

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

28 May 2009

SHARE SUSPENSION LIFTED – DEBT TERMS RESTRUCTURING COMMENCED

Babcock & Brown Power (ASX:BBP) advises that it has requested ASX to lift the voluntary suspension on quotation of its securities today. This follows discussions with the BBPF Bank Syndicate and the Babcock & Brown Group.

As previously advised, under the BBPF Facility a Review Event is triggered on 3 June 2009 in the event that BBP fails to obtain a second Investment Grade Rating by that date. The consequence of a Review Event being triggered is that the BBPF Bank Syndicate becomes entitled to review and renegotiate the terms of its loans with BBP. In anticipation of not meeting the rating requirement, BBP and the BBPF Bank Syndicate have commenced renegotiation of the BBPF Facility. Should these renegotiations prove to be unsuccessful, it is possible that BBP's loans may be accelerated. BBP continues to work co-operatively with the BBPF Bank Syndicate and expects to achieve a successful outcome by 31 July 2009.

As previously foreshadowed, the March quarter Interest Cover Ratio (ICR) for the BBPF Facility was below 1.5x, but above the default level of 1.35x and therefore the BBPF Facility is now in lock up. The effect of a lock up is that it restricts distributions out of the BBPF subgroup. Importantly, this will not have any adverse impact on BBP's operational businesses. Negotiations concerning the ICR and other matters are included in the terms of reference for the renegotiation with the BBPF Bank Syndicate as mentioned above.

BBP believes no action will be taken under the BBPF Facility by the BBPF Bank Syndicate during the re-negotiation period.

The occurrence of a Review Event in the BBPF Facility also provides the Babcock & Brown Lenders a Review Event under a number of the facilities provided by Babcock & Brown to BBP. BBP and Babcock & Brown have commenced a renegotiation of those facility documents. Following the initial stage of these discussions, BBP believes that no action will be taken under the facility documents during the re-negotiation period.

ENDS

Further Information:

Ross Rolfe AO
Chief Executive Officer
Ph + 61 2 9372 2627

Peter Brook
Chief Financial Officer
Ph + 61 2 9372 2623

BABCOCK & BROWN POWER

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 approximately 2,800MW¹ of installed generation capacity. BBP has interests in a number of other associated power assets including the WA retail assets Alinta.

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

¹ Some assets have minority shareholders.