

BABCOCK & BROWN POWER

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29 April 2008

ANALYST PRESENTATION AT BNB INFRASTRUCTURE CONFERENCE LONDON

Please see the attached presentation delivered by Dr Paul Simshauser, CEO of Babcock & Brown Power (ASX:BBP) at the Babcock & Brown (ASX:BNB) Infrastructure Conference, London.

ENDS

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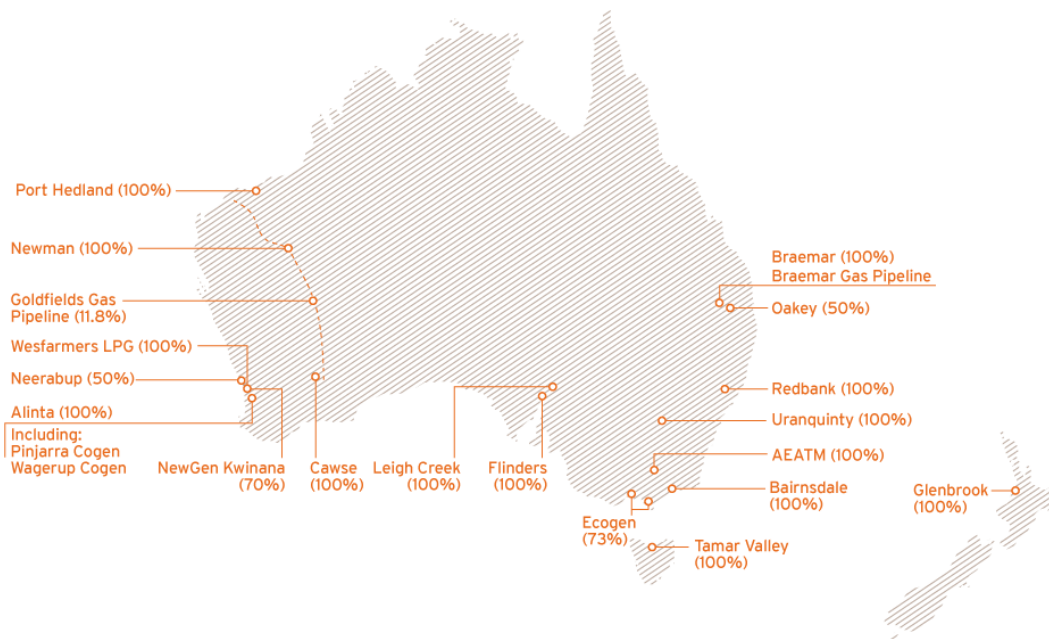
About Babcock & Brown Power

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 14 operating power stations representing over 4,000MW¹ of installed generation capacity and five power stations under construction. BBP has interests in a number of other associated power assets including the WA retail assets of AlintaAGL. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

¹ Some assets have minority shareholders.

