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LAWYERS

30 December 2008

By fax | 6 pages

To Company Announcements Office
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Fax 1300 135 638

Gilbert + Tobin2 Park Street
Sydney NSW 2000
AustraliaGPO Box 3810
Sydney NSW 2001T +61 2 9263 4000
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Dear Sir/Madam

Notice of Initial Substantial Holder – Sydney Gas Limited

We act for AGL Energy Limited and attach ASIC Form 604 (Notice of change of interest of substantial holder) issued by AGL in relation to shares in Sydney Gas Limited.

Yours faithfully
Gilbert + Tobin

A handwritten signature in cursive script that reads "Gilbert + Tobin".

This facsimile is solely for the use of the addressee and may contain information which is confidential or privileged. If you receive this facsimile in error, please notify us immediately and we will arrange for its return at our expense. Liability limited by a scheme approved under Professional Standards Legislation.

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International associate

The logo for King & Wood, featuring a stylized graphic of horizontal lines above the Chinese characters "金杜律师事务所" and the English name "KING & WOOD".

金杜律师事务所
KING & WOOD

INTERNATIONAL AND PRC LAWYERS

Form 604Corporations Act 2001
Section 671B**Notice of change of interests of substantial holder**

To Company Name/Scheme Sydney Gas Limited (SGL)
ABN 003 324 310

1. Details of substantial holder (1)

Name AGL Energy Limited (AGL) and its related bodies corporate (as set out in Annexure A) (AGL Group).
ACN/ARSN (if applicable) ACN 115 061 375

There was a change in the interests of the substantial holder on 29 December 2008

The previous notice was given to the company on 29 December 2008

The previous notice was dated 29 December 2008

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares	104,453,229	25.9%	115,916,665	28.8%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
29 December 2008	AGL	Increase in relevant interest of AGL as a result of stock market acquisitions made by AGL on 29 December 2008 pursuant to on-market transactions (as defined in the Corporations Act).	\$0.425 per share	11,463,436 fully paid ordinary shares	11,463,436

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
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AGL	AJ Lucas Group Limited	AGL, subject to terms of AJL Pre-Bid Acceptance Deed	Relevant interest under section 608(1) and 608(8) of the Corporations Act 2001 (Cth) pursuant to the Pre-Bid Acceptance Deed between AGL and AJ Lucas Group Limited ACN 060 309 104 dated 23 December 2008 a copy of which was attached as Annexure B to AGL's Notice of Initial substantial holder dated 24 December 2008 (AJL Deed)	59,570,523 fully paid ordinary shares	59,570,523
AGL	[AGL]	AGL, subject to terms of B&B Deed	Relevant interest under section 608(1) and 608(8) of the Corporations Act 2001 (Cth) pursuant to the Pre-Bid Acceptance Deed between AGL and Babcock & Brown Australia Pty Limited ACN 086 149 555 dated 23 December 2008 a copy of which was attached as Annexure C to AGL's Notice of Initial substantial holder dated 24 December 2008 (B&B Deed).	20,000,000 fully paid ordinary shares	20,000,000
AGL	AGL	AGL	Pursuant to s608(1) of the Corporations Act, a relevant interest in ordinary shares as a result of stock market acquisitions made by AGL pursuant to on-market transactions (as defined in the Corporations Act).	36,346,142 fully paid ordinary shares	36,346,142

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the persons named in paragraph 4 in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
None	None

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
AGL Group	Level 22, 101 Miller Street, North Sydney NSW 2060

Signature

print name **PHILIP BREDEN** capacity Attorney for AGL Energy Limited

sign here



date 30 December 2008

DIRECTIONS

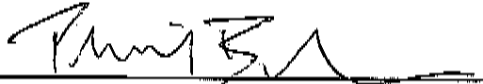
(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.

(2) See the definition of 'associate' in section 9 of the Corporations Act 2001.

- (3) See the definition of 'relevant interest' in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
- (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of 'relevant agreement' in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write 'unknown'.
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

Annexure A

This is Annexure A of 2 pages to the Form 604 Notice of change of interests of substantial holder signed by me and dated 30 December 2008.



