

## SUPPLEMENTAL INFORMATION *FOR THE QUARTER ENDED SEPTEMBER 30, 2009*

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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 “believe”, “expect”, “tend”, “seeks”, “should”, “anticipate”, “intend”, “objective”, “sustain”, “enable”, “endeavour”, “backlog”, “estimate”, “likely”, “typically”, “stable”, “enhance”, “attempt”, “strategy”, “pursue”, 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”, 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 the appreciation of our assets over time, revenue, margin and growth expectations for our electricity transmission business, Transelec’s capital expenditure backlog, ability to refinance Transelec’s capital expenditure credit facility, completion of Transelec’s Chilean bond issuance, our participation in the Texas CREZ transmission project awarded to Brookfield, return on capital expectations and anticipated margins in connection with our timber operations, timing of increases in timber prices, reduction of our timber harvest levels and the effects thereof, our timber harvest levels in 2009 versus 2008 levels, timber prices at which we will increase harvest levels, future operating results in our timber segment, increases in harvest levels and margins and the effects on adjusted net operating income and net income within our timber operations, near and mid-to-long term factors expected to affect timber operations, future growth and prospects of the Public Private Partnership (“PPP”) market and our ability to successfully build our operations in this area, expected construction completion date for our Peterborough Hospital PPP asset, our estimated future general and administrative expenses and maintenance capital expenditures, repurchases under our unit repurchase program, our ability to maintain sufficient financial liquidity, sustainability of distribution levels, statements with respect to future acquisitions, our ability to draw down funds under our bank credit facility, our ability to secure financing through the issuance of equity or debt 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: economic and financial conditions in the countries in which we do business generally, and which may impact markets for timber; the behavior of financial markets, including fluctuations in interest and exchange rates as well as inflation rates; market demand for an infrastructure company, which is unknown; ability to compete for new acquisitions in the competitive infrastructure space; availability of equity and debt financing; the ability to effectively integrate acquisitions into existing operations and the ability to attain expected benefits; regulatory and political factors within the countries in which we operate; changes in government policy and political attitudes towards social infrastructure operations and the PPP model; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; and other risks and factors detailed from time to time in documents filed by the Partnership with the securities regulators in Canada and the United States including the Partnership’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 the Partnership or 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-GAAP ACCOUNTING MEASURES

Although our financial results are determined in accordance with U.S. generally accepted accounting principles (“GAAP”), the basis of presentation throughout much of this report differs from GAAP in that it is organized by business unit and utilizes adjusted net operating income as an important measure. 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 in this supplemental information. Readers are encouraged to consider both measures in assessing Brookfield Infrastructure’s results.

#### BUSINESS ENVIRONMENT AND RISKS

The Partnership’s and 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 the Partnership’s most recent Annual Report on Form 20-F which is available on our web site at [www.brookfieldinfrastructure.com](http://www.brookfieldinfrastructure.com) and at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml) and [www.sedar.com](http://www.sedar.com).

# **SUPPLEMENTAL INFORMATION** *FOR THE QUARTER ENDED SEPTEMBER 30, 2009*

## **INTRODUCTION**

This supplemental information should be read in conjunction with Brookfield Infrastructure Partners L.P.'s (the "Partnership") most recently issued Form 20-F. Additional information, including the Partnership's Form 20-F is available on the Partnership's website at [www.brookfieldinfrastructure.com](http://www.brookfieldinfrastructure.com), on SEDAR's website at [www.sedar.com](http://www.sedar.com) and on EDGAR's website at [www.edgar.com](http://www.edgar.com).

### **Business Overview**

The Partnership was established by Brookfield Asset Management Inc. ("Brookfield") as its primary vehicle to own and operate certain infrastructure assets on a global basis. The Partnership, through its related entities, 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. Its current business consists of the ownership and operation of premier electricity transmission systems, timberlands and social infrastructure in North and South America, the United Kingdom and Australia, and it seeks acquisition opportunities in other infrastructure sectors with similar attributes.

### **Basis of Presentation**

The Partnership's sole material asset is its 59% limited partnership interest in Brookfield Infrastructure L.P. ("Brookfield Infrastructure"), which is accounted for using the equity method. As a result, we believe the financial statements of Brookfield Infrastructure are more relevant than the Partnership's because they present the financial position and results of our underlying operations in greater detail. Brookfield and its affiliates own the remaining 41% of Brookfield Infrastructure, which through a redemption exchange mechanism can be converted into an equivalent interest in the Partnership.

As of December 31, 2008, Brookfield Infrastructure's ownership interests in its underlying operations were as follows: 17.8% of Transelec Chile S.A. ("Transelec" or our "Chilean transmission operations"), 100% of our Ontario transmission operations, 37.5% of Island Timberlands Limited Partnership ("Island Timberlands" or our "Canadian timber operations"), 30% of Longview Timber Holdings Corp. ("Longview" or our "U.S. timber operations"), 7-18% of Transmissoras Brasileiras de Energia ("TBE") and a 30% interest in Peterborough Hospital, UK and a 50% interest in Long Bay Forensic and Prison Hospitals, Australia, both of which are Public Private Partnerships ("PPP").

On February 3, 2009 Brookfield Infrastructure completed the acquisition of an additional PPP project – the Royal Melbourne Showgrounds in Australia – for a purchase price of approximately \$3.0 million. Together, we refer to our three PPP projects in this supplemental information as our social infrastructure operations or our PPP assets.

On June 30, 2009, Brookfield Infrastructure completed the sale of 100% of its minority interests in TBE. On June 30, 2009, 95% of the proceeds were received and \$11.8 million of the balance was received subsequent to quarter end, with the remainder anticipated to be collected by year end.

The unaudited results that are presented in this supplemental information reflect the financial position and results of our operations for the three-month and nine-month periods ended September 30, 2009.

