Brookfield Infrastructure Partners L.P.

SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2010

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of certain securities laws including Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in this report, in other filings with Canadian regulators or the SEC or in other communications. The words "tend", "target", "foresee", "believe," "expect," "could", "anticipate," "intend," "objective," "sustain," "enable", "endeavour," "estimate," "likely," "typically," "stable," "enhance," "attempt," "strategy," "pursue," "strive," "vision," "positions," derivatives thereof and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "will", "may", "should," which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters, identify forward-looking statements. Forward-looking statements in this supplemental information include among others, statements with respect to our assets tending to appreciate in value over time, growth in our assets and operations, increases in FFO per unit and resulting capital appreciation, returns on capital and on equity, increasing demand for commodities and global movement of goods, expected capital expenditures, the impact of planned capital projects by customers of our railroad business on the performance and growth of that business, various factors bearing on the timber industry including the impact of the Mountain Pine Beetle invasion, increasing Asian demand and other factors, the extent of our corporate, general and administrative expenses, ability to participate in the global market recovery, our capacity to take advantage of opportunities in the marketplace, the future prospects of the assets that Brookfield Infrastructure operates or will operate, partnering with institutional investors, ability to identify, acquire and integrate new acquisition opportunities, long-term target return on our assets, sustainability of distribution levels, distribution growth and payout ratios, operating results and margins for our business and each operation, , future prospects for the markets for our products, Brookfield Infrastructure's plans for growth through internal growth and capital investments, ability to achieve stated objectives, ability to drive operating efficiencies, return on capital expectations for the business, , contract prices and regulated rates for our operations, the sale of one of PD Ports' key customer's Teeside operation, inability to obtain operational cost savings in the timber operations, expected timing and outcome with respect to increasing sales in timber business, value of higher and better use timber lands, our expected future maintenance and capital expenditures, ability to deploy capital in accretive investments, impact on the business resulting from our view of future economic conditions, our ability to maintain sufficient financial liquidity, our ability to draw down funds under our bank credit facilities, our ability to secure financing through the issuance of equity or debt expansions of existing operations, financing plan for operating companies, foreign currency management activities, financial impact of Island Timberlands fee, and other statements with respect to our beliefs, outlooks, plans, expectations and intentions. Although we believe that the Partnership's anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Partnership to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include: general economic and financial conditions in the countries in which we do business generally which may impact market demand, foreign currency risk, the high level of government regulation affecting our businesses, the outcome and timing of various regulatory, legal and contractual issues, global credit and financial markets, the competitive business environment in the industries in which we operate, the competitive market for acquisitions and other growth opportunities, availability of equity and debt financing, the completion of various large capital projects by mining customers of our railroad business which themselves rely on access to capital and continued favourable commodity prices, ability to negotiate favourable take-or-pay contractual terms, acts of God or similar events outside of our control, and other risks and factors detailed from time to time in documents filed by Brookfield Infrastructure with the securities regulators in Canada and the United States, including Brookfield Infrastructure's most recent Annual Report on Form 20-F under the heading "Risk Factors".

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield Infrastructure, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the Partnership undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

CAUTIONARY STATEMENT REGARDING USE OF IFRS ACCOUNTING MEASURES

Although our financial results are determined in accordance with International Financial Reporting Standards (IFRS), the basis of presentation throughout much of this report differs from IFRS in that it is organized by business segment and utilizes funds from operations (FFO) and adjusted funds from operations (AFFO) as important measures. This is reflective of how we manage the business and, in our opinion, enables the reader to better understand our affairs. We provide a reconciliation to the most directly comparable IFRS measure in this supplemental information. Readers are encouraged to consider both measures in assessing Brookfield Infrastructure's results.

BUSINESS ENVIRONMENT AND RISKS

Brookfield Infrastructure's financial results are impacted by various factors, including the performance of each of our operations and various external factors influencing the specific sectors and geographic locations in which we operate; macro-economic factors such as economic growth, changes in currency, inflation and interest rates; regulatory requirements and initiatives; and litigation and claims that arise in the normal course of business. These and other factors are described in Brookfield Infrastructure's most recent Annual Report on Form 20-F which is available on our website at *www.brookfieldinfrastructure.com* and at *www.sec.gov/edgar.shtml* and *www.sedar.com.*

SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2010

INTRODUCTION

This Supplemental Information should be read in conjunction with Brookfield Infrastructure Partners L.P.'s (the Partnership and together with its subsidiary and operating entities Brookfield Infrastructure) most recently issued Form 20-F. Additional information, including Brookfield Infrastructure's Form 20-F, is available on its website at *www.brookfieldinfrastructure.com*, on SEDAR's website at *www.sedar.com* and on EDGAR's website at *www.sec.gov/edgar.shtml.*

Business Overview

Brookfield Infrastructure owns and operates high quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry and other characteristics, tend to appreciate in value over time. Our current operations consist of utility businesses, transport and energy businesses and timber assets in North and South America, Australasia, and Europe. Our vision is to be a leading owner and operator of high quality infrastructure assets that produce an attractive risk-adjusted total return for our unitholders. To accomplish this objective, we will seek to leverage Brookfield Asset Management Inc's (Brookfield) best-in-class operating platforms to acquire targeted assets and actively manage them to extract additional value following our initial investment. An integral part of our strategy is to participate with institutional investors in Brookfield-sponsored partnerships that target acquisitions that suit our profile. We will focus on consortiums and partnerships in which Brookfield has sufficient influence or control to deploy an operations-oriented approach.

Performance Targets and Key Measures

Our objective is to earn a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long-term. This return will be generated from the in-place cash flow of our operations plus growth. We endeavor to manage our operations to generate increasing funds from operations (FFO) per unit. If we are successful in doing so, we will be able to increase distributions to unitholders. Additionally, the increase in our FFO per unit should result in capital appreciation. Thus, for our business as a whole, our key performance measure is AFFO yield, defined as FFO less maintenance capital expenditures (adjusted funds from operations or AFFO) divided by Invested Capital (see page 27 for more detail), which measures the sustainable return on capital that we have deployed. We also measure the growth of FFO per unit, which we believe is a proxy for our ability to increase distributions. In addition, we have performance measures that track the key value drivers for each of our operating platforms. See Operating Platforms for more detail.

Distribution Policy

Our objective is to pay a distribution that is sustainable on a long-term basis while retaining within our operations sufficient liquidity for recurring growth capital expenditures and general purposes. We currently believe that a payout of 60% to 70% of our FFO is appropriate. In light of the per unit FFO growth that we foresee in our operations, we are targeting 3% to 7% annual distribution growth. Our quarterly distribution was increased by 13% to $0.31 per unit in February 2011, following a 4% increase in February 2010.

Basis of Presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements include the accounts of Brookfield Infrastructure and the entities over which it has control. Brookfield Infrastructure accounts for investments over which it exercises significant influence, however does not control, using the equity method. Certain prior year amounts have been reclassified or restated to conform to the current year's presentation.

The results presented in this Supplemental Information reflect the financial position and results of Brookfield Infrastructure's operations for the twelve-month period ended December 31, 2010.

For each operating platform – utilities, transport and energy, and timber – this Supplemental Information outlines Brookfield Infrastructure's proportionate share of results in order to demonstrate the impact of key value drivers of each of these operating platforms on the Partnership's overall performance.

ACQUISITIONS AND DIVESTITURES

On December 8, 2010, we completed a merger with Prime Infrastructure (Prime) whereby Prime security holders received 0.24 Partnership units per Prime unit held and a A$0.20 per Prime security special distribution. Pursuant to the merger, Brookfield Infrastructure acquired control of Prime, issuing 50.7 million units with a value on issuance of $1.1 billion in order to increase ownership of Prime from 40% to 100%. The merger implicitly valued Prime at $1.8 billion. A non-cash revaluation gain of $405 million was recognized as the consideration paid was less than the net fair value of the assets acquired.

We are co-owners of a European-based port operator. Our current interest in the port is 60%; however, this ownership is subject to a share equalization scheme. Dependent upon the business's financial performance in 2012 and 2013, this ownership will range between 35% and 65%. We currently expect that our ownership will decrease to a level in the range of 40%.

