

ASX Release

10 December 2010

Trust Scheme and Creditors' Scheme Implementation Agreements Signed

Alinta Energy (ASX:AEJ) is pleased to today announce the achievement of a significant milestone, namely the execution of the Trust Scheme Implementation Agreement ("Trust Scheme") and the Creditors' Scheme Implementation Agreement ("Creditors' Schemes"). These two documents set out the agreed framework governing the implementation of the proposed deleveraging transaction announced to the market on 21 September 2010 ("Transaction").

A Notice of Meeting and Scheme Booklet containing a number of explanatory documents is currently being prepared to explain the Transaction to securityholders in detail. Following various approvals (outlined below), Alinta expects to mail these documents to securityholders in early 2011 with an Extraordinary General Meeting ("EGM") to vote on the Transaction to be held by the end of March 2011.

Effect of the Transaction Documents

The effect of the documents is that in the case of:

- The Trust Scheme - the Responsible Entity for the Alinta Energy Trust ("AET"), Alinta Energy Limited ("AEL") and Alinta Finance Australia Pty Limited ("AFA") (a wholly owned subsidiary of AEL) have agreed to propose the Trust Scheme. If approved by the Supreme Court of New South Wales ("Court") and securityholders, the Trust Scheme will allow the de-stapling of AEL/AET securities and for AFA to purchase each AET Unit for a payment to securityholders of **10 cents** per unit. The Trust Scheme can only be presented to securityholders after judicial advice is obtained from the Court and will only proceed if securityholders approve it and the Creditors' Schemes are successfully implemented.
- The Creditors' Schemes - AFA (as borrower), CBA Corporate Services (as Security Trustee) and Amber Holdings (the entity owned by the Syndicate Lenders ("Lenders")) have agreed to propose four Creditors' Schemes to the Court with respect to AFA and three AFA subsidiaries. If approved by the Court and creditors, the Creditors' Scheme will have the effect of transferring the AFA Assets to Amber Holdings in full satisfaction of the debt owed by AFA (and its subsidiaries) to the Lenders and Security Trustee, as well as providing a substantial portion of the payment to securityholders being made under the Trust Scheme. Amber Holdings will be managed by TPG on behalf of the Lenders.

EGM Documents and Timing

The Trust Scheme Booklet to be provided to securityholders will include a Notice of Meeting, an Explanatory Memorandum and an Independent Expert Report, and will be subject to various approvals and reviews by the Court, ASIC and the ASX.

A separate Creditors' Scheme Booklet must also be produced for the Security Trustee and Lenders in relation to the Creditors' Schemes.

Alinta expects the documents to be submitted to ASIC in the near future. Subject to ASIC approval, Alinta Energy Group will request the Court to authorise the convening of meetings of both securityholders and creditors to consider the proposals. This is expected to occur early in 2011.



Voting

There will be a large number of resolutions put to securityholders when the meetings are convened. Essentially, however, securityholders will be asked to approve three main matters:

- the disposal of the main undertaking of AEJ (being the AFA Assets secured in favour of the Lenders) to Amber Holdings;
- to de-staple AEL and AET and approve AFA purchasing the AET Units for a payment to securityholders of 10 cents per unit; and
- the simplification of the remaining parts of the Alinta Energy Group not being transferred to Amber Holdings.

All of the resolutions necessary for implementation of the Trust and Creditors' Schemes will be inter-conditional.

In addition to the support of securityholders, no transaction can occur without the support of the Security Trustee and the Lenders in voting in favour of the four Creditors' Schemes. This support is reasonably expected given that the Creditors' Schemes were the means by which the lender led deleveraging solution proposed by the Lenders and announced on 21 September 2010 was to be implemented.

Residual Alinta Group

Further details about Redbank Power Station (which securityholders will continue to own after implementation of the Transaction) and the expected position of the residual group going forward, will be provided in the documents sent to securityholders. The Alinta Energy Board reiterates its previously expressed view that it does not consider there is any short term realisable equity value in Redbank Power Station.

Impairment

As part of the Transaction, Alinta will conduct an impairment analysis of the carrying value of Alinta's assets. As announced at the Annual General Meeting on 23 November 2010, the carrying value will need to reflect the fact that the value of the assets will not be realised through long term use. Rather, the analysis will be impacted by the allocation of the Transaction against AFA's specific assets and will be reflected in the December 2010 Half Year Financial Report. Further asset impairment charges are likely.

Risks to Closing

Whilst execution of the agreements marks a significant milestone, there remains risk to implementation of the overall transaction, and some uncertainty as to its timing, as a number of matters must still occur – including the Court convening the Trust and Creditors' Scheme meetings and providing judicial advice with respect to the Trust Scheme.

Further information regarding the transaction, including timetable developments will be provided in due course.

ENDS

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About Alinta Energy Group

Alinta Energy Group (ASX: AEJ) is an integrated energy company, operating power generation businesses as well as providing gas and electricity to commercial, industrial and retail customers across Australia.