

AGL Energy Limited

ABN 74 115 061 375

Level 22
101 Miller Street
North Sydney NSW 2060

Notice of Annual General Meeting of Shareholders

17 September 2010

Dear Shareholder,

I am pleased to invite you to attend the 2010 Annual General Meeting of Shareholders (AGM), which has been scheduled as follows:

Date: Thursday, 21 October 2010
Time: 10:30am
Venue: City Recital Hall, Angel Place, Sydney

A map and transportation instructions (whether travelling by train, bus, car or taxi) follow, for your information.

The business to be dealt with at the AGM is provided on page 3 of this Notice of Meeting.

If you are able to attend the AGM, please bring the enclosed Shareholder Voting Form with you to facilitate registration at the AGM.

If you do not plan on attending the AGM, you are encouraged to appoint a proxy to attend and vote on your behalf by lodging your proxy appointment online at www.linkmarketservices.com.au or by completing the enclosed Shareholder Voting Form and returning it in the envelope provided. Instructions on how to appoint a proxy are detailed on the back of the Shareholder Voting Form. Proxies must be received no later than 10.30am (Sydney time) on Tuesday, 19 October 2009 to be valid for the AGM. Proxies may be lodged online or returned by mail or by fax on 02 9287 0303.

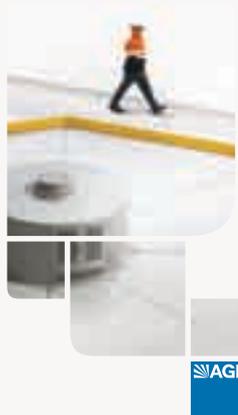
You are encouraged to let us know of any questions you may have before the AGM. Details of how to lodge those questions prior to the AGM are on the last page of this Notice.

We look forward to seeing you at the AGM.

Yours sincerely

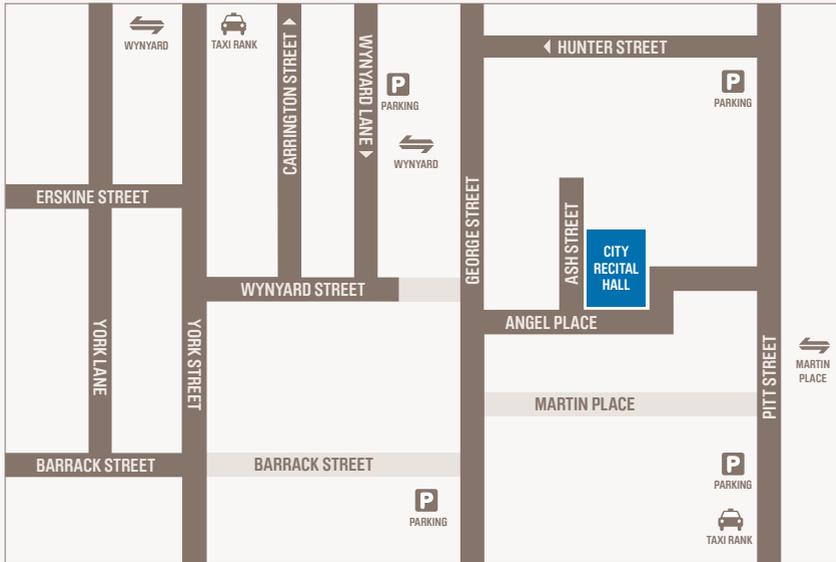


Mark Johnson Chairman



How to find the City Recital Hall

You can use the map below to find the nearest transport routes and the location of the Meeting – the City Recital Hall, Angel Place, Sydney NSW.



By train

The City Recital Hall is a short walk from Wynyard Station

By bus

Major bus interchanges are nearby at George and York Streets

By car

There are many car parks located within walking distance

By taxi

Your taxi can enter from George Street

For more specific information about public transport routes and timetables, contact the State Transit Authority on 131 500 or visit 131500.com.au

Ordinary business

1. To receive and consider the Financial Report of the Company and the consolidated entity and the Reports of the Directors and Auditor for the financial year ended 30 June 2010.
2. To adopt the Remuneration Report for the financial year ended 30 June 2010, as set out in the Directors' Report section of the Annual Report. **(Note – the vote on this resolution is advisory only and does not bind the Directors or the Company).**
3. To elect Directors:
To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That Mr Bruce Phillips, a Director who retires by rotation at the close of the Meeting in accordance with Clause 58 of the Company's Constitution and being eligible, is re-elected as a Director of the Company.'

