



Wednesday, 11 March 2009

Ms Stephanie Yong
Senior Adviser Issuers (Sydney)
ASX Markets Supervision Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

By email: stephanie.yong@asx.com.au

Dear Stephanie

Spark Infrastructure Group Price Query

In response to your letter of 10 March 2009 please refer to our Media Release of 24 February 2009 (copy attached) and corresponding release to the ASX of Spark Infrastructure's Financial Reports, Appendix 4E, and accompanying Analyst Presentation and Fact Book.

Subsequent to the release of our financial results, we have been made aware of the following, as notified to us by the ASX:

- S&P/ASX Index Rebalance of 6 March 2009 noting Spark Infrastructure's inclusion in the S&P/ASX100 ; and
- Change in substantial shareholding of 9 March 2009.

Spark Infrastructure is not aware of any information concerning it that has not been announced which could explain the recent movement in the price of its securities.

As advised in our Media Release of 24 February 2009, in light of prevailing market conditions, future funding needs and future regulatory decisions, Spark Infrastructure is not in a position to provide distribution guidance for 2009. Spark Infrastructure will review the situation following release of the AER's final decision on WACC parameters (expected on 1 May 2009).



This advice together with the current market volatility and economic uncertainty is the only explanation that Spark Infrastructure can offer in response to the movement in the Group's securities.

We confirm that Spark Infrastructure is in compliance with the Listing Rules and in particular Listing Rule 3.1.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Alex Finley", written in a cursive style.

Alexandra Finley
Company Secretary

Attachment – Media Release, Tuesday 24 February 2009.



MEDIA RELEASE

Tuesday, 24 February 2009

SPARK ANNOUNCES FULL YEAR 2008 DISTRIBUTION IN LINE WITH GUIDANCE BASED ON SOLID OPERATIONAL PERFORMANCE BY ASSET BUSINESSES

Spark Infrastructure has announced a final distribution of 9.26 cents per security for 2008, which is in line with its previous guidance, following a solid operating result from its asset businesses in the year to 31 December 2008. This distribution takes the total distribution for the year to 18.51 cents per security, which is 2.5% above 2007.

Spark Infrastructure's total underlying income¹ increased by 3.4% to \$232.4 million. The increased performance resulted from continued growth in the regulated electricity distribution networks and non-prescribed business activities² within the electricity distribution businesses in which Spark Infrastructure has a 49% interest – ETSA Utilities, CitiPower and Powercor Australia (Powercor).³

"The asset companies in our portfolio have experienced steady growth in regulated electricity distribution sales volume of 1.3% above 2007. They have also continued to benefit from a steady flow of unregulated business including projects for third parties in the electricity transmission, defence, government and mining sectors" said Laura Reed, CEO of Spark Infrastructure.

Upcoming Regulatory Resets

The most significant upcoming event for the asset companies is the next regulatory reset which will be effective from 1 July 2010 for ETSA Utilities and from 1 January 2011 for CitiPower and Powercor. An important component of the upcoming reset is the determination of the Weighted Average Cost of Capital (WACC) parameters which will materially impact the financial returns on future capital expenditure. The Australian Energy Regulator (AER) released its draft determination in December 2008 and a final determination is now expected by 1 May 2009, following a process of consultation with industry. Spark Infrastructure along with its asset companies have participated in this process.

"We believe the proposals contained in the AER's draft decision on WACC parameters do not accord with current market conditions and will create a regulatory environment which is not conducive to new investment. In our view, if adopted, these proposals are likely to result in negative consequences for the future reliability of electricity infrastructure. The industry is unanimous in the view that significant changes need to be made in the final decision in order that returns reflect current market conditions and appropriate funding can be sourced for these projects," said Ms Reed.

"Organic growth will remain at the centre of our growth strategy in 2009 and beyond and this will require significant capital expenditure in our regulated business over the next few years. Ensuring that a suitable regulatory environment exists for investment to augment and grow the network and ensure security of supply comprises an important part of the submissions made by Spark Infrastructure and its asset companies to the AER in relation to WACC parameters and in due course the upcoming regulatory resets," added Ms Reed.

Outlook

The asset companies in our portfolio have performed strongly. They continue to experience steady growth in regulated electricity distribution sales volumes and in the flow of semi-regulated and unregulated business revenues. While the asset companies are not immune to conditions in the broader economy, their current level of operational performance is expected to continue in 2009 despite the domestic and global economic slowdown.

However, the Directors note that operating returns of the asset companies in 2010 and beyond will be impacted by the next regulatory resets, incorporating the final determination of the WACC parameters by the AER.

In providing for future distributions to Securityholders, Spark Infrastructure will continue with its policy that distributions be supported by the operating cash flows of the underlying businesses. In formulating a sustainable distribution policy Spark Infrastructure also has regard to prudent cash management in light of prevailing market conditions, future funding needs and the anticipated impact of future regulatory decisions. Accordingly, your Directors are not in a position to provide distribution guidance for 2009 at this time and will review this situation following the release of the AER's final decision on WACC parameters.

