

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

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NOVATION OF FLINDERS OSBORNE TRADING (FOT) CONTRACTS

Babcock & Brown Power (ASX:BBP) today announces that it has reached conditional agreement with Origin Energy Limited (Origin) for Origin to assume the FOT contracts for a nominal consideration. At completion, expected in June 2009, a \$125 million onerous contract provision will be released. The novation of these contracts will have a positive effect on BBP's cash flows going forward. This arises as a result of the elimination of expected future losses under the contracts. Further information on this transaction, as well as an update on FY09 guidance, will be released later today.

ENDS

Further Information:

Ross Rolfe
Chief Executive Officer
Babcock & Brown Power
Ph + 61 2 9372 2627

Peter Brook
Chief Financial Officer
Babcock & Brown Power
Ph + 61 2 9372 2627

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 approximately 2,800MW¹ of installed generation capacity. BBP has interests in a number of other associated power assets including the WA retail assets Alinta.

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

¹ Some assets have minority shareholders.