

BABCOCK & BROWN

Babcock & Brown Limited · ABN 53 108 614 955
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9231 5619 · www.babcockbrown.com



ASX Release

3 July 2008

BABCOCK & BROWN INFRASTRUCTURE FUND NORTH AMERICA ACQUIRES GAS DISTRIBUTION COMPANIES

International investment and specialised fund and asset management group Babcock & Brown (ASX: BNB) today announced that Babcock & Brown Infrastructure Fund North America (“BBIFNA”), has acquired regulated local gas distribution companies, Dominion Peoples and Dominion Hope, located in Pennsylvania and West Virginia, USA, from Dominion Resources for an enterprise value of US\$910 million inclusive of working capital and capital expenditures, subject to certain purchase price adjustments. Babcock & Brown advised BBIFNA on the acquisition. The acquisition is subject to the receipt of regulatory approvals. (please see attached press release made in the US)

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For further information please contact:

Kelly Hibbins
Babcock & Brown
+61 2 92291866
kelly.hibbins@babcockbrown.com

About Babcock & Brown

Babcock & Brown is an international investment and specialised fund and asset management group with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Securities Exchange.

Babcock & Brown operates from 32 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 1,400 employees worldwide. Babcock & Brown has four operating divisions including real estate, infrastructure, operating leasing, corporate and structured finance. The company has established a funds management platform across the operating divisions that has resulted in the creation of a number of focused

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investment vehicles in areas including real estate, renewable energy and infrastructure.

For further information about Babcock & Brown please see our website:
www.babcockbrown.com

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Babcock & Brown LP

1 Dag Hammarskjold Plaza · 49th Floor · 885 Second Avenue · New York NY 10017 USA
T +1 212 935 7800 · F +1 212 935 8949 · www.babcockbrown.com



Media Release

BABCOCK & BROWN INFRASTRUCTURE FUND NORTH AMERICA TO ACQUIRE PENNSYLVANIA AND WEST VIRGINIA NATURAL GAS UTILITIES

July 2, 2008, San Francisco, CA – Babcock & Brown Infrastructure Fund North America (“BBIFNA”), a San Francisco-based infrastructure fund that owns and manages utilities and other infrastructure assets, today announced it has entered into a definitive agreement with Dominion Resources, Inc. to acquire The Peoples Natural Gas Company and Hope Gas, Inc. natural gas distribution utilities located in Pennsylvania and West Virginia, for \$910 million inclusive of working capital and capital expenditures, subject to certain purchase price adjustments.

“We have a strong understanding of Peoples Natural Gas and Hope Gas and appreciation for their tradition of providing reliable service to their customers,” said Michael Cyrus, Chief Operating Officer of BBIFNA. “We are committed to maintaining superior customer service levels and to reinvesting in these businesses.”

“This opportunity perfectly fits our focus of making long-term investments in high-quality infrastructure companies throughout North America,” said Chris Kinney, Chief Executive Officer of BBIFNA. “We have made a strong commitment to the dedicated employees of Peoples and Hope and we look forward to a smooth transition for all employees and customers.”

The agreement is subject to regulatory approvals in Pennsylvania and West Virginia, as well as clearance under the federal Hart-Scott-Rodino Act and under the Exon-Florio provision of the Omnibus Trade and Competitiveness Act.

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About Dominion

Dominion is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 26,500 megawatts of generation, 1.1 trillion cubic feet equivalent of proved natural gas and oil reserves and 14,000 miles of natural gas transmission, gathering and storage pipeline. Dominion also owns the nation's largest underground natural gas storage system and operates more than 975 billion cubic feet of storage capacity, and serves retail energy customers in 11 states. For more information about Dominion, visit the company's Web site at www.dom.com.

About Babcock & Brown Infrastructure Fund North America

Babcock & Brown Infrastructure Fund North America ("BBIFNA") is a San Francisco-based infrastructure fund that owns and manages energy and infrastructure companies throughout North America. Investors in BBIFNA include public, employee and other pension plans and insurance companies located throughout North America and Europe. BBIFNA owns Trans Bay Cable, a 400 Megawatt high-voltage direct current electric submarine cable connecting the city of Pittsburg, California and San Francisco. BBIFNA also owns an interest in ICS Logistics, a leading operator of break bulk sea ports in Florida, Louisiana and Alabama. In addition, BBIFNA is also a member of a Babcock & Brown consortium that owns the controlling interest (80%) of the Natural Gas Pipeline of America (NGPL) and partners with Knight Inc. (formerly Kinder Morgan) which also serves as the 20% partner and asset operator.

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Further Information:

Matt Dallas
Babcock & Brown
212-796-3918
matt.dallas@babcockbrown.com