

ASX release

AGL completes allocation of Subordinated Notes

7 March 2012

AGL Energy Limited (AGL) today announced completion of the bookbuild for the Offer of AGL Energy Subordinated Notes (Notes) launched on 28 February 2012.

AGL confirms the Offer size of \$650 million with an ability to raise more or less than this amount. A total of \$600 million of Notes was allocated on a firm basis under the bookbuild. AGL intends to reserve approximately \$50 million for allocations under the Shareholder Offer and the Customer Offer.

The Margin on the Notes has been set at 3.80% per annum.

The Offer forms part of AGL's ongoing capital management strategy. AGL intends to use the proceeds to increase its ownership interest in the Loy Yang A power station, and adjacent coal mine, from 32.54 per cent to 100 per cent and for general corporate purposes.

The Shareholder Offer and the Customer Offer will open tomorrow. AGL will endeavour to provide applicants under the Shareholder Offer and the Customer Offer with a Notes allocation of at least \$5,000.

The key dates for the Offer are:

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|----------------------------------------------------------------------------------|---------------|
| Announcement of Margin | 7 March 2012 |
| Lodgement of the Replacement Prospectus with ASIC | 8 March 2012 |
| Opening Date of the Offer | 8 March 2012 |
| Closing Date for the Shareholder Offer and Customer Offer | 30 March 2012 |
| Closing Date for the Broker Firm Offer | 3 April 2012 |
| Issue of the Notes | 4 April 2012 |
| The Notes are expected to commence trading on ASX on a deferred settlement basis | 5 April 2012 |
| Holding Statements dispatched | 11 April 2012 |
| The Notes are expected to commence trading on ASX on a normal basis | 12 April 2012 |

The key dates and times for the Offer are indicative only and may change without notice.

A Replacement Prospectus will be lodged tomorrow (8 March 2012) with the Australian Securities and Investments Commission. A copy of the Replacement Prospectus will be available for download within Australia at www.agl.com.au or by calling the AGL Energy Subordinated Notes Offer Information line on 1800 824 513 (within Australia) or +61 2



8280 7115 (outside Australia) (Monday to Friday – 8:30am to 5:30pm AEST). Anyone wishing to apply for Notes will need to complete the application form that will be in the Replacement Prospectus, or online.

Capitalised terms in this release have the meaning given to them in the Prospectus.

Deutsche Bank has been appointed Arranger and Joint Lead Manager for the Offer. ANZ Securities, Commonwealth Bank and National Australia Bank have also been appointed as Joint Lead Managers in relation to the Offer.

For further information please contact:

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The offering of securities in this release is open only to investors that are in Australia, and accordingly, this release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933).

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.