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

30 March 2007

BABCOCK & BROWN POWER TO ACQUIRE ALINTA POWER GENERATION AND 67% OF AlintaAGL

Babcock & Brown Power (ASX:BBP) today announced that as a member of the final Babcock & Brown (ASX:BNB) and Singapore Power International Ltd consortium bidding for the whole of the issued share capital of Alinta, it will be acquiring circa 970MW Alinta power generation portfolio and 67% of the WA retail assets (which includes approximately 566,000 customers) currently owned by Alinta.

BBP has agreed to acquire these assets through the issue of 331 million BBP stapled securities at a fixed ratio of 3.31 BBP securities for every 5 Alinta shares. The balance of funding is to be sourced through committed debt. This results in a total consideration (Enterprise Value) for this transaction of approximately $2.6bn.

Upon completion, the acquisition of the power generation assets is expected to be immediately accretive to BBP's June 2008 distribution guidance of 24.0 cents per security. BBP reaffirms medium term expectations of 4% per annum growth in distributions. This transaction will have no impact on the previous distribution guidance of 12.6 cents per stapled security for the period from IPO allotment on 11 December 2006 to year ended 30 June 2007.

Mr Peter Hofbauer, Chairman of BBP said "We are delighted to announce this transaction so soon after listing which will provide complementary growth to the current portfolio and improved returns to investors. This transaction provides further diversification into the fast growing WA energy market, growth opportunities beyond the current portfolio and a solid base for BBP to participate in further industry consolidation."

Alinta assets to be acquired by BBP

A number of wholly owned businesses and equity interests are to be acquired as part of this transaction as detailed below.

Asset	Asset Type	Location	Economic Interest
AlintaAGL (WA Retail & WA Cogeneration Plants)	Gas and Electricity Retailing & Power Generation	**WA**	0% or 100% (currently 67%, see below)
Port Hedland Power Station	Power Generation	**WA**	100%
Newman Power Station	Power Generation	**WA**	100%
Goldfields Gas Pipeline	Gas Transmission	**WA**	11.8%
Glenbrook NZ Power Station	Power Generation	**NZ**	100%
Bairnsdale Power Station	Power Generation	**VIC**	100%
Cawse Cogeneration Plant	Power Generation	**WA**	100%
LPG business	Energy Markets	**WA**	100%
Tamar Development Project	Power Generation	**TAS**	100%

In addition BBP will have access to Alinta's pipeline of development assets, which complement BBP's current access to a pipeline of BNB sponsored greenfield developments. The most prospective of these is the 380MW Tamar Valley project located in Tasmania.

Apart from the WA Cogeneration plants, the power stations are all supported by long term power purchase agreements or similar arrangements. The WA Cogeneration business receives reserve capacity payments from the Western Australian Independent Market Operator for the Wagerup facility and sells its electricity to retail customers via AlintaAGL, reducing the risk of wholesale market prices.

<u>AGL Pre-emptive rights over AlintaAGL</u>
The WA Retail and WA Cogeneration assets that underlie the joint venture between Alinta and AGL Limited (AlintaAGL) are subject to a put/call option arrangement that will be triggered following a change in control event of Alinta, such as the acquisition of the issued share capital of Alinta by the Consortium.

The economic interest in AlintaAGL currently held by Alinta is 67%. Following the acquisition process, BBP must offer to sell to AGL Alinta's 67% interest in AlintaAGL at a price that BBP nominates. AGL must either acquire 67% at that price or sell 33% at the equivalent price. Accordingly,

BBP will ultimately end up holding either a 0% or 100% economic interest in AlintaAGL. It is anticipated that this will occur within four months from the date of change of control being the date of the Scheme becoming effective. The AlintaAGL option will deliver either a lower cost base of assets acquired or full control of a growth asset.

