

ASX AND MEDIA RELEASE

RESPONSE TO SYDNEY MORNING HERALD ARTICLE

20 December 2007

We note the recent market speculation concerning potential transactions involving Sydney Gas and A J Lucas.

Sydney Gas announced in early November that it was undertaking a review of operational strategy and other strategic options, with an emphasis on maximising the value of the Company for the benefit of all shareholders.

As part of that review, Sydney Gas is considering proposals from third parties including A J Lucas and can confirm that it is carrying on discussions with that group on a confidential basis.

There is no certainty that any transaction will result from these or any other discussions.

For further information please contact:

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