic focus on safety in the workplace delivering improved results:
 - » HSE action plans linked to remuneration / incentives
 - » Continuing to build a safety first culture
- › Building upon improved employee engagement results:
 - » New recognition & reward program
 - » Revitalised induction & development programs
 - » Values workshops
- › Further depth & capability added to executive leadership team with appointments of Group GM Retail and Chief Economist/Group Head of Corporate Affairs



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Retail – Phoenix Business Transformation Stage

Capturing Benefits.

- › Final core retail migration to SAP (Phoenix) completed Nov 2008:
 - » ~93% of total customer base now serviced out of SAP
- › Business Transformation Program now established to ensure optimisation, timing and delivery of SAP benefits.
- › Continue to target further \$35m of annualised benefits to be realised in FY10:
 - » FY09 period of operational and systems consolidation
 - » Transitional cost increases being incurred to achieve end project targets
- › Capex of \$164.4m following final core retail migration:
 - » Within 10% of enhanced scope estimate per previous guidance



Retail – Operating Costs

Final SAP implementation results in short term cost increases.

6 months to	31 Dec 2008	31 Dec 2007	Change
Net Operating Expenditure	\$133.5m	\$117.7m	13.4%
Net Operating Costs per Customer Account	\$41.42	\$36.88	12.3%
Cost to Grow	\$30.4m	\$25.4m	19.7%
Cost to Grow per Account acquired / retained¹	\$71.98	\$72.31	(0.5%)
Cost to Serve	\$103.1m	\$92.3m	11.7%
Cost to Serve per customer account²	\$31.98	\$28.91	10.6%

- › Cost to grow per acquisition / retention neutral - efficient use of sales channels to drive more market activity per dollar spent
- › Cost to serve per customer account up – increase in costs a result of SAP implementation consolidation and increases in advertising spend over the corresponding period

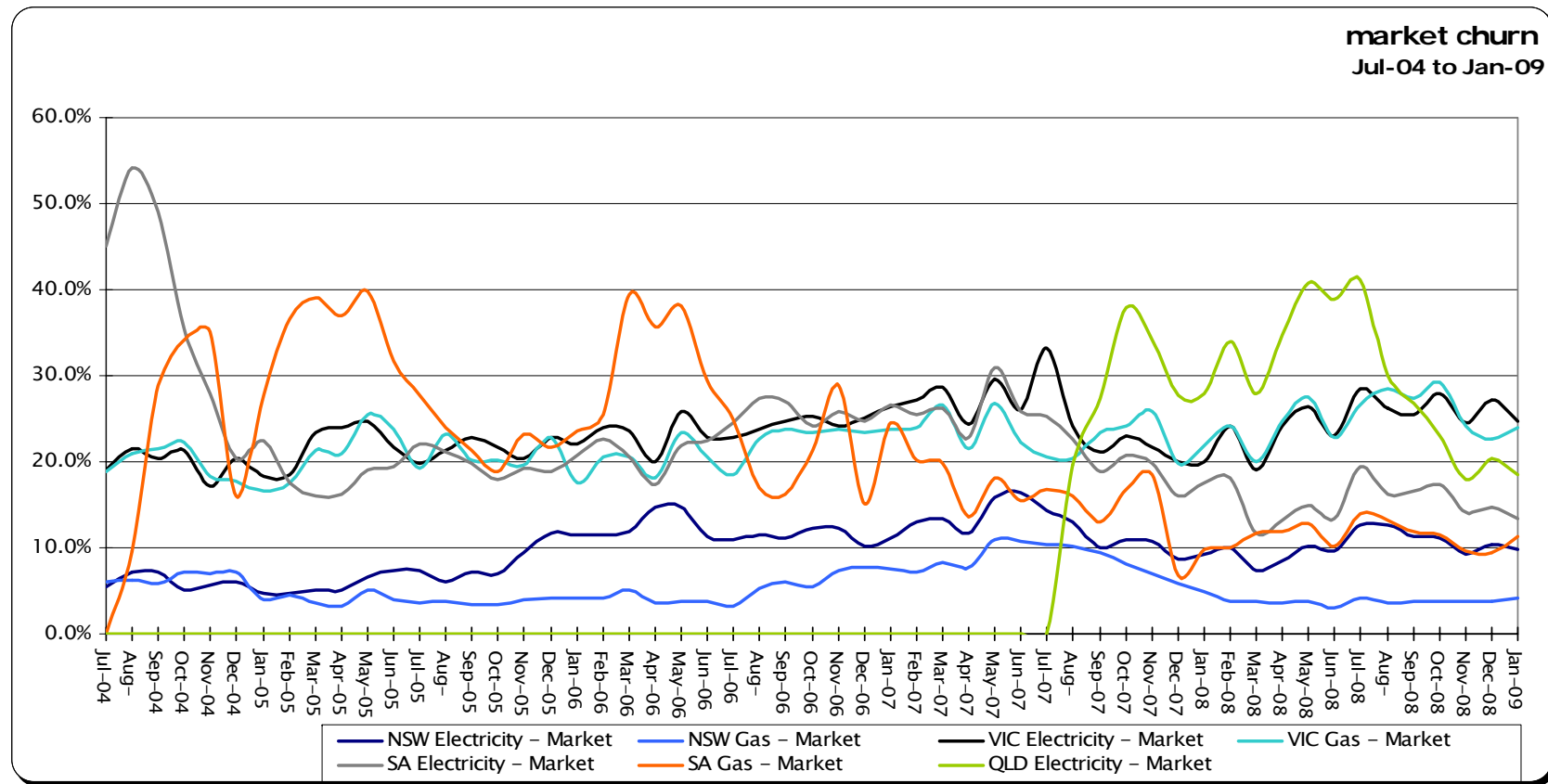
1. Cost to grow per account acquired / retained = costs to win and retain market contracts & transfer customers to AGL DIVIDED by contracts acquired PLUS contracts retained.
2. Cost to serve per customer account = net operating costs LESS cost to grow DIVIDED by average customer accounts.

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Retail – Market Churn

Stable customer accounts despite ongoing competition.



NOTE: Queensland gas & electricity churn includes customers transferring from default to market contracts with the same retailer.

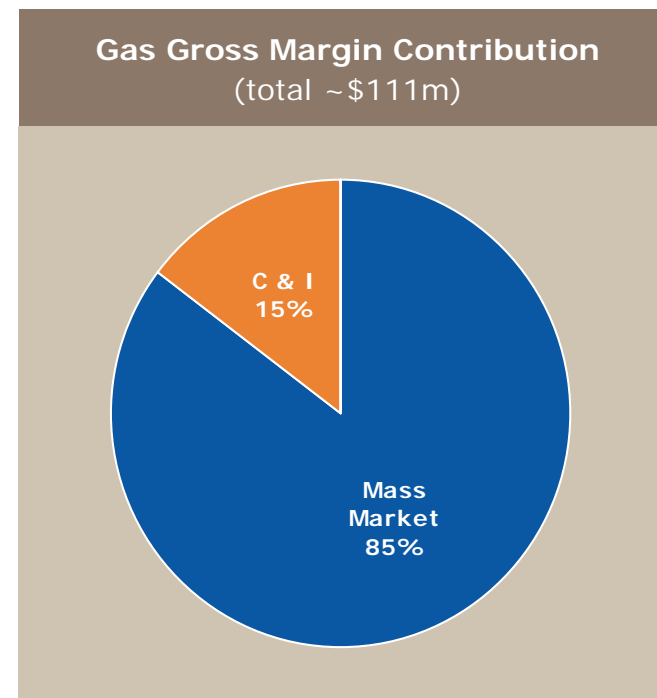
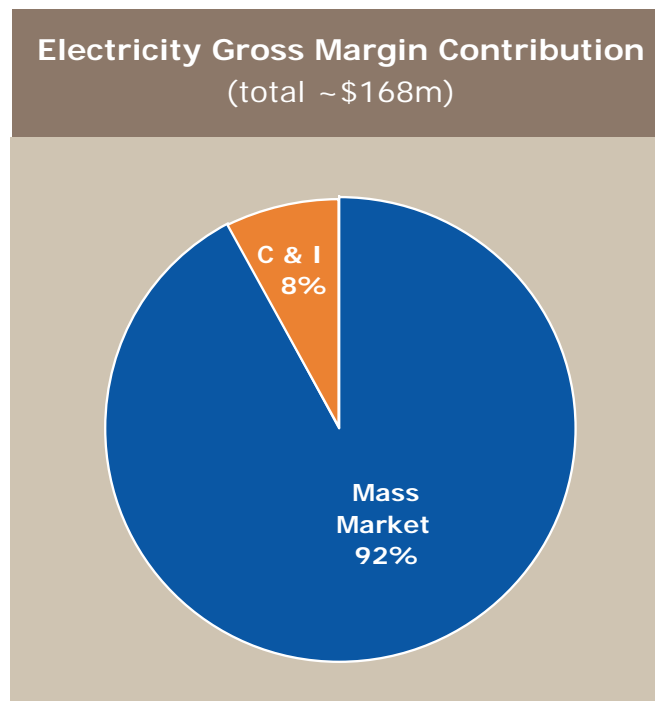
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Defensive Earnings Profile

Robust earnings during deteriorating economic conditions.