Portfolio Summary



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

BBP

Paul Simshauser, CEO

BNB Infrastructure Conference, London
29 April 2008

BBP OVERVIEW

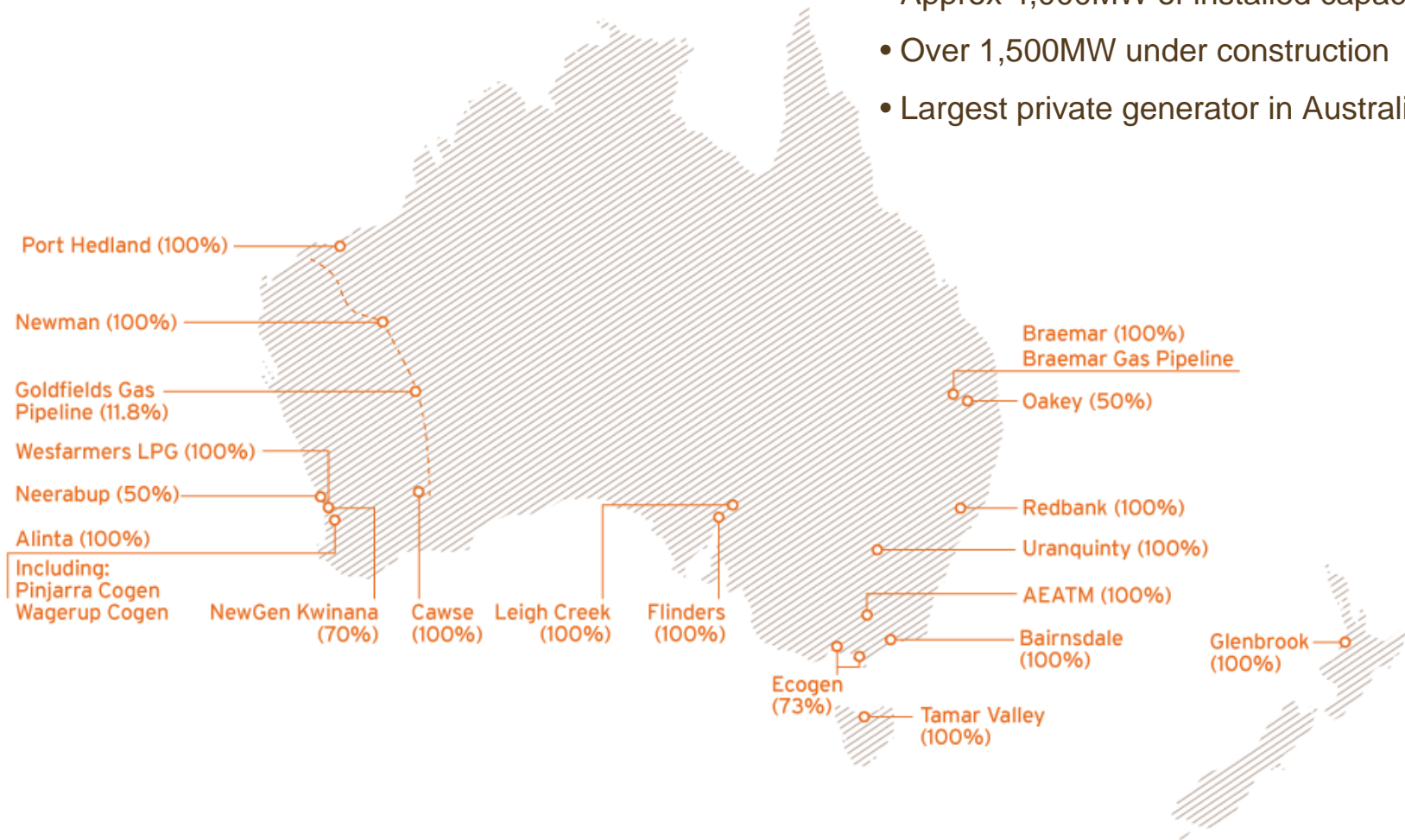
Portfolio	<ul style="list-style-type: none">• BBP's portfolio ~5,500MW: 14 operating power stations; 5 power stations under construction, gas retail business and interests in a number of associated businesses• BBP's portfolio is well diversified geographically in Australia and New Zealand• The portfolio contains predominantly gas-fired generation with over 80% of fuel sourced through gas
Listing	<ul style="list-style-type: none">• BBP was listed on the ASX in December 2006• 726 million securities on issue• Current market capitalisation approximately A\$1.3 billion⁽¹⁾
Distributions	<ul style="list-style-type: none">• Distributions paid substantially from operating cash flow• DPS 1H08 13 cps, in line with Alinta Scheme forecast• FY08 forecast DPS 26.1cps, yield 14.9%⁽¹⁾• Distributions expected to be fully tax deferred in FY08
Management	<ul style="list-style-type: none">• Managed by Babcock & Brown an experienced developer and operator of power generation assets• Experienced operating management team• Majority independent directors on Board

