



Repositioning for growth



SparkInfrastructure

SHAREHOLDER REVIEW 2010

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AGM

11:30am Friday 20 May 2011,
Radisson Plaza Hotel,
27 O'Connell Street,
Sydney, NSW



SIZE

SPARK INFRASTRUCTURE IS A SPECIALIST INFRASTRUCTURE FUND WITH A PORTFOLIO OF INTERESTS IN HIGH QUALITY REGULATED ELECTRICITY DISTRIBUTION COMPANIES – ETSA UTILITIES, CITIPOWER AND POWERCOR – AND A MARKET CAPITALISATION OF AROUND \$1.5 BILLION.

**REGULATED ASSET BASE
(RAB) (100%)**

\$6.79_B

TOTAL REVENUE (100%)

\$1.86_B

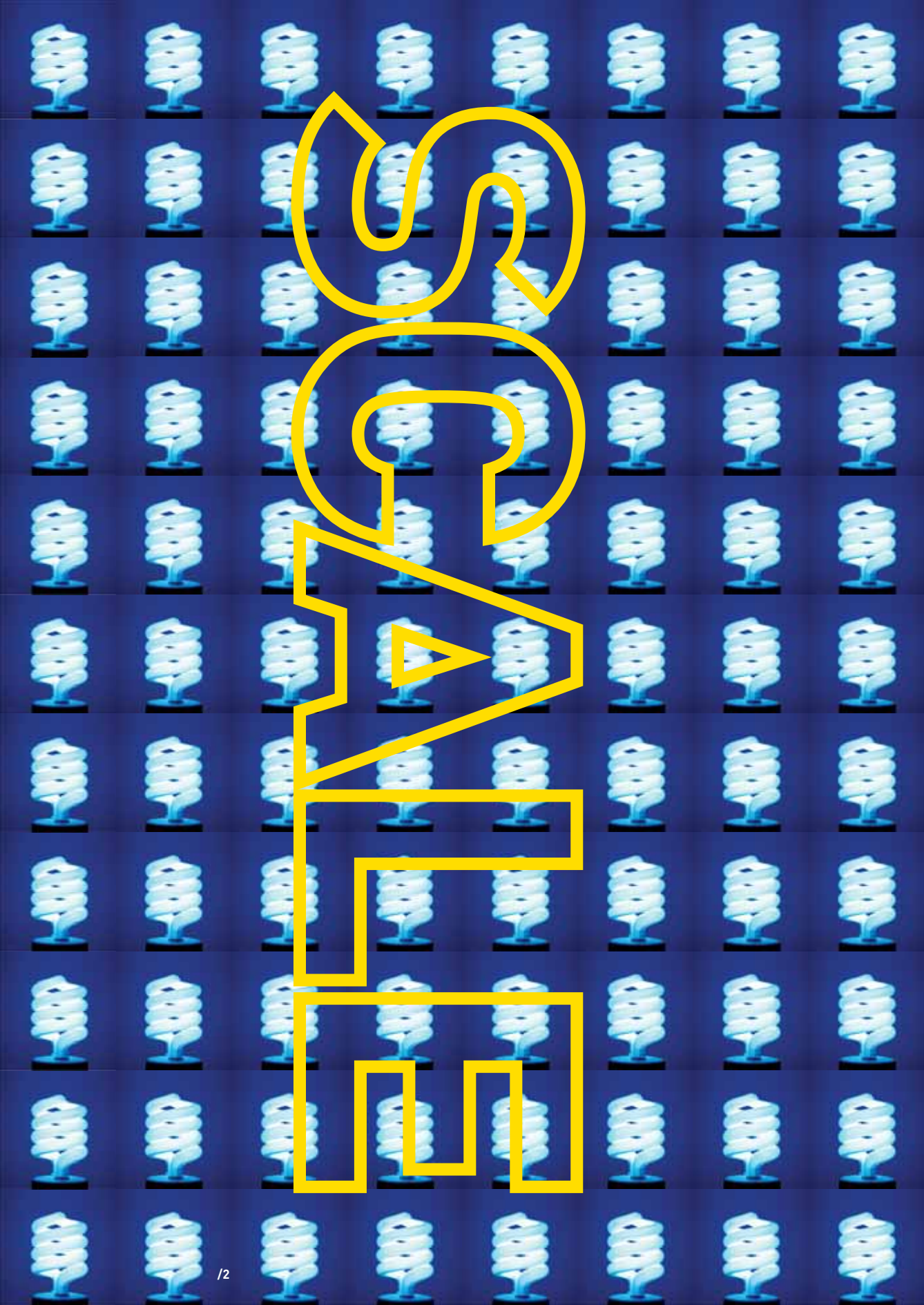
**TOTAL NUMBER OF
CUSTOMERS**

1.85_M

ETSA Utilities is the sole operator of South Australia's electricity distribution network, supplying 820,387 residential and commercial customers in all regions and the major population centres, including the capital city, Adelaide. Despite the challenge of managing an extensive network in difficult terrain and adverse weather conditions, the ETSA Utilities network maintains high reliability with 99.94% network availability.

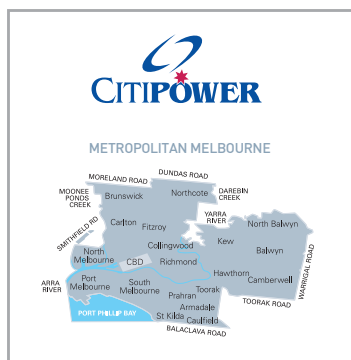
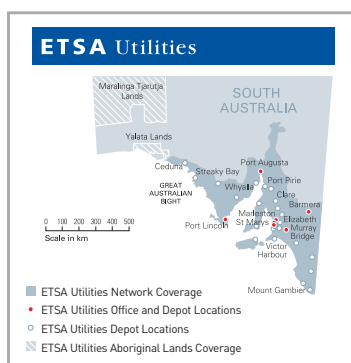
CitiPower owns and operates the distribution network that supplies electricity to 309,770 customers in Melbourne's CBD and inner suburbs. These customers include some of Australia's largest companies, public transport systems and sporting venues. CitiPower operates with a reliability rating of 99.99% network availability.

Powercor is the largest distributor of electricity in Victoria, owning and operating a network that serves 715,915 customers in central and western Victoria and the western suburbs of Melbourne. This comprises 27% of Victoria's electricity users. Powercor possesses one of the highest reliability ratings for rural electricity distribution networks in Australia at 99.96% network availability.



EACH OF THESE NETWORKS RANKS HIGHLY IN INDUSTRY MEASURES OF EFFICIENCY AND RELIABILITY AND IS WELL PLACED TO BENEFIT FROM STRONG ONGOING ORGANIC GROWTH OVER THE NEW REGULATORY PERIOD THROUGH TO 2015.

THE ASSET COMPANIES HAVE OPPORTUNITIES FOR SYNERGY AND FOR ECONOMIES OF SCALE. THE APPLICATION OF THEIR SKILLED WORKFORCES TO A RANGE OF REGULATED, SEMI-REGULATED AND UNREGULATED BUSINESS ACTIVITIES PROMOTES OPTIMAL UTILISATION OF RESOURCES.



	ETSA Utilities	CitiPower	Powercor Australia
Number of customers:			
Residential	720,602	255,985	609,890
Commercial	99,785	53,785	106,025
Total	820,387	309,770	715,915
Electricity volume throughput (GWh)	11,320	6,210	10,678
Network availability (%)	99.94*	99.99	99.96
Number of distribution substation transformers	70,665	4,657	80,885
Number of poles (all)	723,000	58,779	535,941
Number of zone substation transformers	397	104	135
Percentage of lines underground (%)	19.0	37	10
Peak demand (MW)	3,086**	1,354	2,362
Network size (Km length of all lines)	87,362	6,505	84,026
Network size (Km squared of area)	178,200	157	145,651

* 2010 availability adversely affected by very high contribution from 'Major Event Days' (ie extreme weather) plus adoption of more accurate outage data from 2010 onwards.

** Recorded in 2009.

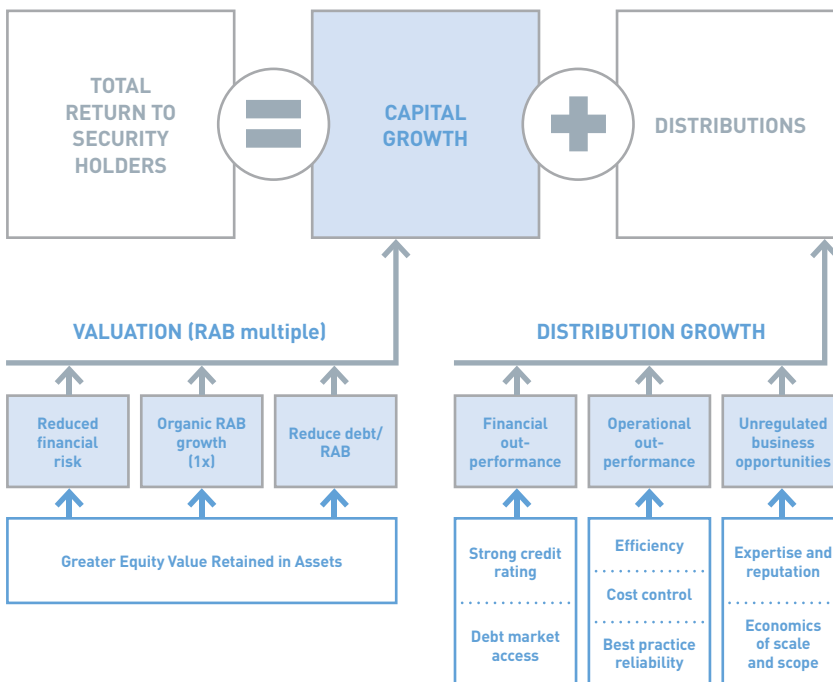


DIFFERENCE



BY REPOSITIONING THE BUSINESS TO TAKE ADVANTAGE OF THE ORGANIC GROWTH OPPORTUNITIES IN ITS ASSET COMPANIES, SPARK INFRASTRUCTURE HAS SHIFTED FROM A BUSINESS FOCUSED PRIMARILY ON A HIGH YIELD TO AN INVESTMENT THAT OFFERS A SOLID DISTRIBUTION YIELD PLUS CAPITAL GROWTH.

