

## ASX Release

23 February 2011

### **ALINTA TRUST SCHEME EXPLANATORY MEMORANDUM SUPPLEMENTARY DISCLOSURE**

Alinta Energy (ASX:AEJ) advises that the Supreme Court of New South Wales has today issued:

- orders which have resulted in the release by AEJ of a Trust Scheme Explanatory Memorandum Supplementary Disclosure (refer to the attached); and
- directions which have resulted in the release by certain AEJ Subsidiaries of a Creditor Scheme Explanatory Statement Supplementary Disclosure.

**The orders do not affect the date or time of the Securityholders' Meetings which will still be held at 2.00pm on Tuesday 15 March 2011, at Customs House, Level 1, 31 Alfred Street, Circular Quay, Sydney, NSW, Australia.**

As explained in the Supplementary Disclosure, a motion will be moved from the floor of the Securityholders' Meetings to change a number of the resolutions which are contained in the Notice of Meeting. The changed resolutions will only be put to the Securityholders if the motion from the floor is carried at the meeting. The substantial effect of the changed resolutions would be to allow the Creditors' Schemes to proceed with Securityholders' support, regardless of whether Securityholders also support the Trust Scheme. If the motion from the floor is not passed, then the original resolutions in the Notice of Meeting will be put to Securityholders. The Supplementary Disclosure outlines the reasons for and impact of this change.

An updated Proxy Form reflecting these arrangements is also attached. In order to give full effect to a Securityholder's voting intentions, Alinta Energy recommends that Securityholders complete and return the updated Proxy Form (even if they have previously lodged an earlier Proxy Form).

**ENDS**

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**Further Information:**

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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.

# Alinta - Trust Scheme Explanatory Memorandum Supplementary Disclosure

23 February 2011

Dear Securityholders,

**This letter, and its contents, require your urgent attention, as they relate to matters relating to the Securityholders' Meetings at 2.00pm on Tuesday, 15 March 2011, for which Proxy Forms must be received by 2.00pm on Sunday, 13 March 2011. Please refer to Section 5.5 for a discussion about how to effectively exercise your vote through a proxy - any proxy that you have already appointed will only be effective in certain circumstances. The Alinta Energy Directors recommend that you complete and return the enclosed updated Proxy Form to give full effect to your vote.**

Further to the Explanatory Memorandum dated 1 February 2011 ("**Explanatory Memorandum**"), which you should have recently received in the mail, I am writing to you on behalf of Alinta Energy and the Alinta Energy Directors to update you on some changes that have been made to the Proposal and the Ancillary Matters as detailed in the Explanatory Memorandum, and some resulting proposed changes to the Resolutions that will be moved from the floor of the Securityholders' Meetings. I refer to this document as the "**Supplementary Disclosure**" throughout it.

**The Securityholders' Meetings will still be held at 2.00pm on Tuesday, 15 March 2011, at Customs House, Level 1, 31 Alfred Street, Circular Quay, Sydney, NSW, Australia.** At those Securityholders' Meetings, Securityholders will:

- first, vote on whether to change (and hopefully, approve changing) Resolutions 1 and 6 set out in the Notice of Securityholders' Meetings (together with the other Resolutions, the "**Original Resolutions**") to the form outlined in Annexure A (together with the unchanged Original Resolutions, the "**Updated Resolutions**") with the consequences as outlined in this Supplementary Disclosure. The motion that will move these changes is set out in Annexure A, and must be approved by 50% of the Securities that vote in order to proceed;
- secondly, if the changes to the Original Resolutions are approved, vote on (and hopefully, approve) the Updated Resolutions. Or, if the changes to the Original Resolutions are not approved, vote on (and hopefully, approve) the Original Resolutions.

I strongly recommend you read this Supplementary Disclosure and the Explanatory Memorandum together, and the "Important Notice" set out at the beginning of the Explanatory Memorandum applies to this Supplementary Disclosure as though set out in full within it. All information set out in this Supplementary Disclosure is Alinta Information. Capitalised terms used but not defined in the text of the Supplementary Disclosure have the meanings given to them in the Explanatory Memorandum.

The "Directors' Statement" in relation to this Supplementary Disclosure is set out at Annexure C.

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## **1 Introduction - why are we sending this Supplementary Disclosure to you**

The Explanatory Memorandum indicated that the Creditors' Schemes would only proceed if the Trust Scheme and AEL's name change were approved by Securityholders and other stakeholders (that is, the Creditors' Scheme, the Trust Scheme and the name change are linked to form the Proposal, which is referred to in this Supplementary Disclosure as the "**Original Proposal**").

Subject to the Securityholders consenting (at the Securityholders' Meetings) to amend the Original Resolutions to the Updated Resolutions, Alinta Energy will delink the Shareholder approval necessary for the Creditors' Schemes from the Securityholder approvals necessary for the Trust Schemes and AEL's name change (and this is referred to in this Supplementary Disclosure as the "**Delinked Proposal**").

In the Delinked Proposal, the Creditors' Schemes, which include the transfer of the Transferring Assets (being the main undertaking of AEL), may be implemented if Updated Resolution 1 is passed even if the Trust Scheme related Updated Resolutions and the AEL name change Updated Resolution are not passed. If this occurs:

- Securityholders would continue to hold their Units in AET,
- the Alinta Finance Syndicate would make the same contribution to Alinta Finance as if the Trust Scheme been approved ("**Alinta Finance Syndicate Contribution**");
- the Alinta Energy Directors would seek to pay 10 cents per Unit to Securityholders, or as much of this amount as can be achieved having regard to the risks and issues discussed at Section 5.2. It is currently expected that the payment would be a capital distribution of up to 10 cents per Unit;
- the Share Consolidation would not occur;
- the Remaining Group will remain a complex structure with a greater number of Securityholders expected to continue to own Securities (which may also still be listed if the delisting of Alinta Energy is not approved by Securityholders), and higher operating costs. In this circumstance, the Alinta Energy Directors would accelerate the Winding Down of the Remaining Group such that it would be expected to occur within 18 months of the implementation of the Creditors' Schemes;
- the AEL constitution will not be amended - the minimum number of AEL Directors will remain at four, and the four current directors would fulfil those positions; and
- AEL would cease to use the "Alinta" brand name for trading purposes, but would continue to use it when legally required pursuant to a licence to be granted by the new owner of the name.

It is important to note that the Creditors' Schemes can only proceed if Updated Resolution 1 is passed. However, if Updated Resolution 1 is passed, it does not automatically mean that the consequences set out above will follow. This will only happen if the Trust Scheme related Updated Resolutions and the AEL name change Updated Resolution are not passed.

The Alinta Energy Directors consider this is a better outcome for Securityholders than not proceeding with any element of the Original Proposal, which as stated in the Explanatory Memorandum would not deliver more than 3.3 cents per Security to Securityholders. However, it is not as good an outcome as proceeding with the Original Proposal or the Delinked Proposal as a package (that is, approving all of Original Resolutions 1-5 or all of Delinked Resolutions 1-5).

The remainder of this Supplementary Disclosure assumes that the Original Resolutions are replaced by the Updated Resolutions, and discusses the implications of voting against the Trust Scheme related Updated Resolutions and AEL name change Updated Resolution. Chart 1 summarises the options that would be available to Securityholders if the Original Resolutions are replaced by the Updated Resolutions, and their consequences.

