

BABCOCK & BROWN POWER

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ASX Release

15 September 2008

BBP ANNOUNCES FINANCIAL CLOSE OF SALE OF TAMAR VALLEY POWER STATION

Babcock & Brown Power (ASX:BBP) today announces financial close of the Tamar Valley Power Station project to the State of Tasmania for cash proceeds of \$100 million.

As disclosed to ASX on 18 August 2008 the net proceeds from the sale will be deployed to pay down existing BBP Limited debt facilities applied against the Tamar project in line with BBP's commitment to progressively reduce gearing. Another key benefit in closing the sale is that BBP is no longer required to fund the remaining \$241 million budgeted development costs.

Tamar was committed to by Alinta after the signing of the Scheme Implementation Agreement but prior to the Scheme vote and resulted in BBP financing construction through reserves rather than a construction debt facility.

Ross Rolfe, BBP Acting CEO said "The sale of Tamar represents a significant de-risking for the BBP business which, coupled with extension of the BBPH facility, is a key step towards stabilisation of BBP's capital structure. The UBS strategic review which is examining all options to maximise value for securityholders is well underway. We expect to be in a position to provide an update on the preliminary findings no later than the Annual General Meeting on 7 November 2008."

ENDS

Further Information:

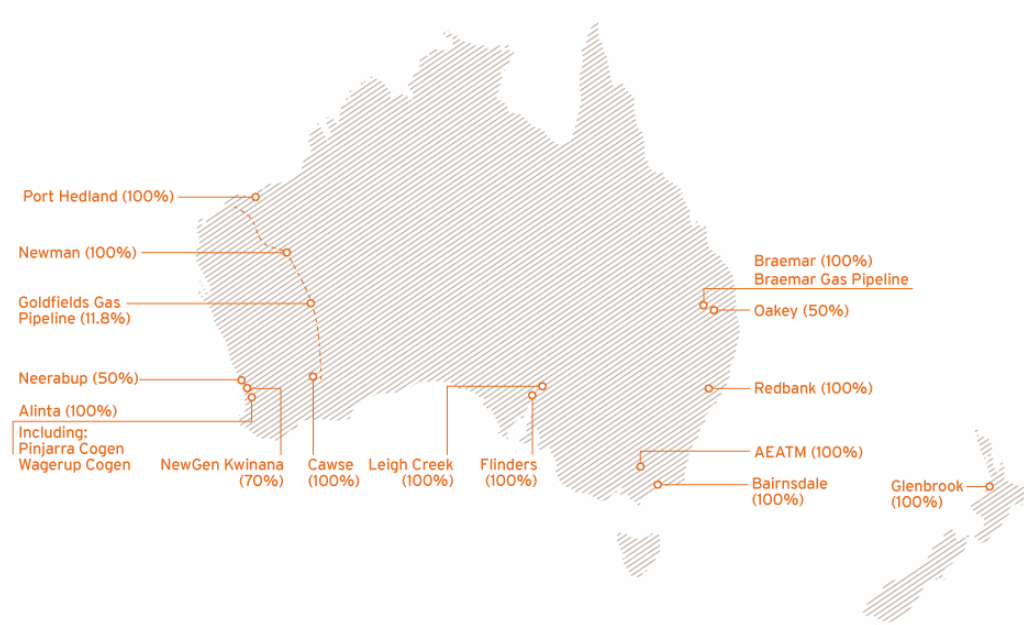
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About Babcock & Brown Power

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 12 operating power stations representing over 3,000MW¹ of installed generation capacity and two power stations under construction. BBP has interests in a number of other associated power assets including the WA retail assets Alinta. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

Portfolio Summary



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

¹ Some assets have minority shareholders.