

## 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  
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### ASX Release

7 November 2008

### ANNUAL GENERAL MEETING

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

### ENDS

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#### Further Information:

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#### About Babcock & Brown Power

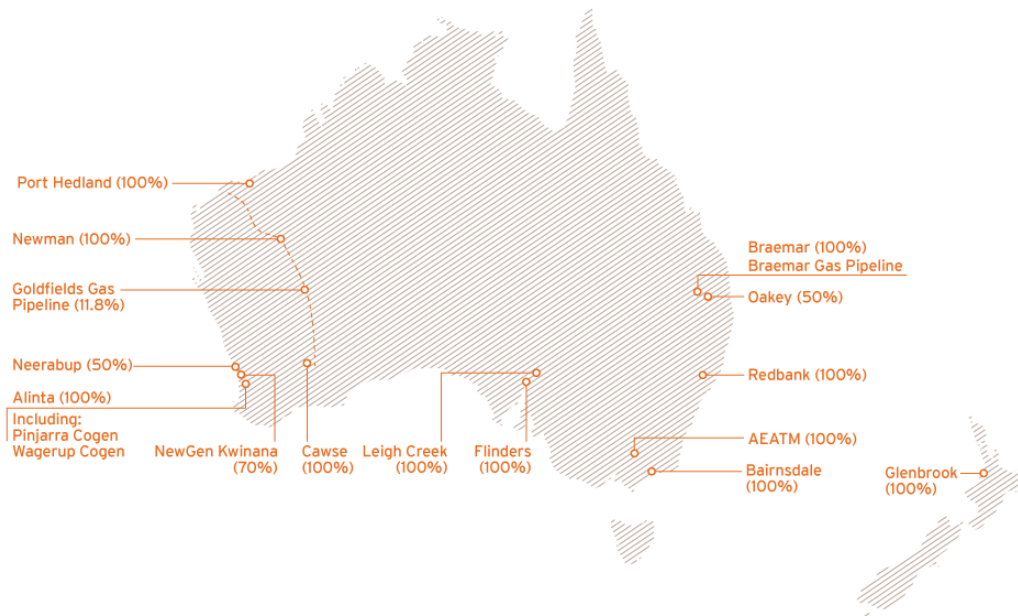
Babcock & Brown Power (ASX:BBP) is a power generation business, with assets diversified by geographic location, fuel source, customers, contract types and operating mode. Its aim is to grow returns to its securityholders through optimisation of its existing power generation business and the addition 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 over 3,000MW<sup>1</sup> of installed generation capacity and two power stations under construction. BBP has interests in a number of other associated power assets including the WA retail assets Alinta. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

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<sup>1</sup> Some assets have minority shareholders.

## Portfolio Summary



For further information please visit our website: [www.bbpower.com](http://www.bbpower.com)

## **CHAIRMAN'S ADDRESS**

### **Babcock & Brown Power 2008 Annual General Meeting**

**10.00am, 7 November 2008**

**The City Recital Hall, Angel Place, Sydney**

Good morning ladies and gentlemen, welcome to the meeting. Thanks for your time and interest today. My name is Len Gill, I am the Independent Chairman of Babcock & Brown Power. In terms of one house keeping matter before I go any further – can I ask that you all please check to see that your mobile phones have been switched off? Thank you.

Today we are holding two meetings in one for the stapled entities which form Babcock & Brown Power with this being the Annual General Meeting for:

- Babcock & Brown Power Limited; and
- The Babcock & Brown Power Trust.

We have a quorum, so I declare the meeting open.

The Notice of Meeting was distributed to all of you so with your consent I'll take the Notice as read.

I'd like to now introduce the other Directors of BBP:

- Peter Kinsey is an Independent Director, is Chairman of the Nomination & Remuneration Committee and is also a member of the Audit, Risk & Compliance Committee;
- John Fletcher is another Independent Director and is Chairman of the Audit, Risk & Compliance Committee; and
- John Bowyer is a non-independent Director, being a senior executive of Babcock & Brown.

Also attending the meeting today from management are:

- Ross Rolfe, the Chief Executive Officer;
- Peter Brook, the Chief Financial Officer;
- John Remedios, the Company Secretary;
- Brian Green, the Chief Operating Officer;
- Andrew Kremor who is responsible for Energy Markets;
- Julia Oakley, who is responsible for Business Services; and
- Wolfgang Steffens, who heads up the Power Projects Group.

Also attending today is Marc Upcroft, our external audit Partner from PricewaterhouseCoopers.

The agenda for today's meeting is as follows:

The CEO and I will provide a review of last year and of course provide an update on more recent activities and the outlook for BBP.

We will then move to the formal items of business outlined in the Notice of Meeting.

Securityholders will be given ample opportunity to ask questions or make comments at today's meeting. I request that you direct all questions through me. As this is a securityholders meeting I request that questions from visitors be taken after questions from securityholders, time permitting.

We have allowed 2.5 hours for this meeting. Our intention is to open the meeting to general questions and comments for a period of approximately 45 minutes at the conclusion of the discussion in relation to the financial reports which is Item 1 in the Notice of Meeting.

I then propose that we deal with the remainder of the formal items of business notified. Following the formal business, I will open the meeting up to further general questions and comments that securityholders may have, again time permitting.

This will be followed by light refreshments at which time the Board and management will also be available for discussion.

When undertaking the general questioning during the course of the meeting, I would like as many securityholders as possible to have the opportunity to pose questions and I ask that you bear this in mind. Consistent with this approach, I request that we initially limit securityholders to two questions per time to maximise participation.

Let me start by saying that the 2008 financial year has been a very disappointing year for BBP. The Board recognises that there have been a number of contributing factors both internal and external, that have led to the current situation.

The Board recognises that it is its responsibility to navigate the business through both calm and turbulent conditions. In hindsight, we can all see that these have been the most difficult conditions of recent times.

The Board accepts its responsibility and is extremely disappointed with the performance of BBP and for our securityholders. The Board sincerely regrets the loss of securityholder value and is well advanced in implementing the findings from the strategic review to address the challenges ahead.

Much has been said about the Alinta transaction and I would like to speak about this issue.

In early 2007 the Board recognised that participation in the Alinta transaction represented a significant opportunity for BBP to diversify into the fast growing

WA energy markets. The acquisition of Alinta would provide a significant generation position in the fast growing WA market of over 1,000 MW, as well as a gas retail business. These would provide significant additional opportunities for the BBP business throughout Australia.

The strong equity and debt capital markets at that time represented a favourable environment in which to fund the transaction.

BBP was the successful acquirer of Alinta in August 2007 and the remaining one-third of AlintaAGL in December 2007 following a lengthy and competitive process.

However purchase at full price and over an extended timeframe has meant that long term funding of the transaction was principally undertaken in 2008. This coincided with a progressive and serious deterioration in credit markets. Following extensive efforts in an evolving credit market, BBP was unable to secure its targeted long term funding package.

In hindsight it is now apparent that Alinta was purchased at the end of one era and long term funding was sought at the start of another.

The net result of this is that BBP has a capital structure that needs to be strengthened.

Before I turn to the matter of the Board's plan to address the challenges ahead, I want to make some comments on the matter of fees.

Babcock & Brown Power is an externally managed fund, with management provided by Babcock & Brown under a 25 year management agreement.

The overall fees paid to B&B in the last financial year totalled \$105 million.

Around 20% of the total, or approximately \$22 million, related to management fees, including the base fee and manager expense amount.

