

**A MESSAGE FROM SNOWY HYDRO LIMITED
MANAGING DIRECTOR TERRY CHARLTON**

20 May 2006

Since 1974, the Snowy Scheme has reliably provided clean, renewable energy and water for irrigation.

None of that will change with the listing of Snowy Hydro Limited on the Australian Stock Exchange.

The listing of Snowy Hydro Limited allows the company to raise much-needed private equity to further develop our business and continue to expand locally and interstate.

At the time of Snowy Hydro's corporatisation in 2002, the regulatory framework governing water, land occupation, land use and other stakeholder issues was established and locked in. This does not change as a result of Snowy Hydro listing.

Snowy Hydro does not own water. Water release obligations are set out in the Snowy Water Licence, issued by the New South Wales Department of Natural Resources.

The requirements of the Snowy Water Licence, including arrangements for timing of releases into dams controlled by NSW water agencies and the MDBC, will continue regardless of future ownership of Snowy Hydro Limited. Snowy Hydro does not control the timing of releases to irrigators.

These Water Licence obligations were locked in at corporatisation and have proven very workable for irrigators during the recent difficult drought years.

All Australians can buy shares in Snowy Hydro, but for a period of at least four years, no one shareholder can own more than 10 per cent of shares. After that, shareholders can vote to keep that limit. It will require a simple majority of the voting shareholders (voting according to the number of shares they own) to retain the individual shareholders limit.

To protect the company's Australian identity, Snowy Hydro Limited's constitution will contain a number of provisions including requirements that two-thirds of the directors and the chairman are Australian citizens and that the company must have its headquarters in Australia. These requirements can only be removed after four years and only with the approval by special resolutions of shareholders (75 per cent).

I understand there is always a level of concern during times of change, but I would hope that some considerable comfort can be taken from the positive experience since Snowy Hydro Limited became a company back in June 2002.

It is my firm belief that the listing of Snowy Hydro Limited on the Australian Stock Exchange is the start of a new and beneficial era for the Snowy Scheme and for the surrounding communities. I hope this listing can be embraced by everyone in a positive and constructive way.



Terry Charlton
Managing Director