Brookfield Infrastructure Partners L.P.

SUPPLEMENTAL INFORMATION

FOR THE QUARTER ENDED JUNE 30, 2012

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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", "seek", "target", "foresee", "believe," "expect," "could", "aim to," "intend," "objective", "outlook", "endeavour", "estimate", "likely", "continue", "plan", "positioned to", 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 ability to close acquisitions (including acquisitions referred to in this Supplemental Information), 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, 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 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, our ability to complete large capital expansion projects on time and within budget, ability to negotiate favourable take-or-pay contractual terms, traffic volumes on our toll roads, acts of God, weather events, 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 NON-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 QUARTER ENDED JUNE 30, 2012

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 utilities 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 our operating platforms to acquire infrastructure 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 Asset Management ("Brookfield") sponsored partnerships that target acquisitions that suit our profile. We will focus on partnerships in which Brookfield has sufficient influence or control to deploy an operations-oriented approach.

Performance Targets and Key Measures

We target a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long-term. We intend to generate this return from the in-place cash flow of our operations plus growth through investments in upgrades and expansions of our asset base, as well as acquisitions. If we are successful in growing our FFO per unit, we will be able to increase distributions to unitholders. Additionally, the increase in our FFO per unit should result in capital appreciation. For our business as a whole, a key performance measure is AFFO yield, defined as FFO less maintenance capital expenditures divided by invested capital (see Reconciliation of Non-IFRS Financial Measures 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. 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 to fund recurring growth capital expenditures, debt repayments and general corporate requirements. 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. On the strength of our financial performance, our quarterly distribution was increased by 7% to $0.375 per unit in February 2012. This follows quarterly distribution increases of 13% in August 2011, 13% in February 2011, and 4% in February 2010.

Basis of Presentation

Our 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.

For each operating platform – utilities, transport and energy and timber – this Supplemental Information details 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.

OUR OPERATIONS

Brookfield Infrastructure owns a balanced portfolio of infrastructure assets that are diversified by sector and by geography. We have a stable cash flow profile with approximately 80% of our EBITDA supported by regulated or contractual revenues. In order to assist our unitholders in evaluating our performance and assessing our value, we group our businesses into operating platforms based on similarities in their underlying economic drivers.

Our operating platforms are summarized below:

Operating Platform	Asset Type	Primary Location
Utilities		
Regulated or contractual businesses that earn a return on their rate base	Regulated Terminal Operation	Australasia
	Electricity Transmission	North & South America
	Regulated Distribution	Australasia, Europe & South America
Transport and Energy		
Provide transportation, storage and handling services for energy, freight, bulk commodities and passengers	Railroad Operations	Australasia
	Port Operations	Europe
	Toll Road Operations	South America
	Energy Transmission, Distribution & Storage	North America & Europe
Timber		
Provide essential products for the global economy on a sustainable basis	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 is comprised of open access systems that provide transportation, storage and handling services for energy, freight, bulk commodities and passengers, for which we are paid an access fee. Profitability is based on volume and the price achieved for the provision of 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 consolidated performance and financial position for the three and six-month periods ended June 30, 2012. Further details on the key drivers of our operations and financial position are contained within the review of Operating Platforms.

To measure performance, we focus on FFO and AFFO, among other measures. We also focus on EBITDA and net income, taking into account items that we consider unusual or otherwise not reflective of the ongoing profitability of our operations. We define FFO as net income excluding the impact of depreciation and amortization, deferred taxes and other non-cash items and AFFO as FFO less maintenance capex, as detailed in the Reconciliation of Non-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 Non-IFRS Financial Measures section for a more fulsome discussion, including a reconciliation to the most directly comparable IFRS measures.

Results of Operations

The following table summarizes the financial results of Brookfield Infrastructure.

MILLIONS, EXCEPT PER UNIT INFORMATION, UNAUDITED	**Three months ended June 30**		**Six months ended June 30**	
Key Metrics	**2012**	2011	**2012**	2011
Funds from operations (FFO)	**$ 111**	$ 102	**$ 219**	$ 200
Per unit FFO[1]	**0.60**	0.65	**1.18**	1.27
Distributions	**0.38**	0.31	**0.75**	0.62
Payout ratio[2]	**63%**	48%	**64%**	49%
Growth of per unit FFO[1]	**(8%)**	33%	**(7%)**	41%
Adjusted funds from operations (AFFO)[3]	**86**	82	**179**	153
AFFO yield[4]	**9%**	11%	**10%**	10%

1. Average units outstanding during the period of 185.1 million (2011: 157.4 million).
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 time weighted invested capital.

For the three-month period ended June 30, 2012, we posted solid results reflecting strong performance from our utilities and transport and energy platforms, offset by weaker than anticipated performance from our timber business. Our FFO was $111 million, or $0.60 per unit, compared to $102 million, or $0.65 per unit, in the same period last year. Per unit FFO was 8% lower than the prior year, due to the impact of our $660 million equity issuance in October 2011. The proceeds from this offering were primarily used to fund the expansion of Brookfield Infrastructure's Australian railroad, which has just begun generating cash flow as expansion projects are commissioned. For the quarter, our maintenance capital expenditures were $25 million, which is at the midpoint of our average quarterly sustainable level of between $22 million and $26 million. On an average invested capital base of $3,656 million, we generated an AFFO yield of 9%. Our quarterly distribution of $0.375 per unit implied a payout ratio of 63% of our FFO for the quarter, within our targeted range of 60% to 70%.

MILLIONS, EXCEPT PER UNIT INFORMATION, UNAUDITED	**Three months ended June 30**		**Six months ended June 30**	
Summary Statements of Operating Results	**2012**	2011	**2012**	2011
Revenues	**$ 493**	$ 428	**$ 944**	$ 818
Direct operating expenses	**(271)**	(235)	**(511)**	(437)
General and administrative expenses	**(22)**	(15)	**(42)**	(28)
Interest expense – corporate borrowings	**(5)**	(2)	**(7)**	(4)
Interest expense – non-recourse borrowings	**(91)**	(80)	**(184)**	(161)
Earnings from investments in associates	**(32)**	12	**(31)**	24
Net (loss) income	**(26)**	26	**(12)**	71
Net (loss) income per unit	**(0.14)**	0.17	**(0.06)**	0.45

Brookfield Infrastructure reported a net loss of $26 million (loss of $0.14 per unit) for the quarter ended June 30, 2012, compared to net income of $26 million ($0.17 per unit) in the second quarter of 2011 as a result of certain non-cash charges that totalled approximately $40 million during the current period, primarily attributable to the recent refinancing completed at its North American gas transmission business and an impairment charge relating to a restructuring at one of its European ports, which offset the 9% increase in FFO. These non-cash charges are non-recurring in nature and do not materially impact Brookfield Infrastructure's operations.

