Brookfield Infrastructure Partners L.P.

SUPPLEMENTAL INFORMATION *FOR THE YEAR ENDED DECEMBER 31, 2008*

CONTENTS

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. These forward-looking statements include among others, statements with respect to revenue, margin and growth expectations for our electricity transmission business, completion of, amount and use of proceeds from the sale of our TBE interests, our five-year growth capital expenditure plan in respect of Transelec, effects of the devaluation of the Chilean peso and our hedging program on our transmission business, return on capital expectations and anticipated margins in connection with our timber operations, developing new channels to access the timber export market, integrating, creating and benefiting from efficiencies from the acquisition by Longview of the Washington State located tree farm, 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 effect 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 dates for our PPP assets, 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, 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.

The words "believe", "expect", "tend", "should", "anticipate", "intend", "objective", "sustain", "enable", "endeavour", 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. 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 the Partnership operates; 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 ("ANOI") 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 2007 Annual Report on Form 20-F which is available on our web site at *www.brookfieldinfrastructure.com* and at *www.sec.gov/edgar.shtml.com* and *www.sedar.com.*

SUPPLEMENTAL INFORMATION *FOR THE YEAR ENDED DECEMBER 31, 2008*

INTRODUCTION

This supplemental information should be read in conjunction with the Partnership's most recently issued Form 20-F. Additional information, including the Partnership's Form 20-F is available on the Partnership's web site at www.brookfieldinfrastructure.com, on SEDAR's website at www.sedar.com and on EDGAR's web site at www.edgar.com.

Business Overview

Brookfield Infrastructure Partners L.P. (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 60% 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 40% of Brookfield Infrastructure, which through a redemption exchange mechanism can be converted into an equivalent interest in the Partnership.

Upon formation of Brookfield Infrastructure on November 27, 2007, Brookfield Infrastructure's ownership interests in its underlying operations were as follows: 10.7% of Transelec Chile S.A. ("Transelec" or our "Chilean 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") and 7-18% of Transmissions Brasilerios de Companies ("TBE").

On March 12, 2008, Brookfield Infrastructure acquired 100% of the transmission division of Great Lakes Power Limited (our "Ontario transmission operations") from Brookfield. Since our Ontario transmission operations remained under common control by Brookfield following the transfer to Brookfield Infrastructure, its results of operations are included in our historical results from January 1, 2007.

On April 4, 2008, Brookfield Infrastructure acquired an additional 7.1% interest in Transelec, bringing its ownership interest to 17.8%.

On November 4, 2008, Longview Timber Holdings Corp. ("Longview"), in which Brookfield Infrastructure holds a 30% interest, completed the add-on acquisition of a 68,000 acre tree farm in Washington State for $163 million. Concurrently, Longview repaid its outstanding bridge loan whose principal amount was approximately $250 million. In order to fund these amounts, Longview issued $70 million of long-term debt and financed the balance with new equity. Brookfield Infrastructure invested approximately $103 million directly and indirectly into Longview in order to maintain its interest at the 30% level.

On December 5, 2008, Brookfield Infrastructure completed the acquisition of Brookfield Multiplex's interest in two social infrastructure Public Private Partnerships ("PPP") – the Peterborough Hospital in the United Kingdom and the Long Bay Forensic and Prison Hospitals in Australia – for a total investment of approximately $12.3 million. On February 3, 2009, subsequent to period end, Brookfield Infrastructure completed the acquisition of Brookfield Mulitplex's interest in an additional PPP Project – the Royal Melbourne Showgrounds in Australia – for an investment of approximately $3.0 million.

The unaudited results that are presented in this supplemental information package reflect the financial position and results of our current operations for the year ended December 31, 2008.

We will also present our results on a pro forma basis to reflect the following transactions as if they occurred on January 1, 2007:

- Brookfield Infrastructure's increased investment in Transelec, which increased our ownership to approximately 17.8%;
- The seeding of the assets into Brookfield Infrastructure on November 27, 2007; and
- The spin-off of Brookfield Infrastructure from Brookfield and related transactions including entry into the master services agreement with Brookfield (the "Master Services Agreement").

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. Each of these platforms have their own management teams responsible for their operations and investments. Certain items, such as corporate administration costs, are not included in this segmented financial information.

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 year ended December 31, 2008. As the operating assets were seeded into Brookfield Infrastructure on November 27, 2007, there are no meaningful GAAP financial comparatives. Accordingly, we also review our performance on a pro forma basis. Further details on our operations and financial position are contained within the review of Operating Platforms.

To measure performance, we focus on net income as well as 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.

	As at and for the Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Income Statement Key Metrics		
Revenue	**$ 32.9**	$ 33.1
Earnings (losses) from equity accounted investments	**25.2**	(7.8)
Dividend income	**14.3**	0.5
Interest expense	**(12.9)**	(6.9)
Net income	**28.0**	12.0
Adjusted net operating income (ANOI)	**59.7**[2]	13.3
Balance Sheet Key Metrics		
Total assets	**$ 1,174.5**	$ 1,157.9
Partnership capital[3]	**900.7**	984.5
Corporate borrowings	**139.5**	—
Non-recourse borrowings	**97.6**	115.0

1 Brookfield Infrastructure was formed on November 27, 2007, accordingly, results for 2007 reflect only one month of Brookfield Infrastructure activity. In addition, results reflect the historical results of our Ontario transmission operations.

2 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 and full year 2008 ANOI by $3.7 million. Net income is unchanged.

3 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) and cost accounting (TBE).

For the year ended December 31, 2008, we recorded net income of $28.0 million compared to $12.0 million for the same period of 2007. Brookfield Infrastructure was formed on November 27, 2007, accordingly, results for 2007 reflect only one month of Brookfield Infrastructure activity. In addition, since it remained under common control by Brookfield following its transfer to Brookfield Infrastructure, results reflect the historical results of our Ontario transmission operations for the full year. Under GAAP, the historical results transfer to Brookfield Infrastructure as a result of this continuity of interest. In addition, 2008 results reflect Brookfield Infrastructure's increased 17.8% ownership of Transelec beginning April 4, 2008.