Chart 1:

	Entire Delinked Proposal or Original Proposal approved	Creditors' Schemes but not Trust Scheme approved	Neither Creditors' Scheme nor Trust Scheme approved
<b>Amount paid to Securityholders</b>	10 cents per Security	An amount of up to 10 cents per Security, having regard to the risks described in Section 5.2 of this Supplementary Disclosure	No more than 3.3 cents per Security (and may be less)
<b>Timing of return</b>	Expected to be despatched on 29 March 2011	Delayed despatch - not expected before June 2011 (see Section 5.4)	Uncertain
<b>Status of Alinta Energy Group</b>	Transferring Assets transferred to Amber Holdings  Remaining Group being Wound Down in an orderly manner	Transferring Assets transferred to Amber Holdings  Remaining Group will be complex; being Wound Down in an orderly manner in an accelerated timeframe due to higher operating costs	If alternative not found, it is expected that all or part of Alinta Finance Group will have external administrators appointed; AEL expected to be placed in Voluntary Administration; other entities expected to be placed in Voluntary Administration or Wound Down in an orderly manner
<b>Redbank Power Station</b>	Retained for the benefit of Securityholders; value-accretive options being investigated	Retained for the benefit of Securityholders; value-accretive options being investigated	Retained but decision as to whether to pursue value-accretive options would be in the hands of administrator or liquidator; also, potential counterparties may not wish to pursue transactions once other related entities are in Voluntary Administration

## 2 Why is the Delinked Proposal now being proposed?

The transactions were not previously presented in this manner because representatives of the Alinta Finance Syndicate informed Alinta Energy that the Alinta Finance Syndicate would not agree to make the Alinta Finance Syndicate Contribution unless there was a high degree of certainty that the Securityholders were going to receive the 10 cents per Unit under the Trust Scheme. The Alinta Finance Syndicate's commercial position on this issue has now changed and accordingly, and as the Alinta Energy Directors have always sought to maximise returns to Securityholders, Alinta Energy believes that it should provide Securityholders with the right to effectively vote for Alinta Energy to receive the Alinta Finance Syndicate Contribution with the lower approval threshold that the ASX considers appropriate - noting that if they were to vote for Updated Resolution 1 alone, there would be heightened risks associated with this as set out in Section 5.2, including heightened risks around receiving the full 10 cent per Security payment and the timing of the receipt of that payment.

The Delinked Proposal will reduce the approval threshold needed in order for the Alinta Finance Syndicate Contribution to be made for the benefit of Securityholders, to 50% of the Securities that vote. That is the threshold at which the ASX considers that a sufficient proportion of Securityholders has determined to dispose of their main undertaking (in return for which the Alinta Finance Syndicate Contribution will be made). As the Original Proposal links the disposal of AEL's main undertaking (ie, the Creditors' Schemes) to the Trust Scheme, the threshold under that transaction effectively becomes 75% of the Securities that vote. By restructuring the Original Resolutions, a simple majority

of Securityholders can now determine whether to dispose of the main undertaking (consistent with the ASX's Listing Rules) and allow Alinta Energy to receive the Alinta Finance Syndicate Contribution.

The Delinked Proposal maximises the opportunity for Alinta Energy (and therefore Securityholders) to receive the Alinta Finance Syndicate Contribution. As noted in the Explanatory Memorandum, if the entire Original Proposal is not passed and implemented pursuant to the Original Resolutions, the Alinta Energy Directors expect the return to Securityholders to be no more than 3.3 cents per Security.

**Notwithstanding the above, whether it is the Original Resolutions or the Updated Resolutions that Securityholders vote on at the Securityholders' Meetings, the Alinta Energy Directors continue to recommend that Securityholders vote in favour of either the Original Proposal or the Delinked Proposal as a package (that is, all of Original Resolutions 1-5 or all of Updated Resolutions 1-5) and continue to believe that it delivers the best outcome for Securityholders.**

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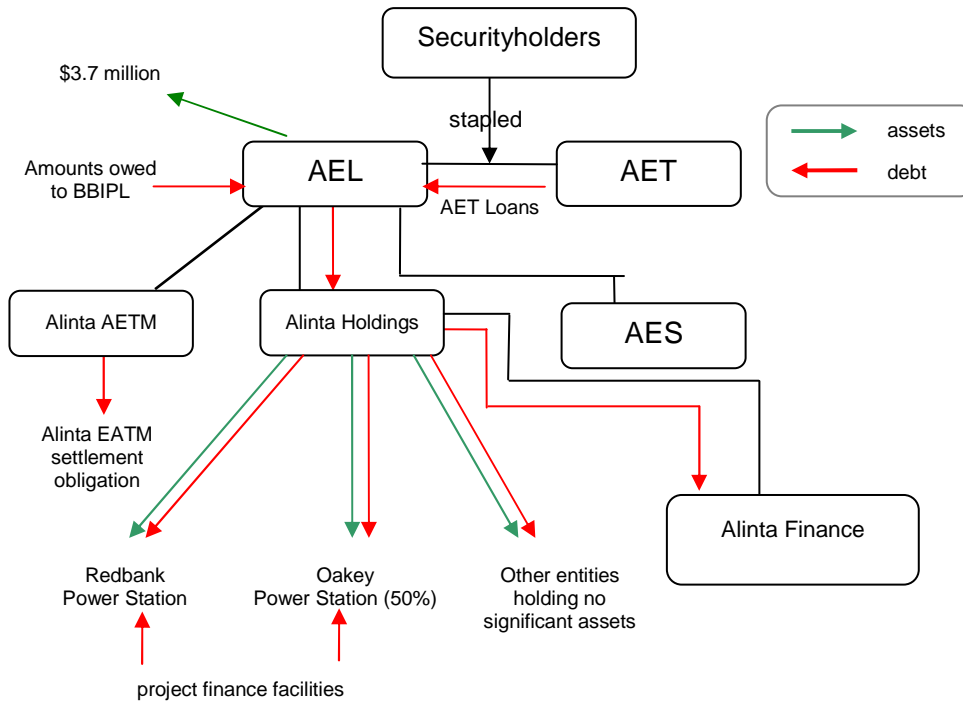
### 3 Outcomes for Securityholders

If Updated Resolution 1 is passed and the Creditors' Schemes are implemented, but Updated Resolutions 2, 3, 4 and 5 (which relate to the Trust Scheme and AEL's name change) are not all passed:

- the Remaining Group will be the same as described in the Explanatory Memorandum, except that AET will remain stapled to AEL and will continue to be owned by Unitholders. Alinta Energy will continue to own the Redbank Power Station, and the Transferring Assets will be owned by Amber Holdings. The resulting Remaining Group is set out in Chart 2 below;
- the Remaining Group will remain a complex structure with a greater number of Securityholders expected to continue to own Securities (which may also still be listed if the delisting of Alinta Energy is not approved by Securityholders), and higher operating costs. In this circumstance, the Alinta Energy Directors would accelerate the Winding Down of the Remaining Group such that it would be expected to occur within 18 months of the implementation of the Creditors' Schemes;
- the Alinta Energy Directors would seek to pay up to 10 cents per Unit to Securityholders, or as much of this amount as can be achieved having regard to the risks and issues discussed at Section 5.2. It is currently expected that the payment would be a capital distribution of up to 10 cents per Unit; and
- the AET Loans will have been restructured, thereby allowing the directors of AEL to form a view of continued solvency and not take the actions described in the Explanatory Memorandum even if the Trust Scheme fails. This requires third party consent which is in the process of being obtained.

Chart 2 depicts the Alinta Energy Group (then the Remaining Group) after the Creditors' Schemes have been implemented and the Alinta Energy Directors have paid amounts to Securityholders - proposed to be by way of a 10 cent capital distribution to Unitholders.