Of these, the base fee is paid on the basis of Net Investment Value, while the manager expense amount is partial reimbursement of the costs of management, corporate staff and associated support services.

The vast majority, some 80%, related to transaction fees associated with asset acquisitions and arrangement fees for the debt refinancing. Each transaction fee is approved by the Independent Directors in accordance with the fees set out in the management agreement and disclosed in the IPO document, which are based on commercial arms length terms.

It should be noted BBP would need to have these provided by another external investment bank at similar rates if Babcock & Brown was not providing these services.

In relation to the \$29.4 million fee associated with the buyout of the 33% AlintaAGL minority, approximately half of this related to the transaction itself. This is approximately 2% of the enterprise value with the remaining amount being for reimbursement of third party expenses.

The Board is committed to addressing the challenges ahead and to delivering greater value for securityholders than is reflected in the current security price. This plan, which has been underway now for some months, addresses several areas being:

- Governance;
- Management changes;
- Alignment with Babcock & Brown;
- The capital structure; and lastly
- The strategic positioning of BBP.

I'll go through each of these areas in turn.

In the last few months BBP announced a number of changes to the composition of the Board in order to improve governance and independence.

In July, I was appointed Independent Chairman of the Boards replacing Warren Murphy, a Babcock & Brown executive who remained as a Director. In August, following a number of management changes at Babcock & Brown, Peter Hofbauer and Warren Murphy advised they were stepping down from the BBP Boards.

Following some further changes announced in the last few weeks, the Board will now comprise five members: with a majority three Independent Directors in myself, John Fletcher and Peter Kinsey; a B&B executive being John Bowyer; and the Managing Director being the CEO of BBP, Ross Rolfe who will be formally appointed in the coming weeks.

In addition to the changes at the Board level, the Independent Directors and the Manager of BBP recently agreed to changes to the CEO and CFO roles in order to better position BBP for the challenges ahead.

In August, the Board was delighted to appoint Ross Rolfe as the CEO of BBP. Ross has had a distinguished career, previously holding a range of positions in the Queensland Government, including the Director General of the Premier and Cabinet dealing with complex multiple stakeholder issues.

Ross also has a strong background in infrastructure as the CEO of Stanwell Corporation, one of Queensland's largest generation companies, and is a member of the Board of Infrastructure Australia.

A month ago today BBP appointed Peter Brook as the CFO. Peter comes to us with excellent experience for the challenges currently facing BBP having held a number of senior executive roles with the Challenger Financial Services Group and prior to that, MLC, as well as being a lead partner for Grant Thornton.

We warmly welcome both Ross and Peter and commend them for quickly taking up their roles for BBP. Both are already making significant contributions.

A specific focus for both Ross and Peter since they joined has been on dealing with a variety of stakeholders but particularly the banks to ensure clear communications and strong relationship management.

In addition to the Board and management changes, the Independent Directors are very pleased that a number of key changes to the terms of the Management Agreement have been agreed with Babcock & Brown. This followed the Independent Directors' request in August for a review of the Management Agreement to improve alignment between securityholders and the Manager.

In relation to the Manager and staff of BBP, a key improvement is that the Independent Directors now have the right of approval or dismissal of all Key Management Personnel and will more actively participate in the determination of their remuneration levels and Key Performance Indicators.

Additionally, senior management will be employed directly by the Manager, not Babcock & Brown itself, and staff incentives will be linked solely to the performance of BBP securities, with no remuneration in B&B securities as was the case in the past.

All these measures are important in terms of ensuring that BBP employees are incentivised to act in the best interests of BBP securityholders at all times.

In relation to future fees payable to Babcock & Brown, we recently announced that Babcock & Brown has agreed to waive the base fee for this financial year and that the payment of the fee in the following year is under review.

In respect of the incentive fee payable to B&B, an override provision has been agreed which will result in NO incentive fee being paid for five years unless the security price trades at a sustained price of more than \$1.50, in which case the current three year reset will apply.

It is worth noting that since BBP's inception in December 2006, no incentive fee has been paid.

One of the key challenges we identified at the Annual Results in August was to address the capital structure of BBP.

At 30 June 2008, BBP's gearing levels were 69% rising to 74% taking into account impairment. Since then gearing levels have reduced through asset sales to approximately 68%.

It is worth noting that BBP is operating within all key debt covenants and has no equity or market capitalisation based covenants.

The key focus has been on addressing BBP's short term financing commitments. These include \$118 million in relation to the BBPH facility due in March 2009 and loans to Babcock & Brown due in September 2009 and January 2010. I'll go into these in a little more detail.

As we disclosed at the Annual Results in August, proceeds of \$238 million from the sale of the Uranquinty and Ecogen power stations were applied to reducing the BBPH facility to its current level of \$118 million.

Planned asset sales to reduce this facility have been progressing well. We continue to expect to fully repay the facility by the end of the calendar year through a combination of asset sales and operating cashflows. The maturity term has been extended to March 2009.

In relation to the Babcock & Brown loans there are facilities of approximately \$506 million currently available. As I mentioned earlier there are two repayment dates for these loans, in September 2009 and January 2010.

The strategic review process that is currently underway address repayment of these facilities.

In relation to the \$2.7 billion BBPF facility, there are no imminent maturity issues. The first maturity date is 2011.

At 30 June 2008 we disclosed the ICR of 1.7 times on a 12 month look back basis. We will disclose the September quarter ICR calculation to the banks in a few weeks time and to the broader market. However we are comfortable that we are compliant with the ICR and not breaching any of our loan covenants.

Two key issues that we are focusing on in relation to the BBPF facility are:

- Any potential impact from the Carbon Pollution Reduction Scheme, the CPRS; and
- The requirement for a second investment grade debt rating.

Ross will be talking about CPRS developments in more detail later on. In regards to the BBPF loan facility, CPRS is a debt re-sizing event triggered by the passage of legislation. We expect legislation to be passed sometime in the second quarter of the 2009 calendar year.

In June 2008, international ratings agency, Fitch, assigned a triple B minus credit rating on the BBPF facility. This reflects the underlying fundamentals of the assets within the facility including the Alinta retail assets.

A second investment grade credit rating is required by June next year. However, given both the current credit environment and the ongoing strategic review, the second credit rating has been placed on hold. In relation to syndication of BBPF, discussions are currently underway with lenders to extend the syndication period which is in the interest of both parties.



In August, the Board appointed UBS to undertake a strategic review of BBP to consider options for strengthening the capital structure and to identify opportunities to deliver improved securityholder value relative to the current trading price.

UBS's findings, which we announced several weeks ago, were:

- BBP has a valuable portfolio of electricity assets which are projected to grow in free cash flow and earnings over time;
- In the current environment BBP, at the group level, is too highly geared and will benefit from a substantial equity injection in order to achieve an optimal capital structure for the current portfolio of assets; and
- Given current uncertainty in capital markets and BBP's debt levels and maturity profile, until the business is recapitalised, the payment of distributions should be suspended with the cash being applied to debt reduction.

I'd like to talk about the decision to suspend distributions a little bit more.

Since BBP's Initial Public Offering in December 2006, two distributions have been paid:

- 14 cents for the six months ended June 2007; and
- 13 cents for the six months ended December 2007.

As you would already know, in June, the Directors made a decision to not make a distribution for the six months ended June 2008. This decision was not taken lightly. It was determined as being the most appropriate and prudent course of action in light of a number of short term debt requirements and capital expenditure commitments.