For each of its business segments, this supplemental information discusses Brookfield Infrastructure's proportionate share of results for its consolidated operations and equity accounted investments in order to demonstrate the impact of key value drivers of each of these segments on Brookfield Infrastructure's overall performance. Consistent with how the business is managed, the segments are electricity transmission and timber.

All figures are provided in U.S. dollars, unless otherwise noted.

## **OVERVIEW OF PERFORMANCE**

In this section we review our performance and our financial position for the three-month and nine-month periods ended September 30, 2009. Further details on our operations and financial position are contained within the Operating Platforms section of this supplemental information.

To measure performance, we focus on net income as well as adjusted net operating income or ANOI. We define adjusted net operating income as net income excluding the impact of depreciation, depletion and amortization, deferred taxes and other items

as detailed in the reconciliation shown under the Reconciliation of Non-GAAP Financial Measures section of this supplemental information. Adjusted net operating income is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by U.S. generally accepted accounting principles (“GAAP”). Adjusted net operating income is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted net operating income has limitations as an analytical tool. See the Reconciliation of Non-GAAP Financial Measures section for a more fulsome discussion including a reconciliation to the most directly comparable GAAP measure.

## Results of Operations

The following table summarizes the financial results of Brookfield Infrastructure.

<i>US\$ MILLIONS, EXCEPT PER UNIT INFORMATION, UNAUDITED</i>	For the three-month period ended September 30		For the nine-month period ended September 30	
	2009	2008	2009	2008
<b>Income Statement Key Metrics</b>				
Revenues	\$ 8.0	\$ 8.9	\$ 22.1	\$ 26.1
Gross margin	4.0	4.9	11.3	14.9
Losses from equity accounted investments	(1.9)	(2.9)	(11.4)	(0.4)
Gain on sale of investment (after tax)	—	—	68.2	—
Selling, general and administrative expenses	(2.8)	(3.6)	(8.4)	(8.6)
Dividend income	—	5.3	3.5	11.0
Interest expense – corporate borrowings <sup>1</sup>	(1.5)	(2.1)	(6.2)	(2.7)
Interest expense – non-recourse borrowings	(1.7)	(1.8)	(5.0)	(5.9)
Net (loss) income <sup>2</sup>	(4.5)	(1.4)	55.5	6.5
Per unit net (loss) income <sup>2,3</sup>	(0.12)	(0.04)	1.45	0.17
ANOI <sup>2</sup>	12.1	13.1	96.9	48.4
Per unit ANOI <sup>2,3</sup>	0.32	0.34	2.54	1.25

<i>US\$ MILLIONS, UNAUDITED</i>	As at	
	September 30, 2009	December 31, 2008
<b>Balance Sheet Key Metrics</b>		
Cash and cash equivalents	\$ 72.1	\$ 9.2
Total assets	1,037.3	1,174.3
Partnership capital <sup>4</sup>	891.3	899.9
Corporate borrowings	—	139.5
Non-recourse borrowings	111.4	97.6

<sup>1</sup> Includes interest on preference shares.

<sup>2</sup> Includes a \$68.2 million after-tax gain recognized on sale of TBE (\$1.80 per unit).

<sup>3</sup> Brookfield Infrastructure units are exchangeable into Partnership units on a one-for-one basis. Per unit net income for Brookfield Infrastructure is equivalent to per unit net income for the Partnership.

<sup>4</sup> Includes redeemable partnership units as they can be converted to an equivalent interest in partnership units through a redemption exchange mechanism.

Due to our levels of ownership and control, Brookfield Infrastructure’s financial statements reflect a mix of consolidation accounting (Ontario transmission operations), equity accounting (Transelec, Island Timberlands, Longview, PPP assets) and cost accounting (TBE).

For the three-month period ended September 30, 2009, we recorded a net loss of \$4.5 million compared to a net loss of \$1.4 million in the comparable period in 2008. The increase in net losses is attributable to the following factors:

- a decrease in gross margin by \$0.9 million, which reflects our Ontario Transmission operations as it is the only business accounted for on a consolidated basis, primarily due to depreciation of the Canadian dollar as well as lower system loads which resulted in to lower revenue levels; and
- a decrease in dividend income of \$5.3 million due to the complete sale of TBE.

These decreases were partially offset by the following:

- a decrease in selling, general and administrative expenses by \$0.8 million as a result of lower corporate costs incurred;
- a decrease in interest expense of \$0.7 million primarily due to lower borrowings under our corporate credit facility; and
- a decrease in income tax expense of \$0.6 million.

For the nine-month period ended September 30, 2009, we recorded net income of \$55.5 million compared to \$6.5 million in the comparable period in 2008. This increase is attributable to the \$68.2 million after-tax gain recognized on the sale of TBE, which was partially offset by reduced gross margin and a decrease in dividends received from TBE.

As at September 30, 2009, Brookfield Infrastructure had \$1,037.3 million in assets and \$891.3 million in Partnership capital. Corporate borrowings were nil at period end. The facility was repaid in full on July 3, 2009 with the proceeds from the TBE sale. Please refer to the Operating Platforms – Business Development – Electricity Transmission section of this supplemental information for further information regarding the TBE sale. In addition, our consolidated balance sheet at September 30, 2009 reflects \$111.4 million in non-recourse borrowings at our Ontario transmission operations.

