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25 August 2014

Ross Pullen
ASX Derivatives
Level 6, 20 Bridge Street
Sydney NSW 2000



Dear Ross,

For announcement to the market:

**Macquarie Self Funding Instalment Warrants – AGL Energy Limited (the “Listed Entity”)
Accelerated Pro-Rata Renounceable Entitlement Offer**

Macquarie Bank Limited (“Macquarie”) is the issuer of the following Instalment warrants over securities in the Listed Entity.

| | ASX Code(s): |
|---------------------------|---------------------|
| Self-Funding Instalments: | AGKSMY |

On 20 August 2014, the Listed Entity announced that it would undertake an Accelerated Pro-Rata Renounceable Entitlement Offer. Eligible holders in the Listed Entity are offered 1 new security for every 5 Listed Entity securities at an issue price of \$11.00 per new security (“Offer”). The Record Date for the Offer is 25 August 2014. Further information about the announcement can be found in announcements made to the ASX by the Listed Entity.

Instalment Adjustments

Macquarie advises that pursuant to the relevant Terms of Issue, the following adjustments have been made to the above Instalments:

- The value realised for the Offer is \$0.6040 per Instalment.
- The value of the Offer (per Instalment) and a pro-rata portion of the Interest Amount* prepaid have been applied to reduce the current Loan Amount.

| ASX Code | Previous Loan Amount | Value of the Offer Per Instalment | Interest Refund* | Adjusted Loan Amount |
|-----------------|-----------------------------|--|-------------------------|-----------------------------|
| AGKSMY | \$11.0014 | \$0.6040 | \$0.0180 | \$10.3794 |

This letter assumes no other adjustments will be made to any series of Instalments before the adjustments described are made. The above mentioned Instalments will commence trading on an adjusted basis on Tuesday 26 August 2014.

If you have any questions regarding this matter please contact your Stockbroker or Financial Adviser. Alternatively, Ask Macquarie on 1800 080 033.

Yours Sincerely,
Client Service Team
Macquarie Securities Group
Macquarie Bank Limited

* Where your Instalment has a fixed and variable interest structure, the interest refund represents a refund of the Variable Interest Amount.