Chart 2:



#### 4 The Alinta Energy Directors recommend that you vote in favour of the Delinked Proposal and all Updated Resolutions

The Alinta Energy Directors recommend that Securityholders:

- approve changing the Original Resolutions to the Updated Resolutions (that is, reflecting the Delinked Proposal); and
- approve all Updated Resolutions, as this delivers the best outcome to Securityholders.

However, the Alinta Energy Directors believe that even if Trust Scheme is not approved by Securityholders but Updated Resolution 1, which is required in order to implement the Creditors’ Scheme is approved, it is in the interests of Securityholders to proceed with the Creditors’ Schemes anyway (assuming that all other relevant approvals and conditions are met or obtained, including from the Court and the requisite majorities of the Creditors’ Scheme Participants).

This is because if that occurs, the Alinta Finance Syndicate Contribution will still be made. This would provide Alinta Energy with sufficient funds to seek to pay 10 cents per Security to Securityholders, and to have sufficient funds for the Remaining Group to be Wound Down in an orderly manner as outlined in the Explanatory Memorandum.

**The Alinta Energy Directors consider this in a better outcome for Securityholders than not proceeding with any element of the Original Proposal, which as stated in the Explanatory Memorandum would not deliver more than 3.3 cents per Security to Securityholders.**

Please note the disclosure on the various potential conflicts of interest of the Alinta Energy Directors, as described in Section 11.5 and/or Section 11.6 of the Explanatory Memorandum.

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## **5 Key considerations for Securityholders**

### **5.1 What are the key benefits of the Delinked Proposal**

#### *Increased chance of avoiding an insolvency outcome*

As explained in the Explanatory Memorandum, if the Original Proposal is not implemented and an alternative debt reduction solution which is supported by the Alinta Finance Syndicate is not found promptly (noting that any such alternative would be extremely unlikely to deliver a return to Securityholders of 10 cents per Security or more):

- it is expected that the directors of Alinta Finance would appoint a Voluntary Administrator to Alinta Finance and potentially also to some or all of its subsidiaries and that the Alinta Finance Syndicate would appoint a receiver (or a receiver and manager) over the assets of the same entities. No value could reasonably be expected to emerge from that receivership for Securityholders, and as a result of the standstill agreement referred to in Section 3.6.2 of the Explanatory Memorandum, the Security Trustee has been given greater flexibility to deal with the Alinta Finance Group in an enforcement scenario; and
- the Alinta Energy Directors (and their counterparts throughout the other entities in the Alinta Energy Group) would need to assess the ongoing solvency of the other entities in the Alinta Energy Group, having regard to available cash and external liabilities. This assessment would also take into account the increased pressures placed on Alinta Energy as a result of all or part of the Alinta Finance Group being placed into Voluntary Administration or receivership. It is expected that, as a result of this Voluntary Administration or receivership, the Alinta Energy Directors would place AEL into Voluntary Administration and would consider conducting an orderly Winding Down (outside of Voluntary Administration) of the other entities in the Alinta Energy Group.

Ultimately, the return to Securityholders if this occurs is reasonably expected to be no more than 3.3 cents per Security (and may be less) (calculated as set out in Section 8.3 of the Explanatory Memorandum).

The Delinked Proposal increases the chance of the Creditors' Schemes being implemented, which implementation will avoid the insolvency outcomes and the associated lower expected return for Securityholders described above. This is because the Delinked Proposal and the Updated Resolutions ensure that Shareholders' approval of the Creditors' Schemes (through Updated Resolution 1, which has an approval threshold of 50% of voting Securities) is no longer contingent on Updated Resolutions with higher voting thresholds (75% of voting Securities) also being approved by Securityholders.

#### *More choice for Securityholders*

The Delinked Proposal allows Securityholders more freedom to choose how they wish to be paid - that is, through the purchase of their Units pursuant to the Trust Scheme, or by way of a payment after the Creditors' Scheme has been implemented (expected to be by way of a capital distribution and having regard to the nature of the risks associated with it, as discussed in Section 5.2).

#### *Protects the decisions made by a majority of Shareholders*

The Delinked Proposal decreases the risks of a minority of Securityholders being able to prevent a majority of Shareholders from disposing of their company's main undertaking.

### **5.2 What are the key detriments and risks associated with the Delinked Proposal**

If amounts are paid to Securityholders by way of a capital distribution from AET rather than via the Trust Scheme (as was proposed in the Original Proposal) then two new risks arise:

### *Increased intervention risk*

As described in Section 6, in order for AET to pay the capital distribution to Unitholders in the Delinked Proposal, the funds will need to move from Alinta Finance through various Alinta Energy Group entities before being distributed to Unitholders. There is an increased risk of regulatory intervention or a third party application preventing the further movement of those funds, thereby reducing or delaying the proposed capital distribution.

Under the Trust Scheme, the Alinta Finance Syndicate Contribution is made to Alinta Finance and Alinta Finance then pays it (and other amounts) directly to Unitholders to purchase their Units. That means there is only one risk of intervention - at Alinta Finance level - and this was assessed by the Alinta Energy Directors as being a relatively low risk. In the Delinked Proposal, the funds flow through more entities (Alinta Finance, Alinta Holdings, AEL and AET) - which means that risk exists at each level, and the risks must be assessed having regard to the nature of the business of the relevant entities.

There is a risk that unforeseen or unaccounted for creditors emerge in one or more entities in the corporate structure having regard to the activities previously conducted by the Alinta Energy Group, such as the class action discussed at section 11.4 of the Explanatory Memorandum, or some other claim emerges in relation to the Alinta Energy Group.

### *Quantum and timing of receipt of amounts by Securityholders*

If any of these risks come to pass, there may be a delay in the processing of payments by the relevant entities, and therefore of any capital distribution to Securityholders. and/or the amount of any such payments may be diminished

In addition to the risks arising in connection with the means of distributing amounts to Securityholders in the Delinked Proposal, there is also a further risk to voting for the Creditors' Schemes but not the Trust Scheme which is:

### *Increased number of third party consents*

Implementation via the Delinked Proposal also increases the number of third party consents that have to be obtained, and therefore increases the risk that a third party might hinder or delay completion (although, for completeness, the Alinta Energy Directors also note that the amendments to the Creditors' Scheme Implementation Agreement and the SIA in turn reduce the number of conditions precedent that have to be met).

## **5.3 Approving all Updated Resolutions is the best outcome for Securityholders - but approving Updated Resolution 1 only is also a good outcome for Securityholders**

The Alinta Energy Directors recommend that Securityholders vote in favour of the Delinked Proposal as a package (that is, approve all Updated Resolutions), and continue to believe that it delivers the best outcome for Securityholders. The reasons for this are set out in the Explanatory Memorandum.

However, the Alinta Energy Directors also note that the implementation of the Creditors' Schemes on their own have some of the same benefits as the Original Proposal, notably:

- allowing Alinta Energy to receive the Alinta Finance Syndicate Contribution and attempt to distribute 10 cents per Security to Unitholders;
- retaining the Redbank Power Station for Securityholders, as outlined in the Explanatory Memorandum in greater detail (notably in Section 10.1 of the Explanatory Memorandum); and
- avoiding immediate insolvency proceedings as detailed in Section 5.1. The Delinked Proposal gives Shareholders a further opportunity to effectively decrease the chances of that



- outcome eventuating by affording them the opportunity to approve Updated Resolution 1 (at a lower approval threshold) without Securityholders having to approve the entire Original Proposal (at a higher approval threshold).

