



ASX Release

2 February 2007

IEG Refinance nets BBI A\$120 million

Babcock & Brown Infrastructure (ASX:BBI) today announced that it has completed a restructure and refinance of IEG, BBI's wholly owned, Guernsey-based gas distribution business, with operations in the UK, Channel Islands, Isle of Man and Portugal.

The restructure and refinance has raised approximately A\$120 million of additional funding, which BBI intends to utilize in its funding for the acquisition of NorthWestern Energy Corporation based in the United States.

When IEG was originally acquired by BBI in May 2005, a single debt finance and security package was put in place to provide the requisite debt funding for the IEG group. The restructure and refinance has involved structurally segregating the UK independent gas transport (IGT) business and the non-UK businesses, which have different characteristics, and tailoring specific finance packages for each.

Part of the finance package for the UK business involved the negotiation of a specific purpose capital expenditure facility that the UK IGT business may draw on as necessary to fund capital expenditure associated with its ongoing growth.

BBI's Chief Executive Officer and Chairman of IEG, Steve Boulton said "This refinance again demonstrates the benefits of BBI's manager being able to draw upon the global financial resources of Babcock & Brown to achieve outcomes that deliver real benefits to BBI security holders. The proceeds of the refinance will be put towards the NorthWestern acquisition and, together with the proceeds of the recent BBI non-core asset sales and capital raising initiatives, have now raised approximately A\$385 million since the announcement of the proposed NorthWestern acquisition. It will also provide IEG with added flexibility in funding future growth".

Recent non-core asset sales and capital raisings include:

- BBI divested its interests in Ecogen and Redbank power stations on 11 December 2006, realising approximately A\$85m;
- BBI divested the remainder of its investment in Babcock & Brown Wind Partners (BBW) on 14 December 2006, for approximately A\$81m;

- Securities issued under BBI's Security Purchase Plan on 3 January 2007 raised proceeds of approximately A\$67m; and
- Based on BBI's estimated interim distribution of 7 cents per stapled security announced on 11 December 2006, the value of the Dividend Reinvestment Plan (DRP) proceeds in respect of that distribution is anticipated to be approximately A\$34m.

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Further Enquiries

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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 two 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; IEG has also recently obtained an electricity distribution license for its UK operations and has commenced the installation of electricity connections;
- 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 (per annual tonnage handled) in the United Kingdom ; and
- WestNet Rail - a 51% equity interest in a rail infrastructure business based in Western Australia (and has a call option to acquire the remaining 49% at a pre-agreed exercise price).

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's targeted full year 2006/2007(FY07) distribution is 14 cents per stapled security. BBI is targeting 7% compound annual growth in distributions (CAGR) for the 2008 and 2009 financial years, which, if achieved, would see distributions reach 16 cents per stapled security for the 2009 financial year¹.

BBI is listed on the Australian Stock Exchange and has a market capitalisation of approximately A\$2.9 billion.

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

¹ This 2007-2009 guidance is based on a number of key assumptions which include: No material adverse change to key regulatory environments, the completion of the DBCT expansion in line with schedule, completion of NorthWestern transaction by 1st July 2007, funding NorthWestern through an appropriate capital structure (as previously advised) and targeted non-core asset sales and refinancing opportunities are completed by 30th June 2007 (as previously advised)