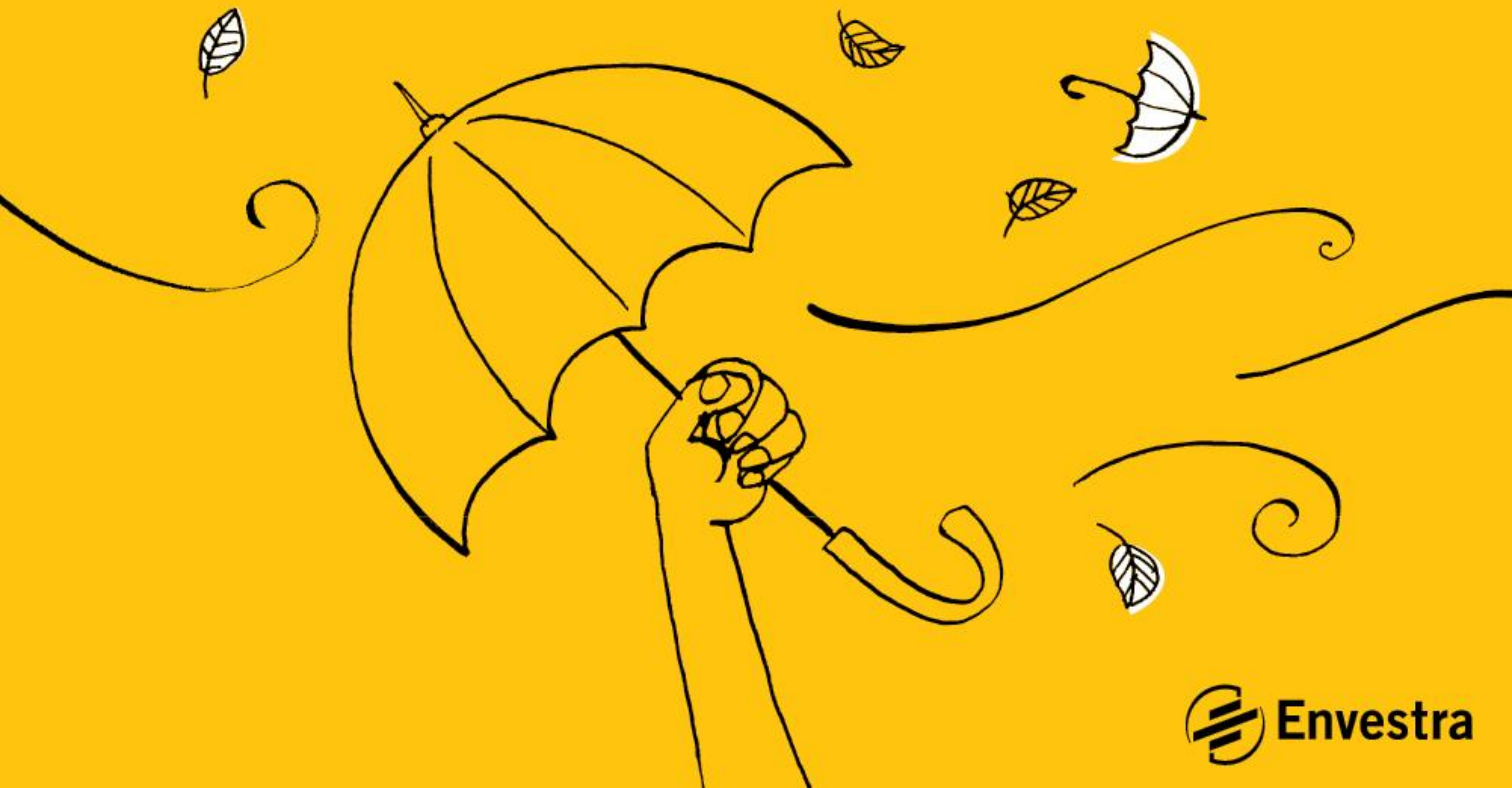
2009 ANNUAL GENERAL MEETING

Chairman's address



Envestra

Global Financial Crisis

- Most challenging period since 1997
- Record underlying PAT of $35.6M: up $24.3M
- Maintained financial stability – sound equity and debt structure
- Disappointing returns to shareholders

2008-09 Highlights

- PBT of $52.4M: up $32.9M
- PAT of $40.3M
- 23,500 new consumers
- $112.5M capital works
- Cashflow available for distributions 137%: up from 95%
- Borrowing costs $158.3M: up $13.5M
- Final repayment of loan note

Gearing & Debt Refinancing

- Gearing around 75% was appropriate
- Extended term of debt and locked in low margins
- Average debt maturity 9.4 years
- Envestra Victoria: debt refinancing and issues with financial covenants
- Envestra Group put on Negative Outlook by S & P
- Debt consolidation and equity raising to address rating
- Consolidation of Group's debt (SA/Qld and Vic/NSW)

Envestra

Gearing & Debt Refinancing

- Debt consolidation completed February ‘09
- Rights Issue versus Placement
- Rights Issue underwritten by APA Group
- Very attractive price (30 cents)
- Dividend rate had to be reduced
- Proposed 18% yield attractive to shareholders
- $111M raised
- S & P removed Negative Outlook

Envestra

The Re-Financing Challenge

- Debt maturing

May 2009	$85M
August 2009	$125M
November 2009	$175M

- May tranche refinanced November 2008
- August and November refinanced July 2009
- Minimal further refinancing until mid-2011
- New $100M 5 & 6 year bank facility to re-finance May 2011 CIBs
- Agreement reached to repurchase almost $90M of CIBs

Envestra

Regulatory Challenge

- Challenged ESCV Final Decision
- Appealed management fee - $5M pa revenue at risk
- Appeal successful on management fee and other matters – total uplift $8M
- Not successful on higher return on capital (WACC)
- Preparing for South Australian and Queensland reviews – new Access Arrangements commence July 2011

Outlook

- Organic growth > 20,000 consumers
- Capex around $120M
- All term-debt refinancing for 2009-10 completed
- Preparing revised Access Arrangements for South Australia and Queensland
- Profit after Tax of $40M
- Total dividends of 5.5 cents