- » Majority of electricity & gas gross margin is derived from mass market customer base which historically has had limited volume impacts during economic downturns



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Generation

Portfolio diversity across generation type, fuel and geography.

Hydro:

- › Bogong on budget and on schedule, operational 1HFY10
- › Kiewa Scheme inflows significantly higher than pcp
- › Eildon operational with consistent water levels in recent months
- › Dartmouth not anticipated to be operational until FY11



Wind Farms:

- › Hallett 1: ongoing provision of O&M services, plant operating to expectations
- › Hallett 2: construction project on target – operational FY10
- › Wattle Point: ongoing provision of O&M services, plant operating to expectations



Torrens Island Power Station (TIPS):

- › TIPS ongoing strong performance: forced outages & ongoing availability within target

Somerton:

- › Ongoing excellent reliability & start capability, complements fast start hydro plant

Oakey & Yabulu:

- › Full six month contribution from Oakey & Yabulu, assisted in managing base & peak Queensland loads



Upstream Gas

Strategic acquisitions to deliver upside growth & optionality.

- » Recent transactions deliver access & control over additional certified 2P reserves with further, material upside potential & optionality:
 - » Investment in Galilee Basin CSG production pilot & exploration program
 - » Entered into option agreement with BG Group
 - » Acquisition of Tri-Star gas bank and minor Spring Gully interests
 - » Acquisition of Gloucester Basin reserves & development program
 - » Takeover of Sydney Gas
 - » Farm-in to Innamincka tenements
 - » Take up of Moranbah / Bowen Basin tenements¹

AGL Share of CSG reserves	As at 31 Dec 08		As at 30 Jun 08	
(PJ)	2P	3P	2P	3P
Moranbah (50%)	416	1,051	277	867
Camden (100% following Sydney Gas acquisition)	82	108	41 ²	54 ²
Gloucester (100%)	175	370	-	-
Spring Gully (various)	6	8	-	-
Total	679	1,537	318	921

1. Full back in rights to 50% of PL 223 & PL 224 for \$3.9m (representing 50% of past costs) - now responsible for 50% of future costs

2. AGL interest was 50% as at 30 Jun 08

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Upstream Gas – Operating Activities

Building a diversified domestic gas portfolio.

Moranbah / Bowen Basin

- › Significant development drilling continued with 22 new wells completed and connected
- › Production was shut-in for seven weeks for scheduled maintenance of the Yabulu Power Station. Recovered to pre-shut-in levels within two weeks of returning to full operation

Sydney Basin

- › **Camden:** Eight new connections completed with a total of 77 wells now completed and producing. Three dual lateral wells completed. Commenced a coil tubing program to clean out wells
- › **Hunter:** Core hole exploration drilling continued with six core holes completed. A 2D seismic acquisition program was also completed. Suitable sites for production pilot testing have been identified and will be the focus of ongoing work in the area

Galilee Basin

- › Drilling operations on five pilot wells was completed. Wells are currently suspended awaiting construction of a water handling facility before being stimulated and completed
- › Exploration of ATP 529P will continue with a program of seven cored wells and approximately 500 km of 2D seismic acquisition

Gloucester Basin

- › Exploration and appraisal programs continue aimed at increasing independent reserves certification and to assess deliverability of the full extent of the basin

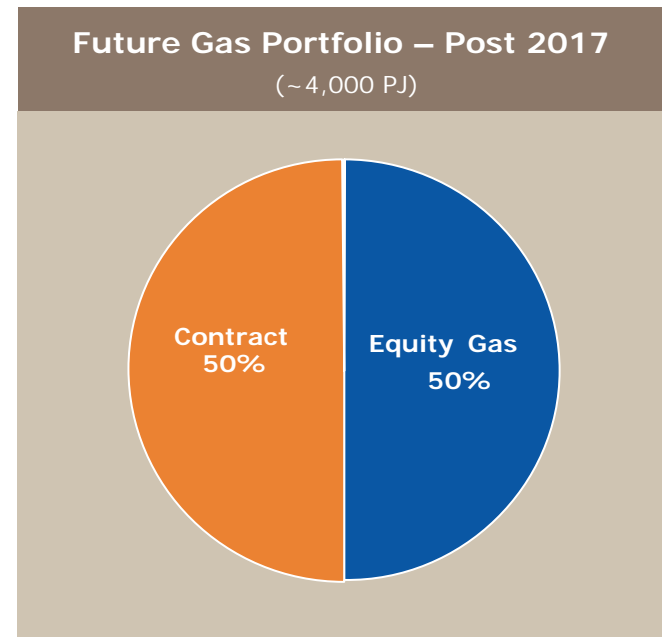
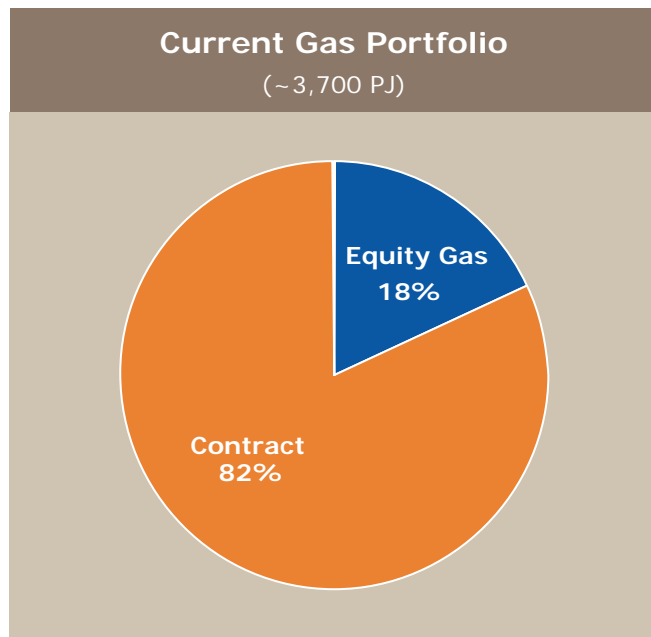


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Upstream Gas – Delivering Duration & Flexibility

Increasing self supply.

- › Existing portfolio flexibility allows timely development of gas production projects
- › AGL will continue to be a significant contractor of wholesale gas
- › Anticipate recent acquisitions of Gloucester, Sydney Gas/Hunter, Galilee & Innamincka interests together with ongoing wholesale contracting will satisfy supply requirements post 2017



Strategic & Financial Outlook

Michael Fraser
Managing Director & CEO



The AGL Integrated Strategy

Balancing risk between upstream supply, retail markets & providing access to multiple profit pools.



Upstream Gas – Growth Pipeline

Developing a portfolio with strategic depth, duration and optionality.

Upstream Gas	North Queensland – Bowen Basin (AGL 50%)	Moranbah: Continuing development activities bolstered by reserves upgrade and AGL back-in to two petroleum leases North Queensland Energy: Ongoing portfolio benefits of gas supply and electricity dispatch rights
	Sydney Basin (AGL 100% post SGL takeover)	Camden: Development drilling set to maintain moderate production growth – working to consolidate Sydney Gas Limited (SGL) takeover and extract operational synergies Hunter: Exploring in areas of best prospectivity with the aim of achieving reserves certification by FY10
	Gloucester Basin (AGL 100%)	Working to consolidate acquisition and realise synergies through exploration and development concurrent with Hunter – updating reserves certification by end FY09
	Galilee Basin (AGL 50%)	Five-spot pilot test at Glenaras drilled and awaiting completion and construction of water handling facility – production testing to commence in 2009
	Innaminka – Cooper Basin (AGL 35 – 37.5% farming in)	Drilling to assess CSG prospect due to commence in 2009
	Lacerta / Polaris Option	Continuing to undertake commercial and technical due diligence – option expires 14 April 2009 (no interest payable if option not exercised)
	CSG technical / operational resources	Existing in-house technical team at Camden, North Sydney and Brisbane (40 people) has merged with an additional 14 people from Gloucester – AGL may also offer employment to some employees of SGL – staff levels are adequate to address the expanded and extended operations across the Sydney/Gloucester Basins and elsewhere
	CSG infrastructure resources	Resources for exploration and development drilling, as well as construction of processing, compression and pipeline facilities are in place or well advanced to deliver 100% of AGL's capex program over the forecast period

› **CAPEX:** Current AGL indicative capex per 10PJ through to production: ~\$5.0m

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Gas Generation – Growth Pipeline

Developing a portfolio with strategic depth and optionality.

