

Information Memorandum

Dated 22 April 2015

AusNet Services Ltd (ACN 603 317 559) ("**NewCo**")

Information Memorandum

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Information Memorandum

General terms

1 Purpose of Information Memorandum

This Information Memorandum has been prepared by AusNet Services Ltd (ACN 603 317 559) ("**NewCo**") in connection with its application for:

- (a) admission to the official list of the Australian Securities Exchange ("**ASX**"); and
- (b) fully paid ordinary shares in the capital of NewCo ("**NewCo Shares**") to be granted official quotation on the securities exchange operated by ASX.

This document is not a disclosure document lodged with the Australian Securities and Investments Commission ("**ASIC**") under the Corporations Act 2001 (Cth).

This document does not constitute or contain any offer of NewCo Shares for issue or any invitation to apply for the issue of NewCo Shares.

2 Incorporation of Securityholder Booklet

The following parts of the Securityholder Booklet prepared by AusNet Services dated 22 April 2015 2015 in connection with the proposed restructure of AusNet Services ("**Securityholder Booklet**"), are taken to be included in this Information Memorandum:

- Important notices;
- Letter to AusNet Services Securityholders, to the extent it relates to NewCo;
- Section 1 (Description of the Proposal), to the extent it relates to NewCo;
- Section 2 (Description of AusNet Services);
- Section 3 (Financial impact of the Proposal);
- Section 4 (Australian Tax Letter), to the extent it relates to NewCo;
- Section 5 (Singapore Tax Letter), to the extent it relates to NewCo;
- Section 6 (Details about the Proposal and Securityholder approvals), to the extent it relates to NewCo;
- Section 7 (Additional information), to the extent it relates to NewCo;
- Annexure A (Independent Expert's Report), to the extent it relates to NewCo;
- Annexure B (Investigating Accountant's Report), to the extent it relates to NewCo;

- Annexure C (Terms of the AusNet Services Transmission Scheme), to the extent it relates to NewCo;
- Annexure D (Terms of the AusNet Services Distribution Scheme), to the extent it relates to NewCo;
- Annexure E (AusNet Services Trust Constitution Amendments), to the extent it relates to NewCo;
- Glossary; and
- Corporate directory.

A copy of the Securityholder Booklet is attached as Annexure A to this Information Memorandum. Words defined in the Securityholder Booklet have the same meaning where used in this Information Memorandum (unless the context otherwise requires).

3 Governance arrangements

The board of directors of NewCo is the same as the current AusNet Services Board. Whilst NewCo is a new entity, the AusNet Services Directors will continue to retire by rotation on the same schedule that would have applied without the Proposal.

The AusNet Services Directors will be paid directors fees in accordance with their existing terms. Details of AusNet Services' existing remuneration arrangements for its non-executive directors are set out in the Remuneration Report in AusNet Services' 2014 Annual Report, which may be found at the "Company Reports" section at AusNet Services' website.

AusNet Services will also continue to have substantially the same corporate governance arrangements (except that, following the de-registration of AusNet Services Trust as a managed investment scheme, it will no longer require a compliance committee). In particular, at implementation of the Proposal:

- AusNet Services will have an Audit and Risk Committee which, in compliance with the ASX Corporate Governance Council's Corporate Governance Principals and Recommendations (3rd Edition), will be made up of non-executive directors, the majority of which, including the Chairman (not being the Chairman of the Board) will be independent directors;
- its Remuneration Committee will comprise solely of non-executive directors; and
- upon implementation of the Proposal, updated material relating to AusNet Services' corporate governance practices (including an updated Corporate Governance Statement) will be available at the "Corporate Governance" section of AusNet Services' website, www.ausnetservices.com.au.

4 Employment arrangements

AusNet Services expects its remuneration policies and employee arrangements would continue on substantially similar terms following implementation of the Proposal.

The effect of the Proposal on AusNet Services' current employee equity schemes under which awards have been granted at the date of this Information Memorandum is described in section 7.7 of the Securityholder Booklet.

Following implementation of the Proposal, AusNet Services intends to adopt an employee equity scheme with substantially similar terms as AusNet Services' current GEESP. The terms of the NewCo GEESP may differ (if necessary) to reflect recent changes in the regulation of employee equity schemes but it is not anticipated that there will be any material differences as a consequence of the Proposal.

In addition, AusNet Services recently adopted a new equity based long-term incentive plan. The equity based long-term incentive plan has been designed with an aim to align the interests of participating employees with the interests of AusNet Services Securityholders. No equity based performance rights have been granted under this plan as at the date of this Information Memorandum.

No NewCo Director (except for the Managing Director) will be entitled to participate in an employee incentive scheme.

Nino Ficca has held the position of Managing Director since AusNet Services' initial public offering in 2005 and will continue to hold this position following implementation of the Proposal. Mr Ficca's terms of employment will not change as a result of the Proposal.

Details of AusNet Services' existing remuneration arrangements for its Managing Director and current employee equity schemes are set out in the Remuneration Report in AusNet Services' 2014 Annual Report, which may be found at the "Company Reports" section at AusNet Services' website.

