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# asx & media release

February 23 2007

AGL Energy Limited has today lodged with the Australian Securities & Investments Commission a Supplementary Prospectus in relation to its capital raising. A copy is attached.

A handwritten signature in black ink, appearing to read 'P. McWilliams', written over a light grey rectangular background.

Paul McWilliams  
Company Secretary

**AGL Energy Limited**  
**ACN 115 061 375**

**Supplementary Prospectus**

**About this Supplementary Prospectus**

This is a supplementary prospectus dated 23 February 2007 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. This supplementary prospectus supplements the prospectus dated 21 February 2007 (**Original Prospectus**) which was lodged by AGL Energy Limited ACN 115 061 375 with ASIC on that date. This supplementary prospectus must be read together with the Original Prospectus.

Terms defined in the Original Prospectus have the same meaning in this supplementary prospectus except where otherwise defined in this supplementary prospectus.

**Supplementary information**

**1. Origin announcement rejecting merger proposal**

Section 2.2.4.4 of the Original Prospectus described the discussions between AGL and Origin Energy Limited (*Origin*) concerning the proposal for the two companies to merge by way of a nil premium merger. The Original Prospectus accurately reflected the status of those discussions as at 21 February 2007 and made clear that, whilst AGL believed that the business case for the merger was compelling and would deliver material and sustainable benefits to shareholders of both companies, a number of outcomes of the discussions remained possible and noted that there was no certainty that the discussions would result in an agreed merger of equals being announced.

On 23 February 2007, Origin announced that it has rejected AGL's proposal for a nil premium merger of equals.

In response, AGL announced on 23 February 2007 that it was disappointed with Origin's decision to reject the proposal and noted that in rejecting the proposal Origin had reached a number of conclusions which AGL strongly disagrees with. AGL believes that the merger proposal and presentation put to the Origin board continues to be compelling and would deliver material and sustainable benefits to shareholders of both companies.

**2. Update on subscription in Queensland Gas Company Limited**

Sections 2.4.2.2 and 9 of the Original Prospectus summarises AGL's proposed subscription for a 27.5% stake in Queensland Gas Company Limited (*QGC*) and the associated gas supply contract.

The Original Prospectus noted that Santos had made an alternative offer for QGC but that the ACCC had announced that it intended to oppose the Santos offer.

Since lodgement of the Original Prospectus, Santos has announced that, in light of the ACCC decision, it will not proceed with its offer for QGC.

**3. Original Prospectus Corrections**

- (a) Disclosure of Director's interests

Page 104 of the Prospectus sets out the interests of directors in AGL Shares. The table of interests shows Carolyn Hewson as being interested in 59,154 AGL Shares. This number should be 52,899 AGL Shares.

(b) Sources and application of funds

The tables of sources and application of funds set out in sections 1.3 and 3.5 of the Original Prospectus included figures based on the floor price for the Offer (being the price at which the Underwriters agreed to underwrite the Offer) rather than the final Offer Price of \$16.50. The table below shows the sources and application of funds table updated to reflect the final Offer Price.

**Table 1 Sources and uses**

Sources	Uses	
	A\$m	A\$m
Offer	933	Acquisition of Powerdirect <sup>1</sup>
Share Purchase Plan	75	
Corporate Debt Facility <sup>2, 3</sup>	218	Transaction expenses
<b>Total</b>	<b>1,226</b>	<b>Total</b>
		<b>1,226</b>

Note:

- 1 Includes stamp duty
- 2 The amount being drawn under the Corporate Debt Facility will be increased to the extent the amount raised under the Share Purchase Plan is less than \$75 million
- 3 There are no conditions precedent to drawdown under the Corporate Debt Facility.

(c) Section 6.4.3

There is a typographical error in Table 13 on page 65 of the Original Prospectus. The figure for the amount of electricity sold in South Australia should have been 1718 rather than 1178. The totals in the table remain correct.

Table 17 on page 66 of the Original Prospectus mistakenly refers to a number of degree days for Queensland, this should instead refer to South Australia.

**Effect of supplementary information**

The Directors consider that the new circumstances described above, and supplementary information provided, are not materially adverse from the point of view of investors. In particular, the Original Prospectus clearly stated that there was no certainty that the discussions with Origin would result in an agreed merger of equals being announced. In addition, the information presented in the Original Prospectus including in relation to the expected financial and operational benefits of the acquisition of Powerdirect and the future strategy for the AGL business did not take into account the potential merger with Origin.

**Consent to lodgement**

Each director of AGL Energy Limited has given, and not withdrawn, his/her consent to the lodgement of this supplementary prospectus with ASIC. This supplementary prospectus has been signed by Paul McWilliams, Company Secretary, on behalf of AGL Energy Limited.

Paul McWilliams  
Company Secretary  
AGL Energy Limited