- // A strong operational performer that is positioned for growth
- // Protected by long-term regulatory certainty
- // A portfolio of high quality natural monopoly assets
- // Experienced management with a history of outperformance against regulatory benchmarks
- // Committed to sustainable business practices
- // Has a robust capital structure with increased funding flexibility
- // An attractive investment with prudent and sustainable distributions
- // Strong cashflows from operations supporting organic growth
- // Proposed Internalisation of the management function to create a self-managed group with enhanced alignment of interests, continuity of management and greater autonomy over decision-making.





PLAN

THE RECENTLY COMPLETED REPOSITIONING HAS DELIVERED A SIMPLIFIED AND MORE TRANSPARENT CORPORATE STRUCTURE TOGETHER WITH A ROBUST CAPITAL STRUCTURE AND GROWING DISTRIBUTIONS.

THESE INITIATIVES HAVE ESTABLISHED THE FRAMEWORK FOR SPARK INFRASTRUCTURE TO SUPPORT, AND IN TURN BENEFIT FROM, THE STRONG ORGANIC GROWTH EXPECTED IN THE ASSET COMPANIES.

IN ADDITION, THE PROPOSED INTERNALISATION OF THE MANAGEMENT FUNCTION WILL CREATE A SELF-MANAGED GROUP WITH ENHANCED ALIGNMENT OF INTERESTS, CONTINUITY OF MANAGEMENT AND GREATER AUTONOMY OVER DECISION-MAKING. OVERSEEING THE PLAN TO DELIVER ON PERFORMANCE TARGETS WILL BE DISCIPLINED MANAGEMENT TEAMS AT BOTH THE SPARK AND ASSET COMPANY LEVELS.

WHAT IS THE GROWTH OPPORTUNITY?

The Asset Companies in which Spark holds a 49% interest are entering an exciting period of growth based on expected substantially increasing capital expenditure. This means:

- // Strong growth in their Regulated Asset Bases (RAB) over the next five year regulatory period, and therefore correspondingly increasing revenues
- // Investment in existing regulated assets occurs at 1 times RAB (no acquisition premium)
- // Long term capital growth through increasing net equity investment as gearing reduces in Asset Companies towards a net debt/RAB ratio of around 75% by 2015.

HOW WILL WE TAKE ADVANTAGE OF THE OPPORTUNITY?

Spark Infrastructure has proactively implemented its Strategic Review to put the Asset Companies, and its Securityholders, in a strong position to take advantage of this growth by:

- // Increasing Spark's funding flexibility to meet future capital expenditure requirements by reducing its debt
- // Realigning Spark's distribution profile with expected future cashflows from the Asset Companies
- // Providing a simplified and more transparent corporate structure.

WHAT DOES THIS MEAN FOR SPARK AND ITS INVESTORS?

Spark's repositioning represents a shift in the investment proposition from a pure yield stock to an investment with strong growth qualities which is well suited to long term investors. Going forward, Spark Infrastructure will:

- // Continue to focus on its core business of investing in its existing portfolio of high quality regulated infrastructure businesses
- // Operate with a capital structure that supports the expected significant organic growth in the regulated businesses over the coming regulatory period
- // Continue to fund distributions based on the operational cashflows generated by the Asset Companies.

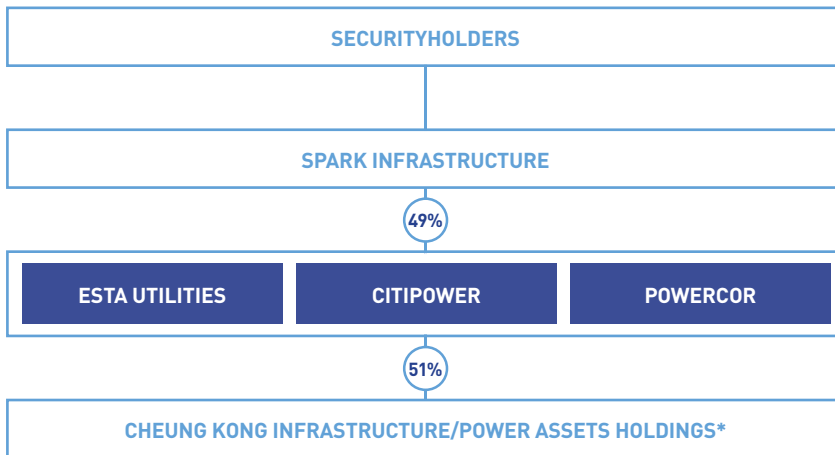
WHAT IS OUR INVESTMENT STRATEGY?

Spark's investment mandate includes electricity and gas distribution and transmission and regulated water and sewerage assets which offer relatively low risk and stable cashflows, facilitate the payment of relatively predictable distributions to investors and which offer the potential for long-term capital growth.

We will investigate opportunities for growth by acquisition, but only when it can be clearly demonstrated this will add value. Supporting the expected organic growth in the existing portfolio will remain our primary focus.

SPARK INFRASTRUCTURE IS A SPECIALIST INFRASTRUCTURE FUND. ITS OBJECTIVE IS TO INVEST IN REGULATED UTILITY INFRASTRUCTURE, BOTH WITHIN AUSTRALIA AND OVERSEAS. THIS INCLUDES ELECTRICITY AND GAS DISTRIBUTION AND TRANSMISSION AND REGULATED WATER AND SEWERAGE ASSETS WHICH OFFER RELATIVELY LOW RISK AND STABLE CASHFLOWS, FACILITATE THE PAYMENT OF GROWING DISTRIBUTIONS TO INVESTORS AND OFFER THE POTENTIAL FOR LONG-TERM CAPITAL GROWTH.

CORPORATE PROFILE



MISSION

To build a leading Australian listed infrastructure investment fund, by achieving long-term value for investors in line with our risk profile and market expectations.

VALUES

Spark Infrastructure promotes the values of honesty, integrity, fairness and efficiency in the way management conduct themselves in business and community activities.

Financial disclosure to Securityholders will be based on best practice applicable to the markets in which its securities are issued and will comply with all relevant laws, regulations and rules. Spark Infrastructure will communicate openly, honestly and on a timely basis with its Securityholders and the financial markets generally.

Spark Infrastructure’s management will comply with all applicable laws and regulations which govern its business environment.

Spark Infrastructure’s management will seek to contribute in a positive way to the business and social community in which it operates.



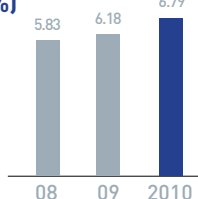
*Formerly Hong Kong Electric Holdings

FINANCIAL HIGHLIGHTS

The Asset Companies in which Spark Infrastructure holds a 49% interest are entering an exciting period of growth arising from a significant increase in regulated capital expenditure. The Australian Energy Regulator has approved and mandated capital expenditure over the next five years that will drive growth in the Regulated Asset Base of the Asset Companies, along with correspondingly increasing revenues.

ASSET COMPANY REGULATED ASSET BASE (\$) (100%)

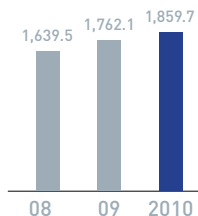
\$6.79 Billion



↑9.9%

ASSET COMPANY TOTAL REVENUE (\$) (100%)

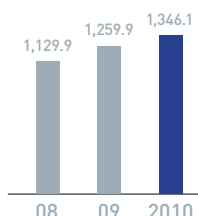
\$1,859.7 Million



↑5.5%

ASSET COMPANY EBITDA (\$) (100%)

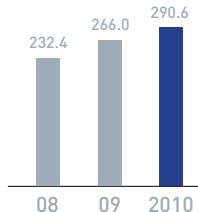
\$1,346.1 Million



↑6.8%

SPARK UNDERLYING INCOME (\$)

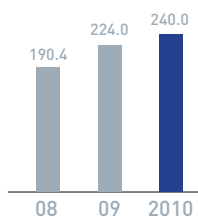
\$290.6 Million



↑9.2%

SPARK PROFIT BEFORE LOAN NOTE INTEREST AND TAX (\$)

\$240.0 Million



↑7.1%

MESSAGE FROM THE CHAIRMAN

THE REGULATED ASSET BASES OF THE ASSET COMPANIES ARE EXPECTED TO GROW BY A COMPOUND RATE OF 8% PER ANNUM OVER THE COMING FIVE YEAR REGULATORY PERIOD FROM \$6.8 BILLION TO AROUND \$10 BILLION. THIS IS EQUIVALENT TO MAKING A LARGE ACQUISITION WITHOUT PAYING AN ACQUISITION PREMIUM.

DEAR SECURITYHOLDER,

2010 was a significant year for Spark Infrastructure.

During the year, we conducted a comprehensive strategic review to determine the future direction and strategy of the Group in a changing environment. The outcome of the review saw the restructuring of the Group to provide increased financial flexibility, a simplified ownership structure and a more sustainable distribution profile supported by operating cashflows.

This will enable Spark Infrastructure to take advantage of the expected strong organic growth in the Asset Companies in which Spark Infrastructure holds a 49% interest – ETSA Utilities based in South Australia, and CitiPower and Powercor based in Victoria – over the five year regulatory period to 2015.

Spark Infrastructure has shifted from a business focussed primarily on a high yield to an investment offering a solid distribution yield and capital growth through the Group's equity investment in the Asset Companies. The change in the composition of the overall return to Securityholders should appeal to patient investors with Spark Infrastructure's return on investment being realised over the longer term.

ASSET COMPANIES' GROWTH

During the year, the Asset Companies received the final decisions from the Australian Energy Regulator (AER) which confirmed our expectation that their capital expenditure requirements would increase substantially. In fact, the total amount of their required capital expenditure will roughly double in the new regulatory period. This

will drive increased growth in their Regulatory Asset Bases (RABs), and, correspondingly, generate increased revenues over the five years to 2015.

The RABs of the Asset Companies are expected to grow by a compound rate of 8% per annum over the current five year regulatory period from \$6.8 billion at 31 December 2010 to around \$10 billion in December 2015 based on the regulatory determinations. This organic growth is equivalent to making a large acquisition without paying an acquisition premium.

