

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 7 · 50 Pitt Street · Sydney NSW 2000 Australia · T +61 2 9372 2600 · F +61 2 9372 2610
Level 25 Waterfront Place · Eagle Street · Brisbane QLD 4000 Australia · T +61 7 3011 7600 · F +61 7 3011 7610
www.bbpower.com

18 December 2009

Annual General Meeting

Please see attached AGM Presentation (including the results of the proxy voting) to be delivered at today's Annual General Meeting of BBP Securityholders.

ENDS

Further Information:

Ross Rolfe AO	Peter Brook
Chief Executive Officer	Chief Financial Officer
Ph + 61 2 9372 2627	Ph + 61 2 9372 2623

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

Annual General Meeting
Babcock & Brown Power Limited

Meeting of Unitholders
Babcock & Brown Power Trust

18 December 2009

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Agenda

1. Welcome & Introduction
2. Chairman's Address
3. CEO's Address
4. Business Resolutions
5. Q&A

Welcome & Introduction

- Housekeeping
- Agenda

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Major Step Forward

- Extremely challenging period for the company, securityholders, lenders and staff
- Agreements reached today are a major step forward
 - Restructure and term extension of \$2.7 billion BBPF Loan Facility
 - North West Shelf Gas Supply and Customer Sales Agreements
 - Settlement with BBIG lenders at significant discount
 - Termination of the BBIG management and advisory agreements

**BBP now has the time to deal with the remaining capital structure issues
in an orderly and considered manner**

2009 Key Events

- Early 2009
 - Options including sale
- Q2, 2009
 - BBPF debt restructure focus
 - BBIG settlement
- November 2009
 - NWS arbitration
- December 2009
 - Agreements to stabilise business

BBP's Staff & Management

- Despite the difficult environment, our staff and management have performed beyond all reasonable expectations
- Led by our tenacious CEO Ross Rolfe
- Supported by a team of trusted and capable advisers

Alinta Energy



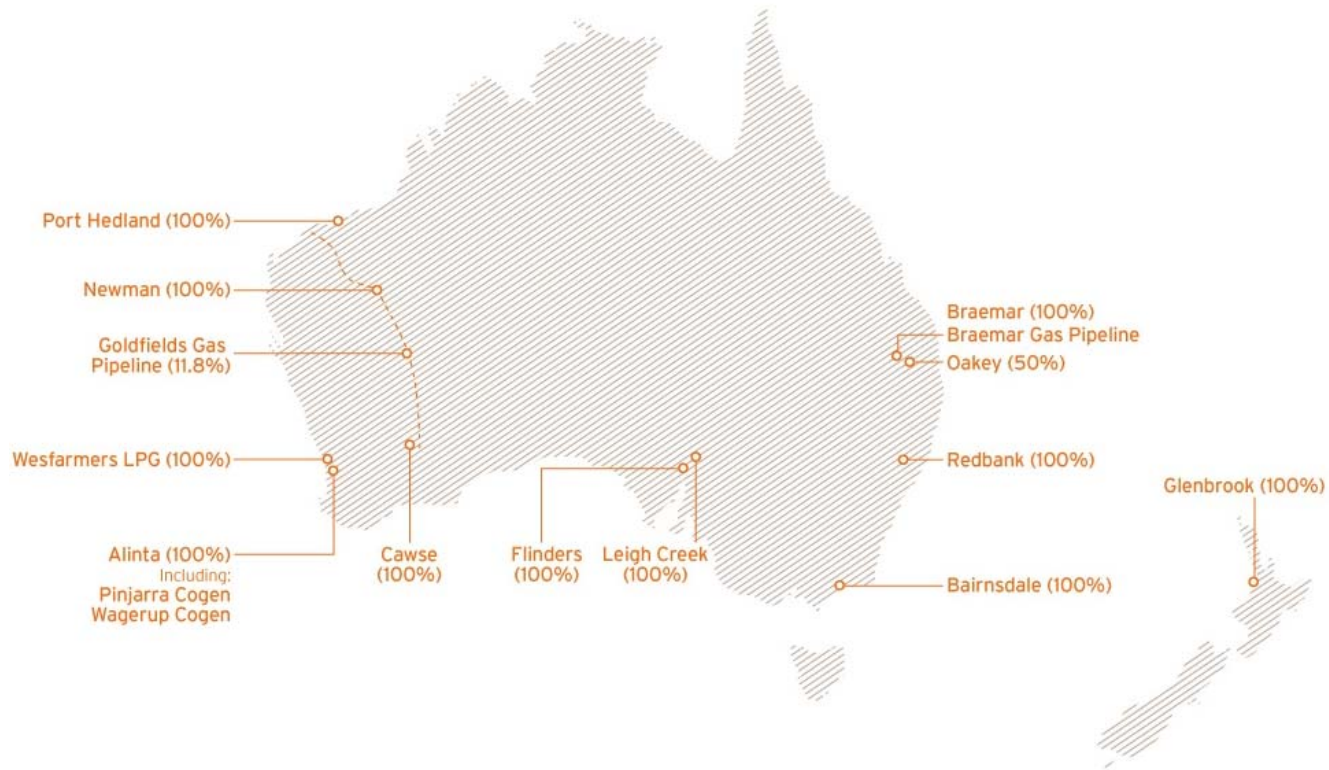
- Strong brand that positions the company well for an independent future
- Alinta is recognised in the WA market as the only independent and privately-owned supplier of gas and electricity
- Alinta is a widely recognised brand that is held in high regard in the energy industry and is well known among energy users
- The Alinta operations in WA represent a vertically integrated and focused business
- This is a strategic platform from which the business as a whole can recover and grow

