

17 July 2007

TO: Australian Stock Exchange Limited
Singapore Exchange Securities Trading Limited

Chairman's Address and Managing Director's Address

Please find attached the Chairman's Address and Managing Director's Address to be given at today's Annual General Meetings and Meeting of Unitholders.

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Company Secretary

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SP AusNet

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

SP Australia Networks (Finance) Trust
ARSN 116 783 914

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SP AusNet Chairman's Address

Over the past year, SP AusNet has had many successful achievements and I'd like to start off by providing you with a broad overview of these.

I will then hand to the Managing Director, Nino Ficca to provide you with a more detailed account of SP AusNet's operations.

Following Nino's presentation, we will commence the formal business of the meeting.

Since trading commenced on 14 December 2005, SP AusNet has been continually seeking ways to create value for securityholders, underpinned by the generation of high quality and sustainable earnings.

I am glad to report that SP AusNet's financial position remains strong with a Standard and Poor's credit rating of 'A'. In addition, Moody's Investors Service has assigned an A1 Corporate Family Rating to SP AusNet.

SP AusNet is included in the S&P/ASX 200 index – a firm indicator of our liquidity and scale.

We lodged our full year results with the Australian and Singapore Stock Exchanges on 24 May this year with the headline "Delivering on Prospectus" and I am happy to report to you that we have met or exceeded all of our prospectus targets.

We achieved revenue of \$1,019.5 million for the year and our net profit after tax (NPAT) for the year, excluding discontinued operations, was \$161.2 million, exceeding prospectus forecasts by 3.2%.

You will be pleased to note that the Directors declared a second half distribution of 5.635 cents. This, combined with the first half distribution of 5.635 cents, brings the total distribution for 2006/07 to 11.27 cents per security as forecast in the prospectus.

Based on the closing security price of \$1.43 as at 13 July 2007, this represents a yield of 7.9% for Australian and Singapore investors. The distribution is also 64% tax deferred for Australian investors for the financial year 2006/07.

Achieving these positive results was due to the commitment of the Board and management to delivering sustainable and stable income from our regulated assets; as well as continued focus on growing our transmission and distribution businesses.

SP AusNet recognises its critical role in the Victorian Energy Market, and continues to be steadfast in discharging this role, faithfully and professionally.

Over the past year, we have made significant investment in our networks, increasing our Regulated Asset Base by 7.2%. Not only does this investment ensure the performance of our networks, it also ensures that the business will continue to deliver sustainable earnings going forward.

During the year, SP AusNet connected over 22,500 new customers across our electricity and gas distribution networks.

As you can see, SP AusNet is diligently exploring multiple avenues to deliver more value to our securityholders.

You may be aware that Singapore Power through its subsidiary, Singapore Power International in partnership with Babcock & Brown, is the preferred bidder for the Alinta assets. If the transaction is approved by the Alinta shareholders, SPI intends to offer SP AusNet the opportunity to acquire transmission and distribution assets from the Alinta portfolio. The assets to be acquired and associated management arrangements and other details are still under consideration and discussion.

As part of this process, an Independent Directors Committee has been established to assess the opportunity for SP AusNet. The Independent Directors Committee comprises Mr Ian Renard, as Chairman, and Mr Tony Iannello and Mr Martyn Myer.

The Independent Directors Committee has appointed Pacific Road to assist in the review, and it is important to note that Pacific Road are being paid for their services only and are not entitled to a

success fee should SP AusNet acquire any of the assets. This arrangement further reinforces the independence of the review process.

The upcoming Alinta shareholder vote is a key milestone in the review process. If that vote is successful, and subsequent court approval is granted for the acquisition of Alinta Ltd by Singapore Power and Babcock & Brown, it is anticipated Singapore Power will subsequently make an offer to SP AusNet as mentioned earlier.

The Independent Directors Committee will then review the offer made by Singapore Power and provide a recommendation to the full Board of SP AusNet.