The Asset Companies have indicated their desire to retain a greater proportion of operating cash to contribute to funding growth capital expenditure and to reduce gearing. This will result in lower leverage in the Asset Companies, with their ratio of net debt to RAB declining from 80% currently to around 75% by 2015. This will support and enhance their already strong A minus credit rating from Standard & Poor's. It will also mean that Spark Infrastructure's equity investment in the Asset Companies will increase accordingly.

STRATEGIC REVIEW OUTCOMES

The aforementioned Strategic Review was launched in February 2010. We announced the outcome in September 2010. The resulting restructure consisted of two components, both of which have been successfully completed.

Firstly, we conducted an equity raising designed to strengthen Spark Infrastructure's balance sheet and increase the Group's financial flexibility. This raised \$295 million and was completed in October 2010. Spark Infrastructure does not expect to raise further equity to fund the



MESSAGE FROM THE CHAIRMAN



THE REGULATORY FRAMEWORK PROVIDES A RANGE OF IN-BUILT PROTECTIONS FOR INVESTORS, AND A GREAT DEAL OF CERTAINTY IN RELATION TO CASHFLOWS OVER THE REGULATORY PERIODS.

anticipated growth capital expenditure in the Asset Companies over the current regulatory period to 2015, other than the possible activation of the Group's Distribution Reinvestment Plan (DRP).

Secondly, we implemented a Restructure designed to simplify Spark Infrastructure's stapled security structure by reducing the number of the listed stapled entities from four to just one and to realign the Loan Note interest obligations to Securityholders more closely with the cashflows expected to be available from the Asset Companies.

The Restructure received overwhelming approval from Securityholders at the Scheme and Extraordinary General Meetings held in December and, together with the required court and regulatory approvals, was formally implemented on 31 December 2010. The resulting simplification of our structure is expected to provide broader investor appeal and increased administrative efficiency.

INTERNALISATION OF THE MANAGEMENT FUNCTION

More recently, we announced another major initiative, the Internalisation of the management function, which we believe will further enhance Spark Infrastructure's appeal to investors. Subject to the approval of Securityholders, we have agreed to the Internalisation of the 25 year external management function held by Cheung Kong Infrastructure (CKI) and RREEF Infrastructure (RREEF) in exchange for a one-off upfront payment of \$49 million.

This involves Spark Infrastructure acquiring all the shares in the holding company of Spark Infrastructure's manager and responsible entity from CKI and RREEF. In addition, there is also expected to be a payment of approximately \$2.2 million for net working capital balances (ie. predominantly cash or cash settled balances) in the entities to be acquired at completion.

This arrangement was negotiated with CKI and RREEF by the Independent Directors who consider it to be in the best interests of Securityholders. The Independent Expert, Lonergan

Edwards & Associates, has determined it is fair and reasonable and in the best interests of Securityholders.

If approved, Internalisation will effectively be funded from Spark Infrastructure's distribution reinvestment plan (DRP) which is intended to be reactivated for the September 2011 distribution. The Directors do not intend to have the DRP underwritten.

Internalisation will eliminate the payment of future base fees and potential performance fees to the Manager. Since the listing of Spark Infrastructure on the Australian Securities Exchange (ASX) in December 2005, a total of \$65.7 million in base fees and performance fees has been paid to the Manager, up to 31 December 2010. These fees would be replaced by the costs of self-management which are estimated to be around \$5 million per year.

It will create an independently managed group with enhanced alignment of interests, continuity of management and greater autonomy over decision-making. The proposed change moves Spark Infrastructure to a more contemporary structure in line with recent market practice. If Internalisation is approved, the existing executive team will remain in place and their employment arrangements will be transferred to Spark Infrastructure.

Securityholders will be asked to approve the proposal to internalise the management function at an Extraordinary General Meeting to be held on the same day as the Annual General Meeting on 20 May 2011. A comprehensive Explanatory Memorandum has been sent to Securityholders along with this Shareholder Review.

BOARD CHANGES

We also recently announced a number of proposed changes to the Board of Directors. This included my decision to retire from the Board in the second half of 2011.

I have served as Chairman since December 2005 and feel privileged to have led Spark Infrastructure through its listing, the challenges of the global financial crisis, the strategic review and now the proposed Internalisation.

I know that I leave Spark in very good shape, with a new structure to optimise investment returns for Securityholders. I am also pleased that I was able to lead the Internalisation project to a successful conclusion, subject to Securityholder approval.

Mr Brian Scullin will stand for election to the Board at the Annual General Meeting to be held on 20 May 2011, as a new Independent Director with the unanimous support of the Board. Subject to his election at the AGM, Mr Scullin's appointment will take effect from 31 May 2011 and he will be nominated as Chairman Elect in anticipation of my retirement from the Board later in the year.

The timing of my retirement – following the proposed Internalisation and the election of my successor – is aimed at achieving a smooth transition.

If elected, Mr Scullin will bring valuable skills to the Board along with a thorough understanding of our business. I wholeheartedly support his election as an Independent Director and his nomination as Chairman Elect.

I would like to mention Mr Don Morley, who is an Independent Director and Chairman of the Audit and Risk Management Committee. He has announced that he will retire from the Board after the AGM on 31 May 2011. Mr Morley has made a significant contribution to the Board as a Director of Spark Infrastructure since December 2005. His professionalism and wise counsel have been invaluable to me personally in my position as Chairman, and have also been greatly appreciated by his Board colleagues and our Management team.

If the Internalisation is approved by Securityholders at the Extraordinary General Meeting which will also be held on 20 May 2011 following the AGM, each of the four Directors nominated by the Manager – Messrs Andrew Hunter and Dominic Chan, appointed by CKI; Messrs John Dorrian and Andrew Fay, appointed by RREEF – will retire from the Board.

In this circumstance the Board recommends that:

- one of these Directors, Mr Andrew Fay, a RREEF nominee director, be elected by the Securityholders as Non-Executive Director of Spark

Infrastructure effective immediately after the Internalisation

- Ms Laura Reed, the Chief Executive Officer, be elected by Securityholders as Managing Director of Spark Infrastructure, also with effect after the Internalisation

The Board of Spark Infrastructure will, after my retirement, then have six Directors comprising five Independent or Non-Executive Directors and the Managing Director.

I would like to thank all the Directors for their contribution to the development of Spark Infrastructure over the five and a half years since Spark's IPO in December 2005 and particularly the Independent Directors for their contribution to the successful outcomes from last year's Strategic Review.

CONCLUSION

Your Board believes that Spark Infrastructure is well placed to support and benefit from the expected substantial growth of the Asset Companies in the new regulatory period to 2015.

As a result of our strong cash position, the clarity we have around the regulatory position of the Asset Companies, and the in principle agreement reached with Spark's co-shareholders in relation to the Asset Companies' business plans for the period to 2015, the Directors have increased their distribution guidance for 2011 to 9.25 cents per security (cps), up from 9.11 cps.

The Directors have determined that the proposed Internalisation will not impact this distribution guidance.

Finally, I would like to thank our staff for their contributions in what has been a very busy and productive year for Spark Infrastructure.

The Board and Management look forward to the future with confidence.



STEPHEN JOHNS
Chairman



MESSAGE FROM THE CEO

SPARK INFRASTRUCTURE HAS EMERGED FROM AN EXTENSIVE STRATEGIC REVIEW WITH A SIMPLIFIED AND MORE TRANSPARENT CORPORATE STRUCTURE, A SUSTAINABLE AND GROWING DISTRIBUTION PROFILE, AND WITH INCREASED FINANCIAL FLEXIBILITY TO SUPPORT THE SUBSTANTIALLY HIGHER EXPECTED GROWTH IN THE ASSET COMPANIES OVER THE NEW FIVE YEAR REGULATORY PERIOD.



DEAR SECURITYHOLDER,

In 2010 Spark Infrastructure emerged from an extensive Strategic Review with a simplified and more transparent corporate structure, and with increased financial flexibility to support the substantially higher expected organic growth in the Asset Companies.

In addition, the recently announced Internalisation of the management function represents another element of the New Spark which differentiates us from other comparable investment vehicles in the sector. This initiative represents a move to a contemporary structure in line with recent market practice. It also eliminates base fee leakage net of operating costs, along with the potential cashflow volatility associated with the existing performance fee calculation structure.

As anticipated by the Strategic Review, the Asset Companies have received satisfactory regulatory outcomes from the Australian Energy Regulator (AER). These decisions provide for substantial increases in capital expenditure and associated revenues over the current five year regulatory period.

The increases in capital expenditure are necessary to cater for growing customer demand, to provide security of supply and to renew assets reaching the end of their useful life.

Nevertheless, ETSA Utilities in South Australia and CitiPower and Powercor in Victoria have appealed certain elements of those decisions to the Australian Competition Tribunal.

We recently announced that ETSA Utilities was successful in the appeal matter related to its opening RAB for the new regulatory period. This has added \$127 million to its opening RAB and \$51 million to its revenue, to be recovered over four years from 1 July 2011.

Finalisation of the remaining matters is expected by the end of the second quarter of 2011. This creates the possibility for further improvements on the regulatory decisions.

The new regulatory period for ETSA Utilities commenced on 1 July 2010, and for CitiPower and Powercor this occurred on 1 January 2011. This places them at the start of their regulatory cycles and therefore at the point which offers the highest degree of certainty to investors.

The regulatory framework itself provides a range of in-built protections for investors. These include predictable revenues and inflation linked cashflows with the potential to capture outperformance over regulatory determinations.

Importantly for our investors, the regulatory decisions include nominal post tax returns on equity of 11.09% for ETSA Utilities and 10.28% for CitiPower and Powercor as shown in the tables following. It should also be noted that the debt risk premiums in the recent decision have increased to compensate for the prevailing market conditions which have seen debt costs rise.

