

30 September 2010



ASX STATEMENT

LOY YANG A SUCCESSFULLY REFINANCES \$455 MILLION DEBT FACILITY

Transfield Services Infrastructure Fund (TSI Fund) today welcomed Loy Yang A Power Station's (LYA) announcement that it has successfully refinanced a \$455 million tranche of senior bank debt and a \$35 million working capital facility both for a 5 year term. All other LYA debt facilities remain unchanged.

The new senior debt facility was well supported by a syndicate of existing and new lenders, including three new Japanese banks.

TSI Fund Chief Executive Officer, Steve MacDonald said, "The banks' support of LYA reflects the quality of the asset as one of Australia's largest and most important providers of electricity. The LYA refinancing also delivers on one of TSI Fund's four key value events targeted for completion in FY11."

TSI Fund owns 14.03 per cent of LYA which produces approximately 30 per cent of Victoria's electricity requirements and recently secured long-term hedge agreements with Alcoa Australia and its joint venture partners to provide electricity to two Victorian aluminium smelters (Alcoa Smelters) until 2036. The agreements are among the largest power contracts in Australia's history.

LYA will apply its significant surplus free cash to pay down debt, which will strengthen its future equity position. As a result, LYA shareholders are unlikely to receive cash distributions from their investment in LYA during the next three years. This outcome has no impact on TSI Fund's FY11 distribution guidance of 8.2 cents per security (cps) or its medium-term distribution guidance of at least 8.2cps. FY11 distributions will be funded from operating free cashflow, after funding interest and maintenance capex.

"LYA's reduced debt and the 22 year electricity hedge agreement with Alcoa Smelters' will enhance the value of TSI Fund's investment in LYA", said Mr MacDonald.

A presentation providing more detail on the refinancing is attached, together with LYA's media release.

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Transfield Services Infrastructure Fund (TSI Fund) is a public listed entity owning a portfolio of interests in essential infrastructure assets including five power stations, three wind farms and two water filtration plants. TSI Fund's key differentiator is its highly beneficial relationship with global asset management company, Transfield Services which provides expertise in asset development, project management, operations and maintenance.

30 September, 2010



Loy Yang Power completes refinancing of A\$455m senior debt and A\$35m working capital facility

Loy Yang Power has successfully refinanced a A\$455 million tranche of senior bank debt and A\$35 million working capital facility, due to expire in November 2010.

Both facilities have been refinanced for a five-year term and are due to expire in November 2015. All other debt facilities remain unchanged.

Loy Yang Power Chief Executive, Ian Nethercote, said he was very pleased with the outcome.

"The new debt facility attracted strong backing from three new Japanese banks together with significant support by a syndicate of existing lenders. The introduction of these new lenders highlights the strong underlying credit position of the asset which has been enhanced by the long term Electricity Hedge Agreement signed with Alcoa and its partners in March this year. This Electricity Hedge Agreement is for approximately 820MW of load and, with future expansion options, could represent more than half of Loy Yang Power's generation output," Mr Nethercote said.

Loy Yang Power is the operator of Victoria's largest power station (2195MW) and Australia's largest open cut brown coal mine. The power station supplies approximately 30 per cent of Victoria's electricity needs while the mine services approximately 50 per cent of the State's electricity generation needs.

Loy Yang Power is owned by the Great Energy Alliance Corporation (GEAC). GEAC consists of the following shareholders – AGL (32.5%), Tokyo Electric Power Company (32.5%), Transfield Services Infrastructure Fund (14%), Motor Trades Association of Australia (MTAA) Superannuation Fund (12.8%), Westscheme (5.7%) and Statewide Super (2.5%).

Macquarie Capital Advisers Ltd acted as financial adviser on the transaction.

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NEWS
RELEASE



Investor Presentation – Loy Yang A Refinancing

30 September 2010

- TSI Fund owns 14.03% of Loy Yang A Power Station and Coal Mine (LYA)
 - Victoria's largest power station, 3rd largest in Australia
 - LYA is the lowest marginal cost thermal generator in Australia
 - Produces approximately 30 per cent of Victoria's electricity requirements
- LYA delivered a strong operating performance in FY10
 - Three distribution payments made to TSI Fund totalling \$8.7 million
 - Generated \$151 million of operating free cash flow in CY09
- LYA secured one of the largest power contracts in Australia's history with Alcoa and its joint venture partners (Alcoa Smelters) to 2036
 - For approx. 820MW with options to expand to more than half of LYA's output
 - Creates long-term certainty of electricity revenues
- Successful conclusion of the LYA debt refinancing identified in the FY10 Final Result presentation as one of TSI Fund's four value events in FY11

