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ASX & Media Release

Changes to APG Board and CEO

16 September 2013

Attached is a copy of an ASX release issued today by Australian Power & Gas Company Limited.

Further inquiries:

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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.



ASX RELEASE

Board and Management Changes

Sydney, 16 September 2013

Australian Power and Gas Company Limited (ASX: APK) is pleased to announce that it has been informed by AGL Energy Limited and APG Holdings Pty Limited (AGL) that as at 13 September 2013 AGL had received acceptances exceeding 50 percent of the voting shares in Australian Power & Gas.

As indicated by AGL in its announcement on 12 September 2013, AGL intended to exercise its right to appoint a majority of directors to the APK Board promptly following its voting power exceeding 50 percent.

Australian Power & Gas advises that Mr Michael Hogg and Mr Shinji Wada have resigned as non-executive directors effective immediately, pursuant to the requirements of the Bid Implementation Agreement. As required under the Constitution of APK, Mr Richard Davison ceases his position as alternate director for Mr Hogg effective immediately.

The following executives of AGL have today been appointed as non-executive directors of APK, Mr Brett Redman (Chief Financial Officer of AGL), Mr Paul McWilliams (Company Secretary of AGL) and Mr John Hobson (Head of Capital Markets of AGL).

Commenting on this, Australian Power & Gas Chairman Ian McGregor said: *"On behalf of the Company, I would like to thank Michael Hogg, Shinji Wada and Richard Davison for their service to APK as non-executive directors. Each have represented the shareholders with dedication and valuable insight and experience in growing APK to its position today. I look forward to working with the newly appointed directors of APK as AGL finalises its share and option offer."*

In addition to the above changes, Mr James Myatt, Managing Director and Chief Executive Officer of APK ceases his employment and directorship with the Company effective immediately.

Mr McGregor continues: *"James Myatt has been with APK since its inception in 2006, as chief executive officer and one of the founders. I would like to thank James for his dedicated service first as CEO, and later as Managing Director, in growing APK to be one of Australia's leading independent ASX-listed energy retailer."*

As part of these changes, Mr Warren Kember (APK's current Chief Financial Officer) has been appointed as Interim Chief Executive Officer.

Further to Listing Rule 3.16.4, attached as an Appendix is a summary of Remuneration of Mr Kember.

Appendix 3X and 3Z announcement for the relevant directors will be made separately to this announcement.

Ends

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About Australian Power and Gas:

Australian Power and Gas Company Limited (ASX: APK) is Australia's leading independent ASX-listed energy retailer. It holds a full suite of gas and electricity retail licences in Victoria, New South Wales, ACT, South Australia and Queensland and has been approved to operate by AEMO, the Australian Energy Market Operator. Australian Power and Gas was announced as the fastest starting company in the 2011 Business Review Weekly Annual Fast Starters List for a second year in a row, and was placed first on the Business Review Weekly Fast100 list for 2010.

Appendix

Summary of Remuneration of Mr Warren Kember

The following sets out a summary of Mr Kember's Executive Employment Agreement for the position of Interim Chief Executive Officer (ICEO) and Chief Financial Officer for Australian Power and Gas Company Limited (APK). Other than undertaking additional duties, Mr Kember's Employment Agreement remains unchanged from previously.

The key terms of Mr Kember's remuneration are:

Base remuneration:	\$333,414
Short term incentive :	The Board is currently reviewing the short term incentive arrangements for Mr Kember and other employees.
Long term incentive:	No new incentive arrangements will be provided by virtue of undertaking this role.
Restraint post employment:	For up to 12 months following the termination of employment, Mr Kember must not approach any customer or employee to entice them to discontinue their relationship with the Group.
Termination	The Employment Agreement can be terminated by either party with six months notice. The Company may elect to make a payment in lieu of notice being provided. In the event of a change in control event and the duties or responsibilities of Mr Kember are reduced, an amount is then payable equal to the balance payable for the remaining term of the contract, subject to a minimum of 12 months.

The Group may terminate Mr Kember's employment in the following circumstances:

- commits a serious or persistent breach of the provisions of his employment agreement.
- becomes bankrupt.
- becomes of unsound mind or whose estate is liable to be dealt with in any way under laws relating to mental health.
- engages in any act or omission constituting gross misconduct in respect of his duties.
- convicted of an offence which brings the Group into disrepute or is incompatible with his capacity as set out in his agreement.
- commits a serious or persistent breach of the Company's code of conduct or any legislative requirement which applies to his performance including ASX rules and the Corporations Act.
- refuses to comply with a reasonable and lawful direction given to him by the Company.
- fails to execute any Confidentiality Agreement required by the Company
- incapacitated by illness or injury of any kind which prevents the Executive from performing the Executive's duties for a period of three consecutive months or any periods aggregating three

months in any twelve months during the period of the Employment.

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