FINANCIAL PERFORMANCE

Spark Infrastructure financial performance	FY 2010 (\$m)	FY 2009 (\$m)	Variance (%)
Total income (underlying)	290.6	266.0	+9.2
Profit before Loan Note interest and tax (underlying)	240.0	224.0	+7.1
Operating and investing cashflows (stand alone)	134.7	196.9	-31.6

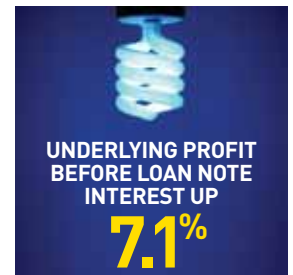
ETSA, CitiPower and Powercor Full Year ended 31 December 2010 (100%)	FY 2010 (\$m)	FY 2009 (\$m)	Variance (%)
Total Revenue	1,859.7	1,762.1	5.5
Total operating costs	513.6	502.2	2.3
EBITDA	1,346.1	1,259.9	6.8
Capital expenditure (net)	673.6	467.7	44.0

REGULATORY OUTCOMES

Regulatory period ETSA Utilities	2005-10 decision	2010-15 decision
Beta	0.9	0.8
Debt risk premium (DRP)	1.65%	2.98%
Market risk premium (MRP)	6.0%	6.5%
Nominal vanilla WACC	8.95%	9.76%
Nominal post tax return on equity	11.2%	11.09%
Gamma (Imputation)	0.5	0.65*
Net capex over 5 years (\$June 2010)	\$886m	\$1,643m
Opex over 5 years (\$June 2010)	\$760m	\$1,066m
Revenue (Nominal)	\$2,518m	\$3,637m

Regulatory period CitiPower and Powercor	2006-10 decision	2011-15 decision
Beta	1.0	0.8
Debt risk premium (DRP)	1.43%	3.74%
Market risk premium (MRP)	6.0%	6.5%
Nominal vanilla WACC	8.61%	9.4%
Nominal post tax return on equity	11.27%	10.28%
Gamma (Imputation)	0.5	0.5
Net capex over 5 years (\$June 2010)	\$1,488m	\$2,092m
Opex over 5 years (\$June 2010)	\$777m	\$1,027m
Revenue (Nominal)	\$2,872m	\$3,695m

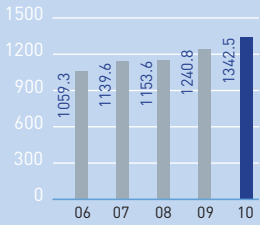
*The final Gamma is subject to an appeal which has been lodged by ETSA Utilities with the Australian Competition Tribunal and an outcome is expected around the middle of 2011.



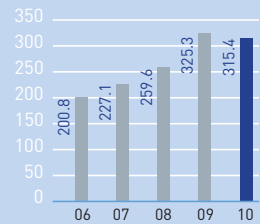
MESSAGE FROM THE CEO

AGGREGATED ASSET COMPANIES (100% RESULTS)

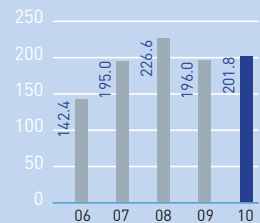
REGULATED REVENUE (\$M)



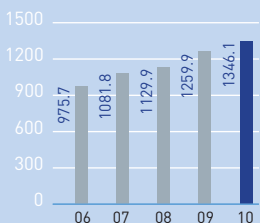
SEMI-REGULATED REVENUE (\$M)



UNREGULATED REVENUE (\$M)



EBITDA (\$M)



SPARK FY 2010 FINANCIAL RESULTS

Spark Infrastructure delivered another strong underlying performance for Full Year 2010 based on consistent growth in the regulated electricity distribution network activities of the three Asset Companies. Underlying profit before Loan Note interest to Securityholders was \$240.0 million, an increase of 7.1% on the previous year.

Spark received strong cash distributions from Asset Companies of \$175.8 million in accordance with agreed business plans and had cash reserves of \$89 million, and undrawn facilities of \$125 million, at balance date. These are available for use in the business, including equity contributions for the funding of capital expenditure of the Asset Companies.

OPERATIONAL PERFORMANCE

Despite a very challenging year in terms of adverse weather events, the Asset Companies in our portfolio continue to be regarded as among the most efficient and reliable of their kind in Australia.

This has been confirmed on numerous occasions by the relevant regulatory bodies and by consumers through independent feedback mechanisms. Importantly for our investors, their strong operational performance, combined with regulatory protections, translate into reliable cashflows, which in turn support Spark Infrastructure's distributions to Securityholders.

The total aggregated Asset Company revenue for 2010 was \$1.86 billion, leading to EBITDA of \$1.35 billion. Over the course of the year, the Asset Companies invested a total of \$673.6 million in capital expenditure. \$469.5 million of this was growth capital expenditure to cater for growing customer demand in regulated business activities.

While regulated distribution revenue will always be the core activity for the Asset Companies, this is supplemented by non-prescribed business activity which consists of semi-regulated and unregulated components of revenue.

Semi-regulated activities include such elements as public lighting, asset relocation, pole and duct rental, and new connections, which remain under the regulator's oversight. Semi-regulated revenue was \$246.6 million compared with \$260.4 million the previous year.

Unregulated activities include construction, maintenance and asset management of electrical infrastructure for external parties. The unregulated revenue consists of contracts with electricity transmission companies, government contracts primarily for the defence sector, and contracts carried out for mining companies. Unregulated revenue was \$201.8 million compared with \$196.0 million in the previous year.

DEBT POSITION AND HEDGING

Spark Infrastructure and its Asset Companies maintain strong credit positions and good access to debt capital to fund future growth. Moreover, following the completion of the Entitlement Offer and the Restructure in 2010, the New Spark has emerged with notably reduced senior debt and increased financial flexibility.

At 31 December 2010, Spark Infrastructure's net debt position (net cash on hand and on deposit) was \$35.7 million which equates to a standalone net gearing ratio of 1.6%. Spark Infrastructure has no debt maturities until September 2013 while the Asset Companies have no debt maturities until February 2013.

At the end of the period, Spark Infrastructure's net gearing including its proportionate share of the Asset Companies' debt, was 54.7%, with effective interest rate hedging of 99.4% on a net debt basis. Hedging is undertaken only with counterparties with credit ratings of A and above. Moreover, the Asset Companies have reset their hedging positions to match the interest rate adopted by the AER in their final regulatory determination.

In addition, ETSA Utilities, CitiPower and Powercor continue to maintain a credit rating of A⁺ from Standard & Poor's, while Spark Infrastructure is rated Baa1 by Moody's. All ratings are on a stable outlook.

FUTURE GROWTH

In 2011 and beyond, our strategy will primarily focus on investing in our existing assets and implementing the Australian Energy Regulator's final decisions for the Asset Companies.

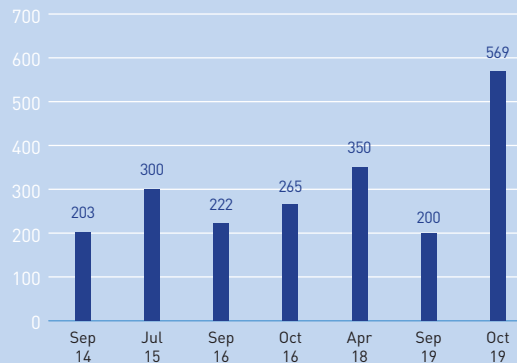
The Repositioning of Spark Infrastructure has placed us in a good position to support the substantial growth available to the Asset Companies over the new regulatory period, and in turn, to reap the benefits for investors from the ensuing capital growth, including a growing Regulatory Asset Base and higher revenues.

Spark Infrastructure provides Securityholders with an investment offering an attractive income yield and capital growth underpinned by the strong operational cash flows of the Asset Companies.

