

Electronic Announcement

TO:	Name	COMPANY ANNOUNCEMENTS OFFICE	
	Company	THE AUSTRALIAN STOCK EXCHANGE LIMITED	
FROM:		FRANK KRSTIC – COMPANY SECRETARY	
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STOCK EXCHANGE ANNOUNCEMENT

TAKEOVER OFFER BY AGL

The Board of Sydney Gas Ltd (SGL) has unanimously agreed to recommend acceptance of an unsolicited bid by AGL Energy Limited (AGL) for its shares at 42.5 cents a share in the absence of a superior proposal. Each of the Directors of SGL intends to accept the bid for any shares owned or controlled by them, again in the absence of a superior proposal.

Recently, AGL acquired the Gloucester Basin, a significant coal seam gas opportunity in near proximity to similar tenements held by SGL in the Hunter Valley. The SGL Board considers that these are significant opportunities for the long term supply of gas in NSW and, while they have complete confidence in them as prospects, their long term development is best placed in the hands of AGL as AGL has the capacity to meet the significant funding requirements to ensure the tenements are fully developed. In recommending the bid for its shares, the SGL Board believes it has considered the best interests of shareholders and the company's employees.

SGL will prepare and lodge a target statement with ASIC within 7 days of the despatch of the AGL offer and will then send the target statement to all SGL shareholders.

Frank Krstic
Company Secretary