Brookfield Infrastructure Partners L.P.

SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2011

CONTENTS

Introduction	2
Our Operations	3
Overview of Performance	3
Selected Income Statement and Balance Sheet Information	5
Operating Platforms	6
Corporate and Other	15
Capital Resources and Liquidity	16
Foreign Currency Hedging Strategy	18
Capital Reinvestment	19
Partnership Capital	20
Review of Fourth Quarter Performance	20
Reconciliation of Non-IFRS Financial Measures	25

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 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, 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 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, 2011

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

We target to earn a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long-term. We aim to generate this return 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, a 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 25 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 to fund recurring growth capital expenditures 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 over the long term. 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. We intend to review our distribution in the first quarter of each year in the normal course.

Basis of Presentation

Our consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The consolidated and combined 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 to conform to the current year's presentation.

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.

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 approximately 80% of our EBITDA supported by regulated or contractual revenues. While each of our businesses has high barriers to entry and strong competitive positions, we generate cash flows 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	Primary Location
Utilities		
Regulated or contractual businesses which earn a return on their asset base	Coal Terminal Operations	Australasia
	Electricity Transmission	North & South America
	Regulated Distribution	Australasia, Europe & South America
Transport and Energy		
Provide transportation, storage and handling services for energy, bulk commodities and freight	Rail	Australasia
	Ports	Europe
	Toll Roads	South America
	Energy Transmission & Distribution	North America
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 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 consolidated and combined performance and financial position for the twelve-month periods ended December 31, 2011 and December 31, 2010. 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 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 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

	Twelve months ended December 31	
Key Metrics	**2011**	2010
Funds from operations (FFO)	**$ 392**	$ 197
Per unit FFO[1]	**2.41**	1.79
Distributions	**1.32**	1.10
Payout ratio[2]	**55%**	60%
Growth of per unit FFO[1]	**35%**	74%
Adjusted funds from operations (AFFO)[3]	**300**	148
AFFO yield[4]	**10%**	8%

1. Average units outstanding during the year of 162.5 million (2010: 109.9 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 invested capital.

For the twelve-month period ended December 31, 2011, we recorded FFO of $392 million, or $2.41 per unit, versus $197 million, or $1.79 per unit, in the prior year. This 35% increase in our per unit FFO was largely attributable to accretion from our merger with Prime Infrastructure (Prime) and strong results from our utilities and timber platforms, partially offset by below average performance in our transport and energy platform. On an invested capital base of $3,628 million, we generated an AFFO yield of 10%. Our distribution of $1.32 per unit implied a payout of 55% of our FFO for the year, which is below our targeted range of 60% to 70%. In February 2012, we increased our annual distribution by 7% to $1.50 per unit.

MILLIONS, EXCEPT PER UNIT INFORMATION, UNAUDITED

	Twelve months ended December 31	
Summary Income Statement	**2011**	2010
Revenues	**$ 1,636**	$ 634
Direct operating expenses	**(899)**	(413)
General and administrative expenses	**(61)**	(35)
Interest expense – corporate borrowings	**(11)**	(8)
Interest expense – non-recourse borrowings	**(324)**	(136)
Earnings from investments in associates	**76**	52
Net income	**187**	458
Net income per unit	**1.15**	4.17

For the twelve months ended December 31, 2011, we earned net income of $187 million, compared to $458 million in the prior year. Net income decreased as our prior year results included a $424 million non-cash revaluation gain recognized upon the completion of the Prime merger. This was partially offset by the incremental FFO from our merger with Prime and fair value gains on our timberlands that are included in our current year net income.

MILLIONS, UNAUDITED

	As of	
Summary Balance Sheet	**December 31, 2011**	December 31, 2010
Cash and cash equivalents	**$ 153**	$ 154
Other current assets	**325**	2,096
Total assets	**13,269**	13,352
Current liabilities	**381**	2,153
Corporate borrowings	**—**	18
Non-recourse borrowings	**4,885**	4,575
Other long-term liabilities	**2,114**	1,683
Non-controlling interest	**1,683**	1,552
Partnership capital	**4,206**	3,371

As of December 31, 2011, we had $13,269 million in assets and $4,206 million in partnership capital compared to $13,352 million in assets and $3,371 million in partnership capital as of December 31, 2010. Our book value per unit was $22.72 and $21.42 as of December 31, 2011 and December 31, 2010, respectively.

The increase in assets, compared to December 31, 2010, primarily reflects investments in our Australian railroad and our Chilean toll road, as well as a significant increase in the carrying value of our operating assets due to the revaluation of property, plant and equipment in accordance with IFRS. This increase was offset by the sale of Alinta Energy Transmission and Distribution, which was classified as held-for-sale on our balance sheet in the prior period with total assets and liabilities of $1,322 million. The increase in partnership capital reflects our $660 million equity issuance in the fourth quarter of 2011 to fund the aforementioned investments as well as the revaluation gains.

Corporate borrowings decreased to nil at year end compared to $18 million as of December 31, 2010, as we utilized a portion of the proceeds of our $660 million equity issuance to repay our corporate credit facility. Our consolidated and combined balance sheet as of December 31, 2011 reflects $4,885 million of non-recourse borrowings compared to $4,575 million as of December 31, 2010. As of December 31, 2011, our consolidated net debt to capitalization ratio was 45%, down from 48% as of December 30, 2010.

