

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

AGL Energy Limited (AGL)

ABN

74 115 061 375

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p>AGL will issue approximately 78 million ordinary shares (New Shares) pursuant to the terms of the fully underwritten pro-rata renounceable entitlement offer announced to ASX on 24 May 2012.</p> <p>The final number of ordinary shares issued and the split of those ordinary shares between the institutional component and retail component of the entitlement offer remains subject to reconciliation of shareholders' holdings and rounding.</p> |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

+ See chapter 19 for defined terms.

4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes, the New Shares will rank equally in all respects with the existing fully paid ordinary shares in AGL from the date of allotment. The new ordinary shares will be entitled to the dividend expected to be declared as part of AGL's full year results announcement for the financial year ending 30 June 2012.						
5 Issue price or consideration	\$11.60 per New Share.						
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	AGL intends to use the proceeds of the entitlement offer to partially fund the acquisition of the 67.5% of Great Energy Alliance Corporation Pty Limited not currently owned by AGL, which was announced on 24 February 2012, to allow partial repayment of existing GEAC bank loans, and for general corporate purposes.						
7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	Holding statements for New Shares issued under the institutional component of the offer will be despatched on 6 June 2012. Holding statements for New Shares issued under the retail component of the offer will be despatched on 29 June 2012.						
8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)	<table> <tr> <th data-bbox="686 1500 989 1579">Number</th><th data-bbox="989 1500 1284 1579">⁺Class</th></tr> <tr> <td data-bbox="686 1579 989 1747">545,816,941 subject to the effects of rounding under the entitlement offer.</td><td data-bbox="989 1579 1284 1747">Ordinary shares.</td></tr> <tr> <td data-bbox="686 1747 989 1798">6,500,000</td><td data-bbox="989 1747 1284 1798">Notes.</td></tr> </table>	Number	⁺ Class	545,816,941 subject to the effects of rounding under the entitlement offer.	Ordinary shares.	6,500,000	Notes.
Number	⁺ Class						
545,816,941 subject to the effects of rounding under the entitlement offer.	Ordinary shares.						
6,500,000	Notes.						

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		N/A	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Same dividend entitlements as apply to existing ordinary shares.	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No.	
12	Is the issue renounceable or non-renounceable?	Renounceable.	
13	Ratio in which the ⁺ securities will be offered	The entitlement ratio is 1 New Share for every 6 existing ordinary AGL shares held at the record date.	
14	⁺ Class of ⁺ securities to which the offer relates	Ordinary shares.	
15	⁺ Record date to determine entitlements	7.00pm 29 May 2012.	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.	
17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of entitlements, they will be rounded up to the nearest whole number of New Shares.	

⁺ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	For the institutional component of the offer, all countries other than Australia, Canada (certain provinces only), France, Germany, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Sweden, Singapore, Switzerland, United Arab Emirates (excluding Dubai International Financial Centre), United Kingdom, United States and any other jurisdictions agreed by AGL and the joint lead managers. For the retail component of the offer, all countries other than Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	The institutional entitlement offer will close on 25 May 2012. The retail entitlement offer will close on 19 June 2012.
20	Names of any underwriters	Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832) (Citi) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162) (Deutsche Bank)
21	Amount of any underwriting fee or commission	1.85% (excluding GST) of the gross proceeds of the entitlement offer payable in equal proportions to Citi and Deutsche Bank. Citi is entitled to an additional fee in respect of the entitlement offer of approximately \$890,000 (excluding GST).
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A

26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	No prospectus or product disclosure statement is being prepared. A Retail Entitlement Offer Booklet and Entitlement and Acceptance Form will be sent on or around 4 June 2012
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	29 May 2012
29	Date rights trading will end (if applicable)	12 June 2012
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Eligible retail shareholders who wish to sell their entitlements in full on ASX must instruct their stockbroker and provide details as requested from the Entitlement and Acceptance Form.
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Eligible retail shareholders who wish to sell part of their entitlements on ASX and accept for the balance must: • in respect of the part of their entitlement to be sold on ASX, instruct their stockbroker and provide details as requested as set out on the Entitlement and Acceptance Form; and • in respect of the part of their entitlement being taken up, complete and return the Entitlement and Acceptance Form with the requisite Application Monies or pay the Application Monies via BPAY by following the instructions set out on the Entitlement and Acceptance Form.
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Eligible retail shareholders who wish to transfer all or part of their entitlement

+ See chapter 19 for defined terms.

other than on ASX must send a completed Renunciation and Transfer Form (which can be obtained through the AGL Offer Information Line or their stockbroker) together with the Entitlement and Acceptance Form and the transferee's requisite Application Monies to the AGL Share Registry in relation to those entitlements that they wish to transfer.

The transferee's address must be in Australia or New Zealand (unless AGL otherwise agrees) and the transferee must not be in the United States or acting for the account or benefit of a person in the United States.

33 ⁺Despatch date

6 June 2012 for the institutional component of the offer.

29 June 2012 for the retail component of the offer.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 N/A If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 N/A If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 N/A A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which ⁺quotation is sought N/A

39 Class of ⁺securities for which quotation is sought N/A

40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities? N/A

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now N/A

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38)	Number	⁺ Class
		N/A	

Quotation agreement

+ See chapter 19 for defined terms.

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

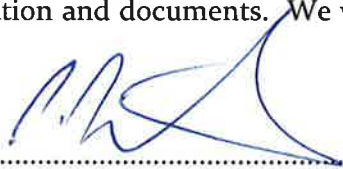
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


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(Company secretary)

Date: 24 May 2012

Print name: Paul McWilliams

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