(1) Based on BBP price of \$1.75 on 21/4/08

BBP PORTFOLIO

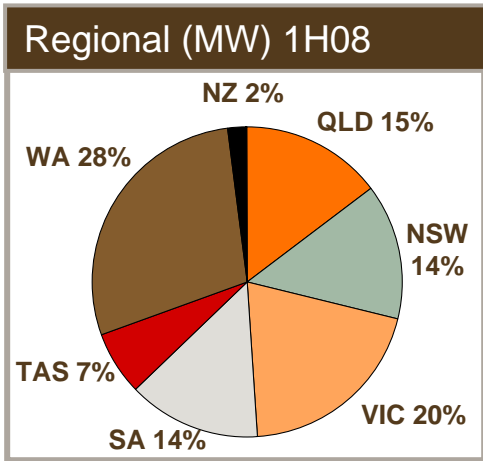
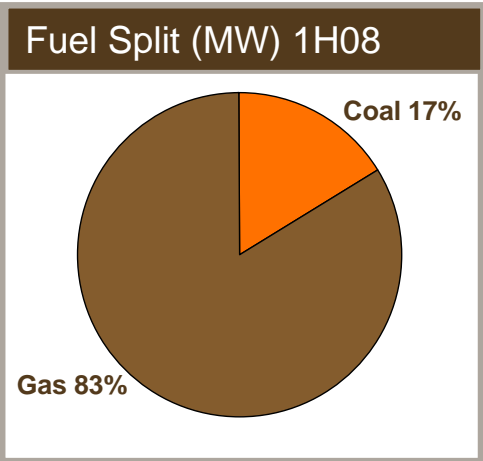
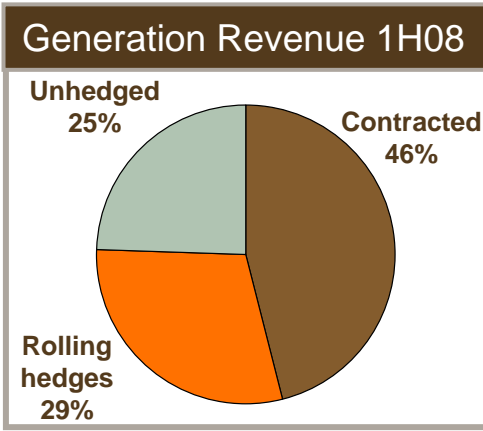
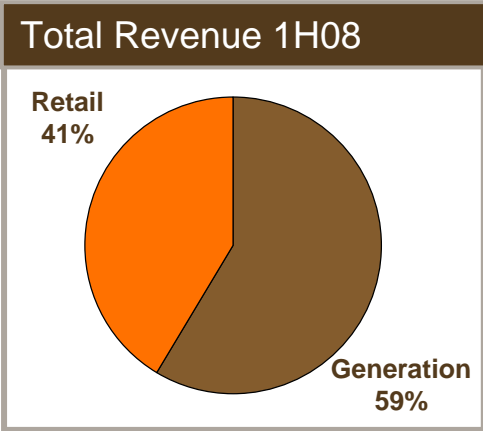
Portfolio Highlights

- Approx 4,000MW of installed capacity
- Over 1,500MW under construction
- Largest private generator in Australia



(1) Braemar 100% ownership expected 2H08

DIVERSIFIED PORTFOLIO



DEBT REFINANCING

- Well advanced on refinance of \$3.1 billion debt
 - \$2.1 billion Alinta acquisition facilities mature August 2008
 - \$1 billion asset-level debt
- BBP has selected a group of banks and due diligence and documentation is progressing in accordance with plan
- Margins expected to be in line with recent infrastructure deals
- Interest rate exposure: hedged 86%
- Schedule is on track for close in 2Q CY08
- Debt rating in line with expectations, to be formally confirmed at close of refinance

CLIMATE CHANGE - AUSTRALIA

- Australian government ratified the Kyoto Protocol in December 2007:
 - Committed to reducing greenhouse emissions by 60% of 2000 levels by 2050
 - Announced that 20% of electricity will come from renewable sources by 2020
- Federal Government has commissioned Professor Ross Garnaut to review the impact of climate change on the Australian economy
 - Draft Report due 30 June 2008; Final Report due 30 September 2008
 - Central to the review will be a 2010 Emissions Trading Scheme (ETS)
- Consultation and design of the ETS will take place over next 12 months
- Federal Government has also commissioned Roger Wilkins to conduct a strategic review of the Government's climate change policies, due in July 2008
- Interim findings from the two reviews have shown contrasting thoughts on the issue of transitional arrangements for electricity generators