As at December 31, 2008, Brookfield Infrastructure had $1,174.5 million in assets and $900.7 million in Partnership capital. Corporate borrowings were $139.5 million at year end. Brookfield Infrastructure's credit facility was drawn in the fourth quarter of 2008 to fund the additional investment in Longview, the acquisition of the PPP assets and for general working capital purposes. The amount will be repaid with the proceeds from the previously announced TBE divestiture, expected to be received in the first quarter of 2009. Please refer to the Overview of Performance – Business Development – Electricity Transmission section of this supplemental information for further information regarding the TBE divestiture. In addition, our consolidated balance sheet at December 31, 2008 reflects $97.6 million in non-recourse borrowings at our Ontario transmission operations.

The following table presents both net income and adjusted net operating income by segment:

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Net income (loss) by segment		
Electricity transmission	**$ 39.9**	$ 9.8
Timber	**6.7**	(6.2)
Corporate	**(18.6)**	8.4
Net income	**$ 28.0**	$ 12.0
Adjusted net operating income by segment		
Electricity transmission	**$ 64.0**	$ 17.4
Timber	**12.8**	(4.1)
Corporate	**(17.1)**	—
Adjusted net operating income (ANOI)	**$ 59.7**[2]	$ 13.3

1 Brookfield Infrastructure was formed on November 27, 2007, accordingly, results for 2007 reflect only one month of Brookfield Infrastructure activity. In addition, 2007 results reflect a full year of the historical results of our Ontario transmission operations.

2 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 and full year 2008 ANOI by $3.7 million. Net income is unchanged.

Pro Forma Results of Operations

As the operating assets were seeded into Brookfield Infrastructure on November 27, 2007, there are no meaningful GAAP financial comparatives. Accordingly, we also review our performance on a pro forma basis. Appendix A – Unaudited Pro Forma Financial Information to this supplemental information contains additional information regarding this pro forma presentation.

The following table summarizes the financial results of Brookfield Infrastructure for the year on a pro forma basis to reflect the following transactions as if they occurred on January 1, 2007:

- Brookfield Infrastructure's increased investment in Transelec, which increased our ownership to approximately 17.8%;
- The seeding of the assets into Brookfield Infrastructure on November 27, 2007; and
- The spin-off of Brookfield Infrastructure from Brookfield and related transactions including entry into the Master Services Agreement.

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Income Statement Key Metrics		
Revenue	**$ 32.9**	$ 33.1
Earnings (loss) from equity accounted investments	**25.9**	(9.5)
Dividend income	**14.3**	16.0
Interest expense	**(12.9)**	(12.5)
Net income	**27.9**	6.1
Adjusted net operating income (ANOI)	**63.3**	52.2

1 Certain prior period amounts have been reclassified to conform to the current period's presentation.

For the year ended December 31, 2008, we recorded pro forma net income of $27.9 million compared to income of $6.1 million for the same period of 2007. The increase is primarily driven by strong performance from our transmission segment and non-recurring revenue of $8.5 million as a result of retroactive application of the 2006 trunk transaction study at our Chilean transmission operations.

The following table presents both pro forma net income and adjusted net operating income by segment:

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Net Income (loss) by segment		
Electricity transmission	**$ 40.7**	$ 27.4
Timber	**6.7**	(10.6)
Corporate	**(19.5)**	(10.7)
Net income	**$ 27.9**	$ 6.1
Adjusted net operating income by segment		
Electricity transmission	**$ 68.4**	$ 54.2
Timber	**12.8**	15.9
Corporate	**(17.9)**	(17.9)
Adjusted net operating income (ANOI)	**$ 63.3**	$ 52.2

1 Certain prior period amounts have been reclassified to conform to the current period's presentation.

Changes in net income and adjusted net operating income for each segment, as presented above, are discussed in the Operating Platforms section of this supplemental information, which follows. Corporate expenditures are comparable with the prior year, with the exception that 2007 corporate expenditures impacting net income includes the benefit of a $8.4 million income tax recovery which arose on the formation of Brookfield Infrastructure.

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.

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Revenue	**$ 86.4**	$ 35.5
Costs attributed to revenues	**(15.8)**	(6.4)
Dividend income	**14.3**	0.5
Net operating income	**84.9**	29.6
Other income	**1.6**	0.3
Interest expense[2]	**(21.1)**	(8.0)
Cash taxes	**(1.4)**	(4.5)
Adjusted net operating income (ANOI)	**64.0**[3]	17.4
Depreciation and amortization	**(17.6)**	(8.0)
Unrealized gains (losses) on derivative instruments	**(2.9)**	1.5
Deferred taxes and other items	**(3.6)**	(1.1)
Net income	**$ 39.9**	$ 9.8

1 Brookfield Infrastructure was formed on November 27, 2007, accordingly, results for 2007 reflect only one month of Brookfield Infrastructure activity. In addition, results reflect the historical results of our Ontario transmission operations.

2 Excludes non-cash components of interest expense which are included in the line item deferred taxes and other items.

3 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 and full year 2008 ANOI by $3.7 million. Net income is unchanged.

On a proportionate basis, our transmission operations earned $84.9 million of net operating income, $64.0 million of adjusted net operating income and $39.9 million of net income for the year ended December 31, 2008. Results for 2007 are not comparable as they reflect only one month of Brookfield Infrastructure activity as Brookfield Infrastructure was formed on November 27, 2007. In addition, results reflect the historical results of our Ontario transmission operations.

The following table presents the transmission segment's pro forma proportionate share of financial results.

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[2]
Revenue	**$ 93.0**	$ 78.1
Costs attributed to revenues	**(16.5)**	(13.3)
Dividend income	**14.3**	16.0
Net operating income	**90.8**	80.8
Other income (expenses)	**1.6**	0.9
Interest expense[1]	**(22.6)**	(23.0)
Cash taxes	**(1.4)**	(4.5)
Adjusted net operating income (ANOI)	**68.4**	54.2
Depreciation and amortization	**(18.9)**	(17.8)
Unrealized gains (losses) on derivative instruments	**(6.6)**	(15.0)
Deferred taxes and other items	**(2.2)**	6.0
Net income	**$ 40.7**	$ 27.4

1 Excludes non-cash components of interest expense which are included in the line item deferred taxes and other items.

2 Certain prior period amounts have been reclassified to conform to the current period's presentation.

On a pro forma proportionate basis, our transmission businesses recorded strong results. For the year ended December 31, 2008 Transelec's net operating income and ANOI were $50.9 million and $37.3 million, respectively, compared with $37.5 million and $22.3 million for the prior year. Transelec's results reflected non-recurring revenues of $8.5 million as a result of retroactive application of the 2006 trunk transmission study. Adjusting for non-recurring revenue, Transelec's ANOI increased 29% relative to the prior year primarily as a result of the rate increases provided for in the 2006 trunk transmission study, the benefit of growth capital expenditures and indexation of revenues resulting from inflation and foreign exchange movements. After adjusting for non-recurring revenues, operating margins at our Chilean transmission operations were 82% which are in line with historical levels.

