



asx and media release

AGL credit rating revised to stable outlook

21 November 2008

AGL Energy Limited (AGL) has been formally notified that the ratings agency Standard & Poor's has affirmed AGL's 'BBB' long-term credit rating, and revised the rating outlook to stable from negative.

This follows completion of AGL's program of non-core asset sales and subsequent strengthening of the balance sheet.

AGL's Chief Financial Officer Stephen Mikkelsen said "We are pleased with this outcome. We told the market earlier this year that one of the objectives of the program of asset sales was to stabilise our long-term credit rating. In our view, 'BBB' is the appropriate long-term credit rating to maintain for AGL's business profile and to support execution of our integrated renewable energy company strategy."

AGL has achieved non-core asset sales totalling more than \$3.2 billion over the past 12 months.

The Standard & Poor's press release is attached.

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About AGL

AGL is one of Australia's leading integrated energy companies 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 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.



Press Release

AGL Energy Outlook Revised To Stable On Improved Financial Profile; Ratings Affirmed

Melbourne, Nov. 19, 2008—Standard & Poor's Ratings Services today said that it had affirmed its 'BBB' long-term corporate credit ratings on AGL Energy (AGLE). The rating outlook was revised to stable from negative, reflecting AGLE's improved balance-sheet position following the completion of the sale of its equity stake in Queensland Gas Company Ltd. (QGC; not rated) and AGLE's represented strategy that it will prudently pursue growth opportunities without putting its credit quality at risk. The expected completion of the sale of AGLE's interests in Papua New Guinea will also improve its balance sheet.

"We understand AGLE's temporary cash balance will be used to both reduce its debt levels and fund suitable growth opportunities that may arise," Standard & Poor's credit analyst Tammy Garay said. "AGLE has represented that it will cautiously undertake its growth strategy and focus on improving its portfolio of energy assets and vertical integration with its existing operating markets. We expect AGLE will pursue any growth opportunities prudently and not aggressively undertake acquisitions that would materially weaken its business or financial profile and, hence, jeopardize its credit quality."

AGLE's options over the next 12-to-18 months might include the potential for opportunistic acquisitions of generation or equity gas assets, participating in the privatization process of energy assets in New South Wales, and exercising the options that exist as part of the QGC transaction. Aggressive pursuit of these or other opportunities that are inconsistent with our expectations would put pressure back on the AGLE rating.

Ms. Garay added: "Any upgrade to the AGLE rating is unlikely over the next couple of years given the group's challenging near-term operating environment. In our opinion, AGLE's key challenges include a potentially constrictive regulatory landscape as a result of retail price caps and the upcoming emissions trading scheme, as well as appropriately funding potential strategic investments, including participating in the expected privatization of energy assets in New South Wales and further expanding its generation and gas portfolios."

About Standard & Poor's

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research and data. With approximately 8,500 employees, including wholly owned affiliates, located in 23 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit <http://www.standardandpoors.com.au>

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