REORGANIZATION OF BROOKFIELD INFRASTRUCTURE

Effective December 31, 2010, the Partnership entered into voting arrangements with various affiliates of Brookfield whereby the Partnership effectively gained control of Brookfield Infrastructure L.P. (Holding LP). The Partnership entered into similar arrangements in respect of Brookfield's indirect holdings in our timber operations and UK port operations, subject to certain limitations. The Partnership, therefore, utilizes the consolidation method of accounting for all businesses except for our North American gas transmission operation, our Chilean transmission operation, our Australian distribution business and our European port operations which are accounted for using the equity method. This reorganization does not represent a business combination under IFRS 3 Business Combinations as it does not constitute a combination with any other business, and there was no economic substance to these arrangements in terms of alteration to the composition of ultimate ownership of Holding LP. Accordingly, the consolidated financial statements of Brookfield Infrastructure are presented to reflect continuing control as follows:

- Assets and liabilities of Holding LP, our timber operations, our Australian coal terminal and our UK port operations are reflected at their carrying amounts as at the reorganization date. No adjustments were made to reflect fair values or to recognize any new assets or liabilities, including goodwill, as a result of the combination;
- In the Partnership's consolidated statements of financial position, results of operations and cash flows, our timber operations, Australian coal terminal and UK port operations are presented as if these arrangements had been in place from the time the Brookfield group acquired control. For our timber operations, Brookfield acquired control prior to January 1, 2009; for our UK port operations, Brookfield acquired control in November of 2009, and for our Australian coal terminal, Brookfield acquired control with the closing of the Prime merger in December 2010.

OUR OPERATIONS

Our business is comprised of high quality, long-life assets that provide essential products and services for the global economy. We have a stable cash flow profile with over 77% of our EBITDA supported by regulated or contractual revenues. While each of our businesses have high barriers to entry and strong competitive positions, we generate cashflows under a number of different revenue frameworks. As a result, we group our businesses into operating platforms based on the similarities in their underlying economic drivers in order to assist our unitholders in evaluating our performance and assessing our value.

Our operating platforms are summarized below:

Operating Platform	Asset Type	Location
Utilities		
	Electricity Transmission	North & South America
	Energy Distribution	Australasia and Europe
	Coal Terminal Operations	Australasia
Transport and Energy		
	Energy Transmission	Primarily North America
	Railroad	Australasia
	Ports	Europe
Timber		
	Freehold Timberlands	North America

Our utilities platform is comprised of regulated businesses which earn a return on their asset base as well as businesses with long-term contracts designed to generate a return on capital over the life of the contract. Our transport and energy platform provides transportation, storage and handling services for energy, freight and bulk commodities for which we are paid an access fee. Profitability is based on the volume of services that we provide and the price achieved for these services. Our timber platform is comprised of freehold timberlands that provide inputs for a number of essential products for the global economy on a sustainable basis, including structural lumber.

OVERVIEW OF PERFORMANCE

In this section we review our performance and financial position for the twelve-month period ended December 31, 2010. Further details on our operations and financial position are contained within the review of Operating Platforms.

To measure performance, we focus on net income as well as funds from operations (FFO) and adjusted funds from operations (AFFO). We define FFO as net income excluding the impact of depreciation, depletion and amortization, deferred taxes and other non-cash items and AFFO as FFO less maintenance capex, as detailed in the Reconciliation of IFRS Financial Measures section of this Supplemental Information. FFO is a measure of operating performance, and AFFO is a measure of the sustainable cash flow of our business. Since they are not calculated in accordance with, and do not have any standardized meanings prescribed by IFRS, FFO and AFFO are unlikely to be comparable to similar measures presented by other issuers, and FFO and AFFO have limitations as analytical tools. See the Reconciliation of IFRS Financial Measures section for a more fulsome discussion, including a reconciliation to the most directly comparable IFRS measures.

Results of Operations

Our financial statements reflect a mix of consolidation and equity accounting. For more detail on the key drivers of our performance, refer to the Operating Platforms section of this Supplemental Information.

The following table summarizes the financial results of Brookfield Infrastructure.

MILLIONS, EXCEPT PER UNIT INFORMATION, UNAUDITED	**Twelve months ended December 31**	
Key Metrics	**2010**	2009
Funds from operations (FFO)[1]	**$ 197**	$ 49
Per unit FFO [1]	**1.79**	1.03
Payout ratio[2]	**60%**	118%
Growth of per unit FFO[1]	**74%**	—
Adjusted funds from operations (AFFO)[1,3]	**148**	31
AFFO yield[1,4]	**8%**	4%

1 *Excluding gain on sale of TBE in 2009.*
2 *Payout ratio is defined as distributions to unitholders divided by FFO.*
3 *AFFO is defined as FFO less maintenance capital expenditures.*
4 *AFFO yield is defined as AFFO divided by average invested capital.*

For the twelve-month period ended December 31, 2010, we generated FFO of $197 million or FFO per unit of $1.79. On an invested capital base of $2,893 million, this represents an AFFO yield of 8%, driven by strong returns on capital in our utilities and transport and energy businesses offset by below average returns in our timber business. Our FFO per unit increased by 74% over the prior year, primarily due to a full year contribution from the assets acquired in the Prime recapitalization in November of 2009. For the year, our distribution of $1.10 per unit implied a payout of 60% of our FFO, which is at the low end of our targeted range. In February 2011, we increased our annual distribution to $1.24 per unit.

	Twelve months ended December 31	
Summary Income Statement	**2010**	2009
Revenues	**$ 634**	$ 290
Cost of revenues	**(413)**	(198)
General and administrative expenses	**(35)**	(18)
Interest expense – corporate borrowings	**(8)**	(8)
Interest expense – non-recourse borrowings	**(136)**	(95)
Earnings from investments in associates	**52**	14
Gain on sale of TBE, net	**—**	68
Fair value gains and other items	**433**	—
Net income	**467**	25

For the twelve-month period ended December 31, 2010, we recorded net income of $467 million, compared to $25 million in the same period of 2009. The increase from the prior period is primarily a result of a $433 million non-cash revaluation gain recognized upon the completion of the merger.

Revenue less cost of revenues and general and administrative expenses for the period increased by $112 million, reflecting the full year contribution of our UK port operations and one month of the assets held by Prime following the acquisition of control as a result of the Prime merger.

MILLIONS, UNAUDITED

	As at	
Summary Balance Sheet	**December 31, 2010**	December 31, 2009
Cash and cash equivalents	**$ 154**	$ 107
Other current assets	**2,090**	88
Total assets	**13,109**	6,046
Current liabilities	**2,743**	102
Corporate borrowings	**18**	—
Non-recourse borrowings	**4,575**	1,985
Other long-term liabilities	**1,403**	801
Non-controlling interest	**1,605**	1,281
Partnership capital	**3,380**	1,877

As at December 31, 2010, we had $13,109 million in assets and $3,380 million in Partnership capital compared to $6,046 million in assets and $1,877 million in Partnership capital at December 31, 2009. The increase in assets reflects acquisition of control of Prime as a result of the merger. The increase in Partnership capital is primarily attributable to $1.1 billion of equity issued to complete the merger and the $433 million non-cash revaluation gain.

Corporate borrowings totaled $18 million at year end compared to a nil balance at the prior year end. Our consolidated balance sheet at December 31, 2010 reflects $4,575 million of non-recourse borrowings compared to $1,985 million as at December 31, 2009, as a result of the acquisition of control of Prime. Our consolidated debt to capitalization ratio is 48%.

SELECTED INCOME STATEMENT AND BALANCE SHEET INFORMATION

The following table presents selected income statement and balance sheet information by operating platform on a proportionate basis:

Income Statement

MILLIONS, UNAUDITED	Twelve months ended December 31 2010	2009
Net income by segment		
Utilities	**$ 45**	$ 70
Transport and energy	**75**	4
Timber	**24**	(50)
Corporate and other	**323**	1
Net income	**$ 467**	$ 25
EBITDA by segment		
Utilities	**$ 227**	$ 89
Transport and energy	**169**	24
Timber	**36**	21
Corporate and other	**(42)**	(16)
EBITDA	**$ 390**	$ 118
FFO by segment		
Utilities	**$ 144**	$ 129
Transport and energy	**91**	13
Timber	**11**	(3)
Corporate and other	**(49)**	(22)
Funds from operations (FFO)	**$ 197**	$ 117

Balance Sheet

MILLIONS, UNAUDITED	December 31, 2010	December 31, 2009
Total assets by segment		
Utilities	**$ 3,601**	$ 2,181
Transport and energy	**3,490**	1,456
Timber	**1,062**	1,048
Corporate and other	**79**	135
Total assets	**$ 8,232**	$ 4,820
Net debt by segment		
Utilities	**$ 2,325**	$ 1,445
Transport and energy	**1,945**	970
Timber	**460**	475
Corporate and other	**122**	53
Total net debt	**$ 4,852**	$ 2,943
Partnership capital by segment		
Utilities	**$ 1,276**	$ 736
Transport and energy	**1,545**	486
Timber	**602**	573
Corporate and other	**(43)**	82
Total partnership capital	**$ 3,380**	$ 1,877

OPERATING PLATFORMS

In this section, we review the results of our principal operating platforms: utilities, transport and energy, and timber.