LYA Refinancing Outcome

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- LYA announced the successful refinancing of a \$455m tranche of senior bank debt and a \$35m working capital facility for a 5 year term (expires in November 2015)
- New debt facility well supported by a syndicate of existing and new lenders
 - Strong support from three new Japanese banks
 - Significant support from a syndicate of LYA's existing lenders
 - Lenders gained significant comfort from the electricity hedge agreements with Alcoa Smelters which expire in 2036
 - New facilities refinanced on terms and margins in line with current market
- The terms and margins of LYA's other debt facilities are unchanged
- LYA will apply surplus free cash to reduce outstanding debt levels

- The successful refinancing mitigates LYA's refinancing risk
- LYA's credit profile is expected to improve as it approaches the start of the 22 year electricity hedge agreements with Alcoa Smelters in 2014
 - The long-term electricity hedge agreements with Alcoa Smelters will reduce LYA's exposure to pool prices:
 - minimising the variability of LYA's revenues
 - delivering attractive long-term price security for almost half LYA's generation output
 - Outstanding debt expected to reduce materially via surplus free cash being applied against the new debt facility
- LYA's equity position is expected to strengthen over the medium-term
 - LYA is expected to significantly reduce its outstanding debt
 - LYA is forecast to generate significant surplus cashflows in the medium-term after payment of operating expenditures, capital expenditures and debt servicing

- LYA has successfully refinanced a \$455m tranche of senior bank debt and \$35m working capital facility for a 5 year term
 - LYA's significant surplus free cash to be applied to reduce outstanding debt levels. As a result, LYA shareholders unlikely to receive cash distributions from their investment in LYA during the next 3 year
- No change to FY11 distribution guidance of 8.2cps or medium-term distribution guidance of at least 8.2cps
- TSI Fund is confident in LYA's ability to generate long-term returns to securityholders
 - Landmark 22 year electricity hedge agreements with Alcoa Smelters will reduce LYA's exposure to pool pricing
 - LYA is the lowest marginal cost thermal generator in Australia, and will remain highly competitive in the NEM under a carbon scenario
 - Significant free cash flow from LYA operations is expected to materially reduce its outstanding debt over the next 5 years
 - LYA equity position will be strengthened



Appendix

Power Station Specifications

Capacity ¹	2,195MW (2210MW post 2011)
Location	Traralgon, Victoria
No. of Units	4 – ABB (Alstom) & Kraftwerk Union (Siemens)
Commercial Operations Start	Jul '84 – Mar '88
Fuel Source	<ul style="list-style-type: none"> • Adjacent integrated Loy Yang Mine
Operations & Maintenance	<ul style="list-style-type: none"> • Maintenance performed under “whole of life” plans cascading into 5 year, 1 year and 3 month asset maintenance plans • Transfield Worley Power Services² recently selected to provide mine and power station maintenance services under a 5 year contract
2009 Generation Sold	15,375 GWh
2009 Capacity Factor	94.1%

1. Maximum Dependable Capacity.

2. TWPS is a joint venture between Transfield Services Ltd and WorleyParsons Ltd, and provides maintenance services to a number of power stations throughout Australia



