

BABCOCK & BROWN POWER

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5 November 2009

Market Update: AGM and BBIPL Group Loan Restructure and NWS Arbitration Outcome

On 28 October 2009, Babcock & Brown Power (ASX:BBP) advised the market that an in-principle, but non-binding commercial agreement had been reached with Babcock & Brown International Pty Ltd (BBIPL) regarding the proposed restructuring of the debt and outstanding fees payable to subsidiaries of BBIPL. As outlined in that release, consent of the BBIPL lenders is required to allow BBIPL, and its subsidiaries, to enter into a legally binding agreement with BBP. Furthermore the statement indicated that the requisite level of BBIPL lender consent was expected by 4 November in order for documentation to be sent to securityholders in time for a vote in relation to the restructuring proposal at BBP's AGM on 18 December 2009. BBIPL lender consent was not received by 4 November; however, the parties continue in dialogue with the aim of reaching a position that will enable securityholders to vote at the AGM on the BBIPL group restructuring proposal.

BBP also advises that it has been informed that the interim award in relation to the previously announced¹ gas contract arbitration in WA will be delivered late on the afternoon of Tuesday 10 November.

BBP will keep the market updated in respect of these developments.

ENDS

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 2,800MW² of installed generation capacity. BBP also owns the Alinta retail business in WA.

¹ Various ASX Releases including 28 August 2009, 30 September 2009 and 28 October 2009.

² Some assets have minority shareholders.