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Energy in action.®

ASX release

30 May 2012

RIGHTS ENTITLEMENT OFFER – RETAIL OFFER BOOKLET

Attached is the Retail Offer Booklet in connection with AGL Energy Limited's pro rata renounceable entitlement offer.

Paul McWilliams
Company Secretary

About AGL
AGL is one of Australia's leading integrated renewable energy companies 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 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 Retail Entitlement Offer

AGL Energy Limited ABN 74 115 061 375

1 for 6 pro rata renounceable entitlement offer of AGL Energy Limited ordinary shares at an offer price of $11.60 per New Share

Retail Entitlement Offer closes at 5.00pm (Sydney time) on Tuesday, 19 June 2012

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities & Investments Commission (**ASIC**). Please call your stockbroker, accountant or other professional adviser or the AGL Energy Limited Offer Information Line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) if you have any questions.

Important Notices

Defined terms used in these important notices have the meaning given in this Retail Offer Booklet.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

Future performance and forward looking statements

This Retail Offer Booklet contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as "expect", "anticipate", "likely", "intend", "propose", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target", and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this Retail Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of AGL Energy Limited (ABN 74 115 061 375) (**AGL**), and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Refer to the "Key Risks" section of the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet for a summary of certain general and AGL specific risk factors that may affect AGL. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures.

The forward looking statements are based on information available to AGL as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), AGL undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future AGL performance including future share price performance.

Jurisdictions

This Retail Offer Booklet, and any accompanying Australian Securities Exchange (**ASX**) announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the entitlements to purchase new ordinary shares in AGL (**New Shares**) pursuant to the offer described in this Retail Offer Booklet (**Entitlements**) nor the New Shares have been, nor will be, registered under the US Securities Act of 1933 as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Entitlements may not be purchased or taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares will be sold only in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

Withholding tax

This Retail Offer Booklet refers to the potential payment of a Retail Premium to certain investors. References to the payment of the Retail Premium in this Retail Offer Booklet should be read as payments net of any applicable withholding taxes. If you are an Australian tax resident shareholder, and you have not previously provided your TFN or ABN to AGL, you may wish to do so prior to the close of the retail offer described in this Retail Offer Booklet (**Retail Entitlement Offer**) to ensure that any withholding tax is not deducted from any proceeds payable to you at the rate of 46.5%. You are able to provide your TFN or ABN online with the AGL Share Registry at www.linkmarketservices.com.au.

Gas Reserves

The statements in this Retail Offer Booklet relating to reserves and resources have been compiled by Mr Andrew Falkner, a full-time employee of AGL, who is qualified in accordance with ASX Listing Rule 5.11, and has consented to the form and context in which these statements appear. Reserves quotes here have been compiled in a manner consistent with the 2007 Petroleum Resources Management System published by the Society of Petroleum Engineers (**SPE**). This document may be found at the SPE website.

Further information regarding AGL's interests in gas reserves as at 30 June 2011 may be found in AGL's Annual Reserves Report released to the ASX on 6 October 2011, including information on the calculation of reserves.

Coal Reserves

The statements in this Retail Offer Booklet relating to the coal reserves and resource are based on information compiled by GHD Pty Ltd. Mr Ben Jansen and Mr Ted Waghorne are full-time employees of GHD Pty Ltd and have sufficient experience which is relevant to the type of deposit being reported on to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition)". Mr Ben Jansen (member No. 211633) and Mr Ted Waghorne (member No. 103329) are members of the Australasian Institute of Mining and Metallurgy, and have consented to the inclusion of the statements in the form and context in which these statements appear.

Stamping Fees

AGL will pay to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) who submit valid applications bearing their broker's stamp from Eligible Retail Shareholders (as defined in Section 5.1) a stamping fee of an amount equal to 0.75% of the application monies (inclusive of GST) paid in respect of the valid application, subject to a minimum of $50 and a maximum of $250 per valid application.

Broker stamping fees will only be paid where a Broker Stamping Fee Claim Form and schedule is submitted to the Registry no later than 5.00pm (Sydney time) on 19 June 2012. The Broker Stamping Fee Claim Form and schedule is available from AGL's Share Registry on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) before 5.00pm on 19 June 2012 (**Offer Period**).

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References to "you" and "your Entitlement"

In this Retail Offer Booklet, references to "you" are references to Eligible Retail Shareholders and references to "your Entitlement" (or "your Entitlement and Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Shareholders (as defined in Section 5.1).

Times and dates

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the "Key Dates" section of this Retail Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A$).

Trading Entitlements and New Shares

AGL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by AGL or the AGL Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

AGL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by AGL or the AGL Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

Refer to Section 5 for more details.

Key Dates for the Retail Entitlement Offer

Event	Date
Announcement of the Entitlement Offer	Thursday, 24 May 2012
Retail Entitlements commence trading on ASX on a deferred settlement basis	Tuesday, 29 May 2012
Record Date for eligibility in the Entitlement Offer (7.00pm, Sydney time)	Tuesday, 29 May 2012
Retail Entitlement Offer opens	Wednesday, 30 May 2012
Retail Offer Booklet despatched and Retail Entitlements allotted	Monday, 4 June 2012
Retail Entitlements commence trading on ASX on a normal settlement basis	Tuesday, 5 June 2012
Retail Entitlements trading on ASX ends	Tuesday, 12 June 2012
New Shares under the Retail Entitlement Offer commence trading on ASX only on a deferred settlement basis	Wednesday, 13 June 2012
Retail Entitlement Offer closes[1] (5.00pm, Sydney time)	Tuesday, 19 June 2012
Retail Shortfall Bookbuild	Friday, 22 June 2012
Settlement of the Retail Entitlement Offer	Thursday, 28 June 2012
Issue of New Shares under the Retail Entitlement Offer	Friday, 29 June 2012
Despatch of holding statements for New Shares under the Retail Entitlement Offer	Friday, 29 June 2012
New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Monday, 2 July 2012
Retail Premium (if any) despatched	Tuesday, 3 July 2012

The timetable above is indicative only and may be subject to change. AGL, in conjunction with the Underwriters (as defined in Section 5.15), reserves the right to amend any or all of these dates and times subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, AGL reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of Entitlements and New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

Enquiries

If you have any questions, please call the AGL Energy Limited Offer Information Line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia), or consult your stockbroker, accountant or other professional adviser. The AGL Energy Limited Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday. Alternatively, you can access information about the Retail Entitlement Offer online at www.agl.com.au.

Note:

1 Eligible Retail Shareholders who wish to take up all or a part of their Entitlement must complete and return their personalised Entitlement and Acceptance Form with the requisite accompanying payment (**Application Monies**) OR pay their Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form OR apply and pay online at www.agl.com.au in each case by no later than **5.00pm (Sydney time) on Tuesday, 19 June 2012**. Eligible Retail Shareholders should refer to Section 1 for options available to them to deal with their Entitlement.

Wednesday, 30 May 2012

Dear Shareholder,

On behalf of AGL, I am pleased to invite you to participate in the future growth of AGL through a pro rata renounceable entitlement offer of New Shares at an offer price of $11.60 per New Share (**Offer Price**) to raise approximately $900 million (**Entitlement Offer**). The Entitlement Offer was announced on Thursday, 24 May 2012.

The proceeds from the Entitlement Offer will be used to fund the acquisition of the 67.5% of Great Energy Alliance Corporation Pty Limited (ABN 69 105 266 028) (**GEAC**) not currently owned by AGL, to allow partial repayment of existing GEAC bank loans and general corporate purposes including renewable energy generation. GEAC owns:

- Loy Yang A power station, Victoria's largest power station (2,210 MW) located in Traralgon, Victoria;
- Loy Yang coal mine, an adjacent brown coal mine with an estimated 2.5 billion tonnes of coal reserves[2]; and
- A 22 year hedge contract to supply up to 823 MW to Alcoa Inc.'s Portland and Point Henry aluminium smelters[3].

This acquisition represents a unique opportunity for AGL to increase its prominence in the Australian National Energy Market. Loy Yang A power station is the largest power station in Victoria and produces approximately 30% of Victoria's electricity. The associated Loy Yang coal mine is the largest brown coal mine in Australia, with an estimated coal reserve of 2.5 billion tonnes, providing a long term dedicated fuel resource. The acquisition increases AGL's controlled generation capacity by 32% to 6,000 MW[4].

In addition to consolidating and enhancing AGL's vertical integration strategy, the acquisition is expected to be accretive to underlying EPS for the year ending 30 June 2013[5].

It is the Board's intention to pay shareholders a fully franked 2012 final dividend on the expanded share capital.

Under the Entitlement Offer, eligible shareholders are entitled to acquire 1 New Share for every 6 existing AGL ordinary shares (**Shares**) held at 7.00pm (Sydney time) on Tuesday, 29 May 2012. The Offer Price of $11.60 per New Share represents a discount of 22.3% to the closing market price of Shares on ASX on Wednesday, 23 May 2012, the day before the Entitlement Offer was announced, and a 19.7% discount to the theoretical ex-rights price (**TERP**)[6]. The Board considers that the pro rata nature of the Entitlement Offer favours existing AGL shareholders in recognition of their continuing support. Eligible AGL shareholders have the opportunity to participate for their full Entitlement and not be diluted.

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and the Retail Entitlement Offer. The Entitlement Offer is fully underwritten by the Underwriters.

The Institutional Entitlement Offer and associated bookbuild raised approximately $361 million in total.

Notes:

2 Please refer to the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet for further information regarding the coal reserves.

3 Please refer to the "Key Risks" section of the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet.

4 Includes generation under construction including the Macarthur wind farm.

5 Please refer to the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet for further information on the key underlying assumptions.

6 The theoretical ex-rights price is the theoretical price at which AGL shares should trade immediately after the ex-date for the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which AGL shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price.

The Retail Entitlement Offer and associated retail bookbuild (described below) will raise approximately $543 million. This Retail Offer Booklet relates to the Retail Entitlement Offer and Entitlements allotted under it (**Retail Entitlements**). This Retail Offer Booklet contains important information about the Retail Entitlement Offer and AGL's business under the following headings:

- Key dates for the Retail Entitlement Offer
- Summary of options available to you
- Actions required by you
- Australian taxation considerations
- ASX announcements (including the AGL Investor Presentation); and
- Important information

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up, sell or do nothing in respect of your Entitlement (see Section 3).

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Tuesday, 19 June 2012. To participate, you need to ensure that you have completed your application by paying Application Monies by BPAY®, or by lodging your Entitlement and Acceptance Form with your Application Monies paid by cheque, or bank draft, so that they are received before this time in the manner described in this Retail Offer Booklet.

Alternatively, you can visit www.agl.com.au to view and download information relating to the Retail Entitlement Offer, including details of your Entitlement and BPAY® details enabling you to complete electronic payment, and to submit an online application.

If you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on the ASX from Tuesday, 29 May 2012 to Tuesday, 12 June 2012 or transfer all or part of your Entitlement directly to another person. If you choose to do nothing, your Entitlement will be offered for sale through a bookbuild process on Friday, 22 June 2012 (**Retail Shortfall Bookbuild**). In this case, you will receive any amount paid above the Offer Price of $11.60 per New Share in respect of the Entitlements sold to investors in the Retail Shortfall Bookbuild (**Retail Premium**).

The AGL Board advises you to carefully read this Retail Offer Booklet in its entirety and to consult your stockbroker, solicitor, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the "Key Risks" section of the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet which contains a summary of some of the key risks associated with an investment in AGL.

If you have any questions in respect of the Entitlement Offer please call the AGL Energy Limited Offer Information Line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) at any time from 8.30am to 5.30pm (Sydney time) Monday to Friday.

It is the current intention of the AGL Directors to participate in the Entitlement Offer.

On behalf of the AGL Board, I encourage you to consider this opportunity to participate in this next important stage of AGL's growth.

Yours faithfully,

Jeremy Maycock, Chairman
AGL Energy Limited

1 Summary of Options Available to You

Section 1 Summary of Options Available to You

If you are an Eligible Retail Shareholder (as defined in Section 5.1) you may take any one of the following actions:

1. Take up all or part of your Entitlement; or
2. Sell all or part of your Entitlement:
   a. on ASX; or
   b. by transferring it directly to another person; or
3. Let your Entitlement be sold into the Retail Shortfall Bookbuild.

If you are a shareholder that is not an Eligible Retail Shareholder you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders will receive the Retail Premium (if any) for the sale of Entitlements through the Retail Shortfall Bookbuild.

Options available to you	Key considerations
1. Take up all or part of your Entitlement	– You may elect to purchase New Shares at the Offer Price (see Section 2.5.1 for instructions on how to take up your Entitlement). – The New Shares will be fully paid and rank equally in all respects with existing Shares and will be entitled to dividends on the same basis as existing Shares, starting with the 2012 final dividend expected to be declared as part of AGL's full year results announcement for the financial year ending 30 June 2012. – The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Tuesday, 19 June 2012. – If you only take up part of your Entitlement, you may choose to sell or transfer the balance (see Option 2 below) or you may do nothing and let that part be sold in the Retail Shortfall Bookbuild (see Option 3 below).
2. Sell or transfer all or part of your Entitlement	– If you do not wish to take up all or part of your Entitlement, you may be able to sell all or part of your Entitlement on ASX through your broker (see Section 2.5.2) or transfer your Entitlement directly to another person (see Section 2.5.3). – Retail Entitlements may be traded on ASX from Tuesday, 29 May 2012 to Tuesday, 12 June 2012 (ASX code: AGKR). You may incur brokerage costs if you sell all or part of your Entitlement on ASX. – For Eligible Retail Shareholders who hold their existing Shares on capital account, the proceeds of any sale of your Entitlements should be treated as capital gains for Australian tax purposes (see Section 3.2). – If you sell your Entitlements in the Retail Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlements at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild. – If you only sell or transfer part of your Entitlement, you may choose to take up the remainder (see Option 1 above) or you may do nothing and let that part be sold in the Retail Shortfall Bookbuild (see Option 3 below).
3. Let your Entitlement be sold through the Retail Shortfall Bookbuild	– If you do not take up or do not sell your Entitlement on ASX (or via direct transfer), your Entitlements will be sold through the Retail Shortfall Bookbuild on Friday, 22 June 2012 and you will receive any Retail Premium in respect of these Entitlements (see Section 2.5.4). There is no guarantee that there will be any Retail Premium. – The Australian Taxation Office (**ATO**) has stated in Taxation Ruling TR 2012/1 that in certain circumstances retail premiums will be taxed either as unfranked dividends or as ordinary income (and not as capital gains). The ATO's ruling does not apply to the Entitlements because, amongst other things, the Entitlements are tradeable on ASX. – AGL's tax adviser considers that any Retail Premium should be taxable in the hands of Eligible Retail Shareholders who hold their existing Shares on capital account as a capital gain (see Section 3.3). However, it is possible the ATO could seek to apply the tax treatment specified in Taxation Ruling TR 2012/1 to Entitlements sold via the Retail Shortfall Bookbuild. Accordingly, Eligible Retail Shareholders who propose to allow their Entitlements to be sold into the Retail Shortfall Bookbuild should consider instead selling their Entitlements on ASX, the tax treatment for which is more certain (see Section 3.2). – You will not incur brokerage costs on any Retail Premium received from the Retail Shortfall Bookbuild. – By letting your Entitlement be sold through the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of New Shares (or any value for that Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in AGL will also be diluted. – AGL may be required to withhold tax, if you are an Australian tax resident shareholder, and you have not previously provided your TFN or ABN to AGL. Accordingly, you may wish to do so prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any Retail Premium at the rate of 46.5%. You are able to provide your TFN or ABN online with the AGL Share Registry at www.linkmarketservices.com.au.

2

Actions Required by You

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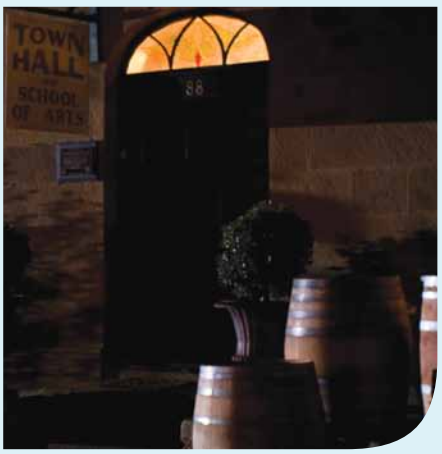

Section 2 Actions Required by You

2.1 Overview of the Entitlement Offer

Eligible shareholders are being offered the opportunity to purchase 1 New Share for every 6 existing Shares held as at 7.00pm (Sydney time) on Tuesday, 29 May 2012 (**Record Date**), at the Offer Price of $11.60 per New Share.

