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ASX Release

11 May 2007

**ENHANCED RECOMMENDED PROPOSAL FOR ALINTA**

Babcock & Brown Power (ASX:BBP) today announced that as a member of the Babcock & Brown (ASX:BNB) and Singapore Power International Pte Ltd ("SPI") consortium ("Consortium") it has been advised by the Board of Alinta Limited ("Alinta") that the Board will again recommend to shareholders[1] the Consortium's proposal ("Proposal") to acquire the whole of the share capital of Alinta.

As previously announced, BBP has agreed to acquire the Alinta power generation portfolio and 67% of the WA retail assets currently owned by Alinta. Under the Proposal, the purchase of these assets will be funded through the issue of 335 million BBP stapled securities at a fixed ratio of 0.669 per Alinta share and a cash contribution of $25 million to be sourced through committed debt representing a combined incremental contribution of approximately $37.5 million to the Consortium's proposal and therefore Alinta shareholders. The increase in consideration from the initial offer dated 30 March 2007 reflects the exposure of the Alinta power generating portfolio and LPG assets to favourable market conditions.

Peter Hofbauer, Chairman of BBP, said, "Securing the Alinta assets represents a unique opportunity for BBP to further expand its gas-fired generation business with a portfolio of high quality assets as well as creating a path to new business streams through AlintaAGL. Since agreeing to the original Scheme Implementation Agreement, BBP has identified further prospects for growing our business from the Alinta assets in both generation and downstream."

Upon completion, the acquisition of the power generation assets is expected to be immediately accretive to BBP's June 2008 distribution guidance of 24.0 cents per security.  BBP reaffirms medium term expectations of 4% per annum growth in distributions.

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[1] In the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the Proposal is in the best interests of Alinta shareholders.

The proposed timetable at the present time assumes the Scheme Book will be lodged with ASIC in approximately 4-5 weeks. Under this timetable the Scheme is expected to be completed at the end of August 2007.

Full details of the consideration offered by the Consortium under the Proposal are contained in the BNB announcement attached to this announcement.

**ENDS**

**Further Information:**

| | |
|---|---|
| Paul Simshauser | Fiona Osler |
| Chief Executive Officer | Investor Relations |
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**About Babcock & Brown Power Limited**

Babcock and 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 initial 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**

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

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| 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** | | | | | **2,922MW[2]** | | |
| **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

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11 May 2007

## ENHANCED RECOMMENDED PROPOSAL FOR ALINTA - $16.46 PER SHARE

International investment and advisory firm Babcock & Brown (ASX: BNB) today announced that it has been advised by the Board of Alinta Limited ("Alinta") that the Board will again recommend to shareholders[1] a proposal (the "Proposal") submitted by a consortium including Babcock & Brown Limited, Singapore Power International Pte Ltd ("SPI") and three Babcock & Brown managed funds ("the Consortium") to acquire the whole of the share capital of Alinta by way of a Scheme of Arrangement ("Scheme").

The Babcock & Brown managed funds that form part of the Consortium are Babcock & Brown Infrastructure (ASX: BBI), Babcock & Brown Power (ASX: BBP), and Babcock & Brown Wind Partners (ASX: BBW).

Phil Green, Chief Executive of Babcock & Brown said, "Our enhanced Proposal of $16.46 per Alinta share (including franking credits)[2] represents an increase of approximately 7% over the earlier proposal recommended on 30 March 2007 and importantly gives Alinta shareholders additional flexibility through the introduction of a number of different options. Shareholders now have the option to elect to:

- maximise the cash received;
- maximise the scrip in the Babcock & Brown managed funds received; or
- maximise CGT rollover relief through maximising the receipt of BBI exchangeable preference shares (BBIEPS).

Alinta shareholders will continue to have the option to receive a base offer mixture of scrip and cash. Alinta shareholders can now seek to tailor the consideration to their individual circumstances.

"The Alinta Board's recommendation of the Consortium's Proposal reflects the underlying value of the Proposal including the demonstrable track records of the

[1] In the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the Proposal is in the best interests of Alinta shareholders.

[2] Valued as shown in the table below under "The Proposal Terms".

Babcock & Brown managed funds in delivering security holder value through strong tax deferred distribution growth paid from operating cashflows and upside potential through both acquisitions, organic and step-change growth opportunities.

“The management credentials of the Funds are reflected in the strong operating fundamentals which have led to the recently announced improved earnings & distribution guidance. We expect these features to be highly attractive to Alinta shareholders.

“The transaction remains attractive for Babcock & Brown’s managed funds particularly in light of the ongoing improvements in the respective business environment in which the Alinta businesses operate, which has continued to deliver improvements to the outlook for these associated businesses. The Alinta portfolio of assets is high quality, strategically important and complementary to existing asset portfolios. As such it delivers significant scale, synergies and organic and step-change growth opportunities. The cash generative nature of the assets will allow our managed Funds to continue to focus on a strong cash distribution profile. Furthermore this transaction enables BBI to achieve a more efficient capital structure through the introduction of BBIEPS. The benefits from this improved capital structure provides significant incremental value to Alinta shareholders”

The parties have signed a revised Scheme Implementation Agreement (“SIA”) and the Scheme remains subject to the receipt of various regulatory approvals. The Consortium is confident of securing these approvals prior to the commencement of the Scheme. It is expected that the transaction will be completed by the end of August 2007.

## THE PROPOSAL

The Proposal has been valued by the Alinta Board at $16.06[5] per Alinta share. In addition, the consideration is structured to include a fully franked dividend with franking credits valued at up to 40 cents per Alinta share, increasing the total value to $16.46[5] per share for those shareholders who can make full use of the franking credits.[3]

[3] The cash component of the consideration may be subject to certain Alinta working capital and other adjustments. These are expected to be minor.

## The Proposal

| For each Alinta share the Proposal comprises[4]: | Price [5] | Value |
|---|---|---|
| Cash | | $8.93 |
| 1.599 BBI exchangeable preference shares[6] | | $1.60 |
| 0.752 BBI securities | $1.965 | $1.48 |
| 0.669 BBP securities | $3.44 | $2.30 |
| 0.260 BBW securities | $1.86 | $0.48 |
| 0.301 APA securities | $4.23 | $1.27 |
| Franking credits distributed via a special dividend or buyback | | $0.40 |
| **Total per Alinta share** | | **$16.46** |

Note: All amounts shown are A$ per security; the BNB fund securities will be issued following the scheme meeting approving the transaction (currently scheduled for late August 2007). Alinta shareholders who receive securities as a result of the scheme of arrangement will not be entitled to distributions paid for the half year ended 30 June 2007 but will rank pari passu for the distribution for the period ending 31 December 2007 for BNB fund securities.

1. As at close of trade 11am 8 May 2007 the time immediately before the Funds went into trading halt.

The Proposal (excluding franking credits) represents a premium of 49% to Alinta's 30 day VWAP of $10.80 prior to the announcement by Alinta of a potential management buyout proposal on 9 January 2007.

The BBIEPS have been introduced as part of the enhanced Proposal to offer shareholders an attractive yield based security that should also enable them to obtain capital gains tax rollover relief in whole or in part. In addition to the maximum cash/maximum scrip options previously announced, shareholders will also be able to elect to maximise rollover relief by selecting a maximum BBIEPS option[7].

## ENHANCEMENTS TO PROPOSAL

The enhanced Proposal offers Alinta shareholders a number of options which give Alinta shareholders additional flexibility to seek their preferred form of consideration.

4 The mix of consideration to be paid to an individual Alinta shareholder will depend on the elections made by Alinta shareholders. Further details will be contained in the Scheme Book.

5 Securities prices as at 11am 8 May 2007, the time immediately before the Funds went into trading halt.

6 Indicative terms of BBIEPS include a 5 year exchangeable preference share with an unfranked fixed dividend yield of 7.5% yield (or if franking credits are available a fully franked equivalent yield will be paid).

7 Availability is dependent upon options elected and may be subject to scaling. Further detail on the BBIEPS will be provided in the Scheme Book.

The elections that can be made under the Proposal are:

– An all cash alternative for small shareholders with 1,000 or less shares, representing approximately 65% of the current Alinta register, through the provision of a sale facility under which their securities can be sold on their behalf;
– An election to maximise the amount of cash or securities they are entitled to receive under the Proposal by electing to receive “Maximum Cash” or “Maximum Securities”, potentially providing Alinta shareholders with the ability to receive 100% cash or 100% securities as consideration under the Proposal[7]; and
– An election to maximise rollover relief by selecting the “Maximum BBIEPS” option[7].

## ALLOCATION OF ASSETS

Assuming the Scheme is approved, the wholly owned businesses, minority equity interests and assets of Alinta will be restructured and apportioned among SPI and Babcock & Brown managed funds. The intended allocation of the assets between the parties remains unchanged and is summarised in the table in Appendix 1.

### Impact on BBI

Under the Proposal, the purchase of the assets to be acquired by BBI (refer Appendix 1) will be funded through the issue to Alinta shareholders of 377 million BBI stapled securities and up to 800 million BBIEPS.

The ability to issue BBIEPS, which ability is delivered solely by this transaction, allows BBI to derive significant additional value from a more efficient capital structure. BBI has been able to share some of this value upside with Alinta shareholders through an additional contribution to the Consortium’s Proposal.

BBI has a demonstrable track record of successful hybrid security issues. In December 2004 a wholly owned subsidiary of BBI issued BBI NZ SPARCS as consideration for BBI’s takeover of Powerco Limited. BBI NZ SPARCS, like BBIEPS, are also exchangeable to BBI stapled securities. BBI NZ SPARCS have performed strongly since listing, delivering value to the former Powerco shareholders.

**Impact on BBP**

Under the Proposal, the purchase of these assets (refer Appendix 1) will be funded through the issue of 335 million BBP stapled securities at a fixed ratio of 0.669 per Alinta share and a cash contribution of $25 million to be sourced through committed debt representing a combined incremental contribution of approximately $37.5 million to the Consortium's proposal and therefore Alinta shareholders. The increase in consideration from the initial offer dated 30 March 2007 reflects the exposure of the Alinta power generating portfolio and LPG assets to favourable market conditions.

