



Overview of Australian Electricity Market_

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DELIVERING
EXCHANGE TRADED
ENERGY DERIVATIVES
TO THE AUSTRALIAN
MARKET

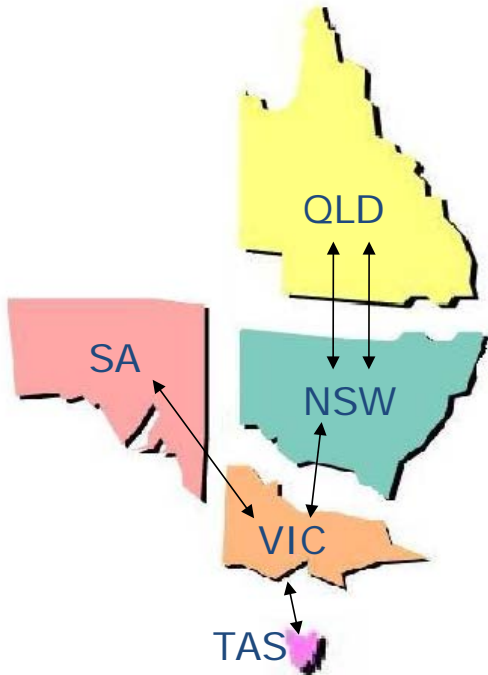
ABOUT D-CYPHATRADE

In September 2002, d-cyphaTrade launched its flagship product, the d-cyphaTrade ASX Australian Electricity Futures Contracts, on the Sydney Futures Exchange (now known as the ASX 24), in response to market demand for a viable futures solution to address the inherent credit risk of the Australian electricity market. In addition to the security of a central counterparty clearing structure, exchange traded derivatives offer price certainty and transparency in an increasingly deregulated environment.

Since then, we have embraced a consultative approach in identifying new opportunities and developing products that meet the market's needs while contributing to a liquid and competitive energy market.

Today, d-cyphaTrade's products and services encompass a range of innovative energy risk management solutions which include exchange traded energy products as well as access to online futures data, training and industry initiatives, to enable trading participants to manage energy market risks.





THE AUSTRALIAN NATIONAL ELECTRICITY MARKET (NEM)

The National Electricity Market (NEM) is an interconnected grid comprising several connected regional networks. The NEM operates across the eastern states of the mainland, and includes the state grids of Queensland (QLD), New South Wales (NSW), Victoria (VIC) and South Australia (SA). Tasmania (TAS) has just joined the NEM via an undersea inter-connector to Victoria. Futures contracts (base and peak) are listed on the 4 major regions (VIC, SA, QLD and NSW).

Each state region publishes a half-hourly spot pool price for electricity based on a gross pool merit order dispatch system.

This price observed over time provides the market signals for investment in new generation. It is against this published pool price that all derivative products are (cash) settled.

The NEM comprises of approximately 45,900 MW of installed generation.

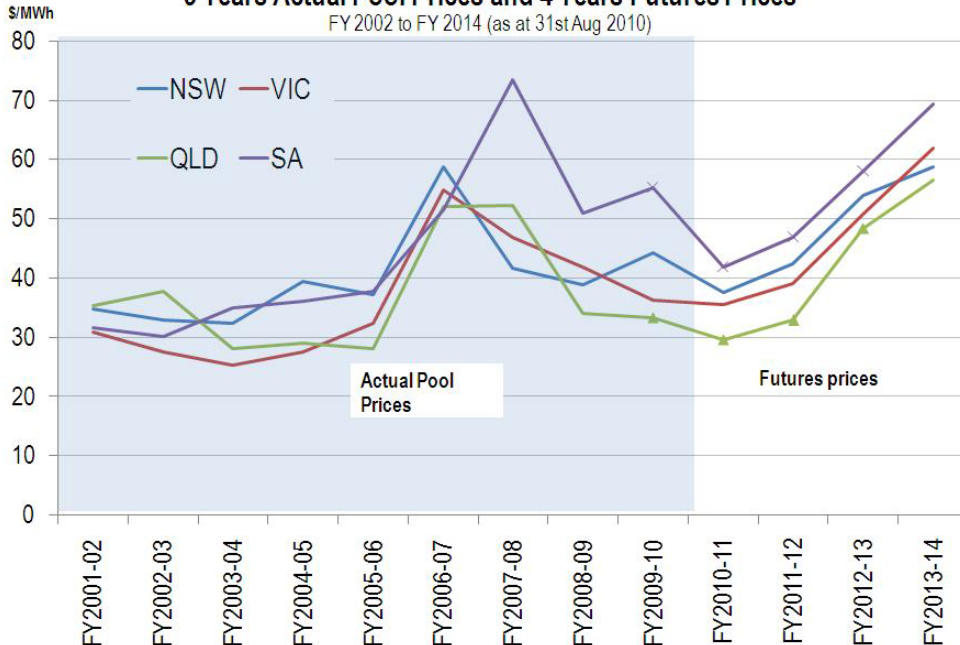
The financial derivatives market has developed based on fixed for floating swap contracts settled against the spot price and facilitates trading on a region specific basis. The Australian market is one of the few purely cash settled electricity markets which enable non physical participants such as banks to participate in the derivatives market without the need for physical asset ownership.

Futures contract prices are observable for up to four years ahead. Products traded include quarterly base load, peak and \$300 Cap futures and options over base load calendar year futures strips and quarter 1 peak load futures contracts. The d-cyphaTrade ASX Futures and Options market is larger than the underlying physical spot market and is actively traded by domestic energy companies and international financial trading houses.

A large volume of OTC negotiated business is brought to the ASX 24 for clearing and registration by brokers and/or trading clients. Additionally, the exchange-for-physical mechanism enables OTC hedge contracts to be switched into futures via registration on the ASX Clear (Futures).

MARKET SNAPSHOT

13 Years Price History and Forward Curve 9 Years Actual Pool Prices and 4 Years Futures Prices



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