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	**Twelve months ended December 31**	
MILLIONS, UNAUDITED	**2011**	2010
Net income by segment		
Utilities	**$ 163**	$ 45
Transport and energy	**47**	75
Timber	**91**	24
Corporate and other	**(114)**	314
Net income	**$ 187**	$ 458
EBITDA by segment		
Utilities	**$ 418**	$ 227
Transport and energy	**323**	169
Timber	**60**	36
Corporate and other	**(61)**	(42)
EBITDA	**$ 740**	$ 390
FFO by segment		
Utilities	**$ 275**	$ 144
Transport and energy	**167**	91
Timber	**33**	11
Corporate and other	**(83)**	(49)
Funds from operations (FFO)	**$ 392**	$ 197

Balance Sheet

MILLIONS, UNAUDITED	As of December 31, 2011	December 31, 2010
Total assets by segment		
Utilities	**$ 3,787**	$ 3,552
Transport and energy	**4,349**	3,549
Timber	**1,112**	1,062
Corporate and other	**55**	60
Total assets	**$ 9,303**	$ 8,223
Net debt by segment		
Utilities	**$ 2,463**	$ 2,325
Transport and energy	**2,135**	1,945
Timber	**464**	460
Corporate and other	**35**	122
Total net debt	**$ 5,097**	$ 4,852
Partnership capital by segment		
Utilities	**$ 1,324**	$ 1,227
Transport and energy	**2,214**	1,604
Timber	**648**	602
Corporate and other	**20**	(62)
Total partnership capital	**$ 4,206**	$ 3,371

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 regulated return on their notionally stipulated asset base, which we refer to as rate base, as well as businesses with long-term contracts designed to generate a return on capital over the life of the contract. 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 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, 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

Regulated Distribution

- Operate 864,000 electricity and natural gas connections
- One of the largest distributors of energy in New Zealand and one of the largest independent operators of utility connections in the UK

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	**2011**	2010
Rate base, start of period	**$ 3,182**	$ 1,891
Impact of mergers and acquisitions	**42**	1,185
Capital expenditures commissioned	**164**	69
Inflation and other indexation	**120**	65
Regulatory depreciation	**(116)**	(49)
Foreign exchange	**(76)**	21
Rate base, end of period	**$ 3,316**	$ 3,182

	Twelve months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
Funds from operations (FFO)	**$ 275**	$ 144
Maintenance capital	**(24)**	(13)
Adjusted funds from operations (AFFO)	**$ 251**	$ 131
Return on rate base[1,3]	**12%**	11%
AFFO yield[2,3]	**16%**	14%

1 Return on rate base is EBITDA divided by average rate base.
2 AFFO yield is AFFO divided by average invested capital.
3 Return on rate base and AFFO yield excludes impact of developer contributions at our European distribution operation.

For the year ended December 31, 2011, our utilities platform generated EBITDA and FFO of $418 million and $275 million, respectively, compared to $227 million and $144 million, respectively, in the prior year. The increase in FFO was attributable to the Prime merger and strong performances from our Australian coal terminal and UK regulated distribution business. For the year, our maintenance capital expenditures were $24 million, which is consistent with our average annual sustainable level. After deducting maintenance capital expenditures, our AFFO yield was 16% on an invested capital base of $1,400 million, excluding the impact of developer contributions received by our UK regulated distribution business.

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

MILLIONS, UNAUDITED	Twelve months ended December 31	
	2011	2010
Revenue	**$ 601**	$ 321
Costs attributed to revenues	**(226)**	(104)
Developer contributions	**43**	10
EBITDA	**418**	227
Other income (expenses)	**6**	(2)
Interest expense	**(149)**	(81)
Funds from operations (FFO)	**275**	144
Depreciation and amortization	**(91)**	(60)
Deferred taxes and other items	**(21)**	(39)
Net income	**$ 163**	$ 45

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

MILLIONS, UNAUDITED	EBITDA		FFO	
For the year ended December 30	**2011**	2010	**2011**	2010
Coal Terminal Operations				
Australasia	**$ 182**	$ 97	**$ 102**	$ 59
Electricity Transmission				
South America	**58**	51	**46**	39
North America	**27**	27	**19**	17
Regulated Distribution				
Europe	**79**	23	**62**	14
Australasia	**72**	29	**46**	15
Total	**$ 418**	$ 227	**$ 275**	$ 144

Our Australian coal terminal, Chilean electricity transmission operation and European regulated distribution business represent 76% of both EBITDA and FFO in our utilities platform for the year ended December 31, 2011.

Our Australian coal terminal reported EBITDA and FFO of $182 million and $102 million, respectively, for the year versus $97 million and $59 million, respectively, in the comparative period. Adjusting for the change in ownership due to the Prime merger, our Australian coal terminal's FFO increased by 15% as a result of its regulatory rate increase in January of 2011 as well as favourable foreign exchange movements.

Our Chilean electricity transmission operations' EBITDA and FFO were $58 million and $46 million, respectively, for the year versus $51 million and $39 million, respectively, in the comparable period. EBITDA and FFO increased versus the prior year due to positive revenue indexation and the contribution from growth capital expenditures.

Our UK regulated distribution business earned EBITDA and FFO of $79 million and $62 million, respectively, in the current year versus $23 million and $14 million, respectively, in the comparative period. Adjusting for the change of ownership due to the Prime merger, FFO increased by 116%, predominantly due to greater developer contributions. Our UK regulated distribution business receives an up-front payment from developers in conjunction with the installation of gas and electricity connections in new homes. As a result of improved home building activity, our UK regulated distribution business installed a total of 55,400 electricity and gas connections in the current year compared with 39,000 in the prior year, increasing our total number of connections to 490,500. Furthermore, we receive greater developer contributions for electricity connections. During the year, electricity connections were 30% of the total compared with 20% in the prior 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 $91 million for the year compared to $60 million in the prior year period, primarily due to the impact of the Prime merger.

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 our existing AFFO yield.

Our capital 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 yet invested capital.