Utilities Operations

Our utilities platform is comprised of regulated businesses which earn a return on their asset base, as well as businesses with long-term contracts designed to generate a return on capital over the life of the contract. In this segment, we own and operate assets that earn a return on a regulated or notionally stipulated asset base which we refer to as rate base. The rate base increases in accordance with capital that we invest to upgrade and expand our systems. Depending on the jurisdiction, our rate base may also increase by inflation and maintenance capital expenditures and decrease by regulatory depreciation. The return that we earn is typically determined by a regulator or contract for prescribed periods of time. Thereafter, it may be subject to customary reviews based upon established criteria. Due to the regulatory diversity we have within our utilities platform, we mitigate exposure to any single regulatory regime. In addition, due to the regulatory frameworks and economies of scale of our utilities businesses, we often have significant competitive advantages in competing for projects to expand our rate base. These competitive advantages often enable us to invest capital at attractive returns. Accordingly, we expect this segment to produce stable revenue and margins that should increase with investment of additional capital and inflation. Virtually 100% of our utility platform's EBITDA is supported by regulated or contractual revenues.

Our objectives for our utilities platform are to invest capital in the expansion of our rate base, and to provide safe and reliable service for our customers on a cost efficient basis. If we do so, we will be in a position to earn an appropriate return on our rate base. Our performance can be measured by the growth in our rate base, our return on rate base, as well as our AFFO yield.

Our utilities platform is comprised of the following:

Coal Terminal Operations

- Operate one of the world's largest coal export terminals, located in Queensland, Australia, with 85 mtpa of coal handling capacity
- Account for 20% of global seaborne metallurgical coal exports and 8% of global seaborne coal exports

Electricity Transmission

- Operate 8,750 kilometers of transmission lines in North and South America
- Transmit electricity to 98% of the population of Chile

Energy Distribution

- Operate 804,000 electricity and natural gas connections
- One of the largest independent operators of utility connections in the UK and one of the largest distributors of energy in New Zealand

Results of Operations

The following table presents the roll-forward of our rate base and selected key metrics:

	Twelve months ended December 31	
MILLIONS, UNAUDITED	**2010**	2009
Rate base, start of period	**$ 1,891**	$ 538
Impact of merger	**1,185**	1,284
Capital expenditures commissioned	**69**	13
Inflation and other indexation	**65**	(16)
Regulatory depreciation	**(49)**	(24)
Foreign exchange	**21**	96
Rate base, end of period	**$ 3,182**	$ 1,891
Funds from operations (FFO)[1]	**$ 144**	$ 61
Maintenance capital	**(13)**	(12)
Adjusted funds from operations (AFFO)	**$ 131**	$ 49
Return on rate base[2]	**11%**	14%
AFFO yield[3]	**15%**	15%

1 Excludes gain on sale of TBE in 2009.
2 Return on rate base is EBITDA divided by average rate base.
3 AFFO yield is AFFO divided by average invested capital.

For the year ended December 31, 2010, our utilities platform generated FFO of $144 million, compared to $61 million in the prior year, excluding a one-time gain of $68 million on the 2009 sale on TBE. After deducting maintenance capital expenditures of $13 million, our weighted average AFFO yield was 15% on an invested capital base of $1,298 million. The rate base for our utilities platform increased by 68% to $3,182 million during the year ended December 31, 2010 due primarily to the acquisition of the remaining 60% of Prime. Our AFFO yield and return on rate base for the year were driven by strong performances by our Australian coal terminal and our electricity transmission businesses (see details below).

The following table presents our utilities platform's proportionate share of financial results:

	Twelve months ended December 31	
MILLIONS, UNAUDITED	**2010**	2009
Revenue	**$ 331**	$ 117
Costs attributed to revenues	**(104)**	(31)
Dividend income	**—**	3
EBITDA	**227**	89
Other income	**—**	2
Gain on sale of investment (after-tax)[1]	**—**	68
Interest expense	**(81)**	(29)
Cash taxes	**(2)**	(1)
Funds from operations (FFO)	**144**	129
Depreciation and amortization	**(60)**	(22)
Unrealized losses on derivative instruments	**(18)**	(15)
Deferred taxes and other items	**(21)**	(22)
Net income	**$ 45**	$ 70

1 Gain on sale of TBE, net of cash taxes paid.

For the year ended December 31, 2010, our utilities platform generated EBITDA and FFO of $227 million and $144 million, respectively, compared to $89 million and $61 million in the comparable period of 2009, excluding the one-time gain on the sale of TBE in 2009. The increase in FFO is attributable a full year of contribution from the assets acquired in the Prime recapitalization in November 2009.

The following table presents proportionate EBITDA and FFO for each operation in this platform:

MILLIONS, UNAUDITED	EBITDA		FFO	
For the year ended December 31	**2010**	2009	**2010**	2009
Coal Terminal Operations				
Australasia	**$ 97**	$ 11	**$ 59**	$ 5
Electricity Transmission				
South America	**51**	48	**39**	36
North America	**27**	22	**17**	15
Energy Distribution				
Australasia	**29**	3	**15**	1
Europe	**23**	2	**14**	—
Other[1]	**—**	3	**—**	4
Total	**$ 227**	$ 89	**$ 144**	$ 61

1 Excludes gain on sale of TBE in 2009.

Our Australian coal terminal and our South American transmission operations were responsible for 65% and 68%, respectively, of EBITDA and FFO in our utilities platform.

For the year, our Australian coal terminal reported EBITDA and FFO of $97 million and $59 million, respectively, in-line with our expectations given the nature of the take-or-pay contracts with our mining customers.

Over the last two months, Queensland, Australia has been devastated by torrential rainfall that was 300% above normal levels. This has caused wide-spread flooding in the region including at the coal mines in the Bowen basin. As a result, coal production was substantially curtailed, and the rail network was operating under speed restrictions. On December 24th, a Pacific National train derailed approximately 35 km west of our coal terminal, which prevented coal from being received at the terminal until January 1, 2011. During December and January, our coal terminal operated at approximately 55% of its 85 mpta capacity. Despite the devastation caused by this severe weather, we are fortunate to report that the terminal's employees remained safe and its financial performance was not impacted due to resilient take-or-pay contracts that do not have force majeure provisions.

Our South American transmission operations' EBITDA and FFO for the period were $51 million and $39 million, respectively, versus $48 million and $36 million in 2009. The increase in EBITDA and FFO is mainly attributable to indexation and growth capital expenditures which increased our recurring EBITDA by approximately $10 million, which was somewhat offset by a retroactive sub-transmission reassessment received in the prior year of approximately $5 million.

Non-cash expenses are primarily comprised of depreciation and amortization, non-cash inflation indexation on our Chilean peso denominated debt and unrealized mark-to-market losses on derivative contracts which are a part of our net investment hedge program. Depreciation and amortization totalled $60 million for the year ended December 31, 2010, compared to $22 million in the prior year. The increase primarily related to our larger asset base.

Regulatory Update

Our utilities businesses have periodic reviews of their rates by regulators. However, our regulatory risk is reduced due to the number of jurisdictions in which we operate.

In December 2010, our Australian coal terminal's Draft Access Undertaking (DAU) was approved by the Queensland Competition Authority (QCA), effectively maintaining the current formula for calculating our regulated weighted average cost of capital (WACC). The WACC that will apply to the new access undertaking is 9.9% compared with 8.9% for the prior period. This increased WACC translates into an incremental $70 million of revenue and EBITDA over the 5.5 year regulatory period commencing January 1, 2011.

Business Development and Outlook

Within our utility operations, we have numerous opportunities to upgrade and expand our rate base. While we are required to make certain capital expenditures to maintain safety and reliability, we will direct discretionary capital to those businesses that provide the highest risk-adjusted returns. In our utility platform, we expect to earn a return on the equity that we invest which is consistent with the return objective for our business.

Our capital project backlog is comprised of investments that will increase our rate base. It is defined as projects that have been awarded to us as well as projects that have been filed with the regulator with scheduled expenditures within the next two years, for which we have not invested the capital.

The following table presents the roll-forward of our capital project backlog for the year ended December 31, 2010:

MILLIONS, UNAUDITED		
Capital project backlog, start of period	$	**276**
Additional capital projects		**28**
Less capital expenditures spent		**(66)**
Impact of merger		**79**
Foreign exchange and other		**(7)**
Capital project backlog, end of period	$	**310**

We finished 2010 with a capital expenditure backlog of $310 million, an increase of $34 million compared with the prior year. In addition to the Prime merger, the increase is largely attributable to an expansion project that our Chilean transmission operation executed with a mining company to facilitate an expansion of its copper mining operations. We are planning on closing the construction financing for our Texas transmission project in the first half of 2011; following approval of our final certificate of convenience and necessity, we will begin construction on schedule in the latter half of the year. In 2011 we will endeavor to progress discussions with the customers of our Australian coal terminal regarding the Dudgeon Point expansion.

While our maturity profile is relatively modest in 2011 and 2012, we have been working hard to extend the duration of our debt portfolio to take advantage of the current low interest rate environment. In January of this year, we launched a $300 million issue in the Chilean capital markets to refinance a 2011 maturity. As a result of strong demand, our Chilean transmission operation executed its lowest cost and longest term debt issue ever, with an average life of 18 years. We are currently in the market to refinance the near-term 2011 maturities at our Australian coal terminal and hope to have similar success.

