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ASX release

AGL Energy Subordinated Notes – Key Financial Ratios

26 February 2014

AGL Energy Limited (AGL) confirms the following Financial Ratios for the six month period ended 31 December 2013 (Testing Date). These ratios have been calculated 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.

The Leverage Ratio and Interest Coverage Ratio are tested every six months to determine whether a Mandatory Deferral Condition exists. No Mandatory Deferral Condition existed as at 31 December 2013.

Terms defined in the AGL Energy Subordinated Notes Prospectus 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 items that do not portray the performance of the ongoing business. 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 less 100% of the interest paid on the Notes.

The table below shows the Interest Coverage Ratio for the six months ended 31 December 2013, restated 30 June 2013 and as published 30 June 2013:

		Restated[1]	**As Published**
Six months ended ($m)	**31-Dec-13**	**30-Jun-13**	**30-Jun-13**
Operating EBITDA	622	677	686
Interest paid	86	77	77
Interest received	(9)	(18)	(18)
Relevant Net Interest Paid	77	59	59
Interest Cover Ratio (times)	**8.1**	**11.4**	**11.6**

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 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 less 100% of the outstanding balance of the Notes.

The table below shows the Leverage Ratio for the six months ended 31 December 2013, restated 30 June 2013 and as published 30 June 2013:

		Restated[1]	As Published
Six months ended ($m)	**31-Dec-13**	**30-Jun-13**	**30-Jun-13**
Operating EBITDA	622	677	686
Adjusted Net Debt	2,662	2,818	2,818
Less: Subordinated Notes	(650)	(650)	(650)
Relevant Net Debt	2,012	2,168	2,168
Relevant Net Debt (divided by two)	1,006	1,084	1,084
Leverage Ratio (times)	**1.6**	**1.6**	**1.6**

[1] The Half Year results announcement for the six months ending 31 Dec 2013 includes comparative information that contains several restatements for the prior period compared with the original results announcement released to the market for that period. These changes are due to the adoption of the revised AASB 119 accounting standard for Employee Benefits. For further information refer to the "AGL 2014 Half Year Results" ASX release.

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 more than 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.