Upon completion, the acquisition of the power generation assets is expected to be immediately accretive to BBP's June 2008 distribution guidance of 24.0 cents per security. BBP reaffirms medium term expectations of 4% per annum growth in distributions.

**Impact on BBW**

Under the terms of the enhanced proposal, BBW's obligation to issue 130 million securities, at a fixed ratio of 0.26 per Alinta share and contribute $9.5 million as part of the Scheme Implementation Agreement remains unchanged.

BBW intends to utilise the net proceeds attributable to its rights in relation to the Wattle Point wind farm to fund more attractive investments including, but not limited to, the proposed acquisitions announced on 26 April 2007 by BBW.

**TIMETABLE**

The proposed timetable at the present time assumes the Scheme Book will be lodged with ASIC in approximately 4-5 weeks.

Under this timetable the Scheme is expected be completed at the end of August 2007.

A break fee of $59.25 million (0.75 per cent of the value of the B&B/SPII proposal) will be payable to the Consortium in the event of a third party announcing a competing proposal which becomes unconditional and acquiring at least 50.1 per cent of Alinta or in the event the Alinta Directors withdraw their recommendation to recommend an Alinta internal restructure or in the event of an unremedied material breach of the SIA by Alinta.

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**About Babcock & Brown**

Babcock & Brown is a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Stock Exchange.

Babcock & Brown operates from 28 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 1000 employees worldwide. Babcock & Brown has five operating divisions including real estate, infrastructure and project finance, operating leasing, structured finance and corporate finance. The company has established a funds management platform across the operating divisions that has resulted in the creation of a number of focused investment vehicles in areas including real estate, renewable energy and infrastructure.

For further information about Babcock & Brown please see our website: www.babcockbrown.com

## Appendix 1. Allocation of Assets

| Assets | Sector | Purchaser |
|---|---|---|
| Victorian Electricity Distribution Network | Distribution | SPI |
| NSW Gas Distribution Network | Distribution | SPI |
| United Energy Electricity Distribution Network | Distribution | SPI |
| Eastern Gas Pipeline | Transmission | SPI |
| VicHub | Transmission | SPI |
| ActewAGL Gas Network (50%) | Distribution | SPI |
| ActewAGL Electricity Network (50%) | Distribution | SPI |
| Queensland Gas Pipeline | Transmission | SPI |
| Asset Management Eastern States (excluding Genco) | Asset Management | SPI |
| | | |
| Tasmanian Gas Pipeline | Transmission | BBI |
| Multinet Gas Distribution Network (20.1%) | Distribution | BBI |
| AlintaGas Network (74.1%) | Distribution | BBI |
| Dampier-Bunbury Natural Gas Pipeline | Transmission | BBI |
| Asset Management Western Australia (including Genco) | Asset Management | BBI |
| | | |
| Goldfield Gas Pipeline (11.8%) | Transmission | BBP |
| AlintaAGL (67%) | | BBP |
| - Retail Business (566,000 Customers) | Gas & Electricity Retailing | BBP |
| - WA CoGen (409 MW net) | Power Generation | BBP |
| Tamar Development Projects including Bell Bay (380MW) | Power Generation | BBP |
| Cawse Cogeneration (16MW) | Power Generation | BBP |
| Port Hedland Power Station (175MW) | Power Generation | BBP |
| Newman Power Station (105MW) | Power Generation | BBP |
| Glenbrook Power Station (112MW) | Power Generation | BBP |
| Bairnsdale Power Station (94MW) | Power Generation | BBP |
| Wesfarmers LPG | Energy Markets | BBP |
| | | |

| Assets | Sector | Purchaser |
| --- | --- | --- |
| Australian Pipeline Trust (35.4%) | Transmission | Distributed to Alinta Shareholders |
| Wattle Point Wind Farm | Power Generation | BBW* |

* Following due diligence, BBW instructed Alinta to sell Wattle Point wind farm as there were limited opportunities for BBW to add value to Wattle Point wind farm. BBW intends to utilise proceeds of $201.5m in more attractive investments than an acquisition of the Wattle Point wind farm, including but not limited to investment in the Proposed Acquisitions

# Enhanced Babcock & Brown /Singapore Power International Recommended Proposal to Alinta Shareholders – A$16.46 per share

11 May 2007

# AGENDA

1. Overview of the Recommended Proposal
2. Outline of Babcock & Brown Infrastructure (ASX: BBI)
3. Outline of Babcock & Brown Power (ASX: BBP)
4. Outline of Babcock & Brown Wind Partners (ASX: BBW)
5. Appendix
   - Overview Babcock & Brown (ASX: BNB)
   - Overview Babcock & Brown Infrastructure (ASX: BBI)
   - Overview Babcock & Brown Power (ASX: BBP)
   - Overview Babcock & Brown Wind Partners (ASX: BBW)



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# OVERVIEW OF RECOMMENDED PROPOSAL – A$16.46

- On 30 March 2007 Babcock & Brown, in a consortium with Singapore Power International and three of its managed infrastructure funds, BBI, BBP and BBW ("the Managed Funds") announced a recommended Scheme of Arrangement to acquire 100% of Alinta Limited.
- On 7 May 2007 the Alinta Board announced it had received a competing proposal. In response to this the Consortium made a number enhancements to its Proposal which provide Alinta shareholders with additional flexibility and improves the value of the Consortium's Proposal by approximately 7% above that announced on 30 March 2007.
- Alinta shareholders will now have the opportunity to be able to choose maximise cash, scrip, or CGT rollover relief depending on personal circumstances.
- The Board of Alinta has recommended our Proposal after a comprehensive and rigorous process and after independent advice from JP Morgan and Carnegie Wylie.
- The Proposal is expected to enhance security holder value in BBI, BBP and BBW, providing access to strategically important assets which are complementary to existing asset portfolios and delivering significant scale and synergies.
- The acquisitions are consistent with the Fund's focus on strong cashflow generative businesses.
- The Proposal has been structured such that the Funds will be well positioned following the acquisitions to execute other growth opportunities.
- The Scheme is expected to be completed around the end of August 2007.

# THE ENHANCED PROPOSAL

| For each Alinta share the Proposal comprises [3]: | Price[1] | Value |
|---|---|---|
| Cash | | $8.93 |
| 1.599 BBI exchangeable preference shares (BBIEPS)[2] | | $1.60 |
| 0.752 BBI securities | $1.965 | $1.48 |
| 0.669 BBP securities | $3.44 | $2.30 |
| 0.260 BBW securities | $1.86 | $0.48 |
| 0.301 APA securities | $4.23 | $1.27 |
| Franking credits<br>distributed via a special dividend or buyback | | $0.40 |
| **Total per Alinta share** | | **$16.46** |

The value of the consortium's enhanced Proposal is $16.46 (for those Alinta shareholders who can use franking credits).

Note: All amounts shown are A$ per share or security; the BNB fund securities will be issued following the scheme meeting approving the transaction (currently scheduled for late August 2007). Alinta shareholders who receive securities as a result of the scheme of arrangement will not be entitled to distributions paid for the half year ended 30 June 2007 but will rank pari passu for the distribution for the period ending 31 December 2007 for BNB fund securities.

1. As at close of trade 11am 8 May 2007 the time immediately before the Funds went into trading halt.
2. Indicative terms of BBIEPS include a 5 year exchangeable preference share with an unfranked fixed dividend yield of 7.5% (or if franking credits are available a fully franked equivalent yield will be paid).
3. The mix of consideration to be paid to an individual Alinta shareholder will depend on the elections made by Alinta shareholders. For further details refer page 6 and will be contained in the Scheme Book.



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# INCREASE IN CONSIDERATION FROM INITIAL PROPOSAL

| | |
|---|---|
| **Initial Proposal *** | $7.5 billion |
| **Revised Proposal *** | $8.0 billion |

**Increase in Consideration driven by:**

| | |
|---|---|
| – Increase in Cash component | $0.22 billion |
| – Increase in security price of BBI securities + issue of BBIEPS | $0.08 billion |
| – Increase in security price of BBP securities | $0.21 billion |
| – Increase in security price of BBW securities | $0.03 billion |

- ~ 57% of the increase in the value of the Proposal has arisen from the underlying strong performance of the Managed Funds
- ~ 41% increase in cash
- No material change in the number of securities issued by the Managed Funds

* Excludes franking credits distributed via a special dividend or buy back

# TAILOR CONSIDERATION TO INDIVIDUAL PREFERENCE

The Consortium's Proposal offers Alinta shareholders maximum flexibility by allowing the following elections[1]

☑ Maximise Cash

or

☑ Maximise Scrip

or

☑ Maximise CGT rollover relief

In addition to these elections, Alinta shareholders who hold 1,000 shares or less will be offered the opportunity to receive cash via a sale facility under which their securities are sold ("Cash Out Facility").

1. The ability to maximise any one form of consideration will be dependent on the election of all Alinta Shareholders

# THE PROPOSAL PROVIDES MAXIMUM FLEXIBILITY FOR ALL ALINTA SHAREHOLDERS

The Proposal provides Alinta shareholders maximum flexibility by offering options to maximise cash, or maximise scrip, or maximise CGT rollover by maximising the receipt of BBIEPS[1].

**Small Shareholders**

Subsequent to the Scheme implementation, Alinta shareholders who hold 1,000 shares or less will be offered the opportunity  to receive cash via a sale facility under which their securities are sold ("Cash Out Facility"). This provides approximately two thirds of the register the opportunity to get 100% cash. Shareholders who do not take cash may acquire additional securities and increase their holdings to a larger marketable parcel, in respect of each of the three Babcock & Brown managed funds following the scheme.

1. The ability to maximise any one form of consideration will be dependent on the election of all Alinta Shareholders

# ENHANCING THE OFFER TO PROVIDE MAXIMUM FLEXIBILITY FOR ALL ALINTA SHAREHOLDERS

- **Maximise Cash or Securities under Offer**

  Alinta shareholders will have the option to maximise the amount of cash or maximise the securities they are entitled to receive under the Proposal by making a "Maximum Cash Election" or "Maximum Securities Election". These elections potentially provide Alinta shareholders with the ability to receive 100%[1] cash or 100% securities as consideration under the Proposal[2]. Feedback on the original proposal suggested strong interest in the Maximum Securities Election option.