MILLIONS, UNAUDITED	**As of**	
Summary Statements of Financial Position	**June 30, 2012**	December 31, 2011
Cash and cash equivalents	**$ 128**	$ 153
Total assets	**14,343**	13,269
Corporate borrowings	**377**	—
Non-recourse borrowings	**5,349**	4,885
Non-controlling interest	**1,994**	1,683
Partnership capital	**4,070**	4,206

As of June 30, 2012, we had $14,343 million in assets and $4,070 million in partnership capital compared to $13,269 million in assets and $4,206 million in partnership capital as of December 31, 2011.

The increase in assets, compared to December 31, 2011, primarily reflects the acquisition of an interest in our Colombian regulated distribution business, which we consolidate, as well as the investment in our Australian railroad. The decrease in partnership capital, compared to December 31, 2011, primarily reflects the non-recurring, non-cash charges recognized in the period, in addition to distributions paid to our unitholders.

Corporate borrowings increased to $377 million at June 30, 2012 compared to $nil as of December 31, 2011, primarily as a result of borrowings to fund a $200 million equity contribution to our North American gas transmission business to retire holding company debt and reduce leverage in this business as well as an investment in financial assets. Our Consolidated Statement of Financial Position as of June 30, 2012 reflects $5,349 million of non-recourse borrowings compared to $4,885 million as of December 31, 2011. The increase in our debt level is primarily attributable to the acquisition of the Colombian regulated distribution business. As of June 30, 2012, our consolidated net debt-to-capitalization ratio increased marginally to 48% compared with 45% as of December 31, 2011, due primarily to increased corporate borrowings. The benefit of reducing leverage levels at our North American gas transmission business is not reflected in this ratio as this asset is accounted for using the equity method.

Our IFRS book value per unit of $21.99 is net of deferred tax liabilities that are calculated on the basis that we liquidate our businesses at their carrying values as at the date of our Consolidated Statement of Financial Position. To the extent that we do not liquidate our businesses, we believe the taxes that we would bear would be significantly less. Also, our IFRS book value only takes into account growth projects that are in our capital backlog; it does not take into account the franchise value of our businesses. Finally, under IFRS we are unable to write-up the value of intangible assets that we own, including our regulated terminal which is a long-term concession.

SELECTED INCOME STATEMENT AND BALANCE SHEET INFORMATION

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

Income Statement	**Three months ended June 30**		**Six months ended June 30**	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
Net income by segment				
Utilities	**$ 28**	$ 21	**$ 60**	$ 51
Transport and energy	**(32)**	12	**(6)**	42
Timber	**2**	7	**(8)**	13
Corporate and other	**(24)**	(14)	**(58)**	(35)
Net (loss) income	**$ (26)**	$ 26	**$ (12)**	$ 71
EBITDA by segment				
Utilities	**$ 115**	$ 102	**$ 219**	$ 199
Transport and energy	**95**	78	**198**	162
Timber	**13**	20	**25**	37
Corporate and other	**(22)**	(15)	**(42)**	(28)
EBITDA	**$ 201**	$ 185	**$ 400**	$ 370
FFO by segment				
Utilities	**$ 78**	$ 66	**$ 143**	$ 127
Transport and energy	**53**	39	**115**	84
Timber	**6**	13	**12**	23
Corporate and other	**(26)**	(16)	**(51)**	(34)
Funds from operations (FFO)	**$ 111**	$ 102	**$ 219**	$ 200

Balance Sheet

MILLIONS, UNAUDITED	As of June 30, 2012	As of December 31, 2011
Total assets by segment		
Utilities	**$ 3,985**	$ 3,787
Transport and energy	**4,596**	4,349
Timber	**1,088**	1,112
Corporate and other	**(6)**	55
Total assets	**$ 9,663**	$ 9,303
Net debt by segment		
Utilities	**$ 2,560**	$ 2,463
Transport and energy	**2,160**	2,135
Timber	**465**	464
Corporate and other	**408**	35
Total net debt	**$ 5,593**	$ 5,097
Partnership capital by segment		
Utilities	**$ 1,425**	$ 1,324
Transport and energy	**2,436**	2,214
Timber	**623**	648
Corporate and other	**(414)**	20
Total partnership capital	**$ 4,070**	$ 4,206

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 all cases, we own and operate assets that earn a return on a regulated or notionally stipulated asset base, which we refer to as rate base. Our 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 contracts 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. Accordingly, we expect this segment to produce stable revenue and margins that should increase with investment of additional capital and inflation. Virtually all 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, the return on our rate base, as well as our AFFO yield.

Our utilities platform is comprised of the following:

Regulated Terminal Operation

- One of the world's largest coal export terminals in Australia, with 85 mtpa of coal handling capacity

Electricity Transmission

- Approximately 8,800 kilometres of transmission lines in North and South America

Regulated Distribution

- Almost 1.5 million electricity and natural gas connections

Results of Operations

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

	As of	
MILLIONS, UNAUDITED	**June 30, 2012**	December 31, 2011
Rate base, start of period	**$ 3,316**	$ 3,182
Impact of mergers and acquisitions	**82**	42
Capital expenditures commissioned	**67**	164
Inflation and other indexation	**114**	120
Regulatory depreciation	**(66)**	(116)
Foreign exchange	**31**	(76)
Rate base, end of period	**$ 3,544**	$ 3,316

	Three months ended June 30		Six months ended June 30	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
Funds from operations (FFO)	**$ 78**	$ 66	**$ 143**	$ 127
Maintenance capital	**(6)**	(8)	**(12)**	(14)
Adjusted funds from operations (AFFO)	**$ 72**	$ 58	**$ 131**	$ 113
Return on rate base[1,3]	**12%**	11%	**12%**	11%
AFFO yield[2,3]	**16%**	15%	**15%**	14%