Name: PHILIP BREDEN
Attorney for AGL Energy Limited

Date: 30 December 2008

AGL Energy Limited	ABN 74 115 061 375
AGL Limited	N/A (New Zealand)
AGL ACT Retail Investments Pty Limited	ABN 53 093 631 586
AGL Corporate Services Pty Limited	ABN 98 093 015 724
AGL Electricity (VIC) Pty Limited	ABN 62 070 182 099
AGL Energy Limited	N/A (New Zealand)
AGL Energy Sales & Marketing Limited	ABN 18 076 092 067
AGL Energy Services Pty Limited	ABN 57 074 821 720
AGL Energy Services (Queensland) Pty Limited	ABN 80 104 759 471
AGL Gas Developments (Hunter) Pty Limited	ABN 32 073 928 631
AGL Gas Developments (PNG) Pty Limited	ABN 37 001 389 939
AGL Gas Developments (Sydney) Pty Limited	ABN 64 086 013 505
AGL Gas Production (Camden) Pty Limited	ABN 58 115 063 744
AGL Gas Trading Pty. Limited	ABN 70 068 827 038
AGL Gloucester MG NL	ABN 53 075 137 218
AGL Gloucester LE Pty Limited	ABN 96 092 684 010
AGL HP1 Pty Limited	ABN 86 080 429 901
AGL HP2 Pty Limited	ABN 75 080 810 546
AGL HP3 Pty Limited	ABN 22 080 735 815
AGL Hydro Operations Pty Limited	ABN 21 080 797 824
AGL Hydro Partnership	ABN 86 076 691 481
AGL Pipelines Investments Pty Limited	ABN 86 091 258 418
AGL Pipelines Investments (QLD) Pty Limited	ABN 98 091 258 472
AGL Power Generation (NSW) Pty Limited	ABN 11 118 099 451
AGL Power Generation (QLD) Pty Limited	ABN 85 119 438 756
AGL Power Generation (Victoria) Pty Limited	ABN 45 086 586 192
AGL Power Generation (Wind) Pty Limited	ABN 13 120 355 213
AGL Retail Energy Limited	ABN 21 074 839 464
AGL SA Generation Pty Limited	ABN 84 081 074 204
AGL Sales Pty Limited	ABN 88 090 538 337
AGL Sales (Queensland) Pty Limited	ABN 85 121 177 740
AGL Sales (Queensland Electricity) Pty Limited	ABN 66 078 875 902
AGL Share Plan Pty Limited (50%)	ABN 78 080 609 749
AGL (SHL) Pty Limited	ABN 39 116 830 285
AGL South Australia Pty Limited	ABN 49 091 105 092
AGL Southern Hydro Holdings Pty Limited	ABN 78 104 646 424
AGL Southern Hydro Investments Pty Limited	ABN 98 104 071 829
AGL Southern Hydro Pty Limited	ABN 89 088 976 327
AGL Southern Hydro (NSW) Pty Limited	ABN 73 056 452 601
AGL Torrens Island Pty Limited	ABN 67 081 074 197
AGL Torrens Island Holdings Pty Limited	ABN 96 071 611 017
AGL Utility Services Pty Limited	ABN 72 081 834 826
AGL Wholesale Gas Limited	ABN 26 072 948 504
AGL Wholesale Gas (SA) Pty Limited	ABN 13 094 384 291
Australian Energy Ltd	ABN 72 083 183 028
Australian Plains Wind Farm Pty Ltd	ABN 99 116 978 039
Ben Lomond Wind Farm Pty Ltd	ABN 23 105 363 853
Box Hill Wind Farm Pty Limited	ABN 18 110 666 021
Coopers Gap Wind Farm Pty Limited	ACN 126 594 714
Crows Nest Wind Farm Pty Limited	ABN 75 105 363 255
Dollar Wind Farm Pty Limited	ABN 56 107 251 285
Dual Fuel Systems Pty Limited	ABN 58 001 499 314

Energy Infrastructure Management Pty Ltd (50%)	ABN 75 100 946 389
Essential Energy Services Pty Ltd	ABN 58 090 072 889
Geogen Pty Limited	ACN 113 102 686
Geogen Australia Pty Limited	ACN 134 542 082
Geogen Victoria Pty Limited	ACN 121 810 160
H C Extractions Pty Limited	ABN 70 002 945 655
Highfields Wind Farm Pty Limited	ABN 85 109 821 114
Macarthur Wind Farm Pty Ltd	ABN 19 106 134 507
MWF JV Pty Limited (50%)	ACN 129 819 852
Oaklands Hill Wind Farm Pty Limited	ACN 126 595 935
PGI Pty Limited	ABN 52 127 185 826
Powerdirect Pty Limited	ABN 28 067 609 803
Victorian Energy Pty Limited	ABN 97 069 892 379
Worlds End Wind Farm Pty Ltd	ABN 98 100 729 780