- **Maximise Capital Gains Tax Relief**

  Under the revised Proposal the Consortium will offer the ability to maximise CGT rollover relief by providing a "Maximum BBIEPS" option[3]. BBIEPS's is expected to provide an attractive indicative unfranked fixed dividend yield of 7.5% (or if franking credits are available a fully franked equivalent yield will be paid).

1. In respect of the non APA component of the Proposal
2. For shareholders making an election, the amount of cash or the number of securities they receive will be dependent on the election of all Alinta shareholders, as the maximum level of cash or scrip available to shareholders would not exceed the overall cash or scrip amounts available under the Proposal (based on the base offer mixture of scrip and cash). In the event that more shareholders choose cash or scrip than is available, shareholders will be scaled back. Further detail on this option is expected to be made in the Scheme booklet. The default option will remain the current Proposal.
3. The number of BBIEPS an Alinta Shareholder will receive under the Maximum BBIEPS election will depend on the election of all Alinta shareholders as a maximum aggregate face value of $800 million will be available. Further details will be available in the Scheme Book

# RECOMMENDED PROPOSAL SUPERIOR ACROSS A RANGE OF CRITERIA

- **Value of $16.46 is transparent –** based on cash in addition to well established high quality, liquid, ASX listed funds in similar asset classes with upside
- **A 49% premium to Alinta's 30 day VWAP of $10.80 prior to the announcement of the Alinta MBO proposal on 9 January 2007**
- **Limited conditionality with significant cash component for all shareholders. The cash component represents 56% of the total consideration (excludes franking credits) and small shareholder Cash Out Facility)**
- **Maximum flexibility for all Alinta shareholders depending on individual circumstances to chose to maximise cash, scrip or CGT rollover relief**
- **Combination of Alinta assets with existing assets owned by the consortium delivers real value to all stakeholders -** with synergies being derived from the complementary mix of businesses
- **Capacity for Alinta shareholders to retain exposure to growth in some of the underlying Alinta assets** - as well as the assets of the Managed Funds

# RECOMMENDED PROPOSAL SUPERIOR ACROSS A RANGE OF CRITERIA

- **128% increase in yield for Alinta shareholders on the Managed Funds scrip component of the consideration -** largely tax deferred and paid from operating cashflows.

- **37% of total consideration (excluding franking credits) in Managed Funds** - with combined market capitalisation of approximately $9 billion[1] and a demonstrated track record of outperforming.

- Singapore Power International and Babcock & Brown both have significant existing infrastructure investments in Australia and offshore and have demonstrable track records in managing infrastructure assets and delivering on growth opportunities.

- Singapore Power International is a wholly owned subsidiary of Singapore Power Limited (SP). SP with total assets of S$18.7 billion as of 31 March 2006, is one of the largest companies in Singapore. The principal businesses of SP and its subsidiaries are the ownership and operation of electricity and gas transmission and distribution businesses and the provision of energy market support services.

- SP has existing business interests in Australia through its 51% interest in SP AusNet, one of Australia's largest utility companies with A$6.9 billion of assets as at 31 March 2006. SP AusNet has a primary listing on the Australian Stock Exchange and a secondary listing on the Singapore Stock Exchange.

1. Including $800 million BBIEPS

# WHO IS BUYING WHAT

| Assets | Asset Class | Purchaser | Equity Contribution |
|---|---|---|---|
| Tasmanian Gas Pipeline (AIH) (100%)<br>Alinta Gas Network - WA (74.1%)<br>Dampier-Bunbury Natural Gas Pipeline (up to 20%)<br>MultiNet Gas (20.1%)<br>Western Australia O&M (100%) | Transmission | BBI | **$1.59 billion** |
| Cawse Cogeneration (16MW)<br>Port Hedland (175MW)<br>Newman (105MW)<br>Glenbrook NZ (112MW)<br>Bairnsdale (94MW)<br>AlintaAGL (67%)<br>- Retail Business (566,000 Customer)<br>- WA CoGens (409MW nett)<br>Goldfields Gas Pipeline (11.8%)<br>Wesfarmers LPG<br>Tamar Development incl. Bell Bay (380MW) | Power Generation<br>Power Generation<br>Power Generation<br>Power Generation<br>Power Generation<br>Gas & Electricity Retailing<br>Power Generation<br>Gas Transmission<br>Energy Markets<br>Power Generation | BBP | **$1.18 billion** |
| Wattle Point Wind Farm[1] | | BBW | **$ 0.25 billion** |

1. The Wattle Point Wind farm has been sold by Alinta and BBW will receive proceeds of $201.5 million attributable to its rights in relation to the Wattle Point Wind Farm.



BABCOCK & BROWN

# WHO IS BUYING WHAT

| Assets | Sector | Purchaser | Equity Contribution |
| --- | --- | --- | --- |
| AGL Victorian Electricity Network<br>United Energy Electricity Distribution Network<br>Eastern Gas Pipeline<br>VicHub<br>ActewAGL Gas Network<br>ActewAGL Electricity Network<br>Queensland pipeline<br>AGL NSW Gas Network<br>Eastern States (excluding Genco) | Transmission & Distribution | Singapore Power International | **$4.38 billion** |
| Shares in APA | Transmission | Distributed to Alinta Shareholders | **$0.64 billion** |
| **Total** | | | **$ 8.0 billion** |



BABCOCK & BROWN

# THE ACQUISITION OF ALINTA DELIVERS SIGNIFICANT FINANCIAL AND BUSINESS BENEFITS TO ALL THE BABCOCK & BROWN INFRASTRUCTURE FUNDS THAT ARE PART OF THE CONSORTIUM:

- Babcock & Brown Infrastructure
- Babcock & Brown Power
- Babcock & Brown Wind Partners

# BABCOCK & BROWN INFRASTRUCTURE

| Key Benefits | | Comment |
|---|---|---|
| Strategic fit | ✓ | • Strategically positioned assets (eg Tasmania) |
| Geographic diversification | ✓ | • Restores Australian weighting, post NWE |
| Business diversification | ✓ | • Increases BBI's exposure to Gas T&D |
| Synergies | ✓ | • Complements BBI existing WA and Tasmania assets |
| Reduced portfolio risk | ✓ | • Increased O&M capability |
| EBITDA | ✓ | • Increased EBITDA |
| Dist'n per unit | ✓ | • Current guidance reconfirmed |
| Cashflow per unit | ✓ | • Improved diversity of cashflows |
| Gearing | ✓ | • No change |
| Market cap | ✓ | • $0.7b increase in market cap (at $1.965 share price) to ~65 ranked entity in the ASX 200 |
| | | • Improved capital structure following with the issue of $800m BBIEPS |

**Distribution growth guidance reconfirmed**



BABCOCK & BROWN

# BABCOCK & BROWN POWER

| Key Benefits | | Comment |
|---|---|---|
| Strategic fit | ✓ | • BBP largest private generator in Aust. |
| Geographic diversification | ✓ | • Expands footprint in WA, Tas and NZ |
| Business diversification | ✓ | • Increases Long Term Contracted Revenues |
| Synergies | ✓ | • Increased weighting towards low $CO_2$ gas |
| Reduced portfolio risk | ✓ | • Portfolio rises from 21 to 42 generating units |
| EBITDA | ✓ | • Long term contract revenue from 40 to > 55% |
| Dist'n per unit | ✓ | • Accretive to our FY08 guidance of 24cps |
| Cashflow per unit | ✓ | • Strong cashflow generative businesses |
| Gearing | ✓ | • From 47% up to target level of ~60% |
| Market cap | ✓ | • ~$1b increase in market cap (at $3.44 share price) to ~95 ranked entity in the ASX 200 |

**Prospectus distribution forecasts re- confirmed**

# BABCOCK & BROWN WIND PARTNERS

| Key Benefits | | Comment |
|---|---|---|
| Strategic fit | ✓ | • Wattle Point Wind Farm sale proceeds |
| Geographic diversification | ✓ | • Fund better opportunities in existing pipeline |
| Business diversification | ✓ | • Broaden security holder capital base |
| Synergies | ✓ | • Complement global debt refinance initiative |
| Reduced portfolio risk | ✓ | • Achieve better outcome via existing pipeline |
| EBITDA | ✓ | • Facilitates accretive pipeline acquisitions |
| Dist’n per unit | ✓ | • Facilitates accretive pipeline acquisitions |
| Cashflow per unit | ✓ | • Facilitates accretive pipeline acquisitions |
| Gearing | ✓ | • Complement global debt refinance initiative |
| Market cap | ✓ | • $0.2b increase in market cap to 124 ranked entity in the ASX 200 |

**Significant range of opportunities over the next 12 months**



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# INDEX WEIGHTINGS OF THE FUNDS WILL INCREASE

- The index weightings of the Funds will increase significantly
- Index funds and funds that track index benchmarks will have to increase their holdings of the Funds – estimated demand around $600 million
- In the case of BBP, its market capitalisation will almost double and it should be included in the S&P/ASX 100

**Estimated changes in index rankings**

| | Now | | | After transaction | | |
|---|---|---|---|---|---|---|
| | Ranking | Market capitalisation* | Index weight | Ranking | Market capitalisation* | Index weight |
| BBI | 75 | 3,549 | 0.26% | 65 | 4,288 | 0.32% |
| BBP | 142 | 1,112 | 0.09% | 95 | 2,208 | 0.18% |
| BBW | 162 | 1,113 | 0.07% | 127 | 1,334 | 0.11% |

* free float does not include Babcock & Brown holding

* Based on prices at close of trade 8 May 2007 the time immediately before the BNB Funds applied to go into trading halt

