

Sale of BG plc's German assets

BG plc has agreed to sell its German assets to Verbundnetz Gas AG of Leipzig, Germany.

The assets comprise the holding company, British Gas Deutschland, containing:

- A five per cent shareholding in Verbundnetz Gas, a gas transmission company serving eastern Germany.
- A 24 per cent shareholding in Gasversorgung Sachsen-Anhalt, a regional transmission and distribution company, supplying around 90,000 customers in the Halle region.
- A 25.5 per cent shareholding in Erdgas West-Sachsen, a regional transmission and distribution company supplying around 90,000 customers in the Leipzig region.
- A 30 per cent shareholding in Deutsches Brennstoffinstitut a property and energy services company.

British Gas Deutschland has net assets of DM180 million, (around £60 million at current exchange rates). The proceeds of the sale will generate a material contribution to BG's International Downstream business.

The sale forms part of BG plc's international strategy of focusing on developing major gas projects in the UK and key countries overseas, and disposing of non-core assets.

Managing Director, Europe and North America for BG International Downstream, Nick Woollacott, who today signed the agreement on behalf of BG, said: "The sale of our German assets allows BG to realise substantial value from a group of shareholdings which no longer form a core part of our international portfolio.

"We have worked together with excellent partners to develop these assets. We are pleased to have sold them to a company committed to the German gas market, who will be able to devote the necessary resources to their future growth."

Commenting on the acquisition, Dr. Ing. Klaus-Ewald Holst, Chairman of the VNG Executive Board, said: "The purchase of British Gas Deutschland GmbH is designed to continue the successful development of natural gas in the east German heat energy market."

The purchase agreement was signed this morning in Leipzig. Completion of the transaction is expected before the year end and is conditional upon the clearance of the Federal Cartel Office and the approval of the supervisory board of VNG.