

BABCOCK & BROWN POWER

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ASX Release

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REVISED EBITDA GUIDANCE

Babcock & Brown Power (ASX:BBP) today announces a revised FY2009 EBITDA guidance of \$315-\$325 million. Previous guidance was FY2009 EBITDA of \$330-\$340 million.

This guidance relates to statutory EBITDA and includes the positive impact of the following one-off adjustments:

- \$25 million release of onerous contract provisions which will follow the expected completion of the sale of the assets of Alinta EATM Pty Ltd.
- \$8 million dividend received as a consequence of the restructuring of BBP's holding of the Braemar asset.

These adjustments partially offset a lower than anticipated performance from a number of BBP's operating businesses during the months of December 2008, January 2009 and February 2009. In particular:

- BBP's South Australian generation performance has been impacted by lower than expected SA pool prices up until the end of December 2008. While some high price spike events were experienced in January 2009, this coincided with reduced availability at the Playford Power Station. Consequently BBP was unable to benefit from these high price events. During February, pool prices have been more subdued than expected and earnings have suffered from an unplanned outage at one unit at Northern Power Station.
- Braemar Power Station in Queensland has been impacted by relatively low Queensland pool prices to date due to adverse weather conditions. January prices and earnings were close to expectations. However, prices in February to date have been lower than expectations.

- In Western Australia, Alinta earnings have been reduced mainly due to lower than expected electricity generation revenues and reduced gas demand in the tariff segment.

Ross Rolfe, BBP CEO said “We are disappointed to issue revised guidance. Whilst the revised guidance is not materially different to the guidance already in place, it includes several one-off adjustments which partially offset a lower than anticipated operating performance of the business. “

“The summer months, which are almost over, are the peak period for a generation business to secure revenue and we now consider it unlikely that the earnings shortfall we have witnessed to date will be recovered in the remaining months of FY2009. BBP utilises internal and external expertise to form a prudent basis for its forecasts. However, electricity pool prices are driven by a number of extrinsic factors that can cause variation in the actual outcomes.”

“A full briefing will be provided on 27 February 2009 when the results for the half year ended 31 December 2008 are released.”

ENDS

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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 13 operating power stations representing over 3,000MW¹ of installed generation capacity. BBP has interests in a number of other associated power assets including the WA retail assets Alinta. Babcock &

¹ Some assets have minority shareholders.

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Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

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