

BABCOCK & BROWN POWER

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ASX Release

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BBP ANNOUNCES RETAIL CONTRACT

Babcock & Brown Power (ASX:BBP) announces that it has entered into a substantial electricity supply contract with BHP Billiton, a global resources company (“the counterparty”) for its existing Olympic Dam operations in South Australia (SA). The agreement is an important step in the company’s efforts to reduce earnings volatility in its merchant portfolio.

Key highlights of the retail contract include:

- **Two year term** – the contract is for two years commencing on 1 July 2009.
- **105MW average load** – the average estimated load is 105MW.
- **The contract is priced in line with BBP’s forward outlook** – pricing is in line with BBP’s expectations for SA in FY10 and FY11.
- **Strong counterparty** – Standard & Poor’s credit rating for the counterparty is A+ with a stable outlook.
- **REC pass through** – the cost of RECs is passed on to the counterparty at an agreed price under the contract.
- **CPRS risk factored in** – expiry of the contract currently coincides with the proposed commencement of the CPRS scheme.

Ross Rolfe, Chief Executive of BBP, said: “The finalisation of this contract marks a further important step in management’s efforts to stabilise BBP’s earnings. This agreement, along with the recently announced Flinders Osborne Trading transaction and the completion of the Alinta EATM and Kwinana transactions, provides clear evidence of the progress being made in dealing with key challenges facing the business.”

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 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.