
The AGL Energy Dividend Reinvestment Plan

AGL Energy Limited ACN 115 061 375

Contents

	Page
HIGHLIGHTS OF THE PLAN	1
QUESTIONS AND ANSWERS	2
DIVIDEND REINVESTMENT PLAN TERMS AND CONDITIONS	5
1 Definitions and interpretation	5
2 Terms and conditions	6
3 Eligibility	6
4 Participation	6
5 Variation of participation	7
6 Termination of participation	7
7 Application Form and Notice of Variation of Participation	8
8 Operation of the Plan	8
9 Shares transferred or allotted under the Plan	9
10 Plan statements	9
11 Costs to Participants	9
12 Acquisition and sale of Shares by Participants	9
13 Quotation	10
14 Directors' powers	10
15 Taxation	10
16 Governing law	10
17 Liability	11
18 Commencement	11

HIGHLIGHTS OF THE PLAN

1 Dividend reinvestment plan

You may elect to have the dividends paid on some or all of your shares in AGL Energy Limited (**AGL**) automatically reinvested in new AGL shares under The AGL Energy Dividend Reinvestment Plan (the Plan). Full details of the Plan are contained in the following Terms and Conditions.

2 Participation is entirely optional

You may join the Plan for some or all of your shareholding, vary your participation or withdraw from the Plan at any time.

3 Discount on market price

Shares are allotted under the Plan at a discount of up to 5% of the weighted average market price, free of brokerage and stamp duty costs. The actual rate of discount if any, will be determined by the Directors at the time the dividend is declared.

4 Rounding

Where the allotment formula results in a number that is not a whole share, then your entitlement will be rounded to the nearest whole share. This means that fractions above 0.5 will be rounded up and fractions of 0.5 or lower will be rounded down. Any residual amount will not be carried forward for future dividend payments.

5 Shares rank equally

Shares allotted under the Plan are fully paid and rank equally with existing shares.

6 Statement

An advice will be sent to you following each payment of a dividend which will set out your participation in the Plan. Also, at the end of the month you will receive either a CHESS or Issuer Sponsored Holding Statement if there is a movement on your account.

7 Listing on Australian Securities Exchange Limited

The Directors will apply for quotation on Australian Securities Exchange Limited of any shares issued under the Plan.

8 Limitations

Participation may be restricted if in the opinion of Directors participation would not be in the best interests of AGL, e.g. an overseas Shareholder's address is in a place where the issue may be unlawful or impracticable.

QUESTIONS AND ANSWERS

1 Who can participate?

All AGL Shareholders whose registered address is in any of Australia, New Zealand, the United Kingdom, USA, Japan, Singapore or Hong Kong can participate in the Plan.

2 Are there any special conditions on participation?

No. There are no special conditions on participation.

3 Is participation optional?

Yes. The decision is entirely yours.

4 Can I participate in the Plan for part only of my holding?

Yes. You can nominate how many shares out of your total AGL shareholding you wish to participate in the Plan.

Your dividend on the shares which you have not nominated to participate in the Plan will be paid to you in cash in the usual way.

5 How do I join the Plan?

Complete The AGL Reinvestment Plan Application or Variation Form and return it to:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

6 When will my participation begin?

It will begin with the first payment of a dividend after receipt of your Application Form, which must be received by 5.00 pm (Sydney time) on the Record Date for that dividend. This is to allow sufficient time for the Application Form to be processed before shares are transferred or allotted under the Plan in lieu of payment of the dividend in cash.

7 What happens if I have more than one shareholding?

You will need to lodge a separate Application Form for each separate shareholding (that is, shareholdings which are registered under different names or joint names and shareholdings which are held in Issuer or Broker Sponsored form under CHESS) and you must correctly identify the shareholding on the Form.

8 Can I change my participation at any time?

Yes. Simply complete the AGL Energy Reinvestment Plan Application or Variation Form available from our share registry, Link Market Services Limited ("Link") on 1800 824 513 (International +61 2 8280 7115) and forward it to:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

The Notice will be effective from the next payment of a dividend provided that the Notice is received by 5.00 pm (Sydney time) on the Record Date for that dividend.

