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ASX Statement/Media Release

**TRANSFIELD SERVICES ANNOUNCES IPO OF
INFRASTRUCTURE ASSETS**

- **Transfield Services Infrastructure Fund Initial Public Offering (IPO) to be launched in May**
- **Increased stake in Loy Yang A Power Station, 14.03 per cent ownership, will be included in the Fund**
- **Transfield Services' shareholders will be given priority in the IPO**

The Chairman of Transfield Services, Mr Tony Shepherd, announced today that Transfield Services would launch an IPO of its portfolio of infrastructure assets in May.

At launch, the Transfield Services Infrastructure Fund's (the Fund) portfolio will comprise seven existing Transfield Services assets - five power stations and two water filtration plants.

The Fund will actively consider investments in a wide range of asset classes worldwide under its investment mandate, including transport, toll roads, industrial infrastructure and social infrastructure.

This strategy benefits Transfield Services in two ways - by providing a separate funding source for growing its infrastructure investments and by driving growth in Transfield Services.

Transfield Services will manage the Fund and will also be the preferred provider of operations and maintenance services for new assets acquired by the Fund.

The Managing Director and CEO of Transfield Services, Mr Peter Watson, said today: "Transfield Services intends to launch the Fund to give both the Fund and Transfield Services the ability to take advantage of new opportunities in the infrastructure and services sectors."

"The Fund will give Transfield Services flexibility to grow by allowing a more efficient use of capital. The intention is for the Fund to pursue acquisitions and further develop its portfolio of infrastructure assets," he said.

It is currently intended that the offer will:

- consist of an offer of stapled securities - consisting of one unit in Transfield Services Infrastructure Trust, stapled to a share in each of Transfield Services Infrastructure Limited and TSI International Limited;
- be for approximately 51 per cent of the Fund, with Transfield Services retaining approximately 49 per cent ownership in the Fund once the infrastructure listing is complete;
- result in a raising of approximately \$250 million gross.

With the increased stake in Loy Yang A Power Station, the Fund will have a total asset base of more than \$1 billion.

Transfield Services announced on 30 March 2007 that it had increased its stake in Loy Yang A Power Station by acquiring a further 4.71 per cent from Mitsui & Co. for a total acquisition and associated costs of \$64.4 million, increasing its ownership to 14.03 per cent of the power station and mine.

The Company will appoint Mr Peter Young as the Independent Chairman of the Fund's Boards. The Boards will have a majority of independent directors and the other members will be Mr David Mathlin, Ms Kate Spargo, Mr Tony Shepherd and Mr Peter Watson.

Transfield Services' Chief Strategy Officer, Mr Steve MacDonald, will be appointed Chief Executive Officer of the Fund.

At launch, the Fund will be comprised of:

- Townsville Power Station - located in Queensland with 220 MW capacity
- Collinsville Power Station - located in Queensland with 180 MW capacity
- Kemerton Power Station - located in Western Australia with 260 MW capacity
- BP Kwinana Cogeneration Plant - located in Western Australia with 118 MW capacity (30 per cent ownership)
- Loy Yang A Power Station - located in Victoria with 2,120 MW capacity (14.03 per cent ownership)
- Macarthur Water Filtration Plant - located in New South Wales with 265 ML/day capacity (50 per cent ownership)
- Yan Yean Water Filtration Plant - located in Victoria with 155 ML/day capacity (50 per cent ownership)

Transfield Services will also continue to manage, operate and maintain Townsville, Collinsville and Kemerton Power Stations, ensuring their long term reliability and performance.

Preparations for the listing of the infrastructure portfolio are advanced and Transfield Services intends to make available a combined prospectus and product disclosure document (Offer Document) in May 2007. Transfield Services has appointed UBS as Financial Adviser and both UBS and ABN AMRO Rothschild as the Joint Lead Managers for the IPO.

Mr Shepherd said Transfield Services' existing shareholders would be given access to the Fund via the IPO. Shareholders will be sent further information in due course.

There will be no offer to the general public. The Offer Document will be made available when the securities are offered. Those wishing to acquire the securities will need to complete the application form that will be in, or will accompany, the Offer Document. Potential applicants should consider the Offer Document before deciding whether to acquire the securities.

Transfield Services is a leading global provider of operations, maintenance, and asset and project management services. In addition, it owns, operates, and maintains major infrastructure assets.

Transfield Services has more than 20,000 employees working across Australia, New Zealand, the United States, the United Arab Emirates, Qatar, South East Asia, India, and Canada.

The Company operates across diverse industries including: mining and process; hydrocarbons; roads; rail and public transport; water; power; telecommunications; facilities management; and defence. Transfield Services Limited is publicly listed in Australia and included in the S&P/ASX 200 with a turnover of A\$2 billion.

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