Special business

4. To increase the maximum aggregate remuneration of non-executive Directors:
To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That with effect from 1 January 2011, the aggregate maximum sum available for the remuneration of non-executive Directors be increased by \$250,000 per year to \$2,000,000 per year.'

By Order of the Board



Paul McWilliams
Company Secretary
17 September 2010

Determination of entitlement to vote

For the purpose of the Meeting, the Directors have determined that shares will be taken to be held by persons registered as Shareholders as at **7.00pm** (Sydney time) on **Tuesday, 19 October 2010**.

Shareholder voting

Each Shareholder who is entitled to vote at the AGM may appoint a proxy, who need not be a Shareholder, to attend and vote at the AGM on the Shareholder's behalf. A Shareholder who is entitled to attend and cast two or more votes at the Meeting may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise on a poll. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes that each may exercise, each may exercise half of the votes (disregarding fractions) on a poll.

Each Shareholder who is entitled to vote at the AGM may appoint a proxy and specify the way that the proxy is to vote in relation to a resolution and indicate that the specification is to be regarded as a direct vote. Except where the Directors have determined, prior to the Meeting, that direct voting will not be permitted in relation to a particular resolution, a direct vote on a resolution by a Shareholder will, if a poll is demanded (but not on a show of hands), be effective to cast, at the Meeting, the votes of the Shareholder as specified in the Shareholder Voting Form without the need for, or regardless of, any further action by the proxy and the proxy will therefore have no authority to vote on a poll on the resolution on the Shareholder's behalf.

A Shareholder Voting Form and, if the Shareholder Voting Form is not signed by the Shareholder, the Power of Attorney or other authority (if any) under which the Shareholder Voting Form is signed (or a certified copy of that Power of Attorney or other authority) must be received by the Company at least 48 hours before the time for holding the Meeting – that is, by **10.30am** (Sydney time) on **Tuesday, 19 October 2010**. Documents may be lodged with the Company by:

- (i) appointing a proxy online at the AGL Share Registry's website:
www.linkmarketservices.com.au; or
- (ii) posting them in the accompanying reply-paid envelope to:
Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; or
- (iii) sending them by fax to the AGL Share Registry on 02 9287 0303; or
- (iv) delivering them to the AGL Share Registry located at:
Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

Corporate representatives

A company wishing to appoint a person to act as its representative at the Meeting must provide that person with a letter executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth) authorising him or her to act as the Shareholder's representative.

Explanatory notes

Ordinary Business

ITEM 1

To receive and consider the Financial, Directors' and Auditor's Reports for the financial year ended 30 June 2010

Shareholders have been notified that the AGL Annual Report 2010 can be found on the Company's website (www.agl.com.au) under 'Investor Centre' and have been given the option of having a printed copy of the Report sent to them. The Report has been sent to those Shareholders who have requested it. During discussion of this item, there will be an opportunity for Shareholders to ask questions about, or comment on, the Report and the management and performance of the Company.

ITEM 2

Adoption of the Remuneration Report for the financial year ended 30 June 2010

The Company is required under the *Corporations Act 2001* (Cth) to include, in the business of its AGM, a resolution that its Remuneration Report for the financial year ended 30 June 2010 be adopted. The resolution is advisory only and does not bind the Directors or the Company. During discussion of this item, there will be an opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report.

The Remuneration Report is set out in the Directors' Report section of the AGL Annual Report 2010. The Remuneration Report:

- sets out the Company's policy in respect of remuneration paid to the Board, the Managing Director and senior Executives;
- explains how Directors' fees are determined within the aggregate limit approved by Shareholders;
- describes the elements of remuneration paid to the Managing Director and senior Executives, the links to Company and individual performance and the criteria used to assess performance; and
- sets out the remuneration details for each Director and specified Executives.

The Directors recommend that Shareholders vote in favour of Item 2.

ITEM 3

Election of Directors

Mr Bruce Phillips – Age 55

Term: Non-executive Director since August 2007.

Independent: Yes.

Committees: Member of the Audit and Risk Management Committee, and the Safety, Sustainability and Corporate Responsibility Committee.

Directorships: Chairman of Platinum Capital Limited (commenced as a Director in March 2009), Director of AWE Limited (commenced in November 2009) and an alternate Director of the Very Small Particle Company Limited (commenced in April 2009).

