

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
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ASX Release

29 October 2007

BBP SECURITY PURCHASE PLAN

Babcock & Brown Power (ASX:BBP) announces that it will shortly be providing BBP Securityholders with an opportunity to 'top up' their holdings of BBP stapled securities under a Security Purchase Plan.

BBP will soon be dispatching documents in relation to this Security Purchase Plan to Securityholders, including the attached Application Form and Terms and Conditions.

The Security Purchase Plan will enable Securityholders to acquire up to A\$5,000 in value of additional BBP stapled securities at a discount to the market price – in accordance with the terms and conditions as described in the attached Application Form and Terms and Conditions.

Paul Simshauser, Chief Executive Officer of BBP said, "BBP is pleased to offer former Alinta shareholders an opportunity to purchase additional BBP stapled securities to top-up holdings received as a result of the Alinta Scheme of Arrangement. The Security Purchase Plan is open to all eligible BBP Securityholders, free of brokerage costs, and the proceeds from the offer will be utilised to fund new projects acquired as a result of the Alinta transaction".

The expected timetable for the Security Purchase Plan is as follows:

Record Date	7pm (Sydney time), 29 October 2007
Dispatch of SPP documents	2 November 2007
Offer opens	2 November 2007
Offer closes	5pm (Sydney time), 23 November 2007
SPP subscription price announced	26 November 2007
Allotment of SPP stapled securities	5 December 2007

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ENDS

Further Information:

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

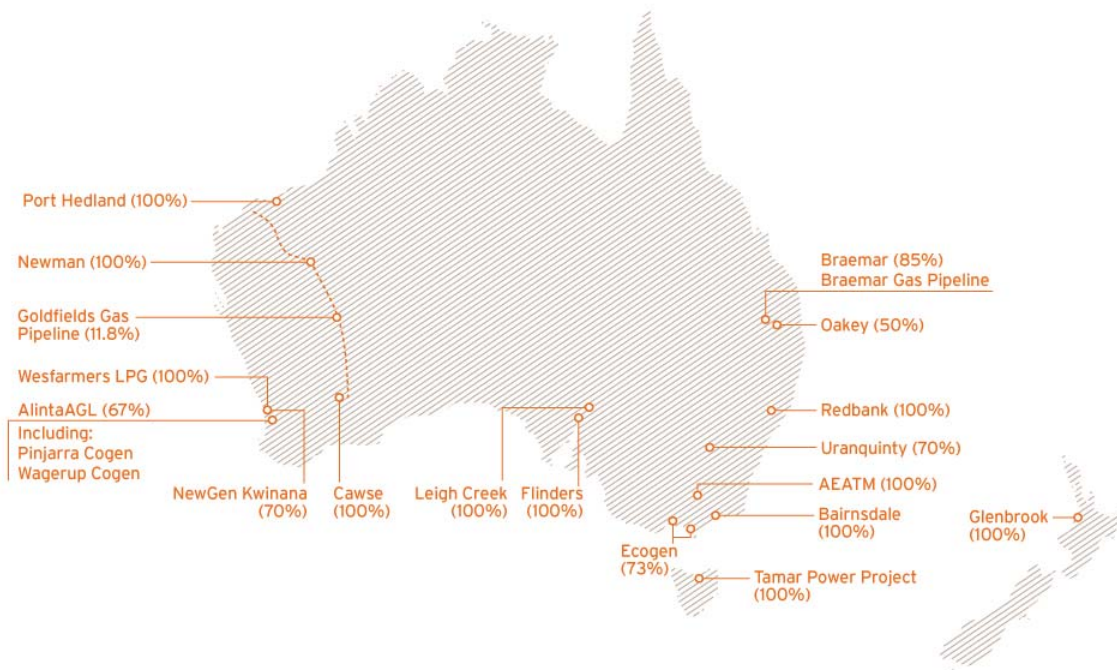
Fiona Osler
Investor Relations
Babcock & Brown Power
Ph + 61 2 9216 1383

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 the largest being a 67% 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



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

¹ Some assets have minority shareholders.

