



ASX & Media Release

Changes to AGL Dividend Reinvestment Plan

24 September 2015

AGL Energy Limited (AGL) announced today that it had amended the terms and conditions of its Dividend Reinvestment Plan (DRP) to vary the basis on which Participants' share entitlements are determined and the resultant treatment of residual balances.

Commencing with the FY16 interim dividend in February 2016, the number of shares to be allocated to Participants will be calculated by dividing the total dividend payment due (plus any carried forward DRP Account residual balance), by the relevant Market Price.

In applying this calculation, a small residual cash balance typically remains after determining whole numbers of shares to be allocated. This residual balance will now be carried forward in each Participant's DRP Account. This residual balance will be added to the amount of the next subsequent dividend to determine the number of shares to be allocated in respect of that next dividend.

Previously, share allocations were determined by rounding up fractional entitlements to the next whole number of shares, meaning there was no residual balance to be carried forward.

Attached is a copy of the amended DRP Terms and Conditions which will also be forwarded to plan participants. This document is also available on AGL's website.

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About AGL

AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable energy generation in the country. Drawing on over 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, landfill gas and biomass. AGL is taking action toward creating a sustainable energy future for our investors, communities and customers.

The AGL Energy Dividend Reinvestment Plan

Terms and Conditions

AGL Energy Limited ABN 74 115 061 375

This brochure constitutes the terms and conditions of the AGL Energy Limited Dividend Reinvestment Plan (**Plan**) and should be read carefully.

The value of shares in AGL Energy Limited (**Shares**) can fall as well as rise and you may not recover the money that you invest. Nothing in this brochure should be regarded as a recommendation to buy or hold Shares.

Energy in
action.[®]

Since 1837

AGL

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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. 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 provided under the Plan at a discount of up to 5% of a weighted average market price, free of transaction costs. The actual rate of discount, if any, will be determined by the Directors at the time each dividend is determined.

4 Treatment of residual amounts

You will only receive a whole number of shares under the Plan.

Where the allocation calculation would otherwise result in a fraction of a share being allocated to you, the cash amount attributable to that fraction will be retained (without interest) in your Plan Account. The amount in your Plan Account will be added to your next dividend in respect of which the Plan applies for the purposes of calculating the number of shares allocated to you under the Plan in respect of that later dividend.

5 Shares rank equally

Shares provided 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 against your holding.

7 Listing on the ASX

The Directors will apply for quotation on the ASX 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?

You can join or amend your DRP Election through the Link Market Services Limited investor centre at www.linkmarketservices.com.au. You will be required to enter your SRN or HIN and postcode.

Or complete the AGL Energy Dividend 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 on the trading day after 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 the 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 on the trading day after 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 arithmetic average of the weighted average market price of AGL shares during each of the ten 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 each dividend is declared.

10 What will it cost me to participate?

It will cost you nothing.

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

11 What happens if I end my participation in the Plan or I sell my shares or AGL terminates the Plan?

If AGL terminates the Plan or if you cease to participate in the Plan for any reason (including if you sell all your AGL shares), any residual balance in your Plan Account will be paid to you in accordance with your Debit Credit Instructions at the time AGL next pays dividends to AGL shareholders.

If you have not provided any Direct Credit Instructions to AGL within 12 months from the date that you cease to participate in the Plan or the date that AGL terminates the Plan (as applicable), any residual amount in your Plan Account will be donated to one or more registered charities nominated by AGL.

12 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.

13 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.

14 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 independent, professional advice in relation to the tax implications of acquiring shares under the Plan.

15 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;
- > the residual cash balance (if any) carried forward in your Plan Account; and
- > the new total number of your shares participating in the Plan.

16 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).

17 Enquiries

If you have any enquiries (other than taxation) about how the Plan operates and how you can participate, please contact 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

e-mail: aglenergy@linkmarketservices.com.au

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 Energy's register of Shareholders.

AGL or AGL Energy means AGL Energy Limited ABN 74 115 061 375.

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.