Remuneration

- Extensive business challenges, high workload and prolonged uncertainty have impacted staff – resignations and morale
- Company has put in place remuneration structure to retain key staff
- Retention and replacement are ongoing challenges
- Stabilised debt structure an important step
- Voluntary reduction by Independent Directors

Priorities

- Strengthening of Capital Structure
- Improving Business Performance



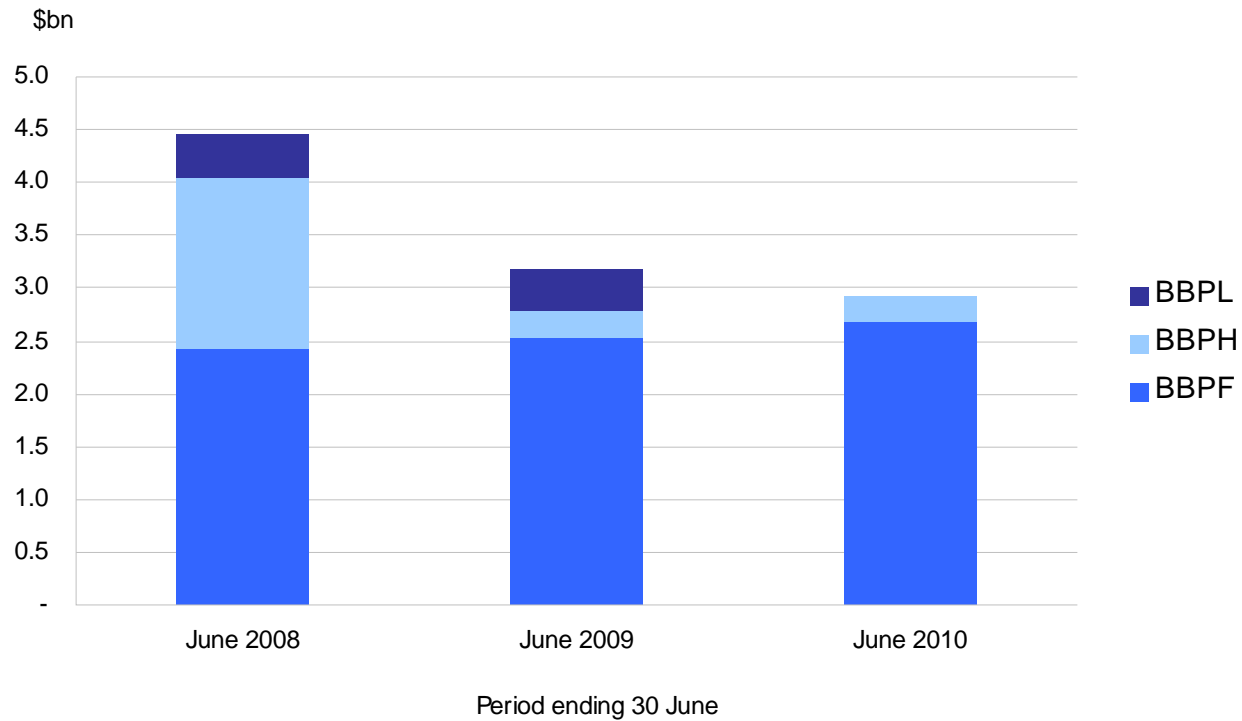
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A Year of Challenges

