

BABCOCK & BROWN POWER

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ASX Release

20 June 2007

UPGRADE TO ESTIMATED DISTRIBUTION FOR THE PERIOD FROM 11 DECEMBER 2006 TO 30 JUNE 2007

Babcock & Brown Power (ASX:BBP) today announces an estimated distribution of 14 cents per stapled security ("cps") for the period from 11 December 2006 to 30 June 2007. The distribution is expected to be fully tax deferred.

The estimated distribution guidance of 14cps is an upgrade from the previous guidance of 12.6cps disclosed in the BBP Prospectus & PDS dated 10 November 2006 ("Offer Document"). The revised guidance of 14cps reflects the earnings upgrade announced on 26 April 2007 with EBITDA (before associates) for the year ended 30 June 2007 expected to be more than 12.5% higher than the forecast of \$91 million disclosed in the Offer Document.

Timetable

Key dates relating to the distribution are as follows:

- BBP will trade cum-distribution until close of business on Friday, 22 June 2007, and will be quoted ex-distribution from Monday, 25 June 2007.
- The Record Date for entitlement to the distribution will be Friday, 29 June 2007.
- The actual distribution will be confirmed following the announcement of BBP's full year financial results on or about 29 August 2007.
- The payment of the distribution is expected to occur on or about 17 September 2007.

ENDS

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About Babcock & Brown Power

Babcock & Brown Power (ASX:BBP) is a power generation business, with assets diversified by geographic location, fuel source, customers, contract types and operating mode. Its aim is to grow returns to its securityholders through optimisation of its existing power generation business and the addition of further power assets via a combination of new construction and strategic acquisitions.

The portfolio has interests in seven operating power stations and one power station under construction and due for completion in late 2008. The portfolio has a total electricity generation capacity of approximately 2,900 MW.¹ Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years. Four of the power stations have been co-developed by Babcock & Brown from green field development opportunities and four have been acquired from other operators.

Portfolio Summary

Power station	Location	Equity interest (%)	Fuel	Operations Start Date	Capacity (MW)	Operating Mode	Offtake
Operating power stations							
Braemar	Queensland	85% ¹	Gas	September 2006	455MW	Intermediate	Energex/Market
Oakey	Queensland	50%	Gas	January 2000	286MW	Peak	Enertrade
Redbank	NSW	100%	Coal	April 2001	135MW	Base load	EnergyAustralia
Ecogen (Jeeralang)	Victoria	73%	Gas	1980	449MW	Peak	TRUenergy
Ecogen (Newport)	Victoria	73%	Gas	1980	510MW	Peak	
Flinders (Playford)	South Australia	100%	Coal	1960-1964	240MW	Intermediate	Various/Market
Flinders (Northern)	South Australia	100%	Coal	1985	527MW	Base load	Various/Market
Under construction							
NewGen Kwinana	Western Australia	70% ¹	Gas	late 2008 (projected)	320MW	Base load	Synergy
Total of operating and under construction					2,922MW²		
Contracted power offtake							
Osborne contracts	South Australia	100%	Gas/cogeneration		180MW	Base load	Various/Market

¹ Direct and indirect equity interest.

² BBP's equity interest in the assets is equivalent to 2,350MW.

For further information please visit our website: www.bbpower.com

¹ Some assets have minority shareholders. BBP's equity interest in the assets is equivalent to approximately 2,370 MW.