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asx statement

21 December 2007

Attached is a statement from Standard & Poor's in relation to AGL's long term credit rating.

A handwritten signature in black ink, appearing to read 'P. McWilliams'.

Paul McWilliams
Company Secretary

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STANDARD & POOR'S

Press Release

AGL Energy 'BBB' Rating Affirmed; Outlook Revised To Negative On Weaker Credit Metrics

Melbourne, Dec. 21, 2007—Standard & Poor's Ratings Services said today that it had affirmed its 'BBB' long-term corporate credit ratings on AGL Energy (AGLE) and AGL's 100%-owned subsidiaries AGL Hydro Partnership and Powerdirect Australia Pty Ltd. At the same time, we revised the outlook on AGL and AGL's subsidiaries to negative, from stable, because of AGL's expected underperformance in the group's credit metrics.

"AGLE's credit metrics are below those acceptable for a 'BBB' credit," Standard & Poor's credit analyst Andrew Palmer said. "However, we expect AGL to implement capital-management strategies in the next six months to return the company's credit metrics to its stated public policy of maintaining funds from operations to interest cover of 5x."

AGLE's credit profile has been weakened by its aggressive growth strategy and downgrade of its profit forecasts. Standard & Poor's expects AGL's management to demonstrate a consistent track record in its growth strategy, capital structure, and recent management changes.

Mr. Palmer added: "Any further deterioration in AGL's earnings outlook, or a delay in the recovery of AGL's credit metrics, will likely result in a rating downgrade."

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 21 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, providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit www.standardandpoors.com.au.

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