

BABCOCK & BROWN POWER

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28 September 2009

Update on Loan Restructuring

BBP Group (“**BBP**”) has made substantial progress in commercial negotiations in relation to the restructuring of the debt owed to its two major finance providers, the Babcock & Brown Group (“**B&B**”) and a syndicate of banks that have lent to a subsidiary, BBP Finance Australia Pty Limited (“**the BBPF Syndicate**”).

The 11 members of the BBPF Syndicate and B&B are in the process of seeking internal approval to implement the restructuring – which in the case of B&B involves consent from its financiers. As previously announced, BBP had expected to have entered into legal agreements to implement the transactions prior to 30 September, but now expects this will not occur until mid to late October – at which time details of binding agreements will be announced to the market. Resolution of the B&B loan restructuring is likely to require a securityholder vote.

Whilst BBP remains confident of effecting the restructures, it does note that until the B&B Group and all members of the BBPF Syndicate enter into legally binding transactions with BBP, a risk that the restructure is not effected as currently expected remains.

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Further Information:

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About Babcock & Brown Power

Babcock & Brown Power (ASX:BBP) is a power generation and energy retail business, with assets diversified by geographic location, fuel source, contract type and operating mode. The portfolio has interests in 12 operating power stations representing approximately 2,800MW¹ of installed generation capacity. BBP also owns the Alinta retail business in WA.

¹ Some assets have minority shareholders.