1 Return on rate base is EBITDA divided by time weighted average rate base.

2 AFFO yield is AFFO divided by time weighted average invested capital.

3 Return on rate base and AFFO yield exclude impact of connections revenue at our UK regulated distribution business.

For the three months ended June 30, 2012, our utilities platform generated EBITDA and FFO of $115 million and $78 million, respectively, versus $102 million and $66 million, respectively, in the three months ended June 30, 2011. The increase in FFO was primarily attributable to greater contributions from our UK regulated distribution business where we benefited from higher connection revenues and our Colombian regulated distribution business which was acquired in the first quarter of 2012. For the period, our maintenance capital expenditures were $6 million, which is consistent with our estimated quarterly sustainable level. Our AFFO yield was 16% on an average invested capital base of $1,503 million, excluding the impact of connection revenues at our UK regulated distribution business.

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

MILLIONS, UNAUDITED	Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2011
Revenue	**$ 180**	$ 154	**$ 340**	$ 280
Connection revenues	**13**	9	**20**	23
Cost attributable to revenues	**(78)**	(61)	**(141)**	(104)
EBITDA	**115**	102	**219**	199
Other income	**2**	1	**2**	3
Interest expense	**(39)**	(37)	**(78)**	(75)
Funds from operations (FFO)	**78**	66	**143**	127
Depreciation and amortization	**(27)**	(25)	**(59)**	(45)
Deferred taxes and other items	**(23)**	(20)	**(24)**	(31)
Net income	**$ 28**	$ 21	**$ 60**	$ 51

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

MILLIONS, UNAUDITED	EBITDA				FFO			
	Three months ended June 30		Six months ended June 30		Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Regulated Terminal Operation	**$ 44**	$ 44	**$ 90**	$ 84	**$ 25**	$ 24	**$ 50**	$ 45
Electricity Transmission	**23**	22	**46**	42	**18**	17	**35**	32
Regulated Distribution	**48**	36	**83**	73	**35**	25	**58**	50
Total	**$ 115**	$ 102	**$ 219**	$ 199	**$ 78**	$ 66	**$ 143**	$ 127

Our regulated terminal operation reported EBITDA and FFO of $44 million and $25 million, respectively, for the three months ended June 30, 2012 versus $44 million and $24 million, respectively, in the three months ended June 30, 2011. EBITDA and FFO were consistent with the prior year as additional revenues from investments in non-expansionary capital expenditures, which increased our coal terminal's regulated asset base, were offset by a weakening Australian dollar.

Our electricity transmission operations' EBITDA and FFO were $23 million and $18 million, respectively, for the quarter versus $22 million and $17 million, respectively, in the comparative period. EBITDA and FFO increased due to positive revenue indexation and the contribution from growth capital expenditures in our Chilean electricity transmission operation.

Our regulated distribution operations earned EBITDA and FFO of $48 million and $35 million, respectively, for the three months ended June 30, 2012, versus $36 million and $25 million, respectively, in the comparative period. The current period benefitted from increased connections revenue as a result of exceptionally strong connections installation activity, in addition to contribution from our Colombian regulated distribution business, which was acquired in January of this year.

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 interest rate hedging program. Depreciation and amortization increased to $27 million for the quarter compared to $25 million in the prior year period, primarily due to additions to our regulated asset base and fair value adjustments recorded at year end.

Business Development and Outlook

Within our utilities 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 utilities platform, we expect to earn a return on rate base, which is consistent with our existing return on rate base.

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

The following table presents our proportionate share of the roll-forward of our capital backlog:

	Three months ended June 30		Six months ended June 30	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
Capital backlog, start of period	**$ 276**	$ 291	**$ 284**	$ 310
Additional capital project mandates	**66**	62	**89**	67
Less capital expenditures	**(41)**	(50)	**(77)**	(77)
Foreign exchange and other	**(2)**	12	**3**	15
Capital backlog, end of period	**299**	315	**299**	315
Construction work in progress	**78**	51	**78**	51
Total capital to be commissioned into rate base	**$ 377**	$ 366	**$ 377**	$ 366

We finished the period with a capital backlog of $299 million, an increase of $15 million compared to December 31, 2011. The increase is attributable to capital project mandates won, primarily in our UK regulated distribution business and our Chilean electricity transmission system, that exceeded capital expenditures during the period. As at June 30, 2012, the biggest contributors to our capital backlog were our UK regulated distribution business, our Texas transmission system, our Chilean transmission system and our Australian regulated terminal at $143 million, $55 million, $39 million and $35 million, respectively. In addition, our construction work in progress was $78 million at quarter end, a $10 million increase from December 31, 2011, primarily due to capital expenditures at our Texas transmission system. Construction work in progress represents capital that we have invested that will begin generating cash flow upon commencement of service when these investments will be added to our rate base. In total, we finished the quarter with $377 million of capital to be commissioned into our rate base.

The construction of our Texas electricity transmission system, consisting of three lines and six substations, continues on schedule and budget. We have now secured 100% of the right of way easements for the first and second lines and 97% for the third line. Construction is currently active on all three segments. We have invested almost one third of the projected capital for this system and remain on schedule for an in-service date for all three segments during the first half of 2013.

We have executed definitive agreements to acquire 85% of Inexus Group ("Inexus"), one of the largest owners and operators of gas and electricity connections in the UK, from Challenger Infrastructure Fund ("Challenger") for £10 million (approximately $15 million), plus a contingent payment of £26 million (approximately $40 million), if certain milestones are reached. The initial payment is conditioned upon, among other things, approval of the transaction by Challenger's unitholders on August 15, 2012 and waiver of pre-emptive rights by the minority owners of Inexus. The contingent payment is subject to the successful completion of a proposed recapitalization of Inexus and the clearance of the transaction by UK competition authorities.

