

BABCOCK & BROWN INFRASTRUCTURE

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ASX Release

12 October 2006

NorthWestern Energy Acquisition

Please see the attached announcement released by NorthWestern Energy, relating to the merger approval process.

ENDS

Further Enquiries

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About Babcock & Brown Infrastructure

Babcock & Brown Infrastructure (ASX: BBI) is a specialist infrastructure entity which provides investors access to a diversified portfolio of quality infrastructure assets. BBI's investment strategy focuses on acquiring, managing and operating quality infrastructure assets in Australia and internationally. BBI's portfolio is diversified across three asset classes:

Energy Distribution and Transmission

- Powerco – the second largest electricity and gas distribution business in New Zealand;
- IEG – a natural gas and LPG distribution and supply business in the United Kingdom, Channel Islands, Isle of Man and Portugal;
- Cross Sound Cable - a HVDC transmission cable which links the electricity grids of Long Island and Connecticut in the United States; and
- NorthWestern Energy Corporation – an electricity and gas transmission and distribution utility with operations in Montana, South Dakota and Nebraska (completion is subject to US regulatory approvals).

Transport Infrastructure

- Dalrymple Bay Coal Terminal - one of the worlds largest coal export facilities, located in Queensland, Australia;
- PD Ports – a major British ports operator and owner of the second largest port in the United Kingdom; and
- WestNet Rail – a 51% equity interest in a rail infrastructure business based in Western Australia.

Power Generation

- Ecogen – a 50% equity stake in gas-fired electricity generation plants in Victoria, Australia;
- Redbank – a 50% equity stake in a coal tailings-fired electricity generation plant in New South Wales, Australia; and
- B&B Wind Partners – an 8.9% equity stake in a portfolio of 23 wind energy farms in the United States, Spain, Germany, France and Australia.

BBI is managed by Babcock & Brown Infrastructure Management Pty Limited (BBIM), a subsidiary of Babcock & Brown Limited (ASX: BNB), a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments, particularly infrastructure investments.

BBI is listed on the Australian Stock Exchange and has a market capitalisation of approximately A\$2.5 billion.

For further information please visit our website: **www.bbinfrastructure.com**



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News Release

NASDAQ-GS: NVEC

FOR IMMEDIATE RELEASE

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NORTHWESTERN ENERGY, BABCOCK & BROWN INFRASTRUCTURE REACH SETTLEMENT WITH SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

SIOUX FALLS, S.D. – October 10, 2006 – NorthWestern Corporation d/b/a NorthWestern Energy (NASDAQ-GS: NVEC) and Babcock & Brown Infrastructure Limited (BBIL) (ASX: BBI) today announced a settlement agreement with the South Dakota Public Utilities Commission (SDPUC). Under the terms of the agreement and providing all conditions in the agreement are satisfied, the SDPUC will not oppose the pending transaction at the federal level.

In June, NorthWestern and BBIL filed applications for approval of the transaction with the Federal Energy Regulatory Commission (FERC), the Montana Public Service Commission and the Nebraska Public Service Commission. Due to existing statutory language in South Dakota, NorthWestern and BBIL filed with the SDPUC a petition for declaratory ruling and for transaction approval if the regulatory agency determined it had jurisdiction over the sale. The SDPUC, in July, filed a notice with FERC that it intended to intervene and file a protest in the federal proceedings. However, that motion has since been withdrawn pending the settlement agreement.

"The settlement agreement provides the Commission with assurances that we will continue to provide our South Dakota customers with the same level of service that they have come to expect from us," said Mike Hanson, President and CEO – NorthWestern Energy. "This agreement also underscores our expectation, through this transaction, to provide further stability for our employees, customers and communities in South Dakota."

"We are pleased to have reached this settlement with the SDPUC, and we look forward to continuing to support NorthWestern's positive working relationship with the commissioners and staff," added Steve Boulton, CEO, Babcock & Brown Infrastructure Limited. "We are excited about this transaction, and this agreement provides NorthWestern's customers with the necessary assurances that we intend to be a long-term, stable investor."

The agreement was approved by the SDPUC and placed into the public record on October 10, 2006. The Nebraska Public Service Commission held an uncontested hearing on the transaction on September 27, 2006, and is expected to issue a final order by the end of October. FERC is expected to issue its decision by the end of 2006. The Montana Public Service Commission is not expected to conduct a hearing on the transaction until March 2007.

About NorthWestern Energy

NorthWestern Energy is one of the largest providers of electricity and natural gas in the Upper Midwest and Northwest, serving more than 628,500 customers in Montana, South Dakota and Nebraska. More information on NorthWestern Energy is available on the Company's Web site at www.northwesternenergy.com.

About Babcock & Brown Infrastructure

Babcock & Brown Infrastructure (ASX: BBI) is a specialist infrastructure entity which provides investors access to a diversified portfolio of quality infrastructure assets. BBI's investment strategy focuses on acquiring, managing and operating quality infrastructure assets worldwide. BBI's portfolio is diversified across three asset classes: Energy Distribution and Transmission, Transport Infrastructure and Power Generation.

BBI is listed on the Australian Stock Exchange and has a market capitalisation of approximately A\$2.5 billion.

For further information please visit BBI's website: www.bbinfrastructure.com

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." These statements are based upon our current expectations and speak only as of the date hereof. Our actual future business and financial performance may differ materially and adversely from those expressed in any forward-looking statements as a result of various factors and uncertainties, including, but not limited to:

- the effect of the definitive agreement to sell NorthWestern to Babcock & Brown Infrastructure Limited (BBI), including the consummation of the transaction or the termination of the definitive agreement due to a number of factors, including the failure to obtain regulatory approvals or to satisfy other customary closing conditions;
- our ability to avoid or mitigate adverse rulings or judgments against us in our pending litigation;
- unanticipated changes in availability of trade credit, usage, commodity prices, fuel supply costs or availability due to higher demand, shortages, weather conditions, transportation problems or other developments, may reduce revenues or may increase operating costs, each of which would adversely affect our liquidity;
- unscheduled generation outages or forced reductions in output, maintenance or repairs which may reduce revenues and increase cost of sales or may require additional capital expenditures or other increased operating costs;
- adverse changes in general economic and competitive conditions in our service territories; and
- potential additional adverse federal, state, or local legislation or regulation or adverse

determinations by regulators could have a material adverse effect on our liquidity, results of operations and financial condition.

Our Annual Report on Form 10-K, recent and forthcoming Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K and other Securities and Exchange Commission filings discuss some of the important risk factors that may affect our business, results of operations and financial condition. We undertake no obligation to revise or publicly update any forward-looking statements for any reason.

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