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AGL Lacerta/Polaris & Condamine Options Lapse

15 April 2009

AGL Energy Limited (AGL) has today advised BG Group plc (BG) that it will not exercise either of the Lacerta/Polaris Coal Seam Gas or Condamine Power Station call options acquired by AGL on 28 October 2008, the date AGL announced its intention to sell all its shares in Queensland Gas Company Limited (QGC) into the BG bid for QGC. Both options have now lapsed. Accordingly, AGL will not incur any interest charges associated with the options.

AGL has concluded that anticipated future reserve upgrades from its recently acquired interests in the Galilee Basin, Gloucester Basin, Innamincka and Sydney Gas Limited, coupled with gas purchases under long-term gas supply contracts, would deliver a superior economic outcome supporting AGL's domestic gas strategy than would be obtained from exercising the Lacerta/Polaris option.

AGL Managing Director, Michael Fraser, said "We are comfortable that our medium term strategic target of securing 2,000 PJ of equity gas can be achieved from recent acquisitions without the need for Lacerta/Polaris in our portfolio".

AGL has also concluded that its existing 400MW of despatch rights over the Yabulu and Oakey Power stations in Queensland together with rights held over various Queensland sites to develop up to a further 1,870MW of gas fired generation, delivered a superior economic and strategic outcome than exercise of the Condamine Power Station option.

AGL's decision not to exercise either option has no impact on previous financial guidance provided in conjunction with AGL's interim FY09 result announced on 25 February 2009.

Further inquires:

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About AGL

AGL is Australia's largest integrated renewable energy company and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on over 170 years of experience, AGL operates 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. 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, operator and developer 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.