BBP CARBON EMISSIONS

Carbon Intensity - (kg CO ₂ /MWh)	
BBP Average	<800
National Electricity Market (NEM) ¹ Average	~1,000
% Below NEM Average	~25%

- BBP supports an ETS with grandfathered allocation of permits to existing generators to recompense for the economic loss of value
- Allocation of permits may lead to BBP becoming a casual trader of emissions permits

¹ The National Electricity Market (NEM) is a wholesale market for electricity supply in the ACT and the states of Queensland, New South Wales, Victoria, Tasmania and South Australia

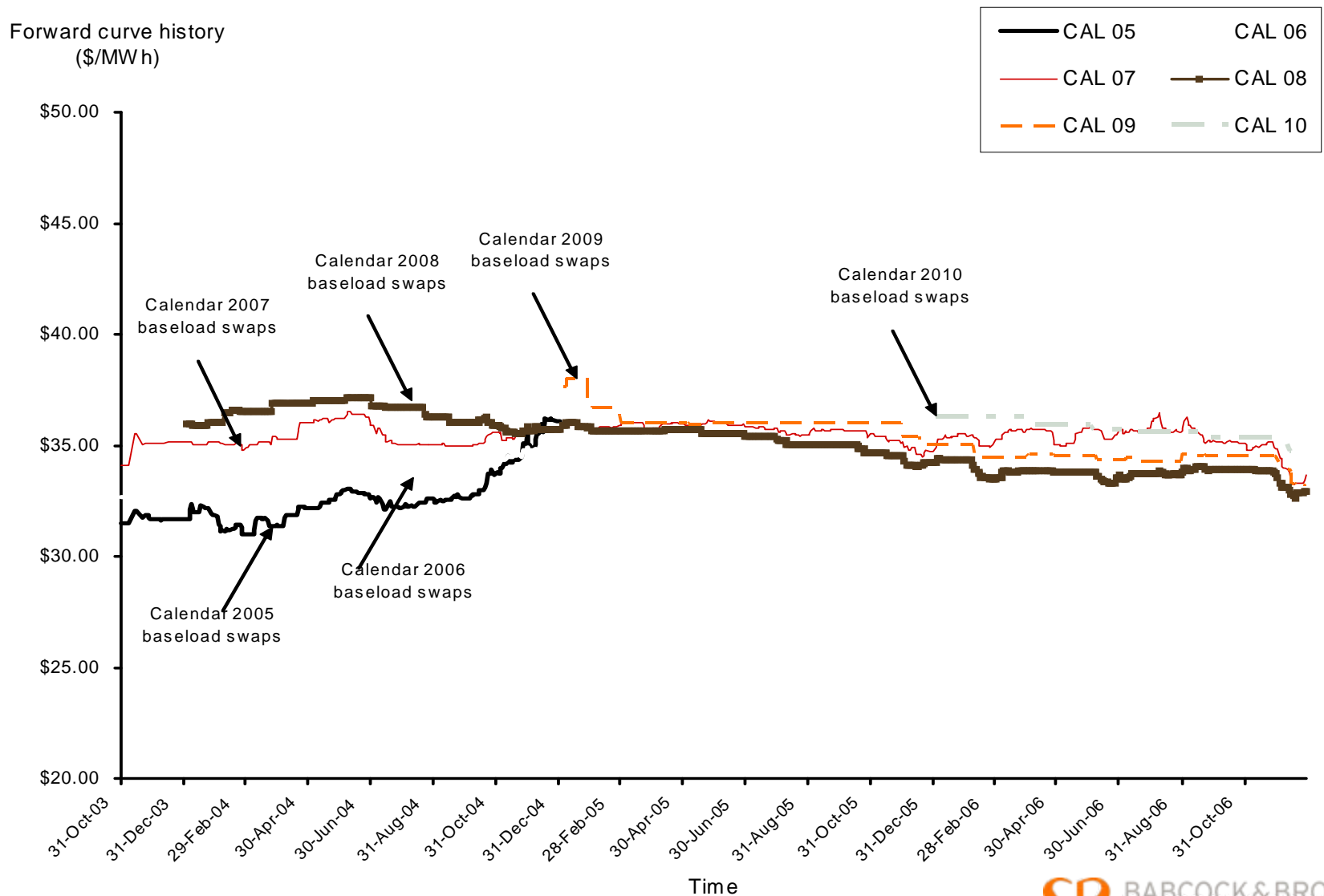
EMISSIONS TRADING

- CO₂ emissions from power generation accounts for ~35% of national total
- These emissions come from <100 sites so the power industry is a key target
- Power generators generally accept that emissions trading is an important piece of the policy mix noting key issues:
 - Appropriate permit allocation policy;
 - Reliability of supply side; and
 - Supply side transition
- Apparent windfall gains from EU Scheme have made Grandfathering extremely unpopular with policy makers, however:
 - Supply-side in Australia is very different to EU; and
 - Consequences of an inadequate permit allocation policy have rarely been dealt with in academic work