For the year ended December 31, 2008, Ontario transmission's net operating income and ANOI were $25.6 million and $16.8 million, respectively, compared with $27.3 million and $15.9 million from the prior year. Revenues from our Ontario transmission operations were essentially flat compared with the prior year. Operating and maintenance expenses increased relative to the prior year due to personnel costs associated with the establishment of Ontario transmission as an independent operation for which we intend to apply for cost recovery in our upcoming rate case. This increase in costs contributed to the decline in net operating income. This decline was more than offset by lower cash taxes in 2008, resulting in an increase in ANOI.

Dividends received from our TBE investment in 2008 were $14.3 million for the year compared to $16.0 million in 2007. Dividends from TBE are paid on a periodic basis.

Non-cash expenses are primarily comprised of depreciation and amortization which reflect application of purchase accounting in our Chilean transmission operations, as well as non-cash inflation indexations on our Chilean peso denominated debt. Depreciation and amortization amounted to $18.9 million in 2008, up from $17.8 million in 2007 related to incremental depreciation booked in conjunction with the expansion of our regulated asset base.

Our transmission operations have a combination of regulatory and contractual 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. Growth and maintenance capital expenditures are discussed in the Capital Expenditures section of this supplemental information.

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

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007
Contractual revenue with indexation	**$ 27.3**	$ 25.4
Regulated revenue with indexation	**30.2**	15.4
	57.5	40.8
Other transmission revenue	**35.5**	37.3
	$ 93.0	$ 78.1

For the year, adjusting for non-recurring revenues of $8.5 million, our proportionate share of revenues with indexation increased by $8.2 million or 20% in 2008 compared with 2007. Of the total, $4.3 million was due to the ongoing benefit from the increased replacement cost provided in the 2006 trunk transmission study, $2.9 million was attributable to inflation indexation and $1.0 million was attributable to growth capital expenditures.

Business Development - Electricity Transmission

As previously disclosed, Brookfield Infrastructure has exercised an option to sell its minority interests in TBE. The primary purchaser of TBE will be CEMIG, the electric utility for the state of Minas Gerais in Brazil. Closing is expected to occur in March of 2009, subject to receipt of regulatory and other approvals. Concurrent with the exercise of the put option, Brookfield Infrastructure entered into a foreign exchange hedge to lock in projected proceeds in U.S. dollars. Brookfield Infrastructure expects to receive after tax proceeds from the sale of approximately $274 million, of which $27 million was received from realized hedge gains in 2008 and an additional $41 million was received from realized hedge gains in January of 2009. The proceeds will be used to repay corporate borrowings, fund growth capital investments and acquisitions as well as for general corporate working capital purposes.

In 2008, Transelec's growth capital expenditures were $71 million which was lower than expected primarily due to a number of budgeted projects that were deferred. As a result of the deferral of certain projects and approximately $190 million of new projects that were booked during the year, Transelec's capital expenditure backlog (projects that have been awarded to Transelec for which expenditures have not yet been made) was approximately $240 million at the end of 2008 compared with $120 million at the end of the prior year. Furthermore, as we enter 2009, we are experiencing an increase in opportunities to build transmission lines for unregulated customers such as generators and copper mines as they seek to deploy their capital more efficiently in the current difficult economic environment. As Transelec enters the second year of its five-year plan to invest $1 billion in growth capital expenditures on a 100% basis, of which Brookfield Infrastructure's share is approximately $180 million, we remain optimistic that this objective can be achieved. We will continue to look for opportunities to grow this business and have adjusted our investment hurdle rates to reflect the current environment.

In order to partially finance its growth plan, Transelec has executed a capital expenditure credit facility of approximately $130 million. The objective is to draw the facility to fund capital expenditures and to refinance the facility over time through the issuance of long-term debt.

In 2008, Transelec implemented a long-term hedge program in order to substantially convert Transelec to a U.S. dollar asset with minimal ongoing exposure to the Chilean peso. The program was comprised of matched maturity cross-currency interest rate swaps which converted Transelec's U.S. dollar debt into inflation indexed Chilean peso debt and foreign exchange swaps to convert the residual Chilean peso equity investment into U.S. dollars. This program was completed in August 2008, prior to the recent significant devaluation of the Chilean peso. Although the hedge program was designed to limit the impact of foreign exchange on U.S. dollar denominated adjusted net operating income, foreign exchange movements will continue to impact the various components of ANOI. Going forward, for example, we expect the recent devaluation of the Chilean peso would decrease Transelec's net operating income, principally due to the impact of foreign exchange on revenue indexation offset to a degree by its impact on operating costs. Interest expense would also decrease due to the recent foreign currency devaluation. Additionally, fair market value gains on the foreign exchange swaps would be included in other income. Notwithstanding the hedge program, a modest impact on ANOI due to foreign exchange movement is expected to remain because of imperfections of the hedge program.

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.

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Revenue	**$ 124.8**	$ 6.1
Cost attributed to revenues	**(81.8)**	(5.6)
Net operating income	**43.0**	0.5
Other expense	**(0.5)**	(1.9)
Interest expense	**(29.0)**	(2.7)
Cash taxes	**(0.7)**	—
Adjusted net operating income (ANOI)	**12.8**	(4.1)
Depreciation, depletion and amortization	**(36.7)**	(1.8)
Performance fee	**12.8**	(3.1)
Deferred taxes and other items	**17.8**	2.8
Net income (loss)	**$ 6.7**	$ (6.2)

1 Brookfield Infrastructure was formed on November 27, 2007, accordingly, results for 2007 reflect only one month of Brookfield Infrastructure activity.

On a proportionate basis, our timber operations generated $43.0 million of net operating income, $12.8 million of adjusted net operating income and a net income of $6.7 million for the year ended December 31, 2008. Results for 2007 are not comparable as the results reflect only one month of Brookfield Infrastructure activity as Brookfield Infrastructure was formed on November 27, 2007.

