

ASX & Media Release

ACCC approves AGL acquisition of Australian Power & Gas - AGL declares offer unconditional and announces accelerated payment terms

12 September 2013

AGL Energy Limited and AGL APG Holdings Pty Limited (AGL) today welcomed a decision by the Australian Competition and Consumer Commission (ACCC) not to oppose AGL's proposed acquisition of Australian Power and Gas Company Limited (APG).

The decision fulfils a key condition of AGL's off-market takeover offer for all of the ordinary shares in APG (Offer)¹ that AGL does not already own.

AGL also announced that to facilitate a speedy close to the Offer, it has declared the Offer free from all defeating conditions, and will accelerate payment by despatching cheques to APG shareholders who accept the Offer no later than five business days after receipt of their valid acceptance.

APG's Target's Statement, which was released to the ASX on 23 August 2013, stated that the Independent Board Committee unanimously recommended that APG shareholders accept the Offer in the absence of a superior proposal.

AGL currently has voting power in APG of approximately 44 percent. Each of APG's three major shareholders and Directors have also announced their intention to accept the Offer by no later than the next business day after the Offer becomes free of defeating conditions, in the absence of a superior proposal. Acceptances from these shareholders will take AGL's interest in APG to in excess of 75 percent ownership.

AGL and APG have also agreed in the Bid Implementation Agreement that once AGL's voting power in APG exceeds 50 percent and the Offer is unconditional, AGL will have the right to appoint a majority of directors to the APG Board. AGL intends to exercise this right promptly following its voting power in APG exceeding 50 percent.

AGL's Managing Director, Michael Fraser said that achieving this significant milestone is good news for AGL and APG shareholders alike.

"The proposed acquisition will provide the opportunity to expand AGL's customer base at a price that represents good value for both AGL and APG shareholders."

AGL's Offer represents a 33 percent premium to the closing price of APG shares on 12 July 2013, the last trading day before the Offer was announced, a 44 percent premium to the

¹ The Offer is being made by AGL APG Holdings Pty Limited, a wholly owned subsidiary of AGL Energy Limited.



30 day Volume-Weighted Average Price (VWAP) of APG shares to 12 July 2013, and a 51 percent premium to the 90 day VWAP of APG shares to 12 July 2013.

The Offer provides a certain cash return for APG shareholders and is scheduled to close on 11 October 2013.

Further inquiries:

Investors

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About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on 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 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.

AGL APG Holdings Pty Limited ABN 72 081 834 826

Notice freeing off market bid from defeating conditions under Section 650F of the Corporations Act 2001 (Cth)

TO: Australian Power and Gas Company Limited ABN 96 077 206 583

ASX Limited ABN 98 008 624 691

This is a notice given by AGL APG Holdings Pty Limited ABN 72 081 834 826 (**AGL Bidder**) in relation to the offers dated 8 August 2013 made under its off-market takeover bid for all of the ordinary shares in Australian Power and Gas Company Limited ABN 96 077 206 583 (**APK**) that it does not already own (**Offer**) pursuant to its Bidder's Statement dated 24 July 2013 (**Bidder's Statement**).

In accordance with section 650F of the Corporations Act 2001 (Cth), AGL Bidder gives notice declaring that:

1. AGL Bidder hereby declares that the Offer and any contract arising from the acceptance of the Offer are free from all conditions contained in section 9.8 of the Bidder's Statement; and
2. AGL Bidder's voting power in APK is **44.30** %.

Dated: **12 SEPTEMBER 2013**

Signed for and on behalf of AGL Bidder.



Brett Redman
Director