

BABCOCK & BROWN

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ASX Release

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UPDATE ON NEGOTIATIONS WITH BANKING SYNDICATE

Babcock & Brown (ASX: BNB) today advises that its discussions with its banking syndicate regarding a revised business plan and balance sheet restructure of Babcock & Brown International Pty Ltd are continuing, and it now expects to make an announcement regarding the outcome of those discussions at the end of the week beginning 26 January 2009 or the beginning of the week of 2 February 2009.

Consistent with the announcement on 7 January 2009 regarding the Company's negative net asset position at 31 December 2008, the Board believes that in the current market environment and based on continuing discussions with the banking syndicate there will be no value for equity holders under the revised business plan and balance sheet restructure of Babcock & Brown International Pty Ltd and negligible or no value for holders of the Company's subordinated notes.

ENDS

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About Babcock & Brown

Babcock & Brown is an international investment and specialised fund and asset management group with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Securities Exchange.

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Babcock & Brown operates from 30 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 1,400 employees worldwide. The company has established a funds management platform that has resulted in the creation of a number of focused investment vehicles.

For further information about Babcock & Brown please see our website:
www.babcockbrown.com