

ASX and media release

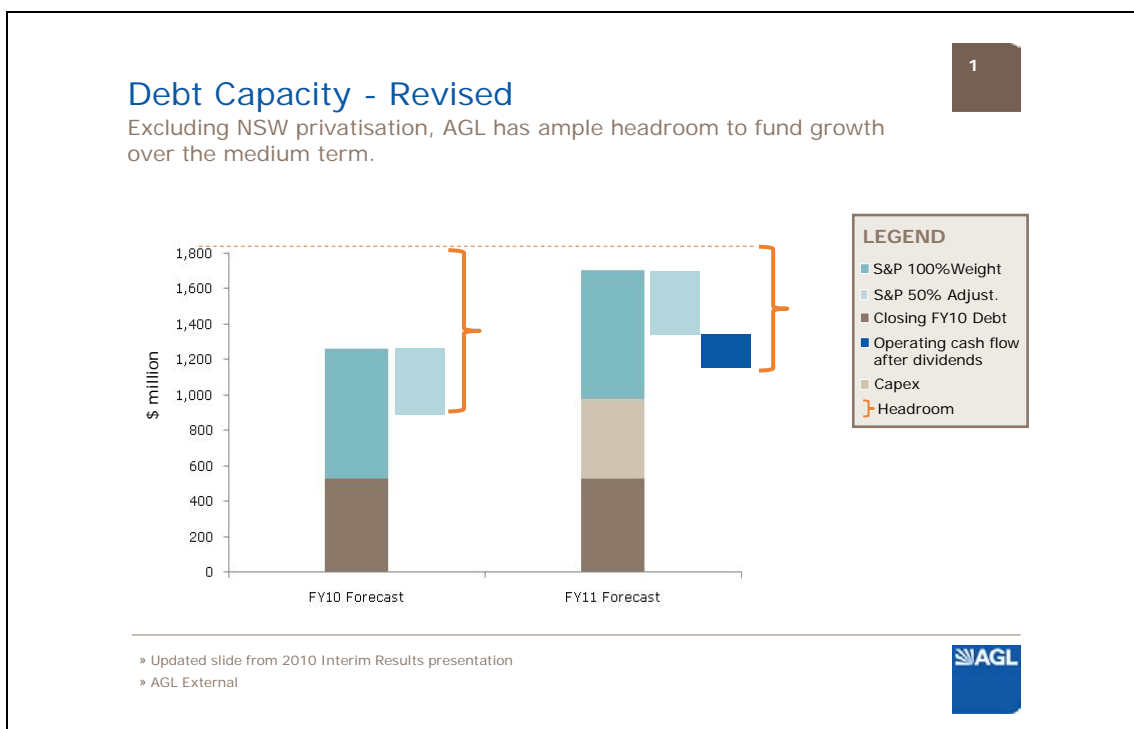
Favourable outcome in S&P's review of AGL's Power Purchase Agreements (PPAs)

4 May 2010

AGL Energy Limited (AGL) advises that the credit rating agency, Standard & Poors (S&P), has today released its annual ratings review and reaffirmed the credit rating of BBB/stable and has reduced the amount required to be capitalised for the payment stream arising under wind farm PPAs from 100% to 50% effective immediately.

Following this announcement, AGL has approximately \$900 million of headroom in its borrowing capacity while maintaining its long-term credit rating of BBB/stable. The impact of this change is shown in the slide below.

As a consequence, AGL will be able to grow its business organically over the medium term without requiring additional equity funding.



Further inquiries:

John Hobson, Head of Investor Relations
Direct: + 61 2 9921 2789
Mobile: + 61 (0) 488 002 460
e-mail: john.hobson@agl.com.au

Nathan Vass, Head of Media
Direct: +61 2 9921 2264
Mobile: +61 (0) 405 040 133
e-mail: nvass@agl.com.au

**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.