The Entitlement Offer is comprised of four components:

- **Institutional Entitlement Offer** – Eligible Institutional Shareholders (as defined in Section 5.2) were given the opportunity to take up all or part of their Entitlement. Entitlements under the Institutional Entitlement Offer (**Institutional Entitlements**) were renounceable and were not able to trade on ASX;
- Institutional Shortfall Bookbuild – Institutional Entitlements not taken up and Entitlements of ineligible institutional shareholders were sold through a bookbuild process on Monday, 28 May 2012 (**Institutional Shortfall Bookbuild**). The amount paid in respect of those Entitlements was $2.85 per Entitlement (**Institutional Premium**). Eligible institutional shareholders who elected not to take up their entitlements, and ineligible institutional shareholders, will receive the Institutional Premium for each entitlement not taken up and sold into the bookbuild.
- **Retail Entitlement Offer** – Eligible Retail Shareholders (as defined in Section 5.1) will be allotted Entitlements under the Retail Entitlement Offer (**Retail Entitlement**) which can be taken up in whole or in part, or traded on ASX (or transferred directly to another person) in whole or in part. This means that if you do not wish to take up all or part of your Entitlement you may sell on ASX or transfer all or part of your Entitlement in order to realise value from your Entitlement. You may incur brokerage costs if you sell your Entitlement on ASX; and
- **Retail Shortfall Bookbuild** – Retail Entitlements which are not taken up by the close of the Retail Entitlement Offer and Entitlements of Ineligible Retail Shareholders (as defined in Section 2.6) will be sold through the Retail Shortfall Bookbuild. Any Retail Premium will be remitted proportionally to holders of those Retail Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Retail Shareholders. The Retail Premium, if any, is expected to be paid on or about Tuesday, 3 July 2012.

You have a number of decisions to make in respect of your Entitlement. These decisions may materially affect the value (if any) that may be received in respect of your Entitlement. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Entitlement Offer is fully underwritten by the Underwriters. Further details on the Retail Entitlement Offer and Retail Shortfall Bookbuild are set out below.

2.2 The Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 1 New Share for every 6 existing Shares held as at the Record Date at the Offer Price of $11.60 per New Share.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens at 9.00am (Sydney time) Wednesday, 30 May 2012 and will close at 5.00pm (Sydney time) on Tuesday, 19 June 2012.

2.3 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 6 existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

You can also view details of your Entitlement online at www.agl.com.au.

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing Shares and will be entitled to dividends on the same basis as existing Shares, starting with the 2012 final dividend expected to be declared as part of AGL's full year results announcement for the financial year ending 30 June 2012.

See Sections 5.1 and 5.14 for information on restrictions on participation.

2.4 Consider the Retail Entitlement Offer carefully in light of your particular investment objectives and circumstances

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on AGL and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement, sell or transfer all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Retail Offer Booklet and other announcements made available at www.agl.com.au (including announcements which may be made by AGL after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to the "Key risks" section of the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet.

2.5 Options available to you

If you are an Eligible Retail Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement.

(a) Take up all or part of your Entitlement (see Section 2.5.1);

(b) Sell all or part of your Entitlement;

  (i) on ASX (see Section 2.5.2); or

  (ii) by transferring it directly to another person (see Section 2.5.3)

(c) Do nothing and let your Entitlement be sold through the Retail Shortfall Bookbuild (see Section 2.5.4)

2.5.1 If you wish to take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies;
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form; or
- apply and pay online at www.agl.com.au,

in each case, by no later than 5.00pm (Sydney time) on Tuesday, 19 June 2012.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Friday, 29 June 2012. AGL's decision on the number of New Shares to be issued to you will be final.

AGL also reserves the right (in its absolute discretion) to reduce the number of New Shares issued (or any Retail Premium paid to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders), if AGL believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to AGL's satisfaction (see Section 5.5).

2.5.2 If you wish to sell all or part of your Entitlement on ASX

If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your personalised Entitlement and Acceptance Form or as accessed online at www.agl.com.au. Allow sufficient time for your instructions to be carried out by your stockbroker. Please note you may incur brokerage if you choose to sell your Entitlement on ASX.

Entitlement trading on ASX starts on a deferred settlement basis at 10.00am (Sydney time) on Tuesday, 29 May 2012 (ASX code: AGKR) and ceases at 4.00pm (Sydney time) on Tuesday, 12 June 2012. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve.

This Retail Offer Booklet, along with your personalised Entitlement and Acceptance Form, will be despatched on Monday, 4 June 2012.

AGL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlement before the Retail Entitlements are allotted, or before you receive your personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by AGL or the AGL Share Registry or fail to maintain your updated details on the AGL share registry or otherwise.

If you wish to sell part of your Entitlement on ASX and let the balance be sold into the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of those Entitlements sold through the Retail Shortfall Bookbuild.

Prices obtainable for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of AGL existing Shares relative to the Offer Price. If you sell your Entitlements in the Retail Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlements at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild.

If you sell your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in AGL will also be diluted.

2.5.3 If you wish to transfer all or part of your Entitlement other than on ASX

If you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Transfer Form to the AGL Share Registry in relation to the part of your Entitlement that you wish to transfer. If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies together with the Entitlement and Acceptance Form related to the Entitlement transferred to them to the AGL Share Registry.

You can obtain a Renunciation and Transfer Form through the AGL Energy Limited Offer Information Line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) or from your stockbroker. The Renunciation and Transfer Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form related to the Entitlement transferred to them must be received by the AGL Share Registry at the mail or hand delivery address in Section 2.9 no later than 5.00pm (Sydney time) on Tuesday, 19 June 2012.

If the AGL Share Registry receives both a completed Renunciation and Transfer Form and an application for New Shares in respect of the same Entitlement, the transfer will take priority over the application.

If you wish to transfer part of your Entitlement and allow the balance to be sold into the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of those Entitlements sold through the Retail Shortfall Bookbuild.

If you transfer your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in AGL will also be diluted.

Section 2 Actions Required by You (continued)

You may only transfer your Entitlement in this way to a purchaser whose address is in Australia or New Zealand, who is not in the United States and is not acting for the account or benefit of a person in the United States. Transferees of Entitlements that do not have a registered address in Australia or New Zealand that are in the United States or that are acting for the account or benefit of a person in the United States will not be eligible to purchase and exercise Entitlements. You should inform any transferee of these restrictions.

See Sections 5.1 and 5.9 for more information on restrictions on participation.

2.5.4 If you wish to let your Entitlement be sold through the Retail Shortfall Bookbuild

Any Entitlements which you do not take up, sell or transfer will be sold through the Retail Shortfall Bookbuild on Friday, 22 June 2012 to Eligible Institutional Investors. You will receive the Retail Premium (if any) in respect of those Entitlements sold through the Retail Shortfall Bookbuild (see Section 2.7).

By allowing your Entitlement to be sold through the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement (or any value for that Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in AGL will also be diluted.

2.6 Ineligible Retail Shareholders

Ineligible Retail Shareholders will receive the Retail Premium (if any) for Entitlements that have been sold on their behalf into the Retail Shortfall Bookbuild.

2.7 Retail Shortfall Bookbuild

Entitlements which are not taken up by close of the Retail Entitlement Offer, and Entitlements of Ineligible Retail Shareholders, will be sold through the Retail Shortfall Bookbuild. Any Retail Premium (being any amount paid in respect of those Entitlements sold into the Retail Shortfall Bookbuild) will be remitted proportionally to holders at the close of the Retail Entitlement Offer of those Retail Entitlements which are not taken up, and to Ineligible Retail Shareholders.

Retail Premium amounts, if any, will be paid in either Australian dollars or New Zealand dollars based on your nominated bank account. You will be paid by direct credit to the nominated bank account as noted on AGL's share register. The Retail Premium, if any, is expected to be paid on or about Tuesday, 3 July 2012.

The Retail Premium may be zero, in which case no payment will be made to holders of those Entitlements sold into the Retail Shortfall Bookbuild. To avoid doubt, the outcome of the Institutional Shortfall Bookbuild (including the Institutional Premium) is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The ability to sell Entitlements under the Retail Shortfall Bookbuild and the ability to obtain any Retail Premium will depend on various factors, including market conditions. If there is a Retail Premium, it may be less than, more than, or equal to the Institutional Premium or less than, more than or equal to any price or prices that Entitlements may be able to be sold on ASX or otherwise transferred. To the maximum extent permitted by law, AGL, the Underwriters and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild, for any difference between the Retail Premium and the Institutional Premium and for any failure to obtain any particular exchange rate, or any movements in exchange rates, if exchanging the Retail Premium into New Zealand dollar funds. AGL reserves the right to issue Entitlements under the Retail Shortfall Bookbuild at its discretion.

You should note that if you sell or transfer all or part of your Entitlement or allow all or part of your Entitlement to be sold into the Retail Shortfall Bookbuild, then your percentage shareholding in AGL will be diluted by your non-participation in the Retail Entitlement Offer.

2.8 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque or bank draft.

Cash payments will not be accepted. Receipts for payment will not be issued.

AGL will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form or online at www.agl.com.au. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form or accessed online at www.agl.com.au. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 2.10; and
- If you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the AGL Share Registry by no later than 5.00pm (Sydney time) on Tuesday, 19 June 2012. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

Payment by cheque or bank draft

For payment by cheque or bank draft, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque or bank draft in Australian currency for the amount of the Application Monies, payable to "AGL Retail Offer" and crossed "Not Negotiable".

Your cheque or bank draft must be:

- for an amount equal to $11.60 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form) and in Section 2.10. Alternatively, your application will not be accepted.

2.9 Mail or hand delivery

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (Sydney time) on Tuesday, 19 June 2012. If you make payment via cheque, or bank draft, you should mail or hand deliver your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Mailing Address
AGL Energy Limited
C/– Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery Address
AGL Energy Limited
C/– Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(Please do not use this address for mailing purposes)

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at AGL's registered or corporate offices, or other offices of the AGL Share Registry.

2.10 Representations by acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented to AGL that you are an Eligible Retail Shareholder and:

- acknowledge that you have read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (including Section 5.4), and AGL's constitution;
- authorise AGL to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once AGL receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- authorise AGL, the Underwriters, the AGL Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the AGL Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in AGL and is given in the context of AGL's past and ongoing continuous disclosure announcements to ASX;

Section 2 Actions Required by You (continued)

- acknowledge the statement of risks in the "Key Risks" section of the AGL Investor Presentation contained in Section 4 of this Retail Offer Booklet, and that investments in AGL are subject to risk;
- acknowledge that none of AGL, the Underwriters, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of AGL, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise AGL to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of AGL, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- you understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be purchased and exercised by persons in the United States or by persons who are, or are acting for the account or benefit of, a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
- you are subscribing for or purchasing Entitlements or New Shares in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act; and
- you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand.

2.11 Representations by acquirers of Retail Entitlements

Investors who acquire Retail Entitlements on ASX or otherwise will, by acquiring those Retail Entitlements, and by applying to take up all or part of those Retail Entitlements, be deemed to agree to make and be subject to the representations, declarations, warranties and agreements in Section 2.10 above (with references to the personalised Entitlement and Acceptance Form to be read as including any other form provided or required to be provided to AGL, the AGL Share Registry or the person's stockbroker).

Investors should note that if you purchase Retail Entitlements in a transaction on ASX or otherwise, in order to take up those Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder (as defined in Section 5.1), a resident in Australia or New Zealand, or otherwise qualify as an "Eligible Person"[7]; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Retail Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will be sold into the Retail Shortfall Bookbuild and holders may receive no value for them.

2.12 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the AGL Energy Limited Offer Information Line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia). The AGL Energy Limited Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday, until Friday, 29 June 2012. Alternatively, you can access information about the Retail Entitlement Offer online at www.agl.com.au. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

Note:

7 Certain investors in a limited number of foreign jurisdictions (other than the United States) may be Eligible Persons if they satisfy the requirements of that expression as set out in the "Entitlement and Acceptance Form" in respect of the Entitlement Offer which is available at www.agl.com.au and to be released by AGL to ASX on www.asx.com.au.

3 Australian Taxation Considerations

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Section 3 Australian Taxation Considerations

This section is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders.

The taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the particular taxation treatment that will apply to you.

Neither AGL nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- acquired the Shares in respect of which the Retail Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme; or
- acquired Retail Entitlements otherwise than because you are an Eligible Retail Shareholder (e.g. where the Retail Entitlements are acquired on ASX).

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Retail Offer Booklet. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Retail Shareholders. It is strongly recommended that each Eligible Retail Shareholder seek their own independent professional tax advice applicable to their particular circumstances.

3.1 Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

3.2 Sale of Entitlements

If you sell your Entitlement on ASX or otherwise, you should derive a capital gain for capital gains tax (**CGT**) purposes equal to the sale proceeds less certain non-deductible costs of disposal.

Individuals, complying superannuation entities or trustees that have held their existing Shares for at least 12 months prior to the date of sale, should be entitled to discount the amount of a capital gain resulting from the sale of the Entitlements (after the application of any current year or carry forward capital losses). The amount of this discount is 50% for individuals and trustees and 33$^1/_3$% for complying superannuation entities. This is referred to as the "CGT discount". The CGT discount is not available for companies that are not trustees. Trustees should seek specific tax advice regarding the tax consequences arising to beneficiaries because of discount capital gains.

3.3 Entitlements sold into the Retail Shortfall Bookbuild

Any Entitlements not taken up by you will be sold into the Retail Shortfall Bookbuild and any Retail Premium you receive in respect of the Entitlements will be remitted as a cash payment to you.

The Commissioner of Taxation (**Commissioner**) has recently released Taxation Ruling TR 2012/1 "Retail Premiums paid to shareholders where share entitlements are not taken up or are not available" where the Commissioner ruled that certain retail premiums are assessable as either an unfranked dividend or as ordinary income, and not as capital gains. However, TR 2012/1 states that it does not apply to the share entitlements which are assignable by, tradeable by, or given to a nominee for disposal on behalf of, shareholders entitled to them.

As previously noted, the Entitlements issued by AGL are tradeable by Eligible Retail Shareholders on ASX. In addition, Entitlements which are not taken up by Eligible Retail Shareholders will be sold on their behalf via the Retail Shortfall Bookbuild.

Having regard to the manner in which the Retail Shortfall Bookbuild is to be conducted, AGL's taxation adviser considers that any Retail Premium received by Eligible Retail Shareholders should be treated as capital proceeds for the Entitlements sold on their behalf via the Retail Shortfall Bookbuild. Accordingly, in the view of AGL's taxation adviser:

- Eligible Retail Shareholders whose Entitlements are sold into the Retail Shortfall Bookbuild should derive a capital gain for CGT purposes equal to amount of the Retail Premium received; and
- Eligible Retail Shareholders who are individuals, complying superannuation entities or trustees that have held their existing Shares for at least 12 months prior to the date of sale, should be entitled to the CGT discount (see Section 3.2 above) in respect of any capital gain resulting from the sale of the Entitlements into the Retail Shortfall Bookbuild (after the application of any current year or carry forward capital losses).

However, the Commissioner has not issued any public ruling or other guidance specific to the tax treatment of Retail Premiums received in the particular circumstances of the Retail Shortfall Bookbuild. Eligible Retail Shareholders need to be aware that the Commissioner may seek to apply the tax treatment specified in TR 2012/1 to Entitlements sold via the Retail Shortfall Bookbuild and treat the Retail Premium as assessable either as an unfranked dividend or as ordinary income and not as a capital gain. Eligible Retail Shareholders who are considering allowing their Entitlements to be sold into the Retail Shortfall Bookbuild should consider instead selling their Entitlements on ASX, the tax treatment for which is more certain (refer Section 3.2 above).

Given the uncertainty surrounding the tax treatment of Retail Premiums, AGL recommends that you seek your own tax advice if you propose to allow your Entitlements to be sold into the Retail Shortfall Bookbuild.

If you are an Australian tax resident shareholder, and you have not previously provided your TFN or ABN to AGL, you may wish to do so prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any Retail Premium payable to you at the rate of 46.5%. You are able to provide your TFN or ABN online with the AGL Share Registry

at www.linkmarketservices.com.au. When providing your details online, you will be required to enter your Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

3.4 Exercise of Entitlements

Neither income tax nor a capital gains tax liability will arise for you on the exercise (i.e. taking up) of your Entitlements.

If you take up all or part of your Entitlement, you will acquire New Shares with a cost base for CGT purposes equal to the Offer Price payable by you for those New Shares plus certain non-deductible incidental costs you incur in acquiring them.

New Shares will be taken to have been acquired on the day you exercise the Entitlements.

3.5 Dividends on New Shares as a result of Entitlements taken up

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

3.6 Disposal of New Shares

The disposal of a New Share will constitute a disposal for CGT purposes.

On disposal of a New Share, you will make a net capital gain if the capital proceeds on disposal exceed the total cost base of the New Share. You will make a net capital loss if the capital proceeds are less than the total reduced cost base of the New Share. The cost base of New Shares is described above in Section 3.4.

Individuals, trustees or complying superannuation entities that have held New Shares for 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trustees and 33$^{1}/_{3}$% for complying superannuation entities.

New Shares will be treated for the purposes of the capital gains tax discount as having been acquired when you exercise your Entitlement. Accordingly, in order to be eligible for the CGT discount, the New Shares must be held for at least 12 months after the date that you exercised your Entitlement.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources; i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

3.7 Taxation of Financial Arrangements (TOFA)

The TOFA provisions operate to make assessable or deductible, gains or losses arising from certain "financial arrangements" (importantly, the CGT discount is not available for any gain that is subject to the TOFA provisions).