In respect of future distributions, the Board recently adopted UBS's recommendation that distributions be suspended until the business is recapitalised. The recommendation took into account a number of factors including required debt repayments over the next 12 to 18 months and the current state of the debt and equity capital markets.

The Directors have adopted the UBS recommendation recognising that application of cashflows to debt repayment as a priority to payment of distributions is a more prudent and optimal utilisation of securityholder funds in the current environment.

The implementation phase of the review involves assessing the appetite of various parties to proceed with potential transactions. The three broad categories of options facing BBP are:

- The purchase by a third party of 100% of the securities in BBP; or
- Further asset sales in strategic packages. This could involve a split of assets between generation and retail or a geographical split of assets or some combination of the two; or

- A number of other structured transactions such as an injection of private equity that could address BBP's gearing and corporate structure.

A few weeks ago, the Board instructed UBS to canvas the market on the full range of transaction alternatives and to call for Expressions of Interest from the market in relation to these options. This was undertaken in recognition that a broad strategic transaction is necessary to deliver improved securityholder value and that this may involve dealing with BBP in whole or in part.

The Independent Directors are confident, following discussions with Babcock & Brown that B&B will support the transaction where it is in the best interests of BBP securityholders and respects the rights of B&B.

Early indications are encouraging, with a significant number of parties interested. We are also pleased that our banking partners are very supportive of the strategic transaction process.

Of course, the ultimate transaction structure and value will be influenced by capital market conditions and bidder appetite. It is likely that the release of the Carbon Pollution Reduction Scheme White Paper in December will drive timing of the process some time into the first quarter of the 2009 calendar year.

The Board is extremely disappointed with the performance of BBP and sincerely regrets the loss of value to securityholders.

The Board is committed to improving securityholder value and has a clear plan, which is being implemented.

We have improved our governance framework and put in place a management team that is well equipped to deal with the challenges ahead.

We have already taken key steps to deal with our debt challenge. We are progressing with a strategic transaction to strengthen the capital structure.

BBP continues to have a large portfolio of quality assets located in all key regions of Australia. These are diversified by location, fuel type and operating mode. Many of the assets have stable, long term contracts.

The portfolio delivers strong, reliable and growing cash flows and earnings in an industry for which the outlook remains highly favourable.

We believe that the quality of our asset portfolio and of our people will be major keys to underpin the success of the transaction and deliver greater securityholder value.

Thanks for listening.



ANNUAL GENERAL MEETING of  
Babcock & Brown Power Limited

MEETING OF UNIT HOLDERS of  
Babcock & Brown Power Trust

7 November 2008

# AGENDA

1. Welcome and Introduction
2. Chairman's Address
3. CEO's Address
4. Business Items
5. Questions & Answers
6. Closure of Meeting
7. Appendices






# BBPL & BBPS DIRECTORS

	<b>Len Gill</b> Independent Chairman of BBPL and BBPS		<b>Peter Kinsey</b> Independent Director of BBPL
	<b>John Fletcher</b> Independent Director of BBPL and BBPS		<b>John Bowyer</b> Director of BBPL and BBPS

**BBPL: Babcock & Brown Power Limited**

**BBPS: Babcock & Brown Power Services**

# BBP EXECUTIVE MANAGEMENT

	<b>Ross Rolfe</b> Chief Executive Officer		<b>Andrew Kremor</b> EGM Energy Markets
	<b>Peter Brook</b> Chief Financial Officer		<b>Julia Oakley</b> EGM Business Services
	<b>Brian Green</b> Chief Operating Officer		<b>Wolfgang Steffens</b> EGM Power Projects

# AGENDA

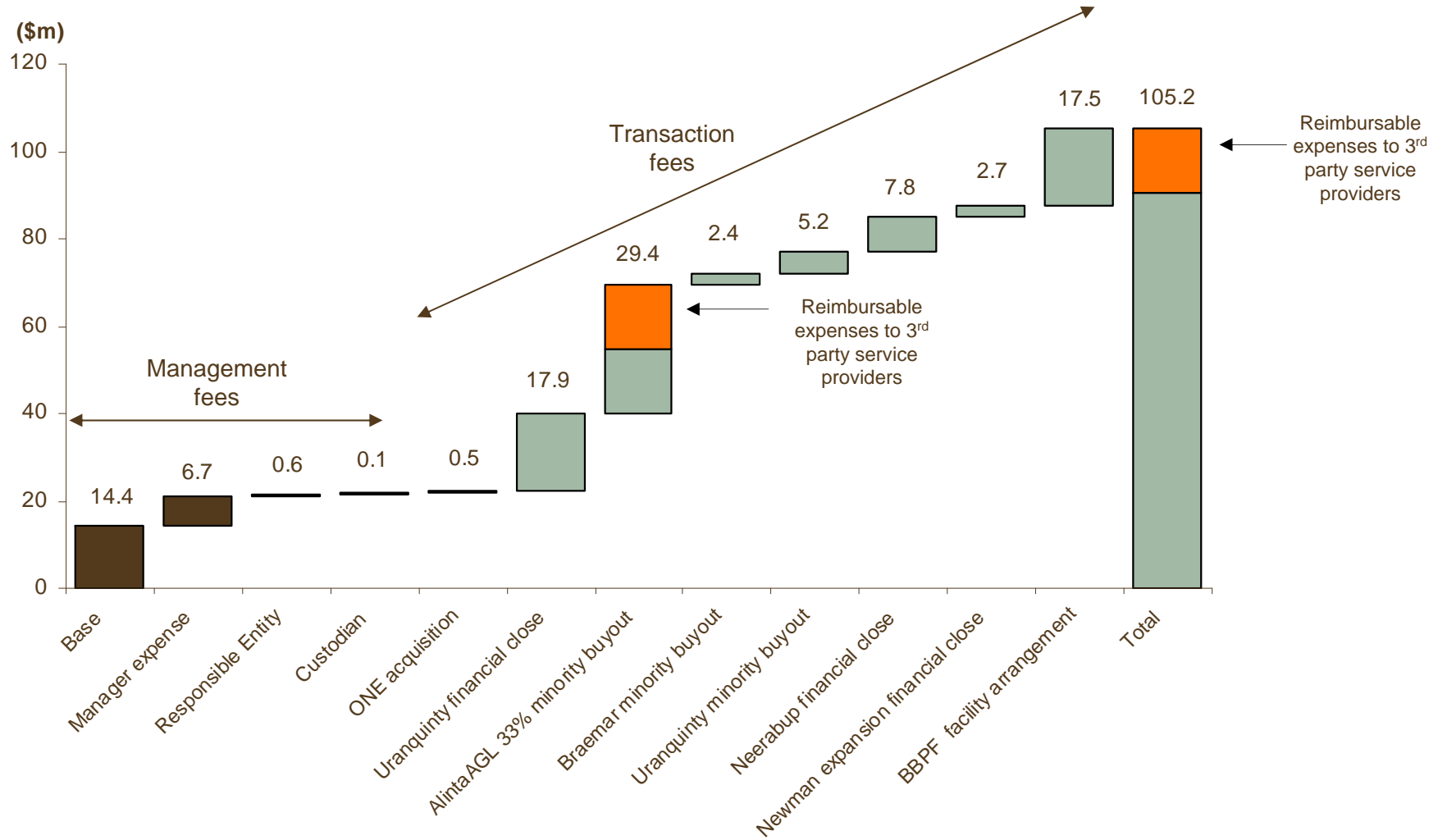
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# INTRODUCTION

