

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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18 August 2008

Ms Marta Kielich

Adviser, Issuers (Sydney)
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

By email to: marta.kielich@asx.com.au

Dear Ms Kielich,

Babcock & Brown Power (BBP) – Response to price query

We refer to your letter dated 15 August 2008 and sent after the close of trading that day requesting a response to certain questions.

We respond to each of the questions (with references to BBP referring to the 'Group' in your letter) as follows.

- 1. Is the Group aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Group?**

BBP is aware of certain ongoing media discussion and analysis regarding potential asset sales and the forthcoming maturing of the BBP Holdings debt facility, but is otherwise not aware of the explanation for the recent trading as referred to in your letter. BBP has today released an update to the market as to the sale of its interest in the Tamar Valley Power Station, impairment and certain other matters. Until today these matters were subject to exceptions in listing rule 3.1A and independently of your request BBP would have released the detailed update today.

BBP was not in a position to release the Tamar information during trading hours on 15 August 2008 as a binding Heads of Agreement for the sale of the Tamar Valley Power Station was only concluded with the State of Tasmania late on 15 August 2008 post the close of the ASX trading system. In addition, BBP held a series of Audit Committee and Board Meetings on 15 and 17 August 2008 which considered and reached finalised positions on the other matters referred to in today's update to the market during the 17 August Board meeting.

- 2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?**

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

Please see the answer to question 1.

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3. **Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the current financial year would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.**

BBP today has reiterated its FY08 EBITDA guidance given on 22 June 2008, subject to the other matters in the update.

4. **Is there any reason to think that the Group may record any material abnormal or extraordinary profit for the current financial year? If so, please provide details.**

BBP today has reiterated its FY08 EBITDA guidance given on 22 June 2008, subject to the other matters in the update.

5. **Is there any other explanation that the Group may have for the price change and increase in volume in the securities of the Group?**

Please see the answer to question 1. BBP has been the subject of ongoing media discussion and analysis over recent weeks.

In addition, the recent volatility in the share price of Babcock & Brown Limited is likely to have had a consequential effect on all of Babcock & Brown's specialised funds, including BBP.

6. **Please confirm that the Group is in compliance with the listing rules and, in particular, listing rule 3.1.**

We confirm that BBP is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely



John Remedios
Company Secretary
Babcock & Brown Power

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15 August 2008

John Remedios
Company Secretary
Babcock & Brown Power
Level 23 The Chifley Tower ·
2 Chifley Square · Sydney NSW

By email

Dear John

ASX Limited
ABN 98 008 624 691
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000

PO Box H224
Australia Square
NSW 1215

Telephone 61 2 9227-0656
Facsimile 61 2 9241-7620
Internet <http://www.asx.com.au>
DX 10427 Stock Exchange Sydney

Babcock & Brown Power (the "Group")

RE: PRICE QUERY

We have noted a change in the price of the Group's securities from a close of \$0.58 on 11 August 2008 to a low of \$0.415 at the time of writing today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Group aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Group?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the current financial year would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Group may record any material abnormal or extraordinary profit for the current financial year? If so, please provide details.
5. Is there any other explanation that the Group may have for the price change and increase in volume in the securities of the Group?

6. Please confirm that the Group is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at marta.kielich@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. E.S.T.) on Monday, 18 August 2008.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Group's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(Sent electronically without signature)

Marta Kielich

Adviser, Issuers (Sydney)

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