Spark Infrastructure Highlights

Spark Infrastructure distributions	FY 2008	FY 2007	Variance
Distribution per stapled security	18.51 cents	18.06 cents	↑2.5%
Yield FY 2008 ⁴	14.5%		

Spark Infrastructure Financial performance	FY 2008 (\$m)	FY 2007 (\$m)	Variance
Total income (underlying) ^{1 5}	232.4	224.7	↑ 3.4%
Profit before performance fee, loan note interest and tax (underlying) ¹	190.4	179.6	↑ 6.0%
Operating and investing cashflows	181.9	180.4	↑ 0.8%
Aggregate asset company revenue (Spark share) ^{6 7}	803.3	765.3	↑ 5.0%
Aggregate asset company EBITDA (Spark share) ^{6 7}	553.5	530.1	↑ 4.4%

Network performance

All three electricity distribution networks continued to improve their network availability in 2008, and were able to maintain high levels of reliability despite extreme weather conditions in the first half of 2008. CitiPower and Powercor have retained their status as the most reliable rural and urban electricity distribution businesses in Australia. ETSA Utilities also operates with a very high degree of network availability and has exceeded all its targets for reliability and customer service for 2008.

More recently, amidst the extreme high temperatures experienced in January and February 2009, the networks were forced to implement load shedding programs in South Australia and Victoria due to factors beyond their control. The asset companies continued to perform very well under these extremely trying conditions due in large part to the competence, commitment and dedication of their employees.

In addition, in February 2009, Victoria suffered the worst bushfires in Australia's history.

"We extend our sincere sympathy to all those affected by the tragic bushfires in Victoria. While CitiPower and Powercor's operational areas were not significantly affected by the fires, the asset businesses dispatched maintenance crews to assist with the repair of electricity infrastructure in neighbouring areas" said Ms Reed.

Asset companies maintain steady growth

Total aggregated revenue of the asset companies for the 12 months ended 31 December 2008 was \$1,639.5 million (Spark's share \$803.3 million), compared with \$1,561.7 million for the previous year, an increase of 5.0%. This revenue included \$1,125.3 million in electricity distribution revenue (Spark's share \$551.4 million) and \$319.4 million in revenue derived from non-prescribed business activities (Spark's share \$156.5 million), excluding customer contributions. Spark's share of aggregated asset company EBITDA⁷ was \$553.5 million compared with \$530.1 million for 2007, an increase of 4.4%.

Organic growth remains at the core of the asset companies' growth strategies. The asset companies continue to invest in the expansion of their networks to maintain and where possible improve asset performance and reliability. During the year, a total of \$437.7 million in net capital expenditure (Spark Infrastructure's share \$214.5 million) was invested by the asset companies. Of the total, 54.1% was growth related. Net capital expenditure is included in the

regulated asset bases of the asset companies by the electricity regulator and this, in turn, leads to increased operating revenue in future periods.

Asset Company highlights

Year ended 31 December 2008		ETSA	CitiPower	Powercor
Sales volume growth	- Weather related (asset company estimates)	-0.4%	0.5%	1.0%
	- Underlying growth	1.1%	-0.1%	1.4%
	- Total increase (compared to FY 2007)	0.7%	0.4%	2.4%
Customers	- Customer numbers	803,251	301,771	683,610
	- Customer growth (compared to FY 2007)	1.3%	0.8%	1.5%
Capital expenditure	- Net	\$153.4m	\$284.3m	
	- Percentage increase (compared to FY 2007)	16.6%	11.2%	
Unregulated revenue	- Actual results	\$173.2m	\$146.3m	
	- Percentage change (compared to FY 2007)	-2.4%	21.6%	

Debt position

In June 2008 Spark Infrastructure successfully refinanced a debt tranche of \$200 million for three years on favourable terms in light of prevailing conditions in the debt markets, paying a margin of 105 basis points. In November 2008, Spark Infrastructure put in place new standby revolving debt facilities totalling \$100 million at an average margin of 102.5 basis points. In addition, CHEDHA, the holding company of CitiPower and Powercor, put in place new debt facilities of \$250 million in July for a period of three years on favourable terms.

Spark Infrastructure does not have any debt facilities maturing until December 2010. The first rollover of existing facilities for the asset companies is in the first quarter of 2010. The asset companies, with an A- credit rating, together with their secure and predictable cash flows, are well placed to meet their future funding requirements.

At the end of the period, Spark Infrastructure's net gearing including its proportionate share of the asset companies' debt, was 63.3%⁸, with interest rate hedging of 89.2%.

Future Growth

Spark Infrastructure is focused on organic growth in the regulated electricity distribution networks of its asset companies, which in turn is driven by growth in customer numbers and sales volume.

"An important element of our organic growth strategy involves capital expenditure in a range of projects such as 'smart metering' in Victoria and the upgrading of the CitiPower and ETSA Utilities networks through 'CBD supply security' projects. The roll-out of Advanced Metering Infrastructure across the CitiPower and Powercor networks will commence later this year. The total capital expenditure on this project is now approximately \$690 million, which will be added to the asset base and generate future revenue" said Ms Reed.

