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ASX RELEASE

Macquarie Infrastructure Group

On-Market Buy-Back of MIG Securities



On 24 August 2006, Macquarie Infrastructure Group announced an on-market buy-back of up to \$500 million. As set out in the letter to security holders of 8 September 2006, the on-market buy-back will commence at 10.00 am on 3 October 2006 and conclude no later than 23 August 2007.

Potential Divestment of US Assets

Also on 24 August 2006, MIG announced its intention to divest 50% of its interest in its four US assets to Macquarie Infrastructure Partners (MIP Transaction).

This is subject to agreement of definitive documentation and various conditions precedent. The MIP Transaction will need to be submitted to MIG security holders for approval once definitive documentation has been agreed and an independent expert report provided.

Potential Increase in On-Market Buy-Back Limit

Should the MIP Transaction complete, MIG may decide to apply a portion of the proceeds to buy-back MIG stapled securities. If MIG decides to proceed with an expanded buy-back, this could result in MIG buying back securities in excess of 10% of its issued capital in the 12 month period ending 23 August 2007, which was the limit set under the ASIC buy-back relief instrument issued to MIG. To facilitate any larger buy-back, MIG is seeking further ASIC relief.

If relief is granted by ASIC and MIG decides to proceed with an expanded buy-back, MIG will be required to seek security holder approval.

Reset Convertible Notes – Conversion

MIG's initial investment in the Westlink M7 was financed by the issue of reset convertible notes (ReCNs) to Ontario Teachers' Pension Plan Board (OTPP). The current face value (including accrued interest) of OTPP's outstanding ReCNs is approximately \$500 million.

Macquarie Infrastructure Investment Management Limited ("MIIML") is not an authorised deposit-taking institution for the purposes of the Banking Act (Commonwealth of Australia) 1959, and MIIML's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("MBL"). MBL provides a limited AUD5 million guarantee to the Australian Securities & Investments Commission in respect of Corporations Act obligations of MIIML as a responsible entity of managed investment schemes. MBL does not otherwise guarantee or provide assurance in respect of the obligations of MIIML, the performance of funds managed by MIIML or the repayment of capital.

The ReCNs Deed Poll entitles OTPP to convert the ReCNs into MIG stapled securities in certain circumstances. Under the terms of the ReCNs, conversion is at a 7.5% discount to the volume weighted average sale price over the 30 trading days preceding the conversion date.

OTPP will have such a conversion entitlement, *inter alia*, once MIG lodges with the ASX the Notice of Meeting containing a proposal to be voted on by MIG security holders in relation to either the MIP Transaction or an increase in the on-market buy-back limit. Such conversion entitlement subsists until the earlier of the withdrawal of such proposal or the holding of the relevant meeting of MIG security holders.

MIG has initiated discussions with OTPP in relation to the possible redemption of the ReCNs.

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