



15 May 2006

ASX Announcement

Sale of securities in Babcock and Brown Wind and reduction in corporate debt

Babcock & Brown Infrastructure (BBI) announces that it has sold a significant portion of its investment in Babcock & Brown Wind Partners (BBW).

In a cross trade executed after the close of trading on Friday 12 May 2006, BBI sold a total of 30 million stapled securities in BBW, which represents approximately 37% of the holding it had in that fund. BBI maintains an 8.9% holding in BBW.

The trade was executed at a price of \$1.61 per stapled security, netting BBI proceeds of \$48.3 million which will now be utilised to reduce BBI corporate debt. BBI has announced that refinancing or sale of other asset may take place in order to optimise its capital structure in readiness for the recently announced acquisition of NorthWestern Corporation. BBI is currently actively investigating refinancing options for Dalrymple Bay Coal terminal and elements of BBI's independent gas transmission business in the UK.

Mr Steven Boulton, Chief Executive Officer of BBI said "Whilst we had not decided to sell our stake it became clear that significant international demand in the global bookbuild to raise approximately \$118 million held by BBW during the week created an opportunity for BBI to realise profits and unlock value for BBI security holders"

"We are very pleased that we received the favourable price of \$1.61 per security" said Mr Boulton. The fact that this represents a 4% premium over the closing price of BBW before the book build and additional issuance was announced, which was \$1.55, and that it is in line with the 10 day volume weighted average price at that time of \$1.61 is a very good result for a large parcel of securities.

"The investment in BBW has been and remains a very good one for BBI" said Mr Boulton. "Whilst we have been happy to realise the gains made on part of that investment, there are no current directions from the Board to sell the remaining stake."

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Further Enquiries

Steven Boulton
Chief Executive Officer
Babcock & Brown Infrastructure
9229 1800

Elizabeth Hawke
Investor Relations
Babcock & Brown Infrastructure
9229 1800

About Babcock & Brown Infrastructure

Babcock & Brown Infrastructure (ASX: BBI) is a specialist infrastructure entity which provides investors access to a diversified portfolio of quality infrastructure assets. BBI's investment strategy focuses on acquiring, managing and operating quality infrastructure assets in Australia and internationally. Its investments include:

- Dalrymple Bay Coal Terminal - one of the worlds largest coal export facilities, located in Queensland, Australia
- Powerco - the second largest electricity and gas distribution business in New Zealand
- IEG - a gas distribution and supply business in the United Kingdom, Channel Islands, Isle of Man and Portugal
- Ecogen - gas-fired electricity generation plants in Victoria, Australia
- Redbank - a coal tailings-fired electricity generation plant in New South Wales, Australia
- B&B Wind Partners - an 8.9% equity stake in a portfolio of wind energy farms in Spain, Germany, France, the United States and Australia;
- Cross Sound Cable - a HVDC transmission cable which links the electricity grids of Long Island and Connecticut in the United States ;
- NorthWestern Energy Corporation – an electricity and gas transmission and distribution utility with operations in Montana, South Dakota and Nebraska (subject to shareholder and regulatory approvals) ; and
- WestNet rail – a rail infrastructure entity based in Western Australia (subject to regulatory approvals).

BBI is managed by Babcock & Brown Infrastructure Management Pty Limited (BBIM), a wholly owned subsidiary of Babcock & Brown Limited (ASX: BNB), a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments, particularly infrastructure investments.

BBI is listed on the Australian Stock Exchange and has a market capitalisation of approximately A\$2.4 billion.

For further information please visit our website : www.bbinfrastructure.com