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ASX & Media Release

Lower electricity prices for South Australian families and small businesses

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AGL Energy Limited (AGL) has announced that it will deliver electricity price decreases to its South Australian residential and small business customers from 1 January 2013. This follows the South Australian Government's announcement today that it will implement retail price deregulation with effect from 1 February 2013.

As soon as deregulation takes effect, AGL will provide a price decrease to the following customers:

- To all South Australian families and small businesses who are on standing contract price arrangements as at 31 January 2013, AGL will:
    - guarantee those residential customers a 9.1% reduction on their current standing offer rates, backdated to 1 January 2013*, which will be fixed for two years from that date, other than for changes to network charges, carbon, renewable and energy efficiency scheme costs; and
    - guarantee those small business customers a 4.5% reduction on their current standing offer rates, backdated to 1 January 2013*, which will be fixed for two years from that date, other than for changes to network charges, renewable and energy efficiency scheme costs.
- To all South Australian families and small businesses who transfer to a standing contract price arrangement from 1 February 2013, apply a 4.5% reduction to the current standing contract price.

"The South Australian Government has announced that it intends to deregulate the retail electricity market effective from 1 February 2013. This will facilitate increased levels of competition, investment and innovation in the South Australian electricity market.

"AGL supports the Government's decision to deregulate retail electricity prices. We look forward to assisting the Government to deliver the benefits of deregulation to South Australian families and businesses," said Managing Director & CEO, Michael Fraser.

* Or applicable start date of contract if post 1 January 2013.

The reduced tariffs announced by AGL today are subject to the South Australian Government implementing its deregulation reforms. AGL will advise the South Australian Supreme Court today that it intends to withdraw its current legal proceedings against the Essential Services Commission of South Australia, upon implementation of the Government's reforms.

Further details about the new deregulated tariffs will be on www.agl.com.au in the near future.

Further inquiries:

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About AGL

AGL is one of Australia's leading integrated renewable energy companies and is taking action toward creating a sustainable energy future for our investors, communities and customers. Drawing on 175 years of experience, AGL operates retail and merchant energy businesses, power generation assets and an upstream gas portfolio. AGL has one of Australia's largest retail energy and dual fuel customer bases. 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 and operator 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.