

8 October 2007

---

**TO:** ASX Limited  
Singapore Exchange Securities Trading Limited

## Letter to Securityholders regarding the Acquisition of Alinta Assets

Please find attached a letter to be sent to SP AusNet securityholders regarding the acquisition of Alinta assets from Singapore Power International.

**Elizabeth Mildwater**  
Company Secretary

---

**For further information contact:**

**Investor Relations**

Adrian Hill  
General Manager, Corporate Development & Investor Relations  
+61 3 9695 6701 or +61 438 533 193

Lucinda Kerr  
Senior Analyst, Investor Relations  
+61 3 9695 6633 or +61 421 387 687

**Media Relations**

Louisa Graham  
Manager, Corporate Communications  
+61 3 9695 6401 or +61 418 358 327

*Page 1*

**SP AusNet**

SP Australia Networks (Distribution) Ltd  
ABN 37 108 788 245

SP Australia Networks (Transmission) Ltd  
ABN 48 116 124 362

SP Australia Networks (Finance) Trust  
ARSN 116 783 914

SP Australia Networks (RE) Ltd  
ABN 46 109 977 371  
AFS Licence No. 294117 as responsible entity  
for SP Australia Networks (Finance) Trust

Level 31  
2 Southbank Boulevard Southbank  
Victoria 3006 Australia

Locked Bag 14051  
Melbourne City Mail Centre  
Victoria 8001 Australia

Tel: +61 3 9695 6000  
Fax: +61 3 9695 6666

[www.sp-ausnet.com.au](http://www.sp-ausnet.com.au)

Dear Securityholder,

### **Acquisition of Alinta Assets**

We are pleased to inform you that SP AusNet has recently agreed with its majority securityholder, Singapore Power International (“SPI”), to acquire the Alinta assets (“the assets”) being purchased by SPI. As you may be aware, on 31 August 2007 a consortium of SPI and Babcock & Brown acquired Alinta Ltd.

The assets to be acquired comprise:

- 100% of Alinta’s regulated energy distribution networks in NSW (gas) and Victoria (electricity);
- 100% of strategically sited gas transmission pipelines underpinned by long term contracts connecting Victoria and NSW and in Queensland;
- Investments in a regulated electricity distribution network in Victoria (34%), regulated electricity and gas networks in the ACT (50% of each) and a telecommunications service provider in the ACT (7.6%); and
- An asset management business based in the eastern states, which services the assets acquired and also provides third party infrastructure services.

SP AusNet will acquire the assets for A\$8,142 million, which is the price paid by SPI<sup>1</sup>, plus transaction costs. The final price will be adjusted to reflect SPI’s holding costs between the time of acquisition by SPI and completion of the sale to SP AusNet. The risks and benefits of the assets from 1 September 2007 will accrue to SP AusNet.

As the assets are being acquired from SP AusNet’s majority securityholder, the acquisition is conditional upon, among other things, SP AusNet securityholder approval. You will therefore have the opportunity to vote on the acquisition at a general meeting. SPI will not be able to vote on the resolution at this meeting.

---

<sup>1</sup> Subject to finalisation adjustments and assumption of liabilities at the time of acquisition by SPI.

---

**SP AusNet**

SP Australia Networks (Distribution) Ltd  
ABN 37 108 788 245

SP Australia Networks (Transmission) Ltd  
ABN 48 116 124 362

SP Australia Networks (Finance) Trust  
ARSN 116 783 914

SP Australia Networks (RE) Ltd  
ABN 46 109 977 371

AFS Licence No. 294117 as responsible entity  
for SP Australia Networks (Finance) Trust

Level 31  
2 Southbank Boulevard Southbank  
Victoria 3006 Australia

Locked Bag 14051  
Melbourne City Mail Centre  
Victoria 8001 Australia

Tel: 61 3 9695 6000

Fax: 61 3 9695 6666

[www.sp-ausnet.com.au](http://www.sp-ausnet.com.au)

### ***Investment highlights***

This is a transformational acquisition positioning SP AusNet as the leading utility business in Australia, with operations in Victoria, NSW, Queensland and the ACT. The acquisition will complement SP AusNet's existing portfolio of high quality energy transmission and distribution assets, substantially increase our scale and presence across the eastern states of Australia and provide access to higher growth assets.

The acquisition is strategically important for SP AusNet, diversifying the portfolio of assets and enabling us to expand our existing asset base into high growth gas transmission assets, as well as moving outside the geographic boundaries of Victoria. SP AusNet will also be able to harness growth by combining the eastern states asset management business with our own asset management capabilities, providing a key strategic platform to continue developing a competitively focussed services business.

