

Envestra Limited
ACN 078 551 685

Level 10, 81 Flinders Street
Adelaide, South Australia 5000

Telephone +61 8 8227 1500
Facsimile +61 8 8227 1511
www.envestra.com.au

3 April 2006



Put Option not exercised by Origin Energy

Envestra Limited has agreed with Origin Energy that in exchange for not exercising its Put Option for the next 3 months, a fee of approximately \$2 million will be paid to Envestra.

The Put Option allows a wholly owned subsidiary of Origin Energy to transfer its shares in Vic Gas Distribution Pty Ltd to Envestra Victoria Pty Ltd.

Envestra's Managing Director said: "The complex background to this Put Option has been explained to the market in various forums over the last 12 months, including at last year's AGM. We have agreed a fee with Origin Energy for not exercising its Put Option during the 3 months to 30 June 2006. After that time, Origin will again have the discretion to exercise and negotiations will need to occur on any on-going fee for not exercising".

"Whilst the decision is not material to Envestra's financial results, it is reported to the ASX in view of shareholders' interest in the matter. The decision does not affect Envestra's previous results guidance for the year ending 30 June 2006. An after tax loss of less than \$10 million is expected".

Background on the Put Option

When Envestra bought its Victorian business in 1999, it did so in conjunction with Origin Energy, which also bought a Victorian retail business as part of the overall sale by the then State Government. A structure was put in place at the time that resulted in an Origin Energy company owning the network assets, whilst Envestra receives all the cashflows from those assets. A Put Option was granted to Origin Energy so that at any time after 31 December 2002, they could transfer the assets to Envestra.

If Origin does exercise the Put Option, the result will be that the companies will become part of Envestra's tax-consolidated group, which in turn will result in a reduction in the Company's Deferred Tax Liability. This is merely an accounting adjustment and has no impact on cashflows. However, the reduction in the balance sheet liability will give rise to a one-off increase in reported after-tax earnings of about \$100 million in the year the Put Option is exercised.

If Origin Energy does not exercise the Put Option by 31 March 2006, an obligation exists under the Business Management Agreement for Envestra Victoria and Origin Energy to negotiate a fee effective from that date, payable to Envestra Victoria.

The decision whether or not to exercise the Put Option is entirely at the discretion of Origin Energy and can be made at any time up to 2049. No further fees are thereafter payable by Origin.

For further information contact:

Laura Reed, Chief Financial Officer
Des Petherick, Manager, Corporate Services
Business: 08 8227 1500
Mobile: 0403 056 540