The following table presents both net income and ANOI by segment:

US\$ MILLIONS, UNAUDITED	For the three-month period ended September 30		For the nine-month period ended September 30	
	2009	2008	2009	2008 <sup>2</sup>
Net (loss) income by segment				
Electricity transmission	\$ 3.0	\$ 7.4	\$ 77.8 <sup>1</sup>	\$ 24.8
Timber	(5.4)	(3.2)	(18.6)	(7.7)
Corporate and other	(2.1)	(5.6)	(3.7)	(10.6)
Net (loss) income	\$ (4.5)	\$ (1.4)	\$ 55.5	\$ 6.5
ANOI by segment				
Electricity transmission	\$ 14.1	\$ 17.1	\$ 108.1 <sup>1</sup>	\$ 48.3
Timber	0.7	1.6	0.1	10.7
Corporate and other	(2.7)	(5.6)	(11.3)	(10.6)
ANOI	\$ 12.1	\$ 13.1	\$ 96.9	\$ 48.4

<sup>1</sup> Includes a \$68.2 million after-tax gain recognized on the sale of TBE.

<sup>2</sup> Certain prior period amounts have been reclassified to conform to the current period's presentation. In particular, pre-acquisition income of acquired entity in the first quarter of 2008 has been reclassified to ANOI, increasing first quarter 2008 ANOI by \$3.7 million. Net income is unchanged.

Changes in net income and ANOI for each segment, as presented above, are discussed in the Operating Platforms section of this supplemental information, which follows.

## OPERATING PLATFORMS

In this section, we review the operating results of our two principal operating platforms, Electricity Transmission and Timber.

### Electricity Transmission Operations

Our transmission segment generates stable revenue that is governed by regulated frameworks and long-term contracts. Accordingly, we expect this segment to produce consistent revenue and margins that should increase with inflation and other factors such as operational improvements. We also expect to achieve continued growth in revenues and income as we earn a return on the investment of additional capital into our existing operations.

The following table presents our electricity transmission segment's proportionate share of financial results. As it is accounted for on a cost basis, TBE's results are reflected as dividend income.

US\$ MILLIONS, UNAUDITED	For the three-month period ended September 30		For the nine-month period ended September 30	
	2009	2008	2009	2008 <sup>3</sup>
Revenues	\$ 23.0	\$ 23.5	\$ 63.4	\$ 67.7
Costs attributed to revenues	(4.5)	(4.2)	(12.2)	(10.6)
Dividend income	—	5.3	3.5	11.0
Net operating income	18.5	24.6	54.7	68.1
Other income (expenses)	1.3	(0.9)	1.7	(1.5)
Gain on sale of investment (after tax) <sup>1</sup>	—	—	68.2	—
Interest expense <sup>2</sup>	(5.3)	(5.8)	(15.3)	(16.0)
Cash taxes	(0.4)	(0.8)	(1.2)	(2.3)
ANOI	14.1	17.1	108.1	48.3
Depreciation and amortization	(5.2)	(4.4)	(13.8)	(11.9)
Premium on refinancing	(2.8)	—	(2.8)	—
Unrealized losses on derivative instruments	(1.0)	(4.7)	(9.1)	(12.1)
Deferred taxes and other items	(2.1)	(0.6)	(4.6)	0.5
Net income	\$ 3.0	\$ 7.4	\$ 77.8	\$ 24.8

<sup>1</sup> Gain on sale of TBE, net of cash taxes paid – please refer to Business Development – Electricity Transmission section of this supplemental information for more information.

<sup>2</sup> Excludes non-cash components of interest expense which are included in the line item unrealized losses on derivative instruments.

<sup>3</sup> Certain prior period amounts have been reclassified to conform to the current period's presentation. In particular, pre-acquisition income of acquired entity in the first quarter of 2008 has been reclassified to ANOI, increasing first quarter 2008 ANOI by \$3.7 million. Net income is unchanged.

On a proportionate basis, our transmission operations earned net operating income and ANOI of \$18.5 million and \$14.1 million, respectively, in the three-month period ended September 30, 2009, compared with \$24.6 million and \$17.1 million in the same period in 2008. However, 2008 results include \$5.3 million of dividend income from TBE which was sold in June 2009.

For the three-month period ended September 30, 2009, Transelec's proportionate net operating income and ANOI were \$12.4 million and \$9.8 million, respectively, compared with \$12.9 million and \$8.5 million in the same period of 2008. The current period includes \$1.2 million of revenue attributable to the first six months of the year related to the sub-transmission rate reassessment which was finalized effective January 2009. The third quarter of 2008 includes non-recurring revenue of \$1.8 million relating to the retroactive application of the trunk transmission study. Adjusting for these amounts, net operating income and ANOI increased by 1% and 28% respectively, versus the third quarter of 2008, primarily the result of increased revenue from growth capital expenditures and positive Chilean inflation indexation. Operating margins at Transelec were 83% for the three-month period ended September 30, 2009 compared to 86% in the prior year. The primary driver of the decrease in operating margin was engineering revenue which has an operating margin of 15%. The engineering business is a core part of Transelec's growth strategy as it enables participation in higher risk transmission development projects while covering associated overhead.

For the three-month period ended September 30, 2009, our Ontario transmission operation's net operating income and ANOI totalled \$6.1 million and \$4.3 million, respectively, compared with \$6.4 million and \$3.3 million for the same period in the prior year. The decline in net operating income was largely due to a weakening of the Canadian dollar and, to a lesser extent, a decline in revenues as a result of lower system demand in Ontario. For the quarter, ANOI increased as the impact of a combination of lower cash taxes in the current period and a loss on disposition of obsolete assets in the prior year more than offset the decline in net operating income.

Non-cash expenses are primarily comprised of depreciation and amortization, as well as non-cash inflation indexation on the Chilean peso denominated debt. Depreciation and amortization increased to \$5.2 million for the three-month period ended September 30, 2009, from \$4.4 million in the comparable period of 2008 due to incremental depreciation booked in conjunction with the expansion of our asset base. In the third quarter of 2009, the non-cash impact of inflationary indexation on the Partnership's Chilean peso denominated debt offset the non-cash mark-to-market losses on derivative instruments, compared with a net loss of \$1.0 million in the prior year. The derivative instruments relate to Transelec's currency hedging program, whereby 100% of Transelec's U.S. dollar debt has been converted to Chilean pesos to offset interest expense against Chilean peso revenue. In addition, results for the quarter include a premium on refinancing which represents the accounting loss booked in conjunction with the tender for \$220 million of Transelec's senior notes due April 2011. These U.S. dollar denominated bonds were refinanced with a bond issue in the local Chilean market at a rate approximately 275 bps lower than the existing notes.

