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Alinta

Alinta Scheme Booklet Part A

For schemes of arrangement between Alinta Limited (ABN 11 119 985 590) and the holders of ordinary shares in Alinta Limited and the holders of options issued by Alinta Limited and an associated capital reduction in relation to the acquisition of Alinta Limited by ES&L Pty Ltd, a bidding vehicle of a Consortium formed by Babcock & Brown International Pty Ltd and Singapore Power International Pte Ltd.

VOTE YES

Your directors unanimously recommend that you vote in favour of the Scheme Proposal in the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders.

For United Kingdom only:

This Booklet is provided to Alinta Shareholders resident in the United Kingdom in accordance with an exemption to the restriction on financial promotions in section 21 of the Financial Services and Markets Act 2000 (UK), which permits communications relating to the sale of Alinta.

For Hong Kong only:

This Booklet is for the exclusive use of Alinta Shareholders in connection with the Scheme Proposal. Accordingly, this Booklet must not be distributed, published, reproduced or disclosed (in whole or in part) by Alinta Shareholders to any other person in Hong Kong other than in connection with an Alinta Shareholders' consideration of the Scheme Proposal. This Booklet does not constitute an offer or invitation for the subscription, sale or purchase of securities in Hong Kong and shall not form the basis of any contract. The contents of this Booklet have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to its contents. If you are in any doubt about any of the contents of this Booklet, you should obtain independent professional advice.

CARNEGIE, WYLIE & COMPANY



BLAKE DAWSON WALDRON
LAWYERS

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What is this Booklet for?

This Booklet is the explanatory statement required to be sent to Alinta Securityholders under Part 5.1 of the Corporations Act in relation to the Schemes. This Booklet contains information about the Scheme Proposal by a Consortium comprising Babcock & Brown, Babcock & Brown Infrastructure, Babcock & Brown Power, Babcock & Brown Wind Partners, the Bidder and Singapore Power International Pte Ltd to acquire Alinta by way of:

- > a scheme of arrangement between Alinta and Alinta Shareholders (and an associated Capital Reduction); and
- > a scheme of arrangement between Alinta and Alinta Optionholders.

This Booklet is in two parts:

- > Part A contains a summary of the Scheme Proposal; and
- > Part B contains detailed information about the Scheme Proposal.

Capitalised terms in Part A of this Booklet have the meaning given to them in section 16 of Part B of this Booklet.

What you should do

- > Read Part A and Part B of this Booklet (including the Important Notice and the cautions relating to forward looking statements) in full before making a decision on how to vote. If in doubt, seek independent legal, taxation, financial or other professional advice.
- > If you have any questions call the Alinta Information Line on **1800 135 107** (within Australia) or **+61 2 8268 3641** (outside Australia), Monday to Friday between 9.00am and 7.00pm AEST (7.00am to 5.00pm WST). Calls to the Alinta Information Line will be recorded.
- > Vote on the Scheme Proposal:
 - > Alinta Shareholders vote at the Share Scheme Meeting and the General Meeting.
 - > Alinta Optionholders vote at the Option Scheme Meeting.
- > Vote using one of the following:
 - > By proxy, using the appropriate form which is enclosed. Alinta Shareholders should use the blue proxy form for the Share Scheme Meeting and the green proxy form for the General Meeting. Alinta Optionholders should use the yellow proxy form for the Option Scheme Meeting;
 - > By online proxy at www.computershare.com/au/proxy/aan; or
 - > In person, at the Meetings to be held at the Perth Convention Exhibition Centre, Riverside Theatre, 21 Mounts Bay Rd, Perth WA, commencing at 10.00am WST (12.00pm AEST) on 15 August 2007. The Share Scheme Meeting will be held first, followed by the General Meeting and the Option Scheme Meeting.
- > Complete and return the enclosed pink Election Form to receive your preferred form of consideration.

VOTE YES

Your Board unanimously recommends that you vote in favour of the Scheme Proposal¹

Note:

- ¹ In the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders.

Summary of key dates

Event	Time and Date
Latest date and time for lodgement of proxy forms for Scheme Meetings and General Meeting	12.00pm WST (2.00pm AEST) on Monday, 13 August 2007
Time and date for determining eligibility to vote at the Scheme Meetings and General Meeting	5.00pm WST (7.00pm AEST) on Monday, 13 August 2007
Meetings	
Share Scheme Meeting	10.00am WST (12.00pm AEST) on Wednesday, 15 August 2007
General Meeting	Immediately following the Share Scheme Meeting but no earlier than 12.00pm WST (2.00pm AEST)
Option Scheme Meeting	Immediately following the General Meeting but no earlier than 12.30pm WST (2.30pm AEST)
Court hearing for approval of Schemes	Friday, 17 August 2007
Effective Date	Friday, 17 August 2007
Suspension of trading in Alinta Shares	On and from Monday, 20 August 2007
Exercise Deadline - Final deadline for exercising any Alinta Options if an Alinta Optionholder wishes to participate in the Share Scheme rather than the Option Scheme	5.00pm WST (7.00pm AEST) on Tuesday, 21 August 2007
Record Date for determining entitlement to Consideration	5.00pm WST (7.00pm AEST) on Thursday, 23 August 2007
Deadline for lodging Election Forms for Consideration Alternatives	5.00pm WST (7.00pm AEST) on Thursday, 23 August 2007
Commence deferred settlement trading of B&B Fund Securities and BBI EPS	Thursday, 30 August 2007
Implementation Date	Friday, 31 August 2007
Normal trading in B&B Fund Securities and BBI EPS commences	Monday, 3 September 2007
Despatch of holding statements for B&B Fund Securities, BBI EPS and APA Securities	By Friday, 7 September 2007

Please note that the above dates are subject to change without notice.

A more detailed timetable is provided in Part B of this Booklet.



Letter from Alinta's Chairman

Dear Alinta Securityholder

This Booklet discusses a major corporate development for Alinta. If implemented, the Scheme Proposal will provide Alinta Shareholders with a significant premium to the trading prices of Alinta Shares pre the management buy-out proposal announcement date in exchange for a change of ownership for Alinta.

After considering various alternatives to maximise the value of Alinta to its securityholders, your Board recommended a proposal under which a Consortium which comprises Singapore Power International Pte Ltd (**SPI**), Babcock & Brown and three funds managed by Babcock & Brown would acquire Alinta. Further details of the alternatives that the Alinta Board examined are contained in Part B of this Booklet.

The Scheme Proposal is to be implemented via two schemes of arrangement and an associated Capital Reduction. The Share Scheme Consideration includes a mixture of cash, securities in three B&B Funds (**B&B Fund Securities**) and Babcock & Brown Infrastructure Exchangeable Preference Shares (**BBI EPS**).² You will also receive a distribution of APA Securities (**APA Distribution**)³ and franking credits.⁴ Under the alternatives provided, you can elect to maximise the amount of cash, B&B Fund Securities or BBI EPS that you receive.⁵

As at 27 June 2007, the consideration, excluding franking credits, was valued at \$15.91 based on the five business day VWAPs of the Consideration Securities to that date⁶, or \$16.02 based on 30 business day VWAPs to that date.⁷ This represents a 47%–48% premium to the 30 business day VWAP of Alinta Shares prior to 9 January 2007, the date that Alinta announced that Alinta's former Chairman, certain former executives and Macquarie Bank were considering a management buy-out proposal of Alinta (**MBO proposal**).

Alinta Shareholders who can fully utilise the available franking credits will receive an additional \$0.40 of value per Alinta Share.

The MBO Proposal provided a challenging set of circumstances for your Board. In responding to this challenge, your Board has focused on advancing and safeguarding the interests of Alinta Securityholders and at times this has required making difficult decisions. While it will be sad to see the end of Alinta as a listed company, the Scheme Proposal is an attractive one.

The Alinta Directors have carefully considered a number of proposals arising from the process we implemented, including an Internal Restructure Proposal. We consider that the Scheme Proposal that we have recommended is the best of the alternatives for Alinta Securityholders to emerge from the process and is in the best interests of Alinta Securityholders. The Scheme Proposal offers attractive value for your Alinta Securities and provides an appropriate premium over the likely value of Alinta if it remained independent. The Scheme Proposal has been found to be in the best interests of the Alinta Securityholders by the Independent Expert, Grant Samuel.⁸

Your Board recommends that, in the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders, Alinta Securityholders vote in favour of the Scheme Proposal at the Meetings. Your Directors intend to vote any shares that they control in favour of the Scheme Proposal.

Important details of the Scheme Proposal and the steps associated with its implementation are set out in this Booklet. You are urged to read both parts of this Booklet carefully, as the information it contains is important. If you have any questions, please contact the Alinta Information Line on 1800 135 107 (within Australia) or +61 2 8268 3641 (outside Australia). Alternatively, contact your legal, financial, taxation or other professional advisor.

On behalf of the Alinta Board I would like to take this opportunity to thank you for your support of Alinta, which has a proud record of providing strong shareholder returns. Your vote is important and I look forward to your participation at the Meetings on 15 August 2007.

Yours sincerely

John Akehurst
Chairman
Alinta Limited

Notes:

- 2 Unless you are a NZ Shareholder. NZ Shareholders cannot receive BBI EPS and, if relevant, BBI Stapled Securities will be substituted for any BBI EPS they would otherwise receive.
- 3 Unless you are an Ineligible Overseas Shareholder or participate in the Cash Out Facility and instead receive the proceeds of sale of those securities.
- 4 Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.
- 5 Unless you are an Ineligible Overseas Shareholder or, in the case of maximising BBI EPS, a NZ Shareholder.
- 6 On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. BBI EPS are valued at their issue price of \$1.00. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.
- 7 The Scheme Consideration is subject to possible adjustments which are described in section 13.2 of Part B of this Booklet.
- 8 Grant Samuel has concluded that the Share Scheme is in the best interests of Alinta Shareholders and that the Option Scheme is in the best interests of Alinta Optionholders. The full Independent Expert's Report is included as Annexure G in Part B of this Booklet.

Letter from the Consortium



Dear Alinta Securityholder

The directors of SPI and the B&B Funds are pleased to put forward the Scheme Proposal to acquire Alinta to Alinta Securityholders. The Scheme Proposal offers Alinta Securityholders the opportunity to realise a substantial premium for their Alinta securities. Our Scheme Proposal has been designed to provide flexibility to enable you to choose to maximise the form of consideration that best suits your circumstances.

The Consortium is comprised of SPI, Babcock & Brown, and three funds managed by Babcock & Brown which, like Alinta, are listed on the ASX.

Who is SPI?

SPI is the international investment arm of Singapore Power Limited (**SP**). The principal businesses of SP and its subsidiaries are the ownership and operation of electricity and gas transmission and distribution businesses and the provision of market support services to the energy market. SPI has existing business interests in Australia through its 51% owned Australian subsidiary, SP AusNet, which owns Victoria's primary electricity transmission network, an electricity distribution network located in eastern Victoria and a gas distribution network located in western Victoria. SP AusNet has a primary listing on ASX and a secondary listing on the Singapore Exchange.

Who are the B&B Funds?

Under our Scheme Proposal, Alinta Shareholders⁹ have the opportunity to receive consideration in the form of securities in the three B&B Funds that focus on investing in infrastructure assets and that post-Implementation are expected to have a combined market capitalisation of approximately \$7.7 billion. We believe that each of these entities has a demonstrable and successful trading history with high levels of liquidity and attractive investment fundamentals.

- > BBI is a global owner of energy and transport infrastructure assets. Based on security prices on 27 June 2007, BBI would have a market capitalisation of approximately \$3.8 billion post-Implementation. Further information on BBI is available at www.bbinfrastructure.com
- > BBP is Australia's leading owner of power generation assets. Based on security prices on 27 June 2007, BBP would have a market capitalisation of approximately \$2.4 billion post-Implementation. Further information on BBP is available at www.bbpower.com
- > BBW is one of the world's leading investors in wind farms. Based on security prices on 27 June 2007, BBW would have a market capitalisation of approximately \$1.5 billion post-Implementation. Further information on BBW is available at www.bbwindpartners.com

Further information on the B&B Funds is provided in Part A of this Booklet and sections 5, 7 and 8 of Part B of this Booklet.

Strong sustainable distribution yield

The B&B Funds have historically had and are forecast to continue to have, strong distribution yields. Based on security prices on 27 June 2007 and assuming any cash component is reinvested at 6.25% per annum, the forecast weighted average distribution yield in respect of the year ended 30 June 2007 is 6.8% for the Base Consideration, 7.6% for the Maximum Securities Alternative (assuming no scale back) and 7.5% for the Maximum Preference Shares Alternative (assuming no scale back).¹⁰

Opportunity to participate in future success

Alinta Shareholders who receive securities in the three B&B Funds will have the opportunity to continue to share in the success of some of the Alinta assets combined with the strong performance of the existing assets that each of the B&B Funds currently owns. We believe that becoming a securityholder in the B&B Funds will provide you with an exciting opportunity to receive attractive and sustainable cash distributions, as well as enjoy the benefits of long-term capital growth on your investment. Alinta Shareholders are also expected to receive CGT rollover relief in respect of the portion of their Alinta Shares for which they receive BBI EPS.¹¹

The Independent Expert has concluded that the Scheme Proposal is in the best interests of Alinta Securityholders¹² and we encourage you to vote "YES" to approve the Scheme Proposal. Finally, we take this opportunity to encourage you to read both parts of this Booklet carefully and in their entirety. This Booklet contains a lot of information about the Scheme Proposal, the forms of consideration that you can elect to maximise, and the process that your Board has undertaken to recommend the Scheme Proposal.

Yours sincerely

Phil Green
Chief Executive
Babcock & Brown

Yap Chee Keong
Director
Singapore Power International

Notes:

⁹ Other than Ineligible Overseas Shareholders.

¹⁰ The exact consideration mix received by Alinta Shareholders is subject to the elections of other Alinta Shareholders. For the purpose of calculating these yields, all consideration mixes include the APA Distribution. The yields may differ for NZ Shareholders as they cannot receive BBI EPS (BBI Stapled Securities will be substituted, if relevant, for any BBI EPS they would otherwise receive).

¹¹ The Australian Tax Office class ruling is currently in process. The availability of CGT rollover relief will be published on www.babcockbrown.com

¹² Grant Samuel has concluded that the Share Scheme is in the best interests of Alinta Shareholders and that the Option Scheme is in the best interests of Alinta Optionholders. The full Independent Expert's Report is included as Annexure G in Part B of this Booklet.

Value of consideration

The value of the consideration for Alinta Shareholders will be calculated at the Record Date based on the VWAPs over the five Business Days immediately following the Meeting Date, which covers the days immediately prior to the Record Date on the current timetable. The table below provides an example of the value of the consideration based on the VWAPs of the Consideration Securities over the five business days up to and including 27 June 2007.¹³ On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis, and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex distribution" basis. The actual value of the consideration you will receive will be determined based on the VWAPs of the Consideration Securities over the five Business Days immediately after the Meeting Date at which time the B&B Fund Securities will be "cum distribution" for the period 1 July 2007 to 31 December 2007. BBI EPS are valued at their issue price of \$1.00.

Value of consideration per Alinta Share		Value based on the five business day VWAPs of Consideration Securities up to and including 27 June 2007
Cash	→	\$8.925 ¹⁴
+		+
0.752 BBI Stapled Securities	→	\$1.32
+		+
0.669 BBP Stapled Securities	→	\$2.30
+		+
0.260 BBW Stapled Securities	→	\$0.50
+		+
1.599 BBI Exchangeable Preference Shares	→	\$1.60
+		+
Distribution of 0.301 APA Securities ¹⁵	→	\$1.26
<hr/>		
Consideration per Alinta Share (excluding franking credits)	→	\$15.91
+		+
Franking credits	→	\$0.40 ¹⁶
<hr/>		
Consideration per Alinta Share (including franking credits)	→	\$16.31

The above consideration represents the average across all Alinta Shareholders. The actual form of consideration received by individual Alinta Shareholders may differ from the above as a result of the elections and adjustments described below.

Notes:

¹³ No adjustment has been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution" during the five Business Day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlements will accrue into the B&B Fund Securities prices by the Record Date.

¹⁴ Subject to certain possible adjustments as described in section 13.2 of Part B of this Booklet.

¹⁵ The APA Securities are in addition to rather than part of the Share Scheme Consideration. They are to be distributed on the Implementation Date to all Alinta Shareholders pursuant to the APA Distribution. In certain circumstances the net proceeds of sale of APA Securities may be distributed in lieu of some or all APA Securities.

¹⁶ Available to Alinta Shareholders who can fully utilise franking credits. Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.

What you will receive

Alinta Shareholders

Under the Share Scheme, Alinta Shareholders¹⁷ can elect to receive one of the following alternatives:

1

Default Consideration

If you wish to receive the Default Alternative for all your Alinta Shares, please mark this box.

- > Receive a mixture of cash, B&B Fund Securities, BBI EPS¹⁸ and APA Securities.
- > The components of the Default Consideration are illustrated in the table on page 4, but are subject to various adjustments.

2

Maximum Preference Shares

If you wish to receive the Maximum Preference Shares Alternative for all your Alinta Shares, please mark this box. This option is not available to New Zealand Shareholders.

- > Receive a greater number of BBI EPS compared to the Default Consideration in lieu of cash and/or B&B Fund Securities.¹⁹

3

Maximum Cash

If you wish to receive the Maximum Cash Alternative for all your Alinta Shares, please mark this box.