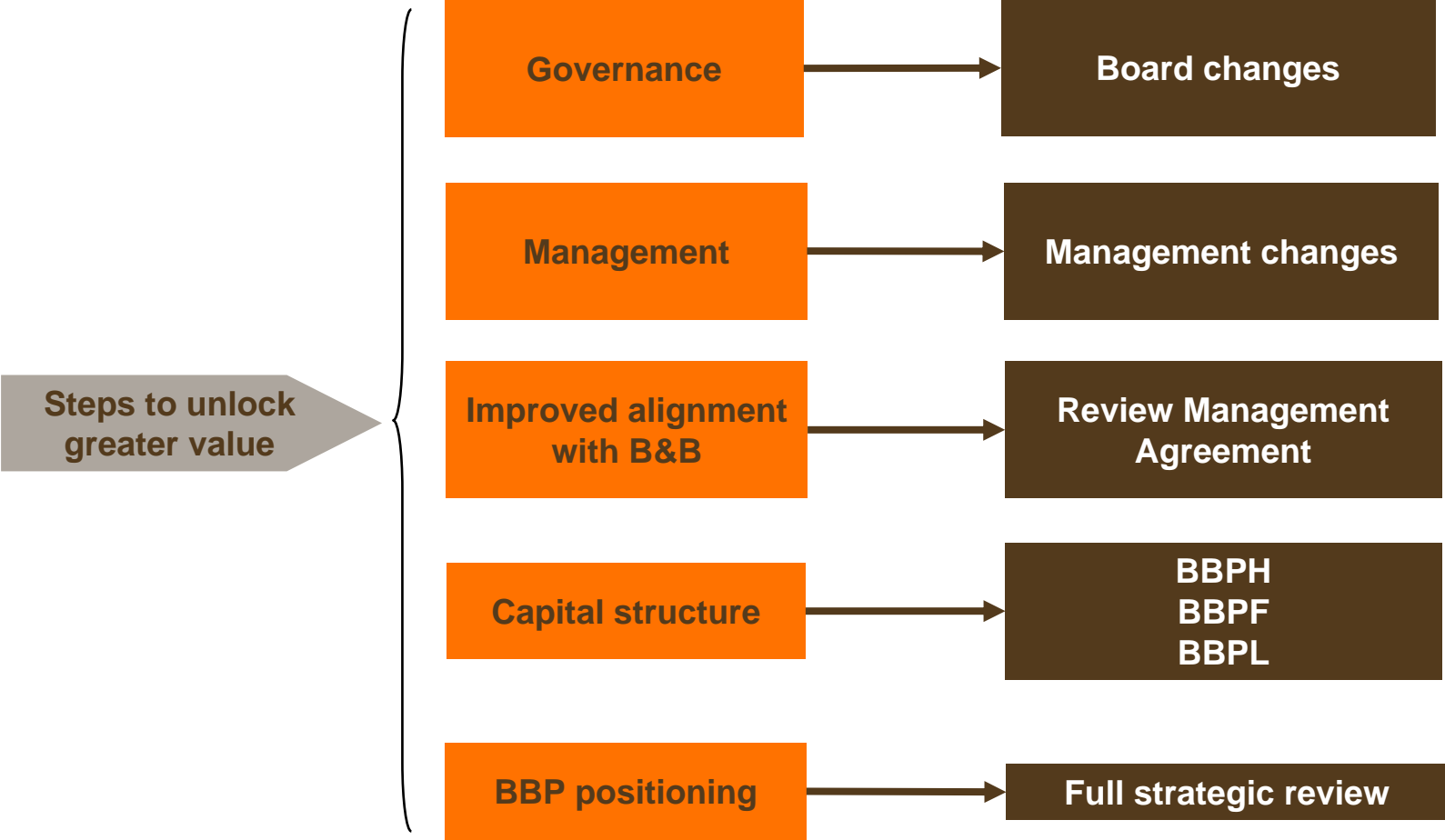
- The Board recognises and accepts its responsibilities
- The Board is extremely disappointed with the performance of BBP and regrets the loss in securityholder value
- Alinta was purchased at a full price and over an extended timeframe
  - Acquisition through 2007; financed in 2008
  - Progressive and serious deterioration in capital markets
- BBP has a sub-optimal capital structure
- There is a clear plan to address the challenges ahead



# FEES PAID TO B&B IN FY08



# STEPS TO UNLOCK GREATER VALUE



# BOARD OF DIRECTORS

- In July 2008 Len Gill appointed Independent Chairman
- In August 2008 changes to B&B representatives
  - Peter Hofbauer and Warren Murphy stood down following B&B management changes
  - John Bowyer appointed
- Board composition
  - Independent Chairman: Len Gill
  - Two Independent Directors: Peter Kinsey and John Fletcher
  - CEO to be appointed as Managing Director: Ross Rolfe
  - B&B representative: John Bowyer
- With an Independent Chairman, the role of Independent Directors in influencing Board decisions is increased

# MANAGEMENT CHANGES

- In August 2008 Ross Rolfe AO appointed CEO
  - Former Director General of the Department of the Premier and Cabinet
  - Former CEO of Stanwell Corporation
- In October 2008 Peter Brook appointed CFO
  - Previously held senior executive roles with Challenger Financial Services Group, MLC
- Management changes to better position BBP for current challenges

# CHANGES TO THE MANAGEMENT AGREEMENT

## The Manager & Staff

- Independent Directors right to appoint/dismiss Key Management Personnel (KMP)
- BBP KMP employed by the Manager, not B&B
- BBP staff to work exclusively on provision of services to BBP
- Staff incentives linked solely to the performance of BBP
- Independent Directors to agree remuneration and KPI's with the Manager
- Ensure BBP employees act and are incentivised to act in the best interests of BBP securityholders