For the nine-month period ended September 30, 2009, our transmission segment generated net operating income and ANOI of \$54.7 million and \$108.1 million, respectively, compared to \$68.1 million and \$48.3 million, in the prior year. The increase in ANOI is primarily attributable to the \$68.2 million after-tax gain on the sale of TBE. Net operating income and ANOI in the prior year included non-recurring revenues of \$8.5 million. On a recurring basis, Transelec posted more favourable results as a result of benefits from growth capital expenditures and positive Chilean inflation indexation, which was offset by a decline in performance at our Ontario transmission operations primarily as a result of a weaker Canadian dollar.

Our transmission operations have a combination of regulatory and contractual revenue frameworks, some of which are indexed. For our transmission operations with revenue indexation, increases in revenue are primarily a result of inflation, changes in foreign exchange rates and growth capital expenditures. For our remaining operations, revenue increases are primarily attributable to growth capital expenditures.

The following table breaks down our proportionate share of revenue by these categories:

<i>US\$ MILLIONS, UNAUDITED</i>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
Contractual revenue with indexation	<b>\$ 4.8</b>	\$ 7.2	<b>\$ 18.5</b>	\$ 20.2
Regulated revenue with indexation	<b>7.9</b>	7.0	<b>18.8</b>	20.7
	<b>12.7</b>	14.2	<b>37.3</b>	40.9
Other transmission revenue	<b>10.3</b>	9.3	<b>26.1</b>	26.8
	<b>\$ 23.0</b>	\$ 23.5	<b>\$ 63.4</b>	\$ 67.7

On a comparable ownership basis and excluding \$1.8 million of non-recurring revenue in the third quarter of 2008, our proportionate share of revenues with indexation increased by \$0.3 million or 2.4% in the third quarter of 2009 compared with the third quarter of 2008 due to \$0.4 million attributable to growth capital expenditures, which was partially offset by a \$0.1 million decline in revenue indexation.

## Business Development – Electricity Transmission

As previously disclosed, Brookfield Infrastructure exercised an option to sell its minority interest in TBE to CEMIG, a Brazilian state-owned utility. Concurrent with the exercise of the put option, Brookfield Infrastructure entered into a foreign exchange hedge to lock in projected proceeds of such sale in U.S. dollars. On June 30, 2009 the sale of 100% of the TBE interests was completed with 95% of the proceeds being received on that day and \$11.8 million of the balance was received subsequent to quarter end, with the remainder anticipated to be collected by year end. Total after-tax proceeds from the sale were \$275 million, of which \$27 million was received from realized hedge gains in 2008 and an additional \$43 million was received from realized hedge gains in the first quarter of 2009. The sale resulted in the recognition of a \$68.2 million after-tax gain over book value. A portion of the proceeds were used to repay corporate borrowings in July 2009, with the balance available to fund growth capital investments and acquisitions, as well as for general corporate working capital purposes.

Transec commenced a process to refinance approximately 50% of its \$465 million senior notes due April 2011. A tender offer to purchase \$220 million of these notes was launched on July 15, 2009. These U.S. dollar denominated bonds were refinanced with a bond issue in the local Chilean market at a rate of approximately 275 bps lower than the existing notes. Results for the third quarter include a premium on refinancing which represents the accounting loss booked in conjunction with the tender for \$220 million of Transec's senior notes due April 2011.

For the three-month period ended September 30, 2009, Transec's growth capital expenditures (100% basis) were \$32 million, which were in line with the prior year. As a result of approximately \$55 million of new projects that were booked during the period, Transec's capital expenditure backlog (projects that have been awarded to Transec for which expenditures have not yet been made) was approximately \$280 million at September 30, 2009, compared with \$238 million at the end of 2008. In order to partially finance its growth plan, Transec has executed a capital expenditure credit facility of approximately \$130 million. The objective is to draw the facility to fund a portion of capital expenditures and to refinance the facility over time through the issuance of long-term debt.

Following quarter end, Brookfield contributed the Texas CREZ transmission project to a Brookfield-sponsored infrastructure partnership in which Brookfield Infrastructure will own an interest. Upon completion, we anticipate that our ownership will be approximately 15% of this project.

## Timber Operations

Our timber operations consist of high quality timberlands located in the coastal region of British Columbia, Canada and the Pacific Northwest region of the U.S. These operations are predominantly comprised of premium species and are expected to provide attractive risk-adjusted returns on capital employed over the long term.

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

<i>US\$ MILLIONS, UNAUDITED</i>	For the three-month period ended September 30		For the nine-month period ended September 30	
	2009	2008	2009	2008
Revenues	\$ 19.6	\$ 32.4	\$ 59.9	\$ 96.3
Cost attributed to revenues	(13.3)	(23.0)	(41.7)	(64.0)
Net operating income	6.3	9.4	18.2	32.3
Other income	0.8	(0.2)	1.2	0.4
Interest expense	(6.4)	(7.3)	(19.2)	(21.5)
Cash taxes	—	(0.3)	(0.1)	(0.5)
ANOI	0.7	1.6	0.1	10.7
Depreciation, depletion and amortization	(8.1)	(8.9)	(20.4)	(27.9)
Unrealized loss on investment	—	—	(6.1)	—
Deferred taxes and other items	2.0	4.1	7.8	9.5
Net loss	\$ (5.4)	\$ (3.2)	\$ (18.6)	\$ (7.7)

For the three-month period ended September 30, 2009, our timber operations' net operating income and ANOI totalled \$6.3 million and \$0.7 million, respectively, compared to \$9.4 million and \$1.6 million, for the same period in the prior year.