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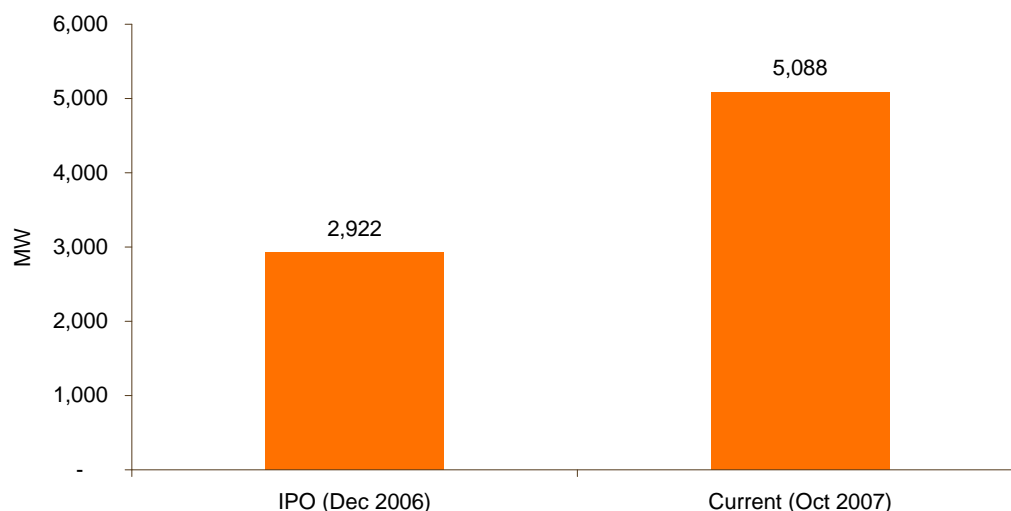
Dear Securityholder

Babcock & Brown Power Security Purchase Plan

We are pleased to offer Babcock & Brown Power (“**BBP**”) Securityholders the opportunity to acquire additional BBP Stapled Securities (“**Stapled Securities**”) under a Security Purchase Plan (“**SPP**”).

BBP has grown substantially since listing on the ASX in December 2006 to become the largest private generator of electricity in Australia with over 3,300MW of installed capacity and approximately 1,700MW under construction.

BBP PORTFOLIO CAPACITY



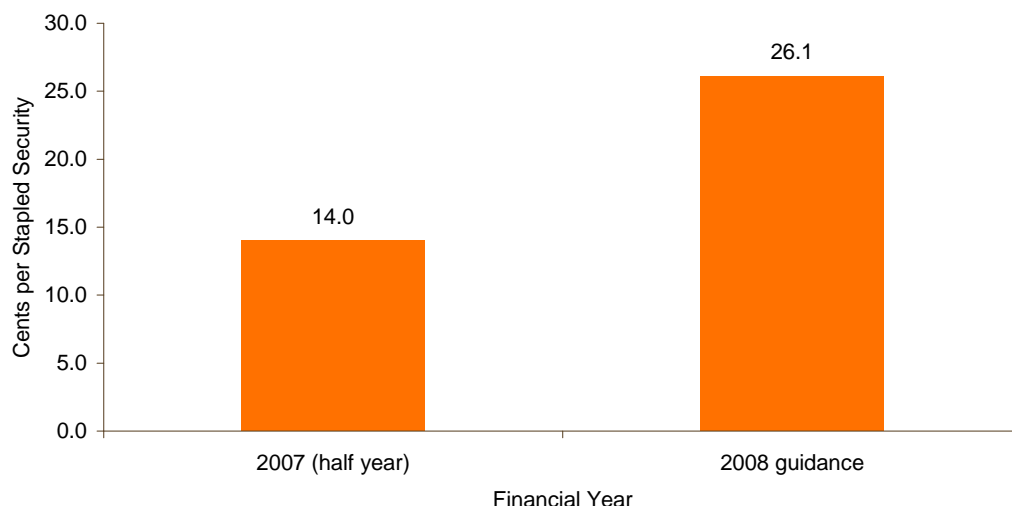
Notes:

Includes direct and indirect equity interests.
Includes assets under construction.