Dr Paul Simshauser, CEO of BBP said "The acquisition of the Alinta assets represents a unique opportunity for BBP to substantially increase its presence in WA, as well as acquiring high quality assets in Victoria, Tasmania and New Zealand. There are significant parallels between Alinta's long term contracted generation assets and BBP's existing portfolio and the increased exposure to gas generation assets will be positive with the likely creation of carbon markets. There is also the potential for a significant retail position in the WA market that forms the base to develop new generation capacity in that market and potentially also to expand the retail and associated generation capacity outside WA. Upon successful completion of this transaction, BBP will become the largest private sector generator in Australia and subject to the AlintaAGL put/call option, the largest generator in the country."

Funding

BBP will fund this acquisition through the issuance of 331 million stapled securities to existing Alinta shareholders at a fixed ratio of 3.31 BBP securities for every 5 Alinta shares. The balance of funding will be sourced via committed debt with the final amounts to be determined following the outcome of the AlintaAGL put/call option.

Upon completion of the transaction BBP expects gearing (net debt to net debt plus equity) to increase from current levels of approximately 47% up to 60%. BBP is continuing its review of existing debt funding with the aim of lowering cost of funding.

Timetable

A Scheme Implementation Agreement has been signed today. The Alinta Board intend to recommend that Alinta shareholders and option holders vote in favour of the proposed scheme of arrangement (the "Scheme") (and intend to vote their own shares in favour), in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the proposal is in the best interests of Alinta shareholders. The Scheme contains certain conditions, requires court approval and also requires the approval of Alinta shareholders. BBP anticipates finalisation of the Scheme by the end of July 2007.

BABCOCK & BROWN
POWER

ENDS

Further Information:

Paul Simshauser
Chief Executive Officer
Babcock & Brown Power
Ph + 61 2 9229 1848

Fiona Osler
Investor Relations
Babcock & Brown Power
Ph + 61 2 9216 1383

About Babcock & Brown Power Limited

Babcock and 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 power assets via a combination of new construction and strategic acquisitions.

The initial portfolio has interests in seven operating power stations and one power station under construction and due for completion in late 2008. The portfolio has a total electricity generation capacity of approximately 2,900 MW.[1] Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years. Four of the power stations have been co-developed by Babcock & Brown from green field development opportunities and four have been acquired from other operators.

Portfolio Summary

Power station	Location	Equity interest (%)	Fuel	Operations Start Date	Capacity (MW)	Operating Mode	Offtake
Operating power stations							
Braemar	Queensland	85%[1]	Gas	September 2006	455MW	Intermediate	Energex/Market
Oakey	Queensland	50%	Gas	January 2000	286MW	Peak	Enertrade
Redbank	NSW	100%	Coal	April 2001	135MW	Base load	EnergyAustralia
Ecogen (Jeeralang)	Victoria	73%	Gas	1980	449MW	Peak	TRUenergy
Ecogen (Newport)	Victoria	73%	Gas	1980	510MW	Peak	
Flinders (Playford)	South Australia	100%	Coal	1960-1964	240MW	Intermediate	Various/Market
Flinders (Northern)	South Australia	100%	Coal	1985	527MW	Base load	Various/Market
Under construction							
NewGen Kwinana	Western Australia	70%[1]	Gas	late 2008 (projected)	320MW	Base load	Synergy
Total of operating and under construction					**2,922MW[2]**		
Contracted power offtake							
Osborne contracts	South Australia	100%	Gas/ cogeneration		180MW	Base load	Various/Market

1 Direct and indirect equity interest.
2 BBP's equity interest in the assets is equivalent to 2,350MW.

[1] Some assets have minority shareholders. BBP's equity interest in the assets is equivalent to 2,350 MW.

Babcock & Brown Power

Alinta Acquisition
30 March 2007

DISCLAIMER

The information contained in this presentation is given without any liability whatsoever to Babcock & Brown Power Limited, Babcock & Brown Power Services Limited as Responsible Entity for the Babcock & Brown Power Trust, Babcock & Brown Power Management Pty Limited, or any of their related entities (collectively "BBP") or their respective directors or officers, and is not intended to constitute legal, tax or accounting advice or opinion. No representation or warranty, express or implied, is made as to the accuracy, completeness or thoroughness of the content of the information. The recipient should consult with its own legal, tax or accounting advisers as to the accuracy and application of the information contained herein and should conduct its own due diligence and other enquiries in relation to such information.