Transport and Energy Operations

Our transport and energy platform is comprised of open access systems that provide transportation, storage and handling of energy, freight and bulk commodities. This operating platform is comprised of businesses with price ceilings as a result of regulation, such as our energy transmission and rail operations, as well as unregulated businesses, such as our ports. Transport and energy businesses typically have high barriers to entry and in many instances have very few substitutes in their local markets. While these businesses have greater sensitivity to market prices and volume than our utilities platform, revenues are generally stable and, in many cases, are supported by long-term contracts or customer relationships. Our transport and energy platform is expected to benefit from increases in demand for commodities as well as increases in the global movement of goods. Furthermore, the diversification within our transport and energy platform mitigates the impact of fluctuations in demand from any particular sector, commodity or customer. Approximately 70% of our transport and energy platform's EBITDA is supported by long-term contractual revenues.

Our objectives for our transport and energy platform are to provide safe and reliable service to our customers and to satisfy their growth requirements by increasing the utilization of our assets and expanding our capacity in a capital efficient manner. If we do so, we will be able to charge an appropriate price for our services, and we will be able to earn an attractive return on the capital that we have deployed as well as the capital that we will invest to increase the capacity of our operations. Our performance can be measured by our revenue growth, EBITDA margin as well as our AFFO yield.

Our transport and energy platform is comprised of the following:

Energy Transmission

- Operate 15,500 kilometers of natural gas transmission lines primarily in the U.S.
- Serve 60% of the Chicago/Northern Indiana natural gas market
- Operate 7% of U.S. natural gas storage capacity

Rail Operations

- Operate 5,100 kilometers of tracks
- Sole provider of rail service in Southwestern Western Australia

Ports Operations

- Handle 85 million tonnes of goods annually
- Operate 20 ports across the UK, Europe and China

Results of Operations

The following table presents the key metrics of our transport and energy platform:

MILLIONS, UNAUDITED	Twelve months ended December 31	
	2010	2009
Growth capital expenditures	**$ 61**	$ —
EBITDA margin[1]	**31%**	42%
Funds from operations (FFO)	**$ 91**	$ 13
Maintenance capital	**(33)**	—
Adjusted funds from operations (AFFO)	**$ 58**	$ 13
AFFO yield[2]	**9%**	15%

1 EBITDA margin is EBITDA divided by revenues.
2 AFFO yield is AFFO divided by average invested capital.

Our transport and energy platform earned FFO of $91 million for the year ended December 31, 2010. After deducting maintenance capital expenditures of $33 million, we generated a weighted average AFFO yield of 9% on an invested capital base of $1,235 million, compared with 15% in the prior year. The comparison with the prior year is not meaningful as we only owned our assets for one month in 2009. However our AFFO yield for the current year was impacted by lower FFO in our North American gas transmission business (see detail below), higher maintenance capital expenditures in our western Australia railroad in addition to a weak fourth quarter that was impacted by lower grain harvest volumes.

The following table presents our transport and energy platform's proportionate share of financial results:

MILLIONS, UNAUDITED	Twelve months ended December 31	
	2010	2009
Revenues	**$ 548**	$ 57
Cost attributed to revenues	**(379)**	(33)
EBITDA	**169**	24
Other income	**1**	(1)
Interest expense	**(79)**	(9)
Cash taxes	**—**	(1)
Funds from operations (FFO)	**91**	13
Depreciation, depletion and amortization	**(72)**	(4)
Deferred taxes and other items	**56**	(5)
Net income	**$ 75**	$ 4

For the year ended December 31, 2010, our transport and energy platform generated EBITDA and FFO of $169 million and $91 million, respectively, compared to $24 million and $13 million, respectively, in the same period of 2009, as a result of a full year of contribution from the assets acquired in the Prime recapitalization in November 2009.

The following table presents proportionate EBITDA and FFO for each business in this operating platform:

MILLIONS, UNAUDITED	EBITDA		FFO	
For the year ended December 31	**2010**	2009	**2010**	2009
Energy Transmission				
North America	**$ 62**	$ 9	**$ 35**	$ 5
Other	**7**	—	**4**	—
Rail road				
Australasia	**42**	4	**26**	3
Ports				
UK	**32**	4	**17**	2
Europe	**26**	7	**9**	3
Total	**$ 169**	$ 24	**$ 91**	$ 13

Our North American gas transmission business, UK port operations and Australian railroad were responsible for 80% and 86%, respectively, of EBITDA and FFO in our transport and energy platform.

Our North American gas transmission business reported EBITDA and FFO of $62 million and $35 million, respectively, for the year. This performance was below expectations due to the implementation of the rate settlement on July 30, combined with softening market conditions for certain products such as sales of retained natural gas, market sensitive transportation capacity and line pack services, offset by lower maintenance expenses.

Our UK ports operation reported EBITDA and FFO of $32 million and $17 million, respectively, for the year which was in line with expectations. We continue to benefit from volume growth in our Teesport container operations, which increased by 40% over last year. In addition, our results were favorably impacted by higher conservancy revenues. The volume growth in our container business was somewhat offset by lower margins due to inefficiencies arising from operating at full capacity. The container terminal expansion project, discussed below, will increase capacity and is expected to restore margins in this segment.

Our Australian railroad reported EBITDA and FFO of $42 million and $26 million, respectively, for the year which was somewhat below expectations as a result of weak grain freight volumes due to the drought in Western Australia. Our results were also impacted by higher maintenance costs that were deferred from earlier in the prior year.

Business Development and Outlook

In our transport and energy platform, we strive to increase the amount of goods that we can transport or handle in a capital efficient manner. Due to the economies of scale or strategic locations of our networks, we are often able to earn very attractive returns when we invest capital to expand our facilities to serve our customers' growth requirements.

The following table presents our proportionate share of growth capital expenditures that we anticipate investing during the next 24 months:

MILLIONS, UNAUDITED	
Australian railroad	**$ 490**
UK port operations	**16**
Total growth capital expenditures	**$ 506**

Driven by strong commodity prices, we are currently pursuing a number of significant projects to upgrade and expand the capacity of our network to serve our customers' growth objectives. These projects, if completed, will serve a diverse group of new mines, mine expansions and industrial projects. Of these projects, the following six are notable as they are well advanced and significant in scale:

- Extension Hill iron ore project
- Karrara iron ore project
- Worsley Alumina expansion
- Koolyanobbing iron ore mine expansion
- Yilgarn iron ore project
- Collie urea project

In total, we anticipate that these projects will increase the tonnage that is transported by our network by approximately 25 mtpa, or 50%. Contracts are either in place with each of these customers or currently under negotiation. The ramp up in tonnage related to these projects are expected to begin later this year and continue through to 2014. While each of these projects is well advanced, their ultimate timing is dependent on execution of the project by their sponsors and the availability of port capacity, both of which are beyond our control. In order to mitigate our capital at risk, we intend to structure our current and proposed rail access agreements to include take-or-pay provisions and security for early termination to the extent possible.

Our infrastructure is a critical component of the logistics chain in Western Australia as, in many cases, it is the only economically viable means for the output from these projects to reach the export market. Significant capital was invested to establish the existing railway corridor, and we have made additional investments to enhance capacity of certain sections of our network. Should all of these projects proceed as expected, we anticipate investing a further approximately $600 million of capital over the next several years to upgrade and expand our network. Combined with our previous investments, this will result in incremental EBITDA of $150 million to $200 million per annum.

As previously reported, Western Australia has been impacted by drought conditions which caused the 2010 grain harvest to be downgraded. While conditions have been more favourable than we initially anticipated, we are projecting a 40% reduction in grain volumes which represents an approximate A$16 million reduction to revenues through the middle of 2011. During the fourth quarter of 2010, we aggressively reviewed our operating cost structure in order to implement savings, and we anticipate being able to mitigate a significant amount of this revenue shortfall.

Our UK port operations continue to perform well despite a weakened UK economy. Volumes in the chemical sector are low relative to historical levels but have begun to recover. At current volume levels, we have been able to increase pricing which has improved profitability. In addition, our Teesport container volumes increased by 40% versus last year. This growing segment is operating at capacity. We have commenced the first phase of a £17 million expansion of the container terminal which will increase capacity at Teesport from 235,000 TEUs to 450,000 TEUs and enable us to increase the margin of this segment of our business. Finally, we have finalized negotiations with Corus following its closure of its Teeside blast furnace. Under the terms of the settlement Corus is paying us £2 million related to its minimum volume guarantees. Corus has executed a memorandum of understanding for the sale of its Teeside operation to Sahaviriya Steel Industries (SSI), the largest Thai steel producer. Should the sale take place and the blast furnace reopen, results at our UK operations would be positively impacted. Based on Corus' historical performance, this could increase our EBITDA by £4 million to £6 million per annum.