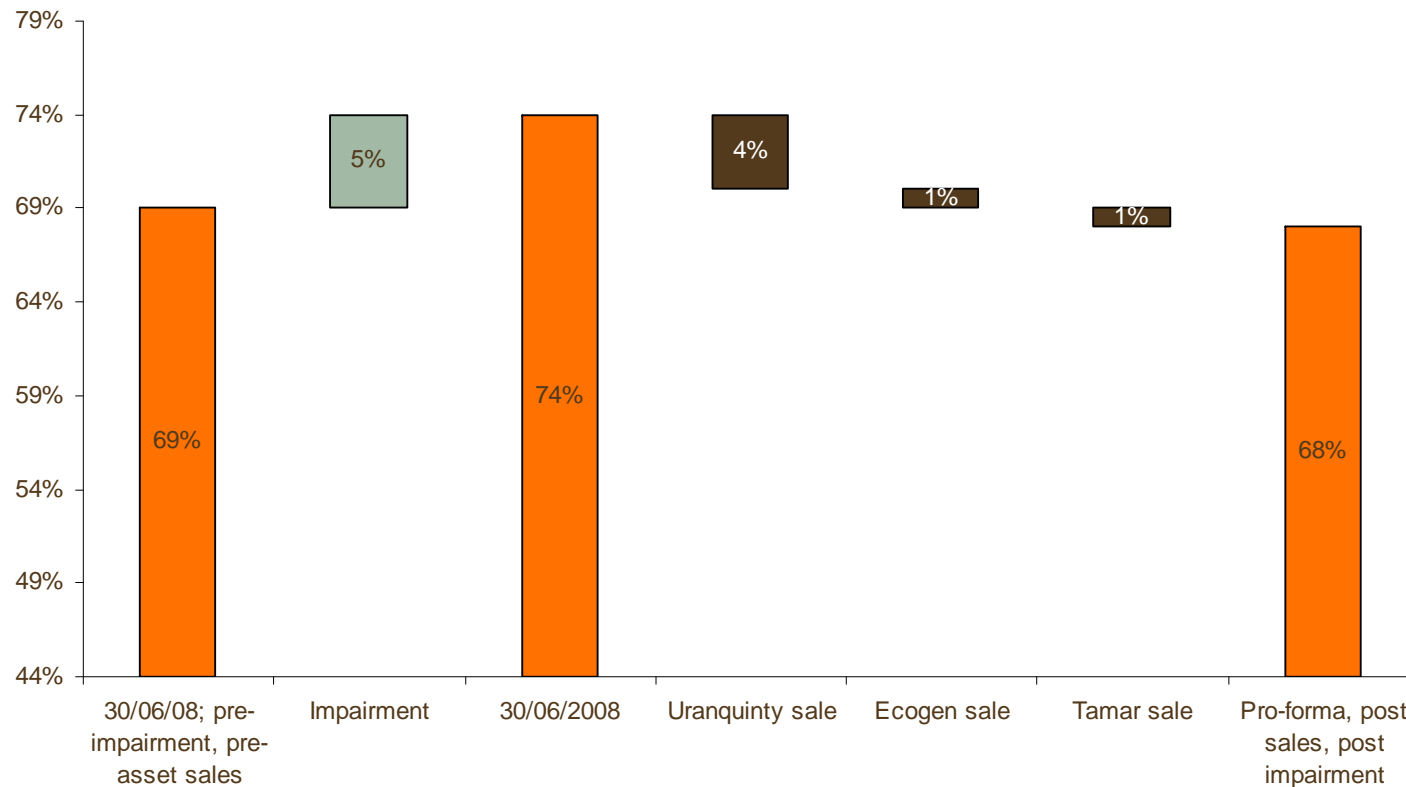
# CHANGES TO THE MANAGEMENT AGREEMENT

## Fees

- B&B agreed to waive the FY09 base fee
- B&B & BBP will discuss FY10 base fee subject to strategic review
- Incentive fee will be zero for five years unless a sustained security price of \$1.50 is reached
  - Current incentive fee has a three-year reset
  - Override provision agreed whereby no incentive fee payable until the earlier of a sustained price of \$1.50 or 1 July 2013
- The resetting of the fees is designed to better align the interests of B&B and BBP

# CAPITAL STRUCTURE

- Gearing<sup>1</sup> was 74% at 30/6/08 taking into account impairment
- Following asset sales gearing has reduced to 68%



<sup>1</sup> Gearing: net debt/net debt + equity

# DEBT MATURITY PROFILE

Debt facility <sup>1</sup> (at 31 Oct 08)	Total drawn amount (\$m)	Maturity Date
BBPH <sup>2</sup>	118	Mar 09
B&B <sup>3</sup>	174	Sep 09
B&B <sup>3</sup>	201	Jan 10
BBPF – Facility A <sup>4</sup>	1,600	Jun 11
BBPF – Facility B <sup>4</sup>	871	Jun 13
Project-level debt <sup>5</sup>	795	2014-24

<sup>1</sup> Excludes letters of credit and bank guarantees

<sup>2</sup> Includes \$2.3m term extension fee incurred in August 2008

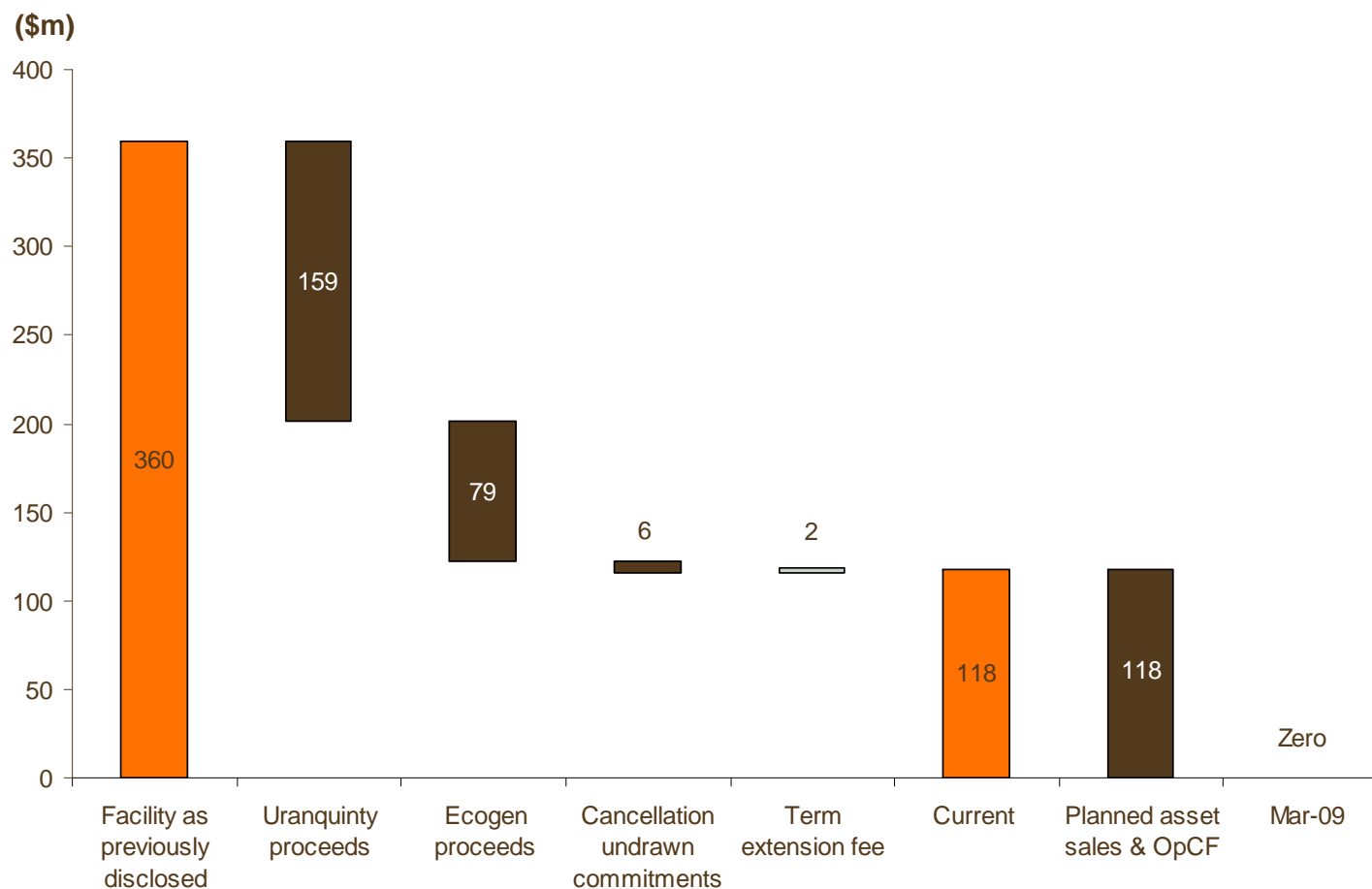
<sup>3</sup> Two B&B loans (\$375m) added to Neerabup Letter of Credit (\$44m) = total drawn B&B facilities \$419m

<sup>4</sup> Facility A (\$1,600m) plus Facility B (\$960m) plus working capital (\$60m) plus Letter of Credit (\$80m) = total BBPF facility \$2,700m.