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

	Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Revenue	**$ 124.8**	$ 131.4
Cost attributed to revenues	**(81.8)**	(79.6)
Net operating income	**43.0**	51.8
Other income (expense)	**(0.5)**	(5.0)
Interest expense	**(29.0)**	(30.9)
Cash taxes	**(0.7)**	—
Adjusted net operating income (ANOI)	**12.8**	15.9
Depreciation, depletion and amortization	**(36.7)**	(29.9)
Performance fee	**12.8**	(3.1)
Deferred taxes and other items	**17.8**	6.5
Net income (loss)	**$ 6.7**	$ (10.6)

1 Certain prior period amounts have been reclassified to conform to the current period's presentation.

In our timber operations for the year ended December 31, 2008, net operating income and ANOI were $43.0 million and $12.8 million, respectively, on a pro forma basis compared to $51.8 million and $15.9 million respectively, in the prior year.

Harvest and sales volumes at our Canadian timber operations decreased 7% and 13%, respectively, versus 2007. Sales volumes in 2008 were in line with harvest levels, while in 2007, sales volumes exceeded harvest levels due to significantly more logs purchased for resale in 2007. In 2008 we reduced sales of second growth Douglas-fir as markets for this product are highly dependant on new home construction in the U.S., which remains severely depressed. To mitigate the impact of weak North American markets, we have remained focused on increasing the percentage of appearance grade products in our mix which we export to Asian markets and continue to yield higher margins, net of transportation costs. Export volumes represented 29% of shipments in 2008, compared to 27% in 2007. Costs per unit increased 6% compared to 2007 primarily as a result of product mix and to a lesser extent higher fuel costs. As a result of the foregoing, our operating margins declined to 26% for the year versus 31% in the prior year.

At our U.S. timber operations, harvest and sales volumes increased 6% and 12%, respectively, in 2008 over the prior year despite difficult market conditions. The increase is primarily due to weather conditions which had less of an impact on 2008 operations compared with 2007. Operations on the additional 68,000 acres of timberlands acquired in November 2008 also contributed to the increase, although to a lesser degree. Please see the Business Development – Timber section of this supplemental information for further information regarding this acquisition. We have continued to maximize our proportion of export quality timber from our harvest to take advantage of the significantly better prices available in the off-shore markets. The volume exported increased to 24% of total shipments in 2008, up sharply from 16% in 2007. As a result of this focus on export opportunities, we mitigated the decline in our average selling price for Douglas-fir which was 7% less than 2007, while domestic prices declined by approximately 14%. Costs per unit increased 1% compared to 2007, principally due to higher costs associated with storm damage clean up in early 2008 and the impact of higher fuel costs. Overall margins decreased to 34% in 2008 from 42% in 2007 principally due to the decline in average selling price.

For the year ended December 31, 2008 and 2007, depreciation, depletion and amortization was $36.7 million and $29.9 million, respectively. The increase in depreciation and depletion is predominantly due to the step up in the carrying value of the Longview assets which increased depreciation beginning in April 2007.

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

UNAUDITED	**Year Ended December 31, 2008** Harvest (000's m³)	Sales (000's m³)	Revenue/m³	Revenue ($ millions)	Year Ended December 31, 2007 Harvest (000's m³)	Sales (000's m³)	Revenue/m³	Revenue ($ millions)
Douglas-fir	**773**	**793**	**$ 88.3**	**$ 70.0**	828	841	$ 91.6	$ 77.1
Whitewood	**403**	**419**	**59.6**	**25.0**	463	489	65.4	32.0
Other species	**246**	**233**	**109.4**	**25.5**	150	149	130.9	19.5
	1,422	**1,445**	**$ 83.4**	**$ 120.5**	1,441	1,479	$ 86.9	$ 128.6
HBU and other sales				**4.3**				2.8
Total				**$ 124.8**				$ 131.4

In 2008, sales volumes of Douglas-fir and Whitewood declined by 6% and 14%, respectively, versus 2007 due to the difficult market conditions in the structural lumber market. Sales volumes of other species increased significantly as a result of better relative market conditions for pulp logs and cedar through the first nine months of the year.

The average realized price for Douglas-fir decreased by 4% compared to the prior year as declines in prices of products sold to the domestic market were offset by a higher percentage of high value appearance and export grade products sold to off-shore markets. The average selling price of Whitewood decreased by 9% over 2007 reflecting challenging North American market conditions. The significant change in the average realized price for other species is mostly attributable to a change in the mix of products included in that category.

Our share of higher and better use ("HBU") land and other sales were $4.3 million for the year as compared to $2.8 million for 2007.

Business Development – Timber

In the fourth quarter of 2008, Longview completed the add-on acquisition of a 68,000 acre tree farm in Washington State for $163 million. The property is in close proximity to Longview's existing asset base and will benefit from efficiencies associated with integration into Longview's operations. Concurrently, Longview repaid its outstanding bridge loan whose principal amount was approximately $250 million. In order to fund these amounts, Longview issued $70 million long-term debt and financed the balance with new equity. Brookfield Infrastructure invested $103 million directly and indirectly into Longview in order to maintain its interest at the 30% level.

Outlook - Timber

We believe operating results for the timber segment will meaningfully improve over the long term, however, the timing of the recovery is highly dependant on the recovery in U.S. new home construction.

Although it is difficult to predict the timing and impact of variances in these factors, we believe that we will achieve increases in adjusted net operating income and net income from this segment of our business for the following reasons:

- Increased harvest levels
  - Production levels in 2008 at our Canadian operations were 12% below planned levels, due to unfavorable market and weather conditions. The long-run sustainable yield is estimated to be approximately 0.7 million m³ on a proportionate basis. We expect to achieve an elevated harvest level at our Canadian operations of approximately 0.9 million m³ 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 standing inventory at our U.S. operations, we expect to increase harvest levels to approximately 0.9 million m³ 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 m³.
  - In order to capture the full value of this inventory, this increase in harvest will be staged in as market conditions improve. We currently do not anticipate operating at the higher harvest plan before 2010.
- 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 the near term, we expect that the softness in the U.S. housing market, exacerbated by extreme dislocations in the mortgage financing market, will result in continued reduction in demand from sawmills that produce structural lumber for the housing market, putting downward pressure on sawlog prices. 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;
- Russian timber supply to the Asian markets, which is expected to be constrained as a result of log export restrictions that are being phased in by Russia; and
- timberlands that are continuing to be withdrawn for conservation and alternate uses.