The TOFA provisions should not apply on a mandatory basis for the following taxpayers:

- individuals;
- superannuation funds and "managed investment schemes" if the value of their assets is less than $100 million; or
- other taxpayers whose aggregated turnover (having regard to the turnover of connected entity's or affiliates) is less than $100 million, the value of their assets is less than $300 million, and the value of their financial assets is less than $100 million.

Taxpayers who are not automatically subject to TOFA can elect to be subject to TOFA on a voluntary basis.

Shareholders who are subject to TOFA should obtain their own tax advice as the precise implications under TOFA (if any) will depend on their facts and circumstances and in particular what elections they may have made.

3.8 Other Australian taxes

No GST or stamp duty will be payable by you in respect of the issue, sale or taking up of Entitlements or the acquisition of New Shares.

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ASX Announcements

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Offer Launch Announcement dated 24 May 2012 51

Institutional Offer Completion Announcement dated 29 May 2012 57

AGL Investor Presentation dated 24 May 2012

Energy in action.

$900 million Renounceable Entitlement Offer

24 May 2012

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Disclaimer

This investor presentation (**Presentation**) has been prepared by AGL Energy Limited (ABN 74 115 061 375) (**AGL**). This Presentation has been prepared in relation to a pro rata renounceable entitlement offer of new AGL ordinary shares (**New Shares**), to be made to:

- eligible institutional shareholders of AGL (**Institutional Entitlement Offer**); and
- eligible retail shareholders of AGL (**Retail Entitlement Offer**),

under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by Australian Securities and Investments Commission (**ASIC**) relief obtained in relation to the entitlement offer (together, the **Entitlement Offer**).

Summary information

This Presentation contains summary information about AGL and its activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in AGL or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. The historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (**ASX**). This Presentation should be read in conjunction with AGL's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction (and will not be lodged with the U.S Securities Exchange Commission). Any decision to purchase New Shares must be made on the basis of the information to be contained in a separate offer document to be prepared and issued to eligible investors. The retail offer booklet for the Retail Entitlement Offer will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the retail offer booklet in deciding to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the retail offer booklet and the entitlement and application form. This Presentation does not constitute investment or financial product advice or any recommendation to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the New Shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements, and the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

Refer to Slide 66 for information on restrictions on eligibility criteria to exercise entitlements.

Section 4

AGL Investor Presentation dated 24 May 2012 (continued)

3

Disclaimer

Not investment advice

This Presentation has been prepared without taking account of any person's objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. AGL is not licensed to provide financial product advice in respect of AGL shares. Cooling off rights do not apply to the acquisition of AGL shares.

Investment risk

An investment in AGL shares is subject to known and unknown risks, some of which are beyond the control of AGL. AGL does not guarantee any particular rate of return or the performance of AGL. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

Financial data

All dollar values are in Australian dollars (A$) unless other stated.

Investors should note that this Presentation contains pro-forma financial information. In particular, a pro forma balance sheet has been prepared by adjusting the reviewed balance sheet of AGL as at 31 December 2011 to reflect the impact of the subordinated note offer announced by AGL on 28 February 2012 (**Note Offer**), the acquisition of Great Energy Alliance Corporation Pty Limited (**GEAC**), the debt restructure and the Entitlement Offer. The pro forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of AGL's views on its future financial condition and/or performance.

Investors should also note that this Presentation does not include financial statements of GEAC. While this Presentation includes a pro forma balance sheet of AGL as at 31 December 2011 to reflect the impact of the Note Offer, the acquisition of GEAC, the debt restructure and the Entitlement Offer, this pro forma financial information has been prepared by AGL in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Future performance

This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, coal and gas resources and reserves, coal and gas costs, future carbon prices, estimated mine life, the outcome and effects of the Note Offer, the debt restructure and the Entitlement Offer, cash generation and capital expenditure.

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Disclaimer

The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of AGL, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risks" section of this Presentation for a summary of certain general and AGL specific risk factors that may affect AGL. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements, including the risk factors set out in this Presentation. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures.

The forward looking statements are based on information available to AGL as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), AGL undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that past performance, including past share price performance, of AGL cannot be relied upon as an indicator of (and provides no guidance as to) future AGL performance including future share price performance.

Gas Reserves

The statements in this Presentation relating to gas reserves and resources have been compiled by Mr Andrew Falkner, a full-time employee of AGL, who is qualified in accordance with ASX Listing Rule 5.11, and has consented to the form and context in which these statements appear. Reserves quotes here have been compiled in a manner consistent with the 2007 Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE). This document may be found at the SPE website.

Further information regarding AGL's interests in gas reserves as at 30 June 2011 may be found in AGL's Annual Reserves Report released to the ASX on 6 October 2011, including information on the calculation of reserves.

Coal Reserves and Resources

The statements in this Presentation relating to coal reserves and resource are based on information compiled by GHD Pty Ltd. Mr Ben Jansen and Mr Ted Waghorne are full-time employees of GHD Pty Ltd and have sufficient experience which is relevant to the type of deposit being reported on to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition)". Mr Ben Jansen (member No. 211633) and Mr Ted Waghorne (member No. 103329) are members of the Australasian Institute of Mining and Metallurgy, and have consented to the inclusion of the statements in the form and context in which these statements appear.

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Statements made in this Presentation are made only as the date of this Presentation. The information in this Presentation remains subject to change without notice. AGL reserves the right to withdraw the Entitlement Offer or vary the timetable for the Entitlement Offer without notice.

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Section 4

AGL Investor Presentation dated 24 May 2012 (continued)

8

Transaction Summary

Equity funding to acquire remaining 67.5% of GEAC.

- Control of Loy Yang A (LYA) one of the lowest cost generators in Australia adding substantial scale, diversity and improved risk management capability to AGL's business
- Acquisition consistent with AGL's Integrated Strategy
- Net enterprise value of $3.1 billion for Great Energy Alliance Corporation (GEAC)
  - Full ownership of 2,210 MW baseload power station
  - Coal reserves of 2.5 billion tonnes[2]
- $900 million capital raising[1]
  - $850 million for GEAC acquisition
  - $50 million for general corporate purposes including renewable energy generation
- AGL will acquire the remaining 67.5% equity in GEAC for $448 million

Acquisition expected to be accretive to Underlying EPS from FY13[3]

1. Refer to Slide 9 for additional details about the Entitlement Offer including Offer price and discount to TERP
2. Refer to Slide 17 for further details on the coal reserves
3. Refer to Slide 67 for the key underlying assumptions

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Entitlement Offer Overview

Offer size	> Fully underwritten 1 for 6 pro-rata accelerated renounceable entitlement offer with retail entitlements trading to raise approximately $900 million > Approximately 78 million new AGL ordinary shares to be issued (c.17% of issued capital)
Offer price	> $11.60 per new share »22.3% discount to last closing price[1] of $14.93 per share »19.7% discount to the TERP[2]
Institutional Entitlement Offer	> Institutional Entitlement Offer open from 10.00am (Sydney time) Thursday, 24 May 2012 to 12.30pm (Sydney time) Friday, 25 May 2012 > Institutional entitlements not taken up and entitlements of ineligible institutional shareholders will be placed into the Institutional Bookbuild to be conducted on Monday, 28 May 2012
Retail Entitlement Offer	> Retail Entitlement Offer open from Wednesday, 30 May 2012 to Tuesday, 19 June 2012 > Retail entitlements trade on the ASX from Tuesday, 29 May 2012 to Tuesday, 12 June 2012[3] > Retail entitlements not taken up and entitlements of ineligible retail shareholders will be placed into the Retail Bookbuild to be conducted on Friday, 22 June 2012
Ranking	> New shares issued will rank equally in all respects with existing shares from the date of allotment
Record date	> 7.00pm (Sydney time) on Tuesday, 29 May 2012

1. As at close Wednesday, 23 May 2012
2. The Theoretical Ex-Rights Price (TERP) is the theoretical price at which AGL shares should trade immediately after the ex-date for the entitlement offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which AGL shares trade immediately after the ex-date entitlement offer will depend on many factors and may not be equal to the theoretical ex-rights price
3. Refer to Slide 66 for information on restrictions on eligibility criteria to exercise entitlements

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Offer Timetable[1]

Event	Date
Trading halt, Institutional Entitlement Offer opens	Thursday, 24 May 2012
Institutional Entitlement Offer closes	Friday, 25 May 2012
Institutional shortfall bookbuild	Monday, 28 May 2012
Existing shares recommence trading on ASX	Tuesday, 29 May 2012
Retail Entitlements commence trading on deferred settlement basis	Tuesday, 29 May 2012
Record Date for eligibility in the Entitlement Offer (7.00pm Sydney time)	Tuesday, 29 May 2012
Retail Entitlement Offer opens	Wednesday, 30 May 2012
Retail Offer Booklet despatched and Retail Entitlements allotted	Monday, 4 June 2012
Retail Entitlements commence trading on normal settlement basis	Tuesday, 5 June 2012
Settlement of the Institutional Entitlement Offer	Tuesday, 5 June 2012
Issue and quotation of new shares under the Institutional Entitlement Offer	Wednesday, 6 June 2012
Retail Entitlements trading on ASX ends	Tuesday, 12 June 2012
New Shares under the Retail Entitlement Offer commence trading on ASX on a deferred settlement basis	Wednesday, 13 June 2012
Retail Entitlement Offer closes (5.00pm Sydney time)	Tuesday, 19 June 2012
Retail shortfall bookbuild	Friday, 22 June 2012
Settlement of Retail Entitlement Offer	Thursday, 28 June 2012
Despatch of Holding Statements	Friday, 29 June 2012
Issue of New Shares under the Retail Entitlement Offer	Friday, 29 June 2012
New shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Monday, 2 July 2012

1. The timetable is indicative only and subject to change. All references to Sydney time. AGL reserves the right to vary these dates or to withdraw the Entitlement Offer at any time

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Acquisition Rationale

A significant step in AGL's Integrated Strategy delivering full ownership of high-quality generation asset and substantial long-term, low-cost fuel reserves.

Substantial generation capacity	› AGL will have one of the largest and most competitive generation portfolios in Australia › Control of one of the lowest cost baseload generators in Australia (after cost of carbon) › Increases AGL controlled generation capacity by ~32% to 6,000 MW[1] › Adds scale and diversity to AGL's generation portfolio; improved risk management capability › 7 year extension of TEPCO technical services agreement
Long term dedicated fuel resource	› Coal reserves of 2.5 billion tonnes › Estimated mine life in excess of 50 years › Rising prices expected for competing fuel sources – gas & replacement black coal contracts › Fuel supply costs substantially locked in for life of power station › No recontracting risk and future optionality
EPS accretive	› Transaction expected to be accretive to Underlying EPS from FY13[2]
Cashflow positive	› LYA is expected to generate substantial cashflows from highly reliable generation with minimal fuel costs and over $1 billion of free carbon permits over the next 5 years › Enhances AGL's capacity to internally fund its growth, including renewable generation

1. Includes ~ 560 MW of generation under construction including the Macarthur wind farm
2. Refer to Slide 67 for the key underlying assumptions and definition of Underlying EPS

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Another step in AGL's Integrated Strategy

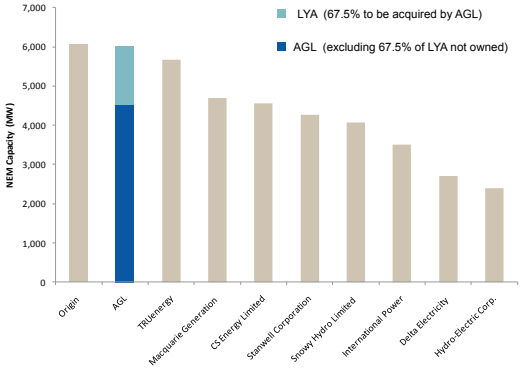
LYA acquisition will add scale and improve risk management capabilities.

› AGL generation capacity to increase by ~32% to ~6,000 MW

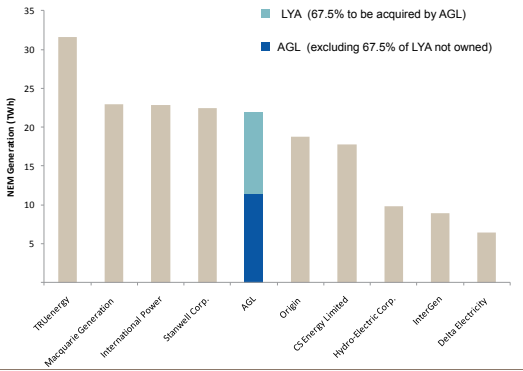
› Provides ownership of one of the lowest cost generators in the NEM

› Significantly improves coverage of retail load with owned and controlled generation

NEM Capacity by Participant[1]



NEM Generation Output by Participant[1]



Source: AEMO: Generators and Scheduled Loads, January 2012.
1. AGL includes ~560 MW of generation under construction including the Macarthur wind farm

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Deal Metrics

Attractively priced energy resource and full ownership of baseload generation.

- Attractive implied value of power station based upon black coal comparison and recent NSW GenTrader deals
  - No value attributed to surplus coal reserves and resource
  - Rising prices expected for competing fuel sources – gas & replacement black coal contracts

Value of Power Station	$m	$/kW
Enterprise Value	3,126	1,421
Implied value of coal supply	(2,385)	
Implied value of power station	741	337

	Units	Brown Coal	Black Coal	Value Differen -tial
Value of Fuel Supply				
Expected generation to 2036[1]	TWh	372	372	
Coal required for expected generation	Mt	480	178	
Coal cost	$/t	6.0	45.0[2]	
Pre-carbon value of coal supply (NPV at AGL cost of capital)	**$m**	**(1,422)**	**(3,964)**	**2,542**
Cost of Carbon (Excl. Alcoa)				
Expected generation to 2036[1]	TWh	372	372	
Alcoa generation[3]	TWh	(157)	(157)	
Generation subject to carbon	TWh	215	215	
Carbon intensity	tCO2/MWh	1.25	0.92[4]	
Gross carbon permits requirement	m	269	198	
Free carbon permits	m	(40)	-	
Net carbon permit requirement	m	229	198	
Carbon price[5]	$/t	23.0	23.0	
Incremental carbon cost for brown coal vs. black coal (NPV at AGL cost of capital)	**$m**	**(3,730)**	**(3,333)**	**(397)**
Cash carbon assistance	**$m**	**240**	**-**	**240**
Implied net value of LYA coal supply				**2,385**

1. Term of analysis based on life of the Alcoa contract
2. Represents ex-mine cost of $31.0/t plus delivery to NSW coastal generators and royalty costs
3. Alcoa required to provide permits to Loy Yang A covering full carbon impact of relevant fuel burn
4. Based on the average sent-out carbon intensities of NSW black coal power stations (excluding Redbank) per ACIL Tasman, Calculation of energy costs for the 2011-12 BRCI, December 2010
5. Escalated at Federal Treasury price path to 2025 (price starts at $23/t and escalates at CPI+5%) and then at CPI

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Valuation Upside

Conservative valuation approach.

- Substantial coal resource[1] provides long-term optionality
  - Approximately 6.5 billion tonnes of coal resource in excess of requirements for LYA and LYB power stations
  - TEPCO is developing expertise in brown coal technology and has a coal reservation agreement over 600 million tonnes of excess coal
- Only minimal synergy benefits with AGL's existing operations assumed
- Acquisition metrics assume Federal Treasury modelling of future carbon prices up to 2025 and then at CPI
  - Carbon prices below those assumed will be accretive to value

1. Refer Slide 35 for further details on the coal resource

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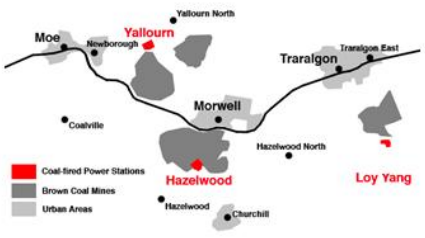
Overview of Loy Yang A and Adjacent Coal Mine

Overview of Loy Yang A

Largest and least carbon intensive brown coal power plant in Australia.

- Victoria's largest power station, producing ~30% of the state's electricity
- Employs approximately 550 staff and up to 500 contractors during major outages
- TEPCO currently provide technical support and managerial services to LYA. TEPCO will continue to provide these services for at least a further 7 years



Plant Specifications	
Capacity	2,210 MW
Location	Traralgon, Victoria
No. of Units	1 ABB (Alstom) & 3 Kraftwerk Union (Siemens)
Commercial Operations Start	Jul 1984 – Mar 1988
Fuel Source	Adjacent and integrated mine
O&M	Maintained in accordance with whole-of-life plans cascading into 5 year, 1 year and 3 month asset maintenance plans
Generation (2010)	15,637 GWh sent-out
Availability Factor (2010)	93.9%
Carbon Intensity	1.28 tCO_2/MWh (at MEL Node) 1.25 tCO_2/MWh (sent-out)

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Overview of Coal Mine

Loy Yang mine provides a secure and low cost coal reserve.