The information in this presentation has not been independently verified by BBP. BBP disclaims any responsibility for any errors or omissions in such information, including the financial calculations, projections and forecasts set forth herein. No representation or warranty is made by or on behalf of BBP that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved.

Please note that, in providing this presentation, BBP has not considered the objectives, financial position or needs of the recipient. The recipient should obtain and rely on its own professional advice from its tax, legal, accounting and other professional advisers in respect of the addressee's objectives, financial position or needs.

This presentation does not carry any right of publication. This presentation is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by BBP. Neither this presentation nor any of its contents may be reproduced or used for any other purpose without the prior written consent of BBP.

BABCOCK & BROWN POWER

Presentation by:

Paul Simshauser	CEO (BBP)

Q&A Panel:

Paul Simshauser	CEO (BBP)
Peter Hofbauer	Chairman (BBP)
Ben Bolot	Alinta Bid Manager (BNB)
Ray Fung	Alinta Bid Manager (BNB)

For further information please contact:
Fiona Osler
Investor Relations
+61 2 9216 1383
fiona.osler@babcockbrown.com

BABCOCK & BROWN POWER

ACQUISITION SUMMARY

Key Details	• BBP is a member of the Consortium bidding to acquire all outstanding Alinta shares • Alinta announced today that the Consortium has been appointed as the preferred bidder • The acquisition will be implemented by way of a Scheme of Arrangement (Scheme) that will have the unanimous recommendation of the Alinta Board and is subject to Alinta shareholder approval • Pursuant to the final offer from the Consortium, BBP will acquire selected power generation assets and 67% of AlintaAGL from Alinta • Total consideration for assets acquired is approximately $2.6bn • Alinta shareholders to receive 3.31 BBP stapled securities for every 5 Alinta shares held • 331m new BBP securities to be issued • Increase in scale of BBP with market capitalisation increasing from approx $1bn to $2bn • Financial Close expected 3Q 2007
Investment Highlights	• Well contracted assets which are complementary to those in BBP's existing portfolio • Increased geographic diversity of the portfolio through presence in fast growing WA energy market • Increased weighting in portfolio towards low CO_2 gas fired generation • AlintaAGL option delivers either a lower cost base of assets acquired or full control of a growth asset • Inherent growth opportunities eg WA retail creates a platform for growth in the eastern states, access to a pipeline of organic growth • BBP to become largest private sector generator in Australia • Portfolio benefits through lowering capital costs and enhanced trading capacity • Accretive to BBP's June 2008 distribution guidance of 24.0 cents per security

AlintaAGL PUT CALL OPTION

67%

Alinta AGL

Acquire remaining 33%

- **Acquire full control of a growth asset**
- **Incumbent gas retailer expanding into electricity (dual fuel, vertical integration strategy)**
- **Creates a platform for growth to expand generation in WA**

Sell 67%

- **If AGL attributes a higher value than the price nominated by BBP then BBP receives that value for 67% of AlintaAGL**
- **Lowers acquisition costs of other assets**
- **Surplus cash available for investment opportunities**

- Alinta owns 67% of AlintaAGL
- Assets are subject to a put/call option arrangement that is triggered by a change in control which is triggered on Scheme implementation
- Alinta must notify AGL Energy of the price at which AGL Energy can acquire its 67% interest
- AGL Energy must either acquire 67% of AlintaAGL at that price or sell 33% at the equivalent price
- BBP will hold either 0% or 100% of AlintaAGL
- Likely to occur in 3Q 2007

OVERVIEW OF BBP ASSETS

BABCOCK & BROWN POWER

WA Retail
- > 566,000 gas customers
- > 15,000 elect customers

Other

- **GGTP** (11.8% stake in gas transmission)
- **Wesfarmers LPG** (economic interest in LPG project)

