

Energy in
action.®

ASX statement

17 September 2010

AGL Energy Limited is about to commence dispatch of a letter that is going to the shareholders who have not elected to receive the Annual Report. A copy of that letter is attached.



Paul McWilliams

Company Secretary



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17 September 2010

Dear Shareholder,

Please find enclosed your Notice of Meeting and associated material, setting out the business to be considered at the AGL 2010 Annual General Meeting, to be held:

**10.30am on Thursday, 21 October 2010 at
City Recital Hall, Angel Place, Sydney**

If you do not wish to attend, your Board of Directors encourages you to participate by voting via Proxy. Full details, together with your personalised Shareholder Voting Form, are enclosed.

2010 Annual Report

AGL's 2010 Annual Report has now been released and is available electronically on our website at: www.agl.com.au

To receive direct electronic notification in the future, of when the Annual Report is available online, or to receive a printed copy, please either access your Shareholder election details online at the Link Market Services website (www.linkmarketservices.com.au) or complete the enclosed Shareholder communication election form and return (together with your Shareholder Voting Form should you be voting by this method) in the reply paid envelope provided.

2010 Financial Results

For the 2010 financial year, AGL delivered an Underlying Profit of \$428.9m, an increase of 13.2% on the previous year. An overview of AGL's key achievements for the year is included overleaf. The final dividend for 2010 is 30 cents per share, unfranked, taking the total 2010 annual dividend to 59 cents per share. This is an increase of five cents per share on the total 2009 annual dividend. The final dividend is being paid only via direct credit. Please ensure that you have provided your bank account details to enable us to pay your dividend on 30 September 2010.

On behalf of the AGL Board, I thank you for your ongoing support of AGL.

Yours sincerely,

Mark Johnson
Chairman

2010 Financial Year Overview

FINANCIAL

- › Underlying Profit \$428.9 million, up 13.2%
- › Statutory Net Profit after Tax (NPAT) \$356.1 million, down 77.7%
- › Final dividend 30.0 cps, unfranked, taking full-year dividend to 59.0 cps
- › Underlying Cash Flow (before tax) 140.4 cps, up 22.9%
- › Net Debt \$420.4 million, down \$76.7 million
- › S&P rating of BBB stable affirmed in May 2010

OPERATIONAL

Retail:

- › Strong result from Retail Energy, up 19.5%
- › Customer numbers up 45,317 (+1.4%) to 3.24 million
- › AGL customer churn at 14.7%, better than market churn of 18.7%

Merchant:

- › Awarded major renewable contracts with Victoria & South Australia desalination plants and Melbourne Water
- › Bogong Hydroelectric Power Station (140 MW) was completed and became operational
- › AGL Hallett 2 Wind Farm (71 MW) was commissioned and became operational

Upstream Gas:

- › 2P reserves entitlement up 43% to 1,578 PJ
- › 2P reserves at Gloucester increased by 58%

STRATEGIC

- › Continued improved safety performance and employee engagement
- › Renewable legislation passed through Federal parliament on 24 June 2010
- › AGL Hallett 4 Wind Farm (132 MW) under construction
- › **Post balance date events:**
 - › Proposed acquisition of Mosaic Oil
 - › US\$300 million debt raising (12 year and 15 year maturities)
 - › Macarthur Wind Farm (420 MW) construction announced