THE HISTORY OF POWER PRICES

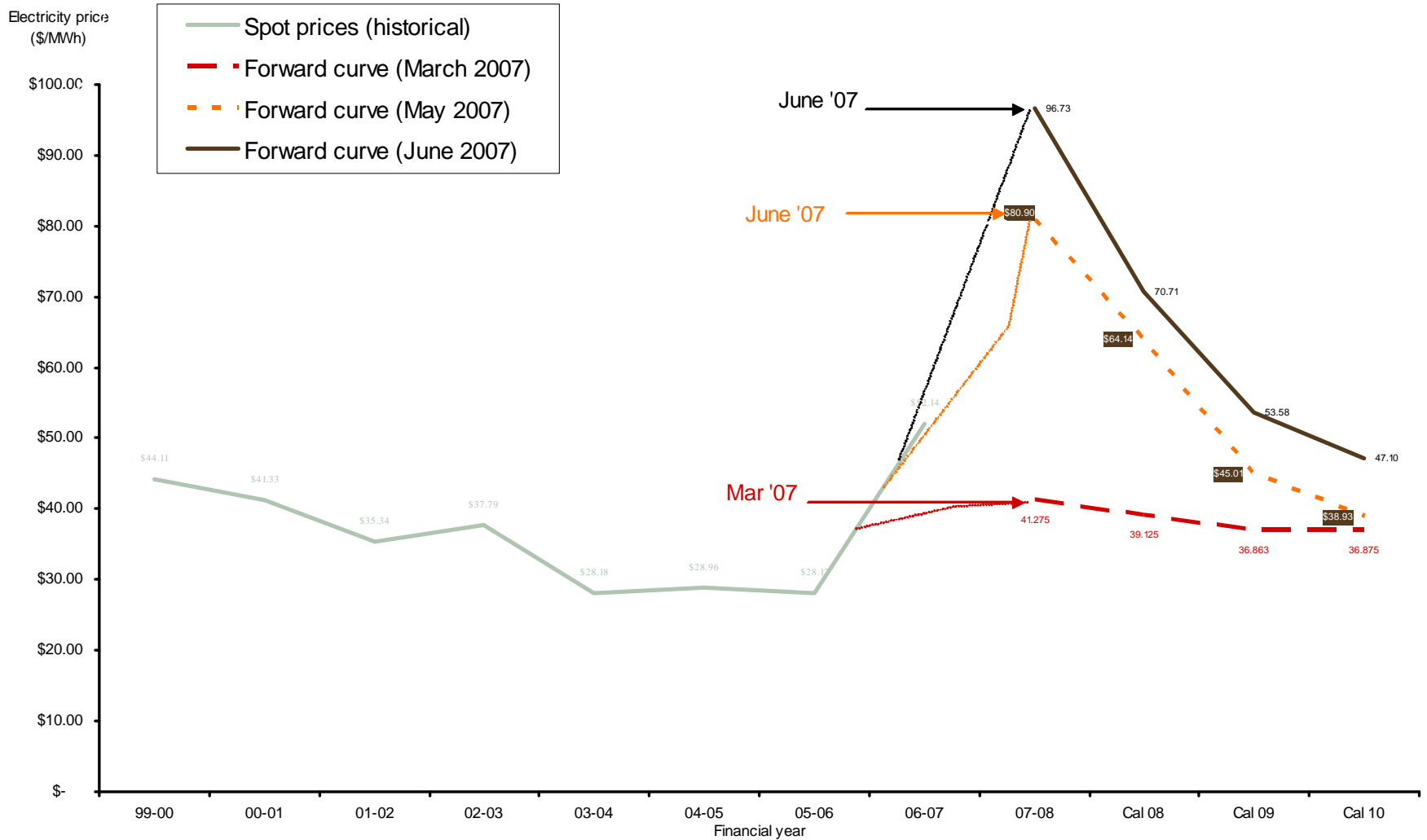
FORWARD PRICE TRACE FOR CALENDAR YEAR BASE SWAPS: 2003-2006

Forward curve history
(\$/MWh)