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1. Overview of the Recommended Alinta Scheme of Arrangement
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# BBI OVERVIEW

| | |
|---|---|
| **Portfolio** | • Eight infrastructure businesses<br>• BBI operates across two asset classes: Energy Transmission & Distribution & Transport Infrastructure<br>• BBI's businesses operate across seven countries<br>• Assets provide organic & step-change growth upsides to BBI |
| **Listing** | • BBI was listed on the ASX in June 2002<br>• 1.825 billion securities on issue<br>• Current market capitalisation approximately $3.5 billion[1] |
| **Target Returns** | • Distributions paid from operating cashflow<br>• Distribution yield 7.3%[1] in 07F<br>• Distribution yield 7.6%[1] in 08F (targeting 15 cents[2])<br>• Distribution yield 8.1%[1] in 09F (targeting 16 cents[2])<br>• Expected to be fully tax deferred in 07F and 08F |
| **Management** | • Managed by Babcock & Brown an experienced energy transmission, distribution and transport infrastructure manager<br>• Experienced operating management team<br>• Majority independent directors on Board |

(1) Based on BBI price of $1.965 on 8/5/07

(2) BBI is targeting a 14.25 cent distribution in FY07, 15 cents in FY08 & 16 cents in FY09 periods provided these key assumptions are achieved – no material adverse change to key tax or regulatory environments, completion of the DBCT expansion in line with schedule, completion of the NorthWestern acquisition by 1 July 2007 (with an appropriate capital structure)

# A GLOBALLY DIVERSIFIED INFRASTRUCTURE ENTITY


† completion is subject to US regulatory approvals

†† completion is subject to regulatory and shareholder approvals

1 51% with a call option in the remaining 49%

BABCOCK & BROWN INFRASTRUCTURE

# IMPACT ON BBI OF ALINTA TRANSACTION

| | |
|---|---|
| **Summary of Bid** | • Pursuant to the final offer from the Consortium, BBI will acquire certain Alinta's transmission and distribution assets and its WA based O&M business** for consideration comprising 377 million BBI Stapled Securities, the issue of $800 million BBIEPS and the assumption of $1.1m of limited recourse debt*<br>• BBI Stapled Securities and BBIEPS together will represent approximately 20% of the total offer consideration |
| **Assets Acquired** | • BBI is acquiring interests in the following (together: BBI Alinta Assets)<br>▪ Tasmania Gas Pipeline (TGP) - 100% ownership<br>▪ AlintaGas Networks (AGN) - 74.1% ownership<br>▪ Multinet Gas (MGN) - 20.1% ownership<br>▪ Dampier to Bunbury Natural Gas Pipeline (DBNGP) - up to 20% ownership<br>▪ Western Australian based O&M business** which services DBNGP, AGN, GGPT and other external contracts - 100% ownership |
| **Investment Highlights** | • Acquiring significant portfolio of assets with manageable operating and regulatory risks<br>• Strategically positioned essential service provider<br>• This transaction will grow BBI's market cap to in excess of $4.3 billion and should significantly increase the Fund's weighting in the S&P ASX 100 index.<br>• The acquisition is within BBI's investment mandate and meets BBI's key investment criteria |

* Assuming proportional consolidation of existing debt in AGN, MGN, DBNGP (based on available due diligence information provided by Alinta), together with drawdown on a committed limited recourse bridge facility

** This excludes the Parmelia O&M contract.



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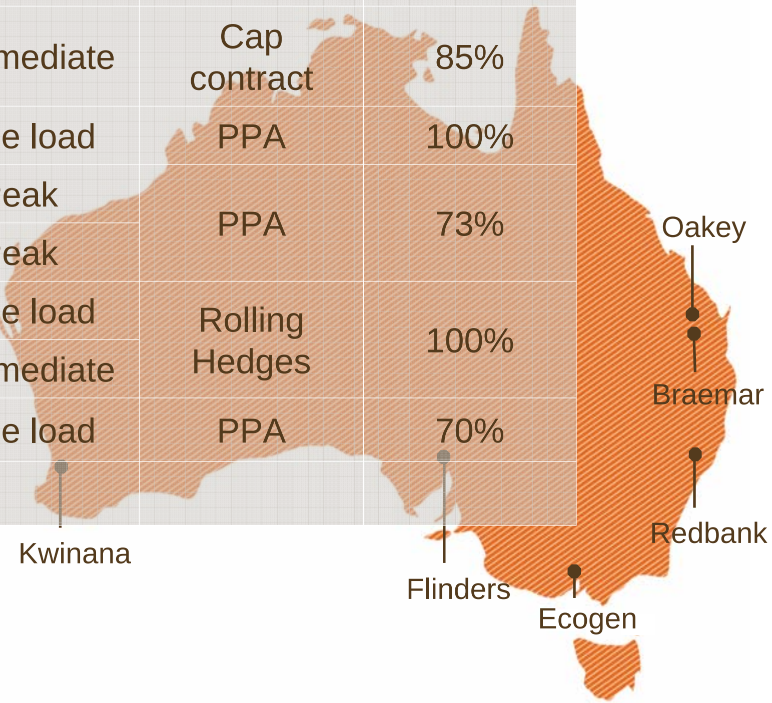
# BBP OVERVIEW

| | |
|---|---|
| **Portfolio** | • 7 operating power stations and 1 under construction<br>• Operating across five States of Australia<br>• Combination of greenfields developments and acquisitions |
| **Listing** | • Listed on ASX on 11 December 2006<br>• 359 million securities on issue<br>• Current market capitalisation approximately $1.2 billion[1] |
| **Target Returns** | • All distributions paid from operating cashflow<br>• Distribution yield 6.7%[1] in 07F<br>• Distribution yield 7.0%[1] in 08F<br>• Expected to be fully tax deferred in 07F and 08F<br>• Medium target growth rate 4% |
| **Management** | • Managed by Babcock & Brown an experienced power station developer<br>• Experienced operating management team<br>• Majority independent directors on Board |

1 Based on BBP price of $3.44 on 8/5/07

# BBP OFFERS EXPOSURE TO A DIVERSIFIED PORTFOLIO

| Generator | Region | Fuel | Capacity (MW) | Operating mode | Contract Type | Equity Ownership[1] |
|---|---|---|---|---|---|---|
| Oakey | QLD | Gas | 286 | Peak | PPA | 50% |
| Braemar | QLD | Gas | 455 | Intermediate | Cap contract | 85% |
| Redbank | NSW | Coal | 135 | Base load | PPA | 100% |
| Ecogen - Jeeralang | VIC | Gas | 449 | Peak | PPA | 73% |
| Ecogen - Newport | VIC | Gas | 510 | Peak | | |
| Flinders - Northern | SA | Coal | 527 | Base load | Rolling Hedges | 100% |
| Flinders - Playford | SA | Coal | 240 | Intermediate | | |
| Kwinana[2] | WA | Gas | 320 | Base load | PPA | 70% |
| | | Total | 2,922 | | | |




1. Direct and indirect equity interest
2. Kwinana is currently under construction

PPA = Power Purchase Agreement

Refer to the PDS for more information on the BBP assets



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# ALINTA ACQUISITION SUMMARY

| Key Details | |
|---|---|
| **Key Details** | • Pursuant to the final offer from the Consortium, BBP will acquire selected power generation assets and 67% of AlintaAGL from Alinta .<br>• The purchase of these assets will be funded through the issue of 335 million BBP stapled securities at a fixed ratio of 0.669 BBP securities for every Alinta share and a cash contribution of $25 million to be funded through committed debt.<br>• Increase in scale of BBP with market capitalisation increasing from approx $1.2bn to approximately $2.4bn[1]<br>• BBP does not foresee any additional equity raisings in relation to this transaction<br>• BBP expects gearing (net debt to net debt plus equity) to increase from current levels of 47% up to approximately 60%<br>• Accretive to June 2008 distribution guidance of 24.0 cents per security |

(1) Based on BBP price of $3.44 on 8/5/07



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# ALINTA ACQUISITION HIGHLIGHTS

| Investment Highlights | |
|---|---|
| **Investment Highlights** | • Well contracted assets which are complementary to those in BBP's existing portfolio<br>• Increased base load capacity with long term PPA's<br>• Increased geographic diversity of the portfolio<br>• BBP to become largest private sector generator in Australia<br>• Portfolio benefits through lowering capital costs and enhanced trading capacity<br>• Increased weighting in portfolio towards low $CO_2$ gas fired generation<br>• AlintaAGL option delivers either a lower cost base of assets acquired or full control of a growth asset<br>• Inherent growth opportunities<br>– WA retail creates a platform for growth in the eastern states<br>– Access to a pipeline of organic growth |



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# ALINTA POWER GENERATION AND ENERGY ASSETS

| Asset | Asset Type | Location | Economic Interest | MW |
|---|---|---|---|---|
| AlintaAGL<br>(WA Retail &<br>WA Cogeneration Plants) | Gas and Electricity Retailing &<br>Power Generation | **WA** | 0% or 100%<br>(currently 67%) | 409* |
| Port Hedland Power Station | Power Generation | **WA** | 100% | 175 |
| Newman Power Station | Power Generation | **WA** | 100% | 105 |
| Goldfields Gas Pipeline | Gas Transmission | **WA** | 11.8% | NA |
| Glenbrook NZ Power Station | Power Generation | **NZ** | 100% | 112 |
| Bairnsdale Power Station | Power Generation | **VIC** | 100% | 94 |
| Cawse Cogeneration Plant | Power Generation | **WA** | 100% | 16 |
| LPG business | Energy Markets | **WA** | 100% | NA |
| Tamar Development Project | Power Generation | **TAS** | 100% | 380 |







*Net MW representing a 67% interest

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# AlintaAGL PUT CALL OPTION

**67%**

**AlintaAGL**

**Acquire remaining 33%**

- Acquire full control of a growth asset
- Incumbent gas retailer expanding into electricity (dual fuel, vertical integration strategy)
- Creates a platform for growth to expand generation in WA

**Sell 67%**

- If AGL attributes a higher value than the price nominated by BBP then BBP receives that value for 67% of AlintaAGL
- Lowers acquisition costs of other assets
- Surplus cash available for investment opportunities

- Alinta owns 67% of AlintaAGL
- Assets are subject to a put/call option arrangement that is triggered by a change in control which is triggered on Scheme implementation
- Alinta must notify AGL Energy of the price at which AGL Energy can acquire its 67% interest
- AGL Energy must either acquire 67% of AlintaAGL at that price or sell 33% at the equivalent price
- BBP will hold either 0% or 100% of AlintaAGL