Timber

Our timber platform consists of high-quality, freehold timberlands located in the coastal region of British Columbia, Canada and the Pacific Northwest region of the U.S. Our timberlands are predominantly comprised of premium Douglas-fir, whitewood and cedar species suitable for high value structural and appearance applications. In addition, our timberlands are uniquely situated near the Pacific coast which provides ready access to export markets. While we benefit from strong export markets, North American market conditions remain the primary driver of our timber operations' results. Our land holdings also include a substantial holding of higher and better use (HBU) lands, which may have greater value if used for real estate development or other purposes.

The following table presents our proportionate share of selected statistics of our timberlands:

	As at	
UNAUDITED	**December 31, 2010**	December 31, 2009
Timberlands (000's acres)	**419**	420
HBU lands (000's acres)	**12**	12
Long-run sustainable yield (millions m^3 per annum)	**1.6**	1.6
Deferred harvest volume (millions m^3)	**3.0**	2.9

Our timberlands have an estimated merchantable inventory of 29.1 million m^3 of timber, which includes a deferred harvest volume of 3.0 million m^3. This deferred harvest volume is in addition to harvest volumes that reflect annual timber growth as determined through our long-run sustainable yield (LRSY). As markets improve, we plan to ramp-up our production to monetize this deferred harvest volume over an approximate 10 year period.

One of the key attributes of our timber platform is its operating flexibility, which allows us to optimize our harvest mix and harvest levels as well as the markets into which we sell in order to maximize value. Based on anticipated market conditions, we plan our annual harvest to produce the products that offer the most attractive margins. Furthermore, we shift product sales between the domestic and export markets to maximize realized prices of our logs, net of transportation costs. When log prices are attractive, we increase harvest levels to monetize the value of our inventory. When log prices are weak, we grow inventory on the stump to enhance value through capital appreciation. Our objective for our timber platform is to maximize the total return on the capital that we invest. Our performance can be measured by our harvest levels, EBITDA margin and AFFO yield.

Results of Operations

The following table summarizes our harvest, sales and sales price realizations by species for our timber operations:

	Twelve months ended December 31, 2010										**Twelve months ended December 31, 2009**							
UNAUDITED	**Harvest (000's m³)**	**Sales (000's m³)**	**Revenue/m³**	**Revenue ($ millions)**	Harvest (000's m³)	Sales (000's m³)	Revenue/m³	Revenue ($ millions)
Douglas-fir	**604**	**632**	**$ 87**	**$ 54**	502	538	$ 78	$ 42
Whitewood	**341**	**373**	**72**	**27**	237	258	61	16
Other species	**280**	**292**	**71**	**21**	235	261	70	18
	1,225	**1,297**	**$ 79**	**$ 102**	974	1,057	$ 72	$ 76
HBU and other sales				**4**				1
Total				**$ 106**				$ 77

From a macroeconomic perspective, U.S. housing starts climbed 6% over the 2009 level to 588,000. This level remains at approximately 40% of long-term trend levels reflecting the continuing overhang from the inventory of foreclosed homes.

Our average realized price for Douglas-fir and whitewood increased by 12% and 19%, respectively, over the prior year. In 2010, conditions in the domestic market improved considerably compared to 2009 as local consumers were forced to compete with strong off-shore demand for logs. Inventory restocking by domestic sawmills in the second quarter also contributed to the year-over-year price improvements. Prices, net of transport costs in key off-shore markets such as Japan, Korea and China also improved dramatically year-over-year with Douglas-fir prices in these markets increasing by 7%, 15% and 13%, respectively. Whitewood prices in Korea and China increased by 33% and 24% over the prior year.

In response to a stronger price environment, we increased harvest volumes of Douglas-fir and whitewood by 21% and 44%, respectively, compared with 2009. However, our harvest for the year was 77% of our LRSY as we continue to preserve the value of our high margin Douglas-fir.

	Twelve months ended December 31	
MILLIONS, UNAUDITED, UNLESS OTHERWISE NOTED	**2010**	2009
Harvest (000's m³)	**1,225**	974
EBITDA margin[1]	**34%**	28%
Funds from operation (FFO)	**$ 11**	$ (3)
Maintenance capital	**(3)**	(6)
Adjusted funds from operations (AFFO)	**$ 8**	$ (9)
AFFO yield[2]	**2%**	(2%)

1 EBITDA divided by revenue.
2 AFFO divided by average invested capital.

The following table presents our timber platform's proportionate share of financial results:

MILLIONS, UNAUDITED	Twelve months ended December 31 2010	2009
Revenue	$ 106	$ 77
Cost attributed to revenues	(70)	(56)
EBITDA	36	21
Other income	3	2
Interest expense	(28)	(26)
Funds from operations (FFO)	11	(3)
Performance fee	—	5
Fair value adjustments	10	(66)
Deferred taxes and other items	3	14
Net income (loss)	$ 24	$ (50)

For the year ended December 31, 2010, our timber platform generated FFO of $11 million, compared to negative $3 million in the prior year. This implies an AFFO yield of 2%. Our timber platform is not expected to earn a normalized AFFO yield until there is a sustained recovery in log prices that justifies increasing harvest levels of our high-margin Douglas-fir logs up to our long-term harvest plan.

Our average realized log price for the year increased by almost 10% over the prior year to $\$79/m^3$, reflecting improved conditions in both domestic and export markets. Overall, sales volumes increased by 23% compared with the prior year. We continued our active participation in off-shore markets with export volumes representing 46% of shipments in 2010, compared to 42% in 2009. Harvest and delivery costs per unit were unchanged from 2009. As a result of these factors, EBITDA margin increased to 34% from 28% in the prior year.

Our revenue from HBU land and other sales was $4 million for the period compared to $1 million for the comparable period of 2009.

For the year ended December 31, 2010, fair value adjustments were $10 million compared to negative $66 million in the prior year. The changes reflect adjustments to appraised values of our timberlands and are the result of changes in the underlying valuation assumptions used by the appraisers including discount rates, future timber prices, future harvest costs and future harvest schedule.

Outlook

The rapid development of the Chinese market has been particularly encouraging for our timber business. Due to changes in building codes, the Chinese market is increasing its purchases of higher-grade Douglas-fir logs in order to produce structural lumber. In 2010, shipments of logs to China represented 36% of total export volume, up from 11% in 2009.

Over the mid-to-long term, we expect that our timber operations will be positively impacted by a number of fundamental factors affecting the markets that we serve:

- The mountain pine beetle infestation, which is having a significant impact on the supply of timber from the interior of British Columbia, Alberta and the U.S. Inland;
- Increasing demand from Asian markets and the rapidly expanding bio-fuel industry; and
- Continuing withdrawals of timberlands for conservation and alternate uses.

CORPORATE AND OTHER

The following table presents the components of Corporate and Other, on a proportionate basis, for the twelve months ended December 31, 2010 and 2009:

	Twelve months ended December 31			
MILLIONS, UNAUDITED		**2010**		2009
General and administrative costs	**$**	**(18)**	$	(8)
Base management fee		**(28)**		(10)
Other income		**8**		2
Financing costs		**(11)**		(6)
Funds from operations (FFO)		**(49)**		(22)
Revaluation gain		**405**		—
Deferred taxes and other		**(33)**		23
Corporate and other	**$**	**323**	$	1

General and administrative costs were higher in 2010 compared to the prior year primarily as a result of the inclusion of our proportionate share of Prime's corporate, general and administrative expenses for a full year following the Prime recapitalization.

Pursuant to our Master Services Agreement, we pay a quarterly base management fee to Brookfield based on our market value. This fee increased over the prior year due to the $940 million equity offering completed in November of 2009, the $1.1 billion equity offering completed in December 2010 and the increased trading price of our partnership units.

Following the merger with Prime, a substantial amount of the corporate and administrative services that were formerly provided by Prime will be provided by us under the Master Services Agreement. As a result, a substantial amount of these costs have been absorbed by Brookfield. Prospectively, we anticipate that our corporate and administrative costs excluding the base management fee, will be in the range of $8 million to $10 million per year.

Included in other income is non-recurring interest income of $3 million earned on the final close of the Brookfield-sponsored infrastructure fund. Also included in other income are realized gains of $1 million on the settlement of forward contracts to purchase Sterling Pounds with respect to our equity investment in the Peterborough Hospital project.

Financing costs include dividends paid on our preferred shares, interest expense and standby fees on our committed credit facility, less ancillary interest earned on cash balances. These costs exclude non-cash amortization of financing costs of $4 million for the year ended December 31, 2010. Financing costs for the year were in-line with the comparable period in the prior year.

Other Investments

Our other investments include the results from our 30% interest in a U.S. hydro facility and our investments in three public private partnerships (PPP's). These results are included as a part of other income. On a proportionate basis, our other investments earned FFO of $2 million in 2010, which is comparable to 2009.