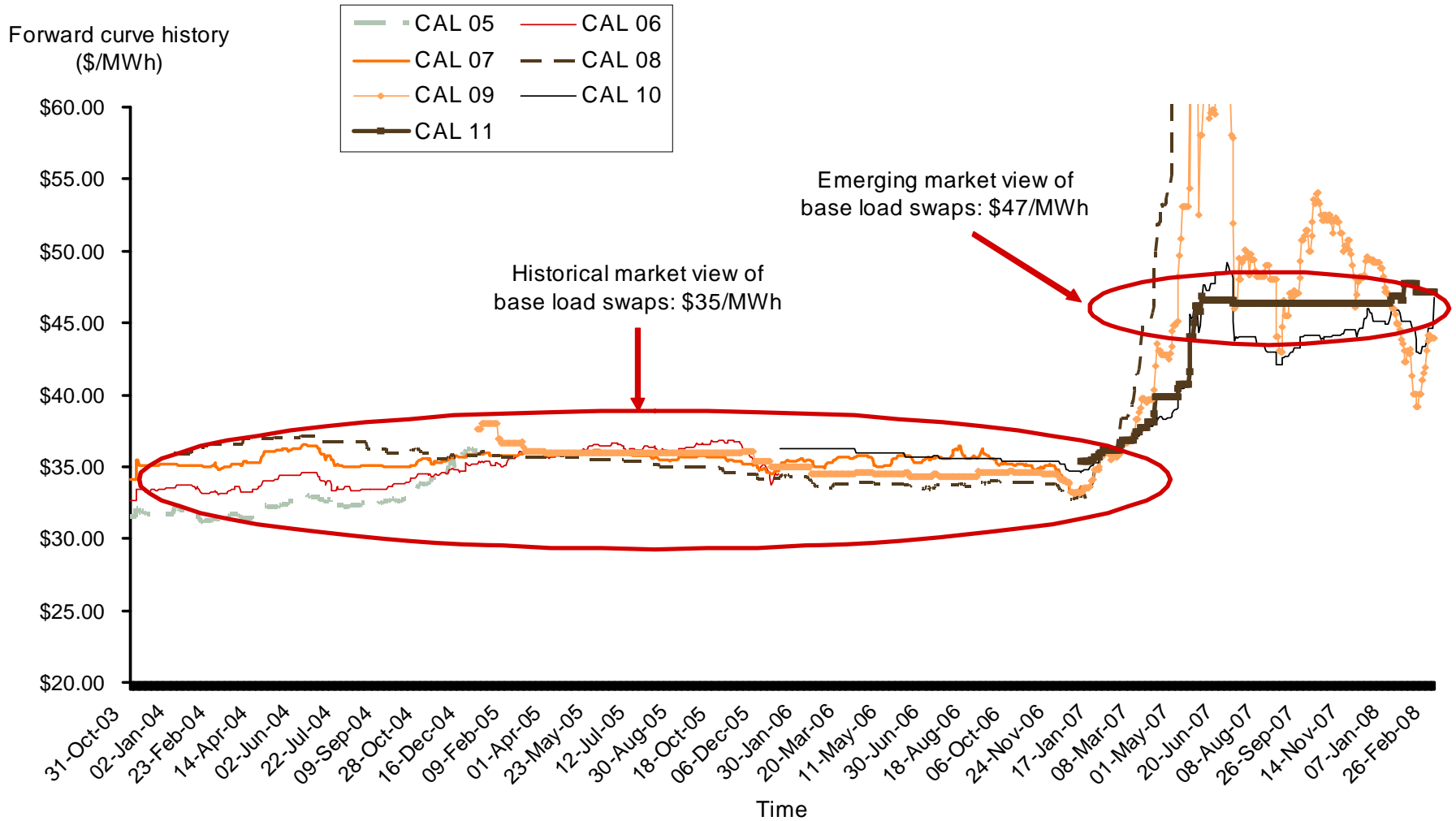
THE HISTORY OF POWER PRICES

QUEENSLAND SPOT PRICE HISTORY / FORWARD CURVES



EQUILIBRIUM PRICES

FORWARD PRICE TRACE FOR CALENDAR YEAR BASE SWAPS: 2003-2008



BBP OUTLOOK

- Power Generation
 - Outlook for electricity prices remains robust
 - FY08 performance expected to be ahead of budget
 - Recent rain has helped replenish dam levels in Qld with Boondooma at 49% and Wivenhoe at 22% (Tarong constraint relieved) but forward prices remain strong
 - Hydro reserves on the east coast, especially Tasmania are still critical
 - Demand growth continues to be strong in Qld
- Energy Markets
 - BBP has adjusted the 08F budget to reflect softer demand leading into winter 08, no further deterioration in 2H08 is anticipated