	Project	Nominal Capacity (MW)	Location	Type	Project Status	Definition
Gas Generation	Leafs Gully	360	NSW - Appin	Gas Peaker	Development application being assessed	Probable
	Tarrone	500	VIC - West	Gas Peaker	In Development	Probable
	NQ Peaker	360	Nth QLD - Townsville	Gas Peaker	Site Acquired	Possible
	SEQ 1	360	SE QLD - Ipswich	Gas Peaker	Site Secured	Possible
	SEQ 2	1,150	SW QLD - Kogan	Gas Peaker/CCGT	Site Acquired	Possible
	ACT Peaker	500	ACT	Gas Peaker	Pre-Feasibility	Possible
	Other	4 projects totalling up to 2,010	Various	Gas Peakers	Sites secured	Possible
	Condamine Option		Continuing to undertake technical and commercial due diligence - option expires 14 April 2009 (no interest payable if option not exercised)			

- › **Probable Projects:** Projects which are under development with an approved budget and pending final investment decision
- › **Possible Projects:** Projects where AGL holds rights to the sites and/or where the final investment decision is expected to be in excess of 12 months
- › **CAPEX:** Current AGL indicative installed capex for Open Cycle Gas Turbine (OCGT) plant (peaking) is approximately \$0.7m to \$0.9m / MW

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Renewable Generation – Growth Pipeline.

Developing a portfolio with strategic depth and optionality.

	Project	Nominal Capacity (MW)	Location	Type	Project Status	Definition
Renewable Generation	Bogong	140	Victorian Alps	Hydro	Under Construction	Committed
	McKay Creek Up Rate	10	Victorian Alps	Hydro	Under Construction	Committed
	Hallett 2	71	SA - Hallett	Wind	Under Construction	Committed
	Hallett 3	80	SA - Hallett	Wind	In Development	Probable
	Hallett 4	132	SA - Hallett	Wind	In Development	Probable
	Oaklands Hill	63	VIC - West	Wind	In Development	Probable
	Hallett 5	50	SA - Hallett	Wind	Permitted	Possible
	Macarthur	330	VIC - West	Wind	JV with Meridian	Possible
	Crows Nest	150	QLD - Toowoomba	Wind	Permitted	Possible
	Worlds End	180	SA - Burra	Wind	Permitted	Possible
	Ben Lomond	150	NSW - Armidale	Wind	Landowner Agreements in place	Possible
	Coopers Gap	300	QLD - Kingaroy	Wind	Landowner Agreements in place	Possible
	Other	4 Projects totalling up to 720	Various	Various	Under Review	Possible
	Torrens Energy Geothermal Alliance (AGL 50% farming in)		Torrens Energy is sole-funding exploration and studies ahead of the first deep well planned to be drilled by AGL in FY10			

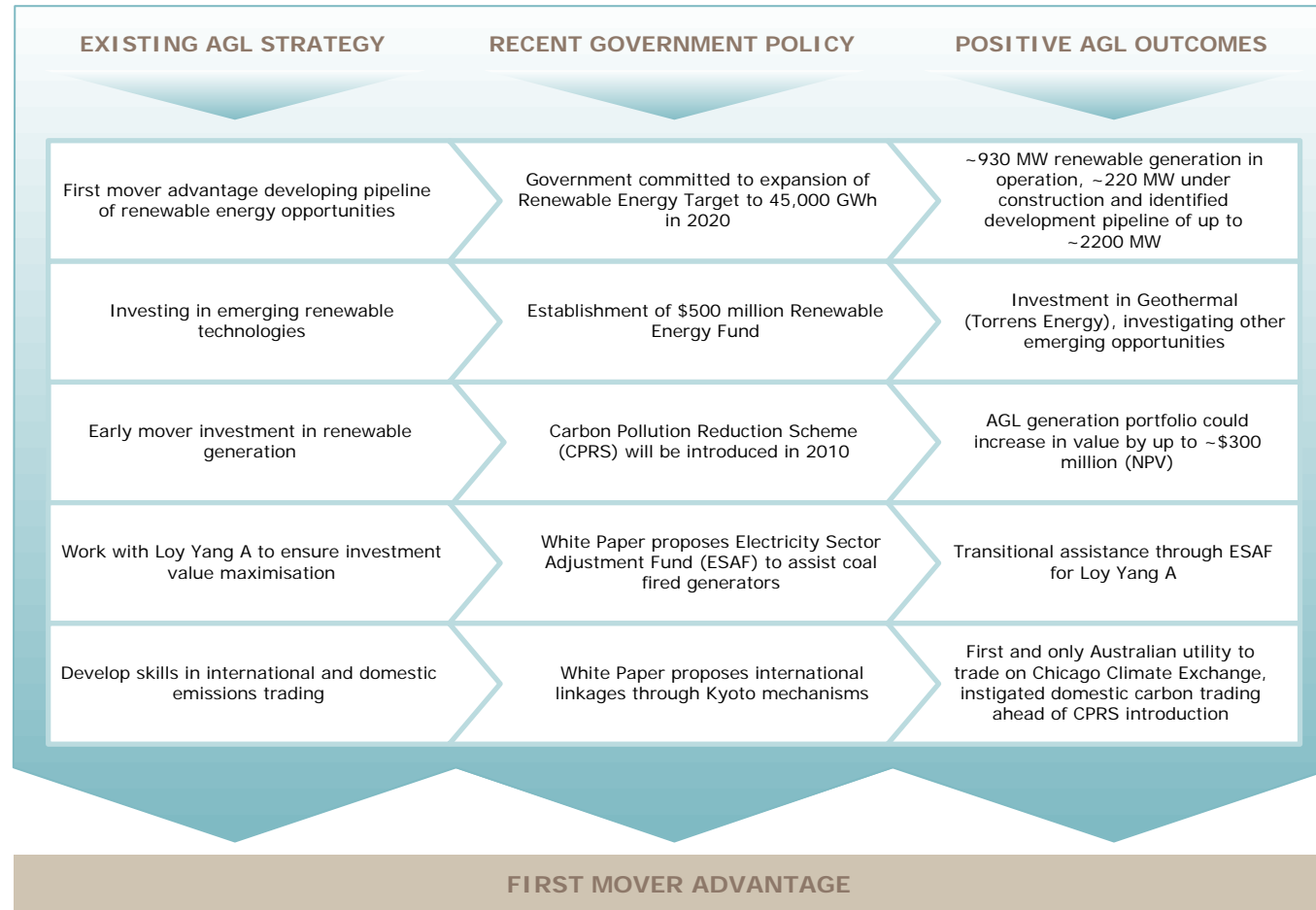
- › **Probable Projects:** Projects which are under development with an approved budget and pending final investment decision
- › **Possible Projects:** Projects where AGL holds rights to the sites and/or where the final investment decision is expected to be in excess of 12 months
- › **CAPEX:** Current AGL indicative installed capex for wind is approximately \$2.7m to \$2.9m / MW

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Renewables & Carbon: First Mover Advantage

AGL's strategy benefits from recent Government announcements.