The interest in the U.S. hydro facility was acquired on March 17, 2010 for $8 million. Both units of this two unit hydro facility are being rebuilt, and we have invested an additional $1 million to fund our share of these repairs.

The PPP's differ from our other infrastructure assets. PPP's have finite concessions of between 25 to 30 years, and cash generated from these projects must fully retire project debt over the term of the concession. Thus, FFO for our PPP operations include IFRS net income plus depreciation less debt amortization payments, which approximates the distributions to us from these operations. These projects are expected to generate stable cash flows from long-term contracts combined with long-term financing arrangements.

We have a commitment to fund our share of the additional required equity investment for the Peterborough Hospital project. During the year, we funded approximately $11 million.

Subsequent to year end, Brookfield Infrastructure entered into an agreement to sell its two Australian PPPs for $15 million.

CAPITAL RESOURCES AND LIQUIDITY

The nature of our asset base and the quality of our associated cash flows enable us to maintain a stable and low cost capitalization. We attempt to maintain sufficient financial liquidity at all times so that we are able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain a relatively high distribution of our FFO to unitholders. Our principal sources of liquidity are cash flows from our operations, undrawn credit facilities and access to public and private capital markets. We also structure the ownership of our assets to enhance our ability to monetize them to provide additional liquidity, if necessary.

Our estimated corporate liquidity as at December 31, 2010 was as follows:

MILLIONS, UNAUDITED		**As at December 31, 2010**
Cash[1]	**$**	**2**
Availability under committed credit facility[1]		**700**
Draw on credit facility		**(18)**
Estimated corporate liquidity[1]	**$**	**684**

1 Corporate level only.

Our $700 million committed revolving credit facility is available for investments and acquisitions, as well as general corporate purposes. Commitments under the facility will be available on a revolving basis until June 2013. All amounts outstanding at that time will be repayable in full. The facility is intended to be a bridge to equity financing rather than a permanent source of capital. At December 31, 2010, $18 million was drawn on this facility.

In our European port operations, we refinanced our €260 million Belgium credit facility with the existing lending group for a three year term.

We finance our assets principally at the operating company level with debt which generally has long-term maturities, few restrictive covenants and no recourse to either Brookfield Infrastructure or our other operations. At the operating company level, we endeavour to maintain prudent levels of debt. We also strive to ladder our principal repayments over a number of years.

On a proportionate basis, scheduled principal repayments as at December 31, 2010 for our borrowings over the next five years are as follows:

MILLIONS, UNAUDITED	Average Term (years)	2011	2012	2013	2014	2015	Beyond	Total
Recourse borrowings								
Corporate borrowings	3	$ —	$ —	$ 18	$ —	$ —	$ —	$ 18
Subsidiary borrowings	2	—	115	—	—	—	—	115
Total recourse borrowings	2	—	115	18	—	—	—	133
Non-recourse borrowings[1, 2]								
Utilities	6	590	80	582	83	46	999	2,380
Transport and energy	6	69	374	402	475	9	734	2,063
Timber	7	—	—	136	—	130	208	474
Total non-recourse borrowings[1, 2]	6	659	454	1,120	558	185	1,941	4,917
Total borrowings	6	$ 659	$ 569	$ 1,138	$ 558	$ 185	$ 1,941	$ 5,050
Cash retained in businesses								
Utilities								$ 55
Transport and energy								118
Timber								14
Corporate								11
Total cash retained								$ 198
Net debt								
Utilities								$ 2,325
Transport and energy								1,945
Timber								460
Corporate								122
Total net debt								$ 4,852

1 Represents non-recourse debt to Brookfield Infrastructure as the holders have recourse only to the underlying operations.
2 Non-recourse project debt from our social infrastructure operations has been excluded from the above tables as this is long-term debt which is fully amortized during the term of our concession contracts.

Our debt has an average term of six years. On a proportionate consolidated basis, our net debt-to-capitalization ratio as at December 31, 2010 was 59%.

The following table summarizes our proportionate average debt balance allocated to each operating platform:

	Twelve Months Ended December 31, 2010			Twelve Months Ended December 31, 2009		
MILLIONS, UNAUDITED	Proportionate Average Debt	Average Cash Interest Rate	Cash Interest	Proportionate Average Debt	Average Cash Interest Rate	Cash Interest
Utilities	$ 1,469	5.5%	$ 81	$ 470	6.0%	$ 28
Transport and energy	1,143	6.9%	79	154	5.8%	9
Timber	474	5.9%	28	475	5.3%	25
Subsidiary corporate borrowings	115	5.2%	6	54	3.7%	2
Corporate borrowings	2	5.1%	—	—	—	—
Total	$ 3,203	6.1%	$ 194	$ 1,153	5.6%	$ 64

Our equity strategy is to issue equity in conjunction with future acquisitions. However, we may also issue an amount of equity opportunistically to enhance our liquidity to pursue future acquisitions. In December 2009, we filed shelf registrations to enable us to issue securities in both the U.S. and Canadian markets.

Proportionate debt can be reconciled to consolidated debt as follows:

MILLIONS, UNAUDITED	2010	2009
Consolidated borrowings	$ **4,593**	$ 1,985
Less: borrowings attributable to non-controlling interest	**(1,675)**	(1,208)
Premium (discount) on debt	**154**	—
Add: Proportionate share of borrowings of equity accounted investments		
Corporate	**—**	53
Utilities	**675**	1,331
Transport and energy	**1,303**	782
Proportionate debt	$ **5,050**	$ 2,943

FOREIGN CURRENCY HEDGING STRATEGY

To the extent it makes economic sense to do so, our strategy is to hedge a portion of our equity investment and/or cash flows exposed to foreign currencies within our business. The following key principles form the basis of our foreign currency hedging strategy:

- We leverage any natural hedges that may exist within our operations
- We utilize local currency debt financing to the extent possible
- We may utilize derivative contracts to the extent that natural hedges are insufficient

The following table presents the hedged position of our equity investment in foreign currencies as at December 31, 2010:

	Net Investment Hedges					
MILLIONS, UNAUDITED	USD	AUD	NZD	CAD	GBP	EUR
Equity Investment – US$	$ 1,199	$ 1,503	$ 167	$ 94	$ 303	$ 114
FX contracts – US$	637	(455)	(74)	—	(74)	(34)
Net unhedged – US$	n/a	1,048	93	94	229	80
Equity Investment – natural currency	1,199	1,470	214	94	194	85
FX contracts – natural currency	637	(444)	(95)	—	(48)	(25)
% of Equity Investment hedged	n/a	30%	44%	—	25%	29%
Unhedged position in natural currency	n/a	$ 1,026	$ 119	$ 94	$ 146	$ 60

1 Presents net investment in Prime at 100% of take-up. We note that the net investment positions will likely change when we complete detailed purchase price accounting.

At December 31, 2010, we had hedges in place equal to approximately 30% of our equity investment in foreign currencies. We recorded losses of $53 million in comprehensive income relating to these contracts, which were more than offset by foreign currency translation gains of $112 million recorded during the year.

CAPITAL REINVESTMENT

Our financing plan is to fund our recurring growth capital expenditures with cash flow generated by our operations, as well as debt financing that is sized to maintain our credit profile. To fund large scale development projects and acquisitions, we will evaluate a variety of capital sources including proceeds from selling non-core assets, equity and debt financing. We will seek to raise additional equity if we believe that we can earn returns on these investments in excess of the cost of the incremental equity. During the year, we generated $103 million of cash available for re-investment in our business, and we invested $130 million in growth capital projects.

The following table highlights the cashflow that was generated during the year which was available for reinvestment in our business:

MILLIONS, UNAUDITED	**Twelve months ended December 31, 2010**
Funds from operations (FFO)	**$ 197**
Less maintenance capital	**(49)**
Adjusted funds from operations (AFFO)	**148**
Disposals	**74**
Distributions	**(117)**
Funds available for reinvestment	**$ 105**

The following table presents the components of growth and maintenance capital expenditures:

	Twelve months ended December 31	
MILLIONS, UNAUDITED	**2010**	2009
Growth capital expenditures by segment		
Utilities	**$ 69**	$ 25
Transport and energy	**61**	—
Timber	**—**	—
	$ 130	$ 25
Maintenance capital expenditures by segment		
Utilities	**$ 13**	$ 12
Transport and energy	**33**	—
Timber	**3**	6
	$ 49	$ 18

Based on our current operations, we expect that maintenance capital expenditures will be in the range of $90 million to $100 million in 2011.

PARTNERSHIP CAPITAL

The total number of Partnership units outstanding was comprised of the following:

MILLIONS, PARTNERSHIP UNITS	**December 31, 2010**	December 31, 2009
Limited partnership units	**156.3**	105.6
General partnership units	**1.1**	1.1
Total	**157.4**	106.7

The general partner is entitled to incentive distribution rights which are based on the amount by which quarterly distributions on the limited partnership units exceed specified target levels. To the extent distributions on limited partnership units exceed $0.305 per quarter, the incentive distribution rights are entitled to 15% of incremental distributions above this threshold. To the extent that distributions on limited partnership units exceed $0.33 per unit, the incentive distribution rights are entitled to 25% of incremental distributions above this threshold.

