



AGL to record pre-tax profit of \$125m from sale of interest in AlintaAGL

02 November 2007

AGL Energy Limited (AGL) today announced that it will sell its 33 per cent interest in AlintaAGL Pty Ltd to Alinta 2000 Limited (Alinta) for \$522 million.

The sale will be made pursuant to an agreement made as part of the merger and subsequent demerger of AGL and Alinta in 2006.

Under the terms of the agreement, the recent change in control of Alinta triggered AGL's right to either acquire Alinta's 67 per cent interest in AlintaAGL at a price nominated by Alinta or sell its 33 per cent to Alinta at a pro rata price.

In announcing the decision to sell, AGL's Managing Director Michael Fraser said that the price achieved represents an outstanding return for AGL in a very short period.

"The price offered by Alinta substantially exceeds the valuation placed on the investment by AGL and will result in a pre-tax profit of \$125 million¹ on the investment in just over 12 months," Mr Fraser said.

"The transaction also demonstrates a disciplined approach to the use of capital across the business to maximise returns on investment for our shareholders."

The sale is expected to be immediately EPS accretive however there is no change to AGL's revised 2008 earnings guidance of \$330 - \$360 million². Completion is scheduled to occur on 31 December, 2007 and the funds will initially be used to reduce syndicated debt.

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¹ Profit on sale reflects sale proceeds of \$522 million less equity investment of \$120 million and loan notes including capitalised interest at 31 December 2007 of \$277 million. The after tax profit will be accounted for as a significant item in the FY08 accounts.

² Underlying net profit after tax excludes adjustments totalling \$35 million relating to significant items and customer amortisation costs relating to Powerdirect purchase. It also excludes fair value adjustments and the gain on sale per footnote 1 above.

About AGL

AGL is one of Australia's leading integrated energy companies. Drawing on 170 years of experience, it includes 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. This includes customers supplied with gas and electricity through AGL's joint venture partnership with ActewAGL. 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. One of Australia's largest renewable energy producers, AGL is looking to further expand this position by exploring a suite of low emission and renewable energy generation development opportunities.