- Largest brown coal mine in Australia
  - Coal Reserves 2.5 billion tonnes[1]
  - Coal Resource ~7.7 billion tonnes[2]
- Coal mine reserves exceed LYA and LYB power stations' requirements
- Significant strategic benefits of ownership
  - Control of fuel source
  - No haulage requirement; only cost is cash cost to mine
  - Full flexibility on managing generation levels
  - No re-contracting risk
  - Full control and visibility over mine capex program

Loy Yang Mine	
Mine Type	Open-cut configuration Vertically integrated with LYA & LYB power stations
Annual Extraction	30-32 million tonnes
Coal Reserves - Mining Licence - Exploration Licence	 1.8 billion tonnes 0.7 billion tonnes
Area - Mining Licence - Exploration Licence	 4,558 hectares 1,670 hectares
Estimated Mine Life	>50 years (at current usage)

Loy Yang Coal Reserve (million tonnes)

Area	Probable	Proven	Total
MIN5189/EL4683/EL4684	45	2,499	2,500[3]

1. Coal reserves are estimated within a mine plan that spans both mining and exploration licence areas
2. Coal resource figures in this presentation are inclusive of the coal reserves
3. Total rounded down to nearest 100Mt

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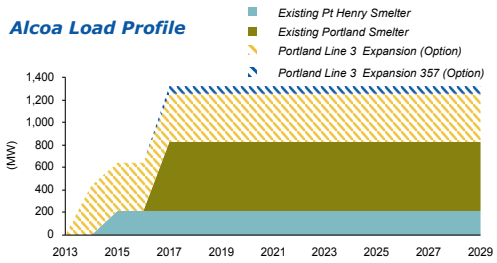
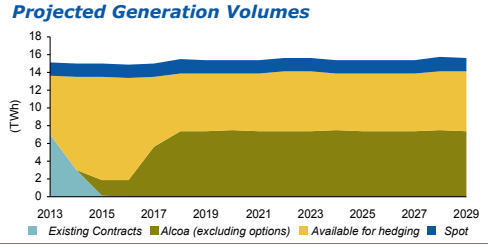
Alcoa Agreement

22-year agreement with Alcoa.

- Long-term supply agreement with Alcoa
  - Commences in 2014 and concludes in 2036
  - Point Henry smelter load 210 MW
  - Portland[1] smelter load 610 MW
  - Option to increase their load by ~500 MW
  - Fixed ex carbon price with contractual carbon arrangements between the parties
- Point Henry smelter load under review by Alcoa
  - Outcome anticipated by end June 2012
  - The potential loss of Point Henry load is not expected to have a material adverse impact on the transaction[2]
- After allowing for the Alcoa load[3], LYA on a net basis adds ~1,150 MW baseload to AGL's generation portfolio





Source: AGL estimate.

1. Marubeni and CITI hold minority positions in Portland smelter
2. Refer to Section 3.2 of the "Key Risks" for further information
3. Excluding expansion options

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Transitional Carbon Assistance

LYA to receive more than $1.25 billion in transitional carbon assistance[1].

- LYA transitional carbon assistance is expected to be paid over 5 years and total more than $1.25 billion. Key elements of the assistance include:
  - ~$240 million in cash prior to 30 June 2012
  - 40 million free carbon permits with a value of more than $1 billion
- Alcoa receives carbon cost assistance under Emissions Intensive Trade Exposed (EITE) program

LYA Expected Transitional Carbon Assistance

	2012	2013	2014	2015	2016	2017
Cash	$240m	-	-	-	-	-
Free Permits	-	-	10m	10m	10m	10m
Permit Price[1]		$23/t	$24/t	$25t	$27/t	$29/t
Total Compensation	$240m	-	$240m	$250m	$270m	$290m

1. Based upon prices assumed in Federal Treasury modelling

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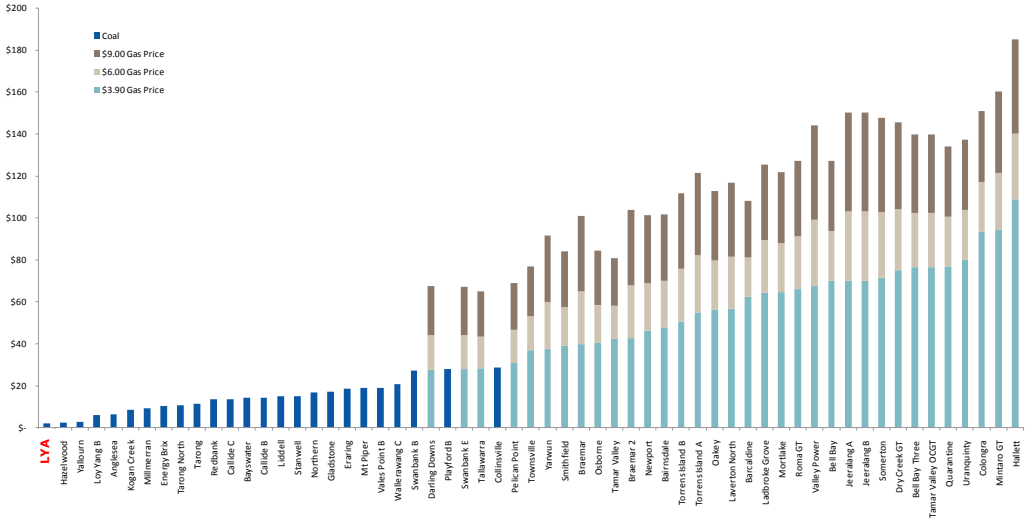
SRMC[1] of Thermal Plant in the NEM[2] (excluding Carbon)

Prior to the introduction of Carbon, LYA has the lowest SRMC in the NEM.



Source: Carbon Intensity, Thermal Efficiency and Fuel Cost as per 2009/2010 ACIL Tasman estimates
1. Short run marginal cost ($/MWh)
2. National Electricity Market

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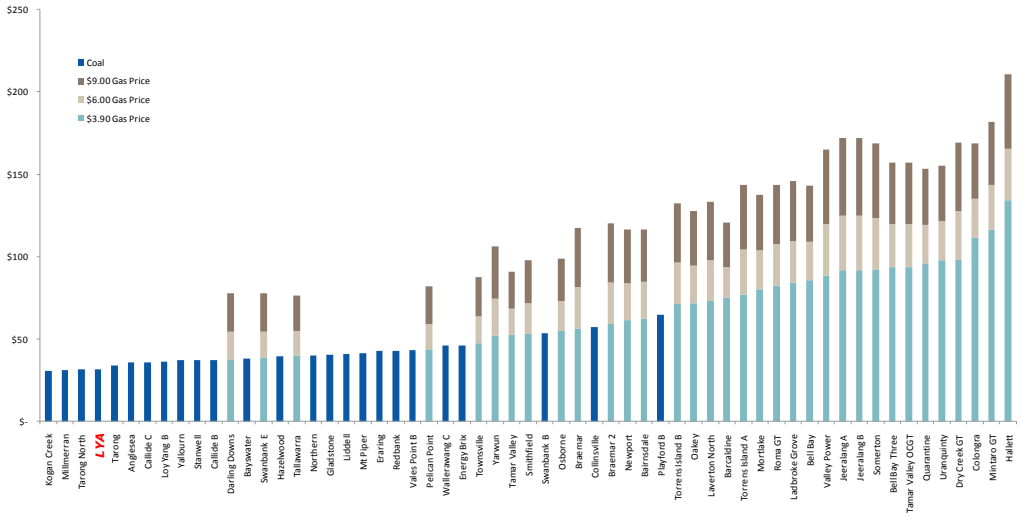
SRMC of Thermal Plant in the NEM (including Carbon)

Including Carbon costs LYA remains one of Australia's lowest cost generators.



» **AGL Energy Equity Raising**
» 24 May 2012
» AGL External

Source: Carbon Intensity, Thermal Efficiency and Fuel Cost as per 2009/2010 ACIL Tasman estimates

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Acquisition Update

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Conditions Precedent

ACCC clearance paves way for removal of Federal Court Undertakings.

- On 24 May 2012, ACCC announced that it has cleared AGL's proposed acquisition of GEAC
- AGL proposes to apply to the Federal Court for removal of the 2004 undertakings that a separate entity would control the contracting, marketing and dispatch of LYA generation, and that AGL would not increase its interest in LYA above 35%
- AGL considers that there are compelling grounds for the Federal Court to approve the removal of the undertakings after the ACCC clearance

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Conditions Precedent

Transitional carbon assistance payment expected prior to 30 June 2012.

- Federal Government has advised GEAC that it is entitled to receive a cash payment of $240.1 million of transitional carbon assistance
- AGL expects that this payment will be made, or GEAC will have an enforceable right to receive this payment, before 30 June 2012
- AGL will not complete the acquisition of GEAC until all outstanding conditions precedent have been satisfied
- AGL is confident that all conditions precedent are likely to be met in the coming weeks

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2012 Update

AGL reaffirms 2012 earnings guidance[1].

- AGL reaffirms 2012 Underlying Profit[2,3] guidance of $470 million to $500 million
- AGL expects to pay the 2012 final dividend (fully franked) on the expanded share capital
- AGL customer numbers continue to grow in 2H12
- Customer service quality shows continued improvement
  - Contact Centre average call handling times drop by 100 seconds over past 9 months
  - Customer churn remains well below industry average
- Sale of Hallett 5 wind farm completed on 14 May 2012
- AGL has re-tendered for the Commonwealth Government's Solar Flagships Program
  - Proposal to develop 106 MW solar photovoltaic (PV) project at Nyngan, NSW and 53 MW PV project at Broken Hill, NSW

1. Investors should refer to the "Key Risks" section commencing on Slide 39
2. Refer to Slide 67 for definition of Underlying Profit
3. Assuming normal trading conditions

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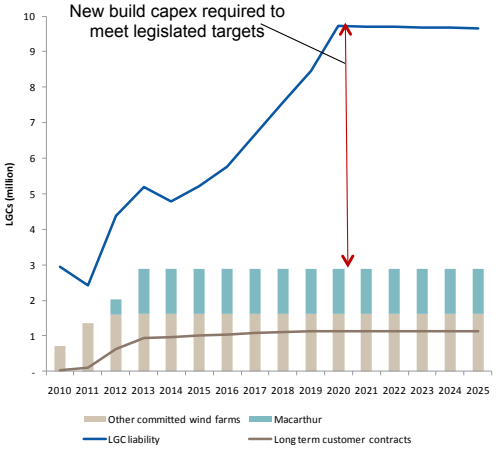
LYA cash flows enhance AGL's ability to fund growth

LYA cash flows to support build-out of renewable pipeline.

- LYA is expected to generate substantial incremental operating cashflows
- LYA acquisition will significantly enhance AGL's ability to fund renewable and other growth projects from internally generated sources
- AGL's Large-Scale Generation Certificates (LGC) liability requires capital expenditure on new renewable generation of $4-5 billion
  - AGL plans to self-supply 60-80% of this investment
  - Option to develop Silverton wind farm (up to 300 MW) announced 23 March 2012

AGL LGC Liability



Source: AGL estimate.

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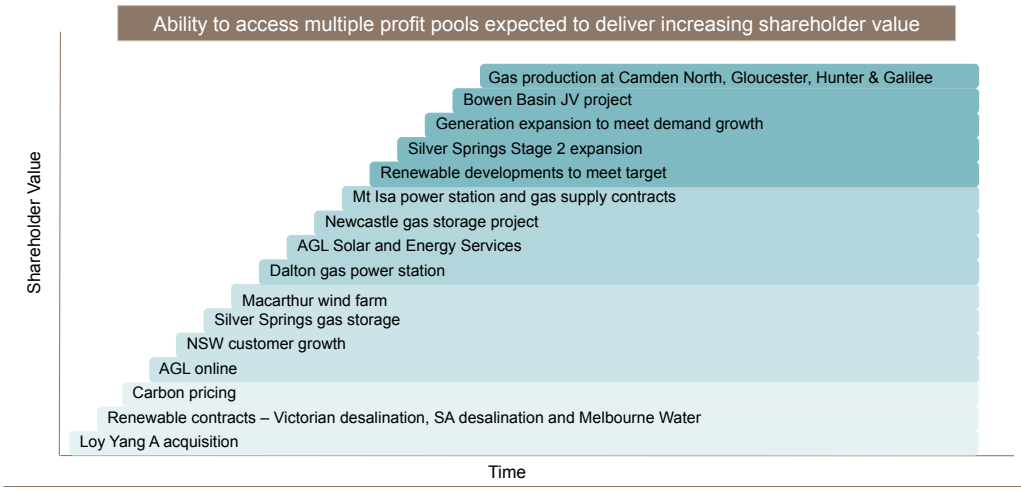
AGL Growth Pipelines

AGL's integrated strategy and focus on long term shareholder value has created significant growth pipelines.



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Summary

LYA acquisition represents a significant step in AGL's integrated strategy.

- Expected to be accretive to Underlying EPS[1] from FY13 and generate substantial future operating cash flows
- Increases AGL controlled generation capacity by ~32% to 6,000 MW[2], significant coverage of AGL's load
- Delivers full ownership of one of the lowest cost baseload generators in Australia
- AGL will have one of the largest and most competitive generation portfolios in Australia; improved risk management capability
- Large, low-cost fuel resource with long-term optionality
- Expected substantial cashflows to support future capital expenditure and growth pipeline, including renewable generation
- Funded by a high equity credit subordinate notes and equity raising
- Strong financial position post-completion of funding initiatives

1. Refer to Slide 67 for the key underlying assumptions
2. Includes ~ 560 MW of generation under construction including the Macarthur wind farm

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Supporting Slides

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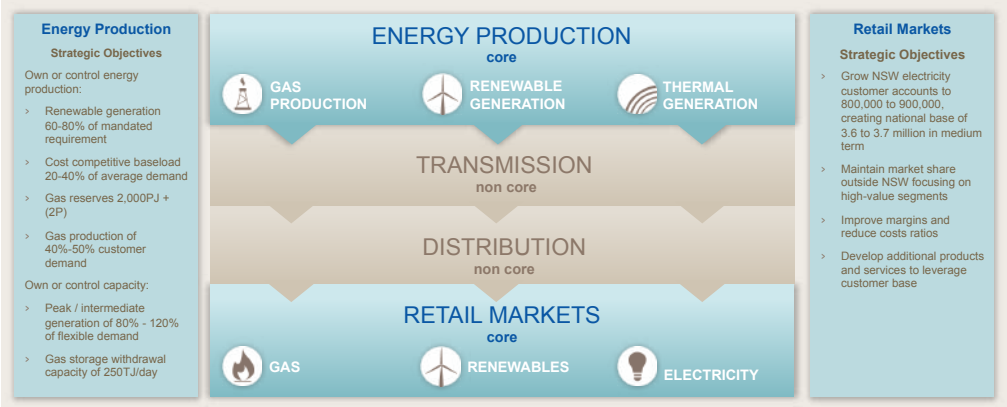
AGL's Integrated Strategy

Acquisition of LYA is a significant step in AGL's growth.

- AGL's integrated strategy provides access to multiple profit pools and balances risk between upstream supply of energy and our customers' demand for energy
- Ownership of LYA will significantly increase AGL's supply portfolio and provide a reduction in its risk profile



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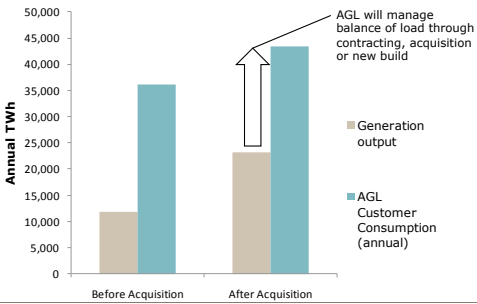
Acquisition improves coverage of customer load

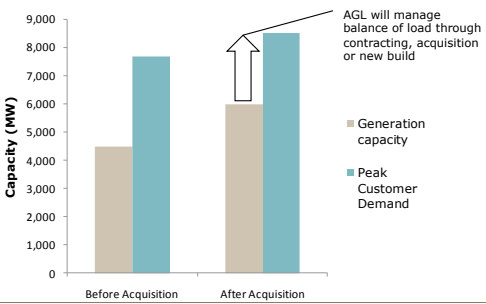
Further diversifies generation mix.

