

Energy in
action.®

ASX statement

11 September 2008

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 handwritten signature in black ink, appearing to read 'P. McWilliams'.

Paul McWilliams

Company Secretary

All Registry communications to:

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

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From outside Australia:
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ASX Code: AGK



11 September 2008

Dear shareholder,

Please find enclosed your Notice of Meeting and associated material, setting out the business to be considered at AGL's 2008 Annual General Meeting (AGM) which is to be held:

**10.30am on Wednesday, 15 October 2008
at the City Recital Hall, Angel Place, Sydney.**

If you do not wish to attend the meeting in person your Board of Directors would encourage you to participate in the AGM process by voting via Proxy – full details together with your personalised Proxy Form are enclosed.

2008 Annual Report

The register of shareholders indicates that to date you have not registered any election for delivery of the Annual Report and shareholder communications. As such the default option has been applied where we inform you at this time of the year with your AGM mailing that a copy of the AGL Annual Report 2008 is now available on our website: www.agl.com.au.

Alternatively, if you would prefer to receive direct electronic notification of when the Annual Report is available online or alternatively wish to receive a printed copy, please either access your shareholder election details online via the Link Market Services website (www.linkmarketservices.com.au) or complete the enclosed shareholder communication election form and return (together with your Proxy voting form should you be voting by this method) in the reply paid envelope provided. This election will take effect going forward.

If you wish to receive a printed copy of the 2008 Annual Report please call the share registry, Link Market Services, on 1800 824 513 from within Australia, or on +61 2 8280 7115 from outside Australia.

2008 Financial Results

Detailed overleaf are summaries of the Financial, Operational and Strategic highlights of the AGL 2008 Financial year. Importantly we delivered an underlying net profit after tax of \$355.5m, an increase of 7.6% on the previous year, which was within the top half of our revised guidance provided in October 2007. The final dividend for 2008 is 27 cents per share, fully franked taking the total 2008 annual dividend to 53 cents per share. Your final dividend (27 cents per share) will be paid on 26 September 2008. The Dividend Reinvestment Plan (DRP) will also be in operation again with a discount of 2.5%.

On behalf of my fellow Directors I thank you for your ongoing support of AGL Energy Limited.

Yours sincerely,

**Mark Johnson
Chairman**

2008 Financial Year Overview

FINANCIAL

- › \$871.8m operating Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), up 16.7% on previous year
- › \$703.2m operating Earnings Before Interest and Tax (EBIT), up 22.4% on previous year
- › \$355.5m underlying Net Profit After Tax (NPAT), up 7.6% on previous year
- › Final Dividend 27 cps, fully franked, taking full year dividend to 53cps – DRP in operation for the final dividend with a discount of 2.5%
- › Debt refinancing successfully completed, no maturities until Oct 09
- › Non core asset sales materially strengthen balance sheet

OPERATIONAL

Retail:

- › Margin growth (+0.6%), net customer account growth (+33,600) and dual fuel account growth (+50,000)
- › Driving down cost to serve customers

Merchant:

- › Electricity Hedge book continuing to perform extremely well
- › Growing generation portfolio continues to deliver strong performance
- › Wholesale gas book robust, delivering ongoing flexibility and diversity

Gas & Power Development:

- › Renewable developments on schedule and on budget
- › Coal Seam Gas investments and operations contribution growing
- › PNG investment undergoing formal sale process – highly competitive

FINANCIAL

- › Non core asset sales completed: AlintaAGL, GasValpo & North QLD Pipeline, Torrens Island Power Station acquisition completed and integrated
- › Continued growth in market leading renewable portfolio
- › Phoenix change program on track and delivering early benefits
- › Hallett 1 wind farm complete, Hallett 2 wind farm development committed, Hallett 3 and 4 wind farm development rights secured. Macarthur wind farm JV Deed completed
- › Oakey, Condamine & Yabulu generation transactions completed
- › QSN & Berwyndale to Wallumbilla gas pipelines to commercialise QLD gas underway
- › Enertrade merchant gas acquisition completed
- › **Post balance date:** Torrens Energy Geothermal alliance, Galilee Coal Seam Gas pilot & exploration transaction, Allco wind farm development portfolio acquisition, Hallett 2 wind farm sale