- Following completion of the refinance and taking into account operating performance for the remainder of summer, BBP will update the market on cashflow available for distribution in 09F
- Well positioned for continued growth

APPENDIX: 1H08 FINANCIAL PERFORMANCE

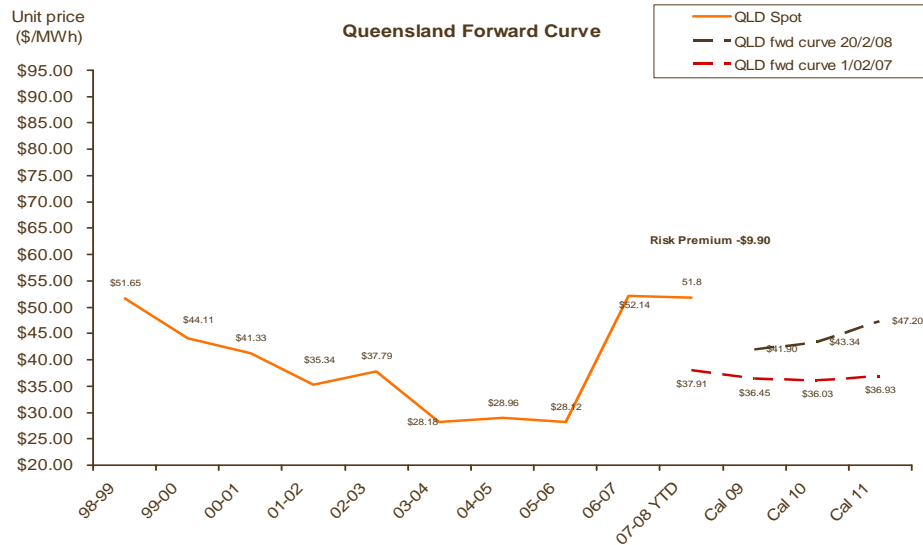
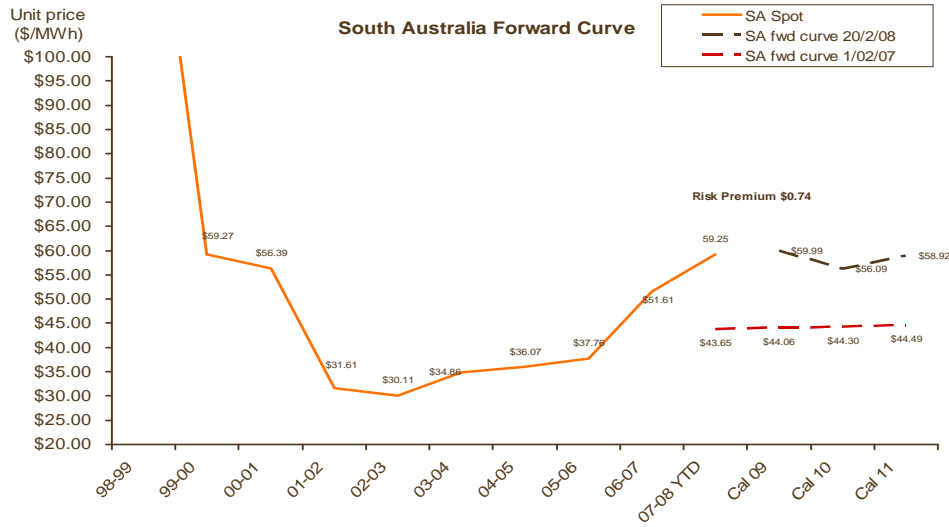
Performance 1H08 ⁽¹⁾		Highlights
Revenue	\$679m	<ul style="list-style-type: none">• EBITDA in line with Alinta Scheme forecasts• Distribution 13cps, fully covered by operating cashflows• Approx 60% revenue derived from generation and 40% energy markets• Re-affirm FY08 DPS guidance 26.1cps• Given current market conditions debt refinancing well advanced, strong underwriting response received• Well positioned for continued growth
EBITDA ⁽²⁾	\$154m	
Distribution	13cps	
Gearing ⁽³⁾	65%	
Net debt	\$3,617m	