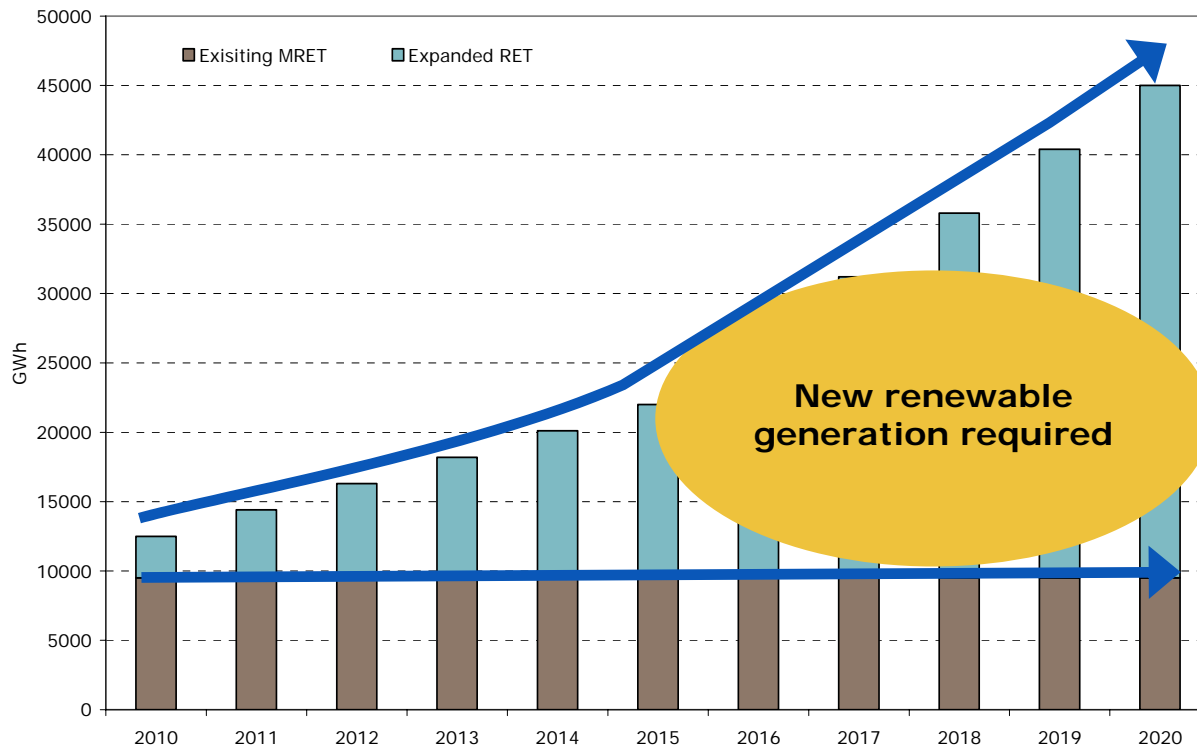


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Required Renewables Growth

Expanded Renewable Energy Target (RET) Drives Growth.



- › New federal Government Policy – by 2020 an additional 35,500 GWh p.a. of renewable energy required to meet the target of 45,000 GWh p.a.
- › If all new capacity is wind, implies ~12,000 MW of new renewable capacity
- › AGL's leading existing renewable portfolio & development options will deliver material upside via REC and black electricity price appreciation under Expanded RET & Carbon Pollution Reduction Scheme

Financial Outlook & Strategic Priorities

Financial outlook

- › Reconfirm FY09 EBITDA guidance of \$775 million to \$820 million
- › Reconfirm FY09 underlying NPAT guidance of \$370 million to \$400 million:
 - » Excludes SunGas & Powerdirect customer amortisation charge of \$18.1m
- › Reconfirm dividend payout policy of ~60% of underlying NPAT, fully franked
 - » AGL currently scheduled to release FY09 result Thursday, 20 August 2009

Strategic priorities

- › Ongoing, disciplined roll out of integrated strategy:
 - » Expansion of renewables portfolio
 - » Exploration and development of existing gas acreage and reserves
 - » Development of gas generation portfolio
 - » Delivering benefits of Phoenix Business Transformation Program
- › Integrated strategy supports delivery of sustainable shareholder returns in challenging economic conditions and through various market cycles

Further Information / Contacts

A range of information on AGL Energy Limited including ASX & Media Releases, Presentations, Financial Results, Annual Reports and Sustainability Reports is available from our website:
www.agl.com.au

alternatively, contact:

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Supplementary Information



Reconciliation

Operating EBIT to Operating EBIT from continuing operations.

6 months to \$m	31 Dec 2008	31 Dec 2007
Operating EBIT (incl. pro forma adjustment)	359.1	372.9
Less		
PNG (incl. pro forma adjustment)	(22.4)	(42.9)
NQGP	(0.8)	(0.9)
QGC	(2.6)	(3.5)
Elgas	(10.6)	(9.9)
GasValpo	-	(9.4)
AlintaAGL	-	(13.6)
Operating EBIT from continuing operations	322.7	292.7

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Energy Investments

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
EBITDA			
ActewAGL	17.1	15.2	12.5%
Elgas ¹	10.6	9.9	7.1%
GasValpo ²	-	12.3	-
AlintaAGL ²	-	13.6	-
Investments Other	2.8	2.5	12%
Total EBITDA	30.5	53.5	(43%)
GasValpo depreciation	-	(2.9)	-
Total EBIT contribution	30.5	50.6	(39.7%)

1. AGL disposed of its 50% ownership interest in Elgas on 2 October 2008 resulting in a pre-tax profit of \$149.9 million which has been classified as a significant item. The amount included above is a dividend received prior to the sale of Elgas
2. AGL disposed of GasValpo and AlintaAGL on 30 April 2008 and 12 December 2007 respectively.

Reconciliation

Statutory Cash flow to Operational Cash flow.

6 months to \$m	31 Dec 2008	31 Dec 2007
Statutory net cash provided by operating activities	266.5	111.1
Cash flow relating to significant items	32.2	27.3
Less: Receipts from NEMMCO deposits replaced by guarantees	-	(238.3)
Add: Futures margin calls	10.7	332.5
Operating cash flow	309.4	232.6

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Balance Sheet

As at \$m	31 Dec 2008	31 Dec 2007
Current assets	3,932.9	3,576.8
PPE and oil & gas assets	2,561.9	2,331.4
Other non current assets	3,752.6	4,291.0
Total Assets	10,247.4	10,199.2
Current liabilities	1,609.1	2,053.4
Total debt	1,756.0	2,390.9
Other non current liabilities	670.4	762.5
Total Liabilities	4,035.5	5,206.8
Net Assets	6,211.9	4,992.4
Contributed equity	4,010.0	3,858.3
Reserves	248.2	745.0
Retained earnings	1,953.7	389.1
Total Equity	6,211.9	4,992.4

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Fair Value Reconciliation

As at \$m	Net Assets		
	31 Dec 2008	30 Jun 2008	Change
Electricity derivative contracts	672.3	1,007.4	(335.1)
Oil derivative contracts	-	(247.5)	247.5
Interest rate swap & foreign currency derivative contracts	(38.7)	19.0	(57.7)
Total net assets for derivative contracts	633.6	778.9	(145.3)
Change in derivative net asset value	(145.3)		
Premiums paid	(159.1)		
Equity accounted fair value	2.3		
Less:			
Premium roll off	59.5		
Total change in fair value	(242.6)		
Total change in fair value:			
Recognised in equity hedge reserve	(300.6)		
Recognised as a significant item relating to PNG asset sale	160.8		
Recognised in profit and loss	(102.8)		
Total change in fair value	(242.6)		

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Capital Expenditure

6 months to 31 Dec 2008 \$m	SIB	Discretionary	Total
Merchant Energy	18.6 ⁴	2.8 ¹	21.4
Gas & Power Development	-	205.8 ²	205.7
Retail Energy	-	44.7 ³	44.7
Corporate Other	1.2	4.3	5.5
Total	19.8	257.5	277.3

1. Comprises Energy Services \$2.8m
2. Comprises Bogong Hydro \$64.6m, PNG Oil Development \$20.5m, Hallett 2 Wind Farm \$14.2m, Moranbah CSG JV \$31.4m, Camden CSG JV \$4.1m, QSN Compressor \$10.0m, Hunter CSG Exploration \$3.1m, Berwyndale to Wallumbilla pipeline \$50.8m, other minor projects \$7.1m
3. Comprises \$42.6m for Phoenix Solution and \$2.1m of Other CAPEX spend for Retail Energy
4. Torrens Island \$7.6m, AGL Hydro \$7.8, Other minor projects \$3.2m

QGC & PNG Sales – Accounting

QGC	\$m
Disposal Consideration	1,176.6
Carrying value of investment	(422.2)
Pre tax profit on disposal	754.4
Tax expense	(247.5)
Net profit after tax	506.9

PNG	\$m
Disposal Consideration (net of cost)	1,184.9
Net Assets Disposed (book value)	(492.0)
	692.9
Transfer from foreign currency translation reserve	72.9
Pre tax profit on disposal	765.8
Tax expense	(18.0)
Reversal of previous write down of Deferred tax Assets	67.8
Net profit after tax (excludes oil derivative fair value change)	815.6

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Gas Sales Volume

6 months to PJ	31 Dec 2008	31 Dec 2007	Change
Mass Market			
VIC	18.9	17.3	9.1%
SA	1.1	0.7	57.1%
NSW	15.3	13.9	10.5%
QLD	1.5	1.6	(6.3%)
Mass Market Total	36.8	33.5	9.8%
C & I			
VIC	17.1	17.1	-
SA	1.0	0.8	25.0%
NSW	23.7	24.0	(1.0%)
QLD	6.7	7.1	(5.6%)
C & I Total	48.6	48.9	(0.5%)
Wholesale Customers & Generation ¹	34.8	38.1	(8.7%)
Total	120.2	120.5	(0.2%)

