BABCOCK & BROWN
POWER

Babcock & Brown Power Limited · ABN 67 116 665 608
Babcock & Brown Power Services Limited · ABN 37 118 165 156
as responsible entity for Babcock & Brown Power Trust · ARSN 122 375 562
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9235 3496 · www.bbpower.com

ASX Release

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INAUGURAL FULL YEAR 2007 RESULT

Babcock & Brown Power (ASX:BBP) today announced FY2007 EBITDA[1] of $118 million, in line with recent market guidance and 23% higher than forecast at IPO in December 2006. A fully tax deferred distribution of 14 cents per security is payable on 17 September 2007. This distribution does not include proceeds from re-gearing, refinancing or restructuring initiatives and was paid from BBP's operating cash flows.

Key Highlights FY07

- Revenue of $535 million was well ahead of expectations reflecting sustained increases in spot electricity prices over the year.
- EBITDA[1] of $118 million was 23% higher than forecast at IPO and in line with recent Alinta Scheme guidance.
- The Braemar and Flinders assets performed above expectations in terms of both the capacity factors and spot prices achieved. This was a reflection of reduced generating capacity in Queensland and the Snowy region due to the prolonged drought conditions across south eastern Australia.
- Total Securityholder Returns of 38% from listing in December 2006 to 30 June 2007 versus a benchmark ASX200 Accumulation Index return of 18%. Despite recent equity market volatility BBP continues to outperform the benchmark index.
- On track to deliver FY08 distributions of 26.1 cents per security as recently announced to the market. A medium term target rate of 4% per annum has been re-confirmed.

Alinta Acquisition

- BBP will acquire interests in the Alinta power generation and energy market assets in early September.
- The acquisition will be funded through the issue of approximately 335 million BBP securities and limited recourse debt facilities of approximately $1.5 billion which have already been executed with a

[1] Excludes material accounting adjustments as disclosed in Appendix 4E

number of relationship banks. Gearing will be within BBP's target range of 60-65%.

- The proceeds of the debt facilities will be applied towards the Alinta acquisition and associated refinancing and will also provide flexibility to fund other activities as required.
- The ownership outcome of AlintaAGL will be resolved by the end of this year. If BBP owns 100% of AlintaAGL this will provide a significant and scaleable retail position which will underpin the development of new generation capacity in WA. If AlintaAGL is sold to AGL Energy, BBP will be well capitalised with available funds for future value accretive developments and acquisitions.
- Transition management is well underway for these strategically important infrastructure assets which will deliver long term value for securityholders and significant expansion opportunities.

Outlook

- Despite recent heavy rainfalls in Queensland and the expected snow flow into Snowy Hydro over summer, BBP anticipates robust pricing throughout FY08 and remains well positioned to capitalise on these market conditions. However, BBP expects the tight supply/demand conditions that have positively affected spot prices to correct over the next few years.
- BBP re-affirms Scheme FY08 pro forma EBITDA guidance of $389 million and a distribution of 26.1 cents per security.

Paul Simshauser, CEO said "We are very pleased with the performance of the existing portfolio of assets which have capitalised on the strong operating conditions. We will continue to optimise performance and harvest efficiencies from these assets.

"With the acquisition of the Alinta assets, BBP is well placed to participate in energy market consolidation. Further examination of energy retailing and fuel procurement options will be undertaken as part of a broader vertical integration strategy.

"However, over the next six months the integration and transition management of Alinta and the associated debt refinancing will be a priority. We will continue to focus on ensuring we deliver securityholders attractive and sustainable cash distributions as well as the benefits of long term capital growth."

ENDS

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Further Information:

Paul Simshauser
Chief Executive Officer
Babcock & Brown Power
Ph + 61 2 9229 1848

Fiona Osler
Investor Relations
Babcock & Brown Power
Ph + 61 2 9216 1383

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.[2] 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[(1)]	Fuel	Operations Start Date	Capacity	Operating Mode	Offtake
Operating power stations							
Braemar	Queensland	85%	Gas	September 2006	455MW	Intermediate	Origin/Market
Oakey	Queensland	50%	Gas	January 2000	286MW	Peak	Enertrade
Redbank	NSW	100%	Coal	April 2001	148MW	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%	Gas	Late 2008 (projected)	320MW	Base load	Synergy
Uranquinty	NSW	70%	Gas	late 2008 (projected)	640MW	Peak	Various/Market
Total of operating and under construction					**3,575MW**		
Contracted power offtake							
Osborne contracts	South Australia	100%	Gas / cogeneration		180MW	Base load	Various/Market

(1) Direct and Indirect equity interest

[2] Some assets have minority shareholders.