Our current UK regulated distribution business generates stable cash flows that are underpinned by regulated tariffs, which adjust annually by an inflation factor. Pursuant to the recapitalization, if completed, we intend to merge Inexus into our existing UK regulated distribution business and invest approximately $450 million, including the contingent payment, to reduce leverage of this entity to investment grade levels. Following the close of the transaction, we would more than double our installed base of gas and electricity connections to over 1 million connections. Furthermore, this transaction, if completed, would extend our capability into high margin fibre and district heating projects. Assuming all the conditions precedent are satisfied, the acquisition and the recapitalization are expected to close in the fourth quarter of 2012.

In May, our Australian coal terminal issued A$335 million of 12-year notes at 220 bps over 10-year U.S. treasuries to refinance its A$287 million February 2013 maturity and repay its capital expenditure facility. Concurrently, we executed a matched maturity, cross currency interest rate swap to convert the financing into AUD at 245bps over the Australian dollar base rate.

Transport and Energy Operations

Our transport and energy platform is comprised of open access systems that provide transportation, storage and handling services for energy, freight, bulk commodities and passengers, for which we are paid an access fee. Profitability is based on the volume and price achieved for the provision of these services. This operating platform is comprised of businesses with price ceilings as a result of regulation, such as our energy transmission, railroad and toll road 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, our EBITDA margin, as well as our AFFO yield.

Our transport and energy platform is comprised of the following:

Railroad Operations

- Sole provider of railroad service in Southwestern Western Australia, with approximately 5,100 kilometres of tracks

Energy Transmission and Distribution

- 15,500 kilometres of natural gas transmission lines primarily in the U.S.

Port Operations

- 30 port terminals primarily in the UK and across Europe

Toll Road Operation

- Key artery in Santiago Chile's urban roadway

Results of Operations

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

MILLIONS, UNAUDITED	Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2011
Growth capital expenditures	**$ 131**	$ 103	**$ 256**	$ 154
EBITDA margin[1]	**39%**	33%	**40%**	33%
Funds from operations (FFO)	**$ 53**	$ 39	**$ 115**	$ 84
Maintenance capital	**(18)**	(11)	**(27)**	(31)
Adjusted funds from operations (AFFO)	**$ 35**	$ 28	**$ 88**	$ 53
AFFO yield[2]	**8%**	8%	**10%**	8%

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

During the quarter, our transport and energy platform posted a significant increase in results with EBITDA and FFO of $95 million and $53 million, respectively, compared with $78 million and $39 million, respectively, in the prior year.

The increase was driven by a near doubling of FFO from our Australian railroad. For the quarter, maintenance capital expenditures were $18 million, which is at the high end of our estimated quarterly sustainable level of approximately $15 million to $18 million, due to timing of maintenance activity at our Australian railroad and North American energy transmission operations. After deducting maintenance capital expenditures, we generated an AFFO yield of 8% on an average invested capital base of $1,864 million, in line with the prior year. We expect the AFFO yield in this segment to increase substantially once the expansion program is fully commissioned in the first half of 2013.

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

	Three months ended June 30		Six months ended June 30	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
Revenues	**$ 244**	$ 239	**$ 500**	$ 486
Cost attributed to revenues	**(149)**	(161)	**(302)**	(324)
EBITDA	**95**	78	**198**	162
Interest expense	**(41)**	(38)	**(83)**	(77)
Other expense	**(1)**	(1)	**—**	(1)
Funds from operations (FFO)	**53**	39	**115**	84
Depreciation and amortization	**(43)**	(28)	**(81)**	(56)
Deferred taxes and other items	**(42)**	1	**(40)**	14
Net income	**$ (32)**	$ 12	**$ (6)**	$ 42

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

	EBITDA				FFO			
MILLIONS, UNAUDITED	Three months ended June 30		Six months ended June 30		Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Railroad	**$ 38**	$ 24	**$ 75**	$ 48	**$ 26**	$ 14	**$ 52**	$ 27
Energy Transmission and Distribution	**35**	36	**77**	78	**17**	17	**41**	41
Ports	**18**	18	**38**	36	**9**	8	**20**	16
Toll Road	**4**	—	**8**	—	**1**	—	**2**	—
Total	**$ 95**	$ 78	**$ 198**	$ 162	**$ 53**	$ 39	**$ 115**	$ 84

For the quarter, our Australian railroad reported EBITDA and FFO of $38 million and $26 million, respectively, versus $24 million and $14 million, respectively, in the comparative period. The increase in results was driven by revenue from three of our expansion projects, which have been commissioned, as well as increased grain volume due to a favourable harvest. Under these three expansion tasks, we transported 2.0 million tonnes (Mt) of iron ore over network during the quarter, which is slightly below expected run-rate of 2.4Mt per quarter. We project that we will achieve run rate level in the fourth quarter of 2012.

For the three months ended June 30, 2012, our energy transmission and distribution operations reported EBITDA and FFO of $35 million and $17 million, roughly equivalent with $36 million and $17 million of EBITDA and FFO, respectively, in the comparative period. Current period FFO at our North American gas transmission operation was adversely impacted by the phase-in of our rate settlement and weak fundamentals in the natural gas industry, which reduced the average realized price for our capacity, offset by lower operating costs than the prior year and decreased interest expense from delevering the asset.

For the quarter, our port operations reported EBITDA and FFO of $18 million and $9 million, respectively, which was largely in-line with EBITDA and FFO of $18 million and $8 million, respectively, in the comparative period. Current period FFO was higher than prior period due to lower financing costs. In mid-April, steel production resumed at the Teeside Cast Products plant, with the first shipment of slab in mid-May. Once production fully ramps-up, we expect EBITDA from this customer to increase by between $4 million to $5 million annually over the current period level.

Non-cash expenses are primarily comprised of depreciation, amortization and deferred taxes. Depreciation and amortization increased to $43 million for the quarter compared to $28 million in the prior year period, primarily due to the revaluation of property plant and equipment at year end. Deferred taxes and other items increased significantly due to certain non-cash charges that totaled approximately $40 million, primarily attributable to the recent refinancing completed at our North American gas transmission business and an impairment charge relating to a restructuring at one of our European ports.