If you also wish to sell any Unmarketable Parcels you receive under the Maximum Cash Alternative via the Cash Out Facility, please also mark this box.

- > Receive a greater amount of cash compared to the Default Consideration in lieu of B&B Fund Securities and/or BBI EPS.
- > Under this alternative you can further elect to have securityholdings of less than \$500 in any B&B Fund, BBI EPS or APA sold on your behalf for cash free of brokerage.

4

Maximum Securities

If you wish to receive the Maximum Securities Alternative for all your Alinta Shares, please mark this box.

- > Receive a greater number of B&B Fund Securities compared to the Default Consideration in lieu of cash and/or BBI EPS.

You will receive the APA Distribution and franking credits²⁰ regardless of which alternative you elect.

Alinta Shareholders who do not make an election will receive the Default Consideration.²¹

The final mix of cash and securities that you will receive under any of the alternatives above will depend on the elections of other Alinta Shareholders. Further information on the Share Scheme Consideration is provided on pages 22–23 of Part A of this Booklet and section 13.2 of Part B of this Booklet.

Small Alinta Shareholders also have an additional alternative – please see over page.

The value of each of the above alternatives will be the same at the Record Date.²²

Notes:

¹⁷ Other than Ineligible Overseas Shareholders.

¹⁸ Subject to availability of BBI EPS. In the case of NZ Shareholders, BBI Stapled Securities will be substituted for BBI EPS.

¹⁹ This alternative is not available to NZ Shareholders (as set out in section 13.2(j) of Part B of this Booklet).

²⁰ Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details. Further information on the APA Distribution is set out in section 10 of Part B of this Booklet.

²¹ With BBI Stapled Securities replacing BBI EPS for NZ Shareholders and the Nominee selling on behalf of Ineligible Overseas Shareholders.

²² The value of the Base Consideration which sets the value of the Consideration Alternatives will be determined based on the five Business Day VWAP after the Meeting Date, which covers the days immediately prior to the Record Date on the current timetable, and based on BBI EPS trading at their issue price of \$1.00. The Base Consideration is subject to various adjustments which are described in section 13.2 of Part B of this Booklet. Its components (before any adjustments) plus the APA Distribution and franking credits are set out on page 4 of Part A of this Booklet.

What you will receive continued

Small Alinta Shareholders

If you hold 1,000 Alinta Shares or less as at the Record Date, you can alternatively elect:

5

Cash Out

If you hold 1,000 Alinta Shares or less at the Record Date and wish to sell any Consideration Securities you receive as part of the Default Consideration via the Cash Out Facility please mark this box.

- > To receive the Default Consideration and have 100% of the Consideration Securities to which you become entitled sold on your behalf and the proceeds provided to you in cash.
- > The amount of cash you receive will depend on the price at which any B&B Fund Securities, BBI EPS and APA Securities that you would otherwise receive can be sold on your behalf free of brokerage costs. It may be more or less than the value you would receive if you did not elect this alternative.
- > You will also receive the franking credits.²³

Top-Up Facility

Prior to 31 January 2008, each of BBI, BBP and BBW will offer a facility to Alinta Shareholders to purchase additional securities to top-up any Unmarketable Parcel they receive as a result of the Share Scheme, free of brokerage costs.

Alinta Optionholders

For each Alinta Option you hold, you will receive a cash amount which is equal to the value of the Base Consideration at the Record Date²⁴ together with the APA Distribution, less the exercise price of the options. The cash consideration will not include a value for the franking credits.


Alinta Optionholders can exercise their vested options before 5.00pm WST (7.00pm AEST) on Tuesday, 21 August 2007 and elect one of the Consideration Alternatives for the Alinta Shares they receive on the exercise of their options. In this case, Alinta Optionholders will need to fund the exercise price of their Alinta Options. Unless an Alinta Optionholder exercised their Alinta Options and became an Alinta Shareholder for at least 45 days prior to the Effective Date (not including the date of acquisition or the Effective Date), they will not be entitled to the benefit of franking credits in respect of the APA Dividend (see section 14 of part B for further information).

Full details of the Option Scheme Consideration are set out in section 13.4 of Part B of this Booklet.

Notes:

²³ Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.

²⁴ The value of the Base Consideration will be determined based on the five Business Day VWAP after the Meeting Date, which covers the days immediately prior to the Record Date on the current timetable, and based on BBI EPS trading at their issue price of \$1.00. The Base Consideration is subject to various adjustments which are described in section 13.2 of Part B of this Booklet. Its components (before any adjustments) plus the APA Distribution and franking credits are set out on page 4 of Part A of this Booklet. In determining the Option Scheme Consideration, any Transaction Dividend or capital reduction that was deducted from the Base Consideration or APA Distribution will be added back to it.



WHY YOU SHOULD VOTE TO APPROVE THE SCHEME PROPOSAL

Why you should vote to approve the Scheme Proposal

- 1** Your Board unanimously recommends that you vote in favour of the Scheme Proposal²⁵ 
- 2** The Independent Expert has assessed the Scheme Proposal to be in the best interests of Alinta Securityholders²⁶ 
- 3** The Scheme Proposal values your Alinta Shares at a significant premium to the pre-MBO Proposal announcement trading prices of your Alinta Shares 
- 4** The value of the consideration is attractive relative to most other recent energy infrastructure transactions in Australia 
- 5** The value of the consideration has increased since your Board's initial recommendation 





For the Scheme Proposal to proceed, it must be approved by

Notes:

²⁵ In the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders.

²⁶ Grant Samuel has concluded that the Share Scheme is in the best interests of Alinta Shareholders and that the Option Scheme is in the best interests of Alinta Optionholders. The full Independent Expert's Report is included as Annexure G in Part B of this Booklet.

Why you should vote to approve the Scheme Proposal

- | | | |
|----------|--|---|
| 6 | You have the opportunity to receive securities in Babcock & Brown managed infrastructure entities that are listed on ASX and have a proven track record of performance ²⁷ |  |
| 7 | You can elect to maximise the cash, securities or preference shares component of your Share Scheme Consideration ²⁸ |  |
| 8 | You can elect to maximise the number of preference shares you receive, which is expected to maximise your CGT rollover relief ²⁸ |  |
| 9 | If the Scheme Proposal is not approved and no alternative proposal emerges, the Alinta Share price may fall |  |

Alinta Shareholders.²⁹ Your vote is important. **VOTE YES.**

Notes:

²⁷ Unless you are an Ineligible Overseas Shareholder.

²⁸ Other than Ineligible Overseas Shareholders who cannot make those elections or NZ Shareholders who cannot elect to maximise BBI EPS.

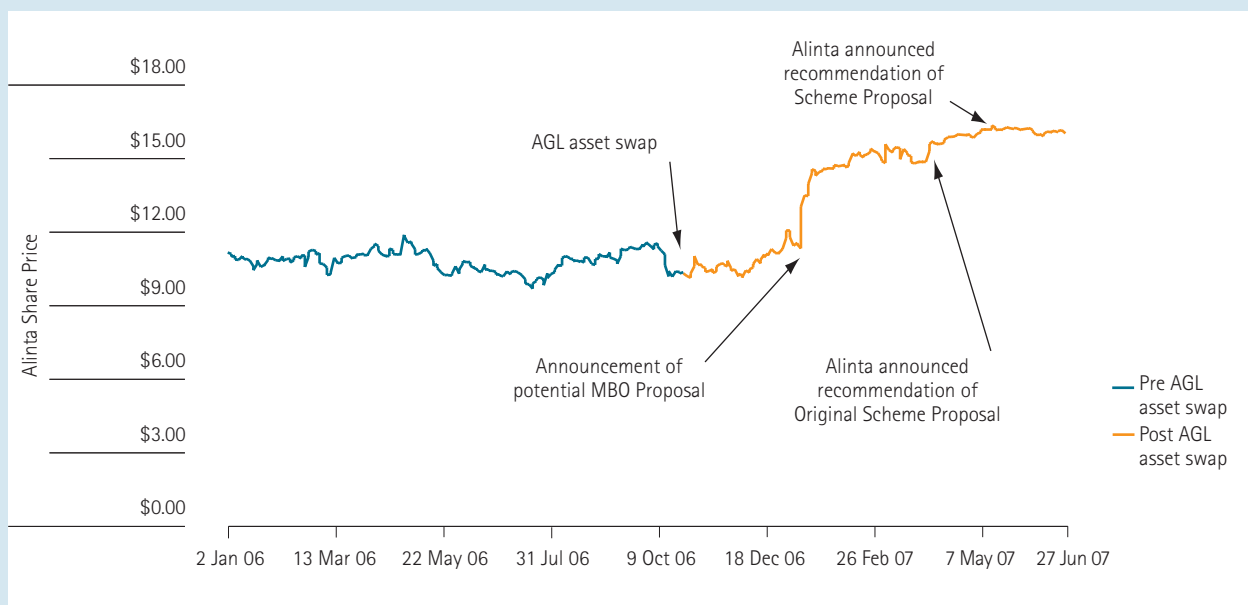
²⁹ In order for the Share Scheme to proceed, the Share Scheme and the Capital Reduction must be approved by Alinta Shareholders. In order for the Option Scheme to proceed, the Share Scheme and the Capital Reduction must be approved by Alinta Shareholders and become Effective and the Option Scheme must be approved by Alinta Optionholders.

1

Your Board unanimously recommends that you vote in favour of the Scheme Proposal³⁰

- > Your Board has determined that the Scheme Proposal is in the best interests of Alinta Securityholders:
 - > The Scheme Proposal provides a significant premium over the pre-MBO Proposal announcement trading values of Alinta and an appropriate premium over the likely trading value of Alinta if it were to implement an Internal Restructure Proposal.
 - > The Share Scheme Consideration includes securities in established ASX listed entities, which have a readily observable market value.
 - > The Scheme Proposal has limited conditions and provides a high level of confidence that the transaction will be completed, subject to Alinta Shareholders approving the Share Scheme and the associated Capital Reduction.³¹
- > Each of the Alinta Directors intends to vote in favour of the Scheme Proposal in respect of the Alinta Securities that they control.
- > Your Board unanimously recommends that you vote in favour of the Scheme Proposal, in the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders.

Alinta Share price performance since 2 January 2006



Notes:

³⁰ In the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders.

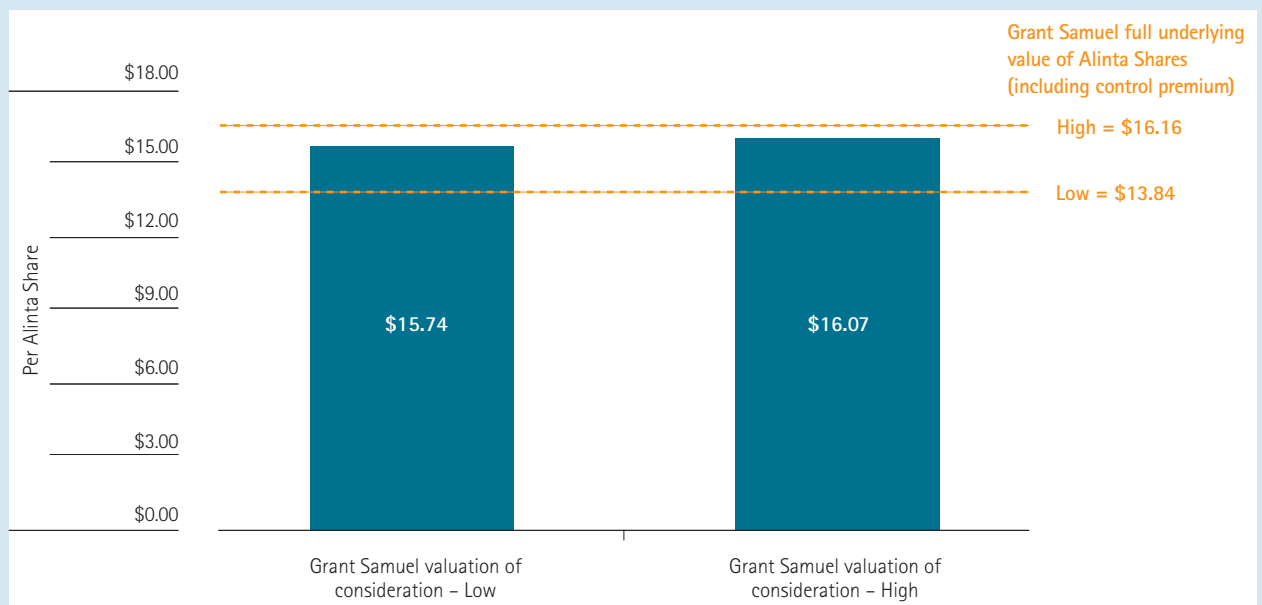
³¹ In order for the Share Scheme to proceed, the Share Scheme and the Capital Reduction must be approved by Alinta Shareholders. In order for the Option Scheme to proceed, the Share Scheme and the Capital Reduction must be approved by Alinta Shareholders and become Effective and the Option Scheme must be approved by Alinta Optionholders.

2 The Independent Expert has assessed the Scheme Proposal to be in the best interests of Alinta Securityholders³²

- > The Independent Expert, Grant Samuel, has assessed the Scheme Proposal and concluded that it is in the best interests of Alinta Securityholders.³²
- > The Independent Expert has estimated the full underlying value of Alinta Shares to be in the range of \$13.84–\$16.16 per Alinta Share. This value includes a control premium and exceeds the price at which Alinta Shares would be expected to trade in the absence of the Scheme Proposal or some similar transaction, and even if some kind of internal restructure is implemented.
- > The Independent Expert has attributed a value in the range \$15.74–\$16.07 per Alinta Share based on the Default Consideration and concluded that the Share Scheme provides fair value to Alinta Shareholders.
- > The Independent Expert's assessed value of the consideration is close to the top of its assessed value for Alinta, including a premium for control.

The full Independent Expert's Report is included as Annexure G in Part B of this Booklet.

Value of consideration



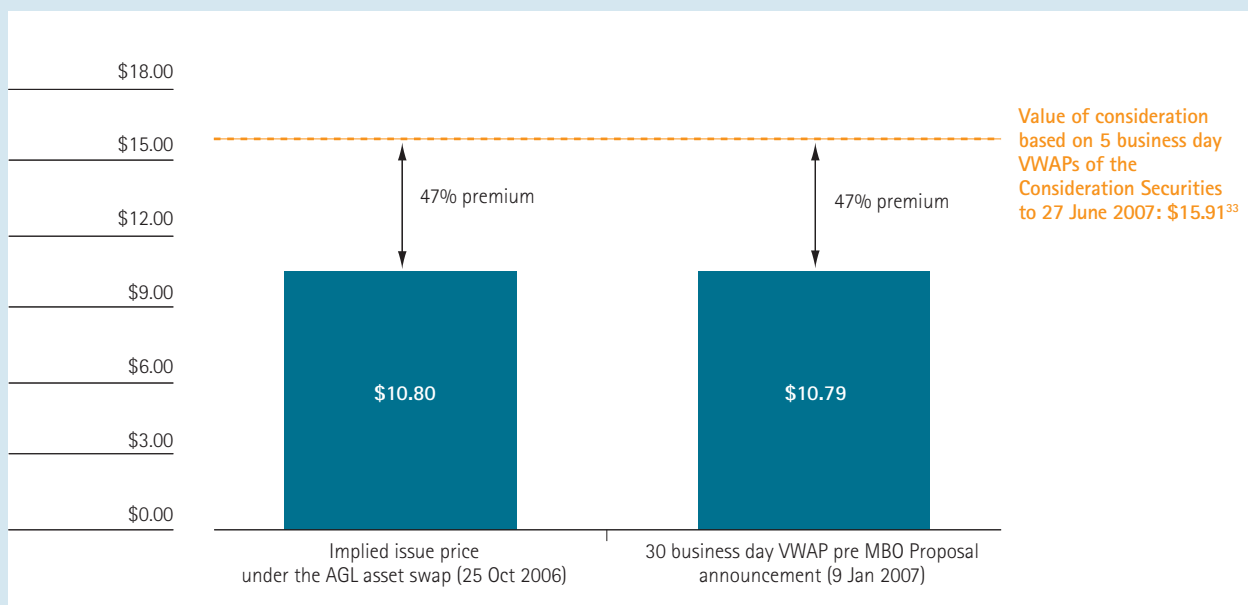
Note:

³² Grant Samuel has concluded that the Share Scheme is in the best interests of Alinta Shareholders and that the Option Scheme is in the best interests of Alinta Optionholders. The full Independent Expert's Report is included as Annexure G in Part B of this Booklet.

3 The Scheme Proposal values your Alinta Shares at a significant premium to the pre-MBO Proposal announcement trading prices of your Alinta Shares

- > As at 27 June 2007 the implied value of the consideration (excluding franking credits) was \$15.91 per Alinta Share based on the five business day VWAPs of the Consideration Securities to that date³³, or \$16.02 based on 30 business day VWAPs to that date.
- > The value based on five business day VWAPs to 27 June 2007³³ of \$15.91 represents:
 - > A 47% premium over the 30 business day VWAP of Alinta Shares prior to the announcement of the potential MBO Proposal on 9 January 2007 of \$10.79.
 - > A 47% premium to the issue price of Alinta Shares under the asset swap with AGL completed on 25 October 2006 of \$10.80.
- > Alinta Shareholders who can fully utilise the franking credits will receive an additional \$0.40 of value per Alinta Share.