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# BBW OVERVIEW

| | |
|---|---|
| Portfolio | • 33 Wind Farms, including those under construction<br>• 1,209MW under management (equity accounted share)<br>• Operating in 5 countries on 3 continents<br>• Diversified by resource, regulatory regime, off-take and turbine supply |
| Listing | • Listed on ASX on 28 October 2005<br>• 673 million securities on issue<br>• Current market capitalisation approximately $1.27 billion(1) |
| Target Returns | • All distributions paid from operating cashflow<br>• Distribution yield 6.7%[1] in 07F, fully tax deferred<br>• Distribution yield 7.5%[1] in 08F, fully tax deferred<br>• Total shareholder return since listing 47.2%[1]<br>• Medium term target growth rate of at least 3.5% |
| Management | • Managed by Babcock & Brown a global leader in wind farm development and management<br>• Experienced operating management team<br>• Majority independent directors on Board |

1 Based on BBW price of $1.86 on 8/5/07

# OVERVIEW OF WATTLE POINT WIND FARM

- BBW is part of consortium bidding for issued share capital of Alinta Limited (ASX: ANN)
- If Scheme approved, BBW will issue securities plus cash as consideration
- Stapled Securities issued at effective discount (post fees) of 6.9% or 3.1% (after taking account securities will be issued ex distribution) to 30 day VWAP prior to announcement of recommended bid
- BBW had the right to acquire Wattle Point or to direct Alinta to sell wind farm
- Following due diligence, BBW instructed Alinta to sell Wattle Point wind farm
- Limited opportunities for BBW to add value to Wattle Point wind farm
- BBW intends to utilise proceeds of $201.5m in more attractive investments than an acquisition of the Wattle Point wind farm, including but not limited to investment in the previously announced proposed acquisitions

# OVERVIEW OF PROPOSED ACQUISITIONS

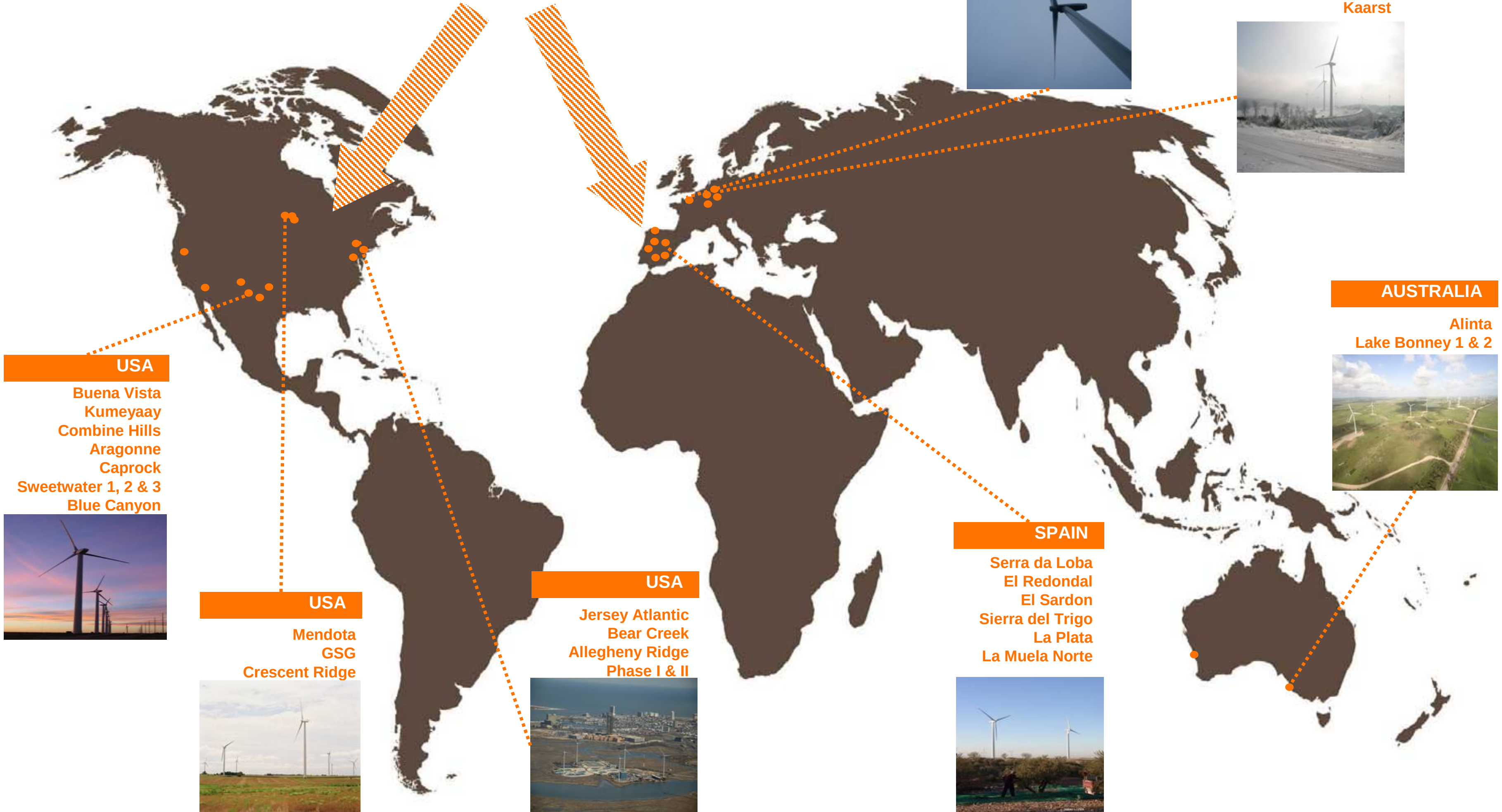
- BBW raisings
  - A$156.8 million[1] for proposed acquisitions via institutional placement
  - A$211 million[2] anticipated to be received through Alinta Scheme of Arrangement in Q3 2007
- Three attractive investment opportunities[3] (~700 MW in total):
  - European Acquisition: two operational wind farms in Spain
  - US07 Portfolio: Class B Member interests in 3 wind farms in the USA
  - Enersis portfolio: 50% interest in 29 operating wind farms in Portugal
- Acquisitions[4]
  - Diversification & scale: 50% increase in generation + new wind regions
  - Completion of Spanish wind farm acquisition announced 10 May 2007
  - Acquisition of interests in Enersis and operational US07 assets to be effective 1 July 2007[3]
- Accretion
  - Proposed Acquisitions immediately accretive to Net Operating Cash Flow[5] (NOCF)
  - NOCF[6] accretion per security anticipated to be at least 2.5%[4] in FY08 & FY09
  - Proposed Acquisitions provide scope for further distribution growth in medium term[4]

1. Issued 87.1 million stapled securities at A$1.80 raising a total of $156.8m through an institutional placement launched on the 26th April 2007.
2. 130.2m Stapled Securities; $211m less cash payment to Alinta Limited (ASX: AAN) of $9.5m – subject to Scheme approval which is anticipated to be received in H1 FY08. Stapled Securities issued at effective discount (post fees) of 6.9% or 3.1% (after taking account securities will be issued ex distribution) to 30 day VWAP prior to announcement of recommended bid
3. "Proposed Acquisitions", subject to due diligence, Board approval and Security Holder approval for related party transactions
4. Expected impact assuming all Proposed Acquisitions complete by the timing indicated
5. Net operating cash flow: EBITDA plus US Distributions less corporate costs, Interest paid, Tax paid, changes to working capital before investment related CAPEX, acquisitions and notional debt repayment.
6. In NOCF after notional debt repayment

# PORTFOLIO HAS GROWN & DIVERSIFIED SIGNIFICANTLY

**PROPOSED ACQUISITIONS:**

**USA, PORTUGAL & SPAIN**



**FRANCE**

Fruges 1 & 2

**GERMANY**

Eifel
Wachtendonk
Bocholt-Liedern
Kaarst

**AUSTRALIA**

Alinta
Lake Bonney 1 & 2

**USA**

Buena Vista
Kumeyaay
Combine Hills
Aragonne
Caprock
Sweetwater 1, 2 & 3
Blue Canyon

**USA**

Mendota
GSG
Crescent Ridge

**USA**

Jersey Atlantic
Bear Creek
Allegheny Ridge
Phase I & II

**SPAIN**

Serra da Loba
El Redondal
El Sardon
Sierra del Trigo
La Plata
La Muela Norte

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NOTE: Completion of the acquisition of Allegheny Ridge I & II and GSG wind farms has not yet occurred

# SPANISH WIND FARMS

- **Acquisition cost of A$180m**
- Achieve financial close by end of Q2 2007; funding from a combination of debt & equity
- Immediately accretive to net operating cash flow
  - Contribute $8.5m from FY08
- Approx 4% additional capacity and generation to current portfolio (before other Proposed Acquisitions)
- Potential synergies because of common Gamesa technology

| | |
|---|---|
| **LOCATION** | Spain |
| **OWNERSHIP** | 100% |
| **NUMBER OF WIND FARMS** | 2 |
| **INSTALLED CAPACITY[1]** | Approximately 60MW |
| **WIND REGIONS** | 1 |
| **TURBINE MANUFACTURER** | Existing Supplier |
| **STATUS** | Operational |
| **REVENUE ASSURANCE** | Regulated |



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# ENERSIS PORTFOLIO[1]

- Approximate acquisition cost of A$885m (+/- 5%) for 50% interest
- Increase diversification and scale
  - Exposure to additional regulatory regime
  - Increase wind regime diversification
  - Additional 19% in capacity and 16% in generation to current portfolio (based on 50% equity interest)
- Partial purchase
  - Manages capital demand
  - Shareholder agreement with appropriate rights and governance framework will be implemented
  - BBW to hold first right for remaining 50% (expected in calendar 2008)
- Regulatory
  - Portugal has demonstrated long term support for renewable energy since 1988 (Decree Law 189/88)
  - Regulatory regime progressively updated
  - Feed-in tariff set for 15 years – approx. €85 per MWh

| | |
|---|---|
| **LOCATION** | Portugal |
| **OWNERSHIP** | 50% |
| **NUMBER OF WIND FARMS** | 29 |
| **INSTALLED CAPACITY[1]** | 262 MW |
| **LONG TERM MEAN ENERGY PRODUCTION[1]** | 657 GWh |
| **WIND REGIONS** | 1 |
| **NUMBER OF TURBINES** | 267 |
| **TURBINE MANUFACTURERS** | Nordex, Vestas, Enercon, Mitsubishi, GE |
| **STATUS** | All operational |
| **REVENUE ASSURANCE** | Feed-in Tariff |