<sup>5</sup> Based on accounting consolidation basis



# PLAN TO ADDRESS BBPH<sup>1</sup> DEBT



- Expect to repay the facility through proceeds from planned assets sales and operating cashflow
- Maturity term extended to March 2009

# BABCOCK & BROWN LOANS

- B&B facilities available: \$506 million
- Maturity dates September 2009 and January 2010
- BBP has no requirements for additional facilities from B&B
- B&B has advised no further lending commitments or financial support to be given to managed funds

## BBPF \$2.7 BILLION FACILITY

- BBPF is currently in compliance with its banking covenants
- Default gearing covenant of 65% is based on finance debt to total assets
  - 50.5% as at 30 June 2008
- Default ICR covenant 1.35x is based on 12 month look back
  - 1.7 times at 30/6/08 on a pro-forma basis
  - September quarter ICR compliant; will be provided to banks in the next few weeks
- Carbon Pollution Reduction Scheme legislation passage is a debt re-sizing event
- Fitch previously assigned a 'BBB-' (BBB minus) credit rating on the \$2.7bn secured facility
- There is a requirement for a second debt rating by June 2009

# STRATEGIC REVIEW

## Findings

- BBP has a valuable portfolio of electricity assets
- Free cash flow and earnings projected to grow over time
- BBP is too highly geared

## Recommendations

- Substantial equity injection is required
- Distributions should be suspended
- Cash to be applied towards debt reduction

# DISTRIBUTION HISTORY

- 2H07 - 14 cents per security paid
- 1H08 – 13 cents per security paid
- 2H08 distribution cancelled as part of capital management plan to strengthen balance sheet
- In October 2008 the Board adopted the UBS recommendation to suspend distributions
- Cash will be applied towards debt reduction until the business is recapitalised

# STRATEGIC REVIEW IMPLEMENTATION

- Potential transactions:
  - Purchase by a third party of 100% of BBP securities;
  - Further asset sales in strategic packages; or
  - Other structured transactions
- Independent Directors are confident, following discussions with B&B, that B&B will support a strategic transaction where it is in the best interests of BBP securityholders and respects the rights of B&B
- Canvas the market on full range of transaction alternatives
- Early indications are encouraging with a significant number of interested parties
- Ultimate transaction structure and value will be influenced by capital market conditions and bidder appetite
- CPRS White Paper in December likely to drive 1Q09 timing

# SUMMARY

- BBP has a large portfolio with assets located in all key regions of Australia diversified by fuel type and market/contract structure
  - Delivers strong, reliable and growing cashflow and earnings
  - Provides leverage for growth opportunities including NEM, SWIS and Pilbara
- The outlook for the power industry remains highly favourable
- Improved governance framework
- Management team well equipped to deal with challenges
- Board has a clear plan to improve securityholder value relative to the current security price
- The quality of the portfolio is a major key to enable strengthening of the capital structure

# AGENDA

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# POWER GENERATION FY2008



- Power Generation delivered EBITDA of \$241 million
- Impact of seasonal weather fluctuations
  - Mild summer temperatures negatively impacted Braemar in QLD
  - Hot weather conditions in Feb & March drove out-performance at Flinders in SA
- Contracted power generation assets performed in line with contractual obligations
- WA power business performed in line with expectations

# POWER GENERATION OUTLOOK



- Weaker than anticipated electricity pool prices in July/Aug continued into Sept/Oct
- A forced outage at Redbank due to a turbine failure has impacted performance, now returned to service
- Mitigated by extra Flinders contracting and other initiatives

# ENERGY MARKETS FY2008

- Energy Markets delivered EBITDA of \$125 million
- BBP acquired remaining 33% of Alinta's retail energy business in December 2007
  - Approx. 570,000 gas customers
  - Approx. 1,600 commercial & industrial electricity customers
  - Co-gens Pinjarra and Wagerup
- Key impact on performance was the Varanus Island gas rupture
- Alinta had to source alternate gas and electricity supplies at significantly greater prices
- Net adverse \$11 million impact to FY08 earnings



# ENERGY MARKETS OUTLOOK

- Forecast adverse net impact of Varanus incident to FY09 earnings of ~\$18 million
  - Resumption of gas supplies from Varanus Island proceeding in line with expectations
  - Insurance claim will be submitted in the next month as planned
- Arbitration process underway in relation to a long term gas supply contract with the North West Shelf Gas Joint Venture participants
  - Not expected to be decided until FY10
- Key drivers for FY09 earnings
  - Management of gas positions
  - Electricity prices for excess generation
  - Cost management

# CARBON POLLUTION REDUCTION SCHEME (CPRS)

- BBP supports national CPRS with transitional assistance for coal-fired generators
- The impact of CPRS is an industry wide issue and has ramifications for the cost of investment across all sectors
- BBP actively engaged with stakeholders and policy-makers
- Green Paper released in July 2008
- White Paper and draft legislation due in December 2008 to provide clarity
  - Design of the Electricity Sector Adjustment Scheme (ESAS)
  - Details of any permit auction process
  - Profile of the trajectory for emissions reduction
- Well advanced on mitigation strategies



# SUSTAINABILITY

## Health & Safety

- Fatality at Leigh Creek Mine in October 2008
- BBP pursues a vision of 'zero harm' in the workplace
- Compliance with all occupational health and safety (OH&S) standards

## Environment

- BBP strives to minimise adverse impacts on the environment
- BBP continues to comply with all environmental licensing conditions
- BBP portfolio has lower carbon emissions than National Electricity Market average
- BBP is developing a business-wide carbon inventory for reporting under the NGER Act in FY2009