Business Developments – PPP Projects

In the fourth quarter we completed the acquisition of two equity interests in PPP projects – Long Bay Forensic and Prison Hospitals in Australia and Peterborough Hospital in the United Kingdom – from Brookfield Multiplex for approximately $12 million. A third equity interest – Royal Melbourne Showgrounds in Australia – closed subsequent to year end for an additional investment of approximately $3 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, and these transactions allow Brookfield infrastructure to establish a platform to participate in the PPP space.

Both the Long Bay and Peterborough projects were in their construction phase in the fourth quarter, accordingly, no cash flow was received from these investments. Long Bay Forensic and Prison Hospitals is expected to complete construction in the first quarter of 2009. We expect to begin to receive cash flows from this investment at that time. Peterborough Hospital is expected to be completed in late 2011 and no cash flows are expected from this project until that time. We have a commitment to fund our share of the additional equity investment in the project totaling approximately £8 million. We have entered into foreign currency contracts to hedge this amount to the equivalent of approximately $12 million. Royal Melbourne Showgrounds will contribute cash flow in the first quarter of 2009.

CORPORATE EXPENSES

The following table presents the components of corporate expenses for the year ended December 31, 2008:

MILLIONS, UNAUDITED	**Year Ended December 31, 2008**
General and administrative costs	**$ 7.0**
Base management fee [1]	**7.8**
Financing costs [2]	**4.4**
	$ 19.2

1 Pursuant to the Master Service Agreement on a gross basis.

2 Financing costs include dividends paid on the preferred shares, interest expense and standby fees from the committed credit facility and the non-cash amortization of financing costs, less ancillary interest earned on cash balances. Non-cash amortization of financing costs was $1.3 million for the year ended December 31, 2008.

We estimate that our general and administrative costs related to Brookfield Infrastructure will be approximately $7 million to $8 million per annum on a going-forward basis. 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.

CAPITAL EXPENDITURES

MILLIONS, UNAUDITED	Years Ended December 31 **2008**	2007
Maintenance capital expenditures by segment		
Electricity Transmission	**$ 7.5**	$ 7.5
Timber	**5.2**	4.0
	$ 12.7	$ 11.5
Growth capital expenditures by segment		
Electricity Transmission	**$ 14.6**	$ 20.6
Timber	**—**	—
	$ 14.6	$ 20.6

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.

Included in the transmission segment's growth capital expenditures is $12.6 million (2007 – $7.3 million) representing our share of growth capital investments at Transelec, comprised of regulated and contracted transmission projects which should result in additional adjusted net operating income.

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 to commence on November 10, 2008 and will terminate 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.

To December 31, 2008, 180,602 Units have been repurchased and cancelled under this program at an average price of $11.05 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 adjusted net operating income 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 December 31, 2008 was as follows:

MILLIONS, UNAUDITED	**As at December 31, 2008**
Cash	**$ 8**
Availability under committed credit facility	**311**
Proceeds from the sale of TBE[1]	**247**
Total estimated liquidity	**$ 566**

1 Estimated proceeds (see Operating Platforms - Business Development - Electricity Transmission).

At December 31, 2008, we had approximately $8 million of cash for working capital purposes. In June 2008, Brookfield Infrastructure closed a $450 million senior secured revolving credit facility, of which $135 million is available for working capital including acquisitions and $315 million is available for acquisitions. Prior to drawing on the facility we must satisfy a number of customary conditions including compliance with certain financial ratios. At December 31, 2008, $139 million was drawn on this facility and $311 million was available to fund growth capital investments and acquisitions as well as for general corporate working capital purposes. During the year, we announced our plan to sell our interests in TBE which, once completed, is expected to generate approximately $274 million in after tax proceeds of which $27 million has already been received from a realized hedge gain. In January 2009, subsequent to year end an additional $41 million was received from a realized hedge gain.

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.

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.

We finance our assets principally at the operating entity level through the use of long-term debt that has recourse only to the underlying operations. In addition, Brookfield Infrastructure's operations endeavor to maintain investment grade or crossover ratings.

We also strive to ladder our principal repayments over a number of years. Scheduled principal repayments as at December 31, 2008 on a proportionate basis on Brookfield Infrastructure's borrowings over the next five years are as follows:

MILLIONS, UNAUDITED	Average Term (years)	2009	2010	2011	2012	2013	Beyond	Total
Electricity Transmission[1]	10.8	$ —	$ —	$ 82.8	$ —	$ 26.7	$ 235.0	$ 344.5
Timber[1]	9.1	—	—	—	—	127.1	347.8	474.9
Social Infrastructure[1]	19.5	—	—	—	—	—	231.5	231.5
Corporate borrowings	2.5	—	—	139.5	—	—	—	139.5
Total	10.8	$ —	$ —	$ 222.3	$ —	$ 153.8	$ 814.3	$ 1,190.4

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

As illustrated in the schedule above, the proportionate share of debt associated with Brookfield Infrastructure as at December 31, 2008 was $1,190.4 million. Furthermore, the debt has a long-term average term of 10.8 years with no significant debt maturities until 2011. The debt to capitalization ratio for Brookfield Infrastructure as at December 31, 2008 was 57%.

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

	Year Ended December 31, 2008			Year Ended December 31, 2007		
MILLIONS, UNAUDITED	**Proportionate Average Debt**	**Average cash interest rate**	**Cash interest**	Proportionate Average Debt	Average cash interest rate	Cash interest
Electricity transmission[1]	**$ 366.6**	**6.2%**	**$ 22.6**	$ 390.8	5.6%	$ 23.0
Timber[1]	**510.6**	**5.7%**	**29.0**	513.8	5.9%	30.9
Corporate borrowings	**17.5**	**5.7%**	**1.0**	—	—	—
Total	**$ 894.7**	**5.9%**	**$ 52.6**	$ 904.6	5.8%	$ 53.9

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

2 The above table excludes debt associated with the two social infrastructure projects acquired in December 2008 as all associated interest is capitalized because these projects are under construction.

REVIEW OF FOURTH QUARTER PERFORMANCE

In this section we review our performance and financial position for the three months ended December 31, 2008. As our operating assets were seeded into Brookfield Infrastructure on November 27, 2007, there are no meaningful GAAP financial comparatives. Accordingly, the comparative period is presented on a pro forma basis. (See Overview Of Performance – Pro Forma Results of Operations section of this supplemental information.)

