

EnergyAustralia™

Who's got twice the energy?
Gas and electricity from  EnergyAustralia

THE MARKET

EnergyAustralia is one of Australia's largest energy retailers, supplying energy to more than 1.4 million homes and businesses in New South Wales, the ACT, Victoria, Queensland and now South Australia.

Prior to the start of industry deregulation in 1996, a customer's electricity supplier was determined purely by the location of their premises. Prices were fixed, service was basic and service provision was determined by geographical monopoly.

The deregulation process in New South Wales and Victoria took several years and the timing was determined by the customer's level of energy consumption.

For large commercial customers it began in 1996, for smaller commercial customers in 2001, and for everyone else (including residential and small to medium enterprises) in January 2002 - the start of 'full retail competition'. That meant that residential

and small business customers in New South Wales and Victoria were able to choose their electricity and gas supplier for the first time.

Market deregulation resulted in a significant increase in competition, putting pressure on prices and margins. It marked the beginning of an entirely new era for the energy industry.

ACHIEVEMENTS

Since the start of full retail competition, the challenge for EnergyAustralia has been to protect its established customer base while winning new customers from its competitors.

The results so far have been very positive. Retail profitability has delivered above-average results for EnergyAustralia, in a very challenging market.

In February 2003 the company signed its 100,000th contestable energy contract. This was achieved just 12 months after the start of full retail competition, with most customers signing three year contracts for 'dual fuel' (electricity and gas).

This milestone was the result of a targeted sales and marketing campaign which helped strengthen an already well-known and trusted brand.

The company developed a sales model which set new industry benchmarks, as well as attracting the interest of other utilities and government agencies.

The campaign was a success, something attributed to the transparent, non-aggressive and user-friendly approach the company had taken, ensuring that customers had the right information to make informed decisions about whom they wanted to be their energy provider.

This approach helped EnergyAustralia to consolidate its market position as 'energy experts'. From 1996 to 2003 the company recorded sizeable gains in brand recognition, general awareness and brand preference.

HISTORY

EnergyAustralia was established in March 1996 after an amalgamation including Sydney Electricity and Orion Energy (Newcastle). Prior to this, the

provision of electricity for the Sydney area was controlled by the respective councils.

EnergyAustralia is now one of the largest energy services companies in Australia, providing broad-based energy solutions ranging from electricity and gas supply, to energy management and renewable energy alternatives.

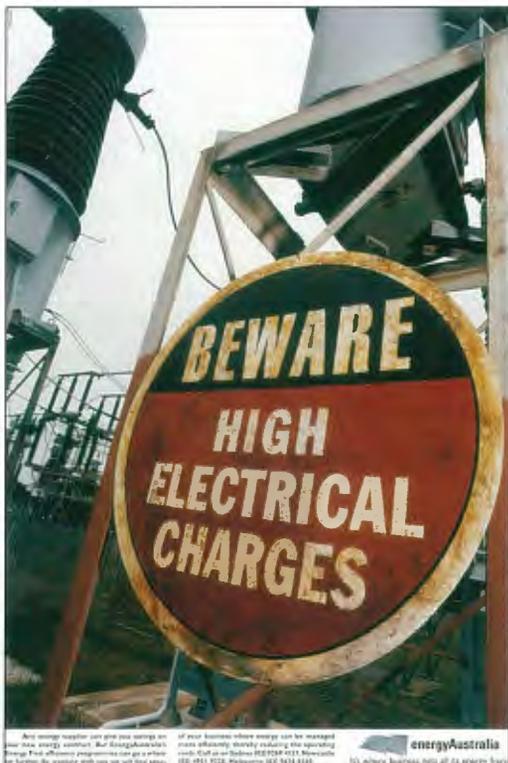
2004 marks the Centenary of Electricity - 100 years since the Sydney Municipal Council first introduced electric streetlights in Sydney. On this important anniversary, EnergyAustralia is taking the time to reflect on where it has come from and where it is going.