## 5.4 Other

Securityholders should also bear in mind that:

- if the Trust Scheme is not approved, the timetable on which amounts are paid or distributed to Securityholders will change. While the Alinta Energy Directors intend for this to occur promptly, this timing will necessarily be delayed because the directors of each entity that money has to flow through (as described in Section 6) will have to be satisfied that there are no competing claims on the funds before repaying it to the next entity. This will likely mean advertising for claims by each entity, and will therefore extend the payment date. The payment date will also be further delayed if there is an intervention in this process (for example, as described in Section 5.2). Securityholders will be notified of the record date and timing of the despatch for the expected capital distribution via ASX once they are known - however, the despatch is not expected to occur before June 2011;
- the Share Consolidation would not occur if the Trust Scheme is not implemented. As a consequence, the Remaining Group would remain a complex structure with a greater number of Securityholders expected to continue to own Securities (which may also still be listed if the delisting of Alinta Energy is not approved by Securityholders), and higher operating costs. In this circumstance, the Alinta Energy Directors would accelerate the Winding Down of the Remaining Group such that it would be expected to occur within 18 months of the implementation of the Creditors' Schemes; and
- if the Trust Scheme is not approved, the minimum number of AEL Directors will not be reduced and accordingly Ross Rolfe will not retire as an Alinta Energy Director and Peter Kinsey will not become an AES Director.

## 5.5 Proxies

If a Securityholder has previously completed and returned the Proxy Form that accompanied the Explanatory Memorandum ("**Original Proxy Form**"), that Original Proxy Form is not automatically invalidated, although a proxy may not be able to give full effect to a Securityholder's voting intentions using it (as set out below). An Original Proxy Form may be withdrawn by completing and returning the updated Proxy Form that accompanies this Supplementary Disclosure ("**Updated Proxy Form**"). The Updated Proxy Form allows Securityholders to direct their proxy to vote on whether the Original Resolutions should be changed to the Updated Resolutions, and addresses both the Original Resolutions and the Updated Resolutions (to address whichever set end up being put to Securityholders). Securityholders who intend to appoint a proxy but have not yet done so are encouraged to use the Updated Proxy Form.

If a Securityholder has previously completed and returned the Original Proxy Form, and does not complete and return an Updated Proxy Form:

- any undirected proxy can vote on the motion to change the Original Resolutions to the Updated Resolutions;
- any directed proxy cannot vote on the motion to change the Original Resolutions to the Updated Resolutions;
- if the motion to change the Original Resolutions to the Updated Resolutions is not passed, any directed proxy that has already been properly lodged will still be effective;
- if the motion to change the Original Resolutions to the Updated Resolutions is passed, any directed proxy that has already been properly lodged will count as an abstention; and

- any undirected proxy that has been properly lodged will still be effective.

Any Original Proxy Form that directs a proxy how to vote on at least one Original Resolution counts as a directed proxy for the purposes of the above. Any Original Proxy Form that appoints a proxy but does not direct them how to vote on any Original Resolutions is an undirected proxy for the purposes of the above.

**The Alinta Energy Directors recommend that you complete and return the enclosed Updated Proxy Form to give full effect to your vote.**

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## **6 Will Securityholders receive any amounts if the Trust Scheme is not approved**

If the Trust Scheme is not approved by Securityholders but the Creditors' Schemes are implemented, the Alinta Energy Directors would seek to pay 10 cents per Unit to Securityholders, or as much of this amount as can be achieved having regard to the risks and issues discussed at Section 5.2. It is currently expected that the payment would be a capital distribution of up to 10 cents per Unit. The steps intended to effect this are:

- (a) Alinta Finance receives the Alinta Finance Syndicate Contribution;
- (b) Alinta Finance uses the Alinta Finance Syndicate Contribution, and certain other amounts it holds and that it would otherwise have contributed to the Trust Scheme consideration, to repay any creditors it has and then to partially repay the loans it owes to Alinta Holdings (which loans are described in Section 5.5 of the Explanatory Memorandum);
- (c) Alinta Holdings uses the amount it receives under paragraph (b), and certain other amounts it holds and that it would otherwise have contributed to the Trust Scheme consideration, to repay any creditors it has and then to partially repay the loans it owes to AEL (which loans are described in Section 5.5 of the Explanatory Memorandum);
- (d) AEL uses the amount it receives under paragraph (c), and certain other amounts it holds and that it would otherwise have contributed to the Trust Scheme consideration ("**AEL Contribution**"), to repay any creditors it has and then to partially repay the AET Loans; and
- (e) AET will use the amount it receives under paragraph (d) to repay any creditors it has and then to make a capital distribution.

AEL and AET will also agree that the remainder of the AET Loans will be amended so as to allow the AEL Directors to form a view of continued solvency and not take the actions described in the Explanatory Memorandum even if the Trust Scheme fails. This requires third party consent.

Securityholders should note that, as discussed in Section 5.2:

- the amount of any payment, dividend or distribution that is able to be made may decrease if other creditors emerge at Alinta Finance, Alinta Holdings, AEL or AET; and
- any intended payment, dividend or distribution may be delayed or disrupted by third party interventions.

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## **7 Tax considerations**

The taxation implications for the Securityholder will depend on the Securityholder's individual circumstances and Securityholders should take advice in respect of the impact of the payment described in Section 6 on their personal taxation position. The following comments are provided as a general guide to investors who hold their Securities on capital account based on income tax legislation as at the date of this Explanatory Memorandum.

If the Trust Scheme is not approved, it is proposed that AEL will partially repay the AET Loans. AET will then use the proceeds of the partial repayment of debt to make a payment to Securityholders in respect of their Units.

Securityholders who hold their Units on capital account should not be required to include the payment they receive in their assessable income. This is because the payment should represent a non-assessable return of trust capital, ie a tax deferred payment. Securityholders who do not hold their Units on capital account should seek advice as to the nature of the payment to them.

Notwithstanding that the payment may represent a non-assessable return of capital, a Securityholder is required, for Capital Gains Tax (“CGT”) purposes, to reduce the cost base and reduced cost base of their Units by the amount of the payment received.

If a Securityholder’s cost base in the Units just prior to the payment is less than the non-assessable payment (ie, say 10 cents per Unit), the Securityholder is taken to have realised a capital gain equal to the difference between that 10 cents and the cost base of each Unit. The cost base and reduced cost base of each Unit is then taken to be nil.

If a Securityholder is taken to have realised a capital gain, the gain may be eligible for the CGT discount if:

- the Securityholder is an individual, a trust or a complying superannuation entity; and
- the Units in respect of which the payment was made had been acquired at least 12 months before the time when the capital gains tax event is taken to have occurred.

The CGT discount is 50% if the Securityholder is an individual or a trust. It is one-third if the Securityholder is a complying superannuation entity. Securityholders should seek advice as to whether the CGT discount is available for them.

If the non-assessable payment (ie, say 10 cents per Unit) is less than the reduced cost base of a Securityholder’s units, the Securityholder may realise a capital loss in the future when the Units are sold or subject to another CGT event. For example, if AET is subsequently wound up and the units cancelled, the Securityholder would make a capital loss equal to the reduced cost base of their Units at that time.

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## 8 Financial summary

Section 8 of the Explanatory Memorandum contains financial information relating to the expected financial position of the Alinta Energy Group assuming that the Original Proposal is implemented (at Section 8.4) and, separately, assuming that the Original Proposal is not implemented (at Section 8.3). This Section 8 (specifically, Chart 3 below) adds an additional set of financial information, being the expected financial position of the Remaining Group if the Creditors’ Scheme is implemented, but the Trust Scheme and the Ancillary Matters are not implemented .