If the SP AusNet Board decide to pursue the offer, it is anticipated that SP AusNet securityholders will be required to vote on the acquisition. The timing for such a vote will be advised to all securityholders along with the appropriate details regarding the offer and the Board's recommendation.

You are not required to take any action at this time and we will continue to keep you informed of progress as the review continues.

I will now hand over to Nino Ficca, Managing Director, to provide an insight into SP AusNet's operations.

SP AusNet Managing Director's Address

Thank you Chairman.

On behalf of SP AusNet and our 1,300 employees, I'd like to welcome you to our second Annual General Meeting.

The past year has been a very eventful, successful and rewarding year for SP AusNet and it marks our first full year as a listed entity.

Our focus over the past year has been on delivering steady growth, strong network investment and continuing to provide a solid, reliable, long term investment for all our securityholders.

And our focus has paid off.

SP AusNet has demonstrated it can deliver strong profits and predictable cash flows supported by a high degree of revenue certainty – delivering value for securityholders.

I am happy to report that we met or exceeded all of our prospectus forecasts. We delivered revenues that were 2.2% higher than prospectus forecast and exceeded the prospectus forecast for NPAT from continuing operations by 3.2%.

The significant organic growth opportunities we pursued this year, including network extensions, increased connections and unregulated revenue opportunities reinforce our commitment to growing the business and creating securityholder value.

I'm very pleased to report that SP AusNet has delivered both capital and income growth during the 2006/07 financial year. We delivered a total securityholder return of 17.9% for the year including a distribution of 11.27 cents per security.

The business has achieved a number of substantial milestones over the past year and I would like to highlight some of these today:

During the year we connected over 22,500 new customers to our networks and successfully defended our assets from damage during the December / January bushfires in Victoria.

We continued to focus on developing our people and becoming an “Employer of Choice” evidenced by our award for “Employer of Choice for Women”, an improved lost time injury frequency rate and a one-off issue of \$1,000 worth of SP AusNet securities to staff to thank them for all their hard work in the lead up to our ASX & SGX listing.

We continued our work with the community through our commitment to the environment and engaging with key stakeholders.

And, as mentioned previously, we delivered value to our securityholders in the form of both capital growth and distributions.

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Let me now walk you through each of our key business operations and the contribution these have made to SP AusNet’s performance over the past year.

There are three things that drive investment in our energy networks: Increasing use of our networks, continuing growth in new customer connections; and our commitment to strengthening the networks for the long term.

The **Electricity Transmission Network** is a key piece of energy infrastructure that has experienced significant growth to meet communities’ energy needs and to cater for Victoria’s future electricity demands.

Located amongst the five eastern states of Australia that form the National Electricity Market, SP AusNet’s transmission network is integral to the national energy grid as it links the electricity transmission networks of South Australia, New South Wales and Tasmania.

Over the past financial year, the transmission network contributed \$420.8 million in total revenues to SP AusNet and experienced an increase in electricity transmitted of 3.2%.

Major works on the transmission network over the past year are part of our long-term asset management strategy and include the installation of transformers – boosting network capacity – at Rowville and Moorabool; as well as rebuilding terminal stations across the Northern and Western parts of Victoria to reinforce a “western loop”- ensuring future capacity for regional and rural communities in those strong growth areas.

We also invested in the replacement of ageing assets within metropolitan Melbourne including Brunswick and Malvern to upgrade and improve capacity of supply and service delivery.

Over summer, the business endured a hazardous period where bushfires threatened our electricity distribution and transmission lines and burnt out some 1.2 million hectares.

The underlying performance of the transmission network overall is at world class levels and our careful planning and management of this important asset ensures that we mitigate and minimise the impact of significant local incidents, such as the January fires.

Over the past year we have certainly seen strong growth, in both connections to and expansion of the **Electricity Distribution Network**.