THE PRODUCT

EnergyAustralia's product offering has evolved significantly over the past six years - responding to changing customer demands, a rapidly growing population and the need to be more environmentally aware.

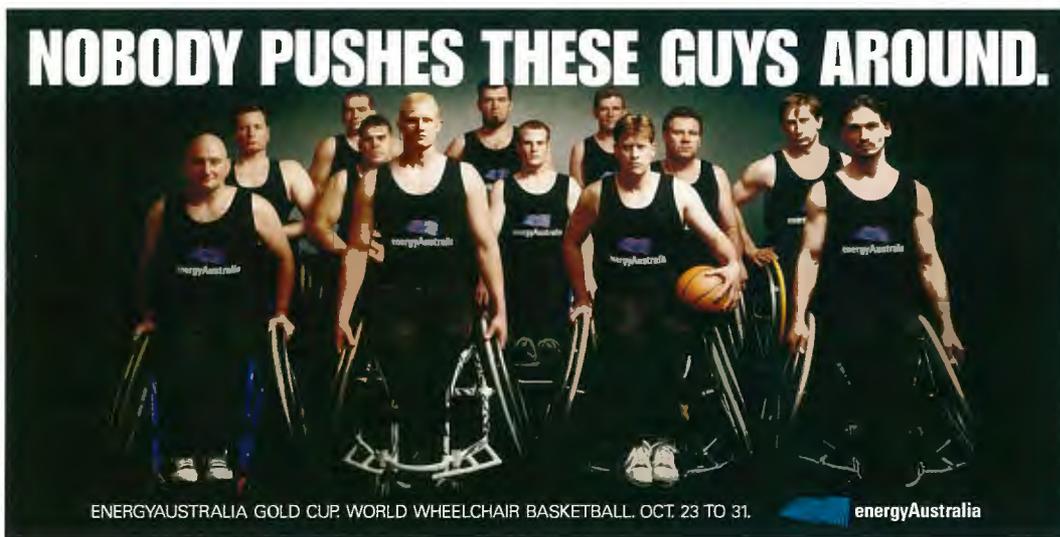
The company has moved from simply supplying electricity to become a multi-faceted energy services company with individual business units. These are responsible for providing and managing electricity infrastructure for the Sydney, Central Coast and Hunter regions; purchasing and supplying electricity and gas; purchasing and supplying energy from "green" sources; electrical contracting and engineering; connecting customers; local repairs; and major capital works.

As the population increases and demands on



Let the flames begin.

EnergyAustralia is pleased to be supplying the natural gas that will flame the Cauldron during the Sydney 2000 Olympic Games. Who's Got The Energy? EnergyAustralia



the electricity network grow, so too has the need increased for consumers to use their energy more efficiently. This has led EnergyAustralia to introduce a range of new products which provide more of its customers with a realistic opportunity to make a difference.

Reducing greenhouse gas emissions remains one of the company's biggest challenges. It is meeting this challenge in a number of ways. It is encouraging customers to choose low-emission or renewable energy sources (eg: solar, wind, hydro and landfill gases). It is also promoting energy efficiency by providing customers with the knowledge and tools they need to make informed decisions, including promoting better design for buildings and appliances. Finally, it is calling for expressions of interest from companies able to provide EnergyAustralia with renewable energy investment opportunities in the future.

RECENT DEVELOPMENTS

In 2003, EnergyAustralia opened its \$60 million state-of-the-art City Central Zone Substation as part of its multi-million dollar program to upgrade the electricity supply to the Sydney CBD.

The new substation is the first major project to be completed as part of the upgrade program, which aims to increase network capacity and reliability and allow for future demand as Sydney grows.

In late 2003, a key project in EnergyAustralia's multi-million dollar upgrade for the NSW Central Coast electricity supply network began supplying power to homes and businesses in the region. The \$10 million Gosford to Ourimbah high capacity powerline runs between major substations at Gosford, West Gosford and Ourimbah, bolstering supply to the Central Coast.