- Significantly increases AGL's owned and operated generation portfolio
- Provides ownership of one of the lowest cost generators in the NEM (before and after introduction of Carbon)
- Locks in highly competitive fuel source against backdrop of expected rising black coal and gas costs
- Significantly improves coverage of retail load with owned and controlled generation
- Improves diversity of generation portfolio

AGL Generation Output Profile[1,2,3,4] – FY11



AGL Capacity Profile[1,2,3,4] – FY11



Source: Generators and Scheduled Loads, AEMO, January 2012 and AGL estimates
1. Includes ACTEWAGL
2. Before Acquisition includes 32.5% ownership of Loy Yang A
3. After Acquisition includes 823 MW load from Alcoa. Contract commences 2014 and ramps to 823 MW by 2016
4. Includes ~560 MW of generation under construction including the Macarthur wind farm

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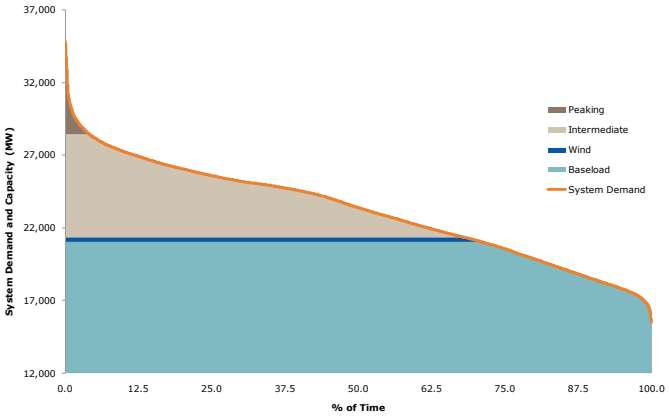
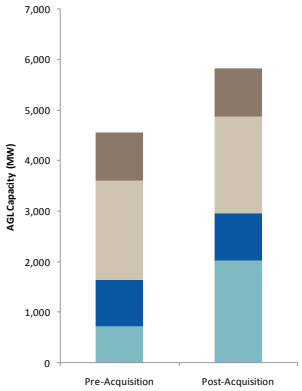
AGL Generation Portfolio

Acquisition increases AGL baseload generation to better match customer demand profile.

NEM Generation – 12 months ended 30 June 2011 [1]



AGL Generation Portfolio [2]



1. Source: AEMO data.
2. Source: AGL estimate: includes ~560 MW of generation under construction including the Macarthur wind farm

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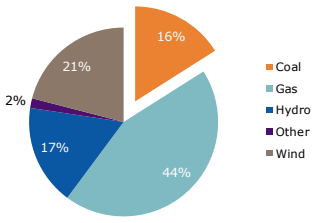
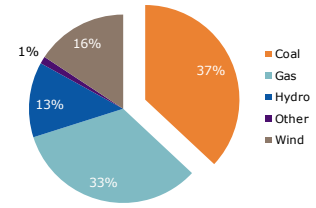
AGL Generation Portfolio by Fuel

Acquisition moves AGL carbon intensity slightly above the NEM average.

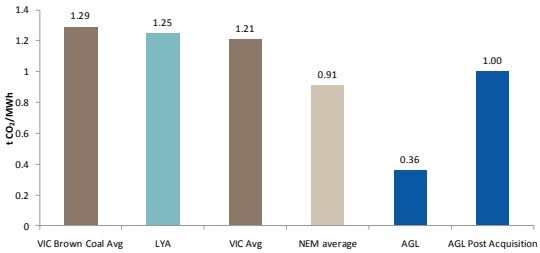
AGL generation capacity before acquisition[1]



AGL generation capacity after acquisition[1]



Relative carbon intensity (sent out)[2]



- LYA carbon intensity of 1.25 is the lowest of the major Victorian brown coal power stations
- AGL carbon intensity pre acquisition is 0.36, increasing to 1.00 post acquisition

1. Source: AGL Generation per Generators and Scheduled Loads, AEMO, January 2012. AGL includes ~560 MW of generation under construction including the Macarthur wind farm
2. Source: Carbon intensity per AEMO documents for period July 2011 to October 2011. AGL carbon intensity per AGL estimate as at 30 June 2011 which excludes all generation under construction

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Overview of Coal Resource

Mine and Exploration Licence Areas contain substantial coal resource.

- Coal Resource of ~7.7 billion tonnes
- High quality resource with thin overburden
- Coal mine reserves exceed LYA and LYB power stations' requirements
- Substantial surplus coal resource available for potential development
- Exploration Licence adjacent to mine enables efficient expansion and extraction
- Commercial opportunities to develop resource potential
  - Coal reservation agreement with TEPCO over 600 million tonnes of coal

Loy Yang Coal Resource (million tonnes)

Area	Inferred	Indicated	Measured	Total
MIN5189	120	950	4,020	5,090
EL4683 EL4684	70	650	1,980	2,700
Combined	190	1,600	6,000	7,700[1]

Loy Yang Power tenements

Tenement	Type	Issue Date
MIN5189	Mining Licence	6/05/1997
EL4683	Exploration Licence	14/12/2005
EL4684	Exploration Licence Application	Not yet granted

1. Total rounded down to nearest 100Mt

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Pro forma AGL Combined Balance Sheet

As at ($m)	AGL Reported 31 December 2011[1,3]	Pro forma Note Offer Adjustments[3]	Pro forma AGL Post Note Offer Balance Sheet[3]	Pro forma Acquisition Balance Sheet[3]	Pro forma Acquisition Adjustments[3,4]	Pro forma AGL Equity Offer Adjustments[4]	Pro forma Debt Restructure Adjustments[4]	Pro forma Combined Balance Sheet
Current assets								
Cash and cash equivalents	200.3	631.5	831.8	408.0	(300.0)	881.1	(1,251.9)	569.0
Other current assets	2,058.9		2,058.9	69.2	-	-	-	2,128.1
Total current assets	**2,259.2**	**631.5**	**2,890.7**	**477.2**	**(300.0)**	**881.1**	**(1,251.9)**	**2,697.1**
Non-current assets								
Investments accounted for using the equity method	179.6		179.6	-	(146.6)	-	-	33.0
Exploration and evaluation assets	675.2		675.2	-	-	-	-	675.2
Oil and gas assets	474.5		474.5	-	-	-	-	474.5
Property, plant and equipment	2,502.9		2,502.9	2,338.2	-	-	-	4,841.1
Intangible assets	3,158.3		3,158.3	-	-	-	-	3,158.3
Other financial assets	138.7		138.7	739.2	(120.5)	-	-	757.4
Deferred tax assets	-		-	668.4	-	-	-	668.4
Other non-current assets	18.6		18.6	26.6	-	-	-	45.2
Total non-current assets	**7,147.8**	**-**	**7,147.8**	**3,772.4**	**(267.1)**	**-**	**-**	**10,653.1**
Total assets	**9,407.0**	**631.5**	**10,038.5**	**4,249.6**	**(567.1)**	**881.1**	**(1,251.9)**	**13,350.2**
Current liabilities								
Trade and other payables	687.2		687.2	70.6	-	-	-	757.8
Borrowings	-		-	565.0	-	-	(482.3)	82.7
Other financial liabilities	346.1		346.1	-	-	-	-	346.1
Other current liabilities	260.9		260.9	537.9	-	-	-	798.8
Total current liabilities	**1,294.2**	**-**	**1,294.2**	**1,173.5**	**-**	**-**	**(482.3)**	**1,985.4**
Non-current liabilities								
Borrowings	1,135.7	631.5	1,767.2	2,371.3	38.0	-	(646.6)	3,529.9
Other financial liabilities	61.0		61.0	123.0	-	-	(123.0)	61.0
Other non-current liabilities	516.2		516.2	193.8	-	-	-	710.0
Total non-current liabilities	**1,712.9**	**631.5**	**2,344.4**	**2,688.1**	**38.0**	**-**	**(769.6)**	**4,300.9**
Total liabilities	**3,007.1**	**631.5**	**3,638.6**	**3,861.6**	**38.0**	**-**	**(1,251.9)**	**6,286.3**
Net assets	**6,399.9**	**-**	**6,399.9**	**388.0** [2]	**(605.1)** [2]	**881.1**	**-**	**7,063.9**
Equity								
Issued capital	4,291.4		4,291.4		-	881.1	-	5,172.5
Reserves	(14.8)		(14.8)		39.3	-	-	24.5
Retained earnings	2,123.3		2,123.3		(256.4)	-	-	1,866.9
Total equity attributable to owners of AGL Energy Limited	**6,399.9**	**-**	**6,399.9**		**(217.1)** [2]	**881.1**	**-**	**7,063.9**

1. Source: AGL Energy Limited Appendix 4D for the half year ended 31 December 2011
2. The total of column "Pro forma Acquisition Balance Sheet" and "Pro forma Acquisition Adjustments" reflects the accounting entries required for the acquisition of GEAC. These have been separated here for clarity
3. Extracted from sections 5.3 and 5.6.2 of the AGL Energy Subordinated Notes prospectus
4. Further description of the Pro forma adjustments is set out on Slide 68

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Accounting on acquisition

Fair value adjustments on acquisition to be booked as significant items.

- Selling shareholders receive $448 million made up of:
  - $200 million up front cash payments
  - 15 year deferred payment streams
- Equity (100%) value of $598 million made up of:
  - $150 million for the fair value of AGL's existing 32.5% equity (based upon the purchase price as per the requirements of acquisition accounting)
  - $448 million for other shareholder equity 67.5%
- As at 31 December 2011 acquisition accounting would result in a significant item loss of $256 million made up of:
  - $117 million from fair valuing AGL's existing 32.5% equity to $150 million
  - $39 million GEAC interest rate swap hedge reserve previously equity accounted
  - $100 million transaction costs being mainly stamp duty

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Acquisition Funding

Equity raising completes funding program.

- LYA acquisition to be funded by:
  - $650 million high equity credit subordinated note (completed 4 April 2012)
  - $850 million equity by way of an Entitlement Offer
- Raising additional $50 million for general corporate purposes including renewable energy generation

Loy Yang A acquisition	
Enterprise value	3,126
Plus: Transaction costs	100
Less: Existing AGL share	(150)
Cash transitional carbon assistance	(240)
Net funding required	**2,836**
Subordinated note – high equity credit	650
Equity[1]	850
Retained and restructured debt	1,336
Total sources	**2,836**

1. Excludes $50 million raised for general corporate purposes

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Key Risks

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1.0 Introduction

Investors should be aware that there are risks associated with an investment in AGL.

Some of the principal factors which may, either individually or in combination affect the future operating performance of AGL are set out below. Some are specific to an investment in AGL, the New Shares and the proposed increased ownership of GEAC, and others are of a more general nature.

The summary of risks below is not exhaustive, and this Presentation does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that AGL is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect the future performance of AGL, the New Shares and/or GEAC.

It is important therefore for Shareholders and investors before taking up the Entitlement Offer or investing in AGL, to read and understand the entire Presentation and to carefully consider these risks and uncertainties. You should have regard to your own investment objectives and financial circumstances and should seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest.

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Key Risks (cont.)

2.0 Risks associated with AGL

The future operating performance of AGL and the value of the investment in the New Shares may also be affected by risks relating to AGL's business. Some of these risks are specific to AGL while others relate to the general industry in which AGL operates and economic conditions. Where practicable, AGL seeks to implement risk mitigation strategies to minimise the exposure to some of the risks outlined, although there can be no assurance that such arrangements will fully protect AGL from such risks. Failure to effectively mitigate these risks could result in a reduction in AGL's profit margins and a deterioration in AGL's financial condition.

2.1 Electricity market

AGL is exposed to the risk of significant financial loss arising from exposure to volatility and variability in the wholesale electricity market.

Underperformance in the wholesale electricity market would largely result from a failure to manage an appropriate and profitable balance between energy supply and demand. Components of this risk include:

Downturn in consumption – Levels of energy usage may be adversely affected by a number of economic, social, environmental and specific industry conditions outside AGL's control. Levels of energy usage may also be affected by future technological developments allowing customers to better manage their energy needs, or by customers reducing energy consumption in response to high energy prices. A general economic downturn may reduce the business activity and energy usage of some customers. Industrial customers may be sensitive to factors specific to their own industry, some of which may lead to a reduction in their energy consumption;

Credit risk – AGL's financial performance is partially dependent on counterparties to contracts satisfying their contractual obligations (whether financial or otherwise). There is a risk that AGL's counterparties may be unable to meet their obligations and there is no guarantee of AGL being able to obtain damages sufficient to compensate it in full for its losses arising as a result;

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Key Risks (cont.)

Energy supply – AGL partially relies on electricity generated from electricity generation assets that it owns or controls to manage the wholesale cost of electricity. There is a risk that some of these assets may not be available for use when required due to machinery break down, fire, adverse weather, industrial relations disputes, natural disasters, catastrophic events or other unplanned outages; and

Price risk – AGL operates in wholesale electricity markets and as such has direct and indirect exposure to wholesale electricity prices. AGL generates electricity from owned and controlled assets as well as managing electricity price risk via contracts. Wholesale electricity prices can vary significantly between half hour pricing intervals, and are influenced by many independent factors, including electricity generation costs, weather, customer demand and behaviour, competitive behaviour of retailers and generators, availability of supply, actions of the market operator, and interpretation of the market rules by the market operator as well as by changes in market rules. AGL's Merchant Energy business also procures additional hedge cover through contracts with third parties to manage this exposure, however there is also the risk that the hedges may not be effective or may not provide a balanced position with respect to AGL's exposure to price risks.

2.2 Gas market

AGL is exposed to the risk of significant financial loss arising from exposure to physical wholesale gas markets (including risks of failure to receive and/or failure to supply) as well as exposure to market prices. AGL has a substantial gas portfolio requirement – for its customers, and for its own electricity generation requirements. Some of the risks associated with this portfolio are:

The inability to supply gas to meet market and own requirements – there is a risk that natural gas supplies may be interrupted unexpectedly due to problems at the gas fields or processing plants, or at the pipelines connecting the gas fields to AGL's markets;

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Key Risks (cont.)

Forecasting risk and the ability to balance gas supply and demand and contract requirements;

Development of upstream reserves – changes in commodity prices as well as fiscal and other regulations could adversely affect the economic viability of reserves development and production. Other risks include undeveloped reserves and resources not proceeding to development or developed reserves not being ultimately recovered, production volume and operating cost uncertainty, operational integrity of sub-surface equipment and surface processing, storage and pipeline infrastructure, and end-of-life remediation costs that exceed what has been provided for;

Price risk – AGL is exposed to pricing risk through its long term gas supply arrangements, which have price review clauses at regular intervals over the term of the contracts;

Non-compliance with regulation/operating rules and contractual requirements in complex wholesale gas market operations – the price of gas sold to some residential and small commercial and industrial customers is fixed by regulation; and

Counterparty risk and contract management (price, supply and haulage) – there is a risk that AGL's counterparties may be unable to meet their obligations and there is no guarantee of AGL being able to obtain damages sufficient to compensate it in full for its losses arising as a result.

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Key Risks (cont.)

2.3 Environmental markets

AGL is exposed to the risk of significant financial loss arising from exposure to volatility and variability in existing and emerging environmental markets or from not meeting mandatory liabilities. AGL is required to comply with a range of regulations intended to reduce carbon emissions and increase the proportion of renewable electricity generation. In general, the costs of complying with climate change regulations, including the renewable energy target, are recovered from customers. However, there is a risk that retail price regulation, market forces and contract terms limit the ability of AGL to fully pass these costs through to customers. In addition to the Clean Energy Act that is due to commence on 1 July 2012, there are many other state, national and international markets and obligations, the most material being:

- the Renewable Energy Target (RET);
- Large-Scale Renewable Energy Target Scheme (LRETS);
- Small-Scale Renewable Energy Scheme (SRES); and
- National Greenhouse & Energy Reporting (NGER).

2.4 Regulatory environment

AGL is required to comply with a number of regulatory obligations, predominantly of an operational nature, covering matters such as billings, disconnections and call centre performance. There is a risk that AGL may fail to comply with its regulatory obligations which, in extreme circumstances, could lead to the imposition of fines and penalties or the loss of operating licences. AGL is also exposed to regulated pricing. The three main components to this risk are:

- compliance with legislative and licence obligations;
- AGL's influence over regulated pricing; and
- AGL's exposure to regulated pricing.

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Key Risks (cont.)

Given AGL's exposure to regulated pricing and the risk that it may not be able to influence regulated pricing decisions, AGL may not be in a position to fully respond in a timely manner (if at all) to movements in pricing in wholesale electricity and gas markets. There is a risk that AGL's potential revenues are limited or reduced or that its costs are increased as a result of regulatory pricing or compliance with its regulatory obligations.

2.5 Energy policy

AGL's financial performance could be affected by changes to legal, regulatory, fiscal or other policies adopted by various regulatory authorities. Future changes in such policies or laws are unpredictable and are beyond AGL's control. Changes in law or regulatory policy could adversely affect one or more of AGL's businesses and could require AGL to incur substantial costs to ensure compliance. AGL's ability and capacity to influence and respond to policy and regulation is therefore a key risk that is dependent on AGL's ability to:

- influence, and adapt to, energy and related policy;
- secure licences and permits required for growth projects; and
- influence market design.

2.6 Operating in a competitive market

AGL's retail activities are in fully contestable markets, where customers are able to choose from a number of alternative retailers. The level of customer "churn", when customers switch between retailers, may be affected by a range of factors including the marketing activities of AGL and other retailers, customer service experience and electricity prices. There is also a risk of new competitors entering into the market which may further increase AGL's exposure to customer churn.

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Key Risks (cont.)

2.7 Authorisations and permits

If AGL does not obtain the necessary permits and/or licences for upstream gas and power development projects, there is a risk that the assets will not be built or will be materially delayed, and existing assets will be impaired. There are a number of authorisations and permits that will be required for current infrastructure development projects, including the Dalton power station, Newcastle gas storage facility and Diamantina power station. Various licences and approvals will be required for ongoing and future development of AGL's upstream investments in the Moranbah Gas Project joint venture, Silver Springs Project (including gas storage), Galilee exploration joint venture, Camden Gas Project, Hunter Valley exploration and Gloucester Gas Project.

