

## 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

24 September 2007

#### **AlintaAGL Price Notification**

AlintaAGL is a joint venture between Alinta and AGL Energy (“AGL”) with Alinta owning 67% and AGL owning the remaining 33%. As foreshadowed in the Alinta Scheme Booklet, implementation of the Alinta Scheme triggered AGL’s option to acquire Alinta’s 67% interest in AlintaAGL. AGL has an option to acquire Alinta’s interest in AlintaAGL at an exercise price set by Alinta. If AGL does not exercise its option, AGL is obliged to sell its 33% interest in AlintaAGL to Alinta and Alinta is obliged to buy at the pro-rated equivalent price.

On 21 September 2007, Alinta set the exercise price at \$1,060 million. AGL has up to three months from this date to exercise its option.

If AGL exercises its option, the proceeds of sale will be received by Babcock & Brown Power (ASX:BBP). If AGL does not exercise its option, Alinta will acquire AGL’s 33% interest in AlintaAGL at a pro-rated equivalent price of \$522 million. In this event, BBP will fund the acquisition through committed debt facilities, thus increasing its gearing (net debt/net debt plus equity) to approximately 66%, which is still within BBP’s targeted gearing range. No additional equity funding is required for the acquisition.

Paul Simshauser, CEO of BBP said “The potential acquisition of the remaining minority interest in AlintaAGL would provide BBP with an outstanding base from which to develop a sizeable energy business with strong growth opportunities in the high growth WA market. Furthermore, the acquisition of the cogeneration plant and the open cycle plant would increase BBP’s gas fired generation portfolio and further reduce BBP’s carbon footprint.

“We anticipate the acquisition would be yield accretive from 2009F with the 2008F DPS of 26.1cps also maintained.”

At the exercise price, the enterprise valuation for AlintaAGL is as follows:

**AlintaAGL Enterprise Value**

<b>\$m</b>	<b>33%</b>	<b>67%</b>	<b>Total</b>
Equity	522	1,060	1,582
Debt	167	339	506
<b>Enterprise Value</b>	<b>689</b>	<b>1399</b>	<b>2,088</b>

**Key metrics associated with the AlintaAGL business based on Alinta's grossed up acquisition price for the 33% interests in AlintaAGL are as follows:**

- \$1,200/mass market gas customer.
- \$2,500/SME gas customer.
- \$0.1/GJ pa wholesale gas and \$1.50/MWh pa wholesale electricity portfolio.
- \$1,400/kW generation capacity installed.

**Benefits to BBP from the acquisition of the remaining 33% AlintaAGL where AGL does not exercise its option:**

*Opportunity to control a sizeable energy retailing business*

- Incumbent WA gas player with a dominant market position.
- WA is a high growth state with an energy intensive economy.
- Sizable retail gas customer base.
- Expanding industrial gas and electricity customer base.
- Expected Full Retail Contestability (FRC) for electricity in 2010/2011.
- Established retail systems and capabilities scalable for FRC with vertically integrated energy position.
- Development pipeline of generation opportunities to serve the growing electricity customer base.

*Low carbon emissions cogeneration plant and open cycle plant*

- AlintaAGL established an alliance with Alcoa to develop cogeneration facilities at Alcoa's alumina refineries in WA
  - 140MW<sup>1</sup> Pinjarra 1 commissioned 2006.
  - 140MW<sup>1</sup> Pinjarra 2 commissioned 2007.
  - 360MW<sup>1</sup> Wagerup expected to be commissioned summer 2007/08.

---

<sup>1</sup> Estimated name plate capacity

- The Pinjarra facilities comprise AlintaAGL's current cogeneration activities and maximise fuel efficiency (and therefore minimise emissions) by burning natural gas to create process steam for Alcoa as well as generating electricity.
- Increases BBP's gas fired generation portfolio from approx 70% to 80%.
- Reduces the carbon intensity of the entire BBP generation portfolio by more than 10%.
- Baseload cogeneration facilities have very low emissions footprints, at just 0.27t/MWh compared to 0.9t/MWh for coal.

### **Funding**

As previously announced, BBP has executed limited recourse debt facilities totalling \$1,556 million for the purposes of facilitating the Alinta acquisition. In addition, BBP has sufficient, fully committed debt facilities available to purchase AGL's 33% interest in AlintaAGL at the exercise price. It is important to emphasise that BBP's participation in the Alinta transaction was carefully structured to ensure that we did not need to raise additional equity in order to fund the acquisition of the 33% interest in AlintaAGL.

