



ASX Release

12 November 2009

RESPONSE TO PRESS SPECULATION

Babcock & Brown Infrastructure (ASX:BBI) notes the article in today's Australian Financial Review quoting sources within RBS indicating the possibility of RBS providing an alternative recapitalisation proposal.

BBI wishes to clarify that RBS has not provided any alternative proposal to BBI and that the current recapitalisation proposal announced on 8 October 2009 is the only recapitalisation proposal currently available to BBI securityholders and EPS holders.

Over the past number of weeks, BBI has been made aware that RBS has been approaching holders of BBI Exchangeable Preference Shares (**EPS**) to discuss the possible terms of an alternative proposal. On 28 October 2009, BBI wrote to RBS noting that if RBS wished to pursue a proposal in respect of BBI, then in the interests of certainty, it should approach the BBI Board immediately. No proposal has been delivered since this correspondence and BBI believes that there is a significant likelihood that no proposal in a form that has an appropriate degree of certainty and clearly demonstrates value to all BBI stakeholders, will materialise.

RBS had previously submitted proposals to BBI, which were rejected by the Board of BBI. Detailed reasons for the rejection of the previous RBS approaches have been set out in ASX releases and in the recapitalisation documentation sent to BBI securityholders and EPS holders.

In light of this, the BBI Directors wish to reiterate and remind BBI securityholders and EPS holders of the following:

- The Recapitalisation Proposal is critical in securing the financial position of BBI and is the only proposal available to BBI securityholders and EPS holders that is capable of being executed.
- It would take considerable time to develop any alternative proposal. The processes of due diligence, transaction negotiations, lender and other consents, shareholder documentation and regulatory approvals mean that it is unlikely that an alternative proposal could be implemented until 2010, if at all. In the meantime, BBI would be exposed to asset and corporate level debt maturities and other possible negative financial impacts.
- **The directors of BBI and the directors of BBI EPS Limited continue to strongly recommend that BBI securityholders and EPS holders respectively vote in favour of the Recapitalisation Resolutions applicable to them.**

ENDS

Further Enquiries

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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 owning, managing and operating quality infrastructure assets in Australia and internationally.

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