

Babcock & Brown Capital
General Meeting
21 April 2008

AGENDA

1. Chairman's Welcome
2. Capital Management Program
3. Board Changes
4. Special Business
5. Conclusion

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CAPITAL MANAGEMENT PROGRAM

- On 28 February 2008 the Board announced that it had completed a comprehensive investment review to identify shareholder value maximization strategies
- After considering many options, the Board determined that:
 - BCM remains committed to maximizing value from eircom and Golden Pages over medium term with no specific plan or timeframe for exit
 - Cash resources of at least \$310 million be allocated to capital management strategies
 - Liquidity reserve of up to \$150 million be retained to support existing investments and for bolt-on acquisitions in eircom and Golden Pages
 - No intention to make further acquisitions aside from value-enhancing bolt-on acquisitions in eircom and Golden Pages until existing investments are realised
 - Once existing investments are realised, shareholders will be consulted in the development of a strategic plan for the future of BCM
- Board further determined that most appropriate capital management strategy is to extend current on-market buy-back from 9.99% of the Company's share capital to up to 50% of Company's share capital through further on-market buy-backs and potentially an off-market tender or tenders.

CAPITAL MANAGEMENT PROGRAM continued

- A buy-back of shares exceeding 10% of issued capital in any 12 month period requires shareholder approval under the Corporations Act 2001
- The Company is accordingly seeking shareholder approval to increase the maximum allowed buy-back of ordinary shares to 100 million shares or 50% of the Company's original issued share capital
- Directors unanimously recommend that shareholders vote in favour of the Buy-Back Resolution

EXISTING ON-MARKET BUY-BACK

28 August 2007	<ul style="list-style-type: none">Existing On-Market Buy-Back Program announced to purchase up to 5% of issued capital
25 January 2008	<ul style="list-style-type: none">Existing On-Market Program expanded to 9.99% of issued capital
18 April 2008	<ul style="list-style-type: none">Completed 7.6% of the current 9.99% on-market buy-back at a cost of A\$59.8 millionRepresents approximately 15.1 million shares at a volume weighted average price of A\$3.95 per shareApproximately A\$280 million in available cash (being \$310 million as at 28 February 2008 less \$30 million spent on the existing on-market buy-back since that date)Increase in NAV per share (adjusted for cash spent on on-market buy-back) from \$5.19 to \$5.29 per share as at 31 December 2007.

REGULATORY UPDATE

- As indicated in Notice of Meeting, certain ASIC and ASX waivers required for buy-back program to proceed
- ASIC subsequently indicated a requirement for an Independent Expert Report before an off-market tender process can proceed. Report to contain:
 - Valuation of BCM; and
 - Opinion on whether the advantages of off-market tender exceed the disadvantages
- Time constraints prevented preparation of the Independent Expert's Report in time for this shareholder meeting
- Board considered it appropriate to seek shareholder approval to increase the size of the on-market buy-back beyond current 9.99% threshold and therefore decided to proceed with today's meeting

What you are voting on today is whether on-market buy-back can be increased to 50% of ordinary shares in BCM

OFF-MARKET TENDER INTENTIONS

- BCM intends to pursue the off-market buy-back subject to:
 - the outcome of the resolution today being favourable; and
 - obtaining necessary ASX and ASIC approvals.
- The Board has appointed an Independent Expert, KPMG, to begin the valuation process

RATIONALE FOR EXTENDING BUY-BACK

- Extended buy-back is effective means of returning surplus capital to shareholders
- Enables Company to maintain effective capital structure
- Provides Company with flexibility to choose most advantageous method of returning surplus capital to shareholders having regard to prevailing market and business conditions
- If shares are bought back at lower price than current analyst price target range of \$5.40 to \$6.55 this should effectively increase the value range for the remaining shares
- Buy-back reduces net assets of company so will reduce amount of base management fee to Babcock & Brown

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BOARD CHANGES

- Retirement of Independent Director, William Wavish, effective as of 21 April 2008
- Appointment of Andrew Love as new Independent Director to BCM Board

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SPECIAL BUSINESS – RESOLUTION ONE

To approve the buy-back of up to 50% of ordinary shares

That the Company authorises and approves for the purposes of section 257C of the Corporations Act 2001 and all other purposes:

- (a) the buy-back of up to a total of 100 million of its issued ordinary shares (minus any ordinary shares bought back on-market during the 12 months prior to the date of this General Meeting) by buy-back agreements under either or both of:
 - (1) one or more off-market tender buy-backs; and
 - (2) one or more on-market buy-backs; and
- (b) the terms, and entry into, of any buy-back agreements to the extent that approval of such buy-back agreements is required under the Corporations Act 2001

SPECIAL – RESOLUTION ONE PROXIES RECEIVED

Proxies directed in favour	52,385,964	96.64%
Proxies directed against	120,435	0.22%
Proxies not directed	1,703,096	3.14%

Abstentions: 84,964

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