The following table summarizes the financial results of Brookfield Infrastructure:

	Three Months Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007[1]
Income Statement Key Metrics		(Pro forma)
Revenues	**$ 6.6**	$ 8.8
Earnings (losses) from equity accounted investments	**25.9**	(11.1)
Dividend income	**3.3**	0.5
Interest expense	**(4.6)**	(4.8)
Net income (loss)	**21.7**	(5.2)
Adjusted net operating income (ANOI)	**$ 11.1**	$ 4.6
Key Income Statement Metrics By Segment		
Net income (loss) by segment		
Electricity transmission	**$ 15.3**	$ (0.2)
Timber	**14.4**	(5.7)
Corporate	**(8.0)**	0.7
Net (loss) income	**$ 21.7**	$ (5.2)
Adjusted net operating income by segment		
Electricity transmission	**$ 15.4**	$ 9.0
Timber	**2.1**	2.0
Corporate	**(6.4)**	(6.4)
Adjusted net operating income (ANOI)	**$ 11.1**	$ 4.6

1 Certain prior period amounts have been reclassified to conform to the current period's presentation.

For the three months ended December 31, 2008, we recorded net income of $21.7 million compared to a loss of $5.2 million in the same period of 2007. ANOI was $11.1 million in the fourth quarter of 2008 compared to $4.6 million in the same quarter of 2007. Changes in net income and adjusted net operating income for each segment, as presented above, are discussed in the Electricity Transmission Operations and Timber Operations sections which follow.

Electricity Transmission Operations

MILLIONS, UNAUDITED	Three Months Ended December 31 2008	2007[1] (Pro forma)
Revenue	**$ 18.7**	$ 18.7
Costs attributed to revenues	**(5.7)**	(3.7)
Dividend income	**3.3**	0.5
Net operating income	**16.3**	15.5
Other income	**2.4**	—
Interest expense[2]	**(5.3)**	(6.1)
Cash taxes	**2.0**	(0.4)
Adjusted net operating income (ANOI)	**15.4**	9.0
Depreciation and amortization	**(5.8)**	(5.6)
Unrealized gains (losses) on derivative instruments	**4.3**	(5.5)
Deferred taxes and other items	**1.4**	1.9
Net Income (loss)	**$ 15.3**	$ (0.2)

1 Certain prior period amounts have been reclassified to conform to the current period's presentation.
2 Excludes non-cash components of interest expense which are included in the line item deferred taxes and other items.

On a proportionate basis, our transmission businesses recorded strong results. For the three months ended December 31, 2008 Transelec's net operating income and ANOI were $9.2 million and $7.1 million, respectively, compared with $9.7 million and $6.1 million for the prior year. Operating margins at our Chilean transmission operations were 76% for the current quarter compared to 85% in the prior year. The margin at the underlying core business remains consistent with historical levels. The decrease in the current period is due to the impact of additional engineering revenue that is charged at cost plus 15% margin, which impacts the overall margin.

For the three months ended December 31, 2008, Ontario transmission's net operating income and ANOI were $3.8 million and $5.0 million, respectively, compared with $5.3 million and $2.4 million from the prior year. Revenues from our Ontario transmission operations declined compared with the prior year as a result of foreign exchange and lower volumes resulting from warmer than average weather conditions. Operating and maintenance expenses increased relative to the prior year due to personnel costs associated with the establishment of Ontario transmission as an independent operation for which we intend to apply for cost recovery in our upcoming rate case.

During the quarter, dividends received from our TBE investment increased to $3.3 million compared to $0.5 million in the same period of 2007. Dividends from TBE are paid on a periodic basis, not necessarily quarterly.

Our transmission operations have a combination of regulatory and contractual 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:

MILLIONS, UNAUDITED	Three Months Ended December 31 2008	2007
Contractual revenue with indexation	**$ 4.9**	$ 6.5
Regulated revenue with indexation	**5.7**	4.2
	10.6	10.7
Other transmission revenue	**8.1**	8.0
	$ 18.7	$ 18.7

For the quarter, our proportionate share of revenues with indexation were virtually flat with the prior year as the increase in revenue at Transelec from the rate increase provided for in the 2006 trunk transmission study, inflation indexation and the impact of growth capital expenditures were offset by the impact of foreign exchange. The impact of foreign exchange on revenue has been offset to a large degree by the impact on operating costs, interest expense and the impact of derivative contracts used in our hedge program.

Timber Operations

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

MILLIONS, UNAUDITED	Three Months Ended December 31 2008	2007[1] (Pro forma)
Revenue	**$ 28.5**	$ 19.5
Costs attributed to revenues	**(18.0)**	(15.0)
Net operating income	**10.5**	4.5
Other income (expenses)	**(0.9)**	5.2
Interest expense	**(7.7)**	(7.7)
Cash taxes	**0.2**	—
Adjusted net operating income (ANOI)	**2.1**	2.0
Depreciation, depletion and amortization	**(8.8)**	(8.5)
Performance fee	**13.4**	(3.1)
Deferred taxes and other items	**7.7**	3.9
Net income (loss)	**$ 14.4**	$ (5.7)

1 *Certain prior period amounts have been reclassified to conform to the current period's presentation.*

In our timber operations for the three-month period ended December 31, 2008, net operating income and ANOI were $10.5 million and $2.1 million, respectively, compared to $4.5 million and $2.0 million respectively, in the prior year.

Sales volumes increased 33% in the fourth quarter of 2008 compared to the prior year as a labor disruption limited the amount of logs available for sale in 2007. In the fourth quarter of 2008, we continued our efforts to reduce the harvest of second growth Douglas-fir as markets for this product are highly dependant on new home construction in the U.S., which continues to be severely depressed. To mitigate the impact of weak North American markets, we increased the percentage of appearance grade products in our mix, which we are able to export to Asian markets and realize higher margins, net of transportation costs. Export volumes accounted for 39% of sales in the fourth quarter of 2008, compared to 37% in the comparable period of 2007. Costs per unit decreased 16% compared to the fourth quarter of 2007 primarily as a result of the decreased value of the Canadian dollar in relation to the U.S. dollar. As a result of the foregoing, margins increased to 30% compared to 15% in the comparable quarter of 2007.