REVIEW OF FOURTH QUARTER PERFORMANCE

In this section we review our performance and financial position for the three months ended December 31, 2010 and 2009. The following table summarizes the financial results of Brookfield Infrastructure.

MILLIONS, UNAUDITED	**Three months ended December 31**	
Summary Income Statement	**2010**	2009
Revenues	**$ 201**	$ 87
Cost of revenues	**(130)**	(64)
General and administrative expenses	**(12)**	(9)
Interest expense – corporate borrowings	**(21)**	(3)
Interest expense – non-recourse borrowings	**(26)**	(24)
Earnings (losses) from investments in associates	**(3)**	8
Fair value gains and other items	**433**	—
Net income (loss)	**416**	(45)

For the three month period ended December 31, 2010, we generated FFO of $46 million or FFO per unit of $0.39 representing an FFO per unit increase of 50% over the same period in the prior year, primarily due to the impact of a full quarter of operations from the assets acquired in the Prime recapitalization which closed in November of 2009. Our distribution of $0.275 per unit for the period implied a payout of 63% of our FFO.

Net income was $416 million for the quarter, compared to a net loss of $45 million in the same period of 2009, driven primarily by the revaluation gain associated with the Prime merger.

SELECTED INCOME STATEMENT INFORMATION

The following table presents selected income statement information by operating platform on a proportionate basis:

MILLIONS, UNAUDITED	Three months ended December 31	
	2010	2009
Net income by segment		
Utilities	**$ 7**	$ (8)
Transport and energy	**29**	4
Timber	**17**	(46)
Corporate and other	**363**	5
Net income	**$ 416**	$ (45)
EBITDA by segment		
Utilities	**$ 66**	$ 35
Transport and energy	**46**	24
Timber	**7**	3
Corporate and other	**(12)**	(8)
EBITDA	**$ 107**	$ 54
FFO by segment		
Utilities	**$ 42**	$ 20
Transport and energy	**19**	13
Timber	**2**	(3)
Corporate and other	**(17)**	(10)
Funds from operations (FFO)	**$ 46**	$ 20

Utilities Operations

The following table presents our utilities platform's proportionate share of financial results:

MILLIONS, UNAUDITED	Three months ended December 31	
	2010	2009
Revenue	**$ 95**	$ 54
Costs attributed to revenues	**(29)**	(19)
Dividend income	**—**	—
EBITDA	**66**	35
Other income	**—**	—
Interest expense	**(24)**	(15)
Cash taxes	**—**	—
Funds from operations (FFO)	**42**	20
Depreciation and amortization	**(19)**	(9)
Unrealized losses on derivative instruments	**(7)**	(5)
Deferred taxes and other items	**(9)**	(14)
Net income	**$ 7**	$ (8)

The following table presents proportionate EBITDA and FFO for each operation in this platform:

MILLIONS, UNAUDITED	EBITDA		FFO	
For the three months ended December 31	**2010**	2009	**2010**	2009
Coal Terminal Operations				
Australasia	**$ 27**	$ 11	**$ 16**	$ 5
Electricity Transmission				
South America	**14**	14	**10**	10
North America	**6**	5	**4**	4
Energy Distribution				
Australasia	**9**	3	**5**	1
Europe	**10**	2	**7**	—
Other	**—**		**—**	—
Total	**$ 66**	$ 35	**$ 42**	$ 20

For the three months ended December 31, 2010, our utilities platform generated FFO of $42 million, compared to $20 million in the prior year and $43 million in the prior quarter.

Our Australian coal terminal and our South American transmission operations were responsible for 62% of EBITDA and FFO in our utilities platform.

Our Australian coal terminal reported EBITDA and FFO of $27 million and $16 million, respectively, compared with $28 million and $19 million, respectively, in the prior quarter. Adjusting for $6 million of non-recurring income in the third quarter and the impact of the merger with Prime, our coal terminal's performance was consistent with the prior period. Despite the devastation caused by the severe weather, we are fortunate to report that the Terminal's employees remained safe and its financial performance was not impacted due to resilient take-or-pay contracts that do not have force majeure provisions.

Our South American transmission operations' EBITDA and FFO for the quarter were $14 million and $10 million, respectively, versus $13 million and $11 million, respectively, in the third quarter. Our results were slightly ahead of the prior quarter as a result of revenue indexation.

Transport and Energy Operations

The following table presents our transport and energy platform's proportionate share of financial results:

	Three months ended December 31	
MILLIONS, UNAUDITED	**2010**	2009
Revenues	**$ 171**	$ 57
Cost attributed to revenues	**(125)**	(33)
EBITDA	**46**	24
Other income	**—**	(1)
Interest expense	**(26)**	(9)
Cash taxes	**(1)**	(1)
Funds from operations (FFO)	**19**	13
Depreciation, depletion and amortization	**(21)**	(4)
Deferred taxes and other items	**31**	(5)
Net income	**$ 29**	$ 4

The following table presents proportionate EBITDA and FFO for each operation in this operating platform:

MILLIONS, UNAUDITED	EBITDA		FFO	
For the three months ended December 31	**2010**	2009	**2010**	2009
Energy Transmission				
North America	**$ 17**	$ 9	**$ 7**	$ 5
Other	**—**	—	**(1)**	—
Rail road				
Australasia	**12**	4	**6**	3
Ports				
UK	**8**	4	**5**	2
Europe	**9**	7	**2**	3
Total	**$ 46**	$ 24	**$ 19**	$ 13

For the three months ended December 31, 2010, our transport and energy platform generated EBITDA and FFO of $46 million and $19 million, respectively, compared to $37 million and $20 million, respectively, in the prior quarter.

Our North American gas transmission business, UK port operations and Australian railroad were responsible for 80% and 95%, respectively, of EBITDA and FFO in our transport and energy platform.

Our North American gas transmission business reported EBITDA and FFO of $17 million and $7 million, respectively, for the quarter, compared with $14 million and $7 million, respectively, in the third quarter. Our performance was below the prior quarter due to the implementation of the rate settlement on July 30, combined with softening market conditions for certain products that are exposed to market pricing.

Our UK ports operation reported EBITDA and FFO of $8 million and $5 million, respectively, for the quarter, compared with $9 million and $5 million, respectively, in-line with the third quarter. We continue to benefit from volume growth in our container business, which increased by 50% over the fourth quarter of last year. During the quarter, volume growth was somewhat offset by lower margins in our containerized operations due to inefficiencies arising from operating at full capacity. The terminal expansion project that we commenced last year will increase our capacity and enable us to increase our margin to historical levels.

Our Australian railroad reported EBITDA and FFO of $12 million and $6 million, respectively, largely consistent with EBITDA and FFO of $8 million and $5 million, respectively, in the prior quarter. Western Australia has been impacted by drought conditions which reduced our results during the quarter.

Timber

Results of Operations

The following table summarizes our harvest, sales and sales price realizations by species for our timber operations:

	Three months ended December 31, 2010				Three months ended December 31, 2009			
UNAUDITED	Harvest (000's m³)	Sales (000's m³)	Revenue/m³	Revenue ($ millions)	Harvest (000's m³)	Sales (000's m³)	Revenue/m³	Revenue ($ millions)
Douglas-fir	**155**	**146**	**$ 89**	**$ 13**	116	116	$ 77	$ 9
Whitewood	**76**	**86**	**81**	**7**	66	66	61	4
Other species	**70**	**73**	**68**	**5**	60	65	61	4
	301	**305**	**$ 81**	**$ 25**	242	247	$ 69	$ 17
HBU and other sales				**4**				—
Total				**$ 29**				$ 17

From a macroeconomic perspective, seasonally adjusted, annualized U.S. housing starts fell 8% from the third quarter of 2010, reflecting the continuing overhang from the inventory of foreclosed homes. Consensus estimates of US housing starts for 2011 have now declined to 670,000 with 900,000 forecast for 2012. This level remains at approximately 40% of long-term trend levels.

In the fourth quarter, our average realized price for Douglas-fir and whitewood increased by 14% and 33%, respectively, over the prior year and increased by 2% and 18%, respectively, from the previous quarter. Conditions in the domestic

market were considerably better than a year ago, and fourth quarter demand recovered fully from the slowdown in the third quarter. Markets gained momentum throughout the quarter as demand from Asia continued to push domestic prices higher.