The following table presents the roll-forward of our capital backlog at December 31, 2011:

MILLIONS, UNAUDITED	**Twelve months ended December 31**
Capital backlog, start of period	$ 310
Additional capital project mandates	159
Less capital expenditures	(188)
Foreign exchange and other	3
Capital backlog, end of period	$ 284
Construction work in progress	68
Total capital to be commissioned into rate base	$ 352

We finished the period with a capital backlog of $284 million, a decrease of $26 million compared with December 31, 2010. The decrease is attributable to capital expenditures that exceeded additional capital project mandates won during the year. As of year end, the biggest contributors to our capital backlog were our UK distribution business, Texas transmission project, Australian coal terminal and our Chilean electricity transmission operations at $114 million, $64 million $47 million and $32 million, respectively. In addition, our construction work in progress was $68 million at year end, a $24 million increase from the prior period primarily due to capital expenditures at our Texas transmission project. Construction work in progress represents capital that we have invested that will begin earning a return upon commencement of service, at which point such investments will be added to our rate base. In total, we finished the year with $352 million of capital that has yet to be commissioned into our rate base.

During the year, we invested $9 million to purchase a 23% interest in a high voltage direct current (HVDC) transmission line that connects New England and Long Island. The subsea cable provides service to the Long Island Power Authority under an availability-based contract with a remaining term of 21 years. This investment added $42 million to our rate base, on which we expect to earn a return in the low-teens.

On January 27, 2012, we invested approximately $54 million to purchase a 17% interest in a Colombian distribution utility. This utility holds the license to distribute electricity in the Boyacá region, which is located approximately 150 kilometers north of Bogota and is home to 1.3 million residents and growing cement, steel and coal industries. The utility benefits from a strong regulatory environment, similar to the Chilean framework. It generates inflation protected returns as it earns a return on a regulated asset base that is annually indexed to Colombian inflation. Our Colombian distribution utility was the last of the major distribution utilities to be privatized by the government, and its utility license allows it to participate in the generation, transmission, distribution and retail commercialization sectors of the electricity industry on an integrated basis. As a result, we hope to leverage this investment as a platform for growth in the power sector in Colombia. This investment will add $82 million to our rate base, on which we expect to earn a return in the low-teens.

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 services 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 deploy. Our performance can be measured by our revenue growth, EBITDA margin and our AFFO yield.

Our transport and energy platform is comprised of the following:

Rail Operations

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

Port Operations

- Handle 85 million tonnes of goods annually
- Operate 23 ports across the United Kingdom, Europe and China

Toll Road Operation

- Key artery in Santiago Chile's urban roadway

Energy Transmission and Distribution

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

Results of Operations

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

	Twelve months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
Growth capital expenditures	**$ 356**	$ 61
EBITDA margin[1]	**34%**	31%
Funds from operations (FFO)	**$ 167**	$ 91
Maintenance capital	**(65)**	(33)
Adjusted funds from operations (AFFO)	**$ 102**	$ 58
AFFO yield[2]	**7%**	9%

1 EBITDA margin is EBITDA divided by revenues.

2 AFFO yield is AFFO divided by average invested capital.

Our transport and energy platform earned EBITDA and FFO of $323 million and $167 million, respectively, for the year compared with $169 million and $91 million, respectively, in the prior year. The increase was primarily due to the Prime merger. After deducting maintenance capital expenditures, we generated an AFFO yield of 7% on an invested capital base of $1,693 million, compared with 9% in the prior year. The decline in AFFO yield is primarily the result of a reduction in returns on capital at both our North American energy transmission operations and our Australian railroad, combined with an increase in invested capital in this segment due to investments in our Australian railroad and UK port that have not yet begun to generate cashflow. We expect the AFFO yield in this segment to increase to mid-teens once the expansion projects at our Australian railroad are commissioned.

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

MILLIONS, UNAUDITED	Twelve months ended December 31	
	2011	2010
Revenues	**$ 951**	$ 548
Cost attributed to revenues	**(628)**	(379)
EBITDA	**323**	169
Interest expense	**(156)**	(78)
Other (expenses) income	**—**	—
Funds from operations (FFO)	**167**	91
Depreciation and amortization	**(112)**	(72)
Deferred taxes and other items	**(8)**	56
Net income	**$ 47**	$ 75

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

MILLIONS, UNAUDITED	EBITDA		FFO	
For the year ended December 30	**2011**	2010	**2011**	2010
Rail				
Australasia	**$ 98**	$ 42	**$ 56**	$ 26
Energy Transmission and Distribution				
North America	**120**	62	**52**	35
Other	**23**	7	**17**	4
Ports				
UK	**41**	32	**24**	17
Europe	**41**	26	**18**	9
Total	**$ 323**	$ 169	**$ 167**	$ 91

Our Australian railroad, North American energy transmission operations and UK port were responsible for 80% and 79% of EBITDA and FFO, respectively, in our transport and energy platform for the year ended December 31, 2011.

For the year, our Australian railroad reported EBITDA and FFO of $98 million and $56 million, respectively, versus $42 million and $26 million, respectively, in the prior year. Adjusting for the change in ownership due to the Prime merger, FFO was 9% lower than the prior year primarily due to a poor grain harvest in 2010 and higher maintenance expenses. The 2011 grain harvest in western Australia has been confirmed as one of the best on record at approximately 15 million tonnes, or 140% of average. This compares with the 2010 grain harvest of approximately 6 million tonnes, or 60% of average, which was one of the lowest on record. In 2012, our Australian railroad is expected to benefit significantly from transporting these additional volumes.

For the year, our North American energy transmission operations reported EBITDA and FFO of $120 million and $52 million, respectively, versus $62 million and $35 million, respectively, in the prior year. Adjusting for the change in ownership due to the Prime merger, FFO declined by 37% primarily due to the implementation of the FERC rate settlement and softening market conditions that negatively impacted sales of retained natural gas, market sensitive transportation capacity and line pack services. The FERC rate settlement was fully phased in as of July 1, 2011.

