

Babcock & Brown Capital General Meeting

27 February 2009

CONTENTS

1. Welcome
2. Capital Return
3. EGM Formal Business
4. Close

INTRODUCTION

Kerry Roxburgh	Independent Chairman
Andrew Day	Chief Executive Officer and Executive Director
Greg Clark	Non Executive Director
Andrew Love	Non Executive Director
Haydn Vella	Chief Financial Officer
Frank Giordano	Company Secretary

CONTENTS

1. Welcome
2. Capital Return
3. EGM Formal Business
4. Close

CAPITAL RETURN

Purpose	<ul style="list-style-type: none"> • Distribute Company's excess cash reserves to Shareholders
Rationale	<ul style="list-style-type: none"> • Create more efficient capital structure • Capital initially intended for acquisitions or investments but due to economic and financial market changes is now not anticipated to be required for this purpose • As no further acquisitions or investments likely in near future return of surplus funds to Shareholders deemed prudent in terms of appropriate capital management strategy • Return of capital considered in best interests of Shareholders
Cash Reserve Retention	<ul style="list-style-type: none"> • No current intention or requirement for further equity investment in eircom or Golden Pages • Balance of cash reserves to be retained in the short term given current uncertain economic environment and in context of proposed internalisation • Board will review Company's level of cash reserves and ongoing cash requirements with a view to considering additional surplus capital return to Shareholders later this year

CAPITAL RETURN

Proposed Amount	<ul style="list-style-type: none"> • A\$100.7m (60 cents per share) proposed • Requires shareholder approval at EGM on 27 February 2009
Tax Implications	<ul style="list-style-type: none"> • ATO final tax ruling gazetted on 25 February 2009 • Capital return treated as reduction of cost base (by shareholders who own their shares at Record Date and continue to own at Payment date) • No element of return of capital treated as a dividend for Australian tax purposes • Shareholders should consult their own tax adviser in order to take into consideration their particular circumstances
Timetable	<ul style="list-style-type: none"> • Shareholders' Meeting to approve the return of capital 27 Feb 09 • Shares trade on "ex" return of capital basis 3 Mar 09 • Record date for determining entitlements to participate in the return of capital 10 Mar 09 • Despatch date for payment of return of capital 17 Mar 09

CONTENTS

1. Welcome
2. Capital Return
3. EGM Formal Business
4. Close

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of section 256C(1) of the Corporations Act, approval be given for the share capital of the Company to be reduced by returning to the persons who are registered as the holders of fully paid ordinary shares in the Company on the Record Date such amount representing 60 cents per fully paid ordinary share registered in their name aggregating approximately \$100,700,000.”

CONTENTS

1. Welcome
2. Capital Return
3. EGM Formal Business
4. Close

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