# COMMUNITY

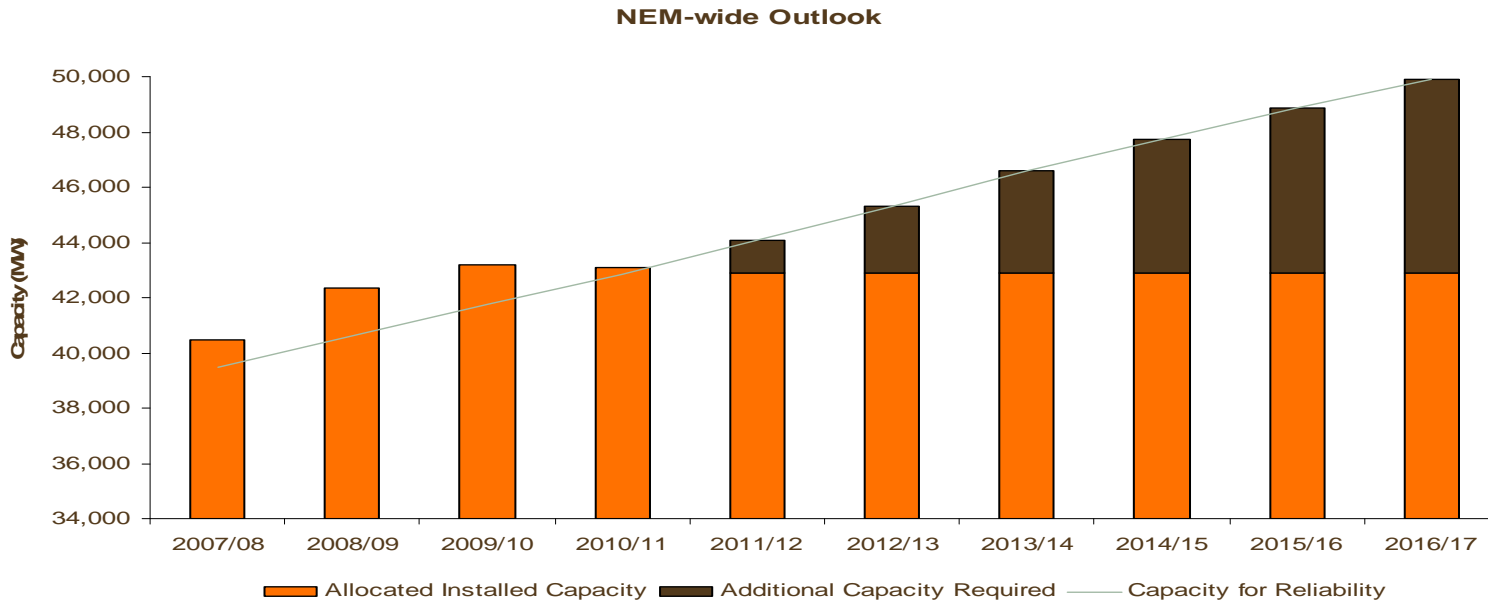
- Sustainability of BBP very much dependent on our community relationships
- BBP is cognisant of potential impacts at a social, cultural, environmental and economic level
- Community consultation is extensive and involves dialogue with multiple stakeholders



- BBP supports numerous local cultural and sporting organisations
- BBP has a number of strong partnerships including the Royal Flying Doctor Service of Australia
- BBP offers apprentice (42) and graduate engineering (7) positions across the portfolio

# OUTLOOK

- Outlook for BBP earnings remains sound
- Plant reliability, availability and seasonal weather fluctuations are key variables
- Cash management remains a focus to ensure all obligations are met
- Reiterate FY09 EBITDA anticipated to be in range of \$350-\$360 million
- Outlook for the industry remains strong
  - Over \$12 billion in new generation investment is required over the next decade





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# ORDINARY BUSINESS – ITEM 1

## FINANCIAL REPORT – COMPANY AND TRUST

To receive and consider the combined consolidated financial report of the Company and the separate financial report of the Trust, as well as the reports of the Directors and Auditor for the year ended 30 June 2008.

## ORDINARY BUSINESS – ITEM 2

### REMUNERATION REPORT – COMPANY ONLY

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

*That the Remuneration Report for the year ended 30 June 2008 be adopted.*

The Remuneration Report is set out on pages 56 to 66 of the BBP Annual Report 2008.

Note this is a non-binding advisory note.

# PROXY SUMMARY – ITEM 2

## REMUNERATION REPORT – COMPANY ONLY

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Total</b>
120,314,900	91,768,455	9,973,495	5,582,526	227,639,376

## ORDINARY BUSINESS – ITEM 3

### DIRECTOR RE-ELECTION – COMPANY ONLY

To consider and, if though fit, to pass the following resolution as an ordinary resolution:

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

# PROXY SUMMARY – ITEM 3

## DIRECTOR RE-ELECTION – LEN GILL

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Total</b>
202,143,907	10,570,225	10,297,311	1,713,416	224,724,859

## ORDINARY BUSINESS – ITEM 4

### DIRECTOR RE-ELECTION – COMPANY ONLY

To consider and, if though fit, to pass the following resolution as an ordinary resolution:

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

# PROXY SUMMARY – ITEM 4

## DIRECTOR RE-ELECTION – JOHN FLETCHER

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Total</b>
202,167,490	10,802,724	10,310,258	1,484,387	224,764,859



## ORDINARY BUSINESS – ITEM 5

### DIRECTOR RE-ELECTION – COMPANY ONLY

To consider and, if though fit, to pass the following resolution as an ordinary resolution:

That John Bowyer, being a Director of the Company who retires as a Director in accordance with rule 7.1(c) of the Company's Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company.

# PROXY SUMMARY – ITEM 5

## DIRECTOR RE-ELECTION – JOHN BOWYER

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Total</b>
132,765,359	82,879,395	9,892,313	2,102,309	227,639,376

## SPECIAL BUSINESS – ITEM 6

### AMENDMENT TO CONSTITUTION – COMPANY ONLY

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

That the constitution of the Company is altered by including the new rule 5.5 set out in Items 6 and 7 of the Explanatory Notes to this Notice of Meetings.

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

Explanatory notes:

- Inclusion of a power in the Constitution which enables BBP to facilitate the disposal of non-marketable parcels of securities
- All securityholders must be given the opportunity to notify BBP that they do not want their securities to be sold
- BBP securityholders will not bear any costs involved in the sale of the non-marketable parcels

# PROXY SUMMARY – ITEM 6

## AMENDMENT TO CONSTITUTION – COMPANY ONLY

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Total</b>
209,464,473	2,752,216	10,655,466	1,892,704	224,764,859

# SPECIAL BUSINESS – ITEM 7

## AMENDMENT TO CONSTITUTION – TRUST ONLY

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

That the constitution of the Company is altered by including the new rule 5.5 set out in Items 6 and 7 of the Explanatory Notes to this Notice of Meetings.

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

# PROXY SUMMARY – ITEM 7

## AMENDMENT TO CONSTITUTION – TRUST ONLY

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Total</b>
209,166,980	2,444,387	10,614,328	2,539,164	224,764,859

# SPECIAL BUSINESS – ITEM 8

## FINANCIAL ASSISTANCE – COMPANY ONLY

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

That:

(a) the Company approves for all purposes, including section 260B(2) of the Corporations Act 2001 (Cwlth), the giving of any financial assistance by the wholly owned Australian subsidiaries of BB Power Cat Pty Limited listed in the schedule to Item 8 of the Explanatory Notes (collectively, the BBP Alinta Group Companies) in connection with the acquisition by BB Power Cat Pty Limited of the BBP Alinta Group Companies including, without limitation, being joined as guarantors to a Facility Agreement involving BBP Finance Australia Pty Limited and others and the related Security Trust Deed and otherwise as described in Item 8 of the Explanatory Notes accompanying this Notice of Meetings; and

(b) each BBP Alinta Group Company may enter into and give effect to any documentation and transactions comprising or otherwise connected with any financial assistance described in the Explanatory Notes accompanying this Notice of Meetings.

For further information, please refer to Item 8 of the Explanatory Notes accompanying this Notice of Meetings.

