

4 August 2010

TO: ASX Limited
Singapore Exchange Securities Trading Limited

Victorian Bushfires Litigation - Update

As stated in SP AusNet's 2010 Annual Report, SP AusNet is the defendant in legal proceedings before the Supreme Court of Victoria concerning the 7 February 2009 Black Saturday bushfire known as the Beechworth fire.

In its Final Report issued on Saturday, the Royal Commission concluded that the Beechworth fire commenced when a tree fell onto powerlines owned by SP AusNet. The Royal Commission noted that the tree probably stood in the Beechworth Historic Park before it fell, which is land managed by Parks Victoria, on behalf of the Department of Sustainability and Environment. The Final Report also noted that SP AusNet was responsible for maintaining the regulated clearance space around the powerline. The tree that fell was outside this regulated clearance space.

In accordance with a timetable ordered by the Victorian Supreme Court, SP AusNet today filed its Defence and Counterclaim in these proceedings.

The Defence denies that SP AusNet was negligent. SP AusNet alleges that its conduct was at all times reasonable, in compliance with technical regulations and reasonable in light of economic regulations applicable to SP AusNet.

SP AusNet also counterclaims against three parties: the Department of Sustainability and Environment, Parks Victoria and a contracted inspector of vegetation. The purpose of the counterclaim is to join other parties where they may be relevant to the Court's consideration of the causes and consequences of the Beechworth fire.

If SP AusNet's defence of the claim is successful, the counterclaim will become irrelevant and will not be pursued. These matters are complex and are issues for the Court to determine.

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