



ASX & Media Release

AGL has no unhedged exposure to oil-linked gas sales contracts

16 December 2014

AGL Energy Limited (AGL) has today advised that its oil-linked gas sales contracts are fully hedged against the effect of movements in oil prices.

In its FY14 full year results presentation, AGL highlighted that it had entered into gas sales contracts with Queensland customers for the period FY15-FY17 (refer attached "Slide 27").

Two of the contracts incorporated oil-linked pricing. Soon after entering into these contracts, AGL fully hedged its exposure to the oil price for the life of the contracts. Consequently, margins on the contracted sales in FY15, FY16 and FY17 are locked in, and not affected by the recent fall in oil prices.

The average margin on the 57 PJ gas sales expected in FY15 is \$3.40/GJ.

AGL also confirms it has successfully contracted for the supply of 69 PJ of gas from the Otway Basin between 2018 to 2021.

Further inquiries:

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About AGL

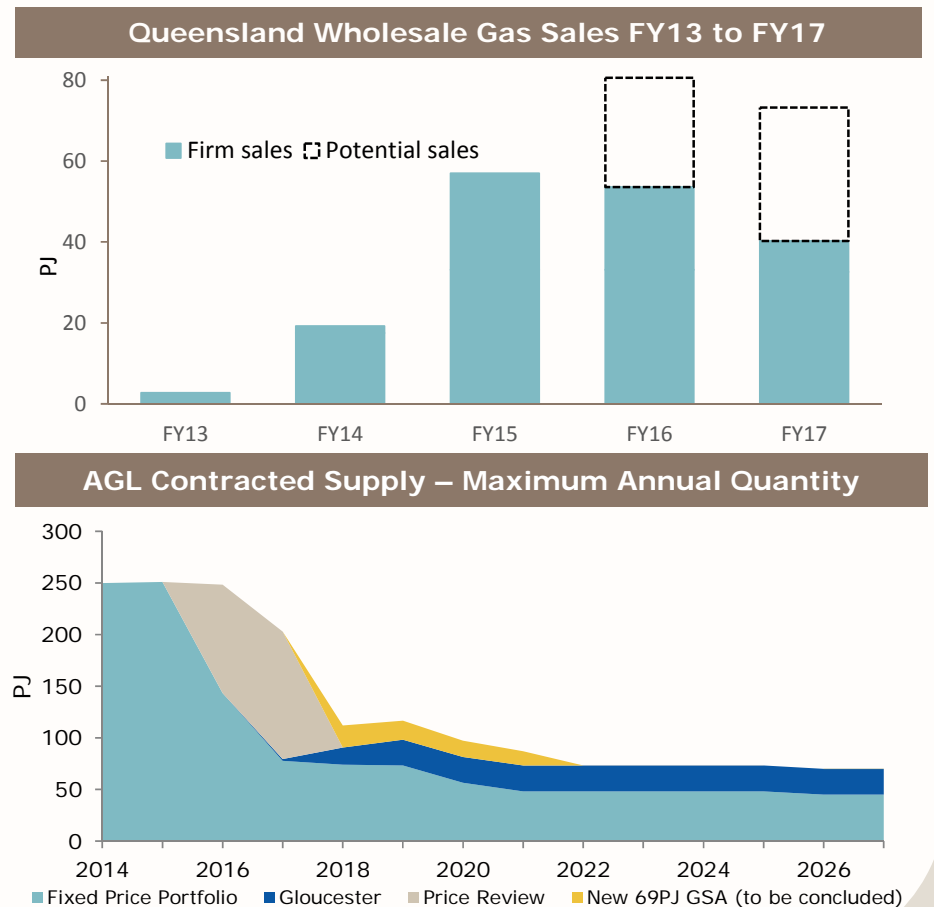
AGL is one of Australia's leading integrated energy companies and largest ASX listed owner, operator and developer of renewable energy generation in the country. Drawing on over 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. 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.

Gas portfolio

Queensland Wholesale gas sales to ramp up in FY15.

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- › Queensland Wholesale gas sales:
 - » Sales to QLD wholesale gas customers of 57 PJ expected in FY15, up from 19 PJ in FY14
 - » Sales in FY15 contracted at an average margin of \$3.40/GJ¹
 - » Ongoing negotiations for additional sales across FY16 and FY17
 - » While additional volumes are available for sale LNG delays limit opportunities in FY15
- › Additional long term portfolio supplies:
 - » Contract for additional 69 PJ of Otway Basin gas across 2018 – 2021 expected to be concluded in H1 FY15
 - » Negotiations ongoing for additional long term supplies commencing in 2017 / 2018
 - » FID on Gloucester Project expected in Q4 2015



¹ This includes all sales concluded by the end of FY14