While timber market conditions remain weak, prices appear to have bottomed-out in the second quarter and have begun a modest recovery. In the U.S., the inventory of new homes declined to 0.3 million units, which is consistent with long-term historical average levels and less than 50% of peak levels in late 2006 and 2007. These declines in inventory are contributing to a steady improvement in housing starts in the markets that we serve. Seasonally adjusted, annualized housing starts increased by 9% from the second quarter to 0.6 million. While an improvement, this level is approximately 68% of the average for the same period in 2008 and less than 42% of the five-year average. Log prices in the Japanese market were stable during the quarter and demand for whitewood in the Korean market remained strong, yielding pricing, net of transportation cost, for whitewood close to peak prices realized in the U.S. market in the summers of 2006 and 2007.

Due to strong pricing for whitewood products into the Korean market, we have increased harvest levels in our U.S. operation to well above the reduced harvest plan for the quarter. This is consistent with our focus on optimizing the long-term value of the business, while continually adapting the harvest plan as necessary to pursue market opportunities that arise.

The following table summarizes our proportionate share of operating metrics for our timber operations:

<i>UNAUDITED</i>	For the three-month period ended September 30, 2009				For the three-month period ended September 30, 2008			
	Harvest (000's m <sup>3</sup> )	Sales (000's m <sup>3</sup> )	Revenue/m <sup>3</sup>	Revenue (\$millions)	Harvest (000's m <sup>3</sup> )	Sales (000's m <sup>3</sup> )	Revenue/m <sup>3</sup>	Revenue (\$millions)
Douglas-fir	112	118	\$ 78.0	\$ 9.2	164	190	\$ 88.9	\$ 16.9
Whitewood	87	83	60.2	5.0	125	117	58.1	6.8
Other species	67	70	64.3	4.5	61	57	108.8	6.2
	<b>266</b>	<b>271</b>	<b>\$ 69.0</b>	<b>\$ 18.7</b>	<b>350</b>	<b>364</b>	<b>\$ 82.1</b>	<b>\$ 29.9</b>
HBU and other sales				<b>0.9</b>				<b>2.5</b>
Total				<b>\$ 19.6</b>				<b>\$ 32.4</b>

<i>UNAUDITED</i>	For the nine-month period ended September 30, 2009				For the nine-month period ended September 30, 2008			
	Harvest (000's m <sup>3</sup> )	Sales (000's m <sup>3</sup> )	Revenue/m <sup>3</sup>	Revenue (\$millions)	Harvest (000's m <sup>3</sup> )	Sales (000's m <sup>3</sup> )	Revenue/m <sup>3</sup>	Revenue (\$millions)
Douglas-fir	386	419	\$ 78.3	\$ 32.8	566	599	\$ 89.1	\$ 53.4
Whitewood	171	187	61.0	11.4	267	273	62.6	17.1
Other species	175	197	73.1	14.4	252	242	94.6	22.9
	<b>732</b>	<b>803</b>	<b>\$ 73.0</b>	<b>\$ 58.6</b>	<b>1,085</b>	<b>1,114</b>	<b>\$ 83.8</b>	<b>\$ 93.4</b>
HBU and other sales				<b>1.3</b>				<b>2.9</b>
Total				<b>\$ 59.9</b>				<b>\$ 96.3</b>



In our Canadian timber operations, harvest and sales volumes decreased 43% and 44%, respectively, in the third quarter of 2009 versus 2008, in line with the harvest plan. To mitigate the impact of weak North American markets, we maintained a high percentage of appearance grade products in the sales mix exported to Asian markets. Export volumes increased to 60% of shipments in the third quarter of 2009, from 39% in the third quarter of 2008. As a result of the significant component of exports in our product mix, the decline in our average realized Douglas-fir log price in the third quarter of 2009 was 18% compared to the third quarter of 2008, while average sales prices of representative products in the U.S. fell by approximately 22%. Average realized prices for whitewood logs in the third quarter of 2009 were supported by strong demand in the Korean market which led to a threefold increase in export volume of this product, compared to the third quarter of 2008. Increased prices on export volumes largely offset price declines in the domestic market, limiting the decrease in average realized whitewood prices to 3% in the third quarter of 2009 compared to the same period in 2008. In contrast, average prices for representative whitewood products in the U.S. fell by approximately 19% during this time. The absence of helicopter logging combined with the decline in the Canadian dollar versus the U.S. dollar decreased per unit operating costs by 12% versus the third quarter of 2008. However, operating margins decreased to 13% for the quarter versus 15% in the same quarter of 2008, due to the overall decline in revenues.

In our U.S. timber operations, harvest and sales volumes in the third quarter of 2009 decreased 3% and 5%, respectively, compared to the third quarter of 2008. Strong demand and pricing in Korea for whitewood products allowed us to harvest at levels well above our reduced harvest plan. Export volumes increased to 42% of total shipments in the third quarter of 2009 from 23% in the third quarter of 2008. The high percentage of exports somewhat mitigated the decline in our log prices. Realized Douglas-fir prices in the third quarter of 2009 were 11% less than in the third quarter of 2008, while representative domestic prices declined by 22%. Similarly, realized prices for whitewood logs fell by 9% versus the third quarter of 2008 while representative domestic prices declined by 19%. Per unit operating costs decreased 28% in the third quarter of 2009 compared to 2008, due to harvesting lower cost tracts, renegotiated logging contracts in light of market conditions and decreased overhead expenses. This decrease in costs offset pricing declines leading to an overall increase in margins to 39% in the third quarter of 2009 from 29% in the same period in 2008.