2.8 Refinancing

AGL's existing debt tranches will need to be refinanced on their respective maturity dates. AGL may incur increased borrowing costs, or may even be unable to refinance with new debt if its credit profile has deteriorated materially, or if there are reductions in debt market liquidity at or around the time that AGL needs to refinance its various debt tranches. Whether this occurs will depend on numerous factors, some of which are outside AGL's control, such as the prevailing economic, political and capital market conditions and credit availability.

2.9 Other financing risks

Other risks in relation to AGL's debt financing include exposure to adverse movements in market interest rates. Although AGL has interest rate swap contracts and other hedging instruments in place, these may not provide a complete hedge. AGL is also obliged to adhere to covenants in its debt facilities, including financial undertakings. If AGL's performance is materially below expectations, there is a risk that it may not comply with its borrowing covenants which may result in it being required to repay its debt facilities earlier than their scheduled maturities.

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Key Risks (cont.)

2.10 Litigation and legal matters

AGL is exposed to the risk of claims by gas and electricity users, native title claims, tenure disputes, environmental and occupational health and safety claims, industrial disputes and third party losses resulting from transmission disruptions, amongst other claims. AGL is not currently a party to any litigation the outcome of which is likely to have a material adverse effect on its business or financial position.

2.11 Control

AGL has a number of investments in which it does not have a controlling interest which means that AGL cannot exercise full control of those investments.

2.12 Change in credit rating

AGL has obtained a credit rating from a rating agency which could be reviewed, suspended or downgraded. The rating agency could also change the methodology by which it rates AGL. AGL's cost of funds, margins, access to capital markets, access to the national electricity markets and other aspects of its performance (including requirements to provide credit support under material contracts) may be also affected if it fails to maintain its credit rating.

2.13 Acquisitions

AGL regularly examines new acquisition opportunities, where the acquisitions would complement or enhance AGL's existing operations. When and whether acquisitions are made will depend on a number of factors, including availability of opportunities and the attractiveness of those opportunities, market conditions, funding requirements and integration issues. There can be no assurance that AGL will successfully identify, acquire and integrate such businesses. Furthermore, there is no guarantee that any acquisition will perform as expected or that AGL will be able to realise expected synergies. Acquisitions may also expose AGL to unanticipated business risks and liabilities. The process of integrating new businesses into AGL's existing operation may result in unforeseen operating difficulties and may require significant management, financial or personnel resources that would otherwise be available for on-going development or expansion of existing operations. If any of these occur, it may have a material adverse impact on AGL's financial position and performance.

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Key Risks (cont.)

3.0 Risks associated with proposed increased ownership of GEAC

The future operating performance of AGL and the value of the New Shares may also be affected by risks relating to AGL's proposed increased ownership of GEAC. Some of these risks are specific to GEAC while others relate to the general industry in which AGL and GEAC operate and economic conditions.

3.1 Industrial relations

Over the life of the plant, industrial relations disputes resulting in plant outages and/or a significant increase in labour costs will remain a risk. Loy Yang Power has recently reached an in-principle agreement with the various unions on a new Enterprise Bargaining Agreement. Formal certification of the agreement is expected via Fair Work Australia in the coming weeks.

3.2 Closure of Alcoa plant

In March 2010, Alcoa announced that it had entered into base-load electricity hedging agreements (EHAs) with Loy Yang A to power smelters at Point Henry (Geelong) and Portland. The contracts take effect in 2014 for Point Henry and 2016 for Portland out to 2036. Alcoa has indicated that the Point Henry smelter load is under review. An outcome is anticipated by the end of June 2012. Point Henry is the smaller of the two smelters representing 210 MW out of approximately 820 MW. While the potential loss of the Point Henry load is not expected to have a material adverse impact on the transaction as 210 MW equates to less than 2% of Victoria's electricity generation capacity of 12,461 MW, it is expected that there would be a short term impact on Victorian market prices.

3.3 Carbon legislation amended or repealed

A change in the Federal government could result in the Clean Energy Act being amended or repealed. The longer the legislation remains enacted it is expected to become more embedded in the Australian business environment and less likely to be repealed. It is expected that the repeal of carbon legislation would be likely to result in an uplift in the value of GEAC. Another possible outcome is the lowering of the carbon price which would increase the economic value of GEAC. There would be a decrement to the economic value of GEAC in the event of the carbon price exceeding the prices assumed in the Treasury modelling for a sustained period.

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Key Risks (cont.)

3.4 Receipt of carbon assistance

Under the Clean Energy Act, GEAC is entitled to apply for coal-fired electricity generation assistance (cash payments and free carbon units) from the Commonwealth Government in respect of the first five years of the scheme. There is a risk that the Commonwealth Government does not pay the assistance or the amount is less than expected. The transaction is conditional on GEAC having received or having an enforceable right to receive the first coal-fired electricity generation assistance payment of approximately $240 million.

3.5 Access to fuel supplies and mine production

Coal mining operations may be restricted by increasing environmental regulations. Mine production may be adversely impacted by changes to operation costs and conditions, equipment failures, mine flooding and geological uncertainties. These risks could adversely impact GEAC's ability to generate electricity.

3.6 Energy supply

AGL partially relies on electricity generated from electricity generation assets that it owns or controls to manage the wholesale cost of electricity. There is a risk that some of these assets may not be available for use when required due to machinery breakdown, fire, adverse weather, industrial relations disputes, natural disasters, catastrophic events or other unplanned outages. AGL, through its 32.5% stake, is currently exposed to the risk of GEAC not being able to supply energy when required. An increase in the ownership of GEAC increases the magnitude of this potential risk.

3.7 Lack of expertise in running coal fired power stations

AGL does not have experience running a coal fired power station or coal mine. TEPCO, who currently provides this expertise to GEAC, has agreed to provide technical services to AGL for an initial period of seven years.

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Key Risks (cont.)

3.8 Removal of Federal Court undertakings

To comply with a series of undertakings given to the ACCC and the Federal Court of Australia at the time AGL acquired its stake in GEAC in 2004, the output from Loy Yang A is sold to the market via a separate trading company, Loy Yang Marketing Management Company Pty Ltd, which is owned by LYMH which is owned by all GEAC shareholders excluding AGL. A condition precedent for the purchase of GEAC and LYMH to proceed is for the ACCC not to oppose the transaction and the Federal Court of Australia undertaking being discharged or varied to allow the acquisition to proceed. Based upon the ACCC decision released on 24 May 2012, to clear the acquisition of GEAC, AGL proposes to apply to the Federal Court of Australia for the removal of these undertakings. There is a risk that the Federal Court of Australia does not agree to the removal of these undertakings. If the court does not agree to removal of the undertakings, AGL may be unable to complete the transaction.

3.9 Incorrect acquisition assumptions

There is a risk that the GEAC Acquisition may not be completed or that GEAC will fail to perform in line with the acquisition assumptions.

If the acquisition of GEAC is not completed, AGL retains the flexibility to use the net proceeds to fund future acquisitions and other development projects, consistent with AGL's integrated strategy, that are expected to commence over the next 2 – 3 years.

In particular, statements in this Presentation regarding the impact of the GEAC Acquisition on EPS and AGL's credit profile are based on certain assumptions including:

- the first full year of ownership of GEAC is 30 June 2013;
- spot and contract wholesale electricity prices are materially the same as those implied by recent forward curves;
- generation volumes and plant availability are consistent with prior years and there are no material unplanned plant outages;
- a price on carbon of $23.00 per tonne commences on 1 July 2012;
- transition assistance of approximately $240 million is received from the Federal Government before 30 June 2012;

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Key Risks (cont.)

- AGL raises approximately $650 million of Subordinated Notes[1];
- AGL raises approximately $900 million under an Equity Offer;
- the margins paid by GEAC on its borrowing following the acquisition will more closely reflect AGL credit risk;
- GEAC's tax losses continue to be available to the AGL and GEAC groups; and
- depreciation is consistent with the Pro forma Acquisition Balance Sheet shown on Slide 36.

If the above assumptions are not met then the impact of the GEAC Acquisition on EPS and AGL's credit profile may differ from that shown in this presentation, potentially adversely.

4.0 Risk associated with the New Shares

4.1 Risk of dividends not being paid

The payment of dividends by AGL is announced at the time of release of AGL's half year and full year results as determined by the Board from time to time at its discretion, dependent on the profitability and cash flow of AGL's business. While AGL has a stated dividend policy, circumstances may arise where AGL is required to reduce or cease paying dividends for a period of time.

4.2 Investment in Equity Capital

There are general risks associated with investments in equity capital. The trading price of shares in AGL may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;

1. AGL successfully completed its Subordinated Note issue on 4 April 2012.

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Key Risks (cont.)

- changes in interest rates and the rate of inflation;
- changes in government regulation and policies;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

No assurances can be given that the New Shares will trade at or above the Offer Price. None of AGL, its Board or any other person guarantees the market performance of the New Shares.

4.3 Risks associated with renouncing rights under the Offer

Prices obtainable for retail entitlements may rise and fall over the entitlement trading period. If you sell your entitlements at one stage in the retail entitlement trading period, you may receive a higher or lower price than a shareholder who sell their entitlements at a different stage in the retail entitlement trading period or through the retail shortfall bookbuild.

If you are a shareholder and renounce your entitlement by doing nothing under the entitlement offer, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.

The ability to sell entitlements under a bookbuild and the ability to obtain any value for them will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion on the underwriters, will, if accepted result in otherwise acceptable allocations to clear the entire book.

To the maximum extent permitted by law, AGL, the underwriters and any of their respective related bodies corporate, affiliates, directors, officers, employees or advisers, will not be liable, including for negligence, for any failure to procure any proceeds for entitlements offered under the bookbuild.

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Key Risks (cont.)

There is no guarantee that there will be a viable market during, or on any particular day in, the rights trading period, on which to sell retail entitlements on ASX.

You should note that if you sell, or do not take up, all or part of your entitlement, then your percentage shareholding in AGL will be diluted by not participating to the full extent in the entitlement offer and you will not be exposed to future increases or decreases in AGL's share price in respect of the shares which would have been issued to you had you taken up all of your entitlement.

The tax consequences from selling entitlements or from doing nothing may be different. Before selling entitlements or choosing to do nothing in respect of entitlements, you should seek independent tax advice and may wish to refer to the tax disclosure contained in the retail offer booklet which will provide further information on potential taxation implications for Australian shareholders.

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Appendices:

Foreign Jurisdictions

Key Assumptions

Pro forma Adjustments

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Foreign Jurisdictions

This Presentation does not constitute an offer of entitlements or New Shares of AGL in any jurisdiction in which it would be unlawful. Entitlements and New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)
This Presentation constitutes an offering of entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the Provinces) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such entitlements and New Shares. This Presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this Presentation, the merits of the entitlements or New Shares or the offering of entitlements or New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

AGL, and the directors and officers of AGL, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon AGL or its directors or officers. All or a substantial portion of the assets of AGL and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against AGL or such persons in Canada or to enforce a judgment obtained in Canadian courts against AGL or such persons outside Canada.

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Foreign Jurisdictions (contd.)

Any financial information contained in this Presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Presentation are in Australian dollars.

Statutory rights of action for damages or rescission
Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the entitlements or the New Shares purchased pursuant to this Presentation (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against AGL if this Presentation or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against AGL. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this Presentation contains a misrepresentation, a purchaser who purchases the entitlements or the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against AGL, provided that (a) AGL will not be liable if it proves that the purchaser purchased the entitlements or the New Shares with knowledge of the misrepresentation; (b) in an action for damages, AGL is not liable for all or any portion of the damages that AGL proves does not represent the depreciation in value of the entitlements or the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the entitlements or the New Shares were offered.

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Foreign Jurisdictions (contd.)

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the entitlements or the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the entitlements or the New Shares as any discussion of taxation related maters in this Presentation is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this Presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the entitlements or the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

European Economic Area - Germany and Netherlands

The information in this Presentation has been prepared on the basis that all offers of entitlements or New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of entitlements or New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

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Foreign Jurisdictions (contd.)

a)to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

b)to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

c)to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of AGL or any underwriter for any such offer; or

d)in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of entitlements or New Shares shall result in a requirement for the publication by AGL of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This Presentation is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 *et seq.* of the General Regulation of the French Autorité des marchés financiers ("AMF"). The entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Presentation and any other offering material relating to the entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D. 754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (*cercle restreint d'investisseurs*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

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Foreign Jurisdictions (contd.)

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L. 411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This Presentation has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this Presentation or to permit the distribution of this Presentation or any documents issued in connection with it. Accordingly, the entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this Presentation being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the entitlements or the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to entitlements and New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance).

No person allotted entitlements or New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.
The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

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Foreign Jurisdictions (contd.)

Ireland

The information in this Presentation does not constitute a prospectus under any Irish laws or regulations and this Presentation has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Italy

The offering of the entitlements and the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the entitlements or the New Shares may be distributed in Italy and the entitlements and the New Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

•to Italian qualified investors, as defined in Article 100 of Decree no.58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and

•in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the entitlements and the New Shares or distribution of any offer document relating to the entitlements and the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

•made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and

•in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

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Foreign Jurisdictions (contd.)

Any subsequent distribution of the entitlements or the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such entitlements or New Shares being declared null and void and in the liability of the entity transferring the entitlements or New Shares for any damages suffered by the investors.

Japan

The entitlements and New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of entitlements or New Shares is conditional upon the execution of an agreement to that effect.

New Zealand

This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The entitlements and New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of AGL with registered addresses in New Zealand to whom the offer of entitlements and New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

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Foreign Jurisdictions (contd.)

Other than in the entitlement offer, entitlements and New Shares may be offered and sold in New Zealand only to:

•persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or

•persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of AGL ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this Presentation.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except:

a)to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);

b)any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (*No. Finanstilsynet*) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;

c)to fewer than 100 natural or legal persons (other than "professional investors"); or

d)in any other circumstances provided that no such offer of entitlements or New Shares shall result in a requirement for the registration, or the publication by AGL or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

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Foreign Jurisdictions (contd.)

Singapore

This Presentation and any other materials relating to the entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of entitlements or New Shares, may not be issued, circulated or distributed, nor may the entitlements or New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Presentation has been given to you on the basis that you are (i) an existing holder of AGL's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Presentation immediately. You may not forward or circulate this Presentation to any other person in Singapore.

Any offer is not made to you with a view to the entitlements or New Shares being subsequently offered for sale to any other party.

There are on-sale restrictions in Singapore that may be applicable to investors who acquire entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the entitlements or the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) *om handel med finansiella instrument*). Any offering of entitlements or New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

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Foreign Jurisdictions (contd.)

Switzerland

The entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Presentation has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Presentation nor any other offering or marketing material relating to the entitlements or the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Presentation nor any other offering or marketing material relating to the entitlements or the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Presentation will not be filed with, and the offer of entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Presentation is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the entitlements nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has AGL received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the entitlements or the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the entitlements or the New Shares, including the receipt of applications and/or the allotment or redemption of the entitlements or the New Shares, may be rendered within the United Arab Emirates by AGL.

No offer or invitation to subscribe for entitlements or New Shares is valid or permitted in the Dubai International Financial Centre.

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Foreign Jurisdictions (contd.)

United Kingdom

Neither the information in this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the entitlements or the New Shares. This Presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the entitlements and the New Shares may not be offered or sold in the United Kingdom by means of this Presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to AGL.

In the United Kingdom, this Presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Presentation or any of its contents.

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Foreign Jurisdictions (contd.)

United States

Neither the entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Entitlements and New Shares are not being offered to persons in the United States, except to persons that are either (A) "qualified institutional buyers" ("QIBs"), as such term is defined in Rule 144A under the U.S. Securities Act, acting for their own account or for the account or benefit of other QIBs or (B) a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) under the U.S. Securities Act) for which they have, and are exercising, investment discretion. Neither the entitlements nor the New Shares may be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Other jurisdictions

The entitlements and the New Shares may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

Restrictions on Eligibility Criteria to Exercise Entitlements

The entitlements may only be exercised by eligible shareholders, persons with addresses in Australia or New Zealand and certain categories of investors in Canada, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, Norway, Singapore, Sweden, Switzerland, United Arab Emirates and the United Kingdom. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase entitlements on ASX, or take up entitlements purchased on ASX. It is the responsibility of purchasers of entitlements to inform themselves of the eligibility criteria for exercise. If holders of entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the entitlements. In the event that holders are not able to take up their entitlements, those entitlements will be sold into the retail shortfall bookbuild and holders may receive no value for them. Further details on restrictions on eligibility criteria to exercise entitlements will be included in the retail offer booklet to be lodged with ASX on or about Wednesday, 30 May 2012.

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Key Assumptions

Impact of GEAC Acquisition on Earnings.

Underlying Profit is the Statutory Profit adjusted for significant items and changes in fair value of financial instruments. Underlying Profit has been presented with reference to the Australian Securities and Investments Commission Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. AGL's policy for reporting Underlying Profit is consistent with this guidance and the Directors have had the consistency of the application of the policy reviewed by the auditors of AGL. Statutory Profit contains a number of items that do not portray the ongoing performance of the business. Underlying Profit excludes the impact of these items to provide a better understanding of business performance.