Apart from the risks referred to at Section 5.2 of this Supplementary Disclosure, the main difference with the Delinked Proposal relates to the timing of the payment to the Alinta Finance Syndicate of the funds under the AESL Assurance Letter. Accordingly, until AES can relinquish its Australian Financial Services Licence, AES must retain the cash which is promised to the Alinta Finance Syndicate. Chart 3 includes the retained cash of \$5.0 million together with the wind down cash or \$3.7 million totalling \$8.7 million and the liability to make the payment to the Alinta Finance Syndicate of \$5.0 million. The net outcome, excluding the additional risks referred to at Section 5.2 of this Supplementary Disclosure, is that the Remaining Group will have \$3.7 million to effect the Wind Down. The \$5.0 million cash is also carried into the Remaining Group balance sheet and hence the net adjustment disclosed in Chart 3 is \$33.5 million - hence Chart 3’s ‘*Transaction Costs, Expenses to completion and unsecured creditors*’ differs from that in Chart 7 of the Explanatory Memorandum.

This Section 8 is intended to be read subject to Section 8.1 of the Explanatory Memorandum (that is, the financial information presented below is presented on the same basis as the financial information in Section 8 of the Explanatory Memorandum) and the notes below Chart 7 of the Explanatory Memorandum.

*Chart 3:*

<b>\$ millions</b>	<b>Adjusted Alinta Energy Group 31 Oct 10<sup>1</sup></b>	<b>Creditors' Schemes<sup>2</sup></b>	<b>Transaction costs, expenses to Completion and unsecured creditors<sup>3</sup></b>	<b>Lenders' contribution<sup>4</sup></b>	<b>Remaining Group post Creditor's Scheme</b>	<b>Distribution to security holders<sup>5</sup></b>	<b>Remaining Group post capital distribution to Securityholders</b>	<b>Oakey Power Station<sup>6</sup></b>	<b>Redbank Power Station<sup>7</sup></b>	<b>Pro forma Remaining Group at implementation of the Delinked Proposal</b>
<b>Current assets</b>										
Cash and cash equivalents	112.6	(40.0)	(33.5)	69.4	108.5	(80.7)	27.8	(1.9)	(17.2)	8.7
Other current assets	282.2	(271.2)	(2.1)	-	8.9	-	8.9	-	(8.9)	-
<b>Non-current assets</b>										
Investment	42.2	-	-	-	42.2	-	42.2	(42.2)	-	-
Financial instruments	83.3	(2.3)	-	-	81.0	-	81.0	-	(81.0)	-
Property, plant and equipment	2,128.9	(1,924.8)	-	-	204.1	-	204.1	-	(204.1)	-
Other non-current assets	1,695.0	(1,642.5)	-	-	52.5	-	52.5	-	(52.5)	-
<b>Total assets</b>	<b>4,344.2</b>	<b>(3,880.8)</b>	<b>(35.6)</b>	<b>69.4</b>	<b>497.2</b>	<b>(80.7)</b>	<b>416.5</b>	<b>(44.1)</b>	<b>(363.7)</b>	<b>8.7</b>
<b>Current liabilities</b>										
Borrowings	(2,729.3)	2,643.6	1.0	-	(84.7)	-	(84.7)	70.0	14.7	
Other current liabilities	(402.4)	394.9	(3.5)	-	(11.0)	-	(11.0)	-	6.0	(5.0)
<b>Non-current liabilities</b>										
Borrowings	(216.9)	-	-	-	(216.9)	-	(216.9)	-	216.9	-
Other non-current liabilities	(643.6)	550.0	-	-	(93.6)	-	(93.6)	-	93.6	-
<b>Total liabilities</b>	<b>(3,992.2)</b>	<b>3,588.5</b>	<b>(2.5)</b>	<b>-</b>	<b>(406.2)</b>	<b>-</b>	<b>(406.2)</b>	<b>70.0</b>	<b>331.2</b>	<b>(5.0)</b>
<b>Net assets/ liabilities</b>	<b>352.0</b>	<b>(292.3)</b>	<b>(38.1)</b>	<b>69.4</b>	<b>91.0</b>	<b>(80.7)</b>	<b>10.3</b>	<b>25.9</b>	<b>(32.5)</b>	<b>3.7</b>

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## 9 Ancillary Matters

In relation to the Ancillary Matters, it is still intended that Securityholders vote on these matters, noting that Original Resolution 6 (dealing with delisting) will be updated to be a resolution of both AET and AEL. The motion to change the Original Resolutions to the Updated Resolutions will be proposed from the floor of the Securityholders' Meetings, and those Updated Resolutions that differ from the Original Resolutions are set out at Annexure A. The motion that will move the changes is also set out in Annexure A, and must be approved by 50% of the Securities that vote in order to proceed.

### 9.1 Delisting of AEL and AET (Resolution 6)

Original Resolution 6, dealing with the delisting of AEL, will be changed so that it addresses the delisting of both AEL and AET.

Previously, there was no need for Unitholders to approve the delisting of AET because AEL would not have been delisted unless the Trust Scheme occurred, and the Trust Scheme would have destapled AEL and AET and effectively delisted AET via its purchase by Alinta Finance.

Original Resolution 6 will also be changed so that it is conditional upon the Creditors' Scheme being implemented and not the Trust Scheme being implemented. This is because the delisting of Alinta Energy by August 2011 is an assumption underlying the analysis of the sufficiency of the financial resources of the Remaining Group - if the Trust Scheme is not approved by Securityholders, and this prevents Alinta Energy from delisting, it will be more expensive for the Remaining Group to Wind Down. In this circumstance, the Alinta Energy Directors would accelerate the Winding Down of the Remaining Group such that it would be expected to occur within 18 months of the implementation of the Creditors' Schemes.

The delisting of both AEL and AET should be taken to be an "Ancillary Matter", including for the purposes of the Explanatory Memorandum.

The ASX has been approached in relation to the newly proposed delisting of AET,

### 9.2 Share Consolidation (Resolution 8)

In relation to the Share Consolidation (which Shareholders are asked to approve at Original Resolution 8 and Updated Resolution 8), Securityholders should note that this will not proceed unless the entire Delinked Proposal proceeds - including because:

- the Alinta Energy Directors would not want any Share Consolidation to occur before Securityholders receive any amounts which can be distributed to them - and as the proposed capital distribution described at Section 6 is less certain than the Trust Scheme, the Alinta Energy Directors wish to retain maximum flexibility so as to try and structure an alternate means of getting funds to Securityholders if necessary; and
- absent the implementation of the Trust Scheme (which includes the destapling of the Shares and the Units) it would not be possible to consolidate the Shares without also consolidating the Units.

If the Share Consolidation does not occur, the Remaining Group will remain a complex structure with a greater number of Securityholders expected to continue to own Securities (which may also still be listed if the delisting of Alinta Energy is not approved by Securityholders), and higher operating costs. In this circumstance, the Alinta Energy Directors would accelerate the Winding Down of the Remaining Group such that it would be expected to occur within 18 months of the implementation of the Creditors' Schemes.

### 9.3 Optionality preserved for Securityholders

It is still open to Securityholders to not approve the Ancillary Matters.

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## 10 Independent Expert's Report, KordaMentha Report and judicial advice concerning the Trust Scheme

### 10.1 Independent Expert's Report and KordaMentha Report

The Independent Expert has considered this Supplementary Disclosure and the implications for Securityholders in so far as they impact the conclusions drawn in its opinion on the Original Proposal. The Independent Expert has advised that it remains of the view that the advantages of the "Deleveraging Proposal" (as defined in Annexure B) outweigh the disadvantages and, therefore, the "Deleveraging Proposal" is in the best interests of Securityholders, in the absence of a superior proposal. A copy of the Independent Expert's confirmation of opinion is set out in Annexure B.

