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ASX and Media release

AGL sells Berwyndale to Wallumbilla Pipeline for \$82.6 million

19 March 2010

AGL Energy Limited (AGL) has today entered into an agreement to sell the Berwyndale to Wallumbilla Pipeline (BWP) for \$82.6 million. APA Group (APA) is the successful purchaser. AGL and APA have also entered into a 17 year Gas Transportation Agreement (GTA) in relation to the BWP.

The sale will result in a pre-tax profit to AGL of approximately \$2.0 million after transaction costs. The parties intend to complete the transaction as soon as practicable with proceeds to be applied to reduce AGL's bank debt.

AGL constructed the BWP to transport gas from Queensland Gas Company Limited's (QGC) gas fields in the Surat Basin in central Queensland to the Wallumbilla hub. The pipeline was commissioned in February 2009 and commenced operation in April 2009.

The GTA provides AGL with competitively priced transportation services for gas obtained under AGL's gas supply agreement with QGC. The GTA includes an option for increased capacity which, if triggered by AGL, would see APA make an additional payment to AGL of up to \$21 million (depending on the amount of additional capacity and timing of exercise of the option). AGL also has options to extend the term of the GTA up to 10 years.

Commenting on the transaction, AGL Managing Director Michael Fraser said, "The development of the BWP was necessary to allow AGL to deliver gas to market because options then available did not provide a suitable solution. Now that we have a long-term transportation agreement in place, ownership of this pipeline is no longer core to our integrated strategy."

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About AGL

AGL is one of Australia's leading integrated energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 170 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has Australia's largest retail energy and dual fuel customer base. 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 Australia's largest private owner and operator of renewable energy assets and is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.