- Reducing the company's debt and establishing a stable and sustainable capital structure
- De-risking operational performance

Debt Reduction



Repayment of BBPH Debt

- Asset sales enabled BBP to repay the full amount of the corporate debt outstanding at BBP Holdings (BBPH)

Balance Outstanding as at 30 June 2008	353.0
Less : Sale of Uranquinty Power Station	- 158.6
Less : Sale of Ecogen Power Project (73%)	- 79.0
Less : Sale of Neerabup	-1.7
Less : Sale of Kwinana Power Station (70%) ¹	- 78.5
Less : Business Cash used to repay debt ²	- 35.2
Balance Outstanding	-

- BBPH corporate debt facility fully repaid on 31 March 2009
- Residual debt at BBPH is limited recourse project debt secured against Redbank Power Station

Notes:

- Including release of contingent equity deposit of \$7m
- Net of lending fees

BBIG Restructuring Agreement

- Agreement has been reached with Babcock & Brown International Group (BBIG) to settle outstanding debts and fees of c.\$444 million at a significant discount
- All debt and fees extinguished regardless of value ultimately realised by BBIG
- There are a number of conditions precedent to implementing the BBIG Restructure

	\$'m
Balance Outstanding as at 30 June 2009	398.70
Plus : Accrued Interest	13.00
Plus : Management & Advisory Fees	32.30
Total Amounts Owing to BBIG	444.00
Less : Settlement	
- Cash ¹	(33.00 – 37.70) ¹
- Securities Issued (80.73m securities @ 0.18 per security)	(14.50) ²
- Carrying Value of Oakey as at June 2009	(46.55)
Settlement Range	(94.05 – 98.75)
Implied Debt Forgiveness	(345.25 - 349.95)

Notes:

1.The maximum cash payment (\$37.7 million) will be reduced by the capital expenditure required to be paid by BBP in order to rectify the causes of recent outages at the Redbank Power Station.

2.The securities being issued pursuant to the settlement will be issued at a notional price of 18cps.

BBIG Restructuring Agreement (II)

- Complex negotiations taking over 12 months to finalise
 - Recognition of the debt owed to BBIG, but also the rights and interests of securityholders
 - Structurally securityholders are also a creditor of BBPL
 - The rights of securityholders to participate as a creditor of BBPL guided Directors in determining an appropriate and acceptable value split between securityholders and BBIG
- Failure to implement the Restructuring Agreement could result in severe consequences for BBP
 - Debt would be due in March 2010
- Approval process
 - Securityholder vote to be held at an EGM in early 2010

BBPF Restructuring Agreement

- In principle agreement to comprehensively restructure the senior secured BBP Group debt – eliminating short term refinancing risk and providing time to create securityholder value.
- Subsequent to implementation of the Restructuring Agreement with BBIG, senior secured debt will be the sole debt within the group, other than limited recourse project debt secured against Redbank Power Station