Those aspects of KordaMentha's conclusions and analysis that were discussed in Section 5.7 of the Explanatory Memorandum have not been affected by anything discussed in this Supplementary Disclosure.

Insofar as it relates to the Independent Expert and KordaMentha, Section 11.21 ("Consents") of the Explanatory Memorandum applies to this Supplementary Disclosure as though set out in full within it, as though references in it to "this Explanatory Memorandum: were references to "this Supplementary Disclosure".

### 10.2 Judicial advice concerning the trust scheme

AES has applied for and obtained supplementary judicial advice that AES is justified in distributing this Supplementary Disclosure to Unitholders and in convening the Unitholders' meetings on the basis set out in this Supplementary Disclosure ("**Supplementary Proceedings**"). The applications were made pursuant to Section 63 of the Trustee Act 1925 (NSW), and on 23 February 2011, Justice Barrett made orders including an order that a summary of certain of the orders made by the judge be included in this Supplementary Disclosure.

In summary, those orders were that:

- (a) AES is justified in distributing this Supplementary Disclosure to Unitholders;
- (b) any person who claims that their rights as a Unitholder will be prejudiced by AES implementing or effecting the Delinked Proposal may, on or before 17 March 2011, apply to the Court for such orders or such directions as the circumstances may require; and
- (c) except for the publication of a summary of the above orders in, and circulation of, this Supplementary Disclosure to Unitholders, notice of the Supplementary Proceedings and the above orders need not be given to or served on any person.

If Resolutions 2 to 5 (inclusive) are passed, AES will apply for further judicial advice to the following effect, to be determined at the second Court hearing on 17 March 2011, in place of the further judicial advice summarised in the Explanatory Memorandum:

AES is justified in acting upon and implementing the resolutions of Unitholders set out in the Notice of Securityholders' Meetings and Explanatory Memorandum, as amended in the manner foreshadowed in this Supplementary Disclosure, if approved, and:

- (i) giving effect to the provisions of the AET Constitution (as amended by the Supplemental Deed); and
- (ii) in doing all things and taking all necessary steps to put the proposal described in the Notice of Meetings and Explanatory Memorandum as amended in the manner foreshadowed in this Supplementary Disclosure ("Delinked Proposal"), and in the Supplemental Deed, into effect.

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## 11 How will the Resolutions change to reflect this

The following changes to the Original Resolutions will be proposed from the floor of the Securityholders' Meetings:

- Updated Resolution 1, being the approval required from Shareholders in order to implement the Creditors' Schemes, will no longer be conditional upon Original Resolutions 2 - 5 (inclusive) or on Updated Resolutions 2 - 5 (inclusive), being the Trust Scheme related Resolutions and the AEL name change Resolution, being approved. Instead, it will be a stand-alone Updated Resolution; and
- the changes described in Section 9.1 will be made to Original Resolution 6;

The motion to change the Original Resolutions is set out at Annexure A, and must be approved by 50% of the Securities that vote in order to proceed.

The Updated Resolutions that differ from the Original Resolutions are set out at Annexure A.

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## 12 Conclusion

**The Alinta Energy Directors recommend that Securityholders:**

- **approve changing the Original Resolutions to the Updated Resolutions (that is, the Delinked Proposal); and**
- **approve all Updated Resolutions, as this delivers the best outcome to Securityholders.**

However, the Alinta Energy Directors believe that even if Trust Scheme is not approved by Securityholders but Updated Resolution 1, which is required in order to implement the Creditors' Scheme is approved, it is in the interests of Securityholders to proceed with the Creditors' Schemes anyway (assuming that all other relevant approvals and conditions are met or obtained, including from the Court and the requisite majorities of the Creditors' Scheme Participants).

**The Alinta Energy Directors consider this in a better outcome for Securityholders than not proceeding with any element of the Original Proposal.**

Please note the disclosure on the various potential conflicts of interest of the Alinta Energy Directors, as described in Section 11.5 and/or Section 11.6 of the Explanatory Memorandum.

Please read and consider this Supplementary Disclosure (together with the Explanatory Memorandum) carefully. Please consult with your professional advisers and contact the Alinta Energy Securityholder Information hotline on 1300 621 701 or +61 3 9415 4336, if you have any questions. **I also direct you to the information contained within the Notice of Securityholders' Meetings (in the Explanatory Memorandum), the Updated Proxy Form and Section 5.5 for complete instructions on how to vote at the Securityholders' Meetings.**

I look forward to seeing you at the Extraordinary General Meeting on Tuesday, 15 March 2011 at 2:00pm, at Customs House in Sydney, to discuss and with your support, approve the Creditors' Schemes, the Trust Scheme, AEL's name change and the Ancillary Matters.

Yours Faithfully



Len Gill  
Independent Chairman



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## Annexure A - Updated Resolutions

This Annexure A:

- sets out the motion that will be moved from the floor of the Securityholders' Meetings to change the Original Resolutions to the Updated Resolutions (which includes the full text of the Updated Resolutions);
- illustrates the proposed changes between Original Resolution 1 and Updated Resolution 1, and Original Resolution 6 and Updated Resolution 6 (by showing additions underlined, and deletions struck-through); and

### 1. Motion to change Original Resolutions to Updated Resolutions

*“To consider, and if thought fit, to pass the following resolution as an ordinary resolution of shareholders of AEL:*

*That the Resolution 1 to be put to the meeting be modified and put in the following form:*

*That for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for Alinta Energy Limited to dispose of the Transferring Assets (as described in Section 5.2 of the Explanatory Memorandum accompanying the Notice of Securityholders' Meetings convening the meetings) as contemplated by the Creditors' Schemes described in the Explanatory Memorandum accompanying the Notice of Securityholders' Meetings convening the meetings.”*

**All the AEL Directors recommend that Shareholders vote in favour of this resolution.**

For this resolution to be passed, more than 50% of the votes cast by Shareholders who are entitled to vote on it must be in favour of the resolution.

*“To consider, and if thought fit, to pass the following resolution as an ordinary resolution of shareholders of AEL and unitholders of AET:*

*That the Resolution 6 to be put to the meeting be modified and put in the following form:*

*That, conditional on the orders of the Supreme Court of NSW approving the Creditors' Schemes (as defined and described in the Explanatory Memorandum accompanying this Notice of Securityholders' Meeting convening the meetings) coming into effect pursuant to Section 411(10) of the Corporations Act:*

*(a) AEL will be delisted from the Australian Stock Exchange; and*

*(b) AET will be delisted from the Australian Stock Exchange,*

*in each case, with effect from a date selected by its then-current directors, which date will be no earlier than one month after the date on which this resolution is passed.”*

**All the AET Directors recommend that Unitholders vote in favour of this resolution. All the AES Directors recommend that Shareholders vote in favour of this resolution.**

For this resolution to be passed, more than 50% of the votes cast by Shareholders who are entitled to vote on it, and more than 50% of the votes cast by Unitholders who are entitled to vote on it, must be in favour of the resolution.

## 2. Original Resolution 1 showing proposed changes

### **Resolution 1: Approval of the disposal of the Alinta Energy Group's main undertaking - AEL**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of Securityholders of AEL:

*That, conditional on all other resolutions set out in this Notice of Securityholders' Meetings (other than "resolution 6", "resolution 7", "resolution 8" and "resolution 9") being passed, and for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for Alinta Energy Limited to dispose of the Transferring Assets (as described in Section 5.2 of the Explanatory Memorandum accompanying the Notice of Securityholders' Meetings convening the meetings) as contemplated by the Creditors' Schemes described in the Explanatory Memorandum accompanying the Notice of Securityholders' Meetings convening the meetings.*

**All the AEL Directors recommend that Shareholders vote in favour of this resolution.**

For this resolution to be passed, more than 50% of the votes cast by Shareholders who are entitled to vote on it must be in favour of the resolution.

