

ENVESTRA LIMITED
2011 ANNUAL GENERAL MEETING
QUESTIONS AND ANSWERS



Questions submitted by shareholders prior to the meeting

Q.1 *What process does the Company have in place to ensure that the rebate being offered to consumers who connect to natural gas is passed through to the consumer by the plumber?*

A. The rebates were introduced by Envestra to encourage plumbers to promote the sale of natural gas hot water services, particularly where they are replacing electric units.

To be eligible to claim the rebate, plumbers must provide the following:

- A copy of the certificate of compliance to verify the hot water unit has been safely installed and complies with the requirements of the Gas Code;
- A copy of the customer's invoice to verify the rebate has been passed on; and
- A tax invoice to claim the rebate.

The above details are recorded in a customer database and are subject to random telephone audits with consumers to ensure the work was completed to their satisfaction and also to confirm the rebate was passed on.

Q.2 *What is the Company's Dividend Policy? Where do you project dividends going in the medium term?*

A. When the Company announced its full-year results on 25 August, the market was informed that the final dividend for 2010-11, which is to be paid on 28 October, would be increased to 2.9 cents (previously 2.75 cents) and that it was expected that dividends totalling 5.8 cents would be paid during 2011-12 (previously 5.5 cents).

Our objective is to improve distributions to shareholders whilst ensuring a prudent financial position is maintained. Cash flow to support the 2011-12 dividends is expected to cover the payments to shareholders by 1.6 times.

Any future increases in dividends will be subject to satisfactory regulatory outcomes, via the Australian Energy Regulator, and achieving an improved credit rating of BBB with Standard & Poor's.

Q.3 Would the board consider a Shareholders' Benefits Package? For example, a discount on the purchase price of gas appliances?

- A. The Company is not involved in the retailing of gas and gas appliances and so cannot offer such incentives to shareholders. However, as part of Envestra's "Make the Connection" marketing program, incentives are paid to consumers in existing homes who connect to gas and install a hot water service. During the recent winter, an incentive was also available to consumers who installed a ducted gas heating system. Shareholders are encouraged to participate in these programs.

Q.4 Do you expect there will be franking of dividends? If so, when?

- A. The Company has substantial accumulated tax losses and will have significant depreciation and interest deductions in future years that will mean it is not expecting to pay tax for at least the next decade under existing taxation laws. As a result, dividends will not be franked for many years.