Summary of consideration premia (excluding franking credits)



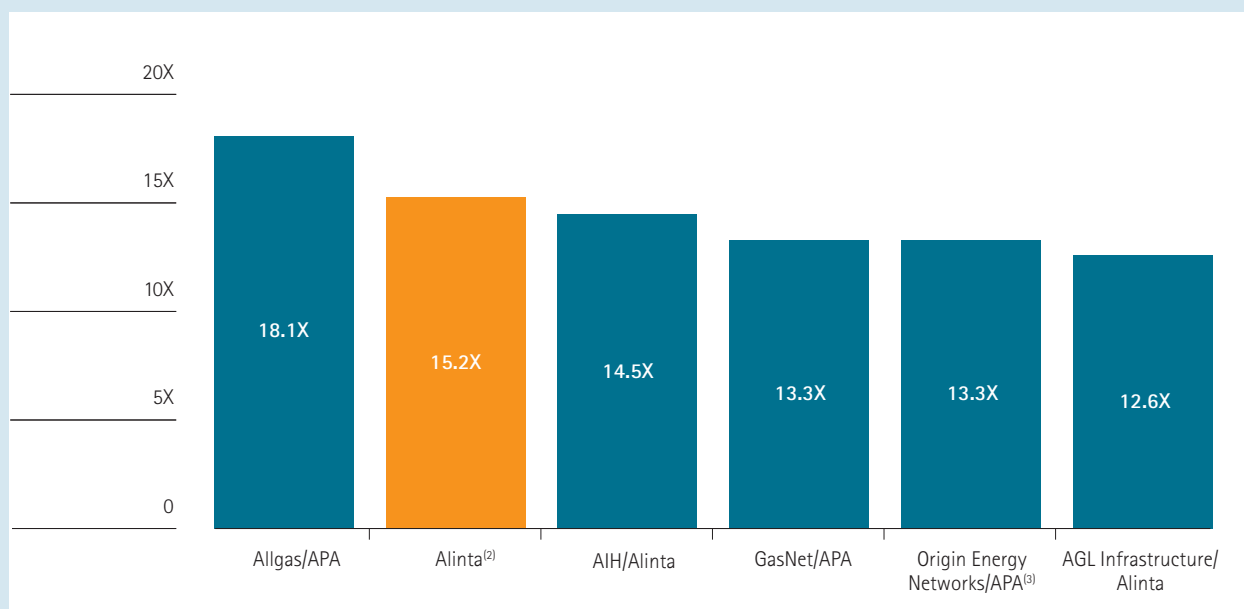
Note:

³³ On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. BBI EPS are valued at their issue price of \$1.00. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.

4 The value of the consideration is attractive relative to most other recent energy infrastructure transactions in Australia

- > As at 27 June 2007, the implied value of the consideration (excluding franking credits) was \$15.91 per Alinta Share based on the five business day VWAPs of the Consideration Securities to that date.³⁴
- > This value represents a multiple of 15.2x Alinta's forecast 2007 EBITDA plus Share of Associates' Profit and Other Income.
- > This multiple is one of the highest current year EBITDA multiples paid for Australian energy infrastructure assets in recent transactions above \$200 million.

Current year EBITDA transaction multiples⁽¹⁾



Notes to chart:

(1) Acquisitions of Australian energy infrastructure entities since 1 January 2006 with an acquisition price in excess of \$200 million. All multiples sourced from Appendix 2 to the Independent Expert's Report included as Annexure G in Part B of this Booklet except for Alinta and Origin Energy Networks.

(2) Alinta multiple based on the value of the consideration using the 5 business day VWAPs of the Consideration Securities to 27 June 2007 of \$15.91 and 2007 financial year EBITDA of \$822.7 million plus Other Income of \$58.5 million plus Equity Accounted Profits of \$43.0 million as set out in section 4.3 of the Independent Expert Report included as Annexure G of Part B of this Booklet. On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.

(3) Origin Energy Networks multiple based on share of EBITDA of SEA Gas and Origin Energy Asset Management and dividends received from Envestra as disclosed by APA in ASX announcements.

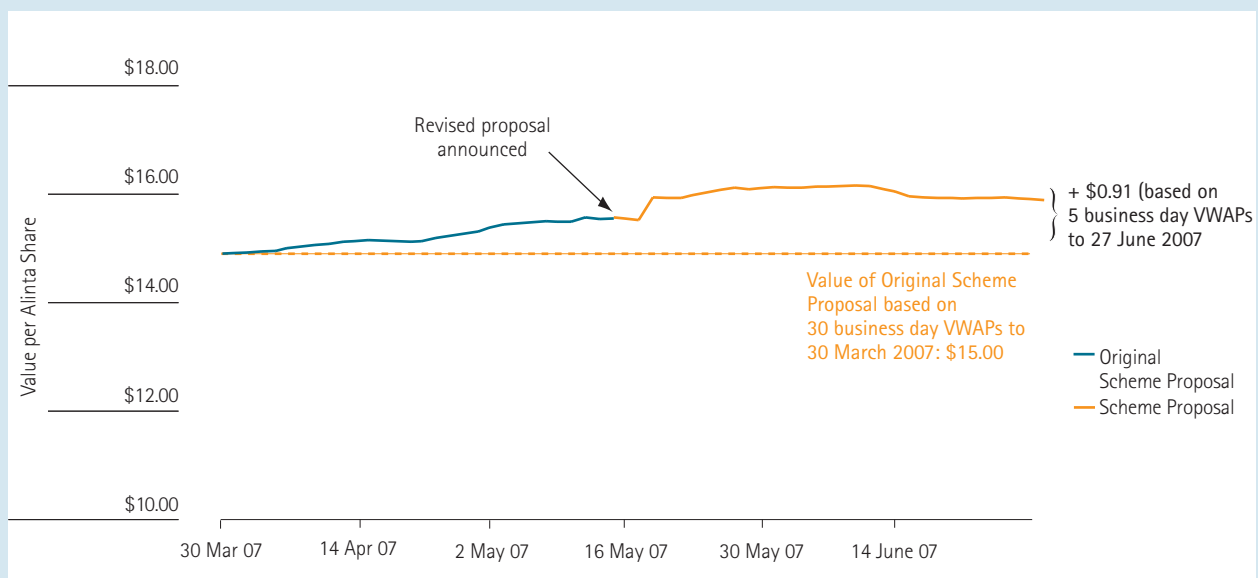
Note:

³⁴ On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. BBI EPS are valued at their issue price of \$1.00. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.

5 The value of the consideration has increased since your Board's initial recommendation

- > On 30 March 2007, your Board announced that it had recommended the Original Scheme Proposal from B&B/SP³⁵, which at that date was valued at \$15.00 per Alinta Share (excluding franking credits).³⁶
- > On 11 May 2007, your Board announced that it had recommended the Scheme Proposal, which is an enhanced proposal from B&B/SP.
- > As at 27 June 2007 the implied value of the consideration (excluding franking credits) was \$15.91 per Alinta Share based on the five business day VWAPs of the Consideration Securities to that date³⁷, or \$16.02 based on the 30 business day VWAPs to that date.
- > This represents an additional \$0.91 to \$1.02 of value per Alinta Share for Alinta Securityholders. This is due to:
 - > An additional \$0.45 of value associated with the Scheme Proposal announced on 11 May 2007.
 - > Increases in the security prices of BBP and BBW.
- > The graph below illustrates the implied value of the Original Scheme Proposal (30 March 2007 to 11 May 2007) and the Scheme Proposal (thereafter).

Value of consideration based on prior 5 business day VWAPs of Consideration Securities (excluding franking credits)



Notes:

35 In the absence of a superior proposal and provided that the Independent Expert continued to conclude that the Scheme Proposal was in the best interests of the Alinta Securityholders.

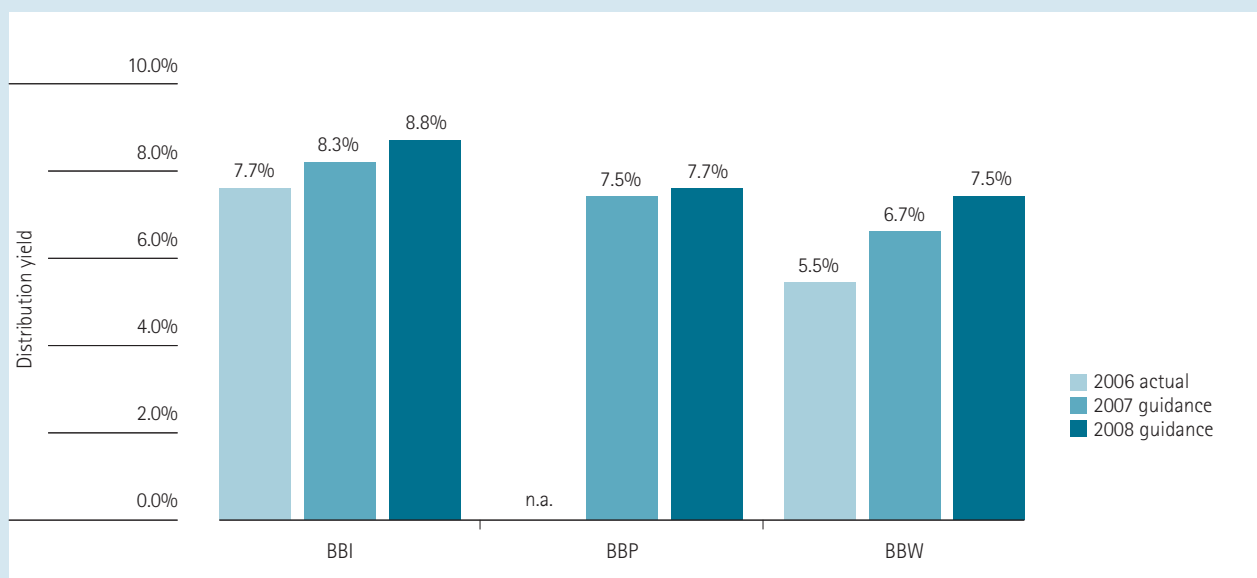
36 Based on the 30 business day VWAPs of the Consideration Securities to that date.

37 On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. BBI EPS are valued at their issue price of \$1.00. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.

6 You have the opportunity to receive securities in Babcock & Brown managed infrastructure entities that are listed on ASX and have a proven track record of performance³⁸

- > Each of BBI, BBP and BBW are established, ASX listed infrastructure entities:
 - > BBI is a global owner of energy and transport infrastructure assets. Based on security prices on 27 June 2007, BBI would have a market capitalisation of approximately \$3.8 billion post-Implementation.
 - > BBP is Australia's largest ASX listed power generation business. Based on security prices on 27 June 2007, BBP would have a market capitalisation of approximately \$2.4 billion post-Implementation.
 - > BBW is one of the world's leading investors in wind farms. Based on security prices on 27 June 2007, BBW would have a market capitalisation of approximately \$1.5 billion post-Implementation.
- > The B&B Funds are managed by Babcock & Brown, providing access to its network of infrastructure skills and experience in originating and structuring transactions. Each of these funds pays management fees to Babcock & Brown as described in sections 5, 7 and 8 of Part B of this Booklet.
- > BBI and BBP will each acquire part of Alinta's current asset portfolio and increase their scale. Alinta Shareholders who receive B&B Fund Securities, particularly BBI and BBP, will participate in any potential re-rating in their securities' prices that may result from the Scheme Proposal.³⁹
- > The historical and forecast distribution yields for each of the B&B Funds⁴⁰ are provided in the chart below as at 27 June 2007, and are based on guidance provided from the B&B Funds and set out in sections 5, 7 and 8 of Part B of this Booklet. The distribution yields are shown after fees and costs.

Historical and forecast distribution yields as at 27 June 2007



Notes:

38 Unless you are an Ineligible Overseas Shareholder.

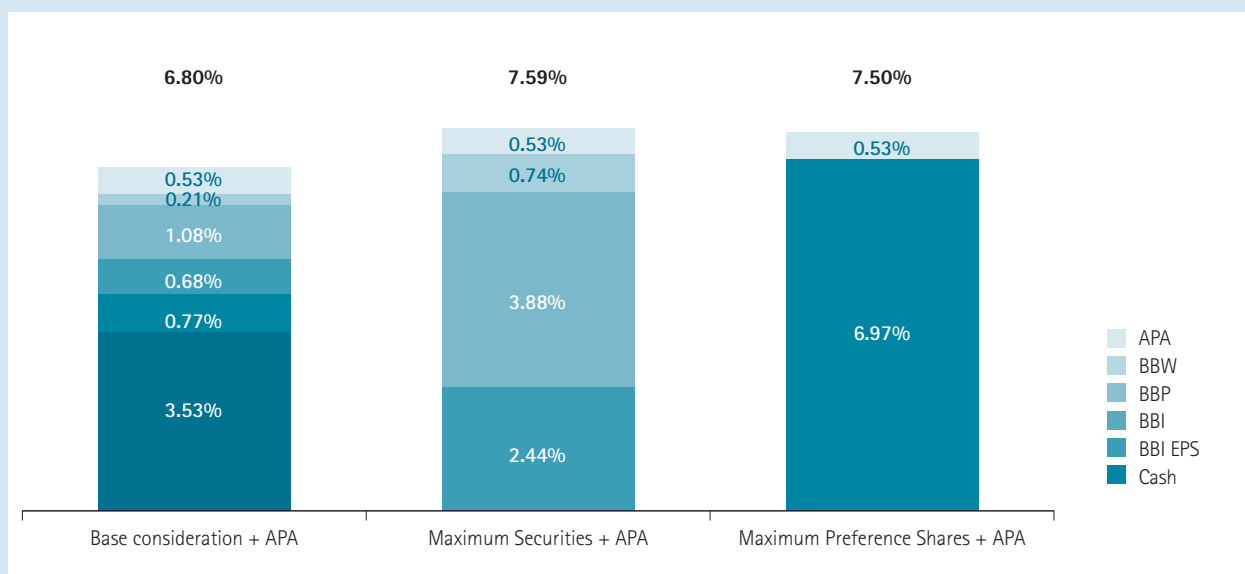
39 Note that there is no certainty that a re-rate will occur.

40 Note that as BBP listed in December 2006, one distribution is payable in respect of the 2007 financial year. BBP's distribution yield for 2007 has been calculated by grossing up the 2007 distribution to reflect a full year.

6 continued

- > Alinta Shareholders should note that they will not receive CGT rollover relief for any BBI Stapled Securities, BBP Stapled Securities or BBW Stapled Securities they receive.
- > Each of BBI, BBP and BBW expects to provide growing cash distributions which they expect to be fully tax deferred.
- > You will receive a higher aggregate income distribution relative to Alinta's historic dividends.⁴¹
In considering this reason you should note:
 - > Alinta's forecast dividend for the year ending 31 December 2007, prior to any Internal Restructure Proposal, is 50 cents per share fully franked, which is equal to a fully franked yield of 4.6% based on the 30 business day VWAP of Alinta Shares prior to the MBO Proposal announcement.⁴²
 - > Alinta's historic dividends have reflected an inefficient corporate and capital structure relative to other ASX listed energy infrastructure entities, resulting in it paying out a lower proportion of pre-tax cash flows than most other ASX listed energy infrastructure entities. One of Alinta's objectives in considering the Internal Restructure Proposal was to address its inefficient structure and increase its cash distributions to shareholders. Notwithstanding this, the Alinta Board believes the Scheme Proposal is superior to the potential future value of Alinta following an Internal Restructure Proposal.

Forecast consideration distribution yields⁴¹ – full year equivalent distributions for 12 months to 30 June 2007



Notes:

⁴¹ Based on security prices as at 27 June 2007 and assuming the cash component is reinvested at an interest rate of 6.25% per annum. Also assumes no scale back occurs in the composition of Maximum Securities Consideration and Maximum Preference Shares Consideration. Calculation of yields does not consider any CGT that may be payable by Alinta Shareholders. The tax treatment of different components of the illustrative yield will differ and Alinta Shareholders will be subject to CGT on some components of the Scheme Consideration, as discussed in section 14 of Part B of this Booklet.

⁴² Based on the value of the consideration of \$15.91 based on the five business day VWAPs of the Consideration Securities to 27 June 2007, Alinta would have a fully franked yield of 3.1%.

7 You can elect to maximise the cash, securities or preference shares component of your Share Scheme Consideration⁴⁴

As an alternative to the Default Consideration, Alinta Shareholders⁴³ have the opportunity to choose to maximise either the BBI EPS (which is expected to provide CGT rollover relief), cash or B&B Fund Securities that they receive.

