

18 May 2012

TO: ASX Limited
Singapore Exchange Securities Trading Limited

SP AusNet Retail Entitlement Offer Letter to Ineligible Retail Securityholders

Attached is a letter to Ineligible Retail Securityholders in connection with SP AusNet's Retail Entitlement Offer, which will be mailed to Ineligible Retail Securityholders on 23 May 2012.

Susan Taylor
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

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

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

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23 May 2012

Dear Securityholder

SP AusNet Entitlement Offer – Notification to ineligible retail securityholders

As announced on Wednesday, 16 May 2012, SP AusNet Group (“**SP AusNet**”) is undertaking a 3 for 20 pro rata accelerated non-renounceable entitlement offer of ordinary securities to raise up to approximately A\$434 million (the “**Entitlement Offer**”). SP AusNet comprises SP Australia Networks (Transmission) Ltd (ABN 48 116 124 362), SP Australia Networks (Distribution) Ltd (ABN 37 108 788 245) and SP Australia Networks (Finance) Trust (ARSN 116 783 914), the responsible entity of which is SP Australia Networks (RE) Ltd (ABN 46 109 977 371).

The Entitlement Offer comprises an offer to institutional securityholders (“**Institutional Entitlement Offer**”) and an offer to retail securityholders (“**Retail Entitlement Offer**”). Under the Retail Entitlement Offer, existing SP AusNet retail securityholders who are eligible to participate will be offered 3 new fully paid ordinary stapled securities in SP AusNet (each a “**New Stapled Security**”) for every 20 existing ordinary stapled securities in SP AusNet (“**Stapled Securities**”) held on Monday, 21 May 2012 at:

- (a) 7:00pm (AEST) in respect of retail security holders who are eligible to participate in the Retail Entitlement Offer in Australia and New Zealand;
- (b) 5:00pm (Singapore Standard time) in respect of retail security holders who are eligible to participate in the Retail Entitlement Offer in Singapore,

at A\$1.00 per New Stapled Security (“**Offer Price**”) for eligible retail security holders in Australia and New Zealand and at S\$1.25 for eligible retail securityholders in Singapore, together with an ability to apply for additional New Stapled Securities at the Offer Price.

Retail Entitlement Offer

Securityholders who are eligible to participate in the Retail Entitlement Offer are securityholders who:

- (a) if in Australia or New Zealand:
 - (i) are registered as a holder of Stapled Securities as at 7.00pm (AEST) on 21 May 2012; and
 - (ii) have registered addresses in Australia or New Zealand;
- (b) if in Singapore:
 - (i) are registered as a holder of Stapled Securities as at 5.00pm (Singapore Standard time) on 21 May 2012; and
 - (ii) have mailing addresses registered with The Central Depository (Pte) Limited (“**CDP**”) in Singapore as at 5.00pm (Singapore Standard time) on the Record Date, or who have, at least three (3) Market Days prior to the Record Date, provided

CDP with mailing addresses in Singapore for the service of notices and documents;

- (c) are not in the United States and are not a “US Person” (as defined under Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”)) (“**US Person**”) and are not acting for the account or benefit of a US Person;
- (d) are not an Institutional Securityholder (as defined below) or Ineligible Retail Securityholder (as defined below) and have not participated under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

(“**Eligible Retail Securityholders**”).

As you do not satisfy the eligibility criteria for Eligible Retail Securityholders, SP AusNet is unfortunately unable to extend to you the opportunity to participate in the Retail Entitlement Offer.

This notice is to inform you that you are not eligible to apply for New Stapled Securities and you will not be sent a copy of the offering materials relating to the Retail Entitlement Offer. This letter is not an offer to issue New Stapled Securities to you, nor an invitation for you to apply for New Stapled Securities. You are not required to do anything in response to this letter.

The restrictions upon eligibility are because of legal limitations in some countries, the relatively small number of securityholders there, the small number of securities they hold and the potential cost of complying with regulatory requirements in those countries. SP AusNet has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to securityholders in all countries in connection with the Retail Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), SP AusNet wishes to advise you that it will not be extending the Retail Entitlement Offer to you.

As the Retail Entitlement Offer is non-renounceable, you will not receive any value for entitlements in respect of any New Stapled Securities that would have been offered to you if you were eligible to participate in the Retail Entitlement Offer. The Retail Entitlement Offer is fully underwritten.

If you have any questions in relation to any of the above matters and this letter, please contact the SP AusNet Offer Information Line on 1800 240 836 (from within Australia) or +61 3 9415 4142 (from outside Australia) from 8.30am to 5.00pm (Australian Eastern Standard Time) Monday to Friday.

Defined terms used in this letter

Institutional Securityholder means an Institutional Investor who held Stapled Securities on the Record Date and (1) participated in the Institutional Entitlement Offer; or (2) is located outside the jurisdictions to which the Institutional Entitlement Offer was extended.

Ineligible Retail Securityholder means any person who is not an Eligible Institutional Securityholder or an Eligible Retail Securityholder.

For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

On behalf of the Directors, I thank you for your continued support of SP AusNet.

Yours faithfully

A handwritten signature in cursive script that reads "Susan Taylor".

Susan Taylor
Company Secretary

This notice does not constitute an offer to sell securities in the United States. Neither the entitlements nor the New Stapled Securities have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act), except pursuant to a transaction exempt from, or not subject to, the registration requirements of the Securities Act, and applicable U.S. state securities laws.

Note: The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs.