



FACT SHEET – MACQUARIE BANK AND ALINTA

January 22, 2007

1. **CLAIM:** Macquarie originated the transaction.

FACT: Macquarie did not originate the transaction. When Macquarie was first approached about the Management Buy Out (MBO) proposal, it was advised that proposal had been worked on for some time with the knowledge and approval of Alinta's Independent Directors who had appointed advisers to evaluate it on their behalf.

2. **CLAIM:** Macquarie was hired by the MBO team between January 2 and January 8, 2007.

FACT: This is not the case. Macquarie has always made clear that it would only progress any MBO proposal on a friendly basis and with the informed consent of the Alinta Independent Directors.

3. **CLAIM:** Macquarie should not have accepted a mandate to advise the MBO Group.

FACT: Macquarie has not accepted a mandate to advise the MBO Group. Macquarie has always made clear that it would only progress any proposal to Alinta on a friendly basis, with the informed consent of the Alinta Independent Directors. Macquarie's potential conflicts with regard to Alinta are manageable, given this consent has been obtained.

4. **CLAIM:** Macquarie sought to advise on both sides of the transaction.

FACT: Macquarie had never sought to advise both sides. Macquarie never sought to advise the company on the proposed MBO. When Macquarie was approached, it was informed that Alinta's Independent Directors were receiving advice on the MBO proposal from Carnegie Wylie and Co and JPMorgan and Co. Macquarie has always made clear that it would only progress any proposal to Alinta on a friendly basis, with the informed consent of the Alinta Independent Directors and in accordance with appropriate protocols agreed with the Alinta Independent Directors.

5. **CLAIM:** Macquarie was conflicted by its advisory roles, including on the restructure of Alinta.

FACT: The potential conflict could be managed in consultation between Macquarie and the Alinta Independent Directors. For example, it was never envisaged that Macquarie would advise on both the restructure and be involved in the MBO proposal at the same time.

6. **CLAIM:** Macquarie should have immediately refused the request of Alinta's Chairman to consider advising the MBO Group.

FACT: Macquarie had been informed at this time that the MBO proposal was being developed with the knowledge and consent of the Alinta Independent Directors. Macquarie at all times considered, and still considers, that potential conflicts could be managed with the informed consent of the Alinta Independent Directors. Alinta publicly stated that it believes it is in shareholders' best interests for Macquarie to be eligible to participate in bidding for the company. Macquarie will not have any role without the informed consent of Alinta Independent Directors.

7. **CLAIM:** Macquarie should not have considered the proposed MBO because of its previous five year relationship advising Alinta.

FACT: The Alinta Independent Directors have publicly stated they want Macquarie in the sales process. Macquarie has consistently stated that it will only participate with the informed consent of the Alinta Independent Directors. Macquarie and Alinta are working to finalise protocols to manage potential conflicts. In addition, the Alinta Independent Directors put in place protocols to regulate the participation of the MBO Group in any process.

8. **CLAIM:** Macquarie turned from “friendly adviser to potential predator”.

FACT: Macquarie has consistently stated it would only participate in the transaction on a friendly basis, with the informed consent of the Alinta Independent Directors. Macquarie was first contacted by the Chairman of Alinta, John Poynton on January 2, 2007, requesting its involvement in advising the MBO Group. Macquarie was advised this request followed an unsuccessful attempt by the MBO Group under advice from another investment bank. Macquarie was advised that the Alinta Independent Directors had been aware of the MBO proposal for some time and were receiving independent advice on the MBO proposal from Carnegie Wylie & Company and JP Morgan and Co. Macquarie would not act as a “potential predator” in a friendly bid which would proceed only if informed consent by Alinta Independent Directors was obtained.

9. **CLAIM:** Macquarie developed a proposal prior to informing the Alinta Independent Directors and acted wrongly in waiting six days to approach the Alinta independent Directors regarding its offer to consider participating in a proposed MBO.

FACT: Macquarie was advised the proposal had been worked on for some time with the knowledge and approval of Alinta’s Independent Directors. It was necessary for Macquarie to identify the broad parameters within which it could progress a proposal, to allow the Alinta Independent Directors to determine whether they were interested in progressing the matter on an agreed basis and in accordance with appropriate protocols.

10. **CLAIM:** As adviser to Alinta, Macquarie’s duty was to act in the best interests of Alinta.

FACT: Macquarie has always made clear it would only progress the MBO proposal on the basis that

- the proposal was friendly;
- it had been approved by the Alinta Independent Directors and therefore believed by them to be in the best interest of shareholders;
- that appropriate procedures to manage conflicts of interest were in place.

11. **CLAIM:** Macquarie didn’t give appropriate consideration to the potential conflicts.

FACT: Macquarie appropriately recognised the potential conflicts of interest and sought legal advice in relation to its involvement. Macquarie believes the potential conflicts can be managed with the informed consent of the Alinta Independent Directors. Macquarie’s indication of its potential interest in a role was considered and approved at all appropriate management levels.