Bairnsdale – 94 MW

Port Hedland – 175 MW

Newman – 105 MW

Glenbrook – 112 MW

WA Co-gen – Pinjarra 140MW Wagerup 330MW

Cawse – 16 MW

Power development

- **Tamar Valley** (200MW CCGT/180MW OCGT)
- Port Kembla Co-gen

FUNDING

- Issue of 331 million BBP stapled securities at a fixed ratio of 3.31 BBP securities for every 5 Alinta shares
- Balance of funding, including if BBP acquires the outstanding 33% of AlintaAGL, is to be funded through committed debt with final amounts to be determined following the outcome of the AlintaAGL put/call option
- Total consideration of approximately $2.6bn
- BBP does not foresee any additional equity raisings in relation to this transaction
- Upon completion of this transaction, BBP expects gearing (net debt to net debt plus equity) to increase from current levels of 47% up to approximately 60%

THE ACQUISITION MEETS BBP'S INVESTMENT CRITERIA

Investment criteria	Alinta Assets
✓ **STRATEGIC** Develop a diversified portfolio of power generation assets and associated businesses	• Increases geographic diversity of BBP portfolio • Expands footprint in attractive WA energy market • Potential vertical integration creates an alternative route to hedging off-take
✓ **SECURITY HOLDER WEALTH** The acquisition price, earnings and funding structure of the investment are expected to contribute positively to Security Holder wealth	•Assets under long term contracts •Inherent growth opportunities eg WA retail creates a platform for growth in the eastern states, access to a pipeline of organic growth
✓ **APPROPRIATE RISK/RETURN** Including strong asset quality and condition, acceptable market risks, sound long term contractual arrangements, and attractive returns with prospects for growth that are commensurate with the risks accepted	• Predictable revenue underpinned by strong contractual positions •Greater diversification reducing portfolio risk • Sound asset conditions and early to mid life asset age •AlintaAGL option delivers either a lower cost base of assets acquired or full control of a growth asset
✓ **ABILITY TO OPTIMISE CAPITAL STRUCTURE** Ensuring assets have appropriate leverage to accommodate the investment risk profile and potential to optimise returns to Security Holders	• Broadens BBP's share register to over 100k securityholders • Increased market capitalization to approximately $2bn • Scrip offer maintains latent gearing potential

BABCOCK & BROWN POWER

WA POWER – PORT HEDLAND & NEWMAN POWER STATIONS

Port Hedland Power Station

- 175 MW gas-fired power station consisting of five 35 MW units
- Built in 1995 (Port Hedland) and 1998 (BHP Billiton's (BHPB) HBI plant site)
- The two locations are connected by a 66 KV power transmission line and also supply electricity to the local electricity grid and the North West Interconnected System
- Gas is supplied by a BHPB subsidiary, via the Karratha to Port Headland pipeline
- Long term PPA in place

Newman Power Station

- 105 MW (three 35 MW) rating gas-fired power station
- Located within the Mount Newman Joint Venture (MNJV) mining lease, adjacent to the Newman mining township in WA
- Commissioned in 1996 as the sole source of electricity to the remote Newman power grid and the MNJV (85% BHPB)
- Natural gas is supplied to Newman Power Station from the Carnarvon Basin via the Goldfields Gas Transmission Pipeline (GGTP), an 11.8% ownership interest of which is bundled with the power station ownership and delivers free transport capacity
- The Newman facility is in an isolated system with no other competition for electricity supply

GLENBROOK AND BAIRNSDALE POWER STATIONS

Glenbrook Power Station

- 38MW and 74MW cogeneration units
- Built in 1987 and 1997 respectively
- Situated at Glenbrook, near Auckland NZ
- NZ Steel is the sole current customer, which consumes 100% of its capacity
- Glenbrook is connected to the NZ grid and is able to sell its electricity into the NZ Electricity Market when the plant is in operation

Bairnsdale Power Station

- 94MW open cycle gas-fired power station
- Located in Victoria's East Gippsland region
- Built in 2001
- Plant is connected to NEM and provides Network Support Services which provides a stable underlying revenue stream
- Gas sourced from Gippsland Basin

