

BABCOCK & BROWN POWER

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Market Update: Lifting of Trading Suspension & Signed Agreements

Babcock & Brown Power (ASX: BBP) advises that it has requested ASX lift the voluntary suspension on quotation of its securities today. This follows signing of a moratorium agreement with the North West Shelf gas sellers and execution of the restructured loan facility agreements with the BBPF banking syndicate.

As advised on 18 December 2009, Babcock & Brown Power (ASX:BBP) has reached in principle agreements on a Restructure that stabilises and simplifies the Company's debt position, eliminates short-term refinancing risk and co-operatively resolves issues arising from the North West Shelf arbitration. The Company provided guidance at its AGM of \$288m EBITDA for FY2010 on a normalized basis. Not included in the normalized view are the extraordinary issues which are the subject of the Restructure. BBP expects to include in its statutory results, on a pre tax basis, the following consequences of the Restructure:

- a profit arising from the settlement with Babcock & Brown International Group of ~\$345m (this is a non cash item);
- a loss from settlement of NWS gas price arbitration of ~\$132m (refer to the release of 18 December 2009 in regard to the funding of this item);
- an impairment charge currently estimated at approximately ~\$100m and subject to review (this is a non cash item).

BBP, to be renamed Alinta Energy, expects all aspects of the Restructure will be fully documented and the BBPF Finance Restructure will reach financial close by mid January 2010 but the settlement with Babcock & Brown International Group ("BBIG") will remain subject to the outcome of the securityholder vote at the Extraordinary General Meeting to be held in late February, 2010.

ENDS

Further Information:

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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.