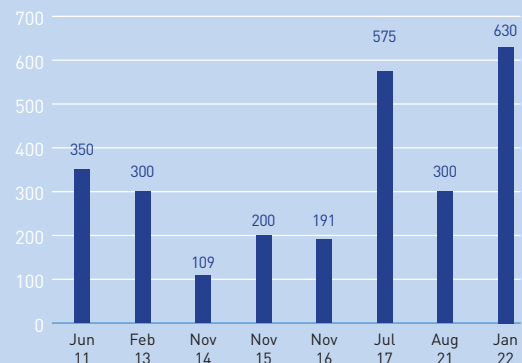


LAURA REED
Chief Executive Officer

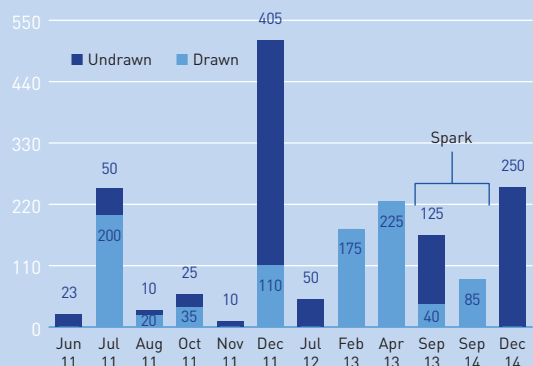
ASSET COMPANY CAPITAL MARKETS
DEBT (100%) (\$M) – ETSA AS AT 31 DECEMBER 2010



ASSET COMPANY CAPITAL MARKETS
DEBT (100%) (\$M) – CHEDHA AS AT 31 DECEMBER 2010

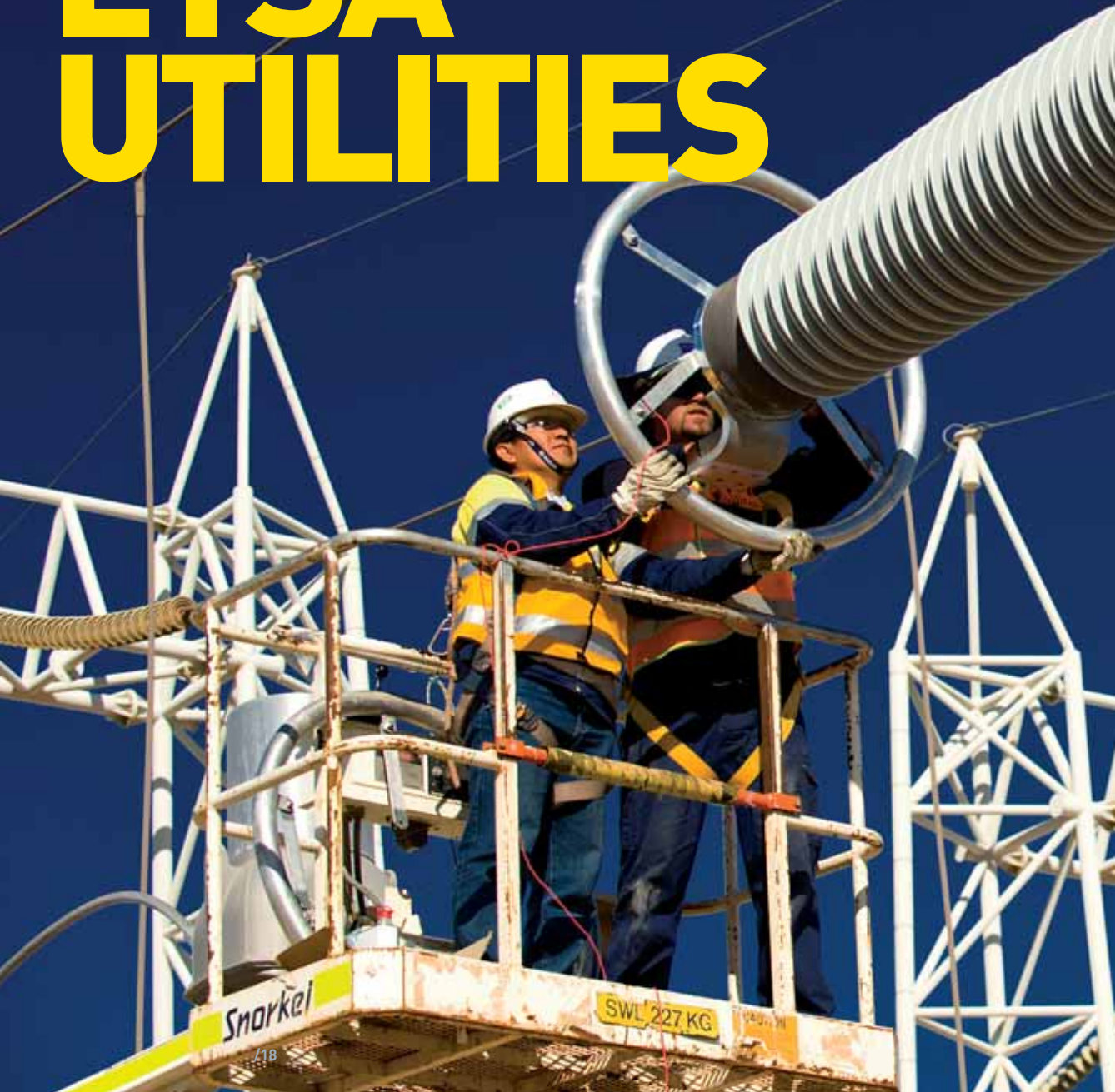


ASSET COMPANY & SPARK BANK
DEBT FACILITIES (100%) (\$M) AS AT 31 DECEMBER 2010



ETSA UTILITIES MANAGES SOUTH AUSTRALIA'S ELECTRICITY DISTRIBUTION NETWORK, SUPPLYING MORE THAN 820,000 RESIDENTIAL AND BUSINESS CUSTOMERS IN THE CAPITAL, ADELAIDE, AND ALL REGIONS ACROSS THE STATE. THE NETWORK HAS CONSISTENTLY DISPLAYED HIGH RELIABILITY, WITH 99.94% NETWORK AVAILABILITY ACHIEVED ACROSS A STATE OF WIDELY-VARIED AND CHALLENGING TERRAIN AND EXTREMES OF WEATHER.

ETSA UTILITIES



REGULATION

In May 2010, the Australian Energy Regulator (AER) delivered its final determination regarding ETSA Utilities' electricity distribution network pricing and the management of the South Australian distribution network for 2010-15.

The AER approved total revenue of over \$3.6 billion and supported a significant increase in network investment to \$1.64 billion, reflecting the need to support a growing economy, support major infrastructure works, ensure sufficient network capacity to meet projected demands, and provide adequate security of supply to meet Transmission Code obligations.

In meeting the growing workload and other emerging cost pressures, the AER also approved an increase in operating expenditure by some 50% to \$1.066 billion over the five year regulatory period.

ETSA Utilities has appealed certain aspects of the AER final determination. It was successful in the matter relating to its opening RAB. This has added \$127 million to its opening RAB and \$51 million to its revenue, to be recovered over four years from 1 July 2011. It anticipates finalisation of the remaining outcomes in the first half of 2011.

2010 OPERATIONAL SUMMARY

ETSA Utilities continued to meet all key financial targets in 2010.

Regulated revenues exceeded targets due to significantly higher network tariffs as a result of the 2010-15 regulatory reset outcome and above budget sales as a result of favourable weather.

Total distribution revenue for 2010 (net of transmission charges) was \$595.0 million, an increase of 10.5% from 2009. Customer numbers grew from 812,529 in 2009 to 820,387 in 2010.

At 11,320 GWh in 2010, the volume of sales fell approximately 1.1% relative to the 11,447 GWh sold in 2009.

Net asset-related revenue continued to perform strongly, stemming from robust levels of customer connection work as well as major projects work such as network infrastructure to support the new desalination plant to the south of Adelaide.

In 2010 net capital expenditure increased significantly in order to meet increased network capacity requirements as well as Transmission Code obligations. Net capital expenditure totalled \$240.3 million, an increase of 59.0% from that invested in 2009.

Earnings before interest, tax, depreciation and amortisation (EBITDA) (including interest income) of \$660.6 million were achieved in 2010, an increase of 5.8% on the 2009 performance. Profit before tax in 2010 of \$276.2 million (excluding derivative income or expense for changes in valuations of financial instruments) was a 16.4% improvement on the 2009 result.

In the unregulated electricity infrastructure construction and maintenance market, ETSA Utilities has built a strong reputation among customers, helping the business to weather weaker market conditions in 2010, particularly in the mining and manufacturing sectors. Contestable services revenues in 2010 were similar to those of 2009, although contributions were slightly lower.



THE AER HAS APPROVED TOTAL REVENUE OF OVER \$3.6 BILLION AND SUPPORTED A SIGNIFICANT INCREASE IN NETWORK INVESTMENT TO \$1.64 BILLION, OVER THE CURRENT FIVE YEAR REGULATORY PERIOD. IN ADDITION A SUCCESSFUL APPEAL OUTCOME HAS ADDED A FURTHER \$51 MILLION OF REVENUE IN THE NEW REGULATORY PERIOD.

ETSA UTILITIES

ECONOMIC REGULATION OF THE BUSINESS IS THE RESPONSIBILITY OF THE AUSTRALIAN ENERGY REGULATOR (AER), WHICH, IN 2010, ESTABLISHED PRICING ARRANGEMENTS FOR THE 2010-2015 REGULATORY PERIOD. THE ESSENTIAL SERVICES COMMISSION OF SOUTH AUSTRALIA RETAINS A ROLE IN ESTABLISHING AND MONITORING THE RELIABILITY AND CUSTOMER SERVICE TARGETS FOR ETSA UTILITIES.



ETSA Utilities continued to undertake major work on behalf of ElectraNet, South Australia's monopoly electricity transmission company. Major projects included the construction of the new Davenport substation and commencement of works on the new City West and Mount Barker substations.

ETSA Utilities also won the contract to manage the construction of the National Broadband Network first release site in Willunga, south of Adelaide.

With regard to non-financial targets, performance on a number of fronts was solid.

ETSA Utilities continues to be regarded as an industry leader in safety. The key safety target for Lost Time Injuries (LTIs) was achieved in 2010. At 31 December 2010, ETSA Utilities

employees had worked 534 days in succession without a LTI, a new record for the business. This is a remarkable effort considering the broad range of health and safety risks confronted by employees in managing a large and diverse electricity distribution network.

ETSA Utilities' national accreditation as a registered training organisation was reviewed and confirmed in 2010 and the company was named South Australian Employer of Year at the South Australian Training Awards.

ETSA Utilities was also named as the first Australian company to achieve an International Mentoring Gold benchmark. ETSA Utilities was awarded the highest 'gold benchmark' for its graduate mentoring program

by the International Standards for Mentoring Programs in Employment – the peak body that oversees international mentoring standards.

Since 2005, over 200 apprentices have been recruited, ensuring the business is well positioned for the increased workload forecast for 2010-15.

Following several years of growth, workforce numbers remained stable with 1,833 full time equivalent employees at year end.

CUSTOMER SERVICE PERFORMANCE

ETSA Utilities has an ongoing focus on maintaining reliability and improving its customer service performance.

In terms of reliability, the weather is a key variable and extreme weather conditions ensured that 2010 was a particularly challenging year. Reliability is measured by System Average Interruption Duration Index, which was an estimated 152 minutes in 2010, excluding the impact of a series of major weather events.

An increased level of Guaranteed Service Level payments was made to customers in 2010.

All regulated service targets for timeliness, call centre performance and complaints handling were met in 2010, and surveys of Customer Satisfaction were very encouraging.

ETSA Utilities was a finalist in the national Customer Service Institute of Australia Awards, winning a State award for South Australia, for Customer Response in the Large Business Division.

MAJOR PROJECTS

In 2010, ETSA Utilities commenced work associated with a major upgrade of electricity supply to Adelaide's CBD.

Approximately \$200 million is being invested by ElectraNet and \$91 million by ETSA Utilities to build a second transmission supply and consequent distribution connection for the CBD.

Other major projects included the construction of the new Davenport substation and commencement of works on the new Mount Barker substation, both for ElectraNet.

Government infrastructure projects continued to contribute to a strong flow of major project activity for ETSA Utilities in 2010. This included infrastructure work supporting the construction of Adelaide's first desalination plant, as well as works arising from upgrades of key transport infrastructure.



CITIPOWER AND POWERCOR AUSTRALIA OWN AND OPERATE TWO OF THE FIVE FULLY REGULATED ELECTRICITY DISTRIBUTION NETWORKS IN VICTORIA UNDER THE REGULATORY SUPERVISION OF THE AUSTRALIAN ENERGY REGULATOR. THEY ARE MANAGED BY A JOINT MANAGEMENT TEAM AND WORKFORCE WITHIN THE CHEDHA GROUP OF COMPANIES. POWERCOR NETWORK SERVICES AND CHED SERVICES PROVIDE DESIGN AND CONSTRUCTION SERVICES AND BACK OFFICE SERVICES RESPECTIVELY ON A COMMERCIAL BASIS TO A RANGE OF INTERNAL AND EXTERNAL CUSTOMERS ACROSS AUSTRALIA AND WITHIN THE REGION.

