

ASX Release

21 September 2010

LENDER LED SOLUTION PREFERRED DELEVERAGING OPTION

Alinta Energy (ASX:AEJ) today advises that it has reached an understanding with its lending group (“Syndicate Lenders”) on a proposed plan for the Alinta Group.

As previously disclosed, Alinta, the Syndicate Lenders and both parties’ advisers have been working for a number of months to determine the best plan to deleverage the Alinta business. As part of this process a number of trade bids for both the whole of business and parts of the business were received and were considered by the Syndicate Lenders last week. No trade bid repays the Syndicate Lenders in full.

As previously disclosed, the Directors remain of the view that deleveraging the business is critical as almost all available cash generated in the business after operating costs is absorbed by debt servicing. This situation does not allow for appropriate capital management of the business. Directors do not believe that, in the absence of successful deleveraging transaction, the company can continue to trade as a going concern.

Accordingly, subsequent to the receipt and review of the trade bids and discussions with the Syndicate Lenders, the parties have determined to work constructively together to implement a proposed sale of Alinta Group assets to a new company owned by the Syndicate Lenders as an alternative to accepting a trade bid. The transaction is subject to credit approvals, court approval, documentation and securityholder approval including an Independent Expert Report (“IER”) that opines on whether the transaction is in the best interests of securityholders. Assuming the transaction is agreed over the coming weeks, then the broad outline of the transaction is set out below.

Syndicate Lenders

All the Syndicate Lenders debt owed by Alinta Finance Australia Pty Limited (“AFA”), the principal borrower entity, will be discharged in exchange for an acquisition of the AFA Assets. Hence all the Alinta Group operating assets, other than Redbank and Oakey¹, will be acquired by a new company wholly owned by the Syndicate Lenders.

Securityholders

As outlined above, the transaction is subject to securityholder approval. Securityholders will be asked to destaple the Alinta Energy Limited (“AEL”) Shares from the Alinta Energy Trust (“AET”) units and an Alinta subsidiary will offer to acquire all securityholders AET Units for **10 cents per unit**. Funds to make this acquisition will be a combination of a payment made by the Syndicate Lenders supplemented by cash currently outside the Syndicate Lenders security package, being unencumbered Alinta Group funds.

Once the AET Units are acquired, securityholders will continue to own their AEL Shares which will give them an interest in Redbank Power Station (“Redbank”). Redbank is fuelled by a mix of coal tailings and mined coal.

¹ 50% interest in Oakey currently held for sale for the benefit of Babcock & Brown International Group

Given Redbank's project financing debt levels, recent plant performance issues and trade bid interest, the Directors advise that they do not consider there is any value remaining in Redbank. Consequently there is likely to be no further equity available to securityholders after payment of the 10 cents per security.

The Board will decide what to do with the remainder of the business in due course.

Next Steps

The Transaction will require substantial further work to develop it to the stage where documents can be executed. We will continue to work with Syndicate Lenders, including TPG, and our advisers and note there is risk to execution of the transaction. Appropriate announcements will be made to the market in due course.

ENDS

Further Information:

Fiona Osler
Investor Relations & Media
Alinta Energy Group
T + 61 2 9372 2617
M 0421 051 589

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.