Under the Share Scheme, you have the option to elect to receive **one** of the following alternatives **in addition to the APA Distribution**:⁴³

Option	Outcome	Benefits
Default Consideration	Receive a mixture of cash, B&B Fund Securities and BBI EPS. ⁴⁴	Crystallise some capital appreciation in Alinta Shares whilst maintaining ongoing exposure to the energy infrastructure industry and accessing the management expertise of Babcock & Brown.
Maximum Preference Shares Consideration	Receive a larger portion of your Share Scheme Consideration in BBI EPS.	BBI EPS are expected to provide CGT rollover relief until they are sold, redeemed or converted into BBI Stapled Securities. Summary terms of BBI EPS are set out on pages 30 to 31 of Part A of this Booklet and section 6 of Part B of this Booklet.
Maximum Cash Consideration	Receive a larger portion of your Share Scheme Consideration in cash.	Crystallise the capital appreciation in your Alinta Shares. You may elect to have any parcel worth less than \$500 (an Unmarketable Parcel) of B&B Fund Securities, BBI EPS or APA sold on your behalf.
Maximum Securities Consideration	Receive a larger portion of your Share Scheme Consideration in B&B Fund Securities.	Maximise the number of securities you receive in the B&B Funds, which are listed on ASX and have a proven track record of performance.
If you are a Small Alinta Shareholder (with 1,000 shares or less), the Cash Out Alternative	You will receive the Default Consideration and your Consideration Securities will be sold on your behalf.	Receive all of your Share Scheme Consideration and the APA Distribution in cash and crystallise the capital appreciation in your Alinta Shares without paying brokerage. ⁴⁵

The exact consideration mix that you will receive will depend upon the elections of other Alinta Shareholders. All alternatives will have the same value as at the Record Date.⁴⁶

Note that if you are a Small Alinta Shareholder who elects the Cash Out Alternative, the total cash you receive will depend on the prices at which your Consideration Securities can be sold on your behalf. However, you will not pay any brokerage and you should receive your cash consideration within one month of the Implementation Date.

Further information on these alternatives is provided in section 13.2 of Part B of this Booklet.

Notes:

43 Other than Ineligible Overseas Shareholders who cannot make those elections and NZ Shareholders who cannot elect to maximise BBI EPS.

44 Subject to availability of BBI EPS. NZ Shareholders cannot receive BBI EPS and therefore BBI Stapled Securities will be substituted for BBI EPS.

45 The actual amount of cash you will receive will depend on the price at which your B&B Fund Securities, APA Securities and BBI EPS can be sold on your behalf.

As such the value of your total consideration may be more or less than the value you would receive if you did not elect this alternative.

46 The value of the Base Consideration will be determined based on the five Business Day VWAP immediately after the Meeting Date, which covers the days immediately prior to the Record Date on the current timetable. Based on BBI EPS trading at their issue price of \$1.00.



You can elect to maximise the number of preference shares you receive, which is expected to maximise your CGT rollover relief⁴⁷

Under the Share Scheme, Alinta Shareholders⁴⁷ may receive BBI EPS as part of the Share Scheme Consideration. BBI EPS are new securities that will be issued and are expected to be quoted on ASX.

Alinta Shareholders who receive BBI EPS are expected to obtain CGT rollover relief for that portion of the Share Scheme Consideration, assuming the BBI EPS are held on capital account for tax purposes. Depending on the cost base of your Alinta Shares, obtaining a portion of your consideration in BBI EPS may defer the requirement to pay potentially significant CGT that would otherwise fall due on that portion of your Alinta Shares.

Prior to conversion, BBI EPS do not participate in any increases or decreases in the BBI Stapled Security price.

Before electing to maximise BBI EPS, you should consider the nature and risks of an investment in BBI EPS, which are described on pages 20, 21, 30 and 31 of Part A of this Booklet and section 6 of Part B of this Booklet.

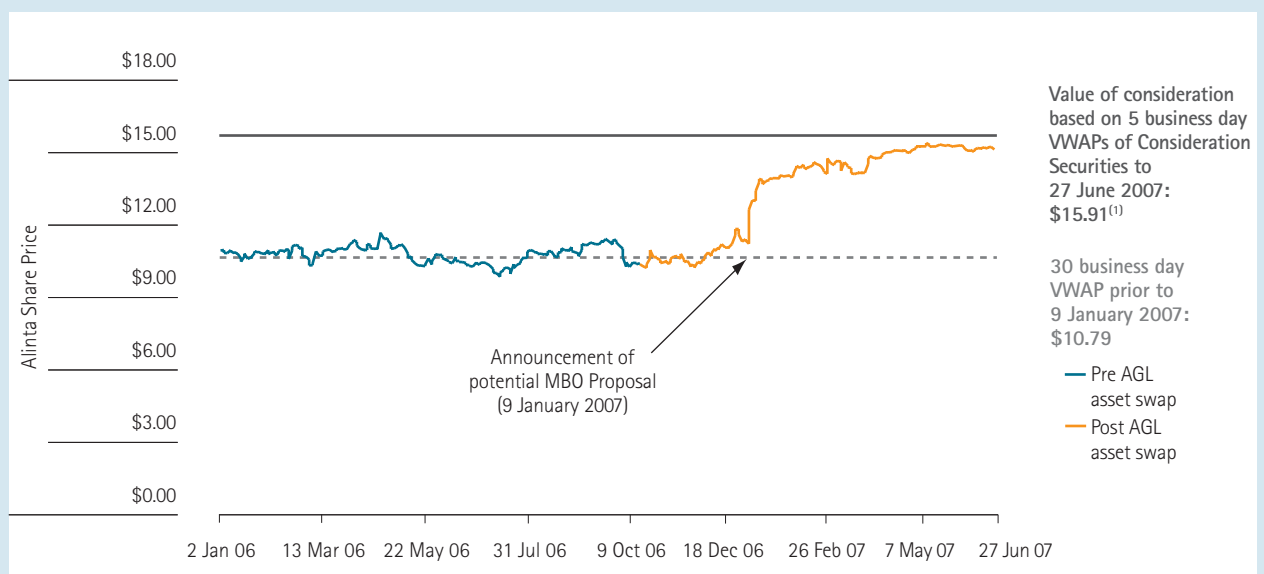
Note:
⁴⁷ Other than Ineligible Overseas Shareholders and NZ Shareholders.

9 If the Scheme Proposal is not approved and no alternative proposal emerges, the Alinta Share price may fall

If the Scheme Proposal is not approved by Alinta Shareholders, and no alternative proposal emerges, the Alinta Share price may fall.

You should note that the implied value of the Scheme Proposal represents a significant premium to the pre-MBO Proposal announcement date trading values of Alinta Shares. The 30 business day VWAP prior to 9 January 2007 (the date of the announcement of the potential MBO Proposal) was \$10.79.

Alinta Share price performance since 2 January 2006



Note:

(1) On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. BBI EPS are valued at their issue price of \$1.00. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.

Disadvantages and risks of the Scheme Proposal

The disadvantages and risks of the Scheme Proposal are discussed in detail in sections 5.12, 6.6, 7.12, 8.12 and 12 of Part B of this Booklet. Sections 5.12, 6.6, 7.12 and 8.12 discuss risks specific to the securities discussed in those sections. Section 12 covers risks which arise as a result of the Scheme Proposal and which are common to an investment in the B&B Fund Securities and BBI EPS. In particular, section 12.2 details risks arising from the Scheme Proposal, section 12.3 details risks arising from Implementation and the Post-Implementation Transactions, section 12.4 details new or changed risks for Alinta Shareholders as a result of the Scheme Proposal or the Post-Implementation Transactions and section 12.5 discusses general risks relating to an investment in the B&B Funds.

Key disadvantages and risks relating to the Scheme Proposal

Your Board has identified the following key disadvantages and risks in relation to the Scheme Proposal.

- > The value of the Share Scheme Consideration and the APA Distribution will fluctuate with the market prices of B&B Fund Securities and APA Securities.
- > Depending on their CGT cost base, Alinta Shareholders may be subject to significant CGT. Alinta Shareholders⁴⁸ may be able to reduce their CGT liability by electing to receive the Maximum Preference Shares Alternative. While BBI EPS are expected to provide CGT rollover relief, BBI EPS are a fixed income security which may or may not suit individual shareholders' investment objectives. When BBI EPS are sold, redeemed or converted into BBI Stapled Securities, a CGT Event will arise. Further information on BBI EPS is provided on pages 30 and 31 of Part A of this Booklet and section 6 of Part B of this Booklet.
- > You may elect to maximise the amount of cash, B&B Fund Securities or BBI EPS.⁴⁹ The exact mix of cash and securities you will receive will depend on how you elect to receive your consideration, and the election of other Alinta Shareholders. Therefore, you may not receive a maximum allocation of your preferred form of consideration.
- > If you elect the Default Consideration, it will vary from that set out on page 4 of Part A of this Booklet if various adjustments are required as set out in section 13.2 of Part B of this Booklet.
- > Alinta Shareholders may receive small parcels of B&B Fund Securities, BBI EPS and APA Securities. Two options exist that may mitigate this disadvantage. Alinta Shareholders electing the Maximum Cash Alternative may elect to have any parcel worth less than \$500 (an Unmarketable Parcel) of B&B Fund Securities, BBI EPS or APA sold on their behalf. In addition, prior to 31 January 2008 each of the B&B Funds will offer a facility to Alinta Shareholders to top-up any Unmarketable Parcel of B&B Fund Securities they receive as a result of the Scheme.
- > If you are a Small Alinta Shareholder electing the Cash Out Alternative, if you are an Ineligible Overseas Shareholder or if you elect to have an Unmarketable Parcel sold under the Maximum Cash Alternative, the amount of cash you will receive will depend on the price at which your Consideration Securities can be sold on your behalf. As such your total consideration may be more or less than other Consideration Alternatives.
- > Alinta Optionholders who did not exercise their Alinta Options and acquire Alinta Shares more than 45 days prior to the Effective Date (not including the date of the acquisition and the Effective Date) will not be entitled to receive the franking credits in respect of the APA Dividend. However, Alinta Optionholders will receive the benefits of participation in a valuation reflecting the acquisition of Alinta and (for those Alinta Optionholders whose Alinta Options have not previously vested) acceleration of vesting.

Notes:

⁴⁸ Other than Ineligible Overseas Shareholders and NZ Shareholders.

⁴⁹ Other than Ineligible Overseas Shareholders and, in the case of maximising BBI EPS, NZ Shareholders.

Specific disadvantages and risks relating to B&B Fund Securities and BBI EPS

- > If you receive B&B Fund Securities, BBI EPS or APA Securities as part of your consideration, you will be exposed to new, changed and in some cases similar risks from those to which you are currently exposed as an Alinta Shareholder including those considered below:
 - > An investment in BBI involves many risks that are specifically associated with energy transmission and distribution assets and transport infrastructure, those specifically associated with BBI and those specifically associated with particular assets of BBI. In addition, an investment in BBI involves general risks which relate to all investments in infrastructure assets and to any investment in listed securities. Specific risks that relate to BBI, and which are detailed in section 5.12, are that BBI is currently involved in two potentially material disputes with taxation authorities, construction risk associated with the expansion of the Dalrymple Bay Coal Terminal, potential loss of BBI's investment grade credit rating, restrictions on making distributions if dividends on the BBI EPS are not paid and litigation with regulators in relation to Multinet Gas and DBNGP, interests in which will be acquired by BBI if the Scheme is Implemented. You should read the detail about these risks included in section 5.12.
 - > An investment in BBI EPS includes general risks associated with investing in securities of this type, risks associated with the terms of BBI EPS and risks associated with BBI's business. Specific risks that relate to the terms of BBI EPS, and which are detailed in section 6.6, are that dividends are discretionary, BBI EPS Holders may not receive the Redemption Amount or any dividends that are due and payable even through the unsecured and subordinated guarantee, the dividend is a floating rate, BBI may enter into new arrangements that affect the ranking of BBI EPS on the winding up of BBI, BBI EPS may be converted, redeemed or resold otherwise than in accordance with the preference of the BBI EPS Holder and certain terms of the BBI EPS may be reset on the Reset Date. You should read the detail about these risks included in section 6.6 and the BBI risks included in section 5.12.
 - > An investment in BBP involves many risks that are specifically associated with power assets, those specifically associated with BBP and those specifically associated with particular assets of BBP. In addition, an investment in BBP involves general risks which relate to all investments in infrastructure assets and to any investment in listed securities. Specific risks that relate to BBP, and which are detailed in section 7.12, are volatility in market prices of electricity, the availability and performance of its power generation plant and equipment, the potential introduction of a national greenhouse gas emissions trading scheme, BBP's security price may fall when currently escrowed BBP Stapled Securities are released from escrow in December 2007, if BBP acquires all of AlintaAGL it will be exposed to competition in the Western Australian gas and electricity market, risks associated with the Wesfarmers LPG business and risks associated with the Tamar Valley power station, interests in which will be acquired by BBP if the Scheme is Implemented. You should read the detail about these risks included in section 7.12.
 - > An investment in BBW involves many risks that are specifically associated with wind energy generation, those specifically associated with BBW and those specifically associated with particular assets of BBW. In addition, an investment in BBW involves general risks which relate to all investments in infrastructure assets and to any investment in listed securities. Specific risks that relate to BBW, and which are detailed in section 8.12, are renewable energy regulatory risks, market risk both for electricity and for renewable energy rights, wind variability and delays in the acquisition of wind farms that BBW has contracted to acquire but which are not yet completed. You should read the detail about these risks included in section 8.12.
- > Unlike Alinta, the B&B Funds are externally managed. Each fund pays management fees to Babcock & Brown based on its market capitalisation and relative security price performance. Details of the fees for each of these funds are set out in sections 5.11, 7.11 and 8.11 of part B of this Booklet. The external management arrangements may affect the prospects for, and value of, any possible future change of control of these funds.

While your Board acknowledges these disadvantages and risks, it believes the advantages outweigh them and recommends that Alinta Securityholders vote in favour of the Scheme Proposal, in the absence of a superior proposal and provided the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders.

Further detail in relation to the disadvantages and risks of the Scheme Proposal, including new and changed risks specific to an investment in each of the B&B Funds, BBI EPS and APA, risks common to the B&B Funds and APA and an investment in the energy infrastructure industry more generally, are contained in sections 5.12, 6.6, 7.12, 8.12 and 12 of Part B of this Booklet. You should read these sections of Part B of this Booklet.

Form of consideration

The final mix of cash and securities that you will receive for your Alinta Shares under any of the alternatives will depend on the elections of other Alinta Shareholders.

If you elect Default Consideration:

- > You will receive the Base Consideration, adjusted as described in section 13.2 of Part B of this Booklet, plus the APA Distribution and franking credits.⁵⁰
- > The components of the Base Consideration (before any adjustment) are set out on page 4 of Part A of this Booklet.

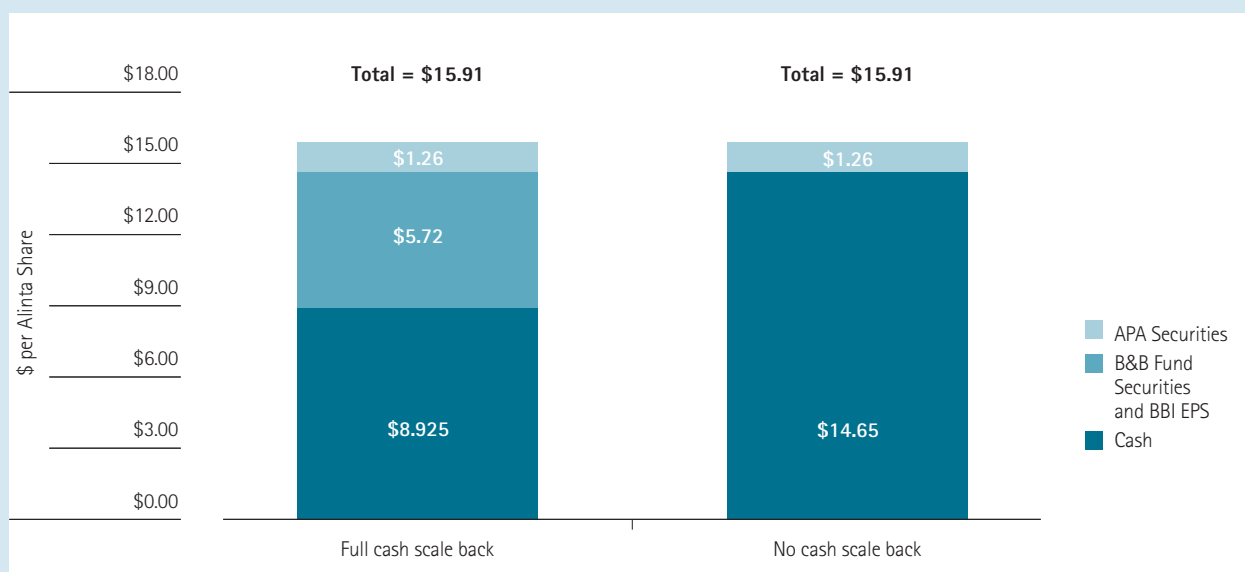
If you elect Maximum Preference Shares Consideration:

- > The consideration outcome for an Alinta Shareholder electing the Maximum Preference Shares Alternative is dependent on both the elections of other Alinta Shareholders and the number of Alinta Shareholders electing the Maximum Preference Shares Alternative.
- > The maximum potential amount of BBI EPS receivable per Alinta Share is equal to the value of the Base Consideration as at the Record Date⁵¹, which based on the five business day VWAPs of the B&B Fund Securities to 27 June 2007 was \$14.65⁵². You will also receive the APA Distribution and franking credits.⁵³
- > The minimum amount of BBI EPS receivable per Alinta Share will depend in part upon the number of Alinta Shareholders on the Alinta Register at the Record Date. Based on the number of Alinta Shareholders on the Alinta Register as at 26 June 2007, the minimum entitlement would have been the lesser of \$5,263 or the value of Alinta Shares held by an individual Alinta Shareholder (calculated with reference to the Share Scheme Consideration) excluding the value of the APA Distribution.
- > If BBI EPS is scaled back, you will receive the remainder of your consideration in B&B Fund Securities and cash.
- > In each case you will also receive the APA Distribution and franking credits.⁵³

If you elect Maximum Cash Consideration:

- > The maximum amount of cash you will receive will be equal to the value of the Base Consideration on the Record Date.⁵¹ Depending on elections for this alternative, the amount of cash you receive may be scaled back.
- > Based on the five business day VWAPs of the Consideration Securities to 27 June 2007, you would receive between \$8.925 and \$14.65 per Alinta Share in cash and, if the Cash Component is scaled back, the remainder in B&B Fund Securities and, subject to availability, BBI EPS.⁵² You will also receive the APA Distribution and franking credits.⁵⁰

Maximum Cash Consideration – Range of Consideration Outcomes (based on 5 business day VWAPs to 27 June 2007 and excluding franking credits)⁵⁵



Notes:

- 50 Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.
- 51 The value of the Base Consideration will be determined based on the five Business Day VWAPs immediately after the Meeting Date, which covers the days immediately prior to the Record Date, based on the current timetable. Based on BBI EPS trading at their issue price of \$1.00.
- 52 Except NZ Shareholders, who will receive BBI Stapled Securities instead of BBI EPS. On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. BBI EPS are valued at their issue price of \$1.00. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.
- 53 Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.