Our UK port operation reported EBITDA and FFO of $41 million and $24 million, respectively, for the year versus $32 million and $17 million, respectively, in the comparable period. Current year results benefitted from minimum volume payments related to the Teeside Cast Products Plant and a $4 million sign on fee from an energy customer. These factors more than offset a decline in volume handled as a result of a slowdown in economic activity compared with the prior year and a reduction in revenues from a customer that experienced a maintenance shutdown during the year.

Non-cash expenses are primarily comprised of depreciation and amortization and deferred taxes. Depreciation and amortization increased to $112 million for the year compared to $72 million in the prior year, primarily due to the Prime merger.

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 2 years:

MILLIONS, UNAUDITED		
Australian railroad	$	**349**
UK port operations		**12**
Growth capital projects		**361**
Construction work in progress		**222**
Total capital to be commissioned	$	**583**

Our Australian railroad's expansion program is comprised of six customer initiated projects, which will increase our volume by a minimum of 24 million tonnes by early 2014. Approximately 91% of projected minimum volumes under these CTAAs will be subject to take-or-pay provisions, and revenues will be indexed to inflation. In the next three years, as the projects enter commercial operations, minimum take-or-pay revenues will total approximately $A65 million in 2012, increasing to approximately A$160 million in 2013, and A$170 million in 2014. Upon commissioning of all six expansion projects, we expect that the EBITDA of our railroad will increase by $150 million per annum, and the cash flow profile of our railroad will be fundamentally transformed. To the extent that volumes exceed minimum take-or-pay levels, we will generate incremental EBITDA above this level. Overall, 60% of our railroad's revenues will be underpinned by take-or-pay provisions, and less than 10% of our revenues will be subject to fluctuations in the grain harvest, once revenue from the expansions fully ramp-up.

Project	Projected Minimum Volume	Expected Start Date
Extension Hill iron ore project	3.0 mtpa	Q4 2011
KML iron ore project	10.0 mtpa	2012
Yilgarn iron ore project (Mineral Resources Ltd. or MRL)	4.4 mtpa	Q4 2011
Worsley alumina expansion	2.0 mtpa	2012
Koolyanobbing iron ore mine expansion	2.2 mtpa	2012
Collie urea project	2.0 mtpa	2015

The total capital cost of our Australian railroad's expansion program is estimated to be approximately A$600 million, predominantly invested over the next two years. To date, we have invested approximately A$265 million of the estimated total cost, of which A$100 million has been commissioned. While we have lost some productivity due to labour issues, we currently expect to make up this lost time and complete the projects on time and on budget.

During the year, we executed a A$350 million non-recourse, construction financing for our Australian railroad. The financing is essentially an upsizing of our existing credit facility, and it has an interest rate of approximately 8% and a maturity in 2014. The terms of the financing benefitted from a $300 million security package that we were able to secure from one of our customers to support its take-or-pay obligations. Once we complete construction, we plan on refinancing this bank facility in the capital markets.

In December, we invested approximately $160 million in the previously announced acquisition of a 33 kilometre toll road and tunnel that is a key ring road in the transportation network of Santiago, Chile. These toll road concessions are long-lived, with expirations in 2033 and 2037. We are excited about this investment as it seeds our toll road platform with a high quality asset in a high growth country that has a solid concession regime.

Timber

Our timber platform consists of 419,000 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 acres of higher and better use (HBU) lands, which may have greater value if used for real estate development or conservation.

The following table presents our proportionate share of selected statistics of our timberlands as of December 31, 2011:

	As of	
UNAUDITED	**December 31, 2011**	December 31, 2010
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)	**2.9**	2.9

Our timberlands have an estimated deferred harvest volume of 2.9 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 have improved, we have been ramping-up our harvest levels to monetize this deferred harvest volume.

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 sale price realizations by species for our timber operations:

	Twelve months ended December 31, 2011				Twelve months ended December 31, 2010			
UNAUDITED	**Harvest (000's m^3)**	**Sales (000's m^3)**	**Revenue/m^3**	**Revenue ($ millions)**	**Harvest (000's m^3)**	**Sales (000's m^3)**	**Revenue/m^3**	**Revenue ($ millions)**
Douglas-fir	**855**	**933**	**$ 98**	**$ 91**	604	632	$ 85	$ 54
Whitewood	**394**	**438**	**89**	**39**	341	373	72	27
Other species	**318**	**333**	**72**	**24**	280	292	72	21
	1,567	**1,704**	**$ 90**	**$ 154**	1,225	1,297	$ 79	$ 102
HBU and other sales				**1**				4
Total				**$ 155**				$ 106

From a macroeconomic perspective, U.S. housing starts remained depressed at 607,000 for the year. This level is approximately 40% of long-term trend levels. Consensus forecasts of U.S. housing starts predict an increase in housing starts to 670,000 units in 2012, 900,000 in 2013 and 1.3 million in 2014. Despite relatively weak demand from new housing starts, prices for timber increased on a year-over-year basis, as demand from off-shore consumers for high quality logs forced domestic consumers in the Pacific Northwest region to increase prices in order to attract deliveries.

During the year, indicative prices for Douglas-fir and whitewood in the U.S. market were approximately 22% and 24%, respectively, above prior year levels. Prices for Douglas-fir sold to China and Korea were approximately 11% above domestic prices, and prices for whitewood sold to these same markets were approximately 29% higher than domestic prices.

To capitalize on this strong price environment, we increased the harvest of our higher margin Douglas-fir and continued to harvest significant volumes of whitewood for export to the Korean and Chinese markets. Sales volumes of Douglas-fir and whitewood were 48% and 17%, respectively, above the previous year. Sales volumes of other species increased 14%. During the year, 47% of our timber was exported to off-shore markets compared with 46% in the prior year.