BBP's investment strategy is focused upon delivering long-term capital growth and attractive cash yield through owning and operating power generation assets and associated businesses. BBP's distribution guidance is 26.1 cents per security for the 2008 financial year. Based on a closing price of \$3.11 on 25 October 2007, BBP was trading on a forecast distribution yield of 8.4%.

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DISTRIBUTIONS



Note:

As BBP listed in December 2006 only one distribution was payable in the 2007 financial year.

As a member of the Babcock & Brown and Singapore Power International Pte Ltd consortium that acquired Alinta Limited we indicated that we would undertake a SPP to provide Alinta shareholders with a 'top-up' facility. The SPP enables Securityholders to acquire additional BBP securities to 'top up' their holding free from brokerage and other transaction costs.

BBP will reinvest the proceeds of the SPP into new projects acquired as a result of the Alinta transaction which have been recently contracted or are about to be completed. BBP's growth prospects are robust and through its relationship with Babcock & Brown, BBP has secured access to a number of quality greenfield developments which match BBP's investment criteria.

The SPP will allow eligible Securityholders to acquire up to A\$5,000 worth of new Stapled Securities at a 2.5% discount to the volume weighted average price over the ten ASX trading days up to and including 23 November 2007. The current price of Stapled Securities can be obtained from ASX Limited (**ASX**) and is listed in the financial or business section of major daily newspapers circulating in Australia.

Participation in this SPP is only open to registered Securityholders with a registered address in Australia and New Zealand at 7.00pm (Sydney time) on 29 October 2007. An offer under this SPP does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

Stapled Securities issued under the SPP will rank equally with Stapled Securities already on issue and will qualify for any distribution payment made in respect of the six month period ending on 31 December 2007, as well as all future distributions.

BABCOCK & BROWN
POWER

Participation in the SPP is entirely optional. The SPP offer closes at 5.00pm (Sydney time) on Friday 23 November 2007 ("**Closing Date**"), unless extended at the sole discretion of BBP. Your right to participate in the SPP is not transferable.

The Terms and Conditions of the SPP are further elaborated on the reverse of the Application Form enclosed with this letter. You should read the Terms and Conditions carefully before you decide whether to participate in the SPP. Terms defined in this letter have the same meaning in the Application Form and the Terms and Conditions.

The information provided in this letter and in the Terms and Conditions of the SPP is not financial product advice or investment advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Securityholders should obtain their own independent financial and taxation advice before making a decision whether to acquire Stapled Securities under this SPP.

WHAT YOU SHOULD DO NOW

- Carefully read the Terms and Conditions including on the reverse of the enclosed Application Form
- To apply for a parcel of Stapled Securities, please follow the instructions on the enclosed Application Form.

Please make sure you send your Application Form and payment allowing enough time for mail delivery, so Link Market Services Limited receives them on or before 5:00pm (Sydney time) on the Closing Date. Application Forms and payments received after the Closing Date may not be processed.

You will not be able to withdraw or revoke your application once it has been received. If you have any questions, please contact BBP's security registry:

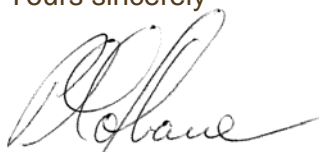
Link Market Services Limited Level
12, 680 George Street
Sydney NSW 2000

BBP SPP information line (within Australia): 1800 260 668

BBP SPP information line (outside Australia): + 61 2 8280 7619

On behalf of the Directors of BBP, I invite you to consider this opportunity to increase your investment in BBP.

Yours sincerely



Peter Hofbauer
Chairman

Babcock & Brown Power Limited and Babcock & Brown Power Services Limited

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Allotment Date: 5 December 2007
Record Date: 29 October 2007

SRN/HIN:

**Offer Closes
 5:00pm (Sydney Time): 23 November 2007**

SECURITY PURCHASE PLAN ("SPP") APPLICATION FORM

This is an offer to eligible Securityholders of Babcock & Brown Power, to subscribe for additional stapled securities in BBP ("Stapled Securities") under the Terms and Conditions of the SPP.