BABCOCK & BROWN POWER

LPG, CAWSE & GGTP

LPG Supply	• Contract to supply gas to the Wesfarmers LPG plant • Located at Kwinana, WA • Provides a natural hedge to long term fuel prices
Cawse Cogeneration Plant	• 4 x 5MW gas turbines • 4 x heat recovery units for supply of process steam • Desalination unit for the supply of water • Built in 1998, 55kms north/west of Kalgoorlie • Fuel by way of GGTP • PPA arrangements in place
Goldfields Gas Transmission Pipeline (GGTP)	• 1380km GGTP runs from the North West Shelf (Dampier) to Kalgoorlie • Constructed in 1996 • 11.8% stake • Cashflow from ownership interests plus free transport capacity to Newman Power Station

WA RETAIL

Gas Retail	• > 80% WA market share • 566,000 industrial, commercial and residential customers • Full Retail Contestability (FRC) occurred in July 2004 • Established customer information and billing systems • Gas supply from North West Shelf producers

Electricity Retail	• Alinta participates in the liberalised electricity market in WA, which has approx. 12,000 I&C contestable customers • 870,000 customers in total market - FRC expected to be 2010/2011, which will create opportunities to grow market share largely on the back of a dual fuel strategy • Electricity supplies from own generation capacity supplemented by the WA Net Pool

WA CO-GENERATION

- Alinta announced plans to build up to 10 gas-fired cogeneration plants at Alcoa's 3 alumina refinery sites in WA at Pinjarra, Wagerup and Kwinana
- ACIL Tasman modelling indicates there is sufficient steam demand and sufficient electricity load to accommodate the full 10 cogeneration plants over the next 15-20 years
- Output from the first 2 cogeneration plants at Pinjarra have been contracted to larger industrial customers
- Wagerup is currently being constructed with anticipated commissioning by 4Q 2007