9 At what price will shares be transferred or allotted?

Shares will be transferred or allotted at a discount of up to 5% of the weighted average market price of all AGL Energy shares sold on the Australian Securities Exchange Limited during the five trading days commencing on the second trading day after the Record Date for determination of the relevant dividend. The Directors will determine the actual rate of discount if any, at the time the dividend is declared.

10 What will it cost me to participate?

It will cost you nothing.

You will not be charged brokerage fees, commission, stamp duty or any other administrative costs for any transfer or allotment of shares under the Plan.

11 Can I sell my shares when I choose?

Yes. You can sell any or all of your shares at any time including shares transferred or allotted to you under the Plan. The shares sold will be automatically withdrawn from the Plan on receipt of a valid transfer in respect of those shares.

Should you decide to sell all of your shares shortly before a Record Date, you should inform your stockbroker that your shares are participating in the Plan. You should also immediately send an AGL Energy Reinvestment Plan Application or Variation Form to Link advising your withdrawal from the Plan. This will avoid a further small parcel of shares being issued to you under the Plan.

12 What if I only sell a portion of my shares?

If you sell a part of your AGL shareholding and do not give the Company a Notice of Variation of Participation, the shares which you sell will be taken to comprise:

- firstly, non-participating shares held by you; and
- secondly, to the extent necessary, participating shares.

13 What about taxation?

Under current Australian taxation law and practice, dividends reinvested under the Plan:

- are treated the same way as cash dividends and any franked portion is not subject to Australian withholding tax; and
- in general, shares acquired under the Plan will be subject to Australian capital gains tax when they are disposed of.

AGL takes no responsibility for the taxation liabilities of Shareholders. Shareholders should obtain their own advice in relation to the tax implications of acquiring shares under the Plan.

14 When will I receive a statement?

After the payment of each dividend a statement will be sent to you stating:

- the number of your shares participating in the Plan;
- the dividend rate and amount which would otherwise be payable on those shares;
- the transfer or issue price and number of shares transferred or allotted under the Plan; and
- the new total number of your shares participating in the Plan.

15 Can the plan be modified?

The Directors may vary, suspend or terminate the Plan when they consider it appropriate or necessary (refer to clause 14 of the Terms and Conditions of the Plan).

16 Enquiries

If you have any enquiries (other than taxation) about how the Plan operates and how you can participate, please call Link on 1800 824 513 (International +61 2 8280 7115) or write to:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

DIVIDEND REINVESTMENT PLAN TERMS AND CONDITIONS

1 Definitions and interpretation

1.1 In this Plan, unless the context otherwise requires:

Address means, in respect of a Shareholder, the address which appears for that Shareholder in AGL's register of Shareholders.

AGL means AGL Energy Limited ACN 115 061 375.

Applicable Law means any relevant provision of Australian law and, in relation to any Shareholder whose Address is in a place other than Australia, any relevant provision of a law of that place.

Application Form means a notice in such form as AGL may from time to time require by which a Shareholder may apply to become a Participant.

ASX means Australian Securities Exchange Limited.

Constitution means the constitution of AGL.

Directors means the directors from time to time of AGL.

Full Participant means a Participant other than one who participates in the Plan in respect of a fixed number of Shares only.

Notice of Variation of Participation means a notice in such form as AGL may from time to time require by which:

- (a) a Participant may apply to vary the level of his or her participation in the Plan; or
- (b) a Participant may elect to terminate his or her participation in the Plan.

Participant means a Shareholder who has been accepted as and continues to be a participant in the Plan.

Participating Shares means the Shares registered in the name of a Participant which are subject to the Plan.

Plan means AGL's Dividend Reinvestment Plan, as amended, modified or substituted from time to time.

Price means the price calculated in accordance with clause 8.2.

Record Date means, in relation to a dividend, the time and date AGL specifies for lodging transfers for the purpose of identifying the persons entitled to that dividend.