- > If, as a result of the election, you receive any individual parcel of B&B Fund Securities, BBI EPS or APA Securities which has a value of less than \$500, you can further elect to have those securities sold on your behalf for cash, free of any brokerage costs.

If you elect Maximum Securities Consideration:

- > The maximum value of B&B Fund Securities you will receive will be equal to the value of the Base Consideration on the Record Date.⁵⁴ Depending on elections for this alternative, the number of B&B Fund Securities you receive may be scaled back.
- > Based on the five business day VWAPs to 27 June 2007, you would receive between \$4.13 and \$14.65 per Alinta Share in B&B Fund Securities and, if the B&B Fund Securities Component is scaled back, the remainder in cash and, subject to availability, BBI EPS.⁵² You will also receive the APA Distribution and franking credits.⁵⁶
- > Babcock & Brown has confirmed that it will elect the Maximum Securities Alternative in respect of its 2.7% shareholding in Alinta. (As explained in section 4.3(g) these shares form a separate class for the purposes of the Share Scheme and as such B&B will give its consent to the Share Scheme separately from other Alinta Shareholders. B&B intends to vote its Shares at the General Meeting in favour of the Capital Reduction.)

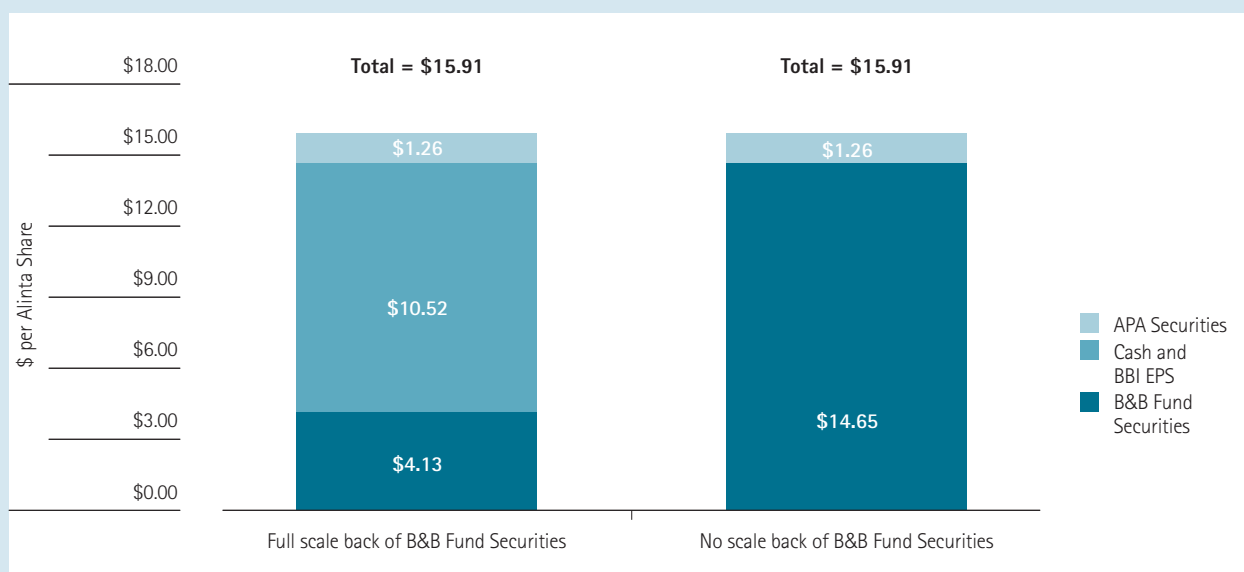
If you are an Ineligible Overseas Shareholder:

- > You will be allocated the APA Distribution and the Default Consideration with BBI Stapled Securities instead of BBI EPS.⁵⁷ The Consideration Securities you would otherwise receive will be sold on your behalf. You will receive the Cash Component of the Default Consideration and the proceeds of sale (after costs) of the Consideration Securities, with BBI Stapled Securities sold instead of BBI EPS.

Alinta Shareholders may also sell their Alinta Shares on market any time before 20 August 2007 and receive cash to the value of the market price for Alinta Shares at that time less any brokerage payable. The market price of Alinta shares may differ from the implied value of the consideration.

Further information on the Share Scheme Consideration is provided in section 13.2 of Part B of this Booklet.

Maximum Securities Consideration – Range of Consideration Outcomes (based on 5 business day VWAPs to 27 June 2007 and excluding franking credits)⁵⁵



Notes:

54 The value of the Base Consideration will be determined based on the five business day VWAP immediately after the Meeting Date, which covers the days immediately prior to the Record Date, on the current timetable. Based on BBI EPS trading at their issue price of \$1.00.

55 On 21 and 22 June 2007 the B&B Fund Securities traded on a "cum distribution" basis and on 25, 26 and 27 June 2007 the B&B Fund Securities traded on an "ex-distribution" basis. BBI EPS are valued at their issue price of \$1.00. No adjustments have been made to the VWAP to take account of the B&B Fund Securities trading "cum distribution" and "ex distribution", during the five business day period as the VWAP reflects the actual VWAP over that period. B&B anticipates that some distribution entitlement will accrue into the B&B Fund Securities prices by the Record Date.

56 Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.

57 Ineligible Overseas Shareholders will have the same value of BBI Stapled Securities (based on the VWAP over the five business days immediately after the Meeting Date) allocated as the value of BBI EPS (based on the issue price of \$1.00). See section 13.2(j) of Part B of this Booklet for further information.





The Consortium's intentions for the Alinta Assets

Since the listing of Alinta's Predecessor in 2000, Alinta has progressed from a Western Australian gas distributor and retailer to the largest listed energy infrastructure company in Australia.

Alinta's business consists of interests in:

- > gas transmission pipelines;
- > electricity and gas distribution networks;
- > power generation;
- > management of infrastructure assets for Alinta and third parties;
- > electricity and gas retail;
- > energy development; and
- > wholesale energy trading and marketing.

If the Scheme Proposal is Implemented, Alinta's existing assets will be restructured and apportioned amongst the B&B Funds and SPI as follows:

			
<p>Multinet Gas (20.1%) Tasmanian Gas Pipeline AlintaGas Network (74.1%) Dampier-Bunbury Natural Gas Pipeline (17%)⁵⁸ Western Australia operations and maintenance business (excluding the Parmelia Pipeline)</p>	<p>Port Hedland Power Station Newman Power Station Glenbrook Power Station Bairnsdale Power Station Cawse Cogeneration Wesfarmers LPG AlintaAGL (67%)⁵⁹ Goldfield Gas Pipeline (11.8%) Tamar Power Project Wholesale energy trading and marketing (AEATM)⁶⁰</p>	<p>\$211 million from the proceeds of the sale of the Wattle Point Assets</p>	<p>Alinta Victorian Electricity Network NSW Gas Network United Energy Distribution Network (34.1%) Eastern Gas Pipeline Queensland Gas Pipeline VicHub ActewAGL Distribution JV (50%) TransACT (7.6%) Eastern States Asset Management (and the Parmelia Pipeline)</p>

Babcock & Brown will acquire certain development projects.

Alinta Shareholders who wish to retain exposure to certain Alinta assets have the opportunity to do so by electing an alternative that includes receiving B&B Fund Securities.⁶¹

Notes:

⁵⁸ Interest in DBNGP will increase to 20% following agreed capital contributions.

⁵⁹ The Scheme Proposal will trigger a "Russian Roulette" clause under which options over AlintaAGL are accelerated. This may result in the 67% interest in AlintaAGL being owned by AGL Energy or BBP owning 100% of AlintaAGL.

⁶⁰ BBP is expected to own AEATM and assume its related assets and liabilities. However, currently the Consortium Parties have not reached final agreement regarding the ownership of AEATM.

⁶¹ Other than Ineligible Overseas Shareholders.

Overview of Consideration Securities

Alinta Shareholders will receive APA Securities under the APA Distribution and have the opportunity to receive securities in BBI, BBP and BBW, and BBI EPS, as part of their Share Scheme Consideration.⁶²

The information on pages 26 to 35 in respect of Babcock & Brown, BBI (including BBI EPS), BBP and BBW has been provided by Babcock & Brown, BBI, BBP and BBW respectively.⁶³ Each of BBI, BBP and BBW is managed by Babcock & Brown under long-term management agreements, which are described in section 9 of Part B of this Booklet.

The information on pages 36 and 37 in respect of APA has been compiled by Alinta based solely on public disclosures by APA.⁶⁴

There are risks associated with holding securities generally and specific risks associated with each of BBI, BBI EPS, BBP, BBW and APA. Alinta Shareholders should refer to sections 5.12, 6.6, 7.12, 8.12 and 12 of Part B of this Booklet for a description of some of these risks. Alinta Shareholders should also consider the Independent Expert's assessment of the value of the consideration contained in section 8 of its report, which is included as Annexure G of Part B of this Booklet.

More detailed information on each of the Consideration Securities is provided in sections 5 to 10 of Part B of this Booklet.

Notes:

⁶² Unless they are an Ineligible Overseas Shareholder or, in the case of BBI EPS, a NZ Shareholder.

⁶³ None of Alinta, each member of the Alinta Group or SPI have verified this information, and each has relied on Babcock & Brown, BBI, BBP and BBW to verify this information and, accordingly, disclaims responsibility and liability for this information.

⁶⁴ This information has not been independently verified by Alinta. To the maximum extent permitted by law, Alinta does not make any representation or warranty, express or implied, as to the accuracy, currency or completeness of this information.



- > Each of the B&B Funds in which you may receive securities has been established by Babcock & Brown.
- > Babcock & Brown has a global network of expertise with 29 offices across 18 countries and employs in excess of 390 people in the infrastructure division in 21 of those offices.
- > Babcock & Brown's investment and advisory services network is highly experienced in originating, structuring and advising on power generation and infrastructure transactions in Australia and overseas.
- > Babcock & Brown has established a specialist funds and asset management platform and had assets and funds under management of \$44 billion at 31 December 2006.

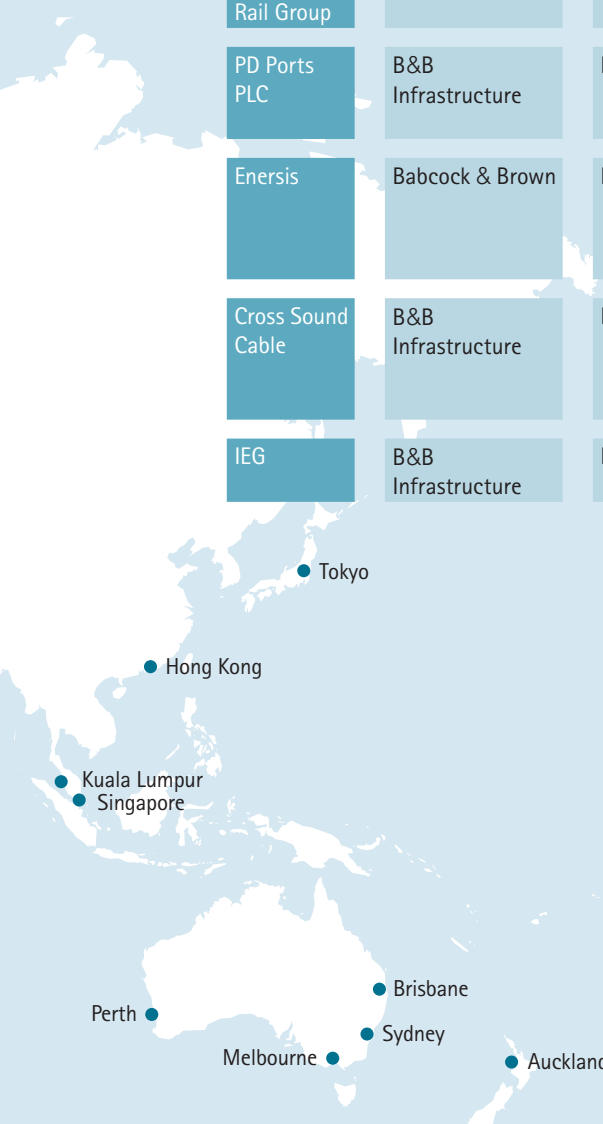
Each of the B&B Funds in which you may receive securities pays fees to Babcock & Brown, based on their market capitalisation and their relative stock market performance. Details of the fees for each of these funds are set out in sections 5.11, 7.11 and 8.11 of Part B of this Booklet.





Recent major principal investments by Babcock & Brown and B&B Funds

Acquisition	BNB Entity	Date	Value	Asset description	Location
eircom PLC	B&B Capital/ Babcock & Brown	Aug 2006	A\$8bn	Completed takeover for eircom Group plc together with the ESOT	Ireland
NRG Flinders	Babcock & Brown	Jun 2006	A\$317m	Announced acquisition of NRG Flinders power assets	South Australia
Australian Rail Group	Babcock & Brown	Feb 2006	A\$854m	'Below rail' business	Western Australia
PD Ports PLC	B&B Infrastructure	Feb 2006	A\$800m	Owens and operates the Ports of Tees and Hartlepool, the second largest port in the UK	United Kingdom
Energis	Babcock & Brown	Dec 2005	A\$662m	Energis' asset base has 620MW of wind farms and hydro in operation or under construction, as well as other renewable projects	Portugal
Cross Sound Cable	B&B Infrastructure	Dec 2005	A\$280m	Cross Sound Cable is a transmission interconnector linking the New England and New York electricity grids	USA
IEG	B&B Infrastructure	May 2005	A\$600m	Gas transmission, distribution and supply business	United Kingdom/ Portugal





Business description

BBI was established to invest in quality infrastructure assets. It listed on the Australian Stock Exchange as Prime Infrastructure in June 2002 and has grown rapidly from its initial investment in the Dalrymple Bay Coal Terminal. Since listing it has accumulated a portfolio of interests in eight infrastructure assets across two core asset classes, Transport Infrastructure and Energy Transmission and Distribution. These assets span nine countries in Australasia, Europe and North America.

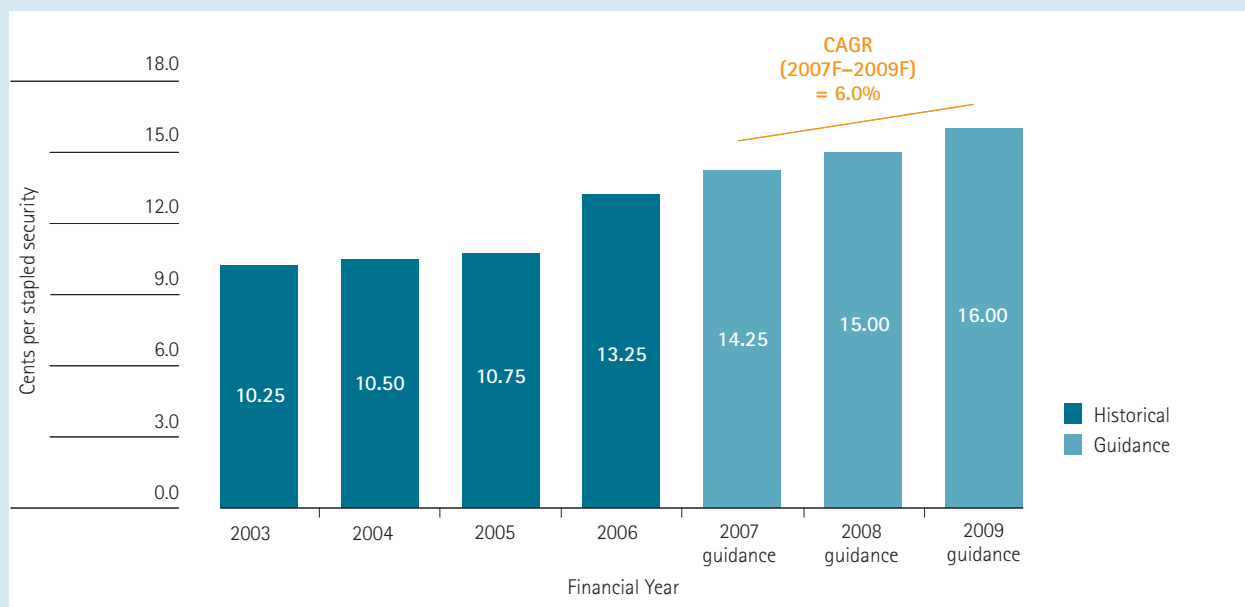
BBI has developed into a diversified infrastructure fund with quality assets, strong distributions from operating cash flows and significant potential for future growth. In the approximately five years since listing in June 2002, BBI has delivered a total securityholder return of 213% to 27 June 2007.⁶⁵ Over the period 2003 to 2007, BBI's distributions per security have grown at a CAGR of 8.1%.

