

BABCOCK & BROWN POWER

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ASX Release

18 July 2008

BBP AGREES TO SELL 73% EQUITY STAKE IN ECOGEN FOR \$87 MILLION

- **BBP has agreed to sell its 73% equity interest in the Ecogen power generation business (Newport and Jeeralang Power Stations) to Ecogen co-shareholder Industry Funds Management (“IFM”) for \$87 million.**
- **The sale price of \$87 million compares to the original acquisition cost of approximately \$59 million.**
- **The net proceeds from the sale of \$79 million will be deployed to pay down a portion of BBPH¹ debt.**

Babcock & Brown Power (ASX:BBP) has agreed to sell its 73% equity interest in the Ecogen power generation business (“Ecogen”) to IFM for a gross value of \$87 million. BBP’s component of the Ecogen debt facility of approximately \$93 million will be assumed by IFM.

BBP will receive net proceeds of \$79 million from the disposal which will be used to repay a portion of the current BBPH corporate debt facility. The combined net proceeds from the sale of Ecogen and the recent sale of Uranquinty will reduce the proposed BBPH debt refinancing requirement from \$360 million to approximately \$122 million. The sale of Ecogen does not affect the previously announced FY2009 distribution guidance of 13 to 18 cents per security.

Len Gill, BBP Chairman said “The sale of Ecogen highlights the underlying value placed on quality power generation assets and is a further demonstration of BBP’s commitment to progressively reduce gearing.”

Ecogen

Newport and Jeeralang Power Stations, located in Victoria, together constitute the Ecogen power generation business.

Newport is a 510MW gas-fired thermal power station located within the Melbourne metropolitan area, adjacent to the CBD. Jeeralang comprises seven

¹ BBP Holdings Pty Ltd

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dual-fuel fired Open Cycle Gas Turbines (OCGT) with an aggregate capacity of 519MW, and is located in close proximity to the Gippsland Basin gas fields.

ENDS

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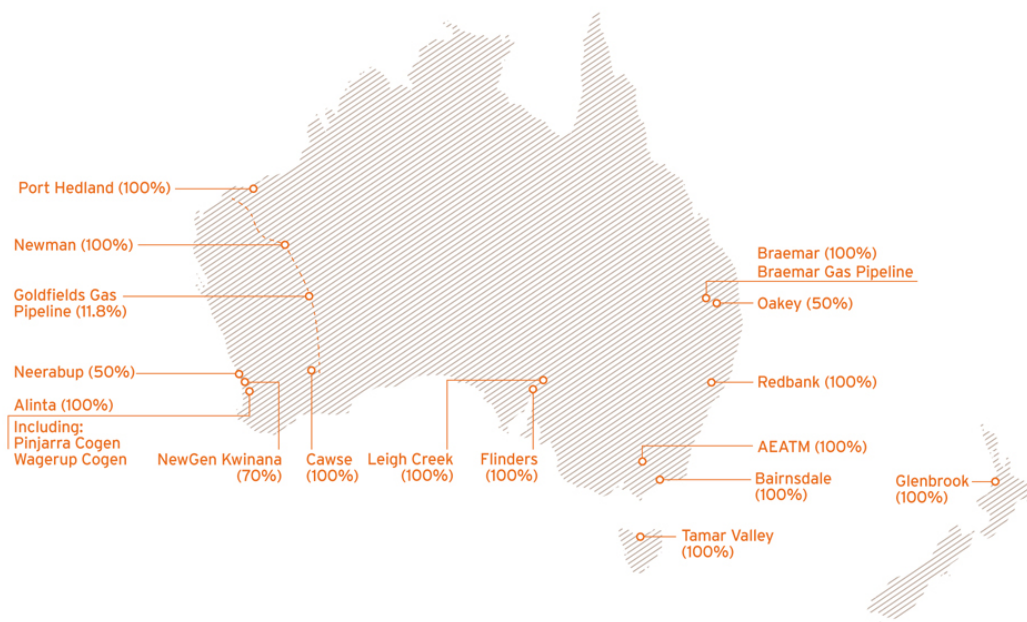
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About Babcock & Brown Power

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 generation assets and associated businesses via a combination of new construction and strategic acquisitions.

The portfolio has interests in 12 operating power stations representing over 3,000MW² of installed generation capacity and four power stations under construction. BBP has interests in a number of other associated power assets including the WA retail assets Alinta. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

Portfolio Summary



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

² Some assets have minority shareholders.