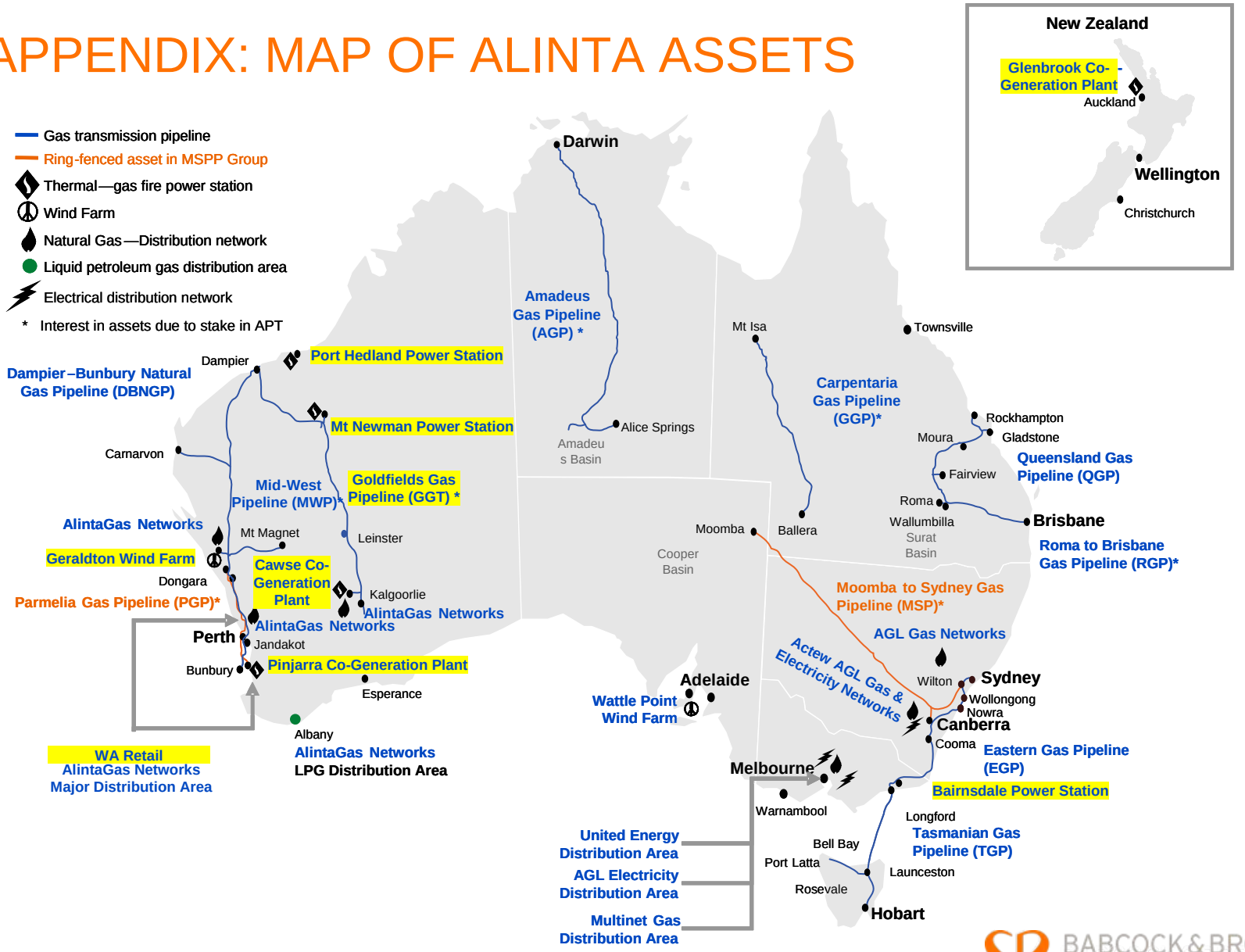
TAMAR POWER STATION

Overview	• Near term growth potential in Tasmania • 200 MW gas-fired combined cycle unit, 180 MW peaking capacity • Bell Bay 105MW unit plus 75MW of new OCGT capacity • Key contracts progressively being finalised • Commercial operation from Q2 2009
Project Economics	• Announced conditional 15 year contract for gas from Bass Strait • Announced that hedges have been agreed with Aurora • Market risk substantially hedged for 15 years through swaps/caps with Aurora

SUMMARY

- The acquisition is within BBP's investment mandate and meet's BBP's key investment criteria
- Upon completion the acquisition of Alinta's power generation portfolio is expected to be immediately accretive to June 2008 distribution guidance of 24.0 cents per security
- There are significant parallels between Alinta's long term contracted generation assets and BBP's existing portfolio
- There is the potential for a substantial retail position in the WA market providing a platform for growth in the eastern states and access to a pipeline of organic growth
- The AlintaAGL option will deliver either a lower cost base of assets acquired or full control of a growth asset
- BBP does not foresee any additional equity raisings in relation to this transaction

