

ALLCO FINANCE GROUP (AFG) ANNOUNCES THE SALE OF THE TEHACHAPI, US WIND DEVELOPMENT PROJECT

6/17/2008

ASX-listed Allco Finance Group ("Allco") and a consortium comprising the US-based ArcLight Capital Partners and Terra-Gen Power, have today agreed to the sale and purchase of Allco's and its co-investors' US wind energy interests for a total sale price of US\$325 million. The interests being sold comprise a circa 3100MW wind development project in Tehachapi, California, one of the largest wind development projects in the world.

Allco and its co-investment partners will realize significant liquidity and profitability from the sale which is part of a previously announced Allco asset sales program.

Nick Bain, Allco's Head of Infrastructure, said, "This sale has delivered to Allco and its co-investment partners a highly profitable outcome in a relatively short time frame, a result of Allco's decision 2 years ago to establish its global wind energy business."

Steen Stavnsbo, Allco's Head of Wind Energy, added "In Tehachapi, we have benefited greatly from our relationship with our development partner, Oak Creek Energy Systems, a subsidiary of Japanese Marubeni Corporation, who has played a pivotal role in the development of the project to date."

Allco's after tax share of sale proceeds is expected to be approximately \$165 million, which it will use to further pay down its senior debt facilities with its banking syndicate. In addition, on closing of the sale, Allco will be released from certain letter of credit obligations totaling \$65 million. Allco's corporate senior debt and contingent commitments are expected to be reduced by approximately \$230 million in total as a result of the sale, based on current exchange rates.

Allco's current drawn borrowings and contingent commitments under its senior debt facilities is \$935 million. As a result of the Tehachapi sale and other asset sales, Allco will be targeting a senior debt level of \$675 million by 31 July 2008.

The sale is subject to certain regulatory approvals which are expected to be satisfied by the end of July 2008.

The Tehachapi wind development project is the largest single wind development in the US under one controlling entity. The project is supported by a landmark 1550MW power purchase agreement with Southern California Edison that was negotiated and announced by Allco in December 2006.

Tehachapi is one of the main wind zones in California. California has set a 20% requirement for renewable energy by 2010 and a recommended target of 33% by 2020.

Allco was advised by Marathon Capital, LLC, a leading financial advisor in the US energy industry, and Kaye Scholer, as lead legal counsel.