Loy Yang Mine

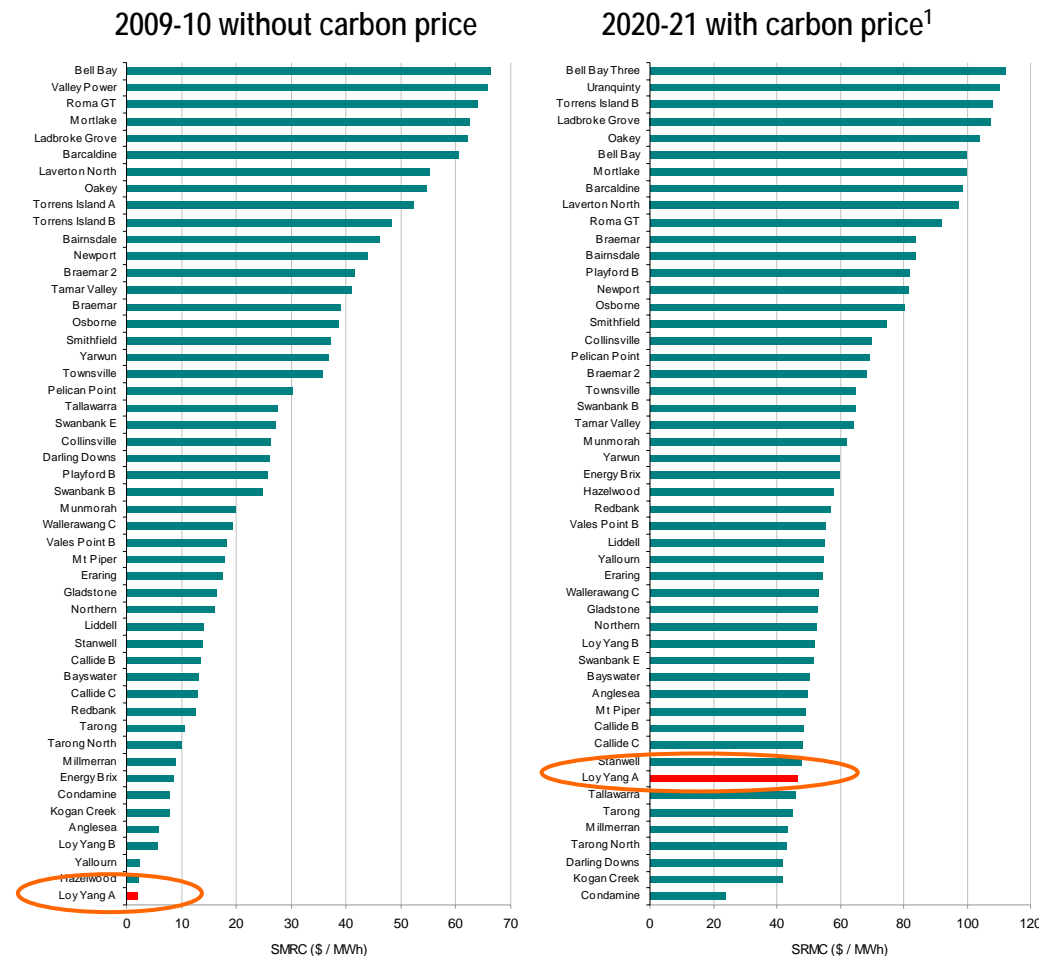
Mine Type	<ul style="list-style-type: none"> • Open-cut configuration • Vertically integrated with LYA & LYB power stations
Historic Annual Extraction	30 - 32 million tonnes
Coal Reserves	~1.6 billion tonnes
Estimated Mine Life	50 years (at current rates)
Mining Licence Area	4,558 ha
Exploration Licence Area	~1,670 ha (1.0 billion tonnes)



LYA power plant is a four unit 2,195MW brown coal steam turbine power station, integrated with an adjacent mine with reserves sufficient for at least 50 years

- LYA has the lowest short run marginal cost in the national electricity market (NEM)
- LYA's position in the NEM is expected to remain highly competitive under a carbon scenario
 - Loy Yang A power station is projected to have the 8th lowest SRMC in 2020
 - Loy Yang is projected to remain the cheapest power station to operate in the Victorian region

Short Run Marginal Costs (real \$ 2009-10) for cheapest 50 stations

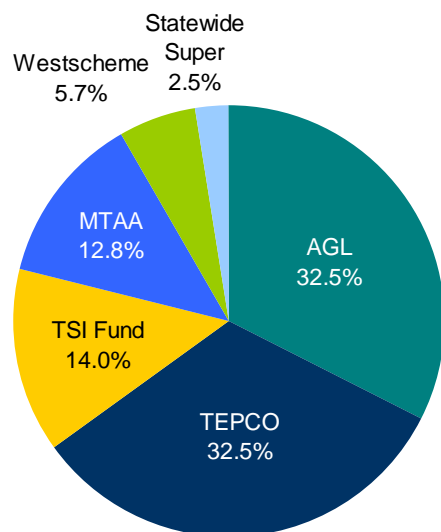


Source: ACIL Tasman April 2009

1. Carbon price of \$40.36 / tonne CO₂ -e

LYA Financial Information

Loy Yang A Ownership ¹



1. Represents ownership in Greater Energy Alliance Corporation. AGL owns no share in Loy Yang Marketing Management Company

Financial Information (\$m)	2008	2009
Sales Revenue	595	736
Other Revenue	25	31
Total Revenue	620	767
EBITDA	471	523
NPAT	89	166
Operating Free cashflow	222	151

KPIs

Electricity Volume (TWh)	15.2	15.4
Average Electricity Price (\$/MWh)	34.3	43.4
Equivalent Availability Factor	91%	94%

- LYA secured one of the largest power contracts in Australia's history with Alcoa Smelters
 - Contracts to provide base load power to Point Henry (Geelong) and Portland smelters
 - Extends from 2014 to 2036
 - For approx. 820MW with options to expand to more than half of LYA's output
 - Create long-term certainty of electricity revenues to levels consistent with competitive forward market electricity pricing
- LYA's electricity hedge agreements with Alcoa Smelters have significantly increased the value of equity
 - Will reduce LYA's exposure to pool pricing
 - Enhance TSI Fund's overall investment risk profile by increasing the long-term contracted revenues of TSI Fund assets

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