Share means a fully paid ordinary share in the capital of AGL.

Shareholder means a person in whose name Shares are registered.

Terms and Conditions means the terms and conditions of the Plan as set out here and as amended, modified or substituted from time to time.

- 1.2 In these Terms and Conditions, unless the contrary intention appears:
- (a) headings are for ease of reference only and do not affect the meaning;
 - (b) the singular includes the plural and vice versa;
 - (c) other grammatical forms of defined words or expressions have corresponding meanings;
 - (d) a reference to a clause is a reference to a clause of these Terms and Conditions;
and
 - (e) words and expressions importing natural persons include partnerships, bodies corporate, associations, governments and governmental and local authorities and agencies.

2 Terms and conditions

These Terms and Conditions are subject to Applicable Law, the Listing Rules of the ASX and the Constitution.

3 Eligibility

- 3.1 Subject to this clause 3 and clause 4.2, any Shareholder is eligible to participate in the Plan.
- 3.2 The Directors may at any time exclude a Shareholder from participating in the Plan if they consider that, for any reason, participation by that Shareholder would not be in the best interests of AGL.
- 3.3 Without limiting the generality of clause 3.2, the Directors may exclude any Shareholder whose Address is in a place where, in the Directors' opinion, the offer to that Shareholder of Shares under the Plan may be unlawful or impracticable without further action by AGL.
- 3.4 For the purpose of clause 3.3, the Directors may at any time nominate any place or places with the effect that any Shareholder whose Address is within that place will be automatically excluded, unless the Directors specifically decide that the Shareholder may participate.
- 3.5 Shareholders are not eligible to participate in respect of Shares the dividends attached to which AGL is entitled to retain, or over which AGL holds a charge.

4 Participation

- 4.1 Participation in the Plan is optional, and is subject to the Terms and Conditions, Applicable Law, the Constitution and the Listing Rules of the ASX.
- 4.2 A Participant may participate in the Plan in respect of all of his or her Shares (in which case clause 12.1 applies), or any number of them (in which case clause 12.2 applies).
- 4.3 If a Shareholder wishes to become a Participant, he or she must apply by submitting a completed Application Form indicating that fact and the level of participation he or she desires.

- 4.4 The Directors may accept or reject the application referred to in clause 4.3 or, subject to clause 4.2, accept it in respect of any number of Shares which is less than the number that the Shareholder has nominated in the Application Form.
- 4.5 If a Shareholder applies to participate in the Plan but does not specify a level of participation or specifies both full and part participation, the Shareholder will be deemed to have applied to be a Full Participant.
- 4.6 If the Directors consider that any transfer or allotment (or part of any transfer or allotment) of Shares under the Plan may be unlawful or impracticable because of any Applicable Law, they may:
- (a) decline to transfer or allot Shares under the Plan;
 - (b) reduce the size of any transfer or allotment; and/or
 - (c) reduce the level of, or suspend the participation of, any Participant.

5 Variation of participation

- 5.1 A Participant may apply to vary his or her level of participation in the Plan at any time by submitting a Notice of Variation of Participation indicating the new level of participation desired.
- 5.2 The Directors may accept or reject the notice referred to in clause 5.1 or, subject to clause 4.2, accept it in respect of any number of Shares which is less than the number that the Participant has nominated in the Notice of Variation of Participation.
- 5.3 Subject to clause 5.2, a Notice of Variation of Participation submitted under clause 5.1 takes effect, in respect of a dividend, if it is received before the Record Date for that dividend.
- 5.4 If a Participant increases the level of participation in the Plan to full participation, clause 12.1 applies.
- 5.5 If a Participant increases or decreases the level of participation in the Plan to below full participation, clause 12.2 applies.

