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2 May 2011

Transfield Services signs agreement with Ratchaburi

Transfield Services has today signed a Transaction Framework Agreement (TFA) with Ratchaburi Electricity Generating Holding PCL (RATCH) in relation to RATCH's offer to acquire stapled securities in Transfield Services Infrastructure Fund (TSI Fund) for \$0.85 per security (Proposal).

Further details of RATCH's Proposal for TSI Fund, which has been recommended by the independent directors of TSI Fund, are set out in the announcement by TSI Fund today.

Transfield Services Managing Director and CEO, Peter Goode, said: "The transaction will deliver our shareholders an acceptable premium to historical trading levels for our holding in TSI Fund. Importantly, operations and maintenance (O&M) services provided to TSI Fund's assets would continue, with further opportunities to grow these services as new assets are developed."

"The transaction will also achieve a long held strategic objective to reduce our holding in TSI Fund and allow us to reinvest proceeds into new areas of growth of our business."

"We believe our partnership with RATCH will be an excellent outcome for TSI Fund and we look forward to building a strong and productive relationship with RATCH," Mr Goode said.

The TFA includes the following ancillary transactions between Transfield Services and RATCH which are conditional on implementation of the proposed Schemes of Arrangement between TSI Fund and its securityholders:

- A shareholders agreement would be entered into by Transfield Services and RATCH to govern the ongoing management and governance arrangements in relation to TSI Fund once the schemes have completed and TSI Fund is delisted;
- Sale of Development Business and Portfolio under which Transfield Services would sell its suite of development projects, including its wind farm development opportunities, to TSI Fund for up to A\$25 million;
- Transfield Services will continue to provide O&M services to TSI Fund. After the first five years, the existing contractual arrangements would continue to apply except that TSI Fund would be allowed to market test the O&M pricing (Transfield Services will have a right of first offer and a right to submit a best and final offer). Transfield Services will also have preferred rights to provide O&M services for any new TSI Fund assets; and
- Transitional Services Agreement under which the existing Management Services Agreement would be terminated for nil consideration and Transfield Services would provide transitional services to TSI Fund as needed after the implementation date, charged on a cost plus a margin basis.

The transaction is subject to a number of conditions precedent, which are set out in TSI Fund's announcement.

The scheme documents, including the Scheme Booklet and an Independent Expert's Report is expected to be sent to TSI Fund securityholders around late May 2011. The TSI Fund securityholder meeting to approve the transaction, and subsequent Court approval, is expected to occur prior to 30 June 2011.



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