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ASX and Media release

Loy Yang Power completes refinancing

30 September 2010

Attached is a copy of a media statement issued today by Loy Yang Power regarding the completion of refinancing of \$455 million senior debt and \$35 million working capital facility.

AGL Energy Limited (AGL) owns a 32.5% interest in Great Energy Alliance Corporation, which has the Loy Yang A Power Station as its major asset.

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About AGL

AGL is Australia's largest integrated renewable energy company 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.

30 September, 2010



Loy Yang Power completes refinancing of A\$455m senior debt and A\$35m working capital facility

Loy Yang Power has successfully refinanced a A\$455 million tranche of senior bank debt and A\$35 million working capital facility, due to expire in November 2010.

Both facilities have been refinanced for a five-year term and are due to expire in November 2015. All other debt facilities remain unchanged.

Loy Yang Power Chief Executive, Ian Nethercote, said he was very pleased with the outcome.

"The new debt facility attracted strong backing from three new Japanese banks together with significant support by a syndicate of existing lenders. The introduction of these new lenders highlights the strong underlying credit position of the asset which has been enhanced by the long term Electricity Hedge Agreement signed with Alcoa and its partners in March this year. This Electricity Hedge Agreement is for approximately 820MW of load and, with future expansion options, could represent more than half of Loy Yang Power's generation output," Mr Nethercote said.

Loy Yang Power is the operator of Victoria's largest power station (2195MW) and Australia's largest open cut brown coal mine. The power station supplies approximately 30 per cent of Victoria's electricity needs while the mine services approximately 50 per cent of the State's electricity generation needs.

Loy Yang Power is owned by the Great Energy Alliance Corporation (GEAC). GEAC consists of the following shareholders – AGL (32.5%), Tokyo Electric Power Company (32.5%), Transfield Services Infrastructure Fund (14%), Motor Trades Association of Australia (MTAA) Superannuation Fund (12.8%), Westscheme (5.7%) and Statewide Super (2.5%).

Macquarie Capital Advisers Ltd acted as financial adviser on the transaction.

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