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

MILLIONS, UNAUDITED, UNLESS OTHERWISE NOTED	Twelve months ended December 31 2011	2010
Harvest (000's m^3)	**1,567**	1,225
Harvest as % of LRSY	**99%**	77%
EBITDA margin[1]	**39%**	34%
Funds from operation (FFO)	**$ 33**	$ 11
Maintenance capital	**(3)**	(3)
Adjusted funds from operations (AFFO)	**$ 30**	$ 8
AFFO yield[2]	**6%**	2%

1 EBITDA divided by revenue, excluding HBU and other 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 2011	2010
Revenue	**$ 155**	$ 106
Cost attributed to revenues	**(95)**	(70)
EBITDA	**60**	36
Other income	**1**	3
Interest expense	**(28)**	(28)
Funds from operations (FFO)	**33**	11
Fair value adjustments	**93**	10
Deferred taxes and other items	**(35)**	3
Net income	**$ 91**	$ 24

For the year ended December 31, 2011, our timber operations' EBITDA and FFO totaled $60 million and $33 million, respectively, compared with $36 million and $11 million, respectively, in the comparable period. This substantial improvement in performance was driven by continued strength in the export market.

In 2011 our average realized price increased by 14% over the prior year. In response, we increased our harvest by 28% over 2010 levels. Harvest and delivery costs per unit increased 10% compared to 2010, due to the combination of operating in higher cost areas and higher fuel costs. Overall, our EBITDA margin increased as price improvements and increased sales volumes more than offset cost increases.

Our share of revenue from HBU land and other sales was $1 million in 2011, down $3 million in the previous year.

For the year ended December 31, 2011, we recorded a positive fair value adjustment of $93 million compared to a $10 million positive adjustment in the prior year. The increase results from the strength of current timber markets and the outlook for log prices over the short-to-medium term.

Business Development

We expect market prices in the coming year to be comparable to 2011 as off-shore demand remains strong and demand in the domestic market makes modest gains.

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 twelve months ended December 31, 2011 and 2010:

MILLIONS, UNAUDITED	Twelve months ended December 31	
	2011	2010
General and administrative costs	**$ (9)**	$ (18)
Base management fee	**(53)**	(28)
Other income	**4**	8
Financing costs	**(25)**	(11)
Funds from operations (FFO)	**(83)**	(49)
Revaluation gain	**—**	396
Deferred taxes and other	**(31)**	(33)
Corporate and other	**$ (114)**	$ 314

For the quarter, general and administrative costs were lower than the prior year as the prior year included our proportionate share of Prime's general and administrative expenses. Following the Prime merger, many of these services are provided under the Master Services Agreement, and as a result, a substantial portion of these costs have been absorbed by Brookfield. We currently anticipate that our corporate 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 year ending December 31, 2011, this fee increased over the prior year due to the $660 million equity issuance in October of 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 year were higher than the comparable period, primarily due to the increased average corporate debt balance as we drew on our corporate credit facility to finance capital expenditures prior to our equity issuance and higher interest expense on Prime's corporate bonds as a result of the merger.

Other Investments

In addition to our investments in utilities, transport and energy and timberlands, we hold certain other investments which in total comprise less than 1% of our invested capital. Other investments include the results from our interests in public private partnerships (PPPs).

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

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 in excess of $1.5 billion at December 31, 2011 and was comprised of the following:

MILLIONS, UNAUDITED	**As of December 31, 2011**
Uncommitted corporate cash	**$ 79**
Committed corporate credit facility	**700**
Draws on corporate credit facility	**—**
Proportionate cash retained in business	**127**
Proportionate availability under subsidiary credit facilities	**640**
Group wide liquidity	**$ 1,546**

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 September 2013. All amounts outstanding at that time will be repayable in full. At December 31, 2011, nil was drawn on this facility.

In 2012, we will seek to proactively refinance our debt portfolio and extend maturities. We are planning on retiring holding company debt at our natural gas transmission business and subsidiary holding company debt assumed with the Prime merger, which in aggregate totals approximately $300 million. We intend to fund these retirements with a long-term debenture issued by Brookfield Infrastructure.

Our equity strategy is to issue equity in conjunction with future acquisitions and large scale organic capital projects. However, we may also issue an amount of equity opportunistically to enhance our liquidity to pursue future acquisitions. Brookfield Infrastructure endeavors to maintain current shelf registrations to enable us to issue securities in both the U.S. and Canadian markets. During the fourth quarter of 2011, we issued approximately 28 million Brookfield Infrastructure units, under these shelf registrations. In total, we raised net proceeds of approximately $660 million. Proceeds from the offering were used to fund the paydown on our credit facility was drawn to fund the equity investment in our Australian railroad, as well as the $160 million investment in our Chilean toll road.

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 December 31, 2011, 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								
Corporate borrowings	2	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Subsidiary corporate borrowings	1	114	—	—	—	—	—	114
Total recourse borrowings	1	114	—	—	—	—	—	114
Non-recourse borrowings[1, 2]								
Utilities	7	64	601	115	65	312	1,340	2,497
Transport and energy	6	519	212	584	21	83	798	2,217
Timber	6	—	136	—	130	—	209	475
Total non-recourse borrowings[1, 2]	7	583	949	699	216	395	2,347	5,189
Total borrowings	7	697	949	699	216	395	2,347	5,303
Cash retained in businesses								
Utilities								$ 34
Transport and energy								82
Timber								11
Corporate								79
Total cash retained								$ 206
Net debt								
Utilities								$ 2,463
Transport and energy								2,135
Timber								464
Corporate								35
Total net debt								$ 5,097

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 seven years. On a proportionate consolidated basis, our net debt-to-capitalization ratio as of December 31, 2011 was 55%. Proportionate debt can be reconciled to consolidated debt as follows:

	As of December 31	
MILLIONS, UNAUDITED	2011	2010
Consolidated debt	$ 4,885	$ 4,593
Less: borrowings attributable to non-controlling interest	(1,812)	(1,675)
Premium on debt and cross currency swaps	148	154
Add proportionate share of borrowings of investments in associates:		
Utilities	703	675
Transport and energy	1,379	1,303
Proportionate debt	$ 5,303	$ 5,050