5 ASX listing

The NewCo directors believe that this Information Memorandum contains all the information which would have been required under section 710 of the Corporations Act 2001 (Cth) if the Information Memorandum were a prospectus in respect of an offering of the same number of NewCo Shares as will be issued pursuant to the Proposal and for which quotation on ASX will be sought.

Application will be made to ASX on or about the date of this Information Memorandum for NewCo to be admitted to the official list of ASX and for NewCo Shares to be granted official quotation on the securities exchange operated by ASX.

Neither ASIC nor ASX accepts responsibility for any statement in this Information Memorandum. The fact that ASX may admit NewCo to the official list of ASX is not to be taken in any way as an indication of the merits of NewCo.

6 Additional information

6.1 Capital raisings

NewCo has not raised any capital for the three months before the date of this Information Memorandum and, other than the issue of shares under a dividend reinvestment plan, will not need to raise any capital for three months after the date of this Information Memorandum.

6.2 Capital structure

The proposed capital structure of NewCo is as follows:

(a)	the number and class of each equity security and each debt security currently on issue	2 fully paid, ordinary shares
(b)	the number and class of each equity security and each debt security proposed to be issued between the date of this Information Memorandum and the date NewCo is admitted to the official list of ASX	3,466,913,009 fully paid, ordinary shares
(c)	the resulting total number of each class of equity security and debt security proposed to be on issue at the date NewCo is admitted to the official list	3,466,913,009 fully paid, ordinary shares (following cancellation of the 2 ordinary shares held by a wholly owned subsidiary of AusNet Services referred to at (a))
(d)	the number and class of each equity security proposed to be issued following admission in accordance with material contracts or agreements	Nil

6.3 Issue price

The issue price of all NewCo Shares for which NewCo seeks quotation is at least 20 cents.

6.4 Working capital

Each director and proposed director of NewCo believes that NewCo has enough working capital to carry out its stated objectives.

7 Disclosure of interests

7.1 Directors

Other than as set out in the Securityholder Booklet, no director or proposed director of NewCo or an entity in which any such director or proposed director is a member or partner has at the date of this Information Memorandum, or within two years before the date of this Information Memorandum had, any interests in the promotion of NewCo, or in any property acquired or proposed to be acquired by NewCo, and no amounts, whether in cash or securities or otherwise, have been paid or agreed to be paid by any person to any director or proposed director or to any entity in which a director or proposed director is a member or partner, either to induce them to become, or to qualify them as, a director, or otherwise for services rendered by them or by the entity in connection with the promotion or formation of NewCo.

7.2 Experts

Other than as set out in the Securityholder Booklet, no expert named in the Securityholder Booklet or entity in which any such expert is a member or partner has any interest in the promotion of NewCo, or in any property acquired or

proposed to be acquired by NewCo, and no amounts, whether in cash or securities or otherwise, have been paid or agreed to be paid by any person to any such expert, or to any entity in which any such expert is a member or partner, for services rendered by him or her or the entity in connection with the promotion or formation of NewCo.

8 Consents

Each of the parties named in this section as consenting parties:

- has given and has not, before the date of this Information Memorandum, withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named;
- has given and has not, before the date of this Information Memorandum, withdrawn its written consent to the inclusion of its respective statements and reports (where applicable) noted next to its name below, and the references to those statements and reports in the form and context in which they are included in this Information Memorandum;
- does not make, or purport to make, any statement in this Information Memorandum or any statement on which a statement in this Information Memorandum is based other than those statements referred to below in respect of that person's name (and as consented to by that person);
- has not caused or authorised the issue of this Information Memorandum; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Information Memorandum.

Role	Consenting parties	Relevant statement or report
Australian legal adviser to AusNet Services in connection with the Proposal	King & Wood Mallesons	N/A
Independent Expert	Lonergan Edwards & Associates Limited	Independent Expert's Report
Investigating Accountant	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd	Investigating Accountant's Report
Taxation advisers to AusNet Services in connection with the Proposal	Deloitte Lawyers Pty Ltd Deloitte & Touche LLP	Australian Taxation Letter Singapore Taxation Letter

9 Supplementary Information Memorandum

NewCo will issue a supplementary information memorandum ("**Supplementary Information Memorandum**") if it becomes aware of any of the following between

the date of this Information Memorandum and the date on which NewCo Shares are quoted:

- a material statement in this Information Memorandum is misleading or deceptive;
- there is a material omission from this Information Memorandum;
- there has been a significant change affecting a matter included in this Information Memorandum; or
- a significant new circumstance has arisen and it would have been required to be included in this Information Memorandum if it had arisen prior to the date of this Information Memorandum.

10 Authorisation

Signed by each director and proposed director of NewCo or a person authorised by them in writing to sign this Information Memorandum on their behalf:

DATED: 22 APRIL 2015



Nino Ficca

For himself and on behalf of each of the other directors of NewCo whose names are set out below under a written authority from each of those directors.

Ng Kee Choe

Ho Tian Yee

Sun Jianxing

Ralph Craven

Sally Farrier

Tony Iannello

Tina McMeckan

Ian Renard

Information Memorandum

Annexure A - Securityholder Booklet