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ASX release

22 August 2012

AGL Energy Subordinated Notes – Key Financial Ratios

AGL Energy Limited (AGL) confirms the following Financial Ratios for the six month period ended 30 June 2012 (Testing Date). These results have been released in line with the full consolidated financial statements for 30 June 2012 in accordance with the terms of the AGL Energy Subordinated Notes prospectus.

A Mandatory Deferral Condition exists if the Interest Coverage Ratio is less than the Minimum Level (3.0 times) or the Leverage Ratio is above the Maximum Level (4.0 times) on the immediately preceding Testing Date. A Mandatory Deferral Condition continues until AGL's Interest Coverage Ratio is at or above the Minimum Level and its Leverage Ratio is below the Maximum Level for two consecutive Testing Dates.

As set out in the prospectus, the Leverage Ratio and Interest Coverage Ratio will be tested every six months to determine whether a Mandatory Deferral Condition exists, at 30 June 2012 no Mandatory Deferral Condition existed.

Terms defined in the AGL Energy Subordinated Notes Terms have the same meaning in this notice.

Interest Coverage Ratio

The Interest Coverage Ratio is calculated as Operating EBITDA for the relevant six month period divided by Relevant Net Interest Paid for the relevant six month period.

AGL's Statutory EBITDA contains a number of items that do not portray the performance of the ongoing business, several of which are non-cash expenses. Operating EBITDA excludes the impact of these items to better illustrate the performance of AGL's business. Relevant Net Interest Paid is Net Interest Paid adjusted to reflect the extent to which AGL's debt is ascribed equity credit categorisation by the Rating Agency.

The table below shows the Interest Coverage Ratio for the six months ended 30 June 2012 and 31 December 2011:

Six months ended ($m)	30 Jun 2012	31 Dec 2011
Operating EBITDA	465.4	438.9
Interest paid	45.2	42.2
Interest received	(18.7)	(14.0)
Net Interest Paid	26.5	28.2
Interest Cover Ratio (times)	17.6	15.6

Leverage Ratio

The Leverage Ratio is calculated as Relevant Net Debt (divided by two) to Operating EBITDA for the relevant six month period.

AGL's Statutory EBITDA contains a number of items that do not portray the ongoing performance of the business. Operating EBITDA excludes the impact of these items to better illustrate the performance of AGL's business. Relevant Net Debt is Adjusted Net Debt adjusted to reflect the extent to which AGL's debt is ascribed equity credit categorisation by the Rating Agency.

The table below shows the Leverage Ratio for the six months ended 30 June 2012 and 31 December 2011:

Six months ended ($m)	30 Jun 2012	31 Dec 2011
Operating EBITDA	465.4	438.9
Adjusted Net Debt	2,499.4	942.2
Less: Subordinated Notes	(650.0)	-
Relevant Net Debt	1,849.4	942.2
Relevant Net Debt (divided by two)	924.7	471.1
Leverage Ratio (times)	2.0	1.1

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.