Experience: Mr Phillips is an energy industry expert with more than 30 years of technical, financial and managerial experience in the energy sector. He founded and was Managing Director of AWE Limited. Mr Phillips also held prior positions of Director of Sunshine Gas Limited (commenced in October 2007 and resigned in October 2008), Business Development Manager of Command Petroleum, Consulting Energy Advisor to Prudential-Bache Securities, General Manager of Petroleum Securities Australia Limited and was an expert technical advisor to News Corporation Limited.

The Directors (excluding Mr Bruce Phillips) recommend that Shareholders vote in favour of Item 3.



ITEM 4

Increasing the maximum aggregate remuneration of non-executive Directors.

The maximum remuneration payable by the Company to non-executive Directors is determined by Shareholders in general meeting and may not be increased without the prior approval of Shareholders, as required under clause 61.1 of the Company's constitution and ASX Listing Rule 10.17.

The maximum aggregate remuneration of non-executive Directors is currently \$1,750,000 per year. This cap includes all fees and superannuation contributions paid to non-executive Directors and is the default sum provided for under the Company's constitution, which reflects the amount previously approved by Shareholders of the Company two years ago at its AGM on 15 October 2008.

All elements of the remuneration of non-executive Directors for the financial year ended 30 June 2010 are disclosed in detail in the Remuneration Report for that financial year.

The Company's policy is to adequately remunerate non-executive Directors at market rates for comparable companies for their time, commitment and responsibilities. The Board has taken external advice from independent remuneration advisers, which includes a market comparison of remuneration paid to non-executive Directors of other companies of comparator groups across the ASX100.

Based on this advice and prevailing market conditions, the People and Performance Committee of the Board has recommended an increase to the remuneration of non-executive Directors by \$250,000, effective from 1 January 2011. This will increase the current aggregate remuneration of non-executive Directors from \$1,750,000 to \$2,000,000 per year.

The new cap of \$2,000,000 per year will also contain an allowance to accommodate fees for an additional non-executive Director to assist in the Board succession. The intention is that new Directors will be appointed to the Board prior to the retirement of existing Directors to allow time for an orderly transfer of responsibilities.

Accordingly, the Board seeks Shareholder approval of a new maximum aggregate sum of \$2,000,000 per year for non-executive Directors' remuneration. This increase will allow the Board to:

- recognise increases in both the workload and responsibilities of non-executive Directors on the Board and its committees;
- provide for effective succession planning and permitting effective transition arrangements; and
- have the flexibility to attract and retain the services of non-executive Directors of the highest calibre.

As each of the non-executive Directors has a personal interest in Item 4, it is not appropriate for them to make any recommendation as to how Shareholders should vote on this resolution.

Questions from Shareholders

AGL Energy Limited (AGL) aims to ensure that Annual General Meetings and the Annual Report meet Shareholders' expectations. Your views are essential to this.

If you would like further information on AGL, or would like to ask a question of AGL or the Auditor at this AGM, you may lodge your questions online by visiting the AGL Share Registry's website www.linkmarketservices.com.au or by completing the enclosed form and returning it in the enclosed reply paid envelope.

Questions for the AGM should be relevant to the business of the Meeting, and may include questions relating to the financial or other statutory reports or the motions before the Meeting, or general questions on AGL's management or performance, or questions to the Auditor concerning the content of the Auditor's Report or the conduct of the audit.

Questions for the AGM (including written questions to the Auditor) must be received at any of the addresses below by 5.00pm on Thursday, 14 October 2010.

The Chairman of the Meeting will answer as many of the frequently asked questions as possible.

The AGM will be webcast live at www.agl.com.au and a copy of the Chairman's speech will be available on the AGL website.

In accordance with the *Corporations Act 2001* (Cth), Shareholders will also be given a reasonable opportunity, as a whole, to ask:

- questions about, or make comments on, the management of the Company and the Remuneration Report, at the Meeting; and
- the Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the Auditor, at the Meeting.

If you would like to make a suggestion or comment on the Annual Report, please advise the Company in one of the following ways (this will allow us to incorporate your views into the content and design of future Annual Reports):

- **Online** at the AGL Share Registry's website: www.linkmarketservices.com.au
- **Write** to the AGL Share Registry or the Company Secretary by completing the enclosed form and sending it to the Share Registry in the enclosed reply paid envelope to:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

- or **post** to:

Company Secretary
AGL Energy Limited
Locked Bag 1837
St Leonards NSW 2065

- or **fax** to:

the AGL Share Registry on 02 9287 0303.