



AGL reaffirms its commitment to the QGC transaction

31 January 2007

AGL said today that any direct comparison of its recommended offer for QGC with Santos' revised offer of 30 January 2007 was without merit and flawed in critical areas of fact and valuation.

Managing Director, Paul Anthony said "The AGL proposal delivers QGC shareholders substantial advantages, including:

- a strong independent QGC and financially viable listed entity;
- it combines the exploration and production capabilities of QGC's management with AGL's preeminent market development and marketing channels;
- it provides certainty of future revenue of QGC by underwriting a 540 PJ gas supply agreement extending over the next 20 years;
- it affords QGC the ability to raise substantial debt to fund future development and growth by securitising a robust gas supply agreement;
- it affords QGC valuable access rights to AGL's gas transportation agreements; and
- it forms a true cornerstone venture with Australia's largest integrated energy company on a transaction that is de-risked with ACCC clearance having already been obtained.

"On any reasonable review this is a fundamentally robust opportunity for QGC shareholders.

"AGL Energy has been in discussion with the management and board of QGC to create a viable independent entity of deep financial strength that has the opportunity to further develop QGC's extensive gas reserves with a route to market. These discussions have culminated in a legally binding agreement which AGL intends to enforce.

"We remain committed to working with QGC to bring this transaction to a successful close for the benefit of both AGL Energy's and QGC's shareholders" Mr Anthony said.

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