



AGL confirms additional \$55m cost savings

24th November, 2006

AGL Energy Limited (AGL) has today announced it has largely completed its corporate restructuring program and is now able to confirm additional ongoing cost savings of \$55 million per annum.

AGL Managing Director Paul Anthony said the restructuring program was now 75 per cent complete allowing AGL to quantify the full benefit of the resulting cost savings. These savings are in addition to the previously disclosed \$60 million annual savings arising from Project Phoenix, AGL's retail process and systems restructuring and rationalisation program.

When combining both the previously announced Project Phoenix savings and today's corporate cost savings, the new AGL is looking to deliver ongoing, sustainable cost savings of approximately \$115 million per annum.

"Now that we are three-quarters of the way through our corporate restructuring program, AGL is able to more clearly define the additional cost savings I had foreshadowed to the market," Mr Anthony said.

"We have taken a very focused and deliberate approach to the restructuring program, ensuring we have the right size and appropriate competency mix to enable the new AGL to operate effectively and efficiently in the ever increasingly competitive energy markets."

"We will have an immediate, commanding competitive advantage in our existing markets and any other markets we enter, by having the absolute lowest cost to serve, and being able to identify and extract value from whatever part of the energy chain we are targeting," Mr Anthony added.

Cumulative Annualised Cost Savings			
	FY07	FY08	FY09 & forward
Additional corporate cost savings ¹	\$50m	\$55m	\$55m
Existing Project Phoenix cost savings	\$20m	\$30m	\$60m
Total per annum	\$70m	\$85m	\$115m

The corporate restructuring process has resulted in a flatter, more agile structure reducing management layers from eight to no more than three layers under the Managing Director.

"I am very much an advocate of reducing hierarchical structures and aligning remuneration and reward with an individual's personal contribution to a company's results. We have now put in place a team of very talented people at AGL and a new organisational structure, combined with a planned remuneration structure, that will promote a culture of performance, delivery and contribution," Mr Anthony said.

Earnings guidance update

The existing AGL guidance for the 2007 financial year (per the supplementary scheme booklet of September 21, 2006) of \$321.0 million profit after tax and earnings per share (EPS) of \$0.798 remains together with the AGL medium term earnings forecast of approximately 15 per cent EPS growth with associated 60 per cent dividend payout forecast. Any update, where applicable, will be provided no later than in conjunction with AGL's inaugural interim result for the period ending December 31, 2006 which is currently scheduled for release to market on February 22, 2007.

¹ Gross basis, excludes indicative total redundancy expenses of ~\$17.5m. Total (net) amount of \$115m commences FY09 and following years.

Indicative AGL financial calendar²

2007 interim period ends	31 December 2006
2007 interim result & dividend announced	22 February 2007
2007 interim dividend payable	late March 2007
2007 full year ends	30 June 2007
2007 full year result & dividend announced	22 August 2007
2007 full year dividend payable	late September 2007
Annual General Meeting	8 November 2007

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² Indicative dates only, subject to change/board confirmation.