

BABCOCK & BROWN POWER

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ASX Release

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BBP ANNOUNCES ALINTA EATM ASSET SALE

Babcock & Brown Power (ASX: BBP) has signed a binding agreement for the sale of all assets of Alinta EATM Pty Limited (“AEATM”) to Aurora Energy (Tamar Valley) Pty Ltd. The sale will realise proceeds of approximately \$15 million, subject to certain conditions precedent with completion expected within 1Q CY09.

In addition to the purchase price, BBP expects to receive a working capital adjustment of approximately \$10 million, depending on the timing of financial close, and the release of a \$10 million cash backed letter of credit.

AEATM was a participant in the wholesale gas market which sources gas principally from the Gippsland Basin in Victoria to supply a range of wholesale energy market participants on the eastern seaboard.

Update on repayment of BBPH debt facility

BBP expects to complete the sale of its interests in the Kwinana and Neerabup power stations during 1Q CY09, once the remaining conditions precedent are satisfied. Partial completion of the sale of interests in the Kwinana power station and internal funds have been used to repay \$71 million of the \$118 million BBPH facility to date. The remaining \$47 million outstanding is expected to be repaid from internal funds and proceeds to be received on final completion of the asset sales.

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

The portfolio has interests in 12 operating power stations representing nearly 3,000MW¹ of installed generation capacity. BBP also 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.

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

¹ Some assets have minority shareholders.