To reflect the impact of acquisition accounting and one-off items, the EPS impact has been calculated on an adjusted basis (**Underlying EPS**). Underlying EPS is calculated by adding back to reported EPS the non-recurring significant items and fair value movement. The AGL Directors believe that Underlying EPS is a better measure to illustrate the underlying performance of the acquisition, and allows for more relevant comparison of financial performance between financial periods.

Key assumptions used to determine the impact of the GEAC Acquisition on EPS are set out in the bullet points below. This information is intended to assist investors in assessing, where relevant, the reasonableness and likelihood of the assumptions occurring and is not a representation that the assumptions will occur. Potential investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing this information, and that this may have a positive or negative impact on AGL's financial performance. Investors are advised to review the key assumptions in this section in conjunction with section on Key Risks commencing on Slide 39.

- The first full year of ownership of GEAC is the year ending 30 June 2013.
- Spot and contract wholesale electricity prices are materially the same as those implied by recent forward curves.
- Generation volumes and plant availability are consistent with prior years and there are no material unplanned plant outages.
- A price on carbon of $23.00 per tonne commences on 1 July 2012.
- Transition assistance of approximately $240 million is received from the Federal Government before 30 June 2012.
- AGL raises approximately $650 million of Subordinated Notes[1].
- AGL raises approximately $900 million under an Equity Offer.
- The margins paid by GEAC on its borrowing following the acquisition will more closely reflect AGL credit risk.
- Depreciation is based on the property, plant & equipment balance per the Pro forma Acquisition Balance Sheet set out in Slide 36.

1. AGL successfully completed its Subordinated Note issue on 4 April 2012.

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Pro forma Adjustments

Description of Pro forma Adjustments

The Pro forma Adjustments in preparation of the Pro forma AGL Combined Balance Sheet, are summarised below:

(a) Pro forma Acquisition Adjustments

The Pro forma Acquisition Adjustments assume the acquisition of the remaining 67.46% of GEAC as at 31 December 2011 for a purchase consideration of $448 million. In accordance with AASB 3 Business Combinations, the fair value of derivative contracts and loan notes held between AGL and GEAC have been extinguished on acquisition.

The adjustments reflect the derecognition of AGL's existing equity accounted investment in GEAC ($146.6 million) and the extinguishment of the loan note receivable from GEAC ($120.5 million) upon acquisition of the remaining equity in GEAC. The reduction in cash of $300 million reflects $100 million of transaction costs expensed upon acquisition and $200 million of cash consideration paid on completion. Borrowings have been increased by $38 million, being the net of a $210 million reduction reflecting the extinguishment of the loan note liability due to the other shareholders settled as part of the purchase consideration and a $248 million increase representing the fair value of the deferred purchase consideration liability.

The adjustment to retained earnings of $256.4 million reflects the remeasurement of AGL's existing 32.54% equity to fair value and the difference between that fair value and AGL's carrying value at the date of acquisition being recorded in the income statement, as well as the recycling of AGL's share of the GEAC hedge reserve of $39.3 million into retained earnings in accordance with the step acquisition accounting requirements of AASB 3.

(b) Pro forma AGL Equity Offer Adjustments

The equity offer is expected to raise gross proceeds of $900 million.
The payment of transaction costs directly related to the Equity Offer of $18.9 million (before tax) has been recorded as an offset against the amount of equity raised.

(c) Pro forma Debt Restructure Adjustments

The Pro forma Debt Restructure Adjustments assume that immediately following acquisition AGL will pay down $1,128.9 million of GEAC's debt plus out of the money swaps of $123 million as at 31 December 2011.

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Offer Launch Announcement dated 24 May 2012

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ASX and Media release

24 May 2012

ACCC allows AGL to proceed with acquisition of Loy Yang A power station and adjacent coal mine

AGL announces $900 million 1 for 6 pro rata renounceable entitlement offer

AGL Energy Limited (AGL) today announced that the Australian Competition & Consumer Commission (ACCC) has advised the company that it can proceed with the acquisition of the Loy Yang A power station and adjacent coal mine. AGL will now apply to the Federal Court for removal of certain undertakings and expects completion around 30 June 2012.

Subsequently, AGL today announced it is seeking to raise approximately $900 million via a fully underwritten 1 for 6 pro rata accelerated renounceable entitlement offer with retail entitlements trading (Entitlement Offer).

The key details of the Entitlement Offer are:

- Fully underwritten 1 for 6 pro rata accelerated renounceable entitlement offer with retail entitlements trading to raise approximately $900 million
- Offer price of $11.60 per new share
- Institutional Entitlement Offer is accelerated
- Retail entitlements may be traded on ASX from Tuesday, 29 May 2012 to Tuesday, 12 June 2012

The offer price of $11.60 per new share represents:

- a 22.3% discount to last close; and
- a 19.7% discount to the theoretical ex-rights price (TERP).[1]

AGL's CEO and Managing Director Michael Fraser said: "This acquisition represents a unique opportunity to acquire a high quality generation asset and a long term fuel resource. The acquisition is expected to be accretive to underlying earnings per share from FY2013 and the entitlement offer presents an excellent opportunity for AGL shareholders to further increase their investment in AGL as part of a transaction that AGL considers highly attractive."

[1] The theoretical ex-rights price is the theoretical price at which AGL shares should trade immediately after the ex-date for the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which AGL shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price.

Proceeds from the Entitlement Offer will be used to fund the acquisition of the 67.5% of Great Energy Alliance Corporation Pty Limited (GEAC) not currently owned by AGL, which was announced on 24 February 2012 (Acquisition), to allow partial repayment of existing GEAC bank loans, and for general corporate purposes including renewable energy generation. GEAC is the owner of the 2,210 MW Loy Yang A power station and an adjacent brown coal mine which supplies all the coal required to meet the current and future operating requirements of the power station.

Loy Yang A is the largest power station in Victoria, producing approximately 30% of Victoria's electricity requirements. The adjacent coal mine is the largest brown coal mine in Australia, with an estimated coal reserve of 2.5 billion tonnes[2], providing a long term dedicated fuel resource.

Status of the Acquisition

Following the announcement of the Acquisition on 24 February 2012, the ACCC today has indicated it will not oppose the transaction.

Financial close of the Acquisition is expected to be finalised around 30 June 2012, subject to the satisfaction of a number of conditions, including:

- removal of current Federal Court undertakings which limit AGL's ownership of GEAC to a maximum of 35 per cent; and
- GEAC having received, or having an enforceable right to receive, the first carbon assistance payment from the Federal Government.

AGL is confident that both of these conditions are likely to be met in the coming weeks.

Business update

AGL reaffirms 2012 Underlying Profit[3] guidance of $470 million to $500 million, assuming normal market conditions.

AGL expects to pay the 2012 final dividend (fully franked) on the expanded share capital.

Entitlement Offer

The Entitlement Offer comprises an accelerated institutional entitlement offer and a retail entitlement offer that includes the ability to trade retail entitlements on the ASX.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new AGL ordinary share (New Shares) for every 6 existing AGL ordinary shares held as at 7.00pm (Sydney time) on Tuesday, 29 May 2012 (Record Date) (Entitlement).

New Shares will be fully paid and rank equally in all respects with existing AGL ordinary shares from allotment and will be entitled to dividends on the same basis as existing Shares, starting with the 2012 final divided expected to be declared as part of AGL's full year results announcements for the financial year ending 30 June 2012.

[2] See the investor presentation which AGL has filed with ASX today for further details regarding the coal reserves.

[3] Underlying Profit is defined as Statutory Profit adjusted for significant items and changes in fair value of financial instruments.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional entitlement offer which will take place from Thursday, 24 May 2012 to Friday, 25 May 2012 (Institutional Entitlement Offer).

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional entitlements cannot be traded on the ASX.

Institutional entitlements which are not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild on Monday, 28 May 2012. Any proceeds from the sale of institutional Entitlements under the institutional shortfall bookbuild will be remitted proportionally to those institutional shareholders less any applicable withholding tax. There is no guarantee that the highest price will be accepted or that there will be any proceeds remitted to those institutional shareholders.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the retail entitlement offer at the same offer price and offer ratio as the Institutional Entitlement Offer (Retail Entitlement Offer). The Retail Entitlement Offer will open on Wednesday, 30 May 2012 and close at 5.00pm (Sydney time) on Tuesday, 19 June 2012.

Eligible retail shareholders will be allotted Entitlements which can be traded on the ASX from Tuesday, 29 May 2012 to Monday, 4 June 2012 on a deferred settlement basis and from Tuesday, 5 June 2012 to Tuesday, 12 June 2012 on a normal settlement basis. This means that eligible retail shareholders who do not wish to take up all or part of their Entitlements can seek to sell all or part of their Entitlements on the ASX in order to realise value for those Entitlements ahead of the retail shortfall bookbuild (discussed below).

Retail Entitlements which are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and Entitlements that would otherwise have been offered to ineligible retail shareholders will be sold through the retail shortfall bookbuild on Friday, 22 June 2012. Any proceeds from the sale of Entitlements under the retail shortfall bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that the highest price will be accepted or that there will be any proceeds remitted to those retail shareholders.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and an accompanying personalised entitlement and acceptance form which are expected to be despatched on Monday, 4 June 2012. Copies of the retail offer booklet will be available on the ASX website and our website at www.agl.com.au from Wednesday, 30 May 2012.

The Entitlements may only be exercised by eligible retail shareholders, persons with a registered address in Australia or New Zealand and certain categories of investors in Canada, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, Norway, Singapore, Sweden, Switzerland, United Arab Emirates and the United Kingdom. In addition, Entitlements may only be purchased by persons meeting certain eligibility criteria that are set out in the Appendix to the investor presentation which AGL has filed with the ASX today. In particular, persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase Entitlements on the ASX or exercise Entitlements purchased on the ASX or transferred directly from another person.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise of Entitlements. If holders of Entitlements after the end of the trading

period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will be sold into the retail shortfall bookbuild and holders may receive no value for them.

For further information please contact:

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About AGL
AGL is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. 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.

Indicative Timetable

Event	Date
Trading halt, Institutional Entitlement Offer opens	Thursday, 24 May 2012
Institutional Entitlement Offer closes	Friday, 25 May 2012
Institutional shortfall bookbuild	Monday, 28 May 2012
Existing shares recommence trading on ASX	Tuesday, 29 May 2012
Retail Entitlements commence trading on ASX on a deferred settlement basis	Tuesday, 29 May 2012
Record Date for eligibility in the Entitlement Offer (7.00pm Sydney time)	Tuesday, 29 May 2012
Retail Entitlement Offer opens	Wednesday, 30 May 2012
Retail offer booklet despatched and Retail Entitlements allotted	Monday, 4 June 2012
Retail Entitlements commence trading on ASX on a normal settlement basis	Tuesday, 5 June 2012
Settlement of the Institutional Entitlement Offer	Tuesday, 5 June 2012
Issue and quotation of new shares under the Institutional Entitlement Offer	Wednesday, 6 June 2012
Retail Entitlements trading on ASX ends	Tuesday, 12 June 2012
New Shares under the Retail Entitlement Offer commence trading on ASX on a deferred settlement basis	Wednesday, 13 June 2012
Retail Entitlement Offer closes (5.00pm Sydney time)	Tuesday, 19 June 2012
Retail shortfall bookbuild	Friday, 22 June 2012
Settlement of the Retail Entitlement Offer	Thursday, 28 June 2012
Despatch of holding statements for New Shares under the Retail Entitlement Offer	Friday, 29 June 2012
Issue of New Shares under the Retail Entitlement Offer	Friday, 29 June 2012
New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Monday, 2 July 2012
Retail Premium (if any) despatched	Tuesday, 3 July 2012

The above timetable is indicative only and subject to change. All times represent Sydney time. AGL reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, AGL reserves the right to extend the closing date, to accept late applications either generally or in particular cases, and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares and trading in retail Entitlements is subject to confirmation from the ASX.

Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a shareholder letter to be despatched on or around Friday, 25 May 2012 and a retail offer booklet to be lodged with ASX on Wednesday, 30 May 2012 and despatched on or around Monday, 4 June 2012.

Retail shareholders who have questions relating to the Entitlement Offer should call the AGL Offer Information line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday or go to our website www.agl.com.au.

Further information in relation to the Acquisition and Entitlement Offer described in this announcement is set out in an investor presentation which AGL has filed with the ASX today. The investor presentation contains important information including key risks, key assumptions relating to certain forward looking information in this announcement and foreign selling restrictions with respect to the Entitlement Offer.

Important Information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements and the New Shares may not be offered or sold in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Neither this announcement nor any other documents relating to the offer of Entitlements or New Shares may be sent or distributed to persons in the United States.

This announcement contains forward-looking statements, which can usually be identified by the use of words such as such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AGL, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to AGL as of the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules) AGL undertake no obligation to update these forward-looking statements.

Coal Reserves and Resources

The statements in this announcement relating to the coal reserves and resource are based on information compiled by GHD Pty Ltd. Mr Ben Jansen and Mr Ted Waghorne are full-time employees of GHD Pty Ltd and have sufficient experience which is relevant to the type of deposit being reported on to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition)". Mr Ben Jansen (member No. 211633) and Mr Ted Waghorne (member No. 103329) are members of the Australasian Institute of Mining and Metallurgy, and have consented to the inclusion of the statements in the form and context in which these statements appear.

Institutional Offer Completion Announcement dated 29 May 2012

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ASX release

29 May 2012

AGL completes the institutional component of its 1 for 6 pro rata Renounceable Entitlement Offer

AGL Energy Limited (AGL) today announced the completion of the institutional component of its fully underwritten 1 for 6 pro rata renounceable entitlement offer (Institutional Entitlement Offer) raising gross proceeds of approximately $361 million.

Summary of the Institutional Entitlement Offer

- Institutional Entitlement Offer completed raising gross proceeds of approximately $361 million
- Over 95% take-up by eligible institutions
- Entitlements not taken up and entitlements of ineligible institutional shareholders cleared in bookbuild at $2.85 per entitlement

The Institutional Entitlement Offer attracted strong demand from AGL's institutional shareholders, who took up more than 95% of the New Shares available to them under the Institutional Entitlement Offer.

Approximately 1.4 million entitlements were available in the institutional shortfall bookbuild, which was completed on Monday, 28 May 2012. The bookbuild was well supported by shareholders and new investors with a clearing price of $2.85 per entitlement. Accordingly, the total amount to be paid by successful participants in the institutional shortfall bookbuild is $14.45 per New Share (being the offer price of $11.60 per New Share plus $2.85 per entitlement). This is equal to the theoretical ex-rights price (TERP)[1]. Eligible institutional shareholders who elected not to take up their entitlements, and ineligible institutional shareholders, will receive $2.85 for each entitlement not taken up and sold into the bookbuild.

New Shares taken up under the Institutional Entitlement Offer and following the institutional shortfall bookbuild are expected to be issued on Wednesday, 6 June 2012 and commence trading on ASX on the same day.

[1] The theoretical ex-rights price is the theoretical price at which AGL shares should trade immediately after the ex-date for the Entitlement Offer. The theoretical ex-rights price is a theoretical calculation only and the actual price at which AGL shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the theoretical ex-rights price.

Completion of the Institutional Entitlement Offer represents the first stage of AGL's approximately $900 million equity raising, announced on Thursday, 24 May 2012.

Retail Entitlement Offer

The retail component of the entitlement offer (Retail Entitlement Offer) is expected to raise approximately $543 million. The Retail Entitlement Offer will open on Wednesday, 30 May 2012 and close at 5.00pm (Sydney time) on Tuesday, 19 June 2012.

Eligible retail shareholders will be able to subscribe for 1 New Share for every 6 AGL ordinary shares held on the record date of 7.00pm (Sydney time) Tuesday, 29 May 2012 (Entitlement), at the same Offer Price of $11.60 per New Share as the Institutional Entitlement Offer.

Eligible retail shareholders who do not wish to take up all or part of their Entitlement may sell all or part of their Entitlement on ASX from Tuesday, 29 May 2012 to Monday, 4 June 2012 on a deferred settlement basis and from Tuesday, 5 June 2012 to Tuesday, 12 June 2012 on a normal settlement basis.

Retail Entitlements which are not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and Entitlements that would otherwise have been offered to ineligible retail shareholders will be sold through the retail shortfall bookbuild on Friday, 22 June 2012. Any proceeds from the sale of Entitlements under the retail shortfall bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that the highest price will be accepted or that there will be any proceeds remitted to those retail shareholders.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the retail offer booklet and an accompanying personalised entitlement and acceptance form which are expected to be despatched on Monday, 4 June 2012. Copies of the retail offer booklet will be available on the ASX website and our website at www.agl.com.au from Wednesday, 30 May 2012.

