



APA ENTERS CONDITIONAL AGREEMENT WITH BABCOCK AND SINGAPORE POWER CONSORTIUM

As part of the proposed acquisition of Alinta Limited by the Babcock & Brown/Singapore Power International Consortium, APA has entered into conditional agreements with the Consortium and Alinta to terminate or transfer the operating and maintenance services currently provided by Alinta for many of APA's key gas transmission pipelines.

APA will pay \$210 million which will result in the elimination of all fees currently paid to Alinta, as well as the transfer to APA of associated property, plant and equipment.

"The new operating arrangements will be cash flow accretive and will help support the continued increase in distributions to APA security holders," APA Managing Director Mick McCormack said.

Alinta took over the operating and maintenance agreements when it acquired AGL's infrastructure businesses in 2006. These long term agreements cover the provision of services on APA's gas transmission pipelines in New South Wales, Queensland, Northern Territory and Western Australia.

"A major benefit of these agreements for APA security holders is that the long term operation and maintenance of all of APA's assets will now be under the direct control of APA, rather than a third party. I am pleased that Alinta pipeline operating personnel involved in the provision of services to APA will be offered employment with APA," Mr McCormack said.

"The agreements also provide a great opportunity for APA to further strengthen its internal operating capabilities. It will enhance our ability to efficiently structure our operating resources within our existing business, including the Origin Energy Asset Management group which we acquired earlier this year."

If the Consortium's proposed acquisition of Alinta does not proceed, APA and Alinta will complete the agreements on largely the same terms.

As part of the agreements announced today, Alinta also confirms its intention to widely distribute Alinta's approximately 35% holding in APA, either through an in specie distribution or a bookbuild process. The agreements also provide for the immediate termination of all current litigation between the parties.

"APA is pleased the uncertainty in relation to the Alinta security-holding has been resolved. APA can now focus more strongly on running the business for the benefit of all APA security holders," Mr. McCormack said.

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The transaction will be funded from existing facilities and gearing will remain within APA's financing covenants.

The agreements are subject to a number of conditions, including ASX granting APA a waiver of ASX Listing Rule 10.1 or APA security holders approving the entry into the agreements. APA expects that the conditions will be satisfied in several months. While completion of the agreements needs to occur by 14 December 2007, approval of the Consortium scheme would mean that completion occurs earlier.

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About APA Group (APA)

APA Group, comprised of Australian Pipeline Trust and APT Investment Trust, is the major ASX-listed energy transmission company in Australia with interests in more than 10,000kms of natural gas pipeline infrastructure, over 2,300kms of gas distribution network in south east Queensland, two Coal Seam Gas processing plants, a gas fired power station, gas storage facilities and two high voltage direct current interconnector systems. The Group has a varied and quality customer base including AGL Energy, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, Energex, RioTinto, Nickel West, Synergy and Verve Energy.