## 3. Original Resolution 6 showing proposed changes

### **Resolution 6: Delisting of AEL and AET - AEL and AET**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of Shareholders of AEL and Unitholders of AEL:

*That, conditional on the ~~Trust Scheme~~ orders of the Supreme Court of NSW approving the Creditors' Schemes (as defined and described in the Explanatory Memorandum accompanying this Notice of Meeting convening the meetings) being implemented in accordance with its terms, coming into effect pursuant to Section 411(10) of the Corporations Act:*

*(a) AEL will be delisted from the Australian Stock Exchange; and*

*(b) AET will be delisted from the Australian Stock Exchange,*

*in each case, with effect from a date selected by its then-current directors, which date will be no earlier than one month after the date on which this resolution is passed.*

**All the AET Directors recommend that Unitholders vote in favour of this resolution. All the AEL Directors recommend that Shareholders vote in favour of this resolution.**

For this resolution to be passed, more than 50% of the votes cast by Shareholders who are entitled to vote on it, and more than 50% of the votes cast by Unitholders who are entitled to vote on it, must be in favour of the resolution.

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**Annexure B - Independent Expert's confirmation of opinion**

# GRANT SAMUEL



GRANT SAMUEL & ASSOCIATES

LEVEL 19 GOVERNOR MACQUARIE TOWER

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[www.grantsamuel.com.au](http://www.grantsamuel.com.au)

23 February 2011

The Directors  
Alinta Energy Limited  
Level 7  
50 Pitt Street  
Sydney NSW 2000

The Directors  
Alinta Energy Services Limited as  
responsible entity for Alinta Energy Trust  
Level 7  
50 Pitt Street  
Sydney NSW 2000

The Directors  
Alinta Finance Australia Pty Limited  
Level 7  
50 Pitt Street  
Sydney NSW 2000

Dear Directors

## Deleveraging Proposal

### 1 Introduction

Grant Samuel & Associates Pty Limited ("Grant Samuel") prepared an independent expert's report dated 1 February 2011 in relation to the deleveraging plan agreed between Alinta Energy Group ("Alinta Energy") and the lenders to Alinta Energy's wholly owned subsidiary Alinta Finance Australia Pty Limited ("Alinta Finance Syndicate") ("the Deleveraging Proposal"). The full report is included as Annexure A to the Explanatory Memorandum dated 1 February 2011 sent by Alinta Energy to its securityholders. Grant Samuel concluded that the advantages of the Deleveraging Proposal outweighed the disadvantages and, accordingly, the Deleveraging Proposal is in the best interests of stapled securityholders of Alinta Energy, in the absence of a superior proposal.

Alinta Energy has advised Grant Samuel that changes have been made to the Deleveraging Proposal which impact the resolutions to be put to stapled securityholders at the meetings on 15 March 2011. The directors of Alinta Energy have requested that Grant Samuel review its opinion in light of the changes to the Deleveraging Proposal. A copy of this letter will accompany the supplementary disclosure to be sent to stapled securityholders by Alinta Energy.

### 2 Proposed Changes to the Deleveraging Proposal

The proposed changes to the Deleveraging Proposal are set out in detail in the Supplementary Disclosure to the Explanatory Memorandum ("Supplementary Disclosure") to be sent to stapled securityholders by Alinta Energy. The proposed changes are subject to securityholder approval. If the proposed changes are not approved, securityholders will be asked to approve the resolutions in relation to the Deleveraging Proposal as previously set out in the Explanatory Memorandum dated 1 February 2011.

In summary, the impact of the proposed changes on the Deleveraging Proposal is to delink securityholder approval for the Creditors' Schemes from securityholder approval for the Trust Scheme. That is, it will be possible for the Creditors' Schemes to be approved by securityholders and be implemented although the Trust Scheme is not approved by securityholders. In this case, subject to the approval of third parties<sup>1</sup>:

- the Creditors' Schemes will be implemented and Alinta Finance will receive the proceeds payable to it by the Alinta Finance Syndicate under the Creditors' Schemes; and
- Alinta Energy directors will seek to pay 10 cents per unit to securityholders (or as much of that amount as can be achieved having regard to the risks and issues discussed in Section 5.2 of the Supplementary Disclosure) in the form of a capital distribution by AE Trust.

<sup>1</sup> As described in the Explanatory Memorandum and the Supplementary Disclosure. These third party approvals means that, even if Alinta Energy securityholders approved all necessary resolutions, it is possible that the Deleveraging Proposal may not proceed at all or that the Creditors' Schemes may proceed but the Trust Scheme does not (refer Section 5.10 of Grant Samuel's independent expert report dated 1 February 2011).



### 3 Impact on Opinion

Grant Samuel has considered the proposed changes and their implications for Alinta Energy securityholders in so far as they impact the conclusions drawn in its opinion on the Deleveraging Proposal.

The economic terms of the Deleveraging Proposal are not impacted by the proposed changes and, if the necessary resolutions (namely Resolutions 1 to 5) are passed, Alinta Energy securityholders are in the same situation. The only realistic alternative to the Deleveraging Proposal remains insolvency administration. In this scenario, securityholders would realise substantially less than 10 cents per security and potentially nothing. Accordingly, Grant Samuel remains of the view that the advantages of the Deleveraging Proposal outweigh the disadvantages and, therefore, the Deleveraging Proposal is in the best interests of Alinta Energy stapled securityholders, in the absence of a superior proposal.

Securityholders should note that the proposed changes alter the likelihood that the Deleveraging Proposal will be implemented in its entirety. The lower approval threshold for Resolution 1 (disposal of the Alinta Finance assets) increases the prospect that the Creditors' Schemes are implemented and therefore that the net cash contribution from the Alinta Finance Syndicate is received. If the Trust Scheme is not also approved, securityholders would not receive the 10 cents cash payment per security but:

- there will be no change in their equity interests in Alinta Energy;
- the risk of insolvency administration for Alinta Energy will be reduced as a result of the net cash contribution from the Alinta Finance Syndicate; and
- Alinta Energy directors have stated their intention to pay securityholders 10 cents per security by way of a capital distribution by AE Trust (although there is no certainty that the full 10 cents will be distributed).

In any event, the Deleveraging Proposal remains subject to third party approvals even if Alinta Energy securityholders approve all necessary resolutions.

### 4 Other Matters

This letter should be read in conjunction with the full independent expert's report dated 1 February 2011 included as Annexure A to the Explanatory Memorandum. In particular, all limitations, disclaimers and declarations set out in that report apply in full to this letter.

This letter is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Alinta Energy stapled securityholders. Accordingly, before acting in relation to their investment, stapled securityholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Stapled securityholders should read the Explanatory Memorandum and the Supplementary Disclosure issued by Alinta Energy in relation to the Deleveraging Proposal.

Voting for or against the Deleveraging Proposal is a matter for individual stapled securityholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Stapled securityholders who are in doubt as to the action they should take in relation to the Deleveraging Proposal should consult their own professional adviser.

Similarly, it is a matter for individual securityholders as to whether to buy, hold or sell stapled securities in Alinta Energy. This is an investment decision independent of a decision to vote for or against the Deleveraging Proposal upon which Grant Samuel does not offer an opinion. Stapled securityholders should consult their own professional adviser in this regard.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included as an attachment to this letter.

