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QUESTIONS FROM APA UNITHOLDERS

1. How will APA deal with Alinta's continuing predatory behaviour?

   Alinta's actions have been a distraction. The competition regulator has said it is manifestly anti-competitive for Alinta to hold a substantial stake in APA and has required Alinta to divest their APA holding.

   Nothing has changed since Alinta gave undertakings to the ACCC to sell the APA holding it inherited through its merger with AGL.

   Our response to Alinta's actions and any others we may take in the future are motivated purely by our commitment and responsibility to act in the best interests of our unitholders as we believe we have always done.

2. How will the Board ensure APA's strength and continued independence as a competitive operator in the Australian market?

   APA will continue to manage its operations and costs to maintain its competitive advantage

   APA remains firmly focused on delivering its strategy and promise to grow distributions by at least CPI annually.

   Our strategy promotes robust competition both in the industry and in the wider economy.

   In relation to Alinta's behaviour , the ACCC and ASIC provide limitations on Alinta seeking to control APA.

   Our response to Alinta's actions and any others we may take in the future are motivated purely by our commitment and responsibility to act in the best interests of our unitholders as we believe we have always done.

3. What would the APA's advice be if Alinta does make a full offer for APA/

   Alinta has not made an offer for all APA units. If any offer was made for APA, the APA Board would consider it and provide their recommendation to APA unitholders after doing so.

4. Does the Board have any plans to grow overseas once the Australian market matures?

APA currently has no plans to expand overseas. We see sufficient opportunities in Australia to allow APA to continue to grow and develop into the future.

However, opportunities are always monitored by the Board and the Board will always consider opportunities which may add to unitholder value.

5. When does the company expect to frank dividends? How many years?

As previously communicated, APA has entered into the new tax consolidation regime which has resulted in an increased tax cost base and increased ongoing tax deductions. Accordingly in 2006 APA distributed all its available franking credits to its unitholders, and is unlikely to generate further franking credits in 2007. That being said, the upside of no paying tax is that APA has more cash available to pursue growth opportunities for the business and generate higher distributions in the future.

The Board is aware of unitholder views on franking credits and regularly reviews its distribution strategy to unitholders.

In this regard the recent successful acquisition of GasNet has provided the Board with an opportunity to consider other tax effective means of distributing cash back to its unitholders, which it will do in due course.

6. The acquisition of GasNet and Allgas increases the size and assets of APA substantially. Where are the synergies to be derived and how is the management structure/strategy going to change to cope and drive results?

For both acquisitions APA has detailed integration plans and has identified synergies which will enhance the future value of the acquisitions to APA.

The synergistic benefits we have identified in Gasnet are only available to us, while Allgas has a very strong growth profile and is operating in one of the fastest growing sectors of the Australian economy.

7. What is Stress Corrosion Cracking and why is it happening?

Stress Corrosion Cracking, or SCC, is triggered by certain soil conditions and pipeline operation conditions. It is not unusual in pipelines of the type and age of the Moomba-to-Sydney pipeline for example. The first 162-km section of that pipeline is the worst affected and we are now investigating

other areas of the pipeline (ie those most exposed to conditions that cause SCC) as a precautionary measure.

8. Can you tell me more about GasNet?

GasNet has been on our radar since it floated in February 2002. Its largely regulated asset base and market position as a transporter of gas from Victoria to NSW and vice versa made it a compelling target. It is a high quality asset, with almost all natural gas consumed in Victoria delivered through GasNet's 1,930km, high-pressure pipeline network. GasNet also owns the Telfer Pipeline in Western Australia which increases our opportunities in that growing economy.

We currently own over 94 percent of GasNet and will soon move to compulsory acquisition.

9. Why does APA need to raise further funds?

APA needs to raise additional capital to enable APA to more fully participate in the growth strategy we have identified.

Details of the equity raising will be released to unitholders and the market when finalised. We anticipate this occurring shortly.

10. In relation to Resolution 2 of the annual meeting, why were only institutional investors offered shares at $4.55?

APA's recent equity raising was through both a placement to institutional investment and a security purchase plan issue to existing unitholders – in which all unitholders could participate. Unitholders only have to approve the institutional placement, not the security purchase plan.

11. Why is there only one professional engineer on the board of seven in a highly technical business?

APA has a very strong board and management team that is well equipped to deliver on APA's vision to build Austraila's leading transmission business for the benefit of all unitholders.