Covering the eastern half of Victoria including Melbourne’s eastern metropolitan area, SP AusNet’s electricity distribution network services nearly 590,000 customers and spans an area of over 43,000 kms.

Over the past financial year, the distribution network contributed \$433.5 million in total revenues to SP AusNet and saw over 9,000 additional customers connected to the network.

This significant growth in the electricity distribution network was driven by two main factors: increased volume demand along with growth in new customer connections.

We saw a greater than expected number of large residential subdivisions in the northern and south eastern growth corridors in this past year as well as substantial housing development in East Gippsland. This allowed for SP AusNet’s asset expansion into these new growth areas.

Contributing to the 3.6% growth in volumes in the last financial year was the increasing penetration of air conditioners in the residential market.

We are continuing our major works to upgrade and replace ageing infrastructure including upgrades of zone substations in Melbourne's outer east and the commencement of a \$75 million program to increase capacity and reliability in Victoria's northern corridor.

This past year, our electricity distribution network faced some tough challenges.

The December / January fires, as mentioned previously, saw us responding to this emergency for over 60 days. Our teams worked tirelessly during this time to protect our assets from damage. Only 42 distribution poles were lost in the fires — this incredibly low number was a testament to the hard work and effort of our crews' diligent bushfire mitigation works undertaken throughout the previous year, ensuring that any financial implications of the damage to assets was kept to a minimum.

The recent floods and storms experienced in the Gippsland area have also affected our electricity distribution network. Severe weather conditions are faced by our teams from time to time, and it is their experience and commitment to restoring supply under harsh conditions which ensures reliability impacts are minimised. We would like to express our appreciation to all employees who have assisted during these two extreme events.

Reliability of the network continues to be a strong focus for us. Through innovation and investment, we are making many improvements to our reliability in order to minimise interruptions to supply in the future.

As part of this commitment, we have developed smarter and more efficient engineering strategies, including a company wide reliability program designed to engage all employees to focus on improving these outcomes.

SP AusNet's **Gas Distribution Network** has continued to expand throughout western Victoria over the past year.

Covering outer western metropolitan Melbourne and Victoria's west, the gas distribution network comprises more than 9,000 kms of gas mains reticulation.

Over the past year more than 13,000 new customer connections were made to our gas distribution network, an increase of 2.6% on the previous year.

The gas business contributed \$175 million in total revenues for the year. This positive result was derived from two main factors: the cooler autumn and winter conditions increasing gas volumes and the consistent demand for natural gas in Victoria's outer western metropolitan area. Total gas delivered through the network was 71.7 PJ, an increase of 8.1% compared with the 2005/06 year.

During the year, we continued to deliver on our \$60 million Natural Gas Extension Program, connecting another five regional towns to natural gas. This is a major program for SP AusNet and involves coordination and support from many key stakeholders including local and state governments as well as contractors and the local communities in the delivery of natural gas to towns which would otherwise not be able to access this vital resource.

As a result, the residents and businesses of Gisborne, New Gisborne, Port Fairy Macedon and Woodend can now all enjoy the benefits of this economical, efficient, safe and environmentally friendly form of energy.

As part of our commitment to improve service delivery, we continued our extensive gas mains renewal program, involving the replacement of our old metal low-pressure pipe network with polyethylene-based pipes.

This activity not only improves supply capacity, but also makes the gas distribution network safer and more reliable.

Growing the business is a key focus for SP AusNet – through organic growth, business extension growth and acquisition growth.

We invested a total of \$406 million of capital into our networks, funding large asset replacement works as well as catering for growing demand and customer initiated works.

We have also significantly grown our regulated asset base by 7% on the previous year - a real example of the high level of organic growth in our business.

This organic growth provides SP AusNet with a high degree of revenue certainty and delivers predictable cash flows as growth in our regulated asset base leads to growth in revenue.

In addition to the strong organic growth profile of the business, SP AusNet is also focussing on unregulated revenue opportunities which have shown encouraging signs of growth over the course of the past year.