Post-Implementation and based on closing prices on 27 June 2007, BBI would have had a market capitalisation of approximately \$3.8 billion and would have ranked 76th out of companies included in the All Ordinaries Index at that date.

Based on its closing price on 27 June 2007 and BBI's distribution guidance, BBI was trading on a fully tax deferred yield of 8.8% for the 2008 financial year.

BBI is targeting a 6.0% CAGR in distributions per BBI Stapled Security over the period 2007 to 2009. The chart below sets out BBI's historical distributions per stapled security, as well as BBI's guidance in respect of the 2007, 2008 and 2009 financial years.⁶⁶

Historical and forecast distributions per BBI Stapled Security



Notes:

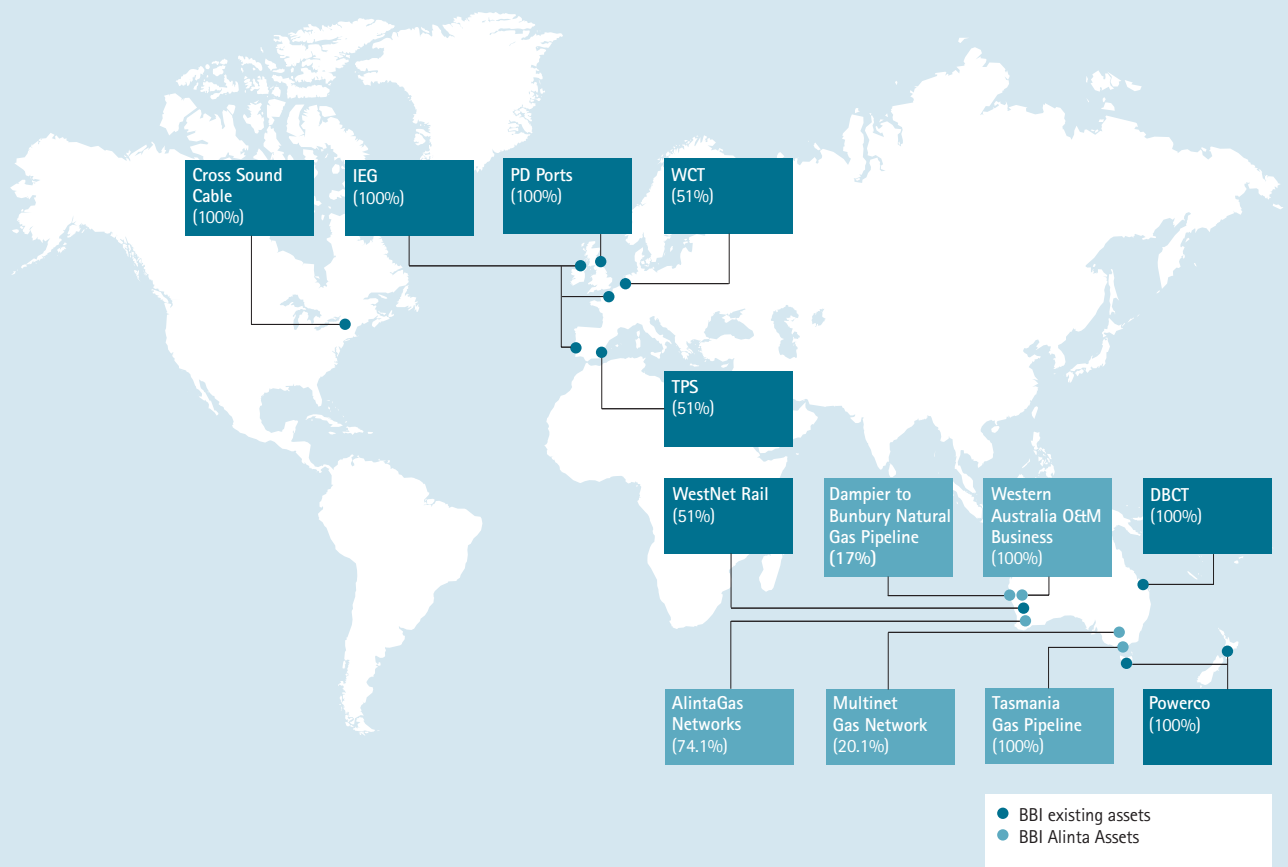
⁶⁵ Based on issue price and therefore includes any IPO discount or premium.

⁶⁶ Further details of the forecasts and relevant assumptions are provided in section 5 of Part B of this Booklet.

Investment portfolio

BBI's investment portfolio, including the Alinta Assets it will acquire upon Implementation of the Scheme Proposal, is summarised below.

Further information on BBI is provided in section 5 of Part B of this Booklet.



Growth opportunities

BBI has identified a number of potential near-term growth opportunities, including:

- > acquisition of the remaining 49% of WestNet Rail;
- > further expansion of Dalrymple Bay Coal Terminal;
- > a number of potential European port acquisitions; and
- > development of a Deep Sea Container Terminal at PD Ports.

BBI Exchangeable Preference Shares

- > BBI EPS are new exchangeable preference shares which will trade on ASX.⁶⁷
- > BBI EPS are expected to provide you with CGT rollover relief in respect of the portion of your Alinta Shares for which you receive BBI EPS.
- > Distributions on BBI EPS will be based on the 90 day bank bill swap rate at the commencement of each quarter (being 1 July, 1 October, 1 January, 1 April) plus an initial 1.15% margin, which as at 27 June 2007 would have equated to a total rate of 7.57%.⁶⁸ These distributions will be unfranked.
- > BBI EPS include a 3.75% cash redemption discount which, when combined with the 1.15% margin, provides an effective margin equivalent of 1.81%.⁶⁹
- > BBI EPS have a 60-year final maturity but have terms that will be reset periodically, the first reset date being 1 July 2012. On the first reset date BBI may:
 - > redeem the BBI EPS for cash of \$1.039 per BBI EPS plus any outstanding dividends;
 - > convert the BBI EPS into BBI Stapled Securities at a 7.5% discount; or
 - > reset the terms of BBI EPS, which may be more or less attractive than the current terms. If holders of BBI EPS do not wish to accept the reset terms they can lodge an exchange notice in which case BBI may, at its election:
 - > convert the BBI EPS into BBI Stapled Securities at a discount of 7.5% upon conversion;
 - > redeem the BBI EPS for cash of \$1.039 per BBI EPS plus any outstanding dividends; or
 - > resell the BBI EPS to third party investors and pay you cash consideration of \$1.039 for each BBI EPS plus any outstanding dividends.
- > A CGT Event will arise on the conversion, redemption or sale of BBI EPS as outlined above. In the event that BBI elects to reset the BBI EPS terms and holders accept the reset terms, further CGT rollover relief may be available.
- > The issuer of BBI EPS is BBI EPS Limited, a subsidiary of BBIL, and the obligations of BBI EPS Limited under the terms of the BBI EPS will be supported by a subordinated guarantee from BBI.



Notes:

⁶⁷ Subject to the BBI EPS Issuer being admitted to the official list of ASX and quotation of the BBI EPS. You should refer to section 6 of Part B of this Booklet for further details.

⁶⁸ Based on the 90 day BBSW (as defined in the Terms of BBI EPS in Annexure H of Part B of this Booklet) closing rate on 27 June 2007 of 6.423%.

⁶⁹ BBI may elect to convert the BBI EPS into BBI Stapled Securities at a 7.5% discount to the 20 business day VWAP which, if ascribed 100% value, would equate to an effective margin equivalent of 2.50%.

- > Alinta Shareholders should note that:
 - > Prior to conversion, BBI EPS do not participate in any increases or decreases in the BBI Stapled Security price.
 - > Upon sale, redemption or conversion of the BBI EPS a CGT Event will occur.
 - > Distributions may be deferred on either an optional or mandatory basis. However, upon deferral BBI must not pay any distributions on any BBI Stapled Securities or reduce, cancel, buy-back or acquire for any consideration any BBI Stapled Securities or distribute any assets to BBI Stapled Securityholders otherwise than at such asset's reasonable market value.
 - > BBI EPS are subordinated securities and rank only ahead of BBI Stapled Securities and ordinary shares of the issuer, equally with BBI NZ SPARCS and behind all creditors of BBI.
 - > BBI has certain, limited rights to redeem the BBI EPS ahead of the first reset date; however, this will be performed with either a cash redemption discount of 3.75% or a BBI Stapled Security conversion discount of 7.5%.

Further information on BBI EPS is provided in section 6 of Part B of this Booklet





Business description

BBP has interests in seven operating power stations and one power station under construction in Australia, with a combined total generation capacity of 2,900 MW. This portfolio of power stations provides a mixture of long-term contracted cash flows and revenues linked to wholesale electricity prices, including short-term hedging contracts.

Post-Implementation and based on closing prices on 27 June 2007, BBP would have had a market capitalisation of approximately \$2.4 billion and would have ranked 112th out of companies included in the All Ordinaries Index at that date.

In the approximate six months since listing on ASX in December 2006, BBP delivered a total securityholder return of 41% to 27 June 2007.⁷⁰ BBP's security price has increased strongly since listing in December 2006, in part reflecting BBP's exposure to the National Electricity Market (NEM). Electricity prices in the NEM have increased significantly in recent months, in part due to reduced generating capacity of hydroelectric generators as a result of drought conditions in eastern Australia.

Based on its closing price on 27 June 2007, BBP was trading on a forecast distribution yield of 7.7% for the 2008 financial year.

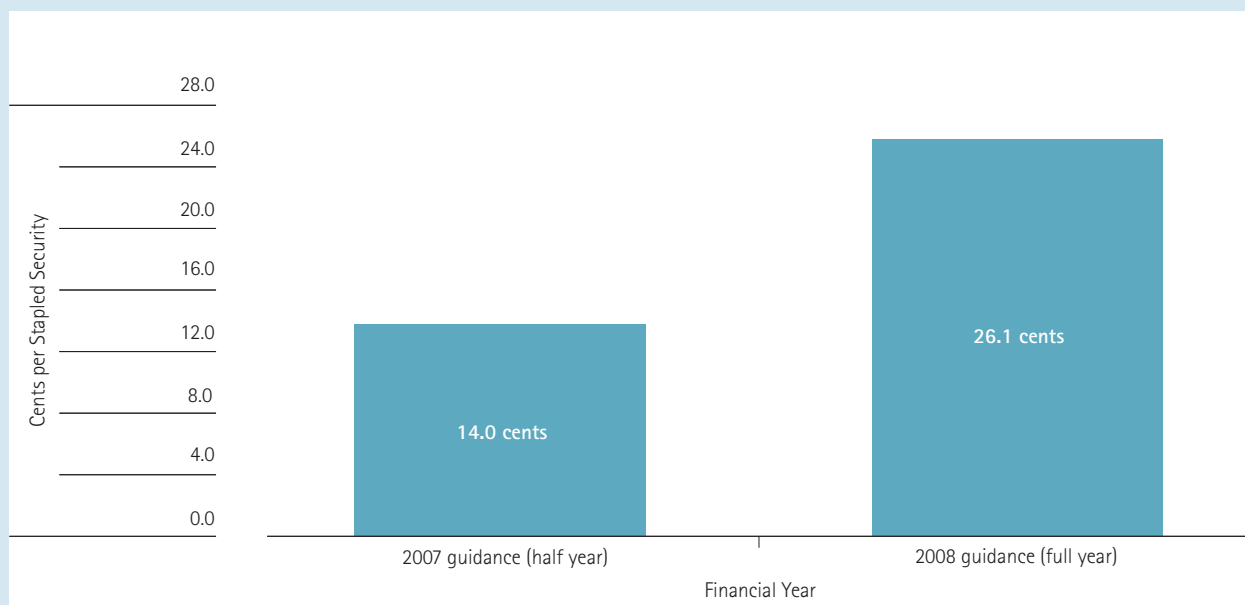
BBP's distribution guidance for 2007 and 2008 is set out in the chart below. Note that as BBP listed in December 2006, only one distribution is payable in respect of the 2007 financial year.⁷¹

Investment portfolio

BBP's investment portfolio, including the Alinta Assets it will acquire upon Implementation of the Scheme Proposal, is summarised on page 33.

The BBP Alinta Assets will enhance BBP's diversity of assets by adding further gas-fired power stations and cogeneration plants. BBP and Alinta currently have large gas-fired generating portfolios and combining them will substantially increase the scale of BBP and the geographic coverage of BBP's portfolio. The AlintaAGL⁷² business provides the potential to acquire a significant retail position in the Western Australian market. This retail exposure can underpin the development of new generation capacity in Western Australia.

Forecast distributions per BBP Stapled Security



Notes:

⁷⁰ Based on issue price and therefore includes any IPO premium.

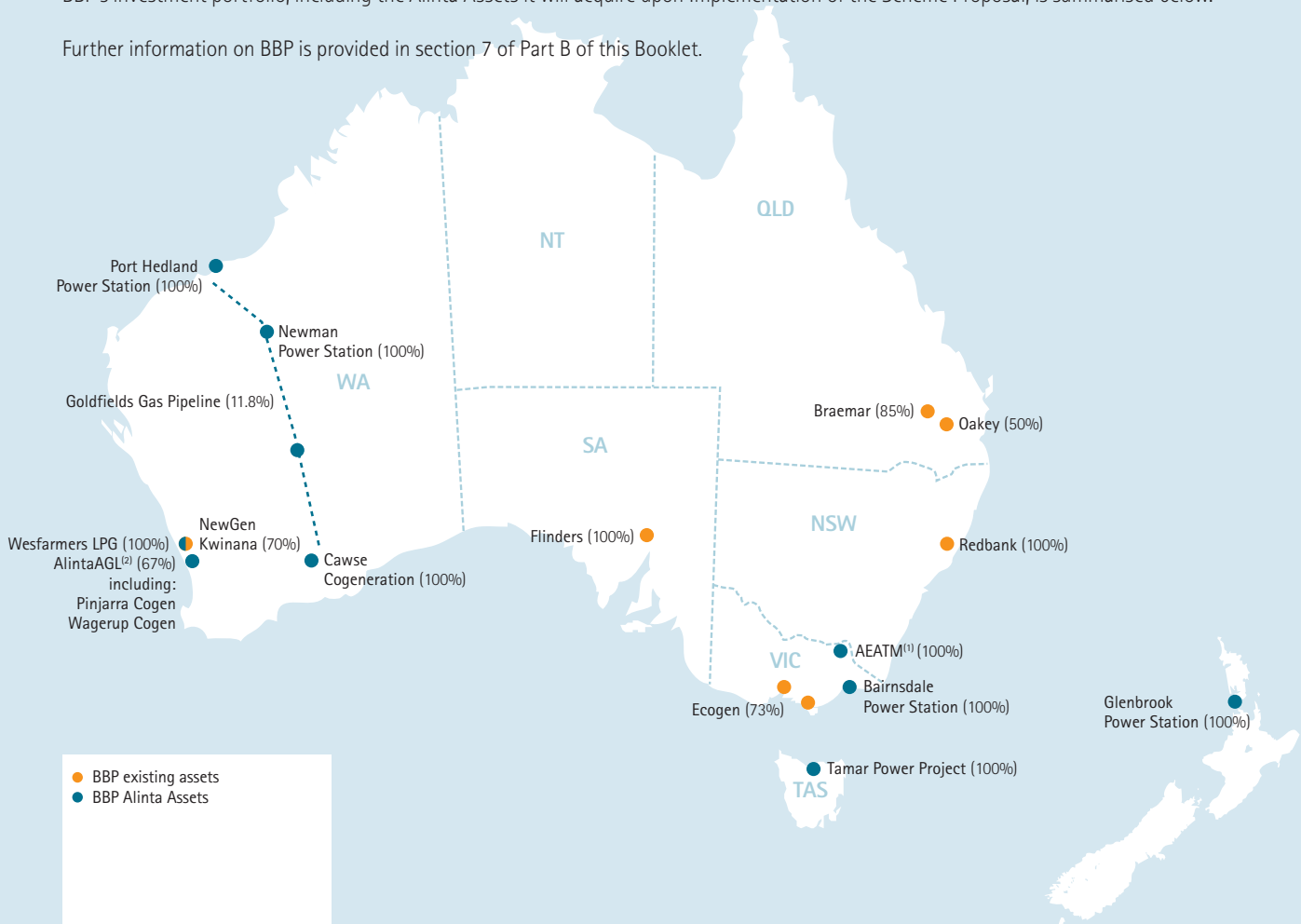
⁷¹ Further details of the forecasts and relevant assumptions are provided in section 7 of Part B of this Booklet.

⁷² The Scheme Proposal will trigger the "Russian Roulette" clause under which options over AlintaAGL are accelerated. This may result in the 67% interest in AlintaAGL being sold to AGL Energy or BBP owning 100% of AlintaAGL.

Investment portfolio

BBP's investment portfolio, including the Alinta Assets it will acquire upon Implementation of the Scheme Proposal, is summarised below.

Further information on BBP is provided in section 7 of Part B of this Booklet.



