

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

2 November 2007

Alinta to acquire 100% of AlintaAGL

Babcock & Brown Power (ASX:BBP) today announces that it has been advised by AGL Energy (AGL) that they do not intend to exercise their option to acquire the 67% interest in AlintaAGL held by Alinta. Accordingly, Alinta will acquire AGL's 33% interest in AlintaAGL.

As announced to the ASX on 24 September 2007, Alinta set the exercise price for AGL to acquire Alinta's 67% interest at \$1,060 million. AGL had up to three months to exercise its option.

As a result of AGL's decision not to exercise their option, Alinta will acquire AGL's 33% interest in AlintaAGL at a pro-rated equivalent price of \$522 million. It is anticipated that the transaction will be finalised by the end of December 2007.

Paul Simshauser, CEO of BBP said "AlintaAGL is an end-to-end energy business that provides strong medium-term growth opportunities in the WA market while enabling BBP to achieve scale economies. We anticipate the acquisition to be yield accretive from 2009F with the 2008F DPS guidance of 26.1cps also maintained.

"Over the last six months the Australian energy sector has been rapidly evolving. The acquisition of AlintaAGL represents BBP's first major entry into the retail energy market extending BBP's operations to an integrated energy business. Positioning in the retail sector is important as it provides BBP with access to customer load and AlintaAGL is a firm starting point for building BBP's retail customer capabilities. BBP will continue to operate the business under the Alinta brand in WA.

"Andrew Kremor, BBP General Manager Energy Markets, and former Chief Executive of Energex, will be overseeing the AlintaAGL business. Andrew has over 25 years experience in the energy industry including specific experience in establishing and managing successful retail businesses."

For personal use only

Key valuation metrics and assumptions:

- \$1,200/mass market gas customer.
- \$2,500/SME gas customer.
- \$0.1/GJ pa wholesale gas and \$1.50/MWh pa wholesale electricity portfolio.
- \$1,400/kW generation capacity installed.
- Gas margins are likely to face a degree of compression over the short term.
- Wholesale gas procurement is currently well contracted however as existing contracts fall away, new contracts are likely to be struck at higher rates.
- Gas supply contracts with existing customers will be renegotiated over time to increase margins as contracts roll off.
- WA Office of Energy has commenced its tariff review process. Regulated tariffs need to reflect the underlying cost of supply if a competitive and contestable market is to exist.

Synergies and growth opportunities:

- Incumbent WA gas player with a substantial market position in a high growth state with an energy intensive economy.
- Sizeable retail gas customer base and expanding industrial gas and electricity customer base.
- Ascribed premium in relation to electricity Full Retail Contestability (FRC) which is likely to occur in 2010/2011.
- Established retail systems and capabilities scalable for FRC with vertically integrated energy position.
- Development pipeline of generation opportunities to serve the growing electricity customer base.
- AlintaAGL established an alliance with Alcoa to develop cogeneration facilities at Alcoa's alumina refineries in WA.
- BBP's gas fired generation portfolio increases from approx 70% to 80% and carbon intensity of the entire BBP generation portfolio reduces by more than 10%.
- Present value of the Alinta Wind Farm PPA.
- Option value associated with expansion rights for the Alinta Wind Farm PPA.
- Portfolio and financing benefits across combined BBP and ex-Alinta assets.

Funding

As previously disclosed this acquisition will be funded from existing resources with fully committed debt facilities available to purchase AGL's 33% interest in AlintaAGL at the exercise price. BBP has executed limited recourse debt facilities totalling \$1,556 million for the purposes of facilitating the Alinta acquisition.

Conference Call

Paul Simshauser, CEO of BBP will host a conference call today Friday 2nd November at 10:30am (EST) details below.

Australia Dial In: 1800 148 258
International Dial In: +61 2 8524 6650
Conference ID: 23183290

Hong Kong Dial In: 800965808
Singapore Dial In: 8006162170

UK Dial In: 08000569662
USA Dial In: 18665862813

Further Information:

Paul Simshauser
Chief Executive Officer
Babcock & Brown Power
Ph + 61 2 9229 1848

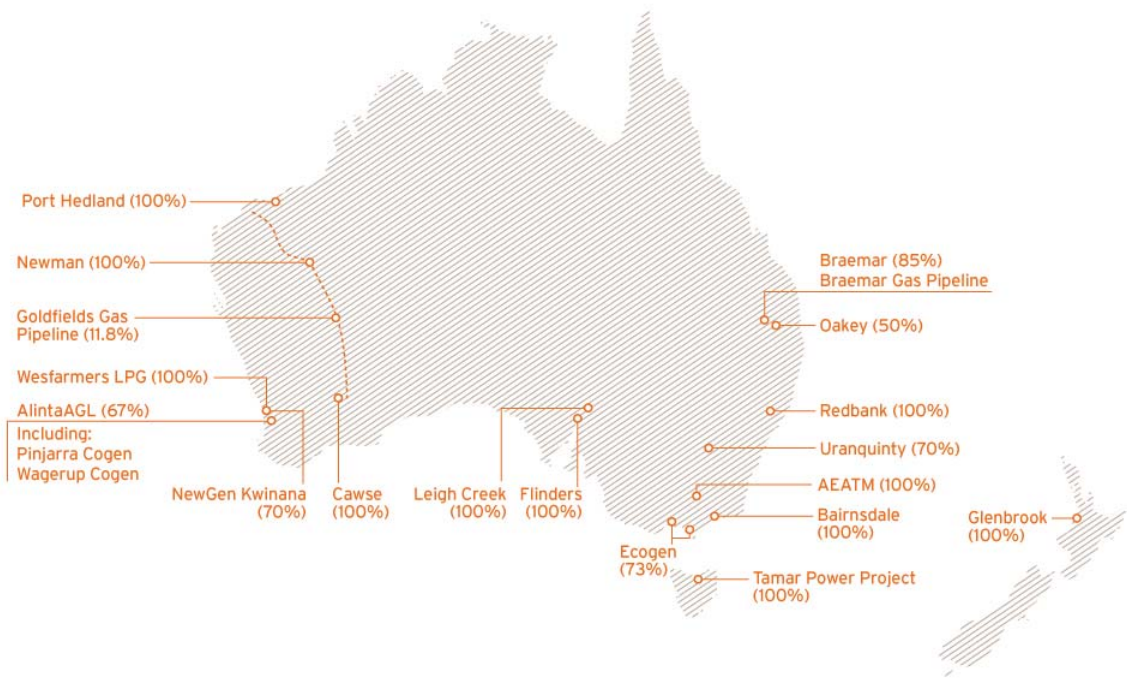
Fiona Osler
Investor Relations
Babcock & Brown Power
Ph + 61 2 9216 1383

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 thirteen operating power stations representing over 3,300 MW¹ of installed generation capacity and five power stations under construction. BBP has interests in a number of other associated power assets including a stake in the WA retail assets of AlintaAGL. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

Portfolio Summary

¹ Some assets have minority shareholders.



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

For personal use only