Income from non-prescribed business activities² accounted for 31.4% of aggregate revenue in 2008. Non-prescribed revenue consists of semi-regulated and unregulated revenue.

The asset companies have maintained their strong position in unregulated business activity. In South Australia there are a number of mining, defence and other government initiated projects in which ETSA Utilities will participate. There are a number of projects in which Powercor Network Services will take part, including rebuilding of the Geelong Terminal Substation, the expansion of the Bribie Island zone substation and the generation interface point for the Sugarloaf Dam Project.

While the general economic slowdown will inevitably have an impact on demand from the resource sector in particular, Spark Infrastructure believes there is sufficient demand from the defence and government sectors, in addition to contracted work for electricity transmission businesses, to maintain the current level of unregulated revenues in 2009.

In relation to potential acquisitions, Spark Infrastructure will continue to adopt a disciplined approach and will only invest in opportunities that it believes are value accretive to its Securityholders.

Distributions⁹

The Board of Spark Infrastructure has declared a final distribution of 9.26 cents per security (cps) for 2008. This consists of 6.85cps interest on loan notes and 2.41cps return of capital.

The total distribution for the year is 18.51cps, which is in line with previous market guidance. In accordance with the Board's policy, the 2008 distribution is underpinned by the operating cash flows of the asset companies.

March 2009 Distribution – Key dates

Ex date	Friday, 27 February 2009
Record date	Thursday, 5 March 2009
Payment date	Friday, 13 March 2009

Further information:

Mario Falchoni
General Manager, Investor Relations & Corporate Affairs

Phone: 02 9086 3607
Mobile: 0418 401 415

1 Underlying figures exclude certain non-cash and non-operating items which do not relate to the year's underlying performance. The directors consider that underlying figures provide a clearer explanation of Spark's operating performance.

2 Non-prescribed business activities includes semi-regulated activities such as customer contributions, meter reading, and public lighting; and unregulated activities such as the provision of construction, maintenance and back office services to third parties.

3 CitiPower owns the electricity distribution network in Melbourne's CBD and inner suburbs servicing around 302,000 customers; Powercor owns the largest electricity distribution network in Western Victoria covering 65% of the State and around 684,000 customers. ETSA owns South Australia's only significant electricity distribution business with around 803,000 residential, commercial and industrial customers.

4 Based on the Volume Weighted Average Price of \$1.28 per security for the 20 business days up to and including Friday 20 February 2009.

5 Consists of interest income from associates, Spark Infrastructure's share of equity accounted profits and other income less movements in financial instruments taken to the Profit & Loss account by the associates.

6 Aggregate revenue of the asset companies excludes transmission revenue which is collected on behalf of others and does not contribute to profit.

7 Spark Infrastructure's amount shown equates to its 49% share of the relevant amounts for the asset companies.

8 This excludes the loan notes principal attributable to Securityholders which is subordinated to senior debt.

9 The ability to pay future distributions depends on a range of factors, including the results and operations of asset companies, availability of distributable cash flow, availability of new or continued debt facilities, Spark Infrastructure's financial position, taxation considerations, the ongoing capital and cash requirements of the asset companies, the outcomes of regulatory decisions and other such factors that the Boards of the stapled entities consider relevant.

Spark Infrastructure

Spark Infrastructure is a specialist listed infrastructure fund. Its objective is to invest in regulated utility infrastructure in Australia and overseas.



This includes electricity and gas distribution and transmission and regulated water and sewerage assets which offer relatively low risk and stable cash flows, facilitating the payment of relatively predictable distributions to investors and offer the potential for long term capital growth. Spark Infrastructure currently owns a 49% share of three quality electricity distribution businesses – CitiPower and Powercor based in Victoria and ETSA Utilities based in South Australia.

Spark Infrastructure is jointly managed by Cheung Kong Infrastructure (CKI) and RREEF Infrastructure (RREEF). CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in a range of infrastructure related businesses, including energy, transportation and water infrastructure. RREEF is the infrastructure investment arm of Deutsche Asset Management, the asset management business of Deutsche Bank AG.



10 March 2009

Mr Alexandra Finley
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By email

Dear Alexandra

Spark Infrastructure Group (the "Group") RE: PRICE QUERY

We have noted a change in the price of the Group's securities from \$1.05 on the close Monday, 2 March 2009 to an intra-day low of \$0.84 at the time of writing today.

In light of the price change, please respond to each of the following questions.

1. Is the Group aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Group?

Please note that as recent trading in the Group's securities could indicate that information has ceased to be confidential, the Group is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Group may have for the price change in the securities of the Group?

4. Please confirm that the Group is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to Stephanie Yong by e-mail at stephanie.yong@asx.com.au or by facsimile on facsimile number 02 9241 7620. It should not be sent to the Company Announcements Office.

The information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than (ie before 9.30 a.m. E.D.S.T.) on **Wednesday, 11 March 2009**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the 's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Kimberley Brown

Senior Adviser, Issuers
Direct Line: 02 9227 0133