The following table summarizes our proportionate average debt balance and cash interest expense for each operating platform:

MILLIONS, UNAUDITED	**Twelve months ended December 31, 2011**			Twelve months ended December 31, 2010		
	Proportionate Average Debt	**Average Cash Interest Rate**	**Cash Interest**	Proportionate Average Debt	Average Cash Interest Rate	Cash Interest
Utilities	**$ 2,439**	**6.1%**	**$ 148**	$ 1,469	5.5%	$ 81
Transport and energy	**2,140**	**7.4%**	**159**	1,143	6.9%	79
Timber	**475**	**5.9%**	**28**	474	5.9%	28
Subsidiary corporate borrowings	**115**	**10.4%**	**12**	57	10.5%	6
Corporate borrowings	**158**	**5.1%**	**8**	2	—	—
Total	**$ 5,327**	**6.7%**	**$ 355**	$ 3,145	6.2%	$ 194

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 investment 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 the hedged position of our equity investment in foreign currencies as of December 31, 2011:

MILLIONS, UNAUDITED	**Net Investment Hedges**						
	USD	**AUD**	**NZD**	**CLP**	**CAD**	**GBP**	**EUR**
Net equity investment – US$	$ 1,456	$ 1,819	$ 182	$ 159	$ 128	$ 320	$ 142
FX contracts – US$	478	(160)	(27)	—	—	(222)	(69)
Net unhedged – US$	1,934	1,659	155	159	128	98	73
Net equity investment – natural currency	1,456	1,782	235	82,712	130	206	110
FX contracts – natural currency	478	(157)	(35)	—	—	(143)	(53)
% of equity investment hedged	N/A	9%	15%	—	—	69%	48%
Unhedged position in natural currency	N/A	1,625	200	82,712	130	63	57

At December 31, 2011, we had hedges in place equal to approximately 17% of our net equity investment in foreign currencies. In the current period, we recorded losses of $31 million in comprehensive income relating to these contracts.

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 such 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 year ended December 31, 2011, 15%, 40% and 25% of our FFO was generated in USD, AUD and GBP, respectively, with the remaining 20% generated in other currencies. As a result of our FFO hedging program, 43%, 24% and 15% of our FFO was effectively generated in USD, AUD and GBP, respectively, with the remaining 18% generated in other currencies. For the period, a 10% change in the average exchange rate of our foreign currencies would result in approximately a $24 million or 6% 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 $33 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 year, we generated $83 million of cash available for re-investment, which partially funded our growth capital expenditures. The remainder of our investments were funded by asset level credit facilities and our $660 million equity issuance.

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

	Twelve months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
Funds from operations (FFO)	**$ 392**	$ 197
Less maintenance capital	**(92)**	(49)
Funds available for distribution (AFFO)	**300**	148
Distributions paid	**(217)**	(117)
Funds available for reinvestment	**83**	31
Growth capital expenditures	**(544)**	(130)
Asset level debt funding of growth capital expenditures	**149**	—
New investments and debt paydowns	**(259)**	—
Disposals, changes in working capital and other	**(60)**	40
Draws (repayments) on corporate credit facility	**(18)**	18
Proceeds from unit issuance	**657**	—
Change in proportionate cash retained in business	**8**	(41)
Opening, proportionate cash retained in business	**198**	239
Closing, proportionate cash retained in business	**$ 206**	$ 198

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

	Twelve months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
Growth capital expenditures by segment		
Utilities	**$ 188**	$ 69
Transport and energy	**356**	61
Timber	**—**	—
	$ 544	$ 130

	Current Estimated Sustaining Capex		**Actual Capex**	
Maintenance capital expenditures by segment	**Low**	**High**	**2011**	**2010**
Utilities	$ 23	$ 26	**$ 24**	$ 13
Transport and energy	60	70	**65**	33
Timber	2	4	**3**	3
	$ 85	$ 100	**$ 92**	$ 49

PARTNERSHIP CAPITAL

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

MILLIONS, PARTNERSHIP UNITS	**December 31, 2011**	December 31, 2010
Limited partnership units	**184.0**	156.3
General partnership units	**1.1**	1.1
Total	**185.1**	157.4

In the fourth quarter of the year, we issued 27.7 million partnership units for net proceeds of approximately $660 million. As at December 31, 2011, we had 184 million limited partnership units outstanding.

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. During the year, an incentive distribution of $4 million was paid to the general partner.

REVIEW OF FOURTH QUARTER PERFORMANCE

In this section we review our performance and financial position for the three months ended December 31, 2011 and 2010. The following table summarizes the financial results of Brookfield Infrastructure.

MILLIONS, UNAUDITED	**Three months ended December 31**	
Summary Income Statement	**2011**	2010
Revenues	**$ 404**	$ 216
Direct operating expenses	**(230)**	(149)
General and administrative expenses	**(18)**	(12)
Interest expense – corporate borrowings	**(3)**	(2)
Interest expense – non-recourse borrowings	**(82)**	(44)
Earnings (losses) from investments in associates	**38**	(4)
Net income (loss)	**54**	407
Net income per unit[1]	**0.30**	3.41

1 *Average units outstanding during the quarter of 177.3 million (2010: 119.4 million).*

For the quarter ended December 31, 2011, we generated FFO of $95 million, or $0.54 per unit, versus $97 million, or $0.62 per unit, in the prior quarter and $46 million, or $0.39 per unit, in the prior year. This represents an FFO per unit decrease of 13% versus the prior quarter largely due to the impact of the equity offering mid-quarter. It also represents an increase of 38% over the prior year, primarily due to accretion from the Prime merger and strong results from our utilities platform.

