

THE OPERATION TODAY

Snowy Hydro Limited owns and operates the 3756 megawatt (MW) Snowy Mountains Hydro-electric Scheme, and the 300MW Valley Power and 320MW Laverton North gas fired power stations both located in Victoria. In addition, we are the parent company of Red Energy, an electricity retailer selling electricity and gas direct to consumers.

Snowy Hydro is a leading supplier of electricity price risk hedging contracts to other National Electricity Market (NEM) participants (retailers and other generators) who are seeking protection to limit the price risk they face in the volatile NEM.

Snowy Hydro's ability to draw on large scale generation at short notice means that it is able to offer such contracts, and generally hedge the risk it takes on those contracts by generating electricity as required.

Snowy Hydro is the National Electricity Markets third largest generator by capacity. Our portfolio of Snowy Mountains Scheme hydro generation assets and Victorian based gas-fired capacity places us in a strong position to take advantage of periods of high prices in the NEM.



Snowy Hydro Limited > The Company

Snowy Hydro Limited was formed in 2002, when the electricity trading business, Snowy Hydro Trading Pty Ltd was combined with the corporatised Snowy Mountains Scheme asset business, Snowy Mountains Hydro-electric Authority.

Snowy Hydro Limited operates in the highly competitive National Electricity Market, which was formed in 1998, following the process of deregulation of the Australian power industry by the State and Commonwealth Governments.

Since corporatisation in 2002, Snowy Hydro Limited has grown the business, consistently returning above average financial returns to our shareholders.



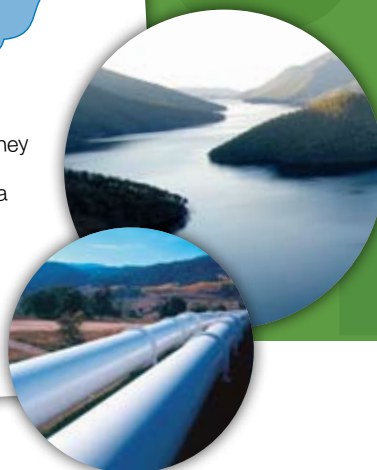
OVER 640 STRONG

Snowy Hydro's business is based across New South Wales and Victoria, and currently employs over 640 people in Sydney, Cooma, Jindabyne, Khancoban, Cabramurra, Talbingo, Melbourne and Traralgon. Around 170 of these employees are located in Cooma, over 240 in Victoria and the rest spread across the townships of the Snowy Mountains region and Sydney.



> Essential water

Snowy Hydro also provides essential water to in-land irrigators and water for environmental releases. Under normal water inflow conditions, a total of 2088 gigalitres are released into two state owned holding dams, Blowering Reservoir and the Hume Reservoir, in accordance with the Snowy Water Licence. Both reservoirs are controlled by government authorities for release to irrigators.



THE BIG PICTURE

> Snowy Hydro Asset Portfolio



A powerful combination of hydro and gas-fired electricity generation

Snowy Hydro Limited owns and operates the Snowy Mountains Hydro-electric Scheme, a network of seven power stations, 31 generating units, 16 dams and 225 kilometres of tunnels and aqueducts dispersed over a catchment area of 5124 square kilometres in the Kosciuszko National Park.

Snowy Hydro also owns and operates two gas-fired power stations in Victoria, one in the Latrobe Valley and the other in Laverton North on the outskirts of Melbourne's CBD. The combined total of 620MW from the

two gas-fired stations complement our hydro-electric assets, enhance our ability to generate at times of peak demand in Victoria, and hedge exposure arising under electricity price risk hedging contracts.

The Snowy Mountains Scheme and the gas-fired power stations form the asset portfolio of the overall business, which takes the generation capacity of Snowy Hydro Limited to over 4300MW and makes us the third largest generator by capacity in the National Electricity Market.

Red Energy Our Electricity Retailer



Snowy Hydro acquired Red Energy, a Victorian based electricity retailer, in November 2004. Its retail electricity and gas customer base is currently over 120,000 and growing. While it predominantly operates in Victoria and South Australia, Red Energy also has retail licences to operate in the ACT, Queensland and New South Wales.

Since July 2004, one of Red Energy's key marketing strategies has been the ability to guarantee that 100% of its customer energy consumption is matched by the generation and delivery to the NEM of an equal amount of hydro renewable energy. This renewable energy guarantee is provided at no extra cost to its customers. Other key marketing strategies include the offer of no fixed term contracts and pay on time discounts.

> A future of commitment and expansion

Snowy Hydro's business strategy is to:

- Maintain and enhance the Snowy Mountains Scheme;
- Expand gas-fired generation capacity;
- Expand portfolio of electricity risk hedging contracts;
- Expand retail customer base.



Sponsorships and the Community

Snowy Hydro is a proud sponsor of many community events and initiatives. We support tourism, youth development, the environment and safety within both the local and broader community. Our major sponsorship is the Snowy Hydro SouthCare rescue helicopter service which provides aero-medical rescue facilities to the entire Snowy Mountains region.