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 two years:

MILLIONS, UNAUDITED

Australian railroad	$	**214**
Construction work in progress		**406**
Total capital to be commissioned	$	**620**

Our railroad's expansion program is comprised of six customer initiated projects, which will increase our volume by approximately 24 Mtpa. Approximately 90% of minimum expected volumes under these Commercial Track Access Agreements (CTAAs) will be subject to take-or-pay provisions, and revenues will be indexed to inflation. Upon commissioning of all six expansion projects, we expect that the EBITDA of our railroad will increase by approximately A$150 million per annum, and our cash flow profile will be fundamentally transformed, with 60% of our railroad's revenues under pinned by take-or-pay provisions. To the extent that volumes exceed minimum expected levels, we will generate incremental EBITDA.

As of June 30, 2012, three of these projects had commenced commercial operations, and we remain on track to commission two further projects by the end of the year. By the end of the first quarter of next year, we expect that these five projects will be operating at their annualized run rate levels, accounting for over 90% of the expansion program's anticipated A$150 million of incremental EBITDA. The sixth project is on hold pending resolution of issues between the project developer and its coal suppliers. The table below provides further detail on the expansion program's progress:

Project	**Projected Volume**	**Start Date**
Yilgarn iron ore project	4.4 mtpa	On-line
Extension Hill iron ore project	3.0 mtpa	On-line
Koolyanobbing iron ore mine expansion	2.2 mtpa	On-line
Worsley alumina expansion	2.0 mtpa	Q3 2012
KML iron ore project	10.0 mtpa	Q4 2012
Collie urea project	2.0 mtpa	On Hold

The remainder of the expansion program's capex is associated with the upgrade of approximately 185 kilometres of track into the port of Geraldton. To date, 100% of the track has been installed and 89% is operating at full speed. We are projecting to finalize construction of this segment more than two months ahead of schedule, and we anticipate that we will be in a position to commence services in October.

In addition, we are investing in upgrades of our network. These network upgrades are not related to specific expansion tasks but will increase the capacity of our system and strategically position our railroad to capture incremental tonnage from mining projects that are in the pre-feasibility stage. We expect to generate very attractive returns on network upgrades, as a result of our strong competitive position. We expect to invest A$85 million over the next 24 months as part of this program.

With institutional partners, we have executed definitive documents to acquire the remaining 45% of our Chilean toll road we do not currently own for approximately $590 million, comprised of $290 million in cash and the assumption of $300 million of debt. We will participate by investing approximately $165 million, which will increase our ownership interest in our Chilean toll road to 51% upon completion.

In August, a Brookfield consortium and Abertis Infraestructuras, S.A. ("Abertis") signed an agreement to acquire 60% of Obrascon Huarte Lain Brasil, S.A. ("OHL Brasil") for total consideration of approximately $1.7 billion, comprised of $1.1 billion of equity and $600 million of assumed liabilities. Brookfield Infrastructure will initially invest approximately $250 million with the possibility of further investment if additional shares are acquired as part of a mandatory tender offer to minority holders. This transaction, as well as the acquisition of the remaining interest in our Chilean toll road, is subject to customary closing conditions and is expected to close in the fourth quarter.

Upon closing, we will own one of the leading toll road platforms in South America with over 3,200 km of roadways in Brazil and Chile. Our South American toll road platform will have substantial diversity with a combination of roads that connect major cities, gateway roads and urban roads. In addition to increases in traffic in high growth regions and tariff regimes that are indexed to inflation, we believe that we are well positioned to capture significant incremental value through organic growth projects related to our network. As congestion on our roads increases over time, we have the ability to propose projects to the regulator to expand the capacity of our roads or increase their connectivity. For approved projects, our concession agreements enable us to earn attractive rates of return on capital deployed by increasing our tariffs or extending the term of our concessions. Finally, as one of the largest owners and operators of toll roads in South America, we will be well positioned to pursue additional toll road projects in Brazil and Chile as well as Colombia and Peru, two countries in substantial need of new road infrastructure.

During the quarter, we injected $200 million of equity to repay holding company debt of our North American gas transmission business' 2012 debt maturity. We also tendered for $1.3 billion of bonds that were maturing in the fourth quarter, and refinanced this operating company debt with a five-year, $700 million term loan priced at LIBOR plus 550bps and a seven-year, $550 million bond priced at 9.6%. Our intention is to reduce debt in the business over the next five years. With this deleveraging combined with anticipated recovery in the natural gas market, we expect that our financing costs should decrease significantly when the facilities are refinanced. The business has no other debt maturities prior to 2017.

Timber

Our timber platform consists of 419,000 net acres 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, hemlock and cedar species suitable for high-value structural and appearance applications in domestic and export markets. In addition, our land holdings include approximately 12,000 net acres of higher and better use (HBU) lands, which may have greater value for real estate development or conservation. Our timberlands have an estimated deferred harvest volume of 2.8 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).

The following table presents our proportionate share of selected statistics of our timberlands as of June 30, 2012:

UNAUDITED	**June 30, 2012**	December 31, 2011
Timberlands (000's acres)	**419**	419
HBU lands (000's acres)	**12**	12
Long-run sustainable yield (LRSY) (millions m^3 per annum)	**1.6**	1.6
Deferred harvest volume (millions m^3)	**2.8**	2.9

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 to which we sell in order to maximize value. We plan our annual harvest to produce the products that offer the most attractive margins in the context of current market conditions and freight costs to access those markets. 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 in this business. Our performance can be measured by our harvest levels, EBITDA margin and AFFO yield.

Results of Operations

The following table summarizes our proportionate share of harvest, sales and realized price by species for our timber operations:

UNAUDITED	Three months ended June 30, 2012				Three months ended June 30, 2011			
	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	**240**	**262**	**$ 88**	**$ 23**	260	287	$ 101	$ 29
Whitewood	**92**	**106**	**75**	**8**	116	116	95	11
Other species	**86**	**84**	**71**	**6**	79	82	73	6
	418	**452**	**$ 82**	**$ 37**	455	485	$ 95	$ 46
HBU and other sales				**—**				1
Total				**$ 37**				$ 47

UNAUDITED	Six months ended June 30, 2012				Six months ended June 30, 2011			
	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	**484**	**493**	**$ 89**	**$ 44**	521	534	$ 99	$ 53
Whitewood	**162**	**207**	**77**	**16**	186	195	92	18
Other species	**166**	**170**	**71**	**12**	144	150	73	11
	812	**870**	**$ 83**	**$ 72**	851	879	$ 93	$ 82
HBU and other sales				**—**				1
Total				**$ 72**				$ 83

During the quarter, indicative prices for Douglas-fir and whitewood in the U.S. market were approximately 9% and 11%, respectively, lower than the prior year, as a result of weaker demand from China and South Korea. The Japanese Douglas-fir market remained relatively strong with average prices 3% less than the previous year. Although prices for whitewood sold to China and Korea were lower than the exceptionally strong second quarter of 2011, these markets still offered a 15% premium over the U.S. market. During the quarter, prices for Douglas-fir sold to China were equivalent to those in the U.S. market.