This acquisition will ensure that SP AusNet continues to play a key role in Australia's energy infrastructure well into the future. The added scale and synergies we will be able to generate from this acquisition will provide long term benefits to our investors.

The Board understands the importance of providing investors with a stable, sustainable and predictable distribution and has reaffirmed the distribution guidance for 2007/08 of around 2.5% growth.

### ***Delivering long term value***

The proposed acquisition of the assets will deliver on our strategy to invest in high quality energy and utility assets and businesses. The assets certainly meet these criteria and we are very excited about the opportunities this transaction presents SP AusNet and its securityholders.

We have met or exceeded our original prospectus forecasts over the past two financial years and have delivered on our distribution forecasts. The Board unanimously believes this acquisition is a great opportunity to ensure that we continue to deliver long term value for securityholders, whilst positioning SP AusNet as the leading utility business in Australia.

It is intended that the assets will be incorporated into SP AusNet's existing structure and the management services arrangement between SPI and SP AusNet will be extended to cover the assets and businesses to be acquired.

### ***Independent review process***

When SP AusNet was established, Singapore Power intended that SP AusNet would be its investment vehicle for electricity and gas transmission and distribution assets in Australia and New Zealand. Having acquired the assets independently of SP AusNet, SPI subsequently offered them to SP AusNet.

The acquisition decision was made by SP AusNet following advice to the Board from an Independent Directors' Committee ("the Committee"), comprising Mr Ian Renard, as Chair, Mr Tony Iannello and Mr Martyn Myer. The Committee was advised by Pacific Road Corporate Finance and other accounting and legal advisers.

In reaching its recommendation, the Committee carefully considered the options available to SP AusNet and the long term benefits for securityholders. Consideration was given to a number of matters, including:

- The financial information utilised by SPI in forming its decision to acquire the assets from Alinta;
- Market precedents with respect to acquisition multiples and discount rates;
- Future growth profiles of the assets, in particular the pipeline assets;
- The strategic fit and diversification benefits of the acquisition;
- The synergy opportunities to be derived from combining the assets with SP AusNet;
- Recent changes in the regulatory environment;
- Capital structure and operational structure alternatives;
- SPI's intention to maintain its 51% holding in SP AusNet; and
- The ability to deliver long term value for securityholders.

The Committee, supported by analysis from its advisers, unanimously recommended to the Board that a full acquisition of the assets be pursued by SP AusNet on the basis of strategic fit and a fair and reasonable acquisition price. In addition, the acquisition will deliver significant scale benefits and growth opportunities for SP AusNet.

The Committee is of the view the acquisition will add to the long term value of SP AusNet and that view has been endorsed by the full Board.

### ***Securityholder approval and next steps***

SP AusNet is seeking to hold the general meeting of securityholders before the end of this year. The resolution relating to the acquisition must be passed by more than 50% of the votes cast by those securityholders who choose to vote either in person or by proxy at the meeting. SPI will not be able to vote on the resolution.

You are not required to take any action at this time. However, you will receive a notice of general meeting and an explanatory memorandum which will contain all the information relevant to the transaction, including financial forecasts and the expected impact on SP AusNet's yield, gearing and credit rating. An independent expert's report on the transaction will also be provided to securityholders.

The acquisition will be funded by a mixture of debt and equity. It is proposed that this will include a rights issue, therefore, eligible securityholders will have the opportunity to acquire additional securities in the combined business. It is SPI's intention to maintain its 51% holding in SP AusNet.

We will continue to keep you informed as much as possible over the coming months. In the meantime, if you have any questions, you can call the SP AusNet securityholder information line for ASX holders 1300 360 670 (in Australia) or +61 3 9415 4605 (outside of Australia) and for SGX holders in Singapore on 6733 8873.

We thank you again for your continued support of SP AusNet and look forward to the exciting opportunities ahead.

Yours sincerely,



Ng Kee Choe  
Chairman,  
SP AusNet



Ian Renard  
Chairman,  
Independent Directors' Committee

Note: A disclosure document for the offer of securities will be made available when the securities are offered. Anyone who wishes to acquire the securities will need to complete the application form that will be in or will accompany the disclosure document.

This is not an offer of securities in the United States. Securities may not be offered or sold in the United States absent registration or exemption. Any offering of securities in the United States will be made by means of a prospectus that contains detailed information about SP AusNet and management, as well as financial statements.