By completing this Application Form and forwarding it with your payment, you (a) acknowledge that you have read and understood the Terms and Conditions of the SPP and agree to be bound by the constitutions and bye-laws of BBP ("Constitution"), (b) **apply to subscribe for Stapled Securities in accordance with the Terms and Conditions of the SPP**, (c) certify that the aggregate application amount of Stapled Securities which you have applied for under this SPP (including through joint and beneficial holdings), even if you received more than one offer under this SPP, does not exceed A\$5,000, (d) acknowledge that none of BBP, its advisers and agents has (i) provided you with any financial product or investment advice and (ii) any obligation to provide such advice, and (e) acknowledge that the information on the SPP has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Please note:

- The Terms and Conditions of the SPP, including on the reverse of this form, should be read carefully.
- Payments may only be made by BPAY, cheque or money order in Australian dollars and drawn on an Australian branch of a financial institution. Cash payments will not be accepted.
- Payment by BPAY or receipt by BBP of this form duly completed, together with the full subscription amount, will constitute acceptance in accordance with the Terms and Conditions of the SPP and the Constitution of BBP by the Securityholder named on this form. BBP may reject an acceptance of this offer, at its absolute discretion, if payment is not received in accordance with this offer, is incomplete or if the exact amount applied for is not tendered.

Accepting this offer using BPAY®

- To pay via BPAY refer to the Biller Code and Reference Number below, and contact your participating financial institution.
- You are not required to return this form.

Accepting this offer by cheque or money order

- Cheques or money orders are to be made payable to: 'Babcock & Brown Power – SPP Account' and crossed Not Negotiable.
- The completed Application Form should be torn off below and forwarded with your payment to reach BBP's registry by **5:00pm (Sydney Time) on 23 November 2007**. Please allow sufficient time for collection and delivery by postal services as the postal acceptance rule does not apply.
- If located within Australia please forward your Application slip, along with payment, in the reply paid envelope provided. New Zealand Securityholders must forward it to the postal address set-out below. As per the details over the page, Securityholders outside of Australia and New Zealand are not eligible to participate.
- Your form cannot be faxed to BBP's registry as payment must be attached to your Application slip.

Mailing Address: Babcock & Brown Power C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235, Australia

Hand Delivery Address: Babcock & Brown Power C/- Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000 *(Please do not use this address for express post mailing)*

This offer is non-renounceable – No Signature is required

If you require further information on how to complete this Application Form please contact Link Market Services Limited on 1800 260 668 within Australia, or +61 2 8280 7619

Please detach this tear-off slip and return with your cheque or money order



Biller Code: 333393

Ref:

Telephone & Internet Banking – BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

I/We wish to purchase Stapled Securities with an aggregate subscription price of (tick one box only):

A\$1,000 OR A\$2,000 OR A\$3,000 OR A\$4,000 OR A\$5,000

Payment Details (if paying by cheque or money order):

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>	A\$ <input style="width: 80%;" type="text"/>

Make your cheque or money order payable to "Babcock & Brown Power – SPP Account"

(must correspond with amount ticked above)

Contact Details: Telephone Number – Business Hours

Contact Name (PRINT)

<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>
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TERMS AND CONDITIONS OF SPP

Participation

All persons registered as holders of Stapled Securities at 7:00pm (Sydney time) on the Record Date of 29 October 2007, whose address in BBP's register is in Australia or New Zealand, may participate in the SPP. BBP has determined that it is not lawful or practical for Securityholders in other jurisdictions to participate in the SPP. Participation is optional and is subject to these terms and conditions.

If two or more persons are registered as jointly holding Stapled Securities, they are taken to be a single registered holder for the purpose of determining whether they may participate in this SPP and the acknowledgements taken to be given by an applicant under these terms and conditions are taken to be given by each of them.

Eligible Securityholders who receive more than one offer under this SPP may apply on different application forms for more than one parcel of Stapled Securities, but may not apply under this SPP for Stapled Securities with an aggregate value of more than A\$5,000. **Note that the maximum aggregate value of A\$5,000 will apply even if a securityholder received more than one offer (whether in respect of a joint holding or because the Securityholder has more than one holding under separate Stapled Security accounts).** BBP reserves the right to reject any Application where this rule has not been complied with.