These areas of the business fall outside our regulated transmission and distribution networks.

Data and Measurement Solutions (or DMS) is a wholly-owned subsidiary of SP AusNet and one of the top three metering and data managers in Australia. This year, DMS successfully secured a significant contract to supply metering services to City West Water increasing DMS's market share of meter reading in the Victorian water industry to 20%. A fantastic achievement indeed.

Another way that SP AusNet derives value from its unregulated businesses is through our **telecommunications** services and antenna site leasing. During this past year we extended our leasing arrangements, which previously just included transmission, to include the distribution assets for similar purposes. This expansion into the distribution area has offered more opportunities for leasing space and therefore increasing value to the business.

Our **technical services group** markets its condition monitoring, chemical testing, protection and meter testing services to customers throughout Australia and abroad. This past year they bid for and were awarded a 3 year contract to provide testing services for transformer oils ahead of other Australian service providers.

SP AusNet is also participating in the Victorian Government's program to rollout advanced meters to all electricity customers across Victoria. This program will see SP AusNet commit approximately \$300 million in capital over the next 5 years and may provide opportunities for additional unregulated revenues in the future.

In addition to organic growth and business extension growth, SP AusNet is dedicated to evaluating future opportunities for investment and acquisition in Australia and New Zealand.

During the year we evaluated several acquisition opportunities in Australia. SP AusNet is a disciplined investor and our commitment to maintaining a sustainable, long-term business for securityholders will always shape our decisions.

As mentioned by the Chairman, SP AusNet will be given the opportunity to assess Alinta assets to be acquired by Singapore Power, should they be successful in their bid. We look forward to the opportunity this may provide SP AusNet and we will continue to keep securityholders and the market informed as the independent review process progresses.

As a diversified business, one of the most important and constant factors that contributes to the success that we have delivered, is our **people**.

SP AusNet is committed to **safety** and I am proud to state that our safety performance is better than the current national average, an improvement on last year's very good result and something we aim to continually improve.

Our employees share a commitment to achieving an accident-free workplace and have set up a Health, Safety and Environment (HS&E) Strategy Committee, Workplace Committees and local Employee Consultative Groups to work towards achieving this goal.

This year we were also awarded the title **Employer of Choice for Women** by the Equal Opportunity for Women in the Workforce Agency. Our robust employee policies, flexible parental and carer's leave as well as productive and altruistic culture programs assisted us to gain this important and significant status – of which we are proud.

Our commitment to **skilling for the future** is an area in which we have made much progress over the past year. And it's great to be able to state that our business currently has 96 apprentices and trainees as part of our succession planning.

We also sponsor and support secondary school education programs to raise the level of interest among school leavers about careers in the energy industry and this year have seen two new locations take on these programs.

One of the key benefits of owning and operating a regulated business, is the certainty and predictability of its cashflows.

As a highly regulated business SP AusNet has over 87% of its revenues regulated, providing certainty and assurance of a steady and reliable investment for securityholders.

We remain committed to delivering stable, sustainable and predictable distributions to securityholders and expect to achieve growth on last year's distribution of around two and a half per cent in the coming year.

This year, we are focussed on achieving satisfactory outcomes from the regulatory determinations that were submitted in February and March 2007 for our Electricity Transmission and Gas Distribution Networks.

The proposals were carefully developed to ensure continuing high levels of asset performance and reliability for customers while providing efficient services and an appropriate return on our investment.

We are also negotiating a 6 year reset period for our transmission network to further diversify our regulatory reset periods.

Over the course of 2007 we will work with the regulators to achieve the best outcome for our securityholders and we will continue to keep the market informed as the reviews proceed.

I would like to conclude by saying that I am proud of the progress that SP AusNet has made over the past year and I believe there are many exciting opportunities for us in the future as we continue to demonstrate our ability to operate and grow a stable and reliable business for the long term.

I will now hand back to the Chairman to commence the formal business of the meeting.