Facility ¹	30-Jun-09	30-Jun-10	Maturity
BBPF Facilities	2,532	2,560	September 2012
Working Capital Facility	10	60	September 2012
Backpayment Facility	-	70	Mid 2011
Senior Secured Short-Term Liquidity Facility ²	-	-	Q4 CY10
Total Debt	2,542	2,690	

Notes:

1. The amounts shown in the table do not account for cash holdings

2. This facility is not expected to be drawn as at 30 June 2010

BBPF Restructuring Agreement (II)

- Other Key Terms of BBPF Facilities:

Interest Rate	BBSY plus a cash margin of 1.45%
Payment in Kind (PIK) Margin	1.0% to 31 March 2011, thereafter 2.0% unless debt reduction of \$250m met
Contingent PIK	0.8%
Financial Covenants	Set by reference to BBP's 5 year budget plan and forecasts
Contingent Payments	Portion of interest foregone and diverted to NWS and Contingent PIK repayable on certain events related to successful refinancing, capital raising and outperformance to budget
Cash Sweep	Cash Sweep over agreed liquidity levels to repay debt
Debt Reduction Target	\$250m by 31 March 2011, or step up in margin

- There are a number of conditions precedent to financial close of the restructuring
 - Reaching a final binding agreement with the NWS
 - Participation of the downstream customers
 - Credit approval has been received from all but 1 of the banking syndicate

Looking Forward (II)

Pro Forma Debt Position

- Post the Restructure BBP's capital structure will be substantially simplified
- The settlement of the BBIG loans means that there will be a single senior corporate loan in the form of the BBPF facility
- In addition to the corporate facility, there is an existing non-recourse project debt facility secured to the Redbank Power Station.

Facility ¹	30-Jun-09	30-Jun-10	Maturity
BBIG	398	-	n/a
BBPF Facilities	2,532	2,560	September 2012
Working Capital Facility	10	60	September 2012
Backpayment Facility	-	70	Mid 2011
Senior Secured Short-Term Liquidity Facility ²	-	-	Q4 CY10
Redbank Project Debt	246	236	June 2018 & June 2023
Total Debt	3,186	2,926	

Notes:

1. The amounts shown in the table do not account for cash holdings
2. This facility is not expected to be drawn as at 30 June 2010

De Risking Earnings

- Management has been focused on stabilising the earnings profile of the business

Date	Action
March 09	AEATM sale completed
March – June 09	Sourcing of sufficient gas across the WA winter to meet our market commitments
June 09	105MW power purchase agreement entered into with BHP for the Olympic Dam project
June 09	22.9% increase in the WA residential and small customer gas tariff
July 09	Novation of onerous Flinders Osborne Trading contracts to Origin Energy

NWS Arbitration Outcome

- The outcome was materially outside reasonably held expectations resulting in a backpayment and future price for gas that was not anticipated
- In principle agreement with a range of stakeholders to minimise the negative impact of the outcome on BBP
- Moratorium agreement in agreed form and in the process of being executed. Final documentation expected in mid January

Counter Party	Negotiated Outcome
North West Shelf Joint Venture	<ul style="list-style-type: none">• Negotiated back payment• Negotiated forward price path• Certain further amounts are payable to the NWS JV in limited contingent circumstances.
Downstream Customers	<ul style="list-style-type: none">• Increasing the future gas price• Reducing future volumes
BBPF Banks	<ul style="list-style-type: none">• Financial contribution• Increased facilities
BBIG	<ul style="list-style-type: none">• Reduced consideration for settlement

Termination Of Management & Advisory Agreements

- Termination of all Management & Advisory Agreements on 16 December at nominal cost
- Purchase of RE for BBPT – for cash held at bank for regulatory purposes i.e. \$5m
- Formalises what has been effectively been the status quo since late 2008:
 - No BBIG management since December 2008
 - No BBIG board representation since December 2008
 - Direct employment of staff since December 2008
 - Separation of IT systems in March 2009
 - Head office moved to appropriate and separate location in September 2009