Where a trustee or nominee is a registered holder of Stapled Securities and is expressly noted on the Securityholder register as holding Stapled Securities on account of a named beneficiary, for the purpose of this SPP, the named beneficiary will be taken to be the registered holder of Stapled Securities. An application for Stapled Securities, certification or issue of Stapled Securities to the trustee or nominee will be taken to be an application or certification by, or an issue to, the named beneficiary.

Where a trustee or nominee is a registered holder of Stapled Securities but is not expressly noted on the register as holding Stapled Securities on account of a beneficiary, the trustee or nominee may only participate as a single registered holder of Stapled Securities.

Offers made under the SPP are not renounceable. This means that Securityholders cannot transfer their right to purchase Stapled Securities under this offer to another person.

Applications under this SPP may only be made in increments specified on the Application Form. If the exact application amount of money is not tendered, BBP reserves the right to return to the Securityholder their Application Form and their application money.

Any interest earned on application funds will be retained by BBP.

Pricing and Number of Stapled Securities

BBP has determined that the subscription price per Stapled Security issued under this offer will be set at a discount of 2.5% to the average of the daily volume weighted average price of Stapled Securities (rounded to the nearest full cent) over the ten ASX trading days up to and including 23 November 2007 (excluding "special crossings", "crossings" outside normal trading hours and transactions related to the exercise of any options). An application under this SPP is for a specified value, rather than a specified number, of Stapled Securities. The number of Stapled Securities issued to an applicant will be determined by dividing the value of the Stapled Securities applied for by the subscription price. **If this calculation provides a fractional number, the number of Stapled Securities allotted will be rounded up to the nearest whole Stapled Security.** The market price of Stapled Securities may rise or fall between the date of this offer and the date that the Stapled Securities are allotted to you. This means that the subscription price you pay for the Stapled Securities may exceed the market price of the Stapled Securities at the date of allotment of the Stapled Securities under this offer. We recommend that you obtain your own financial advice in relation to this offer and consider price movements of Stapled Securities prior to accepting this offer.

Allotment of Stapled Securities

Stapled Securities to be allotted under the SPP will be allotted on the Allotment Date anticipated to be 5 December 2007. Each Stapled Security issued under this SPP will be a fully paid Stapled Security, will rank equally with all other Stapled Securities on issue and is subject to the Constitution of BBP.

BBP will, promptly after allotment of Stapled Securities under this SPP, make application for the Stapled Securities to be quoted on ASX.

Costs of Participation

No brokerage, commissions or other transaction costs will be payable by participants in respect of the application for, and allotment of, Stapled Securities under the SPP.

Dispute Resolution

BBP will settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant, or application, or Stapled Securities and the decision of BBP shall be conclusive and binding on all participants and other persons to whom the determination relates.

BBP reserves the right to waive strict compliance with any provision of these terms and conditions. BBP also reserves the right to withdraw the offer, suspend or terminate the SPP at any time and vary the date the offer closes, the date Stapled Securities are allotted and the date holding statements are dispatched to Securityholders.

Any variation of dates will be notified to ASX. The powers of BBP under these conditions may be exercised by the Directors or any delegate of the Directors.

If you have any queries concerning the offer please contact BBP's registry on 1800 260 668 or +61 2 8280 7619 for overseas callers.

Payment and Lodgement Details

Payment may only be made by BPAY, cheque or money order.

Cheques or money orders must be made payable to "Babcock & Brown Power – SPP Account." To pay via BPAY please contact your participating financial institution.

Completed cheques and Application slips should be returned using the reply-paid envelope provided. Alternatively, please mail or deliver to the address below. If paying by BPAY, you do not need to return the Application Form.

Mailing Address: Babcock & Brown Power C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235, Australia

Hand Delivery Address: Babcock & Brown Power C/- Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000 *(Please do not use this address for express post mailing)*

Please ensure you allow enough time for mail delivery of your completed slip and payment to be received by Link Market Services Limited on or before 5:00pm (Sydney Time) on 23 November 2007.

Privacy Clause: Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the Stapled Securities you hold) to be included in the public register of the entity in which you hold Stapled Securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold Stapled Securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).