



AGL Energy Limited
ABN 74 115 061 375

Tel: +61 2 9921 2999
Fax: +61 2 9921 2552

AGL Centre, 72 Christie Street
St Leonards, 2065

Locked Bag 1837
St Leonards, 2065
www.agl.com.au

asx and media release

22 May 2008

AGL announces intention to sell PNG assets

AGL Energy Limited (AGL) today announced its decision to proceed with the sale of its PNG oil, gas and LNG project assets. This follows execution of a Gas Agreement by the PNG LNG joint venture participants and the State of PNG and the subsequent formal decision by the joint venture participants to enter the next stage of project development, Front End Engineering and Design (FEED).

AGL Managing Director, Michael Fraser, said that AGL had today voted in the affirmative to enter FEED following execution of the Gas Agreement.

"The decision to enter FEED will now trigger the commencement of AGL's sale process aimed at divesting our PNG oil, gas and LNG project assets by way of a transaction targeted to close by the end of December 2008," Mr Fraser said.

AGL has a 3.6% participating equity interest in the project with ExxonMobil (Esso Highlands Limited as Operator) 41.5%, Oil Search 34.0%, Santos 17.7%, Nippon Oil 1.8%, Landowner Interests 1.2%, and Eda Oil 0.2%.

Interested parties wishing to participate in the competitive tender process for the sale of AGL's PNG interests can contact the Company through the contacts listed below.

Further enquiries:

Media

Andrew Scannell, Head of Media
Direct: + 61 3 8633 6167
Mobile: + 61 (0) 407 290 658
e-mail: ascannell@agl.com.au

Analysts & Investors

Graeme Thompson, Head of Investor Relations
Direct: + 61 2 9921 2789
Mobile: + 61 (0) 412 020 711
e-mail: gthompson@agl.com.au

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.