In the second quarter, we harvested at levels that were slightly below the second quarter of 2011 as we adjusted our harvest to reflect market demand. Compared to the previous year, sales volumes of Douglas-fir and whitewood decreased 9%, while other sales volumes increased by 2% as a result of a strong cedar market. With relative fundamentals improving in the domestic market, the proportion of our timber exported to off-shore markets declined to 36% from 53% in the prior year.

The following table presents our proportionate share of select key metrics of our timber platform:

MILLIONS, UNAUDITED, UNLESS OTHERWISE NOTED	Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2012
Harvest (000's m³)	**418**	455	**812**	851
Harvest as % of LRSY	**106%**	115%	**103%**	107%
EBITDA margin[1]	**35%**	43%	**35%**	45%
Funds from operation (FFO)	**$ 6**	$ 13	**$ 12**	$ 23
Maintenance capital	**(1)**	(1)	**(1)**	(2)
Adjusted funds from operations (AFFO)	**$ 5**	$ 12	**$ 11**	$ 21
AFFO yield[2]	**4%**	10%	**5%**	9%

1 *EBITDA divided by revenue, excluding HBU and other revenue.*

2 *AFFO divided by average time weighted invested capital.*

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

MILLIONS, UNAUDITED	Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2011
Revenue	**$ 37**	$ 47	**$ 72**	$ 83
Cost attributed to revenues	**(24)**	(27)	**(47)**	(46)
EBITDA	**13**	20	**25**	37
Other income	**—**	—	**1**	—
Interest expense	**(7)**	(7)	**(14)**	(14)
Funds from operations (FFO)	**6**	13	**12**	23
Fair value adjustments	**(3)**	(6)	**(3)**	(8)
Deferred taxes and other items	**(1)**	—	**(17)**	(2)
Net income	**$ 2**	$ 7	**$ (8)**	$ 13

For the three months ended June 30, 2012, our timber operations' EBITDA and FFO totaled $13 million and $6 million, respectively, compared with $20 million and $13 million, respectively, in the three months ended June 30, 2011. This decline in performance primarily reflects weaker pricing in both the domestic and export markets and our decision to reduce harvest levels to preserve the value of our inventory. Compared with prior year, revenues declined by 21% as our average realized price decreased by 14% and sales volumes decreased by 7%. Per unit harvest and delivery costs were unchanged from the same period in 2011. For the quarter, our EBITDA margin declined to 35% versus 43% in the prior year.

Outlook

Domestically, the U.S. housing market appears to be gradually gaining momentum with annualized home starts of 739,000 for the second quarter, a 28% increase over the prior year. We expect the housing sector to recover gradually to trend levels by 2014-2015. Our timber segment's operating results should meaningfully improve following the inevitable recovery in U.S. new home construction. Once pricing demonstrates sustained strength, we will elevate our harvest levels by approximately 20% over our LRSY or 0.3 million m^3 per annum.

Despite this cyclically low demand from the domestic housing sector, prices for timber in the Pacific Northwest region are showing relative strength as off-shore demand adds market tension for some products. In the export markets, Japanese log prices are expected to remain strong throughout the remainder of the year with housing starts increasing modestly from 2011 levels and sawmills indicating stable production. Demand in China and Korea is expected to remain below that experienced in 2011. However, inventory levels in China have normalized, and demand has been stable, leading us to believe that there may be modest improvement through the remainder of the year.

Over the medium to long-term, we expect that our timber operations will be positively impacted by a number of fundamental factors affecting the supply and demand of timber in 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 region;
- Ongoing demand from Asian markets;
- 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 three and six months periods ended June 30, 2012 and 2011:

	Three months ended June 30		Six months ended June 30	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
General and administrative costs	**$ (2)**	$ (2)	**$ (4)**	$ (5)
Base management fee	**(20)**	(13)	**(38)**	(24)
Other income	**3**	5	**3**	6
Financing costs	**(7)**	(6)	**(12)**	(11)
Funds from operations (FFO)	**(26)**	(16)	**(51)**	(34)
Deferred taxes and other	**2**	2	**(7)**	(1)
Corporate and other	**$ (24)**	$ (14)	**$ (58)**	$ (35)

General and administrative costs were consistent with comparative period. We anticipate that our general and administrative costs, excluding the base management fee, will be in the range of $9 million to $11 million per year.

Pursuant to our Master Services Agreement, we pay an annual base management fee to Brookfield equal to 1.25% of our market value, plus recourse debt, net of cash. For the three months ending June 30, 2012, this fee increased over the prior year due to the $660 million equity issuance in October 2011 and the increased trading price of our partnership units.

Financing costs include interest expense, standby fees on our committed credit facility, dividends paid on our preferred shares less interest earned on cash balances. Financing costs for the current quarter were consistent with the prior year period, primarily due to a comparable amount of average corporate borrowings.

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 group-wide liquidity was approximately $0.9 billion at June 30, 2012, down from $1.5 billion at December 31, 2011, and was comprised of the following:

MILLIONS, UNAUDITED	**As of June 30, 2012**	As of December 31, 2011
Uncommitted corporate cash	**$ 1**	$ 79
Committed corporate credit facility	**700**	700
Draws under corporate credit facility	**(377)**	—
Commitments under corporate credit facility	**(49)**	(51)
Financial assets	**86**	—
Proportionate cash retained in businesses	**178**	127
Proportionate availability under subsidiary credit facilities	**403**	691
Group-wide liquidity	**$ 942**	$ 1,546

Our $700 million committed revolving credit facility is available for investments and acquisitions, as well as general corporate purposes. In light of our investment grade credit rating, we renegotiated the terms of our corporate credit facility, reducing our borrowing cost by approximately 200bps to 150bps over LIBOR, reducing our standby fees by 60bps to 30bps and extending its term to 2016. At June 30, 2012, the outstanding balance under this facility increased to $377 million, primarily as a result of the equity injection into our North American gas transmission business to repay its holding company debt, as well as investments in financial assets.