Growth opportunities

BBP has identified a number of potential short-term growth opportunities, including:

- > NewGen Kwinana power station under construction;
- > Uranquinty power station development under active consideration; and
- > organic growth through the power supply shortage in the Australia NEM.

Notes:

(1) BBP is expected to own AEAATM and assume its related assets and liabilities. However, the Consortium Parties have not reached final agreement regarding the ownership of AEAATM.
 (2) The Scheme Proposal will trigger the "Russian Roulette" clause under which options over AlintaAGL are accelerated. This may result in the 67% interest in AlintaAGL being sold to AGL Energy or BBP owning 100% of AlintaAGL.



Business description

BBW's portfolio consists of interests in 33 wind farms located in five countries.

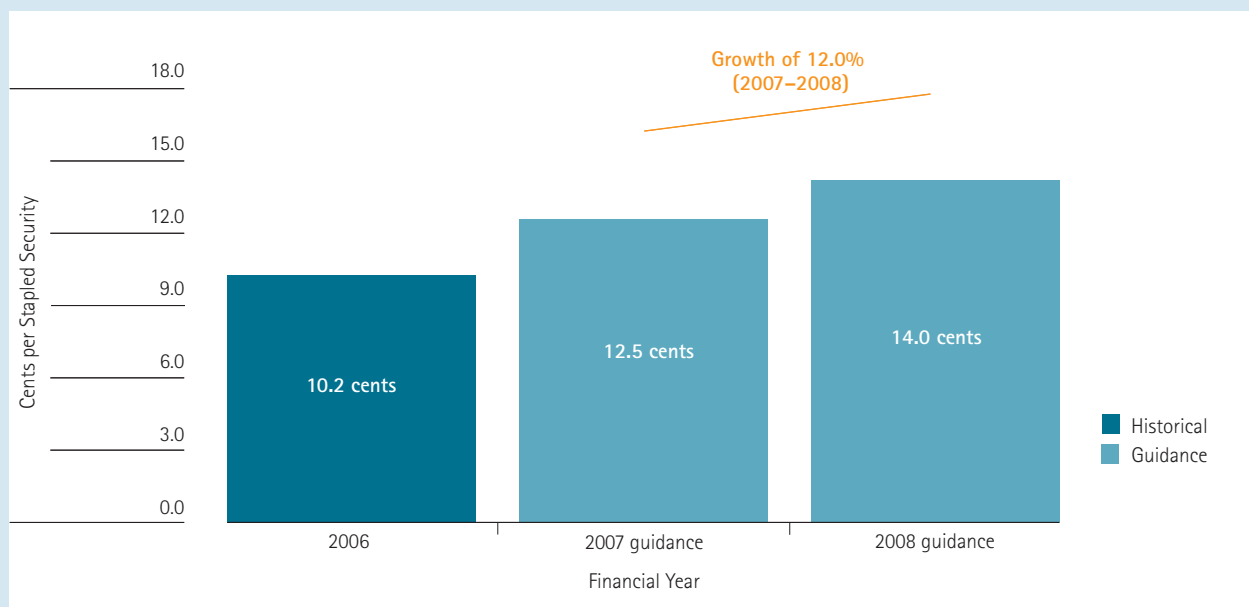
Post-Implementation and based on closing prices on 27 June 2007, BBW would have had a market capitalisation of approximately \$1.5 billion and would have ranked 151st out of companies included in the All Ordinaries Index at that date.

Over the approximately 20 months since listing on ASX in October 2005, BBW has delivered a total securityholder return of 52%.⁷³

Based on its closing price on 27 June 2007, BBW was trading on a forecast distribution yield of 7.5% for the 2008 financial year.

The chart below sets out BBW's historical distributions per BBW Stapled Security, as well as BBW's guidance in respect of the 2007 and 2008 financial years.⁷⁴

Historical and forecast distributions per BBW Stapled Security



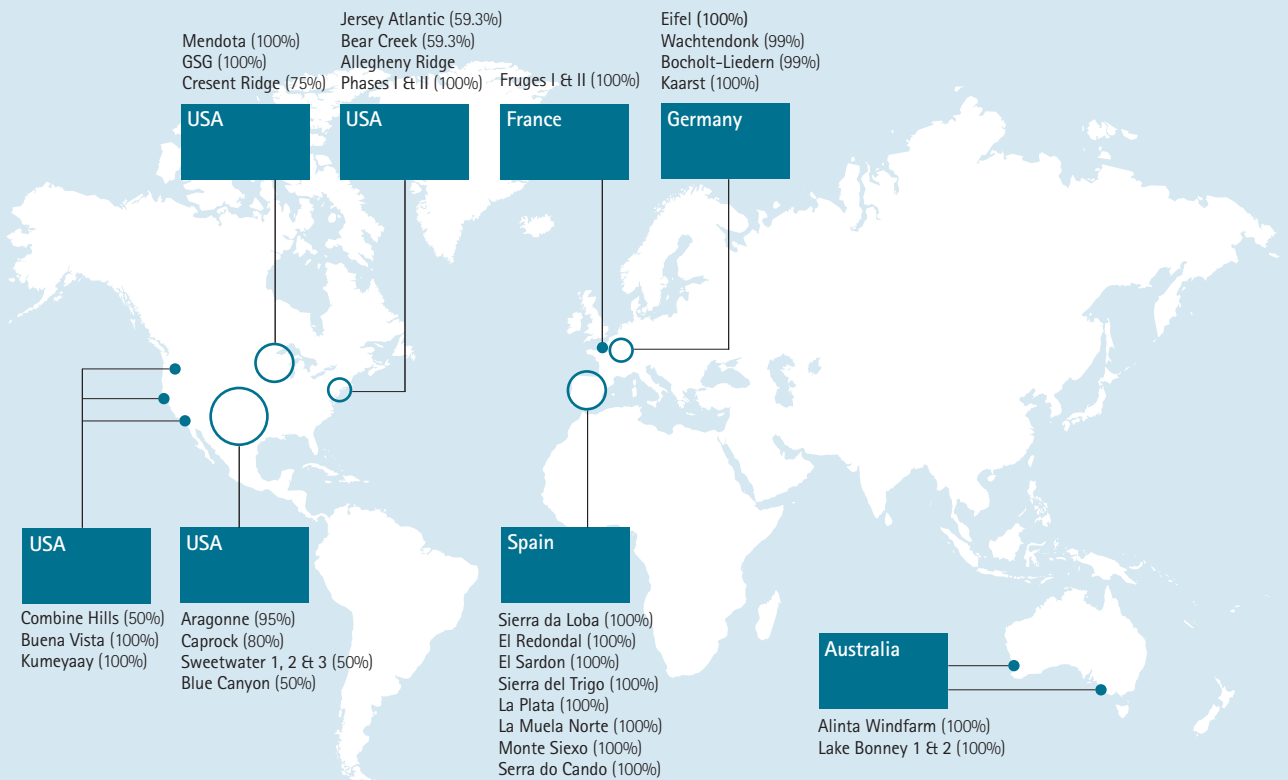
Notes:

⁷³ Based on issue price and therefore includes any IPO discount.

⁷⁴ Further details of the forecasts and relevant assumptions are provided in section 8 of Part B of this Booklet.

Investment portfolio

BBW's investment portfolio is summarised below.



Growth opportunities

BBW has identified a number of potential near-term growth opportunities, including:

- > possible acquisition of at least a 50% interest in 524MW Enersis wind portfolio, increasing diversification and scale;
- > possible acquisition of further wind farm assets under existing framework agreements; and
- > possible acquisition of Class B member interests in 375MW US07 portfolio (BBW's proposed proportional equity interest only), increasing diversification and scale.

APA Group

Business description

APA is an ASX listed entity with a market capitalisation as at 27 June 2007 of approximately \$1.8 billion. Alinta is currently the largest single securityholder in APA with an interest of approximately 35%. For further information about the manner in which Alinta will dispose of this 35% interest (and any risks) see sections 10.3, 10.8, 10.9 and 12.2(a)(vii) of Part B of the Booklet.

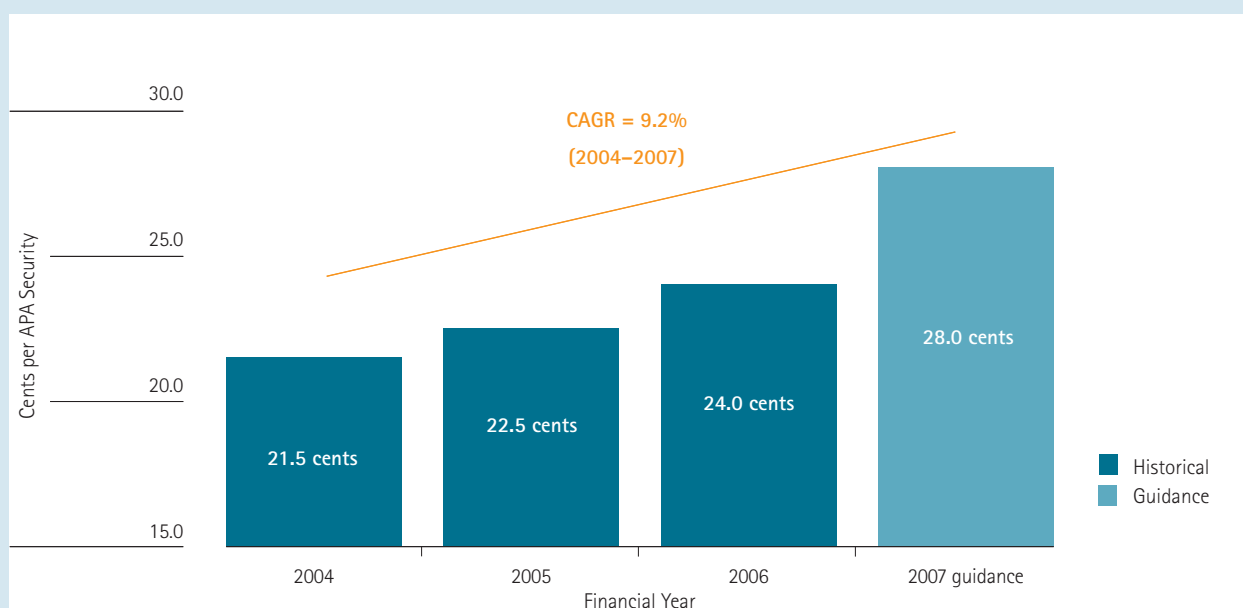
APA has interests in gas transmission pipelines, gas distribution networks, gas processing and storage facilities, gas-fired power generation, electricity transmission and asset management.

APA asset locations

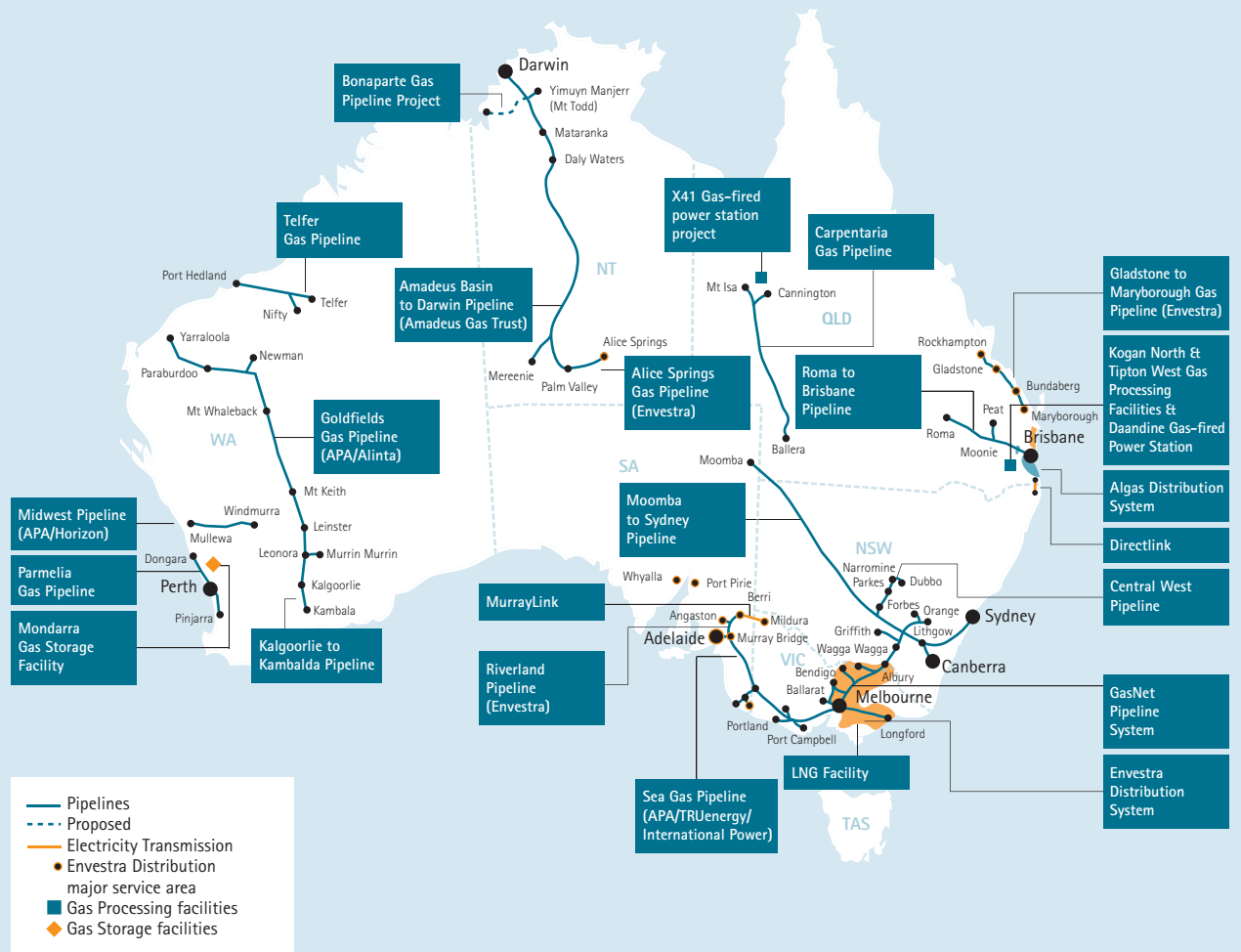
Since 2005, APA has been pursuing a strategy to acquire and develop interests in complementary energy infrastructure. This strategy has resulted in a number of recent investments, including the networks business of Origin Energy, the Murraylink and DirectLink electricity transmission assets and the Allgas gas distribution business. APA has stated that it is actively seeking further opportunities for growth in gas transmission pipelines and complementary energy infrastructure that is consistent with its strategy and investment criteria.

APA has delivered growth in distributions per APA Security at a CAGR of 9.2% over the period 2004 to 2007. APA has stated that its primary strategic objective is to grow distributions per APA Security by at least CPI annually.

Historical and forecast distributions per APA Security



APA assets as at April 2007



Source: APA's presentation for acquisition of Origin Energy Networks Assets disclosed to ASX on 4 April 2007.

Questions and answers

You should read the "How to Vote" section in Part B of this Booklet for detailed information on the voting procedure.

Question	Answer
What is the Scheme Proposal?	If the Scheme Proposal is approved, a consortium comprising Babcock & Brown, certain B&B Funds, the Bidder and SPI will acquire the entire issued share capital of Alinta.
What is the effect of the Scheme Proposal?	<p>If the Share Scheme and Option Scheme are Implemented, all Alinta Shares will be transferred to the Bidder and all Alinta Options will be cancelled. Alinta Shares will be removed from the official list of ASX.</p> <p>The Bidder intends to allocate Alinta's assets between BBI, BBP, BBW and SPI as set out on page 24 of Part A of this Booklet.</p>
What will I receive for my Alinta Shares?	<p>The Default Consideration for the transfer of each Alinta Share to the Bidder comprises a mixture of cash, BBI EPS⁷⁵, BBI Stapled Securities, BBP Stapled Securities and BBW Stapled Securities.</p> <p>You will also receive the APA Distribution⁷⁶ and franking credits of \$0.40.⁷⁷</p> <p>Alinta Shareholders⁷⁸ may elect to maximise the amount of cash, B&B Fund Securities or BBI EPS they receive. The exact mix of cash and securities you will receive will depend on how you elect to receive your consideration, and the election of other Alinta Shareholders.</p> <p>These Consideration Alternatives are discussed in detail in section 13.2 of Part B of this Booklet.</p>
What will I receive for my Alinta Options?	If the Option Scheme becomes Effective and you are an Alinta Optionholder, your Alinta Options will be cancelled and you will receive cash equal to the value of the Share Scheme Consideration received by Alinta Shareholders (excluding franking credits) at the Record Date ⁷⁹ plus the value of the APA Distribution ⁸⁰ at the Record Date less the exercise price of each Alinta Option.
What are BBI EPS?	<p>BBI EPS are new exchangeable preference shares which are expected to trade on ASX and pay deferrable distributions based on the 90 day bank bill swap rate plus a 1.15% margin until the first reset date on 1 July 2012. These distributions will be unfranked.</p> <p>These shares will be able to be exchanged into BBI Stapled Securities at the issuer's election on specified dates in the future, the first of which will be 1 July 2012 and conversion will occur at a 7.5% discount. The issuer may alternatively elect to redeem the BBI EPS for cash or resell the BBI EPS to third party investors as outlined on pages 30 to 31 of Part A of this Booklet.</p> <p>Prior to conversion, BBI EPS do not participate in any increases or decreases in the BBI Stapled Security price.</p> <p>BBI EPS are expected to provide you with CGT rollover relief in respect of the portion of your Alinta Shares for which you receive BBI EPS, until such time that they are sold, redeemed or converted into BBI Stapled Securities.</p> <p>Before electing to maximise BBI EPS, you should consider the nature and risks of an investment in BBI EPS, which are described on pages 20, 21, 30 and 31 of Part A of this Booklet and section 6 of Part B of this Booklet.</p>

Notes:

75 Subject to availability of BBI EPS. In the case of NZ Shareholders and Ineligible Overseas Shareholders, BBI Stapled Securities will be substituted for BBI EPS in what is received or (in the case of Ineligible Overseas Shareholders) sold.