While weather in the fourth quarter provided its typical operating challenges, we responded to the improving market conditions by increasing our harvest volumes by 25% over the prior year. Strong demand from Asia for whitewood and lower-grade Douglas-fir allowed us to continue shifting a significant proportion of our timber to off-shore markets. The proportion of export volumes fell to 46% of shipments in the quarter from 49% in the comparable quarter of 2009, but this reflects improvement in domestic demand as opposed to any decline in off-shore demand. However, our harvest for the quarter was 76% of our LRSY as we continue to preserve the volume of our higher margin value Douglas-fir, as market conditions remain below historical levels.

The following table presents our timber platform's proportionate share of financial results:

MILLIONS, UNAUDITED	**Three months ended December 31** **2010**	2009
Revenue	**$ 29**	$ 17
Cost attributed to revenues	**(22)**	(14)
EBITDA	**7**	3
Other income	**2**	—
Interest expense	**(7)**	(6)
Cash taxes	**—**	—
Funds from operations (FFO)	**2**	(3)
Performance fee	**—**	4
Fair value adjustments	**8**	(58)
Deferred taxes and other items	**7**	11
Net income (loss)	**$ 17**	$ (46)

Our average realized log price for the quarter increased by 13% over the prior year to $81/m^3$, reflecting improved market conditions in both domestic and export markets. Overall, sales volumes increased by 20% compared with the prior year, largely driven by an increase in prices for whitewood to Asian markets. Harvest and delivery costs per unit increased 5% compared to 2009 due to the impact of foreign exchange on our Canadian dollar denominated costs, operating in higher cost areas and increased road maintenance and construction activity. As a result of these factors, EBITDA margin increased to 24% from 18% in the prior year. In a normal market environment, we expect our timber operations to generate EBITDA margins in the range of 45%.

Corporate and Other

The following table presents the components of Corporate and other, on a proportionate basis, for the three months ended December 31, 2010 and 2009:

MILLIONS, UNAUDITED	**Three months ended December 31** **2010**	2009
General and administrative costs	**$ (5)**	$ (4)
Base management fee	**(10)**	(5)
Other income	**3**	1
Financing costs	**(5)**	(2)
Funds from operations (FFO)	**(17)**	(10)
Revaluation gain	**405**	—
Deferred taxes and other	**(25)**	15
Corporate and other	**$ 363**	$ 5

Pursuant to our Master Services Agreement, we pay a quarterly base management fee to Brookfield based on our market value. This fee increased over the prior year due to the units issued in the Prime merger that was completed in December of 2010 and the increased trading price of our units.

Financing costs include dividends paid on our preferred shares, interest expense and standby fees on our committed credit facility, less ancillary interest earned on cash balances. These costs exclude non-cash amortization of financing costs of $1 million for the three-month period ended December 31, 2010. Financing costs for the period were higher as a result of an increase in our stand by fees associated with our $700 million credit facility which was upsized from $400 million in the prior year.

RECONCILIATION OF IFRS FINANCIAL MEASURES

To measure performance, we focus on net income as well as FFO. We define FFO as net income excluding the impact of depreciation, depletion and amortization, deferred taxes and other items as shown in the reconciliation below. For our social infrastructure operations we also subtract debt amortization from FFO as these are finite life concessions and debt must be fully amortized during the concession term. FFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by IFRS. FFO is therefore unlikely to be comparable to similar measures presented by other issuers. FFO has limitations as an analytical tool:

- FFO does not include depreciation and amortization expense; because we own capital assets with finite lives, depreciation and amortization expense recognizes the fact that we must maintain or replace our asset base in order to preserve our revenue generating capability;
- FFO does not include deferred income taxes, which may become payable if we own our assets for a long period of time;
- FFO does not include any non-cash fair value adjustments or mark-to-market adjustments recorded to net income; and
- FFO does not include performance fees accrued relating to our Canadian timber operations, which must be paid in cash and represents a fee we expect to accrue in the future.

Because of these limitations, FFO should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our results as reported under IFRS. We compensate for these limitations by relying on our IFRS results and using FFO only supplementally. However, FFO is a key measure that we use to evaluate the performance of our operations and forms the basis for our Partnership's distribution policy.

When viewed with our IFRS results, we believe that FFO provides a more complete understanding of factors and trends affecting our underlying operations. FFO allows us to evaluate our businesses on the basis of cash return on net capital deployed by removing the effect of non-cash and other items. We add back depreciation and amortization to remove the implication that our assets decline in value over time since we believe that the value of most or our assets will typically increase over time provided we make all necessary maintenance expenditures.

We add back depletion because we endeavor to manage our timberlands on a sustainable basis over the long term. Furthermore, changes in asset values typically do not decline on a predetermined schedule, as suggested by accounting depreciation or depletion, but instead will inevitably vary upwards and downwards based on a number of market and other conditions that cannot be determined in advance. We add back deferred income taxes because we do not believe this item reflects the present value of the actual cash tax obligations we will be required to pay, particularly if our operations are held for a long period of time. We add back fair value adjustments and mark-to-market adjustments recorded in net income as these are non-cash in nature and indicate a point in time approximation of value on long-term items. Finally, we add back a performance fee payable to Brookfield by Island Timberlands. This performance fee was calculated based upon a percentage of the increased appraised value of the renewable resources and HBU land assets held by our Canadian timber operations over a threshold level. We believe it is appropriate to measure our performance excluding the impact of this accrual as we expect that over time the financial impact of this fee will be more than offset by increased income associated with the increased appraised value of these assets, a benefit which is not reflected in the period in which the related fee accrues. In addition, as a result of our fee-netting mechanism, which is designed to eliminate any duplication of fees, any performance fees will reduce future incentive distributions that may otherwise be made to Brookfield by the Partnership. As this credit is reflected as a reduction in distributions to Brookfield, it would not be reflected in FFO without adding back the performance fee.

In addition, we focus on adjusted funds from operations or AFFO, which is defined as funds from operations (FFO) less maintenance capital expenditures. Management uses AFFO as a measure of long-term sustaining cashflow.

The following table reconciles FFO to the most directly comparable IFRS measure, which is net income. We urge you to review the IFRS financial measures within the Supplemental Information and to not rely on any single financial measure to evaluate the Partnership.

	Three months ended December 31		Twelve months ended December 31	
MILLIONS, UNAUDITED	**2010**	2009	**2010**	2009
Net income	**$ 416**	$ (45)	**$ 467**	$ 25
Add back or deduct the following:				
Depreciation, depletion and amortization	**40**	13	**132**	26
Unrealized losses on derivative instruments	**7**	5	**18**	15
Performance fees	**—**	(4)	**—**	(5)
Fair value adjustments	**(8)**	58	**(10)**	66
Deferred taxes and other items	**(4)**	(6)	**(5)**	(10)
Revaluation gain	**(405)**	—	**(405)**	—
FFO	**$ 46**	$ 21	**$ 197**	$ 117

The difference between net income and FFO is primarily attributable to depreciation and depletion expense, as well as the revaluation gain associated with the Prime merger.

In order to assess our performance as stewards of capital, we track our returns on Invested Capital defined as AFFO divided by the capital that we invest in our business (invested capital). We define invested capital as Partnership capital adding back the following items: maintenance capital expenditures, non-cash income statement items and other comprehensive income as shown in the reconciliation below. Invested capital is a measure that is not calculated in accordance with, and does not have any standardized meaning prescribed by IFRS. Invested capital is therefore unlikely to be comparable to similar measures presented by other issues. Invested capital has limitations as a tool to measure returns on capital invested as follows:

- Invested capital does not fully deduct depreciation expense
- Invested capital does not include non-cash income statement items
- Invested capital does not include accumulated other comprehensive income

Because of these limitations, invested capital should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, analysis of our results as reported under IFRS. We compensate for these limitations by relying on our IFRS results and using Invested capital only supplementally. However, invested capital is a key measure that we use to evaluate the performance of our operations.

When viewed in conjunction with our IFRS results, we believe that invested capital provides a more complete understanding of our investment in each of our businesses. Invested capital, when calculating AFFO yield allows us to evaluate our businesses on the basis of cash return on net capital deployed by removing the effect of non-cash impacts on our capital base. We add back maintenance capital expenditures in order to capture the difference between depreciation on our sustaining capital investment which can be reinvested in our business. Minority interest is excluded as this represents capital invested by other shareholders. Non-cash income statement items are not included as these balances do not represent cash returned or reinvested in our assets. The impact of other comprehensive income is ignored as these adjustments to partnership capital represent changes such as fair value adjustments or non-cash gains or losses on foreign exchange that have not been realized by us.

The following table reconciles invested capital to the most directly comparable IFRS measure, which is Partnership capital:

	As at	
MILLIONS, UNAUDITED	**December 31, 2010**	December 31, 2009
Partnership capital	**$ 3,380**	$ 1,877
Cumulative differences	**46**	(28)
Maintenance capital expenditures	**(49)**	(18)
Non-cash income statement items	**(270)**	92
Accumulated other comprehensive income	**(191)**	(113)
Other adjustments	**(23)**	(17)
Invested capital	**$ 2,893**	$ 1,793