In considering potential new Directors to commend to shareholders, the Board seeks to identify candidates with appropriate skills and experience to contribute to effective direction of the Trust, who can exercise an independent and informed judgement on matters which come to the Board,

and who are free of any business or other relationship that may interfere materially with the exercise of that independent judgement.

12. What is APA able to do to respond appropriately to climate change?

    APA is primarily in the business of gas transmission. Coal is the biggest source of Greenhouse gas emissions in Australia. Gas is widely regarded as a more environmentally friendly fuel and will play a large role in meeting Australia's future energy consumption which is forecast to grow 50 percent by 2020.

13. Why does APA want to be a leading player in the PNG-Australia pipeline when the project is on hold?

    There have been delays in the timing of the PNG gas project but we believe it is still very much a viable project which should proceed.

    New gas supplies to eastern Australia are still needed within the next 10 years to meet forecast gas demand and APA strongly supports the PNG gas project as the most viable long term supply solution and would like to play a strong role in its development.

14. Why is APA not investing in coal seam gas?

    APA is investing in coal seam gas (CSG) but is not a producer of CSG. APA is investing in CSG processing such as Kogan North and is working to facilitate CSG entering the market. APA believes CSG will play a major role in the energy market over the medium term. The delivery of CSG through the proposed eastern Australia gas grid will be beneficial for both the community and for business and will lead to greater competition. APA is currently working on a project to deliver CSG to the southern markets through a new gas pipeline connecting Ballera in Queensland to APA's Moomba-to-Sydney Pipeline

15. Will director make their remunerations public?

    The remuneration for directors, the managing director and other key management personnel are published in the annual report on pages 36 &37 which can be viewed on our website.

16. There has been criticism about the Allgas acquisition and that APA has paid too much. What have you seen in the acquisition that others have missed?

Allgas is a great asset with huge growth potential. We bought that asset with five years of strong growth already locked in by the regulator. This asset is based in Southeast Queensland – Australia's fastest growing region – and we expect this asset will grow more strongly than the conservative estimates of the regulator.

APA paid A$521 million for Allgas which was 1.7 times the value of Allgas' current regulated asset base of A$303 million. But APA has approved capital expenditure on expansions over the next four and half years which bring that multiple down to 1.49 times.

APA has no problem investing capital now for Australia's future growth.

17. Will APA's recent acquisitions increase debt above APA's bank covenants?

APA is not in breach of our covenants and in fact we have not breached any of our covenants to date. APA has strong relationships with our banks and other lenders. Our debt covenant is at 72 percent and we can go to 80 percent for a period of six months.

We have a capital management strategy in place to reduce our gearing, including the equity raising we flagged when we announced the Allgas acquisition.

18. After the AGL/Alinta merger, does APA continue as a separate entity form the new companies? If so who has control of APA?

Alinta acquired a 30% stake in APA via an asset swap with AGL and, separately, purchased an additional 10.25% of APA.

This does not amount to a takeover offer. There has never been a takeover offer and APA will continue to run as a separate entity.

As part of its merger with AGL, Alinta originally agreed to an undertaking to sell the 30% stake in APA, but it has since sought new undertakings which allow it to gain control of APA without making a takeover offer. The ACCC has recently announced that it has rejected Alinta's revised undertakings, an important decision for APA.

In relation to the 10.25% stake, two Takeovers Panels have agreed that Alinta's actions were illegal or unacceptable, and Alinta has been ordered to sell the 10.25%. The Federal Court has upheld the ruling that Alinta's behaviour was unacceptable, and the order that Alinta sell the 10.25%.

Alinta has now appealed the Federal Court decision. APA has announced that it will contest this, and continue to argue that Alinta's behaviour was illegal as well as unacceptable.

19. Is it possible to hold alternative AGMs in Melbourne and Brisbane?

    We are always looking at ways to improve our communications with unitholders so we will consider holding AGMs in cities other than Sydney – though there is some costs associated with moving the location of the AGMs.

20. Will APA consider providing an alternative concise annual report?

    We are always looking at ways to improve our communications with unitholders so we will investigate this – although a lot of the content in the annual report is required disclosure.

    Unitholders can view the annual report online and they can also elect to not receive a hard copy of the report if they choose.