



Alinta Limited
ABN 40 087 857 001

The Quadrant
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15 March 2004

To: Company Announcements Office
ASX

By: Electronic Lodgement

Alinta Acquires Duke Energy Portfolio

Attached is a News Release dated 15 March 2004 regarding the above matter.

Murray King
Company Secretary

Enclosure

News Release



15 March 2004

Alinta Acquires Duke Energy Portfolio

Alinta Limited (**Alinta**) today announced that it had agreed to acquire a diversified portfolio of gas infrastructure and power generation assets from Duke Energy Corporation for \$1,690 million before transaction costs.

The assets which Alinta has agreed to acquire include three strategically located gas pipelines and three gas fired power stations in Australia, and one gas fired power station in New Zealand.

"This acquisition secures a quality portfolio of energy infrastructure assets, offering both a stable and secure earnings stream and strong volume growth potential, particularly from the pipeline assets on Australia's east coast." Alinta CEO Bob Browning said.

He said the acquisition of the Duke assets will strengthen Alinta's position as one of Australia's leading energy infrastructure companies, expand its portfolio of gas and electricity assets and operations across five states of Australia and New Zealand.

The acquisition, combined with Alinta's development of cogeneration plants and the recently announced wind farm project in Western Australia, positions Alinta to deliver growing returns to shareholders.

Completion is scheduled to occur in late April 2004, following receipt of Ministerial and other contractual consents.

Benefits to shareholders

Mr Browning said the acquisition created a number of benefits for Alinta shareholders including:

- ❑ Diversifying Alinta's portfolio of infrastructure assets by geography, customer base, regulatory regime, and commodity;
- ❑ Securing some of Australia's most strategically positioned gas infrastructure assets;
- ❑ Strong growth in Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA);
- ❑ Underpinning Alinta's ability to increase distributions to shareholders to a forecast level of 38 cents per share in FY2004; and
- ❑ Increasing the market capitalisation and liquidity of Alinta shares thereby making Alinta a more attractive investment to a broader range of investors.

Acquisition highlights

The portfolio of assets which Alinta has agreed to acquire from Duke comprise:

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- ❑ In Western Australia: the Port Hedland and Newman gas-fired power stations and a stake in the Goldfields Gas Pipeline;
- ❑ On the east coast: the Queensland Gas Pipeline, the Eastern Gas Pipeline, the Tasmanian Gas Pipeline, and the Bairnsdale gas-fired power station; and
- ❑ In New Zealand: the Glenbrook co-generation power station.

Mr Browning said the acquisition of Duke's Australian and New Zealand gas and electricity portfolio represented a unique opportunity to acquire a leading integrated wholesale energy business. Highlights included:

- ❑ Significant growth opportunities with much of the projected growth in pipeline throughput based on identified customer demand;
- ❑ Stable long term cash flows with over 94 percent of FY2004 forecast revenue from the Duke Assets coming from existing contracts and each pipeline underpinned by long term contracts; and
- ❑ Quality contracts with customers in industries including alumina, electricity generation, iron ore, steel, oil and gas and energy distribution.

Proposed restructuring

In order to optimise returns to Alinta shareholders following the acquisition, Alinta intends to invite shareholders to vote on a proposal to convert from an investment in a single company structure to an investment in a stapled security structure comprising a share in Alinta and a unit in the Alinta Infrastructure Trust. This restructure would allow Alinta to more efficiently distribute tax effective returns to shareholders.

Mr Browning said that because many of the Duke assets were only recently commissioned, depreciation would significantly exceed maintenance capital expenditure and therefore free cash flow from the Duke assets would be substantially higher than reported earnings.

The proposed restructuring would benefit Alinta shareholders by:

- ❑ Facilitating the distribution of free cash;
- ❑ Enabling Alinta to leverage its core expertise in managing and operating energy infrastructure assets while maintaining a strategic stake in those assets; and
- ❑ Providing Alinta with the flexibility to diversify and grow its asset base and an efficient structure for ownership of the assets.

The restructuring proposal is subject to shareholder and other approvals. Shareholders will be provided with further details of the restructuring over the next few weeks.

Funding

Alinta is proposing to fund the acquisition by:

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- An underwritten share placement to institutional investors via a bookbuild to be conducted over the period from 15 March to 16 March 2004;
- An underwritten renounceable rights issue to shareholders; and
- An increase in debt facilities and utilisation of internal cash resources to fund the balance.

Associated with today's announcements, Alinta has requested that trading in Alinta's securities be halted on the Australian Stock Exchange on Monday, 15 March and Tuesday, 16 March 2004.

Key dates for the rights issue are presently anticipated to be as follows, although these may change:

- Lodgement of Prospectus with the Australian Securities & Investments Commission - Wednesday, 17 March.
- Existing shares quoted ex-rights on ASX and rights trading commences – Friday, 19 March.
- Record date for entitlements under the rights issue – Thursday, 25 March.
- Dispatch of Prospectus and rights issue opens – Monday, 29 March.
- Rights trading on ASX ends – Monday, 5 April.
- Closing date for renunciations and acceptances – Wednesday, 14 April.
- Allotment of new shares – Thursday, 22 April.

Anyone wishing to acquire shares under the Prospectus will need to complete the application form that will accompany the Prospectus.

Alinta expects to provide further details of the institutional placement and the renounceable rights issue in an announcement to the market prior to the commencement of trading on ASX on Wednesday, 17 March 2004.

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