For the quarters ended September 30, 2009 and 2008, depreciation, depletion and amortization was \$8.1 million and \$8.9 million, respectively. The decrease was predominantly due to lower harvest and sales volumes.

In the first quarter, we recognized a non-cash loss of \$6.1 million on our Longview interest. The unrealized loss on investment relates to our 9.1% indirect interest in Longview that is held through a private fund and is carried at fair value with changes to carrying value recorded in income. Our 23% direct interest in Longview is held on an equity accounted, historical cost basis.

For the nine-month period ended September 30, 2009 our timber segment generated net operating income and ANOI of \$18.2 million and \$0.1 million, respectively, compared to \$32.3 million and \$10.7 million, respectively, for the same period in the prior year. This decrease reflects the challenging market environment during the period and the reduction in our harvest to preserve inventory value.

### **Outlook – Timber**

One of the key attributes of our timber business is the operating flexibility that allows us to adopt our harvest levels to market conditions to maximize the value of our business. Until such time as we believe that sustainable demand is increasing, we plan on harvesting at minimum levels required to service our key customers while maximizing market opportunities that do arise. Based on current conditions, we expect harvest levels at our Canadian and U.S. operations to be approximately 28% and 35% below 2008 levels, respectively, for the full year 2009. Prices would need to increase at least 20% from current levels before we would expect to return to target harvest levels. We currently do not expect this level of price increases until the latter half of 2010.

We believe operating results for our timber segment will meaningfully improve, following recovery in U.S. new home construction. Although it is difficult to predict the timing and magnitude, we believe that we will achieve increases in ANOI and net income from this segment of our business for the following reasons:

- Improved pricing upon market recovery
- Increased harvest levels

- The long-run sustainable yield of our Canadian operations is estimated to be approximately 0.7 million m<sup>3</sup> on a proportionate basis. Due to surplus of merchantable inventory, we expect to achieve an elevated harvest level of approximately 0.9 million m<sup>3</sup> on a proportionate basis for a period of 10 years before returning to the long-run sustainable yield level.
- As a result of a substantial surplus of merchantable inventory at our U.S. operations, we expect to increase harvest levels to approximately 0.9 million m<sup>3</sup> on a proportionate basis and sustain this higher level for a period of 10 years before returning to a long-run sustainable yield of approximately 0.8 million m<sup>3</sup>.
- Increased margins
  - As our product mix evolves over time to a greater percentage of second growth harvest relative to primary growth harvest in our Canadian operations, we expect our margins to increase due to the lower harvesting costs of this product.

In addition, over the mid-to-long term, we expect that our timber operations will be positively impacted by a number of fundamental factors affecting the supply 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;
- Increasing demand from both Asian markets and the rapidly expanding bio-fuel industry; and
- Continuing withdrawals of timberlands for conservation and alternate uses.

## CORPORATE AND OTHER

The following table presents the components of corporate and other for the three-months and nine-months ended September 30, 2009 and 2008:

US\$ MILLIONS, UNAUDITED	For the three-month period ended September 30		For the nine-month period ended September 30	
	2009	2008	2009	2008
General and administrative costs	\$ (1.0)	\$ (1.8)	\$ (3.6)	\$ (3.0)
Base management fee <sup>1</sup>	(1.8)	(1.8)	(4.8)	(5.6)
Financing costs <sup>2,3</sup>	(0.7)	(2.0)	(4.1)	(2.0)
Corporate expenses	(3.5)	(5.6)	(12.5)	(10.6)
Contribution from social infrastructure investments	0.8	—	1.2	—
Corporate and other	\$ (2.7)	\$ (5.6)	\$ (11.3)	\$ (10.6)

<sup>1</sup> Pursuant to the Master Services Agreement with Brookfield on a gross basis.

<sup>2</sup> Financing costs include dividends paid on the preferred shares, interest expense and standby fees from the committed credit facility, less ancillary interest earned on cash balances.

<sup>3</sup> Excludes non-cash amortization of financing costs of \$0.7 million and nil in the three months ended September 30, 2009 and 2008, respectively, and \$2.0 million and nil for the nine months ended September 30, 2009 and 2008, respectively.

General and administrative costs were lower in the third quarter of 2009 compared to the prior year as a result of lower transactional costs. The base management fee was in-line compared to the prior year. Prospectively, any base fees and/or performance fees paid by our operations to Brookfield will be netted against the base fees and/or incentive distributions payable to Brookfield under the Master Services Agreement and other arrangements in order to avoid double payment of fees. On a going-forward basis, it is estimated that our general and administrative costs related to Brookfield Infrastructure will total approximately \$7 million to \$8 million per annum.

Financing costs in the current period reflect standby fees under our credit facility, as well as preferred share dividends, partially offset by income earned on cash balance. Financing costs in the third quarter of 2008 represent preferred share dividends which were partially offset by interest income earned on cash balances.

## Social Infrastructure

In December 2008, we completed the acquisition of equity interests in two PPP projects – Long Bay Forensic and Prison Hospitals in Australia and Peterborough Hospital in the United Kingdom – for \$12.3 million. We completed the acquisition of an equity interest in a third PPP asset – Royal Melbourne Showgrounds in Australia – in February 2009 for an additional purchase price of \$3.0 million. We believe that based on current trends, the PPP market is positioned to experience significant growth as governments continue to realize the benefits of delivering social infrastructure in conjunction with the private sector. The above transactions establish a platform for Brookfield Infrastructure to participate in the PPP industry. Once operational, projects are expected to generate stable cash flows from long-term contracts with long-term financing arrangements.

Social infrastructure operations differ from our transmission and timber operations, as social infrastructure concessions have finite lives of between 25-30 years, and cash generated from these projects must fully retire project debt over the term of the concession. Thus, net operating income and ANOI for our social infrastructure operations include GAAP net income plus depreciation less debt amortization payments, which approximates the distributions to us from these operations.