1. Ownership on basis of 50% equity interest

1 Based on 50% interest in wind farm portfolio



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# US07 PORTFOLIO[1]

- Approximate acquisition cost of A$390m (+/- 5%) for Class B Member interests

- Increase in diversification and scale
  - Exposure to additional wind region in the US
  - Additional 27% in capacity and 30% in generation to current portfolio[1]
  - Introduction of Siemens turbines into portfolio mix
  - Mix of PPA and Merchant
- Construction Completion
  - Scheduled for H1 FY08
- Regulatory
  - Federal Production Tax Credit incentive

| | |
|---|---|
| **LOCATION** | Central West & South, USA |
| **OWNERSHIP** | > 50% of Class B Member interests |
| **NUMBER OF WIND FARMS** | 3 |
| **INSTALLED CAPACITY[1]** | 375 MW |
| **LONG TERM MEAN ENERGY PRODUCTION[1]** | 1,243 GWh |
| **WIND REGIONS** | 2 |
| **TURBINE MANUFACTURERS** | Mitsubishi, Siemens & GE |
| **NUMBER OF TURBINES** | 490 |
| **STATUS** | Under Construction. BBW will acquire when fully operational – expected in H1 FY08[2] |
| **REVENUE ASSURANCE** | PPA and Merchant |

1. Based on B Class Member interests
2. Subject to Security Holder approval

# MAJOR GLOBAL SPECIALIST WIND PORTFOLIO INVESTOR - BBW'S POSITIONING REMAINS ATTRACTIVE

- Long term regulatory support for renewable energy continues to strengthen
- Global wind energy industry installed capacity increased by 25% in 2006 with strong growth in installed capacity predicted to continue
- BBW's portfolio scale and diversification continues to improve, in line with strategy
- NOCF per security continues to grow strongly in line with increase in operational assets
- Investment pipeline remains robust
  - BNB pipeline of over 3,000MW (post Proposed Acquisitions)
  - Gamesa Framework Agreement: 450MW to be delivered in 2007 & 2008
  - Plambeck Framework Agreement: 300MW to be delivered in 2007 & 2008
- Completion of capital raisings + global corporate debt facility
  - provide significant growth capacity
- Balance sheet and capital structure remains conservative
- BBW continues to offer an attractive and fully tax deferred distribution, paid out of net operating cash flow



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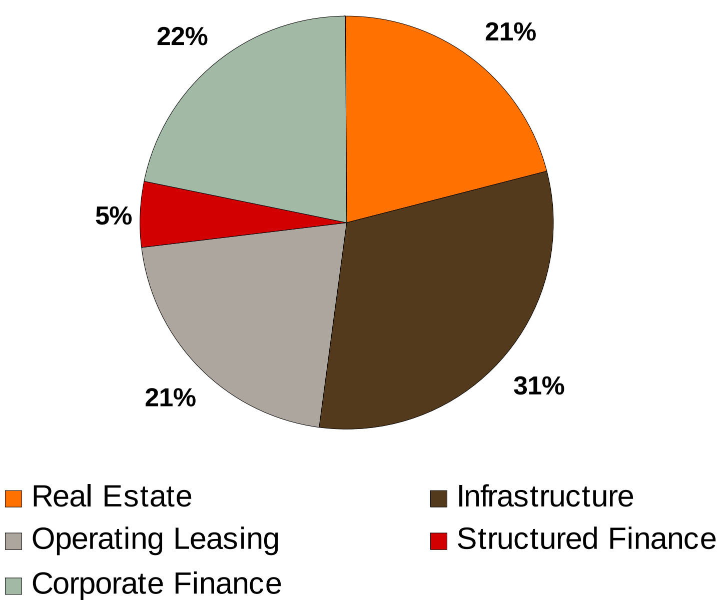
# BABCOCK & BROWN (ASX:BNB) OVERVIEW

- Founded in San Francisco in 1977, listed on ASX 6 October 2004.
- In excess of 1,000 employees.
- Operates in 28 offices in 17 countries.
- Five business divisions – Real Estate, Infrastructure, Corporate Finance,

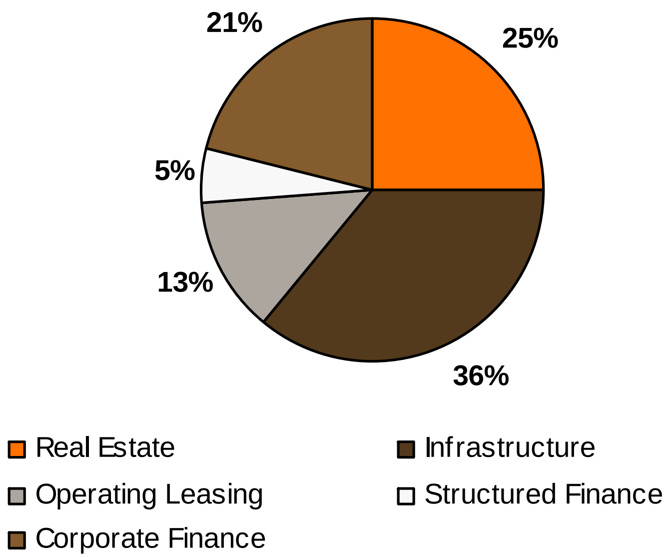
  Structured Finance and Operating Leasing.
- The focus of the BNB Infrastructure division is to identify and arrange new investment opportunities for clients and managed funds, and to provide ongoing financial advisory, investment and funds management services to its clients and managed funds.
- Group market capitalisation in excess of $9.9 billion.
- Strong ownership and partnership culture developed through long history of investing BNB and employee money alongside investors. Employees own 40% of the Babcock & Brown Group.

# OVERVIEW BNB GLOBAL INFRASTRUCTURE DIVISION

**2006 AUM Breakdown by Division**




**2006 Net Revenue Breakdown by Division**




- The Infrastructure Division is now the largest Division within Babcock & Brown. AUM at 31 December 2006 was $12.8bn.
- Total Net Revenue from the Infrastructure Division increased 92% to $464m in 2006 and has grown 441% over the last two years.
- The infrastructure Division has in excess of 341 people globally including in excess of 190 people in Origination and 90 people in asset management.



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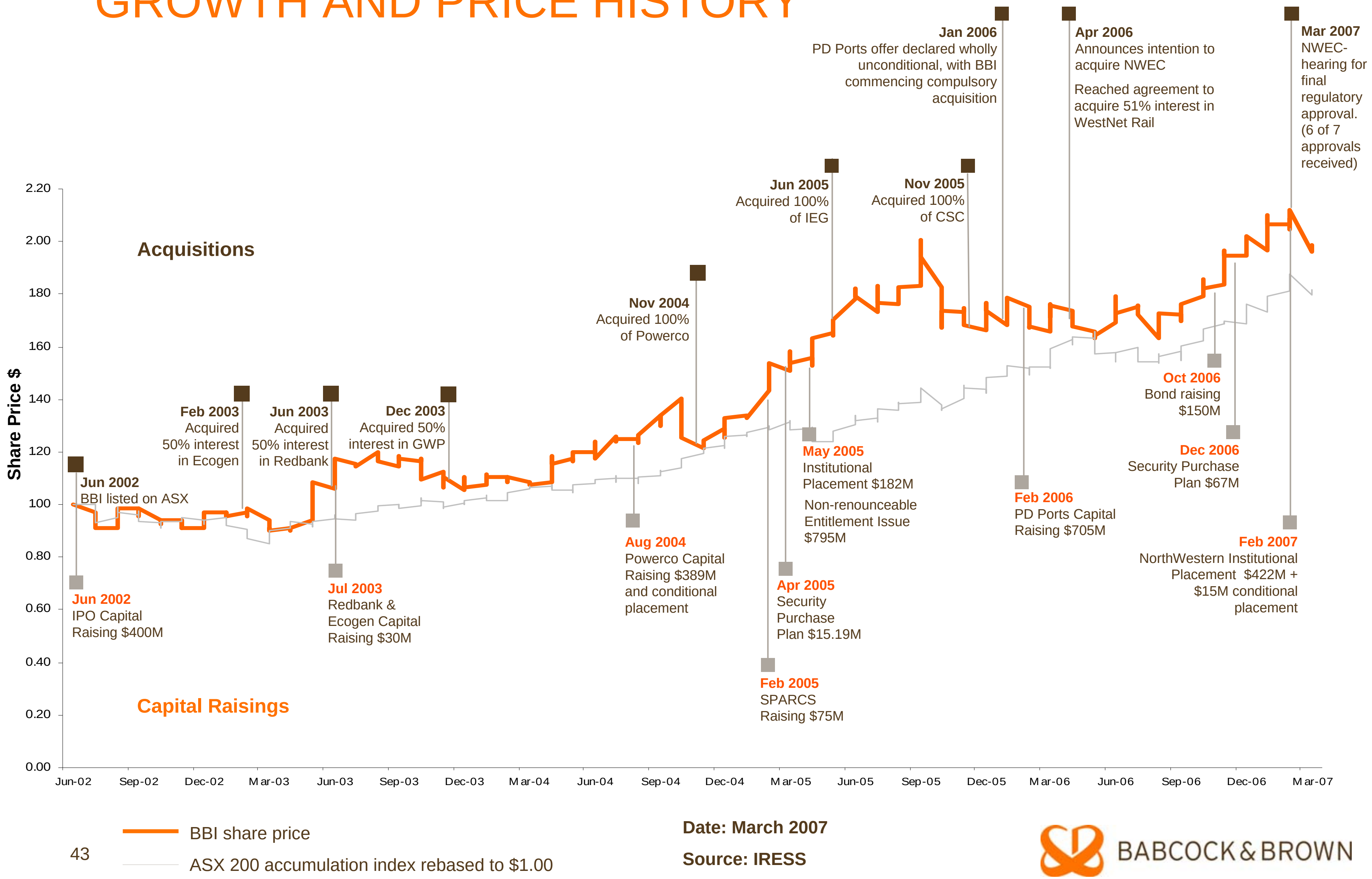
# BUSINESS STRENGTH AND STRATEGIC FOCUS

