

BABCOCK & BROWN POWER

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ASX Release

24 January 2008

BUSINESS UPDATE

Babcock & Brown Power (ASX:BBP) today provides a progress update on the integration of Alinta assets and the debt portfolio refinancing.

Alinta Integration

- Integration of Alinta assets into the portfolio is well underway and BBP affirms expected annualised savings of \$14 million per annum. This excludes any benefits from AlintaAGL.
- Since gaining 100% control of the Alinta retail business in mid-December 2007 the transition team has commenced assessment of portfolio synergy opportunities across the key areas of risk management and wholesale trading of gas and electricity.
- BBP is pleased to announce the recent internal appointment of Victor Browner as Acting Head of Alinta based in Perth. Victor has extensive energy markets experience and provides for continuity of the management of the business.
- The 350MW Wagerup Power Station at Alcoa's Wagerup refinery was commissioned in December 2007 and has had full operational capacity since that time.
- The recruitment process has commenced for BBP's Energy Markets operations based in Brisbane and the Business Services operations in Adelaide.
- IT integration across the portfolio is progressing well with Ellipse System (supplied by Mincom) selected as the preferred Enterprise Asset Management (EAM) system for BBP. Configuration of the system is targeted for completion over the next few months with the system expected to go live progressively during 2008.

Debt Portfolio Refinancing

BBP confirms the debt portfolio refinancing is well advanced with positive feedback received from potential funding parties and that the timetable is on track for completion in line with expectations. A further update will be provided at the 1H08 financial results on Wednesday 27th February 2008.

Further Information:

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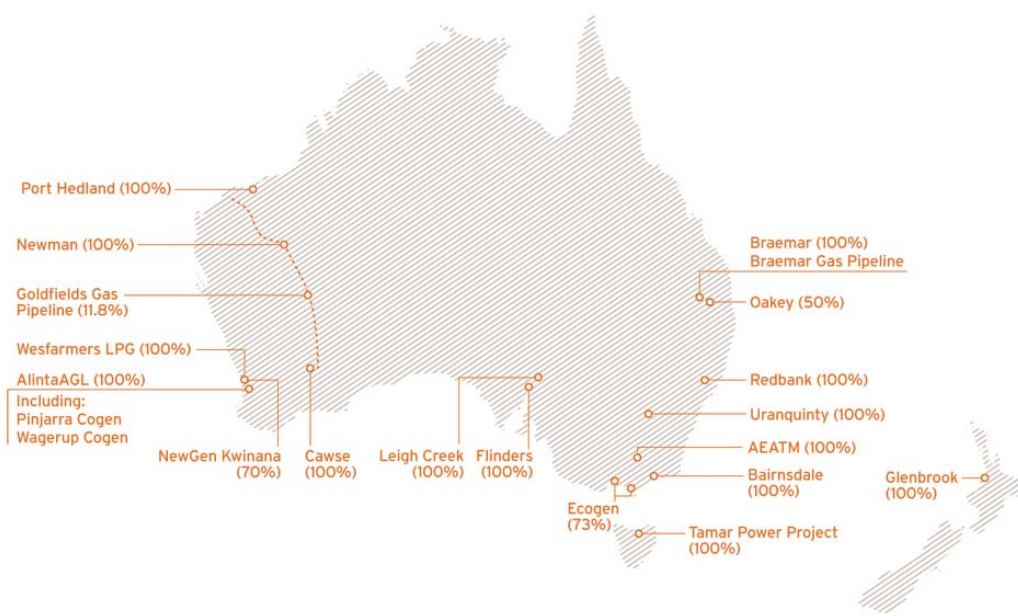
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About Babcock & Brown Power

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 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 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.