

m e d i a r e l e a s e

Date: 16th December 2005

Subject: NSW ANNOUNCES IPO OF ITS 58% INTEREST IN SNOWY HYDRO LIMITED

SYDNEY. 16 December 2005. Snowy Hydro Limited welcomes today's announcement by NSW Premier Morris Iemma that NSW will sell its 58% stake in Snowy Hydro Limited by offering shares through an Initial Public Offer (IPO).

Snowy Hydro Limited has been considering ways to access equity needed to fund investment in new power stations and retail opportunities, as additional debt alone is not an appropriate option.

Snowy Hydro Limited's Chairman, Mr Robert Barry, commented: "We are pleased with the NSW decision. With 58% of the company listed on the ASX this will give Snowy Hydro Limited the ability to access the equity markets to fund its plans for significant investment in value-adding generation and retail opportunities and also to continue to enhance the Snowy Mountains Scheme."

Snowy Hydro Limited will work with its NSW shareholder over the coming months to facilitate the sale of its 58% stake in the business.

Snowy Hydro Limited's Managing Director, Mr Terry Charlton, said: "We have been preparing for something like this for some time and we are ready for the next phase in our development. We see that this next phase of our growth will create new jobs, provide learning opportunities for our workforce and enable us to grow the business, as all those who have worked on the Snowy Mountains Scheme would have expected. The structure of our organisation, including the main corporate office in Cooma, will be unaffected."

"We can understand NSW's decision given the substantial investment that we have made and will continue to make across the National Electricity Market in order to remain competitive. We anticipate strong and positive interest from the public and look forward to welcoming customers, employees, local residents and all other stakeholders as investors in our business", Mr Charlton added.

Snowy Hydro Limited is the leading provider of peak and renewable electricity in the National Electricity Market, supplying around 74% of the renewable energy available in the mainland National Electricity Market.

Since corporatisation in 2002, Snowy Hydro Limited has delivered consistently strong financial results. To the year ending June 2005, the company achieved EBITDA of \$273 million and NPAT of \$148 million.

Snowy Hydro Limited is upgrading its hydro assets, is building new hydro generation facilities on its Jindabyne and Jounama Dams, has purchased the 300MW Valley Power gas fired peaking power station in Victoria, and is currently constructing the 320MW Laverton North gas fired peaking power station, also in Victoria.

Snowy Hydro Limited entered the retail electricity business in 2004 through its acquisition of Red Energy, which currently operates in Victoria and is expanding into other States.

For more information, please call:

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