- BBI is an infrastructure investment fund focused on acquiring, managing and operating quality infrastructure assets in two specialised asset classes (Energy Transmission & Distribution and Transport Infrastructure) with geographic coverage on a global basis - the assets are located in Australia, Europe and the US
- Since its establishment in 2002 BBI has delivered a 245%* total shareholder return
- Acquisition focus is on established and proven businesses with long life assets, strong market share, proven management and ongoing demand for service/commodity
- Targeted assets generally have solid organic growth, step-change growth investment opportunities and bolt-on acquisitions growth to drive future operating cash flows and enhancement of Security Holder value
- BBI's mandate is to optimise the management and operations of those assets to provide investors with stable, low risk, attractive and reliable Stapled Security distributions together with potential for capital growth

BBI represents an opportunity for investors to receive high quality, tax deferred distributions by investing in a diversified global portfolio of infrastructure assets

* The BBI Accumulation Index reflects the total Stapled Security Holder return on an investment of A$100 since listing to 8 May 2007 Source: Bloomberg

# GROWTH AND PRICE HISTORY




**Date: March 2007**

**Source: IRESS**

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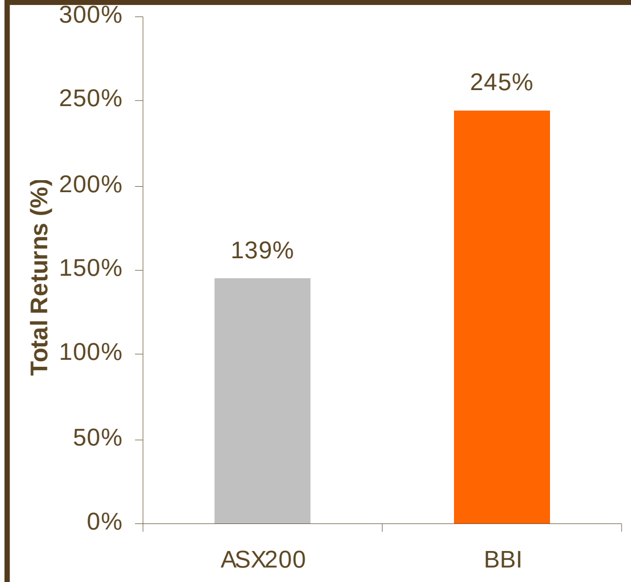
# STRONG TOTAL SECURITY HOLDER RETURNS

## Assets

| | |
|---|---|
| **Gross Assets** | A$6.3 billion (based on proportional consolidation) increasing to A$9.6 billion post NorthWestern** |

## Total Security Holder returns since BBI's listing on the ASX***




## Key information

| | |
|---|---|
| **Securities issued** | 1.825 billion |
| **Market Capitalisation*** | A$3.6 billion |
| **Performance since listing against ASX 200 Accumulation index to 8 May 2007*** ** | • 244% BBI Total Security Holder Return (TSR)<br>• 139% ASX200 accumulation outperformance for same period |
| **EBITDA FY06** | A$405.1 million |
| **OCFPS FY06** | 15.5 cents |
| **DPS FY07** | 14.25 cents (100% tax deferred) |

* Based on closing price of $1.965 on 8/05/07
** NorthWestern acquisition is subject to US regulatory approvals
*** The BBI Accumulation Index reflects the total Stapled Security Holder return on an investment of A$100 since listing on 8/5/07
Source: Bloomberg



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# FUTURE GROWTH POTENTIAL

- BBI's global portfolio (post NorthWestern inclusion into portfolio) has embedded stepped growth opportunities of A$2-3 billion over 2-3 years. This growth stems from:
  - DBCT Phase 2/3 expansion
  - PD Ports - Victoria Harbour development over next 20 years, heavy crude oil opportunity, Northern Gateway, LNG re-gasification and plant facilities, bolt-on acquisitions (eg WCT in Belgium), ASDA warehouse replication, use of land facilities by power generators using biomass and coal feedstock
  - IEG - growth in new gas and electricity connections
  - Powerco - NZ electricity connections and consumption growth (mainly in Tauranga region), transmission and generation interconnects (eg grid exit points), acquisition opportunities and continued growth in Tasmania
  - WestNet Rail - potential growth in underlying bulk commodities freight and continued growth leveraged to the commodity cycle in Western Australia
  - Cross Sound Cable - West Coast USA - Trans Bay Cable, fibre optic lease has commenced with > 170 fibre pairs available for lease to third parties
  - NorthWestern - Idaho Pathway transmission opportunity and other power generation opportunities

# MANAGED GROWTH

**Managed Growth**

- Working to achieve final regulatory approval for NorthWestern
- Organic growth opportunities eg new connections and consumption increases
- Complementary bolt-on growth opportunities eg small port facilities
- Step-change growth opportunities eg transmission facilities
- Strategic growth opportunities eg new assets for existing asset classes
- Utilise expertise and experience efficiently to integrate acquired businesses and drive ongoing value

There is an additional A$2-3 billion of stepped growth opportunities embedded within BBI’s existing portfolio (post NorthWestern inclusion into portfolio)

# AGENDA

1. Overview of the Recommended Alinta Scheme of Arrangement
2. Outline of Babcock & Brown Infrastructure (ASX: BBI)
3. Outline of Babcock & Brown Power (ASX: BBP)
4. Outline of Babcock & Brown Wind Partners (ASX: BBW)
5. Appendix
    - Overview Babcock & Brown (ASX: BNB)
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    - Overview Babcock & Brown Wind Partners (ASX: BBW)

# STRATEGIC ASSETS POSITIONED FOR GROWTH

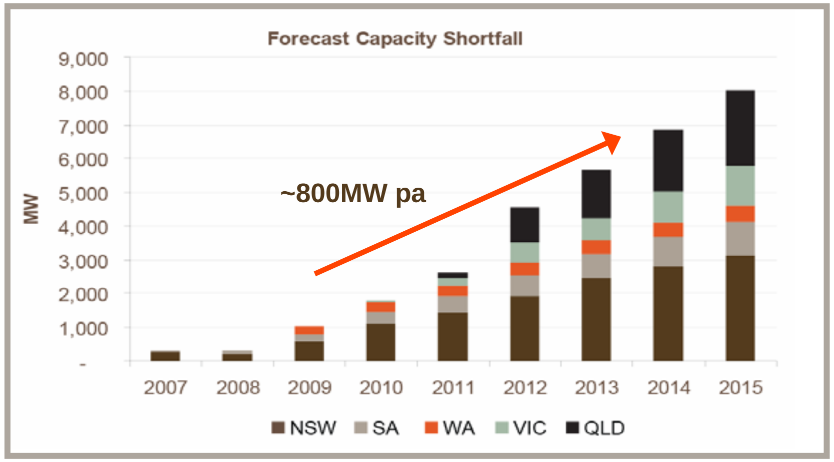
| | |
|---|---|
| **Flinders (SA)** | • Lowest cost energy provider in South Australia<br>• Tight supply, already breaching reserve requirements<br>• Proven ability to capture a premium to market prices |
| **Braemar (QLD)** | • Positioned in the fastest growing demand region of the NEM<br>• Located in the heart of Queensland's coal seam gas fields<br>• Sunk infrastructure in place to allow for expansion opportunities |
| **Kwinana (WA)** | • 320MW CCGT[1] underwritten by a long term off-take agreement<br>• Scheduled to be commissioned late 2008<br>• Forecast financial contribution for 2H Fin Year 2009 |
| **Redbank (NSW)<br>Ecogen (VIC)<br>Oakey (QLD)** | • Provide a stable foundation of high quality cash flows<br>• Contractual revenue indexation underpins future growth<br>• Strong operations & maintenance teams in place |

1. *CCGT = Combined Cycle Gas Turbine*

# INVESTMENT RATIONALE

**Electricity Capacity Shortfall**

- NEMMCO predicts significant capacity constraints
- Existing capacity shortfall
- Approximately 800 mw pa of generation demand to 2015[(1)]
- Approximately $10 billion in new generation investment is required over the next decade




**Creation of Carbon Markets**

- BBP supports an emissions trading scheme with grandfathered permits
- BBP portfolio has 15% lower emissions than the national average
- Option value of gas generating assets is enhanced
- Overall impact on BBP likely to be neutral