FY09 Financial Performance

12 months to June	2009	2008	Change (%)
Revenue	1,534	1,527	0.4%
Statutory EBITDA	325	331	2.0%
Normalised EBITDA	262	342	(23.4%)
PBT	(244)	(384)	-

- Modest decline in statutory EBITDA
 - Statutory EBITDA fell by 2% in FY09 to \$325 million from \$331 million in FY08
 - The FY09 result included a number of one-off items such as the release of provisions following the AEATM¹ and FOT² sales and the increase in provision for Alinta onerous contracts as well as a non cash impairment
- Adverse operating conditions resulted in a 23% fall in normalised EBITDA
 - Normalised EBITDA fell in FY09 by 23.4% to \$262 million from \$342 million in FY08
 - Key factors contributing to this decline were lower prices and reduced sales, combined with unplanned outages at Flinders

1. AEATM – Alinta EATM
 2. FOT – Flinders Osborne Trading

Looking Forward

FY10 Guidance

- BBP expects FY10 EBITDA to be in line with the adjusted pro forma FY09 figure of \$288 million
- The principal adjustments to last year's reported normalised EBITDA of \$262 million relate to divested assets including Kwinana, Neerabup, Tamar, AEATM, Uranquinty and Ecogen

Future Segmentation of Earnings

- Going forward, BBP intends to revise its segmentation of the business to more appropriately reflect the way in which the business is managed
- The intention is to provide a breakdown that segments on the following basis:
 - **Contracted** – assets that have long-term contracts, typically power purchase agreements, that provide stable cash flows that are often linked to CPI
 - **Merchant** – assets that have a large proportion of revenues exposed to market prices over both the short and medium term
 - **Retail** – operations that involve the supply of gas and/or electricity to customers as well as the associated wholesale activities

Summary & Conclusion

- Positive outcome for BBP and its securityholders
- Challenges remain
- Management focused on
 - Retaining and supplementing management
 - Earnings stabilisation
 - CPRS
 - Further deleveraging

**BBP now has the time to deal with the remaining capital structure issues
in an orderly and considered manner**

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4. **Business Resolutions**
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Ordinary Business – Resolution 1

Remuneration Report – BBPL only

To consider and, if thought fit, to pass the following as an ordinary resolution of BBPL:

That the Remuneration Report for the year ended 30 June 2009 be adopted.

The Remuneration Report is set out on pages 39 to 44 of the BBP Annual Report 2009.

This is a non-binding advisory vote.

Proxy Summary – Resolution 1

For	Against	Discretionary	Abstain	Total
80,069,411	10,622,236	118,348,430	4,773,188	213,813,265

Ordinary Business – Resolution 2

BBPL Director re-election – BBPL only

To consider and, if thought fit, to pass the following as an ordinary resolution of BBPL:

That Len Gill, being a Director of BBPL who retires as a Director by rotation in accordance with rule 7.1(d) of the BBPL Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of BBPL.

The BBPL Directors, other than Len Gill, recommend that Shareholders vote in favour of adopting this resolution.

For this resolution to be passed, more than 50% of the votes cast by Shareholders entitled to vote on the resolution must be in favour of the resolution.

Proxy Summary – Resolution 2

For	Against	Discretionary	Abstain	Total
84,549,350	6,953,311	118,477,743	3,832,861	213,813,265

Ordinary Business – Resolution 3

BBPL Director re-election – BBPL only

To consider and, if thought fit, to pass the following as an ordinary resolution of BBPL:

That Peter Kinsey, being a Director of BBPL who retires as a Director by rotation in accordance with rule 7.1(d) of the BBPL Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of BBPL.

The BBPL Directors, other than Peter Kinsey, recommend that Shareholders vote in favour of adopting this resolution.