1. Includes 15.0 PJ of sales to internal generation (1H08 18.7 PJ)

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Electricity Sales Volume

6 months to GWh	31 Dec 2008	31 Dec 2007	Change
Mass Market			
VIC	2,559	2,662	(3.9%)
SA	1,650	1,661	(0.7%)
NSW	1,304	1,307	(0.2%)
QLD ¹	1,837	1,756	4.6%
Mass Market Total	7,350	7,386	(0.5%)
C & I			
VIC	2,935	2,929	0.2%
SA	1,235	1,294	(4.6%)
NSW	2,642	3,194	(17.3%)
QLD ¹	3,215	3,873	(17.0%)
C & I Total	10,026	11,290	(11.2%)
Total (ex ActewAGL)	17,376	18,675	(7.0%)
Purchased volume ActewAGL	1,501	1,469	2.2%

1. Powerdirect numbers now integrated into customer domicile states

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Retail – Mass Market Key Indicators (includes SME)

6 months to Electricity	Dec 2008	Dec 2007	Change
Volume (GWh)	7,350	7,386	(0.5%)
Mass Market Accounts ('000)	1,791	1,780	0.6%
Revenue (\$m)	921.7	856.6	7.6%
Gross Margin (\$m) ¹	155.8	141.2	10.3%
Gross Margin	16.9%	16.5%	2.4%
Gas			
Volume (PJ)	36.8	33.4	10.2%
Mass Market Accounts ('000)	1,417	1,382	2.5%
Revenue (\$m)	548.7	474.7	15.6%
Gross Margin (\$m) ¹	94.4	86.4	9.3%
Gross Margin	17.2%	18.2%	(5.5%)

1. Excludes Other Revenue (Fees & Charges)

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Retail – C & I Key Indicators

6 months to Electricity	Dec 2008	Dec 2007	Change
Volume (GWh)	10,026	11,290	(11.2%)
C&I Accounts ('000)	13.8	11.2	23.3%
Revenue (\$m)	753.4	762.4	(1.2%)
Gross Margin (\$m) ¹	12.6	10.1	24.4%
Gross Margin	1.7%	1.3%	25.9%
6 months to Gas			
Volume (PJ)	48.6	49.2	(1.2%)
C&I Accounts ('000) ²	1.0	0.9	15.1%
Revenue (\$m)	261.2	241.4	8.2%
Gross Margin (\$m) ¹	16.4	14.8	11.3%
Gross Margin	6.3%	6.1%	2.8%

1. Excludes Other Revenue (Fees & Charges)

2. Restatement - incorrect data provided previously for 1H07 - 0.6 for VIC only

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Retail – Customer Accounts (6 months to 31 Dec 2008)

Maintaining customer accounts in a competitive market.

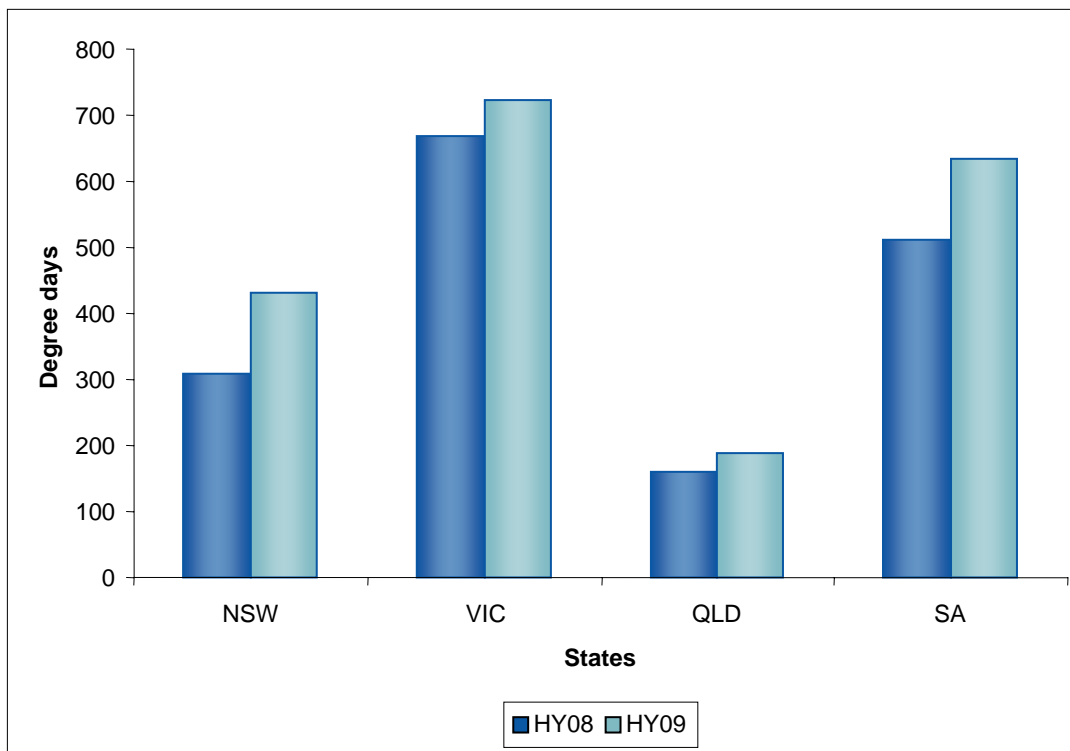
State	Gas	Electricity	Total
 VIC	492,100 (FY08: 500,700)	659,900 (FY08: 670,400) ¹	1,152,000
 SA	78,500 (FY08: 75,400)	463,700 (FY08: 469,800) ¹	542,200
 NSW	764,300 (FY08: 759,700)	318,100 (FY08: 299,800) ¹	1,082,400
 QLD	83,600 (FY08: 73,100)	363,100 (FY08: 372,500)	446,700
Total accounts (Net) 31 Dec 08	1,418,500	1,804,800	3,223,300
Total accounts (Net) 30 Jun 08	1,408,900 ¹	1,812,500 ¹	3,221,400 ¹
Change	+9,600 (+0.7%)	-7,700 (-0.4%)	+1,900 (+0.1%)

Dual fuel accounts 31 Dec 08	1,190,000 +10,000
-------------------------------------	------------------------------------

- June FY08 electricity numbers have been restated to include the Powerdirect state splits. On acquisition and subsequent results Powerdirect numbers were reported separately for analysis purposes of the Powerdirect business however now that business is fully integrated into wider AGL, Powerdirect customer numbers sit within respective domicile / states.

Retail – Weather Impact

Heating Degree Days



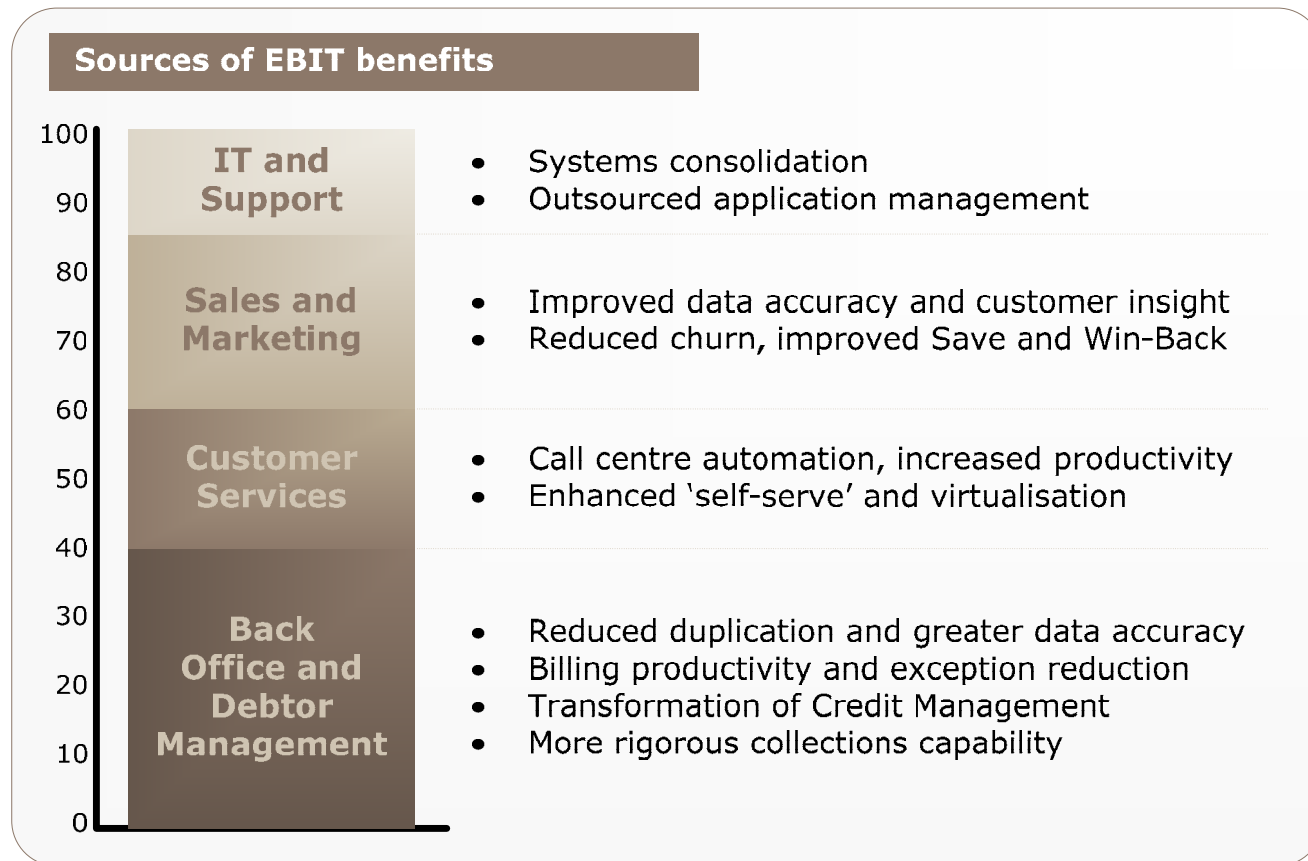
- > NSW cold winter and early spring:
 - » Aug 08 lowest average maximum temperature since 1989 & lowest mean minimum temperature since 1951
- > VIC cold Aug 08:
 - » Temperatures well below the long term average
 - » Spring temperatures close to long term averages.
- > SA PCP Sept 07 temperatures significantly above average, Aug 08 below average temperatures.
- > Qld Aug 08 particularly cold:
 - » Oct 07 temperatures have been offset by a cool Jul 07 due to low night temperatures.