6 Termination of participation

- 6.1 A Participant may terminate his or her participation in the Plan at any time by submitting a Notice of Variation of Participation to that effect.
- 6.2 Subject to clause 7, a Notice of Variation of Participation submitted under clause 6.1 is effective immediately on receipt by AGL.
- 6.3 If a Participant dies, participation in the Plan will be terminated upon receipt by the Company of written notice of the death. If a Participant is declared bankrupt or is wound up, participation in the Plan will be terminated upon receipt by the Company of a notification of bankruptcy or winding up from the Participant or the Participant's trustee in bankruptcy or liquidator, as the case may be. The death, bankruptcy or winding up of one or more joint holders will not automatically terminate participation.

7 Application Form and Notice of Variation of Participation

- 7.1 An Application Form or a Notice of Variation of Participation will be valid only if it is:
- (a) signed by each Shareholder who is registered in respect of the relevant Shares; or
 - (b) if a Shareholder is a company, executed under its common seal or under the hand of an officer or duly authorised attorney,

and, if sub-clause 7.1(b) applies, the Application Form or the Notice of Variation of Participation is accompanied by a copy of a resolution authorising the officer to sign or the relevant power of attorney.

- 7.2 An Application Form or a Notice of Variation of Participation will be effective upon receipt by the Company subject to these Terms and Conditions and, in the case of applications to participate, acceptance by the Company, but will not be effective in respect of a dividend if it is received after 5.00 pm on the Record Date for that dividend.
- 7.3 Application Forms and Notices of Variation of Participation must be delivered to the AGL Share Registry at the following address:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

8 Operation of the Plan

- 8.1 Each dividend which is payable to a Participant in respect of Participating Shares and which is available for payment to the Participant will be applied by the Company on the Participant's behalf in subscribing for or acquiring additional Shares.
- 8.2 The Directors in their absolute discretion will determine with respect to the operation of the Plan for any dividend whether to issue new Shares or to cause the transfer of Shares to a Participant, or to apply a combination of both options, to satisfy the obligations of the Company under these Terms and Conditions.
- 8.3 If the Directors determine to cause the transfer of Shares to Participants, the Shares may be acquired on-market in such manner as the Directors consider appropriate.
- 8.4 AGL will, in respect of each dividend payable to a Participant:
- (a) determine the amount of that dividend which is payable in respect of the Participant's Participating Shares less any withholding payments (if any) deductible by the company in respect of the dividend payable on the Participating Shares and any other sum the Company is entitled to retain in respect of the Participating Shares;
 - (b) determine the number of Shares to be subscribed for by dividing that amount by the Price, and rounding any fractions to the nearest whole Share (and rounding up halves); and
 - (c) transfer or allot those Shares to the Participant.

8.5 The Shares will be transferred or allotted under the Plan at a Price which, in respect of a dividend, is the weighted average market price of the Shares traded on the ASX during the five trading days commencing on the second trading day after the Record Date, discounted by 5% (or whatever other percentage, not greater than 5%, which the Directors may determine from time to time), rounded down to the nearest whole cent.

8.6 Any residual amounts will not be carried forward for future dividend payments.

9 Shares transferred or allotted under the Plan

9.1 Shares transferred or allotted under this Plan will:

- (a) rank equally with other fully paid Shares;
- (b) be registered on the same register as the Participating Shares to which the transfer or allotment relates; and
- (c) participate fully in all dividends subsequently declared.

10 Plan statements

After each transfer or allotment of Shares under the Plan, AGL will send to each Participant, as soon as practicable after the transfer or allotment, a statement setting out the following information:

- (a) the number of Participating Shares which were held by the Participant at the relevant Record Date;
- (b) the amount of the dividend which was payable in respect of those Shares;
- (c) the Price in respect of that dividend;
- (d) the number of Shares transferred or allotted to the Participant in respect of that dividend; and
- (e) (excluding any share transactions which the Participant has undertaken since the Record Date), the total number of Shares held by the Participant, and the total number of Participating Shares held by the Participant after the transfer or allotment.

11 Costs to Participants

No brokerage, commission, stamp duty or other transaction costs are payable by Participants in respect of Shares transferred or allotted under the Plan.

12 Acquisition and sale of Shares by Participants

12.1 All Shares registered in the name of a Full Participant from time to time (including those transferred or allotted under the Plan) will be Participating Shares.