On a proportionate basis, our social infrastructure operations earned nil of ANOI for the three-month period ended September 30, 2009 and 2008, respectively. Distributions from our social infrastructure assets depend on timing, and are not paid on a regular basis. Royal Melbourne Showgrounds and Long Bay Hospitals achieved commercial operation in August 2006 and February 2009, respectively. Peterborough Hospital is expected to become operational in late 2011.

We have a commitment to fund our share of the additional equity investment in the Peterborough Hospital project totaling approximately £8.0 million. We have entered into foreign currency contracts to hedge this amount to the equivalent of approximately \$11.8 million.

## CAPITAL EXPENDITURES

<i>US\$ MILLIONS, UNAUDITED</i>	For the three-month period ended September 30		For the nine-month period ended September 30	
	2009	2008	2009	2008
Maintenance capital expenditures by segment				
Electricity transmission	\$ 2.6	\$ 2.0	\$ 6.2	\$ 6.9
Timber	0.9	1.8	5.2	4.2
	\$ 3.5	\$ 3.8	\$ 11.4	\$ 11.1
Growth capital expenditures by segment				
Electricity transmission	\$ 5.7	\$ 7.6	\$ 13.4	\$ 12.5
Timber	—	—	—	—
	\$ 5.7	\$ 7.6	\$ 13.4	\$ 12.5

Maintenance capital expenditures are expenditures that are required to maintain the current revenue generating capability of our asset base; these expenditures do not increase our revenues. Growth capital investments are investments on which we expect to earn additional revenues. As these investments are typically discretionary, we invest this capital if we believe we can earn attractive risk-adjusted returns.

The transmission segment's growth capital expenditures for the three-month period ended September 30, 2009 were \$5.7 million (September 30, 2008 – \$7.6 million) which represent our share of growth capital investments at Transelec.

## CORPORATE INITIATIVES

We have implemented a unit repurchase program because we believe that, from time to time, the market price of the Partnership's limited partnership units ("Units") may be a more compelling investment opportunity than other investments under consideration.

Under the unit repurchase program, the Partnership is authorized to repurchase up to \$25 million of its Units, subject to a regulatory limit of 1,167,043 Units in the aggregate. Repurchases pursuant to this unit repurchase program will be made through the facilities of the New York Stock Exchange. Repurchases are authorized for the period beginning on November 10, 2008 and ending on November 9, 2009, or earlier should the Partnership complete its repurchases prior to such date. Repurchases occur subject to prevailing market conditions and are funded from available cash. Repurchases also are subject to compliance with applicable United States federal securities laws, including Rule 10b-18 under the United States Securities Exchange Act of 1934, as amended, as well as applicable Canadian securities laws. All Units acquired by the Partnership under this program will be cancelled.

In the third quarter of 2009, the Partnership was not active under this program. In the nine-month period ended September 30, 2009, 674,000 Units were repurchased and cancelled under this program at an average price of \$11.48 per Unit. Since commencement of the unit repurchase program in November 2008, 854,602 Units have been repurchased and cancelled at an average price of \$11.39 per Unit.

## CAPITAL RESOURCES AND LIQUIDITY

The nature of our asset base and the quality of 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 ANOI to unitholders.

Our principal sources of liquidity are cash flow from our operations, undrawn credit and equity 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.

Brookfield Infrastructure's total estimated liquidity as at September 30, 2009 was as follows:

<i>US\$ MILLIONS, UNAUDITED</i>	<b>As at September 30, 2009</b>	
Cash <sup>1</sup>	\$	<b>68.2</b>
Availability under committed credit facility		<b>200.0</b>
Total estimated liquidity	\$	<b>268.2</b>

<sup>1</sup> Brookfield Infrastructure Partners L.P. cash only.

<sup>2</sup> To be received prior to year end period end (see Operating Platforms - Business Development - Electricity Transmission).

In June 2009, the sale of 100% of our minority interest in TBE was completed with 95% of the cash received on June 30, 2009 and \$11.8 million of the balance was received subsequent to quarter end, with the remainder anticipated to be collected by year end. Proceeds from the sale were \$275 million including \$70 million of previously realized hedge gains. Further details regarding the TBE sale are provided under the Operating Platforms – Business Development – Electricity Transmission section of this supplemental information. At September 30, 2009, we had approximately \$72.1 million of cash for working capital purposes largely from the sale of TBE. Also, in June 2009, Brookfield Infrastructure closed a \$200 million senior secured revolving credit facility with a syndicate of global financial institutions. The credit facility, which replaces the facility that was previously in place, is comprised of a single tranche that will be available for investments and acquisitions, as well as general corporate purposes. Prior to drawing on the facility, we must satisfy a number of conditions including compliance with certain financial ratios. At September 30, 2009, nil was drawn on this facility and \$200 million was available. Commitments under the facility will be available on a revolving basis until June 2010. All amounts outstanding at that time will be repayable in full in June 2011. The facility is intended to be a bridge to equity financing rather than a permanent source of capital. In the current environment, any acquisitions that we may make are likely to be of a more modest size. Furthermore, credit is scarce and as a result, more costly. We therefore, reduced the size of the facility to one that is more appropriate for our business in the current environment.

In addition, Brookfield has provided Brookfield Infrastructure with an equity commitment in the amount of \$200 million. The equity commitment may be called by our Partnership and/or Brookfield Infrastructure in exchange for the issuance of a number of units of our Partnership or of Brookfield Infrastructure, as the case may be, to Brookfield, corresponding to the amount of the equity commitment called divided by the five day, volume-weighted average trading price for our Partnership's Units.

We finance our assets principally at the operating entity level with debt which generally has long-term maturities, few restrictive covenants and no recourse to either the Partnership or our other operations. At the operating company level, we endeavour to maintain investment grade or crossover ratings.

