

11 Jul 07

TO: Australian Stock Exchange Limited
Singapore Exchange Securities Trading Limited

Common Funding Vehicle

SP AusNet wishes to announce that it has simplified its current funding arrangements by utilising a subsidiary, SPI Electricity & Gas Australia Holdings Pty Ltd (**SPIEG**), as its 'common' or 'central' funding vehicle (**CFV**). This process has been undertaken for administrative efficiency and to improve future borrowing programs of both the transmission and distribution businesses.

The majority of SP AusNet's borrowings, which were previously held in separate entities on the distribution and transmission sides of the business, will now be consolidated into the CFV.

A diagram of the former borrowing structure can be found in Attachment A and the new simplified borrowing arrangements are illustrated in Attachment B.

The key aspects of this new arrangement are:

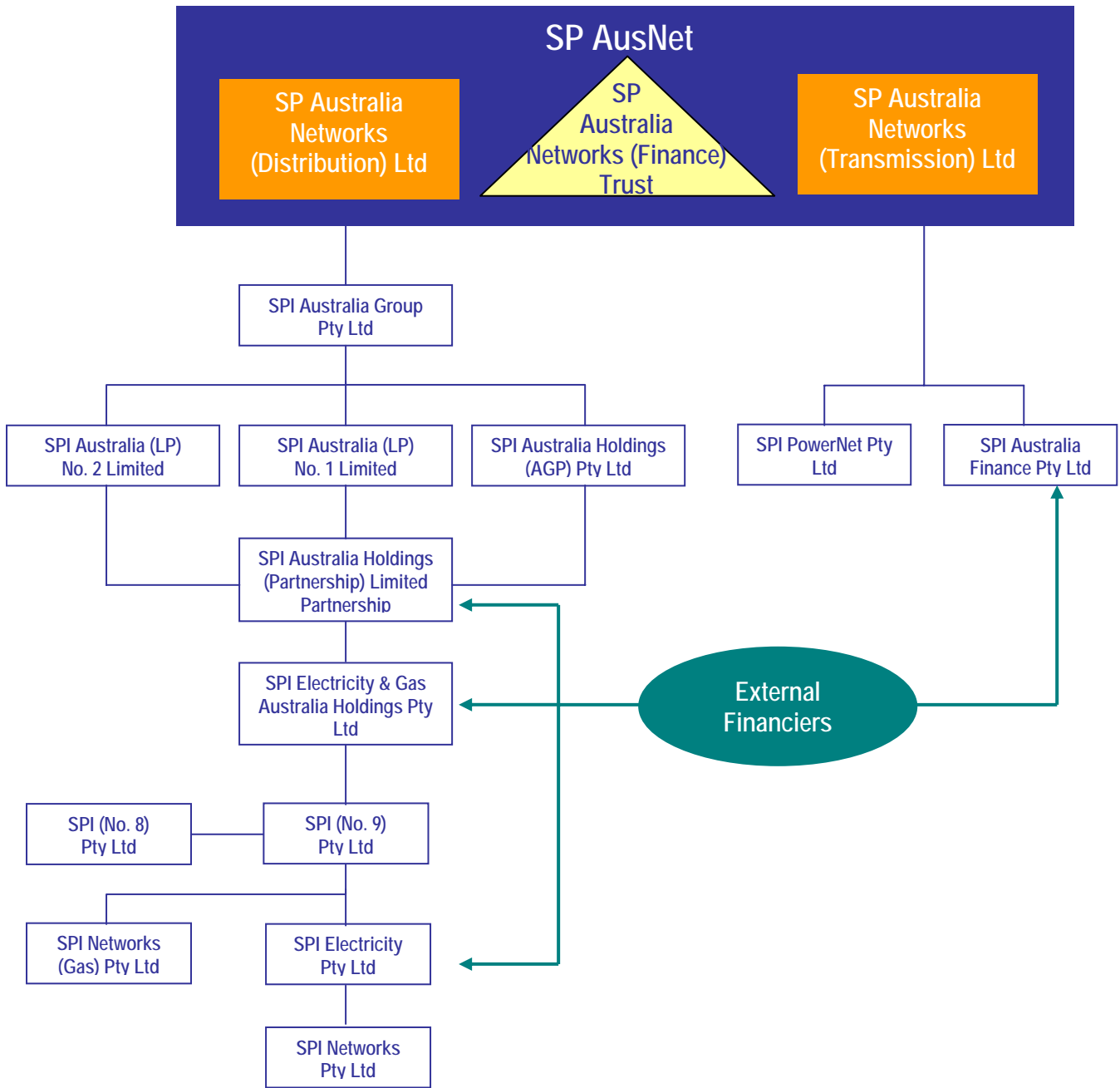
- (a) Centralisation of the majority of current and future borrowings for SP AusNet via the CFV, supported by the guarantees from the material subsidiaries of the Group; and
- (b) It allows all SP AusNet's lenders (both existing and future) to access the assets of the Group as a whole, rather than either the distribution or transmission business separately.