We are planning to raise corporate debt of approximately $350 million in the second half of the year to fund the equity injection into our North American gas transmission business, as well as an upcoming $120 million corporate bond maturity.

Our equity strategy is to issue equity in conjunction with future acquisitions and large scale capital projects. Subsequent to period end, we raised net proceeds of approximately $500 million, which included the exercise of the over-allotment option, through the issuance of 15.6 million units at $33.25 per unit. The offering was completed under our shelf registrations in the U.S. and Canada and a concurrent private placement. As part of the offering, Brookfield acquired 4.4 million redeemable partnership units at the offering price net of commission in order to maintain its approximate 30% stake. The proceeds from this issuance will be used to partially fund our equity investments in our Chilean toll road, OHL Brasil and Inexus.

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 as of June 30, 2012, scheduled principal repayments for our borrowings over the next five years are as follows:

MILLIONS, UNAUDITED	Average Term (years)	2012	2013	2014	2015	2016	Beyond	Total
Recourse borrowings								
Net corporate borrowings[3]	4	$ —	$ —	$ —	$ —	$ 291	$ —	$ **291**
Subsidiary corporate borrowings	1	118	—	—	—	—	—	**118**
Total recourse borrowings	3	118	—	—	—	291	—	**409**
Non-recourse borrowings[1, 2]								
Utilities	7	3	622	125	86	366	1,393	**2,595**
Transport and energy	5	74	163	802	21	103	1,130	**2,293**
Timber	6	—	136	—	130	—	209	**475**
Total non-recourse borrowings[1, 2]	7	77	921	927	237	469	2,732	**5,363**
Total borrowings	7	195	921	927	237	760	2,732	**5,772**
Cash retained in businesses								
Utilities								$ **35**
Transport and energy								**133**
Timber								**10**
Corporate								**1**
Total cash retained								$ **179**
Net debt								
Utilities								$ **2,560**
Transport and energy								**2,160**
Timber								**465**
Corporate								**408**
Total net debt								$ **5,593**

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.
3 Net of financial assets.

The proportionate average cash interest rate for the utilities, transport and energy, and timber segments year-to-date was 6.1%, 7.3% and 5.9%, respectively (2011: 6.1%, 7.5% and 5.9%, respectively).

Our debt has an average term of seven years. On a proportionate consolidated basis, our net debt-to-capitalization ratio as of June 30, 2012 was 58%. Proportionate debt can be reconciled to consolidated debt as follows:

MILLIONS, UNAUDITED	As of	
	June 30, 2012	December 31, 2011
Consolidated debt	**$ 5,726**	$ 4,885
Less: borrowings attributable to non-controlling interest	**(1,978)**	(1,812)
Premium on debt and cross currency swaps	**137**	148
Add proportionate share of borrowings of investments in associates:		
Utilities	**739**	703
Transport and energy	**1,234**	1,379
Financial assets	**(86)**	—
Proportionate debt	**$ 5,772**	$ 5,303

FOREIGN CURRENCY HEDGING STRATEGY

To the extent that we believe it is economic to do so, our strategy is to hedge a portion of our equity investments and/or cash flows exposed to foreign currencies. 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 our hedged position in foreign currencies as of June 30, 2012:

MILLIONS, UNAUDITED	Net Investment Hedges							
	USD	**AUD**	**NZD**	**CLP**	**CAD**	**GBP**	**EUR**	**COP**
Net equity investment – US$	$ 1,134	$ 1,844	$ 268	$ 158	$ 155	$ 316	$ 138	$ 57
FX contracts – US$	438	(106)	(28)	—	—	(237)	(67)	—
Net unhedged – US$	1,572	1,738	240	158	155	79	71	57
Net equity investment – natural currency	1,134	1,801	335	79,319	157	201	109	101,621
FX contracts – natural currency	438	(104)	(35)	—	—	(150)	(53)	—
% of equity investment hedged	N/A	6%	10%	—	—	75%	49%	—
Unhedged position in natural currency	N/A	1,697	300	79,319	157	51	56	101,621

At June 30, 2012, we had hedges in place equal to approximately 15% of our net equity investment in foreign currencies. In the three months ended June 30, 2012, we recorded gains of $7 million in comprehensive income relating to these contracts, which were more than offset by foreign currency translation losses of $61 million recorded during the period.

We have also implemented a FFO hedging program by entering into foreign exchange contracts to lock in approximately 70% of our forecasted FFO denominated in AUD, GBP, EUR and NZD for the next four quarters. As these forward contracts settle, we intend to roll over the contracts so that we will continue to have approximately 70% of the next twelve months of estimated FFO hedged. We will periodically re-evaluate this strategy.

For the three months ended June 30, 2012, 6%, 45% and 25% of our FFO was generated in USD, AUD and GBP, respectively, with the remaining 24% generated in other currencies. As a result of our FFO hedging program, 49%, 15% and 20% of our FFO was effectively generated in USD, AUD and GBP, respectively, with the remaining 16% generated in other currencies. For the period, a 10% change in the average exchange rate of our foreign currencies would have resulted in approximately a $6 million, or 5%, change in FFO. Without the implementation of our FFO hedging program, the sensitivity to the same movement in the average exchange rate would have resulted in an approximate $10 million, or 9%, variance in FFO.

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 quarter we generated $13 million of cash available for re-investment, which partially funded our growth capital expenditures. The remainder of our investments were primarily funded by credit facilities.