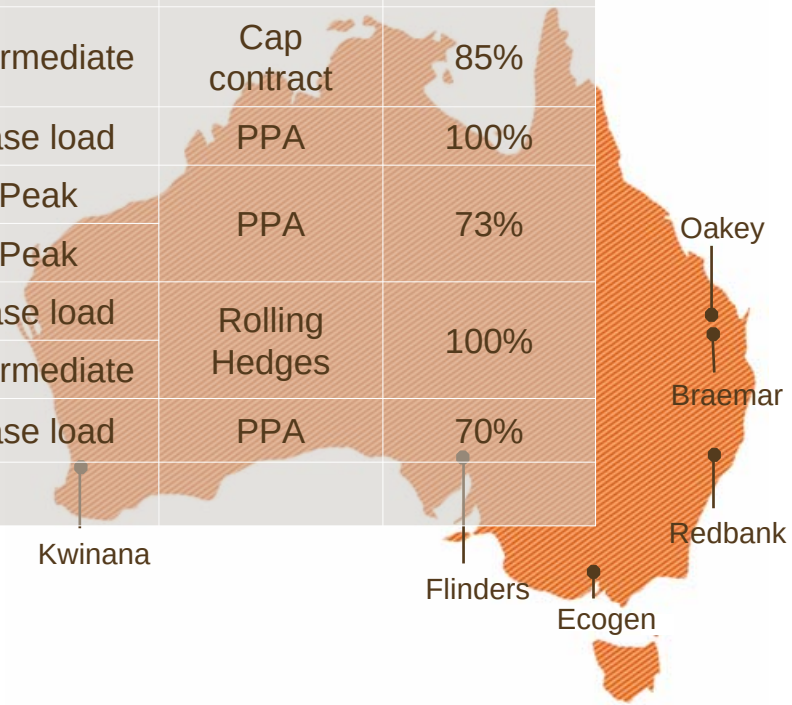
APPENDIX: MAP OF ALINTA ASSETS



BABCOCK & BROWN POWER

APPENDIX: BBP ~3,000MW POWER GENERATION

Generator	Region	Fuel	Capacity (MW)	Operating mode	Contract Type	Equity Ownership[1]
Oakey	QLD	Gas	286	Peak	PPA	50%
Braemar	QLD	Gas	455	Intermediate	Cap contract	85%
Redbank	NSW	Coal	135	Base load	PPA	100%
Ecogen - Jeeralang	VIC	Gas	449	Peak	PPA	73%
Ecogen - Newport	VIC	Gas	510	Peak		
Flinders - Northern	SA	Coal	527	Base load	Rolling Hedges	100%
Flinders - Playford	SA	Coal	240	Intermediate		
Kwinana[2]	WA	Gas	320	Base load	PPA	70%
		Total	2,922			



1. Direct and indirect equity interest
2. Kwinana is currently under construction

PPA = Power Purchase Agreement

BABCOCK & BROWN POWER

APPENDIX: EXPERIENCED INDUSTRY MANAGEMENT AND BOARD

Board

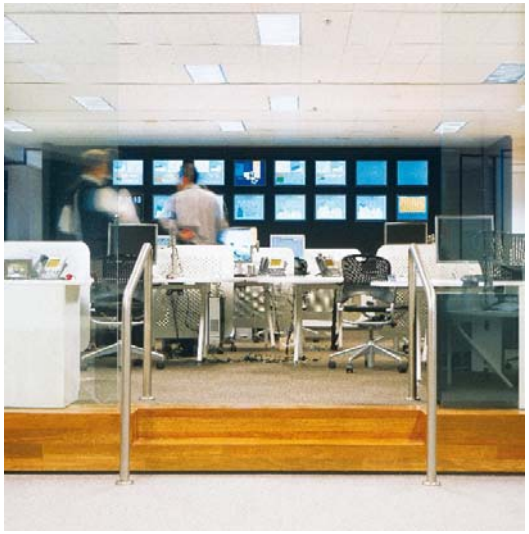
- **Chairman**
  Peter Hofbauer
  - Global Head of Infrastructure, Babcock & Brown
- **Executive**
  Warren Murphy
  - Head of Australian Energy, Babcock & Brown
- **Independent**
  Len Gill
  - Previously CEO of TXU Australia
- **Independent**
  John Fletcher
  - Director of Integral Energy Australia
  - Previously CFO of AGL
- **Independent**
  Peter Kinsey
  - Director of ABB Australia Pty Ltd
  - Legal & Compliance Manager South Asia for ABB Ltd

Management

- **Chief Executive Officer**
  Paul Simshauser
  - Previously CEO NewGen Power, Trading Stanwell
- **Chief Operating Officer**
  Brian Green
  - Previously GM Operations, NRG Flinders
- **Chief Financial Officer**
  James Brown
  - Previously CFO, Foodland
- **Experienced power station management**
- **Over 500 employees across the business**

ASX Listed Company

- **Listed on ASX 11 December 2006**
- **Current market capitalisation approx $1 billion**
- **Total Securityholder Returns since IPO approx 11%***



* Based on BBP VWAP $2.77