

30 September 2008

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## SP AusNet secures long-term operational agreements and a reduction in management performance fees

SP AusNet is pleased to announce it has reached agreement with the Singapore Power Group ("SP Group") on a number of operational arrangements which will deliver value for SP AusNet. The arrangements strengthen SP AusNet's operational model, enhance SP AusNet's focus on growing niche asset services and provide an immediate benefit to securityholders through reduced management performance fees.

SP AusNet will provide end-to-end network metering services, technical services and vegetation management services to the electricity and gas networks owned and managed by Jemena (formerly a part of the Alinta group and now a member of the SP Group). SP AusNet will also assume responsibility to deliver contestable metering services to Jemena's existing customers. It is expected that these services will contribute additional annual revenue of around \$75m - \$85m to SP AusNet.

To ensure continued capital investment and deliver network growth, Jemena has been appointed to SP AusNet's preferred supplier panel, securing resources for the delivery of around \$35m - \$40m of SP AusNet's capital portfolio each year. Each of these arrangements is for an initial five year term and is on arms length terms.

SP AusNet Managing Director, Mr Nino Ficca said, "This is great news for SP AusNet and securityholders. We have proven skills in the delivery of metering services and the opportunity to expand and commercialise niche asset services delivers on our growth strategy. We are also very pleased to have secured skilled resources in a constrained market to assist us in delivering our significant \$2.7bn capital program over the next five years."

Agreement has also been reached with a wholly owned subsidiary of SPI Management Services Pty Ltd ("SPIMS"), SP AusNet's management company, for it to be the exclusive provider to SP AusNet and Jemena of Information Technology ("IT") services. The services, which include applications management and infrastructure and services delivery, reflect agreed allocation of costs with no profit margin accruing to SPIMS' subsidiary. The agreement is for an initial term of seven years and may be terminated early by SP AusNet in certain circumstances, including on twelve months notice, or by either party on 6 months notice for change of control of SP AusNet. SP AusNet will retain its core asset owner functions of IT strategy and policy, information security and real time systems. The shared IT services arrangement will provide SP AusNet with best practice IT solutions and access to a wider pool of skilled IT resources.

In recognition of the additional scope of works to be provided by its subsidiary to SP AusNet and the opportunity for Jemena to participate in some of the synergy benefits, SPIMS has agreed to reduce the performance fees payable under the Management Services Agreement ("MSA"). The reductions, effective 1 October 2008 and for the duration of the IT service agreement, involve the waiving of the base incentive fee, being 0.1% of market capitalisation, and the reduction of the performance fee cap from 0.75% to 0.50% of market capitalisation.

"The fee reduction represents an immediate benefit for SP AusNet securityholders and we are very pleased with this outcome. In addition to the revised performance fees, Singapore Power's returns, as for all investors, will continue to come from SP AusNet delivering sustainable distributions," Mr Ficca said.

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The implementation of these agreements will commence shortly and will involve some movement of staff and assets. Transition is expected to take approximately 6 months to complete. It is not expected that these agreements or the related implementation costs will have a material impact on 2008/09 earnings guidance.

Each of the related party agreements has been subject to governance oversight by a Board Sub Committee comprising a majority of Independent Directors and chaired by Mr Tony Iannello. The agreements are on arms length terms and deliver the best outcome for securityholders and customers.

## Upcoming Key Dates - 2008/09 Half Year Results & Interim Distribution\*

<b>Thu 20 Nov 2008</b>	ASX & SGX-ST release of 2008/09 Half Year Results and Interim Distribution Lodgement of Appendix 4D
<b>Wed 26 Nov 2008</b>	ASX ex date for Interim Distribution
<b>Fri 28 Nov 2008</b>	SGX ex date for Interim Distribution
<b>Tue 2 Dec 2008</b>	Record date for Interim Distribution
<b>Thu 18 Dec 2008</b>	Payment of Interim Distribution

\* Dates may be subject to change.

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