The CFV will simplify the existing borrowing arrangements, reduce administration costs and improve the efficiency of managing SP AusNet's borrowing arrangements into the future.

Elizabeth Mildwater
Company Secretary

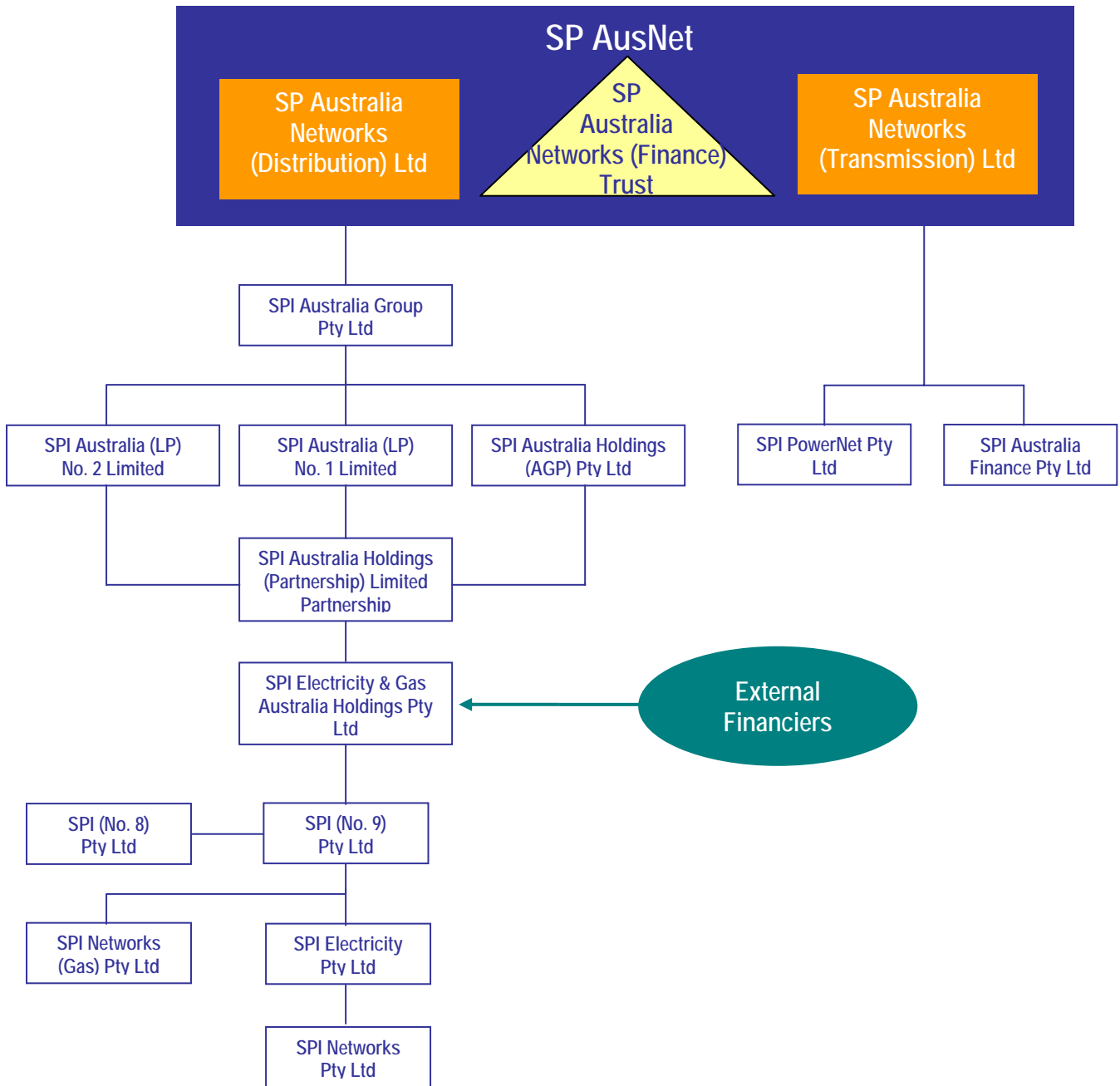
Attachment A

Existing Funding Structure



Attachment B

Simplified Funding Structure



Note: This diagram represents how SPIEG is ultimately intended to be used as the CFV for SP AusNet. Certain existing borrowings will remain with the current borrower entity (as identified in Attachment A) until refinanced at maturity in accordance with the structure set out above.