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Retail – Phoenix Business Transformation Stage

Capturing Benefits.



Merchant - EBIT Analysis

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
Revenue from Retail Business			
- Electricity (COGS transfer price)	1,023.2	953.3	7%
- Gas (COGS transfer price)	400.7	352.1	14%
External Revenue			
- Generation Revenue	97.6	128.2	(24%)
- ActewAGL ¹	135.5	116.0	17%
- External (3rd Party) Revenue ²	123.9	97.4	27%
- Equity Profits	2.5	16.0	(84%)
Total Merchant Revenue	1,783.4	1,662.9	7%
Cost of Goods Sold			
- Electricity COGS	(889.0)	(1,225.5)	27%
- Electricity CFD's	(97.3)	283.2	134%
- Gas COGS ³	(507.9)	(493.4)	(3%)
Gross Margin	289.2	227.2	27%
Operating Costs	(49.4)	(44.3)	(12%)
EBITDA	239.8	182.9	31%
D&A	(27.9)	(26.0)	(8%)
EBIT	211.9	156.9	35%

1. ActewAGL Dec 08: Electricity Sales 64%, Gas sales 36%; Dec 07: Electricity Sales 78%, Gas sales 22%.
2. External Revenue Dec 08: Gas sales 57%, Other sales 43%; Dec 07: Gas sales 54%, Other sales 46%.
3. Gas COGS includes \$62.7m (Dec 07: \$84.9m) of gas costs for gas fired generation which is reported in Wholesale Electricity EBIT.

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Merchant – Generation Assets EBIT

6 months to 31 Dec 08 \$m	TIPS	Somerton	Vic Hydro	NSW Hydro	SA Wind	QLD Generation	Energy Services ¹	Total ²
Pool Revenue	59.4	5.1	11.1	1.2	8.3	12.0	7.6	104.7
- COGS	(59.3)	(3.3)	-	-	-	(11.6)	(2.4)	(76.6)
Gross Margin	0.1	1.8	11.1	1.2	8.3	0.4	5.2	28.1
Operating Costs	(21.3)	(0.7)	(6.7)	(0.6)	(12.6)	(21.3)	(0.6)	(63.8)
EBITDA	(21.2)	1.1	4.4	0.6	(4.3)	(20.9)	4.6	(35.7)
D&A	(13.1)	(3.5)	(3.7)	(0.2)	-	(4.9)	(2.9)	(28.3)
Operating EBIT	(34.3)	(2.4)	0.7	0.4	(4.3)	(25.8)	1.7	(64.0)
GWh	1,203.3	59.5	187.3	26.0	306.6	470.0	159.5	2,412.2
Price (\$) / MWh	49.39	86.48	59.26	44.71	26.94	25.43	47.56	43.38
Capacity factor % ^{3,4}	21.5	9.1	7.5	8.0	37.8	24.4	52.4	N/A

Average pool prices earned in all regions is significantly lower in 1H FY09 which drives lower operating EBIT compared to prior half.
Full six month contribution from QLD generation (Oakey and Yabulu) compared to prior half.

NOTE: Above data **DOES NOT** include the portfolio benefits of AGL's expanded physical generation. 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 result.

1. Excludes sales of other services (e.g. steam) to Energy Services customers and HC Extractions
2. Excludes small generation facilities and includes Yabulu (which is reported in Gas & Power Development)
3. Assumes 100% availability
4. AGL's share of Yabulu plant is 50%

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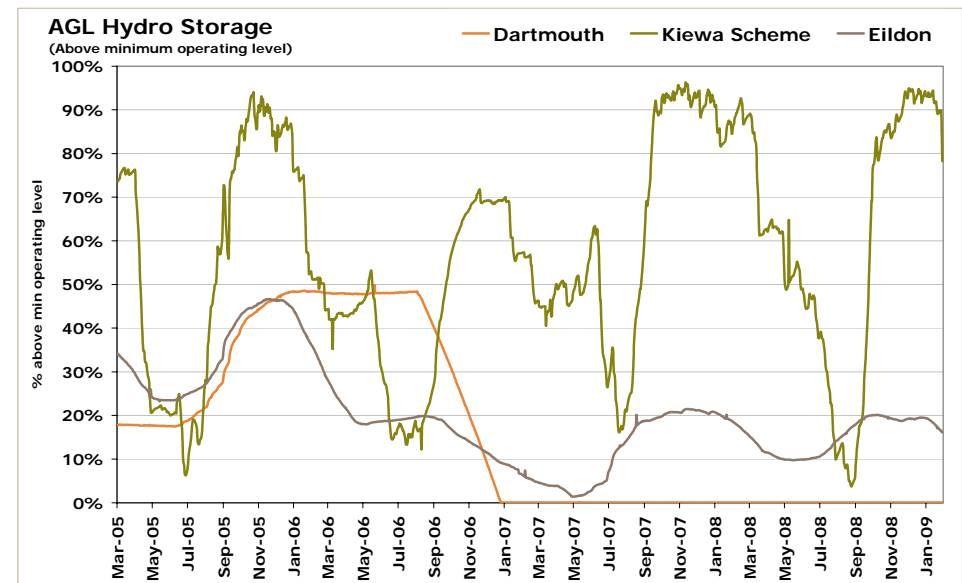
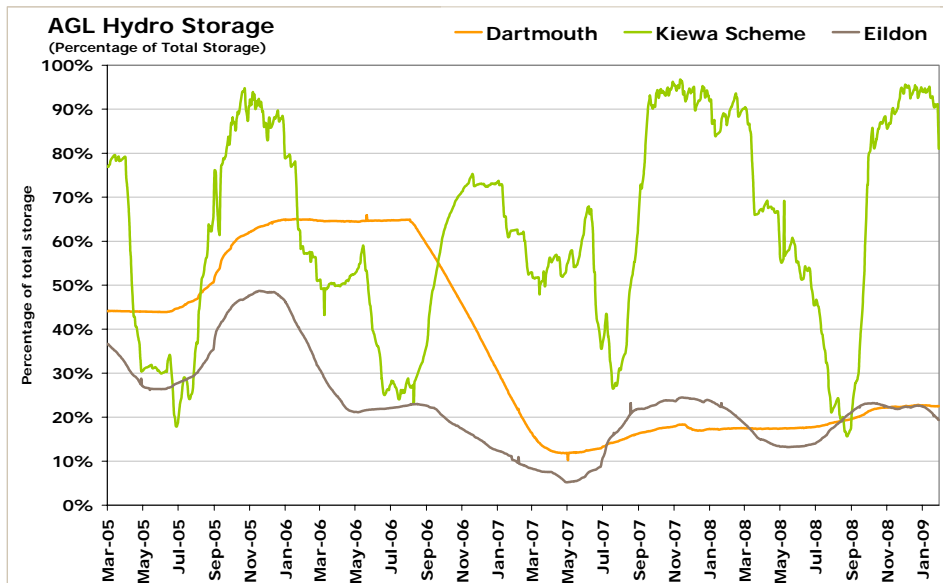
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Merchant – Hydrology

- › Kiewa Scheme (365MW including Bogong) experienced average snow melt & dam levels rose accordingly. The scheme's water management plan allows for normal operations plus provisioning water for commissioning of the Bogong Hydro Power Station
- › Eildon (135MW) dam is operational with stabilising of water levels in recent months
- › Dartmouth (180MW) is not anticipated to be operational until FY11



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Merchant - Electricity Hedging: Policy

Integrated physical & financial policies.

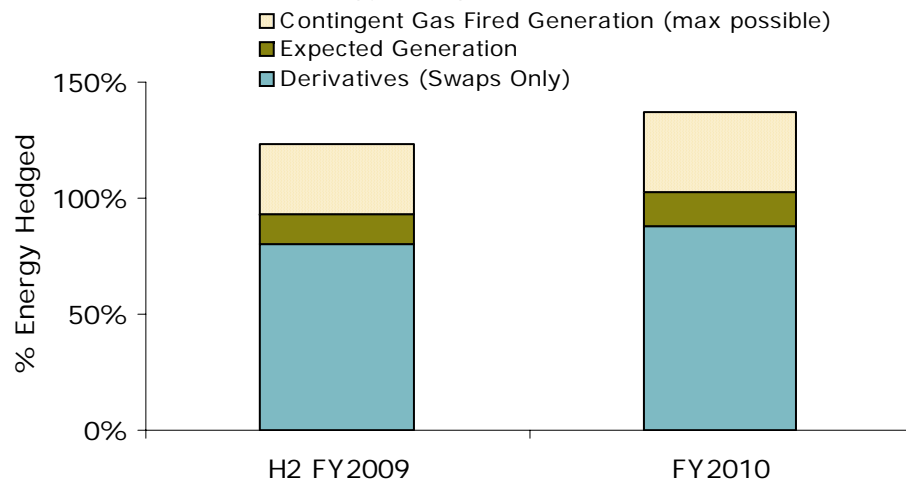
- › AGL Risk Management Policy is set by the Board and establishes the requirements for the management of wholesale risk
- › Clearly defined and approved commodity and transaction limits
- › Counter party credit limit tier allocation
- › Market price risk is contained with requirements for hedging based upon physical limits and financial limits:
 - » **Physical Limits:** Appropriate hedges to meet minimum fraction of expected energy load
 - » **Financial Limits:** Additional limits defined on basis of detailed economic analysis of portfolio dynamics of load, hedge contracts, generation and volatile prices:
 - Earnings at Risk limits are established as the worst outcome expected 1 year in every 10

Merchant - Electricity Hedging: Position

Prudent hedging ensures risks covered while retaining ability to flex with demand & capitalise on new sourcing opportunities.

Physical

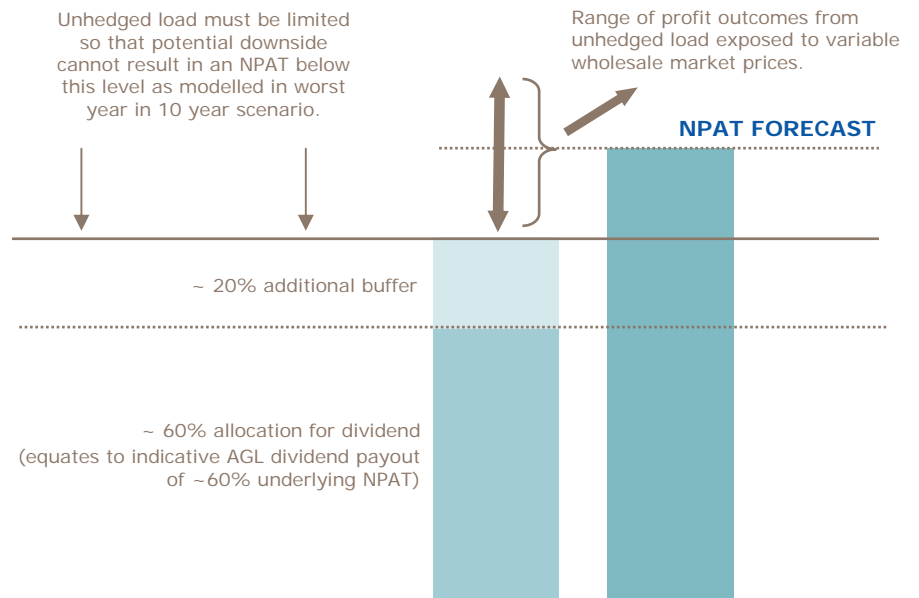
AGL Energy Hedge Position - All States



- > Positions across all states and time periods have been aggregated
- > Reference load is average annual energy (in MWh) for 100% of (CI Contracted Load + Expected Mass Market Load)
- > Expected Generation represents AGL's internal estimate of the amount of energy likely to be generated based on pool price, fuel cost and hydrology assumptions
- > Contingent Gas Fired Generation is the maximum amount of energy that AGL's portfolio could generate if required
- > Position does not include AGL's passive investment in Loy Yang A

Financial

Satisfying Financial Risk Limits

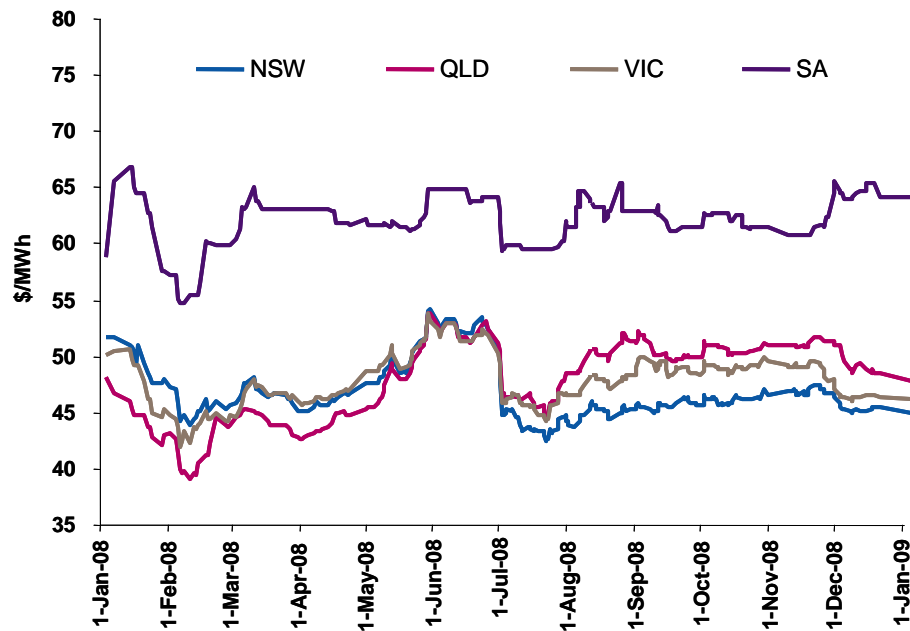


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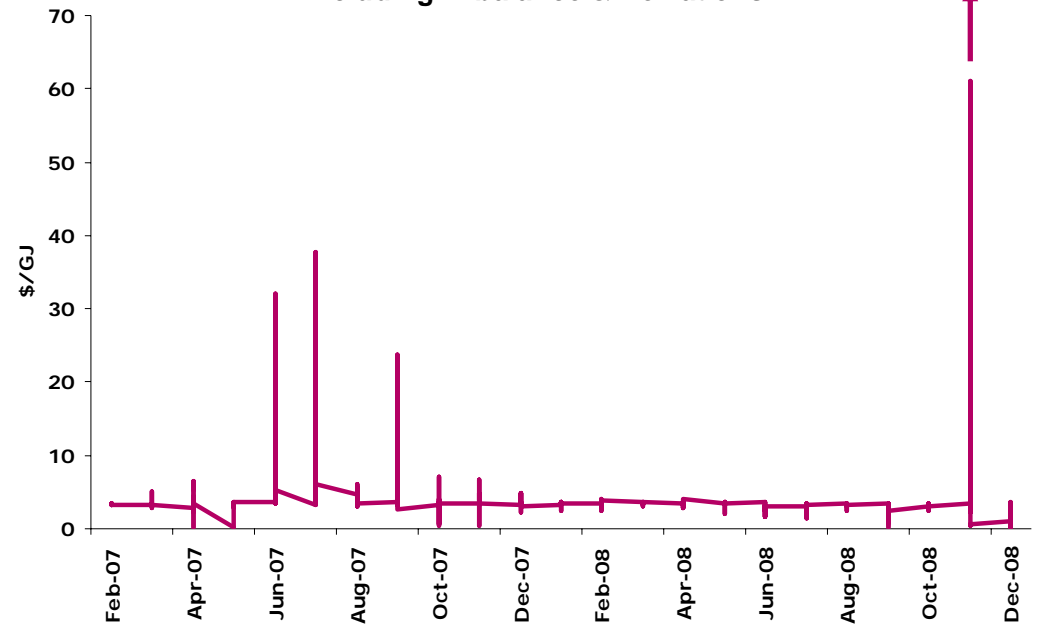