76 Ineligible Overseas Shareholders will receive the proceeds of sale of any APA Securities they would otherwise receive under the APA Distribution.

77 Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.

78 Other than Ineligible Overseas Shareholders who cannot make these elections or NZ Shareholders who cannot elect to maximise BBI EPS.

79 The value of the Share Scheme Consideration will be determined based on the value of the Base Consideration on the five Business Days VWAP immediately after the Meeting Date, which covers the days immediately prior to the Record Date on the current timetable. Based on BBI EPS trading at their issue price of \$1.00.

80 Any Transaction Dividend or capital reduction that was deducted from the Base Consideration or APA Distribution will be added back to it.

Question

Answer

Why will I not receive CGT rollover relief on any B&B Fund Securities and APA Securities I receive?

You are not eligible to receive CGT rollover relief on any B&B Fund Securities received as the B&B Funds are not part of the same 100% owned group as the Bidder, ES&L Pty Limited. You are only eligible to receive CGT rollover relief to the extent you receive BBI EPS, as BBI EPS Limited (the issuer of BBI EPS) owns 100% of the Bidder. You can maximise the availability of CGT rollover relief if you elect for the Maximum Preference Shares Alternative.⁸¹

The distribution of the APA Securities is an in-specie distribution and is in addition to (and not part of) the Share Scheme Consideration to be provided to Alinta Shareholders. The APA Distribution is a dividend (expected to be \$0.93 per share) and capital return. You will not receive CGT rollover relief for the APA Distribution.

Further details on the tax implications of participating in the Share Scheme and the APA Distribution is provided in section 14 of Part B of this Booklet.

Is there an alternative under which I can receive 100% CGT rollover relief?

BBI EPS are expected to provide CGT rollover relief. You can maximise the number of BBI EPS you receive by electing the Maximum Preference Shares Alternative.⁸¹ If there are sufficient BBI EPS available, you will receive CGT rollover relief on all of the Share Scheme Consideration. You will not receive CGT rollover relief on the APA Distribution or the B&B Fund Securities.

The Australian Tax Office class ruling is currently in process. The availability of CGT rollover relief will be published on www.babcockbrown.com

BBI EPS are fixed income securities that do not participate in any increases or decreases in the price of BBI Stapled Securities.

Upon sale, redemption or conversion into BBI Stapled Securities, the tax deferral from the previously claimed CGT rollover relief will cease to apply.

Can I receive all cash instead of receiving small parcels of securities?

Alinta Shareholders who hold 1,000 shares or less may elect under the Cash Out Alternative to receive all cash in exchange for their Alinta Shares. This is effected via a sale of the Consideration Securities that you would otherwise receive under the Default Consideration and the APA Distribution. You will still receive \$0.40 of franking credits.⁸²

If you elect the Maximum Cash Alternative, you may further elect to have any Unmarketable Parcels of B&B Fund Securities, BBI EPS or APA Securities sold on your behalf for cash. However, unlike the Cash Out Alternative, these elections will not guarantee that you receive all cash.

You will not set the price at which securities are sold under the Cash Out Facility but you will not pay any brokerage for these sales.

The amount of cash received under the Cash Out Facility may differ from the aggregate value of the Share Scheme Consideration and the APA Distribution, as it depends on the prices at which your Consideration Securities can be sold on your behalf.

Notes:

⁸¹ This alternative is not available to Ineligible Overseas Shareholders or NZ Shareholders.

⁸² Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.

Questions and answers continued

Question	Answer
<p>Can I receive all cash if I hold greater than 1,000 shares?</p>	<p>The Maximum Cash Alternative allows you to receive more cash and fewer B&B Fund Securities and BBI EPS relative to the Default Consideration. You will still receive the APA Distribution.</p> <p>The maximum amount of cash you can receive (assuming no scale back and no sale of Unmarketable Parcels) is equal to the value of the Base Consideration on the Record Date.⁸³</p> <p>The exact mix of cash and securities you receive will depend on the number of Alinta Shareholders electing each alternative.</p> <p>If you elect the Maximum Cash Alternative, you may further elect to have any Unmarketable Parcels of B&B Fund Securities, BBI EPS or APA Securities sold on your behalf for cash.</p> <p>However, these elections will not guarantee that you receive all cash.</p>
<p>What if I don't make an election as to the form in which I will receive the consideration?</p>	<p>If the Scheme Proposal is Implemented and you are an Alinta Shareholder and you do not make an election in relation to the form of Share Scheme Consideration, you will receive the Default Consideration, plus the APA Distribution and franking credits.^{84,85}</p>
<p>What will I receive if I elect Default Consideration?</p>	<p>You will receive the Base Consideration, adjusted as described in section 13.2 of Part B of this Booklet, plus the APA Distribution and franking credits.⁸⁵</p>
<p>What vote is required to approve the Schemes?</p>	<p>For the Share Scheme to proceed, votes "in favour" must be received from:</p> <ul style="list-style-type: none"> > a majority in number of Alinta Shareholders who vote at the Share Scheme Meeting (in person or by proxy); and > Alinta Shareholders representing at least 75% of the total number of votes (in person or by proxy) cast by Alinta Shareholders on the resolution to approve the Share Scheme.⁸⁶ <p>For the Share Scheme to proceed, the Capital Reduction in relation to the APA Distribution must also be approved by a majority of the votes cast on the resolution at the General Meeting.</p> <p>For the Option Scheme to proceed:</p> <ul style="list-style-type: none"> > votes "in favour" must be received from a majority in number of Alinta Optionholders who vote at the Option Scheme Meeting (in person or by proxy); and > the debts and claims against Alinta of that majority must amount in aggregate to at least 75% of the debts and claims of Alinta Optionholders who vote at the Option Scheme Meeting (in person or by proxy), where claims are represented by the value of the Alinta Options.⁸⁷

Notes:

83 This does not include the value of the APA Distribution under which you may receive APA Securities. The value of the Base Consideration will be determined based on the five Business Day VWAPs immediately after the Meeting Date, which covers the days immediately prior to the Record Date on the current timetable.

84 See section 13.2 of Part B of this Booklet in relation to special arrangements applying to Ineligible Overseas Shareholders and NZ Shareholders.

85 Your ability to use the franking credits will be subject to satisfying certain "holding period" rules. You should refer to section 14.2 of Part B of this Booklet for further details.

86 For this purpose, Alinta Shares held by Babcock & Brown will be treated as a separate class, as explained in section 4.3(g) of Part B of this Booklet.

87 The value of the Alinta Options for this purpose is explained in section 13.4(c) of Part B of this Booklet.

Question	Answer
How do I vote?	Further information regarding how to vote is set out on pages 8 and 9 of Part B of this Booklet.
Where do I return my proxy?	<p>Your proxy forms must be:</p> <p>sent to: Computershare Investor Services Pty Ltd GPO Box 242 Melbourne Vic 8060 Australia</p> <p>or</p> <p>hand delivered to: Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace Perth WA 6000 Australia</p> <p>or</p> <p>faxed to: +61 3 9473 2013</p> <p>or</p> <p>submitted via online proxy: www.computershare.com/au/proxy/aan</p>
What does your Board recommend?	The Alinta Directors unanimously recommend that you vote in favour of the Scheme Proposal, in the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of the Alinta Securityholders.
What is the opinion of the Independent Expert?	The Independent Expert has considered the Scheme Proposal and has concluded that the Scheme Proposal is in the best interests of Alinta Securityholders. ⁸⁸ The Independent Expert's Report is set out in full at Annexure G in Part B of this Booklet.
What are the benefits of the Scheme?	<p>There are a number of benefits for Alinta Shareholders resulting from the Scheme Proposal, including:</p> <ul style="list-style-type: none"> > the Scheme Proposal values your Alinta Shares at a significant premium to the trading prices of Alinta Shares prior to the MBO Proposal announcement; > the value of the consideration is attractive relative to most other recent energy infrastructure transactions; > you have the opportunity to receive securities in Babcock & Brown managed infrastructure entities that are listed on ASX and have a proven track record of performance;⁸⁹ > you can elect to maximise the cash, securities or preference shares component of your Share Scheme Consideration;⁹⁰ and > you can elect to maximise the number of preference shares you receive, which is expected to maximise your CGT rollover relief.⁹¹

Notes:

88 Grant Samuel has concluded that the Share Scheme is in the best interests of Alinta Shareholders and that the Option Scheme is in the best interests of Alinta Optionholders. The full Independent Expert's Report is provided as Annexure G of Part B of this Booklet.

89 Unless you are an Ineligible Overseas Shareholder.

90 Other than Ineligible Overseas Shareholders who cannot make those elections or NZ Shareholders who cannot elect to maximise BBI EPS.

91 Other than Ineligible Overseas Shareholders and NZ Shareholders.

Questions and answers continued

Question	Answer
<p>What are the risks of the Scheme Proposal?</p>	<p>There are a number of risks that may result from the Implementation of the Scheme Proposal (including risks relating to the integration of various Alinta businesses with the businesses of BBI, BBP and BBW) that should be considered when making a decision on how to vote on the Scheme Proposal. While your Board acknowledges these risks, it believes the advantages outweigh these risks.</p> <p>For a detailed discussion of some of these risks, refer to section 12 of Part B of this Booklet.</p>
<p>What other relevant considerations are there?</p>	<p>Other relevant considerations include:</p> <ul style="list-style-type: none"> > No superior competing proposal has emerged; > Alinta has agreed not to solicit or initiate any discussions with third parties in relation to a competing proposal for Alinta; and > Alinta has agreed to pay a break fee of \$59,250,000 in certain circumstances. This break fee represents 0.75% of the value of the Scheme Proposal (as at the date it was announced). <p>Further detail regarding these considerations is set out in section 2.9 of Part B of this Booklet.</p>
<p>When will the Scheme Proposal become Effective?</p>	<p>The Share Scheme will become Effective once:</p> <ul style="list-style-type: none"> > the Share Scheme is approved by the Alinta Shareholders and the Court; > the Capital Reduction is approved by the Alinta Shareholders; and > a copy of the Court Order approving the Share Scheme is lodged with ASIC. <p>The Option Scheme will become Effective once:</p> <ul style="list-style-type: none"> > both the Share Scheme and the Option Scheme are approved by Alinta Securityholders and the Court; > the Capital Reduction is approved by Alinta Shareholders; and > copies of the Court Order approving the Option Scheme are lodged with ASIC. <p>The Share Scheme may become Effective even if the Option Scheme does not become Effective.</p> <p>For the Option Scheme to proceed, the Share Scheme must become Effective.</p>
<p>When will I receive the Consideration?</p>	<p>If the Scheme Proposal is Implemented, the Share Scheme Consideration and the APA Distribution and the Option Scheme Consideration will be distributed on the Implementation Date. Ineligible Overseas Shareholders and others participating in the Cash Out Facility should refer to section 13.2(k) of Part B of this Booklet.</p> <p>You may be able to commence trading in B&B Fund Securities and BBI EPS on a deferred settlement basis on 30 August 2007.</p>
<p>Will I be required to pay broker fees or stamp duty?</p>	<p>No. You will not have to pay any brokerage or stamp duty on the transfer of your holding of Alinta Shares or the cancellation of your Alinta Options (as the case may be) upon Implementation of the Schemes.</p> <p>Ineligible Overseas Shareholders (except for Small Alinta Shareholders) will have some brokerage deducted from the proceeds of sale of their Consideration Securities (see section 13.2(j) of Part B of this Booklet).</p>

Question	Answer
When will I receive my BBI EPS, B&B Fund Securities and APA Securities?	If the Share Scheme proceeds, it is expected that you will be registered as the holder of BBI EPS and B&B Fund Securities and APA Securities on the Implementation Date and holding statements will be dispatched as soon as practicable after that, but no later than 7 September 2007 (although this may change).
What distributions am I entitled to receive from the B&B Fund Securities?	<p>Alinta Shareholders who receive B&B Fund Securities issued under the Scheme Proposal will not be able to participate in distributions payable by the B&B Funds respectively for the accounting period ending 30 June 2007 which are expected to be paid in or around September 2007. They will participate in any distributions paid thereafter while they retain the relevant securities.</p> <p>In addition, if the Scheme proceeds Alinta will not pay a dividend in respect of the second half of the 2007 financial year.</p> <p>For further information, please refer to sections 5 to 8 of Part B of this Booklet.</p>
What if I do not want to keep BBI EPS, B&B Fund Securities or APA Securities?	<p>If the Scheme Proposal is approved and you receive Consideration Securities that you do not wish to keep, you can sell any or all of those securities on ASX. If you sell these securities on ASX, you may need to pay transaction costs on the sale (such as brokerage).</p> <p>If you are a Small Alinta Shareholder (with 1,000 shares or less), you can elect as part of the Share Scheme (use the pink form) to have any Consideration Securities you receive sold on your behalf and the proceeds remitted to you in cash. You will not incur any brokerage costs.</p>
What if I am a foreign shareholder?	Alinta Shareholders whose Registered Address is in any jurisdiction other than Australia and its external territories, or New Zealand, the United Kingdom or Hong Kong, or that are US Shareholders, cannot make an election and will not receive the Consideration Securities which would otherwise be included in the Default Consideration and the APA Distribution. Instead, the Consideration Securities ⁹² will be issued to a Nominee who will sell the Consideration Securities and return the proceeds of the sale less brokerage and the transaction costs of the sale in cash to those Ineligible Overseas Shareholders. Brokerage will be deducted from any Ineligible Overseas Shareholder who is not a Small Alinta Shareholder. Ineligible Overseas Shareholders should refer to section 13.2(j) of Part B of this Booklet.
What are the tax implications of the Scheme Proposal?	<p>The tax implications of the Scheme Proposal will depend on the specific circumstances of each Alinta Shareholder. In general:</p> <ul style="list-style-type: none"> > you will be taxed on the dividend component of the APA Distribution; > you may be able to use the franking credits attached to the dividend to reduce the tax paid on the dividend; > the capital return component of the APA Distribution should reduce the cost base of your Alinta Shares. A capital gain will arise if the capital return is more than your cost base; and > you will only be eligible for CGT rollover relief under the Share Scheme to the extent you receive BBI EPS as consideration. You will otherwise be subject to CGT on the sale of your Alinta Shares to the Bidder. <p>Please refer to section 14 of Part B of this Booklet for further detail on the tax implications of the Scheme Proposal.</p>

Note:

92 Subject to substituting an equal value of BBI Stapled Securities for any BBI EPS.

Questions and answers continued

Question	Answer
<p>What will happen if the Scheme Proposal does not proceed?</p>	<p>If the Scheme Proposal does not proceed, the Bidder will not acquire Alinta by means of the Scheme Proposal. Alinta Shareholders will retain their Alinta Shares and Alinta Optionholders will retain their Alinta Options unless they dispose of them otherwise. The Capital Reduction will not proceed. Transaction costs will be payable by Alinta in connection with the Scheme Proposal. If no Competing Proposal emerges, the Alinta Share price may fall. It is likely that Alinta will pursue the Internal Restructure Proposal, or some variant of it. The Internal Restructure Proposal is discussed in section 2.5 of Part B of this Booklet.</p>
<p>What happens if the Share Scheme proceeds but the Option Scheme does not proceed?</p>	<p>If the Option Scheme does not proceed but the Share Scheme does proceed, Alinta Optionholders will retain their Alinta Options. Alinta Options (and any Alinta Shares issued on exercise of the Alinta Options) may be compulsorily acquired by the Bidder. See section 15.4 of Part B of this Booklet.</p>
<p>Why did the Alinta Directors recommend the Scheme proposal and not the MBO Proposal or one of the proposals from the Macquarie Bank Consortium?</p>	<p>The Alinta Directors' reasons for recommending the Scheme Proposal (including their consideration of other alternatives) are set out in detail in section 2 of Part B of this Booklet.</p>
<p>What other information is available?</p>	<p>This Booklet provides detailed information in relation to the Scheme Proposal that all Alinta Securityholders should read.</p> <p>If you have any questions or require further information, you can call the Alinta Information Line on 1800 135 107 (within Australia) or +61 2 8268 3641 (outside Australia), Monday to Friday between 7.00am and 5.00pm (WST) 9.00am to 7.00pm (AEST).</p> <p>Further information on the Consideration Securities is available on the following websites: BBI: www.bbinfrastructure.com BBP: www.bbpower.com BBW: www.bbwindpartners.com APA: www.pipelinetrust.com.au</p> <p>Alternatively, please contact your legal, financial, taxation or other professional advisor.</p>

VOTE YES

Your Board unanimously recommends
that you vote in favour
of the Scheme Proposal⁹²

Note:

⁹² In the absence of a superior proposal and provided that the Independent Expert continues to conclude that the Scheme Proposal is in the best interests of Alinta Securityholders.



Alinta