We also strive to ladder our principal repayments over a number of years. On a proportionate basis, scheduled principal repayments as at September 30, 2009 for Brookfield Infrastructure's borrowings over the next five years are as follows:

	Average Term (years)	2009	2010	2011	2012	2013	Beyond	Total
Recourse borrowings								
Corporate borrowings	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total recourse borrowings	—	—	—	—	—	—	—	—
Non-recourse borrowings <sup>1,2</sup>								
Electricity Transmission	10.6	—	—	82.8	—	26.7	269.2	<b>378.7</b>
Timber	8.5	—	—	—	—	136.0	338.8	<b>474.8</b>
Total non-recourse borrowings <sup>1,2</sup>	9.5	—	—	82.8	—	162.7	608.0	<b>853.5</b>
Total	9.5	\$ —	\$ —	\$ 82.8	\$ —	\$ 162.7	\$ 608.0	<b>\$ 853.5</b>

<sup>1</sup> Represents non-recourse debt to Brookfield Infrastructure as the holders have recourse only to the underlying operations.

<sup>2</sup> 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.

As illustrated in the above table, the proportionate share of debt has an average term of 9.5 years with no significant debt maturities until 2011. In July 2009 the corporate borrowings were repaid with the proceeds from the TBE sale. Transelec commenced a process to refinance approximately 50% of the electricity transmission segment's 2011 maturity. These U.S. dollar denominated bonds were refinanced with a bond issue in the local Chilean market at a rate of approximately 275 bps lower than the existing notes. Further details regarding this refinancing are provided under the Operating Platforms – Business Development – Electricity Transmission section of this supplement information. Furthermore, our strategy of non-recourse financing at the operating entity level has resulted in a relatively low level of debt at the corporate level. Including non-recourse borrowings, on a proportionate consolidated basis, our debt to capitalization ratio as at September 30, 2009 was 49%.

The following table summarizes our proportionate share of debt on a segment basis:

US\$ MILLIONS, UNAUDITED	For the three-month period ended September 30, 2009			For the three-month period ended September 30, 2008		
	Proportionate Average Debt	Average Cash Interest Rate	Cash Interest	Proportionate Average Debt	Average Cash Interest Rate	Cash Interest
Electricity transmission <sup>1</sup>	\$ 378.7	5.6%	\$ 5.3	\$ 375.8	6.2%	\$ 5.8
Timber <sup>1</sup>	474.8	5.4%	6.4	528.0	5.5%	7.3
Corporate borrowings	91.0	—	—	—	—	—
Total	\$ 944.5	5.0%	\$ 11.7	\$ 903.8	5.8%	\$ 13.1

<sup>1</sup> Represents non-recourse debt to Brookfield Infrastructure as the holders have recourse only to the underlying operations.

<sup>2</sup> 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 equity strategy is to issue equity in conjunction with future acquisitions. We may also issue an amount of equity opportunistically to enhance our liquidity to pursue future acquisitions.

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

To measure performance, we focus on net income as well as ANOI. We define ANOI 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 ANOI as these are finite life concessions and debt must be fully amortized during the concession term. ANOI is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by GAAP. ANOI is therefore unlikely to be comparable to similar measures presented by other issuers. ANOI has limitations as an analytical tool.

- ANOI 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;
- ANOI does not include deferred income taxes, which may become payable if we own our assets for a long period of time; and
- ANOI does not include performance fees accrued relating to our Canadian timber operations, which will be required to be paid in cash and which type of fee we expect to accrue in the future.

Because of these limitations, ANOI 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 GAAP. These limitations are addressed by relying on our GAAP results and using ANOI only as a supplemental measure. However, ANOI is a key measure used to evaluate the performance of our operations and forms the basis for our Partnership's distribution policy.

When viewed with our GAAP results, we believe that ANOI provides a more complete understanding of factors and trends affecting our underlying operations. ANOI 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 it is believed 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. 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 timber 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, the benefit of 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 Brookfield Infrastructure. As this credit is reflected as a reduction in distributions to Brookfield, it would not be reflected in ANOI without adding back the performance fee.

The following table reconciles ANOI to the most directly comparable GAAP measure, which is net income. In doing so, we add back to net income the amounts recorded in respect of depreciation, depletion and amortization, deferred taxes and certain other items as well as the minority interest related to those items such that, similar to net income, ANOI reflects Brookfield Infrastructure's ownership interest. We encourage you to review the GAAP financial measures in the supplemental information contained herein, and discourage reliance on any single financial measure to evaluate Brookfield Infrastructure.

<i>US\$ MILLIONS, UNAUDITED</i>	For the three-month period ended September 30		For the nine-month period ended September 30	
	2009	2008	2009	2008
Net (loss) income	\$ (4.5)	\$ (1.4)	\$ 55.5	\$ 6.5
Add back or deduct the following:				
Depreciation, depletion and amortization	13.3	13.3	34.2	39.8
Unrealized losses on derivative instruments	1.0	4.7	9.1	12.1
Unrealized loss on investment	—	—	6.1	—
Deferred taxes and other items	2.3	(3.5)	(8.0)	(10.0)
ANOI	\$ 12.1	\$ 13.1	\$ 96.9	\$ 48.4

The difference between net income and ANOI is primarily attributable to depreciation and depletion expense which reflects purchase accounting adjustments for Transelec and Longview associated with their respective acquisitions, deferred taxes due to the step up in tax basis associated with those acquisitions, as well as non-cash expenses in Transelec, primarily relating to non-cash inflation indexations on the Chilean peso denominated debt, as well as mark-to-market losses on derivative contracts. The unrealized loss on investment relates to our 7% indirect investment in Longview. This investment is held through a private fund and is carried at fair value with changes to carrying value recorded in the statement of operations.