### **Benefits to BBP from the disposal of the 67% interest in AlintaAGL where AGL does exercise its option**

BBP believes that there are many attractive opportunities likely to be available to it on terms which will be accretive to BBP securityholder value.

In the event that AGL exercises its call option and acquires the 67% interests in AlintaAGL from Alinta, BBP would receive payment of \$1,060 million. This will leave BBP very well capitalised to take advantage of these growth options and identified potential upcoming investment opportunities.

BBP will always retain a strong focus on deploying its capital prudently and in a manner which enhances securityholder value. In the event that deployment on this basis is not possible then BBP may return excess cash to securityholders.

### **Integration**

BBP established an Alinta Transition Team in April 2007 and the team is currently working on integrating the assets purchased from Alinta. Andrew Kremor, BBP's General Manager Energy Markets and Tom Richardson, BBP's General Manager Integration, will be responsible for the integration of the BBP and AlintaAGL business should BBP succeed in acquiring the outstanding minority interest in AlintaAGL.

### **ENDS**

---

#### **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**

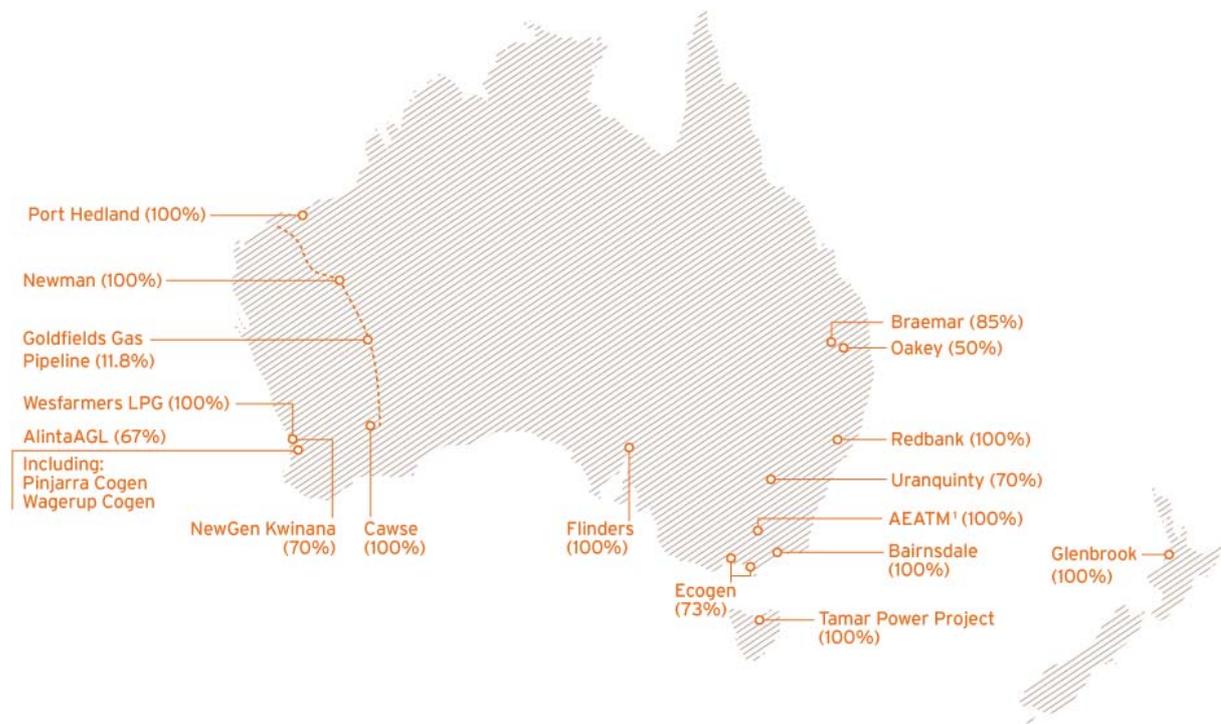
Babcock & Brown Power (ASX:BBP) is a power generation business, with assets diversified by geographic location, fuel source, customers, contract types and operating mode. Its aim is to grow returns to its securityholders through optimisation of its existing power generation business and the addition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

The portfolio has interests in thirteen operating power stations representing over 3,300 MW<sup>2</sup> of installed generation capacity and five power stations under construction. BBP owns a number of other associated power assets the largest being a 67% stake in the WA retail assets of AlintaAGL. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

---

<sup>2</sup> Some assets have minority shareholders

## Portfolio Summary



For further information please visit our website: [www.bbpower.com](http://www.bbpower.com)