12.2 The number of Participating Shares of other Participants will only be affected by an acquisition (including those transferred or allotted under the Plan) or sale if clause 12.3 applies.

- 12.3 If at any time there are fewer Shares registered in a Participant's name than a fixed number in respect of which the Participant has been accepted to participate then, subject to clause 4.2, all Shares registered in his or her name at that time will be Participating Shares.
- 12.4 Where a Participant disposes of all Shares without giving the Company notice of termination of participation, the Participant will be deemed to have terminated participation in the Plan on the last date on which the Company registered a transfer or instrument of disposal of the Participant's holding.

13 Quotation

AGL will apply to the ASX for official quotation of Shares allotted under the Plan.

14 Directors' powers

- 14.1 The Directors may at any time resolve to vary, suspend or terminate the Plan, provided that Participants are notified in writing of any such action (other than a minor variation of a procedural or administrative nature), and that termination is not effective until at least one month after notification has been sent to Participants. A variation, suspension or termination of the Plan will not be invalidated by an accidental omission to give notice of the variation, suspension or termination to a Shareholder or the non-receipt of any notice by any Shareholder and will not give rise to any liability on the part of, or right of action against, the Directors or the Company.
- 14.2 Any suspension of the Plan will continue until such time as the Directors resolve either to recommence or terminate the Plan. If the Plan is recommenced then elections as to participation in respect of the previously suspended Plan will be valid and have full force and effect in accordance with these Terms and Conditions for the purposes of the recommenced Plan.
- 14.3 The Directors may at any time resolve to delegate any of their powers and duties under the Plan.
- 14.4 The Directors may settle any dispute arising under the Plan in the manner they see fit, or adopt any procedure they think appropriate for the settlement of the dispute.
- 14.5 The Directors may, with or without taking expert advice, make any calculation or determine any figure relevant to the operation of the Plan, and such calculation or determination is binding on Participants unless it is manifestly in error.

15 Taxation

Neither AGL nor its Directors, officers, employees, representatives, agents or advisers take any responsibility or assume any liability for the taxation liabilities of Participants.

16 Governing law

The Plan and its Terms and Conditions are governed by and are to be construed in accordance with the law of New South Wales.

17 Liability

Neither the Company nor any Director or officer of the Company will be liable or responsible to any Participant for any loss or alleged loss or disadvantage suffered or incurred by a Participant as a result, directly or indirectly, of the establishment or operation of the Plan or participation in the Plan or in relation to any advice given with respect to participation in the Plan.

18 Commencement

This Plan will commence on the date determined by the Directors.



NAME AND ADDRESS OF SECURITYHOLDER

SRN/HIN

A REINVESTMENT PLAN APPLICATION OR VARIATION

Please use a BLACK pen. Print CAPITAL letters inside the shaded areas.

A B C

1 2 3

Where a choice is required, mark the box with an 'X'

X

This form is to be completed where the securityholder wishes to have their payments reinvested under the rules of the Reinvestment Plan (DRP).

I/We being the above named holder of registered securities wish to participate in the DRP as indicated below.

I/We authorise the application of the payment to me/us with respect to the number of securities participating in the DRP at the price and subject to the rules of the DRP.

I/We hereby agree to be bound by the rules of the DRP in subscribing for additional securities.

I/We acknowledge that I/we may vary or cancel my/our participation in the DRP, in accordance with the rules of the DRP. This will cancel any earlier DRP instructions and take priority over any direct credit instructions.

Degree of Participation (cross appropriate box):

FULL PARTICIPATION – Including any further acquisitions.

or

PARTIAL PARTICIPATION – Please specify the number of securities to participate in the DRP

or

CANCEL – If you wish to cancel your DRP participation.

B SIGNATURE(S) OF SECURITYHOLDER(S) – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary/Director (delete one)

Director/Company Secretary (delete one)

Date ___/___/___

Signing Instructions: This form should be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cwlth) (or for New Zealand companies, the *Companies Act 1993*).

Privacy Clause: Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

