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BABCOCK & BROWN'S BLUEWATER WIND SIGNS FIRST U.S. CONTRACT FOR SALE OF OFFSHORE WIND POWER

NEWARK, DE – Bluewater Wind Delaware, LLC, a subsidiary of Babcock & Brown, announced today that it has signed a 25-year contract with Delmarva Power to sell the utility up to 200 megawatts of power from an offshore wind farm that will be built 11.5 miles off the coast of Rehoboth Beach in Delaware.

“This contract is a significant step toward developing Delaware’s first offshore wind farm, which will almost certainly be the first offshore wind farm in the country,” said Hunter Armistead, head of Babcock & Brown’s North American energy group. “This offshore wind farm will harness the strong winds off the coast of Delaware to bring clean and renewable energy, stable power rates and new jobs to the area.”

“This is an historic day for our country,” said Peter Mandelstam, founder and President of Bluewater Wind. “By signing this first-ever formal contract in the United States for the sale of pollution-free, stable-priced energy generated from our offshore wind farm, Bluewater Wind and Delmarva Power will usher in a new era of power generation that benefits from utility-scale power plants located far from our shores. We now expect even greater interest in offshore wind farms,

the development of which will help reduce our dependence on foreign sources of fuel and will serve to aid in the fight against climate change and sea level rise.”

Delmarva Power has agreed to purchase a 200-megawatt of the power produced by the wind farm that is expected to have an output of up to 600 megawatts. Bluewater Wind will determine the final size of the wind farm within two years, during which time the company will seek additional buyers of power. In addition to its contract with Delmarva Power, Bluewater Wind has entered into a Memorandum of Understanding with the Delaware Electric Municipal Corporation for the sale of approximately 100,000 to 150,000 megawatt hours of power and 17 megawatts of capacity to its nine municipal members.

The agreement requires legislative approval of changes to the state’s Renewable Portfolio Standard (RPS) to allow for renewable energy credits (RECs) from the offshore wind farm to be credited to Delmarva Power’s account at a rate of 350% (or 3.5 credits) per REC. One REC equals one megawatt-hour of electricity, which equals the average monthly amount of energy used by a Delaware household. The parties will now immediately seek legislative action on the RPS amendment before the Delaware State Legislature adjourns later this month.

Following the necessary legislative changes to the RPS, the agreed-upon contract will be considered by the four state agencies, perhaps as early as July. Approval by the four state agencies will then lead Bluewater Wind to continue its development efforts. Final regulations regarding the leasing of land on the Outer Continental Shelf will need to be adopted by the U.S. Department of the Interior’s Minerals Management Service (MMS); draft final regulations are currently being reviewed by the President’s Office of Management and Budget (OMB). The MMS said it hopes to adopt final regulations by the end of 2008.

In the interim, Bluewater Wind will begin the initial planning stages for the wind farm that will include avian studies, installation of a meteorological tower and onsite wave buoys, commencement of more site borings, designation of the final wind farm layout, and work on staging, operation and maintenance ports.

Babcock & Brown acquired Bluewater Wind in September 2007, following Bluewater Wind’s selection by the four state agencies in a state-mandated competitive bidding process to negotiate a contract with Delmarva Power to provide new power generation from an in-state source.

About Babcock & Brown

Babcock & Brown is an international investment and specialized fund and asset management group with longstanding capabilities in the creation, syndication and management of asset and cash flow-based investments.

Babcock & Brown has more than 20 years experience in the wind energy sector and is one of the top five wind energy developers and operators globally. Babcock & Brown currently operates 20 wind farms across nine states throughout the US, totaling more than 1500 MW of installed capacity. The

Company also has more than 25 wind farms in various stages of development around the country.

Babcock & Brown was founded in San Francisco in 1977 and is listed on the Australian Stock Exchange. For further information about Babcock & Brown please see our website: www.babcockbrown.com.

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