



ASX Release

25 May 2007

RELEASE OF BBP STAPLED SECURITIES FROM VOLUNTARY ESCROW

In accordance with ASX Listing Rule 3.10A, Babcock & Brown Power (ASX: BBP) advises that 89,324,187 BBP Stapled Securities are due to be released from voluntary escrow arrangements on 11 June 2007.

However, as set out below, holders of almost 55 million of the escrowed BBP Stapled Securities have either agreed to be subject to some form of ongoing restriction on their sale or have indicated they have no current intention of selling, as follows:

- escrowed securityholders holding a total of 32,150,309 BBP Stapled Securities which are subject to the existing voluntary escrow arrangements have agreed to a further 6 month voluntary escrow period in respect of those securities ending on 11 December 2007;
- escrowed securityholders who are Babcock & Brown employees or affiliates holding a total of 9,756,294 BBP Stapled Securities are subject to securities trading policies which restrict their ability in the short term to sell those securities after the voluntary escrow period expires on 11 June 2007; and
- other currently escrowed securityholders holding approximately 12.9 million BBP Stapled Securities have indicated to BBP that they have no current intention of selling those securities following the expiration of their voluntary escrow arrangements on 11 June 2007.

Mr Paul Simshauser, CEO of BBP said, “The combination of all these investors represents approximately 61% of the voluntarily escrowed amount that is due to be released on 11 June 2007. We haven’t been in contact with all of the escrowed securityholders, so there may well be others who don’t intend to sell or who may agree to further extend their voluntary escrow period. We are of course very pleased that so many of our original investors have been willing to confirm their ongoing support for BBP. As stated previously, our business is going from strength to strength and the market is increasingly recognising this as well as our inherent growth prospects.”

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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

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 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. 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					2,922MW²		
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.

For further information please visit our website: www.bbpower.com