Net income was $54 million, a decrease of $8 million over the prior quarter, primarily due to fair value changes in our timber business. Net income declined by $353 million versus the prior year, as prior year results include a $424 million 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:

	Three months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
Net income by segment		
Utilities	**$ 56**	$ 7
Transport and energy	**(4)**	29
Timber	**46**	17
Corporate and other	**(44)**	354
Net income	**$ 54**	$ 407
EBITDA by segment		
Utilities	**$ 106**	$ 66
Transport and energy	**82**	46
Timber	**11**	7
Corporate and other	**(18)**	(12)
EBITDA	**$ 181**	$ 107
FFO by segment		
Utilities	**$ 71**	$ 42
Transport and energy	**44**	19
Timber	**5**	2
Corporate and other	**(25)**	(17)
Funds from operations (FFO)	**$ 95**	$ 46

Utilities Operations

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

	Three months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
Revenue	**$ 156**	$ 91
Costs attributed to revenues	**(59)**	(29)
Developer contributions	**9**	4
EBITDA	**106**	66
Other income	**2**	—
Interest expense	**(37)**	(24)
Funds from operations (FFO)	**71**	42
Depreciation and amortization	**(20)**	(19)
Deferred taxes and other items	**5**	(16)
Net income	**$ 56**	$ 7

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	**2011**	2010	**2011**	2010
Coal Terminal Operations				
Australasia	**$ 47**	$ 27	**$ 27**	$ 16
Electricity Transmission				
South America	**15**	14	**12**	10
North America	**7**	6	**5**	4
Energy Distribution				
Europe	**19**	10	**15**	7
Australasia	**18**	9	**12**	5
Total	**$ 106**	$ 66	**$ 71**	$ 42

For the three months ended December 31, 2011, our utilities platform generated EBITDA and FFO of $106 million and $71 million, respectively, compared to $113 million and $77 million, respectively, in the prior quarter and $66 million and $42 million, respectively, in the prior year.

Our Australian coal terminal reported EBITDA and FFO for the quarter of $47 million and $27 million, respectively, compared with $51 million and $30 million, respectively, in the prior quarter and $27 million and $16 million, respectively, in the prior year. Adjusting for $6 million of non-recurring income in the prior quarter, our coal terminal's results were slightly higher in the current period. After adjusting for the change in ownership, our coal handling facility's FFO increased by 16% over the prior year as a result of the higher weighted average cost of capital in our current access undertaking and appreciation of the Australian dollar, which were partially offset by higher interest expense due to low cost debt that was refinanced.

Our Chilean transmission operations' EBITDA and FFO for the quarter were $15 million and $12 million, respectively, versus $14 million and $11 million, respectively, in the prior quarter and $14 million and $10 million, respectively, in the prior year. Our Chilean transmission operations' results were slightly ahead of the prior quarter as a result of an increase in rates in conjunction with the implementation of the recently approved trunk transmission study. Compared to the prior year, our results increased as a result of implementation of the higher rates, revenue indexation and the commissioning of growth capital expenditures.

Our UK regulated distribution business earned EBITDA and FFO of $19 million and $15 million, respectively, in the quarter versus $21 million and $17 million, respectively, in the prior quarter and $10 million and $7 million, respectively, in the prior year. Our results declined versus the prior quarter due to a reduction of developer contributions. Adjusting for ownership, our FFO increased by 34% from prior year levels due to greater developer contributions and increased revenue from installed connections. During the quarter, our UK regulated distribution business installed a total of 16,000 electricity and gas connections.

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	**2011**	2010
Revenues	**$ 237**	$ 171
Cost attributed to revenues	**(155)**	(125)
EBITDA	**82**	46
Other income	**3**	—
Interest expense	**(40)**	(26)
Cash taxes	**(1)**	(1)
Funds from operations (FFO)	**44**	19
Depreciation, depletion and amortization	**(29)**	(21)
Deferred taxes and other items	**(19)**	31
Net income	**$ (4)**	$ 29

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	**2011**	2010	**2011**	2010
Rail road				
Australasia	**$ 27**	$ 12	**$ 17**	$ 6
Energy Transmission				
North America	**33**	17	**15**	7
Other	**2**	—	**—**	(1)
Ports				
UK	**9**	8	**5**	5
Europe	**11**	9	**7**	2
Total	**$ 82**	$ 46	**$ 44**	$ 19

For the three months ended December 31, 2011, our transport and energy platform generated EBITDA and FFO of $82 million and $44 million, respectively, compared to $79 million and $39 million, respectively, in the prior quarter and $46 million and $19 million, respectively, in the prior year.

Our Australian railroad reported EBITDA and FFO of $27 million and $17 million, respectively, for the quarter compared with $23 million and $12 million, respectively, in the prior quarter and $12 million and $6 million, respectively, in the prior year. Our FFO increased compared to the prior quarter as a result of increased grain volumes and the commencement of the MRL and Extension Hill tasks. Adjusted for ownership, FFO increased by 44% over the prior year, primarily due to revenue from the aforementioned tasks.

Our North American gas transmission business reported EBITDA and FFO of $33 million and $15 million, respectively, for the quarter compared with $27 million and $11 million, respectively in the prior quarter and $17 million and $7 million, respectively, in the prior year. Our performance improved versus the prior quarter due to sales of cushion gas and higher gas transportation revenue as a result of seasonality. Adjusting for the impact of the Prime merger, current quarter results increased by 20% over the prior year as cushion gas sales were offset to a degree by lower transportation revenues, due to market softness.

Our UK ports operation reported EBITDA and FFO of $9 million and $5 million, respectively, for the quarter compared with $13 million and $10 million, respectively, in the prior quarter and $8 million and $5 million, respectively, in the prior year. Our FFO declined versus the prior quarter as the prior quarter benefitted from a $4 million sign on fee from one of the port's energy customers. Our FFO was flat versus the prior year as a minimum volume guarantee from one of our customers offset a decline in volumes due to the weakening of economic conditions compared to the prior year.