CITIPOWER AND POWERCOR (CHEDHA)



REGULATION

The Price Review process for the five years 2011-15 resulted in a favourable final determination, with approved net capital expenditure for CitiPower and Powercor to increase by 41% on the previous five year allowance (2006-10) to \$2.09 billion.

CitiPower's distribution prices – from January 2011 – will decrease in real terms by 6.4% whilst Powercor's will increase in real terms by 0.1%. In subsequent years CitiPower's prices will increase in real terms by an average of 4.5% per annum and Powercor's prices will increase in real terms by an average of 3.4% per annum.

The business has exercised its right of appeal to seek clarification of a number of technical and financial matters, as have the other distributors. The appeals will be heard this year and any outcomes will not take effect until 2012.

2010 OPERATIONAL SUMMARY

The CHEDHA business performed well during 2010, surpassing all major financial measures, bettering major project delivery targets, and earning significant recognition from customers and the community. The business again delivered solid financial results for the year, driven by strong customer-initiated network activity.

An electricity reliability benchmarking report released in 2010 by the Energy Supply Association of Australia revealed the CitiPower and Powercor networks perform strongly in comparison with 16 peer distribution businesses from across Australia. The report showed that CitiPower was the best performer of all businesses in the total number of minutes on average its customers experienced unplanned and planned power interruptions. Powercor ranks close to mid range of the 16 surveyed

businesses in the report – a good result considering its significantly rural status.

CITIPOWER NETWORK

CitiPower's total regulated revenue was \$279.3 million including all metering revenue and excluding pass-through transmission revenue. Electricity sales volume was 6,210 GWh from 6,151 GWh in 2009.

CitiPower continues to operate the most reliable urban electricity distribution network in Australia, and enjoys a strong reputation among customers and the regulator. In December 2010, the Australian Energy Regulator released its 2009 Comparative Performance Report on Victoria's five electricity distributors. The Report noted that CitiPower was the only Victorian distributor to outperform its target for unplanned minutes off supply in 2009, and that CitiPower had performed better than its target since reporting commenced in 2001.

POWERCOR NETWORK

Total regulated revenue for the Powercor network was \$554.6 million, including all metering revenue and excluding pass-through transmission revenue. Electricity sales volume for Powercor was 10,678 GWh up from 10,491 GWh in 2009.

In the most recent Comparative Performance Report on Victoria's five electricity distributors for 2009, the Australian Energy Regulator noted that Powercor performed better than its target for average number of unplanned interruptions per customer by 13%.



CITIPOWER OWNS AND OPERATES THE DISTRIBUTION NETWORK THAT SUPPLIES ELECTRICITY TO AROUND 310,000 CUSTOMERS IN MELBOURNE'S CBD AND INNER SUBURBS. THESE CUSTOMERS INCLUDE SOME OF AUSTRALIA'S LARGEST COMPANIES, PUBLIC TRANSPORT SYSTEMS AND SPORTING VENUES. CITIPOWER OPERATES WITH A RELIABILITY RATING OF 99.99% NETWORK AVAILABILITY.

CITIPOWER AND POWERCOR (CHEDHA)

POWERCOR IS THE LARGEST DISTRIBUTOR OF ELECTRICITY IN VICTORIA, OWNING AND OPERATING A NETWORK THAT SERVES AROUND 716,000 CUSTOMERS IN CENTRAL AND WESTERN VICTORIA AND THE WESTERN SUBURBS OF MELBOURNE. THIS COMPRISES 27 PER CENT OF VICTORIA'S ELECTRICITY USERS. POWERCOR POSSESSES ONE OF THE HIGHEST RELIABILITY RATINGS FOR RURAL ELECTRICITY DISTRIBUTION NETWORKS IN AUSTRALIA AT 99.96% NETWORK AVAILABILITY.



CUSTOMER SERVICE PERFORMANCE

CitiPower and Powercor enjoy a strong reputation with customers and in the communities where they operate. This was reflected in the 2010 Community Reputation index, benchmarked against other Victorian and South Australian electricity distributors. Whilst CitiPower did see a slight decline in its community reputation index placement, Powercor enjoyed its tenth successive year as most reputable electricity distributor.

CitiPower and Powercor were again successful in winning five awards at the 2010 Australian Service Excellence Awards conducted by the Customer Service Institute of Australia (CSIA). The categories won included Victorian Large Business, National Large Business (commendation), Victorian Service Excellence in a Service Desk,

and Customer Service Advocate of the year (national and Victorian Awards). These awards recognise our significant and sustained Powerful Customer Service campaigns undertaken over a number of years. CitiPower and Powercor were also re-accredited in 2010 by the CSIA for compliance with the International Customer Service Standard.

CitiPower and Powercor's monthly mass market customer satisfaction surveys continue to illustrate strong performance, with a 2010 overall result of 77% satisfaction rating. CitiPower and Powercor's satisfaction survey of electricity retailers came in at 79% whilst the Major Customer satisfaction saw its best ever result of 92%.



MAJOR PROJECTS

ADVANCED METERING INFRASTRUCTURE

As at 31 December 2010, CitiPower and Powercor had installed almost 250,000 smart meters at its Victorian customers' premises, ahead of schedule and on budget. CitiPower and Powercor exceeded all Government smart meter deployment targets with 10% of smart meters installed by August 2010, four months ahead of schedule. There has been no installer lost time or medical treatment injuries to date, and the customer smart meter installation compliments-to-complaints ratio is four to one.

CBD INFRASTRUCTURE UPGRADES

Two key infrastructure upgrades are underway in inner Melbourne to improve security of supply and meet

increasing demand in the CBD. Metro 2012 is a project aimed at providing increased electrical infrastructure capacity to meet a significant increase in energy demand in Melbourne's north east CBD. Metro 2012 will increase capacity to 165MVA within the key city-based zone substation network, to meet the demand initiated by residential and commercial growth.

The CBD Security of Supply project is a separate initiative which will increase the level of supply security in CitiPower's 66kV network across the CBD, to meet the increased expectation of a non-interruptible electricity supply for this region. The CBD Security of Supply project will provide double back-up – 'N-1 Secure' which reflects the ability to switch the network within 30 minutes of a high voltage outage, to withstand a second high voltage outage.

SPARK INFRASTRUCTURE IS COMMITTED TO SUSTAINABLE BUSINESS PRACTICE. OUR SUCCESS IS DEPENDENT ON THE PERFORMANCE OF OUR BUSINESSES AND THEIR INVOLVEMENT IN THE COMMUNITIES IN WHICH THEY OPERATE.

A RESPONSIBLE AND SUSTAINABLE BUSINESS



With a focus on organic growth, Spark Infrastructure is able to address sustainability issues within the Asset Companies by its representation on their Boards of Directors. Given the highly regulated nature of these businesses, Spark Infrastructure also engages with the regulator in order to keep pace with future expectations of the industry and the wider community. The energy industry faces many challenges over the coming years, including the mandatory reporting of greenhouse gas emissions and the announced introduction of a carbon pricing regime.

Spark Infrastructure is committed to conducting business consistent with the following goals and values:

- Maximising Securityholder value
- Respecting the legitimate interests of communities of Spark Infrastructure's Asset Companies
- Maintaining high standards of corporate governance.

The Manager and Responsible Entity of Spark Infrastructure Group is currently 50% jointly owned by Cheung Kong Infrastructure and RREEF Infrastructure.

The Responsible Entity with the assistance of the Manager has operated Spark Infrastructure Trust in accordance with the Corporations Act and with the Spark Infrastructure Trust Constitution. This includes holding any investments of Spark Infrastructure, ensuring compliance with the Compliance Plan, and acting in the best interests of investors.

The Board has proposed the Internalisation of the management function for consideration by Securityholders at an Extraordinary General Meeting to be held on the same day as the 2011 Annual General Meeting of Spark Infrastructure.

If approved, the Internalisation will create a self-managed group with enhanced alignment of interests, continuity of management and greater autonomy over decision-making. It will also eliminate future base fees and performance fees to the external Manager in exchange for a payment of \$49 million, which is supported by the Independent Directors and has been determined as being fair and reasonable by the Independent Expert, Lonergan Edwards & Associates. In addition, there is also expected to be a payment of approximately \$2.2 million for net working capital balances (i.e. predominantly cash settled balances) in the entities acquired at completion.

GOVERNANCE

Spark Infrastructure's corporate governance policies and charters are developed in accordance with the Corporate Principles Recommendations of the ASX Corporate Governance Council.

The Chairman of the Board, Stephen Johns, is an independent Director of Spark Infrastructure. In addition, all Directors of Spark Infrastructure are currently non-executive while a majority are independent.

Spark Infrastructure has a Code of Conduct that applies to all directors, officers and employees of the Manager. This Code of Conduct covers Spark Infrastructure's corporate mission and goals and commitments (including values, responsibility to Securityholders, honesty and fairness, compliance, responsibilities to the community and more).



**CEO OF ETSA UTILITIES
ROB STOBBE (LEFT)
RECEIVING "EMPLOYER
OF THE YEAR" AWARD AT
THE SOUTH AUSTRALIAN
TRAINING AWARDS IN
SEPTEMBER 2010, FROM
THE THEN MINISTER FOR
EDUCATION AND
TRAINING, THE HON.
JACK SNELLING MP**

A RESPONSIBLE AND SUSTAINABLE BUSINESS



SPARK INFRASTRUCTURE IS COMMITTED TO SUSTAINABLE BUSINESS PRACTICE. OUR SUCCESS IS DEPENDENT ON THE PERFORMANCE OF OUR BUSINESSES AND THEIR INVOLVEMENT IN THE COMMUNITIES IN WHICH THEY OPERATE.

OUR SUSTAINABILITY PERFORMANCE

ECONOMIC

Spark Infrastructure's Mission is to build a leading Australian listed infrastructure investment fund by achieving long-term value for investors in line with our risk profile and market expectations. The financial performance of the fund is underpinned by high quality assets and management. Spark Infrastructure seeks to provide an attractive cash yield and long term capital growth for investors.