The Entitlements may only be exercised by eligible retail shareholders, persons with a registered address in Australia or New Zealand and certain categories of investors in Canada, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, Norway, Singapore, Sweden, Switzerland, United Arab Emirates and the United Kingdom. In addition, Entitlements may only be purchased by persons meeting certain eligibility criteria that are set out in the Appendix to the investor presentation which AGL filed with ASX on Thursday, 24 May 2012. In particular, persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase Entitlements on the ASX or exercise Entitlements purchased on the ASX or transferred directly from another person.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise of Entitlements. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will be sold into the retail shortfall bookbuild and holders may receive no value for them.

AGL ordinary shares are expected to resume trading on ASX from market open today on an ex-entitlement basis.

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About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. 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.

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Retail Entitlement Offer opens	Wednesday, 30 May 2012
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Retail Entitlements commence trading on ASX on a normal settlement basis	Tuesday, 5 June 2012
Settlement of the Institutional Entitlement Offer	Tuesday, 5 June 2012
Issue and quotation of new shares under the Institutional Entitlement Offer	Wednesday, 6 June 2012
Retail Entitlements trading on ASX ends	Tuesday, 12 June 2012
New Shares under the Retail Entitlement Offer commence trading on ASX on a deferred settlement basis	Wednesday, 13 June 2012
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New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Monday, 2 July 2012
Retail Premium (if any) despatched	Tuesday, 3 July 2012

The above timetable is indicative only and subject to change. All times represent Sydney time. AGL reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, AGL reserves the right to extend the closing date, to accept late applications either generally or in particular cases, and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares and trading in retail Entitlements is subject to confirmation from the ASX.

Shareholder Enquiries

Eligible retail shareholders have been sent further details about the Entitlement Offer via a shareholder letter despatched on Friday, 25 May 2012 and a retail offer booklet to be lodged with ASX on Wednesday, 30 May 2012 and despatched on or around Monday, 4 June 2012.

Retail shareholders who have questions relating to the Entitlement Offer should call the AGL Offer Information line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday or go to our website www.agl.com.au.

Further information in relation to the Entitlement Offer described in this announcement is set out in an investor presentation which AGL filed with the ASX on Thursday, 24 May 2012. The investor presentation contains important information including key risks, key assumptions relating to certain forward looking information in this announcement and foreign selling restrictions with respect to the Entitlement Offer.

Important Information

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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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Neither this announcement nor any other documents relating to the offer of Entitlements or New Shares may be sent or distributed to persons in the United States.

This announcement contains forward-looking statements, which can usually be identified by the use of words such as such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AGL, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to AGL as of the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules) AGL undertake no obligation to update these forward-looking statements.

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This Retail Offer Booklet (including the ASX announcements in Section 4) and enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by AGL.

This Information is dated Wednesday, 30 May 2012 (other than the AGL Investor Presentation and the Offer Launch Announcement published on the ASX website on Thursday, 24 May 2012 and the Institutional Offer Completion Announcement published on the ASX website on Tuesday, 29 May 2012). This Information remains subject to change without notice and AGL is not responsible for updating this Information.

There may be additional announcements made by AGL after the date of this Retail Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up, sell or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by AGL (by visiting the ASX website at www.asx.com.au) before submitting your application to take up your Entitlement, or selling or transferring your Entitlement.

No party other than AGL has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

This Information is important and requires your immediate attention.

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the "Key Risks" section of the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet, any of which could affect the operating and financial performance of AGL or the value of an investment in AGL.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

Trading of Entitlements and New Shares

It is expected that trading of Retail Entitlements on ASX will commence at 10.00am (Sydney time) on Tuesday, 29 May 2012 on a deferred settlement basis until 4.00pm (Sydney time) on Monday, 4 June 2012 (when those Entitlements are expected to be allotted) and from 10.00am (Sydney time) on Tuesday, 5 June 2012 until 4.00pm (Sydney time) on Tuesday, 12 June 2012 on a normal settlement basis. Following this, it is expected that trading on ASX of New Shares to be issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Wednesday, 13 June 2012 on a deferred settlement basis until 4.00pm (Sydney time) on Friday, 29 June 2012 (when New Shares are expected to be issued) and thereafter on a normal settlement basis.

AGL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by AGL or the AGL Share Registry or otherwise or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

AGL will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by AGL or the AGL Share Registry or otherwise or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your stockbroker or other professional adviser.

5.1 Eligible Retail Shareholders

This Information contains an offer of Entitlements to subscribe for New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Tuesday, 29 May 2012;
- have a registered address on the AGL share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds AGL ordinary shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Retail Shareholders are Ineligible Retail Shareholders. AGL reserves the right to determine whether a shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

AGL may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

AGL has decided that it is unreasonable to make offers under the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. AGL may (in its absolute discretion) extend the Retail

Section 5 Important Information continued

Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

5.2 Eligible Institutional Shareholders

Eligible Institutional Shareholders are institutional shareholders to whom the Underwriters made an offer on behalf of AGL under the Institutional Entitlement Offer.

5.3 Ranking of New Shares

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing Shares and will be entitled to dividends on the same basis as existing Shares, starting with the 2012 final dividend expected to be declared as part of AGL's full year results announcement for the financial year ending 30 June 2012. The rights and liabilities attaching to the New Shares are set out in AGL's constitution, a copy of which is available at www.agl.com.au.

5.4 Risks

The Investor Presentation details important factors and risks that could affect the financial and operating performance of AGL. You should refer to the "Key Risks" section of the Investor Presentation released to ASX on Thursday, 24 May 2012 which is included in Section 4 of this Retail Offer Booklet. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

5.5 Reconciliation, Top-Up Shares and the rights of AGL and the Underwriters

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. In addition, where trustees of AGL's employee share plans hold shares on behalf of participants in those plans, the number of New Shares that are offered may need to increase to take account of the rounding referred to in Section 5.8. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that AGL may need to issue additional New Shares (**Top-Up Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares. The price at which these Top-Up Shares would be issued is not known.

AGL also reserves the right to reduce the size of an Entitlement or number of New Shares or the amount of the Institutional Premium or Retail Premium allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if AGL believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, AGL may, in its discretion, require the relevant shareholder to transfer excess New Shares to the Underwriters at the Offer Price per New Share. If necessary, the relevant shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

Investors who sell Entitlements to which they are not entitled, or who do not hold sufficient Entitlements at the time required to deliver those Entitlements, may be required by AGL to otherwise acquire Entitlements or Shares to satisfy these obligations.

By applying under the Entitlement Offer, including pursuant to acquisitions of Entitlements, those doing so irrevocably acknowledge and agree to do the above as required by AGL in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of AGL or the Underwriters to require any of the actions set out above.

5.6 Receipt of excess Retail Premium

If you receive a Retail Premium payment in excess of the Retail Premium payment to which you were actually entitled based on that part of your Entitlement under the Retail Entitlement Offer which remains held by you as at close of the Retail Entitlement Offer on 5.00pm (Sydney time) on Tuesday, 19 June 2012, then, in the absolute discretion of AGL, you may be required to repay AGL the excess Retail Premium.

By taking up or transferring your Entitlement, or accepting the payment to you of a Retail Premium, you irrevocably acknowledge and agree to repay any excess payment of the Retail Premium as set out above as required by AGL in its absolute discretion. In this case the amount required to be repaid will be net of any applicable withholding tax. You also acknowledge that there is no time limit on the ability of AGL to require repayment as set out above and that where AGL exercises its right to correct your Entitlement, you are treated as continuing to have taken up, transferred or not taken up any remaining part of the Entitlement.

5.7 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

5.8 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

5.9 Trading of Retail Entitlements

Entitlements under the Retail Entitlement Offer are tradeable and can be sold or transferred. They are expected to be quoted on and tradeable on ASX from Tuesday, 29 May 2012 to Tuesday, 12 June 2012. You may sell your Entitlements (which you do not wish to take up or let be sold into the Retail Shortfall Bookbuild) in order to realise value which may attach to those Entitlements if sold at that time. If you let your Entitlement be sold into the Retail Shortfall Bookbuild, you have the opportunity to receive any Retail Premium (see Section 3.3). There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact the ability to sell Entitlements on ASX and the price able to be achieved.

Prices obtainable for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of AGL existing Shares relative to the Offer Price. If you sell your Entitlement, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild.

If you decide not to take up all or part of your Entitlement, you should consider whether to sell all or part of your Entitlement or allow all or part of it to be sold into the Retail Shortfall Bookbuild. Information on how Entitlements may be sold or transferred is set out in Section 2 and information on Australian taxation considerations is set out in Section 3.

Institutional Entitlements under the Institutional Entitlement Offer were not quoted on or tradeable on ASX nor privately transferable.

Investors should note that if you purchase Entitlements on ASX or otherwise, in order to take up those Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder, a resident in Australia or New Zealand, or otherwise qualify as an "Eligible Person"[8]; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Retail Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, they may receive no value for them.

5.10 Notice to nominees and custodians

If AGL believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not sell or transfer Entitlements in respect of or purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Institutional Shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to purchase or exercise any Entitlements purchased on ASX or otherwise and may receive no value for them.

AGL is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, including following acquisition of Entitlements on ASX or otherwise, complies with applicable foreign laws. AGL is not able to advise on foreign laws.

5.11 Not investment advice

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. AGL is not licensed to provide financial product advice in respect of the New Shares. This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with AGL's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at www.agl.com.au.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser or call the AGL Energy Limited Offer Information Line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except (i) Australian and New Zealand nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under, the "Foreign Jurisdictions" section of the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet and (ii) to beneficial shareholders in other countries (other than the United States) where AGL may determine it is lawful and practical to make the Retail Entitlement Offer.

Note:

8 Certain investors in a limited number of foreign jurisdictions (other than the United States) may be Eligible Persons if they satisfy the requirements of that expression as set out in the "Entitlement Acceptance Form" in respect of the Entitlement Offer which is available at www.agl.com.au.

Section 5 Important Information continued

5.12 Quotation and trading

AGL has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, AGL will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Monday, 2 July 2012.

5.13 Information availability

If you are in Australia or New Zealand, you can obtain a copy of this Retail Offer Booklet during the Entitlement Offer on AGL's Entitlement Offer website at www.agl.com.au or you can call the AGL Energy Limited Offer Information Line on 1800 824 513 (within Australia) or +61 2 8280 7115 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday.

A replacement Entitlement and Acceptance Form can also be requested by calling the AGL Energy Limited Offer Information Line.

If you access the electronic version of this Retail Offer Booklet, you should ensure that you download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the AGL Entitlement Offer website will not include an Entitlement and Acceptance Form.

5.14 Foreign jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form or trading Entitlements is not in the United States and not acting for the account or benefit of a person in the United States.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. See the foreign selling restrictions set out in the "Foreign Jurisdictions" section of the AGL Investor Presentation included in Section 4 of this Retail Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of AGL with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Retail Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Retail Offer Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

The Entitlements and New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Entitlements may not be purchased or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States, and New Shares may not be offered to or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States. The Entitlements and the New Shares in the Retail Entitlement Offer will be sold only in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States.

5.15 Underwriting of the Entitlement Offer

AGL has entered into an underwriting agreement (**Underwriting Agreement**) with 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**) (the **Underwriters**) who have agreed to manage and fully underwrite the Entitlement Offer. As is customary with these types of arrangements:

- AGL has agreed to indemnify the Underwriters, their affiliates and related bodies corporate, and each of their directors, officers, partners and employees against any losses they may suffer or incur in connection with the Entitlement Offer;
- AGL and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer;
- the Underwriters may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - AGL is removed from the official list of ASX, its Shares are suspended from trading or quotation, or approval for quotation of the New Shares is not given by ASX;

- there are material disruptions in financial or economic conditions in key markets, or hostilities commence or escalate in certain key countries;
- there are certain delays in the timetable for the Entitlement Offer without the Underwriters' consent;
- any of the offer documents (including this Retail Offer Booklet and all ASX announcements made in connection with the Entitlement Offer) omits information required by the Corporations Act or is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, including where any statement about a future matter expressed in the offer documents is taken to be misleading in accordance with section 769 of the Corporations Act;
- a corrective statement is issued or required to be issued to correct the initial cleansing statement;
- there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the business, assets, financial position or performance, operations or prospects of AGL or a related body corporate (in so far as the position in relation to any related body corporate affects the overall position of AGL, taken as a whole) from the position disclosed in the offer documents or AGL's public information (taken as a whole); or
- the S&P/ASX 200 Index closes for any 3 consecutive trading days at a level that is 15% or more below the level of that index at market close on the last trading day immediately prior to the date of the Underwriting Agreement; or
- the agreement for the acquisition of the 67.5% of GEAC not currently owned by AGL is terminated, rescinded or varied without the Underwriters' consent, or there are certain failures of conditions precedent to completion of that agreement.

The Underwriters will be paid an underwriting, offer management and arrangement fee of 1.85% (excluding GST) of the Entitlement Offer proceeds for providing these services and will be reimbursed for certain expenses. Citi will be paid an additional fee in respect of the Entitlement Offer of approximately $890,000 (excluding GST).

Separately, Bell Potter Securities Limited (ABN 25 006 390 772), Ord Minnett Limited (ABN 86 002 733 048) and RBS Morgans Limited (ABN 49 010 669 726) (the **Brokers to the Entitlement Offer**) will each be paid a fixed fee of A$50,000 (inclusive of GST). In addition, AGL will pay to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) who submit valid applications bearing their broker's stamp from Eligible Retail Shareholders a stamping fee of an amount equal to 0.75% of the Application Monies (inclusive of GST) paid in respect of the valid application, subject to a minimum of $50 and a maximum of $250 per valid application.

None of the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Information and they do not take any responsibility for this Information or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters and each of their respective related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriters nor any of their respective related bodies corporate and affiliates nor respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their respective related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

AGL will arrange for Entitlements which are not taken up by close of the Retail Entitlement Offer to be sold to eligible institutional investors. AGL has engaged the Underwriters to assist in selling Entitlements to subscribe for New Shares (including Entitlements that would have been issued to Ineligible Retail Shareholders had they been eligible to participate in the Retail Entitlement Offer), through the Retail Shortfall Bookbuild. However, it is important to note that Underwriters will be acting for and providing services to AGL in this process and will not be acting for or providing services to shareholders or any other investor. The engagement of the Underwriters by AGL is not intended to create any agency, fiduciary or other relationship between the Underwriters and the shareholders or any other investor.

5.16 ASX waivers

In order to conduct the Entitlement Offer, ASX has granted AGL waivers from ASX Listing Rules 3.20, 7.1, 7.40 and 10.11 subject to a number of customary conditions.

The waivers also allow AGL to ignore, for the purposes of determining Entitlements, transactions occurring after the announcement of the trading halt in Shares (other than registrations of ASX Trade transactions which were effected before the announcement) (**post ex-date transactions**). Such transactions are to be ignored in determining holders and registered holders, and holdings and registered holdings, of existing Shares as at the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Shares in a post ex-date transaction, you will not receive an Entitlement in respect of those Shares.

5.17 ASIC modifications

In order to conduct the Entitlement Offer in accordance with section 708AA of the Corporations Act, ASIC has granted AGL modification from certain provisions of the Corporations Act to permit terms of the offers to shareholders to differ in so far as Retail Entitlements can be taken up in whole or in part, or traded on ASX (or transferred directly to another person) in whole or in part, while Institutional Entitlements were able to be taken up in whole or in part (but not traded on ASX).

Section 5 Important Information continued

5.18 Governing law

This Information, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.19 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by AGL, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of AGL, nor any other person, warrants or guarantees the future performance of AGL or any return on any investment made pursuant to this Information or its content.

5.20 Withdrawal of the Entitlement Offer

AGL reserves the right to withdraw all or part of the Entitlement Offer and this Information at any time, subject to applicable laws, in which case AGL will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, AGL may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to AGL will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to AGL.

5.21 Privacy

As a shareholder, AGL and the AGL Share Registry have already collected certain personal information from you. If you apply for New Shares, AGL and the AGL Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, AGL and the AGL Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the AGL Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) AGL or the AGL Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to AGL through the AGL Share Registry as follows:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Corporate Directory

AGL Energy Limited
(ABN 74 115 061 375)
Registered Office
Level 22, 101 Miller Street
North Sydney NSW 2060
Australia
www.agl.com.au

AGL Energy Limited Offer Information Line
1800 824 513 (within Australia)
+61 2 8280 7115 (outside Australia)
Open between 8.30am to 5.30pm (Sydney time)
Monday to Friday

AGL Share Registry
(ABN 54 083 214 537)
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
www.linkmarketservices.com.au

Underwriters to the Entitlement Offer

Citigroup Global Markets Australia Pty Limited
(ABN 64 003 114 832)
Level 40, 2 Park Street
Sydney NSW 2000

Deutsche Bank AG, Sydney Branch
(ABN 13 064 165 162)
Level 16, 126 Phillip Street
Sydney NSW 2000

Brokers to the Entitlement Offer

Bell Potter Securities Limited
(ABN 25 006 390 772)
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Ord Minnett Limited
(ABN 86 002 733 048)
Level 8, NAB House
255 George Street
Sydney NSW 2000

RBS Morgans Limited
(ABN 49 010 669 726)
Level 29, 123 Eagle Street, Riverside Centre
Brisbane QLD 4000

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