The Central Coast is one of the fastest growing regions in EnergyAustralia's franchise area, with demand increasing by around 4.5 per cent a year. The company will spend another \$178 million on infrastructure on the Central Coast over the next five years.

At the beginning of 2004, EnergyAustralia welcomed its largest intake of apprentices for more than 20 years as the company prepared to invest around \$2 billion on improving its network and meeting growth in demand for power.

A total of 102 new recruits started their careers with EnergyAustralia – more than twice the number of apprentices taken on in recent years. This reflected the company's commitment to developing the skills needed to maintain and improve one of

the largest distribution networks in the electricity industry.

Also in early 2004, EnergyAustralia began selling electricity to householders in South Australia – a move that will increase competition in that State's energy market.

PROMOTION

Before 1998 the EnergyAustralia brand lacked definition. It was simply 'the name on the bill'.

Market research helped the company identify the key values it needed to convey to its customers – that EnergyAustralia is: useful, genuine, helpful, effective, flexible and caring. To support this position the tagline 'Who's Got The Energy?' was developed and the company logo updated. The 'Who's Got The Energy?' campaign was launched with a series of press advertisements and outdoor billboards in Sydney and Newcastle in 1998.

This was followed by the very popular 'Tall Man/Short Man' campaign which helped give the company a more 'human' persona. The tall man (an EnergyAustralia electrician) represented the company's core values (friendly, informed, caring and useful), while the short man represented a typical customer (trusting, but always seeking a little more from his energy provider). The campaign was extremely well received, resulting in an unprompted awareness level of 86 per cent within its traditional market.

The success of the 'Tall Man/Short Man' campaign paved the way for the next high-profile

What does it take to power Stadium Australia?

Exactly what it takes to power your business.

Who's Got The Energy?

EnergyAustralia

brand offensive - sponsorship of the Sydney 2000 Olympic Games and Paralympic Games.

The 'Who's got the energy to light up the Games' tagline was used to highlight the company's role as official energy supplier to the Games, including the supply of gas for the Olympic Flame.

Sponsorship of the Sydney 2000 Paralympic Games followed, highlighted by the "Nobody Pushes Us Around" wheelchair basketball campaign, which featured bold imagery on buses, posters and brochures.

Four years on, EnergyAustralia is continuing its brand recognition program through television, press and radio ads, and naming rights and billboards at major sporting grounds (including EnergyAustralia Stadium in Newcastle and the Telstra Stadiums in Sydney and Melbourne).

Major sponsorships are ongoing. They include support for the Australian Olympic Committee – Live Clean Play Clean, discouraging the use of recreational drugs, food supplements and other illegal drugs amongst aspiring young athletes and Olympians.

The company also supports EnergyAustralia Surfest, Australia's largest professional surfing event, and Star Struck, showcasing the artistic and performance skills of more than 3000 young people in the Hunter region and culminating in a major televised event. EnergyAustralia also supports Surf Life Saving, sponsoring all the surf lifesaving clubs from the Hunter to Sydney. The company's funding supports training programs, awards nights, carnivals, equipment and uniforms.

Other programs proudly supported by EnergyAustralia include a range of business associations, awards programs, heritage initiatives and community events.

BRAND VALUES

EnergyAustralia operates under a core set of values: integrity, excellence, respect, community commitment, safety and commercial drive.

The company is:

Service Driven – providing a safe and reliable energy supply, in keeping with customer expectations

Competitive – offering a fair price, without compromising on reliability and safety

Environmentally Committed – providing and promoting environmentally friendly energy source alternatives (such as solar, wind and biomass)

Community Focused - working closely with the community to support initiatives which are consistent with the company's core values.

THINGS YOU DIDN'T KNOW ABOUT ENERGY AUSTRALIA

- The City of Sydney first received power on July 8, 1904 when Pyrmont Power Station was officially opened.
- Electricity was first used in Sydney in 1863 to light a lamp on Observatory Hill – to celebrate the wedding of the Prince of Wales. The high-powered arc lamp used cast iron Voltaic batteries and was only lit for a short time.