ENVIRONMENTAL

Spark Infrastructure operates a small office. While data is available for energy consumption and certain other materials, this footprint is not significant.

ETSA Utilities, CitiPower and Powercor have comprehensive structures for managing environmental impacts and risks. Each of these companies views compliance with environmental legislation and regulation as a minimum requirement. ETSA Utilities, CitiPower and Powercor have made voluntary environmental commitments.

The Boards of ETSA Utilities, CitiPower and Powercor are committed to action to reduce their environmental footprints, particularly greenhouse gas emissions, and to adapting the networks to better withstand forecast climate conditions. Meeting national reporting obligations with regard to greenhouse gas emissions has involved considerable work by the Asset Companies to improve data collection and measurement for internal mitigation and reporting.

In 2010, ETSA Utilities achieved certification of its Environmental Management System to this standard. ETSA Utilities develops an Environmental Management Plan each year to identify objectives, strategies, managerial controls and continuous improvement mechanisms.

In 2010, ETSA Utilities continued to implement strategies arising from the Climate Change Policy, which was developed in 2008. This included further understanding its greenhouse impacts, reducing those impacts, ensuring climate change impacts are factored into asset augmentation, replacement and maintenance, and working with regulators to encourage further support for climate change initiatives.

ETSA Utilities was successful in a number of environmental management areas in 2010. A major Waste and Recycling Review and the establishment of a cross functional implementation group are supporting ongoing improvements in this area.

ETSA Utilities continued to closely monitor and report on organisational energy and water use throughout the year. Lighting systems at ETSA Utilities' Head Office at Keswick were upgraded and this is expected to reduce electricity consumption by lights by 60%.

ETSA Utilities became one of a small group of high profile organisations in South Australia to acquire Mitsubishi i-MiEV electric vehicles in 2010. Its three vehicles will be used as pool cars and monitoring will provide a valuable source of information on the practical performance of this emerging technology and insights into the nature of its impact on distribution networks.

CitiPower and Powercor have an Environmental Management System (EMS) certified to the international standard ISO 14001:2004. It provides the framework for implementing the Environment Policy. The EMS was externally audited twice in 2010 with no major non-conformances.

Business units with key environmental responsibilities have detailed environmental plans and significant environmental initiatives are monitored by the Environmental Steering Committee which offers strategic guidance on environment and climate change issues.

CitiPower and Powercor have a Climate Change Policy and Strategy which assists them to manage the impacts of climate change on their assets and operations, and to work to reduce their contribution to climate change. Updates regarding the implementation of this strategy are regularly reported to the Board's Risk Management and Compliance Committee.

Key achievements in 2010 in regard to the Strategy included a review of the greenhouse impacts and efficiency of their light and heavy vehicle fleet, following which new purchasing guidelines were developed. Energy audits of key sites resulted in a new Environmental Building Guideline being introduced to the business which gives guidance on energy and other resource efficiency options. Waste audits at seven locations have also resulted in a new campaign across the businesses to reduce waste and increase recycling, with targets being set for the next four years.

As required by the Federal Government, CitiPower and Powercor for the second year undertook a comprehensive review of their greenhouse emissions and submitted this data to the Commonwealth Department of Climate Change.

As a signatory to the Energy Supply Association of Australia's (ESAA) Sustainable Practice Framework, CitiPower and Powercor reported against the key indicators of the Framework and committed to public reporting, with key sustainability data for 2009 being included for the first time in a combined Annual and Sustainability Report. Early in 2010, CitiPower and Powercor were awarded best sustainability report by the ESAA for the previous year's Sustainability Report.

CitiPower and Powercor also continued their strong commitment to the community and the environment through its partnership with Landcare Australia, supporting such activities as revegetation projects and improvement of natural habitat.

National Greenhouse and Energy Reporting System (NGERS) Report

ETSA Utilities, CitiPower and Powercor all submitted NGERS reports on greenhouse gas emissions for the 2009-10 financial year. These annual reports are a requirement of the Commonwealth Government as part of a national framework for reporting information about greenhouse gas emissions, greenhouse gas projects,



A RESPONSIBLE AND SUSTAINABLE BUSINESS

and energy use and production by large corporations.

To ensure compliance with the Scheme, and the accuracy of the greenhouse data, ETSA Utilities, CitiPower and Powercor each participated in an audit conducted by an external consultant with expertise in this area.

SOCIAL PERFORMANCE INDICATORS

ETSA Utilities, CitiPower and Powercor continue to meet the expanding requirements of a growing population and respond to immediate and longer-term growth and demographic changes in residential and industrial customer sectors.

Customers expect that electric utilities ensure the availability and reliability of electricity supply. Stakeholders expect electric utilities to consider access to and affordability of electricity to all users for the overall sustainability of the community.

These issues are considered in detail by energy regulators who set out and enforce requirements applicable to the Asset Companies.

The AER has implemented a national Service Target Performance Incentive Scheme, which provides incentives to electricity distribution network businesses to improve service quality – including reliability – over time.

ETSA Utilities has aligned its ongoing reliability programs with the objectives of the scheme, which took effect for ETSA Utilities on 1 July 2010.

The Asset Companies meet regularly with the AER and abide by all regulations.

HEALTH AND SAFETY

Safety of the public and community is a key focus for Spark Infrastructure and each Asset Company. An extensive summer preparations program that factors in associated risks is reviewed and updated each year to ensure continuity of supply and public safety. In addition to these programs, ETSA Utilities, CitiPower and Powercor also have crisis management policies and procedures should a crisis event occur.

ETSA Utilities, CitiPower and Powercor each has specific health and safety policies which are developed through consultation and deployed within robust health and safety management systems. The systems are third party accredited to the certification standard Advanced Level Safety MAP edition 4 as well as, in the case of ETSA Utilities, the Australian Standard AS4801. ETSA Utilities will pursue accreditation in 2011 to the international safety standard ISO18001. CitiPower and Powercor Health and Safety Management System is certified to AS/ NZS 4801– Occupational Health and Safety Management Systems Standard.

SAFETY OF THE PUBLIC AND COMMUNITY IS A KEY FOCUS FOR SPARK INFRASTRUCTURE AND EACH ASSET COMPANY. AN EXTENSIVE SUMMER PREPARATIONS PROGRAM THAT FACTORS IN ASSOCIATED RISKS IS REVIEWED AND UPDATED EACH YEAR TO ENSURE CONTINUITY OF SUPPLY AND PUBLIC SAFETY.



CitiPower and Powercor have a comprehensive Health and Safety Committee structure and Health and safety reports are presented to each Board meeting. Health and Safety is also reported to the Board through the Risk Management and Compliance Committee.

Initiatives implemented in 2010 by CitiPower and Powercor include development and delivery of the Health and Safety communication strategy focussing on enhancing the "Never Compromise" Health and Safety culture, improved Health and Safety performance monitoring and reporting processes, and the establishment of Health and Safety leadership behavioural profiles and implementation of the Health and Safety leadership training program.

Spark Infrastructure recognises that the workforce of the Asset Companies can be exposed to potentially hazardous conditions such as high voltage electrical conductors. Ensuring an appropriately trained and committed workforce is vital to safety performance.

Workforce development programs complement the safety strategies in place and focus on areas of workforce culture, attraction, retention and training. Key components of the Asset Companies' training and development programs are apprentice, trainee and graduate schemes, which are part of the business' commitment to building a sustainable workforce.

SOCIETY

Spark Infrastructure recognises the impact it and the Asset Companies have on the communities in which they operate. Spark Infrastructure complies with all relevant laws, regulations and rules governing its activities. Spark Infrastructure acts responsibly in its dealings with all relevant regulators.

Spark Infrastructure is a responsible member of the community in which it operates and pays all government taxes, levies and duties for which it is liable. It respects the privacy of individuals through compliance with privacy laws.

ETSA Utilities, CitiPower and Powercor employ customer service strategies supported by a detailed set of policies, procedures, work instructions, manuals and guidelines.

CitiPower and Powercor have International Customer Services Standard accreditation from the Customer Services Institute of Australia (CSIA). In 2010, CitiPower and Powercor were successful in winning five awards at the CSIA's Australian Service Excellence Awards:

- Victorian Large Business
- National Large Business (commendation)
- Victorian Service Excellence in a Service Desk
- Victorian Customer Service Advocate of the year
- National Customer Service Advocate of the year.

The organisations have strong links with their community through various sponsorships and other support. The ETSA Utilities Employee Foundation provides a strong vehicle for support of important community activity, with staff contributing about \$150,000 in donations to a number of causes in 2010.



WORKFORCE DEVELOPMENT PROGRAMS COMPLEMENT THE SAFETY STRATEGIES IN PLACE AND FOCUS ON AREAS OF WORKFORCE CULTURE, ATTRACTION, RETENTION AND TRAINING.



MANAGEMENT TEAM

LAURA REED (A)
BBus, MBA, FCPA

Chief Executive Officer

(appointed 5 September 2008)

Laura Reed has over 20 years experience working in various financial and commercial roles in the gas industry. Prior to joining Spark Infrastructure, Laura spent nine years at ASX listed gas distribution business Envestra Limited in a number of senior financial roles including CFO of that organisation.

She has an intimate knowledge of the utilities sector and extensive experience in all matters related to strategic planning, financial forecasting, treasury management and taxation.

Laura was appointed Chief Executive Officer of Spark Infrastructure in September 2008 after serving as Chief Financial Officer from February 2007.

RICHARD FRANCIS (B)
BCom, MBA, CA, GAICD

Chief Financial Officer

(appointed 2 February 2009)

Rick Francis has significant experience in the Australian energy infrastructure industry. He joined Spark Infrastructure from the APA Group, where he was Chief Financial Officer for four years.

Prior to that, Rick was employed by Origin Energy Limited for over eight years in a number of senior management roles including those of Group Financial Controller and Operations Manager, Energy Trading.

Rick was appointed to the position of Chief Financial Officer of Spark Infrastructure in February 2009.

GREG BOTHAM (C)
BBus, MAppFin, CA

Group Financial Controller

(appointed 1 June 2009)

Greg Botham has more than eight years experience in financial roles within energy and transport infrastructure sectors, covering a broad range of responsibilities including financial reporting, corporate planning and analysis, project evaluation and risk management.