Yours faithfully

**GRANT SAMUEL & ASSOCIATES PTY LIMITED**

*Grant Samuel & Associates*



## Financial Services Guide

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for Alinta Energy dated 1 February 2011 in relation to the Deleveraging Proposal ("the Alinta Energy Report"), Grant Samuel received a fixed fee of \$750,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 7.3 of the Alinta Energy Report). In respect of the letter for Alinta Energy ("Supplementary Letter"), Grant Samuel will receive an additional fee based on executive time incurred estimated to be \$11,000.

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report or the Supplementary Letter.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 October 2007. The following information in relation to the independence of Grant Samuel is stated in Section 7.3 of the Alinta Energy Report:

*"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Alinta Energy that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Deleveraging Proposal. Grant Samuel advises that:*

- *Grant Samuel prepared an independent expert's report dated 12 January 2010 in relation to the proposal to settle the loan facility and all fees owing to members of BBIG for which it received fees totalling \$760,000;*
- *a related company of Grant Samuel, Grant Samuel Property Pty Limited, provided corporate real estate services to Alinta Energy in mid 2008 in relation to a proposed property relocation in Western Australia. Fees associated with these services totalled less than \$10,000;*
- *Grant Samuel prepared an independent expert's report dated 2 July 2007 for Alinta Limited in relation to the proposal by the BBIG/Singapore Power Consortium to acquire all of its issued shares for which it received a fixed fee of \$2 million. Alinta Energy was a party to this transaction acquiring a number of Alinta Limited's assets;*
- *the father of an executive of Grant Samuel Property Pty Limited is General Manager, Western Operations for Alinta Energy; and*
- *one Grant Samuel group executive holds a parcel of 4,000 stapled securities in Alinta Energy.*

*Grant Samuel commenced analysis for the purposes of this report in September 2010 following the announcement of the Deleveraging Proposal but prior to the final documentation of the transaction. This work did not involve Grant Samuel participating in the setting the terms of, or any negotiations leading to, the Deleveraging Proposal. Its only role has been the preparation of this report.*

*Grant Samuel will receive a fixed fee of \$750,000 for the preparation of this report. This fee is not contingent on the outcome of the Deleveraging Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.*

*Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 October 2007."*

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11929. If you have any concerns regarding the Alinta Energy Report or the Supplementary Letter, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Financial Ombudsman Service at GPO Box 3 Melbourne VIC 3001 or 1300 780 808. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act, 2001.

Grant Samuel is only responsible for the Report, the Supplementary Letter and the associated FSGs. Complaints or questions about the Disclosure Document and the Supplementary Disclosure should not be directed to Grant Samuel which is not responsible for those documents. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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## **Annexure C - Directors' Statement**

### **Board of directors of AEL**

This Supplementary Disclosure has been duly signed on behalf of Alinta Energy Limited (ABN 67 116 665 608) by its company secretary named below.



John Remedios  
Company Secretary

Dated: 23 February 2011

### **Board of directors of AES**

This Supplementary Disclosure has been duly signed on behalf of Alinta Energy Services Limited (ABN 37 118 165 156; AFSL NO. 299 943) as Responsible Entity of the Alinta Energy Trust (ARSN 122 375 562) by its company secretary named below.



John Remedios  
Company Secretary

Dated: 23 February 2011



**Alinta Energy Limited**  
 (ABN 67 116 665 608)  
 Alinta Energy Services Limited  
 (ABN 37 118 165 156)  
 as responsible entity of Alinta Energy Trust  
 (ARSN 122 375 562)

**LODGE YOUR VOTE**

**ONLINE** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**By mail:**  
 Alinta Energy Limited  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia

**By fax:** +61 2 9287 0309

**All enquiries to: Telephone:** 1800 260 668 **Overseas:** +61 2 8280 7619

**SECURITYHOLDER VOTING FORM**

I/We being a member(s) of Alinta Energy Limited (AEL) and unitholder(s) in the Alinta Energy Trust (AET) (together Alinta Energy) and entitled to attend and vote hereby appoint:

**STEP 1**

**APPOINT A PROXY**

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Extraordinary General Meeting of Alinta Energy Limited and Meeting of the unitholders of Alinta Energy Trust to be held at 2:00pm on Tuesday, 15 March 2011, at Customs House, Level 1, 31 Alfred Street, Circular Quay, Sydney, NSW, Australia and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by Alinta Energy if they are signed and received 48 hours before the meeting, being not later than 2:00pm on Sunday, 13 March 2011.

Please read the voting instructions overleaf before marking any boxes with an

**STEP 2**

**IMPORTANT - VOTING EXCLUSIONS**

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item A1 or B1 overleaf, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of this Item and that votes cast by him/her for this Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item A1 or B1 and your votes will not be counted in calculating the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item A1 or B1.

**PLEASE TURN OVER AND COMPLETE BOTH SIDES OF THIS FORM TO GIVE FULL EFFECT TO YOUR PROXY VOTE**





**STEP 3****VOTING DIRECTIONS - MOTION TO AMEND ORIGINAL RESOLUTIONS**

To amend original resolutions 1 and 6 (A1 and A6) to be updated resolutions 1 and 6 (B1 and B6) as proposed at the meeting

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**i** \* However you vote on this motion, please continue and complete all steps below (including Step 4 and Step 5) to give full effect to your proxy

**STEP 4****VOTING DIRECTIONS - ORIGINAL RESOLUTIONS (IF MOTION AT STEP 3 FAILS)****Resolutions**

	For	Against	Abstain*		For	Against	Abstain*
<b>A1</b> To approve the disposal of the Alinta Energy Group's main undertaking (conditional on Trust Scheme) - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>A6</b> To approve the delisting of AEL - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>A2</b> To approve the destapling of shares in AEL from units in AET - AEL and AET	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>A7</b> To approve the amendment to the AEL constitution to reduce the minimum number of directors - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>A3</b> To approve amendments of AET's constitution - AET only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>A8</b> To approve the consolidation of shares in AEL - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>A4</b> To approve the acquisition of units in AET by Alinta Finance without a formal takeover bid - AET only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>A9</b> To approve the provision of financial assistance by various Alinta Energy companies - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>A5</b> To approve a change of name of AEL and consequential change to its constitution - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 5****VOTING DIRECTIONS - UPDATED RESOLUTIONS (IF MOTION AT STEP 3 PASSES)****Resolutions**

	For	Against	Abstain*		For	Against	Abstain*
<b>B1</b> To approve the disposal of the Alinta Energy Group's main undertaking - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>B6</b> To approve the delisting of AEL and AET - AEL and AET	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B2</b> To approve the destapling of shares in AEL from units in AET - AEL and AET	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>B7</b> To approve the amendment to the AEL constitution to reduce the minimum number of directors - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B3</b> To approve amendments of AET's constitution - AET only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>B8</b> To approve the consolidation of shares in AEL - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B4</b> To approve the acquisition of units in AET by Alinta Finance without a formal takeover bid - AET only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>B9</b> To approve the provision of financial assistance by various Alinta Energy companies - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B5</b> To approve a change of name of AEL and consequential change to its constitution - AEL only	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 6****SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED**

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on Alinta Energy's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Alinta Energy's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from Alinta Energy's security registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 2:00pm on Sunday, 13 March 2011, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**  [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Select the 'Proxy Voting' option on the top right of the home page. Choose the entity you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Alinta Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Extraordinary General Meeting of Alinta Energy Limited and Meeting of the unitholders of Alinta Energy Trust, please bring this form with you.  
This will assist in registering your attendance.**