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

# PROXY SUMMARY – ITEM 8

## FINANCIAL ASSISTANCE – COMPANY ONLY

<b>For</b>	<b>Against</b>	<b>Discretionary</b>	<b>Abstain</b>	<b>Total</b>
208,178,780	3,971,987	10,469,273	2,144,819	224,764,859



# AGENDA

1. Welcome and Introduction
2. Chairman's Address
3. CEO's Address
4. Business Items
5. Questions & Answers
6. Closure of Meeting
7. Appendices

# AGENDA

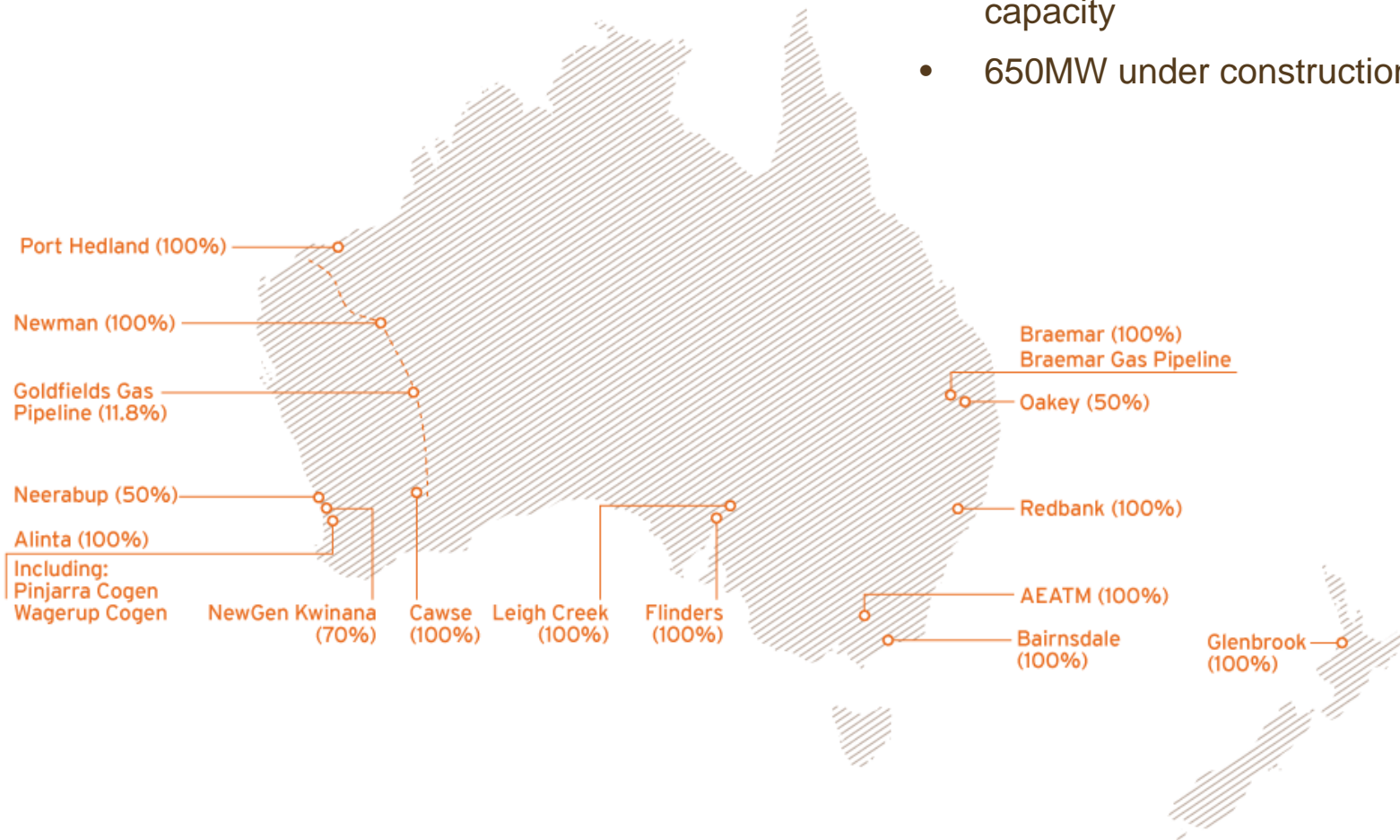
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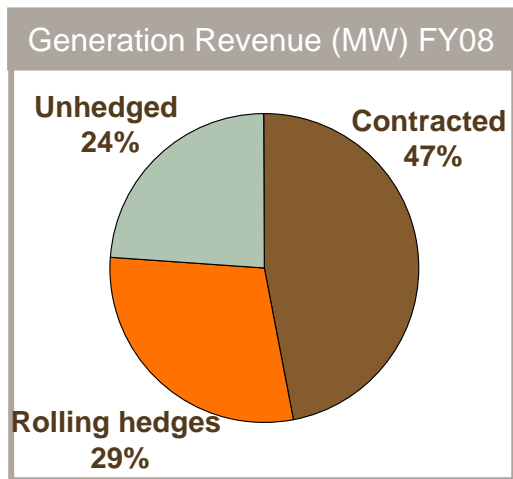
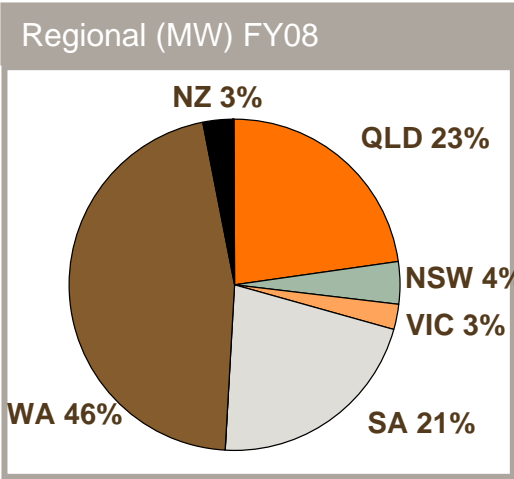
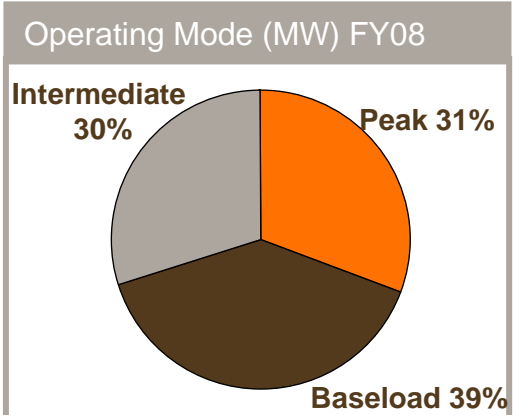
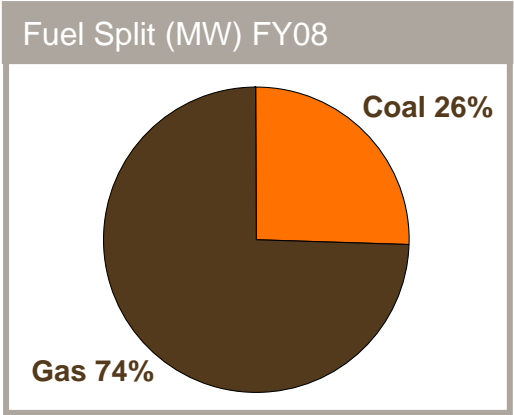
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# BBP DIVERISIFIED PORTFOLIO

- Approx 3,000MW of installed capacity
- 650MW under construction



# BBP DIVERSIFIED PORTFOLIO



# DIRECTORS FEES

Director	Amount (\$m)	Director Duties		
		Directorship	NRC	ARCC
Len Gill	197,000	Independent Chairman	Member	
Peter Kinsey	135,500	Independent Director	Chairman	Member
John Fletcher	140,000	Independent Director	Member	Chairman
John Bowyer	133,500	Director	Member	Member
<b>TOTAL</b>	<b>606,000</b>			

**NRC: Nomination & Remuneration Committee**

**ARCC: Audit, Risk & Compliance Committee**

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