In our U.S. timber operations, harvest and sales volumes increased 27% and 34%, respectively, in the fourth quarter of 2008 compared with the prior year despite difficult market conditions. The increase is primarily due to adverse weather conditions in the fourth quarter of 2007. The additional 68,000 acres of timberlands purchased in November 2008 also contributed to the increase, although to a lesser degree. We have continued to maximize our proportion of export quality timber from our harvest to take advantage of the significantly stronger prices, net of transportation, available in the off-shore markets. In the fourth quarter of 2008, exports increased to 30% of total shipments, up significantly from 17% in the prior year. As a result, our average selling price for Douglas-fir increased by 5% compared with the fourth quarter of 2007, while domestic prices declined by approximately 9% over this period. Costs per unit returned to more normal levels due to lower fuel prices, although efforts to maximize export quality timber volumes have required operations to be more heavily focused in higher cost operating areas. As a result of the foregoing, our margins improved to 34% in the quarter, versus 25% in the prior year.

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

	Three-Month Period Ended December 31, 2008				Three-Month Period Ended December 31, 2007			
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	**195**	**180**	**$ 91**	**$ 16.3**	160	132	$ 82	$ 10.8
Whitewood	**93**	**102**	**58**	**5.9**	108	92	67	6.1
Other	**51**	**49**	**92**	**4.5**	29	24	108	2.6
	339	**331**	**$ 81**	**$ 26.7**	297	248	$ 79	$ 19.5
HBU and other sales				**1.8**				—
Total				**$ 28.5**				$ 19.5

Sales volumes of Douglas-fir and Whitewood combined increased by 26% in the quarter ended December 31, 2008 compared to the prior year due to higher harvest levels in our U.S. operations and a labor disruption in 2007 which limited availability of logs for sale in our Canadian operations. Sales volumes of other species were also higher due to increased harvesting in our U.S. operations.

The average realized price for Douglas-fir increased by 11% compared to the same quarter in the previous year as declines in prices of products sold to the domestic market were offset by a higher percentage of high value appearance and export grade products sold to off-shore markets. Whitewood prices fell 13% as the majority of these products are sold into the North American market. The significant change in the average realized price for other species is mostly attributable to a change in the mix of products included in that category.

Corporate Expenses

The following table presents the components of corporate expenses:

MILLIONS, UNAUDITED	**Three Months Ended December 31, 2008**
General and administrative costs	**$ 3.6**
Base management fee [1]	**1.6**
Financing costs [2]	**2.5**
	$ 7.7

1 Pursuant to the Master Service Agreement on a gross basis.

2 Financing costs include dividends paid on the preferred shares, interest expense and standby fees from the committed credit facility and the non-cash amortization of financing costs, less ancillary interest earned on cash balances. Non-cash amortization of financing costs was $1.3 million for the three-month period ended December 31, 2008.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

- Adjusted net operating income 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;
- Adjusted net operating income does not include deferred income taxes, which may become payable if we own our assets for a long period of time; and
- Adjusted net operating income 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, adjusted net operating income 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. We compensate for these limitations by relying on our GAAP results and using adjusted net operating income only supplementally. However, adjusted net operating income is a key measure that management uses 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 adjusted net operating income provides a more complete understanding of factors and trends affecting our underlying operations. Adjusted net operating income allows our management to evaluate our businesses on the basis of cash return on net capital deployed by removing the effect of non-cash and other items. We add back depreciation and amortization to remove the implication that our assets decline in value over time since we believe that the value of most or our assets will typically increase over time provided we make all necessary maintenance expenditures.

We add back depletion because we endeavor to manage our timberlands on a sustainable basis over the long term. Furthermore, changes in asset values typically do not decline on a predetermined schedule, as suggested by accounting depreciation or depletion, but instead will inevitably vary upwards and downwards based on a number of market and other conditions that cannot be determined in advance. We add back deferred income taxes because we do not believe this item reflects the present value of the actual cash tax obligations we will be required to pay, particularly if our operations are held for a long period of time. 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, which benefit 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 adjusted net operating income without adding back the performance fee.

The following table reconciles adjusted net operating income 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, adjusted net operating income reflects Brookfield Infrastructure's ownership interest. We urge you to review the GAAP financial measures in the supplemental financial information contained herein, and to not rely on any single financial measure to evaluate Brookfield Infrastructure.

	Three Months Ended December 31	Year Ended December 31
MILLIONS, UNAUDITED	**2008**	**2008**
Net income (loss)	**$ 21.7**	**$ 28.0**
Add back or deduct the following:		
Depreciation, depletion and amortization	**14.6**	**54.3**
Deferred taxes	**(9.1)**	**(14.9)**
Performance fee	**(13.4)**	**(12.8)**
Unrealized (gains) losses on derivative instruments	**(4.0)**	**3.9**
Other non-cash items	**1.3**	**1.2**
Adjusted net operating income (ANOI)	**$ 11.1**	**$ 59.7**

On a pro forma basis, the following table reconciles net income to adjusted net operating income.

	Three Months Ended December 31		Years Ended December 31	
MILLIONS, UNAUDITED	**2008**	2007	**2008**	2007
Net income (loss)	**$ 21.7**	$ (5.2)	**$ 27.9**	$ 6.1
Add back or deduct the following:				
Depreciation, depletion and amortization	**14.6**	14.1	**55.6**	47.7
Deferred taxes	**(9.1)**	(15.2)	**(15.6)**	(20.9)
Performance fee	**(13.4)**	3.1	**(12.8)**	3.1
Unrealized (gains) losses on derivative instruments	**(4.0)**	5.8	**6.9**	15.3
Other non-cash items	**1.3**	2.0	**1.3**	0.9
Adjusted net operating income (ANOI)	**$ 11.1**	$ 4.6	**$ 63.3**	$ 52.2

The difference between net income and adjusted net operating income 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 its Chilean peso denominated debt.