(1) Acquisition of Alinta businesses from September 2007

(2) Excludes transition costs and material accounting adjustments as disclosed in Appendix 4D

(3) Net debt to net debt plus equity

APPENDIX: ELECTRICITY MARKET OUTLOOK



APPENDIX: BBP PORTFOLIO

Assets	Region	Fuel	Capacity (MW)	Operating Mode	Equity Ownership ⁽¹⁾
Operating Power Stations					
Oakey	QLD	Gas	320	Peak	50%
Braemar	QLD	Gas	507	Intermediate	100%
Redbank	NSW	Coal	151	Baseload	100%
Ecogen – Jeeralang	VIC	Gas	519	Peak	73%
Ecogen – Newport	VIC	Gas	510	Peak	
Flinders – Northern	SA	Coal	540	Baseload	100%
Flinders – Playford	SA	Coal	240	Intermediate	
Port Hedland	WA	Gas	175	Intermediate	100%
Newman	WA	Gas	105	Intermediate	100%
Bairnsdale	VIC	Gas	94	Peak	
Glenbrook	NZ	Gas	112	Baseload	
Cawse	WA	Gas	22	Baseload	100%
Pinjarra	WA	Gas	280	Baseload	
Wagerup	WA	Gas	380	Peak	100%

⁽¹⁾ Direct and indirect equity interest and Braemar 100% ownership expected 2H08

APPENDIX: BBP PORTFOLIO

Assets	Region	Fuel	Capacity (MW)	Operating Mode	Equity Ownership ⁽¹⁾
Under Construction					
NewGen Kwinana	WA	Gas	320	Baseload	70%
Uranquinty	NSW	Gas	640	Peak	100%
Tamar	TAS	Gas	201	Baseload	100%
Bell Bay	TAS	Gas	180 ⁽²⁾	Peak	100%
Neerabup	WA	Gas	330	Peak	50%

Assets	Region	Ownership	Description
Wesfarmers (LPG)	N/A	100%	Contract with Wesfarmers to supply Gas to its LPG Plant In Kwinana WA
Goldfield Gas Pipeline	WA	11.8%	Natural gas pipeline supplying the Newman power station, the Pilbara iron ore mines and the Kalgoorlie mining region in WA
Alinta	WA	100%	Retailer of natural gas and electricity in WA – 570,000 customers

⁽¹⁾ Direct and indirect equity interest

⁽²⁾ 105MW in operation, 75MW under construction

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