(1) Source: NEMMCO Statement of Opportunities



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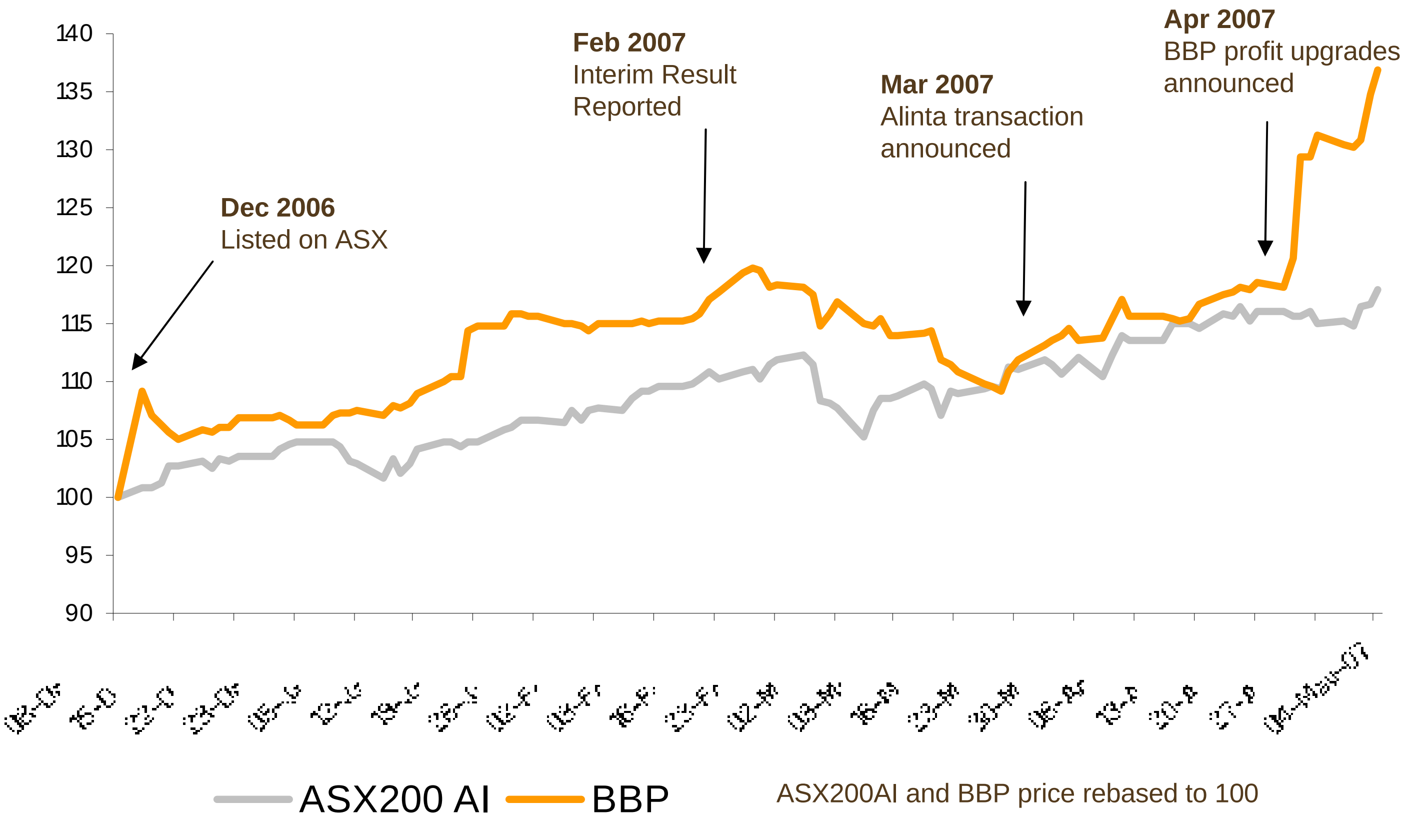
# BBP SECURITY PRICE HISTORY




• BBP has outperformed the ASX200 Accumulation Index since listing

• BBP has delivered Total Securityholder Returns (TSR) of approx. 38%[1]



(1) Based on BBP price of $3.44

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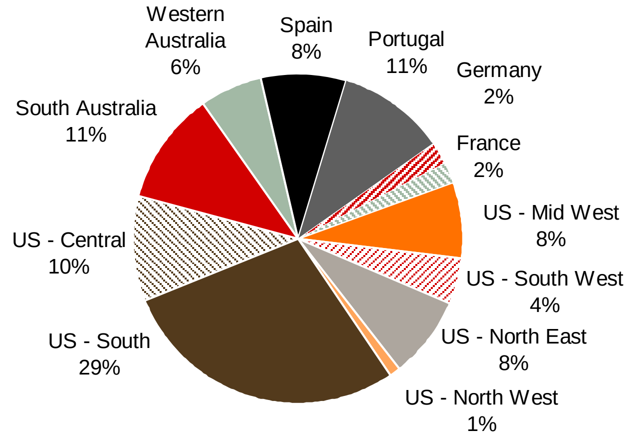
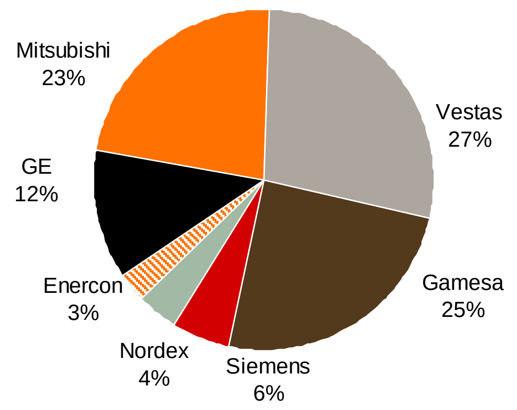
# SOURCES OF DIVERSIFICATION

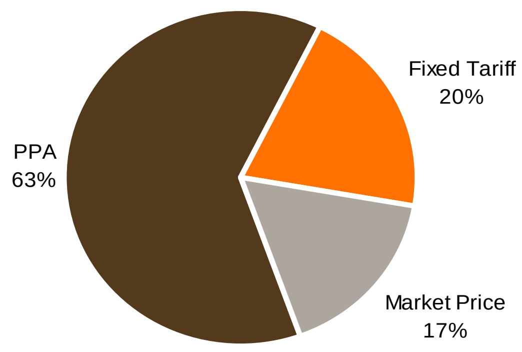
## GEOGRAPHY & WIND RESOURCE



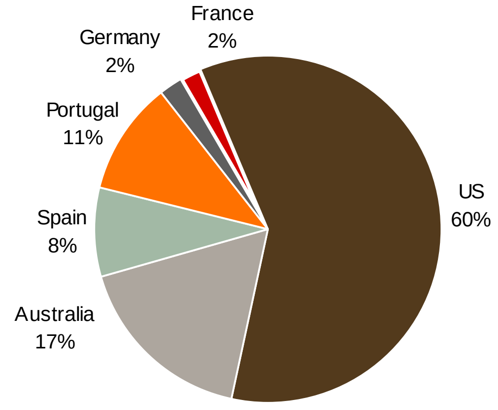

## EQUIPMENT & SERVICE PROVIDERS




## REVENUE ASSURANCE




## REGULATORY REGIME



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# INVESTMENT RATIONALE FOR WIND ENERGY

| | |
|---|---|
| **Environmental Factors** | • Deepening concerns about the causes of global warming<br>• Reducing dependence on and depletion of non-renewable resources<br>• Reduction in emissions shaped by Kyoto Protocol: 5.2% by 2012 |
| **Cost Competitiveness** | • Increasing volatility and uncertain fossil fuel price trajectory<br>• Technology gains have led to increasing cost competitiveness<br>• Competitive with new entrants: 4-7US c/kWh or 4-9€ c/kWh[1] |
| **Security of energy supply** | • Wind energy represents an indigenous fuel source<br>• Fossil fuels concentrated in geopolitically sensitive regions<br>• Historic dependence on imports |
| **Increased demand for electricity** | • New global capacity of 4,800GW required by 2030[2]<br>• Demand will double between 2002 & 2030[2]<br>• Need to replace 1/3 of the current installed capacity between 2002 & 2030[2] |

1. Source: Emerging Energy Research
2. Source: International Energy Agency



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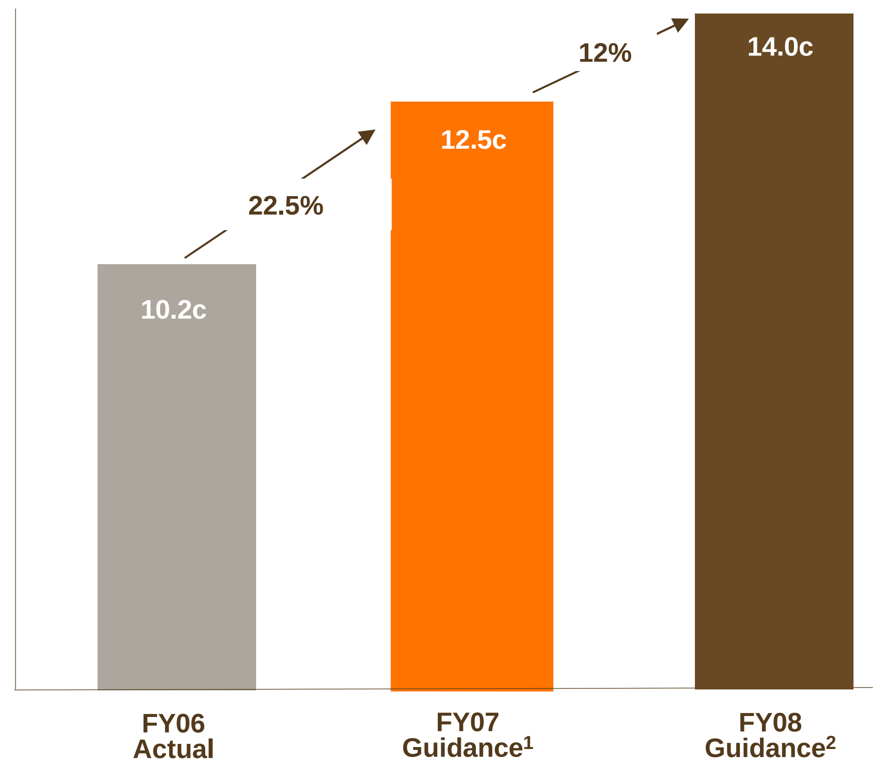
# DISTRIBUTIONS

Strong growth in distributions




- FY07 distribution guidance of 12.5 cents per security[1] reconfirmed – 22.5% increase on FY06
- FY08 distribution guidance 14.0 cents per security[2] reconfirmed – 12% increase on FY07
- Distributions expected to be fully tax deferred for FY07 & FY08
- NOCF & Distribution guidance to be updated within Notice of Meeting materials for remaining Proposed Acquisitions[3]

Proposed Acquisitions expected to provide scope for further distribution growth in medium term

1. FY07 guidance assumes: P50 production, no performance fee and no material reduction in Spanish tariff.
2. Assumes US06 Portfolio is acquired materially in line with proposed timing; successful implementation of plans to refinance BBW's debt facilities during FY07; P50 production; no performance fee and Spanish Tariff no less than indicated in Spanish Government draft decree announced on 29 November 2006
3. Related party transactions require Security Holder approval.



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