APPENDIX A – UNAUDITED PRO FORMA FINANCIAL INFORMATION

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

AND FOR THE THREE MONTHS ENDED DECEMBER 31 2007

BROOKFIELD INFRASTRUCTURE

The unaudited pro forma financial information of Brookfield Infrastructure L.P. ("Brookfield Infrastructure") for the years ended December 31, 2008 and 2007 and for the three-month period ended December 31, 2007 present Brookfield Infrastructure's results of operations, adjusted to give effect to:

- the transfer to Brookfield Infrastructure of a 10.7% ownership interest in Transelec Chile S.A.("Transelec") (which was acquired by Brookfield Asset Management Inc. ("Brookfield") on June 30, 2006) and a 37.5% interest in Island Timberlands Limited Partnership ("Island Timberlands") (acquired by Brookfield on May 30, 2005);
- the transfer to Brookfield Infrastructure of interests ranging from 7% to 18% in five separate, but related, Brazilian electricity transmission investments, which are collectively referred to as TBE;
- the transfer to Brookfield Infrastructure of a 30% interest in Longview Timber Holdings Corp.'s ("Longview") timberland operations (which was acquired by Brookfield on April 20, 2007) reflecting adjustments to Longview's historical financial statements for the sale by Longview of eight converting facilities and all of its manufacturing operations prior to Brookfield Infrastructure's acquisition of its interest in Longview;
- the additional equity investment in Transelec (made on April 3, 2008) to fund an adjustment to the original purchase price of Transelec due to an increase in the regulated asset value of our Chilean transmission operations, which resulted in an increase in Brookfield Infrastructure's ownership interest in Transelec from 10.7% to 17.8%; and
- the spin-off ("Spin-off") of the Partnership's units to Brookfield shareholders on January 31, 2008 and related transactions including entry into our Master Services Agreement with Brookfield and the issuance of preferred shares to Brookfield by Brookfield Infrastructure's holding entity subsidiaries,

as if all such transactions were completed on January 1, 2007.

The unaudited pro forma financial information has been prepared based upon currently available information and assumptions deemed appropriate. The unaudited pro forma financial information is provided for informational purposes only and may not be indicative of the results that would have occurred if the Spin-off and the other transactions above had been effected on the dates indicated nor is it necessarily indicative of future performance.

The unaudited pro forma financial information should be read together with Brookfield Infrastructure Partner L.P.'s (the "Partnership") Supplementary Information for the quarter ended December 31, 2008 and the historical financial statements found on the Partnership's website and included as exhibits to the Partnership's Form 6-K filed in connection with its fourth quarter results press release.

All financial data in the unaudited pro forma financial information is presented in U.S. dollars and, unless otherwise indicated, has been prepared in accordance with U.S. GAAP.

BROOKFIELD INFRASTRUCTURE
PRO FORMA STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2008

(unaudited, in millions of U.S. dollars)

	Historical Financials	Increase in Transelec Ownership Interest	Other	Pro Forma
Revenues	$ 32.9	$ —	$ —	$ 32.9
Cost of revenues (exclusive of depreciation expense)	(2.6)	—	—	(2.6)
Selling, general and administrative expenses	(18.7)	—	(0.8)[1]	(19.5)
Other income	0.9	—	—	0.9
Depreciation expense	(7.7)	—	—	(7.7)
Interest expense	(12.9)	—	—	(12.9)
Earnings from equity accounted investments	25.2	0.7	—	25.9
Dividend income	14.3	—	—	14.3
Net income before taxes	31.4	0.7	(0.8)	31.3
Income tax expense	(3.4)	—	—	(3.4)
Net income	$ 28.0	$ 0.7	$ (0.8)	$ 27.9

1 Adjusts for a full period of management fees payable under the Master Services Agreement.

BROOKFIELD INFRASTRUCTURE
PRO FORMA STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2007

(unaudited, in millions of U.S. dollars)

	Historical Financials	Equity accounted earnings Island, Transelec & Longview - Historical[1]	TBE	Increase in Transelec ownership interest	Other	Pro Forma
Revenues	$ 33.1	$ —	—	—	$ —	$ 33.1
Cost of revenues (exclusive of depreciation expense)	(1.1)	—	—	—	—	(1.1)
Selling, general and administrative expenses	(4.4)	—	—	—	(15.2)[2]	(19.6)
Other income	(0.4)	—	—	—	1.1[3]	0.7
Depreciation expense	(7.2)	—	—	—	—	(7.2)
Interest expense	(6.9)	—	—	—	(5.6)[4]	(12.5)
Earnings (losses) from equity accounted investments	(7.8)	3.3	—	0.2	(5.2)[5]	(9.5)
Dividend income	0.5	—	15.5	—	—	16.0
Net income before taxes	5.8	3.3	15.5	0.2	(24.9)	(0.1)
Income tax expense	6.2	—	—	—	—	6.2
Net income	$ 12.0	$ 3.3	15.5	0.2	$ (24.9)	$ 6.1

1 Reflects Brookfield Infrastructure's share of the earnings generated by Island Timberlands, Transelec and Longview for periods after their acquisition by Brookfield, but prior to their transfer to Brookfield Infrastructure.

2 Adjusts for the management fee payable under the Master Services Agreement and for general expenses for the year, consistent with 2008.

3 Adjusts for interest income for the year, consistent with 2008.

4 Adjusts for interest expense for the year, consistent with 2008.

5 Adjusts for losses generated by Longview for the period from January 1, 2007 to April 19, 2007 prior to its acquisition by Brookfield.

BROOKFIELD INFRASTRUCTURE
PRO FORMA STATEMENT OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 2007

(unaudited, in millions of U.S. dollars)

	Historical Financials	Equity accounted earnings Island, Transelec & Longview - Historical [1]	Increase in Transelec ownership interest	Other	Pro Forma
Revenues	$ 8.8	$ —	—	$ —	$ 8.8
Cost of revenues (exclusive of depreciation expense)	(0.5)	—	—	—	(0.5)
Selling, general and administrative expenses	(1.4)	—	—	(5.2)[2]	(6.6)
Depreciation expense	(2.0)	—	—	—	(2.0)
Interest expense	(1.8)	—	—	(3.0)[3]	(4.8)
Earnings (losses) from equity accounted investments	(7.8)	(2.3)	(1.0)	—	(11.1)
Dividend income	0.5	—	—	—	0.5
Net income (loss) before taxes	(4.2)	(2.3)	(1.0)	(8.2)	(15.7)
Income tax expense	10.5	—	—	—	10.5
Net income (loss)	$ 6.3	$ (2.3)	(1.0)	$ (8.2)	$ (5.2)

1 Reflects Brookfield Infrastructure's share of the earnings generated by Island Timberlands, Transelec and Longview for periods prior to their transfer to Brookfield Infrastructure.

2 Adjusts for the management fee payable under the Master Services Agreement and for general expenses for the period, consistent with 2008.

3 Adjusts for interest expense for the period, consistent with 2008.