Merchant – Wholesale Electricity & Gas Prices

Electricity - Calendar 09 Forward Contract Prices



Gas - Victorian Market Weighted Average Daily Price Including Imbalance & Deviations

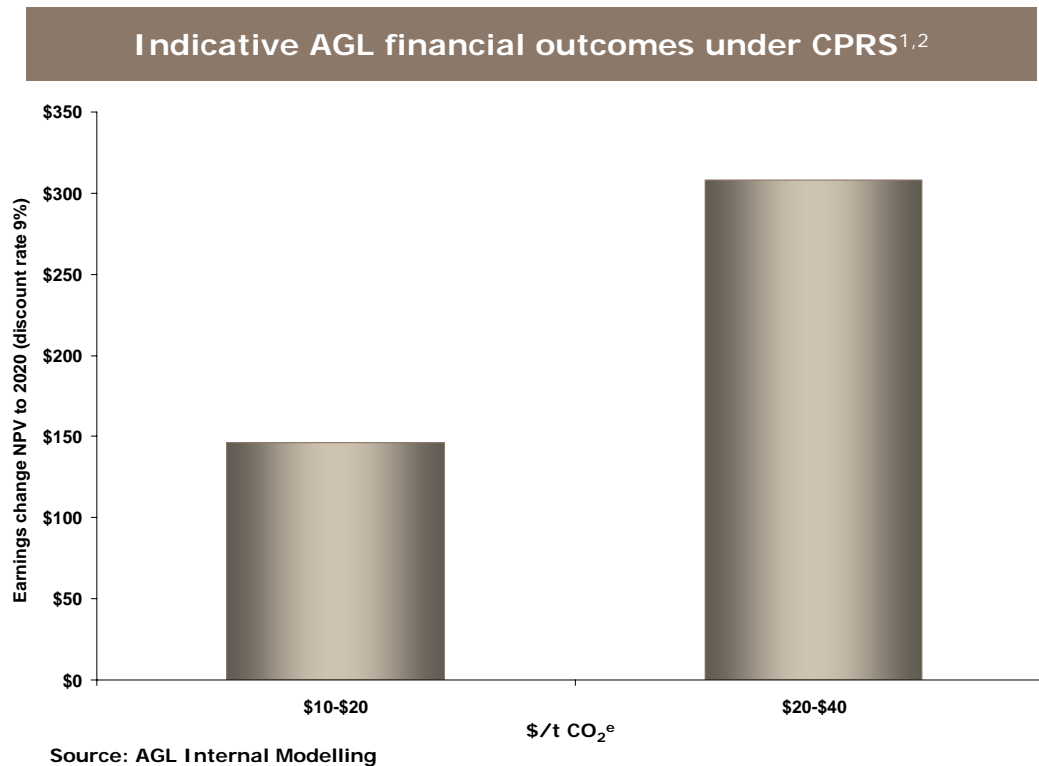


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Carbon Pollution Reduction Scheme – White Paper

AGL industry leading generation portfolio to benefit.



- › All indicators suggest measured start to Carbon Pollution Reduction Scheme (CPRS) in 2010
- › Forward AEU's currently trading around \$20 tCO₂^{-e}
- › Transitional assistance to be determined through Electricity Sector Adjustment Fund
- › Expanded Renewable Energy Target policy likely to drive majority of abatement under CPRS 5%
- › Current AGL generation portfolio diversity to deliver immediate benefits under CPRS
- › AGL deep pipeline of renewable projects to add further value forward under CPRS

1. Includes plant in operation (including Loy Yang A) plus renewable plant currently under construction and scheduled to be operational by 2010.
2. Outcomes Based upon CPRS 5% scenario (all abatement sourced from electricity sector) - pool price uplift reflects NEM average (discounted for peaking) - cost increases reflecting plant emissions intensity - outputs based on historical averages. **Includes permit allocation to Loy Yang A** - based upon calculation outlined in the CPRS White Paper (discounted to reflect equity share)

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Carbon Pollution Reduction Scheme - White Paper

AGL industry leading generation portfolio to benefit.

Region	AGL Power Stations	Station Intensity	Regional Intensity	NPV Uplift (to 2020)
Queensland	Yabulu	0.5	1.040	~\$95 million ²
	Oakey	0.7		
New South Wales	-	-	1.062	
Victoria	Somerton	0.7	1.31	
	AGL Hydro ¹	0		
	Bogong	0		
	Loy Yang A	1.2		
South Australia	TIPS	0.6	0.979	
	Hallett 1 & 2	0		

1. While some of the AGL Hydro plant are in New South Wales, they have been included in Victoria for simplicity
2. Outcomes based upon CPRS 5% scenario (all abatement sourced from electricity sector) - pool price uplift reflects NEM regional averages (discounted for peaking) - cost increases reflecting plant emissions intensity - outputs based on historical averages. **Excludes permit allocation to Loy Yang A.**

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Upstream Gas Interests – Permit Details

Basin	Project	Permits		Working Interest
		Exploration (Area km ²)	Production (Area km ²)	
Sydney	Camden Gas Project (Post SGL takeover)	PEL 2 (6,696)	-	100%
		PEL 5 (400)	-	100%
		-	PPL 1 (48)	100%
		-	PPL 2 (1)	100%
		-	PPL 4 (55)	100%
		-	PPL 5 (103)	100%
		-	PPL 6 (7)	100%
	Hunter Gas Project (Post SGL takeover)	PEL 4 (5,076)	-	100%
		PEL 267 (4,913)	-	100%
Gloucester	Gloucester Gas Project	PEL 285 (1,018)	-	100%
Bowen	Moranbah Gas Project	ATP 364P (4,494)	-	50%
		-	PL 191 (220)	50%
		-	PL 196 (38)	50%
		-	PLA 222 (108)	50%
		-	PL 223 (166)	50%
		-	PL 224 (70)	50%
	Spring Gully Project	ATP 592P (1,738)	-	0.75%
		-	PL 195 (257)	0.75%
		-	PL 203 (259)	0.75%
		-	PL 204 (220)	0.0375%
Galilee	Glenaras Pilot Project	ATP 529P (5,949)	-	50%
Cooper / Eromanga	Innaminka Dome CSG Prospect Conventional oil and gas targets	PEL103 (769)	-	37.5%
		PEL101 (619)	-	35%

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Loy Yang A: Profit & Loss

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
AGL Equity Share of Profit	(2.9)	10.5	(127%)
AGL Loan Note Interest	5.4	5.5	(1%)
Total Equity Result	2.5	16.0	(84%)

- › Result predominantly driven by fall in revenue due to significant reduction in Victorian electricity pool revenue, increase in operating expenses by 7% driven by higher labour costs and higher interest expense by 2.5% from unfavourable interest rate movements
- › As at 31 December 2008 Loy Yang investment book value ~\$178m comprising ~\$74m equity investment and ~\$104m loan note investment

Time Weighted Victorian Reference Pool Price

Period	\$ / MWh
6 months ended 31 Dec 2007	49.19
6 months ended 30 Jun 2008	44.33
6 months ended 31 Dec 2008	35.46

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Loy Yang A: Financial Performance

6 months to \$m	31 Dec 2008	31 Dec 2007	Change
Generation Volume (GWh) ¹	7,400	7,669	(4%)
Average Price (\$/GWh) ²	\$35.46	\$49.19	(28%)
Sales Revenue	270.9	300.0	(10%)
Other Revenue	34.9	32.0	9%
Expenses	(121.7)	(113.6)	(7%)
Depreciation	(56.0)	(52.6)	(6%)
Borrowing costs	(136.9)	(133.5)	(3%)
Profit (loss) after tax before fair value changes ³	(8.8)	32.3	(127%)
AGL share of profit (loss) after tax before fair value	(2.9)	10.5	(127%)
Interest on loan note	5.4	5.5	(1%)
Operating EBIT	2.5	16.0	(84%)

1. Prior year comparative restated to net off auxiliary (station consumption) load
2. Weighted average
3. Excludes prior period adjustments and fair value changes

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