Average Market Price means the arithmetic average of the daily volume weighted average price of Shares traded on the ASX (or such alternative or additional trading platforms such as Chi-X, as the Directors may determine from time to time) during each of the ten trading days commencing on the second trading day after the Record Date, excluding any transaction defined in the ASX Operating Rules as 'special' crossings, crossings prior to the commencement of the open session state, portfolio special crossings, equity combinations, crossings during overnight trading, any overseas trades or trades pursuant to the exercise of options over Shares and any other trades that the Directors consider may not be fairly reflective of natural supply and demand.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

Chi-X means Chi-X Australia Pty Ltd (ABN 47 129 584 667) or the financial market operated by Chi-X Australia Pty Ltd (as the case may be).

Company means AGL.

Constitution means the constitution of AGL.

Direct Credit Instructions means the nomination by a Shareholder of an Australian or New Zealand bank account into which any payments, including dividends, will be paid to the Shareholder by 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 Energy's Dividend Reinvestment Plan, as amended, modified or substituted from time to time.

Plan Account means the account maintained and established for a Participant under clause 4.7.

Price means the Average Market Price discounted by 5% (or whatever other percentage, if any, not greater than 5%, which the Directors may determine from time to time) rounded down to the nearest whole cent.

Record Date means, in relation to a dividend, the time and date AGL specifies for the purpose of identifying Shareholders 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.
- 4.7 AGL will establish and maintain a Plan Account for each Participant. 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) credit the amount in clause 4.7(a) to the Participant's Plan Account and that payment constitutes payment of the dividend on the Participant's Participating Shares;
 - (c) determine the maximum whole number of Shares that may be provided to the Participant under the Plan at the Price by dividing the amount in the Participant's Plan Account by the Price and rounding that number to the nearest whole number;
 - (d) on behalf and in the name of the Participant, cause to be allotted or transferred that number of Shares and debit the Participant's Plan Account with the total Price for the Shares provided to the Participant under this clause 4.7; and
 - (e) retain in the Participant's Plan Account, without interest, any cash balance remaining.
- 4.8 Except as set out in these Terms and Conditions, as required by Applicable Laws or as determined by the Directors, neither a Participant's Plan Account nor any amount credited to it is transferable.
- 4.9 Subject to clause 4.10, any residual balance in a Participant's Plan Account will remain in the

Participant's Plan Account (without accruing interest) until the next date for payment of a dividend, when it will be aggregated with any further dividend payment credited to the Plan Account.

- 4.10 If the Plan is terminated by AGL in accordance with these Terms and Conditions or if a Participant ceases to be a Participant for any reason, any residual balance in a Participant's Plan Account will be returned to the Participant in accordance with his or her Direct Credit Instructions at the time that AGL next pays dividends to Shareholders. If a Participant, or a former Participant, has not provided AGL with any Direct Credit Instructions within 12 months after the date that AGL terminates the Plan or the date that the Participant ceases to participate in the Plan (as applicable), the Participant will be taken to have directed AGL to donate any residual balance in the Participant's Plan Account at that time to one or more registered charities nominated by the Directors from time to time. Participants will not be issued with a receipt in connection with any donation made under this clause.

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 by 5.00pm on the trading day after 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 the Company.
- 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 trading day after the Record Date for that dividend.
- 7.3 Application Forms and Notices of Variation of Participation must be delivered to AGL Energy's Share Registry at the following address:

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

Or you can amend your DRP Election through the Link Market Services Limited investor centre at www.linkmarketservices.com.au. You will be required to enter your SRN or HIN and postcode.

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.

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;
- (e) the residual cash balance (if any) carried forward in the Participant's Plan Account; and

- (f) (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, 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 and the Participant is not registered as a holder of any Shares on the following Record Date, the Participant will be deemed to have terminated participation in the Plan on that following Record Date.

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 by announcement to the market. The variation, suspension or termination will take effect on the date specified by the Directors. Any variation, suspension or termination does not give rise to any liability on the part of, or right or action against, the Directors or AGL or its officers, employees or agents.

- 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.