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, 2011				Three months ended December 31, 2010			
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	**176**	**190**	**$ 95**	**$ 18**	155	146	$ 89	$ 13
Whitewood	**96**	**118**	**85**	**10**	76	86	81	7
Other species	**90**	**98**	**71**	**7**	70	73	68	5
	362	**406**	**$ 86**	**$ 35**	301	305	$ 82	$ 25
HBU and other sales				**—**				4
Total				**$ 35**				$ 29

In the fourth quarter, our average realized price for Douglas-fir and whitewood fell by 1% and 4% respectively, versus the prior quarter, but increased by 7% and 5%, respectively, over the prior year. Domestic market conditions were more favourable than the prior year, but softened towards the end of the fourth quarter as a reduction in demand from off-shore markets and good harvesting conditions led to short-term over supply in the market. Demand from China moderated during the period as China continued to digest the inventory of logs accumulated during the previous quarter.

In the fourth quarter, we increased harvest volumes by 2% over the prior quarter and 20% over the prior year. However, weakened demand from Asia during the quarter caused us to shift our sales towards domestic markets with the percentage of timber exported declining to 37% of shipments from 48% in the prior quarter and 46% in the prior year. For the quarter, our harvest as a percent of LRSY was 91%.

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

	Three months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
Revenue	**$ 35**	$ 29
Cost attributed to revenues	**(24)**	(22)
EBITDA	**11**	7
Other income	**1**	2
Interest expense	**(7)**	(7)
Funds from operations (FFO)	**5**	2
Fair value adjustments	**56**	8
Deferred taxes and other items	**(15)**	7
Net income (loss)	**$ 46**	$ 17

Our average realized log price was $86/m^3, which fell by 2% from $88/m^3 in the prior quarter. Sales volumes decreased by 3% compared with the prior quarter, largely driven by productive operating conditions. Harvest cost per unit decreased by 6% compared with the prior quarter due to a normal seasonal reduction in road building activity. Overall, EBITDA margin were unchanged from the prior year at approximately 30%. In a normal market environment, we expect our timber operations to generate EBITDA margins in the range of 40%.

Our average realized log price increased by 5% over the prior year level of $82/m^3. Sales increased by 33% versus the prior year due to stronger demand in both the domestic and export markets. Harvest and delivery costs per unit increased 4% compared to the prior year due to operating in higher cost areas and higher fuel costs. Overall, EBITDA increased to 31% compared to 24% in the prior year.

Corporate and Other

The following table presents the components of Corporate and other, on a proportionate basis, for the three months ended December 31, 2011 and 2010:

	Three months ended December 31	
MILLIONS, UNAUDITED	**2011**	2010
General and administrative costs	**$ (2)**	$ (5)
Base management fee	**(16)**	(10)
Other income	**(1)**	3
Financing costs	**(6)**	(5)
Funds from operations (FFO)	**(25)**	(17)
Revaluation gain	**—**	396
Deferred taxes and other	**(19)**	(25)
Corporate and other	**$ (44)**	$ 354

For the quarter, general and administrative costs were consistent with the prior quarter but were lower than the prior year costs of $5 million as the comparative period included our proportionate share of Prime's general and administrative expenses. Following the merger, many of these services are provided under the Master Services Agreement, and as a result, a substantial portion of these costs have been absorbed by Brookfield. We currently anticipate that our corporate and administrative costs, excluding the base management fee, will be in the range of $2 million to $3 million per quarter.

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 $660 million equity issuance in October 2011 and the increased trading price of our units.

Financing costs include interest expense and standby fees on our committed credit facility, dividends paid on our preferred shares less 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, 2011. Financing costs for the period were higher than the prior year, primarily due to the increased average corporate debt balance.

RECONCILIATION OF NON-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 of 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.

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	**2011**	2010	**2011**	2010
Net income	**$ 54**	$ 407	**$ 187**	$ 458
Add back or deduct the following:				
Depreciation, depletion and amortization	**49**	40	**203**	132
Fair value adjustments	**(157)**	(8)	**(191)**	(10)
Deferred taxes and other items	**149**	31	**193**	41
Revaluation gain	**—**	(424)	**—**	(424)
Funds from operations	**$ 95**	$ 46	**$ 392**	$ 197

The difference between net income and FFO is primarily attributable to depreciation, depletion and amortization expenses.

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 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 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 December 31, 2011	As of December 31, 2010
Partnership capital	**$ 4,206**	$ 3,371
Cumulative differences	**(304)**	46
Maintenance capital expenditures	**(92)**	(49)
Non-cash income statement items	**205**	(261)
Accumulated other comprehensive income	**(388)**	(174)
Other adjustments	**1**	(40)
Invested capital	**$ 3,628**	$ 2,893

Our invested capital by segment is as follows:

MILLIONS, UNAUDITED	December 31, 2011	December 31, 2010
Invested capital by segment		
Utilities	**$ 1,400**	$ 1,298
Transport and energy	**1,693**	1,235
Timber	**468**	478
Corporate and other	**67**	(118)
Total invested capital	**$ 3,628**	$ 2,893

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 statement of operations.

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

MILLIONS, UNAUDITED	Three months ended December 31 2011	Three months ended December 31 2010	Twelve months ended December 31 2011	Twelve months ended December 31 2010
As per Brookfield Infrastructure consolidated financial statements				
Revenues	**$ 404**	$ 216	**$ 1,636**	$ 634
Direct operating costs	**(230)**	(149)	**(899)**	(413)
General and administrative cost	**(18)**	(12)	**(61)**	(35)
Revenues less direct costs	**156**	55	**676**	186
Less: Non-controlling interest associated with the above	**(51)**	(25)	**(227)**	(109)
	105	30	**449**	77
Add: Proportionate share of EBITDA of investments in associates	**76**	77	**291**	313
Total proportionate EBITDA	**$ 181**	$ 107	**$ 740**	$ 390