For this resolution to be passed, more than 50% of the votes cast by Shareholders entitled to vote on the resolution must be in favour of the resolution

Proxy Summary – Resolution 3

For	Against	Discretionary	Abstain	Total
83,948,724	7,453,995	118,482,017	3,928,529	213,813,265

Special Business – Resolution 4

FINANCIAL ASSISTANCE

To consider and, if thought fit, to pass the following resolution as a special resolution of BBPL:

That:

a. BBPL approves for all purposes, including section 260B(2) of the Corporations Act 2001 (Cth), the giving of any financial assistance by:

- i. BBP Energy Markets Pty Limited and its subsidiaries in connection with the acquisition by BBP Finance Australia Pty Limited of all the shares in BBP Energy Markets Pty Limited; and
- ii. Neighbourhood Energy Pty Limited and its subsidiaries in connection with the acquisition by BBP ONE Pty Ltd and CMO Energy (NZ) Ltd of the remaining minority interest in Neighbourhood Energy Pty Limited, including, without limitation:
- iii. in each case, being joined as a guarantor and obligor to the BBPF Syndicated Facility and the related Security Trust Deed;
- iv. in each case, granting security over all of its assets from time to time by way of security for all of its and the other BBPF Group members' liabilities from time to time to the parties from time to time to the Security Trust Deed;
- v. in the case of BBP Energy Markets Pty Limited, making its cash assets from time to time available to BBP Finance Australia Pty Limited, its subsidiaries or any of them, and as otherwise described in Section 2.2.1 of the Explanatory Memorandum accompanying the Notice of Meetings convening this Meeting; and

b. BBP Energy Markets Pty Limited and Neighbourhood Energy Pty Limited and their respective subsidiaries may from time to time enter into and give effect to any documentation and transactions comprising or otherwise connected with any financial assistance described above or in Section 2.2.1 of the Explanatory Memorandum accompanying the Notice of Meetings convening this Meeting.

All the BBPL Directors voted at a BBPL board meeting in favour of recommending that Shareholders vote in favour of this resolution.

For further information, please refer to section 2.2.1 of the Explanatory Memorandum accompanying this Notice of Meetings.

For this resolution to be passed, at least 75% of the votes cast by Shareholders who are entitled to vote on the resolution must be in favour of the resolution.

Proxy Summary – Resolution 4

For	Against	Discretionary	Abstain	Total
86,895,783	4,903,081	118,975,406	3,038,995	213,813,265

Special Business – Resolution 5

Change of company name – BBPL only

To consider and, if thought fit, to pass the following resolution as a special resolution of BBPL:

That, for the purposes of Section 157(1) of the Corporations Act (Cth) and for all other purposes, the name of BBPL be changed to “Alinta Energy Limited” with effect from the date that the Australian Securities and Investments Commission alters the details of the registration in accordance with the Corporations Act.

All the BBPL Directors voted at a BBPL board meeting in favour of recommending that Shareholders vote in favour of this resolution.

For this resolution to be passed, at least 75% of the votes cast by Shareholders entitled to vote on the resolution must be in favour of the resolution.

Proxy Summary – Resolution 5

For	Against	Discretionary	Abstain	Total
92,932,664	1,557,896	118,900,295	422,410	213,813,265

Special Business – Resolution 6

Amendment to BBPL Constitution as a result of change of company name – BBPL only

To consider and, if thought fit, to pass the following resolution as a special resolution:

That, conditional upon Resolution 5 being passed, the BBPL Constitution is amended accordingly to reflect the change of name of BBPL to “Alinta Energy Limited”.

All the BBPL Directors voted at a BBPL board meeting in favour of recommending that Shareholders vote in favour of this resolution.

For this resolution to be passed, at least 75% of the votes cast by Shareholders entitled to vote on the resolution must be in favour of the resolution.

Proxy Summary – Resolution 6

For	Against	Discretionary	Abstain	Total
92,654,010	1,774,349	118,886,586	498,320	213,813,265

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