Prior to this, Greg commenced his career at Qantas Airways, where he worked primarily in the CFO's financial performance improvement team.

Greg was appointed to the position of Group Financial Controller in June 2009.

MARIO FALCHONI (D)
BEc, MPA, GradDipCom

General Manager, Investor Relations and Corporate Affairs

(appointed 31 July 2006)

Mario Falchoni has extensive experience in investor relations, corporate communications, government and industry relations and media.

Immediately prior to joining Spark Infrastructure, he was Corporate Relations Manager with ASX listed GrainCorp Limited, with responsibility for marketing, internal communications, stakeholder management and investor relations. Prior to that, he managed government relations and corporate affairs for a peak business lobby group and worked in various advisory roles in state and Federal governments.

Mario was appointed to the position of General Manager Investor Relations and Corporate Affairs in July 2006.

ALEXANDRA FINLEY (E)
DipLaw, MLM

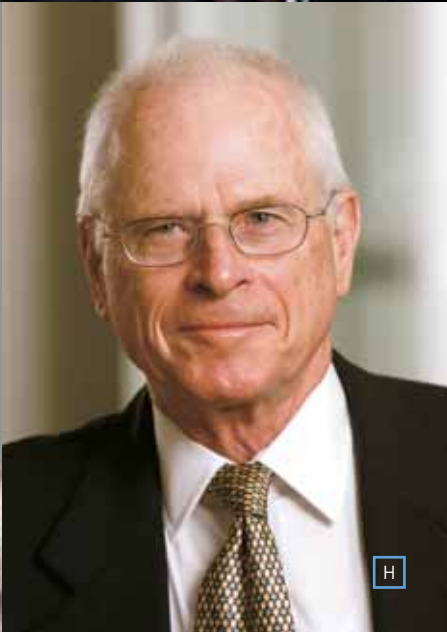
General Counsel and Company Secretary

(appointed 1 September 2008)

Alexandra Finley is an experienced corporate governance professional with over 15 years legal and commercial experience gained in private practice and in-house. Prior to joining Spark Infrastructure, she spent almost 10 years with National Australia Bank/MLC in various senior legal and commercial roles, most recently as Company Secretary of the MLC Group of Companies.

Alexandra has extensive experience in the financial services sector including mergers and acquisitions, risk management and regulatory compliance and has held strategic, operational and management roles.

Alexandra was appointed to the position of General Counsel and Company Secretary in September 2008.



BOARD OF DIRECTORS

MR STEPHEN JOHNS (A) **BEc, FCA**

Chairman and independent director (since November 2005)

Mr Johns had a long executive career with Westfield where he held a number of positions including that of Finance Director from 1985 to 2002. He was appointed an Executive Director of Westfield Holdings Limited and Westfield Trust in 1985 and Westfield America Trust upon its listing in 1996. He became a non-executive Director of the three Westfield boards in October 2003. He is currently a non-executive Director of the Westfield Group, which resulted from the merger of the three listed entities in July 2004.

Mr Johns was a non-executive Director of Brambles Industries Limited and Brambles Industries plc from August 2004 to December 2006, at which time he became a non-executive Director of Brambles Limited, the new holding company of the Brambles Group following a corporate reorganisation which became effective in December 2006.

Mr Johns was appointed to the Board of Leighton Holdings Limited on 21 December 2009.

MS CHERYL BART (B) **AO, BCom, LLB, FAICD**

Independent director (since November 2005)

Ms Bart is a lawyer and has been a non-executive Director on the board of ETSA Utilities (ETSA) since 1995.

She has significant utilities industry experience and is Chairman of the Audit Committee of ETSA and a member of its Risk and Compliance Committee.

Ms Bart is a director on the Board of the Australian Broadcasting Corporation, appointed on 3 June 2010. Ms Bart is also Chairman of ANZ Trustees Limited, the Environment Protection Authority, South Australian

Film Corporation, the Adelaide Film Festival and the Alcohol Education and Rehabilitation Foundation.

Her other current directorship positions include the William Buckland Foundation and Global Properties Limited.

Her previous directorships include the Economic Development Board (SA), Sydney Ports Corporation, the Australian Sports Foundation, Soccer Australia, the Information Economy Advisory Board and Defence Industries Advisory Board.

Ms Bart is a member of the Audit and Risk Management Committee (ARMC).

Ms Bart was awarded the Order of Australia in the Australia Day Honours in January 2009.

MR DOMINIC LOI SHUN CHAN (C) **FCPA, FCCA**

CKI board appointee and non-executive Director (since 28 May 2010)

Mr Chan was previously an alternate Director for Mr Kam on the Spark Infrastructure Group Boards from December 2008 until 28 May 2010.

Mr Chan is currently an executive director and Chief Financial Officer of Cheung Kong Infrastructure (CKI) and has over 25 years experience in the accounting and financial management.

In Australia, Mr Chan is a Director of Envestra Limited. He is an Alternate Director of CHEDHA Holdings Pty Limited (CHEDHA) the holding company of Citipower and Powercor Australia (Powercor), CitiPower, Powercor and ETSA.

MR JOHN D DORRIAN (D) **BA, FCA**

RREEF Infrastructure board appointee and non-executive Director (since August 2007)

Mr Dorrian is a Managing Director of Deutsche Bank AG, Chairman of RREEF Infrastructure, Asia Pacific and a non-executive director of Deutsche Asset Management (Australia) Limited.

He is also a non-executive director of a number of Australian and international companies including, Australia Pacific Airports Corporation Limited (the owner of Melbourne and Launceston Airports), CHEDHA Holdings Pty Ltd and its subsidiaries CitiPower Pty and Powercor Australia Ltd, ETSA Utilities, DWS Global Agricultural Land & Opportunities Fund Limited and DWS Vietnam Fund Limited.

A Fellow of The Institute of Chartered Accountants in Australia and a member of the Australian Institute of Company Directors, he holds a Bachelor of Arts degree in Financial Management from Macquarie University in Sydney.

Mr Dorrian is a member of the ARMC. Mr Dorrian has not held any directorships of other Australian listed entities within the last three years.

BOARD OF DIRECTORS

MR ANDREW FAY (E) **BAGc (HONS) ASIA**

RREEF Infrastructure board appointee and non-executive Director (appointed 31 March 2010)

Mr Fay is Chairman of Deutsche Asset Management (Australia) Ltd (DeAM) and associated companies. He consults to the Dexus Property Group Ltd in the area of capital markets and advises Microbiogen Pty Ltd, a private company which operates in the renewable energy industry, on corporate development.

Until January 2008, he was Head of DeAM following a 20 year career in the financial services sector. He joined DeAM in 1994 as part of the Australian Equities team and in the ensuing years held a number of positions including Head of Australian Equities, Chief Investment Officer for Australia, Chief Investment Officer for Asia Pacific and in April 2005 was promoted to the position of Head of the Australian business.

From November 2006 to November 2007 he was an Alternate Director for the Spark Infrastructure Group and was also an Alternate Director for the Dexus Property Group from 2006 until 2009. For a period of four years until 2002, he was a member of the Investment and Financial Services Association (IFSA) Investment Committee. IFSA is an industry body which represents companies operating in the Australian funds management industry.

Prior to joining Deutsche, Mr Fay spent six years at AMP Global Investors working in the areas of Fixed Income, Economics and Australian Equities.

MR ANDREW HUNTER (F) **MA, MBA, MICAS, CPA**

CKI board appointee and non-executive Director (since December 2006)

Mr Hunter is currently a Deputy Managing Director of CKI. In addition, he serves as Chief Financial Officer of Cheung Kong (Holdings) Limited and is an Executive Director of Power Assets Holdings Limited.

Mr Hunter has more than 26 years experience in accounting and financial management and holds a range of directorships in CKI-related companies.

He is a Director of ETSA, CHEDHA, CitiPower and Powercor.

Mr Hunter is a member of the ARMC.

Mr Hunter has not held any directorships of other Australian listed entities within the last three years.

MS ANNE MCDONALD (G) **BEC, FCA**

Independent Director (since January 2009)

Ms McDonald served as a partner of Ernst & Young for 15 years until 2005. She has broad based business and financial experience, gained through working with a wide cross section of international and local companies, assisting them with audit, transaction due diligence and regulatory and accounting requirements. She was a Board member of Ernst & Young Australia for seven years.

Ms McDonald is a non-executive Director of listed entities, including the GPT Group and Specialty Fashion Group Limited. She is also a non-executive Director of Westpac Bank's Life and General Insurance businesses. Ms McDonald was a director of the St Vincent's Healthcare Group, retiring on 1 October 2010.

Ms McDonald is a Director of CHEDHA, CitiPower and Powercor. In addition, she is Chairman of the Audit Committee of CHEDHA and a member of its Risk and Compliance Committee.

Ms McDonald is a member of the ARMC and the Compliance Committee, and was the Chair of the Due Diligence Committee during 2010.

MR DON MORLEY (H) **BSc, MBA, HON. FAustIMM**

Independent Director (since November 2005)

Mr Morley is the Chairman of Alumina Limited (since 2002) and an independent Director of Iluka Resources Limited (since 2002).

He was previously Director of Finance at WMC Limited with over 30 years of service.

Mr Morley is the Chairman of the ARMC (and was a member of the Due Diligence Committee during 2010).

DR KEITH TURNER (I) **BE (HONS) ME, PHD Elec Eng**

Independent Director (since March 2009)

Dr Turner possesses extensive experience in the New Zealand energy sector. Most recently, he served as Chief Executive Officer of Meridian Energy Limited from 1999 to 2008. Prior to that, he worked as a private energy expert advising a range of large corporate clients and government. He has previously served in a number of senior roles in establishing Contact Energy, and in the Electricity Corporation of New Zealand, and the New Zealand Electricity Department as well as many industry reform roles.

He is currently the Deputy Chairman of Auckland International Airport and is Chairman of Waitaki Wind Limited. Dr Turner is Chairman of Fisher & Paykel Appliances Limited, Pacific Simulators 2010 Limited and Solar City Limited.

Dr Turner was appointed as a Director of ETSA, CHEDHA, CitiPower and Powercor on 17 November 2009.



CORPORATE CONTACT DETAILS

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