The following table highlights the sources and uses of cash during the year:

	Three months ended June 30		Six months ended June 30	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
Funds from operations (FFO)	**$ 111**	$ 102	**$ 219**	$ 200
Less maintenance capital	**(25)**	(20)	**(40)**	(47)
Funds available for distribution (AFFO)	**86**	82	**179**	153
Distributions paid	**(73)**	(49)	**(146)**	(98)
Funds available for reinvestment	**13**	33	**33**	55
Growth capital expenditures and new investments	**(188)**	(153)	**(404)**	(231)
Asset level debt funding of growth capital expenditures	**145**	10	**275**	68
Debt paydowns	**(203)**	(12)	**(216)**	(15)
Purchase of financial assets, net	**(80)**	—	**(80)**	—
Draws on corporate credit facility	**345**	114	**377**	199
Changes in working capital and other	**(26)**	(19)	**(12)**	(21)
Change in proportionate cash retained in business	**6**	(27)	**(27)**	55
Opening, proportionate cash retained in business	**173**	280	**206**	198
Closing, proportionate cash retained in business	**$ 179**	$ 253	**$ 179**	$ 253

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

	Three months ended June 30		Six months ended June 30	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
Growth capital expenditures by segment				
Utilities	**$ 41**	$ 50	**$ 77**	$ 77
Transport and energy	**131**	103	**256**	154
Timber	**—**	—	**—**	—
	$ 172	$ 153	**$ 333**	$ 231

	Estimated Quarterly Sustaining Capital Expenditure		Actual Capital Expenditure			
			Three months ended June 30		Six months ended June 30	
	Low	High	**2012**	2011	**2012**	2011
Maintenance capital expenditures by segment						
Utilities	$ 6	$ 7	**$ 6**	$ 8	**$ 12**	$ 14
Transport and energy	15	18	**18**	11	**27**	31
Timber	1	1	**1**	1	**1**	2
	$ 22	$ 26	**$ 25**	$ 20	**$ 40**	$ 47

PARTNERSHIP CAPITAL

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

	As of	
MILLIONS, PARTNERSHIP UNITS	**June 30, 2012**	December 31, 2011
Limited partnership units	**184.0**	184.0
General partnership units	**1.1**	1.1
Total	**185.1**	185.1

Subsequent to the equity issuance which was announced on July 30, partnership units outstanding following closing of the over-allotment (expected to occur on August 10), will be comprised of the following:

MILLIONS, PARTNERSHIP UNITS	
Limited partnership units	**199.7**
General partnership units	**1.1**
Total	**200.8**

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 entitle the general partner to 15% of incremental distributions above this threshold to $0.33 per unit. To the extent that distributions on limited partnership units exceed $0.33 per unit, the incentive distribution rights entitle the general partner to 25% of incremental distributions above this threshold. During the quarter, an incentive distribution of $4 million was paid to the general partner (2011: less than $ 1 million).

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

To measure performance, amongst other measures, we focus on FFO. We define FFO as net income excluding the impact of depreciation 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. 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 invested capital 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 of our assets will typically increase over time provided we make all necessary maintenance expenditures.

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.

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 June 30		Six months ended June 30	
MILLIONS, UNAUDITED	**2012**	2011	**2012**	2011
Net income	**$ (26)**	$ 26	**$ (12)**	$ 71
Add back or deduct the following:				
Depreciation and amortization	**70**	53	**140**	101
Fair value adjustments	**3**	6	**3**	8
Deferred taxes and other items	**64**	17	**88**	20
Funds from operations	**$ 111**	$ 102	**$ 219**	$ 200

The difference between net income and FFO is primarily attributable to depreciation and amortization expense. Additionally, net income for the three months ended June 30, 2012, was negatively impacted by certain non-recurring, non-cash charges, totaling approximately $40 million. These charges are primarily attributable to the recent refinancing completed at our North American gas transmission business and an impairment charge relating to a restructuring at one of our European ports.

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

In order to assess our performance as stewards of capital, we track our AFFO yield, which is a proxy for our returns on invested capital. Invested capital is meant to track the initial investment that we make in a business plus all cash flow that we re-invest in the business. We define invested capital as partnership capital adding back the following items: non-cash income statement items net of maintenance capital expenditures as well as 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 issuers. 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; and
- Invested capital does not include accumulated other comprehensive income.

Because of these limitations of invested capital and limitations of FFO previously discussed, AFFO yield 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 AFFO yield 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 AFFO yield provides a more complete understanding of our investment in each of our businesses. 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 and our sustaining capital investment which must 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 not included as these are unrealized adjustments to partnership capital, such as fair value adjustments or non-cash gains or losses on foreign exchange.

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

MILLIONS, UNAUDITED	As of June 30, 2012	As of December 31, 2011
Partnership capital	**$ 4,070**	$ 4,206
Cumulative differences	**(190)**	(304)
Maintenance capital expenditures	**(40)**	(92)
Non-cash income statement items	**231**	205
Accumulated other comprehensive income	**(408)**	(388)
Other adjustments	**—**	1
Invested capital	**$ 3,663**	$ 3,628

Our invested capital by segment is as follows:

MILLIONS, UNAUDITED	As of June 30, 2012	As of December 31, 2011
Invested capital by segment		
Utilities	**$ 1,524**	$ 1,400
Transport and energy	**1,985**	1,693
Timber	**470**	468
Corporate and other	**(316)**	67
Total invested capital	**$ 3,663**	$ 3,628

We also use EBITDA as a measure of performance. We define EBITDA as FFO excluding the impact of interest expense, cash taxes and other income (expenses). EBITDA is expressed as gross margin in our consolidated statements of operating results.

The following table reconciles our consolidated revenues less direct costs to our proportionate EBITDA for the following periods:

MILLIONS, UNAUDITED	Three months ended June 30 2012	Three months ended June 30 2011	Six months ended June 30 2012	Six months ended June 30 2011
As per Brookfield Infrastructure consolidated financial statements				
Revenues	**493**	428	**$ 944**	$ 818
Direct operating costs	**(271)**	(235)	**(511)**	(437)
General and administrative expenses	**(22)**	(15)	**(42)**	(28)
Revenues less direct costs	**200**	178	**391**	353
Less: Non-controlling interest associated with the above	**(76)**	(64)	**(145)**	(124)
	124	114	**246**	229
Add: Proportionate share of EBITDA of investments in associates	**77**	71	**154**	141
Total proportionate EBITDA	**201**	185	**$ 400**	$ 370